

2021-23 Biennial Budget Talking Points UW-Milwaukee

A. UWM's Operating Budget Requests for FY 2021-23

1. Moon Shot for Equity Initiative (\$5M GPR):

In alignment with UW System's 21-23 operating budget proposal, which seeks to make education accessible to more Wisconsinites including disadvantaged populations and produce talented university graduates to fill jobs needed by Wisconsin employers, UWM proposes an additional funding opportunity for state, industry, and philanthropic investment. These funds would be used for UWM and our students.

Moon Shot for Equity is a national initiative led by EAB in collaboration with four M7 regional higher ed institutions, to increase college completion rates for all students and close equity gaps in education. This is a proven model, based on successful work at Georgia State University where achievement gaps were eliminated, and all students' success lifted. UW-Milwaukee, along with Carthage College, Milwaukee Area Technical College and UW-Parkside, are participating institutions. Launching in October 2020 in the Milwaukee region, Moon Shot for Equity's aims to accomplish the following:

"To fulfill the promise of student success we must eliminate persistent equity gaps at our colleges and universities. Our communities and our country will thrive only if all people have a fair and equal chance to gain the knowledge and skills necessary to succeed. Today that means helping many more Americans complete college degrees and credentials of value – especially those most often left behind: low-income, first-generation and students of color."

<https://eab.com/moon-shot-for-equity/>

State funding for Moon Shot would supplement institutional and philanthropic funding, particularly in the areas of student advising and other student support staffing. Institutional resources are being used towards IT systems in support of student success and completely policy review and need-based scholarships. Philanthropic funding is being used for student scholarships and emergency grants.

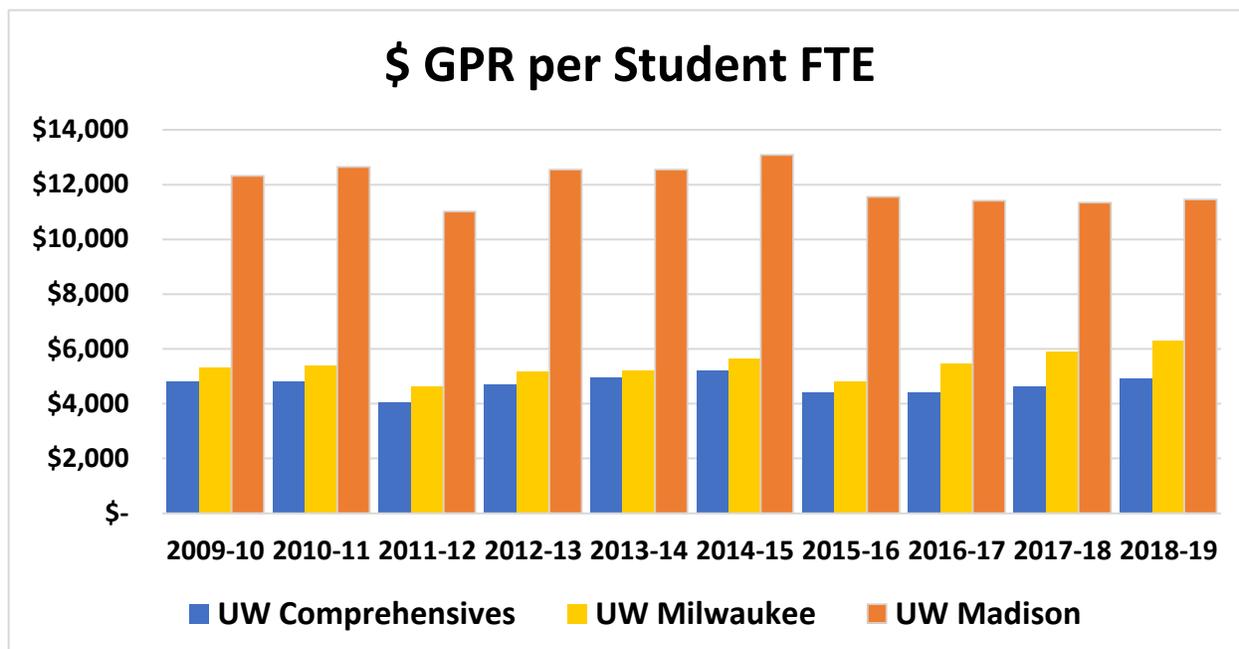
2. GPR Funding Reflecting UWM's Research/Access Mission (\$6M GPR):

As an urban doctoral institution in the heart of Wisconsin's economic center, UWM has an important mission that is unique in the System, of both research and access. Both of these missions produce notable benefits but entail significant resources and, thus, are expensive to undertake. Yet, UWM has always been funded by the State of Wisconsin much more like a comprehensive institution on a per FTE basis.

