



**Budget & Planning**

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**November 20, 2018**

**Via e-mail only**

**To: Auxiliary Budget Officers  
Budget Officers**

**From: Chrissy Klappa  
Office of Budget and Planning**

**Subject: Preliminary 2019-20 Program Revenue Budget Building Cost Factors and  
Timeline**

Attached you will find the preliminary 2019-20 program revenue budget building cost factors.

The factors provided are to assist with the development of program revenue budgets. Institutions should continue to place emphasis on aligning budgets with actual expenditures. Student affordability is a priority of the Board of Regents and total cost of attendance (tuition, segregated fees, and room and board costs) should be taken into consideration as rates are developed. To assist in managing towards projected costs, budget only those positions and expenditures anticipated for 2019-20, and consider using reserve balances for one-time funding and/or phasing in rate increases.

The 2017-19 State of Wisconsin Budget required “the Board of Regents revise its policies regarding student segregated fees to ensure that the classification of those fees as allocable or non-allocable is consistent across institutions”. This required that the Board submit a revised policy to the Joint Finance Committee for a 14-day passive review process. Policy 820 “Segregated University Fees” was passively approved by the JFC. You can find that Policy, and the two associated Regent Policies at:

Policy 820: [Segregated University Fees](#)

Regent Policy 30-3: [Guidelines for Student Governance](#)

Regent Policy 30-5: [Policy and Procedures for Segregated University Fees](#)

Because of these policy revisions, the only allocable segregated fee will be organized activities (which will include club sports and green/sustainability fees) including student help and LTE costs for organized activities and their associated fringe benefits. All other segregated fees and associated personnel costs will be non-allocable.

The updated procedures also allow student governance groups to “request earlier and more extensive participation in specific program areas such as (but not limited to) transit and

intercollegiate programming”. These procedures are to be reviewed with student governance groups annually and should be submitted with your 2019-20 budget.

Additionally, please closely review the language in *Section I-Segregated University Fees, B. Limitations on Expenditures of SUF, (3) Prohibited SUF Expenditures*. Please ensure your campus is operating within the intent of the items listed as prohibited expenditures. For example, if a student may receive academic credit for a particular activity (e.g., a music credit for participating in the marching band), segregated fees may not support that activity.

For 2019-20 there will not be a reporting threshold for any rate changes (including room and board). All rate changes will need to be detailed. Please see Section 1 of the attached cost factors for additional information regarding permissible rate increases.

If you have any questions regarding the cost factors or timeline, please don't hesitate to contact me (cklappa@uwsa.edu).

cc: Chief Business Officers  
Senior Student Affairs Officers

**2019-20 University of Wisconsin System  
Program Revenue Budget Building Cost Factors**

**1) Proposed Rate Changes**

All rate increases or decreases will be highly scrutinized, and documentation may be requested for changes. Any change in rates for segregated fees and room and board, whether an increase or a decrease will need to be explained in the budget submission.

Increases in rates should be limited to:

- Pay plan and associated fringe benefit increases for 2019-20
- Documented contractual increases
- Debt service
- Enumerated capital projects
- Proposed student initiated programming
- Student safety

Changes needed due to decreasing enrollments will need to be managed within current rates (with the exception of debt service).

Room and board rate increases will have to be itemized and reported to the Board in the same manner that segregated fees have been reported in the past. Additionally, institutions will need to provide **all** room, meal, and textbook rental rates available for students. Starting in 2018-19, room and board rates are being reported as weighted averages.

A template will be provided in January for reporting on the rate changes.

**2) Pay Plan Increases**

The 2017-19 Biennial Budget included funding for a 2% pay plan implemented on July 1, 2018 and an additional 2% pay plan implemented on January 1, 2019. Budgets for 2019-20 will need to include the second half of the 2% pay plan implemented on January 1, 2019.

At this time, there is uncertainty regarding a pay plan recommendation for the 2019-21 biennium. Institutions are encouraged to develop 2019-20 budget scenarios that encompass a 1% pay plan and a 3% pay plan as recommended by the Board of Regents at their December 2018 meeting.

**3) Fringe Benefits**

The 2019-21 UW System composite fringe benefit rates (all institutions, all funds) are 38.17% for permanent staff, 29.91% for graduate assistants, 20.03% for LTE, and 1.99% for student help. Institutions should use their own experience in establishing fringe benefit rates for employees, taking the following information into consideration:

• **Health Insurance Cost Increases**

The Department of Employee Trust Funds (ETF) has indicated that there will be no increase in health insurance plans in calendar year 2019. The actual change will vary based upon the plans available in a region.



**8) Property, Liability, and Worker's Compensation Program Cost Adjustments**

Please contact your institution's risk manager for actual expenses.

**9) Central Utility Systems**

The UW System has discontinued annual billings to fund the Program Revenue portion of the Central Utilities Pool. Institutions should be funding the Program Revenue portion of campus utility projects through bonding, internal borrowing, or cash payments.

**10) WIAC**

The WIAC assessments are \$33,000 per institution in 2018-19. We do not anticipate an increase for the 2019-20 academic year. Institutions that are not part of WIAC in 2018-19 should use their own conference's assessment/fees.

**11) PR Balance Reporting**

Board of Regents' Policy 21-6 (approved in June 2014) provides information on reporting thresholds for program revenue fund groups. Institutions with balances in certain fund categories (including Tuition, Auxiliary Operations, General Operations and Other Unrestricted funds) above 12% of the prior year's expenditure levels will need to provide spending plans while institutions with negative balances in Tuition and Auxiliary Operations are required to develop savings plans. These reports are completed at the close of every fiscal year.

## **2019-20 AUXILIARY BUDGET TIMELINE**

<b>November 2018</b>	Cost factors are distributed.
<b>January 2019</b>	System Budget Office sends out 2019-20 auxiliary templates, timeline, and instructions.
<b>February 2019</b>	
February 8	Estimated Segregated Fees and Room and Board rates submitted to System Budget Office.
February 11	Auxiliary transfer requests from Fund 128 for 2019-20 are due to the System Budget Office.
<b>April 2019</b>	
April 15	Comprehensive institution budgets submitted to System Budget Office.
April 30	Madison, Milwaukee, Colleges and Extension auxiliary budgets submitted to System Budget Office.
<b>April/May 2019</b>	System Budget Office reviews budget submissions and completes the auxiliary budget tables that will be presented to the Board of Regents.
<b>May 2019</b>	System Budget Office sends auxiliary budget tables that will go to the Board of Regents out for institutional review.
<b>June 2019</b>	
June 6-7	Board of Regents act on the 2019-20 Annual Operating Budget.