

# UW System Authority 2015-17 Budget Proposal Summary

## 1. Governance

*The Governor's proposal creates a public authority known as the "University of Wisconsin System Authority." Most provisions of the public authority will go into effect on July 1, 2016.*

Current Law or Practice	Governor's Proposal	Notes
<p>"The mission of the system is to develop human resources, to discover and disseminate knowledge, to extend knowledge and its application beyond the boundaries of its campuses and to serve and stimulate society by developing in students' heightened intellectual, cultural and humane sensitivities, scientific, professional and technological expertise and a sense of purpose. Inherent in this broad mission are methods of instruction, research, extended training and public service designed to educate people and improve the human condition. Basic to every purpose of the system is the search for truth." [36.01(2)]</p>	<p>"The mission of the system is to develop human resources to meet the state's workforce needs, to discover and disseminate knowledge, and to develop in students heightened intellectual, cultural, and humane sensitivities, scientific, professional and technological expertise, and a sense of purpose."</p>	<p>On February 5, 2015 the Governor announced that his administration would ensure that the "Wisconsin Idea" would remain in the statutes. <a href="http://walker.wi.gov/newsroom/press-release/governor-scott-walker-releases-statement-proposed-university-wisconsin-system">http://walker.wi.gov/newsroom/press-release/governor-scott-walker-releases-statement-proposed-university-wisconsin-system</a></p>
<p>The Board of Regents is the governing body of the UW System.</p>	<p>36. 01 (1) (a) creates a board for the UW System Authority. There is no change to composition, terms, or method of appointment. [Nonstatutory Section 9148]</p>	<p>Current members of the Board of Regents would continue to serve as members of the Board of Regents of the UW System Authority until the expiration of the terms to which they were appointed.</p>
<p>Faculty, academic staff, and students have defined shared governance rights in statute. [36.13, 36.09(4), 36.09(4m), and 36.09(5)]</p>	<p>Statutes establishing the responsibilities of the UW System President, the chancellors, faculty, academic staff, and students, and the roles of the faculty, academic staff, and students in the governance of each institution are repealed.</p>	<p>The Board of Regents would be expected to adopt policies on shared governance and tenure.</p>

## 1. Governance (continued)

Current Law or Practice	Governor's Proposal	Notes
<p>UW System officers and employees that serve on the governing board of a lobbying principal are currently permitted to accept items of a pecuniary value from that lobbying principal, so long as the value of the item does not exceed that of such items provided to other members of the lobbying principal's governing board. [13.625(6s)]</p>	<p>UW System officers and employees serving on the governing board of a lobbying principal would no longer be permitted to accept items of pecuniary value.</p>	
<p>UW System is required to make rules under the State's administrative procedures act.</p>	<p>Except under limited circumstances, the UW System Authority is no longer required to make rules under the administrative procedures act.</p>	<p>The UW System Authority's ability to issue forfeitures for certain rules violations is unclear.</p>
<p>The Board is able to enact policies related to the governance of the UW System [36.09 (1)]</p>	<p>All existing Board policies are transferred to the UW System Authority [9148 (1) (g)].</p>	

## 2. Tuition/Pricing

Current Law or Practice	Governor's Proposal	Notes
The Board of Regents has authority to set tuition and fee rates for all students. [36.27(1)]	The Governor's proposal includes an additional tuition freeze for resident undergraduate students in the 2015-17 biennium. [Nonstatutory section 9148(4)]	Due to the legislatively-mandated tuition freezes, the Board has been unable to exercise tuition-setting authority in the current biennium.
Whether a student is considered a resident or nonresident for tuition purposes is determined by state statute. [36.27(2)]	No change from existing law.	
The UW System can waive nonresident tuition, but generally not resident tuition, for a limited number of qualifying nonresident students.	The statutory limitations on nonresident tuition waivers are removed. [36.27(3)]	
Military personnel and veterans may qualify for a full waiver of tuition and fees under the Wisconsin GI Bill and other educational benefits. [36.27(2)(b), 36.27(3n), 36.27(3p), and 36.27(3r)]	No change from existing law.	
The Higher Educational Aids Board annually negotiates the Minnesota Reciprocity Agreement on behalf of Wisconsin. The agreement is then submitted to the Joint Committee on Finance for passive review. The State of Wisconsin makes any required payments to Minnesota. [39.47]	The UW System Authority negotiates the Minnesota Reciprocity Agreement on behalf of Wisconsin. The agreement is no longer reviewed by the Joint Committee on Finance. The UW System makes any required payments to Minnesota. [36.27(7)]	

