



UW-Eau Claire Review

The Current State Assessment Highlights a Case for Change

The current state review of finances, enrollment, and operations indicates UW-Eau Claire has strived to adopt more stringent cost control measures to stabilize financial health, yet continued work will be important to support long-term success.

UW-EAU's mission is to provide a transformative education, preparing students for active citizenship and lifelong inquiry

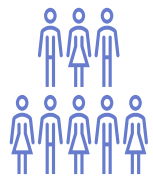


UW-EAU has been an innovative leader among public institutions of higher education for more than a century. UW-EAU helps students **develop critical-thinking skills, engage in career-focused experiences, and leave prepared to join the workforce and make an impact in their communities.**



UW-EAU focuses on **engaging students in high impact practices** embedded in their **rigorous and distinctive undergraduate and graduate programs.** Strong **partnerships with the Mayo Clinic and Hewlett Packard Enterprise** create unique research opportunities for students.

...while UW-EAU has strong retention, several challenges, including declining UG enrollment and increasing expenses, pose risks



With a freshmen retention rate of 81.9% for the Fall 2022 cohort, **UW-EAU has the 3rd highest retention rate** among UW campuses, supported by its focus on student success.



Declining UG enrollment FTE at UW-EAU Main Campus (-16.4% from Fall '11-'23) has created top-line pressure. At the same time, **Barron County has seen a 43.2% decline** over this same period.



Enrollment declines, growing expenses, and expiration of HEERF Aid have compounded pressure on UW-EAU and contributed to a -\$4.5M tuition fund deficit in FY23.

...therefore, UW-EAU should continue to explore efficiencies, while strategically leveraging reserve balances for investment.



UW-EAU implemented significant expense reductions in 2015 in response to state budget cuts. **These measures, coupled with federal COVID-19 aid, have provided UW-EAU with relatively strong tuition fund balances** (\$22.1M as of FYE 2023 or 16.6% of General Program Operations (GPO) Fund OpEx).



To maintain long-term stability, preserve healthy balances, and support the future of the institution, **UW-EAU should continue to explore efficiencies, practice conservative forecasting, and maintain healthy reserve balances** for planned investments.

The Path Forward Should Leverage Strengths and Address Challenges

The current external environment, coupled with internal operating model issues, makes overcoming the ongoing structural deficit challenging, absent change.

The Path Forward Should Leverage Strengths...

...and Seek to Address Existing External and Internal Challenges



Strong Academic Reputation

Known for its strong academic curriculum, UW-EAU combines hands-on learning opportunities with collaborative research projects. UW-EAU is also more selective than most of the UW campuses.



Focus on Student Success Through High Impact Learning Practices

UW-EAU supports student participation in high impact practices to help improve educational outcomes, contributing to UW-Eau Claire's strong retention.



Distinctive Research Partnerships

Partnerships with the Mayo Clinic and Hewlett Packard have created unique opportunities for UW-EAU students with new majors in Bioinformatics and research opportunities supported by supercomputing technology.



Student Engagement Opportunities

UW-Eau Claire attracts and engages students statewide and beyond with a wide array of student organizations and activities, including a Division 3 athletics program, and one of the largest marching bands in the US.



Healthy Fund Balances and History of Expense Management

Expense reductions, cost avoidance, and revenue driving measures, coupled with federal COVID-19 aid, have afforded UW-EAU relatively strong fund balances.

Declining Enrollments

- From Fall '11 to Fall '23, UW-EAU's main campus UG enrollment FTE has declined 16.4%, while Barron County saw a decline of 43.2%.
- Continued pressure exists on the horizon from the HE demographic cliff, the changing perception of HE 4-year degrees, and the MN North Star Promise.

Limited State Appropriations

- Per the State Higher Education Executive Officers Association (SHEEO), WI ranks 43rd in four-year state education appropriations per student.¹
- Future state budgets, regulatory complexity and economic uncertainty add further risk to UW-EAU's long-term outlook as the institution has become increasingly dependent on State Appropriations.

Leadership Turnover

- Recent retirements have led to several interim UW-EAU leadership positions.
- Some stakeholders expressed apprehension related to the number and duration (up to 24 months) of these interim appointments and the resulting uncertainty from potentially shifting leadership positions and priorities.

Salary Competition

- Like many of the UW institutions, stakeholders cited salary compression and the inability to fill vacancies due to competitive salaries as key challenges.

