



UNIVERSITY OF WISCONSIN SYSTEM

Fiscal Year 2022-23 Annual Operating Budget

Board of Regents Meeting June 9, 2022
Sean P. Nelson, Vice President for Finance

Overview of FY23 Budget Presentation

- ✓ Summary of Key Budget Factors
- ✓ Review of Revenues and Expenses
- ✓ Tuition
- ✓ Segregated Fees and Room and Board
- ✓ Campus Budget Narratives

Summary of Key Factors Heading into FY23

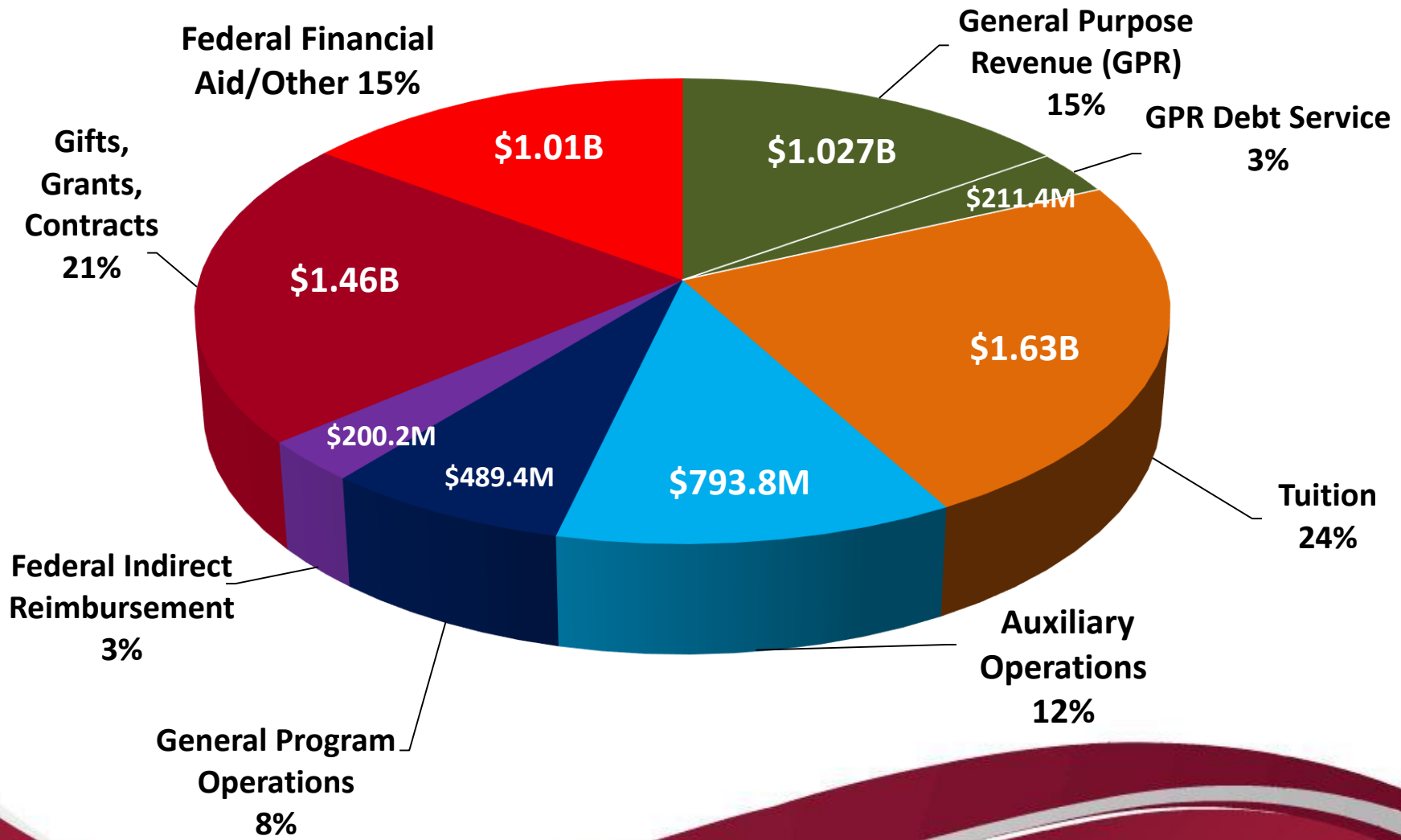
- Campuses are emerging out of the pandemic and **revenues are starting to rebound**
- **One-time federal funding** has largely been drawn down
- **Inflationary impact on goods and services** is affecting operations
- **Pay Plan** and compensation obligations constrain budgets
- **Modest overall increase in the cost of attendance** for resident undergraduates including a **continuation of the tuition freeze**

