

MINUTES OF THE REGULAR MEETING

of the

BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM

Madison, Wisconsin

UW-Madison

Held in the 1820 Van Hise Hall

Thursday, April 10, 2003

10:30 a.m.

- President Gottschalk presiding -

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

ABSENT: None

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GOVERNOR'S 2003-05 BUDGET AND UPDATE ON REGENT LISTENING SESSIONS

Regent President Gottschalk reported on the five listening sessions recently held by the board across the state to gain a better understanding of the impact of budget cuts on campuses, students, businesses, and communities. Community leaders, parents, business owners, local educators, students, faculty, staff and others were invited both to comment on the effects to the cuts and on longer-term issues of how to preserve the university's ability to serve the state and help grow its economy.

The sessions, held in Eau Claire, Green Bay, Stevens Point, Waukesha, and Madison, were well-attended by 150 participants, along with about 300 observers who also had the opportunity to speak.

As to what was heard at the sessions, Regent Gottschalk stated first that the wellspring of public support for the university across the state is impressive. People spoke repeatedly of how important UW campuses are to the quality of life and economies of their local communities and how important higher education is to the long-term

financial well-being of the state. Frustration was voiced that this message has not been conveyed adequately to decision makers, and many urged working closely with the Legislature to insure that future cuts and increases reflect a fair share of state spending.

He summarized major themes that recurred throughout the five sessions: quality, access, tuition, financial aid, the impact of the cuts, economic development, K-12 education and the UW's impact on the quality of life.

With regard to quality, students, faculty and community partners all stated that maintaining the quality of a UW education should be of paramount importance and should not be compromised, even at the expense of access, because a poor quality education is not worth the price. There were disturbing signs, however, that quality is already eroding despite best efforts – students not being able to get the classes they need; campuses without crucial faculty members; and supply and expense budgets that are inadequate to the need. Participants cautioned that excellence can erode quickly but can take many years to rebuild once lost. Students are concerned about quality not only in educational services, but also in the value of their degrees.

With regard to access, Regent Gottschalk indicated that participants made it clear that student access also is a high priority. It is particularly painful for UW Colleges, which have always been open access points, to be forced to turn students away. Many questioned why access must be reduced at a time when demand on all campuses is so great. Also important is access to services for local businesses and communities.

With regard to tuition, the sessions produced mixed messages. While many students expressed concern about the tuition increases being discussed and spoke of the personal hardships they would have to bear as a result, many also said they would rather pay the tuition increases than see quality erode further, and a number of parents noted that UW tuition is a flat-out bargain. Even though students and their parents are aware that these increases in tuition are in place of diminished state support, they would rather pay them than see cuts to the university go any deeper. Students are very aware that more severe cuts to the university could impede their ability to graduate in a timely fashion and could cost them another semester or year of tuition.

With regard to financial aid, participants stated very strong support for financial aid increases. However, parents and students did not consider it fair to take these moneys from student fee reserves and urged the university to work with the state to find another, more stable funding source. Special concern was expressed for the most disadvantaged students and for those in the middle who are not wealthy but do not qualify for financial aid. Participants asked that care be taken not to leave these students behind.

With regard to impact of the cuts, the sessions produced assurance that campuses are doing an excellent job of planning for the cuts and involving their university communities in a participatory process so that the wisest decisions can be made. They are following President Lyall's guidance to look first at administrative cuts and eliminating duplication to protect instruction as much as possible. Many faculty indicated, however, that these cuts are coming on top of many previous cuts, from which campuses have not recovered. The UW Colleges, especially, are thinly staffed with faculty at this point, and

the cuts have the potential to eliminate whole departments there. Concern also was expressed about the impact of the cuts on research and grant-getting capabilities.

Regent Gottschalk said that he was increasingly convinced that the cuts are hitting bone on many campuses and that quality cannot be sustained long-term without relief. Some participants urged that cuts not be made across the board, and campuses responded that they are not doing that, but are making hard decisions to preserve some academic areas while reluctantly cutting others. It was indicated that the cuts are all the more difficult because the economy is depressing private fund-raising and endowment levels.

With regard to economic development, many participants cited the economic impact of the university and its importance to regional and state growth from their vantage points as mayors, county board members, business owners, and local economic development directors. It is considered very important to preserve the university's ability to drive economic recovery by providing graduates for the workforce, as well as research spin-offs and assistance to business owners and entrepreneurs. Many questioned state cutbacks in an area of spending that provides such tangible returns on investment.

With regard to K-12 education, Regent Gottschalk noted the close partnerships between campuses and their local school districts. There were pleas to be sensitive to the needs of K-12 schools that are undergoing their own budget challenges. Emphasis was placed on the importance of UW graduates who are desperately needed as teachers and as health care workers.

With regard to quality of life, many participants commented on how important the university has been in their lives, from dance recitals in Stevens Point to student public service volunteers in Milwaukee. In many cases, campuses have lifted the quality of life for several generations within families.

Indicating that many suggestions were made at the listening sessions, he cited several specific examples. It was suggested that the university should use its intellectual capital to help redesign the state's fiscal base to boost revenues as the economy makes the transition from dependency on manufacturing to a more service-based economy. It was suggested that the UW has not effectively conveyed its message to the public, and participants asked what the university has or has not done to cause the Governor and Legislature to apply such disproportionate cuts to higher education. Some urged that the cuts be opposed more vigorously, and many indicated that they were talking with and writing to legislators to ask them to help the university. The fairness issue was a strong theme, with many pointing to the seeming injustice in asking the university, which is 9% of the state budget, to take 38% of the cut.

Regent Gottschalk observed that regents gained a detailed understanding of what the cuts will mean to the campuses. It was clear, he said, that if the magnitude of the cuts should grow or if they should not be offset by tuition at the proposed level, the effects on campuses and students would be devastating and enrollments would inevitably be affected for the long term.

Overall, he observed that the sessions showed broad and heart-felt support for the university, with people recognizing the importance not only of their own campus but also of the entire UW System and its role in the quality of Wisconsin. In that regard, several referred to the university as the “jewel in the state’s crown”. Stating that the spirit of Wisconsin Idea is alive and well, he indicated that ordinary people are depending on the university to continue to be there for them and to work on a rebuilding process.

