



# 2025-27 BIENNIAL BUDGET RECOMMENDATIONS

BOARD OF REGENTS'  
BUSINESS AND FINANCE COMMITTEE

AUGUST 22, 2024

SEAN P. NELSON, VICE PRESIDENT FOR FINANCE AND ADMINISTRATION



# BIENNIAL BUDGET PRESENTATION OVERVIEW

- Setting the backdrop
  - Wisconsin is 43<sup>rd</sup> out of 50
  - Key Financial Factors
    - Total Tuition and State Support
    - Cost of Attendance vs. Inflation
    - Program Revenue Balances
- Review of Revenue Sources
- Biennial Budget Recommendations

## EDUCATION

# UW System funding ranks 43rd nationally. A big budget request would move it to middle of pack



**Kelly Meyerhofer**

Milwaukee Journal Sentinel

Published 4:57 p.m. CT Aug. 19, 2024



The state public university system is leaning heavily on a low national ranking in a bid seeking \$855 million from the Legislature.

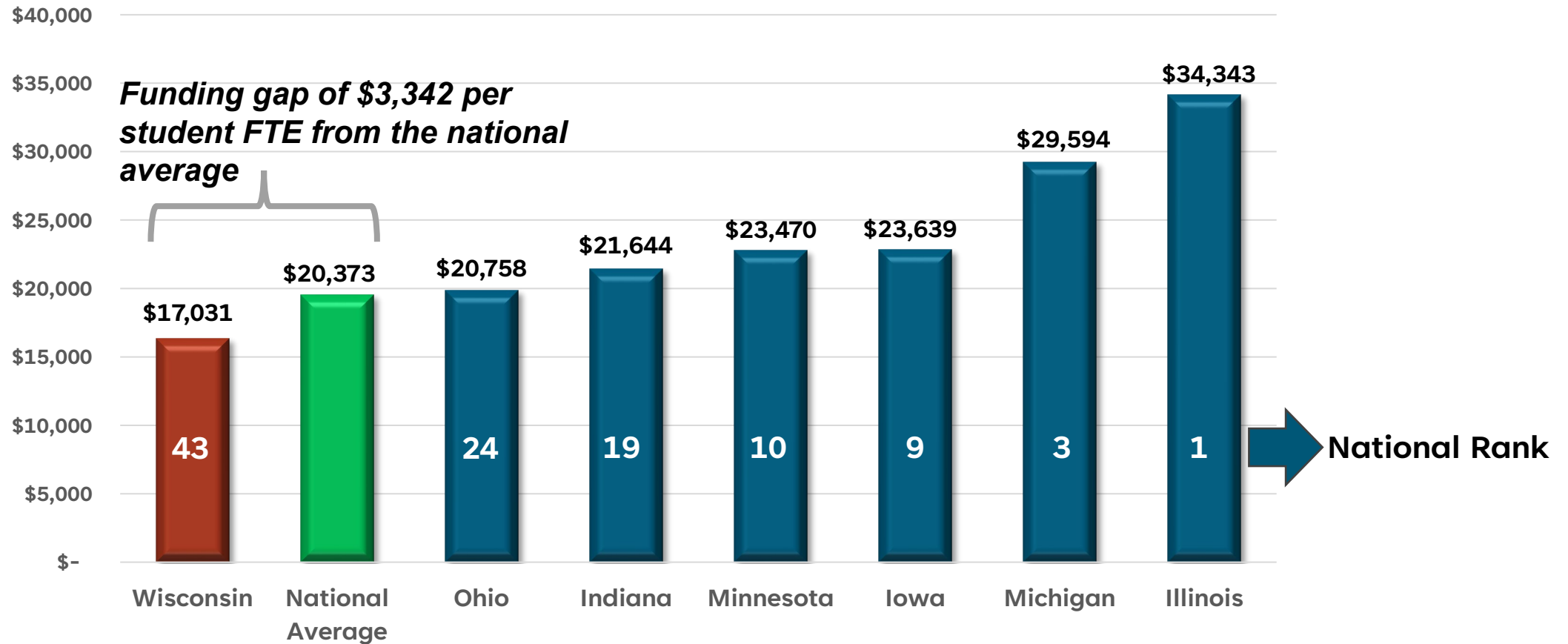
Wisconsin ranks 43rd among 50 states in funding its public four-year universities, according to the State Higher Education Executive Officers Association. The advocacy group represents the UW System, as well as other state university systems.

"Every bordering state is in the top 10 in public funding nationally, while Wisconsin is in the bottom 10," UW System President Jay Rothman told reporters Monday. "That is not the Wisconsin I know. Education unlocks opportunity and helps our state compete."

An \$855 million increase over the next two years would push Wisconsin's public university funding to the middle of the pack nationally, Rothman said. It would also keep tuition frozen for two school years, keep the remaining branch campuses open and cover tuition for Wisconsin students whose families earn \$71,000 or less.



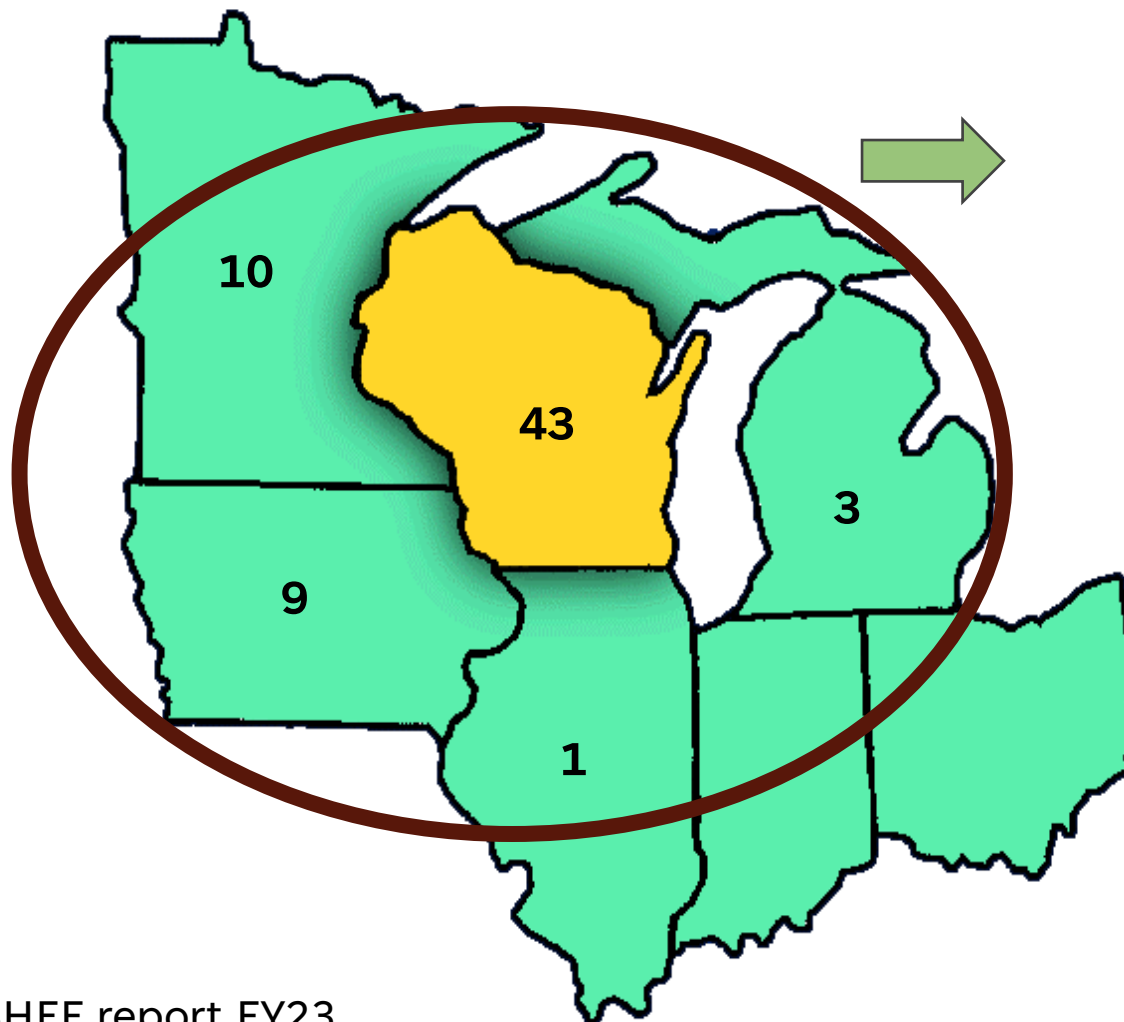
# TOTAL TUITION AND STATE SUPPORT PER FTE



Source: "Educational Revenue" metric in SHEF Report, State Higher Education Executive Officers (SHEEO): FY23