### 3. Capital Planning/Construction

Current Law or Practice	Governor's Proposal	Notes
<p>The UW System biennial capital budget is reviewed and approved by the State Building Commission. Projects over \$760,000 require specific enumeration. [13.48(7)]</p>	<p>Projects under \$3,000,000 would not require enumeration under the increased threshold proposed for the enumeration of building projects in SB 21 [13.48 (3)].</p>	
<p>After the capital budget is approved, the State Building Commission is asked to provide approval for construction on all capital project valued greater than \$185,000 [13.48 (10)]</p>	<p>Projects under \$3,000,000 would not require enumeration under the increased threshold proposed for the enumeration of building projects in SB 21 [13.48 (3)]. However, the bill proposes a lease between the UW System Authority and the state, and would require that projects \$760,000 or more, regardless of fund source, that are built on state-owned land or involving state-owned facilities require project-by-project approval by the State Building Commission. [36.11 (27m)] Also see existing stats. 13.48(4) and 13.48(6).</p>	<p>Previously only gift funded projects under \$500,000 were exempt from State Building Commission approval.</p>
<p>The UW System has no authority to issue its own bonds. All bonds are issued as general obligation bonds of the State.</p>	<p>The UW System Authority would be able to issue bonds for any corporate purpose which are NOT a liability of the state. The bonds will state that they are payable, solely from the funds pledged for their payment in accordance with the bond resolution authorizing their issuance. [36.11(1p)]</p>	

### 3. Capital Planning/Construction (continued)

Current Law or Practice	Governor's Proposal	Notes
The State Building Commission must approve all gifts of land for the University. [13.48(2)(b)1m]	Section is repealed.	
The Department Of Administration charges a fee for services. [16.88]	Remains in effect, although it is limited in scope.	
The Department of Administration reviews plans and specs for all UW System projects. [16.85(12)]	All projects, except those fully-funded with Gifts and Grants, costing \$760,000 or more will be bid by the Division of Facilities Development.	The Division of Facilities Development would do so at no cost to the Authority.
The Department Of Administration manages design and construction of all UW System projects. [16.85(1) and (2)]	The Department of Administration would take charge and supervise all engineering and architectural services and construction work for GPR-finance projects.	
New provision in budget bill	The Board of Regents shall enter into a lease agreement with the Department of Administration for an initial period of not more than 75 years to lease state-owned property or facilities. The Board will pay a nominal fee under the agreement. [36.11(27m)]	
New provision in budget bill	The Board may purchase or lease land or buildings and may sell said property. The new language deletes the need for the State Building Commission to approve the UW System Authority selling Authority-owned property. [36.11 (1x)(b)]	

### 3. Capital Planning & Construction (continued)

Current Law or Practice	Governor’s Proposal	Notes
The State Building Commission may sell or lease state property. [13.48(14)]	The UW System Authority is exempt from this section– subject to 36.11(27m) (a) lease agreement. [13.48(14)(am)5]	
The Department of Administration is able to sell or lease UW System property. [16.848(1)(a)]	Property subject to the 36.11(27m) (a) lease agreement is excluded from sale or lease. [16.848(2)(em)]	

#### Significant Issues

- The Department of Administration continues to conduct the bidding of all UW System Authority projects costing more than \$760,000, unless the project is fully gift or grant funded.
- The state keeps ownership of all properties, regardless of whether they are gift, grant, or PR funded.
- The full terms of the lease agreement and the associated costs of such an agreement are unknown at this juncture.
- There are questions with regard to contracts or leases held by the Division of Facilities Development/Department of Administration on behalf of UW System.

