

The UW System's Strategic Framework to **Advantage Wisconsin**

Think Tank #5: Resources Report

In advancing the Growth Agenda for Wisconsin, we've made considerable headway in convincing people that our state faces major challenges, and that a renewed emphasis on higher education is vital to our future. To further this public conversation, we have worked with the Board of Regents, chancellors, faculty and staff, students, external stakeholders, and others on a strategic thinking initiative called *Advantage Wisconsin*.

We have identified seven core strategies the UW System should pursue to deepen our positive impact on the state: Prepare Students, More Graduates, High-Paying Jobs, Stronger Communities, Resources, Operational Excellence, and Collaborations. These seven strategies form an umbrella under which we can work together to enhance the success of each institution.

A series of cross-institution Think Tanks, along with campus groups, have been developing key ideas for how we move ahead with the seven core strategies. Each Think Tank involved external constituents to provide an outside perspective.

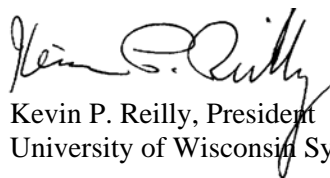
On behalf of the UW System, I would like to thank the dedicated members of Think Tank #5: Resources, for their contribution of ideas and the development of this report. Faculty, staff, business, and community leaders gathered together for brainstorming sessions to develop multiple ideas and concepts regarding balancing, diversifying, and growing our financial resources, while developing our human talent.

This paper represents the views and ideas of the Think Tank members; these are not findings of fact, but initial thoughts and suggestions. In addition, feedback from multiple University, community, and business entities has been helping, and will continue to help, shape an enriched System-level strategic framework to *Advantage Wisconsin*.

Your input and participation is encouraged. Please consider helping us with this important effort by providing your ideas and perspectives. Use our feedback form at: <http://advantage.wisconsin.edu>

Thank you for your interest and involvement. I look forward to leading *Advantage Wisconsin* in a way that helps every resident feel a personal stake in the success of the UW System, and that places our University system at the top of the list in public universities positively transforming their states.

Best regards,



Kevin P. Reilly, President
University of Wisconsin System

**Advantage Wisconsin
Think Tank 5: Resources
Final Report**

Think Tank Charge: *Balance, diversify and grow our financial resources and facilities while developing our human talent.*

Think Tank Membership:

- Diane Moen, Vice Chancellor (UW-Stout), Chair
- Andy Richards, Associate Vice Chancellor for Budget and Planning (UW-Milwaukee)
- Nancy Turner, Professor, Department of Social Sciences (UW-Platteville)
- David Travis, Associate Dean, College of Letters and Science (UW-Whitewater)
- Dev Venugopalan, Associate Vice Chancellor (UW-Milwaukee)
- Paul Percy, Dean, College of Engineering (UW-Madison)
- Sharon Radke, Director of Business Services (UW-La Crosse)
- John Neis, Co-founder and Managing Director, Venture Investors, LLC
- Freda Harris, UWS Budget & Planning
- Bob Jokisch, UWS Academic Affairs

Vision

The think tank group appreciates the opportunity to provide ideas and insights into increased revenue development. We offer our “brainstorming” enabling strategies for the UW System to consider. Not every campus will move in unison as we make progress. It is important to provide financial incentives to encourage innovation and to remove barriers that inhibit progress.

It’s exciting to envision what could occur in the UW System with adequate resources that were used efficiently to meet our stakeholders’ needs. The think tank members predicted dramatic change in a number of areas.

- The State of Wisconsin would have a higher percentage of citizens with post secondary degrees to support a vibrant economy.
- Students are prepared to be citizens of the world.
- Students would graduate in four years or less.
- Education would be affordable and debt load would be reasonable.
- Lower income and diverse populations would find the UW an accessible place.
- Technology would be used to engage students in the way they live now and will live and work in the future. It would provide a virtual environment for access.
- The UW System would be seen as strategic and accountable leading to improved legislative support.
- Best practices would be implemented leading to a high quality experience.

- Resources would be available to build and renovate facilities as technology changes and to pay for utilities and maintenance on those facilities for both learning and research.
- UW System institutions would collaborate effectively in a number of areas such as general education, assessment, first year experience, etc.
- The UW would attract and retain high quality faculty.
- There would be a culture of innovation on each campus supported by effective incentive systems.
- Institutions would have an understanding of their customer needs and alignment of offerings to meet those needs.
- Science, Technology, Engineering, and Mathematics would be stronger.

Primary Messages and Big Ideas

Achieving a vision requires substantial investment and dramatic change. The Resource think tank is one of 3 think tanks working on the Enabling Strategies -- Resources, Operational Excellence, and Collaborations – as part of the Strategic Framework.

Resource think tank members discussed the methods to enhance revenue including increasing market share, reducing costs, or increasing revenues. Although there is some overlap with the other two Enabling Strategies think tanks, we have included all 58 strategies identified as part of the brainstorming process.

