

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, WI 53706

Thursday, July 11, 2013
9:00 a.m.

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- President Falbo presiding -

PRESENT: Regents Mark Bradley, John Drew, Tony Evers, Michael Falbo, Margaret Farrow, Tim Higgins, Tracy Hribar, Edmund Manydeeds, Regina Millner, Janice Mueller, Katherine Pointer, Charles Pruitt, Gary Roberts, Mark Tyler, José Vásquez, David Walsh and Gerald Whitburn

UNABLE TO ATTEND: Regent John Behling

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WELCOME TO NEW REGENTS

President Falbo greeted the meeting attendees and welcomed the three new Regents: Regent Margaret Farrow of Pewaukee, Regent Janice Mueller of Madison, and Regent Drew Petersen of the town of Middleton.

Regent Margaret Farrow

President Falbo introduced Regent Farrow first, saying that she is a former Lieutenant Governor of Wisconsin, former state legislator, and former president of the Elm Grove Village Board. She was the first woman in Wisconsin history to hold the office of Lieutenant Governor. Prior to her years of elected public service, Regent Farrow served as a substitute teacher and real estate agent. Since leaving office, she has continued to be active in civic and community groups. Regent Farrow earned her bachelor's degree from Marquette University.

Regent Farrow thanked President Falbo for the introduction, saying that she was surprised to be present as a member of the Board. It was not something she planned, but she said the Governor asked her to serve, and she was delighted to accept. She said that she had viewed the university for many years from the outside, and she has many relatives who are connected to the UW. She said that she would look forward to focusing on what the University System should be doing for Wisconsin taxpayers, parents, students, faculty, research, and the business

community. She said that there was much to be done; this would be a great opportunity, and she was looking forward to it.

Regent Janice Mueller

President Falbo next introduced Regent Mueller, who he said was appointed by the Wisconsin State Legislature in 1998 to serve as the State Auditor within the Wisconsin Legislative Audit Bureau. She retired from that post in 2011 and was honored with a Joint Resolution of the Legislature for her 35 years as a devoted public servant. Regent Mueller was the first woman to be appointed State Auditor. She had a long and distinguished career in finance, serving as a legislative fiscal analyst in the Legislative Fiscal Bureau and as a program evaluation supervisor and executive assistant in the Legislative Audit Bureau prior to her time as State Auditor. She also served on the U.S. Comptroller General's Advisory Council on Government Auditing Standards, the National Fiscal Sustainability Task Force of the Governmental Accounting Standards Board, and the Advisory Board of the Accounting and Information Systems Department at UW-Madison's School of Business. Regent Mueller earned her bachelor's degree from Central Michigan University, with a political science major and a minor in English.

Like Regent Farrow, Regent Mueller expressed her surprise at being asked to serve as a member of the Board of Regents, saying that it was somewhat of an unlikely appointment. She said that she was honored and humbled to be asked to serve, noting that the University is a strong institution. Regent Mueller indicated that for all of her career she had been an objective, independent, nonpartisan public servant, and she pledged that she would continue to be so. With regard to financial management, her particular area of expertise, she said would work very hard with all of the Regents to ensure that the System financial management has an added element of openness and transparency and is very strong. She expressed her thanks for the warm welcome.

Regent Drew Petersen

President Falbo announced that Regent Petersen had just been elected President of the Wisconsin Technical College System Board, succeeding former Regent Mark Tyler in that role. He would begin his service on the Board for the afternoon's committee meetings. Regent Petersen is Vice President for External Affairs and Corporate Communications for TDS Telecommunications Corporation, directing nationwide corporate communications; directing legislative, regulatory, public relations, and charitable giving operations for TDS; and serving as chief corporate spokesperson. He serves as Trustee/Vice President for the Big Brothers/Big Sisters Organization of Dane County, is at-large Director to the Madison Club, and also is a board member of the United Way Vision Council. He received his Masters of Business Administration from UW-Madison and a Bachelor of Arts degree from Ripon College.

Regent Petersen thanked President Falbo for the introduction and said that it was an honor to be present and to succeed Regent Tyler, a strong leader and an evangelist for vocational and workforce development issues. Regent Petersen remarked that Regent Tyler had done yeoman's work on the Wisconsin Technical College Board to improve the brand and reputation of technical college education in the state. He said that it was more important than ever to work collaboratively, and he looked forward to doing that in joining the Board of Regents.

Other Introductions and Departures

President Falbo next turned to President Reilly to introduce new UW-Eau Claire Chancellor Jim Schmidt. Chancellor Schmidt previously served as vice president for university advancement at Winona State University, and as executive director of the Winona State Foundation. He holds a doctorate in educational policy and administration from the University of Minnesota, a master's degree in business administration from the University of St. Thomas, and a bachelor's degree in political science from Winona State University. President Reilly welcomed Chancellor Schmidt.

President Reilly also noted that this would be the final meeting for David Ward, the Interim Chancellor of UW-Madison. President Reilly said that it had been a privilege to have him as a colleague again and thanked him for his extraordinary devotion to UW-Madison and the UW System.

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2013-15 BIENNIAL BUDGET UPDATE

President Falbo noted that at the Board's last meeting, the Board heard about the actions taken by the Legislature's Joint Committee on Finance. Since then, both houses of the legislature acted on the budget, and Governor Walker signed the budget bill on June 26th, after making some partial vetoes. President Falbo turned to Senior Vice President Miller to present a brief overview of the changes and how the biennial budget would affect UW System institutions.

Noting that there were only a few changes to the information presented at the June meeting, Senior Vice President Miller started by referring to his first slide, which identified several budget actions resulting in biennial costs of \$202 million that the UW System would have to lapse or absorb as a base cut. The \$202 million includes one-time funding for new initiatives, the transfer of one-time funds in 2013-14 to the Higher Educational Aids Board, and approximately \$62 million for an ongoing base reduction every year in the future.

He explained that since the June meeting, vetoes were made, several of which would affect the UW System. He highlighted the major vetoes:

- **Differential Tuition:** The budget allowed the continuation of previously-approved differential tuition increases, but the veto would freeze all differential tuitions at last year's amount.
- **Allocable Segregated Fees:** The legislature's budget froze the allocable portion of segregated fees, and the Governor's veto unfroze the fees.
- **Wisconsin Center for Investigative Journalism:** The legislative budget would have prohibited collaboration between the UW-Madison and the Wisconsin Center for Investigative Journalism. The Governor vetoed the provision and requested that the Board develop a clear policy on the use of facilities by affiliated groups.

