



UW-River Falls Review

The Current State Assessment Highlights a Case for Change

The current state review of financial health, enrollment trends, and operations suggest that UW-River Falls is on a trajectory of financial unsustainability and opportunities to improve financial performance should be explored in the near-term.

UWRF's mission is to help prepare students to be productive, creative, ethical, engaged citizens and leaders...



River Falls is a **critical contributor to state workforce demand** in the areas of **agricultural sciences, business, and education** with notable programs such as the Montessori Teacher Education program and new investments such as the \$117M Science and Technology Innovation Center.



River Falls graduates are prepared for success after graduation, with 99% employed or attending graduate school and an average salary of over \$53,000, making its low cost of attendance attractive for students.

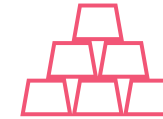
...but several disruptors are challenging the status quo and suggest River Falls is on a path of financial unsustainability



Declining FTE enrollment (-22.8% from Fall 2018-23) and limited state funding are **creating top line pressure**, while threats such as the Minnesota North Star Promise will add risk.



Meanwhile, low employee morale, hiring uncertainty, salary competition, and limited opportunities for internal career progression are **challenging mission delivery and campus climate**.



FY 2023 presented a sharp departure from previous years' financial performance with **UWRF posting a \$7.1M tuition fund deficit**, which eroded 42% of existing tuition fund balances. With Fall enrollment again down for FY 2024, deficits are expected to continue.

...therefore, it's critical to pursue transformative opportunities campus-wide to enable River Falls to thrive in the future.



Mission-aligned solutions to **right-size the institution and stem undergraduate enrollment declines** can help River Falls counter steep revenue declines, resolve budget gaps, and provide relief from further financial distress.



Given the size of UWRF's deficit in FY 2023 and expected deficit in FY 2024, the end of COVID-19 support, and external market factors such as MN's North Star Promise, River Falls should **consider a combination of revenue-generating and cost-savings opportunities totaling \$7-9 million in the near-term**.

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; similarly, top line pressure and limited expendable balances make investing in growth difficult.

The Path Forward Should Leverage Strengths...

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



Unique Market Position

Although the MN North Star Promise has added risk, UWRF is the only UW campus within a 50-mile radius of the Twin Cities, creating a unique advantage for the campus to bolster enrollment and expand partnerships with regional and national businesses.



Immersive Hands-on Learning Opportunities

Through experiential agricultural science, internship opportunities with Fortune 500 companies in the Twin Cities, the new SciTech building, and the University Business Collaboration Center, UWRF provides students with unique opportunities for hands-on learning to prepare them for careers.



Recognition of the Criticality of Data-Informed Decision Making

Structural changes, such as uniting IR and Enrollment Management functions, have laid the groundwork for broader data reporting capabilities that interviewees identify as essential to building collective trust and support across the campus.



Motivated Leadership

Although River Falls has seen recent changes in senior leadership, both new and seasoned campus leaders are united around the need to address the structural deficit to right-size the campus.

Declining Enrollment

- Since Fall 2018, River Falls has seen significant declines in undergraduate enrollments, which have fallen over 1,250 students (-5.2% per year on avg).
- Graduate enrollments have demonstrated stability, maintaining an average enrollment of approximately 246 FTEs over the past five years.

Minnesota North Star Promise

- With nearly half of undergraduates coming from Minnesota, the MN North Star Promise could disrupt tuition revenue streams as qualifying students may pursue in-state schools to lessen the cost of education.
- 13% of UWRF's Fall 2022 undergraduates would be eligible for the program.¹

Limited State Appropriations

- Per the *Wisconsin State Journal*, WI ranks 43rd in state funding / student.²
- Regulatory complexity and economic uncertainty add further risk to UWRF's long-term outlook as the institution has become increasingly dependent on State Appropriations.

Ingrained Cultural Barriers

- A perceived disconnect between administrative and academic units has led to varying narratives on campus regarding UWRF's current financial position, leading to an inability to rally behind a common strategy.

