

☞ **03hr_JC-Au_Misc_pt041**



☞ Details: University of Wisconsin System Staffing

(FORM UPDATED: 08/11/2010)

**WISCONSIN STATE LEGISLATURE ...
PUBLIC HEARING - COMMITTEE RECORDS**

2003-04

(session year)

Joint

(Assembly, Senate or Joint)

Committee on Audit...

COMMITTEE NOTICES ...

- Committee Reports ... **CR**
- Executive Sessions ... **ES**
- Public Hearings ... **PH**

INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL

- Appointments ... **Appt** (w/Record of Comm. Proceedings)
- Clearinghouse Rules ... **CRule** (w/Record of Comm. Proceedings)
- Hearing Records ... bills and resolutions (w/Record of Comm. Proceedings)
(**ab** = Assembly Bill) (**ar** = Assembly Resolution) (**ajr** = Assembly Joint Resolution)
(**sb** = Senate Bill) (**sr** = Senate Resolution) (**sjr** = Senate Joint Resolution)
- Miscellaneous ... **Misc**

* Contents organized for archiving by: Stefanie Rose (LRB) (November 2012)

United Council of UW Students

Building the WI Ideal: \$9 at a Time
2005-07 Biennial Budget
September 16, 2004

Prepared by:
Stephanie Hilton, President
Bethany Ordaz, Legislative Affairs Director



National Trends in Higher Education

- Tuition increases have made college less affordable for most American families
- Federal and state financial aid has not kept pace with tuition increases
- Students and their families, of all incomes, are borrowing more than ever to pay for college



- The steepest increases in college tuition have been imposed during times of greatest economic hardship
- During recent recessions and budget deficits, the answer to these policy questions has been alarmingly consistent: compensate for state budget cuts to higher education by increasing tuition for students and their families



UW System 2003-05 Biennial Budget Summary

- \$250 million base budget cut
- \$150 million tuition increase to backfill base budget cut
- \$26.5 million raided from UW auxiliaries; funded increase in financial aid
- 650 faculty/staff positions eliminated
- UW System took 38% of cuts, yet was only 9% of state's budget



Wisconsin Economic Climate

- 4.75%: Projected annual growth in Wisconsin tax revenues in 2003-05 ⁽¹⁾
- 4.99%: Growth in WI personal income in 2004-05 ⁽²⁾
- 5.01%: Projected growth in WI personal income in 2005-06 ⁽²⁾

(1) Wisconsin Economic Outlook, 6/04; (2) Department of Revenue, 6/04



Biennial Budget Student Priorities

- 100% GPR funded financial aid
- 100% GPR funding for Hold Harmless for families with incomes below \$46,000
- Cap tuition increases at 5%
- Fund instructional costs at traditional split of 65% GPR and 35% tuition
- Reinstate 300 faculty positions
- Restore \$26.5 million to UW auxiliaries

