



Budget & Planning

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November 12, 2020

Via e-mail only

**To: Auxiliary Budget Officers
Budget Officers**

**From: Chrissy Klappa
Office of Budget and Planning**

Subject: 2021-22 Program Revenue Budget Building Cost Factors and Timeline

Attached you will find the 2021-22 program revenue budget building cost factors.

The factors provided are to assist with the development of program revenue budgets. Institutions should continue to place emphasis on aligning budgets with actual revenue and expenditures. Student affordability is a priority of the Board of Regents and total cost of attendance (tuition, segregated fees, and room and board costs) should be taken into consideration as rates are developed. To assist in managing towards projected costs, budget only those positions and expenditures anticipated for 2021-22 and consider using reserve balances for one-time funding and/or phasing in rate changes. At this time, it should be assumed that campus operations will return to pre-pandemic operational levels.

Please closely review the language in [UW System Administrative Policy 820, Section I-Segregated University Fees, B. Limitations on Expenditures of SUF, \(3\) Prohibited SUF Expenditures](#). Please ensure your campus is operating within the intent of the items listed as prohibited expenditures. For example, if a student may receive academic credit for a particular activity (e.g., a music credit for participating in the marching band), segregated fees may not support that activity.

For 2021-22 there will not be a reporting threshold for any rate changes (including room and board). All rate changes will need to be reported in detail. Please see Section 1 of the attached cost factors for additional information regarding permissible rate increases.

If you have any questions regarding the cost factors or timeline, please don't hesitate to contact me (cklappa@uwsa.edu).

cc: Chief Business Officers
Senior Student Affairs Officers

**2021-22 University of Wisconsin System
Program Revenue Budget Building Cost Factors**

1) Proposed Rate Changes

All rate increases or decreases will be highly scrutinized, and documentation may be requested for changes. Any change in rates for segregated fees and room and board, whether an increase or a decrease, will need to be explained in the budget submission.

Increases in rates should be limited to:

- Pay plan and associated fringe benefit increases for 2021-22
- Documented contractual increases
- Debt service
- Enumerated capital projects
- Proposed student initiated programming
- Student safety

Changes needed due to decreasing enrollments will need to be managed within current rates (with the exception of debt service).

Room and board rate increases will have to be itemized and reported to the Board in the same manner that segregated fees have been reported in the past. Additionally, institutions will need to provide **all** room, meal, and textbook rental rates available for students. Starting with 2019-20, room and board rates are reported as the average rate for the majority of students. All Board approved rates should be implemented on campus and rates reported in the annual Tuition & Fee Report should be consistent with Board approved rates.

A template will be provided in January for reporting on the rate changes.

2) Pay Plan Increases

The 2019-21 Biennial Budget included funding for a 2% pay plan implemented on January 1, 2020 and an additional 2% pay plan implemented on January 1, 2021. Budgets for 2021-22 will need to include the second half of the 2% pay plan implemented on January 1, 2021.

At this time, there is uncertainty regarding pay plan for the 2021-2023 biennium. At the December 2020 meeting, the Board of Regents recommended a 2% pay plan for FY22. Institutions are encouraged to develop 2021-22 budget scenarios that encompass a 1% or 2% pay plan.

Institutions could budget for a 2% pay plan using the assumption that pay plan would be effective 7/1/21. In this scenario, if pay plan is not approved with this effective date, funds should not be expended as they would be needed to cover any increases effective in FY23.

Institutions could budget for a 1% pay plan using the assumption that pay plan would be effective 1/1/22. In this scenario, if pay plan is approved with an earlier effective date, cash balances would need to be used to fully fund costs in FY22.

3) **Fringe Benefits**

The 2021-23 UW System composite fringe benefit rates (all institutions, all funds) are 37.91% for permanent staff, 27.42% for graduate assistants, 15.50% for LTE, and 1.79% for student help. Institutions should use their own experience in establishing fringe benefit rates for employees, taking the following information into consideration:

- **Health Insurance Cost Increases**

The Department of Employee Trust Funds (ETF) has indicated that there will be an overall 2.7% health insurance increase in calendar year 2021. The actual change will vary based upon the plans available in a region.

- **Retirement Cost Increases**

The UW composite fringe benefit rate assumes that employer contributions to the Wisconsin Retirement System (WRS) and Sick Leave Conversion is 7.95% in the calendar year 2020. The rate for calendar 2021 is 7.85%. WRS will remain the same and Sick Leave Conversion will decrease by 0.1%.

4) **Enrollments**

Please use your campuses anticipated 2021-22 enrollments.

5) **Interest Income**

The level of interest income for the State Investment Fund has been falling with the decline in interest rates over the past year. The annualized interest rate was 0.28% for the quarter ending June 30, 2020. The interest rate has continued to decline and is currently in the range of 0.1%. Please use this rate when estimating interest earnings.

