

MINUTES OF THE REGULAR MEETING

of the

BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM

Madison, Wisconsin

UW-Madison
Held in the 1820 Van Hise Hall
Thursday, March 6, 2003
10:30 a.m.

- President Gottschalk presiding -

PRESENT: Regents Axtell, Barry, Boyle, Burmaster, Davis, Gottschalk, Jones,
Marcovich, Mohs, Olivieri, Randall, Rosenzweig, Salas, Smith and Walsh

ABSENT: Regents Brandes and Gracz

- - -

UPDATE ON PROPOSED CUT FOR 2002-2003

Noting that on February 18th Governor Doyle unveiled his state budget proposal for 2003-05, Regent President Gottschalk stated that the UW recognizes the seriousness of the budget constraints facing the state and the difficult job that the Governor and his staff face in balancing the budget. It was expected that the UW would be called upon to do its fair share to help close the budget gap.

At the same time, Regent Gottschalk pointed out, the cuts presented for the university are of an unprecedented magnitude - \$250 million over a two-year period. Indicating that the Governor proposed tuition increases to offset part of that cut, he stated that addition of financial aid to help offset tuition hikes for those who need it most is greatly appreciated.

Even with the full tuition increase, the university will be left with a huge hole in its budget, he noted, adding that there are no easy ways to close the gap, especially given the fact that demand for services is rising while state support is falling.

Stating that the regents take very seriously their role as stewards of public higher education, he said that the university is in jeopardy of becoming less accessible, less affordable, of lower quality, or all three. In that regard, he pointed out that the trends of the past decade are worrisome in terms of state commitment to higher education. These trends show enrollments rising, relative GPR support declining, and tuition rising. State appropriations when adjusted for inflation have been flat, while tuition, fees, and other sources of revenue have increased.

At the same time, Regent Gottschalk indicated, overall state spending has risen about 70% with the major areas of increase being corrections and K-12 education. He commented that regents must continue to raise questions about the state's priorities, given the vital role that the university plays both in training the workforce of tomorrow and in direct economic benefit to the citizens of the state. Budgets in the past decade have been especially difficult to manage, he noted, because increases for the university have been followed by cuts, sometimes within a few months.

While the university's GPR budget has risen during this time, he explained that the increase has barely kept up with the rate of inflation while the cost of doing business has risen at least at the rate of inflation. Many of the increases have gone toward costs such as debt service. Further, the UW has reallocated to meet almost all of instructional technology costs, amounting to tens of millions of dollars. Budget cuts have come out of the operating budget and have challenged the university's capacity to maintain access and excellence; for example, the UW now has 700 fewer faculty than a decade ago.

Referring to a chart showing the UW System operating budget for this year, Regent Gottschalk pointed out that, although the state appropriation is \$1.08 billion, the money that the university has flexibility to spend – the funding that supports instruction – is about \$910 million, divided among 15 institutions in support of more than 160,000 students.

Compounding the problem, he continued, is the fact that, during this decade, UW enrollment has grown by more than 10,000 FTE students. As GPR support has remained static and enrollments have grown, Wisconsin has lost ground to other states, with GPR support per student now \$1,000 below the national average.

Regent President Gottschalk observed that these funding trends in the face of unprecedented demand raise long-term issues that will need to be addressed in the coming months by the board, the Governor and the legislature. These issues relate to concerns about what public higher education in Wisconsin will look like a decade from now; about maintaining the UW's capacity to help the state's economy recover; about not pricing students out of higher education; and about the capacity to maintain the high student access of which Wisconsin is so proud.

To begin these deliberations, he announced a series of listening sessions, the first to be held at UW-Eau Claire on March 11th. Other sessions will be on March 13th at UW-Green Bay, March 25th at UW-Stevens Point, March 26th at UW-Waukesha, and March 31st in Madison. The purpose of the sessions will be to hear from constituents and community representatives about the impact of past and proposed cuts on their campuses and local economies and to discuss the future of the university with them.

President Lyall began her remarks by reporting that the Governor had directed state agencies to cut a further \$161 million from current year budgets, the UW's share being \$6.9 million. The Legislature increased that cut to \$8.3 million, stipulating that the funds come from institutional support accounts. Since the fiscal year is two-thirds complete, she explained, this constitutes a cut of nearly 20% of remaining funds and would require significant and immediate layoffs. A request has been submitted to the Department of Administration and the Joint Finance Committee to take these cuts from a somewhat broader base of administrative accounts, while still protecting instruction and research so that immediate layoffs will not be required this year.

To accomplish these cuts so late in the fiscal year, she said, campuses are having to eliminate positions in business services, accounting, auditing, human resources, computer and instructional technology support, bursars' offices, legal affairs and police/safety. Touchtone registration for UW-Madison students will be eliminated; university/alumni outreach staff and publications will be cut with predictable impacts on fundraising; travel and professional training have been cut everywhere; and travel and hiring restrictions have been in place for the past year.

The \$8.3 million cut, the President continued, brings to \$49 million the total cuts made to the UW's GPR base since the beginning of the biennium – a biennium in which enrollments are the highest in a decade. Campuses have cut administrative services, supplies, and expenses, and are operating with 300 fewer positions than a year ago in order to manage the \$49 million in cuts without affecting student access. At this point, she emphasized, they are stretched to or beyond the point of meeting standards of service and quality that students expect.

President Lyall referred to the four steps for reductions that she had outlined the preceding month: 1) administrative cuts; 2) program consolidations; 3) tuition increases; and 4) enrollment adjustments. She pointed out that the first step has been accomplished in managing the cuts already made. The next round of cuts will necessarily affect academic programs, student-teacher ratios, access to sections, and perhaps admissions for fall 2004 and beyond.

With regard to the 2003-05 budget, the President noted that the proposed additional cut of \$250 million would take away about \$1,800 per FTE student. The budget also would authorize the board to offset up to \$150 million with tuition increases not to exceed \$350 per semester at the doctoral campuses and \$250 per semester at the comprehensive campuses and the UW Colleges. To cushion the impact of the increases, the budget would use \$23 million of UW auxiliary funds for student financial aid. Even with the tuition offsets, the UW would have to cut another \$100 million from GPR resources, on top of this year's \$49 million reduction.

Stating that a reduction of \$250 million is the largest cut the UW System has even sustained, President Lyall added that it represents 38% of the Governor's total cuts in state spending, even though the UW is less than 9% of the state GPR budget. The UW share of state GPR would decline to 7.1% by the end of the next biennium – a decline from \$1.08 billion today to \$830 million in 2005.

At the same time, she continued, the overall state budget would grow by about 5% over the biennium, primarily through increases in health care and shared revenue. Thus, the UW would not just share in closing a deficit, but in contributing to growth in other state programs. Noting that the falling priority for higher education is a long-term trend, she observed that the time has come to ponder seriously where that trend will take the state and how to maintain educational opportunity for students in the future.

If allocated according to current funding levels, the cuts would range from \$23 million for UW-Madison to \$865,000 for UW-Superior, President Lyall reported, cautioning that the impact will be even worse in terms of access for future students if cuts go deeper or if tuition is kept lower.

Reporting that the budget also proposed to cut 650 faculty and staff, she observed that every position eliminated also reduces the capacity to teach students, do important research and provide help to agriculture, business, and other units of government throughout the state. While such reductions may be necessary, she emphasized that they are far from costless in terms of what the university can accomplish for students and the state.

With respect to tuition, the President pointed out that, even with the proposed increase, UW tuition would remain \$700 - \$1,100 below the midpoint of peer institutions. While current students and their families would prefer not to face steep tuition increases, she felt that future students would be more supportive of increases that would preserve their access to the UW. Without the proposed tuition dollars, she emphasized, cuts of the proposed magnitude could not be made without reducing course offerings, reducing student services, reducing fields of study and reducing student access to the UW System.

Stating that the proposed \$23 million financial aid increase is needed to cushion the impact of substantial tuition increases on the neediest students, she explained that these aid dollars would be one time funds and would come from student fees paid for maintenance and replacement of residence halls, student unions, and related projects. She expressed hope that the Legislature could find a way to stabilize the financial aid commitment by funding it from GPR to insure that it is preserved into the future. The Governor's proposal also would lift the \$1,800 cap on Wisconsin Higher Education Grants, so that these grants could rise along with the proposed tuition increases.

Turning to the capital budget, President Lyall noted that all capital projects submitted for the 2003-05 biennium are being reviewed project-by-project by the Division of Facilities Development and the Building Commission. The UW is urging that carryover projects from 2001-03 and projects with significant private contributions be released so that commitments to donors can be met. It also is hoped that additional funding will be released to continue progress on renovation projects needed to preserve buildings and serve instructional programs.