Employee Attrition and Vacancies

- Interviewees cite that it is challenging to promote high-performers, and opportunities to provide training and development are limited.
- Total FTEs have fallen in nearly every administrative unit and every college, placing added strain on existing employees.

Lack of Data Availability

- Interviewees indicated that data for assessment and strategic planning are not readily available. Key tools such as enrollment projections and long-range plans do not yet exist. Leadership recognizes data gaps and is working to build critical campus reporting infrastructure.

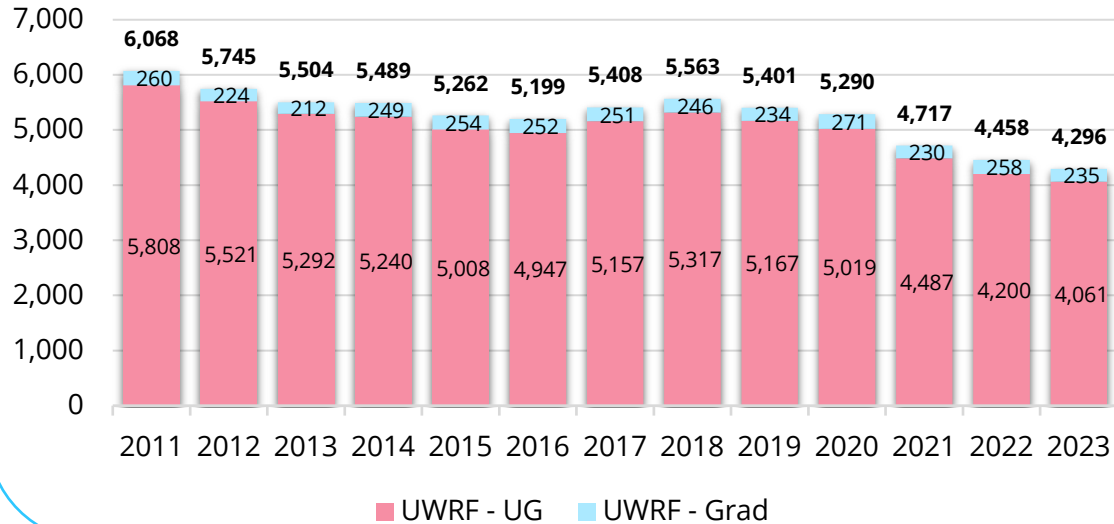
External Market Pressures

Internal Operating Model Challenges

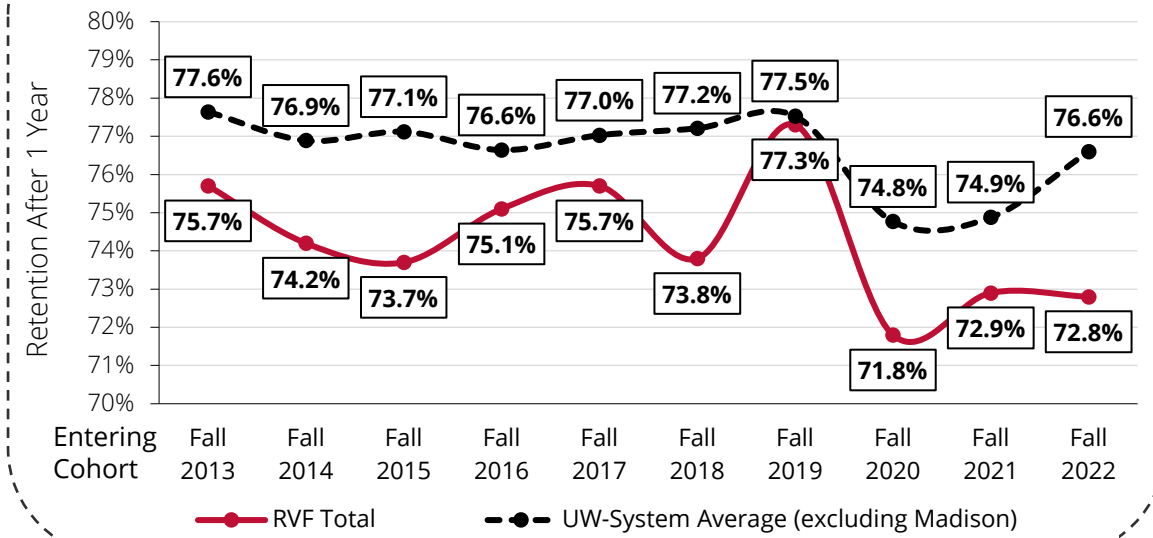
Enrollment Declines and Retention Challenge Revenue Stability