### 4. Procurement, Risk Management, Printing and Fleet

<b>Current Law or Practice</b>	<b>Governor’s Proposal</b>	<b>Notes</b>
<p>The Department Of Administration is responsible for almost all aspects of UW System procurement including delegation of purchasing authority, approvals of purchases, and procedures of purchasing.</p>	<p>The UW System Authority would not be subject to state law regarding procurement by state agencies. The UW System Authority would be responsible for or delegate management of all procurement policy and operational policies. The UW Authority would continue to be subject to Affirmative Action requirements for contractors.</p>	<p>Federal grant and contracting requirements would continue to apply to any procurement framework developed by the UW System Authority.</p>
<p>Required use of State contracts, as determined by the Department of Administration.</p>	<p>The UW System Authority could continue to use State contracts, but it would not be required to use them after July 1, 2016.</p>	
<p>The Department of Administration is responsible for management of the State’s fleet.</p>	<p>The UW System Authority would hold responsibility for fleet policy and fleet management.</p>	
<p>The UW System is currently part of the State’s property, liability, and medical malpractice insurance program.</p>	<p>The UW System Authority would remain in the State’s insurance program. With notification by July 1 of the preceding fiscal year, the UW System Authority could request to opt out of the State’s insurance program. The request would need to be approved by the Department Of Administration. The UW System Authority would retain the right to return to the State’s program, again with one year’s notice, but the Department Of Administration would need to approve. The UW System Authority would retain the right to opt out again with one year’s notice.</p>	

#### 4. Procurement, Risk Management, Printing and Fleet (continued)

Current Law or Practice	Governor's Proposal	Notes
The UW System is currently part of the State's worker's compensation insurance program.	As of July 1, 2016, responsibility for worker's compensation will reside with the UW System Authority.	
The Department Of Administration is responsible for all printing policy, procedures, and contracts.	The UW System Authority would hold responsibility for printing policy.	The requirement to compete printing is in the State's constitution, not statute, so the basic requirement continues to exist.

#### Significant Issues

- A Procurement Policy and Operational framework will need to be in place before July 1, 2016.
- A study will be conducted to determine the costs, benefits, and risks of running an insurance program for the UW System Authority.
- The UW System currently has sovereign immunity as an arm of the State of Wisconsin. If the UW System Authority does not retain sovereign immunity, the Authority would need to purchase insurance to cover that legal liability.

## 5. Human Resources/Personnel

Current Law or Practice	Governor's Proposal	Notes
Pay plan requests from the Board of Regents must be submitted to Office of State Employment Relations (OSER) and then approved by the Joint Committee on Employment Relations (JCOER). [230.12(3)(e)]	Board of Regents would have full authority for approving pay plans for all faculty and staff without going through OSER and JCOER for approval.	
Two personnel systems- one for UW-Madison and one for the balance of the UW System - are set to go into effect on July 1, 2015. These systems are separate and distinct from the State personnel system under OSER. [36.115]	The Board shall develop and implement a personnel structure and other employment policies for all employees of the UW System Authority. [36.09(1)(e) renumbered as 36.11(1t)]	Wisconsin Statute s. 36.115 is repealed effective July 1, 2016. Board policy and operational polices developed by UW System Administration and UW-Madison will continue under the new authority structure.
OSER bargains with all certified state employee unions. Contracts are submitted to JCOER for approval. [111.815(1)]	The Board of Regents would have authority to bargain with certified unions and be responsible for approving and administering those contracts for UW System Authority employees.	
The university receives funding for compensation and fringe adjustments beyond base levels from the State's Compensation Reserve. [20.865(1)(c) and 20.928(1m)]	Removes UW System Authority employees from eligibility for funding from the Compensation Reserve.	

**5. Human Resources/Personnel (continued)**

<b>Current Law or Practice</b>	<b>Governor's Proposal</b>	<b>Notes</b>
<p>UW System classified staff are currently covered by the State Employment Labor Relations Act (SELRA) as state employees. UW System faculty and academic staff are currently excluded from collective bargaining rights under SELRA. [111.81(7)]</p>	<p>For the purposes of labor relations law, the UW System Authority would be a municipal employer. UW System staff currently in the classified service would be employees covered by the Municipal Employment Relations Act (MERA) and not covered by SELRA. Faculty, academic staff, and university police would not be defined as municipal employees and, therefore, would not be permitted to engage in any collective bargaining. [111.70(1)(i) and (j)]</p>	

## 6. Legal

Current Law or Practice	Governor's Proposal	Notes
The Department of Justice represents the UW System in litigation. [165.25(8r)]	Representation from the Dept. of Justice would not change, aside from the Attorney General would not prosecute or defend the UW System Authority at the request of the Board of Regents or the UW System chief executive officer in actions resulting from a breach of contract and would not have the authority to compromise and settle an action involving the UW System Authority related to civil actions that may arise out of or committed in the lawful course of an officer's, employee's or agent's duties as he or she determines to be in the best interest of the state	
The UW System must have the Department of Administration's/Governor's approval to hire outside counsel.	The UW System Authority Board of Regents would have power to hire outside counsel.	
UW System officers, employees, and agents are defended and indemnified.	UW System Authority officers and employees - but not agents - continue to be defended and indemnified as is currently the case.	The exclusion of "agents" may affect students who are engaged in educational activities. Also, there is clarification needed as to whether Regents would be considered "officers." The result of the changes could be the necessity to purchase separate liability insurance for students and Regents.
The UW System is under the 120-day notice of claim provision for suits against the state.	No change from current law.	
UW System employees receive state law protections from damages over \$250,000 and from punitive damages.	No change from current law.	

