



FISCAL YEAR 2024-25 ANNUAL OPERATING BUDGET

BOARD OF REGENTS'
BUSINESS AND FINANCE COMMITTEE
JUNE 6, 2024

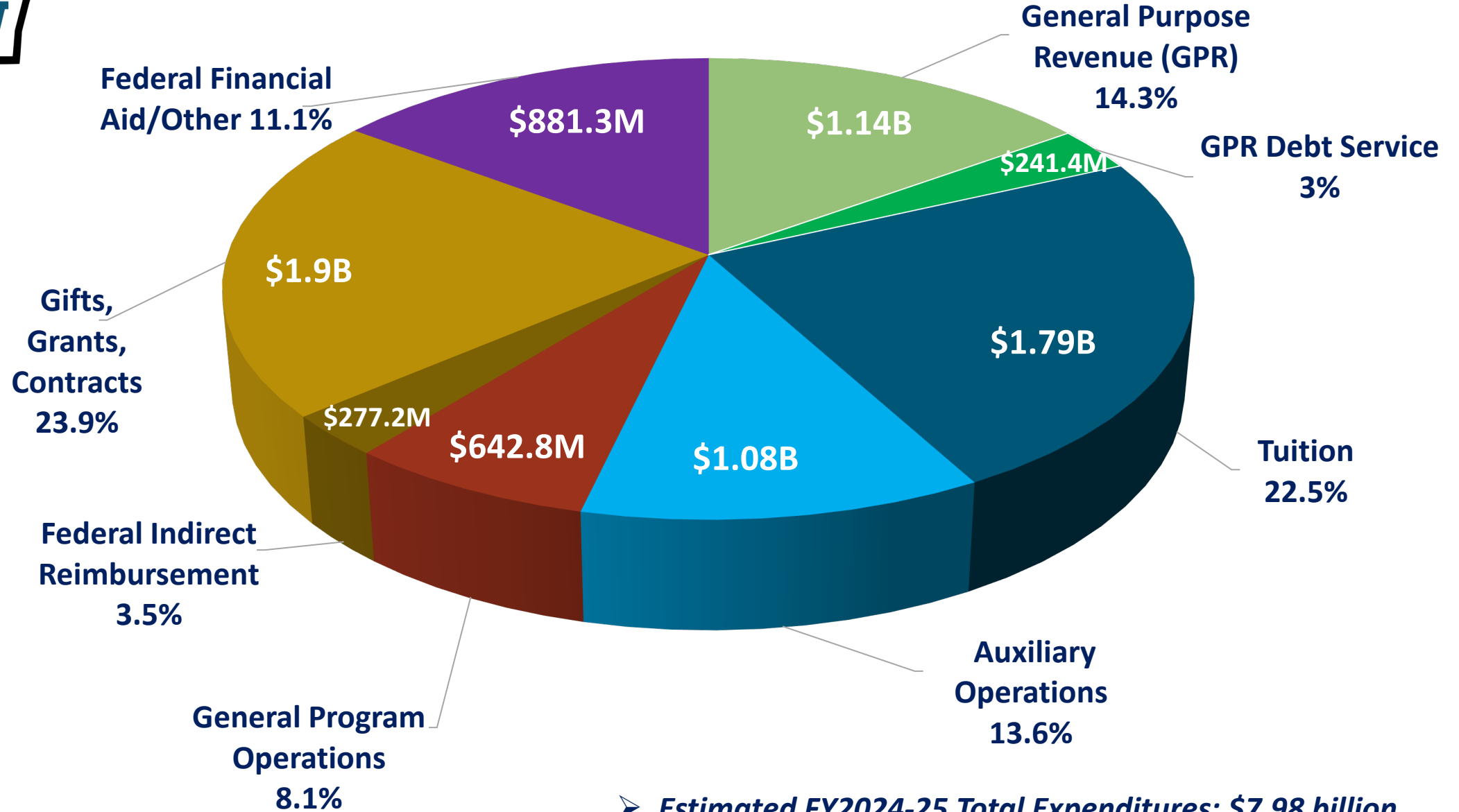
SEAN P. NELSON, VICE PRESIDENT FOR FINANCE AND ADMINISTRATION



FY25 Annual Budget: *Revenue Sources*



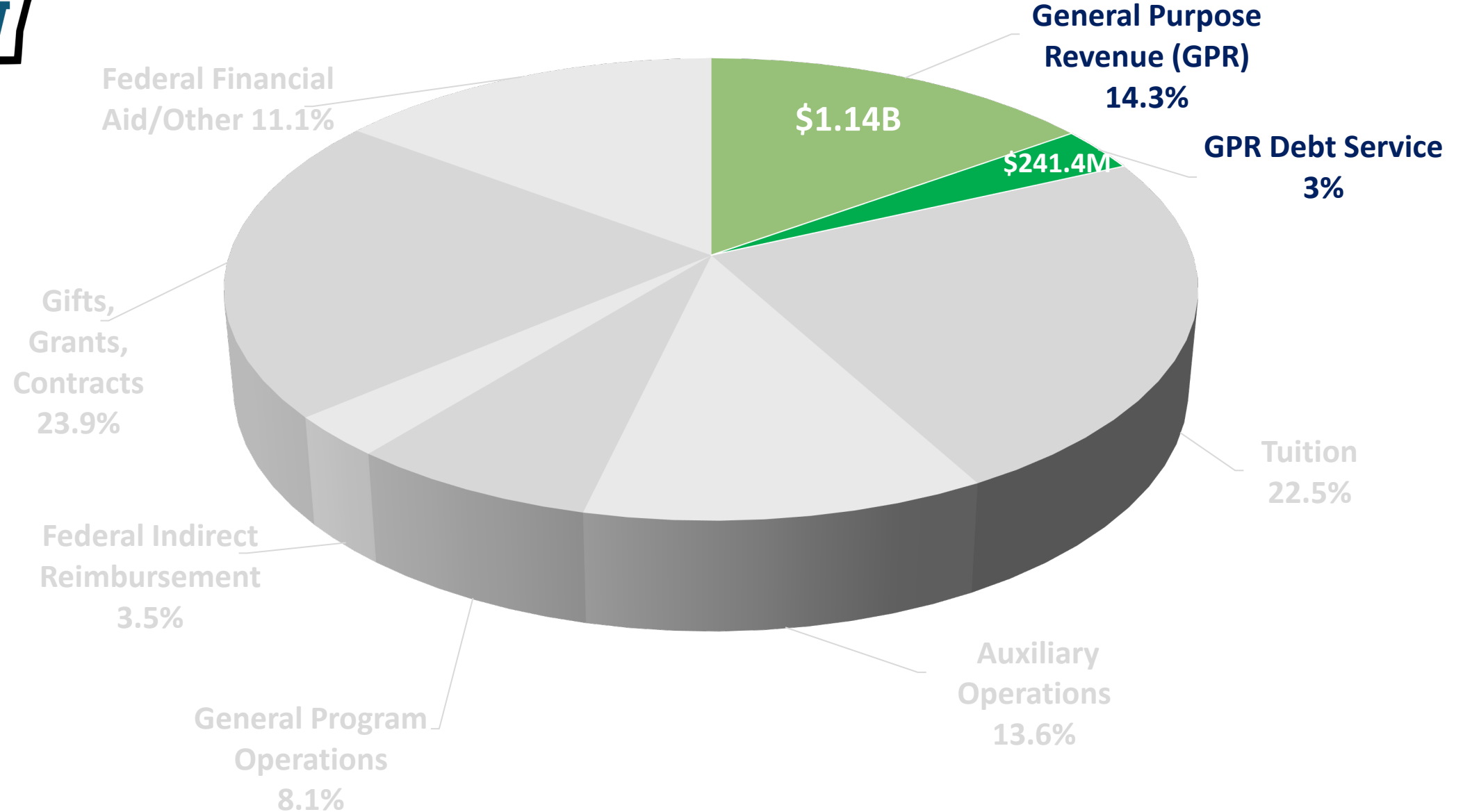
FY25 TOTAL EXPENSE BUDGET



➤ *Estimated FY2024-25 Total Expenditures: \$7.98 billion*

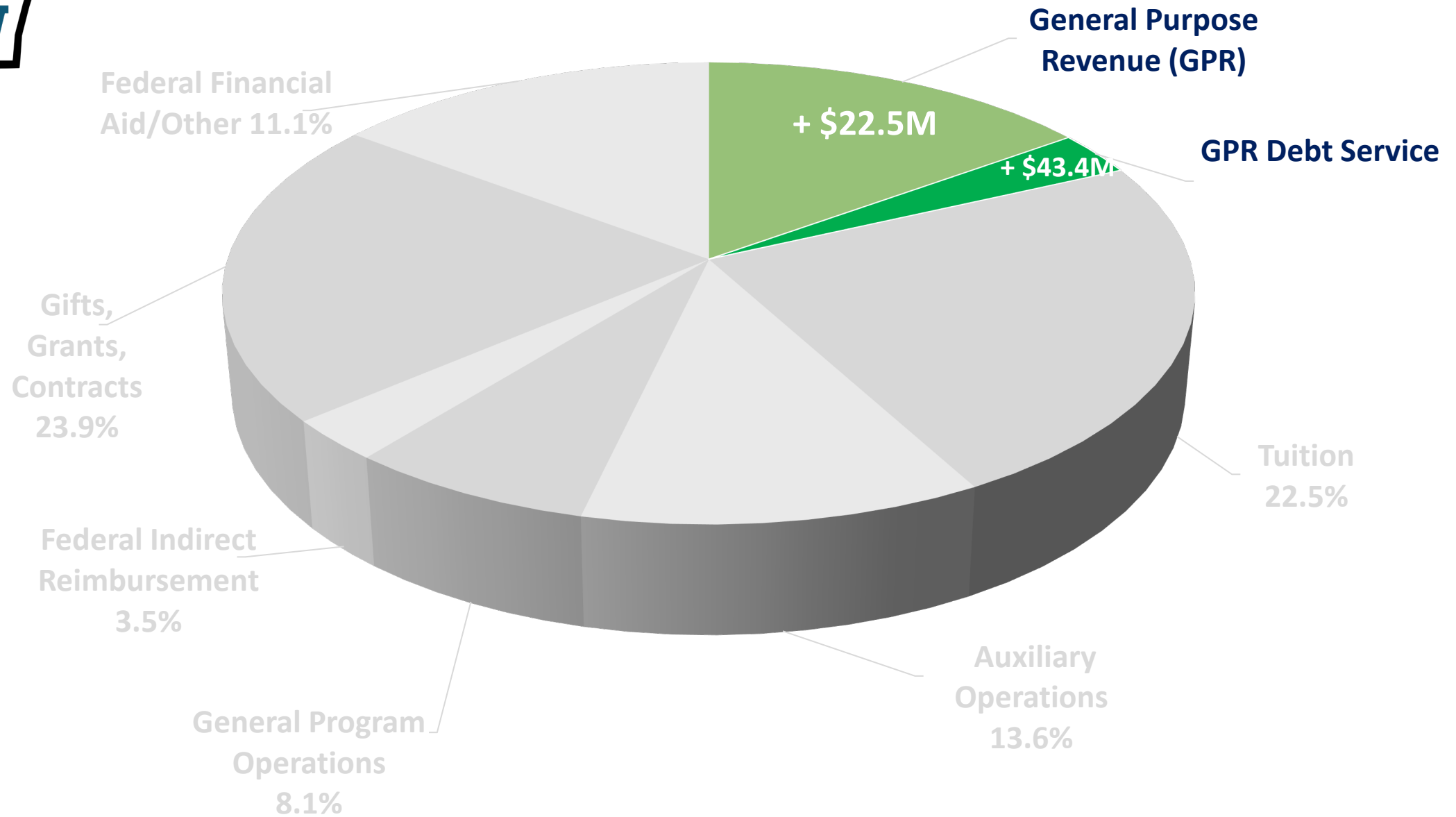


REVENUE SOURCE: GPR (STATE SUPPORT)



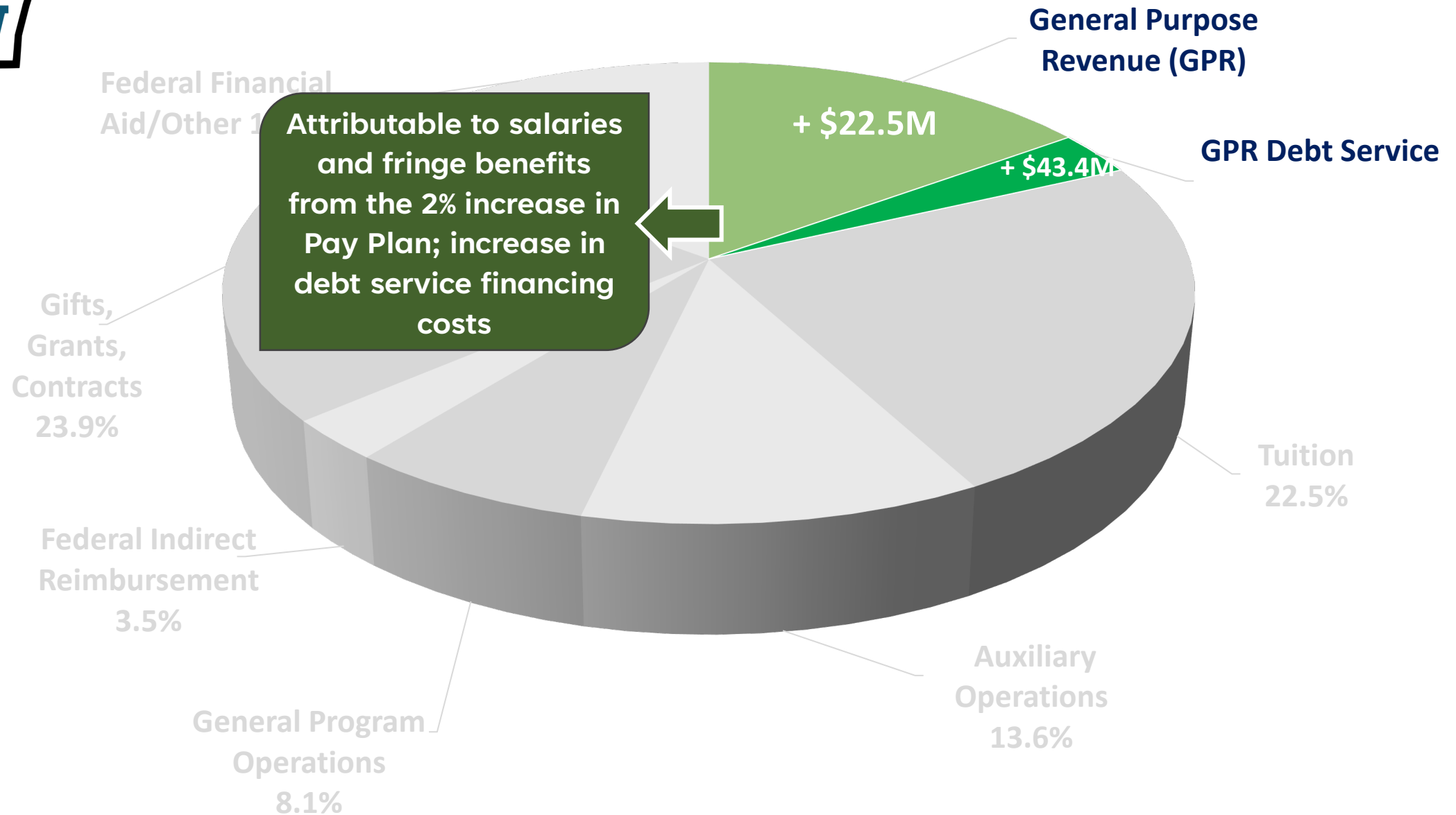


BUDGET CHANGE: GPR (STATE SUPPORT)





