

MINUTES OF THE REGULAR MEETING

of the

BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM

Held in the Wisconsin Room  
UW-Milwaukee Union  
University of Wisconsin-Milwaukee  
Milwaukee, Wisconsin

Thursday, June 9, 2011  
10:00 a.m.

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-President Pruitt presiding-

PRESENT: Regents Jeffery Bartell, Mark Bradley, Judith Crain, Danae Davis, Stan Davis, John Drew, Anthony Evers, Michael Falbo, Edmund Manydeeds, Charles Pruitt, Brent Smith, Michael Spector, José Vásquez, David Walsh, Aaron Wingad and Betty Womack

UNABLE TO ATTEND: Regent Thomas Loftus

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### **PRESIDENT'S GREETING**

President Pruitt welcomed Regents and other meeting attendees to UW-Milwaukee. He thanked the hosts of the meeting, Chancellor Mike Lovell and his staff, for hosting the Board's meetings. For the first agenda item, President Pruitt turned to Chancellor Lovell, who had entitled his presentation, "Powerful Ideas Producing Proven Results With Our Community Partners."

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### **UW-MILWAUKEE PRESENTATION: "POWERFUL IDEAS PRODUCING PROVEN RESULTS WITH OUR COMMUNITY PARTNERS"**

#### ***UW-Milwaukee Enrollment Trends***

Chancellor Lovell welcomed the Regents to the University of Wisconsin-Milwaukee. He said that he was grateful, as past UWM chancellors have been, for the opportunity to demonstrate the progress being made at Wisconsin's second-largest university. He recalled that

a year before, he was seated in the audience for the Board of Regents meeting at UW-Milwaukee, and he commented, "What a difference a year makes." The chancellor said that he had been blessed in many ways. He said that he was very grateful to have been named the eighth chancellor of the University of Wisconsin-Milwaukee about a month prior. He said that he felt fortunate during his interim tenure to have gotten to know the faculty, staff, and students of UW-Milwaukee in ways that were not possible as Dean of Engineering. He remarked that they take great pride in UWM, and that he takes great pride in them.

Chancellor Lovell said that he was especially proud of how efficient, innovative, and entrepreneurial the faculty and staff were. Citing recent Goldwater Institute policy-report findings, based on an examination of spending at 198 leading United States universities, Chancellor Lovell said that UW-Milwaukee was 12th lowest in spending per student. In dollars spent, that translated to UW-Milwaukee's spending \$13,000 annually per student, when the national average was more than \$41,000.

According to the policy report, UW-Milwaukee also had the 12<sup>th</sup>-lowest ratio of instructional, research, and service staff per student, having 3.5 full-time instructional, research, and service employees per 100 students, half the national-average ratio of seven employees per 100 students. According to the policy report, UW-Milwaukee was tied for 14<sup>th</sup>-lowest ratio of administrative staff per 100 students, with 3.6 full-time administrators per 100 students. The national average ratio was 9.4 per 100 students.

Despite how lean the university had been, he said, over the past decade UW-Milwaukee's enrollment had grown 27 percent; the fall 2000 enrollment was 23,000, and fall 2010 enrollment was 30,500. Also, over the prior decade, the number of degrees granted annually at UW-Milwaukee increased 37 percent. In 1999-2000 UW-Milwaukee graduated 3,766 students; in 2009-2010, UW-Milwaukee graduated 5,164 students.

The university's growth included growth in students of color, to 20 percent of the total student body in fall 2010. Also, four percent of students were military veterans or dependents, and three percent were international students. The freshman class coming into the university in fall 2010 was 25 percent students of color.

Chancellor Lovell said that UW-Milwaukee led the UW System in enrollment in online courses, with 6,600 students enrolled in at least one fully online course, and 1,500 students enrolled exclusively in online courses.

### ***Research Expenditures Growth***

Despite the university's leanness, the chancellor said that over the past decade research expenditures at UW-Milwaukee had increased 224 percent. In fiscal year 2000, the university had \$21 million in research expenditures, and in fiscal year 2011, it was projected to be at more than \$75 million in research expenditures.

## ***UW-Milwaukee Master Plan***

With significant growth in students and research at UW-Milwaukee, the chancellor said that more than ever, space is needed to maintain growth. To that end, UW-Milwaukee began a master planning process in April 2008. Completed over the following 20 months, the process involved more than 200 meetings with campus and community constituents and translated UW-Milwaukee's values and aspirations into a plan. It established a vision for the future of UW-Milwaukee's presence in Greater Milwaukee and southeast Wisconsin.

