

MINUTES OF THE REGULAR MEETING

of the

BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM

UW-Stevens Point

Held in the University Center, Laird Room

Thursday, May 8, 2003

11:00 a.m.

- President Gottschalk presiding -

PRESENT: Regents Amato, Axtell, Boyle, Bradley, Burmaster, Gottschalk, Marcovich, Mohs, Olivieri, Randall, Richlen, Rosenzweig, Salas, Smith and Walsh

ABSENT: Regent Davis and Gracz

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WELCOME TO NEW REGENTS

Regent President Gottschalk welcomed to the board Regent Mark Bradley, who succeeded JoAnne Brandes, Regent Beth Richlen, who succeeded Tommie Jones as student regent, and Regent Nino Amato, who succeeded Jonathan Barry as representative of the WTCS Board.

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BUDGET UPDATE

Regent President Gottschalk reported that the Joint Finance Committee had concluded its hearings on the Governor's proposed biennial budget and had begun to vote on budget items. Expressing appreciation for the many visits and conversations that regents, chancellors, President Lyall and university relations staff have had with Joint Finance members, he indicated that members understand the magnitude of the cuts the UW is facing and the pain they will cause on the campuses. They realize that the university is taking an unfair proportion of the cut and understand the importance of the tuition increase to minimize the impacts of the GPR cuts on students and instruction.

At the same time, he cautioned, there is growing concern that revenue sources in the Governor's budget may not materialize and there is strong pressure on legislators to restore transportation fund money and to hold the line on cuts to shared revenue. It will be necessary, he stated, to continue to make the case that, to quote a recent editorial in the *Wisconsin State Journal*, "enough is enough" in terms of cuts to the university. In that regard, he indicated that there are four concerns that must be stressed:

- Cuts to the UW should go no deeper. Ninety-nine cents of every state dollar goes directly to UW campuses, which have developed carefully considered but painful plans to deal with the Governor's cut. Additional cuts, coming when students have already been admitted for the fall, could be devastating.
- Approval is needed of the proposed tuition increases of \$350 per semester at UW-Madison and UW-Milwaukee and \$250 per semester at all other campuses. There is support for the increases from students, including resolutions of support from student governments, who would rather see their tuition go up than see their educational quality and choices decline. Even with those increases, the UW would have to cope with a \$100 million cut.
- Approval is needed of the Governor's proposed financial aid increases in order to make the tuition increases affordable for the neediest students. Legislative leaders acknowledge the unfairness of taking these funds from UW auxiliaries and have pledged to find a long-term funding source for financial aid.
- Finally, legislators need to be urged not to micromanage the university. The cuts present an enormous management challenge to the president and chancellors who have been working for months on plans to meet them in ways that best preserve student access and services. In order to achieve those goals, it is important that the cuts be made by those closest to the operation. It also is important to explain the efficiency of the UW in educating one-third of Wisconsin's high school graduates for \$1,000 per student less than the national average and with very low tuition.

Expressing appreciation for the great show of public support for the university coming from around the state, Regent President Gottschalk indicated that letters are being sent every day to Joint Finance members and legislative leadership from alumni, business leaders, former regents and other friends of the university.

It is important, he pointed out, to continue to put these cuts to the university in context. The UW is being asked to take 38% of the cuts to state spending even though it is only 9% of the state budget. Ten years ago, Wisconsin ranked 13th in the nation in per capita state appropriations for higher education. Today it ranks 28th. In this measure, Wisconsin has fallen faster than any state in the nation. In contrast, Arkansas ranks 17th, and Mississippi ranks 9th. In the K-12 system in Wisconsin, \$10,000 public dollars are spent per student. In the university system, \$6500 is spent per student, an amount that will fall to about \$5,000 once the budget is passed.

Noting an encouraging budget development, Regent President Gottschalk indicated that the Joint Operating Committee on Employment Relations approved the pay package for classified employees, which was signed by the Governor this week. Classified workers will receive a 1% raise retroactive to July 2001, a 2% raise retroactive to July 2002, and a final 2.5% raise retroactive to April 2003. Noting that the UW has 10,000 classified employees who had been working for nearly two years without a raise, Regent Gottschalk observed that these employees are essential to the smooth operation of the university and that these adjustments are well-deserved.

Turning to the future, he noted that the Governor has indicated that future negotiations will include a health insurance co-payment plan for both classified and unclassified staff.

