



# UW-Stout Review



# The Case for Change: Enrollment Trends Portend Ongoing Challenges

UW-Stout offers a *valuable experience* to its students, and the institution has already made noteworthy steps towards aligning operating costs with revenues. However, while mid-term forecasts show UW-Stout on relatively stable footing, longer-term sustainability will require enrollment growth and/or augmented revenues from non-enrollment sources.

## As the sole polytechnic campus, UW-Stout offers a unique value proposition to its students and the Wisconsin workforce...



With 99% of graduates employed<sup>1</sup> (or continuing their education) within 6-months following graduation, and an average starting salary of \$58k, UW-Stout offers a significant value to its students.



With over 700 industry and business partnerships, UW-Stout has the connections necessary to help students secure employment.



With all students required to complete at least one experiential learning experience, plus the in-class opportunities to engage on industry projects, UW-Stout offers a unique opportunity for applied, hands-on learning.

## ... but the institution has been losing enrollment for several years, constraining top-line revenues and operations



From Fall 2016 to Fall 2023, combined undergraduate and graduate enrollment FTE continuously declined, falling by a total of 26.5%.



With traditional college student numbers (high school graduates) forecast to decline in Wisconsin, it is critical to note that UW-Stout's headcount of students aged 25 and over has declined by nearly 43% since Fall 2016.



Though UW-Stout has made strong progress in improving retention, the institution's 6-year graduation rate lags behind the UW average<sup>2</sup> by 4.7%.

## Therefore, positioning the institution for long-term sustainability will involve significant challenges...



In the face of declining numbers of high school graduates across Wisconsin and much of the country, how can UW-Stout stabilize and return to prior enrollment averages?



UW-Stout will need to continue to align expenses with revenues, particularly if annual enrollment continues to decline.



With the Wisconsin Technical College system up 3.5% in enrollment headcount<sup>3</sup> since 2020, UW-Stout will need to find ways to better compete while also continuing to expand existing collaborative efforts with WTCS.

# The Path Forward Should Leverage Strengths and Address Challenges

Recent trends in the external environment, (i.e., shifts in labor market and student demand) have ultimately led to declining enrollment and decreasing available revenues to fund operations, making it difficult to invest in strategic priorities to drive growth at UW-Stout.

## The Path Forward Should Leverage Strengths...

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



### Unique Higher Ed. Value Proposition

With 100% of students required to complete an experiential learning opportunity, 3x more labs and studios than classrooms, and a 99% placement rate<sup>1</sup>, UW-Stout offers a unique value proposition



### Fiercely Passionate Leadership Team

UW-Stout's leadership team takes an informed, deliberate approach to decisions, demonstrating that UW-Stout is a worthy organization to have received the Baldrige Award



### Data-informed Decision Making

In nearly every interview conducted at UW-Stout, leadership and stakeholders demonstrated that data-informed decision making is at the heart of almost everything the institution does



### Ability to Make Tough Decisions

UW-Stout's campus community has demonstrated an ability to collaboratively tackle difficult choices



### Robust Business & Industry Partnerships

With over 700 business and industry partnerships, UW-Stout 'has the clout' needed to drive meaningful internships and co-op placements for its students, to source unique partnerships, and, ultimately, to help students secure jobs

### Declining Total Enrollment

- From Fall '11 to Fall '16, combined undergrad and grad enrollment FTE held relatively steady, growing slightly by ~36 FTEs over the period.
- Since peaking in Fall 2016, enrollment has continuously declined, with total enrollment FTEs declining by a total of 26.5% by Fall 2023.

### Limited State Appropriations

- Per the State Higher Education Executive Officers Association (SHEEO), WI ranks 43rd in four-year state education appropriations per student.<sup>2</sup>
- Future state budgets, regulatory complexity and economic uncertainty add further risk to UW-Stout's long-term outlook as the institution has become increasingly dependent on State Appropriations.

### Proliferation of Academic Offering

- More institutions, including comprehensives, are incorporating 'applied or hands-on learning'
- The recent \$32M workforce development funding requiring UW campuses to increase offerings in one or more of 4 specified areas runs the risk of further increasing competition (for students and personnel) across UW campuses.

### Intense Talent Competition

- As a polytechnic, UW-Stout faces a particularly challenging talent market. Not only does UW-Stout have to compete with other higher education institutions for personnel; they also must compete with higher-paying private sector jobs.

### Retention and Graduation Lags UW Averages

- Though the institution has made concerted efforts to improve retention (1<sup>st</sup> - 2<sup>nd</sup> year) and graduation (6-year) rates, both metrics lag UW campus averages<sup>3</sup> by 1.4% and 4.7%, respectively, as of the most recent full AY data.

