

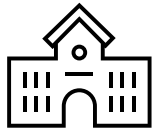


# UW-Superior Review

# The Current State Assessment Highlights the Case for Change

While Superior has promising opportunities for revenue growth through expanding grants and online graduate programs, financial and demographic challenges have led to a structural deficit that will require Superior to make important decisions about the university's future.

## Superior's mission as an access institution is to bring educational opportunities to Northwest Wisconsin and beyond



Superior offers small class sizes and **unique programs of distinction**, including Transportation and Logistics Management and **significant research opportunities** through 4 research institutes on campus. Superior also has strong grant activity despite being the smallest UW comprehensive campus.

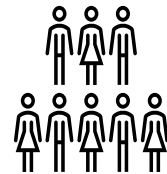


As an early adopter of online education, Superior's **online graduate programs are a bright spot**, evidenced by GR headcount increasing 260% since Fall '11 (to 352 FTE as of Fall '23), attributed to growth in online licensure programs for teaching and counseling. Superior has also expanded online UG programs, including a business program geared toward degree completers.

## ...but challenges, including declining UG enrollment, low retention, and financial instability threaten its future



**Declining UG enrollment** (-24.4% from Fall '11-23), increasing **competition** from MN's North Star Promise Program (beginning Fall '24) and a shrinking pool of HS graduates **threaten Superior's traditional student base**.

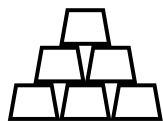


Superior has the **second lowest retention in the system** (70.7% as of Fall '23), which many stakeholders attribute to financial, social, and mental health pressures impacting students, particularly first-generation and low-income students.

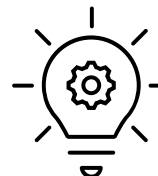


Superior faces an **ongoing structural deficit of -\$1.5M (FY 2023)** that is projected to grow as COVID-19 funds are no longer available to fill budget gaps, expenses are rebounding from pandemic levels, and enrollments are down slightly (4 FTEs) for Fall 2023.

## ...therefore, to ensure Superior's continued success, it's critical that leadership consider transformational opportunities



**Absent change** to the status quo, Superior will **struggle to resolve its structural deficit** as the state participation rate in the UW System declines and the traditional college applicant pool shrinks; these trends could result in depletion of the tuition fund balance by FY28.



The path to setting Superior up for a bright and viable future begins now, with an intentional focus on resolving its structural deficit. Based on the current state assessment, it is **critical that leadership evaluate both revenue growth and expense saving strategies** to enable continued mission fulfillment.

# The Path Forward Should Leverage Strengths and Address Challenges

Absent change, 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...



### Programs of Distinction and Research

Strong grant activity, in part due to LSRI, coupled with the Transportation and Logistics Mgmt. program, position Superior to attract and better retain students and faculty with unique offerings



### Community Partnerships

Superior's central role in the Twin Ports community positions it to further capitalize on opportunities with community partners and P3 partnerships to augment new programs, services, and/or facilities



### Growing Areas of Student Interest

Many stakeholders noted ongoing investment in new sports (e.g., E-sports, lacrosse) may expand Superior's pool of traditional UG students, boost retention, and identify alternate revenue sources



### Ongoing Program Optimization

Superior's dedication to deliberate and planned strengthening of the academic portfolio is evidenced by its Continuous Academic Program Monitoring and Review Policy



### Supportive Faculty and Staff

Superior faculty and staff are known for their culture of care mentality that provides support to students through graduation

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

### Shift in Enrollment Mix

- Since Fall '11, Superior's UG FTE enrollment has declined 24.4%
- While GR enrollment has been a bright spot with the success of online programs, this growth has not fully mitigated UG declines; stakeholders noted it takes two GR students to offset the lost revenue of one UG student

### Limited State Appropriations

- The *Wisconsin State Journal* reports WI ranks 43rd in state funding / student<sup>1</sup>
- Future state budgets, regulatory complexity, and economic uncertainty add further risk to Superior's long-term outlook as the institution has become increasingly dependent on State Appropriations

### Second Lowest Retention Rate in System

- Superior's 1-year retention rate for FTFT students is the second lowest in the System; retention for first year freshmen was reported at 70.7% as of Fall '23 (entering cohort of Fall 2022), and by the 4th year, Superior only retains 41.6% of its freshmen cohort (as of most current year)

