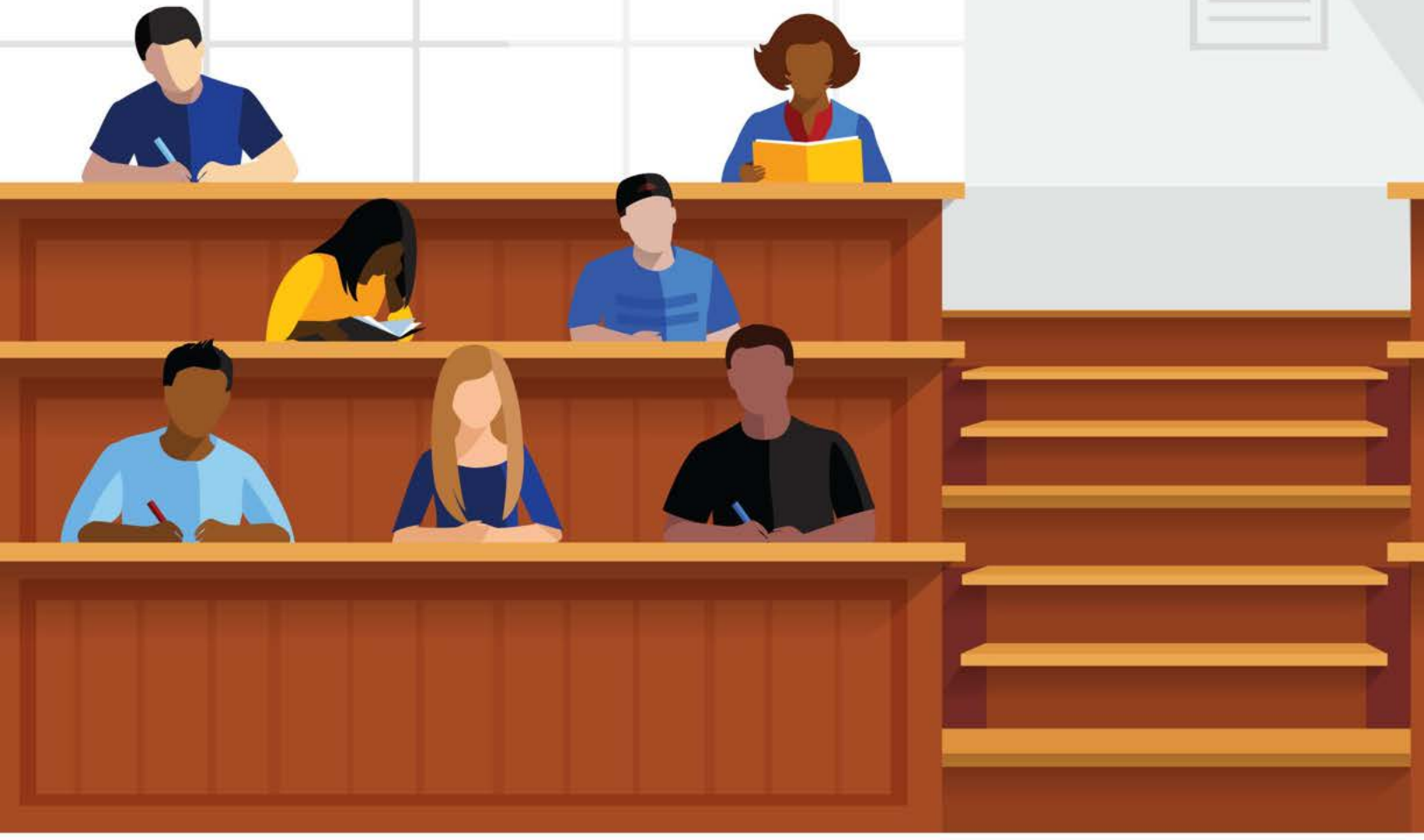
FALLING BEHIND?

The State of Wisconsin's Public Universities and Colleges



WISCONSIN POLICY FORUM

ABOUT THE WISCONSIN POLICY FORUM

The Wisconsin Policy Forum was created on January 1, 2018, by the merger of the Milwaukee-based Public Policy Forum and the Madison-based Wisconsin Taxpayers Alliance. Throughout their lengthy histories, both organizations engaged in nonpartisan, independent research and civic education on fiscal and policy issues affecting state and local governments and school districts in Wisconsin. WPF is committed to those same activities and that spirit of nonpartisanship.

PREFACE AND ACKNOWLEDGMENTS

We wish to acknowledge and thank Badgers United, which helped fund this research. We also thank those groups who shared data and information used in this report, including the University of Wisconsin System, UW-Madison, Wisconsin Technical College System, state Higher Educational Aids Board, Wisconsin Alumni Research Foundation, Midwest Higher Education Compact, professor Nicholas Hillman of UW-Madison and his colleague Audrey Peek, and senior lecturer Mark Johnson. The many publications of the Wisconsin Legislative Fiscal Bureau and Legislative Audit Bureau were likewise invaluable. The analysis and policy options offered in this report, however, should be attributed to the Wisconsin Policy Forum alone.

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The State of Wisconsin's Public Colleges and Universities

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INTRODUCTION

After years of slow erosion of funding and enrollment, higher education in Wisconsin faces a flash flood. Financial challenges had been accumulating for the state's public colleges and universities, brought on by a tuition freeze, stagnant state funding, and demographic trends. Now COVID-19 threatens to wash away key pieces of a system that will be needed in the rebuilding years to come.

Higher education has been critical to the state's success and that may be true now more than ever. Recent research by the Wisconsin Policy Forum shows the state is adding the most jobs in higher-paying fields requiring a college education. Yet Wisconsin also trails the nation in the share of residents with bachelor's degrees or higher and has struggled to draw educated individuals here.

In addition, Wisconsin has leaned heavily on mature industries such as manufacturing that have lost jobs over the past two decades. Higher education represents potential renewal, whether through cutting edge research and technology transfer at the University of Wisconsin-Madison or through training for displaced factory workers through a Wisconsin Technical College System school.

In addition to producing new graduates and innovations, the UW System itself is a key generator of economic activity. In 2017, an estimated $24 billion in economic impact and 166,866 jobs were generated by the UW System through its employees, students, visitors, organizations like UW Hospital and Clinics, startup and established companies in the UW Research Park, and indirect and induced effects.[1] The impact accounted for 7.7% of the goods and services produced in Wisconsin that year and 5.5% of the jobs in the state, according to NorthStar Analytics.

In light of the growing challenges facing the state's flagship university and other institutions – and the tremendous stakes involved – the Wisconsin Policy Forum has undertaken a comprehensive review of the state's public colleges and universities. Commissioned by Badgers United, this report reviews the history of higher education in Wisconsin, its outcomes compared to other states, the limits on revenues such as in-state tuition, its recent enrollment declines, and the system's highly centralized governance and structure. The key questions include:

- How does Wisconsin's current approach to financing higher education compare to past practice in this state and current practices in other states? How do the same questions apply to flagship institutions such as UW-Madison?
- What do indicators such as state funding, enrollment, tuition, faculty and staff salaries, federal research funding, student outcomes, and rankings suggest about the state of UW-Madison and higher education overall in Wisconsin? How is COVID-19 affecting them?
- How do the structure, governance, programming, and footprint of our higher education institutions compare to those of other states? For example, is Wisconsin unusual in keeping its flagship university within a single overarching university system? Are there untapped efficiencies available in a time of declining enrollment and digital learning?
- What are the pros and cons of various options as represented by practices in other states, past legislation, and the work produced by task forces, associations, and other researchers?

In many respects, Wisconsin stands out for its unusual policies compared with those of other states – differences that may be especially relevant given the strain brought on by the coronavirus. Though we do not advocate for specific solutions, we hope our impartial insights and discussion of the potential policy options will help guide the state's leaders as they seek to chart a sustainable course for Wisconsin's colleges and universities in the months and years to come.

PART ONE - HIGHER EDUCATION AND ITS HISTORY IN WISCONSIN

As a land grant institution founded in 1848, the University of Wisconsin has richly repaid the public's investment in it by building the state's human capital and intellectual property. The university contributed to vitamin D discoveries across the 20th century, the development of Social Security, the state's dairy industry, modern wildlife management; and the isolation of embryonic stem cells.

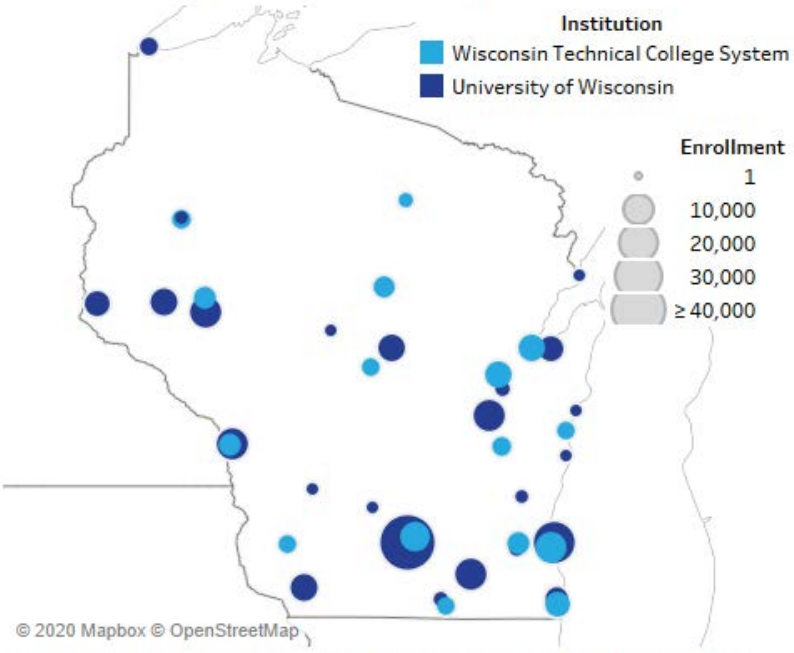
The UW-System was formed by the 1971 merger of the University of Wisconsin with the Wisconsin State University System of expanded teachers colleges. In 2019, the UW had 167,700 students (142,900 on a full-time equivalent, or FTE, basis) and 41,400 employees overseen by a single 18-member board of Regents. The unusually comprehensive system encompasses two research institutions at UW-Madison and UW-Milwaukee, 11 four-year "comprehensive" campuses offering undergraduate and some graduate degrees, and 13 former two-year colleges focused on associate's degrees (see Fig. 1 and Appendix 1). The two-year former UW Colleges and operations of UW-Extension were each merged with a university in July 2018 following a 2017 Regents vote.[2]

With 40,800 FTE students, UW-Madison ranks 39th largest among all public and private U.S. universities according to the National Center for Education Statistics digest. With 23,800 employees, the flagship campus is the state's largest employer even without organizations such as the UW Hospital and Clinics, Wisconsin Alumni Research Foundation, and University Research Park. UW-Madison also accounts for the vast majority of research on all UW campuses.

The Wisconsin Technical College System (WTCS) has roots reaching back to a first-in-the-nation system of technical and vocational education. Today the system has 16 districts with four dozen main campuses and satellite locations, nearly 308,000 enrolled students by headcount, and 65,300 on an FTE basis. Milwaukee Area Technical College alone has 1,218 full-time and 341 part-time employees on an FTE basis. The technical colleges are primarily governed by the districts' nine-member local boards with additional direction and coordination from the system office and its own 13-person board.

Figure 1: UW and Technical College Campuses Around Wisconsin

Main campuses and 2019 Full-Time Equivalent Enrollments



Source: UW System, WTCS; Two-year UW campus enrollments are not counted as part of parent institution enrollment.

These institutions play different roles in serving a diverse state. Some four-year campuses such as UW-Parkside, Milwaukee, Madison, and Whitewater serve larger numbers and shares of

students of color. The same is even more true of two-year campuses. The UW-Madison Student Success Through Applied Research Lab looked at students enrolled in a public or private college or university in Wisconsin by race and ethnicity. The lab found 61% of Native American, 55% of Black, and 49% of Hispanic undergraduates in Wisconsin in 2019 attended technical college system schools compared to 41% of white students.[3]

Public colleges and universities also play important roles in serving veterans, rural residents, the newly unemployed, and those with criminal records. For example, Wisconsin offers full tuition and fee remission to veterans at any UW campus or technical college. The state Higher Educational Aids Board also administers a variety of grants for students, generally those with financial need.

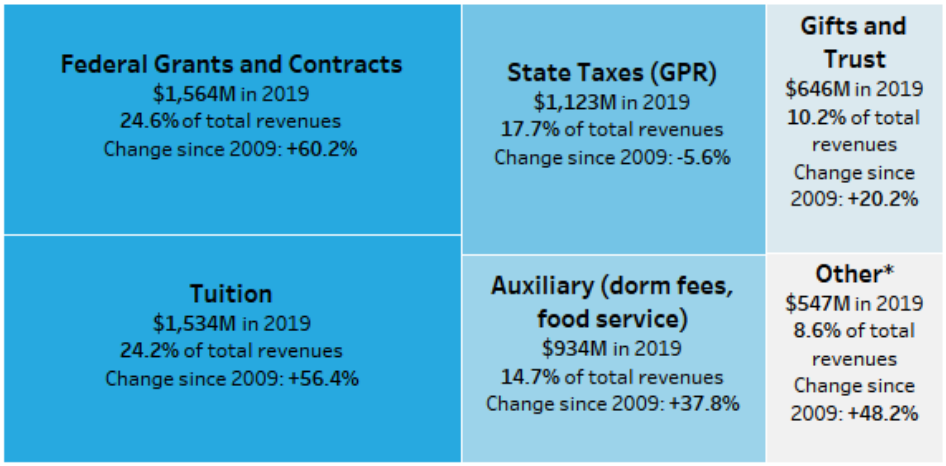
Despite their storied histories and critical role, the UW and technical college systems face mounting financial challenges from lagging state funding, an in-state tuition freeze, declining statewide enrollments, and operations that will likely need streamlining to meet the current challenges. While the first two of those may be seen as positive to state taxpayers and students, they also are arguably affecting the quality of higher education in Wisconsin. Moreover, while any one of these trends may be manageable, together they form a more daunting dilemma for policymakers and the public.

Overview of Higher Education Financing and Trends

First, we review higher education revenues in Wisconsin. The UW System's budgeted revenues totaled $6.35 billion in 2019 and included state tax dollars (General Purpose Revenue); tuition, fees, and other revenues from auxiliary operations such as dormitories and food services; federal grants and contracts for research and student aid and loans; and miscellaneous revenues (see Fig. 2).

Figure 2: State Taxes (GPR) Now Number Three Source of UW Funding

2019 University of Wisconsin System Revenues by source



Source: Legislative Fiscal Bureau; *Includes federal indirect cost reimbursements and fees for certain programs (operational receipts).

As recently as 2010, state tax or GPR funding was the largest revenue source but it has been overtaken by both federal and tuition revenues. Federal funds, however, are difficult to compare over time because of a change in federal law involving the distribution of student loan dollars that at least on paper increased UW revenues by $681.8 million in 2011. Still, the GPR funding lag is significant given that UW officials have far more discretion in how they can spend state tax dollars.

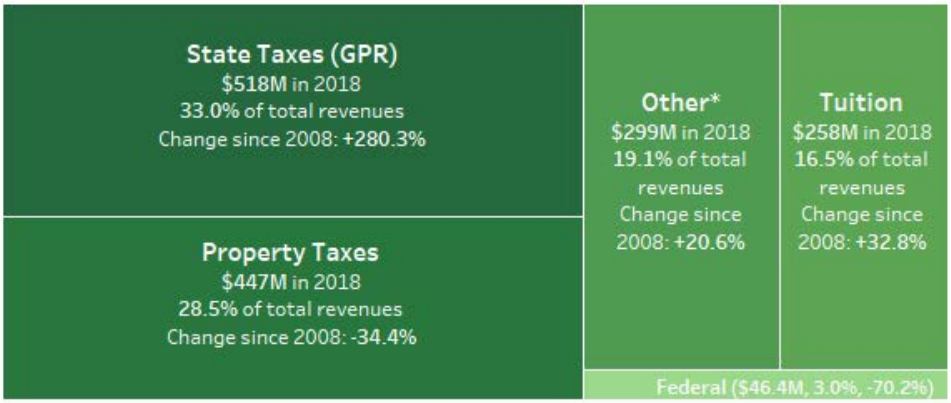
In terms of spending, budgeted amounts for research and public service (such as cooperative extension) have failed to match inflation since 2009, while funding for instruction has just barely done so. Meanwhile, costs have risen far more quickly than inflation for debt payments on academic

buildings, executive management and general administration (also known as institutional support), and student services such as activities, athletics, counseling, health care, and career guidance.

The WTCS' revenues are about one-quarter of the UW System's and totaled $1.57 billion in 2018. As Fig. 3 shows, more than three-fifths of that came from state and local tax dollars.

Figure 3: State Increased Aid to Buy Down Technical College Property Taxes

2018 Wisconsin Technical College System Revenues by source



Source: Legislative Fiscal Bureau; *Includes self-financing operations and aids to individuals and organizations

Overall, funding for public higher education in Wisconsin has outpaced inflation over the past two decades. Increases in the past decade have slowed, however, with technical college revenues no longer keeping pace with the Consumer Price Index. After accounting for inflation and the change in the delivery of federal student aid, UW revenues also were essentially flat between 2009 and 2019.

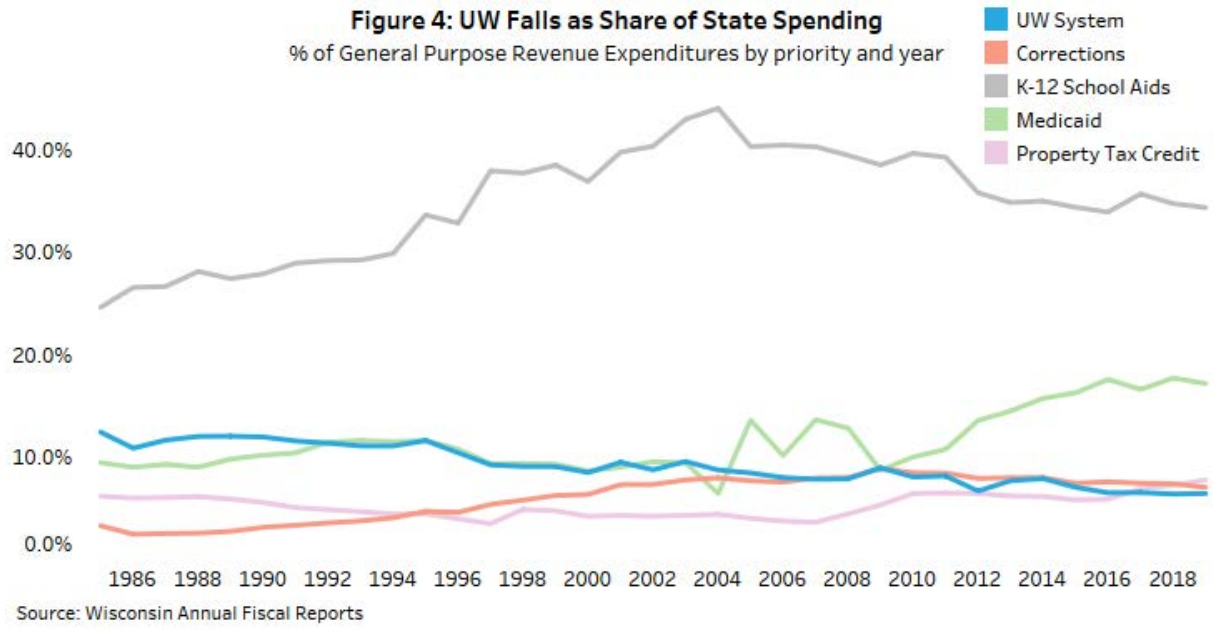
State Funding Pressures

After adjusting for inflation, the flexible funding from state taxes has been dropping for decades and state funds for the UW System have fallen as a share of the system's budget as well as the state's. As shown in Fig. 4 on page 7, factors in that drop have included the state's goal to fund two-thirds of the cost of K-12 education; expansions and inflation pressures within state Medicaid health programs; increased prison costs; and additional state tax credits for property owners. Combined, these pushed UW spending from the state's second-highest GPR priority in 1992 to its fifth today.[4]

A series of tax cuts approved since the late 1990s also restricted growth in state revenues for all programs including higher education. By 2019, 6.4% of state general fund spending went to the UW, or only a little more than half the share it received in 1985. UW-Madison also has felt those effects since its share of UW's GPR dollars has hovered around 40% in recent decades.

Cuts in UW's GPR budget often happened amid or following recessions and state budget shortfalls in 2004 ($78 million), 2010 ($50 million), 2012 ($178 million), and 2016 ($149 million), according to the Legislative Fiscal Bureau (LFB).[5] In addition, the UW often had to return part of its budgeted funding unspent because of state financial challenges and a similar dynamic is playing out again this year in light of the current public health and economic crisis. States commonly cut higher education funding to balance their budgets in tough times, but the present difficulties are greater because states in general and Wisconsin in particular were slow to restore those dollars in recent years.[6]

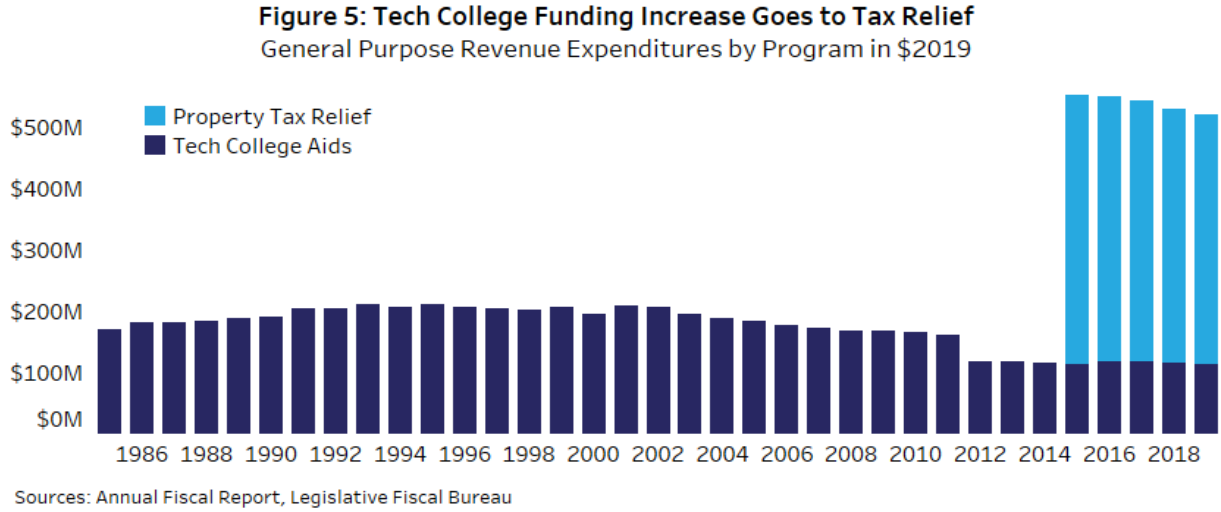
Polling by the Marquette University Law School since 2013 has shown registered voters in Wisconsin support increased funding for the UW but also place it well behind K-12 schools, health coverage, and roads and slightly behind aid to local government and prisons and criminal justice.[7] These



surveys may help explain why elected officials of both parties frequently discuss funding increases for UW but in the end focus more on priorities such as K-12 education, Medicaid, and lower taxes.

In addition, the funding trend in this state would look somewhat worse in recent years if the growing share of state tax dollars going to UW debt service ($218.6 million of UW's $1.12 billion GPR budget for 2019) were subtracted.[8] Finally, the trend also appears less favorable after accounting for inflation and the substantial growth in students during the 2000s. In 2019, the state spent $7,839 in GPR per full-time UW student, down 28.6% from an inflation-adjusted peak of $10,976 in 2001.