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BREAKDOWN OF CHANGES IN FY25 GPR OVER FY24

FY24 GPR Budget	\$	1,314,902,808
Debt Service	\$	43,362,100
2% Pay Plan and Fringe Benefits	\$	51,206,691
Remove One-time 27th Pay Period	\$	(28,797,623)
Additional Emergency Grant Expenditures	\$	85,000
FY25 GPR Budget	\$	1,380,758,976
FY25 GPR Increase over FY24	\$	65,856,168
% increase FY25/FY24		5.0%



OTHER NOTABLE FY25 GPR BUDGET ITEMS

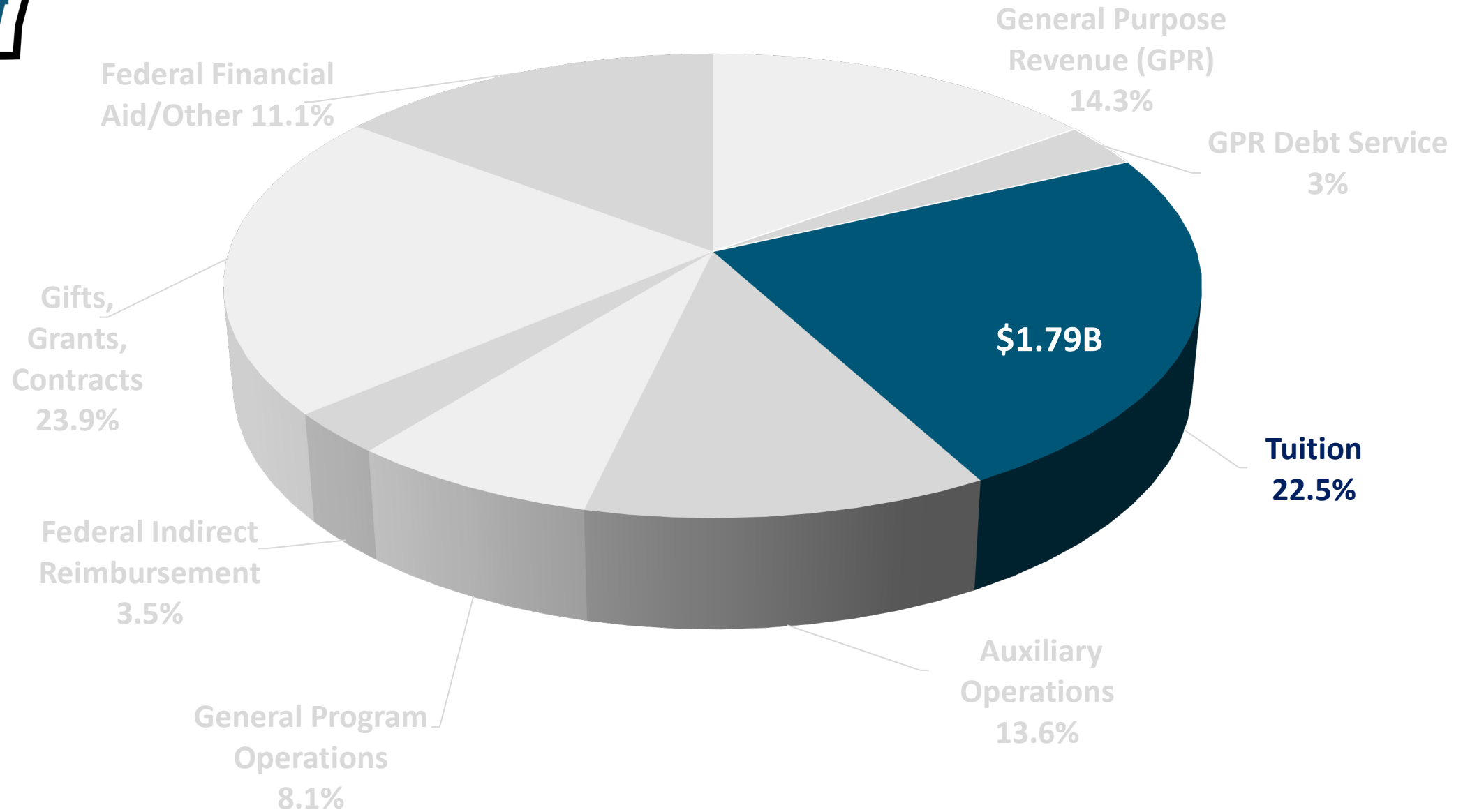
➤ *Funded through the Higher Education Aids Board (HEAB)*

- **Wisconsin Grant:** the state's primary need-based financial aid program
 - Level funding from FY24 at \$61.9M
 - Legislative change in FY24 removed statutory cap on financial aid awards

- **Nursing Educators Initiative:** fellowship and loan repayment program for Wisconsin institutions of higher education
 - Level funding from FY24 at \$5M
 - UW campuses received \$1.5M in FY24, or 30% of total appropriation

