Thank you, Regent Pruitt, and thank you, members of the Joint Finance Committee for this opportunity to talk with you about the University of Wisconsin System and Wisconsin’s future. In a minute, I’m going to share with you portions of a letter from President Reilly, who is unable to be here today.

After I’ve hit the highlights of President Reilly’s letter, which explains our view of the Governor’s budget recommendations and how you can help, I’ll make some brief comments to provide a context to frame the importance of beginning a reinvestment in the university and its connection to our state’s progress. Regent Pruitt and I will then be happy to take your questions and fill in any blanks.

Allow me to summarize portions of President Reilly’s letter for you…

I’m not going to spend much time talking about the challenges our campuses have had dealing with the significant budget reductions during this biennium and in the prior one as a result of the budget repair bill. Suffice it to say that our financial capacity to provide what Wisconsin needs from its public system of higher education has been seriously compromised. On occasion someone would say to me in my prior role as Chancellor, “You are doing a marvelous job of dealing with these budget reductions, everything looks fine.” That comment is at the heart of a communication challenge we have, and one that we must address more effectively – we have been managing the budget reductions very well, but we have only been able to do it over the years by limiting what we do for Wisconsin, and the impact of that will be felt by our great state even more dramatically in years to come. A long-term view is necessary, but not often taken.

Let me offer one very good example: In the mid-1980s, an LAB audit determined that the University was enrolling more students than its budget could support. There were a number of options available at that time but the one taken was to downsize enrollment and manage it very carefully thereafter to maintain quality. Twenty years later, we have not yet returned to that enrollment level. You heard Regent Pruitt talk about our falling rank among states on the measure of the percentage of our adult population with Bachelors’ degrees. Where was the long-range view and vision twenty years ago as to the consequences of that decision? Examples like this and reciting the depth of our budget reductions may serve as attention getters. But we understand that these stories do not serve as a case for reinvestment today in this challenging fiscal climate. Rather, that case requires a compelling vision for the future. And we have one.

We can produce more baccalaureate degree holders for Wisconsin and that is Priority #1 for us today. But we will need some modest expansion of our financial capacity in order to do that. While we have continued to strive for more efficiency, better retention rates, and improved graduation rates, those measures will take us only so far. We must enroll and graduate more of our low-income citizens. We must reach out more aggressively to our citizens who would be part-time students – those who are now working full-time who entered the workforce directly out of high school. We’re trying to reach out to both these underrepresented groups, but we need some help from you to enroll and graduate them.

Beyond increasing the number of Wisconsin residents we could graduate, over 80% of whom would remain in the state, we also strive to address some significant workforce challenges
our state faces in specific areas. For example, all five of our nursing programs are maxed out at a time when everyone recognizes the critical need for more health care workers. We’ve developed some creative programs to produce more nurses through collaboration. But the primary impact will really come from our ability to hire additional faculty to teach more students and supervise their clinical experiences.

Our vision for a strong and vital University of Wisconsin System is to produce more degrees for our state, to increase the amount of sophisticated research conducted here and turned into intellectual property and businesses, and to publicly serve the regions of our state in a variety of ways that will contribute to the quality of life in our communities. We can do this, and that is a collective we – the UW and you our state’s leaders – to a greater degree than we are doing now, and if we do, we can lead Wisconsin to a bright future, in spite of the increasingly competitive arena we find ourselves in, at home and abroad.

Ladies and gentlemen, Regent Pruitt used the phrase “critical juncture” in describing our current situation. How did we get to this critical juncture? There are three challenging dimensions, that, in closing, I would like to identify. The three are: (1) declining state support, (2) previously suppressed tuition levels, and finally, (3) lack of management flexibility. Keeping tuition low and affordable is, of course, a good thing, if we can do it. But when declining GPR forces tuitions to rise significantly, without a conscious plan of complementary increases in financial aid to protect our lowest income citizens, we start down a road that leaves behind the tremendous potential that resides in these citizens – be they low-income or part-time students. Together we must frame a public policy discussion which would determine the appropriate responsibility of the state versus the student in order to plan growth and more predictable costs.

Exacerbating the GPR – tuition – financial aid dynamic and our shrinking financial capacity are state statutes and mandates that tie our hands as we strive to operate more efficiently. Representative Ward heard that message clearly when he appeared before the Regents at its most recent meeting. In February, Senator Harsdorf and Representative Kreibich’s committees jointly hosted a hearing on higher education, during which it was stated that the University of Wisconsin System may be the most over-managed and controlled system of public higher education.

We can do better for Wisconsin by proactively addressing these issues with the state’s future in mind. And it will take a partnership, a covenant if you will, between the UW System and you, our state’s leaders, to work on matters related to cost, support, and flexibility. We can do this better than we do it now, and deliver what Wisconsin’s bright future will require.

Thank you.

Now, Regent Pruitt and I will be glad to hear your questions and comments.

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