



How the UW System Compares...

	U.S.	Wisconsin
Access 2002	22%	33%
Tuition 2002-03	\$5,708 Big Ten Peer \$5,450 UWM Peer \$4,553 Comp Peer	\$4,423 Madison \$4,353 Milwaukee \$3,604 Comp
% Admin Costs 2002	10.3%	5.8%



Comparison of Tuition Peers, 2002-03

	RESIDENT				NON-RESIDENT			
	Undergraduate		Graduate		Undergraduate		Graduate	
	\$	Rank	\$	Rank	\$	Rank	\$	Rank
UNIVERSITY OF WISCONSIN-MADISON	\$4,423	8	\$6,877	4	\$18,423	2	\$22,147	2
Average Excluding Wisconsin (2)	\$5,708		\$6,853		\$16,405		\$16,069	
Mid-Point Excluding Wisconsin (2)	\$5,509		\$6,530		\$15,342		\$14,742	
Distance from the Mid-Point (2)	(\$1,086)		\$347		\$3,081		\$7,405	
UNIV. OF WISCONSIN-MILWAUKEE	\$4,353	12	\$6,649	6	\$17,105	2	\$21,015	1
Average Excluding UW-Milwaukee (1)	\$5,450		\$6,530		\$12,356		\$13,094	
Mid-Point Excluding UW-Milwaukee (1)	\$5,670		\$6,402		\$11,578		\$13,898	
Distance from the Mid-Point (1)	(\$1,317)		\$247		\$5,527		\$7,117	
UW-Comprehensive Average	\$3,604	34	\$4,934	17	\$13,650	4	\$15,544	2
Average Excluding UW-Comprehensives (1)	\$4,553		\$5,137		\$10,027		\$10,276	
Mid-Point Excluding UW-Comprehensives (1)	\$4,462		\$4,934		\$10,140		\$9,618	
Distance from the Mid-Point (1)	(\$858)		\$0		\$3,510		\$5,926	