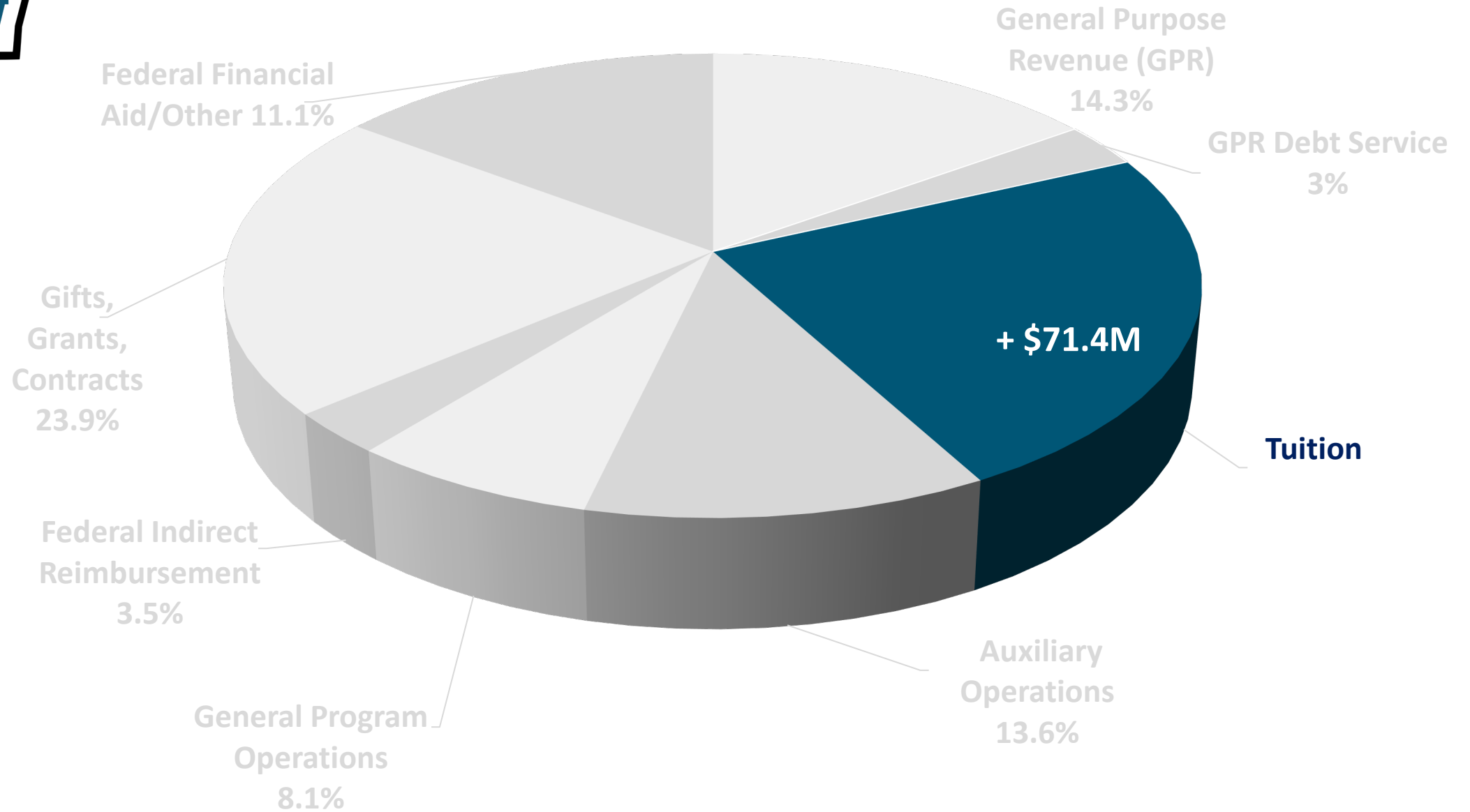


FY25 REVENUE SOURCE: TUITION



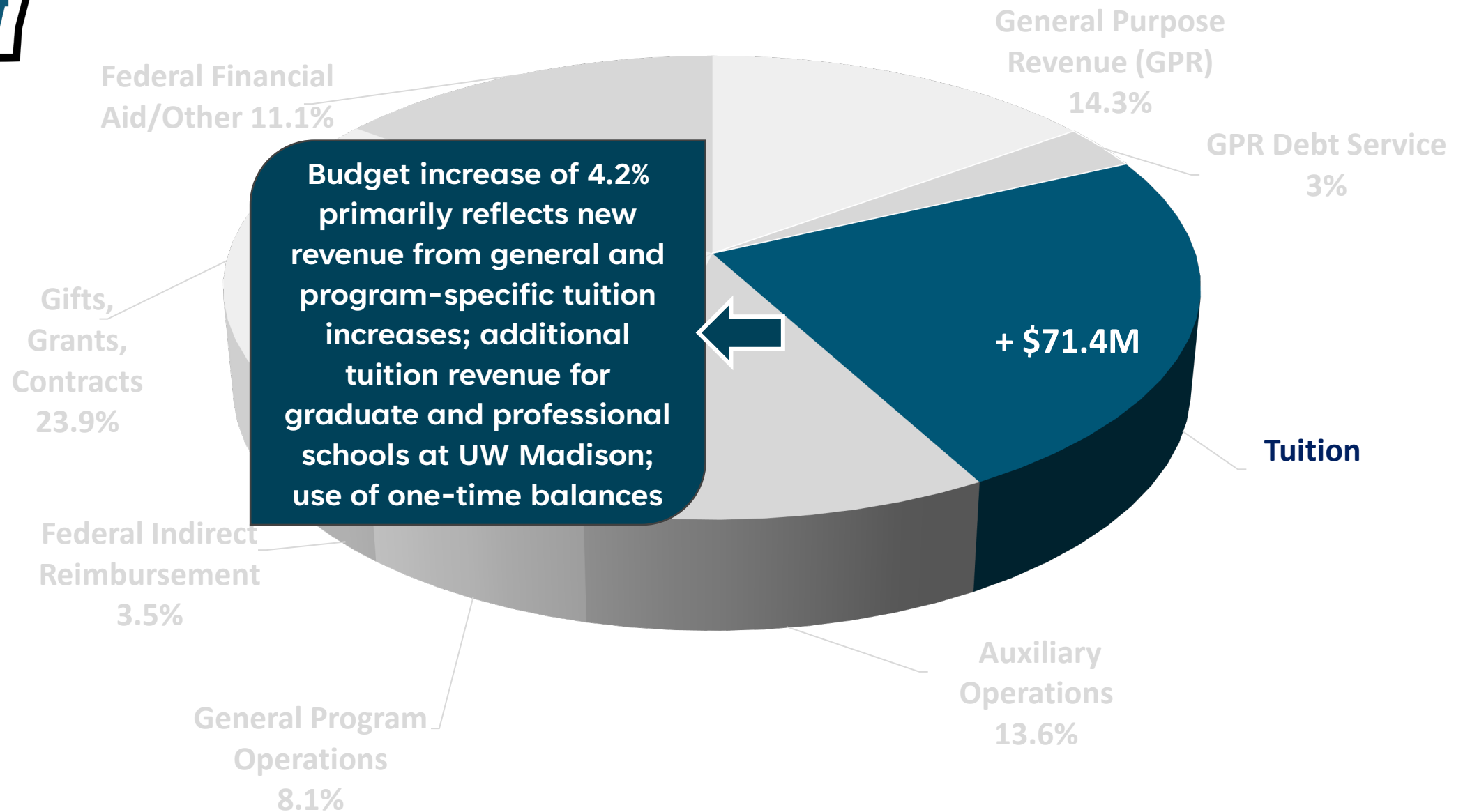


FY25 BUDGET CHANGE: TUITION



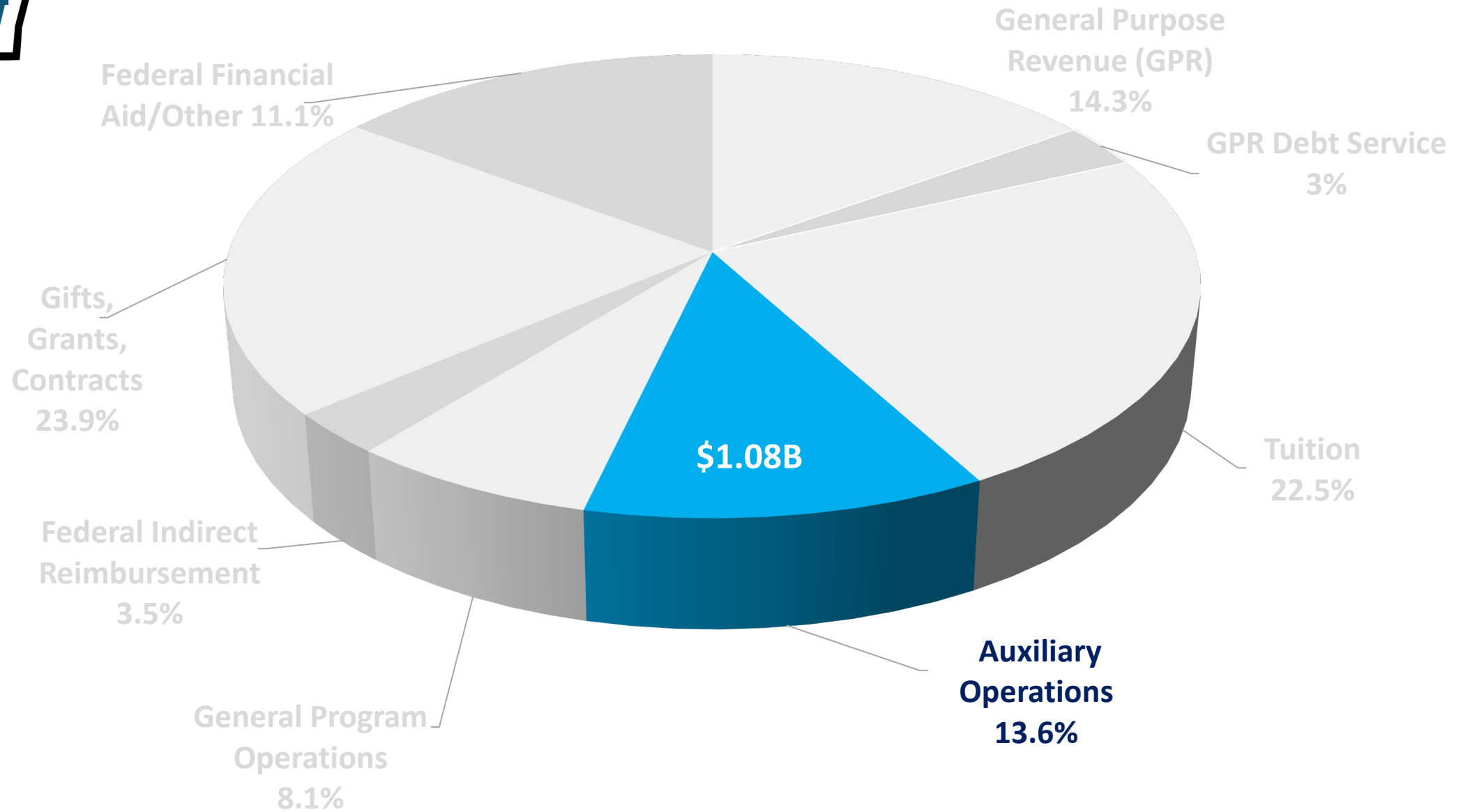


FY25 BUDGET CHANGE: TUITION



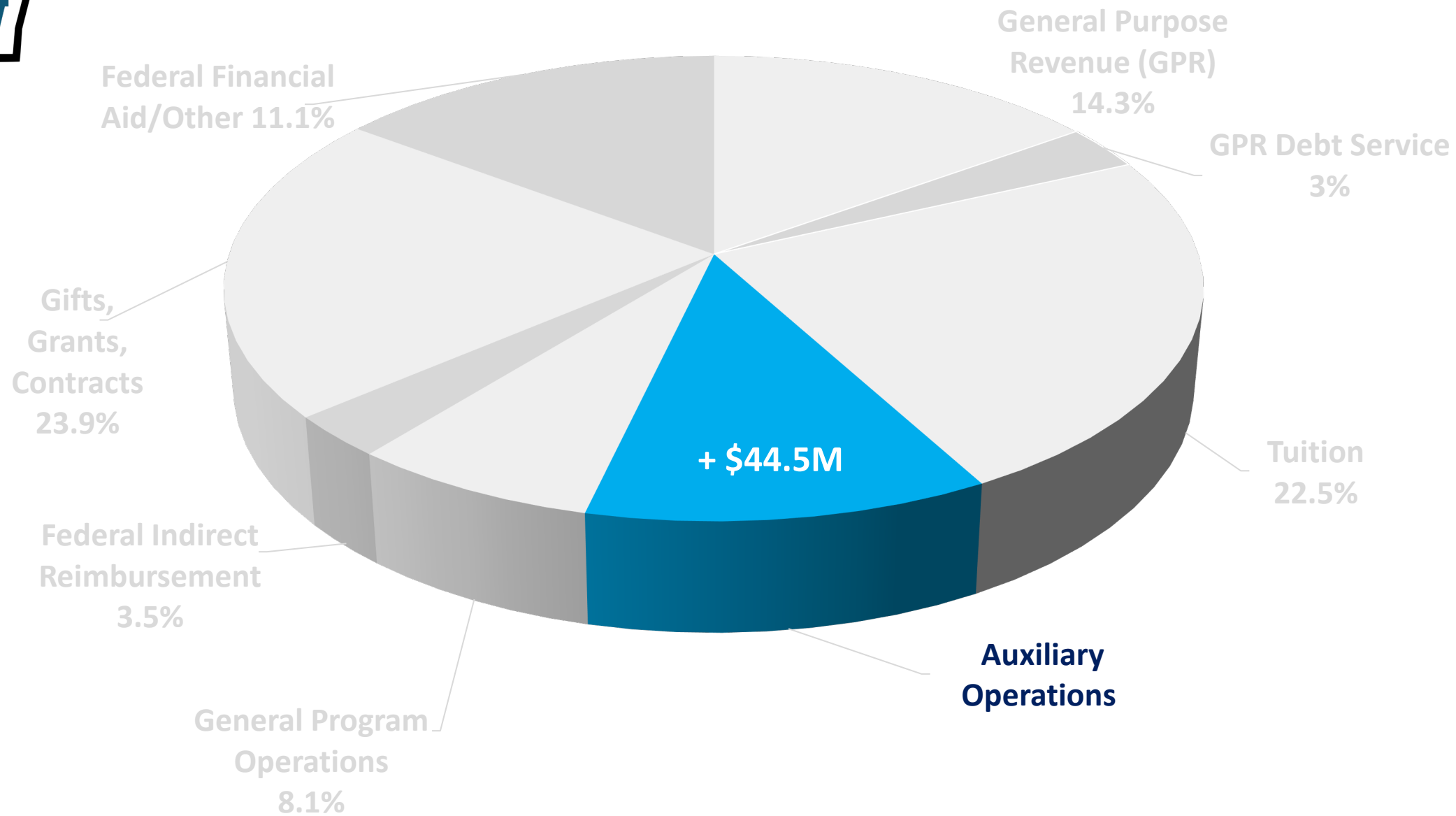


FY25 REVENUE SOURCE: AUXILIARIES



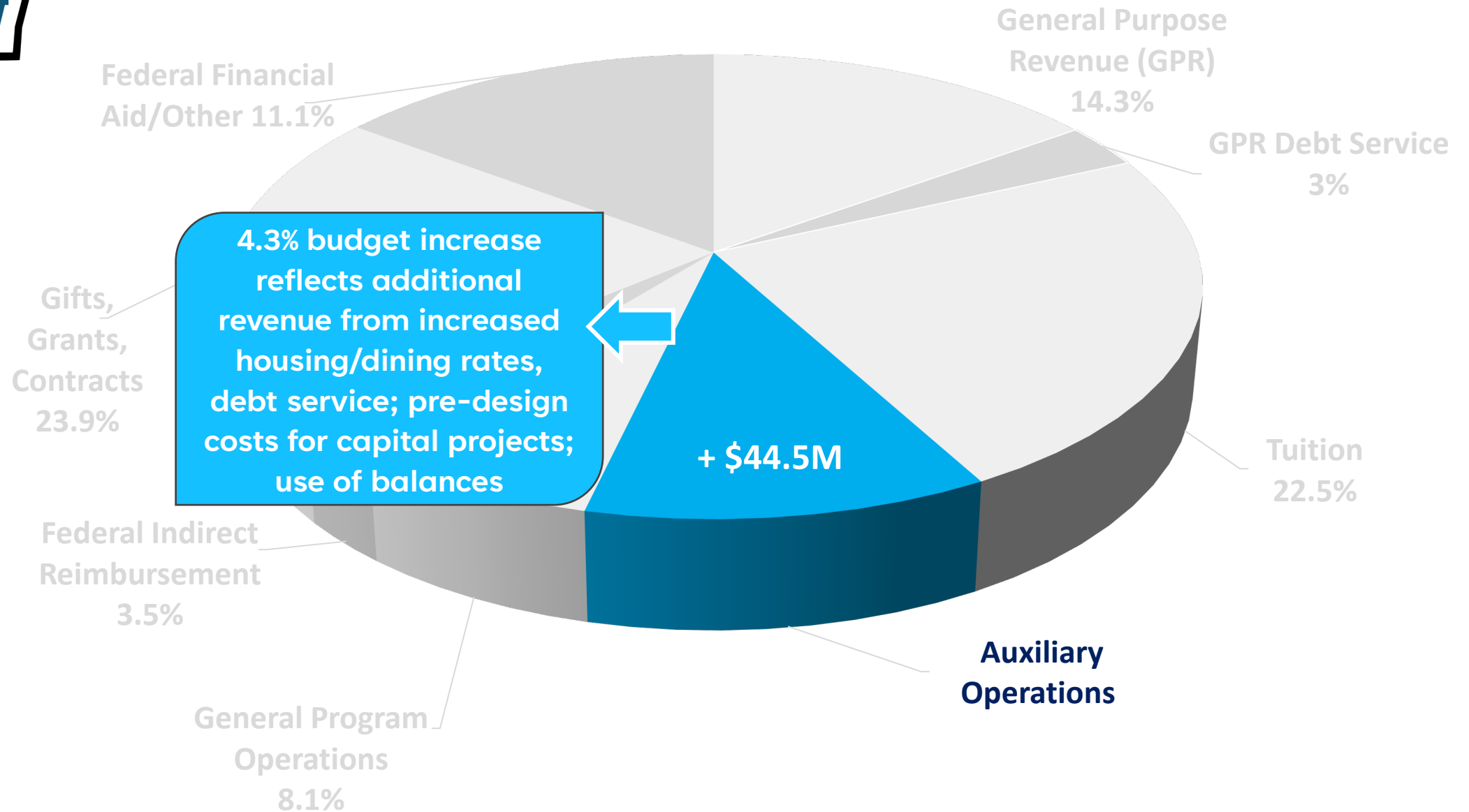


