

**TO:** Interested Legislators  
**FROM:** UW-Madison State Relations  
Kristi Thorson, Don Nelson  
**DATE:** April 26, 2004  
**RE:** **UW-Madison concerns regarding ASA to AJR 55, "TABOR"**

Last week Representative Frank Lasee offered a substitute amendment to his original bill, Assembly Joint Resolution 55, also known as TABOR. His substitute amendment incorporated many of the suggestions he received to improve the bill, including an exemption for tuition and other university non-GPR expenditures. The university sincerely appreciates Rep. Lasee's efforts to proactively seek input and to be open to changes.

Although the substitute amendment is a significant improvement over the original language, we remain concerned about many of the unintended consequences this legislation would have on the university's ability to provide an affordable, accessible and quality education. As you discuss the ability of this legislation to achieve its goals without compromising the ability of state and local governments to fulfill their responsibilities, we urge you to consider the following impacts the current bill would have on the university.

- ***Access to affordable higher education would be limited.*** In the substitute amendment funding for the K-12 and technical college districts is tied to population yet there is no corresponding link to enrollment for the university system. As enrollment pressures increase, particularly from adult learners, the university will not have the additional resources to accommodate more students unless tuition increases significantly. This would significantly harm the state's ability to generate the work force needed for high-wage jobs. Further, state tax dollars (GPR) and tuition essentially fund undergraduate education. Should the discretionary portion of the GPR base erode because of increases in non-discretionary costs that tend to rise faster than the rate of inflation (such as utilities, debt, etc), the university will essentially lose funds available for undergraduate education. At some point this gap will have to be made up either by increasing tuition or by limiting enrollment.
- ***Millions of dollars in private gifts for bonding would be put at risk.*** Currently, numerous private donors have pledged support for renovation and new building construction called for by the campus master plan. These pledges represent hundreds of millions of dollars and are typically tied to some expectation of a state GPR match (usually a small percentage of the donor's pledge). The proposed state bonding caps would impede significantly the university's ability to accept these private donor's pledges because, in the absence of a state match, the pledges would be lost.
- ***Federal and private grants that require a matching component could be lost.*** As the university's GPR base shrinks, which is likely to happen given the mandates and growing demands for other state services, the university may have to cut funding that provides a required state match for certain federal and private grants.

These are just a few of the immediate concerns that come to mind when reading the substitute amendment. Judging by Colorado's experience with TABOR, we have no doubt that there would be many other unintended consequences as well and we hope whatever final product you look at will provide you and other elected officials with the ability to respond quickly to changing needs and circumstances.

We hope this information is useful. Please do not hesitate to contact either of us 262-8967 if you would like to discuss these concerns in more detail. Thank you for your consideration.