

An aerial photograph of the University of Wisconsin-Stevens Point campus. The image shows a large, multi-story building with a prominent central tower and a clock tower, surrounded by other campus buildings and dense trees. The sky is overcast with heavy clouds. A semi-transparent white rectangular box is overlaid on the left side of the image, containing the text "UW-Stevens Point Review".

UW-Stevens Point Review

The Current State Assessment Highlights a Case for Change

The current state review of finances, enrollment, and operations suggests UW-Stevens Point is ahead of other UW campuses in adopting more stringent cost control measures to stabilize financial health, yet continued work will be important to support long-term success.

UW-STP's mission is to provide a high-quality education that prepares students for success in a diverse and sustainable world

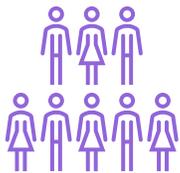


UW-Stevens Point is a long-serving institution and **partner for Central and Northern WI communities, embedded with** a variety of programs in liberal arts, professional fields, and **distinctive programs in natural resources**, fine arts, education and health and wellness.



UW-STP **focuses on community engagement** to prepare students for success, including **deep-rooted relationships with Skyward and Sentry**. Additionally, UW-STP's nature reserve, arboretum, and field stations provide unique student opportunities for applied learning experiences and research.

...but challenges, including declining UG enrollment, acute at branch campuses, may threaten long-term fiscal sustainability



Declining UG enrollment FTE at Main Campus (-26.5% from Fall '11-'23) has created heavy top-line pressure. While Fall '23 enrollment showed an uptick of 3.4%, a shrinking pool of HS graduates threatens the traditional student base.

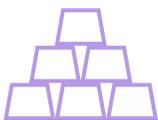


Marshfield and Wausau have experienced drastic FTE enrollment declines (-73.2% and -78.5% from Fall '11-'23, respectively) which may threaten the future viability of these branch campuses.



Enrollment declines have contributed to revenue declines, while a tuition freeze (until FY24), and rising costs for salaries, services and utilities, have **compounded pressure on UW-STP** and have contributed to a deficit.

...therefore, UW-STP should continue to explore efficiencies, while strategically leveraging balances for investment



UW-STP **took steps in recent years to reduce the institution's deficit**, including nearly \$8M in budget cuts from FY20-22. **These measures, coupled with federal COVID-19 aid, have afforded UW-STP relatively strong tuition fund balances** (\$18.9M as of FYE 2023), some of which is planned to support strategic growth initiatives and needed investments.



To maintain long-term stability, **UW-Stevens Point should continue to explore efficiencies, practice conservative forecasting and maintain healthy reserve balances** for planned investments to support the future of the institution.

The Path Forward Should Leverage Strengths and Address Challenges

The current external environment, coupled with internal operating model issues, make overcoming the ongoing structural deficit challenging, absent change; similarly, top-line pressure and limited expendable balances make investing in growth difficult.

The Path Forward Should Leverage Strengths...



Focus on Student Success, Health, Wellness

STP prioritizes student success to serve a diverse student population, evidenced by a relatively steady retention rate hovering around 75.4%¹ and multiple investments to support health and wellness.



Unique Programs of Distinction

Known for its environmental focus, STP has nationally recognized, distinctive programs in Natural Resources which support strong grant activity and applied learning opportunities.



Growing Graduate Programs

Although graduate enrollment makes up a small share of total FTE (6.1% in Fall '23), STP has seen robust growth in graduate programs in the last 10 years, with GR enrollment increasing 127%.



Strong Community Ties with Main Campus

STP benefits from tight-knit relationships between Main Campus and the local community, evidenced by recent partnerships with Skyward and Sentry, which have made significant contributions.



Expense Management

After experiencing significant enrollment declines, STP made budget cuts totaling nearly \$8M from FY20-FY22 to curb expense growth.

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

Declining UG Enrollment at Main Campus

- Since Fall '11, STP's main campus UG enrollment FTE has declined 26.5% from 8,537 to 6,274 as of Fall 2023 (or a 2.5% CAGR).
- While Fall '23 enrollment FTE showed an uptick of 3.4% (1st year of growth since Fall '12), continued market pressures exist on the horizon.

Declining Participation at Branch Campuses

- Since Fall '11 Marshfield and Wausau's UG FTE enrollment has declined by 73.2% and 78.5%, respectively, to 134 FTE and 232 FTE in Fall '23.
- Without solid turnaround since the restructuring in 2018, decisions on the future viability of the branch campuses may need to be considered.

Limited State Appropriations

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

Institutional Readiness for New Budget Model

- While an activity-based budget model for Academic Affairs has been developed, an implementation plan has not been fully finalized. An evaluation of the current overall STP incremental budget model is planned to determine if it is the most effective strategic option or if a different approach is needed.

Salary Competition

- Nearly all stakeholders noted relatively weak salaries as a challenge to recruiting and retention efforts. A comparison of wages³ places STP 2nd lowest among UW peers.