Noting that the UW's most important asset is its faculty and staff, Regent President Gottschalk stated appreciation for all that they do for students and the state. With fall classes largely admitted, the university has committed to teaching the classes advertised in the timetables and to housing students in its residence halls. Whatever the budget outcome, faculty and staff will honor these commitments.

Regent Olivieri noted that the UW Colleges have proposed an approach to dealing with the budget cuts that would reduce fewer of the faculty and academic staff positions needed to meet heavy student demand for admission. He asked if legislators were being urged strongly to provide position flexibility without necessarily reducing the size of the cut, so that the UW could continue to serve as many students as possible.

President Lyall replied that, while this point has been made repeatedly, the trend in legislative actions has been not to provide that kind of flexibility. The university has urged for years that the state manage the UW by dollars and not positions because the choice of hiring one higher-paid faculty or two lower paid ones should be an academic management question, rather than a fiscal budget question.

Regent Amato added that Joint Finance had cut the WTCS System by an additional \$14.1 million, eliminating discretionary funds that make managing the cuts more difficult.

Regent Salas expressed concern about the impact of the cuts on Milwaukee Area Technical College's Allied Health programs, pointing out that there are hundreds of qualified students on waiting lists for these programs at a time when the state faces shortages of nurses and other medical personnel.

Regent Mohs commented that it is critical to have a salary and benefit package that will allow the UW to recruit top quality faculty and staff in the national market. In order to remain competitive, he emphasized, the UW needs to be seen as a great place to work and an institution that can compete nationally for the best people.

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Online Learning in Wisconsin: Access Through Collaboration

Introducing the presentation, Senior Vice President Cora Marrett noted that the UW System rests on the principles of access and quality, continually seeking ways for providing outstanding educational experiences for all state citizens. The topic of the presentation centered on one path through which the UW aims to enhance access to quality. Whether web-based instruction is blended into residential instruction or used for delivery at a distance, attention is focused around its enhancement of learning and of opportunities to learn.

To make the presentation, she introduced Barbara Emil and Marv Van Kekerix. Dr. Emil, Dean of Outreach/E-Learning Extension and Director of Learning Innovations, works with the 26 UW campuses to support independent learning programs and manages an array of services to support the degree and certificate programs that UW campuses offer online. Prior to joining UW-Extension a year ago, she held administrative positions at the University of South Florida, the Florida Virtual Campus, and the University of Nebraska. Dr. Van Kekerix, Provost and Vice Chancellor of UW-Extension, oversees operations that include the outreach functions. He received his doctorate from the University of Nebraska and served as Director of Academic Telecommunications at that university, after which he managed extension programs at UW-Stevens Point. His book, *Reaching Learners through Telecommunications*, won an award for advancing distance education.

In opening remarks, Dr. Emil noted that part of the original vision of the Wisconsin Idea was taking education directly into the home. The UW-Madison Survey Center's recent poll showed continuing support for the Wisconsin Idea, with 86% believing that the university should reach beyond the campus, and another poll showing 73% of respondents believing that the state should fund outreach education.

In 1996, the Board of Regents study of the UW System in the 21st Century concluded that the Wisconsin Idea should be expanded through technology in order to enhance access; and in 1997 the board approved the creation of Learning Innovations – a partnership between the UW System and UW-Extension to support online learning. Among the goals articulated by the board were to provide access by removing barriers of time and place; to create student-centered learning environments and service systems; and to encourage collaboration across the system.

Turning to the history of UW leadership in distance education, Dr. Emil indicated that the earliest form was print-based independent learning with the Wisconsin program, which began in 1892, being the first of its kind in the country. In addition, Wisconsin Public Radio and Television continue to lead the nation in terms of educational uses of technology. While the technology changes, the commitment remains strong to reach adults and others not readily served on campus.

Noting that there are a variety of ways in which online education removes barriers to learning, Dr. Emil indicated that there is a continuum of models from blended courses in which an online dimension is added to the classroom to fully online learning, any time and any place.

System-wide, the UW currently has 26 degrees with significant distance education components, enrolling 17,800. There are 126,800 enrollments in courses with online components.

As to demand, a recent poll by the *Chronicle of Higher Education* showed that 90% of Americans believe that it is important for universities to provide education for adults, so they can qualify for better jobs.

While access used to refer to place, Dr. Emil indicated, it now also refers to time as increasing numbers of people work in businesses that operate around the clock. People working in such areas as transportation, hotels, hospitals, long-term care, fire protection, police and corrections need education, and they need it all around the clock.

