



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

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Joint Committee on Finance

Paper #752

Corrections to GPR Funding (UW System)

[LFB 2011-13 Budget Summary: Page 499, #7 and Page 504, #4]

CURRENT LAW

Like other state agencies, the UW System receives funding for standard budget adjustments through the biennial budget to adjust base level resources to fund actual salary, fringe benefits, and other costs. In addition, similar to other agencies that operate their own facilities, the UW System has a separate fuel and utilities (energy cost) appropriation.

GOVERNOR

The budget bill would provide \$123.4 million GPR of funding to the UW System for standard budget adjustments. (Another provision would reduce the UW System's GPR base budget by \$250 million over the biennium.) The bill would also create UW-Madison as an authority separate from the UW System and would transfer the corresponding amount of the UW System's GPR budget, including standard budget adjustments, to the UW-Madison authority. However, the bill provisions also inadvertently delete \$10.6 million GPR of funding for standard budget adjustments for the UW-Madison that should have been transferred to the authority.

In transferring funding for fuel and utilities to the UW-Madison authority, the bill would reduce funding by \$16.4 million in 2011-12 and \$8.9 million in 2012-13. This would provide the UW System and the UW-Madison authority, together, \$117.2 million GPR in 2011-12 and \$125.8 million GPR in 2012-13 for their fuel and utilities costs. Base level funding for UW System energy costs is \$132.3 million.

DISCUSSION POINTS

1. In a memorandum to the Committee dated March 31, 2011, the Department of Administration indicated that the budget bill mistakenly deleted \$10.6 million GPR of annual

funding for standard budget adjustments under the UW-Madison authority. This mistake occurred when the new appropriations associated with the proposed authority were created. The funding provided to the proposed authority was less than the related amount of funding deleted from the UW System, after accounting for all other proposed changes, by approximately \$10.6 million GPR annually.

2. The effect of this mistake, if left uncorrected, would be to increase the proposed \$250 million GPR base reduction for the UW System by \$21.2 million and increase the proposed reduction for UW-Madison from \$62.5 million annually to \$73.1 million. Because the various executive budget documents consistently reference an overall reduction of \$250 million, the Committee may wish to provide \$10.6 million GPR annually to the UW-Madison authority or the UW System to correct this error.

3. The Department of Administration reviewed fuel and utility expenditures for state agencies in preparing the Governor's budget recommendations. For the UW System, fuel and utility costs for 2010-11 were projected to be significantly less than base funding. Based on this information, funding for fuel and utilities was reduced by \$15.1 million in 2011-12 and \$6.5 million in 2012-13, compared to base level funding of \$132.3 million. In its March 31 memorandum, DOA indicates that this reduction was in error and that fuel and utilities funding for the UW System and UW-Madison in the bill should be increased by \$15.1 million GPR in 2011-12 and \$12.7 million GPR in 2012-13 for a total increase of \$27.8 million GPR.

4. Staff from the UW System indicate that projected fuel and utility expenditures will total approximately \$109 million in 2010-11, which would be \$23 million less than the amount of funding provided in that year, based on actual expenditures through the end of April. This potential current year savings would be used by DOA to meet a portion of the required agency lapses for 2010-11. Based on this more recent information on projected current year costs, it appears that lesser funding increases than the amounts identified by DOA in March could be provided for the UW System and UW-Madison.

5. Based on the end of April projections of fuel and utilities expenditures for 2010-11 and projected fuel and utility costs associated with new buildings coming on line in the next biennium, it appears that net increases of \$4,578,500 GPR in 2011-12 and \$13,977,600 GPR in 2012-13 would be needed, for a total increase of \$18,556,100 GPR. If these additional moneys were provided, GPR fuel and utilities funding for the UW System and UW-Madison would total \$121.8 million in 2011-12 and \$139.8 million in 2012-13. Of the total, funding for the UW System would be \$52.1 million in 2011-12 and \$57.2 million in 2012-13 and funding for the UW-Madison would be \$69.7 million in 2011-12 and \$82.6 million in 2012-13.

ALTERNATIVES

A. Standard Budget Adjustments

1. Approve the Governor's recommendations.
2. Provide \$10,558,800 GPR annually to restore funding for standard budget

adjustments associated with the UW-Madison that was inadvertently deleted under the provisions of SB 27/AB 40.

ALT A2	Change to Bill Funding
GPR	\$21,117,600

B. Fuel and Utilities Funding

1. Approve the Governor's recommendations.

2. Provide \$4,578,500 GPR in 2011-12 and \$13,977,600 GPR in 2012-13 to restore funding for fuel and utilities associated with the UW-Madison that was deleted under the provisions of SB 27/AB 40. These net funding increases would be allocated as follows: (a) increase funding for the UW-Madison appropriation by \$7,527,800 in 2011-12 and \$12,985,000 in 2012-13; and (b) modify funding for the UW System appropriation by -\$2,949,300 in 2011-12 and \$992,600 in 2012-13.

ALT B2	Change to Bill Funding
GPR	\$18,556,100

Prepared by: Dave Loppnow