

👉 **05hr\_AC-CU\_ab0239\_pt01**



(FORM UPDATED: 08/11/2010)

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

### 2005-06

(session year)

### Assembly

(Assembly, Senate or Joint)

### Committee on Colleges and Universities...

#### 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)

## Assembly

### Record of Committee Proceedings

#### **Committee on Colleges and Universities**

##### **Assembly Bill 239**

Relating to: two-year limit on increases in undergraduate resident tuition and nondiscretionary segregated fees at the University of Wisconsin System.

By Representatives Kreibich, Hundertmark, Shilling, Gronemus, Kerkman, Cullen, Suder, Pocan, Nass, Colon, Ott, Petrowski, Musser, Wood, Freese, Albers, Jeskewitz, F. Lasee and Townsend; cosponsored by Senators Harsdorf, Stepp, Zien, A. Lasee and Reynolds.

March 16, 2005      Referred to Committee on Colleges and Universities.

May 3, 2005      **PUBLIC HEARING HELD**

Present:    (0)    None.

Absent:     (0)    None.

##### Appearances For

- None.

##### Appearances Against

- None.

##### Appearances for Information Only

- None.

##### Registrations For

- None.

##### Registrations Against

- None.

May 4, 2006      Failed to pass pursuant to Senate Joint Resolution 1.

Committee Clerk





## Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

Excludes pay plan

April 12, 2005

Every 1% pay plan  
increase =

0.6% tuition inc.

TO: Representative Jeff Fitzgerald  
Room 113 West, State Capitol

FROM: John Stott, Fiscal Analyst

SUBJECT: Tuition Effect of Governor's Budget Bill and Fiscal Effect of Capping Undergraduate Resident Tuition Increases at UW-System Institutions

At your request, I am providing information regarding the Governor's budget proposals and their effect on tuition rates for the University of Wisconsin System in the 2005-07 biennium. In addition, I am providing information on the cost of providing a GPR-funded offset to limit undergraduate resident tuition increases to 0%, 3%, or 5% in each year of the 2005-07 biennium.

The total amount of revenue from a 1% tuition increase would vary based on how the tuition increase is allocated among campuses and the different classes of students. Based on the 2004-05 tuition revenue base and the current mix of students, the amount of tuition revenue that the UW System would realize from a 1% tuition increase would vary from \$5.5 million to \$7.0 million per academic year in the 2005-07 biennium. Of this amount, \$4.5 million annually is related to revenue from resident undergraduate students.

There is no specific provision related to resident undergraduate tuition increases under the Governor's proposed budget. Nonetheless, students pay a portion of whatever expenditure increases the Governor and Legislature approve for the instructional budget of the UW System. Consequently, cost increases resulting from pay increases or new initiatives will automatically increase tuition.

Table 1 shows tuition funded spending items currently authorized in the Governor's budget. These items would require additional tuition revenue of \$34.8 million in 2005-06 and \$31.4 million (or \$66.2 million over the 2004-05 base) in 2006-07. Under the Governor's existing bill provisions, resident undergraduate tuition would increase by between 5.0% and 6.3% in 2005-06 and 4.5% and 5.7% in 2006-07.

**TABLE 1****UW System Tuition-Funded Budget Provisions  
(\$ in Millions)**

<u>Budget Item</u>	<u>2005-06</u>	<u>2006-07</u>
Standard Budget Adjustments	\$16.6	\$16.6
Fuel and Utility	15.6	45.3
Student Tech Fee	<u>2.6</u>	<u>4.3</u>
Total Increase Over Prior Year	\$34.8	\$66.2

Table 2 shows the estimated GPR funding needed under a 0%, 3%, or 5% tuition cap for resident undergraduate students, if additional GPR was provided to the UW System to replace the unrealized tuition revenue. Based on the undergraduate resident share of total tuition revenue and items funded by tuition in the Governor's budget, the total cost of providing GPR funds to fully offset forgone tuition revenue under an undergraduate resident tuition freeze would be approximately \$72.7 million over the biennium; a 3% tuition limit would require \$32.2 million over the biennium, and a 5% tuition limit would require \$5.2 million.

