

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

Milwaukee, Wisconsin

Held in Sandburg Residence Hall, Flicks - Room 161
Thursday, June 6, 2002
10:30 a.m.

- President Smith presiding -

PRESENT: Regents Axtell, Boyle, Brandes, Burmaster, DeSimone, Gottschalk, Gracz,
Jones, Klauser, Krutsch, Marcovich, Mohs, Olivieri, Randall, Schneiders
and Smith

ABSENT: Regent Barry

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Building a New Kind of University

Regent President Smith thanked Chancellor Zimpher and UW-Milwaukee for hosting the June 6th and 7th meetings. Chancellor Zimpher commented that the visit provides an opportunity for faculty, staff, students, alumni and friends to meet Regents and other guests, and to showcase the campus. This year's theme, "Building a New Kind of University", has two meanings, she explained, the first relating to actual construction around the campus and city, and the second relating to the university's commitment to building an urban research university for a new century.

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RESOURCES: BUILDING OUR RESOURCE BASE

In introductory remarks, Regent President Smith remarked that the final report before the Board is the culmination of considerable work over the course of the year. Out of these efforts came 25 possible action items, 17.5 (70%) of which are recommended for immediate action, pilot projects, or further study – an impressive result.

Associate Vice President Sell noted that several changes were made as a result of review by the Business and Finance Committee the preceding month: specification that the special assistant for federal relations should periodically update the Business and Finance Committee on progress in increasing federal funding (Item 8.b.); a study of other universities' experiences with per-credit tuition and related tuition plans (Item 9.b.); specification that the EGOLL group report regularly (and annually in the Instructional technology Report) on progress in implementing goals for learning programs (Item 14); and an addition to Item 25 of decreasing time-to-degree, along with credits-to-degree, and requiring that any proposals on surcharges consider the effects on retention and access.

Regent Krutsch commented that the UW was ahead of many other universities and boards in considering the inter-relationships of access, affordability and other factors.

Noting the importance of discussing resource base, Regent Axtell described that base as a three-legged stool, composed of tuition, GPR, and other revenues. In view of the limited availability of GPR and the fact that decision-makers do not want to raise tuition, the other revenues, such as federal funding, on which the university can draw become increasingly important. One irony, he noted, is that the high quality faculty and staff needed to obtain federal grants and contracts also need to be paid competitive market salaries, funded from GPR and tuition. He urged that resource base issues continue to be given top priority, with an emphasis on creative and innovative solutions, in areas such as e-learning and other strategies to reach nontraditional students.

Stating that the resource-base study was thoughtful and well-done, Regent Mohs considered it a useful means of taking a fresh look and obtaining a deeper understanding of a subject that the Board deals with on an ongoing basis.

Regent Schneiders commented that a more compelling case must be made to elected officials for funding this state university system, noting that it is important to each of them that their constituents have access to a quality UW education. The point needs to be better made, she emphasized, that the state must pay an adequate share to run the university if that quality and access is going to continue to be available.

Regent Gottschalk thanked the members of the Business and Finance Committee for the hard work and many hours they devoted to this effort.

Regent Olivieri concurred with the importance of making the case for adequate GPR to fund the UW as a very important part of the state's future. With regard to tuition, he noted that the study identified some strategies that may help enhance revenue from that source. He urged that major focus be placed at all UW institutions on enhancing other sources of revenue, both private and federal, as a major means of improving the resource base going forward.

Upon motion by Regent Gottschalk, seconded by Regent Axtell, the following resolution was adopted unanimously.

Approval of “Building Our Resource Base”

Resolution 8548: That the Board of Regents approves the Final Report on “Building Our Resource Base” and its associate recommendations.

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QUALITY: FACULTY RETIREMENT AND REPLACEMENT TRENDS

In introductory remarks, Regent President Smith noted that a significant number of faculty hired in the 1960s, 70s, and even the early 1980s are reaching retirement age and that this demographic shift will have a great impact on UW institutions. He introduced three panelists to speak about the matter: Dr. Frank Goldberg, Associate Vice President for Policy Analysis and Research; Dr. Carol Sue Butts, UW-Platteville Provost and Vice Chancellor; and Professor Joe Heim, Chair of the UW-La Crosse Faculty Senate.

