CHALLENGING TIMES AMID UNHEALTHY POLITICS
Implications of the November 2012 Elections for the University of Wisconsin–Madison and Wisconsin

By Jacob Stampen

The University of Wisconsin–Madison’s future as a leading public research university has become increasingly tenuous due to declining state support and anticipated declines in future federal support. During the 2011-2012 session of the Wisconsin State Legislature, model legislation drafted by the American Legislative Exchange Council, a national umbrella organization for corporate lobbyists, was responsible for hasty passage of important but questionable legislation affecting virtually every area of public policy, including education. Establishing local control over Wisconsin politics would help both the university and the state. It would also follow Wisconsin precedent and the insights of several leading scholars of legislative politics.

Introduction
There is a growing consensus in this country that we must improve education at all levels. Recent studies and reports show that educational attainment and social mobility are declining. The current generation of young adults is less well educated than its predecessor generation, and international comparisons show that social mobility in the United States is lagging behind most other developed nations. Paradoxically, American higher education is still widely regarded as the best in the world, and the University of Wisconsin–Madison is rated one of the nation’s best universities. However, this condition may not last much longer for several reasons. Constant-dollar state support for public higher education in Wisconsin has declined substantially over the past decade. Tuition and fees at public universities in the United States, which have increasingly substituted for state financing, are the highest in the world by a considerable margin. Wisconsin’s in-state tuition is not among the highest in the nation, but in-state students and their families are paying more to attend college than ever before. As a result, average student loan debt continues to climb. Finally, faculty and staff are receiving few...
and far between salary increases and many have experienced salary decreases resulting from their bearing a larger portion of their health insurance and pension costs.

The above changes create problems, but at the same time, there are few obvious signs that the capacity and quality of UW–Madison has seriously diminished. Few degree programs and courses have been eliminated for clearly financial reasons. Departments remain, for the most part, fully staffed. Some faculty members have left for better pay elsewhere, but cutting-edge research continues in many different fields. Building cranes on Madison’s skyline document continued growth in teaching, research and service capacity, and student housing.

Funding Changes
There would be more signs of hardship if, over the past decade, revenues from non-state sources had not increased to compensate for decreases in state support. Funding from President Obama’s first term American Recovery and Reinvestment Act (ARRA) partially offset decreases in state support. Federal research grants also increased, as did gifts and grants from private organizations and individuals. The university increased revenues from patents, royalties, and sale of services. In addition, annual tuition increases and a recent one-time tuition surcharge for students augmented support for student services, student aid, and faculty salaries. However, it is unlikely that self-generated income can grow enough to replace state aid. With few exceptions, private universities have fewer degree programs and more limited missions, because funding from available sources is insufficient to support the array of missions that public universities are created to pursue.

What does the future of investment in public higher education in Wisconsin look like now that the November 2012 elections are behind us? What can Wisconsin’s public colleges and universities look forward to in the next several years? At the national level, President Obama won re-election and Wisconsin Congresswoman Tammy Baldwin’s victory helped Democrats retain control of the U.S. Senate. Both the President and the Senator campaigned on the importance of investing in education at all levels. Is this good news for UW–Madison? It could be if the Obama Administration is somehow able to replace cuts in federal support stemming from the expiration of ARRA. It also depends on whether the President succeeds in gaining Congressional support for his announced priorities: improving college access, enabling more students from low-income and all other backgrounds to complete college, reining in tuition increases, and improving the quality of college and university instruction.

Challenges
The President’s objectives will be difficult to achieve for several reasons. First, Congress and President Obama failed to avoid federal sequestration; second, there are concerns about the March 27 expiration of the continuing resolution funding the government; third, 2014 budget battles will start in May; and fourth, the debt limit debate will resume sometime around August.
The size of the federal deficit has focused the attention of the President and Congress on overhauling the current tax system, including tax credits and deductions for charitable giving, IRA rollover provisions, the American Opportunity Tax Credit, student loan interest deductions, and Section 127 tax credits for employers who assist employees in paying college attendance costs. In addition, it is anticipated that unless something is done before 2014, the Pell Grant program will face a $5 billion shortfall.