Overarching Big Idea Principles

These big idea principles guided the generation of our strategies.

- Generate incremental revenues at lower incremental costs.
- Revenue generating options can come from sources beyond our state.
- Build it once, sell a million times.

Technology Enhanced Learning

High Impact Strategies:

1. Expand degree completion for adult students through a variety of delivery methods. Provide at market prices.
2. Expand tuition differential price for non-traditional delivery.

Other Technology Enhanced Learning Strategies:

1. Use emerging technologies to market and recruit students as well as provide educational services.
 - UW presence in Second Life
Second Life is one of several internet-based virtual worlds in which people can interact, do business, and go to school.
 - UWTube.com
This video sharing website allows users to upload, view and share video clips.

2. Create more online resources for distance-delivered continuing education. (MIT and Stanford are examples)
3. Deliver core courses to off-campus students for increased operating revenue. An increasing number of students are “non-traditional” students who may have a job or a family and cannot attend some of the classes on campus at the time they are scheduled.
4. Attract additional students with non-traditional delivery, leveraging technology to deliver with high incremental gross margin.
5. Increase market share for online programs and outreach programs.

Expand Access to Education

High Impact Strategies:

1. Increase collaborations with international universities for degree completion primarily in STEM disciplines.

Other Expand Access to Education Strategies:

1. Devise methodology to increase capacity for those programs that are in growth/demand situations.
2. Develop revenue sharing incentives for departments, colleges, and campuses that innovate to generate additional tuition revenues.
3. Develop a UW System site in China, India (internationally) to market/enroll students in online courses/programs and study in WI at market prices.
4. Encourage wealthy countries to send their students to Wisconsin.

Modify Tuition and Fee Model

High Impact Strategies:

1. Change tuition model to human TIF model (more students/more revenues)
The United Kingdom created a TIF model in 1989 which was a government sponsored and operated student loan program to help offset substantial tuition increases taking place at the higher education institutions. This program provides loans upfront to all students to pay for tuition and living expenses. Once a student graduates, the loan is repaid at an interest rate determined by the rate of inflation. Loans are not due to be repaid until after students have graduated and are earning at least 15,000 British pounds. Loan repayment is made through direct payroll deduction, which transfers funds directly from the employer to the revenue agency.

Other Modify Tuition and Fee Model Strategies:

1. Reduce restrictions and tuition on out-of-state and international students.
2. Create a user fee for materials that is charged to all students. Revise the course fee policy.
3. Authority to charge all non-GPR activities for administrative overhead (camps, conferences, etc).
4. Charge fees by program.

Benchmark Best Practices

High Impact Strategies:

1. Share best practices between institutions in money-making operations, such as services to businesses, conferences and camps.

Financing Strategies

High Impact Strategies:

1. Tax Form check-off box for donations.
As a point of reference, the Endangered Resources donation in 2005-2006 was \$495,000 and was as high as \$727,000 in 2002-2003.

Other Financing Strategies:

1. Establish an agreement with the State on formula-driven support comparable to other states.
2. Communicate the value of the UW System.
3. Obtain the ability (politically) to set tuition and tuition increases.
4. Revenue Contracts – Provide flexibility for more initiative in this area. (For example, advertising on our websites.)
5. Authority to generate interest on all non-GPR funds.
6. Secure loans for building facilities to be paid with development funds over time.
7. TIF (revenue bond) approach to finance development of products to generate new revenue.
8. Use development and student funds to cover costs of GPR funding shortfalls.
9. Build champions in the legislature - listen and address what they care about. Be transparent in our operations.
10. Tax breaks for companies paying tuition.
11. Utilizing renewable resources to generate energy to sell back to the grid.

Customer Driven Products and Services

High Impact Strategies:

1. Provide financial incentives/remove barriers to create new products that deliver incremental gross margin.

Other Customer Driven Products and Services Strategies:

1. Build institutes and charge for delivering faculty expertise to groups or businesses. Take education a step further so that Wisconsin business/citizens see the future.
2. Identify and market specific services for which a surrounding community will pay.
3. Solicit new ideas for revenue sources from students, communities, and private organizations.
4. Develop a customer driven approach.
5. Package non-degree products for industry in non-traditional ways.

6. Leverage federal SBDC support to offer specific and specialized information/education to small business to help them grow to meet other goals and markets.
7. Expand entrepreneurial activities for business/state needs system wide.
8. Target specific services and activities for which students are willing to pay more.
9. Develop institutional professional practice programs. For example, consulting and focused programs.
10. Capture value added-technology transfer, book and music licensing, and expert consultants.

