



# UW-La Crosse Review

# The Current State Assessment Highlights a Case for Change

The current state review of finances, enrollment, and operations suggests UWL has adopted leading cost control measures to stabilize financial health while delivering consistent enrollment over time, yet continued work will be important to support long-term success.

## UWL provides a challenging, dynamic, and diverse learning environment within a community fully engaged in student success

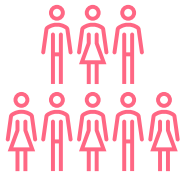


UWL is a critically differentiated university within the comprehensive portfolio of UW campuses. It attracts an academically prepared undergraduate population with strong demand for on-campus residence participation on an updated campus along the Mississippi River. UWL academics are grounded in liberal arts with professional programs.



UWL has strong partnerships with local employers in the healthcare and business arenas that support both experiential learning and post-graduate employment for its students. Graduate programs are targeted toward these areas of strength. Championship DIII athletics enhance the student experience with a state-of-the-art field house and stadium.

## ...with growing freshman classes and peer-leading retention rates; however, leadership turnover and talent issues pose risks



### Consistent UG enrollment FTE

(~5% decline from Fall '14 to '23) has provided a stable base for the campus with new incoming freshman slightly increasing at 1.5% CAGR over the same period. Grad students remained steady with a 0.3% CAGR since Fall '14.



### System-leading retention and graduation rates

(average of 84.8% retention over the Fall '16 - '22 period; and 6-yr graduation rates peaking with most recent Fall '17 cohort at 71.2%) have resulted from systematic campus-wide focus on student success.

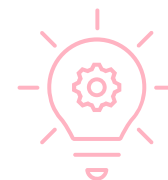


However, the campus is **undergoing significant leadership turnover** among several top positions, and tightly constrained budgets and uncompetitive wages appear to be contributing factors **to talent shortages** that are weighing on a variety of functional areas.

## ...therefore, UWL will need to navigate turnover at key positions, develop its talent, and articulate a future-focused strategy.



UWL has taken a **highly disciplined and centralized budget approach, leveraging their differential tuition and centralized salary savings** to drive services and investment across campus divisions. This careful fiscal management and steady enrollment has resulted in healthy fund balances in the tuition (\$11M), auxiliary (\$18M), and general operations (\$13M) funds as of FY23 with positive margin forecasted for FY24.



To continue the long-term trajectory of stable enrollment and growing fund balances at UWL, **a new generation of University leaders will need to be successfully onboarded** and articulate their **strategic vision** for the institution without disrupting its current fiscal stability, and while addressing broader demographic declines of its core student populations in an inflationary environment.

# The Path Forward Should Leverage Strengths and Address Challenges

The current external operating environment, coupled with significant internal leadership transition and turnover, pose challenges to maintaining the long-term financial performance and stability that has been a historical strength of the institution.

## The Path Forward Should Leverage Strengths...

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

|  |  |
|--|--|
|  | <p><b>Careful Financial Management</b><br/>UWL has contained expenses over time and grown fund balances with a centralized budget model, and investments have been made to support long-term financial sustainability of the campus.</p>   |
|  | <p><b>Stable UG Enrollment and Lean Portfolio</b><br/>UWL has demonstrated a unique ability to maintain undergraduate enrollment in a declining demographic environment, while growth in business and healthcare graduate programs have positioned the campus to resist demographic pressures.</p>   |
|  | <p><b>Attractive Campus and Modern Facilities</b><br/>Facilities investments have been prioritized, with facilities a meaningful point of attraction for current and prospective students.</p>   |
|  | <p><b>Industry Partnerships</b><br/>Partnerships with local healthcare providers support a focused expansion of health care programs, while other partners also lend value to business programs.</p>   |
|  | <p><b>System-Leading Retention and Graduation</b><br/>UWL has built a campus-wide culture around student success, enabled by broad utilization of EAB Navigate software and combined professional and faculty advising model. More academically prepared students, a strong residential community, and highly engaged faculty bolster these efforts.</p> |

