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UW-Madison Strategic and Financial Assessment

Final Report – Executive Briefing

September 2025

WISCONSIN
UNIVERSITY OF WISCONSIN–MADISON

Background and Context

Strategic and Financial Assessment Background at UW System

In July 2023, the Universities of Wisconsin System engaged Deloitte to conduct a Financial and Strategic Assessment across 12 member institutions (excluding UW-Madison), recognizing that many of its comprehensive universities carried structural deficits. These assessments focused on conducting financial health and operational reviews to identify the drivers of the deficits and develop wide-ranging opportunities for the universities to consider to close budget gaps to achieve financial sustainability. UW System and UW-Madison leaders decided not to include UW-Madison in this assessment because the objectives were determined to be more relevant to the needs of the Comprehensive Institutions and not to UW-Madison.

Focus of Strategic and Financial Assessment at UW-Madison

From March to July 2025, the Universities of Wisconsin System and the University of Wisconsin-Madison engaged Deloitte to design a separate and additional Assessment, focused on evaluating the effectiveness of financial and budgetary controls across four administrative areas. Deloitte conducted a current state assessment and identified opportunities for UW-Madison to enhance controls in alignment with leading practices. This report reflects Deloitte's analysis and presents a set of opportunities that UW-Madison leaders may consider to enhance the effectiveness of its budgetary and financial controls.

UW-Madison is Reassessing its Budgetary Controls and Decision-Making Processes to Enhance Financial Management and Accountability

From March to July 2025, the Universities of Wisconsin System and the University of Wisconsin-Madison engaged Deloitte to conduct a Strategic and Financial Assessment (SFA).

OBJECTIVES

The objectives of the SFA project included identifying where control and decision-making occur (locally or centrally) and evaluating the efficiency and effectiveness of current controls. The initiative also explored opportunities to align the university's budgetary governance structure with leading practices in higher education.
Specifically, **Deloitte assessed current practices in four focus areas** and identified opportunities that UW-Madison leaders may consider to strengthen budgetary controls and practices in alignment with leading practices.

- **Position Management, Hiring, and Compensation.** The processes by which employees are hired, and compensation and merit decisions are made.
- **Travel and Expense Reimbursement.** Approval and audit processes for travel, lodging, meals, and other out-of-pocket expenses, including p-card expenses.
- **Procurement.** The means by which the university oversees expenditures for goods and services, including those for software and other IT procurements.
- **Capital Expenditures.** The means by which the university plans for and approves its capital expenditures at the central and local levels within the context of the System and State capital planning and approval processes.

External Market Events Underscore a Need for Change

Higher education is facing myriad challenges that threaten funding sources and increase costs, creating a need for universities to increase stewardship of institutional resources through robust budgetary controls.

HIGHER EDUCATION MARKET PRESSURES

Socioeconomic Trends

The **perception of higher education's value** among parents and young adults **has declined**. In 2023, only 41% of young adults surveyed said they felt 'college education is very important', down from 74% in the early 2010s[1].

Geopolitical Shifts

Proposals at the federal level are **creating uncertainty**[2] with regards to higher education funding and policy, as well as other potential new costs, and limited access to international students.

Operational Expense Growth

Inflation in personnel and service costs, coupled with **rapid technological advancements**, necessitate a strategic approach to balancing investments with cost containment strategies.

Talent Workforce Dynamics

Workforce dynamics are shifting. Recent post-pandemic CUPA-HR studies show many institutions continue to face **talent retention challenges**, driven by **increased** salary **competition** and other wage pressures[3].

Source: (1) Americans Are Losing Faith in the Value of College - Whose Fault Is That?; (2) e.g., In Feb 2025, the National Institutes of Health's (NIH) announced a policy to cap indirect cost reimbursements at 15% for all new and existing grants. (3) CUPA-HR 2023 Higher Education Employee Retention Survey, CUPA-HR Higher Education Workforce Turnover

UW-Madison has Taken Action to Improve Controls and Processes

Prior to the SFA project, and in response to both external market pressures and recent internal challenges related to financial stewardship, UW-Madison has been proactively implementing several initiatives to improve controls and processes.

FY 2022

Title and Total Compensation Study

UW-Madison initiated a joint project with the UW System in 2017 to build **standardized frameworks for job titles, descriptions, and compensation**, designed to promote effective employee advancement through market-informed titles and pay scales.

FY 2024

Activity-based Hybrid Budget Model

UW-Madison has historically used an incremental budgeting approach. In 2024, leadership developed **a new budget model to better link funding** to instruction and research**, increase transparency, and incentivize innovation**. During fiscal years 2025 and 2026, a shadow budget will run alongside the current budget to assess the impact on schools and colleges,and prepare and train unit leaders for go-live in fiscal year 2027.

Centralization of Expense Report Auditing

Since April 2024, UW-Madison has been transitioning to a centralized expense report auditing model **to enhance oversight and consistency;** The new model was fully deployed with Workday go-live in July 2025.

Implementation of Position Cap

In compliance with a December 2023 agreement approved by the UW System Board of Regents, the Universities of Wisconsin instituted a **system-wide cap on hiring** a range of positions.

