

MINUTES OF THE REGULAR MEETING

of the

BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM

Milwaukee, Wisconsin

UW-Milwaukee
Held in the Union, Wisconsin Room
Thursday, June 7, 2007
9:30 a.m.

- President Walsh presiding -

PRESENT: Regents Bartell, Bradley, Burmaster, Connolly-Keesler, Crain,
Davis, Falbo, Loftus, McPike, Pruitt, Rosenzweig, Salas,
Shields, Smith, Spector, Thomas, and Walsh

UNABLE TO ATTEND: Regent Cuene

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Welcome to Regent Colleene Thomas

Regent President Walsh welcomed Regent Colleene Thomas, who had recently been appointed by Governor Doyle as a student regent, to succeed Regent Emeritus Christopher Semenas.

Regent Thomas, who majors in Political Science and Geography at UW-Madison, is a member of the Shared Governance Committee of the Associated Students of Madison and has served as a house fellow in an international learning community residence on campus.

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Introduction of Special Guests

President Reilly introduced and welcomed several staff persons, representing members of Wisconsin's congressional delegation: Sara Spence, for Congresswoman

Gwen Moore; Hilary DeBlois, for Senator Russ Feingold; and Danyell Tremmel, for Congressman Paul Ryan.

He also introduced and welcomed Steve Bablitch, former Secretary of the State Department of Administration.

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UW-MILWAUKEE PRESENTATION: REGIONAL ECONOMIC DEVELOPMENT PLAN

In introductory remarks, Regent President Walsh recalled that Chancellor Santiago spoke to the Board of Regents last year about the need for investments in UW-Milwaukee's research and access missions. To address that need, the university's budget initiative, Powering a Knowledge-Based Economy, was created as an important part of the Growth Agenda for Wisconsin. Governor Doyle supported these initiatives in his biennial budget, and they received a positive vote in the Joint Committee on Finance.

He then introduced UW-Milwaukee Chancellor Carlos Santiago to provide a progress report on how the university was preparing itself to move forward in that regard.

The chancellor began his remarks by reporting that, of the \$300 million plan for research growth, the university had raised nearly all of its \$100 million commitment and would complete the fundraising campaign early. A second \$100 million would come from reinvesting the university's existing dollars, and the third \$100 million would be requested as state support over a 6-year period.

Referring to UW-Milwaukee's 94-acre campus, Chancellor Santiago indicated that, when the university was built, it was envisioned that the campus would expand east or west, neither of which occurred. The fact that there are 28,000 students on this size campus makes it the most compressed by far in the UW System. Adding to the compression problem is the university's movement from a commuter to a residential campus, greatly expanding the student presence and creating problems in adjacent neighborhoods.

The campus has only 2,700 residential beds, not even enough for the 4,300 freshmen who come to university each year. While opening of the River View residence facility in January 2008 will add 500 beds and the Kenilworth Building will provide graduate student housing, the problem remains a large one.

River View, he pointed out, had been built by a private developer through the UW-Milwaukee Real Estate Foundation in only 20 months, compared to the eight years it took to remodel the Kenilworth facility and the 13 years it took to construct the Sandburg residence towers. River View will be a living-learning community, including classrooms and transportation to campus.

While the university has continuing interest in the Columbia Hospital building, it would need to house 1,000 students to make it financially viable; and negotiations were proceeding slowly.

Another UW-Milwaukee site is the Water Institute, located four miles from the main campus, which conducts important research on the Great Lakes. The institute's research vessel is 50 years old, and funds are being raised for a replacement.

At the Grand Avenue Mall, the School of Continuing Education serves 25,000 students on a fee basis.

Turning to possible new areas of expansion, Chancellor Santiago noted that availability of land would not drive decisions and that no funding is available for land or buildings at this time. Discussions are being held with potential donors and the budget request includes \$3 million in planning monies. He and his staff had met with 55 legislators and had obtained bi-partisan support.

The university must move forward with such plans, he emphasized, because the future of the region is at stake and UW-Milwaukee must play a major role in realizing the region's full potential.

In that regard, he explained that UW-Milwaukee's Growth Agenda includes three areas: 1) Biomedical Engineering; 2) Advanced Automation; and 3) Health Care.

Noting that the Board of Regents had voted to support a school of public health in Milwaukee, he indicated that Aurora Sinai would be a potential partner and has land that could be used for an academic health center. This would align the university with the largest indigent care hospital in Milwaukee and would provide access to patients for clinical programs.

Another potential site for expansion, Chancellor Santiago continued, is the Milwaukee County grounds, on an 82-acre parcel adjacent to the Medical Campus in Wauwatosa. Noting that UW-Milwaukee, the Medical College of Wisconsin and Marquette University together generate less than \$200 million annually in external support, he emphasized that this amount must be raised substantially in order to power expansion of research. The plan would be to move the School of Engineering to this site, called Innovation Park, to enable expansion of biomedical sciences and advanced automation.

