

MINUTES OF THE REGULAR MEETING

of the

BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM

Held in the Great Room  
Yellowjacket Union  
University of Wisconsin-Superior  
Superior, Wisconsin

Thursday, April 12, 2012  
9:00 a.m.

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- President Spector presiding -

PRESENT: Regents Jeffrey Bartell, Mark Bradley, Judith Crain, Tony Evers, Michael Falbo, Tim Higgins, Edmund Manydeeds, Katherine Pointer, Gary Roberts, Troy Sherven, Brent Smith, Michael Spector, Mark Tyler, José Vásquez and David Walsh, with Regent Gerald Whitburn attending the afternoon session

UNABLE TO ATTEND: Regents John Drew and Charles Pruitt

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**PRESIDENTS' GREETING**

President Spector greeted the Regents and all attendees and welcomed them to Superior. He thanked Chancellor Wachter and the many others at UW-Superior for their great hospitality and warm welcome. He recalled that he had been a mid-year commencement speaker at UW-Superior in December 2007, when the low temperature was 18 degrees below zero. He said he was entertained at that time by then-Chancellor Erlenbach and Dr. Nick Sloboda, in both Superior and Duluth, and had a great time; he was pleased to be back at UW-Superior.

President Spector called upon President Reilly, who acknowledged new UW-Milwaukee Provost and Vice Chancellor Johannes Britz, who had previously held his new position on an interim basis.

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## **UW-SUPERIOR PRESENTATION BY CHANCELLOR RENÉE WACHTER: “SUPERIOR RESEARCH”**

President Spector turned to Chancellor Renée Wachter to make a presentation on behalf of the host campus. On behalf of the faculty, staff, students, alumni, and friends of the University, Chancellor Wachter welcomed the Board to Superior and the University of Wisconsin-Superior. She said that UW-Superior was pleased to be able to show that the investment in the citizens of northern Wisconsin has resulted in an institution that is rich in programs, people, and places.

Chancellor Wachter said that the university had evolved quite dramatically since its opening as a normal school, especially and most recently with the move to its designation as a liberal arts institution. The morning's presentation would be a celebration of the core mission of the institution and how it is leveraged for Partnerships for Progress.

The chancellor observed that the university should be a seamless member of its community, and mentioned several examples, including the work of the Small Business Development Center with emerging and existing businesses, theater and music productions which occur throughout the year, summer camps, and student athletes' contributions to the community.

The chancellor introduced a short video presentation, prepared with the help of some of UW-Superior's regional allies, which presented an overview of the roots of UW-Superior and its significance to northland citizens and its students. Following the video, she thanked Brett Notbohm, the lead faculty member in Digital Cinema; Jacob Swanson, one of his former students; and Al Miller, of the Public Relations Department, for their work with UW-Superior's partners to produce the video.

Chancellor Wachter emphasized the creation of centers of research, through which UW-Superior was harnessing intellectual assets to solve real problems, whether tackling invasive species, assessing levels of mercury in fish, or converting ships to clean energy such as liquid natural gas. Excluding UW-Madison and UW-Milwaukee, she said, the university leads the comprehensives in the acquisition of federal research and grant dollars to the tune of \$3.5 million in 2011. At UW-Superior the Centers also provide tremendous opportunities for students to engage in the scientific method firsthand. Chancellor Wachter said that she had invited a representative of each of the Centers to talk about their work.

### ***Lake Superior Research Institute***

The Chancellor first introduced Dr. Mary Balcer, a professor and Director of the Lake Superior Research Institute, which was created in 1967 and formally recognized by the Board of Regents in 1969. Dr. Balcer said that she joined the university in 1973 as an undergraduate and gained very valuable experience that helped shape her career.

The Institute was originally formed by a group of geologists, chemists and biologists who were concerned about the Lake Superior region. They worked on grants, hired students in the summer, and eventually hired academic staff year round; the Lake Superior Research Institute currently employs 20 full-time research staff and 10 to 15 students on projects throughout the year. The Institute relies completely on soft money, averaging more than \$1.5 million in research grants over the past five years.

The mission of the Lake Superior Research Institute is three-pronged, focusing on environmental research, especially applied research that helps solve problems of the local area; continuing environmental education to help produce scientists of the future; and outreach to allow user groups to take more of an ownership of problems themselves.

### **Research**

Some work is focused on the needs of the region. She provided an example related to the easily-erodible red clay soils of the region, which can clog the gills of fish and affect other organisms in and near the lake. The Institute is working with the county and other landowner groups to try to revegetate the local areas and prevent erosion. Another example is restoration of areas that were contaminated in the past by industry. The Institute's studies have found that many of the sediments in the Duluth/Superior Harbor and in Ashland Harbor were contaminated and would cause harm to living organisms. The Institute has worked with regulatory agencies to help remediate these areas and remove the sediments or cap them so they will no longer be available for exposure to the organisms.

Other work involves tests, in conjunction with the Environmental Protection Agency, of new chemicals that will be used by industry to find out whether they will be a toxic to aquatic life. This work has resulted in three published manuals discussing the effects of various chemicals on aquatic life, and the results of this work are used internationally to help set discharge standards for the chemicals. Another partnership involves work with the Great Lakes Indian Fish and Wildlife Commission and Native American tribes to monitor the concentration of mercury in the fish that are a large portion of the diet of our Native American tribes. Students help extract mercury from fish, determine the contamination levels, and disseminate these results to the tribes.

Environmental monitoring has been a mainstay of the Lake Superior Research Institute for many years. By looking at the aquatic organisms that inhabit our areas, subtle changes in the environment can be identified before the problem impacts humans. The Department of Natural Resources employs UW-Superior scientists to monitor lakes and streams throughout the state of Wisconsin. The Environmental Protection Agency hired the UW-Superior lab from 2001 to 2006 to help conduct monitoring studies of all five Great Lakes. Current funding includes funds from the Great Lakes Restoration Initiative to continue monitoring 71 wetlands, streams and marshes along the Wisconsin shoreline of Lake Superior, to look at the effects of land use on the region's water quality. This is in partnership with the Wisconsin Department of Natural Resources, which will be using the data to help restore fish and wildlife communities in the region.

