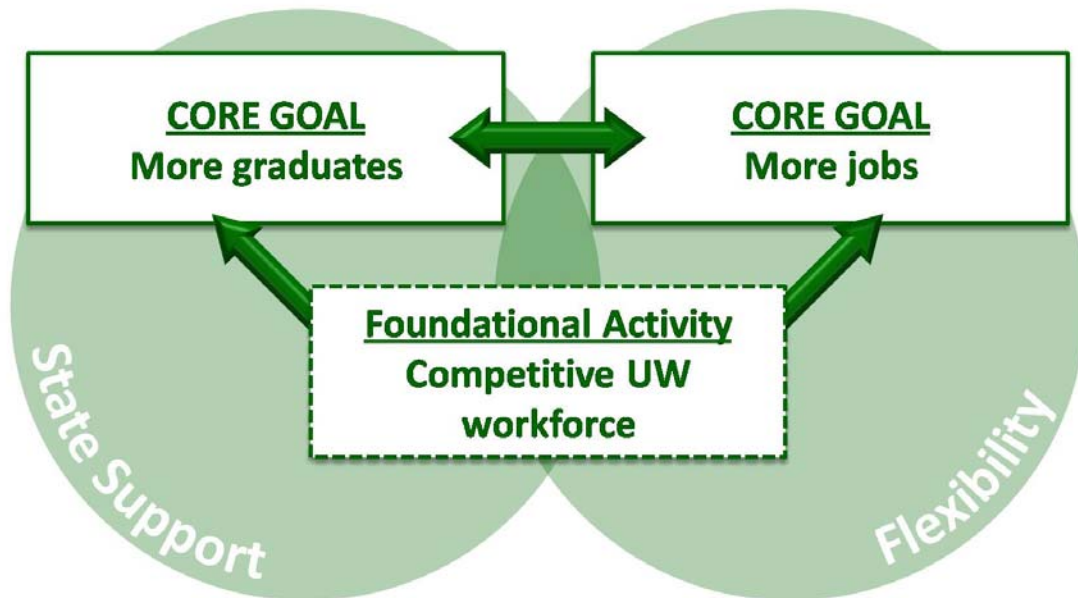




**UW System's Growth Agenda for Wisconsin:**  
***New Strategies for Economic Recovery and Renewal***



## Introduction

The *Growth Agenda for Wisconsin* is the UW System's plan to improve the state's competitive edge, nationally and globally. Developed with broad input, it is a plan to develop the state's human potential, create new jobs, and strengthen local communities. The ultimate goal is an economically robust Wisconsin where current and future generations can enjoy a high quality of life and earn family-supporting wages.

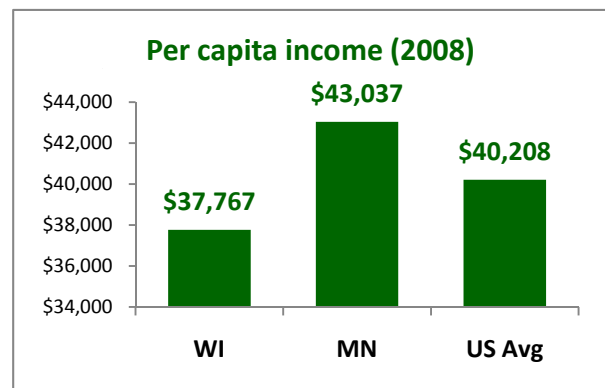
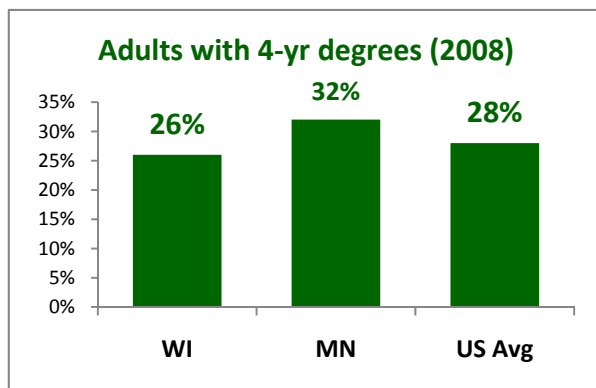
The Growth Agenda seeks to leverage the university's strengths to benefit all Wisconsin citizens. As the nation and the state look to recover from a historic economic downturn, the UW System is refining its strategy and setting new goals that demand bold, creative thinking and strong support.

