

Chancellor Rebecca Blank remarks to the Faculty Senate
Oct. 7, 2013

Hello, and thank you for giving me this time to talk with you.

I am very honored to be here today and to serve as the new chancellor of the University of Wisconsin–Madison.

I've been on the job for about 11 weeks now. Each day I learn more about the rich history and culture of this institution, and the many cool things that occur on this campus, in both education and in research. One of the things I find most attractive about this University is its commitment to outreach bringing the ideas and talents of this campus to benefit the state, the nation, and the world. I love the fact this place even has its own name for this -- the Wisconsin Idea. Like many of you, I was drawn to this campus by that creed.

Since arriving on campus, I've placed a priority on meeting people and building relationships.

In my first weeks I visited each school and department on campus – I wanted to see where you live. I met with deans and directors, as well as staff and faculty. I talked with the deans about their current activities – both strengths and weaknesses -- and their plans for the future.

I've also met with members of governance groups, including the University Committee, ASEC, labor representatives and ASM.

So I've had the opportunity to meet with some of you and look forward in the months ahead to meeting many more. As you may know, I have appointments in the La Follette School of

Public Affairs and the Department of Economics, and both of those units were kind enough to invite me over to meet with them. I know how important it is to have connections with faculty across all of the divisions and departments. My next goal is to visit some of the major research institutes on campus. I started two weeks ago at the Waisman Center.

I've also been working on building relationships off-campus. I've been visiting the elected leaders in this state, as well as getting to know the Board of Regents and the UW System. I'm committed to getting out of Madison at least once a month this first year, visiting other parts of the state.

And I'm working on building relationships with our alumni and friends. I'm meeting with alumni around the state as I travel, and I'm committed to being outside the state about once a month as well, in cities where we have large and passionate groups of alumni.

You may have heard a little about my background, but for those of you who've had better things to do than read news articles about the chancellor, let me tell you a little about myself.

I'm an economist, with an undergrad degree from the University of Minnesota and a Ph.D. from MIT. I grew up in the upper Midwest ... in Michigan, and Minnesota. Both of my parents worked as Extension Agents, so I grew up around big land grant universities. I've spent most of my adult life on the faculty of universities, much of it at research institutions in the Big 10. I spent ten years on the faculty at Northwestern and another eight years as a dean of the public policy school at the University of Michigan.

I am not a complete stranger to Madison. In the 1980s, I lived in a Pinckney Street sublet, while serving as a visiting faculty member here, and I've been on campus many times for conferences and other events.

Three times in my career I've moved temporarily to Washington DC to work in senior government positions. I was on the staff of the Council of Economic Advisors for President George H W Bush, and was appointed for two years as one of the 3 members of the Council under President Clinton. Most recently, I worked at the U.S. Department of Commerce in Washington, first as undersecretary for economic affairs, where I had oversight responsibility for the 2010 Census. I then became deputy secretary – the number two position and chief operating officer in the Department – and finally served more than a year as acting secretary of Commerce and a member of President Obama's Cabinet.

At Commerce, I provided leadership and management oversight to a department of 43,000 employees with an annual budget of nearly \$10 billion. I managed complex projects in a big public institution in a highly political environment. I'm hoping that some of the management and leadership experience is going to be useful for the Chancellor's job here at UW.

Since I'm an economist, you won't be surprised to hear me say that one of my strongest priorities is to ensure that this University is financially stable. Let me say a few words about that.

As you know, the traditional funding model for public higher education is no longer viable, in Wisconsin or in any of the big public institutions. Whereas we used to receive more than 40

percent of our funding from the state, that level is now nearer 15 percent.

I'm not assigning blame to anyone for that; states have faced a huge number of other high-priority financial demands that they had to address. This has happened in every state in the country. While we must and will argue for additional funds for high-priority needs, I don't expect a big turnaround in state support in the future.

So we have to do everything we can to capture other streams of funding, from the federal government, from business partnerships, from tuition where that makes sense, and from private donors.

We went through a particularly difficult state budget process this spring. There was a lot of debate around the issue of reserve funds, and we didn't effectively make the case for why UW System schools had experienced growth in these funds at the same time that we were claiming serious economic problems and asking for tuition increases.

The UW System lost credibility with legislators in that debate, and their reaction was to freeze tuition and remove new funding from the budget.

