UW System 2017-2019 Budget
Message Points Post Joint Finance Committee Action
Revised: May 31, 2017

Budget Financial Overview as of May 25, 2017:

- In earlier action, the JFC approved a $6 million increase in financial aid, the biggest increase to the program in a decade.
- All $50 million of the lapse is retained.
- Out of the $42 million in new funding requested, the JFC provided a little over $36 million (about $10 million of that is spent in areas not specifically requested).
- It also provided $28.8 million in ongoing base spending. This is higher than the $21.25 million provided in the Executive budget. $26.25 of the $28.8 million is tied to outcomes-based metrics.
- In addition to new GPR, there is approximately $800k in new revenue provided to certain UW institutions through the use of SEG funding. There are also new initiatives created to which no revenue was provided.
- Two major provisions remain undecided: capital budget and compensation.

Major Highlights of JFC Action:

**Outcome-Based Funding**

The motion includes $5 million in 2017-2018 for an innovation fund that will be used to support high-demand programs, and a total of $26.25 million in ongoing new monies tied to an outcomes-based funding model beginning in 2018-19. The Board of Regents will develop the metrics and present them to the Finance Committee for their approval next spring (Motion 253 #1, 2).

**Tuition**

Last October, the Board passed a plan that freezes tuition in the first year of the biennium, and one allows for an increase of no more than the cost of living in year two. The JFC vote eliminated the 5% resident undergraduate tuition cut proposed by the Governor and instead freezes tuition for the sixth year in a row. Our position remains that we value affordability and would like to see decisions related to tuition costs kept at the Board of Regents.

The $35 million associated with the Governor’s plan to cut tuition has been returned to the state’s general fund for anticipated costs of the UW pay plan, which has not yet been determined (Motion 253 #3).

**Tuition Remission for the Spouse/Child of a Deceased/Disabled Veteran and National Guard Non-Resident Tuition**

The UW System is considered best in the nation when it comes to higher education for veterans and their families; however the state only funds 15% of the total cost. The JFC agreed to expand the program further, and also included the National Guard for the first time. Without additional
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GPR, actions taken to expand the program will increase costs even more to the UW System, and hence, students. The estimated cost for just the change in residency to be approximately $5.5M annually. Changes in the National Guard eligibility will increase that further. The UW will maintain a position to ask for state resources, especially for any additional program expansions (Motion 253 #11 and #14).

**Segregated Fees**

Allocable and non-allocable fees support student services, programs, and organizations – all of which play a critical role in student life and success. We appreciate the committee’s willingness to delete the provision in the executive budget and instead to require the Board to govern this issue. They have asked that our policies are evaluated to create more consistency in which fees should be allocated by students, and which need to be allocated and managed by the institution’s administration (Motion 253 #12).

**Tommy Thompson Center at UW-Madison**

Legislative leaders provided $1.5 million in new, ongoing GPR to support the center (but also reduced UW’s $42.5 request by the corresponding amount) (Motion 253 #13).

**Independent Audit**

The JFC calls for an independent audit of UW instead of an audit from the Legislative Audit Bureau (LAB). Some may argue this will bring about more transparency while others may suggest this will reduce transparency by taking review away from the state. We estimate it will cost up to $2 million annually to conduct an audit of this size and scope, and no funding was provided. Our position will be to fund it; otherwise retain it with the state’s Audit Bureau (Motion 253 #15).

**Lodging**

While the committee did recognize that existing contracts needed to be honored, we still believe the JFC’s action to limit the UW System to the state rate will increase costs and reduce efficiencies for our employees (Motion 253 #18).

**Qualification for UW System President, Chancellors, and Vice Chancellors**

Prohibits the Board from requiring that only faculty, only tenured faculty, or only those who have terminal degrees can be appointed to these senior positions. Our position is that these decisions are best left to the Board (Motion 523 #20).

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**Items Removed by JFC or not included in Governor’s Budget Proposal:**

A number of provisions were removed prior to the Committee’s action last week, including procurement and leasing flexibilities, faculty workload requirements, mandatory internships,
increased number of three-year degree requirements, and the early college credit program. Many of these have or will be introduced as stand-alone legislation. None were reintroduced into the omnibus motion.

The Board’s request for program revenue bonding was not included in the Governor’s nor the JFC’s actions. As the only public system in the country without the authority to bond for capital projects, we will continue to advocate for program revenue flexibility throughout the rest of the legislative session.

Items Considered Previously:

**Financial Aid**

Funding for the Wisconsin Grant Program has remained flat since 2010-11 at $58.3 million. The Board of Regents requested an increase of $19 million; the Governor’s proposal, which was also supported by the JFC, provided an additional $6 million. We applaud both the Governor and the Committee’s efforts to increase funding for financial aid.

**Issues Awaiting JFC Action:**

**Capital Budget**

We continue to advocate for an increased investment in our campus infrastructure that renovates, remodels and maintains our existing buildings. We need appropriate teaching and living spaces for our faculty and students, and the maintenance plan we submitted affects about 3% of our existing inventory and renovates only 1.6% of our gross square footage. Costs go up when projects are delayed, and if we can make the necessary repairs now, it will save taxpayers and students millions of dollars in the future.

Projects at UW-Milwaukee, UW-Whitewater and UW-Extension have already received formal support and we are hopeful UW-Platteville, UW-Parkside, and UW-Madison projects may be added to the list in the future.

**Compensation**

The committee took an important step forward by reallocating $35 million previously set aside for tuition cuts to the general fund; and, by committing to hold it for salary increases for our employees.

We ask that as the JFC considers compensation that they treat UW like other state employees, and fully fund any plan for our employees*. While we will not know the size and scope of that increase until later in the budget process, we greatly appreciate the commitment made by the committee thus far.
*Every state entity, except UW System, receives a “true” or “full” percent of every percent allocated in GPR for compensation by the state. UW System only receives 2/3 of 1% because tuition typically funded the other third. Since tuition has been frozen, it no longer provides the other 1/3 for UW System employees and leaves a sizeable and ongoing hole of nearly $4 million for every 1% that is funded with the 2/3 formula.

**Early College Credit**

The provision will be determined in the Department of Public Instruction’s Budget. While there have been several collaborative discussions between the DPI, UW, and legislators, it is unclear where the proposal stands.