Some monitoring efforts have discovered that the major port of Duluth/Superior is receiving more visitors in the form of aquatic invasive species. Small aquatic organisms coming into the Great Lakes in ballast water from other parts of the U.S. and the world can become established and start affecting the Great Lakes food chain and the environment. Dr. Balcer said that UW-Superior had recently become a partner in an initiative based in Washington D.C., designed to help solve the problems of transport of aquatic invasive species. She described the testing that would occur and treatment systems that would be installed in vessels coming into the Great Lakes.

### **Education**

Another mission of the Lake Superior Research Institute is education. The Institute had partnered with the Superior School District for many years, running a series of teacher workshops which help teachers develop an environmental curriculum. Dr. Balcer said that the Institute had also for many years brought 4<sup>th</sup>-, 5<sup>th</sup>- and 6<sup>th</sup>-grade students out onto local lakes and rivers aboard its research vessel to see firsthand what scientists do and why water quality is important. The institute also offers educational programs for university students, to provide them with hands-on research experience.

### **Outreach**

Dr. Balcer said that research findings are disseminated through workshops, publications and working with the community. A variety of programs with community leaders help them appreciate the fragile nature of the Lake Superior ecosystem. UW-Superior currently employs the Douglas County Invasive Species Coordinator, who is working with lake owners and lake groups to let them know about the problems of invasive species. Other efforts include encouraging citizens to be involved in monitoring their own lakes and streams.

### **Facilities**

Dr. Balcer said that the Institute's research space is on campus, which allows scientists to be actively involved with students. She described recent remodeling and retrofitting, which had been beneficial, and indicated that the hope is always to expand and to keep working with more students. She also noted that of the 20 staff currently employed at the Lake Superior Research Institute, more than 60 percent are former UWS graduates. Many have gone on to earn master's and doctorate degrees and have returned to the region to stay involved in helping to solve environmental problems facing the area.

### ***Logistics Research***

Chancellor Wachter next introduced the Transportation and Logistics Research Center (TLRC) and the Great Lakes Maritime Research Institute (GLMRI). She said that, led by Dr. Richard Stewart, the internationally recognized TLRC and GLMRI, play vital roles in the economic well-being of the region.

Dr. Stewart spoke of the team effort involved in making the work a success. He also stressed that the work is viewed as a global endeavor. He said that although he had been asked

to discuss 12 years of research, the brief time available would allow him only to provide a flavor of what had been done. The applied research being conducted involves work with academia, industry, government, and non-government agencies. Also, five modes of transportation are included -- highway, air, rail and marine, as well as pipeline; one of the largest pipelines in the United States terminates at Superior, which has the only refinery in the state of Wisconsin.

Logistics and supply chain management has always been a core component of the TLRC. Dr. Stewart introduced a short video that described what logistics is and how pervasive it is. He then drew attention to two of many studies, a partnership with a number of universities related to tracking and routing log truck movements in northern Wisconsin and northern Michigan, and another related to bio-mass movement studies in the state of Michigan regarding how to improve transportation to reduce greenhouse effects.

Undergraduate research is a key component. Students help in the research and publish and present papers. Dr. Stewart provided an example of an unfunded research project that was done pro bono because it addressed an identified need. The research showed that a ship moving from Shanghai to Prince Rupert in Canada, as compared with going into Long Beach/Los Angeles, could carry 60,000 more containers in a year, a 34% increase in asset utilization. A review of the landside supply-chain routes further found that cargo coming through Prince Rupert to Minneapolis could be delivered 100 hours quicker than coming through Long Beach and Chicago to Minneapolis. Analysis of a hypothetical container terminal in the Twin Ports showed that another 21 hours could be saved.

### **Education and Advisory Services**

Another mission is to work with industry, making regional presentations and providing expert advice. Youth summer programs are also offered, including the third session this year of a youth summer program in conjunction with Michigan Technological University, which has a Rail Program.

### **Maritime Research**

Dr. Stewart, noting that Wisconsin is a maritime state bordered by navigable water on three sides, includes the 16<sup>th</sup> largest port in the United States at Superior, said that he and a colleague at the University of Minnesota in Duluth realized eight years ago that for almost 25 years research into maritime commerce in the Great Lakes had disappeared. The chancellors of the two universities agreed to create a research institute to do maritime research. The creation in 2004 of a National Maritime Enhancement Institute, dedicated by the U.S. Secretary of Transportation, provides access to special funding. Eleven affiliate universities now work to do combined research throughout the Great Lakes, and more than \$5 million in funding has been received since 2005 from a wide variety of sources, both industry and governmental agencies. He cited the example of one research project, an EPA Clean Diesel Grant related to engines and emissions which, combined with matching funds, brought almost \$15 million of business to Sturgeon Bay, Wisconsin. Another project involves a maritime transportation system gap analysis.

Dr. Stewart also described a cooperative agreement with the U.S. Maritime Administration, which had provided \$800,000 so far this year and would provide up to \$1 million a year for the next five years. In the current funding period, the feasibility of using liquefied natural gas to fuel Great Lakes ships was being examined. He closed his remarks by expressing excitement about the future of the research.

### ***Lake Superior National Estuarine Research Reserve***

Dr. Wachter introduced Dr. Ralph Garono, who has directed the work of the Lake Superior National Estuarine Research Reserve since its formation in 2010. Dr. Garono said that the project was about one-and-a-half years old and had brought in just over \$2.5 million. Researchers had been brought in from New Zealand and from other Great Lakes states, and the reach of the UW System was being extended internationally.