Senior Vice President Miller reported that the legislature's Joint Committee on Employment Relations had met since the Board's June meeting and enacted a one percent statewide pay plan, providing a one percent base increase to all state agencies to fund the pay plan. However, the UW System pay plans always include a tuition component. Since the UW System is not collecting new tuition revenue this biennium, that normal tuition component has to be reallocated from base resources and would also contribute to an ongoing commitment. The biennial costs total just over \$47 million, for both compensation plans and cost to continue.

He also reported that there were several vetoes related to the capital budget and real estate. The Governor used his veto power to specify that the Department of Administration secretary shall administer the \$250 million reduction in bonding issued in the 2013-15 biennium. He noted that this veto is favorable for the UW System because it will allow the university to work with the Department on staging projects.

Senior Vice President Miller also reported that the legislative changes to the Governor's budget that provided oversight by the Building Commission and the Joint Committee on Finance of state-owned real property or leases were retained in the final version of the budget. However, the legislative version of the budget required that the net proceeds from the sale of any property go to pay debt of a similar or the same appropriation. This provision was vetoed to allow the Building Commission or the DOA Secretary the authority to use the net proceeds toward the retirement of debt, wherever it is in the best interest of the state.

Mr. Miller said that, notwithstanding the changes, he remained unconcerned about a property grab of university properties, as these provisions are really related to trying to divest of surplus property. He said that the UW System works with DOA and the legislature continuously on these matters and takes the initiative to liquidate surplus property when the situation arises. He noted that UW System property is heavily utilized for research and its critical mission. The exception would be the heating plant, which continues to be an issue in the legislature and the administration as they look at the potential of privatizing the operation or the plants themselves.

At the conclusion of his presentation, Senior Vice President Miller asked the Regents if they had any questions. Regent Whitburn asked if Senior Vice President Miller or his staff would attempt to set up a relationship with DOA so that the UW System has an early warning in the initiatives they might have in mind with regard to any UW properties. Senior Vice President Miller indicated that staff already meet with DOA regularly and would have an opportunity to discuss such matters. He said that DOA is looking at underutilized and surplus property.

Regent Bradley commented that if he were listening to the news, he would have heard that the UW System had \$600 million in cash reserves, and cuts of \$200 million, so there would still be \$400 million available. Senior Vice President Miller said that his annual budget presentation later in the meeting would include information on three years of reserves, and he asked if he could respond to Regent Bradley's comment at that time.

Regent Walsh asked Senior Vice President Miller if he was aware of any plans from across the country to securitize university facilities. Senior Vice President Miller shared information regarding a decision by the board of Ohio State University to privatize their entire

parking operation, which resulted in a significant capital gain at the sale. He reported that he had anecdotal information that the operation had been challenging for customers. While that same third-party was interested in looking at UW-Madison, the current operational performance is actually quite efficient. He said he was also aware of heating plant sales in Minnesota with reported mixed results, but again cautioned that these are only anecdotal reports. He also noted that private housing on the periphery of campuses is a growing industry that generally occurs where institutions and governing boards do not have access to capital or state borrowing. Some institutions, rather than having their Board issue debt, will finance through private entities and run the housing in a partnership. He added that in Wisconsin, partnerships are very hard for the UW System due to the Constitutional provisions.

Reiterating Senior Vice President Miller's earlier statement, President Reilly said that the legislature did approve a one-percent pay plan for all state and UW employees as part of the larger biennial budget. He said that a state pay plan for faculty, academic staff, and classified staff is welcome news after four years without one, but again noted the unfunded portion of that pay plan and the challenges that may create for UW institutions. He reminded the Regents of their discussion at the June meeting regarding the pressing need to address a widening gap between what UW employees earn and what their peers at competing universities and colleges earn. While the one percent pay plan is appreciated, it will not adequately address the threat to academic quality posed by uncompetitive university salaries.

President Reilly said that this issue recently received national attention, as *Inside Higher Ed* published a detailed story about UW-Stevens Point and the difficulty that Chancellor Patterson and his colleagues faced when trying to fill vacant faculty positions. The article cited information about the UW System's overall 18-percent average pay gap but provided more specific information about the situation at UW-Stevens Point, where "43 percent of faculty employment offers were rejected by the first-choice candidate during the 2011 academic year. When Stevens Point asked candidates why they turned it down, 32 percent said other universities had matched or exceeded its offer." The same article noted that nearly nine out of ten UW-Stevens Point faculty members are paid less than the national average by discipline and rank for master's-degree granting institutions. Of that 90 percent, half are paid at least \$10,000 below the national average.

President Reilly said that the *Inside Higher Ed* story is a painful example of the UW System's compensation problems, which all of the Regents, the UW System, chancellors, and elected officials need to work together to change. He said that if all involved recognize these competitive factors and their implications for the future of Wisconsin, and work together on them, things will change for the better.

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PRESENTATION OF REGENTS' ACADEMIC STAFF EXCELLENCE AWARDS

President Falbo introduced the Board's next topic, the Regents Academic Staff Excellence Awards, noting that there are more than 14,000 academic staff throughout the UW System – the university's largest sector of employees. He asked Regent Mark Tyler, Chair of the awards selection committee, to lead the awards presentation.

Regent Tyler said that it was his privilege to help honor the accomplishments of the fine academic staff. Without these talented individuals, the System could not achieve the level of educational excellence, service to students, and dedication to community that have made, and continue to make, UW System institutions among the nation's finest. He said that the contributions of academic staff are invaluable to the strength and quality of the System, particularly when all are asked to do more with less.

Regent Tyler commented on the challenge of making the selections and said that it gave him a sense of pride to read the nominations and hear about the great work going on throughout the system. Joining him in the selection process were Regents Higgins and Hribar.

Individual Award: Susan Greene, UW-Stout

Regent Tyler introduced the first individual-award winner, Susan Greene, an institutional planner in UW-Stout's Office of Planning, Assessment, Research and Quality. He said that Ms. Greene impressed the Regents with her passion for customer service, her creativity, and her many achievements. She serves as the main point of contact for graduate students seeking help with their thesis research, particularly with statistical analysis, survey design, sampling, data entry consultation and online survey tool support. Under her leadership, the number of graduate student projects at UW-Stout more than doubled during the last three years.

