

University of Wisconsin–Madison

BUDGET IN BRIEF

BUDGET REPORT 2016–2017



WISCONSIN
UNIVERSITY OF WISCONSIN–MADISON



This document is intended to provide an easy-to-understand glimpse of UW–Madison’s budget picture. Spending information included in the document is from the 2015–16 fiscal year, the most recent year for which complete information is available. Most other budget, tuition, and fee data is for 2016–17.

For a more comprehensive look at UW–Madison’s revenues and spending, and information about faculty, staff and students, visit the university’s *Data Digest* at

www.apir.wisc.edu/datadigest.htm

From the Chancellor



It is time for
Wisconsin to reinvest
in UW-Madison.

The University of Wisconsin–Madison has been built on the belief of generations of Wisconsinites that higher education can transform individuals’ lives and enrich the overall quality of life in Wisconsin. Our goal at the university is to be good stewards of that hope and to spread the positive influence of our teaching and research across our state and beyond. Because of the commitment and investment of many generations of Wisconsin citizens, this is a top-flight university in academics and research.

One of our duties is to provide information about how we are using the investment in our institution by students, taxpayers, and other friends and supporters of the university. To be sure, our budget is complex, with many revenue streams and expenditures driven by education, research, economic development, and outreach efforts throughout the world. This is the third edition of the *Budget in Brief*. We have received favorable feedback about how this publication helps explain our budget in simple terms and graphics.

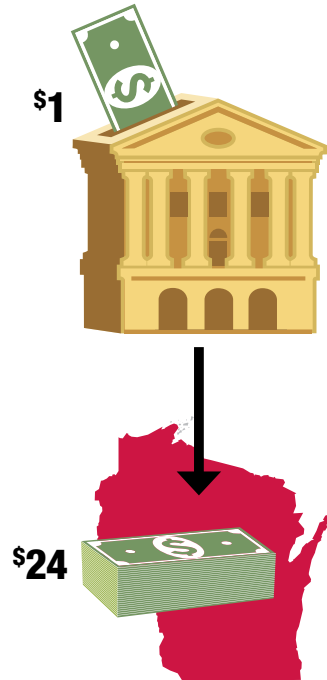
As you will see in this document, we have weathered some difficult budget years. As we look to build upon UW–Madison's legacy and create a university that is stronger and more resilient, we will demonstrate the value we give back to the state. It is time for Wisconsin to reinvest in UW–Madison.

If you have questions or concerns about our budget, I invite you to contact us at budget@uc.wisc.edu.

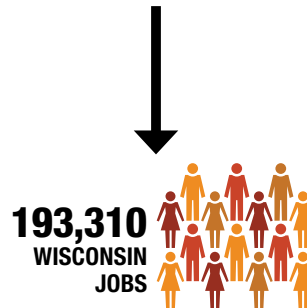
Rebecca Blank
UW–Madison Chancellor

Economic Impact

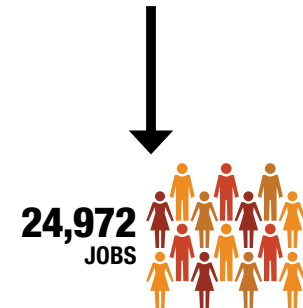
Wisconsin taxpayers get a tremendous return on their investment in the state's flagship university



\$15 BILLION
OVERALL ECONOMIC IMPACT



\$847.5 MILLION
IN STATE AND LOCAL TAX REVENUE



\$2.3 BILLION
TO THE WISCONSIN ECONOMY

A 2015 study by NorthStar Consulting found that for every state taxpayer dollar spent on UW–Madison, the university generates \$24 for the state economy, accounting for \$15 billion annually in economic impact statewide.

UW–Madison, UW Hospital and Clinics, and the university's affiliated organizations and startup companies support 193,310 Wisconsin jobs and generate more than \$847.5 million annually in state and local tax revenue, according to the NorthStar study.

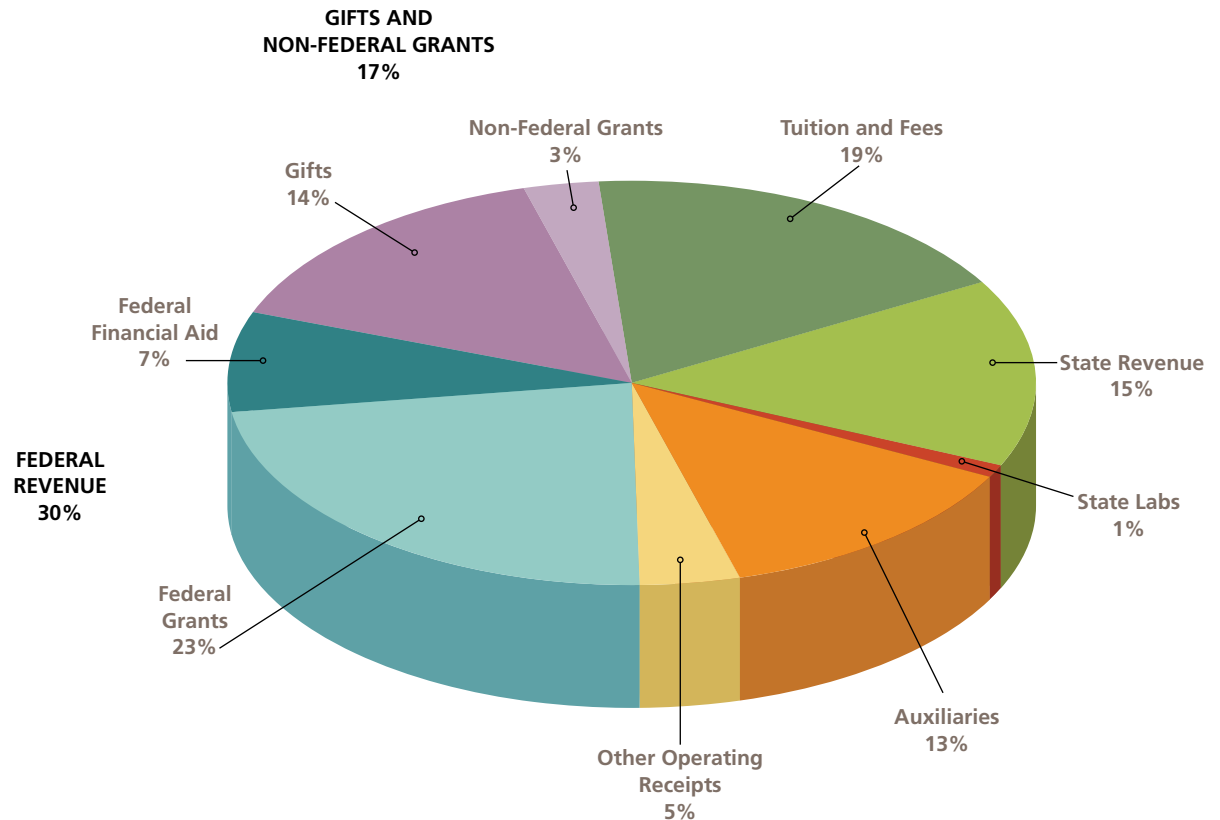
UW–Madison research has fostered the formation of at least 362 startup companies in Wisconsin, according to NorthStar. The startup companies support more than 24,972 jobs and contribute approximately \$2.3 billion annually to the Wisconsin economy.

Part I: Revenue Sources in Fiscal Year 2016-2017

UW–Madison receives revenue from five main sources for its \$3 billion budget. The university's mission is supported by state and federal government investments, tuition, research grants, and contributions from friends of the university.

