

FOR IMMEDIATE RELEASE

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Statement

Universities of Wisconsin President Jay Rothman statement on university financial assessments

MADISON, Wis.—Our universities are facing headwinds that are challenging us financially:

- Declining state support over the last decade on an inflation-adjusted basis. The state now supports approximately 18% of the UWs total budget while tuition revenue accounts for 23% of our overall budget;
- The impacts of a decade-long tuition freeze that ended in 2022;
- Declining enrollment, driven by declining participation rates and demographics; and
- Inflation that has significantly eroded our purchasing power.

For years, we have tried to make ends meet on the backs of those who provide the education students deserve and parents expect – our faculty and staff. That should not have to continue.

A charge that I received from the Board of Regents over a year ago was to ensure our universities are financially viable and durable by eliminating structural deficits by 2028. Most of our universities – 10 at the time - were spending more than they were bringing in and relying on reserves to close the gap. The reserves needed for the affected universities to continue to operate have dwindled significantly and should no longer be relied upon to support operating costs.

To assist our universities in addressing their financial challenges, the Universities of Wisconsin Administration (UWSA) engaged a third-party consultant to conduct individual financial assessments and identify opportunities for our universities.

This was a comprehensive approach to help us strategically align our universities to serve Wisconsin students and families into the future. To meet that goal, the chancellors, working with UWSA, will make final decisions using a data-driven approach.

Today, we are releasing the consultant's summary reports along with the chancellors' approach to addressing the identified structural deficit issues. The universities whose reports are now final include UW-Green Bay, UW-Oshkosh, UW-Parkside, UW-Platteville, UW-River Falls, UW-Superior, and UW-Whitewater. Reports on the remaining universities (except for UW-Madison, which does not have a structural deficit and carries a healthy reserve) as well as the Universities of Wisconsin Administration will be prepared in the summer and fall.

It is important to note that each university for which a final report is now available is unique and will need to address its situation accordingly. It is also true that these universities are at different stages of this work,

including the timing for an in-depth consultation with their shared governance colleagues about the appropriate path forward.

As good stewards of tuition and taxpayer dollars, we have noted **common themes** in the reports:

- Retention rates are lower than pre-pandemic levels;
- Operating expenses per student full-time equivalent (FTE) have increased due to decreased enrollment;
- Aging facilities and maintenance backlogs remain a concern;
- Student demand for services is increasing, such as for mental health services;
- Salaries for faculty and staff are often not competitive; and
- Generally good alignment exists between program array and workforce needs, yet some programs are producing few graduates.

There are additional **common themes** in the reports:

- Identify new revenue sources and expense reduction initiatives;
- Address teaching loads to ensure we are hitting established standards; and
- Evaluate new and existing programs to reflect changing student demand.

The universities assessed have already taken significant steps to address structural deficits and position themselves for the next decades, including the following:

- Voluntary buyouts and layoffs at UW-Platteville; layoffs and furloughs for some UW-Green Bay employees; and voluntary buyouts, layoffs, and furloughs at UW-Parkside and UW Oshkosh;
- Realignment of academic programs at UW Oshkosh; and
- Discontinuance of two programs at UW-Green Bay (and discussing more) due to low enrollment.

We are also presented with **opportunities**, including:

- Improving our retention of students;
- Leveraging core strengths of each university;
- Better understanding each segment of the pool of potential students to position us to meet their needs;
- Successfully implementing direct admissions;
- Expanding dual enrollment programs; and
- Expanding continuing education programming.

We know that enrollment is critical not only to the economic vibrancy of Wisconsin but also to the financial well-being of our universities. It is why we are so focused on growing enrollment.

We understand we have a fiduciary responsibility to be good stewards of tuition and taxpayer dollars, and we are making hard decisions and taking definitive action.

While we will do our part on the expense side of the ledger, ultimately it is up to the state to decide whether it wants and can afford a weakened Universities of Wisconsin. The adage is that you get what you pay for.

State and tuition funding at 42nd out of 50 states will eventually get you a 42nd ranked university system. Wisconsin deserves better than that.

Continued funding at that level will result in further cuts at our universities and will negatively impact the single best generator of talent and economic growth in Wisconsin.

To get the Universities of Wisconsin to just the median level of funding would take an additional annual investment of approximately \$440 million. I hope all Wisconsinites view additional investments in the UWs as an investment in the future – our shared future – and one that has an enormous return in ensuring the economic vitality of our state.

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The Universities of Wisconsin serve more than 162,500 students. Awarding nearly 37,000 degrees annually, these 13 public universities are Wisconsin's talent pipeline, putting graduates in position to increase their earning power, contribute to their communities, and make Wisconsin a better place to live. Nearly 90 percent of in-state Universities of Wisconsin graduates stay in the state five years after earning a degree. The universities provide a 23:1 return on state investment. The Universities of Wisconsin also contribute to the richness of Wisconsin's culture and economy with groundbreaking research, new companies and patents, and boundless creative intellectual energy. Learn more at wisconsin.edu.

MEDIA CONTACT:

Mark Pitsch

Universities of Wisconsin

608-265-3419, mpitsch@uwsa.edu

universityrelations@uwsa.edu