Ms. Greene also had been key in helping students, faculty, and staff effectively access online survey software for various projects. Since 2009, more than 1,500 people on campus have received assistance. She has helped accomplish all of this through the use of her innovative and creative project management approach, which has won regional and national recognition.

Regent Tyler presented the first Staff Excellence Award to Susan Greene, who was greeted with a standing ovation.

Ms. Greene expressed thanks for the award, saying that she was deeply honored. When thinking about what it takes to do her job and to do it well, she said that one thing that kept coming back to her was that she really cares. She said that she cares about helping people be successful in their projects, whether she is working with a graduate student on their thesis project, a faculty member on one of their research projects, or a staff member on campus working on a university project. She said that her primary goal was to help them be successful in what they are doing. She said, in addition, that as unlikely as it might seem at the beginning, she wants them "to come out on the other end knowing that data analysis can actually be fun."

Ms. Greene said that she cares about honoring the time and effort that people on campus put into their projects. Amazing work is being done. She wants the support she offers to honor their projects and feels privileged that they share their projects with her, she said. To provide the best possible service, she participates in professional development and keeps her skills up to date in project management and fiscal analysis, keeps up with the latest research, and seeks advice from colleagues.

Expressing appreciation for the wonderful people in her office, Ms. Green said that they follow the continuous improvement model, stopping and reflecting on the quality of the services they are providing and ensuring they keep their standards high. In closing, she again expressed appreciation for the recognition from the Board.

Individual Award: Freda Briscoe, UW-Whitewater

Regent Higgins introduced the second individual award winner, Freda Briscoe, Director of both the Minority Business Program and the Minority Teacher Preparation Program at UW-Whitewater, where he said she has shown enthusiasm, dedication, and leadership since 1992. In the teaching program, Ms. Briscoe works with more than 200 students each semester on advising, professional development, finding internships, developing resumes, and providing opportunities to attend professional conferences. She is also involved in diversity recruitment. The Minority Business Program does much the same in UW-Whitewater's business college. In addition, Ms. Briscoe developed the university's award-winning Summer Business Institute program, which brings multicultural students who have been admitted to the university with an interest in business to campus for a week in the summer. There, these students live in the residence halls, take mini-courses, meet faculty and staff, and visit a regional corporation.

Regent Higgins said that the impact of these programs is clear: increased grade-point averages and enhanced retention and graduation rates for first-generation and underrepresented students. Regent Higgins said that he was honored to be able to present the second Academic Staff Excellence Award to Freda Briscoe of UW-Whitewater.

Regent Higgins presented the second Staff Excellence Award to Freda Briscoe, who was greeted with a standing ovation.

Ms. Briscoe said that she was extremely humbled to have been chosen as a recipient of one of the 2013 Board of Regents Academic Staff Excellence Awards. She thanked the Board of Regents, Regent Higgins for the kind introduction, President Reilly, Chancellor Telfer at UW-Whitewater, Provost Beverly Kopper, Dean Christine Clements and Associate Dean of the College of Business and Economics Lloyd Smith. She also thanked Denise Ellen, Chair of the Academic Staff Assembly, and Academic Staff Assembly member Curt Weber, who encouraged her to apply for the award. She also thanked Dr. Elizabeth Ogunsola, the Assistant Chancellor of Affirmative Action and Diversity at UW-Whitewater, as well as her team members and other staff members for their encouragement and support.

Ms. Briscoe said that when she thought about what it takes to be an outstanding staff member, she concluded that one can only be outstanding if he or she is given the opportunity,

support and resources to be outstanding and is surrounded by an outstanding cast of colleagues, each realizing that the work is about the students.

Ms. Briscoe continued, saying that an outstanding academic staff member hears from leadership over and over again that the University of Wisconsin-Whitewater can be a premiere institution among regional and comprehensive colleges and universities. An outstanding academic staff member believes in this and is proud to have a role in that quest. At UW-Whitewater, an outstanding academic staff member is given the flexibility and encouragement to be involved in coordination and implementation of mentoring programs for underrepresented students and student peer mentor programs. She is able to work collaboratively across campus with other retention programs and the Office of Career and Leadership Development to co-coordinate and implement diversity networking programs geared toward preparing students for internships, work experiences and permanent job placement. She is allowed to advise a student organization from which students receive exposure to corporate America and successfully compete for significant scholarships. She is encouraged and provided the resources to bring together faculty, staff and administrators in the College of Business and Economics to develop, plan, coordinate and implement a Summer Business Institute for incoming freshmen of color. An outstanding academic staff person has been provided the opportunity to recruit significant numbers of students of color and co-lead multiple travel-abroad programs to West Africa, South Africa and Brazil. An outstanding academic staff member is trusted and respected among students, faculty and staff throughout the campus community and loves being a part of and having an impact upon that community.

Concluding her remarks, Ms. Briscoe said that an outstanding academic staff member is trustworthy, dependable and committed to institutional purposes and goals, and never forgets that students are the reason for being there. She again expressed her thanks for the honor of receiving the award.

Program Award: UW-Platteville Distance Learning Center

Regent Hribar introduced the next award, indicating that in addition to the individual winners, each year an outstanding program is recognized. This year's winner is the Distance Learning Center at UW-Platteville, better known on campus as UW-Platteville Online.

Regent Hribar indicated that UW-Platteville, which has been a pioneer in distance education for 35 years, created the Distance Learning Center in 2000, primarily to offer degree programs and services at the graduate and undergraduate level to meet the needs of non-traditional, place-bound students, typically working adults with families. The center offers rigorous programs in a flexible and cost-effective manner and has grown significantly. In 2000, its first year, there were 185 course registrations, and by 2011-12, there were 2,900. As of 2012, more than 1,200 students have graduated from UW-Platteville distance education programs, more than half of whom live in Wisconsin.

After having success in engineering, project management and criminal justice master's degree programs, in 2012 the center began enrolling students in three new master's programs: integrated supply chain management, organizational change leadership, and distance education

leadership. The Distance Learning Center also provides training for faculty to create interactive courses and serves more than 150 on-campus and adjunct instructors annually.

David Van Buren, Associate Vice Chancellor and Dean of the School of Graduate Studies, says that because the center has responded to the needs of business, public service and professional fields, its graduates are highly competitive and fully prepared to hit the ground running.

