

MINUTES OF THE REGULAR MEETING

of the

BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM

Held in 1820 Van Hise Hall
1220 Linden Drive
Madison, Wisconsin

Thursday, March 8, 2012
9:00 a.m.

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9:00 a.m.

- President Spector presiding -

PRESENT: Regents Jeffrey Bartell, Mark Bradley, Judith Crain, John Drew, Tony Evers, Michael Falbo, Tim Higgins, Edmund Manydeeds, Charles Pruitt, Gary Roberts, Katherine Pointer, Troy Sherven, Brent Smith, Michael Spector, Mark Tyler, José Vásquez, David Walsh, and Gerald Whitburn

UNABLE TO ATTEND: None

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APPROVAL OF THE MINUTES OF THE DECEMBER 2011 AND FEBRUARY 9, 2012, BOARD MEETINGS

President Spector announced that the minutes of the December 8 and 9, 2011, and February 9, 2012, Board meetings had been distributed. There were no additions or corrections. Regent Whitburn moved approval, Regent Bartell seconded the motion, and the minutes were approved on a voice vote.

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PRESENTATION AND DISCUSSION: ESTABLISHING NEW UNIVERSITY PERSONNEL SYSTEMS, AS REQUIRED BY 2011 WISCONSIN ACT 32

President Spector noted that the March meeting would be a “blue sky” meeting, with the opportunity to explore and discuss significant issues in depth without the pressure of having to immediately act on them. The intent is to provide greater background and context on issues that the Board will act upon in the future.

At the present meeting, President Spector said, the Board would be taking a closer look at the establishment of new university personnel systems and also addressing student financial aid and its relationship to tuition and net price.

Background

President Spector turned to President Reilly, who noted that the UW System had long sought the ability to have more control over its personnel system and to address distinct personnel needs that the university faces in that realm.

The 2012-13 biennial budget directed the UW System to develop two new personnel systems, separate and distinct from the state personnel system: one for UW-Madison employees and the other for the balance of UW System employees. This change was one of the new flexibilities that the System was pleased to have received, based on the System's budget request. President Reilly said that, particularly in a time of furloughs, cutbacks and benefit reductions, the development of new personnel systems was very important to UW employees. The UW System seeks to maximize its ability to attract and retain the high-quality faculty and staff for which it is renowned.

President Reilly said that ultimately the two new personnel systems would require the Joint Committee on Employment Relations to approve them before implementation. The statute directs that they be implemented on July 1, 2013. He suggested it would be valuable to obtain the Board's input and advice at this meeting, early on in the construction of the two systems.

Organizing Principles for Personnel-System Development

President Reilly introduced Al Crist, Associate Vice President for Human Resources and Work Force Diversity. Dr. Crist began his remarks by saying that the establishment of a distinct personnel system, separate from the state personnel system, would be a great opportunity to address human resource issues unique to higher education.

As new personnel systems are developed, it will be necessary to manage expectations, address fears, and build trust among faculty, staff, and academic and administrative leaders, Associate Vice President Crist said. The organizing principles guiding the development of the new personnel systems are: (1) simplicity that leads to efficient and effective policies, (2) consistency that promotes fairness in these policies and practices, and (3) coherence that governs over simplicity and coherence so that aspects of these systems will work together toward the purposes of a personnel system. The purpose is to attract and retain the high-quality and diverse workforce needed to fulfill the UW's missions.

Dr. Crist raised the idea of transparency, and whether transparency should be included in the principles. The UW-Madison Design Project specifically uses that terminology, but Dr. Crist said that he did not prefer that terminology. However, he said that he believed there was agreement on the need to seek to understand different perspectives and views on issues and then to seek to be understood. For good communication to take place, this is the proper order. Dr.

Crist said that, therefore, a goal of the morning's discussion was to understand any issues and concerns that Regents might have about the development of the two new systems.

Dr. Crist said that, if asked, he would not have recommended two separate personnel systems, one for UW-Madison and one for the balance of the System. However, because of the outstanding working relationship among the human resources professionals and academic and administrative leaders at UW-Madison and those same professionals and leaders throughout the UW System, he anticipated an even better result than if one system were developed.

He said he expected to come back to the Board in June with an update and to come back as early as December for approval of the new personnel systems. The systems would be taken to the Joint Committee on Employment Relations early in 2013.

Current Authority

Associate Vice President Crist said that the Board of Regents currently had authority for the personnel system governing UW System faculty and unclassified staff. There are roughly 28,000 unclassified employees. The shift of authority from the Office of Employment Relations (OSER) to the Board of Regents for most of the balance of unclassified and classified personnel would occur in July 2013. This authority extends to titles, compensation and labor relations.

Effective July 1, 2013, the Board also would be authorized, without OSER approval, to determine who is a member of the academic staff. This was a long-sought flexibility. The Board and UW-Madison also would represent the state in collective bargaining for any unions that choose to be organized under the collective bargaining legislation.

To fully implement the new personnel systems as intended by the legislature, some changes in statutes may be needed. Dr. Crist said that the Board would be provided with information on these changes in June.

Dr. Crist showed on the screen the website for the personnel-systems development and indicated that the two groups working on the development were the UW-Madison HR Design Project and the UW System development group. The University Personnel Systems (UPS) Task Force, representing both groups, was co-chaired by UW-Platteville Chancellor Dennis Shields and UW-Madison Vice Chancellor Darrell Bazzell. Chancellor Shields would speak first.

Communication Strategy

Chancellor Shields spoke about the importance of engaging employees, because the projects would have an impact on all employees. Therefore, the task force is made up of the Chancellor, Vice Chancellor Bazzell, and a representative group of others from the various employee categories across the system. Their role is to guide progress and endeavor to ensure that employees are engaged at every level. The group is also the touch point for the Regents, he said. In addition, an effort had been made to reach out to key legislators to identify their concerns.

Vice Chancellor Bazzell then spoke about the communication strategy being employed with respect to design of the two systems. Communication is not simply a way to honor the statutory responsibility for shared governance but, also, to gain broad participation. The UPS Task Force's first action was to look at the plan for timing and development of the systems. In response to the Task Force's request for campus plans regarding how the campus community would be engaged in the design of the two systems, campuses took a multi-faceted approach, using electronic and face-to-face communication. The plans reflect a strong partnership between the Human Resources directors at each campus and communication teams on the campuses.

Referring to a brief summary of the institutions' efforts, Vice Chancellor Bazzell said that electronic communication was being deployed through websites, all-employee e-mails, and e-newsletters. Employees were receiving regular updates and campus newsletters, such as UW-La Crosse's Campus Connection. UW-Stout has used Twitter and Facebook. Some chancellors addressed development of personnel systems through their own campus newsletter. Many campuses also used printed communication, and at UW-Madison written materials have been translated into Hmong, Spanish, and Tibetan.

Another key aspect of effective communication, Vice Chancellor Bazzell said, is face-to-face engagement with governance groups and other stakeholders in advisory committee meetings, forums, and focus groups. UW-Oshkosh, for example, kicked off a communication effort in the fall by holding meetings with all employee groups to collect feedback on the current state and to solicit ideas for change. Other campuses held similar meetings. UW-Madison, for example, held its first two campus forums the week before, the first attracting about 275 faculty and staff, and the second, another 200. The second forum was also captured by web streaming and was available for later viewing, as well. Two web chats engaged more than 400 members of the UW-Madison campus community. The campus website had attracted 6,000 visitors since mid-January, an indication that the communication strategy was having an impact. The current focus would be on process, but as actual recommendations are developed, further engagement with the campus community would occur.

Vice Chancellor Bazzell also commented on the good integration between the system design efforts for UW-Madison and for the rest of the UW System, evident at the UPS Task Force level, steering-team level, and on the work teams.

Chancellor Shields noted that the new personnel systems would have to be approved by the legislative Joint Committee on Employment Relations (JCOER). He said that in reaching out to legislators, the approach was not to ask them to approve all of the specific details but, rather, to approve the overall framework of the employee roles and appointments, competitive compensation and benefit structure, philosophy, and civil service protections and employee rights. The plan is to seek JCOER approval in February 2013, so that the systems would be functioning by July 2013, as authorized.

UW-Madison Human Resources (HR) Design Project

Associate Vice President Crist asked Vice Chancellor Bazzell to describe the UW-Madison design effort. Mr. Bazzell said that he would provide a brief overview and describe the

vision and structure of the project, and then Bob Lavigna, Human Resources Director and project leader, would provide more details and introduce members of the work team. Vice Chancellor Bazzell thanked all involved for their willingness to devote their time and energy to this important project, saying that the opportunity to design a personnel system was a tremendous opportunity for UW-Madison and all of the UW System. It is also a challenge and a very complex issue. However, the opportunity to design a new personnel system to meet Madison's unique needs, as well as a system that meets the needs of the rest of the UW System, was one of the prizes that came out of the last budget process. It is important to "get it right," as this opportunity does not come around very often.

Vision

Vice Chancellor Bazzell said that the vision for the UW-Madison project was a campus-wide effort to build, through a very thoughtful design, a more efficient, effective HR system for the Madison campus, a system that meets UW-Madison's specific needs and also those of the citizens of the state. A thoughtful design entails being able to attract people who will be successful, and then to develop, reward, engage and retain them. The HR system must meet UW-Madison's needs as a world-class research institution, ensuring the right talent is available and enabling the creation and maintenance of a diverse workforce that reflects the university's position in an increasingly global community.

Vice Chancellor Bazzell observed that designing a new HR system does not provide a pay plan or pay increases for employees, although these are desperately needed. It would, however, produce the flexibility needed to reward performance in the future. Creating a thoughtful design would help to accomplish the institution's mission. He expressed pleasure with the progress made to date.

Structure of Design Effort

Mr. Bazzell described the organization of the design effort. The structure starts with executive sponsors; Interim Chancellor Ward, Provost DeLuca, and Vice Chancellor Bazzell serve as executive sponsors for the effort. Beneath that level is a project leadership team, led by UW-Madison Human Resources Director Bob Lavigna. A key partner is the advisory committee, made up of governance representatives, technical experts and managers, and other employee groups. A straight line exists between governance and the executive sponsors in a way that provides an opportunity to advise the chancellor directly.

Vice Chancellor Bazzell turned to Mr. Lavigna, who noted that the system must be in place and running by July 1, 2013, necessitating not only technical design, but also a systematic change management and collaboration process.

