

MINUTES OF THE REGULAR MEETING

of the

BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM

Held in Varsity Hall II
Union South
University of Wisconsin-Madison
Madison, Wisconsin

Thursday, December 6, 2012
9:00 a.m.

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- President Smith presiding -

PRESENT: Regents Jeffrey Bartell, John Behling, John Drew, Tony Evers, Michael Falbo, Tim Higgins, Tracy Hribar, Regina Millner, Katherine Pointer, Charles Pruitt, Gary Roberts, Brent Smith, David Walsh, and Gerald Whitburn

UNABLE TO ATTEND: Regents Mark Bradley, Edmund Manydeeds, Mark Tyler and José Vásquez

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UW-MADISON PRESENTATION ON STRATEGIC PRIORITIES, BY INTERIM CHANCELLOR DAVID WARD: “STRENGTH THROUGH INNOVATION AND FLEXIBILITY”

President Smith welcomed meeting attendees and thanked Interim Chancellor Ward and his team for the welcome to UW-Madison. He acknowledged that while the UW-Madison staff were veterans at hosting the Board’s December meetings, this did not necessarily make hosting the meetings any easier. He noted that there was always a lot of activity around UW-Madison, and Board members were looking forward to seeing and hearing more about what was happening on campus. He then invited Chancellor Ward to begin his presentation.

Chancellor Ward welcomed everyone and said that he wished the traditional meeting at UW-Madison had a gentler agenda. He noted that the agenda included a variety of demanding issues for the Board to consider, and joked that he hoped it was not his fault. He noted that in preparing a host-campus presentation, chancellors were asked to try to put aside some of the current, intense issues coming before the Board and, instead, try to look long-term, provide a broad landscape of the issues in higher education, and describe how those issues might have a

bearing on a particular campus. He noted that his presentation would provide a view from 10,000 or 20,000 feet to give a context for the issues that arise at the campus level.

Perspectives on Higher Education

Chancellor Ward said that he titled his presentation “Strength through Innovation and Flexibility,” and noted that strength, or quality, is obviously something that all institutions are pursuing in an effort to try to be competitive, effective, and serve students and the community. He said that the two words that had dominated the dialogue in higher education for the past 15 years were “innovation” and “flexibility.” He said the subtext was funding, particularly the issue of public funding; but because funding is very uncertain, variable, and in some cases decreasing, much of what had occurred in higher education was actually coping with the fiscal environment through innovation and flexibility.

He said that U.S. higher education has a special place in the world, and since the end of World War II, it seemed to be the gold standard. He noted that the growth of access, the growth of quality, and the impact on society, whether through social mobility or through economic development, had always been part and parcel of how higher education was viewed. However, over the past 20 years that had changed, and now it was a paradox because, while those world-class properties are still present, there were allegations and perhaps documented cases of mediocrity or poor performance.

One of the difficulties when trying to generalize about higher education is variability. Higher education in the United States, which is continental in its scale, ethnically diverse, and large, is going to look very different when compared to higher education in countries such as Finland or Denmark, which are very small states with homogenous populations and very high tax levels. He said it might be better to compare Norway to Minnesota and Finland to Wisconsin, rather than to compare those countries to the United States.

Chancellor Ward indicated that another paradoxical issue in U.S. higher education was in public policy, with the effort to develop one standard, or the idea that one size fits all. He said that the genius of U.S. higher education is mission diversity, and there is no other nation in the world that has a less standardized and more customer-responsive educational system than the U.S. He said that an admirable attribute in U.S. higher education was not research prowess, which used to be the case, but the enormous variability that makes mass higher education possible. He said that if college access grows to 60, 70, or 80 percent of an age group or 60 percent of a population, then the variability of that pool of people makes it necessary to have some mission variability.

The chancellor noted that in Wisconsin there is everything from a great comprehensive research university to the most modest community college that one might find anywhere, and all of them can be excellent in different ways. He said that a higher education system where everything looks the same and tries to meet the needs of the diverse 18-year-olds, as well as the older students who enroll in college, would not be a sensible way to address mass higher education. He said that one-size-fits-all is when there is a highly meritocratic, small enrollment, and the United States is far beyond that.

Chancellor Ward said that a third paradoxical issue in higher education is change. He noted that there are huge debates in Washington, D.C. and elsewhere between two groups. The first is the visionaries, who see the role of e-learning, different public-private partnerships, and a more flexible and less state-directed higher education system that tries to better serve society with very limited resources. The second group includes those who are looking at past virtues, who are focused on quality, and who believe that one can still make comparisons to the United States in the late 19th century, when fewer than 10 percent of the 18-to-24 age group went to college and within that group there was a very merit-driven student body. He said that today, those past virtues were inappropriate and out of context when looking at mass higher education.

Chancellor Ward said that a series of issues require that the debate and discussion of U.S. higher education be placed in context. The U.S. has a range of quality and great mission diversity; Americans, by nature, are committed to future, and not past, virtues. He said that Americans were more focused on being optimistic about the future than on regretting the past.

Chancellor Ward said many assumptions about higher education date back to the end of World War II. The idea was to grow access, maintain high quality, and be largely publicly-supported, and that was the vision that existed during the 1945-1960 period. He said he believed that what happened was that the limits of that vision -- a very brilliant vision that included the National Science Foundation, the GI Bill of Rights, and the many political actions of the decade following World War II -- were based on assumptions that had not been fulfilled, particularly in the past 20 years. He said that he would discuss three of those limits -- fiscal limits, quality limits, and national limits.

Fiscal Limits

With regard to fiscal limits, he noted that until the late 1960s, most public universities in the United States were overwhelmingly supported by state subsidy, with very low tuition and a commitment to high quality. He said that in the past 30 years, there had been a shift to higher education's becoming more of a public-private commitment; he noted that tuition slowly expanded to become a substitute for declining state subsidy. He said that in some respects, current tuition policy was simply the reciprocal of the fiscal policy that was adopted with respect to the state subsidy; the sum of the state subsidy and tuition will not grow. He posed the question, who would want to be in the kind of business where one increases their prices, but gets no new revenue?

Chancellor Ward relayed the experiences of Great Britain, a country that has made a similar decision regarding the ratio of public and private support for higher education, but there the decision was made by one act and at once, as opposed to the gradual decisions made in the United States. He said that the public better understands when a decision is made by one act, at one time, rather than when decisions are gradual, "like water torture," over the course of 30 years. He explained that until approximately 2005, higher education in Britain was "free," in that students paid no tuition; then Prime Minister Tony Blair concluded that the country could no longer afford it. A bill was introduced in the Parliament, and after a long debate, the decision was made to charge students roughly 50 percent of the cost of tuition.

He explained that British taxpayers knew that the change in the structure of tuition and state subsidy was the result of an overt legislative decision. In Wisconsin and the United States, he said that debate never occurred and, instead, tuition gradually increased, and the state subsidy leveled off or declined until students eventually paid approximately 50 percent of the cost. He said it would be good to have a debate about whether 50/50 is the right division of cost, either from a social-justice or a fiscal-responsibility point of view. He also said that because the shift in costs occurred gradually, many parents of students do not understand the tuition increases and the completely different social compact that now exists, as compared to when he arrived at the University of Wisconsin in 1960 and paid only 10 percent of the cost of his tuition.

Quality and Standards

Chancellor Ward indicated that the second issue of limits was the commitment to the idea of common standards. He said that the problem with the idea of common standards is it is based on a flawed psychological notion that at every age there is a narrow range of cognitive ability; in fact, developmental capacities have enormous variability among individuals. He said that although people may be performing at high levels and low levels at the same age, most standards are age specific.

