

UW System's Growth Agenda for Wisconsin

Strategies for economic recovery and renewal, 2011-13

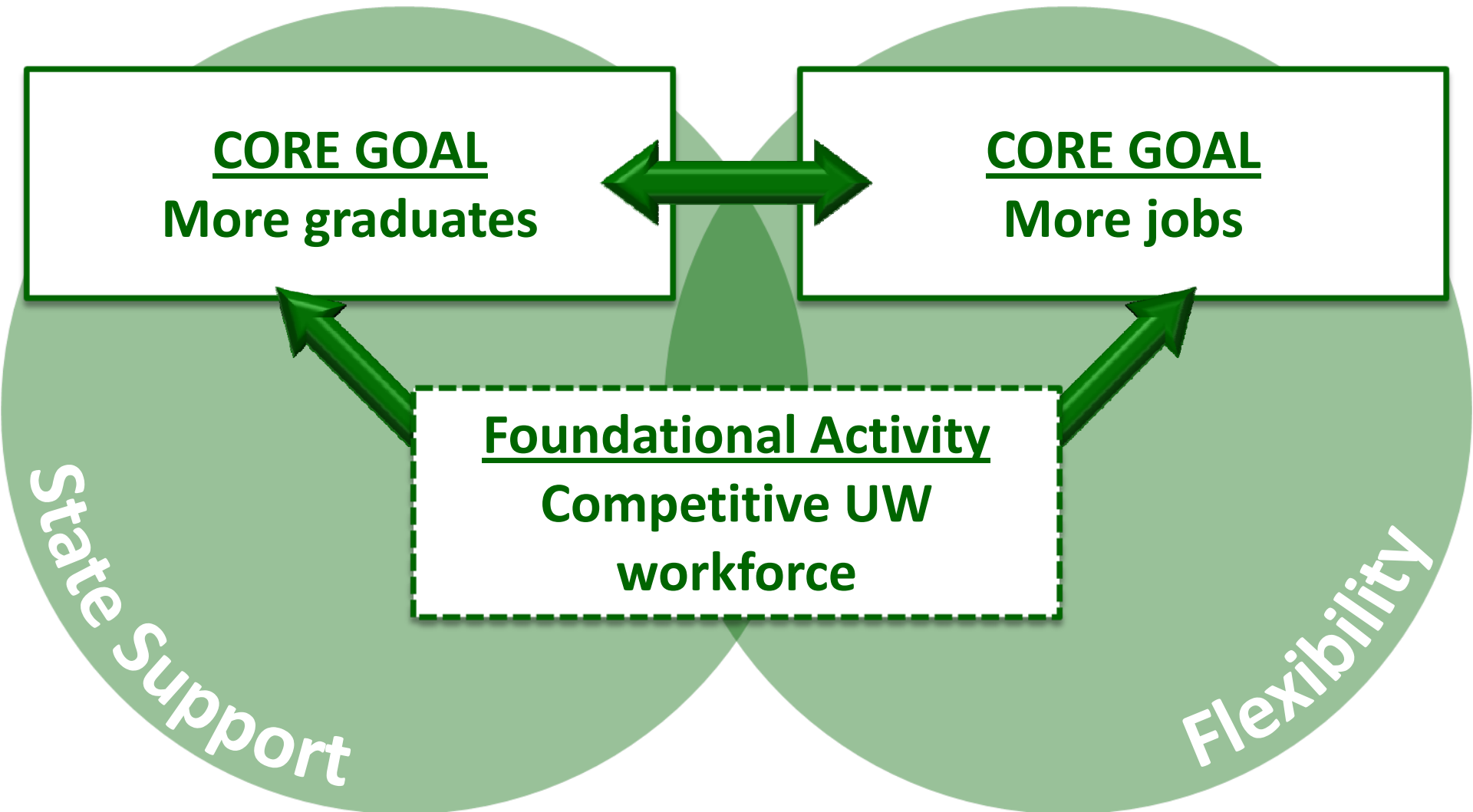
CORE GOAL
More graduates

CORE GOAL
More jobs

Foundational Activity
**Competitive UW
workforce**

State Support

Flexibility



Integrated Growth Agenda Budget Planning

February 2010	Discussed Integrated Budget Planning Process
April	More Graduates for Wisconsin
May	Annual Accountability Report Strategic Financing Discussion
June	Approve <u>Annual</u> Operating Budget for 2010-11 Competitive University Workforce Commission Research to Jobs Implementation

Integrated Growth Agenda Budget Planning

July	Discuss <u>Biennial</u> Budget
August	Approve Biennial Budget
September	Submit Budget Request to DOA
February 2011	Governor introduces his 2011-13 biennial budget
July	New Biennial Budget Takes Effect

Strategic Finance

University of Wisconsin System

Board of Regents

Ellen Chaffee, Ph.D.