Aging Facilities and Technologies

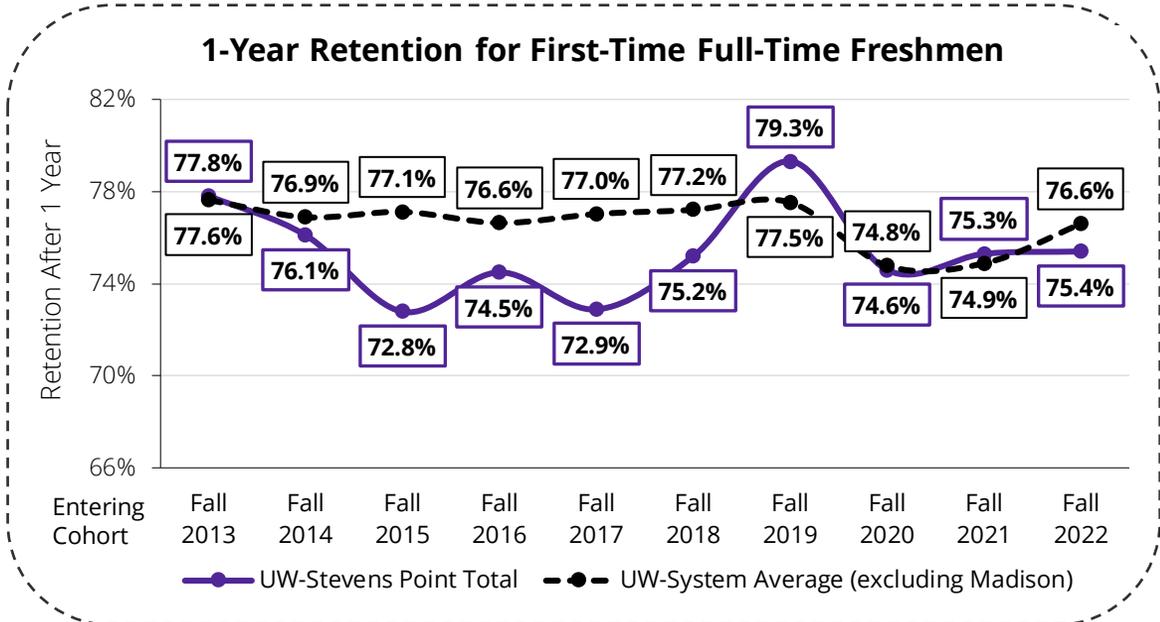
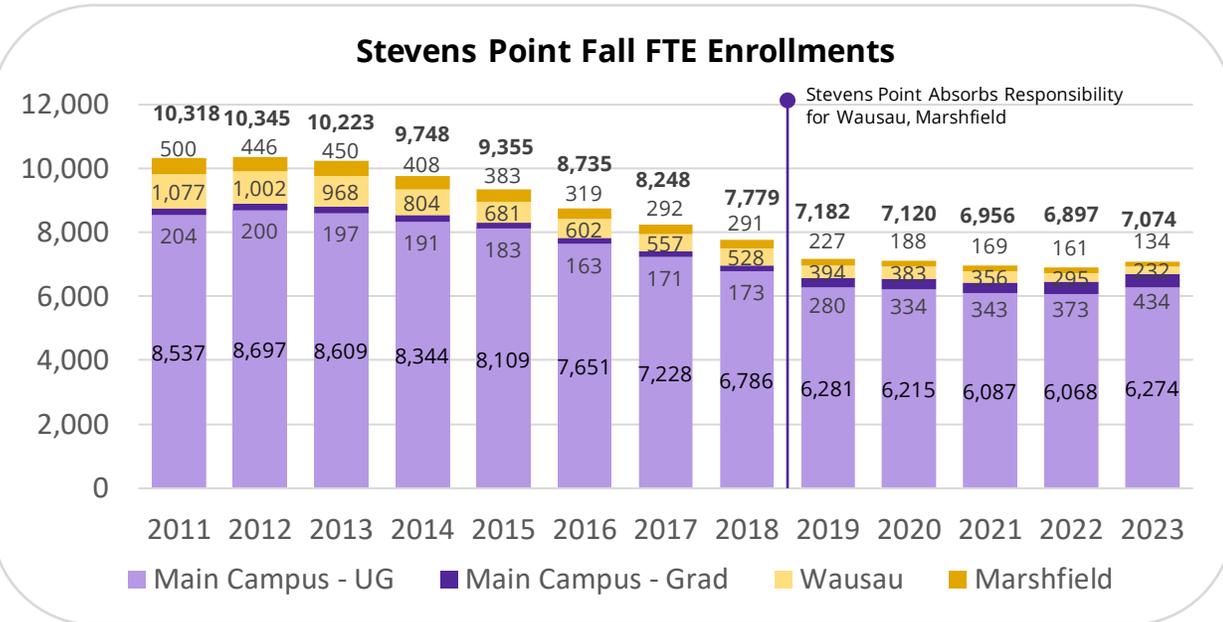
- With nearly 65% of buildings (by gross sq. ft.) more than 50 years old, as well as several classroom technologies becoming outdated, there is a risk of significant financial investment required to stabilize these resources.

