

MINUTES OF THE REGULAR MEETING

of the

BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM

Madison, Wisconsin

Held 1820 Van Hise Hall  
Thursday, February 7, 2002  
11:00 a.m.

- President Smith presiding -

Present: Regents Axtell, Boyle, Brandes, DeSimone, Gottschalk, Gracz, Jones, Krutsch,  
Marcovich, Mohs, Olivieri, Schneiders and Smith

Unable to Attend: Regents Barry, Burmaster, Klauser and Randall

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**BUDGET UPDATE**

Regent President Smith reported that the UW has worked cooperatively with the Governor to fund a balance between meeting state budget needs and keeping the commitment of the economic stimulus program, both of which are essential for the economic viability of the state. Expressing gratitude that the Governor's proposed budget actions recognize this partnership role, he indicated that, while there are cuts in the first year and reduced increases in the second year, it still will be possible to do part of the economic stimulus package.

At the same time, he pointed out, any further cuts would be disastrous for the university and the state, requiring cuts in enrollment that would be harmful to students, their parents, and the public. The UW is positioned to be responsive to the state's needs, he emphasized, and has been proactive in providing leadership for economic summits in the last two years.

He asked that time be taken before acting on tuition offsets or other responses, since the Governor's bill had not yet been introduced and any decisions at this time would be premature. He also had asked President Lyall to modify the schedule for 2003-05 biennial budget considerations, so that budget needs for the upcoming two years are not discussed while the state and UW are in the midst of considering the budget reduction bill for the current biennium.

President Lyall summarized the Governor's budget reduction proposal and suggested how reductions might be handled while still moving forward, though more slowly, on the most important initiatives in 2002-03. Noting that the state faces a fiscal deficit, she affirmed that the UW must be part of the solution, both by participating in GPR reductions and moving ahead with as much of the Economic Stimulus Package as possible, while protecting core educational quality.

The Governor's proposal, she explained, recognized the need to invest in the future and protect education as a core state value. It also envisions a fundamental change in the relationship between state and local governments that, because UW institutions are citizens of their communities and economic partners with local governments, will affect opportunities to serve statewide.

As background to the management challenge posed by the budget reduction, President Lyall noted that Wisconsin invests \$800 less GPR in each student's education than its peers nationally. The \$51 million proposed reduction would amount to another reduction of \$300 per student, increasing the challenge of providing quality education with considerably fewer resources per student than peers.

The Governor's proposal would cut \$10 million permanently from the current 2001-02 base budget and an additional \$30 million in 2002-03, for a total biennial base reduction of \$51 million. When netted against the \$41 million for the Economic Stimulus Package included in the second year of the original budget, this leaves \$11 million for Economic Stimulus initiatives. In addition, the proposal would enable the Board of Regents to increase resident tuition a maximum of 10% from the original 7% and 9.1% already built into the budget for the second year of the biennium. This would generate an additional \$9 million, if all flexibility were used, amounting to a maximum of \$20 million (about half of the original Economic Stimulus Package) that could be funded in 2002-03. The proposal also increases state financial aid by 10% to parallel any tuition increase.

In the Economic Stimulus Package, the President noted, the UW committed to educating nearly 2,600 more students in high-demand fields, including computer science, biotechnology, bioinformatics, genetics, and microbiology, as well as generating patents and spin-off businesses based on UW research. It was agreed to do this without reducing access for other categories of students. If the Governor's proposal should become final, the UW could accomplish half of this package in 2002-03, deferring the remainder to the following year, while maintaining EM 21 enrollment targets.

Other budget proposals under debate include one that would freeze second year budgets, nearly doubling the UW's cut to \$92 million, eliminating the Economic Stimulus Package entirely and forcing enrollment reductions. Tuition increases above 10% would be required to prevent worst-case consequences.

While the Governor's proposal is challenging, President Lyall remarked, it allows the UW to continue to contribute to Wisconsin's economic future.

With regard to timing, she noted that now is the time to make admissions decisions and hiring offers, but that legislative action may take many months. Even with this uncertainty, the Chancellors are prepared to make the commitment to admit 1,200 more students and hire the faculty needed to teach them next fall on the assumption that the UW's cut will not exceed \$51 million. Institutions also need to keep strictly to their fall 2002 EM 21 targets, totaling 133,630 FTE. If the final budget cut exceeds the Governor's recommendation, staffing and enrollment reductions for the second semester of next year will need to be considered.

Because the state needs the UW's help to secure the long-term economic future, President Lyall recommended that this risk be taken for the sake of Wisconsin, counting on the Legislature to join in this commitment to economic growth and not exceed the \$51 million reduction.

