Chancellor James Schmidt remarks at Eau Claire
Chamber of Commerce breakfast
March 29, 2016 • Ojibwe Ballroom, Davies Student Center

Excerpted from full address

... I want to echo Dean Hoadley’s welcome and thank the College of Business for hosting this breakfast today, along with our partners, the UW-Eau Claire Foundation and Eau Claire Area Chamber of Commerce. Dean Hoadley’s remarks and the videos we just saw truly tell the story of the importance of UW-Eau Claire to our current students, to our alumni and their success, and to the economic health of our community.

That’s a story that this community has been part of for 100 years. As Professor Gough mentioned, it was thanks to the foresight and leadership of the business community that this university was created in 1916. It was business and community leaders — like you — who helped us grow in 1966, with the establishment of the College of Business. Our success and our futures have been intertwined for a century. I don’t know about you, but we wouldn’t have it any other way. Thank you for being our partners.

I always look forward to this breakfast because it’s a chance for us to talk about the really exciting things that are happening here at UW-Eau Claire. But this morning I would be remiss as chancellor of this great university if I didn’t take this opportunity to give you a “canary in the coal mine” warning.

This university — your university — was founded through the support and sheer will of Eau Claire citizens 100 years ago.

This university has built a well-deserved reputation for excellence through many decades of dedication and a singular focus on the education and success of our students. Many of you alumni attest to that — you now work, start and run businesses, serve our region in countless ways, and raise your families here in the Chippewa Valley.

This university has been so good for so long that we sometimes take for granted the stellar rankings we receive — including our online MBA program that is ranked one of the top ten in the NATION.

But folks, I am here to tell you this morning that this university — your university — is in danger. We are in danger of an erosion of excellence and the beginning of a long, painful and potentially irreversible spiral downward to mediocrity.

Now you may say, “Chancellor Jim, we just heard alumni and students talk about the wonderful things the university is doing to educate students and support our businesses. How can you be telling us the university is in danger of decline?”
That is where the “canary in the coal mine” comes in.

As you know, miners used canaries in order to detect deadly gases they could not see or smell — but that could be lethal. If the canary stopped singing and died, the miners knew to immediately get out of the mine.

We have our own canary. It is called our general operating budget.

Our general operating budget is comprised almost exclusively of the appropriation we receive from the state of Wisconsin and of tuition paid by our students. The state now covers just over 20 percent, while students and parents cover close to 80 percent. Just a few decades ago those numbers were reversed.

The general operating budget is used to pay for classroom instruction, services that support instruction, and maintenance of our academic buildings and grounds.

It does not include money to support, for example, the construction and operations in this building or our residence halls. Those costs are paid directly by our students with no taxpayer support.

I said the general operating budget is our “canary in the coal mine” — and while the canary is not dead, it has stopped singing.

What do I mean by that?

The 2015-17 state budget reduced the state appropriation to UW-Eau Claire by $7.7 million. That comes on the heels of more than a decade of reductions in state funding. Did you know the highly respected Legislative Fiscal Bureau says that the state of Wisconsin has cut the UW System by a total of more than one billion dollars over six of the past seven state budgets — including $250 million this biennium? That is a whole other topic of conversation.

I have a stewardship responsibility, as chancellor of this institution, to report the impact of these cuts to you. I am not whining. These are the facts.

UW-Eau Claire’s $7.7 million cut represents a 26 percent decrease — in one year — in our state support. Imagine what would happen to your business or organization if one of your primary sources of revenue were reduced by more than a quarter — and the reduction was made after your fiscal year had begun. That is exactly what this state budget has done to UW-Eau Claire.

On top of that, a two-year tuition freeze was extended another two years. So, our second major source of funding was frozen for four years.
Again, imagine the impact on your organization if you lost a quarter of one major revenue stream at the same time that the price you are able to charge for your products or services was frozen.

Such a budget scenario would have a major impact, right?

It certainly has here.

Today, we have **179 fewer full-time employees** than we did a year ago when we met for this breakfast.

