

2011-13 Biennial Budget Fact Sheet



Revised: June 10, 2011

Summary of Joint Finance Committee Action

The 2011-13 Wisconsin State Budget was presented by Governor Scott Walker in March 2011. On June 3, 2011, the Legislature's Joint Finance Committee (JFC) took executive action on UW System's budget, amending the bill in several ways. The following is a brief summary of major provisions advanced by JFC.

Base Budget Reductions

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

Governance

The proposal to separate UW-Madison from the UW System as a stand-alone public authority was not approved, and the proposed study for a UW-Milwaukee public authority was deleted. A Special Task Force on UW Restructuring and Operational Flexibilities would be established, comprised of 17 members appointed by the Governor and Legislative Leaders. The task force would 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 would submit a report to the Senate and Assembly standing committees on higher education and the Joint Finance Committee no later than January 1, 2012. An appropriation of \$50,000 would be created to fund the task force.

New Flexibilities

The budget amendment passed by JFC provided a number of new administrative flexibilities for all UW institutions:

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

- **Financial Management:** A segregated fund would be established that would contain all program revenues received by the UW System. Four new appropriations would be created within this fund, including general program operations, self-amortizing debt service, gifts and grants, and inter-agency transfers. Interest earnings would be provided to UW System institutions based on the revenues generated and deposited in this fund. Segregated student fees must be used 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 would be studied by the Special Task Force, mentioned above. Undergraduate resident tuition increases would be capped at 5.5% annually during the 2011-13 biennium. Differential tuition plans approved prior to June 1, 2011, would be exempt from this limit. No new differential tuitions could be added during this biennium.
- **Personnel Systems:** The Board of Regents would be authorized to establish one new personnel system for UW-Madison and another for all other UW System institutions. 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 would continue.
- **Supplemental Pay Plans:** During the 2011-13 biennium, the Board of Regents would be permitted to provide supplemental pay plans for classified and unclassified staff. UW-Madison would be provided this same option separately, subject to approval of the Board of Regents. These supplemental pay plans would be in addition to any pay plan approved by the Joint Committee on Employment Relations (JCOER). The supplemental pay plans would need approval by JCOER and would be self-funded.
- **Employee Benefits and Position Control:** UW System employees would continue to participate in state group health insurance plans and the Wisconsin Retirement System. Although positions created using the GPR block grant funds would continue to be determined by the Legislature, the Board of Regents would have the authority to create and abolish positions funded from all other fund sources. Quarterly position reports would be required.
- **Dual Employment:** Compensation received by full-time employees of a UW System institution for work in addition to the employees' normal duties at that institution or another UW institution would not be limited by statute. Under current law, there is a \$12,000 cap.
- **Construction:** UW System projects that cost less than \$500,000 that are entirely funded with gifts and grants would not require approval by the Building Commission. The Board would establish policies for competitive bidding, to be approved by the State Building Commission and the Joint Committee on Finance. UW System institutions would 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 would be 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 would be increased from \$25,000 to \$50,000. The UW would continue to award contracts competitively, but the time to seek and review vendor bids would be reduced by weeks. The UW System and UW-Madison would also be exempted from several other DOA purchasing requirements.
- **Accountability:** The UW System and UW-Madison would be 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 would expand the benefits available under the Wisconsin G.I. Bill. The Board of Regents and Wisconsin Technical College System (WTCS) institutions would continue to receive payments under the federal Post-9/11 G.I. Bill. Credits that are 100% paid for by that program would not be subject to the 128-credit limit for the Wisconsin G.I. Bill. The Board of Regents would be required to remit the full amount of tuition, including tuition for cost-recovery programs.
- **Telecommunication Services:** The amended bill would prohibit UW System institutions from being members of WiscNet, Internet2, and other nonprofit consortia. It would prohibit UW institutions from accepting \$39 million in federal broadband grants, including the Building Community Capacity through Broadband (BCCB) project, led by UW-Extension, and the Metropolitan Unified Fiber Network (MUFN) project, which is led by UW-Madison.
- **Technical Adjustments:** The legislation would restore \$10.6 million GPR annually for standard budget adjustments that was inadvertently deleted under the Governor's budget, and would restore \$4.6 million GPR in 2011-12 and \$14 million in 2012-13 related to a reestimate of fuel and utility costs. It would delete \$1 million GPR and \$1.9 million Program Revenue annually to remove one-time funding received during the 2009-11 biennium.
- **Travel:** Beginning on July 1, 2013, the Board of Regents would establish travel policies for UW System employees, and would establish 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 would be increased from \$30,000 to \$150,000. In addition, the Board of Regents would be authorized to accept gifts of vehicles.