|   |   |
|---|---|
| <b>Declining Demographics</b>           | <ul style="list-style-type: none"> <li>UWL has thus far been relatively immune to higher education market and WI demographic pressures. However, these forces can still impact the institution moving forward; the share of WI high school graduates attending UW campuses has already decreased, and the overall WI high school graduate population is expected to decline.</li> </ul>                             |
| <b>Minnesota North Star Promise</b>     | <ul style="list-style-type: none"> <li>Beginning in Fall 2024, the MN North Star Promise program will create a tuition and fee-free pathway to higher education for eligible MN students.</li> <li>With approximately 14% of UWL undergrads from MN, the program could disrupt tuition revenue streams as qualifying students may pursue in-state schools to lessen the cost of education.</li> </ul>               |
| <b>Limited State Appropriations</b>     | <ul style="list-style-type: none"> <li>Per the State Higher Education Executive Officers Association (SHEEO), WI ranks 43rd in four-year state education appropriations per student.<sup>1</sup></li> <li>Future state budgets, regulatory complexity and economic uncertainty add further risk to UWL's long-term outlook as the institution has become increasingly dependent on State Appropriations.</li> </ul> |
| <b>Talent Acquisition and Retention</b> | <ul style="list-style-type: none"> <li>Most stakeholders noted relatively weak salaries as a challenge, and a comparison of faculty wages<sup>2</sup> places UWL 4th lowest among UW peers.</li> <li>Staff turnover coupled with a competitive labor market has left UWL with open and unfilled positions in multiple functional areas.</li> </ul>  |
| <b>Leadership Transitions</b>           | <ul style="list-style-type: none"> <li>UWL is in state of transition with turnover in several key leadership positions.</li> <li>In addition to impacting confidence in the institution and campus morale, leadership turnover could threaten UWL's ability to maintain strong operating performance.</li> </ul>  |
| <b>Strategic Plan</b>                   | <ul style="list-style-type: none"> <li>UWL initiated the current strategic plan in 2016 as well as a 2024 governance endorsement of revised goals within each pillar. However, given leadership transitions, UWL will need a new long-term strategic vision and plan in place to guide strategic decisions.</li> </ul>  |

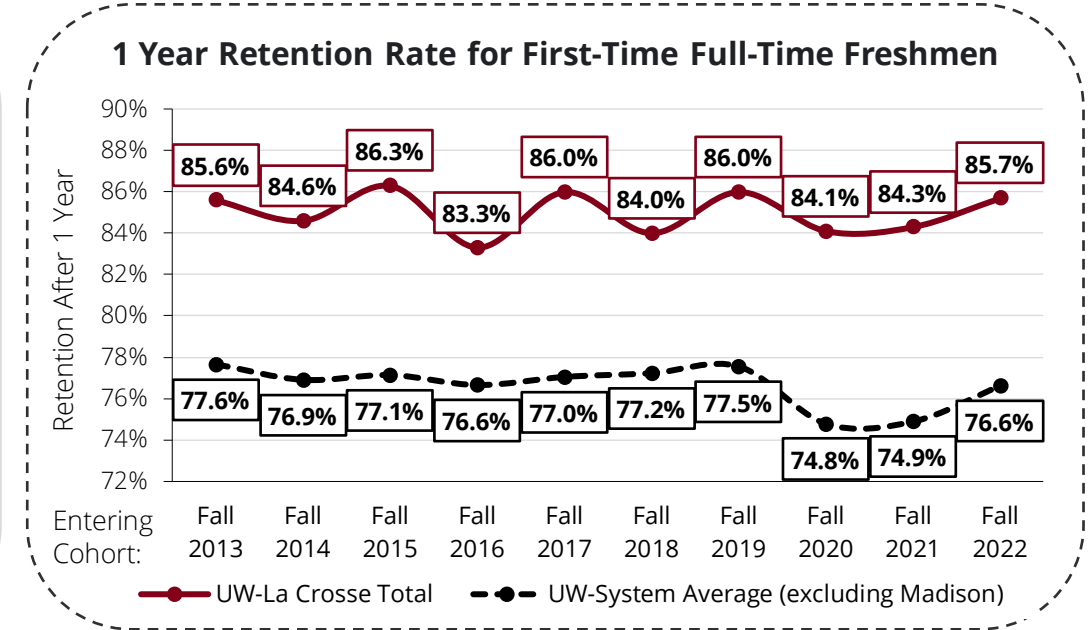
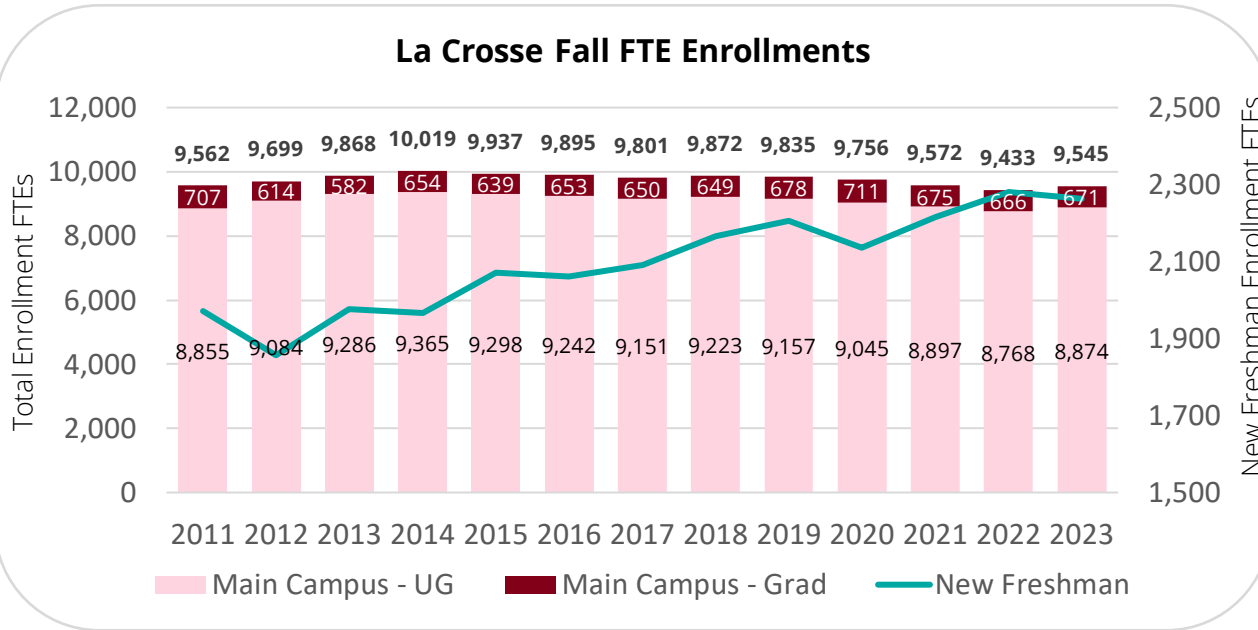
External Market Pressures

