

BUDGET IN BRIEF

University of Wisconsin–Madison
Budget Report 2014–2015





This document is intended to provide an easy-to-understand glimpse of UW–Madison’s budget picture. Spending information included in the document is from the 2013–14 fiscal year, the most recent year for which complete information is available. Most other budget, tuition, and fee data is for 2014–15.

For a more comprehensive look at UW–Madison’s revenues and spending and information about faculty, staff and students, visit the university’s *Data Digest* at

www.apir.wisc.edu/datadigest.htm

From the Chancellor



This document is intended to strip away some of the complexity and make our budget more accessible and understandable for all.

The University of Wisconsin–Madison, the state’s flagship university founded in 1848, exists today because of the forward-looking investment of Wisconsin’s citizens. Your investment has helped us become an internationally ranked institution of teaching and research. Clearly, the people of Wisconsin value higher education and understand the transformative changes it can make in people’s lives.

We are grateful for that support. As budgets have contracted over the years, we have worked to be thoughtful, careful stewards of our funds and protect the university’s core missions.

But we are also keenly aware of our duty as a public institution to do a thorough job of ensuring that citizens clearly understand the sources of our funding and how we use that money.

UW–Madison’s budget is a complex document. We have multiple revenue streams and our expenditures drive education, research, economic development, and outreach efforts across our large campus and beyond.

By focusing on only a few key numbers, this document tries to strip away some of the complexity and make our budget more accessible and understandable for all.

We value your trust and realize that it is earned through honesty, openness, clarity, and a proven track record of stewardship. If you have questions or concerns about our budget, I invite you to contact us at budget@uc.wisc.edu.

I hope this document provides the straightforward information that our stakeholders need.

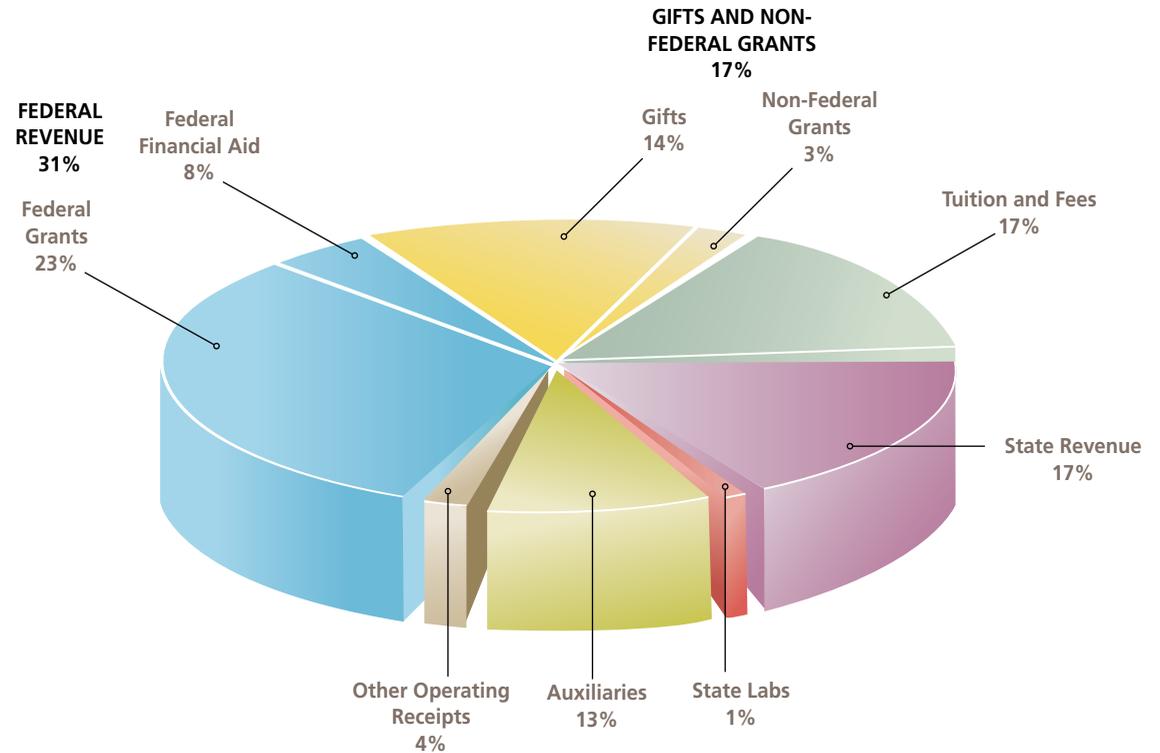
Rebecca Blank
UW–Madison Chancellor

Revenue Sources

UW–Madison gets revenue from multiple sources for its \$2.9 billion budget. The university's mission is supported by state and federal government investments, tuition, research grants, and contributions from friends of the university.

- The largest portion of the university's budget, more than \$890 million, or 31 percent, is from the federal government. Most of this is competitively awarded to the UW for specific research projects and supports research time for faculty, staff, and students, as well as research facilities.
- The second-largest amount (\$505 million, or 17 percent) comes through gifts from donors and private grants.
- Student tuition and fees are 17 percent (\$489 million) of the budget.
- Revenues from state government totaled \$497 million, or 17 percent of the overall budget. State revenue includes general purpose revenue (\$279 million), over which the university has some discretion, and specific-purpose revenue (\$218 million), which goes to predetermined programs.
- Revenues from auxiliary enterprises, such as University Housing and the Wisconsin Union, account for \$380 million, or 13 percent, of the overall budget. This money is collected and spent entirely within these units and cannot be used for other purposes.