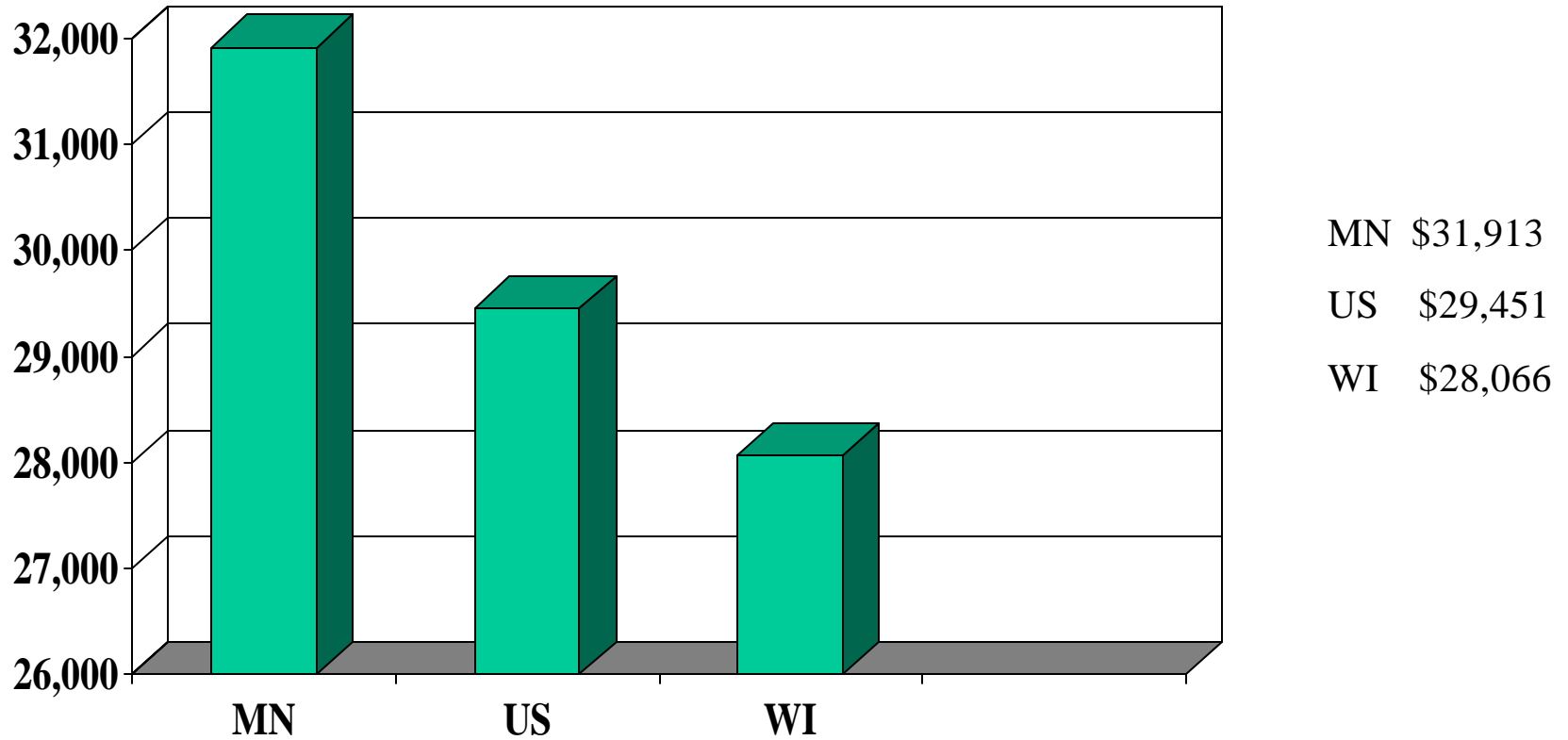


Three critical points...

- Long term investments will move our per capita income to the U.S. average.
- The UW System is a key asset in improving Wisconsin economically through our graduates and our research.
- The way to fuel the university's economic engine is by agreeing on the outcomes we seek and equitable funding sources.



Personal Income is Below National Average





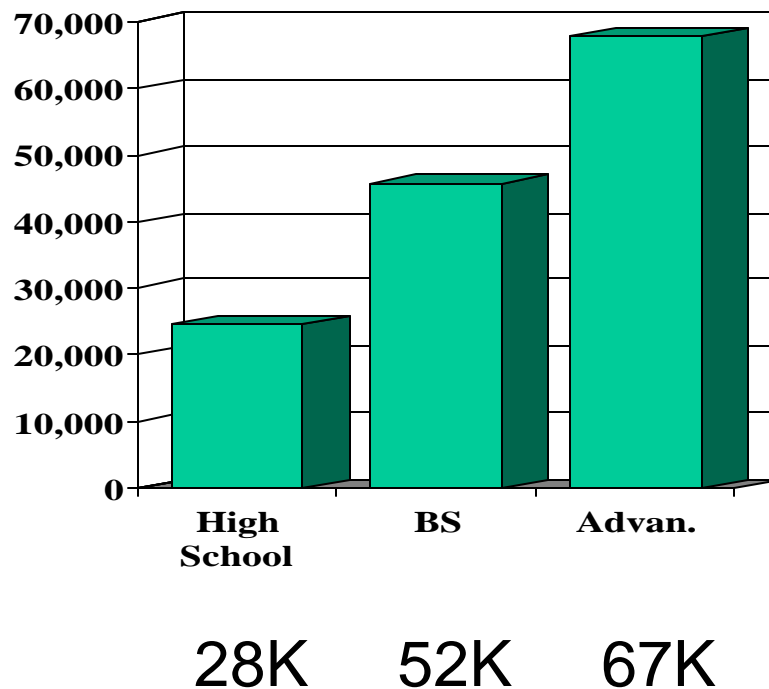
Impact of Below Average Income

- Achieving the U.S. average in per capita income would yield **\$7,745,146,700 in higher income** for Wisconsin families.
- This amount of income would yield additional tax revenue of \$388,000,000

...without raising taxes.