The master plan helped define a promising future for UW-Milwaukee, despite the budgetary worries. To provide a sense of perspective, Chancellor Lovell said that there had been \$320 million in capital projects at UW-Milwaukee over the prior 22 years. During the current year, he said, \$300 million in capital projects were under development. He expressed appreciation for the Board of Regents' and the state's investments in the campus.

Although capital projects are important, UWM must also have strong academic programs and strong partners. Chancellor Lovell said that he would be introducing some of UW-Milwaukee's strategic partners, who help to make UW-Milwaukee's academic and research programs strong.

## ***School of Public Health Project & Milwaukee Mayor Tom Barrett***

Beginning with the School of Public Health, Chancellor Lovell said that this project would renovate an existing 33,000-square-foot, five-story building on the Pabst Brewery site and construct a 23,000-square-foot, five-story addition. Construction and occupancy were expected to be complete by late summer 2012.

Chancellor Lovell noted that some would remember UW-Milwaukee's first guest community partner from an appearance he made at a Board of Regents meeting in 2005. The chancellor, who was not there at the time, said that he was told that the mayor made a deeply passionate speech in support of a School of Public Health being located in Milwaukee. He talked about how the health care challenges posed by Milwaukee required a school of public health in Milwaukee so that clinical programs could be sited where they were needed most. The chancellor said that he was grateful for the mayor's strong support, then and now.

The chancellor introduced Mayor Tom Barrett, who began his remarks by alluding to the Governor's budget proposal and expressing support for the Board of Regents' efforts to maintain a strong UW System. The mayor said that the city's health care concerns suggested a need for a strong public health care system in the city of Milwaukee. He focused his remarks on the issue of infant mortality, saying that the mortality rate was 6.4 per 1,000 for Caucasian babies, 7.4 percent for Hispanic babies, and 15.7 percent for African American babies. He said that this disparity between Caucasian and African American babies was a public-health crisis. That alone is one reason for a public-health presence in the city. He reported progress through a partnership with United Way in reducing teen pregnancy. However, sexually-transmitted diseases, asthma, and other health issues must also be addressed. He said that many of Milwaukee's public health

indicators show that more needs to be done. The city of Milwaukee will be a partner in the School of Public Health. The mayor spoke about how important this effort is to the city, and how proud the city is to be a partner with the university in this effort.

The mayor said that the city is also excited about the School of Freshwater Sciences, on the south side of the city. Both schools will help create hope in the community, and will be a launching pad for more great things for the University of Wisconsin-Milwaukee.

### ***Kenwood Integrated Research Complex & Johnson Controls***

Chancellor Lovell said that the second project he wanted to highlight was the first phase of the Kenwood Integrated Research Complex, a \$75-million showcase facility that would be the new gateway to the campus. Construction would start in December 2012, with occupancy estimated for February 2015. This would be the first of a multi-phase project, and would address urgent Science, Technology, Engineering, and Mathematics (STEM) academic and research needs. The 150,000 square feet of total building area comprised of research labs/core facilities, instructional/collaboration space, and office/support space would include relocation of the university's award-winning Physics Department.

The chancellor introduced Michael Andrew, Director of Government Affairs and External Communications at Johnson Controls. The chancellor said that he spoke with Mr. Andrew on his second day on the job as dean, because he appreciated Johnson Controls' role as a world leader in energy technology. The university's work with Johnson Controls became what he considered a model partnership for the university, he said.

Mr. Andrew began by saying that Johnson Controls' power solutions business was the largest supplier of automotive batteries in the world, which involved a major opportunity in alternative transportation – hybrid-electric vehicles, plug-in hybrid-electric vehicles, pure electric vehicles, and start-stop vehicles.

Electric-energy storage challenges include systems, materials, processes, and modeling; Johnson Controls wants to be a thought-leader, quality-leader, and manufacturing-leader. One way of achieving these goals is to be innovative. A partnership approach is the way to do this. Three key partners are federal and state government (Department of Energy and others); strategic, private-industry partners; and universities, which house brain power, equipment, and other resources. Johnson Controls' experience has traditionally been with the UW-Madison campus, but in the past two years, as Dean of the Engineering School, now-Chancellor Lovell was very engaged with industry. Collaborative activities included design of a new modular battery system, direct sponsorship related to energy-storage research projects, membership in the Wisconsin Energy Research Consortium, and others. All of this provided an opportunity for a strengthened manufacturing capability.