He indicated that there is now recognition that common standards do not work, because there is too much variability in competency at any given age. As a result, variable pathways have begun to develop, with students going at different rates and taking different kinds of curricula; there are variable pathways to a good education in a mission-diverse system, and common standards do not accommodate this.

Chancellor Ward said that through advising, placement exams, grade point average, or personal preferences, students are taking variable pathways to getting an undergraduate degree. He said that universities should try to create more order in those pathways through better advising and more certain transfer, but it would be better to move away from age-specific standards.

National Limits

With regard to national limits, Chancellor Ward noted that when the U.S. began to grow its higher education system in the 1940s and 1950s there was virtually no global competition. He said that was why he ended up at UW-Madison in 1960; at that time, there was no question where one wanted to go for higher education. He said that now the U.S. was in a global competition with regard to higher education, and there is no longer a monopoly situation.

Chancellor Ward also indicated that higher education has become more indispensable to the knowledge economy. In the past it was possible for people to get liberal arts degrees and move directly into employment, law school, or medical school; today there are demands that practical skills be combined with the liberal arts, because the knowledge economy wants more applied skills. He said that the liberal arts are still critical to one's cognitive and communicative skills, but there is a sense that one needs to do more to be effective in the knowledge economy. He noted that within the knowledge economy, certain skills, particularly with respect to the

STEM areas, are more critical than they were 40 years ago. Old assumptions have collapsed, and the policy environment and institutional coping have to change.

Higher Education Funding

Chancellor Ward discussed shifts in public higher education funding, saying that there is a revenue crisis, or funding gap. With regard to how the funding gap should be addressed, Chancellor Ward said that it does not have to be addressed by the state, as there are a variety of other ways to address a funding gap, including efficiencies, capacity, or cost containment. He noted that the debate was unfortunately focused on either state funding or tuition being used to address the funding gap.

Chancellor Ward noted the between 1945 and 1990, most believed that funding for higher education was like a pendulum, swinging between periods of high, moderate, and low state support. He explained that the pendulum metaphor no longer applies, as over the last ten years, that pendulum is not only swinging freely without direction, but has actually fallen off its hook, is lying on the floor, and may be embedded in concrete. He added that waiting around for the pendulum to swing back to something more attractive to higher education is not prudent. It is necessary to take other actions that recognize that hoping that state subsidies will improve is not the way to manage the challenges of the next five years.

Relationship between State Subsidy and Tuition

Chancellor Ward said that, with respect to the relationship between the state subsidy and tuition, no major revenue gains are to be had. He pointed out that different states have different state subsidy-to-tuition ratios. For example, Pennsylvania State University receives about 3 to 4 percent of its support from the state, which results in very high tuition, whereas Wisconsin is at approximately a 50/50 ratio. He suggested that the sooner universities and states say that there is a different social compact, then the sooner consumers who are looking at taxes, and students and parents who are looking at tuition, will better understand the situation. He indicated that considering great research universities is even more confusing, because only 25 to 30 percent of their funding comes from these two sources, but their budgets continue to increase because of revenues from philanthropy and research funding. He also noted that philanthropy and research funding may start to level off due to the current low-interest-rate environment, and the potential for the federal government to go over the “fiscal cliff.”

Chancellor Ward also pointed out that federal and philanthropic funds are leveraged and not necessarily a guaranteed base of support; they are available to institutions because of the excellent work that is sustained by the base budget. He speculated, for example, that UW-Madison would not be able to access as much federal research funding if not for the building boom on the campus that was funded with private funding and, to some degree, state funding. The federal government supports building, so the infrastructure in biochemistry, in many areas of engineering, and in computer science becomes an asset that then changes the operating budget for research; there is a leveraged affect for the federal money. Chancellor Ward also noted that philanthropic funds only go to excellence, as very few people donate to a lousy department. He

added that if one is trying to solve difficult problems, philanthropy is not usually an easy source of money; tuition or state money may be required to sustain certain essential programs.

Chancellor Ward stated that public universities need a new strategy to combine their mixed revenues with a public vision. He said that public universities are constantly, and perhaps at times legitimately, accused of going “commercial.” He said that while he believes the word “commercial” is too strong, the university has had 150 years of Wisconsin’s deep, public support and the sacrifices of three or four generations. He stressed that the university must honor this commitment from the past, continue to advance the public vision, and work on the Wisconsin Idea.

Focus on Stewardship of Resources

Chancellor Ward said that he had not changed the strategic framework that was developed for UW-Madison during the past five years, but during his first stint as chancellor, he focused on the institution’s core mission -- educational experience, research scholarship, and the Wisconsin Idea or outreach. However, during the last two years he has had to focus on ensuring the institution was a good steward of its resources. He said that today leadership in higher education is about sustaining the limited and variable resources, rather than waiting around for more resources, and leaders have to be active stewards of what they have while still making the case for new resources. He said that he believed that there was a much greater emphasis on prudent resource management.

Chancellor Ward explained how this problem has a bearing on UW-Madison. He noted that the institution’s funding gap is in its base budget, not the leveraged portion of the budget funded by research and philanthropy, which is an interesting conceptual challenge. He noted that because state funding and tuition are insufficient to fill that gap, UW-Madison had focused on educational innovation, which can improve performance, capacity, and efficiency, and administrative excellence, and which can also be a cost containment/reallocation process. He noted that in the short run, it may be that educational innovation and administrative excellence will do more than state subsidy and tuition to fill the funding gap. He also said that there needs to be a way to use philanthropy and research funding to fill the funding gap, which creates a more complicated budget overall and requires both innovation and flexibility.

Revenue Strategies

Chancellor Ward then provided several concrete examples of UW-Madison’s new revenue strategies. For example, he said that philanthropy had generally been emphasized for use in professional schools and buildings. He suggested the institution needed to look at ways in which these funds can also be used to endow more faculty positions and to fund need-based aid.

In the area of research, Chancellor Ward said that the institution must do a better job with large-scale research ventures that are interdisciplinary and of multi-million-dollar proportions. He noted that very few institutions have the capacity to do these ventures, but UW-Madison has the capacity and needs to be more competitive in securing funding for these ventures. In the research area he suggested that knowledge transfer, whether through the Research Park Board,

patents and licensing, or start-up companies, could lead to creating a foundation into which the surplus of those activities creates a fund for research.

The chancellor provided examples of possible new revenue sources through educational innovation. He noted that professional master's degrees could be targeted to adult students, but also to liberal arts students who want a pre-professional or semi-professional degree or certificate before entering the labor market. He said that because there are no tuition regulations in this area, and the programs would have to be developed to meet the needs of the marketplace and the state, tuition could be set to recover costs. He also noted that another revenue opportunity might be capstone certificates, perhaps offered online, to allow liberal arts undergraduates to get pre-professional exposure.

Chancellor Ward said that the area of administrative excellence was also a revenue opportunity because of the ability to now reallocate funds based on priorities. He noted that there was now an incentive to save money on different categories of expenditure, and reallocate resources. He also noted that an opportunity in the area of state funding might be to make the cost-to-continue budget or the pay plan more transparent so the public understands where costs are increasing.

With regard to new revenue strategies in the area of tuition, the chancellor said that the institution has to deal with how it handles enrollment management and the number of students enrolled from particular sources, while still having a primary commitment to the state. He also noted that another opportunity includes program-specific tuition, as there are areas of the campus where there is unmet demand, such as in engineering and business.

Chancellor Ward's presentation included several slides that identified additional strategies for filling the funding gap, and he reviewed each of the listed strategies, some of which he had already discussed:

Philanthropy

- Increased investment in the base budget, such as using philanthropic funding to support an entire Dean's office within the School of Business;
- Need-based aid to ensure access;
- Fully endowed named professorships; and
- Funds for educational innovation, such as using one-time funds to turn classrooms into more innovative and performance-enhanced areas.