### Polytechnic Operating Expenses

- UW-Stout's operating expenses per student FTE tend to be relatively higher than UW peer campuses, driven by competition for personnel and the fact that, as a polytechnic with 3x more labs and studios (with specialized equipment) than classrooms, UW-Stout inherently has higher operating costs.

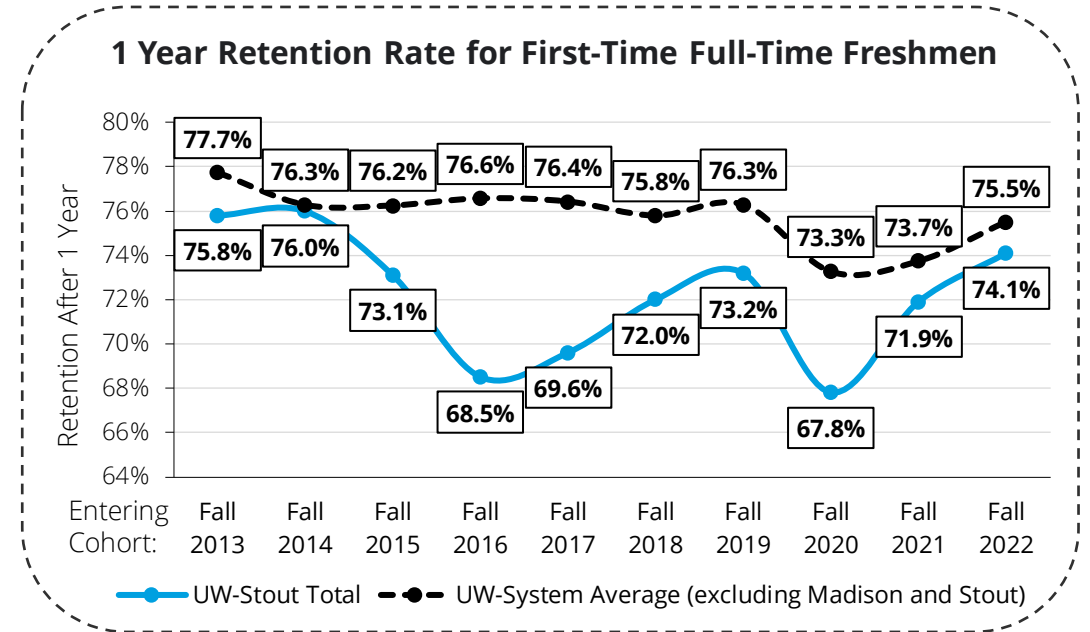
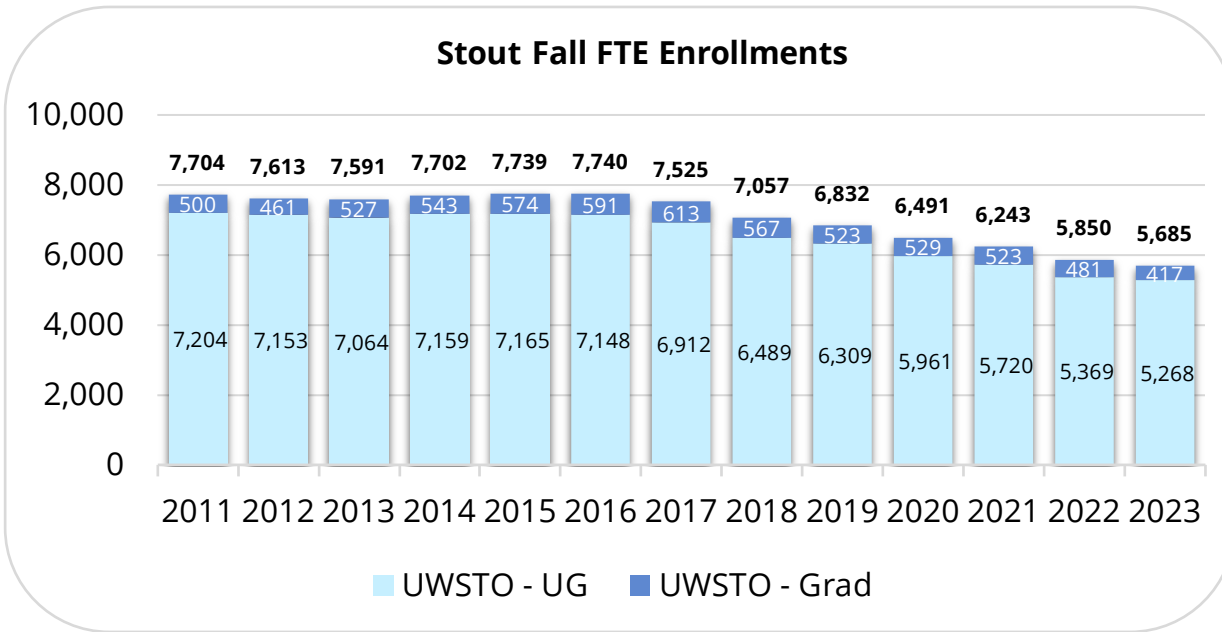
External Market Pressures