# TUITION AND STATE SUPPORT IN MIDWEST



*consin's directly adjacent states are all in Top 10 nationally*

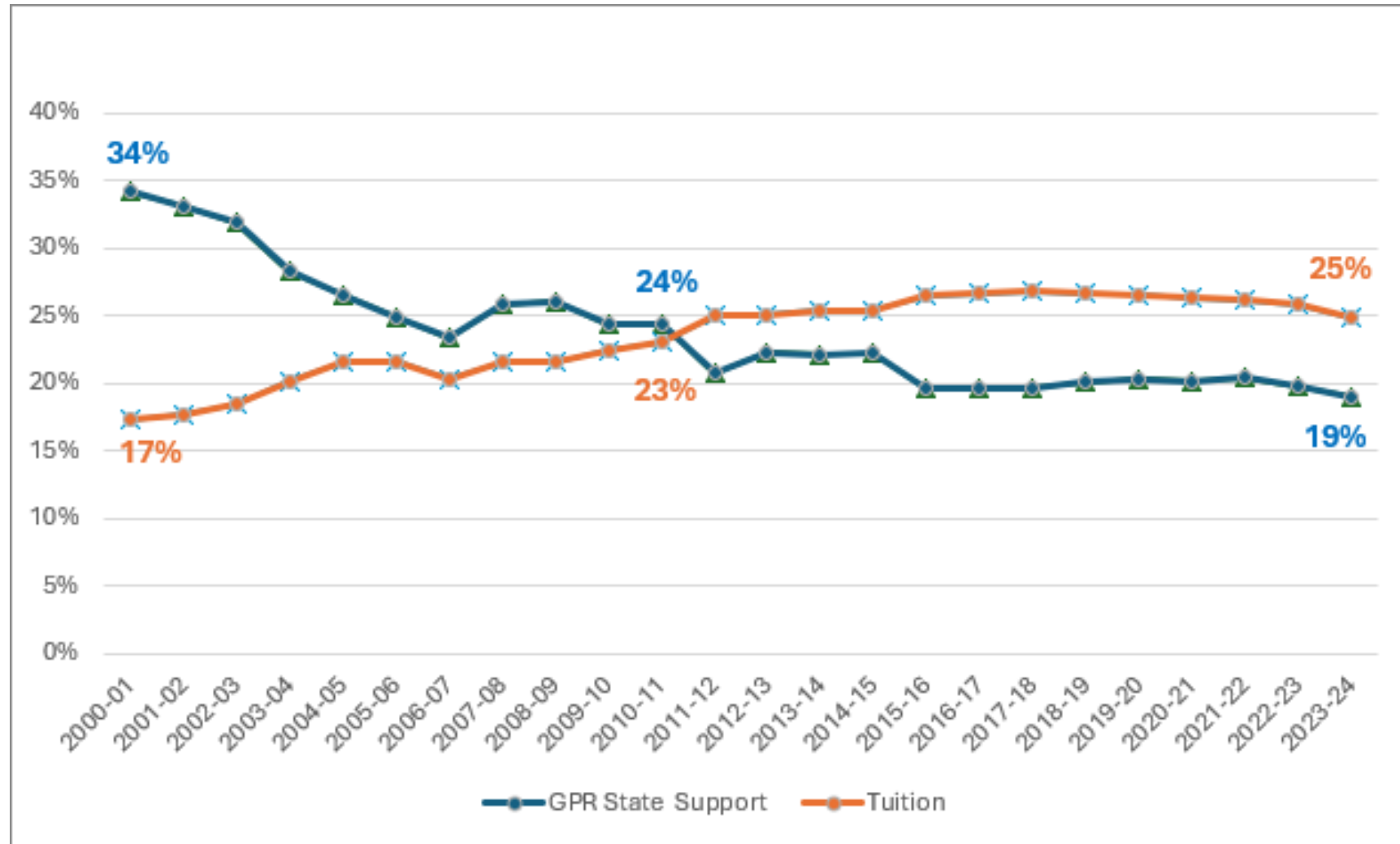


# KEY FINANCIAL FACTORS

- **Relative low tuition and state support** constrains continuation of current services and strategic investment
- **Impact of inflation** over the last 2 years and beyond on the costs of goods, services, and compensation
- Long-term effects of **10-year tuition freeze** and cumulative impact of the campus share of previous salary increases (FY19 through FY23)
- **Unrestricted balances continue to decline** at the comprehensive campuses
- **Enrollment challenges at non-Madison campuses** driven by demographic shifts and compounded by declining participation rates



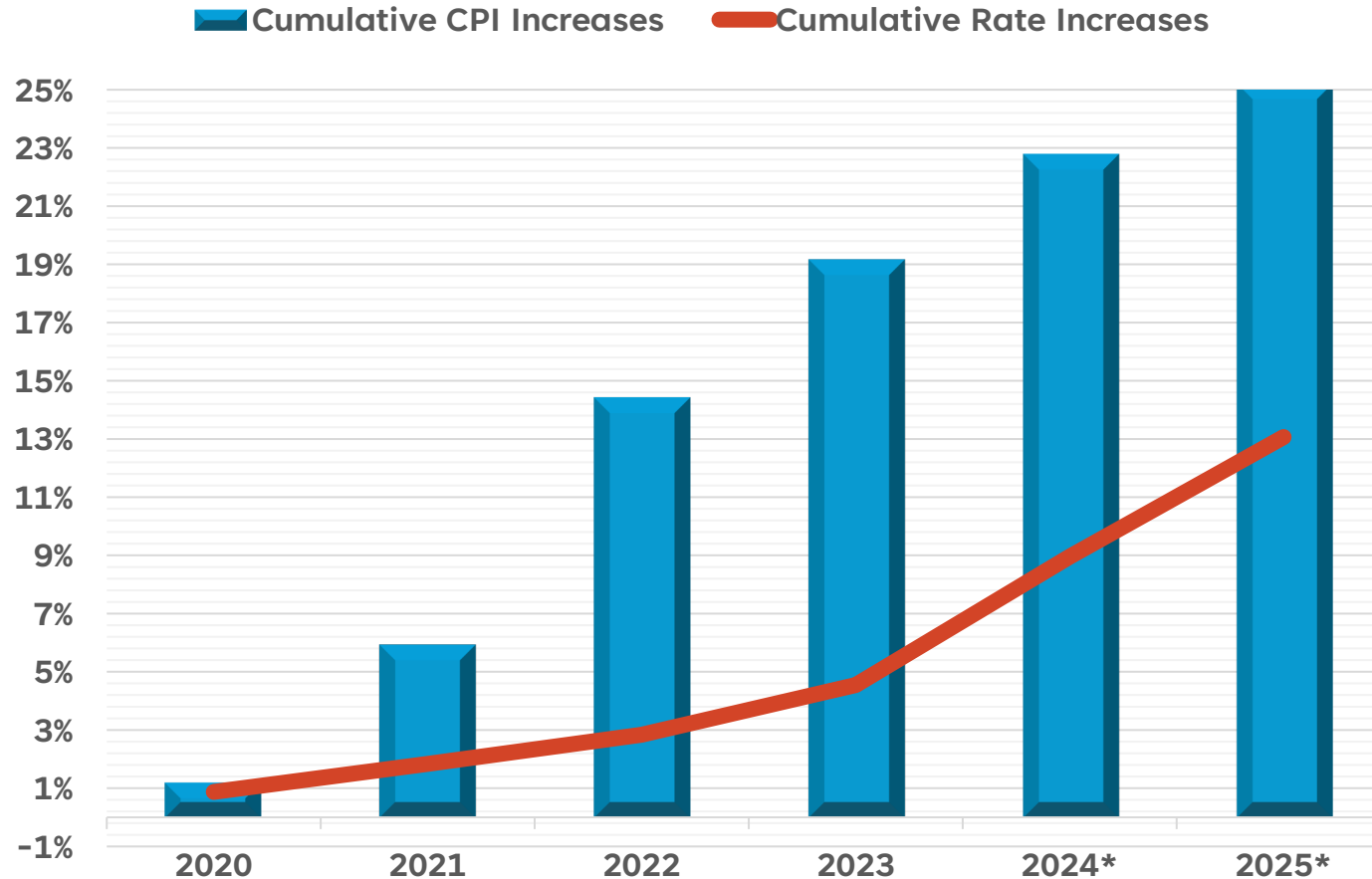
# GPR AND TUITION AS A % OF ANNUAL BUDGET