Aging Facilities and Technology Needs

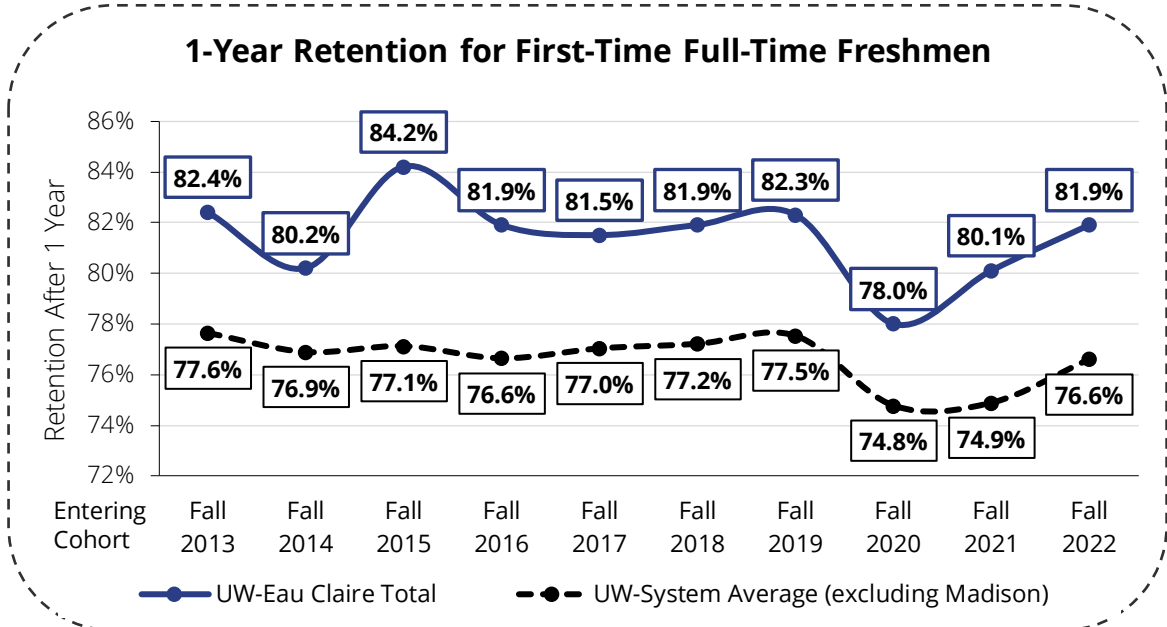
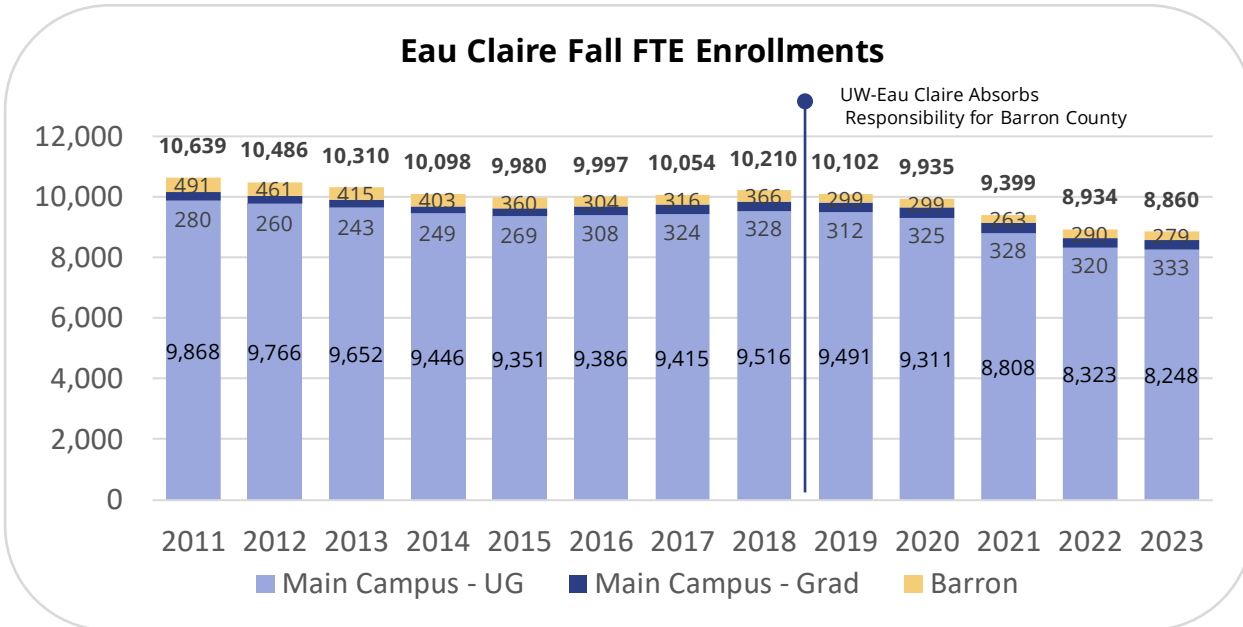
- Facilities and infrastructure are aged, and capital planning and maintenance efforts will require financial investment; stakeholders noted challenges navigating the political complexity of securing funding.
- Classroom technologies are also evolving and there is an opportunity to offset costs with more streamlined technologies.