Dr. Garono said that the program was new to the area, but the National Estuarine Research Reserve, was formed in 1972 through an act of Congress. He said that the program involved partnerships, leveraging money, and return on investment. He first described a partnership with the National Oceanic and Atmospheric Administration (NOAA). Federal money comes into the university system through UW-Extension, and there is a partnership between Extension and UW-Superior, forming the Lake Superior National Estuarine Research Reserve for the purpose of long-term research projects. Even though the partnership is only one-and-a-half years old, plans are being made to set up climate change studies that would last far into the future.

The Reserve is part of the NOAA system. Some of the 28 reserves are 25 years old or more. The Reserve at Lake Superior is the newest and considered to be a research institute. Most sites are located on the ocean. The Lake Superior Reserve is one of two Great Lakes research reserves. The goals of the project are applied research and monitoring. Ph.D.-level scientists on staff are working with colleagues at other institutions, and professional educators and outreach staff are also involved. The goal is to take research results and package them up for different sectors. Education specialists work with K-12 educators, and a recently-awarded federal grant is designed to enrich the curriculum for local educators. As part of its stewardship, professional outreach educators work with decision makers, such as elected officials and city planners, to ensure they have the best available information when they make their decisions.

Describing the estuary itself, Dr. Garono described one of the busiest ports in the world and wetlands and aquatic ecosystem areas upriver on a very tight gradient, which he said is very interesting to study. The reserve itself is made up of publicly-held land near the mouth of the estuary. Some of the property owners are the University, Wisconsin Department of Natural Resources, and the city of Superior. The point of the reserve is for all cooperating land owners that have united under a common management plan, with the ability to set up long-term research projects. Eleven staff and students have come on board so far, and there should eventually be between 18 and 20 people on staff. The projects bring graduate students to the area to work with students on campus and other researchers in the area. Dr. Garono also described the reserve's facilities on Barker's Island, as well as plans to develop a publicly-accessible science and interpretive center and a resource center that the community can use.



Dr. Garono closed his remarks by saying that during his first year, he had tried to let people know that there was such a thing as the Lake Superior National Estuarine Research Reserve, and the message had gotten out. He said he was now explaining that the reserve involved more than aquatic science but, rather, work was being done with social scientists, historians, artists, and others on economic studies, chemistry studies, and other projects involving various disciplines.

Chancellor Wachter returned to the podium to comment on the connection of the region and resources to critical solutions to real problems and educational opportunities for the region's citizens. Before inviting questions, President Spector thanked all presenters for their very good, to-the-point, and substantive presentations.

### ***Regent Discussion***

President Spector called upon Regent Walsh, who asked about the history of the volume of shipping on Lake Superior. Dr. Stewart responded, saying that shipping evolves, and it had been followed closely for five years, working with the Baltic region of the European community because the Baltic Sea is about 30 percent larger than the Great Lakes but has 20 percent less water and many issues are similar. He said that two factors greatly impact shipping on the Great Lakes: the rise of energy costs (e.g., the cost of diesel fuel, which will continue to rise), and climate change. One reason that marine transportation has not taken off in the Great Lakes is because the lakes on occasion freeze over. Recent tracking shows that ice is leaving the lakes much earlier and coming in much later. If climate change continues, and the cost of land transportation continues to increase, then there could be a natural modal shift to marine transportation. Related is the question of how to link rail and truck transportation to marine, since all transportation in the United States is intermodal. The European community can be looked to as an example of how to move over-sized, overweight cargo on high-density corridors to the marine field, and then off to another area.

Regent Higgins asked about the definition of an "estuary," which is where essentially salt water meets fresh water, and how the local region qualifies to be involved in the federal project. Dr. Garono said that the local estuary is a freshwater estuary; in this instance, an estuary is considered to be where the river meets the sea; Lake Superior is considered to be an inland sea. The water that comes down from the watershed is very stained, with a lot of organic carbon and nutrients. It comes into the lake, which is nutrient poor, very clear water, so there is a river-to-lake gradient. The metal corrosion is affecting the ports, and this seems to be unique to Lake Superior ports, but not other Great Lakes ports. The other freshwater estuary is in Lake Erie.

Regent Crain expressed appreciation for the presentation and said that it focused on what makes this University distinctive in the state.

Regent Bradley commented that the UW-Superior presentation was effectively one of the first presentations to the committee of the whole of the Research, Economic Development, and Innovation Committee, recently created by the Board of Regents. He said that one of the purposes for that committee is to highlight for state decision makers what important roles are being fulfilled by each campus to take the work occurring on the campuses and in the classrooms



and directly apply that for solutions that challenge Wisconsin communities and businesses. He observed that the three presentations that had been given were evidence that the UW is an essential part of the solution, and not part of the problem, for the state.

Regent Tyler commented on the synergy between the research projects and the importance of monitoring such issues as climate change and invasive species. He expressed appreciation for the research, saying it will have a great impact on the future.

Regent Manydeeds, expressing pride in having graduated from UW-Superior, echoed the appreciation of his fellow Regents and said that the presentation had shown the relationship between the UW-Superior campus and the economic situation in the area.

President Spector asked Dr. Balcer about collaborations among UW-Superior and other UW institutions in the area of freshwater science that would be helpful for Regents, as System leaders, to understand. Dr. Balcer cited some examples of cooperation among programs and said that this was an area that there was interest in developing.

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## **2013-15 BIENNIAL BUDGET PRIORITIES**

Turning to the next item on the agenda, President Spector introduced a discussion of the 2013-15 biennial budget, noting that in March, Senior Vice President Michael Morgan had presented a brief overview of discussions and decisions the Board must undertake over the next several months, pertaining to both the annual budget and to the 2013-15 biennial budget. The present discussion would pertain only to the next biennium and would be an opportunity for the Regents to begin the conversation about budget priorities.