Another provision of the budget proposes shifting responsibility for administering state financial aid from the Higher Educational Aids Board to the UW System. The purpose is to streamline the process, save students from having to make aid applications to both the UW and HEAB, and facilitate a tighter fit between state aid and tuition policy. The UW would manage data collection and reporting for the university, the technical

colleges and the private colleges. Funds for the technical and private colleges would be administered through the Department of Administration.

In summary, President Lyall stated that the major challenge is to manage the 2003-05 cuts in such a way as to preserve the university's capacity to carry out its mission for the future, which will require balanced choices and continued investment in human resources even if there must be fewer of them. In that regard, she observed that great universities are built gradually over many decades and, once dismantled, cannot be rebuilt quickly, if at all. It is the UW's duty, she stated, to conscientiously seek and maintain that balance so that, at the end of the coming biennium, the university is smaller but better, not smaller and poorer. She asked the chancellors to comment on plans for undertaking the cuts on their campuses.

Chancellor Wells said the campus community recognizes the negative impacts of the cuts, with students paying more for less in terms of educational programs and service. The campus is being asked to be creative in attempting to serve as many students as possible without seriously compromising educational quality. There will be further reduction in already very low administrative costs. In addition, at least two academic programs will need to be cut from an already thin program array. In the area of athletic programs, tennis and men's wrestling are likely to be eliminated – a proposal that already is generating considerable opposition. There also will be fewer courses, fewer sections, larger class sizes, less selection and longer waiting lists. Already, he noted, it is not possible to admit qualified applicants into the nursing program, at a time when there is a severe nursing shortage; and there are not enough openings in education programs to meet student demand.

In response to a question by Regent Davis, Chancellor Wells indicated that the music therapy and pre-engineering programs are likely to be eliminated.

Regent Walsh inquired about economic and community impacts, to which Chancellor Wells replied that there will be a negative economic impact of about \$14 million over the biennium. Indicating that UW-Oshkosh has an economic benefit of \$350-\$400 million per year in the area, the Chancellor said that the university's 11,000 students spend about \$50 million a year in Oshkosh, visitors spend about \$25 million, the university spends about \$130 million and has a \$100 million annual payroll, with 16,000 jobs. Indirectly, the university creates an additional 3,000 jobs.

Chancellor Reilly observed that, over the last 100 years, Wisconsin has built a university outreach and extension network that is the envy of the nation. Counties contribute \$20 million a year to sustain faculty and staff in all 72 counties, while UW-Extension contributes \$30 million. Because of the coming budget cuts, he said, the university and counties may not be able to contribute enough to maintain those positions and replace retiring faculty. There are similar networks in public broadcasting, small business development and continuing education that are likely to be affected; and over time, those networks may deteriorate so far that they cannot be rebuilt. Therefore, he stated, the effort will be to try to sustain the core infrastructure for those networks so that, when the economy rebounds, they will be in place to help drive the state's economy forward in the 21st century. He pointed out that these networks, which will be difficult to sustain in the next years, are very important to the 1.5 million people reached by UW-

Extension every year, most of whom could not come to campus to enroll in traditional degree programs.

Regent Jones asked how the budget cuts will affect the small business development centers that help create so many new jobs in the state. Chancellor Reilly replied that creative means are being tried to maintain service, such as a system of call lines, rather than personal visits for initial counseling. Even with such efficiencies, he emphasized that there will be a diminution of service resulting in limitation of access to entrepreneurs and small businesses, which will result in slowing economic growth.

Regent Davis asked if there will be a listening session in Milwaukee, to which President Lyall replied that the intent is for the Waukesha session to cover the Milwaukee metropolitan area. Regent Davis felt UW-Milwaukee might be a good location for such a session.

Regent Axtell inquired about whether the budget would affect nonresident tuition, to which Assistant Vice President Freda Harris replied that there are no provisions related to nonresident tuition in the proposed budget. Regent Axtell asked where the UW ranks in comparison to other states with regard to nonresident tuition rates. In response, President Lyall indicated that the UW ranks near the top of peer institutions.

Chancellor Wiley expressed the hope that nonresident tuition would not be raised much, noting that UW-Madison lost \$2.7 million from that source this year which would have subsidized Wisconsin resident students.

Regent Olivieri asked if the board would have flexibility in setting nonresident tuition. President Lyall replied that the board does have flexibility to set nonresident tuition but that there are \$250 and \$350 caps in the budget for resident undergraduate tuition.

Noting that the university has been making budget reductions for years, Chancellor Wiley said that positions have been consolidated and eliminated, and departments have been merged. In the last 10 years, 47 degree programs have been eliminated, while 15 have been added. Thirty-eight centers and institutes have been closed. In that time more than \$50 million has been reallocated to high priority needs.

Four years ago, the Chancellor recalled, the Madison Initiative was begun as a public/private partnership, with the state to provide an initial \$32 million over the biennium and the Wisconsin Alumni Research Foundation and the UW Foundation to provide \$40 million. While the state provided \$20 million in the first year, no more had been forthcoming; and the foundation and WARF could not continue to support what was intended to be a matching program.

In all these cuts, he continued, more has been taken from administration than any other source, and the UW is the leanest system in terms of administration of any that he knows. For the next cuts, instructional positions will be eliminated, class sizes will be increased, more non-instructional positions will be cut, more than 100 courses will be eliminated, there will be cut-backs in student support services, career services, learning centers and advising. There also will be decreased and delayed expenditures for computers and other equipment.

Regent Rosenzweig requested information on graduate and professional school tuition, as compared to peer institutions and geographic neighbors.

Chancellor Wiley indicated that graduate tuition is high in comparison to peers and that much of this tuition is paid by remissions for students serving research and teaching assistantships. This raises the cost of research without necessarily generating more revenue.

Noting that nonresident undergraduate tuition pays about 166% of the cost of educating those students, Regent Marcovich said he would oppose increasing it further because that would result in further diminishing revenues from that source.

Referring to proposed amendments to UW-Madison academic staff policies and procedures, Regent Salas urged regents to review carefully whether the proposed changes are appropriate at this time in view of the fact that layoffs may be forthcoming due to budget cuts.

General Counsel Brady advised that the regents have 90 days to review the changes. Any objections would be addressed by subsequent proceedings at the campus level.

Regent Salas requested additional information about the cuts being made in the current year as compared to base budgets.

Regent Olivieri inquired about the impact of nonresident tuition increases on campuses other than UW-Madison and asked if there could be different tuition levels on different campuses. Given the large tuition increases in other states, he observed that those tuition levels could have an impact on the economic judgment of students considering whether or not to come to Wisconsin. At this point, he was not prepared to close the door to using nonresident tuition as a source of revenue going forward.

With regard to budget cuts, Regent Olivieri felt it is important for the board to understand the formula being applied for reductions by campus, whether it is proportional to current budgets, and what other factors might be involved. Noting that demand and economic background of students are different at UW-Madison and UW-Milwaukee, he suggested exploring whether there should be a difference in terms of the amount of tuition increase on those campuses.

Recognizing that the Governor and Legislature have a very difficult budgetary situation with which to contend, Regent Olivieri said that, if the substantial proposed cuts are to be approved, then the proposed tuition increases are needed as a partial offset to the cuts. Stating that the increased financial aid should remain in place, he noted that it is important to address the question of whether funding will be found in future years, since the proposed increase is from a one-time source. If there is other funding from one-time sources, he felt those items would need to be addressed as well.

Commenting from a business point of view, Regent Smith pointed out that there are both short-term and long-term issues to be addressed. In the short term, there is a \$250 million cut to be offset in part by \$150 in revenue from the people the university serves. While these cuts are challenging and painful, he felt confident that they will be

handled with resilience. Noting that administrative cuts have been made repeatedly over the past decade, he recalled that, when a large budget cut was required in the middle of the past biennium, tuition was capped and programs could not be changed in that short a time frame, leaving access as the only option. The coming cuts, although very painful, can be made with better preparation.

Turning to the longer term, Regent Smith emphasized the importance of planning for the future beyond the next biennium. From a business point of view, he observed that the university is being spun off by its major partner over a long period of time; and it is necessary to address what the intentions of the state are and where the university needs to go in the future. Eventually, he noted, the university could reach the point at which administrative and program cut options are exhausted and tuition can be raised no further, leaving only access restrictions.

For years, he pointed out, there had been a consistent downward trend in state support. What changed in the last year, he commented, is that a \$250 million step has been taken and the trend line is now sharply down. Using a business analysis to look forward to the next decade, he was not sure that university's state partner would be willing to return to a higher percentage of funding. The result could be little state funding with a full range of state control. Therefore, he emphasized, it is necessary to do long term planning in order to stabilize the situation and understand where the university will be in the future. In that regard, he thought the state's economic recovery will be a long-term process; and he did not foresee growth in state support.

