

BUDGET IN BRIEF

BUDGET REPORT 2018-2019



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 2017–18 fiscal year, the most recent year for which complete information is available. Most other budget, tuition, and fee data is for 2018–19.

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 apir.wisc.edu/data-digest

From the Chancellor



Our commitment is built on the belief that higher education transforms lives.

Thanks to the commitment and investment of many generations of Wisconsin citizens, the University of Wisconsin–Madison has long been a top-rated university in education and research. Our commitment is built on the belief that higher education transforms lives. Having a major research and educational institution in this state enriches the overall quality of life for all in Wisconsin.

Our responsibility is to be good stewards of those resources, and to spread the positive influence of our teaching and research across our state and beyond. Our budget is complex, with many revenue streams and expenditures driven by education, research, economic development, and outreach efforts throughout the world. Each year, we publish the *Budget in Brief* to provide information about how we are using the investment that students, taxpayers, and other friends and supporters make in our university.

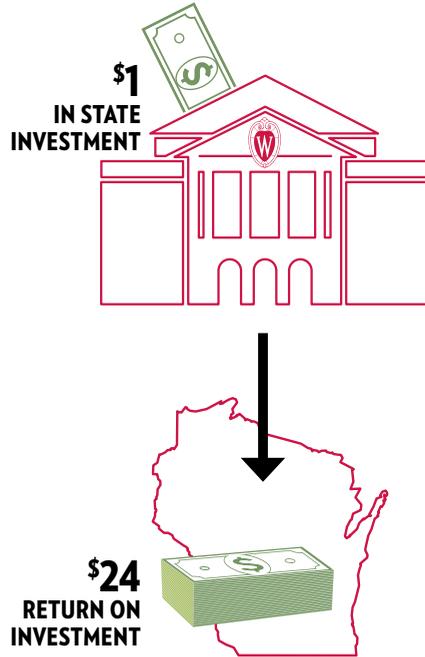
Our goal is for the *Budget in Brief* to explain how we steward our resources, and to demonstrate the value of UW–Madison to the state of Wisconsin. With sustained investment, UW–Madison will continue to change lives.

If you have questions or concerns about our budget, I invite you to contact us at budget@uc.wisc.edu. Visit budget.wisc.edu for updates during the budget process.

Rebecca Blank
UW–Madison Chancellor

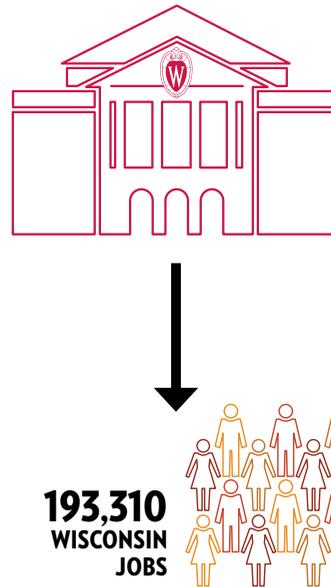
Economic Impact

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



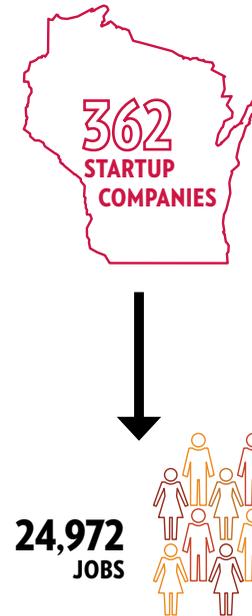
\$15 BILLION
Overall Economic Impact

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

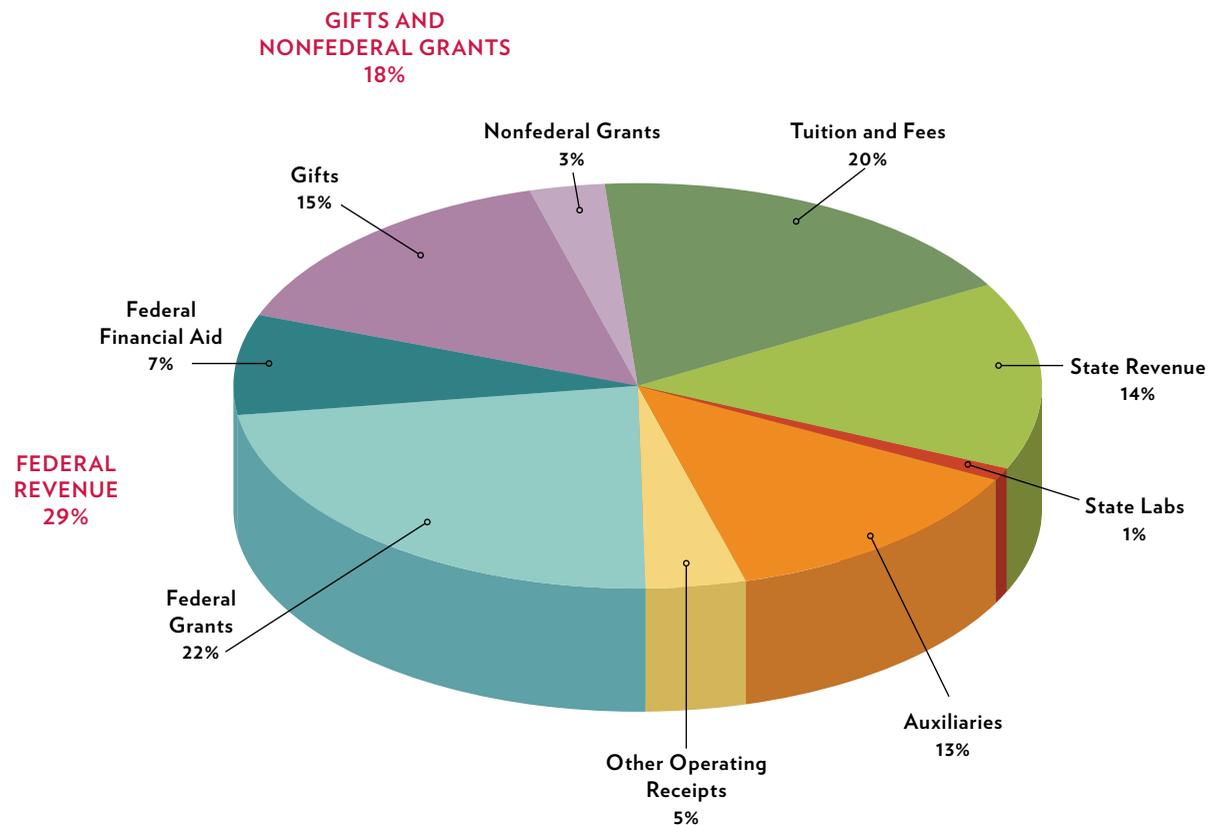
UW–Madison research has fostered the formation of at least **362 startup companies** in Wisconsin, according to NorthStar. The startup companies support more than **24,972 jobs** and contribute approximately **\$2.3 billion annually** to the Wisconsin economy.