Enhanced Research and Economic Development

- Predictable "seeding" of external funding that is allocated to individuals, particularly young scholars;
- Expanded partnerships to expand capacity and success; and
- More products and companies generated from research and ideas, in addition to basic research, by creating a one-stop shop of every step in the discovery-to-product process.

Educational Innovation

- Curriculum design to include departments across campus transforming their curriculum for learning excellence, market need, and best use of capacity;
- Alternative delivery, including technology to support collaborative, self-paced learning, spaces for new learning, flexible degrees and MOOCs (massive open online courses);
- More services to students with new professional degrees and certificates and increased capacity in high-demand areas; and
- Agile infrastructure, to include restricting units for optimal size and disciplinary connections, expanding summer offerings, and streamlining and updating policies for efficient change.

Administrative Streamlining

- Information technology consolidation and aggregation;
- Space management and reduction of leased space;
- Demand management of supplies;
- Enhanced coordination of facilities; and
- Streamlining grants management processes.

System and State Flexibilities

- Increased institutional autonomy;
- Agile personnel systems;
- Reallocation of base funding;
- Program specific tuition; and
- Enrollment mix of both in-state and out-of state students.

Chancellor Ward noted that the ideas presented for UW System and state flexibilities were for the Board of Regents' consideration. He said that because the System was made up of outstanding but mission-diverse institutions, increased on-site autonomy may be needed for some types of campus decisions. He also noted that the opportunity to redesign personnel systems was important because UW-Madison's payroll is not the same as the state payroll; 70 percent is not funded by the state or tuition, but is instead funded with short-term grant funding. Chancellor Ward also noted that program-specific tuition is critical, as charging nuanced differences in tuition for varied experiences was an obvious way to think about revenue.

He said that rather than saying a great deal about the enrollment of nonresident students, he would instead refer to his next slide, which identified the percentage of nonresident undergraduates at each of the public universities in the Big Ten. He pointed out that UW-Madison was the only university with a policy limiting nonresident enrollment and noted that UW-Madison's competitors like the idea that the UW limits nonresident enrollment.

Chancellor Ward acknowledged that there was a social purpose for the nonresident enrollment policy, and he did not want to underestimate that social purpose. He said that UW-Madison's primary goal is to offer an outstanding university to the graduates of Wisconsin high

schools. He also described the difficulty of precisely hitting 25-percent nonresident enrollment when admitting a freshmen class, and while the institution had been just below 25 percent for about 30 years, the demography of Wisconsin was changing and the number of students graduating from Wisconsin high schools is declining. He also noted that UW-Madison had additional capacity because more students had been graduating in four years. He said that he believed there was no one quick solution to this issue, but what UW-Madison would need is flexibility around the 25-percent limitation.

Realities to be Addressed

Chancellor Ward referred to the last slide of his presentation, which identified several realities within the new higher education policy environment that need to be addressed. He said that too many policymakers want to treat everybody the same, but the richness of the higher education system is variability and customization, not standardization. He also said that the standardization language of education reform would not solve the problem of mediocrity and would destroy precocity. He said that variability and customization is the way to go. He also noted the need to simplify government engagement, as the rules that govern an intervention are often very complicated; the best area is need-based aid.

Chancellor Ward identified the need to set realistic performance outcomes and noted that many performance outcomes are contradictory or only give an institution credit for students who enroll and graduate from the same institution. One of the big factors in achievement is class access, which can now be handled through educational innovation, not just classroom size. He identified advising as very important as well, but said that advising is not cheap, and the cost of advising is considered “administration.”

Making a final point about the need to resolve the proportional public/individual responsibility for higher education, Chancellor Ward said that society has to decide the right proportions for an individual and his or her family, and the public, to contribute to higher education. He said that what is needed is a policy that is very honest with the public about public higher education’s being both an individual, as well as a public, responsibility. He said he personally did not know what that proportion should be, and suggested that if he asked everyone around the table there would be many different answers. He said that to simply fight over tuition and state support without deciding on an appropriate social compact would lead to a futile debate for another ten years.

Discussion

Regent Drew noted that, as always, the chancellor’s comments were very insightful; he said he was particularly interested in what the chancellor said about the need for a public policy decision on public funding for higher education.

On another note, Regent Drew observed that a recent study from the University of Pennsylvania pointed out that about one percent of the student body at UW-Madison consists of African-American males, and close to 50 percent of the football and basketball teams are African-American males. He said that there were huge gaps in graduation rates among African-

American male athletes, African-American male students, and the general population. He asked for Chancellor Ward's thoughts about what could be done to change that situation, as it has been an intractable problem for many years.

Chancellor Ward said that he accepted the critique and noted that what Regent Drew described is a serious problem. He said he also agreed that the problem is intractable. He said there had been a lot of efforts to try and confront it, but the problem still exists.

He said that one of the ways UW-Madison had dealt with this issue was to make sure that the institution recruits students who feel both comfortable and academically successful at UW-Madison. He noted that one of the institution's great successes in this area had been increasing the performance of African-American students in relation to the majority of students; the performance gap is now much closer than it was 20 years ago, and diverse students who enroll at UW-Madison are doing much better.

Chancellor Ward said that the issue of African-American students and the contrast with athletics and academics is a national problem that is exacerbated at UW-Madison because the local population is not as diverse as in Pennsylvania or Southern California. He said that for institutions in the upper Midwest, recruiting African-American students requires an out-of-state recruiting strategy, as well as a very strong strategy in Milwaukee. After noting other strategies the institution has used to recruit African-American students, he said he honestly did not have an answer and that the disproportions bother him, just as they bother Regent Drew.

Regent Whitburn thanked the Chancellor for his broad, thoughtful, and forward-looking examination, and expressed appreciation for the special value of his perspective, his having served as UW-Madison's chancellor twice. Regent Whitburn noted that most of the Chancellor's presentation was about the source of dollars, and less about where dollars are spent. He said that dollars are dear these days, within government, foundations, and families. He recalled that the lead presentation at the November Board of Regents meeting was from an economist at Georgetown University who provided interesting takeaways, one of which was that higher education and health care are the least efficient industries. He noted that this same sentiment is heard frequently from the State Capitol. He asked Chancellor Ward if he was satisfied with the discipline within the university to drive the efficiencies that are needed, understanding that dollars are dear and are going to be for some time.

Chancellor Ward said that he may not have emphasized in his presentation the concept that he calls "self-help." He noted that on the UW-Madison campus, some people are irritated because much of the filling of the funding gap comes from internal savings or investment in alternative delivery systems. He said that most of the revenue gap cannot be filled by the state subsidy or tuition and will have to come from performance and capacity improvements, as well as from administrative streamlining from cost-containment or mergers that try to create larger units of operation. He said that unless everyone is conscious of the fact that education is a high-cost enterprise, the institution will not get to where it needs to be, nor will the institution create a situation where it can safely reinvest at the state level. He said that prior to a massive effort to reinvest public funding in higher education UW-Madison has to show that it can use dollars

more effectively. He said that perhaps this did not come through during his presentation, but the concept of self-help had been a big message that he had been giving the campus.

Regent Millner thanked Chancellor Ward for his presentation and expressed appreciation for his way of explaining and synthesizing the problems being faced. Referring to a suggestion he made about departments and disciplines being combined, Regent Millner asked what problems he anticipated in managing such combinations.

Chancellor Ward indicated that egos would be a problem, as the ratio of an ego to a professional identity is very important and must be respected. He said that people over 45 or 50 years of age have embedded their entire life in a structure, maybe a small structure; years ago specializing in an area was the right thing to do. He noted, however, that there are areas where interdisciplinarity can drive academic changes which also happen to result in cost savings. He said he viewed this as trying to have a different academic vision of the institution, as well as trying to cope with the cost structure, and trying to do both together because otherwise the culture of the institution will resist. He said the changes needed to be accomplished in a very nuanced, respectful way.

