

May 7, 2004

TO: Regents
Chancellors
Cabinet

FR: Linda Weimer

RE: Joint Legislative hearing

The legislature's two higher education committees met in an historic joint session Thursday, to begin a dialogue on the future of the UW System. Attending the meeting were twelve members of the legislature: Senator Harsdorf, and Representatives Kreibich, Gottlieb, Black, Jeskewitz, Krawczyk, Nass, Pocan, Schneider, Shilling, Town, and Underheim.

Attached are the remarks given by Regents Marcovich and Gottschalk to update the members on the Charting Study, a report on President Lyall's remarks, prepared remarks given in abbreviated form by Phil Certain, Dean of the UW-Madison College of Letters and Science. Also presenting was Chancellor Don Mash, whose region is represented by the joint committee chairmen. He discussed the value of investment in the university to meet the states economic development goals.

Legislators were pleased with the opportunity to have a policy conversation removed from lobbying during a budget request. Legislators were interested in, and asked to receive more specific information about, the Charting Study recommendations related to deregulation and financial aid. They were surprised to learn of the loss of 700 faculty members over the last ten years and the high percentage of classes taught by non-tenured faculty. They thought we should do a better job communicating what we are doing to contribute to the economy, and expressed disappointment that the Governor did not mention the university in his State of the State address or his Grow Wisconsin plan. They also asked if the Regents had considered eliminating programs in order to fund high demand areas such as nursing and other health care related fields. The president assured them that this is, indeed, an ongoing process and that as courses and majors are added, others are eliminated. Other inquiries included progress on credit transfer issues (both within the UW System and between UW and the Technical College system), possible savings that might result by using technology to a greater degree to teach some of the larger classes, accessibility for low income and Dane County residents to UW Madison and domestic partner benefits.

Remarks for the Joint Higher Education Committee Meeting
Toby Marcovich, President
University of Wisconsin System Board of Regents
May 6, 2004

Good morning. We very much appreciate this opportunity to have a conversation with you about some of the critical issues facing higher education in Wisconsin.

This is an historic occasion. Not in recent memory have the committees of both the Senate and Assembly that oversee higher education and the University of Wisconsin System come together to hold such a joint hearing. We appreciate your leadership, especially, Senator Harsdorf and Representative Kreibich, for making this happen. I also want you to know that our Regents and UW System officers are committed to having a much more engaged relationship with you. This was a priority item for me when I became Regent president. We appreciate the need for better and more frequent communication on issues of joint concern and we will continue to make that a priority.

I am joined today by many of my distinguished colleagues. We have other Regents and Chancellors here and we want to leave plenty of time at the end of our remarks so that we can answer any questions you might have.

Yours is a difficult job. You are constantly occupied by urgent matters – state budget overruns, the pressing health care needs of your constituents, the latest crises from Chronic Wasting Disease to the loss of manufacturing jobs in your districts. It might seem at times that the university and its health are far removed from your day to day concerns, even though many of you have university campuses in your districts.

I urge you today to look beyond the urgent matters to the longer range, and I would argue more important, trends that will directly influence the economic vitality of your districts and, indeed, the long-term economic future of this state.

You can travel anywhere in the world and people will think of two things when you mention that you are from Wisconsin – the Packers and the University of Wisconsin System and not necessarily in that order.

It has been one of this state's crowning jewels for more than 100 years – but it is in danger. There is much talk about a Taxpayer's Bill of Rights that would hold state spending in check.

The good news from the university is that we have held state spending in check for three decades – our state GPR support when adjusted for inflation has not increased beyond the rate of inflation.

The bad news is that the budget cuts of recent years – about \$50 million in GPR support in 2002-'03 and the current biennial cut of \$250 million in GPR support are badly eroding our capacity to serve students and to serve the state.

Just as a reminder: though we are just 8% of the state budget, we took 38% of the cut to state spending. The biennium prior to that we also took a hugely disproportionate cut. We also have maintained our enrollments at 160,000 students to meet the needs of your constituents. But these trends cannot continue. We run the risk of destroying the quality of a UW education – we have lost 700 faculty members in the past decade – or of closing down access to our universities through skyrocketing tuition and crumbling infrastructure.