Whatever the deliberations with Congress, the Obama Administration can use regulatory powers to achieve its educational objectives. Anticipated actions include increasing and leveraging federal, state, and institutional dollars invested in student financial aid, research, programs, and academic institutions. For example, the administration has announced its intention to eliminate fraud and abuse in student aid programs, tighten regulations of for-profit institutions, and mandate that colleges and universities slow the rate of tuition increases. The President, together with Congress, could strengthen “maintenance of effort” provisions (e.g., that prevent states from shifting education expenses to the federal government) in the next reauthorization of the Higher Education Act that is scheduled for 2013. However, all of this will be extremely difficult to accomplish due to gridlock in the U.S. Congress and opposition from special interests.

Federal funding for university research may have slightly better prospects than funding for university operations. The Battelle Global Research and Development Funding Forecast projects that between now and 2014 the federal government will provide less than a 1 percent increase in funding for academic research. However, research funded by industry is projected to increase enough to result in an overall net gain. According to the National Science Foundation, university spending on research and development increased in 2011 to $41 billion, 4 percent higher than in fiscal year 2010 and 2011. Much of the increase resulted from funding provided by the expiring ARRA. The 30 institutions with the highest R&D spending accounted for 40 percent of total R&D expenditures; 21 of those were public universities. UW–Madison ranked fourth in 2011 and has consistently ranked within the top five of all U.S. universities, public and private, for research volume over the past 20 years.

Wisconsin’s Political Landscape
The outlook is also worrisome at the state level. The overall policy pursued by Republicans over the past decade has been to reduce government programs and revenues, lessen government regulation, and privatize public services. If one wonders what national politics would be like if Republicans had gained the presidency and a majority in the U.S. Senate, the current situation in Wisconsin can give an impression. Gridlock in Wisconsin differs from the national pattern in that one party has so much power that it can overcome opposition from the other party and pass any legislation it wants. The minority party has such dislike for the majority party positions that it continues to oppose all or most majority party policies. In June 2012 Governor Walker survived a special recall election, and in November, Republicans retained control of the Assembly and took back control of the Senate, after briefly losing it following the recall elections.

A major cause for concern is the way Republicans won in November. Election results reported in the Wisconsin State Journal, and elections spending data reported by the Wisconsin Democracy Campaign, show that Republican Assembly candidates received campaign contributions two to eight times the size of their opponents in 42 electoral districts. Democrats had similar advantages in only 12 districts. In the Senate, Republicans were similarly advantaged in five districts, compared to two for the Democrats.
Recent redistricting added to the Republican advantage. Legislative districts are redrawn after every national census, and since Republicans held legislative majorities after the 2000 and 2010 elections, they have been twice empowered to redraw district boundaries in ways that favor Republican candidates. Election statistics show that more people voted for Democrats than Republicans in in-state races, but legislative redistricting and funding advantages enabled Republicans to achieve a 60 to 39-member majority in the state Assembly and gain an 18 to 15 majority in the state Senate. Because of this, Governor Scott Walker and his allies in the legislature face few obvious obstacles to passing whatever legislation they desire. So far, speculation has centered on mining legislation, middle income tax cuts, caps on college tuition, higher education performance-based funding, and lessening the regulation of businesses.

Implications for the University of Wisconsin–Madison
How might Wisconsin's one-party rule affect the University of Wisconsin–Madison? The future looks grim if the 2013-2014 Legislature follows the course of its predecessor session. Model legislation from the American Legislative Exchange Council (ALEC), a private super lobby headquartered in Washington DC, dominated the 2011–2012 session of the Wisconsin Legislature. The voter identification and public-sector collective bargaining bills received the lion's share of public attention. Other important bills included tax credits aimed at creating jobs, accelerating economic development, reducing regulation of businesses, and replacing the state’s Department of Commerce with the Wisconsin Economic Development Corporation (WEDC), a public-private entity. Also passed taxes, lessening government regulation, and privatizing state-supported services. These were reflected in the state’s last biennial budget, which cut $250 million from the University of Wisconsin System, of which the Madison campus share was $100 million. The System was also asked to “lapse,” that is return $66 million in already appropriated funds. Madison’s share was $28 million. Also, although public outcry caused it to fail, a major behind-the-scenes effort was mounted to cut ties binding the campus to the University of Wisconsin System by giving University of Wisconsin–Madison its own governing board. The idea that emerged from negotiations between Governor Walker and then Chancellor Martin was to allow the Madison campus more autonomy in fiscal matters in return for less state support. In the end, all institutions belonging to the University of Wisconsin System were granted somewhat greater flexibility in planning and budgeting, but also less funding.

