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

2005-06

(session year)

Senate

(Assembly, Senate or Joint)

**Committee on ... Veterans, Homeland Security,
Military Affairs, Small Business and Government
Reform (SC-VHSMASBGR)**

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**

**Testimony For SB 152
Before Senate Veterans Homeland Security,
Military Affairs Small Business and Government Reform
April 21, 2005**

Margaret Lewis, Associate Vice President for Government Relations

Chairman Brown, committee members, I am Margaret Lewis, representing the University of Wisconsin System.

I am here today to support SB 152 for two reasons: (1) More financial aid is needed to assist low income students, and (2) more assistance is needed to help adults already in Wisconsin to advance their skills to increase their income, and grow the Wisconsin economy.

Last summer the Board of Regents completed a year long study to address the future needs of higher education in the state. On page 15 of the report, *Charting a New Course for the UW System*, the Board notes that Wisconsin must increase student financial aid to ensure access for students of all income levels, including a "hold harmless" program that would provide students from the lowest income level with grants to cover the costs of tuition increases." Some of this financial aid will come from state grants, more is needed. This bill can help leverage those additional resources.

Access to education is fundamental to Wisconsin's future prosperity. Future economic growth and vitality depend on an educated workforce. Today, 70 percent of "new economy" jobs require a college degree. Our goal is for all qualified students to be able to enter the UW System.

Financial aid is the key to providing access for those who cannot otherwise afford higher education. Lack of access will perpetuate the cycle of poverty for Wisconsin's poorest students and their families.

We find a disturbing trend: fewer and fewer low-income students in Wisconsin are enrolling in UW institutions. Specifically, 37 percent of new UW freshmen from the lowest-two family income quintiles enrolled in 1992. Ten years later that measure was 30 percent. Over this period, Wisconsin has moved from a low-tuition/low aid philosophy to an average-tuition/uncertain-aid reality.

In this environment, declining low and moderate-income access must be reversed by providing adequate financial aid to ensure access to students from all income groups.

SB 152, by offering a larger tax credit to businesses who invest in their low income employees' education leverages private funds to provide "financial aid" for needy students and this aid is targeted to non-traditional students.

Thank you for your support of this and other financial aid included in the Governor's budget.

Charting a
New Course
for the
UW System



Final Report
Summer 2004

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Charting a New Course for the UW System

Summer 2004

Education is not the filling of a pail, it is the lighting of a fire.

— William Butler Yeats

Our unwavering confidence has been that public university education is a public good, and that the public investment in such endeavors is repaid to society many fold, and in countless ways...

— UW System President John C. Weaver, speaking to the Board of Regents, April 18, 1975

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Executive Summary

Since its inception as a state, Wisconsin has supported public higher education for its citizens. One of the first acts of the new state government was the establishment of the University of Wisconsin at Madison, a public educational institution.¹ Since that time, the university has evolved into a system comprised of 26 campuses and a statewide UW-Extension.² This support has survived wars, the Great Depression and other economic downturns, and has resulted in one of the finest systems of higher education in the world.

This report marks the conclusion of a year-long study by the Board of Regents in collaboration with students, faculty and staff, campus and system administrators and others. To address the needs of Wisconsin's future, we first looked inward for additional efficiencies and revenue streams, as well as for ways that new technologies can enhance our service to students and the state. We also looked at ways that legislative changes can better enable us to fulfill those missions.

The study was motivated by a decade of static or declining state support for the University of Wisconsin System, culminating with the largest base budget cut in its history in the 2003–2005 biennium. Even though the university was authorized to raise tuition significantly to partially replace state aid, the net effect was still nearly a \$100 million shortfall, without a conscious, deliberate decision by Wisconsinites to disinvest in their university. Because enrollment targets were not rolled back beforehand, students were forced to pay higher tuition, to help fund their own financial aid, and still face larger class sizes, fewer course offerings and sections, and longer time to degree. In short, quality was compromised. A policy decision has been made *de facto* as Wisconsin has shifted from a low-tuition/low-aid philosophy to an average-tuition/uncertain-aid reality.

The one overarching fact that emerges from this study is that there are no

substitutes for adequate, stable state support for our instructional mission. Because most state support pays for instructional salaries, the only way the university can maintain current levels of enrollment opportunities for Wisconsin citizens is with adequate state support per student. Additional cuts to our base budget can only result in fewer instructors and reduced enrollments – there can be no other outcomes.

General themes that arose from the study include continuing access to higher education at an affordable cost; maintaining the quality of the educational experience; providing service to the state by educating its citizenry; and helping to solve its problems and stimulating its economic development. Because the university has proven itself an invaluable asset for the state in these areas, Wisconsin will make a grave error if it does not reverse the trend of diminishing support for its university system as we enter the new global information economy.

Several key findings of the year-long charting study stand out:

- There are no alternative revenue streams that can take the place of adequate, stable state support for the university's instructional mission.
- Sustainable, state-supported financial aid for students is necessary if we are to avoid pricing lower-income Wisconsin families out of higher education.
- The Board of Regents needs to manage the process to set competitive salaries, restore faculty numbers for better instructional quality and manage unclassified positions in order to attract and retain the esteemed faculty and administrators necessary for quality higher education.
- Increased funding for diversity initiatives is required if we are to improve that aspect of the university experi-

ence and more closely mirror the diversity of the state's citizenry.

- A significant investment in information technology, distance education, on-line learning, and other new modalities, can transform higher education in Wisconsin and connect us to research communities worldwide.
- If we can change the way we do business in such areas as capital projects, procurement and risk management, significant savings may accrue that can help pay for some of the necessary university investments.

These topics and others are examined in more detail in the following report. The fact is if Wisconsin can find ways to reinvest in its university system and effect necessary management flexibilities outlined above, the system can reinvent itself and *chart a new course* for Wisconsin into the new global information economy. Conversely, if it fails to do so, Wisconsin will sacrifice its world-class university system as a critical tool to reverse a course of economic and societal decline. In a recent article, UW-Madison Chancellor John D. Wiley writes:

"I want to send a wake-up call to the citizens of Wisconsin regarding our economy and our educational system. The ailing economy poses a serious threat to our schools and colleges and unless we act now to protect funding for education, the state's future will be bleak. More than a decade of state budget cuts and partially offsetting tuition increases have left the base operating budgets of Wisconsin's public higher education systems in the worst condition since the Great Depression. Access to, and affordability of, the university system are already endangered at precisely the time when the Wisconsin economy needs more high-paying jobs and a more highly educated workforce".³

The regents must send a wake-up call as well: Wisconsin cannot continue its trend of diminishing state support for its universities, replaced in part by tuition dollars. The last budget cycle went far beyond trimming fat – to the point that the meat and bone of quality higher education were cut. A similar budget in the next cycle may send the system plummeting into an irreversible, downward spiral.

Wisconsin has experienced tough budget climates before. In his remarks to the regents in 1975, then-President John C. Weaver observed: "The immediate public policy issue becomes clear. If we are to fulfill our missions as historically defined, we need to be certain the state still supports those missions, and supports them with the full realization that they cannot be fulfilled on the basis of static or declining resources. If we are to plan for long-term fiscal austerity and retrenchment, this needs to be directed with the complete understanding that this will require a most basic change in direction for the State of Wisconsin – a deliberate decision to constrain, for fiscal reasons, the levels of access to educational opportunity that have historically been provided."⁴

President Weaver's words hold just as true today as they did nearly 30 years ago. He continues: "We should give fair warning, and we must continue to warn, that we cannot go on reducing faculty and staff, as well as support for instructional materials and equipment, and simultaneously undertake the teaching of ever-increasing numbers of students. To attempt such is an inescapable proscription for irreversible mediocrity."⁵ If we are to avoid that mediocrity, the state must reinvest in its system of public higher education or the system must downsize so that those students that it

can enroll will receive the traditionally high quality education they deserve.