Source of Funds

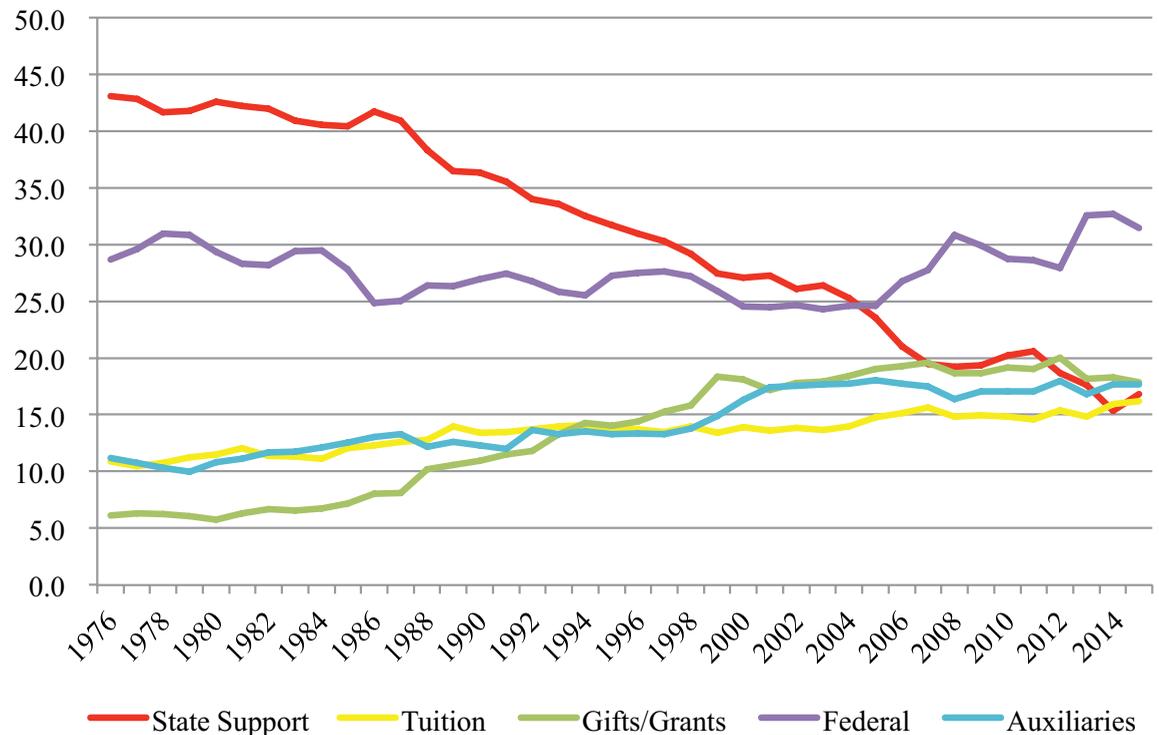


Changing Budget Landscape

UW–Madison’s funding sources have shifted over the decades. As the chart on the right indicates, the amount of support we receive in state funds relative to our overall budget has declined, and the university has become increasingly reliant on private donations, federal dollars, and tuition payments.

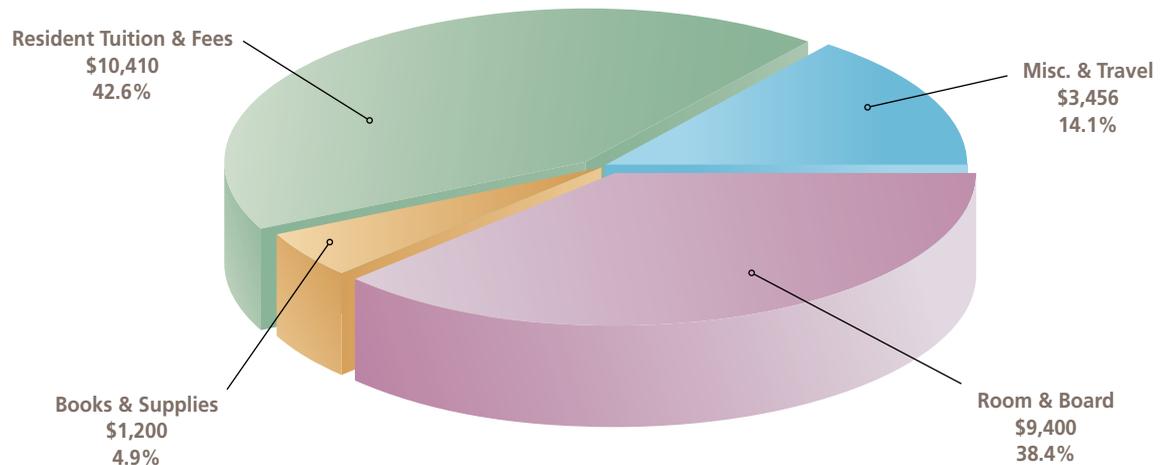
- For instance, in 1974, when UW–Madison merged with the UW System, state revenue accounted for 43 percent of total revenue, which has declined to 17 percent of the university’s total revenue today.
- In 1974, tuition made up roughly 11 percent compared to 17 percent today.
- Gifts and non-federal grants accounted for 5 percent in 1974, versus the current 17 percent.

Source of Funds



Tuition and Fees

Cost of Attendance for Typical Wisconsin Undergraduate Total = \$24,466



Tuition and fees are part of the overall cost of attending UW–Madison. Tuition currently is frozen for in-state undergraduates enrolled at UW System campuses. UW–Madison is consistently ranked one of the nation’s best values among public colleges and universities.

2014–2015 Academic Year Tuition & Required Fees at Public Big Ten Universities

| University | Undergraduate: Resident | | Non-Resident | |
|------------------------------------------|-------------------------|----------|-----------------|-----------|
| | Amount | Rank | Amount | Rank |
| Pennsylvania State University | \$17,502 | 1 | \$30,452 | 4 |
| University of Illinois, Urbana-Champaign | \$15,602 | 2 | \$30,228 | 5 |
| Rutgers University | \$13,813 | 3 | \$28,591 | 8 |
| University of Minnesota–Twin Cities | \$13,560 | 4 | \$20,810 | 13 |
| University of Michigan | \$13,486 | 5 | \$41,906 | 1 |
| Michigan State University | \$13,200 | 6 | \$34,965 | 2 |
| University of Wisconsin–Madison | \$10,410 | 7 | \$26,660 | 10 |
| Indiana University | \$10,388 | 8 | \$33,241 | 3 |
| The Ohio State University | \$10,037 | 9 | \$26,537 | 11 |
| Purdue University | \$10,002 | 10 | \$28,804 | 7 |
| University of Maryland | \$9,428 | 11 | \$29,721 | 6 |
| University of Iowa | \$8,079 | 12 | \$27,409 | 9 |
| University of Nebraska | \$8,070 | 13 | \$21,990 | 12 |
| Average excluding UW–Madison | \$11,931 | | \$29,555 | |
| UW–Madison distance from average | –\$1,521 | | –\$2,895 | |

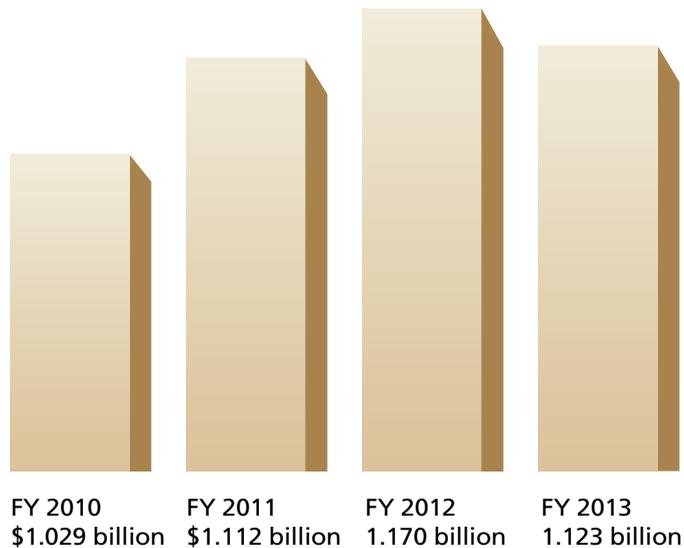
UW–Madison ranked seventh among public Big Ten Conference schools in 2014–15 for in-state resident undergraduate tuition and fees. For non-resident undergraduate students, UW–Madison tuition and fees rank 10th for public schools in the Big Ten and are well below the conference average.

