

MINUTES OF THE REGULAR MEETING

of the

BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM

Held in 1820 Van Hise Hall
UW-Madison
Madison, Wisconsin

Thursday, February 4, 2010
11:00 a.m.

PRESIDENT’S GREETING AND CONTEXT FOR REVIEW OF *GROWTH AGENDA* GOALS2
INTEGRATED *GROWTH AGENDA* BUDGET PLANNING3
Growth Agenda Goal of More Graduates 4
Growth Agenda Goal of More Jobs..... 4
Growth Agenda Foundational Activity..... 5
Plans for Future Board of Regents Meetings 5

MINUTES OF THE REGULAR MEETING

of the

BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM

Held in 1820 Van Hise Hall
UW-Madison
Madison, Wisconsin

Thursday, February 4, 2010
11:00 a.m.

- President Pruitt presiding -

PRESENT: Regents Jeffrey Bartell, Eileen Connolly-Keesler, Judith Crain, Danae Davis, Stan Davis, Anthony Evers, Michael Falbo, Thomas Loftus, Kevin Opgenorth, Charles Pruitt, Brent Smith, Michael Spector, José Vásquez, and Aaron Wingad

UNABLE TO ATTEND: Regents Mark Bradley, John Drew, David Walsh, and Betty Womack

- - -

**PRESIDENT'S GREETING AND CONTEXT FOR REVIEW OF *GROWTH*
AGENDA GOALS**

President Pruitt welcomed Board members and others and began the meeting by describing the first agenda item, "*Growth Agenda Planning*." The *Growth Agenda for Wisconsin* has provided the framework for the university system's strategic planning for the past several years. This is the UW System's plan to grow the entire state, improve Wisconsin's competitive edge, and create a better future for our children and grandchildren.

People from around the state, President Pruitt continued, including business leaders, students, legislators, and taxpayers, have rallied around the *Growth Agenda's* vision of a more educated citizenry, more well-paying jobs, and stronger local communities. That long-term vision has not changed, but the economic situation of Wisconsin and the entire nation has. In looking forward to economic recovery, it is a good time to revisit the *Growth Agenda* to ensure that the university's strategies are aligned with the state's current and future needs.

President Pruitt stated that President Reilly would be sharing information about the process to be used over the next several months to develop a new set of *Growth Agenda* strategies. First, however, President Pruitt provided some broader context by noting that:

- A record-high 178,000 students are enrolled at the UW System’s 26 campuses, approximately 65 percent of whom will graduate from a UW institution within six years, a rate that surpasses the national average.
- The University of Wisconsin’s administrative costs remain among the lowest in the nation, and the Board has acted to preserve affordable access for all students by: (1) holding tuition increases to modest, predictable levels; (2) freezing UW Colleges tuition for three consecutive years; (3) adding a new grant this year for students who come from families at or below the median household income, holding them harmless from any tuition increase at all; and (4) working to preserve the quality and value of a UW degree, as evidenced by three UW System campuses recently being named among the “top 100 best values in public colleges” by Kiplinger's Personal Finance.
- About one year ago, President Barack Obama asked every American to commit themselves to at least one year or more of higher education, with a goal of regaining America’s worldwide leadership as the nation with the highest proportion of college graduates by the year 2020.
- Governor Doyle has been a champion of education, introducing the Wisconsin Covenant to put kids on the right path to college, advocating for higher education in tough times, advancing a 2007-09 state budget that provided more than \$30 million in new support for the UW System’s *Growth Agenda*, providing UW System with targeted recruitment and retention funding in each of three biennial state budgets he has advanced, and tripling state financial aid since coming into office.

President Pruitt suggested that long before the next Governor takes office, joined by new and returning legislators from across the state, it is important to begin long-range planning efforts and the development of a 2011-13 biennial budget request. Regents need to be part of that budget-making and goal-setting process from the beginning. President Pruitt then introduced UW System President Reilly, who would review milestones in the process and provide a preview of the process ahead.