We are spending down the reserve funds as requested. But we can spend these reserves only once, while the budget cuts are permanent. That means we are facing a deficit in the next biennium, a situation that I and other leaders will work with the governor and Legislature to correct.

To me, watching from a distance, the tuition freeze for in-state undergraduates was not a surprising reaction by legislators

who are concerned about the rising cost of higher education to Wisconsin families. I am acutely aware the incomes in Wisconsin have not grown, and I want any Wisconsin student who has the academic credentials to be admitted to the University of Wisconsin at Madison to be able to attend, regardless of their family's income. That means reasonable in-state tuition levels, and adequate financial aid.

But we are in a market for out-of-state students and we at UW charge those students less than many of our Big Ten peers. I see no reason why we should sell our education to out-of-state students cheaper than schools that aren't as good as we are. Indeed, many schools use their out-of-state tuition to cross-subsidize in-state students and keep in-state tuition lower. So this is an issue that I intend to talk with the Board of Regents and with our state stakeholders about. We are also facing challenges in terms of our level of federal funding. The impact of the sequester has already been felt this year, and we will be facing more of a decrease in federal support in the year ahead.

We have held conversations among a group of faculty and divisional associate deans for research, to discuss the risks we are facing, and to put together criteria that we can use to determine how and when we provide bridge funding to research projects that are being affected by the sequester.

In this fiscal climate, we also need to maximize the gifts we receive from alumni and friends. One of my major jobs this year is to work closely with the UW Foundation to put together the foundation needed to launch a major capital campaign to raise funds for the university.

This philanthropy is important because they enable us not to replace state dollars, but to leverage state dollars to fund programs like endowed chairs.

And we must continue to leverage and use to the best effect the resources we receive from generous partners like the Wisconsin Alumni Research Foundation. These partnerships allow us to maintain our margin of excellence in our research enterprise and our academic mission.

I value the system of shared governance that has provided the foundation for this university. Without the involvement and wisdom of our faculty and staff, this university would not be the leading educational and research institution that it is. At the same time, I would like to see us be more nimble in our response to challenges facing the university. We must come to decisions and achieve positive outcomes in a timely manner, and I know occasionally processes have been weighed down by lengthy debate.

I will do my best to work within the collaborative governance process but I am likely to suggest timelines for important decision points when effective and timely decisions need to be made.

As I alluded to earlier, I recognize that the most recent state budget process was a difficult one. One of the most regrettable outcomes of that process was the delay of the human resource flexibilities we need.

UW–Madison is not like other state agencies in that we are competing on a national and international level to attract and retain top talent. And that is particularly true when it comes to the need for flexibility in how we pay our employees.

We have had to work within the pathways the state provides and it has limited our ability to address compensation not only for faculty, but across all employee categories.

There have been some modest improvements made in recent years using internal resources, and we have been able to stabilize for the time being the salary gap with our peers, though I know that we need to shrink that gap over time.

There are also a number of employees on this campus who do not earn the Madison living wage. We can't raise their wages currently because we are tied to the regulations of the state compensation system. That should change.

I am committed to working with the Board of Regents and UW System to regain those flexibilities. It will be a tough task and there are no guarantees, but I will make the case as strongly as I can.

But there are things we can do even without these flexibilities. Competitive compensation is a significant issue if we want to remain a preeminent university. Our budget this year is tight, but this is a high priority. We've looked hard at our available resources this year, and I am going to propose that we again make funds available for two important tools that will address the compensation gap between us and our peers: A Critical Compensation Fund and a High-Demand Faculty Fund.

In the coming weeks, I plan to work with governance groups and other stakeholders to work out the details for how we continue these effective programs, which we will fund by reallocating internal resources.

The Critical Compensation Fund has been very helpful in providing targeted pay increases to retain key faculty and staff, but the amount we can make available for this Fund is likely be more modest than last year. I also would like to maintain the High-Demand Faculty Fund, which the Legislature authorized several years ago, to meet outside offers. This has been a very successful program that has helped us retain topnotch faculty.

You will be hearing more as we work to develop the details of these compensation programs, which will help preserve our ability to compete and carry out our teaching, research and outreach mission.

Every employee on this campus makes a contribution to our education and research mission and cares about that mission. I'm just a little over two months on this job, so I'm not going to lay out a major agenda quite yet. But there are some priorities that I am already working on, beyond the compensation issues that I've just mentioned.

