

# DEGREE OF DIFFICULTY

*UWM's Challenges in a Turbulent Time*



WISCONSIN  
**POLICY FORUM**

## **ABOUT THE WISCONSIN POLICY FORUM**

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## **PREFACE AND ACKNOWLEDGMENTS**

We wish to acknowledge and thank the UWM Foundation, which helped fund this research. We also thank those groups who published or shared data and information used in this report, including the University of Wisconsin-Milwaukee, the University of Wisconsin System, the Legislative Fiscal Bureau and the Legislative Audit Bureau. The analysis and policy options offered in this report, however, should be attributed to the Wisconsin Policy Forum alone.



# DEGREE OF DIFFICULTY:

*UWM's Challenges in a Turbulent Time*

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Report Authors:

Jason Stein, Research Director  
Muhammad Shayan, Research Intern

Proofing and Fact-checking:  
Ethan Kenney, Research Intern

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# INTRODUCTION

In a state where most higher education institutions are struggling to address financial and enrollment challenges, the University of Wisconsin-Milwaukee faces some of the greatest difficulties of all. UWM's especially 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 only added to those difficulties, racking up costs and lost revenues that not even three generous rounds of federal aid have been able to cover.

As the largest university in the state's biggest city, UWM plays a crucial role in providing higher education to disadvantaged students. It also serves as the third-largest research institution in the state, behind only UW-Madison and the Medical College of Wisconsin. In 2013, an estimated \$1.5 billion in overall economic impact and nearly 14,500 jobs were generated by UWM and its employees, students, visitors, and affiliated organizations, according to NorthStar Analytics.<sup>1</sup> In addition, the university added to the regional economy in other ways by boosting local workers' skills and income and supporting local economic clusters in areas such as health care and freshwater science research.

Given the local economy's need for innovation and for skilled workers such as nurses and programmers, UWM's contributions are perhaps more important than ever. Yet its critical role is jeopardized by the university's financial straits and its future contributions will depend heavily on decisions made at the state level as well as in response to the pandemic.

In December, the Wisconsin Policy Forum published "[Falling Behind?](#)" a comprehensive review of the state's public colleges and universities that gave particular attention to UW-Madison. This follow-up report builds on that previous work by examining the particular challenges facing the state's other major public research university. Commissioned and partially funded by the UWM Foundation, this report reviews the recent history of UWM and its finances, its outcomes compared to peer universities in other states, and challenges that include the tuition freeze and enrollment declines. The key research questions we seek to answer include:

- How does the state's approach to financing UWM compare to other large urban public research universities?
- What do indicators such as state funding, enrollment, tuition, faculty salaries, research spending, and student outcomes suggest about the state of UWM compared to its peers?
- How is COVID-19 affecting UWM's finances and prospects?
- What are some of the possible solutions to the problems facing UWM and what are the inevitable tradeoffs that come with each?

We find that UWM stands out among other public urban universities. With respect to enrollment as well as state funding and tuition revenues, almost none of UWM's peers face such stiff challenges and together they may threaten its very status as a top-tier R1 research institution.

This report does not endorse only one set of solutions to these obstacles – the path ahead will require a willingness to experiment with a variety of approaches. Still, we hope our findings will help leaders at the state Capitol and within UWM and the UW System as they attempt to address the difficulties facing one of the state's most essential institutions.



# PART ONE: HISTORY AND TRENDS

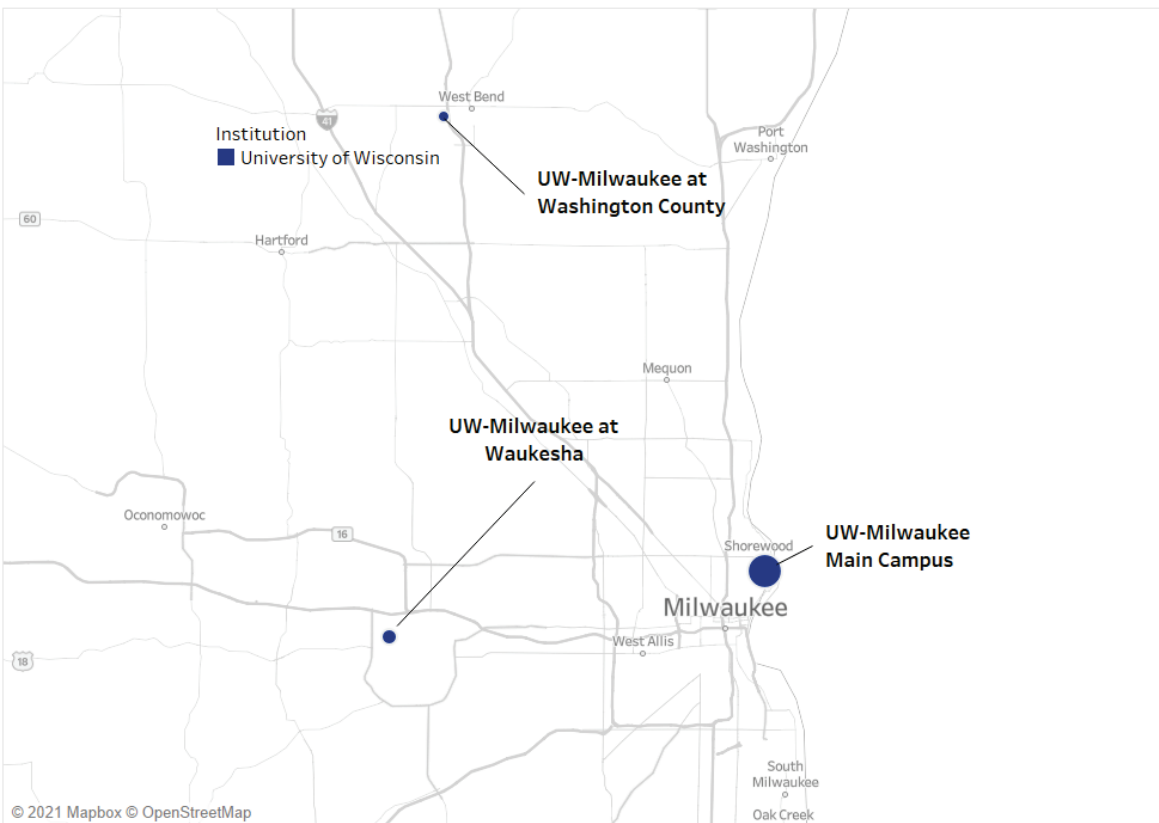
As a former teacher’s college with roots stretching back into the 19<sup>th</sup> century, the University of Wisconsin-Milwaukee has grown into a major research institution and center of higher learning that serves one of the most diverse student bodies in the state.

The modern incarnation of the university grew out of the Normal School founded in 1885 and evolved along the way, becoming the Wisconsin State Teachers College in 1927, Wisconsin State College (or “Milwaukee State”) in 1951, and then finally UW-Milwaukee (UWM) after the state college merged with UW-Extension in 1956.<sup>2</sup> This evolution left the university with its downtown and harbor campuses in Milwaukee in addition to its main 104-acre campus on the city’s east side.

The institution is now governed by the 18-member UW Board of Regents, which also oversees the state’s flagship research university at UW-Madison, 11 other four-year “comprehensive” campuses offering undergraduate and some graduate degrees, and 13 former two-year colleges focused on associate’s degrees. Two of these colleges, the former UW-Washington County and UW-Waukesha, were merged with UWM in July 2018 (see Figure 1).

With 23,000 students (or 19,700 on a “full-time equivalent” or FTE basis) at its main campus in the fall of 2020, UWM is the second-largest university in the state after UW-Madison. With nearly 4,900 employees (including 720 faculty) at its merged campuses, UWM is one of the biggest employers in the area in its own right and its graduates are crucial to the regional workforce.

**Figure 1: UW-Milwaukee and Satellites Serve Greater Urban Area**  
By Campus and 2020 Full-Time Equivalent Enrollments



Source: UW System; Two-year campus enrollments are not counted as part of UW-Milwaukee enrollment.



UWM has the largest number of Black, Latino, and Southeast Asian students of any UW campus as well as the most students with military or veteran status.<sup>3</sup> About three in 10 of those enrolled at UWM’s three merged campuses are students of color; among the four-year UW campuses, only UW-Parkside has a greater share of non-white students and only the Superior and Parkside campuses top UWM for the share of undergraduates receiving Pell grants for low-income students.<sup>4</sup> In short, the institution fills a crucial niche in serving those who are underrepresented in higher education.

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. The university produces critical research and doctoral degrees and the Center for World University Rankings and Shanghai Academic Ranking of World Universities rank UWM within the top 150 to 175 U.S. universities.<sup>5</sup>

Yet, despite its long history and key role, UWM faces challenges from lagging state funding, an in-state tuition freeze that has lasted eight years, greater enrollment declines over the past decade than the UW System as a whole, and operations that likely need further streamlining or coordination. While some state taxpayers may see reduced state funding as positive and students may appreciate the tuition freeze, these trends also may be affecting UWM’s competitiveness and have been exacerbated by COVID-19. When combined, these issues create a particularly daunting dilemma.

## Overview of UWM Fiscal Trends

UWM’s budgeted revenues totaled \$677.2 million in 2021 (i.e. the 2020-21 academic and fiscal year) and included state tax dollars (General Purpose Revenue, or GPR); tuition and fees as well as other revenues from auxiliary operations such as dormitories and food services; federal grants and contracts for research and student aid and loans; and miscellaneous revenues (see Figure 2).<sup>6</sup>

Total revenues excluding federal student financial aid rose 11.7% from 2011 to 2021 – well below the rate of inflation. If the declining federal student financial aid dollars are included then UWM’s total revenue actually fell slightly over the decade (0.4%) even before adjusting for inflation. The

**Figure 2: Revenues from State Taxes Now Well Below Tuition**  
Budgeted University of Wisconsin-Milwaukee revenues for 2021 by source

<b>Tuition</b> \$204M in 2021 30.1% of total revenues	<b>State Taxes</b> \$146M in 2021 21.5% of total revenues	<b>Federal Grants &amp; Contracts</b> \$38M in 2021 5.6% of total revenues
<b>Federal Student Aid</b> \$146M in 2021 21.6% of total revenues	<b>Auxiliary (dorm fees, food service)</b> \$98M in 2021 14.5% of total revenues	<b>Other*</b> \$25M in 2021 3.7% of total revenues
		<b>Gifts &amp; Other Grants</b>

Source: UW-Milwaukee; \*Includes federal indirect cost reimbursements and fees for certain programs (operational receipts).



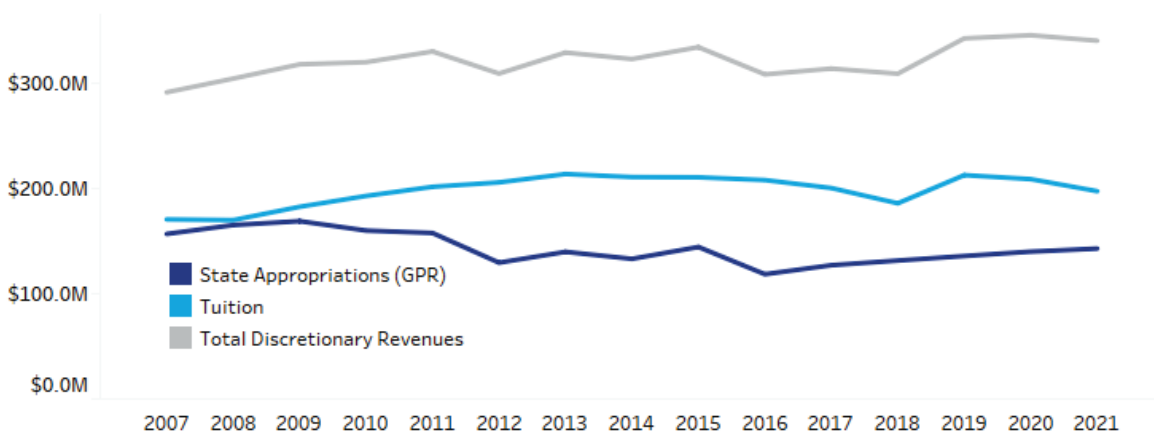


numbers are somewhat worse if one removes the \$10.6 million in revenue (and related expenses) UWM received in 2021 from the merged Waukesha and Washington County campuses and \$27.4 million in UW Extension funds which were reclassified as general tuition revenue starting in 2019 but did not represent new revenue.