Regent Hribar presented the third Academic Staff Excellence Award to the UW-Platteville Distance Learning Center, represented by Executive Director Dawn Drake, who was met with a standing ovation.

Ms. Drake expressed thanks for the honor, saying she was both humbled and grateful. She introduced other members of the Center's leadership team who were present and thanked them for their work -- Dan Avenarius, Director of Operations for the Distance Learning Center; Christine Hawkinson, Director of Communications; Amy Griswold, Director of Advising; Karen Adams, Director of Marketing Recruitment; and Michelle Zasada, Director of Student Services. Ms. Drake noted that 35 other team members were back at the office, as well.

When the Distance Learning Center started not quite 15 years ago, there were no policies or procedures in place. The chancellor and provost at the time urged the Center to do what made sense. At that time online programs were not common. UW-Platteville made a commitment to do online programs -- complete degree programs -- for people who were in nontraditional situations. Ms. Drake said that the Center had remained true to that mission throughout its 15 years. The Center serves all types of students, all in nontraditional situations. The focus has been on continued quality improvement to best serve the needs of students in nontraditional situations. Ms. Drake praised her staff, saying that all members have the same purpose of supporting students and faculty.

Ms. Drake said that the Center had received military-friendly school awards from *GI Jobs* magazine and the *Military Advanced Education* magazine. About a third of the students are either veterans or active military or family members of persons in active military service. Ms. Drake said that the Center also was recognized by GetEducated.com as the best value in online education in all of its programs and as best online school in Wisconsin from *Corporate Report Wisconsin*. She expressed pride in these awards, saying that the focus in receiving these awards is on serving students.

Ms. Drake shared comments from students who have worked with the Center, indicating how instrumental the program was in their finishing their degree, expressing surprise at the interactive nature of the courses, and indicating they felt connected to UW-Platteville, even though the distance education courses. Many mentioned that they received promotions or raises at work or were given other job opportunities because they were able to complete their degree while they were working.

Ms. Drake said that the future would hold continued growth, with the potential of 50-to-60-percent enrollment growth over the next few years. She indicated the program was beginning

the process for reviewing additional programs and certificates that would be offered, would be ramping up its grant-writing opportunities, and would be incorporating new technology. One area of focus is to do more research on the quality of distance education as compared to the face-to-face educational environment. She closed her remarks by again expressing appreciation for the award.

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PRESENTATION AND DISCUSSION: UW SYSTEM 2013-14 ANNUAL OPERATING BUDGET AND TUITION

After thanking Regent Tyler and the committee for selecting a strong slate of award winners, President Falbo noted that the next agenda item was a presentation and discussion of the UW System's 2013-14 annual operating budget and tuition. He said that normally one of the biggest components of this action item is the Board's decision on resident and undergraduate tuition, but the budget before the Board would freeze that rate, in keeping with the new statutory requirement. He added that the budget did include new rates for auxiliary operations, including room and board rates.

President Falbo pointed out that the updated budget materials before the Regents included a revised tuition section for the annual budget document, as UW-Madison decided to defer its recommendation to increase tuition for its four professional degree programs. He noted that the revised tuition section reflected this request and would allow the Board time to consider a broader tuition strategy and comprehensive plan that provides a context for overall tuition decisions. He added that professional school tuition would be looked at next year. He then asked Senior Vice President Miller to return to the podium.

Budget Overview

Senior Vice President Miller said his presentation would include an overview of the budget revisions and vetoes, one-time needs in the 2013-14 fiscal year, the General Purpose Revenue (GPR)/fee changes in this fiscal year, the recommended tuition rates, auxiliary operations and other fees, and program revenue balances and policy requirements.

He started by explaining that the Governor's veto would hold differential tuition at the 2012-13 level. He also noted that the Governor vetoed the freeze on allocable segregated fees, and the tables in the Regents' budget materials reflect the requests from the students at their respective institutions.

Mr. Miller noted that the UW System is facing \$75.6 million in one-time costs this fiscal year and would have to use existing resources to pay for these costs. These costs include \$11.25 million for Incentive Grants, \$3.75 million for the Carbone Cancer Center, \$1.5 million for WARM/TRIUMPH, \$650,000 for UW Flexible Option, a \$58.3 million transfer to the Higher Educational Administration Board for WHEG-UW, and \$136,000 for the State Lab of Hygiene. He then explained that the budget included ongoing reductions and unfunded costs. The UW System's base budget would be reduced by \$32.8 million in each year of the biennium. In

addition, unfunded costs included \$15.3 million for compensation plans, and nearly \$4 million in unfunded cost- to-continue. He said the estimated ongoing reductions total \$52 million that the UW System is expected to cover. In total, the UW System has \$127 million in unfunded obligations in this fiscal year that it will have to cover through the reallocation of funds.

Senior Vice President Miller continued by explaining that the annual budget includes a \$10.4 million GPR increase for salary and fringe benefit costs, a \$31.1 million GPR increase for debt service, and a \$26.8 million GPR/fee increase for estimated compensation and fringe benefits. He said the annual budget also includes decreases including the previously-mentioned \$32.8 million GPR base budget reduction and \$19.2 million in unfunded compensation and cost-to-continue.

He explained that the budget includes \$41.5 million in new tuition, which is primarily the result of differential tuition activity that, while not the result of a tuition increase, does reflect funds that institutions have been collecting or expect to collect and are now adding to their base budgets because they believe the amounts are predictable and recurring. Referring to Table A1 of the Regents' budget materials, he said that the net total of all of the increases and decreases of GPR/fee changes is an increase of \$57.7 million, or a 1.4-percent GPR increase, a 3.2-percent fee increase, and an overall increase of 2.4 percent compared to last year's budget.

Saying that the 2013-14 recommended annual tuition rates would be frozen for all resident and nonresident, undergraduate and graduate students, Mr. Miller indicated that this goes beyond the legislative requirement to freeze only resident undergraduate tuition rates. Reiterating President Falbo's earlier comments, he noted that UW-Madison tuition increases for four of its professional schools were tabled for this fiscal year, and would be reviewed next fiscal year. He also noted that the resolution the Board would be asked to approve would continue the UW-Madison School of Engineering tuition differential at the 2012 rates.

