

The Changing Financial Landscape for University of Wisconsin Cooperative Extension:

A County Field Office Perspective

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### **Purpose**

The purpose of this paper is to provide a transparent analysis of the changing landscape with regard to financial funding trends in the University of Wisconsin Cooperative Extension (UW Cooperative Extension) and how these financial funding trends impact the Waukesha County UW Cooperative Extension field office. The idea for this paper is based on the premise by Fethke and Policano (2012) that focused on the impact of recent state government cuts to public higher education and their belief that these cuts are permanent. The author will share the information in this paper to educate UW Cooperative Extension colleagues in the Waukesha County field office about these financial changes and with administrators at UW Cooperative Extension headquarters in Madison. It is the hope of the author that other UW Cooperative Extension field offices will use the framework in this paper to analyze their local funding trends as well. The objective for sharing and educating Community Resource Development Department colleagues is to begin a discussion about how these financial trends will lead to change within the UW Cooperative Extension organization.

### **Introduction**

The University of Wisconsin Cooperative Extension recently celebrated its 100<sup>th</sup> anniversary. The federal Smith-Lever Act of 1914 established Cooperative Extension as the main driver for delivering the research from state land grant universities, developed by the Morrill Act of 1862, to the people in the form of educational outreach programs. Financially, the strong backbone of Cooperative Extension is the funding relationship between federal, state, and county governments.

The federal Smith-Lever Act continues to provide funding for Cooperative Extension programs through the United States Department of Agriculture (USDA). In Wisconsin, UW

Cooperative Extension is part of the University of Wisconsin System. In Wisconsin, county government historically has been a strong supporter of Cooperative Extension programs. For example, counties contract with UW Cooperative Extension for county faculty positions where the university contributes 60 percent of the salary and benefits and the county provides 40 percent of salary and benefits through an annual 133 contract. County government also provides office space and an office operating budget. UW Cooperative Extension maintains a presence throughout the state in 72 county field offices and three Native American tribal field offices.

### **Budget Reduction Pressures**

#### **Government Funding Trends**

Since the early 2000's the financial landscape began to change for UW Cooperative Extension. These changes were the result of the beginning of three trends. First, USDA began to place more emphasis on competitive grants within Cooperative Extension based on specific national needs. This trend resulted in decreasing emphasis on Smith-Lever funding. Second, terrorist attacks slowed economic growth in the beginning of the decade and a major recession further stymied economic growth beginning in 2007. This resulted in fewer state tax revenues and more pressure to reduce spending as the legislature tried to balance budgets. Finally, property tax revenue brought in by county governments also declined due to the slow economic growth leading to pressure by county government to reduce spending.

#### **Wisconsin Act 10**

Act 10 was another major policy that is of concern for UW Cooperative Extension. The Wisconsin State Legislature passed Act 10 and it was signed by Governor Scott Walker in 2011. This act prohibited units of government from deducting union dues from government employees' paychecks and made employees contribute 50 percent of total contributions to their state

pensions. What is often not mentioned is that Act 10 also prohibited local units of government in Wisconsin from raising local property tax levies. Towns, villages, cities, and counties in Wisconsin can only increase property tax levies through a referendum approved by the voters. This provision of Act 10 is a concern for UW Cooperative Extension since 72 counties in Wisconsin provide annual tax levy for UW Cooperative Extension field offices. This dependence on federal, state, and county funds is beginning to be an issue of concern with regard to the overall growth of the UW Cooperative Extension organization.

### **The Changing Funding Landscape for UW Cooperative Extension**

#### **Federal Funds**

Changes at the federal level have impacted the University of Wisconsin Cooperative Extension. Regular federal allocations through Smith-Lever have declined from 19.24 percent of the budget in 2000 to 14.54 percent of the overall UW Cooperative Extension budget in 2012 (Table 1). The level of funding through Smith-Lever has basically stayed at a flat level in Wisconsin with \$11,567,560 allocated in 2000 and \$11,876,775 allocated in 2012 (Table 1). If Smith-Lever fund increases would have kept up with the annual consumer price index established by the U.S. Bureau of Labor the funding level in 2012 would have reached \$15,423,010. Smith-Lever funding requires a dollar for dollar state match that Wisconsin has well exceeded. Smith-Lever funds are critical for day-to-day operations as they provide base funds to support both county and state UW Cooperative Extension faculty positions long-term. As costs increase and funds remain flat and do not keep up with annual consumer price index increases this situation creates concern long-term for base funding and maintaining tenure track faculty positions. Other federal dollars that UW-Extension receives through federal grant processes have actually increased significantly from 2000 to 2012. In 2000, other federal dollars

through grants made up 6.54 percent of the overall UW Cooperative Extension budget amounting to \$3,931,723 in funding. In 2012, other federal funds for UW Cooperative Extension increased to 11.83 percent of the overall budget resulting in \$9,659,547 in funding. This increase far exceeded annual increases determined by the U.S. Bureau of Labor Statistics. For example, using the U.S. Bureau of Labor Statistics Consumer Price Index calculator indicates that the value of \$3,931,723 in 2000 is \$5,242,160 in 2012 in order to purchase the same level of UW Cooperative Extension services. The increase in other federal funds was a percent increase of 5.29 percent of the overall UW Extension budget between 2000 and 2012 (Table 1). The concern with regard to long-term investment in faculty positions is that other federal dollars are short-term often resulting in a maximum of two or three years of funding for a specific project. These funds are not secure enough to fund a tenured faculty member for a career of 30 years.