External Market Pressures

Internal Op. Model Challenges

Enrollment and Retention Have Shown Signs of Stabilization

Steadily decreasing enrollment from a peak of 10,345 FTE in Fall 2012 to a low of 6,897 in Fall 2022, combined with a freeze in tuition pricing, has created heavy top line pressure on revenues at UW-STP. While enrollment declines have slowed and retention has stabilized post-pandemic, emerging external market pressures will continue to pose challenges to meeting future enrollment goals.



Stevens Point enrollment has declined 31% since Fall 2011....

- STP's enrollment remained above 10,000 FTEs through Fall 2013 (inclusive of branch campuses) however, **enrollment declined to just 7,074 FTEs in Fall 2023.**
- From a peak in Fall 2012 to Fall 2022, UG enrollment at main campus steadily declined by over 2,600 Student FTEs to 6,274 FTEs, or -3.5% per year on average. In Fall 2023, main campus UG enrollment experienced its first year of growth, increasing 3.4% to 6,274 FTE, supported by several marketing initiatives. Graduate enrollment has demonstrated strong growth by increasing from 200 FTEs to over 430 FTEs in this time frame.
- **From Fall 2011 - 2023, Wausau fell from 1,077 to 232 Student FTEs, and Marshfield from 500 to 134 Student FTEs, representing declines of 78.5% and 73.2%, respectively.**

...yet retention has begun to mirror System averages

- Retention rates for first-time, full-time (FTFT) freshmen have closely fluctuated around STP's average retention rate of 75.4% over the last 10 years, with a retention rate of 75.4% for the Fall 2022 cohort (into Fall 2023).
- Retention rates for the university do not appear to be significantly impacted by COVID; they are now in line with UW-System averages.
- As enrollment has stabilized at around 7,000 FTEs, continued focused on increasing retention will help boost revenues that are still well below pre-pandemic levels.

Trends in Credit Hour and Degree Production Vary Across Colleges

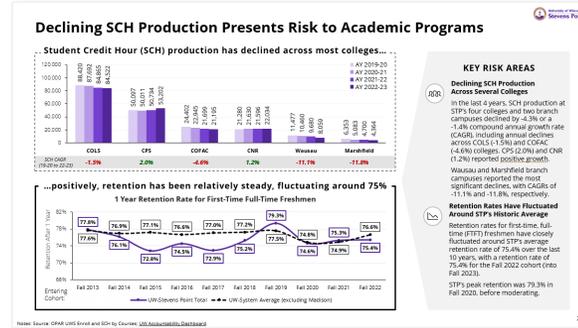
Program and Workforce Alignment

Stevens Point's academic portfolio demonstrates strong alignment to labor market demands...

Occupational Group / Title	Annual Openings	SP 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	

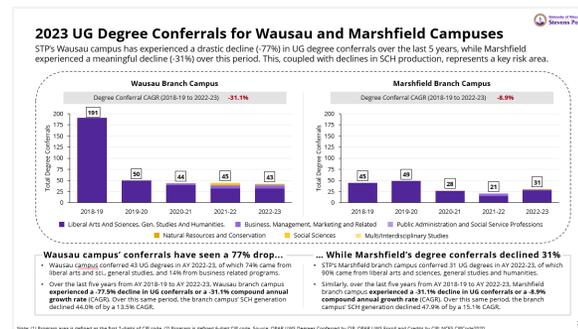
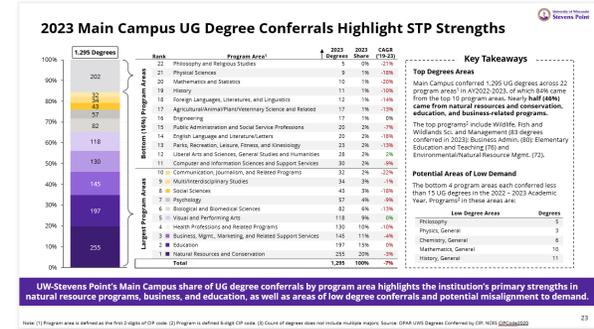
Degree Conferrals and Credit Hour Production

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



SCH production has declined across two of UW-STP's four colleges while the branch campuses have shown more rapid declines over the last four years.