Research Funding

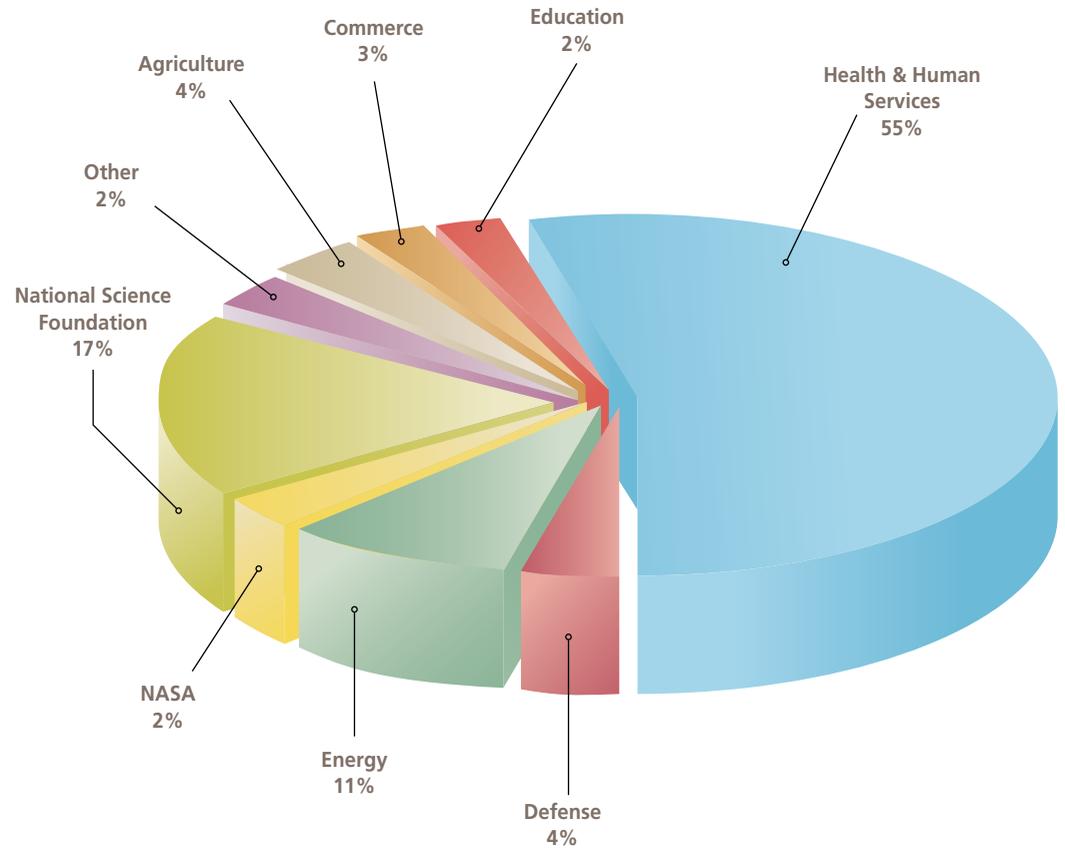
UW–Madison’s research enterprise is one of the largest in the nation. The research done on campus not only provides scientific and medical breakthroughs, but it also stimulates the economy, providing jobs and commerce regionally and statewide.

- UW–Madison spent more than \$1.1 billion from the federal government and from private sources for research in 2013–14. Federal research dollars have declined nationally in recent years due to federal budget cuts.
- Over the last two decades, the university has ranked in the top five annually in total research dollars among all academic institutions in the country.
- These dollars are awarded competitively for specific projects and require faculty to be entrepreneurial in applying and competing for funds with researchers around the country.

Total Research Funding Trend



Sources of Federal Research Funding

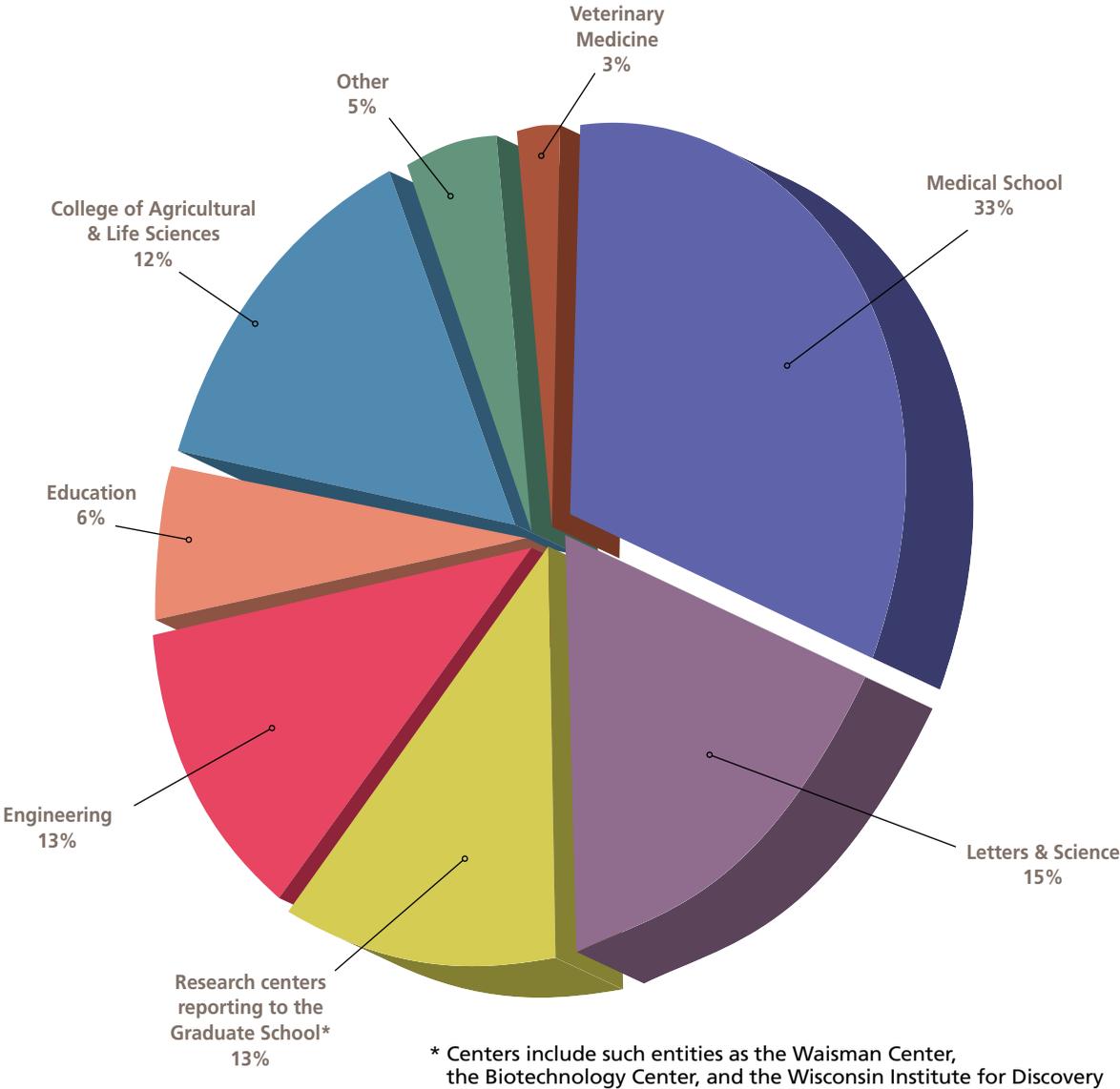


Funding allocation by specific federal agencies for research projects on the UW–Madison campus

Distribution of Research Funds

This chart shows how research funding is distributed across the UW–Madison campus. Faculty and staff across the university—in science, engineering, business, education, social sciences, arts and humanities—compete for research dollars and help make UW–Madison a premier research institution.