Internal Operating Model Challenges

Note: 1) State Higher Education Executive Officers Association (SHEEO) State Higher Education Finance (SHEF) Report 2) Based on comparison of IPEDS "All instructional staff total of Average salaries of full-time instructional nonmedical staff equated to 9-months worked, by academic rank of Professor: Academic year 2022-23. UW peers excludes UW-Madison. Source: UW Accountability Dashboard.

# Consistent Enrollment, Strong Retention Have Produced Stable Revenues

Enrollment at UWL has been stable in recent history, with nearly identical levels in Fall 2011 and Fall 2023. Furthermore, larger incoming freshman class sizes post-pandemic portend further growth and stability for the undergrad population moving forward. Strong enrollment has enabled student-generated revenues to bounce back post-pandemic, supporting UWL's financial performance.



## La Crosse enrollment has remained stable since Fall 2011...

- UWL's enrollment remained consistently at ~9,500 to ~10,000 FTEs from Fall 2011 to Fall 2023. Similarly, UWL has remained primarily an UG student serving institution, with about 93% of the student FTEs being undergraduates.
- UG enrollment on campus peaked at 9,365 student FTEs in Fall 2014 and is at 8,874 student FTEs as of Fall 2023. However, increasingly larger new freshman enrollments, coupled with strong retention on campus, may enable UWL to continue to be stable while growing undergraduate enrollment.
- Graduate enrollment has also been relatively stable over recent history as graduate enrollment peaked at 711 students in Fall 2020 and was at 671 students as of Fall 2023.

## ...with retention consistently strong.

- Retention rates for first-time, full-time (FTFT) freshmen closely mirror UWL's average retention rate of 85.0% over the last 10 years, with a retention rate of 85.7% for the Fall 2022 cohort (into Fall 2023).
- UWL has consistently achieved the highest retention among UW peers (excl. Madison) over the last 10 years, with rates at UWL over 9 percentage points higher than the UW-System average for the Fall 2022 cohort.
- Strong academic preparedness among students is supported by a campus-wide focus on student success, with key practices such as leveraging EAB Navigate and deploying a combined faculty and professional advising model.



