

**THE UNIVERSITY OF WYOMING
BOARD OF TRUSTEES “SPECIAL” MEETING REPORT
Thursday, August 25, 2011
8:00-9:00 a.m.
Conference Call in Old Main Boardroom**

The red text below is to be inserted on page 6 of the August 25, 2011, Board of Trustees “Special” Meeting Report. This item was added as addendum 8-24-11. The red text follows item 7 “*High Performance Computing (HPC) -- \$4.78 million; and \$2.17 million (non-recurring)*” in the Approval of 2013-2014 Biennium Budget Request narrative. See full version of narrative below.

8. Natural Gas Infrastructure and Vehicle Conversion - \$1,800,000 (non-recurring)

UW has engaged in substantial conversations with a private natural gas exploration and production corporation and has received a commitment from industry to provide a compressed natural gas (CNG) fueling station.

In order to leverage and supplement the generous private contribution of a natural gas vehicle fueling facility, UW requests \$1.8 million for the FY2013-14 biennium for:

- **Vehicle Conversion.** Approximately one-third to one-half of this appropriation would be used for the initial conversion from gasoline to CNG or the acquisition of CNG vehicles consistent with UW’s traditional vehicle replacement schedule. Approximate conversion costs are estimated as follows: \$7,000 for passenger vehicles; \$14,000 for truck conversions; and \$40,000 for transit vehicles. UW would convert, or purchase, not less than 20 new CNG vehicles during the biennium.
- **Facility upgrade and siting.** In order to fully leverage the donation, UW is expected to incur additional siting, facility upgrades, or fuel station enhancements.
- **Installation and additional infrastructure.** UW’s present fuel facility would likely not be an optimum location for a CNG facility. Additional lighting, paving, and other structural modifications are expected.

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Revised Narrative 8-24-11

II. AGENDA ITEM TITLE:

Approval of 2013-2014 Biennium Budget Request, Vinzant

CHECK THE APPROPRIATE BOX (ES):

- Work Session
- Education Session
- Information Item
- Other Specify: Special Meeting

BACKGROUND AND POLICY CONTEXT OF ISSUE:

The Trustees of the University of Wyoming, a constitutional body, are responsible for the “management of the university” (Wyoming Constitution, Article 7, 17).

The University of Wyoming is required to submit the 2013-2014 biennium operating budget request to the Budget Division of the Department of Administration and Information on August 31, 2011. Board of Trustees’ approval of the budget request is required prior to submittal.

All request amounts are presented for both years of the 2013-2014 biennium. Except where otherwise indicated, all request amounts are for recurring general fund support.

2013-2014 Biennium Request Items:

Agency 067, University of Wyoming

1. Salary Increase (Faculty, Staff, Administration) -- \$20.15 million (including related employer paid benefit costs)

The most valuable resource of the University of Wyoming is its human resources. The University must preserve its ability to compete with the best institutions in the world for talented employees, and it should strive to be Wyoming’s model employer. History shows that failure to maintain attractive salaries and benefits results in persistent discrepancies between the university’s salaries and those that prevail nationally, leaving the institution vulnerable to the loss of some of its best employees and leaders.

UW’s top budget priority is to ensure that employee salaries remain competitive to attract and retain a high quality workforce. Following two consecutive years without pay adjustments, the University has lost ground in achieving the goal set forth in *University Plan III* to attain market competitiveness. Benchmark data from annual salary surveys for faculty and administrators together with the results of a recently completed market survey for classified staff indicate that the University needs to make investments to both “catch up” to competitors’ salary levels and plan for increases that “keep up” with forecasted increases in the 2013-2014 biennium.

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In the 2011 legislative session, executive branch employees received increases bringing them to 91 percent of the market average. UW employees did not receive that adjustment. The University is requesting \$9.7 million for the biennium to allow UW employees' average salaries to catch up to the 91 percent level. In addition, the University is seeking \$10.45 million to raise average salaries to 95 percent of the 2011 market place average for all employee groups. This request is part of the University's ongoing strategy to pursue the goal of bringing average salaries to the market average.

2. SER Operating Funding -- \$20.4 million

The University is requesting funding of \$20.4 million for the School of Energy Resources (SER) operations in FY 2013-2014. SER was authorized and initially funded by the Legislature in 2006. The school has three primary objectives: (i) provide nationally-competitive undergraduate and graduate instruction in energy-related disciplines; (ii) advance Wyoming's energy-related science, technology and economics research; and (iii) support scientific and engineering outreach through dissemination of information to Wyoming's energy industries, companies, community colleges, and government agencies. After the first year funding, SER has been funded with federal Abandoned Mine Land (AML) funds, which are separate from UW's block grant. The request for the 2013-2014 biennium is \$20.4 million to provide stable funding for the continued operation of SER. Given on-going uncertainty of AML funding from the federal government, the university's first preference would be to fund SER permanently through a General Fund appropriation.

3. Library Program Enhancements -- \$3.6 million

As stated in *University Plan III*, UW aspires to be one of the nation's finest public land-grant universities. Strong libraries are a critical component of a major research university, and the university's library resources are currently not competitive with comparator research institutions of higher learning. Access to a wide array of scholarly books, journals, and electronic resources are key to advancing academic excellence, developing academic programs of national distinction, and the advancement of knowledge through scholarship and competitively funded research programs.