UWRF has lost over 1,200 student FTEs since the Fall of 2018 and retention rates are 3.8% lower than UW System averages for the Fall 2022 entering class, creating significant top line pressure that will further be threatened by the Minnesota North Star Promise.

River Falls Fall FTE Enrollments (2011 - 2023)



1-Year Retention for First-Time Full-Time Freshmen



River Fall's enrollment has been in steady decline....

- **In Fall 2011, River Falls enrolled over 6,000 student FTEs;** however, a declining participation rate within the UW System and a slowly shrinking pool of high school graduates in Wisconsin have challenged UWRf's ability to stem enrollment declines. Consequentially, **the student population has declined to under 4,300 student FTEs as of Fall 2023.**
- **Since Fall 2018, undergraduate enrollment at River Falls has declined over 1,250 students,** or 5.2% per year on average. In the last five years, graduate enrollment at River Falls has remained relatively flat at approximately 246 student FTEs.

...while retention lags UW System averages

- Retention rates for first-time, full-time freshmen fell over five percentage points from the Fall 2019 cohort (77.3%) to Fall 2020 cohort (71.8%) but showed slight improvement for the Fall 2021 and 2022 cohorts (72.8%).
- Retention rates have consistently trailed averages for Universities of Wisconsin peers (excluding Madison), with a system-wide average of 76.6% for the Fall 2022 cohort.
- Growth in first-time, full-time freshmen classes and retention of those classes will be a focus area as Minnesota's North Star Promise presents a threat to UWRf's core student pipeline.

And Trends in the Credit Hours and Degree Conferrals Are Cause for Action

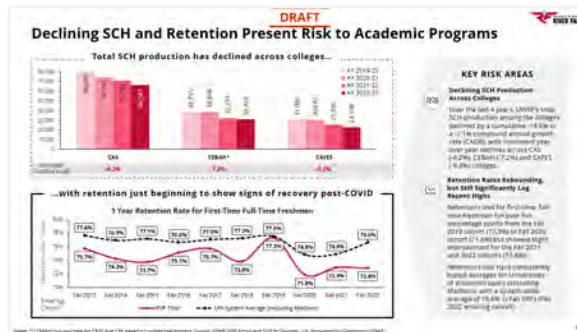
Program and Workforce Alignment

UW-River Falls' academic portfolio demonstrates alignment to labor market demands...

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

Degree Conferrals and Credit Hour Production

...but trends in degree conferrals, SCH, and program engagement may signal an opportunity to realign the academic offering with student demand



In the past four academic years, none of UWRF's three colleges have been immune to enrollment challenges with each college losing on average 5+% of its credit hour production from the prior year.

