



Budget & Planning

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Via e-mail only

**To: Auxiliary Budget Officers
Budget Officers**

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

Subject: 2022-23 Program Revenue Budget Building Cost Factors and Timeline

Attached you will find the 2022-23 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 2022-23 and consider using reserve balances for one-time funding and/or phasing in rate changes.

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 2022-23 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

**2022-23 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 2022-23
- 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 2021-23 Biennial Budget included funding for a proposed 2% pay plan implemented on January 2, 2022 and an additional proposed 2% pay plan implemented on January 1, 2023. Budgets for 2022-23 will need to include the second half of the 2% pay plan implemented on January 2, 2022 and the first half of the 2% pay plan implemented on January 1, 2023. At this time, the pay plan has not been approved by JCOER. However, institutions should include the proposed amounts in their planning.

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, 18.45% 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 3.4% health insurance increase in calendar year 2022. 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 7.85% in the calendar year 2021. The rate for calendar year 2022 is 7.30%. WRS will decrease from 6.75% to 6.50% and Sick Leave Conversion will decrease from 1.1% to 0.8%.

- **Prior Service Increases**

The UW System is assessed a share of the State’s bond payments related to Prior Service costs based upon the UW’s proportional share of the entire State’s payroll. The UW System sets what percentage needs to be added to the fringe benefit rates to make these payments. In October 2021 this percentage was increased from 3.00% to 3.50%. These payments are expected to increase annually until 2025-26, then start to decline. It is anticipated that the rate will increase to 3.75% in 2022-23.

4) Enrollments

Please use your campuses anticipated 2022-23 enrollments.

5) Interest Income

The assumption for interest on the State Investment Fund remains at 0.1% for the next year. 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.

	FY21 2020-2021 EDC (former Common Systems)	FY21 2020-2021 System Network	2020-21 Multi- Insitutional IT contracts* chargebacks	FY21 2020-2021 Fund 128	FY21 2020-2021 STAR	FY21 2020-2021 Financial Services	FY21 2020-2021 DOA Legal Services	FY21 2020-2021 Municipal Services
Madison	\$ 12,246,849	\$ 549,506	\$ 677,759	\$ 206,374	\$ 68,560	\$ 25,923	\$ 18,436	\$ 4,387,561
Milwaukee	5,576,092	194,125	327,790	41,552	30,974	11,711	2,193	509,049
Eau Claire	1,894,986	63,551	166,058	23,489	15,999	6,049	1,244	149,374
Green Bay	1,151,722	38,627	156,742	11,106	17,206	6,506	609	96,723
La Crosse	1,825,150	60,983	226,762	18,298	18,367	6,944	852	185,113
Oshkosh	2,074,042	68,407	175,434	19,219	17,155	6,487	847	181,001
Parkside	703,479	23,733	128,901	4,665	11,557	4,370	495	47,512
Platteville	1,530,234	50,977	171,494	16,874	17,251	6,523	571	152,659
River Falls	1,010,489	34,094	143,455	13,902	15,502	5,861	629	73,559
Stout	1,581,633	53,831	173,388	17,554	17,701	6,693	876	148,208
Stevens Point	1,748,451	58,985	181,283	16,382	21,118	7,985	648	129,341
Superior	506,904	17,769	84,933	2,587	13,894	5,254	363	36,471
Whitewater	2,040,748	67,310	225,164	20,097	18,241	6,897	950	193,206
Sys. Adm.	448,634	18,102	70,461	-	17,720	6,700	406	98,712
Total	\$ 34,339,413	\$ 1,300,000	\$ 2,909,624	\$ 412,098	\$ 301,245	\$ 113,903	\$ 29,119	\$ 6,388,489

2020-21 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 \$39,000 per institution in 2022-23. Institutions that are not part of WIAC should use their own conference's assessment/fees.

2022-23 AUXILIARY BUDGET TIMELINE

November 2021	Cost factors are distributed.
February 2022	
February 1	System Budget Office sends out 2022-23 auxiliary templates, timeline, and instructions.
February 16	Estimated Segregated Fees and Room and Board rates submitted to System Budget Office.
April 2022	
April 1	Comprehensive institution budgets submitted to System Budget Office.
April 15	Madison and Milwaukee budgets submitted to System Budget Office.
April 2022	System Budget Office reviews budget submissions and completes the auxiliary budget tables that will be presented to the Board of Regents.
May 2022	System Budget Office sends auxiliary budget tables that will go to the Board of Regents out for institutional review.
June 2022	
June 9-10	Board of Regents act on the 2022-23 Annual Operating Budget.