Finally, the President itemized some of the tough choices that have been made to cut staff and needed equipment from base budgets and to streamline operations: 1) Replacement of a number of non-instructional vacancies has been delayed, which will slow service in administrative areas; 2) The current replacement cycle for faculty desktop computers has been frozen; 3) funding reserved for smaller spring class sizes for freshmen and sophomores has been eliminated; 4) professional development funding that helps faculty and staff remain current in their fields has been reduced; 5) recruitments under way for some full-time faculty have been closed, and part-time lecturers will be used instead; 6) planned intersession courses will be reduced or eliminated; and 7) staffing improvements in some student financial aid processing will be delayed.

Other measures that might be considered include: 1) Slowing new program approvals and focusing on those that advance economic development, international and security needs of the state and nation; 2) adjusting the academic calendar to create a longer winter break to save energy costs; and 3) seeking additional flexibilities to manage purchasing telecommunications contracts, and other areas where savings can be achieved.

Noting that none of this is easy, President Lyall said the University's willingness to pitch in should not be taken as a sign that these cuts are painless. Students will feel the inconvenience of larger classes and longer delays in some services. Faculty will have higher workloads and be unable to replace some retiring colleagues and research associates. Parents, legislators, and the public will experience slower response times on replies to questions and requests for information. Administrative costs, already the lowest in the nation, will shrink even further.

Referring to Governor McCallum's statement that the state must find new ways to function, she said the UW will do so as well. She asked clients across the state for patience and understanding in the effort to balance quality, access, and outreach as a public university and to advance the future of the state of Wisconsin.

In discussion following the President's remarks, Regent Boyle pointed out that the budget proposals will have additional implications for UW Extension and the UW Colleges because of the funding mechanisms available from local governments for those institutions. He also remarked that there will be little flexibility to help any institutions that exceed enrollment caps.

President Lyall concurred, adding that exceeding enrollment caps would further reduce support per student.

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## **ACHIEVING EXCELLENCE: THE UNIVERSITY OF WISCONSIN SYSTEM ACCOUNTABILITY REPORT 2001-02**

In opening remarks, Regent President Smith noted that the UW was one of the first university systems in the country to issue a public accountability report, beginning in 1993 and issued annually ever since. It is the most extensive report of its kind in the nation and is recognized as a national benchmark. The report has continued to be improved over the years, with updated accountability indicators to reflect new technologies, markets and priorities. For the first time, this year's report includes campus-specific reports. Through this report, he pointed out, the UW continues to exercise national leadership while providing broad-based accountability to stake holders and the people of Wisconsin.

Introducing the report, President Lyall explained that the report benchmarks the UW against national or state measures or against progress over time. It takes a "balanced scorecard" approach, recognizing that the UW serves multiple constituencies, some of whose expectations may conflict. It is important, she noted, to look not only at individual indicators, but at the overall picture of tradeoffs and balances struck within a limited set of resources.

Two new features of this year's report are:

- 1) Campus-specific measures presented at Regent request. Four indicators common to all campuses are: performance related to enrollment targets; retention/graduation targets; student engagement in co-curricular activities including internships and volunteer work; and performance on targets related to credits-to-degree. Other indicators were added by each campus to reflect its own particular goals.

- 2) UW student ratings of various aspects of their learning experience taken from a new national student survey and compared with peers across the country.

Turning to the section of the report concerning operational environment, President Lyall pointed out that demand for admission remained brisk last year, as a declining economy sent more students back to college in search of degrees and professional certificates. The importance of serving these students was acknowledged in the biennial budget provision of \$41 million in the second year for the Economic Stimulus Package to prepare 2,600 more graduates in high-demand, high-tech fields for the state's workforce.

With regard to resource base, the UW continues to diversify funding sources: GPR provides 32% of the total budget, while tuition (17%), gifts and grants (30%), and program revenue earned from operations (21%) provide the rest.

A UW education remains affordable compared to other states and universities. The average cost of attendance at a UW institution is about 17% below the national average for four-year universities and takes about 15% of median family income in Wisconsin compared to 20% nationally.

Instructional workload has remained constant over the past several years, with faculty teaching 60% of total student credit hours, instructional academic staff teaching 32%, and graduate assistants teaching 8%. This pattern reflects the loss of 500 faculty positions in budget cuts of the mid-90s. The 1999-2001 budget prevented further erosion of faculty positions, but more could occur if the proposed base cut for 2001-03 should increase.

External research funding rose by \$100 million last year, the President continued, reflecting a remarkable flood of research breakthroughs in biotechnology, genetics, agrigenetics, engineering, and other 21<sup>st</sup> century fields. Noting that UW research generates thousands of good-paying jobs statewide and helps the state repatriate a portion of the funds Wisconsin sends to Washington, she pointed out that UW research alone generated more than a \$1 billion economic impact throughout the state, making it one of Wisconsin's most important industries and a key to growing future incomes in the state.

President Lyall then summarized the report's findings on 2001-02 accountability indicators.

Goal I: Ensure widespread access and increase the pool of eligible applicants.