Nationally, Income of College Grads is 86% Higher

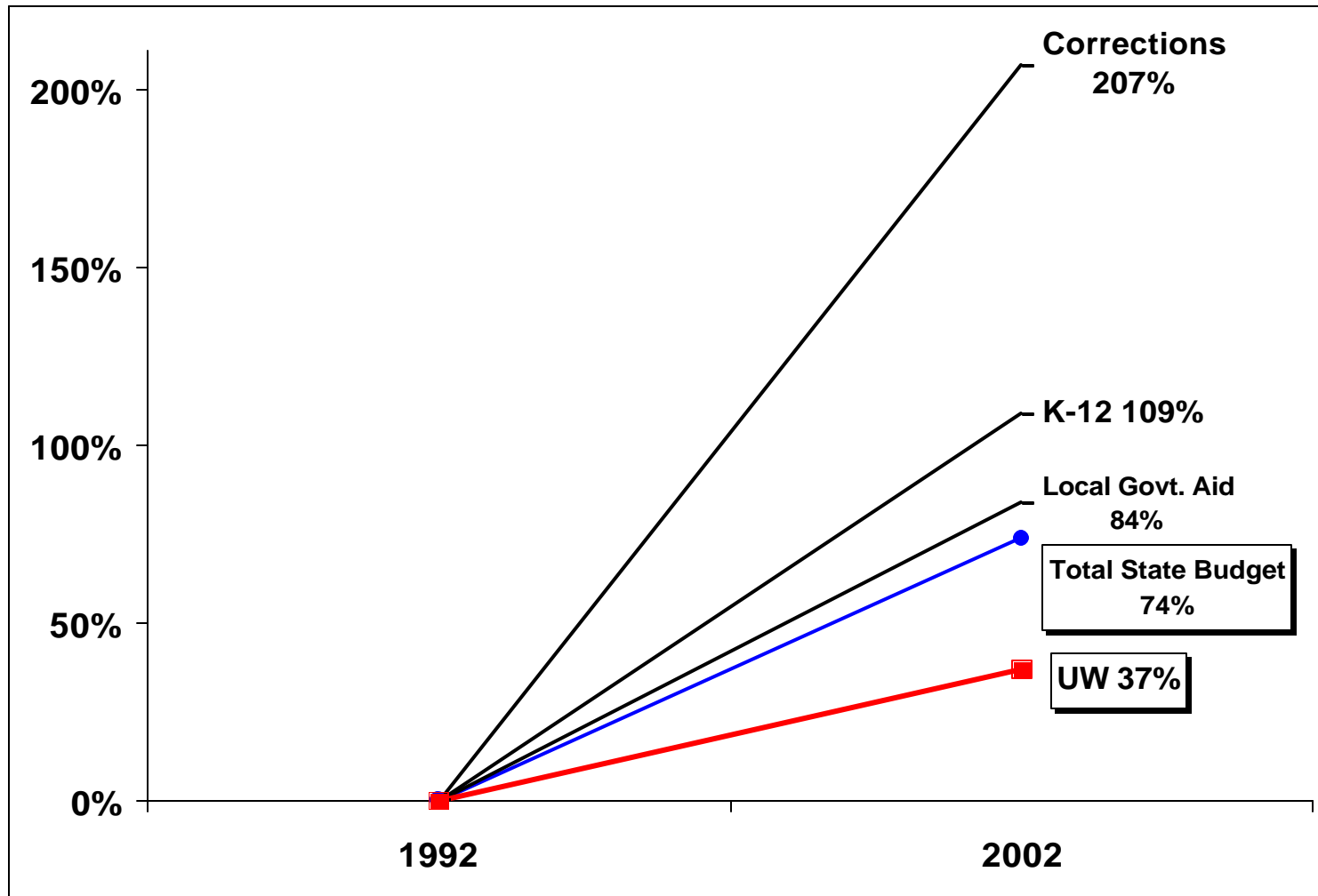


“The 20 occupations with the highest earnings all require at least a bachelor’s degree. Throughout the economy, occupations that require a college degree are growing twice as fast as others.”

U.S. Department of Labor
Futurework – Trends and
Challenges for Work in the
21st Century