External Market Pressures

Internal Op. Model Challenges

Declining Enrollment Presents Risk, Balanced by Strong Retention

From Fall 2011 to Fall 2019, enrollment remained relatively stable, but from Fall 2019 to Fall 2023, enrollment declined by nearly 1,250 FTEs, shrinking the student body by nearly 13%. Although partially shielded by consistently strong retention, the declining enrollment has compressed Tuition and Fee revenue generation.



While Eau Claire enrollment has declined 17% since Fall 2011....

- UW-EAU’s enrollment remained at ~10,000 FTEs through Fall 2019 (inclusive of Barron County). However, **enrollment at UW-EAU was impacted during the COVID-19 pandemic as enrollment has now declined to 8,860 FTEs in Fall 2023.**
- From a peak in Fall 2011 to Fall 2023, UG enrollment at main campus steadily declined by over 1,620 Student FTEs to 8,248 FTEs, or a -1.5% CAGR. However, graduate enrollment has been relatively stable over this time and reached a new high of 333 FTEs in Fall 2023.
- **From Fall 2011 – Fall 2023, the Barron County branch campus fell from 491 to 279 Student FTEs, representing a decline of 43.2%.**

....strong retention provides a bright spot.

- With a freshmen retention rate of 81.9% for the Fall 2022 cohort, UW-Eau Claire has achieved the 3rd highest retention rate among the Universities of Wisconsin.¹
- Although UW-Eau Claire’s retention rate dipped to 78.0% for the Fall 2020 entering cohort, retention has remained consistently higher than the systemwide average, and retention quickly rebounded after the height of the COVID-19 pandemic.
- With a goal to increase retention to 90%, UW-EAU leadership is focused on continuously improving student success, including a commitment to high impact learning practices.

Note: 1) Universities of Wisconsin Accountability Dashboard; Note: UW averages and rankings exclude UW-Madison

Strong Workforce Alignment, but UG Degree Conferrals are Declining

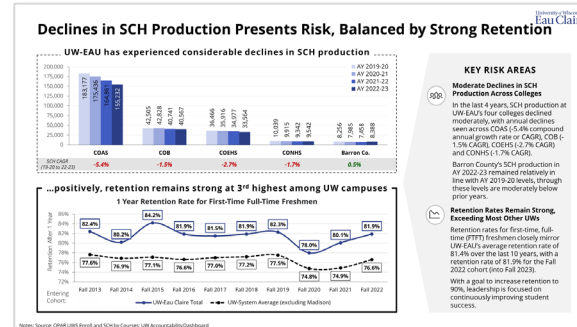
Program and Workforce Alignment

Eau Claire's academic portfolio demonstrates strong alignment to labor market demand...

Occupational Group / Title	Annual Openings	EAU UG Degrees
Business and Financial Operations Occupations	5,714	
Management Analysts	1,780	✓
Market Research Analysts and Marketing Specialists	1,693	✓
Human Resources Specialists	1,655	✓
Logisticians	586	✓
Management Occupations	4,975	
General and Operations Managers	2,608	✓
Financial Managers	680	✓
Medical and Health Services Managers	616	✓
Construction Managers	553	✓
Industrial Production Managers	518	✓
Computer and Mathematical Occupations	3,490	
Software Dev. and Software QA Analysts and Testers	2,961	✓
Web Developers and Digital Interface Designers	529	✓
Architecture and Engineering Occupations	2,213	
Industrial Engineers	946	
Mechanical Engineers	774	
Civil Engineers	493	
Community and Social Service Occupations	1,616	
Substance, Behavioral, and Mental Health Counselors	765	✓
Child, Family, and School Social Workers	447	✓
Healthcare Social Workers	404	✓
Healthcare Practitioners and Technical Occupations	1,107	
Clinical Laboratory Technologists and Technicians	603	
Nurse Practitioners	504	✓
Sales and Related Occupations	439	
Sales Representatives, Wholesale and Manufacturing.	439	

