

MINUTES
of the
BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM
BOARD OF REGENTS STUDY OF THE
UW SYSTEM IN THE 21ST CENTURY

West Bend, Wisconsin

Held in the second floor theatre
Thursday, April 11, 1996
10:00 a.m.

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- President Grebe presiding -

PRESENT: Regents Barry, Benson, Brown, De Simone, Dreyfus, Gelatt, Grebe,
James, Krutsch, Lubar, MacNeil, Orr, Smith and Steil

ABSENT: Regents Hempel and Randall

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INTRODUCTION

Regent Grebe began by thanking the people who participated in the public hearings (the fifth of which preceded this meeting), and observed that the public commentary was thoughtful and conscientious. Noting that a summary of public input would be made available to the public, he reported that 152 people had participated in the first four public hearings; 47 E-mail comments were received (including comments by 30 students); and written testimony was received from 183 people (of whom 168 are students). Overall, 70 faculty and staff, 216 students and 94 members of the broader community participated in discussion of the Board's draft recommendations. Student comments were offered by traditional college-age resident, non-resident, and transfer students, returning adult and graduate students--a mixture which Regent Grebe observed was gratifying and very helpful to the Board. He noted that the Board was also pleased with the input from the general community, having heard from 4 mayors of local communities, 11 school district officials and teachers, 3 technical college teachers as well as local employers and professionals. He concluded that the testimony would contribute to the final recommendations.

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SUMMARY OF PUBLIC COMMENTARY

President Lyall noted that summarizing over 300 comments was challenging, but that the majority of testimony was "overwhelmingly positive," favoring efforts made to look at key areas expected to affect the future of the UW System. Noting that there was considerable support for many of the draft recommendations, she stated that she would focus her comments on those that elicited the most commentary and those which were the most controversial. Before beginning, she reported that three areas (diversity, campus research and outreach missions, and the economic impact of campuses on State and local economies) had been defined as "missing" from the document; she supported Regent Grebe's explanation that this does not reflect their lack of importance, but rather that they were not among the five areas identified at the beginning of the study as needing the most attention at this time.

Surcharge for Excess Credits

The first recommendation that attracted many comments is the proposal regarding a surcharge for excess credits; President Lyall reported that students have spoken out in significant numbers against this for several reasons. She suggested that it had not been made clear that the threshold identified would make allowances for electives, transfer credits and for other situations that would need to be included in the plan. She added that there has also been some concern that adopting an excess credit charge would have a chilling effect on students' ability or desire to explore other disciplines or change majors. Concern was also expressed about the effect an excess credits policy might have on returning adult students--an issue which may not have been discussed in the working group. She added that, if the Board wishes to go ahead with this proposal, some adjustments would need to be made for returning adults. The preliminary recommendation was that "tuition recommendations sent to the Governor and Legislature should reflect incentives and/or disincentives for reducing attempted credits to graduation." She explained that the modification suggested retains the recommendation but amends it to make it "a last resort" exerted only if the planned 3% reduction in credits is not achieved.

Regent Orr stated his belief that this proposal is one which can be a tool to help the System cope with the limited resources that are anticipated in the future. While he recognizes that some students may want to broaden their education and that some students make the personal financial decision to undertake minors and increase their marketability, he expressed concern for students who might not be able to attend at all due to lack of room. Noting that if each student took one less credit, there would be room for many more full-time students, he stated that this is "an exceedingly powerful" tool which may permit the system to educate more Wisconsin students at relatively the same cost to the State. Regent Krutsch concurred with Regent Orr, adding that the role of the Board is to look at broad policy implications--she also noted that, at UW-Madison, students who pay out-of-state tuition are twice as likely as in-state students to finish their degrees in four years. "There's

no question that financial incentives and disincentives are powerful tools and we have to consider students who are likely to come along and want access to the System." Students might still take more credits, but would have to make a financial decision. Supporting the original recommendation and noting that the 3% reduction was "fairly modest" and more could be done, Regent Krutsch added that the policy has other benefits: it reduces micro-managing since students would make decisions, students might seek advising earlier and make earlier decisions about majors, and parents would encourage them to make some of these decisions sooner.

