



FAQ: UW System Authority Proposal

What will an Authority allow us to do?

- The UW System authority proposal acknowledges that the UW System is a unique and crucial organization with a mission and purpose that requires the ability to operate its \$6 billion annual budget more like a business -- responsible to its state, student and workforce stakeholders.
- Under the authority model, UW System will be able to manage operations more efficiently and with greater long-term certainty through new operating flexibilities.
- A UW System authority is the best model to deliver a public university committed to the core principles of academic excellence, access, responsiveness, and affordability for our students, parents, and taxpayers.

What flexibilities will the new Authority have?

- UW System will be allowed to create its own procurement system, separate from the state, allowing institutions to find savings and efficiencies not currently available.
- Building projects will be less costly through significant new flexibilities in managing the development, construction and maintenance of campus buildings.
- While the legislature will always have statutory oversight, public authority status will allow the UW System to work with each campus to find a pricing formula that reflects the costs of each program while still ensuring affordability, access and quality.

How will the authority be funded?

- The legislation proposed will create a dedicated funding source similar to the state Transportation Fund. It will be funded by the state's sales tax, and increases will be based the Consumer Price Index (CPI).

- With a dedicated funding stream, UW System will be able to develop 6-year pricing and financial models, giving parents and students long-term predictability in costs

How will the authority be governed?

- Shared governance and tenure -- two principles that are critical to delivering a high-quality education -- will be managed by the Board of Regents through board policy rather than by the legislature through statute. This is the standard among other state higher education systems.
- While maintaining public employee status, UW System will have the ability to create a pay plan.
- The current Board of Regents and its appointment process will remain in place as the governing body for the authority.

Why is the authority a good thing for Wisconsin?

- The combination of the Authority and the dedicated funding stream are tools that will allow for reform both in and out of the classroom.
- Without the authority, UW System and its institutions will have less ability to leverage their resources responsibly and competitively in order to maintain the level of excellence our citizens and students have come to expect.
- UW System and each campus can operate more like businesses and find savings and efficiencies if they are allowed to operate outside of State procurement, human resources, and building project development, construction and management tools.
- The State of Wisconsin has consistently reduced state support of the UW System over the last 15 years. Under this proposal, UW System would have fiscal certainty and not be treated like just another line item in the state budget.

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How much will the Governor's proposal reduce funding for the UW System?

- UW System will see a \$300 million cut over the 2015-17 biennium. This means our annual base allocation from the state will be reduced \$150 million, reduction of over 13%.
- This follows significant cuts over the last three budgets and a continuation of the current tuition freeze for the upcoming biennium as well.
- Current state support for the UW System (not including debt service) is already below the amount allocated in 1998.

How will the UW System still be accountable to the State of Wisconsin?

- The new public authority will negotiate a master lease with the State of Wisconsin, which will maintain ownership of the buildings on each campus.
- All of the employees throughout UW System will remain participants in WRS and ETF (retirement) and will continue to receive health insurance benefits through the State of Wisconsin.
- The current Board of Regents structure and appointment process and schedule will stay in place as the governing body of the new authority, which will become fully enacted on July 1, 2016.

Won't the new Authority raise tuition as soon as possible to cover the cut in funding?

- It's in nobody's interest to simply increase tuition once the authority is in place.
- The largest tuition increases in our state's history came in the immediate wake of significant cuts. That won't be the case in 2017 when the predictability of the new, dedicated funding source will allow us to forecast both our costs and our revenues for many years out, rather than just biennial budget by biennial budget.

- We will spend the next two years reducing costs by finding efficiencies and streamlining our operations so that we can continue to provide an excellent education at an affordable price.

How is the move to an authority more advantageous than granting additional flexibilities?

- The authority model offers flexibilities as a complete, "all-in-one-box" package. UW System will be able to immediately manage operations more efficiently (building projects, procurement, pay plans) with greater long-term cost savings and price stability and certainty for our students.
- Outfitting our institutions with greater flexibilities on a piecemeal basis will hamstring our ability to quickly identify and implement new efficiencies, realize additional savings and project out a pricing structure that Wisconsinites can count on as they plan student and family investments in a university education.
- The authority is only model that gives us the predictability of a dedicated funding source. Without it, UW System will be left with the current funding, flawed, funding model.