

Principles for Progress and Prosperity

Forging a new compact between Wisconsin and its Public University

By

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The UW System will...

- Boost productivity & enhance quality
- Create new Wisconsin jobs
- Expand access



The State of Wisconsin will...

- Provide stable funding
- Allow greater management flexibility
- Expand access

Introduction

Wisconsin is at a crossroads. To thrive in a global economy that rewards innovation and knowledge, our state needs more college graduates and more jobs to employ its citizens. The University of Wisconsin System is poised to help on both counts.

As of Fall 2010, enrollment at UW System campuses reached an all-time high, topping 180,000 students mark for the first time. The number of UW degrees conferred last year also reached a new record, and plans are in place to further increase that output significantly.

Scientific discoveries emerging from UW labs continue to yield important benefits for human health, environmental sustainability, and economic growth, and efforts are under way to strengthen UW's research enterprise in ways that will create new jobs. This entails strengthening UW-Madison's global leadership, while expanding research capabilities at UW-Milwaukee and other four-year UW System campuses.

The UW System has an ambitious, detailed plan to move Wisconsin forward. To succeed, it will require an equally detailed commitment from the Wisconsin people and their government.

The time for this conversation is now, as a new Governor and legislature debate their priorities for the upcoming 2011-13 Wisconsin state budget. Citizens and elected officials alike need to decide if these priorities are, or are not, important goals for Wisconsin's future.

In recent months, UW System leaders have travelled Wisconsin, meeting with editorial boards and community groups to begin a conversation about the important issues detailed in this paper. This is some of what we have heard so far:

"To be sure, higher education is but one part of a comprehensive economic strategy. The UW System deserves credit for initiating the discussion in an affirmative proposal of what it believes it can deliver with stable funding from state government. It's a debate Wisconsin desperately needs to have." – Oshkosh Northwestern

"Greater autonomy should come in exchange for certain promises, including a pledge by the UW to increase the number of undergraduate degrees conferred and to boost research, especially in Milwaukee, the heart of Wisconsin's industrial base. A more efficient university system bolstered by a more reliable stream of state funding would benefit everyone in Wisconsin if the result was more graduates, more research and increased connections and a stronger alignment between UW and the state's job base." – Milwaukee Journal Sentinel

[UW System Leaders] are providing strong leadership that demonstrates their understanding of the challenges ahead and their commitment to producing the workforce necessary to allow Wisconsin to compete in this fast-changing economy. After the election, the new governor and a new Legislature should meet with UW System

leaders to forge a long-term plan that can produce a university system capable of providing a workforce that can make Wisconsin successful in a knowledge-based economy.” – Kenosha News

As the *Kenosha News* suggests, the next step is to engage in meaningful discussions and joint planning to address some critical educational and economic challenges.

Financial Trends

Wisconsin is struggling to sustain its financial commitment to higher education.

State funding for higher education has grown by 6.2% in Wisconsin over five years, compared to a national average of 13.3% growth.

Relative to our total state population, Wisconsin ranked 37th among 50 states in 2010 in per capita spending on higher education, down from 34th place in 2009. Comparing state support for higher education to personal income, Wisconsin ranked 30th in the nation in funding per \$1,000 in personal income.

While universities and colleges are balancing increased demand against significant financial challenges, Wisconsin’s may find itself in a uniquely challenging predicament.