This research fuels economic growth and development through the money spent here in the state of Wisconsin to support this research infrastructure. The research reputation of UW–Madison attracts businesses and generates new start-up companies.



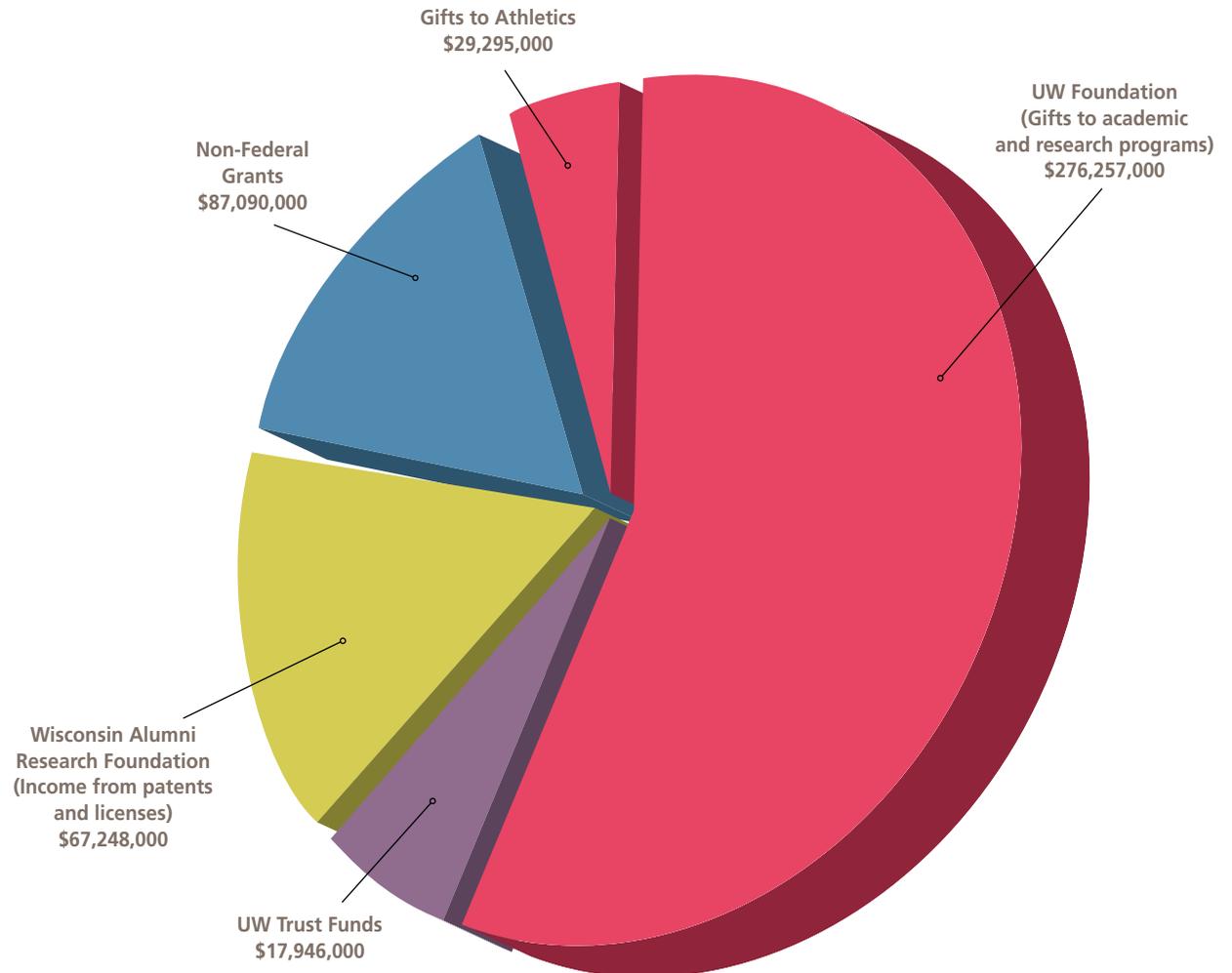
Gift and Grant Funds

UW–Madison also receives a significant amount of funding, \$478 million in 2013–14, from private gifts, non-federal grants, private contracts, and licensing fees. These funds are typically earmarked for very specific purposes.

The UW Foundation and the Wisconsin Alumni Research Foundation are strong partners with UW–Madison in soliciting these dollars. As independent entities, they allocate dollars to the university. The funds they generate are not under the university's control and must be spent on preapproved projects. They are not allocated for discretionary use. Both private and public universities across the country increasingly depend upon support from their alumni and friends to help them invest in special programs.

The majority of gift funds at UW–Madison are spent to provide need-based financial aid to students, to improve facilities, to spur innovation, and to enrich the academic experience. Another large component of gift funds goes to Athletics, which received \$29.2 million in 2013–14.

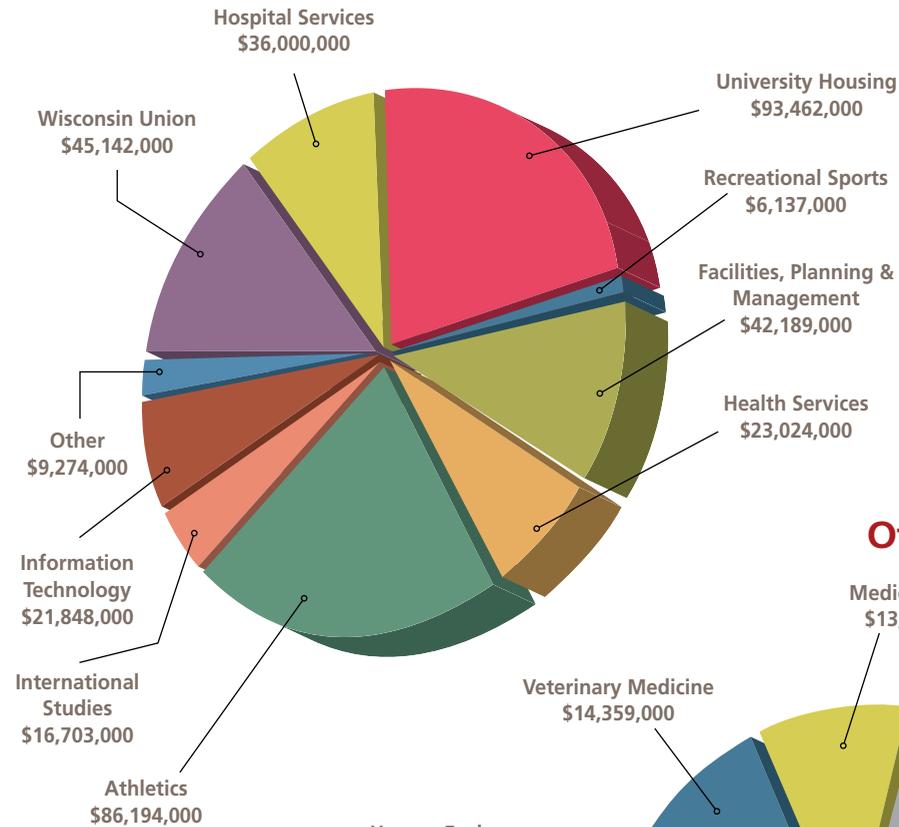
Fiscal 2014 Gifts and Non-Federal Grants / Awards



