

## Key Points Regarding Budgets and Fund Balances

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### Annual Budget Actions

- The UW System has instituted new financial management and assessment procedures that provide greater detail and transparency about System and institutional resources. The new procedures are the most dramatic management and operational changes in the UW System's 43-year history.
- The changes implemented to develop the FY15 Annual Budget are the result of a first wave of tools being put in place. In the future, financial reports will better utilize revenue estimates, and use actual-to-actual budgeting and forecasting models to better identify and manage revenues and expenditures.
- The UW System's proposed annual budget for FY15 uses \$159.9 million in accumulated fund balances to cover several items, primarily the cost of freezing tuition at current levels, the base cut in state funding, and to pay for capital projects and Regent and institutional priorities such as dual- and concurrent-enrollment programs offered in Wisconsin public high schools.
- The FY15 budget is an increase of approximately 1.7% in total expenditures related to the state's 1% pay increase plan and projected increases in the UW System's costs for utilities, goods, and services.
- Students have considerable voice in deciding the amount and uses of segregated fees for their respective campus. The Board of Regents act on those fees annually after receiving campus input. Across all UW institutions, segregated fees for the 2014-15 fiscal year range from a reduction in fees of \$14.94 to an increase of \$91.

### Fund Balances

- Total fund balances, across all institutions, were (actual) \$1.097 billion on June 30, 2013. The total fund balances as of June 30, 2014 are estimated to be \$917 million.
- The UW System has reduced its accumulated fund balances by 16.5 percent over the past 12 months by using \$180 million to fund capital improvements, maintain tuition rates (tuition freeze), offset the loss of State GPR funds, and meet fund-related spending obligations.
- Further reductions in fund balances in FY15 will result in total fund balances as of June 30, 2015 of an estimated \$800 million, a 27% reduction of those balances over a two-year period.
- In particular, the Tuition/GPR fund balance has been reduced 31% in the past year from \$551 million to \$381 million. It is anticipated that the balance will be reduced to nearly \$305 million at the end of FY15, which is a reduction of 45% in the biennium.
- The System-wide fund balance has been reduced from a high of \$151 million on July 1, 2013, to an anticipated \$61 million on June 30. That's a 60% reduction in one year.
- Across the UW System, the individual institutions' fund balances vary—sometimes significantly. For example, some institutions have very little or nothing in their GPR/Tuition balance category to use to meet current obligations or to build up balances to satisfy accreditation expectations.

### Financial Aid

- The UW System's biennial budget plan will emphasize affordability and containing student debt.
- The UW System plans to request that HEAB increase funding for the WHEG-UW financial aid program by \$14.9 million over the next two years so that all UW students who qualify for WHEG grants actually receive one.
- The funding action would eliminate WHEG's wait-list for UW students qualifying for need-grants. Nearly one out of every ten WHEG-eligible UW students was wait-listed for the 2013-14 academic year. That's 3,581 out of 36,446 UW students. The UW System proposal also would increase, for the 2016-17 academic year, the size of the average grant to UW students.
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