FY25 BUDGET CHANGE: AUXILIARIES



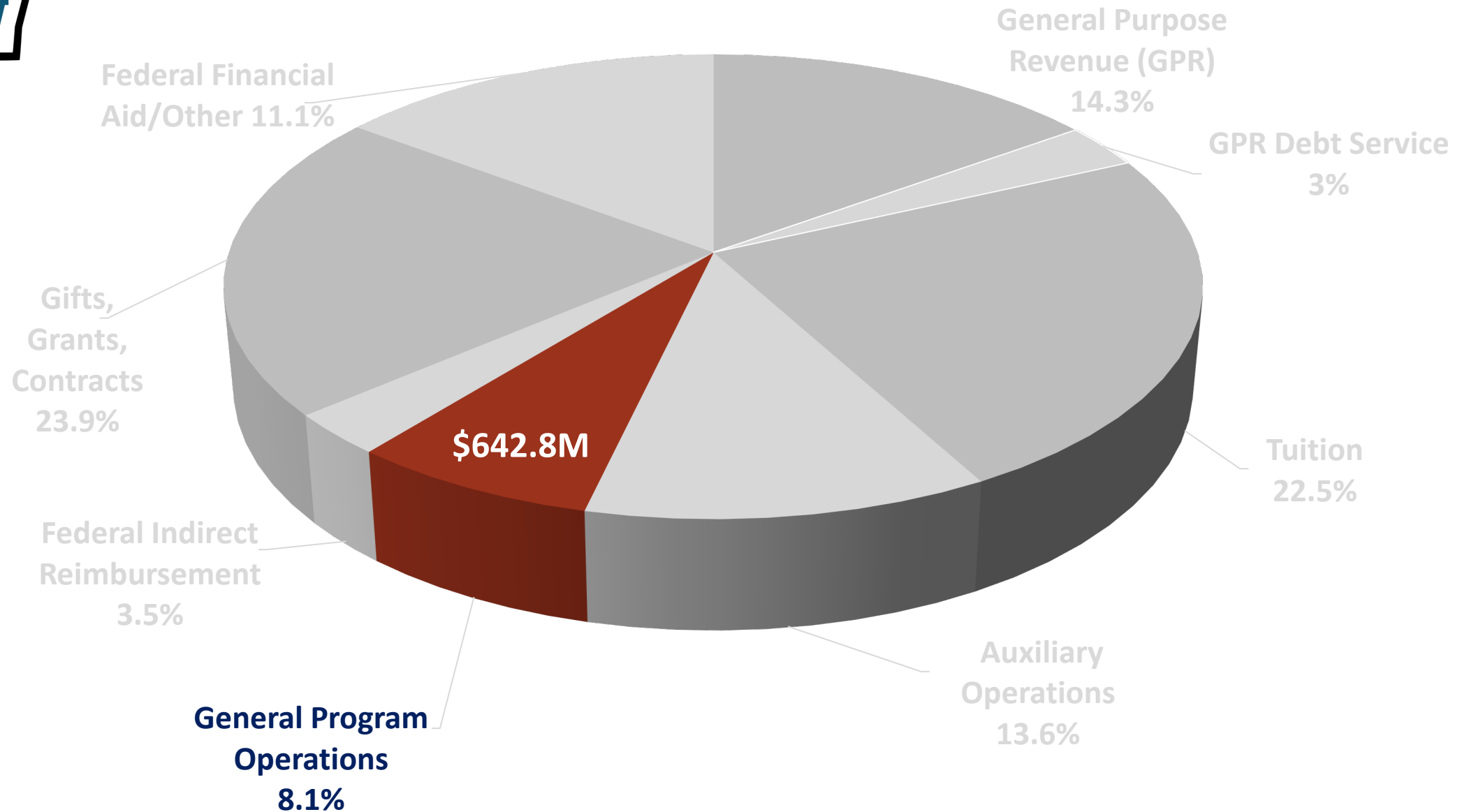


FY25 BUDGET CHANGE: AUXILIARIES



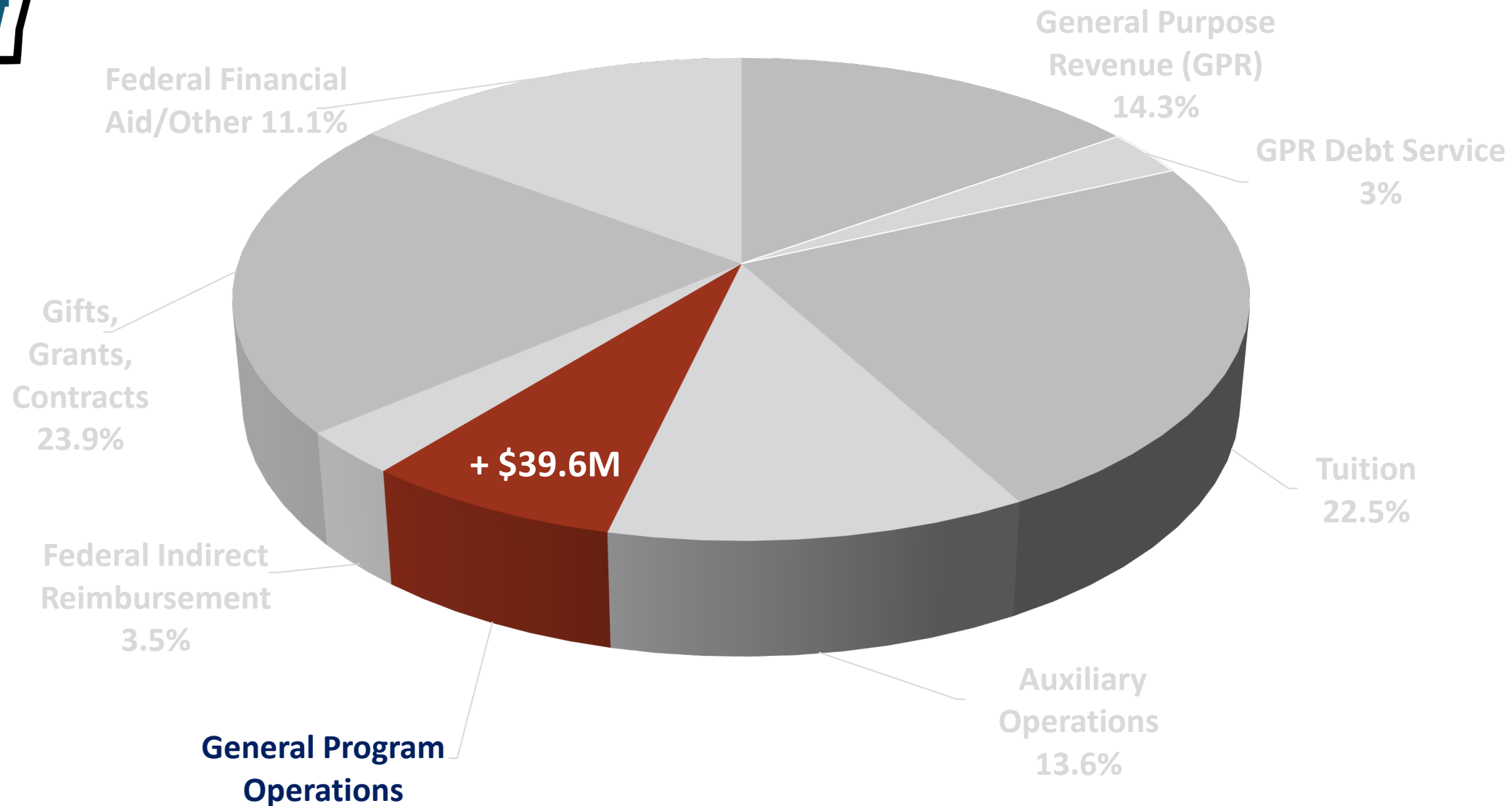


FY25 REVENUE SOURCE: GENERAL PROGRAM OPS



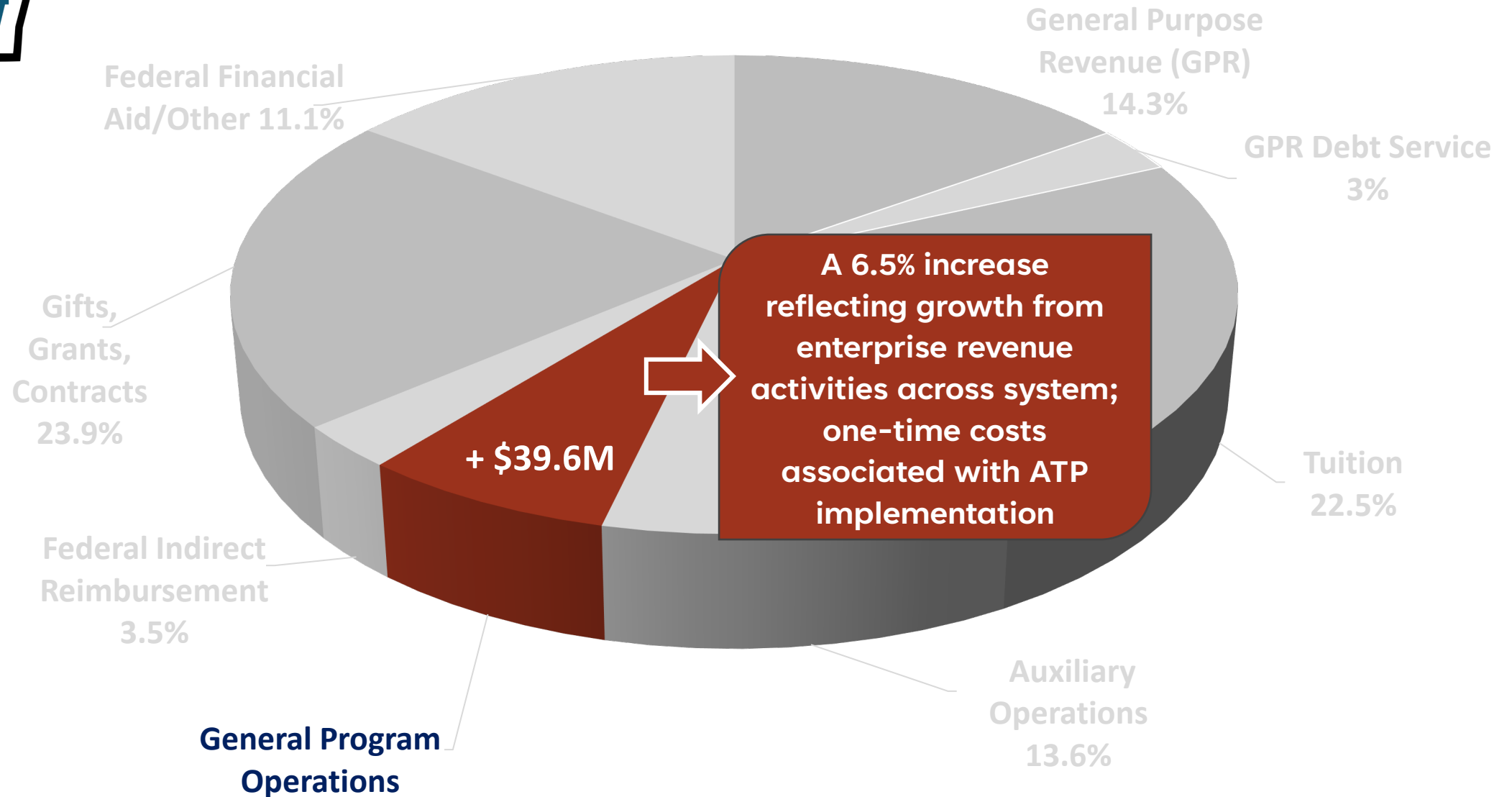


FY25 BUDGET CHANGE: GENERAL PROGRAM OPS



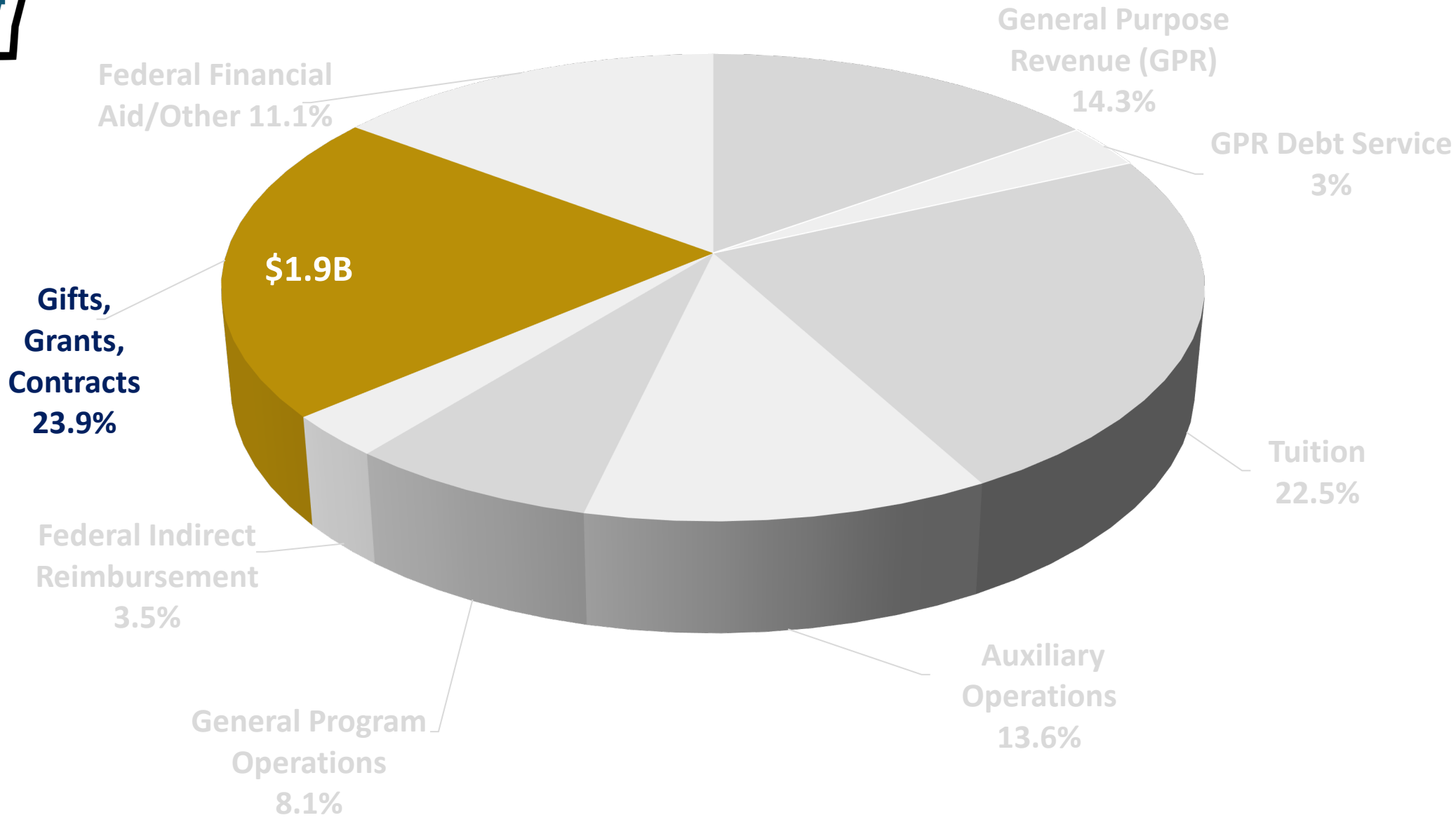


FY25 BUDGET CHANGE: GENERAL PROGRAM OPS