At the end of World War II, our nation's economy had not yet begun to take off and thousands of our soldiers were mustering out of the military and returning home. Controversial legislation was pushed through the federal government that became known as the G.I. Bill. A massive infusion of support for higher education – in the form of facilities, program revenues and scholarships – created unprecedented access to higher education and trained the doctors, lawyers, teachers, statesmen, engineers and other professionals who built the modern nation that we enjoy today. In Chancellor Wiley's words, "*Those decisions created the engine that powered the state and national economies for the second half of the entire twentieth century.*"⁶

A recommitment to higher education is necessary for Wisconsin today if we are to chart a new course for Wisconsin in terms of both quality of life issues for our citizens and economic stimulus for our state. Consider again the words of President Weaver: "*Decisions of great importance should not be taken without some sense of history... We should remind ourselves that for well over a century, the people of Wisconsin... have had great faith in public higher education. Above everything, I would covet the hope that through the difficult days of decision that lie immediately ahead, the citizens of Wisconsin will sustain that faith.*"⁷

In conclusion, the decisions facing leaders in state government for the future are both patently simple and excruciatingly complicated. And history points out that this conundrum is not a new phenomenon. If Wisconsin consciously decides at this time – against all common sense – that it must continue its trend of

withdrawing public support for its public universities, then the UW System must shrink until its available resources are adequate to support a quality higher educational experience for those students it can enroll.

If, on the other hand, Wisconsin and its leaders choose to continue, and reinvigorate, our long history of public support for open access to public higher education for our citizens, then the necessary state resources must be found to fund our campuses and provide adequate financial aid for our students.

Wisconsin sustained its faith in its university system 30 years ago – and many times before and since then – and, like President Weaver, we are hopeful that it will do so again, for this day. The university stands ready to help begin *Charting a New Course* for Wisconsin's Future. 🍷

For an extensive list of resources used, schedules for the committee meetings and minutes, please refer to the Charting a New Course for the UW System web resource at:

<http://www.uwsa.edu/srvpadm/study/index.htm>

NOTES

1. Article X, Section 6, of the state constitution ratified in 1848.
2. Chapter 36, Wisconsin State Statutes.
3. Wiley, John D. (2003 November). Higher Education at the Crossroads. *Madison Magazine*.
4. Weaver, John C. (1975 April 18). Report To The Board Of Regents In Response To The Governor's Request On Reducing The Scope Of The University Of Wisconsin System.
5. Ibid.
6. Wiley.
7. Weaver.

SECTION ONE

Public Higher Education at Risk: The National Context

Observers have called the current climate public higher education's "perfect storm," the confluence of forces that threaten the operation and effectiveness of many colleges and universities across the United States. Certainly, educational leaders are accustomed to the boom and bust funding cycles that generally parallel the nation's economic health. But there is an ominous quality to the current situation that is causing a collective shiver from coast to coast.

Consider these national trends:

- Serious budget deficits requiring tax hikes and spending cuts are leading to significant declines in state spending on higher education in half the U.S. states.
- These cuts in public university budgets come on the heels of a 20-year decline in some measures of state support for public higher education. (In 1981, state appropriations for higher education per \$1,000 of personal disposable income averaged \$10.45 nationally. In 2001, such support had dropped to \$8.60.)¹
- Demand for public higher education is growing, thanks to both demographic pressures and an economic downturn that is spurring the jobless and underemployed to seek more education. In 2001, there were 6.2 million students enrolled at public four-year colleges and universities. In 2011, there are projected to be more than 7.2 million.²
- University endowments and other investments are suffering at the very time when private sources of funding could cushion the blows of public funding losses.
- Colleges and universities are obliged to improve their information technology infrastructures – a new and costly necessity for delivering quality education.
- States are increasingly turning to public universities to enhance local and regional economies by stepping up research and development breakthroughs, forming partnerships and preparing the next generations of professionals, managers and skilled workers.
- Competition for all sources of revenue is intensifying. Public universities, losing ground to prison and health care spending, are increasingly focused on raising private funds. In turn, private colleges and universities are lobbying to expand their share of the state revenue pie.³

In short, public universities across the country are struggling to educate more students and are grappling over fewer dollars while striving to preserve quality and meet greater and greater public expectations. All this suggests a mounting crisis.

"A range of trends and indicators tells us that there are some important differences between this bust and the last," observes Travis Reindl, director of state policy analysis at the American Association of State Colleges and Universities. "Ride it out' simply won't work."

Faced with major funding shortages, many public universities are raising tuition at a galloping pace. For the 2003–2004 academic year, many students and their families were confronted with steep increases over the previous year:⁴

University of Arizona – 39%
University of California System – 30%
State University of New York System – 28%
University of Oklahoma – 27.7%
Texas Tech University – 22.7%
University of Iowa – 19.1%
University of Virginia – 19%
Clemson University – 18.8%
University of Missouri, Columbia – 18.1%
University of Wisconsin System – 18%
University of Kansas – 17.7%
Auburn University – 17%

University of Nebraska, Lincoln – 15.6%
University of Kentucky – 14%
University of Minnesota, Twin Cities – 13.3%
Georgia State University – 13%
University of Maryland System – 13%
University of Illinois System – 10%

According to the National Association of State Universities and Land-Grant Colleges, more than 25 state universities or university systems implemented fall 2003 tuition increases of between 10 and 20 percent. Another 13 public universities or systems planned even higher increases. Only one state, Mississippi, did not raise its 2003–2004 tuition rates for its four-year campuses.⁵

There is a pronounced shift of funding of higher education from the state to the student or family, according to Will Doyle, a senior policy analyst with the National Center for Public Policy and Higher Education. "At a time when people can least afford these kinds of increases, they are being asked to shoulder greater responsibility."⁶

In some cases, public universities aim to soften the blow by raising the tuition for new and continuing students at different rates. Continuing students at Penn State experienced a 9.8 percent increase in tuition and fees for 2003–2004 while tuition and fees for Penn State freshmen were 15.8 percent higher.

The University of Illinois (Urbana-Champaign and Chicago campuses) embarked on a differential pricing policy in 2001, when it added a surcharge to freshman tuition, citing the need for predictability of college costs. Universities in Indiana, Ohio and Pennsylvania followed the example.

Now, universities across the country are mulling other differential pricing strategies, from offering tuition discounts to assigning different tuition rates based on family incomes, courses of study selected, or the time of day a course is offered.⁷

The last notion, offering lower prices to students who take classes during unpopular hours of the day, has the added benefit of improving efficiency. The University of Oregon has already adopted the strategy and others are considering it.

Pricing tuition based on class time is very promising because it improves productivity and can, in the long run, promote access, according to Kristin Conklin, a senior policy analyst for the National Governors Association.

This search for new tuition strategies is part of an intensified debate regarding managing universities in a public environment. For decades, public university leaders have been calling for greater flexibility in running their institutions – with mixed results. In that same period, governors and state policymakers have clamored for direct evidence that students are truly learning. The past decade saw a wave of accountability measures imposed and reports issued.

Declining state tax support is heightening university motivation to seek management flexibility, says Richard Novak, executive director of the Center for Public Higher Education Trusteeship and Governance at the Association of Governing Boards.⁸ The question Novak poses is whether increased flexibility is a way to make public universities more private in nature, or simply a new way of doing business that will enable them to survive.

Survival of public higher education is prompting a variety of discussions nationwide. According to Brown University's Futures Project, approximately 18 states have put in place, or are currently considering, some sort of enhanced management flexibility combined with heightened accountability.⁹

A few states have radically altered their relationships to public universities, creating "charter programs." In 2002, the Colorado School of Mines and the State of Colorado ratified a five-year "performance contract" that links aggressive performance goals with the broad flexibility to manage operations and set tuition.

The Colorado agreement, which is

between the university's Board of Trustees and the state's Commission on Higher Education, is effective until 2011. The Board sets tuition and reports planned increases to the Legislature for budget authority purposes. The Board of Trustees agrees to increase financial aid, improve retention and graduation rates and strengthen the engineering and applied science school's quality. In return, the Commission relinquishes its program approval authority and other performance funding requirements.*

A dozen years ago, St. Mary's College in Maryland became the first public college to achieve such a charter agreement. The college receives funding in block grant form (with inflationary increases) and manages itself, including setting tuition.

But most of the flexibility debate revolves around actions requiring less than full charter status. On the financial side, public universities are calling for the freedom to deposit specific funds outside state treasuries and outside state investment channels. Public universities seek more flexibility in spending and carrying forward state funds, in controlling positions and in setting tuition and fees. On the administrative side, they seek freedom from state personnel systems and certain collective bargaining agreements, and they also seek the opportunity to purchase goods and services and make contracts independently.