President Spector turned to President Reilly, who reviewed other recent Board discussions about the budget and said that the discussion to be led by Mr. Morgan would lay the groundwork for the August meeting, where the Board would be asked to act on the UW System's official request for the next state budget. He posed some of the questions integral to the UW System's biennial budget, such as what resources would be needed to sustain current activities, what innovations would help do those things better or more efficiently, what unmet needs merit a response, and what new flexibilities would be needed in future years. President Reilly said that the latter question was important because of the statutory language changes that provided new flexibility for UW institutions in the 2011-13 biennial budget. The next biennial budget would reflect some of those changes, including block grant flexibility.

President Reilly turned to Senior Vice President Morgan, who reviewed the timeline for budget discussions that would culminate in Board action on a proposal to be forwarded to the Department of Administration and the Governor in September and, hopefully, legislative action on the biennial budget in June 2013.

Mr. Morgan reviewed the UW strategic framework for the last several years, the *Growth Agenda* for Wisconsin, saying that questions would be explored about why the *Growth Agenda*

goals remain relevant, the challenges of balancing educational quality and ensuring affordable access for Wisconsin citizens into the University System, and state expectations for performance and return on investment. He reviewed the components of the *Growth Agenda*, with its focus on three core needs: the need for more well-prepared college graduates in Wisconsin, the need for well-paying jobs that support a high quality of life, and the need for stronger communities where citizens and businesses can thrive.

### **More Graduates**

Referring to the more-graduates component of the *Growth Agenda*, Senior Vice President Morgan stated that the United States needs more well-prepared college graduates to grow the economy and to compete in an increasingly competitive global economy. According to the Organization for Economic Cooperation and Development, the United States is now 9<sup>th</sup> in the world in the number of adults with four-year degrees, he said. Wisconsin is below the national average, ranking 29<sup>th</sup> in 2009 in the number of adults with four-year degrees. In Wisconsin, 26 percent of adults in Wisconsin had a four-year degree, when the national average was 28 percent, and Minnesota's average was 32 percent. Dr. Morgan said that other studies show that the majority of new jobs in Wisconsin require some type of post-secondary credential in the future; thus, the Growth Agenda should be a powerful tool in helping Wisconsin to be competitive in the future.

The approach being taken at UW institutions is an institution-by-institution strategy. At each UW institution chancellors and their staffs determine what they can reasonably achieve, through increased efficiency, improved graduation rates, better retention, high-impact academic programs, and increased enrollment, in helping to reach the more-graduates objective. Between 2000 and 2012, enrollment in the System increased by 22,000 students, including more nontraditional-aged students, students of color, first-generation students, and veterans. Over that same timeframe, six-year graduation rates increased by 2.4 percent. Also, the number of degrees awarded increased from 27,000 in 2000 to more than 34,000 by 2010, or by 28 percent. Efforts in areas such as education, engineering, and health sciences have been increased to fulfill specific needs in the Wisconsin economy.

Mr. Morgan said that while good progress was being made on the more-graduates plan, it is important to consider how many students can be supported without new state support before quality is eroded and how to find resources to support students who may be somewhat less prepared for post-secondary education. Higher tuition rates paid by nonresident students have strengthened the university's ability to support more resident students -- each nonresident student supports about two resident students -- but the first obligation is to Wisconsin taxpayers, he said. Mr. Morgan also posed a question about what the nonresident and resident mix should look like at UW institutions, and whether this should be considered on a systemwide basis or on a campus-by-campus basis, which is the current methodology. He also noted that building access for nontraditional students requires new infrastructure, continuous development, and a balance of investment between the traditional student population and a nontraditional market that is already being served by for-profits and not-for-profits. Mr. Morgan paused to seek input from the Board members.

Regent Falbo asked about the statistic related to the graduation rate, and whether the increase was 2.4 percent of all students or 2.4 percent more graduates. After some discussion, Chancellor Wells provided an example at UW-Oshkosh, explaining that the increase in the graduation rate is a minor contributor at UW-Oshkosh to the increase in the total number of degrees awarded.

Regent Crain emphasized that the priority should be on more resident graduates. She said she valued nonresident students, who add an important dimension to the universities, but the priority is to improve in educating Wisconsin students. Senior Vice President Morgan said that the majority of graduates throughout the System are residents of Wisconsin, also noting that nonresident graduates stay in Wisconsin, which enriches the environment.

Regent Bradley remarked that if the Board controlled its revenue sources, then it could fulfill its statutory duty. However, a separate group of people decides on the state portion of the investment and greatly influences the Board's ability to raise funds through tuition. He asked about the conversations with the Department of Administration, Governor's Office, and Joint Finance Committee, which would help identify state goals as they relate to the Board's responsibility. Senior Vice President Morgan observed that it would be important to combine the Board's sense of priorities with those of the administration and Governor's Office, as well as an examination of past priorities. He said he also thought that business and industry leaders should be consulted. President Reilly added that the Legislature had identified more than 40 performance indicators in the last budget that could serve as a specific list of legislative priorities for the future.

Vice President Smith asked about efforts being made to better serve nontraditional students. Senior Vice President Morgan asked if chancellors might address this. Chancellor Sorensen said that UW-Stout had developed customized instruction methods so that nontraditional students, such as Regent Sherven, could take programs over the Internet or through a hybrid method of face-to-face instruction and Internet. He said that UW-Stout now had 1,600 students statewide in 20 programs; market rates are charged, the programs are self-sustaining, and no state dollars are used. The revenue is used for program development, to hire faculty and staff, and to provide services for those students. The number of participating students had grown from 50 students in 1999 to 1,600 today, with further growth planned as the market would allow. Chancellor Sorensen said that this was a good example of how the university had reached out to nontraditional students.