As recently as 2008, UWM’s GPR funding was nearly equivalent to its tuition revenues (see Figure 3). State appropriations have since been eclipsed by tuition – GPR funding is barely above where it was in 2009 in raw dollars and is lower in inflation-adjusted terms. Tuition revenue initially fared better but has plateaued and then dipped in recent years. These pressures are notable since UW officials have far fewer restrictions in how they spend tax and tuition dollars compared to most revenues.

**Figure 3: Tuition Revenue Outpaces State Tax Dollars**

Budgeted UWM main campus\* revenues by type in millions



Source: UWM; 2020 & 2021 figures adjusted slightly to remove UW Colleges revenues. The rise in tuition revenue starting in 2019 reflects a reclassification of \$27.4 million in existing UW Extension revenue as general tuition revenue and does not amount to new funding for UWM.

Federal funding (mostly financial aid to students) has also fallen from being well above tuition revenues a decade ago to well below them today, adding to the pressure on low-income students.

The university’s budget did benefit substantially from 2011 Act 10, which required most state and local employees to contribute more for pension and health care benefits. However, these budget savings may also have made faculty take-home pay somewhat less competitive nationally.

Legislative Fiscal Bureau (LFB) figures show total budgeted spending was essentially flat between 2011 and 2021 with the greatest impact falling on UWM’s core activities (see Figure 4 on the following page). Spending on instruction fell by 10.6% over the decade. Student financial aid sank 24.5% while research spending grew 7.7%, less than half the rate of inflation. Spending on general buildings and grounds rose just 1.9% despite considerable growth in the gross square footage of UWM facilities through additions on the main campus and the merger with the branch campuses.

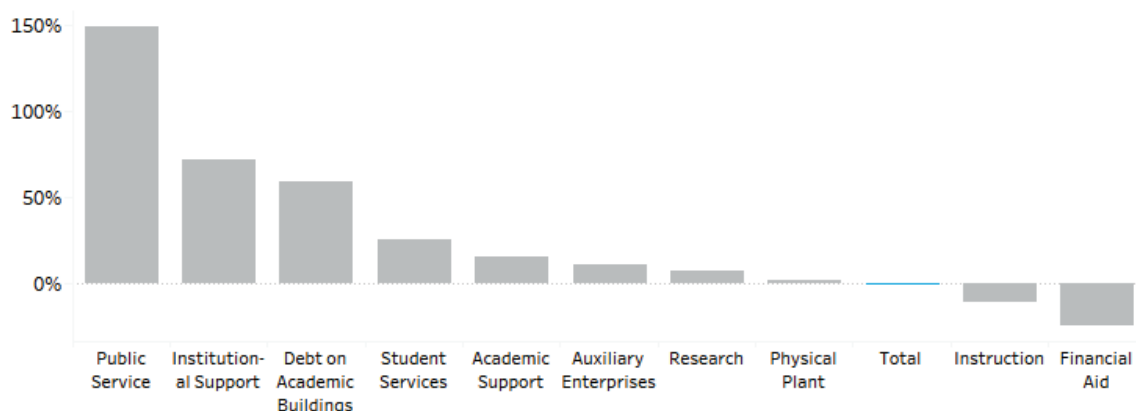
Public service spending (including community service, WUWM radio, and extension programs) rose by 149% since 2011. General and executive-level administration (or institutional support) rose by 72% though officials point out UWM still devotes a lower share of its core expenses to this area than other peer public urban research universities. Debt payments on academic buildings climbed by 59%, reflecting the fact that many UWM buildings were constructed in the 1960s and 1970s and require updates or replacement. Spending also outpaced inflation on student services such as counseling, health care, and career guidance.





**Figure 4: Spending on Public Service, Administration, & Debt Rise While Financial Aid, Instruction Fall**

Change in budgeted spending by area from 2011 to 2021



Source: Legislative Fiscal Bureau

## Pressures on Tax Funding

The “Falling Behind” report documented how the rise of other state priorities such as K-12 education, Medicaid, and tax cuts led to a decline in the UW System’s tax funding.<sup>7</sup> In addition, a growing share of state tax dollars for the UW System in general, and UWM in particular, go to pay off debt rather than current operations. Some state funding is also set aside for meeting certain performance targets.<sup>8</sup> As noted above, debt payments on UWM academic buildings that are typically made with tax or tuition dollars rose 59.2% from 2011 to 2021 to \$24.2 million.

Along with the rest of the UW System, UWM faced cuts in state tax funding in both 2012 and 2016. Since then, UWM’s GPR funding has increased despite its especially large drop in enrollments. As a result, UWM has seen its state funding on a per student basis rise in relation to other four-year UW campuses, though it still trails UW-Madison.

Increased state funding could help close retention and graduate rate disparities for students of color, as efforts to address these challenges with strategies like mentors and tutoring come with costs (see Parts Three and Four). In his budget, Democratic Gov. Tony Evers proposed increasing GPR funding for the UW System by \$191.6 million over the next two years. A [multi-billion dollar increase](#) in projected tax revenues gave lawmakers a rare opportunity to approve a large increase for the UW, but the Legislature approved instead a \$7.2 million increase for the UW System plus \$8.3 million in supplemental funds that the budget committee could release later.

Last, state funding for the Higher Educational Aids Board and student financial aid has barely grown since 2011. That has eroded the buying power of the Wisconsin Grants, which provide grants based on need to state undergraduates.<sup>9</sup> Coupled with declines in federal Pell grants and the institution’s increased reliance on tuition revenues, the flat state financial aid funding is particularly harmful for a campus like UWM that serves many low-income students.



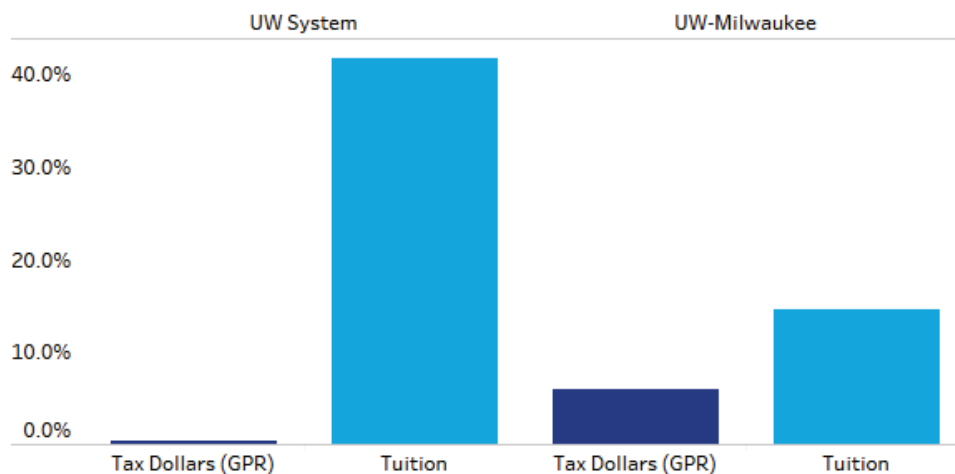
## Impact of Tuition Freeze

Tuition revenues represent another concern for UWM given its declining enrollment and the in-state tuition freeze first imposed in 2013-14. Under these combined forces, tuition has shifted from being a source of revenue growth in the 2000s to being down somewhat since 2019, particularly after netting out revenues from the Waukesha and Washington County campuses and reclassified revenues from UW-Extension. As Figure 5 shows, UWM has seen much less growth in tuition revenues than other UW System schools over the past decade and the larger growth in state funding for UWM has only partially offset that.

UWM officials have calculated that if instead of the freeze over the past eight years the state had allowed an annual increase of 1.5% - slightly less than the average rate of inflation for the period - the university's tuition revenues would have been \$18 million higher in 2021 alone.

**Figure 5: Greater Growth in Tax Revenues for UW-M, Less in Tuition**

Budgeted UW-Milwaukee revenue growth from 2011 to 2021 versus UW System



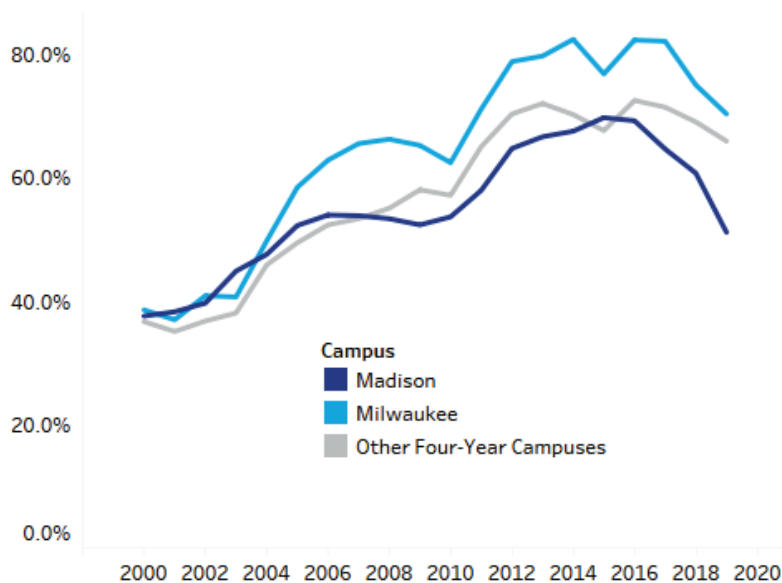
Sources: UW-Milwaukee and Legislative Fiscal Bureau

The slowdown in tuition revenue is due in part to the state freezing undergraduate tuition for in-state students at UWM at its 2013 level of \$8,091 for the past eight years. Evers and the UW System maintained that freeze in their 2021-23 budget proposals, but lawmakers did not renew it, returning tuition-setting power to the UW Board of Regents.

Tuition for in-state graduate students at UWM also remained frozen from 2013 to 2019, though it rose 1.5% in both 2020 and 2021. Tuition for out-of-state graduate students has risen by only a modestly larger amount over those years while tuition for out-of-state undergraduates has risen by about 12%, or somewhat less than the rate of inflation.

**Figure 6: Tuition Now Falling as Share of Cost**

Tuition as a % of instructional cost by UW campus & year



Source: Legislative Fiscal Bureau



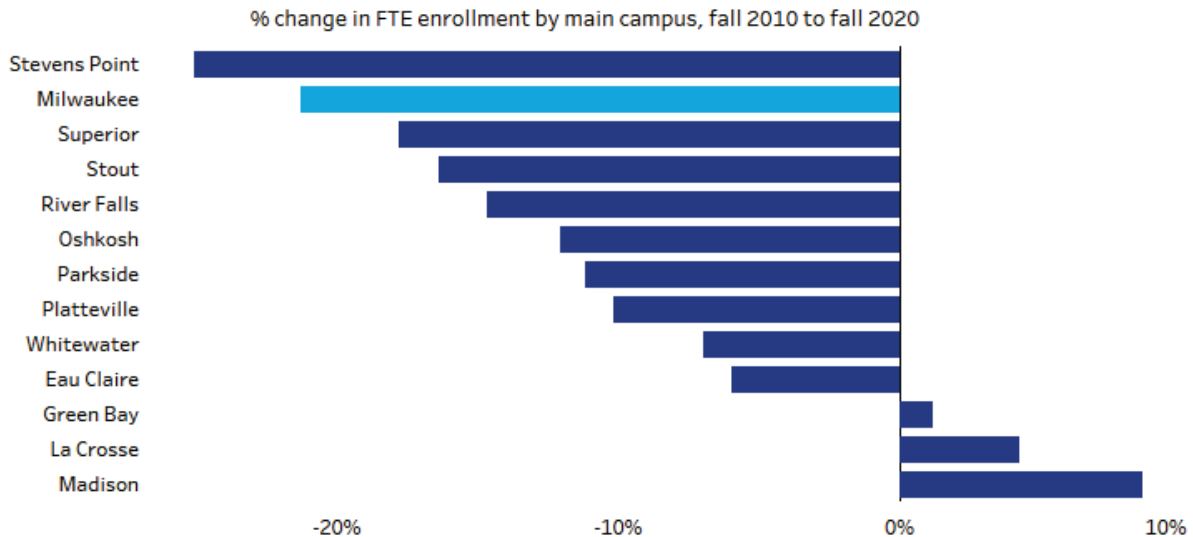
The freeze was a reaction to sharp tuition increases in the decade prior that UW leaders used to compensate for state funding challenges. Between 2001 and 2011, in-state undergraduate tuition rose 127.6% at UWM – a far greater increase than inflation or the state’s median household income.

