



News Release

FOR IMMEDIATE RELEASE

May 15, 2013

UW System statement on Governor's budget changes

MADISON, Wis. – Department of Administration Secretary Mike Huebsch today asked legislative leaders to make changes to Governor Walker's proposed 2013-2015 biennial state budget, including adding a two-year tuition freeze for all University of Wisconsin System schools.

"We share the Governor's interest in keeping college affordable and tuition low," said UW System President Kevin P. Reilly. "While UW tuition is already lower than many peer colleges and universities, a two-year tuition freeze will send the right message to Wisconsin students and families."

UW institutions will reallocate \$42 million from other resources to cover the cost of the proposed tuition freeze.

In addition, Sec. Huebsch's letter calls for \$65.7 million in reductions to taxpayer support for the UW System. The Governor recommended that the Board of Regents reallocate about \$28 million in one-time funding to cover new economic development incentive grants, startup funding for new UW Flex Option degrees, and two initiatives at UW-Madison's School of Medicine and Public Health.

To the extent that institutions can use one-time funds to cover one-time costs, UW leaders agree that the changes represent a manageable solution to a very difficult situation.

The budget changes come on the heels of intense public debate over [year-end program revenue balances](#) held by the UW System and its institutions. Regent leaders laid out a timeline for addressing the issue, and will begin discussing the issue at their June meeting in Milwaukee.

"The Board of Regents and the UW System have been good stewards of taxpayer and student resources, ensuring access to a quality college experience and fostering world-class research, but we need a formal policy on cash balances and reserve funds. We will develop rigorous guidelines with broad external input and consultation, said Regent President Brent Smith. "The result of this process will be a new set of policies that help Regents exercise their fiduciary duties, while ensuring the long-term financial health and stability of each UW institution, and the UW System as a whole."

As part of this process, the Board will also update tuition polices and financial procedures, to provide a formal mechanism for incorporating information about year-end fund balances in decisions about biennial budget requests, annual operating budgets, and tuition rates.

“We will reformat our Annual Financial Report, the detail contained in that report, and the manner in which it is presented to the Regents,” said Regent Vice President Mike Falbo. “Equally important, we will find new ways to share that vital information with external stakeholders, so that financial information is more transparent and more easily decipherable.”

In June, Regent leadership will recommend a new policy governing tuition balances carried by UW System institutions. Later, after a thorough examination of best practices in higher education financing and broad consultation, the Regents will adopt comprehensive new policies that govern other fund balances, and how those reserves should factor into the tuition-setting process.

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Contact:

David F. Giroux

dgiroux@uwsa.edu

(608) 262-4464