Part I: Revenue Sources in Fiscal Year 2018–2019

UW–Madison receives revenue from five main sources for its \$3.1 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 \$906 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, \$642 million, 20 percent of the budget, comes through student tuition and fees.
- Gifts from donors and private grants, \$582 million, account for 18 percent of the budget.
- Revenues from state government for the 2018–19 fiscal year total \$456 million, or 14 percent of the overall budget. State revenue includes general program revenue (\$245 million), over which the university has some discretion, and specific-purpose revenue (\$211 million), which goes to predetermined programs and services.
- Revenues from auxiliary enterprises, such as University Housing and the Wisconsin Union, account for \$412 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



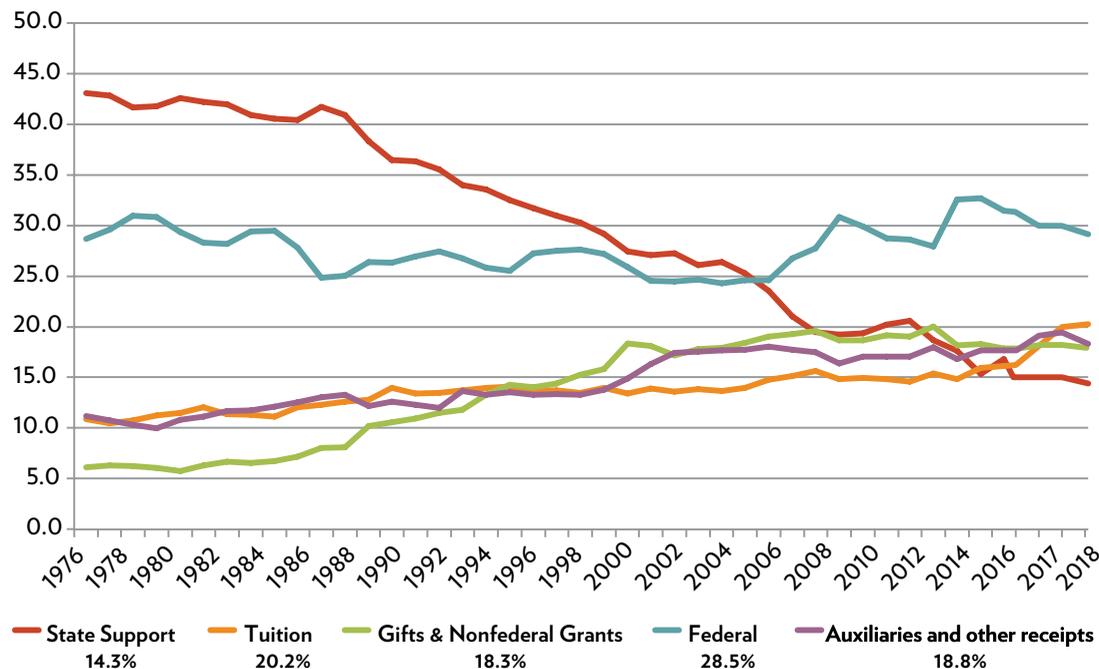
Changing Budget Landscape

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, the year the UW System was created, state revenue accounted for 43 percent of UW–Madison’s total revenue. This has declined to 14 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 18 percent.
- At \$456 million in 2019, the real value of state revenue to UW–Madison is lower now than at any time in the past 45 years. At the time of the UW System merger, state support in inflation-adjusted dollars was approximately \$551 million. Since that time it has declined by approximately \$95 million to the current level of \$456 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 \$14,300 at the time of the merger. Today it is \$10,426.

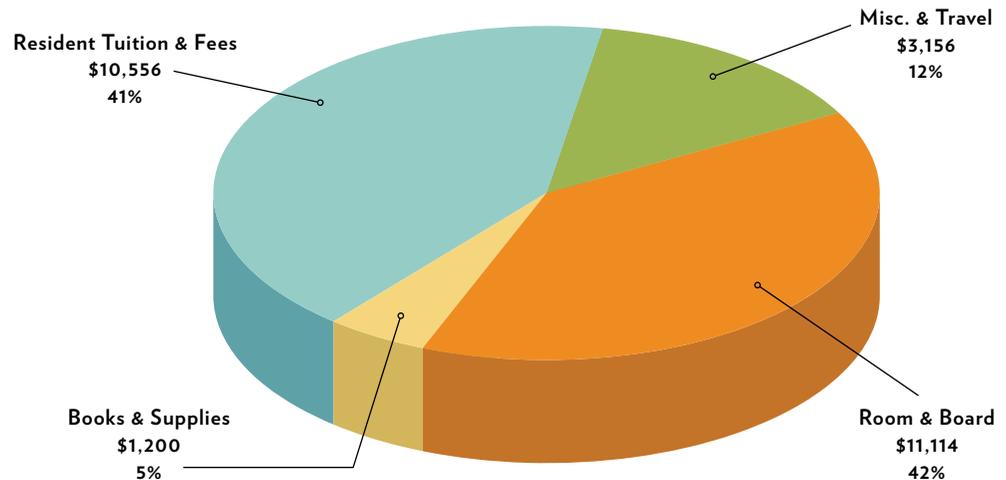
Source of Funds

Percent of total budget



Tuition and Fees

Cost of Attendance for Typical Wisconsin Undergraduate Total = \$26,026



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 tenth 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 third among Big Ten public universities.

