

July 17, 2008 UW Board of Trustees Meeting  
2009 Supplemental Budget Request

The requests below are in order of institutional priority.

I. CAPITAL CONSTRUCTION

1. **WSVL - Support the State's Construction Management Division (CMD) request for construction funding for both State Laboratory facilities** – a new facility for state agencies in Cheyenne and renovation of the Wyoming State Veterinary Laboratory Facility in Laramie to meet federal BSL-3 requirements and address state needs. CMD is using its existing funding for Level III final design and construction documents and has undertaken a selection process for a Construction Manager at Risk. UW representatives are working with CMD throughout the selection process. The WSVL renovation is likely to cost approximately \$25M; the State Laboratory facilities envisioned in Cheyenne are likely to cost at least double that amount. CMD will submit the joint budget request to the State Building Commission.
  
2. **Fine Arts – (\$2.7M for Level III final design and construction documents for Phase I of the project, construction of a new Art Building.)** The Fine Arts project is the next major academic capital facilities project on the UW campus. The current facilities for the fine and performing arts are overcrowded and significantly out of date. The project consists of two principal components. Phase 1 is construction of a new Art Building, likely to be located near the Centennial Complex, which will house the visual arts, e.g. sculpture, art, ceramics. That new building is likely to be in the range of \$35M. Phase 2 is renovation and expansion of the existing Fine Arts building to house the performing arts. Phase 2 is likely to be in the range of the cost of the College of Business remodel and expansion, funded during the 2008 Legislature, i.e. \$55M. Phase 1 must be completed and the visual arts programs relocated before Phase II construction can begin. Construction of Phase 2 would likely commence in 2012.

The 2008 budget bill appropriated Level II planning funds for the Art Building. To avoid delaying the project for an entire year, UW requests funding for Level III final design and construction documents for Phase 1, the new Art Building. Following the same approach used for the College of Business project, UW would then be able to provide the Governor and the Legislature a guaranteed maximum price (GMP) from a construction manager at risk (CMAR) for approval at the 2010 budget session.

The proposed schedule for Fine Arts Phase 1 (Art Building) and Phase 2 (expansion and remodel of existing Fine Arts Building) is summarized as follows:

March 2008                      Level II planning funds appropriated

Summer 2008	Level II planning contract commences
October 2008	Level III final planning and design budget request to State Building Commission
March 2009	Level III final planning and design appropriation
Summer 2009	Level II planning complete; Level III planning commences
October 2009	Preliminary construction cost estimate (Phase 1) presented to State Building Commission; Level II planning funds for <u>Phase 2</u> requested
February 2010	Guaranteed maximum price (GMP) submitted to Governor, Joint Appropriations Committee and State Building Commission for construction of Phase 1
March 2010	Construction funds appropriated for Phase 1; Level II planning funds appropriated for Phase 2
Summer 2010	Phase 1 construction commences; Level II planning for Phase 2 commences
October 2010	Level III final planning and design budget request to State Building Commission for Phase 2
March 2011	Level III final planning and design appropriation for Phase 2
Summer 2011	Level II planning complete; Level III planning commences for Phase 2
October 2011	Preliminary construction cost estimate for Phase 2 presented to State Building Commission
February 2012	Guaranteed maximum price (GMP) submitted to Governor, Joint Appropriations Committee and State Building Commission for construction of Phase 2
March 2012	Construction funds appropriated for Phase 2
Summer 2012	Phase 2 construction commences

[Note: Following the Fine Arts project, the next major academic project under the University's capital facilities plan is the long envisioned Science-Teaching Laboratory (STL) which will house all modern undergraduate teaching laboratories in a single facility.]

3. **Parking and Transportation (\$1,740,000 for capital facilities)** - See Attachment A explaining the capital facilities and operating budget requests for Parking and Transportation.
  
4. **Athletics facilities (\$3 million in additional matching funds; authorization to issue revenue bonds to fund the balance using FMRs available in 2011)**

The fundraising for the athletics facilities matching fund program (\$16 million in private gifts/\$16 million in state matching funds) is complete. With the bridge loan process approved in the 2008 state appropriations bill, construction on planned improvements to War Memorial Stadium will commence as soon as practicable following the 2008 football season.