Source: UW Redbook FY2001 through FY24



# CPI VS. AVERAGE COST OF ATTENDANCE FOR RESIDENT UNDERGRADUATE



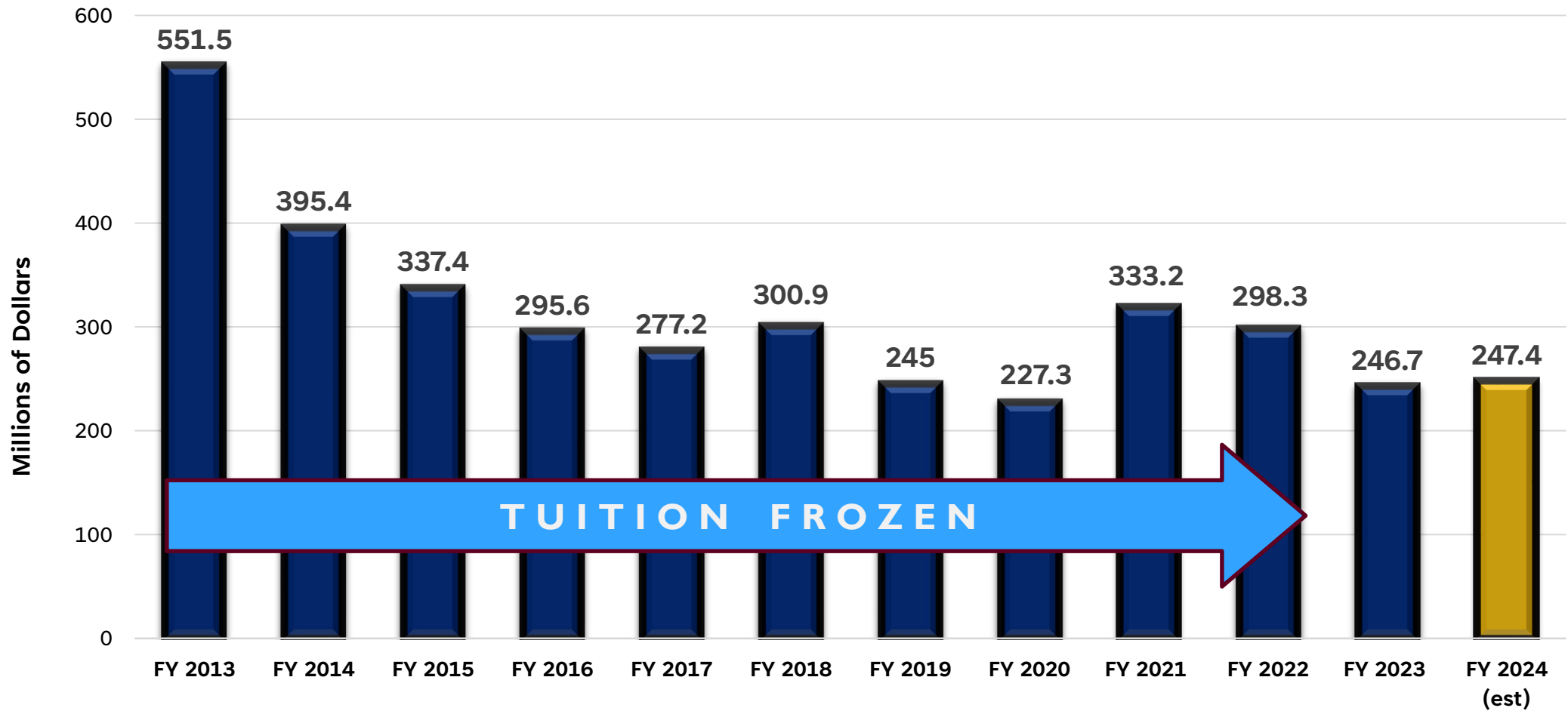
➤ Cumulative inflation from 2020 through 2025 is estimated at 25%; the primary cost of attendance over that time will increase by approximately 13%

