



UW Budget Roundtable

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Economic Impact of UWSP

- \$407.8 million in total economic impact
 - 5,690 jobs created or supported
 - \$16.7 million in state and local tax revenues
 - Other economic and workforce impacts:
 - Workforce Development
 - Developing talent in the 21st century global information economy
 - Small Business Development Center
 - Continuing Education
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History of State Support

- Over the past 50 years, state support for the UW System has decreased from covering 90% of core educational costs to only 40% of the core budget
 - In the last 13 years, the UW System has been cut a total of \$565 million in state funding
 - This includes a cut of \$250 million in the 2011-2013 State Budget
 - The amount of state support the UW System receives today has not been this low since 1998 (not even accounting for inflation)
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Recent Budgets

- **2011-2013 State Budget**
 - Cut \$250 million in UW System base funding over two years
 - **2013-2015 State Budget**
 - Tuition freeze for resident undergraduate students
 - Caused UW System to spend \$112 million in reserve funds
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What are the Reserve Funds?

- A 2013 Legislative Fiscal Bureau report showed that the UW System had \$648 million in reserve funds
 - These funds were spread out over thousands of accounts across the UW campuses
 - \$441.2 million were already committed to projects at individual campuses
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Why Keep Reserve Funds?

- The National Association of College and University Business Officers recommends that universities keep at least 40% of their budget in unrestricted reserves
 - Most private sector companies keep reserves amounting to 1.5 to 2 months of operating costs
 - The UW System reserve funds could insulate against future funding uncertainties:
 - Declining state funding
 - Lower predicted student enrollment
 - Federal sequestration (in 2013)
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Financial reserves

Institutions often have cash on hand to keep operations solvent in the short term absence of income. Called a primary reserve ratio, this figure is derived from comparing net assets to operating expenses and is a measure of financial strength.

Cash reserves at UW peer schools and systems

| PEER SYSTEMS | CASH & CASH EQUIVALENTS | PERCENTAGE IN PRIMARY RESERVE** |
|------------------------|-------------------------|---------------------------------|
| UW System | 1,347,503,294 | 25.30 |
| Univ. of Calif. | 133,264,000 | 20.56 |
| Univ. of Texas | 2,325,376,228 | 94.56 |
| Univ. of Georgia | 1,044,433,603 | -5.04 |
| Minn. St. Coll./Univ.* | 770,820,000 | 28.75 |
| Univ. of Illinois | 791,862,000 | 33.67 |

PEER SCHOOLS

| | | |
|--------------------|---------------|--------|
| UW-Madison | *587,167,113 | 23.04 |
| Indiana Univ. | 645,147,000 | 55.40 |
| Michigan St. Univ. | 13,787,000 | 66.38 |
| Ohio St. Univ. | 601,095,000 | 47.68 |
| Purdue Univ. | 423,927,000 | 108.56 |
| Univ. of Michigan | 238,690,000 | 98.69 |
| Univ. of Minn. | 167,751,000 | 50.50 |
| Univ. of Iowa | 552,265,000 | 56.92 |
| Penn St. Univ. | 1,599,863,000 | 102.94 |

Milwaukee Journal Sentinel
April 22, 2013

Balances at UW-Stevens Point

- Today, UW-Stevens Point has only 7.6% in reserves and 2.6% in uncommitted funds (a combined \$4.1 million)
 - Large portions of the university's cash balances are obligated or planned for specific uses
 - Even if UW-Stevens Point spent down its reserves, it would still fall short of its budget needs under the proposed budget cuts
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2015-2017 Budget Proposal

- On February 3, Governor Walker unveiled his 2015-2017 budget proposal. His plan for the UW System includes:
 - \$300 million in cuts over two years
 - Making the UW System a public authority (rather than a state agency)
 - Two-year tuition freeze
 - Cutting state funding for WPR and WPT
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2015-2017 Budget Perspective

- The budget proposal calls for a **13%** cut to state support for the UW System
 - The UW System budget is **\$6.1 billion**
 - **\$3.7 billion** are restricted dollars from federal research grants, financial aid, gifts for specific purposes, fees that pay for athletics, etc.
 - **Two-year campuses and four-year campuses without differential tuition will be hit especially hard by these cuts**
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\$300 Million in Cuts

- **What does this mean for UW-Stevens Point?**
 - **Projected cuts of \$6.4 million per year**
 - **17% reduction in state support**
 - **Largest cut in UW-Stevens Point's history**
 - **Returns state funding to level in 1980s**
 - **An additional \$1.4 million in cuts per year to UW-Stevens Point SEG programs**
 - **Inevitable layoffs**
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Switch to Public Authority

