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January 30, 2006

President Kevin Reilly
University of Wisconsin System
1730 Van Hise Hall
1220 Linden Drive
Madison, WI 53706

Dear President Reilly:

On October 4, 2005, Executive Senior Vice President Donald Mash sent WCAN a letter requesting our input on "how best to provide" the needed University educational and research resources in Waukesha County. As business leaders and employers in Waukesha County, we have confirmed and strongly support the need for higher education through four year and graduate degrees which are readily accessible in Waukesha County in order to grow and sustain a qualified workforce.

Waukesha County is the third largest County in the state and is one of the fastest growing. The employer base and its educational needs have grown and changed. WCAN recommends the University System implement the proposed merger of UW-Waukesha and UW-Milwaukee or expeditiously finds another model that satisfies the current and future needs of business and residents in Waukesha County.

WCAN has evaluated multiple studies and has reviewed those studies findings with our board leadership and other key business leaders throughout the county. Our evaluation reconfirmed the need for advanced public university education resources in science and engineering, business and marketing in Waukesha County and Southeastern Wisconsin. Those findings also support the need for in-County 4-year undergraduate and graduate degree programs and research activity that meet the needs of 21st century employees and employers in this County. The proposed merger could answer these needs, and add significantly to the growth of Southeastern Wisconsin.

The University System already has sufficient data gathered and studies performed on these issues to act. We are concerned that the UW System will continue its "study" of the issues to delay taking action to provide the needed educational and research resource and campus needed. We urge the Board of Regents to take action at their June 2006 meeting and implement a plan that satisfies the educational needs of Waukesha County as described in our formal response attached.

Sincerely,

A handwritten signature in cursive script that reads 'Margaret Farrow'.

Margaret Farrow
Board President

**Waukesha County
Higher Education Review**

Prepared by:
Waukesha County Action Network

Education Committee

Margaret Farrow
Bronson Haase
Tom Hefty
Carla Rutley
Saul Winsten

January 2006



Employer feedback

Situation

In July of 2005 Governor Doyle commissioned the University Of Wisconsin System to study the needs of higher education when he vetoed a proposal to merge the University of Wisconsin Waukesha campus with the University of Wisconsin Milwaukee campus. The University System contacted and met with WCAN. WCAN agreed to meet with employers and report back on their education needs for sustaining and growing their workforce. WCAN also agreed to either participate or lead a summit for review of the vision and need of higher education in Waukesha County. This review provides the feedback from employers and summarizes our research findings from the many studies already completed. With this submission WCAN has concluded a summit is not necessary at this time.

Workforce Development Unmet Needs

Employers seeking a workforce qualifying at an associate degree level can locally recruit from and/or send employees to Waukesha County Technical College or University of Wisconsin Waukesha Campus. Accommodations for a working adult are limited. Offering more evening, weekend and on-line courses would be a benefit.

Currently, five different UW organizations serve in a limited and uncoordinated fashion, some undergraduate or graduate needs in Waukesha County – UWM, UWW, UW Madison, UW Whitewater, and UW Stout. Employers located in Waukesha County contract with private universities outside of Waukesha County for local, in-house, outside and distance provision of employee needed (i.e. engineering, science and business) advanced educational offerings, as there are no appropriate educational institutions located in Waukesha County. Certainly Waukesha County presents the UW System with an opportunity to establish an educational resource close to employers whose employees need that resource, to streamline administrative costs, better serve the local industry clusters, and provide one-stop service for public higher education for county families and businesses.

Employers seeking higher education at an undergraduate and graduate level either recruit from and/or send employees to private schools in Waukesha County or employees attend University of Wisconsin schools or private schools outside of the county. Accommodations for a working adult are limited. Offering more evening, weekend and on-line courses would be a benefit.



Research Response

Fortunately, a considerable amount of the research on workforce issues supporting the need for change is already available on the website of the UW System study committee. In addition, there have been four economic summits sponsored by the University of Wisconsin; extensive research by both the UW Extension and the Department of Workforce Development; an extensive report on the health care workforce prepared by the Wisconsin Hospital Association in December 2004; and two Waukesha County specific studies in the Waukesha County 2020 report prepared by the Waukesha County Economic Development Corporation and the 2005-06 Business Resource Report by the Waukesha County Chamber of Commerce and a spring of 2005 study prepared by the National Association of Manufacturers Institute Center for Workforce Success. The education of the workforce is known; Waukesha industries and strategic industry clusters are well known; and the challenges of a changing workforce are clear. What is needed today is action-not more and extended internal studies.

