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## **UW System Funding Lags, Threatening its Competitiveness**

*Report also cites falling reserves and R&D ranking, lack of autonomy for UW-Madison*

The University of Wisconsin System and its flagship are falling behind their peers in key financial metrics, as a tuition freeze, declining enrollment, stagnant state funding, and lackluster growth in research spending threaten their long-term competitiveness, according to a new in-depth report from the Wisconsin Policy Forum.

The last decade, in particular, has seen Wisconsin's public higher education system largely fail to keep pace with regional and national counterparts in these key funding factors. Now, the effects of the COVID-19 pandemic threaten to compound the damage for the UW System and the Wisconsin Technical College System.

"After years of slow erosion of funding and enrollment, higher education in Wisconsin faces a flash flood," the report says.

The wide-ranging report finds some encouraging outcomes, including rising UW student graduation rates and falling debt levels; as well as strong warning signs, such as falling faculty numbers and lagging research spending. It also finds Wisconsin's public universities with fewer reserves to cope with this punishing crisis, as tuition balances for the UW System including UW-Madison have fallen 58.8% since 2013.

In addition, the Forum finds that in its governance, Wisconsin's university system has less autonomy from state leaders and is unusually centralized and consolidated relative to its peers – particularly in its treatment of UW-Madison. This approach may leave the state's flagship and larger system with less flexibility to respond to the current crisis.

### **Digging into the Data**

Other findings include:

- Between 2000 and 2019, adjusted state and local funding per full-time equivalent student at Wisconsin universities and technical colleges fell from 6.4% above the U.S. average to 16.5% below that 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.
- The state's ranking for adjusted total revenues from state and local funding as well as net tuition 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, these national higher education data omit some technical college property tax revenues but even after accounting for these funds Wisconsin is still below the national average.
- From their peak in 2011 to 2019, net enrollments at public colleges and universities in Wisconsin fell by 13%, or more than twice the national average. UW-Madison increased enrollments over these years but still lagged its peers.

- From 2013 to 2020 – the years for the tuition freeze – UW-Madison had the third-lowest in-state undergraduate tuition and fee increase among 35 peer public research universities and also had the largest cut in state support from 2013 to 2018 (the most recent year available).
- Research and development spending at UW-Madison fell from third-highest in the nation in 2010 to eighth-highest in 2018 as the increase in university spending was outpaced by other institutions.
- UW-Madison answers to one statewide governing board with no constitutional authority– the UW Board of Regents – and is part of one statewide system that includes all public universities in the state. Almost none of its peer universities is governed that way, the report finds. Wisconsin is also unique among states in not delegating any authority to issue debt to its public universities or related entities.

Despite these challenges, there are positive trends for students. Graduation rates at Wisconsin’s public four-year institutions have improved for all students including underrepresented minorities. And students now are graduating more quickly, spending less and incurring less debt to do so, our research finds.

Formidable challenges remain, however. While minority students have made gains, Wisconsin still has the nation’s largest six-year completion gap between black and white university students at public four-year institutions, according to National Student Clearinghouse data.

### **Preserving Wisconsin’s Edge**

To help ensure a world-class public system of higher education and a competitive state economy, the report lays out a range of options for policymakers without advocating for any one approach. The alternatives include increasing state tax or student tuition funding for higher education; securing other sources of revenue; enhancing borrowing options; shoring up sagging enrollments; and finding efficiencies through digital learning, new flexibility for campus leaders, or streamlined programs, campuses, or governance.

In concluding, the report notes that in recent years the UW System has merged its former two-year campuses with larger institutions, expanded online learning, improved the transfer process between tech colleges and UW campuses, and cut programming and staff at some universities. Though painful, the pandemic could still spark constructive change, the report finds.

“While no one would have invited the current crisis,” the report’s executive summary concludes “its impact on Wisconsin’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 the state’s system of post-secondary education.”

The report, “Falling Behind? The State of Wisconsin’s Public Universities and Colleges,” was commissioned by Badgers United, a group formed to support UW-Madison.

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