### **State Funds**

The total percentage of the UW Cooperative Extension budget funded by state tax levy declined slightly between 2000 and 2012, however, the actual amount increased. In 2000, the state provided \$25,405,280 in funding making up 42.26 percent of the total UW Cooperative Extension budget (Table 1). In 2012, the state allocated \$32,866,046 for UW Cooperative Extension that constituted 40.23 percent of the entire budget (Table 1). This increase actually did not keep up with the annual increase in the consumer price index as derived by the U.S. Department of Labor Statistics. For example, \$25,405,280 in state tax levy in 2000 equates to \$33,872,825 in 2012 when taking the annual consumer price index into account. The annual increases from the state were better than provided by the federal government, however, they still fell below the consumer price index increases between 2000 and 2012. All told, the overall

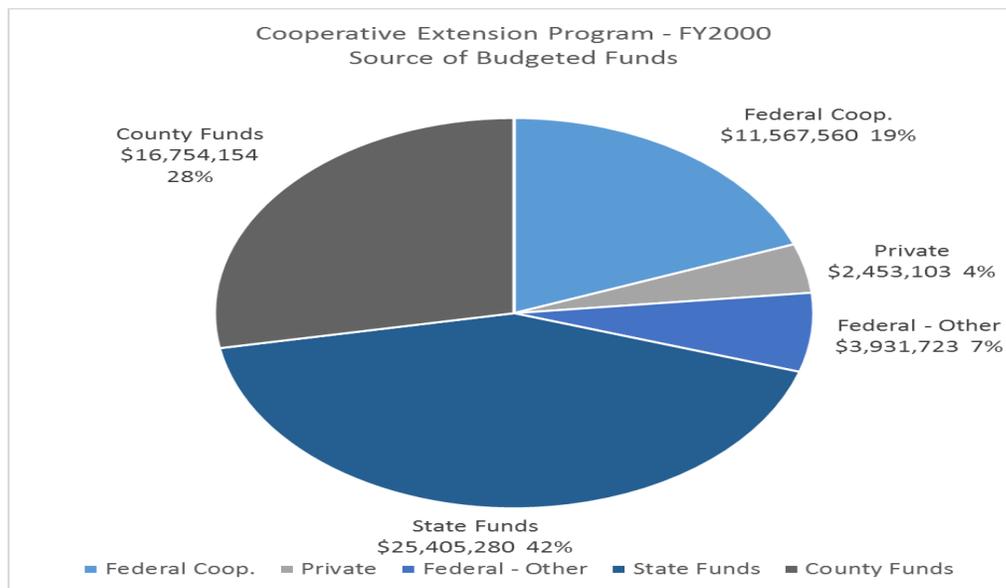
decline in percent of state funding for UW Cooperative Extension over the 12 year period was 2.03 percent.

**Table 1: UW Cooperative Extension Funding, 2000 and 2012**

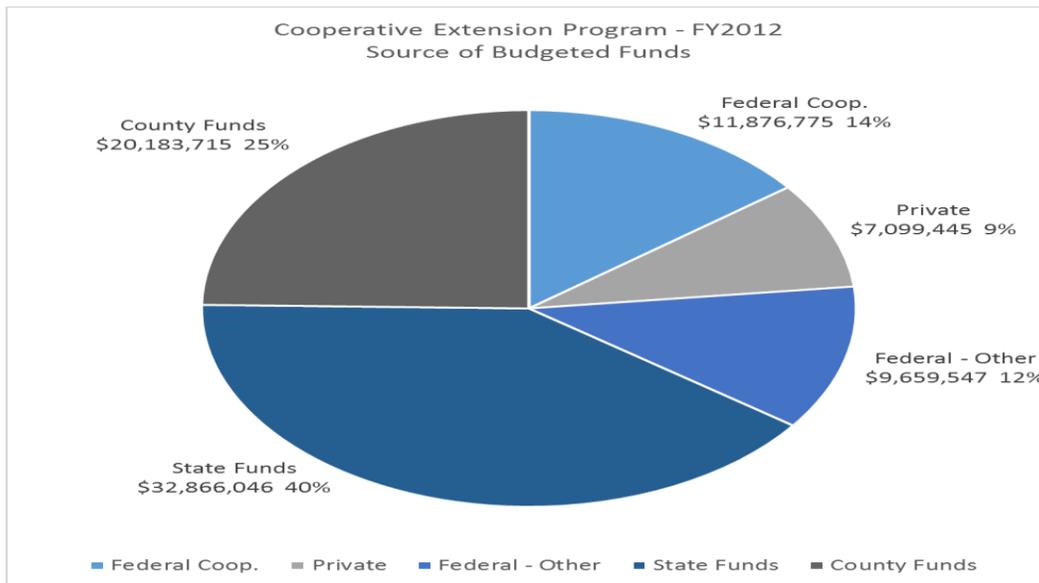
Source of Funds	2000 Budget	Based on 2012 Dollars	2000 Percent Total	2012 Budget	2012 Percent Total	Percent Change 2000-2012
State Funds	\$25,405,280	33,872,825	42.26%	\$32,866,046	40.23%	-2.03
County Funds	\$16,754,154	22,338,228	27.87%	\$20,183,715	24.71%	-3.16
Federal Coop	\$11,567,560	15,423,010	19.24%	\$11,876,775	14.54%	-4.70
Federal Other	\$3,931,723	5,242,160	6.54%	\$9,659,547	11.83%	+5.29
Private (Fees, gifts, grants)	\$2,453,103	3,270,719	4.08%	\$7,099,445	8.69%	+4.61
<b>Total</b>	<b>\$60,111,820</b>	<b>80,146,942</b>	<b>100.00%</b>	<b>\$81,685,528</b>	<b>100.00%</b>	