May 6, 2010

- *It's your show*
- *Dialogue, not decisions (yet)*
- *No relevant topic is excluded*
- *Diverse views are helpful*
- *Respect each other and the time*
- *Regents have priority*
 - *Others: information, questions*

- A shared sense of the options for a strategic financial plan to align resources with action plans to achieve Wisconsin's **attainment goal**.

- Setting the stage
- Elements of the strategic financial plan
 - Potential resource options
 - Issues and next steps
- Fiduciary and strategic roles of boards

SETTING THE STAGE

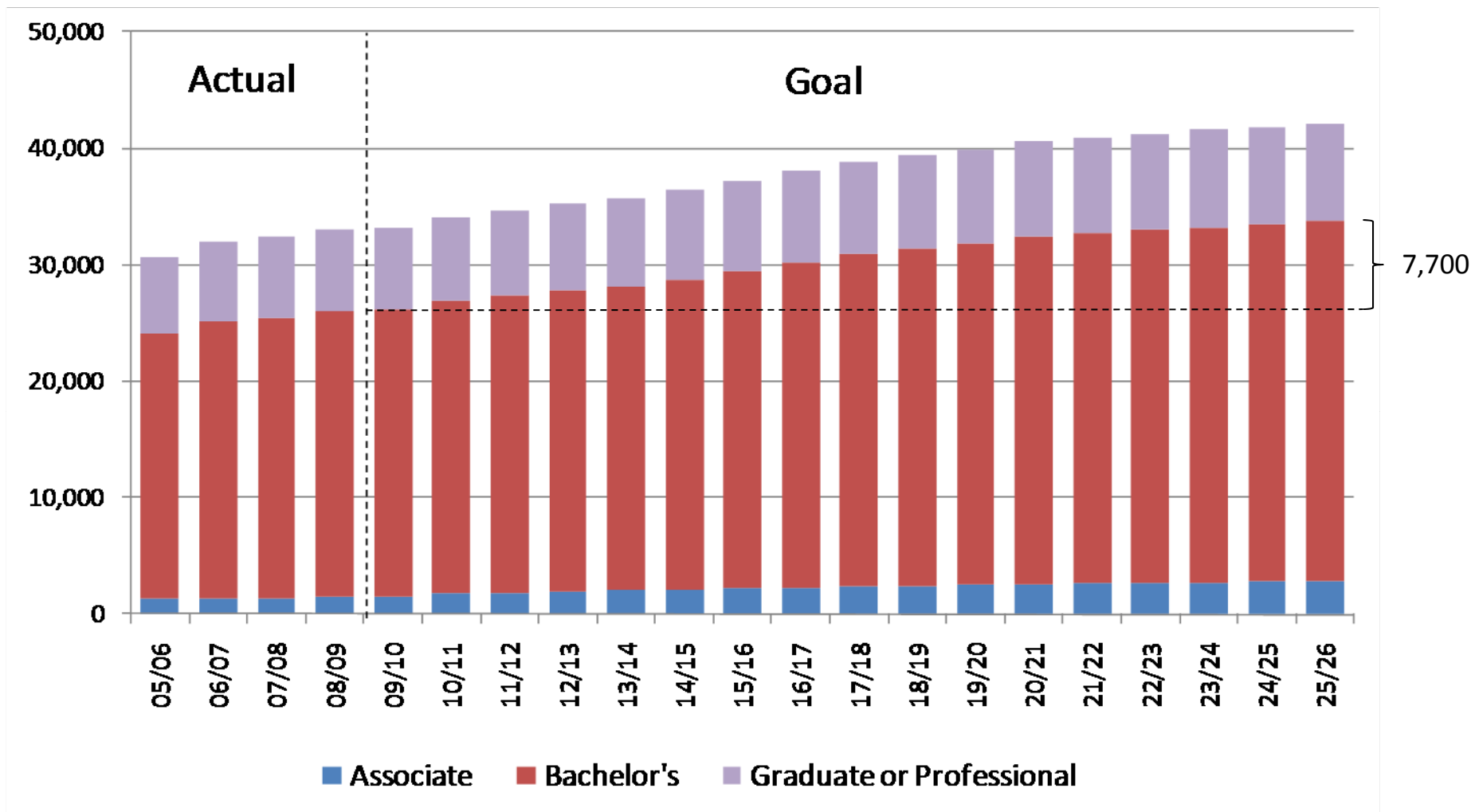
“By 2020, America will once again have the highest proportion of college graduates in the world”