## 7. Budget

Current Law or Practice	Governor's Proposal	Notes
<p>The UW System receives GPR funding increases through the State's biennial budget process.</p>	<p>The UW System Authority would receive GPR support from sales tax revenue. Each year, beginning in FY2019 the GPR appropriation would be adjusted for the annual change in the Consumer Price Index. [77.665]. However, a technical correction is required to implement this proposal.</p> <p>GPR support would be paid in quarterly installments. Payments are contingent on the UW System Authority making payments under the lease agreement for municipal services and any other payment obligations to the State. [16.004(19)]</p>	
<p>State agencies including the UW System are subject to potential reductions in appropriations as an emergency measure if necessitated by reduced state revenues. [13.101(6)(a)]</p>	<p>The UW System would still be subject to potential reductions under this section.</p>	
<p>The UW System is required to report on positions to the state and must abide by the terms of a Memorandum of Understanding with the Department of Administration. [16.004(7)(a), 16.50(3)(b) and (c)]</p>	<p>Position reporting and position creation limitations are removed.</p>	
<p>The UW System has five GPR appropriations, several program revenue appropriations, and SEG appropriations. [20.285]</p>	<p>Deletes all appropriations for the UW System Authority except a block grant for state operations [(1) (a)] &amp; an appropriation for state debt service [(1) (d)].</p>	<p>The current five GPR appropriations are State Operations, Debt Service, State Lab of Hygiene, Veterinary Diagnostic Laboratory, and UW System Administration.</p>

## 7. Budget (continued)

Current Law or Practice	Governor's Proposal	Notes
The State makes municipal services payments for the GPR share of facilities and the university reimburses the state for a program revenue share in lieu of taxes. [20.865(3)(i)]	The UW System Authority would make payments in lieu of taxes. State funding will cease when the Authority begins.	
Current statutes require the Board to maintain and fund certain programs. [36.25]	Removes the statutory requirement to offer and fund certain PR and SEG programs. Provides greater management flexibility to Board and institutions.	In many cases, funding resources for those statutorily required programs are also removed.

### Significant Issues

- Payments for Municipal Services
- Potential for inclusion in lapses by the state
- The future of Program Revenue and SEG funded programs when funding ceases

## 8. Financial Management

Current Law or Practice	Governor's Proposal	Notes
<p>The State manages the UW System's cash by investing in the State Investment Fund (SIF). Pooled cash balances for the UW System and all state agencies are maintained in short-term investments to provide the needed liquidity for the State's operating expenses.</p>	<p>The UW System Authority may deposit cash balances from auxiliary enterprises, segregated fees accumulated for building projects, gifts, grants, and donations in longer-term instruments that could yield a larger return. Other cash balances, such as tuition, must still remain with the State. [25.50(3m)]</p>	

## 9. Financial Aid

Current Law or Practice	Governor's Proposal	Notes
<p>The Board may not make a grant to a person whose name appears on the statewide support lien docket, unless the person provides to the board a payment agreement that has been approved by the county child support agency and that is consistent with promulgated rules. [36.11(6)(b), 35.25(14), 36.25(49), and 36.34(1)(b)]</p>	<p>The statutory language prohibiting making grants to these persons is repealed.</p>	<p>Support lien docket restrictions on participation in the Minnesota Reciprocity program are unchanged. [39.47(2m)]</p>
<p>Each year, the UW System develops and submits a proposed formula for the Wisconsin Grants (formerly called WHEG Grants) to the Higher Educational Aids Board. [36.11(6)(c)]</p>	<p>No change from existing law.</p>	