Both the listening sessions and the Joint Finance Committee’s hearings, he commented, are opening minds to “out-of-the-box” solutions. In that regard, suggestions have been made to privatize parts of the UW, to explore new collaborations and partnerships, to focus on greatest strengths and cut areas of less strength, to consider income-related tuition and to restructure the GPR appropriation. All of these ideas and more need to be on the table, he stated, because the university is at a major crossroads and business as usual will not suffice any longer.

In the coming months, he said, the regents must sift and winnow these suggestions and others, working the president, the chancellors, state leaders and constituents to chart the best course for the university’s future. In that regard, he stated that the board is obliged to carry on the UW’s traditions of access, excellence and affordability, at the same time preserving the university as a critical engine driving the state’s economic vitality.

Regent Boyle indicated that participants in the listening sessions advised that there will be fewer classes, fewer lab sections, larger classes, heavier teaching loads with less time for individual student contact, less technology for student learning, less time for faculty/student research, fewer positions and less time to generate outside research money, fewer extension programs for farmers, businesses, communities and families, fewer innovations in teaching, less advising for students, and negative impacts on local economies. He felt that, in general, the quality of educational programs that students receive in the future will not be up to today’s standards.

Noting that his purpose was not to assess blame, he said that the challenge facing the Governor and Legislature is formidable and well recognized. With regard to the decade-long trend of declining state support, he observed that the university’s response had been to use band aids on the problems year after year. Now, he commented, “the box holding the band aides is empty”.

He concurred with the need for a comprehensive study focusing on the university’s future in terms of access, quality, financial resources, program arrays, and centers of excellence, among other areas. He urged that the board support Presidents Lyall and Gottschalk in undertaking this comprehensive analysis in collaboration with the institutions in order to develop a vision and direction for the future.

Regent Smith indicated that the listening sessions had suggested three important action items. First, the need for a study this summer on re-thinking the university’s future; second, the need to find another funding source for financial aid increases; and third, the need for a small number of campus-specific indicators to keep the campuses and board apprised of changes in quality as the process of implementing cuts proceeds.

Regent Jones commented that it was rewarding to hear the stories of how the university is affecting the lives of people throughout the state, and he concurred that a long-range study is needed on how to preserve the ability to provide these needed services. He suggested that the study include consideration of how higher education is funded in terms of tuition and financial aid. For example, he asked if the goal of reaching the Big Ten midpoint should be reconsidered for the future and whether the policy of linking financial aid and tuition increases would be realized. In addition, he suggested looking again at the question of time-to-degree, with the recognition that many students, including those that hold down jobs while attending school, may require more than four years to graduate.

Regent Mohs noted that, while individual campuses have considerable authority for dealing with budget cuts in an entrepreneurial and responsible manner, there are two general principles that apply to the system as a whole: First, President Lyall's list of priorities; and second, the principle that the university must remain a great higher education system even if it must become a smaller one. With regard to the latter, he noted that it will be necessary to carefully preserve that which makes for greatness, including the ability to be competitive for top-grade faculty, staff and administrators. In that regard, he pointed out that the signal must not be sent that the university is in trouble and there is no future here. On the contrary, it must remain a great place for top-grade young faculty to make their careers and where research money will continue to flow.

Observing that the state has a \$3.2 billion problem that may become even worse, Regent Walsh urged that the board not over-react to the budget cut and pointed out that many other state services also are being negatively affected by the funding crisis. What should be done, he said, is to handle the problem with sophistication and without assessing blame, the cause of the deficit being the state's economy, not the Governor or Legislature. In that regard, he noted that decision makers recognize the value of the university and its key role in growing the economy. He agreed with the need to establish a vision for the future and emphasized the need to communicate that vision in a collegial way with state decision makers, so that everyone can move forward together to address some of the greatest problems the state has ever had.

Regent Marcovich noted that the university's GPR support has been steadily reduced on a percentage basis over the years. If this trend were to continue, he said, a plan for the future is needed for operating in a different manner. While the reductions for the coming biennium will be implemented, he observed that the longer-range trend is of continuing concern.

Regent Walsh noted that, although the percentage of GPR support has decreased, the UW's base budget still increased over the years. He felt that the \$250 million cut should be considered an aberration.

Regent Marcovich added that over the past 30 years, the GPR portion of the university's budget has dropped steadily from two-thirds to one-third.

President Lyall observed that the comments made today illustrate the need for a study that considers how to balance enrollments with financial support in a way that serves the future of the state well and is based on realistic assessment of likely state

support. One challenge, she observed, is how to engage political leaders in the discussion without having the matter become partisan.

She concurred that the current cut would be handled in the best manner possible and with as much protection as possible for students. With regard to the future, she felt that trend lines are such that a better understanding is needed of what the university can realistically expect to do for the state, how many students can be served with quality education, and whether general agreement can be reached with decision makers on how Wisconsin and its university will cope with the future.

On another matter, she expressed agreement with Regent Moh's emphasis on the importance of not losing the UW's competitive edge in recruiting faculty and not sending a message that the university is in decline, noting that it would be very difficult to reverse such a process once it began. It is of great importance, she emphasized, to protect the UW's quality and reputation for excellence.

Regent Smith commented that Governors Thompson, McCallum and Doyle have been supportive of the university, while at the same time dealing with other priority areas. Noting that it is the board's fiduciary responsibility to protect the university, he recalled that the board had made economic development a priority before the crisis hit on the basis of some indicators that raised concern. Similarly, he stated that an early start is needed on rethinking the university on the basis of the long-term trend line of declining percentages of state support. He considered it the board's responsibility to do this in order to position the university properly for the future.

Regent Barry commented that there also is a trend line of increasing enrollments and that this matter needs to be made an important part of long-range planning because support per student already is far below the average of peer institutions and continuing reductions in support inevitably will affect enrollment. It is important, he pointed out, to engage state decision makers in the process so that there is understanding of potential impacts on enrollments going forward.

Regent Davis stated agreement with the need to involve all stakeholders in discussing the university's future so that common ground could be found in looking toward the future. She expressed a sense of urgency in getting the process under way.