- President Obama, 2/24/09

to increase the percentage of Americans with high-quality degrees and credentials to 60 percent by the year 2025 – Lumina Foundation for Education

Currently: 39%

- Economy requires more graduates
- Incoming students have greater challenges
 - Preparation
 - Participation
 - Affordability
- Business model is not viable
 - All revenue sources are maxing out
 - Revenue and expense trend lines are not sustainable



The Flow of Funds for Education

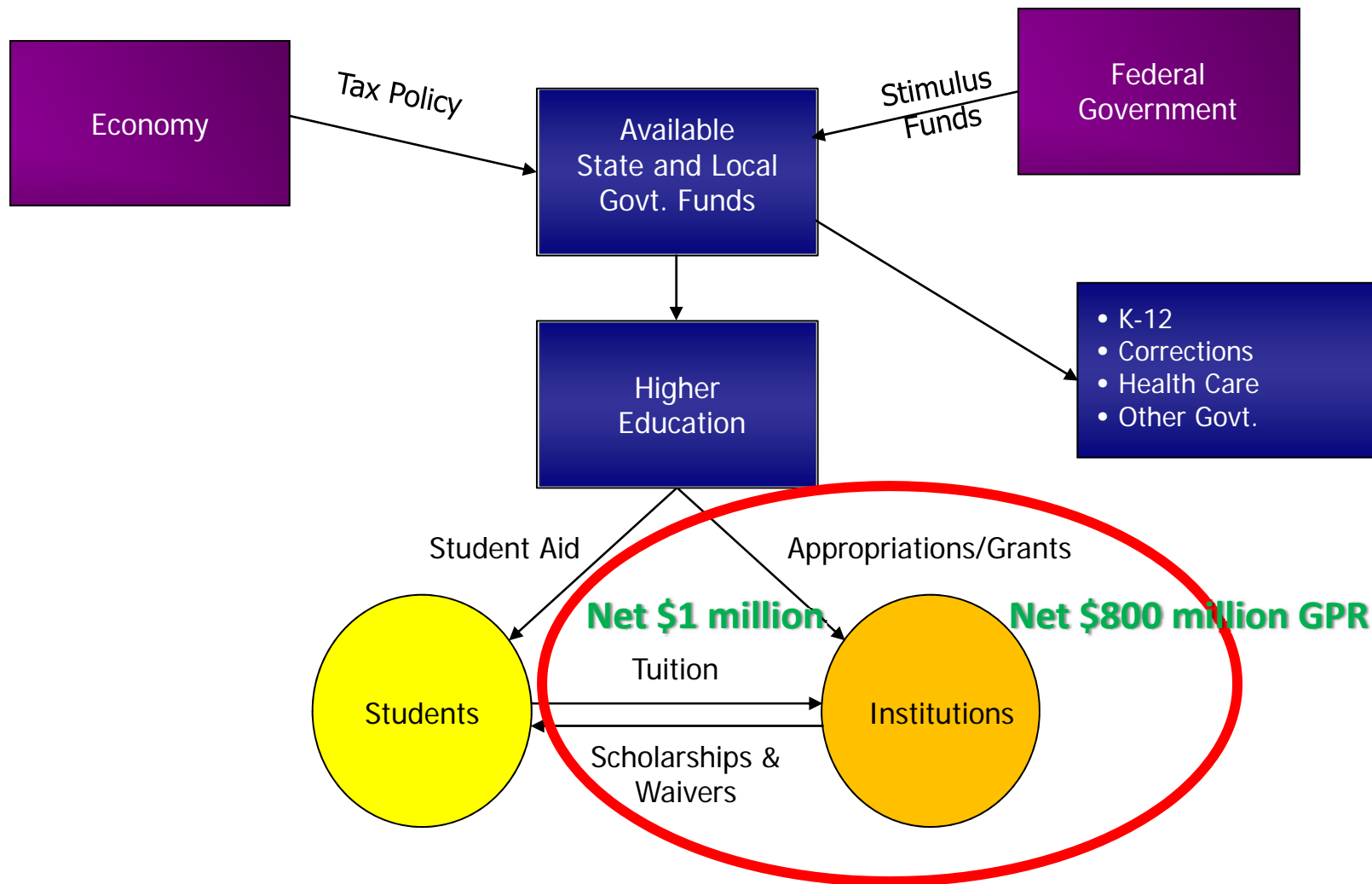
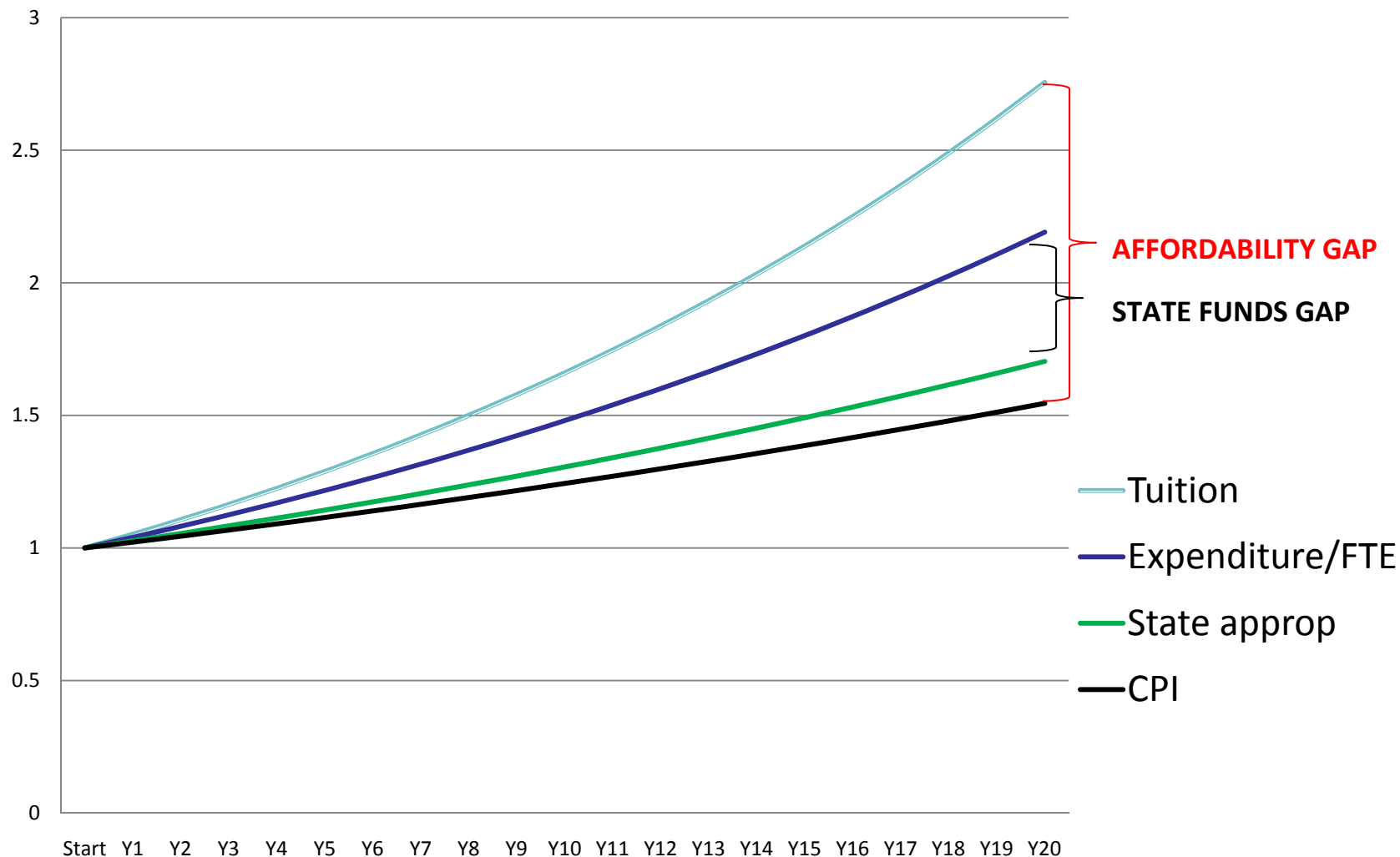
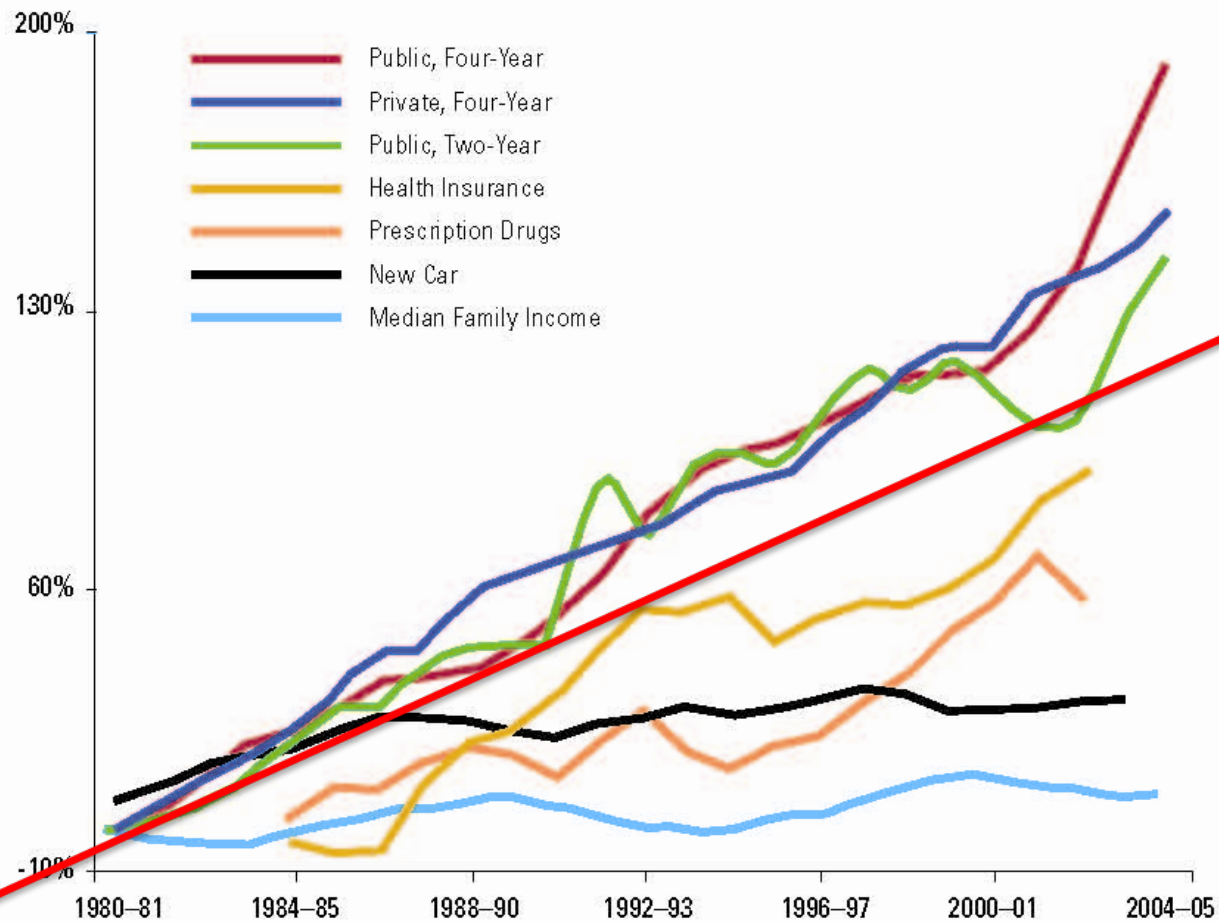


