



# 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)



State Building Commission (March-April)



Legislature – Joint Finance Committee  
(May)



Assembly



Senate



Conference Committee (if needed)



Governor signs (July 1)

# **Growth Agenda Goals**

## **Drive 2009-11 Budget Request**

- 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

	<b>GPR</b>		<b>Fees</b>		<b>Total</b>
<b>Growth Agenda</b>	<b>37.5</b>	<b>+</b>	<b>13.4</b>	<b>=</b>	<b>50.9</b>
<b>Cost to Continue</b>	<b><u>50.2</u></b>	<b>+</b>	<b><u>22.9</u></b>	<b>=</b>	<b><u>73.1</u></b>
<b>Total *</b>	<b>87.8</b>	<b>+</b>	<b>36.3</b>	<b>=</b>	<b>124.1</b>

## 2007-09 Request

<b>Growth Agenda</b>	<b>27.3</b>	<b>+</b>	<b>13.6</b>	<b>=</b>	<b>40.9</b>
<b>Cost to Continue</b>	<b><u>57.8</u></b>	<b>+</b>	<b><u>21.4</u></b>	<b>=</b>	<b><u>79.2</u></b>
<b>Total*</b>	<b>85.1</b>	<b>+</b>	<b>35.0</b>	<b>=</b>	<b>120.1</b>

\* Individual components may not equal total because of rounding

# 2009-11 Operating Budget Request

**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

# 2009-11 Operating Budget Request

The 2009-11 Operating Budget Request includes:

- New Initiatives
- Cost to Continue
- Program Revenue Requests
- Statutory Language Requests
- Performance Measures

# 2009-11 Operating Budget Request

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

Grow Degree Holders

Grow Jobs

Grow Communities

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



# New Initiatives

Grow Degree  
Holders

Grow Jobs

Grow  
Communities

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



# New Initiatives

**Grow Degree  
Holders**

**Grow Jobs**

**Grow  
Communities**

- Match university resources to community needs
- Address growing community demands with education and training



# New Initiatives

New Initiatives include (in ongoing GPR):

Recruitment and Retention	\$10.0 m.
Libraries	\$6.0 m.
Grow Degree Holders	\$13.4 m.
Grow Jobs	\$20.1 m.
Grow Communities	\$1.5 m.
<b>Total</b>	<b>\$51.0 m.</b>

\$8.4 million in 2009-10 and \$42.6 million in 2010-11

# Cost to Continue Initiatives

Cost to Continue includes:

Full funding of June 2008 increases	\$24.4 m.
Funding DOA approved fringe rates	\$19.2 m.
Utilities for new space	\$10.6 m.
Classified increases above the 2%, 1%, 2% included in the base	\$6.4 m.
Maintenance for New Space	\$5.1 m.
Others	\$7.4 m.
<b>Total</b>	<b>\$73.1 m.</b>

# Program Revenue Requests

Program Revenue (self-supporting) requests estimate:

Gift Funds	\$27.4 m.
Auxiliary Operations	\$23.0 m.
Madison Intercollegiate Athletics	\$18.6 m.
Trust Funds	\$1.2 m.
<b>Total</b>	<b>\$70.2 m.</b>