In past decades, UWM was able to support its unique mission through growth and scale: higher student enrollments each year over decades supported more faculty hires, which contributed to our research scale, which in turn contributed to our R1 status. Changing demographics and a decline in students across Wisconsin has reversed UWM's ability to support its mission through enrollment growth.

The GPR/Fee structure has been examined by UW System several times in the past – most recently in 2014 and then again in 2017. As a result of those studies, UW-Madison was allowed to increase tuition

substantially for its large population of nonresident students, and President Cross began applying, at times, a non-standard formula to certain budget cuts and allocations, to help direct more GPR funding to UWM. In addition, UWM was able to increase its GPR funding by converting positions and fringe benefit credit to GPR. As a result, some strides reducing the funding gap were made, but the fact that UWM is funded by the State much more like a comprehensive than a research institution continues. An allocation of \$6 million (\$3M base in the first year and \$3M base in the second year of the biennium) would increase UWM’s GPR per student FTE by about \$285/student over the two-year biennium.



B. Shared UW System Priorities

1. Importance of the Wisconsin Tuition Promise to all Institutions

In his operating budget, President Thompson proposed the Wisconsin Tuition Promise, the expansion of the terms of UW-Madison’s Promise Program to all UW institutions. UWM has worked diligently to expand its need-based financial aid. Nevertheless, due to the low average family income, and less available gift-funded endowment for scholarships, UWM students, many of whom come from underrepresented backgrounds, still face a sizable gap in unmet financial need to cover tuition and segregated fees. This is a particular inhibitor to students even enrolling at UWM, where undergraduate resident tuition is 20% higher than the comprehensive average. Thus, expansion of the Promise program to all students would allow equal access to all institutions, including UWM.

It will be important for any expansion to be funded in a sustainable manner. Some programs can change the makeup of the student population by encouraging more financially needy students to take advantage of the program; thus, many such programs’ initial costs are lower than costs observed five and ten years later. If the Wisconsin Tuition Promise is a state priority, it should be supported by the State. A model in which institutions cover the costs out of operating funding is not likely to be successful; in UWM’s case, such a model would simply be infeasible at this point. Alternatively, and perhaps more feasibly, UWS could allocate each institution a pool of funds from a set total dollar

amount as allocated through the operating budget, based on Pell eligibility or other measure of financial neediness of students, to be used toward a Promise program. Each institution, including UWM, could then tailor the Promise program based on the funds available, including institutional funds, and its students' unique needs.

2. Freshwater Collaborative of Wisconsin (\$10M GPR):

Freshwater Collaborative of Wisconsin is a UW System-wide initiative that would fund water programs on all 13 campuses, with UWM as the lead institution. This initiative is included in Governor Tommy Thompson's budget proposal sent to Governor Evers, without a funding amount attached at this time.

Based on feedback from elected officials, the initiative will focus on the following areas, with the items in bold noted as the highest priorities.

- 1. Agricultural Water Management**
2. Industrial Water Engineering and Technology
- 3. Water Quality Safety and Emerging Contaminants**
4. Great Lakes Management and Restoration

The state's investment will support the Collaborative's intention to develop a research network, hire new faculty, provide graduate assistantships, undergraduate scholarships and post-doc fellowships, inter-institutional research programs, new curricula and degree programs, internships, stakeholder engagement, marketing and administrative support.

3. Program Revenue Bonding – Addressing COVID Cash Flow and Beyond

The COVID crisis has put the auxiliary operations (Housing, Dining, Retail Services, Transportation) at UWM and nearly all other UW institutions in dire straits. Revenue is reduced significantly, while fixed costs and labor remain high. We anticipate seeing a large operating deficit in our auxiliary operations in FY 2021, unlike in FY 2020, where the crisis was limited to the last quarter of the year and federal CARES funding offset losses.