\*2024 and 2025 projected at 3%



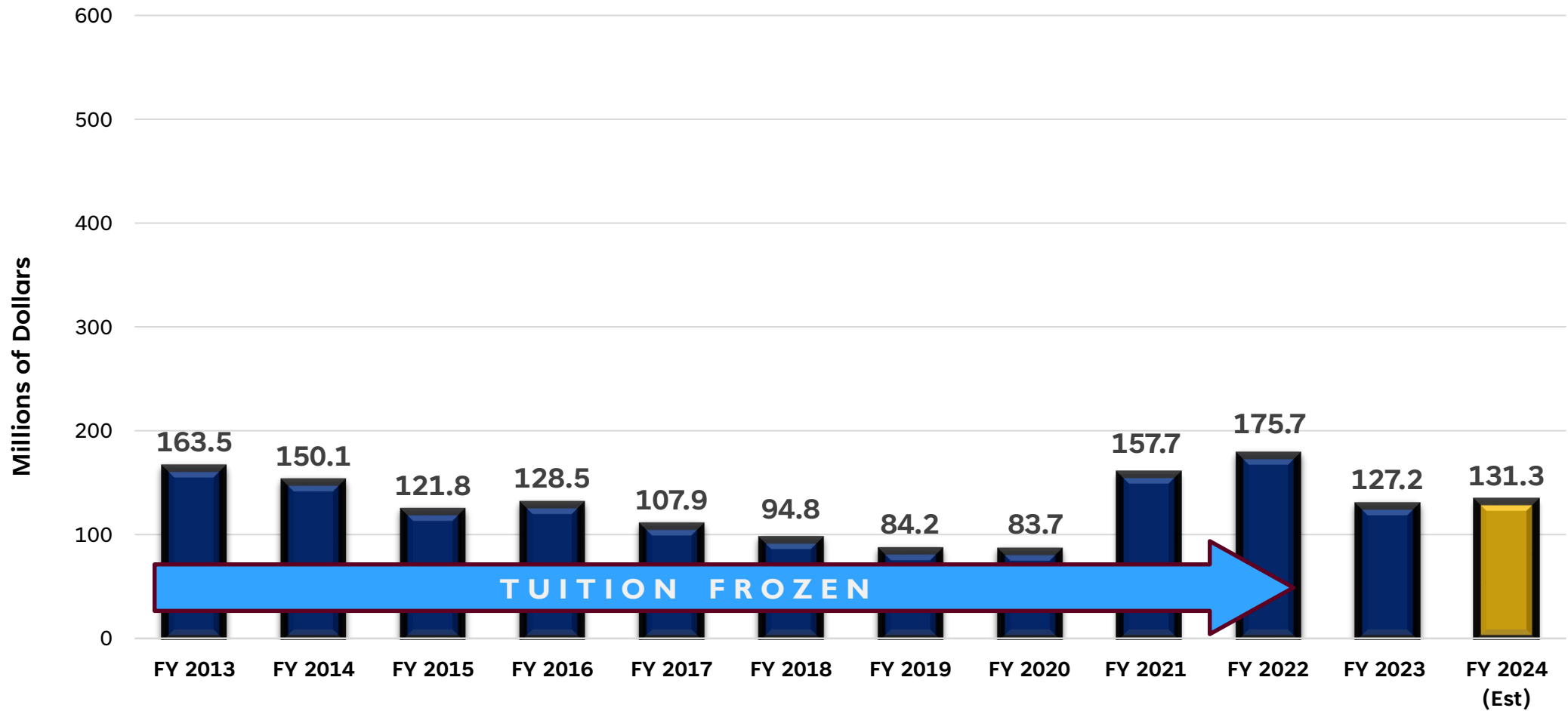


# GPR/TUITION BALANCES FY13 THROUGH FY24 (ESTIMATED)





# GPR/TUITION BALANCES FY13 THROUGH FY24 (ESTIMATED) FOR UW COMPREHENSIVES

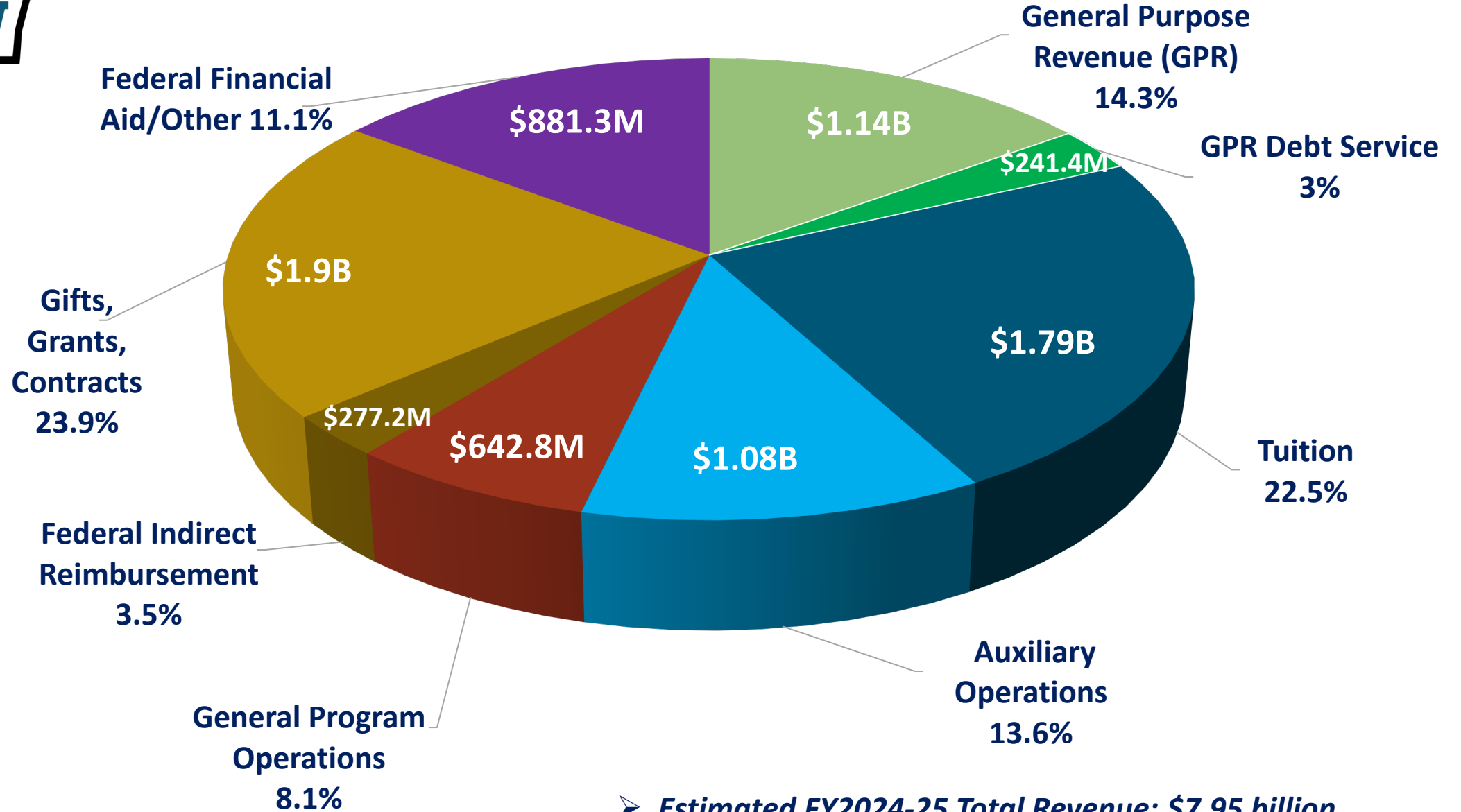




# Review of Revenue Sources



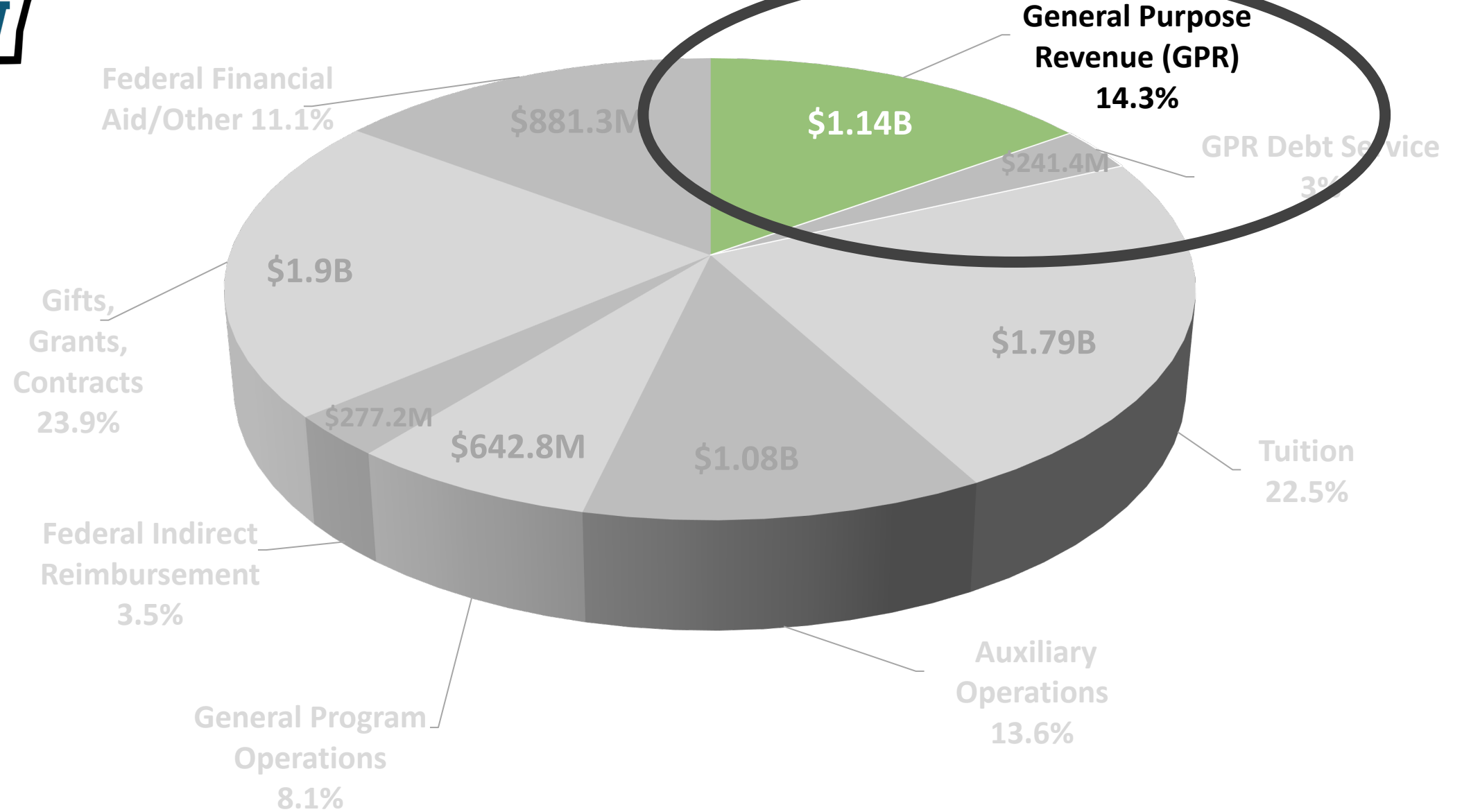
# FY25 TOTAL REVENUE BUDGET



➤ *Estimated FY2024-25 Total Revenue: \$7.95 billion*



# BIENNIAL REQUEST: GPR ONLY EXCLUDING DEBT SERVICE





# The Biennial Budget request supports several priority areas in the UW's Strategic Plan with a particular emphasis on:

- Ensuring Quality
- Increasing Affordability
- Preserving Accessibility
- Developing Talent
- Investing in Innovation



# BIENNIAL REQUEST FUNDING SUMMARY

<b>BIENNIAL BUDGET REQUEST SUMMARY</b>			
<b>Priority Area</b>	<b>FY26</b>	<b>FY27 Ongoing Request</b>	<b>Biennial Request</b>
Ensuring Quality	\$ 84,000,000	\$ 119,280,000	\$ 203,280,000
Increasing Affordability	\$ 56,360,000	\$ 72,610,000	\$ 128,970,000
Preserving Accessibility	\$ 113,100,000	\$ 156,870,000	\$ 269,970,000
Developing Talent	\$ 41,819,000	\$ 41,819,000	\$ 83,638,000
Investing in Innovation	\$ 52,585,000	\$ 16,700,000	\$ 69,285,000
Standard Budget Adjustments	\$ 50,000,000	\$ 50,000,000	\$ 100,000,000
<b>UW Request:</b>	<b>\$ 397,864,000</b>	<b>\$ 457,279,000</b>	<b>\$ 855,143,000</b>



# BUDGET PRIORITY: ENSURING QUALITY

## **Strategic Plan Goals:**

- ✓ We will promote excellence in teaching and prioritize the recruitment, development, and retention of high-quality, diverse faculty and staff [S3]
- ✓ We will ensure our universities are financially and environmentally sustainable so that they are positioned to fulfill their strategic missions [S5]





## BUDGET PRIORITY: ENSURING QUALITY

- **Salary Adjustments (“Pay Plan”) of 5% in FY26 and 3% in FY27**

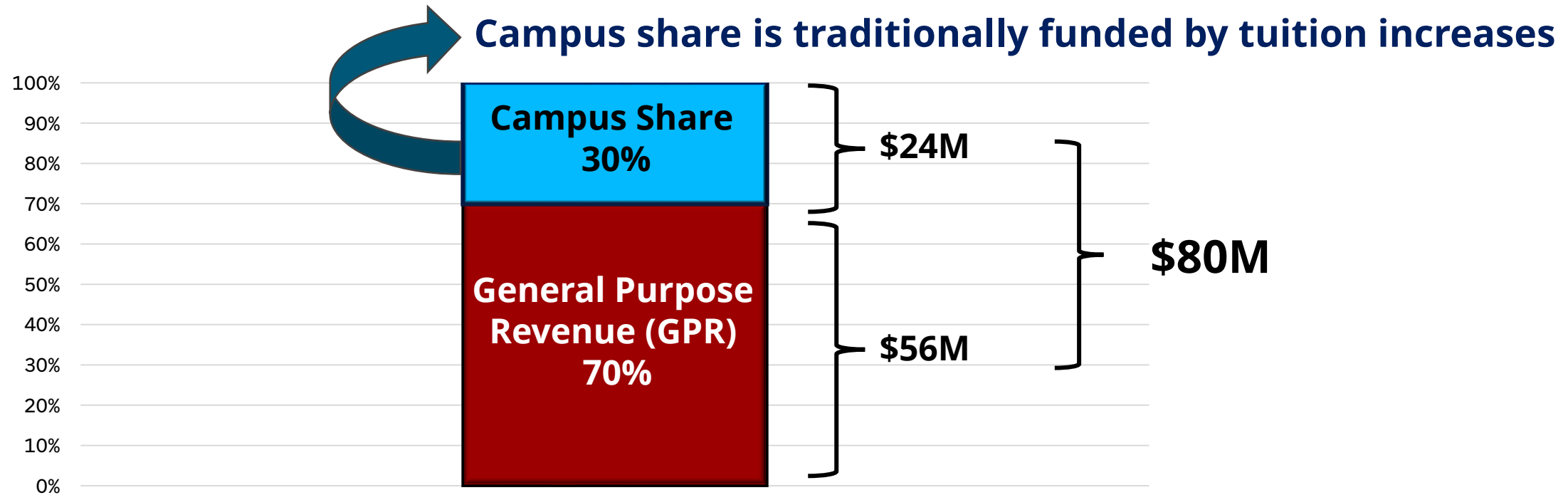
Salary adjustments will keep pace with inflation and enhance recruitment and retention of all employees across the Universities of Wisconsin