Internal Operating Model Challenges

Note: 1) 99% statistic is reflective of students who responded to UW-Stout's post-graduation surveys and includes both students in employment and continuing for future education; 2) State Higher Education Executive Officers Association (SHEEO) State Higher Education Finance (SHEF) Report; 3) Based on new freshmen enrolling full-time in fall semester at UW main campuses. Retention or graduation at same UW includes retention or graduation at main campus and its affiliated branch campus(es). Graduation includes graduation with a bachelor's degree. UW average excludes UW-Madison and UW-Stout; Source: UW-Stout First Destination Report; UW Accountability Dashboard.

# Consistently Declining Enrollment Pressuring Revenue Generation

Since peaking in Fall 2016 at 7,740 student FTEs, enrollment at UW-Stout has consistently declined, dropping 26.5% to 5,685 student FTEs in Fall 2023. This decline resulted in \$6.6 million less in tuition revenues in FY 2023 than in FY 2018.



## UW-Stout's enrollment is below historical levels....

- **Between Fall 2011 and Fall 2016, enrollment at UW-Stout remained fairly consistent.** However, since Fall 2016 enrollment has declined significantly, as a declining participation rate within the Universities of Wisconsin and a slowly shrinking pool of high school graduates in the state have challenged the institution's ability to stem enrollment declines.
- **UW-Stout is primarily an undergraduate serving institution** (~93% of student FTEs are undergraduates as of Fall 2023), however, **since Fall 2016, the undergraduate student population has declined 1,880 student FTEs**, a drop of 26.3%. Compounding this critical challenge, over the same time frame **the graduate student population has decreased by 174 student FTEs**, or 29.4%.

## ...yet retention shows some signs of recovery.

- Retention rates for first-time, full-time (FTFT) freshmen returning as sophomores the following year fell over 5 percentage points from the Fall 2019 cohort (73.2%) to the Fall 2020 cohort (67.8%), but rebounded in the last two years to 74.1% in the Fall 2022 cohort.
- Retention rates at UW-Stout have consistently trailed averages for Universities of Wisconsin peers. The UW average<sup>1</sup> for the Fall 2022 cohort was 75.5%.

# Strong Workforce Alignment, but Slight Declines in UG Degree Conferrals

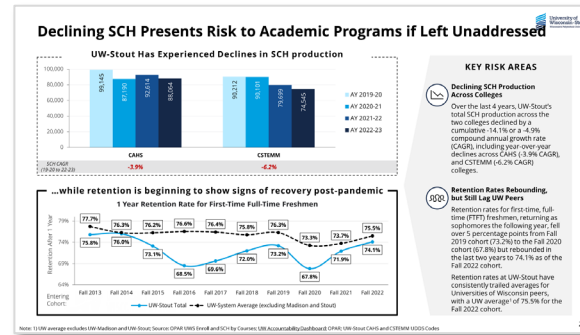
## Program and Workforce Alignment

UW-Stout's academic portfolio demonstrates strong alignment to labor market demand, particularly in business and engineering...

Occupational Group / Title	Annual Openings	STO 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	✓

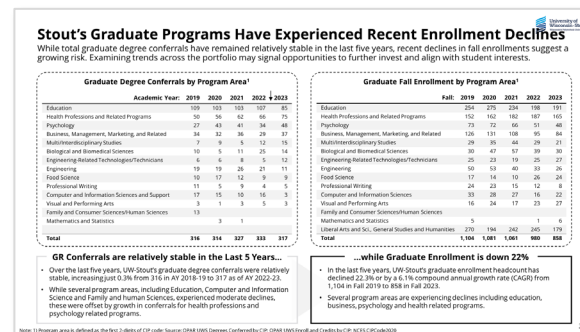
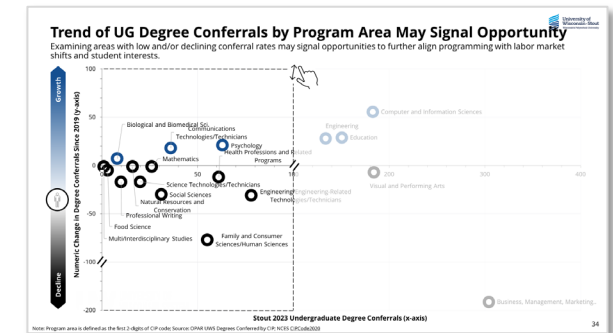
## Degree Conferrals and Credit Hour Production