Waukesha County is Wisconsin's third largest county in population; it is the second largest county in real estate valuation; and it is Wisconsin's top county in the important measure of research patents. There are no four-year and/or graduate UW programs or research facilities in the county. Carroll College, a small private liberal arts college, is the only four-year baccalaureate institution in the county. It plays an important role both in the Southeastern Wisconsin region's education and in the region's quality of life.

Waukesha's #1 ranking in patent activity is also important in the merger discussion because of its connection to the transformation of Wisconsin manufacturing in the global economy. Waukesha County's entire patent activity reflects investment by the private market. In the most recent Patent Office annual report, Waukesha County recorded 284 patents; Dane County had 261 patents (82 from WARF) and 152 patents were recorded from Milwaukee County. The model of the proposed merger of UWM, southeastern Wisconsin's only public research university, and UWW would provide a direct link to support not only the research, but the graduate level workforce needed to sustain and grow the high level of business innovation reflected by the patent ranking. These resources for new manufacturing technology are critical if Wisconsin is to retain good paying manufacturing jobs in the 21st century marketplace.

Although it is difficult to obtain data, there are no known independent WARF or WISYS licensees in Waukesha County, and there are no known businesses characterized as "university spinouts" in economic development rankings located in Waukesha County.

The importance of linkages between university science and technology and the private industry is neither new in economic development discussions, new to the university, nor new to the discussion of Waukesha County. In the formal report of the UW Economic Summit, there was a recommendation to create a business incubator/research park in Waukesha County linking Madison and Milwaukee. That recommendation came from a Greater Milwaukee Committee study of regional economic development needs, and that recommendation was adopted in the Summit Report. No action has been taken on that recommendation by the Board of Regents.



In terms of workforce, according to the 2000 U.S. Census, the percentage of Waukesha County residents with a college degree is 34.1%. That percentage is above the Wisconsin statewide average, but below the average for peer suburban counties in other Midwestern metropolitan areas. Beginning with the Waukesha 2020 report, Waukesha County has benchmarked itself against nine similar suburban counties surrounding Chicago, Detroit, Indianapolis, St. Louis, and the Twin Cities. In that benchmark comparison of counties, Waukesha ranks 8th in the percentage of college graduates in the workforce, beating only individual counties in suburban St. Louis and Detroit.

The Waukesha County workforce is older than the statewide average and its workforce participation rate is higher than the statewide average. The older workforce will require a higher percentage of educated replacement workers. The high workforce participation rate means more two-career families, and a growing need for accessible, convenient adult education. The geographic center of Waukesha County is 45 minutes or more commuting time from the existing UWM campus. After a full day of work and with family responsibilities, that 90 minute round trip driving time is a barrier for many individuals.

The need for economic development and increased job opportunities in Milwaukee and the region is also well documented. There have been excellent local studies by the UWM Center for Economic Development; the Public Policy Forum in Milwaukee; and the Wisconsin Policy Research Institute. And in December 2004, a paper for the National Bureau of Economic Research ranked commercialization of innovation in the nation's 50 largest metropolitan areas. The Milwaukee-Waukesha metropolitan area was included in that study and it ranked 47th out of the 50 largest metropolitan areas in commercialization of innovation, demonstrating a clear need for better linkages between the university and the private sector in commercialization of technology.

In the past twenty years, there have been four UW economic development summits and numerous economic development strategic plans. Each emphasizes the importance of an educated workforce; each emphasizes the importance of raising per capita income; each emphasizes the importance of technology transfer and collaboration between the university system and the private sector. Yet the 2003 Grow Wisconsin Plan introduced by Governor Doyle reflects the reality of disappointing economic performance in the past decade—Wisconsin ranks 30th in average pay; and has a continuing brain drain of educated workers.

The Grow Wisconsin research included the data from the Indiana Fiscal Policy Institute study which showed Wisconsin with the second lowest percentage of college graduates remaining in the state following their graduation among the eight peer states. A 2005 study by the Federal Reserve Bank of Cleveland entitled "Losing its Mind, Evaluating the 'Brain Drain' in Ohio" published in January, 2005 noted that only West Virginia, Indiana and Wisconsin reported net losses of college graduates greater than 20%.

Similarly in measures of technology transfer from the university to the private sector, Wisconsin continues to lag other states. And the 2004 Milken Institute State Science and Technology Index points out the weakness lies not in the level of investment in human capital—but in the connection of the human capital to the workplace. Wisconsin ranked 18th among the 50 states in Human Capital Investment Composite Index, but Wisconsin ranked 30th in the Science and Technology Workforce Index. Wisconsin's spending on higher education is above average. Its connection of higher education to the private sector is below average, and by some measures significantly below average.