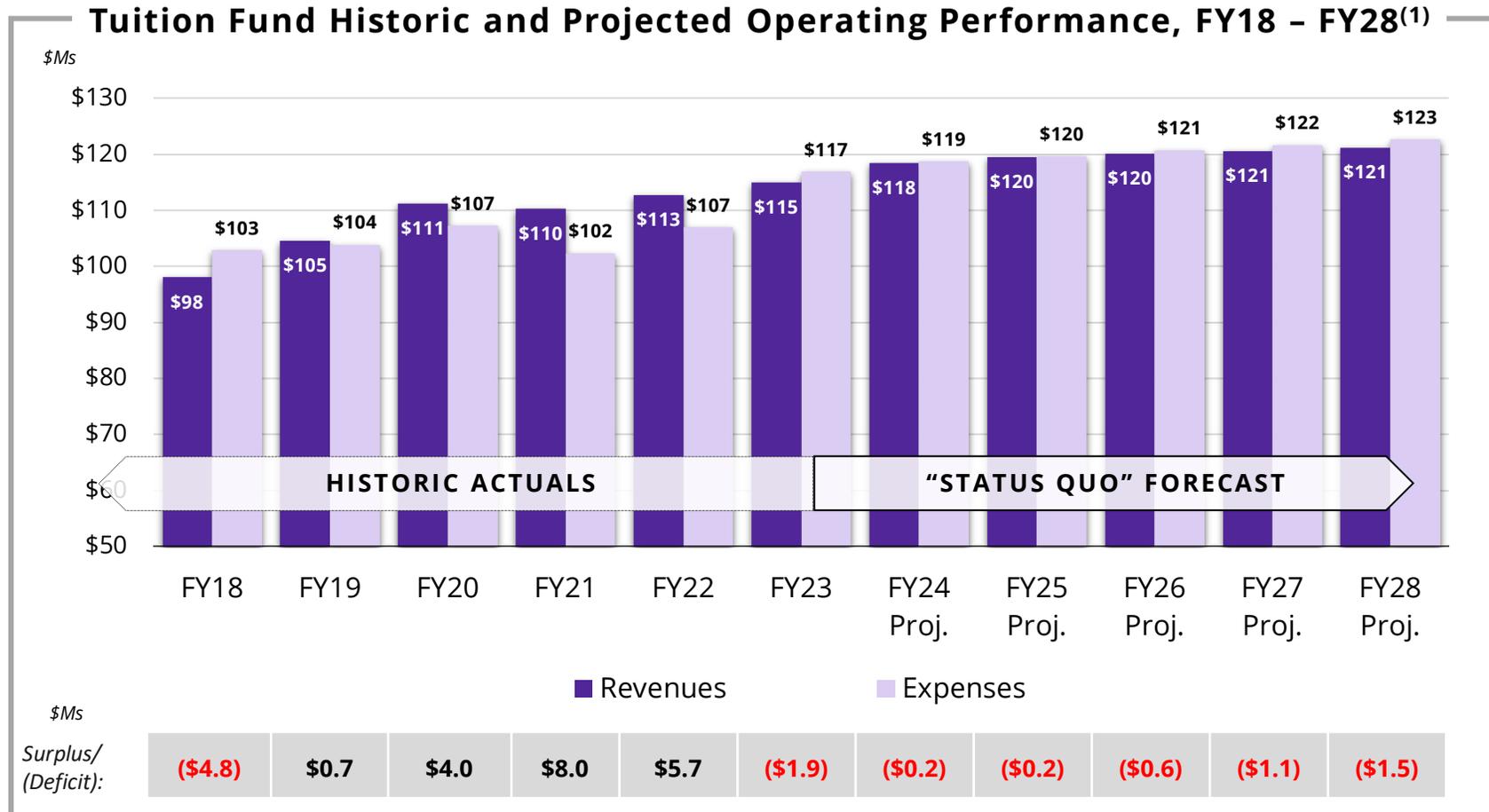
Across nearly all UW-STP's program areas¹, degree conferrals have fallen over the past four years, including in larger signature programs.



As UW-STP considers its academic portfolio in the future, the branch campuses need close attention given steep enrollment declines, which translate into large losses in credit hour and degree production.

“Status Quo” Baseline Financial Forecast Results

The “Status Quo” forecast, which assumes current trends continue and STP does not make any changes to existing operations, illustrates a ‘Case for Change’ and emphasizes the importance of STP continuing to exert expense controls while balancing strategic investments.



KEY DRIVERS



Enrollment FTE

Enrollment is modeled to increase 2.6% to 7,074 FTE in FY24 to tie to Fall '23 actuals and is then forecasted to slightly increase in FY25 before remaining flat through the remainder of the forecast. This considers positive momentum particularly among GR programs (e.g., DPT, social work), balanced by continued UG enrollment pressures from the branch campuses and upcoming demographic cliff.



Expense Growth

While expense growth was limited in recent history due to cuts during the pandemic, costs tied to rising Salaries, Wages, and Benefits (1.1% FY23-FY28 CAGR), as well as Supplies and Services (1.0% CAGR), are expected to continue to grow modestly in the out years.

Assuming current trends continue, and STP does not make any changes to existing operations, the “Status Quo” model forecasts moderate worsening of operating performance driven by growing expense pressure amidst relatively flat enrollment.

“Status Quo” Baseline Tuition Fund Balance Forecast

Stevens Point’s annual forecasted changes in net assets are projected to have a negative impact on the University’s Tuition fund equity balance leaving the campus with a lower, but still strong \$15.3M at FYE28 compared to \$18.9M at FYE23.