While he agreed with the need for a long-term focus, Regent Barry stated that in the short term tuition increases will be needed to offset the coming budget cuts in order to avoid reducing student access. He referred to a recent poll showing 72% public opposition for tuition increases and noted the important task of educating students, the public and elected representatives about why the increase is needed. The worst case, he pointed out, would be to have to absorb the proposed cuts with existing state controls and a cap on tuition.

On another issue, Regent Barry indicated that the Technical Colleges have some concerns about the transfer of the Higher Education Board to the UW. WTCS does not oppose the initiative, recognizing that there are efficiencies to be garnered in the reconfiguration. However, he urged the UW to work with the WTCS and private colleges to ensure that financial aid for all categories of students is properly addressed.

President Lyall indicated that an agreement on these matters has been reached by all sectors. The UW is interested in administering financial aid for its own students and does not intend to take money from others.

Regent Jones stated that students understand the budget problem and recognize that difficult decisions will have to be made. They are pleased with bipartisan support for linking financial aid with tuition increases and with the financial aid component included in the Governor's budget. He expressed the hope that a permanent source of funding can be found in order to keep higher education affordable. While nonresident tuition increases have the most impact at UW-Madison, he believed there to be a trickle-down effect on other campuses as well.

In considering long-term solutions, Regent Jones urged that all concerned parties be made part of the discussion, including students, faculty, staff, alumni and the K-12 community.

Regent Rosenzweig thought that it would be helpful for the regents to hear the same information that is being provided to the Legislature and suggested that the Legislative Fiscal Bureau might be asked to brief the board on the budget as it relates to higher education so that regents could better understand legislative views on the situation.

Noting that she is a former customer whose five sons graduated from the UW, she expressed support for the proposed tuition increases because of the importance of preserving the educational quality that students need for their futures.

Stating agreement with Regent Rosenzweig, Regent Mohs noted that the state once had a vision that supported expanding the UW to educate all of its citizens who wanted that opportunity. Since then, large increases in spending for corrections, medical services, and K-12 education have presented competing needs and changed that vision, giving the university a lower priority. He related a conversation with a professor who told him that he needed to give multiple choice exams because he does not have the time or resources to grade large numbers of essays. He felt this type of situation is occurring throughout UW campuses, lessening the opportunity for students to receive the personal attention that makes a difference in their lives. He stressed the importance of convincing decision makers who are struggling to meet many competing needs of the importance of re-establishing Wisconsin's traditional vision that gives priority to providing its people with quality education.

Regent Davis noted that the budgetary problems being experienced in Wisconsin are also evident in other states and inquired about whether they are raising nonresident tuition as had been done in Wisconsin. She felt there is some comfort in knowing that competitors are in the same financial predicament and suggested that solutions being found elsewhere might present helpful options for Wisconsin. She agreed with Regent Olivieri's comment that the UW's doctoral institutions have different student populations and with his question about whether the tuition increase need to be the same for both of them.

Regent Olivieri observed that some legislators believe there is waste within university spending and that it is a challenge to persuade them that such is not the case. In that regard, he felt the pending Legislative Audit Bureau analysis might be helpful. He also noted the Governor's judgment that the UW is able to absorb another \$100 million cut and indicated that it would be helpful to know how that analysis was made, given that the Governor did not indicate that he expected the university to reduce quality or serve fewer students.

Regent Randall expressed the hope that budget cuts would continue to be made with the UW's priorities in mind. He indicated that pre-college programs and service to non-traditional students could be adversely affected, which would be harmful to maintaining access for students and improving campus diversity.

With regard to securing funding from other sources, he pointed out that the environment on the national level is not very supportive of higher education and does not link K-12 and higher education very well. To address this issue concretely, he suggested a task force on the impact of federal policies, noting that cuts in federal aid for pre-college and TRIO programs and lack of adequate financial aid increases would adversely affect the UW's ability to attract students of color and meet Plan 2008 goals.

Regent Walsh noted that it is the state's economic problems that caused the \$3.2 billion deficit and resulted in the need for huge budget cuts. He suggested that the matter be addressed by communicating the UW's key role in the state's economic recovery.

Regent Axtell expressed support for Regent Smith's call to do strategic planning. In the last ten years, he observed, the state had asked the UW to do more with less and the university had responded with continuing success in high national rankings, winning awards, securing research dollars and receiving high satisfaction ratings. The point has been reached, he said, at which success can no longer continue with less funding, and that message must be communicated to decision makers. He suggested the possibility of a compact arrangement regarding levels of support in future years but felt this might not be feasible because of lack of strong advocacy for the UW in the Legislature.

Regent Burmaster thought the only way to get through a crisis of this magnitude is to have a sense of vision for the future and a strategic plan for maintaining access and quality in one of the best university systems in the country. Noting that the university could not do this alone, she emphasized that collaboration with the Governor and Legislature will be necessary and that it is the university's role to lead and facilitate discussion about making education a top priority. It is necessary to foster the understanding, she said, that the university, which is the engine for the state's economic growth, now has been placed at risk.

Regent Marcovich noted that the university's budget had been cut repeatedly over the last decade, including reductions when the economy was strong. Noting the university's large role in dealing with the current deficit, he suggested that now is the time to negotiate with the state as to how the university would be paid back when the economy recovers.

Regent Walsh emphasized the importance of recognizing the strong competition for public dollars and of persuading decision makers that the university is an important part of the solution for the state's economic problems.

Noting that the chancellors are in agreement with what was being said by the regents, Chancellor Zimpher commented that, after getting through the current budget crisis, the UW needs to be creative in thinking about what kinds of structural adjustments might best position the university for the future, perhaps with assistance of design teams. Next, partners need to be found in the private sector and elsewhere. It is much more helpful, she said, to look toward a future in which the university can be successful, rather than continuing to bleed from a thousand cuts.

Regent Burmaster pointed out that there is a sharing of pain throughout the state, noting that the K-12 schools will lose \$350 million in funding. Through collaboration of

the entire KP-16 community, she felt focus could be placed on a long-term vision of education as a top priority and engine for economic security.

Regent President Gottschalk reported that he had conversations with his counterpart at the State University of New York System, which also had experienced funding problems. In response, an exercise called “Rethinking SUNY” was undertaken, which was a comprehensive approach, including all constituencies. In the coming months, he hoped to bring that approach to the board as a model, adjusted for Wisconsin’s own circumstances, with the hope that it could be used as a process for reaching agreement as to the relationship between the university and the state in the future.

Concurring with the approach suggested by Regent Gottschalk, Regent Davis added that there is some urgency in starting what will be a challenging assignment.

Regent President Gottschalk called on Stephanie Hilton, who had asked to speak on behalf of the United Council of UW Students. She reported that, after the Governor announced his budget proposal, students across the state launched a campaign to fund Wisconsin’s future with press conferences responding to the cuts. The campaign will continue with legislative visits, statewide lobby days, a post-card campaign and testimony at Joint Finance Committee hearings. The effort is to bring home the impact of the cuts and let legislators see the faces of students who might not be able to continue their educations next year. Those efforts will lead to a statewide day of action on April 3rd, with 800 to 1,000 students gathering in Madison to march from the Library Mall to the Capitol, ending with a rally and press conference. Throughout the campaign the message will be that students oppose further cuts to the UW’s budget and support a lower tuition cap, offset by increased GPR support. In that regard, she noted that access means affordability, as well as availability of classes.

Chancellor Miller pointed out that there are problems related to the capital budget, as well as the operating budget. For example, he cited a project to renovate the science building at UW-Whitewater, which was split into two phases. The first phase, which is under way, involved moving building occupants elsewhere on campus while a new wing was built. Now, with all building projects on hold, there is the possibility of not being able to complete that building and no permanent locations for the people who worked there.

Chancellor Wells expressed concern about any reduction in the proposed tuition increase, noting that a further shift of the burden to the university could mean that the campus would need to declare financial exigency. It would not be possible, he said, to replace those revenues with money from any other source.

Regent Smith pointed out that the \$150 million tuition increase is consistent with the goal established last year by the board to move tuition to 95% of the peer median.

Chancellor Keating concluded the discussion by pointing out that financial exigency is only invoked as a last resort in order to deal with the need for layoffs. When

that happens, he observed, the reputation of a university is harmed, it is difficult to recruit faculty, and the university does not recover for many years.

The meeting was recessed at 12:45 p.m., and reconvened at 1:10 p.m.

- - -

HIGHER EDUCATION IN THE FUTURE: SURVIVING AND THRIVING THROUGH DISRUPTIVE INNOVATION

In introductory remarks, President Lyall noted that the past few years have seen the rise, and in many instances, the fall of Internet-based learning companies. Non-profit university-founded efforts have not fared well, with a number of them launched by major university consortia meeting with failure. At the same time, all of higher education was investing in the same online teaching and learning technologies to support their own students without the separate business structure.

Given the dramatic downturn of the technology market and uncertain future for online learning, she said the question arises as to whether the investments made by the UW have been wise and whether, in view of the upcoming budget reductions, continued investments should be reduced or deferred to a more opportune time.