## 10. Accountability

Current Law or Practice	Governor's Proposal	Notes
<p>Legislative Audit Bureau (LAB) conducts postaudits. LAB can examine decision-making and implementation of said decisions within the UW System, while LAB cannot delve into matters of academic freedom, content of academic programs and the methodology involved with individual faculty instruction, research or service. [13.94(1)]</p>	<p>No change from existing law.</p>	
<p>There are several requirements and reports related to IT: Strategic planning, large-high-risk projects, master leasing, open-ended contracts and high-cost projects. Currently the Board of Regents is required to provide twice a year a report on all IT projects that have actual or greater costs greater than \$1,000,000 or that have been identified by the Board as being large, high-risk IT projects regardless of funds for the project.</p>	<p>Repeals individual components of the section and only leaves a requirement to report to the Joint Committee on Information Policy and Technology on IT projects costing more than \$1,000,000 that are funded, in whole or in part, with GPR.</p>	
<p>[36.09 (1) (h)] currently discusses principles by which the Board should allocate funds to the institutions and how money could be re-appropriated if the Board chooses to suspend/cease operations at one of the institutions.</p>	<p>[36.11 (1L)] establishes that the Regents set the UW System Authority budget and are in charge of fiscal management. The Board would be required to provide financial and statistical information as required by the Secretary of the Department of Administration. No substantive change to the re-appropriation powers of the Board of Regents if it chooses to cease/suspend an institution's operations.</p>	<p>Language requiring the provision of financial and statistical information is drawn from similar statutory language as exists for the UW Hospitals and Clinics Authority.</p>

**10. Accountability (continued)**

<b>Current Law or Practice</b>	<b>Governor's Proposal</b>	<b>Notes</b>
<p>The Board of Regents and the UW-Madison Chancellor are required to provide annual accountability reports to the Governor and Legislature. [36.65]</p>	<p>The reporting requirements are largely unchanged. The UW System Authority and UW-Madison would no longer be required to report on the number of degrees awarded in high-demand fields, economic development programs, and Incentive Grants.</p>	
<p>Legislative Fiscal Bureau Director, or designees have access, with or without notice, to UW System &amp; its fiscal/operational records. [13.95]</p>	<p>Amendment ensures that the Legislative Fiscal Bureau will have the same access to the UW System Authority and its records as exists currently.</p>	

## 11. Attached Agencies and Positions

Current Law or Practice	Governor's Proposal	Notes
The State Laboratory of Hygiene is attached to the UW System [15.915 (2)].	The State Laboratory of Hygiene would be attached to the Department of Agriculture, Trade, and Consumer Protection (DATCP). The Board of Regents will no longer appoint the Director of the Laboratory. The appointment would be recommended by the Secretary of the DATCP to the Laboratory of Hygiene Board.	The Chancellor of UW-Madison (or designee) still is a member of the Laboratory of Hygiene Board.
The Veterinary Diagnostic Laboratory is attached to the UW System. [15.915 (1) (a)].	The Veterinary Diagnostic Laboratory would be attached to the DATCP.	The Chancellor of UW-Madison (or designee) remains a member of the Veterinary Diagnostic Laboratory Board.
The Board of Regents appoints the State Geologist, Director of the Psychiatric Institute, and State Cartographer. [36.09(1)(e)]	No change	
The Board of Regents/UW System have appointments to the College Savings Program Board [15.105 (25m)(b)], Acid Deposition Research Council [15.107 (5)(a)(4)], Agricultural Education and Workforce Council [15.137 (2)(a)(5)], Fertilizer Research Council [15.137 (5)], Natural Areas Preservation Council [15.347 (4)(b)], Groundwater Coordinating Council [15.347 (13)(b)(6)], Professional Standards Council for Teachers (15.377 (8)(c) 8), Educational Communications Board [15.57(1) and (5)], Higher Educational Aids Board [15.67(1)(a)(1)], Veterinary Diagnostic Laboratory Board [15.915(1)], Laboratory of Hygiene Board [15.915(2)], Environmental Education Board [15.915(6)], Rural Health Development Council [15.917], Technical College System Board [15.94 (2m)], the UW Hospitals and Clinics Authority [233.02 (1)(b)].	No substantive changes to appointments other than the following: (1) The Fertilizer Research Council is repealed from statute (2) Recommendation of the faculty member who serves on the Professional Standards Council for Teachers now derives from the Board of Regents rather than the UW System President. (3) The Veterinary Diagnostic Laboratory Board and the Laboratory of Hygiene Board are no longer attached to the UW System, as noted above. (4) The Environmental Education Board is repealed from statute. (5) The Rural Health Development Council is repealed from statute.	Question of whether the Environmental Education Board and Rural Health Development Council, as boards formerly attached to the UW System, need to be recreated by the Board of Regents under policy.