



Office of the President

1700 Van Hise Hall
1220 Linden Drive
Madison, Wisconsin 53706-1559
(608) 262-2321
(608) 262-3985 Fax

e-mail: kreilly@uwsa.edu
website: www.wisconsin.edu

May 9, 2013

Dear Faculty and Staff Colleagues,

Starting this weekend at ceremonies all around this state, thousands of students and their families will celebrate one of the biggest days of their lives, when they receive their diplomas from a University of Wisconsin campus. It is a proud moment for them, and it's a proud moment for all of us. Next week, the Board of Regents will announce its 21st annual Teaching Excellence Awards, honoring the outstanding, inspiring teaching that is the hallmark of the University of Wisconsin. These are powerful reminders of what we do and why we do it.

In this same season, the University of Wisconsin System has faced sharp scrutiny after the Legislative Fiscal Bureau published a report noting that the UW had \$1 billion in program revenue balances at the close of last fiscal year, including \$648 million in "unrestricted" assets. These balances have generated significant debate among students, taxpayers, legislators, and citizens.

In recent weeks, we have been actively addressing the questions raised on this matter. UW-Madison Chancellor David Ward and I spoke directly with legislators on this issue. Chancellors all around the state have very cogently presented the facts and perspectives from their institutions ([see Chancellor statements](#)). We have spoken up in a variety of media venues and in open conversations with faculty and staff representatives, as well as legislators and other stakeholders. Many people have weighed in on the issue in [editorials](#), op-eds, letters to the editor, and conversations around the water cooler.

Here's the bottom line. Like most large organizations, UW institutions end each year with balances on our financial statements. This standard business practice reflects prudent financial management. These year-end program revenue balances held by UW institutions do not constitute a surplus. Most of these balances will fund worthwhile, mission-critical activities at your institutions that enhance student success, support research, and boost economic development. Our Chancellors invest these balances in a wide variety of initiatives, such as UW-Oshkosh's Student Titan Employment Program (STEP), or providing faculty, staff, and equipment for the new Zilber School of Public Health at UW-Milwaukee. There are hundreds of other local examples we could cite.

Some have suggested that the UW System should have communicated more clearly the purpose of these balances. We agree.

Our audited financial statements, including information about year-end balances, have always been public. But that is not enough. We are working now with the Regents and your

Chancellors on a comprehensive new Regent policy that will ensure that detailed information is more widely available and more easily understood. The Regents will discuss this new policy at the June 6-7 board meeting in Milwaukee.

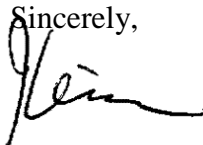
Starting in July, when the Board makes decisions about annual operating costs and tuition rates, information about year-end balances will be discussed. While we cannot rely heavily on cash balances to support ongoing fixed costs, we will adjust our tuition-setting process so that all pertinent data is on the table as those critical decisions are made. Our commitment to affordability and broad college access at the UW is longstanding, and discussions around this new policy will sharpen our tuition-setting process.

It is worth remembering that in recent years, we froze tuition rates at the 13 UW Colleges, and we have significantly increased privately-raised need-based financial aid. Even with recent tuition increases, costs at UW remain at or below the mid-point of peer universities and colleges – in many cases, far below tuition elsewhere.

All of this comes as the Governor and the Legislature are considering our 2013-15 budget, including more than \$150 million in proposed GPR funding over the biennium that we need for faculty and staff compensation, fringe benefits, debt service, and other fixed costs. We will continue advocating for this funding, emphasizing the long-term needs of our institutions and the need to provide hardworking faculty and staff with a pay increase. We hope that the final budget will provide the Board of Regents with new authority to address the critical compensation gap that threatens to erode the quality of our UW institutions.

As always, thank you for all your hard work. Know that I appreciate it, and look forward to working with you to make your contributions more widely understood and valued.

Sincerely,

A handwritten signature in black ink, appearing to read "Kevin P. Reilly". The signature is fluid and cursive, with a large initial "K" and "R".

Kevin P. Reilly