Regent Walsh, referring to nonresident enrollment, recalled that, a few years prior, the Board of Regents actually lowered the nonresident tuition because the UW System was losing nonresident students. He said he also remembered the problems the university had in the 60s with Dow and in 1970 with the Army Math Research Center. He said that UW-Madison is the only Big Ten institution with this rule, and he suggested that the rule should not exist. Regent Walsh asked Chancellor Ward if something had changed whereby UW-Madison could accommodate 200 more students. He asked if the institution had more space than it had eight or nine years before.

Chancellor Ward responded that the four-year graduation rate had increased. Regent Walsh asked how long that trend would last, and Chancellor Ward indicated that the rate would likely peak at 85 percent, and UW-Madison was already fairly close to that. He stated that a proposed change to the nonresident enrollment policy presented an opportunity to reestablish a new parameter slightly above 25 percent nonresident enrollment limit. The institution would use the capacity creatively, still giving more places to state students but allowing out-of-state tuition "to drift up a bit."

Regent Walsh said this made sense as long as the institution was responding to metrics. He also asked about the profile of the nonresident student and whether, if more nonresidents were admitted, the profile of nonresidents as compared to resident students would change. Chancellor Ward said it was a difficult question to answer because the institution would be extending offers on a probability basis, and the demography of nonresident and resident students varies. He noted that when he was teaching, the grade point averages and standardized scores of nonresident students were significantly higher, but that evened out during the 1980s and 1990s.

Chancellor Ward said that an interesting question would be this: If all of the new capacity is devoted only to resident students, would UW-Madison be digging deep enough into the high school class that it would be admitting students that academically probably would not

have been admitted in the last 15 years? He said he was not sure that was a good idea. He indicated that it was necessary to find some balance between resident and nonresident students. The 25-percent limit makes that difficult to do, but there does not need to be a huge change; even 27 percent would be sufficient.

Regent Walsh noted that UW-Madison might actually be digging into the group of students who would otherwise enroll at other UW campuses, so a change would not accomplish a lot in terms of the total number enrolled.

Chancellor Ward stated that people who want to attend UW-Madison get angry if they are not admitted, even though they have access to other, perfectly good institutions, and they could transfer to UW-Madison as an undergraduate or attend UW-Madison for graduate school. He emphasized that freshman admittance is not the only access point to UW-Madison.

Chancellor Ward said that the admissions policy was a tricky policy. He said that the nonresident enrollment limit is difficult because it is difficult to deal with the numbers – number of offers, changing demography of the high school class, variable level of acceptances, etc. The percentage is based on a fixed level, but the numbers are not fixed. Regent Walsh noted that the number of acceptances is also subject to the dynamics of other schools.

President Smith thanked Chancellor Ward for his presentation. President Reilly also thanked Chancellor Ward and said that it was great to have him back at UW-Madison.

Before moving on to the topic of the Flexible Option program, President Reilly introduced a guest at the meeting, Dr. Leucio Camara Alves from Brazil. He explained that Dr. Alves became acquainted with Chancellor Shields during the Chancellor's recent visit to Brazil. He noted that Dr. Alves is the director of the international office and an associate professor at the Federal Rural University of Pernambuco, an institution of higher education in Brazil that specializes in academic course work and research in agricultural sciences and the development of rural areas. He said that the university and Dr. Alves were both actively engaged in the Science Without Borders Program initiative. He welcomed Dr. Alves to the meeting.

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UPDATE: UW FLEXIBLE OPTION INITIATIVE

President Smith introduced the discussion of the UW Flexible Option Initiative, noting that there was recently a major announcement at UW-Milwaukee when the first round of flex degree programs, to be launched in fall 2013, was unveiled. He said that the concept had a good deal of potential and had generated a lot of excitement. He then asked President Reilly to share additional information.

President Reilly stated that the new UW Flexible Option was generating buzz, both on campuses and off. He said that Molly Corbett Broad, president of the American Council on Education, called the program both “visionary and evolutionary.” While still a work in progress,

President Reilly said that with the continued dedication, enthusiasm, and innovative spirit of the UW faculty and staff, he had every reason to believe this would be a successful initiative.

President Reilly said that the UW System was on the leading edge with its Flex Option, and the findings of a recent national survey suggested that it was on the right track. He explained that a survey by Northeastern University in Boston indicated that 83 percent of Americans say that higher education must innovate for the United States to maintain its global leadership. In addition, while seven in ten Americans agree that higher education is important to achieving the American Dream, they are also calling for change in how higher education does business. He said that according to the survey, access and affordability are major issues and a majority of Americans support innovations that would help defray the cost of higher education.

Recent Flex Option Developments

President Reilly then invited Aaron Brower, UW-Extension's Interim Provost and Vice Chancellor, to provide additional information regarding the Flex Option.

Dr. Brower expressed his thanks for the opportunity to provide an update on the Flex Degree Option. As a follow-up to Chancellor Ward's earlier remarks, he noted that the Flex Option is a way to increase opportunities for students to obtain a degree, but is not meant to replace what UW institutions are currently doing; providing more choice is the goal.

Dr. Brower started his presentation with some highlights of what had changed since the last time he presented to the Board of Regents. He explained that the program had a new name -- UW Flexible Option, or UW Flex -- as a result of many discussions and market research. He also indicated that the first group of programs was announced, and program development was underway.

Dr. Brower noted that at a press event during the prior week, on November 28, the Cohort 1 Flex Option programs were announced. In addition to the press event, the Flex Option program launched a website and a YouTube video describing the Flex Option program. He noted that the event received fantastic press coverage, and hits to the website increased nearly 600 percent.

Dr. Brower explained that UW-Milwaukee and UW Colleges were the first lead institutions for the Cohort 1 programs. UW-Milwaukee would be offering four degree programs and one certificate program including two nursing degrees (an RN to Bachelor of Science in Nursing program and an RN to Masters of Nursing program) a bachelor's degree in diagnostic imaging, a bachelor's degree in Information Science and Technology, and a Professional and Technical Communications Certificate through the College of Letters and Science. He explained that at UW Colleges, 16 of the 18 departments had identified a total of 25 courses to be converted into a flexible format. He said UW Colleges' intent is to create a portfolio of courses that allows a student to obtain an associate's degree using the flexible format and to provide the general education foundation that allows students to transfer other Flexible Option programs or residential programs.

Dr. Brower also mentioned that UW Extension was piloting two courses -- college algebra and elementary statistics -- and a non-credit certificate in business math and personal finance. The intent of the pilot is to study student progress and experiences. The first 100 students who enroll in the pilot courses will receive a research stipend that will make the cost of the classes free to them, in exchange for allowing UW-Extension to survey them and learn from their experiences. He noted that while the courses and certificate program had not been advertised, there were eleven students already enrolled in the algebra course, nine students in statistics course, and five in the certificate program.

Dr. Brower noted that he also had interesting data on who is interested in the Flex Option programs. He explained that the Flex Option website allows people to sign in to request additional information and indicate their interests. He said that 127 students had expressed interest in the UW-Milwaukee and UW Colleges programs, with approximately one-third having some college education and about one-half having a college degree and an interest in retraining through the Flex Option program. He also noted that 38 was the average age of the students who had signed up for additional information.

Dr. Brower indicated that UW-Superior has an art history course and a communications course under development that will be ready to enroll students in fall 2013. In addition, UW-Parkside is considering a new degree program, a bachelor's degree in general studies, which would be implemented in the fall of 2014. He said he had had conversations with three other campuses regarding programs they were exploring with their faculty.