Indicating that there is substantial private-sector support for the proposal, he reported that, in the coming week, the county board would take up a resolution to begin negotiations.

In addition, UW-Milwaukee would continue to support its degree programming in Waukesha County.

With regard to the means of accomplishing these ambitious goals, Chancellor Santiago said that the entrepreneurship of the UW-Milwaukee Foundation would be of great benefit in leveraging scarce dollars with private support.

In conclusion, the Chancellor indicated that the Innovation Park would cost \$149 million to build over a ten-year period; and the Central City Academic Health Center

would cost \$133 million. The result, he predicted, would be an economic transformation and a brighter future for the entire region.

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PRESENTATION BY DENNIS JONES, PRESIDENT, NATIONAL CENTER FOR HIGHER EDUCATION MANAGEMENT SYSTEMS

In introductory remarks, President Reilly, indicated that the National Center for Higher Education Management Systems (NCHEMS) is a nonprofit research and development center to improve strategic decision-making in higher education. Noting that Mr. Jones is highly respected for his expertise, the President added that he recently has spoken in Wisconsin to the Higher Education Roundtable and at a UW System chancellors' retreat

A recent NCHEMS study placed Wisconsin in the top five nationally in higher education productivity.

Mr. Jones began his remarks by indicating that strategic planning for the UW System as a whole is separate from planning for each of the campuses. Investments need to be made in the future of the state and there needs to be accountability to show what Wisconsin will get in return for its investment. In that regard, strategic planning must focus on a public agenda; that is, it must identify issues facing Wisconsin that the university can help to address.

One reason that education is important to the state, he said, is because there is a strong relationship between bachelor's degrees and per capita income. Wisconsin is below the national average on both measures; while those above are also in the top third of the New Economy Index in percentage of the population employed in high technology occupations, such as information and biomedical technologies. Wisconsin is below the national average on this index as well. There is a strong relationship, he said, between high-technology employment and educational attainment.

In addition, he pointed out that there is a strong relationship between educational attainment and health; between educational attainment and lower rates of incarceration; and between educational attainment and engagement in the arts.

Overall, he summarized, an educated population brings many benefits for the state's economy and quality of life.

Turning to areas of strategic planning, he explained that decisions focus on who is served, how they are served, and what changes are to be made.

Wisconsin's population of 5 ½ million is not expected to grow much and is concentrated in the southeastern part of the state. In 20 years, the state will have fewer people of college age, meaning that the Growth Agenda could not be sustained on the basis of that age group alone. Milwaukee is projected to grow less than the state as a

whole, while Dane County and counties near Chicago and the Twin Cities will grow faster. Most growth will be among people of color, and schools will educate a more diverse population of the kinds of students who have not been very well served to date.

Turning to the economy and workforce, he noted that the state still relies heavily on manufacturing, with the percent of total gross state product from that industry at twice the national average. New economy industries are less well developed than in the nation as a whole; and employment in high technology occupations is relatively low. High-need areas requiring postsecondary education include health care, teacher education, and information technology.

From 2000-2025, the working age population in Wisconsin is expected to increase only about seven percent, a statistic that highlights the importance of continuing education of adults to the future of the state.

At almost 72%, Wisconsin is among the highest states in terms of workforce participation. Unlike most other states, many jobs still are available for those who have not completed high school; and Wisconsin is one of the few states in which employability does not increase with level of education beyond high school. The highest rates of workforce participation are in Dane and Brown counties.

With regard to rank among the states in educational attainment, Wisconsin ranks high in percentages of those with high school diplomas and associate degrees. The state performs less well at the bachelor's and graduate degree levels.

While Wisconsin has made progress in the percentage of population with an associate degree or higher, the United States ranks 8th in the world in college degrees and will drop to 17th in the future. Wisconsin now is at the national average for percent of the population aged 25-64 with an associate degree or higher, but falls below the national average at the level of bachelor's degree or higher. The population with at least a bachelor's degree is most concentrated in the Madison, Green Bay, Twin Cities, and Milwaukee areas.

The country with the highest percentage of those with at least bachelor's degrees is Norway. In Wisconsin, white women and Asian Americans rank highest in educational attainment, while African Americans and Hispanics, whose numbers are growing fastest, rank lower. In attainment of associate degrees or higher, only Asian Americans rank at the highest level.

With regard to per capita income, Wisconsin has been near the national average for about 50 years and now is below the national average. Relative to the nation as a whole, Wisconsin tends to overpay those with the least amount of education and underpay those with the most, partly as a result of the state's manufacturing tradition, with jobs that paid well but required little education. Wisconsin has a \$7,000 difference in median earnings between a high school diploma and an associate degree, compared to \$10,000 for the nation as a whole, and a \$15,000 difference in median earnings between a high school diploma and a bachelor's degree, compared to \$20,000 for the nation as a whole.