Note: 2007-09 was \$72.7 m. ongoing



# Statutory Language Requests

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

# Affiliated Organization Requests

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

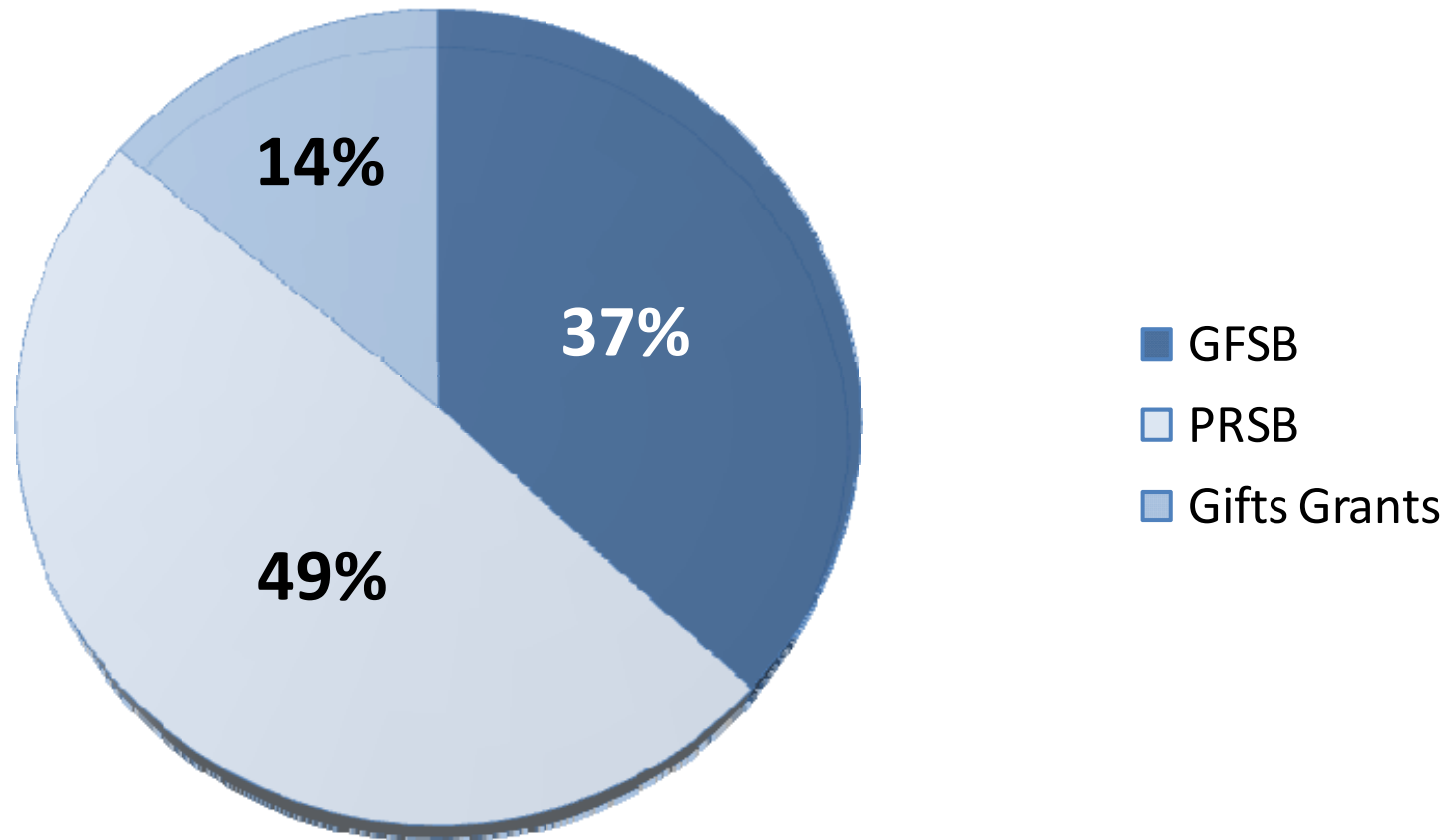
<b>Major Projects</b> In millions	<b>GFSB</b>	<b>Gift Grants</b>	<b>PRSB</b>	<b>Total</b>
New Major Projects using GFSB	<b>\$139.7</b>		\$24.0	\$163.7
New Major Projects without GFSB		\$88.9	\$257.0	\$345.9
Advance Enumerations from 2007-09	<b>\$97.4</b>		\$27.8	\$125.2
<b>All Agency Funds</b>				
Maintenance/Repair/Renovation (UW only)	<b>\$130.0</b>		\$25.0	\$155.0

# 2009-11 Capital Budget Request

## 2009-11 Advance Enumeration Recommendation

<b>Major Projects</b> In millions	<b>GFSB</b>	<b>Gift Grants</b>	<b>PRSB</b>	<b>Total</b>
New Major Projects using GFSB	<b>\$155.5</b>	\$69.0	\$7.2	\$233.0
Existing Advance Enumerations from 2007-09 for 2011-13	<b>\$50.8</b>		\$27.8	\$78.6