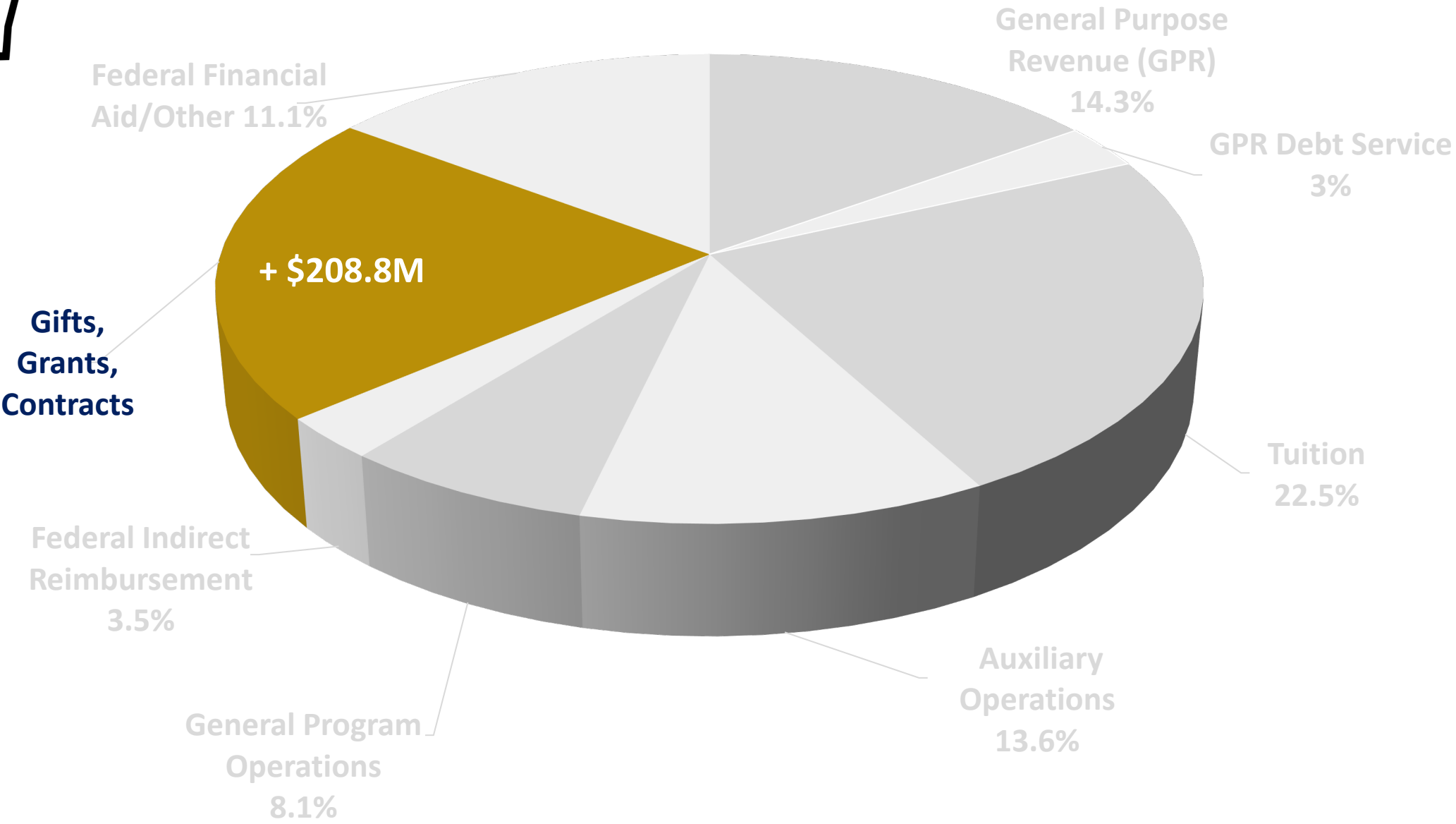


FY25 REVENUE SOURCE: GIFTS, GRANTS, CONTRACTS



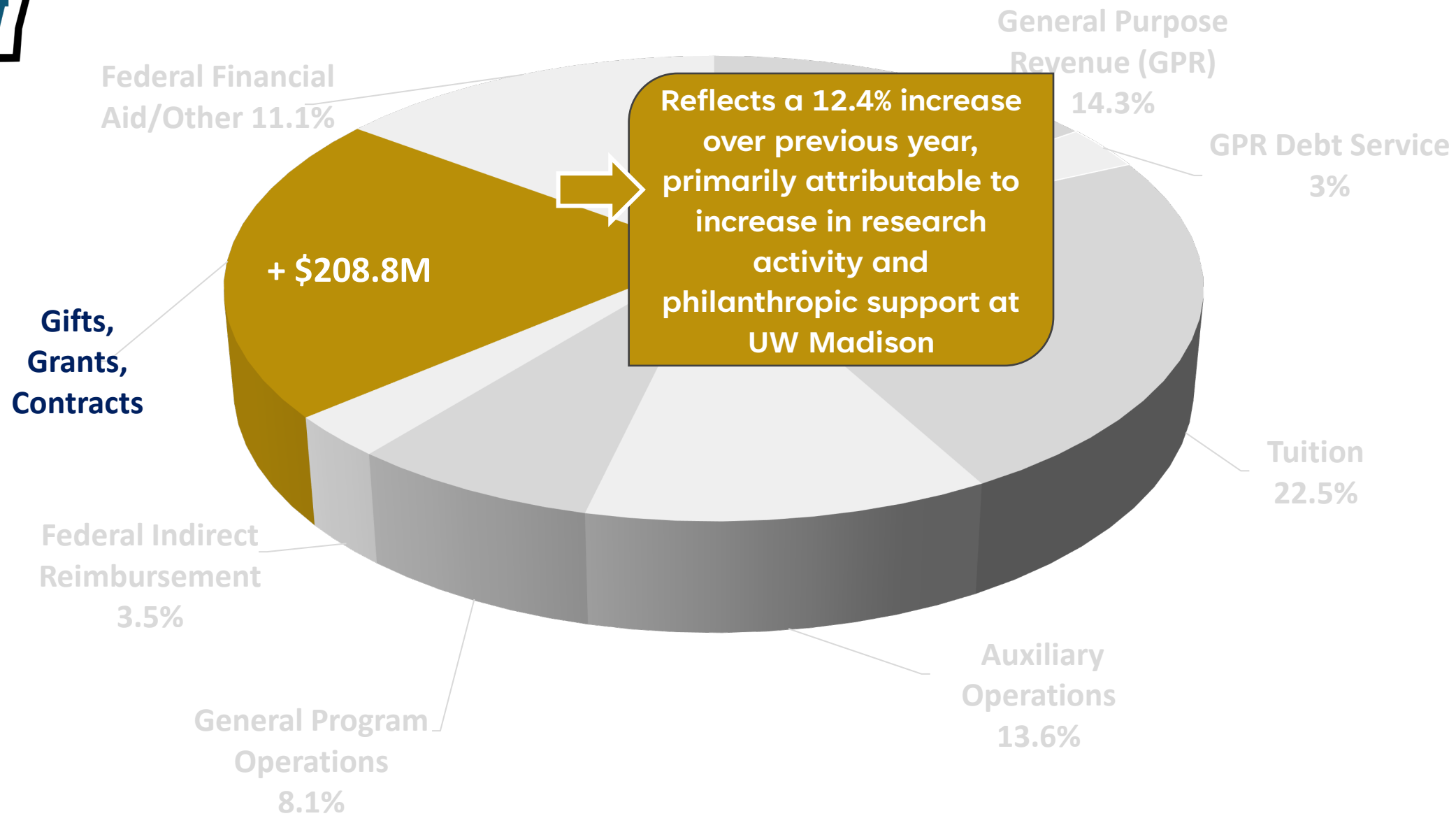


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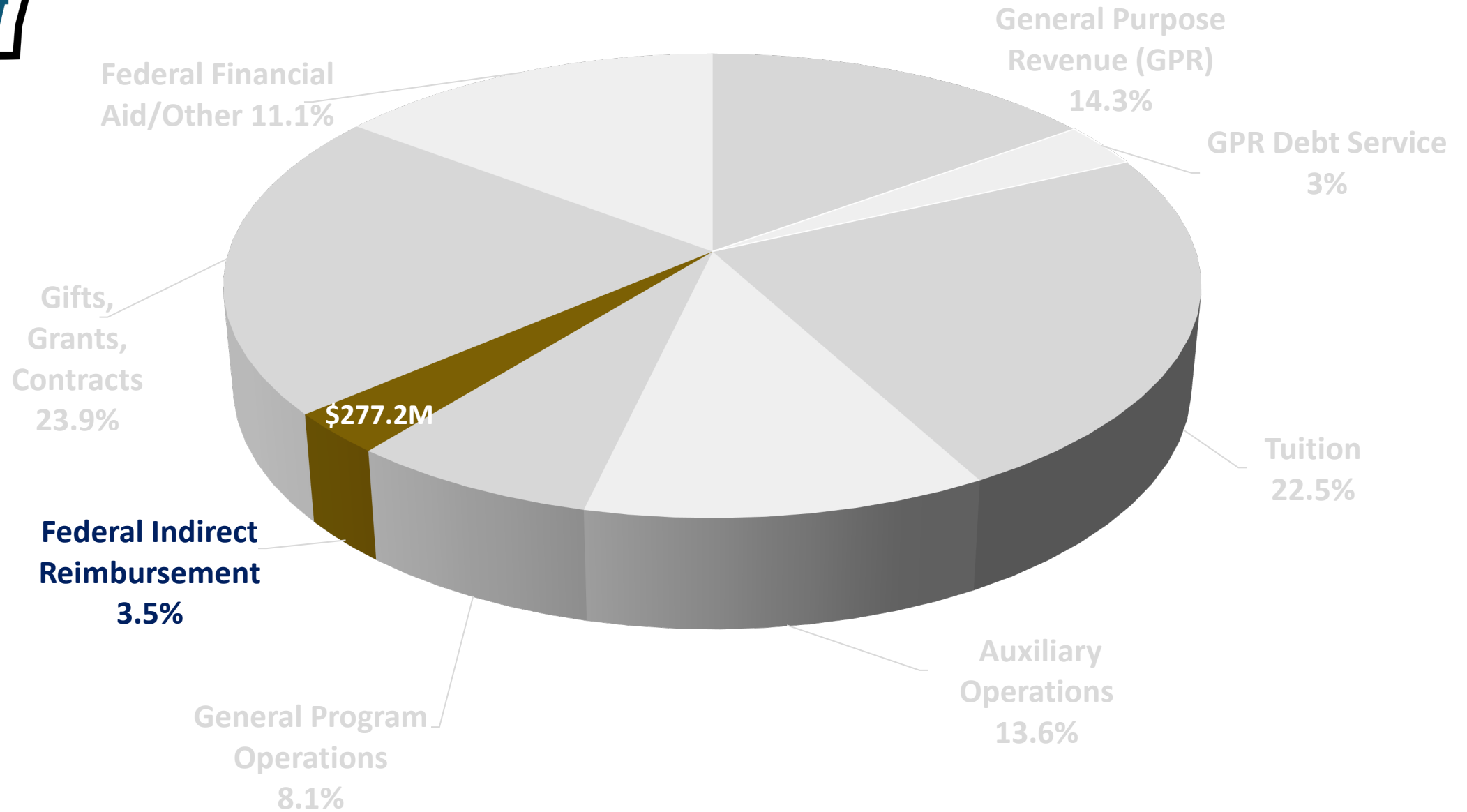


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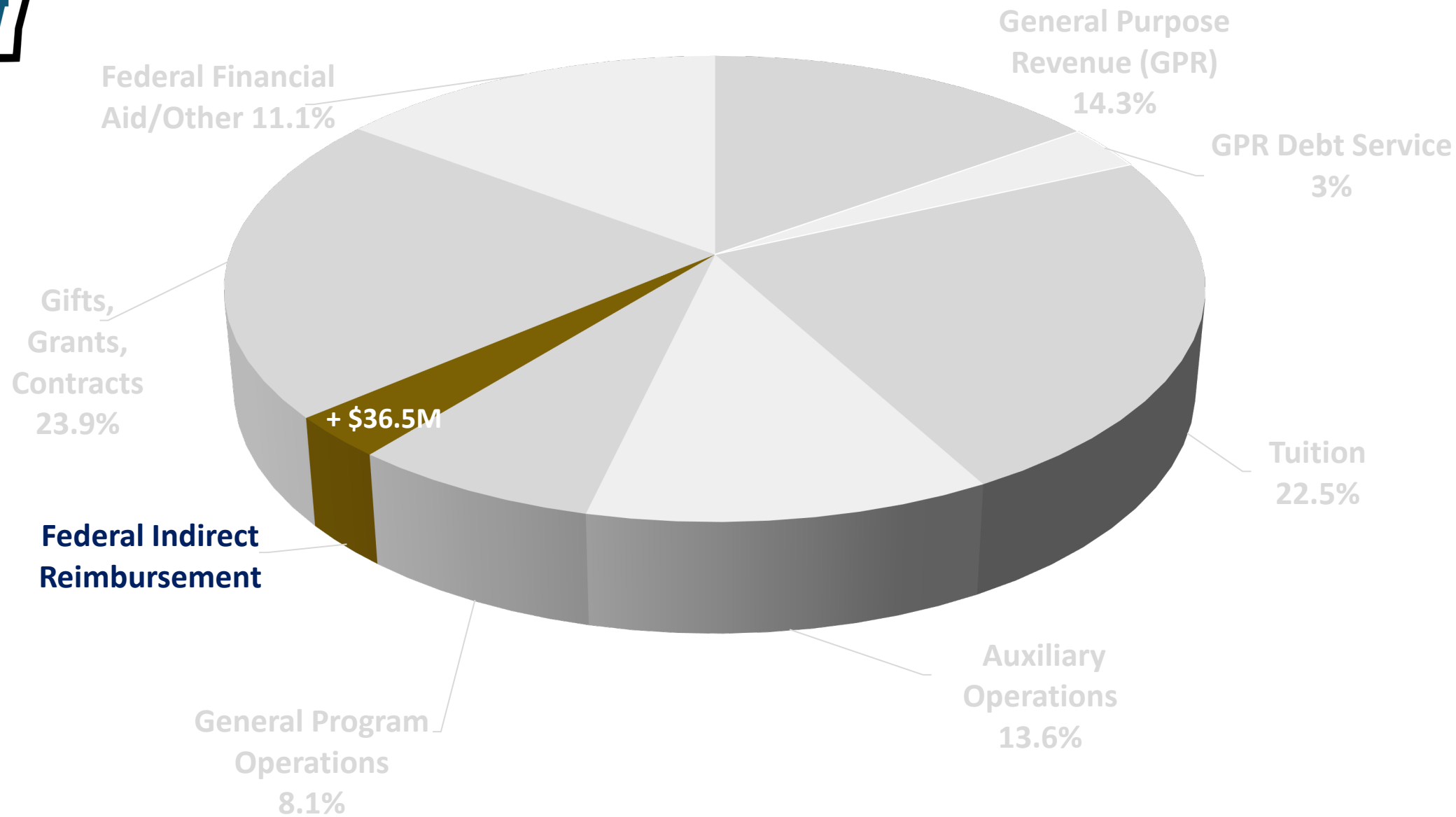