As shown in Fig. 5, WTCS' state funding trends reveal some of the same challenges. At first glance, state tax dollars going to the WTCS appear to have risen substantially in 2015. However, that increase of just over $400 million went to cutting local technical college property taxes statewide by nearly half and did not result in any additional revenue overall for districts.[9]



Combined, local property tax and state funding for the WTCS now approach $1 billion, putting it about 12.8% less than the UW System's state funding. Over the past two decades, the gap has narrowed significantly in terms of public support for the two systems because of growth in property taxes and state tax relief payments. Though the WTCS has more students than the UW on a headcount basis, it has far fewer on an FTE basis. A recent report by the Center for American Progress found Wisconsin was the only state in the country in which revenues per FTE student were greater for two-year colleges than for four-year institutions.[10]

Finally, state funding for the Higher Educational Aids Board and student financial aid has been flat since 2011. That means the rising cost of college has eroded the buying power of programs such as the Wisconsin Grants, which are awarded based on need to undergraduates at UW, technical colleges, and private colleges and universities in the state.[11]

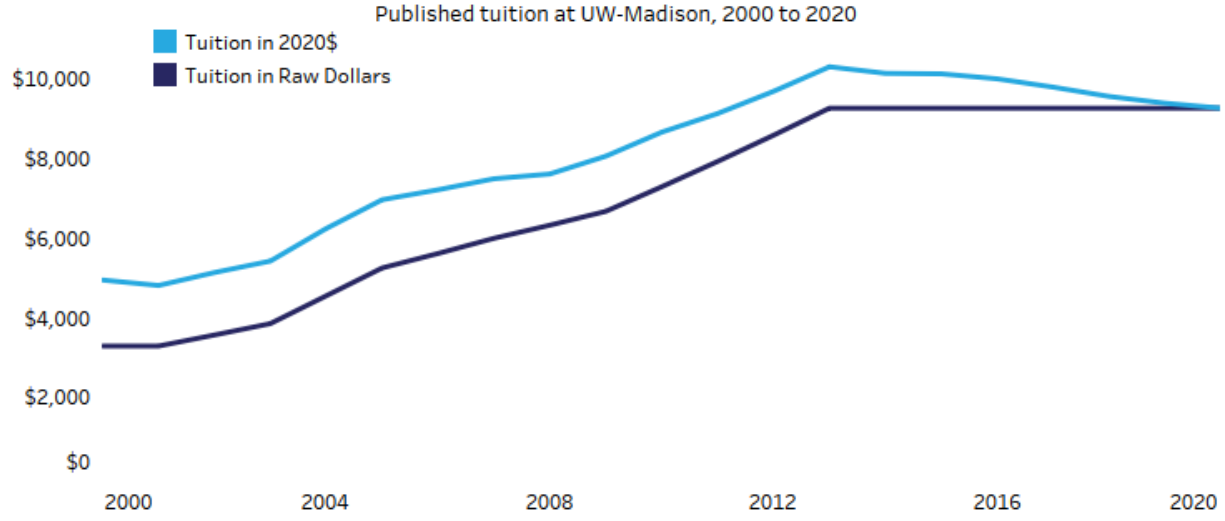
Tuition Freeze

Tuition revenues represent the other crucial higher education funding stream from within the state. Increases in published tuition prices have long been a concern in Wisconsin and the rest of the country, particularly though not exclusively in periods of state funding cuts.[12]

Between 2001 and 2011, for example, in-state undergraduate tuition more than doubled at four-year UW campuses and rose by 141.1% at UW-Madison (see Fig. 6) and 127.6% at UW-Milwaukee. These increases were several times greater than the rise in inflation and even more out of line with the 14.8% increase in median household income in the state during those years.[13] Wisconsin undergraduates and families, rather than taxpayers, took on a greater and greater share of the cost of their instruction, with that portion reaching 82.5% at UW-Milwaukee in 2014.

Figure 6: Freeze Followed Steep Tuition Increases

Published tuition at UW-Madison, 2000 to 2020



Source: Integrated Postsecondary Education Data System

Not surprisingly, a public outcry led lawmakers and then Gov. Scott Walker to limit in-state undergraduate tuition increases (with some exceptions) to 5.5% in 2012 and 2013. In 2013, some lawmakers raised further concerns about rising tuition balances within the UW System. The following year lawmakers and Walker froze in-state undergraduate tuition and it has remained at 2013 levels for all UW schools (except for increases at UW-Stevens Point for 2017 through 2019). Meanwhile,

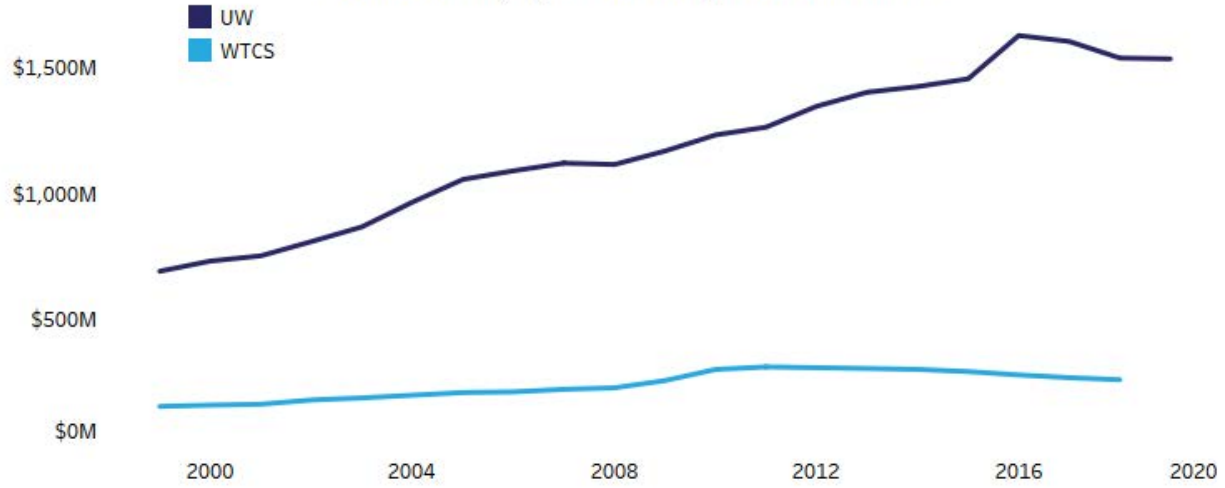
voluntary policies have frozen most graduate tuition at UW-Madison and UW-Milwaukee, and limited increases in it at other UW schools.

Though challenging for the UW, the tuition freeze has proved popular in the available Marquette University polling and won backing from Walker's successor, Gov. Tony Evers.[14] In 2017 lawmakers did reject a 5% in-state UW tuition cut and also declined to extend the tuition freeze to technical colleges. Since 2016, however, resident tuition increases within WTCS have been modest.

When combined with falling enrollments, these policies have had a substantial effect on a key funding stream for higher education. After rising rapidly during the 2000s, inflation-adjusted tuition revenues have been falling for WTCS since 2011 and for the UW System since 2016 (see Fig. 7).

Figure 7: Tuition Revenues Rose, Now Fall

Tuition Revenues by Higher Education System in 2019 Dollars



Source: Legislative Fiscal Bureau

In the run-up to and during the tuition freeze era, the enrollment of out-of-state-students not covered by a tuition reciprocity agreement has risen substantially across the UW System, particularly at UW-Milwaukee and other four-year campuses but also at the former UW Colleges and UW-Madison.[15] The freeze provides an obvious incentive to increase out-of-state enrollments. In addition, the trend may also reflect the reduction in the mid-2000s of out-of-state tuition for certain students.

Tech College Tax Limits

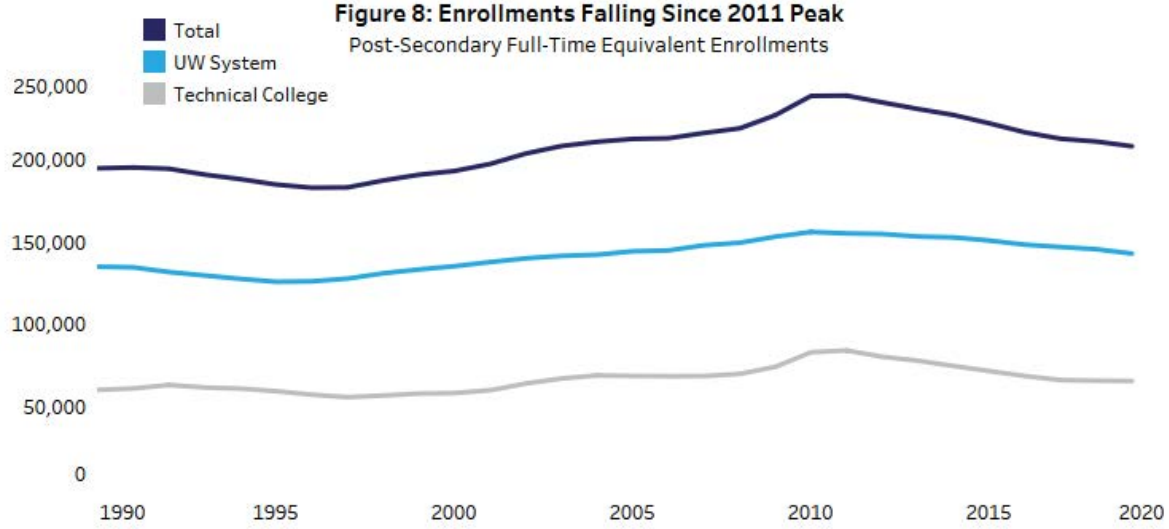
Technical colleges face their own state freeze on their property tax levies. In essence, the state limits increases in taxes used for operations to the change in net new construction within each district.

WPF has written extensively about the effects of similar state limits on municipalities and counties, which have helped slow previously rapid property tax increases in Wisconsin.[16] The levy limits can have quite different effects by region because some areas such as northern and central Wisconsin are seeing growth in net new construction that falls well short of the rate of inflation.

This variation raises the question about whether areas with less new development may face greater restrictions on technical college funding. Such limits could make it difficult for regions with slower growth to change that trend through investments in their workforce.

Figure 8: Enrollments Falling Since 2011 Peak

Post-Secondary Full-Time Equivalent Enrollments



Source: UW System; Wisconsin Technical College System

Enrollments Dip

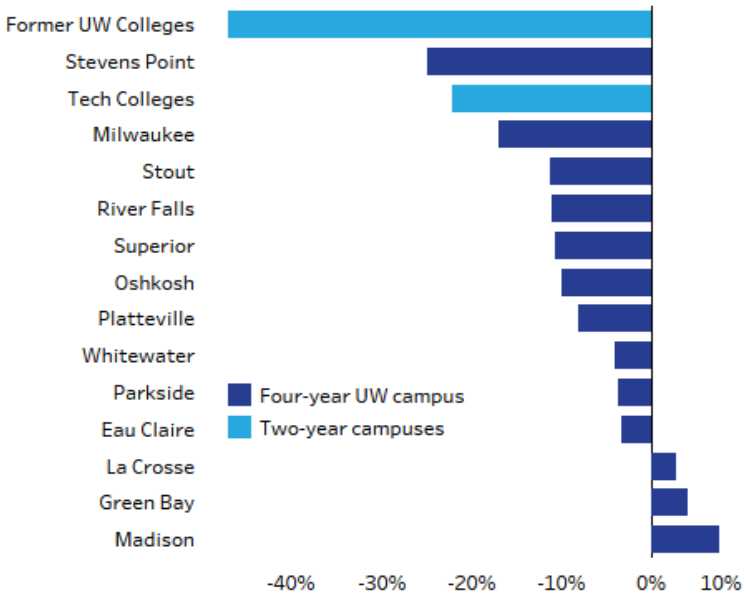
College enrollments in Wisconsin have dipped along with demographic declines in the number of state students completing high school (hitting bottom in 2016) and falling postsecondary enrollment rates. The state's public colleges and universities – particularly two-year campuses – have seen substantial declines following their increases in the late 1990s and 2000s and collective peak in 2011 (see Fig. 8).[17]

Full-time equivalent enrollments at the UW System have fallen by 8.4% since their 2010 peak to 142,907 in 2019 but remain 5.7% above their 2000 level. Technical college system FTE enrollments have fallen 22.5% to 65,317 since topping out in 2011 but are still 12.6% higher than in 2000. Overall, combined enrollments of all public colleges and universities are down 12.9% to 208,224 since 2011 but remain 7.8% higher than in 2000. The decline in recent years represents another drag on tuition and other revenue within the higher education system as a whole.

The overall decrease, however, masks substantial variation across institutions. Among the four-year UW campuses, FTE enrollments at UW-Madison, UW-Green Bay, and UW-La Crosse have increased even after 2011 (see Fig. 9). UW-Madison actually had its largest enrollment increase in three decades in 2019 at 2.3%.

Figure 9: Enrollment Declines Greatest on Two-year Campuses

% Change in Full-Time Equivalent Enrollment, 2011 to 2019



Sources: UW System, WTCS; Four-year UW campus totals do not include branch campuses. UW Colleges includes UW Colleges Online.

Enrollments at most other UW institutions have been falling – in 2019 other four-year UW campuses as a group and the former two-year campuses each suffered their largest decline since 1990. Stevens Point now has its lowest enrollments in more than a generation. Enrollments at other campuses like Milwaukee and Whitewater are down from 2011 but remain above their 2000 levels while other campuses like Parkside and River Falls are roughly at 2000 levels.

Full-time enrollments on the former UW Colleges fell by 47.1% between 2011 and 2019. Moreover, each of the 13 two-year campuses suffered greater percentage declines than all of the four-year institutions. By 2019, FTE enrollments had fallen below 300 students each at seven former colleges (Baraboo, Barron County, Manitowoc, Marinette, Marshfield, Richland Center, and Sheboygan).

The 16 tech colleges retain larger enrollments, particularly on a headcount basis. But their recent enrollment decline means tuition and fee revenues for WTCS operations are slightly below 2010 levels even before factoring in inflation.[18]

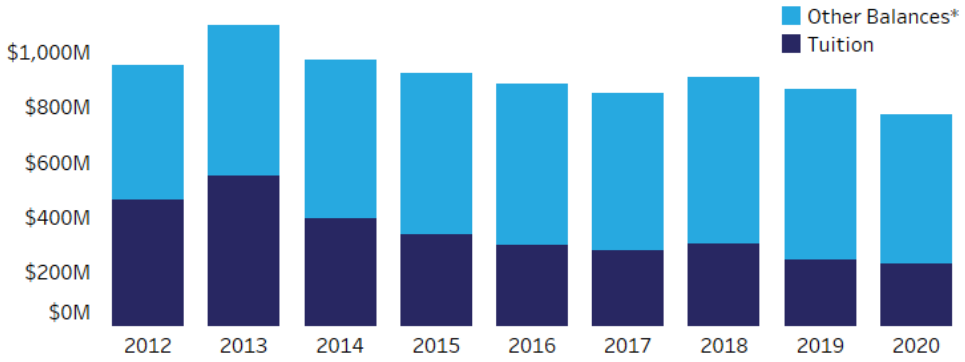
Falling Reserves

In 2013, the UW System came under fire for increasing tuition for students to help build up what some saw as excessive balances during and after the Great Recession. The balances in question come from tuition and revenues from programs such as dormitory and food service fees; print, copy, and dairy shops; federal reimbursements; gifts; and contracts. Critics say administrators should have used reserves to hold down costs for students and families during those difficult economic years. UW officials say that funds such as donations often can only be used for specific purposes, not to hold down tuition, and that the COVID-19 crisis makes clear why a university needs adequate reserves.

In recent years, UW officials have reduced their unrestricted balances, particularly for tuition revenues (see Fig. 10). Without even adjusting for inflation, tuition balances dropped 58.8% from $551.5 million on June 30, 2013 to $227.3 million on June 30, 2020 – their lowest level since 2008. The drawdown likely helped avoid costs increases for students and taxpayers and perhaps also shored up UW spending levels but left the UW less prepared for the current crisis.

Figure 10: Unrestricted UW Reserves Falling

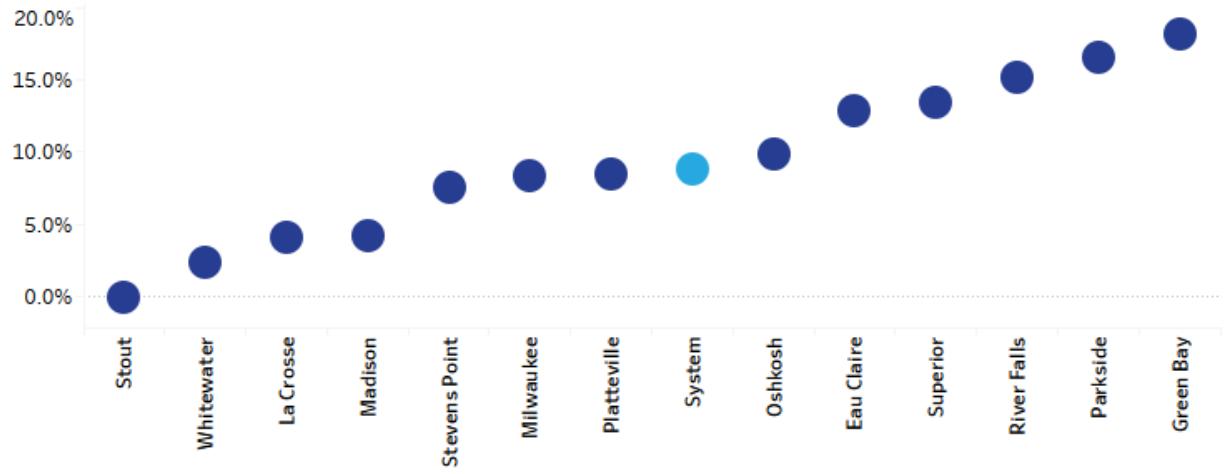
UW System Fund Balances by Type as of June 30 of Each Year, Current Dollars



Source: UW System and Legislative Audit Bureau; Other includes housing and food service (auxiliary), general operations such as Babcock Dairy, certain federal reimbursements, and miscellaneous.

Figure 11: Some Campuses Carrying Few Tuition Reserves, Others More

Tuition Fund Balances as June 30, 2020, as a Share of Expenditures



Source: University of Wisconsin System

Overall tuition balances as of June 2020 made up 8.8% of spending across the entire UW System, but some campuses carry stronger reserves than others. As Fig. 11 shows, UW-Stout had a just slightly negative tuition balance as a percentage of spending (-0.1%) and UW-Madison carried 4.2%, while UW-Parkside, River Falls, and Green Bay carried much more. Though both balances and spending can change from year to year, these differences could mean some campuses are particularly exposed in the current crisis.

Another important indicator is the UW System's net position, which measures its assets minus its liabilities. Between the end of 2015 and 2019 – years of strong economic growth – the system's net position fell from $6.7 billion to $5.4 billion (-19.4%), according to the Legislative Audit Bureau. However, that decline may present too negative a picture since most of the drop comes from a 2018 technical change in which the UW System began depreciating its library holdings for the first time.

Other Views on UW Finances

The narrative so far could be dismissed as an overly negative look at a massive and in many ways vigorous system of higher education. The UW System, for instance, has seen substantial growth in overall revenues in recent years, though as previously noted the increase is roughly even with inflation after accounting for a change in how federal student financial aid is distributed.[19]

UW System and technical college budgets also benefited from 2011 Act 10, which required most state and local employees to contribute more for pension and health care benefits. As we will discuss in a later section, however, these budget savings may also have had the effect of making faculty take-home pay somewhat less competitive nationally.

In addition, a WPF report last year laid out the substantial $1.03 billion in capital projects approved in the 2019-21 state budget for the UW System – the most in a decade. This two-year budget represented a substantial investment in campuses such as UW-Madison that helped compensate for a smaller-than-typical amount of projects in the previous two budgets.

Some of these projects may be delayed by COVID-19, however, and the UW continues to have a substantial share of aging structures among its roughly 1,800 residence halls, classrooms, student centers, and other buildings.

A 2016 report found UW-Madison had deferred $1.3 billion in repairs and maintenance due to budget constraints and the UW System overall had a deferred maintenance backlog of $2.86 billion.[20]

UW-Madison officials say it is reasonable to assume their backlog has grown at roughly 6% per year to more than $1.6 billion today.

Long-term liabilities for retiree benefits are more manageable, with both UW and technical college employees participating in the well-funded Wisconsin Retirement System for pension benefits. Unfunded retiree health care benefits are also generally below levels seen in some other states.[21]

Now, COVID-19

Optimism is hard to find, however, in the toxic wake of COVID-19, which is threatening both state funding for the UW and WTCS as well as student housing and food service fees. Past recessions brought the prospect of higher enrollments, particularly for technical colleges, as affected workers sought to improve their skills. It is not yet clear whether this will prove true in a pandemic.

In June, the UW System reported to the Board of Regents that through the summer 2020 semester, COVID-19 had cost its campuses a total of $207.3 million:

- $62.3 million in housing and dining refunds for UW students sent back home
- $93.6 million in lost revenue from parking, athletics, summer tuition, and gifts and grants
- $10.7 million in added pandemic-related expenses for additional technology, repatriation of travel abroad students, cleaning costs, overtime, and personal protective equipment
- $40.8 million in funds returned to the Department of Administration – nearly three-fifths of the $70 million in total state budget reductions sought by Gov. Evers in fiscal year 2020

As of June, the UW overall reported expecting to receive $48.7 million through the federal Coronavirus Aid, Relief and Economic Security (CARES) Act plus additional funds for students. UW-Madison was then expected to receive relatively little CARES Act money, however, leaving it with roughly two thirds of the entire UW System loss at that time of $158.6 million. UW campuses collectively then expected to save at least $65 million through hiring controls, furloughs, layoffs, travel restrictions, event cancellations, debt refinancing, and deferring capital projects financed with cash. Yet that covers only part of their losses and more are coming.

The UW System has not updated its figures but UW-Madison said in late October it was expecting a $320 million budget impact from March 2020 to June 2021 due to increased costs and lower revenues from tuition, research funding, and self-financing or auxiliary units such as athletics and the Wisconsin Union. Even after asking that self-funding units solve roughly $150 million of the shortfall largely on their own, UW-Madison still faces an unprecedented fiscal challenge that requires steps such as extending ongoing furloughs or pay cuts through June of next year.

A September LFB memo listed CARES Act funding from the Coronavirus Relief Fund at $18.9 million for the UW System with an additional $32.3 million to purchase COVID-19 tests. UW-Madison was expected to receive roughly $12.3 million of the UW System's $51.2 million total. Technical colleges in the state were expected to receive about $8.1 million, as were the state's various private colleges and universities as a group.

To balance the state budget, the governor is seeking an additional $300 million in 2021 spending cuts or transfers of funds from across state government, with the UW expected to contribute $45 million to that total. Technical colleges were not hit nearly as hard by the first round of state budget cuts but could still lose funding and will face added pandemic costs and potential revenue losses.

These financial pressures will likely continue as the virus affects nearly every aspect of campus life, from football games and large lectures to dormitories, student union services, risks for aging staff, and revenues from the state. As noted above, the UW now has fewer reserves to weather this storm.

Takeaways

The UW System and WTCS can look back on a proud history but see ahead some of their toughest challenges in decades. Besides COVID-19, they include lagging state funding, a freeze on in-state undergraduate tuition at UW campuses, and declining statewide enrollments. Here's a breakdown:

- As recently as 2010, state tax or GPR funding was the largest source of UW System revenues but it since has been overtaken by both tuition and federal revenues.

- The UW has also fallen from the state's second-highest GPR priority in 1992 to its fifth today, eclipsed by spending on Medicaid, prisons, and state tax credits for property owners.

- State tax dollars going to WTCS rose by more than $400 million starting in 2015 but the money was used to cut local technical college property taxes statewide by nearly half and did not represent any additional revenue overall to technical colleges.

