



## University of Wisconsin System FY 2020-21

The University of Wisconsin (UW) System provides postsecondary academic education for approximately 164,800 students. UW System includes 13 four-year universities, 13 two-year branch campuses associated with a university, and UW System Administration, and an 18-member Board of Regents.

We provided an unmodified opinion on UW System’s financial statements as of and for the years ended June 30, 2021, and June 30, 2020. These financial

statements account for the financial position and activity of UW System. We conducted this financial audit by auditing UW System’s financial statements in accordance with applicable government auditing standards, issuing our auditor’s opinion, reviewing internal controls, and issuing our auditor’s report on internal control and compliance. We also reviewed UW System program revenue balances as of June 30, 2021.

### A decline in revenue from tuition and auxiliary operations was offset by the increased federal funding UW System reported related to the public health emergency

Although overall revenues increased 4.6 percent in fiscal year (FY) 2020-21, tuition revenue declined slightly as did revenue from auxiliary operations. The decrease in these revenues was offset by \$240.5 million in federal funding UW System

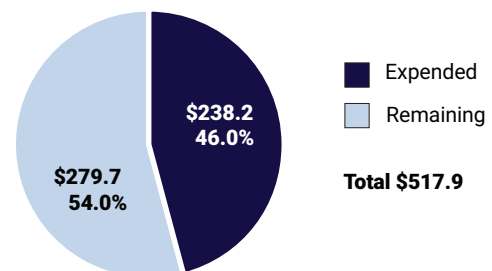
reported related to the public health emergency. State general purpose revenue (GPR), which UW System reports as State Appropriations, increased by 8.6 percent in FY 2020-21.

### From March 2020 through June 2021, UW System was allocated \$517.9 million in federal Higher Education Emergency Relief (HEERF) funding

UW System is required to spend a portion of HEERF funds on student aid. However, these funds may also be used for UW institutional costs related to the public health emergency. UW institutions used HEERF funding for purposes such as offsetting revenue declines and providing increased student aid.

UW System spent \$180.1 million in HEERF funds in FY 2020-21. When combined with the amounts of HEERF funding expended in FY 2019-20, UW System had spent 46.0 percent of the \$517.9 million in HEERF funds allocated to UW System through FY 2020-21.

**HEERF Funding Allocated to UW System**  
March 2020 through June 2021  
(in millions)



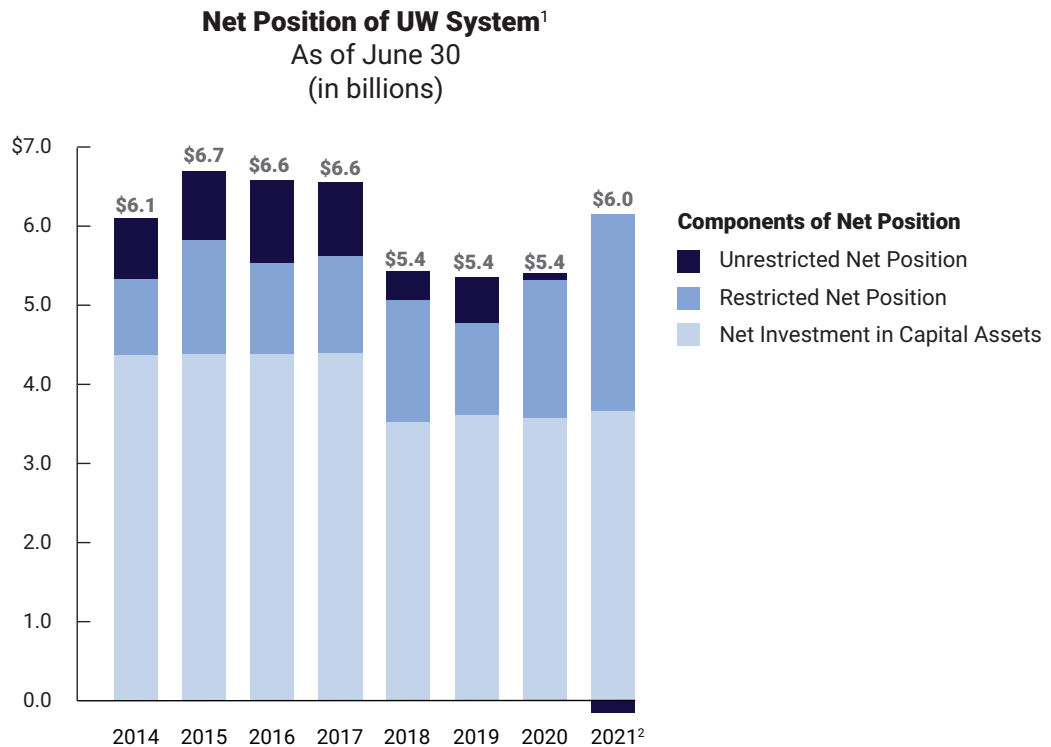
## UW System’s overall expenses declined by 5.7 percent in FY 2020-21