Source: UW Cooperative Extension, Budget Office, 2015

**Figure 1: Graphic Snapshot of UW Cooperative Extension Funding Resources, 2000**



Source: UW Cooperative Extension Budget Office, 2015

**Figure 2: Graphic Snapshot of UW Cooperative Extension Funding Resources, 2012**

Source: UW Cooperative Extension, Budget Office, 2015

### UW Cooperative Extension Partnerships with UW Campuses and Impact on State Funding

UW Cooperative Extension has unique partnerships with UW-Madison, UW-River Falls, UW-Stevens Point, UW-Platteville, and UW-Superior with regard to sharing campus based faculty costs. For example, UW Cooperative Extension partners with UW-Madison to buy out 50 percent of an integrated campus based professor's salary. In exchange this faculty member conducts applied research that county based faculty utilize to provide educational outreach programs that focus on local needs. It is critical to understand that UW Cooperative Extension has a larger percentage of its overall budget supported by state funds than other UW campuses where UW Cooperative Extension supports campus based specialist positions with the exception of UW-Superior and UW-Green Bay (Table 2). It is important to analyze this data with a broader perspective as it presents three major issues

- 1) It doesn't reflect the fact that state general purpose revenue or state tax levy (GPR) and pooled tuition are viewed in combination to determine the level of base operating support needed for an institution. GPR plus tuition forms the comparative funding base.
- 2) It doesn't reflect the fact that some GPR is restricted and not really part of the general operating budget. GPR debt service funding, for example, plays a role in these percentages and yet does not come under the control of the institution.
- 3) It doesn't reflect the fact that some institutions naturally have much higher levels of non-resident tuition to support their operating base. For example, UW-Platteville has historically had higher levels of non-residents, which brings higher tuition levels, which lessens the need to allocate them GPR. In 2012, one-third of students at UW-Platteville were non-residents (UW System Fact Book, 2012-2013).

**Table 2: State Support by UW Campus Partnering with UW Cooperative Extension, 2012**

Institution	Percent Share of State GPR Revenue
University of Wisconsin Superior	45.50
University of Wisconsin Green Bay	40.40
UW Cooperative Extension	40.23
University of Wisconsin Stevens Point	37.70
University of Wisconsin River Falls	34.80
University of Wisconsin Madison	21.10
University of Wisconsin Platteville	19.30

Source: Chronicle of Higher Education, 2014

### County Funds

The total percentage of the UW Cooperative Extension budget funded by county tax levy declined as well between 2000 and 2012 with the actual amount of funding increasing. However, the increased funding amount did not keep pace with inflation as the \$16,754,154 in total county levy was \$22,338,228 in 2012 (Table 1). In 2000, the \$16,754,154 in tax levy funding provided by counties that made up 27.87 percent of the entire UW Cooperative Extension budget (Table

1). In 2012, county tax levy funds amounted to \$20,183,715 or 24.71 percent of the total UW Cooperative Extension budget resulting in a 3.16 percent decline in county UW Cooperative Extension total overall funding between 2000 and 2012 (Table 1).

### **Private Funds**

Private funds constitute revenue generated from fees, gifts, and grants. Between 2000 and 2012 the total percentage of the UW Cooperative Extension budget from private funds increased in both percent of the total budget and in funding amounts. In 2000, private funds made up \$2,453,103 or 4.08 percent of the total UW Cooperative Extension budget (Table 1). Based on the U.S. Department of Labor Consumer Price Index this amount would be \$3,270,719 in 2012. UW Cooperative Extension received more than double this amount. In 2012, UW Cooperative Extension generated \$7,099,445 in private funds resulting in 8.69 percent of the entire budget (Table 1). Between 2000 and 2012, the total percentage of private funds increased by 4.61 percent.