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



While 1<sup>st</sup> - 2<sup>nd</sup> year retention has begun to rebound since a low of 67.8% for the Fall 2020 cohort, with retention reaching 74.1% for the Fall 2022 cohort, UW-Stout continues to trail averages for Universities of Wisconsin peers (75.5% in Fall 2022). Additionally, SCH production has declined by an annual average rate of 4.9% from AY 2019-20 to AY 2022-23.

UW-Stout had 11 UG majors which grew enrollment and degree conferrals from 2019 to 2023, indicating strong programs aligned to the campus' polytechnic mission. However, UW-Stout had 28 UG majors which declined in both enrollment and degree conferrals. Notably, in many cases, UW-Stout has already taken action and suspended low-performing programs, with several more flagged as "Focus Review" programs.

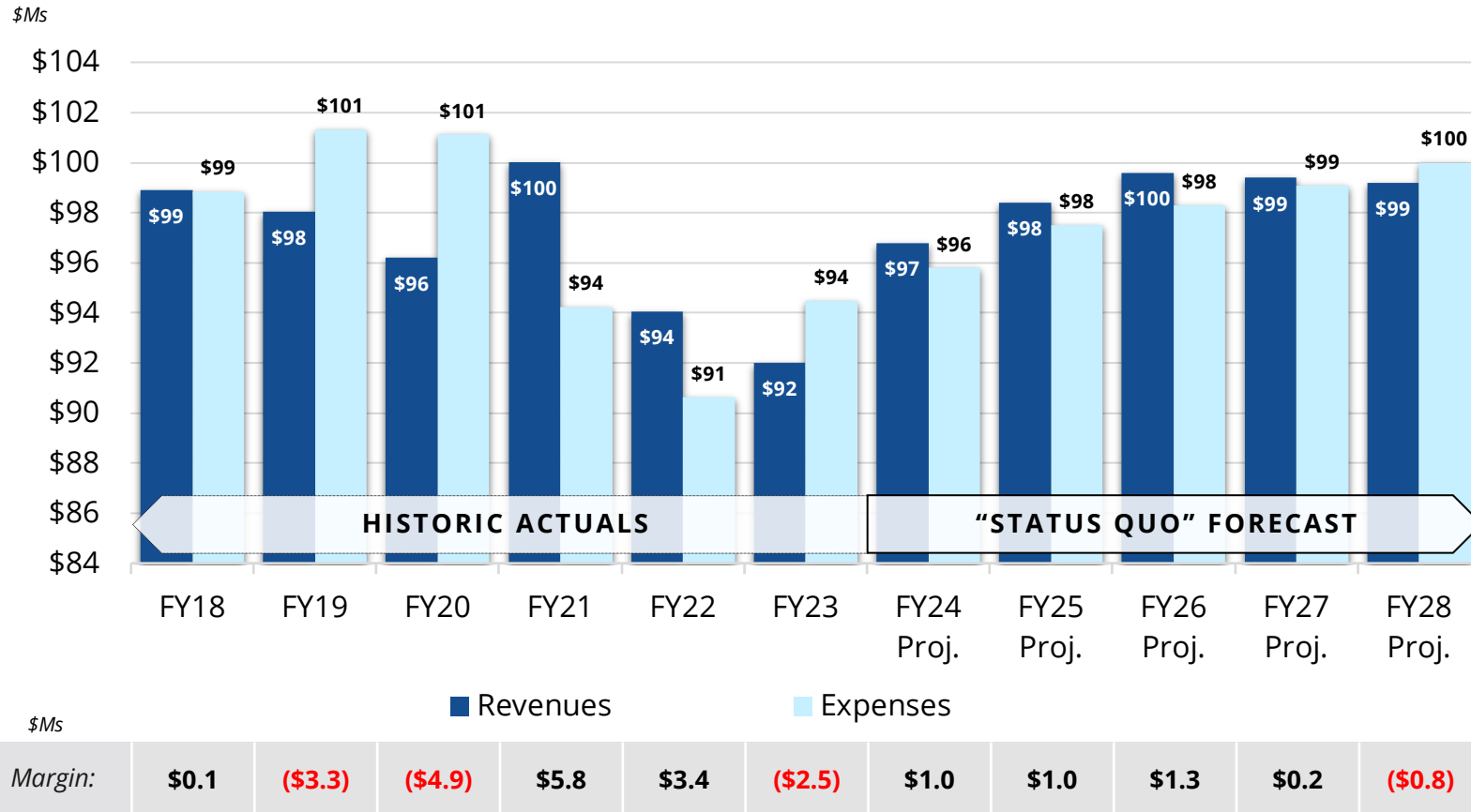


Over the last five years, UW-Stout's graduate degree conferrals were relatively stable, increasing 0.3% from 316 in AY 2018-19 to 317 as of AY 2022-23. However, graduate enrollment trends may indicate future risk, with an annual average decline of 6.1% from Fall 2019 to Fall 2023.

# "Status Quo" Baseline Financial Forecast Results

The "Status Quo" forecast, which assumes current trends continue and UW-Stout does not make any further changes<sup>1</sup> to existing operational structures, shows that UW-Stout's expense reductions of over \$5M (FY20 - FY24) should yield positive margins until FY28.

## Tuition Fund Historic and Projected Operating Performance, FY18 - FY28<sup>2</sup>



*Note: Revenues & Expenses as presented in the above bar chart may not sum due to rounding*

### KEY DRIVERS



#### Enrollment to Hold Fairly Steady

Enrollment is modeled to hold relatively steady in the near term after a small increase in FY24 freshmen enrollment. However, from FY27 to FY28 enrollment is forecast to decline by ~ 2.0% due to external market factors with revenues also forecasted to begin declining slightly in FY28.



#### Slight Growth in Revenues

Receiving the full MN Tuition Reciprocity payments, a slight increase in tuition rates, and the introduction of program tuition differentials are forecast to help UW-Stout realize positive margins the next 3 Fiscal Years (FY25 - FY27).



