

**TO:** Interested Legislators  
**FROM:** Chancellor John D. Wiley  
**DATE:** May 25, 2004  
**RE:** **UW-Madison concerns regarding TABOR proposals**

As you and your colleagues continue to discuss TABOR options, I want to thank you for the thoughtful manner in which you have considered UW-Madison's views on this important issue of public policy. We remain concerned, however, about several significant adverse effects likely to follow from these types of proposals, even as adjustments have been made out of consideration for the university. I would like to briefly summarize these concerns, which go to the heart of the university's ability to continue providing affordable, accessible and high-quality education, and to maintaining its present leadership role in advancing scientific knowledge – both are essential to the long-term health and vitality of the State of Wisconsin, and it is incumbent upon me as Chancellor to make my reservations well known to you, the elected policy makers for the state. Thank you again for your willingness to engage with this issue, and to listen to our concerns.

- ***Capping tuition, a user fee, inappropriately limits the University's ability to provide a quality education to those students paying the fee.*** Capping tuition, essentially a user fee paid by students, arbitrarily limits the resources the university can allocate to undergraduate education. Coupled with a cap on state tax support, the university may not have resources to provide adequate advising, provide course offerings that allow timely degree completion, and provide extended library resources and adequate, up-to-date technology services for example. It is important to remember that other components of the university's budget (primarily federal funds, gifts and grants) are restricted and in most cases may not be used for these purposes. It is illustrative that, removing the cap on tuition is among the many items Colorado is currently trying to fix in their original TABOR bill.
- ***Access to affordable higher education would be limited.*** While some TABOR proposals have linked funding for the K-12 and technical college districts to population changes, we have not seen a corresponding link to enrollment for the university system. As enrollment pressures increase, particularly from adult learners, the university will not have the additional resources to accommodate more students unless tuition increases significantly. This would significantly harm the state's ability to generate the work force needed for high-wage jobs. Should the discretionary portion of the GPR base erode because of increases in non-discretionary costs that tend to rise faster than the rate of inflation (such as utilities, debt, etc), the university will essentially lose funds available for undergraduate education. At some point this gap will have to be made up either by increasing tuition or by limiting enrollment.

- ***Millions of dollars in private gifts for bonding would be put at risk.*** Currently, numerous private donors have pledged support for renovation and new building construction called for by the campus master plan. These pledges represent hundreds of millions of dollars and are typically tied to some expectation of a state GPR match (usually a small percentage of the donor's pledge). Capping the state's GPR bonding authority would impede significantly the university's ability to accept these private donor's pledges because, in the absence of a state match, the pledges would be lost.
- ***Federal and private grants that require a matching component could be lost.*** As the university's GPR base shrinks, which is likely to happen given the mandates and growing demands for other state services, the university may have to cut funding that carries a required state match for certain federal and private grants.

These are just a few of the immediate concerns that come to mind when reading the various TABOR proposals. Judging by Colorado's experience with TABOR, we have no doubt that there would be many other unintended consequences as well and we hope whatever final product you look at will provide you and other elected officials with the ability to respond quickly to changing needs and circumstances. Complicated constitutional changes may impede the flexibility and responsiveness that is needed to deal with large budget concerns such as the Medicaid and potential tribal gaming shortfall, except through urgent or inflexible measures that do lasting harm to state institutions.

I hope this information is useful. Please do not hesitate to contact Don Nelson or Kristi Thorson on my staff at 262-8967 if you would like to discuss these concerns in more detail. I, too, remain ready and willing to meet with you at any time. Thank you again for your consideration.