



DATE: January 30, 2026

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Glenda Gillaspy, Dean of the College of Agricultural & Life Sciences
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FROM: John Zumbrunnen, Interim Provost and Vice Chancellor for Academic Affairs 
Robert Cramer, Vice Chancellor for Finance and Administration 

RE: FY27 Budget Development

We are writing to outline the FY27 budget development process. While UW-Madison continues to face uncertainty regarding federal support of research, evolving regulatory requirements, and international enrollment trends, the concerted efforts we made in FY25 and FY26 have placed us in a solid financial position heading into FY27. As a result, there are no current plans to implement another round of across-the-board budget reductions. It will be important to remain fiscally prudent, exercise care with respect to budget actions and limit new commitments of base resources.

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FY26 Update

The past year was a challenging time for higher education. It seemed each week brought a new development with respect to federal policy and associated concerns regarding research, cost impacts from tariffs and inflation. The state of Wisconsin was also engaged in its biennial budget process, and FY26 budgets were developed without clear insight regarding state financial priorities, undergraduate tuition changes, and the direction of state support for the Universities of Wisconsin. In the face of this uncertainty, the University acted prudently. Units were encouraged to curtail non-critical activities, and the result was a significant decline in FY25 fourth quarter spending in affected areas compared to FY24 fourth quarter spending. Budget cuts ranging from 5-7% were implemented in academic and administrative units, resulting in over \$64 million of base savings in FY26.

As we cross the midpoint of this fiscal year, the financial outlook remains complex. Reimbursements from indirect cost recovery have decreased, though not as much as some forecasts suggested, and no significant changes have been implemented regarding facility and administrative reimbursement rates at various federal agencies. Our faculty and staff continue to win new grant awards; but the overall number of grants and dollars awarded has decreased compared to prior years. While international enrollment declined, this was offset by increasing our domestic student population. Finally, inflation has been less than feared but remains a real factor in budgeting for the university, and for our colleagues as individuals.

As a result of our efforts, and assessing current budget trends, we anticipate achieving balanced operations this fiscal year without further budget actions.

Despite these challenges, the many accomplishments from FY26 should be celebrated. Student success continued, as reflected in an average time to graduation of 3.78 years, and 66% of undergraduates leaving UW-Madison with zero debt. Researchers persevered and made advancements in numerous fields of inquiry. In addition, the Universities of Wisconsin launched Workday for HR and finance, with the project coming in under budget and ahead of schedule.

FY27 Planning

As we plan for FY27, it will be important to continue investing in the undergraduate and graduate student experience, ensure research infrastructure is updated, and proceed with key investments in areas such as AI and quantum science. In parallel, and as noted above, we must recognize that many of the same budget uncertainties encountered last budget cycle persist into this one. As always, we must be careful stewards of our resources; and so, we need to continue our efforts to improve internal operations, leverage Workday capabilities,

assess current spending choices, and work to reduce overall administrative costs within the institution.

As noted above, there are no current plans to impose across-the-board reductions for FY27. Approval to fill vacant positions will still be required for VC reporting units, excluding schools and colleges, along with specific reductions to generate savings to reinvest in mission-supporting areas, and limited investments based on university priorities. Longer term operational excellence initiatives such as Enterprise Risk Management, LinkUW, the new budget approach, and the OpEx Advancement Program will enhance our administrative processes and simplify work for faculty and staff.

The adoption of the [new budget approach](#) will change the flow of funds for academic units. Beginning in FY27, there will no longer be an annual CapEx distribution as units will now automatically receive a share of indirect cost recovery based on the unit's grant activity. Schools and Colleges will receive more 131 and 150 funding than in the past and fewer 101 dollars.

A new 101 base allocation will be established to ensure that the total of 101, undergraduate tuition and overhead allocations at the beginning of FY27 equal 101 base allocations and capital exercise distributions at the end of FY26 (colloquially known as the 'hold harmless calculation'). Campus will determine the source of funds for incremental support based on the expenditure purpose and available funds.

Strategic Proposals

To maintain our excellence in this challenging and competitive environment we must continue to invest in our teaching, research and outreach missions. Investments planned for FY27 include:

- Continuing to invest in emerging areas of study through the RISE initiative
- Expanding our research computing infrastructure
- Improving the accessibility of our digital materials as required by federal law; and
- Upgrading our cybersecurity capabilities as a precondition for being eligible for funding from the Department of Defense and other federal agencies.

With the new budget approach, schools and colleges will receive additional funds based on activities. Requests for additional resources should be made for strategic investments rather than operational or tactical activities. As in FY26, schools and colleges may request central support for initiatives that connect to strategic priorities, spur new revenue and/or enhance undergraduate and graduate teaching, research, or our service mission. Units may make base

or one-time requests, but in most cases, we expect centrally provided funds to be matched by schools and colleges. In making allocation decisions we will prioritize joint requests from two or more schools. MBO will provide more details to campus budget officers on the request process. Presentations will be scheduled in late February and March at the Deans Council to share and discuss ideas for investments. Additional details will be provided.

Budget Schedule

- **February:** A memo highlighting requests for central support and other key budgetary concerns is due to the Interim Provost by **February 23**. *(limit to ~ three pages)*
- **March:** Deans' presentations at Deans Council or as a separate meeting; Provost Office will follow up with additional communication on presentations
- **April:** Follow up meetings as needed with senior leadership
- **May:** Funding decisions communicated to units

We deeply appreciate the support and cooperation you showed during last year's budget cycle and for your continued flexibility through the first half of this fiscal year. This is a challenging time but by working together and focusing on advancing the mission of UW-Madison, we can continue to be a great university in service to the people of Wisconsin.