- **Total biennial request for GPR share of 5% Pay Plan in FY26 and 3% Pay Plan in FY27: \$147.3M**



# HOW IS PAY PLAN FUNDED?

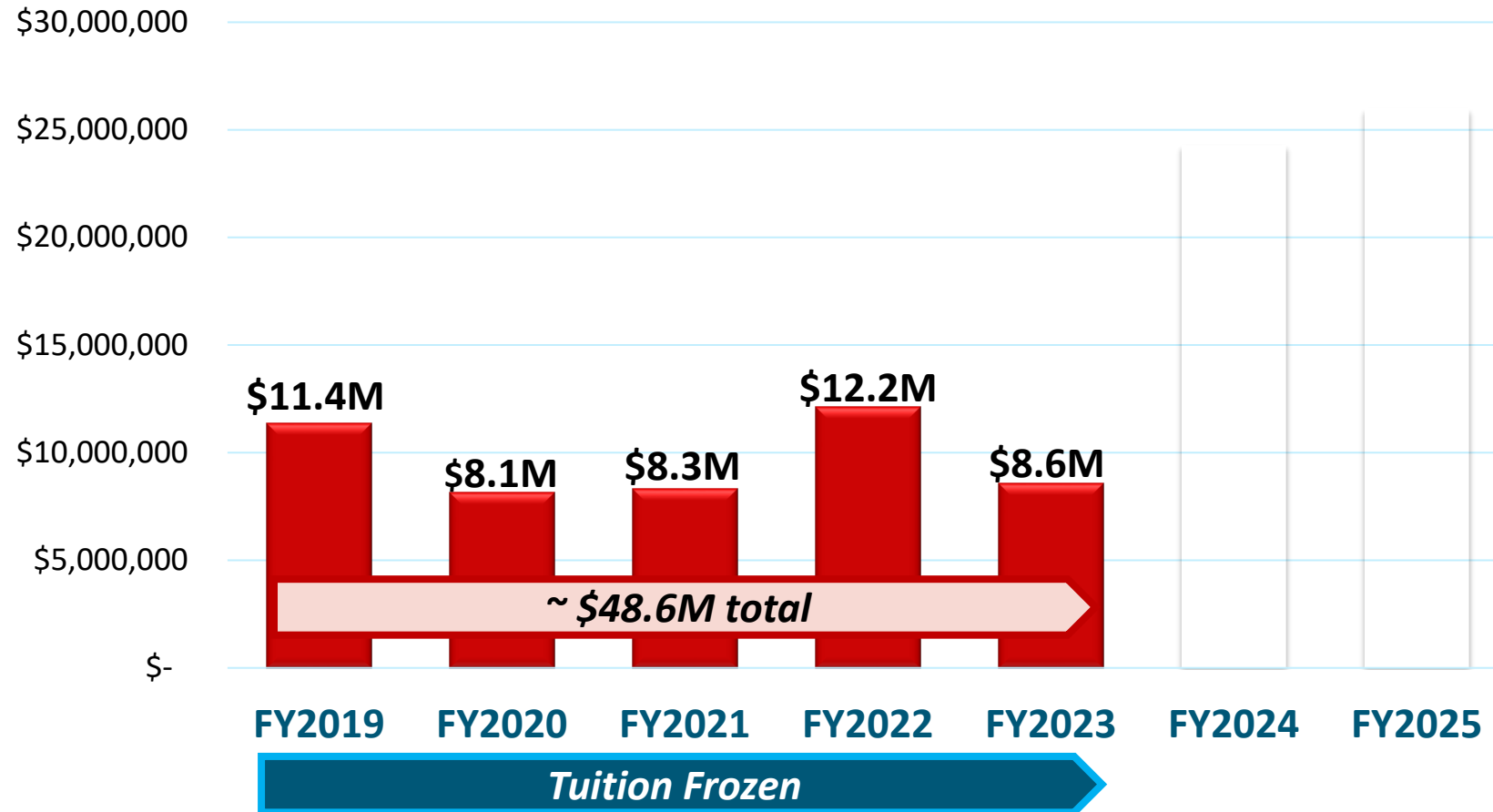
- Historically, employee salary increases (“pay plan”) are split between the state (70%) and the campus (30%)



➤ **Example illustrates a 5% Pay Plan increase**

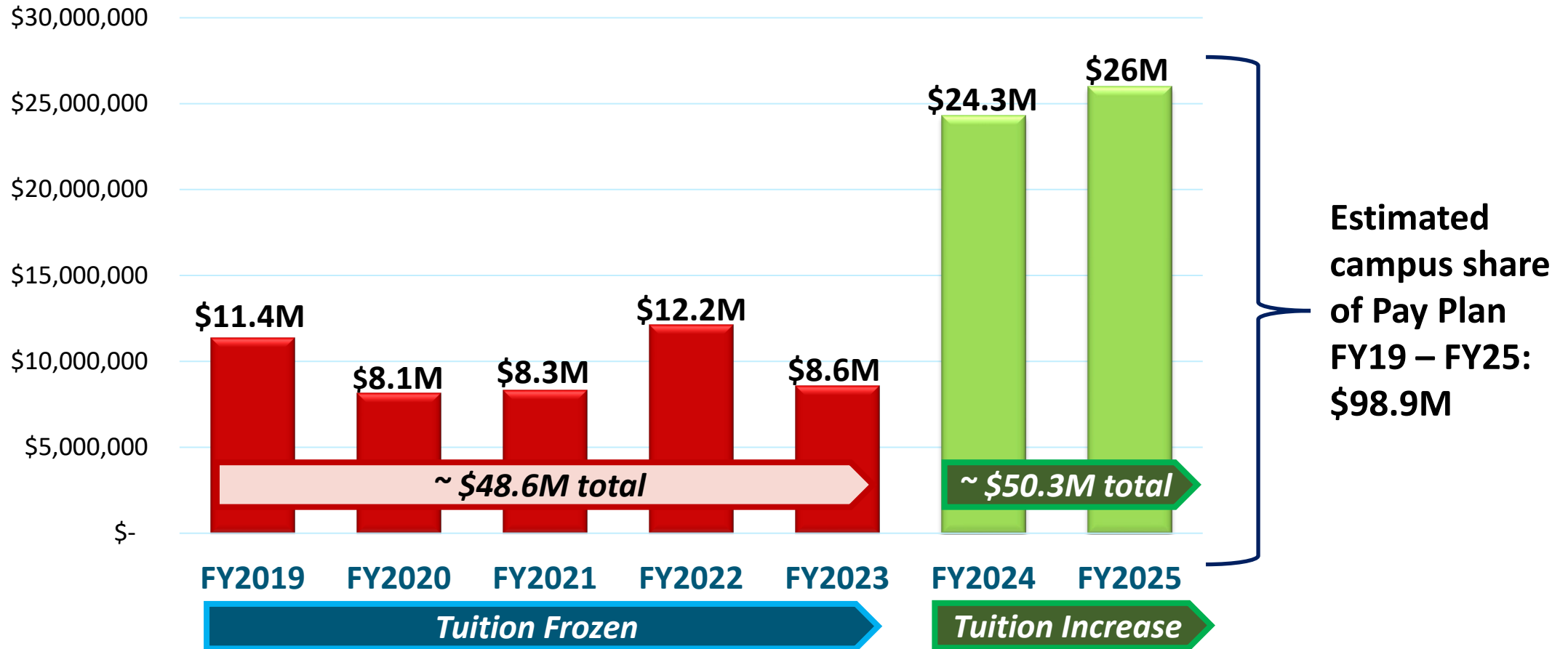


# CUMULATIVE IMPACT OF THE CAMPUS SHARE OF PAY PLAN FY19 - FY23





# CUMULATIVE IMPACT OF THE CAMPUS SHARE OF PAY PLAN FY19 - FY23





# BUDGET PRIORITY: ENSURING QUALITY

- **Salary Adjustments for Merit and Market**

Additional funding for the GPR share of salary increases to retain high performing faculty and to meet market compensation demands for all employees