Performance indicators show that the UW has done well at maintaining access for traditional Wisconsin high school graduates; increasing participation in pre-college programs; and expanding distance education opportunities statewide. The UW enrolls 32% of all Wisconsin high school graduates somewhere in the System – well above the national average of 22%. Pre-college programs served more than 8,000 disadvantaged students last year, up from 5,000 the year before; and more than 17,000 students were served by distance education courses, up from 10,000 the year before. Enrollments and degrees granted to students of color rose 8%. On the other hand, the UW remains challenged to increase service to non-

traditional students. Last year, there was a modest increase of 1.4% in non-traditional students system-wide, with further gains expected this year, particularly as a result of the economic recession.

Goal 2: Increase persistence and graduation rates. Performance indicators show that both second-year retention rates (78.8%) and six-year graduation rates (60.5%) exceed national benchmarks of 72% and 48% respectively. The second-year persistence rate for students of color (71.6%) is at the national average but below the persistence rate for the UW System as a whole. The challenge is to meet new benchmarks by increasing second-year persistence to 82% and the six-year graduation rate to 64% with the fall 2004 cohort of freshmen.

A new national student survey was used to see how UW seniors rate academic support, including academic advising. UW students rate overall academic support services on a par with other institutions nationally, but significantly fewer UW students say they received good or excellent academic advising. The President noted that advising has continued to be included in biennial budget requests, and United Council continues to rank it as a top priority. Success in advising, she pointed out, can be expected to impact future performance on persistence and graduation rates.

Goal 3: Improve learning competencies and foster critical thinking skills. Indicators from the National Student Survey show that a large share of UW seniors (75% plus) believe their education has helped them think critically and analytically. These responses equal the national benchmark responses from other four-year institutions. UW students perform beyond the benchmarks in their pass rates on professional exams in nursing, CPA, Medical Aptitude Test, and Graduate Record Exams. The challenge is to ensure that UW programs keep up with professional practice standards that are rising steadily and often have significant associated costs. It will be necessary to continue to balance enrollments with resources in professional programs.

Goal 4: Provide students an ability to function in the global community. The number of UW bachelor degree recipients who study abroad for a semester or longer rose to 8.2% last year from 6.6% the preceding year, an increase of about 350 students. While moving in the right direction, at this rate it will take another decade to reach the 25% benchmark. While UW institutions continue to form agreements with universities abroad, the President pointed out that the current economic recession may slow this trend for the present, adding that September 11<sup>th</sup> underscores the importance and value of understanding other cultures and languages. The National Student Survey indicated that significantly fewer UW seniors, compared to the national benchmark, say that their education contributed to an understanding of people of other racial and ethnic backgrounds or afforded them the opportunity to converse with other students whose personal values,

political opinions or religious beliefs differ from their own. The challenge for this goal continues to be to find ways for more UW undergraduates to have a study abroad experience, and exposure to different kinds of diversities.

Goal 5: Provide student opportunities for guided research, mentoring, and citizenship. Indicators show that UW seniors have more opportunities for internships and field learning, participate more in co-curricular activities, and do more academic preparation outside of class in teams or other collaborative modes than their counterparts nationally, although they lag in the proportion of undergraduates who have worked with a faculty member on a research project. On the other hand, significantly more UW students have done some form of community or volunteer service.

With respect to use of instructional technology, UW seniors use e-mail more often than their national counterparts to communicate with an instructor, but use the Internet slightly less often to complete academic assignments. They match the national figure in the percentage (71%) who feel that they have developed appropriate skills in computing and information technology.

Goal 6: Stewardship of resources. Indicators show that the UW is meeting its targets for investment in faculty professional development (1.6% of payroll compared to the 1% target); for keeping administrative costs low; and for reducing the number of credits taken by undergraduates (137 vs. 139 last year and a target of 140). Both faculty and student satisfaction with availability and quality of computing services is rising. Enrollments in collaborative degree programs involving two or more UW institutions rose sharply, as did the number of articulation agreements with WTCS institutions. System-wide management of major investments in computing software saved more than \$9.5 million over individual campus licensures.

Continuing challenges are to upgrade classrooms with technology that can support current on-line teaching materials and to reduce the maintenance backlog on UW buildings. Despite over \$30 million invested since 1995, about 60% of instructional space still needs remodeling and technology improvements. In the 2001-03 budget, the Regents requested \$275 million in GPR to start implementing a ten-year maintenance plan, \$169 of which was approved. Some of that amount may be delayed as part of the state budget reductions currently under way.

Overall, President Lyall summarized, the UW had met or exceeded targets on 13 out of 20 measures; four measures showed mixed progress (graduation gap for students of color, study abroad, undergraduate research opportunities, and student use of the Internet for assignments); and three measures require considerable additional effort (improving academic advising, increasing student understanding of racial/ethnic differences, and building maintenance).

She observed that all of these dimensions of constituent expectations challenge the UW to improve performance for students, to expand partnerships and collaborative work, and to advocate for the resources necessary to achieve these goals. Cautioning that the good performance of UW institutions should not be taken for granted, she pointed out that it reflects the hard work of thousands of faculty and staff, the leadership of chancellors, and public support for the UW's mission. Budget cutting challenges in the next year will require maximum effort to maintain current performance levels and move forward.