### High OPM Revenue Share

- While online graduate enrollment has increased, the 50% revenue sharing model with Academic Partnerships heavily cuts into Superior's operating margins

### Low Employee Morale/Salary Compression

- As competition for talent has increased, new hire salaries have also increased, resulting in salary compression and low employee morale among existing employees

### Embracing Stop/ Start/ Continue

- While Superior has made progress in several areas with new initiatives, stakeholders also acknowledged that Superior is "not great at saying what it's going to stop doing"

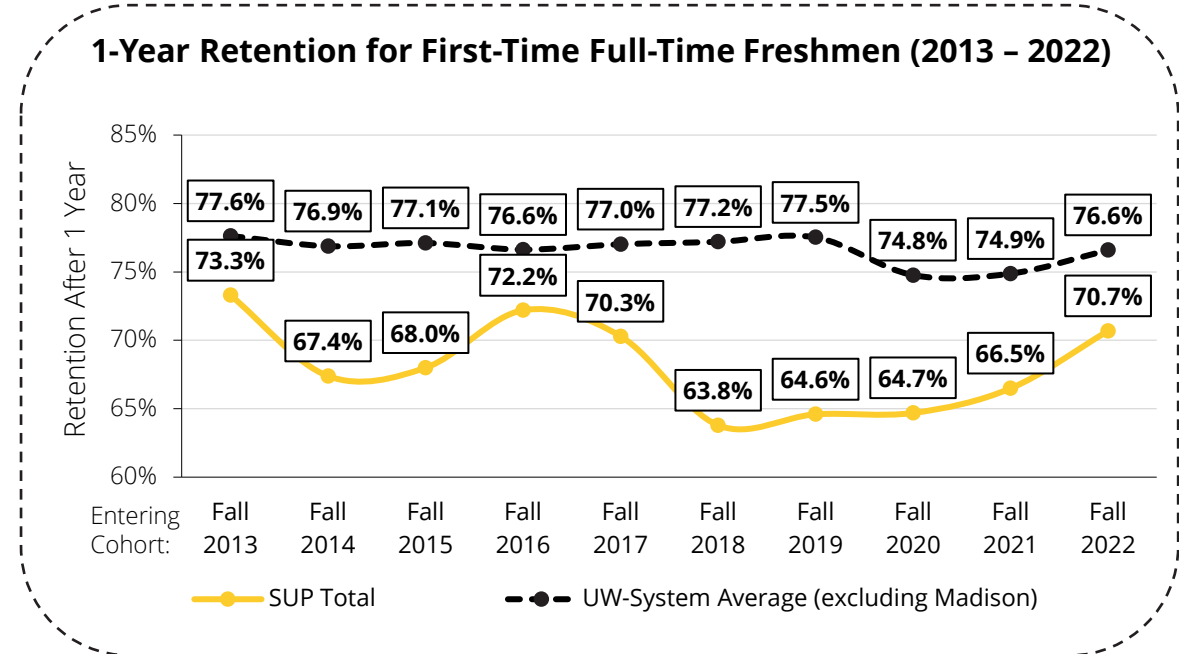
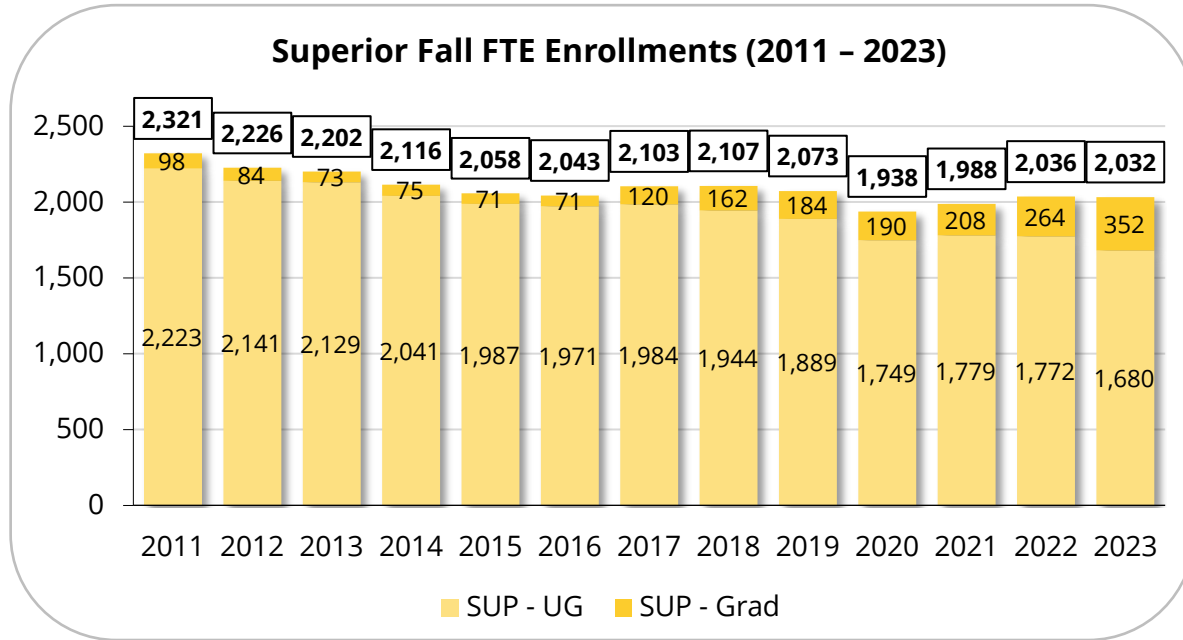
External Market Pressures