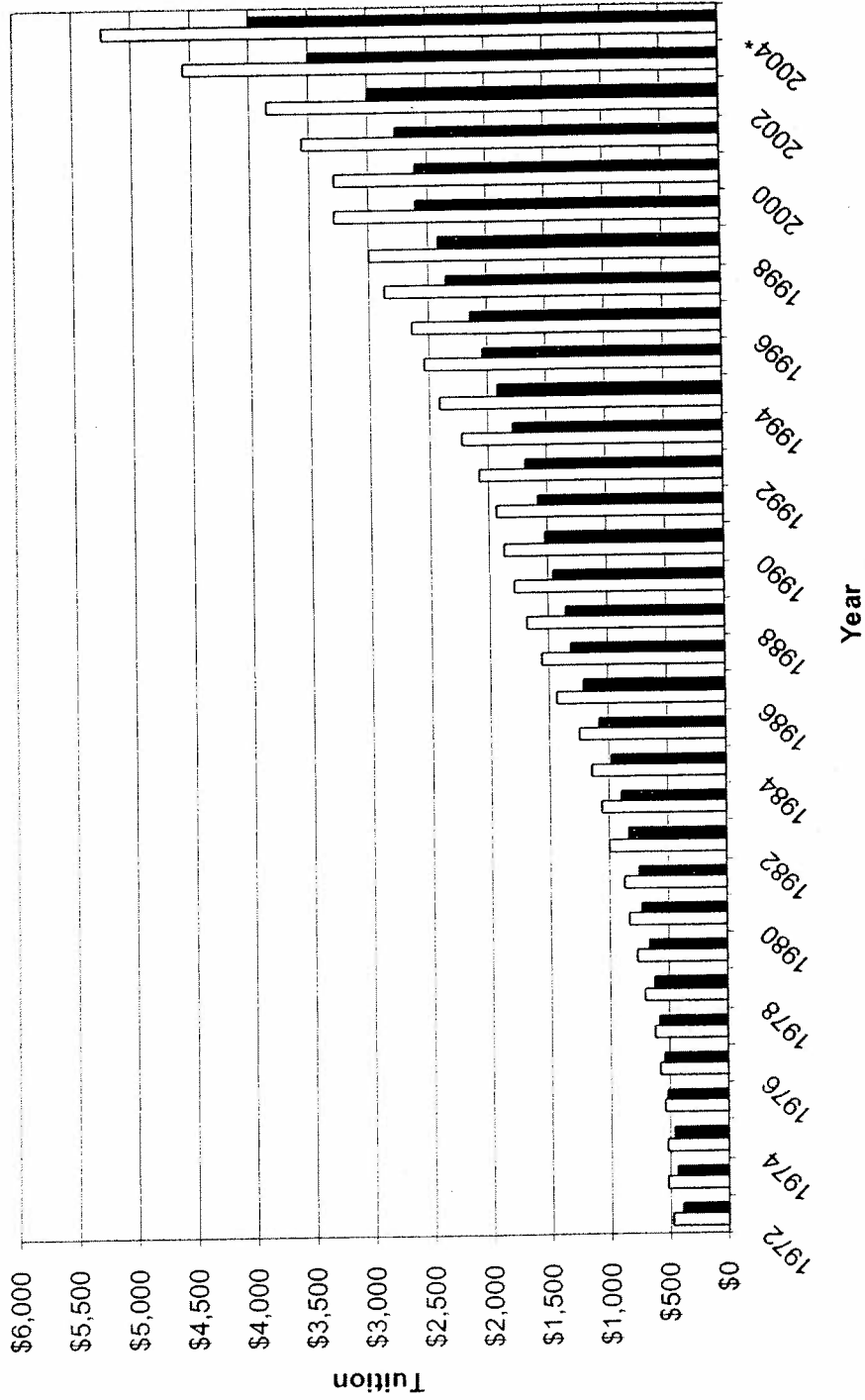


UW System 2005-07 Biennial Budget Request

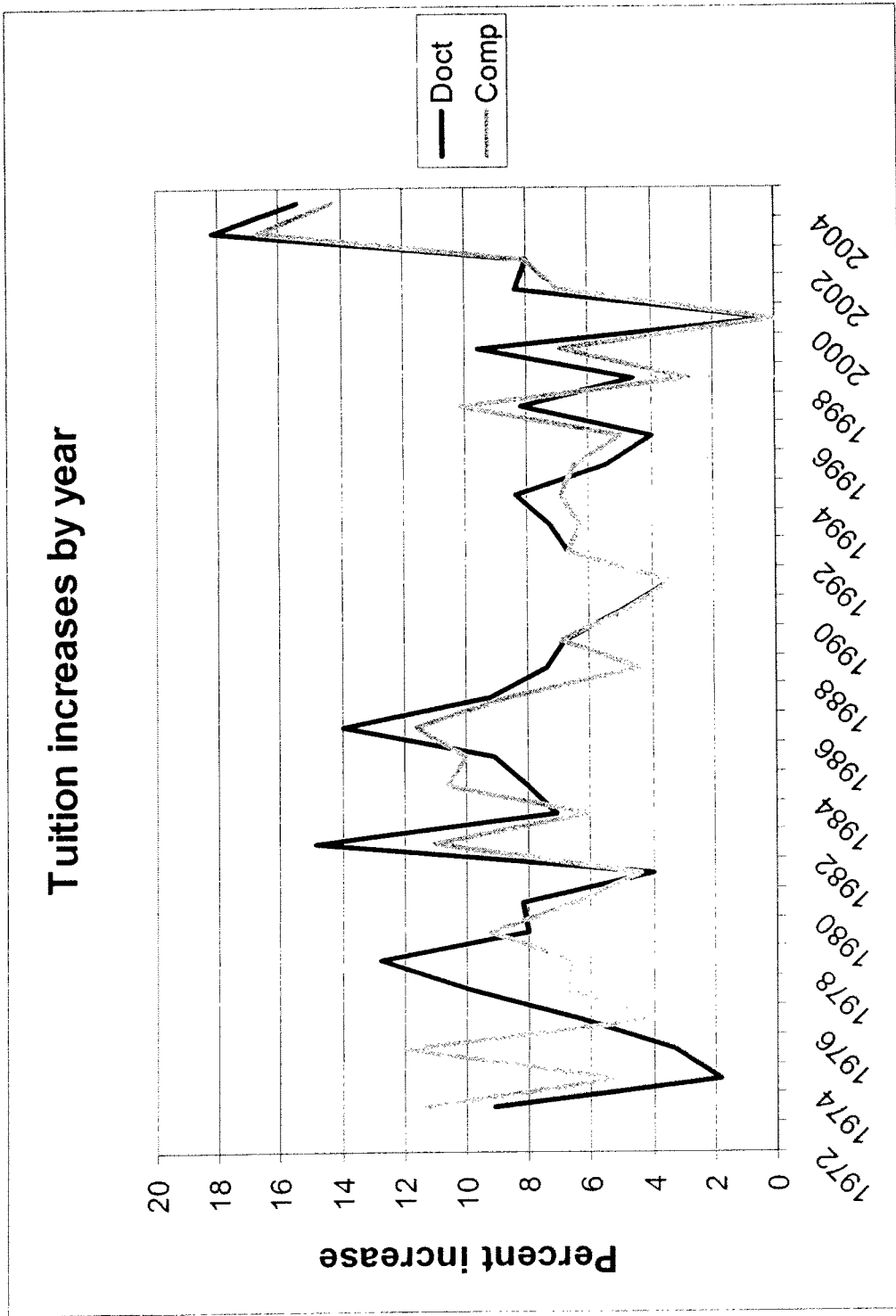
- Funding student budget priorities yields a base budget increase of \$211 million
- Using the traditional funding split, this would equal a 7.2% (\$147.8 million) increase in GPR and 4.3% (\$63.8 million) tuition increase



Tuition Increases 1972-2004



Tuition Percent Increases (1972-2004)



Tuition Percentages: Then & Now

Year	4.3%	5.0%	7.0%	9.0%	11.0%
1975	\$23	\$26	\$37	\$47	\$58
1980	\$31	\$36	\$50	\$65	\$79
1985	\$46	\$54	\$75	\$97	\$118
1990	\$66	\$76	\$107	\$138	\$168
1995	\$88	\$102	\$143	\$184	\$225
2000	\$112	\$130	\$182	\$233	\$285
2004	\$172	\$200	\$280	\$360	\$440

Year	4.3%	5.0%	7.0%	9.0%	11.0%
1975	\$23	\$27	\$38	\$49	\$59
1980	\$36	\$42	\$58	\$75	\$92
1985	\$54	\$63	\$88	\$113	\$138
1990	\$81	\$94	\$132	\$169	\$207
1995	\$110	\$127	\$178	\$229	\$280
2000	\$141	\$165	\$230	\$296	\$362
2004	\$225	\$263	\$368	\$473	\$578

