

University of Wisconsin-Madison
Shared Governance Budget Committee 2020-21 Report

Authored by Members of the UW-Madison Budget Committee
Approved by UW-Madison Budget Committee: September 10, 2021

Background

The UW Budget Committee was chartered in summer of 2016. The charge of this committee is to advise the Chancellor, Provost, Academic Planning Council, University Committee, and relevant colleges and divisional committees on issues of budgetary impact. The Budget Committee also provides feedback on budget planning and analysis for the offices within Finance and Administration. In September 2020, the UW Budget Committee delivered a report to shared governance about the budget operations of UW-Madison, improving awareness and transparency of budget issues and effects on the campus community.

This report provides further information for the academic year 2020-21. The audience for this information includes the University Committee, Faculty Senate, Academic Staff Assembly, University Staff Congress, Associated Students of Madison, as well as faculty and staff across the UW-Madison campus. The Budget Committee also welcomes suggestions for topics for the Committee to consider in the AY2020-21. The Committee seeks to be a partner; a place where units, planning councils, and senates can express ideas, concerns, and proposals.

Note that the committee charge under 6.25. Budget Committee, B.FUNCTIONS.1. now includes “matters of compensation and economic benefits for all employees”.

Activities

Since the last report, the Committee has held 8 meetings. Meeting dates and topics include:

- October 2020: University Health. Is the UHS funding model still feasible given current needs? What are the implications across campus budgets?
- November 2020: COVID-19 and Budget Responses – planned responses and potential issues ahead
- December 2020: How has UW-Madison’s research enterprise managed the COVID-19 pandemic? What investments does campus need to keep research funded externally at a high level?
- January 2021: Division of Continuing Studies – How has the expansion of online instruction affected operations and instruction? What are the implications for costs and revenues, and what investments does UW need to make across departments?
- February 2021: Division of Extension – how has the role of Extension at UW Madison evolved with the merger? What are the impacts of state and county-based staff as the state and local budgets are in austerity mode?

- March 2021: UW-System – how will financial issues across campuses statewide impact the UW-Madison campus? Are there potential areas of collaboration or consolidation that have budget savings?
- April 2021: Budget Planning – the budget process and new budget tools
- May 2021: Government Affairs – updates on state / federal policies with budget implications

Focal Issues for Shared Governance 2020-2021

1. University Health Services (UHS)

Jake Baggott, Associate Vice Chancellor and Executive Director of University Health Services (UHS), provided an update on COVID-19 impact to UHS budget and operations during the October 2020 meeting in campus transition planning from Smart Restart to COVID-19 Response. No details about pandemic impact on UHS or campus budget were available at this time of emergency response. Jake shared our cost recovery depends on outbreaks in Winter and outcomes of upcoming federal, state and campus budget processes. He also offered details about COVID-19 impact on operations related to community collaborations, staff workloads and service delivery challenges.

By October, UHS coordinated with Public Health Madison Dane County (PHMDC), Wisconsin Department of Health Services (DHS) and campus partners to provide and increase testing, contact tracing and other direct services to students and employees. Over 70 contact tracers and 35 testing staff were hired in temporary appointments to meet demand of Fall and anticipated Spring semesters. UHS staff participated in COVID-19 health communications, isolation and quarantine, outbreak investigations, onsite campus infection control, and other pandemic response activities. Mental Health Services continued to experience an increase in demand for student appointments since pivoting to virtual delivery in Spring 2020. The ongoing challenge was how to find efficiencies and more effective ways to provide scheduled services and initiatives like seasonal flu shot clinic in addition to changing emergency response needs.

Moving forward, having some remote mental health services continue can be seen as a solution to increase capacity. The continuation of listening to feedback and increased cooperation between student government bodies will also be seen as beneficial.

2. Implications of COVID-19

The committee focused on the budget effects of COVID-19 at the November meeting. The pandemic's impact on campus budget uncertainty cannot be understated. The administration provided the committee with regular budget updates throughout the year. The initial forecasts were cause for alarm, although as the year progressed and federal support came through, as well as stability in tuition, the worst case scenarios did not come to fruition. Almost all parts of campus suffered negative budget consequences from the pandemic, with some units facing very severe shortfalls. The next AY 22-22 will be a critical period to monitor discrepancies in units that are able to rebound more quickly and those that lag behind.