- The largest portion of the university's budget, approximately \$890 million, or 30 percent, is from the federal government. Most of this is competitively awarded to UW–Madison for specific research projects and supports research time for faculty, staff, and students, as well as research facilities.
- The second-largest amount, \$559 million, 19 percent of the budget, comes through student tuition and fees.
- Gifts from donors and private grants, \$512 million, account for 17 percent of the budget.
- Revenues from state government for the 2016–17 fiscal year total \$436 million, or 15 percent of the overall budget. State revenue includes general program revenue (\$226 million), over which the university has some discretion, and specific purpose revenue (\$210 million), which goes to predetermined programs and services.
- Revenues from auxiliary enterprises, such as University Housing and the Wisconsin Union, account for \$394 million, or 13 percent of the overall budget. This money is collected and spent entirely within these units and cannot be used for other purposes.

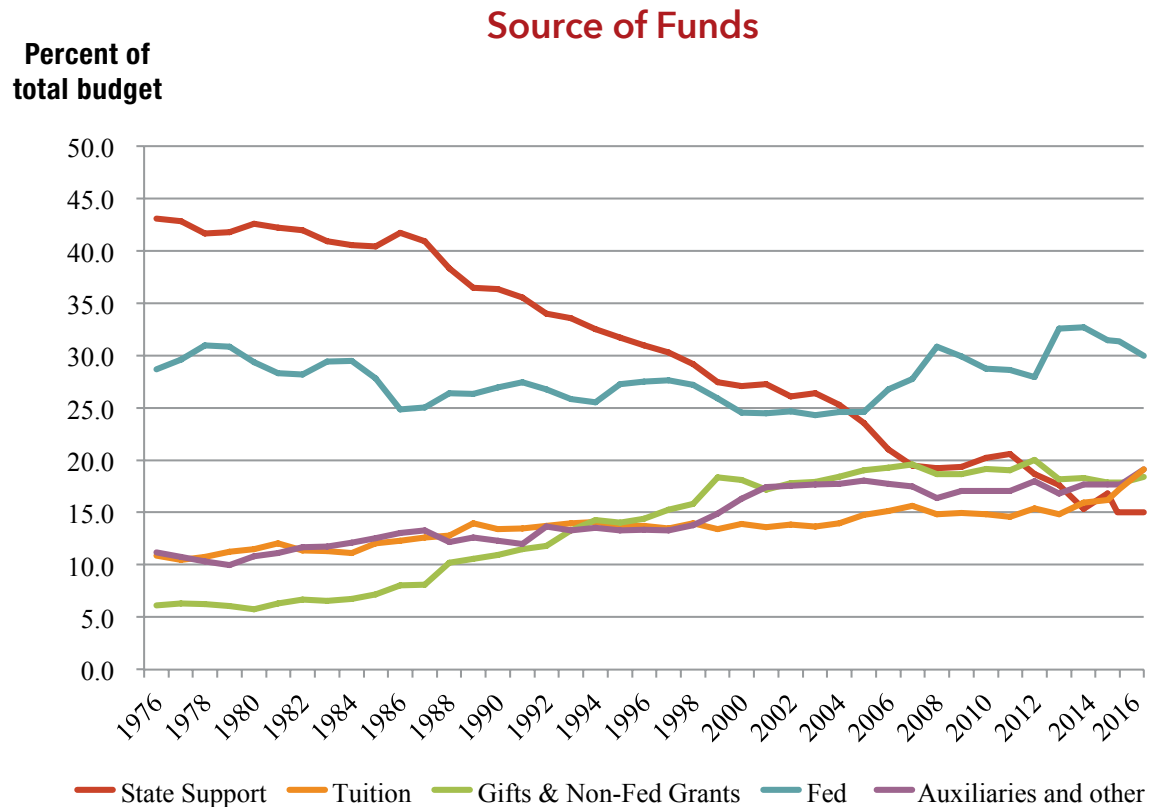
Source of Funds



Changing Budget Landscape

UW–Madison’s funding sources have shifted over the decades. As the chart on the right indicates, the amount of support we receive in state funds relative to our overall budget has declined, and the university has become increasingly reliant on private donations, federal dollars, and tuition payments.

- For instance, in 1974, when UW–Madison merged with the UW System, state revenue accounted for 43 percent of total revenue. This has declined to 15 percent of the university’s total revenue today. In 1974, tuition made up roughly 11 percent of the budget compared to 19 percent today. Gifts and non-federal grants accounted for 5 percent of the budget in 1974 versus the current 17 percent.
- At \$436 million in 2017, the real value of state revenue to UW–Madison is lower now than at any time in the past 40 years. At the time of the UW System merger, state support in inflation-adjusted dollars was approximately \$526 million. Since that time it has declined by approximately \$90 million to the current level of \$436 million.
- The reduction in state support has coincided with real price increases in the things that universities must purchase, as well as growth in the number of students from 38,545 to 43,338. In inflation-adjusted dollars, state support per student was \$14,640 at the time of the merger. Today it is \$10,065.



Changing Budget Landscape

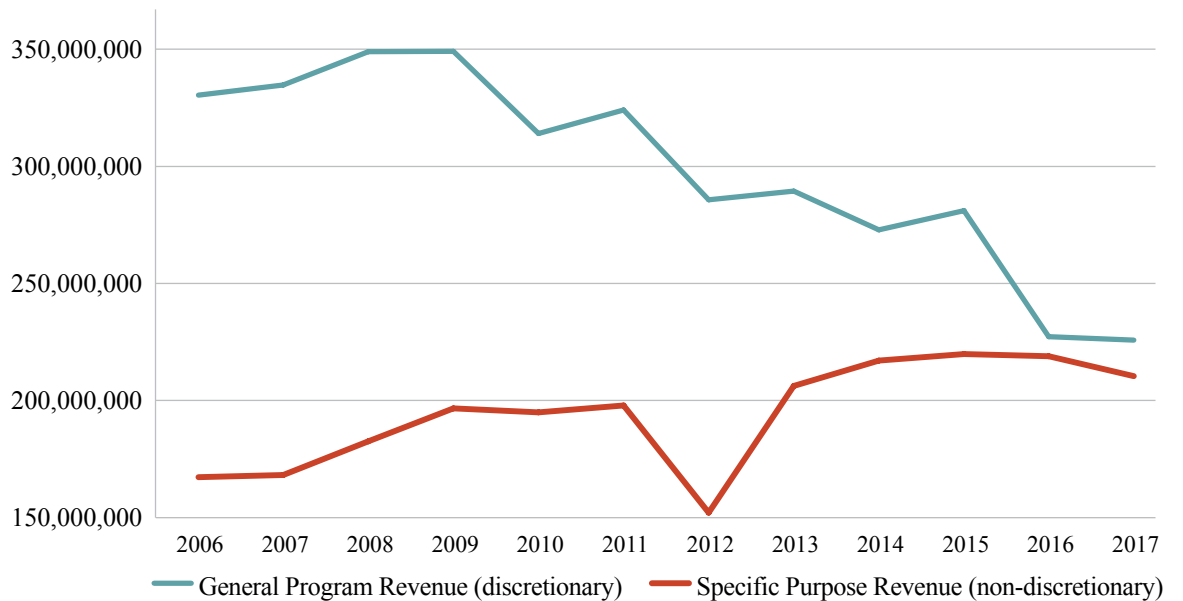
State funds allocated to the university include discretionary dollars that at UW–Madison are devoted entirely to delivering and supporting our educational programs and other primary missions. These discretionary funds account for 7.6 percent of UW–Madison’s current budget.

The remainder of state funds that the university receives are designated for specific purposes. These funds cover the university's expenses for certain fixed costs, like debt service and utilities. These dollars cannot be used discretionarily.