## **UW Cooperative Extension Funding Trends Discussion**

### **The Importance of Tenure Track County Positions**

The 9.89 percent decline from federal Cooperative Extension Smith-Lever funds, state funds, and county funds between 2000 and 2012 in Wisconsin were offset by a 9.90 percent increase from competitive federal other grants and private funds (Table 1). UW Cooperative Extension categorizes federal Cooperative Extension Smith-Lever funds, state funds, and county funds as “hard money” providing long-term funding support for county faculty positions. UW Cooperative Extension considers competitive federal other federal grants and private funds as “soft money” that do not have the capability to provide funding support long-term for county faculty positions. How did this impact UW Cooperative Extension? Federal Smith-Lever funds,

state funds, and county funds are long-term funding sources (“hard money”) that provide base dollars that allows UW Cooperative Extension to invest in long-term tenure track faculty positions in counties.

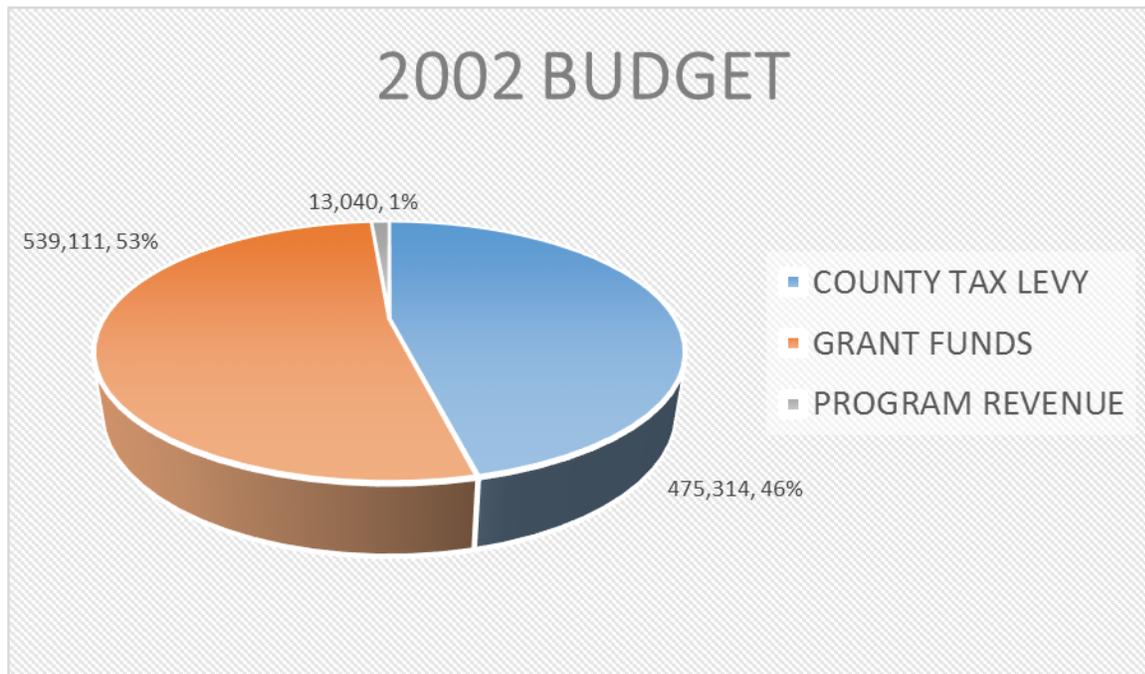
Tenure for county based faculty in UW Cooperative Extension is critical for working in a highly political environment. County based faculty must be constantly aware of local politics as they conduct educational programs. Tenure provides them with the ability to educate freely without the fear of being removed from pressures from an elected official who may publicly disagree with a research based educational outreach program. A county based faculty member is funded 60 percent by UW Cooperative Extension with federal and state funds and 40 percent by County government under a UW Cooperative Extension 133 contract so the issue of local political scrutiny by elected officials is sometimes an issue of concern. For example, during a 2015 state legislative session a UW-Extension State Specialist shared a research publication on right to work laws in the U.S. with county based faculty that resulted in backlash from Steve Naas, Wisconsin State Senator. Naas stated, “Attached is yet another example of wasted resources at the UW-Madison/UW Extension to issue a trumped up report from a partisan academic against Right to Work. Hiding behind academic freedom to issue partisan, garbage research is what we have come to expect from some of the overworked and stressed faculty at UW-Madison” (Geyer, 2015). This example shows how scrutiny by elected officials can significantly impact state specialists and county based educators thus further shedding light on the value of tenure track positions.