Senior Vice President Miller went on to explain that the "other" funds in the budget – the 58 percent of the UW System budget that is not GPR or academic fees – increased by approximately \$38 million, or 1.1 percent. These other funds include auxiliaries, gifts, grants, federal receipts, contracts, operating receipts, noncredit instruction, and trust funds. He explained that the Regents were being asked to approve the rates related to auxiliary operations and segregated fees. At the four-year institutions, the average recommended segregated fee increase would be 3.4 percent, or about \$36 for 2013-14, and at UW Colleges the increase would be about 5.5 percent, or \$19 for the fiscal year. He also noted that the average recommended room and board rate increase was about 3 percent, or \$125.

Mr. Miller also discussed program revenue balances, focusing on the year-end balances in three separate funds, Fund 128, Fund 131, and Fund 189; those are the funds that the Regents would be taking action on as part of the annual operating budget. Fund 128, which includes all auxiliary operations, which collectively are all of those businesses that the universities run, such as dining, housing, and parking, had a 2011-12 year-end balance of \$184 million. Fund 131, which includes all academic tuition, had a 2011-12 year-end balance of \$414 million. Fund 189, which includes tuition for Extension Credit Activities that takes place at all of the institutions, had a year-end balance of \$45 million.

He explained that the cost of auxiliary operations is projected to grow approximately 2.1 percent over the biennium, in large part to cover the portion of the one-percent pay plan increase that is not state funded. He also noted that the Fund 131 balances would be drawn down during the current fiscal year to help pay for the one-time costs that he mentioned earlier.

Senior Vice President Miller reminded Regents that the biennial budget bill requires significant reporting by UW System, including a report to the Joint Committee on Audit by September 1, 2013, on a methodology to calculate Program Revenue balances and reserves for the UW System as a whole and for individual institutions. In addition, by January 1, 2014, the UW System must report to the Joint Committee on Finance: (1) the proposed limits on program revenue account balances and proposed reports related to those limits; (2) proposed policies regarding the annual distribution of tuition and fee revenue and state GPR; and (3) proposed policies regarding the expenditure of tuition and fee revenue and state GPR.

He continued by sharing the estimated year-end balances for Funds 128, 131, and 189, emphasizing that the figures were preliminary, unaudited, and unreconciled. The estimated 2012-13 year-end balance would be about \$196 million for Fund 128, \$534 million for Fund 131, and \$54 million for Fund 189. He noted that a significant draw-down on these balances was expected during the current fiscal year. Using projections provided by the institutions, year-end estimates for 2013-14 were also provided: approximately \$118 million for Fund 128, \$304 million for Fund 131, and \$40 million for Fund 189.

Mr. Miller concluded his remarks by noting that during the fall, he and his staff would continue to work with the Regents on a reserve policy and on determining whether or not some portion of program revenue funds should be attributed to a true reserve, something that is not done now. He reiterated that the program revenue balances are carry-forward, end-of-year balances, not an actual reserve that is budgeted and held as a contingency to protect against unknown liabilities. He then indicated that he and Associate Vice President Freda Harris were available to answer questions.

Regent Discussion

Referring to reports about other institutions or systems and how their reserve funds compare to the UW System's, Regent Bradley asked if the reserve funds held by other institutions are true reserves. Senior Vice President Miller indicated the most other public institutions do not have either reserves or policies related to reserves. He added that external accounting firms have said that the UW System's effort to develop policies in this area is groundbreaking. Most other public universities do not have similar policies, as they operate with carry-forward balances that roll forward from year to year. He also said that for those institutions with reserves, the reserves are generally established due to the requirements of the bond-issuing agencies and the rating agencies, because the Board or university is issuing debt.

In response to a question from Regent Walsh, Senior Vice President Miller confirmed that the UW System has a charge against its budget for its state borrowing. He also stated that the UW System is completely liable for its program revenue borrowing. Regent Walsh suggested that people should not make an exception for the UW System's having a need for

reserves because they believe the UW System does not borrow. He said that the UW System does borrow and pays back what it borrows, but it is not liable for what it borrows.

Regent Walsh then asked for some perspective on the current budget as compared to the budget of two years ago, which included a \$250 million cut to UW System. Senior Vice President Miller indicated that as part of the last biennial budget, the UW System's budget was cut by \$250 million, and there was an additional \$66 million lapse that was largely managed through significant reductions in spending, holding positions vacant, and also generating some new revenue through tuition increases and enrollment increases. He added that during those years, the UW System's enrollment was increasing a bit.

Senior Vice President Miller explained that beginning four or five years ago, UW System administrative policies were changed to include incentives for institutions to be more entrepreneurial and more aggressive with enrollment, both of which had generated significant revenue and contributed to the year-end balances. He speculated that the fall enrollment reports would show that recent enrollment numbers are flat, or have declined. He said that what is most significant about the current budget is the \$62 million annual base reduction, as it is the largest, ongoing base reduction the UW System has had, and it will be difficult to manage permanently.

Regent Walsh said that under Governor Doyle, the \$250 million cut to the UW System was backfilled with 34 percent tuition. He said that what makes this cut particularly difficult is the tuition freeze. Associate Vice President Miller agreed, saying that this budget cut has a 100-percent liability against that unearned tuition.

After thanking Senior Vice President Miller and his staff for pulling together the operating budget information, Regent Mueller commented that the information provided to Regents compares the current operating budget to the prior operating budget, but does not include actual expenditures, which vary from the operating budget. She said that in the future, she hoped that Regents would be provided with actual expenditure information. She also said that she was very interested in working with her new colleagues to better define and standardize some of the terms and issues.

Regent Mueller said that she thought the reason the legislature was confused about the balances was because the UW System was talking about absorbing budget cuts while at the same time the carry-forward cash balances were increasing. She said she understood that the cash balances would begin to be depleted, but the UW System would still have a reserve balance at the end of 2013-14.

Referring to Table A1 in the Regents' budget documents, she said that every budget has winners and losers. She said that Table A1 presupposed that there would be increases for graduate tuition, but that has now been taken off the table. She asked what effect that decision would have on the bottom line of Table A1.

Senior Vice President Miller explained that taking the graduate tuition off the table does not affect Table A1, because the projected revenue increase for the four graduate schools at UW-Madison was approximately \$2.8 million, which accounts for approximately 0.6 percent of UW-

Madison's tuition base of approximately \$470 million. He noted that UW-Madison's \$470 million tuition base fluctuates throughout the year, with nonresident enrollment and the mix of graduate and undergraduate students.