UW-Comprehensives

UW-Madison



Working for Tuition

Campus	Total cost*	Gross earnings*	Total hours	Months
Eau Claire	\$9,008	\$11,260	2186	13.6
Green Bay	\$9,176	\$11,470	2227	13.9
LaCrosse	\$9,436	\$11,795	2290	14.3
Oshkosh	\$9,096	\$11,370	2207	13.8
Parkside	\$9,670	\$12,087	2347	14.6
Platteville	\$9,172	\$11,465	2226	13.9
River Falls	\$8,922	\$11,152	2165	13.5
Stevens Point	\$8,835	\$11,043	2144	13.4
Superior	\$9,316	\$11,645	2261	14.1
Madison	\$11,469	\$14,336	2783	17.3
Milwaukee	\$10,282	\$12,852	2495	15.6
Baraboo	\$4,140	\$5,175	1004	6.2
Barron	\$4,097	\$5,121	994	6.2
Fond Du Lac	\$4,105	\$5,131	996	6.2
Fox Valley	\$4,079	\$5,098	989	6.1
Manitowoc	\$4,037	\$5,046	979	6.1
Marathon	\$7,681	\$9,601	1864	11.6
Marinette	\$4,027	\$5,033	977	6.1
Marshfield	\$4,080	\$5,100	990	6.2
Rock	\$4,069	\$5,086	987	6.1
Sheboygan	\$4,107	\$5,133	996	6.2
Wash Co.	\$4,102	\$5,127	995	6.2
Waukesha	\$4,078	\$5,097	989	6.2



* Assuming gross earnings with 80% net will equal amount of total cost, assuming 40 hrs per week at minimum wage (\$5.15 p/hr)

Financial Aid for UW System Students (2002-03)

- 28,180 students received a Pell Grant; the average award was \$2,358 (1)
- 20,464 students received the WHEG; the average award was \$1,084 (1)
- The buying power of the Pell Grant covers only 34% of tuition today, compared to 84% of tuition in 1975 (max. award \$4,050) (2)
- The WHEG only increased by \$510 over the last decade, while tuition has increased by over \$2,000 at the UW Comprehensives
- UW students had an unmet need of \$1,951, an increase of 16.9% from 2001-02 (3)

(1) UW System Informational Memorandum, 2003; (2) Empty Promises: The Myth of College Access, 2002; (3) HEAB, 2/04



Wisconsin vs. Minnesota (2003)

- Wisconsin ranks 30th for the percentage of its population that has a bachelor's degree; Minnesota ranks 11th (1)
- Tuition and fees at UW-Madison was \$5,139; and \$7,116 at the Univ. of Minn.-Twin Cities
- Per capita income in Wisconsin was \$30,898, while Minnesota's was \$34,443 (2)
- State appropriations for financial aid in Wisconsin was \$55.1 million; Minnesota allocated \$125.6 million (3)

(1) U.S. Census, 2000; (2) U.S. Department of Commerce, 2004; (3) UW System OPAR, 2003



Student Loan Debt

- Over 60% of UW resident undergraduates graduate with debt ⁽¹⁾
- They graduate on average with more than \$16,000 in student loan debt ⁽¹⁾
- 54% of federal student aid is in the form of loans ⁽²⁾
- In 1992, 42% of students took out loans; 64% of students did in 1999 ⁽³⁾

(1) UW System OPAR, 2003; (2) The College Board, 2003; (3) Burden of Borrowing: A Report on the Rising Rates of Student Loan Debt



Thinking about UW - thinking about how much I will have to pay for my education

Impact of Student Loan Debt

- According to Nellie Mae Corporation, for every \$5,000 of debt graduates have, it decreases the probability of owning a home by one percent, the first time debt has had an impact like this in 15 years
- 39% of students graduate with unmanageable levels of loan debt, based on 8% of monthly earnings from an annual salary of \$32,101 ⁽¹⁾

*Following - current
Mortgage - current
Mortgage - current
Mortgage - current*

(1) Burden of Borrowing: Report on the Rising Rates of Student Loan Debt, 2002



Quality

- Restoring and retaining faculty will maximize student success by increasing course availability, smaller student-to-faculty ratio, and allows students to graduate in a timely manner
- Students with disabilities must have equal access to the UW System, and this can only be accomplished with funding for necessary support services
- Expansion of library and technology resources to ensure that a UW education remains competitive far into the 21st century

With the University of Wisconsin

[Handwritten signature]



Conclusion

- Wisconsin's economy cannot survive without an educated workforce
- Tuition increases need to remain predictable and manageable for Wisconsin's families
- It's the state's obligation to provide financial aid for all students in need
- The Governor must realize that the state budget cannot be balanced on the backs of students





Record of Committee Proceedings

Joint Legislative Audit Committee

Audit Report 04-10,
University of Wisconsin System Staffing.

October 6, 2004

PUBLIC HEARING HELD

Present: (10) Senators Roessler, Cowles, Darling, Plale and Lassa; Representatives Jeskewitz, Kaufert, Kerkman, Cullen and Pocan.
Absent: (0) None.

Appearances For

- Kevin Reilly, Madison – President, University of Wisconsin (UW) System
- Rick Wells, Oshkosh – Chancellor, UW-Oshkosh
- Toby Marcovich, Superior – President, Board of Regents, UW System
- Hector DeLuca, Deerfield - Chair, Department of Biochemistry, UW-Madison
- Bruce Shephard, Green Bay - Chancellor, UW-Green Bay.

Appearances Against

- None.

Appearances for Information Only

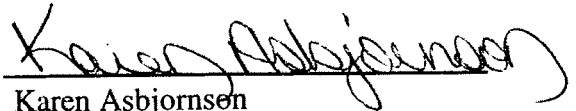
- Janice Mueller, Madison – State Auditor, Legislative Audit Bureau
- Kate Wade, Madison - Legislative Audit Bureau
- Joshua Smith, Madison – Legislative Audit Bureau
- John Stott, Madison - Legislative Fiscal Bureau
- Stephanie Hilton, Madison - United Council of University of Wisconsin Students
- Tom Still, Madison - President, Wisconsin Technology Council.

Registrations For

- None.

Registrations Against

- None.



Karen Asbjornsen
Committee Clerk





WISCONSIN STATE LEGISLATURE

Joint Audit Committee

Committee Co-Chairs:
State Senator Carol Roessler
State Representative Suzanne Jeskewitz

September 17, 2004

Mr. Toby E. Marcovich, President
Board of Regents
University of Wisconsin System
c/o Marcovich, Cochrane, Milliken & Swanson
1214 Belknap Street
Superior, Wisconsin 54880

Dear Mr. Marcovich:

The Joint Legislative Audit Committee will hold a public hearing on Legislative Audit Bureau report 04-10, *An Evaluation: University of Wisconsin System Staffing*, on Wednesday, October 6, 2004, at 9:00 a.m. in Room 411 South of the State Capitol.

As this audit report relates to the activities of the University of Wisconsin System, we ask you to be present at the hearing to offer testimony in response to the audit findings and to respond to questions from committee members. Please plan to provide each committee member with a written copy of your testimony at the hearing.