## Wisconsin's Challenges

Today, more than 178,900 students are enrolled at UW System campuses – a record high. About 65% of those students will graduate from a UW school within six years. By most measures, the state's public university is performing well compared to its peers, but Wisconsin now faces bigger challenges that demand new approaches.

### *Educational Attainment is Lagging*

The United States is one of only two developed countries where younger people are not as well educated as their parents. In comparison with other states, fewer Wisconsin workers have baccalaureate degrees. The population moving into Wisconsin tends to be less educated than those attracted to some other states. In 2008, Wisconsin ranked 29th in the nation in the percentage of adults who hold a four-year degree. As a result, per capita income in the state continues to trail Minnesota and most other states.



In a 2008 study, the urban policy group CEOs for Cities made the case that more degree holders lead not only to higher per capita income, but also a faster rate of economic growth. The report also indicated higher education levels correlate with lower demand on social services and lower poverty rates:

*“Across metropolitan areas, improving education levels could be one of the most powerful forces for improving income and economic well-being....Increasing the four-year college attainment rate in each of the 51 largest metropolitan areas by one percentage point, from its current median of 29.4 percent to 30.4 percent, would be associated with an increase in aggregate personal income of \$124 billion per year for the nation.” (“CityDividends” study)*

To address this educational deficit, colleges and universities must attract a broader, deeper cut of the population, including under-represented populations, people from lower-income families, and first-generation college goers. In Wisconsin and across the nation, people of color are much more likely to enter the workforce without the educational credentials necessary to succeed. Comparing lower-income families and their higher-earning peers, Wisconsin and the nation continue to struggle with gaps in both college access and college success. Taking into account projected demographic trends, this does not bode well for the future, and this persistent social dilemma translates into an economic imperative for the entire nation.

A more educated workforce – comprised of people who work in and create better jobs – will lead to higher incomes. In turn, this will contribute to a broader tax base and a lighter tax burden on individual citizens and businesses. **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.**

Beyond the purely economic arguments, research shows that a more highly educated population will also be healthier, and less reliant on an overburdened healthcare system. They will be more philanthropic, supporting a network of nonprofit organizations that form a vital safety net for all families. Educated citizens will be more engaged in their communities, and more active in our democratic system of government.

The gap between rich and poor in America has widened, just as the percent of people in the country with college degrees has leveled off. Left unchecked, this trend presents a growing threat to the health of our democratic society.

### ***Need for High-Quality Jobs***

Conversations about “job creation” dominate today’s political landscape, yet much of the dialogue understates the significant potential of university-based research and development (R&D) as a prime source of business start-ups and new jobs. The UW System must get better at leveraging its research assets creatively for the benefit of communities, citizens, and the broader state economy.

Globalization and the economic crisis have created serious challenges for Wisconsin, not the least of which are unprecedented layoffs, spikes in unemployment, and shortage of capital. The steep recession comes on top of several trends in the past decade, among them the loss of close to 150,000 manufacturing jobs – 31,000 of them in the last year alone. Moreover, the state trails the U.S. average in business start-ups, high-tech companies, and venture capital.

UW campuses are not immune from the effects of this economic crisis. R&D funding has slowed, enrollments in some professional and executive education programs have dropped, and many new graduates are venturing out into a very lean job market.

To compete, Wisconsin must meet the challenges that threaten its economy and future. We live in an era where innovation and entrepreneurship are the keys to economic growth, so Wisconsin must be an “innovation laboratory” and must take those innovations to market in ways that produce jobs and income.

Approximately 250 start-up or spin-off companies with ties to the university system have been created over the years. Companies in the UW-Madison Research Park alone employ nearly 4,000 people with an average salary of about \$62,000 – nearly twice the state’s per capita income. University-based research contributes to national security, personal health, and quality of life.

