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March 23, 2011

Dear Senators and Representatives:

As you begin work on the 2011-13 biennial budget, we hope that you will give careful consideration to the effect your decisions will have on the University of Wisconsin System, all 26 campuses, all 72 county Extension offices, all 182,000 enrolled students, and all 30,000 of our UW faculty and staff colleagues.

We hope that you will support the **Wisconsin Idea Partnership** as the best way to provide all UW institutions with new management tools that will help us mitigate the effects of \$250 million in state funding reductions.

Attached is a summary of the Wisconsin Idea Partnership and a resolution of support passed by the UW System Board of Regents on March 10, 2011. **We support this proposal to provide much needed administrative flexibility to all UW institutions as part of one unified system that includes UW-Madison.** More than ever, that flexibility is needed to preserve broad access to a high-quality UW education.

Thank you for your consideration.

Sincerely,

Ray Cross
Chancellor, UW Colleges/Extension

Brian Levin-Stankevich
Chancellor, UW- Eau Claire

Thomas Harden
Chancellor, UW-Green Bay

Joe Gow
Chancellor, UW-La Crosse

Mike Lovell
Interim Chancellor, UW-Milwaukee

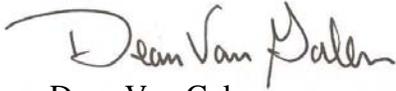
Richard Wells
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Deborah Ford
Chancellor, UW-Parkside



Dennis Shields
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Chancellor, UW-River Falls



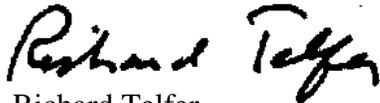
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Interim Chancellor, UW-Superior



Richard Telfer
Chancellor, UW-Whitewater

WISCONSIN IDEA PARTNERSHIP

Summary of Proposal to Provide Management Flexibilities for All University of Wisconsin System Institutions

The primary purpose of the Wisconsin Idea Partnership is to advance the Wisconsin Idea by providing the maximum flexibility to all University of Wisconsin Chancellors to lead their institutions in the most effective and efficient manner possible, for the benefit of their students, faculty, staff, and local communities. To accomplish this, the UW System proposes amending the proposed 2011-13 biennial budget bill to provide all UW campuses and UW-Extension with new management flexibilities within the current Board of Regents of the University of Wisconsin System governance structure. These statutory flexibilities are necessary to ensure that all UW institutions can operate more efficiently and effectively, with the tools to manage significant budget cuts and compete effectively for outside resources, and attract high quality students, faculty, and staff.

This Wisconsin Idea Partnership provides UW-Madison with all the operational flexibilities proposed by Governor Walker, but within a unified System framework. This option avoids the creation of a new public authority that would separate UW-Madison from all other UW institutions. By preserving existing law that governs UW institutions, this straightforward approach addresses many concerns about student, faculty, and staff shared governance, student access, tuition rates, academic freedom in teaching and research, and the appointment of a new and separate governing board.

If this language is included in the 2011-13 budget, the Board of Regents will delegate these new management flexibilities to the UW campuses and UW-Extension to the fullest extent possible, while ensuring transparency and appropriate levels of Board oversight and public accountability.

The Wisconsin Idea Partnership is focused on the following areas: Budgeting, Tuition/Pricing, Human Resources, Capital Planning and Construction, Financial Management, and Purchasing and Procurement.

Budgeting

Currently, general-purpose revenue (GPR) dollars and other funds are allocated to the UW System in earmarked “silos,” providing campuses little or no ability to move funds among appropriations, or the flexibility to reprioritize available funds in one area to address emerging state and university needs in another. This limits the tools that Chancellors may use to “manage to the bottom line.”

Under the Wisconsin Idea Partnership, the Board of Regents would receive from the state a single “GPR block grant,” replacing the current appropriation structure of line-item funding earmarked for utilities, debt service, pay plan, health insurance, and new initiatives. UW institution-specific block grants would allow the UW campuses and UW-Extension to use GPR, fees, and other program revenues for any appropriate university purpose. Institutions would continue to retain additional revenues from institution-specific tuition increases and from new enrollment growth.

The Wisconsin Idea Partnership would permit UW institutions to reallocate funding among all budget lines to address institutional priorities and regional needs. Savings from utilities, fringe benefits, and other areas could be used to fund core academic operations, technology transfer, educational services for small businesses, competitive compensation for faculty/staff, financial aid, or other priorities.

Tuition/Pricing

Wisconsin Statutes grant tuition revenue generating authority to the UW System Board of Regents, but the law also restricts the use of these funds so that resident undergraduate tuition rates are by and large determined by actions taken by the Governor and legislature during the biennial budget process.