Projected Financial Impact on Tuition Fund Equity Balance

Stevens Point Tuition Fund Equity Balance Baseline Projections						
Stevens Point (\$Ms)	FY End 2023 Actual	FYE24 Proj.	FYE25 Proj.	FYE26 Proj.	FYE27 Proj.	FYE28 Proj.
Beginning Tuition Fund Equity Balance	\$20.8	\$18.9	\$18.6	\$18.5	\$17.9	\$16.8
Change in Net Assets	(\$1.9)	(\$0.2)	(\$0.2)	(\$0.6)	(\$1.1)	(\$1.5)
Ending Fund Equity Balance	\$18.9	\$18.6	\$18.5	\$17.9	\$16.8	\$15.3
Cumulative Impact on Fund Balance	---	(\$0.2)	(\$0.4)	(\$1.0)	(\$2.0)	(\$3.5)

TAKEAWAYS



Current Cash Balance

UW-Stevens Point had \$18.9M in equity in the tuition fund at FYE23. This balance has been bolstered by COVID-19 aid in recent years as well as expense controls, including a nearly \$8M budget reduction plan from FY20-FY23. Together, these factors enabled STP to increase balances from a low of \$2.5M at FYE18.



Cash Runway

Continued negative operating results would erode the fund equity balance over time. As such, optimizing operations and resolving the deficit is critical for lengthening that runway and solidifying long-term stability.

Under the “Status Quo” model, the forecasted change in net assets would lower tuition fund reserves to a still strong \$15.3M by FY28. However, continued negative operating performance would erode the fund balance over time.

"Status Quo" Tuition Fund Balance Forecast with Planned Spend Down

Given the institution's current high reserve levels, aided by COVID-19 aid and recent expense controls, UW-Stevens Point plans to use some of these balances to support strategic growth initiatives; incorporating these projections would lower balances to \$4.4M by FY28.

Projected Financial Impact on Tuition Fund Equity Balance

Stevens Point Tuition Fund Equity Balance Baseline Projections						
Stevens Point (\$Ms)	FY End 2023 Actual	FYE24 Proj.	FYE25 Proj.	FYE26 Proj.	FYE27 Proj.	FYE28 Proj.
Beginning Tuition Fund Equity Balance	\$20.8	\$18.9	\$12.5	\$8.1	\$7.0	\$5.9
Change in Net Assets	(\$1.9)	(\$0.2)	(\$0.2)	(\$0.6)	(\$1.1)	(\$1.5)
Additional Planned Spend Down		(\$6.1)	(\$4.2)	(\$0.5)	\$0.0	\$0.0
Ending Fund Equity Balance	\$18.9	\$12.5	\$8.1	\$7.0	\$5.9	\$4.4
Cumulative Impact on Fund Balance	---	(\$6.4)	(\$10.8)	(\$11.9)	(\$12.9)	(\$14.5)

TAKEAWAYS



Additional Planned Spend Down of Tuition Fund Reserves

From FY24 to FY26, STP's projected obligated and planned tuition reserve spend down totals \$10.9M. This includes several large one-time expenses to support the student health and wellness center project, solar arrays, capital projects, purchase orders and other university costs.



Liquidity Strain

Assuming 100% of projected obligated and planned reserve spend down is realized, this would lower balances to \$4.4M by FY28. As the fund equity balance declines, STP's future ability to continue to spend on strategic initiatives could become increasingly constrained over time.

In addition to the "Status Quo" forecasted change in net assets, assuming 100% of STP's planned spend down is realized, current balances would be reduced to \$4.4M by FY28, constraining the institution's ability to continue to spend on strategic initiatives.