Turning to the education pipeline, Dr. Jones indicated that Wisconsin does better than the national average in terms of high school completion, percentage of students

entering college directly from high school and percentage completing college within six years. However, Wisconsin is below the national average in the percentage of bachelor's degree holders.

The percentage of Wisconsin students leaving the state for postsecondary education is slightly higher than the national average, and most of those who leave go to Minnesota. More students leave the state than come here to go to public research institutions, while the reverse is true for public comprehensive universities. Wisconsin also loses more students than it gains in the public two-year and the private institutional sectors.

White students are overrepresented at every level of attainment, while African American and Hispanic students are underrepresented. While high school graduates are reasonably well-prepared for college on the basis of national assessments, there remains a gap in the proportion of eighth graders who take algebra, and there remains work to be done to align the pre-college curricula to college-level expectations.

While the number of high school graduates living in the southeastern part of the state will be about the same in ten years, there will be about 6,500 fewer white students and 5,000 more Hispanic students.

The percentage of associate degrees awarded in Wisconsin is well below the national average, while the percentage of bachelor's degrees is slightly below. Graduation rates at both two-year and four-year institutions are above the national average. In addition, science and engineering degrees as a share of higher education degrees conferred are above the national average.

The problem, Dr. Jones explained, is that Wisconsin educates many students who go elsewhere to work. While the state imports high school graduates, it exports those with bachelor's degrees. The question, therefore, is how to create jobs that will attract college graduates. Among those leaving the state are computer specialists and engineers, who are being graduated in higher numbers than the economy can absorb.

The percentage of resident associate-degree holders of working age, born in the state, is about 74%, while the percent with a bachelor's degree born in the state is 58%, almost 20% higher than the national average. Wisconsin imports few college graduates, reflecting the lack of jobs to attract them.

As to innovation assets, Dr. Jones reported that Wisconsin gets low marks in employment growth. However, the state ranks fairly high in innovation assets like academic research and development and ranks 24th to 15th in every area of federal research and expenditures per capita. While Wisconsin is the 20th most populated state, it is 15th to 18th in the dollar value of research. Wisconsin has been more consistently high in this area than any other state in the Midwest.

Wisconsin ranks low in the number of doctorates in science and engineering in the work force; high in license and patent income; and low in venture capital environment and in initial public offerings.

Noting that the University of Wisconsin System has built a strong capacity, Dr. Jones indicated that a major issue is how to connect that capacity with the state in order

to grow the economy. Unless the economy changes, he pointed out, Wisconsin will not be in a position to gain wealth.

With regard to the fiscal environment, Dr. Jones noted that Wisconsin is above the national average in tax effort, but below the national average in tax capacity. Every state, he pointed out, has a structural budget deficit, driven in large part by Medicaid costs.

As key issues facing Wisconsin, he identified the following:

- Expansion and diversification of the state's economy;
- Variations in regional access and in access and success of minorities, including how to use continuing education, the UW Colleges and other resources to take the university to adult students and students of color;
- Revitalizing Milwaukee, using resources of the UW System as a whole.

Dr. Jones then listed several conditions for developing and pursuing a public agenda:

- A process for creating and building consensus around a short list of state priorities that the state's system of higher education should be addressing;
- A mechanism for keeping the focus on this agenda over an extended period of time. Newspaper editorial boards and the Board of Regents can function as builders and keepers of the agenda.
- Accountability measures that allow monitoring progress toward achieving priority goals;
- An approach to resource allocation that creates incentives and removes disincentives for pursuing priority goals;
- A regulatory environment consistent with objectives, including exchange of more autonomy for accountability.

Over the next months, he suggested that the Board of Regents address:

- Selection of three or four items as priorities that will encourage elected officials and business leaders to agree to the agenda.
- Agreement on how to measure progress, so that planning and accountability are on the table at the same time.
- Resource allocation to align resources with goals, such as strategic investments in economic growth and creation of incentives to move students toward graduation.
- Identification of barriers to progress in the regulatory environment at both the university and state levels.

In discussion following the presentation, Regent Smith asked what made recent efforts in North Dakota and Kentucky successful.

Dr. Jones replied that the key ingredient in both cases was leadership – from the governor in Kentucky and, in North Dakota, from a roundtable of legislative, executive branch, private sector, and education leaders. In both cases, support from the business community was essential to success.

In response to a question by Regent Crain, Dr. Jones explained that census data show out-migration of college graduates as net data, with the Wisconsin losing some graduates and not bringing in enough from other states to make up the difference.

Regent Connolly-Keesler noted that people in their twenties move to where they want to live and then find a job. She asked what could be done to attract more educated people to Wisconsin.

