

UNIVERSITY of WISCONSIN
UW-MADISON

How UWM Currently Allocates Resources

The Budget Process

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How Funds are Allocated Across Campus

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graph TD; A[GPR/FEE = FUND 101 BUDGET] --> B[BASE BUDGET IN: SCHOOL/COLLEGE/DIVISION UNIT WIDE (FRINGE BENEFITS, CAMPUS BILLS, OTHER)]; B --> C[CAMPUS DECISION MAKER: CHANCELLOR]; B --> D[PROVIDES INPUT: PROVOST/VICE CHANCELLORS DEANS/DIVISION HEADS CAMPUS GOVERNANCE OFFICE OF BUDGET & PLANNING]; C <--> D; C --> E[INCREMENTAL BUDGETING - PLUS OR MINUS: CAMPUS INVESTMENTS NEW STATE $$ (BIENNIAL BUDGET) PAY PLAN BUDGET CUTS TRANSFERS OF PROGRAMS BETWEEN UNITS]; D --> E; E --> F[PRODUCTIVITY FUNDING - PLUS OR MINUS: MARGINAL TUITION REVENUE];
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Current budget model:

marginal tuition revenue

What is marginal tuition revenue?

- Fund 101 tuition revenues
- Generated from enrollment growth
- Shared 80% schools and colleges/20% campus

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Current budget model: marginal tuition revenue

A Brief History

- Began in 1999-2000: campus was anticipating a period of significant enrollment growth
- Developed as a method of funding enrollment growth

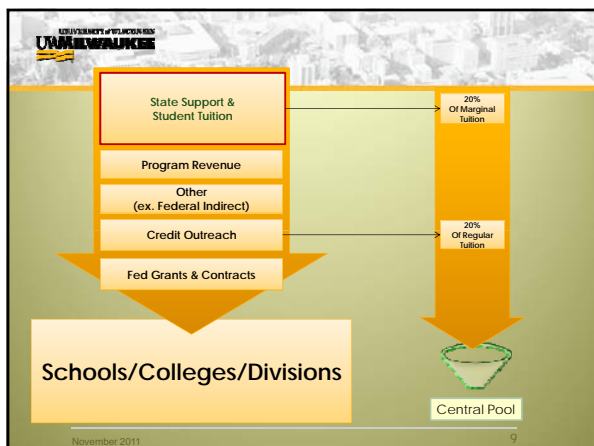
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Current budget model: marginal tuition revenue

- From Fall of 2000 to 2010, enrollments grew from less than 24,000 students to more than 30,000: an increase of more than 25%
- Since 1999-2000, more than \$19M has been generated in marginal tuition revenue
- If total campus enrollment is flat, there is no increase in funding for campus central pool

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Challenges And Opportunities

An Evolving Landscape

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Known Obligations – Central Campus Pool

Projected Central Campus Balances @ 2019-20*

20%
Of Tuition
Growth

20%
Of Regular
Tuition




Central Pool

Reported at May 3, 2011 Meeting	(\$31.4M)
Possible additions:	
Kenwood IRC – Public Health	(\$9.0M)
Re-location of Greenhouse	(\$7.0M)
Water Council – Building Lease	(\$3.5M)
Revised Projected Deficit @ September 9, 2011	(\$50.9)

*Estimated: will change as projects develop

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The Campus Central Balances

Other Needs NOT Included in Projection:

- Pay plans
- Infrastructure support: HR, Purchasing, Library, UITS, etc.
- Digital future and infrastructure-related IT investments
- Future marketing campaigns
- NWQ renovation costs - expected to be in excess of \$70M
- Moving expenses
- Transportation plan implementation
- Building access control/key entry
- Furniture and equipment for new buildings


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Rethinking How UWM Allocates Resources

The Case for a New Budget Model


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Why A New Budget Model?

- Appropriately align resources with strategic initiatives
- Appropriately incentivize behaviors to align with strategic initiatives
- Achieve specific outcomes critical to campus Mission & Vision

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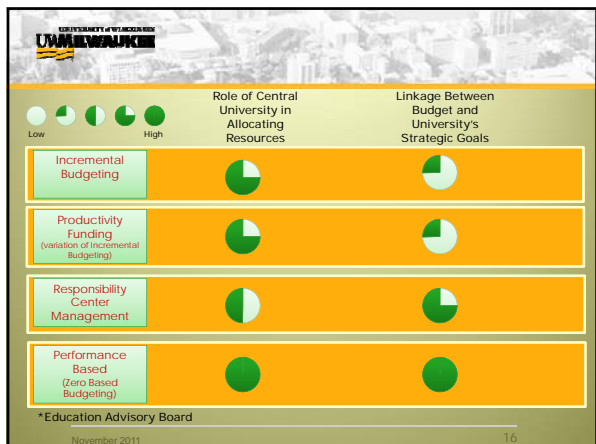
Overview of Budget Models*

Four Sample Approaches

Incremental Funding	Previous year funding +/- small increments
Productivity Funding <small>(variation of Incremental Budgeting)</small>	Incremental Budgeting plus supplemental resources tied to enrollment productivity measures
Responsibility Center Management	Units (RCMs) manage own revenue and expenses but the central university retains partial control of funding sources
Performance Based <small>(Zero Based Budgeting)</small>	All Resource allocation decisions made by the central university to achieve strategic goals

*Education Advisory Board

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Next Steps

- Committee process
- Action plans
- Deliverables

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