

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, May 6, 2010  
9:30 a.m.

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- President Pruitt presiding -

PRESENT: Regents Jeffrey Bartell, Mark Bradley, Judith Crain, Danae Davis, Stan Davis, Anthony Evers, Michael Falbo, Thomas Loftus, Edmund Manydeeds III, Kevin Opgenorth, Charles Pruitt, Brent Smith, Michael Spector, José Vásquez, David Walsh, and Aaron Wingad

UNABLE TO ATTEND: Regents John Drew and Betty Womack

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### OPENING REMARKS

#### *President's Greeting*

President Pruitt greeted attendees and described the meeting topic of strategic financing in higher education. The discussion-only format of the one-day meetings allows the Regents to devote additional time to a complicated issue.

Before beginning the discussion, President Pruitt observed that more than 100 students had participated in Posters in the Rotunda the day before the Board meeting. This event showcases the value of undergraduate research. President Pruitt congratulated all of the student researchers, their faculty advisors, and others who made the event successful.

President Pruitt next acknowledged Congressman David Obey's retirement announcement, which occurred the day before the Board meeting. Congressman Obey will be sorely missed, as he has been a stalwart champion of the University of Wisconsin.

President Pruitt then introduced new Regent Edmund Manydeeds, a civil trial attorney from Eau Claire. Regent Manydeeds is a 1973 graduate of UW-Superior and 1978 graduate of the UW-Madison Law School. He is also an enrolled member of South Dakota's Standing Rock

Sioux Tribe. Regent Manydeeds has served on the Governor’s Judicial Selection Committee and with the Office of Lawyer Regulation. His appointment, which was confirmed recently by the State Senate, will run through May 2017. President Pruitt welcomed Regent Manydeeds to the Board of Regents.

**Resolution of Appreciation for Eileen Connolly-Keesler**

Regent Pruitt then turned to Regent Bradley to present a resolution of appreciation to Regent Eileen Connolly-Keesler, marking the end of her term. Regent Bradley reflected on Regent Connolly-Keesler’s service on the Board of Regents, relating several anecdotes and noting that she was the Vice Chair of the Business, Finance, and Audit Committee when he was the Chair of that committee. Regent Bradley praised Regent Connolly-Keesler as a “go-to person,” who multiple Board Presidents – former Presidents Markovich and Walsh, Regent Bradley himself, and President Pruitt – could call, and who would readily agree to do the work that they asked her to do. This willing response comes from a passion for students and families. Regent Bradley then presented a resolution of appreciation to Regent Connolly-Keesler. The following resolution was adopted by acclamation and accompanied by a standing ovation for Regent Connolly-Keesler:

Resolution 9759:       WHEREAS, Eileen Connolly-Keesler has dedicated seven years of exemplary service as a Regent of the University of Wisconsin System from 2003 to 2010; and

WHEREAS, Eileen has taken an active leadership role in helping the Board to examine and improve the efficiency of its operations, chairing Regent meeting improvement and effectiveness committees; serving on the Executive standing committee; and serving as liaison to the Association of Governing Boards, a national resource on higher education governance and leadership issues; and

WHEREAS, true to her passion for community service, Eileen has served in numerous capacities during her tenure on the Board, not only championing effective Board governance but also promoting rigorous audit practices, filling a dual position of vice chair of the committee now known as Business, Finance and Audit and its position of Audit Liaison, a role she has capably filled and one that has earned her the esteemed and fond designation of “Audit Queen;” and

WHEREAS, Eileen’s dedication to effective communication is evidenced through her role as a Regent member of the Wisconsin Educational Communications Board, a state agency committed to ensuring that public radio and television programs and services are made available throughout Wisconsin; and

WHEREAS, Eileen is a proud alumna of two UW System institutions, having earned her bachelor's degree in social work from UW-Green Bay and her master's degree in public administration from UW-Oshkosh; and

WHEREAS, she has helped guide the selection of campus leadership for several UW institutions, serving on chancellor search committees for UW-Eau Claire, UW-Green Bay, UW-Parkside, UW-River Falls, and UW-Stevens Point; and

WHEREAS, Eileen has been a strong voice for maintaining the affordability, as well as quality, of public higher education, keeping tuition increases reasonable and predictable; and

WHEREAS, Eileen has recognized the important role played by academic staff in supporting student success, having served as chair of the Regent selection committee for the Academic Staff Excellence Awards, and in all areas has been a staunch advocate for advancing excellence within the UW System;

BE IT THEREFORE RESOLVED that the Board of Regents of the University of Wisconsin System commends Eileen Connolly-Keesler for her distinguished, engaged, and dedicated service on behalf of higher education in Wisconsin.

After Regent Bradley presented her with a plaque and President Reilly presented a UW System medallion, Regent Connolly-Keesler passed around a large box of chocolates and began her remarks by thanking the Governor for the opportunity to be a Regent. She talked about the changes in Board membership, chancellorships, and UW System staff during her seven-year term. She then talked about what she learned as a Regent, mentioning such items as: the importance of shared governance; the challenges of decision-making as a member of this Board; the difficulty of discussing access versus quality; the huge need for financial aid; the need for diversity in students and faculty; the dedication of UW faculty and staff, despite furloughs and the lack of pay increases; the impact of research in the UW System; the importance of having auditors on the UW campuses; and the importance of adequate compensation for chancellors. Regent Connolly-Keesler closed by thanking the Regents and UW staff for their hard work in education.