- Between 2001 and 2011, in-state undergraduate tuition more than doubled at every four-year UW campus and rose by 141% at UW-Madison. Since then in-state undergraduate tuition increases have been limited by the state and are generally now frozen at 2013 levels.

- Full-time equivalent enrollments at the UW System have fallen by 8.4% since their 2010 peak to 142,907 in 2019 though they remain 5.7% above 2000. WTCS enrollments have fallen 22.5% to 65,317 since topping out in 2011 but are still 12.6% higher than in 2000.

- After rising during and after the Great Recession, tuition balances across the UW System dropped 58.8% between June 30, 2013 and June 30, 2020. UW-Madison had one of the lowest tuition balances as a share of spending of any UW campus.

- The UW System estimated in June a net loss of $158.6 million after factoring in lost revenues, higher costs, spending cuts, and federal aid, with most of it falling on UW-Madison.

PART TWO–NATIONAL COMPARISON

Part One laid out the daunting financial headwinds facing public higher education in Wisconsin. In this section, we show each of these challenges turns out to be greater here than in most other states. Not only has combined state and local funding for public colleges and universities lagged in Wisconsin compared to the nation, but only two states – Washington and Florida – have seen smaller increases in published in-state tuition and fees at their public four-year institutions since Wisconsin froze tuition at 2013 levels. Meanwhile, enrollments since 2011 have dropped at more than twice the national rate.

A similar finding emerges for UW-Madison, as tuition and fee increases since 2013 are the third-lowest among peer public research universities. Two of its peers with smaller or similar changes in tuition – the University of Washington-Seattle and the University of Florida – have received notable funding increases from taxpayers. UW-Madison enrollments are growing but still lag peers.

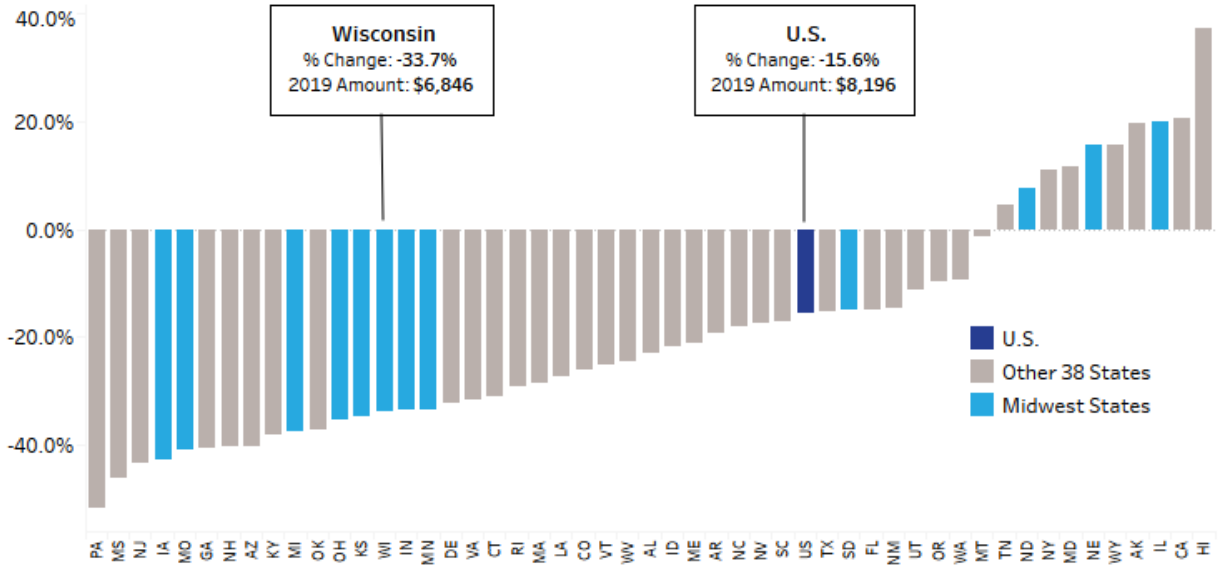
Together, these trends added up to a difficult picture for the state's higher education system and top university even before COVID-19. Combined tax and tuition funding per student for higher education as a whole in Wisconsin and for UW-Madison in particular have fallen below the national average and peers, leaving the state's institutions more exposed to the tough times ahead.

State Tax Dollars Lag

Data from the State Higher Education Executive Officers Association (SHEEO) show over the past two decades, Wisconsin has limited its colleges and universities to smaller increases in tax and tuition dollars than most states. SHEEO adjusts these data for all public institutions to account for factors such as inflation, regional cost of living differences, and the types of enrollment within states (two-year versus four-year schools).[22] We focus here on revenues from state and local appropriations

Figure 12: Funding for Higher Education in Wisconsin Falls Farther than National Average

% Change in Adjusted State-Local Appropriations (Tax $) Per FTE Student, 2000-2019



Source: State Higher Education Executive Officers, which adjusts for inflation, enrollment mix, and regional cost of living

(largely tax dollars along with some other revenues such as lottery proceeds), and from tuition, since those funds come with the fewest strings for colleges and universities.

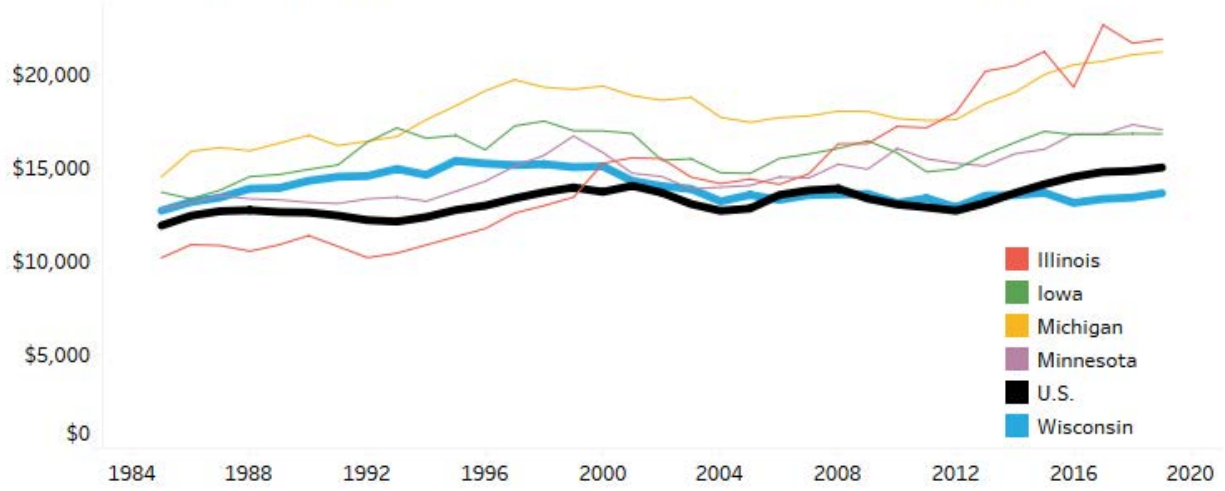
Between 2000 and 2019, adjusted state and local appropriations in Wisconsin per full-time equivalent student fell from 6.4% above the U.S. average ($10,333 here versus $9,710 nationally) to 16.5% below it ($6,846 here versus $8,196 for the U.S.) In percentage terms, Wisconsin also had the 14th-largest adjusted appropriations decrease per student among the states for those years but was similar to many other Midwest states (see Fig. 12). Between 2011 and 2019, however, the state had the sixth-largest decrease nationally and the largest in the Midwest. State financial aid per FTE student at public institutions in Wisconsin is also below the national average.

Next, we look at net tuition and fee revenues (essentially gross revenues from tuition and fees minus the financial aid and cost waivers given to students by the state and its public institutions). Since 2000, net tuition and fee revenues per full-time student have grown substantially at public institutions in Wisconsin but were outpaced by tuition nationally. Adjusted net tuition revenues per student in the state fell from 18.5% above the national average in 2000 to 1.6% below it in 2019.

The combined effect of the changes in tax and net tuition revenues is striking (see Fig. 13). Adjusted total revenues from appropriations and tuition and fees on a full-time student basis fell from 10% above the national average in 2000 ($15,079 in Wisconsin versus $13,714 for the U.S.) to 9.2% below the U.S. average in 2019 ($13,640 in Wisconsin versus $15,018 nationally).[23]

Figure 13: Funding for Higher Education Lags in Wisconsin

Adjusted State-Local Tax Funding and Net Tuition Revenue Per Student, 1985-2019



Source: State Higher Education Executive Officers (SHEEO), which adjusts for inflation, enrollment mix, and regional cost of living

The state's ranking for total revenues fell from 24th-highest nationally and close to the middle of the pack in the Midwest in 2000 to 41st-highest nationally and last in the Midwest in 2019. This finding is consistent with a recent Brookings Institution report that found Wisconsin's increase in per student appropriations and revenue for its regional public universities between 2006 and 2018 lagged peers in Illinois, Michigan, Indiana, Ohio, Minnesota, and the nation.[24]

However, in reviewing these data reported to SHEEO by the UW System, we noticed they do not include the 2019 statewide technical college levy for operations of $248.5 million even though the SHEEO definitions call for including all local taxes for higher education that do not involve capital

outlays or debt service. This longstanding omission does not change the state's downward trajectory for revenues over time but does raise Wisconsin's adjusted per student figures by $1,245, putting the state much closer to the U.S. average though still below it. Appendix II shows the revised data.

Tuition Freeze Chills Costs, Revenues

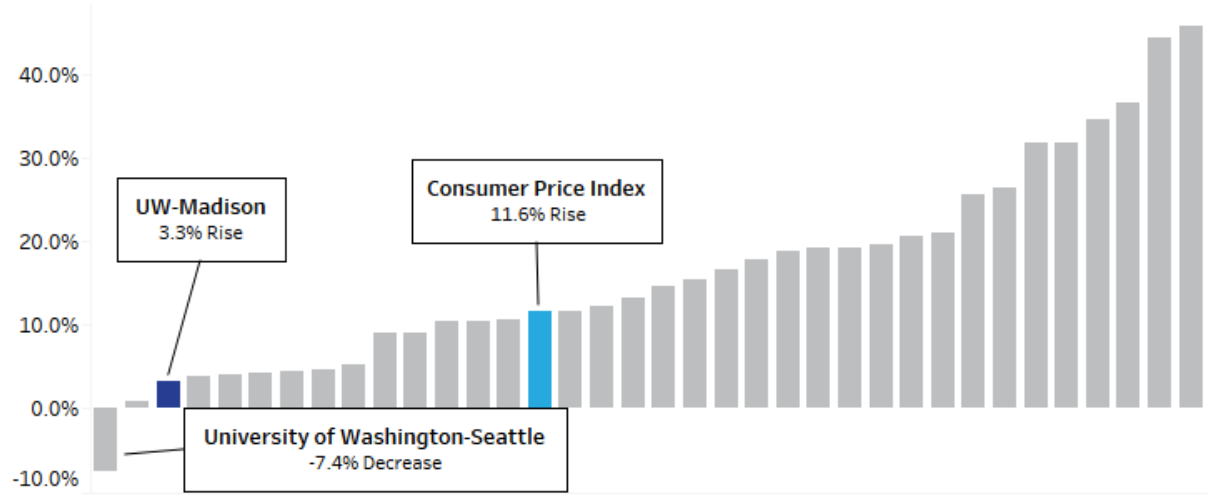
The figures on overall revenues above do not show how policies such as lagging state funding and the UW tuition freeze affect families or individual campuses such as UW-Madison. Here we show what the freeze has meant both in terms of savings for students as well as revenues that the UW is foregoing as a result. In short, few states have controlled tuition so tightly in recent years and those that did generally had substantial help from taxpayers – a marked contrast with Wisconsin.

To make comparisons, we identified 34 peer public universities with substantial research portfolios (Appendix III lists these "R1" universities). UW-Madison itself chose this peer group for Integrated Postsecondary Education Data System (IPEDS) reports. These IPEDS data can be used to compare published in-state tuition and required fees from 2013 (the last year of broad UW tuition increases) to 2020. The fees would include those required of all students or the great majority and do not include housing or meal plans.

Over that period, in-state tuition and required fees rose 3.3% at UW-Madison, with all of that increase coming from higher fees (which were not frozen). That was the lowest of any of the peer universities except the University of Washington-Seattle, where tuition and fees decreased 7.4%, and Purdue University, where the published cost increased 0.9% (see Fig. 14). The next lowest increase after UW-Madison was the 3.9% rise at the University of Florida, which also had extremely low tuition overall.

Figure 14: UW-Madison In-state Tuition and Fee Increase Near Lowest Among Peers

% Change in Published Tuition and Fees (Current $) Among 35 Peer Research Institutions FY2013-20



Source: Integrated Postsecondary Education Data System

For context, most universities exceed the 11.6% increase in the Consumer Price Index for those years, with the University of Virginia-Main Campus increasing tuition and fees the most at 45.7%. In addition, the $10,725 in 2020 tuition and fees at UW-Madison was 14.8% lower than the unweighted average of $12,594 among the 35-member peer group (including UW) and tenth-lowest overall.[25]

When looking at the average net price for undergraduate students awarded grant or scholarship aid – the actual expense to students and families – the tuition freeze dropped UW-Madison's true cost by 14.3% over the years of available IPEDS data (2013-18). Among the peers, only the University of Florida had a larger decrease (25.4%).

There are striking differences between UW-Madison and its peers that most tightly controlled in-state tuition – Washington-Seattle, Florida, and Purdue. The other three universities either embarked on their tuition controls voluntarily through their governing board or backed a legislative effort to do so, with two of them receiving substantial state funding that helped offset lost tuition revenue.

Washington-Seattle received a 66.1% increase in appropriations from 2013 to 2018 (the most recent year available) following state funding cuts and tuition increases during the Great Recession. It was no coincidence the university had both the largest percentage increase in state funding among the peers for those years and the largest decrease in tuition and fees.[26] The University of Florida had a 56.8% increase in appropriations – the fifth largest – and Purdue had a 5.8% increase.

UW-Madison saw a 6.9% decrease in overall state appropriations between 2013 and 2018. That was the largest drop among its peers and the decrease was even larger - 11.2% - on a per student basis because of growing enrollments. After factoring in the rise in students and out-of-state tuition, however, Wisconsin's flagship saw growth in its overall tuition revenues in roughly the middle of the pack and outperformed many peers in terms of increasing tuition revenues on a per student basis.

However, UW-Madison's combined revenues from tuition and appropriations lagged that of peers as well as inflation on a per full-time student basis, with the increase between 2013 and 2018 ranking fourth-lowest among its peers.

In 2013, UW-Madison ranked 17th among its peer group with combined revenues of $21,295 per full-time student without adjusting for inflation. By 2018, the amount had risen to $22,730 but UW-Madison's ranking had dropped to 23rd in the peer group.

This trend was positive for families and taxpayers in terms of their costs but may have affected the quality of education received. These financial challenges may also affect UW-Madison's mission of producing exceptional research, as we will discuss in Part Three.

UW System Also Stands Out

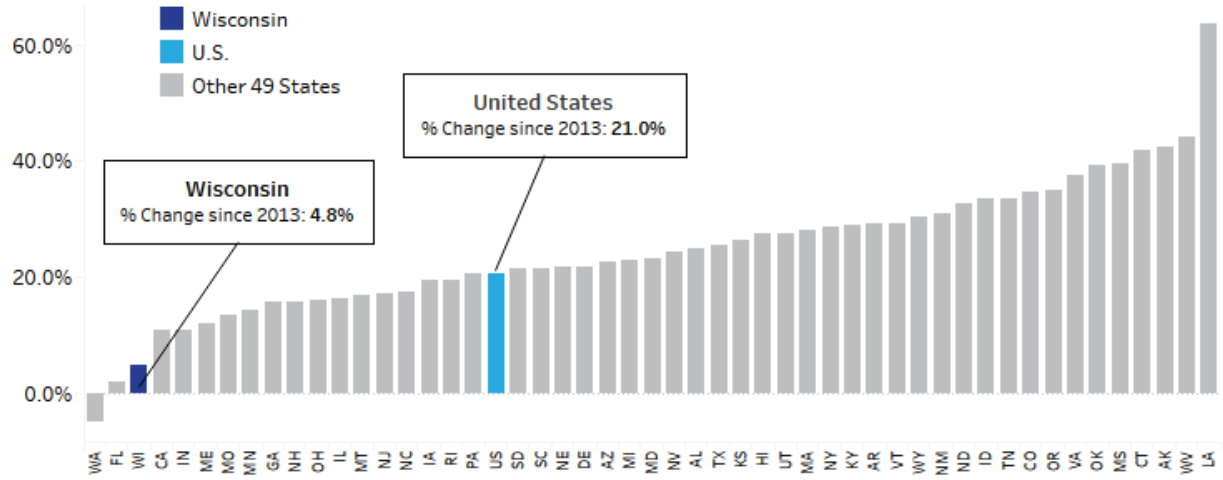
At a statewide level, national data from the College Board confirm the same trend observed for UW-Madison: in recent years almost no state has held down sticker prices for its public universities and colleges the way Wisconsin has for its residents.[27]

The enrollment-weighted data show a 4.8% increase between 2013 and 2020 – the third-lowest in the nation – in published tuition and fees for in-state undergraduates at all four-year public universities in Wisconsin. The figures, which are not adjusted for inflation, show the only states with a smaller change at comparable institutions were Washington with a 4.9% decrease and Florida with a 1.9% increase (see Fig. 15).

The 2020 tuition and fees for four-year Wisconsin campuses were 32nd-highest in the country, placing the state's universities well below the national average, the College Board data show. On two-year campuses in Wisconsin, in-state tuition and fees have risen 14.6% since 2013, the eighth lowest among states nationally.

Figure 15: Wisconsin's Increases for Tuition Among Nation's Lowest

Published In-state Undergraduate Tuition & Fee % Increase in Current$, 2013-20



Source: College Board

In recent years at least, almost no state has done as much to hold down college costs for students as Wisconsin. The states that have done more – Washington and Florida – have been more willing to invest tax dollars to help support their tuition controls. Once again, we will explore in subsequent sections of this report whether the good news for family pocketbooks must be tempered with at least some concern about the long-term quality of the education that UW students are receiving.

A Broader Look at Higher Ed Spending

So far, this report has looked mainly at state and local funding and tuition dollars. It is reasonable to ask if the trend would look different after including a broader set of revenues such as federal funds and factoring in the ability of states and their residents to pay for higher education.

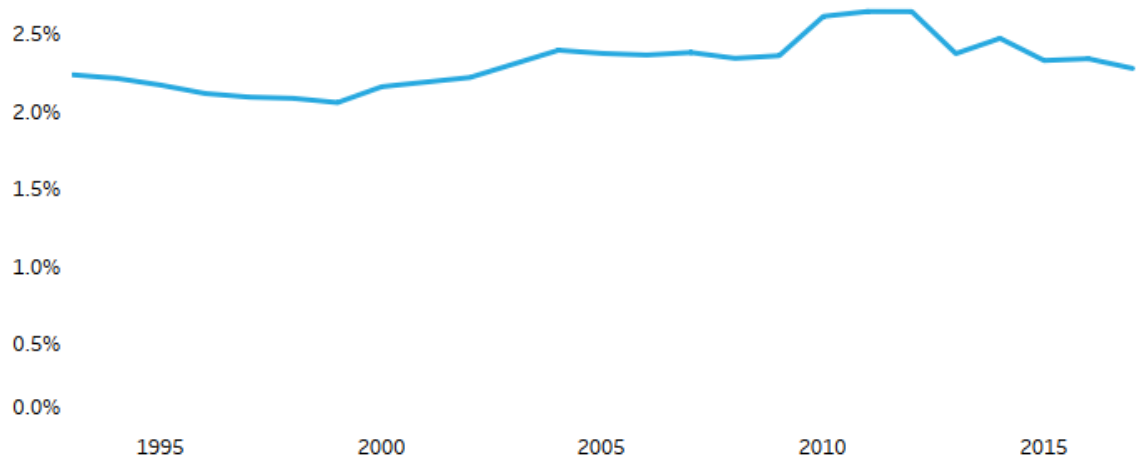
U.S. Census data can be used to look at state and local spending nationally for higher education as well as other priorities. We can compare that spending with data on personal income, which includes wages and salaries, investment income, and government benefits. The available Census data show state and local spending on higher education such as the UW System and WTCS was 2.28% of personal income in Wisconsin in 2017 – almost identical to the 2.24% in 1993 (see Fig. 16).

However, the state's spending rank has fallen. In 1993, Wisconsin's higher education expenditures as a share of personal income ranked 9th highest in the nation. They had dropped by the late 1990s and have remained lower, with state spending ranking 19th highest in 2017.

In other words, after accounting for personal income and all sources of revenue, spending on higher education in Wisconsin has not fallen below where it was in the early 1990s. But increases in other states have meant that Wisconsin has fallen in the rankings.

Figure 16: Spending Returns to Levels of Early 1990s

State-Local Higher Education Spending as % of Income, 1993-2017



Source: U.S. Census Bureau; 2001 and 2003 values imputed

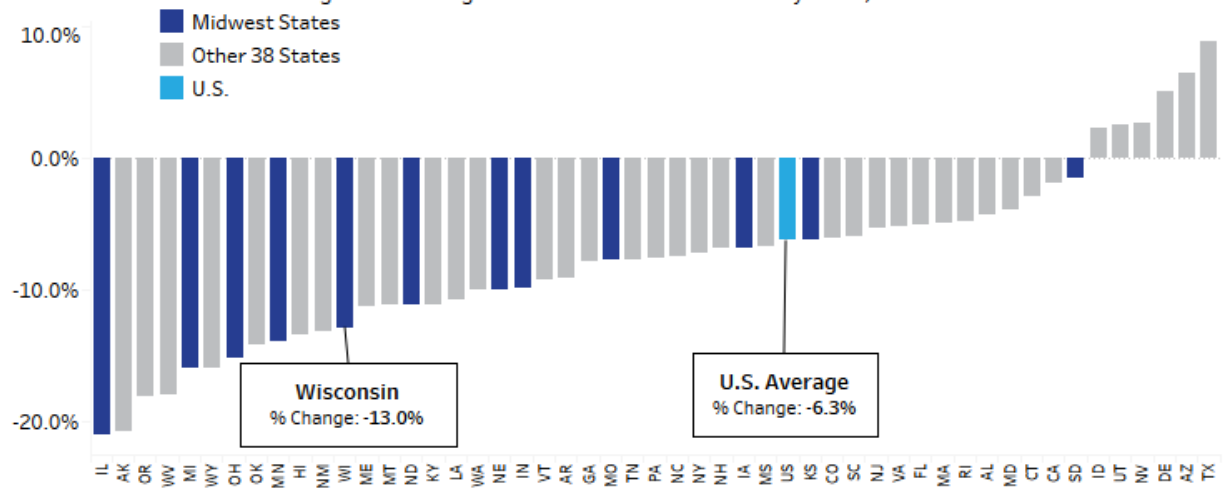
Enrollments Also Falling

Wisconsin is not the only state coping with challenging declines in higher education enrollments over the past decade. Only six states in the country – mostly in the Southwest – have grown their enrollments since 2011. But the drop has been greater in this state than most others.

Between 2011 and 2019, net FTE enrollments at public colleges and universities in Wisconsin (including both the UW System and WTCS) fell by 13%, or more than twice the national average (see Fig. 17), according to SHEEO data.[28] That was the 12th largest decline nationally.

Figure 17: Wisconsin, Midwest States See Enrollment Declines

% Change in Public Higher Education Net Enrollment by State, 2011-2019



Source: State Higher Education Executive Officers

Other Upper Midwest states face a similar problem – in fact, Illinois, Minnesota, Ohio, and Michigan all had greater declines than Wisconsin since 2011. The only state in the Midwest to substantially beat the national average was South Dakota and enrollments there still saw a small decline.