Dr. Brower then shared a video, produced by Dean David Schejbal and the Division of Continuing Education, Outreach, and E-Learning at UW-Extension, explaining how the Flexible Option program will work.

The video described how, through the UW Flexible Degree model, students demonstrate mastery and understanding by completing a set of competencies that build toward a degree. Students can choose how to approach these competencies based on their prior education or job experience. For example, a student who feels competent in a subject can choose to take an assessment to complete a competency without having to do coursework to cover material that he or she already knows. Students who desire more instruction can choose their level of educational involvement and use a wide variety of materials and resources. These may include free online course content from the UW and other institutions.

Following the video, Dr. Brower said that the response to the video had been fantastic, and he thanked Dean Schejbal and his staff for their work on the video. He noted that the Flexible Option is competency-based, with progression to a degree through rigorous assessments controlled by faculty and departments that manage the existing degrees. He also noted that the program is supported by strong, proactive advising, or "wrap-around advising," that will provide whatever students need, including a mix of advising, mentoring, and tutoring.

Dr. Brower explained that other key elements of the Flex Option are that prior learning and experiences of students shape all aspects of the educational experience; that the Flex Option is aimed at nontraditional and returning students; and that program quality is grounded in the

existing faculty and departments. He added that, in many ways, this was one of the main distinctive features of the UW System's Flex Option as compared with the programs developed by Western Governors or others; the UW System is building the Flex Option program on the pride and commitment that faculty have in their programs.

Dr. Brower noted that Board members' materials included a document used with internal audiences, including faculty, staff, and administrators, to describe the Flexible Option. He said the document was developed through one of the faculty and staff advisory groups, which had done good work to identify a common understanding of the Flexible Option.

Dr. Brower explained how the UW Flex Option differs from traditional degree programs. He noted that, in contrast to traditional degree programs, there is no seat time and there are no semesters or terms. He also reiterated that the Flex Option includes individualized, proactive advising, rather than the reactive advising that is more common. He also noted that the Flex Option is self-paced in terms of the length of time to complete, the number of needed assessments, and the type of needed support.

Dr. Brower indicated that there are four different areas of the UW Flexible Option program that require additional work:

- academic components, which include developing assessments and competencies;
- operational components, which include support for the programs through advising, admissions, financial aid, IT structures, and transcription and transfer;
- financial components, such as setting tuition and pricing; and
- marketing and communication components.

With respect to how the success of the UW Flex Option will be determined, Dr. Brower indicated that UW-Extension staff had begun to think about this issue and had also heard from external stakeholders. Possible measures of success would include enrollments and the number of different programs offered, as well as retention rates and progress toward degree. He noted that the time-to-degree and completion rates should be reasonable, and he and his team were looking at some comparisons around the country against which to benchmark. Another measure of success would be the employability of people graduating from the program or completing certificates. He explained that some students may take some component of a Flexible Option and never receive a degree, but they may be employable with a certain certificate in quantitative reasoning, mobile apps, professional communications, or other areas. He said this type of experience must also be seen as a success.

Dr. Brower reiterated that additional information regarding the UW Flexible Option program is available at a website, www.flex.wisconsin.edu, with the website hosted by UW System's e-campus website as a way to inform students that the Flex Option is one of many online options that the UW System offers to students. He concluded his presentation by thanking several people who had contributed to the development of the Flex Option program -- the Governor and his staff; the Regents; President Reilly; Senior Vice Presidents Nook and Morgan and their staffs; Chancellors Cross and Lovell; Provosts Britz and Lampe and their staffs; as well as the faculty, deans, and department chairs at UW-Milwaukee, UW Colleges, and UW-Superior.

He also thanked the members of the faculty/staff advisory group, the administrative advisory group and the operations advisory group. He thanked the two other members of his core team, David Schejbal and Rebecca Karoff, noting that he could not have asked for better partners in this project. He then offered to answer any questions.

Discussion

President Smith said that one of the Regents' concerns had been to ensure the development of the program was faculty driven and included faculty participation. He asked Dr. Brower how the Flex Option program has been received by faculty on the UW campuses.

Dr. Brower indicated that faculty reception of the program has been going well. He stated that the initial discussions were predictable, as there was some confusion over how the program was announced, but since then the conversations had been quite good. He said that the program is voluntary, and the UW System is not forcing it on institutions; those that have chosen to participate see the value of the program. He noted that two months before when he first addressed the Regents regarding the program, the hope was that one or two degree programs would be piloted this year, and currently there were four degree programs and one very rich certificate program about to be piloted. Because the nature of the program addresses the heart of what people feel education is, the conversations are important, but also difficult. For example, the faculty-staff advisory group continues to discuss the different components of the program and how to assure quality and what quality means.

President Smith recognized Regent Higgins, who congratulated Dr. Brower and the members of his various teams for pulling the program together so quickly and so broadly. He said that they had done a wonderful job. Regent Higgins said that while it was early in the process, he was concerned about the definition that had been chosen for the flexible degrees, specifically the no-seat-time aspect of the program. He provided an example of a program at UW-Oshkosh that involves education technology and brings together employees' learning experiences on the manufacturing floor with the ability to integrate credits earned at a technical college or at a UW two-year campus. He noted that this program would include seat time somewhere, but the employee would still have the opportunity to test for life experience. He asked if this type of program might be considered part of the Flex Option in the future.

Dr. Brower indicated that the program Regent Higgins described should be counted as a Flex Option program. He also confirmed that with the Flex Option, there is not required seat time in the classroom and, of the range of students who would be successful in the program, only a small fraction would pass the assessments and never engage in classroom-type activities. He said that the UW System is trying to define the program around a requirement to provide a customized approach, rather than requiring a certain percentage of seat time. He indicated that at some point there would be a variety of other options, such as the one described by Regent Higgins, which would qualify as a Flex Option.

Regent Whitburn said that the expectations for the program were massive with the announcement of the initial four programs appearing as page-one stories in the major newspapers. He recalled that the initiative was grounded in an understanding that the state has

700,000 adults who have dropped out of college, or one in five adults, and this program was meant to be the strategy to get more individuals to complete their degrees. He also noted that this effort was consistent with the UW System's strategic planning and increasing the percentage of adults with degrees. Noting that the UW System was asking for millions of dollars in the upcoming budget, with the Flex Option program as a centerpiece, he asked if the Regents would start seeing some specifics with regard to timelines and scaling up of the program.

Dr. Brower acknowledged that the expectations for the program are high and said that the programs in the first cohort have committed to enrolling students in fall 2013, which is one timeline for the program. He also noted that the administrative group includes several chancellors, provosts, chief business officers, student affairs staff, and enrollment management staff. He explained that the group's primary job is to look at the budget and business model estimations for the program, using specific assumptions regarding growth and enrollment. He indicated that the group was currently working on the information and would be ready to share more concrete information by February.

Dr. Brower indicated that the UW System needed to grow the range of programs that are offered. He noted that the first cohort of programs was logical, as they are professionally-oriented programs that have accrediting bodies, and these accrediting bodies are using competency-based language in their accreditation process. He added that there is a need to develop a range of programs that meet both the demands in the workforce and also student demand.

Regent Hribar thanked Dr. Brower for the hard work and noted, as the nontraditional student-Regent, that she and her peers were quite excited about the Flex Option's innovative new approach. She indicated that she had some questions about the "nuts and bolts" of how the Flex Option would work for the adults who enroll. She said that she understood the program would uncouple the learning from the assessment, and that most of the learning would probably be online due to the demands in the lives of nontraditional students. She asked if an individual learner, who feels they can avail themselves of the rich resources of the UW institutions, could take classes at their local two-year or four-year UW institution to get what they need to prepare for an assessment. Regent Hribar also asked if Dr. Brower anticipates there will be patterns among students enrolled in the program that can be used to estimate the time and money similar students will need to finish the program; she suggested that this information might be used when recruiting students or as a metric of success.