Beginning his presentation, Dr. Goldberg recalled that an April 1999 Occasional Research Brief, titled “Graying of the Faculty in the UW System”, projected that over the subsequent 10 years almost 2,400 faculty (39% of the 1997 base) would retire. These proportions varied from 33% at UW-Milwaukee to 49% at UW Colleges. The experience since that ORB was published has shown the projections to be accurate. Since 1997-98, 12.2% (758) of the faculty have retired, compared to a projection of 12.5%. This percentage varies from a low of 9% at UW-Madison to over 16% at UW-Eau Claire and UW-Stout.

As a result, he pointed out, the overall age of the faculty has become slightly younger. In 1985-86 for example, 21.8% of the faculty were under forty years of age. That percentage fell to 14.2% in 1997-98. While the percentage increased to 18.4% in 2001-02, the faculty still is considerably older than in 1985-86.

The changing demographics present opportunities for UW institutions, he remarked, noting that, as predominately white-male faculty retire, they are replaced by higher proportions of women and people of color – making the overall faculty more diverse. Currently, among faculty less than 40 years of age, 38% are women, whereas only 22% of faculty over age 55 are women. Similarly, 20% of faculty under 40 years old are people of color, whereas only 9% of faculty over age 55 are people of color.

On the other hand, he continued, changing demographics also create challenges, particularly in small departments where departures of individual faculty have a greater impact than they would in a larger department.

Provost Carol Sue Bates began her remarks by indicating that, in addition to her own viewpoint, she would be conveying input that she received from other provosts.

Because of the number of retirements, she pointed out that a new generation is coming to campus, bringing infectious energy, enthusiasm and ideas to academics and extra-curricular activities. Campuses are using this energy in a positive way to think about new program directions, technology and service to constituents. It is an opportunity to shift direction, move faculty positions from one program area to another and to shift resources across the campus.

The new generation of faculty, she continued, are enhancing campus climate by their awareness of current social issues, such as diversity and the status of women colleagues.

These new faculty, Provost Butts observed, have different priorities than the faculty they are replacing. They are more focused on career establishment, and they are increasingly research oriented and discipline based in their thinking. This has resulted in demand from new faculty for resources to support scholarship and in an increase in grant awards.

In addition, the new generation of faculty is more sophisticated in instructional technology skills than the faculty they are replacing. Consequently, more resources are needed to equip classrooms and labs for the instructional modes new faculty will be using. They expect technology-assisted instruction to be recognized in the personnel review and reward structure, and they expect equipment and space for research to be made available in a timely manner.

Initially, she commented, new faculty are not as engaged with campus life as their predecessors and lack a broader institutional perspective. Noting that senior faculty have a greater sense of university leadership and campus citizenship, she indicated that it will take time to develop these traits in new faculty. There is some concern, she added, that significant numbers of retirements will result in loss of institutional memory and campus traditions. She felt that the most important message that veteran faculty could pass on to the new generation is a sense of campus citizenship and the professional importance of campus service.

Turning to challenges presented by recruiting large number of new faculty, Provost Butts mentioned first that a major drawback, as reported by UW-Madison, has been high startup costs for new assistant professors, particularly in the sciences, where the average cost exceeds \$500,000, compared to an average of \$164,000 across disciplines. UW-Milwaukee also has reported that startup costs in the sciences have limited the rate at which they can replace departing faculty. Filling so many vacancies has caused significant increases in such recruiting costs as advertising, travel, interviewing, and moving costs. There also are recruiting problems in specific areas, such as business, accounting, computer science, nursing, social work, the sciences, and specific areas in education.

Salary considerations also are challenging, she indicated, particularly in the above-mentioned fields where higher salaries are needed to attract new assistant professors. This, in turn, leads to compression at the ranks of associate professor and professor.

Stating that, in the past decade, retention of faculty has become far more difficult than in the past, she commented that retention of new faculty needs to be a top priority, particularly in view of the increases in recruitment and startup costs. Acclimating faculty to the campus culture, mentoring them and providing for their essential teaching and research needs are means of improving retention. Noting that loose connections to the university make new faculty more likely to leave, she reiterated the importance of a sense of belonging and commitment to the university and suggested that perhaps retired faculty would be willing to help the new generation develop a sense of campus citizenship.