2018–2019 Academic Year Tuition & Required Fees at Public Big Ten Universities

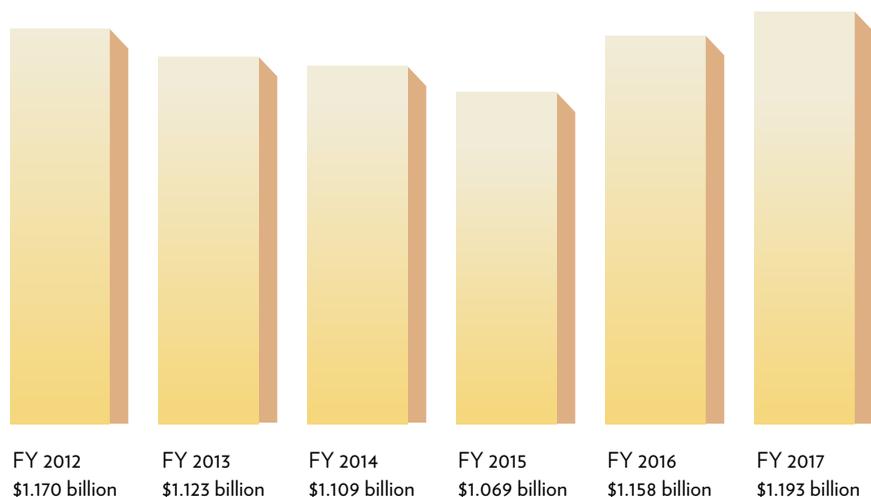
University	Undergraduate: Resident		Nonresident	
	Amount	Rank	Amount	Rank
Pennsylvania State University	\$18,454	1	\$34,858	6
University of Illinois at Urbana–Champaign	\$16,004	2	\$32,574	7
University of Michigan	\$15,262	3	\$49,350	1
Rutgers University	\$14,974	4	\$31,282	8
University of Minnesota–Twin Cities	\$14,693	5	\$30,371	11
Michigan State University	\$14,460	6	\$39,765	2
Ohio State University	\$10,726	7	\$30,742	10
Indiana University	\$10,680	8	\$35,455	4
University of Maryland	\$10,595	9	\$35,216	5
University of Wisconsin–Madison	\$10,556	10	\$36,805	3
Purdue University	\$9,992	11	\$28,794	12
University of Iowa	\$9,267	12	\$31,233	9
University of Nebraska	\$9,154	13	\$24,949	13
Average excluding UW–Madison	\$12,855		\$33,716	
Midpoint excluding UW–Madison	\$12,593		\$31,928	
UW–Madison distance from midpoint	–\$2,037		+\$4,877	

Research and Development

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.

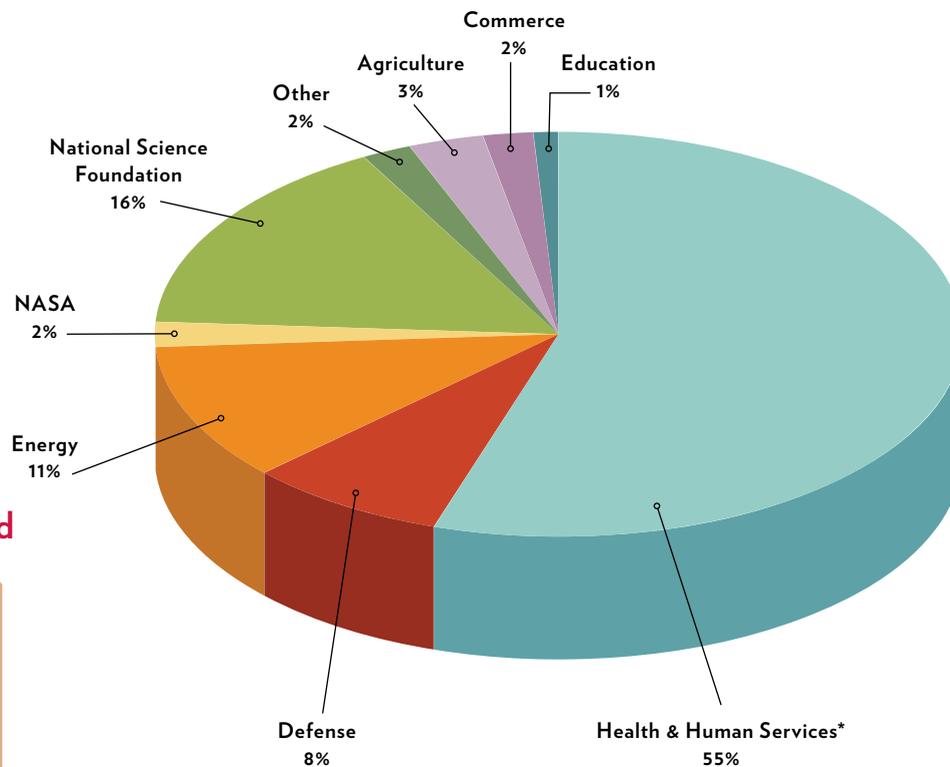
- UW–Madison spent almost \$1.2 billion from federal and state government and private sources for research in fiscal year 2017.
- UW–Madison had been among the top five in the nation for research spending every year since 1972—the year the survey started—until it dropped to sixth in 2015 and remained sixth in 2016. Rankings for 2017 will be available in November.
- 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.