#### Expenses to Grow Nominally

Emerging from the pandemic years of low(er) expenses, UW-Stout's operating expenses have rebounded and are expected to grow slightly over the next few years, though largely keeping in line with pre-pandemic operating expenses.

**As UW-Stout has managed to increase revenues while constraining growth in expenses, despite inflationary pressures the last few years, the 'Status Quo' forecast shows the campus achieving positive operating margins for the next few years.**



# "Status Quo" Baseline Tuition Fund Balance Forecast

UW-Stout's forecasted changes in net assets are projected to have a positive impact on tuition fund equity for the next several years, slightly growing balances in FY24 through FY27, but with negative operating margins forecast to return in FY28.

## Projected Financial Impact on Tuition Fund Equity Balance

Stout Tuition Fund Equity Balance Baseline Projections						
Stout (\$Ms)	FY End 2023 Actual	FYE24 Proj.	FYE25 Proj.	FYE26 Proj.	FYE27 Proj.	FYE28 Proj.
Beginning Tuition Fund Equity Balance	\$9.1	\$6.6	\$7.6	\$8.6	\$9.9	\$10.1
Change in Net Assets	(\$2.5)	\$1.0	\$1.0	\$1.3	\$0.2	(\$0.8)
Ending Fund Equity Balance	\$6.6	\$7.6	\$8.6	\$9.9	\$10.1	\$9.3
Cumulative Impact on Fund Balance	---	\$1.0	\$2.0	\$3.3	\$3.5	\$2.7

### KEY DRIVERS



#### Slowly Rebuilding Fund Balances

Ultimately, through UW-Stout's efforts to reduce and constrain growth in operational expenses, as well as to grow revenue streams (as mentioned on the prior slide), UW-Stout is forecast to continue growing the tuition fund balance until the end of FY27.



#### Enrollment Trends Portend an Uncertain Longer-term Future

While UW-Stout is forecast to achieve positive operating margins the next four fiscal years, operational expenses will (inevitably) slowly begin to increase due to external factors beyond UW-Stout's control (e.g., inflation, market competition for talent, etc.). As tuition increases do have an (unknown) ceiling, the path towards a sustainable future beyond FY28 will require *either* increased enrollment and/or growth of non-enrollment dependent revenues.

The difficult decisions already made to position UW-Stout for a more stable future are clearly evident, given the forecast of positive margins for the next few years; however, if enrollment declines cannot be stemmed – longer-term stability is at risk.