Mr. Andrew particularly acknowledged Dr. Chen and Dr. Church, with whom Johnson Controls had been working closely on lithium ion batteries, with good mid-term results. Future expansion of this partnership was anticipated, he said. Mr. Andrew also provided additional

examples of collaborative projects and shared facilities for exchanging equipment access and “mental capital.” He outlined several goals for continuing to expand and strengthen the company’s relationship with UW-Milwaukee and to enhance the economic prospects for Milwaukee and southeastern Wisconsin.

### ***Innovation Park***

Chancellor Lovell introduced the discussion of a third major project, Innovation Park. The purchase of the land was completed in February. UW-Milwaukee would control about 71 acres at Innovation Park, including 60 acres for development and 11 acres for butterfly and wildlife habitat. The location is eight miles west of the Kenwood campus; Innovation Park would become part of the research hub of southeastern Wisconsin, where billions of dollars of investment had already created the heart for medical research in this region. A federal grant would help construct the first building; the U.S. Department of Commerce’s Economic Development Administration would be investing \$5.4 million to construct a 25,000-square-foot building related to partnering within the region. Groundbreaking was expected in the summer. Having a presence would increase partnerships beyond science.

Chancellor Lovell said that the third partner to speak worked alongside UW-Milwaukee to advance nursing practice and research. He introduced Peggy Troy, president and CEO of Children’s Hospital and Health System, part of the Milwaukee Regional Medical Center, a consortium of six institutions that also includes the Medical College of Wisconsin, Froedtert Hospital and the BloodCenter of Wisconsin.

Ms. Troy said that Children’s Hospital was just ranked the third-best children’s hospital in the United States. She described the hospital’s caregiving, children’s advocacy, research, and education efforts. She also stressed the hospital’s vision, “to establish and support the healthiest pediatric population in the nation through seamless integration of exceptional clinical care, research, education, community outreach, and advocacy; and powerful collaborations with local, regional and national partners.” Milwaukee is one of the four most impoverished cities in the nation; attacking infant mortality and other issues can help improve this. The Children’s Hospital needs to work with the city, UW-Milwaukee, and others to generate this improvement. With more than 15,000 employees, the hospital is also a robust economic engine for the community; it also provides services in other areas around the state and has a research institute.

Ms. Troy said that Froedtert, Marquette, and UW-Milwaukee received a federal grant to collaborate on ways to advance health care. One area of focus is how to evaluate the value of health care. The hospital is a leader in genomics, a potential area for growth. The hospital is working with the School of Nursing to develop affordable-care models. In moving to Innovation Park, economies of scale would help to reduce costs. She provided an example of a prospective partnership between the hospital’s surgeons and biomechanical engineering, which could help to produce an environment to enhance the quality of life for children awaiting heart transplants. Being on the same campus would produce a synergy that could change the landscape of children’s health care. She expressed appreciation for UW-Milwaukee’s expertise and knowledge.

## ***School of Freshwater Sciences***

Chancellor Lovell introduced a fourth area of collaboration, the School of Freshwater Sciences. The \$50-million addition to the Great Lakes Water Institute was due to start May 2012, with occupation projected for December 2013. The initial phase would add 100,000 gross square feet for shared research core support facilities, research laboratories, teaching spaces, and collaboration spaces. The prior week, Chancellor Lovell said, UW-Milwaukee announced the hiring of founding Dean David Garman, a specialist in water resources and pollution control. An Australian, he is considered one of the world's experts in pollution control and fresh water.

The chancellor introduced a fourth speaker, who was engaged in regional efforts to promote southeastern Wisconsin as a water technology hub. Rich Meeusen is Chairman, President, and CEO of Badger Meter and chair of the Milwaukee 7 Water Council. The chancellor said that the month before, Mr. Meeusen had gone to Washington, D.C., to accept, on behalf of the Water Council, an inaugural 2011 Water Prize from the Clean Water America Alliance. The chancellor said that he was proud to work alongside Mr. Meeusen on the Water Council.

