Year 2003-04

UNIVERSITY OF MINNESOTA
BOARD OF REGENTS
Educational Planning & Policy Committee
November 13, 2003

A meeting of the Educational Planning and Policy Committee of the Board of Regents was held on Thursday, November 13, 2003 at 1:30 p.m. in the East Committee Room, 600 McNamara Alumni Center.

Regents present: Maureen Reed, presiding; Peter Bell, Anthony Baraga, William Hogan, Richard McNamara, and Patricia Simmons.

Staff present: Chancellors Velmer Burton and Kathryn Martin; Executive Vice President & Provost Christine Maziar; Senior Vice President Frank Cerra; Vice Presidents Kathryn Brown, Sandra Gardebring, Robert Jones, and Charles Muscoplat; Interim Vice President David Hamilton; Executive Director Ann Cieslak; and Associate Vice Presidents Gail Klatt, Richard Pfutzenreuter, and Michael Volna.

Student Representatives present: Gina Jennissen and Ann Miller (alternate).

CONSENT REPORT

The Committee voted unanimously to recommend approval of the following, as detailed in the docket materials:

New academic programs:

- College of Human Ecology – Undergraduate Minor in Housing Studies
- College of Human Ecology – Undergraduate Minor in Retail Merchandising
- University of Minnesota, Crookston – College of Health Sciences, Bachelor of Science (B.S.) degree program in Health Science –
  Pre-Professional

Academic program name changes:

- Carlson School of Management – Bachelor of Arts (B.A.) degree program and Undergraduate Minor in Entrepreneurial Management
- College of Natural Resources – Bachelor of Science (B.S.) degree program and Minor in Environment and Natural Resources with concentrations in Water and Land Management and Geospatial Analysis, Monitoring and Modeling

Academic program discontinuations:

• University of Minnesota, Duluth – College of Liberal Arts, Bachelor of Arts (B.A.) degree program in French.

TUITION POLICY ISSUES, PART I

Executive Vice President and Provost Maziar introduced Vice Provost Craig Swan and Peter Zetterberg, Office of Institutional Reporting, who led the discussion. Swan identified a number of principles relevant to any discussion of tuition policy, including shared responsibility, ensuring access, providing choice, encouraging timely progress toward degree completion, and responsiveness to federal and state financial aid policies. He also highlighted data comparing University resident and nonresident tuition and fees (for undergraduate, graduate, and professional students) to tuition and fees at other Big 10 institutions (as presented in the docket materials).

In response to questions from several Regents, Swan reported that, in spite of rising tuition, undergraduate and graduate applications for admission this fall increased compared to one year ago and applications to date have exceeded applications at this time last year. Professional school applications, closely monitored by each school, also appear to be strong.

Maziar and Swan agreed that the University's ability to increase enrollment during a period of rising tuition and cost-cutting is the result of successful efforts not only to maintain, but to improve, quality. The University also is reaping the benefits of a temporary spike in the number of high school graduates, a demographic trend that will soon subside.

In response to questions from several Regents, Zetterberg indicated that students of lesser means have been well served by financial aid programs, with federal, state, and University assistance now funding about two-thirds of the full cost of attendance for the lowest income students. More likely at a disadvantage are middle-class students who do not qualify for financial aid.

Student Representative Jennisson stated that for professional students, rising tuition often creates a debt burden that will influence career decisions after graduation.

In response to a question from Reed, Maziar suggested that the primary deficiency of the current tuition policy is that nonresident undergraduate tuition is market rate, which may reduce geographic diversity and diminish the student experience. She added that in some reciprocity states the number of 18-year-olds is declining so that the University's budget and the state's economy might benefit from changes in tuition policy that would attract additional nonreciprocity students.

Maziar announced that the December 2003 discussion will include a comparison of coordinate campus tuitions to appropriate peer groups. Reed requested that committee members submit to her any additional questions for next month's discussion.

UMES STRATEGIC PLAN: UPDATE

Executive Vice President and Provost Maziar introduced Charles Casey, Dean, University of Minnesota Extension Service (UMES), who led the discussion. Casey reviewed the UMES vision agreed to in 2001 to enhance relationships between UMES and relevant University programs, diversify revenues and target audiences, energize staff, and increase the effectiveness and efficiency of program delivery. He stressed that a great deal of progress has been made in these areas (as described in the docket materials), but that a number of challenges remain because of budget restrictions.