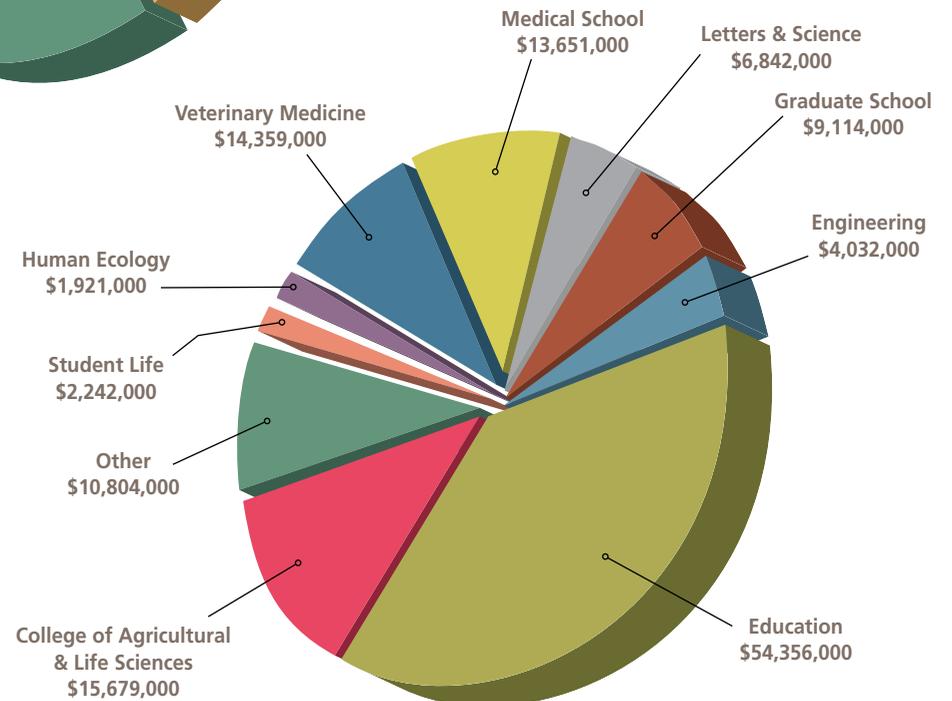
Auxiliary Funds and Other Revenue

Auxiliary funds are user fees paid for services the university provides to the campus community and general public, such as our residence halls or parking services. UW–Madison budgeted \$380 million in auxiliary revenues in 2014–15. These funds typically must be used to support the units where they are collected and cannot be used for other university purposes.

Auxiliary Funds



Other Revenue



The university budgeted \$133 million in revenue in 2014–15 from other sources, including services provided to the public by the veterinary school, medical school and certifications offered via the School of Education.

Fiscal 2013–14 Expenditures by Unit

Expenditures at UW–Madison reflect our core missions of education, research, and outreach.

- In the 2013–14 academic year, nearly \$1.7 billion, about 58 percent of our total expenditures, was allocated to our academic units.
- In addition, 11.2 percent was spent on auxiliary units. Most of these operate independently, but serve the entire university and generate much of their own revenue.
- An additional 17.9 percent is spent on support units necessary to the academic and research mission of the university, such as the library system, police services, and information technology.

UW–Madison Expenditures by Unit 2013–14 (In Millions)