Milwaukee, the state’s largest urban center, has a proud manufacturing history, but it lags behind other comparable cities in terms of academic research. For example, the University of Illinois-Chicago campus nearly doubled its research budget over a seven-year period, expanding to \$332 million by 2006. **Similar growth in research capacity at UW-Milwaukee would have a significant impact on the regional economy. Some studies indicate that more academic R&D can be especially helpful to older, established industries that may need help diversifying and upgrading. That is why the UW System is supporting the UW-Milwaukee research growth agenda.**

According to an April 2008 report in the *Milwaukee Journal Sentinel*, that's exactly what happened in Akron, Ohio:

*"In northeast Ohio, the University of Akron sits in the middle of former Rubber Capital of the World. But after the loss of tire production jobs left Akron economically depressed, the university has found a way to build on the region's industrial past. While Akron had always had extensive programs in rubber chemistry, it branched into polymers, which are strands of interconnected molecules used in rubber, plastic wraps and many other products. In 1988, the university established its College of Polymer Science and Engineering, which is now the largest program of its kind in the nation and draws researchers from around the world. It has since moved into biotechnology and nanotechnology and supports small and mid-sized companies that work with polymers."*

Already, the UW is a destination and fertile source of innovation for entrepreneurs. **In 2009, the Wisconsin Technology Council reported that academic research and development is a \$1.1-billion industry in the state. The spending by that industry translates into more than 38,000 direct and indirect jobs. That is more people than are employed by the plastics and rubber industry (32,380), or by wood product manufacturing (23,790) in Wisconsin.**

The Wisconsin Department of Workforce Development estimated that nearly 1 million jobs will be open in Wisconsin between 2006 and 2016, distributed across the state among approximately 800 occupations within nearly 90 industries. Employment is projected to grow, but at a slower pace than in the past. Changing demand, technology advancements, and global competition will continue to drive the long-term historic shift to the need for more skilled workers in the state.

In fact, the majority of new jobs in Wisconsin, and most of the country, will require some kind of postsecondary education, according to a June 2010 report by Georgetown University. The report predicts 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, 61% of jobs in Wisconsin will require postsecondary education – 139,000 more than in 2008. (*“Help Wanted,” June 2010*)

A January 2010 survey by the Association of American Colleges and Universities (AAC&U) found that employers expect to increase efforts to hire people with four-year degrees, and want college graduates to have a blend of liberal education and applied learning experience. In the same study, almost half of employers said their organizations downsized over the past 12 months, but nearly two in five employers expect to increase their staffing in the next 12 months. According to AAC&U:

*“In an economy fueled by innovation, the capabilities developed through a liberal education have become America’s most valuable economic asset.” (College Learning for the New Global Century, AAC&U, 2007)*

### ***Need for Human Capital***

The Growth Agenda is about developing Wisconsin’s advanced human potential, the knowledge-economy jobs that employ that potential, and the thriving communities that sustain citizens and businesses alike. To fulfill this vision, the UW System must have the ability to develop and sustain its own human capital.

Much of the UW System’s work focuses on preparing students with the knowledge, skills, abilities, and habits of mind necessary to succeed in the national and global workforce, and to lead as active citizens in a globally connected, 21<sup>st</sup>-century democracy. To do this, the UW System must have the means to compete and thrive within an increasingly competitive higher-education labor market. UW institutions must be able to attract, hire, and retain the most diverse and best possible corps of faculty, academic staff, academic leaders, and classified staff.

This will require long-term efforts that position the UW System to provide competitive compensation and supportive work environments.

In 2008-09, UW System faculty salaries were 11.42% lower than faculty salaries at comparable peer universities. It is estimated that faculty average salaries will be 11.10% behind peer median salaries by the end of the 2009-11 biennium and 17.9% behind by 2011-13. A 2010 study by the Midwestern Higher Education Compact (MHEC) showed the UW System at or near the bottom in almost all salary comparisons by type of institution and rank of faculty. The same study noted that salary increases for full professors at UW-Madison and UW-Milwaukee were the lowest among 20 doctoral institutions surveyed.