Approval of the Wisconsin Idea Partnership would provide the Board of Regents with authority to set tuition levels for UW campuses so that all institutions have the ability to meet the needs of students and employers while maintaining high levels of educational quality. All UW institutions would be able to enhance educational quality, address competitive compensation challenges, improve student services, boost retention rates, and increase graduation rates based upon their individual circumstances. This change, in conjunction with the budgeting changes that remove multiple tuition appropriations, would improve the budgeting and planning process for all UW campuses.

Policies would be developed to ensure that UW campuses remain affordable for Wisconsin citizens. This tuition flexibility would allow individual campuses to generate funding for unique value-added services and programs, establish niches within the higher-education marketplace, or implement new pricing models.

Human Resources

Today, UW faculty and academic staff employees are governed by the same laws that govern virtually all other State of Wisconsin employees. Titles, pay ranges, pay plans, benefit plans, and other human resources decisions are now made by the Office of State Employment Relations (OSER), and are generally applied uniformly across all agencies, ignoring UW's unique need to compete in a global market for human capital.

The Wisconsin Idea Partnership would provide all UW Chancellors with freedom to address growing challenges associated with recruiting and retaining the quality and diversity of staff needed to further their institutions' missions. The Wisconsin Idea Partnership would address the need to provide incentives for innovative practices and reward creativity and initiative on the part of faculty, academic staff, and limited appointees (unclassified staff), non-represented classified employees, and represented classified employees.

The Wisconsin Idea Partnership would provide for oversight by the statewide Board of Regents within the constraints of the budget authority provided, while reducing costly and unnecessary reports and duplicative oversight by OSER.

With these recommended changes, the UW Board of Regents would be responsible for setting pay plans and approving collective bargaining agreements for all UW System employees, and for determining the appropriate job classifications for all staff, within the constraints of its budget.

Capital Planning and Construction

UW institutions face many state capital planning and construction policies and oversight mechanisms that significantly increase the time it takes to complete a construction project and the project's overall cost. These project costs could be reduced significantly by streamlining the planning, design, and approval processes, and by placing the responsibility and accountability closer to the users – typically those who are also paying for the project.

Under the Wisconsin Idea Partnership, the Legislature would continue to enumerate all projects funded with General Fund Supported Borrowing (GFSB) or Program Revenue Supported Borrowing (PRSB) over \$500,000. The State Building Commission would approve all projects over \$500,000 regardless of source of funds. The Division of State Facilities (DSF) would have control of and manage all projects funded with GPR or GFSB. The Board of Regents would have authority to undertake and oversee the management of projects funded entirely from sources other than GPR and GFSB such as program revenue and gifts and grants.

UW campuses could manage all aspects of non-GPR, non-GFSB projects, including hiring architects and engineering consultants, bidding, contracting, and project supervision. The Board and institutions would be responsible for funding overhead costs and the DSF would continue to be able to charge a management fee on GPR and GFSB projects.

The Board would be able to accept gifts of land or other real property or to allow privately-owned or operated facilities on University land.

Financial Management

Under current law, UW institutions cannot manage their own finances and investments. The State invests all revenues, and UW institutions are credited for interest earnings on certain funds. The state keeps investment earnings on most program revenue funds, while statutes restrict the UW to managing and investing only gifts and trust funds.

The Wisconsin Idea Partnership would allow the Board of Regents to oversee revenue and interest earnings on program revenue funds (tuition, auxiliaries operations, and other revenues earned through program revenue operations). In order to preserve the State's cash flow capabilities, program revenue funds would be required to be placed in the local government fund, but the University would retain interest earnings from those funds. Additionally, the Board would gain authority to invest any and all surplus funds, and retain interest earnings on those funds. Statutory limitations on income accumulation in funds holding specific gifts, grants, and bequests would be removed. Finally, the Board of Regents would be able to determine the percentage of trust funds that may be held in common stocks.

Purchasing and Procurement

All University of Wisconsin System institutions must adhere to strict laws and regulations that govern the procurement of goods and services. These laws apply uniformly to all State

agencies, ignoring the specialized needs of UW campuses and prohibiting the use of other purchasing tools that could enhance UW operations and reduce costs.

Except as specifically delegated, the Department of Administration (DOA) would continue to have primary oversight over procurement. The Board of Regents would be delegated the authority to enter into contracts for specialized, University-related materials, supplies, equipment, and services. This authority would be further delegated to UW campuses and UW-Extension. The Board of Regents would be authorized to enter into consortium purchasing agreements with other higher education institutions and UW institutions could purchase from any vendor included in those purchasing agreements. Additionally, the UW institutions would manage their vehicle fleets in lieu of management by DOA. The Board of Regents would also have the opportunity to manage its own worker's compensation program and insurance contracts provided a six-month notice of such intent was provided to DOA.