The National Science Foundation Science and Technology Indicator Report comparing all fifty states contains one of the most disheartening comparisons. Wisconsin ranked 45th out of 50 states in the percentage of recent masters degrees in science and engineering in the workforce. For a manufacturing state in which future success depends on "smart manufacturing," that 45th ranking is a stark measure of the lack of connection between the university and the private sector. Improving that connection means matching campuses to private sector growth.

Similarly, reflecting the gap between campus and the private market, Wisconsin consistently ranks near the bottom in the measure of university "spin-out businesses." The 2004 Development Report Card for the States ranks Wisconsin 37th among 50 states in the rate of university spinout activity. Again, the geographical separation of the research universities from the centers of private sector growth contributes to that measure. A November 2005 article in the Chicago Fed Letter entitled "High-technology in the Midwest" compares technology indicators at eight Midwestern universities. Wisconsin performs well on patent activity; above average on license revenue, but tied Iowa for the bottom in "new start-ups licensed."

There is one additional trend indicator which requires attention. Wisconsin has one of the highest workforce participation rates in the country. That means dual career families balancing the pressures of jobs, home and family. Combined with Wisconsin's low percentage of the workforce with a college degree, that creates the need for easily accessible adult graduate and undergraduate education. This was recognized by the UW system in a report to the Committee on Baccalaureate Expansion (COBE). The report prepared by UW staff notes a declining trend in non-traditional enrollment in Wisconsin public higher education over the past ten years. In fact, there was a 27% decline in adult students over 10 years—from over 41,000 in 1993 to 30,000 in 2003. The UW internal report cites the State-by-State Report Card for Higher Education from the National Center for Public Policy and Higher Education in noting Wisconsin's grade on working-age adult participation in postsecondary education as a "D+."

In supporting Wisconsin's economic growth, we would urge the Regents to also consider and support the role of private higher education in metropolitan Milwaukee. Eighty percent of the students attending college in Wisconsin outside of the metropolitan area attend a UW campus. In Metro Milwaukee, 54% of the students in higher education attend a private college or university. Those private institutions, including Carroll College in Waukesha, play a critical role in regional higher education.

Today, the major state support for private higher education is in the form of state Pell grants, supplementing the federal grants for low and middle-income students. Wisconsin's state support for low-income students at both public and private higher education is among the lowest in the Midwest. As a result, Wisconsin ranks substantially below the national average in the proportion of low-income students attending college. This shortfall can be addressed by supporting higher state Pell grants for both public and private higher education.



These comments are submitted on behalf of the Waukesha County Action Network, a private sector leadership group formed in 2005 to address significant civic issues impacting Waukesha County and the Southeast region of Wisconsin.

WCAN strongly supports the establishment of an institution that can provide for public education of advance courses in business, marketing, sales, science and engineering, through 4-year and graduate degrees offered here in Waukesha County that accommodates employees and meets the employer's workforce needs and the needs of residents here in Waukesha County.

We urge the Board of Regents to act to establish such an institution and resources in Waukesha County by taking action at their June 2006 meeting. We have serious concern that continuing delay and protracted "study" of the proposed merger concept will serve only to protect the failing status quo, depriving the UW System, the State, Waukesha County and the region, of the opportunity for advancement presented in this County today. Unless another model is presented expeditiously, WCAN asks the Regents to consider the current proposal as endorsed by UWM's Chancellor Santiago and The Waukesha County Executive to be a strong and worthwhile one.

For this reason we urge the UW System to move forward to address the details of implementation of a plan while developing its 2007-2008 budget. We support action now for three reasons:

1. The continued growth of Waukesha County requires a better-educated workforce and a public institution of higher learning and research offering both four-year undergraduate and graduate education offerings for traditional and non-traditional students.
2. Creating a merged UWM-UWW as proposed recently by Chancellor Santiago of UWM could answer this need and serve as an important tangible step for the UW System support for the growing regional cooperation efforts underway in Southeast Wisconsin.
3. A stronger link between the UW System and business is needed. Governor Doyle's "Grow Wisconsin" economic development plan and the legislative leadership's "Invest Wisconsin" plan both require a stronger link between the University of Wisconsin and the business community. The presence of a four-year undergraduate and graduate research university at a campus in Waukesha County, a location with significant advanced technology in manufacturing and advanced technology services, will help establish that link.

WCAN challenges the UW System to address local market needs of local families and the private sector. The current UW structure was developed in the 1950's and 60's. In Southeastern Wisconsin and in Waukesha County, the old model, we submit, is not answering current needs and must change.