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## **STRATEGIC FINANCING**

President Pruitt noted that the meeting would focus largely on the *Growth Agenda*, picking up where last month's discussion left off. The February Board meeting featured a discussion of the integrated budget planning process, and the future of the *Growth Agenda*, with President Reilly explaining how this strategic effort would focus on increasing the number of college graduates and creating more well-paying jobs through expanded university research.

Then, in April, in Fond du Lac, the Board heard more about the ambitious plans to produce more, better-prepared college graduates for Wisconsin, by increasing the number of UW degrees granted by 30 percent over the next 15 years.

President Pruitt noted that President Reilly and Senior Vice President Martin were careful to explain that success in these efforts would depend on a number of factors, including renewed state investment in higher education and the administrative freedom to allow UW campuses to make better use of the dollars they already have.

The current conversation, about strategic financing, calls upon the Board to both think strategically and to connect the *Growth Agenda* goals to strategic financing and the development of a 2011-13 biennial budget. President Pruitt posed a number of strategic questions, pertaining to the value of a strategic financial plan, challenges in creating and implementing a strategic financial plan, the potential of each revenue source to do more than it is already doing, an appropriate balance of “self help” and state effort, and the Board’s information needs.

President Pruitt then turned to President Reilly to further introduce the strategic financing topic. Reviewing the core goals of more graduates and more jobs, and the need to support the goals with a competitive university workforce, President Reilly said that renewed investment from the State and the ability to make better use of existing resources are important.

He also reviewed the budget timeline, noting that the annual operating budget would be discussed at the June meeting, along with a preview of the biennial budget; a special one-day meeting on the biennial budget will occur in July, and the Regents will have a final opportunity to discuss the biennial budget before voting on it and submitting the budget request to the state Department of Administration in September.

President Reilly then introduced Ellen Chaffee, the guest speaker and facilitator for the discussion of strategic financing. Dr. Chaffee was asked to begin by laying out the national perspective, based on her extensive work with the Association of Governing Boards. Given the dynamic economic environment, many experts agree that the current funding model for higher education is simply not sustainable. Dr. Chaffee will address how strategic budgeting is different from traditional budgeting exercises and how it can help shape the future.

President Reilly said that Dr. Chaffee is in an ideal position to facilitate and lead the Board’s discussions. She has been a campus CEO, so she appreciates the university’s business model; she is an upper Midwesterner, so she understands the culture and environment. She now serves as a consultant to AGB, with support from the Lumina Foundation, so she understands the politics of working with state and federal governments on big, strategic issues.

### ***Funding Models***

Beginning her remarks, Dr. Chaffee said that her special focus over the years has been on strategic management, quality management, governance, and policy. She has worked in the Stanford budget office, a national research think tank, a land grant university, two regional

universities, and a university system. Dr. Chaffee invited Regents to question or dispute any statements she might make, to promote vigorous discussion.

She praised Wisconsin's reputation and leadership in higher education and the Board's excitement over the More Graduates for Wisconsin goals. She noted, however, that the *Growth Agenda* has a long time horizon, and much will change in the next 15 years. The goal of the discussion is for Regents to become better able to understand, guide, and support the decisions that need to be made in the future. Further, the goal is to develop a shared sense of the options for a strategic financial plan to align the resources that are needed with action plans to achieve the university's degree-attainment goals.

To set the stage, Dr. Chaffee reviewed the ambitious goals of President Obama, as well as the Lumina Foundation, related to increasing the number of college graduates in the United States. She went on to say that while the economy requires more college graduates, incoming students have greater challenges related, for example, to preparation and affordability; and the current business model is not sustainable because of a lack of available resources.

Dr. Chaffee presented a slide showing funding sources in higher education, such as state government and federal stimulus funding (which is temporary). Wisconsin nets about \$800 million in state support and about \$1 million in tuition. Some funds are returned in the form of scholarships and aid to students. State funds have lagged behind costs, which has been accommodated by increases in tuition. Saying that the business model in the diagram is no longer sustainable, Dr. Chaffee asserted that more creative thinking is now required.

Wisconsin has strategic goals in its *Growth Agenda*; 80,000 more graduates is a strategic indicator for the more-graduates goal. The question is how to pay for more graduates. Going to strategic finance is a change in focus from budgets, which look back and focus on dollars. Looking ahead; expecting improvement; and focusing on time, technology, and other resources can help create essential changes.

Dr. Chaffee described an example of a new funding model, adopted in response to declining state resources. The model was recently implemented in the state of Ohio, which has an enrollment factor, now supplemented by a completion factor; a degree attainment factor; a student economic status factor; and an access mission. A "stop loss" factor helps to limit the financial loss (penalty) if an institution's performance is not adequate in these areas. Shifting to emphasizing completion rather than enrollment takes time because it is such a significant shift. Dr. Chaffee responded to various questions and comments from Regents and chancellors about the model, which highlighted differences in structure between higher education in Wisconsin and Ohio, risks of the new model, and incentives for retaining quality.

Dr. Chaffee next posed a question about what would be criteria for a good financial plan. A strategic financial plan is not in wide use now. She said that such a plan would recognize quality and would do what needs to be done in a financial plan; Regent Danae Davis said that it would tie accountability for results to incentives; and Regent Crain said that it would offer positive potential for all of the campuses. Some of the challenges to a strategic financial plan are

the dynamic environment and public scrutiny. Regent Loftus added that the System has in essence a policy of reasonable tuition, both relatively and across the board. He also asked about market-based tuition in public institutions; Chancellor Levin-Stankevich responded that pricing decisions are driven by market factors – consideration of all costs and what students are willing to pay – under such a system.