While policymakers consider the ramifications of such actions, public universities are attempting to cope with the short-term effects of the "perfect storm." "Campus Cutbacks Hit the Classroom," announced the *New York Times* last fall in a front-page article by Greg Winter.¹⁰

In Winter's piece, students report that they are having a much tougher time getting the courses they need. "After whittling away at staff, coaxing faculty members to juggle more classes, stripping sports teams and trusting aging roofs to hold out a few years longer, many public universities have reluctantly begun chopping away at academics, making it harder for students to graduate on time," reported Winter.

He also found that various public universities are canceling classes, eliminating programs, dropping majors, closing off-site classrooms, doubling some class sizes, shortening library hours and offering fewer freshman seminars. The University of California delayed opening an entire campus.

In a spring 2003 article, "Universities Bear Down on Budgets," the *Des Moines Register* stated that classes were cut and research farms were slated to close at Iowa's three public universities. The previous fall, the Iowa Board of Regents voted to increase base tuition by 17.6 percent. But that sharp increase did not entirely offset drops in state support totaling \$159 million since 2001, the newspaper reported.

At the University of Nebraska-Lincoln last fall, in response to a deepening budget crisis, leaders cut tenured faculty and whole departments, directly affecting a few hundred students and a few dozen professors. Thus far, reported Seth Stern of the *Christian Science Monitor*, Nebraska's actions are among the most extreme of university responses to budget woes. "But if the economy's sluggishness continues, other states may face the same dilemma as Nebraska's flagship campus in Lincoln: whether to sacrifice a few programs and professors to preserve quality overall."¹¹

Former University of Nebraska President L. Dennis Smith compared the cuts to "eating our own seed corn. If you have an economy that's struggling, it doesn't make sense to eliminate the engine that drives it."¹²

Nationwide for the 2003–04 academic year, 25 states anticipated budget cuts for higher education. The deepest cuts were expected in Colorado (13.7 percent), California, Oklahoma, South Carolina and Wisconsin.

*Council for Education Policy Research and Improvement - July 9, 2003.

SECTION TWO

Public Higher Education at Risk: The Wisconsin Context

Does the University of Wisconsin System find itself in the eddy caused by these powerful national trends?

Consider the following:

- Last fall, the System sustained a \$250 million cut, the largest in its history. It followed a \$50 million cut the previous year. In the same biennial budget (2003–05), the State of Wisconsin is paying less than 30 percent of the university's costs for the first time in the UW System's 30-year history. (In 1973, Wisconsin's tax dollars supported approximately half of the UW budget.)
- Wisconsin is now significantly below the average in state appropriations for higher education per \$1,000 of personal disposable income. In 2001, the national average was \$8.60. Wisconsin was \$8.20. In 2003, Wisconsin fell to \$7.90.
- Student demand for public higher education in Wisconsin is strong and still growing. Last fall, 160,703 students enrolled at UW System campuses. One in every three Wisconsin high school seniors enrolls at a UW campus immediately after graduation. Enrollment has grown by more than 8,700 students in the last ten years while budget cuts have reduced faculty by 670 in that same period.
- The UW System, like its counterparts nationwide, is struggling to meet the costly information technology needs of its students, faculty and staff. UW-River Falls Dean Barbara Nemecek recently noted the difficulty of keeping current with both software and hardware. "If you don't have the latest technology, then the students are out-of-date before they take their first job. That doesn't help students or employers, and it damages the reputation of our program."
- Over the past several years the UW System made a particular commitment to the State of Wisconsin to enhance and support economic development, convening a series of statewide Economic Summits and proposing innovative public-private partnerships. In the latest biennial budget the UW System sought nearly \$77 million in GPR and fees to continue its economic development initiatives, but received no new money.
- From 1993 to 2003, state spending on the UW System grew by 29 percent. During that same decade, state spending on the Department of Corrections grew by 251 percent, K–12 schools by 134 percent, and Medical Assistance by 41 percent.

Imperiled by the recent deep budget cuts, the UW System increased tuition by about 18 percent for each year of the biennium, thus raising \$150 million to cover 60 percent of the revenue loss. Program cuts and other cost-saving measures will make up the remaining \$100 million.

"More than a decade of state budget cuts and partially offsetting tuition increases have left the base operating budgets of Wisconsin's public higher education systems in the worst condition since the Great Depression," wrote UW-Madison Chancellor John Wiley in the November 2003 issue of *Madison Magazine*. "Access to and affordability of the university system are already endangered at precisely the time when the Wisconsin economy needs more high-paying jobs and a more educated workforce."

"It's a singular moment for public higher education nationally and in Wisconsin," observed UW System President Katharine C. Lyall last fall. "We really need a management blueprint going

forward, because it's clear that we can't just lurch from one financial crisis to the next. That's no way to run the System."¹³

Despite the sharply higher tuition and best efforts to manage and minimize the impact of budget cuts, the loss of state dollars is negatively affecting students, faculty and staff across the UW System. A few examples:

- ❑ **UW-Eau Claire** wants to enroll more returning adult students who could study for their degrees part-time. But budget cuts have limited the university's ability to offer courses at hours that would be convenient to part-time students. "There are many things we could be doing but aren't able to do so because our limited financial capacity forces us to focus upon our core mission of serving traditional-age, full-time students," said Chancellor Donald Mash.
- ❑ **UW-Whitewater** is finding it increasingly challenging to hire faculty. Leading candidates in many searches decline to come for interviews after learning of both the salary limits and teaching loads, according to John Heyer, dean of the College of Arts and Communication. For the first time in his 24 years of administrative experience, Heyer said he is losing his top faculty choices to colleges in the South, including Louisiana and Mississippi.
- ❑ Wisconsin needs teachers who are specifically trained to teach English to non-native speakers, and **UW-River Falls** has a program for that specialized teacher training. However, staffing problems, including lost positions, retirements and frozen searches, are leaving the program at half-capacity.

- ❑ **UW-Green Bay's** students are coping with larger class sizes and fewer student employment opportunities. The university's library is shortening its hours and budget cuts are reducing both staffing and book purchasing. The cuts in the library's evening hours have the greatest impact on returning adult students who can only get to the library at night. Carol Blackshire-Belay, dean of Liberal Arts and Sciences, said she is particularly concerned about general education class sizes for incoming students. "A class of 40 transformed into a class of 90 just is not the same class," she observed.
- ❑ **UW-Madison** is addressing some of its budget shortfall by cuts in programs, up to 200 fewer courses and larger class sizes. The higher tuition is also expected to drive away some students from all but the highest-paying careers because of escalating concerns about repaying student loans. Some students may avoid professions such as teaching and nursing, which Chancellor John Wiley believes is already happening.¹⁴
- ❑ **UW-Marinette** has had a 47 percent increase in enrollment over the last four years. However, the campus has been unable to hire the geography, mathematics and chemistry positions that were approved to meet basic Associate Degree curricular needs. The campus is serving the financial and administrative support services needs of 560 students with two academic staff (including the campus dean) and 2.4 FTE clerical staff. The campus can keep the bookstore open only 12 hours per week.
- ❑ **UW-Rock County** enrollments have grown by 50 percent over the past five years, without additional student services advisors to accommodate the additional student advising. Forty-three percent of the students are returning adults who usually take evening courses. However, the campus does not have the funds to keep the business office and student services office open into the evening through the semester, and there is no evening tutoring available.

SECTION THREE

Charting Study Process and Focus

“Decisions of great importance should not be taken without some sense of history...We should remind ourselves that for well over a century, the people of Wisconsin have held certain propositions to be self-evident:

- (1) That Wisconsin’s citizens should have ready access to higher educational opportunity of quality and relevance to their purposes, interests and abilities.
- (2) That personal and societal need for knowledge constantly increases as a direct function of the complexity of society and the mounting aspirations of our citizens.

Our unwavering confidence has been that public university education is a public good, and that the public investment in such endeavors is repaid to society many fold, and in countless ways...”

– UW System President John C. Weaver, speaking to the Board of Regents, April 18, 1975

Nearly 28 years later, on April 11, 2003, the UW System Board of Regents committed itself to a year-long strategic planning study of public university education in Wisconsin. Regent Guy Gottschalk was named the study’s chair. (See the executive summary and sections one and two for the background and process.) Regent Gottschalk shared former President Weaver’s remarks, suggesting they might inspire the study they were about to undertake. (See the full text of Weaver’s remarks in Appendix B.)