In conclusion, the President noted some of the tradeoffs that must be made year by year: the substitution of instructional academic staff for faculty as budgets and positions were cut; the struggle to maintain aging buildings and adapt them to modern instructional needs; the effort to increase retention/graduation rates by improving academic advising; the need to balance service to traditional and non-traditional students; and the need to balance access and affordability. Noting that the \$51 million to be cut from the budget will make these tradeoffs even more challenging, she emphasized that the entire UW community must continue to work together daily on achieving excellence and maintaining the progress documented on this report.

In discussion following the presentation, Regent Axtell suggested that future reports include e-learning policies and Learning Innovations programs.

With regard to study-abroad programs, he noted that only semester-long programs are counted in the report, but that programs shorter than that can be very valuable in exposing students to other cultures. He also suggested that faculty experience in other countries be reported on the basis that faculty can influence hundreds of students through their experiences.

Regent President Smith agreed that shorter programs can be of great value and should be considered in measuring student experiences abroad.

Regent DeSimone commented that some programs abroad can be very expensive and cited the example of a one-year program in Italy that costs \$20,000. Noting that such a price could deter students from studying abroad, he asked if there is financial assistance available to make it possible for more students to take advantage of these opportunities.

Regent President Smith remarked that many study-abroad programs are not much more costly than attending college in Wisconsin.

President Lyall indicated that study-abroad scholarships are available, including funding from the state in the last biennium. Such scholarships average around \$2,000.

Regent Schneiders asked for more information regarding price of study-abroad programs, noting that, if most programs are costly, it would not be possible to reach the 25% goal.

President Lyall expressed assurance that expensive programs are not the norm.



Regent Axtell added that tuitions generally are reciprocal and that room and board costs are about the same as at the home institution. The \$2,000 scholarships are intended to cover air fare and incidentals.

Chancellor Wiley indicated that UW-Madison has reciprocal agreements with other universities. Programs vary in price, with some being inexpensive and others being costly. If programs shorter than a semester in length are counted, he said UW-Madison's percentage of students studying abroad is close to 20%.

Regent Axtell asked if study-abroad applications are increasing, to which Chancellors Wiley and Zimpher replied in the affirmative. Pointing out that terrorism has not dampened enthusiasm for these programs, Regent Axtell noted that students understand the value of seeing more of the world.

Regent Olivieri commented that the format of the report, measuring performance against benchmarks, is very useful. He also felt the campus-specific reports were helpful and should be continued.

With regard to the benchmarks that measured performance against national averages, he suggested that the target might often be set above the average and that challenges in terms of retention issues should be recognized and improvement pursued. In the area of critical thinking, he felt that testing, like that to be undertaken at UW-La Crosse, would provide a better measure of performance than student surveys and that UW students would do well on such measures.

In the area of credits to degree, he thought the goal of 140 should be lowered to less than the current average of 137, perhaps having different standards for the comprehensive and doctoral institutions. The issue is important, he emphasized, in terms of efficiency and access, allowing the UW to be able to serve more students.

With regard to foreign experiences for students, he felt lowering the goal should be explored because of the large discrepancy between the 25% target and the current study-abroad rate of 8%. While study abroad usually is more expensive than study at home, he felt the greatest challenge is not the matter of travel cost, but the matter of credits to degree, in that study abroad often requires students to spend another half year or year on campus before they can graduate. He felt it should be a priority to enable students to graduate in four years even with a foreign experience. This is a problem he often heard voiced by parents.

Regent President Smith noted that the goal of 25% had been set to send a message that major steps are needed to compete with the 40% study-abroad rate at private schools.

Regent Krutsch felt there should be more and different ways to measure what students know and are able to do. Rather than a student survey with general questions, she felt more substantial measures should be found.

Stating that the report has many excellent measures of performance on key issues of access, affordability and quality, she suggested that the Committee on Board Effectiveness, which had recommended the campus-specific reports, might respond to the report on an annual basis, in consultation with Regents and others.

She also suggested that affordability should be more specifically set forth in the goals and associated indicators, particularly in terms of the cost of obtaining a degree. This would measure finishing at a quicker rate, so that cost-to-degree is less both for the student and the taxpayer. Noting that an important measure of affordability is student debt at graduation, she pointed out that the best way to reduce the amount of debt is for more students to graduate in four years. In that regard, she said the measure of six years to degree is being reconsidered in other states and suggested that the UW be a leader in measuring rates of obtaining degrees in four years and including that in the accountability report.

Regent Mohs found the campus-specific reports very interesting, noting that they show how different UW campuses are from one another. He agreed with Regent Krutsch that, in terms of retention, it is important to consider how well prepared students are to succeed. While measurement is complicated, he felt that UW-Madison, for example, has done well at compiling meaningful statistics.

