

## “Checking Our Compass”

### *CHARTING A NEW COURSE FOR THE UW SYSTEM*

Remarks by Regent Gottschalk, Chair

December 5, 2003

As Captain Jack Aubrey navigates the high seas in *Master and Commander: The Far Side of the World*, dazzling movie audiences around the world, it seems a propitious moment for us to reflect on the progress we've made in our voyage to chart a new course for the UW System -- a moment to check our compass, if you will, as we are four months into our quest to navigate through the sea changes we face.

Remember that when we undertook this project in August, we were motivated by three key drivers that are affecting the UW System: a changing state fiscal environment; growing market demand for our educational services; and a rapidly evolving technological and economic environment that is affecting higher education not only in Wisconsin but also around the country and the world.

In August, we set some ambitious goals, forming five working groups that involve regents, chancellors, UW System leaders and key constituents to help map our future. To date, this voyage has been exciting and productive, and a learning process for us all. I want to thank our “captains,” the leaders of each study group who have put extra time and effort into this project and have led their teams so effectively. I also want to thank the staff, who have done a remarkable job of organizing, supporting, participating in and reporting on these efforts. This morning, let me take a few minutes to summarize the work of each group and share highlights that are emerging from them. They each hold great promise of recommendations for our consideration and action next semester.

First, the *Revenue Authority Group* led by Regent Axtell has been looking at four main areas:

- **Risk Management** Arthur Gallagher and Company is studying our current risk management program with an eye to saving money in this area, given our low loss rates. The consultant is addressing five areas: is our current coverage adequate?

Are our premiums too high? How does our program compare to that of other universities? What alternatives might we explore? And at what cost? We expect a full report in February.

- **Brain Gain** The working group has approved a pilot program proposed for UW-Platteville that was discussed in yesterday's physical planning and business and finance committee meetings. Under this program, students from neighboring states of Iowa and Illinois would be given tuition incentives to attend UW-Platteville and earn degrees in engineering, technology and other areas of high workforce demand. This program can boost nonresident tuition income that would, in turn, help subsidize the instruction of resident students, and also "grow" a cadre of Wisconsin workers to help meet state workforce needs.
- **Federal Relations** For several years, the University Relations team and the system's Federal Relations Council, working with the former Congressman Steve Gunderson, have sought to heighten the UW System's national visibility and help bring more federal dollars to the state. The committee soon will present a series of recommendations to the regents to help realize the UW System's potential for bringing more federal dollars to the UW System and thereby generating more jobs for Wisconsin. These issues are also being considered by the *Research and Public Service Group*.
- **Differential Tuition** One option for enhancing revenue is to reconsider the university's approach to tuition. The committee will study various possibilities such as a "per credit" tuition approach, look at the experience of other universities and determine what approach varying tuition policies would have on time-to-degree, credits-to-degree and student retention.

The *Achieving Operational Efficiencies Group* led by Regent Bradley has been looking at two areas – increasing our self-sufficiency by looking at external impediments to efficient operations and, at the same time, looking at our operations to see what further efficiencies we could achieve by modifying our internal operating practices.

- **Increasing Self-Sufficiency** This is a priority of the UW System and the group is up to speed on what has been achieved to date in this area, concluding that

more autonomy would save the state and the university millions of dollars more. Three areas in particular have the capacity to generate significant savings that could be reprogrammed to better serve students: cash management capability, which could yield between five and fifteen million dollars annually; procurement, in which the elimination of duplication and expansion of statewide contracts could yield about \$2 million per year; and improvements in the capital building process that could result in \$15 million in savings per year and greatly speed our capital building process.

- **Increasing Internal Operating Efficiency** In looking for efficiencies, the committee has quite rightly recognized that we must look internally as well. The team has concluded that administrative restructuring efforts must focus on a detailed review of functional administrative and service areas and that all interested parties must participate in the process for it to be successful. The costs of change may actually be higher in the short term because outside help may be needed with design and implementation. The group is in the process of developing a list of five or six functional areas that should be reviewed for increased operating efficiency. At this meeting, the group looked at collaborative academic programs, academic program review and the UW campus missions and program emphases. At the February meeting, the group will look at methods to improve the efficiency of instructional delivery.

The *Re-defining Educational Quality Group*, led by Regent Mohs, is working close to the heart of our enterprise, which is to deliver the highest quality education while maintaining access to our campuses. In its vision statement, the group reaffirmed our commitment “To maintaining and enhancing the UW System’s status as a first class, high quality system of higher education that is accessible to Wisconsin citizens and that provides learning and personal development for its students characterized by processes wherein they are fully engaged, and value-added student outcomes”.

The committee has identified three objectives: student access to the university, its programs and classes; students engaged with their institution, program, faculty and other students; and student outcomes that add value.