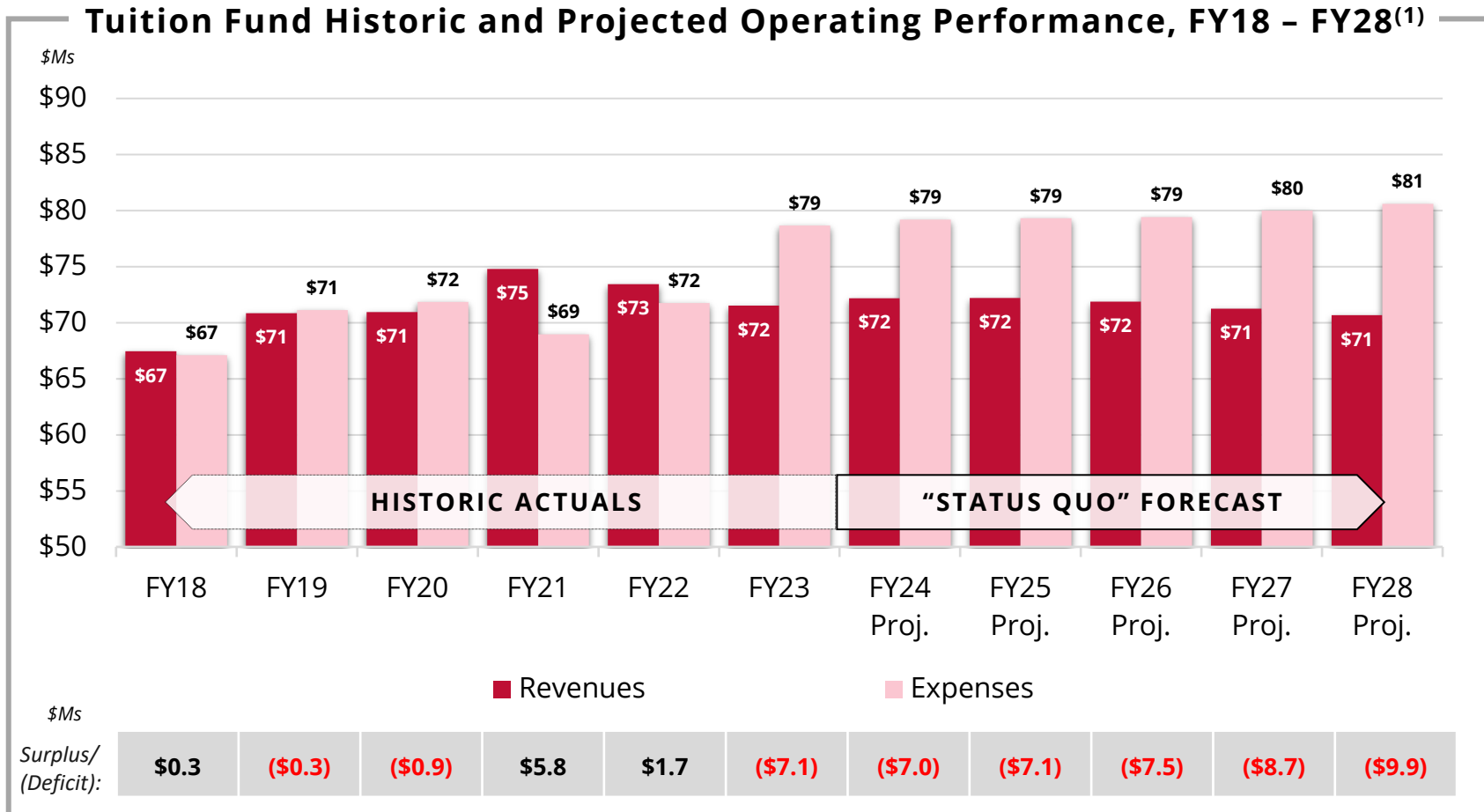
15 of River Falls' 21 subject areas have seen less degree conferrals in 2023 than in 2019, including UWRF's signature programs in Business and Education. Agricultural Sciences is a bright spot for the university with 250 degree conferrals in 2023—up 13 from 2019.



11 of UWRF's 21 subject areas conferred only 13% of degrees for the university and produced approximately 15% of the credit hours, signaling some misalignment in programs offered and student interest.

