

2015-17 Budget Overview

WAA Fall Forum
November 15, 2014

Setting the Stage

- Impact from 13-15 Budget
- Fund Balances
- Level of State Funding 2004-2014

2013-15 Biennial Budget Impacts

Tuition Freeze:

Two-year tuition freeze does not provide the UW share of state employee salary and fringe increases.

Impact: \$27.3M ongoing deficit system wide

Base GPR Reduction:

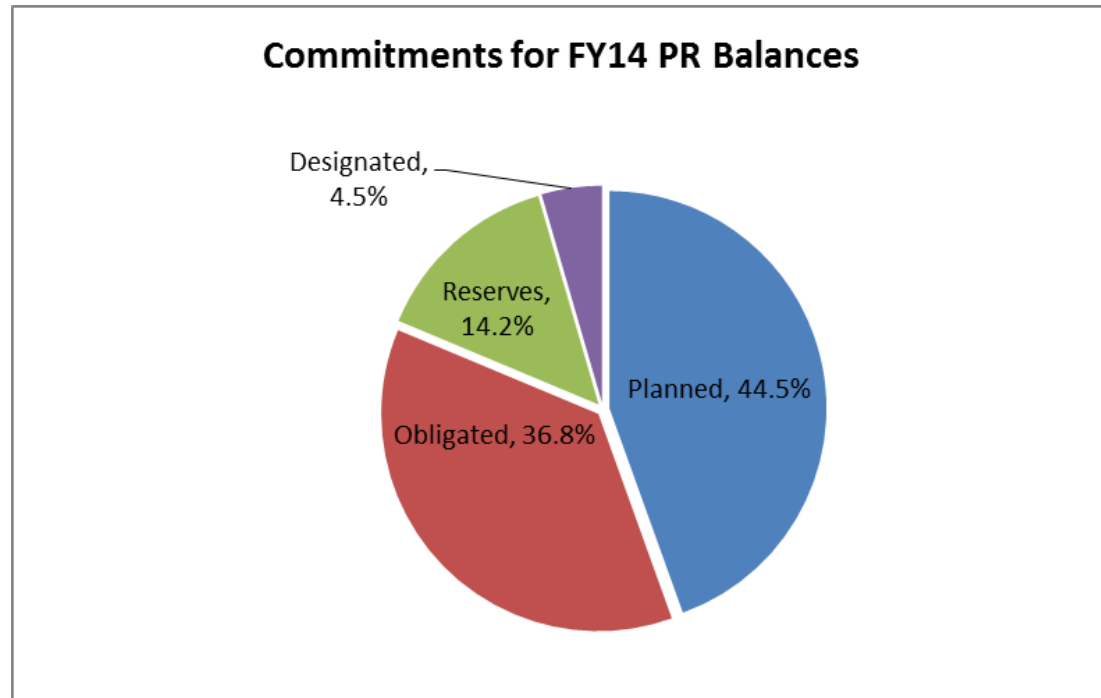
UW institutions were required to absorb an ongoing \$32.8M GPR cut to our base budget

UW-Madison Impact:

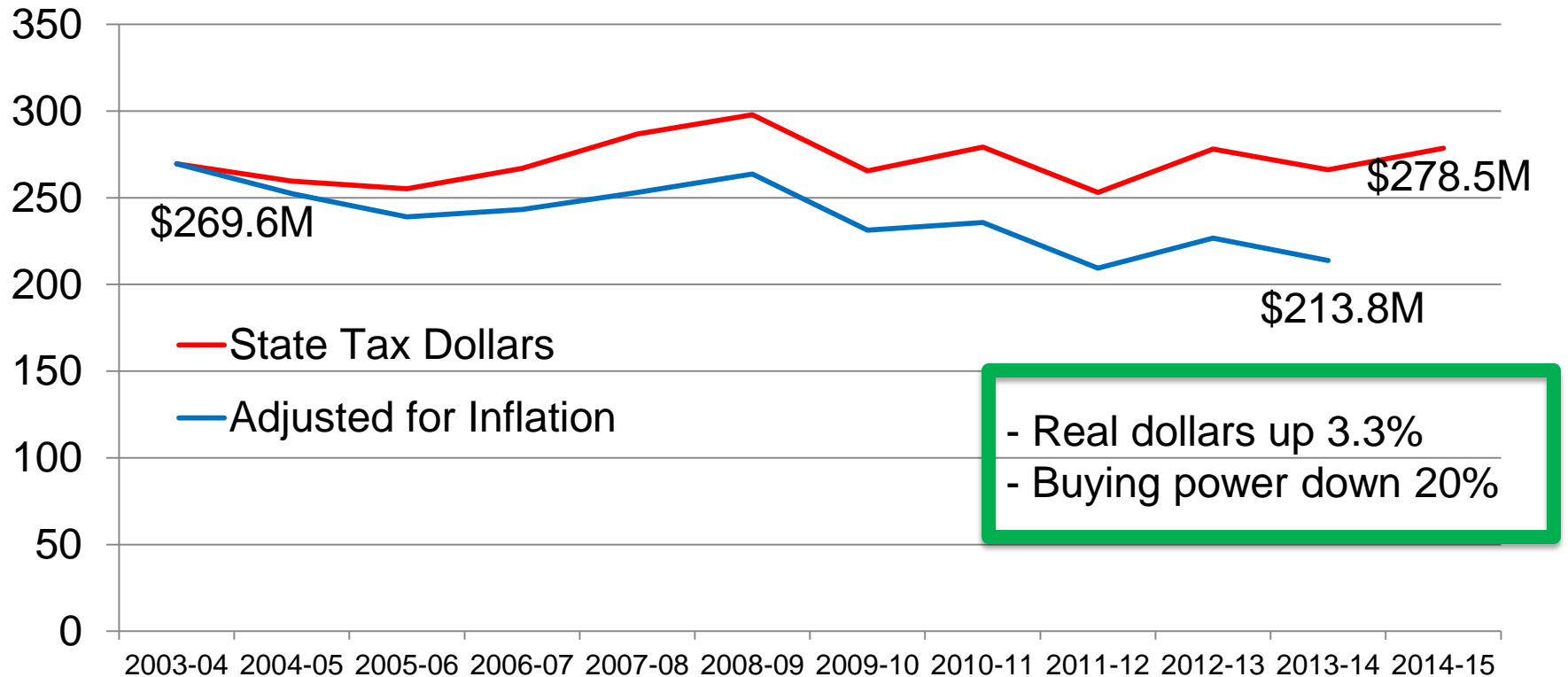
- We have utilized fund balances to cover costs on a one-time basis
- Annual shortfall going forward is approximately **\$23.5 million**, or 4% of our base budget.
- Budget Cut Exercises Required – 2%, 4%, 6%

Fund Balances

- Tuition balances have been reduced by 41%
- Overall PR balances have decreased by 8%
- 85% of carryover balances are obligated, planned or designated for expenses the campus will incur in FY15.
- True reserve is only **\$54M**



General Program Revenue* Provided by State of Wisconsin to UW-Madison



*Does not include “specific program revenue” received from the state over which UW has no discretion (e.g., utilities and debt service)

2015-17 Biennial Budget Request

- Operating Budget
- Capital Budget

Operating Budget Summary

(1) Talent Development Initiative		
Initiative	UW Funds	New State Funds
• Talent Path		\$15.4M
• Talent Infrastructure	\$42.3M	\$57.3M
• Talent-Based Economy		\$22.5M
Totals	\$42.3M	\$95.2M

(2) Performance Measures	
• Undergraduate Degrees	• Participation Rate
• Retention Rate	• Graduation Rate

(3) Statutory Language Changes

(4) Standard Budget Adjustments (cost-to-continue)

Talent Development Initiative

Building the Talent Path:

- **\$15.4 million** to increase the number of graduates while reducing the time to receive a degree.

Building the Talent Infrastructure:

- **\$30 million** for additional faculty to teach high demand courses that address labor shortage needs in Wisconsin.
- **\$27.3 million** to maintain the quality of academic instruction and research in the UW System by providing the share of state employee salary and fringe increases lost through tuition freeze.

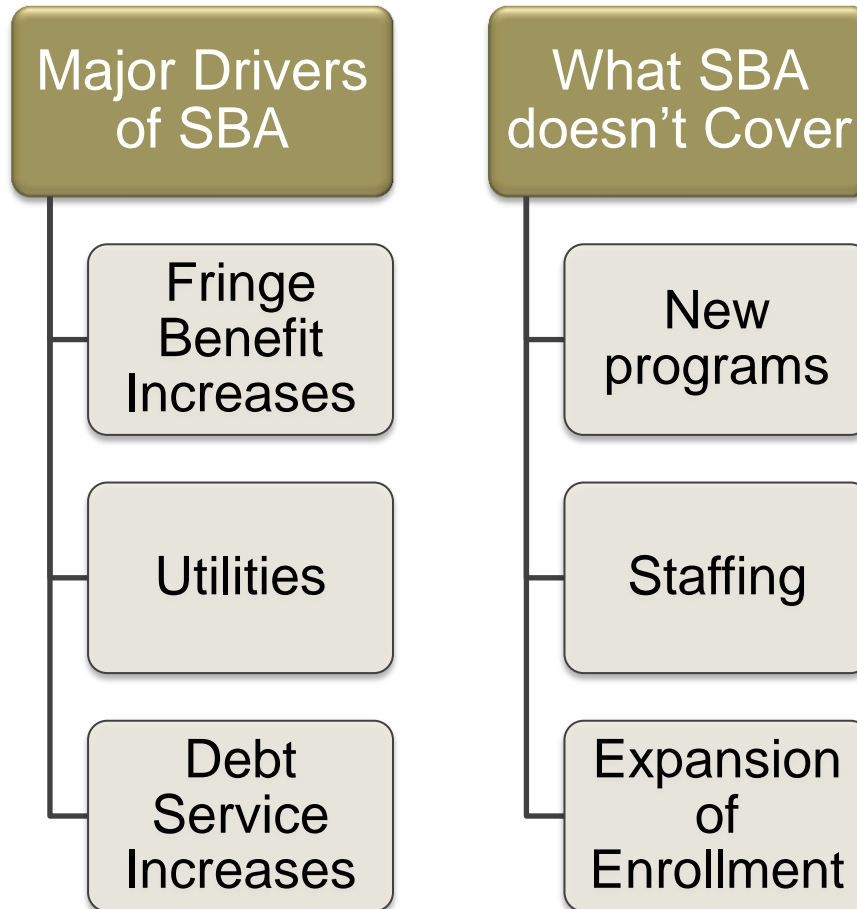
Building the Talent Based Economy:

- **\$22.5 million** to support UW faculty and students engaged in entrepreneurial and research commercialization activities and other economic development programs

Statutory Language Changes Requested

- Add “merit” as a reason for granting salary adjustments to employees.
- Authorize Chancellor of UW-Madison to determine pay plan increases for all UW-Madison employees.
- Authorize UW System President to determine pay plan increases for all other UW employees

Standard Budget Adjustments (SBA)



SBA funding is new state funding that compensates state agencies for increased costs related to existing activities – “the cost to continue”

SBA funding does not allow for investment in new people, programs or activities

2015-2017 Capital Budget Request (Madison Projects)

Project	Total	GFSB	PRSB	Cash	Gifts/Grants
General Fund Supported Borrowing Requests					
Chemistry Instructional Facilities	\$ 107,760,000	\$ 107,760,000			
South Campus Utility Improvements	\$ 15,488,000	\$ 11,306,000	\$ 4,182,000		
Program Revenue/Gift and Grant Requests					
702 West Johnson Street Acquisition	\$ 6,700,000			\$ 6,700,000	
Engineering Hall Structures Laboratory Addition	\$ 1,615,000				\$ 1,615,000
Police Department Building Addition	\$ 4,800,000			\$ 4,800,000	
Recreational Sports Near West Fields Upgrade	\$ 6,740,000		\$ 5,740,000	\$ 1,000,000	
Recreational Sports SERF Replacement	\$ 87,541,000		\$ 42,600,000	\$ 1,041,000	\$ 43,900,000
School of Medicine and Public Health WIMR West Wedge Addition	\$ 18,148,000				\$ 18,148,000
School of Veterinary Medicine Clinical Skills Laboratory Renovation	\$ 1,620,000				\$ 1,620,000
Total Funding Request	\$ 250,412,000	\$ 119,066,000	\$ 52,522,000	\$ 13,541,000	\$ 65,283,000

What About Tuition?

Tuition

- Tuition Freeze for Resident Undergrads Likely to be Extended
- Critical that Tuition NOT be Frozen for Non-Residents or Professional School Students
 - \$2,500 below the midpoint of Public Big 10 Universities for Non-Resident Undergrads
 - Professional School Tuition Far Below Peers

Tuition Comparisons

Non-Resident Undergrad (2013-14, including fees)

University	Amount	Rank
University of Michigan	40,392	1
Michigan State University	33,750	2
Indiana University	32,350	3
University of Illinois	29,640	4
Pennsylvania State University	29,566	5
Purdue University	28,794	6
University of Iowa	26,931	7
University of Wisconsin-Madison	26,653	8
Ohio State University	25,757	9
University of Nebraska	21,302	10
University of Minnesota	19,805	11

Professional School

Program	UW-Madison Resident Tuition/yr 2013-14	Mean of Peer Institutions' Resident Tuition 2013-14	UW-Madison Non-resident Tuition/yr 2013-14	Mean of Peer Institutions' Non-resident Tuition 2013-14
<u>School of Business</u>				
Full-Time MBA/MS	\$14,314	\$30,465	\$27,808	\$42,786
<u>Pharmacy</u>				
PharmD	\$16,287	\$21,424	\$28,744	\$39,864
<u>School of Medicine</u>				
MD	\$24,937	\$34,811	\$34,834	\$55,627
<u>Veterinary Medicine</u>				
DVM	\$19,055	\$25,263	\$25,899	\$48,592

So What Are The Take Aways?

Key Budget Messages

- UW-Madison receives about the same amount of state dollars for educational programming today as in 2004
- UW-Madison needs new state dollars to invest in faculty for high demand programs that will help meet Wisconsin's workforce needs
- UW-Madison needs flexibility on non-resident and professional school tuition