In response to concerns raised by legislators and the public, UW System worked with the Legislature and its service agencies to create a new system to more clearly report Program Revenue Fund Balances managed by each institution within UW System.

Using the definitions developed by the Legislative Audit Bureau, the UW System institutions are now annually providing specific details on Program Revenue fund balances by level of commitment. This is an unprecedented level of transparency for the UW System or any State of Wisconsin agency.

The highlights from the Program Revenue Fund Balance Report include:

- According to the definitions created by the Legislative Audit Bureau, UW System institutions have a total of $175 million in real, actual reserves (Reserved and Undocumented funds). That amount is less than 3% of the total $6 billion operating budget for all UW System institutions.

- The real reserves actually available for all 26 campuses are decreasing. The real reserves have decreased by $40 million in the last year and future estimates show that trend will continue.

- These real reserves are a necessary component of a smoothly operating system (or any successful business). They include funds that are set aside for emergencies and, just as importantly, for unknown opportunities that emerge at every institution every year.

- The remaining fund balances all meet one of the three Legislative Audit Bureau definitions for committed funds (obligated, planned, or designated).

- They are either already obligated for a specific purpose, in the final stages of planning or have been designated, by source, for a specific project or program area on campus.
• These committed funds are also being invested in the institutions. Approximately $711 million, of the $973 million in total fund balances, is expected to be spent on institution specific initiatives within the next few years, including $42 million for institution specific aspects of the Talent Development Initiative.

  o Of that $711 million, $274 million is obligated, indicating that there are firm commitments for these funds such as contracts and encumbrances for purchases already made. $437 million is set aside to fund near and long-term specific institutional plans.

• The aggregate year-end tuition fund balance dropped by $156.1 million from $551.5 million in FY 2013 to $395.4 million in FY 2014. Of that amount the Systemwide balance dropped by $74.9 million from $151.8 in FY 2013 to $76.9 million in FY 2014.

• These balances consist of funds collected on campuses in exchange for services provided, such as food, general program operations, residence halls, parking, and tuition. Some of these funds are used to satisfy program revenue-funded debt service.

• The total of all Fund Balances is not held in one account, but rather is spread out among many accounts managed independently within each individual institution within the UW System. The balances vary widely among institutions and individual funds due to the many difference between institutional programs.

• For the first time in UW System history, Program Revenue Fund Balances are now incorporated into the Board’s discussion of the annual and biennial budgets.