We need a strategy for addressing cashflow as a result of this crisis, particularly in the auxiliary operations. Historically, capital projects have been funded extremely conservatively. Bonding for most renovations is limited to 20-year terms and refinancing on older debt isn't available. Other states have been much more aggressive in using program revenue bonding in general, with more starting to utilize this tool to address COVID-related cash flow issues. We would benefit as well from even modest increases in the length of bonds, such as moving from 20 to 30-year bonds in which the life of the project justifies it, and refinancing of older bonds.

This issue would be addressed by moving the responsibility for program revenue bonding and capital project management to the Board of Regents.

4. Strategic Academic Program Consolidation Across UWS

Due to changing demographics in Wisconsin, enrollment at all UW institutions has declined 9% from Fall 2010 to Fall 2019. Excluding UW-Madison, enrollment at UWM, the comprehensive institutions, and the two-year colleges has declined 13% over the same period. We are hearing anecdotally that some

programs that have historically done well are suffering because of program proliferation across UW System. There would be benefit to UW System taking an oversight role to examine the number of programs in a specific discipline (e.g. Education or Music) are sustainable across all of UWS, so that critical mass and academic efficiency can be achieved in those programs at particular institutions.

C. UWM's Capital Budget Requests for 2021-23

The Board of Regents approved each of the following projects to be included in its proposed capital budget for 2021-23; the capital budget will be further considered by Governor Evers and the legislature during the spring biennial budget process. Because of the different funding sources and types of projects, it is realistic, if UWS is funded for capital projects as it has been in the past, for all of UWM's projects to be enumerated and funded. Nevertheless, for purposes of advocacy, we are listing the projects by *UWM's order of priority*, and the UW System's priority ranking noted in the sections below.

1. Engineering Building – Planning Funds (\$8.2M Building Trust Funds):

- Undergraduate enrollment in Engineering is up 25% in the last 10 years and expected to continue to grow. The lack of updated instructional labs causes some bottleneck classes that impede timely graduation. This facility will also accommodate two new programs, Biomedical and Environmental Engineering, the latter of which is considered a [draw for female engineering students](#).
- It is absolutely critical that planning occur in 21-23, so that this project can be requested for enumeration in 23-25. Failure to move forward with planning will greatly increase costs and put the project at risk.
- Ranked #1/6 by UWS of requests for planning and design.

2. NWQ Renovation – Health Sciences (\$74.8M General Fund Supported Borrowing):

- Undergraduate enrollment in Health Sciences had increased by over 100% from 2000 to 2012. This growth resulted in health sciences programs being dispersed across 5 facilities and being constrained by facilities. A single location will allow realignment of programs, reduce duplication, and provide space that reflects clinical settings.
- Remodeling for Health Sciences could not be completed in the 17-19 NWQ Renovation project because funding was \$17M less than requested, and an unforeseen façade replacement resulted in total underfunding of \$33M.
- Ranked #15/22 by UWS of requests for construction.

3. Sandburg Hall West Tower Renovation (\$11.4 Program Revenue Supported Borrowing):

- West Tower is the 3rd of 3 towers to be completed. Bathroom waste pipes and elevators are at the end of useful life, and there are frequent leaks in pipes and elevator breakdowns. Fire alarm and sprinkler systems also need to be upgraded. UWM has housing to serve roughly 20% of its students; on-campus housing is key to student success and enrollment. This renovation will extend the life of West Tower by 40 years.
- Ranked #8/22 by UWS of requests for construction.

4. Great Lakes Research Facility Dock Wall Restoration (\$7.4M GFSB)

- UWM's School of Freshwater Sciences is the leading school of freshwater science in the country. Its dock wall is failing and slip needs dredging. Also, the current condition of the dock wall impedes the ability to moor the research vessels of UWM, DNR, US EPA and other partners.
- UWM expects to complete \$20M in fund-raising for a new research vessel by 2023. This dock wall project will support the UWS Freshwater Collaborative and water research and industry in Wisconsin.
- Ranked #5/15 by UWS of minor facilities renewal projects.

5. Old Chemistry Building Demolition (\$7.1M Building Trust Funds):

- The replacement Chemistry building is anticipated to be completed by Fall 2023. While this building was previously identified for renovation in order to de-densify the Engineering and Mathematical Sciences building, a building condition analysis determined that the cost to renovate this building would be approximately 75% of the cost to construct new space. This is a highly specialized building that is poorly suited for alternative uses.
- Ranked #4/22 by UWS of requests for construction.