To speak about where technology is likely to go in the next years and what others are likely to do with it, President Lyall introduced Wayne Hodgins, Director of Worldwide Learning Strategies for Autodesk, an industry leader in PC design software and multimedia tools. Mr. Hodgins is a preeminent authority on the convergence of technology, standards, knowledge creation, and learning across the globe and sits on educational advisory boards for industry and government groups in Canada, the United States, Latin America, Asia and Europe. He is a past president of the Computer Education Management Association, co-founder of the Learnativity Alliance, and chair of one of the Institute of Electrical and Electronic Engineers' online learning standards organizations. He also developed the National Governors' Association's technology and adult learning vision paper, "Into the Future" in February 2000.

Mr. Hodgins began by explaining that, when there is a disruptive innovation, the incumbents in existence before the innovation almost always disappear after it. As an example, he said that, when refrigerators replaced iceboxes, ice delivery companies did not move into the refrigeration business; instead, they closed down. However, he said, disruptive innovation can be turned into a strategy and an asset.

He noted that disruptive innovation is in most cases technology oriented and explained that in every case he had examined disruption caused elimination of incumbents because they confused their value proposition with their activities. For example, delivering ice is an activity, while food preservation is a value.

He advised the board to consider what value higher education delivers to those it serves and not to confuse the university's activities with its value proposition to its customers. Stating that value propositions are enduring, he noted that there will be no end to people's need to learn. Referring to the term "focused diversity", he said it means that, when the focus is on the value proposition, then innovations can be seen as new ways to deliver that value, rather than as competition.

Noting that learning is the single highest competency of the 21st century, he asked why, then, the university is not being better funded. While the university's current \$250 million cut is based on problems in the economy, he commented that the broader issue relates to how learning can best be delivered in the future, there being a diversity of ways that can be done. In that regard, he cautioned against thinking of education as a campus, curricular materials or classrooms. Rather, he said, those are activities through which learning has been delivered over a long period of time and will continue to be delivered, although in formats that may be changed.

Noting that learners have more choice today than ever, he pointed out that choice can become a problem if there is not a way to make good decisions quickly and easily. He intended to share some strategies to help make those kinds of decisions.

Turning to the matter of technology, he explained that technology itself is neutral and has no predicted behaviors. Its effects are determined by how it is deployed. What is missing, he felt, does not relate to technology per se, but instead involves the question of what the technology should enable people to do. In that regard, he suggested forming a next generation advisory board composed of young people who can provide information about what kind of innovations they find of value. For example, he noted that teenagers are very adept at using technology for collaborating and socializing.

Noting that for most of history, people were engaged primarily with augmenting their physical abilities and overcoming physical limitations, Mr. Hodgins predicted that efforts in the future would be focused on augmenting cognitive capabilities and he urged that those involved in higher education demand that technology provide means of doing that for students. Currently, he noted, decisions about what technology can enable people to do are primarily left to vendors. Instead, he encouraged consumers in the education community to take control through purchasing activities and other means of letting technology companies know what is needed to extend learner's cognitive capacities.

Mr. Hodgins commented that educational content is an area that warrants particular attention because students often do not find the subject matter to be cognitively compelling. Noting that it now is possible to break content down into small pieces of information and store it digitally, he explained that the information then can be extracted on demand in whatever form is desired. In that regard, he showed as an example a digital pen that records in its memory everything that is written. Digital paper also is available. This kind of technology, he indicated, means that personalized learning is now possible – that the capacity exists for getting the right material to the right person at the right time. This capability, he said, is something that should be taken into account in thinking about higher education's value proposition.

In closing, he reiterated that it is the role of the higher education community to take the long view in deciding how to use the technology that is available to advance learning and that short-term decisions, such as the university's severe budget cuts, should be made with the long view in mind.

TEACHING AND LEARNING WITH TECHNOLOGY: UW SYSTEM MODELS

President Lyall introduced Dr. Greg Moses, Professor of Engineering Physics at UW-Madison and co-leader of the Education, Outreach and Training Initiative of the National Science Foundation's Partnership for Advanced Computing Infrastructure. Noting that Dr. Moses has developed technology to improve instruction for engineering students taking required computing courses, the President remarked that his effort is one of many examples of how technology is being used to improve student success.

Stating that his primary focus in using technology is to provide a richer educational experience for students, Dr. Moses cautioned that technology is not a "silver bullet"; that it is necessary first to have a plan and then to figure out what technology can do to help implement that plan.

Referring to the large and impersonal lecture classes that are prevalent at many universities, Dr. Moses indicated that eTEACH software is being used to provide an alternative format for accomplishing the same goals as a lecture. It permits, for example, replacing lecture sections with lab sections in which students work in teams and are taught by faculty. This is much different, he noted, from the traditional model in which faculty give lectures and teaching assistants teach the lab or discussion sections.

Through eTEACH, the live lecture is replaced by recorded lectures that can be viewed any time by the student. The student also is able to find additional information about particular concepts or topics and re-listen to part or all of a lecture. In addition, there is closed captioning for those with hearing impairments and for students who learn more readily by reading; and adaptations for those with vision impairments are being developed. Students also can access quiz questions that, if answered incorrectly, refer the student to parts of lectures that discuss those topics.

Indicating that eTEACH is used in a variety of courses, Dr. Moses explained that it also has benefits for courses without high enrollments in that it promotes student collaboration, allows students to take quizzes online that are graded automatically, and also contains course notes and syllabi.

Surveys show that 78% of students found it more convenient to watch eTEACH lectures than to attend live lectures and that 67% of students consider it more effective to take notes and understand eTEACH lectures compared to live lectures. Comparison of

student course evaluations show a significantly higher level of satisfaction with courses using eTEACH lectures.

Concluding his remarks, Dr. Moses indicated that eTEACH is being used for distance education courses, as well as for on-campus courses.

President Lyall introduced Dr. Robert Kaleta, Director of the UW-Milwaukee Learning Technology Center that instructs faculty and staff in the use of web-based instruction.

Dr. Kaleta described a new hybrid course model that combines traditional education with online learning. Sponsored by a UW curricular redesign grant, work on the hybrid model was done through collaboration between UW-Milwaukee and the UW Colleges. The model has become internationally recognized, and a significant web resource has been established.

In a hybrid course, he explained, a significant amount of learning has been moved online, making it possible for reduction of the amount of time spent in the classroom. In that regard, the effort is to combine the best elements of traditional face-to-face instruction with the best aspects of distance education. He pointed out that hybrid courses differ from traditional distance education courses in that they are not entirely online, and they differ from traditional classes with a website in that online time replaces some classroom time. Further, he indicated that they involve extensive course redesign, rather than just transferring information to the web.

In place of time spent in the classroom, students spend more time working individually and collaboratively on assignments, projects and activities; and they spend less time listening to lectures. Faculty spend less time lecturing and more time reviewing and evaluating student work, while guiding and interacting with students. While less time is spent in class, he noted, both students and faculty put more time and effort into the courses overall.

Turning to the benefits of hybrid courses, Dr. Kaleta said faculty consistently report that students in these courses learn more, understand the material better, and are better able to apply the material. Discussions of concepts are deeper, more students are involved in the discussion, and they retain the material better. In addition, research at the University of Central Florida showed students earned better grades in hybrid courses than in either traditional face-to-face courses or online courses.

A second benefit is that there is more discussion, interaction and student engagement in the hybrid course model; and faculty feel more connected to their students. In a traditional classroom, he noted, the same few students usually do most of the talking. In a hybrid course, on the other hand, students who may be too shy to speak in the classroom or who may need time to formulate what they want to say get involved in online interactions. Faculty get to know their students better because students produce more work and faculty have more opportunity to evaluate and discuss their work.

A third benefit is that hybrid courses are learning centered, with students doing more and listening less. Instead of simply listening to faculty opinions, they are developing their own and are able to justify and defend them.

Another benefit, Dr. Kaleta continued, is that the hybrid model allows faculty to teach in new ways and accomplish new objectives. For example, service learning or other activities can take the place of some classroom meetings; and students can engage in more hands-on activities in class because of the work they are doing online. Presenting material in different ways helps to address the different learning styles of students.

Finally, students are more accountable for their learning. With a web site as a repository for their students' work, faculty are able to look at the entire learning process, rather than just the final product, and better determine where students might need help.

Dr. Kaleta indicated that, in addition to learning benefits, there are potential institutional benefits in offering hybrid courses. First, there may be the ability to accommodate more students on campus without building more classrooms or parking structures. Because class meetings in hybrid courses are held less frequently, more courses can be taught in the same amount of space. This benefit has been demonstrated at the University of Central Florida, which was able to reduce off-campus space rental through use of hybrid courses.

