2009-11 Operating and Capital Budget Request

University of Wisconsin System
Board of Regents
August 21, 2008
2009-11 Biennial Budget Process

Operating Budget
- Submit Regents Request to Dept of Administration (Sept)
- Dept of Administration (Sept-Jan)
- Governor’s Executive Budget (Jan-Feb)
- Legislature – Joint Finance Committee (March-May)
- Assembly
- Senate
- Conference Committee (if needed)
- Governor signs (July 1)

Capital Budget
- Submit Regents Request to Dept of Administration (Sept)
- Dept of Administration (Sept-March)
- Governor’s Executive Budget (Jan-Feb)
- State Building Commission (March-April)
- Legislature – Joint Finance Committee (March-May)
- Governor signs (July 1)
1. Grow more baccalaureate degree holders
2. Grow well-paying jobs
3. Grow stronger communities
## Operating Budget Requests

In millions of dollars (on-going)

### 2009-11 Request

<table>
<thead>
<tr>
<th></th>
<th>GPR</th>
<th>Fees</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth Agenda</td>
<td>37.5</td>
<td>13.4</td>
<td>50.9</td>
</tr>
<tr>
<td>Cost to Continue</td>
<td>50.2</td>
<td>22.9</td>
<td>73.1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>87.8</td>
<td>36.3</td>
<td>124.1</td>
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</table>

### 2007-09 Request

<table>
<thead>
<tr>
<th></th>
<th>GPR</th>
<th>Fees</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth Agenda</td>
<td>27.3</td>
<td>13.6</td>
<td>40.9</td>
</tr>
<tr>
<td>Cost to Continue</td>
<td>57.8</td>
<td>21.4</td>
<td>79.2</td>
</tr>
<tr>
<td>*<em>Total</em></td>
<td>85.1</td>
<td>35.0</td>
<td>120.1</td>
</tr>
</tbody>
</table>

* Individual components may not equal total because of rounding
Program Revenue Authority       $70.2 million

Authority to spend revenue generated from such sources as:

• Gift and trust funds
• Athletics
• Room and dining charges
• Parking
• Segregated fees
2009-11 Operating Budget Request

Freda Harris
Assoc. Vice President
Budget and Planning
The 2009-11 Operating Budget Request includes:

- New Initiatives
- Cost to Continue
- Program Revenue Requests
- Statutory Language Requests
- Performance Measures
The 2009-11 Request complies with DOA instructions:

- 0% GPR increase except for UW System instruction and research activities focused on economic growth
- Exception for cost to continue
- Exemption for certain other programs
Additional DOA instructions:

- State agencies must prepare a plan for a 10% base reduction. (Due in November)
The New Initiatives are tied to the Growth Agenda. The Growth Agenda goals are to:

- Grow the Number of Baccalaureate Degree Holders
- Grow Jobs
- Grow Communities
New Initiatives

- Provide additional access for more than 7,000 students
- Improve student success and retention
- Expand online programming
New Initiatives

- Increase jobs through technology
- Develop the Wisconsin workforce
- Connect university resources to businesses
- Foster innovation
New Initiatives

- Match university resources to community needs
- Address growing community demands with education and training
New Initiatives include (in ongoing GPR):

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recruitment and Retention</td>
<td>$10.0 m.</td>
</tr>
<tr>
<td>Libraries</td>
<td>$6.0 m.</td>
</tr>
<tr>
<td>Grow Degree Holders</td>
<td>$13.4 m.</td>
</tr>
<tr>
<td>Grow Jobs</td>
<td>$20.1 m.</td>
</tr>
<tr>
<td>Grow Communities</td>
<td>$1.5 m.</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$51.0 m.</strong></td>
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</table>

$8.4 million in 2009-10 and $42.6 million in 2010-11
Cost to Continue includes:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full funding of June 2008 increases</td>
<td>$24.4 m.</td>
</tr>
<tr>
<td>Funding DOA approved fringe rates</td>
<td>$19.2 m.</td>
</tr>
<tr>
<td>Utilities for new space</td>
<td>$10.6 m.</td>
</tr>
<tr>
<td>Classified increases above the 2%, 1%, 2% included in the base</td>
<td>$6.4 m.</td>
</tr>
<tr>
<td>Maintenance for New Space</td>
<td>$5.1 m.</td>
</tr>
<tr>
<td>Others</td>
<td>$7.4 m.</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$73.1 m.</strong></td>
</tr>
</tbody>
</table>
Program Revenue (self-supporting) requests estimate:

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gift Funds</td>
<td>$27.4 m.</td>
</tr>
<tr>
<td>Auxiliary Operations</td>
<td>$23.0 m.</td>
</tr>
<tr>
<td>Madison Intercollegiate Athletics</td>
<td>$18.6 m.</td>
</tr>
<tr>
<td>Trust Funds</td>
<td>$1.2 m.</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$70.2 m.</strong></td>
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</tbody>
</table>

Note: 2007-09 was $72.7 m. ongoing
Statutory Language change recommendations include 8 recommended changes and 3 technical corrections. Of these, 4 are new this biennium.