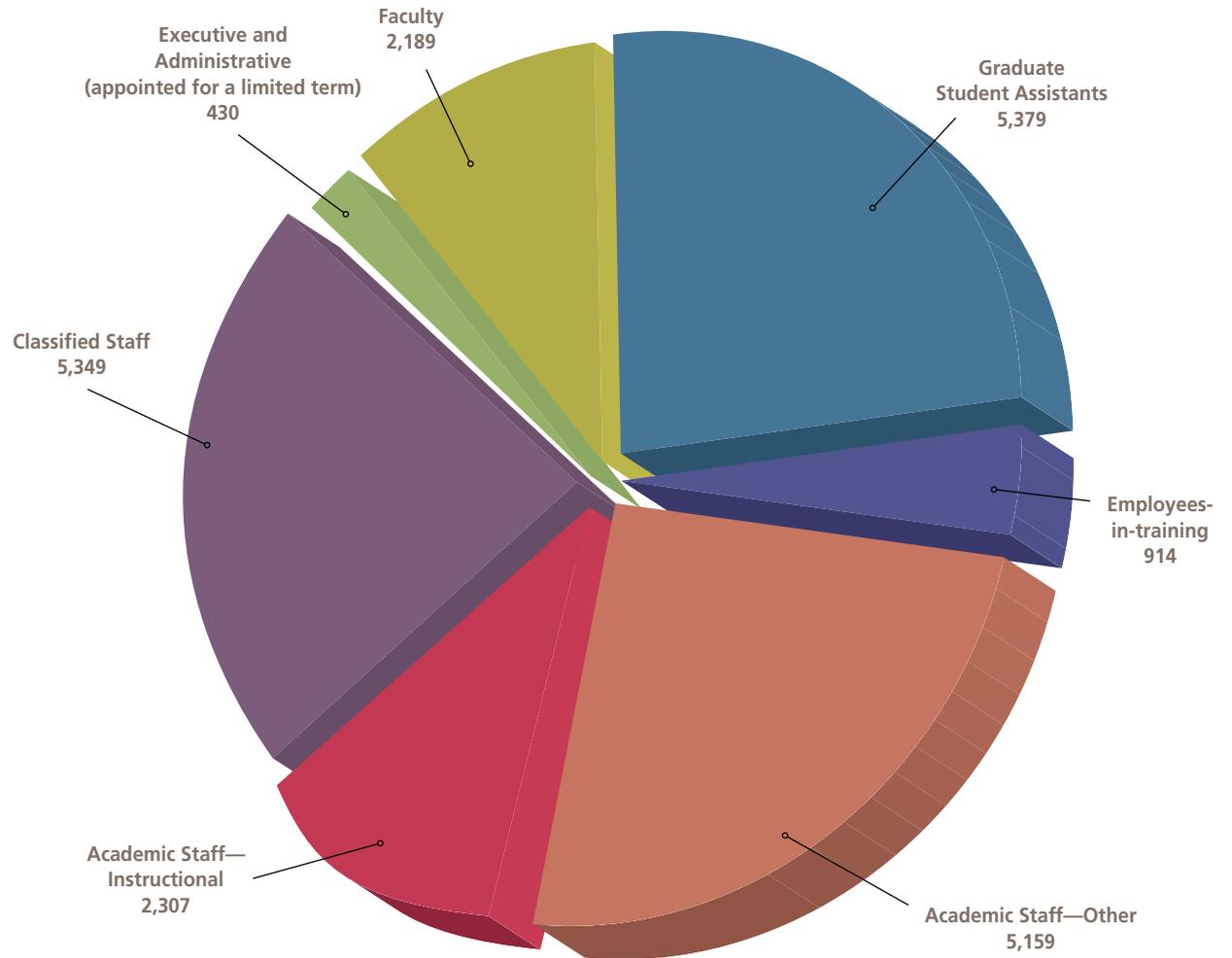
All Revenue Sources

| Academic Units | All Funds | % of Total | Support Units | All Funds | % of Total |
|------------------------------------|------------------|-------------------|----------------------------------|------------------|-------------------|
| College of Agricultural & Life Sci | \$178.4 | 6.1% | General Administration | \$6.8 | 0.2% |
| International Studies | \$19.8 | 0.7% | General Services | \$120.3 | 4.1% |
| School of Business | \$57.1 | 1.9% | Business Services | \$16.4 | 0.6% |
| School of Education | \$109.9 | 3.8% | Division of Student Life | \$16.4 | 0.6% |
| College of Engineering | \$188.9 | 6.5% | Academic Services | \$12.8 | 0.4% |
| School of Human Ecology | \$13.2 | 0.4% | Information Technology | \$73.4 | 2.5% |
| Graduate School | \$153.0 | 5.2% | General Library System | \$34.2 | 1.2% |
| Cross-College Biology | \$1.7 | 0.1% | Facilities Planning & Management | \$229.5 | 7.9% |
| Inst Environmental Studies | \$9.4 | 0.3% | Police Department | \$11.9 | 0.4% |
| Law School | \$26.3 | 0.9% | Subtotal | \$521.8 | 17.9% |
| College of Letters & Science | \$361.4 | 12.4% | | | |
| School of Medicine & Public Health | \$462.8 | 15.9% | Student Financial Aid (Loans) | \$180.3 | 6.2% |
| School of Nursing | \$13.8 | 0.5% | Debt Service | \$104.7 | 3.6% |
| School of Pharmacy | \$22.4 | 0.7% | Other | \$77.1 | 2.7% |
| School of Veterinary Medicine | \$56.4 | 1.9% | | | |
| Division of Continuing Studies | \$20.5 | 0.7% | | | |
| Subtotal | \$1,695.5 | 58.3% | TOTAL | \$2,907.0 | 100% |
| Auxiliary Units | All Funds | Total | | | |
| Athletics | \$116.7 | 4.0% | | | |
| State Hygiene Laboratory | \$42.1 | 1.4% | | | |
| University Health Services | \$28.1 | 0.9% | | | |
| Recreational Sports | \$4.7 | 0.2% | | | |
| University Housing | \$80.8 | 2.8% | | | |
| Wis Veterinary Diagnostic Lab | \$8.9 | 0.3% | | | |
| Wisconsin Union | \$46.1 | 1.6% | | | |
| Subtotal | \$327.4 | 11.2% | | | |

Faculty and Staff

At UW–Madison, people are our greatest asset. Accordingly, a large portion of our budget—roughly 50 percent—goes toward compensating the faculty, academic staff, and classified staff who support our education and research missions. In addition to the more than 21,000 members of the faculty and staff, the university also employs more than 13,000 undergraduate students.

Faculty and Staff Positions



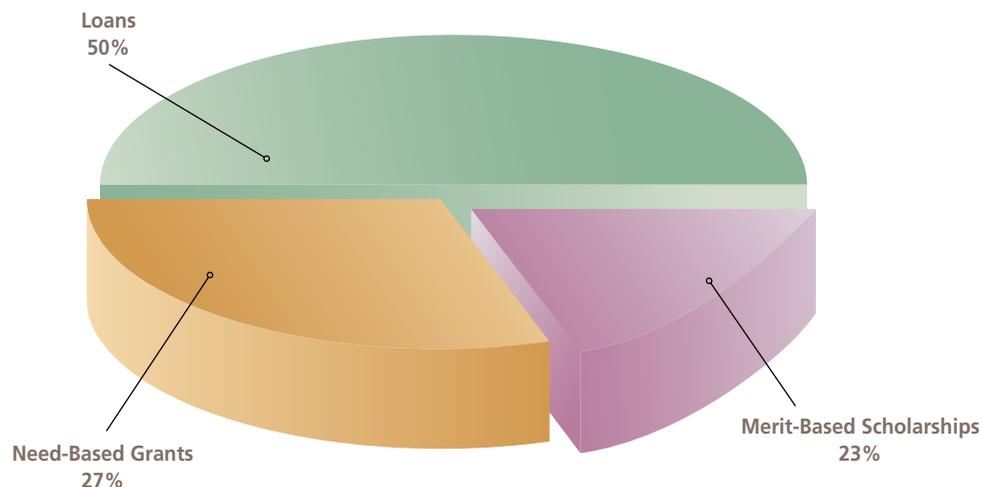
Total Positions: 21,727

Student Financial Aid

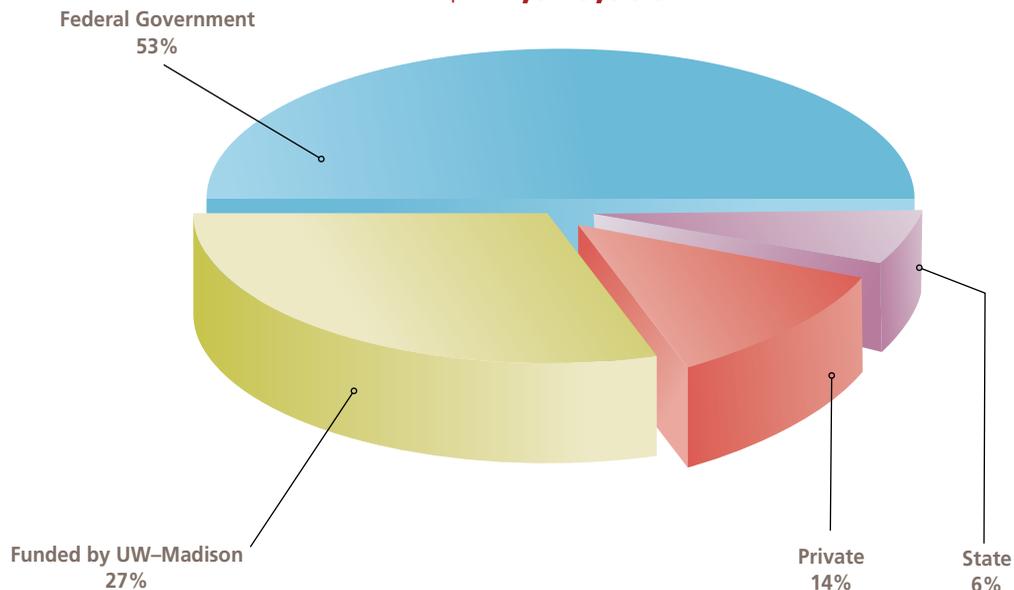
Though UW–Madison strives to keep higher education affordable, for many students and families, additional help is needed. In 2013–14, 61 percent of UW–Madison undergraduates received some form of financial aid, including student loans. When limited to gift aid—grants and scholarships that do not need to be paid back—53 percent of undergraduates received some form of financial aid.