Regent Salas expressed concern about the proposed elimination of the Industrial Relations Institute at UW-Madison, citing its long history of progressive policy development and promotion of the Wisconsin Idea. Noting that the board's budget decision rules provide that institutions should consider eliminating or merging programs that have low enrollments or are similar to others in the system, he commented that no other campus has a program like that of the institute. He urged that regents carefully review the proposed cuts and inquired about the process through which these matters would be brought to the board.

President Lyall explained that campuses are making decisions through their shared governance processes and that their decisions will be conveyed to System Administration in about a month. These decisions then will be reviewed, taking into account system-

wide program array and other considerations. The proposed cuts will be brought to the board for action in June so that they can be implemented by July 1st.

Regent Rosenzweig expressed agreement with Regent Barry about the importance of communicating with the Legislature about enrollment issues. Noting that participants in the listening sessions had been articulate in expressing views about the university and its mission, she suggested that volunteers might assist in speaking with legislators in a manner that would not be perceived as self-serving.

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2003-05 CAPITAL BUDGET

President Lyall reported that a bright spot in the budget picture is the Building Commission action on the UW's capital budget request that includes \$51 million in bonding for major projects, such as classroom renovations across the system, equipment for the UW Colleges, needed utility upgrades and completion of phased construction. There was insufficient state funding for ten requested new projects, which will need to be resubmitted in better economic times.

The commission recommended enumeration of all 21 of the UW's requested projects funded entirely by gifts, grants and program revenues, and the system will have access to a portion of the all-agency funding approved for maintenance and repair of facilities.

She made the following observations about the capital budget:

- 1) Continuation of renovation and maintenance work is critical in order to avoid large backlog problems in the future.
- 2) The new projects on the board's priority list for 2003-05 were carefully selected because they are needed to advance instructional and research programs. Moving forward with those that do not involve GPR bonding will help to meet these goals.
- 3) Review of funded projects by the Department of Administration is nearly complete and most of the UW projects are being allowed to proceed. The ability to withstand this additional scrutiny, she noted, is evidence of effective priority setting by the campuses and the board.

In conclusion, she expressed appreciation to the Building Commission and to Assistant Vice President Nancy Ives for helping to move these important projects forward.

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THE IMPACT OF A UW-DEGREE

In introductory remarks, President Lyall indicated that the presentations focus on the value of higher education to both the individual and the state. The presentation by Frank Goldberg, Associate Vice President for Policy Analysis and Research, looks at the employment status, salaries and residency patterns of UW graduates from the classes of 1979, 1984, 1989, 1994 and 1999. The study provides a comprehensive view of where UW graduates are living and working and demonstrates the various ways in which UW graduates contribute to the economic vitality of Wisconsin.

Dr. Goldberg's presentation is followed by a presentation on the long-term effects of postsecondary education in Wisconsin by Professor Robert M. Hauser, Vilas Research Professor of Sociology at UW-Madison. Dr. Hauser has directed the Center for Demography and Ecology and the Institute for Research on Poverty. He currently directs the Center for Demography of Health and Aging, which is supported by the National Institute on Aging. He is a member of the National Academy of Sciences and a fellow of the American Statistical Association, the Center for Advanced Study in the Behavioral Sciences, and the American Academy of Arts and Sciences. He also has served on the National Research Council's Committee on National Statistics, the Commission on Behavioral and Social Sciences and Education, and the Board on Testing and Assessment. Professor Hauser's presentation is based on a longitudinal study of the Wisconsin high school graduating class of 1957 and provides many insights into the economic returns of a college education and its effects on the quality of life.

Dr. Goldberg began his presentation by noting that in recent years there have been numerous articles in the media regarding a brain drain problem facing Wisconsin, some of which asserted that Wisconsin college graduates were leaving the state in droves after graduation. This, he said, is a misconception. The fact is that 82% of UW graduates from the 1999-00 class, who were Wisconsin residents when they were students, were working and/or living in Wisconsin a year and one-half after graduation. Twenty-seven percent of Minnesota reciprocity students and 24% of nonresident students also remained in Wisconsin.

Another misconception, he continued, is that Wisconsin is losing a disproportionate number of women college graduates to other states. In fact, women graduates from the 1999 class, who were residents as undergraduates, remained in Wisconsin after graduation in slightly greater proportions than did men, a pattern that also holds for women who came to Wisconsin as reciprocity students or as nonresident students. The proportion of women from earlier graduating classes currently living in Wisconsin also is slightly greater than men.

Noting that some observers have asserted that UW graduates in areas of critical state need leave Wisconsin after earning their credentials, Dr. Goldberg said that this also is a misconception. 93% of 1999 UW teaching graduates remained in Wisconsin, as did 91% of nursing graduates. In addition, 70% of engineering graduates from the class of 1999 remained in Wisconsin a year and one-half later.

Because the proportion of Wisconsin high school graduates graduating from college is above average and the proportion of adults in Wisconsin holding at least a bachelor's degree is below the national average, some have maintained that Wisconsin is losing a disproportionate number of its graduates over time. This, he indicated, is partially true. While 82% of 1999 graduates were living and/or working in Wisconsin in 2001, the proportion of earlier graduating classes living in Wisconsin was lower – 72% of 1994 graduates, 67% of 1989 graduates, and 56% of 1979 graduates.

Because college graduates are more mobile than the rest of the population, Dr. Goldberg explained, some state-to-state migration is to be expected. In a study conducted by the UW-Madison Applied Population Laboratory, evidence was presented indicating that Wisconsin was not losing a disproportionate number of graduates. Rather, the lower than average number of college graduates in the population was the result of a lower than average in-migration of college graduates. He added that the problem could worsen as Wisconsin continues to become a branch office state, rather than a headquarters state.

It also is partially true, Dr. Goldberg indicated, that Wisconsin loses nurses and teachers over time. Of the 1979 graduating class, 56% remained in Wisconsin 20 years after graduation. Teachers and nurses remained at an average rate of 60%. At the other extreme, engineers were retained at 40%.

Turning to salaries of college graduates, he noted that average earnings of the 1999 graduates a year and one-half after graduation was \$26,000. Teachers earned a salary close to the average, while nurses earned about \$10,000 above the average. Computer science and engineering graduates earned relatively high salaries.