Darnell Cloud, a student representative on the Working Group for Access and Affordability, objected to "penalizing students" who take more credits than are required, and observed that advising is a factor in these decisions. His discussions with other students led him to observe that students can receive contradictory messages from advisors, or that some advisors don't understand the students's needs or don't provide adequate counseling. In this regard, he recommended that the focus be on improving advising. Regent Dreyfus noted that discussions of students and advising requirements had "come full circle" since the era in which students rebelled against the requirement to obtain advisors' signatures before selecting courses. Now, it seems as though there's a demand for more advice and control; he suggested that students may need to give up some flexibility during their freshman years and take more directed advice. Noting that access to advising would necessarily need to increase and recognizing that some programs require more degree credits than others, Regent Barry suggested that, beyond some level (to be established later), there should be an economic disincentive for taking more credits than are required.

David Stacy, representing the United Council of UW Students, stated that there is no data available comparing credit taken beyond the minimum and average credits, and asked whether this issue should be deferred until an in-depth study can be performed. Later, Darnell Cloud, a student member of the Working Group on Access and Affordability, reported that UW-Milwaukee had performed a study of this issue and found that students who have excess credits tend to be transfer students or those with particular problems; he supported the suggestion that this recommendation requires further study. Regent Orr agreed that it's a complicated issue and that care must be taken to accommodate the requirements of particular degrees; however, he noted that relatively small changes can be helpful in permitting more students to attend the UW System. Observing that many of the students who testified at the public hearings expressed opposition to the surcharge, Regent Benson asked whether it would affect non-traditional or disadvantaged students who have restricted access to courses (due to other responsibilities or financial concerns), or if it would limit an individual's decision to take a double major or additional minor. He also noted that this issue is linked to whether improved advising can be provided to help students achieve their degrees with minimal credits and to avoid excess fees.

4-Year Degree Contract

The current recommendation is that UW System institutions provide a four year contract as an option for any students who wish to sign such a contract; by doing so, they would agree to take the specified courses for their program in each year and the university would guarantee that those sections and courses would be available. The preliminary recommendation calls for pilot programs to be established with some selected institutions in the fall of 1997 with System-wide implementation of the contract or contracts at each institution the following year.

Summarizing comments on this plan, President Lyall highlighted the major concerns: (1) Calling this a "contract" might raise legal questions or might produce expensive litigation related to it. She noted that changing the name to "an agreement" or "compact" might deflect this, but the intent would continue to be that the parties involved would live up to their parts. She noted that if the institution did not live up to its part, it would be obligated to see that the student completed his or her degree without additional expense but through institutional arrangements, such as allowing the substitution of available courses for any courses that were not available. (2) Many comments contained the assumption that this would be mandatory rather than voluntary; she recommended adopting language to stress that this would be a voluntary agreement for students. (3) Other comments noted that improved advising might allow students to develop contracts of other durations (3 or 5 years, for example). (4) Some questions had also been raised about whether graduate degrees would be affected, although the original proposal was intended only for undergraduates; President Lyall was reluctant to recommend expanding the program until some experience is gained at the undergraduate level.

Regent Grebe agreed that the issue of voluntary participation in the program can be stressed more, but suggested that efforts to avoid litigation through selecting the proper name would not deter those people who would see it as an opportunity to litigate.

Regent Krutsch differentiated this recommendation from the previous one by observing that reducing credits-to-degree is an issue addressing access and making the best use of limited taxpayer resources that subsidize university education; in contrast, the contract addresses affordability, and how to help students (and their families) complete their degrees in four years. Regent Lubar, reminding his colleagues of frequent criticisms regarding the inability to graduate in four years, stated that this program can give students an opportunity to do what they want to do within a specific time frame. Regent Smith concurred, but added that the surcharge issue is also a "fairness issue" which helps distribute public funding more fairly; he also stressed the need to provide advising and courses for students, since the UW System needs to be in line with students' needs, one of which is to get through the university in four years. Darnell Cloud later expressed his concern that students who are not able financially to finish their degrees in four years would be excluded from the benefits of this program, and recommended that efforts be made to

promote available resources or financial assistance to those students to enable them to participate, too.

[At this point, Regent Grebe passed the gavel to Regent Lubar.]