ALEC and Wisconsin
It is highly unlikely that a single organization headquartered far from the borders of Wisconsin has ever before exerted as much influence over a broad range of public policies affecting the state as in the last legislative session. Bills that originated as ALEC model legislation covered nearly every area of public policy. The voter identification and public-sector collective bargaining bills received the lion’s share of public attention. Other important bills included tax credits aimed at creating jobs, accelerating economic development, reducing regulation of businesses, and replacing the state’s Department of Commerce with the Wisconsin Economic Development Corporation (WEDC), a public-private entity. Also passed
were bills increasing state support for private K-12 schools while lessening aid to public schools, and numerous bills affecting the environment. Much like the effort to privatize UW–Madison, the latter attracted so much public resistance as to put their longevity into question. Courts currently are blocking implementation of Voter ID. The federal government has accused WEDC of channeling money to businesses without requiring accountability for the manner in which funds were spent.

Several bills aimed at accelerating economic development were widely criticized for lessening citizens’ access to the courts. Opposition to a major mining bill prevented passage because a majority composed of all Democratic state senators and one Republican voted against it. Several other bills that did pass lessened enforcement of environmental standards and heightened concerns about the handling of other environmental issues. For example, a great deal of attention was given by the press to a story about how the State Department of Natural Resources (DNR) helped a company named Herr Environmental avoid punishment for polluting residential wells. Most important, however, is that the yield of all the above efforts that were claimed necessary in order to produce more jobs has been, and continues to be, dismal.

**Historical Perspective**

Adam Smith, the originator of the free market theory, in his classic work, *The Wealth of Nations*, explains how markets are susceptible to distortion primarily from two sources: meddlesome government and self-interested lobbying by powerful special interests. A contemporary term for self-interested lobbying by powerful private interests is “Crony Capitalism,” which appears to fit ALEC quite accurately based on Smith’s framework.

> “The proposal of any new law or regulation of commerce which comes from [merchants and master manufacturers] … ought always to be listened to with great precaution, and ought never to be adopted till after having been long and carefully examined, not only with the most scrupulous, but with the most suspicious attention. It comes from an order of men whose interest is never exactly the same with that of the public, who have generally an interest to deceive and even to oppress the public, and who accordingly have, upon many occasions, both deceived and oppressed it.”

James K. Conant, in his book, *Wisconsin Politics and Government: America’s Laboratory for Democracy*, outlines two recurring approaches of governing Wisconsin. Governor Walker exemplifies one approach that seeks to make government small in order to keep taxes low, that frees “job creators” (e.g., commercial enterprises) from government regulation, and encourages private-sector operators to participate to the maximum possible extent in delivering public services. Another Wisconsin Republican
Governor, Robert LaFollette, pursued the other approach in ways more in keeping with Adam Smith’s view of promoting private enterprise while protecting citizens from excesses of the private sector, providing high quality public services, and protecting the state’s natural resources. The two approaches need not be mutually exclusive. Safety, high quality education and health care, good roads, nice surroundings, low taxes, no more than necessary regulation, and freedom of choice are all widely desired. Wise policy would be a blend of the two approaches rather than advancing one in ways that destroy the other.

What Next?
Governor Walker has recently identified job creation, tax cuts, transforming education and workforce development, reforming government, and investing in transportation infrastructure as major objectives for the 2013-2014 Legislature. He has also said that UW System member institutions and several other state-related agencies will be exempt from permanent lapses in the next biennial budget. However, even if lapses are not permanent, this will fall far short of halting or reversing the decline of state support. Also, both the Governor and the new Assembly Speaker, Robin Vos, are signaling the possibility of major new cuts for public higher education in the next budget cycle.

