

# 2011-13 Biennial Budget Fact Sheet



Revised: July 13, 2011

## Summary of 2011-13 State Budget (2011 WI Act 32)

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The 2011-13 Wisconsin State Budget was completed on June 26, 2011, and signed into law as 2011 Wisconsin Act 32. The following is a brief summary of major provisions related to the University of Wisconsin System.

### Base Budget Reductions

The UW System's General Purpose Revenue (GPR) base budget was reduced by \$125,125,000 annually or \$250,250,000 over the biennium. The Board of Regents will allocate these reductions to UW institutions using an adjusted GPR/Fee base, similar to what has been done in recent years. GPR-funded positions for UW System Administration must be reduced from 126.17 to 75, and a plan for how UW System Administration would absorb its 25% base reduction is due to the Secretary of DOA and to the Joint Finance Committee by **September 1, 2011**, for a 14-day passive review.

### Governance

Provisions to separate UW-Madison from the UW System as a stand-alone public authority were deleted as was the proposed study for a UW-Milwaukee public authority. A Special Task Force on UW Restructuring and Operational Flexibilities was established, comprised of 17 members appointed by the Governor and Legislative Leaders. The task force will address:

- Whether there is a need to restructure the UW System and, if so, to make recommendations as to a new governance structure;
- How UW-Madison employees and all other UW System employees would be transitioned from the state personnel system to the new personnel systems;
- Whether tuition flexibility can be extended to the UW System while ensuring access and affordability, and what role the Legislature should have in establishing tuition rates;
- How pay plans for UW System employees should be determined in the future;
- Additional operational flexibilities that could be provided to UW System institutions; and
- How articulation and the transfer of credits between UW institutions could be improved.

The task force is directed to submit a report to the Senate and Assembly standing committees on higher education and to the Joint Finance Committee no later than **January 1, 2012**. A one-time appropriation of \$50,000 was approved to fund the task force.

### New Flexibilities

The budget provides a number of significant new administrative flexibilities for all UW System institutions:

- **Budgeting:** Two GPR appropriations are created for the UW System, including a block grant for general program operations and a debt service appropriation. The Board of Regents is directed to allocate funds to UW System institutions in the form of block grants. Separate appropriations must be maintained for UW System Administration, the State Lab of Hygiene, and the Veterinary Diagnostic Lab. All other GPR appropriations for the UW System were deleted.

- **Financial Management:** A separate fund will be established that would contain all program revenues received by the UW System. Four new appropriations are created within this fund, including general program operations, self-amortizing debt service, gifts and grants, and inter-agency transfers. Interest earnings will be provided to UW System institutions based on the revenues generated and deposited in another fund. Institutions are required to use segregated student fees for the purpose for which they were generated.
- **Tuition:** The current law's language limiting increases in resident undergraduate tuition would be deleted, and the issue of future tuition flexibility will be studied by the Special Task Force, mentioned above. Undergraduate resident tuition increases are capped at **5.5%** annually during the 2011-13 biennium. Differential tuition plans approved prior to June 1, 2011, are exempt from this limit, but no new differential tuitions may be added during this biennium.
- **Personnel Systems:** The Chancellor of UW-Madison is authorized to develop a new personnel system for employees of UW-Madison, while the Board of Regents is authorized to establish a new, separate personnel system for all other UW System institutions. Both of these systems must be approved by the Joint Committee on Employment Relations (JCOER). The language retains existing employee protections for current employees, and permits current represented classified employees to continue to have collective bargaining rights similar to other state employees. Current position creation authority for GPR funds will continue.
- **Supplemental Pay Plans:** During the 2011-13 biennium, the Board of Regents is permitted to provide supplemental pay plans for classified and unclassified staff, subject to approval by the Joint Committee on Employment Relations (JCOER). UW-Madison is also provided this same option separately. These supplemental pay plans are in addition to any pay plans approved by JCOER and must be self-funded.
- **Employee Benefits and Position Control:** UW System employees will continue to participate in state group health insurance plans and the Wisconsin Retirement System. Although positions created using the GPR block grant funds will continue to be determined by the Legislature, the Board of Regents will have the authority to create and abolish positions funded from all other fund sources. Quarterly position reports are still required.
- **Dual Employment:** Compensation received by full-time employees of a UW System institution for work in addition to their normal duties at that institution or at another UW institution will no longer be limited by statute. This eliminates a \$12,000 statutory cap.
- **Construction:** UW System projects costing less than **\$500,000**, which are entirely funded with gifts and grants, will no longer require approval by the State Building Commission. The Board is required to establish policies for competitive bidding, which must be approved by the State Building Commission and the Joint Committee on Finance. UW System institutions will not be charged the **4% fee** for project management unless the UW System chooses to use Division of State Facilities' services.
- **Purchasing and Procurement:** The DOA is required to delegate to the Board of Regents and to UW-Madison the authority to enter into contracts for materials, supplies, equipment, or services that relate to higher education and which agencies other than the UW System do not commonly purchase. The threshold that requires official sealed bids is increased from **\$25,000 to \$50,000**. The UW will continue to award contracts competitively, but the time to seek and review vendor bids will be reduced by weeks. The UW System and UW-Madison are also exempted from several other DOA purchasing requirements. Most reporting