FY23 Annual Budget: *Revenue Sources*

Total FY23 Revenue



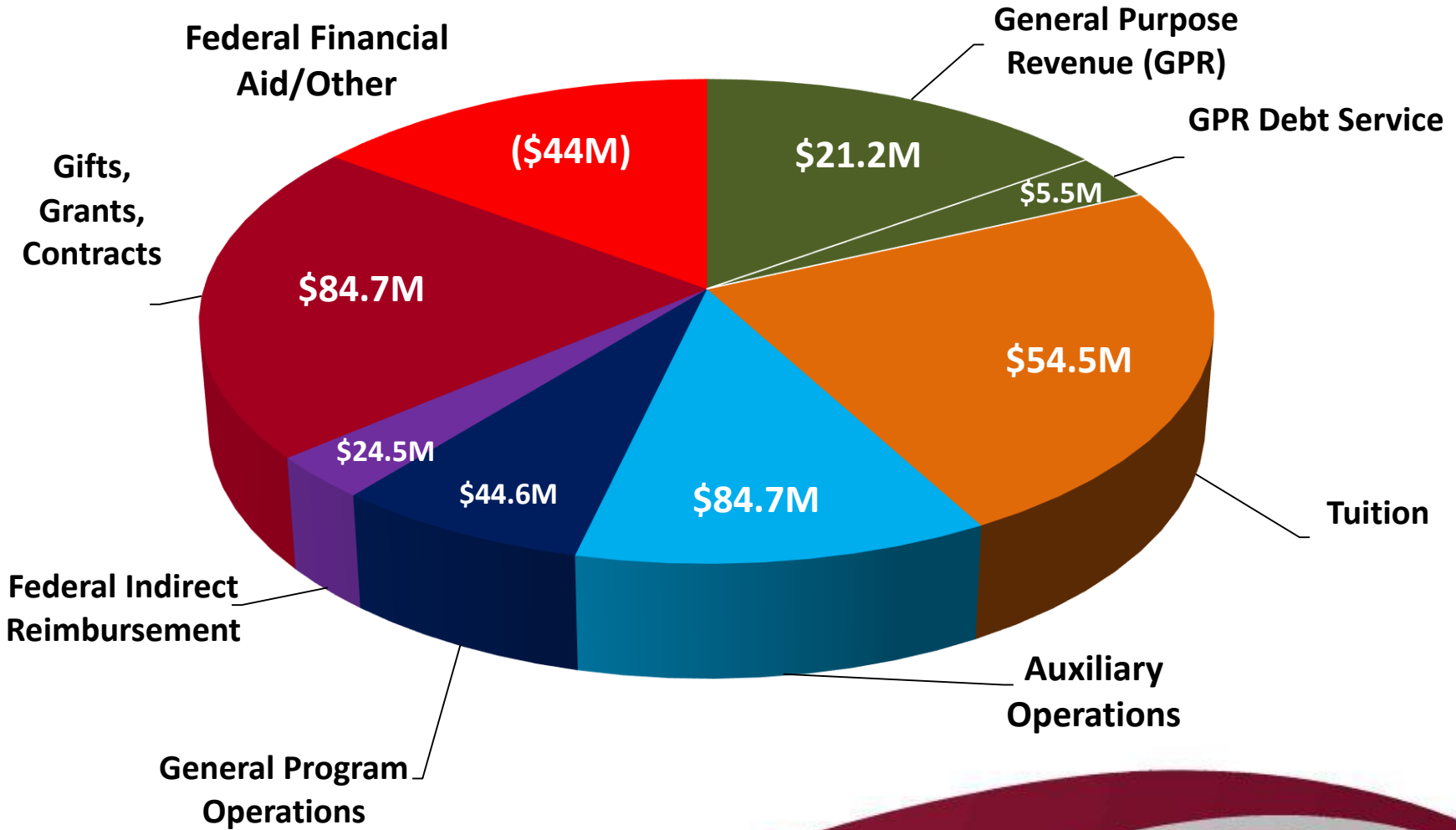
➤ *Estimated FY2022-23 Revenue: \$6.82 billion*



Change in Revenue (FY23/FY22)