FY25 REVENUE SOURCE: FEDERAL INDIRECT



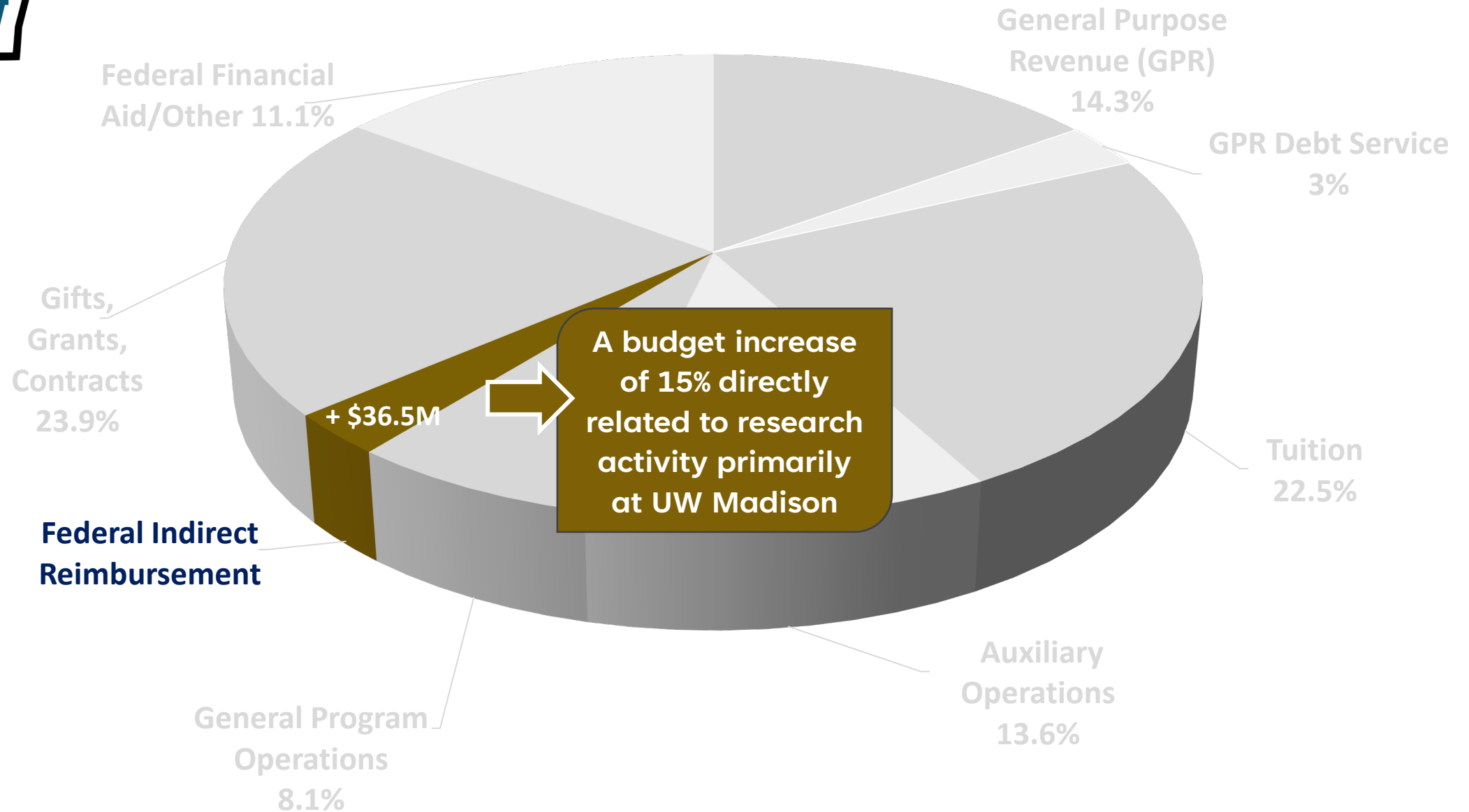


FY25 BUDGET CHANGE: FEDERAL INDIRECT



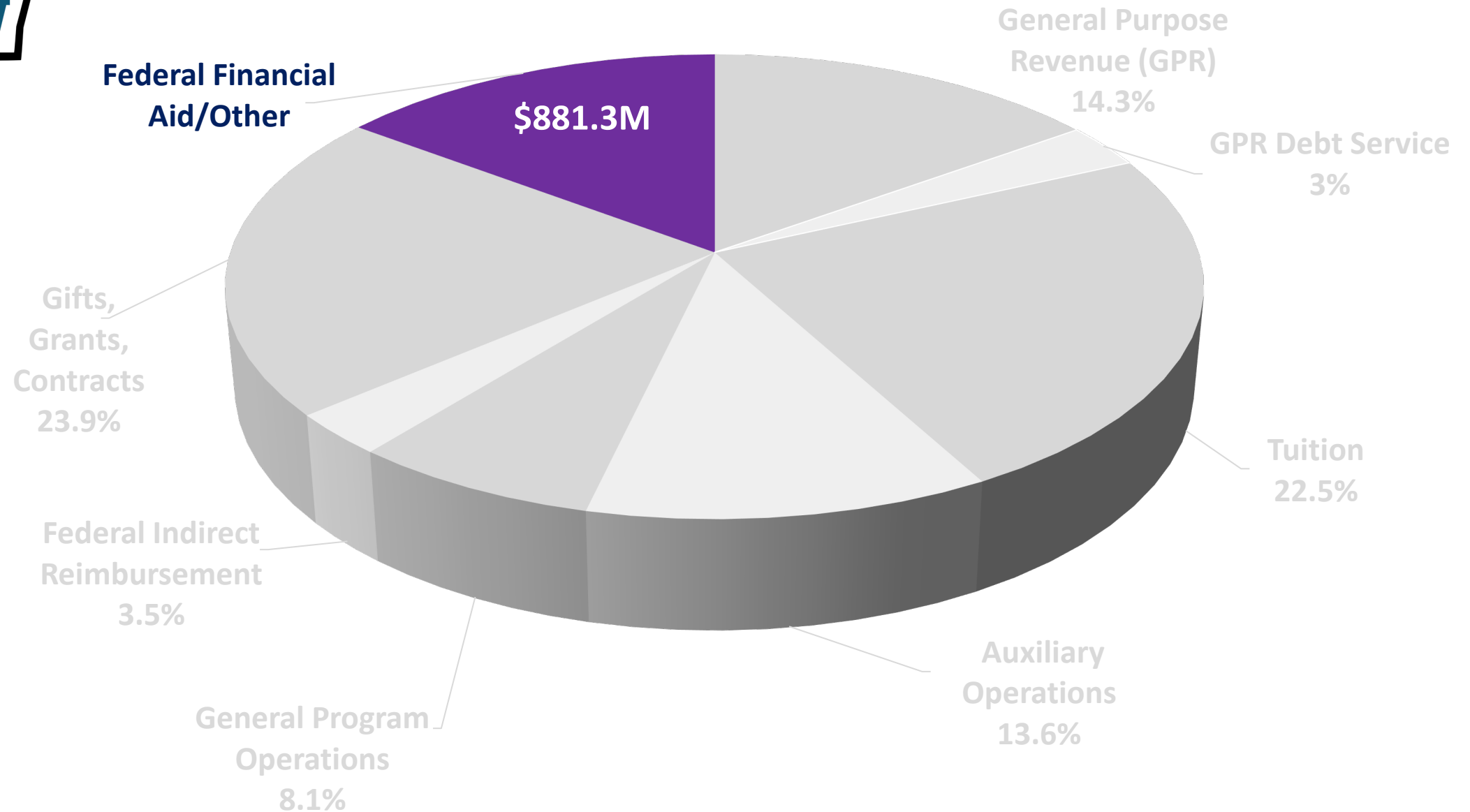


FY25 BUDGET CHANGE: FEDERAL INDIRECT



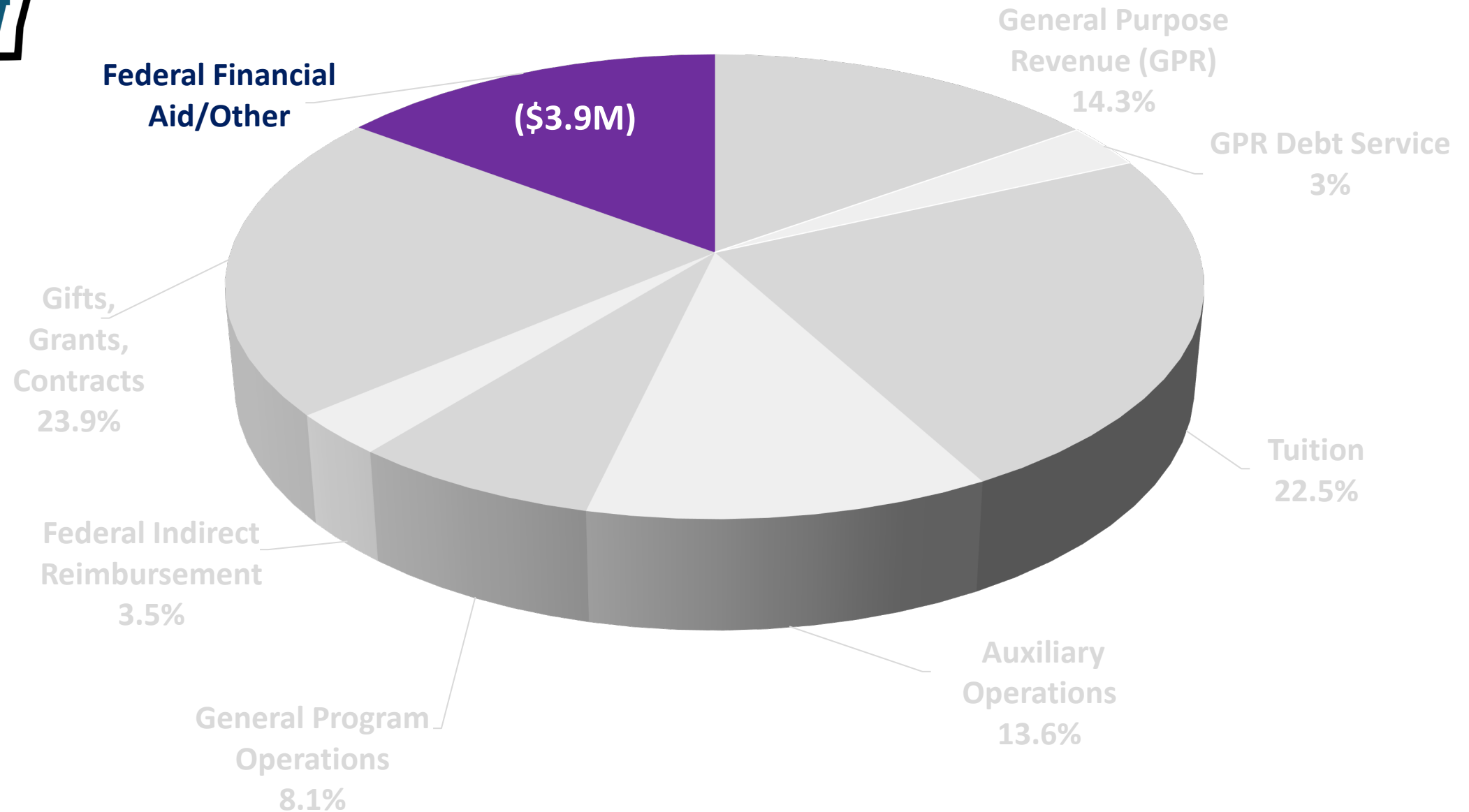


FY25 REVENUE SOURCE: FEDERAL FINANCIAL AID/OTHER



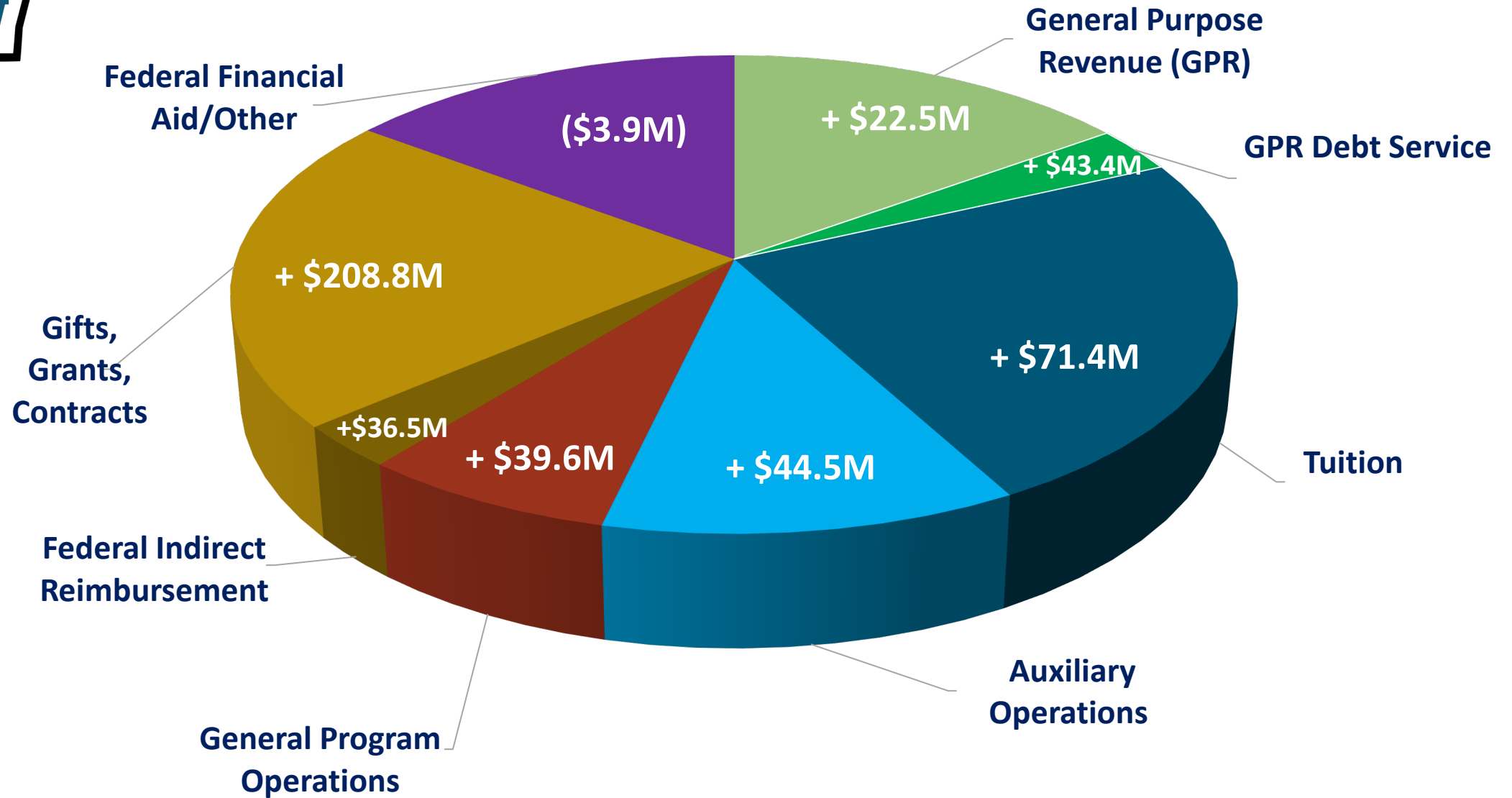


FY25 BUDGET CHANGE: FEDERAL FINANCIAL AID/OTHER





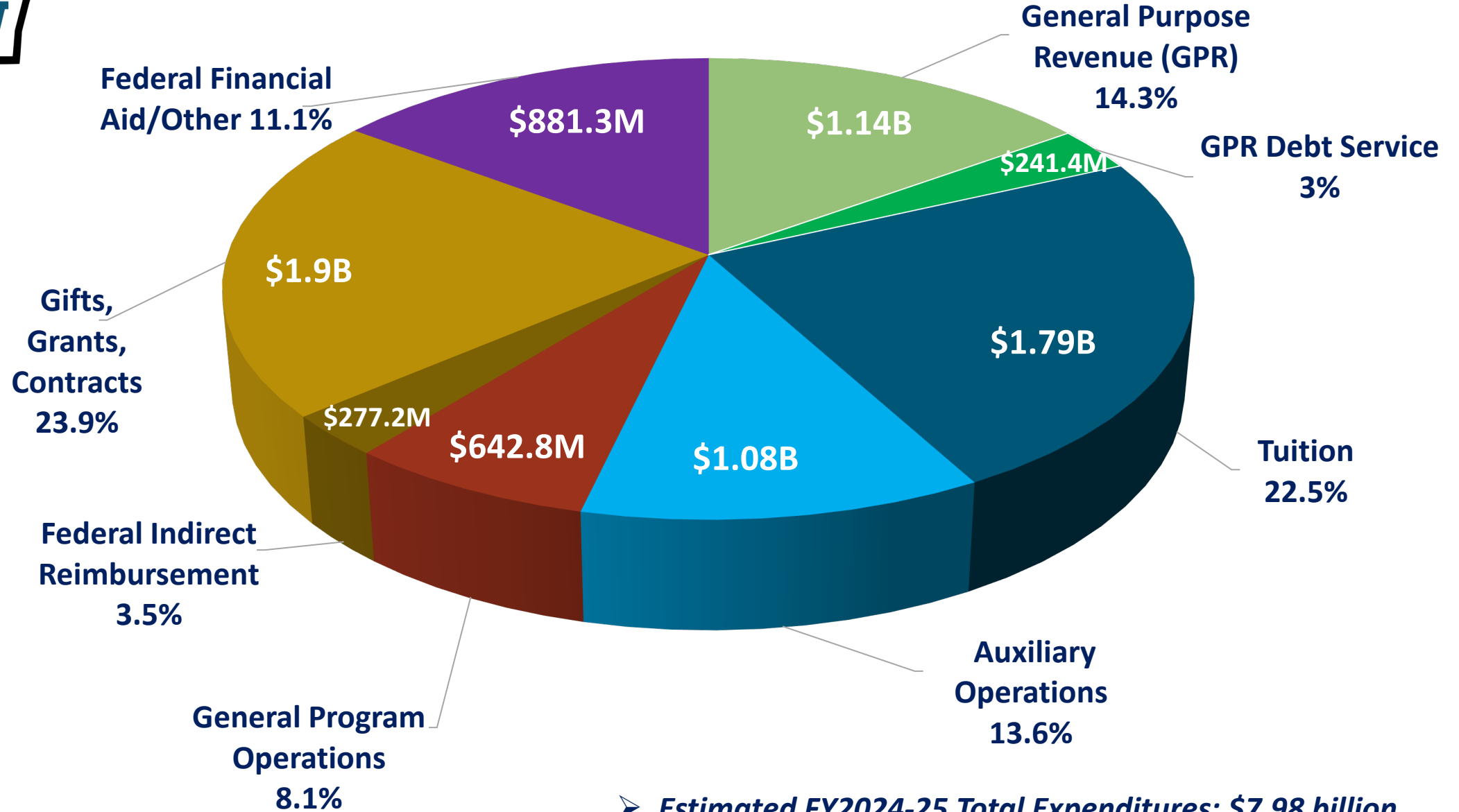
CHANGE IN FY25 BUDGET OVER FY24



➤ **Total Change over FY24: \$462.8M, or 5.8% increase**



FY25 TOTAL EXPENSE BUDGET



➤ *Estimated FY2024-25 Total Expenditures: \$7.98 billion*



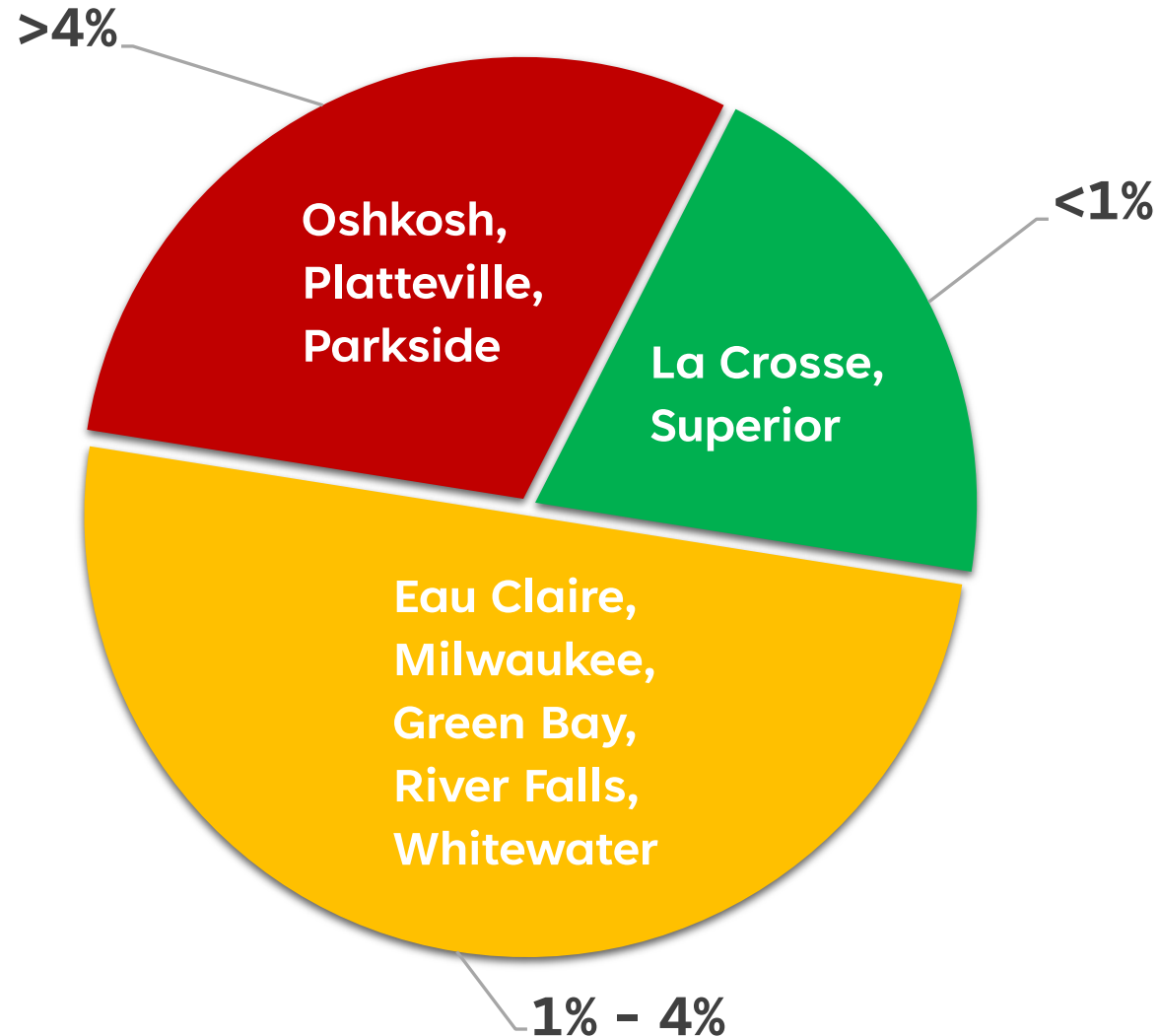
SUPPLEMENTAL BUDGET INFORMATION

- Structural Deficits
- Campus Expenditure Reductions
- Projected Unrestricted Balances
- Budget Alignment with Strategic Plan
- Looking Ahead



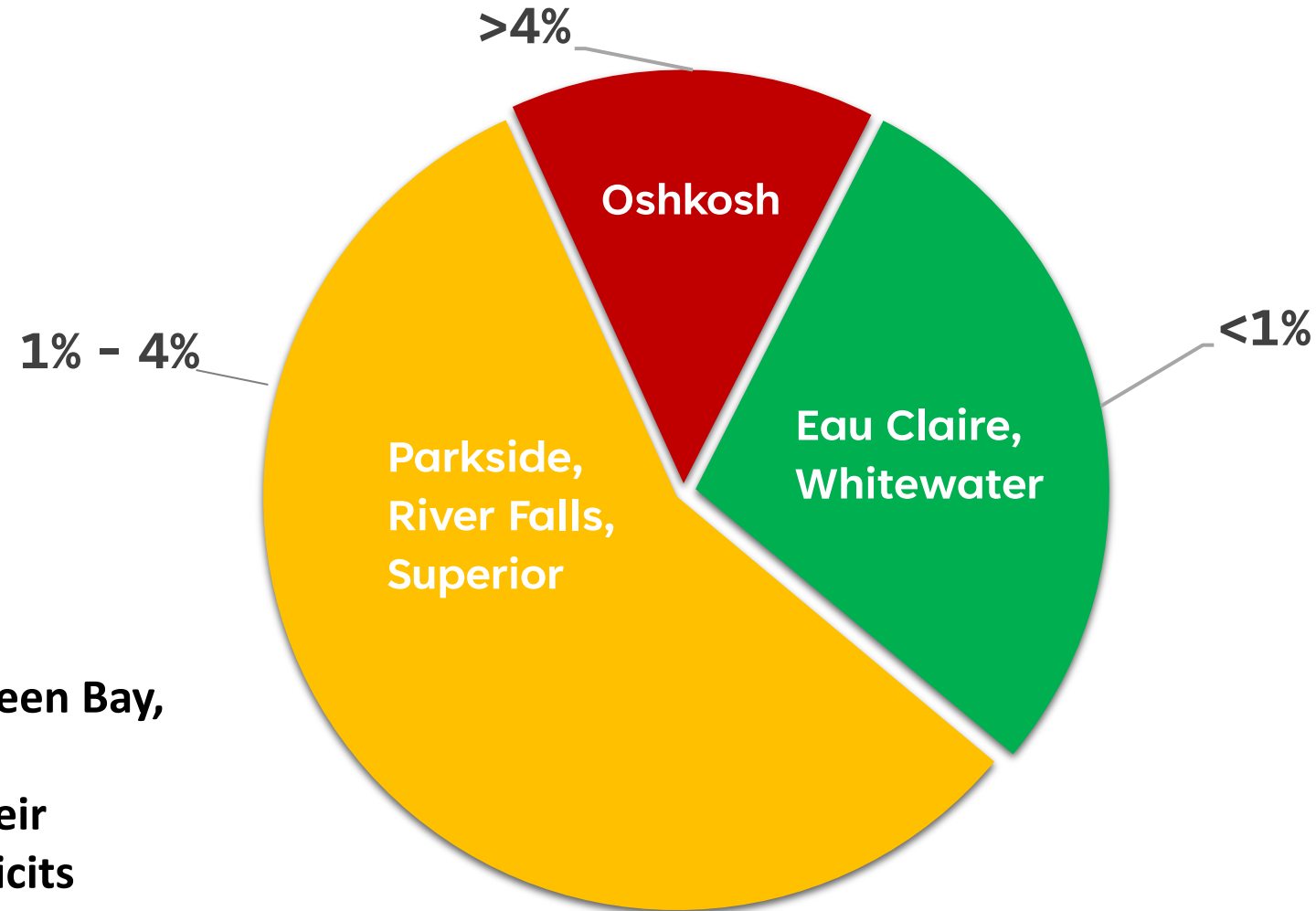
FY24 STRUCTURAL DEFICIT AS A PERCENT OF FY23 ACTUAL EXPENSES

- 10 of 13 UW campuses reported a structural deficit for FY24
- Madison, Stevens Point, Stout, did not report a structural deficit for FY24





FY25 STRUCTURAL DEFICIT AS A PERCENT OF FY25 BUDGETED EXPENSES



- Milwaukee, Platteville, Green Bay, and La Crosse eliminated their structural deficits



STRUCTURAL DEFICIT PROJECTIONS

➤ Deficit as a percent of expenses is denoted*

Key:

Structural deficit

No structural deficit

	FY24	FY25 proj.
Madison		
Milwaukee	1.5%	
