



**Remarks by President Ray Cross
to the UW System Board of Regents**

August 21, 2014

Thank you, President Falbo and members of the Board.

My remarks today are intended to create a context for the biennial budget proposal we will present to you shortly.

As you will soon see, the budget request is based on a new vision—my vision, to be clear—of the UW System’s role and purpose. I’m hopeful that each of you will embrace this vision, enabling it to become a “shared vision”—*our* vision!

It’s a vision that I have shared with the chancellors and discussed with many of you.

It’s a vision that’s been influenced by the many conversations I’ve had with Wisconsinites over the past six months.

It’s a vision that capitalizes on the UW System’s power and potential to provide transformative change—change that improves the social and economic well-being of our state, and in the process elevates Wisconsin’s influence around the globe.

Yes, it has that potential.

To give us a common understanding, I will share a brief history of higher education systems, why they were created, and contrast that to what is needed today and in the new economy – the economy of the future.

To conceive of a new system, we need to agree upon an operational framework while outlining some guiding principles within which it will operate.

Even though we have not completed a strategic planning process, I have clearly heard one consistent request of the university: The university’s priorities should be more tightly aligned with the needs of the state.

Our biennial budget request reflects that focus.

Let me start with a brief and relevant history of higher education systems—specifically, the conditions and purposes that led to their creation.

Higher Education Systems

Following World War II, the GI Bill helped to create explosive demand for postsecondary education. College enrollments swelled.

This growth prompted state policy makers to look for ways to effectively manage and control their investment of public resources.

In many states, the answer was to create a system of higher education, with a central administration and citizen board to manage things.

Currently, there are 49 multi-campus systems operating in 37 states. Nearly 75 percent of all students attending four-year public colleges and universities are attending institutions that are part of a system.

Why? Why were systems created? In what context, and for what purpose?

While there may be more reasons, the three main reasons were:

1. To control and manage enrollment growth.
2. To avoid unnecessary duplication of programs and facilities.
3. To allocate resources.

Since systems were created for the purpose of managing and controlling growth, it is understandable that they would tend to:

1. Be more functionally focused rather than strategically oriented.
2. Have a stronger internal perspective rather than an external one.
3. Be more focused on management and processes rather than leadership.
4. Emphasize their internal communications role while placing less emphasis on setting the public agenda.

Perhaps the most often cited concern about systems is their focus on balancing the interests of institutional members – that is, trying to keep everyone happy. As a consequence, sometimes systems have not been as attentive to stakeholder needs— stakeholders such as the state—as they should have been.

It is clear that systems need to adjust. Demographics are different today and, demographics are our destiny. We have an aging population (fewer working age adults), fewer high school graduates, and the migration rate in and out of the state is not very favorable for working-age adults at this time.

In addition, state budgets are pressed from all sides and public higher education all over the country is challenged to secure additional state funds.

In the midst of all of this, politicians and the public are asking us to do more.

They want us (systems and member institutions) to be more strategic, more nimble, more responsive, more entrepreneurial, more accountable, more efficient, and more flexible.

Most often they are speaking about higher education in general; however, it is important to note that individual institutions *within* a system tend to be better in these areas than systems themselves. Remember, systems were created primarily to serve a different role—to manage and control things, not to lead or to be innovative or entrepreneurial. Hence, the often noted tension between systems and institutions within that system.

Can higher education systems be transformed to better serve all their stakeholders?

Yes, they can! And, furthermore, I believe they must!

I believe we must adapt. We must change.

It is no longer enough to be *organized* as a system of universities; we must also *perform* as a system, leveraging the collective power of our universities in ways that significantly add value and produce results for all of our stakeholders.

A Transformed UW System

Today I will propose a new vision for the University of Wisconsin System. But before I do, let me provide a framework for what I believe a future system of higher education should be built around.

I will also share some critical guiding principles under which such a system should operate.

Let's start with the framework.

There are three components.

First, strategic leadership—a statewide vision of the system's destination.

Second, strategic management--the administrative operations that allow us to achieve efficiencies and effectiveness.

Third, strategic responsibility—the traditional management and control functions providing the state with the accountability required in statutes.