“Status Quo” Baseline Tuition Fund Financial Forecast Results

The “Status Quo” forecast, which assumes current trends continue and River Falls does not make any changes to existing operations, illustrates the ‘Case for Change’ and emphasizes the importance of prioritizing and executing on opportunities in the near term.



KEY DRIVERS



Enrollment

Enrollment is modeled to decline to approximately 4,000 FTEs by Fall 2027 (FY28), given steady historical declines, looming impacts of the Minnesota North Star Promise program, declining high school graduates in the state of Wisconsin, and falling participation rates across the UW System.



Limited Expense Growth

Expenses have rebounded post-pandemic and are projected to hold steady over the forecast period (0.5% FY23-FY28 CAGR), as Salaries, Wages, and Benefits (0.5% FY23-FY28 CAGR) and Supplies & Services (1.0% FY23-FY28 CAGR) are expected to show marginal growth.

Even as expenses are expected to stabilize, continuing declines in enrollment and compounding external pressures to UWRF’s traditional student population are forecasted to cause the structural deficit at River Falls to worsen over the coming years.

“Status Quo” Baseline Tuition Fund Balance Forecast

UWRF’s forecasted changes in net assets are projected to have a negative financial impact on the university’s tuition fund equity balance, fully deteriorating the balance by Fiscal Year End 2025, reinforcing the institution’s need to align expenditures with revenues.

Projected Financial Impact on Tuition Fund Equity Balance

River Falls Tuition Fund Equity Balance Baseline Projections						
River Falls (\$Ms)	FY End 2023 Actual	FYE24 Proj.	FYE25 Proj.	FYE26 Proj.	FYE27 Proj.	FYE28 Proj.
Beginning Tuition Fund Equity Balance	\$17.1	\$9.9	\$2.9	(\$4.2)	(\$11.7)	(\$20.5)
Change in Net Assets	(\$7.1)	(\$7.0)	(\$7.1)	(\$7.5)	(\$8.7)	(\$9.9)
Ending Fund Equity Balance	\$9.9	\$2.9	(\$4.2)	(\$11.7)	(\$20.5)	(\$30.4)
Cumulative Impact on Fund Balance	---	(\$7.0)	(\$14.1)	(\$21.6)	(\$30.4)	(\$40.3)

KEY TAKEAWAYS



Current Fund Equity Balance

River Falls had \$9.9M in equity in the tuition fund at FYE23. After being buoyed by COVID-19 aid and expense reductions in recent years, the \$7.1M deficit in FY23 cut the balance nearly in half (-42%).



Enrollment Drives Decline

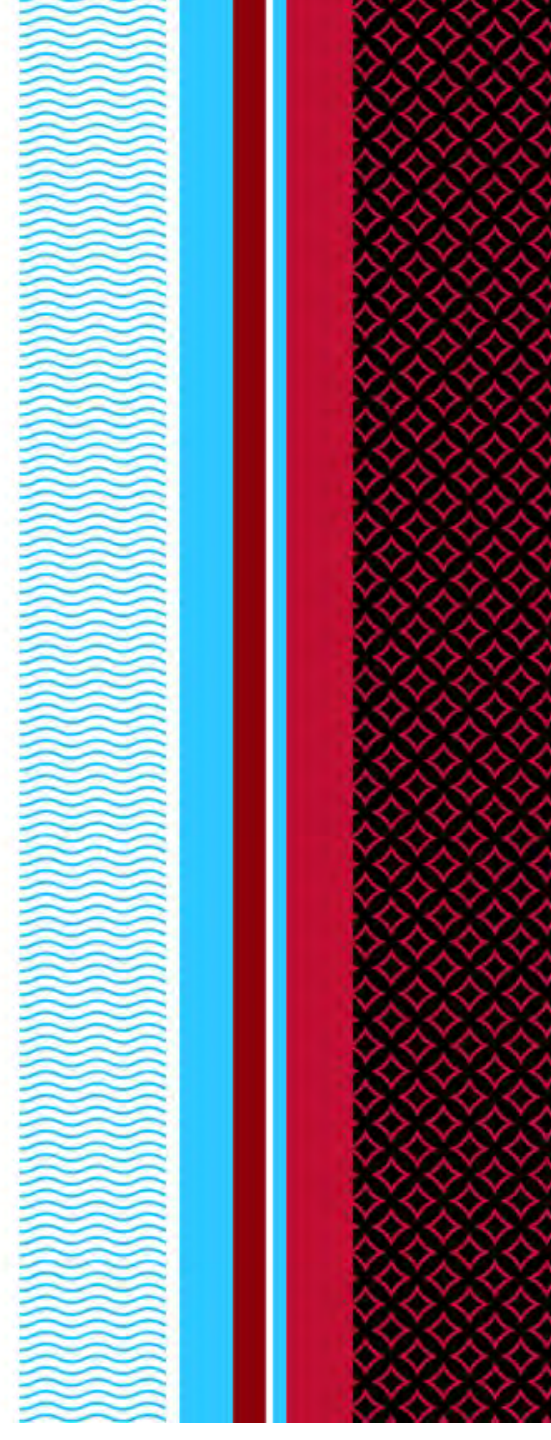
Long-term falling enrollment is the main driver of the deficit. River Falls should right-size operations at the institution given the current size of the student body to resolve the existing structural deficit and enable investment for long-term sustainability.