There also is the potential to reach new student markets by serving working adult students who take courses in the evening and on weekends. It often is inconvenient for these students to commute to campus, and hybrid courses reduce the number of trips to campus that they must make. UW-Milwaukee's School of Education offers these type of courses to area teachers, and the UW Colleges are in the process of converting more courses for evening students to the hybrid model.

Another possible benefit, he said, is that students may be able to complete programs and degrees sooner. If hybrid courses help students achieve better grades, fewer of them will have to repeat courses and fewer will drop out.

In conclusion, Dr. Kaleta reported that, according to surveys, 100% of faculty who taught hybrid courses would use the model again, and 80% of students would recommend hybrid courses to others.

- - -

COURSE MANAGEMENT SYSTEM USE IN THE UW SYSTEM

President Lyall introduced Glenda Morgan, of the Office of Learning and Information Technology and recipient of an Educause grant to study how faculty use web based course management tools.

Dr. Morgan explained that course management systems are suites of software tools organized around a class or unit of instruction. They contain in one place the major functions that faculty need in order to teach online. These include content presentation

and organization tools, communication tools like discussion boards, assessment tools like online quizzing, grade books, and class management tools. Examples of course management systems include Blackboard and WebCT.

Noting that increasing numbers of faculty are using these systems, she stated the need to use these tools effectively, particularly in view of the cost involved. In performing the study, she interviewed more than 140 faculty and staff at every UW institution, did an online survey of 740 faculty, and analyzed actual usage over several semesters.

The study showed extensive use across the UW System and a rapid rate of growth, with usage doubling from year to year.

With regard to how the systems are being used, she indicated that the vast majority of use is to enhance face-to-face classes. They also are used for online and hybrid courses, as well as for other purposes, such as supervising students in the field, organization or departmental support, support for compressed video courses, as a secure and confidential means of providing grades to students, and for cost reduction efforts.

With regard to pedagogical uses of course management systems, Dr. Morgan indicated that the largest usage is to supplement lecture material. This is especially helpful in reducing the need for commuter students to come to campus to pick up materials or use libraries. Through increased access to materials, faculty indicate that students spend more time on task and have improved learning outcomes.

Another major use is to improve communications with students. In that regard, faculty indicate that, with grades and assignments available on the course management system, students need not spend time asking faculty about these types of matters. Instead, they can interact with faculty about their understanding of the content of the course. In addition, the systems permit faculty to set up and monitor online student discussions. While this increases the workload for faculty, she noted, they willingly expend the additional effort because of the improved learning that results.

Another finding was that a majority of faculty found that course management systems increase students' time on task, increase the interactivity between students and content and among students, increase faculty/student communication, and help to accommodate diverse learning styles.

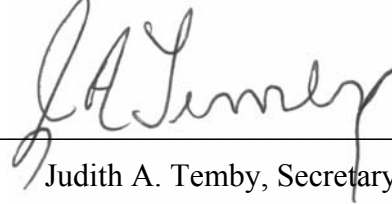
In conclusion, Dr. Morgan indicated changes that would encourage more faculty use of course management systems. Greater ease of use, more features, more training for faculty and students, and further improvements in infrastructure and support.

In discussion following the presentation, Regent Davis asked to what the presenters would attribute the rapid increase in use of technology. Dr. Morgan replied that faculty learn about the benefits of course management systems in a variety of ways, including training seminars, online instruction, and peer interaction. Dr. Kaleta added that, once use of technology was started by a group of early adopters, there has been increasing student demand for other faculty to use it as well.

Regent Jones related that in his experience there has been considerable and increasing use of course management systems such as Blackboard.

Stating his belief in the benefits of instructional technology use, Regent Walsh asked if faculty are being overworked by the increased amount of time they spend in teaching these courses. Dr. Kaleta replied that the amount of increased time depends in part on how much class time is cancelled. While both faculty and students spend more time on these courses, he indicated that both are willing to do so and are enthusiastic about the results.

The discussion was concluded and the meeting was adjourned at 3:00 p.m.



Judith A. Temby, Secretary

MINUTES OF THE REGULAR MEETING
of the
BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM
Madison, Wisconsin

UW-Madison
Held in the 1820 Van Hise Hall
Friday, March 7, 2003
9:00 a.m.

APPROVAL OF THE MINUTES.....	2
REPORT OF THE PRESIDENT OF THE BOARD.....	2
REPORT ON THE MARCH 5 TH MEETING OF THE HOSPITAL AUTHORITY BOARD.....	2

REPORT OF THE PRESIDENT OF THE SYSTEM.....	2
PRESENTATION: WHAT DIGITAL TELEVISION MEANS TO THE UNIVERSITY OF WISCONSIN.....	2
FOLLOW-UP ON BUDGET DISCUSSION	4
MILITARY DUTY	4
UW DAY IN WASHINGTON D.C.	5
PEACE CORPS VOLUNTEERS	5
RUSSIAN UNIVERSITY OFFICIALS LEARN FROM UW-EXTENSION	6
FIGHTING CHESTNUT BLIGHT	6
CHANCELLOR ZIMPHER WINS SACAGAWEA AWARD	6
UW ECONOMIC IMPACT WEBSITE	6
DISCUSSION ON BUDGET REDUCTIONS	7
REPORT OF THE PHYSICAL PLANNING AND FUNDING COMMITTEE	10
REPORT OF THE ASSISTANT VICE PRESIDENT.....	10
UW-Parkside: Authority to Accept the Gift of a facility	10
UW-Madison: Authority to Grant an Easement	10
REPORT OF THE BUSINESS AND FINANCE COMMITTEE	11
DISCUSSION OF ALL REGENTS	11
<i>Governor's Budget</i>	11
INSTRUCTIONAL TECHNOLOGY	11
REPORT OF THE VICE PRESIDENT	11
UW-Madison: Authorization to Recruit and Appoint: Coach, Women's Basketball	12
REPORT OF THE EDUCATION COMMITTEE.....	12
ACADEMIC PROGRAMMING.....	12
PROGRAM AUTHORIZATIONS	13
AMENDMENTS TO ACADEMIC STAFF POLICIES AND PROCEDURES, UW-MADISON	13
DISCUSSION	13
ADDITIONAL RESOLUTIONS.....	14
Resolution of Appreciation: American Family Mutual Insurance Company.....	14
UNFINISHED OR ADDITIONAL BUSINESS	15
NON-RESIDENT TUITION	15
LISTENING SESSIONS.....	16

MINUTES OF THE REGULAR MEETING

of the

BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM

Madison, Wisconsin

UW-Madison
Held in the 1820 Van Hise Hall
Friday, March 7, 2003
9:00 a.m.

- President Gottschalk presiding -

PRESENT: Regents Axtell, Barry, Boyle, Brandes, Burmaster, Davis, Gottschalk, Jones, Marcovich, Mohs, Olivieri, Randall, Rosenzweig, Salas, Smith and Walsh

ABSENT: Regent Gracz

- - -

APPROVAL OF THE MINUTES

The minutes of the February 6 and 7, 2003 meetings stood approved as distributed.

- - -

REPORT OF THE PRESIDENT OF THE BOARD

Report on the March 5th Meeting of the Hospital Authority Board

A written report was provided on the March 5th meeting of the Hospital Authority Board.

- - -

REPORT OF THE PRESIDENT OF THE SYSTEM

Presentation: What Digital Television Means to the University of Wisconsin

Byron Knight, Director of Broadcasting and Media Innovations, assisted by Paul Stoffel, made a presentation on how digital television provides new opportunities that will help the university fulfill its educational mission.

Conversion from digital to analog television, he explained, is required by the Federal Communications Commission and must occur before June of this year for non-commercial TV. WHA-TV in Madison already has been converted and other stations in the state also will meet the deadline.

While analog television systems work by sending programs as rapidly changing waveforms, Mr. Knight continued, digital television sends programs as ones and zeros -

the same language used by computers. The technology of digital television allows the broadcast of high definition television or broadcast of at least four standard definition program streams in the same spectrum space as that required by the high definition signal. At the same time, there still is enough spectrum space left to broadcast data, thus providing wireless access to Internet content.

Pointing out that it is the convergence of television and computing that make exciting educational opportunities possible, he and Mr. Stoffel demonstrated how a course could be delivered to enrolled students throughout Wisconsin in seconds through datacasting. Upon enrollment, the student is given an Internet address to connect to a datacasting server that is connected to Wisconsin Public Television. The digital television signal is sent to a receiver card inside the computer, and the requested course lesson is loaded within a matter of seconds. The receiver card can be obtained for a cost of about \$250.

In conclusion, Mr. Knight presented a map showing television coverage areas and remarked that television provides statewide access to digital information that opens up exciting educational opportunities at both the university and K-12 levels.

In discussion following the presentation, Regent Rosenzweig inquired about portions of the state that did not appear to be included in television coverage areas, and Mr. Knight replied that there are translators that provide a means of reaching people outside the indicated coverage areas.