In response to questions from several Regents, Casey verified that, regardless of the level of county funding, services will continue to be available in every county, and that UMES is working with counties where resources are especially limited. He added that UMES staff, as well as President Bruininks, have been reporting progress to date in one-on-one meetings with legislators.

UNIVERSITY ENTERPRISE LABORATORY:
POLICY ISSUES

Executive Vice President and Provost Maziar introduced Interim Vice President David Hamilton, who led the discussion. Regent Simmons, a pediatrician and associate professor in the Department of Pediatrics and Adolescent Medicine at the Mayo Clinic, acknowledged the appearance of a possible conflict of interest or commitment, but stated that she does not foresee any personal conflict because she has resigned from the board of Mayo Medical Ventures, which oversees the commercialization of Mayo Clinic's intellectual property. However, she wanted to give the presenters and members of the committee an opportunity to request that she recuse herself during the discussion.

Hamilton noted that technology transfer is integral to the University's mission, that the University is already involved in efforts to create and encourage early stage companies, and that the University very much wants to nurture companies started by faculty. He defined a University-related early stage company; explained its relationship to the University's mission and to the Board's previous commitment to the key role of technology transfer (through Board of Regents Policy: Intellectual Property); reviewed current technology commercialization activity at the University; explained federal requirements regarding commercialization of patentable University inventions; reviewed the University's experience to date in technology commercialization; reviewed the value derived from early stage companies; identified challenges facing university early-stage companies; and described the University Enterprise Laboratory (UEL). He also identified critical components of a proposed new Board policy to support companies started by faculty (as described in the docket materials and on file in the Board Office).

Hamilton also expects that the Board will be asked to approve an administrative proposal involving a long-term lease of space in UEL's building to house the Office of Business Development (OBD) and Carlson Ventures Enterprise (as described in the docket materials). He then posed for the committee's consideration the following policy questions:

(1) Should the University of Minnesota consider investing in entities such as the University Enterprise Laboratory?

(2) Are the set of preliminary principles appropriate for guiding development of technology parks?

In response to a number of questions from Bell, Elde stated that UEL's goal is to provide space for biotech

start-up companies. Beyond that, there are entities such as OBD, to help start-up companies make it through the incubators successfully. The financial model for UEL suggests that the enterprise would have a positive cash flow in about two years and subsequently would be self-sustaining. Bell urged that the University clarify the relationship of UEL to for-profit entities and include an assessment of potential risks and the impact on potential commercialization.
In response to a question from Baraga, Hamilton indicated that the University may receive equity or royalties from start-up companies in exchange for licensing University patents.

In response to a question from Hogan, Hamilton remarked that the business community, which is very excited about this proposal, will participate in OBD through a business oversight advisory group.

Simmons commented that commercializing the University's intellectual property is a critically important effort that supports the mission, ensures compliance with federal law, and makes beneficial discoveries available to the public. She acknowledged, however, that start-up companies often are cash poor so that the University is likely to receive equity in return for intellectual property or an intellectual property license. Entities such as UEL and OBD are really new tools to help the University reduce risk, maximize returns, and increase commercialization opportunities.

INFORMATION ITEMS

Executive Vice President and Provost Maziar introduced Chancellors Burton and Martin and Associate Vice Chancellor Madeline Maxeiner, who responded to questions regarding four-, five-, and six-year graduation rates and goals developed for each campus.

In response to a question from Regent Simmons, Burton stated that the goals established for the Crookston campus are both desirable and achievable. Factors that determined rates and goals at Crookston include the recent elevation of the campus to a 4-year institution and the relatively high proportion of students (80%) who are employed during the academic year and first-generation students (60%).

Martin advised that the five- and six-year goals are attainable, but that the four-year goals are an improbable target because of the Duluth student profile and because students are encouraged to participate in activities, such as study abroad, that require a fifth year. She added that the campus ultimately aspires to higher goals and is anxious to implement more intense student advising that is expected to result in graduation rates above stated goals.

Maxeiner noted that the goals established for the Morris campus are comparable to other public liberal arts and private undergraduate liberal arts colleges. Also, a number of strategies are in place to make these goals achievable.

Simmons expressed her appreciation for the explanations provided, acknowledging that this is a very complex issue that will best be evaluated through trends over time. Regent Reed expressed her concern that the established goals do not present a sufficient challenge and her hope that higher goals will be established in the future.

The meeting adjourned at 3:35 p.m.

ANN D. CIESLAK
Executive Director and
Corporate Secretary