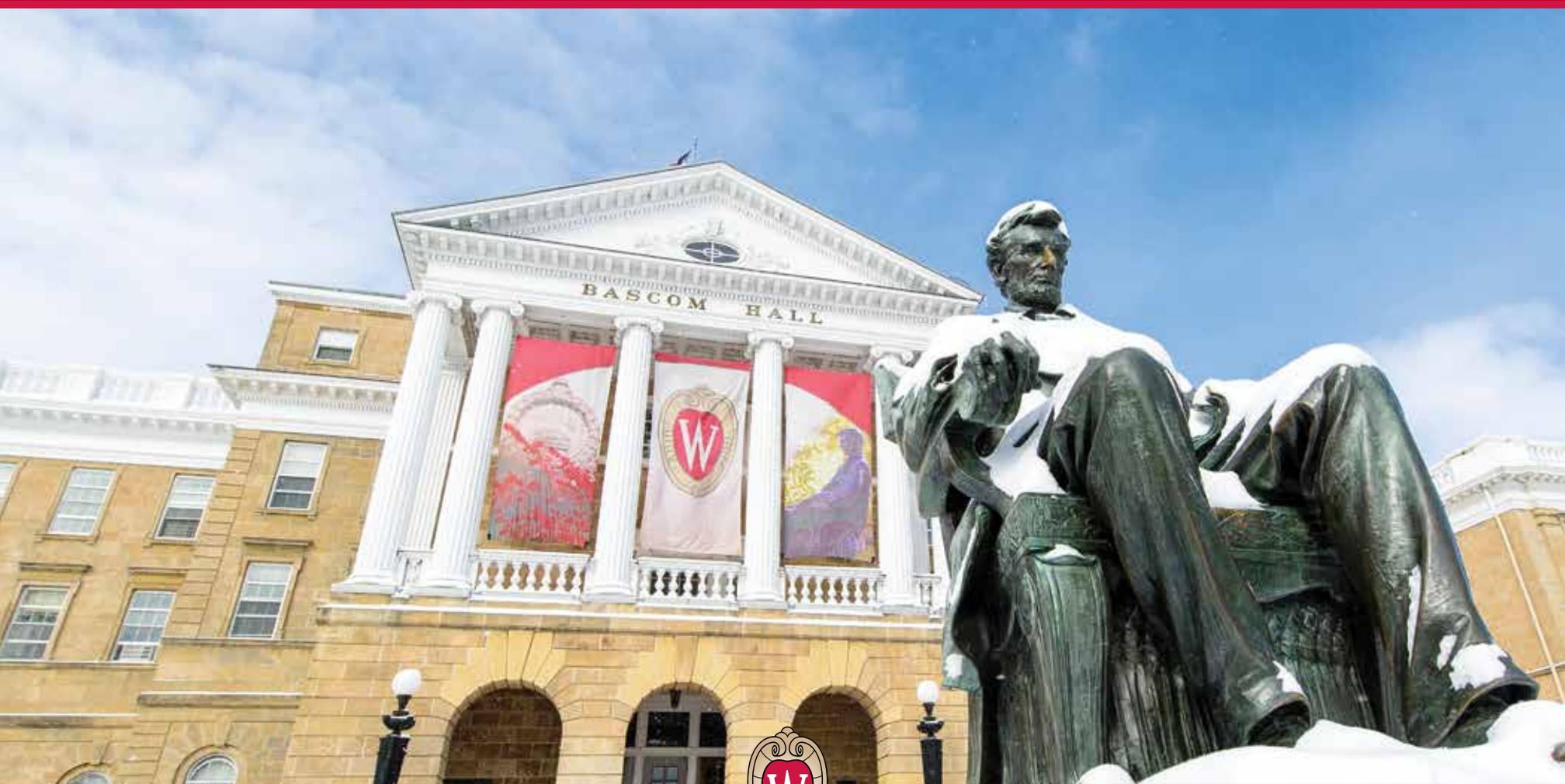


BUDGET IN BRIEF

BUDGET REPORT 2017-2018



WISCONSIN
UNIVERSITY OF WISCONSIN-MADISON



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 2016–17 fiscal year, the most recent year for which complete information is available. Most other budget, tuition, and fee data is for 2017–18.

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



We are focused on
being good stewards
of our resources.

Budgets are about priorities. After cuts in five of the last six budgets, we are grateful that the governor and state legislators prioritized higher education in Wisconsin by approving a funding increase for the University of Wisconsin System in the 2017–19 biennial budget.

But state dollars provide only 15 percent of our revenue. At UW–Madison we are focused on being entrepreneurial in generating additional dollars to fund research, education, and outreach by expanding our programs to new audiences and deepening our research portfolio. We bring \$1.4 billion into the state from outside through federal and other research grants and through nonresident tuition payments, in addition to the alumni gifts from out of state. We are using these dollars to create jobs and buy services here in Wisconsin.

We are focused on being good stewards of our resources and spreading the positive influence of our teaching and research across our state and beyond. Because of the commitment and investment of many generations of Wisconsin citizens, this is a top-flight university in academics and research.

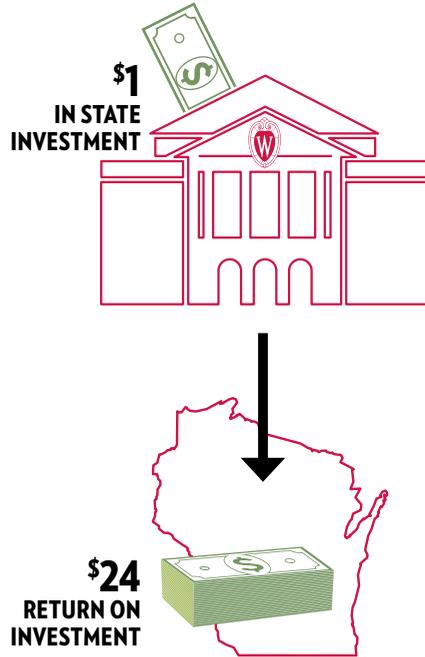
One of our duties is to provide clear information on how we are using the money taxpayers, students, and supporters have invested in our institution. This is the fourth edition of the *Budget in Brief*. Recognizing that our funding model is complex, the *Budget in Brief* is designed to explain our budget in simple terms and graphics.

If you have questions or concerns about our budget, I invite you to contact us at budget@uc.wisc.edu.

Rebecca Blank
UW–Madison Chancellor

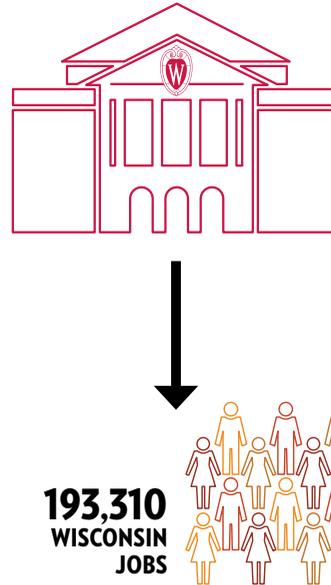
Economic Impact

Wisconsin taxpayers get a tremendous return on their investment in the state's flagship university



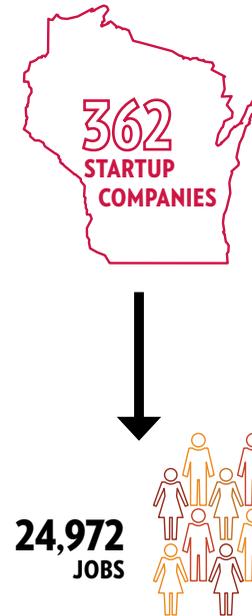
\$15 BILLION
Overall Economic Impact

A 2015 study by NorthStar Consulting found that **for every state taxpayer dollar** spent on UW–Madison, the university **generates \$24** for the state economy, accounting for \$15 billion annually in economic impact statewide.