Over time, UWM undergraduates and families had taken on a greater share of the cost of their instruction, with that portion peaking at 82.5% in 2014. The freeze and modest increases in GPR funding have reversed that trend in recent years (see Figure 6 on the previous page), saving students money while amplifying the impact of UWM’s enrollment decline on its revenues. It remains to be seen how much tuition will increase moving forward, given that the 2021-23 state budget lifts the freeze but the Board of Regents are keeping instate undergraduate tuition steady for now.

## Declining Enrollments Hurt Bottom Line

Since enrollment peaked a decade ago, most universities in Wisconsin have suffered from the demographic decline in the number of students completing high school as well as from falling postsecondary enrollment rates. As Figure 7 shows, however, UWM has been hit particularly hard.

**Figure 7: Milwaukee Enrollment Decline Among the Largest in Past Decade**



Source: University of Wisconsin System

Full-time equivalent enrollments at the main campus of UWM (not including the former UW-Waukesha and UW Washington County) have fallen by 21.3% since their fall 2010 peak of 25,035 to 19,711 in the fall of 2020. Among other four-year campuses, only UW-Stevens Point has seen a greater percentage decline over that period, and UW-Madison experienced a nearly 10% increase.

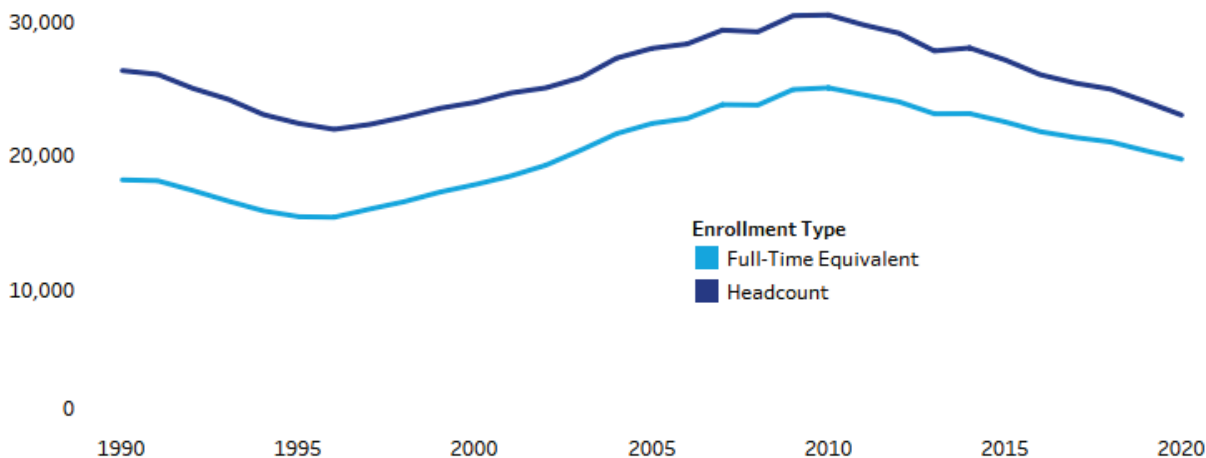
Meanwhile, combined FTE enrollments at UWM’s post-merger campuses in Waukesha and Washington County in the fall of 2020 hit their lowest levels since at least 1973. Enrollment has plummeted by 52.8% since 2010 at the Washington County campus and by 45.9% in Waukesha.

UWM can take some consolation in the fact that its main campus FTE enrollments grew rapidly during the 2000s and – despite an entire decade of decline – were still 10.6% higher in the fall of 2020 than in 2000 (see Figure 8 above). Still, the past decade has wiped out much of the prior gains.



**Figure 8: Enrollments Have Nearly Fallen Back to Levels of 20 Years Ago**

UW-Milwaukee main campus student enrollments by type and fall of each year



Source: University of Wisconsin System

If it drops at its current rate for another year, UWM’s headcount enrollment on its main campus will have fallen to close to its level in the mid-1990s and be roughly tied for the lowest in at least a half century. This drop has sapped UWM of a critical stream of revenues during an already difficult time, compounding the painful effects of stagnant state funding and the tuition freeze.

## Balances Fall as Fiscal Challenges Grow

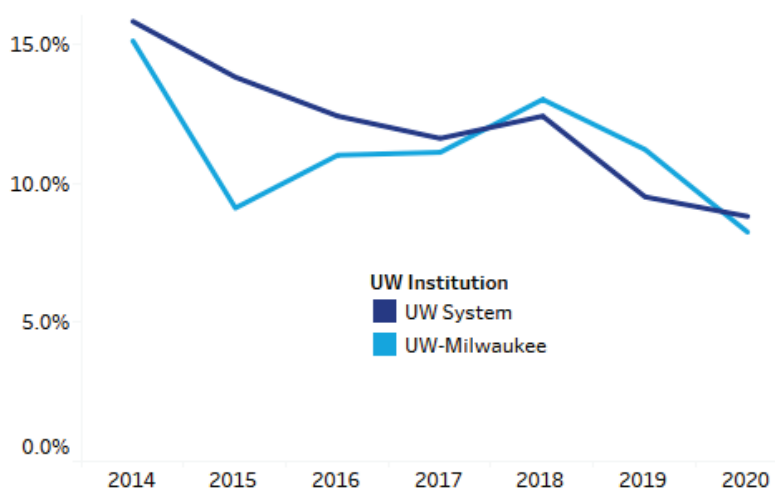
“Falling Behind” noted the UW System came under fire in 2013 for increasing tuition for students during and after the Great Recession while building up what some saw as excessive balances. These balances come from many sources but the most scrutiny fell on those deriving from tuition revenues.

Since the tuition freeze was put in place for 2013-14, tuition balances have fallen sharply for UWM and the UW System overall (see Figure 9). At UWM, they dropped by roughly half over six years, from \$56.5 million on June 30, 2014 to \$29.1 million on June 30, 2020.

As a share of spending, tuition balances fell from 15.1% at UWM in June 2014 to 8.2% in 2020, modestly below the UW System overall. This decline left UWM more exposed to the impact of the COVID-19 crisis and other shocks.

**Figure 9: UWM Tuition Reserves Have Fallen**

Year-end tuition fund balances as a % of spending



Source: University of Wisconsin System

## Endowment Growing but Still Relatively Modest

An endowment represents an important tool that UWM could use to pursue a robust research agenda and give its low-income



students access to higher education. At the end of fiscal year 2020, UWM's endowment was \$113 million. That was a 63.8% increase from the end of 2016 and a 151.1% increase since 2011. In contrast, UW-Madison's endowment was \$3.18 billion at the end of 2020 (the most recent year available), and had grown 31.4% since 2016.<sup>10</sup>

In percentage terms at least, the growth in overall net assets for the UWM Foundation outpaced the University of Wisconsin Foundation during those years – a notable achievement. At \$243.9 million in 2020, the UW Foundation's distributions to UW-Madison in just one year were more than twice the size of UWM's entire endowment, highlighting why UWM leaders have sought to grow it.

The smaller size of UWM's endowment reflects in part the much larger size of UW-Madison and its foundation as well as their much longer history. A report this year prepared by the firm EAB for UWM compared its endowment to that of 10 other more similar public research institutions and found much smaller differences, though UWM's endowment was still the second-smallest.

## Long-term Obligations and Needs

Looking to the future, UWM and the rest of the UW System are well-positioned in terms of obligations to retirees, since the university participates in the well-funded Wisconsin Retirement System for pension benefits and has relatively manageable unfunded retiree health care liabilities. This is in notable contrast to other public sector entities in Milwaukee such as the city and county.

In addition, a [2019 WPF report](#) laid out the \$1.03 billion in capital projects approved in the 2019-21 state budget for the UW System and campuses like UWM – the most in a decade. Not counting additional funds for certain repairs and renovations across all state agencies, the current 2021-23 budget approves \$628.7 million in UW System projects (though relatively little is specified for UWM).

Such funding is important for addressing UWM's many aging structures. The 68 buildings on its several campuses total nearly 8 million square feet and include residence halls, classrooms, student centers, and other buildings.<sup>11</sup> A 2016 UW System report found at that time UWM had deferred \$334.5 million in repairs and maintenance – the second largest amount of any UW campus.

UWM officials are still seeking state approval and funding in the next state budget for two major projects that would provide better facilities for health and engineering students. The \$78.4 million Northwest Quadrant Health Sciences project seeks to meet high demand for health sciences students and the \$118.4 million replacement of UWM's 50-year-old engineering building would serve the growing number of students in that field – as of last August it was the top project for a single UW System institution in the 2023-25 budget.

## The Impact of COVID-19

COVID-19 has posed a unique challenge to colleges and universities, which depend on closely packed lecture halls and dormitories to teach and house students. The pandemic dealt a sharp blow to UWM's already weakened finances and threatened lasting damage to the institution.

The university has documented \$91.8 million in total losses from the pandemic, which amounts to nearly two-thirds of its total state GPR funding for the current year. The individual impacts included:

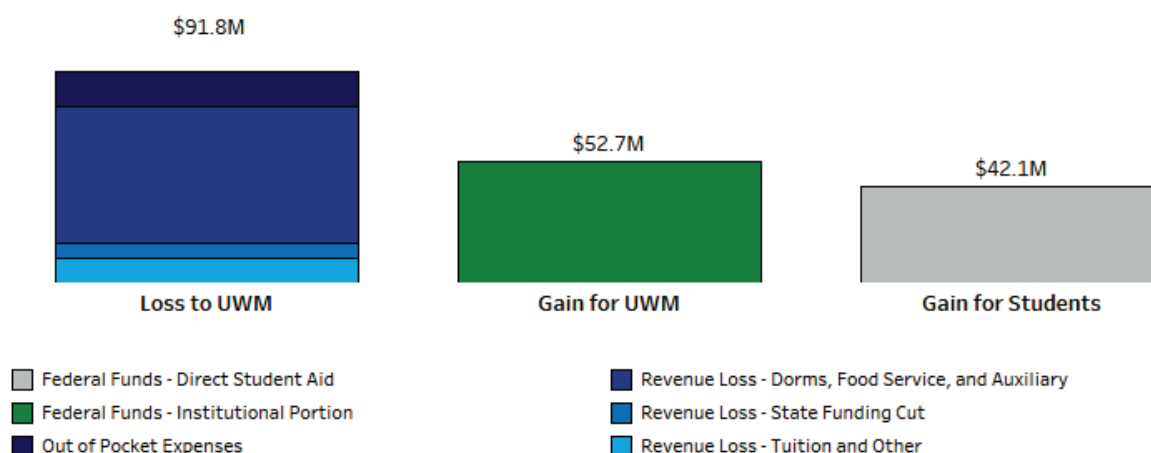
- \$59 million in lost housing, dining, and other auxiliary revenues from UWM students no longer staying on campus
- \$15.2 million in added pandemic-related expenses for additional technology, cleaning costs, overtime, and personal protective equipment as of December 31, 2020
- \$7 million in what were essentially state funding cuts in 2020
- \$5.1 million in lost tuition revenue
- \$5.4 million in other losses

These losses were mitigated, however, by \$94.9 million in additional federal aid that UWM is receiving through the three major federal pandemic relief measures.<sup>12</sup> On its face, the gross federal aid appears enough to cancel out the impact of the coronavirus.

In practice, however, the federal relief acts require that \$42.1 million of UWM’s relief funds be used for emergency grants to the many students who have faced financial crises of their own. As Figure 10 shows, that leaves \$52.7 million for UWM as an institution, enough to cover 57.5% of the university’s losses. UWM has covered most of the remaining amount through \$32 million in employee furloughs and reductions in hiring, travel and other spending in 2021 alone, which has helped protect the university’s reserves but also affected its employees and operations.