Dr. Brower thanked Regent Hribar for her question and for her participation at the recent press conference, noting that she had done a terrific job. In response to Regent Hribar's first question, Dr. Brower stated that students would be able to take classes at a UW institution. He said that what he and others imagined is that some small fraction of students would breeze through assessments, and the rest would need more engagement; the wrap-around advising-mentoring-coaching model will be aimed at those students. He explained that part of the job of advisor-mentor-coach will be to point students to materials, courses, or resources that the student should take advantage of, based on where they are in the process, what they know, and what their goals are; this could include courses that the UW institutions provide.

Regarding her second question, Dr. Brower stated that he suspected there would be patterns among students. He said that he wanted to ensure the UW System program did not do what the for-profit institutions are doing, which is to extensively market the program to bring in revenue and end up enrolling people who are not going to be successful. He said that even for those who will be successful, the program would need to do some kind of front-end interviewing regarding the person's goals and interests, explaining what the program can provide and some of the patterns among students.

Dr. Brower said that Regent Hribar's question raised an interesting issue as to whether there would be an opportunity for group learning for students. He suggested there may be the opportunity to build in some peer-to-peer support, learning, and other activities.

President Smith recognized Chancellor Wells, who thanked Dr. Brower, Chancellor Cross, and colleagues at UW-Milwaukee. He said that the first wave of institutions were on the leading edge of this exciting effort to provide another option for nontraditional adults to access a good, high-quality education. Building on points raised by Regents Higgins and Whitburn regarding the number of people in the state of Wisconsin who have college credits but have not finished their degrees, he clarified that UW institutions had already been working to address this group of adults. He cited UW-Oshkosh's graduation project as an example of how his institution has reached out to former students to help them complete their degrees.

President Reilly complimented Dr. Brower and his colleagues for their work and said he looked forward to their success as they move the project forward. He followed up on Chancellor Wells' comments by noting that there are many ways that the UW System is trying to serve individuals who have earned credits but not earned their degrees. He cited the 4,600 courses offered online and more than 100 degree and certificate programs that can be completed exclusively online. He said there are as many different styles of learning and ways to acquire knowledge as there are learners, and for some students the Flex Option will not be attractive; other students will complete their entire degree using the Flex Option or will use a mix of classroom, online, and competency assessment. He said that the Flex Option represents the new pathway to demonstrating competency.

President Reilly also emphasized the importance of quality and reiterated that the same faculty will be assessing the students enrolled in the Flex Option as are assessing students in traditional courses, and deciding whether they have learned what they need to know to be awarded their credential. He said it was a simple concept, related to the issue President Smith had raised earlier; faculty are the ones who will be the guarantors of quality for the university, for the students, and for the employers want to hire UW graduates.

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NEXT IN A SERIES OF DISCUSSIONS WITH CHANCELLORS ABOUT UW INSTITUTIONS' STRATEGIC GOALS: UW-PLATTEVILLE CHANCELLOR DENNIS SHIELDS

After thanking Dr. Brower for his presentation, President Smith introduced the next item on the agenda, a presentation on UW-Platteville's strategic goals. This was the latest in a series of rotating updates from UW institutions in response to the Regents' interest in having more information about the specific plans and goals of each UW institution. President Smith noted that the series started with a report from UW-Stout in October, followed by Chancellor Ward's presentation regarding UW-Madison's strategic initiatives earlier in the morning. He then introduced UW-Platteville Chancellor Dennis Shields.

Chancellor Shields began by thanking Regents who had recently visited UW-Platteville, noting that the members of the UW-Platteville community appreciated their sincere interest. He also thanked the Board for the opportunity to speak about the institution at the meeting. He noted that for the presentation he would be joined by Vice Chancellor for Academic Affairs Mittie Nimocks Den Herder.

Core Concern for Students

Chancellor Shields said that concern for students and strong student outcomes were at the core of everything they do at UW-Platteville, and that access and affordability drive the institution. Echoing Chancellor Ward's remarks from earlier in the day, he said that the core concern of campus leaders across the UW System was related to resources -- managing and developing human capital on the campuses, developing and stewarding the funds that support what the campuses do, and attending to the physical environment.

Programs

The chancellor explained that UW-Platteville is known for high-impact practices, applied education, and a special emphasis on the STEM fields (science, technology, engineering, and math), agriculture, biology, business, criminal justice, education, and industrial technology. He noted that over the past decade, UW-Platteville had been the fastest growing institution within UW System. A significant increase in the enrollment of Wisconsin residents and the successful Tri-State Initiative program were driven primarily by the nature, quality, and strength of the academic programs and also by the affordability of the institution.

Chancellor Shields remarked that UW-Platteville students are in high demand, with 255 employers and 2,200 students and alumni attending the fall career fair. He noted that a survey of employers indicated that employers were interested in UW-Platteville students because the institution offers the key majors that employers are seeking, the students are talented, and the graduates are well prepared to enter the workforce. He explained that academic programs are in tune with industry, in part because UW-Platteville has longstanding advisory boards, populated by employers, industry partners, and alumna, that help guide the academic programs.

Chancellor Shields referred to a slide which identified the top majors at UW-Platteville: mechanical engineering, business administration, criminal justice, biology, civil engineering, industrial technology, and elementary education. He said that UW-Platteville had been a pioneer in flexible degree programs. The institution has collaborative programs in electrical and mechanical engineering at UW-Fox Valley and UW-Rock County, with a program to be added at UW-Washington County. He explained that these collaborative degree programs allow place-bound students to advance their careers and get the training and degrees that are in high demand in that area of the state.

He also said that the institution was being innovative in adding new programs to respond to the interests of the workforce, including new majors in microsystems, and nanotechnology, and sustainable and renewable energy systems; new minors in social and environmental justice and entrepreneurship; and online graduate degrees in supply chain management, organization change management, and distance education leadership, all burgeoning fields.

Enrollment

Referring to his next slides, Chancellor Shields indicated that UW-Platteville's undergraduate enrollment had grown 29 percent in the past eight years, and the growth in the distance learning program had been even more remarkable. The distance learning program would be celebrating its 35th anniversary in January 2013; it was the first distance learning program established in the UW System. The chancellor noted that more than half of the bachelor's degrees granted are in high-demand STEM fields. He said that he believed that one of the reasons UW-Platteville students are in such high demand is that, even within the STEM fields, students are grounded in the liberal arts, which makes them critical and analytical thinkers who also have the ability to communicate. He added that the growth in enrollment showed that both families and students recognize the value of combining technical skills with a liberal arts background.

Chancellor Shields provided additional information regarding the Tri-State Initiative, a cost-recovery program that charges Illinois and Iowa students an additional \$4,000 in tuition and fees compared to what Wisconsin residents pay. The program is directed at majors in high-need disciplines. The program revenue, which was more than \$14 million during the year, supports 164 faculty and staff, including 35 staff whose positions used to be funded with GPR dollars. He noted that even with the Tri-State Initiative, the enrollment access of Wisconsin residents had not been impacted, as resident enrollment had grown by nearly 1,000 students. He said that the Tri-State Initiative provided valuable resources that had improved the educational opportunities for all students on the UW-Platteville campus.

High-Priority Strategic Planning Goals

Chancellor Shields then asked Provost Nimocks Den Herder to describe the institution's strategic planning process and to elaborate upon the goals that the institution had set for itself.

