

9/9/2015

BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM  
James R. Connor University Center, 228 Wyman Mall, Whitewater, Wisconsin  
Friday, September 11, 2015

II.

9:00 a.m. All Regents – UC 275

1. Approval of the minutes of the June and July 2015 meetings
2. Report of the President of the Board
  - a. Hospital Authority Board, Higher Educational Aids Board and Wisconsin Technical College System Board reports
  - b. Update on first meeting of Tenure Policy Task Force
  - c. Update on Tuition-setting Policy Task Force
  - d. Update, discussion and possible resolution regarding legislative action related to fetal tissue
  - e. Other updates that the President may report to the Board
3. Report of the President of the System
  - a. Update on recent events
  - b. Student spotlight
  - c. News from around the UW System
4. Report and approval of actions taken by the Capital Planning and Budget Committee
5. Report and approval of actions taken by the Audit Committee
6. Report and approval of actions taken by the Research, Economic Development, and Innovation Committee
7. Report and approval of actions taken by the Education Committee
8. Report and approval of actions taken by the Business and Finance Committee
9. Approval of transmittal of new accountability reporting metrics to state legislature  
[Resolution II.9.]
10. Overview of UW Colleges restructuring plan in response to budget reduction:  
Chancellor Cathy Sandeen, UW Colleges and UW-Extension
11. Update on UW Flex Option, led by Chancellor Sandeen, UW-Extension Provost Aaron Brower, and UW-Extension Dean of Continuing Education, Outreach and E-Learning (CEOEL) David Schejbal
12. Resolution of appreciation to UW-Whitewater for hosting the September meeting
13. Regent communications, petitions, and memorials

Adjourn

***Thursday's closed session agenda item may be considered during any recess in the regular meeting agenda on either Thursday or Friday.***

UW SYSTEM BOARD OF REGENTS

Resolution II.9.

That, upon the recommendation of the President of the University of Wisconsin System and as required by the 2015-17 biennial budget, approval be granted for the System President to transmit to the appropriate standing committee in each house of the legislature accountability measures in the four legislatively-required categories and Board-approved subcategories, as follows:

- (A) Financial management measures
  - (1) overall financial health,
  - (2) cost per degree, and
  - (3) revenue over expenses;
- (B) Administrative management measures
  - (1) administrative expenditures,
  - (2) average credits to degree, and
  - (3) affordability;
- (C) Educational performance measures
  - (1) graduation rates,
  - (2) equity gap, and
  - (3) degrees awarded;
- (D) Economic development measures
  - (1) research funding and public service funding,
  - (2) STEM and health degrees, and
  - (3) alumni residing in Wisconsin.

Further, the UW System President is authorized to make adjustments to the specific measures within these categories, in consultation with the chairs of the legislative committees.

## **UW SYSTEM 2015-17 BIENNIAL BUDGET ACCOUNTABILITY MEASURES**

### **BACKGROUND**

The University of Wisconsin (UW) System has annually published detailed accountability reports since 1993. The UW System was among the first in the nation to issue a system-specific accountability report. In addition, the 2011-13 biennial budget legislated over 40 accountability measures in an annual report from the UW System Board of Regents regarding all UW System institutions other than UW-Madison, and a separate annual report from the Chancellor of UW-Madison. These required items are now provided through a combination of the UW System Accountability Dashboard and supplemental items available on the dashboard website.

This year, the State Legislature has directed the UW System to identify additional accountability measures. The 2015-17 biennial budget states:

Accountability: Require the Board of Regents to identify accountability measures in the following four areas: (a) financial management; (b) administrative management; (c) educational performance; and (d) research and economic development. Specify that the accountability measures identified by the Board would be submitted to the appropriate standing committee in each house by October 1, 2015, for approval by those committees.

### **REQUESTED ACTION**

Adoption of Resolution II.9.

### **DISCUSSION**

In response to this legislative mandate, UW System Administration evaluated accountability measures based on how well they fulfilled the following criteria:

- a) Importance to UW strategic goals and priorities;
- b) Degree to which the UW System can influence the outcome measured; and
- c) Consistent data over time including available benchmarks and comparisons.

After careful consideration and consultation with subject-area experts, three accountability measures are proposed in the area of financial management, three in the area of administrative management, three in the area of educational performance, and three in the area of research and economic development.