Dr. Chaffee continued, saying that it is crucial to stay focused on mission and goals when “in a squeeze play,” such as the Board is in. Some considerations are: more revenue, new revenue sources, productivity and whether there are ways to cut costs, or innovation. Stressing innovation, she talked about Dell computers and “mass customization.”

Referring to a slide on sample productivity strategies, Dr. Chaffee noted that Wisconsin has already done more with less from an administrative efficiency standpoint. She also talked about degree production, academic program streamlining, and other academic strategies. Vice President Spector noted that members of the public are sometimes critical of courses that do not seem related to employment or personal growth. Chancellor Martin commented that low enrollment also is complicated because some courses, even if they have low enrollment, are important to what it means to be a well-educated person. Dr. Chaffee pointed out that it is vital that faculty be involved in these decisions. Chancellor Martin commented that when faculty develop new courses, it is often because of innovation. She also noted that it is difficult and time-consuming to develop new courses, and that policy incentives actually exist for keeping “old” courses on the books, even if they are not being taught, because it takes a significant amount of time to develop a new course and receive the appropriate bureaucratic approvals. Dr. Chaffee commented that these disincentives could be an area for continuous quality improvement.

Regent Crain commented that it is important to define what quality means, and that public perception of what quality means is not universal. Dr. Chaffee affirmed that it is important to ensure that quality is a constant.

Another limiting factor in a long-range strategic financial plan, said Regent Loftus, is the System’s focus on Wisconsin residents. More income could be generated with out-of-state students.

### ***Generating and Evaluating Strategic Financing Ideas***

Dr. Chaffee called upon Regents and others to brainstorm and write down ideas about options for revenues, productivity, or other factors that could generate a minimum of \$1 million in savings or revenue. Ideas written on note paper were then collected, passed out to the Regents, and read aloud. A large number of ideas were generated, ranging from increasing tuition significantly; to enrolling more out-of-state students while not displacing Wisconsin residents; to increasing the UW System’s ability to control its own interest earnings, its building program, and its purchasing program. Some ideas were for generating revenue, some for cutting costs.

After the ideas were read, Dr. Chaffee described the analysis that would need to occur to evaluate each idea, posing such questions as: (1) what is already being done in each area; (2) what, realistically, is the potential of each revenue source to do more than it is doing; and (3) what are the spin-off effects or unintended consequences of each idea? It is beneficial to use all of the ideas that are available, because “the hill is steep.” Data will become even more important in analyzing the ideas.

Regent Vásquez proposed looking at the ideas from the standpoint of whether they are within the control of individual campuses, the System level, or external forces. Dr. Chaffee said that this would be helpful. She also suggested leaving authority as close to the action as possible, for accountability purposes.

Dr. Chaffee asked what suggestions or questions the Regents might have related to the next biennial budget. President Reilly commented that some ideas are long-term, and some are shorter-term and could be considered for the 2011-13 budget. Dr. Chaffee agreed, encouraging that some goals be for 2020.

Regent Loftus suggested that if the list were to include only those items over which the Regents have control, it would become a much shorter list. Vice President Spector agreed that the Regents’ control is limited. He said that something different is needed, perhaps a “summit” among the Governor, legislature, and higher education, to balance philosophy, practicality, affordability, and investment goals. Regent Falbo agreed that legislative change should be on the table. He also suggested building a budget “from the student up,” showing costs per student and funding sources for those costs. Regent Bartell remarked that there are state priorities over which the university has no influence; more state resources have been devoted over time to corrections, and significant resources are devoted to K-12.

President Pruitt agreed with the statements about limitations, but commented that the UW System should not give up on the state as a revenue source. There is work to be done to develop a stronger consensus about the value of higher education as compared to corrections, health care, and other state institutions competing for resources. Dr. Chaffee remarked that Wisconsin is already very productive relative to other states, and it is in a position to look at external relations and innovation. Regent Walsh said that the state’s economy has not been good, but the UW has still received more funding from year to year. He urged that the System keep fighting.

Regent Loftus said it is also important to look at what the System presents as its priorities, and how they compare with the legislature’s. The UW System talks about faculty salaries and need-based funding, for example; the legislature talks to the System about productivity and efficiency. Regent Smith said that legislators and others seem to support flexibility; the System should present specific ideas for flexibility, because there may be common ground in this area.

Vice President Spector said that the same model the System has been using will not work to increase state funding; creativity is needed, whether it is a different balance of residents and non-residents, or other ideas, to preserve the best of what the UW has, with changes made as



necessary to garner state support. Dr. Chaffee confirmed that there is an emerging consensus at the national level that the higher-education business model is broken.

Regent Walsh commented that “flexibility” is not a useful argument, because of all of the constituencies who counter this argument – for example, labor and trade unions may oppose more UW flexibility in building projects. Investment in higher education is what should be stressed, rather than flexibility.

President Pruitt asked whether, if it is assumed that the model is broken, it is necessary to also assume that there will be no increased resources from outside the UW System. Dr. Chaffee responded in the negative, saying that every opportunity for a new or more purposeful use of resources must be considered. Chancellor Wells commented on the need for change at the campus level, to generate confidence on the part of external parties that institutions are fundamentally changing the way they deliver their mission; Dr. Chaffee responded that venture capital is needed to promote the desired changes.

Continuing the discussion, Dr. Chaffee posed a question about whether other revenue sources need attention. Regent Vásquez expressed a desire to understand more fully what other revenue sources, in addition to tuition and GPR, might be available. Regent Walsh, citing the Wisconsin Alumni Research Foundation as an example, suggested a statutory change to allow for greater corporate investment in joint ventures. Chancellor Wells mentioned cell phone towers on top of university buildings and employment-based learning (more paid internships). President Reilly said there is a huge potential in out-of-state students, as long as the System does not displace in-state students. The amount of privately-raised, need-based financial aid can also be increased, he said.

