

December 2023

To: Representative Mark Born, Co-chair, Joint Committee on Finance
Senator Howard Marklein, Co-chair, Joint Committee on Finance
Joe Malkasian, Committee Clerk

Fr: Jay O. Rothman, President, Universities of Wisconsin

Re: Outcomes Based Funding, Fiscal Year 2023-24

In accordance with Wisconsin State Statutes, Chapter 36.112, accompanying this memo is the UW System Outcomes Based Funding (OBF) Report for Fiscal Year 2023-24.

In October 2018, the OBF formula allocated \$26.25 million for FY19 as specified in the 2017-19 biennial budget. It has been five years since then. In FY24, a total of \$48.75M was distributed, combining the initial allocations and funds from former UW Colleges and UW Extension.

The outcomes-based funding formula consists of 16 measures, four each within goals for Access, Success, Workforce, and Efficiency. Within each goal, institutions weight individual measures to reflect institutional mission. Performance on the OBF measures is calculated by comparing two overlapping three-year periods to ensure that allocation is driven by sustained improvements over time, rather than one-time fluctuations.

Performance on the OBF measures in FY24 systemwide was substantially impacted by the cumulative effect of several years of declining enrollment at most institutions. As a result, most enrollment-related OBF measures declined systemwide. These decreases were countered by improvements in some individual measures. Specifically, research and public service expenditures and efficiency measures improved or held steady for the period.