To address these trends, we began an ambitious study last summer. I asked former Regent President Guy Gottschalk to lead our effort to "Chart the Future Course for the University of Wisconsin" and I would now like to turn to him to update you on our findings and recommendations.

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Outline of Remarks to the Joint Higher Education Committees
Katharine C. Lyall, President
University of Wisconsin System
May 6, 2004

We need to discuss a common agenda for higher education in Wisconsin. I'm concerned that we are drifting into some bad choices without having a real dialogue and a public policy debate.

- We have historically been a low tuition-low aid state. We are drifting into a medium tuition-low aid state. That is causing students from lower income families to not consider the option of attending our public universities. For example, we are seeing the proportion of the student body from the lowest family income quintile drop off. Is this the direction we want to go? We need to make sure that higher education is not just for the wealthy in this state.
- The UW System has lost 700 faculty members in the last decade while adding 10,000 students. As a result, 40% of our credit hours are taught by nonfaculty members, as opposed to 30% just five years ago. We don't know what the right proportion is but we know that 40% is too high – this means there are fewer faculty available, not only to teach, but to provide academic counseling and help mentor and train students outside the classroom, as well as do the work of running our departments, curricula and programs. Perhaps we need to increase, not diminish, our faculty-staff contact.
- We are losing the capacity to do the things that the state needs us to do – help with economic development programs, train more returning adult students, contribute more students in areas of workforce needs.

We have done some polling recently and the highest priorities that emerged from that track nicely with our Charting study: the quality of a UW education, financial aid for low income students and training students to meet state workforce needs.

When we accept a student, we make at least a four-year commitment to that student and we need to get on a more stable state funding base if we are to insure that those students can get the courses they need and graduate in a timely way. It is also important that we assure our students that we are using their tuition dollars wisely. There are some things that we can do to help ourselves that don't require additional state funding. For example, we would benefit from a deregulation package – much like what was just passed for business – that would enable us to use the resources we have more efficiently.

This kind of discussion is a good start where we can share our opinions and concerns and, I hope, begin working more closely together to shape the future of public higher education in this state and not simply back into policies that will end up taking us where we don't intend or want to go.

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Update: *CHARTING A NEW COURSE FOR THE UW SYSTEM*
Remarks for the Joint Higher Education Committee Meeting
Regent Guy A. Gottschalk, Chair
UW System Board of Regents
May 6, 2004

Good morning. Thank you, Senator Harsdorf and Representative Kreibich, for the invitation and the opportunity to discuss the University of Wisconsin in light of the state's tax and budget difficulties. We welcome a continuing dialogue as you and your colleagues wrestle with some difficult decisions.

As many of you know, the Board of Regents has been engaged in a year-long examination of the university called *Charting a New Course for the UW System*. I have chaired this study, and at times it has been a daunting task. Let me thank all of our collaborators – students, faculty, regents, chancellors, UW System officers, staff – and **legislators** – for all their hard work.

When we undertook this study last year, it was motivated by **three** key drivers:

1. A changing state fiscal environment

2. A growing market demand for our educational services, and
3. A rapidly-evolving technological and economic environment

We set some ambitious goals at that time, forming five working groups that included regents, chancellors, UW System leaders and key constituents to help chart our future course. Early on, we resolved that we must maintain our focus on students and what they need in order to attain a quality education in the UW System.

Just last month, the chairs of each of the working groups summarized the preliminary 2005-07 biennial budget recommendations that were emerging from their working group. Although the final report is still being drafted, there are some key points that we can share at this time:

- There are no substitutes for adequate, stable GPR support per student for the UW's instructional mission.
- New ideas can emerge – and be implemented – rather quickly. Our UW-Platteville differential tuition initiative designed to attract students from Iowa and Illinois, and our

substantial collaboration with the Wisconsin Technical College System to increase the number of baccalaureate degree holders in Wisconsin are just two examples of activities that are already underway.

