

EXECUTIVE SUMMARY

DEGREE OF DIFFICULTY

UWM's Challenges in a Turbulent Time



WISCONSIN
POLICY FORUM

In a state where most higher education institutions are working to address financial and enrollment challenges, the University of Wisconsin-Milwaukee faces some of the greatest difficulties of all. UWM’s steep enrollment drop has exacerbated the effects of an eight-year tuition freeze and lagging state funding, forcing cuts to faculty, eroding reserves and research spending, and threatening efforts to raise retention and graduation rates. COVID-19 has added to those difficulties, racking up costs and lost revenues that not even three generous rounds of federal aid have been able to cover.

In December, the Wisconsin Policy Forum published “[Falling Behind?](#)”, a comprehensive review of the state’s public colleges and universities with a particular focus on UW-Madison. This report builds on that work by examining the successes and difficulties for the state’s other major public research university, including how its fiscal health compares to peer public urban research institutions.

UWM Faces Challenging Fiscal and Enrollment Trends

UWM provides crucial access to higher education, serving the largest number of Black, Latino, and Southeast Asian students of any UW campus as well as the largest number of students with military or veteran status. UWM saw substantial growth in enrollment and programming during the late 1990s and 2000s that culminated in it being designated an elite R1 research institution in 2016 – one of only 131 universities nationally and two in Wisconsin with this status.

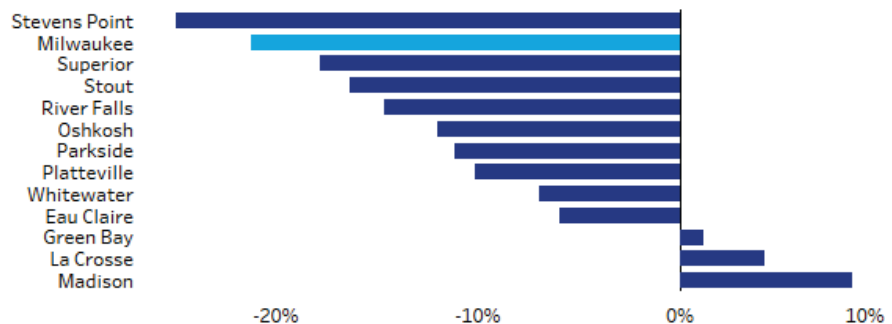
Still, sustained efforts are needed to safeguard UWM’s crucial mission in light of these headwinds:

- State funding for the university has fallen from nearly equal to tuition revenue in 2008 to being 28.4% lower than tuition today.
- In-state undergraduate tuition rose 127.6% at UWM between 2001 and 2011, easily outpacing inflation. Yet for the last eight years, the state has kept in-state undergraduate tuition at UWM frozen at its 2013 level of \$8,091.

- Full-time equivalent (FTE) enrollments at UWM’s main campus have fallen by 21.3% since their fall 2010 peak of 25,035 to 19,711 in 2020, the second-worst of any four-year UW System campus. In one bright spot, enrollment in 2020 was still 10.6% higher than in 2000.

