Opportunities & Challenges at UW-Madison

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Celebrating a Great Year
2014: A Record Year for Education

- Record-breaking # of bachelor’s degrees – 6,654
- 10,147 total degrees – 4th year in a row we exceeded 10,000
- Near-record 812 PhDs
- 5th largest producer of PhDs in the U.S.
Return to a Proud Tradition
An Excellent Entering Class in 2014

- Record-breaking freshman applications (>30,000)
- Excellent entering class
  - 6,300 freshmen from 46 states & D.C.
    (of course, majority from WI)
  - Among the most racially & ethnically diverse classes ever
  - Most internationally diverse in a decade – Students from 42 countries outside of the U.S.
New Records in 2015 Applications

- Nearly 33,000 freshman applications – **up 8% YTD** over 2014
- Applicants from all 50 states, DC and Puerto Rico, as well as 101 countries outside the U.S.
- 8,500 applicants from every one of Wisconsin’s 72 counties – **up 6% YTD** over 2014
- More than 4,000 applications from underrepresented students of color – **up 15% YTD** over 2014
Notable Educational Trends

6-year graduation rates

Year graduation rate measured for students who entered 4-6 years earlier

All Students

Targeted Minority Students
Notable Educational Trends

92% of freshmen and 94% of seniors rated their overall experience at UW-Madison as excellent or very good – significantly more than students at our peer institutions.

Source: National Survey of Student Engagement, October 2014
Notable Educational Trends

The “Wisconsin Experience” is more than just classroom learning:

- Nearly 1,400 students volunteered with community organizations last year through Morgridge Center for Public Service
- 25% of undergraduates study abroad – more than almost any other university
- 63% of seniors have held an internship or other clinical position
New Arrivals

Provost
Sarah Mangelsdorf

Dean of the School of Pharmacy
Steven Swanson

Dean of the Division of International Studies
Guido Podesta
A Trip to the Final Four
A Winning Football Season
Achievements in Research
Faculty Excellence

11 UW faculty elected members/fellows in national academies in 2014
Major National Awards

- Smithsonian Innovator of the Year: Francis Halzen
- Popular Mechanics Breakthrough Award: Yoshihiro Kawaoka
- NEA Jazz Masters Fellow: Richard Davis
Recognition of Outstanding Young Faculty

- Pew Scholar in Biomedical Sciences
- National Institutes of Health’s New Innovator Award
- Presidential Early Career Award for Scientists & Engineers
- Outstanding Young Manufacturing Engineer
- American Educational Research Association’s Early Career Award
- Camille Dreyfus Teacher-Scholar Award
- Packard Fellowship for Science and Engineering
- Shaw Scientist Program Award (2)
- Sloan Research Fellowship (4)
UW Research Projects: Collaborative and Life-Changing
Inner-City Asthma Research

- Record-breaking grant: $70 million over 7 years from NIH
- UW leads 11 universities, jointly doing research on ways to reduce inner-city asthma epidemic
Dairy Sustainability

- 5-year, $10 million grant from USDA
- Identifying practices that will help dairy farms to thrive in a changing climate
4W Initiative
Women & Well-Being in Wisconsin and the World

A local-to-global effort aimed at bringing state-of-the-art UW research on best practices into the world to improve the lives of women

- Led by Human Ecology
- Creates leadership & service opportunities for UW students
UW-Madison is at a Moment of Opportunity

- High – and growing – student applications
- Top national/international reputation for educational quality
- Top-ranked faculty, with funding for major scientific research projects
- More involvement in economic development than ever before...

This is a moment to invest and build!
But...serious challenges can limit our ability to take advantage of this opportunity
Challenge: Recruiting & Retaining Top Faculty & Staff

- Great teachers and world-class researchers attract:
  - Research dollars
  - Talented junior faculty
  - Talented graduate students
  - Top-notch undergraduates

Reputation of UW-Madison depends upon its faculty reputation
Salary Comparisons
Full professors at UW-Madison versus peer institutions
2004-05 to 2013-14

Source: AAUP Annual Faculty Salary Survey, 2013-14. Average of full professors at UW-Madison is compared with the peer median of full professor average salaries at the official salary peers.
Hiring Top Faculty is Expensive

- 143 offers extended in 2013-2014
- 101 accepted
- 52% required start-up packages over $100K.
  - Most of these were in the physical and biological sciences
Retaining Faculty & Staff is Critical

Cumulative Overhead Contribution

Initial Start-Up Package

Most common time to receive an outside offer – year 9

Years after initial faculty hire

0 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25

0 500000 1000000 1500000 2000000 2500000 3000000
Retaining Top Faculty is Critical

- Salary is the most common issue reported as a consideration in outside offers.