Noting the suggestion that starting salaries in Wisconsin are low when compared to the rest of the nation, Dr. Goldberg indicated that this assertion is partially true. Across the fields for which data were available, starting salaries in Wisconsin were low relative to national averages. However, there was considerable variation. Nurses in Wisconsin earned starting salaries that were 97% of the national average and civil engineers earned salaries that were 93% of the average, reflecting competitive and active markets in these fields in Wisconsin. At the other extreme, visual/performing arts graduates earned 68% of the national average and history graduates earned 61% of the average. This reflects a lack of markets for these fields in Wisconsin and may be an incentive for those graduates to leave the state.

Referring to the commonly held view that a college education provides an opportunity for income growth over a graduate's working life, Dr. Goldberg reported that this is an accurate reflection of the experiences of UW graduates. Engineers experience the greatest growth in income over the course of their careers, starting out at an average salary of about \$41,000 and increasing to almost \$81,000 after 20 years. Business graduates also experienced significant income growth, from a starting salary of about \$32,000 to an average of almost \$70,000 after 20 years. At the other extreme, income growth for nurses and teachers was much more modest, with nurses' salaries increasing from about \$37,000 to just over \$47,000 and teaching salaries increasing from \$26,000 to about \$41,000. In view of these data, he pointed out, it is not surprising that there are teacher and nursing shortages.

Turning to economic returns of a UW education, Dr. Goldberg indicated that the contention is accurate that there are significant economic benefits to students and the state from an investment in a UW degree. In that regard, data indicate that a UW graduate will earn, on average, \$700,000 more than a high school graduate over his or her lifetime. Reporting that the return to the state for its investment is also substantial, he indicated that each UW graduate will, on average, generate an additional \$45,500 of income tax revenue for the state. Considering that the UW graduates about 28,000 students each year, he noted, the return to the state on its investment is very large.

Beginning his presentation, Professor Hauser noted that the 45 year-long study has been a team operation and acknowledged the contributions of former Education Professor Jay Kenneth Little who started the study in 1957, the many staff members and students who have assisted over the years, and the 10,000 graduates of the class of 1957 who have generously given their time to contribute to the study.

Noting that the Wisconsin high school graduating class of 1957 consisted of about 30,000 people, he indicated that the study included one-third of the members of that class who are now about 64 years old. They were surveyed in 1957, 1964, between 1975 and 1977, and between 1992 and 1994. The study retained a very high proportion of its original participants, with 8,500 people interviewed in the most recent survey and produced extensive data on education, careers, family and health. The study recently received major funding from the National Institute on Aging to continue to survey participants on family, health and retirement issues.

With regard to educational attainment by gender, Dr. Hauser noted that the pattern for the class of 1957 was very different from what is seen today, with a relatively small share of the sample going to college and a huge difference in terms of gender, with many more men than women attending college at that time.

Turning to post-college occupations, he indicated that the study defined high-status occupations as professional and technical workers, managers and officials and non-retail sales workers. The occupations have high education and skill demand, high complexity of work and relatively high levels of compensation. About 90% of men college graduates were in such occupations throughout their careers, while much lower percentages of high school graduates and those with some college education had high-status jobs. While the differentials were not quite as large for women, data still indicated a definite advantage for them from a college education.

With regard to income, the study showed that by 1974 there were modest differences in family income between groups, with men college graduates earning about one-third more than high school graduates. By 1992, however, the differential had expanded, with college graduates earning two-thirds more than high school graduates. There were similar but smaller differentials for women, and women had lower family incomes than men. In 1974, men high school graduates earned about \$41,000, while those with college degrees earned about \$56,000. By 1992, there was little growth, up to \$46,000 for high school graduates, compared to growth up to about \$80,000 for college graduates. Women college graduates in 1992 were earning about twice as much as high

school graduates. Overall, he said, the study indicates that the benefit of a college degree grows over time.

With respect to measures of assets, the study identified the percentage of graduates who owned homes in 1992 worth more than the median of \$111,000 in 2001 dollars. The data indicated a staircase pattern, with about 70% of college graduates, 60% of those with some college and 40% of high school graduates owning homes above that level of value. This information, Dr. Hauser explained, also indicates that college graduates pay more in taxes to support public facilities.

In terms of net worth, the same kind of staircase pattern exists for men. For women, however, not much difference in net worth was shown when selective variables were controlled.

With regard to health of the participants, the study showed a staircase pattern for both men and women, with many more college graduates than high school graduates reporting excellent health. In terms of self-reported depression, the study showed no difference among men with different levels of schooling. For women, there was a staircase pattern, with high school graduates most likely to be depressed, followed by those with some college, followed by those who completed college. High school graduates also were much more likely to smoke cigarettes than college graduates.

In terms of social participation, the study showed that college graduates had a much higher level of participating in more than one kind of voluntary organization in 1992 than high school graduates and those with some college. In charitable giving, the study showed a staircase pattern for men, with college graduates having the highest level of contributing more than \$500 to charities in 1992, followed by those with some college, followed by high school graduates. For women, there was not much difference across levels of educational attainment.

In conclusion, Dr. Hauser stated, the study demonstrates that college pays handsomely, with substantial public and private benefits on a wide range of indicators.

In discussion following the presentations, Regent Salas noted a large disparity between earnings of 1999 men and women graduates in liberal studies. He inquired about the reasons for this difference and whether there is data on earnings of minority graduates. Dr. Goldberg indicated that these questions that will be analyzed in further review of the rich data source that is available.

Regent Davis asked if graduate retention could be analyzed for different parts of the state, and Dr. Goldberg replied in the affirmative. In response to an inquiry by Regent Davis about teachers' salaries, Dr. Goldberg indicated that good data on national comparisons were not available at the time of the study but that this question would be addressed going forward.

Regent Walsh asked how the percentage of nonresident graduates who stay in Wisconsin compares to other states, to which Dr. Goldberg replied that his impression is that the retention rate for science and technology graduates is somewhat lower than other

states, but that further analysis would be done. There is no survey data at this time as to why graduates left the state.

Responding to an inquiry by Regent Walsh about a shift in Wisconsin from home to branch offices, Dr. Goldberg indicated that more corporate headquarters are leaving the state than is the case in other states. It is thought that employees of those headquarter offices often move when the offices leave the state and that other employees are attracted to the corporate headquarters as they advance in their careers.