# 2009-11 Major Projects Funding Sources



## Immediate Positive Impact on Wisconsin's Economy

- \$1.7 billion statewide
- 20,000 Wisconsin jobs



# 2009-11 Capital Budget Recommendations

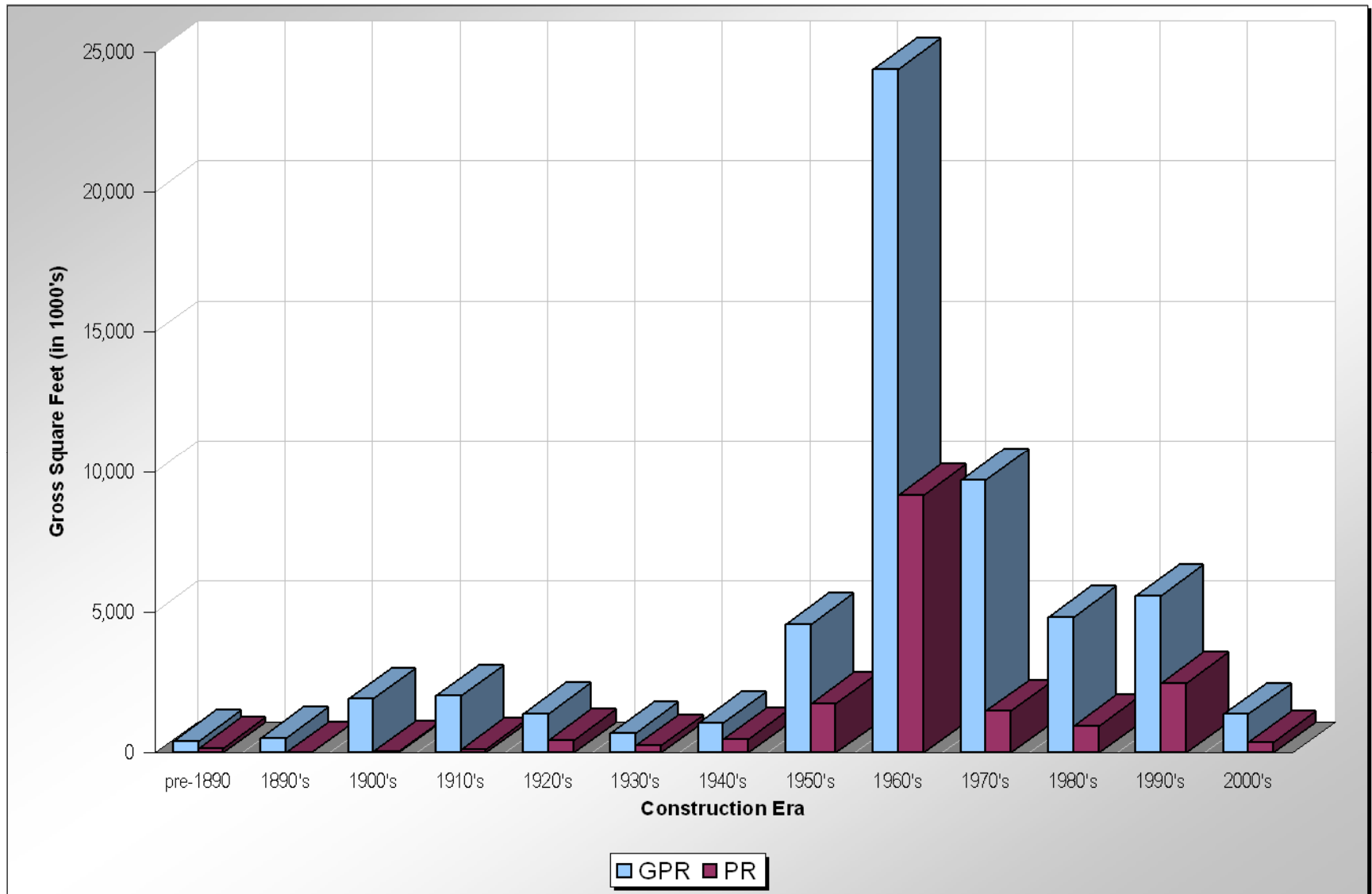
**David L. Miller**

**Associate Vice President**


**Capital Planning and Budget**



# Chronology of UW Construction



# Comparison of General Fund Supported Borrowing for All State Projects

Approximate figures in millions	2001-03	2003-05	2005-07	2007-09	2009-11 Projected	
UW General Fund Supported Borrowing for Major Projects	\$167	\$192 \$142 existing	\$150	\$218	\$237 \$140 new	
All Other State GFSB Major Projects	\$113	\$28	\$50	\$50	\$75	
Statewide GFSB for All Agency (including UW)	\$165	\$210	\$200	\$125	\$200 UW \$130	
Total New GFSB for the Biennium	\$445	\$430	\$400	\$393	\$512	
Adjusted for Inflation: Engineering News Record	\$445					\$605