Auxiliary Fund Support

Pulling funds from Auxiliaries allows River Falls another 12-18 months of runway but should only be seen as a temporary measure.

If the Tuition Fund Equity balance falls at this rate, River Falls will not be able to meet current obligations and will need support from other fund categories and/or the Universities of Wisconsin System Office to fund operations by the end of Fiscal Year 2025.



Challenges and Risks (Internal and External)



- **Base budget reductions: 2015/17 (\$2.87M); 2021/22 (\$2.95M)**
- **One of the lowest tuition rates of the UWs**
 - Great value, but less dollars to invest in operations (comparative disadvantage)
 - Prolonged tuition freeze (~ decade) handcuffed revenue growth
 - Percent tuition increases are the same across the UWs, so UWRF will never catch up (comparative disadvantage)
 - Recent tuition increases after pay plan, leave no extra dollars for operations
- **Our location near the Twin Cities**
 - Significant cost for labor force/retention of employees
 - Proximity to UM-Twin Cities
 - North Star Promise (13% of current UWRF students may be eligible)

Inclusive and Holistic Approach



- **Listening and Learning Sessions and Report (done)**
 - e.g. Re-branding, marketing/messaging campaign, website redesign
- **UWRF Strategic Plan – Soaring to New Heights (done)**
 - e.g. Campus Climate Survey – results end of this April
- **Academic Plan (done)**
- **Re-organization/establishment of VC Student Affairs and Strategic Enrollment (done/hired)**
 - e.g. Strategic Enrollment Plan (roll out this May; implementation thereafter)
- **Administrative Cabinet Retreat (Jan 2024 – NACUBO report)**
- **University Budget Advisory Committee (established Fall 2023)**
 - Campus-wide survey soliciting budget ideas (done)
- **Shared Governance Groups (4) plus individual monthly meetings (ongoing)**
- **Chancellor's Open Dialogues (ongoing)**
- **Falcon Forums (ongoing)**

INITIATIVE 1: Strategic Enrollment Planning (Recruitment and Retention)