Illustration: 20 Years of Trends



AGB We cannot go on this way

Figure 2.
Price of College is Going Up, Percent Change over Time

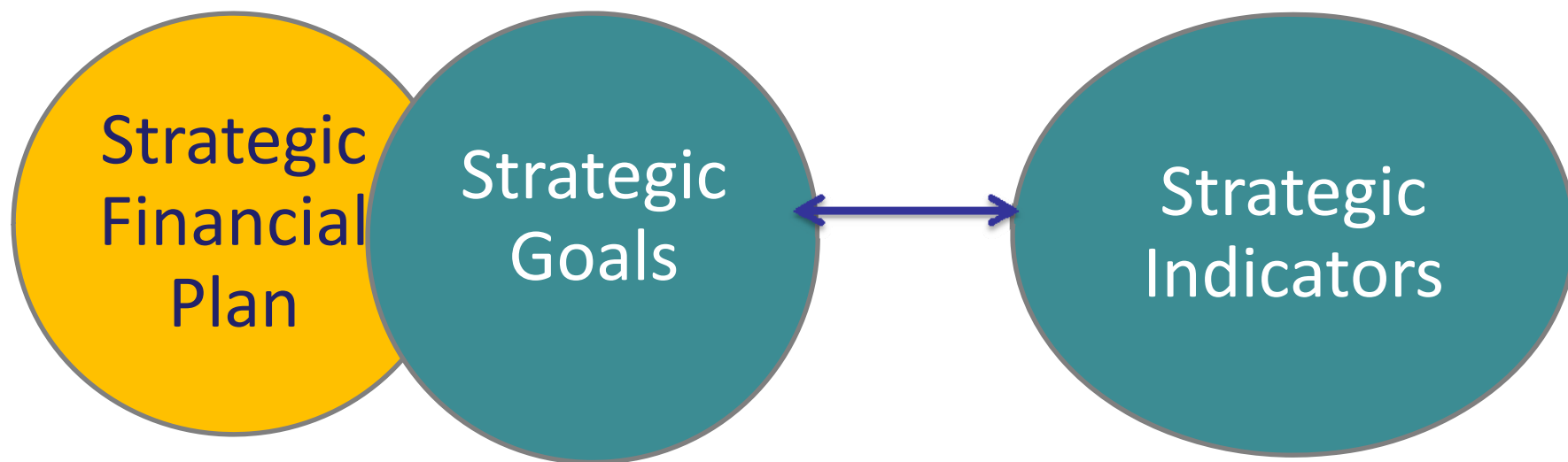


Sources: U.S. Bureau of Labor Statistics; The College Board

Hitting Home, Reindl

ELEMENTS OF A STRATEGIC FINANCIAL PLAN

Board-CEO Leadership



REVENUE - optimize
ASSET UTILIZATION – maximize

PURPOSEFUL, ALIGNED
Results-Driven Culture

AGB A Change of Focus

FROM BUDGETS:

Analysis of results looking back

Focusing on dollars

TO/AND:

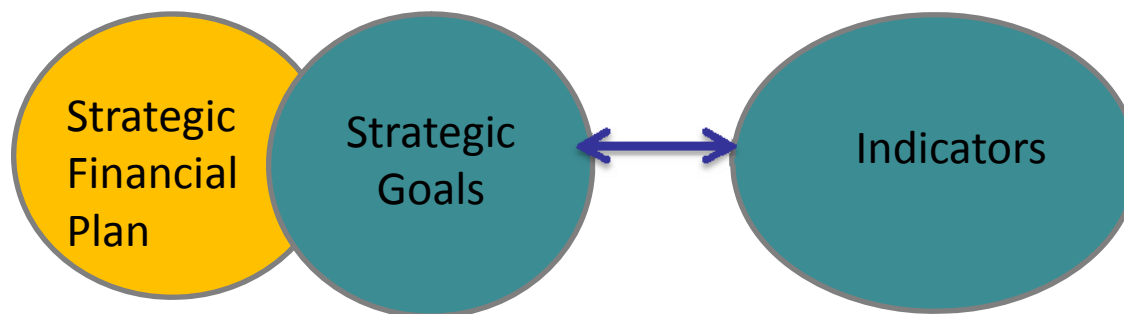
Looking forward and expecting improvement