Internal Operating Model Challenges

<sup>1</sup> Source: Wisconsin State Journal; State funding for Universities of Wisconsin ranks 43rd in nation as tech college spending outpaces it, report shows

# Low Retention is Contributing to Enrollment Challenges at Superior

Declining total FTE enrollment from a peak of 2,321 in Fall 2011 to 2,032 in Fall 2023, combined with retention rates that historically, and at present, are well below the Universities of Wisconsin average, has applied pressure to Superior's financial position.



## Superior's FTE enrollment is down 12.4% since 2011...

- **Since 2011, Superior's total FTE enrollment has declined by 12.4%** or by a 1.1% Compound Annual Growth Rate (CAGR), **driven by declines in undergraduate students, which declined 24.4%** or by a -2.3% CAGR over this same period.
- **Growth in graduate enrollment has helped mitigate overall declines**, largely **attributed to success in expanding online licensure programs** for teaching and counseling, the latter of which has seen robust growth recently; by comparison **graduate FTE enrollment increased 260.4% over this same period.**

## ...which is influenced by below average retention rates

- While Superior's retention has improved since 2018, **as of Fall 2023, its 1-year retention rate for FTFT freshmen of 70.7% was the second lowest among the Universities of Wisconsin.** By the 4th year, UW-Superior only retains about 41.6% of its entering freshmen cohort (as of Fall 2023 data).
- Campus stakeholders attribute the low retention levels **to financial, social, and mental health pressures impacting students, particularly first-generation and low-income students.** Even given this challenge, increasing retention will be a key factor for SUP to stabilize and grow enrollment.

# Declining UG Degree Conferrals May Signal Opportunities

## Program and Workforce Alignment

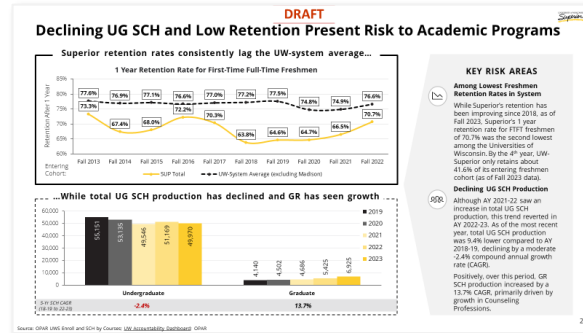
Superior's academic portfolio demonstrates moderate alignment to labor market demands...