Although, federal other grants and private funds offset reductions these are often one-time funds that do not provide the long-term stability to support tenure track faculty positions. As a result, the number of full time equivalent tenure track and tenured county faculty positions

decreased by about 5 percent in UW Cooperative Extension from 252 in 2000 to 240 in 2012. During the same period, the number of full-time equivalent non-tenured academic staff county positions in Cooperative Extension increased from 37.8 to 58.8. As a result, the total percentage of county faculty positions decreased from 87 percent in 2000 of the total instructional staff to 81 percent in 2012. These percentages are much higher than overall national percentages. For example, across the country, the number of university instructors with tenure or on tenure track composed 45.10 percent of all instructional faculty in 1975. (Barnshaw & Dunietz, 2014). By 2013, full-time tenured faculty (19.51 percent) and full-time tenure track faculty (7.37 percent) totaled 26.88 percent of all instructional faculty (Barnshaw & Dunietz, 2014) Projections show that this decline may reach as low as 20 percent before leveling off (Wilson, 2010).

### **Waukesha County UW Cooperative Extension Comparing Funding in 2002 and 2012**

The Waukesha County UW Cooperative Extension field office serves the 400,000 residents of Waukesha County in a suburban environment just west of Milwaukee. In 2002, the UW Cooperative Extension field office in Waukesha County received a county tax levy of \$475,314, received \$539,111 in grant funding and generated \$13,040 in program revenue (Figure 3). A good portion of the grant funding (\$362,971) was federal dollars for the nutrition education program funded by the Supplemental Nutrition Assistance Program Nutrition Education (SNAP-Ed) to provide nutrition outreach education to low income families in Waukesha County who participate in food stamp programs. The county tax levy received by the Waukesha County field office was an all-time high peak amount in 2002.

**Figure 3. Waukesha County UW Cooperative Extension Field Office Revenues, 2002**

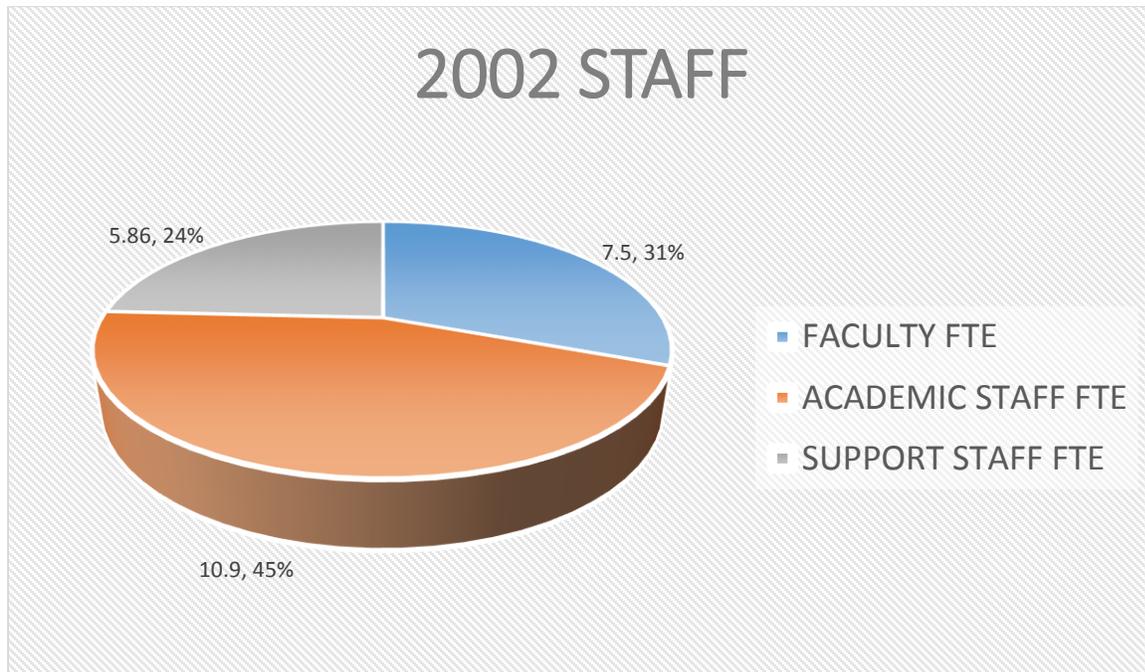
Source: Waukesha County, Wisconsin Budget Book, 2002

In 2002, forty-six percent of the total field office budget was county tax levy, 53 percent came from grants, and one percent was funded by program revenue generated through workshop and seminar fees (Figure 3). The office supported 7.5 full-time equivalent 133 contract faculty positions, 10.90 full-time equivalent academic staff positions, and 5.86 support staff positions for a total full-time equivalent of 24.26 positions (Figure 4).