Provost Nimocks Den Herder began by providing an overview of UW-Platteville's strategic planning process, which began in December 2011 and was led by a 15-member steering

committee. She noted that the process was collaborative and inclusive, with input provided by more than 700 people. Four strategic priorities emerged from that planning process:

- Provide an outstanding education to students, including hands-on education based in a liberal arts foundation, for which UW-Platteville is known, and also have a global perspective that prepares individuals for problem solving ability to face the issues of today and the future.
- Foster a community of achievement and respect, with differences among individuals to be understood and respected.
- Control UW-Platteville's destiny by creating, maintaining, and investing in the institution's resources, including not only financial and physical space resources but, more importantly, human capital resources, so that everyone who works and learns at UW-Platteville is meeting their potential. She noted that having flexibility was key in UW-Platteville's ability to control its own destiny, and institutional leadership expects to be accountable for that flexibility.
- Enrich the Tri-States region, not just as an educational engine but also as an economic engine and a cultural center.

Provost Nimocks Den Herder indicated that she would focus on two specific goals from UW-Platteville's strategic plan, some of the challenges the institution faces in reaching those goals, and some of the programs and initiatives the institution put in place to reach those goals.

She stated that a priority goal for UW-Platteville was to increase the first-to-second-year retention rate. Over the past ten years, UW-Platteville's average retention rate was approximately 76 percent, and the goal is to reach 80 percent. She identified several challenges that the institution faces in meeting their goal of 80 percent:

- A significant population of first-generation students who do not have a parent or sibling who has navigated college life and who may feel as if they do not belong at a university and may not know what services are available or what questions to ask.
- Students who have to work to put themselves through college due to increasing college costs and students working longer hours.
- More and more entering freshmen who are not prepared for college-level coursework, with gaps in math and English proficiencies that must be addressed. This challenge is not unique to UW-Platteville, and institutional leaders are mindful that part of UW Platteville's mission identity is affordability and accessibility.

Provost Nimocks Den Herder next identified some of the ways that UW-Platteville is addressing these challenges:

- The Bridge Program, a program launched during the past summer, is aimed at high-risk students. Participation increased from 20 to 50 students with the help of an external grant, and assessments indicate that 95 percent of the students are still in school and found the program to be extremely helpful.
- The First Year Experience Program, to help entering freshmen navigate college life, will be required for every student on campus starting in the fall 2014 semester.

- The campus is increasing the number of residence halls on campus, as research has shown that students who live on campus their freshman and sophomore years are more likely to be retained and to succeed.
- Living Learning Communities have been introduced as a mechanism for increasing retention, increasing the support students feel and the rootedness in campus that makes students more successful and more likely to persist.
- Students are encouraged to participate in high-impact practices, which increase student engagement and retention and help in the development of critical thinking, communication, and problem-solving skills. UW-Platteville's goal is for at least 25 percent of students to engage in study abroad, service learning, or undergraduate research experience by the time that they graduate.

Provost Nimocks Den Herder indicated that a second priority goal from UW-Platteville's strategic plan was to get students to graduate in a timely fashion, with minimal debt, and with the abilities to succeed in their chosen career path. She said the institution's four-year graduation rate was 19 percent, and the institution's goal was to increase that to 25 percent. She noted that this was a challenge, because students frequently come to UW-Platteville with gaps in their math and English skills, and they must take additional coursework to fill in those gaps. In addition, because of the institution's program array, students are frequently involved in co-op or internship experiences, which sometimes delays graduation.

Provost Nimocks Den Herder noted that some of the same programs UW-Platteville has implemented to increase student retention would also have an impact on graduation rates. Other steps taken to increase graduation rates include implementing policies to help students understand the importance of taking their coursework seriously. Such policies include restricting the number of times a student can repeat a class and requiring the completion of developmental or remedial courses early in a student's career. The institution is also investigating the possibility of year-round school with a full summer semester that would allow students to graduate in a more timely fashion.

Provost Nimocks Den Herder stated that the importance of degree completion was clearly understood across campus, and faculty and staff had been working on additional initiatives to support student recruitment, retention, and graduation. She highlighted an example of these efforts: The National Science Foundation approved \$900,000 in funding to UW Platteville to create an engineering, mathematics and science recruitment and retention center. She explained that the Center would work collaboratively with campus resources providing tailored support to help STEM students graduate and find employment quickly. She said the center would ensure that UW-Platteville continues to stay on the cutting edge of developing STEM disciplines, providing area employers with highly-educated, highly-trained individuals who have the skills needed to help companies become more innovative and competitive in a global economy. She added that one of the things employers say about UW-Platteville graduates is that they come with the experience necessary; employers do not need to spend as much time training Platteville students, because the students already have many of the needed skills.

Provost Nimocks Den Herder then spoke about entrepreneurship and UW-Platteville's efforts to foster an entrepreneurial spirit in students to keep them more actively engaged and to

help retention and graduation rates. She said that entrepreneurship and innovation were longstanding academic traditions and high priorities at UW-Platteville. Some of the initiatives and activities that the institution has begun include:

- the Center for Undergraduate Research and Creative Endeavors;
- the Pioneer Launch Lab, through which students, faculty, and staff can launch a product or a service that they have created;
- an entrepreneurship minor; and
- entrepreneurship events for students.

Economic Development

Chancellor Shields returned to the podium to discuss some other initiatives that UW-Platteville has put in place to strengthen the economy of the Tri-States region. Chancellor Shields stated that UW-Platteville is the largest employer in southwestern Wisconsin, and one of his major initiatives was to become more connected with the region, and to work closely with the city council and employers in the region. He indicated that John Deere, Esterline, and other employers in the region hire many UW-Platteville students. He noted that Esterline grew out of the intellectual capital based on UW-Platteville's campus and was a model for other efforts the campus was undertaking. The Center for New Ventures helps UW-Platteville faculty and students to leverage their ideas and their efforts, get the ideas to market, and get students and faculty engaged in industry that can make use of their efforts. In addition, UW-Platteville is in the early stages of developing an innovation center that would be a state-of-the-art facility for applied research, innovation, consultation, and entrepreneurship; the center would provide the infrastructure to incubate new ideas and business ventures and attract new businesses to the region.

Capital Campaign

Chancellor Shields also mentioned that the institution was in the early, quiet stages of a capital campaign that would focus on two major areas. The first area of focus is to increase the endowment that supports UW-Platteville scholarships, because affordability is important. He noted that the institution's foundation currently provides approximately 600 scholarships each year, and the average scholarship is about \$600; the goal is to double the number of scholarships to 1,200 and double the size of the scholarships that the institution can offer.

The other area of focus for the capital campaign will be capital expansion. The chancellor said that while it has not been the norm on UW System's comprehensive campuses to support capital improvements at a large scale through philanthropy, he believed this would have to change. He said that one of the things institutions have to learn from UW-Madison is that private philanthropic dollars can make a huge difference, not just with support for human capital, but also physical capital.

Chancellor Shields also stated that even though UW-Platteville is a STEM school, it had not done the job it could do to attract outside grants and contracts, and his goal was to change

that. He said the institution was ramping up its grant-writing efforts to try to attract the resources that business, industry, and state and federal grants can bring to the campus.

Challenges

Chancellor Shields identified several challenges facing UW-Platteville. He said that UW-Platteville's compensation was lagging behind all of its peer institutions, with the average faculty salaries at or near the bottom of salaries within the UW System. He said that while the institution has not had a flood of intellectual capital leaving to go other places, it has had significant retirements and is struggling to attract new faculty in desperately-needed positions. He emphasized that in the area of industrial technology, a UW-Platteville graduate with a bachelor's degree can earn a starting salary higher than what UW-Platteville can offer to pay people with Ph.D.s to teach at the institution. He said that while the institution was engaged in the careful husbanding of its own resources and was making strategic efforts to add resources to address this significant need, the scale of the problem was such that the institution could not make a significant dent in it without support from other sources.