State Priorities Have Shifted Away From Higher Education Opportunities

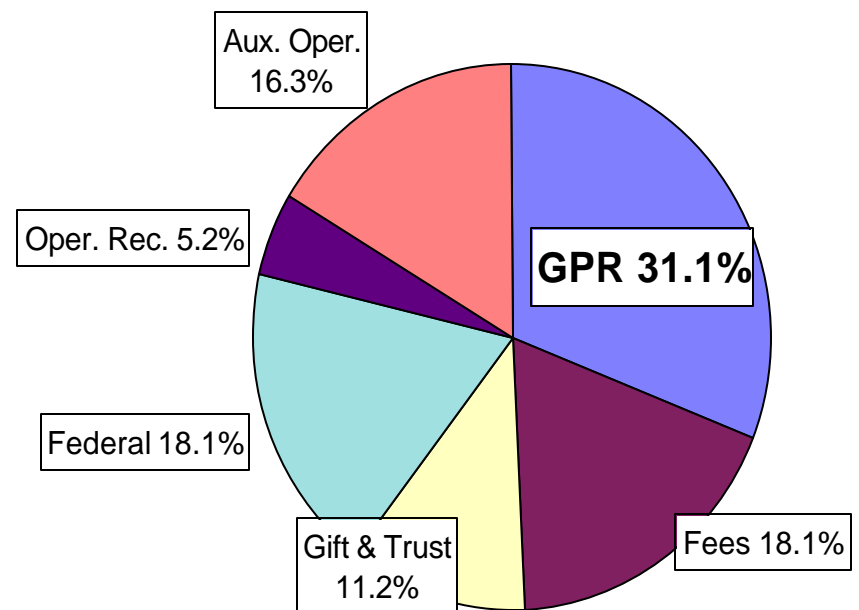
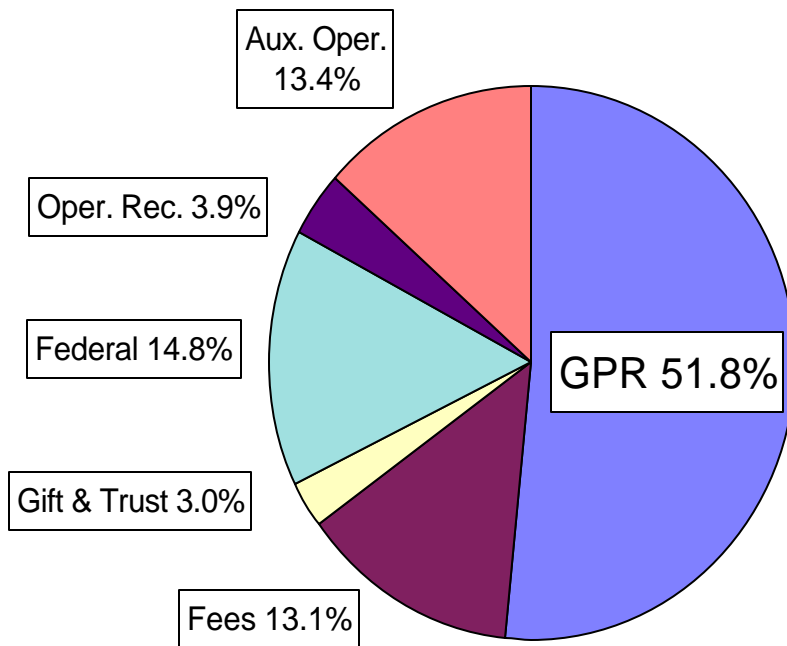




Sources of UW System Funds for the 2002-03 Budget as Compared to the 1973-74 Budget

1973-74

2002-03





2001-03 Biennial Budget

- GPR increases earmarked for:
 - Fringe Benefits
 - Utilities
 - Debt Service
 - Financial Aid
 - .7% Pay Plan Increase

HOWEVER:

- These increases are fixed for non-instructional costs, therefore reductions result in reduced programs for students.



