

UPDATE ON 2013-15 BIENNIAL BUDGET

EXECUTIVE SUMMARY

BACKGROUND

Governor Scott Walker introduced the 2013-15 Executive Budget on February 20, 2013. During the March Board of Regents meeting, the Board was provided with an update on the proposed University of Wisconsin (UW) System budget for 2013-15, along with a historical look at funding and revenue streams.

At the April meeting, the Board will receive updates on two important components of the proposed biennial budget. First, the budget included a recommendation to provide \$10 million of new ongoing state funding (\$20 million over the biennium) in a separate GPR appropriation for an incentive grant program to help boost the University of Wisconsin System's workforce and economic development efforts. The Regents will hear ideas that UW System institutions have developed to use the funds and discuss parameters associated with this funding including:

- the requirements that were included in the budget for the incentive grants;
- the Wisconsin Economic Development Corporation (WEDC) clusters;
- partners in businesses and the community surrounding our campuses; and,
- the process that will be used to request that the Department of Administration (DOA) Secretary release the funds to the UW as required by the current budget language.

An overview of the Economic Development Incentive Grant fund is attached. The Regents will also receive further information on the \$181.3 million in additional state (General Purpose Revenue) budgeted dollars for the UW System that is contained in the Executive Budget, including a discussion of the amounts provided for specific purposes.

Second, the 2013-15 Capital Budget will be reviewed. The Board will receive an update on the Governor's recommendations as well as on the actions by the State Building Commission in late-March, which added an additional project to the Capital Budget and increased funding for UW projects to \$703.7 million (all funds), including \$240.8 million in General Fund Supported Borrowing (GFSB).

REQUESTED ACTION

This item is for discussion purposes only. No action requested.

Economic Development Incentive Grant

What is the Economic Development Incentive Grant Fund?

The Fund (a separate appropriation of \$20 million biennially (\$10 million per year)) is to help boost the UW System's workforce and economic development efforts. The Board of Regents may use this funding to award non-base-building grants to UW institutions for the following programs and activities.

➤ Economic Development Programs

- Encourage the establishment or growth of businesses in Wisconsin
- Create or retain jobs in Wisconsin
- Programs must provide financial assistance, tax benefits, or direct services to businesses

➤ Development of an Educated and Skilled Workforce

- Increase the number of degrees awarded in high demand fields
 - High-demand fields are to be determined jointly by the Department of Workforce Development and the Wisconsin Technical College System per Section 38.28 (2) (be)
- Increase the number of internship and cooperative work experience opportunities for students
- Increase or enhance research and development

➤ Improve Affordability of Postsecondary Education

- Reduce the time required to obtain a degree
- Increase opportunities for high school students to earn credit toward a postsecondary degree
- Improve the transfer of credit between higher education institutions
- Applies only to undergraduate resident students

Annual Reporting Requirements

The Incentive Grant requires the Board of Regents to submit an annual report to the DOA Secretary on the programs awarded a grant. This report will include goals, results, and budget for each program, and a systemwide summary of this information.

Steps Moving Forward

A workgroup consisting of UW System officials and representatives from UW institutions is being assembled to create a draft Incentive Grant plan. In particular, the plan must address the four issues outlined to the right and within the specified timeframe.

UW institutions have already developed and submitted initiatives targeted at addressing workforce and economic development needs in Wisconsin. The proposals generally fit into one or more of the allowable program areas outlined above; however, as these proposals are developed, they will be revised to further meet the plan requirements.

Within 90 days after the budget goes into effect, the Board of Regents shall submit a plan to the DOA Secretary for approval that includes all of the following:

1. Application procedures and procedures and criteria for awarding grants.
2. A plan to establish performance goals and accountability measures for each grant recipient.
3. A plan to track and report program results reported by grant recipients.
4. An acknowledgement that the amounts awarded are not base building.