- - -

INTEGRATED *GROWTH AGENDA* BUDGET PLANNING

President Reilly indicated he would like to provide the Board with a sense for the steps to be taken on the *Growth Agenda* between February and August, when the Board will approve the 2011-13 biennial budget proposal. The focus is on strategies for recovery and renewal.

Referring to a *Growth Agenda* diagram, President Reilly first described the UW System *Growth Agenda* framework, with its two core goals – more graduates and more jobs – and with foundational activity consisting of a competitive UW workforce, state support, and flexibility undergirding those two core goals.

Growth Agenda *Goal of More Graduates*

The first of the two core goals is more college graduates in Wisconsin. President Reilly described recent trends and reasons that it is important to have more college graduates. For example, more college-degreed people are needed for Wisconsin to be economically competitive. In Wisconsin and across the nation, 25- to 34-year-olds are seriously under-credentialed. Populations of color are also under-credentialed. The achievement gap between students of color and white students is a longstanding problem that does not bode well for the future of the state and the country, given demographic trends. Greater education equals greater wealth for individuals, states, and nations. People without postsecondary education are not likely to be able to live very productive or comfortable lives in the future.

On the other side of the coin, more highly educated people generally are healthier, more philanthropic, and more intellectually engaged in a democratic system of government. Those leading and governing higher education are the “hope masters” for citizens of a global and knowledge economy.

President Reilly said that he, Senior Vice President Rebecca Martin, chancellors, provosts, and others have had interesting conversations about the goal of more graduates. The consultation will continue. At the April meeting of the Board, President Reilly will return with exciting, specific new goals for more graduates.

Growth Agenda *Goal of More Jobs*

With respect to the second core goal of “more jobs,” there is now incredible emphasis on job production. The current “jobless recovery” is of concern. The Governor, in his State of the State address, said that his attention will be almost completely on creating new jobs. The President of the United States in his State of the Union address, as well as legislators commenting on this issue, have said essentially the same thing.

The university has a major role in this goal of more jobs. Work continues on Research to Jobs task force recommendations: (1) fostering and attracting human talent fueled by innovation; (2) focusing on the kind of jobs that leverage innovation and entrepreneurship; (3) attracting the research and development, along with the financial investment needed, to support the generation of new knowledge; and (4) creating an entrepreneurial culture throughout the state so that all citizens can contribute to and have a stake in the state’s better economic future.

An implementation group, chaired by UW-Stout Chancellor Sorenson, is reviewing and prioritizing the Research to Jobs recommendations in relation to the *Growth Agenda* and the 2011-13 biennial budget. In May or June, that group will come back with recommendations.

Creating new jobs involves more than creating new industries or creating new jobs through research, discovery, patents, and commercialization; it also involves helping traditional Wisconsin industries, such as agriculture, paper, and manufacturing, to have the latest technology and techniques to be competitive.

“More thriving, attractive communities” has been a third goal of the *Growth Agenda*, and community work continues. If the System’s goals of more graduates and more jobs are met, communities around the state will greatly benefit.

Growth Agenda *Foundational Activity*

Underpinning the two goals that are the current focus, more graduates and more jobs, the foundational activity of having a competitive workforce is critical. Faculty and staff will either deliver on the goals, or not. Faculty and staff compensation, salary and benefits together, are behind compared to peers; as a result of furlough cuts to salaries and the foregone 2-percent pay increase, faculty and staff compensation is likely further behind. President Reilly announced that he has assembled a Competitive Workforce Commission, which Board of Regents Vice President Spector has agreed to co-chair, along with Kathi Seifert, retired Executive Vice President from Kimberly Clark. The group includes individuals from within and outside of the university system. The group will take a finer-grained look at salary and compensation than has typically been done in the past, to identify salary gap problems, as well as areas where the System is competitive with its peers. The goal is to come back to the Board in June with results from that Commission’s work.