Collaborations

High Impact Strategies:

1. Grow human resources by sharing courses developed by multi-campus faculty team.

Other Collaborations Strategies:

1. Develop a “Cookie Cutter” approach for general education, either face-to-face or online to free up faculty time to teach other students. As an alternative, share and reduce redundancies among the campuses.
2. Develop a system-wide academic plan for educational areas with revenue potential. For example, Engineering, Business, as well as others.
3. Form strategic partnerships with other institutions to develop and deliver new educational content in the upper Midwest. For example, Energy and the Environment, Engineering and Public Policy, etc.
4. Utilize adjunct faculty from industry.
5. Develop protocols to provide overloads to faculty as incentives.
6. Develop a common pre-engineering 1st year curriculum in the two-year Colleges for students to transfer to a college of engineering.
7. Plan & work more departmentally across the system to provide collaborative languages.
8. Develop faculty/staff resource pool across the system.

Increase Grants, Contracts, Donations

High Impact Strategies:

1. Develop institutional collaboration to leverage research potential.

Other Increase Grants, Contracts, Donations Strategies:

1. Increase money for federal and other grants system wide.
2. Create a funding “niche” unique to what the campus can offer.
3. Look at best practices between institutions in fundraising.
4. Use interest earnings from indirect funds to provide seed money for grant development.
5. Expand grant requests to foundations and corporations.
6. Request authority to hire professional staff to manage grants and contracts. (Change memorandum of understanding with OSER.)

7. Make school of business specific educational tracks offering names. Funding to develop the educational material is provided by the donor who then names the program.

Challenges to Address

The State of Wisconsin is attractive to many people seeking a high standard of living and variety of natural resources. In order for the UW System to attract high quality faculty and staff we need to provide other attributes in addition to the environment of the State. These include market salary, inclusive benefits, opportunity, development, and diversity.

To accomplish these strategies, Regent policies would need to be modified to allow more flexibility in setting tuition, to allow competition with the private sector as we expand services offered, authority to establish international sites, to allow academic fees by program, and other tuition-related actions. State Statute changes would be needed to implement TIF-based strategies, to gain authority for setting tuition, to generate and retain interest, to implement tax breaks, and to change employee compacts with OSER. Finally, campuses would need to examine their own policies and practices to provide incentives for revenue growth.

UW System Assets

The **UW System** has substantial assets to utilize in achieving success in balancing, diversifying, and growing our financial resources and facilities.

The UW System is geographically dispersed to every corner of the state. This allows us competitive advantage with neighboring states as well as provides a base for utilizing technology to provide hybrid courses.

The Wisconsin Idea, which holds that the boundaries of the university are the boundaries of the State, and the reputation of the UW System is well known. We are exceptional in technology transfer and economic development through WARF and WISYS. In addition, the UW is well connected to corporations and other private entities.

The UW System has depth in the diversity and comprehensiveness of academic programming. This includes many centers of excellence.

Institutions can build upon initiatives already underway including:

Placing course lectures on the internet and requiring students to have viewed the lectures prior to coming to class. The class time is then used for problem solving and discussion to ensure that the students understand the concepts and how to apply them.

Sharing of online resources for math, science and other general education courses that are taught at all campuses to reduce development and staffing demands as well as laboratory requirements.

Establishing “send-sites” which allows sharing the resources of unique teaching specialties.

Providing high demand programs, such as a MBA and nursing, online in order to accommodate demand.

Recognizing the “value” of collaboration in faculty development, faculty reviews, and tenure and promotion which provides campuses the associated financial advantages.

Developing and delivering courses and workshops to meet customer needs based on customer surveys, interviews, and other customer input.

Utilizing market research and effective communication mechanisms to identify opportunities, services, or privileges that create new revenue sources.

Providing camps and clinics nationally for which a campus has a market niche. For example, one campus provides a nationally recognized camp for disabled students.

Providing high demand academic programs at places and times convenient to student and charging market rates for those programs.

Sharing the cost of a grant writer with a nearby K-12 districts.

Customizing curriculum and delivery methods and charging premium tuition.

Appendix A Sources of Revenue

The University of Wisconsin System is a five billion dollar organization with a global reach. While its sources of revenue are diverse, they fall into a few major categories. Concern surrounds the declining trend in state appropriations for our primary mission, the preparation of students. Over the past several years, this trend has prompted additional pressure to increase other sources of revenue and has shifted the primary source of revenue away from State support for most campuses.

Students provide revenue to the campuses through tuition, segregated fees, room and board, special fees, and direct payments for services and products.

The **State of Wisconsin** provides resources to assist in the education of students as well as grants and contracts to support research and to acquire services.

The **Federal Government** is an important source of revenue to the campuses providing aid and loans to students as well as substantial allocations for research and service grants and contracts.

Corporations and other private sector organizations provide students tuition support, support internships and other student experiences, and contract for services and support research activities.

Each campus **Foundation** has increased in importance and necessity as it provides gifts to support the institution and its students.

Finally, we note **other** revenue sources such as licensing and royalty contracts, revenue sharing contracts, advertising, camps and conference fees, and partnering with private organizations and international entities which contribute to an institution's resource base.