\$847.5 MILLION
In State and Local Tax Revenue

UW–Madison, UW Hospital and Clinics, and the university's affiliated organizations and startup companies support **193,310 Wisconsin jobs** and generate more than **\$847.5 million annually** in state and local tax revenue, according to the NorthStar study.



\$2.3 BILLION
To the Wisconsin Economy

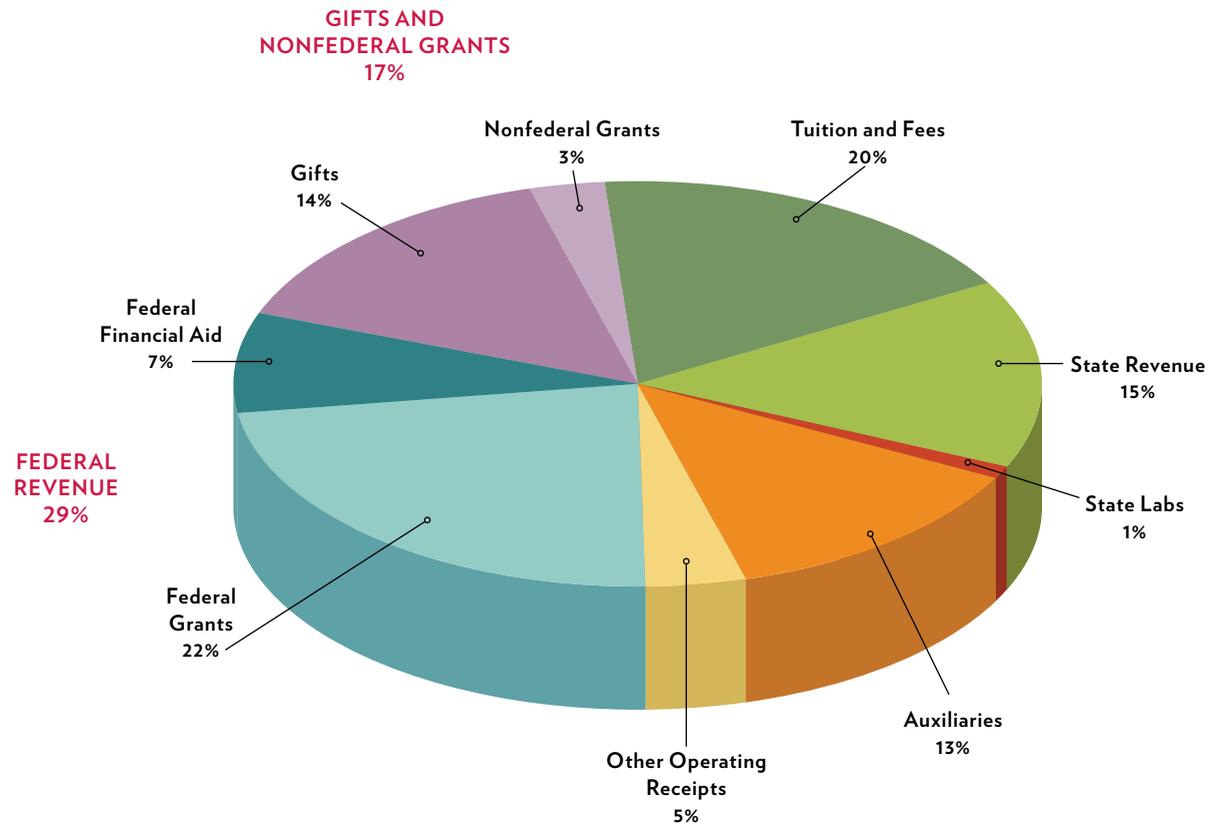
UW–Madison research has fostered the formation of at least **362 startup companies** in Wisconsin, according to NorthStar. The startup companies support more than **24,972 jobs** and contribute approximately **\$2.3 billion annually** to the Wisconsin economy.

Part I: Revenue Sources in Fiscal Year 2017–2018

UW–Madison receives revenue from five main sources for its \$3 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, approximately \$890 million, or 29 percent, is from the federal government. Most of this is competitively awarded to UW–Madison for specific research projects and supports salaries for faculty, staff, and students, and funds research facilities.
- The second-largest amount, \$600 million, 20 percent of the budget, comes through student tuition and fees.
- Gifts from donors and private grants, \$512 million, account for 17 percent of the budget.
- Revenues from state government for the 2017–18 fiscal year total \$445 million, or 15 percent of the overall budget. State revenue includes general program revenue (\$229 million), over which the university has some discretion, and specific-purpose revenue (\$216 million), which goes to predetermined programs and services.
- Revenues from auxiliary enterprises, such as University Housing and the Wisconsin Union, account for \$417 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



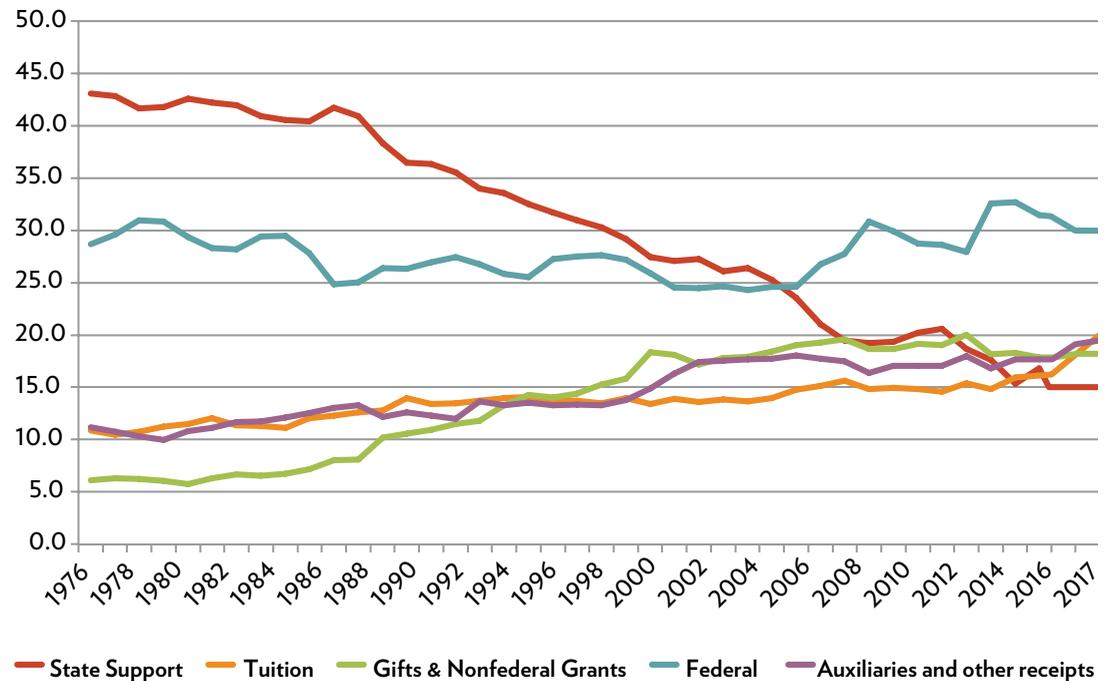
Changing Budget Landscape

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. This has declined to 15 percent of the university’s total revenue today. In 1974, tuition made up roughly 11 percent of the budget, compared to 20 percent today. Gifts and nonfederal grants accounted for 6 percent of the budget in 1974, versus the current 17 percent.
- At \$445 million in 2018, the real value of state revenue to UW–Madison is lower now than at any time in the past 40 years. At the time of the UW System merger, state support in inflation-adjusted dollars was approximately \$526 million. Since that time it has declined by approximately \$80 million to the current level of \$445 million.
- The reduction in state support has coincided with real price increases in the things that universities must purchase, as well as growth in the number of students from 38,545 to 43,820. In inflation-adjusted dollars, state support per student was \$14,640 at the time of the merger. Today it is \$10,156.

