



## Benefits of the UW System Authority proposal

Governor Walker's proposal to create a UW System Authority has generated questions about the scope and implications of such a change. As UW System Administration staff continues reviewing the proposal, here is a quick, current rundown detailing what the UW System Authority is and isn't.

### What is a public authority, in general?

- Wisconsin statutes do not provide a common definition or model for what constitutes a public authority. Each is distinctly defined and established by the state legislature.
- Every public authority is a unique, legislatively created entity that is free from certain state regulations that apply to state agencies.
- Public authorities typically are created to accomplish tasks that can be more efficiently accomplished than through the traditional state agency structure.
- Public authorities ultimately remain subject to the control of the state legislature.
- Just a few examples of Wisconsin's different public authorities: the UW Hospital and Clinics Authority, the Wisconsin Economic Development Corporation and the Wisconsin Housing and Economic Development Authority.

### What does the UW System Authority timeline look like?

- The UW System Authority would not go into effect until July 2016.
- This gives us a solid year to continue analysis and involve campus communities and our many stakeholders as we work toward implementation throughout the UW System.

### Is the UW System Authority still a public entity?

- Yes. The key word in the concept and phrase "public authority" is **public**.
- The UW System Authority—which is a public authority—would focus and strengthen our accountability to the legislature and citizens, making us better stewards through a package of flexibilities to further streamline human resources operations, speed up and reduce cost in building projects and modernize purchasing processes to lower cost and locally source.
- We are not losing our publicness in exchange for greater autonomy.
  - **PUBLIC REVENUE:** A dedicated-funding stream for the UW System Authority would -- further demonstrating our ongoing connection to the legislature and state.
  - **PUBLIC REPORTS:** The UW System Authority would also be expected to continue delivering a set of accountability reports to the legislature.
  - **PUBLIC OWNERSHIP OF BUILDINGS:** The new public authority will negotiate a master lease with the State of Wisconsin, which will maintain ownership of the buildings on each campus.

- **PUBLIC EMPLOYEES:** 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.

### **What will a UW System Authority allow us to do?**

- Under the authority model, UW System will be able to manage its budget more efficiently and with greater long-term certainty through new operating flexibilities.
- 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.
- While maintaining public employee status, the UW System Authority will have the ability to create a pay plan.
- 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 programs while still ensuring affordability, access and quality.
- It would save us money. Early estimates suggest we could save approximately \$20 million a year.
- It would also make us more consistent and competitive with other, more autonomous university systems in other states, helping us recruit and retain talented faculty and staff.

### **Are there other public authority models in the U.S. that a UW System Authority will look like?**

- There is no one-for-one comparison. As proposed, the UW System Authority would be unique in the state and nation while benefitting from the kinds of autonomy many other state public higher education systems have been granted.
- The combination of a dedicated funding stream, flexibilities and accountability measures built into the proposed UW System Authority create something original in the U.S.

### **How will the UW System Authority be funded?**

- The legislation proposed will create a dedicated funding source similar to the state Transportation Fund and increases will be based the Consumer Price Index (CPI).
- With a dedicated funding stream, the UW System Authority will be able to develop longer-range pricing and financial models, giving students and families long-term predictability in costs.

### **How will the UW System Authority be governed?**

- 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.
- 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.

### **How is tuition handled in the UW System Authority?**

- The Board of Regents will maintain tuition-setting authority and will gain ability to manage and negotiate the Minnesota reciprocity program.
- The largest tuition increases in our state's history came in the immediate wake of significant cuts. That will not be the case in 2018 when the predictability of the new, dedicated funding stream 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.

### **Why is a UW System Authority a good thing for Wisconsin?**

- The combination of the UW System Authority and the dedicated funding stream are tools that will allow for real reform in our business operations so that we can enhance students' educational experience in and out of the classroom.
- 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.
- UW System and each campus can find savings and efficiencies if they are allowed to operate outside of State procurement, human resources and building project development, construction and management tools.
- State funding of the UW System over the last 15 years has been unpredictable. Under this proposal, UW System would have fiscal certainty and a unique identity in the nation as an autonomous, but no less accountable, public authority empowered to serve students and the whole of Wisconsin.