Occupational Group / Title	Annual Openings	SUP Degrees
<b>Business and Financial Operations</b>	<b>5,714</b>	
Management Analysts	1,780	✔
Market Research Analysts and Marketing	1,693	
Human Resources Specialists	1,655	✔
Logisticians	586	✔
<b>Management</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</b>	<b>3,490</b>	
Software Dev. and Software QA Analysts [...]	2,961	✔
Web Developers and Digital Designers	529	✔
<b>Architecture and Engineering</b>	<b>2,213</b>	
Industrial Engineers	946	
Mechanical Engineers	774	
Civil Engineers	493	
<b>Community and Social Services</b>	<b>1,616</b>	
Substance, Behavioral, and Mental Health Services	765	✔
Child, Family, and Social Services	447	✔
Healthcare Social Workers	404	✔
<b>Healthcare Practitioners</b>	<b>107</b>	
Clinical Laboratory Technicians	503	
Nurse Practitioners	504	
<b>Sales and Related</b>	<b>1,339</b>	
Sales Representatives	439	

In AY 2023, Superior conferred degrees that prepared graduates for approximately **55% of the 'Wisconsin Top 20 Hot Jobs'**, demonstrating moderate alignment to the WI labor market.

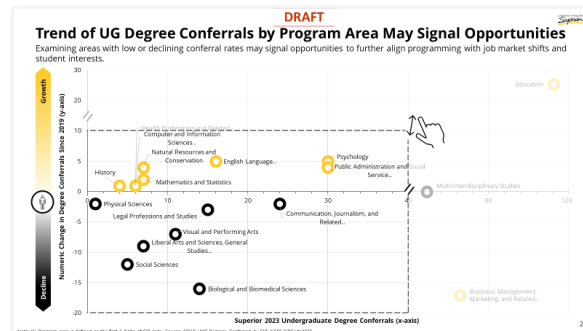
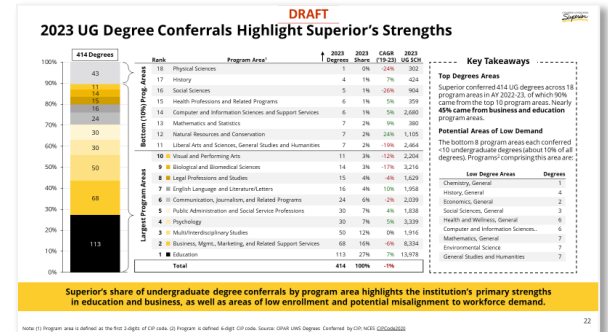
## Degree Conferrals and Credit Hour Production

...but trends in degree conferrals and SCH may signal an opportunity to (more strongly) re-align to both student and market demands



While SUP's undergraduate conferrals highlight the campus' strengths in education and business, there are several program areas<sup>1</sup> conferring a relatively small number of degrees.