Regent Walsh asked who would pay for the \$250 computer card that is used to download course lessons, to which Mr. Knight responded that it could be included in the course registration cost or provided on loan to students.

In reply to a further question by Regent Walsh on the status of digitizing transmitters around the state, Mr. Knight indicated that WHA is already on the air, that the Wausau station will follow and that all will be up and running by the first of June. Regent Walsh asked about the status of funding, and Mr. Knight indicated that funds were provided in a previous budget.

Regent Axtell asked if this technology will in time become accessible by PDAs, portable TVs, and cell phones. In reply, Mr. Knight indicated that commercial broadcasters are looking into this matter. Regent Axtell inquired as to whether 3D holographic imaging might be a future phase, to which Mr. Knight replied that it could be, depending on consumer demand.

Regent Walsh asked whether there is a relationship with the cable industry and how security is provided. Mr. Knight indicated that an encrypted log-in would be required in order to receive data. With regard to cable, he explained that the cable industry is only required to deliver broadcast – not data. Wisconsin Public Television

and others are working with the FCC to require delivery of the full spectrum for public stations, so that educational material can be provided via cable.

In response to a further question by Regent Walsh about whether lack of delivery by cable would be a significant obstacle to educational programming, Mr. Knight replied that it would be a problem but that it will be solved because the FCC has mandated the transition to digital transmission and wants return of the spectrum currently occupied.

Regent Rosenzweig inquired about the status of federal funding for digital conversion. Mr. Knight indicated that some of the \$390 million in the President's budget bill will be used for the digital transition, in addition to funds in the Public Television Facilities Act. He expected the federal government to provide monies since the states, including Wisconsin, had so far paid the majority of the cost.

In response to a question by Regent Rosenzweig as to whether the 2006 deadline will be pushed back, Mr. Knight explained that the current law provides for the deadline to be 2006 or when 85% of the public can receive digital television. He considered it unlikely that 85% saturation would be reached by 2006 and that availability on cable will be required before that percentage can be attained.

Thanking Mr. Knight for the presentation, President Lyall expressed pride that the UW is on the leading edge of this technology which will be especially valuable for degree completion and other programs for working students who require anytime access.

-

Follow-Up on Budget Discussion

President Lyall remarked that the preceding day's discussion had been very helpful with regard to the key challenges of handling the proposed 2003-05 cuts and determining a longer-term strategy that is both realistic and true to the university's mission of service.

With respect to the budget cuts, she recommended working together to ensure that the \$250 million cut is not increased and that the proposed tuition increases are approved. Noting that a \$100 million cut still would remain, she emphasized that a reduction of that magnitude could not be managed with less tuition offset. She further recommended working with the Legislature to stabilize the financial aid portion of the proposal.

Concerning longer-term direction, she expressed the hope that the board would start these discussions soon, perhaps continuing through the summer. She expected to work with Regent President Gottschalk to devise possible formats and approaches.

-

Military Duty

Noting that a number of UW students, faculty and staff were being called to active military duty in anticipation of possible war in Iraq, President Lyall indicated that employees called to duty may, for the first 30 days of military leave, elect to receive the

difference between their military pay and their university salary. After that period, service time is unpaid leave. For those on unpaid leave, the university will continue to pay the state's share of group life, income continuation, and health insurance. By state law, these employees have rights to return to the same or a similar position at the end of their military leave.

Students called to military duty are given the opportunity to earn a grade in courses under way or to receive a full refund of tuition. The unused portion of room and board contracts will be refunded and student loan repayments will be postponed. The university is committed to ensuring that students called to military duty are treated fairly and do not suffer an academic setback from their interrupted studies.

These policies, she noted, also were followed for students and employees who served in Kosovo and Desert Storm.

-

UW Day in Washington D.C.

President Lyall reported that she, Regent Boyle and several chancellors hosted UW Day in D.C. the past week to recognize the large number of UW alumni who are working in Washington. The positions in which they serve include: Deputy managing editor of The Washington Post, brigadier general in the U.S. Air Force, director of the federal Witness Protection Program, former lieutenant governor of the State of Alaska, manager of banking regulation for the Federal Reserve System, manager of the National Committee to Preserve Social Security and Medicare, construction manager of the National Science Foundation's South Pole Station, and secretary of Health and Human Services.

The occasion also honored Wisconsin's congressional delegation, most of whom attended; and Regent Boyle presented a national 4-H award to Secretary Tommy Thompson.

Noting that more than 200 alumni braved a snowstorm to attend, she stated that the UW can be very proud of its alumni in public service. She thanked Kris Andrews and Margaret Lewis for their hard work in planning this event.

-

Peace Corps Volunteers

It was reported by President Lyall that UW-Madison again ranked first in the nation in providing volunteers for the Peace Corps, sending 123 graduates to the Peace Corps last year. The University of Michigan ranked second.

-

Russian University Officials Learn from UW-Extension

President Lyall reported that a delegation of Russian officials from Kuban State University in Krasnodar, Russia recently visited Wisconsin to study how they might create a university extension system modeled on the Wisconsin Idea. The delegation, hosted by UW-Extension, visited three county offices and learned about UW-Extension's distance learning programs and the Small Business Development Centers.

-

Fighting Chestnut Blight

It was reported by President Lyall that Professor Tom Volk and Jane Cummings Carlson, of UW-La Crosse are working to find a way to stop the blight that threatens a unique stand of surviving American chestnut trees in West Salem. Noting that American chestnuts grew to more than 100 feet in height and once blanketed much of American forest land, she indicated that an Asian fungus began to kill chestnut trees in 1904 and that the 5,000 remaining in West Salem are a rare resource.

-

Chancellor Zimpher Wins Sacagawea Award

Congratulating Chancellor Zimpher for receiving this honor, President Lyall observed that, without Sacagawea, Lewis and Clark might not have survived their journey and that, without Chancellor Zimpher, UW-Milwaukee and the Milwaukee community would have a real leadership void.

-

UW Economic Impact Website

Reporting that the website has been updated with a breakdown by senate district of the economic activity generated by UW campuses, President Lyall recalled that, when David J. Ward presented the system-wide economic impact study the preceding fall, regents had suggested that having this information by legislative district would be useful in carrying the "Engage Wisconsin" message.

She pointed out that the same multiplier effects that generate increase in jobs, incomes, and tax revenues also work in reverse when there are cuts in campus budgets and personnel. In that regard, she noted that, while UW economic activity generated \$400 million in state tax revenues last year, a reduction of \$250 million in the UW's budget can also be expected to reduce corresponding state revenues. Economic impacts are widespread, she indicated, with even senate districts without a UW campus having significant numbers of jobs and incomes dependent upon UW activities. The website address is: www.wisconsin.edu/impact/index.htm.

-

Discussion on Budget Reductions

Regent Barry asked about efforts to inform faculty and staff across the system about the implications of impending budget cuts and strategies for responding to them. He noted that a number of faculty with whom he had spoken did not seem very aware of what is at stake and that legislators with whom he had spoken were not hearing from faculty.

President Lyall indicated that she and Senior Vice President Marrett have met with faculty representatives from across the system, informing them in detail about budget information and asking them to share it with their colleagues on campus. Noting that upcoming listening sessions are expected to heighten awareness, she added that campus budget committees are considering the matter but that full awareness probably will come only when elimination of specific positions and programs are discussed.

Regent Barry commented that it is important for people on campus to understand the magnitude of the cuts and the need for either tuition offset or reduction in the size of the cuts in order to mitigate their impact.

Chancellor Sorensen said that at UW-Stout there are weekly meetings with faculty and staff to share information on the impact of the budget cuts. People on all campuses, he added, are fully engaged in this issue.

Expressing concern about staff who have been working without a contract for the past two years, Regent Salas asked that they be invited to speak about the matter at upcoming listening sessions across the state. He also felt that the need for large tuition increases should not be considered a foregone conclusion without hearing from people at the upcoming sessions about administrative and program reductions that could be made.

President Lyall indicated that, even with the proposed tuition increases, it would be necessary to make \$100 million in personnel and program cuts, including administrative cuts, and that tuition offset revenues will be needed in order to make those cuts without reducing student access.

Chancellor Markee explained that all campus constituents are involved in the budget issue, including classified staff, academic staff, faculty, and students. Detailed processes are in place that are generating new ideas and creative means of saving money.

In addition to meetings, Chancellor Wells added that the campus community is kept informed through email so that the whole campus is engaged and that governance bodies are working hard to try to find ways to make the cuts that are forthcoming.

Regent Rosenzweig said that, while she had stated her support for the tuition increase, she also wanted to hear at the listening sessions from campus and public constituencies about their feelings regarding tuition, student access and program cuts.