Let's first look at strategic leadership.

The higher education system of the future will have a statewide vision. It will be more future-oriented. It will inform and prepare the state regarding future needs. It will guide the state into a more prosperous future.

It will also provide an important analytical function. It will use predictive analytics or data science to improve management and decision making—for the state, for its member institutions, and perhaps, most importantly, for students. It will be proficient at compiling data, mining data and converting that into useful information.

Managing operations from a statewide perspective should open opportunities for sharing or combining services.

We should be able to share more “backroom operations” to achieve efficiencies and to redirect those savings into the classroom.

Additionally, we need a more synchronous and coordinated way of advocating for the university. We have not realized our full potential in this arena.

Of course, we also need to establish a stronger partnership with the business community—we need their support in order for both of us to be successful.

The system of the future will also foster greater collaboration while freeing institutions to focus on their core missions.

Finally, we do have some statutory and governance responsibilities. Processes, controls, and accountability are all part of our current responsibilities the state has assigned to the system and to the board.

Most of these responsibilities center on the traditional management and control. The *system of the future* will place greater emphasis on performance—that is, what will be measured, how it will be measured, and why it is needed. Clear and understandable metrics will guide effective evaluation of performance processes.

Of course, policy development is the responsibility of the Board of Regents. But those policies must value and even reward diversity of institutions or else we will lose our ability to serve the broader needs of the state.

These three components should make up the framework for a new system of higher education. Strategic leadership, strategic management, and strategic responsibilities.

Can this framework effectively be put into action to form a new, more engaged future system? I firmly believe it can, especially if the system operates within that framework in accordance with the following three guiding principles:

First, the system must add value to the state and to the institutions. Value as determined not just by one or the other, but by both the state and the institutions.

To be effective, the system must carefully orchestrate that balance.

Secondly, “one size does not fit all.” We must value diversity of institutional type. Policies and practices that make us all look alike will destroy our strength if we aren’t vigilant.

There will always be a tendency toward conformity within systems. Legislators and the public often look for simple, common metrics to measure all institutions. At times those may be very appropriate; managing and controlling is always easier when one uses the same yardstick. However, it is important to guard against this tendency.

My final guiding principle is all about collective impact.

Aristotle noted that when pieces come together, *the whole should be greater than the sum of its parts*. That axiom is carried to the next level through *collective impact*. Let me spend just a moment on the abstract concept of collective impact and the incredible opportunity it offers systems.

The concept of collective impact is the alignment of units in a focused fashion on a common goal.

Most of the time institutions function as individual entities and sometimes in a cumulative manner. That is entirely appropriate and as it should be.

However, there are times when units or institutions need to align their energies in a linear, mutually reinforcing manner to achieve greater impact. We call that collective impact.

Systems are the ideal model for implementing this concept when appropriate – when there is a clear and common understanding of the challenge, and when there is a common goal with complete agreement on desired outcomes.

A Focus on Developing Talent and Ideas

Given some of the challenges we face, we will need to function collectively to achieve the desired impact our students, our faculty, our staff, our communities, our businesses, our state, and yes, our world demand.

Perhaps the greatest challenge facing Wisconsin, and many other states, is the creation of jobs.

Wisconsin is about in the middle of states in job growth; however, just *creating* jobs is not enough. We need to create high-impact jobs—jobs that increase personal growth, quality of life, and social and economic opportunity. Jobs that create *more* jobs!

I have been hearing this message wherever I go. Employers are telling me that they have job openings they cannot fill and positions for which they cannot find qualified applicants.

Employers aren't the only ones claiming that a significant number of jobs are going unfilled.

Manpower's recent report documents this shortage very effectively. We have a talent gap, and that gap is holding back our economy.

To grow, our economy badly needs more high-impact jobs. When Jeffrey Immelt addressed this Board, he encouraged us to double the number of engineers we graduate for just that reason. He was encouraging us to create high-impact talent for the needed high-impact jobs.