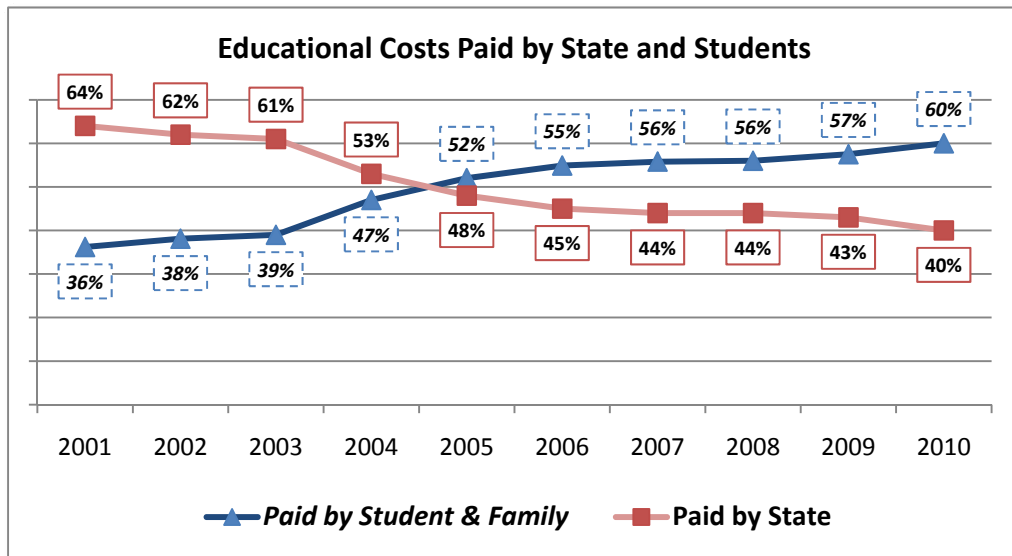
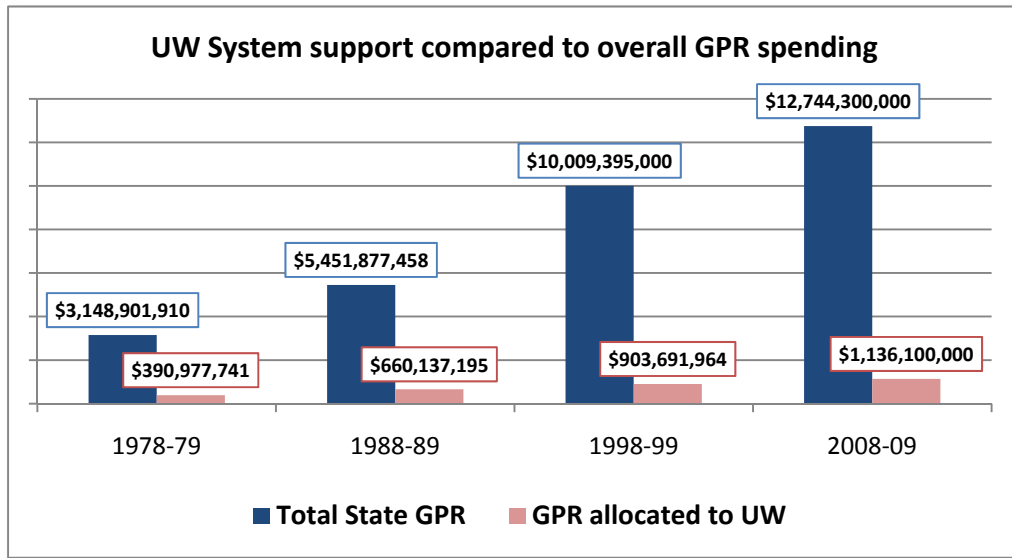
State funding per student in the UW System is now \$2,300 below the average among public universities, putting Wisconsin in 38th place among the 50 states. In several other measures of relative state support, Wisconsin consistently falls far behind most other states:

<i>Measure of State Support</i>	<i>Wisconsin’s Rank Among 50 States</i>
State Higher Education Funding per State Resident <i>Wisconsin: \$226 National Average: \$264</i>	37th
State Higher Education Funding per \$1,000 in Personal Income <i>Wisconsin: \$5.99 National Average: \$6.56</i>	31st
Five-Year Change in State Funding for Higher Education <i>Wisconsin: 6.2% National Average: 13.3%</i>	36th
State Funding per UW System Student <i>Wisconsin: \$6,300 National Average: \$8,600</i>	38th

These are only the latest byproducts of longstanding trends. Thirty years ago, more than 12 cents of every Wisconsin tax dollar went to the state’s public university, representing 46% of the university’s annual budget. Today, less than 9 cents of every tax dollar goes to UW, and

state support constitutes less than 24% of UW's budget. In effect, the State of Wisconsin has become a minority shareholder in its own public university.