FY 2025

"Link UW" Initiative

As part of "Link UW", the university is **identifying activities that can be** consolidated or **moved to a shared services model to enhance efficiencies,** with Phase 1 of this initiative scheduled to go live at the end of 2025.

FY 2025

Additional Controls Implemented After DDEEA Review

Following the internal review of DDEEA, UW-Madison took several actions to enhance controls, including transferring DDEEA's fiscal authority to the AVC of Finance and establishing **additional financial and HR oversight across all administrative units**.

Additional Controls for Fiscal 2025+

Due to funding uncertainties, UW-Madison **implemented additional fiscal controls in March 2025** for the remainder of Fiscal 2025 and into Fiscal 2026. These measures include enhanced hiring reviews for administrative units, restrictions on travel and purchases, and reassessment of planned capital projects.

FY 2026

Fiscal 2026 Budget Reductions

To manage potential funding losses, all schools, colleges, and divisions were directed in March 2025 to prepare 5% and 10% 101 budget reduction plans. In June 2025, UW-Madison announced the implementation of a **5% reduction for schools and colleges and 7% reduction for administrative units**.

Workday Implementation

As part of the larger Administrative Transformation Program launched in 2019, UW-Madison **transitioned to Workday** in July 2025. This change **will streamline administrative processes** by replacing the Shared Financial System (SFS), Human Resources System (HRS), and numerous ancillary systems, consolidating HR, payroll, and financial data into one system.

Source: Administration Transformation Program; UW-Madison Budget Approach; UW-Madison FY25 Fiscal Controls and FY26 Budget Planning

Recognizing the Need for a Broader, Strategic Assessment, UW System and UW-Madison Engaged Deloitte Alongside Campus Stakeholders

Deloitte, an independent advisor, met with university leadership and stakeholders from across the university and UW System, and conducted objective quantitative and qualitative analyses to understand the university's current state and develop future opportunities.

Governance

Engagement

Steering Committee

Input into the assessment was provided by **a steering committee composed of campus and system leadership**, providing essential context and feedback on assessment findings and recommendations*.

- **Rob Cramer,** Vice Chancellor of Finance and Administration
- **Julie Gordon**, Vice President for Finance and Administration
- **David Honma**, Associate Vice Chancellor and Controller
- **Patrick Sheehan**, Chief Human Resources Officer
- **Tina Nielsen**, L&S Associate Dean for Innovation and Strategy
- **Rebecca Scheller**, Law School, CAO / Associate Dean

Stakeholder Engagement

60+ Administrative and Academic Stakeholders Engaged…

A variety of **stakeholders were engaged in 10+ focus groups and 1-1 interviews,** including members of the steering committee, HR directors, finance leads, budget directors, CFOs/CBOs, Deans, the Provost, and representatives of shared governance, department chairs, faculty, and research. UW-System stakeholders included Capital Planning and Budget, Shared Services, and HR staff.

… Across 20+ Divisions

Stakeholders were engaged from a variety of schools, colleges, and divisions across the UW-Madison and UW System.

Note: * The recommendations in this report reflect Deloitte's independent analysis and do not necessarily represent the endorsement of individual steering committee members. Rather, they present a set of opportunities for UW-Madison leaders to consider in enhancing the effectiveness of the university's budgetary and financial controls.:

Operational and Cultural Challenges Also Signal a Need for Change

The Deloitte team identified four overarching challenges during the SFA project, highlighting operational and cultural challenges common to many institutions.

Siloed Responsibility vs. Shared Stewardship

The decentralized structure and current budget parameters foster a 'use or lose it' mentality and a perception that academic and non-academic units compete for talent, which **challenge the enforcement of shared stewardship over university resources.**

Inconsistent Expectations and Awareness

While some areas within UW-Madison effectively implement training and guidance, the decentralized structure and frequent process complexity results in others **lacking awareness of policies and expectations**, **leading to process delays and inconsistent application of policies**.

Complex and Lengthy Processes

Lengthy and complex approval processes, particularly in CapEx planning and procurement for specialized purchases, can **result in escalating costs, unnecessary delays, and increased administrative burden.**

Decentralization vs. Centralization Tension

There is **tension between the benefits of often necessary flexibility from decentralization vs. consistency** from centralization, with a desire for balance that allows for nuances between divisions, while ensuring greater accountability and efficiency.

The Assessment Revealed Core Challenges Across the Focus Areas

Across the four focus areas, a range of control and approval authority exists, each with distinct challenges that are exacerbated by overarching issues of distributed accountability and the need for enhanced awareness of policies, contributing to enterprise risk.

CORE CHALLENGE

POSITION MANAGEMENT, HIRING AND COMPENSATION

The highly decentralized HR structure, with limited central oversight, results in inconsistent recruitment, compensation, and salary adjustment practices and policy application.

TRAVEL AND EXPENSE (T&E) REIMBURSEMENT

Processes, policies, and roles create a highly specific control environment – which may have an increased cost to maintain in the future state – without the corresponding return in value to the financial stewardship of the institution.