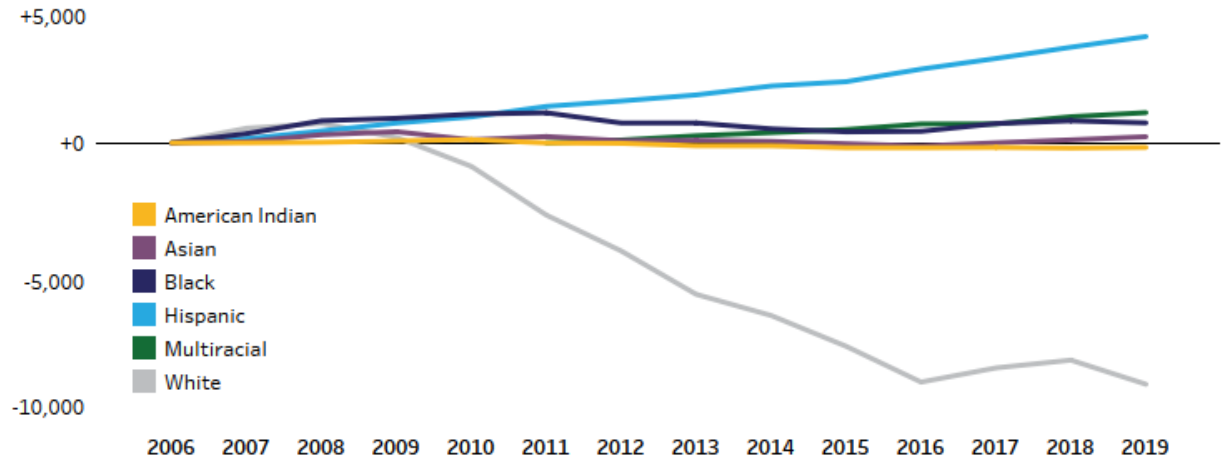
As we saw in Part One, UW-Madison enrollments have kept rising, posting some of the largest gains in decades in 2018 and 2019. But IPEDS data show the growth at UW-Madison since 2011 is still somewhat less than the average increase across the group of 35 peer research universities.

Wisconsin's demographics account for much of the problem. Groups such as WPF and Forward Analytics have noted Wisconsin's falling birth rates as well as population loss due to net migration. Wisconsin and other states are not seeing as many students complete high school in recent years. Projections from sources such as UW's Applied Population Lab and Carleton College labor economist Nathan Grawe confirm this will continue to be a challenge in Wisconsin over the next decade.[29]

As Fig. 18 shows, the decline in Wisconsin has been driven by a drop in the number of white students completing high school each year. This group also happens to be most likely to go on to enroll in a college or university. After cresting in 2008 at 55,156, the number of whites completing high school annually fell to 45,818 by 2019, according to data from the Wisconsin Department of Public Instruction and the National Student Clearinghouse.

Figure 18: More Students of Color Completing High School

Change in total high school completers since 2006* by racial/ethnic category



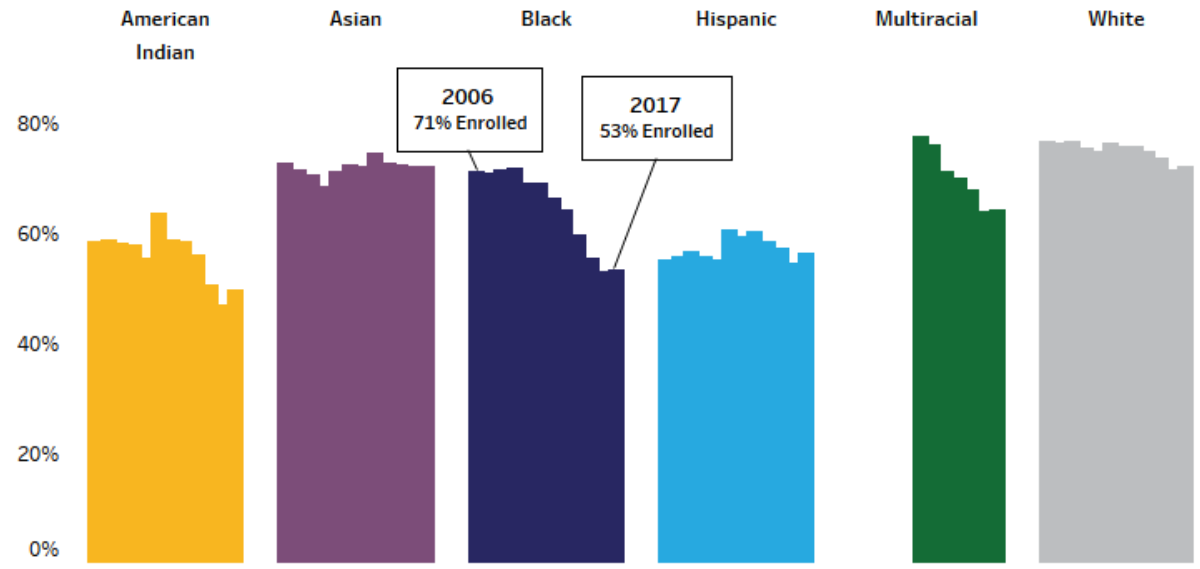
Source: Department of Public Instruction via National Student Clearinghouse
Note: Pacific Islander excluded due to small sample size. * Multiracial introduced as racial/ethnic category in 2011.

The number of students of all races completing high school bottomed out in 2016 but has risen only modestly since then. That is because other racial and ethnic groups have generally seen increases in the number of high school completions but not enough to offset fully the decline in white graduates. Only Latinos have seen significant growth, with 6,304 students completing high school in 2019, two-and-a-half times as many as in 2006 – the first year in the dataset.

So without strong participation from students of color, enrollments at Wisconsin's colleges and universities will continue to suffer, as will the state's labor force and economy. Yet as Fig. 19 shows, post-secondary enrollment rates for students completing high school have been falling for all racial and ethnic groups since 2011 and for black students for even longer.

Figure 19: Postsecondary Enrollment Rates Fall Across All Races

Postsecondary enrollment as a % of total high school completers by race/ethnicity, 2006*-2017



Source: Department of Public Instruction via National Student Clearinghouse..

The data from 2006 to 2017 tell one positive story. Among the students who complete high school and do enroll in a college or university, a rising share across all groups has been going to public or private institutions in Wisconsin. The enrollment rate increase is not just for students choosing UW schools and may reflect multiple factors. However, efforts to hold down tuition at UW and WTCS campuses may have contributed to the rise, which was greater for students of color than whites.

The economy can also affect enrollments, particularly at technical colleges. The layoffs and high unemployment that accompany recessions can prompt affected workers or recent high school graduates to seek additional skills rather than entering a difficult job market. Since the 1990s, the top five increases in tech college enrollments in Wisconsin all came in years during or immediately after a recession: 2010, 2002, 2009, 2003, and 2001.

The current downturn might also have that effect. However, the pandemic complicates the picture by making it much more difficult for colleges and universities to educate students in the normal fashion. Those challenges may blunt or even cancel out the normal enrollment boost from a recession.

Takeaways

Nationally, public colleges and universities are facing substantial challenges. But those in Wisconsin are particularly acute and are compounding one another. To recap:

- Between 2000 and 2019, adjusted state and local appropriations in Wisconsin per full-time equivalent student fell from 6.4% above the U.S. average to 16.5% below the national average ($6,846 here versus $8,196 for the U.S.) Adjusted net tuition and fee revenues per student in the state were also overtaken by the national average.

- Adjusted total combined revenues from appropriations and net tuition and fees per FTE student fell from 10% above the national average in 2000 to 9.2% below the U.S. average in 2019 ($13,640 in Wisconsin versus $15,018 nationally).

- The state's ranking for adjusted total revenues fell from 24th-highest nationally and close to the middle of the pack in the Midwest in 2000 to 41st-lowest nationally and last in the Midwest in 2019. Arguably, the data omits $1,245 per FTE in local technical college revenues but even after accounting for that Wisconsin is still below the national average.

- From 2013 to 2020, UW-Madison had the third-lowest in-state undergraduate tuition increase among 35 public research universities and had the largest cut in state support from 2013 to 2018 (the most recent year for those figures). Its ranking for appropriations and tuition and fee revenue has fallen from 17th in 2013 among its 35 peers to 23rd in 2018 at $22,730 per FTE student.

- From 2011 to 2019, net enrollments at public colleges and universities in Wisconsin fell by 13%, or more than twice the national average. That was the 12th largest decline nationally. UW-Madison increased enrollments over these years but still lagged its peers.

PART THREE: OUTCOMES AND EFFICIENCIES

Despite the financial and enrollment challenges laid out in parts one and two, Wisconsin's public colleges and universities have seen many positive trends for their students. At UW institutions, students are graduating at higher rates overall and across racial and ethnic groups. Graduates are also more likely to receive degrees in valuable fields such as health, science, and math.

The time needed for students to reach graduation is also shrinking, lowering their costs and sending them into the workforce more quickly. After sizable increases in student borrowing over the past two decades, debt levels are now dipping for graduates. These trends improve the cost-benefit calculation for those seeking a degree.

However, the data on some outcomes are mixed or decidedly negative, raising questions about whether the progress made so far can be sustained. Even where Wisconsin is improving, it still often trails neighboring states. UW-Madison, for example, accepts a smaller share of in-state students than most of its peers. The state's technical colleges have high completion rates for students but low transfer rates to four-year institutions.

Key metrics related to faculty also raise some concerns. The UW System is seeing an increase in administrative staff but declines in faculty. Though faculty salaries at UW-Madison appear to be catching up to their peers, they still trail, particularly for tenured professors. UW-Madison also lags in research and development spending – a key driver of innovation and economic growth.

In this section, we review these trends one by one, looking first at students and then at the institutions themselves and their staff.

Students

Rising Enrollments for Students of Color

Though state higher education enrollments have been falling, students are becoming steadily more diverse. Since 1990, students of color have tripled their share of overall UW System headcount enrollments, rising from 5.6% to 17.1%.[30] UW-Madison has increased the share of students of color by almost as much over those years, from 6.9% to 17.4%.

Across the UW and at UW-Madison, the greatest increases were among Latino students and those self-identifying as being of two or more races – a category that first appeared in 2008. The share of African-Americans, however, has not changed much since 1990, ranging between 2% and 3%.

Share of In-State Enrollment Falls

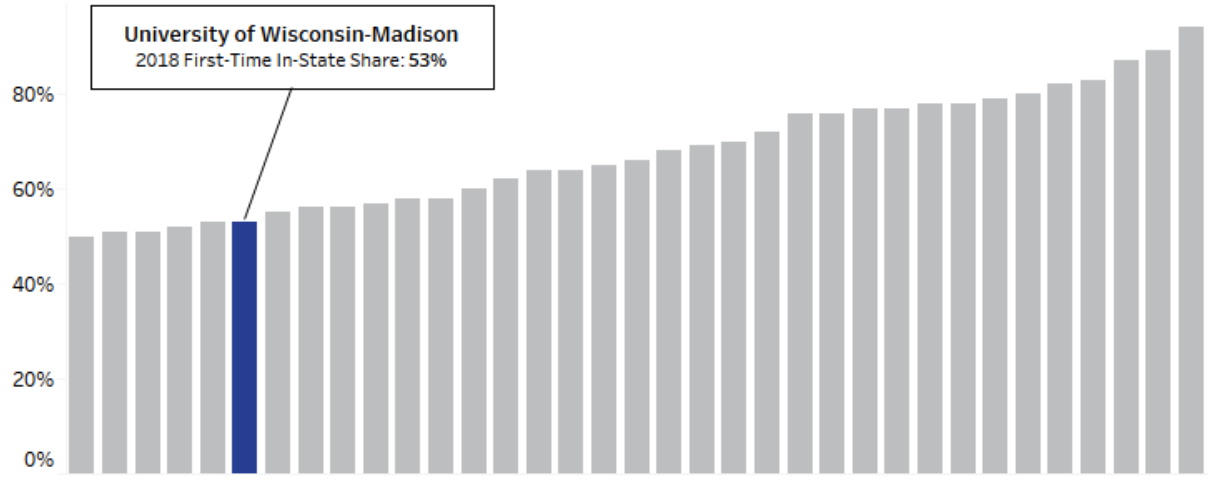
By another metric, however, access for Wisconsin residents has arguably fallen. The share of in-state students at the state's flagship has dropped – a shift that may reflect the pressure to accept out-of-state students who are not covered by the state's tuition freeze.

The share of first-time in-state undergraduates at UW-Madison fell from 61% to 53% between 2013 and 2018 – years in which complete IPEDS data were available for the university's 35-institution peer group. The percentage point decrease was tied for second-largest among its peer universities

and left UW-Madison's in-state share tied for fifth-lowest among the group (see Fig. 20). For their part, UW-Madison officials note that this shift was approved by the Board of Regents and that Wisconsin residents also can receive tuition reciprocity in Minnesota. Since UW-Madison has been able to keep at least 3,600 Wisconsin high school graduates in each fall first-year class, officials say that access for state residents has not declined and that overall enrollment has simply grown.

Figure 20: Relatively Small Share of UW-Madison Enrollment In-State

First-Time In-State Fall Enrollment as a % of Total, 2018



Source: Integrated Post-Secondary Data System

For the students who do arrive at four-year UW campuses, their outcomes generally have been improving. Here are some of the ways:

- **Higher Retention Rates.** UW System data show new freshmen who enroll full-time in the fall at a four-year campus are returning to the same institution the following year at higher rates, rising from 79.1% in 2000 to 82.1% in 2018 and slightly besting the national rate in most recent years. At UW-Madison this "retention rate" has improved from 91.2% to 95.3% and topped both the median among its peers and the nation.[31] There is still room for improvement, however. A separate but similar analysis by the Midwestern Higher Education Compact (MHEC) found 2017 retention rates for first-time full-time students at four-year public campuses in Wisconsin were slightly better than in Minnesota or Illinois but slightly behind Michigan and Iowa.[32]

- **Retention Rises for Students of Color.** Outcomes have also improved among underrepresented minorities, a group that includes Black, Native American, Latino, and Southeast Asian students. The retention rate for those students at all four-year campuses rose from 69.3% in 2000 to 75.3% in 2018, narrowing the gap between minorities and other students. Asian students saw greater improvements than some other groups such as Blacks. At UW-Madison, the retention rate climbed from 82.2% to 93.7% over those years. The rates also improved across the UW System and at UW-Madison for recipients of federal Pell grants for students with financial need.

- **Time to Graduation Falls.** Students also are taking fewer credits at UW campuses in order to graduate with a bachelor's degree. UW graduates in 2000 attempted an average of

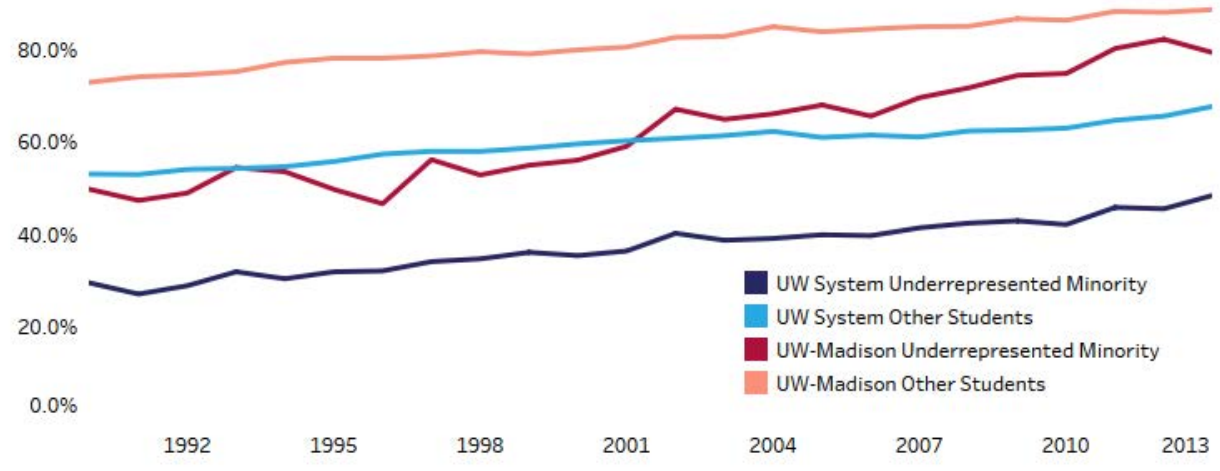
141 credits compared to 131 credits for 2019 graduates. For UW-Madison graduates, the number of credits attempted fell from 131 in 2000 to 122 in 2019.[33] The average number of semesters of enrollment has also been decreasing for both the UW System and UW-Madison. This is important both because it lowers the actual cost of a university education and the "hidden cost" of the earnings lost by college students unable to fully participate in the workforce.

- **Success Rates Rise.** UW System data show graduation rates within six years with a bachelor's degree have also improved, increasing from 58% of full-time students who arrived at all four-year campuses in 2000 to 65.4% of those who enrolled in 2013. At UW-Madison, the rate increased from 78.4% to 87.6% over that period. Those outcomes bettered both the national rate and UW-Madison peers. Once again, however, a separate MHEC analysis found six-year graduation rates for four-year public campuses for the full-time 2012 cohort in Wisconsin were higher than in Illinois but somewhat lower than Iowa, Minnesota, and Michigan.[34]

- **Racial Disparity Shrinks.** Underrepresented minorities still lag other students in graduation rates but the gap has been narrowing. Just over one third, or 35.5%, of minority students who arrived in 2000 graduated from the same campus with a bachelor's degree within six years, according to UW-System data. For the incoming class of 2013, that rate was 48.5%. The rate for these students at UW-Madison climbed dramatically, from 56.1% to 79.3%. Pell grant recipients also improved their graduation rates across the UW System and at UW-Madison. A similar MHEC analysis found first-time, full-time minority students at four-year public institutions in Wisconsin slightly outperformed those in all of its neighboring states except Iowa.[35] However, some groups such as African Americans face greater challenges. National Student Clearinghouse data, for example, showed Wisconsin with the largest six-year completion rate gap in the nation for black and white students who started at public four-year institutions in 2013.[36]

Figure 21: Graduation Rates Climb Overall, Gaps Narrow

Graduation Rate at same UW Campus at six years by Entrance Year and Group



Source: University of Wisconsin System

The UW System and UW-Madison have been awarding more degrees in health as well as Science, Technology, Engineering, and Math (STEM) disciplines, both in terms of raw numbers and as a share of all degrees. In 2000, the UW System awarded 5,585 STEM degrees and 1,933 health degrees. By 2019, STEM degrees had risen to 10,164 and health degrees to 3,717. The UW beat national rates for STEM degrees as a share of all degrees but did not do so for health degrees.

Once students graduate from UW System campuses with a bachelor's degree, they also are increasingly more likely to remain in the state. Of 2004 graduates, 79% were still living in Wisconsin three years later whereas 89% of 2015 graduates were still in the state after three years. Retention rates for UW-Madison graduates are lower but also rose substantially.

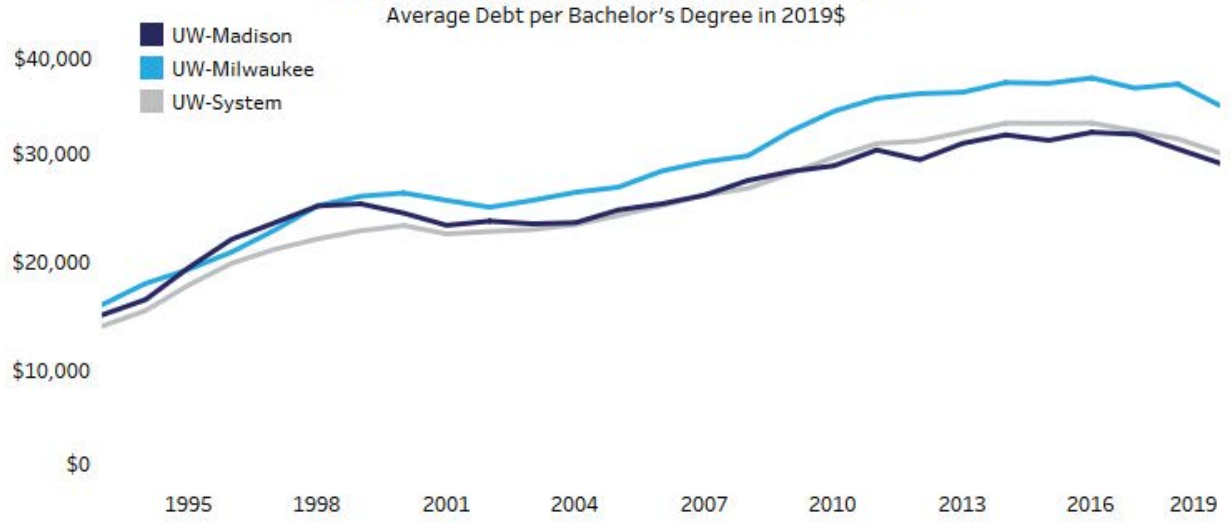
The improvement in these student outcomes is notable, particularly given the financial challenges faced by the UW System. However, it is worth remembering that changes in these metrics take time to show up. For students enrolling in the UW this fall for the first time, it will take four to six years to know whether they graduating in the same numbers and at the same speed as their predecessors.

Student Debt Drops Off for Graduates

Though a significant issue, student debt levels are generally lower at public colleges and universities and that is the case in Wisconsin. Debt levels for UW students graduating with bachelor's degrees have topped out in recent years and – after adjusting for inflation – have been falling since 2014.

That year the average amount for bachelor's degree recipients at UW with debt was $30,452 ($32,823 in 2019 dollars).[37] By 2019, it was $30,034 (see Fig. 22). Over those years, the share of UW graduates who borrow fell from 73.7% to 69.7%. A more positive trend has played out at UW-Madison, where fewer students take out loans and the average amount for bachelor's recipients who do have debt has gone from being slightly above the UW System average in 2000 to being slightly below it today. However, UW-Madison graduates and their families may have different characteristics (such as higher income) compared to other UW System graduates.

Figure 22: Debt Levels Out, Then Dips for UW Grads



Source: University of Wisconsin System

In 2019, the 13,790 students with student loan debt who graduated with a bachelor's degree from a UW campus had loans totaling $414.2 million. That was the lowest number of UW graduates with debt since 2009 and roughly the same amount of debt – even without adjusting for inflation – as in 2012. In addition, separate research by UW-Madison's Student Success through Applied Research lab found the average federal student loan debt for borrowers in Wisconsin ranked 44th lowest among the 50 states and was lower than all of the state's neighbors except Iowa.

There are still challenges for many students, however. Some campuses like UW-Milwaukee, for example, have had higher debt levels among their graduates, which might prompt policymakers to consider interventions such as increased financial aid. In a related issue, a 2019 review by the Federal Reserve Bank of New York showed the metro Milwaukee area stood out for its racial disparities in student debt. Last, the UW data above on student graduate debt levels leaves out borrowers with loans but no degree – a group facing some of the biggest financial challenges.

Student Transfers

The number of students transferring into the UW System has fallen in recent years. Compared to other states, Wisconsin also has very low rates of students transferring from community colleges to four-year institutions. These data may not necessarily be negative, however, since some students may be achieving their goals at two-year campuses and may not need or want to transfer.

Headcount student transfers into UW campuses from outside the system peaked at 15,220 in 2013 and by 2019 had dropped 18.7%. That is a much bigger decrease than the 7.9% drop in overall headcount enrollment in the UW System since its peak. The fall-off in students transferring from Wisconsin's 16 technical colleges is roughly on par with the drop in overall transfers and in technical college enrollments over that period. Student transfers from out-of-state have also fallen, a trend that would appear to reflect enrollment declines in neighboring states as well.