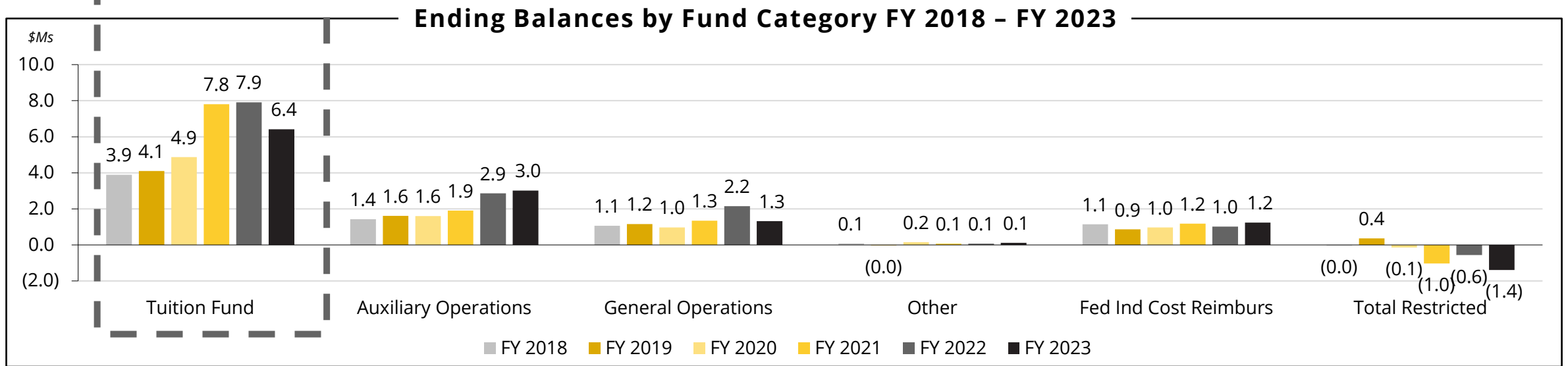
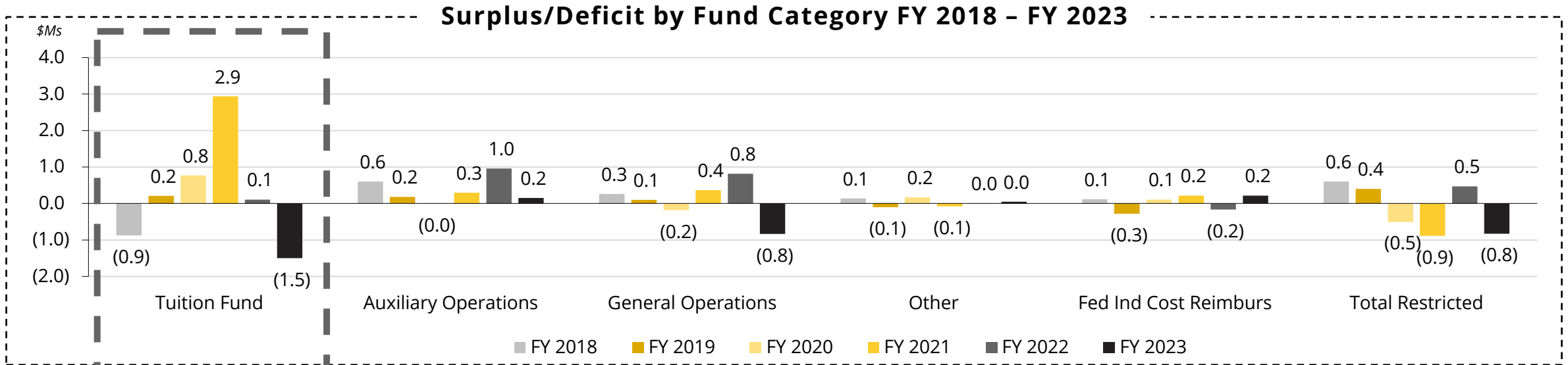
Undergraduate **SCH production has declined 9%** since AY 18-19. Positively, over this period, Graduate SCH production increased, primarily driven by growth in Counseling Professions.



Additionally, many undergraduate program areas<sup>1</sup> have seen **declines in degree conferrals** over the last five years from AY 2018-19 to AY 2022-23.