Regent Sherven commented that UW-Stout had done an excellent job in reaching nontraditional students, as had UW-River Falls. He observed that the UW System in general could do a better job of targeting marketing efforts at nontraditional students, to more effectively compete with for-profits, which are successfully marketing to adult students.

Chancellor Shields mentioned that UW-Platteville had two collaborative engineering programs, in the Fox Valley and Rock County, and was investigating the opportunity to expand into Washington County. This puts engineers in areas where they are needed.

Regent Falbo, returning to the topic of performance measures, said there may be a subset of these goals, or else more specific goals, that would help to measure the Board's and chancellors' macro goals, such as service to nontraditional students. President Reilly said that Associate Vice President Heather Kim had begun working with chancellors regarding what their goals are, and some numerical goals may be reshaped as part of those conversations.

Regent Evers, expressing appreciation for the presentation and the work involved in moving forward, asked how the System could possibly increase graduates and decrease state support? Either it is necessary to figure out how this is realistically done, or the goal may need to be reexamined. Senior Vice President Morgan said that at some point it would not be possible to accomplish this. He expressed the hope that more state investment would result from the UW's formulating a compelling argument that greater investment will help the UW to meet the state's performance goals and produce the high-quality graduates that the state needs.

Regent Higgins referred to the book, "Zen and the Art of Motorcycle Maintenance," which he had been assigned to read as a student and which suggested that quality is in the eye of the beholder. He said that in industry, "quality" is what the customer wants. So in answering the question of what quality is, it is necessary to decide who the customer is and then answer from the point of view of the customer. He expressed interest in hearing Regents' views on this.

Regent Crain observed that it was important to do more than maintain quality and, rather, to improve quality. In order to meet the needs of customers or the state, it is necessary to improve quality, as the times demand more than maintenance of quality, she said.

### **More Jobs**

Senior Vice President Morgan moved on to the second core component of the *Growth Agenda*, more jobs, noting that the *Growth Agenda* goals of more graduates and more jobs are interdependent. Contrasting more jobs with more graduates, Mr. Morgan said that the university's role in job creation is often more indirect. The UW plays the role of partner and catalyst, collaborating with state businesses and economic development agencies in an effort to develop a healthy economy ecosystem where innovation and entrepreneurship intersect with intellectual curiosity and demonstrated research expertise. However, the University can also be a direct source of new business and new jobs in the form of technology transfer and spin-off businesses that emerge directly from UW Research. The University is critical to both preparing the workforce and fostering job creation.

Mr. Morgan said that the Wisconsin Technology Council had determined a couple of years before that academic research and development was a little over a billion-dollar industry in Wisconsin, which translated into more than 38,000 direct and indirect jobs. A March 2011 report for UW-Madison by NorthStar Economics found that the campus had a total economic impact of \$12.4 billion. A 2000 report showed that the entire UW System in 1998 to 2000 had about a \$10 billion impact. Mr. Morgan also listed other examples: (1) the Wisconsin Institute for Sustainable Technology at UW-Stevens Point is developing a pilot biorefinery that will produce biofuels from renewable sources, such as wood paste and switch grass, and other byproducts that will replace petroleum-derived chemicals; (2) since 1994, UW-Stout's Discovery

Center has completed 5,000 technical-assistance activities with more than 2,700 companies, with activities in product development, workforce optimization, technology development, strategic planning and quality improvement resulting in client-reported impacts of more than a half-billion dollars; (3) the Whitewater University Technology Park creates and fosters businesses and jobs through close alignment of UW Whitewater's research and educational competencies, with its first building opening in 2011 and nearly 70 percent occupancy.

Mr. Morgan also cited examples of UW institutions that have formed research partnerships with industry: (1) Johnson Controls partnered with UW-Milwaukee and UW-Madison on three energy-storage research laboratories aimed at speeding commercial development of the next generation of battery technology; (2) the Wyse Technology Foundation works hand in hand with comprehensive universities to support research and technology development, link campus innovation with industry leaders, and speed technology transfer through patent and licensing opportunities; and (3) a statewide network of Small Business Development Centers, led by UW-Extension, provides educational assistance to strengthen small businesses, facilitating 230 business start-ups, holding 397 training events attended by 7,100 business leaders, and helping 120 entrepreneurs create businesses in the state of Wisconsin in 2011.

Senior Vice President Morgan said that there were threats to these development efforts, among them the competitive-compensation issue. He said that UW institutions are more than 14 percent behind peer institutions in faculty pay, and the gap is anticipated to grow. He posed questions about how the UW can use its limited resources and increase flexibility to attract and retain top faculty and staff and exceptional graduate students who support advanced research led by the faculty members. He also asked whether the UW was adequately explaining to policymakers the connection between research and jobs.

President Spector turned to the chancellors to see if they wanted to add to what Mr. Morgan had outlined. Chancellor Wells pointed to the Business Success Center at UW-Oshkosh, which helped more than 70 businesses last year, as well as the Wisconsin Family Business Forum and Environmental Research and Innovation Center. He also mentioned a recent purchase, solely with private funds and through the foundation, along with two private-sector hoteliers and restaurateurs, of a downtown hotel that had fallen into disrepair. A \$9 million renovation will create immediately 150 to 200 construction jobs and, thereafter, dozens of hospitality jobs. Chancellor Wells also mentioned three biodigester projects which could lead to more manufacturing jobs, emphasizing that none of the projects had any state funding behind them.

Chancellor Wells also noted the importance of the compensation issue. In talking with external stakeholders, business leaders, and elected officials, he said he often asks them to identify another industry in the state of Wisconsin that has increased its productivity 15 to 20 percent in the past five to six years and whose employees have not received a raise or pay plan in six years. Unless something is done to keep and attract talent, the unique and innovative work that is occurring will not be built upon, he observed.