Regent Axtell asked if the Health Emotions Institute at the UW Hospital and Medical School are making use of the data in Dr. Hauser's study. In response, Dr. Hauser indicated that his group is collaborating with the institute on two large studies, one objective being to show how positive emotions contribute to resiliency and longevity in life.

The meeting was recessed at 12:20 p.m. and reconvened at 1:00 p.m.

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INFLUENCES ON STUDENT PERSISTENCE

In introductory remarks, Regent President Gottschalk noted that the Board of Regents has expressed its commitment to diversity many times and in many ways over the past decades. While great progress has been made in making the UW more inclusive of multiple cultures, races and backgrounds, it is a continuing challenge to make the climate in which students live and learn as welcoming as possible.

He welcomed Professor Alberto Cabrera, of the UW-Madison Department of Education Administration and Senior Researcher in the Wisconsin Center for the Advancement of Postsecondary Education, who has produced cutting-edge research on student persistence, classroom experiences, minorities in higher education and the economics of education. His work on the role of economic influences and student financial aid on college persistence and on determinants of student loan default behavior has received several awards. He also serves on the advisory boards of Bill and Melinda Gates' Pathways to College Network and the National Postsecondary Education Cooperative's Student Outcomes.

Presenting results of his research, Professor Cabrera stated first that a key component of student development is active engagement both inside and outside of the classroom. Effective student engagement results in gains in: persistence and educational attainment, cognitive complexity, critical thinking, interpersonal and intra-personal competence, and practical competence.

Preconditions for successful engagement include:

- 1) How well the student is taught and to what extent classroom practices invite students to be engaged, apply knowledge, make connections, and recognize how current learning impacts future jobs and actions as a member of society.
- 2) Contact with faculty, staff and other students. Most learning happens in a social context, and contacts with different ideas and point of view helps students to understand multiple ways of thinking, behaving and interacting in a complex society.
- 3) Quality of the curriculum, to what extent the curriculum is engaging in and of itself, to what extent it involves the participant, and to what extent it is connected to student realities and needs.
- 4) Tolerance and behavior that respects other people. Tolerance can be defined as putting up with something one fears, does not like, or otherwise has a negative attitude toward; it involves support for the rights and liberties of others and not discriminating against those toward whom one has negative attitudes. It is being willing to understand other points of view, to recognize that one's own perspectives are limited and to know that there are many other experiences that have to be understood in order to operate successfully in today's society.

Professor Cabrera indicated that climate is defined by how people from a particular group perceive whether or not their values and ways of behaving are accepted or at least respected. If a group sees its values and behaviors as being rejected by the dominant campus group, that condition leads to perceptions of prejudice and discrimination, which leads to feelings of alienation.

Turning to the framework for understanding campus climate, he indicated that it is complex and shaped by many factors, including the following:

1. The institutional context and history.
2. Structural diversity and how it is reflected by faculty, students and others on campus.
3. Psychological dimensions that affect the behavior of participants.
4. Behavioral dimensions of climate and impact on students.

Noting that there is no single domain of campus climate, Professor Cabrera explained that one area of perception relates to the institution as a whole, other groups of perceptions concern how students are treated by faculty, staff and others. Another domain relates to what happens in the classroom.

With regard to the importance of campus climate, he pointed out that it can affect the cognitive and affective development of students and the likelihood that they will be engaged in their education. Disengagement is detrimental to expansion of learning and knowledge. In a recent study, for example, 33% of science, technology, engineering and

math women students who transferred into other fields cited a 'chilly climate' and poor teaching for their decision. Campus climate affects persistence rates among African American and Hispanic students. In a study of a 1980 cohort of high school graduates, there was a large gap in persistence rates between students of color and white students, with African Americans and Latinos being 22% and 13% respectively more likely to drop out within six years than their white counterparts.

Dr. Carbrera indicated that there are three main assertions as to what matters for students of color to succeed in college. One common assertion is that academic preparation for college is one of the main explanatory variables that accounts for differences in persistence rates among students of color and white students. His research, involving 14 institutions of higher education, showed that:

1. Students of color did enter college with lower academic readiness as exhibited by test scores.
2. Academic ability does not exert a stronger effect among students of color than it does among white students.
3. For both students of color and white students, academic ability plays a significant role in academic performance in college.
4. For both students of color and white students academic ability has an indirect effect on persistence.
5. What matters most in terms of persistence is what happens at the institution, instructional quality and the extent to which the campus creates student engagement.

Another assertion is that adjustment to college involves severing ties to family, friends and past communities. His research found that:

1. Attachments to significant others are key for the transition of the student to college.
2. For both students of color and white students, parental support and encouragement exerts a positive effect on: a) student engagement with the academic and social domains of an institution; b) academic and intellectual development; c) academic performance, and; d) commitments to both completion of a college degree and to the institution.

A third set of assertions pertains to the manner in which students of color adjust to the institution and the role that climate may have. There are four components of this assertion:

1. Exposure to a climate of prejudice and discrimination lessens the adjustment to college and commitments to college completion and to an institution.

2. Perceptions of prejudice and discrimination are present only among students of color and women.
3. Maladjustment to college is the main factor accounting for differences in persistence rates between students of color and white students.
4. Exposure to prejudice detracts from the cognitive and affective development of students of color.

With regard to these assertions, Professor Cabrera's research found that:

1. Both students of color and white students perceive negative campus climates.
2. Performance in college, encouragement, and positive experiences with faculty and peers are more influential on persistence of students of color than are exposure to prejudice and discrimination.
3. First-year students who felt singled out or treated differently in the classroom experienced a higher sense of alienation.
4. Exposure to a climate of prejudice and discrimination affects all students.

Turning to what can be done to improve the situation, he explained that schooling is related to tolerance. Research shows that people are not born intolerant; rather it is caused by environmental factors. Tolerance is enhanced by contact with people who have different ideas and by curricula that promotes varied perspectives.

With regard to specific implications, Dr. Cabrera indicated the following areas where improvements can be made in order to address the issue.