➤ *Estimated FY2022-23 Revenue: \$6.82 billion; \$275.2M over FY22*

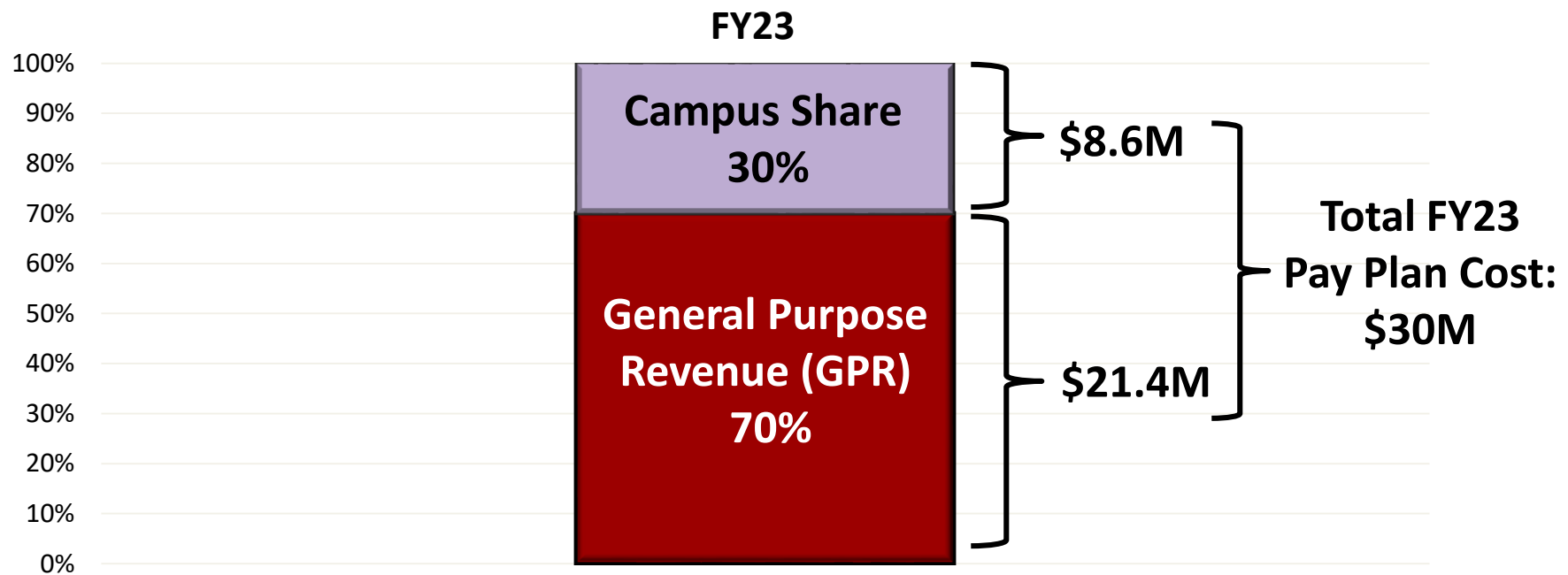


Key Revenue Change: State Support (GPR)

- *New operational funding of \$27.2M over FY22, including:*
 - \$5.5 million to support **anticipated debt service obligations**
 - \$250,000 in ongoing funding to support **Foster Youth Programs** for students who formerly resided in a foster or group home
 - \$21.4 million for the state's share of **Pay Plan** and anticipated **Fringe Benefit** increases

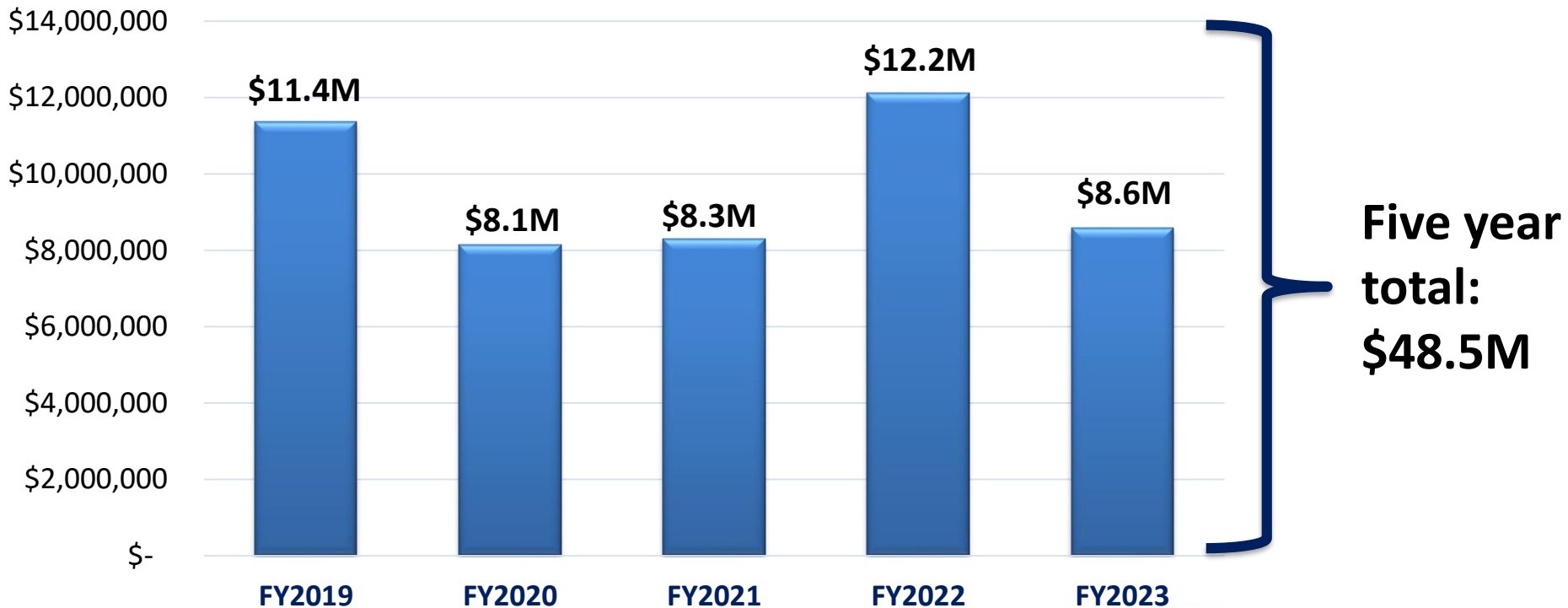
Focus on Pay Plan

- Pay Plan costs are shared by state and the campus**
 - “Campus share” not funded in state budget





Cumulative Impact of the Unfunded Campus Share of Pay Plan FY19 - FY23



Key Revenue Change: Tuition Revenue

- *Net tuition revenue increase of \$54.5M over FY22, including:*
 - **UW-Madison:** Increase of \$74.3M to reflect non-resident and professional school tuition increases previously approved by the Board of Regents
 - An increase of \$4.9M collectively at **UW-Green Bay, UW-La Crosse, UW-Stevens Point, UW-Oshkosh**
 - Several campuses **decreased tuition revenue** by an aggregate of approximately \$24M

Other Notable GPR Funding Increase for FY23

\$5M in ongoing funding to support a Nurse Educator Initiative in Wisconsin

- ❖ *Funding appropriated through the Higher Education Aids Board (HEAB)*
 - Program provides: (a) fellowships to students who enroll in programs for degrees in doctor of nursing practice or doctor of philosophy in nursing; (b) educational loan repayment assistance to recruit and retain faculty; and (c) postdoctoral fellowships or loan repayment assistance for nursing educators that commit to teach for three consecutive years at a UW System institution, Wisconsin Technical College, or private, non-profit college in Wisconsin.