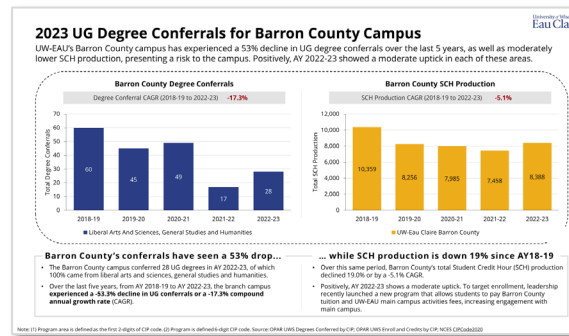
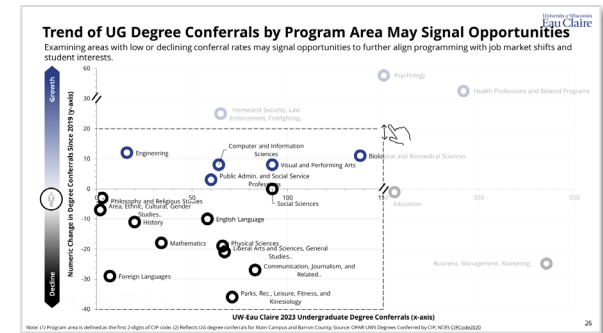
Degree Conferrals and Credit Hour Production

...but trends in degree conferrals and SCH may signal an opportunity to strengthen key components of the undergraduate academic portfolio



UW-EAU's programs are very closely aligned to the workforce; program areas such as psychology and nursing have seen strong growth in conferrals, yet large programs areas such as business, management, and marketing have seen declines in degree conferrals over the past four years.

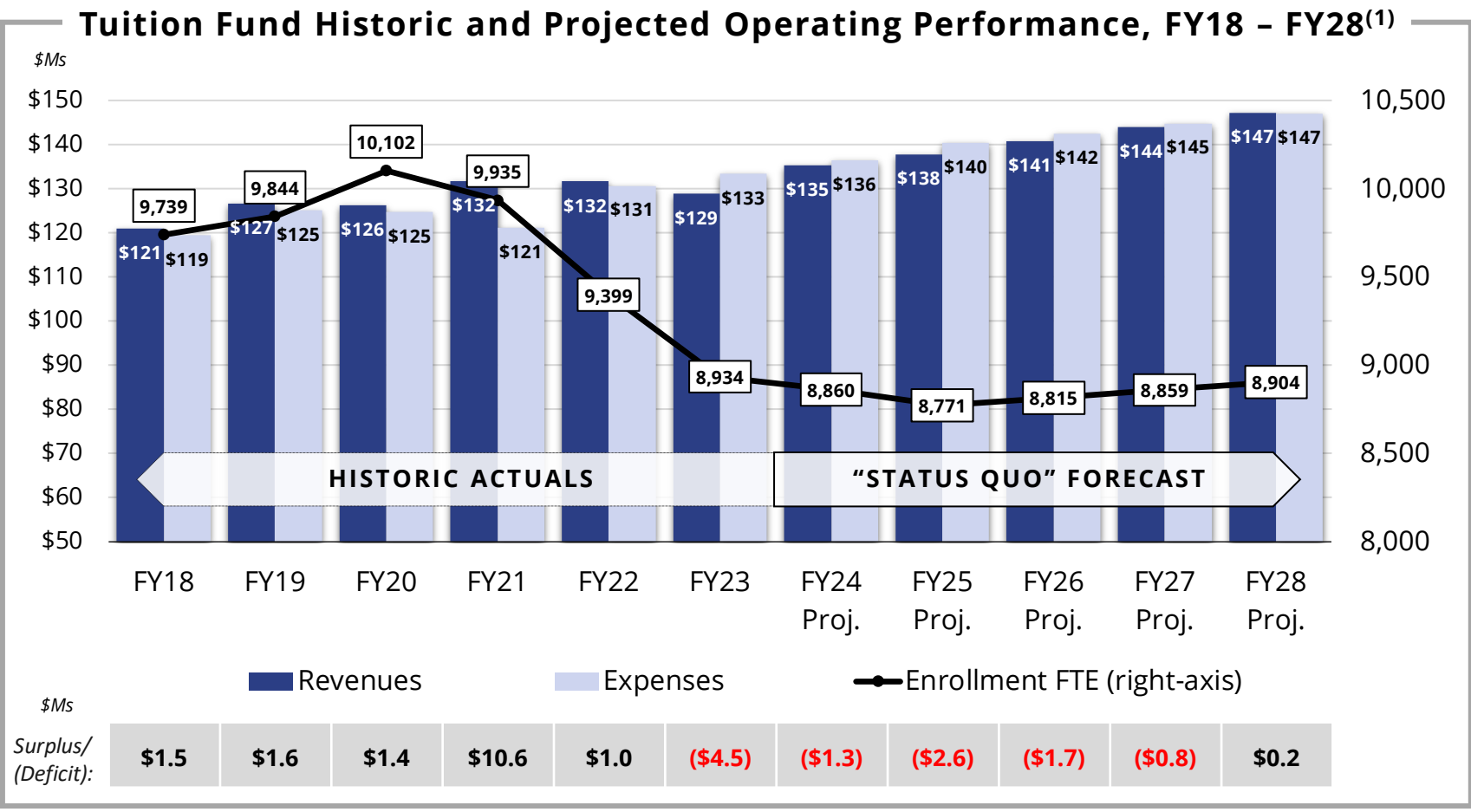
While retention at UW-EAU is strong, with rates above UW-system averages, student credit hour production over the last four years fell at an average annual rate of 4.1%.