Professor Heim began his remarks by thanking the Regents and Senior Vice President Marrett for their interest in quality from a faculty perspective. Like Provost Butts, he was including input from other faculty representatives in his presentation.

First addressing the area of instructional quality, he listed five negative impacts of large numbers of retirements:

1. Loss of experienced instructors, especially in specialty areas where replacements are hard to find;
2. Possible lag in instructional quality as new faculty take time to “get up to speed”;
3. Over-reliance on part-time instructors and academic staff to help fill the gap;
4. Inability to offer desired courses due to difficulty in recruiting faculty because of increasing competition;
5. The possibility of less interest in teaching on the part of some new faculty due to increased interest in research.

Positive impacts for instructional quality include:

- 1) Fresh knowledge and research techniques brought by new faculty;
- 2) Increased diversity of faculty.

In the area of scholarship, he listed the following negative impacts:

- 1) Loss of experience and loss of well-known academic stars;
- 2) Loss of role models for faculty;
- 3) Time pressures on faculty resulting from a heavy teaching load, coupled with research and service obligations.

Positive impacts on scholarship include:

- 1) Increased research productivity;
- 2) Increase application of research in teaching;
- 3) Benefits of research to the prestige of the university;
- 4) Rekindling of research interest in older colleagues.

In the area of service and governance, he identified the following negative impacts:

- 1) Loss of wisdom and experience as veteran faculty retire;
- 2) Less interest by new faculty in campus service and advising;
- 3) Less commitment by new faculty to the value of shared governance;
- 4) Less commitment by new faculty to the Wisconsin Idea.

Positive impacts on service and governance include:

- 1) Infusion of new perspectives into committees and governance bodies;
- 2) Increase focus on service to the community.

Negative impacts on departments include:

- 1) Loss of institutional memory;
- 2) Increased demands placed on faculty time by new faculty recruitments;
- 3) Resources for recruitments taken from other departmental needs.

Positive impacts on departments include:

- 1) The opportunity to reassess departmental direction and priorities;
- 2) The benefit of mentoring for both older and younger faculty;
- 3) The opportunity to put old issues to rest;
- 4) Less resistance to change on the part of younger faculty.

In summary, Professor Heim noted that, while high levels of faculty retirements present considerable challenges, they also present opportunities for change in a positive direction.

In discussion following the presentation, Regent President Smith referred to Professor Heim's emphasis on the impact of faculty retirements on loss of institutional memory and campus traditions. Noting the accelerating rate of change both on and off campus, he asked if this loss is less of a problem today than in the past. In reply, Professor Heim predicted that the impact would last three to five years and then dissipate over time. In addition, he indicated that retired faculty often stay in the community, where their memory can be drawn on if needed.

Referring to pressures on faculty time, Regent Krutsch pointed out that, if faculty were to teach fewer classes, there would be a negative impact on student access and graduation rates. With regard to the education of Ph.D. students, she observed that most are trained in narrow specialties, even though a minority of them would obtain jobs at a research university. While scholarship is an important function for faculty, she expressed concern that increased emphasis on research might adversely affect teaching and student learning.

In response, Professor Heim observed that workload is one of the major issues among faculty, especially at the comprehensive universities where they teach three or four classes at a time, must do research in order to get promoted and tenured, and also are expected to perform service activities.

Regent Boyle inquired about the attitude of new faculty toward tenure and whether there are other kinds of innovative employment practices being tried, such as three-to-five year contracts.

Professor Heim indicated that tenure still is highly desired, although new faculty today are increasingly mobile and thus perhaps less concerned with tenure than in the past. He thought contracts for certain periods of time might be useful employment tools as well.

Regent Burmaster noted the importance of a strong PK-12 educational system in recruitment and retention of faculty with young families. Professor Heim agreed that Wisconsin's reputation for excellent education at all levels is a major tool for recruiting new faculty.

President Lyall observed that a dramatic change in recent years is use of instructional academic staff instead of tenure-track faculty as a major means of teaching more students over the last decade.

Regent Schneiders commented that a common misperception is that faculty are paid high salaries, have little contact with students, and are not accountable. She asked what could be done to convey effectively the true range of faculty responsibilities and workload and to demonstrate clearly the fact that taxpayers are getting their money's worth.