Mr. Meeusen said that he was a graduate of UW-Whitewater, with a degree in accounting and a minor in history. He said that in studying the history of the southeastern Wisconsin region, he learned that the area was developed based on industries that require fresh water, such as breweries, canneries, and food-processing industries. While these industries have mostly disappeared, more than 150 water-technology companies still exist in southeastern Wisconsin, the largest concentration of such companies. Mr. Meeusen said that more than 800 scientists and researchers work in this area – pumps, bathroom fixtures, etc. The Water Council has several objectives: to grow economic opportunities and jobs in southeastern Wisconsin around water; to grow a talent pipeline around water; and, using the available resources, to solve the world's water problems (many children die each year because of a lack of fresh, clean water).

Mr. Meeusen contrasted Disneyland with Disneyworld and the development of Anaheim, California as compared with Orlando, Florida. The difference was that Orlando became the tourist capitol of the United States through collaborative efforts with universities and others. He described efforts to work with UW institutions that are developing focuses in water. In southeastern Wisconsin the synergy of many water-technology companies and the universities – the talent – are co-located. He expressed appreciation for the university's part in this equation.

## ***Northwest Quadrant – Formerly Columbia St. Mary's Hospital***

Chancellor Lovell next discussed the Northwest Quadrant, formerly the Columbia St. Mary's Hospital, which was acquired by the university in December 2010 for \$20 million. UW-Milwaukee was the second densest campus in the country; this purchase would increase the footprint of the campus by 20 percent. It is 11 acres and 828,000 square feet. The site would have almost 800 parking spaces. Some first uses would be the children's center, Honors College student housing, and surge space to relocate academic units during campus improvement projects.

## ***Student Recruitment Campaign***

Chancellor Lovell closed his remarks by saying that he and other speakers had spoken about buildings, academic programs, and research partners. These all exist to serve a very special audience: students. Chancellor Lovell said that the university must recruit the best and brightest from Wisconsin and elsewhere. To do so, UW-Milwaukee developed “Powerful Ideas, Proven Results,” a new student-recruitment campaign. Significant investments have been made in UW-Milwaukee; the new recruitment campaign would demonstrate the tremendous strides UW-Milwaukee has made. For years the university was known as more of a commuter campus. Today, students come from every county in Wisconsin, from all 50 states, and from more than 80 countries around the world. Chancellor Lovell said that combined with a diverse faculty from around the world, UW-Milwaukee had grown into a truly international research university. From its origins on Milwaukee’s east side, the university would now be moving out to new locations across the metropolitan area. “Powerful Ideas, Proven Results” is the vehicle the university would use to help tell the story about its progress. The chancellor said that this story had been condensed to a new video, which he presented for the Regents.

Chancellor Lovell closed his remarks by thanking all of his guests and briefly mentioning the strategic planning work that would begin in the summer. He said that the strategic plan would focus on three key areas: continuing the research-growth initiative, continuing to be an access campus and recruiting diverse faculty and staff, and focusing on campus climate and diversity. He said that the university would have a busy year ahead and that he would keep the Regents informed of its progress. He again thanked the Regents for being at UW-Milwaukee.

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## **2011-13 BIENNIAL BUDGET: ACTION BY THE LEGISLATIVE JOINT COMMITTEE ON FINANCE**

### ***Joint Finance Committee & Preservation of Unified System***

President Pruitt, introducing the discussion of recent legislative action on the state budget, said that late the previous Friday, the Legislature’s Joint Finance Committee completed its work on the proposed 2011-13 biennial budget bill, including provisions related to the University of Wisconsin System. Keeping with the budget proposal submitted by Governor Walker, the committee approved \$250 million in reductions to general purpose revenue (GPR) support for UW System. Legislators offered many significant amendments to the bill, preserving a unified UW System and offering many long-sought administrative flexibilities to all UW institutions.

President Pruitt said that he would ask President Reilly to provide some context for the budget presentation to the Board, and then Senior Vice President Michael Morgan and Associate Vice President Freda Harris would provide an overview of the Joint Finance Committee’s actions. New provisions added to the budget regarding internet connectivity would also be discussed.