Milwaukee Enrollment Decline Among the Largest in Past Decade

% change in FTE enrollment by main campus, fall 2010 to fall 2020



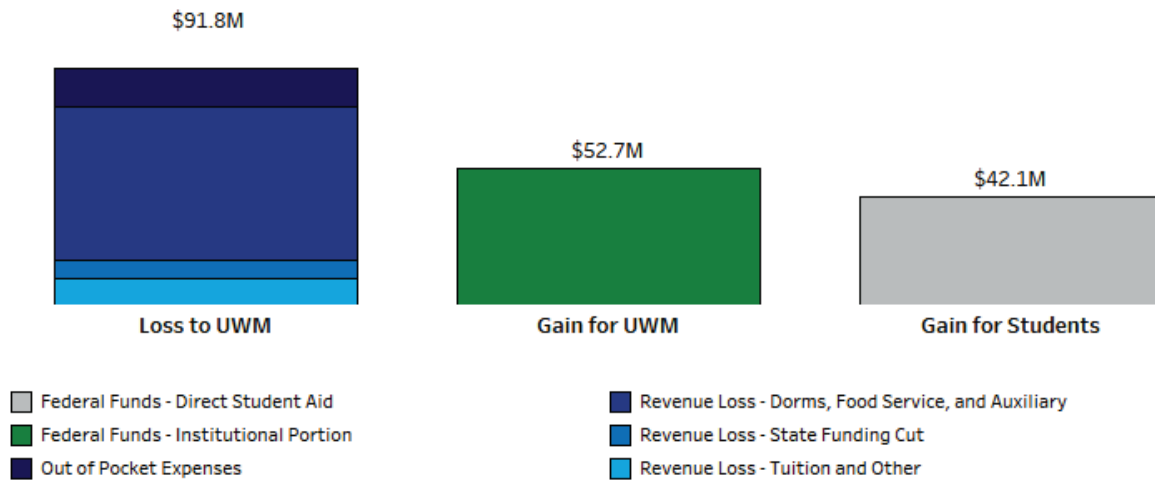
Source: University of Wisconsin System

In addition, UWM has documented \$91.8 million in total losses from the pandemic because of lower housing and dining revenues, pandemic expenses such as technology and personal protective equipment, and losses in state funding and tuition revenue. Though helpful, recent rounds of federal aid for UWM are expected to fall at least \$39 million short of covering the full impact of added expenses and lost revenues from COVID-19.



Federal Aid Covers Half of COVID-19 Losses

Lost revenues, unexpected expenses, and new federal aid for UWM from pandemic

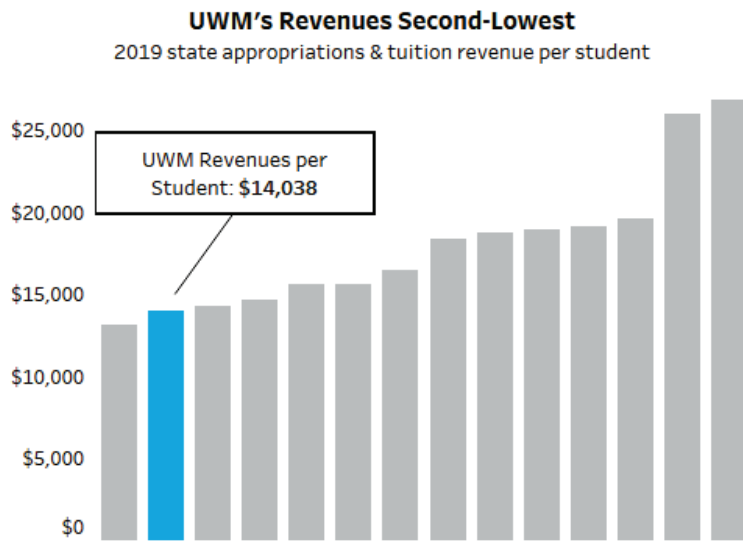


Source: University of Wisconsin-Milwaukee; Chart does not include an estimate of student losses.

UWM Trails National Peers on Key Financial Metrics

These fiscal challenges for UWM stand out when they are compared to 14 other peer urban public research universities around the country. Using Integrated Postsecondary Education Data System (IPEDS) data, we found:

- In 2019, UWM received \$5,229 in state funding per student, 27.9% below the peer group average and the third-lowest among the urban universities.
- In 2019, UWM received \$14,038 in state funding and tuition and fee revenue for each full-time student.



Source: Integrated Postsecondary Education Data System (IPEDS)