Affirmation of Current Policies

President Lyall noted that this category relates to the issues noted at the beginning of her discussion: diversity, research and outreach activities and economic development. Commentators noted that the report lacks these issues and argue that it is incomplete without them. The possible modification could be to insert an explanatory statement clarifying the focus on the five key areas defined at the outset of the study, or to include a statement in the introduction of the final report that says that policies not affected by the study remain in effect; the goal is to make it clear that this study was a targeted effort and not a sweeping review of all Regent policies. Regent Krutsch noted that such a statement should not specify the unaffected areas, since some areas might be missed.

Limits on Tuition Increases

Regarding tuition increases, the current recommendation language is that the Board reaffirms its policies in three parts:

- 1) that tuition increases should be kept moderate and affordable;
- 2) that resident undergraduate tuition rate increases should not exceed 10%; and
- 3) that GPR financial aid and graduate assistant support increases should be commensurate with general tuition increases.

Comments on this recommendation included criticism of the 10% level as neither moderate nor reasonable, and the suggestion to consider lowering that figure. In response, President Lyall reminded her listeners that whether that limit can be lowered depends, in part, on the biennial budget process; she suggested that language could be inserted that asserts the desire to keep tuition increases close to what the historical trend has been (i.e. 5-6%), but that increases will depend upon the biennial budget financing situation. Regent Gelatt spoke in support of the current language, which he said expresses the desire to keep tuition increases at the inflation rate or less, but recognizes that the system has not had a fiscal environment in which that was possible. The suggested modification, he argued, "ties our hands at a time when the Legislature hasn't been providing the funding to make limiting increases to the level of inflation possible." Regent Lubar concurred, and commented that no options should be restricted. Regent Smith felt there should be some relationship to inflation. Regent Barry suggested deleting the reference to a

specific limit, which was also supported by Darnell Cloud, a student member of the Working Group on Access and Affordability. Regent Barry cautioned that it is important to be realistic: the cost of a college education is escalating while its value as tied to such increases is being questioned. He added that the current environment and general trends make it difficult to control costs and keep tuition from rising disproportionate to inflation, and cited the example of the necessary increase in per-credit tuition in the Wisconsin Technical College System. He concluded that naming any figure should be avoided, although the Board would continue to do its best to keep increases moderate, predictable and affordable.

Auxiliary Fund Transfers

President Lyall turned to two preliminary recommendations regarding auxiliary fund transfers. One suggests that campuses, with Board approval, should be able to expend available monies from any auxiliary program, for any program-revenue, student-related activity (except instruction) for which one-time funding is needed. The second version of that recommendation would permit auxiliary revenues to be spent for student related activities including instruction. Testimony from some students and some auxiliaries directors and housing directors in the System revealed their concern that it could be tempting to increase auxiliary fees when money is needed for other areas; they also argued that those "pockets should be kept separate" so students who pay residence hall fees (for example) would have those fees restricted to be used only in the residence halls. The suggested modification is to permit transfers of auxiliary revenues within and among all auxiliaries needs. For example, this would permit increases in residence hall rates to be used for parking purposes or vice versa, but would not permit those rates to be raised to generate instructional money in classrooms. President Lyall reminded the Board that this issue arose because several chancellors were particularly concerned about having revenue balances in some areas in their auxiliaries and needs in the other areas and wanted to be able to use those auxiliary revenues more flexibly.

Regent Gelatt stated that the Working Group on Future Funding and Revenue Structures had advocated asking for legislative change to gain future flexibility. He stated that they were not advocating the use of auxiliary monies for direct instructional expenses, but that, for example, it did not seem unreasonable to use money earned selling sweatshirts in the bookstore to fund computer laboratories in the student center, which might be precluded by the more restrictive language. These would be one time uses of funds which would include a requirement for Regent approval of cost transfers, so that they wouldn't be used without careful consideration. Regent Lubar agreed that Legislative changes should be sought. Regent Gelatt cautioned that higher room and board rates, for example, should not be used to fund laboratory modernization since this would counter recommendations aimed at keeping student costs affordable; however, he stated that auxiliary income streams that are not part of the required student budget could provide profits that could be applied to the needs of the institution. Darnell Cloud expressed his

concern that students might see increases in residence hall fees to increase the auxiliary profits, which he likened to a "tax" on students; while transferring from auxiliary to auxiliary in a manner which would clearly benefit students would be acceptable, he questioned whether using increased residence hall fees to fund a parking structure would benefit all students.

