



October 11, 2007

TO: All Legislators

FROM: John D. Wiley, Chancellor

Along with most Wisconsin residents, the faculty, staff and students of UW-Madison have been waiting for resolution of the state's budgeting process. Our extended community of parents and alumni have been equally concerned. Now, we hope that negotiations are approaching closure, as uncertainties over student financial aid, critical staff and faculty hiring, and simply how to continue funding all operations have become progressively more urgent. We appreciate the efforts of all involved to settle the key areas of strong philosophical disagreement.

While the need for compromise is obvious, and all affected state agencies have to be part of a comprehensive budgeting solution, it is becoming increasingly apparent that UW-Madison will have to absorb a significant reduction in state support for the fourth consecutive biennium, just as many of its peer institutions see their level of state support increasing. This trend, and the resulting imbalance, will continue to have real consequences for the university and the state.

In 1989-90, the state provided 34 percent of UW-Madison's budget, the essential funding that historically enabled us to meet basic operational costs, including the hiring and retention of faculty and staff, while maintaining an affordable level of tuition. Today, the level of the state's support has declined to less than 20 percent of our budget, a decline that has had readily demonstrable impacts on each of these areas. Over the last six years, the problem has been particularly acute, with UW-Madison being required to absorb almost \$40 million in budget cuts. Over the next two years, it appears we almost certainly will be asked to absorb still another cut in state support. While this reflects political compromise, it also signals an unmistakable continuation of the state's disinvestment in our capacity to fully meet our mission, which brings further injury to the state's economic growth. People see this: investors, potential faculty researchers, highly qualified students and others.

I was candid with you in outlining the probable program reductions that would follow from a budget cut occasioned by no resolution of the budget impasse. I'll be equally candid with you now, assuming that resolution is near: we're going to have to do less than we could have on all fronts, and that's a measure of "less" added on to six years of the same. It's adding up, and going down.

I understand it's convenient--and even true--to argue that the net state investment in the university would be increased over that provided in the last biennium. But let's be realistic. The Regents'

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budget request reflected an attempt to fully fund our operational costs, and the Governor's budget and the Joint Finance Committee recommendations attempted the same; now, in an effort to jump-start negotiations, the Governor is finding it necessary to propose something short of the figure needed to meet operational costs, which, if adopted, will mean that real costs will again significantly exceed the amount of funding allocated. A net increase has no meaning except in relationship to actual costs incurred, and any suggestion to the contrary is misleading..

As chancellor, it's my responsibility to share with you the implications of state budgeting actions on our capacity to perform. I've done that here, as I've attempted to do in the past.

cc: Governor Jim Doyle
UW System President Kevin Reilly