In addition, the group has adopted five guiding principles:

- **Embrace diverse processes to achieve outcomes**
- **Embrace diverse methods to assess outcomes and select processes**
- **Engage the whole institution to debate, refine and internalize its model of quality education**
- **Respect for each institution's autonomy to determine quality education within the boundaries of a larger interpretation, and allow institutions the freedom to achieve their value-added outcomes with the processes best suited for their institution**
- **Honor each institution's select mission**

The *Research and Public Service Working Group*, led by Regent Davis, has been very active, hosting five breakfast roundtables with business and community leaders around the state in addition to meeting with legislators and holding its regular committee meetings. The group's mission statement is "To harness our research and public service to raise the per capita income of the state of Wisconsin while enhancing the quality of education".

The group is addressing such questions as: how can the UW System help to create more high-income jobs for the state; how can the UW System enhance research activity on all its campuses; how can it help to create diverse, inclusive communities and stimulate and attract new economy companies; and how can the University develop strong, supportive partnerships with the business community and legislators.

In posing these questions to focus groups in Oshkosh, Milwaukee, Madison, Eau Claire and Superior, important themes emerged:

- **The importance of research and development as a growth industry for the state**
- **The continuing currency of the "Wisconsin Idea," and the expectation that the university will continue to play a central role in addressing state and local problems**
- **The need for graduates who are well prepared to enter the workforce, including the importance of student and faculty diversity**

**The need for sources of “opportunity funds” to cover the matching requirements we need to respond to state needs and federal initiatives**

- **The need to facilitate faculty research at the comprehensive campuses and to upgrade our research infrastructure**
- **The prominent place that the “scholarship of engagement” should hold in the UW System’s future**
- **The critical need for communication with external stakeholders so the public better understands what the university has to offer**

As it continues its work and prepares its recommendations, the group will hear more about the student experience in research and public service and examine further state collaborations that can further the Governor’s “Grow Wisconsin” initiative as well as Legislative initiatives and the regional economic development work being undertaken throughout the state.

The *Our Partnership with the State Group*, led by Regent Walsh, is focusing on the levels of access to higher education and financial aid provided to Wisconsin residents. While the UW System is doing well in this regard, there is growing concern about how effectively we are providing access to students from low-income families and to returning adult students.

The number of students from families in the bottom 40% of income level in Wisconsin is decreasing, while the percentage of incoming students from the top income levels is increasing. The group will consider how modifications to the existing financial aid structure might improve access for lower income students, in keeping with neighboring states that provide more need-based financial aid and scholarship funding.

Another aspect is federal financial aid and it appears that changes in the federal student needs analysis might benefit Wisconsin students. The group is preparing to make recommendations in February related to sustainable funding for financial aid to ensure accessibility to all Wisconsin citizens, regardless of economic status.

I realize that these summaries are a lot to digest in a short time, but I have only scratched the surface in relating the content of the discussions that have taken place and the areas in which our working groups are developing their recommendations. In summary, let me quickly highlight the themes emerging from the work groups that will influence our future deliberations:

- **Economic Development** The University is a primary engine of the state economy both in terms of our R&D work that has yet to realize its full potential, but also in the production of graduates that allows our state to flourish. Brain gain remains an important priority.
- **Access** Not only retaining our ability to accommodate our current enrollments but providing more opportunities in this regard, particularly targeting low-income students and returning adult students.  
**Diversity** We have a long way to go in achieving our desired levels of diversity in our student, faculty and staff populations – not only ethnic diversity, but geographical, international, gender and age diversity.
- **Infrastructure** We have enormous challenges in enhancing our aging buildings and technology. We need space, equipment, library material, and more and better instructional technology.
- **Efficiency** By many measures, we are the most efficient university system in the nation. We are viewed as a model by other states and nations. However, there are areas in which greater efficiencies can be achieved with great savings to our departments, campuses, system and state. This must be a central theme of this planning process.
- **Human Capital** The implementation of all the recommendations that will emerge from this study will depend on our faculty and staff. We must have the best people; they are the lifeblood of our institutions. Rebuilding our faculty must be a priority and we must insure that we can recruit and retain the best personnel with competitive compensation packages from our leadership to our laboratory technicians. Every person counts and our university is a people intensive and dependent enterprise.

- **The Wisconsin Idea** The University must continue to prove its relevancy to the state and its citizens. At the same time, the state and its residents must be encouraged to take advantage of the enormous expertise that resides within our ranks. This is an historic compact that should be renewed and enhanced through the course of this study.

Again, I want to thank our regents, chancellors, UW System officers and staff for their hard work to date on this charting the course journey. But the roughest seas are ahead, and the toughest challenge will be to arrive at a series of recommendations that will move us forward – not incrementally but transcendently – to meet the formidable challenges that face higher education not just in Wisconsin but across the nation. It will take our best collective thinking, and collaboration with our partners in state government, if we are to steer the best course through the new paradigms of fiscal realities, unprecedented demand for our services, technological changes and ways of stimulating economic development.

We inherit a long and distinguished history of service to the citizens of Wisconsin, and we have an obligation to current and future generations to find ways of delivering on our missions for them. Thank you in advance for your continuing efforts to help chart the university's course for the future. It is of the utmost importance.

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