

# Principles for Progress and Prosperity

*Forging a new compact between Wisconsin and its Public University*

By

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The UW System will...

- Boost productivity & enhance quality
- Create new Wisconsin jobs
- Expand access



The State of Wisconsin will...

- Provide stable funding
- Allow greater management flexibility
- Expand access

## Introduction

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Wisconsin is at a crossroads. To thrive in a global economy that rewards innovation and knowledge, our state needs more college graduates and more jobs to employ its citizens. The University of Wisconsin System is poised to help on both counts.

More than 30,000 new freshmen enrolled at a UW campus last year, boosting enrollment to an all-time high of nearly 179,000. The number of UW degrees conferred last year also reached a new record, and plans are being developed to increase that output significantly.

Scientific discoveries emerging from UW labs continue to yield important benefits for human health, environmental sustainability, and economic growth, and efforts are under way to strengthen UW's research enterprise in ways that will create new jobs. This entails strengthening UW-Madison's global leadership, while expanding research capabilities at UW-Milwaukee and other four-year UW System campuses.

The UW System has an ambitious, detailed plan to move Wisconsin forward. To succeed, it will require an equally detailed commitment from the Wisconsin people and their government.

The time for this conversation is now, as the 2010 election campaigns heat up and candidates are asked to identify fiscal and policy priorities. Citizens and candidates alike need to decide if these priorities are, or are not, important goals for Wisconsin's future.

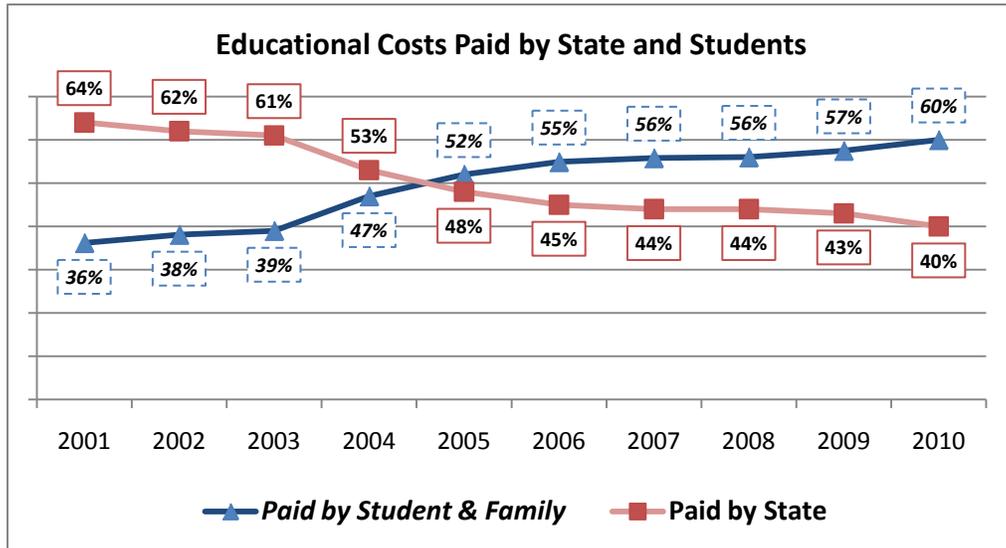
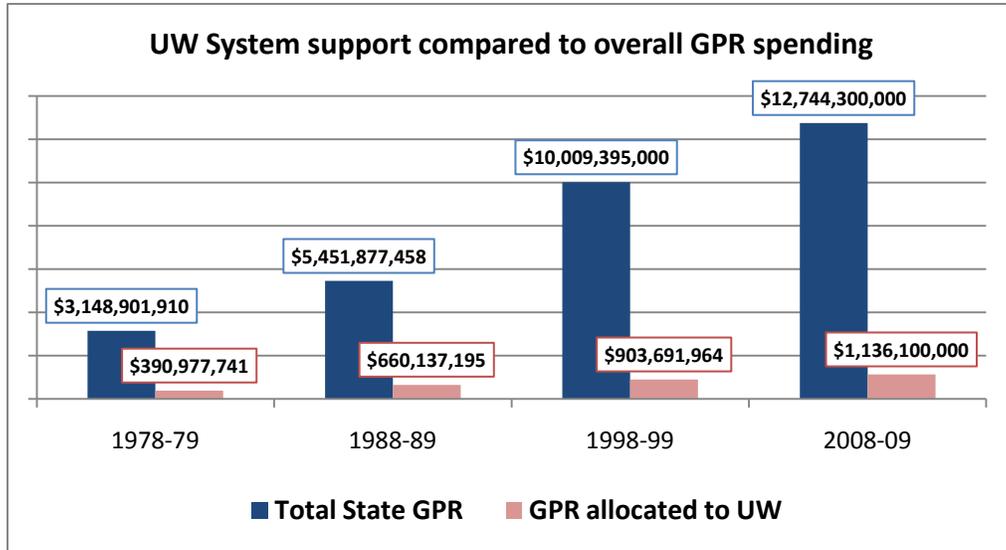
## Troubling Financial Trends

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Wisconsin is struggling to sustain its financial commitment to higher education. State funding for higher education has grown by 6.2% in Wisconsin over five years, compared to a national average of 13.3% growth. This is only the latest evidence of a longstanding trend.