- Median salary offer by a competitor in 2013-14: 42% higher than UW-Madison salary.

- Between 2009-10 and 2013-14, UW-Madison made 1,008 faculty salary adjustments to faculty considered to be in high demand by other institutions. We must continue to do this to retain our best.
165 faculty were recruited away by more than 100 universities/organizations between 2007 and 2014.
Challenge: Meeting Shifting Educational Demands
Movement into STEM Fields

% of Enrollments in STEM Majors, By Level

- Undergraduate (Junior/Senior Enrollment)
- Graduate/Clinical Doctorate

- 2000: 32%
- 2001: 30%
- 2002: 32%
- 2003: 40%
- 2004: 44%
- 2005: 50%
- 2006: 50%
- 2007: 50%
- 2008: 50%
- 2009: 50%
- 2010: 57%
- 2011: 57%
- 2012: 57%
- 2013: 57%
- 2014: 44%
Movement into STEM Fields
5 Challenges

- **Challenge 1** – Hiring more *faculty* to teach and advise
- **Challenge 2** – Providing adequate *instructional space*
- **Challenge 3** – Providing *tutoring* and educational support services (particularly important to attract a diverse set of students)
- **Challenge 4** – Providing academic *advisors*
- **Challenge 5** – Helping students negotiate transition from college to workplace with internships, *job counseling*, etc.
A Top Priority

- **Chemistry Building** addition/renovation is a necessity
- Nearly all students majoring in STEM fields will take classes here
- We can’t meet demand
- Expansion will allow
  - Larger freshman/soph classes
  - Labs equipped for current training needs
All of this Leads to Challenges Relating to Budget
UW-Madison has drawn down its fund balances and has few true reserves remaining.

4.2% budget cut in 2013-15 + tuition freeze was filled by using reserves. Most remaining balances are committed for known future expenses.

Campus has $54 million in true reserves, on a budget of almost $3 billion – far below recommended reserve levels.

Without new money, UW-Madison will face significant budget cuts.

In the absence of new money, we **START** into this next biennium with a 4.2% cut ($23m) in state funds. Any additional cuts are on top of this.
Budget Overview
Changing budget landscape
Federal Dollars are Increasingly Important

But they have been flat or declining in the last five years
Federal Research Awards to UW-Madison

Stimulus Funding
Private Fundraising is Increasingly Important

Gift dollars do not replace state, fed’l or tuition dollars. They typically fund things those dollars cannot, leveraging these other funds.

Gift dollars are tied to donor intent, not discretionary.

Van Hise Society dinner, November 2014
A Record-Breaking Gift

November 2014:
The Morgridge Gift

Largest single donor gift in UW-Madison history

Dedicated entirely to funding faculty chairs
Outside of state funding, tuition is the only revenue stream that can show immediate growth.

This is particularly important if dealing with large immediate budget cuts.
Resident undergraduate tuition

<table>
<thead>
<tr>
<th>University</th>
<th>Tuition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Penn State</td>
<td>$17,502</td>
</tr>
<tr>
<td>Illinois</td>
<td>$15,602</td>
</tr>
<tr>
<td>Rutgers</td>
<td>$13,813</td>
</tr>
<tr>
<td>Minnesota</td>
<td>$13,560</td>
</tr>
<tr>
<td>Michigan</td>
<td>$13,486</td>
</tr>
<tr>
<td>Michigan State</td>
<td>$13,200</td>
</tr>
<tr>
<td>UW-Madison</td>
<td>$10,410</td>
</tr>
<tr>
<td>Indiana</td>
<td>$10,388</td>
</tr>
<tr>
<td>Ohio State</td>
<td>$10,037</td>
</tr>
<tr>
<td>Purdue</td>
<td>$10,002</td>
</tr>
<tr>
<td>Maryland</td>
<td>$9,428</td>
</tr>
<tr>
<td>Iowa</td>
<td>$8,079</td>
</tr>
<tr>
<td>Nebraska</td>
<td>$8,070</td>
</tr>
</tbody>
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CREATING FINANCIAL STABILITY
| Institution       | Tuition  
|------------------|---------
| Michigan         | $41,906 |
| Michigan State   | $34,965 |
| Indiana          | $33,241 |
| Penn State       | $30,452 |
| Illinois         | $30,228 |
| Maryland         | $29,721 |
| Purdue           | $28,804 |
| Rutgers          | $28,591 |
| Iowa             | $27,409 |
| UW-Madison       | $26,660 |
| Ohio State       | $26,537 |
| Nebraska         | $21,990 |
| Minnesota        | $20,810 |
Resident professional school tuition