President Pruitt said the prior week's legislative action was the latest chapter in a bigger, ongoing conversation about the future of the University of Wisconsin. Over the past year, an important discussion had occurred about the role of higher education in the state, and the role of the University of Wisconsin System. He said that the state needs more college graduates and more well-paying jobs to thrive in an innovation economy. If the university is to play a key role in addressing those needs, it needs a stable commitment from the state of Wisconsin. President Pruitt said that in the early 1980s, the state allocated about 14 cents of every tax dollar to the UW System. Today, fewer than 9 cents of every tax dollar go to the University of Wisconsin. Under the budget proposed by Governor Walker and advanced by the Joint Finance Committee, state support would drop to about 6 cents on the dollar.

President Pruitt said that in discussing these issues with people all around the state, he had talked to legislators, chambers of commerce, editorial boards, Kiwanis Clubs and Rotarians, business organizations, and individual citizens. He heard from many concerned citizens who care deeply about the UW System. Remarking upon the passion reflected in the intense discussions about what public higher education in the state should look like, President Pruitt said that in spite of those differing opinions and strong feelings, there is a shared conviction that the UW System's core offerings – education, research, innovative thinking and entrepreneurial spirit – need to be safeguarded and nurtured for future generations.

As the legislature took up the proposed budget, they heard from people across the state about the importance of preserving a unified UW System that includes UW-Madison. Legislators listened to their constituents in this regard, and the changes they made reflect that fact. The chancellors spoke convincingly about the need for new administrative flexibilities for all UW institutions, and the JFC amendment reflected significant progress in that area. President Pruitt said he wanted to personally thank Senators Sheila Harsdorf and Alberta Darling for their leadership on the Joint Finance Committee. He then turned to President Reilly to provide further background on the Joint Finance Committee's actions.

### ***Fewer Resources & Increased Leadership Flexibilities***

President Reilly said that the Joint Finance Committee amended the original budget bill in significant ways. However, one thing that did not change was the magnitude of the financial challenges – some \$250 million in reductions to the UW institutions over the next two years.

President Reilly said that as the System implemented those cuts, it would need to focus on preserving broad access to a high-quality college experience, on safeguarding transformative research, and on fulfilling the promise of engagement and service to Wisconsin communities. With significantly fewer resources, registrar and financial-aid services would be slower and less effective, courses would be fewer, classes would be larger, and the UW's outreach in areas like economic development would be crimped.

At the same time, the new leadership flexibilities, and the System's ability to delegate that new authority to local institutions, would help, President Reilly said. UW Chancellors, UW System Presidents, and Regents appointed by both Democratic and Republican Governors had

long argued that UW institutions could operate more efficiently if relieved of cumbersome state rules.

Governor Walker showed that he was willing to consider bold changes, and that he recognized the UW's unique operational needs. Building on that original proposal, legislators worked to improve this budget in ways that would benefit all UW institutions and preserve the System. The leadership of Senator Harsdorf and Representative Strachota was especially instrumental.

President Reilly said that to varying degrees, the legislation passed by the Joint Finance Committee would provide all UW institutions with new leadership flexibilities in areas addressed in the Wisconsin Idea Partnership – budgeting, financial management, personnel, and purchasing, for example. The end result was the most significant set of changes since the UW System was created 40 years ago. President Reilly introduced Senior Vice President Michael Morgan to provide additional details.

### ***Overview of Joint Finance Omnibus Motion***

Senior Vice President Morgan reviewed high points of the Omnibus Motion amending the Executive Budget, which was offered by the Joint Finance Committee. He addressed three areas: governance structure, budget amounts and management flexibilities.

Mr. Morgan said that the proposal to separate UW-Madison from the UW System as a stand-alone public authority was not approved, and a proposal to study this status for UW-Milwaukee was also not approved. However, Joint Finance did include a special task force that would study UW governance and operational flexibilities.

Nothing changed with respect to the \$250-million cut to the university's budget. However, the cut to UW-Madison did change; UW-Madison's larger, 50-percent cut was reduced to its traditional-proportion, which would total \$47.2 million. A 25-percent cut to UW System Administration did not change, but UW System Administration was reduced by more positions, to a total of 51 positions. The UW would be required to submit a plan, by September 1, 2011, to the Department of Administration and the legislature's Joint Finance Committee for how it would operationalize the reduction. Mr. Morgan said that President Reilly had put together an advisory committee to help work on this plan.