3. **Online Programs / Summer Term**

At the January 2021 committee meeting, Jeff Russell, Dean of the Division of Continuing Studies (DCS) and Vice Provost for Lifelong Learning, presented on the role of DCS on campus. DCS has supported a range of online learning during the pandemic, a focus during the pandemic. However, many DCS programs were not able to operate at regular capacity this last year, generating significant budget shortfalls for DCS and resulting in cuts of staff and programs. UW remains behind other peer universities in revenue generating online learning. A number of new programs are going online but the process of growing these new programs will take time.

4. **Extension Merger**

The committee heard updates on the Division of Extension from Dean Martin at the February meeting. The committee was pleased to hear that the overall process has gone smoothly and that no major budget implications have been encountered. Extension continues to navigate the nature of its dispersed staff across the state, and unique partnership agreements with most county governments and tribal areas that are a source of ongoing negotiation. If local governments reduce their support for Extension staff across the state, the Division will work to find other funded roles for staff but may face some risks going forward. FY22 is uncertain but Extension is planning a 4% cut. They are planning on not replacing vacant positions, but also could benefit from legislative proposals for more regional or topical positions.

5. **Research Enterprise**

At the March meeting, Steve Ackerman provided an update to the committee on the VCGRE's \$1.3B in funded research, including \$732M in federal; \$570 in non-federal; and \$32M in industry grants. UW remains in the top 10 for most areas of research support but lags peers in industry-sponsored. Overall, the COVID 19 impacts on research were not major. Proposals for projects have actually increased, including 67 awards on COVID topics. WARF Funding was not adversely affected by budget cuts. There is growing support for work in inequality and well as Industry Collaborations. There is a new rate for indirect costs, the "Federal Negotiated Rate." Overall the research enterprise and graduate school are weathering the pandemic without major setbacks.

6. **UW System**

Sean Nelson, VP of Finance for UW System, joined our April 2021 meeting to provide an update and overview of the financial state of UW System. He provided a general UW System perspective, while also explaining the particular relevancies and impacts on UW-Madison. Overall, the state of the budget isn't particularly healthy due to low levels of reserves from the now 8-year tuition freeze, the ever decreasing State allocations, and impacts of Covid-19.

Regarding tuition and the tuition freeze that started in 2013, the reserves that were carried have gone from \$500m to \$150M. The UW System budget is \$6.5B, making these reserves extremely low. Because the state has restricted tuition increases, revenue has been significantly impacted. For comparison, UW resident tuition is ~\$4K- \$5K lower than neighboring states. By freezing the tuition for all residents, there is a negative impact

on UW's ability to grow. Other states have charged a higher base tuition and use revenue for targeted subsidies (such as the Badger Promise Program). UW-Madison would be able to expand such programs but UW System currently lacks the authority to do this. In terms of the state's budget allocation to UW System, their portion is only ~18%, and federal support now is greater than state support. Due to the lapses in WI budgets, this created ~1/3 loss of System's budget.

Finally, the update on Covid-19 financial impacts centered around the federal Covid relief, which has acted like a lifeline for UW System campuses (particularly the regional ones). The support is mostly comprised of direct student aid (~50%), but the other support has greatly assisted in making up for the auxiliary losses (like housing). UW Madison was hit harder than any other UW System campus by Covid and across more areas of the budget.

Overall, the budget outlook does seem to be improving and there is some optimism for 2021-2022.

7. **State and Federal Budget Issues**

Federal Budget:

Mike Lenn, Director of Federal Relations, joined the May 14th meeting to update the committee on matters related to the federal budget. Mike highlighted the three rounds of federal stimulus/recovery funding UW-Madison received: (1) CARES Act funding - \$19 million (half to support students), (2) HEERF II funding - \$29 million (\$10 to support students), and (3) HEERF III funding - \$53 million (half to support students). Mike also highlighted the significant delays in the appropriations bill process, with congressional approval of the omnibus bill occurring as late as December 2021 (with continuing resolutions and/or possible shutdowns occurring along the way).