As UW-EAU considers its academic portfolio in the future, the Barron County campus requires continued monitoring given steep enrollment declines. This translates into large losses in UG degree production and declining SCH, although both conferrals and SCH saw moderate upticks in AY 22-23.

“Status Quo” Baseline Financial Forecast Results

The “Status Quo” forecast, which assumes current trends continue and UW-EAU does not make any changes to existing operations, emphasizes the importance of UW-EAU continuing to exert expense controls while balancing strategic investments.



KEY DRIVERS



Enrollment FTE
Enrollment is modeled to decrease 0.8% to 8,860 FTE in FY24 to tie to Fall '23 actuals, then forecasted to slightly decrease by 1.0% in FY25 before resuming slight growth (0.5% annually) through the remainder of the forecast. This considers positive momentum from the new science building, and expansion of 6 new high-skill health-related degrees, balanced by continued enrollment pressures from the higher education demographic cliff and the MN North Star Promise.



Expense Growth
Costs tied to rising Salaries and Benefits (3.0% FY23-FY28 CAGR), are expected to continue to grow modestly in the out years, driving expense growth, partly mitigated by savings identified through UW-EAU's *Working Smarter* initiative.

Assuming current trends continue, and UW-EAU does not make any changes to existing operations, the “Status Quo” model forecasts moderately negative, yet improving operating performance through FY27 driven by expense pressure amidst relatively flat enrollment.

Source: University of Wisconsin GL Data; Reflects Actuals and AJE Ledgers

“Status Quo” Baseline Tuition Fund Balance Forecast

UW-Eau Claire’s forecasted changes in net assets are projected to have a negative financial impact on the university’s tuition fund equity balance, lowering the balance to \$15.9M by FYE 2028 (a cumulative -\$6.2M impact), reinforcing the importance of continuing to explore efficiencies to maintain long term stability.

Projected Financial Impact on Tuition Fund Equity Balance

UW-Eau Claire Tuition Fund Equity Balance Baseline Projections						
UW-Eau Claire (\$Ms)	FY End 2023 Actual	FYE24 Proj.	FYE25 Proj.	FYE26 Proj.	FYE27 Proj.	FYE28 Proj.
Beginning Tuition Fund Equity Balance	\$26.7	\$22.1	\$20.9	\$18.3	\$16.6	\$15.8
Change in Net Assets	(\$4.5)	(\$1.3)	(\$2.6)	(\$1.7)	(\$0.8)	\$0.2
Ending Fund Equity Balance	\$22.1	\$20.9	\$18.3	\$16.6	\$15.8	\$15.9
Cumulative Impact on Fund Balance	---	(\$1.3)	(\$3.9)	(\$5.5)	(\$6.4)	(\$6.2)

TAKEAWAYS



Current Fund Equity Balance

UW-Eau Claire had \$26.7M in equity in the tuition fund at the beginning of FY23. This balance had been bolstered by COVID-19 aid in recent years as well as expense controls, which enabled UW-EAU to grow balances from a low of \$12.1M at FYE18. With more significant enrollment declines in Fall’ 22, UW-EAU reported a \$4.5 deficit in FY23, which lowered balances to still strong \$22.1M at FYE23.



Cash Runway

Projected negative operating results through FY27 would weaken the fund equity balance over time. As such, optimizing operations and resolving the deficit is critical for solidifying long-term stability.

Under the “Status Quo” model, the forecasted change in net assets could lower tuition fund reserves to a still healthy \$15.9M by FY28. However, given the volatility across the higher education landscape, and shrinking market of students, attaining a balanced budget more quickly will allow UW-EAU to use reserves strategically for investment and to address negative externalities.



Deloitte Report

UW- Eau Claire Response

August 23, 2024

University of Wisconsin
Eau Claire

UW-Eau Claire: Proactive Planning for Public Good



- Culture of Innovation
- Focus on Student Outcomes
- Meeting State Workforce Needs and Student Demand
- Addressing Structural Deficit this year
- Our 10-year Vision for Distinction

Innovative Leader for More than a Century...