Three key drivers motivated the study: the changing state fiscal environment; the growing demand for educational services; and the rapidly evolving technological and economic environments.

Regents, Chancellors, and UW System officials, along with faculty, staff, students and community members, formed five subgroups to cover the waterfront of Wisconsin public higher education issues and challenges, organized as follows:

1. *Revenue Authority and Other Opportunities:*
Regent Roger Axtell, chair
2. *Achieving Operating Efficiencies:*
Regent Mark Bradley, chair
3. *Re-Defining Educational Quality:*
Regent Fred Mohs, chair
4. *The Research and Public Service Missions:*
Regent Danae Davis, chair
5. *Our Partnership with the State:*
Regent David Walsh, chair

(For a complete list of study participants, see the inside front cover of this report.)

Study leaders agreed that three common themes would inform their efforts:

Educational Quality – maintaining the high quality of a UW education;

Access and Affordability – keeping UW education open and affordable; and

Serving Wisconsin Directly – serving Wisconsin through educating its citizens, solving pressing problems and stimulating economic development.

The study involved nine months of work, nine full-group and 49 subgroup meetings, and relied on a variety of information-gathering methods, including an examination of actions taken in other states, discussions with students, focus groups with business

leaders in five areas across Wisconsin, a study by Arthur Gallagher & Co. on how to cut administrative expenses, and dialogues with legislators.

The working groups held public hearings, invited expert testimony, commissioned studies, held discussions with legislative leaders and heard presentations by national experts on topics including financial aid, tuition policy, federal higher education policy and student access.

Public input was encouraged via e-mail. (For a full listing of all published resources, including presentation materials consulted by the subgroups, visit <http://www.uwsa.edu/srupadm/study/resources.htm>.)

The 27 study recommendations are presented in three categories:

Self-Help – actions the UW System must take to maintain access, quality programs and efficiency.

State Help Needed – actions the state must take to maintain affordability and access for low- and moderate-income students.

Joint Efforts – steps that require both UW System and the state to act to enhance diversity, serve more adult students, and incentivize the development of programs to meet future state needs.

SECTION FOUR

Self-Help: Recommendations and Benefits

1. The UW System should support and carefully evaluate an innovative pilot program developed by UW-Platteville, targeting nonresident student recruitment to meet particular Wisconsin workforce needs.*

UW-Platteville leaders and UW System Administration, working with the Wisconsin Departments of Administration and Workforce Development, developed an innovative program to use the instructional capacity of the underutilized Platteville campus more efficiently and strategically. With some modest investment, the campus is beginning a pilot program to attract out-of-state students to selected programs in engineering and technology.

The program includes several benefits. New nonresident student tuition would fund some capital construction on the campus; the campus and its programs would be more fully utilized; and Wisconsin would attract some additional highly educated people to the economically challenged southwestern area. When the program is fully implemented (in 10 years, with 2,000 additional nonresident students) it is estimated that there will be a \$25-million-per-year economic impact for the region.

Under this pilot program, students from neighboring Iowa and Illinois would be offered tuition incentives to attend UW-Platteville and earn degrees in engineering, technology and other disciplines with high workforce demand. These students would *not* reduce UW's enrollment of Wisconsin students. Area legislators, community and campus leaders strongly support the pilot, which could serve as a model for other UW campuses. Kentucky has had a similar program in place for several years and considers it fiscally sound.

*This pilot program came to the Board's attention during the course of the study. It was approved by the Board of Regents during the spring.

2. The UW System should re-examine the tuition charged to nonresident undergraduates, with the goal of charging a more competitive market price.

After recent large increases, tuition for nonresident students is well above competitive levels, and, voting with their feet, many potential UW students are choosing to go elsewhere.

Traditionally, Wisconsin has been one of the more successful states in attracting nonresidents, who pay a premium to attend a UW campus. The additional dollars they generate subsidize Wisconsin residents by keeping in-state tuition low and expanding access in-state.

However, over the past five years, there have been dramatic increases in nonresident tuition — UW-Madison's nonresident tuition rate is now more than \$18,500 per year.

As a result of the higher rates, 360 nonresident students were lost systemwide during 2003-04, with a resulting revenue loss of approximately \$4.7 million. The impact varied by institution, but the revenue drop was a particular challenge at UW-Green Bay and UW-Stevens Point, destabilizing those campus budgets.

Returning to more competitive nonresident tuition should have two positive consequences, attracting additional students — and revenue — to UW campuses and encouraging highly educated people from other states to live and work in Wisconsin.

3. The UW System should continue to evaluate alternative tuition models, including resident tuition flexibility, per-credit tuition, nonresident tuition and cohort tuition. The goal is to identify opportunities for maximizing revenue needed to preserve access, affordability and quality programs. Similarly, the concept of a tuition bond and loan forgiveness program

should also be studied.

The application of basic economic principles can have far-ranging effects on student behavior in terms of degree completion, speed of matriculation and other factors. How long it takes a student to complete a degree, the number of courses taken, etc. all have considerable impact on campus resources and access opportunities for other students.

There is considerable interest nationwide in differential tuition approaches, and the committee believes further study of these approaches is warranted.

4. The UW System should continue efforts to help students efficiently earn college credits and degrees.

At least three areas have yielded success and may provide future opportunities:

- a. Enabling students to earn college credits for high school work: Programs that allow students to earn college credits for high school work have expanded educational options for those students, provided more than \$10 million of savings to students and families in 2001-02 alone, and yielded millions of dollars in more efficient use of faculty, staff and classroom resources. More than 74,000 college credits were awarded in 2001-02 for Advanced Placement and retroactive credits at UW institutions. (This is equivalent to access for 600 additional students.)
- b. Facilitating transfer of general education requirements: The seamless transfer of basic college course credits saves students money and time. The UW System is working to improve the transfer of these general education credits. One example is the current UW-River Falls pilot program, using the national Course Applicability System (CAS) to provide transfer degree audits so that prospective

transfer students and advisers can evaluate how transfer credits will apply.

- c. Using distance education to serve more students: Distance education offers the potential to expand learning opportunities outside traditional campus boundaries and to improve learning on campus. Distance education can supplement on-campus instruction, provide degree or certificate programs off-campus and offer continuing education options.

The UW System operates, or is a contributing partner in, several nationwide distance-education networks and encourages distance-education programming through various structures and policies. Distance education offers the potential to increase enrollment at UW institutions; all UW Colleges offer degrees serving working adults. Partnerships with the Wisconsin Technical College System could both increase enrollment and enhance credit-transfers.

5. The UW System should implement a process for examining and streamlining administrative services.

Potential benefits include improved coordination, implementation of good business practices and financial savings that can be applied to instructional and other student needs.

The UW has already begun a purchasing review to assess potential savings from higher education consortia. Other functional areas to be reviewed include: auxiliary fund management;

information technology management; travel management; and human resources management. The reviews should involve the Board of Regents, top management within UW System administration and the institutions, institution staff and, whenever possible, outside consultants.

6. The UW System should establish pilot programs to promote administrative and programmatic collaboration among UW institutions – an expansion of current *ad hoc* collaborative efforts.

Collaborative partnerships can maximize the use of combined resources of multiple campuses, reduce duplication, save money through shared programs and increase access to certain academic programs around the state.

The results of these new pilot programs should be disseminated within the UW System and the greater Wisconsin educational community. UW collaborative programs already exist in some disciplines. In some cases, they arise to meet high student demand in areas such as nursing or business. Others give students access to programs in certain specialized, low-enrollment areas, such as rare foreign languages.

7. UW System Administration and individual UW institutions should continue their efforts to attract increased federal research funding.

UW-Madison is highly successful at attracting federal research dollars – currently ranking ninth nationally. Federal dollars have been critical to UW-Madison's international reputation as a

research leader, and these funds have had profoundly positive effects on Wisconsin's economy, generating thousands of jobs and more than \$1 billion in incomes annually.

Of course, not all UW institutions have research missions, nor the infrastructure necessary for attracting major research funding. However, research opportunities are initiated by individual faculty at all UW campuses as a way of providing undergraduate research experiences for students and faculty.