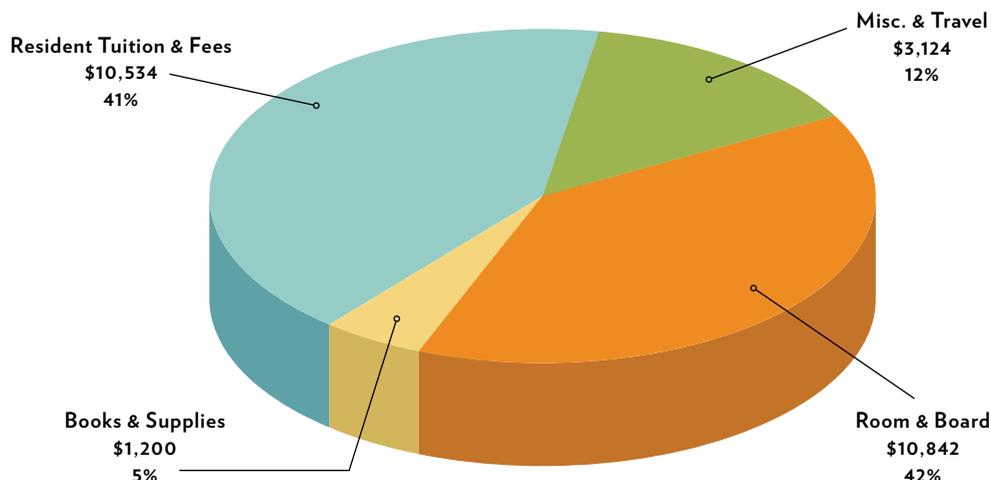
Source of Funds

Percent of total budget



Tuition and Fees

Cost of Attendance for Typical Wisconsin Undergraduate Total = \$25,700



Tuition and fees are part of the overall cost of attending UW–Madison. Tuition for in-state undergraduates enrolled at UW System campuses has been frozen since 2013.

UW–Madison is consistently ranked one of the nation’s best values among public colleges and universities. UW–Madison’s total room and board fees, including meal plan, rank second lowest among the 14 schools that make up the Big Ten.

The support of generations of Wisconsinites has helped to make UW–Madison a top institution. In return for that legacy of investment, we strive to keep tuition for in-state students affordable. UW–Madison currently ranks eighth among the Big Ten Conference’s 13 public schools for in-state resident undergraduate tuition and fees. For nonresident undergraduate students, UW–Madison tuition and fees are fourth among Big Ten public universities.

2017–2018 Academic Year Tuition & Required Fees at Public Big Ten Universities

University	Undergraduate: Resident		Nonresident	
	Amount	Rank	Amount	Rank
Pennsylvania State University	\$18,436	1	\$33,664	5
University of Illinois at Urbana–Champaign	\$15,868	2	\$31,988	7
University of Michigan	\$14,826	3	\$47,476	1
Rutgers University	\$14,638	4	\$30,579	9
Michigan State University	\$14,460	5	\$39,405	2
University of Minnesota–Twin Cities	\$14,417	6	\$26,603	12
Ohio State University	\$10,591	7	\$29,695	10
University of Wisconsin–Madison	\$10,534	8	\$34,783	4
Indiana University	\$10,533	9	\$34,845	3
University of Maryland	\$10,399	10	\$33,606	6
Purdue University	\$9,992	11	\$28,794	11
University of Iowa	\$8,965	12	\$30,609	8
University of Nebraska	\$8,887	13	\$24,187	13
Average excluding UW–Madison	\$12,668		\$32,621	
Midpoint excluding UW–Madison	\$12,504		\$31,299	
UW–Madison distance from midpoint	–\$1,970		+\$3,484	

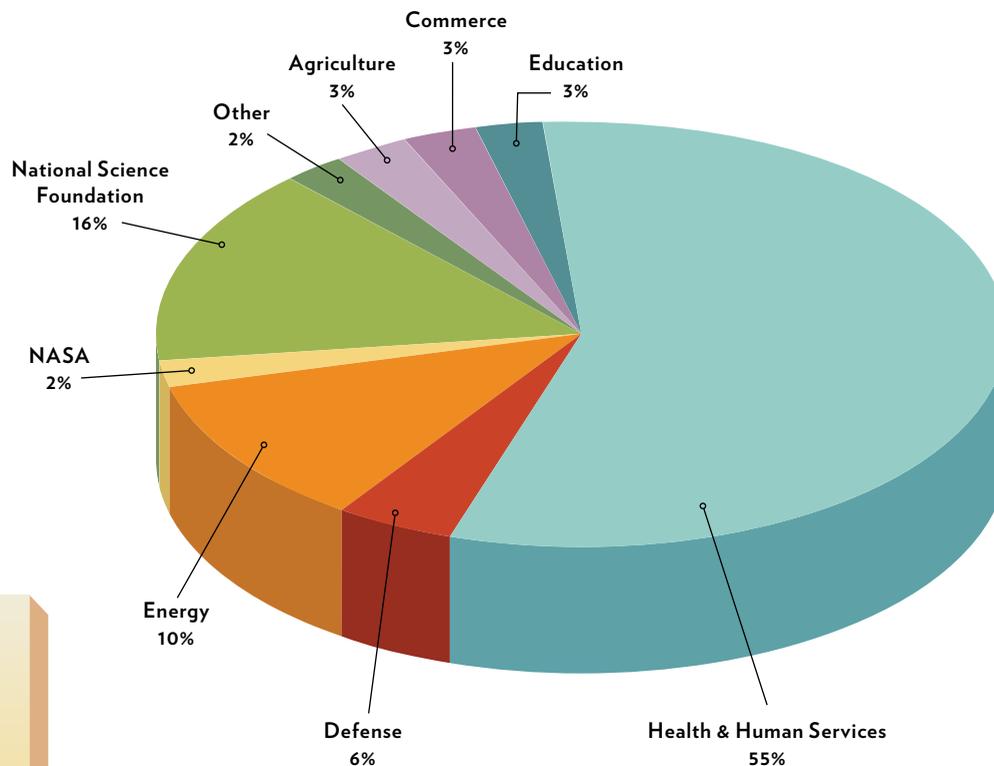
Research Funding

UW–Madison is home to one of the largest research enterprises in the nation. The research done on campus leads to new ways of understanding the world around us and to scientific and medical advances. Research also stimulates economic activity, providing jobs and commerce statewide.