National Student Clearinghouse data show Wisconsin had the second-lowest rate in the nation of students transferring out of two-year community colleges.[38] The 19.7% rate here was well below the national average of 31.5%. Of the 44 states in the report, only South Dakota was lower. The report looked for six years at students who started at community colleges in the fall of 2010. Likewise, Wisconsin ranked fourth-lowest for the share of students – 6.2% – who entered community colleges in fall 2010 and transferred out to complete a bachelor's. That was less than half the national rate.

The students who do transfer into four-year UW schools do relatively well. The Clearinghouse data show Wisconsin ranked seventh-highest among public universities for transfer students completing a bachelor's degree. Forty-five percent of transfer students completed a UW degree within six years of entering community college, compared to just over 41% nationally.

In addition, a second Clearinghouse report shows Wisconsin is also a leader in community college students who complete a degree or certificate. Among students who entered technical college in the fall of 2012, 49.2% had completed a credential at some institution within six years – fifth highest nationally and well above the national rate of 39.2%.

Still, policymakers should consider how Wisconsin might simplify students' path from technical colleges to UW campuses. Some efforts have already been made, including a state budget provision that resulted in a July 2014 agreement between the UW and the WTCS to identify general education courses of at least 30 credits that can be transferred between institutions.[39]

Some thought should also be given to helping UW students who transfer to technical colleges. In 2018, the WTCS reported more students transferring into technical colleges from UW campuses than those who left technical colleges to go to UW. Some review may help determine whether these students faced unnecessary financial, academic, or other hurdles. On the bright side, the credit transfer agreement cited also helps students transferring from UW campuses to tech colleges.

Institutions

Program Completions by Campus

As higher education leaders and policymakers consider these trends, an important related question is whether individual UW campuses are offering little-used programs and majors that could be ended or consolidated with other System schools. In a very high-level review, we examined IPEDS data on students completing a bachelor's degree at select smaller four-year UW System campuses. We found some majors do appear to result in relatively few degrees on those campuses, validating the idea that a more in-depth review might find at least some savings.

For example, at UW-Oshkosh in 2018, the 10 majors with the fewest graduates produced 29 students combined who earned a bachelor's in those areas as a first major. Moreover, four of those majors -- Germanic languages, literatures, and linguistics; French languages and literature; religious studies; and art and art studies – produced only two graduates apiece. There was a similar number of small first majors at UW-Superior. At UW-Parkside in 2018, the bottom 10 first majors produced 32 students graduating with a bachelor's. Three majors – secondary education and teaching, sustainability studies, and philosophy – produced one student apiece graduating with a degree as a first major.

While data showing the numbers of graduates per major was available, we were unable to obtain data on the number of students taking courses in these programs. Also, the review did not consider credentials such as certificates, graduate degrees, or courses taken as prerequisites to other degrees – an important consideration in the case of foreign language programs; and it did not consider whether low-enrollment majors might be cheaper to deliver in some cases.[40]

Our review found that much campus programming did suit the state's needs. For example, Oshkosh graduated 279 registered nursing majors in 2018 – more than twice as many as any other first major. Parkside had the most 2018 graduates by far in business administration and management, another marketable degree.

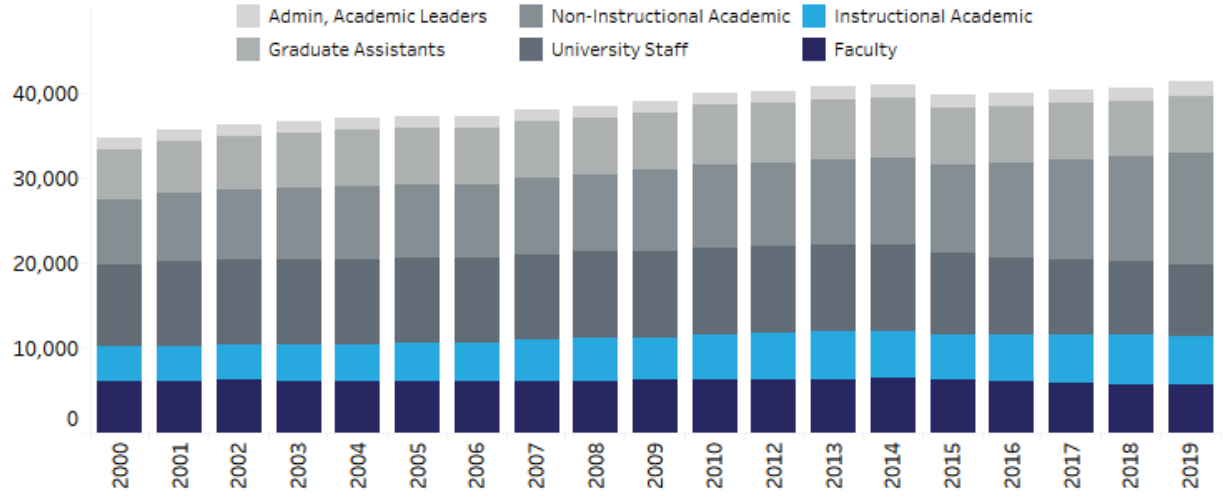
In addition, some changes to programming can affect accreditation and may not even be viable. Some majors and programs may make money or at least break even for a university after factoring in student housing and other revenues, which means closing those programs could actually cost UW money. Even among programs that are losing money, savings from eliminating them may be minimal at best. Last, policymakers may wish to consider how ending programs may impact students of color, rural populations, and low-income groups.

Staffing Levels

The UW System workforce as a whole climbed steadily for most of the past two decades but dropped 2.9% in 2015 along with the budget cuts of that year. By 2019, UW data show overall headcount staffing had recovered to a new high of 41,383 (see Fig. 23) that was 19.3% above 2000.

Figure 23: UW Staffing Climbs, Falls, and Recovers

Employee Headcount Across UW System by Year



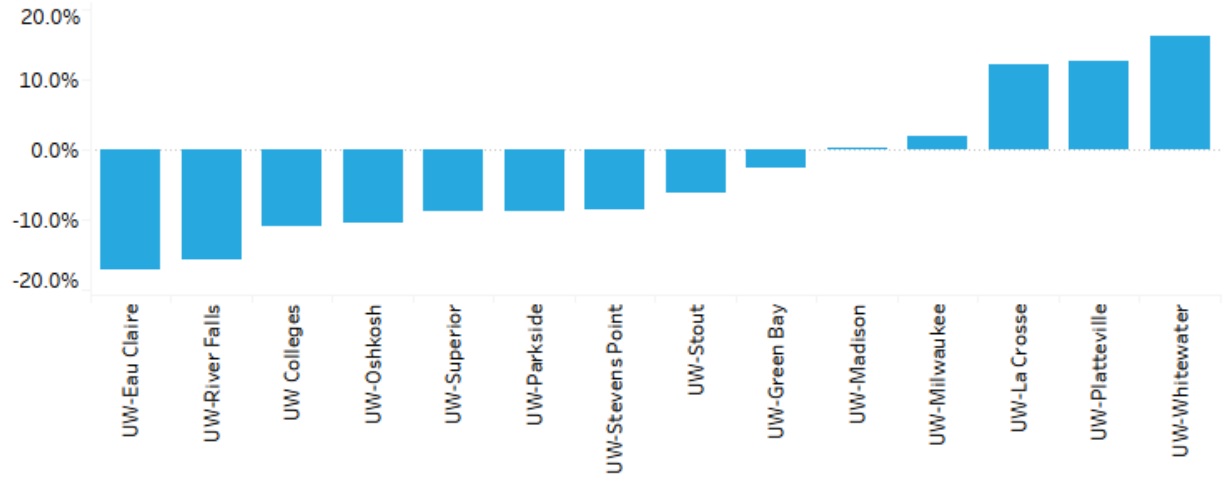
Source: University of Wisconsin System; Figures for 2011 are not available.

Between 2000 and 2019 – a period in which enrollment was up – the number of faculty across the UW System fell from 6,103 to 5,675, or 7%. The loss in faculty (defined as professor, associate professor, assistant professor, or instructor) over those years was more than offset by an increase in other instructional academic staff and graduate assistants, which may have blunted the impact to the UW's teaching mission. However, other faculty duties such as research may have been affected.

Between 2000 and 2017, UW-Milwaukee, La Crosse, Platteville, and Whitewater saw faculty increases.[41] Madison – the state's flagship – had only a slight increase despite a 8% rise in FTE enrollment over those years. Since 2010, only La Crosse and Whitewater have increased faculty and Milwaukee lost 16.9% - reversing most of its substantial growth in faculty during the 2000s. Some UW-Milwaukee stakeholders have questioned whether further faculty cuts could endanger its status as a high-level research, or R1, institution.[42]

Figure 24: Faculty Ranks Fall at Most UW Campuses

% Change in Faculty Headcount by Institution, 2000-2017



Source: University of Wisconsin System; 2018 and 2019 figures are not comparable because of restructuring.

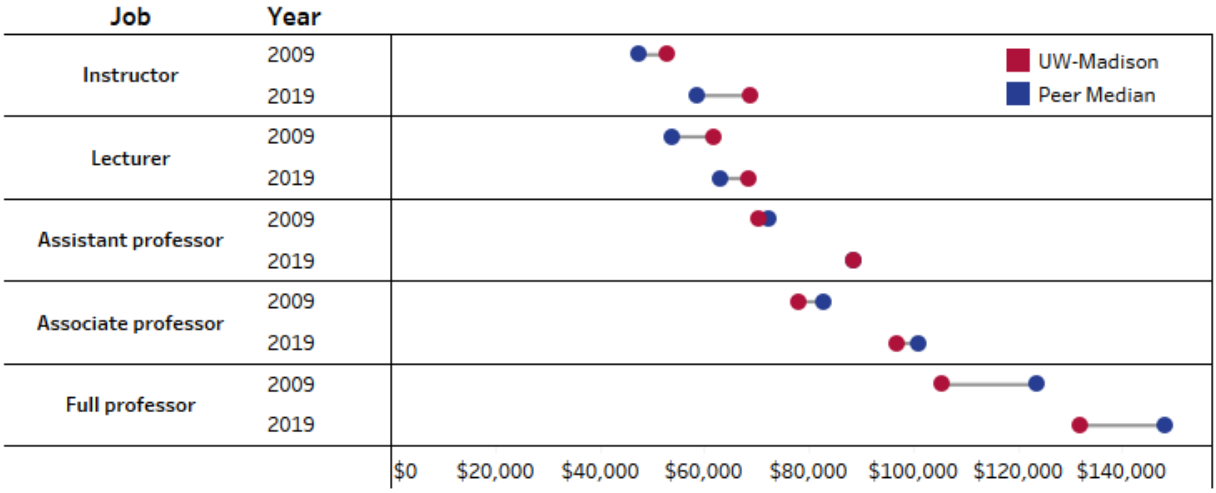
Over the past decade in particular, the UW System also has seen a decrease in clerical and blue collar positions and a sizable increase in administrators and other campus leadership positions as well as research staff. Some of these trends could be seen as negative since an increase in administrators adds to the UW's costs without necessarily adding to its core mission of teaching, research, and public service. At the same time, UW System figures show its growing administrative costs remain lower than other public four-year universities in neighboring states and nationally and in part reflect the growth in regulatory demands on large research universities.[43]

Staff Compensation

On the surface, UW-Madison appears to have made progress over the past decade in providing the competitive salaries needed to attract top faculty. However, IPEDS data show salaries for full professors in particular remain well below those within the peer group. In 2009, full professors at UW-Madison averaged a salary of $106,446, which was 14.6% below the median salary of $124,583 among the group of 35 peer universities (see Fig. 25).[44] By 2019, full professors averaged $132,916, or 11% below the median peer salary of $149,268.

Figure 25: UW-Madison Professors Close Salary Gap, Instructors Improve

Gaps in Salary by Position and Year at UW-Madison Versus Peer Research Universities



Source: Integrated Postsecondary Education Data System

Over that decade, salaries for associate professors at UW-Madison climbed from 5.8% below the peer group to 4% below and assistant professors from 2.8% below the group to even. Throughout that period, instructors and lecturers at UW-Madison remained better paid than those at peer institutions.

During those years, however, 2011 Wisconsin Act 10 required state employees – including UW staff – to contribute more for their pension and health benefits. The added retirement contribution alone worked out to roughly 6% of earnings for state employees. It is possible that some of the salary gains by UW faculty compared to their peers were offset by these impacts to take-home pay.

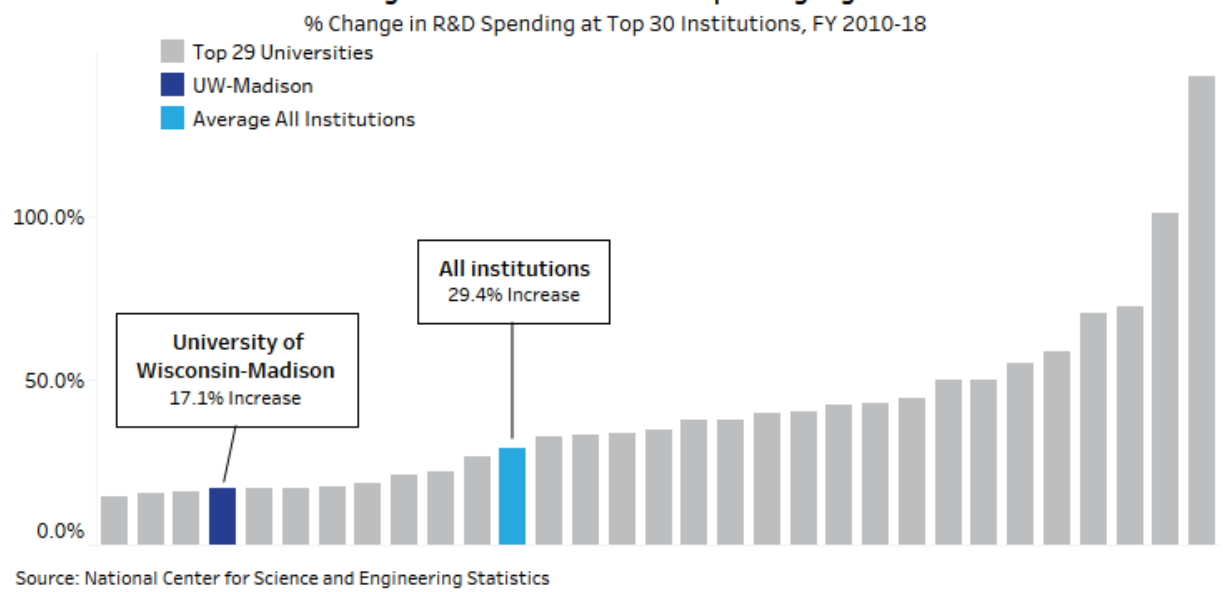
Research and Development

University research can expand a region's economy by attracting federal funding and sparking innovative new products and companies. For those reasons, the lag in UW System research and development spending represents one of the most concerning trends of the past decade.

UW-Madison accounts for the vast majority of research spending within the larger system. UW-Milwaukee, the state's other public R1 institution, makes up the bulk of the remaining amount. Both have failed to keep up with the nation's other top research institutions in recent years, according to data from the National Center for Science and Engineering Statistics.

UW-Madison increased its R&D spending in raw dollars from $1.03 billion in 2010 – the first year of the current federal survey – to $1.21 billion in 2018, an increase of 17.1% that modestly outpaced the rate of inflation.[45] Yet, as Fig. 26 shows, the UW-Madison percentage increase ranked 27th out of the top 30 public or private research institutions in the country and also fell well short of the 29.4% increase in spending across all research institutions tracked by the federal survey. Harvard University, for example, doubled its research and development spending over those years.

Figure 26: UW-Madison R&D Spending Lags



Source: National Center for Science and Engineering Statistics

As a result, UW-Madison's R&D spending fell from 3rd highest in the nation in 2010 to eighth-highest in 2018. The university still edged out Harvard in the rankings – no small consolation. Still, the decline in standing is concerning given the great economic benefits of R&D spending.

The story at UW-Milwaukee was worse, with R&D spending falling from $71.2 million in 2010 to $55.8 million in 2018, or 21.6%. Since 2010 spending was unusually high, it might be more fair to say that R&D efforts there have been flat, but they have certainly not kept pace with inflation.

One way to understand the decline in rankings for UW-Madison is to look at the sources of R&D funding. Federal dollars pay for more research than all other sources combined, and the failure to attract them is the principal reason UW-Madison was outpaced by other institutions. Federal funds supporting R&D spending rose 5.3% at UW-Madison between 2010 and 2018, which was less than half the increase across all institutions in the survey.

Other factors include a decline in state and local research funding for research at UW-Madison between 2010 and 2018 and a lag in institutional and non-profit funding compared to the growth in all those categories seen for universities nationally. We combined the institutional and non-profit categories for our analysis because funding from the Wisconsin Alumni Research Foundation (WARF) and UW Foundation was reported in different categories over the course of this period.

WARF (see box) has seen a drop in its patent licensing income over the past decade from $56.7 million in 2009 to $18.6 million in 2018 – a decline that shrinks the new resources available to support research at UW-Madison.[46] The foundation retains a substantial investment portfolio, however, and its grants to support research at UW-Madison and the affiliated Morgridge Institute for Research have risen in recent years from $48.5 million in 2012 to $73.7 million in the current year (2021).

The Wisconsin Alumni Research Foundation (WARF), the private technology transfer arm for UW-Madison, has fallen in international university patent rankings in recent years – a drop potentially linked to the research trends discussed here.

WARF declined from fourth for U.S. utility patents in 2012 to ninth in 2019 in the available rankings from the National Academy of Inventors and the Intellectual Property Owners Association. Utility patents are given for inventions that include devices, functions, processes, and materials.

Over this period, WARF was granted roughly 160 patents each year but some other top universities increased their numbers. In that sense, the fall in rankings is similar to R&D expenditures at UW-Madison.

Another contributor to the drop in research spending may be found in the lagging compensation for UW-Madison's full professors, since university data shows they draw down more outside awards.[47] Though many factors influence employee turnover, faculty who can win major research grants are in high demand and might migrate to those institutions willing to pay them the most.[48]

The 2015 decisions by lawmakers and Gov. Walker to cut the UW System budget and repeal provisions in state law protecting faculty tenure drew national attention and have been cited as potential contributors to faculty turnover. However, the Board of Regents later approved tenure policies that generally align with American Association of University Professors (AAUP) recommendations in areas such as dismissal for cause; faculty layoffs due to urgent financial need for the university and program elimination; and procedures such as notice and severance in the case of layoffs.[49] UW System policies also offered protections as strong or stronger than those offered by a majority of 198 other four-year universities with a tenure system.[50]

Faculty turnover due to retirements and resignations peaked in 2016 for the UW System and has since fallen somewhat.[51] UW-Milwaukee turnover peaked in 2017 while levels at UW-Madison remained somewhat higher in recent years.

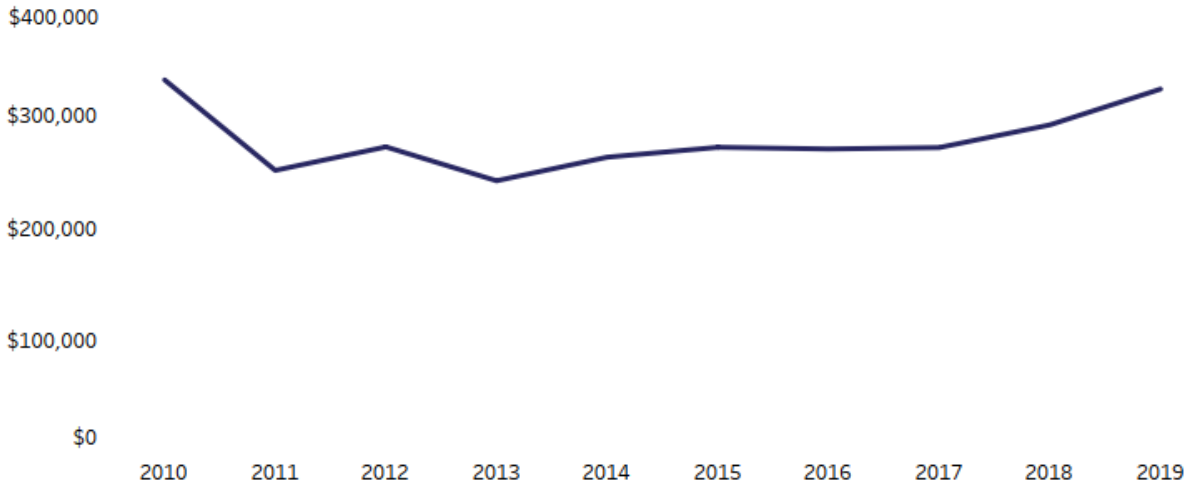
Another potential factor affecting research awards may lie in the number of faculty at UW-Madison and UW-Milwaukee – fewer faculty could mean fewer actors seeking R&D funding. After peaking in 2014, faculty numbers fell over the next three years at both institutions.[52]

Separate UW-Madison data suggest both the numbers of faculty and their effectiveness might play a role. For example, the share of faculty receiving new outside research awards each year has remained relatively steady over the past decade at between 55% and 61%, meaning that an increase or decrease in faculty might translate directly into a greater or lesser number of awards.[53]

The average amount of new awards was lower in 2019 than in 2010 even before adjusting for inflation (see Fig. 27). That might point to faculty having less time or ability to secure grants.

Figure 27: UW-Madison Research Awards Lag

Average Amount of New Extramural Awards for All Faculty



Source: UW-Madison

Other Rankings

Many other university rankings are frequently used by the media and prospective students. Their approach and quality can vary and they may not be accurate barometers of a university's worth. Yet even rankings that are incomplete or somewhat arbitrary may become a self-fulfilling prophecy if they influence the decisions of students, faculty, donors, employers, and other stakeholders. UW-Madison receives high marks within frequently-cited rankings and has even gained ground on some recently, but its place within longstanding rankings is still generally lower than a decade ago.

For example, UW-Madison scores well but has declined somewhat in rankings by U.S. News and World Report. In the new 2021 ranking, the state's flagship rose to a five-way tie for 42nd from 46th last year among doctoral universities nationally and remained 13th among public schools. That was still down from seventh among public universities and 35th among national institutions in 2008.[54]

In August 2020, UW-Madison was ranked 23rd in the United States and 32nd in the world in the Academic Ranking of World Universities conducted by Shanghai Jiao Tong University; that compares to rankings of 19th in the country and 27th in the world last year. The rankings are based on such factors as highly-cited papers and researchers and prizes won by alumni and staff.[55]

Earlier this year, UW-Madison was ranked 20th nationally and 26th worldwide by the Center for World University Rankings, compared to 19th and 25th in 2019. These rankings, which have been relatively stable for UW-Madison, are based on factors such as the number of research papers, publications in top-tier journals, research citations, and major faculty prizes and awards. In September, UW-Madison ranked 49th in the 2021 Times Higher Education World University Rankings – a modest improvement over 51st in the previous year but a substantial decline from 27th in 2012.

Even when based on objective and transparent metrics, rankings capture only a part of the workings of a research institution such as UW-Madison and should be taken with caution. Still, these reports are widely used, making them a factor that policymakers should note.

Takeaways

Wisconsin and its institutions of higher education have true successes to celebrate but also some trends that should give the public pause. On the mostly positive side, we find:

- Graduation rates within six years have improved, rising from 58% of students who arrived at all four-year campuses in 2000 to 65.4% of those who enrolled in 2013. At UW-Madison, the rate increased from 78.4% to 87.6% over that period. Those outcomes bettered both the national rate and UW-Madison's peers. Graduation rates also improved for underrepresented minority students. However, graduation rates for four-year institutions are still better in three neighboring states – Iowa, Minnesota, and Michigan.

- Students also are taking fewer credits at UW campuses in order to graduate with a bachelor's degree. UW graduates in 2000 had attempted 141 credits on average compared to 131 credits for 2019 graduates. For UW-Madison graduates, the number of credits attempted fell from 131 in 2000 to 122 in 2019.

