

University of Wisconsin – Milwaukee
2030 Think Tank
Meeting MINUTES

January 21, 2020, 3:30 – 5:00 p.m.

Lubar Entrepreneurship Center - Jendusa Conference Room

Present: Jennifer Doering, Kathy Dolan, Jackie Fredrick, Scott Gronert, Margaret Noodin, Kris O'Connor, Wilkistar Otieno, James Peoples, Paul Roebber, Chia Vang, Leigh Wallace, Stan Yasaitis

Absent: Laretta Henderson, Alejandra Lopez, Connor Mathias

Guests: Drew Knab, Cindy Kluge

The meeting was called to order at 3:33 p.m.

1. Approval of the agenda
Switch items 4 and 5 – new business before old. Minutes approved as amended.
2. Approval of January 15, 2020 minutes
Minutes approved as distributed.
3. Announcements
The Co-chairs just met with Chancellor Mone and Provost Britz, who wanted to know if the committee had made any significant decision yet.
 - a. They reiterated big/bold thinking rather than incremental changes or simply improving current practices.
 - b. Chancellor Mone suggested a conversation with Scott Cowen about his thoughts on about leadership and mission in higher education.
 - c. They suggested the committee set up feedback sessions with governance bodies (faculty, academic staff, university staff, and students). Kris O'Connor conveyed that the committee might have something substantive to share by late February.
 - d. Chancellor Mone noted that UWM needs a bigger share of GPR (General Purpose Revenue) and the importance of advocating for this with the future system president.
 - e. The Chancellor and Provost offered to join a future committee meeting if helpful. The committee indicated such a visit would be welcomed and suggested that the visit be a discussion rather than a presentation of their thoughts, would be most helpful.
4. New Business
UWM Budgeting Overview – Drew Knab and Cindy Kluge
 - a. Background on finances at UWM.
Finance doesn't drive strategy-strategy should drive finance.
 - b. Public higher ed finance terminology
 - i. Fund accounting – different restrictions by type of fund
 1. State support

- a. Unrestricted operating expenses are primarily at the Chancellor's discretion
 - b. Virtually everything has "strings attached"
 - c. As a public entity, there are rules for just about everything
 - 2. Tuition and fees
 - 3. Auxiliary revenues
 - 4. Miscellaneous revenues
 - 5. Contracts and grants
 - 6. Gifts
- ii. Basis of accounting – accrual v. cash
- c. Major revenue/expense drivers
 - 55-60% of our revenues are enrollment driven
 - 20% of our revenues are auxiliary funds

Drew presented data showing that the tuition and fee revenue trend is downward for UWM in recent years due to demographic changes, and the relative revenue when adjusted for inflation has also decreased because of the tuition freeze. These two factors are highly problematic because our reliance on tuition and fees has gone up.

UWM receives about 1/3 less in state operating revenues than Madison; while having the same research mission. UWM also receives 1/3 to 1/2 the state funding of comparable R1 universities. This is a historical problem that further constrains UWM's ability to meet its core mission.

- d. Expenditures
 - 65% of our costs are compensation-driven
 - 37% of our costs are for support operations and services

UWM may be okay right now, but the campus needs to make changes in the next 1-3 years to minimize future financial stresses.

UWM received \$8M from the State for management of the two-year colleges, which helps fill the structural and operating deficits of taking on the colleges.

Drew presented IPEDS data, which looks at core expenses – functional expenditures: teaching, research, academic support, etc. This is a national database that allows comparison with peer institutions. UWM spending is in line with other R1 universities, except for student services and research. We spend much more than our peers on student services. This could be due to the access nature of our mission. We spend much less on research, which challenges our ability to retain our R1 status.

- e. UWM budget model

There are four budget models:

Incremental – central control of all resources

Formula-based

Revenue Centered (RCM) – distributed control of resources

Hybrid – most common (mix of models)

Most successful models according to Drew follow the following principles:

- Provide clarity over institutional economics
- Flexible to accommodate priorities/strategic plans
- Incentivize desired behaviors
- Encourage data-based decision-making

The New Budget Model Timeline was described:

- September: Develop revenue forecast – how much goes to each pool (school-college/infrastructure-support)

Basis for fund allocation:

- 70% Student Credit Hours
- 20% Research
- 10% Degrees granted
- October: Establish unadjusted budget
- November/December: Establish adjusted budget
- December/January: Establish central support services
 - 62% schools and colleges
 - 38% central support and infrastructure
- Determine strategic initiatives funding

- f. Question: What is your view of 2030? What might fundamentally change the model?
Answer: Our program mix is problematic. We have to spread resources too thin. We need to think big about program structure and where we want to invest. We need to think about what type of student body we really want to focus on. Class composition influences retention. Kris noted that IPEDS data from research universities indicates that for every point you add in 1st to 2nd year retention, you increase two points in graduation rates.

Question: What do you see in the two-year colleges?

Answer: We can't NOT integrate them. Smaller general education classes are a trend. This may be an answer for us.

UWM is only getting a small share of the 2500 MATC transfer students. The privates accept more of their credits and offer lower tuition.

We are challenged in terms of our reputation in the community around diversity and the perception of inclusion on campus.

Question: Where do we see big areas of growth and where do we want to invest?

Collective answer from the committee: We spend more than other institutions on student services, yet our retention and graduation rates are lower than peers. We need to re-examine whether those funds are being used most optimally. There is a strong belief on the committee that the campus is spending these funds in the wrong place. Drew will send the breakdown of student services costs to the committee.

We could be challenged to think big until we address the pressing current problems. However, our opportunity is to act now instead of wait to make decisions when in a financial crisis.

5. Old Business – tabled to next meeting.
6. Future Scheduling –
 - Co-chairs will meet with Leigh Wallace and Brian Thompson on Thursday, January 23.
 - January 24 – Structure of Planning Discussion
 - Address old business at start of 1/24 meeting
 - COET Report

Last comments

1. Drew was great and will come back whenever we want.
2. Program decisions shouldn't be made based only on numbers, but they do help us see the big picture.
3. On Friday, we can ask for the data we need.
4. We've been focused on undergraduate students; let's also look at graduate students and who's coming back for certificates.

The meeting adjourned at 5:07 p.m.