requirements on contractual services, including a new requirement that all expenditures **exceeding \$100** be posted on a website, are retained.

- **Accountability:** The UW System and UW-Madison are required to submit annual accountability reports to the Governor and the Legislature. These reports should include measures in eight categories, including performance, financial, access and affordability, undergraduate education, graduate and professional education, faculty, economic development, and collaboration.

## Other Provisions

- **Tuition Remissions for Veterans, Children, and Spouses:** The legislation expands the benefits available under the Wisconsin G.I. Bill. The Board of Regents and Wisconsin Technical College System (WTCS) institutions will continue to receive payments under the federal Post-9/11 G.I. Bill. Credits that are 100% paid for by that program will **not** be subject to the 128-credit limit for the Wisconsin G.I. Bill. The Board of Regents is required to remit the full amount of tuition, including tuition for cost-recovery programs.
- **Telecommunication Services:** Beginning June 15, 2011, UW is prohibited from committing any funds from the Building Community Capacity through Broadband (BCCB) project, led by UW-Extension, that were not previously committed, without approval by the Joint Committee on Finance (JFC). Beginning July 1, 2013, UW is prohibited from being a member or partner in any third-party entity that offers or provides telecommunication services to the public, or a public or private entity, unless the entity was offering these services on June 15, 2011. Further, a third-party entity is prohibited from working with UW if it adds a member that it did not serve on June 15, 2011. **By January 1, 2013**, the Legislative Audit Bureau is required to perform a financial and performance evaluation of the Board of Regents' use of broadband services and its relationship with WiscNet.
- **Nonresident Tuition Exemption for Certain Undocumented Residents:** Eliminates the ability for UW System to charge in-state tuition rates for certain citizens of other countries who have lived in Wisconsin, graduated from a Wisconsin high school, and applied for U.S. citizenship.
- **Pre-tax Treatment of Employee Retirement Contributions:** Effective in August, UW employees will be required to make additional contributions to their WRS pension plans, but this budget provision will provide some relief regarding the amount deducted from employees' paychecks. For a typical employee earning \$36,000 per year, the pre-tax change saves approximately \$476. For an employee earning \$60,000, the savings translates into an average of \$748 per year.
- **Animal Research:** This provision clarifies liability protections for university researchers who perform vital scientific research, so long as that research strictly adheres to federal regulations and established university research protocols.
- **Travel:** Beginning on July 1, 2013, the Board of Regents will establish travel policies for UW System employees and a schedule for reimbursement of UW System employees for travel expenses.
- **Gifts of Real Property:** The threshold for approval by the Building Commission of gifts of real property to the Board of Regents increases from **\$30,000 to \$150,000**. In addition, the Board of Regents is authorized to accept gifts of vehicles.