- **Sustainable** financial aids are necessary to avoid pricing our lower income families out of higher education due to tuition increases.
- Increased support for diversity is necessary if we are to improve this aspect of the university experience and more closely mirror the state's citizenry.
- Increased support for building our infrastructure, particularly in information technology and libraries, is necessary if we are to maintain quality.
- The regents need the authority to set competitive salaries and exercise position control if we are to attract and retain the necessary, quality faculty and administrators.

- Legislative reform is needed to enable the UW and the state to achieve substantial cost savings in capital projects, procurement, risk management and in other areas, to help off-set necessary investments in other areas.

There are several consistent themes emerging from the study to connect the threads of access, quality and service to the state that include providing adequate financial aid and maintaining quality faculty and instruction.

Wisconsin has faced difficult budget situations in the past, but our leaders have always supported our public universities and the opportunities they present to Wisconsin citizens. I am reminded of how the GI Bill transformed the thousands of soldiers returning to America into the doctors, lawyers, teachers, pharmacists, engineers, business leaders and statesman that built the country that you and I enjoy today. Without the GI Bill, we might very well have become another Russia. THIS is the kind of re-investment in public higher education that's needed here today,

even if on a much smaller scale, if Wisconsin is to move to the head of the pack among states in the global, knowledge economy.

Conversely, additional, large cuts to the UW's budget will result in fewer faculty and diminished enrollment opportunity. There is nowhere else for the money to come from. Again, we appreciate the difficulty that you and your colleagues face with the budget, but respectfully submit that balancing the budget on the back of the university again will have a severely adverse effect not only on the UW, but also on the State of Wisconsin. Personally, I would rather pay my fair share now than have my grandson grow up in "Wississippi".

We are at work now drafting the *Charting A New Course For the UW System* final report, and hope to have a final draft for regent approval in June.

Thank you again for the opportunity to address your committees. I'll be happy to respond to questions you may have.

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PREPARED COMMENTS

Phillip R. Certain, Dean

College of Letters & Science

University of Wisconsin—Madison

**Before a Joint Session of the Senate Committee on Higher Education and Tourism and
the Assembly Committee on Colleges and Universities**

Room 401 South, Wisconsin State Capitol

Thursday, May 6, 2004



Good morning. My name is Phil Certain and I am the Dean of the College of Letters and Science at the University of Wisconsin-Madison. I want to thank you for the opportunity to appear before you today to share my experience and thoughts regarding the impact of the biennial budget on our college. I know that you have a long agenda today and I promise that I will keep my comments brief. I've prepared written testimony to provide greater detail on the points that I will make in my presentation.

Impact of budget cuts

To place my comments in context, the College of Letters & Science teaches the majority of undergraduate courses, is the third largest research unit, and constitutes a little more than half of UW-Madison. We have had many requests from the press and others for dramatic academic horror stories since we initially voiced our concerns over the biennial budget cut, which for our college meant the loss of 60 positions and at least \$5 million in fiscal resources even after the \$350 per semester tuition off-set.

It's not that simple.

There has been no apocalyptic implosion of our college, in large part because faculty, academic staff, and classified staff have worked hard to minimize the damage by setting priorities that protected:

- 1 departments that provide the largest share of our undergraduate classes
2. classes most often taken by first year students and those needed by graduating seniors
3. key classes, such as Chemistry 103, that are needed to enter or advance within a major
4. departments with significant external research funding capabilities
5. departments with strong graduate programs, particularly those ranked among the top programs nationally

We also are aware that the size of our college made it possible to diffuse the impact of losing some 200 course sections by absorbing students into the 3,500 course sections that

we were able to offer. Although the number of sections will sound like a lot to you, it becomes complicated on our end as we try to accommodate the needs of our college's 17,500 undergraduates along with large numbers of the 11,055 undergraduates in UW-Madison's other colleges, who need our mathematics, chemistry, English, and other courses to be admitted to their majors and to complete their degrees.¹

The lack of a highly visible catastrophic event does not mean that all is well. What we are seeing is the slow decay of a vital Wisconsin resource. The futures of the University of Wisconsin in Madison and the State of Wisconsin have been intertwined for more than 150 years. The people and the State of Wisconsin built the university through their public commitment to higher education. In return, the university has served the state by educating generations of Wisconsin students; providing faculty expertise to help solve policy, economic, social, and scientific problems; and by sharing cultural resources to benefit people in all walks of life.