That is a 15 percent reduction in our workforce — a third of them instructional positions.

On top of that 179, as of today, we have had **25 additional faculty resignations**. That compares with only 10 last year. Of those 25, seven were tenured faculty, something we seldom experienced in previous years. Many cited the lack of support for education in Wisconsin as reasons for looking elsewhere.

So, what are the immediate impacts of our budget reductions on UW-Eau Claire? Unfortunately the true impact of last year’s cuts will take four to five years to fully realize. Nevertheless, we are already seeing negative outcomes:

- Fewer course sections — 197 fewer offered this spring.
- A 14 percent increase in the average class size.
- Classes with more than 50 students are up by 36 percent.
- Lost opportunity for students to begin their careers and earn money because they are in school longer.

But that’s just the beginning.

When we can’t attract and retain the best faculty and staff, quality slips. You heard our students this morning. The most important factor for them was the quality of the teachers they have at UW-Eau Claire. It’s our faculty who make sure students are connected to great internships or able to hone their skills at competitions. Our faculty help them get into graduate school, and advise them on what courses will prepare them for their careers. When we can no longer attract and keep quality faculty, the result is decline.

If I had more time, I could tell you all about the eight — **eight** — major change initiatives we are implementing in order to meet the budget cuts we were given this year and past years as well. I’ve listed them on the handout on your tables. We are working very hard in the face of these challenges to make sure we manage every dollar in ways that will preserve this great institution.
But the bottom line is this: If we are to remain one of the top universities in the Midwest and nation, we can’t do it alone. I have been working with our faculty and staff to do all we can internally to address our challenges. But it takes more than UW-Eau Claire struggling alone. We couldn’t survive alone 100 years ago and we can’t today. We need your help!

First, your philanthropic support is invaluable. Your advocacy and financial support for the College of Business, for our departments and programs across the university, and for the Confluence Arts Center and facilities partnerships continues to transform not only our university but also this community.

Second, this is an election year. If you want UW-Eau Claire to be able to maintain its level of excellence, please talk to those who are running for public office at the state level and tell them it is time to reinvest in Wisconsin’s public universities — including this institution. Any additional state budget cuts will further erode our ability to maintain the high-quality education we are known for — and this region needs.

And third, tell our elected officials that while a tuition freeze may make for a great political talking point, it is not the only answer to keeping college affordable.

Let me ask you this: If a student saves a couple hundred bucks a year because of a tuition freeze, but then has to pay thousands more to stay another semester or year because she can’t get the courses she needs to graduate, how does that improve affordability?

Making college affordable takes a combination of actions including state support, financial aid for students in need, and a reasonable cost of tuition — which we already provide in Wisconsin. Did you know that at $8,800, a year’s tuition at UW-Eau Claire actually costs $500 less than what Wisconsin parents typically pay annually for daycare for a four-year-old?

But don’t advocate on behalf of UW-Eau Claire simply because I asked you to. Do it for yourself and your organization.

Economic and workforce development experts will tell you that Wisconsin is facing a huge challenge when it comes to meeting workforce demands in the near future as more and more baby boomers retire.

We need educated, talented, hard-working employees here in the Chippewa Valley — and guess what? As you have seen here this morning, UW-Eau Claire provides you with educated, talented, agile and hard-working graduates. Graduates who want to stay and put down roots in Eau Claire.

The time to have a conversation about the future of higher education in Wisconsin is NOW.

Policy makers in Madison reflect what they hear from constituents as they are running for office.
I am asking you to consider what UW-Eau Claire’s seal of excellence means for you and to make its preservation one of your priorities. We know our graduates help many area businesses thrive. Our faculty and staff are a vital part of our community. And our campus-community partnerships touch nearly every aspect of life in the Chippewa Valley.

This year, just like 100 years ago, we need your help — your personal engagement — if UW-Eau Claire is to succeed. If you remain silent about the cuts and the impact of the past decade, you are giving them your blessing.

Our future — and the economic future of this region — depend on you!