Professor Heim suggested that reports could be provided on hours worked in a typical week on teaching, student contact, community service, and research.

Concurring with Regent Schneider's point, President Lyall observed that UW-Madison's profiles of individual faculty are effective in conveying the wide range of faculty obligations. She suggested that such an effort might be extended system-wide.

Regent Marcovich agreed that perception and reality of faculty workload are far apart. He suggested an inexpensive reporting system of average hours that faculty devote to teaching, research and service. If this information were reported to the Legislature and the public in a regular and consistent manner, along with information on faculty achievements in these areas, he felt it would be helpful in persuading decision makers and the public to support the university's budgetary needs.

Regent DeSimone pointed out that the UW's top ranking in outside money received for research provides a convincing demonstration that faculty are successful in doing the work that is expected of them.

Regent Axtell inquired as to the role of compensation in retaining faculty. Replying that compensation is a key factor in recruitment and retention, Professor Heim thanked the Regents for their advocacy and support in this area.

Regent Krutsch commented on the importance of flexibility for institutions and departments to creatively meet their teaching, research and service goals by such means as modified tenure appointments to provide a stronger focus on teaching for faculty who are the best teachers and to focus on research for those who are most productive in that area. Noting that there are many faculty, particularly at the comprehensive universities, whose research does not attract large amounts of outside funding, she cautioned that any policy decision to choose more research over teaching is unlikely to pay off in dollars and cents.

Regent Jones agreed, suggesting that the tenure system be modified to give more recognition to teaching and advising in order to promote the goals of student retention and graduation.

UW-Madison Provost Peter Spear indicated that workload surveys done in the mid-1990s showed an average faculty work week of 55 hours. Noting that over the past decade an increasing emphasis has been placed on excellence in teaching, he said UW-Madison's tenure policy requires significant contributions to teaching as well as to research.

Expressing concern about faculty turnover, Chancellor Wells indicated that a study at UW-Oshkosh showed a 40% turnover rate for faculty hired in the last eight years, a rate that is not uncommon among UW institutions, and suggested that further attention be given to this matter. He also emphasized the importance to the student/faculty relationship to the entire university experience.

Regent Krutsch referred to dual appointments in more than one discipline as a creative means of addressing priority areas. At UW-La Crosse, for example, she mentioned the idea of dual appointments in the School of Education and discipline areas to help prepare K-12 teachers and develop better materials for K-12 students.

Chancellor Hastad indicated that the approach is patterned after UW-Madison's cluster appointments with the intent of promoting interdisciplinary thinking and work.

The meeting was recessed at 11:45 a.m. and reconvened at 1:00 p.m.

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2002-03 ANNUAL BUDGET

Introducing the presentation, President Lyall noted that the annual budget is not a new request, but simply distributes to the campuses the second-year funds for the current biennium that were approved in the state budget a year previously.

The Legislative Conference Committee was still in the process of addressing a budget reduction bill to deal with the state's \$1 billion deficit, and the budget document was based on the assumption of a \$10 million cut from the 2001-02 base budget and up to another \$30 million from the 2002-03 base budget. The impact of reductions on enrollments and service would not be known until the amount of the tuition increase is included in the final state budget bill and acted upon at a special meeting of the Board.

With regard to timing, the President noted that the university operates on an academic year calendar – admitting students and hiring faculty in the spring for the following fall, and using the summer break to work on renovation of facilities and for curriculum planning, outreach activities and professional development for staff and faculty. She observed that start-and-stop budgeting by the state disrupts orderly management of the university's responsibilities for students, faculty and the public. Expressing appreciation to the Regents for their understanding of these difficult operating problems, she said that everyone shares in the goal of running an efficient, effective and quality university system.

She pointed out that, in the 2002-03 operating budget, state GPR support reached its lowest level since creation of the UW System – at 31.3% of total resources. This was a decline from 32% the preceding year and 33.1% the year before that. Other funding sources, including gifts and grants, auxiliary fees, and segregated fees for the first time constitute more than half of the total budget resources.

