

April 24, 2013

From Chancellor Dennis J. Shields

Last Friday, the Legislative Fiscal Bureau released a report detailing significant funds in UW System. Since then there has been a number of news reports and releases on the system-wide amounts and individual campus balances. I want to share my perspective on the share of these balances related to UW-Platteville.

The characterization that this university is sitting on extra money is not accurate; rather we have been diligent in planning for the future financial needs of the university. UW-Platteville did end the 2011-12 fiscal year with approximately \$24.5 million in fund balances. This is money maintained in anticipation of UW-Platteville fiscal needs and has been pointed out in a number of campus-wide budget presentations since August.

Here are the highlights of our proposed financial plans for these funds:

- \$950,000 -Committed for compensation increases this year. The financial plan is to grow internal compensation over the next several years, to get to at least \$1 million annually by 2017
- Resources for least 11 new faculty positions, along with positions for planning and assessment, the Registrar's office, and First Year Experience. The addition of new staff is directly correlated with the growth on campus.
- \$4.9 million- One-year reserve for debt service to ensure that the university can make payments on its new facilities
- Funds in anticipation of the costs associated with:
 - \$2.5 million-Purchasing equipment for Bridgeway Commons
 - \$2.3 million-Technology upgrades including classrooms
 - \$553,000-Required payment to the state for the budget lapse
 - Over \$1 million to pay for contracts already in place
- \$2.1 million-College and division funding for equipment purchases, provide professional development, and to invest in new initiatives

These balances are a result of careful stewardship and a proactive approach to monitoring our resources. Since 2010, UW-Platteville utilized a 5-year modeling approach to budgeting. We have been conservative in our spending and revenue projections. The university, appropriately, I think, only spends the funds we currently hold in our accounts. Since our primary sources of revenue, state funds and the tuition and fees our students pay, are potentially volatile while our bills are not, it is financially sound to have balances at the end of each year.

Let me restate, the characterization that the university is sitting on extra money is not accurate; rather we have been diligent in planning for the future financial needs of the university. Our financial planning is prudent, and includes investing in compensation, additional faculty and staff, and academic programs to support student success and economic development in the region.

We will work with System leadership, the Board of Regents, the Legislature, and the Governor to shape a system-wide policy on the purpose, nature, and size of balances and reserve funds. I think we can all agree that the goal is a fiscally sound System and UW-Platteville that is able to deliver a high quality education at a reasonable cost to students and the citizens of the State of Wisconsin.

I encourage you to take the time to look at the information about the balances as of the end of fiscal year 2011-12. Details about the budget balances were distributed in August and financial updates were provided to members of the university community in October and early April. The information is available at <http://www.uwplatt.edu/budget/presentations.html>.

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