Please contact Ms. Karen Asbjornson in the office of Senator Carol Roessler at (608) 266-5300 to confirm your participation at the hearing.

Sincerely,

Senator Carol A. Roessler, Co-chair
Joint Legislative Audit Committee

Representative Suzanne Jeskewitz, Co-chair
Joint Legislative Audit Committee

Enclosure

cc: Ms. Janice Mueller
State Auditor



WISCONSIN STATE LEGISLATURE

Joint Audit Committee

Committee Co-Chairs:
State Senator Carol Roessler
State Representative Suzanne Jeskewitz

September 17, 2004

Kevin P. Reilly, President
University of Wisconsin System
1720 Van Hise Hall
1220 Linden Drive
Madison, Wisconsin 53706

Dear President Reilly:

The Joint Legislative Audit Committee will hold a public hearing on Legislative Audit Bureau report 04-10, *An Evaluation: University of Wisconsin System Staffing*, on Wednesday, October 6, 2004, at 9:00 a.m. in Room 411 South of the State Capitol.

As this audit report relates to the activities of the University of Wisconsin System, we ask you to be present at the hearing to offer testimony in response to the audit findings and to respond to questions from committee members. Please plan to provide each committee member with a written copy of your testimony at the hearing.

Please contact Ms. Karen Asbjornson in the office of Senator Carol Roessler at 266-5300 to confirm your participation at the hearing.

Sincerely,

Senator Carol A. Roessler, Co-chair
Joint Legislative Audit Committee

Representative Suzanne Jeskewitz, Co-chair
Joint Legislative Audit Committee

Enclosure

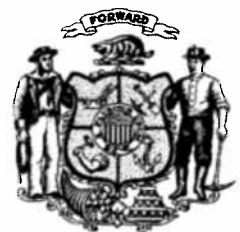
cc: Ms. Janice Mueller
State Auditor

SENATOR ROESSLER
P.O. Box 7882 • Madison, WI 53707-7882
(608) 266-5300 • Fax (608) 266-0423

REPRESENTATIVE JESKEWITZ
P.O. Box 8952 • Madison, WI 53708-8952
(608) 266-3796 • Fax (608) 282-3624



WISCONSIN STATE LEGISLATURE



Sue Jeskewitz

From: "Handrick, Diane" <Diane.Handrick@legis.state.wi.us>
To: "SueHome" <sjjeskewitz@wi.rr.com>; "Matthews, Pam" <Pam.Matthews@legis.state.wi.us>
Sent: Monday, October 04, 2004 3:13 PM
Subject: FW: Wednesday's hearing on the audit of UW System staffing

Pam, I only sent this to you and Sue.

-----Original Message-----

From: Christianson, Peter C. [mailto:PCC@quarles.com]
Sent: Monday, October 04, 2004 3:11 PM
To: Rep.Jeskewitz
Subject: Wednesday's hearing on the audit of UW System staffing

I am sorry that I will be unable to attend the hearing to be held this Wednesday on the audit of the UW System.

I am concerned that there will be a lot of hand-wringing and finger-pointing about what a terrible job the UW is doing managing its administrative costs. Please resist the urge to participate in such activity and consider the larger picture.

Pasted below is an article which appeared in yesterday's Wisconsin State Journal. The UW System -- and in particular the Madison campus -- is in danger of losing its position as one of the preeminent research institutions in the world.

This threat isn't emerging because alumni are not giving freely of their hard-earned dollars in support of their alma mater. Giving to the UW Foundation is at an all-time high. In recent years, it has been donors and not the state which pick up most of the cost of on-campus new construction.

It isn't because faculty members aren't doing their jobs, either. Faculty members have been attracting competitive research dollars at record levels.

The problem is that the Governor and Legislature apparently don't fully comprehend the value of the Madison campus -- and the economic engine which it is -- to the Wisconsin economy. Quite frankly, it's the greatest hope for our economic future.

At the hearing on Wednesday, please resist the urge to kick the dog. Please consider asking the UW officials who testify what can be done to better support the university and its mission. Wisconsin's economic future depends upon it!

Tech status of state is under siege

Judy Newman
 Wisconsin State Journal
 October 4, 2004

10/4/2004

Laura Kiessling works in her UW-Madison lab with a staff of 22 students and researchers, trying to unlock the secrets of molecules that cause the pain and swelling common in arthritis and the proteins that might play a role in Alzheimer's disease.

Her husband, Ron Raines, and the staff of 20 in his lab are developing proteins that will fight cancer cells.

Kiessling and Raines also have started a company in Madison, Quintessence Biosciences, that employs 10.

Together, the two professors of chemistry and biochemistry have brought in about \$2.5 million per year worth of federal grants to the UW, and they provide jobs for about 50 people.

It's scientists like Kiessling - who won a prestigious "genius grant" from the MacArthur Foundation in 1999 - and Raines who represent what many consider to be the future for Wisconsin's economy: a stake in technology, bringing the potential for lifesaving discoveries and advances that will make the business world move faster and more efficiently.

But a new report says Wisconsin is facing a double threat in its effort to become that kind of national technology center.

Shrinking state funds and bold attempts by several other states to grab a big slice of the so-called "new economy" pie could jeopardize Wisconsin's research foundation and "threaten the state's ability to produce high-wage, private sector jobs," according to a study being released today by the Wisconsin Technology Council.

The report, *The Economic Value of Academic Research and Development in Wisconsin*, says the state's institutions spent \$883 million on research activities in the 2002 fiscal year, \$662 million of that by UW-Madison alone. That translates to 31,788 jobs, based on U.S. Department of Commerce estimates that every \$1 million in research and development spending provides 36 jobs. And it doesn't even include jobs in new companies created to commercialize the technology.

If those figures hold true, academic research accounts for more jobs in Wisconsin than all of the construction workers in the state (in July 2004), more jobs than the entire work force of the city of La Crosse (28,718).

Although the state is spending \$2 billion for the UW System in the current biennium, it represents state support of 27 percent of the university's operating cost, compared to nearly 50 percent support in 1973.

"There's underlying concern about support for the UW System budget, in terms of making sure that the infrastructure that we've built up for more than a century now isn't allowed to crumble away," said Tom Still, Technology Council president.