1. Improvement of classroom practices. Negative in-class experiences were found to lessen commitment to the institution more than other factors. Feelings of being singled out in class and treated differently can be reduced by instructional practices that reward collaboration and cooperation in the classroom.
2. In terms of curriculum development, multicultural education can modify stereotypes associated with people of color and enhance openness toward diversity.
3. In terms of faculty development, faculty can be trained to recognize differences in learning styles and in pedagogy that foster tolerance. In addition, rewards can be established for faculty that concern themselves with enhancing the quality of classroom experiences.
4. Campus practices that enhance openness to diversity can be reinforced.

In discussion following the presentation, Regent Barry asked if comparable information is available about UW campuses.

In response Dr. Cabrera indicated that, while he did not have data on UW institutions, findings were consistent across the eleven institutions in his study.

Regent Marcovich asked if being singled out in class and treated differently is still a serious problem, and Dr. Cabrera replied in the affirmative.

Regent Mohs referred to a presentation to the board made in 2001 by Professor Vincent Tinto who spoke of the positive correlation of a successful student experience with graduation. With regard to classroom experiences, it was indicated that African Americans report feelings of subtle prejudice by white faculty, including lower expectations of black students and overly positive reactions to their work. Dr. Tinto felt that a critical mass of diverse students is important in providing a needed support system for students of color.

Regent Mohs commented that the fields of campus climate and diversity are relatively new areas of study with overlays of other philosophies, such as multiculturalism and feminism, and that people have divergent views concerning those fields. His observation was that many claims have been made, some of which were dubious. As an example, he cited a report by a University of Michigan sociologist that had been used to support the University of Michigan's position in the case before the Supreme Court, but that was discredited by many. He felt there was much contradictory work on the subject, which increased its complexity. He cited the case of an Asian woman who had been told by a professor that he did not think that her English was good enough to succeed. Another professor had indicated that some students respond positively to being challenged, while others would say they deserve more accommodation. While all agree with the goal of increasing persistence of students of color, he said it remains unclear as to what is the best evidence in this regard.

Professor Cabrera agreed that there are many assertions in the area and many misconceptions. His own research was grounded on the views of students. The assertions in his research were ones that he had been able to test, and his report only addressed what could be proven. With regard to the difference that can be made by structures, he said that, in the example of the Asian student, one structure might tell her that she is a failure, while another might engage the student in a plan to work on improvement in conjunction with academic services. One involves the student in the process, while the other treats her differently because of her origin.

In response to a question by Regent Davis, Professor Cabrera indicated that his study was published in 1994 and was based on a cohort of students who matriculated in 1991.

Referring to the professor's recommendations about faculty development, Regent Davis agreed that faculty need to be trained to engage students and to be pro-active in improving the campus climate. She also felt that rewards are useful in that regard in providing incentives for improvement

. She asked if any of the institutions implemented the recommendations.

While he did not know the actions taken by the specific institutions in the study, Professor Cabrera indicated that he had been involved in a major project to improve curriculum in the field of engineering and to attract and retain women and minority students in the field. While it was important to change the curriculum, it was also found to be important to change the kind of training provided to future faculty. In addition, he was a member of an initiative at UW-Madison called the Center for Integration of Teaching and Learning, funded by a \$10 million grant from the National Science Foundation, which has among its objectives the training of future faculty members in different styles of teaching that are appropriate for different students.

Regent Davis said she would be surprised if the conclusions of the study would be different at UW institutions. She suggested that Professor Cabrera's recommendations be used in the UW's efforts to improve retention.

Tess Arenas, Assistant Vice President for Academic Affairs and Senior Advisor to the President for Academic Diversity, indicated that a grant proposal is being made to study campus climate and that the next phase of Plan 2008 will include pedagogy and curricular infusion, including faculty training.

Regent Olivieri commented that, if campus climate has a strong connection to persistence, it should be a high priority to find ways to measure it on UW campuses and then take appropriate steps. He felt that the board should speak to the matter.

Chancellor Wiley observed that, while the climate at UW-Madison is not all that could be desired, there is some positive data in that regard. For example the graduation rate of students of color on the Madison campus is about 15 percentage points higher than the national average. Failure to persist, he indicated, holds true across test scores, GPA and high school ranks. While some argue that lower graduation rates for students of color should be attributed to lack of academic preparation, he pointed out that minority students with high class ranks and high test scores have lower graduation rates than white students with similar scores. That could not be explained, he observed, by anything other than campus climate or other hardships that attend to being a minority on campus.

Noting that rigorous social science research on the Madison campus has resulted in important programs, such as workman's compensation and social security, he observed that physical science research is seldom challenged, while equally rigorous social science research is challenged if the results disagree with existing prejudices. In that regard, he indicated that Professor Cabrera's research is of the highest caliber and that a great deal what is known through social science research is not being used to make policy, such as the fact that 90% of the cognitive development of children takes place before the age of five and that children who do not read at grade level in the third grade will not succeed academically. He urged that social science research be destigmatized and used appropriately.

As one who had done considerable recruitment as a CEO, Regent Barry observed that there is a feeling that the Madison community as a whole is not as open as it could be to persons of color, with regard to such matters as availability of retail products and openness of churches. He suggested that campus efforts to improve climate be meshed with those of the broader community, including business and churches.

Regent Smith noted that one of the goals of Plan 2008 pertains to campus climate and the curriculum and that work in this area has been ongoing for the past five years. There will be a report on progress in October.

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FIVE-YEAR PLAN FOR BLUE CROSS/BLUE SHIELD FUNDS

In introductory remarks, Chancellor Wiley recalled that about 4 years ago, Blue Cross/Blue Shield changed to a for-profit organization. In the process, stock was sold with proceeds going to the UW Medical School and the Medical College of Wisconsin for the benefit of health projects. Noting that the process of planning for the use of these monies had been long and complex, he recognized Regent Boyle for his dedicated involvement and many contributions in the planning process.

Presenting the Five-Year Plan, Medical School Dean Phil Farrell noted that the board had been provided with a revised plan that had been approved by the Oversight Advisory Committee (OAC). This plan contains no reference to the medical research facility, which was removed by unanimous vote of the Oversight Advisory Committee. He added that there would be continued efforts to develop funds for the building.

Noting that the plan is titled Wisconsin Partnership for a Healthy Future, he said it includes a wide variety of partnerships and synergies between the Medical School, community organizations, and the people of Wisconsin.