On the subject of study-abroad programs, Regent Mohs observed that, regardless of the number of credits awarded, the experience itself is of great value. He felt it would be unrealistic to expect that 15 credits be awarded for a semester's work unless the students were fluent in the language of the country to which he or she traveled. To set such an expectation, he cautioned, could reduce the cohort of students who would apply for study-abroad programs.

Regent Axtell did not view the 25% study-abroad goal as unrealistic, noting that inclusion of all study-abroad experiences would raise the rate considerably from the current 8% and that private colleges in Wisconsin send 45-50% of their students abroad.

Commenting that the accountability report is one of the UW's finest documents, Regent Axtell recalled that one purpose when the report originally was created was to earn credibility and persuade the Legislature to allow the UW to govern its own budget. Some, but not all, of that flexibility had been obtained. The accountability report, he stated, is a true and proper accounting of what the UW is trying to accomplish and, as such, it is a very valuable asset.

Speaking in support of the national student survey, Regent Jones pointed out that many institutions are using survey data to engage the campus community in addressing important issues.

President Lyall recalled that an earlier survey had solicited alumni responses to the same kind of questions. It was interesting, she noted, that alumni give the UW higher grades in academic preparation and critical thinking than do students. She found both perspectives useful, adding that the student survey is the only one that provides a national benchmark.

Regent Brandes said that she would be opposed to lowering the goal of 25% for international education because of its importance to quality education. She pointed out that prospective students look not only at the number of study-abroad programs that are available and the number of international students on campus, but also how many students participate in programs abroad. In addition, students who study abroad enrich

campus life with the perspective they have gained. Instead of lowering the standard, she suggested efforts to increase scholarships and other aid, adding that many companies would be willing to contribute to these programs because it is expensive for them to prepare new employees to go abroad.

With regard to time-to-degree and study abroad, Chancellor Wells pointed out that students who rely on jobs to finance their education generally cannot work while studying abroad and thereby lengthen their time to degree. The downturn in the economy, he added, also affects time to degree because many students will make the economically rational decision to stay in school and obtain another academic degree or credential, rather than enter a slow job market.

Chancellor Shepard noted that the UW is reaching out to nontraditional students, many of whom have jobs and families and therefore would not be able to study abroad. It also is difficult for some returning students, he added, to graduate with less than 135 credits, as transcripts include credits from previous study.

Concurring that those are important points, Regent Krutsch felt statistics should take into account the difference between traditional and non-traditional students. With regard to the matter of credits to degree, Regent Krutsch suggested that in some programs that require higher numbers of credits, consideration be given as to whether credits in the fifth year could be considered graduate credits, as in the UW-Madison accounting program that awards a masters and undergraduate degree at the end of the five year program. She cited the example of music education, which requires more than 150 credits for a bachelors degree. She felt this might be another example of a program in which students might receive a masters degree at the end.

Chancellor Wiley commented that there is a problem in averaging different kinds of degrees, including those that are meant to take five years. If only those programs designed to be completed in four years were measured, it would be found that most students complete them in four years. He also suggested using the median or mode, rather than the mean as a measure. Some students, he noted, take much longer than four years to graduate for family, personal, health or other reasons that have nothing to do with program design. These numbers bias the average.

Chancellor Zimpher noted that there is an array of models in teacher education, some of which take five years to complete. She agreed with Chancellor Wiley that measurements should be refined.

Regent Olivieri pointed out that when it was decided to reduce credits to degree, UW institutions reacted in a favorable way. He predicted that further progress could be made, if the target were lowered, noting that the average already is below the current goal.

With respect to study-abroad programs, he thought many students would be willing to work hard to get full credit for the experience and that obstacles to achieving that should be removed.

Concerning student decisions to stay in school and earn more credits in a slow economy, it seemed to him that consideration should be given to raising the cost of credits above a certain level. Students then could take the increased cost into account in

deciding whether to accumulate more credits. He commented that the matter of credits to degree is an efficiency issue and affects the ability to serve more students.

Observing that opinions on the matter of credits to degree are not uniform and that more discussion will be needed, Regent Mohs noted that the mechanism exists for students to graduate in four years if they choose to do so. Others will make discoveries that will affect their choice of career and change their majors, resulting in more credits to degree.

The Board recessed at 12:20 p.m. for a development program and reconvened at 1:15 p.m.

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## **UNITED COUNCIL STUDENT PRIORITIES**

Noting that the Board always welcomes the voices of students, Regent President Smith introduced representatives of the United Council of UW Students, Wisconsin's only statewide student organization, representing approximately 140,000 students at 23 UW campuses. They were appearing at this meeting to share with the Board the set of issues about which the students they represent are most concerned.

Maggie Brown, United Council Academic Affairs Director, began her presentation by introducing the theme, "Investing in the 3 Rs: Recruitment, Retention, and Resources." While the first objective had been to look forward to the 2003-05 biennium, it had become apparent that the state budget deficit would cause a complete re-examination of state spending. Rather than seeking support for new initiatives, the items students had identified as priorities would serve as areas that students feel should receive the highest level of protection in making budget reductions.