To determine what programs should be offered, Learning Innovations works with UW System's Market Research unit to identify needs and with campuses around the state to find programmatic and faculty resources. LI supports faculty in developing and building online courses and programs and provides technology support to students and faculty. This collaborative process involves surfacing differences and working together to resolve them with focus on the student in mind.

There currently are 14 programs, with enrollments of 3,600 students, fully online supported through Learning Innovations, in addition to other programs offered and supported at the campus level. The largest enrollments in these programs are at the UW Colleges, the most programs are offered by UW-Platteville, and the oldest and most well-established collaborations are in nursing and business programs.

Noting that these collaborations take time and resources, she observed that it is necessary to be accountable for how those resources are used in cost-effective ways to provide student access. Careful coordination is needed to determine what should be done locally and what can be scaled for efficiency. Making choices to collaborate and scale for efficiency can save money and can make money when new populations of learners are served. In that regard, she said that about half of the students enrolled online this semester indicated that they could not take the course if it were not offered online.

Among such choices, Dr. Emil explained, are linking of resources. For example, the UW College associate degree programs also provide general education courses for students in nursing, business and other degree completion programs, and certificate programs link to graduate degree programs. Instead of building it twice, she noted, the UW builds it once for multiple purposes – the type of collaborative effort with which many states are still struggling and of which Wisconsin can be very proud.

Indicating that online enrollments in LI supported programs had grown from 392 in 1999 to 2,215 in 2001 and 3,630 in 2003, Dr. Emil said that 10%-12% growth is anticipated in the next year as well.

As to economic impacts, she pointed out that more citizens with college degrees and certificates equals a more highly skilled workforce, increased earning power, and a healthier state economy.

As to program directions going forward, Dr. Emil indicated that UW-Madison already has a number of engineering programs online, one of which won the top award from the U.S. Distance Learning Association. New programs are being started this spring in specialized areas of engineering studies. UW-Milwaukee is launching the first doctoral program online in nursing. Beginning in the fall, a gerontology program will be offered in partnership among Marquette University, UW-Extension and seven UW institutions; and a criminal justice program is under discussion. With addition of the gerontology certificate program, 13 of 15 UW institutions will be engaged in some form of online collaborative programs.

Benefits of collaboration, she indicated, include expansion of access, efficiency, convenience for students, simplification of learner services, ensuring quality and avoidance of duplication. As an example of simplified services, she explained that students wanting to take courses from more than one campus used to have to repeat the application and enrollment process at each campus. Today, one application provides information that also can be shared with other campuses.

UW-Extension recently hosted the Sloan Symposium on the economics of online learning. It was found that the range of funding models varies widely across the nation, as do approaches to setting tuition. More national research is needed to better identify best practices and ways of sharing those practices among states.

Turning to financial history, Dr. Emil indicated that, since the founding of Learning Innovations, the UW System needed to fill a funding gap between the resources provided by UW-Extension and the revenues earned by the program. That gap has been narrowing and is expected to be eliminated completely by 2004, with revenues and investments coming into balance.

Revenues from tuition total about \$3 million this year, of which about 22% stays with UW-Extension to support the programs, and about 78% goes to the tuition pool and to the campuses. Looking to the future, UW-Extension will continue to provide about 40% of the budget. Tuition and program development funds will cover 20%, with the rest coming from application fees collected through the Higher Education Location Program and from contracts and independent learning.

Concluding her remarks, Dr. Emil indicated that Learning Innovations is well-positioned in national benchmarking, having just completed a study for accountability purposes that included Penn State, the University of Washington, the University of California-Irvine, and UC-Berkeley. At the Sloan Symposium, the UW offered to expand that study to include all of the institutions represented, which were the large public higher education online learning programs in the country, thus further positioning the UW for leadership in this area.

Dr. Van Kekerix began his remarks by indicating that UW online programs are in fact expanding student access and removing barriers to participation, which were among the key goals behind the online learning effort. Learning Innovations is playing an important roll as a partner to other UW institutions, taking advantage of synergies among them. Increasingly, LI is fostering collaboration among campuses to take advantage of institutional strengths.

Collaboration, he pointed out, does not always come easily because of the differences among UW institutions and their individual strengths. Among the matters involved are discussions about mission and development of common curriculums. An example of success in this area was creation by faculty from several institutions of a common curriculum in the nursing program. Each institution, he noted, has a particular orientation to their programs, which means that they need to step back and look at what the overall common orientation should be, taking into account market research findings about student needs. Admission standards and individual institutional cultures also need to be taken into account.