Eleven work teams have been divided into two phases. Phase 1 teams had been working since late December or early January to review employee categories, benefits, compensation, job titles, etc. Phase 2 would be the development of performance management. Mr. Lavigna explained that two phases are easier logistically, and it was also important to begin addressing the more complex and controversial issues as soon as possible. The work that some of the Phase

1 teams were doing in areas such as compensation and diversity would influence and inform the work of the other teams.

Each team was provided with a draft charter, a designated leader, a trained facilitator, and a template for a business case to use as they develop their recommendations. The teams were charged with developing a conceptual design for the new HR system. Procedures and tools will follow. Draft recommendations from the Phase 1 teams would be due at the end of March. During April, the Collaboration and Change Management Teams would embark on a campus-wide conversation about those draft recommendations, culminating in final recommendations to be discussed formally with governance groups in May. Therefore, Mr. Lavigna reported, the Phase 1 teams were well underway, and the Phase 2 teams were about a month and a half into their work.

Campus engagement is important because every employee will be affected by the new HR system. A web chat made clear how much interest there was across the campus. Focus groups and forums with employee groups focused on finding out what colleagues believe are the HR issues and how they believe the issues can be addressed. In addition to print and email, a website includes weekly summaries of the work teams' progress. Surveys and website polls have been used to collect information.

Mr. Lavigna said that the Collaboration Team and Change Management Team had been active from the start of this project because of the importance of focusing on communication and change management. Although no results or solutions were available yet, Mr. Lavigna said that the teams were working very hard and meeting at least twice a week. Each team member made a commitment to devote up to ten hours a week to the project; many were devoting more.

Director Lavigna described the work of some of the teams, beginning by noting that one team is examining job titling. There exists a perception that current employee categories create a sense of hierarchy and a cast system. There are 1,600 individual job titles at UW-Madison, with many of the titles including a single employee. Mr. Lavigna said that there was a trend in general in the world of human resources to reduce and simplify job title systems and expand position descriptions to create more flexibility for management and more developmental opportunities for employees. He described the focuses of various teams:

- Compensation: Examining increasing compensation flexibility to create a more direct link between compensation and performance, while also addressing internal equity and market equity.
- Competencies: Examining the feasibility of developing a set of university-wide competencies around which HR processes could be built.
- Benefits: Considering flexibilities in benefits programs and ways to make benefits programs more consistent across employee categories. The university would remain in the main statewide benefits program and Wisconsin Retirement System.

- Recruitment and assessment: Examining how to conduct hiring in a more efficient and timely fashion, while also attracting the best talent to UW-Madison.
- Diversity: Considering how to ensure the university has a diverse workforce. Diversity is both a goal and a work team.

Elaborating upon earlier mentions of collaboration, Mr. Lavigna provided illustrations of active collaboration between UW-Madison and the UW System: UW-Madison serves on the Task Force and Steering Committee; Associate Vice President Crist from the UW System is a member of the UW-Madison Advisory Committee, which meets weekly; at the working level, the UW-Madison project leads meet with the UW System project leads on a regular basis; and the leads of the work teams from UW-Madison and the UW System meet regularly and are sharing benchmarking information and research. A consulting firm, the Huron Group, has been engaged and is doing benchmarking with 12 peer institutions. Very few universities have conducted as comprehensive a process, but the University of Virginia has been looked to as one example of a university that went through a similar process.

Director Lavigna introduced two UW-Madison colleagues to share insights and perspectives on the work being done: Mary Czyszczak-Lyne, Administrator for the College of Letters and Science Honors Program, a member of the Performance Management Team and a union steward and Local 2412 leader for WSEU for many years, and Arnold Jennerman, responsible for budget, finance and HR for University Health Services, a member of the Compensation Team, who previously worked in the private sector.

Performance Management Team

Ms. Czyszczak-Lyne described the process of gathering “labor folks” and students, through Associated Students of Madison (ASM), for selection of the teams. Specifically, the campus labor unions that were involved were Wisconsin Science Professionals, Wisconsin Professional Employees Counsel, and ASFME Local 2412 and 171. Individuals were asked about their strengths and passions on the issues, and names were advanced to Vice Chancellor Darrell Bazzell for the purpose of populating the teams. It was an inclusive and educational process.

Prior to the HR design process, Ms. Czyszczak-Lyne said, Vice Chancellor Bazzell convened a working group to develop guiding principles over a six-to-eight-month period, including perspectives of faculty, academic staff, students and labor groups. The guiding principles were adopted by Interim Chancellor Ward and the Advisory Committee for the HR Design Project. Each of the work teams also used the principles as guidance.

The Performance Management Team, a Phase 2 team, started its work in mid-February. Information was being gathered and discussions held about how to provide the opportunity for employees to be successful by gaining tools and experience through their career at UW-Madison.

Compensation Team

Mr. Jennerman spoke next, expressing appreciation for the opportunity and indicating that he was a member of the Compensation Team. The team began meeting in late December and was meeting at least weekly. On the team were representatives from campus and departmental Human Resources, represented staff, and faculty, as well as an associate dean from an academic department. Also included were representatives from information-technology supervision, a student, and payroll and benefits staff. Mr. Jennerman said that the team would report out at the end of March.

Some key observations so far were: (1) current personnel and compensation policies are very complex, having evolved over many decades, with many influences on them; (2) there are many work-arounds in the current system, which add to the complexity and effort involved; (3) it is often difficult for staff to understand how compensation is determined, which has a major impact on performance and management's ability to use compensation as a performance management tool; (4) the organization is very diverse in that it includes many different businesses – e.g., facilities, teaching, research, medical services, information technology, clerical services, housing, food service, and law enforcement -- and it is necessary to compete in many different employment markets for these professionals.

Mr. Jennerman said that a compensation philosophy document was being developed, based on a model seen in peer institutions and in the private sector. Three key elements should eventually determine compensation: the marketplace and employee performance; compensation tools such as starting pay or pay adjustments; and functional categories in the workforce.

Director Lavigna invited questions, and Regent Falbo asked if the new personnel system would “talk to” the Human Resource System (HRS), from a technical standpoint. Mr. Lavigna responded that one of the ways the UW-Madison system must be integrated with the UW System is through HRS. HRS would continue to be the payroll and benefits system. Conversations had already identified areas in which HR policy changes would help HRS to operate more efficiently and effectively.

Regent Drew observed that he was pleased to see the unions involved in the work on the Madison campus. He asked Ms. Czyszak-Lyne about the role of the various labor organizations in the process. She responded that the premise on the Madison campus was that labor has a voice at the table. A number of labor leaders have had significant experience, and their expertise is brought to the process. Labor leaders can present a more compassionate or realistic picture, and their involvement can help to resolve issues early

Regent Tyler asked about the role of the Performance Management Team. Mr. Jennerman said that with employee performance being one of the metrics driving the conversation, employees must understand how the system works and trust that system. The system must be consistently applied, with employees evaluated periodically, probably annually. The performance management process should drive employee pay, and there should be transparency regarding how pay is determined. Regent Tyler asked why the Compensation Team would not be the team to work on this. Mr. Jennerman said that the Compensation Team

was developing the compensation principles and that there were other elements of performance management beyond compensation, such as discipline. Therefore, performance management underlies compensation, and also several other elements of how the workforce is managed.

Associate Vice President Crist noted that there were clear overlaps among the teams. One of the responsibilities of project team leadership was to ensure the work of the 11 teams was integrated around the employee life cycle.

President Spector called upon Regent Whitburn, who expressed interest in understanding who “owns” the project, with eleven teams and hundreds of people involved. In response, Dr. Crist noted that the executive sponsors would be the ultimate decision makers, although they would also need to work with governance groups and external stakeholders. Project leaders would be responsible for making recommendations to the advisory committee and senior leadership executive sponsors.

Regent Whitburn also asked about consultant involvement and the budget for consultants. Associate Vice President Crist said that, compared to a project like HRS, the budget for consultants was quite modest. Two consultants from the Huron Consulting Group were invaluable members of the project, helping with benchmarking and other work. He said that he would be happy to provide specific information on the projected cost for consultants, and he expressed the belief that it was a very reasonable cost, given the enormous scope of the project. As for non-consultants, the 130 people working on the work teams were doing so in addition to their regular jobs.

Regent Whitburn requested a brief description of the process leading to completion of the project by July 2013 and asked whether the UW-Madison chancellor and Board of Regents would approve what would be presented to the Joint Committee on Employment Relations (JCOER). He also asked about the membership of JCOER. Vice Chancellor Bazzell said that the Regents would be asked for their approval in December 2012, so that the project could go to JCOER in February 2013, but the Board would be updated before that time. Associate Vice President Crist said that there would also be involvement by UW-Madison governance groups later in the spring of 2012. Dr. Crist noted that the membership of JCOER could change before the process was over. Current members, he said, were Senator Ellis and Representative Fitzgerald, Co-Chairs; Senator Fitzgerald; Senator Darling; Senator Miller; Representative Suder; Representative Vos; and Representative Barca.

Regent Walsh asked if JCOER’s potential concerns were being anticipated. Anytime flexibility is granted, some authority is lost. Associate Vice President Crist said that Chancellor Shields and Vice Chancellor Bazzell were starting to have conversations with legislators. The language in the bill was left fairly vague regarding what JCOER needed to approve. The process would be to work with leadership to establish an understanding about this.

Regent Falbo asked if it would make sense to provide high-level progress reports to the Business, Finance, and Audit Committee, as was done with HRS. Dr. Crist said that this had been the plan. Some brief updates had already been provided, and reports would become more substantial in the future, as the project progresses.

Regent Pruitt, commenting on the complexity of the project, asked Director Lavigna if any specific collaborations were occurring between UW-Madison and UW-Milwaukee, as a research partner of Madison. Director Lavigna said that they were not, but that this would be discussed. Dr. Crist said that two members of the UPS Task Force and three members of the project team were from UW-Milwaukee.

UW System University Personnel Systems

Associate Vice President Crist called upon Jason Beier, Human Resources Director for UW System Administration, and colleagues to discuss the UW System portion of the HR project. He said that Director Beier, who had worked on key projects and classified personnel issues, and Special Assistant Margo Lessard, with her unclassified-staff expertise and campus-level experience from UW-River Falls, had been co-leading the project efforts.

Mr. Beier, referring to the project website, said that he would describe the committee structure and report on progress on the System side of the University Personnel Systems, by outlining charges of the work groups. Some of his colleagues would then speak about their experiences on the work groups thus far.

