

REIMAGINING OUR SUCCESS

REVENUE INNOVATIONS TO SUPPORT THE UW-MADISON MISSION

Over the last 10-15 years, UW-Madison's revenue growth has substantially lagged behind peer institutions in the Big Ten and other elite public universities, many of which compete with us for students and federal research funding. While several strategic initiatives have helped close this gap, we have not been able to catch up fast enough. The impact of the COVID-19 pandemic has exacerbated the need to pursue new revenue solutions beyond increased state government support. UW-Madison's long history of economic innovation includes its status as a land grant institution, the creation of WARF as a steward of campus-based research into the marketplace, and the development of University Research Park to nurture economic and technological developments. The time is now for UW-Madison to pursue new innovative revenue strategies that will drive the next era of growth, development, and discovery.



\$15
billion

overall economic
impact on Wisconsin

UW-Madison is a major economic growth engine for the state of Wisconsin, with a **\$24:1 return on investment**. Each year, the university attracts students and scholars from across the country and around the world to engage with our academic and research mission.

\$2.3
billion to the Wisconsin economy from 362 startup companies fostered by UW-Madison research.

\$847.5
million in state and local tax revenue from UW-Madison, UW Hospital and Clinics, and affiliated organizations and startup companies.

FACTORS DRIVING THE NEED FOR REVENUE INNOVATION

- Campus history of innovation and as an economic growth machine
- Increased competition from other universities
- Declining levels of state government support
- Growing infrastructure costs (including deferred maintenance)
- Enhanced goals related to sustainability
- Impact of COVID-19

WHAT WE'VE DONE SO FAR

- Summer session enrollment growth
- Philanthropic support (All Ways Forward)
- Research and development
- Professional and non-resident tuition
- Professional master's degrees
- Undergraduate enrollment growth



WISCONSIN
UNIVERSITY OF WISCONSIN-MADISON

NEW STRATEGY CONSIDERATIONS

In August 2019, the Chancellor and Vice Chancellor of Finance & Administration appointed the Revenue Innovations Study Group to provide recommendations for innovative revenue growth in support of the University's academic and research mission. These recommendations would generate a long-term endowment, develop other non-monetary assets, and cultivate immediate and recurring income streams. The Study Group elevated the following strategy recommendations. Campus is actively developing strategies related to real estate and auxiliary and asset optimization. We have started informal discussions with campus leaders and plan to meet with governance groups this fall.



REAL ESTATE

Overview: UW-Madison has partnered with U3 Advisors, a nationally recognized real estate consulting firm with extensive practice in higher education, to develop a real estate strategy that would generate new revenue streams via campus (re) development processes. U3 found that the Madison market and UW-Madison land holdings offer substantial long-term opportunities.

Next steps: In addition to obtaining approval from the Board of Regents and state government, campus is also seeking to partner with real estate experts for project advising and is working to determine the fit of potential entertainment spaces in mixed-use developments. All new developments must also complement campus planning.



AUXILIARY & ASSET OPTIMIZATION

Overview: UW-Madison is investigating the development of a campus-wide auxiliary optimization strategy similar to peer higher education institutions. This multi-phase strategy focuses on creating long-term value for campus while improving overall operations and addressing sustainability goals, including Carbon Zero objectives. The scope includes capital- and labor-intensive operations. The University is currently preparing an RFP for a strategy partner with experience in asset optimization and process improvement to serve as an advisor during the next phase of exploration.

Next steps: Campus is focused on drafting and reviewing the RFP, with plans of getting it to market by end of calendar year 2020. The timeline for project kick-off is Q1, with project output anticipated for Q2, of 2021. A subsequent RFP for future phases would be released in the second half of 2021.



CORPORATE & INDUSTRY ENGAGEMENT

Overview: UW-Madison and the Office of Business Engagement (OBE) have made progress in developing and expanding a campus-wide corporate engagement strategy, inclusive of industry-sponsored research, talent recruitment, professional development, incubation, sponsorship, and other shared goals. OBE will be a critical pillar in growing industry-sponsored research and amplifying the campus's role as a critical economic engine for the state of Wisconsin.

Next steps: The university recently hired a seasoned corporate executive to oversee the campus's overall industry engagement strategy and enhance the current structure in order to support revenue growth in this area. The strategies above, particularly real estate, also have an impact on our corporate and industry engagement strategy.