# Aligned for Opportunity

Invested in the Future of  
Wisconsin's Polytechnic University

WISCONSIN



# Aligned for Future Success.

Fiscal Stewardship. Identity Distinction. Enhanced Revenue.

**Deloitte Recognizes  
Stout's Fiscal  
Responsibility**

Status quo is not an option.  
Stout has made difficult decisions since 2020  
and will continue the hard work.

**Deloitte Affirms  
Stout's Polytechnic  
Advantage**

Polytechnics provide value to prospective students and the  
State. Stout will continue to amplify its identity, academic  
strengths and workforce-focused distinction.

**Deloitte & Stout Are  
Aligned on Initiatives to  
Increase Revenue**

Strategic planning is improving enrollment.  
Increasing revenue requires innovative thinking  
beyond FTE enrollment.



# Continued Fiscal Responsibility.

No Structural Deficit. Inclusive Process. Data-Driven Decisions.

## Budget-Rightsizing Since 2020 Through Continual Analysis & Evaluation

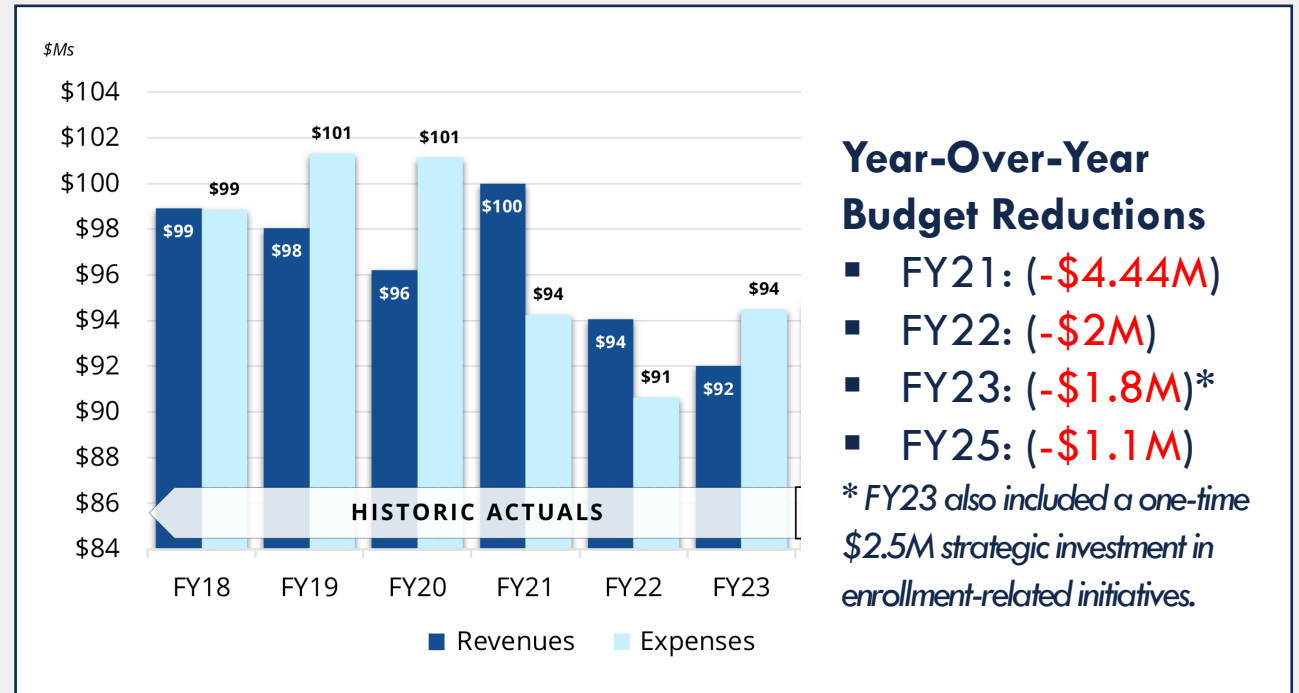
- Proactive Institutional & Academic Restructuring
- Course Offerings, Capacity & Workload
- Difficult Decision-making

## Institution-Wide Participatory Budget Process

- Chancellor's Advisory Council
- Shared Governance (Four Senates)
- Campus-Wide Budget Forums

## Strategic Planning & Priorities

- University Strategic Plan
- Strategic Enrollment Plan
- Comprehensive Academic Plan
- University Long-Range Plan



# Leveraging Our Identity.

Amplifying Distinction as Wisconsin's Polytechnic University.