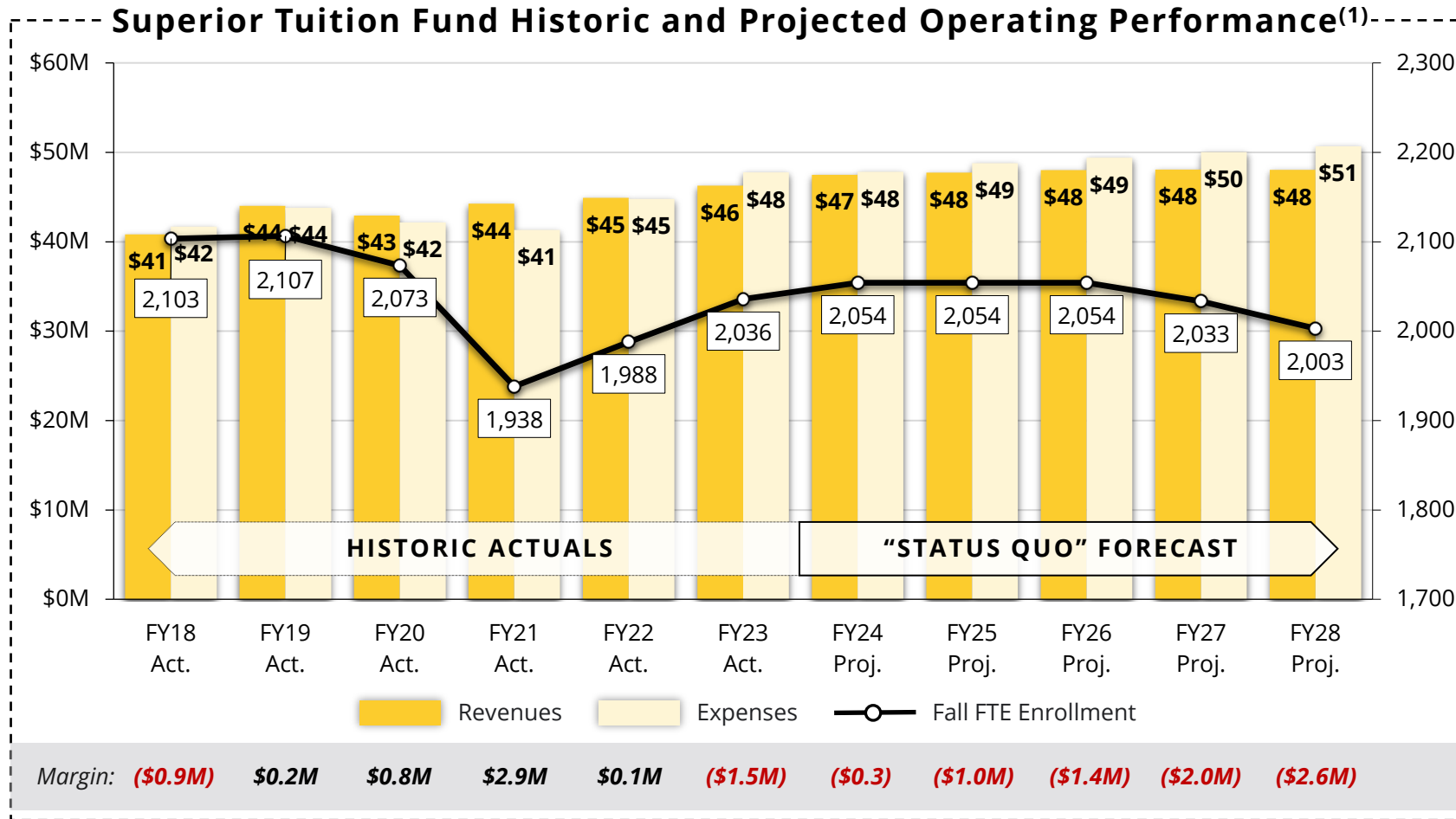
# Overall Structural Deficits Have Been Masked by Federal COVID-19 Aid

Superior's tuition balance grew to \$7.9M at FYE22 with the help of COVID-19 federal aid. Superior's FY23 deficit of \$1.5M began to erode that balance (to \$6.4M), and any continued operating deficits will further limit resource flexibility if no action is taken.



# “Status Quo” Baseline Financial Forecast Results

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



## KEY DRIVERS



### FTE Enrollment

Enrollment FTEs are assumed to stay relatively flat through FY26, before declining -1.0% in FY27 and -1.5% in FY28, accounting for declining WI HS graduates, falling participation rates, and the introduction of Minnesota's North Star Promise



### Expense Growth

While historic expense growth has been mitigated by vacancy savings and furloughs during the pandemic, costs tied to rising Salaries (4.0% modeled in FY24, 2.0% in FY25, and 1.0% annually thereafter) and Benefits, as well as growth in Supplies (3.0% modeled annually in FY25-FY28), are assumed to rebound and increase in the future, driving significant bottom-line pressure

**Assuming current trends continue, and Superior does not make any changes to existing operations, the “Status Quo” model forecasts worsening operating performance driven with growing expense pressures amidst relatively flat enrollment and tuition revenues.**

# “Status Quo” Baseline Tuition Fund Balance Forecast

Superior’s forecasted changes in net assets are projected to have a negative financial impact on the tuition fund equity balance, fully deteriorating the balance in five years by FYE 2028.

## Projected Financial Impact on Tuition Fund Equity Balance

Superior Tuition Fund Equity Balance Baseline Projections						
Superior (\$Ms)	FYE 2023 Actual	FYE 2024 Proj.	FYE 2025 Proj.	FYE 2026 Proj.	FYE 2027 Proj.	FYE 2028 Proj.
Beginning Tuition Fund Equity Balance	\$7.9	\$6.4	\$6.1	\$5.0	\$3.6	\$1.7
Change in Net Assets	(\$1.5)	(\$0.3)	(\$1.0)	(\$1.4)	(\$2.0)	(\$2.6)
Ending Fund Equity Balance	\$6.4	\$6.1	\$5.0	\$3.6	\$1.7	(\$1.0)
Cumulative Impact on Fund Balance	---	(\$0.3)	(\$1.4)	(\$2.8)	(\$4.7)	(\$7.4)

### KEY TAKEAWAYS



**Current Fund Equity Balance**  
After being buoyed by COVID-19 aid in recent years, Superior’s tuition fund equity grew to a peak of \$7.9M at FYE 2022. However, following a \$1.5M operating deficit in FY 2023, the tuition fund balance declined to \$6.4M.