Under Waukesha County Executive Daniel Finley's direction, the field office received substantial county budget cuts in 2003, 2004, and 2006 (Figure 5). Waukesha County tax levy support for the UW Cooperative Extension office bottomed out at \$264,131 in 2006. At this time, County Executive Finley resigned and took a position as executive director of the Milwaukee Public Museum. In a special election, State Representative Daniel Vrakas was elected county executive that led to a trend of building back county tax levy support for UW Cooperative Extension in Waukesha County (Figure 5). This budget build back trend was due to

the county executive’s belief that UW Cooperative Extension was a valuable educational asset for county residents and county government departments. It also helped that the county executive was a Waukesha County UW-Extension 4-H youth program graduate.

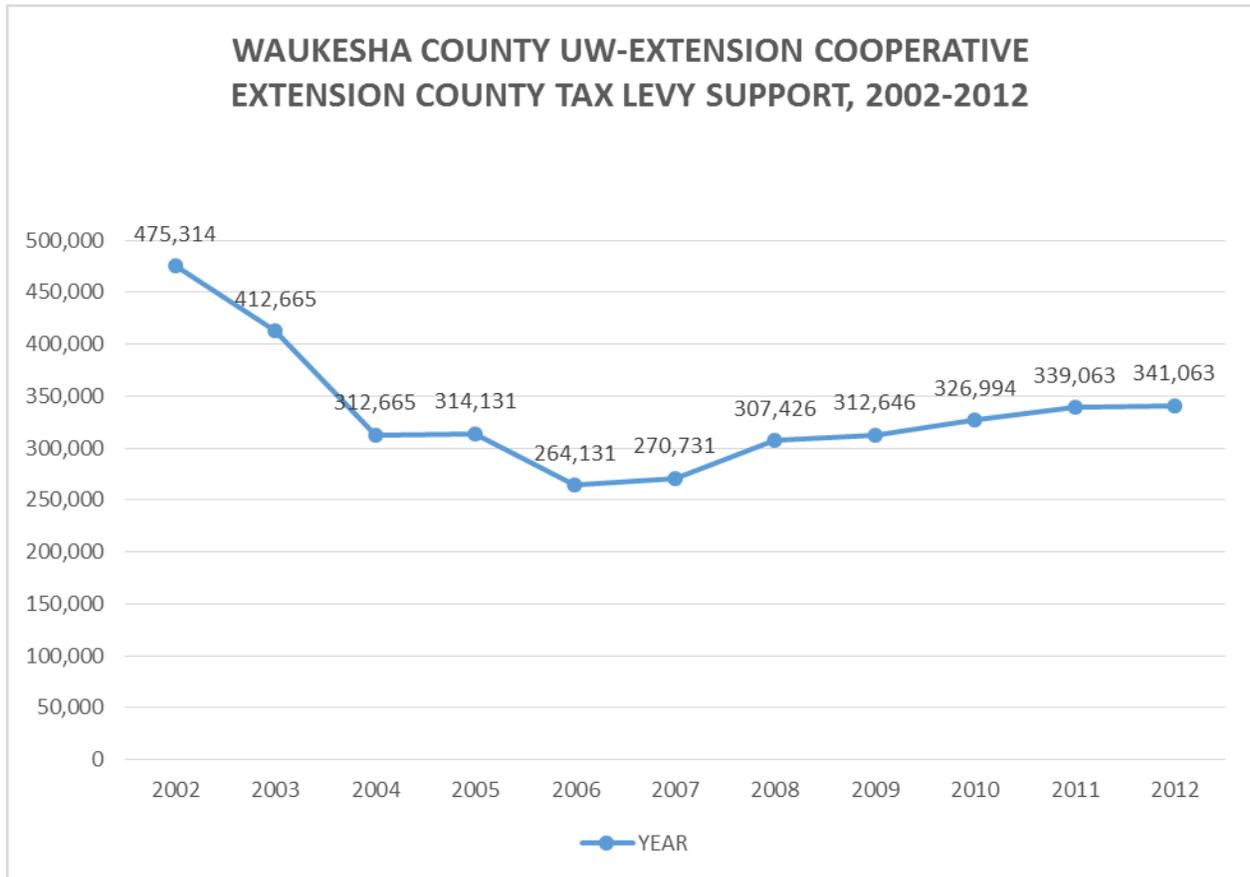
**Figure 4. Waukesha County UW Cooperative Extension Field Office Staff Levels, 2002**



Source: Waukesha County, Wisconsin Budget Book, 2002

By 2012, Waukesha County tax levy was \$341,063 or 27 percent of the entire UW Cooperative Extension office budget (Table 3). This supported 4.75 full-time equivalent 133 contract positions and 3.14 full-time equivalent support staff positions (Table 4). Grants funded an additional 11.45 full-time equivalent positions. In 2012, the total full-time equivalent positions in the UW Cooperative Extension office in Waukesha County was 19.34 full-time equivalents.