Budget cuts have affected our discretionary funds, reducing the dollars available to fund things like teachers, advisors, or library and IT systems. The recent budget cut for 2015–17 reduced our discretionary state support by over 20 percent, resulting in reductions in faculty and staff, increased class size, and cuts in advising services.

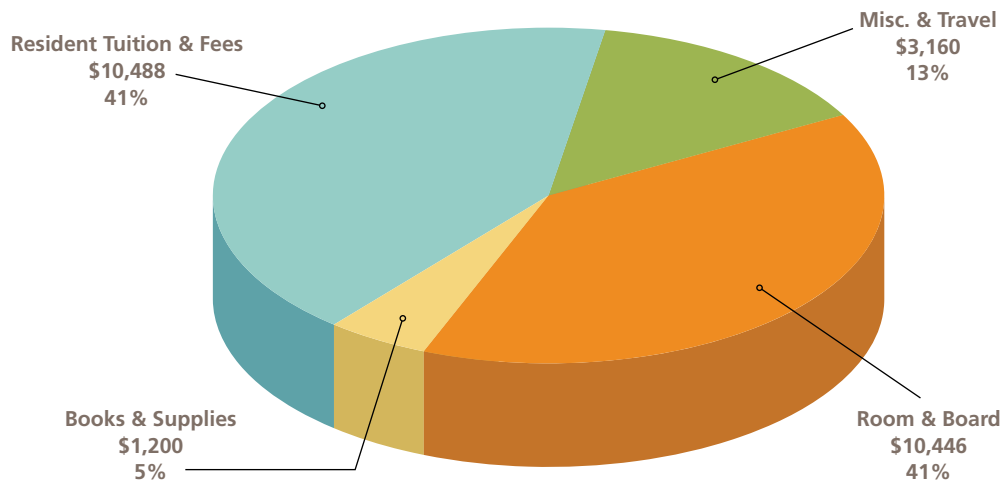
UW-Madison State Support

Inflation
Adjusted Dollars



Tuition and Fees

Cost of Attendance for Typical Wisconsin Undergraduate Total = \$25,294



Tuition and fees are part of the overall cost of attending UW–Madison. Tuition for in-state undergraduates enrolled at UW System campuses has been frozen since 2013.

UW–Madison is consistently ranked one of the nation’s best values among public colleges and universities. UW–Madison’s total room and board fees, including meal plan, rank second lowest among the 14 schools that make up the Big Ten.

The support of generations of Wisconsinites has helped to make UW–Madison a top institution. In return for that legacy of investment, we strive to keep tuition for in-state students affordable. UW–Madison currently ranks seventh among the Big Ten Conference’s 13 public schools for in-state resident undergraduate tuition and fees. For non-resident undergraduate students, UW–Madison tuition and fees are fourth among that group.

2016–2017 Academic Year Tuition & Required Fees at Public Big Ten Universities

University	Undergraduate: Resident		Non-Resident	
	Amount	Rank	Amount	Rank
Pennsylvania State University	\$17,900	1	\$32,382	5
University of Illinois at Urbana-Champaign	\$15,698	2	\$31,320	7
University of Michigan	\$14,402	3	\$45,410	1
Rutgers University	\$14,372	4	\$30,023	8
University of Minnesota–Twin Cities	\$14,142	5	\$23,806	12
Michigan State University	\$14,063	6	\$37,890	2
University of Wisconsin–Madison	\$10,488	7	\$32,738	4
Indiana University	\$10,388	8	\$34,246	3
University of Maryland	\$10,181	9	\$32,045	6
The Ohio State University	\$10,037	10	\$28,229	11
Purdue University	\$10,002	11	\$28,804	10
University of Iowa	\$8,575	12	\$28,813	9
University of Nebraska	\$8,537	13	\$23,057	13
Average excluding UW–Madison	\$12,358		\$31,335	
Midpoint excluding UW–Madison	\$12,226		\$30,672	
UW–Madison distance from midpoint	–\$1,738		+\$2,067	

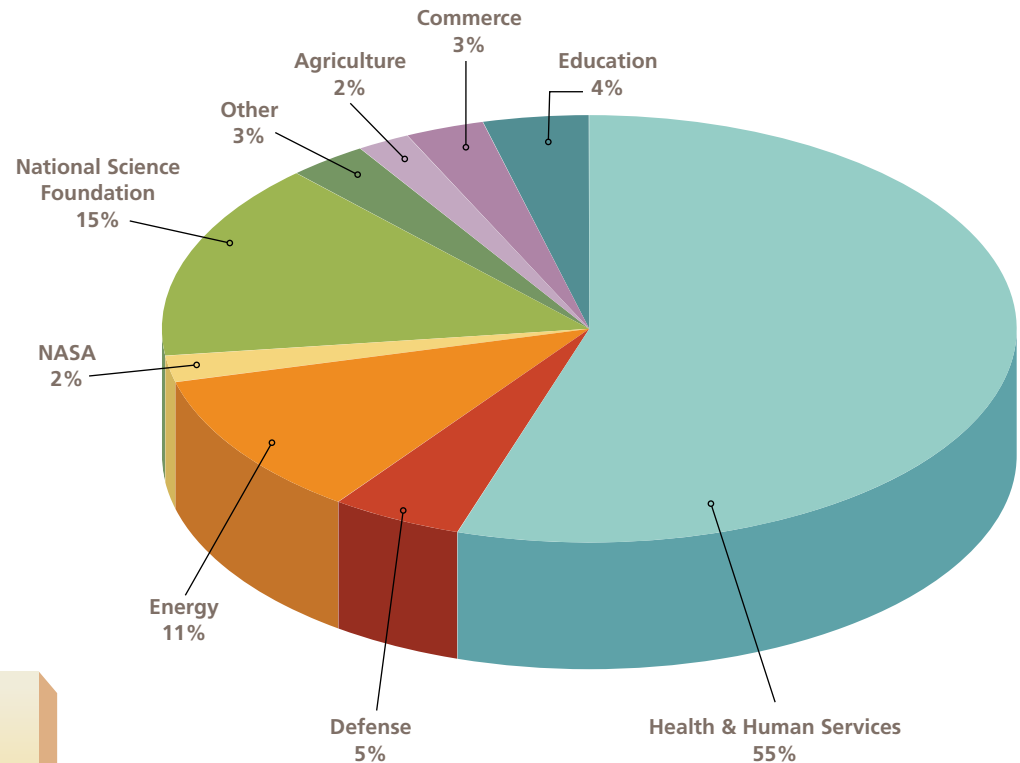
Research Funding

UW–Madison is home to one of the largest research enterprises in the nation. The research done on campus leads to scientific and medical advances, and stimulates economic activity, providing jobs and commerce regionally and statewide.

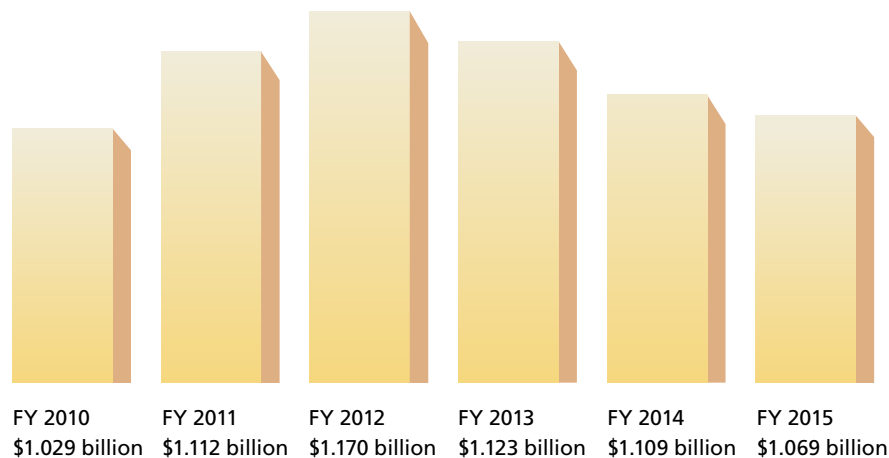
- UW–Madison spent approximately \$1.1 billion from the federal government and private sources for research in fiscal year 2015. Federal research dollars have fallen nationally in recent years due to federal budget cuts, leading to a decline in federal dollars at UW–Madison.
- UW–Madison has ranked in the top five in total research dollars among all academic institutions in the country since 1972.
- Federal research dollars are awarded competitively for specific projects and require faculty to be innovative and entrepreneurial. Our researchers compete for these federal funds with other top researchers from institutions across the United States.