UNIVERSITY OF WISCONSIN-STEVEN'S POINT

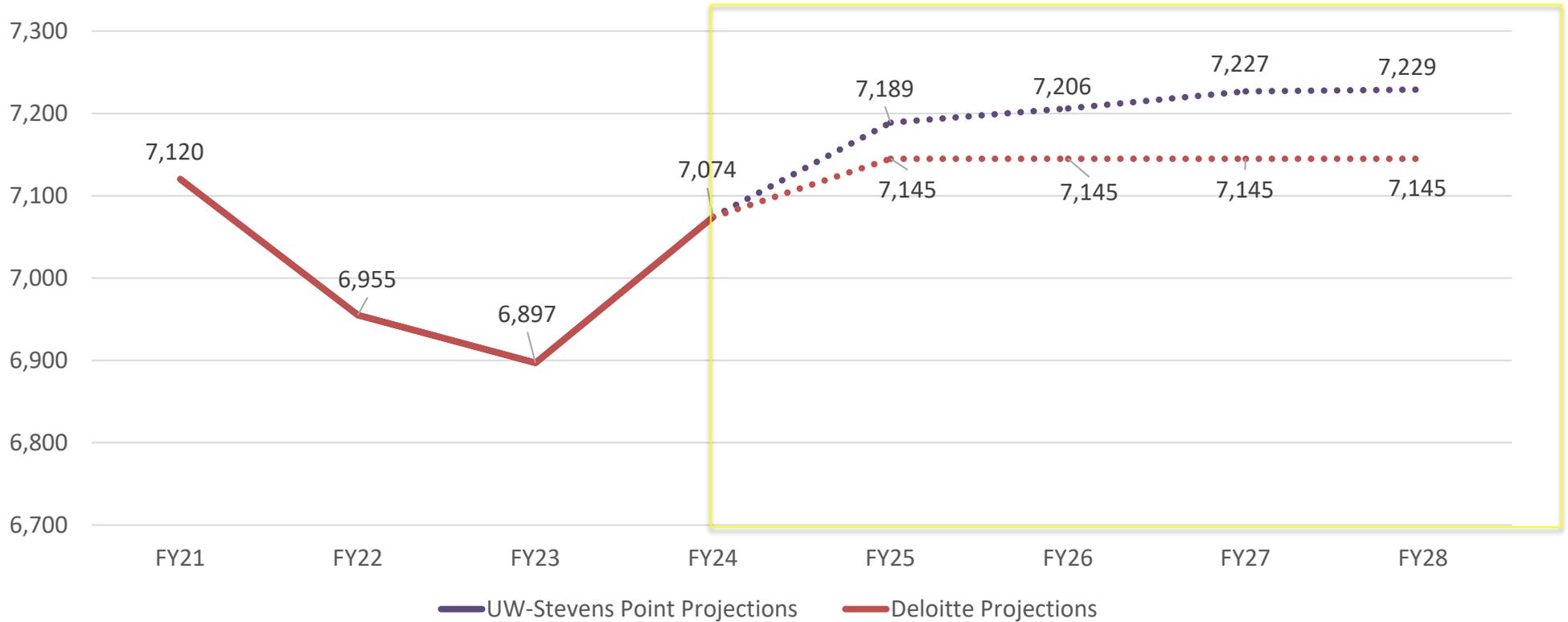
Deloitte Review



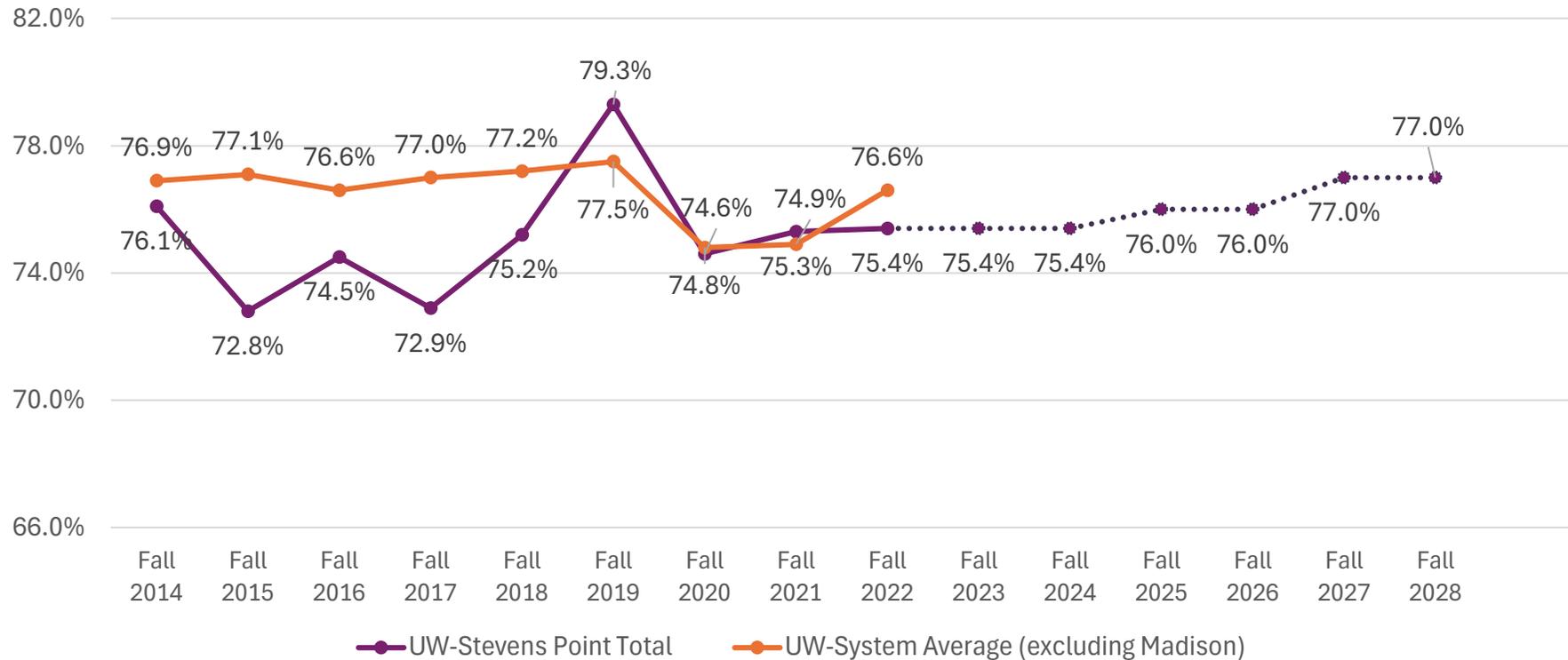
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Main Campus - Student FTE Enrollment Projections