This shift affects students. Today, state funding is only enough to subsidize about 40% of the cost of educating each resident undergraduate student. As recently as 10 years ago, state taxpayers provided enough support to offset 64% of those costs.



UW System campuses have managed to preserve their worldwide reputation for excellence through a commitment to efficiency. Today, the UW System spends 56 percent of the average public university on administration, saving Wisconsin taxpayers and students some \$140 million every year. With nearly 60 million square feet of buildings, our maintenance expenses are 28

percent less than the Midwest average. This saves taxpayers and students another \$39 million annually.

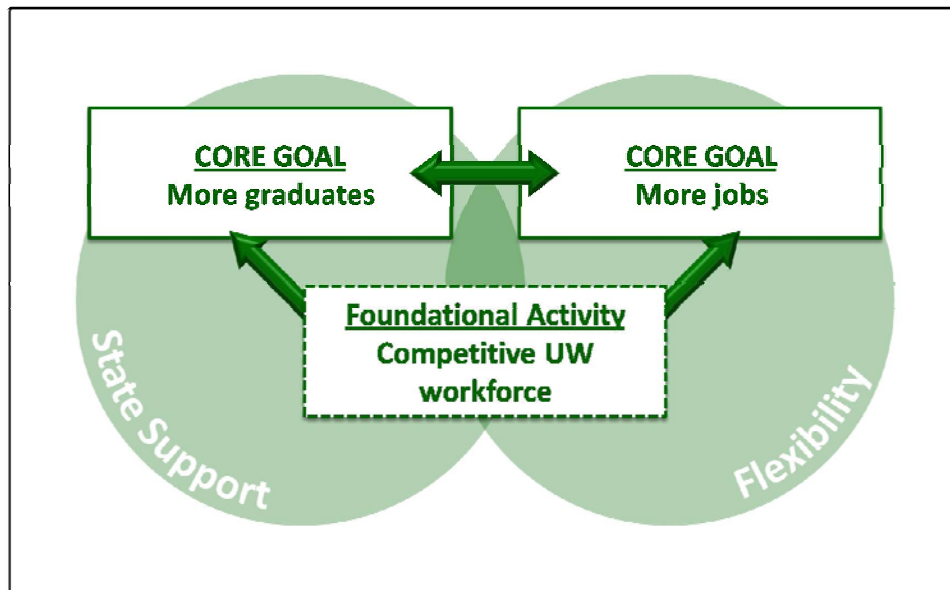
Any astute investor must conclude that UW System offers a great return on investment for Wisconsin taxpayers. We believe that strategic new investments will yield even greater dividends in the future.

The Growth Agenda

Under the leadership of President Kevin P. Reilly, the UW System has introduced a plan to create a vibrant, resilient state economy – *The Growth Agenda for Wisconsin*. This is a strategic effort to address the “**supply and demand**” challenges in Wisconsin’s future.

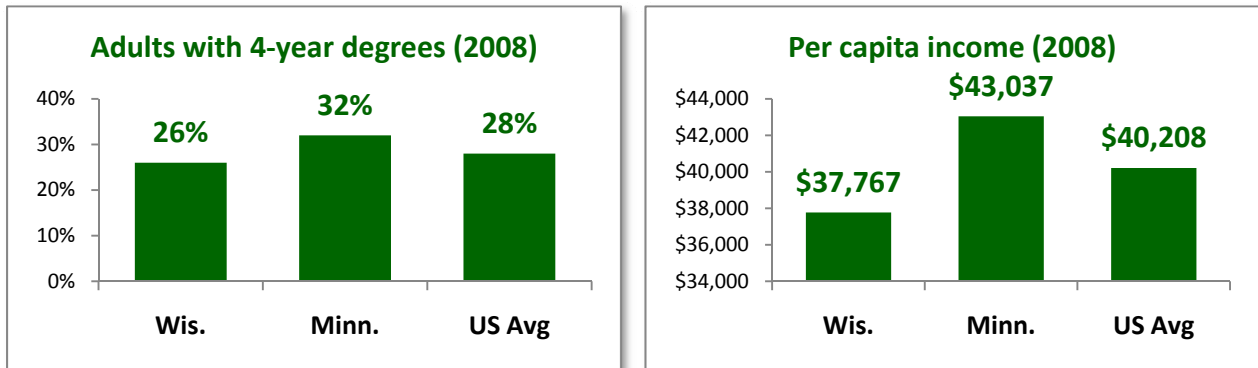
More Grads: A Plentiful Supply of Educated Workers