The decline of the mutually dependent relationship between university and state threatens the well being of both partners today. As I noted earlier, the process that I am describing is not a highly visible cataclysmic event but rather is a slow and steady erosion of a significant state asset. The best analogy I can give you is the difference between seeing a car engine explode into flames, and the slow decline of a premium vehicle whose owner does not check or change the oil, or carry out those critical undercarriage flushes in Wisconsin weather. Both processes result in the loss of an investment but the second process is preventable. The second process also is subtle, making it possible to deny that the asset is endangered until irreparable damage has been done.

The slow decline that I am talking about is the cumulative impact of the failure to replace or develop new human and physical resources over the past several years. By this I mean:

- underfunding of maintenance and classroom upgrades and repairs
- the inability to replace faculty as they retire

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the lack of resources to hire or retain the future academic leaders of the institution.

These may not seem like major problems they take a serious toll on the critical human and physical resources at the heart of our institutional infrastructure.

In 2002-2003 we minimized the damage from the combined budget and personnel cuts by:

- developing bare bones hiring priorities through an intensive strategic planning process. Our hires remain below optimal levels but we are able to hire in the most critical areas of need.
- carefully managing enrollment in Letters & Science's 3,500 courses to ensure that students were able to enroll in the courses that they needed. This meant holding sections so that first-year students had access, monitoring requests to open new sections to ensure that the highest areas of need were met first, and other actions.
- squeezing small numbers of extra students into classes
- increasing enrollments in mid-sized classes, pushing them closer to large classes
- allowing departments to adjust the selection of courses offered in a given semester in order to meet special needs or demand

We cannot keep this up indefinitely as individuals or as an institution.

- At some point obsolete or poorly maintained facilities become a safety issue. They also undermine our ability to secure the competitive grants that complement state funding.

**Letters & Science Faculty, Undergraduate Enrollments, and Credit Hours Taught
1993-94 through 2003-2004**

Year	Total FTEs, L&S Faculty Tenure Roster	L&S Undergraduate Enrollment	Total UW- Madison Undergraduate Enrollment	Total Undergraduate Credit Hours Taught By L&S	All Credit Hours Taught by L&S
1993-94	954.88	15,214	26,638	501,191	582,563
1994-95	933.8	14,962	26,207	494,412	573,046
1995-96	898.11	15,175	26,361	496,001	571,384
1996-97	862.09	15,781	26,910	517,959	589,560
1997-98	848.01	16,378	27,533	531,744	600,126
1998-99	840.11	16,699	27,808	540,704	605,700
1999-2000	820.62	17,127	28,270	538,606	601,842
2000-01	865.86	17,179	28,476	547,109	612,215
2001-02	896.46	17,520	28,788	558,210	625,280
2002-03	901.3	17,495	28,677	558,012	624,024
2003-2004	905.5	17,528	28,583	Not yet available	Not yet available

SOURCES: 1998-99 Data Digest, p. 2, 70; 2003-2004 Data Digest, p. 2, 79

- Turning small and mid-sized classes into large classes undermines undergraduate education, especially our efforts to create small-group intensive study and research experiences for undergraduates early in their education.
- Just as students are aware that they are paying more tuition for decreased quality, our faculty and staff are aware that they are assuming ever-greater work loads at no additional pay and with little hope of increased staffing.

2. Why it matters to you and your constituents

I'll talk about the financial impact in a moment. First, however, I want to talk about your constituents.

- The cuts that I have described affect the 3,270 Wisconsin freshman students who entered UW-Madison in fall 2003 and it will have an even greater impact on the students who follow them in fall 2004.² It also affects the 518 students who transferred to Madison in fall and those who will follow in the future. These students and their families are making sacrifices to secure an education. They deserve educational experiences and degrees of the traditional quality and value provided by our college. The steady erosion of state support, however, means that students are paying higher tuition at a time when the quality of their education is being undermined.