UW Campus Budget Reductions

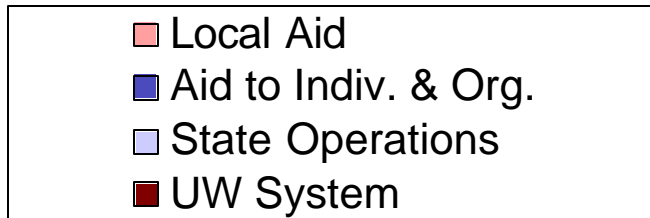
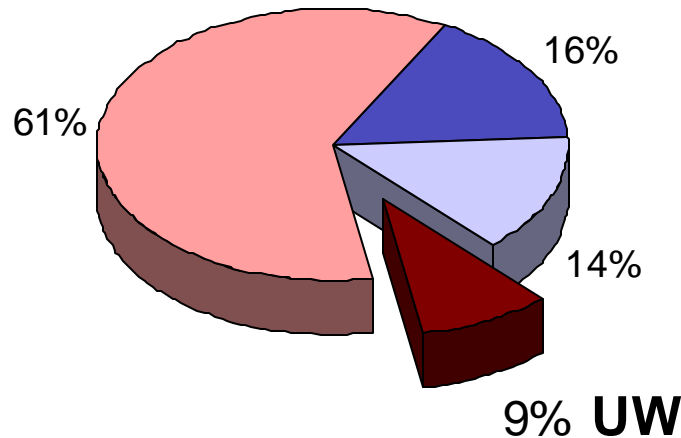
UNIVERSITY OF WISCONSIN SYSTEM	
2001-03 BUDGET ADJUSTMENT BILL	
	2001-03 Budget Adjustment
UW-Madison	-\$17,251,115
UW-Milwaukee	-\$8,578,798
UW-Eau Claire	-\$2,143,562
UW-Green Bay	-\$850,490
UW-La Crosse	-\$1,176,522
UW-Oshkosh	-\$1,276,194
UW-Parkside	-\$852,119
UW-Platteville	-\$1,487,836
UW-River Falls	-\$838,550
UW-Stevens Point	-\$1,937,301
UW-Stout	-\$1,426,392
UW-Superior	-\$480,914
UW-Whitewater	-\$2,023,758
UW Colleges	-\$1,508,581
UW Extension	-\$1,867,814
UW System Admin.	-\$533,454
TOTAL	-\$44,233,400



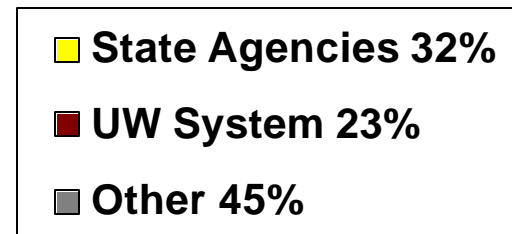
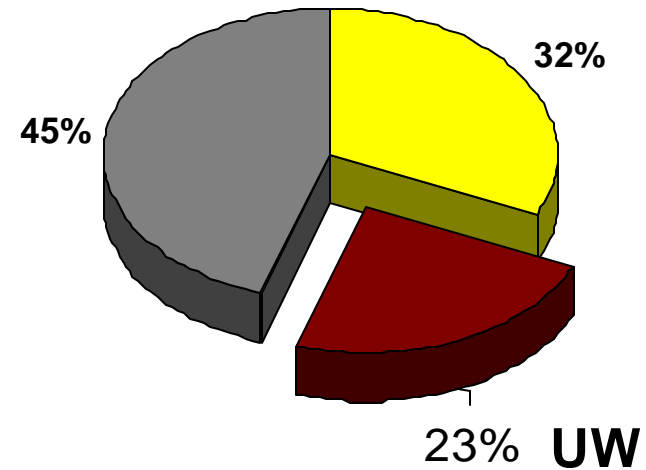
2001-03 Biennial Budget

UW System represents 9% of state budget but took 23% of direct cuts

State Spending



Allocation of \$189 Million Cuts





UW efficiency benchmarked nationally...

	<u>WI</u>	<u>U.S.</u>
• Administrative Costs	5.8%	10.3%
• Students Served per \$10 Million	1,274	1,128

UW serves 14,600 more students than peers for the same budget.

- UW System “Accountability Report” issued every year since 1992.
- UW-Stout – 1st Baldrige Award to higher education.



How are we managing?

- Managing enrollment to match instructional resources.
- The UW has become more entrepreneurial:
 - Masters Degree in Management, UW-River Falls
 - e-Business, UW-Milwaukee
 - Evening MBA, UW-Milwaukee
 - Collaborative Nursing On-Line, Systemwide
- Reducing administrative cost to lowest in the United States
- Imposing hiring freeze.
- Restricting travel.
- Public accountability reporting since 1992.
- Growing federal funds (\$624.7 million per year) and private gifts and trusts (\$387 million).



How are we managing?

- Discontinued programs & reallocated resources to cover costs formerly funded through GPR:
 - Added 89 academic programs by discontinuing 85 academic programs in the last 10 years.
 - Reduced 519 FTE faculty positions between 1992 and 2001.
 - Academic staff substituted for faculty.
 - Invested in instructional technology through reallocation in 2002-03. (\$16 million)
 - Self-funded faculty & academic staff pay plan for 2001-03. (\$44.1 million)
- Increased collaboration among UW institutions and the WTCS.
- Use of public/private partnerships extended.