Chancellor Sorensen, noting that UW-Madison had been a research university for a long time, said that he wanted to underscore that UW-Stout and others are emerging research universities. They are trying to take teaching universities with 12-hour teaching loads and then squeeze research into that in a productive way, which is very difficult to do. UW-Stout is developing a biomedical device research center and bringing in scientists to do the research. As a result, teaching faculty are trying to work with research scientists, and there are conflicts about how they operate, how they work, and what the expectations are. This is a very complex situation, trying to take teaching schools and make them more productive as research schools. It is hard to drive down a high 12-hour teaching load with no state support. Chancellor Sorensen said that pay schedules are pathetic, in the lower 12 percent in the nation among state universities. He asked how to attract people to come to a state that is promising no pay raises and expect them to perform.

Chancellor Patterson, mentioning that UW-Stevens Point was implementing a new strategic plan, said that the university was being repositioned to be more relevant and responsive to community, regional, and state problems. Partnership for Thriving Communities has four initiatives, one of which is a health-care initiative with the CEOs of the major health-care systems in the state and educators at the UW School of Medicine and the Medical College of Wisconsin. Other partners include technical colleges and the two-year Colleges in the area. A second initiative is the development of more public-private partnerships. UW-Stevens Point is going to establish an office of Economic Development Entrepreneurship.

Regent Tyler referred to “a job probability index,” which he had recently heard discussed and which would predict the probability of a positive career outcome at the end of a program. He noted that it is important to highlight current successful partnerships between the UW and industry.

Regent Crain asked about an item on Senior Vice President Morgan’s slides, “preserving objectivity and knowing our value in public-private partnerships.” She said that she assumed that this was an issue of academic integrity. Mr. Morgan asked Senior Vice President Nook to comment. Dr. Nook, commenting on the public-private partnership, said that universities play many roles in educating students. One role is to prepare them for a career. Another is to prepare them for civic life; this is also an important role. It is important that the university not become a four-year technical college. Graduates need to be ready to step into careers that require critical thinking skills, the ability to work in groups and teams, and other characteristics around which a liberal arts education is centered.

President Reilly commented on the importance of public-private partnerships and making these ethical and of appropriate value for all parties. However, in some ways, this is “a brave new world” for the university, and it is necessary to be attentive to establishing good practices and policies related to this. UW-Madison, through entities such as WARF, has long experience with successful partnerships. New relationships are being formed between universities and outside entities, and this has been a topic of national meetings of college and university presidents and partners, he said.



Chancellor Wells commented regarding the value of private-public sector partnerships, noting UW-Oshkosh's involvement with a hotel and the convention center, as well as with biodigesters. The foundation will manage the revenues generated from the hotel and will be invested back in the community, including for the purpose of providing scholarships for Oshkosh High School graduates to come to UW-Oshkosh. In the case of the biodigester, a large Rosendale dairy farm will be involved, and an education center will be developed. There will be significant faculty, staff, and student participation. Public-private partnerships have been a great educational experience.

### ***Stronger Communities***

Returning to his remarks, Senior Vice President Morgan said that if Wisconsin is compared to other states, the comparison will show a remarkable difference in the way the population is more evenly distributed across the state in small-to-mid-sized cities that include vibrant UW campuses, as well as UW Extension faculty. By extending the boundaries of the university to the furthest boundaries of the state, in the tradition of the Wisconsin Idea, universities and Extension networks enrich the economy of their regions. For example, a 2009 study of the UW-Oshkosh found that the institution's economic impact was approximately a half billion dollars a year, a yield directly and indirectly of 9,000 jobs, and about \$37 million in tax revenue. Mr. Morgan also mentioned the impact of UW-Oshkosh's collaborations with NEW ERA and New North, Inc. in the northeastern region, as well as other UW collaborations in the southeastern region and elsewhere in the state. He said that UW System institutions are engaged public universities, identifying needs in the community, involving citizens, and leveraging UW expertise to enact positive research based solutions.

Wisconsin communities are also strengthened by the people and talent that the university attracts. More than 81 percent of graduates who start out as Wisconsin residents remain in Wisconsin after graduation. The university also brings in nonresident students who enhance diversity and increase income for the state as they pay for housing, food, and entertainment. Mr. Morgan also showed a slide that illustrated that those with more education earn more once they are employed and are less likely to become unemployed. He said that the UW System will have to play a central role in building the economic vitality of Wisconsin communities by providing a skilled, educated workforce to create and attract new businesses.

### ***Access and Affordability***

Senior Vice President Morgan said that entry into the economy of the early 21<sup>st</sup> century demands a higher degree of educational attainment. The university must be mindful of the impact that its policies have on the ability of individual Wisconsin family members to attend the university. A university education should remain within the grasp of working class families in Wisconsin. The UW has ensured that tuition is moderate and affordable for Wisconsin families. In 2009-11, the state of Wisconsin provided a tuition assistance grant which offset the cost of tuition increases for students of need from families from incomes of \$60,000 or less who did not receive a Wisconsin Higher Education Grant. He said that there was no increase in funding this biennium for that program, but the UW System continues to provide base grants to students who fit in this category.



UW Colleges and universities are improving quality while reducing the costs of educating students in many different ways. UW-Madison, for example, engaged a consultant to determine the best use of its limited resources and worked creatively to find ways to reduce costs within the university that can then be invested into the core mission. Other UW institutions are involved and engaged in benchmarking, lean manufacturing process reviews, and looking for other opportunities to collaborate with one another in cost reduction measures, all with the goal of keeping the cost of college education down.