Dr. Jones replied that research by itself encourages economic growth because of the high-salary employment opportunities that it creates. Combined with a culture of entrepreneurship, it also promotes spin-off businesses. This is a culture, he said, that needs to be cultivated in states like Wisconsin that have relied on the auto industry and other large corporations for employment. It is important, he indicated, to consider how the state can promote the success of businesses and how an environment, including arts and diversity, can be created to attract educated people. In that regard, he noted that the University System of Georgia has a vice president with the authority to make deals with companies to provide training that they need to come to or remain in the state.

Regent Rosenzweig inquired about the role of the Technical Colleges in the matter of providing regional access.

In response, Dr. Jones observed that Wisconsin needs to determine how best to use the Technical Colleges and the UW Colleges to serve students by providing them with a strong community college experience, including adult literacy training, transferability of credits and education for technical jobs, and how best to meet the workforce needs of employers. In that regard, he suggested avoiding reorganization, except as a last resort, and focusing instead on creating financial mechanisms that provide incentives for those institutions to collaborate rather than compete.

Regent Spector reported that he attended a meeting of the National Governors' Association at which remarks on the topic of state economic growth were made by the Governors of Kansas and Missouri, as well as representatives of North Dakota and Kentucky. Presentations on technology transfer were made by the Wisconsin Alumni Research Foundation and WiSys. It was felt that involvement by governors and legislators has been crucial to the success of such efforts.

Regent Davis asked if other states had been successful in improving educational attainment of students of color and older students

While no state has all the answers, Dr. Jones cited the Indiana program which, like the Wisconsin Covenant, reaches out to young people, starting in the seventh grade, with eligibility based on income. High schools provide a college-preparatory curriculum

that students are expected to take unless parents specifically sign a document to deviate from it. If students are successful in that curriculum and stay out of trouble, they will receive the money they need to go to college.

For adults, he continued, it would involve making courses available at places and times that reflect their work realities, including nights and weekends, and making the courses affordable. It also might involve working with employers to provide specific training for their employees.

In reply to a question by Regent Bartell about regulatory obstacles, Dr. Jones indicated that some barriers impact how the university conducts its operations and others impact creation of businesses in the private sector. It is important, he added, to conduct a policy audit that includes review of statistics, discussion with campuses about what obstacles are in their way, and creation of a database. In addition, he emphasized the necessity of considering these matters in the context of the agreed-upon agenda of priority issues, so that discussion of regulatory barriers is not perceived simply as complaining.

Regent Loftus recalled that he had been living in Norway when the educational system was reformed to make the transition from high school to college more seamless. Students then move to specialized campuses for engineering, business, and other professional education. He also recalled that, in the late 1980's, the Wisconsin Legislature had a Committee on the Future of the University which resulted in enrollment caps that universities were penalized for exceeding. Academic standards were used in limiting enrollments, thus increasing graduation rates. He asked if there were examples in other states of funding based on success in terms of graduation rates.

Dr. Jones replied that Oklahoma has used a brain-gain funding mechanism that pays for increasing the number of graduates, with developmental students weighted more heavily. No state has been willing to pay for numbers of graduates alone; but some pay for courses completed, which provides an incentive to avoid dropping of courses. In addition, Missouri has paid capitation grants for graduates in certain fields. In Oklahoma, there is a set-aside pool of funds to be used; and Tennessee has a performance funding mechanism that returns any unused funds to the state.

Noting that people recognize the correlation between educational attainment and higher incomes, Regent President Walsh asked Dr. Jones about buy-in around the country, noting that financial issues and split leadership at the state level can cause problems.

Dr. Jones replied that the states that have bought into the need for change tend to be at the far ends of a spectrum. At one end, states like Arizona, Washington, and Colorado have been realizing that they cannot continue to accommodate current rates of growth. At the other end, states like North Dakota have needed to take bold action to reverse a declining situation. For states like Wisconsin, in the middle of the spectrum, there is no crisis to spur change; and one of the challenges is how to create energy behind the need to promote the changes that will move the state forward.

Regent Bradley asked where Wisconsin would be in 10-20 years if changes were not made and whether the state would then slip below the middle.

Replying in the affirmative, Dr. Jones said that to stand still is to fall behind because others are taking action to move ahead. In that regard, he indicated that the focus on education in Minnesota and Texas has been spurred by business concerns about being able to compete on an international basis. Similarly, Texas recognized that it needs to serve Hispanic students better in order to be competitive in the future.

President Reilly emphasized the need to work with others in order for strategic planning to be successful.

Regent Burmaster suggested the Statewide PK 16 Council as a group with which the Board of Regents might consult in that regard.

The discussion concluded, and the meeting was adjourned at 12:05 p.m.

Submitted by:

Judith A. Temby, Secretary