One core goal of the plan is to increase the supply of **well-prepared college graduates**, addressing the fact that a majority of new jobs in Wisconsin will require some kind of postsecondary education. According to a June 2010 report from Georgetown University, the number of jobs requiring postsecondary education will increase to a national average of 63% by 2018, outpacing the number of qualified workers by 3 million. By 2018, an estimated 61% of jobs in Wisconsin will require postsecondary education – 139,000 more than in 2008. (*“Help Wanted,” June 2010*)



A more educated workforce will reap many benefits, including faster job growth and higher incomes. States with more educated workers have higher levels of economic productivity. Higher earnings result in a broader tax base, which ensures reliable support for education, healthcare, transportation, public safety, and other core public services, while reducing the tax

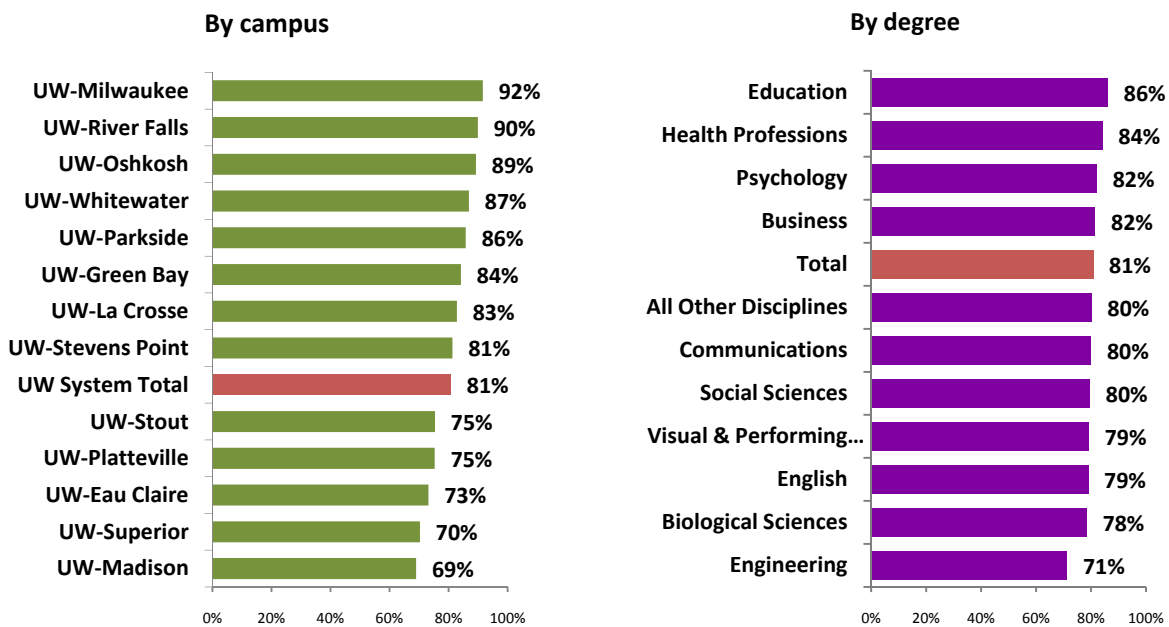
burden on individual citizens and businesses. Together, these forces will stimulate job growth, leading to an “upward spiral” of economic vitality.



To put the economic impact in perspective, consider neighboring Minnesota, a state with significantly more college-educated citizens than Wisconsin. The economic disparity between the two states is staggering. If per capita income in Wisconsin were raised to the Minnesota average, residents here would collectively take home **\$29 billion more in earnings every year.**

A recent UW System study found that 81% of Wisconsin residents who attend a UW institution remain in Wisconsin following graduation. The implication of this finding is clear: If UW institutions can generate more college degree holders, Wisconsin will benefit.