Mike also noted four factors to watch with respect to the FY2022 federal budget: (1) Democratic control over both houses of Congress, (2) no statutory budget caps, (3) return of earmarks after a decade-long absence, and (4) the high likelihood that "infrastructure week" will last months given push to pass the Biden administration's American Rescue plan.

Finally, Mike highlighted the continued efforts that underlie the UW advocacy strategy. These efforts include advocating appropriation requests, hosting a (virtual) UW Lobby Day, meetings between the chancellor and Wisconsin appropriators, congressional staff trips to campus, and outside engagement (e.g., support letters).

State Budget:

Crystal Potts, Director of State Relations, joined the May 14th meeting to update the committee on matters related to the 2021-2023 state budget. Notable events/items include: (1) two lapses in funding for UW system (lapse 1: \$40 million, lapse 2: \$45 million), (2) State Budget Stabilization ("Rainy Day") Fund balance of ~\$993.9 million, (3) undesignated General Fund balance of ~\$1.9 billion at the end of FY2020, (4) debates

regarding the use of federal funding (echoes panel discussion at Campus State Budget Forum hosted by PROFS), (5) UW System operating budget request includes an increase in funding of \$95.7 million and the capital budget request includes \$1.2 billion for building projects, and (6) Gov. Evers' budget proposal includes \$191 million in new state funding (though final amounts still undetermined).

Crystal highlighted several key factors to watch with regards to the next biennial budget: (1) divided government, (2) UW System competing with several other areas of need in the state, including healthcare, K-12 education, and infrastructure, and (3) updated revenue estimates (Evers' budget based on Nov. 2020 estimates, legislators likely base on April/May 2021 estimates).

Finally, Crystal highlighted the continued efforts that underlie the UW advocacy strategy. These efforts include meetings between the chancellor and Gov. Evers and legislative leaders, candidate education and freshmen legislative briefs, UW Lobby Day (held on April 14, 2021), and developing a broad coalition with external advocates (e.g., greater corporate engagement). A key point of emphasis is support for the capital budget, using activities such as regional/targeted webinars, facility tours, engagement of deans, board of visitors, alumni, and other advisory groups.

Both Mike and Crystal stressed the important role that faculty and staff play in the advocacy strategy at both the federal and state levels.

Potential Topics for 2021-2022 Meetings

The Committee has developed a broad sense of budget issues across campus, including familiarity with specific units. This next academic year we will plan to revisit with some of the same units and divisions. Potential meeting topics include:

- UW Athletics- how has the budget of Athletics weather the pandemic give the losses of revenue as sports seasons are altered? Can UW provide the same level of support as for prior cohorts of student-athletes?
- Housing – How will housing maintain its budget and manage future capital and operating expenses?
- Capital Projects, Facilities and Buildings- What is the status of needed projects?
- UHS – how has the budgeted increase in mental health services worked?
- UW employee benefits – how sustainable are benefits and benefit options for Madison employees? What changes are in planning? How has TTC changed the budget for compensation and benefits?
- How COVID Emergency funds were spent at the UW Campus level

Conclusions

The UW Budget Committee will be an important conduit between shared governance bodies and campus consistencies this next year, especially given changes in the Vice Chancellor's Office. UW-Madison is facing an unprecedented budget environment with a great deal of uncertainties

in the future. The Budget Committee welcomes feedback through its members to help UW-Madison adapt and adjust in this challenging environment.