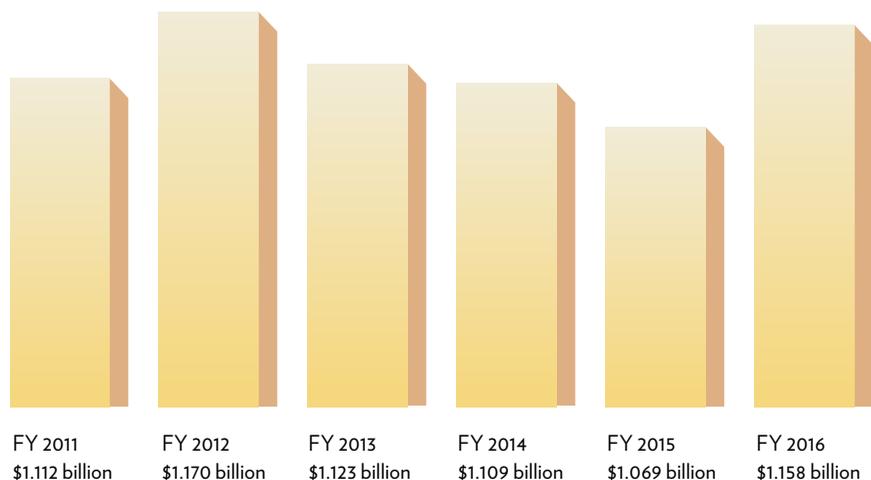
- UW–Madison spent almost \$1.2 billion from federal and state government and private sources for research in fiscal year 2016.
- UW–Madison had been among the top five in the nation for research spending every year since 1972—the year the survey started—until it dropped to sixth in 2015 and remained sixth in 2016.
- Federal research dollars are awarded competitively for specific projects and require faculty to be innovative and entrepreneurial. Our researchers compete for these federal funds with other top researchers from institutions across the United States.

Sources of Federal Research Funding

Funding allocation by specific federal agencies for research projects at UW–Madison



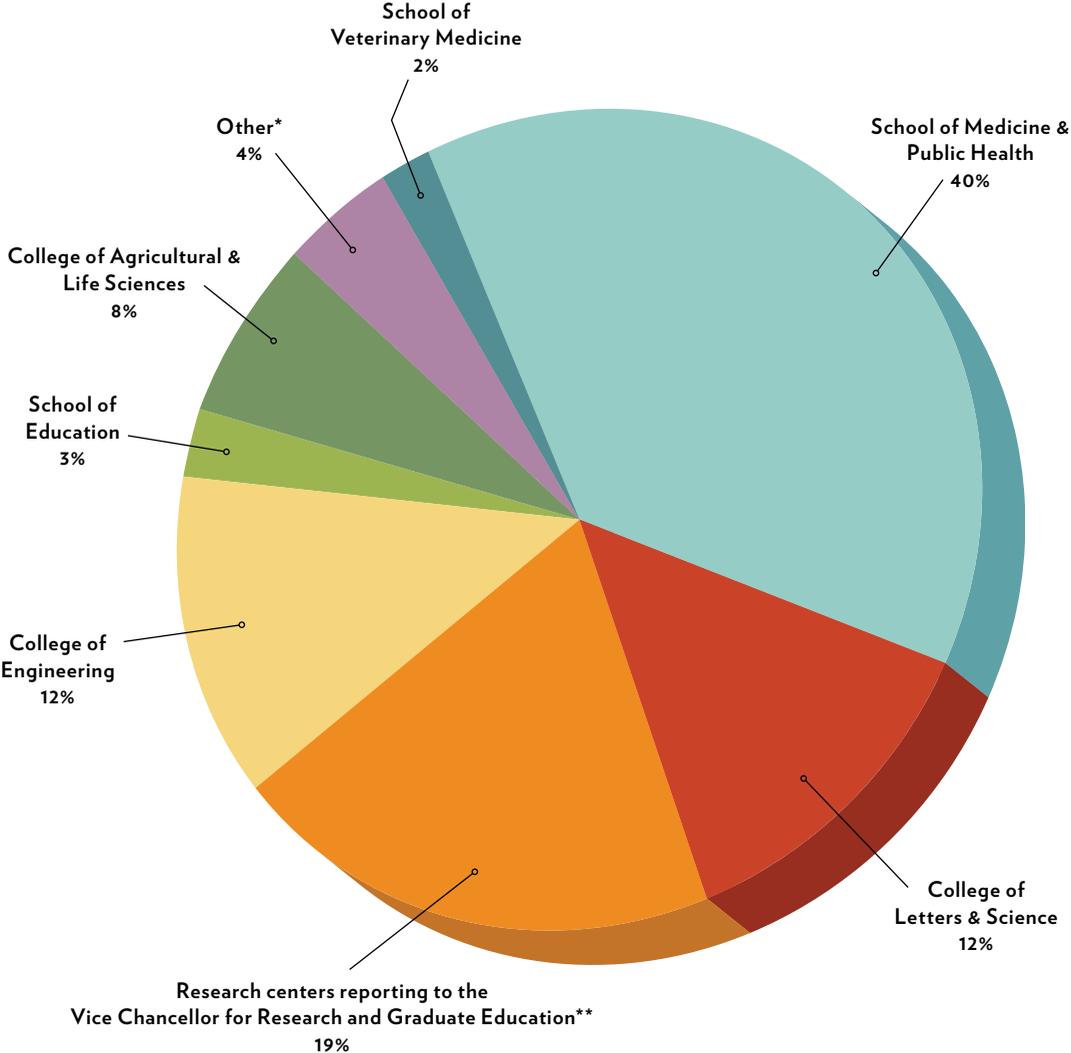
Total Research Funding Trend



Distribution of Research Funds

This chart shows how research funding was distributed across the UW–Madison campus in 2016–17. Faculty and staff across the university—in the sciences, engineering, medicine, business, education, social sciences, arts, and humanities—compete for research dollars and help make UW–Madison a premier research institution.

This research fuels teaching and learning and economic growth and development through the money spent here in the state of Wisconsin to support jobs and the research infrastructure. The research reputation of UW–Madison attracts businesses and generates new startup companies.



* Other includes the Wisconsin School of Business, Nelson Institute for Environmental Studies, School of Human Ecology, International Division, Law School, School of Nursing, and School of Pharmacy.

** Centers include such entities as the Waisman Center, the Biotechnology Center, and the Wisconsin Institute for Discovery.