Total Research and Development Expenditure Trend



Sources of Federal Research Funding

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

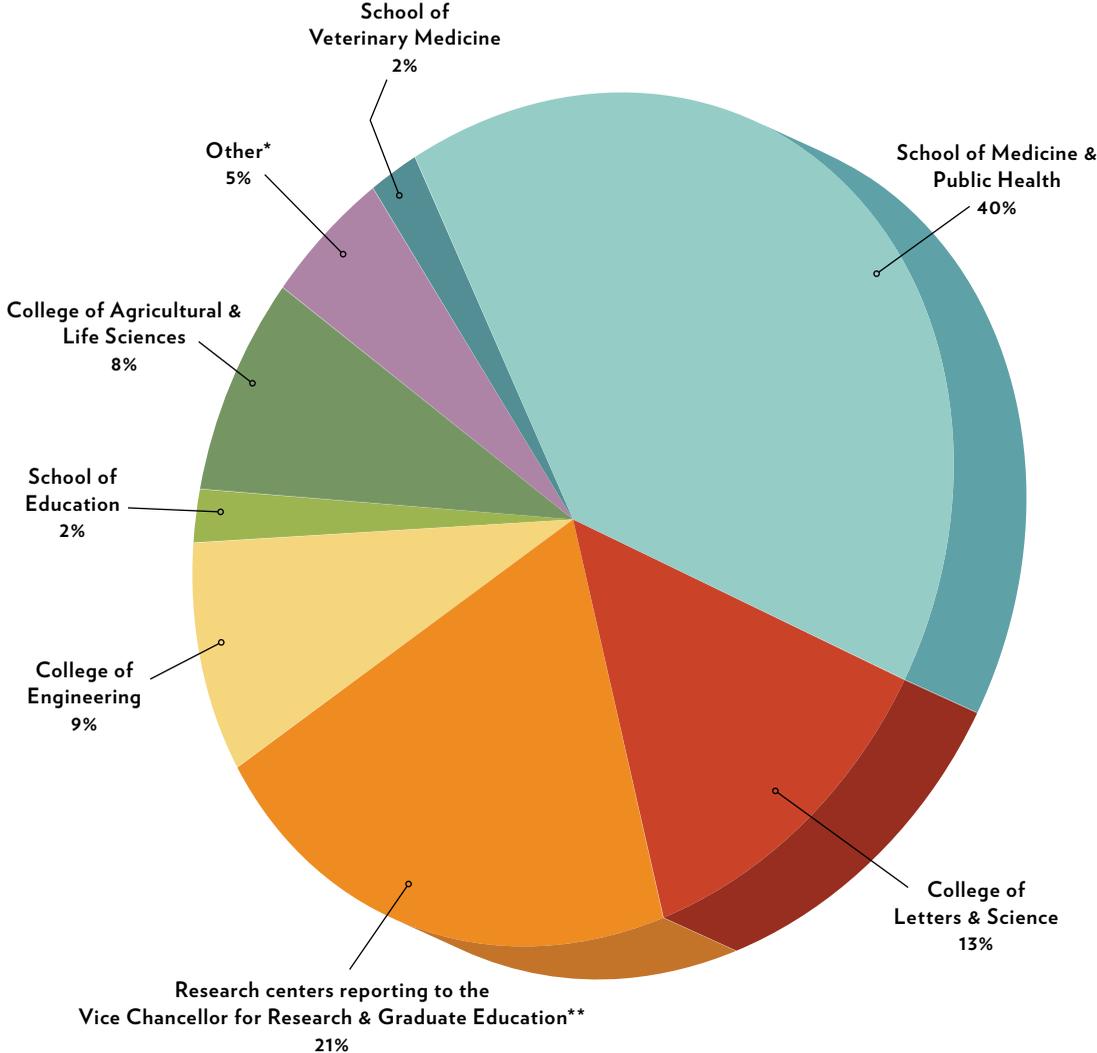


* National Institutes of Health accounts for 96% of HHS funding.

Distribution of Research Funds

This chart shows how research funding was distributed across the UW–Madison campus in 2017–18. 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.

UW–Madison’s research enterprise fuels teaching and learning, and spurs economic growth and development. Dollars invested here support jobs and are used to purchase goods and services throughout Wisconsin.



* 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.

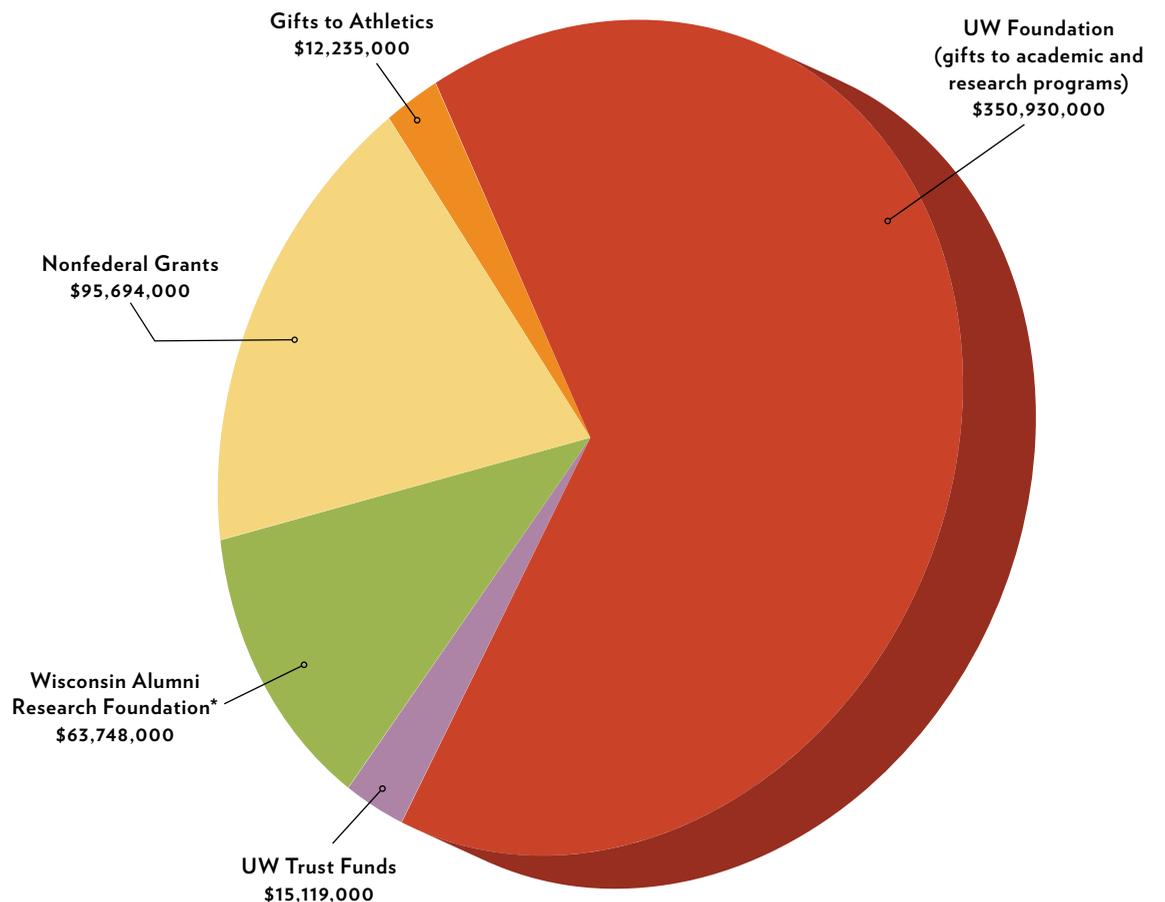
Gift and Grant Funds

UW–Madison also spent a significant amount of funding, \$538 million in 2017–18, 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.