- Through a combination of federal, state, and gift funding, many students received some financial aid. Although we have less aid available than some peer institutions, we work to be good stewards of limited resources by targeting available funds to students with the greatest need.
- The top pie chart shows annual grants, scholarships, and loans for UW–Madison students. Loans include subsidized, unsubsidized, private, state, and institutional.
- Private aid is provided by sources other than the federal/state government and UW–Madison funds, including private donors, non-profits, and service organizations.

Types of Undergraduate Financial Aid \$247,545,336



Sources for Undergraduate Financial Aid \$247,545,336



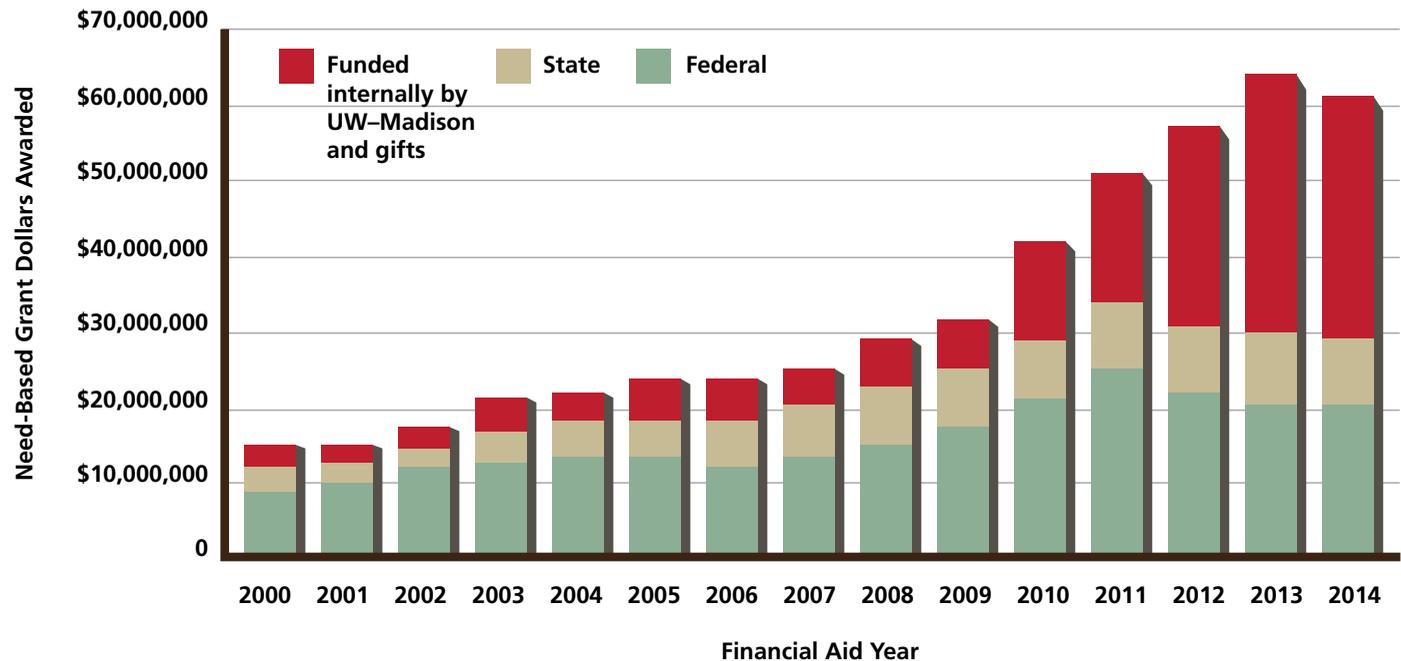
Need-Based Support Funded by UW–Madison

Undergraduate student loan debt at UW–Madison continues to be below national, state, and UW System averages.

- According to the most recent available data, the average debt load of \$26,625 for UW–Madison undergraduates is below recently reported state levels of \$28,102, which include UW System and private schools. Across the country, loan debt continued to rise last year, climbing to a national average of \$29,400.
- UW–Madison has been striving to control student debt by increasing the resources committed to financial aid, as demonstrated in this graph. Despite university efforts, our lowest-income students face a funding gap of nearly \$4,000 per year after exhausting all available loans and grants.

Undergraduate Need-Based Grant Dollars Awarded at UW–Madison 2000–2014

In 2014, more than \$60 million in need-based grants was dispersed to more than 10,000 UW–Madison students.



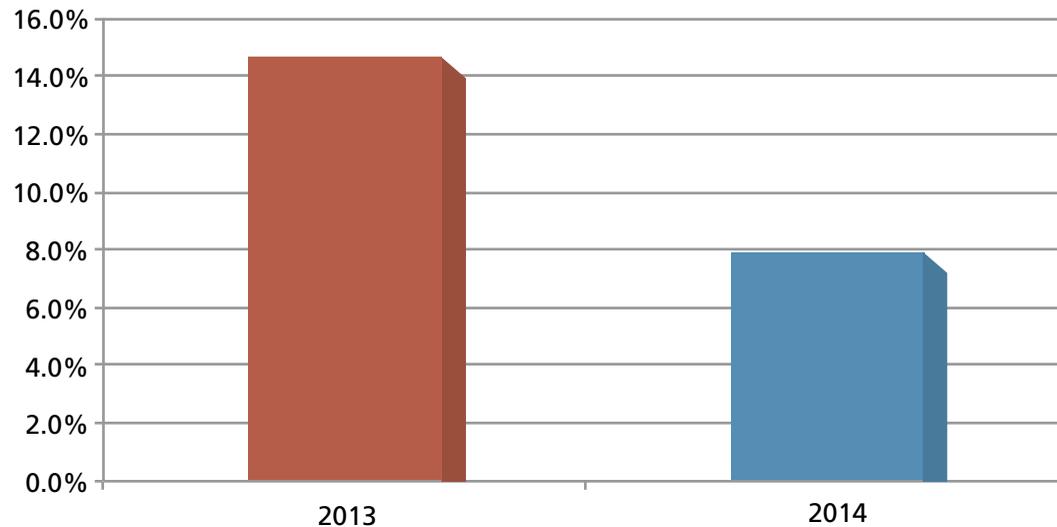
Year-End Fund Balances

In response to directives from the State Legislature and UW System Board of Regents, UW–Madison is working hard to manage fund balances with greater transparency.