**Figure 10: 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.

## Summary

UWM occupies a key place in the higher education landscape in Wisconsin but faced grave threats even before the advent of COVID-19. Its headwinds in recent years have included lagging state funding, a freeze on in-state undergraduate tuition at UW campuses, and sharply declining enrollments:

- UWM’s GPR funding has fallen from nearly equal to tuition revenues in 2008 to being 28.4% lower today. On a per student basis, UWM’s state funding has fared somewhat better in recent years than some other UW System campuses but that is due in part to its decline in enrollment.



- In-state undergraduate tuition rose 127.6% at UWM between 2001 and 2011 – a far greater increase than inflation or median household income in the state. 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 enrollments at the main campus of UWM have fallen by 21.3% since their fall 2010 peak of 25,035 to 19,711 in 2020. UWM can take some consolation in the fact that its enrollments grew rapidly during the 2000s and were still 10.6% higher in the fall of 2020 than in 2000.
- Over the past decade, budgeted spending lagged inflation in the areas that are at the core of UWM’s mission. Research spending rose just 7.7% while spending on instruction and student financial aid actually fell by 11% and 24.5% respectively.
- Since the tuition freeze was introduced, tuition balances for UWM have fallen by roughly half over six years, from \$56.5 million on June 30, 2014 to \$29.1 million on June 30, 2020.
- UWM recently estimated a net loss from the pandemic of \$39 million as of Dec. 31, 2020 after factoring in lost revenues, higher costs, and federal aid.





## PART TWO: PEER COMPARISON

After looking in isolation at the financial headwinds facing UWM, we now compare it to a group of similar urban public research universities. We find that the fiscal and enrollment challenges facing the university are generally greater than most of its peers.

For example, in a UWM peer group of other urban public universities, only one – Georgia State University – has had a smaller percentage increase in published in-state tuition and fees since Wisconsin froze tuition eight years ago. This finding is similar to others we have already published for UW-Madison and other four-year UW System campuses. The drop in enrollments over the tuition freeze period was also greater at UWM than most of its peers.

There are some positive trends worth noting – for instance the recent growth in state funding per student was strong for UWM though that was driven in part by enrollment declines. However, despite that growth, the university’s overall funding from both tuition and state tax dollars per student was second-lowest among its peers. Together, these trends added up to a difficult picture even before COVID-19 hit and raise questions about UWM’s long-term competitiveness.

### UWM PEER GROUP

Cleveland State University†  
Georgia State University  
University of Illinois at Chicago\*  
University of Louisville\*  
University of New Orleans  
Wayne State University\*  
University of Missouri-Kansas City\*  
Rutgers University-Newark\*  
State University of New York at Buffalo\*  
University of Akron Main Campus†  
University of Cincinnati-Main Campus\*  
University of Toledo\*  
University of Texas at Dallas\*  
Temple University\*

\* Has or shares a medical school  
† Partners with a medical school

### State Tax Dollars: A Mixed Picture

To evaluate UWM, we chose a peer group consisting of 14 other urban public universities that are top-tier R1 research institutions like UWM or second-tier R2 institutions (see box). The LFB has used this same peer group for comparing UWM’s tuition to similar institutions. One of them – Temple University – had to be excluded from some comparisons because of missing data.<sup>13</sup> We note which universities have medical schools since those can bring increased research funding and revenue.<sup>14</sup>

The Integrated Postsecondary Education Data System (IPEDS) data for this peer group allow us to compare state appropriations (largely tax funding) used for operations and revenues from tuition and fees for education in both absolute terms and on a per FTE student basis from 2006 to 2019 (the most recent year available).<sup>15</sup> We start with state funding.

Funding for public universities overall in the wake of the Great Recession has been challenging and that is true for UWM as well as most of its peers. One positive area for the university is that its state appropriations per FTE student have grown in recent years at a faster rate than its peers. UWM had the second-largest increase between 2013 and 2019 (19%) and 2006 and 2019 (23%). However, that is partly due to its drop in enrollment, which exceeded most of its peers during those years. Also, while state tax funding per student has grown, it still stands well below most peers when considering



UWM's current state funding. In 2019, UWM received \$5,229 per FTE student in state appropriations, 27.9% below the peer group average and the third-lowest among the 14 universities in the available data (see Figure 11).

## Tuition Freeze Slows Revenues for UWM, Costs for Families

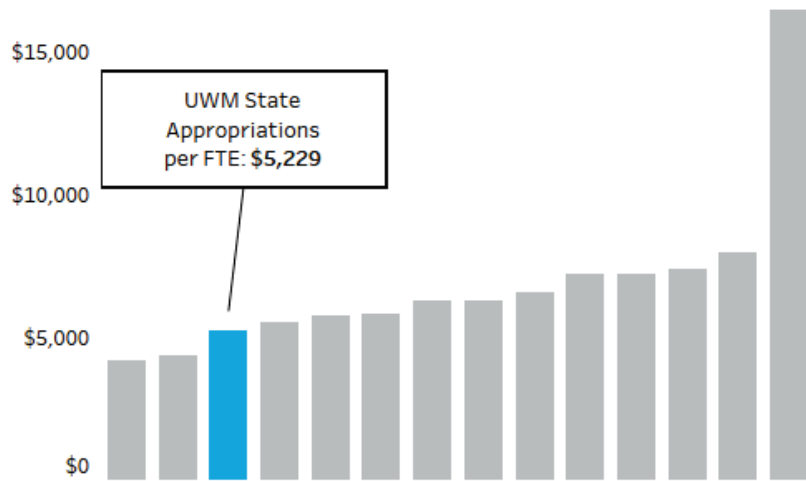
The freeze has held down tuition for UWM students but cost the university money – few of its peers have controlled tuition so tightly in recent years. The IPEDS data show published in-state tuition and required fees from 2013 (the last year of broad UW tuition increases) to 2020. The fees include those required of all students or the great majority and do not include housing or meal plans.

Over those years, in-state tuition and required fees rose 3.8% at UWM, with the increase coming from higher fees (which were not frozen). That was the lowest increase of any of the peer universities except Georgia State University, where tuition and fees decreased 3.9% (see Figure 12).

For context, tuition at most of UWM's peers rose by more than the 11.1% increase in the Consumer Price Index for those years, with the University of New Orleans raising tuition and fees the most at 49.9%. In addition, UWM's tuition and required fees were third-lowest in absolute terms at \$9,526 for 2019-20, higher than only Georgia State and the University of New Orleans, and 19.4% below the unweighted peer group average (see Figure 13 on page 16).

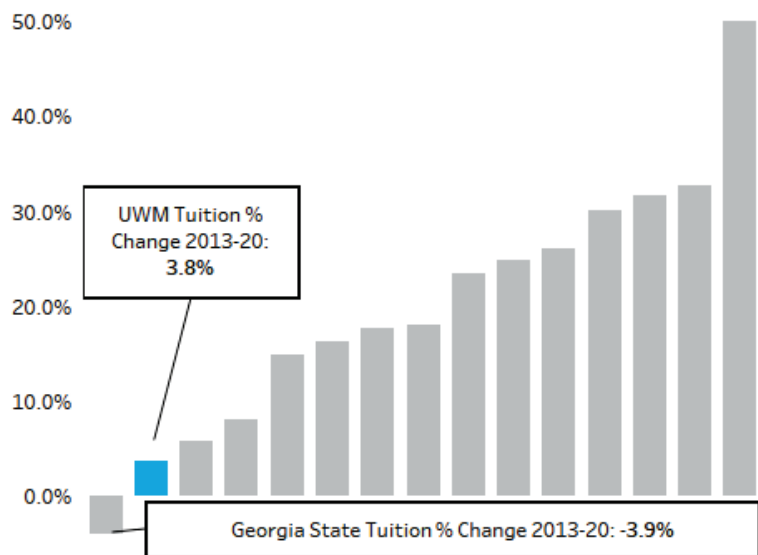
Tuition and fees are important measures of affordability but represent a “list price” that is often lowered through grants and scholarships from the institution and federal and state governments. When looking at the 2019 average net price for in-state undergraduates – which represents the

**Figure 11: UWM Funding Below Most Peers**  
2019 state appropriations per FTE student by peer school



Source: Integrated Postsecondary Education Data System (IPEDS)

**Figure 12: UWM Tuition and Fees Barely Rise**  
% change in in-state undergrad tuition and fees, 2013-20



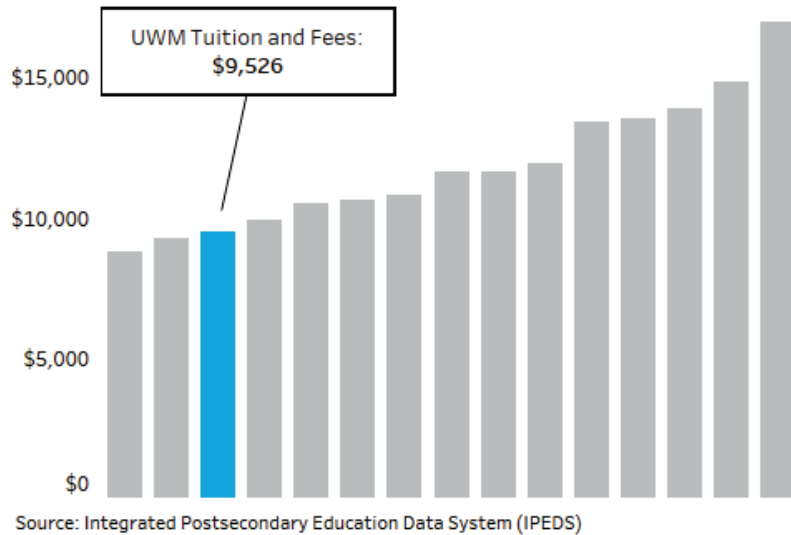
Source: Integrated Postsecondary Education Data System (IPEDS)



actual expense to students and families for tuition, fees, books, and room and board – UWM’s price tag was 4.5% below the unweighted average of its peers (\$14,822 versus \$15,522). UWM also had the fourth-lowest change of any of the peers in average net price during the tuition freeze period.

However, UWM’s ranking on net price was sixth-lowest of the group, or somewhat worse than its published tuition price. That may reflect the lower levels of financial aid that UWM is able to offer and may affect UWM’s ability to attract students, as we discuss later in this section.

**Figure 13: UWM’s In-state Tuition Near Bottom**  
2020 in-state undergrad tuition and fees by peer school

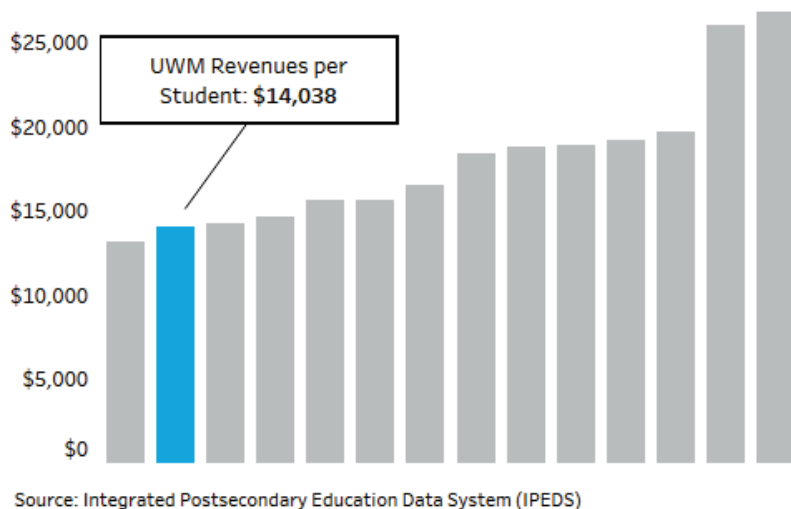


For UWM as an institution, another key metric is the actual revenue generated by tuition. That can be affected by out-of-state tuition rates and discounts to all students as well as enrollment levels. In 2019, UWM received \$8,808 in net tuition and fee revenue per FTE student. That was the third-lowest of any of the peer universities and was also 18.6% below the average for the group.

Finally, while per student tuition and fee revenues offer an important perspective, even more important for UWM is the total amount of tuition revenue it generates, which is strongly affected by changes in enrollment and the share of out-of-state-students as well as tuition prices. In part because of its declining enrollment, UWM saw total tuition and fee revenue drop by 0.7% between 2013 and 2019 despite the increase in fees, putting it in the bottom half of its peer group in terms of the percentage change.