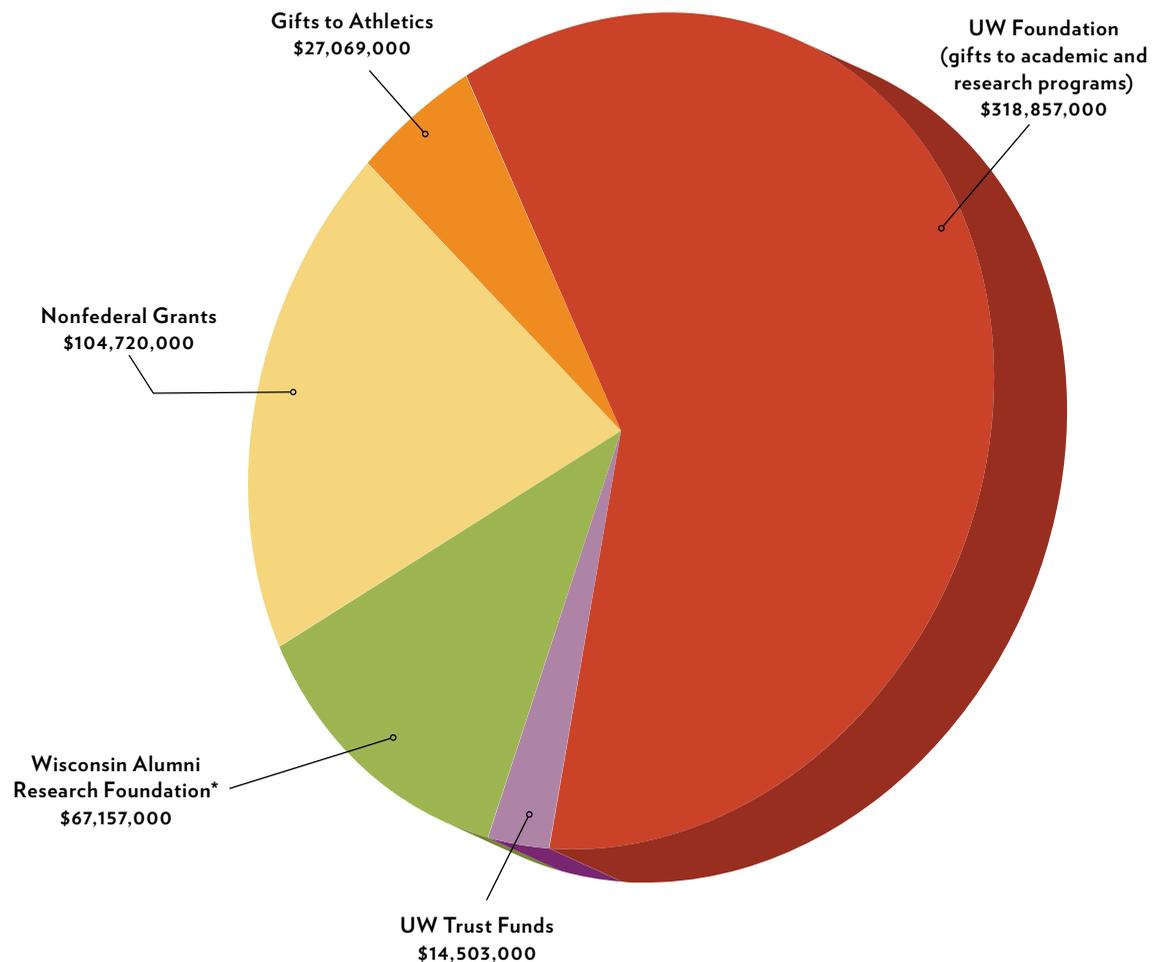
Gift and Grant Funds

UW–Madison also spent a significant amount of funding, \$532 million in 2016–17, from private gifts, nonfederal grants, private contracts, and licensing fees. These funds are typically earmarked for specific purposes.

The UW Foundation and the Wisconsin Alumni Research Foundation are strong partners with UW–Madison in generating these funds. 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. Private and public universities across the country increasingly depend upon support from their alumni and friends.

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 \$27 million in 2016–17.

Fiscal 2017 Gifts and Nonfederal Grants Funding

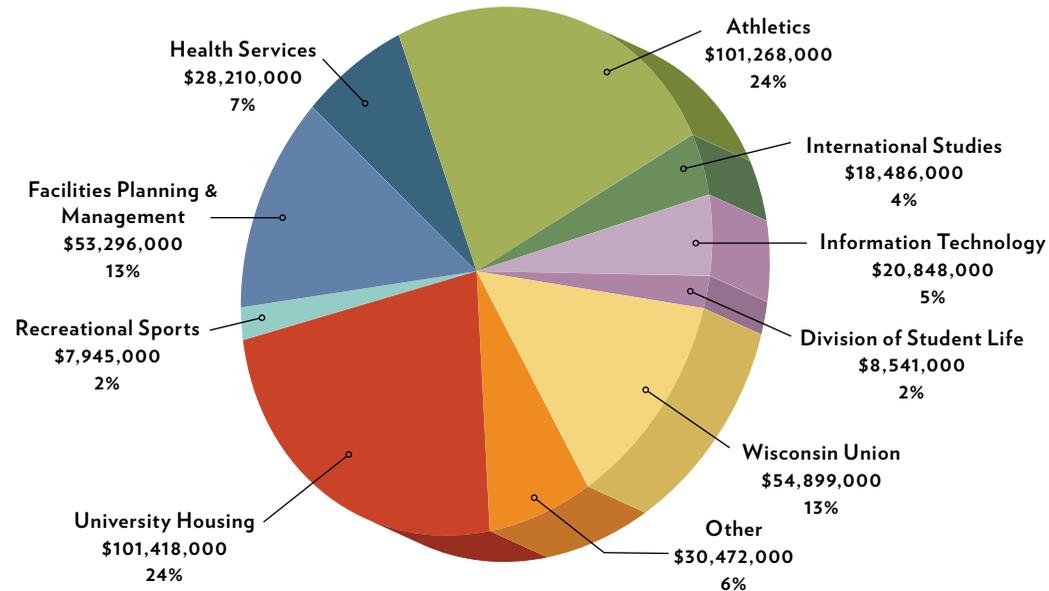


* Gifts to research-related activities from dollars generated by past patenting and licensing activity.

Auxiliary Funds

Auxiliary funds are user fees paid for services the university provides to the campus community or general public, such as residence halls, parking services, and athletic events. Most auxiliary units are entirely supported by the funds they themselves generate and collect. UW–Madison budgeted \$425 million in auxiliary revenues in 2017–18. These funds typically must be used to support the units where they are collected and cannot be used for other university purposes.

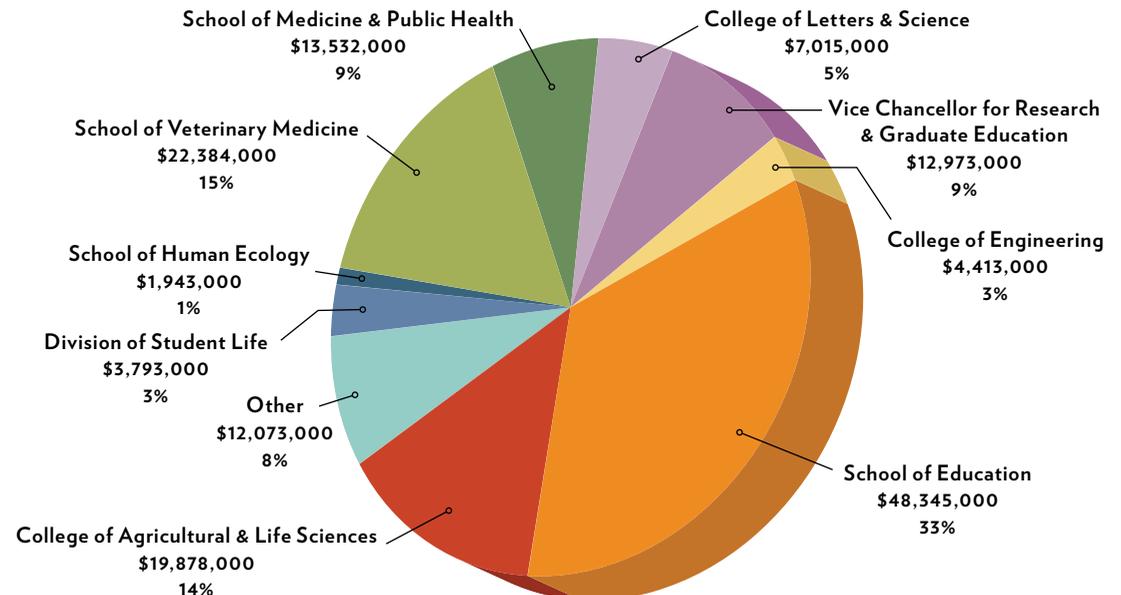
Auxiliary Funds



Other Revenue

The university budgeted \$146 million in revenue in 2017–18 from other sources, typically sales of specific goods and services to the public. For instance, this includes payments to the animal hospital at the School of Veterinary Medicine or certificates offered via the School of Education.

Other Revenue



Part II: Expenditures in Fiscal Year 2016–2017

UW–Madison Expenditures by Unit (In Millions)

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

- In the 2016–17 academic year, nearly \$1.8 billion, 60.4 percent of our total expenditures, was allocated to our academic units.
- In addition, 12 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 16.2 percent was spent on support units necessary to the academic and research missions of the university, such as the library system, police services, and information technology.