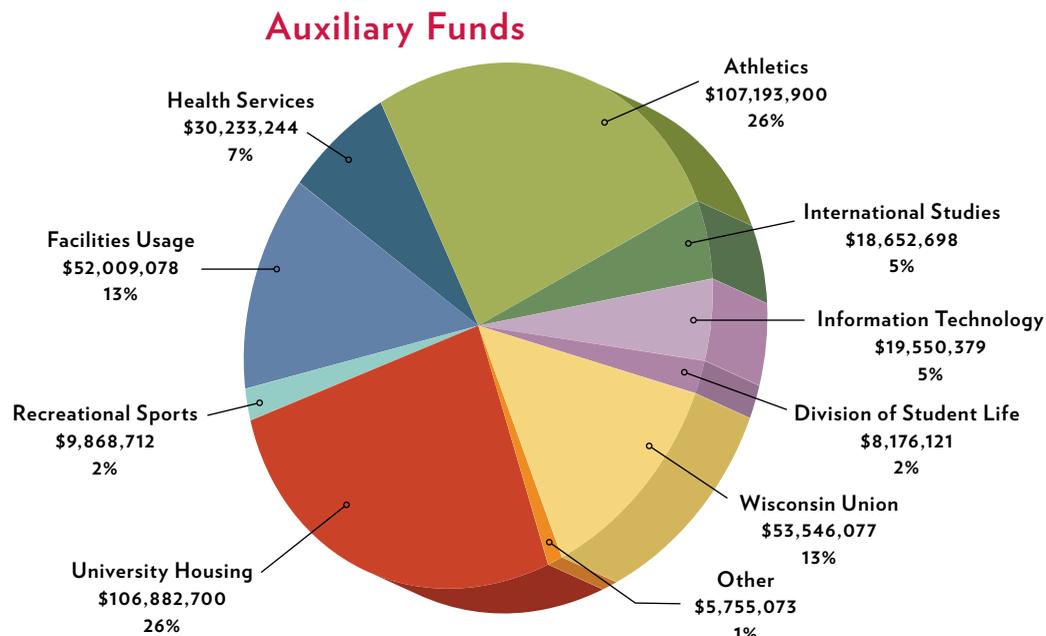
Fiscal 2018 Gifts and Nonfederal Grants Funding



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

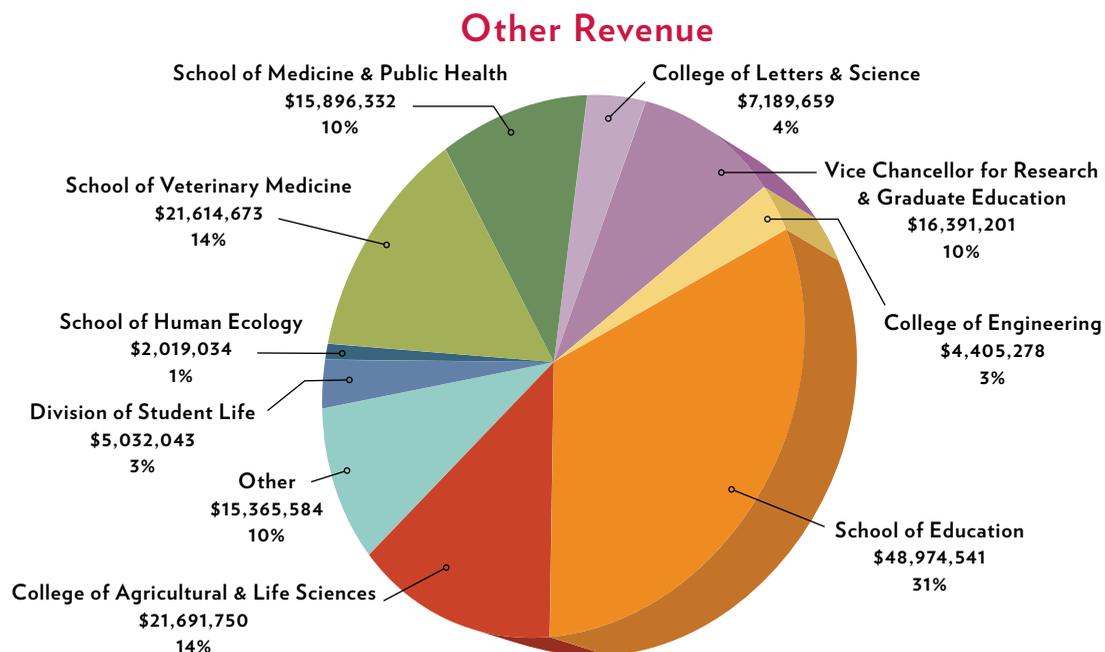
Auxiliary Funds

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 \$412 million in auxiliary revenues in 2018–19. These funds typically must be used to support the units where they are collected and cannot be used for other university purposes.



Other Revenue

The university budgeted \$158 million in revenue in 2018–19 from other sources, typically sales of specific goods and services to the public. For instance, these includes payments to the animal hospital at the School of Veterinary Medicine and certificates offered via the School of Education.



Part II: Expenditures in Fiscal Year 2017–2018

UW–Madison Expenditures by Unit (In Millions)

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

- In the 2017–18 academic year, nearly \$1.9 billion, 59.8 percent of our total expenditures, was allocated to our academic units.
- In addition, 11.4 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 17.1 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	\$539.1	17.0%	Facilities Planning & Management	\$237.0	7.5%
College of Letters & Science	\$383.5	12.1%	General Services	\$128.2	4.0%
College of Engineering	\$188.4	5.9%	Information Technology	\$72.4	2.3%
College of Agricultural & Life Sci	\$176.3	5.6%	General Library System	\$35.2	1.1%
Vice Chan for Research & Grad Ed	\$167.2	5.3%	Division of Student Life	\$17.9	0.6%
School of Education	\$132.7	4.2%	Enrollment Management	\$17.4	0.5%
Wisconsin School of Business	\$72.3	2.3%	Business Services	\$12.6	0.4%
School of Veterinary Medicine	\$70.0	2.2%	Police Department	\$12.2	0.4%
International Division	\$30.9	1.0%	General Administration	\$8.1	0.3%
Division of Continuing Studies	\$30.1	0.8%	Subtotal	\$541.0	17.1%
School of Pharmacy	\$26.4	0.8%	Student Financial Aid (Loans)	\$174.4	5.5%
Law School	\$26.0	0.8%	Other	\$110.3	3.5%
School of Human Ecology	\$17.8	0.6%	Debt Service	\$88.2	2.8%
School of Nursing	\$16.7	0.5%	Subtotal	\$372.9	11.8%
Nelson Institute	\$9.9	0.3%	TOTAL	\$3,170.4	100%
Collab for Adv Learning & Teaching	\$6.2	0.2%			
Arts Institute	\$1.8	0.1%			
Subtotal	\$1,895.3	59.7%			
Auxiliary Units					
Athletics	\$133.5	4.2%			
University Housing	\$84.8	2.7%			
Wisconsin Union	\$51.4	1.6%			
State Laboratory of Hygiene	\$44.0	1.4%			
University Health Services	\$29.6	0.9%			
Wis Veterinary Diagnostic Lab	\$11.5	0.4%			
Recreational Sports	\$6.5	0.2%			
Subtotal	\$361.3	11.4%			