President Reilly then commented on state support as a percentage of the university’s budget, which has declined in Wisconsin, as well as throughout the country. However, state general purpose revenue (GPR) is still over \$1 billion per year, or between 20 and 25 percent of the university’s budget, not including the major state investments the state makes in the capital budget. Wisconsin cannot afford to not continue to press the state for support of this public institution, with its public purpose.

California’s governor announced that he would like to see that state spending more on higher education than on the prison system. President Reilly said that if California can make that kind of statement, Wisconsin can, too.

He continued by saying that Wisconsin is grateful for the GPR the university does receive, but the university could put more of the state support toward core educational purposes if the university had the kinds of flexibilities needed to spend less of the state funding on the overhead associated with state bureaucratic processes. The System is in serious conversations with the Governor’s Office about obtaining some of those flexibilities on the capital side and in some other areas. In New York, the governor recently announced major, new flexibilities that he’s proposing for the State University of New York and the City University of New York Systems. If New York can propose flexibility for its public universities, surely Wisconsin can do the same.

Plans for Future Board of Regents Meetings

President Reilly then presented an integrated plan for future Board meetings. Following the February discussion of the planning process, the next meeting, in April 2010, will include a discussion of new goals for more graduates and higher levels of educational attainment. An update on Research to Jobs may also be provided.

May's one-day meeting will include the annual Accountability Report; an update on Research to Jobs; and a facilitated discussion about strategic financing of higher education, with a consultant from the Association of Governing Boards (AGB).

At the June meeting, the Board will need to act on the 2010-11 annual operating budget. The results from the Competitive Workforce Commission also will be available. Toward the end of June, a series of individual biennial-budget briefings will begin.

A July meeting is not yet scheduled, but the Board has in the past found it useful to meet before the vote on the biennial budget in August. If a July meeting is scheduled, there will be more flexibility to discuss Competitive University Workforce or Research to Jobs at a later date than currently anticipated.

After the Board's August discussion of, and approval of, the 2011-13 biennial budget proposal, the proposal will be submitted to the state Department of Administration. Other milestones include the primary election in September, general election in November, a new Governor taking office in January 2011, and introduction by the new Governor of his 2011-13 budget in February or March 2011. The university, as well as others, will be advocating for the Regents' budget during this time.

After the Governor introduces his budget, it goes into the legislative budget-making process, which includes action by the Joint Committee on Finance, approval by the full Assembly and Senate, conference committee reconciliation activities, and possibly gubernatorial vetoes. After this, the Joint Committee on Employment Relations will take action on a pay plan proposal for UW System faculty and academic staff. The new biennial budget takes effect July 1, 2011 or later.

By all accounts, President Reilly continued, this will be a very tough budget cycle because of the economic situation. A strong argument for the value of the University of Wisconsin will be needed.

President Reilly then turned back to President Pruitt, to lead the discussion of the schedule President Reilly had proposed. President Pruitt asked Regents for their reactions to the big-picture topics that President Reilly had discussed, as well as the mechanics, sequencing, or timing of the process.

Regent Bartell, acknowledging that some details have not been worked out yet, asked President Reilly to describe the charge of the Competitive Workforce Commission, group composition, and assumptions the group might make about such issues as collective bargaining. President Reilly responded that the basic charge is to look at faculty and academic staff compensation packages, peer comparisons, and recommendations for closing any gaps. It will be a finer-grained analysis than has been done in the past. The commission will include those from outside the university, who do not have a personal interest in the university's compensation package and who will be able to offer a non-university perspective on what constitutes competitive compensation. At President Reilly's request, Senior Vice President Tom Anderes

elaborated, saying that multiple types of peers would be examined, including state and regional. Where the university is competitive, this will be stated.

With respect to collective bargaining, President Reilly indicated that some university peers have collective bargaining, and some do not. The UW does not yet know if it will have collective bargaining.