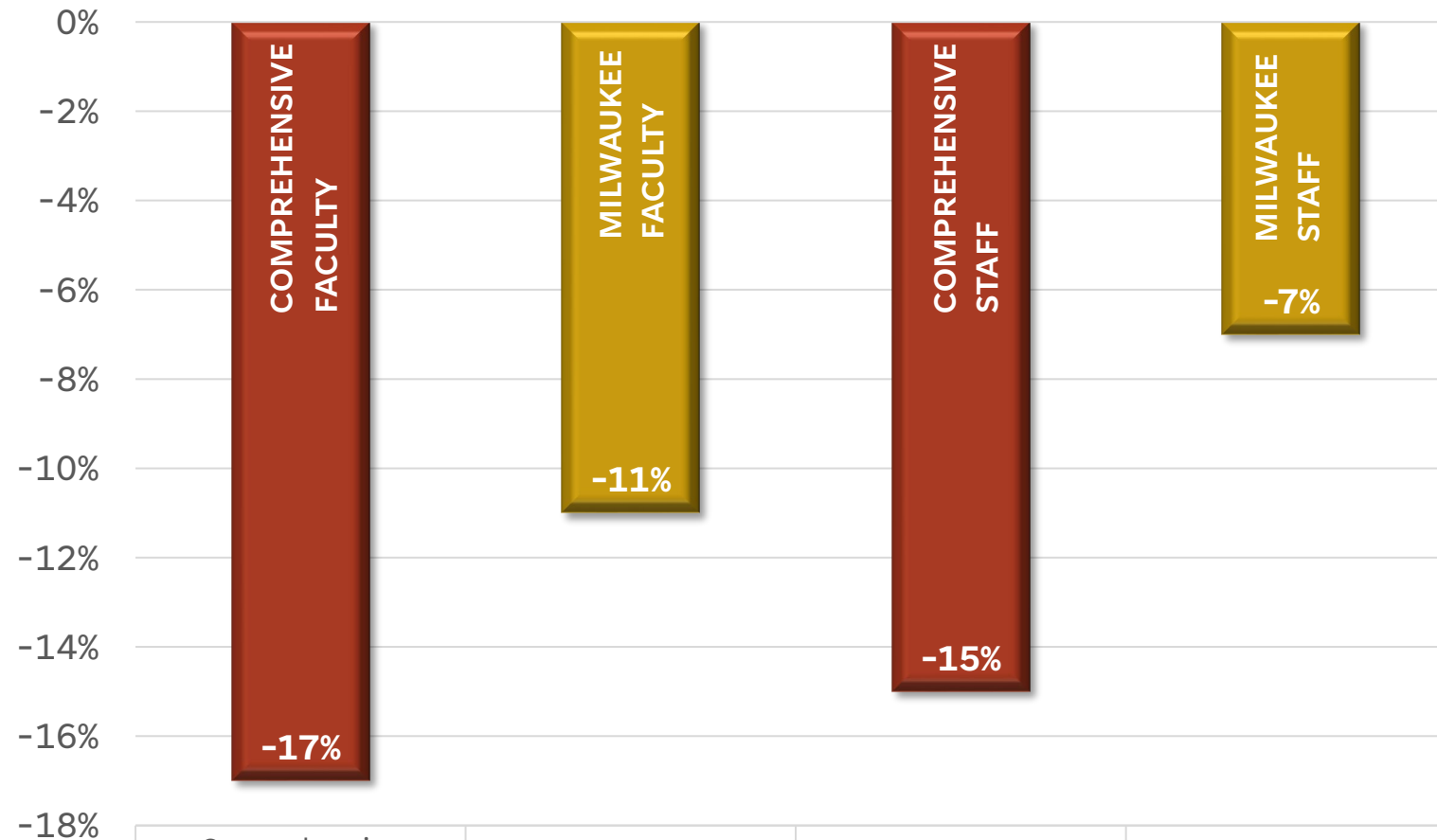
Allocation will focus on supporting the UW comprehensive universities and UW Milwaukee, where average faculty and staff salaries are significantly below median peer salaries

- **Total biennial request for the GPR share of Merit and Market Adjustments: \$56M**



# FOCUS ON MARKET COMPENSATION

% Behind Market



	Comprehensive Faculty	Milwaukee Faculty	Comprehensive Staff	Milwaukee Staff
■ % Behind Market	-17%	-11%	-15%	-7%



# BIENNIAL REQUEST SUMMARY: ENSURING QUALITY

ENSURING QUALITY			
Initiative	FY26	FY27 Ongoing Request	Biennial Request
GPR share of 5% and 3% Pay Plan	\$ 56,000,000	\$ 91,280,000	\$ 147,280,000
GPR Share of Merit and Market Adjustments	\$ 28,000,000	\$ 28,000,000	\$ 56,000,000
<b>Recommendation:</b>	<b>\$ 84,000,000</b>	<b>\$ 119,280,000</b>	<b>\$ 203,280,000</b>



# Biennial Budget Priority: Affordability

## Strategic Plan Goals:

- ✓ We will increase access to higher education and improve rates of success for historically underserved students [S1]
- ✓ We will provide support for the universities to drive enrollment to meet the needs of the state and the knowledge economy [S8]





# BUDGET PRIORITY: AFFORDABILITY

- **Wisconsin Tuition Promise**

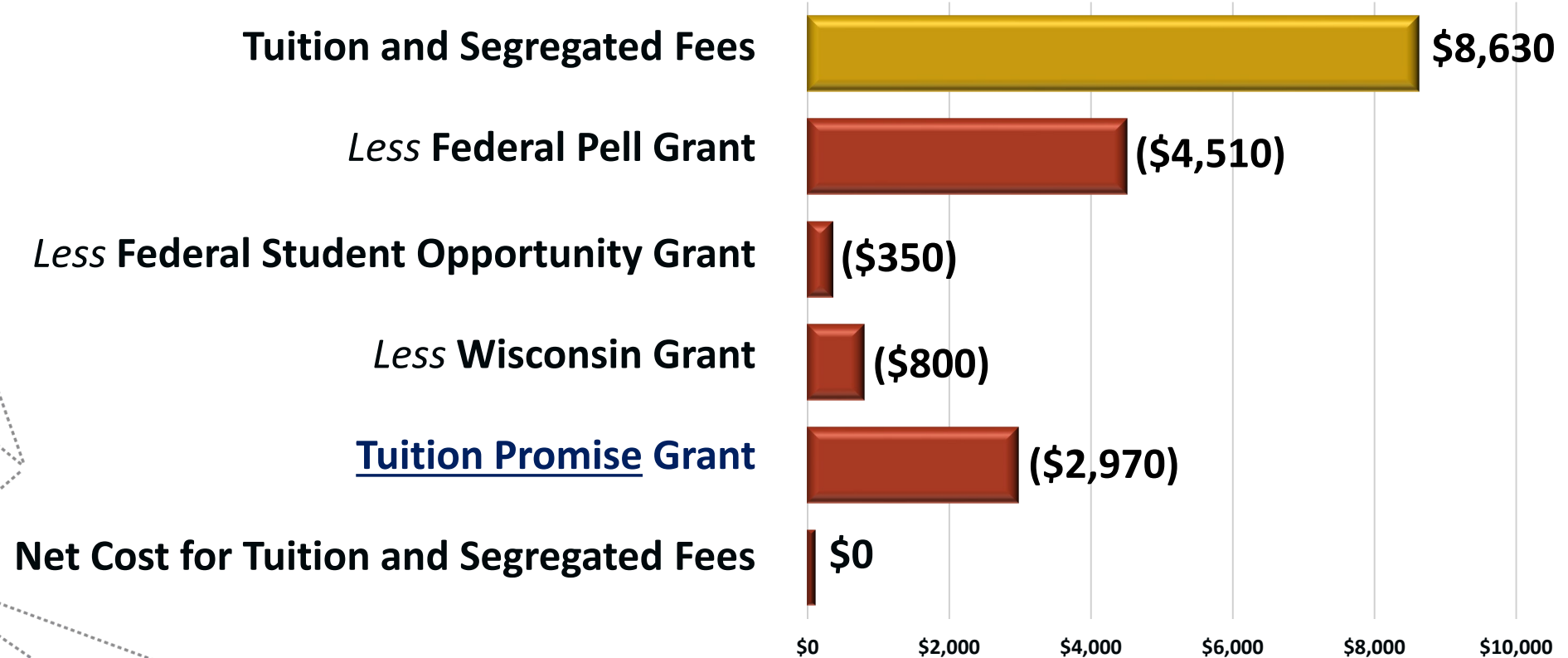
Modeled after the successful Bucky's Promise at UW Madison, this program will cover the cost of tuition and fees for low- and middle-income families in Wisconsin from a household with an adjusted gross income (AGI) of  $\leq$  \$71K, the median AGI in Wisconsin