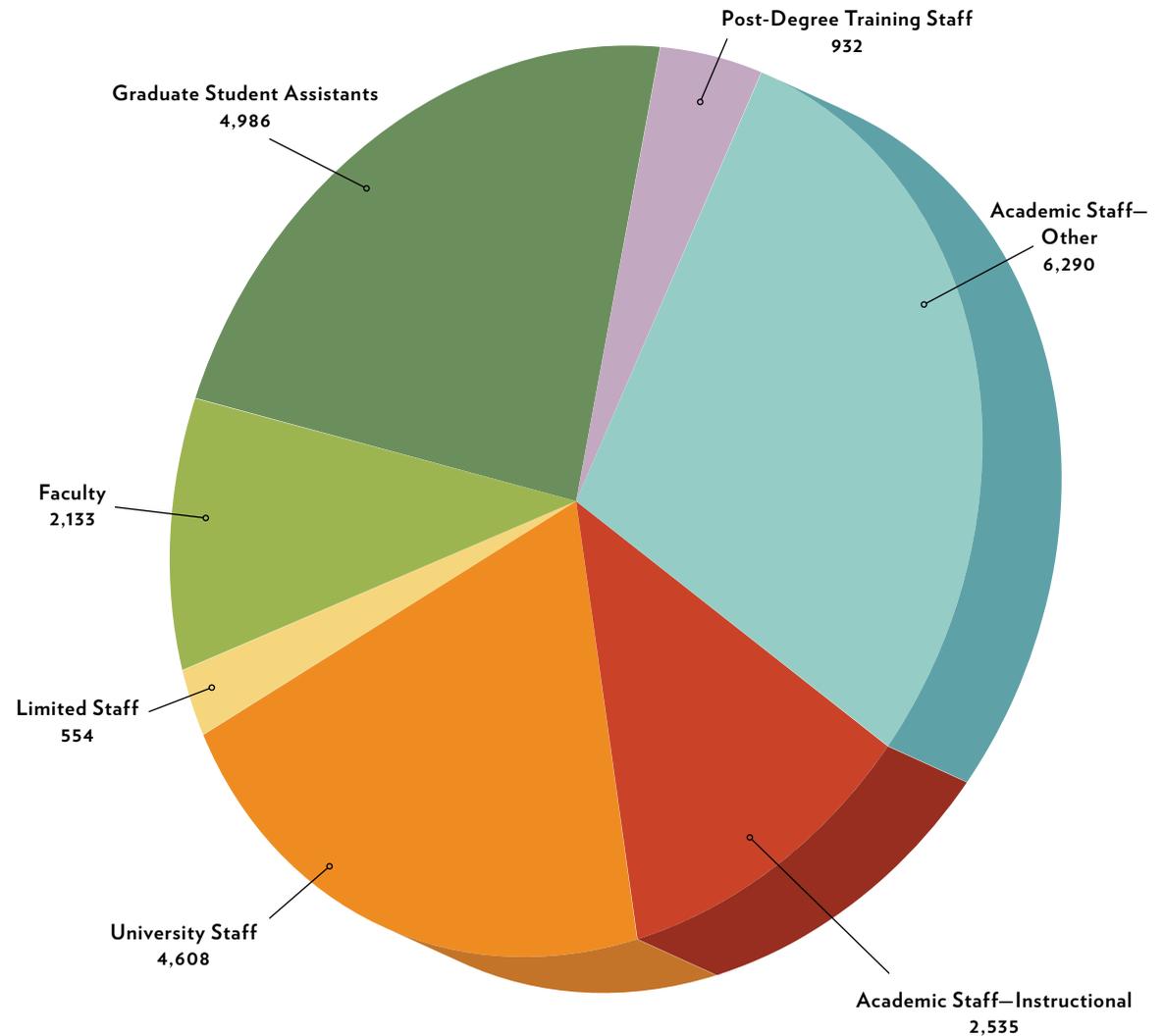
Faculty and Staff

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 22,000 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 2017

Total Positions: 22,038



Student Financial Aid

Though UW–Madison strives to keep higher education affordable and accessible, for many students and families additional help is needed. In 2017–18, 62 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, more than half of our students graduate without any student loan debt.**

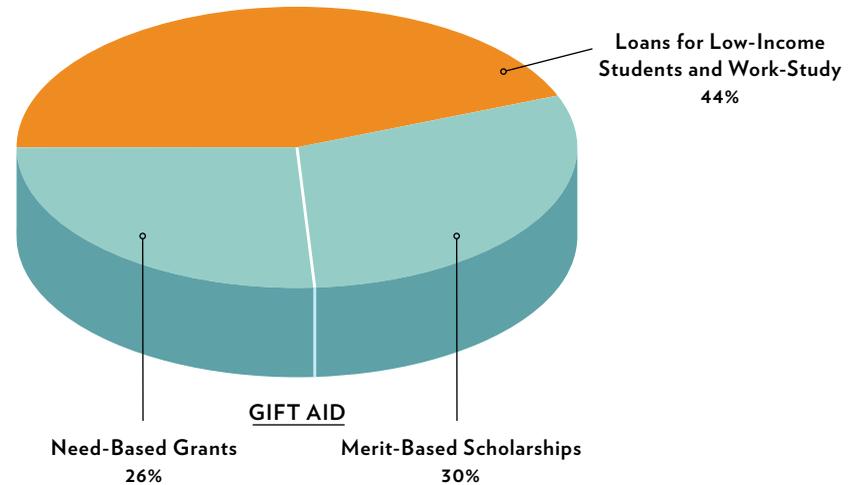
According to the most recent available data, for those who do borrow, the average debt load of \$27,138 for bachelor's degree recipients is below the state average among all undergraduates who borrow (\$30,771). Across the country, loan debt continued to rise last year, climbing to a national average 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.