State budget director David Schmiedicke said, though, cuts in the biennial budget were unavoidable. "The state faced the worst budget deficit in its history: \$3.2 billion. Difficult decisions needed to be made," he said. "I think all agencies, including the university, had to take significant reductions in operations. That was necessary to balance the budget without raising taxes."

TOUGH TIMES NOW At UW-Madison, tough times already have begun, some professors and department chairmen say.

* State funds are diminishing for startup costs, the \$500,000 to \$900,000 it takes to bring in a new faculty member and provide him or her with laboratory equipment and staff for the first two or three years, until the research has progressed far enough to apply for federal grants, said Prof. Jim Skinner, chairman of the Chemistry Department.

"We're definitely getting hurt by that now," Skinner said. "We have made offers but they're not good enough."

For the past two years, Skinner has tried to recruit an assistant professor in biological mass spectrometry, or analysis of the structure of biological molecules as an outgrowth of the human genome project. Each time, the UW has lost. Last year, a candidate from Australia, Gavin Reid, went to Michigan State University instead for a better offer, Skinner said.

"This is a very important research area; it would round out our research offering," he said. "Then it hurts us in attracting students when we don't have a full research complement."

* UW-Madison is losing current faculty members to other universities offering \$1 million to \$2 million in startup packages. "This is money that can't be found in federal grants," Skinner said. "Every year there's probably three or four of these attempts to hire our faculty away that we have to then try to counter."

Sometimes it works, sometimes it doesn't. Last year, Rob Corn, whose research involved DNA diagnostics, or biotechnology chips that can identify genetic diseases, was lured away by University of California at Irvine. It was a "significant loss," Skinner said.

* Lack of state investment in infrastructure has left some laboratories in "complete disrepair," said Carl Gulbrandsen, managing director of WARF, the Wisconsin Alumni Research Foundation. Three physiology labs from the UW Medical School moved to University Research Park last year "to have facilities at the level they need," he said.

"The name of the game in recruiting top scientists is to give them state-of-the-art research facilities," Gulbrandsen said. "If they don't have it here, they're going to go somewhere else."

* The Madison Initiative was created in 1999 with the state, WARF and the UW Foundation providing a total of \$20 million a year to lure some of the most promising faculty candidates. The project attracted chemistry and genetics professor David Schwartz, whose research has drawn millions of dollars in grants and has established a startup DNA analysis company, OpGen. But faced with a growing budget deficit, the state stopped contributing to the program in 2001.

"This has been a terrifically successful program; it's now in jeopardy," Gulbrandsen said.

* The state budget has limited faculty salary increases to 1.35 percent in the past year and 0 percent the previous year. Meanwhile, state rules limit pay allowed for certain staff, chemistry professor Kiessling said. While she doesn't want to leave the UW, issues like those are frustrating, she said.

"There are great things about the university, but the lack of support is certainly a concern. And if it were like this for another two or three years, then yeah, there's a good chance that I'll leave," Kiessling said.

SEARCHES HAMPERED It's disheartening, said chemistry professor Lloyd Smith. "Cuts that have occurred at the UW in the last couple of years have been really pretty difficult."

Smith, one of the founders of Third Wave Technologies, a publicly traded Madison company that makes tools to diagnose disease susceptibility, said recent faculty searches in which he's been involved have suffered for lack of adequate funding.

"That's a huge problem because we're competing nationally for the very best faculty," Smith said. "We need to have the very best on this campus if we're going to stay as good as we are, to be the nucleus of feeding technology development for the entire state."

The UW-Madison School of Engineering increases its research activities each year and they now total more than \$100 million a year, said Dean Paul Peercy. Most of the money comes from federal and industry financing.

"We're living in an incredibly high-technology environment," Peercy said. "For companies in the U.S. to continue to be competitive, they need leading-edge research."

For Peercy, increasing Congressional mandates resulted in budget cuts that slashed a UW engineering project involving research into electricity transmission. At least two academic staff members lost their jobs.

Funding issues are critically important now, said Michael Sussman, biochemistry professor and director of the UW's Biotechnology Center. Concerns have been heightened with the \$3 billion ballot initiative in California in November; the money would be used to support stem-cell research there.

If it's approved, California will go after scientists like Wisconsin's James Thomson, a pioneer in stem cell research, Sussman said. And if it's successful, he said, hopes for the biotechnology industry here "will fade away."

The technology council study recommends:

- * Reversing the decline in state funding for the UW System, with continued investment in capital improvement programs such as BioStar and HealthStar.
- * **Initiating more collaborative research among UW- Madison, Medical College of Wisconsin in Milwaukee and Marshfield Clinic.**
- * **Setting up a state commission to explore additional options and track efforts in other states.**

Wisconsin industries could also do more to set up joint research projects with the state's schools, the technology council's Still said.

That's especially important as manufacturing moves more into technology, added engineering dean Peercy.

The state's biggest "unmet potential," Still said, is in classified and sensitive research related to federal homeland security programs. "Prevention, detection, remediation we've got all the technologies here to really do that," said Still. "That's an area where we might be missing one of the biggest boats."

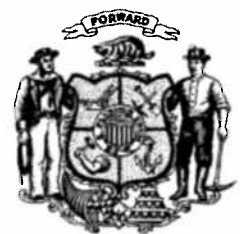
And if California can vote on additional funding for stem-cell research, Wisconsin can, too, Sussman suggested. "Why aren't we proposing a \$400 million stem cell initiative? It was discovered here. The best research is going on here. But it won't continue unless we put support toward it," he said.

Budget director Schmiedicke had no projection about the state's allocation for the UW in the next biennial budget.

"Clearly, the governor sees the university and education, generally, as a priority and clearly, he understands the connection between investments in education and the university and the state's economic health," Schmiedicke said. At the same time, he added, with expected growth in Medicaid and other costs, "it's going to be a challenging budget."



WISCONSIN STATE LEGISLATURE



Sue Jeskewitz

From: "Handrick, Diane" <Diane.Handrick@legis.state.wi.us>
To: "SueHome" <sjeskewitz@wi.rr.com>; "Matthews, Pam" <Pam.Matthews@legis.state.wi.us>
Sent: Tuesday, October 05, 2004 1:16 PM
Subject: Appleton Post-Crescent UW AUDIT editorial

Posted Oct. 05, 2004

Jim Perry column: UW System has lots of answers

Because the University of Wisconsin System is Wisconsin's largest employer, it's an easy target for criticism. As a primary economic engine for Wisconsin, educating 160,000 students, a commitment to reinvest in our state university must be made. A recent Legislative Audit Bureau report is being used in ways that are, at best, counterproductive.