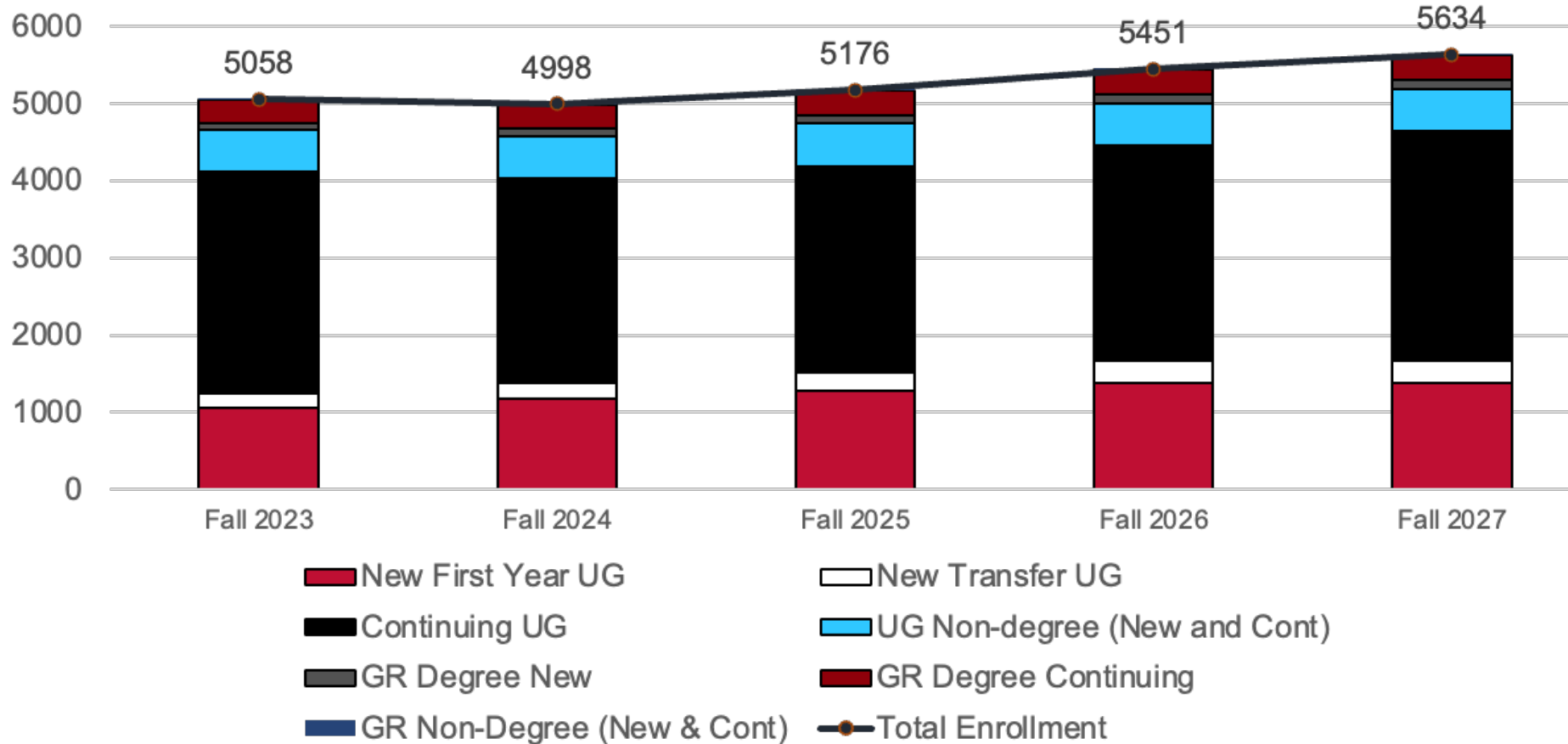


- **Process began in fall 2023, engaging campus in development of a comprehensive Strategic Enrollment Management (SEM) Plan to stabilize and grow enrollment.**
- **The SEM Plan will include enrollment strategies to address both recruitment of new students and opportunities to increase retention rates.**
- **Currently 15 strategies are being developed. Enrollment impact and revenue/expense analysis is being completed with an ROI analysis for final plan strategy prioritization.**
- **Completion of planning process by end of spring 2024, with implementation of prioritized strategies in fall 2024.**
- **The SEM Plan aligns with both the UWRF Strategic Plan (Goals 1, 2, & 4) and the UWS Strategic Plan (S1 & S2 specifically).**