Thirty years ago, more than 12 cents of every Wisconsin tax dollar went to the state's public university, representing 46% of the university's annual budget. Today, less than 9 cents of every tax dollar goes to UW, and state support constitutes less than 24% of UW's budget. In effect, the State of Wisconsin has become a minority shareholder in its own public university.

This shift affects students. Today, state funding is only enough to subsidize about 40% of the cost of educating each resident undergraduate student. As recently as 10 years ago, state taxpayers provided enough support to offset 64% of those costs.



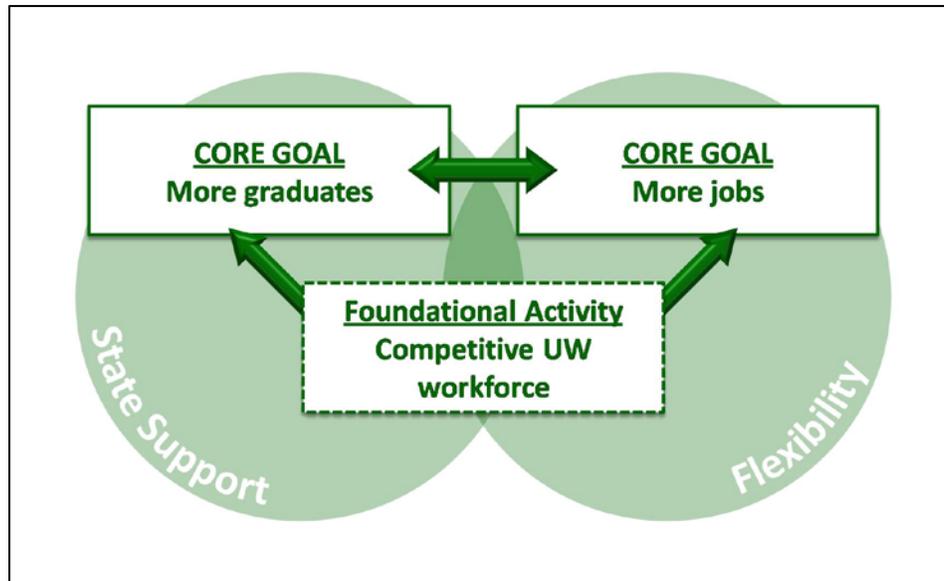
UW System campuses have managed to preserve their worldwide reputation for excellence through a commitment to efficiency. Today, the UW System spends 56 percent of the average public university on administration, saving Wisconsin taxpayers and students some \$140 million every year. With nearly 60 million square feet of buildings, our maintenance expenses are 28 percent less than the Midwest average. This saves taxpayers and students another \$39 million annually.

Any astute investor must conclude that UW System offers a great return on investment for Wisconsin taxpayers. We believe that strategic new investments will yield even greater dividends in the future.

## The Growth Agenda

Under the leadership of President Kevin P. Reilly, the UW System has introduced a plan to create a vibrant, resilient state economy – *The Growth Agenda for Wisconsin*. This is a strategic effort to address the “**supply and demand**” challenges in Wisconsin’s future.

One core goal in the plan is to increase the supply of college-educated workers, addressing the growing need for workers with some type of college degree.



A more educated workforce will reap many benefits, including faster job growth and higher incomes. A broader tax base will provide reliable support for education, healthcare, transportation, public safety, and other core public services, while reducing the tax burden on individual citizens and businesses. Together, these forces will stimulate job growth, leading to an “upward spiral” of economic vitality.

To put the economic impact in perspective, consider neighboring Minnesota, a state with significantly more college-educated citizens than Wisconsin. The economic disparity between the two states is staggering. If per capita income in Wisconsin were raised to the Minnesota average, residents here would collectively take home **\$29 billion more in earnings every year**.

On the demand side, the UW System is also working to create more jobs through an expanded emphasis on academic research and development, building on a proven record of success.

Led by UW-Madison, academic research and development is a \$1.1-billion industry in Wisconsin, translating into more than 38,000 jobs -- more than the plastics and rubber industry (32,380) or wood product manufacturing (23,790). By investing strategically in this established sector, Wisconsin can cement its position as a global leader, attract new businesses, and provide new employment options for UW graduates.