- **Medicine (MD)**: $24,944 (UW-Madison), $38,893 (Public Big 10 Median)
- **Business Masters (MBA)**: $14,321 (UW-Madison), $27,385 (Public Big 10 Median)
- **Vet Med (DVM)**: $19,062 (UW-Madison), $29,160 (Public Big 10 Median)
- **Pharmacy (PharmD)**: $16,294 (UW-Madison), $22,026 (Public Big 10 Median)
Non-resident professional school tuition

- **Medicine (MD)**
  - UW-Madison: $34,841
  - Public Big 10 Median: $52,702

- **Business Masters (MBA)**
  - UW-Madison: $27,815
  - Public Big 10 Median: $44,613

- **Vet Med (DVM)**
  - UW-Madison: $25,906
  - Public Big 10 Median: $49,027

- **Pharmacy (PharmD)**
  - UW-Madison: $28,751
  - Public Big 10 Median: $38,816
How do we cope with proposed state cuts?

Cuts to UW-Madison:

- $23 m (2013 cut, filled w/ reserves for 2 years)
- $57 m (UW-Madison share (38%) of proposed cut)
- $3.5 m (Elimination of WI Bioenergy Initiative)
- $2.5 m (Elimination of municipal service payments)
- ??? (Cost-to-continue in fringe benefits)

= $86 m  Total cuts

+ $5 m (retention costs in new salary added to base to meet outside offers and retain faculty/staff)

= $91 m  Total budget hole next year
This cut is too big

The new cuts are a **24%** decline in our state GPR dollars. A $91 m cut is:

- Equivalent to 650 faculty positions (31%)
- Equivalent to 1083 staff positions (6%)
- If I eliminated 5 of my small schools (Business, Law, Nursing, Pharmacy, & Vet Med) I still would not fill this hole
- Even if I eliminated 2 mid-sized Schools – Engineering and CALS (Agriculture) – it would not fill this hole
### Possible ways to fill this $91 m hole

<table>
<thead>
<tr>
<th>Year</th>
<th>Proposal to raise out of state and professional school tuition</th>
<th>Proposal to raise out of state cap from 27.5% to 30%</th>
<th>How much can I take in budget cuts?</th>
<th>Total</th>
<th>Shortfall</th>
<th>Remember: Discretionary reserves = $54 m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year 1</td>
<td>$18.5 m</td>
<td>$18.9 m</td>
<td>$20 m</td>
<td>$38.5 m</td>
<td>$52.5 m</td>
<td></td>
</tr>
<tr>
<td>Year 2</td>
<td>$18.5 m</td>
<td></td>
<td>$20 m</td>
<td>$57.4 m</td>
<td>$33.6 m</td>
<td></td>
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</table>
If the Board of Regents is inclined to consider out-of-state or professional school tuition changes – or changes in the out-of-state cap – please do so as soon as possible.
Proposed Cuts Imply:

- Unfilled faculty slots
- Reduced student programming (advising, internships, IT support, etc)
- Reduced financial aid/access
- Staff position lapses and layoffs

...all will work to reduce our gains in time to graduation, in diversity, and in quality education.
Especially difficult when our peer universities have increased state support

- For Wisconsin the 5-year change in state funding to higher education was -4.3%. (This is before the current proposed cut)
- The national average 5-year change was 9.6%
- 41 of 50 states have increased their funding to higher education over the past five years
UW-Madison has had an enormous impact on this state and is among the top-ranked public universities in the world. The Wisconsin Idea has driven our involvement in this state for more than 100 years. With this budget:

- Fewer top WI students staying in-state for college…and harder to bring them back to work here once they’ve left the state
- Fewer new startups and less ability to attract high-tech industry to WI
- Declining reputation for UW
UW-Madison has a 166-year legacy of service to this state and the nation. Let’s find ways to preserve and build on that. Never has higher education been more important to the young people of WI.
These cuts are too large

They are too large for the University

They are too large for the state