He added that not increasing the tuition for the four graduate programs is important to those schools because the tuition charged by a school remains in that school, and those particular graduate programs are not carrying significant balances forward to make up for the forgone tuition.

Regent Mueller said that her final question relates to her comment about winners and losers. She said that when one looks carefully at Table A1, they can see that most schools, despite everything that is happening, would see an increase in their spending authority, but six schools would not. For those that would have an actual reduction in their spending authority, she asked if the reduction would be offset by other parts of the operating budget that the Regents were not discussing.

Senior Vice President Miller indicated that the reduced spending authority for the six institutions would not be offset by other parts of the operating budget. He said that the GPR/fee budget should not be confused with the other 58 percent of the budget that is for all of the other program operations that have to remain in the funds from which they are generated. He explained that the UW System does not have an "all money is green" operational budget; rather, housing money is housing money, and parking money is parking money. Funds must be retained and used for their generated purpose.

Mr. Miller explained that the point he tried to make earlier with the detail of the one-time money was that the one-time \$75 million that would lapse this fiscal year was not included in the table Regent Mueller referred to because it is a base budget table.

Associate Vice President Harris noted that Table A1 illustrates some sizable differences among the institutions in terms of the amounts of revenue, and there were two major factors that play into that: debt service and which institutions have increases in debt service; and the revenue from tuition targets and professional programs. She explained that the revenue must be used to support the programs that are at the institutions, and when there is an increase in funding it needs to be used to pay for the salaries and other costs associated with the program, and is not available to help out with other costs. Similarly, funds budgeted for debt service can only be used for debt service, and if they are not used, they must be returned to the state. She indicated that the result is an actual decrease in the operational funding that institutions have to support their regular programs.

Returning to Regent Mueller's questions, Senior Vice President Miller said that he agreed with her assessment about the need to transform the budget documents and the presentation of budget information. He said that looking forward to end-of-year balances was a first step, and he thanked his colleagues at the institutions for their assistance, as they were not given much time to provide the necessary information. He said he was working closely with Regents Falbo, and Millner and Whitburn and collaborating on how to bring more clarity to the documents and provide information that is more business-like rather than more state-budget-like. He

acknowledged that while the UW System is a state agency, there are other ways of looking at projected and end-of-year balances, revenues, expenses, and fund balances that can be looked at in the future.

Regarding Regent Mueller's question about balances growing while the UW System was administering a \$250 million cut, he said that business managers were doing what they should have been doing. In the face of budget cuts, they were conservative; they were spending less, cutting expenses, and holding positions vacant, while simultaneously generating significant new revenue through nontraditional activity. He said that until the Governor's budget was released in February, the UW System was fully expecting another biennium of cuts and lapses, and institutions were budgeting very conservatively for that reason.

Regent Whitburn offered to summarize the work of the Business, Finance, and Audit Committee in dealing with the three key assignments from the Legislature. The first assignment has to do with developing a proposed methodology for tallying the funds available in the various UW System accounts, which must be reported to the Joint Audit Committee for review and approval by September 1. He reported that UW System staff had been working with the chancellors and chief business officers at the institutions to develop a proposed methodology which the Business, Finance, and Audit Committee would review at the meeting later in the day, and the full Board would review the following day.

He also reported that he and Regent Pruitt had been working with staff from outside of the UW System, particularly the national KPMG organization. He said that typically, large public systems do not have a formal carry-forward policy in place, as Senior Vice President Miller noted earlier, but the Legislature has directed the UW System to develop a policy on or before January 1, 2014. He said he hoped there would be a draft proposition to share with the Board as early as the October Board of Regents meeting.

Referring to the third assignment, Regent Whitburn explained that the legislature is very interested in the distribution of tuition and GPR funds. This report is due to the Legislative Fiscal Bureau and the Legislature's Joint Finance Committee by January 1, 2014.

Regent Pruitt, recalling an earlier suggestion from Chancellor Ward, said he was interested in having the Board engage in the question of a long-term approach to tuition policy in the state of Wisconsin, and in how to marry the issue of setting tuition with the compelling need to maintain exceptional quality and competitive pay for faculty and staff. He said that as the Board thinks about policy challenges and issues, he would like the issue of tuition policy to be part of that conversation.

President Falbo noted that one of the recommendations of the Legislative Task Force was to develop an ongoing methodology for setting tuition. With the advent of the attention on the fund balances or reserves, the thought was to somehow blend those policies, both establishing acceptable and appropriate reserve levels and establishing a methodology for setting tuition.

Regent Pruitt asked Chancellor Ward to offer a few comments regarding the key tuition policy issues that the Board, the UW System, and the state of Wisconsin ought to focus on during the next year or two as the UW System goes through a period of a tuition freeze.

Interim Chancellor Ward said that the underlying problem is that there is a revenue crisis in higher education, and there are three ways to focus on that: cost containment; technology and innovation to increase capacity and efficiency; and setting a price that makes sense in relation to competitors.

He said that the first two methods, cost containment and technology and innovation, can be viewed as “self-help” and can be done without having to wait for additional funding from the state. However, if the price the university charges is \$5,000 less than most of its competitors, then the university is trapped into using all of its innovation to simply catch up with the price charged by other universities. He said that at some point a decision has to be made about how price fits in relation to the broader calculus of the cost of higher education in relation to other states with similar costs. Then, if the university can recalibrate, it can have low tuition increases. The problem with the UW System is that most of the tuition increases are catch-up. At some point, it will be necessary to look at the Midwest, look at the in-state/out-of-state balance of students, and come to some conclusion.

Chancellor Ward said that campuses cannot contain costs and innovate when their price is dead last and they are unable to adequately or competitively pay their faculty. He said that instead of looking at percentage increases on a base that is unrealistically set, it would be better for the university and the state to decide on a fair price, and then guarantee very prudent increases in tuition. Having tuition freezes on tuition levels that, in relation to competitors, are unrealistically noncompetitive, is a race to the bottom. He said that he understands that this year, because of the balances, it made a great deal of sense to tactically retreat and say that the money should be used to help parents and students pay tuition. However, the balances are one-time money and will not resolve the structural dilemma of the tuition level of the UW System.