In a November 18, 2012, presentation in California before the Republican Governors Association, Governor Walker announced massive tax reform, which he explained as follows: “We think if we want to continue the economic success we’ve had over the past year and a half, again, one of the best ways to do that is to put more money back in the hands of entrepreneurs, more money back in the hands of small business owners, more money back in the hands of our consumers.” This, he said, could be accomplished through aggressive income-tax reduction and reform. The Governor went on to say that he plans to “tie education funding to performance, ranging from kindergarten through 12th grade schools, which now are evaluated by state required report cards, to technical colleges and the University of Wisconsin system... What we’re going to do is not just put money in. We’re going to make investments that are driven off of performance. In higher education, that means not only degrees, but are your young people getting degrees and jobs that are open and needed today, not just the jobs that universities want to give us, or degrees that people want to give us.”

In a recent WisPolitics forum, Assembly Speaker Robin Vos was asked where money for major tax cuts and highway expansion would come from; he responded that UW–Madison could be a likely source, in part because some professors canceled classes so that students could hear president Obama speak during his campaign stops in Madison. The speaker went on to describe how educational outcomes would play a more important role in financing all levels of education, but based on what he said it is impossible to know whether he is calling for anything new. More needs to be known about what the Speaker and his colleagues have in mind before any assessment can be made.

The current governor and the Republican majorities in the legislature are not the only causes of the headwinds facing public higher education in Wisconsin. Both political parties have contributed to the ill health of the state’s political system. Both parties vote on bills in ways that almost perfectly predict lobby group ratings. Both have refused to strengthen the legitimacy of the political system by turning redistricting over to nonpartisan panels. Both have loaded state budgets with non-fiscal items. Both have declared state budgets to be balanced after simply refinancing long-term debt, thereby adding to the cost of long-term debt reduction.
Improving Wisconsin’s Public Policy Process
What might be done by government and higher education institutions now that will improve public policy-making and facilitate necessary teaching, research, and public service? There are ways to reform that work and ways that don’t. The ways that work are more often characterized by fearless sifting and winnowing of issues through evidence-based analysis than by adherence to ideological dogma. Public universities, like other organizations, must innovate and find ways to overcome obstacles when conditions demand. Much is known about how to improve access and the quality of learning; operate organizations more efficiently; and raise money from private sources, such as patents, royalties, and the sale of services. Accomplishing these and other important goals requires teamwork across sectors. Unless the political system changes in ways that elevate the quality of public policy discourse, it will be extremely difficult for the university to avoid being transformed into a private university with less capacity to serve the public. Both the facts that state resident enrollment at the Madison campus has declined since 2004 and that the percent of student places assigned to high paying non-resident students has increased suggest that this transformation is already well underway.

The problem is much larger than simply the fate of the university. The entire state is at risk due to serious flaws in the state’s political system. What is needed to resolve the problems facing Wisconsin. A big step toward improving the health of the system would be for individual legislators in both parties to seek guidance from the people who elected them, rather than from ALEC and other special interests. The old saying that all politics are local no longer describes how important decisions are made in Wisconsin, or nationally. Special interests not only dominate the voting behavior of many elected officials, but they also select and endorse candidates in primary elections and thereby often determine who will face the electorate. Politics in Wisconsin may have regressed back to the situation before Governor LaFollette’s first successful battle to enable the people of Wisconsin, rather than special interests, to select candidates for public office.

History provides many examples of government working best when politics operate more bottom-up than top-down. Scott Morgenstern, a leading authority on effective legislatures, argues that exclusivist systems—political systems where the majority party sees itself as an exclusive ruler and enemy of the minority party—are far less able to resolve important policy issues than Coalition Partner systems (semi-independent sub-party coalition driven systems). A similar system existed in Wisconsin when the state was famous for the quality of its public policy debates and its widely emulated laws. Thomas Mann and Norman Ornstein, respectively of the liberal Brookings Institution and the conservative American Enterprise Institute, use terms like gridlock, disappearance of regular order, strategy of obstructing and demonizing, attacks on checks
and balances, and asymmetric polarization in Congress and in state legislatures to describe roughly the same problem that Morgenstern identifies. According to Mann and Ornstein, ways to improve the system include expanding the electorate, replacing closed primary elections with open and semi-closed primaries, enabling proportional representation, financing elections by mobilizing large numbers of small donors, and enforcing transparency in the funding of super PACs and similar organizations.