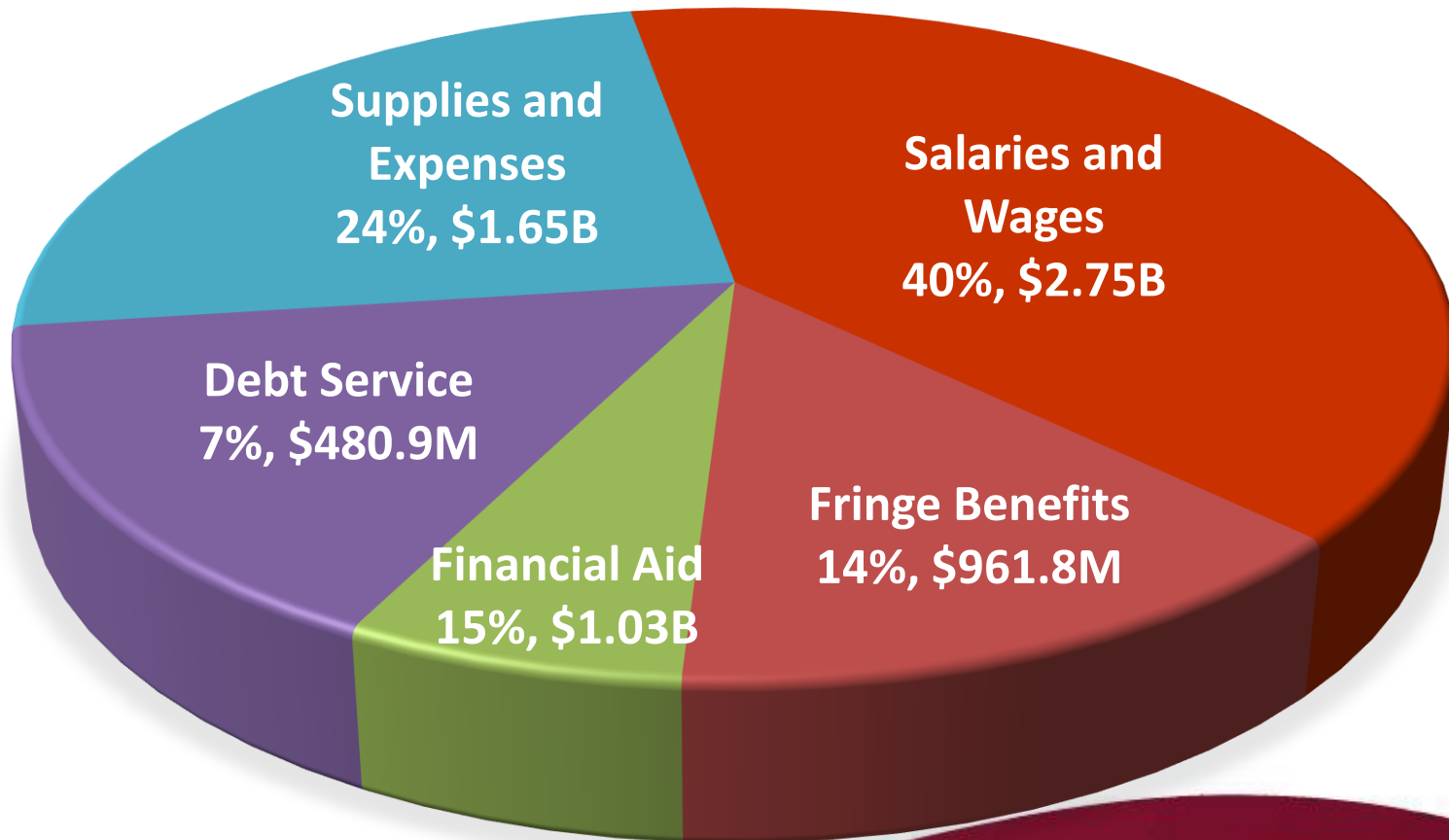


FY23 Annual Budget: *Expenses*

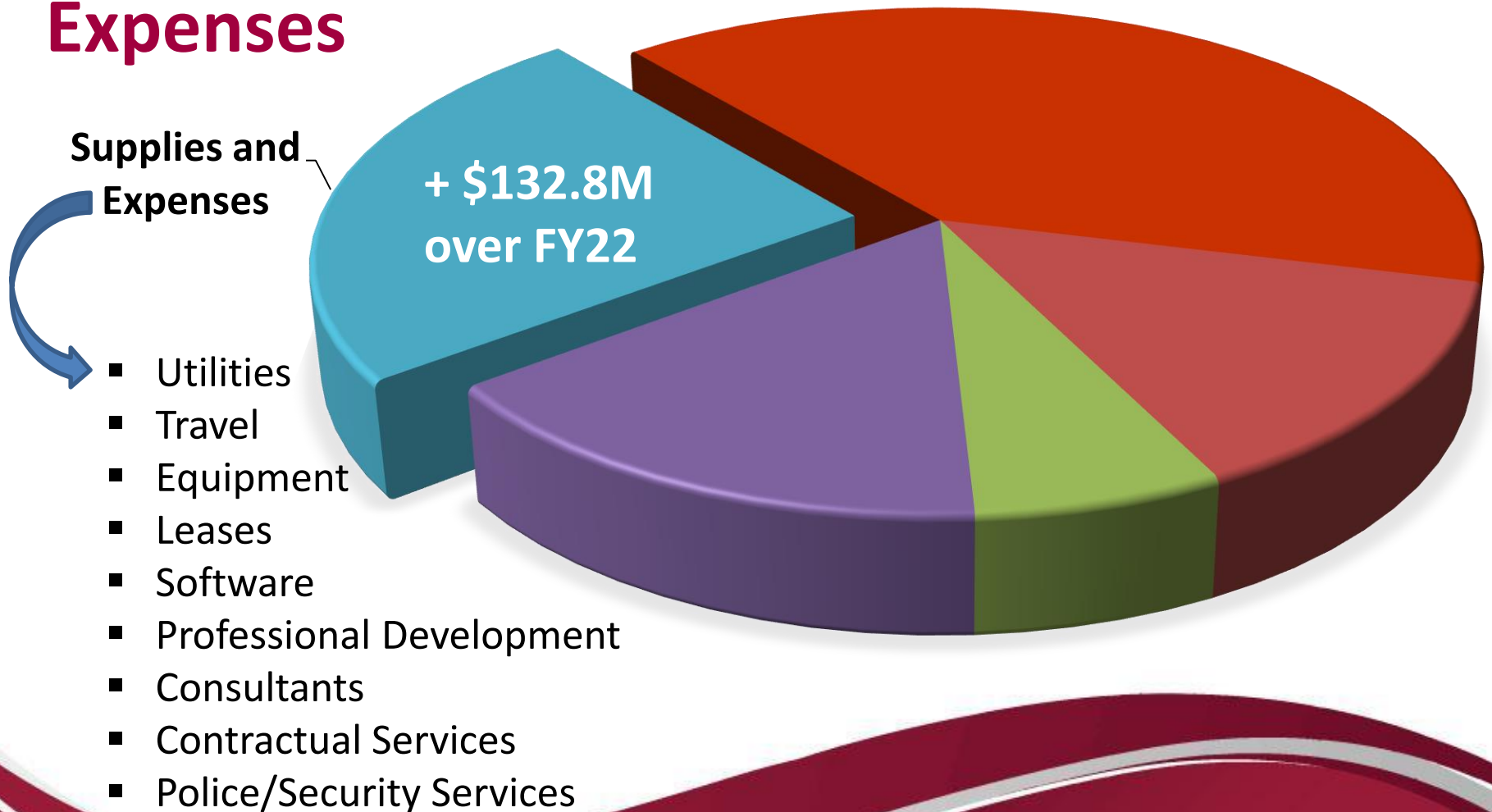


Total FY23 All Funds Budget by Expense

➤ *Estimated FY2023 Expenditures: \$6.87 billion*



FY23 Change in Expense: Supplies and Expenses





FY23 Annual Budget: ***Tuition***

FY23 Tuition for Resident Undergraduates

Biennial budget did not include language prohibiting the Board of Regents from setting tuition

BOR budget resolution calls for no increases in resident undergraduate tuition for the upcoming academic year

→ Governor Evers' \$25M one-time allocation to “fund the freeze”

FY23 Annual Budget: ***Auxiliary Rates***

FY2023 Guidance on Auxiliary Rates

Rate increases for Segregated Fees and Room and Board are limited to:

- ✓ Mandated compensation
- ✓ Contractual agreements
- ✓ Debt service
- ✓ Enumerated capital projects
- ✓ Student-initiated proposals
- ✓ Student safety
- ✓ Market salary adjustments

FY2023 Auxiliary Rates: Segregated Fees

Segregated fees are charges, in addition to tuition, assessed to all students for student services, organized activities, programs, and facilities

Segregated fees constitute about 8.5% of the cost of attendance, or about \$1,430 on average for an undergraduate

Total Segregated Fees will increase, on average at 4-year institutions by \$40 per year, or 2.9%