On May 15, Letters & Science will award over 2,500 undergraduate degrees. Of these, 1,790 will be awarded to students from Wisconsin; over 800 of those students are from outside of Dane County – River Falls, Oshkosh, Eau Claire, Port Washington, Hudson, etc. In addition, many of the 950 students who list Madison as their hometown came to our campus from another part of the state. An erosion of the quality of the education that we deliver will, over

² Office of the Registrar, University of Wisconsin-Madison, "New Freshmen by Wisconsin High School from Which Admitted, Fall 2003-2004 (As of the End of the Sixth Week of Instruction)," p. 8; "Undergraduate InterSystem Transfers by University of Wisconsin College From Which Admitted, Fall 2003-2004)," p. 1.

time, degrade the value of a UW-Madison degree and devalue the significant investments that your constituents are making so that a family member can earn this credential.

Threats to the human and physical infrastructure of the university also threaten to undermine the economic and social benefits of maintaining a strong research university. For example, we rely on the quality of our faculty and our graduate programs to secure grants – for our college an average of more than \$125 million in competitive federal grant awards per year. These grants:

- create well-paid professional jobs support Wisconsin's economic development
- provide cutting edge classroom and research experiences that make our undergraduates more competitive in the job market and enhance the ability of Wisconsin companies to adapt leading technologies and practices
- make it possible for us to provide levels of education and service that would not otherwise be possible due to the decline in state support for higher education
- bring conferences and educational programs to the state, supporting local and statewide service and tourism industries

Our historic partnership with the people of Wisconsin also continues to provide expertise to individual citizens and organizations on pressing problems of the day. Those partnerships cannot thrive unless we are able to maintain a creative and talented faculty and staff. I can best illustrate the contributions of our faculty by giving you a very small number of examples of what some of our professors are doing in addition to teaching courses, supervising student research, and securing competitive grants.

Morton Gernsbacher, a professor of psychology, works with families and organizations for families whose children have been diagnosed with autism. This year she began offering an on-line course to reach larger

numbers of families and care providers who work with this rapidly growing segment of our population.

- Seth Pollack, another professor of psychology, works with over 4,000 Wisconsin families who have adopted children from overseas institutions. His work started with a call from a parent who had adopted a child from Eastern Europe and has expanded into a major research project based in Wisconsin and Minnesota.

Steve Carpenter, a professor of zoology, and his colleagues in the Center for Limnology, are helping Wisconsin communities and lakeshore property owners to understand a myriad of issues related to water quality, lakeshore management, and other questions vital to Wisconsin's tourism industry and quality of life. Last year, the National Science Foundation awarded these scientists \$1.13 million for a multi-year "Comparative Study of a Suite of Lakes in Wisconsin," which will bring research spending to Wisconsin's lake regions as well as support faculty and student research.

Monica McCauley, a professor of linguistics, is working in partnership with the Menominee nation that is preserving documenting, preserving, and developing resources to teach the Menominee language. Last year, the National Science Foundation awarded this project \$300,000.

3. My hopes for the future

This is my last appearance as Dean of Letters and Science before a hearing of this type. I am retiring this year after 34 years as a professor and administrator on the UW-Madison campus.

I cannot deny that managing cuts in our state funding has been a challenging and stressful part of my job, particularly during the past two years. I am particularly proud of the faculty and staff in Letters & Science who have found ways to meet our budget and

personnel cuts while upholding our responsibilities to our undergraduate and graduate students.

The decision to step down was not an easy one for me. Any adversity that I have faced has been balanced by the fact that I also have had the privilege of working with some of you and your colleagues to solve problems. I also have had the privilege of witnessing the deep loyalty that our faculty, students, and over 125,000 Wisconsin alumni feel toward our university, and sharing in the excitement of the learning and discovery that is part of daily life on our campus.

My years of experience make it possible for me to be cautiously optimistic. I believe that you appreciate the value of the University of Wisconsin as a state asset, and I also believe that it is possible to work together to solve the challenges of funding in tight fiscal times. I want to take this opportunity to urge you to work with the University of Wisconsin System and UW-Madison to rebuild and renew the solid working partnerships that will make it possible to exercise strong stewardship to preserve this resource for future generations. There is much at stake and it is essential that the university have your renewed support and cooperation beginning now. We have everything to gain and little to lose.

With that I will conclude my remarks. I thank you for your time this morning.