Regent Bradley asked about other high-performing higher education systems. Dr. Chaffee showed that Wisconsin is much more productive than many other states. She also commented that achieving productivity savings is very individualized, depending on how much has already been achieved.

Regent Stan Davis noted that the UW trains the state’s workforce; the UW should ask Wisconsin businesses to invest directly in the university because of the highly-educated workforce from which the business community benefits.

In closing her remarks, Dr. Chaffee noted the importance of surfacing and re-examining assumptions and focusing on the big picture. She cited the observations of David Wiley, a professor at BYU; the 20<sup>th</sup> century was one of technological innovation, and the 21<sup>st</sup> century must be one of institutional innovation. The morning’s discussion had been consistent with the search for institutional innovation.

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## **UW SYSTEM *GROWTH AGENDA* ACCOUNTABILITY REPORT, 2009-10**

President Pruitt next turned to President Reilly to talk about the System's annual Accountability Report. President Reilly noted that this year marks the 16th annual publication of the UW System's accountability report, noting that the UW System was the first statewide system to publish such a report, focused on consistent measures of access, degree completion, professional preparation, and stewardship of resources. Last year, the report underwent a major revision of format and was revamped to reflect the UW System's Strategic Framework and the goals of the *Growth Agenda for Wisconsin*. The title of the report, "Investing in Wisconsin's Future," captures how the System's strategic priorities are aimed to benefit the people of Wisconsin.

In relation to the System's impact on Wisconsin communities, the report shows that that UW System contributes \$10 billion annually to the Wisconsin economy, a 10-fold return on the \$1 billion annual investment by state taxpayers. The 2008-09 graduating class is estimated to contribute \$545 million to the Wisconsin economy, up from \$507 million for the previous class.

Related to the "More Graduates for Wisconsin" initiative, the report shows that the UW System is setting new records, with 178,909 enrolled students and 33,044 degrees conferred last year. UW System's retention and graduation rates remain above national averages. Unfortunately, the report also shows that while students of color are enrolling in larger numbers, retention and graduation rates for these students continue to lag behind those of white students.

As part of broader efforts at transparency, President Reilly said, it is important to communicate clearly about areas where goals were not fully met, such as some persistent gaps in access, retention, and graduation for students of color. The gaps are narrowing at a slow-but-steady pace, and there are efforts underway to help close those gaps completely. A few key initiatives are: (1) Access to Success; (2) Wisconsin Covenant; (3) KnowHow2GO; (4) Campus Climate Study; (5) Equity Scorecard; and (6) Transfer Equity Study. All of these efforts are part of the strategic commitment to "Inclusive Excellence."

Remembering that Wisconsin employers want more, better-prepared UW graduates, the Accountability Report also reflects the UW System's commitment to quality. The data show that students coming out of UW schools are passing their professional licensure tests with higher scores than the national average. Also, more UW students are participating in study-abroad programs and exchanges, helping them prepare for success in a global economy.

The Accountability Report serves as a valuable management tool and provides a number of "baselines" to be used to help measure future progress. Thanking her for her work, President Reilly introduced Interim Associate Vice President Sharon Wilhelm to present the report.

Interim Associate Vice President Wilhelm reviewed the layout of the Accountability Report, indicators that are measured, and the progress reports incorporated within the systemwide Accountability Report. New this year are data on partnerships. Also new is an assessment of how the UW prepares students, or its high-impact practices.

The report includes much good news, Ms. Wilhelm said, including in the areas of student preparation; access, retention, and graduation; efficiencies; and new collaborative degree programs. Challenges include achievement gaps, even though enrollment of students of color has increased in both absolute and relative terms, and energy use.

Ms. Wilhelm continued by describing the individual institution reports, redesigned with campus input. The new format demonstrates institutions' accountability, as well as their distinctive character. Ms. Wilhelm focused on the number of degrees conferred and graduation rates to illustrate the flexibility of the reports; for example, revised graduation-rate components will be incorporated in the future.

Ms. Wilhelm reminded Board members of the UW System's participation in the Voluntary System of Accountability (VSA)/College Portrait. By providing web-based information in a comparable way, the System provides students and their parents with valuable data for decision-making.

President Reilly thanked Ms. Wilhelm for her presentation. He said that the report will be widely distributed, including to the legislature, the Governor, and groups that need to know about the System's accomplishments and challenges, such as regional economic development entities, chambers of commerce, the Wisconsin Higher Education Business Roundtable, Wisconsin Manufacturers and Commerce, the Metropolitan Milwaukee Association of Commerce, and Competitive Wisconsin. It is important for all of Wisconsin to know that the UW System is transparent and accountable, and is in the business of continuous improvement.

The accountability report would feature prominently in efforts to promote greater investment in higher education. In addition, the "case statement" that was previously shared would provide a useful framework in advocating for the UW System's role as an economic engine for the future of Wisconsin.

President Pruitt noted that there is a lot of work to do in a relatively short time. It cannot be taken for granted that everyone shares the view of the importance of the university's growth agenda. It is necessary to tour the state to engage community leaders in a genuine conversation about the state's commitment to public higher education and what it means to sustain that commitment.

The Accountability Report was developed in the early 90s, at a time when the Regents were asking the state for more support and more flexibility. The more things change, the more they remain the same, President Pruitt remarked. The Regents in the 90s wanted to show that the UW System could be trusted to manage resources and use flexibility wisely, which has been done. As aggressive goals are laid out to create more jobs and create more, better-prepared college graduates to fill those jobs, it is important to spread the word.