The Greater Western Library Alliance (GWLA) is a consortium of 32 research libraries located across 17 Midwestern and Western states with common interests in programs related to scholarly communication, interlibrary loan, shared electronic resources, cooperative collection development, digital libraries, staff development, and continuing education. Twenty-five GWLA libraries are also members of the Association of Research Libraries (ARL), a more selective group of nationally prominent university libraries of which UW is not a member. In addition to the tangible benefits of library resource sharing, membership in GWLA would provide recognition as a high quality research library resulting from an external review process.

This request of \$1.8 million in recurring annual General Fund appropriations represents the residual left unfunded during the 2011 legislative session. It will position UW to successfully pursue GWLA membership in 2014, based upon a plan that includes revenue from tuition increases, as well as additional state support. The overall plan reflects an increase in collections

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(e.g., scholarly books, journals, and electronic resources) as well as a judicious mix of staffing resources needed to manage a larger collection. A portion of the collections funding will be directed toward the UW Law Library—which is administered separately for accreditation purposes—to expand its research collections, consistent with recommendations in American Bar Association (ABA) accreditation site inspection reports and Association of American Law Schools (AALS) membership reports. The UW Libraries also financially support statewide access to many research, economic, and health resources through the Wyoming Library Database (WYLD) system, enabling statewide access to many of the UW databases.

4. State Matching Fund Request -- \$50.0 million (non-recurring)

The state's commitment to matching funds for higher education began in 2001, and the matching fund program has been an outstanding success and the envy of and a model for other states. Since the inception of the program, the Legislature has appropriated \$145.2 million in matching funds among four accounts – academic endowment, academic facilities, athletic facilities, and Wyoming Reclamation and Restoration Center. Over 90 percent of these funds have been committed through the support of generous donors. The university has identified a long list of potential fundraising initiatives for gift matching which align with areas of distinction identified in its strategic plan, *Creation of the Future: University Plan III, 2009-2014*. These funds would be used on a 50/50 match basis.

This request envisions \$20 million of state funding for academic facilities match, \$20 million of state funding for matching endowed gifts for academic programs, and \$10 million of state funding for athletics facilities match.

5. NCAR- Wyoming Supercomputing Center -- \$1.0 million

As part of the agreement bringing the NCAR- Wyoming Supercomputing Center (NWSC) to Cheyenne, the Legislature appropriated \$20 million in 2007 to assist with the construction of the facility and agreed to provide \$1 million per year for 20 years to assist with future acquisition of equipment. In exchange, UW will have access to 20 percent of the NSF base-funded computing resource once NWSC is operational.

UW needs a total of \$2 million in general funds during the FY13-14 biennium for the third and fourth installments, as required under the MOU. Since the Legislature appropriated the prior installments over the last three biennia, only half of the biennial amount (\$1 million) is contained in UW's standard budget request. The other \$1 million is requested in the exception budget, as noted above.

6. Brucellosis Research -- \$0.4 million

Development of an effective vaccine and more reliable diagnostic tests for brucellosis in elk and cattle is an expensive, long term project. A more effective vaccine has been identified as a critically needed tool that must be in place if there is to be any hope of eliminating the disease in the Greater Yellowstone Area. The university is requesting that the one-time funding of \$200,000 per year provided in the 2011-2012 biennium for brucellosis research be made permanent in the 2013-2014 biennium.

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Significant work is already under way. The Brucellosis Consortium developed a roadmap for research and outlined a process for attracting and distributing funds to researchers who respond to the consortium's request for proposals. A scientific advisory team is focused on developing research objectives and evaluation of proposals to do research once ongoing funding is identified. A stakeholder advisory team is helping solicit funds for the project and will review proposals for research to assure they are targeted toward the overall goals of vaccine and test development.

The research funds expended to date have led to initial development of a rapid brucellosis test and several initial candidates for further vaccine testing. In addition, support was made available to initiate immune defense system research at the WSVL. The benefits of this research to Wyoming include development of improved testing for brucellosis, which will greatly facilitate elk and cattle managers.

7. High Performance Computing (HPC) -- \$4.78 million; and \$2.17 million (non-recurring)

This item would provide funding to enhance and further develop the university's cyberinfrastructure (i.e., the instructional and research infrastructure that supports computing, advanced data acquisition, data storage, data management, data integration, visualization and other computing resources). Specifically, a recurring budget of \$1.1 million per year (or \$2.2 million for the biennium) will be requested to develop a sustainable cyberinfrastructure to support high performance computing (HPC) education and research. A one-time appropriation of \$2.17 million is also needed to address immediate infrastructure needs that must be met to support HPC education and research. Recurring funding of \$1.288 million per year (or \$2.58 million for the biennium) is also needed to support state-of-the-art computer systems and technology, networking, monitors and equipment, not only in computational science but in all STEM (science, technology, engineering, and mathematics) disciplines. The request includes state-of-the-art networking and an enhanced campus database system as well.