#### **Financial Management**

- 1) Overall Financial Health—the Composite Financial Index (CFI) for each UW institution. The UW System is committed to managing its fiscal resources efficiently and effectively, and an assurance of financial health is required for the

accreditation of each UW institution. The CFI is used by the Higher Learning Commission, which considers a CFI of 1.1 or higher as indicative of good financial health. The measure contains four components: primary reserve ratio, net income ratio, return on net assets ratio, and debt management viability ratio. Each component reflects a different aspect of financial health, all of which are applicable to UW institutions.

- 2) Cost per Degree—educational and related expenditures per degree. The UW System remains responsible for the management of fiscal resources by keeping expenditures per degree in check. The expenses most directly related to the educational mission of colleges and universities include spending on instruction, student services, and the educational share of spending on academic support, institutional support, and operations and maintenance (i.e., “overhead”). Some caution is due because this is not a direct measure of financial management, and because it is affected by academic program mix and student level.
- 3) Revenue over Expenses—measures include the tuition margin ratio and tuition fund balances. The tuition margin ratio is a measure of overall financial health related to an institution’s instructional mission and compares the revenue of an institution to its expenses. A ratio greater than 1.0 indicates revenue exceeded expenses, while a ratio less than 1.0 indicates deficit spending. The ratio for one year by itself may not be indicative of an issue but should instead be reviewed longitudinally. Tuition fund balances represent one of five categories of unrestricted resources. Tuition fund balances are further designated by level of commitment and presented as a percentage of the annual expenses.

### **Administrative Management**

- 1) Administrative Expenditures—the ratio of administrative expenditures to total operating expenditures. The UW System remains responsible for the efficient and effective use of its resources by keeping expenditures on administration low, which allows institutions to concentrate their resources on instruction and other student-related activities. However, if administrative expenditures drop too low, it may inhibit the efficient management of operations and reduce the ability to centralize services by eliminating unnecessary duplication. Administrative or institutional support expenditures, defined by the National Association of College and University Business Officers (NACUBO), include systemwide management and long-range planning, fiscal operations, administrative computing, space management, personnel management, and related administrative functions.
- 2) Average Credits to Degree—average credits attempted by bachelor’s degree recipients. Average credits to degree have been a measure of efficiency since the Governor’s Taskforce on Accountability in 1993. The UW System recognizes that students benefit from exploring new fields, taking extra classes for improved job marketability, or completing more than one major. These benefits must be balanced with the desirability of an efficient path toward degree attainment. Reductions in

credits to degree translate into reduced time to degree, greater affordability, and increased access for additional students. Although national comparisons are not available, longitudinal comparisons can be made for UW institutions.

- 3) Affordability—published tuition/fees as a percentage of median family income. The UW System is committed to keeping a baccalaureate degree within reach of students, and the affordability of higher education is one of the ways in which the UW System manages its fiscal resources in combination with state support and enrollments. Comparing undergraduate tuition to family income provides an indication of the financial impact of college on families. This measure does not include the effects of financial aid, which lowers the cost of college for many students with financial need.

### **Educational Performance**

- 1) Graduation Rates—measures include four-year and six-year graduate rates at the same UW institution where a student started and at any UW institution in the System. Graduation rates are a core indicator of how successful institutions are at guiding students through to the on-time completion of their educational goals. Four years is the standard baccalaureate program length, although some programs cannot be completed in four years. Internships, study abroad programs, dual majors, and similar programs which enhance the student experience may also increase the time to graduation. Six years is the national standard for computing and disclosing completion rates to current and prospective students legislated by the Federal Student-Right-to-Know and Campus Security Act of 1990. This measure is sensitive to such actions as changes in selectivity and graduation requirements.
- 2) Equity Gap—measures pertain to closing the gap in new freshman six-year graduation rates between underrepresented minority (URM) and non-URM students and Federal Pell Grant recipients and non-Pell Grant recipients. The UW System is committed to the educational success of all its students. Toward this end, the UW System aims to increase the graduation rate of URM students and lower-income students to be more in line with the graduation rate of their peers. As with the overall graduation rate, this measure is sensitive to changes in selectivity and graduation requirements.
- 3) Degrees Awarded—number of degrees awarded by degree level. The UW's commitment to degree attainment is demonstrated by maintaining the educational quality of its academic programs, keeping college affordable, and effectively guiding students toward degree completion. The UW System provides the state with the graduates needed for a competitive workforce and growing economy. Increasing the number of college degree holders yields higher personal incomes, greater economic productivity, and a variety of social and civic benefits.