With regard to the vision set forth in the EGOLL report, Dr. Van Kekerix indicated that there has been considerable progress toward a coordinated and collaborative approach to online learning, ensuring both quality and access.

In conclusion, he indicated that, while the Sloan Foundation typically funds online learning in individual institutions, there are indications that the foundation may move toward a more system-wide and multiple institution orientation, which positions the UW well for obtaining additional support going forward.

In discussion following the presentation, Regent Mohs recalled that initially he had been skeptical about the quality and substance of online learning but over time had changed his mind. Fiscally, he pointed out that many e-learning initiatives, like many e-commerce businesses, had failed. Therefore, he felt that Learning Innovations and its partners deserve to be congratulated for succeeding financially while maintaining high quality.

Regent Walsh agreed with Regent Mohs, noting that Wisconsin's program was able to succeed because of the long history and tradition of the Wisconsin Idea. Referring to the funding gap that was being eliminated, he asked why revenue decreased in the last three years while more people were being served.

In reply, Dr. Emil indicated that the time when revenues were highest was also the time of the largest deficit, with money being lost on every enrollment. What was necessary, she said, was to temper expectations of what those revenues could be in serving the working adult population. Costs had been cut accordingly, being reduced by 12% in the past year, and new revenues were brought in from programs serving those identified markets. In addition, the mission had been refocused to center on UW programs for working adults, recognizing that other modes of growth were not going to materialize. While some online programs failed through a high-profile, high-investment approach, Learning Innovations pulled back in time and refocused on what makes Wisconsin strong and who could be served most productively.

Regent Randall noted that, over the coming months, thousands of Wisconsinites will be returning from war with veteran status and eligibility for GI Bill and employer-provided educational benefits. This, he indicated, provides an opportunity to work closely with the technical college system to provide education to them online and even to serve veterans who live in other states. Noting the challenge of budgetary uncertainty, he asked if there was consideration of how to use online programming to serve returning veterans.

In reply, Dr. Emil indicated that, while Wisconsin students are the primary focus, students from many states and countries are enrolled in UW online programs. Tuition is priced to provide an advantage to state residents and a national audience is served when it reinforces the in-state effort. Learning Innovations works with the Veterans Administration and with employer reimbursement programs in making its offerings available to people who qualify for those benefits.

With regard to coordination with the technical colleges, she indicated that there is interest by the WTC System in participating in the Criminal Justice program that is being discussed. Learning Innovations looks forward to opportunities to further collaborating with partners on a state and national basis.

Regent Marcovich asked if Learning Innovations will in the future provide online services as needed without any further resource commitments from the system.

Dr. Emil responded that deficit coverage will no longer be needed but that contributions from the system will be focused strategically on developing new programs to serve new needs in the work force. These costs will be offset somewhat by program revenue. About 20% of LI's budget is projected to come from tuition revenues and system support for developing new programs. Dr. Van Kekerix added that part of tuition revenues go to the tuition pool, providing a return to the UW System as a whole.

Regent Smith recalled that he had served on the Learning Innovations Board when it was first formed and a goal discussed at that time had been to reduce costs to a point at which they would be lower than costs for in-person education. Noting that this goal probably is not realistic at this time, he said the important contribution of online learning is to serve a population that could not be served by traditional education systems. While online education might not be a less costly way to serve students, he observed that there are sources of revenue that can be used to move the program toward self sufficiency.

If today's budget pressure were to cause the UW to not be able to serve as many students on campus as it currently does and if that number were sizable, he asked if Learning Innovations could reposition itself to serve a hypothetical population of up to 10,000 additional students.

Dr. Van Kekerix replied that online learning for 10,000 students could be less expensive than putting in place the infrastructure needed to serve them in traditional fashion. Noting that online programs use flexible tuition rates, he noted that this source could be used to increase support for the programs, keeping in mind the students' ability to pay and their level of financial need. In addition, he thought there might be opportunities to explore other sources of support for development of programs because of recognized state or national need.

Regent Smith asked how quickly Learning Innovations could gear up to serve that many additional students, to which Dr. Van Kekerix replied that finding instructional resources could be a significant challenge. Dr. Emil added that the instructional resources are the same whether the program is offered online or on campus. When there are reductions in instructional capacity on campus, that also would impact the ability to extend those opportunities online.