Eau Claire	2.9%	<1%
Green Bay	2.0%	
La Crosse	<1%	
Oshkosh	8.0%	4.5%
Parkside	6.9%	1.2%
Platteville	7.6%	
River Falls	2.0%	3.0%
Stevens Point		
Stout		
Superior	<1%	2.3%
Whitewater	3.3%	<1%

structural deficits:

10

6

*FY24 expressed as a percent of FY23 actuals; FY25 is projected as a percent of FY25 budgeted expense



CAMPUS EFFORTS TO REDUCE COSTS

➤ Strategic Plan goal to eliminate structural deficits by FY28

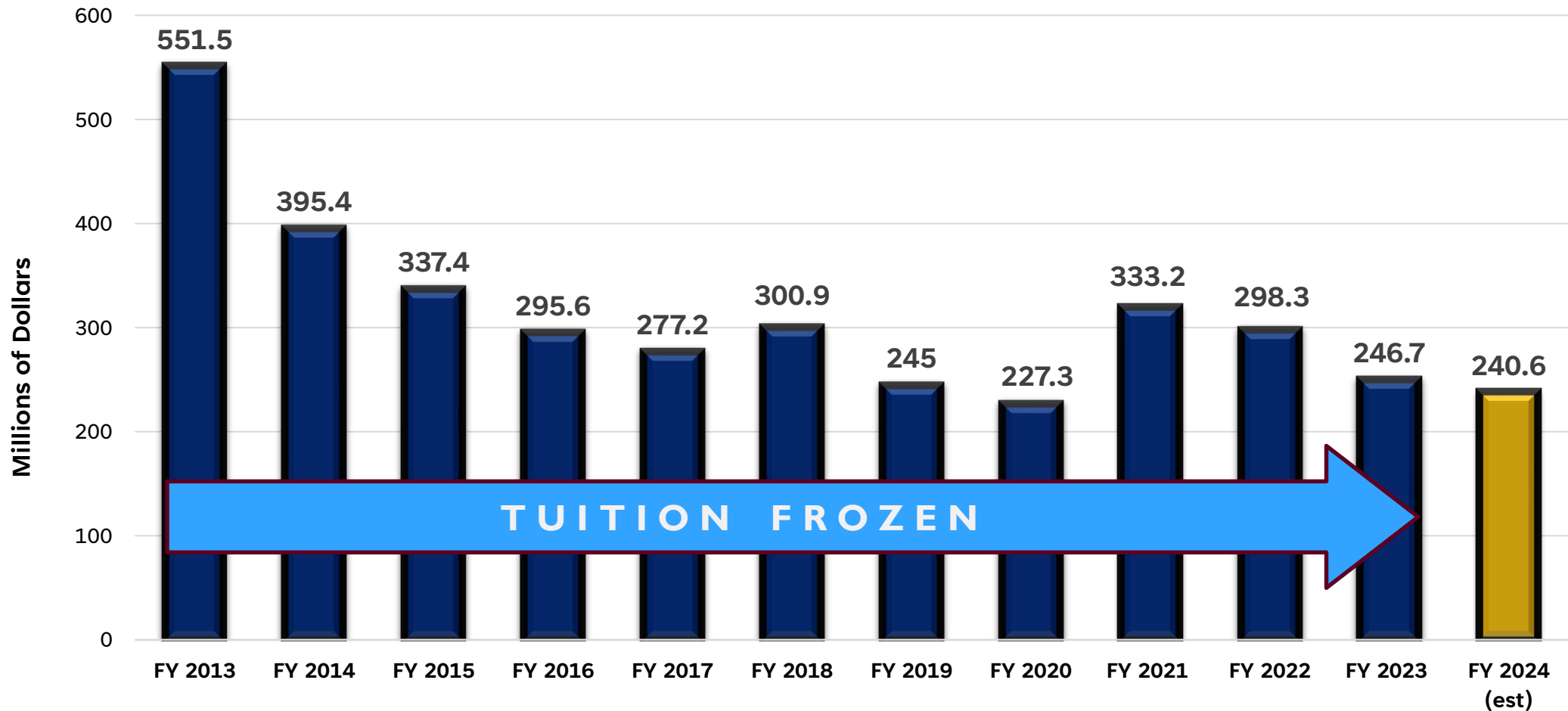
Some specific expense reduction efforts include:

- **UW Oshkosh:** Reduced ~250 position (17%), including 140 layoffs, 76 voluntary, incentivized retirements and 34 eliminated vacant positions. Implemented a tiered system of intermittent furloughs yielding \$2.1M in temporary savings in FY24. Increase average teaching loads to 4-4 (4 classes per term, 4 credits each) from 3-3 to reduce part-time faculty expenses.
- **UW Platteville:** Align “Administration & Academic Leaders” and “Non-Instructional Academic Staff” levels to enrollment levels, with position reductions of 45.8% and 27.5%, respectively.
- **UW River Falls:** Realignment of 2 colleges to form the College of Education, Business and Allied Health; Reviewing SCH/faculty workload with intent to identify opportunities to merge sections and offer more courses on a rotational basis.
- **UW Green Bay:** Eliminated \$3.5M in one-time spending initiatives in FY24; reduced ongoing base budget by \$2M in FY25.