## Total Revenues Lag

**Figure 14: UWM’s Revenues Second-Lowest**  
2019 state appropriations & tuition revenue per student



Last, we looked at total revenues from both state funding and tuition and fees. Given that UWM ranks low in both those categories compared to its peers, it is not surprising that on a per student basis it comes in nearly last for revenues from both sources combined.

In 2019, UWM received \$14,038 in state funding and tuition and fee revenue for each full-time student. As Figure 14 shows,



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.

Despite this lower funding level, UWM has achieved and maintained its R1 status and improved some key metrics for students. However, this substantial difference between UWM’s discretionary revenues and those of its peers threatens its competitiveness as well as the outcomes of its students, particularly those facing the greatest challenges.

## Enrollments Also Falling

As we noted, UWM’s enrollment decline over the past decade has been one of the largest of any four-year UW campus. A comparison across its peer group shows that, once again, UWM’s enrollment trend has been more challenging than most of the other urban universities (see Figure 15).

During the tuition freeze era running from 2013 to 2019, UWM had a 12-month FTE enrollment loss of 6.4%. That was the fourth-largest loss among its peers and well behind the group overall, which averaged a 3.6% gain in enrollment over those years.

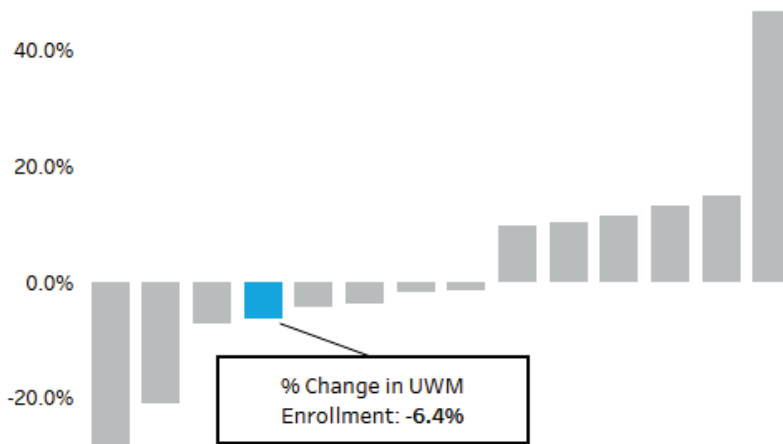
Some drop in enrollment is typical for a university in Wisconsin or the Upper

Midwest, given the demographic trends of falling birth rates and net out migration outlined in our Falling Behind report.<sup>16</sup> Yet, UWM’s losses are worse than others in Wisconsin and most national peers.

One explanation lies in the drop in students completing high school in the five-county greater Milwaukee area, which contributes a large portion of UWM’s student body. Students completing public high school within six years dropped by just over 2,000 students, or 3.7%, between 2012 (the first available year for which data are available) and 2020.<sup>17</sup> Clearly, this drop by itself is not enough to explain the more than 5,700-student loss in headcount enrollment over those years on the UWM main campus. Notably, however, high school completions fell by a larger amount – more than 4,200 – among white students, a group that is more likely to enroll in a college or university.

Merely being located in Milwaukee is not the only factor for UWM. Marquette University, for example, has a campus nearby and IPEDS data show its FTE enrollment has risen 3% since 2013. That modest gain comes despite a much larger increase in Marquette’s tuition and fees and a somewhat larger increase in its average net price. As a private Jesuit institution, however, Marquette provides at best a limited comparison with UWM.

**Figure 15: UWM Decline Worse than Most**  
% change in FTE student enrollment by school (2013-19)



Source: Integrated Postsecondary Education Data System (IPEDS)



Another potential factor is the prestige of UW-Madison as Wisconsin's flagship university, which may have helped it largely avoid a decline in in-state undergraduate enrollments over the past decade even as the overall number of these students has fallen substantially across the UW System. That may have had an impact on UWM, since it helps to provide access to higher education for Wisconsin students who may not have been able to gain admission to UW-Madison.

As noted earlier, UWM also serves a larger share of low-income students and students of color than other UW System schools. These students are logically the ones most impacted by UWM's lagging financial aid levels. One piece of evidence for that, as we will show in the next section, is debt levels for UWM graduates remain higher than those for UW-Madison and UW System graduates overall.

Another piece of evidence for that is the decline in students receiving federal Pell Grants, which are awarded to those with a high degree of financial need and generally go to undergraduates. UWM's Pell Grant students peaked in 2012 but by 2020 had fallen by 2,216 students (23.4%), or nearly twice the percentage drop in total UWM undergraduates during those years.<sup>18</sup> In raw numbers, the decline in Pell Grant students made up 70.8% of the overall drop in undergraduates during those years even though they comprise only 33.7% of the overall undergraduate student body.

We also looked at enrollment figures through the lens of race and ethnicity of students and found that the overwhelming majority of UWM's enrollment decline during this period was among white students, whose numbers on UWM's merged campuses fell by 7,098, or 30.3%, between 2011 and 2021. As we will see in the next section, students of color increased by 1,179 during this period, or 19.5%, but that only partially made up for the loss of white students.

A related contributor to UWM's enrollment loss is its retention rate, as we will also see in the next section. The rate has risen in recent years but still lags that of UW System campuses overall, which may in part reflect the greater challenges of serving UWM's less privileged student body. Whatever the reason, the lower retention rate forces UWM to recruit larger numbers of students than other campuses simply to keep its enrollments level.

Though the causes of the enrollment loss merit further examination, the effects are already clear. The decline exacerbates UWM's other financial difficulties stemming from the tuition freeze and lagging state aid and adds to the threat to its long-term health.

## Summary

UWM's revenue and enrollment challenges stand out not only when compared to other UW System campuses, but also when matched up against other urban public universities around the country:

- In 2019, UWM received \$5,229 in state funding per student, the third-lowest of its peer group of urban public universities and 27.9% below the average of that group. Though UWM's state funding per student has grown more quickly than almost all of its peers in recent years, that is partly due to the fact that its enrollment has fallen more than most of them.
- In 2019, UWM received \$14,038 in state funding and tuition and fee revenue for each full-time student. 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-largest loss among its peers and well behind the group overall, which averaged a 3.6% gain in enrollment over those years.



# PART THREE: OUTCOMES AND EFFICIENCIES

UW-Milwaukee has made gains on key performance objectives in recent years despite its challenging funding and enrollment trends and the barriers facing its students, including poverty and racial disparities entrenched within the region's K-12 schools. Incoming students are more likely to remain on campus and are graduating more quickly. Students are graduating at higher rates overall and across racial and ethnic groups. Graduates are finishing with less debt and receiving degrees in valuable fields such as health, science, and math.

Yet other metrics highlight areas of considerable concern for UWM. Research and development spending and faculty pay are not keeping pace with peer universities and faculty numbers are falling – all of which might endanger the university's status as a top-level R1 research institution.

Despite improvements in overall graduation and retention rates, UWM is not on par with most of its national peer institutions or other UW campuses. In addition, as with many K-12 schools in the region, racial disparities continue to affect the institution and its students of color. Across many metrics – from R&D spending to graduation rates – the question arises whether UWM's funding challenges are impacting its mission. We delve into these trends, looking first at students and then the institutions themselves and their staff.

## Students

### Rising Enrollments and Graduation Rates for Students of Color but Disparities Remain

Despite the decrease in UWM's overall enrollments, the university has steadily added students of color. Between the fall of 2010 and fall of 2020, the university has seen a headcount enrollment increase of 1,179 students of color (19.5%) to 7,239, according to UW System data (the total excludes international students).<sup>19</sup> The most notable increases came in the categories of Latino students and those reporting two or more races, both of which increased by 70% or more over the period.

Not every group saw gains, however. The number of Black students fell over those years by 570 students, or 26.2%, to 1,603. Native American students saw an even larger percentage decline.

UWM's retention rate has also improved for students overall and for underrepresented minorities, an official term that includes Black, Latino, Native American, and Southeast Asian students. In 2000, 66.3% of underrepresented minority students who enrolled full-time at UWM returned to campus the following fall, while by 2019 that percentage had risen to 74.8% – about even with other students.<sup>20</sup> The rate for all students likewise rose modestly over that period.

One potential drawback to these comparisons is that UWM has a large number of transfer students. Those students are not a good fit for standard calculations of retention and graduation rates, which look at whether incoming freshmen remain at an institution and eventually graduate from it.

The six-year graduation rate at UWM also improved for underrepresented minority students seeking a bachelor's, from 22.7% for students enrolling full-time in 2000 to 32.9% in 2014. As Figure 16 on page 21 shows, the gains for those groups have been even greater if one looks back through the

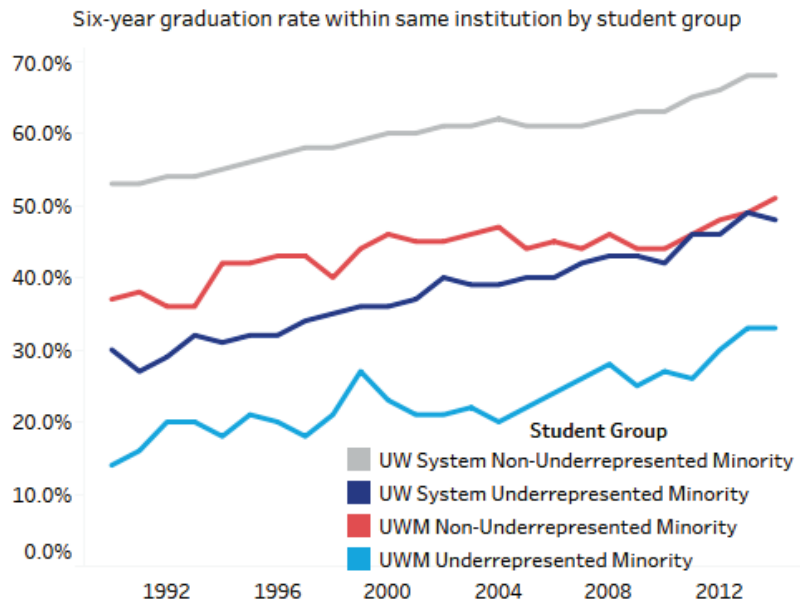




1990s. The improvements also were spread across various racial and ethnic groups, with the graduation rates for all students rising from 42.3% for the class entering in 2000 to 45.6% for the 2014 cohort.

However, the graduation rate for underrepresented minorities in 2014 was well below the 50.7% rate for other students. The graduation rate for Black students was even lower at 24.2% for the class who enrolled in 2014 – 26.2 percentage points lower than the rate for white students. Put simply, white undergrads are twice as likely to complete their bachelor’s at UWM as Black students.

**Figure 16: Graduation Rates Rise Though Disparities Remain**



Source: University of Wisconsin System

In addition, the graduation and retention rates for all groups – underrepresented minorities and other students – were substantially lower at UWM than at UW System campuses overall. As Figure 16 shows, that was particularly true in the case of graduation rates. These disparities may reflect in part the greater financial and other challenges faced by the less privileged students that UWM serves. For more on what UWM is doing and might do to address those, see Part Four.

We also looked at IPEDS data on retention and graduation rates for UWM and the peer group of urban universities used in Part Two. On the retention rate for fall 2018 full-time students who re-enrolled the following year, UWM was fourth-lowest in the group at 76%.

For six-year graduation rates, UWM ranked second-lowest within the peer group. For the 2013 cohort of students seeking bachelor’s degrees, 44% of UWM students graduated in six years, which was ahead of only the University of New Orleans. UWM also ranked second- or third-lowest in the group on the same metric for white, Black, and Latino students specifically. We did not attempt to test whether there is a statistically significant relationship between funding levels and graduation rates. Still, it is notable that the University of New Orleans and UWM also ranked last and second-to-last respectively among the peer group for state funding and tuition revenue per student.