How do we compare?

- Benchmarking ourselves against national peers:

<u>Benchmark</u>	<u>WIS</u>	<u>PEERS</u>
Admin. Costs	5.8%	10.3%
Students educ'd / \$10M GPR	1,274*	1,128
Tuition (resident undergrad)	\$3,461 - 4,423	\$4,604 - 5,708
Tuition (non-res undergrad)	\$13,506 - 18,423	\$10,027-16,405
Access (% HS grads served)	33%	22%
Graduation Rate	54.2% **	47.9%
Student to Faculty Ratio	20:1	16:1

*** UW educates 14,600 more students for same budget**

** 60.5% including internal transfers within the UW System.



Investment in the UW System pays off...

- Statewide economic impact of UW budget – the state’s \$1 billion investment generates:
 - \$9.5 Billion/year in gross state product.
 - \$408 Million/year in state income and sales tax revenues.
 - 150,000 jobs statewide.
 - 25,000 skilled graduates who stay and work in Wisconsin.
- Rate of return to the state: 8.9% per year (S&P 500 this year: -27%)
- Rate of return to a graduate: 30% per year
- Note:

	<u>HS Grad</u>	<u>BA/BS Grad</u>
Avg. Annual Income	\$27,978	\$51,649
Unemployment Likelihood	8%	3%



Investment in the UW System pays off...

- Spin-off businesses from UW research & development:
 - 218 new businesses incubated through UW-Madison research (8,000+ employees) and an average of 13 more are created each year.
 - 1,700 patents issued by UW-Madison, generating \$17.5 million in royalties last year.
- 8,000 Wisconsin small businesses assisted by SBDCs annually.
- Wisconsin Public Radio & Public TV provided statewide – carried:
 - Daily instruction to 565,000 K-12 classrooms and students.
 - Gubernatorial debates
 - Statewide election coverage.
 - We The People public policy discussions on health care, family, race relations, state energy needs, and the federal deficit.
 - Wisconsin Stories of Wisconsin history.
 - Major documentaries on the Civil War, baseball, etc.
 - Jim Lehrer News Hour



Investment in the UW System pays off...

- Life-saving medical research:
 - “Wisconsin Solution” for donated organs doubles their life and usefulness.
 - UW Hospital rated tops in US for transplant survival rates and shortest waiting times.
 - New brachytherapy reduces treatment for breast cancer from 2 months to 5 days.
 - Conjugen, a UW spin-off enterprise, developed a product that will save 500,000 lives per year from hospital staph infections.
 - Stratatec, developed innovative skin grafting procedure for burn victims.
- The 28,000 UW annual graduates include:
 - 90% of Wisconsin’s pharmacists.
 - 68% of the state’s K-12 teachers.
 - 72% of nurses applying for licensure.
- UW-Extension served 900,457 clients in 2001. 177,112 of these were agriculture related.



Key UW Challenges going forward...

How to:

- Meet demand for admissions with shrinking resources?
- Begin to restore lost faculty positions.
- Keep commitment to the Wisconsin Idea by:
 - Completing the Economic Stimulus Package (graduate more than 1,250 in high-demand fields).
 - In collaboration with WTCS and DPI, helping the state address the nursing shortage and specific teacher shortages in special education.
- Maintain competitive faculty & staff compensation – recruiting and retaining replacements for retiring faculty/staff.



Key UW Challenges going forward...

Addressing:

- Growing instructional technology and library needs.
- Retention, graduation rates, and advising with shrinking resources.
- Increasing government charge backs.
- Rising insurance costs.



How the Legislature could help the UW...

- Provide the University with a lump sum budget; let Regents set resident and nonresident tuition; consolidate separate appropriations for central functions; and hold the University accountable for performance.
- Authorize the UW System to manage UW procurement.
- Direct the UW System to submit its pay plan request directly to the Joint Committee on Employee Relations.
- Exempt cash-funded capital projects from enumeration.
- Enable the UW System to retain interest earnings on tuition revenues.
- Enable the UW System to retain 100% of the proceeds from the sale of real property.
- Encourage Advanced Placement and Youth Options courses.