Mr. Beier referred to a diagram that illustrated collaboration among different groups, mentioning the UPS Task Force, UW-Madison HR Design, the balance of the UPS development groups, and the UPS Steering Group made up of HR directors from across the UW System. The process at UW-Madison was perhaps more simple than the process across the rest of the System in that it had been necessary to reach out across all of the other UW institutions and to include stakeholders at each institution.

Mr. Beier said that a project team working on the balance of the UW System includes the HR Director and two HR professionals from UW-Milwaukee, as well as HR Directors from Oshkosh, Platteville, Superior and UW Colleges and UW-Extension.

Since all UW System employees would be affected by the development of the personnel systems, each institution was asked to reach out to all of its employees and assess the current state -- how things are going, which things are broken, which priorities need to be addressed in developing the system. This was done through surveys, employee forums, and brown bags. This current-state assessment led to a categorization of responses and priorities. He listed some of the categories, noting that one frequent question was how employees would move between systems; a group was focusing on this question.

Noting that each work group had ten members from across the balance of the UW System (except UW-Madison), Mr. Beier said that the groups had broad representation and were holding weekly or more frequent teleconferences of two or three hours each. Similar to the Madison process, work-group members were asked to give eight to ten hours of their time per week in addition to their regular jobs.

Compensation Work Group

Mr. Beier called upon several colleagues to discuss their participation in the project. First to speak was Kathy Heath, UW-Milwaukee Interim Assistant Dean in the College of Letters and Sciences and a member of the Compensation Work Group.

Ms. Heath began by saying that the Compensation Work Group included members holding classified, academic staff, faculty, and limited positions. The membership of the group represents eight of the four-year campuses, as well as the Colleges and Extension. The charge of the group was to review compensation practices externally and internally and to recommend options to ensure that the new personnel system included pay practices that are competitive and also meet the needs of each of the institutions.

The group identified six themes or topic areas that it believed its recommendations should address: (1) flexibility, defined as the ability to respond to the local or individual context; (2) merit, meaning the relationship between pay and job performance; (3) competitiveness, or the relationship between pay and the relevant job market; (4) pay progression, or the ability to respond to a person's progress in their current role; (5) equity, which addresses compression and other pay-equity issues; and (6) payroll structure, or the timing and the method of pay.

Ms. Heath said that through external review and research, the group had also agreed on the need for a compensation philosophy which would provide the guiding principles for the compensation program. Next steps would include finalizing a draft of the compensation philosophy and ensuring the group's recommendations were guided by that philosophy.

Benefits Work Group

Director Beier called upon Cliff Abbott, Secretary of the Faculty and a professor in Information Computing Science at UW-Green Bay, to speak about his experiences on the Benefits Working Group. Professor Abbott said that the group had been working since late January, starting with immense hopeful energy and a collegial approach. UW System staff had provided good support, institutional memory, and an understanding of a very complex system, as well as studies of comparative data with other systems and peer institutions.

Professor Abbott said that there had been some frustrations with the timeframe in which the work needed to be done, the time it took to assemble the committees, and the degree of openness of the work groups. As far as the work itself was concerned, the system was enormously complex, the result of negotiations and compromises over many years.

One of the aims of the entire project would be to find some degree of simplicity in all of the complexity. This may mean leveling some of the benefits across employee groups. The committee as a whole had been fairly reluctant to make a recommendation for any loss of benefits. Citing several other examples, as well, Professor Abbott said that simplicity had been an elusive goal. The group was facing many trade-offs in efforts to find flexibility, simplicity, consistency, and fairness.

He said that the group's report was being drafted. Most changes would tend to be about the administration of benefits, rather than changing the level of benefits significantly. For example, one set of employees works on a calendar year for a benefit and another works on a fiscal year for a benefit, and those things can be homogenized somewhat.

Employee Category Work Group

Mr. Beier introduced Paulette Feld, an Information Systems Network Support Technician for UW-Oshkosh and also the President of the Wisconsin State Employees Union. Ms. Feld said that she was a member of the Employee Category Work Group, consisting of representatives from nine campuses and UW-Extension. The group included three academic staff members, four classified members, two faculty members, and one limited appointee.

Ms. Feld said that UW System positions are configured in several employment categories: academic staff, classified, limited and faculty. These employment categories are defined by two personnel structures, classified and unclassified, and are authorized by state statute. She said that the work group was charged with reviewing these categories to determine if changes or modifications should be made, as well as reviewing the titling structure. The group took the titles and all current employee categories and placed them in job families that are important to the university.

Ms. Feld said that classified staff on the campuses had concerns about the impact of changes they had already experienced, and having a voice on the work groups had been extremely valuable in reducing anxiety. Classification and titling have been perennial issues among classified staff due to frustration over the process for evaluating positions and overlap between academic staff positions and classified staff positions. There is hope that the work done in the Employee Category Group will help to address some of these issues. Ms. Feld said that having been involved in labor management for about 25 of her 30 years at UW-Oshkosh, it was gratifying to take an active role in developing a system that would be more flexible and respectful of all employees.

Board Discussion

Regent Evers complimented the collaboration and good work being done to develop the new personnel systems across the System and UW-Madison, as well as the important discussion about equity and connecting pay to performance. He asked about the adequacy of resources to make the new systems operational. Associate Vice President Crist said that this question pertained to the kinds of flexibilities already granted through the biennial budget process and the additional flexibilities needed to fully realize the intent of the Legislature to develop the separate and distinct Personnel Systems. He said he would address the question more fully in connection with a discussion of the work of the legislative Task Force.

President Reilly added that the Competitive University Workforce Commission, made up mostly of private-sector business leaders, rather than university employees, had made a strong point that the Board of Regents needed the ability to set university employees' compensation levels. Reconfiguring structures was not meaningful without this. He said that a

recommendation from the legislative Task Force that the Board have this authority would be extremely helpful.

Commenting on the discussion as a whole, Regent Crain said that the update had been very helpful. The complexity had been made evident. She said that she was pleased to hear the emphasis on diversity issues, as diversity had been a strong priority for the Board during the time of her service on the Board. She said it was important that this remain front and center, including the role of women in all parts of the university system.

Regent Drew asked about the statutory requirements related to civil service protections, just cause, and impartial hearing officers, and what would be different for people hired after June 30, 2013, the effective date for the new systems. Associate Vice President Crist said that such protections were outlined in a new section of Chapter 36, Wis. Stats., and would be included in the newly-developed structures. He said that some technical changes would be requested pertaining to certain language in both Chapter 230, related to state classified personnel, and Chapter 111, related to labor relations. Some of the technical language would need to be moved into Chapter 36 so that the Board has the authority and the responsibility for ensuring that these civil service protections continue under the new system; that they are available to all employees; and that, if and when employees choose to organize, the Board has the authority to act on behalf of the state in those negotiations.

Associate Vice President Crist noted that the legislative Task Force had discussed similar issues the day before. Other issues that would need to be addressed would include how employees would transfer between systems; the need for compensation flexibility to help with hiring the best-qualified individuals and recognizing previous service outside of the state system, and a unified code of ethics statement for all UW employees. The latter is an example of an item that may not be brought to the Board until after July 1 of 2013.

Associate Vice President Crist said that one question that had arisen was whether the new systems would be ready on July 1, 2013, and he said that they would. He said that the UW System process was on a parallel track with UW-Madison's redesign. Some areas being examined would go beyond the statutory requirements; an example was performance management. Such matters would be addressed by individual institutions over time. Also, the technical statutory changes identified so far would be brought to the Board for consideration, an example being discretionary merit pay. On July 1, 2013, the Board would not have the authority that currently exists for state employees to be granted discretionary merit pay because Chapter 36 does not give the Board authority to use reallocated resources to recognize merit. Some technical changes related to the continuation of university employees in the Wisconsin Retirement System and the Health Insurance System also would be brought to the Board.

In response to questions from Regent Whitburn about the technical changes being addressed separately from a budget amendment, Associate Vice President Crist said that a more substantial change would perhaps be within the budget amendment; pay plans for university employees may be in this category. It would be recommended that the university no longer have a two-step process for the university budget, through which the Board approves a budget recommendation in August and then comes back in December to request a pay plan. Including

pay plan in the university's budget recommendation would require more substantial legislative change. Less controversial items would be handled in a separate, thoroughly vetted bill, to make sure they can be approved in January 2013.

Regent Higgins asked about a document in the Board materials which referred to three organizing principles for the new personnel systems: simplicity, consistency, and coherence. He noted that the materials explained that consistency provides for fairness of policies and procedures. He said that he understood that consistency suggests predictability and reducing uncertainty, but not fairness. He wondered about the term "fairness" in this context. Associate Vice President Crist said that, for example, there may be a concern that across departments within the same institution, employees may not be held to the same types of review processes; this may be perceived as unfair because they are not given the same opportunity to be considered for promotions or for compensation. Also, there may be some tensions because benefits are different for different employment groups. Regent Higgins indicated that "fairness" was a subjective term, and he expressed concern about using a subjective term as one of the building blocks of the system.

Regent Higgins also asked about the use of the term "diversity" in the context of recruitment and retention and wondered whether this referred to specific Regent policy, noting that "diversity" is another word that when ill-defined can create unreasonable expectations. Associate Vice President Crist said that he did not believe there was a specific Board policy and suggested that some Regents may be willing to reflect on how the term had been used over the years. Regent Higgins said that he had found statements in Regent Policy Documents involving race, gender, and disability, but these were not located in one place. Since promoting diversity or promoting inclusivity were frequently mentioned, it would be useful to have a definition.

Referring to Chapter 230, Wis. Stats., Regent Higgins next asked about the level of scrutiny being applied to the civil-service guarantees or rights and responsibilities covered under Chapter 230 before these provisions would be incorporated into the new personnel systems. Associate Vice President Crist said that he thought that some work was being done to compare the Chapter 230 provisions to those of other university systems, and that further analysis would be done before returning with recommendations for the Board to consider.

Regent Walsh, returning to the concept of diversity, said that people in general, the law, and the Regents use a lot of words in their collegial discussions; he said that words such as "reasonable," "fair," "quality," "diverse," and "maximum access" were concepts that had been discussed during his ten years on the Board. People may differ slightly in their use of the words, but they were not difficult concepts and there had not been big arguments about the words. While individuals may have different perceptions of the words, the public and the courts understand what is being discussed.

