



Joint Finance Committee and Assembly Proposed Budget Cuts

Estimated – March 15, 2002

GOVERNOR’S PROPOSED BUDGET CUTS:	\$50.5 million
• Tuition revenue authority under 10% tuition cap	<u>-\$9.0 million</u>
	Subtotal: 41.5 million

JOINT FINANCE COMMITTEE ACTION (Total cuts: \$ 11.9 million GPR, \$10 million fees)

• The JFC cut state agencies an additional 1%, UW System share: (The Assembly budget restores this cut.)	\$9.1 million
• Cuts to other UW System appropriations	\$1.2 million
• Reduced the Compensation Reserve; UW System share is	\$1.5 million
• The committee also proposed capping 2002-03 resident undergraduate tuition increases at 8% (the Governor proposed 10%) <u>FEE</u> reduction:	<u>\$10. million</u>
	JFC SUBTOTAL: \$21.8 million

ASSEMBLY ACTION (Total cuts: \$44.6 million GPR, potential to recoup with some fees)

• Additional 1.5% cuts to most state agencies; UW System share:	\$13.7 million
Note above that the Assembly restores 1% cut made by JFC.	<u>-\$9.1 million</u>
• Reduced the Compensation Reserve; UW System share is	\$8.8 million
• Cut advertising budgets	\$4.0 million
• Reduced funding available for travel	\$8.5 million
• Printing budgets were reduced 20%	\$1.6 million
Note: JFC banned printing of publications without DOA approval	
• Eliminated study abroad appropriation	<u>\$1.0 million</u>
	GPR Subtotal: \$28.5 million

The following action reduces GPR to the UW System, but intends that additional fees would replace the GPR. It is unclear whether students will be willing to pay the additional fees.

• Students pay 100% of costs for retaking courses previously failed	
• One time out of state tuition surcharge of 10%	\$9.4 million
• Students pay 100 % of costs after earning 165 credits	<u>\$6.7 million</u>
	GPR Subtotal: \$16.1 million

ASSEMBLY BUDGET CUTS TOTAL \$44.6 million

ESTIMATED TOTAL REDUCTIONS: GOVERNOR/JFC/ASSEMBLY **\$108 million**

Note: other potential revenue shortfalls yet undetermined are some health insurance and represented employees’ salaries.



IMPACT OF ADDITIONAL CUTS

1. The JFC cap on tuition is a revenue loss to the UW System of \$10 million. If the Legislature wants to reduce tuition they should REPLACE the tuition revenue with GPR to maintain quality for students.
2. Travel:
 - Student success depends on the ability to travel in many situations such as community service, participate in academic competitions, present academic research, consult with government, etc.
 - Faculty must continue to travel to meet educational and research needs.
 - UW-Extension agents must travel extensively throughout the state.
 - The \$8.5 million cut represents 83% of the GPR expenditure not 50%.
3. Advertising:
 - Federal and state law require advertising of position vacancies.
 - State and national studies indicate that most families (especially of low income) are under the misimpression that a college education is unattainable for them. Advertising is critical to public awareness of the opportunities and possibilities a college education affords.
 - The \$4 million cut represents 153% of the GPR expenditure, one and a half times the total GPR budget for advertising.
4. Printing budgets are critical to reaching students and families, especially those without access to the Internet.
5. Study abroad opportunities for students are vital to the economy of Wisconsin. Companies want students with broader experiences. This funding provides access to study abroad to more low-income students to obtain foreign experience.
6. It is unlikely that students will pay additional fees to replace the \$16 million in base cuts.
 - One time nonresident tuition surcharge of 10%: (\$9.4 million GPR cut)
 - a. UW-Madison nonresident tuition is already the second highest in the Big Ten.
 - b. Combined with the regular tuition increase, the 2001-03 budget-mandated 5% increase, this would amount to a 23% increase (\$3,600). This drives non resident tuition to \$19,400, more than twice the cost of instruction.
 - c. Nonresident students are unlikely to pay such high tuition, therefore actually reducing revenue for resident UW students.
 - d. Nonresidents pay 200% of the cost of instruction; subsidizing Wisconsin residents by \$21 million – the equivalent of state support of 4,000 resident students. If nonresident enrollment decreases due to cost, resources available to Wisconsin residents will decrease.
 - Students pay 100 % of costs after earning 165 credits (\$6.7 million GPR cut)
 - a. The number of credits required to earn a degree varies widely by program. Some of the most desirable programs necessitate higher credits-to-degree. (nursing, engineering, etc.) An arbitrary one-size-fits-all ceiling treats students unequally and unfairly. In response to Legislative questions the UW System suggested that any credit ceiling should be a set number (e.g. 40) over the degree requirement.
 - b. The UW System has successfully worked to reduce credits-to-degree from 145 in 1993 to 137 in 2001 and will continue this effort.
 - c. Only 8% of degree recipients attempted more than 170 credits.