Consistent with UW's strategic plan, these investments will directly benefit UW students by: 1) enhancing the student experience through research collaborations with faculty, use of large data sets and simulations in classes, and exposure to new areas of interdisciplinary inquiry; 2) provide students access to computational resources and associated learning opportunities that can prepare them to use the NCAR-Wyoming Supercomputer Center; and 3) provide the technology to equip students with a range of skills in computationally oriented problem-solving, critical-thinking and information science required in an interdependent, technologically advanced world.

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Agency 167, UW Medical Education

UW Medical Education (Agency 167) is included in the university's biennial budget request. Note the following are not in priority order; rather they are simply in the order they appear in UW's budget submission. Since each exception, except salary increases, is in its own line item for the 167 budget, prioritization is not necessary.

1. Salary Increase -- \$1.45 million

Salary increases are the highest priority for the University of Wyoming budget request. This request provides the same percentage salary adjustment for Medical Education employees as for UW's other employees.

2. Casper -- \$4.6 million (clinic income) – continuation of current operations

The B-11 request approved by the Governor in June 2011 provided interim authority in the current biennium to modify the operating structure of the clinic and allow clinic income to support positions necessary to operate the clinic. For the past decade a third-party operated and managed the business operations of the clinic and benefited from the clinic revenue. The change in structure brought those functions in-house. Legislative authorization is required for the same positions and expenditure authority to continue current operations in the 2013-2014 biennium. This request continues current staffing levels, but under the new operating structure.

3. Cheyenne -- \$2.38 million general fund increase – continuation of current operations

For the Cheyenne clinic, a request for increased funding will be included for the 2013-2014 biennium to support current operations. The request for the Cheyenne clinic: 1) realigns budgeted clinic income with recent projections for the 2013-2014 biennium; 2) seeks \$1 million per year of increased state general funds to continue staffing levels needed to support an accredited medical residency program and operate the clinic as a safety-net provider for the Cheyenne community; and 3) provides \$0.3 million for necessary equipment funding.

4. WWAMI -- \$1.7 million

For the WWAMI program, a General Fund biennial appropriation increase of \$1.7 million is needed to address (i) tuition for expanded class size from 16 to 20 per year; (ii) faculty and support costs for expanded class size from 16 to 20 per year; (iii) summer tuition costs; and (iv) tuition inflation (3%) for 2013 and 2014 for all students.

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5. WYDENT -- \$0.48 million

The WYDENT program contracts with Schools of Dentistry at the University of Nebraska, Lincoln and Creighton University in Omaha. Tuition at these schools is projected to increase by 5 percent per year, and a General Fund appropriation increase of \$0.48 million is needed for the biennium for cost escalation.

PRIOR RELATED BOARD DISCUSSIONS/ACTIONS:

- July 2011, Board of Trustees' Retreat, Worland, Wyoming

WHY THIS ITEM IS BEFORE THE BOARD:

The Board's approval of the operating budget request is required by Trustee Regulations and University budget procedures.

ARGUMENTS IN SUPPORT:

The operating budget request advances the University's highest priority needs and further advances the University's progress in implementing initiatives contained in *University Plan III*. The elements of the request have been discussed with the Vice Presidents and Deans and other university constituencies, and all are in support of the request. The draft request was presented to the Board of Trustees at their retreat in July 2011.

ARGUMENTS AGAINST:

None

ACTION REQUIRED AT THIS MEETING:

Approval of the 2013-2014 biennium Operating Budget Request for the University of Wyoming (Agency 067) and UW-Medical Education (Agency 167), as described in this item.

PRESIDENT'S RECOMMENDATION:

The President recommends Board approval of the 2013-2014 biennium Operating Budget Request for the University of Wyoming (Agency 067) and UW-Medical Education (Agency 167), as described in this item.

University of Wyoming as Fiscal Agent

The University of Wyoming serves as fiscal agent for the Enhanced Oil Recovery Commission, Western Interstate Commission on Higher Education (WICHE), the Center for Distance Learning and Education (CDLE), and the Statewide Taskforce on Videoconferencing (STV); however, these requests do not require approval from the UW Board of Trustees. The CDLE and the STV do not have separate agency numbers at this time.

Agency 069, WICHE

The Western Interstate Commission for Higher Education, or WICHE, allows Wyoming and other western states within the compact an opportunity to provide high-quality, cost-effective education without replicating programs in every state. Wyoming currently participates in three

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WICHE student exchange programs: (1) the Professional Student Exchange Program (PSEP); (2) the Western Undergraduate Exchange Program (WUE); and (3) the Western Regional Graduate Program (WRGP). WUE and WRGP require no appropriations from the Legislature. Through WICHE's Professional Student Exchange, Wyoming sent 110 students to out-of-state programs in 2010-2011 in seven different fields (veterinary medicine, physical therapy, occupational therapy, optometry, podiatry, osteopathic medicine, and physicians' assistant study). An exception budget request for the 2013-2014 biennium is not anticipated for this budget.

Agency 070, Enhanced Oil Recovery Commission

The EORC will meet in August to formally approve their budget proposal for the 2013-2014 biennium. The University anticipates an exception increase in excess of \$1 million for EORC.