**TABLE 2****Estimated GPR-Funded Replacement of Forgone Revenue Under  
Tuition Increase Limit Assuming 5.7%/5.0% Tuition Increases  
(\$ in Millions)**

	<u>Tuition Cap (resident undergraduates only)</u>		
	<u>0%</u>	<u>3%</u>	<u>5%</u>
2005-06	\$25.1	\$11.6	\$2.6
2006-07	<u>47.6</u>	<u>20.6</u>	<u>2.6</u>
Total	\$72.7	\$32.2	\$5.2

It is unclear under the Governor's bill what level of pay plan funding will be approved for UW System staff for 2005-07. Based on the GPR/Fee funded staff pay plan base, each 1% increase in UW System pay would cost an estimated \$9.7 million annually. For the 2005-07 biennium it is estimated that for every 1% increase in compensation, tuition would need to increase 0.6% if funded with the UW System request of 70.3% GPR/29.7% Fee split. However, if compensation plan adjustments were to be funded completely through academic fees, it is estimated that for every 1% increase in compensation, tuition would need to increase 1.8%. Under a proposal to limit tuition increases, if salary increases would be provided that exceed the compensation reserve

provided under the bill, additional GPR could be needed to replace the tuition revenue otherwise used to fund salary increases.

I hope that this information is helpful. Please contact me if you have questions.

JS/lah



# WISCONSIN STATE LEGISLATURE



## Hub, Brad

---

**From:** Handrick, Diane  
**Sent:** Monday, May 02, 2005 10:53 AM  
**To:** Blodgett, Tony; Hub, Brad  
**Subject:** tomorrow

Hi, gentlemen....

Sue is completely unable to come to Madison tomorrow. Her recovery goes well, but she is not ready to be at the office yet.

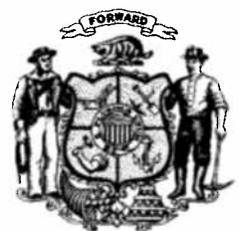
Please let me know if there is anything you need from Sue or our office.

Thank you!

Diane



# WISCONSIN STATE LEGISLATURE



**Testimony, AB 239**  
**Colleges and Universities Committee**  
**Donald J. Mash, Senior Executive Vice President**  
**University of Wisconsin System**  
**225 Northwest, State Capitol, May 3, 2005**

Thank you, Representative Kreibich, and members of the Assembly Colleges and Universities committee, for the opportunity to address this important issue. I am Don Mash, senior Executive Vice President of the University of Wisconsin System, and I appreciate that the Legislature is open to having a frank discussion about the balancing of tuition and state support for our public higher education system. After my brief remarks, I would be happy to answer any questions you may have.

I appreciate the willingness of the committee to explore various options to help Wisconsin families afford a quality public higher education. I must express the UW System's strong opposition to an annual 3 percent tuition cap which is not accompanied by an increase in state tax support for public higher education. Placing a 3 percent cap on tuition increases over the 2005-07 biennium, without a new GPR appropriation, will place an even greater burden on the UW System's ability to provide a quality public education for our students and produce what the state needs from us.

The fiscal estimate of this proposal reveals that to replace the tuition revenue that would be lost, general purpose revenues to support the UW System would have to increase by \$23.8 million in the first year of the 2005-07 biennium, and by an additional \$21.8 million in the second year. During the 1999-2001 biennium, the Legislature enacted a similar "tuition freeze" proposal, but you offset the loss of tuition revenue by providing \$28 million in additional state tax support.

If this proposal is adopted without additional state support, it would amount to additional cuts to our public higher education budget, which will affect the ability to provide our students with a quality education, and to carry out our public service mission for the citizens of Wisconsin. An additional loss of revenue of this magnitude – totaling nearly \$70 million over the biennium – could mean larger class sizes; create greater difficulty in retaining our talented pool of faculty and staff; hamper our ability to remain competitive with other universities in attracting new talent; decrease our ability to assist in the state's economic development; and restrict us from producing more degree holders.