Sources of Federal Research Funding

Funding allocation by specific federal agencies for research projects at UW–Madison



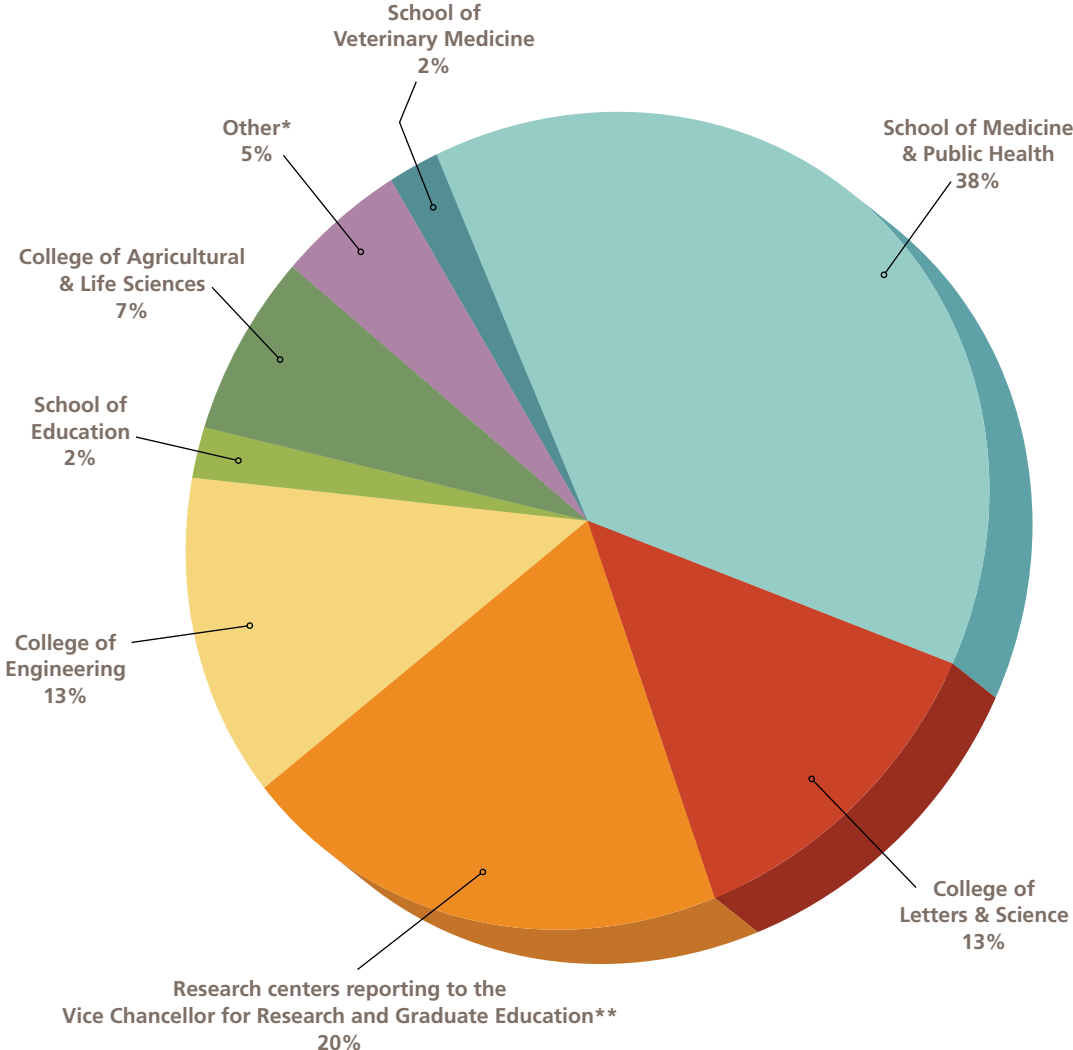
Total Research Funding Trend



Distribution of Research Funds

This chart shows how research funding was distributed across the UW–Madison campus in 2015–16. Faculty and staff across the university—in science, engineering, business, education, social sciences, arts and humanities—compete for research dollars and help make UW–Madison a premier research institution.

This research fuels economic growth and development through the money spent here in the state of Wisconsin to support the research infrastructure. The research reputation of UW–Madison attracts businesses and generates new start-up companies.



* Other includes the Wisconsin School of Business, Nelson Institute for Environmental Studies, School of Human Ecology, the International Division, Law School, School of Nursing, and School of Pharmacy.

** Centers include such entities as the Waisman Center, the Biotechnology Center, and the Wisconsin Institute for Discovery.