Chancellor Ward said that campuses will do cost containment and they will innovate, but if they are doing that in relation to a price that is unrealistically set in relation to competitors, he does not know how the UW System can be effective. He emphasized the need for a tuition policy and determining a fair and reasonable tuition policy, looking more broadly at the Big Ten or other UW System competitors.

Chancellor Ward continued by explaining that the public needs to have a better sense of the public versus the private responsibility for tuition. He said that when he arrived at UW-Madison in 1960, he paid tuition that covered 5 percent of the cost of his education, and the other 95 percent was covered by the state. When his granddaughter arrives at UW-Madison in September, her parents (with a little contribution from him) will pay 55 percent of the cost, and 45 percent will be covered by the state. He said that some would say it is demographic injustice that his grandchildren are getting less of a public subsidy than he did, but it is natural because the costs are different, the number of people in the middle class is different, and the concept of higher education is completely different.

He said that higher education is now a shared responsibility, with both public and private contributions, but when he attended college it was viewed as a public utility. There has been no explanation as to why things have changed, and instead it has been like “water torture” since 1990, with drops in state support and increases in tuition, not rationally related. He noted that Great Britain has had a very public discussion about the government’s inability to continue treating higher education as a public utility, and the need for families to start contributing toward one-half of the cost. That public discussion has not happened in Wisconsin, and people do not know the cost of higher education or what proportion of the cost they should be expected to pay. Instead, every so often a crisis, rather than a systemic policy, defines what should be done.

Regent Drew asked about the decision to freeze undergraduate nonresident tuition, particularly at UW-Madison where there would seem to be no shortage of out-of-state applicants, with families generally at higher income levels than in-state families. He said he wondered about the rationale for that decision, and if there was any modeling done to look at what an out-of-state tuition increase would do for UW-Madison.

Associate Vice President Harris said that she was aware that nonresident undergraduate tuition at UW-Madison was below that of its peers. Under the Madison Initiative for Undergraduates differential tuition plan, nonresident tuition increases had been larger than resident tuition increases. She said that UW-Madison’s preference was to freeze nonresident undergraduate tuition at this time because it gives them opportunities in the future.

Chancellor Ward said that undergraduates are the most challenged part of the educational system and it is important for people to get an undergraduate education. He said that he is open to some systemic increase, and he thinks his successor would probably want to provide evidence and reasons over the next biennium as to why nonresident tuition might be increased, but at this time he felt that UW-Madison did not have enough notice to raise nonresident tuition. He said that he agreed with Regent Drew, and there is a plausible and fair reason to increase nonresident tuition; such a proposal will likely come from his successor.

Chancellor Ward said that the more serious issue is that of the professional schools, where UW-Madison is so outpriced that it is embarrassing. He said it would be good to have a more systemic view of all tuition, so that professional school tuition does not get looked at by itself, but as part of a composite system. He said that deferring a decision on professional school tuition allows the Board and others to have a more systematic view of the issue. He added that the pressure for the tuition increases at the professional schools comes from their Boards of Visitors and not necessarily from him or the Dean. The Boards of Visitors are embarrassed by UW-Madison’s bargain-basement prices and see no value in that position; they have pointed out that this is directly correlated with the salary level of the various institutions.

President Falbo asked for further questions, and seeing none, said that he would entertain a motion to approve the resolution. The motion, moved by Regent Whitburn and seconded by Regent Pruitt, was adopted on a voice vote. President Falbo thanked the Regents for the good discussion.

2013-14 Operating Budget including Rates for Academic Tuition, Segregated Fees, Textbook Rental, and Room and Board; Academic Tuition Refund Policy and Schedule; and Annual Distribution Adjustments

Resolution 10217: That, upon the recommendation of the President of the University of Wisconsin System, the 2013-14 operating budget be approved, including rates for academic tuition, segregated fees, textbook rental, and room and board; the tuition refund policy and schedule; and annual distribution adjustments as attached in the document, “2013-14 Operating Budget and Fee Schedules, July, 2013.” Differential tuition reviews will be suspended for the 2013-14 fiscal year. The 2013-14 operating budget amounts are:

GPR	\$1,151,402,700	19.2%
Academic Tuition	<u>\$1,318,901,215</u>	<u>22.0%</u>
Total GPR/Fees	\$2,470,303,915	41.2%
Other	<u>\$3,526,772,337</u>	<u>58.8%</u>
Total	\$5,997,076,252	100.0%

Senior Vice President Miller said that he wanted to make a closing comment about the work during the next year of this biennium. He said that his personal goal, not to be mistaken for System policy or Board policy, would be to do all of the work that had been outlined during the meeting, and to get back into a position to obtain the pay plan flexibility that had initially been proposed by the Governor in the budget. He also said he wanted the UW System to get back to the point where it was at when the Governor’s budget was introduced, when the philosophy was stable, predictable, ongoing state funding that increases as fixed costs increase, to keep the UW System stable, and tuition growth that is predictable and moderate for program growth and quality and financial aid.

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RESOLUTION OF APPRECIATION FOR REGENT EMERITUS JEFFREY BARTELL’S SERVICE ON THE BOARD OF REGENTS

President Falbo said that several Regents were ending their service on the Board, and they would be recognized on Thursday and Friday. He first called upon Regent Walsh to present the resolution of appreciation for Regent Jeffrey Bartell.

Regent Walsh thanked President Falbo for the opportunity to present Regent Bartell’s resolution of appreciation, noting that he was especially pleased, as he and Regent Bartell were long-time friends and “the boss,” Angela Bartell, was also present! Regent Walsh commented that he had known Regent Bartell for over 54 years, first meeting when they were sophomores in high school. He said that Regent Bartell had a longtime relationship with the University of Wisconsin System, and particularly UW-Madison, where he graduated with a degree in economics in 1965 and a degree from the law school in 1968.

Regent Walsh said that Regent Bartell had been very involved with the university as a longtime participant and leader with the Memorial Union; served as the President of the Alumni Association in 1989 and 1991; and, after serving as the state of Wisconsin's securities commissioner for seven years, taught securities regulation at the law school in 1982, 1986, and 1992. He said that a lot of Regent Bartell's work with the university culminated in 2006 when he was awarded the University of Wisconsin Distinguished Alumni Award, which was especially important for him and his family, as in 1978 his parents were given the same award.