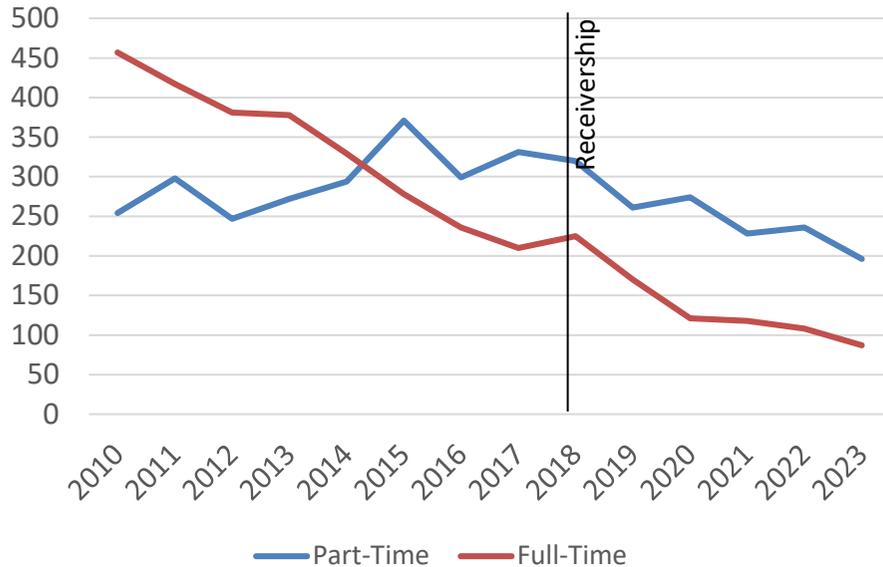


Main Campus 1-Year Retention for First-Time Full-Time Freshmen

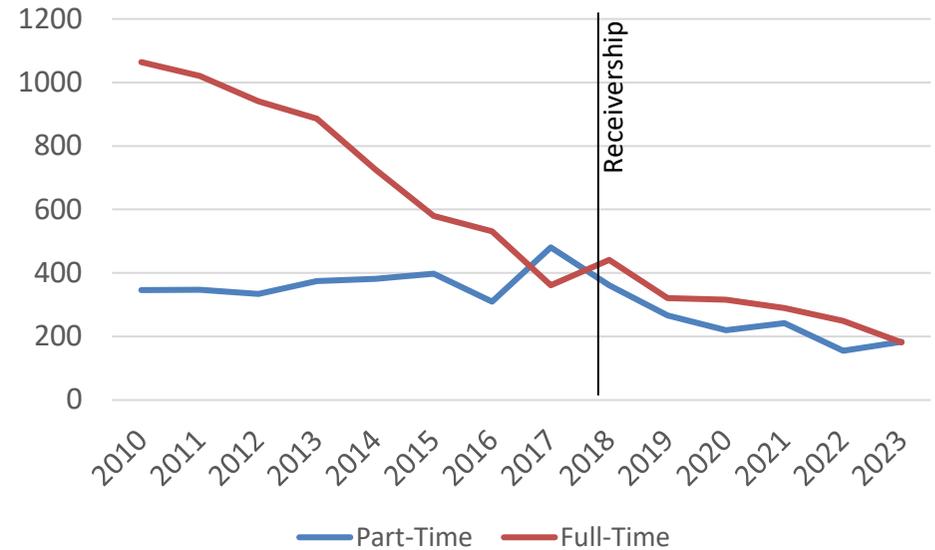


Declining Participation at Branch Campuses

UWSP at Marshfield



UWSP at Wausau



Enrollment and GPR/Tuition Projection

Main Campus

	Budget FY24	Projected FY24	Projected FY25	Projected FY26	Projected FY27	Projected FY28
Fall UG Enrollment	6,884	6,872	7,013	7,026	7,053	7,053
Total Revenue (millions)	\$78.00	\$78.42	\$80.33	\$80.52	\$80.79	\$80.92
Total Expenses (millions)	\$77.68	\$77.97	\$79.54	\$79.34	\$79.34	\$79.34
Net Income	\$0.32	\$0.45	\$0.79	\$1.18	\$1.45	\$1.58

* FY25-FY28 forecasts a 1,600 incoming class, a reduction from FY24 incoming class of 1,701 due to potential demographic-related enrollment decline.