Commending Learning Innovations for being able to survive in a difficult economy, Regent Olivieri commented that there is much more to be done in the area of online learning. He supported the focus on serving Wisconsin and identified increased engagement of the campuses in online learning as a challenge going forward. He asked what students in the associate degree program pay in tuition for online programming compared to tuition for traditional campus programs.

Chancellor Messner replied that students pay a 40% premium for taking online courses, covering a portion of campus and LI costs for these programs. The cost per credit ranges from about \$150 for UW College courses up to \$1,340 for UW-Madison Engineering programs, some of the prices being market driven and some being cost driven. At the Sloan Symposium, it was found that institutions that did not have differential tuition tended to have the greatest levels of subsidy.

Regent Olivieri observed that it would not be possible to serve 10,000 additional students in the current budget and cost situation if it costs more to serve students through the online mechanism.

Dr. Emil noted that online learning might well cost a student less than a campus-based program when such expenses as travel to campus, child care and other incidental costs are taken into account. The Sloan Symposium action agenda, she noted, will be helpful in looking for answers to these kinds of questions. Dr. Van Kekerix indicated that there is a lost opportunity cost for students who cannot take programs on campus. For many of these students, the opportunity to take online courses is worth a higher tuition rate.

Regent Salas asked if it is more difficult to develop online programs in some areas than others. Noting that not many online degree programs are offered in the humanities, he asked if that is the result of demand or developmental cost considerations.

Dr. Van Kekerix responded that the lower number of online programs in the humanities is a result of market, rather than cost, factors. Learning Innovations has been focusing its efforts on areas where there is significant need for a full online program. One of the downfalls of many distance education efforts, he added, has been trying to duplicate all the programs available on campus.

Regent Salas noted, therefore, that the UW does not have the range of online courses to meet the demand of 10,000 students needing to meet degree requirements.

Dr. Van Kekerix concurred, adding that to duplicate online a full campus curriculum would be an overwhelming task.

Regent Burmaster commended Learning Innovations for the great work that has been done, especially in nursing as one of the two major areas of worker shortage in the state. Noting that discussions had begun over a year ago with the Department of Public Instruction, she indicated that since that time the sense of urgency has increased to use online learning as a vehicle for teacher licensure.

Dr. Emil replied that this is an area of need that Learning Innovations is preparing to address. In one project, LI is working with DPI and WEAC to help teachers manage professional development and the new PI-34 requirements relating to how teachers

become certified and maintain licensure through different career stages. Indicating that this is an excellent opportunity for the technical colleges, independent colleges and the UW to work in partnership, she noted that additional support is needed, which is being sought at the federal level and from other sources. It is a major need and opportunity, she added, to do something that also could help other states that are just beginning to consider the implications of No Child Left Behind requirements.

Chancellor George indicated that David J. Ward, who facilitated the Sloan Foundation Seminar will be drafting a report that will be shared with the board, chancellors and others so that what was learned at the symposium can be used in Wisconsin to drive the effort forward.

Chancellor Markee noted that UW-Platteville has been a partner with LI from the beginning and that the relationship has been institution changing, with almost 1/3 of the faculty involved in degrees for new markets. The focus has been to select a few of the areas in the university's mission for the nontraditional student market. The experience in online learning also has led faculty to integrate online experiences into their other classes on campus, and this has had a great impact on changing the campus culture and opening it to new kinds of teaching and learning.

Chancellor Keating asked what kind of competition there is in offering liberal arts programs.

Replying that the level of competition is significant, Dr. Emil explained that a decision that has positioned the UW well is to offer only full programs of study online. Students have the choice of taking individual courses from a range of different providers or enrolling for a complete program of study from the UW, which is well-known and established in that field. With many competitors in the market, the UW could not compete on price alone and does not have the private sector benefactors that some proprietary institutions have. Some competitors spend large amounts of money on advertising, which the UW would not have the resources to do. Therefore, UW programs would not be able to compete in areas where they are not well-known and where there is not established demand. Not all competitors, however, offer full programs of study, fully online for working adults, she said, adding that the UW will have to stay true to that focus in order to continue to be competitive.

Dr. Van Kekerix added that marketing studies are helpful in providing a view of the competition, as well as the need.

Noting that the board is planning a study to rethink the future of the UW System, Regent Smith asked Learning Innovations to put together some preliminary information pertaining to the model he had suggested – being prepared to serve 10,000 students in a short period of time.

The discussion concluded and the meeting was adjourned at 12:35 p.m.

Judith A. Temby, Secretary