However, the increases in construction costs have completely outstripped available financial resources to construct all the stadium improvements. The stadium improvements will not include renovation of the concourse area beneath the lower west stands or paving of the stadium parking lot, including addressing drainage issues. Moreover, given the cost increases, the envisioned Indoor Tennis Facility will not be constructed. Further, there has been little donor interest in supporting the Indoor Tennis Facility.

UW has secured significant additional donor commitments (\$2 million) and the strong possibility of an additional commitment of \$1 million, both contingent on the availability of matching funds. UW requests additional athletics facilities matching funds of \$3 million.

UW desires to fully complete the renovation of War Memorial Stadium as well as construct the Indoor Tennis Facility as follows:

Expenditures

Lower west stadium renovation	\$ 8.0 M
Pave stadium parking lot (east); address drainage issues	\$ 2.75M
Indoor tennis facility	\$ 3.50M
Total	\$14.25M

Revenues

Additional private donations	\$ 3.0M
Additional state matching funds	\$ 3.0M
Revenue bonds in 2011; from FMRs for repaid bonds (total of approx \$14M in bonding capacity available in 2011)	\$ 8.25M
Total	\$14.25M

5. **Repeal sinking fund requirement for academic facility matching funds** – The 2007 supplemental budget bill included a provision requiring UW to establish a “sinking fund” equivalent to 15% of the cost of new construction for each facility funded through the academic facilities matching fund. This requirement applies to two projects – the School of Energy Resources facility and the Berry Center (name).

These projects will become a reality through the generosity of private and corporate donors. But it is clear that donors will not commit to funding a sinking fund in addition to their gifts for construction and equipping of facilities. Neither can the University set aside from its existing budget several million dollars to create a sinking fund. The University has no plans to fund other major facilities through academic facilities matching funds.

The University requests that the sinking fund requirement be repealed and that the operation and maintenance costs for these two new facilities be funded through the University’s operating budget, i.e. the “block grant”. UW will continue to discuss its budget needs through the regular budget process.

6. **Update on other capital projects (no budget requests)**
- a. UW/Casper College Joint facility - The demand for baccalaureate and graduate degree education in Casper from site- bound, typically non-traditional aged students continues to be strong. For decades, UW has had a close and cooperative relationship with Casper College and a presence in Casper, including approximately 20 faculty and staff. UW has long hoped to consolidate its presence on the Casper College campus and has had discussions with Casper College for many years to that end. Casper College’s campus master plan includes a proposed joint UW – Casper College building, with UW residing in two floors of the proposed facility totaling approximately 60,000 square feet of usable space. This space would replace the space at UW’s Poplar Street facility and return space on the main Casper College campus that Casper College needs and that UW currently uses. There will remain a focus on sharing classroom facilities to the greatest extent practicable. UW has no plans to create science laboratory facilities. Casper College is currently exploring alternatives to identify sources of funding for the College’s share of the construction cost of the facility. UW has previously suggested that its

share of the facility's cost would be derived from private donations and academic facility matching funds, if available. UW will continue to work with Casper College to pursue this project. When Casper College is closer to finalizing a construction schedule, UW will determine what specific funding strategies it will pursue, including the extent to which a state budget request will be made.

- b. **UW/LCCC Joint facility** – The demand for baccalaureate and graduate degree education in Cheyenne from site bound, typically non-traditional aged students continues to escalate dramatically. UW and LCCC have long envisioned a joint education facility on LCCC's Cheyenne campus. While the specific educational program offerings may differ, UW and LCCC anticipate a relationship and UW presence much like the one UW has with Casper College that has existed for decades. UW and LCCC are internally funding the equivalent of a Level I study to identify the specific programs that will be provided in the facility that will drive the determination of the configuration of the facilities. The facility will be designed to meet anticipated educational needs for at least 20 years. That Level I study should be complete by July 2008. The results of that Level I study will be reviewed internally with a particular focus on the time and resources needed to mount the academic programs identified in the Level I study, and then recommendations will be presented to the Board of Trustees for their review in fall 2008. Much like the UW/Casper College project, UW has previously suggested that key sources of revenue to fund the facility cost would be private donations and academic facility matching funds, if available. But since the Level I study needs thorough review, it would be premature to submit a state budget request in September 2008.
- c. **Housing** – UW is continuing to work on a comprehensive housing facilities plan which will be completed after the 2009 session. UW is working on a proposal for funding the housing facilities plan.