The data on student enrollment and outcomes do show several other more positive trends:

- IPEDS data show UWM’s share of in-state students is roughly in line with its peer urban universities and has held up well despite the freeze on tuition for such students.
- UWM students are taking fewer credits in order to graduate with a bachelor’s degree. Students graduating with a bachelor’s degree in 2000 attempted an average of 151 credits compared to 142 credits for 2020 graduates, according to UW System data. The



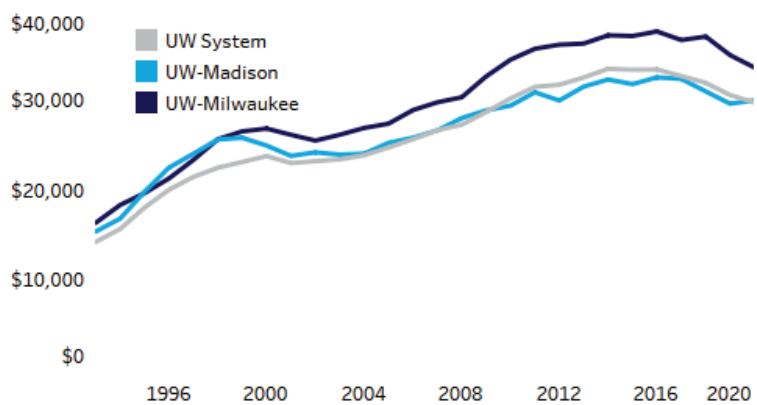
number of semesters required also fell, though UWM students continue to need more credits and semesters to graduate than UW System students as a whole. This progress lowers the cost of a degree by reducing both tuition costs and lost earnings.

- UWM is awarding more degrees in health as well as Science, Technology, Engineering, and Math (STEM) fields. In 2000, UWM awarded 440 STEM and 348 health degrees. By 2020, STEM degrees had nearly tripled to 1,252 and health degrees doubled to 732.<sup>21</sup>
- Almost all UWM graduates remain in Wisconsin – 92% of those who received a bachelor’s degree in 2015 were still in the state three years later.<sup>22</sup>

In one other positive trend, inflation-adjusted student debt levels for UWM graduates peaked in 2016 and have been generally falling since then. In 2020, the average student debt for those receiving bachelor’s degrees was \$33,565. That was the lowest level since 2009.

However, as Figure 17 shows, the debt for UWM graduates remains more than 12% higher than it is for either UW-Madison graduates or UW System graduates as a whole. Likewise, the unmet financial need is greater for UWM undergrads compared to those at UW-Madison and the UW System overall after accounting for grants, loans, scholarships, and the expected family contribution. The higher debt and unmet need reflect, in part, the lower incomes of UWM students and provide one argument for boosting financial aid at UWM.

**Figure 17: Debt Falls But Still Higher for UWM Grads**  
Average debt per bachelors degree in 2020\$



Source: University of Wisconsin System

## Institutions

### Program Completions and Schools

Given the enrollment declines at UWM and its rising financial challenges, we examined whether the campus is offering little-used programs and majors that could be ended or consolidated with other programs within UWM or the UW System. IPEDS data on students completing bachelor’s degrees at UWM did show that some majors produce relatively few degrees.

For example, in 2019, there were five majors at UWM in which no student earned a bachelor’s degree in the program as a first major and five in which one student earned a bachelor’s. No student completed a first major in Athletic Training, Chemistry Other (not the main Chemistry degree), Classics and Classical Languages, Jewish/Judaic Studies, and Meteorology. One student completed a degree as a first major in Physics, African-American/Black Studies, Germanic Languages and Literature, Latin American and Caribbean Studies, and Russian Language and Literature.



This review only explored the number of students completing majors in each program and not the number of students taking courses in these programs. Also, the review found most of the programs offered do align with the region’s needs. For example, as a first major UWM graduated 300 nursing majors in 2020, 263 marketing majors, and 229 information science majors. All of these majors are in high demand from employers.

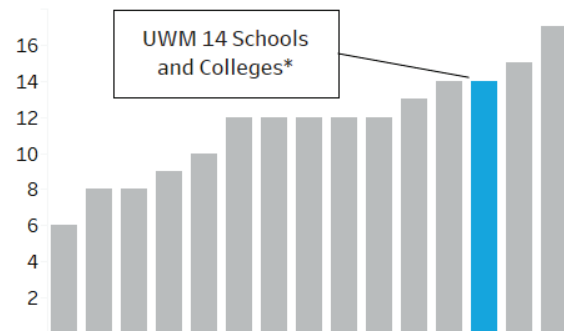
Despite the low number of first majors in several programs, a few considerations are in order:

- Eliminating these programs may affect accreditation as well as students who are taking courses in these majors as prerequisites to other degrees.
- Certain low-enrollment majors may bring in money or break even after factoring student housing and other revenues or may be closely related to more popular majors.
- The savings from eliminating these programs may be minimal and some may be essential to the university’s larger mission. For example, eliminating the African-American Studies major might be seen as short-sighted, given the relevance of the subject and the fact that UWM has the largest number of Black students within the UW System.

We also looked at the number of schools and colleges within UWM and members of its peer group, given that consolidating schools and colleges might gain modest efficiencies. Universities are not always comparable in this respect and some counts may differ. For example, some universities like UWM have a graduate school or college for post-graduate students that were excluded from our count.

As Figure 18 shows, UWM has 14 schools and colleges (including the College of General Studies within its Waukesha and Washington County campuses). That is tied for third-highest among the peer group and suggests UWM might want to consider reducing its number of schools and colleges.

**Figure 18: UWM Tied for Third-Most Schools**  
Number of schools and colleges\* by university



Source: Integrated Postsecondary Education Data System; \*Does not count Graduate Schools but includes UWM College of General Studies.

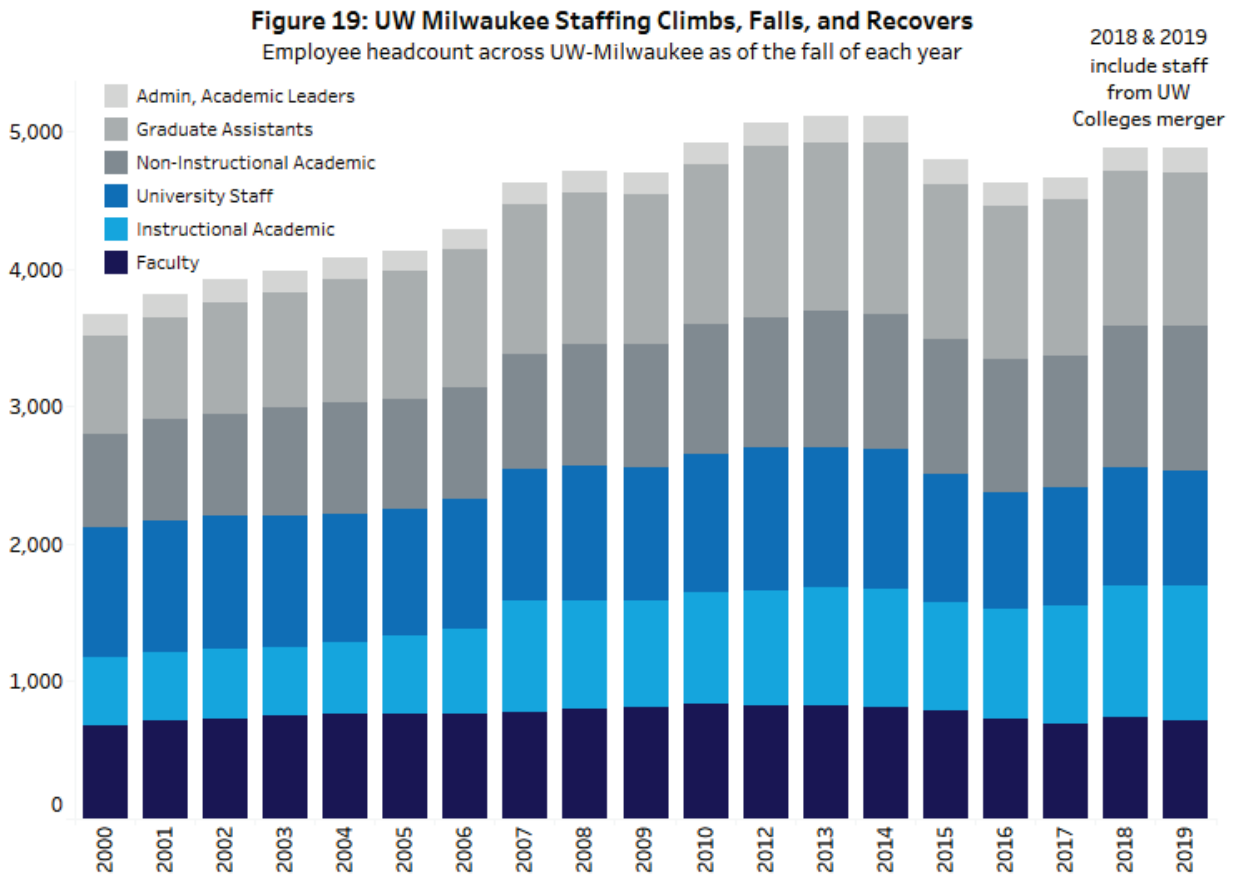
### Staffing Levels

The UWM workforce increased steadily from 2000 to 2014 but then fell in the two succeeding years. One major change since then has been the merger with the former UW Colleges campuses in Waukesha and Washington County, which added to UWM’s staff. With those additional staff, UWM’s workforce stood at 4,873 in the fall of 2019, down from 5,106 in 2014 but still well above its 3,666 workers in the fall of 2000 (see Figure 19 on page 24).

The trend for faculty, however, has posed some challenges in recent years. In 2020, enrollment at UWM was higher than in 2000 – in part because of the merger with the former UW Colleges. Yet the number of faculty did not increase commensurately and is now more than 100 fewer than it was at its peak in 2010.



This loss in faculty (defined as professor, associate professor, assistant professor, or instructor) would have been greater over the past decade if not for the merger of the three campuses, which makes comparisons of both enrollment and staffing levels more complicated. UWM’s Think Tank 2030 report has noted that additional faculty cuts could impact UWM’s research efforts and possibly its status as an R1 institution.<sup>23</sup>



Source: UW System; Figures for 2011 are not available and figures for 2018 and 2019 are not strictly comparable to prior years because they include the staff merged from the former UW Colleges campuses in Waukesha and Washington County.

### Staff Compensation

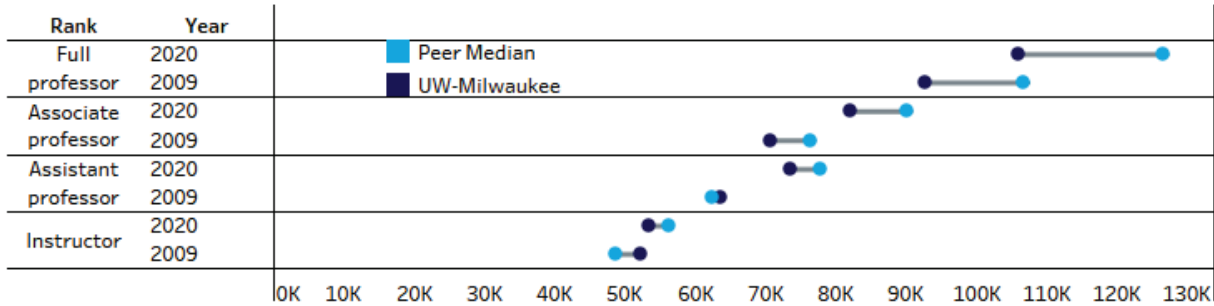
UWM trails most of its peer universities in faculty compensation and has lost ground over the past decade in providing the competitive salaries needed to attract top faculty. IPEDS data show salaries for full professors and lecturers in particular remain well below those within the peer group.

For faculty of all ranks, the average salary at UWM was the second-lowest in the peer group, above only the University of New Orleans, another institution noted in Part 2 for low revenues from tuition and state funding. 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 15 peer universities (see Figure 20 on page 25).<sup>24</sup> In 2009, full professors averaged \$92,551 at UWM, which was 13.2% below the median for the group.



**Figure 20: 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 addition, 2011 Wisconsin Act 10 required state employees – including UWM staff – to contribute more for their pension and health benefits. The added retirement contribution alone worked out to roughly 6% of earnings for state employees and may have furthered impacted UWM faculty relative to their peers, though we were unable to confirm that by comparing employee fringe benefits among the peer institutions.