Conclusion

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 has an ambitious, detailed plan to help on both counts in order to move Wisconsin forward but it needs an equally detailed commitment from Wisconsin people and their government.

As UW's share of state support has deteriorated from 12 cents on the dollar to 8 cents in 2009-11 to a proposed 6.1% in 2011-13, the need for new management flexibilities at all UW institutions has never been more urgent. We look forward to the day when the State of Wisconsin renews its financial commitment to its public university and reverses this trend of declining support. In the meantime, the Wisconsin Idea Partnership will help the UW institutions survive these perilous times and enable 30,000 dedicated faculty and staff to provide a high quality education to 182,000 students.

Biennial Budget Resolution

3/10/2011

WHEREAS in 1971 the University of Wisconsin merged with the Wisconsin State Universities to create the University of Wisconsin System (System); and

WHEREAS over the last 40 years the System has evolved into one of the nation's premier university systems, with over 182,000 students and over \$1 billion in research, and into a key contributor to the economy of the State of Wisconsin; and

WHEREAS institutions of the System have experienced a steady decline in state resources needed to provide access to quality higher education in the state; and

WHEREAS all System institutions operate in highly competitive national, and often international, markets for students, faculty, staff, and financial resources; and

WHEREAS in light of these budget reductions and the competitive higher education market in which all System institutions operate, all System institutions need significant management flexibilities in human resources, tuition-setting, budgeting, purchasing, and capital projects; and

WHEREAS System institutions' need for increased management flexibilities has long been sought by UW leaders, and most recently affirmed by the System's Tuition and Financial Aid Working Group and Competitive University Workforce Commission; and

WHEREAS the importance and need for these flexibilities for all System institutions has been championed by business, community, media, and higher education leaders around the state; and

WHEREAS other public universities possess many of the flexibilities that System institutions seek, and other states are proposing increased flexibilities for their public universities in order to manage reductions in public funding and better serve their states; and

WHEREAS the proposed 2011-13 Wisconsin biennial budget bill reduces funding for System institutions by \$250 million dollars, and a cut of this magnitude, without flexibilities, creates significant challenges to all System institutions' ability to provide access to quality higher education for Wisconsin residents, create more jobs, and support communities; and

WHEREAS the budget bill provides for major cuts to all institutions in the System, but allows for increased management flexibilities only for UW-Madison, and further separates UW-Madison from all other System institutions through the creation of a new UW-Madison public authority; and

WHEREAS the creation of one or more separate public authorities would fragment the System and encourage more competition between System institutions; add new bureaucracy due to duplicative administrative and academic structures; and increase the total costs borne by state taxpayers, students, and families; and

WHEREAS fragmentation of the state's public university system will result in less collaboration between UW-Madison and other System institutions; and

WHEREAS fragmentation of the System will diminish UW-Extension's ability to make available to every corner of the state the vast stores of knowledge and expertise possessed by System faculty and staff through its presence in all 72 counties, with three tribal governments, and on each System campus; and

WHEREAS fragmentation of the System will eliminate a shared set of policies and procedures that aid research and teaching collaborations between institutions and that make it easier for information and research to be disseminated and partnerships to take hold; and

WHEREAS faculty, staff, and students from institutions throughout the System have voiced concerns over what the creation of a public authority for individual institutions would mean to current governance rights and structures, access for Wisconsin residents, affordable tuition rates, and academic freedom in teaching and research,

BE IT THEREFORE RESOLVED that the University of Wisconsin System Board of Regents strongly supports amendment of 2011 Senate Bill 27 to provide all institutions the management flexibilities proposed for UW-Madison, within the Board of Regents' and System's current governance and statutory framework; and

BE IT FURTHER RESOLVED that the System Board of Regents will delegate the new flexibilities directly to each UW institution, while ensuring transparency and appropriate levels of board oversight and public accountability; and

BE IT FURTHER RESOLVED that the System Board of Regents endorses the careful future study of alternative structures for leading and managing the University of Wisconsin System, including but not limited to, public authority status for the entire System; and

BE IT FURTHER RESOLVED that the System Board of Regents believes that any action that would break up the UW System puts at risk a proven and successful approach for delivering quality, and cost-effective public higher education that has served Wisconsin well for almost 40 years; and

BE IT FINALLY RESOLVED that the System Board of Regents recognizes that stable state funding, affordable access, a high-quality, appropriately-compensated faculty and staff, and all System institutions working together through a carefully-planned structure, are necessary to achieve the widely-supported Growth Agenda for Wisconsin and strengthen the state's public higher education system.