

**Minutes – DRAFT**  
**Achieving Operating Efficiencies Work Group**  
**Board of Regents of the University of Wisconsin System**  
**February 5, 2004**

The Achieving Operating Efficiencies Work Group met at 10:35 a.m. at the Pyle Center, Madison, Wisconsin. All work group members were present: Regent Mark Bradley, (Chair), Regent Nino Amato, Vice President Debbie Durcan, Student Representative Alan Halfen, Chancellor Douglas Hastad, Academic Staff Representative Therese Kennedy, Chancellor Jack Miller, Regent Jose Olivieri, Faculty Representative Lisa Seale, Regent Emeritus Jay Smith, Chancellor Charles Sorensen, Vice Chancellor Andrew Soll, and Director of Operations Review and Audit Ron Yates. Also present were Assistant Vice President Nancy Ives and Assistant Director of Operations Review and Audit Jane Radue.

Transforming Instructional Delivery

The Achieving Operating Efficiencies Work Group initially met in joint session with the Re-Defining Educational Quality Work Group; the groups were joined by Dr. Alan Guskin of the Project on the Future of Higher Education, who had just completed a presentation to all Charting a New Course work groups. Regent Bradley began the meeting by stating that the joint meeting's purpose was to identify and try to answer a focus question that involves both groups. Regent Bradley called upon Vice President Durcan to focus the discussion, based on last month's Achieving Operating Efficiencies meeting.

Vice President Durcan indicated that the Achieving Operating Efficiencies Work Group was interested in how to achieve greater efficiency in instructional delivery. Traditionally this has been done by serving more students through an increase in faculty workload, thereby decreasing the cost per student; however, this could diminish the quality of education. Also, she posed a question about what kind of investment would be needed to generate the kind of change about which Dr. Guskin had spoken. Regent Bradley suggested the groups imagine that they are charged with implementing this change.

Sr. Vice President Cora Marrett added that a vision of student learning and quality as the drivers of change also brought the groups together; these should be emphasized, and then efficiencies can be identified. She also asked: 1) how the groups can draw upon existing experiments in alternative methods of instructional delivery; and 2) who needs to be in the conversations leading to enhanced learning and quality outcomes. Regent Fred Mohs, chair of the Re-Defining Educational Quality Work Group, further suggested the need for a framework for encouraging experimentation and innovation.

Dr. Guskin responded that the nature of the framework needs to be substantial – perhaps 800 to 1,000 students and a related ratio of faculty – with the faculty given time to work with the administration to carefully plan a meaningful experiment; also, there should be more than one experiment.

Chancellor Miller cited the Western Governors University model as an example of using objectives and learning outcomes, assessment, contracts for software, and mentors, while lessening the investment. Dr. Guskin replied that Western Governors University made mistakes; it did a wonderful job on assessment-of-learning issues, but it used on-line programs at traditional institutions for its delivery system. It was cost effective, but not innovative. The University had to contend with the existing problems at the institutions with which it worked. Also, Dr. Guskin commented that he liked the mentoring system; but distance learning can be used only in limited programs, because undergraduate education requires significant interaction with faculty.

The discussion turned to UW-Stout's effort to become a charter institution and the possibility of using UW-Stout as a model. Dr. Guskin suggested that UW-Stout, although innovative, has restrictions just as the other campuses have. He said he would not suggest choosing a single institution as a model because of the political problems inherent in imposing one model on other institutions. He suggested that student-to-faculty ratio and funding are controlling issues, but within these constraints it is important to start a totally new model. Dr. Guskin responded similarly to a suggestion to implement the "Carol Twigg model," used as a way to design a statistics course at Pennsylvania State University. Dr. Guskin said that a systemwide policy would create conflict on campuses. He said faculty are under stress, and they know that change has to occur; they should be encouraged to be creative and to develop experiments at individual campuses.

UW-Madison Provost Peter Spear noted that there are a number of experiments going on at UW-Madison. He agreed with Dr. Guskin that having a mandated process will not work and that there are faculty interested in conducting experiments. He noted, though, that resources are an issue; there needs to be a reward system for faculty who participate in the experiments. He also suggested that experiments need to be incremental and discarded if they fail, adopted if they succeed. He asked whether there is evidence that innovation in delivery modes saves money.

Dr. Guskin said Carol Twigg's work has demonstrated savings. The problem with the incremental mode is that all of the basic costs are still present, plus the costs of the experimentation. Until a significant change is made in the delivery system, the existing costs remain. He stressed that more than one experiment is needed. Also, he said that UW-Madison is too large and complex to be a good starting point for experimentation, although it might work to try experiments in individual schools or colleges at UW-Madison. A college within an institution might be a possible venue, if it is "bounded," so that it has fewer requirements and an existing infrastructure of software, etc.

Regent Mohs asked Dr. Guskin what question should be posed to faculty to prompt them to suggest experiments. Dr. Guskin suggested first setting the financial and quality parameters; he then listed some possible criteria – the experiment should be cost effective, be of high quality, and use the best that we know about teaching and learning strategies. The first order of business would be to set the vision. This could be done, for example, by 150 faculty in three groups of 50; these faculty would agree to the set of learning outcomes that are common across the three groups. The vision must be clear, strategic and directional. The faculty would communicate the

proposed vision to the leadership of the System and institutions, who would facilitate the process by supporting the vision if they find it acceptable.