Significant gains were made in the flexibility area. For example, in the area of budgeting, a block grant was provided in the Joint Finance motion. Separate appropriations were kept for operations and debt service, but most other separate appropriations were deleted. Statutory limitations on tuition were deleted. No new differential tuitions could be added. A segregated fund would be established for program revenue, with three new appropriations. Interest earnings in those funds would return to the campuses where the funds were generated. Segregated student fees were separated out, and Joint Finance emphasized that they could be used only for certain purposes.

In other changes, the Joint Finance action provided that pay plan increases could be provided to UW employees. Any supplemental pay plan would also have to be approved by the Joint Committee on Employment Relations. Board of Regents-approved personnel systems for the UW System and for UW-Madison were approved in the Joint Finance version of the bill, as were separate bargaining units for UW classified employees, effective July 1, 2013. The Board of Regents and UW-Madison were also authorized to conduct collective bargaining. UW System employees would continue to participate in state group health insurance plans and the Wisconsin retirement fund. UW employees would not be counted as state employees after July 1, 2013. In addition, the \$12,000 cap on dual employment within the System would be removed.

In the capital planning area, Senior Vice President Morgan said that Building Commission approval would not be required for gift- or grant-funded projects of less than \$500,000. Also, the threshold for Building Commission approval of gifts of real property was increased to \$150,000.

In the area of procurement, the Department of Administration would be required to delegate to the Board of Regents and UW-Madison the authority to enter into purchasing contracts related to higher education. The threshold for sealed bids was increased from \$25,000 to \$50,000. Beginning July 1, 2013, the University of Wisconsin would establish travel policies for UW employees; UW System accounts for about 70 percent of state-employee travel, Mr. Morgan said.

Along with granting more flexibility, the Joint Finance Committee sought more accountability by adding some new accountability measures on which the UW System would report, Mr. Morgan said.

Returning to the subject of the Special Task Force on Restructuring and Operational Flexibilities, Mr. Morgan said that the Task Force would consist of 17 members appointed by the Legislature and the Governor, which would study the structure of the System, transitioning employees to the new personnel system, tuition flexibility and the Legislature's role, how pay plans should be determined, additional flexibilities that could be provided, and improvement of articulation and transfer of credits between UW institutions. The work of the committee would need to be completed by January 1, 2012.

### ***Board Discussion of Joint Finance Motion***

Regent Bartell asked a question about the 4-percent fees the Department of Administration charges for projects of \$500,000 or less funded by gifts and grants. He said that he could not remember any projects in this dollar category that had come before the Board's Capital Planning and Budget Committee.

Regent Bartell also noted that UW-Madison was given direct authority to make certain decisions; he asked if there was anything in the legislation to prevent the UW System from delegating to other UW institutions the same types of authority. Mr. Morgan said that nothing in the legislation would prevent this.

Regent Smith asked about the prohibition of new differential tuition. Senior Vice President Morgan said that current differential tuitions remain, but new ones could not be added, perhaps as a way of limiting tuition overall. Following up on this topic, Regent Vásquez asked how many UW institutions were working on coming forward with differential tuition proposals. Associate Vice President Freda Harris responded to this question, saying that at least two campuses were working with students to develop differential proposals. In response to a subsequent question from Regent Vásquez, she also clarified that the limitation on new differentials was for the current biennium. The Task Force would look into what kind of flexibility the university should have in setting tuition and what the Legislature's role would be.

Regent Wingad commented that a lot of students benefitted from having a say in differential tuition. He expressed concern about how students could have an impact on tuition decisions in the future. He recalled a United Council resolution that called for continued student input in these kinds of tuition decisions. He urged that the System continue to work with student groups to ensure students retain this level of "buy-in." President Reilly said that it would be important for student voices to be heard during the Task Force's deliberations. Regent Wingad reinforced this point, as well.

Regent Danae Davis noted that appointments to the Task Force would be made by the Governor and the Legislature. She wondered if there had been conversations about university input into the appointments; President Reilly said that those conversations would be occurring. Senior Vice President Morgan then detailed the types of appointees that the Joint Finance Omnibus Motion included in the Task Force. He also noted that the UW System President, Department of Administration, and Legislative Fiscal Bureau would provide staff for the Task Force.

Regent Drew sought clarification of the position cuts to UW System Administration. Mr. Morgan said that the relationship between the \$250,000 cut and the cut of 51 positions had yet to be determined.

