



Frequently Asked Questions about 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 provides a way 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 take advantage of 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 model 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 on the Consumer Price Index (CPI) increases in the previous calendar year, beginning in 2018-19.
- With a dedicated funding stream, UW System will be able to develop pricing and financial models, providing 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, the UW System will have the ability to determine its own pay plan.
- The current Board of Regents and its appointment process will remain in place as the governing body for the authority.

What are the benefits of an authority for the State of 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.
- Under an authority, UW System institutions will have more ability to leverage their resources to maintain the level of excellence our citizens and students have come to expect.
- UW System institutions 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 requirements.
- The State of Wisconsin has consistently reduced its 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.

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

- UW System will see a \$300 million GPR cut over the 2015-17 biennium. This means the annual base allocation from the state will be reduced \$150 million, a 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 at each institution.
- All UW System employees will remain participants in the Wisconsin Retirement System (retirement) and Employee Trust Fund and will continue to receive health insurance benefits through the State of Wisconsin.
- The current Board of Regents structure, 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 2019 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.
- The proposed cuts will require UW institutions to spend the next two years reducing costs so that we can continue to provide a high quality 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. The UW System will be able to manage operations more efficiently (building projects, procurement, pay plans) with greater long-term price stability.
- 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 a model that provides the predictability of a dedicated funding source. Without it, UW System institutions will be left with the current flawed funding model.