Vice President Spector praised this idea, and President Reilly commented that the case statement would be helpful as Regents, chancellors, and campus advisory boards talk with local groups to advocate for the UW System.

Regent Stan Davis then asked how “goal achieved,” “goal not achieved,” and “mixed results” in the Accountability Report were determined, particularly since goals had multiple parts. Interim Associate Vice President Wilhelm responded that a group reviewed the results through a careful process. Seeking clarification, Regent Davis asked if the goal was “not achieved,” whether this means all parts were not met, and Ms. Wilhelm responded that it does.

Regent Smith, commenting further on the touring/“barnstorming” idea, noted that a discussion of the role of the university is important. What the university wants – funding, flexibility, etc. – and also what the university will deliver should be discussed.

Regent Crain, noting that she supports more outreach, commented that it can be hard to know how well the university is doing in the area of “critical thinking.” She posed the suggestion that consideration be given to how this area is gauged. Ms. Wilhelm responded that the source of this data is the National Survey of Student Engagement, which is widely used and reported on; this area is difficult to measure, and the UW uses the national benchmark as a standard of comparison. An additional metric may be available for measurement of this indicator next year. Senior Vice President Martin added that the UW-Oshkosh report has additional information on this indicator; efforts are being made in this area, but they do not necessarily roll up into a systemwide number.

Regent Manydeeds commented, as someone who is very familiar with northern Wisconsin, that citizens in northern Wisconsin generally are not closely connected to the work of the UW System and the Board; therefore, the idea of going out to every corner of the state is a good one. The university owes it to the northern half of the state to help educate citizens about opportunities for their children and about what the UW System does for the state. Regent Manydeeds volunteered to be part of the statewide tour.

Regent Bradley noted that in September the two people running for governor will be talking about well-paying jobs and stronger communities; the data is clear that these goals cannot be achieved without strong higher education. He suggested setting aside party affiliation, calling upon former Regents, and working to encourage the candidates that the university system is needed to help achieve the goals the candidates are discussing. President Pruitt expressed strong support for this bi-partisan approach and said that some contacts with former Regents have already been made.

Regent Loftus asked Interim Associate Vice President Wilhelm about graduation rates for first-time transfer students. Ms. Wilhelm said that the UW System can report on whether a transfer student graduated from another UW institution; using the VSA data allows for information on the graduation of students who transfer outside the system. Looking at the UW-Eau Claire report, Regent Loftus expressed concern that transfer students do not seem to graduate at the same rate as new freshmen. Senior Vice President Martin contrasted UW-Eau Claire with UW-Parkside, the data for which showed the opposite outcome. She said that she believes this has to do with differences in the demographics of the institutions’ student bodies; the data are institution-specific. Also, transfer students are part of a “swirl” of students who may attend as many as four or five institutions before graduating.

Regent Danae Davis, in response to President Pruitt's invitation for any additional comments, said that she is tired of talking about diversity, failed strategies for diversity, and the lack of accountability for failing to close the achievement gap for students of color over the seven years she has been on the Board. She expressed concern about the lack of accountability across the System, including at the Regents' level, and the lack of urgency. The presentations and discussion lack answers, analysis, and remedies. UW students, faculty, staff, and communities deserve more and better, she said. She posed the question, "when are we going to deliver?"

Regent Loftus responded that the Ohio example would be relevant, because Ohio is going to change the funding structure to reward success.

Ms. Wilhelm said that she has received early drafts of the campus plans reflecting their thinking on how to produce more, better-prepared graduates. She said that each plan attempts to cut in half or dramatically decrease the gap in access and success rates for students of color and low-income students, demonstrating the priority going forward.

Regent Danae Davis, mentioning the various plans of the past, suggested that she hopes these plans will have different results. Senior Vice President Martin said that these plans are different in that they have metrics and will be tracked so that interventions can occur when needed. The goal is to cut the achievement gap in half by 2015 for students of color and low-income students for both access and graduation rates. Noting her own frustration over the lack of progress, Senior Vice President Martin said she believes there will be a new opportunity to see change and to track progress more regularly at the System level.

Regent Stan Davis expressed his agreement with Regent Danae Davis and expressed his frustration with a lack of acknowledgement of success in meeting goals, and the lack of urgency.

Regent Crain said that she would like to honor Regent Danae Davis's comments, that the questions Regent Davis raised are questions for the Board, and that she takes them very seriously.

Chancellor Wells, referring Regents to page 5 of the Oshkosh report and discussing details of that report, said that the report shows some good news; but he expressed disappointment in the progress toward closing the achievement gap. Disaggregating the data is helping the campus; the challenge is to use the better data that are now available, to target change.

Regent Vásquez noted that when he started working at Waukesha County Technical College many years ago, he was pleased to see that effective business practices were being taught. However, he observed that the employees of the College did not always use those practices that were taught. A similar phenomenon may occur in the UW System. Multicultural centers, African-American student associations, and other long-standing efforts have occurred in the system, he said; but he questioned whether these efforts are being analyzed to discover what is effective. Efforts that are found to not be effective should perhaps be discontinued. Instead of doing the research to find out what works and what does not work, the system seems to be tinkering.