## Research and Economic Development

- 1) Research Funding and Public Service Funding—research funding from all sources and public service/outreach funding from all sources. Research is an important mission of the university that contributes to knowledge and improves the learning experiences of students. In addition, research can lead to the development of new technologies, companies, and industries that enhance the economy of the state. The research funding measure also serves as a proxy for research activity. This measure is most relevant at the System-level since not all UW institutions have a primary research mission.

UW institutions serve the people of Wisconsin outside of the campus setting through outreach and public service. Public service funding applies to all non-credit instruction (except preparatory/remedial instruction) and to activities that are established primarily to provide services beneficial to individuals and groups external to the institution, including community service and cooperative extension services. Included in this category are conferences, institutes, general advisory services, reference bureaus, radio and television, consulting, and similar services to particular sectors of the community.

- 2) STEM and Health Degrees—STEM and health degrees as a percentage of all degrees conferred by level. Increasing the number of graduates with degrees in STEM and health benefits Wisconsin's economy by supplying the state with the talent it needs to compete in the global market. Job growth, employment rates, wages, patenting, and exports have been shown to be higher in more STEM and health-based economies. This measure is most relevant at the System-level as not all UW institutions emphasize STEM and health degree programs.
- 3) Alumni Residing in State—percentage of UW bachelor's-degree graduates living in Wisconsin. Having more UW graduates remain in Wisconsin increases the quality of the workforce and benefits the entire state economically and socially (e.g., through their contributions to the tax base and civic participation). However, UW graduates are encouraged to be global citizens, and there are many factors that influence where alumni choose to live and work. Limited longitudinal comparisons are available for this measure, and there are no comprehensive national comparisons.

Along with the more extensive measures available on the new UW System Accountability Dashboard, the measures identified here will reinforce the UW System's commitment to continuous improvement, transparency, and service to the state.

## RELATED REGENT AND UW SYSTEM POLICIES

No applicable Regent Policy Documents.

## **OVERVIEW OF UW COLLEGES RESTRUCTURING PLAN IN RESPONSE TO BUDGET REDUCTION**

### **BACKGROUND**

Effective July 1, 2015, UW Colleges received a budget cut of \$4.958 million annually – more than twice the size of the largest previous cut sustained by the institution (\$2.3 million in 2013-15). UW Colleges is also committed to fund an additional \$600,000 in annual expenses for faculty compensation increases. Taken together, the Colleges' annual budget obligations are \$5.6 million. The institution's heavy reliance on tuition, frozen for an additional two years, exacerbates the impact of these cuts.

### **REQUESTED ACTION**

For discussion only; no action is required.

### **DISCUSSION**

At the September 11<sup>th</sup> Board of Regents meeting, Cathy Sandeen, Chancellor of UW Colleges and UW-Extension, will provide an overview of plans to reorganize UW Colleges. To address anticipated cuts, Chancellor Sandeen commissioned a task force in early 2015, including faculty and staff, to provide budget-cut recommendations. Internal listening sessions and extensive discussions with external stakeholders also took place. Drawing on the recommendations provided, Chancellor Sandeen announced two rounds of budget cut decisions, on May 15 and July 21. The second round included a significant administrative reorganization.

Under the new model, the 13 UW Colleges campuses will be grouped into four geographic regions, with a single executive officer/dean for each region. One associate dean will be located on each campus and will oversee day-to-day operational needs. The four regions are:

- **North:** UW-Barron County (Rice Lake), UW-Marathon County (Wausau), UW-Marshfield/Wood County, and UW-Marinette
- **Northeast:** UW-Fond du Lac, UW-Fox Valley (Menasha), and UW-Manitowoc
- **Southeast:** UW-Sheboygan, UW-Washington County (West Bend), and UW-Waukesha
- **Southwest:** UW-Baraboo/Sauk County, UW-Richland (Richland Center), and UW-Rock County (Janesville)

No faculty positions will be eliminated. There will be no campus closures. The cut from the instructional budget will be only \$100,000 (0.25%).