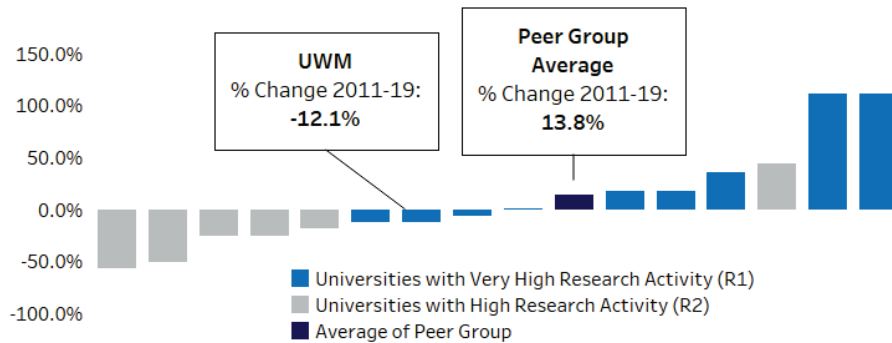
## Research and Development

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 one of the most concerning trends for the university and for the Greater Milwaukee area as a whole, given that research can expand a regional economy by attracting federal funding and sparking innovative new products and companies.

### [Data from the National Center for Science and Engineering Statistics](#)

show in raw dollars UWM R&D spending decreased from \$61.2 million in 2011 – a year when UWM changed the way it calculated these figures – to \$53.8 million in 2019. This decrease of 12.1% was well below the 13.8%

**Figure 21: 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

increase in spending for the 15-institution peer group and the increase of 27.9% for the hundreds of institutions included in the national survey (see Figure 21). UWM's spending rank within the peer group is now tied for seventh-lowest and the university ranked 197<sup>th</sup> nationally in 2019.

UWM did outperform five other universities in the peer group, which saw greater declines in R&D spending. Still, UWM's drop in R&D spending stands out as tied for worst (along with the University of



Louisville) of any of the nine peers with full R1 status. One other factor to remember, however, is that unlike many of the peers, UWM does not have a medical school or a partnership with one – an important difference since medical schools play a major role in attracting research funding.

The drop in UWM's R&D funding was driven by decreases in state and local government funding and in federal government funding, which together accounted for the lion's share of the decline. State and local funding fell from \$21.1 million to \$17.3 million, or 17.7%, and federal funding declined from \$30.5 million to \$23.3 million, or 23.4%.

The drop in research spending may reflect in part lagging compensation for UWM's faculty, particularly full professors since they tend to draw more outside awards. It is notable that the university within the peer group with the biggest percentage drop in research spending is the University of New Orleans, which also has the lowest salaries for faculty in general and for full and associate professors.

The peak for UWM in research spending a decade ago came in the same year that faculty numbers crested at 834 in 2010. The 13.7% drop in faculty numbers since then likely contributed to the drop in R&D funding as it meant fewer faculty competing for potential outside funding. However, UWM officials note that for R&D funding, the challenge lies less in keeping overall numbers of faculty steady and more in keeping a select few. In 2018, just 24 faculty members contributed half of 2018 research spending from external sources. Since then, the university has lost some of these professors to other universities or retirement and has not been able to fully replace them.

## Summary

UWM has had notable successes to celebrate in recent years. They include:

- The six-year graduation rate at UWM has improved for full-time students seeking a bachelor's, particularly for underrepresented minority students. Underrepresented minorities saw their graduation rate climb from 22.7% in 2000 to 32.9% in 2014. Retention rates have also risen for all students and for underrepresented groups.
- UWM is awarding more degrees in health and Science, Technology, Engineering, and Math (STEM) fields. In 2000, UWM awarded 440 STEM and 348 health degrees. By 2020, STEM degrees had nearly tripled to 1,252 and health degrees doubled to 732.
- UWM students are requiring fewer credits and semesters to graduate and finishing with less debt. In 2020, the average student debt for those receiving bachelor's degrees was \$33,565. After adjusting for inflation, that was the lowest level since 2009 though it remained above those of UW System graduates as a whole.

The performance, faculty, and R&D data we examined also give cause for concern, however:

- Despite the improvement in graduation and retention rates, UWM continues to trail other UW System campuses and its peer group of public urban universities on those metrics, particularly for underrepresented minorities.
- UWM is seeing falling faculty numbers over the past decade and lagging salaries for the faculty who remain, particularly full professors. 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 15 peer universities.

- UWM R&D spending in raw dollars decreased from \$61.2 million in 2011 to \$53.8 million in 2019. The 12.1% decrease was in stark contrast to the 13.8% increase in average spending for the 15-institution peer group of urban public universities.

The reasons for these challenging trends are interrelated and difficult to pinpoint. However, another institution with some of the same problems as UWM – the University of New Orleans – is also facing low revenues per student from tuition and state funding. These data raise questions about whether the difficult funding and enrollment environment at UWM is affecting its quality.





# PART FOUR: POLICY OPTIONS

To survive and thrive, UWM will have to improve on a number of fronts, such as by continuing to control costs, enhancing enrollment as well as graduation and retention rates, and engineering increases in state and tuition funding, financial aid, and research spending. UWM already has taken steps on its own to move in this direction, including its extensive Think Tank 2030 efforts.

The options presented here are by no means exhaustive and aim to give lawmakers, UW officials, and the public some avenues to explore to achieve these improvements, which would provide benefits to the entire region. We also note options that were presented in our previous “Falling Behind” report as those may be particularly important for UWM as well.

To overcome its obstacles and meet its goals, UWM likely will need to receive assistance from the state and make difficult decisions on its own. Finding the will to make these changes must start with acknowledging the difficulties ahead.

## Issue #1 – State and Local Funding and Financial Aid

UWM was feeling the effects of lagging state funding and the tuition freeze even before it was hit with the additional financial impacts from COVID-19. The university also has relatively low tuition fund balance levels to fall back on (see Part One).

**State Tax Funding.** As we have noted, Gov. Evers sought \$191.6 million in additional GPR funding over the next two-year state budget to pay for expanding a UW-Madison financial aid initiative to all campuses, improving online education, and addressing student mental and behavioral health, among other priorities. These initiatives are all particularly relevant to UWM, as we will discuss.

Lawmakers voted to provide a fraction of that funding request with a \$7.2 million increase for the entire UW System plus \$8.3 million in supplemental funds that the budget committee could release later. The supplemental funds include a \$5 million increase for the UW’s Freshwater Collaborative over the next two years, which will benefit UWM. Yet there is little in the way of other increases, particularly those targeted toward low-income students and those of color. State funding could play a key role in helping them and in so doing boost UWM as an institution as well.

With state general fund tax collections through June 2023 now projected to be \$4.4 billion higher than previously expected, the state could afford to provide at least some added funding to the UW System and UWM. Wisconsin did less than most states to boost higher education funding after the Great Recession and studies have shown state funding can help boost in-state enrollments and in certain situations improve outcomes such as graduation rates and time to graduation.<sup>25</sup> State officials may wish to take this into account either now or in the next budget.

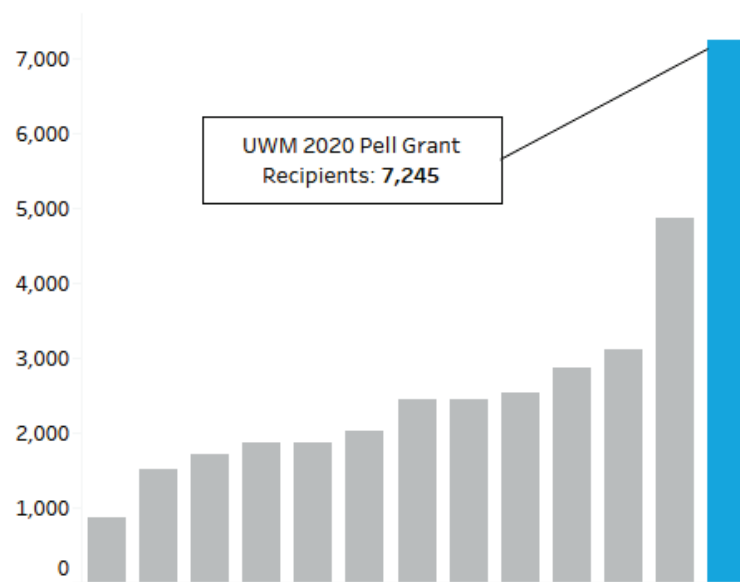
**Financial Aid.** Financial aid is a priority for every UW campus, but perhaps no other institution faces a need as great as UWM. As Figure 22 on page 29 shows, UWM easily leads all other UW campuses in low-income Pell Grant recipients at 7,245 in 2020 (the next closest was UW-Madison at 4,866). Of UWM undergraduates, 33.7% received a Pell Grant last year, a higher percentage than any other campus except UW-Parkside and UW-Superior.



Increasing financial aid could play an important role in drawing new students into UWM and ensuring that they finish their studies. One approach would be to expand statewide a plan such as Bucky’s Tuition Promise, which guarantees enough scholarships and grants to cover four years of tuition and fees for UW-Madison students with household adjusted gross incomes of \$60,000 or less.

Evers and UW System President Tommy Thompson sought to extend the “Wisconsin Tuition Promise” to all resident UW undergraduates in the new budget – something that would particularly benefit UWM students. GOP lawmakers removed that proposal from the budget.

**Figure 22: UWM Leads in Pell Recipients**  
Number of Pell Grant recipients by UW Campus in 2020



Source: University of Wisconsin System; Four-year campuses only

**Private Funding.** Even if improvements are made in state tax funding, tuition levels, and enrollment, UWM likely will still face funding challenges as it seeks to remain a high-level research institution. More private funding could build on existing efforts to pay for student financial aid and programming for students with the greatest barriers to academic success.

At \$113 million, UWM’s entire endowment represents less than half the amount of annual distributions made by UW-Madison’s foundation to that larger institution. UWM’s endowment will never match that of the state’s flagship university and does not need to do so. Yet its alumni, as well as local corporations and philanthropists, should consider what they can do to keep enlarging the endowment in the years to come, recognizing that taxpayers and students can only do so much.

## Issue #2 – A Thaw on Tuition

Many elected officials of both parties in recent years supported the UW tuition freeze to hold down student debt and the rising cost of college. Nevertheless, while the freeze on in-state undergraduate tuition proved popular with voters, it posed a challenge for key institutions like UWM.

In the 2021-23 budget, Evers supported continuing the freeze but sought to provide offsetting tax funding. Lawmakers, however, put a surprise end to the freeze by voting not to renew it, leaving the future for in-state tuition in the hands of the Board of Regents. For now, they have kept it steady but will likely be under some financial pressure to raise it in the future.

For UWM, a 2.5% increase in tuition would mean an additional \$202 in the gross annual amount of \$8,091 currently charged to 15,800 in-state undergraduates and would provide an additional \$3.2 million a year in revenue to the university if those students were all enrolled full-time. Extending that 2.5% increase to out-of-state students, including those with reciprocal tuition agreements, would bring in just under \$600,000 more. A 5% increase would roughly double those amounts.



Regents and lawmakers also might consider how much of the gross tuition increase to keep for university operations and how much to give back to low-income students through additional financial aid. As we noted earlier, UWM's relatively modest levels of financial aid pose a particular problem for its many low-income students and policymakers could use a tuition increase to help address it.

## Issue #3 – Reacting to Enrollment Declines

UWM's enrollment trends will remain a steep challenge for the institution for years to come, but it is critical to stem the losses and begin to rebuild. That is particularly the case at its two-year campuses. Here are a few options:

**Serving All Students.** UWM must embrace and better educate a wide range of students, from non-traditional learners who may need skills but not a degree to those who are already present on campus but facing obstacles to graduation. Much of UWM's task comes down to better serving students of color and those with low incomes. Unless their enrollment, retention, and graduation rates approach those of other students, the university will continue to struggle alongside them.

The good news is UWM has demonstrated success in boosting retention rates for students – including those of color – with programs such as peer mentoring, tutoring, and another form of academic help known as “supplemental instruction.”<sup>26</sup> Other efforts to boost student access and success include the MKE Scholars program and a summer program for incoming students in need of additional academic preparation. These programs need to be refined and expanded and could draw on additional funding from the state, tuition, budget cuts in other areas, or private philanthropy.

UWM cannot accomplish all of these goals on its own and the university has also been working with the Milwaukee Public Schools and Milwaukee Area Technical College through a formal collaboration begun in 2015 called M<sup>3</sup>, or M-Cubed. That effort seeks to prepare students for college and transition between the various institutions. M<sup>3</sup>'s work includes seeking to ensure MPS students fill out the Free Applications for Federal Student Aid (FAFSA), which can help boost M<sup>3</sup>'s members and ensure greater opportunity for the students themselves. Another community collaboration is the Milwaukee Workforce Investment Network (MKE WINs), which also aims to help students succeed before, during, and after college.