➤ **Overall, since FY18, the number of Full Time Equivalent (FTE) positions is down at the non-Madison campuses by 948 FTEs**

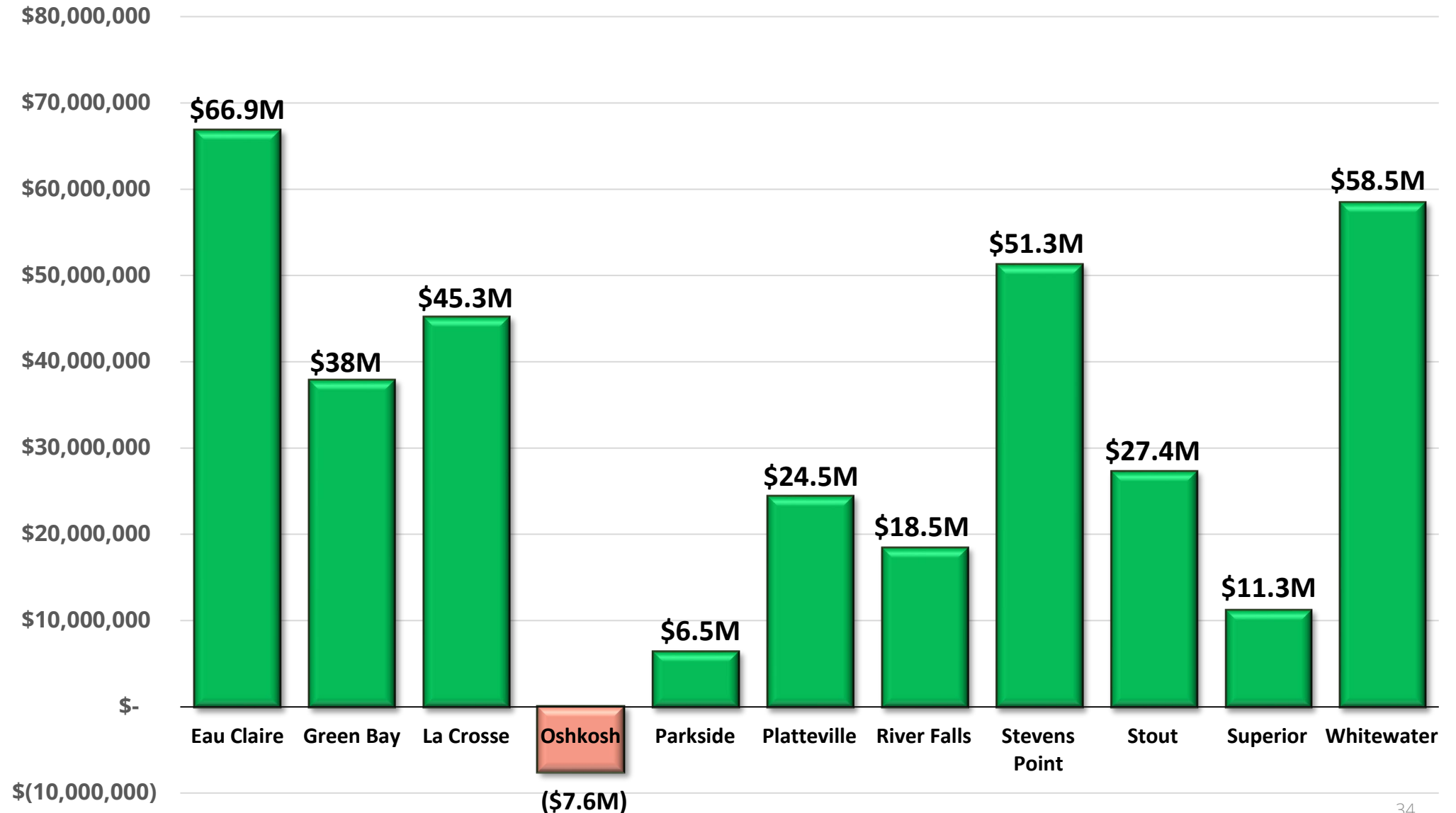


GPR/TUITION BALANCES FY13 THROUGH FY24 (ESTIMATED)





PROJECTED FY24 UNRESTRICTED BALANCES BY CAMPUS (COMPREHENSIVES ONLY)





FOCUS ON UW OSHKOSH

- Announced \$18M operating budget deficit in October 2023
- Implemented Institutional Realignment Plan (IRP) to reduce expenses over 2 fiscal years (FY24 & FY25)
 - *Actions include: Voluntary retirement incentives, 2% budget reduction, layoffs, etc.*
- Projected to fully deplete unrestricted fund balances by FY24 year end resulting in a projected \$7.6M cash deficit
- FY25 IRP includes review of program alignment
- FY25 estimated GPR/Tuition structural deficit: \$8.6M



FOCUS ON UW OSHKOSH (CONT'D)

UW System Actions:

- **UW System will temporarily backfill FY24 operating deficit** with system balances; UW O will effectively borrow funds with interest until balance is positive
- **Heightened budget monitoring** throughout FY25 including evaluation of final FY24 year-end position, progress on IRP financial goals, review of fall '24 enrollment data ("10th day" student census), and 90-day recurring updates with UWOSA and campus leadership
- **Resubmission of Fiscal Realignment Plan** in late September and UW System assessment on progress and determination of next steps
- **Report back to BOR** on overall fiscal outlook at September 26th meeting



ANNUAL BUDGET ALIGNMENT WITH STRATEGIC PLAN

Individual campus narratives in the budget document **highlight specific initiatives** that support the UW Strategic Plan, including:

❖ ***Strategic Plan Goal: Global leader in research, scholarship, and creative activity***

UW Madison

- Wisconsin RISE, **Research, Innovation and Scholarly Excellence** is designed to help address significant, complex challenges of particular importance to Wisconsin and the world. Two specific initiatives are being implemented:
 - **Rise AI.** RISE AI will accelerate the growth of UW–Madison’s network of AI innovators, adding up to 50 new faculty positions at all levels across campus to complement regular hiring over the next 3-5 years. New AI-focused faculty will join schools, colleges, centers, institutes and other units across campus.
 - **Rise-EARTH.** RISE-EARTH will focus around two themes. The first is to reimagine economic and environmental systems to, for example, find innovative ways to revitalize communities with new modes of transportation or renew agricultural lands to reduce erosion and enhance biodiversity. The other will be aimed at building sustainable energy and technical systems — for instance, developing new clean energy technologies and ways to capture and store carbon.



ANNUAL BUDGET ALIGNMENT WITH STRATEGIC PLAN (CONT'D)

❖ ***Strategic Plan Goal: Champion student success outcomes across the higher education life cycle***

UW Milwaukee

- Target student aid packages through comprehensive four-year awards and retention, re-entry, and completion grants of \$10 million of UW-Milwaukee initiated aid.

UW Eau Claire

- Addition of online programming options for a bachelor's in business administration, the new Professional Studies major, and converting the Master of Science in Nursing to hybrid/online. The campus is also partnering with UW-Stout to provide access to educational opportunities at the Stanley Prison facility.

UW Green Bay

- Develop and implement a plan to support students from rural backgrounds that includes providing comprehensive networks for delivery of wraparound services and advising.



ANNUAL BUDGET ALIGNMENT WITH STRATEGIC PLAN (CONT'D)

❖ ***Strategic Plan Goal: We will ensure our universities are financially and environmentally sustainable so that they are positioned to fulfill their strategic missions***

Across UW System

- Reduced number of campuses with a structural deficit from 10 down to 6, with a goal of eliminating all structural deficits by FY28.

UW Parkside

- Completed third-party assessment to assist the campus in identifying opportunities to improve its outdoor athletic facilities through public private partnerships (“P3”).

UW Oshkosh

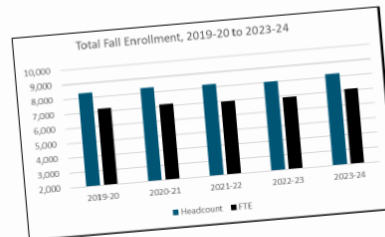
- The *Sustainability Institute for Regional Transformations* is an example of campus leadership and commitment to environmental sustainability in the region.



SUMMARY BUDGET DETAIL BY UW INSTITUTION

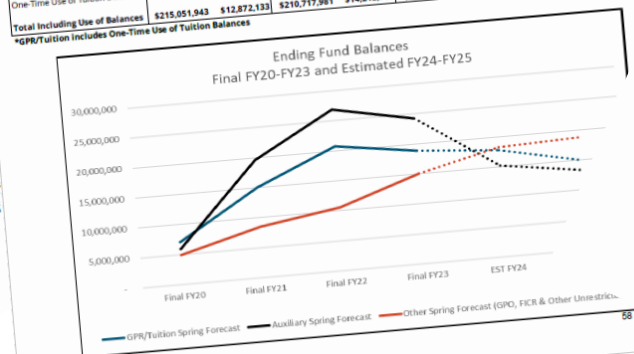
➤ Enrollments, Revenue/Expense, Balance Projections, & Alignment with Strategic Plan

- UNIVERSITY OF WISCONSIN PLATTEVILLE**
- UW-Platteville Mission Statement**
- The University of Wisconsin-Platteville provides associate, baccalaureate, and master's degree programs in a broad spectrum of disciplines including science, technology, engineering, and mathematics; criminal justice; education; business; agriculture; and liberal arts. We promote excellence by using a personal, hands-on approach to empower each student to become broader in perspective, intellectually more astute, ethically more responsible, and contribute wisely as an accomplished professional and knowledgeable citizen in a diverse global community.
- Key Drivers in the 2024-25 Annual Budget:**
- FTE enrollments have declined since 2019-20 but have been relatively stable since 2021-22. They are conservatively projected to decrease by 19 to 164 FTE.
 - Main Campus Undergraduate enrollment is projected to decrease by 278 to 5,287 FTE.
 - Graduate enrollment is projected to decrease by 19 to 152 FTE.
 - Branch campus enrollments are projected to decrease by 19 to 152 FTE.
- In 2024-25, revenues are expected to increase by 8.2%, or \$11.3 million from the prior year. Key drivers in revenues are:**
- Tuition increases for resident, non-resident, and program specific tuition along with the full recognition of debt service payments, utilities, and pay plan increased revenue by an additional \$4.2 million.
 - Continued forecasted strong revenue performance by auxiliary enterprises due to implementing cost control strategies, retail price adjustments, and strong market demand for a total increase of \$1.6 million.
 - More accurate revenue projections resulted in a decrease of \$2.2 million.
 - Program Operations accounts resulted in a decrease of \$2.2 million.
 - Full recognition of grant, gift, and donation revenue in 2024-25 resulted in an increase of \$3.5 million.
- In 2024-25, expenses will increase by 0.7%, or \$1.1 million from the prior year. Key drivers in expenses are:**
- Though GPR/Tuition compensation expenses decreased by \$2.3 million due to the campus restructure, non-compensation expenses increased. Notably, utilities expenditures will increase by \$1.6 million, debt service increased by \$2.9 million, tuition specific tuition, and a net increase of \$7.0 million.
 - Due to fiscal stabilization efforts in FY24, the campus eliminated the use of one-time auxiliary funds to support ongoing operational costs. Additionally, there is a change in the annual debt service for a combined decrease in expenses of \$1.1 million.



2024-25 Budget and Fund Balance Summary
(Excludes GPR/Tuition Fringe Benefits)

	2024 - 2025 Budget	\$ Change FY24 to FY25	2024 - 2025 Budget	\$ Change FY24 to FY25	Revenue Less Expense *	Final FY23 Balance	Unrestricted Fund Balances Projected FY24 Balance	Projected FY25 Balance
GPR/Tuition	\$86,970,354	\$4,489,377	\$7,888,273	\$4,081,733	(\$2,894,288)	\$18,864,401	\$17,813,365	\$14,929,877
Auxiliaries	\$51,231,713	\$182,322	\$49,344,233	\$3,585,180	(\$1,887,480)	\$24,265,278	\$15,224,298	\$13,236,818
General Program Operations	\$15,892,449	\$2,350,248	\$16,078,829	\$2,572,234	\$186,380	\$13,643,442	\$16,563,123	\$16,749,503
Fed Indirect Cost Reimb.	\$283,381	\$134,135	\$450,000	\$331,533	\$166,619	\$638,439	\$726,527	\$893,146
Gifts, Grants, Contracts	\$12,379,426	\$2,151,435	\$12,346,189	\$2,247,384	(\$33,237)	\$118,044	\$797,002	\$982,635
Federal Financial Aid / Other	\$44,492,413	\$1,015,672	\$44,610,457	\$1,394,216	(\$531,755)	\$58,208,562	\$51,309,948	\$47,009,223
Total Base	\$211,249,736	\$10,723,189	\$210,717,981	\$14,212,787	(\$531,755)	\$58,208,562	\$51,309,948	\$47,009,223
One-Time Use of Tuition Balances	\$3,802,207	\$2,148,944			(\$4,333,962)			
Total Including Use of Balances	\$215,051,943	\$12,872,133	\$210,717,981	\$14,212,787	(\$4,333,962)			



UW-Whitewater Mission Statement

The University of Wisconsin-Whitewater is a preeminent academic institution driven by the pursuit of knowledge, powered by a spirit of innovation, and focused on transforming lives. As part of the Universities of Wisconsin, UW-Whitewater embraces the Wisconsin Idea and is an economic and cultural driver of our region. We are nationally and internationally recognized for the accomplishments of our students, faculty, staff, and alumni. We are an inclusive educational community with a deep commitment to access that inspires us to serve students from diverse backgrounds, experiences, identities, and abilities. We have a longstanding special mission to serve students with disabilities. By supporting all students, we champion education, opportunity, and prosperity for all.

Key Drivers in the 2024-25 Annual Budget:

- FTE enrollments have declined since 2019-20 but increased slightly in 2023-24 over 2022-23 levels and are projected to show continued growth to 9,745 FTE for fall 2024.
 - Main Campus Undergraduate enrollment is projected to remain relatively flat for the upcoming year at 8,232 FTE.
 - Graduate enrollment is budgeted relatively flat at 963 FTE for fall 2024.
 - Branch campus enrollment continues to grow and is projected to increase from 533 to 550 FTE.
- In 2024-25, revenues are expected to increase by 5.5%, or \$12.8 million from the prior year. Key drivers in revenues are:**
- Approved tuition rate increases and 3.7% enrollment growth in the fall of 2023 resulted in an increase of \$7.1 million in tuition and fees, along with an additional \$2.5 million of state support for utilities and debt service.
 - Auxiliary revenues are anticipated to increase by \$4.1 million due to enrollment growth and approved rate increases.
 - Continued growth in our summer camp programs resulted in a \$440,000 increase to General Program Operations.
 - Discontinuation of the Center for Inclusive Transition Education and Employment (CITEE) grant program will result in a \$2.2 million reduction of grant revenues in 2024-25.
 - Federal financial aid is anticipated to increase by approximately \$586,000 due to enrollment growth experienced in fall 2023.
- In 2024-25, expenses will increase by 1.1%, or \$2.6 million from the prior year. Key drivers in expenses are:**
- Operational cost increases due to enrollment growth, utilities and debt service were offset by reductions from restructuring and efficiencies, including elimination of 30 FTE positions, travel funding and branch campus expense reductions, resulted in a net increase of \$6.4 million due to enrollment growth, increased vendor costs and maintenance projects.
 - Auxiliary expenses are anticipated to increase by \$2.2 million due to enrollment growth, increased vendor costs and maintenance projects.
 - Federal financial aid is anticipated to increase by approximately \$500,000 due to enrollment growth experienced in fall 2023.



PROGRESS ON FINANCIAL REPORTING TO IMPROVE TRANSPARENCY AND ACCOUNTABILITY

Budget Activity	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27
Annual Budget (including tuition and fees)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Annual Budget w/Campus Narratives					✓	✓	✓	✓	✓	✓
Annual Budget Alignment to Strategic Plan							✓	✓	✓	✓
Tuition and Auxiliary Rate Setting in Spring							✓	✓	✓	✓
Budget-to-Actual (UW aggregated)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Budget-to-Actual by Campus					✓	✓	✓	✓	✓	✓
Program Revenue Balances Report	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Budgeted Revenue				✓	✓	✓	✓	✓	✓	✓
Financial Forecasts by Campus							✓	✓	✓	✓
Financial Realignment Plans							✓	✓	✓	✓
Current State Assessments (one-time project)							✓			
Workday Finance									✓	✓
PlanUW Budget Planning			✓	✓	✓	✓	✓	✓	✓	
Workday Adaptive Planning Budget Module										✓



LOOKING AHEAD

- Initial **Financial Realignment Plans** due to UWSA by June 30, 2024
- **FY24 Year-end Review** and **FY24 Budget-to-Actual** reports by campus at the August BOR meeting
- **FY25/27 Biennial Budget Recommendations** at August BOR meeting
- Deloitte concludes review in August of the **Current State Assessment reports** for the 12 non-Madison campuses
 - UW System report will be completed later in the fall
- *Board of Regents to be apprised on any substantive changes and developments regarding FY25*



QUESTIONS?