With regard to the ongoing \$41 million in budget reductions, she explained that the \$10 million for the current year will come primarily from supplies and expense funds. The projected 2002-03 cuts, however, must come primarily from salaries and benefits which comprise 85% of the total base. In short, she pointed out, it is necessary to cut people in order to cut \$30 million. This, in turn, impacts instruction, student support services, administrative services, physical plant and every other part of the university mission. Last spring's pause in the admission process was essential, she emphasized, to allow time to determine how to meet those cuts.

With regard to budget outcomes, the President indicated that, under the Governor's proposal of \$41 million and a 10% tuition cap, the UW would implement 50% of the Economic Stimulus Plan and enroll up to current enrollment targets. If the final budget were to cut an additional \$10 million, the university could do about 30% of

the Economic Stimulus Package. If the final budget reduction were \$10 million less than the Governor's proposal, up to 72% of the package could be implemented.

Stating that management flexibility has paid off handsomely for students and the state, she said that position and tuition flexibility has allowed the university to serve 8,600 more students with 179 fewer faculty and staff than in 1995. Flexibilities also have allowed the UW to maintain the lowest administrative overhead rate in the country – 5.8% compared to 10.3% for peer institutions around the country. That difference saves \$115 million a year to support student access and instruction.

Flexibilities also have allowed mounting of customized professional programs for working adults, including programs for teachers, nurses and pharmacists, without reducing traditional undergraduate programs for high school graduates. Without these management flexibilities, she felt the impact of the current budget uncertainties and future base cuts would be even more severe.

However, she cautioned that no amount of flexibility or other coping mechanisms can maintain current service levels in the face of significant future cuts. If these come about, she stated that a candid public policy dialogue will be needed about major changes to Wisconsin higher education and the level of access that can be provided for the state's citizens.

Regent Klauser commented that President Lyall's remarks make very important points and set the stage for the future.

Presenting specific provisions of the budget, Assistant Vice President Freda Harris noted that GPR and fee amounts in the document are based upon funding provided in 2001 Wisconsin Act 16, budget reductions proposed by the Governor and compensation levels approved by the legislative Joint Committee on Employment Relations for unclassified and non-represented classified staff. Distribution of funding changes resulting from the budget adjustment process would be delegated to the President.

Turning to the budget document, Ms. Harris noted that Wisconsin Act 16, the 2001-03 biennial budget, included funding of \$41.6 million for workforce development, the Madison Initiative, the Milwaukee Idea and an agricultural stewardship initiative. There also was \$300,000 in funding for increased financial aid. The document included detailed information on budget reductions by campus and tuition generated by increased enrollments, differential tuition programs and self-supporting fee programs.

With regard to auxiliaries, she pointed out that segregated fees were planned to increase 6.7% at the four-year institutions, approximately 1% less than in 2001-02. Two institutions had increases greater than 10%, due primarily to student initiatives. At the UW Colleges, segregated fees were planned to increase by 2.57%, which is 1.5% less than in 2001-02. The increase in room and board rates was 4.2%, which was 1% less than the preceding year.

UW-Superior's auxiliary transfer request would move funding from excess bookstore revenues to the parking program to support building a much-needed new parking lot.

Ms. Harris then referred to a section of the budget showing the amount of funds being reallocated for distance education and instructional technology. In the coming year institutions planned to reallocate \$16.1 million – far in excess of the Board’s annual requirement of \$6 million. The commitment of this amount of funding, she indicated, reflects the high priority placed on initiatives in this area and the lack of any state increases in this area since 1997-99.

In response to a question by Regent Krutsch, Ms. Harris explained that the budget reductions were based on allocation decision rules adopted by the Board in March. Those rules identified priority emphases to be used by the institutions in making their reductions.

Regent Schneiders inquired about funding for UW Learning Innovations and whether a time was foreseen when that entity would be self-supporting. Vice President Durcan replied that funding is composed of a combination of UW-Extension and UW System Administration resources. One million dollars was put into Learning Innovations in the 1999-01 budget, and there also is income from programs and support provided by LI.

President Lyall added that a priority for the new director will be to develop a business plan that makes LI self-supporting as soon as possible. She indicated, however, that it would not be realistic to expect that to happen in the next couple of years, even though LI continues to do quite well in comparison with similar entities across the country. While some GPR funds are spent for the program, LI also raises a significant amount of its resources from the program services that it delivers. When LI was formed, it was hoped that revenue from services to private businesses would support all of its programs. However, the recession had made private sector revenues less available. Nonetheless, President Lyall expressed confidence that LI would be self-sustaining within a few years.

