

Oct. 8, 2014

Dear UW Colleges and UW-Extension colleagues and Board of Visitors members,

On Thursday, the Board of Regents will discuss UW System fund balances, which are the subject of a UW System [news release](#) and subsequent media coverage. You can find meeting materials and links to watch or listen to the discussion on the [Board of Regents website](#). UW System presentations will include numbers consistent with how we've talked about fund balances during our May town hall meetings:

- UW Colleges accounts for 2.6% and UW-Extension for 2.8% of the total fund balances held throughout the UW System. Our fund balances are relatively small.
- We used some of our fund balances to phase in the 2013-15 budget cuts. As a result, we are starting the next fiscal year with no structural deficit for our future.
- That allows us to use our fund balances to invest in our future.
- Our fund balances – not including gifts, grants and other externally restricted program revenue – are \$25.5 million for UW Colleges and \$27.1 million for UW-Extension.
- We have committed the vast majority of our fund balances to projects and programs to advance our mission, for example, through:
  - UW Colleges programs to expand access for high school, nontraditional and international students and for developmental education programs to help students succeed
  - UW-Extension startup costs for the UW Flexible Option; the Ideadvance Seed Fund program for UW faculty, staff and student entrepreneurs; and renovations to improve energy efficiency and the HVAC system at the Lowell Center in Madison
  - Upgrades to our IT infrastructure

Our true reserves, which are fund balances intentionally set aside for unforeseen circumstances, stand at about 9% of annual operating expenses for UW Colleges and about 5% for UW-Extension.

Your deans, directors and budget officers have been briefed about the fund balances. Please contact them if you have questions. I also welcome your questions.

Thanks for participating in local discussions on our fund balances. As you know, it's important for all of our partners and stakeholders to understand how UW Colleges and UW-Extension use our fund balances – and that we are fiscally responsible in spending and investing to serve our students and communities.

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