While students are not immune from economic realities, she urged that they not be made to bear the brunt in making up budget differences.

Concluding her remarks, Ms. Brown noted that enhancing the quality of education is a trademark of the UW System and thanked the Board on behalf of students for continuing to set high expectations of its institutions, faculty, staff and students in turbulent economic times. She noted that not all student priorities require additional dollars, but rather provide the opportunity to do some things differently to achieve quality and access at an affordable level.

The next speaker was Benjamin Brost, a student at UW-Marathon County and Vice President of the UW Colleges Student Governance Council. Addressing the subject of academic and career advising as a continuing top priority for students, he noted that many enter the university undecided about their major. To address this need, many campuses have created advisor positions specifically for undeclared majors. While this has proven helpful, it has also served to demonstrate the need for an effective relationship

between academic and career advising. Currently, he said, academic advising serves only to assist students in meeting educational requirements, while career service centers are seen as places for students to search for jobs, rather than a service to assist students in deciding on a career and major.

Coordinating advising efforts, he continued, would meet important goals of the Board. To help the state's economy, students could be introduced to career opportunities in high technology fields. If introduced to these fields early in their academic careers, they would be more likely to take internships and develop relationships with Wisconsin employers, helping to alleviate brain drain. In addition, assisting students with career choice would reduce the number of credits to degree by reducing changes of majors and taking of unneeded credits.

Emily Phillips, a UW-Milwaukee student, spoke of the importance of libraries and resource centers in achieving educational excellence. As fields of knowledge continue to expand, she noted, it is essential to increase the type and quantity of quality research and library materials available to students. Recognizing that the Internet is not a replacement for books, she remarked that quality of books on campus is deteriorating as a result of years of resource scarcity. While this is true across disciplines, she said, it is especially true in the area of diversity and multiculturalism. Therefore, she felt it important to create and expand resource centers to supplement library and course materials. Not only do these "mini-libraries" offer academic resources, she observed, they also create an environment where underrepresented students can find peer support.

Remarking that there are few campus resources local citizens use more than libraries, she pointed out that, in communities that host UW campuses, these facilities are a vital component of the educational experience for area residents and, thus, very much in the spirit of the Wisconsin Idea. In closing, she urged the Board to keep these important educational assets in mind in budget deliberations.

David Glisch-Sanchez, a UW-La Crosse student, spoke in favor of curriculum infusion as a means to enhance educational quality and build upon the commitment of Plan 2008 to foster positive educational environments and enhance respect for diversity. He suggested release time or positive marks toward tenure as incentives for faculty to work on infusing into the curriculum the experience of all races, genders, abilities, religions, and other diversities. Students benefiting from such a curriculum, he pointed out, will be better prepared to work in a global economy.

As examples of curricular infusion, he mentioned including in the health sciences study of culture-specific illnesses and customs that would influence treatment; including theater arts productions with feminist, ability, and cultural themes; acknowledging the contribution of under-represented communities to the economy; and teaching future educators the cultural norms and customs of various populations so as to create effective educational styles.

Jessica Miller, Chair of the Associated Students of Madison, spoke of the importance of keeping tuition affordable. Acknowledging the Board's efforts to maintain a balance between quality and access, she said that the average UW student graduates with more than \$15,000 of debt. Student debt and burden on families increases with every tuition increase, she commented, especially in times of economic downturn. She urged that tuition increases be kept at a reasonable level, preferably the cost of inflation, in order to provide a more secure future for state citizens and a sound investment in the state's future. She further commented that large increases in non-resident tuition are making it very difficult for students from other states to remain at UW institutions.

Concluding the students' presentation, Matt Fargen, President of United Council, outlined several additional student priorities: 1) A comprehensive study of campus climate to address all aspects of retention for all students; 2) access to affordable childcare for students; 3) higher wages for on-campus jobs to help students meet tuition and cost-of-living expenses; 4) competitive salaries to help UW retain the best faculty and staff, but not funded disproportionately by students; 5) a minimum standard of health care services available at all campuses; and 6) enhanced support for all goals of Plan 2008.

In discussion following the presentation, Regent President Smith noted the UW's limited resources in this difficult economic time and asked if there is a consensus among students as to which of their goals should receive top priority.

In reply, Mr. Fargen indicated that the students had not prioritized the goals but that further discussion would be undertaken at an upcoming general assembly. Ms. Brown indicated that cost is an issue of high concern to students. She also noted that some objectives, such as improvements in advising could be undertaken without additional dollars. Mr. Fargen added that linking financial aid to tuition increases is a priority.

Regent Marcovich asked for student reaction to the concept of cohort tuition, with higher tuition in the first year and a guaranteed rate for the remaining years, as a means of helping families to plan for higher education costs.