# 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

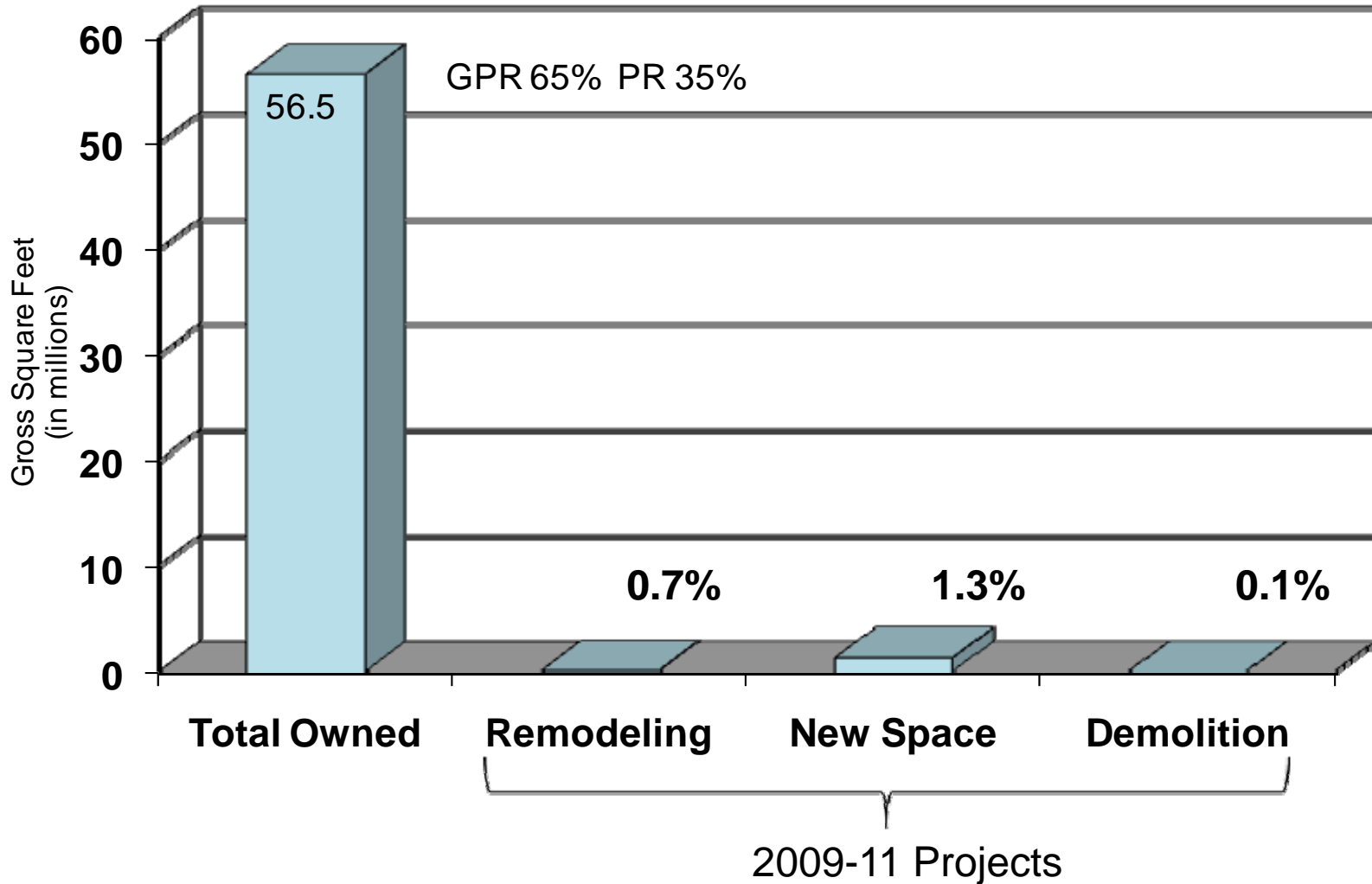
2009-11 Requests

**\$550 million**



**\$140 million**

# Square Footage Comparisons



# Capital Budget – Annual Debt Service

Estimated at 4.75% bonding rate (P&I)

## General Fund

Major Projects \$18.6 million

Maintenance \$10.2 million  
\$28.8 million

Program Revenue \$24.5 million Self-supporting

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Gift Funds \$89 million Saves \$140 million  
in debt service.