FY23 Auxiliaries: Segregated Fees by Category

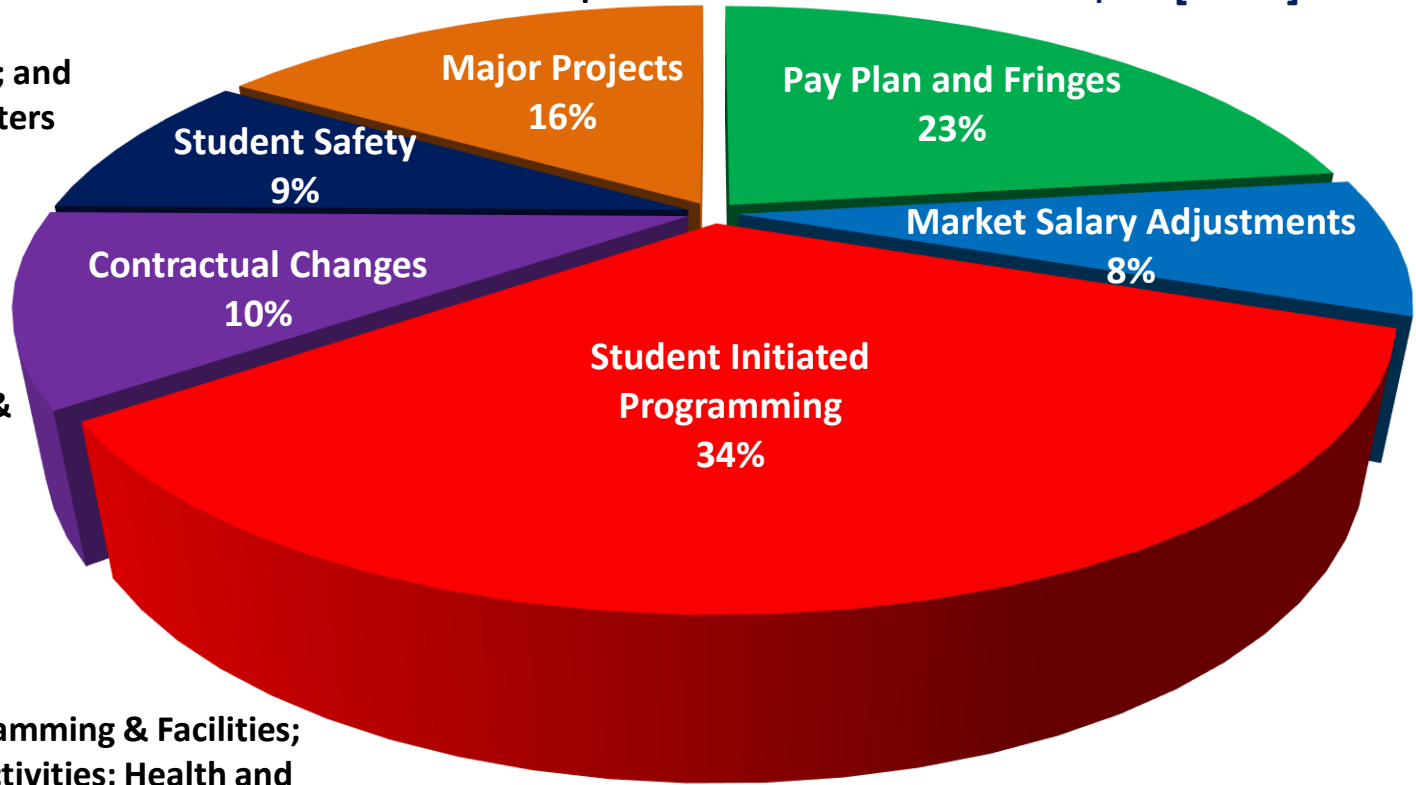
- Oshkosh: Child Care and Recreation Center
- Parkside: Student Center
- Stout: Recreation Center Complex

➤ Average Increase of \$40 [2.9%]

- Mental Health; and University Centers

- Sports Programming & Facilities; Transit; Student Life; and University Centers

- Sports Programming & Facilities; Organized Activities; Health and Counseling; University Centers; Student Life; and Transit