All Revenue Sources

	All Funds	% of Total		All Funds	% of Total
Academic Units			Support Units		
School of Medicine & Public Health	\$518.2	16.9%	Facilities Planning & Management	\$212.5	6.9%
College of Letters & Science	\$370.1	12.1%	General Services	\$118.2	3.9%
College of Agricultural & Life Sci	\$192.3	6.3%	Information Technology	\$65.1	2.1%
College of Engineering	\$188.8	6.1%	General Library System	\$34.2	1.1%
Vice Chan for Research & Grad Ed	\$156.2	5.1%	Division of Student Life	\$18.0	0.6%
School of Education	\$128.9	4.2%	Business Services	\$14.1	0.5%
Wisconsin School of Business	\$69.7	2.3%	Enrollment Management	\$14.0	0.5%
School of Veterinary Medicine	\$66.8	2.2%	Police Department	\$12.0	0.4%
International Division	\$27.7	0.9%	General Administration	\$8.0	0.3%
Law School	\$26.9	0.9%	Subtotal	\$496.0	16.3%
School of Pharmacy	\$25.5	0.8%			
Division of Continuing Studies	\$24.9	0.8%	Student Financial Aid (Loans)	\$170.4	5.6%
School of Nursing	\$18.5	0.6%	Debt Service	\$96.1	3.1%
School of Human Ecology	\$17.6	0.6%	Other	\$83.1	2.7%
Nelson Institute	\$9.6	0.3%	Subtotal	\$349.6	11.4%
Collab for Adv Learning & Teaching	\$5.6	0.2%			
Arts Institute	\$1.9	0.1%	TOTAL	\$3,063.8	100%
Subtotal	\$1,849.3	60.4%			
Auxiliary Units					
Athletics	\$127.1	4.1%			
University Housing	\$98.4	3.2%			
Wisconsin Union	\$52.7	1.7%			
State Laboratory of Hygiene	\$41.7	1.4%			
University Health Services	\$28.6	0.9%			
Wis Veterinary Diagnostic Lab	\$10.6	0.3%			
Recreational Sports	\$9.9	0.3%			
Subtotal	\$368.8	11.9%			

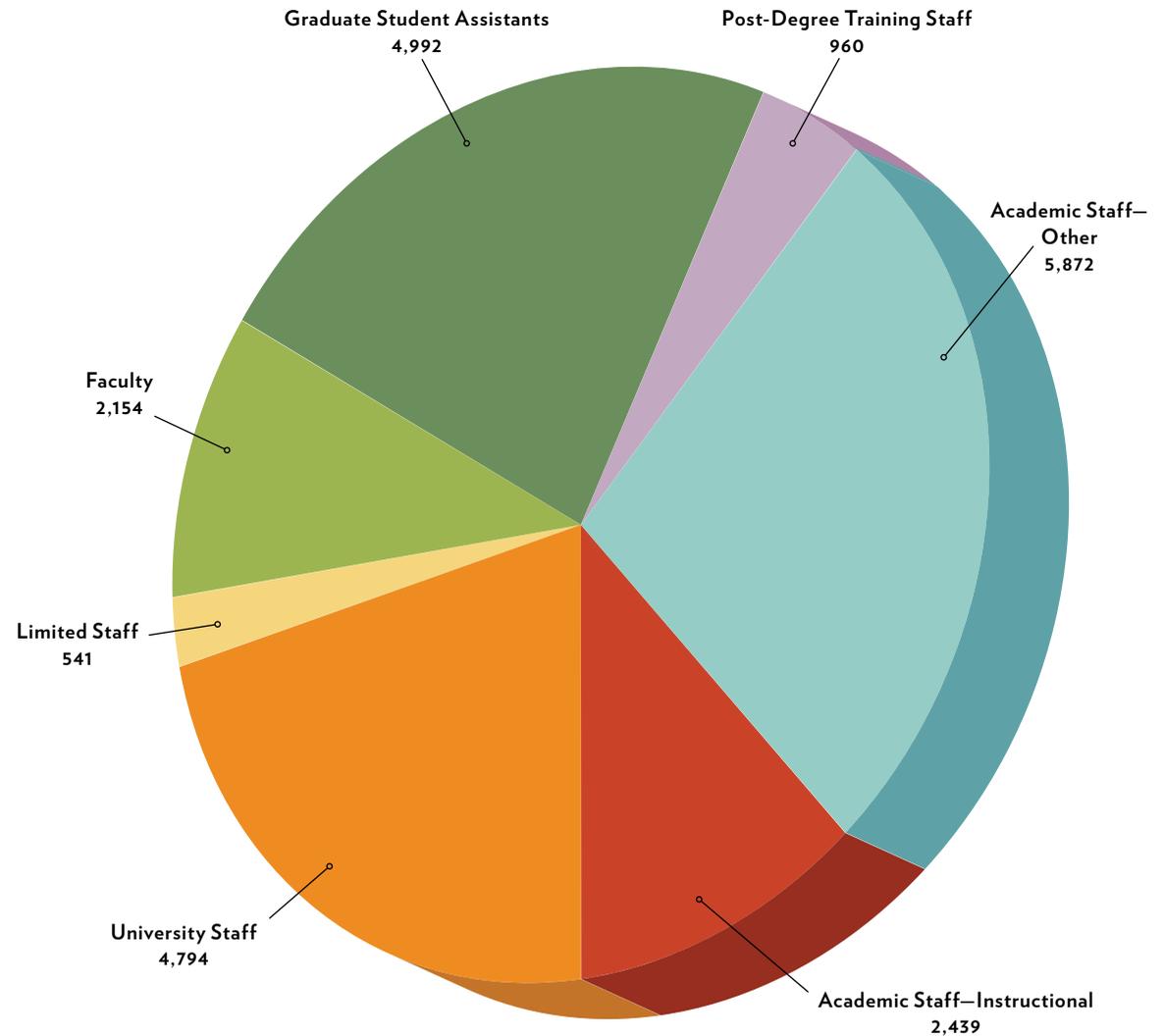
Faculty and Staff

We have world-class faculty and staff at UW–Madison, with teachers and researchers whose skills are in demand in a global marketplace. A large portion of our budget is dedicated to compensation for faculty, academic staff (nontenure-track teachers, administrators, etc.), and university staff (maintenance, clerical, research support, etc.).

Each employee at UW–Madison has a role in supporting 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 14,000 undergraduate students who gain valuable on-the-job experience that will help them after graduation in their future careers.

Faculty and Staff Positions Fall 2016

Total Positions: 21,752



Student Financial Aid

Though UW–Madison strives to keep higher education affordable and accessible, for many students and families additional help is needed. In 2016–17, 60 percent of UW–Madison undergraduates received some form of financial aid, including student loans.

UW–Madison undergraduate students' loan debt continues to be below national, state, and UW System averages. **In fact, about half of our students graduate without any student loan debt.**

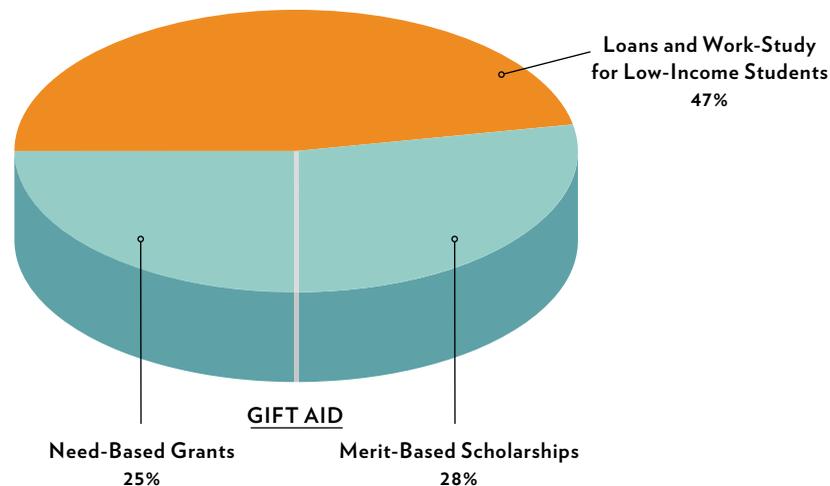
According to the most recent available data, for those who do borrow, the average debt load of \$28,255 for bachelor's degree recipients is below the state average among all undergraduates who borrow (\$29,460). Across the country, loan debt continued to rise last year, climbing to a national average of \$30,100.