By posing questions that readers may have, I want to shed light on some of the issues and go beyond the rhetoric.

Q: The report said the number of administrative positions exceeds that reported by UW System. Is the UW "top-heavy"?

A: The report confirmed UW administrative costs are the lowest in the country when national standards are used. However, the LAB also created its own unique definitions of "administration" that don't allow for nationwide comparison.

Even with the LAB's definitions, we still are below the administrative cost target set by legislators for the Department of Natural Resources. Indeed, the LAB's chief auditor said UW administrative costs were not excessive when compared with other state agencies.

Unless we can apply LAB's standards to universities elsewhere, they're not useful measures of administrative efficiency.

The UW took a \$250 million cut to its budget. Tuition increases made up \$150 million of that loss, leaving a \$100 million hole. How could 89 positions be added with a cut of this magnitude?

The added positions were not funded from state appropriations, but came from increased gifts and grants, mostly for research and at the research-intensive campuses.

UW's federal research funding grew by \$47.5 million. Those dollars must be used to support their designated programs.

Consider also that 89 positions across 26 campuses with 31,972 employees represent a miniscule 0.3 percent increase.

Q: What positions were added?

A: Most non-faculty positions added were research assistants, research specialists and teaching assistants. The 13 campuses of the two-year UW Colleges, which includes UW-Fox Valley, do not have a single person in any of these titles.

Q: How much is the UW System's budget, and how much of that comes from our tax dollars?

A: Of the \$3.3 billion in the university budget, less than one-third comes from state taxes. The rest comes from grants, gifts and program revenue, including tuition.

Q: Top UW administrators' salaries increased by 40 percent over the last five years. How do you explain that?

A: The UW System competes with campuses across the country for leadership talent and still maintains a policy of paying its leaders below our peers institutions' midpoint. Incidentally, no one at UW-Fox is a "senior executive."

Q: Shouldn't faculty salaries be a priority? After all, those are the people teaching the students.

A: Absolutely, and in the UW Colleges, they have been. Through a coordinated multiyear plan, our faculty salaries have risen because our chancellor recognized they were so far behind our peers. We're

10/5/2004

still behind. We need to attract high-quality faculty, staff and administrators, and retain them, all while competing with all other states.

Q: How much is administrative overhead at UW-Fox?

A: Using national standards, our cost is 6.1 percent of our state-funded operations and 3.9 percent of our overall budget, far below that in other states.

Q: How do the operating costs for the two-year campuses like UW-Fox compare?

A: The LAB pointed out that UW Colleges has the lowest cost per student of any UW institution - about three-quarters that of the next lowest institution and less than half of the highest.

Q: Despite big budget cuts, the LAB reported that UW Colleges is one of three institutions that added staff from March 2003 to March 2004. How can you do that?

A: Our enrollment has grown by 43 percent since 1997. That translates into almost 5,000 more students. Despite a modest increase in staff relative to enrollment growth, UW Colleges remains the least-staffed institution in the UW System.

Q: The Regents are asking for additional funding of \$105.8 million each year in the next biennium. Why should we support that?

A: We don't want to have university educational opportunity available only to the wealthy. The request would provide major financial assistance to students from low-income families. And it will provide for new faculty. To put the latter into local perspective, UW-Fox has documented need for 15 new faculty. Without this budget increase, we will be lucky to hire two.

Q: Final comments?

A: I'm happy to respond to concerns anyone has about how we go about the business of educating our students. At the same time, I'm concerned that pieces of reports are taken out of context or not given the analysis they deserve.

If there are any other questions that I have failed to answer, or if someone wants more specifics, please contact me.

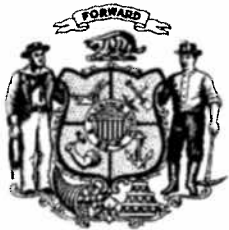
Editor's note: Jim Perry is the CEO/Campus Dean of the University of Wisconsin-Fox Valley in Menasha.

Jim Perry can be reached at 920-832-2610 or by e-mail at jperry@uwc.edu.

Diane Handrick
Office of Rep. Sue Jeskewitz
314N, Capitol
608-266-3796
1-888-529-0024



WISCONSIN STATE LEGISLATURE



UW System Staffing; Audit Report 04-10

Introduction – pgs. 9-17

- UW system is one of the nation's largest post secondary public education systems, and Wisconsin's largest employer. (pg. 9)
 - Operating expenditures were approximately \$3.3 billion in FY 2002-03. \$1.1 billion was funded with GPR.
- System-wide enrollment exceeded 135,000 in 2003-04. (pg. 10)
 - **Table 1 (pg 11): Fulltime Equivalent Student Enrollment, by Campus
 - **Table 2 (pg 12): Degrees Conferred by UW System FY 2002-03
- The Board of Regents allocates funds and adopts a budget for each UW System Institution. (pg 12)
- Although GPR funding increased, it supported a smaller share of expenditures in FY 2002-03 than in 199-98. (pg 13)
 - **Table 3 (pg 14): Change in Operating Expenditures, FY 1997-8 to FY 2002-03
 - ~Figure 3 (pg 14): Change in GPR and Federal Funding, FY 1997-98 to 2002-03
 - **Table 4 (pg 15): Operating Expenditures by Institution, FY 2002-03
 - **Table 5 (pg 16): Change in Operating by Institution, FY 1997-98 to 2002-03
 - **Table 6 (pg 17): UW System Budget, by Funding Source, FY 2003-04 and FY 2004-05