*...UW-Eau Claire has strived to adopt more stringent cost control measures to stabilize financial health.... **

- Budget challenges have been a consistent theme in the Wisconsin higher education universe for decades. UW-Eau Claire's approach to the reductions has been guided by three main goals: an unwavering commitment to student success; a priority to protect the academic enterprise; and the discipline to implement fiscally responsible measures to maintain a critical margin of excellence.
- The 2015 state-mandated budget cut of **\$12.2 million** presented its greatest test of the university's resolve. UW-Eau Claire addressed the reduction proactively. The campus' commitment to student success and university's fund balance both remained strong.

*Deloitte Report

Innovation Drives Response to 2015 Budget Cuts

- **Consolidated Student, Administrative and Facilities Functions**
 - Blugold Central, ASK (Administrative Support & Knowledge) Center, ARCC (Advising, Retention and Career Center), Facilities consolidation from five divisions to one
- **Established Guidepost Goals**
 - 100% - Providing all students with high-impact learning experiences
 - 90% - Retaining 90% of students to second year
 - 50% - Graduating half of students within four years
 - 20% - Increasing enrollment of students of color and closing opportunity gap
- **Reduced Senior Administrative Positions by 28%**
- **Centralized Tenure and Tenure-Track Positions in the Provost's Office**
- **Reduced 179 FTE by Eliminating Positions and Implementing Voluntary Separation Program**

Focused on Student Outcomes – 2000 v 2023

	2000	2023
New Freshman Enrollment:	2,094	2,018
4-year Graduation:	19.5%	43.3%
Enrollment of Students of Color:	470	1,096
Two-Year Retention:	78.1%	81.6%
Two-Year Retention of Students of Color:	71.8%	79.8%
Blugold Marching Band Retention:	81.8%	86.3%
Retention of Women:	76.1%	82.3%
Retention of Men:	81.5%	80.5%

Meeting State Workforce Needs and Student Demand: New Majors Developed Since 2000

- **19 Undergrad Majors**

- **Actuarial Science**
- Applied Arts & Sciences
- Athletic Training
- **Bioinformatics**
- **Biomedical Engineering**
- Business Communication
- Entrepreneurship
- **Exercise Science**
- **Geospatial Analysis & Technology**
- Human Resource Management
- Integrated Strategic Communication
- International Business

- Liberal Studies
- **Materials Science**
- **Materials Science & Engineering**
- **Neuroscience**
- Online Arts & Sciences
- Operations & Supply Chain Management
- Organizational Leadership & Communication
- Professional Studies
- **Public Health**
- **Rehabilitation Science**
- Women's, Gender & Sexuality Studies

- **5 Graduate Majors**

- Athletic Training
- **Data Science**
- **Exercise Physiology**
- **Nursing DNP**
- **Public Health**