The top chart shows annual grants, scholarships, and loans for UW–Madison undergraduates. Loans include subsidized, unsubsidized, private, state, and institutional.

The bottom chart shows where these aid dollars come from. The federal government is the largest source of aid for our students. Private aid is provided from sources such as private donors, nonprofits, and service organizations.

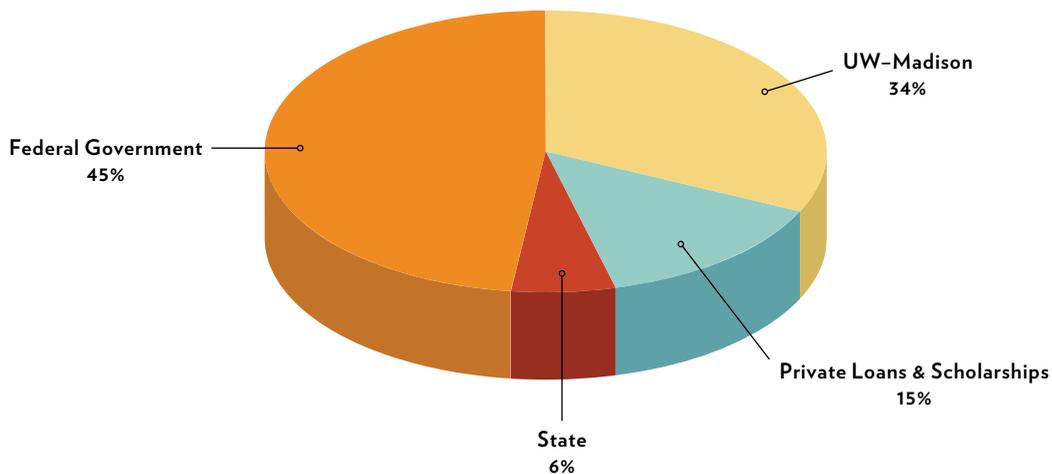
Types of Undergraduate Financial Aid

\$252,672,687



Sources of Undergraduate Financial Aid

\$252,672,687



Need-Based Support

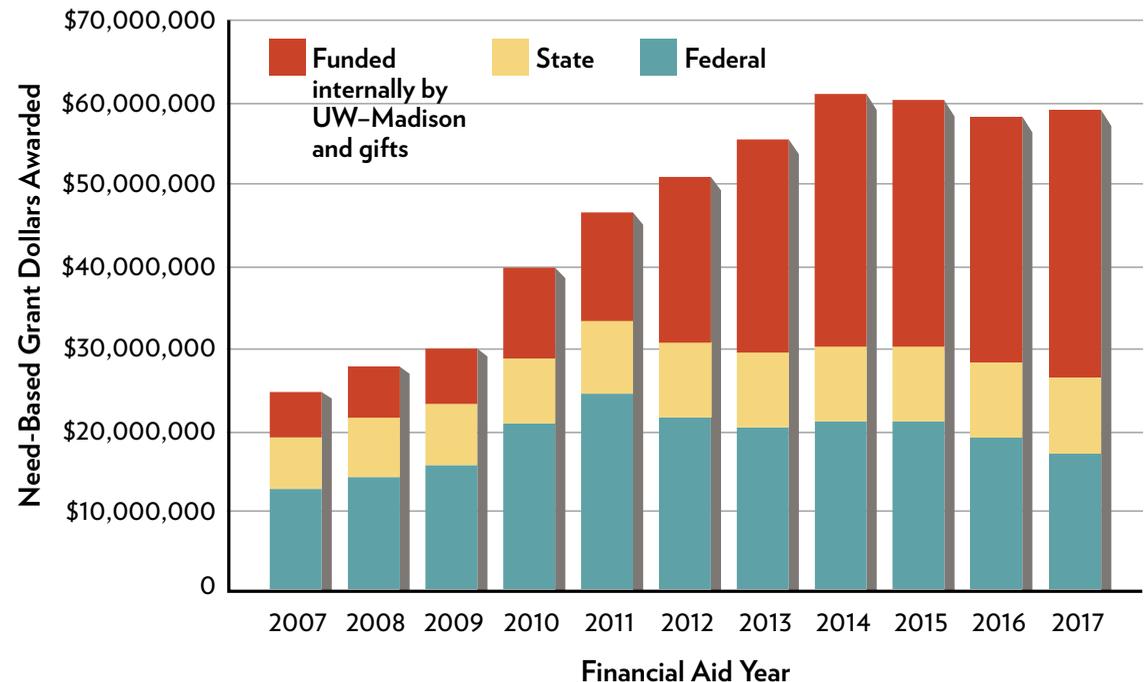
UW–Madison has been striving to control student debt and make the cost of attendance more affordable by increasing fundraising for financial aid, as demonstrated in this graph. Despite these efforts, our lowest-income students face a funding gap of nearly \$6,000 per year after exhausting all available loans and grants.

As the graph illustrates, internally funded grants from UW–Madison are now the majority of need-based funds available to undergraduates. Ten years ago, institutional need-based programs were 23 percent of the total need-based grant aid awarded to undergraduates. By 2016–17, this percentage rose to 55 percent of need-based grants.

Although we traditionally have less funding for institutional gift aid than most of our peers, we work hard to be good stewards of these limited resources by targeting aid to undergraduates with the greatest financial need.

Undergraduate Need-Based Grant Dollars Awarded at UW–Madison 2007–2017

In 2017, almost \$60 million in need-based grants was disbursed.



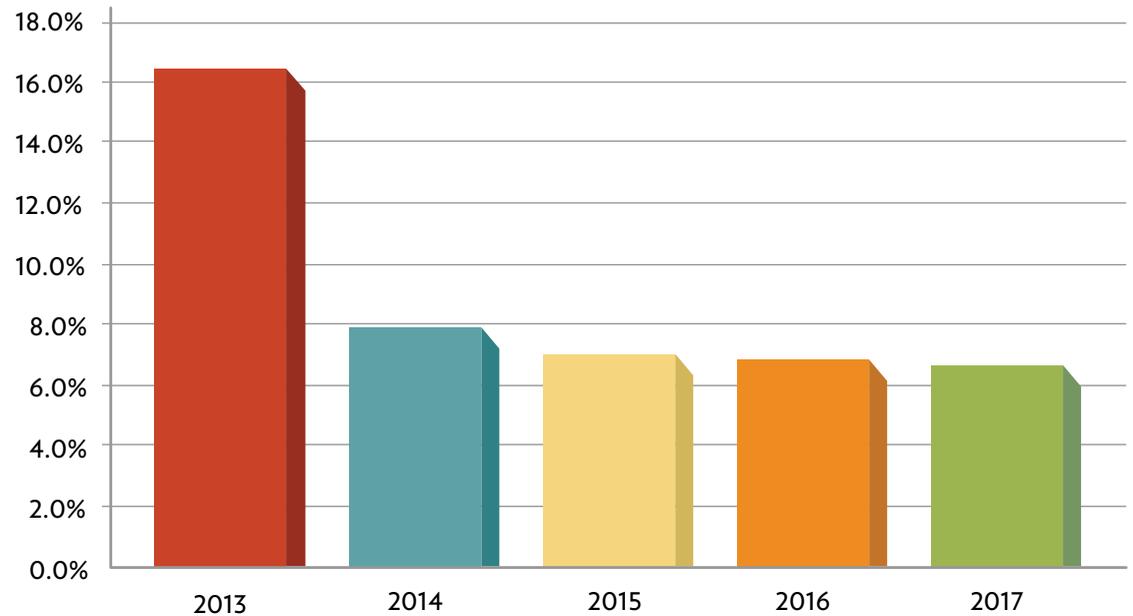
Year-End Fund Balances

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 16.3 percent in 2013 to 6.5 percent in 2017.