** Assumed a 76% retention rate for FY25-FY26 and a 77% rate for FY27-FY28

Branch Campuses

	Budget FY24	Projected FY24	Projected FY25	Projected FY26	Projected FY27	Projected FY28
Fall UG Enrollment	650	650	527	503	499	503
Total Revenue (millions)	\$7.04	\$6.20	\$5.86	\$5.80	\$5.79	\$5.79
Total Expenses (millions)	\$7.79	\$7.79	\$7.02	\$7.02	\$7.02	\$7.02
Net Income	(\$0.75)	(\$1.59)	(\$1.16)	(\$1.22)	(\$1.23)	(\$1.23)
Reserve Amount		\$1.91	\$0.32	\$0.00	\$0.00	\$0.00

* FY25 includes expense reductions of \$500,000.

** Possible space reduction related expenses currently under review.



UWSP Baseline Tuition Fund Balance Forecast

	Actual FY23	Projected FY24	Projected FY25	Projected FY26	Projected FY27	Projected FY28
Beginning Tuition Fund Equity Balance	\$20.8	\$18.9	\$18.6	\$18.4	\$18.6	\$19.0
Change in Net Assets	(\$1.9)	(\$0.3)	(\$0.2)	\$0.2	\$0.4	\$0.6
Ending Fund Equity Balance	\$18.9	\$18.6	\$18.4	\$18.6	\$19.0	\$19.6
Cumulative Impact on Fund Balance		(\$0.3)	(\$0.5)	(\$0.3)	\$0.1	\$0.7



UWSP Baseline Tuition Fund Balance Forecast with Planned Spend Down

	Actual FY23	Projected FY24	Projected FY25	Projected FY26	Projected FY27	Projected FY28
Beginning Tuition Fund Equity Balance	\$20.8	\$18.9	\$17.8	\$17.0	\$16.3	\$16.3
Change in Net Assets	(\$1.9)	(\$0.3)	(\$0.2)	\$0.2	\$0.4	\$0.6
Additional Planned Spend Down		(\$0.8)	(\$0.6)	(\$0.9)	(\$0.4)	(\$0.4)
Ending Fund Equity Balance	\$18.9	\$17.8	\$17.0	\$16.3	\$16.3	\$16.5
Cumulative Impact on Fund Balance		(\$1.1)	(\$1.9)	(\$2.6)	(\$2.6)	(\$2.4)



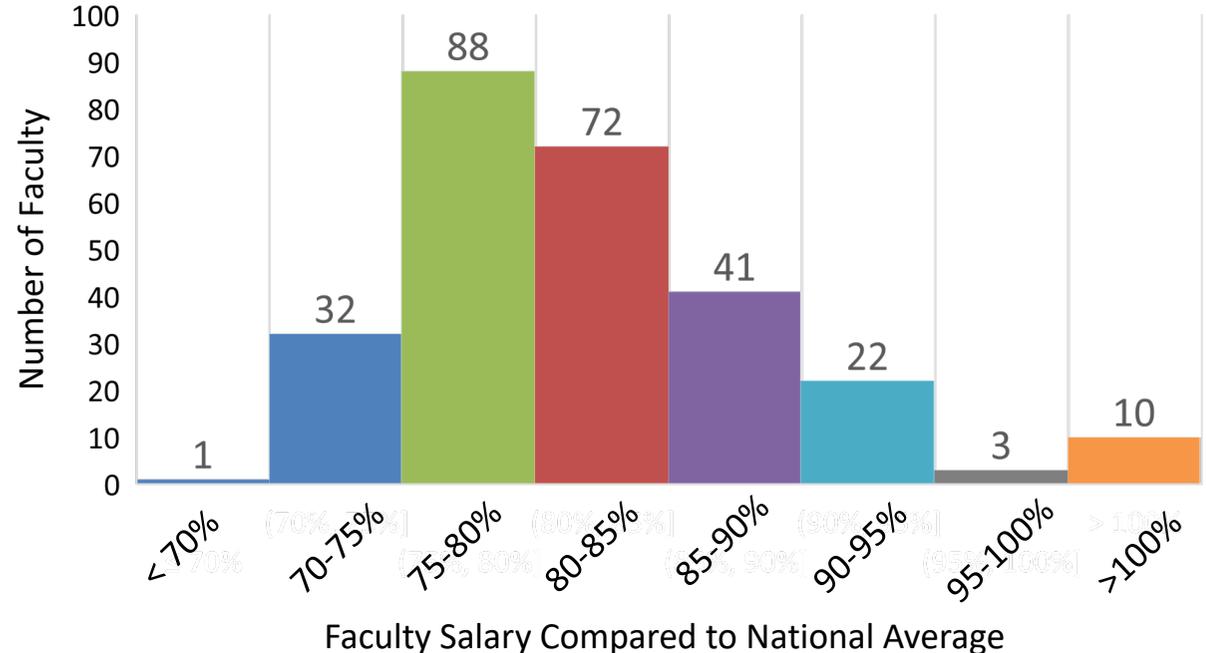
Salary Competition

Average UWSP faculty salary is \$15,806 below national average

UWSP would need:

- **\$4.36M** to move all faculty above national average
- **\$2.13M** to move all faculty to at least 90% of national average
- **\$420,000** to move all faculty to at least 80% of national average

UWSP Faculty Salary Compared to National Average





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