Focusing on dollars, time, technology, other
resources

Ohio's New Funding Model

Factor	Previous Model	Current Model
Enrollment	14 th Day FTE Enrollment	Course <u>Completions</u> , excluding “F”
Degree Attainment	Not Included; Success Challenge	Included, <u>Success</u> Challenge rolled into Model
Student Economic Status	Not Included	Weights course completion and degree attainment by OIG students
Access Mission	Not Included; Access Challenge	Rolls <u>Access</u> Challenge into Model
Stop Loss	100%	99% 1 st year and 98% 2nd year.

- What would be your criteria for a good strategic financial plan?
- What are the major challenges/barriers to creating/implementing a strategic financial plan?



Elements of a Strategic Financial Plan

POTENTIAL RESOURCE OPTIONS

- Laser focus on mission and goals
- More revenue
- New revenue source(s)
- Productivity: Do more with what we have
 - Cut costs, eliminate waste, reallocate
- Innovation: Do differently with what we have
 - “Dell revolution”

AGB Sample Productivity Strategies

	Efficiency	Innovation, Transformation
Administrative	Consolidate administrative functions Restructure debt Reduce administrative costs Tackle 'automatic' cost increases Partner, pool, outsource 1	Reduce spending on non-revenue producing athletics Restructure faculty compensation/rewards Comprehensive Quality Improvement approach 2
Academic	<u>DEGREE PRODUCTIVITY</u> Increase retention/graduation rates Increase credit-by-exam Encourage test-out options Academic process redesign Minimize "rework" Reduce credits to degree Improve course completion rates Increase learning in the workplace <u>ACADEMIC PROGRAM STREAMLINING</u> Eliminate/consolidate programs Differential tuition by program Create/preserve low-price options 3	<u>CONVENIENCE</u> Increase distance delivery <u>NEW ACADEMIC STRATEGIES</u> Reengineer curricula Reengineer course delivery Accelerate learning <u>REINVENTION</u> Apply Quality Improvement to the learning process Learning-driven models Customized learning Technology-leveraged learning 4

- What resources do/might we have?

AGB What Resources Do/Might We Have?

- What is already being done in this area?
- What is the potential of this revenue source to do more than it is already doing?
- Would increasing support from this area have any spin-off effects (e.g. tuition/financial aid) or unintended consequences (e.g., reducing academic quality)?
- How many of these potential revenue sources are we likely to have to tap in order to reach our goal?
- What is an appropriate balance of “self help” and state effort?
- What are the most critical factors and support systems to ensure successful financing?

Elements of a Strategic Financial Plan

ISSUES AND NEXT STEPS

- A major next step in the strategic financial plan is **preparation of the 2011-2013 budget request**. What suggestions or questions does the Board have at this point?
- The budget request will be explicit about state funds and tuition support. Do any of the **other revenue sources** need attention in the short run?
- What **new tools and information** does the Board need in order to play a strategic and fiduciary role in this vital initiative?
- What **new or increased roles** can the Board play to support the plan?
- What **questions** do Board members have for future analyses or discussion?

- Support change in approach to budget building
 - Examining old habits and conventional wisdom about costs
 - Focus on big picture, and progress on the goals and the strategies to achieve them
 - Fulfill both fiduciary and strategic roles



- 20th Century was one of *technological* innovation
- 21st Century must be one of *institutional* innovation

David Wiley, BYU, <http://davidwiley.org/>

It is not necessary to change.

Survival is not mandatory.