- Much of the tuition 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.
- Approximately 6 percent of our tuition balance is not designated for specific purposes. Holding a small share of tuition 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



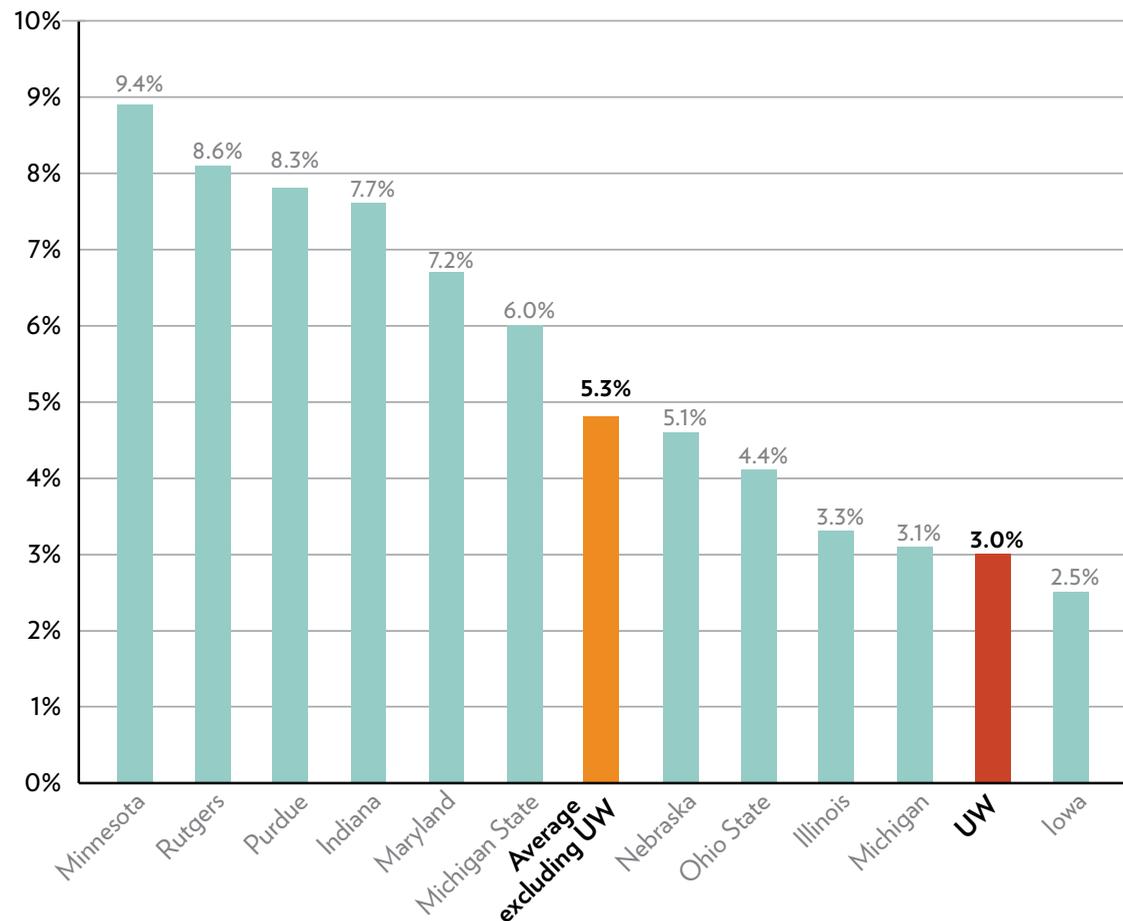
Fiscal Year 2016 Administrative Support Expenses

UW–Madison offers the state of Wisconsin a university that is among the world’s elite academic and research institutions at a lower administrative cost than other top public and private universities.

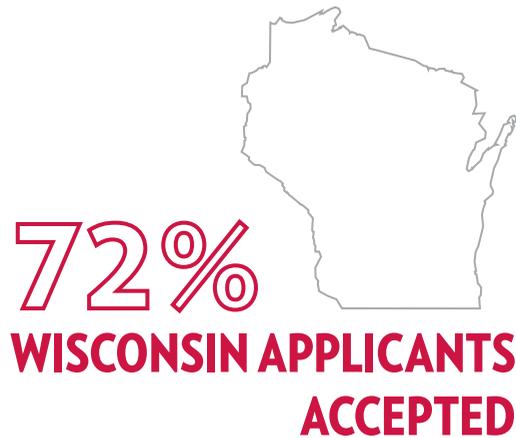
According to 2016 data (the most recent year available), the amount spent on day-to-day administrative support as a percentage of total operating expenses at UW–Madison is second lowest among the 13 public institutions in the Big Ten.

UW–Madison’s administrative support costs—which include general administrative services, legal and fiscal operations, purchasing and printing, and information technology—are only 3 percent of total expenses. At other public Big Ten schools, these costs range as high as 9.4 percent of overall expenses.

Fiscal 2016 Administrative Support Expenses UW–Madison and Other Public Big Ten Universities



Commitment to Wisconsin



UW–Madison’s commitment to Wisconsin creates a powerful partnership to grow the state economy by using funding from the state budget to educate and prepare students to become the next generation of highly skilled employees needed by Wisconsin businesses. This investment by Wisconsin residents gives them access to a world-class university and a tremendous economic return thanks to the jobs and startup companies generated by the university.

Part of our commitment to Wisconsin is to enroll at least 3,600 Wisconsin residents each fall as freshmen at UW–Madison. In fall 2017, we exceeded that by enrolling 3,746 in-state students. These students were part of a record-setting pool of 35,615 applications from around the world.



- Freshman applications in 2017 totaled 35,615, an 8% increase over 2016.
- 8,062 Wisconsin residents applied, 72% were admitted.
- The 2017 freshman class is the largest in the university’s history—6,610—and nearly two-thirds are in-state students, which because of reciprocity includes students from both Wisconsin and Minnesota. The five most-represented counties are Dane, Waukesha, Milwaukee, Brown, and Outagamie.



- More than half of our undergraduate students graduate without student debt, compared to less than one-third nationally.
- Our default rate is also significantly below the national average (3-year default rate on federal Stafford loans is 1.2% for UW–Madison students, 11.3% nationally).
- The Badger Promise program guarantees up to two years of free tuition for first-generation Wisconsin residents transferring from a two-year UW school or a Wisconsin technical or tribal college under our transfer agreements.



- The freshman-to-sophomore retention rate is at an all-time high, better than 95%, compared to the Big Ten average of 92%.
- Time to graduation continues to fall. Undergraduates now complete their degrees in an average of 4.03 years, down from 4.22 years 10 years ago.
- Almost 80% of in-state students end up living and working in Wisconsin in the years following graduation.



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