Regent Mohs noted that he and Regent Gottschalk had visited Learning Innovations recently and had spent considerable time on this topic. They had concluded that LI has not taken an overly aggressive approach in terms of expenditures, and has been run in a conservative and prudent manner.

Regent Gottschalk added that distance education programs at many other universities have ended up failing. LI, on the other hand, remains strong and viable.

Adoption of Resolution 8549 was moved by Regent Klauser and seconded by Regent Randall.

2002-03 Operating Budget including approval of Auxiliary Transfers, Segregated Fees, Textbook Rental, Room and Board, and Apartment Rates

Resolution 8549: That, upon the recommendation of the President of the University of Wisconsin System, the 2002-03 operating budget be approved including auxiliary transfers, segregated fees, textbook rental, room and board, and

apartment rates as reflected in the document 2002-03 Operating Budget and Fee Schedules, June 2002. As adjustments to the 2001-02 base budget, the 2002-03 operating budget includes the following increases, after proposed budget reductions of \$41.4 million:

	Increase Above <u>2001-02</u>
GPR	\$9,809,608
Program Revenue excluding Academic Tuition	\$96,432,413

Academic tuition rates and approval of Academic tuition revenue are not included in this document due to the uncertainty surrounding final state funding levels. The full Board will set tuition rates and tuition revenue in a special session prior to the August meeting in order to ensure that students have this information in a timely fashion.

That the President of the System is authorized to approve changes resulting from final enactment of the 2002-03 state budget adjustment bill and make final detailed allocations to reflect final legislative and gubernatorial action.

Academic tuition for Minnesota Reciprocity students will be incorporated into the 2002-03 Academic Fees/Tuition Schedule upon receipt of final Minnesota tuition information.

Regent President Smith introduced Irene Herron-Steeger, President of AFSME Local 82, who had asked to address the Board.

Ms. Herron-Steeger began by noting that Local 83 represents more than 700 employees at UW-Milwaukee, UW-Waukesha, and UW-West Bend, along with outreach employees. She urged higher salaries for two classifications of workers. Noting that the custodian class earns \$8.68 per hour, she pointed out that there generally is a turnover rate in this area of 25% per year at UW-Milwaukee because the cost of living in the city requires a salary of about \$12 per hour. She emphasized that custodians cannot make ends meet and that many work at two jobs in order to support their families. She urged that the university provide adequate and fair compensation to these workers.

Local 83 also is concerned about program assistants, Ms. Herron-Steeger continued, noting that they have taken on more and higher level responsibilities over the years without commensurate increases in pay. The starting wage of \$9.34 per hour, she said, is below the poverty level and requires them to have two jobs to make ends meet.

In conclusion, Ms. Herron-Steeger asked the Board to support a request from the Department of Employment Relations to finance an upgrade of those classifications. She then introduced Ms. Jennifer Peshut, Vice President of Local 82, who reiterated the call for a living wage for the blue collar and clerical workers who perform essential functions for the university.

Associate Vice President George Brooks indicated that, while these issues are important, they are not within the power of the university to resolve, since classified employees are under the jurisdiction of the Department of Employment Relations. In this case, DER was asking the university and other agencies to supplement the salary levels established by the Legislature by funding several million dollars in wages. This would amount to a base budget reduction that the university could not afford. Instead, he suggested that the UW have its bargaining representatives encourage DER and the unions to advocate for adequate salary levels before the Legislature.

Regent Marcovich asked if salary levels for those classifications are the same statewide or if there are adjustments for areas like Milwaukee with higher living costs. Mr. Brooks replied that salary rates are uniform statewide, even though efforts had been made to obtain differential salaries for the Milwaukee area.

Regent Mohs asked about increases in salary levels with length of service and whether there is a problem with unfilled positions. Mr. Brooks replied that the salary for custodians might increase by about a dollar per hour after five years of service, and that some campuses have had serious recruiting problems because salary levels for custodians and administrative support are not competitive.

Put to the vote, Resolution 8549 was adopted unanimously.

The meeting was adjourned at 1:45 p.m.

Judith A. Temby, Secretary