For UW System's comprehensive institutions, the MHEC study showed the five-year change in salaries for full professors was also the lowest of 12 states in the study, significantly below the rate of inflation, and 8% below the Midwestern average.

Historically, UW System institutions have attempted to address recruitment and retention challenges in part by reallocating base funds. A series of recent budget reductions, lapses, and reallocations have sharply limited the institutions' ability to rely on this practice. More recently, a special recruitment and retention fund was requested and made available in three consecutive biennial state budgets to help address this problem.

The Growth Agenda's success is predicated upon the work of many talented academic professionals who serve students in and beyond the classroom. Academic staff work in admissions, pre-college outreach programs, academic advising, residence halls, financial aid, libraries and other functions to enrich the educational experiences of every student. Academic staff also play major roles in the UW System's instructional mission and research enterprise, as well as in statewide outreach and Extension programs.

While it is more difficult to obtain standardized salary data for academic staff than faculty at peer institutions, challenges have been reported in the recruitment and retention of academic staff across the UW System. As with faculty adjustments, UW System institutions have relied in part on base reallocation of funds to make competitive salary offers and retention adjustments for academic staff. In 2008-09, UW System academic staff salaries were 8.02% lower than such salaries at comparable peer universities. It is estimated that academic staff average salaries will be 9.62% behind peer median salaries by the end of the 2009-11 biennium and 16.42% behind by 2011-13.

**The current economic crisis has resulted in real declines in compensation for UW faculty and academic staff, with the rescission of a previously approved 2% pay plan and implementation of mandatory furloughs equal to a 3% pay cut in 2009-10 and 2010-11.**

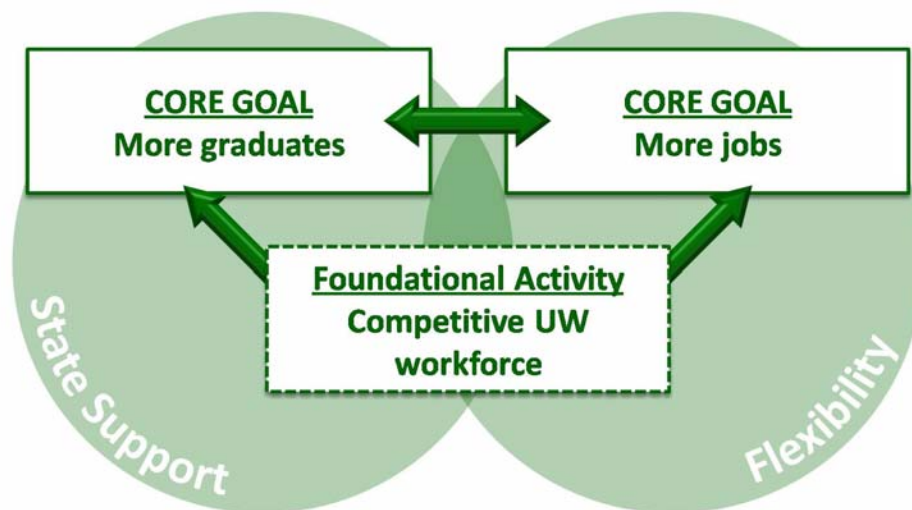
On the plus side, the UW System generally has a competitive advantage with retirement and health care benefits. Wisconsin recently overcame one longstanding disadvantage, relative to peers, by winning the ability to offer full health benefits coverage for domestic partners.

However, UW institutions continue to face one significant disadvantage, with relatively modest tuition assistance benefits for employees, and no benefits available for spouses/partners and children of employees. Other universities and colleges typically provide much richer benefits in this area.

## **UW System’s Response: New Growth Agenda Strategies**

The University of Wisconsin System is one of the key ingredients to a secure and decent life for Wisconsinites in 21<sup>st</sup>-century America. People who care about higher education and believe in its incredible potential have an obligation to make the UW work more effectively and efficiently, and to preserve the quality that has been its hallmark, recognized nationally and internationally.

To help move the state out of the deep recession and prepare for better economic times ahead, the UW System is advancing a new model of renewal and recovery. This is the natural evolution of the Growth Agenda, more sharply focused on the state’s immediate and long-term challenges.