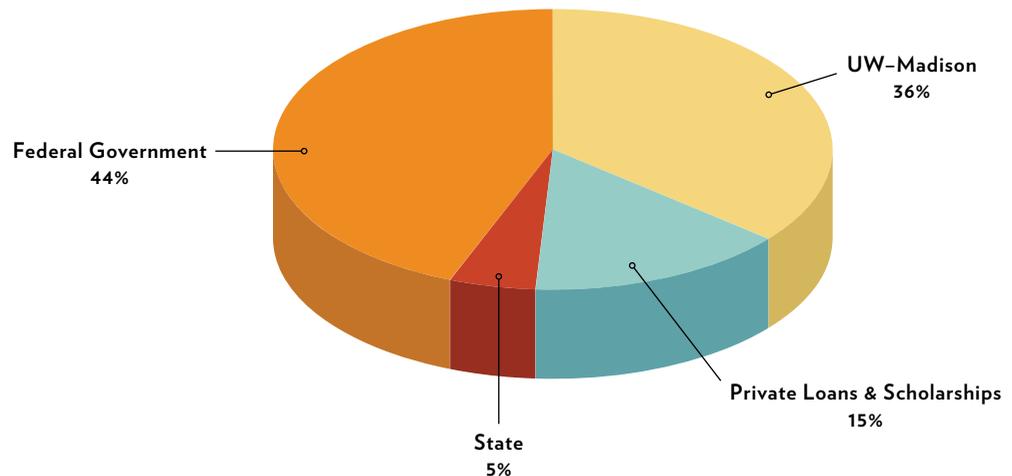
Types of Undergraduate Financial Aid

\$286,770,424



Sources for Undergraduate Financial Aid

\$286,770,424



Need-Based Support

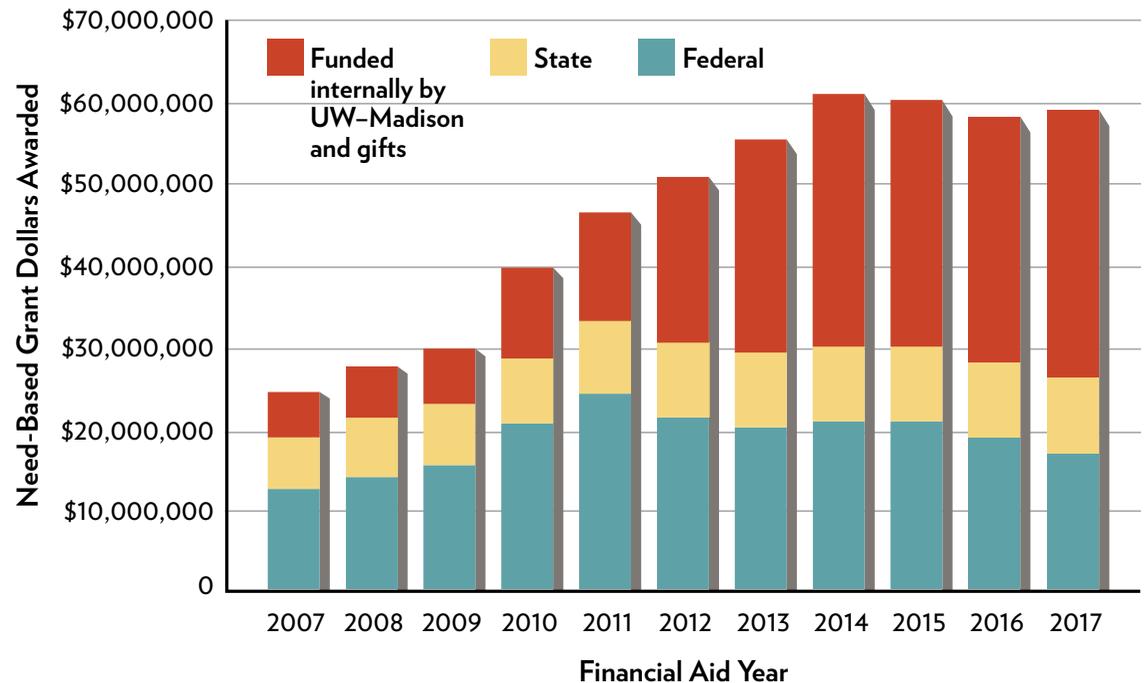
UW–Madison has been striving to control student debt and make the cost of attendance more affordable by increasing fundraising for financial aid, as demonstrated in this graph. Despite these efforts, our lowest-income students face a funding gap of nearly \$6,000 per year after exhausting all available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



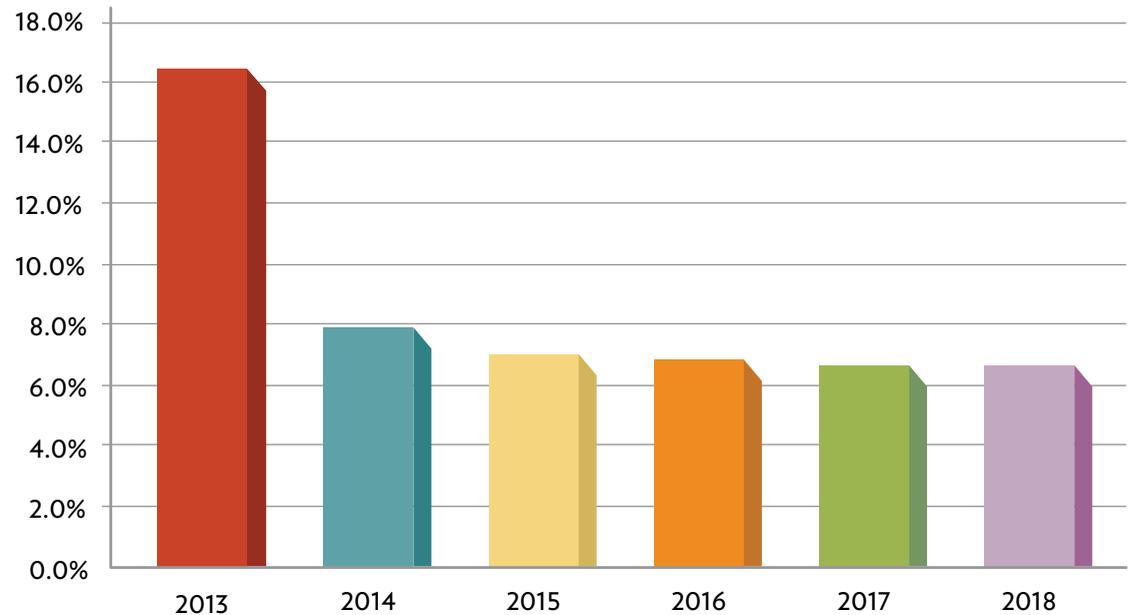
Year-End Fund Balances

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 2018.