- **12 Teaching Majors**

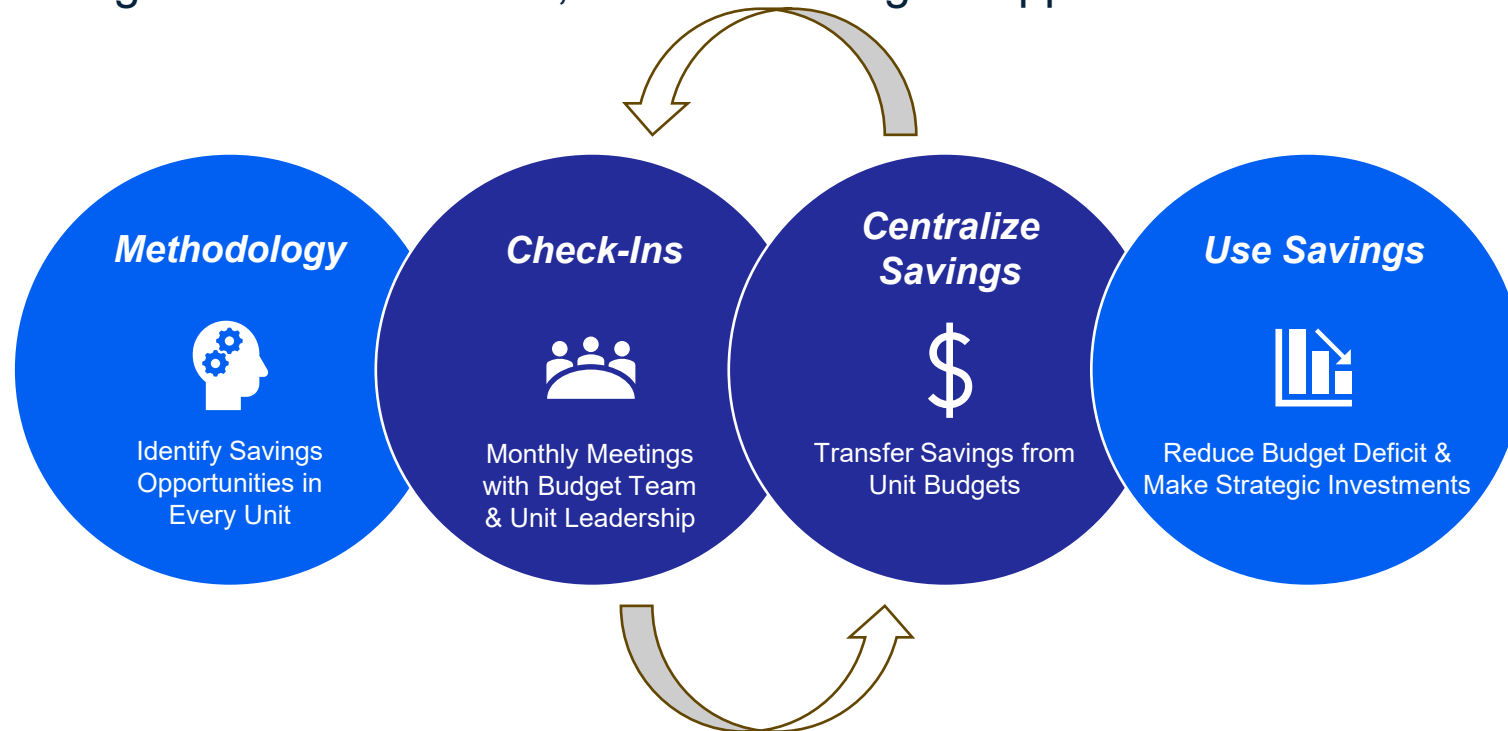
- ***Also eliminated nearly 50 majors and major options***

FY 26 Deficit Reduction Plan

- **UW-Eau Claire will reduce the structural budget deficit of \$2.3M by FY26, well ahead of 2029 mandate.**
 - Selective Expense Reductions
 - Systematic Review of Non-Academic Programs
(Academic Program Review Process Already in Place)
 - Strategic Investments in Innovation
 - Working Smarter Cost-Savings and Revenue-Generating Initiative
 - Centralized Control of Non-Instructional Positions

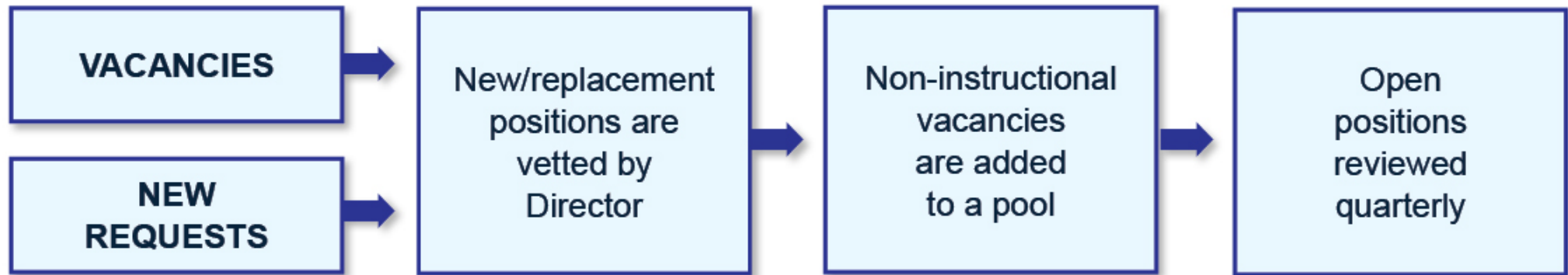
Working Smarter

Working Smarter is UW-Eau Claire's cost savings and revenue generation initiative, designed to move us into a new era of financial sustainability and academic excellence. By maximizing operational efficiency and fostering innovation we are strategically identifying areas for cost reduction and implementing sustainable revenue-generating strategies, including streamlining administrative processes, optimizing resource allocation, and harnessing untapped revenue streams.