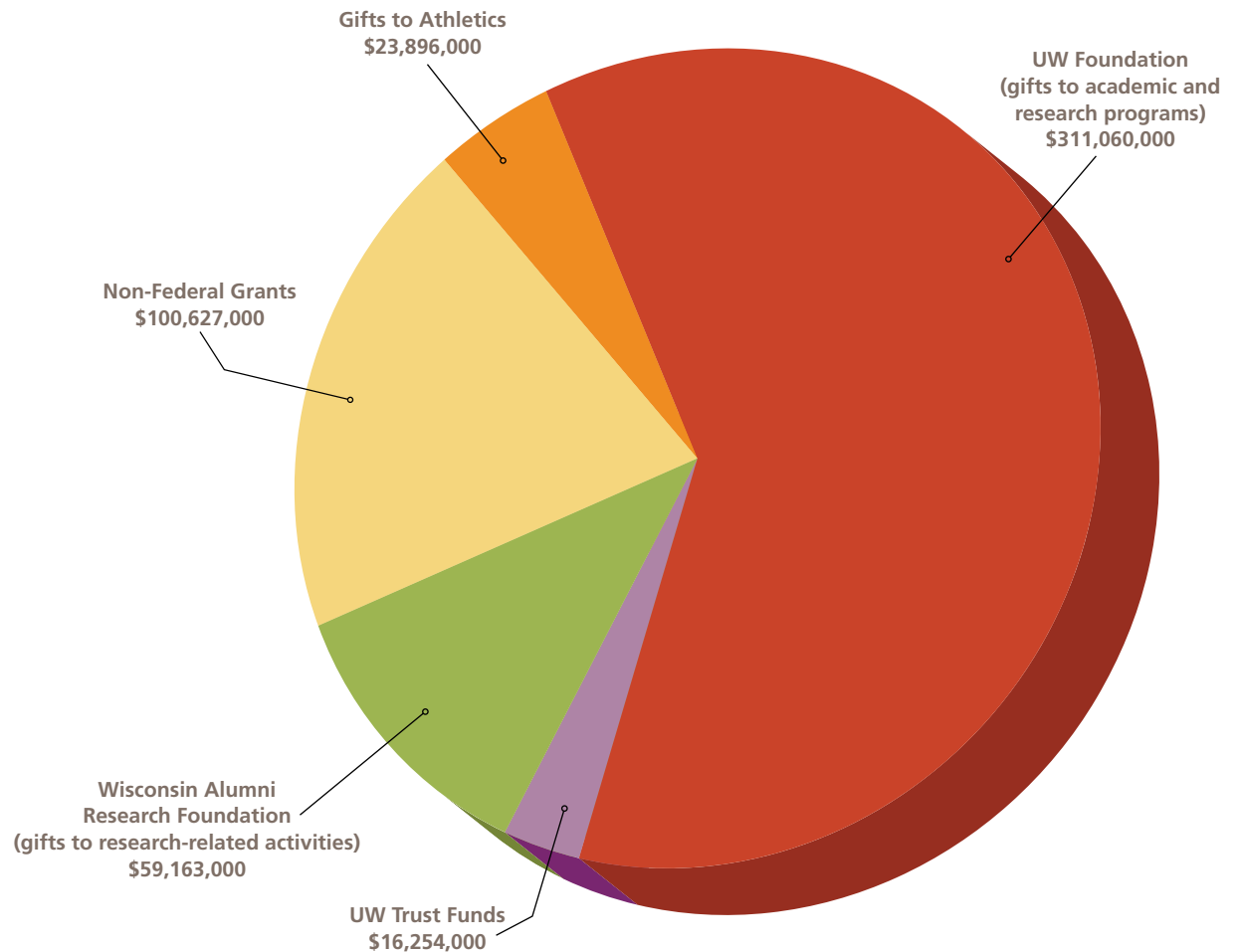
Gift and Grant Funds

UW–Madison also spent a significant amount of funding, \$511 million in 2015–16, from private gifts, non-federal grants, private contracts, and licensing fees. These funds are typically earmarked for specific purposes.

The UW Foundation and the Wisconsin Alumni Research Foundation are strong partners with UW–Madison in generating these funds. As independent entities, they allocate dollars to the university. The funds they generate are not under the university's control and must be spent on preapproved projects. They are not allocated for discretionary use. Both private and public universities across the country increasingly depend upon support from their alumni and friends to help them invest in special programs.

The majority of gift funds at UW–Madison are spent to provide need-based financial aid to students, to improve facilities, to spur innovation, and to enrich the academic experience. Another large component of gift funds goes to Athletics, which spent \$23.9 million in 2015–16.

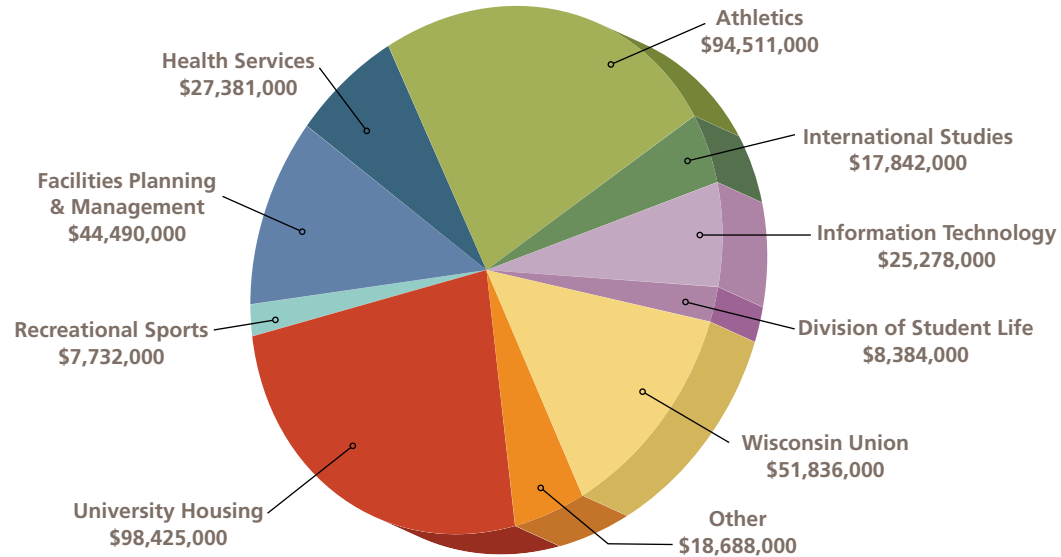
Fiscal 2016 Gifts and Non-Federal Grants Funding



Auxiliary Funds

Auxiliary funds are user fees paid for services the university provides to the campus community and general public, such as residence halls or parking services. Auxiliary funds also include student segregated fees. UW–Madison budgeted \$394 million in auxiliary revenues in 2016–17. These funds typically must be used to support the units where they are collected and cannot be used for other university purposes.

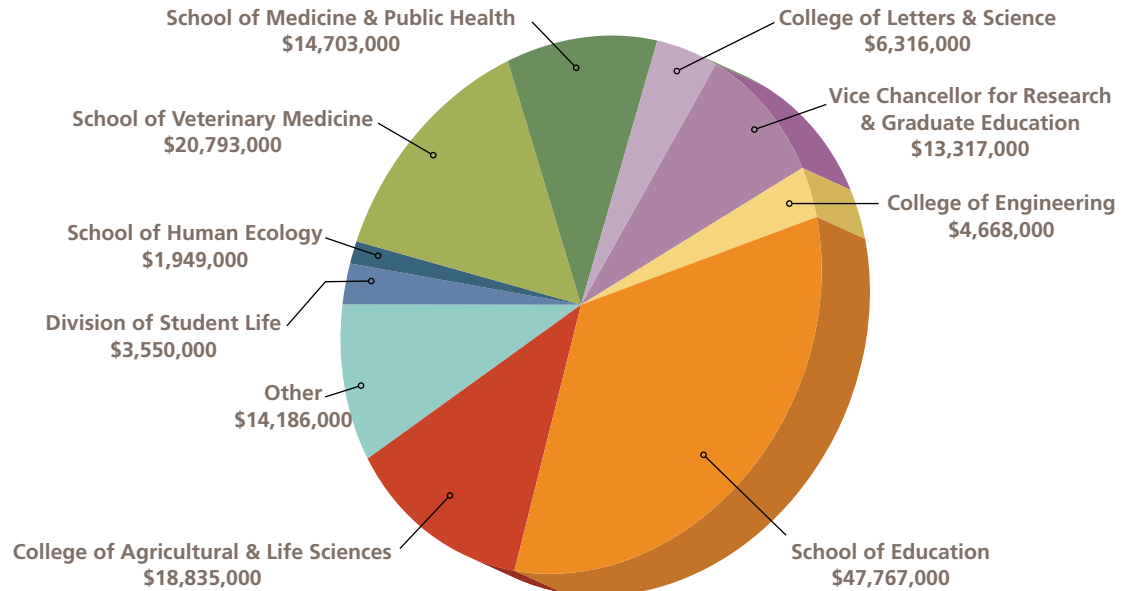
Auxiliary Funds



Other Revenue

The university budgeted \$146 million in revenue in 2016–17 from other sources, including services provided to the public by the School of Veterinary Medicine, the School of Medicine and Public Health, and certifications offered via the School of Education.

Other Revenue



Part II: Expenditures in Fiscal Year 2015-2016

Expenditures at UW–Madison reflect our core missions of education, research, and outreach.

- In the 2015–16 academic year, nearly \$1.8 billion, about 60 percent of our total expenditures, was allocated to our academic units.
- In addition, 12.3 percent was spent on auxiliary units. Most of these operate independently, but serve the entire university and generate much of their own revenue.
- An additional 16.6 percent is spent on support units necessary to the academic and research missions of the university, such as the library system, police services, and information technology.

