

Regent Charles Pruitt, Testimony
Joint Committee on Finance
March 29, 2005

Senator Fitzgerald, Representative Kaufert and Finance Committee members: I am Charles Pruitt, a partner with A.B Data, Ltd. in Milwaukee and a member of the University of Wisconsin System Board of Regents. I serve on the Regent Business and Finance Committee.

I would like to describe the Regents' budget development process and funding priorities. Then UW System Executive Vice President Don Mash, the UW-Eau Claire Chancellor until the beginning of this month, will outline some of the challenges the Governor's budget presents. We would welcome your questions after our brief opening remarks.

The University of Wisconsin System is at a critical juncture. We have done our share – even more than our share – during the tough budget times this state has faced over the last several years. In the last biennium, we took a real cut of \$100 million and eliminated 450 jobs. But confronted with fewer dollars, we were also forced to make choices that had some very clear, and serious, consequences.

We had to choose to close the door of opportunity to too many low and moderate-income families and, as a consequence, to many families of color. We had to choose to make sacrifices in the quality of education. Student-faculty contact has decreased and lower-paid, often non-tenured faculty now teach almost 40% of all classes. We had to choose to limit the options available to non-traditional students, and we have seen those numbers decline from 40,000 ten years ago to 30,000 today. The direct consequence is that Wisconsin now ranks 31st and is declining in the percentage of our population with baccalaureate degrees.

In considering the 2005-2007 budget, together we can make some very different choices. We can choose to open the door of opportunity to low and moderate-income families by expanding financial aid so we can say that no child of Wisconsin will be turned away from the finest university system in America. We can choose to improve our academic quality and attract and retain the best leaders of our campuses, and the best teachers and staff, by recognizing the competitive world in which we live. We can choose to deploy the best university system in America to the task of increasing the number of college graduates in Wisconsin, moving from 31st to 21st, strengthening the state economy and increasing our brain gain.

Our budget recommendations for this biennium followed a year-long strategic planning process motivated by a decade of static or declining state support. As part of strategic planning, the Regents conducted several public hearings, held listening sessions with business and legislative stakeholders, and learned what the state needed to grow the economy for the future. The UW System has worked hard to maximize efficiencies and reduce duplication. We have heard the legislative leaders and the Executive Branch's clear message that we need to do all we can to keep administrative costs down and invest every possible dollar in the classroom.

We have made a lot of progress. We educate students for \$1,300 less than the national average. We have cut 225 administrative positions in the last six years. We have fewer state tax supported positions now than 10 years ago, while enrollments have grown by 8,700 during the same period. In short, we have grown well-paying jobs, supported them with private gifts, grants and federal contracts, and done more than our fair share to help Wisconsin balance its budget.

Our message to you today boils down to this: The University of Wisconsin System needs the state to reinvest in its public university so we can sustain and grow the human capital our state needs to grow in the future. The \$49 million investment Gov. Doyle has proposed is an important and very welcome start. We are especially encouraged by the investments in the HEAB and WHEG programs which will provide vitally needed financial aid to our students. We also welcome the Governor's proposals to fund cutting-edge Alzheimer's research and to help us remain competitive in retaining and attracting high-demand faculty

With Regent Brent Smith, the chair of the Wisconsin Technical College System Board, I co-chaired a Task Force to identify strategies to expand the pool of four-year degree holders in Wisconsin. As I mentioned earlier, Wisconsin ranks 31st in the nation in the percentage of our population with a bachelor's degree or higher. If you doubt the significance of this statistic, I urge you to look to our neighbor to the West. In 1991, Wisconsin and Minnesota were dead even in the number of college degree holders. Today we are 120,000 behind.

This reality has a clear and direct effect on the Wisconsin economy and our state's average family income. We know that those with a college degree earn, on average, \$51,000 a year compared to \$27,000 a year for high school graduates. We know that Wisconsin is about \$1,400 under the national average in per capita income.

To compete in the knowledge-based economy of the 21st century, we must do better, and we can. To reach the national average, Wisconsin must produce or attract 72,000 additional college graduates over the next decade. I hope you will support the Governor's proposal to include \$1.1 million in the budget to begin to implement the 13 strategies the Task Force developed. These strategies include:

- Promoting student retention and graduation through increased academic and career advising and financial aid;
- Developing and expanding degree completion options targeted at working adults and in areas of high labor market demand, and
- Identifying and contacting students who have dropped out of college after completing a substantial portion of their degree to facilitate their return and completion.

In conclusion, I believe the Board of Regents has, in cooperation with UW System, done all that it can to honestly lay out the choices we face as a university system and as a state. We know these are still challenging budget times, but we are also absolutely confident that a decision by you and your colleagues to reinvest in the University of Wisconsin System will pay extraordinary short and long-term dividends for the people of Wisconsin.

I will now turn to Executive Vice President Don Mash to further discuss reinvestment initiatives, as well as some of the mandates the university needs help in lifting in order to achieve savings and reallocation targets included in the Governor's budget. Executive Vice President Mash . . .

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