These goals can be enhanced by building more effective working relationships with the Wisconsin congressional delegation and communicating institutional goals and objectives. UW System should continue efforts to advocate on behalf of all UW institutions in Washington, D.C., working with Wisconsin's congressional delegation to compete for federal research and other funding.

8. The Board of Regents should adopt a systematic planning process for the UW System.

The Board of Regents, the UW System President and representatives of key UW stakeholder groups would identify a vision; consider the operational environment, plan and innovate, and take action.

The established process would be designed to strengthen educational quality, prepare the UW System to compete with new higher education organizations and respond to changing economic conditions, and help to identify and implement best practices.

9. The UW System should extend the ways it works with and assists Wisconsin businesses, local governments and the public by:

- a. Finding more effective ways to inform and help local businesses access faculty and staff expertise and programs;
- b. Developing partnerships with the private sector to address specific Wisconsin workforce issues in such areas as manufacturing, health care and new technologies;
- c. Better informing stakeholders of the value of a liberal arts education and UW expertise in languages, economics, history and other fields, and how it can be accessed; and
- d. Recognizing and celebrating university faculty, staff, students, and university leaders who are having a major impact on the economic health of their communities.

Universities are increasingly viewed as economic engines. Indeed, the UW System has made economic development a priority mission, from convening economic summits and encouraging public-private partnerships to training students in high-demand technical disciplines.

However, local business executives, community leaders, and legislators are generally less aware of university resources available to assist local government and the private sector.

The Wisconsin Economic Summits, the Wisconsin Small Business Development Centers, and the UW System Business Consortium are models of existing part-

nerships that extend UW expertise beyond the campus.

10. The UW System should examine alternatives for increasing the number of nursing students to help address the shortfall in nursing professionals in Wisconsin. The UW System should work with private industry to facilitate the expansion of the capacity of nursing programs.

Wisconsin and the nation face a severe shortage of nurses, due to increased demand, an aging workforce, a shortage of nursing faculty and an aging society.

There are already initiatives under way at UW-Madison, UW-Milwaukee and UW-Oshkosh to expand the capacity of nursing programs. But there are constraints on what can be accomplished without additional resources, faculty, clinical practice sites and facilities with more laboratory equipment.

The examination of alternatives for increasing the number of nursing students should include seeking additional financial support from Wisconsin's private health care sector. The shortage of registered nurses is a national challenge. It has been estimated that, because of retirements of current nurses, merely maintaining the pool of nurses nationally requires a dramatic expansion of enrollments in educational programs leading to a nursing degree. In addition to being critical to ensuring quality health care, it must be noted that creation of additional nurses represents a "brain gain" for Wisconsin in terms of creating higher paying jobs.

11. The UW System should support continued participation in the Wisconsin Campus Compact.

The Wisconsin Campus Compact is a consortium of public and private colleges and universities dedicated to introducing more service-learning into the curriculum and to encourage student "citizenship" through volunteer activities. It is the only campus compact in the United States that is using a statewide extension network — in our case UW-Extension — to enhance student service-learning opportunities.

The American Democracy Project, aimed at producing "graduates who understand and are committed to engaging in meaningful actions as citizens in a democracy," is another example of service learning involving multiple UW campuses. In Wisconsin it involves UW-Eau Claire, UW-Green Bay, UW-La Crosse, UW-Parkside, UW-Oshkosh, UW-River Falls, UW-Stevens Point and UW-Superior. It is coordinated by the American Association of State Colleges and Universities and supported by *The New York Times*, Campus Compact and other national partners.

Wisconsin Campus Compact is also a partner in the New Voters Project, a non-partisan effort funded through the Pew Charitable Trusts. It is designed to increase voter participation in 18-24-year-olds by five percent in the November 2004 election.

SECTION FIVE

State Help Needed: Recommendations and Benefits

12. Wisconsin must stabilize state GPR support for higher education.

All potential revenue streams were reviewed, seeking alternatives to replace declining state tax support of public higher education. Each potential revenue source has serious limitations and is not consistent with supporting undergraduate education. Federal funding is restricted to student financial aid and research. Corporate and foundation funds are restricted to highly targeted purposes, and rarely involve continuing support. Private donors typically balk at funding basic educational expenses.

If Wisconsin's citizens are to compete and thrive in the increasingly competitive global marketplace, they must have access to top-quality higher education opportunities. Prosperity is inextricably linked to individual educational attainment and general workforce preparation.

For more than 150 years, Wisconsin tax dollars have supported and sustained public higher education of exceptional quality and value to the state. Wisconsin must continue this commitment. It is much easier and more cost effective to sustain quality than to rebuild it once it is lost.

The UW already trails its peers in many critical areas of investment. Further reductions are sure to have dire consequences with respect to educational quality, access, and state economic impact.

13. Wisconsin must increase student financial aid to ensure access for students of all income levels, including a "hold harmless" program that would provide students from the lowest income level with grants to cover the costs of tuition increases.

Access to education is fundamental to Wisconsin's future prosperity. Future

economic growth and vitality depend on an educated workforce. Today, 70 percent of "new economy" jobs require a college degree. Our goal is for all qualified students to be able to enter the UW System.

Financial aid is key to providing access for those who cannot otherwise afford higher education. Lack of access will perpetuate the cycle of poverty for Wisconsin's poorest students and their families.

We find a disturbing trend: fewer and fewer low-income students in Wisconsin are enrolling in UW institutions. Specifically, 37 percent of new UW freshmen from the lowest-two family income quintiles enrolled in 1992. Ten years later that measure was 30 percent. Over this period, Wisconsin has moved from a low-tuition/low-aid philosophy to an average-tuition/uncertain-aid reality.

In this environment, declining low- and moderate-income access must be reversed by providing adequate financial aid to ensure access to students from all income groups. It is estimated that this will require an additional \$30–35 million GPR in the 2005–2007 budget.

Further, more financial aid for disadvantaged students is vital if UW institutions are to attract and retain a student population that mirrors Wisconsin's citizenry.

In future budget requests, the committee recommended that the UW System consider:

- a. Expanding the "hold harmless" program to include students from the two lowest-income quintiles;
- b. Using financial aid as an incentive for state "brain gain" in targeted professions, such as nursing.

14. The State of Wisconsin should provide the UW System the authority and state tax dollars to:

- a. Hire an additional 300 faculty to

preserve educational quality and to address strategic research areas;

- b. Provide competitive faculty and administrative pay plans;
- c. Control its own non-GPR positions if it is to attract and retain high-quality faculty and administrators.

Budget cuts over the past decade have severely reduced the numbers of faculty across the UW System. Student-faculty ratios are important indicators of quality. The UW would need to hire an additional 280 FTE faculty simply to bring the student-faculty ratio halfway back to its 1992 level.

Recent dramatic reductions in Wisconsin's per student funding are threatening the UW's core instructional mission and quality. Preserving quality simply by raising tuition is not the answer — it strangles access and is insufficient to meet core needs.

Restoring 300 of the 670 faculty cut over the past decade would begin to improve student-faculty contact and help campuses strategically address areas of greatest need — especially those disciplines that attract tremendous interest from students.

UW faculty brought in \$609.8 million in federal and private research funding in 2002–03, and the UW's annual impact on Wisconsin's economy is \$9.5 billion. University research spawns new companies and increases technology-related jobs.

But the research enterprise is the sum of the efforts of individual faculty and staff. On average, each faculty member attracts \$100,000 of external research funding to the UW. Fewer faculty reduces the UW's competitive advantage in the fight for federal dollars. Additional faculty will also permit a strategic rebuilding of the capacity to conduct scholarly research in areas of state and national need.

Competitive pay plans are essential to retain faculty and administrators whose teaching, research and managerial talents have made the UW System one of the finest in the world.

In the past year, three chancellors voluntarily left the system and more may follow. Additionally, the Board recently concluded a search to find a new UW System President.

The gap between faculty salaries at UW and peer institutions is widening. UW faculty were 6 percent below their peers in salary in 2003-04. In order to attract and retain quality faculty, it is extremely important for the UW System at least to be at the peer median.

Position control issues can significantly hamper UW institutions' ability to address students' needs. While state laws do allow the UW System to create positions using state tax dollars, the 2003-05 budget called for a reduction of 650 positions in the UW System, resulting in a contradiction to current authority. In addition, specific program revenues and academic fees have some position control flexibility, but not enough to be responsive to student demands.