President Spector suggested that Associate Vice President Vicki Washington follow up on the diversity question. She said that there is not a definition in Regent policy. A working definition exists in internal policies and procedures. Essentially, the definition is "any human difference." How this is measured depends on the information available. Some tracking is done by race, ethnicity, and gender for affirmative action purposes.

Later during the meeting, Regent Drew returned to Regent Higgins' question about diversity, saying that he had noted only one reference to diversity in the document describing the personnel systems; he said that he would be opposed to any personnel system that did not recognize diversity as an important goal and UW System's longstanding commitment to diversity.

Regent Higgins said that he wanted to clarify his earlier comment. He said that Regent Drew was right, that diversity is an important goal. However, one of the tenets of management is "if you don't measure it, you're not managing it." If there is no definition, then it cannot be measured. Regent Higgins said that what Regent Walsh said about diversity was probably correct; Regent Higgins said that he was looking at policies and other sources to find a definition, as he did not have working definition in his head.

President Spector commented that the question Regent Higgins raised, particularly as a new member of the Board, was a valid one. The question presents an opportunity to relate to Regent Higgins and others the policies and extensive measures that do exist. President Spector said that he would ensure this information was provided to Regent Higgins.

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UPDATE ON LEGISLATIVE TASK FORCE ON UW RESTRUCTURING AND OPERATIONAL FLEXIBILITIES

President Spector thanked Associate Vice President Crist and all presenters. He then called upon Regent Falbo for his update as chair of the legislative Task Force on UW Restructuring and Operational Flexibilities.

Regent Falbo started by saying that personnel systems had also been taken up by the Task Force the day before. Therefore, he would focus his update on other aspects of the meeting.

Regent Falbo said that the Task Force also heard presentations regarding the relationship between the UW Colleges and the Wisconsin Technical College System and transfer within the UW System and between the UW and the Technical College System. UW Colleges and UW-Extension Chancellor Ray Cross discussed several recommendations to enhance transfer, including the creation of statewide articulation policies and agreements and the development of boilerplate articulation agreements for early (as opposed to more advanced) classes. He emphasized that articulation agreements are the key to easing transfers.

Interim Senior Vice President for Academic Affairs Mark Nook discussed with the Task Force the many existing articulation agreements. Regent Falbo said that these agreements can be viewed in two ways: the many agreements may suggest either progress or inefficiency.

The UW Transfer Information System (TIS) was also discussed with the Task Force. TIS allows students, advisors, and others to understand exactly what courses will transfer to the UW or WTCS institutions, Regent Falbo said. The Task Force discussed the strides that both the UW System and the Technical College System made over the last decade to improve transfer, the

need to continue to enhance transfer opportunities, and the need to have a boilerplate agreement for some higher-level classes. Among the other conclusions the Task Force reached was that heightened leadership is needed to support transfers at all levels and that articulation agreements could be established at the Board level.

Regent Falbo said that the Task Force was going to start drafting positions. Also, at the next Task Force meeting, there would be a presentation from Associate Vice President David Miller, as well as a representative from the Department of Administration, about the capital planning and building process.

As he closed his report, Regent Falbo acknowledged Kris Frederick, from the UW System Office of Budget and Planning, who he said had done a tremendous amount of legwork in providing information to the Legislative Fiscal Bureau, to Regent Falbo, and to the Task Force. Responding to a question from President Spector, Regent Falbo said that the Task Force would next meet in April and would meet every month through July.

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REPORT OF THE PRESIDENT OF THE BOARD

President Spector introduced his report to the Board, saying that he had two subjects: a follow-up to the February meeting, and a new proposal.

Update on Recommendations of the Ad Hoc Committee on Board Roles and Responsibilities and Ad Hoc Work Group on UW System Structure and Governance

First, President Spector recalled that in February the Board had heard from Regents Smith and Bradley, respectively, on the reports of the Ad Hoc Work Group on UW System Structure and Governance and the Ad Hoc Committee on Board Roles and Responsibilities. President Spector noted that follow-up work was occurring on both fronts. On the Structure and Governance front, Board Secretary Jane Radue and Assistant Secretary Jess Lathrop were revising Board policy, as necessary, to implement the recommendations regarding institution-level advisory councils. He expressed the hope that the Board would consider the proposed revisions soon.

With respect to the Committee on Board Roles and Responsibilities, President Spector noted that the Board meeting was scheduled to begin at 9:00 a.m., rather than 10:00 a.m., so the Board was already implementing that committee's recommendations. He suggested that the combination of the Bradley Committee recommendations, and other ideas that he and Secretary Radue would be bringing forward, would enhance the substance of the full-Board and standing-committee meetings. In addition, he said that Secretary Radue would work with the standing-committee chairs and System Administration staff who work closely with those committees to ensure that the primary emphasis of the committees would be on matters that require Board approval. President Spector said that he had also asked Ms. Radue to work with the staff of the standing committees to devise a new format for written committee reports that would be

provided to Regents after committee meetings and before Regents vote on committee recommendations.

Referring to another of the Roles and Responsibilities recommendations, President Spector said that the Board's bylaws had been changed to reflect the Board's vote in February to create the Research, Economic Development, and Innovation Committee. President Spector said that he was looking forward to that committee's first meeting in Superior in April when, among other things, the committee meeting would highlight the important work of System institutions in research and economic development.

Proposal for New Board of Regents Award

Introducing his second item, a new proposal, President Spector said that he hoped the proposal would be one that Regents would agree is fitting for the current times. President Spector said that he and President Reilly, the originator of this idea, recommended the creation of a new category of Board of Regents award, which they suggested be called the Regents Award for Distinguished Service to the University of Wisconsin System. The award would be given by the Board for significant contributions or service to the UW System. It was designed to be an external award and, unlike the Regents' other awards, may or may not be given annually. Rather it would be reserved for the recognition of a demonstration of extraordinary commitment and dedication to the advancement of the System. Also, in contrast with existing Regent awards, the Distinguished Service Award would not be monetary in nature.

Regent Spector referred Regents to the description in their packets of proposed criteria for the new award. He said that the Distinguished Service Award would be an important way for the Board to honor contributions to the UW System as a whole. The Board's other awards, the Teaching Excellence, Academic Staff Excellence, and Diversity Awards, were designed to honor service to individual UW System institutions and their students. The events of the past year were a reminder that the UW System is a tremendous asset to the state of Wisconsin. In recognizing those who make special contributions to the UW System, the Board reinforces the value of the System itself. President Spector said that he thought that this was a very worthy objective, and necessary at this time. He then welcomed comments on the proposal, saying that depending on the comments, he would make a resolution to move it forward.

President Spector recognized Regent Whitburn, who asked if consideration had been given to a venue for presenting the award. President Spector said that the criteria indicated that the award would not be given in absentia, so the award presumably would be given at a Board meeting. He asked if Regents would be comfortable with this, or if perhaps another special occasion should be identified. Regent Bartell asked if the recipient would receive anything other than a piece of paper, and President Spector said that something could be identified.

Regent Crain asked whether the award recipients would be determined in the future through a committee structure, as had been done with the Board's other awards. President Spector asked Secretary Radue whether she had a comment on this, and she replied that the criteria, as currently structured, anticipated a full-Board decision. President Spector reiterated that the process called for a nomination and discussion, but that consideration could be given to

delegating this to a standing committee for a first look. He said that he had thought that the decision would be made by the full Board, as it would be something not done often, but when it was done, it would be very meaningful.

Regent Bradley commented that he was very supportive of the concept of the award and thought it was a good opportunity to recognize outstanding contributions.

Regent Roberts, recalling other awards in other situations which had been given by a president or by a chairman of a board, wondered whether the nomination ought to come from the President of the Board because it is a significant award. President Spector indicated that he was envisioning that any member of the Board could make the nomination, but consideration could be given to whether the President should have a special responsibility in this area.

President Spector then moved approval of Resolution 10037, establishing the new award; Regent Falbo seconded the motion, which was adopted unanimously on a voice vote.

Authorization to Establish the Regents' Award for Distinguished Service to the University of Wisconsin System

Resolution 10037: That, upon the recommendation of the President of the Board of Regents and the President of the UW System, the Board of Regents establishes the Regents' Award for Distinguished Service to the University of Wisconsin System, to be given in recognition of extraordinary commitment, dedication, contributions, or service which have significantly advanced the University of Wisconsin System.

President Spector thanked Regents for their support of the motion and thanked President Reilly for the original idea. President Reilly expressed his thanks, as well, saying that the new Distinguished Service Award would be a great addition and a way of honoring people who help the citizens of the state by helping the University of Wisconsin System.

Later during the meeting, President Reilly displayed a khanjar, the traditional dagger of Oman, jokingly suggesting that something similar would be suitable recognition for the award recipients. A khanjar is a ceremonial piece that Omani men wear when they dress up. President Reilly said that he and Chancellor Wells had recently returned from Oman, where UW-Oshkosh, UW-Madison, and UW-Platteville are working to help develop the higher education system.

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REPORT OF THE PRESIDENT OF THE SYSTEM

Posters in the Rotunda

President Reilly began his report by saying that the day before had been a busy day at the Capitol. In addition to hosting the Legislative Task Force on the UW, the Capitol was also the site of the ninth annual Posters in the Rotunda event. More than 200 students from all around the System, as well as their faculty mentors, were there to share their original research with

legislators and others. President Reilly, having visited some of the displays, said that the work being done was very impressive. The research topics of these undergraduate students included everything from orangutan nesting preferences in Indonesia, to improving health care delivery in the Department of Corrections, to horror and humor in the Simpsons.

President Reilly said that attendees also heard a brief presentation by UW-Superior student Kenneth Chong, a senior majoring in transportation and logistics management and assisting in research on the feasibility of the Great Lakes Commercial Fleet converting to natural gas as a primary fuel. Mr. Chong was named the 2011 CFIRE Student of the Year. CFIRE is an acronym for the Center for Freight and Infrastructure Research and Education at UW-Madison.

President Reilly commented that through academic research and development, the UW System can be a shining example of the creative thinking, innovation, and entrepreneurial work necessary for economic recovery and future growth.

Update on Recent Events

President Reilly said that the System continued to be busy interacting with the legislature and the Governor's office. Regents, chancellors, other key UW leaders had been actively engaged in good dialogue. For example, Regent Higgins, Special Assistant Jessica Tormey of the External Relations group, and President Reilly met with the Governor's Deputy Chief of Staff, Ryan Murray. On the day of the Superior Days reception, UW-Superior Chancellor Renée Wachter met with the secretaries of the Department of Administration, Department of Revenue, and Wisconsin Economic Development Corporation, as well as four congressional-office representatives and a dozen senators and representatives

President Reilly closed his remarks with a reading of a poem entitled, "Politics," written in 1938 by W.B. Yeats.