UW System’s largest expense in FY 2020-21 was salaries and fringe benefits, which totaled \$3.3 billion. This expense was 7.5 percent less than in FY 2019-20 due, in part, to spending reductions by UW System during the public health emergency and due to decreased pension and other postemployment benefits (OPEB) expenses.

UW System’s expenditures for supplies and services declined by 7.4 percent in FY 2020-21. UW System Administration attributed the decrease to spending reductions in travel and other expenses that were not incurred during the public health emergency.

## UW System’s net position increased from \$5.4 billion as of June 30, 2020, to \$6.0 billion as of June 30, 2021

UW System’s net position was made up of \$3.7 billion in net investment in capital assets, \$2.5 billion from restricted sources, and a negative \$154.0 million from unrestricted sources.

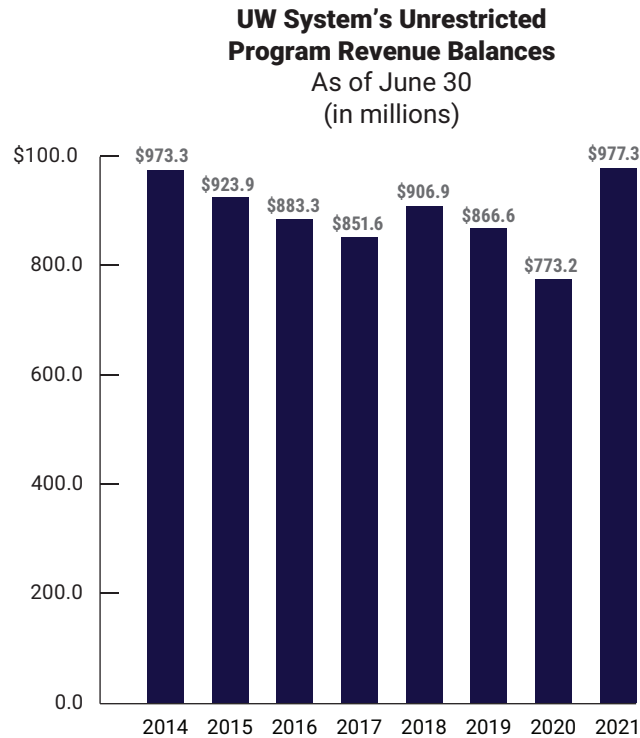


<sup>1</sup> On a GAAP basis.

<sup>2</sup> Unrestricted net position was a negative \$154.0 million as of June 30, 2021, due to the reporting of pension and OPEB activities.

## **UW System's unrestricted program revenue balances increased by 26.4 percent as of June 30, 2021**

As of June 30, 2021, UW System's unrestricted program revenue balances were \$977.3 million, or 26.4 percent more than the balances on June 30, 2020. After declining in FY 2019-20, program revenue balances from unrestricted sources increased at each UW institution in FY 2020-21. As noted, UW System received unexpected federal and state revenues, and it implemented certain spending reductions in FY 2020-21. As a result, program revenue balances increased.



## **We reported internal control concerns related to establishing a comprehensive information security program**

Although UW System had taken corrective actions as of June 30, 2021, to address our prior recommendations (report 20-29), none of its new policies were in effect in FY 2020-21. As a result, we continued to identify concerns for FY 2020-21 that were similar to prior years. We recommend that UW System Administration ensure it monitors UW institutions for compliance with systemwide policies.