- Debt levels for UW students graduating with bachelor's degrees topped out in recent years and – after adjusting for inflation – have been falling since 2014. That year the average amount for bachelor's degree recipients at UW with debt was $30,452 and $32,823 in 2019 dollars. By 2019, it was $30,034.

At the same time, certain trends involving faculty and R&D spending raise concerns about the financial health and performance of UW campuses and the state's larger economy. Those include:

- Between 2000 and 2019 – a period in which enrollment was up – the number of faculty across the UW System fell from 6,103 to 5,675, or 7%. Between 2000 and 2017, only the campuses at Milwaukee, La Crosse, Platteville, and Whitewater saw faculty increases. UW-Madison had its faculty numbers remain essentially the same over this period despite an 8% increase in enrollment.

- UW-Madison increased its R&D spending in raw dollars from $1.03 billion in 2010 to $1.21 billion in 2018, an increase of 17.1%. But the percentage increase for UW-Madison ranked 27th out of the top 30 public or private research institutions in the country. As a result, R&D spending for Wisconsin's flagship fell from 3rd highest in the nation in 2010 to eighth-highest in 2018. Meanwhile, average new outside research awards for UW-Madison faculty have lagged.

- UW-Madison retains highly respectable national rankings but some of them have slipped in recent years.

Finally, while the causes of these negative trends are difficult to pinpoint and likely result from many factors, we have found that salaries for full professors at UW-Madison continue to lag peer universities. In 2009, full professors at UW-Madison averaged an adjusted salary of $106,446, which was 14.6% below the median salary of $124,583 among the group of 35 peer universities. By 2019, full professors averaged $132,916, or 11% below the median peer salary of $149,268. Pay for associate and assistant professors was more competitive with peers.

PART FOUR: WISCONSIN'S UNUSUAL STRUCTURE AND GOVERNANCE

After reviewing financial headwinds and their effects on state institutions, students, and faculty, we now consider how Wisconsin's system of higher education is structured and governed -- and how that framework might affect the state's response to the challenges ahead. To do so, we compare the state's structure and governance to peers, with our focus on the UW System and UW-Madison.

Wisconsin's university system stands out relative to most other states for its consolidated and centralized structure and governance. In particular, Wisconsin differs from most states in including its flagship campus and all other four-year universities in one comprehensive system with a single governing board.

While some other public university systems, such as the University of Texas System and State University of New York, include many institutions, few states with a flagship comparable to UW-Madison include all of their public, four-year institutions in one centrally governed system. We analyze the implications of these findings for the UW System and UW-Madison, and examine other states that overhauled their university systems.

Where Wisconsin Stands Out: A Consolidated, Centralized Approach

As we have previously discussed, the UW System comprises 13 universities with two doctoral research institutions, UW-Madison and UW-Milwaukee, and 11 comprehensive universities. All are governed by an 18-member UW Board of Regents. Sixteen regents are appointed by the governor and two are ex-officio: the State Superintendent of Public Instruction and the president of the WTCS board or his or her designee.

Wisconsin has fewer stand-alone two-year institutions than some other Midwest states (see Table 1).[56] This is largely because of the recent merger of the 13 former UW Colleges and UW Extension with other UW System institutions. In many other states, comparable two-year institutions function separately as community colleges and are not separated from technical colleges.

Table 1: Wisconsin Structure and Governance Stands Out
How This State Compares to Others in the Midwest

	Total 4-year institutions	Total 2-year institutions	Total R1 institutions	R1 Flagship(s):	
				In comprehensive statewide system?*	Share a governing board with all state four-year institutions?
Wisconsin	**13**	**16****	**2**	**Yes**	**Yes**
Illinois	12	48	2	No	No
Indiana	13	16	2	No	No
Iowa	3	16	2	No	Yes
Kansas	7	26	2	No	Yes
Michigan	15	29	3	No	No
Minnesota	12	38	1	No	No
Missouri	13	17	1	No	No
Nebraska	7	7	1	No	No
North Dakota	6	5	0	--	Yes
Ohio	18	42	2	Yes	No
South Dakota	5	5	0	--	Yes

*Defined as a system including most or all four-year public universities **Includes only technical colleges due to recent merger
Sources: National Center for Education Statistics, Assn. of Governing Boards of Universities and Colleges, university websites

The WTCS encompasses 16 technical college districts with some four dozen main and satellite locations. A statewide board distributes state aid and determines the scope and organization of technical colleges, approving district proposals to add or eliminate programs and courses.[57] Local boards for the 16 districts hire presidents and staff; approve contracts, capital projects, budgets, and property tax levies; and provide programming.

The UW System's highly consolidated and centralized structure and governance represents one end of the organizational spectrum. The opposite end is found in neighboring Michigan, which has no statewide system, but rather 13 governing boards for each of its public four-year universities.

Less centralized states such as Illinois and Indiana have statewide coordinating boards or bodies responsible for planning, coordination, and oversight, but not governance of individual institutions. Wisconsin used this model before 1971, when it adopted its current consolidated governing board – the most centralized model identified by the Education Commission of the States.[58]

A 2009 report by the State Higher Education Executive Officers Association (SHEEO) distinguishes between statewide governing boards and coordinating boards.[59] Statewide coordinating boards do planning and budgeting for higher education and may authorize or review academic programs, but they typically have little to no role in personnel or institutional operations, which are overseen by governing boards for individual institutions. Conversely, statewide governing boards assume all of these tasks, including decisions on personnel and institutional operations.

Another Midwest state with similarities to Wisconsin is Minnesota, which has a five-university system and governing board for its flagship, the University of Minnesota. The state has a separate system – Minnesota State Colleges and Universities – with its own governing board for all other institutions. Kansas and Iowa also have a single statewide governing board for all public universities in their states but those universities do belong to statewide systems. A state system is a group of affiliated universities that share resources, personnel, policies, procedures, and frequently a governing board.

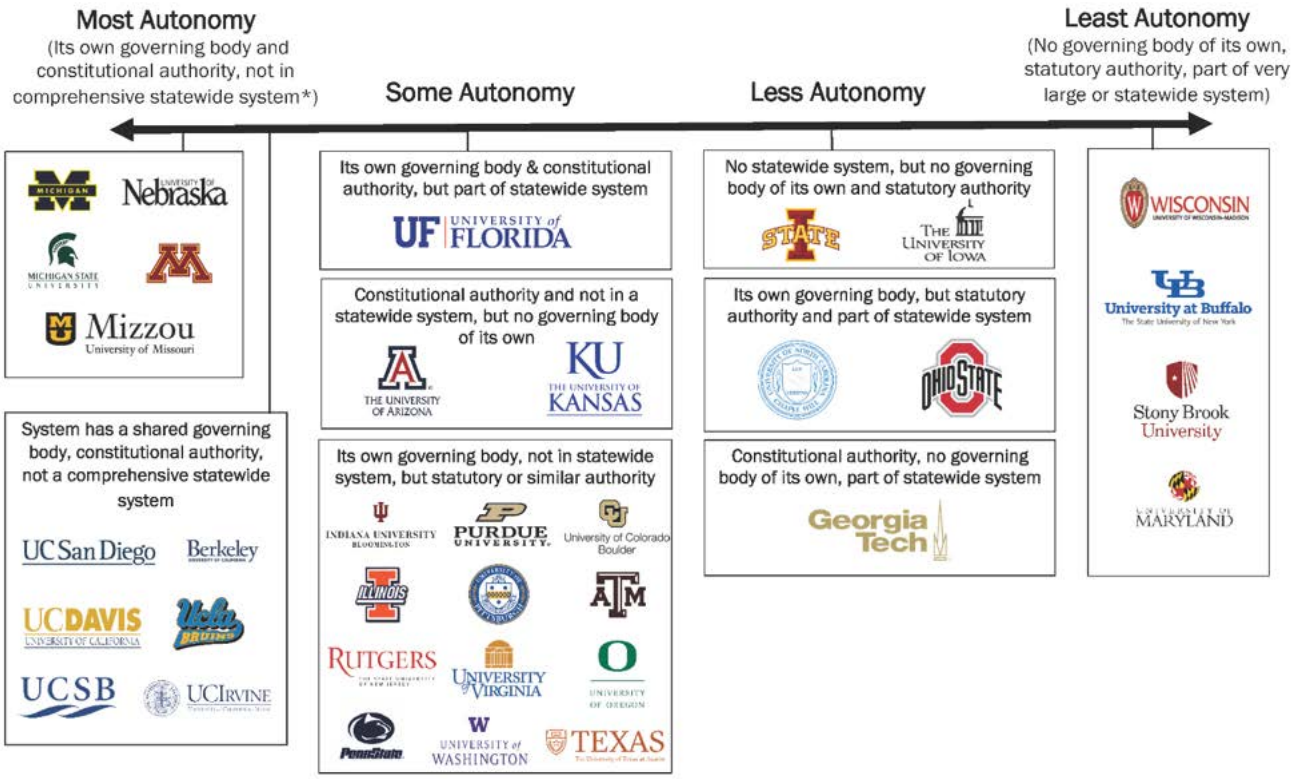
Wisconsin's approach also differs from other states with regard to its handling of debt and capital projects for its public universities, which run through the state budget and Building Commission. State debt – including borrowing for the UW System – is issued through the Building Commission with support from the Department of Administration, which also manages university and other state construction projects.[60] All other states authorize at least some borrowing by a public university, university system, or higher education board or authority.[61] In fact, research done for the UW System found only Wisconsin had no public four-year higher education entity with a Moody's credit rating.[62] The 2018 research also found all other Big Ten institutions manage their own construction projects rather than relying on the state.

A Different Approach for Wisconsin's Flagship University

A major distinction for Wisconsin is how its flagship public university is governed. Our analysis of 12 Midwest states and 35 public R1 peer institutions (including UW-Madison) shows most states give greater autonomy to their public flagship university in terms of governance, the basis for authority of the university's governing board, and its relationship to other public universities.

Of the 35 peer universities, UW-Madison is the only one that both reports to a larger governing board with statutory -- rather than constitutional -- authority; and is part of a comprehensive statewide system that includes all other public four-year institutions in the state. Figure 28 illustrates this range of autonomy and while one could debate where individual schools fall on this continuum, it is clear that UW-Madison has some of the least autonomy of any of its peer universities.

Figure 28: UW-Madison Has Among Least Autonomy Of Peers
A Look at the Structure and Governance of 35 Public Research Universities



Sources: Association of Governing Boards of Universities and Colleges States' Profiles, university websites;
*Statewide system refers to a comprehensive system including all four-year public universities in the state.

The closest peers to UW-Madison on this continuum include the University of Maryland-College Park, which belongs to a system that includes nearly all public universities in Maryland. Stony Brook University and the University at Buffalo are part of the State University of New York, a very large state system but one that is not all-encompassing because the state also is home to the City University of New York system. Of the remaining universities, the closest may be the Georgia Institute of Technology, which belongs to a statewide system with a larger board, but one with some constitutional authority.

Two other peers, the University of North Carolina-Chapel Hill and University of Florida-Gainesville, also are part of comprehensive statewide systems. However, they have local boards for their institution that share powers with statewide governing boards overseeing their systems.

At the other end of the spectrum are universities with the most independence and autonomy, including those in Michigan and Minnesota. There, the flagship universities have their own governing boards with constitutional authority, and are not part of a comprehensive statewide system.

There is potential tension between institutional autonomy on one hand and public accountability on the other. For example, giving a university the ability to set tuition may lead to higher prices than the public would choose. Michigan seeks to address that issue by making the governing bodies of its three leading public research universities – the University of Michigan, Michigan State and Wayne State – directly accountable to voters through statewide elections for seats on those boards.

Policy Implications

The structure and governance differences for Wisconsin's higher education system and flagship university have implications for state leaders to consider. Some national research, for example, indicates centralized governance in a state can help predict state support for higher education.

For example, work by David Tandberg, a former Florida State University professor, found "the existence of a consolidated state governing board for higher education was negatively associated with state support for higher education" as a share of state residents' personal income.[63] Tandberg has written that "one reason may be that more centralized governance structures insulate the institutions from the political process, causing the institutions to disengage from the process. Alternatively, in states with less centralized structures, the institutions may have greater access to elected officials and therefore engage more in the political process."[64]

Research also suggests in recent decades the national trend has largely emphasized deregulation and decentralization.[65] This trend has been seen as a reaction to the national wave of centralization and consolidation in the postwar decades that included the creation of the UW System.

For UW-Madison, being governed by a state Board of Regents with powers delegated by state law may subject it to greater legislative involvement in its operations than institutions governed by boards with constitutional authority. UW-Madison is not unique in this regard. As of 2019, higher education governing boards in 36 states operated with statutory authority while boards in only 17 operated with some constitutional authority.[66]

Some states go a step farther, granting a substantial degree of "constitutional autonomy" to their flagship universities. This can be defined as "a constitutional provision to establish and provide legal protection for the internal control of a public college or university."[67] Michigan, Minnesota, and California have some of the strongest such protections as affirmed by courts.

Some research also suggests a link for flagship universities between statewide governance structures and resource levels. A 2004 study classified states as having a high, medium, or low level of regulation of their higher education institutions.[68] It found total revenues and

Past Proposals for Change

Governance of UW-Madison and the UW System have long been points of contention, with leaders of both having sought greater autonomy. In the last decade, two high-profile proposals attempted to change how UW-Madison and UW System are governed, but neither advanced.

In 2011, then-Gov. Scott Walker sought, as part of his state budget proposal, to pair a significant state funding cut with greater freedom for UW-Madison by splitting it off from the UW System and creating a new, so-called public authority with its own governing board. Elements of the plan mirrored one touted by then-UW-Madison-chancellor Biddy Martin, which would have given her campus far greater autonomy in areas such as purchasing, building construction, faculty and staff pay and hiring, and setting tuition rates. As described earlier, currently the UW System Board of Regents sets tuition rates but must abide by limits in state law, including the in-state undergraduate tuition freeze.

This Walker-Martin plan won support from some UW-Madison faculty but faced opposition from other leaders within the UW System and lawmakers ultimately rejected it. In 2015, Walker proposed a new plan to give greater autonomy to the entire UW System by making it a public authority. This plan would have provided more power to the UW Board of Regents, including the ability to set tuition. However, this proposal also failed to make it out of a legislative committee.

research funding levels were higher for flagship institutions in states with low levels of regulation, or those that did not have statewide governing boards or coordinating boards with regulatory authority.

Obviously, universities are affected by more than just governance. By one key measure discussed previously, R&D spending, we find UW-Madison was outperformed in recent years by peers with a mix of governance structures. Such spending increased more from 2010 to 2018 for universities that are part of a highly decentralized state university system, such as the University of Michigan-Ann Arbor, but also for universities in highly centralized systems, such as Georgia Tech.

Two recent examples of governance change

Of the 35 peer universities, we studied two that underwent sweeping governance changes in recent decades: the University of Oregon and University of Florida. Since 1930, the University of Oregon had been part of a statewide Oregon University System and governed by a statewide board for all four-year state universities. This was done "to prevent the competitive free-for-all for state funds that characterized pre-OUS higher education" and protect regional universities.[69]

In 2012, Oregon policymakers opted for a more decentralized model, creating new governing boards for the University of Oregon and other universities to supplant the statewide board and system. In addition to the new local boards, they created a statewide coordinating commission that requests the state's higher education budget and distributes funds among state universities.[70]

In Florida, a series of changes involving a 2001 law and 2002 constitutional amendment produced a statewide Board of Governors that oversees all 12 public four-year institutions but delegates some powers to local Boards of Trustees for each university. The Board of Governors' responsibilities include "defining the distinctive mission of each constituent university and…ensuring the well-planned coordination and operation of the system, and avoiding wasteful duplication."[71]

The institutional boards' role includes setting tuition and fees, subject to regulation from the Board of Governors; overseeing personnel matters including pay and hiring the university president (subject to confirmation by the Board of Governors); overseeing academic programs; and financial management, including submitting annual budget requests to the Board of Governors.[72] A two-tiered model similar to Florida's is also found at the University of North Carolina-Chapel Hill.

Takeaways

This section has shown how Wisconsin and the UW System approach structure and governance – particularly of UW-Madison – differently from most other counterparts. Notable findings include:

- Higher education in Wisconsin stands out for its highly centralized structure and governance
- UW-Madison depends on one governing board and statewide system that includes all public four-year universities in the state. Almost none of its peers is governed that way.
- The merger of the UW-System's two-year colleges also sets it apart from its Midwest peers. The number of two- and four-year UW campuses is comparable to Midwest states, however.
- Wisconsin is unique in not delegating any authority to issue debt or manage construction projects to its public universities or a related entity.

While research cannot point to a “right” or “wrong” system of governance for public universities and colleges, we do note that one in-depth study of state funding support for higher education found a negative association between state funding levels and centralized governance. Some research suggests the national trend of university governance in recent decades has been generally toward decentralization and deconsolidation. Finally, some research points to a link for flagship universities between their statewide governance structures and resource levels, with universities in states with the lowest levels of regulation having higher levels of total revenues and research funding.

PART FIVE - POLICY OPTIONS

While the state's growing fiscal challenges represent an obvious threat to higher education in Wisconsin, another challenge may be public attitudes. National surveys by groups such as the Pew Research Center and Gallup have found declining confidence in, and growing concerns about, higher education.[73] Members of both political parties express concerns about the rising cost of education and respondents on the right have focused on the perceived ideological climate on campuses.

In Wisconsin, however, state leaders can point to positive trends such as some of the lowest tuition increases in the nation since 2013. In addition, the Wisconsin Idea and Wisconsin Alumni Research Foundation have long oriented the UW toward enterprises such as public service and technology transfer that have improved the state's economy and the lives of its citizens.

Stressing these positive results will be crucial to any effort to improve and uplift the state's colleges and universities. So will the tricky task of aligning stakeholders such as students, higher education officials and staff, elected leaders, employers, and the public. We seek to account for those obstacles as we consider options to address the key UW System and WTCS issues outlined in this report.

Issue #1 – State Funding and Cash Flow

The state's public universities and technical colleges face challenges ahead given state budget cuts, the other financial impacts of COVID-19, and relatively low fund balance levels heading into the crisis (see Part One). One immediate concern for the UW System is ensuring adequate cash flow.

Issuing Debt. In part to address its cash flow challenge, the UW System is seeking in its 2021-23 state budget request the ability to issue debt. As noted in Part Four, all other states provide for at least some borrowing by public universities or a related entity. In part, the UW is seeking the authority to issue bonds for capital projects such as student housing construction or renovation that would be paid off through program revenues such as student fees. Though a major change, this request may seem less controversial given that most other universities nationally have such authority.

However, the UW System also wants the option to borrow between $500 million and $1 billion for ongoing operations to ensure liquidity despite its COVID-19 revenue losses. On the one hand, this approach would help state universities manage an unprecedented crisis while minimizing the short-term impact to the rest of the state budget and taking advantage of historically low interest rates.

On the other hand, such a move would leave less funding for the UW System's future operations. To some degree, more of the UW's current budget is already being eaten up by debt payments. LFB data show in 2019 19.5% of the UW's budgeted GPR funding went to debt payments, down from its peak in 2016 but much higher than the 2009 share of 11.6%. There may also be constitutional concerns about a state entity borrowing to finance ongoing operations.

Lawmakers and Gov. Evers may wish to decide separately on giving the Board of Regents the power to borrow for capital projects and for operations. In each case, state officials will have to consider the impact to both the UW's short- and long-term finances. They will also have to balance the greater flexibility for the UW against the potential loss of economies of scale across state government and

potential impacts to the state's credit rating. In the case of borrowing for operations in particular, they may wish to look at the plan for paying off the debt while maintaining essential activities.

State Tax Funding. UW and tech college supporters are seeking to minimize state funding cuts in the near term and reinvest in both systems in the coming years. As noted earlier, supporters can make a compelling case given recent downward trends in state support, cuts in UW System faculty, and the COVID-19 impact of more than $200 million (not counting federal aid) to the UW alone as of June.

The Board of Regents is requesting $133.5 million in additional GPR funding over the two-year state budget to pay for expanding a UW-Madison financial aid initiative to all campuses (we provide additional detail later in this section), ramping up online education, addressing student mental and behavioral health, improving college access for prisoners, and more. The WTCS is requesting a two-year increase of $24 million.

The state budget will clearly be tight for some time. Generally, state higher education funding is taken out of the income, sales, and other taxes generated by Wisconsin's economy. Though state tax collections have held up better than expected during the pandemic, they have still been impacted. Like Wisconsin, most states look to higher education cuts during bad times as one way to manage budget challenges. Polling also has shown Wisconsin residents support funding for higher education but to a lesser degree than some other priorities such as K-12 schools and health care.

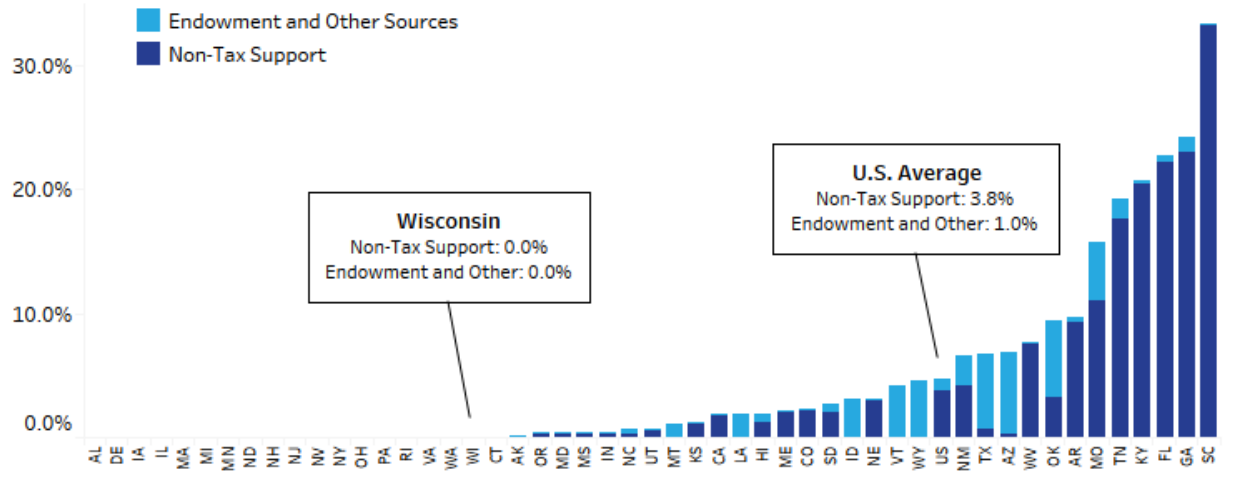
As shown in Part Two, however, Wisconsin did less than most states to boost post-secondary funding in the years after the Great Recession. Policymakers may wish to take all of these factors into account as they decide funding levels for the UW and technical colleges going forward.

Other State Funding. SHEEO data show most states provide sources of funding other than taxes to their higher education institutions. Nationally, 3.8% of state and local support for higher education comes from non-tax sources such as lotteries, casinos, and tobacco settlements. About 1% nationally comes from sources such as endowments and fees from leases, cattle grazing, and resource extraction.

Fig. 29 shows Wisconsin does not use revenues from those sources. Some such as severance taxes for the extraction of oil are not relevant here.[74] Still, to support higher education and reduce reliance

Figure 29: More than Half of States Support Higher Ed With More than Taxes

Non-Tax Share of State-Local Support for Higher Education by State and Type, 2019



Source: State Higher Education Executive Officers Association; Non-tax support includes revenues from lotteries, casinos, and tobacco settlements. Endowment and other also includes revenues from leases, cattle grazing, and fees for oil and mineral extraction.

on taxes, policymakers could consider drawing on lottery revenues or some other non-tax source such as the kind of payment that occasionally results when a corporation or other party enters into a large legal settlement with the state. A separate but somewhat similar strategy might involve seeking private funding to build up large endowments for institutions such as UW-Milwaukee that lack them.