1. I've already discussed this: Working to stabilize and improve relations with our elected officials is crucial for us to achieve the budget changes and operational flexibilities that we need to manage this campus well.

2. As I've mentioned, launching a major donor fund drive for UW is a high priority and one that is already have underway, working closely with the UW Foundation and the deans.

3. Educational excellence. Led by the faculty, this campus has done some very exciting things to engage in innovation in the delivery of education. Last week, we launched our first Massive Open Online Course, or MOOC. These classes are just

one of the many exciting technological possibilities exploding in higher education. We need to make sure that the UW is leading the effort to understand how we can use new computer and information technologies to enhance learning. I want to establish a Center for Educational Innovation at UW that funds experimentation and evaluation of new techniques, and that will help provide the facility space and the training to more broadly implement those techniques that are effective.

4. Research excellence. We need to ensure the UW continues to advance the frontiers of research knowledge, with top faculty who have the resources they need to do their work. As you probably know, it's an increasingly competitive world for attracting and retaining top researchers. Money helps --- to provide salaries and research support and laboratory space. But even more important is an environment of collaboration and exploration. One of Wisconsin's long-term strengths is its ability to pull together scholars from across disciplines to work on key areas that require multiple disciplinary focuses. Increasingly, the most interesting work is at the intersection of disciplines. Places like the Waisman Center or the Wisconsin institutes for Discovery, or the Nelson Institute for Environmental Studies are at the forefront of scientific discovery. I want to make sure that we act strategically to put together clusters of scholars in the research areas that are on the frontiers of science. This, more than anything else, will make sure we attract and keep the best faculty.

(5) Technology transfer. Given my time at the Department of Commerce, I am acutely aware of how important universities are to our economy, serving as the ideas factory that U.S. companies need to stay in front of their global competition with new products and new processes. But these ideas need to move from the lab to the market. I want to make sure that UW-

Madison is on the cutting edge of technology transfer, helping faculty, students, and graduates bring new ideas from the university into the marketplace. Developing stronger partnerships with innovation leaders in the private sector is a piece of this. The presence of WARF, our pioneering partner in commercializing the discoveries of our scientists, has allowed Wisconsin to be a leader in this area; we need to continue that leadership. And we need to strengthen the ways in which we support and encourage entrepreneurship among both faculty and students.

We are in a time of transition here at UW in a number of ways. I'm here as a new Chancellor at UW-Madison. And, as you know, the System is in a search for a new System president, as Kevin Reilly steps down at the end of December.

And, as you also know, we are launching a search for a new provost. I want to say on a personal note what a tremendous resource Paul DeLuca has been to me since I arrived on campus and I thank him for the outstanding work he has done for this institution.

The trick for any new leader is to leverage the strengths of the organization – in this case it's strong collaborative culture and deep commitment to the institution – to bring about the changes that are needed in a world that is constantly changing about us.

One last note: I am looking forward to receiving the report of the Ad Hoc Diversity Committee and working with them to develop a modernized framework to address the issues they are tackling. I want to thank Patrick Sims for agreeing to serve as our interim vice provost for diversity and climate for this

year, and I expect to work closely with him to figure out how to best implement that report.

To close, if I had to sum up my mission at UW in one sentence, it would be as follows: My job is to maintain the high level of quality in instruction and research at UW–Madison — to keep this university as great as it has been for more than 160 years, and where possible, to move it forward. But that doesn't mean keeping things just as they are...to stay good at what we already do and to become better will require that we do some things differently, simply because the higher education in which we all operate is changing.

Just last month, it was announced that for the third year in a row, UW-Madison was ranked 19th among world universities in the annual Academic Ranking of World Universities by Shanghai's Jiao Tong University. We are one of only six American public universities to place in the top 20 and placed highest in the Big Ten.

That is the level of excellence you have achieved and I am pledged to uphold. Yes, there are some big challenges at UW, but there are also enormous opportunities and I'm excited to work with you on both the challenges and the opportunities. So thank you for all that you do in your work with students to make this a first-rate teaching institution. And thank you for the creative and exciting ideas that you pursue in your research.

A university has only one real asset: It's people or, as we economists like to say, it's human capital. That's you.

I look forward to working together.