Mr. Morgan provided a number of examples of collaborative efforts among UW institutions, such as UW-Stout's work with UW-Eau Claire and UW-River Falls on selling surplus property and other initiatives, and the BSN-at-Home Program -- a collaboration among UW-Milwaukee, Madison, Eau Claire, Green Bay, and Oshkosh that allows students to take the majority of required course work online, culminating in a 4-year degree in nursing. He also noted that UW institutions were working to welcome place-and-time-bound students in innovative ways, such as by expanding prior learning assessment programming with the support of a Lumina grant, and are developing transfer plans to connect students to their educational goals.

Mr. Morgan asked whether there were other areas that should be explored, such as a way of expanding financial aid. The university can do all that it can to operate efficiently, but at some point, investment from the state in the form of GPR is also essential. He invited ideas or comments from Regents.

Regent Sherven commented on creative ways for students to obtain an affordable education, such as taking general education requirements through UW Colleges, technical colleges, or on-line programs. Many students do not think about the affordability aspect of college; he suggested there is a need for more education of high school students on the impact of college costs and debt.

Senior Vice President Morgan agreed with Regent Sherven's comments and mentioned the Wisconsin Covenant Program. The program is not due to be funded in the future, but it was designed to advise 8<sup>th</sup> graders about what they needed to do in high school to prepare themselves to get into college, both in the classroom and with respect to paying for college. Many students come into the System as first-generation college students, and their need for more information must be addressed as well.

### ***Quality***

Senior Vice President Morgan noted that quality is one of the key factors distinguishing University of Wisconsin institutions from others around the country. The UW is responsible to the state for educating students; its shareholders are the people of Wisconsin. An American Council on Education survey of UW alumni showed an exceptionally high level of satisfaction on the part of alumni who graduated from UW institutions. He also cited other quality indicators, such as UW-Madison's #10 ranking among top public universities by "US News & World Report" and seven UW comprehensive universities' being listed in the top 20 public Midwest Regional Universities. He concluded that quality is present, but posed questions about

whether the university's classrooms, labs and technology are adequate to keep faculty in the classrooms; how to develop the right high-quality options for adult nontraditional students; and how the market should change to adjust to nontraditional students.

Regent Higgins, focusing on defining the UW's customers and defining what those customers want as quality, referred to a Wisconsin Alumni Association survey of alumni from about 2005, which compared the experience of non-minority students, essentially white students, to the experience of students of color. A striking finding was that there was no statistical difference between the reactions of graduates, no matter what their ethnic background; however, the university has difficulty retaining students of color. He suggested that a survey of graduates may not help identify opportunities to assess why students leave prior to graduating. He asked Chancellor Sorensen for his comments, in light of UW-Stout's Baldrige Award, which suggests an effort to identify customers and their needs.

Chancellor Sorensen commented that UW-Stout did identify the customer as the student, which was an unpopular approach among colleagues at other campuses. Through the Baldrige process, the university identified internal stakeholders and external stakeholders and then modified and adjusted programs to meet their identified needs. A self-assessment is a valuable tool, he said.

Regent Higgins asked whether the processes used at UW-Stout would be transferable to the System in general. Chancellor Sorensen, acknowledging that he was biased on this point, said that he thought it was. Although Baldrige is being unfunded, the concepts are transferable and are useful; they require addressing questions about leadership style, what stakeholders think about leadership, and the institution's planning process.

Senior Vice President Morgan, responding to the issue of under-represented minorities who do not persist to graduation said that the Office of Academic Affairs had done good work with chancellors and other university leaders to apply high-impact practices that promote retention of minority students into their second year. He noted that Associate Vice President Washington and her team had been working on climate-related issues and how to help ensure all students feel they are part of the university community.

Regent Crain commented, saying that she had been on the Board for seven years and wanted to affirm the emphasis that the System had placed in this area. This needs to continue to be a priority, she said, including improving connections with K-12. Regent Higgins said that he did not mean to imply that he thought the System was lacking in the effort to recruit and retain students of color, noting that he used this only as an example of effort and result. Senior Vice President Morgan commented that he knew of Regent Higgins' work in this area and did not doubt his sincerity.

## ***Performance***

Senior Vice President Morgan said that the UW has a long history of being accountable to the state and its citizens. The UW System was one of the first systems in the country to create an accountability report. In addition to the traditional accountability measures already in place,

new accountability measures were included in legislative Act 32. None of the goals can be reached without adequate resources. Over the past 30 years, the UW System had not seen the kind of investment it would have liked from the state of Wisconsin. Nevertheless, quite a bit was accomplished. Tuition had been used to fill the void created by insufficient GPR. Tuition had been kept modest, Mr. Morgan said.

The UW's resource needs would have to be addressed in the budget. Mr. Morgan said that the university was willing to make the commitment that it would meet the performance measures that the legislature had identified, so long as there is investment sufficient to drive quality, access, and affordability.

Closing his remarks, Senior Vice President Morgan summarized his earlier comments and then asked for consideration of whether the right priorities had been identified as budget objectives. President Spector thanked him for an excellent presentation.

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The Board recessed for lunch at 11:50 a.m. and reconvened at 1:05 p.m.

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## **RESOLUTION OF APPRECIATION FOR UW-EAU CLAIRE CHANCELLOR BRIAN LEVIN-STANKEVICH**

President Spector asked Regent Manydeeds to present a resolution of appreciation to UW-Eau Claire Chancellor Brian Levin-Stankevich, who was attending his last UW System Board of Regents meeting. Regent Manydeeds observed that it was two years earlier, when he was appointed to the Board of Regents, that he first met the chancellor. Chancellor Levin-Stankevich initiated a breakfast meeting with him when he was appointed, and Regent Manydeeds soon realized that they had similar backgrounds and had been brought up in similar ways, even though the chancellor was from New York and Regent Manydeeds was raised in South Dakota and northern Wisconsin.

Chancellor Levin-Stankevich invited Regent Manydeeds to campus for several events, and Regent Manydeeds concluded that the chancellor was a great communicator, was someone who cared about all phases of his campus community, had built relationships in the community, and was a great advocate for the System during the issues of the previous year. He effectively presented the System's position to the Chamber of Commerce and other groups in the area.