UW-Madison Expenditures by Unit (In Millions)

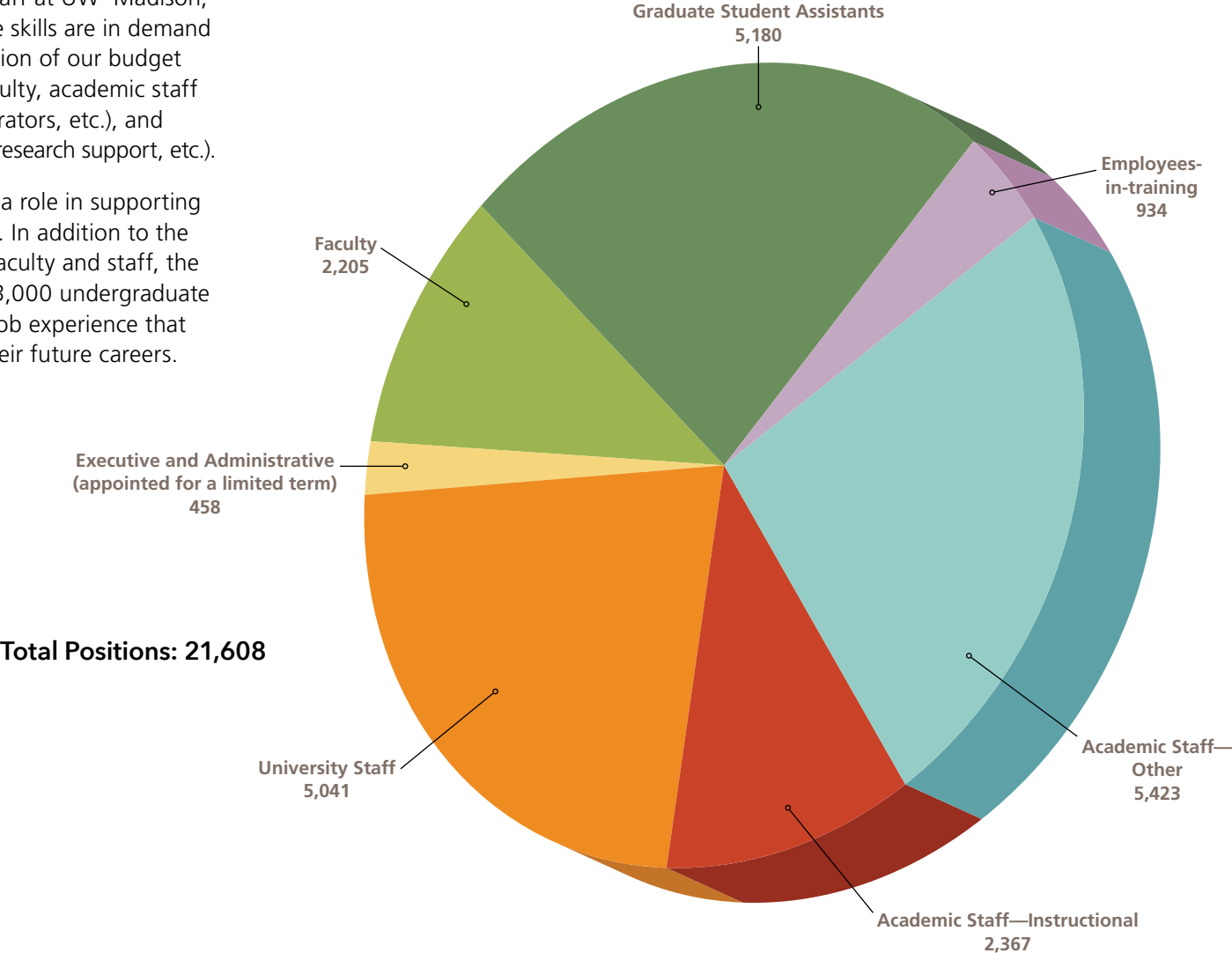
			All Revenue Sources		
	All Funds	% of Total		All Funds	% of Total
Academic Units			Support Units		
College of Agricultural & Life Sci	\$182.9	6.2%	General Administration	\$7.3	0.2%
International Studies	\$23.7	0.8%	General Services	\$115.4	3.9%
School of Business	\$67.7	2.3%	Business Services	\$12.4	0.4%
School of Education	\$130.0	4.4%	Division of Student Life	\$15.9	0.5%
Arts Institute	\$1.8	0.1%	Enrollment Management	\$12.4	0.4%
College of Engineering	\$190.1	6.5%	Information Technology	\$64.1	2.2%
School of Human Ecology	\$17.6	0.6%	General Library System	\$32.2	1.1%
Vice Chan for Research & Grad Ed	\$155.6	5.3%	Facilities Planning & Management	\$217.9	7.4%
WISCIENCE	\$1.4	0.0%	Police Department	\$11.5	0.4%
Nelson Institute	\$9.3	0.3%	Subtotal	\$489.1	16.6%
Law School	\$26.7	0.9%	Student Financial Aid (Loans)	\$169.8	5.8%
College of Letters & Science	\$364.5	12.4%	Debt Service	\$85.0	2.9%
School of Medicine & Public Health	\$478.4	16.3%	Other	\$59.4	2.0%
School of Nursing	\$14.0	0.5%			
School of Pharmacy	\$25.3	0.9%	TOTAL	\$2,938.0	100%
School of Veterinary Medicine	\$61.5	2.1%			
Division of Continuing Studies	\$23.5	0.8%			
Subtotal	\$1,774.0	60.4%			
Auxiliary Units					
Athletics	\$119.7	4.1%			
State Laboratory of Hygiene	\$37.8	1.0%			
University Health Services	\$28.3	0.9%			
Recreational Sports	\$6.3	0.2%			
University Housing	\$94.7	3.2%			
Wis Veterinary Diagnostic Lab	\$9.8	0.3%			
Wisconsin Union	\$64.1	2.2%			
Subtotal	\$360.7	12.3%			

Faculty and Staff

We have a world-class faculty and staff at UW–Madison, with teachers and researchers whose skills are in demand in a global marketplace. A large portion of our budget is dedicated to compensation for faculty, academic staff (non-tenure-track teachers, administrators, etc.), and university staff (maintenance, clerical, research support, etc.).

Each employee at UW–Madison has a role in supporting our education and research missions. In addition to the more than 21,000 members of the faculty and staff, the university also employs more than 13,000 undergraduate students who gain valuable on-the-job experience that will help them after graduation in their future careers.

Faculty and Staff Positions



Student Financial Aid

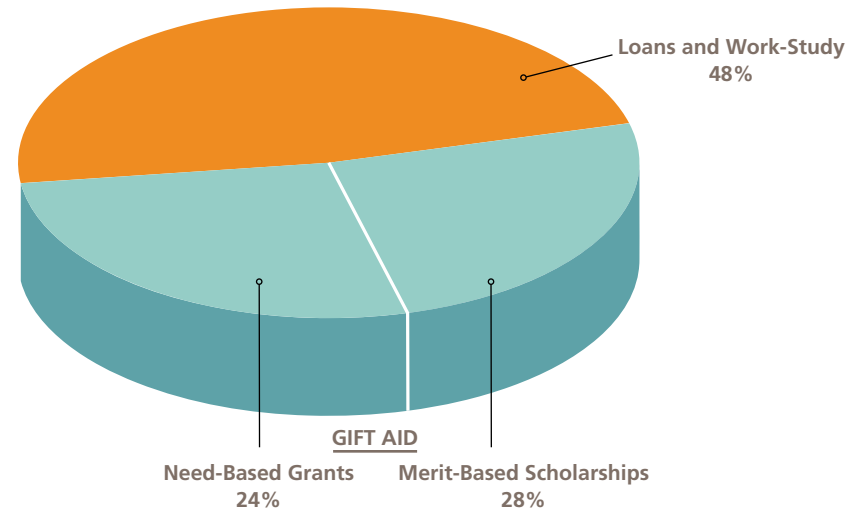
Though UW–Madison strives to keep higher education affordable and accessible, for many students and families, additional help is needed. In 2015–16, 62 percent of UW–Madison undergraduates received some form of financial aid, including student loans. When limited to gift aid—grants and scholarships that do not need to be paid back—48 percent of undergraduates received some form of financial aid through a combination of federal, state, and institutional funds.