- 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 5 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



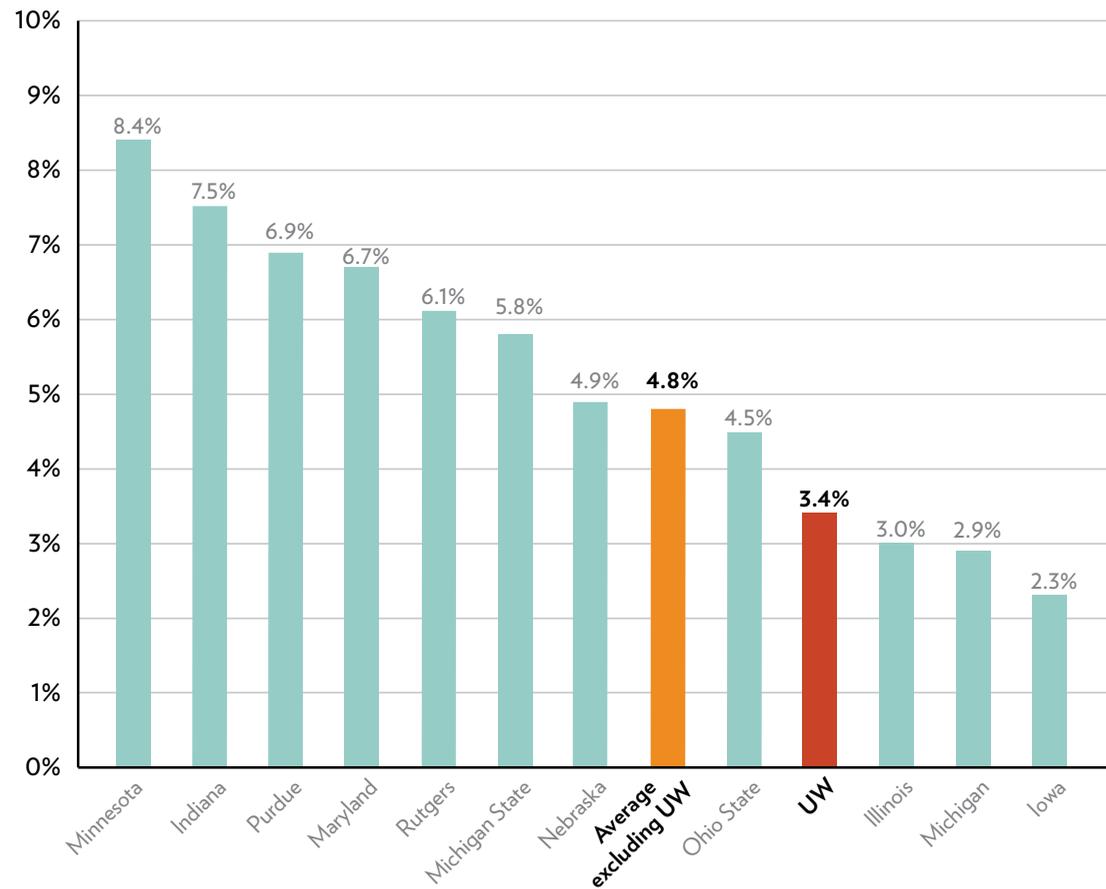
Fiscal Year 2017 Administrative Support Expenses

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 2017 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 fourth 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 3.4 percent of total expenses. At other public Big Ten schools, these costs range as high as 8.4 percent of overall expenses.

Fiscal 2017 Administrative Support Expenses UW–Madison and Other Public Big Ten Universities



Commitment to Wisconsin

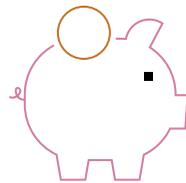
UW–Madison’s commitment to Wisconsin creates a powerful partnership to grow the state economy by using funding from the state budget to educate and prepare students to become the next generation of highly skilled employees needed by Wisconsin businesses. This investment by Wisconsin residents gives them 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 2018, we exceeded that by enrolling 3,659 in-state students. These students were part of a record-setting pool of 42,741 applications from around the world.



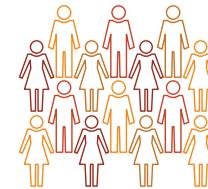
ACCESS

- Freshman applications in 2018 totaled 42,741, a 20% increase over 2017.
- 8,560 Wisconsin residents applied, 66% were admitted.
- The 2018 freshman class is the largest in the university’s history—6,862, up from 6,610 last year, with 3,659 from Wisconsin. The campus welcomed 1,141 new transfer students. Seventy-one of Wisconsin’s 72 counties are represented in the freshman class.



AFFORDABILITY

- More than half of our undergraduate students graduate without student debt, compared to less than one-third nationally.
- Bucky’s Tuition Promise guarantees scholarship and grant funding to pay for tuition and segregated fees for students whose annual household adjusted gross income (AGI) is \$56,000 or less.
- The Badger Promise guarantees first-generation, Wisconsin resident transfer students up to two years of grant and scholarship funding for tuition.



BUILDING WISCONSIN’S WORKFORCE

- 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.

UW–Madison and the State Budget

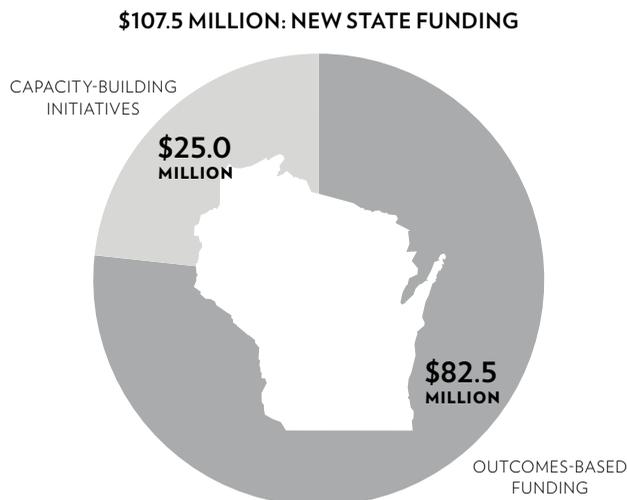
The University of Wisconsin System’s 2019–2021 state budget request is grounded in a commitment to educational quality and access. With the support of the state, we can continue our world-class work in education, health and research, changing lives, and powering Wisconsin’s economy.

UW SYSTEM 2019–2021 STATE BUDGET REQUEST

\$107.5 MILLION: NEW STATE FUNDING

\$82.5 Million: Outcomes-based funding to reward excellence on UW System campuses around the state.

\$25.0 Million: Campus-based capacity-building initiatives to increase access to high-demand programs, creating new opportunities for students in well-paying fields that meet the urgent needs of Wisconsin businesses and communities.



ADDITIONAL REQUESTS

Program revenue bonding authority and other flexibilities to expedite campus building and maintenance projects.

\$1.4 Billion: Capital Budget request to fund major building projects, maintenance, repairs, and renovation.

UW–MADISON REQUESTS

Campus-based capacity-building funding to provide more opportunities for students and to meet employer demands for more graduates in engineering, nursing, business and computer science.

\$90 million bonding request for expansion and renovation of the UW–Madison School of Veterinary Medicine to allow the school to serve more Wisconsin farmers and pet owners across the state. The current hospital was built to accommodate 12,000 patients a year; last year it served 26,500. State bonding will pay for about two-thirds of the new hospital, gifts and grants from supporters will fund the rest.



WISCONSIN
UNIVERSITY OF WISCONSIN-MADISON

For more statistical and budget information, visit
apir.wisc.edu/data-digest