A closer look at proposed budget cuts and percentages

Various percentages have been cited to quantify the proposed state budget cuts to the UW System. This fact sheet provides context to better explain how each of these percentages is derived at UW-Stevens Point and why the impact would be especially severe at our university.

UW-Stevens Point anticipates a potential cut of $9.6 million. This includes a $6.4 million base budget cut, a $1.4 million cut in legislative (segregated) funding, and $1.74 million cut reduction for cost to continue. This does not include the existing structural deficit of $2.8 million, which resulted from budget reductions during the past six years. Several programs at UW-Stevens Point are supported through state segregated funds, which are different than the state support the university receives through the UW System budget. Combined, these cuts total 25 percent of UW-Stevens Point’s state support.

Some observe that the governor’s proposed cut of $300 million over two years represents only 2.5 percent of UW System’s overall $6 billion budget. While technically correct, there is more to understand about why cuts would harm the quality of education students receive.

Graph 1 shows all the funding sources that make up UW-Stevens Point’s 2014-15 budget of $219,649,424. The $9.6 million cut is about 4.37 percent of the total. However, as Graph 2 illustrates, $83,290,901 of these funds are not legally available to absorb the proposed cuts.

Graph 2 reflects the funding sources that are restricted to specific programs or needs, in some cases by federal law, including federal student financial aid, debt service, and state and federal grants. Student federal aid funds, for example, can and should only be used for students’ financial aid.

Graph 3 removes additional funds related to auxiliaries and program revenue. Many of the programs that generate the revenue in these areas are self-funded. While we could move funding from these areas to address some of the proposed cuts to our budget, the units in these areas would no longer have sufficient funds to operate and, therefore, stop generating revenue. This would result in the elimination of the services provided by these programs.

Graph 4 shows the percentage of our budget coming from state support. A reduction of $9.6 million is a 25 percent reduction in state funding for UW-Stevens Point—the highest percentage in the UW System.

Definitions of Terms

Auxiliary Debt Service
Revenue from student user and/or segregated fees to pay for state-owned buildings.

Student Segregated Fee Funds
Support from student segregated fees to pay for things such as the student union, health services, student government and associated programming, counseling, etc.

Auxiliaries Less Debt Service
Student user fee-funded operations such as housing and dining; less debt-service on state-owned buildings paid for by student fees.

Debt Service
Resources used to retire general obligation bonds issued for buildings and capital improvements.

Federal Financial Aid
Revenue received from the federal government to administer federal financial aid programs to students.

Federal Grants
Revenue received from federal sources for specific research/outreach activities.

Legislative (Segregated) Funds
Support from nontaxable related state revenue; landfill tipping fees, tribal gaming revenue, Dept. of Natural Resources, etc., for specific research and outreach activities.

Other Program Revenue
Revenue earned from nonstudent funded operations; self-supporting programs. Examples of programs include Continuing Education, international education programs, and water and soil testing lab.

State/Private Grants
Revenue received from nonfederal sources for specific research/outreach activities.

State Tax Support
Support from state tax dollars to pay for operations; instruction, academic debt service, utilities, etc. Legislative.

Student Tuition
Revenue from student tuition dollars to pay for operations; instruction, academic support, student services, administrative support, outreach, physical plant, etc. Tuition was frozen for the 2013-15 biennium and is proposed to remain frozen for 2015-17.
The proposed state budget includes a $300 million reduction in state support of the UW System, elimination of funding of various legislative segregated funds, and a shift in cost-to-continue funding from the state to the UW System. Under the current proposal, UW-Stevens Point anticipates a potential cut of $9.6 million. This includes a $6.4 million base budget cut, a $1.4 million cut in legislative (segregated) funding, and $1.74 million cut reduction for cost to continue.