**Figure 5. Waukesha County Tax Levy Trend, 2002-2012**



Source: Waukesha County, Wisconsin Department of Administration, 2015

In addition, the office brought in \$910,559 in funds through winning competitive grants and an additional \$19,000 through program revenue generation. A large part of the grant funding (\$665,000) were federal funds through SNAP-Ed to continue to provide nutrition education outreach to a growing number of low income families participating in food stamps due to slow job growth coming out of the recession. The increase in SNAP-Ed dollars almost doubled between 2002 and 2012. This growth in SNAP-Ed funding is an example of the growth in other federal funds for UW Cooperative Extension that was discussed earlier. As a result, grants made up 72 percent of the entire UW Cooperative Extension County Office budget and program revenue resulted in one percent of the budget (Table 3). Despite, substantial increases in grant

funding, the total budget for 2012 was slightly below the 2002 total budget when the consumer price index based on 2012 dollars is considered (Table 3).

**Table 3: Waukesha County UW Cooperative Extension Budget Comparisons, 2002, 2012**

Source	2002 Amount	Based on 2012 Dollars	2002 Percent	2012 Amount	2012 Percent	Percent Change 2000- 2012
County Levy	\$475,314	606,611	46.00	\$341,063	27.00	-19.00
Grants	\$539,111	688,030	53.00	\$910,559	72.00	+19.00
Program Revenue	\$13,040	16,642	1.00	\$19,000	1.00	0.00
<b>Total</b>	<b>\$1,027,469</b>	<b>1,311,283</b>	<b>100.00</b>	<b>\$1,270,622</b>	<b>100.00</b>	

Source: Waukesha County, Wisconsin Budget Book, 2002 and 2012

**Table 4: Waukesha County UW Cooperative Extension Staff Comparisons, 2002, 2012**

Staff Category	Number FTE (2002)	Number FTE (2012)	FTE Increase/Decrease
133 Contract	7.50	4.75	-2.75
Academic Staff	10.90	11.45	+0.55
Support Staff	5.86	3.14	-2.72
<b>Total</b>	<b>24.26</b>	<b>19.34</b>	<b>-4.92</b>

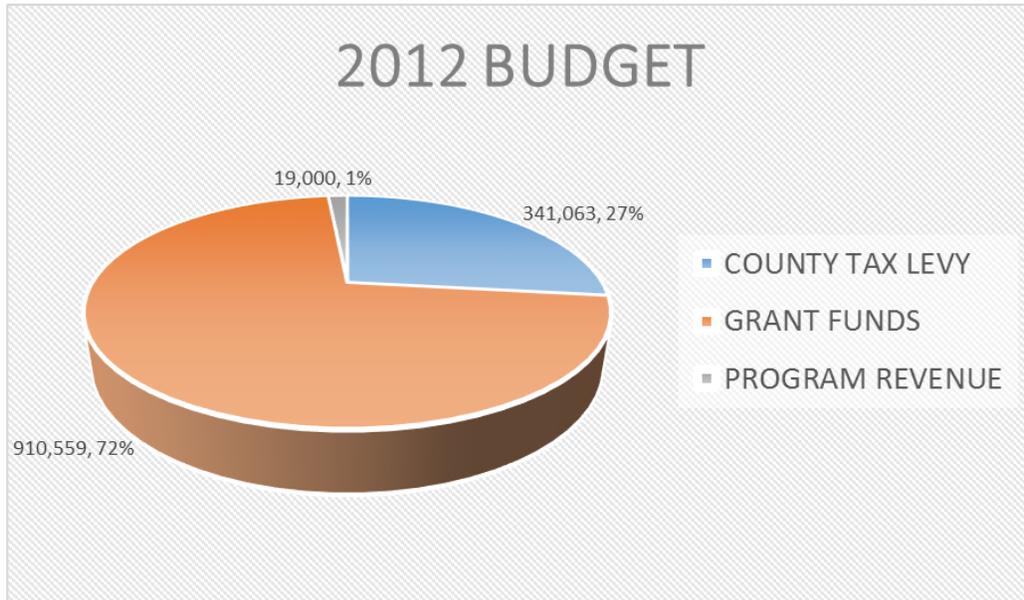
Source: Waukesha County, Wisconsin Budget Book, 2002 and 2012

### **Waukesha County UW Cooperative Extension Funding Trends Discussion**

As mentioned previously, in 2002, county tax levy for Waukesha County UW Cooperative Extension peaked at \$475,314. Between 2003 and 2006, county tax levy declined by \$211,183 (44.43 percent) under County Executive Daniel Finley's administration. These cuts resulted in the loss of 2.75 full-time equivalent 133 contract faculty positions in agriculture, youth development, and family living programs. It also led to a requirement that the remaining 4.75 full-time equivalent 133 contract faculty positions help support funding part of the 40 percent county match through winning grants and program revenue generation. This reduction created a sense of urgency to work together across program areas to enhance the capability to win grants. The loss in county levy also reduced support staff positions by 2.72 full-time