- Elimination of the $12,000 cap on dual employment
- Elimination of Excess Expenditure Reports
- Higher threshold for reporting major expenditures
- Request to allow UW System to increase use of minority businesses
Per Department of Administration instructions, the 2009-11 request includes the following performance measures:

- Enrollments
- Second-year retention rates
- Graduation rates
- Contribution to Wisconsin income
Requests for the following organizations are not included in the packet, but will be submitted with the UW Budget:

- State Lab of Hygiene
- Veterinary Diagnostic Lab
- Wisconsin Environmental Education Board
## 2009-11 Capital Budget Request

<table>
<thead>
<tr>
<th>Major Projects</th>
<th>GFSB</th>
<th>Gift Grants</th>
<th>PRSB</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Major Projects using GFSB</td>
<td>$139.7</td>
<td></td>
<td>$24.0</td>
<td>$163.7</td>
</tr>
<tr>
<td>New Major Projects without GFSB</td>
<td>$88.9</td>
<td></td>
<td>$257.0</td>
<td>$345.9</td>
</tr>
<tr>
<td>Advance Enumerations from 2007-09</td>
<td>$97.4</td>
<td></td>
<td>$27.8</td>
<td>$125.2</td>
</tr>
</tbody>
</table>

## All Agency Funds

| Maintenance/Repair/Renovation (UW only)            | $130.0   |             | $25.0   | $155.0   |
## 2009-11 Advance Enumeration Recommendation

<table>
<thead>
<tr>
<th>Major Projects</th>
<th>In millions</th>
<th>GFSB</th>
<th>Gift Grants</th>
<th>PRSB</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Major Projects using GFSB</td>
<td></td>
<td>$155.5</td>
<td>$69.0</td>
<td>$7.2</td>
<td>$233.0</td>
</tr>
<tr>
<td>Existing Advance Enumerations from 2007-09 for 2011-13</td>
<td></td>
<td>$50.8</td>
<td>$27.8</td>
<td></td>
<td>$78.6</td>
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</tbody>
</table>
2009-11 Major Projects
Funding Sources

- GFSB: 37%
- PRSB: 14%
- Gifts Grants: 49%
Immediate Positive Impact on Wisconsin’s Economy

- $1.7 billion statewide
- 20,000 Wisconsin jobs
2009-11 Capital Budget Recommendations

David L. Miller
Associate Vice President
Capital Planning and Budget
Chronology of UW Construction
Comparison of General Fund Supported Borrowing for All State Projects

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>UW General Fund Supported Borrowing for Major Projects</td>
<td>$167</td>
<td>$192</td>
<td>$150</td>
<td>$218</td>
<td>$237</td>
</tr>
<tr>
<td></td>
<td>$142</td>
<td></td>
<td></td>
<td></td>
<td>$140 new</td>
</tr>
<tr>
<td>All Other State GFSB Major Projects</td>
<td>$113</td>
<td>$28</td>
<td>$50</td>
<td>$50</td>
<td>$75</td>
</tr>
<tr>
<td>Statewide GFSB for All Agency (including UW)</td>
<td>$165</td>
<td>$210</td>
<td>$200</td>
<td>$125</td>
<td>$200</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>UW $130</td>
</tr>
<tr>
<td>Total New GFSB for the Biennium</td>
<td>$445</td>
<td>$430</td>
<td>$400</td>
<td>$393</td>
<td>$512</td>
</tr>
<tr>
<td>Adjusted for Inflation: Engineering News Record</td>
<td>$445</td>
<td></td>
<td></td>
<td></td>
<td>$605</td>
</tr>
</tbody>
</table>
General Fund Major Project Priority Criteria

Physical Development 40%
- Codes, Health/Safety
- Infrastructure, maintenance
- Facility reuse

Institutional Planning 25%
- Number 1 Institutional priority for 2009-11
- Priority rank in prior biennia
- Project development and sequence

Programming 35%
- Collaboration, innovation, outreach
- Space needs, utilization, and functionality
- Core facility, operational impact

#1 influencing criteria was institutional rank

2009-11 Requests

$550 million

$140 million
Square Footage Comparisons

Gross Square Feet (in millions)

Total Owned: 56.5
Remodeling: 0.7%
New Space: 1.3%
Demolition: 0.1%

GPR 65% PR 35%

2009-11 Projects
Capital Budget – Annual Debt Service

Estimated at 4.75% bonding rate (P&I)

<table>
<thead>
<tr>
<th>Fund</th>
<th>Budget Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td></td>
</tr>
<tr>
<td>Major Projects</td>
<td>$18.6 million</td>
</tr>
<tr>
<td>Maintenance</td>
<td>$10.2 million</td>
</tr>
<tr>
<td></td>
<td><strong>$28.8 million</strong></td>
</tr>
<tr>
<td>Program Revenue</td>
<td>$24.5 million Self-supporting</td>
</tr>
<tr>
<td>Gift Funds</td>
<td>$89 million Saves $140 million in debt service.</td>
</tr>
</tbody>
</table>
Examples of Accomplishments

UW-River Falls Student Union

UW-Madison Microbial Sciences
UW System Classrooms

1,600 general assignment classrooms
34% need technology improvements
36% need remodeling
UW System Classrooms

Progress:
Since 1995, upgraded 461 classrooms

Progress:
Since 1995, reduced the percentage of classrooms without core technology from 81% to 30% (target 16%)
Maintenance Funding: A Look at Three Biennia
2009-11 Capital Maintenance Request: $130 million GFSB

- The estimated deferred maintenance backlog exceeds $800 million
- Project requests are prioritized through several filters
- The backlog will grow in 2009-11
- $200 million needed to “break even”
Capital Budget Request Summary

General Fund Supported Borrowing
• Prioritizes institutional requests for funding with limited GFSB for 2009-11
• Provides a planning framework for 2011-13 and 2013-15
• Advance enumerates three high-priority projects
• Recommends a balanced approach to new projects and maintenance

Program Revenue Supported Borrowing
Evaluates requested project considering:
• Campus long-range plan
• Alternatives available
• Financing and fee impact

To be determined
• Financing for high-cost heating plant infrastructure
• Accelerated funding for deferred priority projects