As part of the plan, UW Colleges also will consolidate or reorganize a variety of functions that are currently performed within campus administrative offices, including human resources, business, university relations, physical plant, dean's office, and general administrative support. It is expected that the equivalent of about 83 full-time positions will be eliminated, largely in campus administration.

### **RELATED REGENT AND UW SYSTEM POLICIES**

NA

## UPDATE ON THE UNIVERSITY OF WISCONSIN FLEXIBLE OPTION

### BACKGROUND

The UW Flexible Option continues to garner considerable statewide and national attention, with the UW System recognized as a national leader in competency-based education. The UW Flexible Option builds on the System's reputation for quality and innovation, its foundation in the *Wisconsin Idea*, and its ongoing commitment to provide affordable, accessible, high-quality education to more Wisconsin residents. The Board of Regents has been provided periodic updates on UW Flex since the program began.

### REQUESTED ACTION

For discussion only; no action is required.

### DISCUSSION

The presentation to the Board of Regents at its September 11, 2015 meeting will be provided by UW Colleges and UW-Extension Chancellor Cathy Sandeen, UW-Extension Provost Aaron Brower, and UW-Extension Dean of CEOEL David Schejbal.

The presentation will provide per-program enrollments and enrollment projections, an overview of expenses and revenues, and a discussion of major milestones and ongoing developments. The Board previously received update reports at meetings in April, July, and December of 2013, and in October of 2014.

UW Flex is aimed at nontraditional, returning adult students who seek flexible and personalized education that fits into their existing work and family lives. Recent census data indicate that more than 800,000 adults in Wisconsin (or 21% of the population) fit this nontraditional description, with about 10% of those adults potentially interested in seeking higher education ([http://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS\\_13\\_5YR\\_S1501&prodType=table](http://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_13_5YR_S1501&prodType=table)).

UW Flex dramatically differs from traditional campus- or course-based instruction that is delivered face-to-face or using online formats. Both the curricular and delivery models are distinctive, involving new kinds of partnerships between UW-Extension and UW institutions. Instead of progressing towards a degree by amassing credits through course-based activity, students enrolled in UW Flex progress toward their degree by demonstrating mastery over *competency assessments* – tests, projects, papers, and on-site evaluations developed by UW faculty that measure what students know and can do. Students in UW Flex are supported individually in their education by faculty and *Academic Success Coaches* who help them prepare for their assessments by using the knowledge they have acquired through prior coursework, military, and/or on-the-job training, and curated content prepared by faculty. UW Flex is a self-paced program: students can enroll in three-month *subscription periods* that begin every month,



and pay a flat fee to take as many assessments as they are able. Within that subscription period, students are given as much support as they want or need, UW Flex programs are designed to meet areas of strong student demand and workforce development needs, supporting the state's economic growth.

The first cohort of UW Flex students began their academic work on January 2, 2014. Initial programs included bachelor's degrees in Nursing, Information Technology, Diagnostic Imaging, a certificate in Professional/Technical Communications, all from UW-Milwaukee, and the associate's degree from UW Colleges. Recent additional certificates include two from UW-Parkside: Sales and Global Skills. Next year, UW-Stevens Point will offer a master's degree in Geographic Information Systems, and UW-Madison will offer a certificate in Alcohol and Other Drug Abuse counseling.

UW Flex programs are offered as a partnership between UW institutions which offer the degree and UW-Extension, which provides administrative and educational leadership and support. Offering UW Flex degrees has required building new educational and "back office" systems – including admissions, bursar, registration, financial aid, advising, transcription, student records, instructional design, and learning management systems. All these systems are housed within UW-Extension's Division of Continuing Education, Outreach, and E-Learning (CEOEL). Approximately one-third of the start-up investment for UW Flex has gone into building this new infrastructure, and another one-third will go into building new academic support services and hiring Academic Success Coaches. The remaining one-third is invested in curricular development and support.

After 20 months of operation, enrollments are ahead of projections and continue to grow. Approximately 500 students are enrolled in UW Flex (representing over 1,000 subscription-period enrollments), generating over \$1,000,000 in gross revenue in fiscal year 14-15. The two programs with the strongest enrollments (Nursing and Information Technology) are projected to break even by the end of the 2016-17 fiscal year.

## **RELATED REGENT AND UW SYSTEM POLICIES**

NA