With regard to milestones in the plan's history, Dean Farrell indicated that on June 3, 1999 Blue Cross and Blue Shield United of Wisconsin announced the intention to convert to a for-profit corporation and to distribute the proceeds from the sale of its stock to the UW Medical School and the Medical College of Wisconsin to advance the health of the state's residents. As part of developing a plan to present to the Commissioner of Insurance, in the summer of 1999 the UW Medical School and the Medical College of Wisconsin organized a comprehensive assessment of the health status and needs of Wisconsin's diverse population and held a large number of public hearings around the state. About 1,800 comments were heard over a 30-day period identifying the interest of the state's people in prevention of disease and maintaining health.

On September 29, 1999, the UW Medical School and the Medical College submitted a comprehensive document entitled "Advancing the Health of Wisconsin's Population" to Blue Cross and Blue Shield United of Wisconsin. The document then was sent to the Commissioner of Insurance. On March 28, 2000, the Blue Cross and Blue Shield application for conversion was approved by the Order of the Insurance Commissioner. The next step was a series of legal challenges to the commissioner's order which were settled in March 2002, allowing implementation of the order.

In association with the Board of Regents and Regent Boyle, work then was begun on screening and selecting members for the Oversight Advisory Committee. The members were appointed by the Board of Regents on August 22, 2002, and the Insurance

Commissioner's appointee was named in September. Plan development then proceeded, resulting in submission to the Board of Regents at this time.

Turning to the Insurance Commissioner's Order, Dean Farrell identified the following major provisions:

1. Established the Wisconsin United for Health Foundation, Inc.(WUHF), the purpose of which is to sell the Blue Cross and Blue Shield stock (now known as Cobalt), transfer the proceeds from the sale to the two medical schools and approve the schools' revised five-year expenditure plans;
2. Designated 35% of the proceeds to be used to improve public health in Wisconsin and the remaining 65% for medical education and research with the stipulation that funds cannot be used to supplant resources otherwise available;
3. Required a Public and Community Health Oversight and Advisory Committee (OAC) to direct and approve the use of the public health funds, to comment on the medical education and research funds, and to vote on any proposed real estate expenditures.

Public health was defined in the Insurance Commissioner's Order to mean population health, rather than population medicine, focused on the broader determinants of health in communities, such as prevention efforts to promote healthy lifestyles for women, children and families; disease prevention and control; and control of environmental agents that negatively impact health.

Dean Farrell noted that both UW and MCW have been working for a decade in the area of population health. Recent Medical School initiatives have included expansion of the Department of Population Medicine and initiation of planning for a new population health program involving a distance component, all funded by gifts and reallocation of funds.

Outlining responsibilities of the Board of Regents, he indicated that the following responsibilities have been completed:

1. Selection and appointment of eight of the nine members of the OAC.
2. Approval of the bylaws of the OAC.
3. Approval of the agreement to accept proceeds from stock sales from the Wisconsin United for Health Foundation.
4. Designation of Regent Boyle to serve as liaison to the overall program.

Ongoing responsibilities of the board are:

1. Approval of each five-year expenditure plan.
2. Review of annual reports from the Medical School and OAC on the expenditure of all funds.

3. Acceptance of funds from the UW Foundation endowment accounts for transfer to the Medical School.
4. Review of the five-year program and financial audit.

Turning to a summary of the plan, Dean Farrell stated that the mission developed by the OAC is to advance population health in Wisconsin by promoting community/academic partnerships and by supporting education and research, thereby influencing public policy.

The vision of the plan is for Wisconsin to become the nation's healthiest state. The goal of the OAC is to advance population health in Wisconsin by executing its stewardship responsibility in partnership with the Medical School and in accordance with the 5-year expenditure plan.

The 35% component designated by the Insurance Commissioner is referred to as the Wisconsin Partnership Fund, the purpose being to develop community-academic public health partnerships in accordance with the Wisconsin Idea. Components of the fund are the Community-Academic Partnership Fund, community-population health initiatives, and community-based public health education and training.

The purpose of the Community-Academic Partnership Fund is to develop strong community-academic partnerships with a goal of 2/3 of the 35% funding component to be awarded as contracts supporting community-based population health programs. There will be a wide variety of partners, and the program will address the Healthiest Wisconsin 2010 Priorities, which is the state health plan. The goals of this plan are to improve quality of life, reduce health disparities, and improve the public health infrastructure. The plan also identifies specific health priorities that will be addressed by the program.

The second portion of the plan, Community-Population Health Initiatives, includes expenditures to establish further the UW-Madison/UW-Milwaukee Center for Urban Population Health, which has the goal of providing leadership in the state's urban population health issues with emphasis on Milwaukee and southeastern Wisconsin, addressing those issues with the largest potential for affecting health outcomes of underserved urban populations. This center reaches 86% of the state's African Americans, 37% of the Hispanic population, 37% of the Asian population and 17% of the Native American population. The second component of the plan is support for public health research in Wisconsin tribal communities.

The third portion of the plan, Community-Based Public Health Education and Training, includes continuing education through public health conferences, the Wisconsin Public Health Leadership Institute for public health professionals, and community-based public health practice fellowships to place professionals in communities around the state as public health practitioners in order to expand the public health infrastructure.

Paul DeLuca, Vice Dean of the Medical School then presented the part of the plan titled Improving Health Through Medical Research, Education and Discovery, which will utilize 65% of the funding. He began his remarks by noting that it used to take a great deal of time to translate discoveries to application through new vaccines and medical procedures. This has changed considerably due to cross-fertilization of ideas and better sharing of information, so that the ability to apply knowledge to the health of Wisconsin citizens is much expanded

This part of the plan involves creation of the following core focus areas of excellence:

1. The Wisconsin Population Health Research Network with the purpose of gathering evidence in a comprehensive way and collecting vast amounts of information. This will be coupled with a clinical trial network.
2. Emerging opportunities, such as SARS and stem cell research.
3. Disease genomics and regenerative medicine.
4. Molecular medicine and bioinformatics.
5. Innovations in medical education.

Major strategic research priorities include: aging, cancer, cardiovascular and respiratory diseases, neuroscience, population and community health, rural health, and women's health.

In closing, Dr. DeLuca stated that these priorities optimize and leverage the Medical School's efforts in translating and applying discoveries with a high potential to dramatically advance the health of the public.