Saying that the University of Wisconsin Eau Claire and the community would miss the chancellor, Regent Manydeeds read the resolution of appreciation. The resolution was approved by acclamation and met with a standing ovation.

## **Resolution of Appreciation for Chancellor Brian Levin-Stankevich**

Resolution 10045: WHEREAS, Brian Levin-Stankevich served as the Chancellor of the University of Wisconsin-Eau Claire from 2006 to 2012, infusing a student-first approach into all major initiatives and decisions, especially the Blugold Commitment, a unique partnership between students and the university to provide high-impact educational experiences to all UW-Eau Claire students; and

WHEREAS, Brian oversaw the successful reaccreditation of the university by the Higher Learning Commission, and led a collaborative strategic planning effort that resulted in a new mission statement and an eight-year “Centennial Plan,” which has guided annual priority-setting and budget decisions; and

WHEREAS, in support of the UW System’s Growth Agenda, Brian oversaw enrollment growth from 10,766 in 2006 to 11,234 in 2011; created the NanoSTEM initiative and major in Materials Science; and launched the System’s first Bachelor of Professional Studies degree; and

WHEREAS, Brian enhanced a university-wide focus on equity, diversity, and inclusiveness that resulted in an increase in the percentage of underrepresented minority students from 3.2% of new freshmen in 2005 to 8.1% in 2011, and also supported the creation of Blugold Beginnings, a pre-college access program for more than 2,000 underrepresented fifth-through-12th grade students; and

WHEREAS, Brian reflected the university’s values of stewardship and sustainability by becoming a signatory of the American College & University Presidents’ Climate Commitment, and witnessed under his tenure the university’s energy use decline by 19.4%; and

WHEREAS, Brian undertook creation of the first-ever Campus Facilities Master Plan, which received a Planning and Analysis award from the American Society of Landscape Architects, and developed nearly \$100 million in campus construction projects, including a new student center, education building, and Children’s Center; and

WHEREAS, Brian concluded the university’s first comprehensive capital campaign, which exceeded the campaign goal by raising more than \$54 million, and during his tenure the university received the largest single gift in its history -- \$4.3 million -- and in all six years of his chancellorship annually raised more than \$4 million in gifts;

BE IT THEREFORE RESOLVED that the Board of Regents of the University of Wisconsin System hereby offers thanks to Brian Levin-Stankevich for his outstanding service as Chancellor of UW-Eau Claire,

and wishes him well as he continues his career as President of Westminster College in Utah.

Chancellor Levin-Stankevich thanked Regent Manydeeds for his remarks. He thanked all of the Regents for having the faith to ask him to lead the wonderful UW-Eau Claire campus and for supporting his leadership over the years. He reflected on some of his relationships with individual Regents, including Regent Wingad, a UW-Eau Claire graduate currently in Washington, D.C. on a Truman Fellowship internship, who represented UW-Eau Claire and all UW students extremely well. He thanked all of the Regents with whom he had the opportunity to work, all of whom he said had listened and given him the time whenever he asked. He mentioned Regent Falbo's attention, in particular, in connection with difficult issues surrounding UW-Eau Claire's differential tuition, which he said allowed the campus to make a difference in its academic programs and other areas.

Chancellor Levin-Stankevich thanked President Reilly for his leadership of openness and willingness to hear criticisms and work through differences. He also thanked System staff, who he said were extremely dedicated to higher education. Because so much of his tenure was involved in the development of new and improved facilities, he gave special acknowledgement to Associate Vice President David Miller for his work with Regents, the Department of Administration, and others. He urged continued work toward freeing institutions' foundations from restraints that limit their ability to work on improvements in campuses' physical facilities, faculty development, and faculty excellence.

The chancellor acknowledged his fellow chancellors, particularly Chancellors Wells and Sorensen, the "senior members of the crew," who had been generous with their advice and mentorship. He said they had a great relationship, one of mutual respect and healthy competition. He also acknowledged the tremendous line-up of provosts at the UW institutions.

Chancellor Levin-Stankevich extended his greatest thanks to UW-Eau Claire, saying that it had been a privilege to serve an extraordinary campus with its own culture and emphasis on students, the quality of education, and unique mission. The campus has great support from the community; legislative delegations; foundation; and faculty and staff. He recognized faculty representative Jeff Peterson and Provost Pat Klein, who were present at the meeting, and the outstanding group of people who had gone above and beyond what was expected.

He said that Eau Claire, like all UW campuses, needs Regents' help to aggressively support and assure the value of public higher education in Wisconsin. Most importantly, he said, it needs support in continuing the effort begun last year – with the Wisconsin Idea Partnership – to free up the restrictions and limits on campuses so that they can be all that they can be. It is necessary to focus on faculty and staff who work hard to provide the highest-quality education for students, often in an increasingly difficult environment with fewer resources, negative public rhetoric, and compensation restrictions that demoralize them and threaten the culture that is the greatest asset campuses have – a culture of caring about the students, the work, and each other.

Closing his remarks, Chancellor Levin-Stankevich urged that Regents create for campuses, the System, faculty, staff, and students an environment that encourages innovation

and experimentation, rewards achievement, and values staff members' contributions. If this is done, he said, the Regents will preside over a system of higher education that excels beyond any expectations. He extended best wishes and expressed his thanks for the privilege of serving the University of Wisconsin-Eau Claire, the Board of Regents, and the state.

President Spector thanked Chancellor Levin-Stankevich and wished him good luck.

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Before adjournment for committee meetings, President Spector announced that committee reports would be sent electronically that evening for the first time, with a goal of streamlining the committee chairs' reports on Friday.

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The meeting was adjourned at 1:20 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