Regent Drew also asked about tuition for undocumented students. Mr. Morgan said that the remission for undocumented students was deleted from the budget for future enrollments; this remission had allowed undocumented students to pay resident tuition. Associate Vice President Harris said that the remission had applied only to students who met certain criteria, such as those who had been continuously in the state and who had been enrolled in a Wisconsin high school for three years. Regent Drew asked if this negated a 2004 Regent policy that gave the authority to the chancellors to provide the remission to undocumented students. Ms. Harris said that the Joint Finance action did not negate the Board's position, which was that campuses should work with undocumented students in this area, but she said that after the Joint Finance action, the starting point would be non-resident tuition, rather than resident tuition. President Reilly called upon General Counsel Tom Stafford, who said that the chancellors have the authority to remit tuition for needy or worthy students, and this could be one reason. However, limited remissions are available for needy students in general.

Regent Walsh commented that even achieving one flexibility was a victory, given how long the Board had been seeking new flexibilities. At the same time, however, the Board has a

long way to go with the flexibilities. He commented that the System was not at the table when the \$250,000 cut was negotiated. He compared the current cut to a 2003-05 budget cut of a similar amount and commented that the Board had tremendous tuition flexibility then that allowed it to back-fill almost half of the amount that was cut. Associate Vice President Harris said that the net ongoing reduction after this back-filling in the 2003-05 biennium was about \$40 million.

Chancellor Wells commented that when President Reilly and the chancellors met with the Governor early on, the Governor expressed support for the potential of additional management flexibilities. The chancellor also offered a reminder that the UW's third-party advocates, particularly chambers of commerce, were very supportive of the Wisconsin Idea Partnership. President Reilly expressed appreciation to these and other advocates around the state.

Chancellor Gow said that he preferred the word "responsibility" related to tuition, rather than "flexibility," and he believed that the Board of Regents should have that responsibility. The Regents are well qualified to have this responsibility.

### ***Telecommunications Provisions in Omnibus Motion***

President Reilly initiated a discussion about new provisions the Joint Finance Committee included in its Omnibus Motion that he said posed a serious threat to WiscNet, the nonprofit consortium serving all UW campuses, hundreds of K-12 schools, public libraries, hospitals, technical colleges, private colleges, and other members. This same legislative language also would threaten several grant-funded partnerships, including the Metropolitan Unified Fiber Network project led by UW-Madison and the Building Community Capacity through Broadband project led by UW-Extension.

President Reilly called upon Chancellor Ray Cross from UW-Extension and UW Colleges and Vice Chancellor Darrell Bazzell from UW-Madison to comment on the budget provisions. Vice Chancellor Bazzell began, saying that the Joint Finance Committee's action was unexpected and surprising. UW-Madison had since been working to understand the implications. He said that it would be difficult to overstate the potential negative effect that that the changes would have on UW-Madison's \$1-billion research enterprise. The amendment could render UW-Madison's research impossible, because it would eliminate access to broadband with the capacity needed for conducting the research. WiscNet was started about 20 years before, with the type of high-speed connectivity needed for academic research and collaboration. The impact would be extensive, on the social sciences as much as on the "hard" sciences.

Examples of just three significant research grants that would be affected were: (1) the Ice Cube grant, which allowed for the completion of a telescope at the South Pole; (2) the Great Lakes Bioenergy Research Center grant; and (3) an international research collaboration in Switzerland related to the world's most powerful accelerator. Mr. Bazzell also spoke of the threat to other projects and to job creation in the state.

Even if commercial telecommunications providers could participate in the networks, and this was not certain, it could come at an increased cost of four-fold to ten-fold, at a time of significant budget cuts.

Chancellor Cross spoke next, saying that about a year and a half before, UW-Extension was involved with four Wisconsin communities to develop a grant to build community capacity for broadband. Another partnership would also increase business for private companies who provided services through broadband. In August the federal government awarded UW-Extension a total of \$32.3 million in grant funds; partners included the Wisconsin Department of Transportation, the Educational Communication Board, WiscNet, and others. UW-Extension was facilitating the effort; its partners have already invested more than \$2 million. The grant would add fiberoptics which would not directly compete with other telecommunications companies. The impact of the Omnibus Motion would be that most of the grant funds would need to be returned. Ironically, the grants were not costing Wisconsin anything. Also, without competing with the private sector, the grants would add almost 500 direct jobs and another 1,500 indirect jobs.