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At 11:45 a.m., the Board meeting was recessed until 12:20 p.m.

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RESOLUTIONS OF APPRECIATION

President Spector announced that two former Regents -- Stan Davis and Betty Womack -- would be honored at the meeting. Both left the Board the prior year, Regent Davis, because his term as President of the Wisconsin Technical College System Board was at an end, and Regent Womack, because she relocated to Texas. Although it would have been preferable to honor them in person, it had not been possible. Therefore, President Spector read the resolutions of appreciation for each of them.

Resolution of Appreciation for Regent Emeritus Stan Davis's Service on the Board

Resolution 10038: WHEREAS, Stan Davis served with distinction as a member of the University of Wisconsin System Board of Regents, from 2009 to 2011; and

WHEREAS, Stan, wearing the two hats of UW System Regent and Wisconsin Technical College System Board President, worked to enhance the partnership of these two nationally recognized public higher education systems, both of which are critical to developing a highly skilled, 21st-century workforce for the state; and

WHEREAS, Stan established – at a notably youthful age – a distinguished law career, including having served as chief legal advisor for Governor Doyle's administration, being named a partner in a Madison law firm, and serving as an adjunct professor at the UW Law School; and

WHEREAS, Stan has served on numerous prominent community boards, including the Foundation Board for his alma mater, UW-La Crosse, to help others achieve the benefits of a UW education; and

WHEREAS, Stan participated on several Regent committees, including the Academic Staff Excellence Awards Committee in which he helped the UW System shine a deserving spotlight on the inspiring achievements of UW academic staff, and the Capital Planning and Budget Committee in which he helped the UW System act as an effective, efficient steward of fiscal and capital resources; and

WHEREAS, Stan helped to identify another top-quality chancellor for the Yellowjacket community through his service on the UW-Superior chancellor selection committee; and

WHEREAS, Stan's passion for helping young people of color become financially independent fueled his insistence that the UW System redouble its efforts to reduce and eliminate the achievement gap for students of color and low-income students – an area of accountability of fundamental importance to enhancing the quality of life for future generations;

BE IT THEREFORE RESOLVED that the Board of Regents of the University of Wisconsin System hereby commends Stan Davis for his outstanding commitment to higher education in Wisconsin.

Resolution of Appreciation for Regent Emerita Betty Womack's Service on the Board

Resolution 10039: WHEREAS, Betty Womack dedicated three years of exemplary service as a Regent of the University of Wisconsin System, from 2008 to 2011; and

WHEREAS, Betty brought her extensive knowledge of secondary education to the Board of Regents table, having spent her career in the field of education, as counselor, administrator, and adjunct professor, and was recognized in 2007 with the Wisconsin Association of School District Administrators Service to Wisconsin Award; and

WHEREAS, as chair of the Regents Teaching Excellence Awards Committee, Betty was deeply inspired by the gifted teachers receiving the award, and the creative energy and passion for their craft that they share with their students, their colleagues, the campus community, and beyond; and

WHEREAS, Betty served on all three Regent Awards committees during her tenure – Teaching Excellence, Academic Excellence, and Diversity – and in all cases demonstrated a contagious enthusiasm for the outstanding contributions of UW educators; and

WHEREAS, Betty served as an effective steward of state and university resources as a member of the Business, Finance and Audit Committee, and helped select able chancellors for UW-Green Bay and UW-Platteville; and

WHEREAS, Betty was actively involved in the community, serving on the board of Hope Street Ministries and as project coordinator for Wings, a Milwaukee grassroots service organization; and

WHEREAS, Betty has been a steadfast proponent of maintaining high-quality, affordable public higher education for UW students, holding a particular concern for the number of minorities who are transferring into post-secondary education, with a focus on ensuring a smooth transition;

BE IT THEREFORE RESOLVED that the Board of Regents of the University of Wisconsin System commends Betty Womack for her distinguished service on behalf of higher education in Wisconsin and wishes both her and her husband, the Rev. Rolan Womack, well in their return to their home town of Houston, Texas.

Each resolution was met with applause, and Board members adopted both resolutions by acclamation.

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PRESENTATION AND DISCUSSION: FINANCIAL AID AND ITS RELATIONSHIP TO TUITION AND NET PRICE

President Spector turned to President Reilly to provide context for the day's second major topic, financial aid and its relationship to tuition and net price.

Background

President Reilly observed that the UW System had established a strong record for holding down costs. While the cost of educating UW students had tracked relatively closely with the consumer price index over the past 30 years, state funding for higher education had declined in inflation-adjusted dollars. He said that this phenomenon was not unique to Wisconsin. As a result, students and families in Wisconsin and other states are shouldering an increasingly larger share of the cost in the form of tuition.

President Reilly noted that the cost of obtaining a college education was a prominent topic nationally. A new report from the Federal Reserve Bank of New York indicated that the total balance nationally of student loans was \$870 billion, more than the total credit card balance and the total car loan balance nationally. President Reilly said that the rise in student loan debt was not a new trend or a new issue for the UW System, which had passed along relatively modest tuition increases while maintaining a reputation as one of the nation's most respected and efficient systems of higher education.

He recalled that about a year before, the Board had hosted a discussion about college costs and net price by Dr. Sandy Baum from the College Board. She said that, contrary to popular perception, the average net price that students pay for college tuition and fees is actually less than it was five or ten years before. She pointed out that for 2010-11 the national average published price ("sticker price") for tuition and fees for an in-state student at a four-year public institution was \$7,610. However, the average net price, or the price actually paid after subtracting grant aid and federal tax credits, was \$1,540.

In the College Board's most recent report, the average published tuition and fees for full-time students ranged from \$5,150 at "open-admission" public institutions to \$8,650 at the most selective public four-year universities. In the same report, the average net price, after subtracting grant aid from all sources, federal education tax credits, and deductions, ranged from \$640 to \$4,280.

President Reilly said that the net price calculation is meaningful on some level, but offers little solace to families whose declining incomes and depleted savings leave little room to pay for any college at all. It also does not begin to address the fears about sticker shock and the perception that college may be unobtainable. President Reilly introduced Interim Senior Vice President Nook to continue the discussion.

Policy Issues Related to the Cost of Higher Education and Financial Aid

Beginning his remarks, Dr. Nook thanked Heather Kim, Associate Vice President for Policy Analysis and Research (OPAR), and her team for compiling financial aid information. He also specifically acknowledged the work and preparation of Bob Jokisch Special Assistant to the Senior Vice President; Kevin Welch, from OPAR; and Budget Analyst Kris Frederick. He indicated he would be joined in presenting by three financial aid officers, who would form a panel of experts: Kathy Sahlhoff from UW-Eau Claire, Susan Fischer from UW-Madison, and Jane Hojan-Clark from UW-Milwaukee.

Senior Vice President Nook said that financial aid is vital to the success of the *Growth Agenda for Wisconsin*, which envisioned 80,000 more graduates than the System would produce if it stayed at 2009 levels, more jobs, and stronger communities. To do these things, it is necessary to educate a broader swath of the state's population. This means ensuring that tuition, room and board, and all fees that students pay are affordable, whether through a larger state appropriation to hold down tuition and other costs or financial aid to offset the costs for students who most need the help.

Referring to Dr. Nook's remarks so far, Regent Higgins asked about the need for more graduates if the number of jobs was not growing. Senior Vice President Nook said that, for example, the availability of graduates in high-tech areas makes it easier for high-tech industries to look at the state favorably. President Reilly added that one of the goals of the *Growth Agenda* was more graduates, and another was more jobs. Both are needed at the same time.

Dr. Nook asked Regents to consider several big-picture questions: (1) how should student debt be considered, relative to other debt that people incur, such as auto loans or mortgages; (2) how to balance the public good of public higher education versus the private good to the student; and (3) what the roles of the Board of Regents should be in state and national policy discussions on the cost of an education and financial aid to help offset the costs.

Dr. Nook indicated that, especially over the last decade, the state share of revenue on a per-student basis had become flat, and it had been necessary to fill in with tuition revenues to adequately educate students. Therefore, tuition has been rising more rapidly than the cost of inflation. In response to a question from Regent Higgins, Dr. Nook indicated that amount of absolute dollars from the state had increased in most years, but between more students and the inflation rate, the state's contribution per student had become flat. In response to another question, he said that the cost to the student had grown dramatically compared with the Consumer Price Index (CPI). Staying with the CPI, tuition would have been about \$4,000 lower than it is.

Sticker Price, Net Tuition, and Net Cost of Higher Education

Senior Vice President Nook said that he would discuss sticker price, net tuition, and net cost. Sticker price includes tuition, fees, and room and board. Some other student costs, such as travel, books, and supplies, are harder to estimate. Net tuition is tuition and fees, minus any

grants. Loans are not included, because they have to be paid back with interest. Net cost is tuition, fees, room and board minus grants.

Referring to a slide, Dr. Nook said that net tuition had risen significantly over a 30-year period, and especially in the last decade, to about \$4,200. The sticker price for the comprehensive universities is just under \$13,000; in 2010-11 grants reduced the sticker price by \$2,253 or about 17%. In response to a question from Regent Whitburn about whether differential tuition was included, Dr. Nook said that it was and explained that the data included everything -- for undergraduates only and only for the UW comprehensives -- and then a weighted average was calculated. He also noted that the national data that President Reilly had quoted included tax offsets; since these were difficult to estimate for Wisconsin, they were not included, but they would change the data.

Dr. Nook also focused on the UW Colleges, saying that the Board of Regents had frozen the Colleges' tuition over the past few years. Net tuition -- what students were actually paying -- had gone down by about \$1,000 over the prior three years, even though the sticker price had not changed. The reason was that Pell grants increased, and there were more students in the Colleges with need.

Financial Aid for Undergraduate Wisconsin Residents

The source of the offset between sticker price and net tuition or net costs is largely financial aid for Wisconsin residents. Dr. Nook said that the focus of his remarks was on Wisconsin-resident undergraduates. Eighty percent of the financial aid that they received came from federal sources, 9 percent from state sources, 5 percent from institutional sources (the individual university), and 7 percent from others (e.g., private foundations). The form of support was loans, work study, or grants. Dr. Nook said that, unfortunately, 62 percent of the support was in the form of loans, 37 percent in the form of grants, and one percent in the form of work study. Work study is mostly funded by the federal government.