Wisconsin residents who stay in Wisconsin after graduating from a UW System campus



Regardless of where they go, UW System alumni are satisfied with their experience. According to a 2010 survey conducted by the American Council on Education (ACE), about 98% of young UW graduates (ages 25-39) report a favorable impression of their alma mater:

- 92% agreed that their alma mater charged a “fair price” for their education
- 94% agreed that college was worth all the time and money required
- 81% said they would attend the same school if they could begin again
- 85% reported that they were “effectively prepared with the knowledge and skills they needed”

More Jobs: Creating Demand for Educated Workers

On the demand side, the UW System is also working to create **more well-paying jobs** through an expanded emphasis on academic research and development, building on a proven record of success.

Led by UW-Madison, academic research and development is a \$1.1-billion industry in Wisconsin, translating into more than 38,000 jobs – more than the plastics and rubber industry (32,380) or wood product manufacturing (23,790). New efforts will continue to emphasize UW-Madison’s national and global leadership as a research institution while working to expand UW-Milwaukee’s research capabilities. The plan calls for accelerating R&D support at the UW System’s 11 regional comprehensive universities. In each case, expanded research and development activities will be designed to enrich, not diminish, undergraduate education.

By investing strategically in this established sector, Wisconsin can cement its position as a global leader, attract new businesses, and provide new employment options for UW graduates and those from other educational institutions.

Recently, a series of Economic Summits were conducted across the state, involving elected officials, business leaders, educators, economic development specialists, small business owners, and taxpayers. The process produced a comprehensive strategy for economic growth, the [“Be Bold Wisconsin Prosperity Strategy.”](#) Along with several other strategies, the report recommends that Wisconsin “capitalize on the State’s research and development strength” by:

- Encouraging more research on UW campuses through implementation of strategies recommended by UW System’s Research to Jobs Task Force,
- Using the existing research base at UW to compete for federal dollars.
- Creating additional interdisciplinary technology centers in partnerships between universities and private companies.
- Creating the infrastructure needed to win more Small Business Innovation Research awards.
- Expanding the Wisconsin Discovery Portal database, which allows easier access to university intellectual property.
- Completing Freshwater Technology and Innovation campuses at UW–Milwaukee

- Continuing to remove impediments to college faculty engaging in start-up companies, including leaves up to five years.

Citing UW's historic success at spurring private business growth, the report suggests a bold effort to launch 500 high-growth start-ups across state by 2020, "including 100 from university spin-offs."

Principles for Progress

In today's polarized political environment, we cannot allow higher education to become a "wedge issue." With that in mind, we propose a new framework for the public debate about our UW System. Underlying this initiative is a clear sense of **shared, mutual responsibility**.

We are not asking for unconditional support. Rather, we are arguing for strategic commitment and greater stability, in exchange for measurable performance and continued accountability.

We hope that elected officials, university leaders, and other stakeholders will embrace these "Principles for Progress" as a framework for a new relationship between the State and its public university.

The University of Wisconsin System will:

1. Boost productivity and enhance quality

- As outlined in UW System's "More Graduates for Wisconsin" initiative, UW institutions will increase the annual number of undergraduate degrees conferred by 30%. Through strategic gains in retention and enrollment, UW System institutions will boost the number of degrees conferred each year by nearly one-third, resulting in a cumulative gain of 80,000 more graduates by 2025.
- With a commitment to the "Shared Learning Goals" adopted by every campus and faculty leaders, the university is aligning educational offerings with the needs of Wisconsin employers, preparing every student for success in an innovation-driven economy. Enhancing UW's already strong reputation for educational quality, this will give students the skills they need to help Wisconsin businesses thrive in a global marketplace.
- The UW System will provide innovative new learning options for part-time students, returning veterans, displaced workers, and other non-traditional students, including innovative degree-completion programs, collaborative degrees, online degree programs, and other new programs. Examples of such high-impact initiatives include the recently-launched UW System eCampus website and the Veterans Wisconsin Education Portal.