This "last dollar" financial aid program will cover tuition and fees after other aid, including federal Pell grants, are applied

- **Recommended investment over biennium: \$39.97M**



# EXAMPLE OF HOW TUITION PROMISE WORKS



*Example illustrates a family AGI of  $\approx$ \$71k*



# EARLY RETURNS ARE PROMISING

- **Participation of WI High School graduates increased by 1% in Fall 2023, the first increase since 2017**
  - Participation rates increased among high school graduates outpacing changes in the number of Wisconsin High School graduates
- **Pell-eligible** new freshmen who entered in Fall 2023 increased over the prior fall by 15.5%, constituting the largest percent increase since Fall 2010
- **First-generation** new freshmen entering in Fall 2023 increased by 6.3%, the first increase since Fall 2010
- Fall 2023 saw a 19% increase in the percentage of **Underrepresented Minority new** freshmen, the largest since Fall 1988



# WISCONSIN TUITION PROMISE IMPACT

	Freshman		Transfer	
	Recipients	Avg. Promise	Recipients	Avg. Promise
UW-Eau Claire	110	\$1,989	24	\$2,720
UW-Green Bay	95	\$2,392	46	\$2,612
UW-La Crosse	181	\$2,012	32	\$2,204
UW-Milwaukee	342	\$2,095	170	\$2,662
UW-Oshkosh	89	\$1,556	35	\$2,537
UW-Parkside	21	\$1,700	1	\$3,928
UW-Platteville	72	\$2,237	17	\$2,077
UW-River Falls	29	\$1,737	10	\$2,640
UW-Stevens Point	129	\$1,868	39	\$2,180
UW-Stout	64	\$2,040	21	\$3,339
UW-Superior	9	\$2,488	14	\$3,310
UW-Whitewater	106	\$1,946	42	\$2,596
<b>Universities of Wisconsin:</b>	<b>1,247</b>	<b>\$2,015</b>	<b>451</b>	<b>\$2,602</b>



## BUDGET PRIORITY: AFFORDABILITY

- **Increase Wisconsin Grant Awards**

The **Wisconsin Grant** is the state's primary needs-based financial aid program appropriated at \$62M annually. Recommendation will increase student grant awards up to \$4,500 or approximately 50% of the average tuition and fees at a UW campus

- *The funding for the Wisconsin Grant is appropriated through the Higher Education Aids Board (HEAB). The UW Board of Regents must approve the funding request before consideration by HEAB at their August 29<sup>th</sup> meeting*



# BUDGET PRIORITY: AFFORDABILITY

- **Support for Veterans and their Dependents**

Fully fund the statutorily-required tuition and fee remissions for all eligible veterans and their dependents across the 13 UW campuses. Funding will also provide additional wrap around services for the unique challenges veterans face in pursuit of a degree

- **Recommended Investment over biennium: \$84M**

- **Tuition Remission for Tribal Members**

Fully fund tuition and segregated fees for enrolled members of a recognized tribal nation in Wisconsin

- **Recommended Investment over biennium: \$5M**



# BIENNIAL REQUEST SUMMARY: AFFORDABILITY

AFFORDABILITY			
Initiative	FY26	FY27 Ongoing Request	Biennial Request
Wisconsin Tuition Promise	\$ 11,860,000	\$ 28,110,000	\$ 39,970,000
Veterans Support	\$ 42,000,000	\$ 42,000,000	\$ 84,000,000
Fee Remission for Tribal Members	\$ 2,500,000	\$ 2,500,000	\$ 5,000,000
<b>Recommendation:</b>	<b>\$ 56,360,000</b>	<b>\$ 72,610,000</b>	<b>\$ 128,970,000</b>

*Recommendation to HEAB\*:*

Wisconsin Grant	\$ 13,500,000	\$ 13,500,000	\$ 27,000,000
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*\* Upon BOR approval, funding request will be forwarded to HEAB for consideration in their biennial budget request*



# Biennial Budget Priority: Accessibility

## **Strategic Plan Goals:**

- ✓ We will increase access to higher education and improve rates of success for historically underserved students [S1]
- ✓ We will champion student success across the higher education life cycle [S2]
- ✓ We will provide support for the universities to drive enrollment to meet the needs of the state and the knowledge economy [S8]





## BUDGET PRIORITY: ACCESSIBILITY

- **General Purpose Revenue (GPR) Increase**

Request an increase in state GPR support to acknowledge increased operating costs due to inflation. Funding will be allocated to the 13 Universities of Wisconsin

- **Recommended investment over biennium: \$156M**

- **FY26: 6.2%**
- **FY27: 2.6%**



# BUDGET PRIORITY: ACCESSIBILITY

- Additional state support to fully fund UW employee compensation will relieve the Universities of Wisconsin from absorbing the 30% tuition share thereby reducing pressure to raise tuition to fund the campus exposure
- **GPR Support for the Tuition Share of Pay Plan**
  - Total biennial funding: \$63.1M
- **GPR Support for the Tuition Share of Merit and Market Adjustments**
  - Total biennial funding: \$24M
  - **Recommended investment over biennium: \$87.1M**



## BUDGET PRIORITY: ACCESSIBILITY

**Requesting funding to support student accessibility initiatives in the areas of:**

- ✓ Dual Enrollment
- ✓ Expanding Recruitment and Outreach
- ✓ Direct Admit Wisconsin
- ✓ Welcome Back Wisconsin
- ✓ Improving Transfer Pathways

➤ **Recommended investment over biennium: \$40.35M**



# BIENNIAL REQUEST SUMMARY: ACCESSIBILITY

ACCESSIBILITY			
Initiative	FY26	FY27 Ongoing Request	Biennial Request
Operational Budget Increase	\$ 64,000,000	\$ 92,000,000	\$ 156,000,000
Tuition Share of Pay Plan	\$ 24,000,000	\$ 39,120,000	\$ 63,120,000
Tuition Share of Merit/Market Adj.	\$ 12,000,000	\$ 12,000,000	\$ 24,000,000
<b>Accessibility</b>			
Dual Enrollment	\$ 7,250,000	\$ 7,250,000	\$ 14,500,000
Expanding Recruitment and Outreach	\$ 3,000,000	\$ 3,000,000	\$ 6,000,000
Direct Admit Wisconsin	\$ 1,500,000	\$ 1,500,000	\$ 3,000,000
Welcome Back Wisconsin	\$ 600,000	\$ 1,250,000	\$ 1,850,000
Improving Transfer Pathways	\$ 750,000	\$ 750,000	\$ 1,500,000
<b>Recommendation:</b>	<b>\$ 113,100,000</b>	<b>\$ 156,870,000</b>	<b>\$ 269,970,000</b>



# Biennial Budget Priority: Talent Development

## **Strategic Plan Goals:**

- ✓ We will champion student success across the higher education life cycle [S2]
- ✓ We will champion the democratic principles of free expression, academic freedom, and civil discourse [S4]
- ✓ We will provide support for the universities to drive enrollment to meet the needs of the state and the knowledge economy [S8]
- ✓ We will engage thoughtfully with the employer community to identify and address employer talent, support, and research needs [S9]