Staffing Levels – pgs 19 – 39

- Act 33 eliminated a total of 64.4 permanent positions within UW System. (pg. 19)
 - Act 33's reduction of 650.0 GPR-funded positions was offset by authority to add 585.6 program revenue-supported positions.
 - **Table 7 (pg 20): Authorized Positions, Full-Time Equivalents
- Job loss was minimal when positions were eliminated. (pg. 20)
- In April 2004, 3.0 percent of the positions UW System was authorized under Act 33 were vacant. (pg. 20)
 - UW does not maintain this info on the State's mainframe – UW's reports to DOA and Joint Finance differ significantly on its authorized positions.
- UW System's March 2004 payroll included **31,971.8** permanent, project, and LTE staff. (pg. 21)
- UW System **added 89.3 permanent employees** from March 2003 to March 2004. (pg. 21)
 - Both project and LTE positions have been reduced since March 1998 to March 2003, while the number of filled **permanent positions increased by 12.2%**, and an addition 0.3% when 89.3 permanent employees were added to payroll in the following year. (pg. 21)
 - **Table 8 (pg. 22): Permanent, Project and LTE Positions, (FTE's)
 - System-wide enrollment increased 8.2 percent in the five-year period before Act 33 took effect, while staffing levels reflected in the UW System's payroll increased 10.6%. (pg. 22)
 - **Table 9 (pg. 23): Filled Positions by Institution, (FTE's)
- In March 2004, 42.3% of all filled positions were categorized as Professional Non-faculty. (pg. 24)
 - These positions include researchers and research assistants; teaching assistants and project assistants, who typically are also graduate students; administrative

program and support staff; financial services staff; hr staff; and staff who provide various student services and public outreach. (pg. 24)

****Table 10 (pg. 25): Filled Positions by Type, (FTE's)**

- The largest increase in filled positions occurred in the Professional Non-faculty category. (pg. 25)

- Some changes in the types of positions filled within the UW System can be attributed to reclassifications of certain permanent staff positions. i.e., 500 FTE that had been Clerical and Secretarial in 1998 reclassified to Professional Non-faculty or Technical and Paraprofessional in March 2004. (pg. 26)

****Table 11 (pg. 26): Change in Filled Positions, by Position Type, (FTE's)**

- A significant number of new positions are filled with staff who work in research. (pg. 26)

- More than ½ of the 2,844.5 Professional Non-faculty positions added to payroll between March 1998 and March 2003 and more than ¾ of the 257.8 positions added from March 2003 to March 2004 fall into 10 position titles (pg. 26) – see Table 12

****Table 12 (pg. 27) Growth in Professional Non-faculty Positions (FTE's)**

- March 2004 payroll records assign 6.9% of filled positions to the Institutional Support activity (pg. 28)

- Institutional support is the activity code related to system-wide management and long-range planning, fiscal operations, administrative computing support. Space management, personnel management, and some other functions. (pg. 28)

****Table 13 (pg 29): UW System Activity Codes for Filled Positions, March 2004 (FTE's)**

- Institutional Support does not fully reflect all of UW System's administrative positions. (pg. 29)

- Examples include:

- 1) program asst. in various academic departments who perform admin duties – coded as instruction (pg. 29)
- 2) accountants and grant managers – coded as research (pg. 29)
- 3) Assistant Deans (pg. 30)
- 4) 2,306.3 (7.2%) positions categorized as Professional Non-faculty or Technical and Paraprofessional also have duties that are largely administrative in nature. (pg. 31)

****Table 14 (pg. 30): UW System Activity Codes for Management Positions, March 2004 (FTE's)**

****Table 15 (pg. 31): UW System Activity Codes for Clerical and Secretarial Positions, March 2004 (FTE's)**

****Table 16 (pg 32): UW System Activity Codes for Other Administrative Staff, March 2004, (FTE's)**

- LAB notes that admin positions are not “mis-coded” in UW System records, often national associations set the standard definitions (pg. 32)

- When admin positions with other activity codes are combined with those reported as Institutional Support, UW System's admin staffing level exceeds 8,000 FTE's

****Table 17 (pg 33): Administrative Positions, March 2004 (FTE's)**

- In March 2004, 25.2% of UW System's filled positions were administrative. (pg 33)
 - Nearly four times the number of positions coded as Institutional Support. (pg. 33)
 - ~*Figure 4 (pg. 34): Two Views of UW System Staffing, March 2004 (FTE's)*
- Institutional Support expenditures do not fully represent administrative costs. (pg. 34)
 - ***Table 18 (pg 35): UW System's Operating Expenditures, FY 2002-03 (in millions)*
- Less than 1/3 of FY 2002-03 administrative staffing costs were recorded as Institutional Support (pg. 35)
 - LAB found an additional \$1.5 million in expenditures that were admin in nature – primarily for supplies and services related to communications, public relations, fund-raising, and marketing. (pg 36)
 - ***Table 19 (pg 35): Estimated Administrative Staffing Costs, FY 2002-03 (in millions)*
- In FY 2002-03, UW System spent an additional \$7.7 million for administrative supplies and services that were not recorded as Institutional Support. (pg 37)
 - LAB id'd an additional \$6.2 million in expenditures for supplies and services in offices of academic deans, directors of student services and physical plant directors throughout UW System. (Pg. 37)
 - When these expenditures are combined with the \$1.5 million in admin expenditures coded as other activities, total expenditures for admin expenses and supplies total \$7.7 million. (Pg. 37)
 - ***Table 20 (pg 37): Expenditures for Administrative Supplies and Services Coded as Activities Other than Institutional Support, FY 2002-03 (in millions)*
- Administrative expenditures totaled \$495.0 million in FY 2002-03, or nearly three times the amount recorded as Institutional Support. (pg. 37)
 - ***Table 21 (pg 38): Administrative Expenditures, FY 2002-03 (in millions)*
- LAB estimates that administrative staffing expenditures increased by at least \$4.9 million in FY 2003-04.