As for grants, two major grants are the federally-funded Pell Grant and the Wisconsin Higher Education Grant (WHEG). In the undergraduate population, 43,000 recipients have average grants of about \$3,700. For the WHEG, 30,000 students average just under \$2,000. Compared to Minnesota, with tuition and fees of about \$400 different from UW comprehensives, more need-based state-grant dollars are available in Minnesota: \$742 in Minnesota and only \$403 in Wisconsin.

When considering the students who have need according to the federal formula, unmet need after subtracting grants and before applying loans was about \$1,600 or \$1,700 in 1981-82. In 2010-11, the average unmet need for students with need was just over \$9,000. In response to a question about the unmet need of those who did not enroll, Dr. Nook indicated that there was no way to track such individuals.

Regent Higgins asked about local scholarships, such as from the Lions Club and similar organizations; and Regent Whitburn asked about estate plans that provide funds to send students to the UW. Dr. Nook indicated that the local funds or other funds going directly to a student

were likely not included in the data. However, funds donated to a UW foundation, for example, would be transferred to financial aid resources and would be tracked. Ms. Sahlhoff clarified that for private-donor scholarships, it is a good practice for a donor to have the check co-signed by the university and the student, which does allow these funds to be tracked. Ms. Fischer added that students are also told to notify the financial aid office of outside resources. Dr. Nook, in response to a follow-up question from Regent Whitburn, said that if the funds come through the financial aid office, they would be included in the data being presented.

Regent Higgins recalled hearing in the past about large amounts of financial aid being unused. Panel members suggested that they were familiar with this notion but that it was urban myth.

Regent Pointer asked about how students' financial need is assessed, and whether the formula had changed. Ms. Hojan-Clark said that "need" is the institution's cost of attendance minus the family contribution; it is a federal methodology. Ms. Fischer indicated that various components had changed from year to year, but the general concept had not changed in years and was standard across the country.

Regent Bradley asked about the concept of unmet need, and whether unmet need means a student does not attend college. Ms. Hojan-Clark observed that in the best-case scenario, all financial need would be met. However, this had not happened since 1978. True unmet need results after grants, loans, work, and scholarships have all been applied, and there is still need. Senior Vice President Nook reiterated that what he was describing was unmet need without the loans. For those students who have need, the average was about \$9,200 in unmet need that would be filled in with other sources, such as loans, students working more hours, or parents' loans.

Dr. Nook went on to describe the trends in grants and loans over the prior 30 years, using data on state and federal loans. The average grant essentially followed the CPI. Loan averages have been beating the CPI, meaning that students are carrying more debt than they did in the past. During the 1993-to-1995 period, a big step up in loans occurred; the federal government in 1992 made unsubsidized, non-need-based Stafford Loans available to students, and many took advantage of this.

Regent Walsh asked about students who do not have unmet need under the federal formula because their family has resources, but in actuality the family is not contributing. Dr. Nook said that they were included in the data because they have loan debt which, in this instance, is considered non-need-based. About 54 percent of federal loan dollars are for non-need-based loans.

Moving to a slide about cumulative debt, Interim Senior Vice President Nook said that in 1984-85, about 62 percent of UW graduates had loan debt when they graduated. This is now up to 71 percent, an increase of about 10 percentage points over 25 years. Also, in 1988-89, only 5 percent of loan dollars were for non-need-based loans; almost all of the loan dollars were helping to meet need. In 1992-93 things changed, and students could not take out Stafford unsubsidized loans for non-need-based purposes. Starting in 1992-93, non-need-based loans were at about 16

percent; this has since climbed to 48 percent, meaning that almost half of the total loan dollars are for non-need-based debt.

Regent Walsh asked if the interest rates on Stafford loans were so low that there was an incentive to take out a Stafford loan and invest the money. Ms. Hojan-Clark noted that in the late 1970s this may have been the case, but not in the recent past. Dr. Nook referred to the difference between subsidized and unsubsidized Stafford loans, and Ms. Fischer indicated that with subsidized loans interest begins to accrue after students graduate or drop below half-time. With unsubsidized loans, the interest accrues while the student is in school and they can choose to either defer those payments or make payments while in school, if possible. The subsidized loans are available to students who have financial need. The unsubsidized are typically available to students who do not have financial need.

Senior Vice President Nook referred to a chart showing Wisconsin resident undergraduates completing a bachelor's degree who had debt load at the time of graduation. In 1982, these students were carrying just under \$5,000 in debt when they graduated; now that number is \$27,000.

In response to a question from Regent Higgins about the correlation between debt and time to degree, Dr. Nook indicated that there did not appear to be a strong correlation between the two. He noted, however, that there was a correlation between the lowest amount of debt and the lowest family income. He indicated that some people qualify for some aid, but not a lot of aid, and are taking out loans to cover the gap. Ms. Sahlhoff offered a comment that highlighted the importance of recognizing that although the data being discussed were for graduates, a large amount of debt is carried by people who do not go on to graduate.

Regent Sherven asked about expected family contributions (under the federal formula) and what happens when families cannot meet the expectation and the parents take on private debt. Dr. Nook said that the panel of experts present at the meeting would be able to describe the typical financial aid package for students at each of their campuses.

Interim Senior Vice President Nook showed a final slide, showing the student-loan default rate for all students, including those who do not graduate. In Wisconsin, UW System students have about a 2.8-percent default rate, while nationally, the rate is 8.8 percent. He noted that the data also show that graduates are much better at paying back their loans than are non-graduates. In response to a question about for-profits, Dr. Nook indicated that the data included for-profit students, but the total population of for-profit privates with debt, as a percentage of total debt, is the smallest group.

UW-Eau Claire

Kathy Sahlhoff, the financial aid officer at UW-Eau Claire, began her formal presentation by describing the basis for financial eligibility. Generally, the basis is cost of attendance minus the family contribution. The family's contribution stays the same no matter what school the student attends, but the cost of attendance changes. The cost of attendance is dictated by the federal government and includes tuition and fees, room and board, books and supplies, transportation, and personal and miscellaneous expenses. The cost of attendance differs between

the different schools, as living costs are different in Eau Claire than they are in Milwaukee, for example.

At UW-Eau Claire in 2011-12 the cost of attendance was \$17,334. Ms. Sahlhoff showed examples of student financial aid awards for incoming Wisconsin-resident undergraduates, based on various assumptions. The examples illustrated that the amount and composition of awards varied significantly, depending on such factors as family income and family contribution, whether both parents are working, number of family members, participation in the Wisconsin Covenant program, whether a student applied early, whether the paperwork was complete, the availability of supplemental grants, etc. Among other things, the examples illustrated that grant aid declines as expected family contribution increases.

Also, using one of the example cases, Ms. Sahlhoff said that in the case of a family earning about \$67,000 with a family contribution of \$5,500, even if they apply on time, turn in all their paperwork, are a confirmed Wisconsin Covenant Scholar, and take out the maximum loan amount offered, the student still has about \$2,400 of unmet need. This is a best-case scenario. If an applicant is late, for instance, the WHEG, supplemental grants, and Perkins and work-study funds can be exhausted and no longer available to meet the basic level of need.

The federal formula is complex. Also, many of the federal and state financial aid programs are awarded based on family contribution, and not the cost of attendance. Thus, the amount the student is eligible for in a Pell grant, a Wisconsin Covenant grant, a Wisconsin Higher Ed grant, or a Stafford loan, for instance, stays the same no matter which school within the UW System the student attends.

Looking at students from 2009-10, research at UW-Eau Claire showed that 86 percent of students who were Pell-grant eligible (high-need, low-income students) borrowed an average loan of over \$5,200. A cohort of students who just missed Pell eligibility borrowed about \$2,000 more. Of those who were not Pell-grant eligible, 50 percent did not borrow at all, and 50 percent did. This research informed the proposal for carving out of the UW-Eau Claire differential-tuition revenue 37 percent for a hold-harmless grant. Students who received a hold-harmless grant received a grant for the amount of the differential; for 2011-12, that was a \$600 grant.

UW-Eau Claire also has a small amount of money for a special-needs grant, which Ms. Sahlhoff said is unusual for a comprehensive institution. It allows the university to target money to make a difference for access. She provided several examples, including a case in which a student's father found a new job, but the job did not have health insurance; the family had high medical expenses and were about to lose their home. A grant helped the student meet his unmet educational expenses.

Ms. Sahlhoff described an additional type of financial aid carved out of differential tuition: a new scholarship fund for study abroad. Research showed that lower-income students were not participating at an equal level in study-abroad and other global experiences. Ms. Sahlhoff concluded that UW-Eau Claire was doing what it could to ensure that differential tuition does not prevent access.

UW-Madison

Susan Fischer, the financial aid officer from UW-Madison, began her remarks by commenting on the concept of the expected family contribution. Since about 1988, this amount had not actually been the amount parents had the ability to pay but, rather, was a rationing tool or a relatively scale.

Ms. Fischer said that the UW-Madison cost of attendance was about \$23,000, including room, board, tuition, books, pizza, laundry, etc. Ms. Fischer described a table showing levels of unmet need, noting that some Madison Initiative for Undergraduates funding was now available for students from the lowest-income families; unsubsidized loans were also being used for this group. Other sources of funds unique to Madison include up to \$400 maximum available for grants from the Vilas Trust; revenue from sales of Bucky license plates; royalties from Badger products; Big Ten media grants; and the kindness of strangers who donate funds. UW-Madison's Great People campaign had generated some revenue recently, but Ms. Fischer suggested that improvement was needed in this area.

Ms. Fischer responded to questions from Regent Walsh about a slide showing Big Ten comparisons. Ms. Fischer remarked that Iowa has lower tuition than UW-Madison, but a higher average debt load for students. Some Big Ten institutions are able to use a percentage of tuition for need-based aid. Ms. Fischer said that being able to use the differential or tuition as part of need-based aid was a powerful tool. The Madison Initiative money started in 2009 and had a huge impact.

Citing recent data, Ms. Fischer said that over 7,600 students this year received some money from the Madison Initiative for Undergraduates; 3,000 of those received gift aid for the first time. This was the group in the middle that just missed eligibility for Pell, WHEG, and other sources. UW-Madison, like UW-Eau Claire, has a hold-harmless grant (to offset differential tuition), which 6,000 students receive. Ms. Fischer said that the differential would be capped at \$20 million, with half of the money going for aid, and the other half for advising, etc.