In the past budget cycle, the university was the only one of the five major categories of state spending to take a substantial cut in state funding to its budget, a cut of about \$100 million after tuition increases. Just to put this in some perspective for you – that cut amounts to more than the entire annual state-supported budget of UW-Oshkosh, UW-Green Bay and UW-River Falls combined.

What has been the result of these cuts in state funding? Fewer students from lower-income families are attending our universities, and students saw up to a 37.5 percent biennial tuition increase. And, still, this was not enough to fill the gap left by cuts

in our state support. Enacting a 3 percent cap would have a similar effect. The state cannot afford to continue down this path of disinvesting in its public higher education system.

While I am aware that a UW education is still affordable for the majority of Wisconsin families, I am concerned that access for our lowest-income families is becoming increasingly difficult. I believe that as the state's premier developer of human potential, we have a responsibility to make sure every person has access to higher education, and the capacity to realize his or her ambitions and dreams. As such, I believe a better course of public policy is to consider supporting a "hold-harmless" tuition proposal that focuses on maintaining access for lower-income students by protecting them from further tuition increases, rather than by capping tuition for all students, including those in higher income brackets.

Such a "hold harmless" initiative would be based on the need based Wisconsin Higher Education Grants (WHEG) formula. By adding \$6 million to the WHEG increases in the Governor's 2005-07 budget proposal, you would be providing a grant which would cover dollar for dollar proposed tuition increases to nearly 25,000 students who qualify for WHEG funding.

Keeping tuition low and affordable for all students is, of course, a good thing, if we can do it. But when declining GPR forces tuition to rise significantly, without a conscious plan of complementary increases in financial aid to protect our lowest-income citizens, we start down a road that leaves behind the tremendous potential that resides in these citizens – be they low-income or part-time students. Together we must start a public policy discussion to determine the appropriate responsibility of the state versus the student to plan growth and more predictable costs.

State statutes and mandates tie our hands as we strive to operate more efficiently, and only exacerbate the GPR – tuition – financial aid dynamic and our shrinking financial capacity. You can help by lifting some of these mandates.

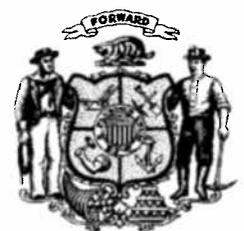
We can do better for Wisconsin by proactively addressing these issues with the state's future in mind. And it will take a partnership between the UW System and you, our state's leaders, to work on solutions related to cost, support, and flexibility. With your help, we can do this better than we do it now, and deliver what Wisconsin's bright future will require.

I again thank this committee for taking the initiative to foster these conversations. And while I do not support the current proposed legislation, I am optimistic that these discussions, and those to follow in the future, will benefit Wisconsin's families in their pursuit of a quality educational experience.

Thank you again for this opportunity. I look forward to your questions.



# WISCONSIN STATE LEGISLATURE



**Testimony of Peter Spear**  
**Provost and Vice Chancellor for Academic Affairs, UW-Madison**  
**Assembly Committee on Colleges and Universities**  
**May 3, 2005**

Thank you Chairman Kreibich and members of the committee for the opportunity to speak with you today. My name is Peter Spear, and I am the Provost and Vice Chancellor for Academic Affairs at the UW-Madison campus. I am here today to testify in strong opposition to Assembly Bill 239. Although I oppose the bill, it does direct the spotlight on the critical question of the relative roles of state and student-tuition financing of public higher education, and that is an important discussion to have.