Chancellor Wilson, expressing appreciation for Regent Danae Davis's passion and vision, said that UW-Extension and UW Colleges have developed strategies in this area. UW-Extension faculty member Demetrius Brown has been working with African-American boys to create a support network to enable them to see a way out of the conditions in which they find themselves. This initiative is going to receive additional resources so that the college experience can be demystified for these young boys. Provost Christine Quinn is also leading a discussion about the role of UW-Extension to provide an entrée to pockets of the population that have not been well served. In the UW Colleges, a unique model exists; if a student stays with UW Colleges for two years, he or she has a nearly 80-percent graduation rate when they transfer. This is attributable to faculty who strongly support students. Perhaps more centers like the Colleges should be opened in more areas of the state.

Senior Vice President Martin, responding to Regent Vásquez's comments, said that the Equity Scorecard and associated analyses have revealed some difficult findings. Some chancellors have started to make some changes, based on those results. Inclusive Excellence and the More Graduates initiatives will surface more opportunities, she said.

Regent Vásquez said that his biggest worry is not about bringing students of color onto UW campuses, but rather about whether they are graduating. With a university education, either a student graduated, or he or she did not graduate. Regent Vásquez said that majority students will have other avenues available to them, even if they did not graduate from college, which students of color will not have.

President Reilly expressed disappointment about not closing the gap more quickly. Discussions at the Diversity Council have been helpful for encouraging increased focus on Equity Scorecard, a climate study, and other data-driven efforts. He said that better data is beginning to be available on what works and what doesn't, and this will provide the opportunity for better-informed decisions about where to invest resources or what programs to stop doing. President Reilly pledged redoubled and more-intelligently-targeted efforts, based on hard evidence about what's working and what's not working.

Regent Stan Davis commented that having the chancellors talk about what has succeeded and what has not succeeded, and why, is accountability. He would like to see something more structured that highlights best practices and motivates chancellors to improve.

Regent Loftus said that every governor and legislature has asked the same question that Regent Danae Davis posed. Many reports have been provided in response. The question was often about African-Americans; that direct question has been lost, and now the question is about the achievement gap. Regent Loftus posed the question of whether the "achievement gap" measurement will get at what Regent Danae Davis seeks.

Regent Walsh noted that progress in this area is included in President Reilly's annual evaluations of the chancellors and his reports to the Board on these evaluations. Regent Stan Davis then asked who has actually been held accountable at the chancellor level. President Reilly commented that this is one of the factors considered in making decisions about pay

increases. Regent Davis said that he would be surprised if a decision about salary had actually been affected by a chancellor's lack of progress in meeting diversity goals. President Reilly repeated that this has been one factor that has been considered.

President Pruitt, closing the discussion, thanked Regent Danae Davis for her passionate remarks and the Regents for the good discussion that followed, saying that this conversation would be continued.

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## **STUDENT PRIORITIES FOR 2011-13 BIENNIAL BUDGET**

Next, President Pruitt stressed, with respect to the biennial budget, that the UW System's 179,000 UW students are an important part of the conversation. Every two years, as the Board of Regents prepares its state budget request, an important part of that deliberative process is listening. In this case, the Board would listen to student leaders about their priorities and how they view the UW System's needs. The United Council of Students and the student representatives of the UW System have worked together to develop priorities for the 2011-13 biennium. The priorities are thoughtful, addressing not only the needs of students, but also the greater needs of the citizens of the state of Wisconsin.

Presenting the priorities were: Michael Moscicke from United Council; student Regent Aaron Wingad; Nichole Guelcher, President of the UW Marshfield/Wood Student Government; Dylan Jambrek, President-elect of the UW-Eau Claire student Senate; and student Regent Kevin Opgenorth.

Mr. Moscicke expressed confidence that student budget priorities would be closer to those of the Board than ever before, because students are more educated about the biennial budget process than in the past. The identified priorities come from the United Council, its Board of Directors, and student representatives (student government presidents and vice presidents) from institutions around the state. Some priorities are not fully endorsed by all student representatives, because they are awaiting more information about certain programs. But, overall, the student priorities will match up with the System's.

Mr. Moscicke suggested that the trend of the state's providing less of its budget to the UW should stop. Among the priorities are: eliminating all unmet financial need for all students, fully funding the cost to continue for the UW, providing state support for on-campus mental health programs, providing state support for programs that will increase the number of graduates, and funding programs that ensure jobs for those graduates in Wisconsin. Mr. Moscicke suggested that students and the Board join together in asking the state for something big: that two-thirds (as opposed to the current one-third) of the cost of students' education should be provided by state GPR support. This should be framed as a huge idea, rather than a huge request. This idea has been successful in K-12 education. It is not a huge step for the public to accept that this idea should apply to the UW, as well as K-12.

Mr. Moscicke introduced Regent Wingad to speak about eliminating unmet financial need for all students. Regent Wingad said that he knows students who have dropped out because of the financial burden of college, and many others do not come to college because of this burden. The System will not reach its goals without fostering access, and robust financial aid is a key component. Citing statistics for financial aid provided, Regent Wingad said that 7,461 qualified students were not given WHEG grants, which is only one indication of need. When someone does not have access, and when entire populations are not able to graduate, it makes all of the System's goals harder to achieve.

Next, Nichole Guelcher told the Board that the mental health counseling program at her two-year campus consists of one counselor who is in the office two days per week, from two to four hours per day. Students must now choose between paying for a counselor and keeping tuition low. She requested a minimum of 50 percent GPR funding for mental health programs on all campuses.

Ms. Guelcher also requested full funding of cost to continue. A new dean and CEO is being recruited for UW-Marshfield/Wood County; this has been somewhat difficult because turnover is high, wages are relatively low, and the building is in need of repair. The quality of education that the professors are able to provide is keeping the institution alive. So that the UW can continue to provide an excellent education by recruiting and retaining outstanding faculty and staff, students request full GPR funding for cost to continue, including negotiated salary increases for faculty and staff.