COMMITTEE MEMBERS

First Name	Last Name	Department Name	Seat Type	Act. Start	Exp. End
WILLIE	CHOI	BUSINESS	Faculty	7/1/18	6/30/22
J. MICHAEL	COLLINS*	SOHE / PUB AFFR	Faculty	7/1/17	6/30/21
SUSAN	COOK	MUSIC / L&S	Faculty	7/1/17	6/30/21
TARA	CORDES	FP&M	University Staff	10/15/19	6/30/23
YASMINE	FERGUSON	DOIT	Student	7/1/20	6/30/21
JOHN	HORN	FINANCE & ADMIN	Admin	1/10/20	6/30/21
EDEN	INOWAY-RONNIE	GEA	Admin	7/1/19	6/30/23
GRANT	RUPKALVIS	STUDENT	Student	7/1/20	6/30/21
NATHAN	SCHULFER**	NELSON	Academic Staff	7/1/19	6/30/23
ZACH	SMITH	ENGR	Academic Staff	6/14/20	7/1/23
JANA	VALEO	L&S/HISTORY	University Staff	7/1/18	6/30/22
KIMBER	WILKERSON	EDUC/REHAB PSYCH	Faculty	7/1/19	6/30/23
LAURENT	HELLER	FINANCE & ADMIN	Ex Officio	7/1/19	6/30/23
JENNIFER	KLIPPEL	BUDGET OFFICE	Ex Officio	7/1/18	6/30/21
DAVID	MURPHY	FINANCE & ADMIN	Ex Officio	7/1/19	6/30/23
JAKE	SMITH	ACAD STAFF	Friend	7/1/17	6/30/21
LISA	WALTERS	FINANCE & ADMIN	Friend	7/1/17	6/30/21

* *chair* ** *co-chair*

Thank to our committee members ending their service on this committee.

Budget Committee Background

https://policy.wisc.edu/library/UW-806#Pol806_6_25

6.25. Budget Committee

- A. **MEMBERSHIP.** The Budget Committee shall consist of the following members, to serve staggered terms of four years, except that student terms shall be two years and initial terms of all members shall range from one to four years to create a staggered rotation.
1. Four faculty members.
 2. Two academic staff members.
 3. Two university staff members.
 4. Two students, to include both graduate and undergraduate students.
 5. Ex officio non-voting members: campus budget director; chancellor or designee; provost or designee; and vice chancellor for finance and administration or designee.

Each shared governance group shall determine its own criteria for committee membership. However, there may only be one representative per school, college, or division from each group. No department/unit shall have more than one member on the committee. The shared governance secretaries and student shared governance coordinator shall confer to address any departmental or other diversity concerns prior to finalization of the committee roster and at the time of selecting replacement members.

In addition, committee members shall be chosen who have experience with, expertise on, or demonstrated interest in learning about and becoming a campus resource about budgetary matters.

The University Committee shall designate the chair from among the faculty members. A co-chair from another governance group may be elected as well.

B. **FUNCTIONS.**

1. Advises and makes recommendations to the chancellor, the provost, and the vice chancellor for finance and administration on institutional budget issues, **including matters of compensation and economic benefits for all employees**, long-range financial strategies, state biennial budget proposals, and allocations to schools, colleges, and divisions.
2. Advises the shared governance executive committees on issues of budgetary impact and the public position to be taken on budgetary issues.
3. Meets regularly with vice chancellor for finance and administration.
4. Serves as a resource for schools/colleges, departments, and others on matters related to the budget.
5. Consults with and advises other committees, such as school/college academic planning councils and campus planning committees, relating to institutional-level budgetary matters. The committee may also recommend the creation of ad hoc committees on budget-related matters.

6. Reports to the Faculty Senate, Academic Staff Assembly, University Staff Congress, ASM Student Council, and their respective executive committees upon request.

Members on this committee are expected to become knowledgeable resources on the campus budget. Meetings are expected to be monthly or as needed. Some meetings, especially at the beginning of the academic year, may be significantly longer to allow time for understanding the structure of the budget and the process by which it is constructed and finalized.

COMMON UW MADISON FUNDING SOURCES / CODES

- 101- State tax, Federal indirect cost, and tuition funding allocated for the purpose of education and related programs. Salaries on 101 have fringe from the State.
- 104- Funding from UW-Extension used for off campus credit and non-credit activities.
- 128- Cost recovery funding used by units selling goods or services, both externally and internally.
- 131- Tuition generated by self-supporting instructional programs.
- 133- Non-Federal grants and contracts.
- 135- VCRGE
- 136- Cost recovery outreach funding mechanism.
- 144- Federal grants and contract funding.
- 150- Federal indirect cost reimbursement used for special allocations.
- 161- University administered trust funds.
- 233- Gift funding.
- 402- Minority and disadvantaged programs.