What does high-impact talent mean to an economy? One only has to look at Stanford and the Silicon Valley. Or North Carolina's research triangle. Or Boston's Route 128 corridor. Or right here in Wisconsin—in Madison, Milwaukee, Stout, and on and on. All are clusters of high-impact talent and ideas that continue to fuel the state's economy, in good times and in bad times.

Therefore, I believe the UW System needs to boldly proclaim that *from this day forward, our priority will be to develop the TALENT and IDEAS that raise Wisconsin's prosperity and serve the world.*

The UW System possesses the human and capital resources to be a powerful catalyst, one capable of truly transforming the state's societal and economic conditions in ways that benefit all the people of Wisconsin – even people around the world.

All UW institutions will participate in this commitment. Academically, we will broaden the talent base on which employers and entrepreneurs depend through our emphasis on the STEM fields, the arts and humanities, and professional programs.

Of course, in many ways, we already perform as a key economic engine within the state. But we can do more.

Today, we are organized as a system but we don't always perform as a system. Only the University of Wisconsin can solve many of these challenges. These are the areas where we need to have collective impact and bring about significant positive change.

The Talent Development Initiative

Therefore, I am proposing that our biennial budget request focus on the development of talent – high-impact talent.

We are calling it the Talent Development Initiative.

It has three interrelated components.

1. The Talent Path
2. The Talent Infrastructure
3. The Talent-Based Economy

In a moment, David Miller will explain this plan in greater detail. But before he does, let me provide an overview of these components and their centrality to Wisconsin’s needs.

First, the TALENT PATH is essential because we face some serious challenges getting more qualified students into and through the “pipeline.”

The state’s population is aging, which means fewer working age adults to meet demand and potential. We are experiencing a declining number of students entering and graduating from high school and an outmigration of working age adults, a reflection of Wisconsin’s changing demography.

Those demographic changes foreshadow our destiny—unless we act in ways to influence them. Thus, we must get more students successfully through K-12 and ready for college. Tomorrow I will share some very aggressive goals in partnership with our K-12 colleagues—goals that reflect the importance of this effort.

It also means getting high school students to jump-start their college careers by taking college-level courses while still in high school through Course Options.

Once students are on our campuses, we must work hard to help them succeed. That requires effective retention strategies, transferability options, and connecting them to the world outside the university through high-impact practices such as internships and undergraduate research opportunities.

Another area of attention will be the 750,000-plus working age adults in Wisconsin with some level of college but who, for a variety of reasons, never completed their degree. The UW Flex Option and our UW Online programs need to be expanded to better serve those individuals.

Secondly, we need to build our TALENT INFRASTRUCTURE. But before we do, we need to better understand where and what is needed. Often aggregate numbers conceal different regional and local needs.

Once we better understand the needs, we need to invest in building these critically important high-impact talent-creating programs.

At Madison, for example, approximately 58% of all faculty teach STEM-related courses. That number hasn't changed in over 14 years even though the student and employer demand for those programs has increased significantly. We must produce more high-impact talent in these critically important fields by growing this infrastructure so that we can directly impact the state, the nation, and the world.

And third, we need to continue building a TALENT-BASED economy. This is the continuation of the Economic Development Incentive Grants initiated last year.

Launching and growing businesses that require high-impact talent is needed within the new economy – a healthy, thriving, job-producing economy.

You will see each of these three components of the Talent Development Initiative in our proposed biennial budget request.

Moving Forward

In summary, I've proposed a broad, yet focused, vision for the University of Wisconsin System and offered a biennial budget request directly tied to that vision.

We are early in the process; however, I felt it was important to share my vision—one crafted in consultation with Board leadership, the chancellors, business leaders, faculty and staff, students and conversations with folks all around the state and beyond.

I ask the Board, the chancellors, and our faculty and staff, as well as the greater University of Wisconsin community to help me refine and implement this vision into one that we can all share and advance. A vision that moves us—that challenges us to think big—that scares us because it seems a bit too daunting.

A vision that helps us build a new University of Wisconsin System – a system for the future. One that performs as a system, that has collective impact, that adds value to the institutions and to the state, that values the diversity of institutions and, is respected and admired in Wisconsin and throughout the world not just as the University *of* Wisconsin but also as the University *for* Wisconsin!

Thank you.