Ms. Fischer showed a slide showing that the percentage of UW-Madison students taking out loans was only about 15 percent and had stayed relatively steady. Seventy percent of UW-Madison students who access unsubsidized Stafford loans have less than \$200 of need, so they were borrowing without need. Out of \$37 million of unsubsidized undergraduate Stafford loans, \$20 million per year goes to students with no financial need. Ms. Fischer hypothesized various reasons for this: some students take out the loans when their parents are not contributing, parents' assets lost value in the economy, students are living in a better manner than is befitting a student, or students are earning multiple majors and taking longer to graduate.

In response to a question about the Covenant program, Ms. Sahlhoff indicated that beginning the next year, additional 8th-grade students would not be allowed to sign up unless legislative changes were made. She opined that the theory behind the Covenant program was wonderful, but the administration of the program could have been tighter. The program was confusing to families, middle schools, and high schools. She expressed hope that in the near

future a program like the Covenant would be more thoughtfully developed and implemented, because there is a need.

UW-Milwaukee

Jane Hojan-Clark, the UW-Milwaukee financial aid officer, began her remarks by saying that her presentation would touch on financial aid data showing decreasing grant and gift assistance and increasing student indebtedness, as well as other circumstances or issues specific to UW-Milwaukee.

Showing a slide similar to those of UW-Eau Claire and UW-Madison, Ms. Hojan-Clark noted that the cost of attendance at UW-Milwaukee for 2011-12 was about \$24,800. Costs reflect the requirement that UW-Milwaukee freshmen live in a residence hall, and may also reflect somewhat higher transportation costs than for students at some other campuses. UW-Milwaukee attempts to employ as many students on campus as possible, totaling several thousand, with a small fraction being work-study funded students. The vast majority are working off campus and need to get to and from work.

UW-Milwaukee educates and graduates more Wisconsin residents than any other university in the state, Ms. Hojan-Clark said. Of those students, about 80 percent, or 24,000 out of 30,000, depend on some form of financial assistance. About one-third of UW-Milwaukee's financial aid recipients are the neediest of the needy, Pell recipients.

UW-Milwaukee awards aid on a first-come, first-served basis, as other institutions do. Wisconsin Covenant grants accounted for a very small proportion of aid during 2011-12. Because UW-Milwaukee has such a significant population of needy students, it had almost 1,400 students on a waiting list for Wisconsin Higher Education Grants. Some of those students could get a Tuition Assistance Grant or Tuition Increase Grant, but the maximum for that is \$800 at UW-Milwaukee, so this would not offset what a student might have received in Wisconsin Higher Education Grant funds. Campus-based funds, such as the Supplemental Education Grant, Perkins loan, or federal work study, are available, but are also awarded on a first-come, first-served basis. Many needy disadvantaged students are first-generation college students who many not apply early enough to receive some of the funds.

Regent Walsh asked whether financial aid officers had considered whether there is a better way than first-come first-served to allocate the limited resources that are available, since the first-generation neediest students may not be in the first wave of applicants because they do not know about the application process.

Ms. Hojan-Clark replied that there was one program over which financial aid officers have some limited control. They had attempted to tweak the distribution of Wisconsin Higher Education Grants to address late filers but, ultimately, there are not enough funds relative to the growing level of financial need.

Ms. Fisher offered that UW-Madison does not award on a first-come first-served basis. The institution has three different populations of students and sets aside enough money for each of those populations. UW-Madison has a more standardized population than UW-Milwaukee

does; UW-Milwaukee may have students admitted much closer to the start of the school year than would UW-Madison. Ms. Hojan-Clark observed that UW-Milwaukee is an access institution. Students may be admitted in June or July who are just then completing their financial aid application process. If they are chosen for the financial aid verification process, obtaining tax returns and completing the process takes time.

Asked how students are meeting large amounts of unmet need, Ms. Hojan-Clark stated that some students live at home and commute, some look for alternative living arrangements near campus, some are working more, some turn to alternative loans, and some attend only part-time.

Referring to the differential-tuition-funded need-based programs at UW-Eau Claire and UW-Madison, Ms. Hojan-Clark said that this was something that had been and would continue to be discussed at UW-Milwaukee. She said that UW-Milwaukee's alumni friends and corporate partners had been extremely generous in the recent past. However, the market performance for endowed dollars or investments had not been good recently, which affected the dollars available. She said that she believed that continued progress would be made in seeking philanthropic support.

Ms. Hojan-Clark mentioned that the federal formula is adjusted from year to year. Currently, a family income of \$33,000 or less means an automatic zero expected family contribution. She said that the formula would be changed the following year, such that the cut-off would be \$23,000. Families with between \$23,000 and \$35,000 of income would be eligible for less. She also noted that the average family income for UW-Milwaukee applicants was \$60,000. However, a good portion of UW-Milwaukee's population comes from the Milwaukee area or southeastern Wisconsin. The average income for city-of-Milwaukee applicants was \$43,000, compared with \$70,000 for out-of-city applicants. The expected family contribution is becoming smaller, which is an indicator of declining financial strength of families. This contributes to increased borrowing.

Ms. Hojan-Clark commented on the increasing difficulty of parents' securing loans because of poor credit histories. In the past, parents were able to depend on home-equity loans, but this ability has decreased.

Noting another way in which UW-Milwaukee may be unique compared to UW-Eau Claire or UW-Milwaukee, Ms. Hojan-Clark again referred to UW-Milwaukee's access mission. Among incoming freshmen in 2011, 51.2 percent placed in some type of developmental education program. A growing need for remediation for entering students leads to extended time in school. Key to success is ensuring that students complete remedial work in the first year, and that they focus on math. Also important is providing hands-on support for this population of students. One aspect of this has been building partnerships with Milwaukee Area Technical College. These issues have a direct correlation to costs and cost containment at UW Milwaukee.

Board Discussion

Interim Senior Vice President Nook invited additional questions on the presentations. Regent Crain observed that the process of applying for financial aid must seem very complex to

parents. She wondered what was being done to assist parents at a time when it is increasingly difficult to finance counselors. Dr. Nook agreed that the process was complex, and would be especially so for a student coming from a home where parents were not engaged in the process. Ms. Hojan-Clark mentioned a program that assists families and students in completing their Free Application for Federal Student Aid (FAFSA); however, this is only one part of the entire process of applications, admissions, and other components. It is a complex process.

In response to a question from Chancellor Gow about the dramatic decrease in public support for higher education, Interim Senior Vice President Nook said that public funding for higher education has continued to go up in real dollar terms. Enrollments had gone up faster. Less funding from the state has driven up tuition costs and net price. To partially fill those holes, the loan debt is increasing. In addition, when the federal government changes the rules for loan availability, increased student borrowing occurs. Students are graduating with debt of about the same amount as a loan for a nice car, \$27,000; this does not account for the students who left before graduating. The question being considered nationally is what is reasonable debt.

Regent Drew complimented the presenters, saying that in the time he had been on the Board, the financial aid presentation was one of the best he had heard. He commented on the observation that the debt load of those with moderate incomes was greater than that of those of lesser means. He also remarked that resentment occurs when some people are subsidizing others, such as through the Madison Initiative. Students' families, rather than society as a whole, pay for public education; it used to be that education was a common good and society as a whole paid. He expressed the belief that some of the most successful social programs were public education, Social Security, and Medicare, which were universal programs that were not based on a means test. Regent Drew concluded that the good news in the presentation, in addition to the great effort that people are making, was that Pell grants increased; this was a product of the Obama administration, he said. He again complimented the presenters but said that the data demonstrated movement in an unsustainable direction for quality affordable higher public education.

Regent Higgins asked at what point the loans begin to be paid back and what interest rates are charged. Ms. Sahlhoff replied that repayment typically occurs six months after a student either graduates or drops below half-time. She said that interest rates were 6.8 percent.

Regent Bartell noted that it was an objective of the *Growth Agenda* to increase by 80,000 the number of degrees granted by 2025. He asked whether there was a correlation between the level of need of students receiving financial aid and success in earning a degree. Senior Vice President Nook said that this question had not been analyzed yet, but it was one that needed an answer. Regent Bartell recalled a prior presentation by Dr. McPherson, during which it was suggested that students with the greatest need who received financial aid did a better job of getting a degree than those with less need who received aid. This might suggest a different allocation of financial aid than is the current practice.

Senior Vice President Nook said that research being done by a UW researcher, Sara Goldrick-Rab, partially addressed this question. She found that if students lose eligibility for aid, the odds that they will graduate diminish. More work is needed in this area.

Regent Walsh commented that the decision-makers were not facing the consequences of what they were doing. If they cared about the economy, they would not want to produce people with a lot of debt who are unable to build the next economy. At the same time, they are suggesting that more students be educated. States have a higher average median income because they have a higher percentage of baccalaureate degree holders. The UW System embarked on the *Growth Agenda*, but funds were not being provided by the decision-makers, who also were not providing the flexibility to do creative tuition. Regent Walsh said that this was a shame for the students and would be a shame for the state.

Senior Vice President Nook closed his remarks by thanking all presenters, as well as Mr. Frederick and Mr. Jokisch, who had brought all of the data together.

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PREVIEW OF 2013-15 BIENNIAL BUDGET PROCESS

President Spector introduced Senior Vice President Morgan to provide information on the planning process leading into both the 2012-13 annual operating budget for and the 2013-15 biennial state budget.

Senior Vice President Morgan expressed the hope that the cost-containment discussion from February, together with the financial-aid presentation, had laid the groundwork for the next several months, when the Board would take action on both the fiscal year (FY) 2013 annual budget and the 2013-15 biennial budget. He displayed a slide showing some of the forces being exerted on the UW System. He said that the UW System was at the center, focusing on producing more graduates, well-paying jobs, and stronger communities across the state.

As the UW System works to fulfill this mission, it is expected to deliver on performance benchmarks and remain transparent to the public in its reporting, while striving to achieve the right mix of broad access, continued affordability, and high educational quality.

Senior Vice President Morgan said that following the day's meeting, UW System Administration would begin preparing for the discussion at the April meeting about the Board's priorities and a strategic direction for UW System institutions in the next biennium. Additional operational flexibilities would be discussed. The first step in the annual budget process is to bring the distribution-adjustment resolution to the Business Finance and Audit Committee for approval in April.