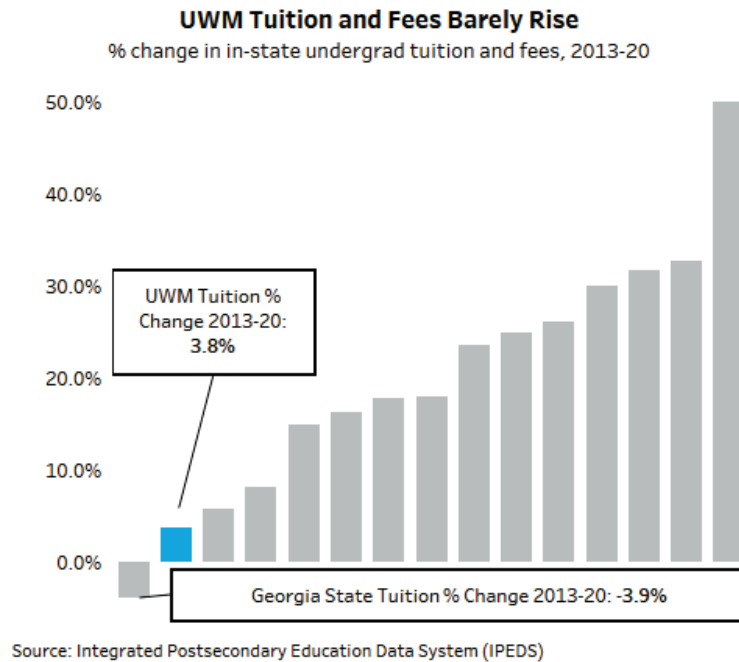
That was second lowest of its peers (above only the University of New Orleans) and was 23.1% below the average for the group of \$18,069.

- Between 2013 and 2020, in-state undergraduate tuition and required fees rose 3.8% at UWM – the smallest increase of any of the peer universities except Georgia State University. In addition, UWM’s tuition and fees were third-lowest at \$9,526 in 2020, higher than only Georgia State and the University of New Orleans.



- During the tuition freeze era running from 2013 to 2019, UWM had an FTE enrollment loss of 6.4%. That was the fourth-biggest loss among its peers and well behind the group overall, which averaged a 3.6% gain in enrollment over those years.

UWM has still made notable gains in the face of its financial and enrollment challenges. Six-year graduation rates for students seeking a bachelor's degree have improved for all students, including underrepresented minorities. Since 2000, UWM has doubled its number of health degrees and nearly tripled its number of Science, Technology, Engineering, and Math (STEM) degrees. Students now require fewer credits and less time to graduate, reducing both tuition costs and lost earnings.



Challenges remain, however, and in some areas they are daunting. Disparities in retention and graduation rates remain great for underrepresented minority students as compared to white students. Despite the improvements for minority students, white undergrads are still twice as likely as Black students to complete their bachelor's at UWM within six years.

Faculty, R&D See Drops

Our research revealed additional worrisome trends for both faculty numbers and pay and for research and development efforts. UWM now has more than 100 fewer faculty than it did in 2010 despite gaining staff through a 2018 merger with the former UW-Waukesha and UW-Washington County. UWM's Think Tank 2030 report has noted that additional faculty cuts could impact the university's research efforts and possibly its status as an R1 institution.

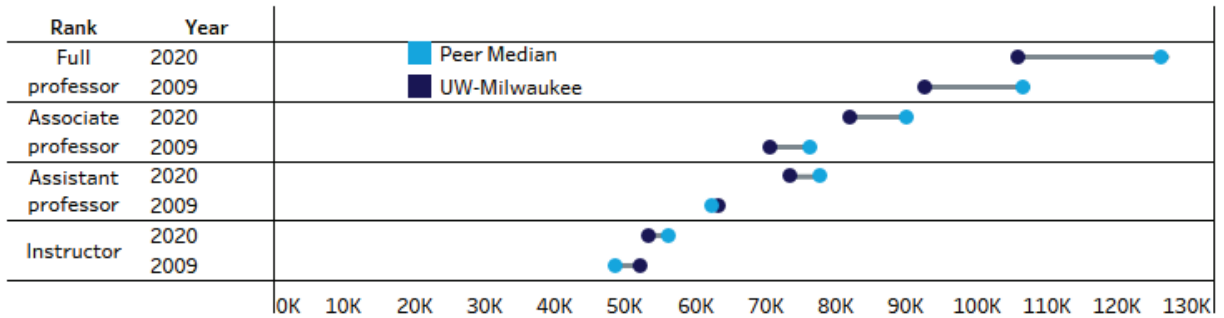
UWM also trails most of its peer universities in faculty compensation and has lost ground over the past decade in providing the competitive salaries needed to attract top faculty. In 2020, for example, full professors at UWM made \$105,884 on average. That was the third-lowest among the peer group and was 16.2% below the median salary of \$126,318 among the peer universities. In 2009, full professors averaged \$92,551 at UWM, which was 13.2% below the median for the group.

