



# UPDATE ON THE 2013-15 BIENNIAL BUDGET

Board of Regents  
July 11, 2013

# Update: 2013-15 Biennial Budget

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- **Recap of Financial Impacts**
- **Overview of Governor's Vetoes**
- **JCOER Pay Plan Actions**
- **Unfunded Obligations**
- **Capital Budget and Real Estate**

# 2013-15 Biennial Budget Financial Impacts

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Budget Action	Biennial Cost
Reduces state GPR support (\$32.8m ongoing)	\$65,688,600
Mandates that UW launch and self-fund new economic development initiatives, medical programs, and Flex Option degrees (\$1.3m ongoing)	\$31,472,800
Requires UW to self-fund a portion of salary and fringe benefits increases (\$27.8m ongoing)	\$47,081,800
Removes state support for the UW portion of the Higher Education Aids Board, and substitutes UW PR	\$58,345,400
<b>Total cuts, transfers, and unfunded expenses</b>	<b>\$202,588,600</b>

**These actions create an ongoing structural shortfall of \$62 million in the UW System's annual operating budgets beginning in fiscal year 2015-16.**

# Major Vetoes Impacting the UW System

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**Differential Tuition:** Veto holds all differential tuition at 2012-13 levels

**Allocable Segregated Fees:** Vetoed the freeze on allocable segregated fee rates at 2012-13 levels

**Wisconsin Center for Investigative Journalism:** Vetoed the section, but directed the Board to develop a policy on the use of staff time and facilities by outside organizations.

# JCOER Pay Plan and Unfunded Obligations

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- JCOER approved a 1% state wide pay plan increase in each year of the 2013-15 biennium.
- The UW System must reallocate to fund the share of compensation cost that would have been funded through tuition increases.

<b>Unfunded Costs</b>	<b>2013-14</b>	<b>2014-15</b>	<b>Biennial</b>
<b>Compensation Plans</b>	\$15,300,000	\$23,900,000	\$39,200,000
<b>Cost to Continue</b>	\$3,940,900	\$3,940,900	\$7,881,800

# Capital Budget and Real Estate

- **Veto: specified that DOA secretary shall administer the \$250,000,000 reduction in bonding issued in the 2013-15 biennium from among the newly enumerated projects in this act.**
- **Maintained both the Building Commission's and the Joint Committee on Finance's oversight of state-owned real property sales or leases.**
- **Vetoed the bill to allow the Building Commission or the DOA secretary the authority to use the net proceeds toward retirement of debt, wherever it is in the best interest of the State.**