Dylan Jambrek from UW-Eau Claire discussed the More Graduates for Wisconsin agenda. Student representatives wanted to be sure that this initiative is not an effort to increase traditional students at UW institutions, because the institutions lack the capacity for adding more students without a huge level of financial investment. Many institutions are already over budget and overpopulated in on-campus housing. However, some populations that may be appropriately increased are transfer students, as well as people of color and other underrepresented groups.

The focus, therefore, should be on inclusive excellence programs, addressing veterans' issues, using technology such as e-campus to foster more graduates, and considering investment in residence halls to potentially allow for more traditional students, if that is the route the System wants to take. However, the student representatives believed the emphasis should be on ensuring current students can graduate within four to six years, rather than on forcing additional students onto the campuses.

Next, Regent Opgenorth spoke about student leaders' interest in the Research to Jobs initiative in the UW System. These students are looking for some clarity on this initiative. Some concerns were about where the research would occur; some students at the comprehensive universities were concerned that funding be allocated to all campuses, and not just the research universities.

Regent Opgenorth said that the student representatives meeting was empowering in that that the students were very interested in having meaningful input in the budget process. He urged



that if even Regents cannot support all of the initiatives themselves, that they would support the students' process for developing the student initiatives.

President Pruitt congratulated the student presenters on a thoughtful, serious presentation on their objectives and priorities and complimented Regents Wingad and Opgenorth for engaging with the student representatives. He noted that the Board may have more work to do to convince students about merit of the More Graduates initiative.

President Pruitt recognized Regent Loftus, who commented that it would be difficult to increase the number of graduates at UW-Eau Claire, for example, without adding many more students. Mr. Jambrek suggested that increasing the number of degrees should be done by focusing on those who are not graduating, rather than on adding new students.

President Reilly added his thanks to the students for their responsible approach to their budget priorities. He emphasized that the More Graduates agenda could not focus on new students alone. Many approaches, combined, are necessary.

Regent Crain asked the student presenters if there would be a follow-up document regarding the students' budget priorities. Mr. Moscicke said that something written would be available at a later date and that the students anticipated working more closely with the Board on the priorities. Regent Walsh suggested that any document include the fiscal effect of the requested items.

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## **REPORT OF THE BUSINESS, FINANCE, AND AUDIT COMMITTEE**

President Pruitt called upon Regent Smith to present the report of the Business, Finance, and Audit Committee. Regent Smith began by discussing the UW-Eau Claire Blugold Commitment expenditure plan. The Blugold Commitment was passed in February, and UW-Eau Claire was asked to return in May with a detailed expenditure plan. The \$4.5 million plan includes \$2.6 million for high-impact practices, \$1 million for financial aid, and \$900,000 for three areas to enhance academic quality and student success. The committee felt that the plan was more specific, and the resolution to approve it was passed.

A contract with Chartwells for dining services at UW-Whitewater was also approved, effective June 1, 2010. The current food service contract is also with Chartwells.

Regent Smith then moved that the Board adopt Resolutions 9760 and 9761, which were approved by the committee. The motion was seconded by Regent Danae Davis, and Resolutions 9760 and 9761 were adopted on a unanimous voice vote.

### **UW-Eau Claire Blugold Commitment Expenditure Plan**

Resolution 9760: That, upon the recommendation of the Chancellor of the University of Wisconsin-Eau Claire and the President of the University of Wisconsin

System, the Board of Regents approves the UW- Eau Claire Blugold Commitment Expenditure Plan.

**UW-Whitewater Food Services Contract with Compass Group USA, by and through its Chartwells Division**

Resolution 9761: That, upon recommendation of the Chancellor of the University of Wisconsin-Whitewater and the President of the University of Wisconsin System, the Board of Regents approves the contract with Compass Group USA, by and through its Chartwells Division, to provide Dining Services at the University of Wisconsin-Whitewater effective June 1, 2010 for a period of seven years.

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**REPORT OF THE CAPITAL PLANNING AND BUDGET COMMITTEE**

President Pruitt then called upon Regent Bartell to present the report of the Capital Planning and Budget Committee. Regent Bartell described the three resolutions which had been unanimously approved by the committee.

Resolution 9762 seeks authority to purchase a parcel of land with improvements on Roosevelt Avenue in Eau Claire. The property is to be purchased with \$168,500 in program revenue-cash, the amount being the average of two appraisals. The parcel is between two other campus-owned properties and is intended for future development.

Resolution 9763 requests authority to construct a UW-Madison University Research Park II, Phase I, project. Site-development work will be undertaken. It is anticipated that the new park will provide 54 building sites for 200 companies employing as many as 10,000. Mark Bugher, Director of University Research Park, presented information about the status and success of the first phase of Research Park. The park includes 225 companies; approximately 50 percent of the 4,000 employees have bachelor's degrees, and about half of those have a graduate degree. The average salary in Research Park is \$62,000, considerably more than the Wisconsin per capita average. The University Research Park pays property taxes of \$3.7 million per year to the City of Madison. UW-Madison should be justifiably proud of the performance of the Research Park, and the committee praised Director Bugher for his performance.

Resolution 9764 requests authority to construct eight all-agency maintenance and repair projects at four campuses, for a total of \$18.8 million. The purpose is repairs, utility upgrades, roof and window replacements, and elevator installations.

Regent Bartell then moved that the Board adopt Resolutions 9762, 9763, and 9764, which were unanimously approved by the committee. The motion was seconded by Regent Wingad, and Resolutions 9762, 9763, and 9764, were adopted on a unanimous voice vote.