Meanwhile, over the past decade, UWM's research and development spending has fallen substantially even without accounting for inflation. Just as the rise of UWM's research efforts and its attainment of R1 status have been a benefit for the entire region, the recent decline is a concerning trend for the university and the greater Milwaukee area as a whole.



UW-Milwaukee's Salary Gaps Grow

Gaps in average salary by position and year at UW-Milwaukee versus peer universities

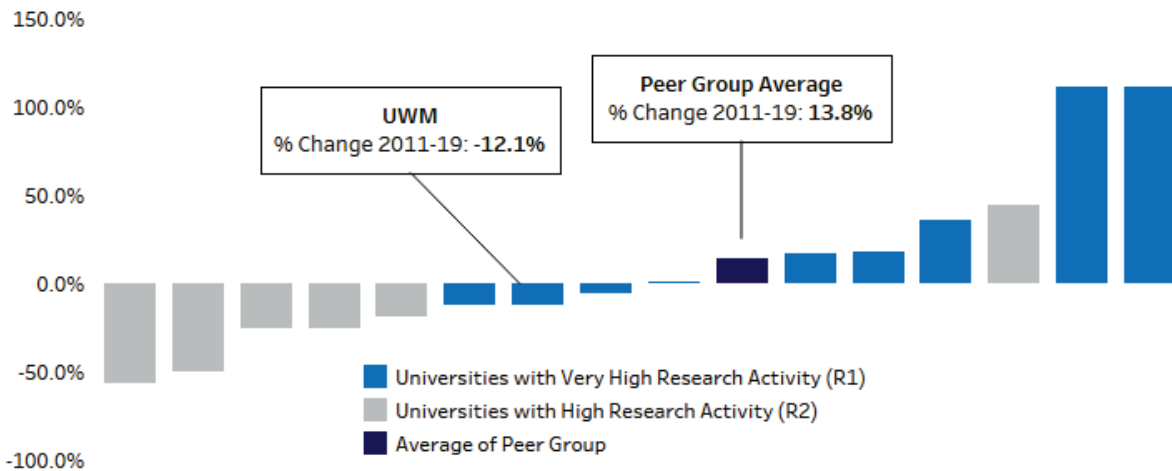


Source: IPEDS; instructor salaries for the University of Texas-Dallas were not available to include in the peer median. Lecturer salaries were excluded altogether from the chart because data on them were not available for five peers.

In raw dollars, UWM R&D spending decreased from \$61.2 million in 2011 to \$53.8 million in 2019. The 12.1% decrease was well below the 13.8% increase in spending for the 15-institution peer group over those years.

UWM R&D Spending Falls More than Most Peers

% change in R&D spending at UW-Milwaukee and peer universities, 2011-19



Source: National Center for Science and Engineering Statistics

How to move forward?

In addition to coping with COVID-19, UWM has taken steps in recent years to address its fiscal and other challenges such as cutting staff and implementing furloughs, merging with the pair of two-year UW campuses in the area, expanding digital learning, and bolstering supports for students, including those of color. The new state budget also removes the previous tuition freeze for in-state students, though it provides relatively little new state funding despite a large surplus.

We do not make specific recommendations, but UW and state leaders could consider some of the following added steps for UWM in the coming months:

- Finding targeted areas to increase state funding to UWM or financial aid to students, though that will be more difficult now that the state budget has been finalized.



- Allowing tuition to rise subject to some benchmark such as inflation or the increase adopted by a group of select peer schools. Given that many UWM students are low-income, it will be important to consider using part of any tuition increase to expand financial aid.
- Boosting enrollment by continuing to expand online instruction and supporting students of color and low-income students more effectively, including by increasing retention rates.
- Considering ways to streamline UWM's operations either to save money or to improve collaboration among different actors on campus.

So far, the pandemic has exacerbated some harmful trends for UWM but it could also serve as a clarion that calls higher education and regional and state leaders to rally around the campus and begin strengthening it. A sense of urgency is required if UWM is to remain a vital place of higher learning and an important economic driver in the region – the Greater Milwaukee area can ill afford to see further setbacks for its largest university and one of its key research institutions.