Ms. Brown replied that students are continuing to review that option but that the initial up-front cost is a concern. Their preferred financing option would involve a contract with the state that would provide the UW with stable support.

Regent Axtell asked how United Council communicates its view to legislators.

Mr. Fargen replied that students have sent nearly 1,000 letters to legislators on a variety of issues. In addition, both he and the legislative affairs director spend a considerable amount of time at the Capitol, visiting with legislators and staff. Adding that campus student groups are very well organized, Ms. Brown indicated that institutional student leaders do considerable advocacy with their local legislators. There also are statewide and federal lobbying days.

Commending the students for their well-prepared presentations, Regent Schneiders noted that some facility projects include considerable student fee revenues and asked if consideration is given to the amount those projects add to the cost of education.

Replying in the affirmative, Ms. Brown said student decisions to fund such projects demonstrates their commitment to making the university a better place to live and learn and to the shared responsibility that comes with shared governance.

Noting that such decisions are made by campus student committees or through referenda with small numbers of students voting, Regent Schneiders asked how feedback from the campus student population is obtained.

Ms. Miller referred to a UW-Madison project in which students had decided to pay for two-thirds of building costs for a new health and student activities building. Students had supported this course of action in a referendum. While such referenda can no longer be used, arrangements have been made for general meetings about the building, its design, cost and what should be incorporated. Each of these meetings has drawn 150-250 students. There also are meetings with larger student services groups in order to involve them in the process.

Noting that the student priorities did not include international experience, Regent Schneiders expressed concern about subsidizing programs with GPR and tuition funds if meaningful credits were not granted. She asked if the topic had been discussed by United Council.

Replying in the affirmative, Mr. Fargen commented that some international programs are quite expensive and not affordable for low-income students. While study abroad is very valuable, he said, United Council also had discussed the value of bringing more diversity to UW campuses and improving graduation rates for people of color.

Concluding the discussion, Regent President Smith thanked the presenters for their well-articulated comments and invited United Council to bring a summary of its discussion of highest priorities to the March meeting.

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## **BUILDING OUR RESOURCE BASE: STATE COMPACT**

In opening remarks, Regent President Smith noted the importance of this topic, particularly considering President Lyall's remarks regarding the state budget reduction bill and Wisconsin's fiscal environment.

Regent Gottschalk, Chair of the Business and Finance Committee, introduced the presentation, stating the necessity of searching for a common state and university strategy that will permit the UW to have more predictable and reliable funding. He expressed the hope that a way can be found to avoid the kinds of budget cuts being faced today, in the midst of the university's strong commitment to economic stimulus and growth in access.

At a minimum, he continued, a compact might be designed that forges an agreement on what will happen when state dollars are not forthcoming: enrollment reductions or tuition increases to continue to place quality as the top priority. That was a central principle of the Regents' *Plan for the Future* in the 1980s and the *21<sup>st</sup> Century Study* in the late 1990s.

Recalling advice given by Chancellor Terry MacTaggart, of the University of Maine System, he noted that the UW brings significant strengths to any negotiations: The UW's statewide reach; the fact that it is one of the state's largest employers; its excellent reputation; its unified program of action; its allies locally and regionally; and its clear and powerful message. He also had cautioned that it is difficult to reach agreement on a compact if there is a divided legislature and/or division between the governor and legislature.

In conclusion, he stated his belief that it could well take considerable time to achieve a compact with the state. In order to do so, it will be necessary to develop champions on the hill, develop partnerships, seek state input and build a compact that can be enduring and in the best interests of the state, the citizenry, and the university.

Beginning her presentation, Associate Vice President Kathi Sell recalled Dr. MacTaggart's caution that an effective partnership with the state involves a long-term relationship of continuous hard work. It is vital, she stated, that the university and the state achieve a common understanding about the agenda and rules for achieving it. Some positive steps had been taken with the two Economic Summits and dialog that has been had with state and local governments.

Noting that the purpose of a compact would be to achieve a multi-year sense of predictable funding, she indicated that a constraint is the cyclical nature of the state and national economies, with periodic years of recession. On the other hand, the university has a four-six year cycle each time a new cohort of freshmen enter, and contracts with faculty and staff, as well as state and federal partnership commitments, are multi-year in nature. This makes it difficult for university funding to move in the same cycle as state funding. The value of a compact is to present a stable planning horizon for the sake of students and the economy of the state.

She then identified a number of goals of such a compact:

- 1) Reasonable stability in the base budget;
- 2) Fair and acceptable balance among revenue sources;
- 3) Basic support per student that provides education quality and confers value on students' degrees;
- 4) Responsiveness to state needs;
- 5) Accountability to multiple stakeholders.



A compact would entail a negotiated multi-year arrangement between the state and university regarding the above factors. In addition, it would be helpful if the state would continue to grant increasing operating flexibilities, as it has done over the past several years. In turn, the university would commit to accountability on a number of performance indicators. The university then would ask to exempt its base from future state budget cuts.