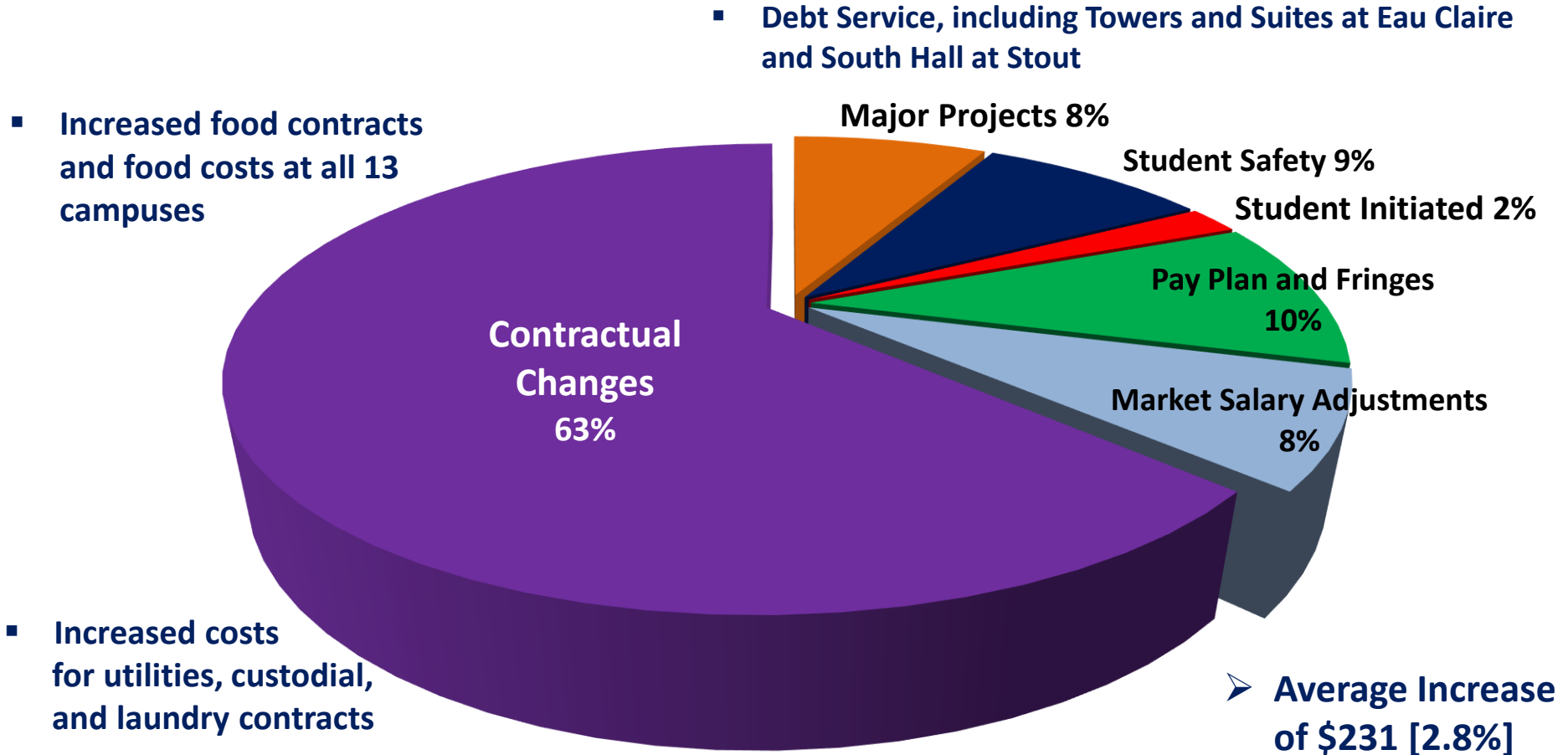
FY2023 Auxiliary Rates: Room and Board

Room and Board constitutes about half of the cost of attendance, or \$8,371 on average for a resident undergraduate living on campus

Room and Board rates will increase, on average, by \$231 per year, or by 2.8%

➤ Increased costs of utilities, debt service, food supply, and compensation are attributed for 89% of the rate increases for next academic year

FY23 Auxiliaries: Room and Board Increases by Category



Average Cost for the Academic Year for Majority of Students Living on a 4 Year Campus



UW Campus	Tuition	Segregated Fees	Room	Meal Plan	Total Cost of Attendance	Total % Increase over AY22
Madison	\$ 9,273	\$ 1,523	\$ 7,167	\$ 4,050	\$ 22,013	1.6%
Milwaukee	\$ 8,091	\$ 1,529	\$ 6,274	\$ 4,274	\$ 20,168	0.5%
Eau Claire	\$ 7,361	\$ 1,413	\$ 5,325	\$ 3,460	\$ 17,559	2.8%
Green Bay	\$ 6,298	\$ 1,575	\$ 4,748	\$ 2,950	\$ 15,571	1.8%
La Crosse	\$ 7,585	\$ 1,473	\$ 4,233	\$ 2,796	\$ 16,087	1.7%
Oshkosh	\$ 6,422	\$ 1,373	\$ 5,209	\$ 3,460	\$ 16,464	1.8%
Parkside	\$ 6,298	\$ 1,168	\$ 4,905	\$ 2,900	\$ 15,271	0.6%
Platteville	\$ 6,418	\$ 1,224	\$ 5,587	\$ 3,220	\$ 16,449	0.6%
River Falls	\$ 6,428	\$ 1,528	\$ 4,584	\$ 2,650	\$ 15,190	1.7%
Stevens Point	\$ 6,698	\$ 1,533	\$ 4,750	\$ 3,500	\$ 16,481	3.0%
Stout	\$ 7,020	\$ 1,474	\$ 4,830	\$ 3,218	\$ 16,542	2.5%
Superior	\$ 6,535	\$ 1,632	\$ 4,477	\$ 2,940	\$ 15,584	1.5%
Whitewater	\$ 6,519	\$ 1,149	\$ 4,517	\$ 2,792	\$ 14,977	1.7%
Average:	\$ 6,996	\$ 1,430	\$ 5,124	\$ 3,247	\$ 16,797	1.7%



Summary Budget Detail by UW Institution

➤ Strategic Initiatives, Key Budget Drivers, Enrollments, Philanthropy, Revenue/Expense, & Auxiliary Information



UW-La Crosse Mission Statement

The University of Wisconsin-La Crosse provides a challenging, dynamic, and diverse learning environment in which the entire university community is fully engaged in supporting student success. Acknowledging and respecting the contributions of all, UW-L is a regional academic and cultural center that prepares students to take their place in a constantly changing world community.