## Applied Learning & Research

- **3x Labs & Studios** as Traditional Classrooms
- Most **Engineering & Technology** Grads in Northern Wisconsin
- Largest Public Midwest **School of Art & Design**



## Business & Industry Collaboration

- **Industry-Sponsored R&D** Projects, Equipment & Capstones
- **DWD Apprentice Partnership** (Training the Trainers)
- **Professional Advisory Committees**



## Career-Focused Experiences

- **1,000+ Annual Internship Placements**
  - 2024 AASCU Award
- **99% Employed** or Continuing Education
- **\$58K Average Starting Salary**





# Capitalizing on Opportunities.

## Enrollment & Initiatives to Enhance Revenue.

- Minnesota Reciprocity Enrollment
- Increased Transfer Enrollment
- Increased International Enrollment
- Increased First-Year Enrollment in Specialty Program Areas

**+34.1%** Anticipated Increase in Total MN Students for FA24

**+21.3%** Anticipated Increase in Transfer Students for FA24

**+23.6%** Anticipated Increase in Intl. Students for FA24

*Examples:*

**+13%** Anticipated Increase in First-Year Mechanical Engineering Students for FA24

**+36%** Anticipated Increase in First-Year Industrial & Product Design Students for FA24



# Capitalizing on Opportunities.

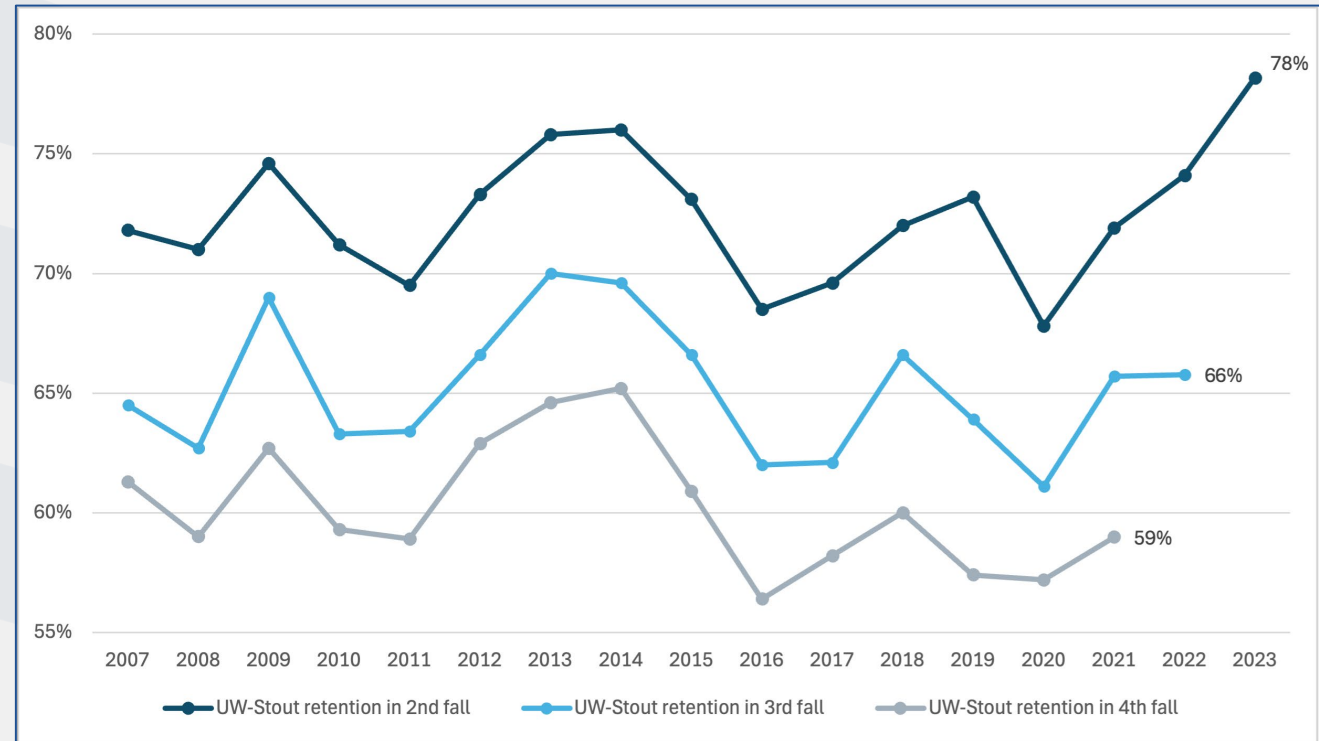
## Enrollment & Initiatives to Enhance Revenue.