Noting that the national context for compacts is mixed, Dr. Sell indicated that there now are five states with compacts, but that four of those suffered cutbacks in the current recession. Because no legislature can bind the next legislature to such an agreement, she said, it is important to have a strong and ongoing positive relationship with the state.

With regard to compact options, Dr. Sell referred to standard splits between GPR and tuition that represent long-standing agreements with the state about state shares of costs. With regard to costs to continue, the state has honored standard splits for those commitments. For new initiatives, there is the expectation that the split would be 65% state, 35% tuition, and for salaries 69% GPR and 31% tuition. Those are areas where erosion of GPR has been most clear over the last several years. One option would be to return to some of those standard splits for more initiatives or the pay plan or both. These options, she noted, have the risk of not guaranteeing new dollars.

There also is an option that would set forth a guarantee of GPR support per student for every new enrollment. Another option would involve pegging GPR increases to an index. The index that seemed most fair and directly related to actual costs would be to apply the College and University Personnel Association Index, that measures average growth in personnel costs, to the UW's compensation base. The Higher Education Price Index would be applied to the rest of the base. If these indices had been applied for the last 10 years, the UW would be a bit better off in terms of GPR than it is today.

This latter option, Dr. Sell stated, would be a fair approach and deserving of serious consideration. If the best ideas for a compact are not available, a fall-back idea would be a guarantee of GPR for enrollment growth in order to fund access.

In discussion following the presentation, Regent Mohs commented that this might be a good time to begin work on a compact precisely because it is times like this that a compact would have to survive. It should be recognized, he pointed out, that there always will be legitimate divergence between the business of running a university and the realities of politics and service to constituents. Noting that an ongoing relationship with colleagues in the Capitol produces good results, he noted that it causes the university to justify what it is doing, to be efficient, and to answer hard questions. While a compact would be excellent if it would work, he commented that the current funding mechanism has good points and is not unsatisfactory.

Chancellor Erlenbach asked for further information about reductions in other states with compacts and the prognosis for Wisconsin if time and energy were to be spent on negotiating a compact.

Regent Krutsch asked if the reductions in those states would have been greater without a compact.

In response, Dr. Sell explained that compacts came about because of high increases in tuition and precipitous downturns in GPR over about a decade. In many other states, she noted, funding experiences steep peaks and valleys, while funding in the Midwest tends to be more even. While universities in those states probably did better with a compact than they would have done without one, she added that it partly depends on which part of the economic cycle existed when the compact was entered. For example, the California compact began in the mid 1990s during economic boom times, and the universities received significant funding, although they also had very high enrollment pressures. Entering a compact at the start of a recession, as occurred in other states, has not been as beneficial.

While he felt the idea of a compact deserved further discussion, Regent Marcovich noted that it had not worked well in other states and agreed with Regent Mohs that the funding mechanism in Wisconsin provides the opportunity to make clear to legislators that the UW is an excellent investment. In recent years, he pointed out, this method has been largely successful.

Regent Krutsch observed that, in states with compacts, elected officials may make more decisions about enrollments than is the case in Wisconsin. In considering a compact, she commented, one important question is whether it is worthwhile for the UW to relinquish some of that decision-making ability.

Dr. Sell indicated that another option would be lump-sum budgeting, with or without a compact. This would allow the Board to allocate funding among access, new initiatives and compensation. There would be flexibility to use funds as appropriate to changing conditions, and there would be accountability measures for use of the funds.

Regent Gottschalk pointed out that a compact does not need to be all encompassing. While it might include certain items, such as dollars spent per student, other items, such as state priorities on economic development, might not be included and could be discussed with the Legislature and Executive on an annual or biennial basis, as is done in the existing process.

Regent Axtell referred to a report from the Policy Research Institute that recommended charter status for UW-Madison. Chancellor Wiley had advised him that the report contains inaccuracies and that the group did not contact UW-Madison to get information or reaction to the idea. He pointed out that the question of financing charter status was not addressed.

Dr. Sell explained that charter status usually comes with the price tag of less GPR and often is entered at a time when the state must significantly decrease its support for the university.

Chancellor Mash observed that the 2001-03 biennial budget could be considered a form of a compact to address a major state need by taking specified measures to help grow Wisconsin's economy. Even with the subsequent budget, the university remained in a position to talk about its Economic Stimulus Package, some of which can still be

accomplished. He felt that, with this agreement, Wisconsin has taken the first steps toward a compact.

Regent President Smith commented that it would be helpful to spend more time talking with legislators to find out what their needs are and communicate the university's needs.

Regent Schneiders emphasized the point that a current legislature cannot be bound by the actions of a past legislature. Citing the recent commitment to fund K-12 education, she doubted Wisconsin's Legislature would be willing to make another funding commitment at this time. With or without a compact, she felt each budget cycle will be a challenge and will require continued interaction with the Legislature and other officials.

The discussion concluded and the meeting was adjourned at 2:30 p.m.

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Judith A. Temby, Secretary