## II. OPERATING BUDGET

- 1. **Endowment Matching Funds (\$27.5M in one-time funds)** – During the recently completed biennium (FY 2007 & 2008), with the University's focus strongly on facilities matching funds, the Foundation has commitments for all of the \$26.65M appropriated for the University's endowment matching fund program. Later this fall, when fundraising efforts for the School of Energy Resources facility are complete, the University's fundraising focus will once again return to the endowment matching program. A number of University academic units and programs are very well positioned to aggressively pursue major commitments.

During the 2008 budget session, UW requested \$25M for the endowment matching fund program. Given the limitations on state resources, and the magnitude of the state's funding support for other UW priorities, UW received an appropriation of \$10M during the 2008 budget session. It is believed that state policymakers anticipate UW submitting a supplemental budget request for the

balance, i.e. another \$15M, resulting in a total for the FY 2009-2010 biennium of \$25M.

However, that is less than the \$26.65M in endowment matching funds committed during the last biennium, even with principal fundraising efforts directed elsewhere. UW believes that a total of \$37.5M is a more realistic goal given donor interest levels. Thus, UW proposes a supplemental budget request of \$27.5M, which when added to the previously appropriated \$10M, totals \$37.5M.

2. **Parking and Transportation (\$1,814,800 in one-time; \$1,436,403 recurring funds)** - See Attachment A explaining the capital facilities and operating budget requests for Parking and Transportation.
  
3. **UW Libraries – apply for Greater Western Library Alliance (GWLA) membership in 2011 (\$3.5M in recurring funds)** – In its budget request for the FY 2009-2010 biennium considered during the 2008 budget session, UW requested \$18.8M so that UW could successfully apply for membership in the Greater Western Library Alliance (GWLA) in 2010. Given the state’s revenue situation, that request was essentially cut in half. As such, UW would pursue additional funding during the 2010 budget session with a view toward applying for GWLA membership in 2012.

UW requests that resources be provided so that UW can apply for GWLA membership in 2011, one year later than UW originally proposed, but one year earlier than the results of the 2008 session. That requires an additional \$3.5M for FY 2010, with similar annual increases envisioned for each year of the next biennium.

UW is aggressively recruiting new faculty, building the School of Energy resources which involves at least five of UW’s seven colleges, and pursuing extraordinary opportunities in collaborations involving the NCAR supercomputer and the UW/GE High Plains Gasification Technology Center. All of these initiatives have direct impact on education as well as research activities. Delaying an application for GWLA membership until 2012 simply impairs UW’s ability to be competitive in these arenas.

Below is a summary of the proposed annual budget for UW libraries for the next three fiscal years to be successful in the effort to secure GWLA membership.

	Application For Membership	Total Budget Collections Recurring Funds	Proposed new budget	New Funding Request
FY09		\$7.9M	\$7.9M	0
FY10		\$7.9M	\$11.4M	\$3.5M
FY11		\$11.4M	\$13.6M	\$2.2M
FY12	GWLA (fall CY 2011)	\$13.6M	\$14.6M	\$1.0M (plus \$2.2M carried forward from FY 2011)

4. **Essential Outreach education infrastructure and capacity for professions critical to the state and region (\$6,159,000 in one-time funds; \$1,297,500 in recurring funds).**

- a. Essential Outreach infrastructure – (\$6,159,000 in one-time; \$273,500 in recurring)

UW’s 2008 budget request for Instructional Excellence included a request for \$700,000 to expand UW’s video capacity for outreach courses, which request was not funded. The funds would have addressed the first stage of a much larger plan to ensure capacity exists for Outreach education statewide. Recent developments make it even more critical that UW aggressively pursue resources to ensure that infrastructure is in place. Of special importance is video networking, one of several modes for distance education that will remain a core component of higher education’s portfolio for many years.