Regent Loftus expressed nervousness about introducing new peer comparisons (because peer groups have in the past been agreed to with the state), and President Reilly assured him this will not be the case. Regent Loftus went on to say that some peers will have had reduced pay, due to furloughs or across-the-board cuts, and asked whether these things will be taken into account. President Reilly indicated that these will be considered.

Vice President Spector commented that it will be important to ask what group members, as leaders in different capacities in Wisconsin, believe the university system should be in the state, and what role compensation plays in that. The group should be aware of the past and the status quo, but not be limited by them. It will be important to think about what our state wants education to be, how the University can be as effective as possible, and how the best people can be brought here to perpetuate the institution. Whether the subject is collective bargaining or any other subject, Vice President Spector expressed confidence that the group and staff would use their best judgment in addressing these subjects.

Regent Falbo, who will also be a member of the Competitive Workforce Commission, commented that many of those on the Commission are dealing with the same issues with which the university is concerned.

Vice President Spector noted that Regent Loftus's experience as a legislator can help inform Commission members about obstacles to potential Commission recommendations. Regent Loftus responded that there are two decades of decisions about the university's peer groups. Vice President Spector accepted this caution but said that the group should not rule out looking at what makes sense under current circumstances. Following up on this remark, Regent Falbo said that drilling down within the comparisons may reveal more information that will be helpful than can be foreseen at this point.

President Pruitt underscored that the Commission is a first step, but the Board itself would be a central player in reviewing the Commission's conclusions, as well as in making decisions about the recommendations.

Regent Vásquez noted that other key players, in addition to the Regents, are legislators and the Governor. He asked President Reilly how they will be kept informed and involved, since the Regents are limited by gubernatorial and legislative actions in such areas as staff salaries and benefits. President Reilly responded that Jessica Tormey, one of System Administration's legislative liaisons, is helping to staff the Commission; part of her role will be to keep the legislature well informed. Also, former Senator Brian Rude has agreed to serve on the group; it is hoped that he will have contacts with his colleagues. Regent Loftus also will be called upon to

help with maintaining the right perspective. In addition, the Commission meetings will be open meetings; deliberations will be in public.

Next, Regent Crain spoke in favor of a July Board meeting, saying that she hoped the date would be set soon. She also requested a text of President Reilly's earlier remarks about the *Growth Agenda*.

Regent Danae Davis, expressing her support for incorporating *Growth Agenda* goals into the Accountability Report, sought confirmation that inclusive excellence goals also will be reflected in this report. President Reilly said that the Accountability Report already includes indicators related to diversity, and those will remain in the report and will be enhanced with results from the educational attainment planning.

President Reilly reminded the Board that the UW System is one of the systems in the National Access to Success project, along with some other large systems. The goal of that project is to halve the achievement gap between minority and majority students by 2015. Data from this project also will be tracked.

As to inclusive excellence, Senior Vice President Martin added that the Education Committee would be receiving a report and discussing strategies and progress in April or June. In response to a follow-up question from Regent Davis, Senior Vice President Martin responded that the Accountability Report continues to be revised, as new leading indicators are identified.

Next, Regent Danae Davis asked about how the *Growth Agenda* goals will be integrated into the overall budget process. In response, President Reilly used the goal of more graduates as an example, saying that in April some new numbers related to new graduates will be presented. These goals will be achieved through a combination of more enrollment, higher retention and graduation rates, and new ways of delivering instruction. The Board's discussion in April will be about what aspects are to become part of the 2011-13 budget submission.

President Pruitt commented that the approach for this budget is to have the funding decisions follow the program decisions, so that when the budget proposal comes before the Board, it represents the continuation of a conversation, rather than the beginning of a conversation. The discussion in May about strategic financing also will be important. President Pruitt complimented President Reilly for laying out an overall plan for the *Growth Agenda* and budget planning process.

- - -

The meeting was adjourned at 12:00 p.m.

- - -

Submitted by:

/s/ Jane S. Radue

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