

INVESTMENT OF UW SYSTEM REVENUES

UW-MADISON SUPPORT FOR SENATE BILL 557 & ASSEMBLY BILL 568

The University of Wisconsin System's annual budget is more than \$6 billion. The University of Wisconsin-Madison's annual budget is more than \$3 billion. Revenues at UW campuses include state and federal support; private gifts; auxiliaries (housing, conference services, athletics, parking, dining); and tuition.

Like any financial entity of this size, the university has cash balances that ebb and flow throughout the year, in addition to certain reserves. This cash, minus any liabilities, is considered working capital at UW-Madison.

Current Policy

Relative to its peers, the University of Wisconsin System is uniquely constrained, lacking the basic authority to manage much of its working capital. The ability to invest these types of revenue is standard practice at peer institutions and in the private sector.

Under current law, the University's flexibilities in how it manages its working capital is limited to only the revenue generated from private gifts and grants. This is done through working with the State of Wisconsin Investment Board (SWIB). Senate Bill 557 and Assembly Bill 568 expand these flexibilities beyond gift and grant funds to include other sources of revenue, notably auxiliary and tuition income.

Requested Changes

Working capital at UW-Madison could be safely invested for a medium-term time horizon without incurring any significant risks to the university and state.

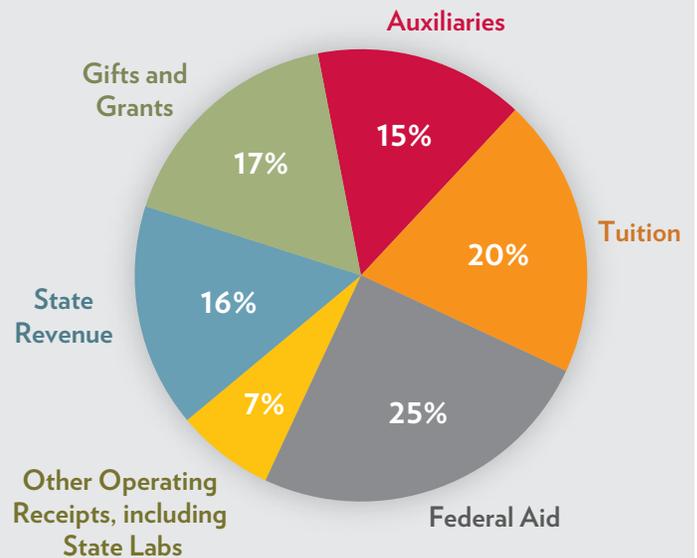
This bill would expand UW's current ability to invest a share of its working capital in intermediate-term investment funds, in addition to its current authority to invest gift and grant revenue.

This expansion would generate valuable revenue. By expanding the types of UW revenue that can be invested, this could generate new stable revenue streams that could fund top priorities that would otherwise require GPR or tuition.

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UW-Madison Revenue Sources, 2019-20



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