State government’s compressed video network has substantially increased its charges for access to the network. Moreover, that network has shifted its focus to accommodate government meetings, an emphasis that is often incompatible with the scheduling of classes on that network. The Wyoming Education Network (WEN), located at public schools, is impractical for post-secondary use since its

availability varies from location to location based upon K-12 classes and scheduling.

UW's Outreach Video Network (OVN) is a more technologically advanced platform and is capable of delivering high quality transmissions in accordance with national standards. It was begun using external grant funding, which is no longer available. The OVN is critical in UW's Outreach offerings that are focused on baccalaureate completion, i.e. junior- and senior-level classes, as well as graduate education. Courses at these levels require substantial interaction with faculty beyond what is achievable through purely on-line delivery.

UW's video network consists of two basic components:

- Delivery infrastructure – (\$4,028,000 in one-time funding; \$273,500 in recurring funding) – This includes equipment, licensing and maintenance for more than 50 sites in 23 Wyoming communities, circuitry and equipment to transmit the video signals, and equipment for classrooms at Outreach sites off the Laramie campus.
- Production infrastructure – (\$2,131,000 in one-time funding) – This includes equipment for the broadcast, recording, and copying of video information from UW's campus.

The technology proposed here is to permit UW to “catch up” with what is common in other states in terms of higher education distance quality and reliability. In very small communities, where the number of UW Outreach students is often low or periodically non-existent, UW will utilize the WEN network to the extent practicable.

- b. Educational capacity for Outreach instruction in professions of critical importance to the state (\$1,024,000 recurring)

This is the first phase of a plan that expands UW's delivery of baccalaureate programs beyond the Laramie campus. The emphasis is on programs in professions that are critical to Wyoming and the region and that can be delivered off-campus to students who have finished their first two years of study at a Wyoming community college.

This first phase will focus on two degree programs: the statewide baccalaureate in Elementary Education and the statewide baccalaureate (BSN) completion program for RN-qualified nurses. There is strong statewide demand both for participants in these programs and in the professional workforce. Delivery modes for these programs will include a mix of online, video, and face-to-face instruction by UW faculty members, both in residence in the community and through regular travel, and will

take advantage of cooperative arrangements with Wyoming community colleges wherever possible.

The second phase will be proposed in subsequent budget requests and will be directed toward expanding the faculty in these academic programs and in other disciplines delivered through the Outreach School, such as additional programs in education and health sciences, community development, business, engineering, technology, criminal justice, and the core courses that students in all professions must take.

For this first phase, UW requests funding for four additional faculty in nursing and four additional faculty in elementary education, along with a total of two administrative support personnel, and support budgets for these positions to include travel for instructional purposes.

**5. Student Internship program to promote workforce development – (\$600,000 in one-time funds for pilot project)**

UW does work with Wyoming employers to place students in internship programs. It enhances the educational experience of students and provides employers a ready pipeline of UW graduates with experience and knowledge of the employer's business.

While some of these internship programs may involve some college credit, providing a stipend to the student for the work performed would enhance student participation. Many Wyoming employers, particularly smaller employers, need an incentive to provide the internship experience.

UW proposes a pilot project under which UW would commit to funding 50% of stipend for the student to be matched by a like amount from the employer providing the internship. The specific amount of the total stipend would be determined jointly by UW and the employer based upon the nature and length of the internship, but the maximum stipend from UW would be \$3,000. That ensures that at least 200, and likely more, UW students could participate in the program.

UW proposes to provide a report to the Governor, Joint Appropriations Committee, Joint Education Interim Committee, and Joint Minerals, Business, and Economic Development Interim Committee by the 2010 Legislature regarding the success of the program.

**6. Utilities – (Amount to be determined)**

As has been the case in previous budget bills, there is often a consolidated request from Wyoming executive branch agencies to address increasing utility costs. To the extent that such a request is made by the executive branch, the University will make a comparable request to address rising utility costs at UW.

III. OTHER BUDGET RELATED ISSUES – not formal UW budget requests

1. UW/GE – Balance of project funding from AML funds – approximately \$42.5M
2. Support continuing Clean Coal Task Force research using AML funds - \$4M
3. Support increase major maintenance funding formula for current biennium