**Enrollment and Expense Pressure are Key Drivers of Deficit and Liquidity Strain**  
Falling enrollments in tandem with rising expenses are the main drivers of the “Status Quo” projected deficits. To preserve fund equity and resolve the existing structural deficit, Superior should align operations to enrollment at the institution given the size of the current student body.

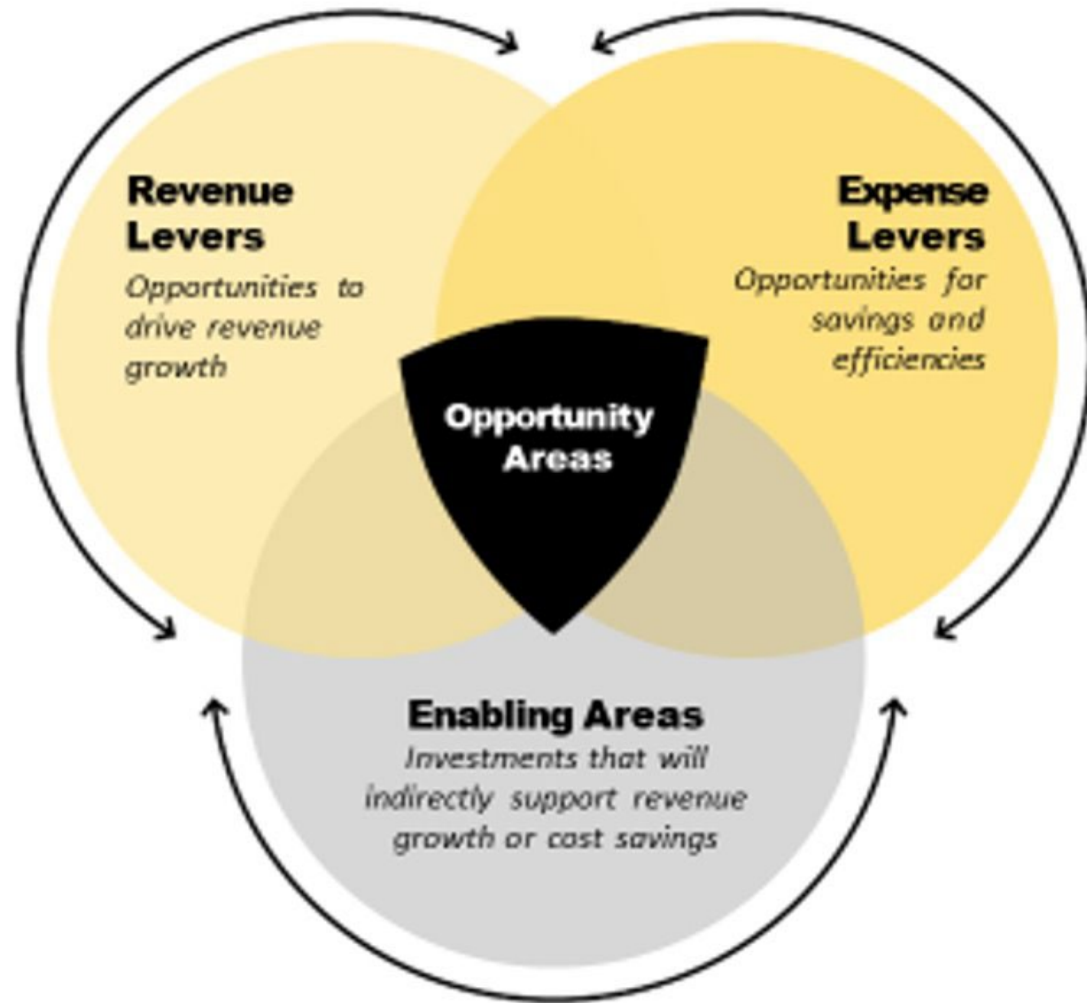
**Assuming Superior does not make any changes to existing operations, the “Status Quo” model forecasts depletion of Tuition Fund Equity within five years. If balances fall at this rate, Superior will not be in a position to meet current obligations.**



UNIVERSITY *of* WISCONSIN

*Superior*

A thick, yellow, hand-painted brushstroke underline that spans the width of the word 'Superior' and extends slightly beyond its left and right edges. The stroke has a rough, textured appearance with some darker spots, suggesting it was made with a brush.