Staffing Costs – pgs. 41-51

- 2/3 of unclassified staff are paid less than \$50,000 annually, but more than 1/3 are part-time employees. (pg 41)
 - Unclassified staff represent 72.8 percent of UW System employees. (pg. 41)
 - ***Table 22 (pg. 42): Annual Salary Ranges for Unclassified Staff, March 2004*
 - ***Table 23 (pg. 42): Hourly Wage Rates for Classified Staff, March 2004*
- UW System staff in unclassified positions have typically received larger pay increases than other state employees. (Pg. 43)
 - ***Table 24 (pg. 43): State Compensation Plan General Wage Adjustments, FY 1997-98 through FY 2004-05*
- UW System addressed competitive market factors with 1,836 salary adjustments totaling \$6.5 million. (pg. 44)
 - ***Table 25 (pg. 45): Base Salary Adjustments to Recognize Competitive Factors. FY 1997-98 through FY 2002-0*
 - ***Table 26 (pg 46): Monthly Salary Cost (in millions) - **DOES NOT INCLUDE FRINGE***
- Most of UW System's highest-paid employees are faculty. (pg. 46)
 - ***Table 27 (pg. 47): UW System Employees Whose Annual Salaries Are \$100,000 or More*

- The number of UW System managers with salaried over \$100,000 or more has tripled in recent years. (pg. 47)
 - When there were more than 300 managers with the UW System w/annual salaries of \$100,000 or more, there were 177 managers in the rest of the executive branch of state gov't. at the same salary level. (pg. 47)
- Since November 2001, the Board approved more than \$500,000 in salary increases for senior executives. (pg. 48)
 - 2001 Act 16 authorized the Board of Regents to set salaries for 20 senior executive positions – based on salaries at comparable universities in other states. (pg 47)
~*Figure 6 (pg. 48): Establishing an Executive Salary Range*
- Executive salary increases were greatest within the System Administration and at UW-Madison. (pg. 48)
 - The largest increases were associated with System Admin – two senior vice president positions salaries increased 81.7% and 64.4%. (pg. 48-9)
***Table 28 (pg. 49): Percentage Increase in UW System Senior Executive Salaries*
- Salaries of UW System chancellors and senior executives are below national medians. (pg. 50)
 - ***Table 29 (pg. 51): Comparison of Senior Executive Salaries at UW System and Other Institutions, FY 20035-04*
 - An emerging trend among universities and other nonprofit institutions is supplementing the salaries of senior executives and certain faculty with funds received from affiliated or external foundations. (pg. 50)
 - Senior executives are also sometimes provided with housing or housing allowances, state-owned vehicles, entertainment budgets, and club memberships. *There is currently no effective reporting mechanism for these types of compensation. (pg. 50)*

☑ Recommendation

To assist the Legislature in understanding executive compensation within UW System, we recommend UW System provide the Legislature with complete periodic reports on executive salaries. Fringe benefits, and cash and noncash compensation from outside sources. (pg. 50)

Contractual Services – pgs. 53-59

- In FY 2001-02, UW System spent \$84.8 million for contractual services. (pg. 53)
 - Of that total, \$10.5 million, or 12.4%, was codes in accounting records as Institutional support. However, LAB id'd numerous examples that were admin in nature, but coded under other activity codes. (pg. 53)
- System Administration and individual Institutions may contract for services. (pg. 54)
 - ***Table 30 (pg. 54): UW System Procurement Procedures*
 - ***Table 31 (pg. 55): Contractual Services Expenditures, FY 1997-98 to 2001-02*
- Contractual services coded as Institutional Support increased from \$3.2 million to \$10.5 million. (pg. 55)
- Spending for administrative services provided by contractors increased at most institutions. (pg. 56)

- System Administration's \$7.8 million in contractual services expenditures coded as Institutional Support included at least \$4.8 million related to the PeopleSoft financial data management and processing system purchased for system-wide use. (pg. 56)
- There are five major areas of administrative contracts used by the UW System:
 - 1) Information Technology;
 - 2) Investment Services;
 - 3) Accounting, auditing and consulting services;
 - 4) Executive search firms; and
 - 5) Marketing and public relations (pgs. 57-58)
 **Table 32 (pg. 56): Contractual Services Expenditures Coded as Institutional Support
- Some expenditures that are administrative were recorded as other activities. (pg. 58)
 - LAB id'd \$800,000 that were administrative in nature, but recorded as other activities (less than one percent of the \$84.8 million spent on contractual services)

☑ Recommendation

We recommend System Administration provide all University of Wisconsin institutions with guidance in coding contractual expenditures in their accounting records to ensure accuracy and consistency (pg. 59)

Future Considerations – pgs. 61-69

Questions to be considered by the Legislature concerning the UW System:

- To what degree should the Legislature control the number and types of positions in UW System?
- How will the relationship between UW System and the State be defined in the future?
- How will student access to UW System be maintained?

Legislative Control of UW System Positions

- UW system employs 44.3% of the state government workforce. (pg. 62)
 - The Legislature has traditionally controlled the number of UW System positions closely, but has granted the UW System more flexibility in recent years. (pg. 62)
- Current position reporting mechanisms are ineffective. (pg. 62)
 - Reports to DOA and JFC are inconsistent in reporting staffing numbers. (pg. 62)
 - Current reports also make it difficult to accurately track funding sources for positions. (pg. 62-3)

☑ Recommendation

We recommend UW System seek statutory changes to streamline and improve its position reporting in order to ensure accuracy, transparency, and timeliness in reporting the number and types of UW System positions. (pg. 63)

Defining the Relationship between the UW System and the State

- The UW system is seeking greater flexibility to manage its operations. (pg. 64)
 - in past biennia UW System has asked that it be granted authority to:
 - set salaries without executive or legislative approval;
 - make its purchases independently;
 - retain its proceeds from the sale of real estate;
 - retain its investment earnings; and
 - remove its capital budget from the State's capital budgeting process. (pg. 64)
- \$523.4 million in general obligation bonds has been authorized for UW System building projects in recent years. (pg. 65)
 - **Table 33 (pg. 65): New GPR-Supported General Obligation Bonds for UW System Capital Projects (in millions)**

Maintaining Student Access

- Only one Big Ten school has a lower undergraduate resident tuition rate than UW-Madison. (pg. 66)
 - **Table 34 (pg. 66): Tuition and Fees for Incoming Undergraduates At Public Universities in the Big 10 Conferences, 2003-04 and 2004-05**
 - **Table 35 (pg. 67): Public Post Secondary Students per 1,000 Residents, 2000**
- In FY 2002-03, operating expenditures per full-time equivalent student ranged from \$8,981 to \$28,569. (pg. 68)
 - **Table 36 (pg. 69): Operating Costs per Full-Time Equivalent Student, FY 2002-03**

☑ Recommendation

We recommend UW System report to the Joint Legislative Audit Committee by February 1, 2005, on its administrative staffing and service delivery costs by institution and provide specific proposals to reduce administrative expenditures and increase operating efficiencies in the 2005-07 biennium. (pg. 69)