Although we have less institutional gift aid than most of our peers, we work hard to be good stewards of these limited resources by targeting available aid to undergraduates with the greatest financial need.

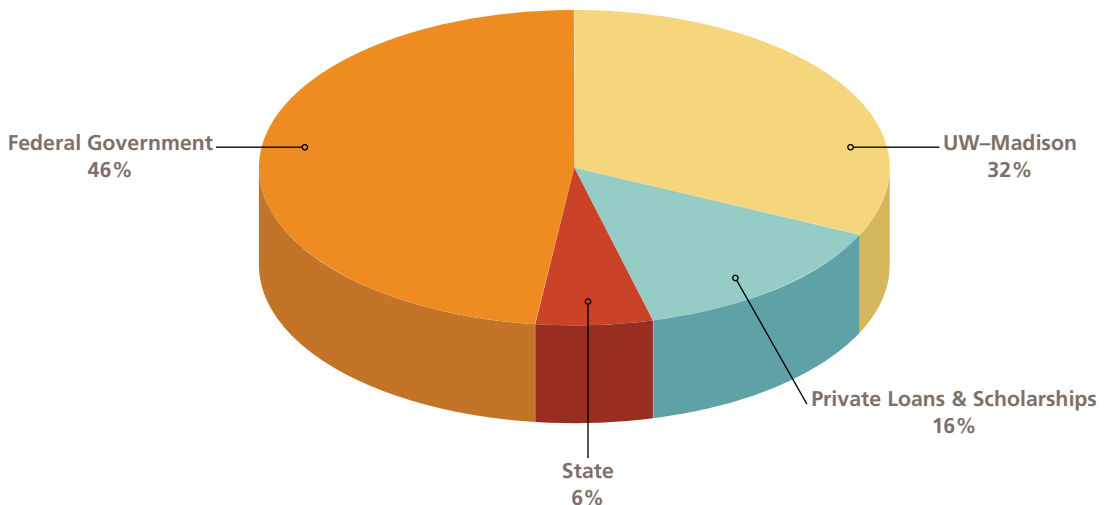
The top chart shows annual grants, scholarships, and loans for UW–Madison undergraduates. Loans include subsidized, unsubsidized, private, state, and institutional.

Private aid is provided by sources other than the federal/state government and UW–Madison funds, including private donors, nonprofits, and service organizations.

Types of Undergraduate Financial Aid \$248,351,067



Sources for Undergraduate Financial Aid \$248,351,067



Need-Based Support

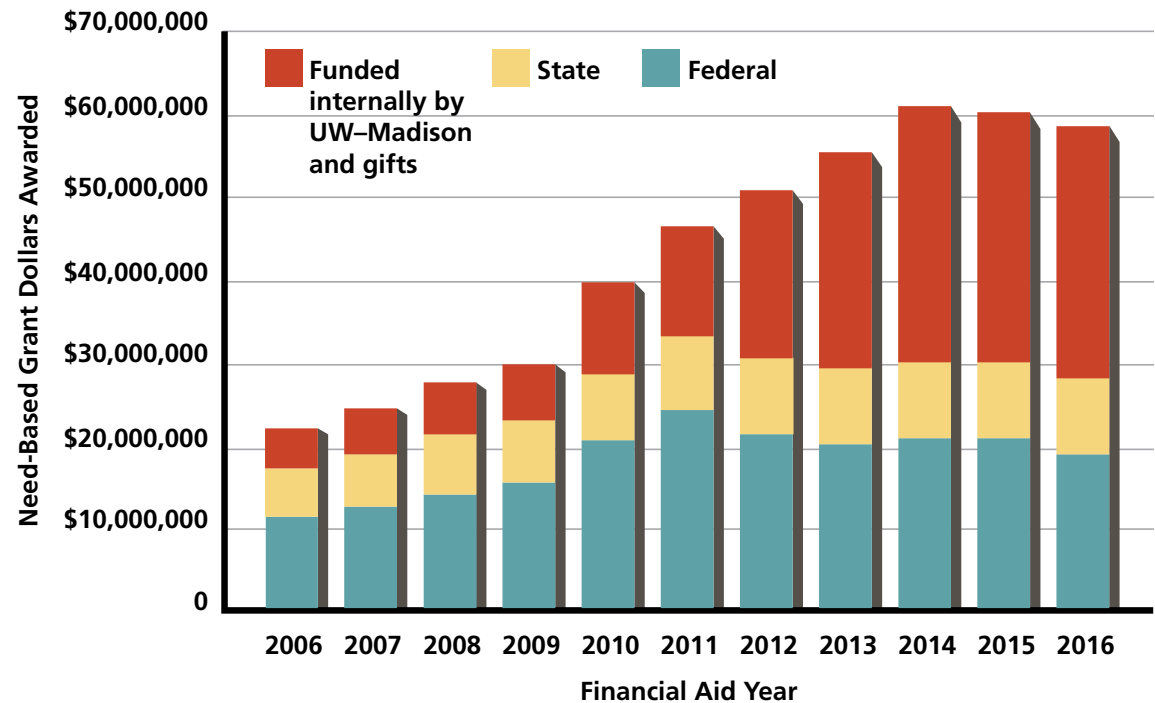
UW–Madison undergraduate student loan debt continues to be below national, state, and UW System averages. In fact, about half of our students (50.4 percent) graduate without any student loan debt.

- According to the most recent available data, for those who do borrow the average debt load of \$28,768 for bachelor’s degree recipients is below recently reported state levels of \$28,810. Across the country, loan debt continued to rise last year, climbing to a national average of \$28,950.
- UW–Madison has been striving to control student debt and make the cost of attendance more affordable by increasing fundraising for financial aid, as demonstrated in this graph. Despite these efforts, our lowest-income students face a funding gap of nearly \$6,000 per year after exhausting all available loans and grants.

Internally funded grants through gifts and income are now the majority of need-based funds available to undergraduates. Ten years ago, institutional need-based grants were 22 percent of the total need-based grant aid awarded to undergraduates. By 2015–16, this percentage rose to 52 percent of need-based grants.

Undergraduate Need-Based Grant Dollars Awarded at UW-Madison 2006-2016

In 2016, almost \$60 million in need-based grants was dispersed.