We have been working in three areas to address changes in the marketplace and operating environment even prior to the Deloitte Report



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## ***Revenue - Retention***

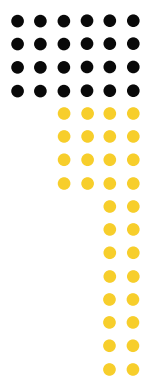
### **Title III Grant - \$2 M five-year grant**

Goals: Increase and sustain enrollment at 2,611 by increasing 1st to 2nd year retention rates from 65% to 73% (a 12% increase) and increasing 6-year graduation rates from 44% to 52% (an 18% increase).

Provide consistent advising, increase career advising, detect and intervene earlier on behalf of at-risk students, hired case manager to handle high need students

### **Other Process Improvements:**

- Reexamining holds placed on student accounts
- Using data analytics and reporting earlier to improve advising and flag problems
- Revising suspension/probation process to be easier and course correcting
- Instituted experiential learning in every class, internships as a high impact practice, tighter coordination of general education (University Studies)



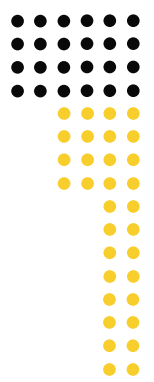
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## ***Revenue - Retention***

### **Revision of the First Year Experience – Multi-prong**

Goals: Reduce duplication of information, focus on belonging and college success, career orientation, streamline processes

- Comprehensive and integrated revision of:
  - Admissions Process Revisions – family and student friendly – preferences and needs
  - Revision of Summer Orientation And Registration (SOAR) – one stop, career focus
  - Revision of Weekend of Welcome – the first few days on campus – greater focus on belonging and learning how to navigate college life – career focus
  - Revision of Key Course in first semester to focus on key elements of student success such as financial literacy, meeting key student offices, learning how to engage in proactive advisement, practicing with the Navigate tool, study skills and many more – segmenting students based on predictive analytics
- First Year map to guide students through appropriate first year opportunities
- End of First Year celebration for First Year students



## ***Revenue – Enrollment***

**Collaborative process between admissions, continuing education, academic affairs, and marketing to diversify and strengthen program array**

- Aggressive Dual Enrollment and Regional Outreach Strategies, leveraging NOAA grant for science outreach; increasing dual enrollment by 30% each year over 3 years
- Direct Admissions Participant – 9 districts in our region participating; other outreach strategies
- International students – strengthen our competitive advantage as 2<sup>nd</sup> largest % enrollment of UW's, Shorelight, Beijing Wuzi University (BWU) for Transportation and Logistics Program students
- Create RN-BSN completion program via partnerships with Northwoods Tech and Essentia Health
- Increase in Micro-credentials – from 7 to 20 in last two years; career related
- Using UPCEA to provide market-based data on 6 potential new programs
- Aggressive online marketing for online programs
- New Transfer Center with increased advising and streamlining processes for easy admit



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## ***E-SPORTS – Retention and Enrollment***

- Varsity, club, and recreational E-Sports programs will begin this spring and offer students an exciting opportunity to compete for UW-Superior against competitors at colleges and universities across the nation.
- A dedicated competition gaming room with gaming stations, lounge and observation areas is currently under construction in Swenson.

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***SADIE ANN –  
Presents  
Opportunities***

Arriving Spring 2024





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## ***Expenses and Enablers***

- Instituted Quarterly Monitoring of KPIs and fiscal standing
- Initiating Energy Audit this semester – utilities are an area of concern
- Personnel highest cost - every open position tied to unit performance or strategic goal – consideration of position descriptions – looking for efficiencies
- One-time budget allocations tied to strategic priorities
- Enhancing use of data analytics to assess ROI and impact
- Strengthening the Integrated Planning and Budgeting Process to ensure tight focus on strategic priorities and efficiencies across divisions
- Instituting stop, start, continue practice from Deloitte