Improved First-Year Student Retention & Support

# 78%

Anticipated First-Year Retention for FA24

▶ ~4% Increase Over FA23



# Capitalizing on Opportunities.

Additional Initiatives Underway to Enhance Revenue.

## 12-Month Campus Strategy

- Summer/Winter Enrollment
- Athletic, Design & STEM Youth Camps
- Industry, Business & Community Use

**+34.8%** Increase in Academic Camp Registrations in FY24

**+74.2%** Increase in Athletic Camp Registrations in FY24

**+32.3%** Increase in Revenue from Public Use in FY24

## Fundraising & Development Efforts

- Year-Over-Year Increases in Dollars & Donors
- Future Comprehensive Campaign  
*Previous Campaign: \$48.5M (Concluded June 2020)*

**+41.1%** Increase in Donation Dollars in FY24

**+8.4%** Increase in Donors in FY24





# Capitalizing on Opportunities.

Additional Initiatives Underway to Enhance Revenue.

## Increase Grant-Funding & Contract Revenue

- National Institute of Standards & Technology
- National Science Foundation
- U.S. Department of Education Title III
- Wisconsin Economic Development Corporation

**\$4.2M**

Total Grant Revenue for FY24

## Increase Consulting Revenue

- Center for Limnological Research & Rehabilitation
- Manufacturing Outreach Center
- Stout Vocational Rehabilitation Institute

**\$4.56M**

Total Revenue for FY24



# Variables Critical to Stout's Success.

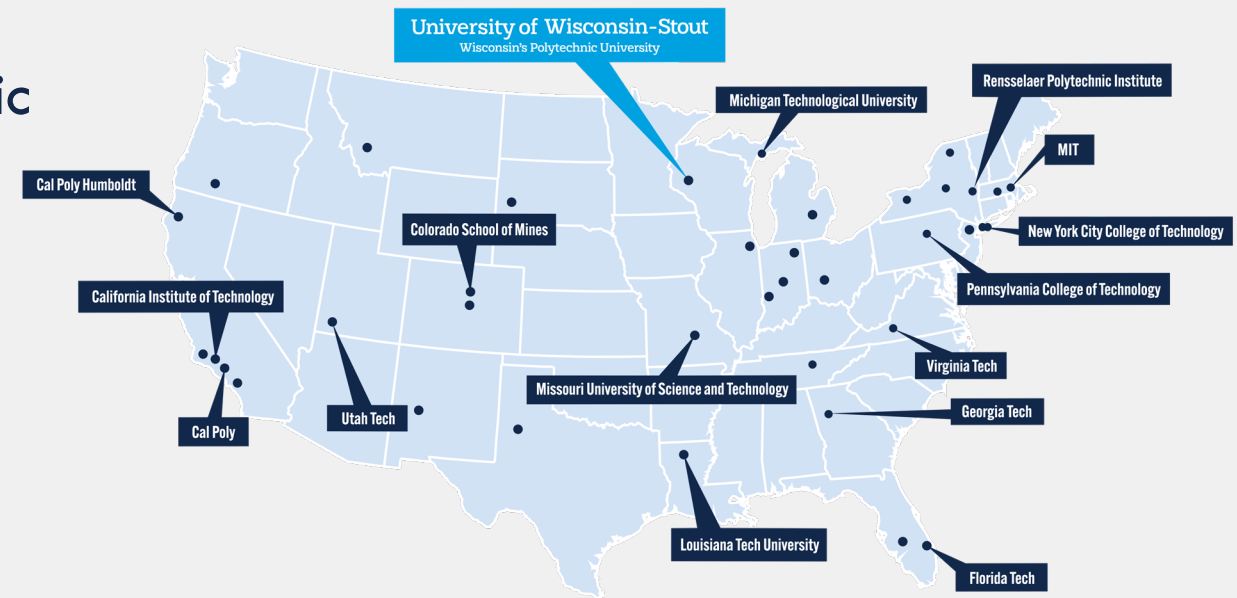
Investing in a Polytechnic's Value to the System and State.

## Wisconsin Legislative Support

- Funding Commensurate of a Polytechnic
- Facility Funding & Modernization

## UWSA/Board of Regents Support

- Approval of RPD 1-1
- Strategic Program Array
- Advocacy for Infrastructure Projects



# UW-Stout's Value to the System & State.

Amplifying the Polytechnic Advantage.



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**WISCONSIN'S**  
**POLYTECHNIC UNIVERSITY**



University of  
Wisconsin-Stout



**Questions?**

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