# BUDGET PRIORITY: TALENT DEVELOPMENT

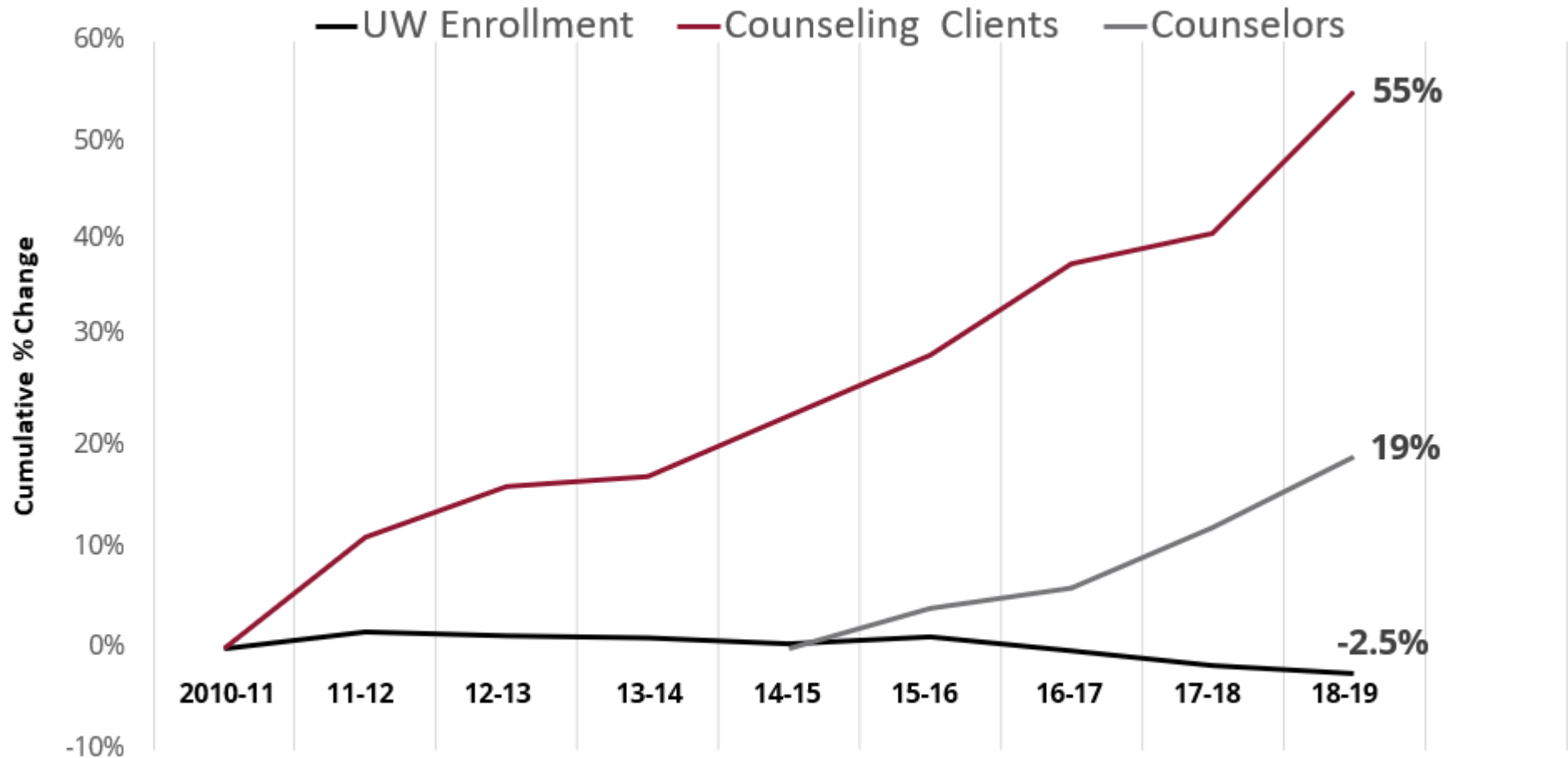
**Requesting funding to support student success initiatives in the areas of:**

- ✓ Mental Health and Well-being
- ✓ Student Retention
- ✓ Career Readiness
- ✓ Civil Dialogue Training
- ✓ High Impact Practices including UG Research and Internships
- ✓ Prior Learning Assessments

➤ **Recommended investment over biennium: \$62.7M**



# FOCUS ON MENTAL HEALTH AND WELL-BEING FY11 – FY19



Sources: Universities of Wisconsin Enrollment Data; UW Counseling Center Directors



# BUDGET PRIORITY: TALENT DEVELOPMENT

- **Continuing Education**

Funding to support ongoing relationships with regional employers and provide reskilling and upskilling opportunities for local employees

Continuing Education divisions across the Universities of Wisconsin will focus on expanding training in employer-chosen, on-demand online seminars

- **Recommended investment over biennium: \$10M**





# BIENNIAL REQUEST SUMMARY: DEVELOPING TALENT

DEVELOPING TALENT			
Initiative	FY26	FY27 Ongoing Request	Biennial Request
<b>Student Success</b>			
Mental Health and Well-being	\$ 11,000,000	\$ 11,000,000	\$ 22,000,000
Student Retention	\$ 9,900,000	\$ 9,900,000	\$ 19,800,000
Career Readiness	\$ 5,750,000	\$ 5,750,000	\$ 11,500,000
High Impact Practices	\$ 1,700,000	\$ 1,700,000	\$ 3,400,000
Civil Dialogue Training	\$ 2,500,000	\$ 2,500,000	\$ 5,000,000
Prior Learning Assessments	\$ 719,000	\$ 719,000	\$ 1,438,000
<b>Teacher Loan Forgiveness</b>	\$ 5,250,000	\$ 5,250,000	\$ 10,500,000
<b>Continuing Education</b>	\$ 5,000,000	\$ 5,000,000	\$ 10,000,000
<b>Recommendation:</b>	<b>\$ 41,819,000</b>	<b>\$ 41,819,000</b>	<b>\$ 83,638,000</b>



# BUDGET PRIORITY: INNOVATION

## Strategic Plan Goals:

- ✓ We will promote excellence in teaching and prioritize the recruitment, development, and retention of high-quality, diverse faculty and staff [S3]
- ✓ We will focus on being a global leader in research, scholarship, and creative activity, as well as knowledge dissemination that benefits society [S6]
- ✓ We will foster a culture of innovation in support of advancing human knowledge and economic prosperity [S7]
- ✓ We will engage thoughtfully with the employer community to identify and address employer talent, support, and research needs [S9]



# BUDGET PRIORITY: INNOVATION

## ■ **Artificial Intelligence (AI ) Hub**

Develop AI capacity within the Universities of Wisconsin to support the state's industries and workforce. Efforts will be focused in the areas of:

- ✓ Faculty Recruitment and Development
- ✓ Curriculum and Classroom Applications
- ✓ Online Collaborative Programs
- ✓ Research and Infrastructure (one-time funding)

➤ **Recommended investment over biennium: \$57.3M**



# BUDGET PRIORITY: INNOVATION

- **Freshwater Collaborative**

Protecting clean water resources through research and training is the mission of the Freshwater Collaborative, which includes all 13 UW campuses and engages government agencies, businesses, nonprofits, and community members

- **Recommended investment over biennium: \$5M**

- **Dairy Innovation Hub**

Wisconsin's dairy community generates approximately \$46 billion in economic activity for the state and nearly 160,000 jobs. This initiative benefitting UW Madison, UW River Falls, and UW Platteville, engages in over 200 funded projects and has supported more than 500 student researchers. Additional funding will keep Wisconsin's dairy community leading in innovation as a recognized global leader

- **Recommended investment over biennium: \$7M**



# BIENNIAL REQUEST SUMMARY: INNOVATION

INNOVATION			
Initiative	FY26	FY27 Ongoing Request	Biennial Request
<b>Artificial Intelligence (AI)</b>			
Faculty Recruitment and Development	\$ 2,660,000	\$ 5,700,000	\$ 8,360,000
Curriculum and Classroom Applications	\$ 5,000,000	\$ 5,000,000	\$ 10,000,000
Online Collaborative Programs	\$ 1,300,000	\$ -	\$ 1,300,000
Research and Infrastructure	\$ 37,625,000	\$ -	\$ 37,625,000
<b>Freshwater Collaborative</b>	\$ 2,500,000	\$ 2,500,000	\$ 5,000,000
<b>Dairy Hub Innovation</b>	\$ 3,500,000	\$ 3,500,000	\$ 7,000,000
<b>Recommendation:</b>	<b>\$ 52,585,000</b>	<b>\$ 16,700,000</b>	<b>\$ 69,285,000</b>



## ADDITIONAL BIENNIAL BUDGET REQUEST: STANDARD BUDGET ADJUSTMENTS

**Standard budget adjustments** acknowledge the actual cost of continuing current fiscal year obligations, primarily fringe benefits costs, into the next fiscal year

- **Requesting \$50M over the biennium to meet ongoing obligations.** Final amount for biennium is TBD pending review of prior year actuals by the Department of Administration (DOA)



# TOTAL BIENNIAL REQUEST SUMMARY

BIENNIAL BUDGET REQUEST SUMMARY			
Strategic Goal	FY26	FY27 Ongoing Request	Biennial Request
Ensuring Quality	\$ 84,000,000	\$ 119,280,000	\$ 203,280,000
Increasing Affordability	\$ 56,360,000	\$ 72,610,000	\$ 128,970,000
Preserving Accessibility	\$ 113,100,000	\$ 156,870,000	\$ 269,970,000
Developing Talent	\$ 41,819,000	\$ 41,819,000	\$ 83,638,000
Investing in Innovation	\$ 52,585,000	\$ 16,700,000	\$ 69,285,000
Standard Budget Adjustments	\$ 50,000,000	\$ 50,000,000	\$ 100,000,000
<b>UW Request:</b>	<b>\$ 397,864,000</b>	<b>\$ 457,279,000</b>	<b>\$ 855,143,000</b>
Veterinary Diagnostic Laboratory (VDL)	\$ 785,800	\$ 785,800	\$ 1,571,600
Wisconsin Grant Request	\$ 13,500,000	\$ 13,500,000	\$ 27,000,000
UW Request Incl. Wisconsin Grant and VDL	\$ 412,149,800	\$ 471,564,800	\$ 883,714,600



# OTHER REQUIRED INFORMATION FOR SUBMISSION

- **2025-27 Performance Measures identified by UW System**
  - Includes: undergrad degrees conferred, retention rates, participation rates, and graduation rates
- **Reduction Plans**
  - ✓ State statute requires agencies to provide a plan for no funding increase and a 5% reduction
  - ✓ Base level funding for reduction negotiated with the Department of Administration (DOA); request delegation of plan approval to the UW President





QUESTIONS ?