Let me begin by describing the impact this bill would have on the UW-Madison campus budget. As you have just heard, capping tuition increases at 3 percent per year would result in a System-wide loss of over \$70 million over the biennium unless there is additional GPR to offset the lost revenues. The UW-Madison portion of that funding loss is approximately 37 percent, or \$26 million over the biennium. This cut would come on top of the \$23 million and \$15.5 million cut in the first and second years of the current biennium, during which we also lost 250 positions. In the 2005-07 budget proposed by the Governor, UW-Madison would be required to make additional cuts to reallocate \$20.3 million, and we would lose an additional 80-100 positions, of which only 35-40 would be replaced with new faculty lines in 2006-07. The proposed tuition cap would further reduce the resources available to carry out our mission, and this would have serious negative impacts on our students and the state.

I'll describe some of these consequences in a minute, but first allow me to provide some context for the tuition discussion. Currently, UW-Madison's resident undergraduate tuition is second lowest in the Big Ten; only Iowa is lower. Our tuition is nearly \$1,700 per year below the median of the public Big Ten universities. It would take a tuition increase of 28.6 percent just to get us to the *midpoint* of our peers, assuming they do not raise their rates. At the same time that resident tuition is among the lowest of our neighboring states, so is the funding provided by the State of Wisconsin. According to the National Conference of State Legislatures, Wisconsin is dead last among its neighboring states in terms of its general fund appropriations as a percentage of total state funding. Wisconsin spends 7.1 percent of its state budget on higher education, while the other Big Ten states invest between 9.1 percent and 21.7 percent of their state budgets. In fact, nationally, Wisconsin is tied for 45<sup>th</sup> lowest among *all* states. Thus, we have a double whammy: We are lowest among our neighboring states and peers in state support and next to lowest in student-tuition support. Cutting our resources even further will result in great harm.

We already can see the negative impacts of the budget cuts of the current biennium (2003-05). For example, we have had to eliminate some class sections, increase class size, and reduce summer programs. This has serious consequences for the state as well as for students. While the market demand for graduates in nursing, pharmacy, biotechnology, and other fields is calling for more graduates, our schools and colleges cannot accommodate enough students, and the quality of education they receive is hurt. In addition, innovative and much-needed programs like ESL and professional certificates are being shelved so we can support core classes.

In addition to these effects on our educational mission, the cuts have made it more difficult to maintain our leadership in federal and private funding. We have had to significantly reduce resources available for grant writing, documentation, and compliance. In addition, our information technology support has been reduced. As a result, we face serious challenges in our ability to apply for grants and to fulfill state and federal requirements for servicing grants.

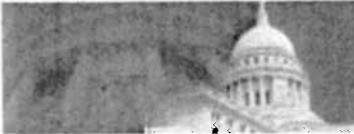
Perhaps our most urgent concern is the impact that limited resources have on our ability to recruit and retain high quality faculty. The quality of our university depends on the quality of the faculty. Last year, on the heels of the last budget cut and two years of poor pay plans, outside offers to our faculty nearly doubled (from 52 to 98). At the same time, our ability to retain faculty who received outside offers declined from about 75 percent to about 55 percent. When we lose our best faculty to outside offers, the quality of the education we provide our students declines and the quality of UW-Madison's research and creative work declines. This reduces our ability to bring federal research funding to Wisconsin, and it reduces the strength of the powerful economic engine that is driven by the faculty of the University. These are the people who generate \$800 million per year in research dollars and over a hundred new high-tech businesses and 4000 high-paying jobs at the research park. These are the people who educate our students to achieve the baccalaureate degrees and the skills to fuel the economic recovery and future growth of the state.

Two years ago, our salaries were 2.5 percent behind the median of our peers. Last year they were 3.9 percent behind. This year they are 7.3 percent behind. With the state offering 2 percent increases to our faculty this upcoming year while our peers are projecting increases of 2-4 percent, we will fall even further behind. As a result, our ability to retain and recruit high-quality faculty will be further weakened. If we continue to lose our best faculty, there is a very real possibility that UW-Madison will go from being a world-class university to a mediocre one. This would be a tragedy.