# Strong Retention and Workforce Alignment Support UWL Academics

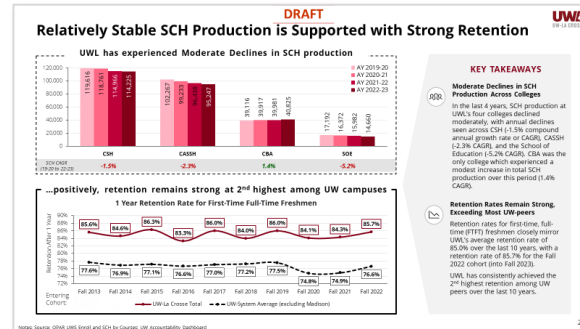
## Program and Workforce Alignment

UWL's academic portfolio demonstrates strong alignment to labor market demand, particularly in business...

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

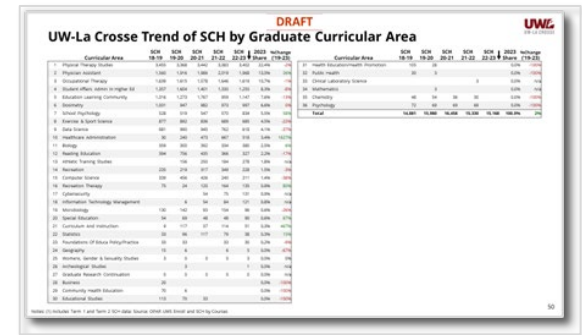
## Degree Conferrals and Credit Hour Production

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

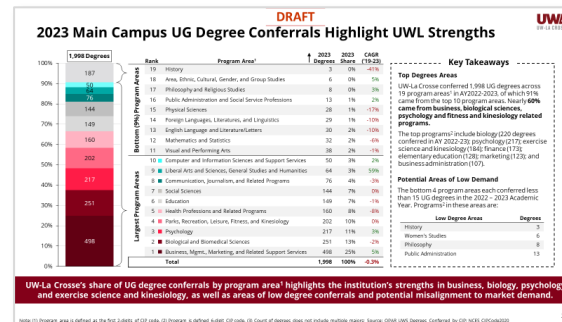


Despite declining undergraduate SCH, graduate SCH has increased 2% from AY 2018-19 to AY 2022-23, and expansion of the undergraduate-to-graduate enrollment pipeline within UWL could provide further opportunities to expand graduate enrollment and conferrals.

While retention at UWL is strong, with rates above UW-system averages, in the last four years, SCH production at UWL's four colleges declined slightly (-1.5% CAGR). Only the College of Business Administration saw SCH growth during this period.