6) **Chargebacks**

There are a number of chargebacks to UW System institutions that can be distributed by funding source to assess a fair share of the cost to program revenue operations. These include charges for Common Systems, the System Network, Fund 128, STAR and Financial Services Assessments and a DOA Legal Services assessment. The most recent assessment amounts available are included below, however, the prior actual experience is the best indicator for future assessments.

	FY20 2019-2020 EDC (former Common Systems)	FY20 2019-2020 System Network	2019-20 Multi- Insitutional IT contracts* chargebacks	FY20 2019-2020 Fund 128	FY20 2019-2020 STAR	FY20 2019-2020 Financial Services	FY20 2019-2020 DOA Legal Services	FY20 2019-2020 Municipal Services
Madison	\$12,246,849	\$ 422,697	\$ 164,432	\$ 90,338	\$ 61,452	\$ 12,764	\$ 18,166	\$4,661,560
Milwaukee	\$ 5,576,092	\$ 149,327	\$ 184,266	\$ 25,028	\$ 25,714	\$ 5,340	\$ 2,373	\$ 485,933
Eau Claire	\$ 1,894,986	\$ 48,885	\$ 117,413	\$ 12,220	\$ 13,193	\$ 2,740	\$ 1,291	\$ 174,251
Green Bay	\$ 1,151,722	\$ 29,713	\$ 119,475	\$ 5,441	\$ 14,774	\$ 3,069	\$ 591	\$ 109,713
La Crosse	\$ 1,825,150	\$ 46,910	\$ 161,888	\$ 10,165	\$ 15,025	\$ 3,120	\$ 1,092	\$ 216,191
Oshkosh	\$ 2,074,042	\$ 52,621	\$ 144,680	\$ 10,972	\$ 15,674	\$ 3,255	\$ 983	\$ 214,849
Parkside	\$ 703,479	\$ 18,256	\$ 89,356	\$ 2,620	\$ 9,683	\$ 2,010	\$ 467	\$ 55,971
Platteville	\$ 1,530,235	\$ 39,213	\$ 113,220	\$ 8,005	\$ 14,366	\$ 2,983	\$ 697	\$ 181,468
River Falls	\$ 1,010,489	\$ 26,226	\$ 116,047	\$ 7,666	\$ 12,242	\$ 2,542	\$ 692	\$ 81,595
Stevens Point	\$ 1,748,451	\$ 45,373	\$ 136,195	\$ 9,852	\$ 18,146	\$ 3,768	\$ 695	\$ 136,041
Stout	\$ 1,581,633	\$ 41,408	\$ 133,427	\$ 8,388	\$ 14,524	\$ 3,016	\$ 1,011	\$ 166,015
Superior	\$ 506,904	\$ 13,668	\$ 70,658	\$ 1,873	\$ 11,509	\$ 2,390	\$ 379	\$ 37,805
Whitewater	\$ 2,040,748	\$ 51,777	\$ 163,626	\$ 11,003	\$ 14,994	\$ 3,113	\$ 1,191	\$ 220,639
Sys. Adm.	\$ 454,754	\$ 13,926	\$ 14,439	\$ 60	\$ 14,918	\$ 3,098	\$ 1,821	\$ 112,509
Total	\$34,345,534	\$1,000,000	\$1,729,122	\$203,632	\$256,214	\$ 53,208	\$ 31,452	\$6,854,540
*2019-20 Multi-Insitutional IT contracts: EAB, CommonSpot, ESRI, Phishline, Qualtrics, SPSS, Turnitin.								

7) Property, Liability, and Worker's Compensation Program Cost Adjustments

Please contact your institution's risk manager for actual expenses.

8) WIAC

The WIAC assessments are \$33,000 per institution in 2020-21. Institutions that are not part of WIAC should use their own conference's assessment/fees.

9) PR Balance Reporting

Board of Regents' Policy 21-6 is in the process of being revised due to a Legislative Audit Bureau report. It is anticipated that the revised policy will be presented to the Board at their December 10, 2020 meeting and we will provide an update once the revised policy is approved. The reporting requirement for balances above 12% of prior year expenditure levels is not changing as a result of this revision. However, the policy changes will affect how institutions complete their annual PR Balance report.

2021-22 AUXILIARY BUDGET TIMELINE

November 2020	Cost factors are distributed.
January 2021	System Budget Office sends out 2021-22 auxiliary templates, timeline, and instructions.
February 2021	
February 10	Auxiliary transfer requests from Fund 128 for 2021-22 are due to the System Budget Office.
February 26	Estimated Segregated Fees and Room and Board rates submitted to System Budget Office.
April 2021	
April 15	Comprehensive institution budgets submitted to System Budget Office.
April 30	Madison and Milwaukee budgets submitted to System Budget Office.
May 2021	System Budget Office reviews budget submissions and completes the auxiliary budget tables that will be presented to the Board of Regents.
June 2021	System Budget Office sends auxiliary budget tables that will go to the Board of Regents out for institutional review.
July 2021	
July 8-9	Board of Regents act on the 2021-22 Annual Operating Budget.