2. Create jobs

- In support of Governor-Elect Walker's goal to create 250,000 new jobs, UW System's "Research to Jobs" plan shows how the UW System can create new jobs through expanded university research, streamlining the process for commercializing discoveries, and expanding research partnerships.
- This will include expanded support for Wisconsin entrepreneurs, as well as greater emphasis on entrepreneurial education across the university's educational offerings. This will generate new jobs and new start-ups, as well as productivity gains for existing Wisconsin businesses.

3. Expand access

- Additional resources and management flexibility will allow UW campuses to create more seats in the classroom for Wisconsin residents to pursue their college dreams.
- Today, 92% of resident applicants are accepted into at least one UW System campus where they apply, and that commitment to broad access will be sustained. The UW System will enroll larger numbers of lower-income students, first-generation college students, and people from other under-represented populations.
- Tuition at the two-year UW Colleges has been frozen for four straight years. During the same period, tuition at four-year campuses rose at modest rates compared to other schools, and UW tuition is now approximately 17.6 percent less than the median tuition at peer colleges and universities. Maintaining UW's national reputation for efficiency and affordability, the UW System will work to secure new private investments in financial aid, to complement state and federal need-based aid programs.

The State of Wisconsin will:

1. Provide stable funding for the UW System

- As recently as 1995, the Governor and the Legislature allocated one dime from every tax dollar to the UW System. As other commitments have grown, the UW's share of state spending has slipped to about 8.9 cents of every dollar. Now, as the UW System develops long-term plans to increase access, produce more graduates, and create new jobs, we believe that the State should also work to stabilize its commitment to higher education.
- A high-quality college education requires high-quality professors, advisors, librarians, and others. Likewise, world-class scientific research requires world-

class talent. As colleges and universities around the world compete for talent, the State should provide UW System with the resources and flexibility needed to address competitive market forces, making prudent investments to attract and retain top talent.

2. Allow greater management flexibility

- The State should allow the UW System to adopt more efficient business practices that encourage innovation and make the best use of scarce dollars. In purchasing, contracting, construction, financial management, and other areas, the UW can drive overhead down and productivity up. To achieve this important goal, the State amends policies and laws in a manner that preserves accountability while increasing efficiency.

3. Preserve access

- To ensure that low- and moderate-income students can afford to attend a UW System school, the state should make prudent investments in need-based financial aid. Wisconsin law already requires funding for the state's largest need-based program (WHEG) to increase by the same percentage as tuition. The UW Board of Regents has long supported a dollar-for-dollar increase that would insulate the state's neediest populations from cost increases.
- Preparation is an integral part of college access, and the State must help future generations of students prepare for lifelong success by supporting high-quality education and college preparation in Wisconsin's K-12 schools.


Conclusion

Regents and UW administrators do not decide tax policy, or how much individual citizens must pay to support vital public services. Elected leaders make those tough choices, but we are convinced that the UW System's *Growth Agenda for Wisconsin* presents real promise, in the form of tangible economic dividends.

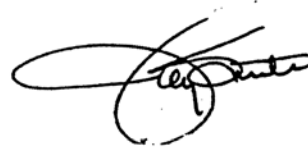
Elected leaders weigh these and other choices when formulating a very difficult 2011-13 biennial state budget. This will be a critical time for decisions to be made and opportunities explored about a new compact between the state of Wisconsin and its public university system.

These decisions will have real and far-reaching consequences for our state's future. We respect the many and different opinions that will be expressed. As businesspeople appointed to the UW System Board of Regents under both Democratic and Republican governors, we love this university and the promise it holds for Wisconsin's future.

We offer these Principles for Progress and Prosperity as one framework for a collegial debate about important choices that will affect the future of Wisconsin. Let the conversation begin!

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Charles Pruitt

A handwritten signature in black ink, appearing to read "Jay Smith". The signature is cursive and somewhat stylized, with a large initial "J" and a circular flourish.

Jay Smith