**Authority to Purchase a Parcel of Land with Improvements, UW-Eau Claire**

Resolution 9762: That, upon the recommendation of the UW-Eau Claire Chancellor and the President of the University of Wisconsin System, authority be granted to purchase a 0.44 acre parcel of land and improvements located at 123 Roosevelt Avenue in the city of Eau Claire at an acquisition cost of \$168,500 Program Revenue–Cash.

**Approval of the Design Report and Authority to Construct Phase I of the University Research Park II Project, UW-Madison**

Resolution 9763: That, upon the recommendation of the UW-Madison Chancellor and the President of the University of Wisconsin System, the Design Report of the University Research Park II – Phase I project be approved and authority be granted to construct the project for an estimated total project cost of \$4,750,000 Program Revenue Supported Borrowing.

**Authority to Construct All Agency Maintenance and Repair Projects, UW System**

Resolution 9764: That, upon the recommendation of the President of the University of Wisconsin System, authority be granted to construct various maintenance and repair projects at an estimated total cost of \$18,843,500 (\$6,891,600 General Fund Supported Borrowing; \$8,782,000 Program Revenue Supported Borrowing; \$2,073,900 Program Revenue-Cash; and \$1,096,000 Gifts and Grants).

Regent Bartell continued his report, telling the Board that Associate Vice President Miller reported to the committee that the Building Commission approved about \$82 million of projects for the UW at its April meeting. Mr. Miller also updated the committee on legislation relating to the UW's building program. Regrettably, the legislature did not pass the building-flexibility program. Also, the legislature failed to enumerate the UW-Whitewater Carlson Hall project, but it did enumerate four UW-Milwaukee projects.

Finally, Regent Bartell reported that SB 616 was passed in a very short time, and if signed and enacted, the bill would be seriously detrimental to the UW's building program. Presidents Pruitt and Reilly sent a letter to the Governor, asking him to veto the legislation. While well intentioned and providing for innovative green building standards, the bill would have unintended consequences, such as requiring the state to conform to building standards set by a non-governmental entity and to disregard certain educational and other public-policy priorities in preference to environmental priorities in order to achieve L.E.E.D. certification. As just one example, if the university has an urgent need to upgrade a fire-alert system, the project could not be undertaken without meeting many standards, turning a routine maintenance project into a \$10 million upgrade of a building. Energy-use reduction is a highly-valued goal, but an unacceptable result of this legislation would be to stymie the university's building process.

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## UNFINISHED OR ADDITIONAL BUSINESS

In response to President Pruitt's request for any unfinished or additional business, Regent Opgenorth indicated his desire to follow up on a request from students at UW-La Crosse for the formation of a systemwide committee on sustainability. He requested that such a committee be formed. President Reilly indicated he is aware of the request and commented that a number of campuses have sustainability coordinators. President Reilly turned to Senior Special Assistant Andy Richards for more information; Mr. Richards indicated a resolution had been received from UW-La Crosse, and more may be coming from other campuses. He said that, meanwhile, a group of UW System administration staff has held two systemwide conferences on sustainability. Regent Opgenorth said that even if letters are not forthcoming from other campuses, this should not delay formation of an ad hoc committee.

Referring to the earlier biennial budget presentation, Regent Wingad expressed his respect for the student government process and the difficult issues students have tackled in the past year. He also encouraged that student leaders be invited to interact with the Board again in the future.

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The meeting was recessed at approximately 2:30 p.m. and reconvened at 2:45 p.m.

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## CLOSED SESSION

The following resolution, moved by Vice President Spector and seconded by Regent Walsh, was adopted on a roll-call vote, with Regents Bartell, Bradley, Crain, Danae Davis, Stan Davis, Evers, Falbo, Loftus, Manydeeds, Opgenorth, Pruitt, Smith, Spector, Vásquez, Walsh, and Wingad (16) voting in the affirmative. There were no dissenting votes and no abstentions.

### Closed Session Resolution

Resolution 9765: That the Board of Regents move into closed session to consider appointment of a UW-Superior interim chancellor, as permitted by s. 19.85(1)(c), Wis. Stats.; to consider appointment of a UW-Stevens Point Chancellor, as permitted by s. 19.85(1)(c), Wis. Stats.; to consider a student request for review of a UW-Stevens Point decision, as permitted by s. 19.85(1)(f), Wis. Stats.; to discuss collective bargaining activities at UW institutions, as permitted by s. 19.85(1)(e), Wis. Stats.; and to confer with legal counsel regarding pending or potential litigation, as permitted by s. 19.85(1)(g), Wis. Stats.

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The following resolutions were adopted in closed session:

**Authorization to Appoint: Interim Chancellor, University of Wisconsin-Superior**

Resolution 9766: That, upon the recommendation of the President of the University of Wisconsin System, Christopher L. Markwood be appointed Interim Chancellor of the University of Wisconsin-Superior, effective August 1, 2010, at a salary of \$194,146.

**Authorization to Appoint: Chancellor, University of Wisconsin-Stevens Point**

Resolution 9767: That, upon recommendation of the President of the University of Wisconsin System, Bernie L. Patterson be appointed Chancellor of the University of Wisconsin-Stevens Point, effective July 1, 2010 or thereabouts, at a salary of \$231,000.

**Student Request for Review of a UW-Stevens Point Decision**

Resolution 9768: That the Board of Regents adopts the attached Proposed Decision and Order as the Board's final Decision and Order in the matter of a student request for review of a UW-Stevens Point decision.

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The meeting was adjourned at approximately 4:45 p.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