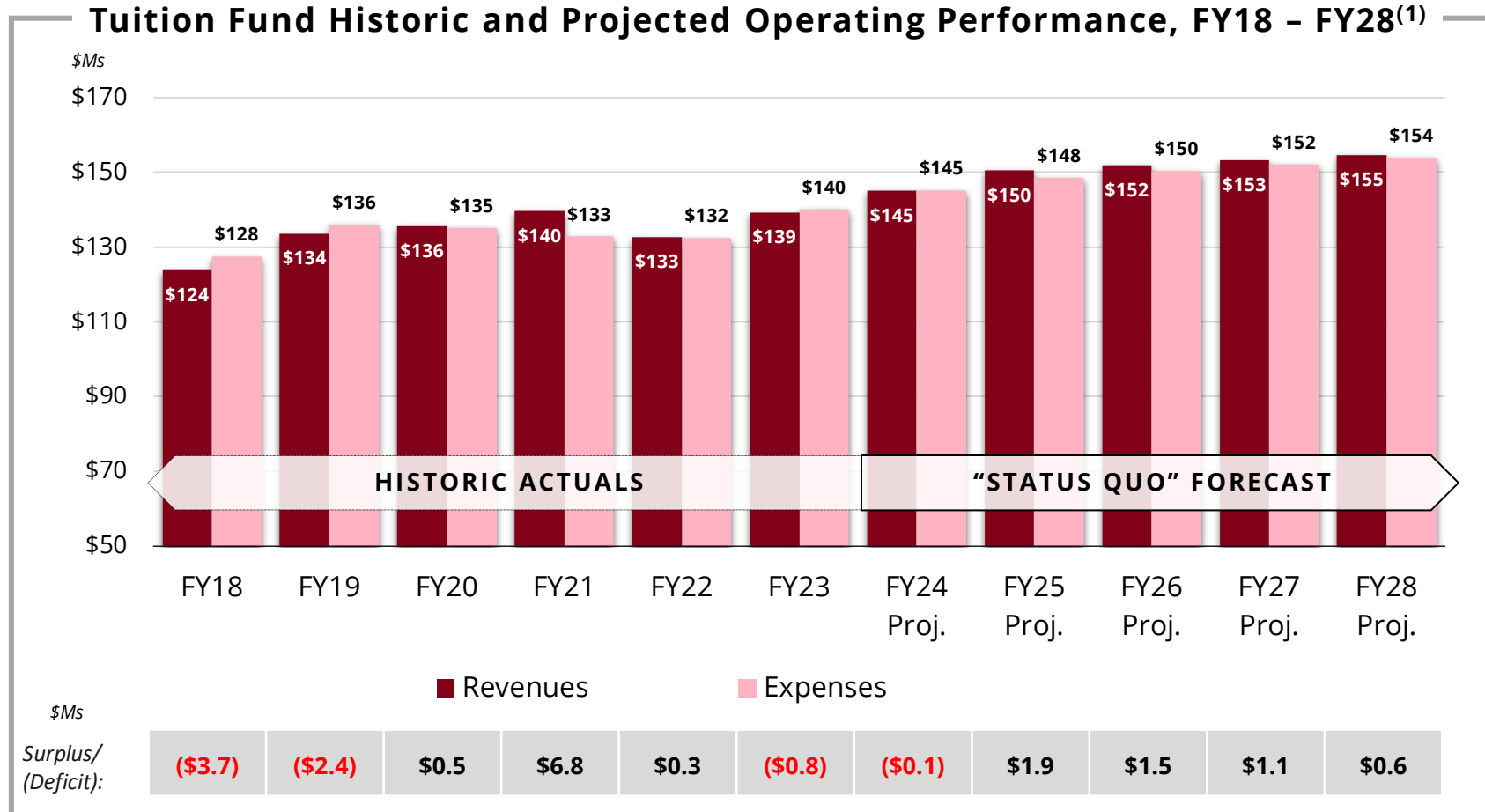


UW-La Crosse's share of UG degree conferrals by program area<sup>1</sup> highlights the institution's strengths in business, biology, and psychology, among others. However, some large program areas, such as biological and biomedical sciences, and health professions and related programs have seen declining degree conferrals in recent years and may warrant attention.



# “Status Quo” Baseline Financial Forecast Results

The “Status Quo” forecast, which assumes current trends continue and UWL does not make any changes to existing operations, illustrates a ‘*Case for Continuous Improvement*’ and emphasizes the importance of UWL continuing to control spending while making strategic investments.



## KEY DRIVERS



### Enrollment FTE

Enrollment is forecasted to moderately grow over the projection period given the larger class sizes seen in recent years, as well as the total student FTE growth seen in Fall 2023 with FTEs at UWL increasing to 9,545, up from 9,433 in Fall 2022. This growth, combined with the strength of the UWL brand and value, can help to offset broader demographic and industry pressures statewide and nationally in the near-term.



### Expense Growth

Costs tied to rising Salaries and Benefits (2.1% FY23-FY28 CAGR), as well as Supplies and Services (1.0% FY23-FY28 CAGR), are expected to continue to grow modestly in the out years given the inflationary operating environment and related cost pressures.

**While UWL has demonstrated strong financial management historically and is forecasted to be operating at a surplus, it is critical that leadership maintains this level of efficacy moving forward to ensure long-term fiscal stability through this period of transition.**

# “Status Quo” Baseline Tuition Fund Balance Forecast

UW-La Crosse’s forecasted changes in net assets are projected to have a positive financial impact on the university’s tuition fund equity balance, growing the balance by \$5.1M through FYE 2028.

## Projected Financial Impact on Tuition Fund Equity Balance

| UW-La Crosse Tuition Fund Equity Balance Baseline Projections |                    |             |             |             |             |             |
|---|--------------------|-------------|-------------|-------------|-------------|-------------|
| UW-La Crosse (\$Ms)   | FY End 2023 Actual | FYE24 Proj. | FYE25 Proj. | FYE26 Proj. | FYE27 Proj. | FYE28 Proj. |
| Beginning Tuition Fund Equity Balance                         | \$12.0             | \$11.1      | \$11.0      | \$13.0      | \$14.5      | \$15.6      |
| Change in Net Assets  | (\$0.8)            | (\$0.1)     | \$1.9       | \$1.5       | \$1.1       | \$0.6       |
| Ending Fund Equity Balance                                    | \$11.1             | \$11.0      | \$13.0      | \$14.5      | \$15.6      | \$16.2      |
| Cumulative Impact on Fund Balance                             | ---                | (\$0.1)     | \$1.9       | \$3.4       | \$4.4       | \$5.1       |