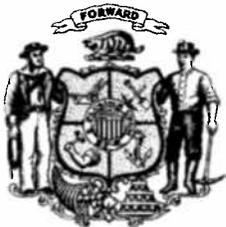
Let me conclude by answering an obvious question: Why *can't* tuition increases be held to the level of inflation? Part of the answer is that with below-inflation increases in state funding, above-inflation tuition increases are required if we are to bridge the gap. Another part of the answer is that our cost-to-continue expenses have been increasing faster than inflation. We have little or no control over these costs, which include health-care, utilities, information technology, and libraries. For example, the subscription prices for our journals are increasing 11 percent next year. Further, as I just discussed, our salary market is highly competitive and national in scope, and we must meet that market if we are to hire and retain high-quality faculty.

We cannot meet these increased costs if tuition is capped at 3 percent unless the lost revenue is replaced by increases in state funding. The alternative is to have higher tuition increases but to protect access for low-income families with a commensurate increase in financial aid. This is the "hold harmless" proposal made by the UW Board of Regents.

Again, I appreciate the opportunity to discuss these issues with you today. The public does need to talk about this important policy question of higher-ed funding. I hope my testimony today has helped provide understanding of the challenges we face. I urge you to oppose this bill, but to continue this dialogue.



# WISCONSIN STATE LEGISLATURE





# United Council

of University of Wisconsin Students, Inc.

14 W. Mifflin Street, Suite 212, Madison, WI 53703-2568 Phone (608) 263-3422 Fax (608) 265-4070

**Renee Stieve, Legislative Affairs Director  
United Council of UW Students  
Testifying before the Assembly College and Universities Committee  
On  
AB 239 "Tuition Cap Bill"**

Good morning my name is Renee Stieve, Legislative Affairs Director for United Council of UW Students. I am recent graduate of UW Stevens Point with a major in broadfield social studies with a certificate in secondary education.

I am here to testify in favor of AB 239. Being a biennial budget year, tuition is a hot topic not only for students, but also their families across the state. Students realize the current financial situation of the state, but contributed more than their fair share in the last budget cycle with a 37% tuition increase. The concern for tuition increases continues into this budget cycle as students face a potential 14% tuition increase under the Governor's budget. The state is pricing Wisconsin students and working families out of a college degree. This is only hurting the state in the end, as statistics clearly show that a state with more people with bachelor's degrees produces higher per capita income and a stronger economy, like our neighbor Minnesota.

Capping tuition at 3% each year of this biennium helps ensure low and moderate income students will not be impacted as deeply by the tuition increase, as long as the financial aid package proposed by the governor stays the same. The current numbers show that with the proposed tuition increase of 14%, the Wisconsin Higher Education Grant maximum award will not be enough to cover the tuition increase in the second year. Bringing the tuition increase down, you ensure that low income students have the financial aid necessary to continue towards completing their degree.

With that being said there is one area of concern we want to address. United Council urges the committee to change the language in the bill from "academic fees and nondiscretionary segregated fees" to "academic fees and nondiscretionary fees", striking the word segregated. This would not change the purpose, but rather clarify the intention of the bill. In its current form the word segregated could be interpreted to mean only student fees rather than administrative fees. Changing the language you ensure this bill is not misinterpreted by the Board of Regents or UW System.

In conclusion it is a positive sign to see that discussions about the real cost of a college degree and implications of pricing moderate and low income students out of this

opportunity. This tuition cap bill proposed by Representative Kreibich began this dialog a few months ago. Recently, the proposal brought forth by Representatives Black and Parisi to essentially freeze tuition for families with incomes lower than \$46,000 is another step towards increasing the number of bachelor degree holders in the state of Wisconsin.

We encourage you to continue advocating for lower tuition to your colleagues on the Joint Finance Committee. Through our combined efforts we can keep the doors to the UW System open for citizens across the state. Thank you for your time and for any additional information feel free to contact the United Council office.

Renee Stieve  
(608) 263-3422  
[legislative@unitedcouncil.net](mailto:legislative@unitedcouncil.net)