INITIATIVE 1: Strategic Enrollment Planning (Recruitment and Retention)



Enrollment Headcount Projection



INITIATIVE 2: MN Tuition Reciprocity



- **Campus now able to retain a greater amount (still less than 100%) of funds our students pay to attend UWRF.**
- **Aligns with UWRF's Strategic Plan Goal 4 focus on creating "A Stable and Thriving Institution," and the Universities of Wisconsin Strategic Plan strategy S5, to "ensure our universities are financially . . . sustainable so that they are positioned to fulfill their strategic missions."**
- **The estimated revenue for this initiative ranges from \$2.09M to \$3.01M (out of an estimated tuition billing of \$3.93M) for FY 2024, and from \$1.48M to \$2.40M (out of an estimated tuition billing of \$3.32M) for FY 2025.**

INITIATIVE 3: College Mergers



- **Realignment of two colleges to form the College of Education, Business and Allied Health creates efficiencies by streamlining operations and improves Student Success.**
- **Aligns best with UWRF's Strategic Plan Goal 4 focus on creating "A Stable and Thriving Institution," and the Universities of Wisconsin Strategic Plan strategy S5, to "ensure our universities are financially... sustainable so that they are positioned to fulfill their strategic missions."**
- **Long-term savings of Administrative positions in excess of \$220K.**

INITIATIVE 4: Hiring Pause/Freeze



- Identify opportunities to reduce FTE when positions become vacant.
- Aligns best with UWRF's Strategic Plan Goal 4 focus on creating "A Stable and Thriving Institution," and the Universities of Wisconsin Strategic Plan strategy S5, to "ensure our universities are financially...sustainable so that they are positioned to fulfill their strategic missions."
- Deloitte notes that FTEs have fallen "in nearly every administrative unit and every college, placing added strain on existing employees." The current and noticed Faculty vacancies total \$2.1M and Staff vacancies in excess of \$650K. The long-term estimated savings requires further analysis of location of vacancies, overloads/additional payments to remaining workforce, and resolution of Initiative 5. Savings \$400K in FY 24 and \$700K in FY 25.

INITIATIVE 5: SCH/Faculty Workload



- **Identify opportunities to enroll additional students in existing class sections, merge sections and offer more courses on a rotational basis.**
- **The initiative is underway to create efficiencies and reduce costs.**
- **Aligns with UWRF's Strategic Plan Goal 4 focus on creating "A Stable and Thriving Institution," and Universities of Wisconsin Strategic Plan strategy S5, to "ensure our universities are financially . . . sustainable so that they are positioned to fulfill their strategic missions."**
- **Estimated amount of savings: \$250K per year.**

SUMMARY



- **Timeline for elimination of structural deficit: FY2028 with marked improvement by FY2026**
- **METRICS**

UWRF Strategic Plan

Goal 1.1. Success in Achieving the Degree

- a. Increase 1st year to 2nd year retention to 80%.
- b. Maintain or increase current semester to semester persistence rates.
- c. Increase the 6-year graduation rate to 60%.

Goal 2.1. Create a more diverse campus with improved retention rates of students and employees

- a. Increase to 15% the percentage of underrepresented students.
- b. Increase to 15% the percentage of underrepresented faculty and staff.
- c. Remove equity gaps in six-year graduation rates between underrepresented students and majority groups.

SUMMARY (Continued)



- **METRICS**

UWRF Strategic Plan

Goal 4.1. Increase and stabilize new enrollments for growth in net revenue while investing resources where needed in support of this effort

- a. Increase by 30% the number of first-time first-year students.
- b. Increase by 50% the number of transfer students.
- c. Increase by 50% the number of new graduate students.

UW Strategic Plan

- S1: Increase Access and Improve Success Rates of Underserved Students
- S2: Champion Student Success
- S5: Financial and Environmental Sustainability