Chancellor Shields said that the institution recognized that state funding is limited and could not be counted on to remain at the level that would sustain or enable the institution to thrive. Because of the institution's commitment to access and affordability, there was not much of an appetite for ever-escalating tuition for students. Many UW-Platteville students come from humble origins and cannot afford continuous and significant hikes in tuition; the institution must do other things, such as reorganizing information technology, improving classroom management and finding energy efficiencies.

Accountability

Mentioning other things that he would like to see happen, Chancellor Shields addressed the issue of accountability. He said that everyone talks about flexibility, but he believed that one could not talk about flexibility without also making various constituencies aware that flexibilities come with accountability. He said that UW-Platteville has to be attentive to graduation rates and retention rates, and the rates have to improve; it does not serve students if the institution does not drive the opportunity it offers to the good result of having students leave with degrees and good-paying jobs. He said that the institution also knows that it has to be held accountable for the way it engages in economic development. He also noted that, as Aims McGuinness told the Legislative Task Force earlier in 2012, governing structures should focus on telling institutions what they want them to be accountable for, leaving it to the institutions to figure out how to accomplish those things.

Successes

Chancellor Shields highlighted recent successes driven by UW-Platteville's own innovation. He noted that because of the visionary leadership of former Chancellor David Markee in establishing the Tri-State Initiative, funding from that initiative had been used to support and leverage additional funding for the Ullsvik Hall project and the new engineering hall. He also said that he and his staff found a different way to build a new residence hall that

cost less and took less time than typically needed for similar projects. He noted that UW-Platteville's new Rountree Commons would eventually pay for itself because of the financing structure for the project, and it costs less than similar facilities at out-of-state institutions. He said this project represented precisely the sort of flexibility that institutions needed to get good results. He also said the project was a collective effort, with help from Associate Vice President David Miller and the city of Platteville, and was an example of the kinds of exciting things that campuses should do.

The chancellor said that UW-Platteville and the UW System had made a lot of progress over the past two years, but there had been a lot of drama associated with making this progress and gaining some flexibilities. He thanked the Regents, the Legislature, and the Governor for the flexibilities that had been passed along. He said that he liked Chancellor Ward's observation that the UW System has to keep a public purpose to its universities, but also find new ways to support them. He said that UW institutions needed more flexibilities, not fewer, and needed to continue to work with all constituencies -- the Legislature, the Governor, students, and the governance system within the university -- to become comfortable with the sort of flexibility, nimbleness, and accountability that would make the UW System and UW-Platteville a better place for students to be successful.

Chancellor Shields concluded by saying that UW-Platteville would proceed to address its strategic plan goals and to implement its master plan. He said he looked forward to the opportunity to be held accountable for the results produced on his campus, and he offered to address any questions or concerns Board members may have.

Discussion

President Smith thanked Chancellor Shields for his presentation and asked about the enrollment goal for the Tri-State Initiative and how many out-of-state students were enrolled through the program.

Chancellor Shields stated that there were approximately 1,500 students in the program. When the program was established, the goal was ultimately to enroll 2,000 students, which he said he believed to be about the right number. He said that to maintain the current resident-to-nonresident student ratio, the number of resident students would also need to increase, bringing overall enrollment from 9,000 to 9,500 students. He said that while UW-Platteville could grow more than that over the next three or four years, he did not believe the institution could sustain enrollment at that level over the long term; he said it would be better to moderate growth and be strategic about how the institution grows enrollment.

Regent Drew said that both he and Regent Whitburn had the opportunity to be on the UW-Platteville campus the same day as the career fair, and they were impressed with the respect that the employers had for UW-Platteville and with the opportunities available to the students. He congratulated Chancellor Shields on the positive direction of the institution, the increased enrollment, and the key role that UW-Platteville plays in the economy of the southwestern tri-state region.

Regent Drew said that he was interested in the way Chancellor Shields framed the compensation issue, as he had not considered that graduates could be making more than the Ph.D.s that institutions are recruiting. He asked Chancellor Shields what would happen if there were no relief provided on compensation issues. He said that he had also heard faculty members express their concerns. He asked what might happen in the future, when senior faculty members leave employment.

Chancellor Shields acknowledged that this would be a significant challenge. He said that one of the flexibilities the UW campuses need is to have more control over their compensation plan. He said that currently, even with campus-based resources to commit to compensation, the campuses were confined to the resources that already exist. The UW System needs the support of the state on this issue. He said that the compensation issue could not be left as is because it is unworkable and would be a disservice to students and to the future of the university.

Regent Bartell noted that as the fastest-growing campus in the UW System, UW-Platteville had issues accommodating the new students that want to live on campus. He observed that Chancellor Shields had done some good work in that area, as UW-Platteville now had some new residence halls. Regent Bartell asked about the demand for those residence-hall rooms and projected needs over the next three to five years. He also asked about the percentage of freshmen and sophomores who can live in the residence halls.

Chancellor Shields said that with the addition of Rountree Commons, almost 100 percent of freshmen and sophomores are in campus-related housing. He added that if the second new residence hall was ready, it too probably would have been filled during the current year. He said that the challenge for the campus was even bigger in that, like the rest of the residence halls in the UW System, the stock at UW-Platteville was in desperate need of either refurbishment or replacement; he also noted that the style of the buildings presents a challenge. The institution had engaged a consultant to provide ideas for how to approach the residence-hall issue.

Chancellor Shields also indicated that another challenge was how to address the issues so as to avoid hamstringing a future chancellor with deferred maintenance issues 20 years in the future. He suggested that there are more urgent needs than investing in the older housing stock, because the buildings are cash cows. He said that he believed it is an obligation of all to chancellors to think not only about today, but also 10 or 15 years ahead.

Regent Roberts noted that UW-Platteville's six-year graduation rate was approximately 75 percent, and one of the concerns across the country is the amount of debt that students have when they graduate. He asked about the relationship between the amount of debt and the number of years it takes a student to graduate. He asked if the amount of debt increases because it takes six years to graduate, or if the amount of debt decreases because a student is working and it takes the student six years to graduate.

Chancellor Shields suggested that the amount of debt is about the same either way. He said that an important message for students is that there is a lost opportunity cost associated with extending time in college. He noted that the average debt for UW-Platteville students was about

\$25,000. With respect to the number of students who work, Chancellor Shields said that most students are working, and UW-Platteville students work a significant amount.

Regent Roberts then asked if student debt would increase if they were not working. Chancellor Shields replied that the student-debt level would increase marginally. He noted that many students work off-campus and he would like to find ways for students to work on campus; the more engaged students are on campus, the more likely it is that they will graduate on time. He also suggested that there might be creative ways to shorten time to degree, such as setting up a summer program that allows students to take a full semester of credits by staying on campus for the summer, providing employment opportunities that allow students to offset their costs, and offering discounts on housing.

Regent Millner observed that when she visited UW-Platteville, one of the comments she heard from students was that there was a tendency for the students to go home on the weekend. She noted that her personal experience was that a student has a much better chance of getting through college in four years if the student is totally engaged in the campus. She asked if the new residence halls helped with that tendency for students to go home for the weekend.

Chancellor Shields said that his observation was that the new residence halls had helped, but it also helps when there are activities occurring that attract students. He explained that campus leadership was very intentional about trying to engage students in activities on the campus; he suggested that the impact would be known in a year or two, as this was the first year the campus had the capacity to house all of the freshmen and sophomores; in prior years, only half were able to live on campus.

President Smith thanked Chancellor Shields for the excellent presentation and discussion.

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The meeting was adjourned at 11:50 a.m.

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Submitted by:

/s/ Jane S. Radue
Jane S. Radue, Secretary of the Board
Office of the Board of Regents
University of Wisconsin System