Last, better serving diverse students starts with ensuring a diverse staff. In the fall of 2019, 21% of UWM's staff were people of color. That was a notable improvement over a decade earlier but still remains somewhat below the percentage of students of color, which was 27.9% in the fall of 2020.

**Automatic Admission.** UWM's Think Tank 2030 committee recommended providing universal admission to city of Milwaukee high school graduates. Such a step could boost both enrollments and the university's broader mission of providing access to higher education.

However, initial access without sustained support is not a recipe for success for students or UWM. The committee also recommended creating a “University College” to ensure students' college readiness. The staff within the former UW Colleges campuses might play a helpful role in such an effort, as they bring their substantial experience working with students in a two-year setting.

**Building up Digital Learning.** Online instruction represents a major opportunity for all UW campuses but that is particularly the case for UWM, which has a wide range of course offerings and, increasingly, a well of unused capacity. UWM already has taken notable steps in this regard and was

ranked by U.S. News and World Report as [tied for 37<sup>th</sup> nationally](#) for its online bachelor's degree programs. The university should consider expanding these offerings, focusing on the programs with the most potential to boost enrollment and provide a benefit to workers and employers in the region and the community as a whole.

Another area of focus for digital learning could be places where the university has particular strengths or efficiencies that other regional UW System schools do not. UWM has some programs such as those within its School of Architecture and Urban Planning that are unique within the UW System and that offer true benefits in a digital setting.

## Issue #4 – Cuts and Efficiencies

Efficiencies alone are unlikely to rescue UWM if it is unable to secure more revenue. However, given the challenges faced by the university's budget, some additional measure of savings and targeted cuts will likely be needed. As the Think Tank 2030 report says, "UWM cannot continue to erode in a diffuse manner without eventually sacrificing its core mission as a top-tier research university."

**Courses and Programs.** This report has pointed out the small number of first majors produced by some UWM programs and our December report noted the same issue across the UW System. Some efficiencies might be available through thoughtful consolidation of different programs and majors, particularly if UWM coordinated with the overall UW System to do so across campuses.

However, policymakers must note that programming changes can affect accreditation and are not guaranteed to save money. No decisions should be made without good data showing potential savings and without consulting faculty and students. At a minimum, gathering the data and having those discussions might yield new insights into the university's position and prospects.

**Schools and Colleges.** Our review found that UWM has 14 schools and colleges, more than most of its peer group. The UWM Think Tank 2030 committee felt the university could potentially cut its number of schools and colleges by as much as half.

The 2030 report acknowledged there would be only limited savings from making such a move and eliminating the offices of a few deans. Yet the committee felt the opportunity to better coordinate research and academic programs would justify the effort. There is no guarantee of any great benefit – restructuring can cost more work than it saves. Still, this area seems ripe for consideration.

**Waukesha and Washington County Campuses.** In 2010, the then UW Washington County campus had 851 FTE students but by the fall of 2020 it had dropped to less than half that at 402. The Waukesha campus has had a similar drop – from 1,680 in 2010 to 909 last fall. If enrollments keep falling, UWM officials will struggle to avoid major cuts at these campuses or even a closure.

Such steps, however, will not prove a panacea for UWM's overall finances. In 2021, the Waukesha and Washington County campuses budgeted for \$9.4 million in state GPR and tuition revenue, or just 2.7% of UWM's \$349.4 million in total tuition and GPR revenue that year.

The political challenges associated with major cuts or a closure are daunting, and though they might prove necessary and provide some fiscal benefit they likely would not transform UWM's budget. Also, there would likely be some drop in tuition revenues from students at a closed campus who would be unwilling or unable to transfer to the other UWM campuses. In addition, students on the other

campuses might have to pay off certain debt issued for the closed institution. Last, a closure would likely take some time to complete, pushing any savings well into the future.

## Summary

As it looks to the future, UWM needs to begin limiting and undoing some of the damage in its recent past. That means improving funding and enrollment levels where it can and avoiding as much as possible cuts in core areas such as its faculty numbers.

Its options include – in some combination – increasing state tax or student tuition revenues; boosting private funding; finding new enrollments and efficiencies through digital learning; and better meeting the needs of its diverse student body. None of these options are easy and several are not fully under UWM's control.

Yet in the end, the alternative is even less acceptable. The Greater Milwaukee region can ill afford to see further setbacks for its largest university and one of its key research institutions.

# CONCLUSION

As UWM emerges out of the shadow of COVID-19, this key institution for southeast Wisconsin faces greater challenges than any other four-year UW System campus with the possible exception of UW-Stevens Point. Its satellite two-year campuses face even more acute difficulties. Enrollment is declining while crucial funding streams have lagged. These difficulties threaten UWM's notable successes over the past two decades, including its achievement of elite status as an R1 research university and its progress in serving some of the state's most disadvantaged students.

The stakes of overcoming these obstacles could not be higher, given UWM's critical roles in fostering innovation and providing access to higher education in the state's largest city.

Our key findings include:

- State funding for UWM has fallen from nearly equal to tuition revenue in 2008 to being 28.4% lower than tuition today. In a national group of 15 urban public research universities, UWM's state funding per student was third-lowest.
- Since 2013, UWM's combined in-state undergraduate tuition and fee revenues rose only 3.8%, the second-lowest among its peer group and well behind the rate of inflation. Its tuition and fees were also third-lowest overall.
- UWM's enrollment decline since 2010 is the second-worst of any four-year UW System campus and its recent decline is also worse than most of its national peer group.
- R&D spending at UWM has fallen 12.1% since 2011, worse than most of its peer group. The salaries for its faculty also fell even further behind many of its peers over the past decade. In this respect, UWM is similar to the University of New Orleans, another institution that has particularly low revenues from tuition and state funding.
- 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.

In many areas such as graduation and retention rates, student debt, access for students of color, and STEM degrees, UWM has made gains in recent years despite its funding challenges. Yet certain efforts – such as its research programs and even its R1 designation – have now been cast into doubt.

So far, the pandemic has exacerbated these harmful trends. Yet it could also serve as a clarion that calls regional and state leaders to rally to UWM and begin strengthening and rebuilding. For his part, Gov. Tony Evers sought to boost state funding while lawmakers instead returned to the UW Board of Regents the authority to raise in-state tuition at campuses such as UWM.

These solutions can be implemented quickly but others, such as increasing enrollment or restructuring UWM's majors or schools and colleges, would take months or years. Whatever path is taken, a sense of urgency is required if the university is to maintain its vital role as a place of higher learning – UWM is critical to the prosperity of not just the Greater Milwaukee region but the state as a whole. We hope this report gives perspective to the public and key leaders as they undertake this crucial work.





# ENDNOTES

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- <sup>1</sup> The 2014 Economic Impact Report for UWM was done by NorthStar Analytics using 2012-13 fiscal year data: <https://uwm.edu/budget2015-17/wp-content/uploads/sites/316/2015/04/UWM-Economic-Impact-2014.pdf>
- <sup>2</sup> For more, see the [University of Wisconsin System website](#) as well as the [Legislative Fiscal Bureau \(LFB\)](#).
- <sup>3</sup> Student veterans come with a fiscal impact as they, their spouses, and their children pay no segregated fees.
- <sup>4</sup> The UW System enrollment data can be downloaded here: <https://www.wisconsin.edu/education-reports-statistics/enrollments/>; the Pell grant data can be downloaded here: <https://www.wisconsin.edu/accountability/access/>. The veterans information was provided by UWM officials.
- <sup>5</sup> The methodology is available here: <https://www.shanghairanking.com/methodology/arwu/2020> and here <https://cwur.org/methodology/world-university-rankings.php>.
- <sup>6</sup> The budgeted revenue data were provided by UWM. Data in Figure 2 are for UWM's three merged campuses.
- <sup>7</sup> See pages 5-7 of the Falling Behind report: [https://wispolicyforum.org/wp-content/uploads/2020/12/FallingBehind\\_FullReport-compressed.pdf](https://wispolicyforum.org/wp-content/uploads/2020/12/FallingBehind_FullReport-compressed.pdf).
- <sup>8</sup> See the 2021 LFB Informational Paper on the UW System: [https://docs.legis.wisconsin.gov/misc/lfb/informational\\_papers/january\\_2021/0034\\_university\\_of\\_wisconsin\\_system\\_overview\\_informational\\_paper\\_34.pdf](https://docs.legis.wisconsin.gov/misc/lfb/informational_papers/january_2021/0034_university_of_wisconsin_system_overview_informational_paper_34.pdf). A portion of general fund aid is also now awarded to UW campuses on a performance basis to reward such goals as enrolling under-represented student groups, increasing graduates in science, mathematics, technology, and engineering majors as well as health-related disciplines, and holding down student debt levels.
- <sup>9</sup> For more on state funding for financial aid see the LFB informational paper, “[Student Financial Aid](#).”
- <sup>10</sup> See the annual reports of the UWM Foundation (<https://uwm.foundation/financials/reports/>) and the University of Wisconsin Foundation (<https://www.advanceuw.org/annual-report/>)
- <sup>11</sup> See this fact sheet on the UWM campus: <https://uwm.edu/facts/>
- <sup>12</sup> For more on the federal relief measures, see this April 2021 WPF report: <https://wispolicyforum.org/research/unprecedented-aid-federal-relief-to-state-and-locals-shatters-previous-levels/>
- <sup>13</sup> State appropriations, tuition revenue, and FTE enrollment data were not available for Temple University.
- <sup>14</sup> Cleveland State does not have a medical school but partners with Northeast Ohio Medical University.
- <sup>15</sup> The IPEDS tuition and state appropriations figures per FTE figures for UWM were slightly different from those derived from their financial statements and other IPEDS data. We changed these figures after consulting with UWM officials but the difference was modest and affected only one peer group ranking by one place, making UWM third-lowest in tuition and fee revenue per FTE rather than second-lowest.
- <sup>16</sup> See pages 20-22 of “[Falling Behind? The State of Wisconsin Public Universities and Colleges](#).”
- <sup>17</sup> The high school completion data is from the Department of Public Instruction and for public schools is for a six-year completion timeframe: [https://dpi.wi.gov/wisedash/download-files/type?field\\_wisedash\\_upload\\_type\\_value=hs-completion](https://dpi.wi.gov/wisedash/download-files/type?field_wisedash_upload_type_value=hs-completion); the private school data is found here: [https://dpi.wi.gov/wisedash/download-files/type?field\\_wisedash\\_upload\\_type\\_value=hs-completion-private-school](https://dpi.wi.gov/wisedash/download-files/type?field_wisedash_upload_type_value=hs-completion-private-school)
- <sup>18</sup> The Pell Grant data come from the UW System Accountability tool: <https://www.wisconsin.edu/accountability/access/>
- <sup>19</sup> See the UW System Accountability tool: <https://www.wisconsin.edu/accountability/access/>
- <sup>20</sup> See the UW System Accountability tool: <https://www.wisconsin.edu/accountability/progress-and-completion/>. The merger with the two-year campuses may have modestly affected these figures.
- <sup>21</sup> See the UW System Accountability tool: <https://www.wisconsin.edu/accountability/economic-development/>
- <sup>22</sup> Ibid.
- <sup>23</sup> See page 19 of the UWM “Think Tank 2030 Final Report”: <https://uwm.edu/chancellor/wp-content/uploads/sites/290/2020/06/Think-Tank-2030-Final-Report-20200528.pdf>
- <sup>24</sup> The metric used is average salary equated to 9 months of full-time instructional staff.
- <sup>25</sup> For a look at the impacts of state funding, see: [https://sheeo.org/wp-content/uploads/2021/05/SHEEO\\_ImpactAppropriationsFinancialAid.pdf](https://sheeo.org/wp-content/uploads/2021/05/SHEEO_ImpactAppropriationsFinancialAid.pdf)
- <sup>26</sup> For more, see the memo “UW-Milwaukee and the Achievement Gap”: <https://uwm.edu/chancellor/wp-content/uploads/sites/290/2019/07/2019-Achievement-Gap-Summary-July-8-2019.pdf>

