



Office of the President

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DATE: June 29, 2015
TO: Chancellors
FROM: Ray Cross 
RE: Distribution of Base and One-Time Funding

Attached is the proposed distribution of the \$25 million in base funding restored by the Joint Committee on Finance and \$20 million in one-time funding for the 2015-16 fiscal year. The Board of Regents will act on the recommended base funding changes at its July 9 meeting.

We started this process considering several factors that impact an institution's ability to operate effectively in the upcoming biennium and beyond. First, one-time funding is intended to provide a bridge for institutions while managing the \$125 million base cut. Other key factors include the fund balances available at each institution and recent enrollment declines that are causing what we hope is a short-term dip in tuition revenues. The bridge funding should give institutions time to either reverse these recent enrollment declines or to adjust spending plans accordingly.

The Joint Committee on Finance directed that the restored \$25 million in base GPR funding be distributed "to aid institutions that are most impacted by the GPR base reduction." The definition of "most impacted" was not defined. In order for us to implement the Legislature's directive, we have considered various methods to determine the budgetary impact on an institution. One thing has become clear: a formula alone will not suffice. However, we must determine institutional allocations now to include in our 2015-16 annual operating budget, which will be presented for approval at the upcoming Board meeting.

We recognize that every institution is deeply impacted by the cut. To determine allocations and to comply with the Legislature's charge, we have considered factors beyond the traditional GPR/Fee allocation formula, including Pell grant recipient enrollment, the institution's compensation gap, and the economy-of-scale challenges faced by our smallest universities. From there, we considered each institution's unique circumstances to make a final determination. UW System Administration will not receive budget relief through this allocation.

Although the \$25 million distribution relates to base funding, it should be considered as a biennial adjustment only. During the next year, we plan to carefully evaluate and modify the distribution of GPR funding. We hope that a modified process will provide some clarity for institutions in revenue forecasting going forward, enabling every institution to develop a sustainable operating budget for 2017-19 and beyond.

DISTRIBUTION OF THE \$25 MILLION REDUCTION IN THE GPR BASE CUT AND SYSTEMWIDE FUND BALANCES

Institution	Traditional Reduction at \$125 Million		Adjusted Reduction at \$125 Million		Distribution of \$25 Million Legislative Change (\$50 Million Biennial)		FY15-16 One-Time Systemwide Fund Balances Distribution	
Madison	-47,487,500	-38.0%	-52,985,000	-42.4%	4,000,000	16.0%	1,701,500	8.5%
Milwaukee	-17,025,000	-13.6%	-15,921,200	-12.7%	4,508,800	18.0%	5,825,100	29.1%
Eau Claire	-6,525,000	-5.2%	-6,890,400	-5.5%	939,600	3.8%	439,300	2.2%
Green Bay	-3,150,000	-2.5%	-2,426,000	-1.9%	1,354,000	5.4%	1,045,400	5.2%
La Crosse	-5,287,500	-4.2%	-5,576,200	-4.5%	768,800	3.1%	250,000	1.3%
Oshkosh	-6,312,500	-5.1%	-6,629,300	-5.3%	945,700	3.8%	250,000	1.3%
Parkside	-2,925,000	-2.3%	-1,565,600	-1.3%	1,944,400	7.8%	1,701,400	8.5%
Platteville	-3,575,000	-2.9%	-3,082,700	-2.5%	1,207,300	4.8%	1,584,000	7.9%
River Falls	-3,550,000	-2.8%	-2,869,300	-2.3%	1,390,700	5.6%	1,481,500	7.4%
Stevens Point	-5,350,000	-4.3%	-5,092,100	-4.1%	1,327,900	5.3%	331,500	1.7%
Stout	-4,937,500	-4.0%	-4,708,200	-3.8%	1,216,800	4.9%	1,550,000	7.8%
Superior	-1,975,000	-1.6%	-605,100	-0.5%	1,764,900	7.1%	2,501,000	12.5%
Whitewater	-5,350,000	-4.3%	-5,142,700	-4.1%	1,277,300	5.1%	250,000	1.3%
Colleges	-4,862,500	-3.9%	-4,353,200	-3.5%	1,481,800	5.9%	839,300	4.2%
Extension	-4,575,000	-3.7%	-4,618,000	-3.7%	872,000	3.5%	250,000	1.3%
UWSA/Systemwide	-2,112,500	-1.7%	-2,535,000	-2.0%	0	0.0%	0	0.0%
Totals	-125,000,000	-100.0%	-125,000,000	-100.0%	25,000,000	100.0%	20,000,000	100.0%

The GPR distribution is for the 2015-17 biennium. Institutions receiving a lower budget reduction should develop revenue and expense plans to reach sustainable ongoing operating budgets.