Local Funding. Currently, the state limits tech college property tax increases to the rise in net new construction in their districts. Along with state limits on municipalities, counties, and school districts, the restriction on tech colleges has helped limit growth in property taxes, a concern of many voters.

Yet this limit means areas with less development may have more difficulty investing in worker training through their local technical colleges. That might hinder their economic development efforts.

State officials may wish to consider whether areas with low levels of new construction would benefit from having more flexibility to raise property taxes for their technical colleges. In doing so, however, they may also wish to weigh the effect those higher taxes could have on local economies.

Issue #2 – Unfreezing Tuition?

In recent years, elected officials of both parties have supported the UW tuition freeze to counter student debt and the rising cost of college. The available polling suggests the freeze is popular with voters, yet concerns about its effect on the quality of a UW education also have mounted over time.

Lawmakers and the governor have several options with regard to potential changes in tuition policy:

Funding the Freeze. In the 2019-21 state budget, Gov. Evers and legislators chose to extend the tuition freeze through the current academic year and provide up to $66.5 million in additional GPR funding for the UW. If the state budget allows it, one option would be to provide additional state funds in exchange for keeping in-state tuition for undergraduates at current levels. As noted in Part Two, this approach has been taken by states such as Washington and Florida.

Lawmakers also could link the funding offset for tuition to a formula such as the rate of inflation as tracked by the Consumer Price Index. In calendar year 2019, CPI rose by 1.8% - which would have equated to a $168 increase in the current tuition of $9,273 at UW-Madison. Applying that increase across the 2019 resident undergraduate headcount of 18,903 would yield $3.2 million more in total.

This amount would not necessarily cover the actual increase in UW-Madison's cost to educate those students, particularly if it were not accompanied by growth in current state tax funding. Much of a university's budget goes to salaries and benefits – often for highly educated staff. Such costs rise more quickly than the consumer goods and services tracked by CPI. Other options would be to use tuition increases at other Big 10 schools or an index such as the Higher Education Cost Adjustment (HECA), which tracks increases in costs such as labor that are actually paid by universities.

Cohort Tuition. A proposal put forward last year by two state lawmakers would allow tuition increases for incoming UW freshmen but then lock in those prices for the next three school years. The bill's lead sponsors say it would prevent the kind of spiraling increases seen in past years and reassure families that students could afford to finish a degree. As of 2017, similar plans had been put into place to some extent in at least 10 states, including neighboring Illinois.[75]

Universities, however, face difficulties forecasting their own costs and a four-year guarantee may lead them to seek greater tuition increases as a hedge against uncertainty. Research has found colleges in Illinois charged students 6% to 7% more than colleges in states without guarantees.[76]

The Wisconsin proposal would address this by limiting the increase for each four-year cohort to the rate of CPI. However, this approach means the UW System would take on the task of administering a more complex set of tuition prices in exchange for relatively modest increases in revenue.

A Thaw at UW-Madison. Another option would be to relax or end the tuition freeze but do so only at UW-Madison. Some might argue that a degree from the state's flagship university carries a cachet compared to the other UW campuses and may yield greater advantages in the labor market, thus justifying an additional cost to students. As we saw in Part Two, UW-Madison's published tuition and fees are tenth-lowest among its 35-university peer group and its average net price including grants and scholarships is eighth-lowest, adding credence to the idea that it offers a solid value.

Another potential rationale is the higher levels of financial aid available at UW-Madison for low-income students and families, as well as the lower levels of student debt compared to institutions such as UW-Milwaukee. That would cushion the impact of an increase on UW-Madison students.

Finally, UW-Madison represents the research engine for the state of Wisconsin. As such, policymakers might see a particular benefit to ensuring reasonable growth in resources for this campus. On the other hand, the same arguments that could be made against lifting the tuition freeze on any UW campus would likewise apply to the state's flagship. In addition, leaders of other campuses might oppose what they might see as special treatment for one of their peers.

A Shift to Financial Aid? Discussions of the freeze often focus on the "sticker price" of published tuition rates. Yet, in practice, families routinely pay less than this price because of state, federal, and private financial aid. Limiting the sticker price may also restrict this outside financial aid.

Instead of limiting tuition overall, policymakers could allow prices to rise for those able to pay them while providing additional financial aid for those who cannot. Economists and other experts often favor this option as it provides additional funding while still protecting students in need.

Yet public opinion may prove an obstacle to this approach. As noted in Part One, polling by Marquette University Law School shows registered voters in Wisconsin in 2013 overwhelmingly supported a tuition freeze (76% to 21%) and a majority of them in 2015 (52% to 44%) also believed that four years of the freeze would not affect the UW's quality.[77] In 2017, a plurality of voters (48% to 45%) preferred a 5% cut in tuition for all in-state UW students to spending an equivalent amount to help qualifying low- and moderate-income students.

One way around this difficulty might be to expand statewide a plan such as Bucky's Tuition Promise, which guarantees enough scholarships and grants to cover four years of tuition and fees for UW-Madison students with household adjusted gross incomes of $60,000 or less. Such a commitment by the state or UW might help to reassure families who are wary of published price increases. That is in fact the exact strategy being promoted by UW System President Tommy Thompson, who is seeking to extend the "Wisconsin Tuition Promise" to all resident UW undergraduates. The program could also be expanded to more students at UW-Madison.

Issue #3 – Reacting to Enrollment Declines

Wisconsin must do what it can to buck challenging enrollment trends. That is particularly the case at its two-year institutions – both the former UW Colleges and the state technical colleges – but may be worth considering even at UW-Madison, where enrollments are growing but doing so more slowly than those of its national peer group. Below are a few options based on pre-pandemic conditions:

Dialing in Digital Learning. Online instruction offers the possibility of serving new students and boosting enrollments. The state's higher education institutions should expand these offerings, focusing on the programs with the greatest benefit to workers, employers, and Wisconsin as a whole.

The UW Flexible Option programs represent a good example with their focus on fields such as nursing, biomedical sciences, and information science and technology. On a broader level than just digital learning, an example of the innovative use of technology in teaching is UW-Milwaukee's School of Architecture and Urban Planning.

In addition, better data on and tracking of online enrollments and offerings would help policymakers tailor the programs to the needs of students and the state and ensure that online students are truly learning as successfully as those in traditional classrooms. Finally, as the UW-Milwaukee Think Tank 2030 recommends, the focus should be reaching students through their preferred pathways:

> "This should include the ability of students to complete a UWM degree either fully in person or fully online, for at least a designated group of selected degrees, or facilitating degrees using hybrid models creatively. This umbrella recommendation is intended to maximize student-centeredness by (meeting) the student's learning, geographic, and economic needs."[78]

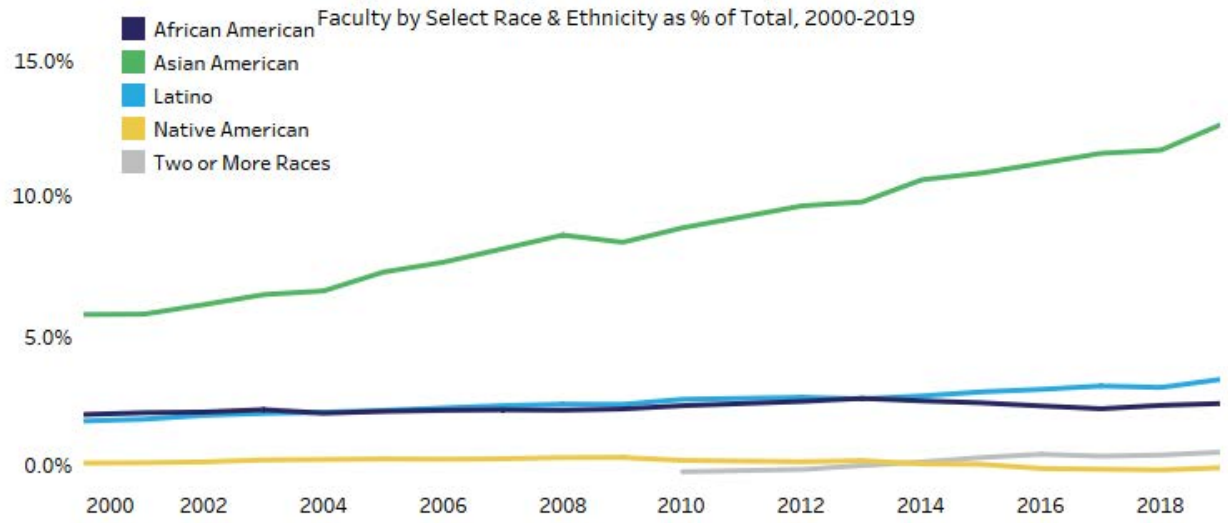
Boosting Transfers and Programming. As shown in Part Three, Wisconsin trails almost all states in facilitating transfers between its technical colleges and four-year institutions. The trend is not forcibly negative, as it may reflect more students achieving their goals at the technical college level. Still, at least some increase in transfers might benefit students, employers, and the institutions themselves.

A variety of strategies might prove successful, from strengthening existing credit transfer agreements to ensuring colleges and universities in each region collaborate effectively. At a minimum, the state may wish to further investigate its low transfer rate to better understand its causes. In addition, state leaders should not forget that large numbers of UW students also transfer to technical colleges – improving their experience through similar efforts is likewise important to Wisconsin's future.

Separately, the WTCS is seeking to expand the number of campuses that can offer Associate of Arts or Associate of Science degrees from the current five of 16 (Madison, Milwaukee, Chippewa Valley, Nicolet, and Western).[79] WTCS officials note such programs would provide opportunities for first-time and minority students, improve access to financial aid for veterans and others, and be limited to 25% of the total credit hours offered by each district. Currently, however, the approval of both the WTCS board and the Board of Regents is required to expand these programs to other tech colleges and doing so might be seen as impacting the already falling enrollments of some UW campuses.

Embracing All Students. Efforts to continue diversifying the student body could help address enrollment declines at colleges and many universities around Wisconsin. As noted in Part Two, the number of white students completing high school has fallen over the past decade while other racial

Figure 30: UW System Adds to Faculty Diversity



Source: UW System; Figures do not include international faculty. Note: Two or more races added as a category; 2011 data missing

and ethnic groups hold steady or rise. Yet postsecondary enrollment rates remain lower for these students. To help recruit them, the UW System recently announced a $1 million diversity initiative.

The UW-Milwaukee Think Tank report recommends diversifying faculty and staff to attract and better serve students of different backgrounds. As Fig. 30 shows, the UW System has made substantial improvements already in this regard, with the non-white share of faculty rising from 10.8% in 2000 to 20.2% in 2019. Similar trends can be seen on campuses such as UW-Madison. However, some groups such as Asian professors and instructors have more than doubled their share of the overall faculty, while Black faculty have made smaller gains and Native American faculty have lost ground.

Last, all staff should look for ways to serve students from across Wisconsin, whether the North Woods or Milwaukee's North Side. As the UW-Milwaukee report notes, "A faculty or staff member who is knowledgeable about and capable of implementing best practices to support students of diverse backgrounds is fundamental for attracting, retaining, and graduating all students."

Managing Enrollment? In the early 1990s, the UW System also faced declining enrollment and took various steps, including shifting enrollments between campuses to better match supply and demand. Some former UW System leaders, such as Katharine Lyall, have suggested such an approach is again worth considering.

There are potential drawbacks – for example, limiting enrollments at sought-after campuses such as UW-Madison might depress some demand or push some students out of state. On the other hand, shifting enrollment to campuses with excess capacity may also improve the experience at campuses facing overcrowding in some respects.

Finally, the universities of today have a tool that was not available in the early 1990s: digital instruction. By focusing online efforts at institutions such as UW-Milwaukee with declining enrollments, the state may reach more students and realize some of the benefits of enrollment management without some of the worst drawbacks.

Issue #4 – Going Over Governance

As noted in Part Four, very few of UW-Madison's peers have as little autonomy. That fact raises questions about whether tying UW-Madison's fortunes and governance to a much larger system and Board of Regents is yielding the best outcome for the state. In other states, flagship campuses often take on for themselves tasks such as setting budgets and tuition prices, issuing debt, procuring goods and services, and carrying out building projects. Though it may forego some economies of scale, this approach may better fit the needs of a major university.

On the other hand, lawmakers in Wisconsin have considered and voted down a high-profile plan to break off UW-Madison despite that fact that the governor offering it and legislative majorities rejecting it came from the same political party. In addition, few if any other states besides Oregon have had a major university break away from their system in recent years though some states such as North Dakota have considered it. These facts also cast doubt on whether a full-blown plan to split off UW-Madison could be passed.

The options, however, should not end at all or nothing. UW-Madison could be given additional flexibility within the current UW System. In fact, changes over the past decade have given the state's flagship the ability to submit its own pay plan to lawmakers, which may help retain key faculty.

A range of other powers and flexibility could be given to UW-Madison, from budgeting to procurement, capital projects, borrowing, and tuition setting. Those powers could remain within the bounds of what is now provided to the UW System or go beyond them. To oversee these duties, the state could establish a separate board for UW-Madison similar to the one at the University of Florida.

For those worried that increased autonomy means higher tuition, the examples of Florida and Oregon show that outcome is a concern but not a certainty. The University of Oregon has received a large increase in state appropriations but still had a 36.6% rise in tuition and fees since 2013, the third largest among the 35 peers.

As noted in Part Two, however, the University of Florida used increases in state tax funding to achieve the fourth-lowest increase in tuition and fees since 2013. Though voluntary, that decision may reflect in part the effect of a state tuition freeze placed on most other public universities in Florida in 2014. In addition, policymakers may want to consider whether giving greater autonomy to UW-Madison would affect other goals such as maintaining a robust number of in-state students.

The University of Florida has had larger R&D spending increases than UW-Madison in recent years and the University of Oregon has had slightly larger ones (see Part Three). Both universities are still ranked lower than Wisconsin's flagship in terms of absolute R&D spending, however.

These examples show that a state's policies and approaches matter and can influence outcomes in meaningful ways. Yet a range of models can be made to work – the commitment and care given to the implementation may matter more than the strategy itself. Ultimately, state leaders have to pick not just what system they can nominally support but which one they can embrace and truly promote.

Issue #5 - Cuts and Closures

Wisconsin's public colleges and universities are caught in a vise of lagging funding on one side and declining enrollment on the other, with the coronavirus tightening the crank. Even if policymakers

relieve some of the revenue pressures, public universities and colleges will likely also have to curb costs. Here we lay out some possibilities but caution against merely looking to cuts without eventual investment.

Sticks without Carrots? In the past, state officials have considered matching funding decreases for the state's colleges and universities with new freedom to manage their operations. With the exception of 2011 Act 10 (see Part One), lawmakers have generally opted for cuts alone.

That has again been the approach taken with the recent cuts to the UW System, as the current crisis has called for immediate action on the state budget and left little time for formulating nuanced proposals. In the next state budget, however, lawmakers and Gov. Evers will have the opportunity to look at options such as providing the UW System with the power to issue debt or other tools it could draw on to achieve cost efficiencies and otherwise manage its campuses. The Legislature and governor could also look for modest changes such as reducing the dozens of state-mandated reports that the UW System and WTCS collectively are required to compile each year.

In terms of making cuts, past Legislatures and governors have generally left that work to leaders within the UW System and WTCS. Here many approaches may be needed – a recent audit, for example, suggested a number of improvements to UW's process for implementing IT projects. However, there are limits to the strategies unelected leaders can undertake. Below we consider two options that would likely require at least some impetus from officials in the state Capitol.

Restructuring Programs. As discussed in Part Three, a number of majors and programs on some UW campuses produce very small numbers of graduates each year. System leaders could see whether they could feasibly save money by eliminating or consolidating select programs across campuses.

Given the financial challenges ahead, policymakers may feel that they cannot continue some programs graduating just a handful of students each year as a first major. They may choose to focus on those small majors or programs offering the fewest economic benefits to the state or region.

On the other hand, state and UW officials may wish to use caution given that programming changes can affect accreditation and are not guaranteed to save money. Campus and System leaders might wish to consider detailed data on costs, revenues, and potential severance for staff as well as community need and many other factors before deciding. If such data do not already exist, gathering them might prove valuable to administrators for a variety of reasons.

Closing a Campus. Cuts to higher education in Wisconsin have long come with idle talk of someday streamlining the number of UW campuses. The premise is that instead of spreading the pain across all existing campuses, it would be better to eliminate one or more with the lowest enrollment or impact as a means of ensuring that the highest-performing institutions retain appropriate resources.

If the state's ability to invest in the UW System continues to be limited and enrollments continue to fall, then this discussion may become more substantive. A key question, however, is whether the political costs of closing one or more campuses might prove more sizable than the financial savings.

On the one hand, as noted previously, seven of the state's 13 former UW College two-year campuses had less than 300 FTE students in 2019. In addition, certain four-year campuses are relatively small with falling enrollments, including UW-Superior, with less than 2,100 FTE students. Some may ask whether it makes sense to maintain all of these institutions if the state is failing to meet the financial needs of larger campuses.

However, closing these small campuses would provide limited financial relief for the UW's budget challenges. UW-Superior, for example, was budgeted to receive $28.8 million in state GPR and tuition revenue in 2019, or about 1.1% of the $2.6 billion in total that the UW System expected to receive from those two sources. UW-Parkside, with roughly 3,700 students, received just 1.5% of the UW total from those two revenue sources in 2019 and Green Bay 1.7% for its 5,500 students. With roughly the same FTE enrollment of 5,485, all 13 two-year UW campuses combined received 2.1%.

In other words, the option of shutting down one of those four-year campuses and all 13 two-year campuses – a seeming political non-starter – would still free up at most 3.2% to 3.8% in tuition and state tax dollars (between $83.6 and $98 million) for other campuses within UW's overall budget. Also, there would likely be some drop in tuition revenues from students at the closed campuses who would be unwilling or unable to transfer to other UW institutions and keep paying tuition. In addition, students on other campuses would have to pay off debt held by the closed institution that was issued for purposes such as a residence hall or student union project. Last, a closure would likely take some time to complete, pushing any savings well into the future.

Some might argue these savings would be worth the cost and could provide a boost to faculty and financial aid levels at the remaining campuses. In some cases, the presence of a nearby WTCS or other UW institution might mitigate the impacts and if needed the state also could consider expanding associate degree programs at a nearby WTCS campus, as discussed earlier.

Yet state officials would need to consider the effects of each potential closure on an individual basis. UW-Superior, for example, serves northern Wisconsin and the closest four-year UW campuses such as Eau Claire are roughly a 150-mile drive away. Though some technical colleges exist near the former UW Colleges, others such as UW-Platteville Richland serve a rural area with few nearby options. Though small, UW-Parkside serves a relatively high proportion of students of color who as a group may have less access to higher education.

If a campus is considered for closure, state officials might also consider demographic trends in that specific region, including whether enrollment declines there were larger than elsewhere in the state. Considerable thought would have to go into providing for affected employees as well as students, including a possible "teach-out arrangement" to help ensure students could finish their education.[80]

For many of the affected groups, the impact of a closure would clearly be significant and would not necessarily bring a large savings. The almost inevitable political fight might also forestall progress on more practical options. That may be one reason why no closures have been seriously considered in recent years. Before pursuing them now, policymakers may wish to consider whether they have exhausted other alternatives and whether they might create a task force or commission that would seek to build consensus around the most difficult measures.

Summary of Options

In this digital age, policymakers enjoy a wide range of options as they seek to improve higher education. In recent years, they have already merged two-year campuses with larger institutions, expanded online learning, and made cuts to programming or staff at some four-year campuses.

To address immediate challenges, however, their options appear more limited. They likely include – in some combination – increasing state tax or student tuition funding for higher education; securing other sources of revenue; shoring up sagging enrollments; and finding efficiencies through digital

learning, new flexibility for campus and system leaders, or streamlined programs, campuses, or governance. One final alternative would be to use borrowing for operations or other tactics such as payment delays to push some of the present financial challenges for higher education into the future.

In a time of economic uncertainty and political polarization, none of these options may seem particularly attractive or actionable. Yet in broad terms, these are the alternatives that are available. Some are more sustainable in the future but more painful in the present. Others may be more palatable today but come with longer-term tradeoffs. In light of the difficulties ahead, many of these strategies may be needed and all should be examined.

CONCLUSION

Public colleges and universities are an essential tool to grow Wisconsin's economy, delivering a productive labor force, new innovations, and ultimately more tax revenues to the state. Yet, we find that over a period of decades, state officials and demographic trends have limited the tax and tuition dollars flowing into Wisconsin's colleges and universities to an unusual degree. Meanwhile, the state has maintained one of the most centralized and regulated systems in the country to oversee them. This is particularly true in the case of the state's flagship, UW-Madison.

Key findings from our comprehensive analysis of public higher education finances, enrollment, and governance in Wisconsin include the following:

- State funding for UW has fallen for decades both as a share of UW's budget and the overall state budget, while per student funding from both tuition and taxes in Wisconsin has dropped below the national average.

- Since 2013, in-state undergraduate tuition and fee increases for UW-Madison and other four-year UW universities have been third-lowest nationally because of the tuition freeze.

- The state's post-secondary enrollment declines are exceeding the nation.

- Wisconsin relies on an unusually centralized approach that leaves colleges and universities with limited control over tuition, borrowing, construction, and tech college property taxes. UW-Madison has less control over its own destiny than the great majority of its peers.

- The revenue losses and added costs of COVID-19 are hitting universities in Wisconsin after years of steady erosion in their reserves that left them less prepared for the crisis.

So far, Wisconsin has maintained relatively solid outcomes across its institutions despite these trends. Yet certain priorities, such as R&D spending at UW-Madison, have suffered.

The pandemic now threatens much more harmful impacts, as state officials often have turned to cuts to higher education in times of economic crisis to balance the broader state budget. In the past, the UW System had the ability to raise in-state tuition and draw on ample reserves to respond to those cuts as well as its cost pressures. It now lacks those same tools.

Options for state and higher education leaders to respond today include providing new revenues from taxes, tuition, or other sources; borrowing or shifting costs into the future; boosting enrollments; or making spending and program cuts. Some of these – like issuing debt for operations, increasing tuition, or instituting layoffs – could be implemented quickly. Others, such as campus closures, could take years before producing any budget benefits.

Arguably, policymakers should look at both short-term fixes to stave off the present difficulties and long-term responses to gradually move the state's colleges and universities to a more solid footing. In a polarized political environment, pairing spending cuts in the near term with firm commitments for future reinvestment might make both approaches more broadly palatable.

Last, state leaders may wish to reconsider the policy of holding UW-Madison and its expansive research portfolio to most of the same rules as small campuses. Wisconsin remains a national outlier in this regard, and it is reasonable to ask whether today's challenges call for a new approach.

While no one would have invited the current crisis, its impact on the state's economy and finances may provide the strongest impetus yet for state policymakers, higher education leaders, and the vast array of college and university stakeholders to chart a better course for Wisconsin's system of post-secondary education. Doing so boldly and quickly could help ensure a return to prosperity in the years ahead.