--W. Edwards Deming

National Perspective

FIDUCIARY AND STRATEGIC ROLES OF BOARDS

Ensure
organization
fulfills its
mission

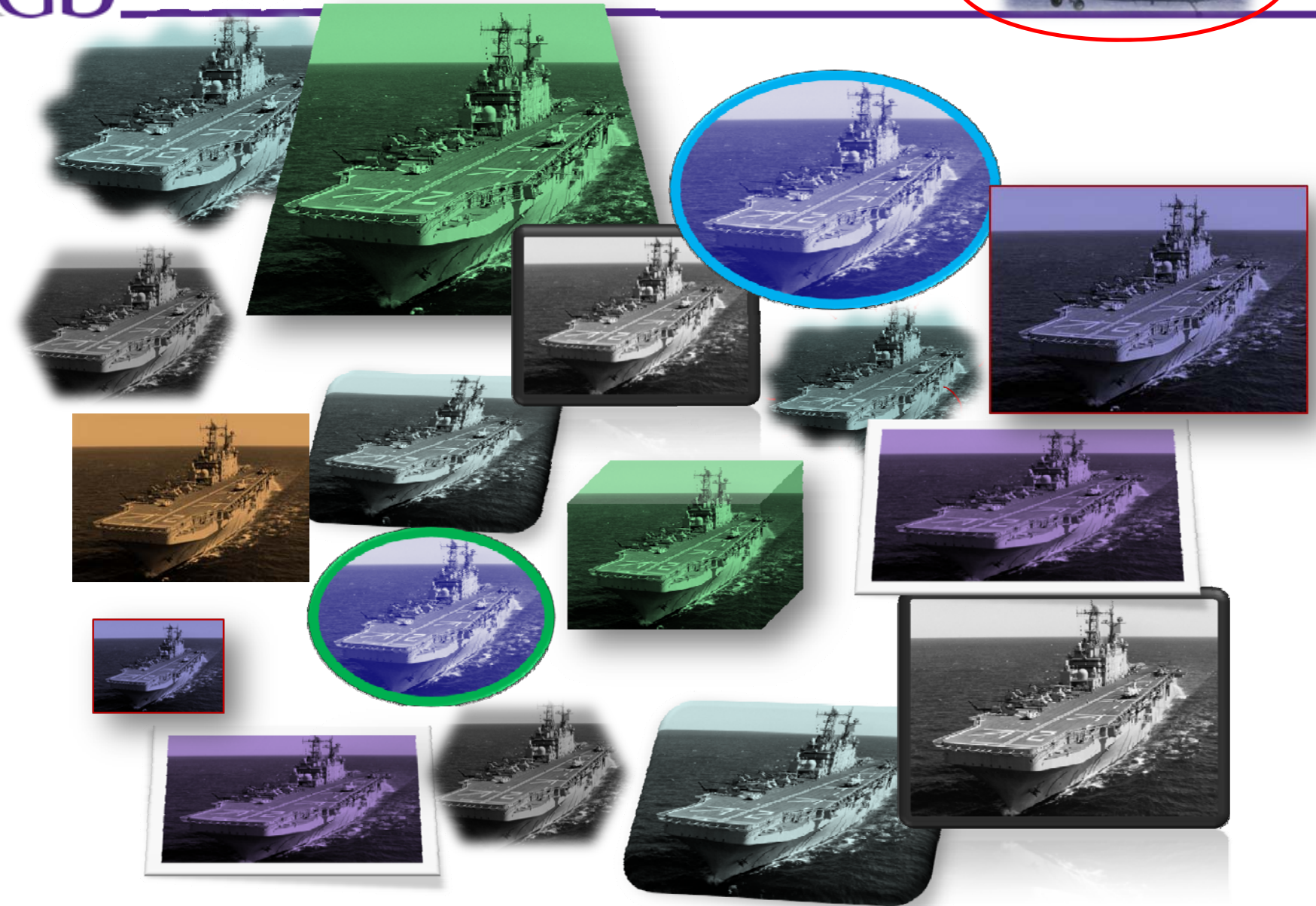
- **FIDUCIARY:** Are we doing what we are supposed to do?

Ensure
organization's
long-term
vitality

- **STRATEGIC:** Will we exist and succeed “forever?”



AGB Role of a System Board



- Vision
- Quality
- Strategy
- Resources
- Future
- Expertise
- Support
- Productivity
- Results
- Long term
- Business plan
- Customer wants/needs
- Evidence
- Efficiency
- Brand, positioning

- How would this affect our long-term vitality?
- What is the tradeoff with other needs?
- What would be the 5-10 year impact?
- How does this advance our strategy?
- What are the key national trends?

- Be an advocate for strategic goals
- Support people who are leading/making needed change
- Insist on seeing the data behind the decisions
- Focus on what the numbers are saying
- Have the courage to ask the hard questions
- Regularly review the mission and market return from new initiatives