Regent Salas referred to the February 28th memo from President Lyall to Department of Administration Secretary Marc Marotta on the budget cuts. Noting that different campuses made the cuts in different ways, he indicated that one campus had focused on cuts in technology, but that another had cut services to disabled persons.

Expressing concern about the latter type of cut, he urged the board to review the cuts that are being made.

Regent Marcovich suggested that each of the chancellors specify their plans for program and staff reductions before the listening sessions as a means of making the campus and public fully aware of their impacts. This information, he felt, would make more valuable the input received at the sessions.

Referring to Chancellor Wiley's comments the preceding day on the cuts made over the past ten years, Chancellor Mash observed that, facing the largest budget cut ever proposed, the university already is very lean, with the lowest administrative costs of any university system in the country. He observed that there is a perception that, no matter how deep the cuts, a way will be found to preserve the UW's essential role in the state's future. However, he emphasized, there is no way reductions of the proposed magnitude can be made, even with the proposed tuition increases, without cutting deeply into the personnel of the university, given the fact that 85% - 87% of operating budget costs are for personnel. Noting that cuts in administrative costs and other areas already have been made, he pointed out that there is not much room for additional cuts in those areas. Therefore, he said, there is no way to make the additional cuts without affecting instruction and services to students.

Chancellor Zimpher explained that all groups on campus are very much involved in designing strategies for the cuts. Division heads have been told to propose five and ten percent reduction plans that are currently being vetted. Once the administration responds, they will be made public and everyone will have the opportunity to respond to the plans. UW-Milwaukee already has had two town meetings involving hundreds of people. Noting that the listening sessions would evoke objections to the tuition increases and the deep cuts, she urged that people at the sessions also be asked to address the future of the university. Stating that the process of making the cuts needs to be transparent, she said the campus process is public and is on the university's website. Noting that any given cut has a range of impacts, she invited regents to attend campus sessions to learn about the tradeoffs that must be made.

Chancellor Wiley urged that the assumption not be made that there must be ways to make deep cuts without harmful impact and that particular items not be identified without full campus input. Noting that he delegates to the deans management of their college budgets, he observed that he could never know enough detail to do a better job than they do and that he had yet to challenge a decision without receiving a good answer as to why it was made. There are all kinds of tradeoffs in making cuts, he noted, adding that every school and college is in a different situation.

Referring to the cuts in the current year mentioned by Regent Salas, Chancellor Shepard noted that most funds for the fiscal year had already been spent or committed through personnel contracts and that it was necessary to use lapsed funds and other expedient means to make the cuts. For the next biennium, processes are in place to make decisions based on thorough deliberation. He emphasized that, even with the tuition offset, it is not possible to avoid cuts in instruction and services to students, because that is where most of the dollars are spent.

Chancellor Keating observed that there is a great deal of stress on campus because of the impending budget cuts and that it is important for the campus community to have time to work through its processes for identifying what needs to be done, rather than prematurely identifying any programs for elimination.

Cautioning against any suggestion of fiscal emergency, Regent Boyle recalled that, when the UW went into fiscal emergency in the 1970s, it took ten years to repair the damage that was done. Such a declaration, he pointed out, creates a confrontational situation amongst faculty and hinders any kind of cooperation among administration, faculty and staff. He also urged the board to be careful not to micromanage what campuses are doing. Stating that the UW has outstanding administrators, he noted that they are delegated responsibility for managing in a prudent way, involving appropriate campus and community people. While it is important for the board to understand the process and its implications, he urged that regents not identify specific items that they feel should or should not be eliminated.

Noting that the Business and Finance Committee had discussed the posture of the UW with regard to the very difficult budget being proposed, Regent Olivieri stated his understanding that it is the board's position that the tuition component is essential and must be kept intact in order to deal with a cut of the magnitude being proposed, noting that it will take great skill to manage the \$100 million cut remaining and still maintain the educational quality and student access that are important goals of the UW. Further, it is felt that the proposed financial aid increase must be protected, although there is concern about the source of funding, and that efforts should be made to solidify a source of support.

Stating his support for that posture, Regent Olivieri indicated that, while he wished the university had been afforded higher priority in terms of budgetary commitment, he is willing to try to protect the budget as proposed, adding a stronger commitment on financial aid, and that the board must defend against any efforts to worsen the proposal.

Noting that the decision is out of the university's hands, Regent Walsh urged that the board be patient and not over commit inasmuch as a great deal could happen before action on the budget is complete. While he agreed that the university should be defended, he said it should be done carefully and in a way that protects the priorities that have been identified. He also expressed concern about the large sums of money being spent by interest groups to advocate for their issues in the legislature. In closing, he cautioned against micromanaging the decisions that will need to be made by the campuses.

Regent Burmaster commented that she was reassured by reports made to the Education Committee about the principles and values that will guide decisions for making the \$100 million cuts for the coming biennium and that any tendency to micromanage was put to rest by those presentations. The cuts that had to be made this year for the emergency budget repair bill, she noted, were made through an entirely different process because of the money already committed and the need to act quickly.

She thought it would be helpful for regents to accept Chancellor Zimpher's offer to listen and learn at the campus level.

- - -

REPORT OF THE PHYSICAL PLANNING AND FUNDING COMMITTEE

Regent Gerard Randall, Vice Chair, presented the report of the Physical Planning and Funding Committee.

Report of the Assistant Vice President

Nancy Ives, Assistant Vice President reported that the Building Commission approved about \$1 million for various projects at their February meeting.

Three building projects and one employee were presented *Awards of Excellence* by Governor Doyle. HGA, Inc. of Milwaukee received the *Excellence in Architectural Design Award* for the UW-Whitewater Williams Center and Fieldhouse addition; Berners-Schober Associates of Green Bay received the award for *Excellence in Engineering Design* for the UW-Oshkosh Halsey Science Center renovation; and Mared Mechanical of Milwaukee received the award for *Excellence in Construction* for the UW-Milwaukee Chemistry Building Retrofit. The *Excellence in Service* award was presented to UW-Madison facilities engineer Jack Wunder.

Building Commission hearings on the Capital Budget will be held on March 18 and 19. UW System priorities are maintenance and completing major projects begun in the last biennia. Of the 150 projects that have been reviewed by the Department of Administration, 130 will proceed, 10 are being reviewed and 11 are deferred and will be reconsidered at a later date.

-

Regent Randall presented the following resolutions to the Board of Regents as consent agenda items. They were seconded by Regent Rosenzweig and passed unanimously.

UW-Parkside: Authority to Accept the Gift of a facility

Resolution 8665: That, upon the recommendation of the UW-Parkside Chancellor and the President of the University of Wisconsin System, authority be granted to accept the gift of a 4,294 GSF facility on the UW-Parkside campus from K.R. Imaging, Inc., for use as the UW-Parkside Student Health and Counseling Center.

UW-Madison: Authority to Grant an Easement

Resolution 8666: That, upon the recommendation of the UW-Madison Chancellor and the President of the University of Wisconsin System, authority be granted to the officers of the Board of Regents to grant a .11-acre permanent easement and a .3-acre temporary easement on West Madison Agricultural Research Station land to the city of Madison for the reconstruction of Old Sauk Road.

- - -

REPORT OF THE BUSINESS AND FINANCE COMMITTEE

The report of the Business and Finance Committee was presented by the chair of the committee, Regent Jose Olivieri.

Discussion of All Regents

Governor's Budget

In discussion regarding the Governor's budget, it was emphasized that long-term strategic planning is needed. Other suggestions included involving a diverse group in the planning (Board, faculty, staff, students, legislatures, state budget people); having a "kick-off" session to discuss budget issues; asking the state to engage in reviewing issues, and including legislative leaders in the process from the beginning to the end. A long range analysis strategy with leadership from President Lyall and Board President Guy Gottschalk was fully supported by the Committee.

-

Instructional Technology

Defining what a hybrid course is and where we are in terms of the development of hybrid courses was discussed. Hybrid courses enhance the quality of education and students are encouraged to move towards higher instructional technology in their education. Chancellor Wiley explained that distance courses are often more expensive, but noted that the UW System can charge higher tuition for these kinds of courses to cover the cost of the course.

-

Report of the Vice President

Vice President Durcan noted a recent survey of universities dealing with budget deficits. It is apparent that many states are also facing significant budget challenges. VP

Durcan reviewed a recent state by state comparison of tuition and fees, income, state appropriations and financial aid published by the National Center for Public Policy and Higher Education.

The Legislative Audit Bureau is in the process of reviewing UW System's administrative expenditures.

-

Regent Olivieri presented the following resolution as a consent agenda item. It was seconded by Regent Smith and passed unanimously.

UW-Madison: Authorization to Recruit and Appoint: Coach, Women's Basketball

Resolution 8667: That, upon recommendation of the Chancellor of the University of Wisconsin-Madison and the President of the University of Wisconsin System, the Chancellor be authorized to recruit and appoint the Coach, Women's Basketball within a salary range that exceeds 75% of the President's current salary.