Chancellor Cross said that currently, the state of Wisconsin ranked 43<sup>rd</sup> in connectivity to broadband systems, high-speed data-transmission systems. If the Joint Finance provision passes, it would dramatically decrease high-speed broadband access in Wisconsin communities and would dramatically increase costs, limit economic development, and decrease the profits of those companies opposed to WiscNet.

### ***Board Discussion of Telecommunications Provisions***

Regent Walsh asked whether the research issue was distinguishable from the issue of service to communities. Vice Chancellor Bazzell and Chancellor Cross said the issues could be viewed differently. Regent Walsh also raised a question about whether the activities of the grant were incompatible with the mission of the university, as some have argued. General Counsel Stafford responded that the university had taken the position that the activities were consistent with the university's mission.

Regent Danae Davis, referring to an earlier comment by Regent Walsh, expressed concern about the UW's not having been at the table during discussions that led to the telecommunications changes in the budget bill. She asked what the System's strategy to address this issue would be. President Reilly said that the strategy, broadly speaking, would involve third-party advocates and partners who were very interested in the continuation of current telecommunications efforts.

UW-Madison Provost Paul DeLuca added several points about the threat that would be posed if WisNet went down. He said that the proposed changes were the largest threat he had seen to the research enterprise in the time he had been at UW-Madison. The internet resources at risk are not viewed by the university community as a commodity, but rather as a tool for research and scholarship. For example, the National Science Foundation has data-sharing agreements that specify how the data must be provided; the changes would not allow these agreements to be met. Protocols, data compression, and access would all be affected.

Regent Walsh asked about the history of UW-Madison's dialog with alternative communications carriers. Provost DeLuca speculated that WiscNet may have been swept up into the concerns of commercial carriers, without awareness of what WiscNet is. WiscNet is a purchase of network services from UW-Madison's Department of Information Technology.

Regent Evers suggested that the proposal was outrageous. The cost to school districts would be perhaps \$6 billion in addition to what they budgeted, on top of other cuts to the districts. President Reilly commented that, in light of the complexity of the issue, it is likely that many legislators did not understand the implications of the proposal.

Vice Chancellor Bazzell commented that if the legislation stood as it was, UW-Madison would be the only research institution in the country that would not be allowed to participate in some of the networks that had been described; this could not be allowed to happen.

Regent Crain commented that there was a role for the Regents in fighting the legislation. Regent Smith suggested the Board could vote on a resolution. Regent Vásquez commented that the theme of "diminish public/grow private" seemed to be a motivating factor in the legislation; the System may want to look at this philosophy so as to anticipate possible future issues, rather than simply to react to them.

President Pruitt then called for a motion on the telecommunications issue. Regent Smith offered the motion, opposing the Joint Finance Committee's amendment related to telecommunications; Regent Smith delegated to President Pruitt the ability to add explanatory clauses to the motion. Regent Bartell seconded the motion, and the resolution passed on a voice vote:

#### **University of Wisconsin Board of Regents Telecommunication Resolution**

Resolution 9919: WHEREAS, the Wisconsin Legislature's Joint Committee on Finance, on June 3, 2011, passed an omnibus motion relating to the University of Wisconsin System (System) that included four telecommunication provisions that, taken together: (1) jeopardize the System's research enterprise; (2) require the Board of Regents to reject \$37 million in federal funding to promote access to broadband throughout the state; and (3) in effect, dismantle WiscNet, Wisconsin's research and education network; and

WHEREAS, the \$37 million in federal grant funding (and additional \$9 million in community and private matching funds) would benefit Wisconsin public and private schools, municipalities, libraries, museums, and other public and non-profit organizations; and

WHEREAS, WiscNet has been the System's Internet service provider for the past 22 years, and UW-Madison, as a major research university, depends on secured, high-speed research

networks to transmit large amounts of scientific data that lead to discovery and innovation, and all other UW System institutions similarly rely on access to specialized high-speed networks for teaching and research;

THEREFORE, BE IT RESOLVED that the University of Wisconsin System Board of Regents urges the Legislature and Governor Walker to delete Sections 23, 24, 25, and 26 of University of Wisconsin System Omnibus Motion 489 of the 2011-13 Biennial Budget bill.

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The meeting was adjourned at 12:30 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