- Increased flexibility and autonomy
 - UW System will operate more like a business
 - More flexibilities over purchasing, management of building projects, pay plans for university employees, etc.
 - Sustainable funding source
 - Dedicated funding source similar to the Transportation Fund
 - Funded by the state's sales tax with annual increases based on the Consumer Price Index (roughly \$1 billion in block grants)
 - Shared governance and tenure removed from statute (Chapter 36)
 - Any cost savings will NOT offset the \$300 million cuts
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Tuition Freeze

- Tuition freeze for academic years 2015-2016 and 2016-2017
 - Unclear how this will work under the public authority – will the Legislature or the Board of Regents have control over tuition?
 - Under the cuts and tuition freeze, it will be an ongoing challenge for colleges to remain affordable while still providing quality education and services
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Cuts to Programs at UWSP

- In addition to the projected \$6.4 million base budget cut for UW-Stevens Point, the budget proposal eliminates funding for the following programs:
 - Northern Aquaculture Demonstration Facility
 - Wisconsin Environmental Education Board (WEEB)
 - Wisconsin Bioenergy Initiative – Wisconsin Institute for Sustainable Technology (WIST)
 - Other programs through the College of Natural Resources
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Differential Tuition

- UW-Stevens Point remains one of only three four-year UW campuses without differential tuition
 - A differential tuition program would generate an additional projected \$3.4 million annually for UW-Stevens Point
 - This revenue would eliminate enrollment bottlenecks and could be used to provide financial aid to students
 - Without differential tuition, UW-Stevens Point is millions of dollars behind other campuses in revenue:
 - UW-La Crosse will generate \$11.9 million in 2015
 - UW-Eau Claire will generate \$10.3 million in 2015
 - As a result, UW-Stevens Point is at a significant disadvantage with these budget cuts hitting extra hard
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Budget Timeline

- **February 3, 2015** – Gov. Walker released his budget proposal
 - **Late February/Early March** – Legislative Fiscal Bureau will release their summary of the budget
 - **March** – the Legislature’s Joint Finance Committee (JFC) will hear testimony from state agencies
 - **March** – the JFC will host four public budget hearings throughout the state
 - **April/May** – the JFC will vote on budget motions and the amended budget bill
 - **June** – the budget bill will go to the Assembly and Senate
 - **End of June** – Gov. Walker will make line-item vetoes and sign the budget into law
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Top 5 Ways to Speak Up

- 1) Ask students, faculty, staff, parents, alumni, business owners, members of board of directors, and community members to speak up on the harmful effects of the UW budget cuts
 - 2) Contact your State Senator, State Representative, Governor, and members of the Joint Finance Committee with a personalized letter, e-mail, or phone call explaining why you are opposed to the cuts. Not sure who your legislators are? Find out here: <http://legis.wisconsin.gov>
 - 3) Request a meeting with your State Senator and State Representative to discuss your concerns about the UW budget cuts and ask them to oppose the cuts – including your hometown legislators!
 - 4) Write letters to the editor and ask community members (parents, alumni, business owners, members of boards of directors) to do the same
 - 5) Testify to the Joint Finance Committee and explain to legislators how the proposed cuts will affect you personally.
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Make Your Voice Heard

- **Contact Governor Walker**



Mail:
Governor Walker
115 East Capitol
Madison, WI 53702

Phone:
(608) 266-1212
E-mail:
govgeneral@wisconsin.gov

- **Contact the Joint Finance Committee Members:**
<http://legis.wisconsin.gov/lfb/jfc/Pages/default.aspx>
 - **Sen. Alberta Darling, Co-Chair**
Phone: (608) 266-5830 E-mail: Sen.Darling@legis.wi.gov
 - **Rep. John Nygren, Co-Chair**
Phone: (608) 266-2343 E-mail: Rep.Nygren@legis.wi.gov
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Make Your Voice Heard

- **Contact Your Central Wisconsin Legislators**

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|-----------------------------------|-----------------------|------------------------------------|
| Sen. Julie Lassa (D) | (608) 266-3123 | Sen.Lassa@legis.wi.gov |
| Sen. Jerry Petrowski (R) | (608) 266-2502 | Sen.Petrowski@legis.wi.gov |
| Sen. Tom Tiffany (R) | (608) 266-2509 | Sen.Tiffany@legis.wi.gov |
| Rep. Katrina Shankland (D) | (608) 267-9649 | Rep.Shankland@legis.wi.gov |
| Rep. Nancy Vander Meer (R) | (608) 266-8366 | Rep.VanderMeer@legis.wi.gov |
| Rep. Scott Krug (R) | (608) 266-0215 | Rep.Krug@legis.wi.gov |
| Rep. Dave Heaton (R) | (608) 266-0654 | Rep.Heaton@legis.wi.gov |
| Rep. John Spiros (R) | (608) 266-1182 | Rep.Spiros@legis.wi.gov |
| Rep. Bob Kulp (R) | (608) 267-0280 | Rep.Kulp@legis.wi.gov |
| Rep. Mary Czaja (R) | (608) 266-7694 | Rep.Czaja@legis.wi.gov |