# 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



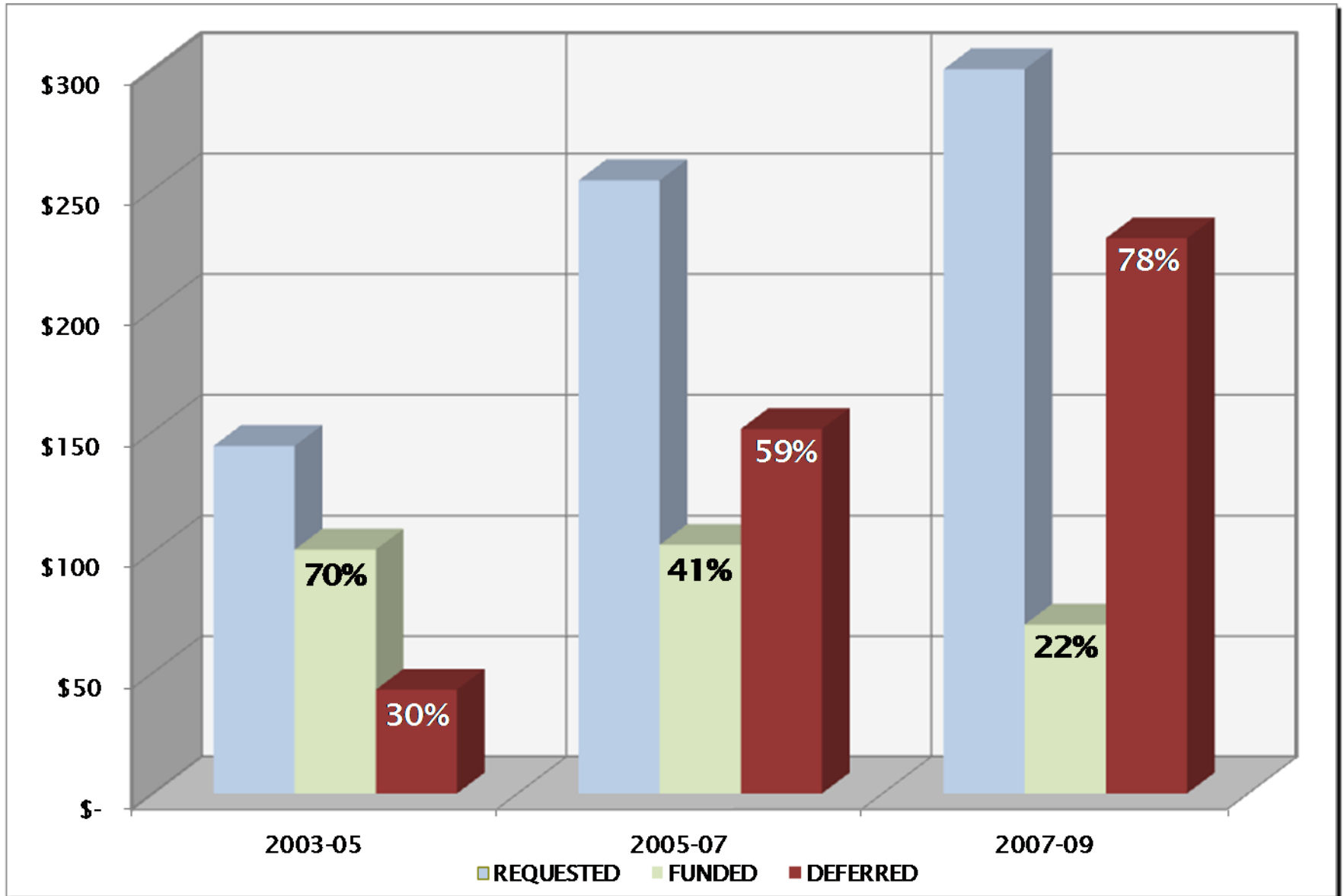
## Progress:

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 GF SB 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

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