PROCUREMENT

Substantial complexity and uneven awareness of procurement policies and expectations, combined with insufficient communication, results in process inefficiencies and bottlenecks as central purchasing must uphold strict policy guidelines when approving purchases.

CAPITAL EXPENDITURES

Limited coordination and control over capital projects, combined with lengthy planning and approval processes and unclear alignment between long-term strategic priorities and capital plan generate inefficient planning.

Although UW-Madison's policies serve as a strong foundation for budgetary controls, the highly decentralized culture of decision-making, inconsistent processes, and differing expectations of how policies should be executed across units make it challenging for the institution to promote consistent stewardship of funds and increases risks of non-compliance.

Amid Significant Financial Uncertainty, UW–Madison Can Strengthen Resource Stewardship and Accountability

UW–Madison is taking action to foster a culture of greater accountability, shared responsibility, and transparency, ensuring that every unit and leader is empowered and responsible for prudent resource management in an increasingly complex financial environment.

FUTURE STATE VISION GUIDING PRINCIPLES

1

Foster Accountability

Foster a culture of shared resource stewardship and institutional accountability, and a mindset where all leaders, faculty, and staff embrace a shared responsibility, moving away from siloed responsibilities.

2

Enhance Policies and Streamline Processes

Enhance policies and streamline processes to align with executive leadership's long-term goals and envisioned control framework.

3

Elevate Training and Transparency

Elevate transparency in resource allocation and decision-making processes. Ensure consistent application of policies and guidelines, recognizing the complexity of UW-Madison, supported by comprehensive training programs.

4

Balance of Centralization vs. Decentralization

Strike a greater balance between the flexibility of decentralization and the consistency of centralization, allowing for divisional nuances while ensuring accountability.

Broad Desire Across Campus for Streamlined Operations is Tempered by Hesitance to Change

Campus leaders recognize the need for accountability, responsible stewardship of campus resources, and compliance, and are eager for clearer policies and processes. However, some campus leaders are skeptical about the effectiveness and efficiency of further shared and centralized services to promote stronger accountability and service excellence.

Campus leaders and constituents broadly **support the case for change** and emphasize the **need for easier paths to navigate complex policies** and processes…

> “*We **need to make it easier for people to do the right thing**, and harder for people to do the wrong thing.*”

> “*There is **tremendous opportunity to make this university better;** and difficult, collective choices are necessary to remain competitive.*”

…However, some campus stakeholders have **expressed hesitancy** due to potential losses of control over resources and **fears that service quality will deteriorate** with further centralization.

> “*It's **not clear to me that more centralization will actually create efficiencies**. Our units need flexibility.*”

> “***We have been through a lot of change** in the past few years, and the **staff is pretty tired**. Anything new needs to be spaced out.*”

ILLUSTRATIVE OF WHAT WE'VE HEARD

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UW-Madison has Opportunities to Drive Continuous Process Efficiency and Cultivate a Greater Culture of Accountability

Ten key opportunities emerged from the SFA project centered around transforming policies and operational practices.

Position Management

1 Establish stronger central oversight for position management, hiring, and compensation by **realigning the HR operating model and organizational structure** to ensure appropriate oversight, responsibility, and accountability.

2 Implement **targeted HR process improvements** to increase hiring efficiency, optimize position management, streamline salary adjustments, and enhance training and awareness.

T&E Reimbursement

3 **Address policy gaps in complex areas** and establish consistent processes for regular review and improvement.

Procurement

7 Implement a **system for better communication** and tracking of procurement requests to ensure timely updates.

T&E Reimbursement and Procurement

4 Further adopt ongoing **risk-based monitoring to streamline the expense report auditing process** and enhance risk management practices by utilizing conditional logic to stratify higher-risk transactions for centralized review.

5 **Develop comprehensive training programs** for T&E and procurement policies and processes to improve policy awareness and expectations and enable efficient procurement processing.

6 **Consider an embedded transaction specialist model** where individuals with deep policy knowledge and technical expertise are embedded in the divisions and units they serve to enhance consistency and compliance.

Capital Expenditures

8 **Consolidate capital projects into a unified capital plan**, that provides both high-level and detailed views of CapEx projects to support and streamline strategic planning.

9 **Develop a clear central vision for capital investments,** asset management, and space utilization that executes on the university's long-term strategic priorities.

Finance

10 Strengthen central oversight of finance and administration and enhance service delivery by realigning the operating model and organizational structure to create a **future-focused finance and administration business partner role.**

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Effective & Sustainable Organizational Transformation Will Require Further Assessment of Capacity and Thoughtful Design

As UW-Madison leaders consider the opportunities outlined in this report and determine which opportunities they want to pursue, they will require the following foundational elements to set the institution up for a successful transformation.

Executive Sponsorship

A clear vision from executive leaders, including guiding principles and goals for the transformation, as well as cascading expectations from leaders

Assessment & Planning

Before revising practices or changing operating models, clear assessment of the ability of functional areas to meet reasonable service levels

Resources

Adequate resources, skills, and capabilities to support all programmatic aspects of the organizational and operational change

Operational Excellence

Relentless focus on improving the faculty, staff, and student experience to deliver services more efficiently, effectively, and compliantly