With no scheduled meeting in May, there would be an opportunity for the Regents to meet individually with the budget staff to ask detailed questions about the annual budget. At the June meeting, Mr. Morgan said, the Board would be asked to approve the annual operating budget for FY 2013, including a schedule of tuition and fee rates for that year. At the same meeting, the Board would undertake a high-level review of the 2013-15 biennial budget request, with action to be taken in August. Also addressed in June would be an action related to the biennial budget for the Higher Educational Aids Board, which administers the Wisconsin Higher Education Grants.

July would present another opportunity for UW System staff to meet individually with Board members to talk about the biennial budget. In August, the Board would take action on the 2013-15 biennial budget. This action recommends the budget to the state Department of Administration, which would review it. The budget will finally be submitted in September, and the Governor's Executive Budget will be formulated and offered in February 2013.

President Reilly added that Senior Vice President Morgan's overview demonstrated the longer-term strategy behind some of the topics discussed at the Board meetings.

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VOTE ON ACTIONS TAKEN BY THE CAPITAL PLANNING AND BUDGET

President Spector turned to Regent Bartell for the report of the Capital Planning and Budget Committee. Regent Bartell noted that a written report had been distributed. He added details in several areas.

Resolution 10040, from UW Eau Claire, seeks authority to lease some space in a building that had recently been acquired by the UW-Eau Claire Real Estate Foundation. The transaction was unusual in that a piece of property became available at a greatly reduced market price. UW-Eau Claire had been looking for a space for its children's center for some time. The current children's center is in a footprint that will be needed for the Education building there. The Foundation will lease the newly-acquired building to the University for the children's center on a 15-year basis with a deceleration rent clause. At the end of this period, the university could acquire the property, which is located about three miles from the center of campus. The project is a substitute for a capital project that had originally been submitted to the students for approval for segregated fees and was now being changed to a lease arrangement.

Resolution 10041, from UW-Madison, would expand the capacity of the Co-Gen Facility Chiller Addition. This is a \$65 million project, most of which is general-fund-supported borrowing, to provide enough capacity for about eight to ten years.

Resolution 10042, from UW-Madison, is the second phase of a three-phase project, the Student Athletic Performance Center. The second phase is the entire McClain Center, the new foundation on the north end of the stadium, new LED fascia boards on the southeast and southwest corners of the stadium, and the stadium's scoreboard and sound system. The second phase is funded with \$30.1 million program-revenue-supported borrowing and about \$3.6 million in gift funds.

Regent Bartell said that Resolution 10043 provided authority for five maintenance-and-repair projects totaling \$14.5 million, most of which would be spent at UW-Milwaukee.

Regent Bartell moved adoption of Resolutions 10040, 10041, 10042, and 10043, all of which had been adopted unanimously by the Capital Planning and Budget Committee. The motion was seconded by Regent Drew and adopted on a unanimous voice vote.

Authority to Lease Space for the Children’s Center and Various Purposes, UW-Eau Claire

Resolution 10040: That, upon the recommendation of the UW-Eau Claire Chancellor and the President of the University of Wisconsin System, authority be granted to request that the Department of Administration execute a lease for 80,938 GSF of space in the Priory for the Children’s Center and various uses by the University of Wisconsin-Eau Claire.

Approval of the Design Report and Authority to Construct the West Campus Cogeneration Facility Chiller Addition and Chiller Installations Project, UW-Madison

Resolution 10041: That, upon the recommendation of the UW-Madison Interim Chancellor and the President of the University of Wisconsin System, the Design Report of the West Campus Cogeneration Facility Addition and Chiller Installations project be approved and authority be granted to construct the project for a total project cost of \$64,621,000 (\$58,805,110 General Fund Supported Borrowing and \$5,815,890 Program Revenue Supported Borrowing).

Approval of the Design Report and Authority to Construct the Student Athlete Performance Center - Phase II Project, UW-Madison

Resolution 10042: That, upon the recommendation of the UW-Madison Interim Chancellor and the President of the University of Wisconsin System, the Design Report be approved and authority be granted to construct the Student Athlete Performance Center - Phase II project at a cost of \$34,980,000 (\$31,330,000, Program Revenue Supported Borrowing and \$3,650,000 Gift Funds) of the total estimated project cost of \$76,800,000 (\$49,200,000 Program Revenue Supported Borrowing and \$27,600,000 Gift Funds).

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

Resolution 10043: That, upon the recommendation of the President of the University of Wisconsin System, authority be granted to construct various maintenance and repair projects at an estimated total cost of \$14,541,300 (\$3,651,300 General Fund Supported Borrowing; \$10,597,700 Program Revenue Supported Borrowing; \$292,300 Program Revenue Cash).

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COMMUNICATIONS, PETITIONS AND MEMORIALS

Regent Emeritus Roger Axtell

President Spector noted that Wisconsin higher education had recently lost a true friend when Regent Emeritus Roger Axtell passed away unexpectedly in Arizona on February 26th at the age of 80. On behalf of the Board, President Spector extended condolences to Roger's family and friends. Regent Emeritus Axtell graduated from UW-Madison in 1953. His lifetime membership in the Wisconsin Alumni Association and membership in the Bascom Hill Society reflected his fond memories of UW-Madison in his undergraduate years and his continuing commitment to UW-Madison.

President Spector said that, although he and Regent Axtell overlapped on the Board of Regents for only one year, they spoke often at Regent meetings and otherwise of Mr. Axtell's years as a worldwide representative of Parker Pen; of his family; and especially of his grandchildren, who lived a block from President Spector in the village of Whitefish Bay. President Spector said that they spoke about one of Regent Axtell's published books, "Do's and Taboos Around the World," a guide to international behavior based on his knowledge of the cultures in the approximately 71 countries in which he traveled on behalf of Parker Pen. Finally, Regent Axtell often spoke of his great pride in having been appointed to the Board of Regents in 1999 by Governor Tommy Thompson; it meant a great deal to him.

Saying that the Janesville Gazette obituary described Mr. Axtell as a gentleman's gentleman, Regent Spector observed that this was how he remembered Regent Axtell -- whether he was presiding at the 2005 Board of Regents Orientation of Regent Judy Crain and himself; advocating at Regent meetings for two of his favorite Regent-related topics, the UW System's annual accountability report and student study abroad and its virtues; sharing his thoughts with the UW Hospital and Clinics Authority Board as chair of its Finance Committee; or mentoring Regent Spector on how best to make a difference as a Regent. Whatever the context, he shared his insights and opinions with a unique charm and tact, emphasizing the positive and the importance of collaboration, never being confrontational, and often illustrating his points with interesting anecdotes and stories. President Spector described Mr. Axtell as "the kind of guy you always hoped to sit next to," whether at a dinner party, a football game, or a Regent meeting.

Mr. Axtell was highly respected by Republicans and Democrats, President Spector said, in part because of his nonpartisan approach and institutional, rather than personal, focus. Above all, President Spector said that he would always remember him as a man of great character who made significant, lasting contributions, both to the city of Janesville and the state of Wisconsin.

President Spector invited comments from others who served with or knew Regent Axtell. Regent Walsh observed that Regent Axtell cared a great deal about the Hospital Authority. In fact, when he was mistakenly not reappointed to the Hospital Authority Board, he was made an emeritus member. Regent Walsh said that at that board's retreat the day before the Board of Regents meeting, everyone had commented that Roger cared so much about the institution, not only about the hospital, but about the University of Wisconsin as a whole and the importance of its research facilities.

Regent Bartell noted that he had been Regent Axtell's successor on the Board of Regents. Saying that Regent Axtell was a wonderful gentleman, Regent Bartell said that he had known Regent Axtell from other contexts for many years, and that he would be missed. Regent Bartell recalled the amusing and useful advice from Regent Axtell that it is not necessary for Regents to keep all of the paper that Regents are regularly given.

Regent Crain said that her term had overlapped with Regent Axtell's final year on the Board, just as President Spector's term had. She learned at that time that his son and hers were in the same medical practice in Milwaukee, and her service on the hospital board also overlapped with his. Saying that he was a joy to spend time with, Regent Crain recalled a time when Regent Axtell was in Green Bay for the Regents meeting there. She sat in on his entertaining presentation to a class about the dos and don'ts of international travel.

Regent Higgins recalled knowing Regent Axtell as the father of a friend and a client of his. He was self-effacing, and a real gentleman. He knew about Mr. Higgins' interest in the UW and would converse with him about it. He made people feel welcome and appreciated. Regent Higgins said that Regent Axtell kindly signed an entire set of "Do's and Taboos" books for him, but only after making sure that Mr. Higgins had read them first.

As the recollections concluded, President Reilly said that he, too, held Regent Axtell in the highest regard. He reflected on conversations that they had and observed that among Regent Axtell's many other attributes, he was a very good writer. Regent Pruitt noted that Regent Axtell was a true gentleman who was generous with his time and intellect, adding that President Spector's remarks had captured well Regent Axtell's many fine qualities.

Professor James Q. Wilson

Regent Pruitt added that he would like to note the passing of another gentleman, Professor James Q. Wilson, who passed away the previous Friday, also at the age of 80. James Q. Wilson did not necessarily have any direct connection to the University of Wisconsin, although thousands of students bought and read his best-selling textbook, "Introduction to American Government." He was, however, in the higher-education business, and was the preeminent political scientist of his generation.

Regent Pruitt said that James Q. Wilson was his doctoral dissertation advisor. The university community benefitted greatly from his presence.

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The meeting was recessed at 3:20 p.m. and reconvened at 3:30 p.m.

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CLOSED SESSION

President Spector called upon Vice President Smith to present Resolution 10044, to move into closed session. The motion was seconded by Regent Manydeeds and adopted on a roll-call vote, with Regents Bartell, Crain, Drew, Evers, Higgins, Manydeeds, Pointer, Pruitt, Roberts, Sherven, Smith, Spector, Tyler, and Walsh voting in the affirmative. There were no dissenting votes and no abstentions.

Closed Session Resolution

Resolution 10044: That the Board of Regents Move into closed session to consider a UW-Oshkosh honorary degree nomination, as permitted by s. 19.85(1)(f), Wis. Stats.; to consider personal histories related to nominations for Regent awards and select award recipients, as permitted by s. 19.85(1)(f), Wis. Stats., and to confer with legal counsel regarding pending or potential litigation, as permitted by s. 19.85(1)(g), Wis. Stats.

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The meeting was adjourned at 4:00 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