As illustrated above, the UW System is advancing a plan with two “core goals”—increasing the number of Wisconsin residents who have a college degree, and leveraging the UW’s research capacity to grow more well-paying jobs.

This plan will include specific, measurable targets that will move Wisconsin and the nation closer to the numbers of college-educated workers found in best-performing countries such as Canada (55%), Japan (54%), and Korea (53%).

At some UW institutions, increasing the number of graduates will entail a renewed focus on graduation rates. Other campuses may look to expanded enrollment, or a combination of retention and enrollment. Some will focus on traditional audiences and delivery methods, while others will turn to distance education and returning adult students. There is no “one-size-fits-all” solution. Rather, institutions will adopt tailored strategies to address local needs and leverage existing strengths.

New strategies will also build upon the recommendations provided by the UW System’s “Research to Jobs” task force. These efforts will emphasize UW-Madison’s national and global leadership as a research institution and identify new ways to expand UW-Milwaukee’s research capabilities. The plan will also accelerate 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.

Diverse, vibrant, and high-quality faculty and staff are essential to the success of UW System’s Growth Agenda. New strategies must focus on engaging outside experts in a thorough, objective analysis of compensation and benefits, and solutions that will enable and empower the UW System to address specific shortcomings. The review will examine closely the salaries of faculty and staff at UW institutions, comparing them against market data and peers with whom we compete for talent.

To provide a quality education to more students, engage in more research, and sustain a competitive university workforce, the UW System needs not only renewed state investment, but also new administrative and managerial flexibility – the freedom to innovate and embrace best business practices.

The 2010 “Grapevine” report showed that all states are struggling to sustain their commitment to higher education. Even within that context, looking at funding trends over the past several years, Wisconsin still lags most other states in support for higher education:

<b>Percent change in state support for higher education: FY 2010 compared to previous years</b>			
	<b>National Avg.</b>	<b>Wisconsin</b>	<b>WI Rank among 50 states</b>
1-year change	-3.7%	-6.7%	34 <sup>th</sup>
2-year change	-6%	-3%	20 <sup>th</sup>
5-year change	13.3%	6.2%	36 <sup>th</sup>

Historically, states have cut higher education spending during tough economic times, and then reinvested in colleges, universities, and financial aid programs as the economy rebounded. Nobody knows if this pattern of reinvestment will repeat itself. If not, and the current cuts and lapses become permanent, the diminished support will have a direct and significant impact on

the UW System's capacity to enroll students, provide a high-quality education, and preserve affordable access for hardworking families.

Together, upward pressure on enrollment and declining state funding will only serve to intensify the longstanding debate about how public universities should be managed to achieve the highest possible efficiency and quality, while preserving accountability to taxpayers.

For decades, UW System leaders, including Boards of Regents appointed by multiple governors from both parties, have called for greater flexibility in running the state's public university system – something many other public universities already possess. This effort will not make the UW less public. Rather, it is a call to embrace new ways of doing business that will enable the UW System to survive, thrive, and better serve citizens in the public interest.

This component of the Growth Agenda will focus on advocating for new laws, policies, and practices that provide the UW System with the capacity to make management decisions that result in real savings. Significant efficiencies could be achieved in areas such as building processes; procurement; safety and loss; personnel; and investment authority. Savings in these areas could be used to support core educational programs.

## **Conclusion**

The need for action is clear. To thrive in coming decades and compete effectively with high-performing states and nations, Wisconsin must make higher education a higher priority.

*UW System's Growth Agenda for Wisconsin* is a multi-dimensional approach to a complex problem. Without action now, Wisconsin will continue to slip back in national and international competition, as more of its children seek brighter opportunities elsewhere. Successfully implemented, the benefits of the Growth Agenda will accrue to all Wisconsin residents, their future generations, and the communities where they live and work.

The tradition of high-quality education in Wisconsin and the strength of the UW System can take us there. America's strategic advantage lies in the knowledge and innovation of its people, and we must commit to using and supporting the university to maximize this advantage.