## Principles for Progress

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In today's polarized political environment, we cannot allow higher education to become a "wedge issue." With that in mind, we propose a new framework for the public debate about our UW System. Underlying this initiative is a clear sense of **shared, mutual responsibility**.

We are not asking for unconditional support. Rather, we are arguing for strategic commitment and greater stability, in exchange for measurable performance.

We hope that elected officials, political candidates, university leaders, and other stakeholders will embrace these "Principles for Progress" as a framework for a new relationship between the State and its public university.

### *The University of Wisconsin System will:*

#### **1. Boost productivity and enhance quality**

- As outlined in UW System's "More Graduates for Wisconsin" initiative, UW institutions are working to increase the annual number of undergraduate degrees conferred by 30%. Through a variety of strategic efforts focused on increased student retention and enrollment, this will result in a cumulative gain of 80,000 more graduates by 2025.
- With a commitment to the "Shared Learning Goals" adopted by every campus and faculty leaders, the university is aligning educational offerings with the needs of Wisconsin employers, preparing every student for success in an innovation-driven economy. Enhancing UW's already strong reputation for educational quality, this will give students the skills they need to help Wisconsin businesses thrive in a global marketplace.
- The UW System will provide innovative new learning options for part-time students, returning veterans, displaced workers, and other non-traditional students, including innovative degree-completion programs, collaborative degrees, online degree programs, and other new programs.

#### **2. Create Jobs**

- UW System's "Research to Jobs" plan shows how the university is taking specific steps to create new jobs through expanded university research, streamlining the process for commercializing discoveries and expanding research partnerships.
- This will include expanded support for Wisconsin entrepreneurs, as well as greater emphasis on entrepreneurial education across the university's educational offerings. This will generate new jobs and new start-ups, as well as productivity gains for existing Wisconsin businesses.

### 3. Expand Access

- Additional resources and management flexibility will allow UW campuses to create more seats in the classroom for Wisconsin residents to pursue their college dreams.
- Today, 92% of resident applicants are accepted to at least one UW System campus where they apply, and that commitment to broad access will be sustained. The UW System will enroll larger numbers of lower-income students, first-generation college students, and people from other under-represented populations.
- Tuition at the two-year UW Colleges has been frozen for four straight years. During the same period, tuition at four-year campuses rose at modest rates compared to other schools, and UW tuition is now approximately 17.6 percent less than the median tuition at peer colleges and universities. Maintaining UW's national reputation for efficiency and affordability, the UW System will work to secure new private investments in financial aid, to complement State and Federal need-based aid programs.

### *The State of Wisconsin will:*

#### 1. Provide stable funding for the UW System

- As recently as 1995, the Governor and the Legislature allocated one dime from every tax dollar to the UW System. As other commitments have grown, the UW's share of state spending has slipped to about 8.9 cents of every dollar. Now, as the UW System develops long-term plans to increase access, produce more graduates, and create new jobs, we believe that the State should also work to stabilize its commitment to higher education.
- A high-quality college education requires high-quality professors, advisors, librarians. Likewise, world-class scientific research requires world-class talent. As colleges and universities around the world compete for talent, the State should provide UW System with the resources and flexibility needed to address competitive market forces, making prudent investments to retain top talent.

#### 2. Allow greater management flexibility

- The State should allow the UW System to adopt more efficient business practices that encourage innovation and make the best use of scarce dollars. In purchasing, contracting, construction, and other areas, the UW can drive overhead down and productivity up. To achieve this important goal, the State amends policies and laws in a manner that preserves accountability while increasing efficiency.

### 3. Preserve Access

- To ensure that low- and moderate-income students can afford to attend a UW System school, the state should make prudent investments in need-based financial aid. Wisconsin law already requires funding for the state's largest need-based program (WHEG) to increase by the same percentage as tuition. The UW Board of Regents has long supported a dollar-for-dollar increase that would insulate the state's neediest populations from cost increases.
- Preparation is an integral part of college access, and the State must help future generations of students prepare for lifelong success by supporting high-quality education and college preparation in Wisconsin's K-12 schools.

## Conclusion

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Regents and UW administrators do not decide tax policy, or how much individual citizens must pay to support vital public services. Elected leaders make those tough choices, but we are convinced that the UW System's *Growth Agenda for Wisconsin* presents real promise, in the form of tangible economic dividends.

Others may argue that there are more important things to do with State funds. We respect those differing opinions, but we must all understand the tradeoffs and missed opportunities that may result. As businesspeople appointed to the UW System Board of Regents under both Democratic and Republican governors, we love this university and the promise it holds for Wisconsin's future.

We offer these Principles of Progress as one framework for a collegial debate about important choices that will affect the future of Wisconsin. Let the conversation begin!



**Charles Pruitt**



**Jay Smith**