Regent Emeritus Smith reiterated the importance of first articulating the intended accomplishments. He noted that unlike in the business world, change occurs slowly in higher education; but he suggested that faster change seems to be required in the current environment. He said that both short-term and long-term decisions are necessary. Dr. Guskin affirmed that change in higher education takes a long time; he said that change in the past has been more evolutionary, and that will not work anymore. It is necessary to celebrate the small victories that occur in the process of change. Leaders need to be creative and know how to plan and how to motivate people.

Faculty Representative Seale asked about the long-term effects of outsourcing, using librarians differently, and other instructional methods, as well as about reducing instructional costs for faculty. Dr. Guskin replied that the cost of educating each student would be reduced by shortening the amount of faculty time with each student, while also increasing quality. Ultimately, fewer faculty would be teaching; this could be planned and accomplished carefully through retirements. Using new methods of learning will free up faculty time. Dr. Guskin said that he fears that if nothing is changed, the faculty will be ruined.

Faculty Representative Cliff Abbott noted that there is a fundamental tension between quality and efficiency. Education is an on-going search for the truth, so the challenge is to not look for the optimum solution; this would interfere with quality education. Dr. Guskin agreed that there is no single right way; this is the reason for experimenting.

Regent Bradley thanked Dr. Guskin. The joint meeting adjourned at 11:20 a.m.

#### Prospective Achieving Operating Efficiencies Recommendations

The Achieving Operating Efficiencies Work Group reconvened at 11:30 a.m. to discuss the January 28, 2004 working draft of the Achieving Operating Efficiencies Work Group Preliminary Recommendations. Regent Bradley said that some recommendations were still being developed and will be provided in time for the March meeting.

Regent Bradley led a discussion of each draft recommendation:

#### *Budget-Related Items*

1. The capital building program recommendation follows from the earlier discussion on this topic. (No discussion.)
2. The procurement-process recommendation came out of the report and discussion on consortium contracts for purchasing. (No discussion.)
3. The cash-management and investing recommendation could be controversial, depending on how it is discussed with the Governor and Department of Administration. If the

recommendation is to “let us handle our cash,” then this has an effect somewhere else in state government. The recommendation would be: 1) the state of Wisconsin would allow the UW System to manage its own cash; 2) the UW System would make the state whole by the amount of interest earnings the state is now getting; and 3) the UW System would then keep any increase in earnings. Regent Olivieri asked what happens if there is a loss; Director Yates suggested that the risk of a loss is low, because the UW System would make longer-term investments. A brief discussion about the mechanics of implementation followed. Regent Emeritus Smith stated that this cash-management idea has been around for a long time; the current version offers a new twist in that it gives the state an incentive to approve it, so that is an improvement. Vice Chancellor Soll suggested that the capabilities of the accounting system can be used to time payments; Regent Bradley said that this should be incorporated into the recommendation.

4. The recommendation regarding collaborative programs needs further explanation so that readers will understand what is meant. Vice President Durcan noted that the recommendation refers to the January paper on collaborative programs and the examples of institutions’ sharing staff expertise and combining resources. During a discussion about whether this recommendation has budgetary impact, Director Yates said that funding reallocation has been used in the past. However, Vice President Durcan said that there might be new costs; the West Central Wisconsin Consortium, for example, had a program director and other costs.

#### *Non-Budget-Related Items or Items with Unknown Budget Impact*

5. During the discussion of the recommendation to study administrative functions for possible improvement, Regent Emeritus Smith suggested that “administrative functions” be changed so that readers do not conclude that this refers to “central administration.” “Non-teaching services across the System” was suggested as an alternative. Also, Vice Chancellor Soll suggested that including the savings achieved at other higher education institutions is risky, because this may not predict the UW’s savings. Regent Olivieri commented that he would like to see more recommendations that pertain to what the UW System can do differently without needing state approval. Regent Amato suggested adding a timeframe for the studies described in this recommendation.
6. The recommendation related to periodic review of the UW System’s and institutions’ missions was discussed in the context of Dr. Guskin’s emphasis on vision, rather than mission, as a guide for change. After some discussion, group members concluded that the recommendation needs to be expanded to reflect the importance of alignment among institutional mission, vision, priorities, and budget. This recommendation will be moved up on the list.
7. The recommendation on academic program review was discussed as a resource issue; using criteria to trigger program reviews could help ensure unneeded programs are eliminated, leading to cost savings. This recommendation also will be moved up on the list.

8. The recommendation on lateral reviews needs further explanation. Also, Chancellor Miller suggested changing the reference to continuing the lateral review process, since “continue” does not convey the impression of a bold initiative; “reinstate” or “implement” were suggested as alternatives. It was also suggested that lateral reviews be incorporated into the program-review recommendation and that consideration of state needs, as well as student needs, be listed as benefits.

The recommendations will be revised for discussion at the next meeting.

Vice President Durcan asked whether the group wants to follow up on the joint discussion with Dr. Guskin by developing a recommendation on experimentation in student learning. The ensuing discussion covered: 1) the possibility of recommending pilot and incubator programs; 2) questions about whether such a recommendation would be an initiative for the budget or a reallocation effort; and 3) a suggestion to enhance the existing quality of the faculty-staff interaction by finding ways to save faculty time. The group concluded that any recommendation about experimenting with methods for enhancing instructional quality would need to be developed jointly with the Re-Defining Educational Quality Work Group. Vice President Durcan and Director Yates will coordinate with staff for that group.

The meeting adjourned at 12:40 p.m.