### TAKEAWAYS



#### Current Fund Equity Balance

UW-La Crosse had \$11.1M in equity in the tuition fund at the beginning of FY24. This fund balance has been bolstered by strong financial management and expense controls, as well as stable enrollments and an influx of COVID-19 aid in recent years. These factors have enabled UWL to grow tuition fund balances from a low of \$4.3M at FYE19.



#### Available Liquidity

UWL has significant liquidity available given its strong fund balances; however, it should ensure the reserves are managed carefully and available resources are utilized thoughtfully and strategically.

**UW-La Crosse will need to continue to proactively manage fund balances over time to enable the institution to adequately balance strategic investments with the constraints and pressures of its operating environment to ensure long-term financial strength.**



# Financial and Strategic Assessments Response





# STRATEGIC PLANNING

## Sustaining Excellence (2016-2024)

- The UWL Strategic plan was comprised of four pillars: increasing community engagement, achieving excellence through equity & diversity, investing in our people, and advancing transformational education

## Strategic Planning Process for UWL (2025-2030) Timeline (Tentative)

- Phase 1: Listening Tour (Sept.-Dec 2024)
- Phase 2: Foundation and Assessment (Jan-Mar 2025)
- Phase 3: Goal Setting and Strategy Development (Apr-June 2025)
- Phase 4: Implementation and Evaluation (July 2025 - June 2030)
  - Annual Review and Reports

# CONTINUED FINANCIAL MANAGEMENT AND CONTROLS

- Maintain environment of accountability and prudent fiscal management
- Continue to leverage centralized budget model and engage key stakeholders in decision making
- Make well informed, data-driven, strategic decisions
  - Utilize strategic planning process to identify new or updated strategic priorities and develop an accompanying financial plan
- Develop a comprehensive approach to exploring new opportunities for increasing and diversifying revenue
- Leverage transition to new FIN and HCM system, Workday, to increase accountability, efficiencies, fiscal management, and transparency across the university

# INCREASED INVESTMENT IN OUR PEOPLE

- Last ten years, minor investments in personnel via one-time lump sum payments utilizing one-time funds as available
- Structural Deficit was eliminated in FY24 allowing for focus on strategic investments in faculty and staff
- Conducted market analysis in Spring 2024 and initiated pay equity adjustments for positions with particular disparity
- Recommitment to strategic priority “invest in our people”, including
  - Targeted adjustments for pay equity
  - Implement innovative compensation strategies
  - Employee engagement and belonging initiatives with community partners
  - Retention and development of existing staff

# STUDENT SUCCESS INITIATIVES AND ENROLLMENT

- Continue strong recruitment practices – Fall 2024 new first year student cohort expected to be strong again (18% increase since 2014)
- Continue efforts to ensure strong retention and graduation rates
  - High quality academics
  - Strong support units
  - Coordinated Care Network – proactive advising, early identification of students in need and prompt outreach
  - Increased civil discourse, inclusion, and belonging programming focused on building a strong and vibrant campus community
- Build on student support for first generation, low income, and students with disabilities to continue increased graduation rates for these groups of students

# ACADEMIC PROGRAMS – MARKET DEMAND, STUDENT INTEREST, UWL EXPERTISE

- Newly Established UWL Programs – Sonography, Radiologic Technology, Business Analytics, Environmental Science, Food & Nutrition Sciences
- In Planning Stages – Data Science, Engineering Physics
- Work with industry partners to enhance student internship opportunities
- Potential Future Plans – continual monitoring of student demand and expansion of current programs to meet workforce need



# ACCELERATE AND SCALE ADVANCEMENT & COMMUNITY ENGAGEMENT

- Establish strategic priorities for philanthropic support
  - Specify goals for funds, projects, purposes and levels of engagement with constituents
- Engage all campus leadership teams, to collectively fundraise for UWL
- Increase communication highlighting the importance of community partnerships and philanthropy to donors and the community to enhance engagement and support for initiatives.
- Execute transition to donor, gift, engagement, and efficiency metric management standards of procedure.
- Grow Community Engaged Learning Program
- Coordinate meaningful UWL participation in strategic community events