15. State policymakers should streamline the overly burdensome and time-consuming capital building program process by modernizing statutes and procedures to match capital budget methods to accepted national practice.

It is estimated that such streamlining with respect to facilities constructed using program revenues (PR) alone would save the UW System \$400 million over 20 years.

This streamlining can be achieved by:

- a. **Project enumeration:** The current process adds about three years to achieve project approval. The State Building Commission should have the authority to approve, at any time, a project for which adequate gift, grant or other cash funding becomes available. Enumeration of projects using bonding should be limited to projects over a certain dollar threshold (\$1 million or \$5 million).

- b. **Competitive services:** Wisconsin's Division of State Facilities provides project management and construction supervision services to all building projects for a fee of 4 percent. The state's management and supervisory services should be optional and chosen on the basis of their competitive cost effectiveness.

- c. **Flexible bidding:** UW building projects must use the traditional design, bid and construct process. A change allowing state agencies to use open, competitive processes, such as multiple bid, single-prime, design-build or construction manager would promote efficiency in both schedules and budgets.

- d. **Process improvements:** Other process improvements could shorten the time for, and reduce the costs of, UW building projects. One example: The Governor and Department of Administration (DOA) Secretary must sign contracts, change orders and other documents, and bidders take these delays into account. Requiring documents to be signed within 45 days would reduce delays and costs.

- e. **Financing:** UW institutions traditionally finance all capital projects through state-issued tax-exempt bond proceeds. If the Board of Regents were authorized to issue its own PR bonds for projects fully supported with program revenue, savings in time and cost to complete construction would be significant. In addition, a burden on state bonding would be lifted.

16. The State of Wisconsin should create flexibility in the procurement process to permit more efficient purchasing of goods and services directly in the marketplace, and permit the UW System to take advantage of discounts available through higher education consortium contracts.

- a. **Pricing:** The UW should be able to take advantage of special pricing opportunities and participate in higher education consortia without seeking state approval. The UW System would

continue to follow all statutory purchasing requirements and use state contracts when cost effective. Seven of the Big Ten universities have independent purchasing authority and reap significant cost savings from consortial purchasing. The UW would continue to work collaboratively on contracts with the Wisconsin Technical Colleges and K-12 schools. It is estimated that more than \$1 million of savings could accrue to the state from the Big Ten Consortium contract for office supplies alone, with the UW System realizing more than \$600,000 in savings.

- b. **Processing:** Sole-source processing time could be streamlined if state DOA approval were not required. The state review process takes an average of 44 days to approve 95 of every 100 UW requested contracts. Surely a better business process can be found for these purchases.

17. The State of Wisconsin should create the authority for the UW System to assume all university cash management and investment responsibilities currently performed by DOA.

- a. **Investments:** DOA, working through the State Treasurer and State of Wisconsin Investment Board, currently holds and manages all UW System cash other than trust funds. The UW System's auxiliary enterprises and federal financial aid appropriations are credited with interest earnings; tuition and other program revenue balances are not.

The UW System Financial Administration and Trust Funds staff could maintain, manage and invest all program revenue balances and could increase interest earnings by using longer-term investments than those used by DOA. The state could provide the UW its GPR in 12 monthly installments, as is the practice elsewhere in the Big Ten. The UW System would be able to use its accounting system to improve cash flow and maximize earnings.

Interest earnings on UW balances

now total \$5 million annually, of which the UW System receives \$2 million and DOA \$3 million. With the proposed UW System investment process, the interest earned could increase to as much as \$15 million annually, based on historical earnings and fund balances.

b. Banking contracts: The UW System should have the authority to enter into banking contracts without the approval of the state Depository Selection Board, as well as to monitor its own accounting transactions.

The UW System would be able to establish its own banking relationships via competitive processes, reducing delays caused by the additional step.

18. Consistent with national practice, the UW System should have the authority to retain and reinvest the proceeds from the sale of buildings or land if acquired or built with program revenue or gift funds (not GPR).

The net proceeds from the sale of state buildings or land, including all UW property, are currently credited to the state's budget stabilization fund, rather than returned to the state agency. If, for example, the UW System sells a building it had built with program revenue (non-GPR dollars), it loses its initial investment, and there is an adverse fiscal impact on the budget of the related auxiliary operation. Similarly, if the UW sells land or a building received as a gift, it loses the value of the gift.

With the authority to retain and reinvest the proceeds of sales, the fiscal

integrity of auxiliary operations would be maintained, actions would be consistent with donors' intent and there would be greater opportunity for real estate reinvestment and more efficient asset management.

19. Consistent with national practice, the UW System's position control authority (ability to create and abolish positions) should be expanded to include program revenue operations not previously listed in the statutes.

The statutes should be amended to include expanded UW position control for operations and programs such as physical plant service departments; distinguished professorships; matching funds transferred from other state agencies; Intercollegiate Athletics auxiliary enterprises; non-income sports; and gifts and grants. Changes would be consistent with the handling of other PR funds. Most public universities have the ability to create positions based on need, regardless of funding source.

20. It is essential that the quality of UW library and technology resources be preserved with adequate state support.

Great libraries and up-to-date technological resources will underpin all great universities in the 21st century. There is tremendous pressure on our campuses to meet the ever-increasing costs of book and journal purchasing and to continually upgrade the technology required for scholarship and research.

For the 2005–2007 biennium, the projected rates of inflation for books and journals are 4 percent and 10 percent respectively. The stress on library resources will only escalate.

After implementing every strategy to increase efficiency, a university committed to quality must maintain its library collection, student access to that collection and its technological infrastructure. It is estimated that the UW System requires an additional \$3 million annually to adequately support its libraries.

21. The State of Wisconsin should address UW campus infrastructure needs related to research capacity, including funding to retain top researchers in response to outside offers for more money; additional/remodeled research space; and support for research proposal development.

For more than 150 years, the faculty and staff of the University of Wisconsin have worked with government and citizens all over the state to solve pressing state problems. University of Wisconsin researchers have made similar contributions to national and international problem-solving. UW faculty will not be able to sustain these efforts without comparable state investment in infrastructure.

SECTION SIX

Joint Efforts: Recommendations and Benefits

22. Encourage preparation and participation in higher education by expanding the PEOPLE program (UW-Madison) or other successful pre-college models to work with African American, American Indian, Asian American (especially Southeast Asian American), Latino and disadvantaged students to encourage participation in higher education. The Milwaukee Partnership Academy, a community-wide partnership devoted to the quality of teaching and learning in Milwaukee Public Schools, and similar programs, should be strongly supported.

UW System and individual campuses have made serious and sustained efforts to diversify the student population by race, ethnicity and income, but more should be done, and an additional \$5 million is needed to take these additional steps.

Diversity in higher education encompasses many important issues: recruitment of faculty of color; ensuring access to students of color and economically disadvantaged students who are academically prepared for college, and can be admitted to, and enrolled, in higher education institutions; and making sure academic and cultural programs further understanding and functioning in a multi-cultural and international environment. The Board of Regents recognizes that diversity achieves the fundamental goal of producing educational benefits for all UW students.

Work with K-12 students to encourage and support college aspirations should include scholarship and mentoring programs. Pre-college programs should focus on at-risk students and provide incentives for staying in school, and preparing for and attending college.

Any plan to increase eligible students of color and economically disadvantaged students for the UW System must focus on the Milwaukee schools and their students, as well as other high school districts with low graduation rates.

23. The UW System, with the support of state tax dollars, should establish a Wisconsin Research Opportunities Fund to increase federal grants by matching funds for federal and/or business research partnerships.

Two similar funds are UW-Madison's Industrial and Economic Development Research Grant program and the UW System Applied Research Grant program. Both supply small seed grants for faculty to work with Wisconsin businesses on high-risk, exploratory research that could lead to ongoing private or federal research funding.

It is estimated that \$5 million GPR in the next biennial budget is needed to provide seed grants for the majority of faculty members whose work cannot be covered through the existing funds and to extend the reach of the existing funds.

24. The UW System, in partnership with the Wisconsin Technical College System, and supported by state tax dollars, should collaborate on the following three initiatives:

- a. A Center for Adult Access, A Brain Gain Strategy for Wisconsin: This center would expand postsecondary opportunity for adult students.
- b. UW-Stout Technology Proposal: This proposal would allow UW-Stout to become a portal for technical college graduates, creating a seamless transfer of credits and developing an effective collaborative model for workforce

preparation in higher education.