In discussion following the presentation, Regent Barry suggested that Regent Boyle continue to be the board's liaison to the program, after he is no longer a member of the board. He asked if the School of Nursing would be involved in the community-academic partnerships.

In response, Dean Farrell indicated that the School of Nursing can be involved through joint appointments with the Medical School.

Regent President Gottschalk agreed that Regent Boyle's involvement should be continued. Dean Farrell replied that nothing in the Commissioner's Order would preclude a person no longer on the board from serving as liaison and that he would recommend Regent Boyle's continued successful involvement.

Regent Smith recalled that he had appointed Regent Boyle to the liaison role when he was president of the board and was familiar with the great amount of effort that he had put into the program.

There was consensus that Regent Boyle should continue to serve as the board's liaison to the program, and General Counsel Brady agreed to confirm the appropriateness of that arrangement.

Noting his involvement in the selection of the Oversight and Advisory Committee, Regent Boyle observed that the process had been fair and objective. He assured the board that the committee had become one of the most effective and cohesive groups with which he had worked. They debated fully, with community members not hesitating to challenge Medical School professionals. The group was highly effective and not a tool of the Medical School in any way.

With regard to removal of funding for the medical facility from the plan, he commented that the facility issue distracted people from looking at the comprehensiveness of the plan in terms of both community and Medical School projects. He viewed the plan as an opportunity to change the focus of the Medical School in a more community-oriented direction, which would be a benefit to health in the State of Wisconsin.

In response to a question by Regent Axtell about the funding situation, Dean Farrell indicated that initial proceeds from selling the stock amounted to \$35.5 million. Of the \$12.4 million share for population health, the OAC determined that 20%, or \$2.5 million, should be used as start-up funds to get some programs under way. This amount would be replenished over time as stock is sold and added to the other 80%, or \$9.9 million, which will be treated as a permanent endowment. The endowment will generate annual revenues of about half a million dollars. At this time, 6.3 million shares have been sold out of a total holding of 15.5 million.

The 65% for research and education amounts to \$23.1 million. It is expected that 20% of that amount, or \$4.6 million, will be used as start-up funds, with the other 80%, or \$18.5 million placed in an endowment, which will generate annual interest income of about \$925,000. The start-up funds will be replaced and added to the endowment over time.

Regent Axtell added that the \$35 million is half of a total of \$70 million, with the other half going to the Medical College of Wisconsin.

In response to a question by Regent Axtell about what could be expected from complete sale of the stock, Dean Farrell indicated that, assuming the same average net sale price of \$12 a share, it would amount to about \$186 million for the Medical School and \$65.1 million for the population health funds. The two medical schools will work together in a coordinated fashion and other UW campuses also will be involved.

Replying to a question by Regent Salas about removal of the facility proposal from the plan, Dean Farrell indicated that the OAC had unanimously decided to include the facility in the plan after an extensive sifting and winnowing process. However, it turned out that the building issue distracted people from focusing on the wonderful programs included in the plan. Other opportunities for funding the building were examined, and it was recognized that other options would be possible. It is important, he stated, to redouble efforts to seek funding so that the building can be completed on the

approved timeline. However, he observed that it is advantageous to have the entire 65% available for development of programs.

Regent Rosenzweig asked how the plan will advance more positively without inclusion of the building. In response, Dean Farrell indicated that there will be more focus on the programs and more attention to the opportunities they provide. Second, not knowing when Cobalt will sell more stock, it still will be possible to accelerate movement in the five areas of excellence identified in the plan. An advantage of doing that will be to position the university better to obtain NIH grants.

Regent Rosenzweig noted that it is a win-win situation, with the building moving ahead from different funding sources and the projects in the plan moving ahead at a faster pace.

Regent Barry moved adoption of the following resolution and the motion was seconded by Regent Axtell.

Approval of “The Wisconsin Partnership Fund for a Healthy Future” (Five Year Plan for Funds from Blue Cross Conversion)

Resolution 8671: That, upon recommendation and approval of the Regent-appointed Oversight and Advisory Committee, and the recommendations of the UW-Madison Chancellor, the UW Medical School Dean and the UW System President, approval is given to the “Wisconsin Partnership Fund for a Healthy Future”, the UW Medical School and Oversight and Advisory Committee 2003-2008 Five Year Plan for funds from the conversion of Blue Cross and Blue Shield United of Wisconsin, with all references to use of the funds for development or construction of the Interdisciplinary Research Complex deleted.

Stating his support for the resolution, Regent Walsh added that the Research Center remains very important for the future and the funding will be a challenge that must be met.

Put to the vote, Resolution 8671 was adopted unanimously.

Adoption of the following resolution was moved by Regent Davis, seconded by Regent Olivieri, and carried unanimously.

**Blue Cross Blue Shield Acceptance of Funds Agreement Modifications-
Technical**

Resolution 8672: That, upon the recommendation of the President of the University of Wisconsin System and the Chancellor of the UW-Madison, the Board of Regents:

Approves the “Agreement to Accept Gifts Between the Wisconsin United for Health Foundation, Inc., the University of Wisconsin Foundation and the University of Wisconsin System Board of Regents” with technical adjustments made from the last draft of the Agreement and to incorporate other minor wording changes at the request of Wisconsin United For Health Foundation, Inc., which do not change the meaning;

Authorizes Darrell Bazzell, Vice Chancellor for Administration, University of Wisconsin-Madison to sign the Agreement on behalf of the Board.

Thanking the board for its support, Chancellor Wiley stated that removal of the building from the plan was the right decision, but that the building still remains critical to success of the plan and that funding it is a great challenge. In that regard, he noted that the state does not wish to fund new facilities, that the federal government furnishes little money for facilities and that donors would prefer to fund programs.

Regent Smith recalled that two years ago the Medical School had attempted to recruit a head of cardiology from a famous university, probably the top cardiology researcher in the country, to head one of the UW centers of excellence. Although he wanted to come here, he could not accept the offer because of lack of adequate laboratory space. This week, he is a final contender for a \$30 million grant from the Reynolds Foundation – a missed opportunity for Wisconsin.

The meeting was adjourned at 3:00 p.m.

Judith A. Temby, Secretary