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STATE SENATOR • 17TH SENATE DISTRICT

Capitol Update By Senator Howard Marklein February 19, 2016

UW System by the Numbers

As a Certified Public Accountant (CPA), numbers paint detailed and thorough pictures for me. While others analyze state agencies by anecdotal evidence, I turn to numbers to seek a deeper understanding of their programs, processes and financial health.

Numbers, especially financial reports, tell a story. We can see successes, failures, decisions and opportunities through numbers. We can also tell a lot about priorities and strategy when we consider the way an agency or organization spends or saves money, manages staff and invests in infrastructure. Financial reports offer an opportunity to assess the financial health of state agencies, how they're performing, and the direction we are heading in the future.

Recently, the State of Wisconsin released its Comprehensive Annual Financial Report (CAFR). I have been spending time reviewing its pages and analyzing information on our state agencies. One of the agencies that I follow closely is the University of Wisconsin (UW) System. As a graduate of the UW System, its mission and health are important to me. While there have been many headlines about the UW System's finances recently, it is important to look at the numbers to see the full story.

One important chapter of this story includes the UW System's cash balances which are a financial signal that I have been watching for several years. Cash balances, in any organization, are a part of the financial picture. The UW System's cash balances accumulated for many years without much notice before a group of CPA-legislators brought the numbers to the attention of the public in 2013. At that time the UW System had cash balances of \$1.2 billion.

The most recent State of Wisconsin CAFR indicates the University System was holding more than \$1.5 billion in cash at the end of last year, an increase of approximately \$300 million over the last three years. Despite a tuition freeze for the past four years the UW System has more cash on hand than last year, and the second highest amount ever on record.

UW System Cash Balances Ending June 30	
Year	Balance
2005	\$ 562,906,000
2006	\$ 531,162,000
2007	\$ 745,084,000
2008	\$ 247,757,000
2009	\$ 327,027,000
2010	\$ 613,115,000
2011	\$ 546,744,000
2012	\$ 1,201,990,000
2013	\$ 1,685,327,000
2014	\$ 1,398,745,000
2015	\$ 1,536,784,000

Source: Comprehensive Annual Financial Report

In 2014-15 the UW System spent \$6.1 billion, the highest spending in the system's history. This represents an increase of \$1.4 billion in just five years. The current average annual cost for an undergraduate student is \$19,657. This represents an increase of \$2,177 per student in five years. Importantly, spending and costs matter because ultimately students, families, and tax payers pay the bill. To lower the pressure of higher education costs on families, spending needs to be a focus.

Another area I monitor is outcomes in higher education; this means putting a focus on ensuring that students not only attend college, but successfully complete and earn degrees to propel them forward. In 2014-15, the system had a total enrollment of 180,979 students. Ten years ago, 168,504 students attended our system universities and colleges, demonstrating strong enrollment growth as the importance of a college education increases for students and families.

The UW System awarded 34,612 individual degrees in 2014-15. Tracking this number and comparing it to how many students are enrolled is important. Graduation rates have been slowly improving across the university system. 32.6% of students graduate within four years, 59% within five years, and 66% within six years. Sadly, this still means students in Wisconsin are less likely to graduate in four years, than they are to graduate at all.

Higher education is important to our state and the success of our communities. Our University System is educating many students, improving graduation rates gradually, but we must continue to improve. Meanwhile, spending and cost-per-student continues to rise and the system continues to hold large amounts of cash. We must continue to focus on offering quality education at reasonable costs. I will keep working and monitoring the progress on these goals.

To access the most recent Comprehensive Annual Financial Report please visit:
http://doa.wisconsin.gov/Documents/DEBF/Financial%20Reporting/CAFR/2015_CAFR_Linked.pdf

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