- c. Northeast Wisconsin Educational Resource Alliance (NEW ERA): This consortium of leaders in northeast Wisconsin's 13 public colleges and universities fosters regional partnerships to serve educational needs. The group works to provide resources for communities, businesses and local government and to drive regional economic development.

Wisconsin's per capita annual income (\$30,898) is below the national average of \$31,632 and considerably below that of neighboring Minnesota's \$34,443. There is a need to create more high-paying job opportunities in Wisconsin, and to prepare Wisconsin's workforce to fill those jobs.

For several years, UW System economic development efforts have emphasized generating additional college graduates in Wisconsin. These initiatives will focus on adult students committed to living in this state. The combined state support required for these three programs would be \$2-3 million for the biennium.

25. The UW System should create, with state tax support, educational quality grants. The grants would promote fundamental changes in teaching, student learning, and organizational systems.

Work supported by the grants would develop models that would enhance the quality of education, prepare UW graduates to contribute to the communities and economy of Wisconsin, and increase operating effectiveness. Pilots supported by the fund would include incorporating technology in teaching, experiential (active) learning, and re-engineering instructional services delivery.

26. The UW System, with state tax support, should establish a Systemwide incentive fund to encourage faculty and staff collaboration across campuses for preparing competitive research grant proposals and to take advantage of funding opportunities requiring geographic/interdisciplinary diversity.

Successful examples of such collaborations include the Wisconsin Space Grant Consortium, the official face of NASA Wisconsin; the WiSys Technology Foundation, Inc., which identifies innovative technologies throughout the UW and brings them to the marketplace; and the Academic Advanced Distributed Learning Co-Lab, a joint effort of the UW System, the state's technical colleges, and the U.S. Department of Defense, which has positioned Wisconsin as the definer of national standards for online learning.

27. The UW System should continue an extensive examination of UW Risk Management programs.

The UW System participates in the State of Wisconsin's risk management program.

The committee would like to see insurance coverages reviewed and expenses trimmed if possible. An outside consultant has reviewed current UW coverage and costs and has evaluated opportunities for change in the Wisconsin insurance program. These opportunities should be pursued.

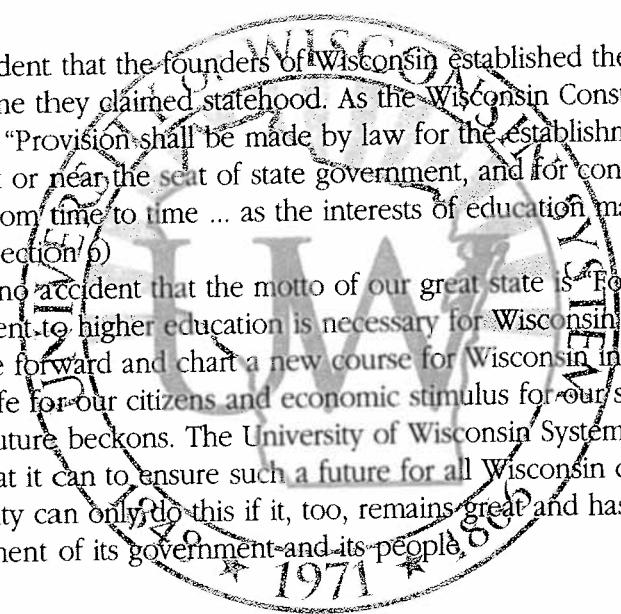
SECTION SEVEN

Forward

It is no accident that the founders of Wisconsin established the university at the same time they claimed statehood. As the Wisconsin Constitution reminds us, "Provision shall be made by law for the establishment of a state university at or near the seat of state government, and for connecting with the same, from time to time ... as the interests of education may require." (Article X, Section 6)

It is also no accident that the motto of our great state is "Forward." A recommitment to higher education is necessary for Wisconsin today if we are to move forward and chart a new course for Wisconsin in terms of both quality of life for our citizens and economic stimulus for our state.

A great future beckons. The University of Wisconsin System stands ready to do all that it can to ensure such a future for all Wisconsin citizens. But the university can only do this if it, too, remains great and has the support and investment of its government and its people.



APPENDIX A

Statement by President John C. Weaver, in presenting his report to the Board of Regents in response to the Governor's request on reducing the scope of the University of Wisconsin System

9:00 a.m., Friday, April 18, 1975
Clarke Smith Room, Van Hise Hall
Madison, Wisconsin

On October 8, 1971, in my concluding remarks to one of the former Boards of Regents, I observed that we stood at "the summit of an institutional divide – a divide formed by the conclusion of one era, the anticipation of another." I noted at that time, that: "Your University has never before feared change; it need not fear it now. Indeed, if it is to attain its rightful destiny – if it is, in fact, to validate its greatness – it must always be ready to meet the demands of change with well-considered change."

Just a bit over three years old, this System of Universities has made significant moves in the direction of change, and it has done so while coping with unprecedented problems and demands. Some feel we have moved too fast; others, that we have been too slow. Importantly, I hope we have always been well focused on our most basic responsibility, that of assuring that the quality and strength essential to universities worthy of the name have been protected and retained.

Proposals for major change often arise out of some immediate dilemma or problem. The issue now before us, as to whether the State of Wisconsin wishes, or is able, to continue its present level of public university commitments and to pledge ongoing support for higher educational opportunity and the advancement of knowledge emerges in just this fashion. There is an ever-present danger of loss of perspective in attempting to deal with a question of this magnitude on short notice, and in an environment where current economic distress can unduly and unwisely influence decisions concerning the longer-range public interest.

The report which I present to you this morning reflects our staff effort to speak truthfully, sensitively, responsibly and responsively to the difficult assignment you gave us. It is offered as a contribution toward informed public judgment. We do not attempt to hide our belief in the priceless cause of public higher education, nor do we avoid our responsibility to answer the concerns that have been laid before us.

You have our report, findings and recommendations regarding the Governor's request for specific plans that might be utilized in reducing the scope of the University of Wisconsin System over the decade ahead. I respectfully recommend the transmission of this report to the Governor and the State Legislature. It is, I believe, fully responsive to the initial request as well as to the subsequent companion request from the President of this Board. Hopefully it will provide solid foundation for rational public consideration and debate. It seeks to provide our elected representatives – the persons ultimately responsible for the final decision in such fundamental public policy matters – with a clear statement of the policies, priorities and consequences inherent in any immediate moves designed to reduce the scope of this system.

The Report I bring you is divided into three major parts, preceded by a Summary and Prologue:

Part One discusses the implications of enrollment forecasts, educational opportunity, campus sizes and missions, program offerings and evolving societal needs, in relation to quality and cost, thus providing the matrix for any long-range planning effort;

Part Two seeks to speak directly to the request of the President of the Board of Regents for a statement of our current planning assumptions, procedures and directions;

Part Three responds directly to the Governor's directive, in presenting criteria, procedures and legislative language by which the State could, if it deems such action to be in the public interest, take immediate steps to initiate a reduction in the scope and size of the University System.

This Report is not advanced as an "either/or" matter; none of the participants in the public policy arena can pretend to final knowledge. The Report is, in truth, an "if/then" exposition, aimed at serving the needs of informed judgment. Even our listing of a decision agenda for state government at the end of the Report provides options, and not just the choice between change and no change.

What emerges in the relationships between Parts Two and Three is in the nature of a dilemma. On the one hand, we have a commitment to serve Wisconsin citizens who seek and can profit from higher educational opportunity. The numbers of these citizens will steadily increase, at least through the next six years, and most likely will continue to increase, even if at a slower rate in the foreseeable years which follow.

On the other hand, we cannot serve effectively a constantly growing demand for our services on the basis of static or declining real dollar resources; even though that is precisely the situation we now face.

In the Prologue to my report I outline the dimensions of our current budgetary travail in summary detail, and then note the magnitude of our potential difficulties when viewed against the even grimmer, long-range budgetary assumptions. It is important to grasp the implications of an expectation that we meet the bulk of our program needs over the next decade exclusively through internal surgery. It is worth noting that just to replace the

nineteen million dollars in funding, eroded from our supply budgets by inflation in this biennium, would, on this basis, require the complete elimination of two of our smaller four-year universities or the entire fourteen campus Center System. So drastic a move as this would only allow us to stay even with our 1972-73 purchasing capability. It assumes, unrealistically, and incidentally, that the students and faculty of those campuses would no longer be a System responsibility.