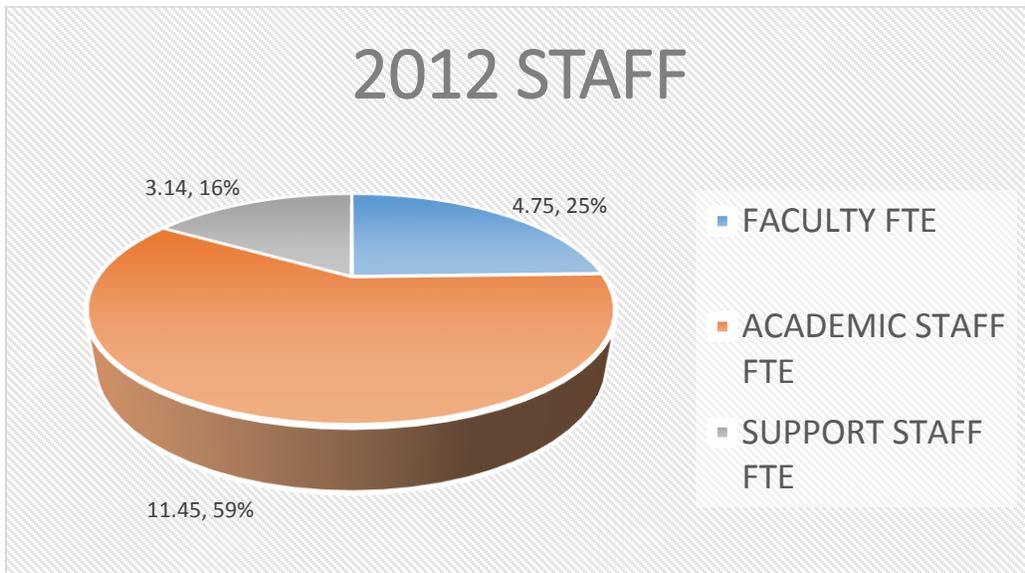
equivalent positions. Overall, the changes in the county budget created a reduction of 4.92 full-time equivalent positions between 2002 and 2012 (Table 4).

**Figure 6. Waukesha County UW Cooperative Extension Field Office Revenues, 2012**



Source: Waukesha County, Wisconsin Budget Book, 2012

**Figure 7. Waukesha County UW Cooperative Extension Field Office Staff Levels, 2012**



Source: Waukesha County, Wisconsin Budget Book, 2012

As a result of the loss in county tax levy the county office became more dependent upon securing grant dollars and program revenue. Grants and program revenue increased from 53 percent of the total county office budget in 2002 to 72 percent in 2012 (Table 3, Figure 6, & Figure 7). Colleagues in the office have done an outstanding job of winning grants and effectively working together on office teams and across county teams to secure funds. Colleagues were also encouraged by the fact that through a really tough recessionary period, County Executive Vrakas continued to do his best to increase tax levy support.

Despite the increase in grant funding, the bottom line is that tenure track faculty positions declined due to the reduction in county levy that supports 133 contract faculty positions long-term. UW Cooperative Extension from a fiscal management perspective cannot fund 133 contract faculty positions on grants due to the short-term funding commitment. Most grants provide at most 3 to 5 years of continuous funding. As a result, continued growth in positions will focus more on academic staff. It is critical to retain the existing 133 faculty contract positions to establish a longer term educational outreach effort that is able to connect with local needs and resources to competitively win grants and other funding sources to help grow academic staff positions and extend outreach in a growing county that is projected to reach 500,000 people in the future. In order to maintain the 4.75 full-time equivalent 133 contract faculty positions it will be critical to continually communicate with the county executive and elected county supervisors to communicate the return on investment that these educational programs provide. Establishing partnerships with county departments and community organizations to address local needs is a critical step in displaying our strengths as a county field office and showing the return on investment.

### **Conclusion**

In summary, then with another major permanent state budget cut of \$250 million for the University of Wisconsin approved by the Wisconsin State Legislature and signed by Governor Scott Walker for the 2015-2017 biennium budget it is safe to say that by Fethke and Policano (2012) are correct in their analysis that public higher education including UW Cooperative Extension must be honest in addressing the fact that state funding for public higher education is declining. Based on the trends, it is safe to assume that federal funding will at best remain constant with no major increases in funding for Cooperative Extension. Finally, constraints by Wisconsin on tax levy increases for county and local government make it apparent that it will be a struggle to maintain county funding for county departments including county UW Cooperative Extension funding. This study shows that “hard money” from federal Cooperative Extension Smith-Lever Funds, state GPR, and County tax levy show a trend of decline while “soft money” from federal other grants and private funds show a trend of increasing. It is apparent that this trend will continue resulting in fewer 133 contract faculty tenure track positions and increasing academic staff positions. One hope is that if staff in field offices continue to be effective at aligning educational programs with local needs and the institution collectively communicates the impact of these efforts with elected officials and stakeholders UW Cooperative Extension may be able to justify continued funding support from county and state government.

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