

CROWE: On the allocation of resources between UW-Madison & UWM

Posted on Monday, Jul 26, 2021

>> **WisPolitics is now on the State Affairs network. Get custom keyword notifications, bill tracking and all WisPolitics content. [Get the app or access via desktop.](#)**

[Madison, WI, July 26, 2021—] Question: State appropriations per student are greater at UW-Madison than at UW-Milwaukee (UWM). In the face of no additional state funding for the UW System, should we move resources away from UW-Madison and towards UWM? Why are state appropriations so much higher at Madison? Are they justified?

Quote from FIEO Director, Ananth Seshadri: “Allocation of resources away from UW-Madison is a dangerous strategy that neither promotes efficiency nor equality of opportunity and represents an inefficient allocation of scarce taxpayer dollars.”

Analysis: Both UW-Madison and UWM are underfunded. Despite severe price and capital controls, UW-Madison generates 8 times as much in Federal dollars relative to UWM for each dollar of state appropriations, generates significantly better outcomes for graduate students and higher completion rates for Pell grant recipients. The net price facing low-income students at UW-Madison is 55% lower than peer institutions. With the UW System’s only Veterinary School, Law School, Medical School and Extension, UW-Madison fulfills a unique mission. Virtually all the differences in state between UW-Madison and UWM can be accounted for by differences in their missions. There have been attempts at altering the formula (at the margin) used to allocate resources. A few years ago, the allocation of incremental resources was revisited. The result was that UW-Madison’s metrics rose while UWM’s fell. Seshadri says, “This shows that even an agreed upon formula suggested that UW-Madison was grossly underfunded relative to UWM at the margin. Reallocating away from UW-Madison will create perverse incentives and reduce Federal research dollars and economic activity in Wisconsin”.

The author, Ananth Seshadri, is Professor and Chair of the Department of Economics at UW-Madison and holds the Todd E. and Elizabeth H. Warnock Distinguished Chair. He is a Faculty Affiliate at the Center for Research on the Wisconsin Economy (CROWE) and the Director of the Fetzer Initiative on Economic Opportunity (FIEO).

The full research report as well as regular updates are available on the CROWE website at crowe.wisc.edu.