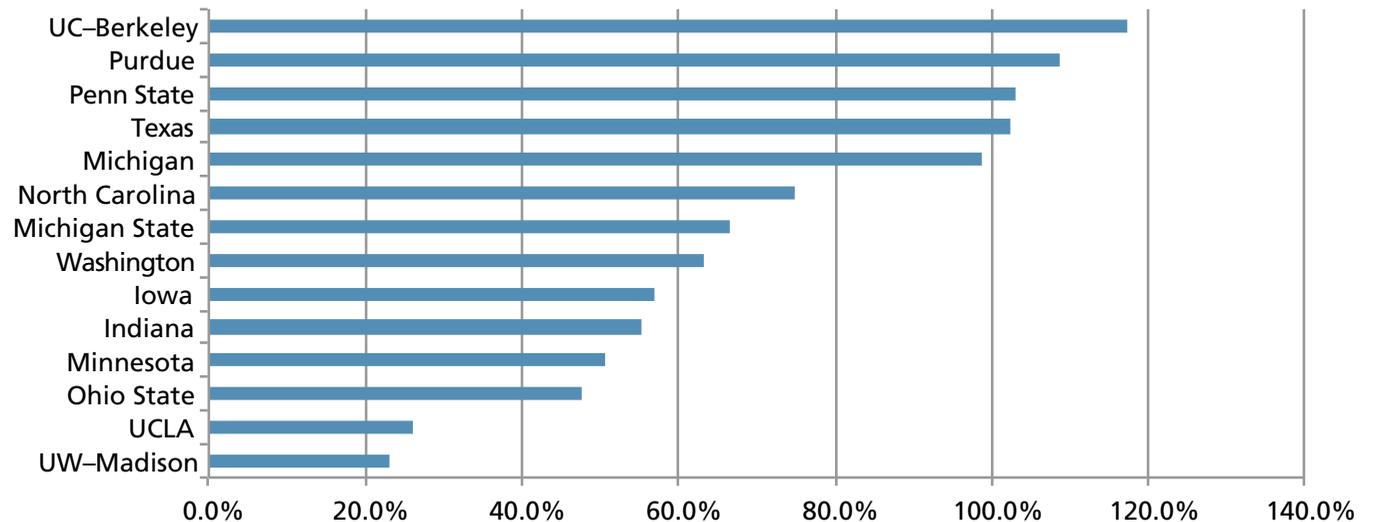
The university's tuition balance, as calculated by Legislative Audit Bureau methodology, declined from 14 percent in 2013 to 8 percent in 2014.

- Much of the tuition fund balance is already fully committed to various university programs. Most of the dollars are designated for commitments that have been made but are not yet paid for, such as financial aid to low-income students or faculty and staff hiring.
- Less than 5 percent of our tuition fund balance is not designated for specific purposes. Holding a small share of tuition fund balances in reserve is necessary for the operation of the university. The funds are used as a safeguard against revenue fluctuations caused by enrollment shifts or state budget cuts, and to cover sudden cost increases for obligations like utilities and fringe benefits.

Tuition Carryover Ratio



Expendable Assets As a Share of Total Expenses

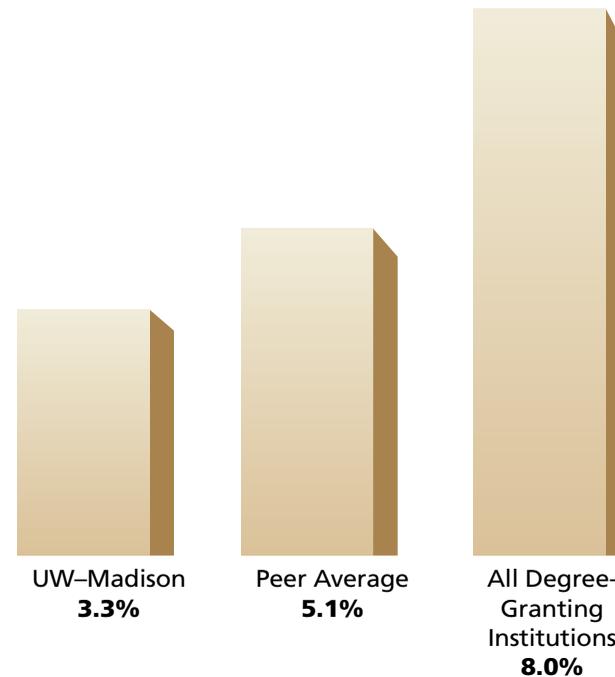


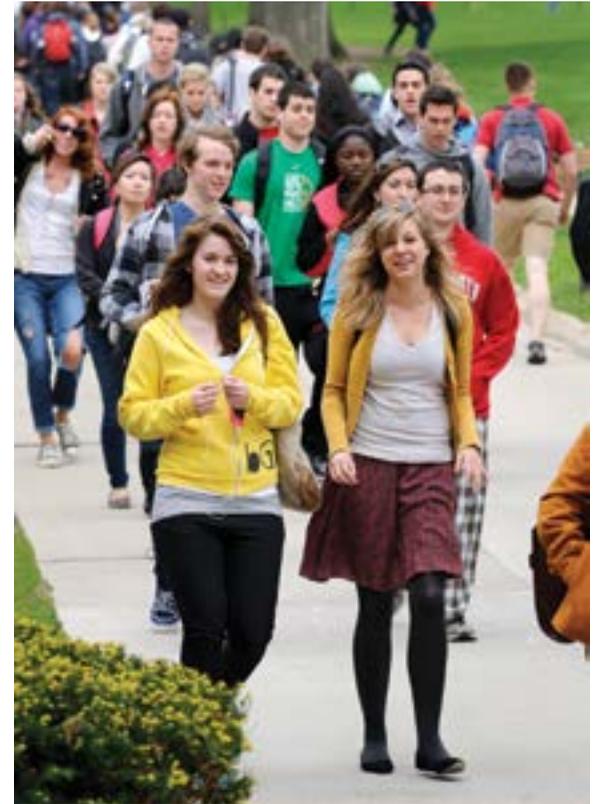
Administrative Overhead

UW–Madison’s central administration costs are low compared to its peers in the American Association of Universities, an association of 62 leading public and private research universities in the U.S. and Canada.

According to 2013 data, the amount spent on day-to-day administrative support as a percentage of total operating expenses at UW–Madison ranks sixth lowest among the 32 largest public research universities. These support services include general administrative services, legal and fiscal operations, purchasing and printing, employee personnel and records, and information technology.

Administrative Overhead at UW–Madison, Peer Public Universities, and All Degree-Granting Institutions (Percentage of overall operating expenses)









Photos: University Communications
© 2014 Board of Regents of the University of Wisconsin System



WISCONSIN
UNIVERSITY OF WISCONSIN-MADISON

For more statistical and budget information, visit
www.apir.wisc.edu/datadigest.htm