Key Drivers in the FY22/23 Annual Budget:

- In 2022/23, revenues are expected to increase by 1.57%, or \$3.2 million from the prior year. Key drivers in revenues are:
 - Undergraduate enrollment is projected to increase to pre-pandemic levels with a record number of first-year and underrepresented students over the prior two years.
 - Auxiliary rates were budgeted with moderate increases of 2.6% for segregated fees; 2.5% for room; and 4.5% for housing. Textbook rental and parking rates were held constant to support goals for affordability and overall cost of attendance.
 - General campus operations continue to return to pre-pandemic levels for athletic events, camps, conferences, study abroad, and continuing education activities.
- In 2022/23, expenses will increase by 1.28%, or \$2.6 million from the prior year. Key drivers in expenses are:
 - Personnel costs for FY23 increased due to the FY22 and FY23 pay plans, fringe benefit costs, and compensation adjustments for the Title and Total Compensation (TTC) project.
 - Auxiliary budget expenses reflect increases to manage the cost of operations, deferred maintenance, and debt service.
 - Expenses for information technology, supplies and expense (S&E), travel, and other purchased services are forecasted to increase due to inflation, supply chain issues, and the global economy.

Strategic Budget Actions in the FY22/23 Annual Budget:

- Scholarships for Underrepresented Students: UW-La Crosse is reallocating \$600K in base budget funds to provide scholarships for underrepresented students and the hiring of 2 new multicultural student recruiters.
- Investing in Our People: Reserve balances will be used to fund a one-time lump sum payment to employees to address issues of retention, equity, market, and inflation.
- Prairie Springs Science Center Completion & Cowley Demolition Project: The university has prioritized the allocation of \$2M in PR balances for its science building project for the 2023-25 capital budget.
- Residence Hall Renovations: The housing auxiliary is addressing deferred maintenance in 2 residence halls with renovation projects totaling \$3M funded from PR balances and operations.

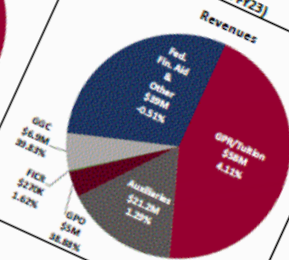
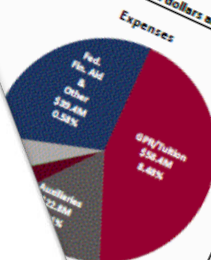
Philanthropy:

- Primary Fundraising Foundation: The University of Wisconsin-La Crosse Foundation, Inc. (established in 1967).
- Total Endowment (as of 12/31/21): \$39.3M
- FY22/23 Highlight: The UW-La Crosse Foundation is planning to provide approximately \$1.6M in scholarships, grants, awards, and support to over 1,000 students.



FY22 to FY23 Budget Summary
(Tables exclude GPR/Tuition fringe benefits)

Category	2021 - 2022 Budget		2022 - 2023 Budget		Revenue 2022 - 2023 Budget	\$ Change FY22 to FY23
	2021 - 2022 Budget	2022 - 2023 Budget	2021 - 2022 Budget	2022 - 2023 Budget		
GPR/Tuition	53,833,980	58,309,893	53,833,980	58,309,893	55,701,000	2,288,224
Auxiliary	2,059,431	22,808,611	2,059,431	22,808,611	20,890,898	289,860
General Program Operations	4,738,540	5,126,410	4,738,540	5,126,410	21,180,725	1,603,564
Federal Subject Cost Reimbursement	378,028	373,036	378,028	373,036	5,013,044	269,860
25% Grants, Contracts	8,745,414	7,144,097	8,745,414	7,144,097	270,438	1,403,564
Federal Financial Aid / Other	38,271,443	39,440,265	38,271,443	39,440,265	8,034,480	4,371
Total Base	125,988,833	133,241,312	125,988,833	133,241,312	124,821,217	1,075,324
One-Time Use of Tuition Balance					38,093,374	-207,234
Total Including Use of Balance	125,988,833	133,241,312	125,988,833	133,241,312	162,914,591	8,741,045



Themes from Campus Budget Narratives

- Inflationary pressure affecting **overall costs of good and services, utilities, and capital projects**
- Challenging employment market making it **difficult to both attract and retain talent**
- Financial obligations from **Pay Plan increases and compensation adjustments**
- **Deferred maintenance needs constrain** campus resources

Themes from Campus Budget Narratives

- Anticipated **rebound to pre-COVID revenues** in auxiliary and general program operations
- While several campuses are reporting enrollment declines in traditional undergraduate enrollment, **growth in graduate and self-supporting programs** is helping to augment overall tuition revenue
- **Strategic planning to support key initiatives** in Equity, Diversity, and Inclusion (EDI), student success, retention, enrollment management, and new programs is prevalent throughout

Looking Ahead



- UWSA and the UW campuses are **closely tracking inflation** and the effect on both operations and capital planning
- Establishing **an accelerated timeline for auxiliary and tuition rate setting** for Fall of 2023
- President Rothman has **initiated a strategic planning effort** that will inform UW System priorities moving forward
- BOR initiating efforts to review considerations on how **state support (GPR) should be allocated**
- **Biennial Budget Request** to be presented to the Board of Regents for approval at the August meeting

Acknowledgements

Partners at the UW Institutions: Chancellors, Chief Business Officers, Budget Directors, Controllers, Auxiliary Unit Heads

UWSA Staff: Renee Stephenson, Aimee Arnold, Julie Gordon, Gary Buehler, Jennifer Goytowski, Chrissy Klappa, Mickie Krall, Sara Voigts, Lindsay Holguin



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QUESTIONS?