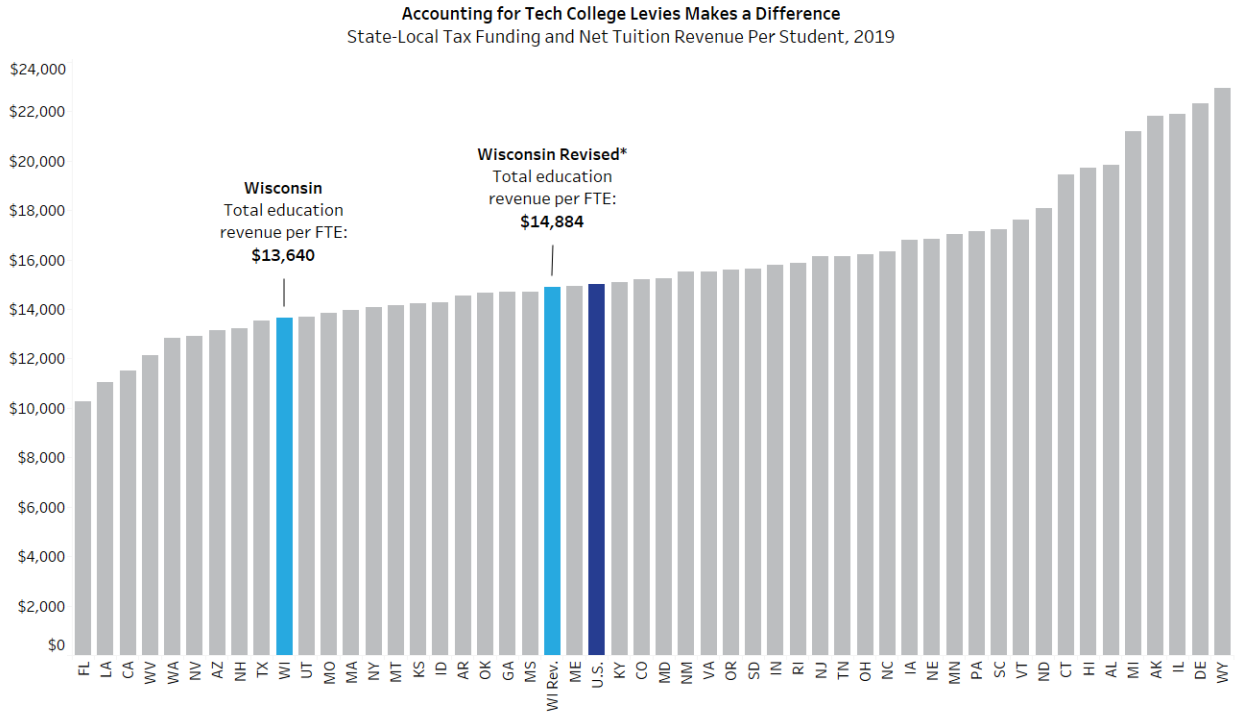
APPENDIX I

UW or Tech College Campus	2019 Full-Time Equiv. Enrollment	2019 Headcount Enrollment	Main Campus Location
UW-Eau Claire	9,803	10,730	Eau Claire
UW-Eau Claire Barron County	299	454	Rice Lake
UW-Green Bay	5,468	8,796	Green Bay
UW-Green Bay, Manitowoc Campus	197	237	Manitowoc
UW-Green Bay, Marinette Campus	175	203	Marinette
UW-Green Bay, Sheboyan Campus	284	381	Sheboygan
UW-La Crosse	9,835	10,604	La Crosse
UW-Madison	40,801	44,993	Madison
UW-Milwaukee	20,329	23,992	Milwaukee
UW-Milwaukee at Washington	484	605	West Bend
UW-Milwaukee at Waukesha	1,084	1,542	Waukesha
UW-Oshkosh	9,777	15,520	Oshkosh
UW-Oshkosh, Fond du Lac Campus	350	444	Fond du Lac
UW-Oshkosh, Fox Valley Campus	920	1,134	Fox Valley
UW-Parkside	3,682	4,420	Kenosha
UW-Platteville	6,769	7,762	Platteville
UW-Platteville Baraboo Sauk County	252	360	Baraboo
UW-Platteville Richland	144	159	Richland Center
UW-River Falls	5,401	5,977	River Falls
UW-Stevens Point	6,561	7,307	Stevens Point
UW-Stevens Point at Marshfield	227	431	Marshfield
UW-Stevens Point at Wausau	394	587	Wausau
UW-Stout	6,832	8,393	Menomonie
UW-Superior	2,073	2,608	Superior
UW-Whitewater	10,091	11,586	Whitewater
UW-Whitewater at Rock County	675	862	Janesville
Blackhawk Technical College	1,913	8,319	Janesville
Chippewa Valley Technical College	4,432	18,596	Eau Claire
Fox Valley Technical College	6,293	48,391	Appleton
Gateway Technical College	5,146	20,194	Kenosha
Lakeshore Technical College	1,770	10,348	Cleveland
Madison Area Technical College	8,936	33,360	Madison
Mid-State Technical College	1,889	8,218	Wisconsin Rapids
Milwaukee Area Technical College	10,248	33,418	Milwaukee

Moraine Park Technical College	2,769	15,676	Fond du Lac
Nicolet Area Technical College	854	4,954	Rhinelander
Northcentral Technical College	3,351	19,220	Wausau
Northeast Wisconsin Technical College	6,360	27,984	Green Bay
Southwest Wisconsin Technical College	1,538	6,802	Fennimore
Waukesha County Technical College	3,880	20,146	Pewaukee
Western Technical College	3,632	13,788	La Crosse
Wisconsin Indianhead Technical College	2,305	18,435	Shell Lake

APPENDIX II

The following chart shows SHEEO total higher education revenue figures (appropriations plus net tuition and fee revenue) as revised by the Policy Forum to include local technical college levies for operations in Wisconsin:



Source: State Higher Education Executive Officers Association; *Includes $248.5 million statewide technical college levies for operations

APPENDIX III

The full group of 34 public research (R1) universities chosen by UW-Madison as peers in Integrated Postsecondary Education Data System (IPEDS) are:

Georgia Institute of Technology-Main Campus (Atlanta, GA)
Indiana University-Bloomington (Bloomington, IN)
Iowa State University (Ames, IA)
Michigan State University (East Lansing, MI)
Ohio State University-Main Campus (Columbus, OH)
Pennsylvania State University-Main Campus (University Park, PA)
Purdue University-Main Campus (West Lafayette, IN)
Rutgers University-New Brunswick (New Brunswick, NJ)
Stony Brook University (Stony Brook, NY)
Texas A & M University-College Station (College Station, TX)
The University of Texas at Austin (Austin, TX)
University at Buffalo (Buffalo, NY)
University of Arizona (Tucson, AZ)
University of California-Berkeley (Berkeley, CA)
University of California-Davis (Davis, CA)
University of California-Irvine (Irvine, CA)
University of California-Los Angeles (Los Angeles, CA)
University of California-San Diego (La Jolla, CA)
University of California-Santa Barbara (Santa Barbara, CA)
University of Colorado Boulder (Boulder, CO)
University of Florida (Gainesville, FL)
University of Illinois at Urbana-Champaign (Champaign, IL)
University of Iowa (Iowa City, IA)
University of Kansas (Lawrence, KS)
University of Maryland-College Park (College Park, MD)
University of Michigan-Ann Arbor (Ann Arbor, MI)
University of Minnesota-Twin Cities (Minneapolis, MN)
University of Missouri-Columbia (Columbia, MO)
University of Nebraska-Lincoln (Lincoln, NE)
University of North Carolina at Chapel Hill (Chapel Hill, NC)
University of Oregon (Eugene, OR)
University of Pittsburgh-Pittsburgh Campus (Pittsburgh, PA)
University of Virginia-Main Campus (Charlottesville, VA)
University of Washington-Seattle Campus (Seattle, WA)

ENDNOTES

[1] The 2018 Economic Impact Report for the UW System was produced by NorthStar Analytics using data for the 2016-17 fiscal year: https://www.wisconsin.edu/economic-development/download/Econ-Impact-web.pdf
[2] For more see the University of Wisconsin System website as well as the Legislative Fiscal Bureau (LFB). Parts of UW-Extension were merged with UW-Madison and other parts with UW System.
[3] The analysis and IPEDS data were graciously provided by professor Nicholas Hillman and his lab and looked at all undergraduate students in Wisconsin on a 12-month headcount basis at public and private institutions.
[4] David Tandberg corroborates that state spending on Medicaid is associated with lower funding for higher education nationally: Tandberg, D. (2010). Interest Groups and Governmental Institutions: The Politics of State Funding of Public Higher Education. *Educational Policy*, 24(5), 735–778. https://doi.org/10.1177/0895904809339163 The former Wisconsin Taxpayers Alliance, now WPF, also frequently noted the impact of Medicaid spending on UW and other areas of the state budget.
[5] Expenditure figures taken from Wisconsin Annual Fiscal Reports tell a somewhat more negative story with GPR spending cuts in 2002 ($65.6 million), 2004 ($114.8 million), 2010 ($108.7 million), 2012 ($189.1 million), and 2016 ($92.5 million).
[6] The cyclical nature of state higher education funding is discussed in the State Higher Education Executive Officers Association annual finance reports: https://shef.sheeo.org/wp-content/uploads/2020/04/SHEEO_SHEF_FY19_Report.pdf
[7] Marquette polling data can be accessed here: https://lubarcenter.shinyapps.io/MLSPCrosstabs/ UW funding questions can be found under the variables H51, H155, H164, H273, and H274. Marquette only asked voters about UW and other spending priorities and did not ask about tax cuts.
[8] See the 2019 LFB Informational Paper on the UW System: http://docs.legis.wisconsin.gov/misc/lfb/informational_papers/january_2019/0032_university_of_wisconsin_system_overview_informational_paper_32.pdf A portion of general fund aid is also now awarded to UW campuses on a performance basis to reward such goals as enrolling under-represented student groups, increasing graduates in science, mathematics, technology, and engineering majors as well as health-related disciplines, and holding down student debt levels.
[9] For more on the tax cut legislation, 2013 Wisconsin Act 145, see this LFB memo: http://docs.legis.wisconsin.gov/misc/lfb/bill_summaries/2013_15/0140_ab_1_sb_1_general_fund_taxes_and_property_taxes_2_27_14.pdf
[10] Yuen, V. (2020). The $78 Billion Community College Funding Shortfall. Center For American Progress. https://www.americanprogress.org/issues/education-postsecondary/reports/2020/10/07/491242/78-billion-community-college-funding-shortfall/ WTCS officials say their higher funding levels per full-time student could reflect in part the cost of certain services such as adult basic education and firefighter training as well as their relatively high levels of part-time enrollments compared to two-year colleges in other states.
[11] For more on state funding for financial aid see the LFB informational paper, "Student Financial Aid," or the section of the 2019-21 LFB state budget summary for the Higher Educational Aids Board.
[12] Tandberg (2010) notes that increases in the average tuition for 4-year institutions and state effort for higher education are negatively associated with one another.
[13] An important caveat is the former UW Colleges two-year campuses began limiting tuition increases much earlier in 2008. See the LFB papers on both the UW and on tuition specifically, including this one from 2011: http://docs.legis.wisconsin.gov/misc/lfb/informational_papers/january_2011/0035_university_of_wisconsin_overview_informational_paper_35.pdf
[14] A May 2013 survey found registered voters favored a two-year tuition freeze 76% to 21% (Marquette Law Poll database variable h50) and an August 2015 survey found 52% of registered voters believed the freeze could be extended to four years without reducing educational quality compared to 44% who said quality would be affected (variable h165).
[15] The 2019 LFB informational paper on UW tuition discusses this trend: http://docs.legis.wisconsin.gov/misc/lfb/informational_papers/january_2019/0033_university_of_wisconsin_tuition_informational_paper_33.pdf
[16] For a look at how levy limits have affected municipalities, see: https://wispolicyforum.org/wp-content/uploads/2019/02/DollarsAndSense_Full.pdf
[17] Data is from SHEEO annual finance reports.

[18] Figures come from the 2018-19 WCTS Financial Data Factbook: https://www.wtcsystem.edu/wtcsexternal/cmspages/getdocumentfile.aspx?nodeguid=13c5dbb5-0497-4e84-b71b-0bfb4a80b26c
[19] See the LFB information paper on the UW System or the UW's annual budget documents: https://www.wisconsin.edu/budget-planning/annual-and-biennial-budgets/
[20] These figures were provided by UW-Madison officials.
[21] The liabilities are laid out in the UW System's annual financial reports: https://www.wisconsin.edu/financial-administration/download/university_of_wisconsin_system_annual_financial_reports/University-of-Wisconsin-AFR-2019-FINAL.pdf
[22] To allow for better state by state comparisons, SHEEO also adjusts the data to remove spending on capital projects and debt payments as well as on research, agricultural, and medical education since that "varies substantially across states." For its inflation adjustments, SHEEO uses the Higher Education Cost Adjustment (HECA), which estimates inflation in the costs paid by colleges and universities. HECA has somewhat outpaced the Consumer Price Index (CPI) over this period. We use CPI elsewhere in this report but stick with HECA for the SHEEO data to allow for easier comparisons with reports from that organization. For more on SHEEO's data definitions and adjustments, go here: https://shef.sheeo.org/data-definitions/
[23] As we mentioned earlier, SHEEO tries to ensure fair comparisons across states by adjusting these figures in a number of ways such as removing payments for debt and capital projects.
[24] See the June 2020 Brookings Institution report, "Restoring Regional Public Universities for Recovery in the Great Lakes," here: https://www.brookings.edu/wp-content/uploads/2020/06/20200617_BrookingsMetro_Great-Lakes-RPUs_FULL-final.pdf
[25] Though we use IPEDS data here to allow for both tuition and state funding comparisons, the College Board's Trends in College Pricing 2019 data show the same trend. The unweighted average of peer tuition and the median in the group ($12,500) are very close.[25]
[26] IPEDS appropriations data were not available for three peers: the University of Colorado-Boulder, University of Pittsburgh-Main Campus, and Pennsylvania State University-Main Campus.
[27] We use the College Board Trends in College Pricing data because they are easier to work with at the state level and also help to confirm the trend from IPEDS data.
[28] Data from the National Digest of Education Statistics and the UW System and WTCS show a similar trend.
[29] See data on Applied Population Lab projections of high school completions here: https://www.wisconsin.edu/education-reports-statistics/reports-by-topic/wisconsin-high-school-graduate-projections/. Nathan Grawe's 2018 book, *Demographics and the Demand for Higher Education*, is widely cited. Charts showing his sobering statistics, including the percent change in college-going students between 2012 and 2019, can be found here: https://people.carleton.edu/~ngrawe/HEDI.htm
[30] The UW System data does not include international students and can be found here: https://www.wisconsin.edu/accountability/access/. Starting in 2008 the data added categories for two races and Hawaiian/Pacific Islander.
[31] See UW System accountability tool: https://www.wisconsin.edu/accountability/progress-and-completion/. The peer group for UW-Madison is 11 generally Upper Midwest research institutions.
[32] The Midwestern Higher Education Compact (MHEC) analysis draws on IPEDS data and can be found here: https://www.mhec.org/dashboard/retention
[33] The UW analysis includes UW credits funded by all sources but not placement credits, credits awarded for prior learning, and credits transferred from non-UW institutions.
[34] The MHEC analysis draws on National Student Clearinghouse research and can be found here: https://www.mhec.org/dashboard/six-year-completion-rates
[35] The MHEC dashboard uses IPEDS data: https://www.mhec.org/dashboard/graduation-rates-raceethnicity
[36] The National Student Clearinghouse *Completing College* report can be found here: https://nscresearchcenter.org/completing-college/ There are 39 states with comparable data available.
[37] These loans were directed through or reported to UW financial aid offices and include loans to parents. Loans taken by students through institutions besides UW are not included and neither are credit card loans.
[38] See National Student Clearinghouse, *Tracking Transfer: Measures of Effectiveness in Helping Community College Students to Complete Bachelor's Degrees*, September 2017.
[39] The Universal Credit Transfer Agreement can be found here: https://www.wisconsin.edu/transfer/download/UCTA-2018-Signed-Agreement.pdf
[40] For more on the widely varying costs to deliver different college majors, see: Hemelt, S. (2018) Why is Math Cheaper than English? Understanding Cost Differences in Higher Education. Institute of Labor Economics Discussion Paper Series. http://ftp.iza.org/dp11968.pdf

[41] The UW restructuring in 2018 prevents comparisons with prior years at the level of individual campuses.
[42] See page 19 of the UW-Milwaukee "Think Tank 2030 Final Report": https://uwm.edu/chancellor/wp-content/uploads/sites/290/2020/06/Think-Tank-2030-Final-Report-20200528.pdf
[43] See the cost and efficiency section of the UW System accountability tool: https://www.wisconsin.edu/accountability/cost-and-efficiency/
[44] The metric used is average salary equated to 9 months of full-time instructional staff. The UW-Madison IPEDS Data Feedback Reports report slightly different numbers because they take the median of the 34 peers and exclude UW-Madison.
[45] The years 2010 to 2018 represent the most comparable years of data – prior years used a somewhat different methodology.
[46] See UW-Madison's *2019-20 Data Digest*: https://uwmadison.app.box.com/s/4xmnrquref7eub7krtgfej7irqtw2kqr
[47] UW-Madison Data Digest information on extramural research grants do not assign credit for all awards to specific faculty ranks. But full professors consistently account for the lion's share of grants that are assigned.
[48] The academic literature provides support for the common-sense view that factors such as a faculty member's salary and research productivity could be potential turnover factors, including this study: Smart, J. C. (1990). A Causal Model of Faculty Turnover Intentions. *Research in Higher Education*, 31(5), 405–424. JSTOR. https://www.jstor.org/stable/40195946
[49] See AAUP's "Recommended Institutional Regulations on Academic Freedom and Tenure," https://www.aaup.org/report/recommended-institutional-regulations-academic-freedom-and-tenure and Chapters 4, 5 of the Administrative Code of the Board of Regents of the UW System (https://docs.legis.wisconsin.gov/code/admin_code/uws) and Regent Policy Document 20-24 (https://www.wisconsin.edu/regents/policies/procedures-relating-to-financial-emergency-or-program-discontinuance-requiring-faculty-layoff-and-termination/).
[50] See the July 2020 AAUP report, "Policies on Academic Freedom, Dismissal for Cause, Financial Exigency, and Program Discontinuance," https://www.aaup.org/report/policies-academic-freedom-dismissal-cause-financial-exigency-and-program-discontinuance. The report's analysis is based on faculty handbooks and collective bargaining agreements of a sample of 198 four-year institutions with a tenure system. These include 66 research, 73 masters, and 59 bachelor universities as specified by Carnegie Classification.
[51] The UW faculty turnover data is found here: https://www.wisconsin.edu/accountability/faculty-and-staff/
[52] The July 2018 UW System restructuring complicates comparisons after 2017.
[53] See page 69 of the UW-Madison *2019-20 Data Digest*.
[54] The *U.S. News* rankings are based on factors such as financial resources, alumni donations, retention and graduation rates, student excellence, and expert opinion that are each weighted by the publication's staff. For more, go to https://www.usnews.com/best-colleges/university-of-wisconsin-3895 and https://news.wisc.edu/u-s-news-rankings-uw-madison-rises-to-42nd-overall-13th-best-public-college/
[55] The most recent rankings can be found here http://www.shanghairanking.com/Academic-Ranking-of-World-Universities-2020-Press-Release.html and UW-Madison's statement on them is here: https://news.wisc.edu/uw-madison-performs-well-in-worldwide-ranking-of-universities/
[56] Data supplied by National Center for Education Statistics College Navigator. Institutions classified in the tool by type as "4-year, primarily associate's" are shown here as 2-year institutions. This table does not include federal institutions or state career centers.
[57] See the 2019 LFB Informational Paper on the WTCS: https://docs.legis.wisconsin.gov/misc/lfb/informational_papers/january_2019/0031_wisconsin_technical_college_system_informational_paper_31.pdf
[58] McGuinness, A. (2016.) State Policy Leadership for the Future: History of state coordination and governance and alternatives for the future. Education Commission of the States. https://www.ecs.org/wp-content/uploads/051616-State-Policy-Leadership-for-the-Future-KL-final4-1.pdf
[59] Parmley, Bell, L'Orange, & Lingenfelter. (2009). State Budgeting for Higher Education in the United States. SHEEO. https://files.eric.ed.gov/fulltext/ED506284.pdf
[60] For more on state building projects and debt, see the 2019 LFB info paper on "State Level Debt Issuance": https://docs.legis.wisconsin.gov/misc/lfb/informational_papers/january_2019/0077_state_level_debt_issuance_informational_paper_77.pdf
[61] UW-Madison provided this April 2018 memo, "Benchmarking Construction and Bonding Authority at Public Universities."
[62] Moody's does rate technical college districts in Wisconsin.

[63] Tandberg, D. (2010). Interest Groups and Governmental Institutions: The Politics of State Funding of Public Higher Education. *Educational Policy*. https://www.researchgate.net/publication/232250900_Interest_Groups_and_Governmental_Institutions_The_Politics_of_State_Funding_of_Public_Higher_Education
Tandberg, D. (2013). The Conditioning Role of State Higher Education Governance Structures. *The Journal of Higher Education*. https://www.researchgate.net/publication/241686493_The_Conditioning_Role_of_State_Higher_Education_Governance_Structures
[64] Tandberg, 2010. Though Tandberg's studies found a statistically significant relationship with governing structures and state funding, separate research by McLendon, Hearn, and Mokher did not. One potential reason for the different findings is Tandberg looked at the way that governing structures could interact with other political factors in states to produce distinct results.
[65] McGuinness, 2016.
[66] Fulton, M. (2019) An Analysis of State Postsecondary Governance Structures. Education Commission of the States. https://www.ecs.org/an-analysis-of-state-postsecondary-governance-structures/ The numbers cited here total more than 50 because some states have multiple higher education governing boards with one having constitutional authority and another have statutory authority.
[67] Hutchens, N. (2009). Preserving the Independence of Public Higher Education: An Examination of State Constitutional Autonomy Provisions for Public Colleges and Universities. University of Kentucky. https://uknowledge.uky.edu/cgi/viewcontent.cgi?article=1002&context=epe_facpub
[68] Knott, J. & Payne, A. The impact of state governance structures on management and performance of public organizations: A study of higher education institutions. *Journal of Policy Analysis and Management*. 2004. https://onlinelibrary.wiley.com/doi/abs/10.1002/pam.10176
[69] Pollack, S. Higher Education Reform in Oregon: 2011-2014: A Policy and Legislative History. Portland State University. 2014. https://pdxscholar.library.pdx.edu/cgi/viewcontent.cgi?article=1000&context=pubadmin_theses
[70] Pollack, 2014.
[71] Florida Constitution, Article IX, Section 7(d) http://www.leg.state.fl.us/Statutes/index.cfm?Mode=Constitution&Submenu=3&Tab=statutes#A9S07
[72] Florida Board of Governors Regulation 1.001, University Board of Trustees Powers and Duties https://www.flbog.edu/wp-content/uploads/1_001-PowersandDuties.pdf
[73] "The Growing Partisan Divide in Views of Higher Education" https://www.pewsocialtrends.org/essay/the-growing-partisan-divide-in-views-of-higher-education/ and "Confidence in Higher Education Down since 2015" https://news.gallup.com/opinion/gallup/242441/confidence-higher-education-down-2015.aspx?g_source=link_newsv9&g_campaign=item_248492&g_medium=copy
[74] The state does contribute very modest amounts to the University of Wisconsin using revenues derived from land and other assets held by the Wisconsin Board of Commissioners of Public Lands.
[75] Armstrong, J., & Carlson, A. (2017). State tuition, fees, and financial assistance policies: Initial findings. SHEEO.
[76] Delaney, J. A., & Kearney, T. D. (2015). The impact of guaranteed tuition policies on postsecondary tuition levels: A difference-in-difference approach. *Economics of Education Review*, 47, 80-99.
[77] Questions h50, h165, and h265 of the Marquette Survey: https://lubarcenter.shinyapps.io/MLSPCrosstabs/
[78] The May 2020 recommendations of the Think Tank 2030 group at UW-Milwaukee can be found here: https://uwm.edu/chancellor/wp-content/uploads/sites/290/2020/06/Think-Tank-2030-Final-Report-20200528.pdf
[79] For more on this proposal, see the WTCS 2021-23 state budget request: https://doa.wi.gov/budget/SBO/2021-23%20292%20WTCSB%20Budget%20Request.pdf
[80] This recent brief from the Higher Learning Commission provides a basic discussion of teach-out arrangements: https://download.hlcommission.org/Teach-OutRequirements_PRC.pdf