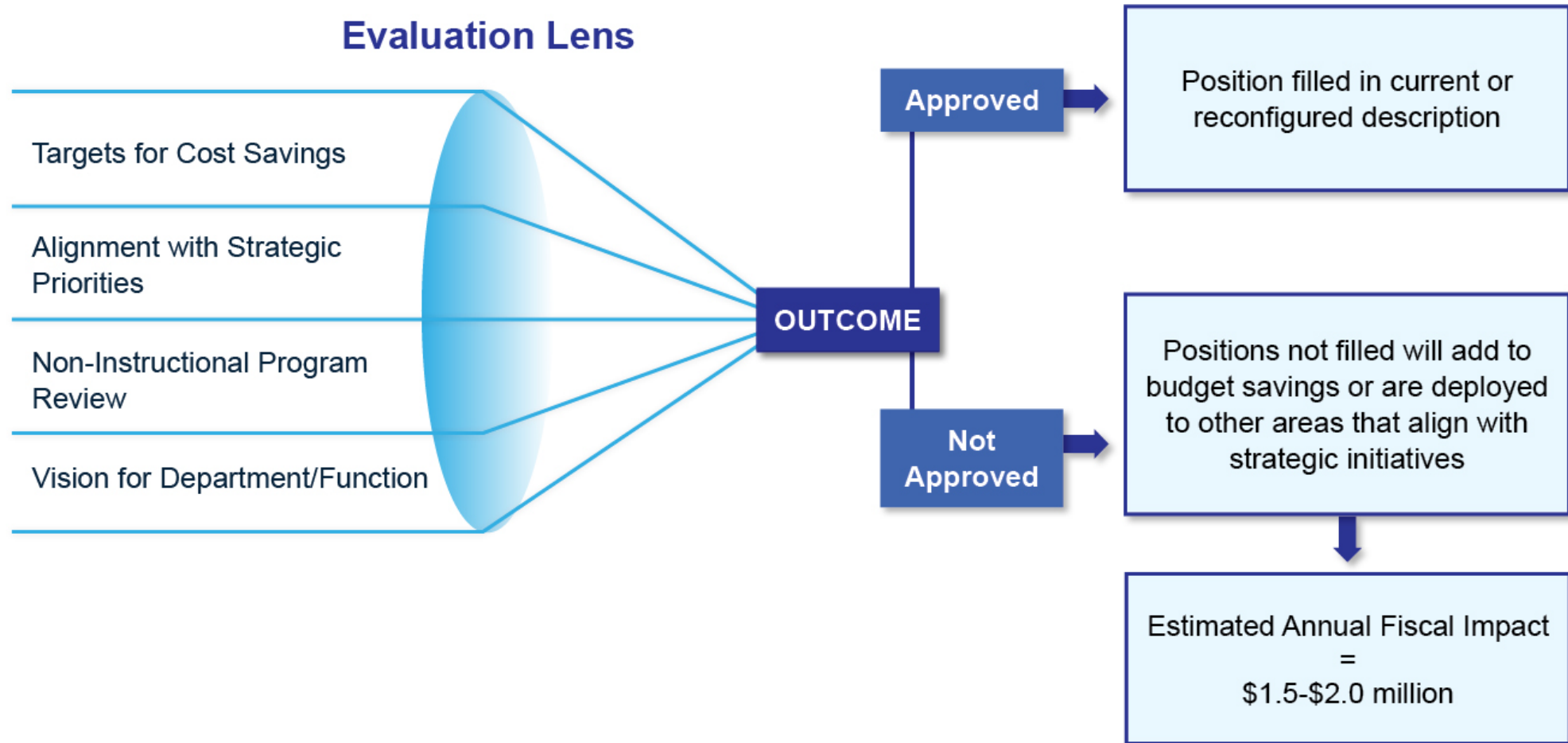


Centralizing Control of Non-Instructional Positions

New process for approving non-instructional positions in all funds except grant funds.
Modeled after current practice with instructional positions



Centralizing Control of Non-Instructional Positions



The Vision for Distinction

“Assist the universities in differentiating themselves in the marketplace and establishing centers of excellence.” – 2023-2028 System Strategic Plan

How will UW-Eau Claire Differentiate Itself?

UW-Eau Claire’s Vision for Distinction – Three Pillars

The Vision for Distinction – Three Pillars



Laser
Focus on
Student
Achievement



National
Leader in
Healthcare
Education



Champion of
Collaboration

Wisconsin's Vital Partner For Public Good

UW-Eau Claire's purpose in Wisconsin is to provide **public good**. We must be passionately **audacious** in what that means. We must not think small. The outcome of our **vision for distinction** is to produce generations of graduates with the capacity and inclination to **serve the public good for a lifetime**.

"We will work to extend the value of our universities beyond the boundaries of the campus, seeking to enhance the quality of life for all in Wisconsin and beyond, in fulfillment of the Wisconsin idea." – 2023-2028 System Strategic Plan