“Resources for Excellence”
Financial Managers Meeting October 10, 2017
Laurent Heller, Vice Chancellor for Finance & Administration
Agenda

• Introduction and observations
• UW-Madison current state
• Strategic imperatives (Investment needs and funding mechanisms)
Reflections and highlights

- E.I.D. – campus conversations
- Title & Total Comp
- VCFA IT Study
- Business Services items that bolster work on internal controls (e.g. P&L report) or other related areas
UW–Madison remains a uniquely excellent university

• Record-setting applications
• Outstanding retention rate
• Tremendous economic impact on the state and beyond
• Graduation rates are up
• Time-to-degree is down
• Our research enterprise is thriving
• The Wisconsin Idea continues to inspire and connect us to the people of the state
However, we face multiple challenges

- Rankings (reputation and resources)
- Research investment
- Facilities upkeep and condition
- Financial performance
We know how to reverse these trends (and we’ve started taking action)

**Investment Priorities**
- Maintain and grow faculty excellence
- Expand and improve research
- Improve student access
- Enhance the educational experience

**Recent Announcements**
- Launch Badger Promise
- Expand UW 2020
- Restart cluster hire program
- Increased compensation programs (faculty & staff)
- Lots of other ideas ...

The investment priorities require broad strategic thinking, execution excellence, and substantial new revenue to ensure delivery
Sources of UW-Madison funds (excludes capital) in $000s

- Sales of Educ Activities & Aux: $451,742 (19%)
- Net Tuition and Fees: $413,842 (17%)
- State Appropriations: $387,773 (16%)
- Contracts & Grants: $830,923 (34%)
- Private Gifts: $272,492 (11%)
- Other: $85,171 (3%)

$2.4 billion total
To better understand our position, we launched the financial benchmarking project...

The universities used throughout this section are some of those UW-Madison competes with for top faculty and students.
UW–Madison has shown fantastic expense discipline

Operating Expenditures
Annual Rate of Growth 2005 - 2015

Compound Annual Growth Rate (CAGR)

- UW-Madison
- Indiana
- Purdue
- Minnesota
- UVA
- Illinois
- Michigan
- UC Berkeley
- Penn State
- UNC
- Washington
- Stanford
UW–Madison’s revenue growth lags peers

Total Revenue
Annual Rate of Growth 2005 - 2015

Compound Annual Growth Rate (CAGR)
State appropriations

State Appropriations
Annual Rate of Growth 2005 - 2015

Compound Annual Growth Rate (CAGR)

Washington  Berkeley  Penn State  Michigan  UW-Madison  UVA  UNC
Why do these financial trends matter?

If these trends continue for another decade, UW-Madison will not have the resources we need to remain competitive.
Entrepreneurial Strategies to Tap New Revenue Sources

1. Expand summer semester
2. Grow programs for professionals
3. Set market-based tuition
4. Explore student mix & numbers
5. Grow alumni support
6. Grow research funds
Revitalized strategic plan required to deliver the revenue to support these investments

1. Improve Campus Life
2. Be a Best Place to Work
3. Enhance Financial Performance & Growth
4. Ensure Service Excellence
5. Campus Infrastructure & Investment
Enhance Financial Performance and Growth

- Develop **5-year financial strategy** and associated projection model to deliver substantial revenue growth to fund campus reinvestment needs (Heller - 2018)

- Implement appropriate policies and procedures to advance the **financial internal controls project**, improving controls and safeguarding assets (Langer - 2018-2020)

- Develop & implement **strategic sourcing** project to save the campus substantial costs on purchased materials and services (Langer - 2018-2020)
Ensure Service Excellence

• Conduct new process to review, prioritize, and implement the current inventory of process improvement efforts currently under way across Finance & Administration (Faust – 2018-20)

• Improve **campus reporting tools and data management** to provide reliable information to campus staff and leadership at all levels (Fishbain/ Norris – 2018-20)

• Finalize and implement the **VCFA IT Study** team recommendations to improve service quality, reliability, and cost efficiency (Burrow – 2018-20)
Reinvestment priorities

• Maintain and grow faculty excellence
• Expand and improve research
• Improve student access
• Enhance the educational experience
• “Operational excellence” – ensure that our employees and our infrastructure are positioned to support the growth
On Wisconsin!

Questions?
Appendix
Net tuition and fees

Net Tuition & Fees
Annual Rate of Growth 2005 - 2015

Compound Annual Growth Rate (CAGR)
If 2010 – 2015 enrollment growth mirrored these publics, we’d have 3,400 – 4,300 more students.
## Key investments to further the academic mission

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<thead>
<tr>
<th>Category</th>
<th>Investment</th>
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<tbody>
<tr>
<td>Maintain and Grow Faculty Excellence</td>
<td>• Additional faculty lines</td>
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<td></td>
<td>• Faculty salary</td>
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<td>• Expand and retain high potential diverse faculty</td>
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<td>• Cluster hires</td>
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<td>Improve Student Access</td>
<td>• 1&lt;sup&gt;st&lt;/sup&gt; generation and disadvantaged groups scholarship programs</td>
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<td></td>
<td>• Expand support for low and mid income students, including debt reduction support</td>
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<td>• Increase competitiveness for top students (v other elite schools)</td>
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<td>Expand and Improve Research</td>
<td>• Competitive support for GAs</td>
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<td>• Seed funding for new cluster centers</td>
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<td>• Enhanced infrastructure for philanthropy and research</td>
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<td>• Strengthen partnerships with private sector research efforts</td>
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<td>Enhance the Educational Experience</td>
<td>• Non-class learning (e.g. distance learning for mid-career)</td>
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<td>• Student Services (advising, ESL, etc.)</td>
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<td>• Modernize classrooms for active learning/help faculty retool classes to utilize these resources</td>
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<td>Operational Excellence</td>
<td>• Ensure we retain our best people, bringing academic and university staff salaries to market</td>
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<td>• Infrastructure and Technology capability upgrades (on-going)</td>
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Revamping our strategic plan using the OGSP format “Objective, Goals, Strategies, and Plans”

1. Improve Campus Life – includes focus on workplace safety
2. Be a Best Place to Work – includes Title & Total Compensation study
3. Enhance Financial Performance and Growth
4. Ensure Service Excellence
5. Campus Infrastructure and Investment – includes implementation of new campus budget system