- - -

REPORT OF THE EDUCATION COMMITTEE

Regent Boyle, Chair presented the report of the Education Committee.

Academic Programming

Regent Boyle reported the committee's discussion summarized the implications of budgetary cuts for our institutions. In order to deal with this, Regent Boyle stated the importance of having proper procedures in place, appropriate criteria, and appropriate individuals including faculty and staff involved in decision making. Program reviews, Regent Boyle continued, are designed to eliminate programs, merge programs and create new programs. Institutions are upgrading their program array as needs of students and society change throughout Wisconsin and the world. Shared governance, which is legislatively mandated in this state ensures that the decision making process, particularly relating to programs, is followed by the institutions.

Provosts Rebecca Martin of UW-Parkside and Peter Spear of UW-Madison outlined their processes and principles for academic planning.

Provost Spear explained the criteria and principles used by the campus to deal with the budget crisis, such as maintaining UW-Madison as a premier institution. In the last ten years, UW-Madison has eliminated 37 programs, consolidated 25 programs to 9 programs, and implemented 13 new programs. Provost Martin emphasized that a small institution such as UW-Parkside, needs to maintain its limited number of programs to remain a viable institution.

UW System Administration will work with campuses to develop systemwide principles to use in considering academic program planning consolidation and elimination. These principles will be presented to the Board of Regents at the April meeting.

-

Program Authorizations

Two programs were presented to the Committee for a first reading. UW-Stevens Point's Provost Virginia Helm introduced the B.S. or B.A. in Web and Digital Media Development. The proposed program had been developed in conjunction with UW-Stevens Point's 2001-03 Biennial Budget Initiative. The goal of this program is to develop knowledgeable managers and leaders to provide employment in the area and encourage economic development.

Dean Randall Lambracht, Dean of the College of Health Sciences, UW-Milwaukee, described the proposed Ph.D. in Health Sciences. Addressing the critical shortage of healthcare workers and the national shortage of qualified doctoral research faculty in the Health Sciences, this program takes advantage of increased federal funding opportunities in the health services field.

A decision on these programs will be made at the April meeting.

-

Amendments to Academic Staff Policies and Procedures, UW-Madison

Revisions to the UW-Madison Academic Staff Policies and Procedures have been approved by faculty governance bodies and are recommended by Chancellor John Wiley. If within 90 days the Board chooses to review a policy or procedure, implementation will be suspended pending further action by the campus. The Office of General Counsel will provide direction if there are questions or concerns.

-

Discussion

Regent Olivieri applauded the committee's focus on expediting the program approval process as well as the System's agility in responding quickly to deliver programs needed by the state. Regarding program elimination, Regent Olivier urged that careful deliberation be considered in balancing the creation of programs and the elimination of programs. In addition, he felt that program analysis would be helpful in determining whether we are doing a good job in this area.

Noting that funding for new programs comes from existing resources and gift funds at the campuses to support that program, President Lyall stated that unlike other states, Wisconsin does not have resources for new programs. President Lyall indicated

that there is a balance between the number of new programs added and those that are eliminated because of the fiscal discipline UW System is under, which is a different environment than many other universities work under.

Regent Mohs noted that with the expertise of our campuses, principles for the criteria used to add or delete programs have been established and they are adept at matching needs to resources. He noted that all campuses will need to be fully engaged in program evaluations as the budget process continues.

Considering financial aid packages and grants for students, Regent Rosensweig pointed out, is a consideration and concern which needs to be emphasized and re-emphasized.

Regent Davis commended the Education Committee for educating the new regents about processes used at each of the campuses to make difficult decisions. She urged the committee to gather feedback on the satisfaction level or effectiveness level at each campus. A process involving all stakeholders, Regent Davis continued, is one that work bests.

- - -

ADDITIONAL RESOLUTIONS

Regent Boyle reported that the University Children’s Hospital recently received a \$10 million award from the American Family Insurance Company. The current Children’s Hospital, he explained, is inadequate in terms of capacity and facilities for patient care and for research on children’s diseases. For that reason, the Hospital Authority Board had set a new Children’s Hospital as one of its top priorities and had launched a major fundraising campaign. Stating that the American Family gift provides an excellent kick off to this effort, he expressed special appreciation to John Flad, a prominent Madison citizen, who was instrumental in helping to secure this wonderful donation.

The following resolution, presented by Regent Boyle, was adopted by acclamation, with direction that copies be forwarded to the chief executive officers of American Family Insurance and the Hospital Authority and to Mr. Flad.

Resolution of Appreciation: American Family Mutual Insurance Company

Resolution 8668: WHEREAS, American Family Insurance has pledged a most generous gift of \$10 million for the construction of a new children’s hospital at the University of Wisconsin that will provide critical assistance for seriously ill children and their families; and

WHEREAS, American Family Insurance was founded in Madison in 1927 and has demonstrated its unwavering commitment to Wisconsin communities through contributions to hundreds of deserving non-

profit groups that provide services to people in need;
and

WHEREAS, this remarkable gift will support construction of an extraordinary facility and will contribute directly to the healing of children by providing a hospital with distinct architecture designed to meet the needs of children and their families; and

WHEREAS, the construction of American Family Children's Hospital at the University of Wisconsin Hospital and Clinics will afford children the opportunity to further benefit from groundbreaking medical research; superior physician specialists, nurses and staff; and world-class resources found at UW-Madison and its Medical School; and

WHEREAS, American Family is an esteemed corporate citizen and friend to the community and has pledged a magnificent gift that will change the lives of hundreds of children and their families from across the nation;

BE IT THEREFORE RESOLVED, that with great appreciation and gratitude, the UW System Board of Regents applauds the leadership of American Family Mutual Insurance Company and praises the company's commitment to children and families in Wisconsin.

- - -

UNFINISHED OR ADDITIONAL BUSINESS

Non-resident Tuition

Regent Axtell referred to a paper on nonresident tuition that showed UW-Madison and UW-Milwaukee charging between \$16,000 and \$17,000 to nonresident undergraduate students, including an increase of \$7,000 within the last year. This tuition level places the UW as the second highest among peers and \$3,000 to \$5,000 above the midpoint. The number of nonresident students has declined by 360 from last year. These data show, Regent Axtell pointed out, that the UW is priced over the market for nonresident students, resulting in a net loss at a time when the income is most needed. He asked that steps be taken to investigate whether this situation can be rectified.

-

Listening Sessions

Regent President Gottschalk distributed a list of upcoming listening sessions, with the request that each regent try to attend at least one of them.

Regent Salas inquired about the prospects for having a session in Milwaukee.

It was indicated by President Lyall that the Waukesha session was intended to accommodate the Milwaukee metropolitan area.

Regent Jones felt that it is important that one of the sessions be held on a UW College campus, since others will be in communities with doctoral or comprehensive campuses.

Chancellor Zimpher suggested that the board hold a listening session at UW-Waukesha and that members attend a town meeting at UW-Milwaukee.

Regent Randall noted that a session in Milwaukee would allow attendance by people who would need to travel by public transportation.

President Lyall noted that, while the hearings are open to the public, a group of about 30 participants will be invited to take part in the discussions.

Regent Davis added that the Joint Finance Committee sessions are held in a public hearing format and suggested that a Milwaukee listening session be put on the list as an addition, rather than as a replacement for the Waukesha session.

Regent President concluded the discussion by indicating that the matter would be taken under advisement.

The meeting was recessed at 11:10 a.m. and reconvened at 11:20 a.m., at which the following resolution, moved by Regent Marcovich and seconded by Regent Smith, was adopted unanimously on a roll-call vote, with Regents Axtell, Barry, Boyle, Brandes, Burmaster, Davis, Jones, Marcovich, Mohs, Olivieri, Randall, Salas, Smith, Walsh, and Gottschalk (15) voting in the affirmative. There were no dissenting votes and no abstentions.

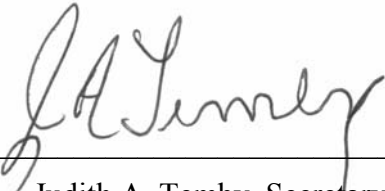
Resolution 8669: That, the Board of Regents recess in Closed Session, to confer with Legal Counsel, as permitted by s.19.85(1)(g), *Wis. Stats.*, and to consider an Honorary Degree Nomination at UW-Superior, as permitted by s.19.85(1)(f), *Wis. Stats.*

The Board arose from closed session at 11:35 a.m., having adopted the following resolution:

Resolution 8670: That, upon the recommendation of the Chancellor of the University of Wisconsin-Superior and the President of the University of Wisconsin System, awarding of the following honorary degree is approved, subject to acceptance by the nominee:

Davis Helberg, Doctor of Humane Letters

The meeting was adjourned at 11:35 a.m.



Judith A. Temby, Secretary