Back to the Future: The Wisconsin Way
An approach that worked well in Wisconsin throughout much of its history was when legislators formed sub-party coalitions similar to those that existed in the 1960s and early 1970s, arguably the most recent “golden age” of Wisconsin politics. These inter- and intra-party coalitions were closely connected to important regional, occupational, and cultural constituencies.

During this period there were five coalitions: two Republican and three Democrat. The largest Republican coalition, the Conservative Republicans, radiated from the Fox River Valley. The Moderate Republicans were often business owners and farmers spread across western and northern Wisconsin. The three Democratic coalitions included the Urban (Milwaukee) Democrats, the Liberal (Dane County) Democrats, and the Outstate (nonurban) Democrats, often teachers, nurses, police, and small business owners whose territory overlapped that of the Moderate Republicans. Members of these coalitions contributed five worldviews to resolving public policy issues. The coalitions were also able to introduce bills that they themselves crafted and to have them voted upon on the floors of the Assembly and Senate, with little threat of retaliation for acting independently.

Even though Republicans now hold an 18 to 15-member majority in the state Senate, the grip of special interests would be weakened if five or six Republicans decided to form a coalition around a given set of issues and a similar number of Democrats did likewise. This, in itself, would go a long way toward restoring health to Wisconsin’s political system. Similar coalitions could take shape in the Assembly. Issues would more likely be viewed in contexts closer to home than from far away. Evidence would play a more important role in policy-making. The quality of policy debates would rise. Offered solutions would be more practical and less ideological. As in the past, it would not matter so much which party was in the majority. Coalitions could cross party lines and alter lines when they could convince enough people to support them. Proper consideration would more likely be given to the state’s K-12 institutions, technical colleges, and public universities, all of which, despite their flaws, are among the most highly rated in the nation.

These institutions are still and hopefully will forever be vitally important contributors to the security, justice, and prosperity of the people of Wisconsin. Healthy representative government would guarantee it.
Notes

1I wish to thank Noel Radomski, Jeff Mayers, and Jason Lee for their thoughtful comments on earlier drafts of this manuscript. The author is solely responsible for the final content and expressed views.


4Data was obtained from the University of Wisconsin–Madison Office of Academic Planning and Institutional Research’s Data Digest. The Digest annually reports comprehensive quantitative information on the major dimensions of the university, including students, faculty, staff, and budget. The author changed financial statistics reported in current dollars between 2001 and 2011 into 2011 constant dollars.

5OECD. Educational Indictors in Focus. How are countries around the world supporting students in higher education? February 2012. http://www.oecd.org/edu/highereducationandadultlearning/49729932.pdf

6The Center for Media and Democracy (CMD) is a non-profit investigative reporting group headquartered in Madison Wisconsin. It’s reporting and analysis focus on exposing corporate spin and government propaganda. ALEC Exposed has been a project of CMD since July 2011 when it unveiled over 800 “model” bills and resolutions secretly voted on by corporations and politicians through the American Legislative Exchange Council (ALEC). These bills reveal state corporate efforts to influence public policy. The project maintains a growing data base of ALEC resolutions that is available to the public and conducts and publicizes analyses of ALEC related issues. See http://www.alecexposed.org/wiki/ALEC_Exposed


9James K. Conant, Wisconsin Politics and Government. (University of Nebraska Press. 2006).


11Interview with D-64th, Kenosha Representative Robin Vos (R-63rd, Rochester), October 11, 2012, WisPolitics.com Luncheon, Madison, Wisconsin. See http://wispolitics.com/1006/121115_Vos_luncheon.mp3


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