Incentive Fund for Distance Education/Instructional Technology/Collaborative Programs

The final item that drew controversial commentary was the recommendation to have each institution create internally an innovation/incentive fund of approximately .5% of its GPR/Fee base which would be available to support system-wide priorities such as distance education, instructional technology, and collaborative programs. President Lyall noted that the testimony received on this topic objected to requiring any kind of incentive fund or innovation fund since the UW System institutions have already had to deal with severe base budget cuts and setting aside further money would strain their abilities to deal with their on campus constituents; however, many commentators supported the distance education and instructional technology proposals provided that new money was available for them. The modification suggested for this recommendation would be to hold these funds in each institution's base budget and identify them as matching funds for other distance education funding--those funds would also be available to support collaborative programming. President Lyall reported that she initially thought implementing system-wide initiatives would be difficult without access to central resources, but her discussions with the Chancellors persuaded her that those resources can be held at each institution and ear-marked as being available for pursuing system-wide initiatives.

Noting that the lack of a central fund might make encouragement of inter-institutional collaboration more difficult, Regent Gelatt asked if President Lyall believes that there is no need for one. She conceded that a central fund would make the process easier, but that this system can work if it's clear that there is an account at each campus that is available for pursuing these Regent priorities. Regent Gelatt asked whether Regent approval (rather than merely notification) would be required to use these funds, and President Lyall responded that the modification could include language requiring approval for expenditure of these targeted funds. Regent Barry stated that requiring review and approval should be part of the compromise allowing the funds to remain in the institutions' budgets. Chancellor Kuipers expressed strong objections to such a requirement, asserting that the institutions are motivated to collaborate, have many collaborative projects, and that this measure might be more appropriately imposed if, in the future, it is determined that there is an insufficient level of collaboration. Regent Grebe asked whether the campuses would be opposed to a reporting requirement, to which she agreed. Regents Lubar, Steil and MacNeil also agreed: Regent Lubar observed the inconsistency of encouraging innovation while attempting to regulate it; Regent Steil spoke in support of less micro-management; and

Regent MacNeil stated that requiring an annual report rather than requiring prior approval would also provide institutions with increased flexibility.

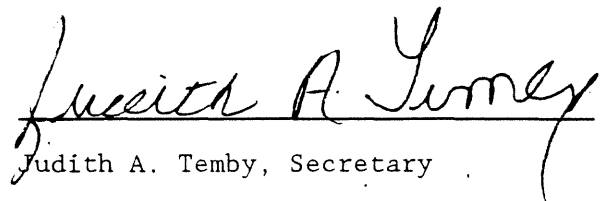
Chancellor Perkins stated that any set-aside would have an impact on each institution's budget and that there would be a differential impact across institutions. He also expressed concern that the requirement to set aside this fund, which seems small, would exacerbate competing needs; instead, he recommended granting the institutions increased flexibility to manage resources to invest in technology according to their own plans. Regent Barry suggested that Regent action might assist Chancellors in allocating funds to high priority areas. Regent Krutsch, supporting Chancellor Perkins' comments, noted that there might be occasions where competing needs within a campus might require spending these funds elsewhere; however, she added that ignoring distance education and technology would not find favor with President Lyall.

Regent Gelatt, supporting central funding and coordination, cited the historical precedent of the introduction of administrative computing in the System (circa 1960), at which time there was no effective way of making each campus do this in the same way, so each campus did it differently. While the decisions made were good for each campus, or were driven by generous contributions, this has resulted in current difficulties in working together. He cautioned that the distance education system is one which will need to be coordinated between the campuses, and expressed concern that without an incentive for them to do it the same way, the problem begun thirty years ago might be repeated. Central control would encourage the overall system to work together.

FINAL REPORT

Regent Grebe concluded the meeting by announcing that the Board would consider a final version of the report at its May 10, 1996 meeting. That report would include further revisions which would take issues raised at this meeting, as well as in the public hearings, into account.

The meeting ended at 12:04 p.m.


Judith A. Temby, Secretary

30 April 1996