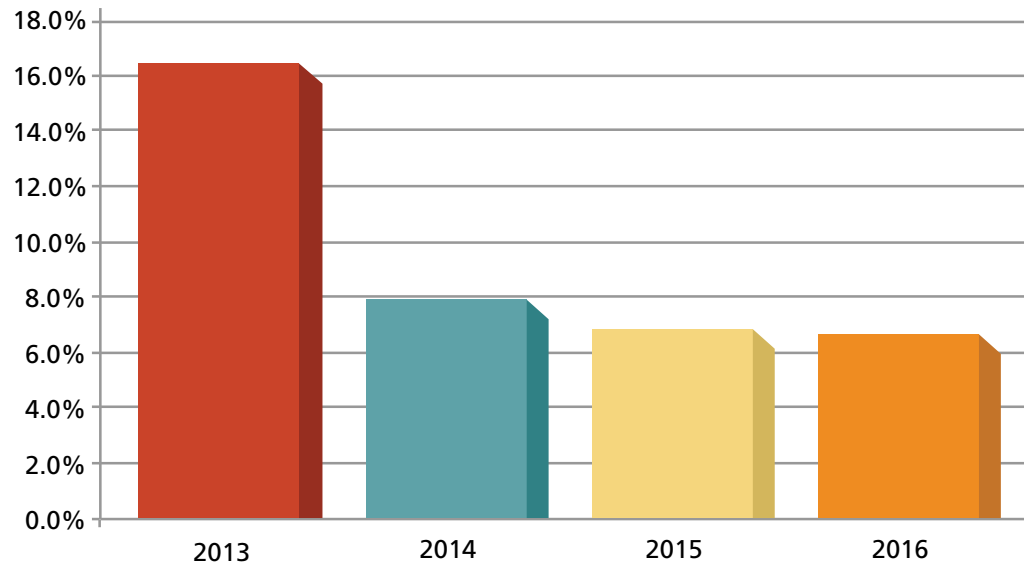
Year-End Fund Balances

In response to directives from the State Legislature and UW System Board of Regents, UW–Madison is working hard to manage fund balances with greater transparency.

The university's tuition balance, as calculated by Legislative Audit Bureau methodology, declined from 16.3 percent in 2013 to 6.7 percent in 2016.

- Much of the tuition fund balance is already fully committed to various university programs. Most of the dollars are designated for commitments that have been made but are not yet paid for, such as financial aid to low-income students or faculty and staff hiring.
- Approximately 6 percent of our tuition fund balance is not designated for specific purposes. Holding a small share of tuition fund balances in reserve is necessary for the operation of the university. The funds are used as a safeguard against revenue fluctuations caused by enrollment shifts or state budget cuts, and to cover sudden cost increases for obligations like utilities and fringe benefits.

Tuition Carryover Ratio



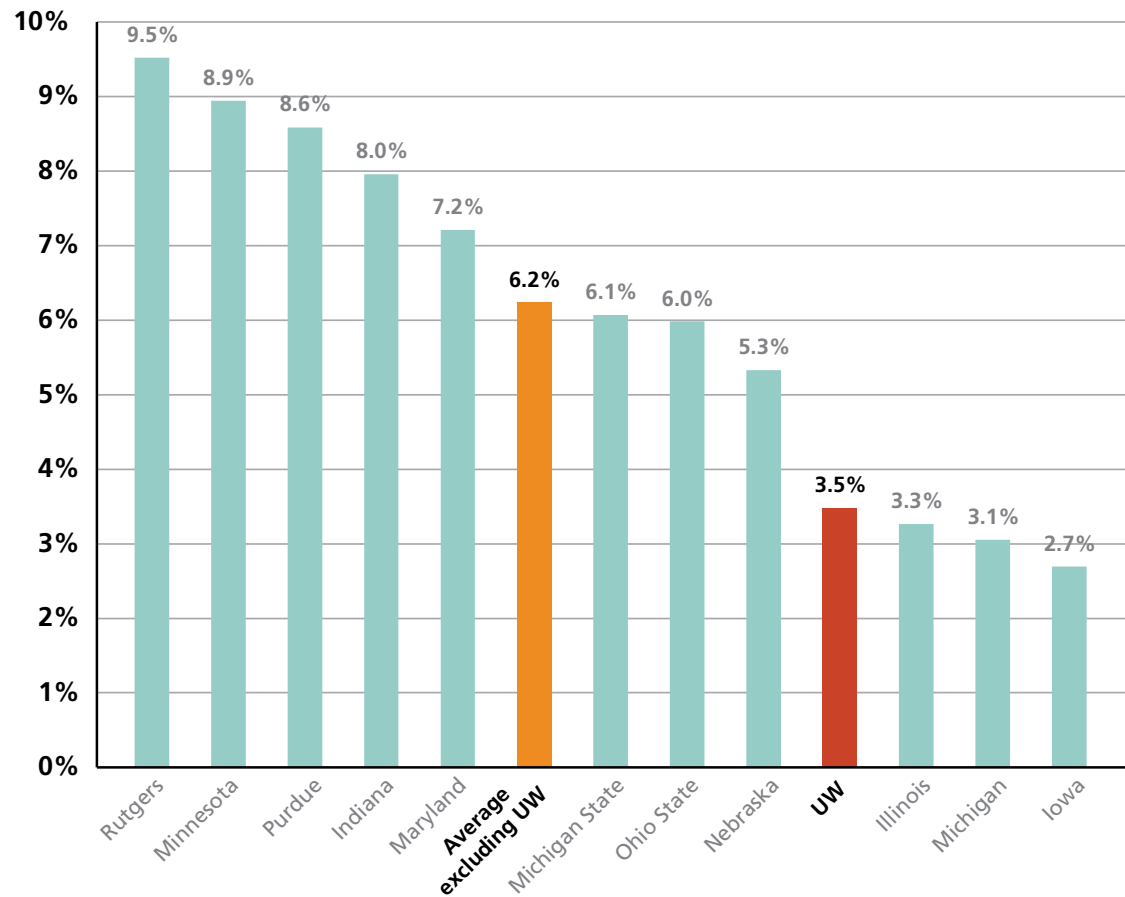
Fiscal Year 2014 Institutional Support Expenses

UW–Madison offers the state of Wisconsin a university that is among the world’s elite academic and research institutions at a lower administrative cost than other top public and private universities.

According to 2014 data (the most recent year available), the amount spent on day-to-day administrative support as a percentage of total operating expenses at UW–Madison is fourth lowest among the 13 public institutions in the Big Ten.

UW–Madison’s institutional support costs—which include general administrative services, legal and fiscal operations, purchasing and printing, and information technology—are only 3.5 percent of total expenses. At other public Big Ten schools, these costs range as high as 9.5 percent of overall expenses.

**Fiscal 2014 Institutional Support Expenses
UW–Madison and Other Public Big Ten Universities**



UW System 2017-2019 Biennial Budget Request

New Initiatives Request

State Funding Request	2017-18	2018-19	Biennial Funding
Focus on the Educational Pipeline	\$6,000,000	\$20,100,000	\$26,100,000
Focus on the University Experience	\$2,000,000	\$4,000,000	\$6,000,000
Focus on Business and Community Mobilization	\$2,500,000	\$3,900,000	\$6,400,000
Focus for Operational Excellence	\$0	\$4,000,000	\$4,000,000
Totals	\$10,500,000	\$32,000,000	\$42,500,000

The UW System Board of Regents has forwarded to Governor Scott Walker and legislators a strong budget request for the 2017-19 biennium. It includes a request for \$42.5 million in increased state support to fund four main goals:

- Strengthening the educational pipeline at all levels and building the state's workforce
- Improving the university experience
- Addressing the needs of businesses and communities
- Providing greater operational excellence

Each of these strategic efforts will make the University of Wisconsin System more responsive to the needs of the state and its citizens, and help to make college more affordable. The request also includes a recommendation to increase financial aid by about \$19 million.

In addition, the Board of Regents approved the UW System's capital budget request for \$454.6 million in general fund bonding. The request heavily favors renovation and maintenance of existing facilities. An additional request to approve \$191.6 million in university-funded capital bonding was also approved.

Third, the board approved a request calling for new flexibilities in the areas of procurement authority, revenue bonding, and project management. These flexibilities would, for example, allow us to move our capital projects along much more quickly than is currently the case, meeting the needs of the university and saving money.

Overall, the budget request is reasonable and targeted to address the state's greatest needs.



WISCONSIN
UNIVERSITY OF WISCONSIN-MADISON

For more statistical and budget information, visit
www.apir.wisc.edu/datadigest.htm