The immediate public policy issue becomes clear. If we are to fulfill our missions as historically defined, we need to be certain the state still supports those missions, and supports them with the full realization that they cannot be fulfilled on the basis of static or declining resources. If we are to plan for long term fiscal austerity and retrenchment, this needs to be directed with the complete understanding that this will require a most basic change in direction for the State of Wisconsin — a deliberate decision to constrain, for fiscal reasons, the levels of access to educational opportunity that have historically been provided. We also need some indication of how minor or major such constraints as may be envisioned are to be.

I obviously am not neutral on the issue posed by this request, nor am I oblivious to the current fiscal dilemma of this State. I happen to believe that this Board's present course of action, and the State's traditional commitment to public higher education, should be sustained. If we face hard times now and then, we will seek to limit our requests to only those things we consider to be the irreducible minimum. Economic history is not simply a story of unrelenting downturns. However, I am persuaded that this state will recover from its momentary distress. I am convinced that advanced public education for our citizens is an essential ingredient in that recovery, as in long term economic growth and social improvement.

Let me now state, as imply as I know how, what I see to be the heart — the true essence — of this document. In attempting this, I am fully mindful of the fact that we are dealing with an enor-

mously complex set of issues. Many things, good and bad, have been said about universities, but no one has ever claimed that they are easy institutions to understand, nor that they work with simple problems. In addressing ourselves professionally to the sensitive and tightly interwoven fabric of problems in long-range planning for this System, we have necessarily pursued a variety of intricately involved topics, all of which affect our judgments and recommendations.

Nevertheless, and at the cost of some oversimplification, let me set forth succinctly what I believe this Report says to the people of Wisconsin. Let me do this by first stating what it does not say. In turn I will try my hand at delineating what it does say. In turn I will try my hand at delineating what it does say.

The Report does not say that the University of Wisconsin System, and its array of institutions, is now perfectly attuned to the task of providing the best possible higher educational service to the State of Wisconsin. Changes have been made in the last three years. Planning aimed at change and adaptation is continuing. Like all dynamic institutions, we can improve, and we urgently seek improvement.

The Report does not, as some have urged would be useful, ignore 125 years of history and speculate on how one would redraw the higher education map of Wisconsin if he were free to start *de novo*. The history of our institutions — the youngest as well as the oldest — is closely intertwined with the histories of communities, regions, the state, the people who serve in those institutions, and the people they serve. We could no more abandon this history than we could abandon the accidents of our state boundaries, the cultural and ethnic backgrounds of our citizens, or the places where our people concentrate themselves to live and work. We have no way of assuming the advantage of hindsight for a return to a new and sudden moment of improved creation. Instead we must keep asking constantly how we can best use now, and for tomorrow, the resources of people, libraries, and laboratories we now have. This is the planning

goal of the University System. This is a goal that seeks foresight, not hindsight — a foresight to carry us toward the 21st Century with a wisdom derived from a careful reading of history

The Report does not say that we have reached the highest level of effectiveness possible in bringing educational services of quality to the people of Wisconsin. We have steadily sought to become more effective. We would gladly invite comparison of our record for "productivity," efficiency and effectiveness with the record of any university, or system of universities, in the nation. In spite of this, we continue to seek and to achieve improvements.

The Report does not say that the choice is between the System as it now exists in all its details and a System which has been directed to reduce its scope. Our own planning assumptions and procedures, outlined in the Report, anticipate and call for change. They envision the possibility of alternation, phase down, or even phase out of institutions at any point in time when enrollment and resource forecasts make such moves desirable or necessary.

The Report does not say that the choice is between unlimited growth in tax resources for the University System, and long-term fiscal austerity. We are acutely conscious of the fiscal problems that face our State government, and of the fact that unlimited access to new resources is not a realistic possibility for any public institution. Thoughtful people will differ as to the priority to be assigned to higher education among the many claimants for public dollars; they will, indeed even differ regarding the extent to which government can fully support maximum access to educational opportunity. Notwithstanding these things, there still is clearly a choice — a choice between those who would join me in saying that strong education has built Wisconsin's very foundations — that quality education is, indeed, still its greatest strength and asset, both for today and tomorrow, and that we have a state's future at stake in keeping the opportunity for it open and fully available; and there are those who would say that such a goal is no longer realistically possible. It is that

crucial choice that now hangs in the balance of public decision, and that lies at the vortex of this Report.

What the Report does say is that if there is a public finding by the Legislature that resources for additional students and continued progress will not be, or cannot be, or should not be, forthcoming in the next decade, then it is clear that the size of the System must be reduced, and an unequivocal Legislative directive must be given to the System to take such action. Obviously, such a finding, and such a directive, would represent a most fateful public policy choice for the State of Wisconsin.

It is an almost desperately fateful choice, because of a few irrefutable facts:

First, unless artificial constraint is applied, enrollments in the System will continue to grow for at least three more biennia. After that the possibilities are several: growth may continue, or level out, or decline. But no one can judge now what will occur six, ten or fifteen years from today, unless restraining decisions are made now that will operate to limit access to our University System.

Second, the University of Wisconsin System cannot — I repeat, cannot — provide education of quality for more students without appropriate, compensating increases in resources. Our services are provided by people, for people. We should give fair warning, and we must continue to warn, that we cannot go on reducing faculty and staff, as well as support for instructional materials and equipment, and simultaneously undertake the teaching of ever-increasing numbers of students. To attempt such, is an inescapable proscription for irreversible mediocrity. I find it hard to believe that anyone would find this an acceptable alternative.

Third, it follows clearly that if our fiscal future includes no enlargement of our present resources, beyond provisions for salary and price increases, then we cannot — I repeat cannot — provide

educational opportunity for all of the Wisconsin citizens who would, if permitted, seek such services.

The matter can be stated simply. A vast array of Task Force data, thoughtfully prepared and painstakingly analyzed, reveals this truth: A direction given now to reduce significantly the scope of the University of Wisconsin System over the next decade, is also a directive to reduce access to educational opportunity for some part of our people. No other consequence can lead from the established facts.

In concluding my comments, let me ask your indulgence to step back for a few minutes from the trials of the moment in order that we may remind ourselves of those things the universities of Wisconsin have meant, and might continue to mean for our people. Decisions of great importance should not be taken without some sense of history, and in the Prologue of my Report I speak briefly to such matters.

We should remind ourselves at this time that for well over a century, the people of Wisconsin have held certain propositions to be self-evident:

- (1) That Wisconsin's citizens should have ready access to higher educational opportunity of quality and of relevance to their purposes, interests, and abilities.
- (2) That personal and societal need to knowledge constantly increases as a direct function of the complexity of society and the mounting aspirations of our citizens.

Our unwavering confidence has been that public university education is a public good, and that the public investment in such endeavors is repaid to society many fold, and in countless ways:

- The investment is repaid through the lives and taxes of citizens who realize

more fully their potential for making wise personal and civic decisions, and who develop the skills needed for productive lives and careers.

- The investment is repaid through the functioning of communities of scholars which bring the power of vibrant, useful knowledge to bear on the problems of people and their institutions.

- The investment is repaid further through the impact of knowledge on the intellectual, cultural and economic vitality of society in general.

- The investment is an expression of the fact that what a society honors and values best describes its goals. Wisconsin has honored the search for and transmission of knowledge and, in so doing, has established a quality of life that even in the face of sacrifice its citizens have been unwilling to do without.

These beliefs and their consequences are both present fact and matters of history. The issues now before the State of Wisconsin is whether it wishes, or is able, to continue its adherence to these beliefs.

I must now rest my case with you. In turn, you must, without delay, place our case before the people of Wisconsin. You and I, and others, who live day by day with the destiny of our public universities, have a deep and abiding concern for their health — for their ability to retain their longstanding traditions of intellectual pioneering for the public good. The people of Wisconsin have had great faith in public higher education. Above everything, I would covet the hope that through the difficult days of decision that lie immediately ahead, the citizens of Wisconsin will sustain that faith.

APPENDIX B

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