Regent Walsh said that Regent Bartell had also been a community leader, serving nine years on the Meriter Hospital Board and as an important member of the University of Wisconsin Hospital and Clinics Board. Regent Bartell also served as Chair of the Wisconsin Foundation for the Arts since 1990, and as Director and President of the Madison Repertory Theater. Regent Bartell also had a successful legal career as a partner in two national law firms. Regent Walsh said that Regent Bartell's greatest honor was when he received the Charles Goldberg Award, the highest award that the State Bar Association Foundation gives for community service.

Before reading the resolution of appreciation, Regent Walsh said he wanted to thank Regent Bartell for something even more important, his patience and thoughtfulness. He recalled that he often heard Regent Bartell ask questions in which he was looking for an answer and not seeking his own answer, which is something everyone can do a little better in these difficult times. Regent Walsh then read the resolution of appreciation, which was adopted by acclamation and met with a standing ovation.

Resolution of Appreciation to Jeffrey Bartell

Resolution 10218: WHEREAS, Jeffrey Bartell dedicated seven years of exemplary service as a Regent of the University of Wisconsin System, from 2006 to 2013; and

WHEREAS, Jeff made significant contributions to the university's long-term future as chair of the Capital Planning and Budget Committee throughout most of his term, helping to ensure that more than 180,000 UW System students benefit from facilities that provide effective, safe learning and living environments; and

WHEREAS, Jeff has been an active and thoughtful member of the Education Committee, through which he demonstrated his keen interest in increasing graduation rates and providing access to higher education in Wisconsin; and

WHEREAS, Jeff has worked to publicly honor and reward the commitment of outstanding UW educators by serving on the Teaching Excellence Awards Committee – praising these teachers' ability "to kindle their students' curiosity and their desire to do more;" and

WHEREAS, Jeff served as the Regents' representative on the Higher Educational Aids Board, advocating for the importance of addressing students' financial need; and

WHEREAS, Jeff served UW students, faculty, and staff in his role as the Regent representative to the Hospital Authority Board and through his service on a number of Board committees, including the Committee on Student Discipline and Other Student Appeals and the Personnel Matters Review Committee; and

WHEREAS, Jeff is an accomplished alum of UW-Madison, where he earned his bachelor's and law degrees, and, in 2006, was recognized with the University of Wisconsin Distinguished Alumni Award; and

WHEREAS, through service on three UW chancellor selection committees – for UW Colleges and UW-Extension, UW-Eau Claire, and UW-Parkside – Jeff helped to identify talented leaders to lead our institutions to even greater futures; and

WHEREAS, Jeff enlivened many occasions by generously sharing his talent for “tickling the ivories” at all gatherings fortunate enough to have a piano nearby – creating many memories for his colleagues of the camaraderie created by a light, musical touch;

BE IT THEREFORE RESOLVED that the Board of Regents of the University of Wisconsin System extends its most sincere gratitude to Regent Emeritus Jeffrey Bartell for his outstanding leadership and invaluable service to the UW System and the citizens of Wisconsin.

Regent Emeritus Bartell thanked Regent Walsh for his kind words, saying that he was also pleased that his wonderful wife Angela was present. Regent Bartell acknowledged that he and Regent Walsh had known each other a very long time, meeting when they were both sophomores at Madison West High School. He said they were both Madison West athletes; he was a point guard on the West High basketball team, and Regent Walsh wrestled at about 125 pounds. He recalled that Regent Walsh was very light and wiry, but mean! He said he remembered often seeing Regent Walsh in the high school locker room stepping on and off the scale to make sure he was making his weight, because if he was one ounce over 125 pounds, he would have to wrestle guys who were 10 or 15 pounds larger than he was. He said that it was an important thing for Regent Walsh to make his weight, and more than once, he saw him step off the scale with a curse, run to the corner of the locker room, and start spitting into a pail to shed that last ounce.

Regent Bartell said he had the opportunity to talk with many of those present about how much he admires the UW System, and how enjoyable it had been to serve with an outstanding group of Board colleagues. He said he was in awe of the talent and dedication of the chancellors, provosts, campus administrators, faculty, staff and System Administration staff, and felt privileged to have been allowed to serve on the Board for the last seven years.

He said he wanted to leave everyone with several random thoughts that he felt strongly about. Regent Bartell said that the UW System, and particularly President Reilly, had been

subjected in the last several months to a level of legislative vitriol that he had not seen in the decades that he had been watching state government and the university. He said that it was a perfect example of why it is that legislators should resist trying to get involved in the management of the University of Wisconsin System. He said that, with all due respect, most of them do not have the experience and the knowledge to be making governance decisions for a \$5 billion-a-year enterprise with 40,000 employees and operations in every county throughout the state, and with tens of thousands of sources of revenue, both public and private, and a complicated financial system. He acknowledged that while it is necessary to have controls over the university system, he does not think that legislators are equipped to make those detailed decisions. He said that before legislators understood where the reserves came from, what they were to be used for, or how they compared with reserves of other institutions, a number of them excoriated the UW for what he thinks many experienced financial managers would call prudent reserve ratios in business practices.

He added that, in retrospect, the balances situation was not the huge deception that it was painted to be at the time. Regent Bartell said that in this instance, the Regents and UW System administrators did not do a good job of educating and informing the legislature. However, the notion that the UW should be punished, both financially and with greater oversight, because it had at a particular point in time reserves equal to about 90 days of its operations, is not appropriate, grossly unfair, and very distressing.

Regent Bartell said that in recent weeks and months he had often been asked what is going to happen to the Board of Regents as more Republican Regents are added and outnumber Democratic Regents. He said that his response was always that partisan politics do not prevail on the Board of Regents. While Regents often have disagreements about policy matters, actions of the Board, or how to deal with particular issues on various campuses, those discussions are not marked by discernible partisanship. He said that during his term on the Board, he had observed that all of the Regents, whether appointed by a Democrat or a Republican Governor, have as their principle concern the best interests of the UW, the people of Wisconsin, and the students, rather than the Governor's agenda or the agenda of a legislative faction. He said he recently saw an article in which former Regent President Tony Marcovich was quoted as saying something similar, and as the token Democrat on an otherwise Republican-dominated Board of Regents, Regent Marcovich was elected President. He said that he hoped his successor, Regent Farrow, and all the new and ongoing members of the Board, would continue to exhibit what he saw as singularity of purpose.

Regent Bartell said he wanted thank all around the table for their friendship and support, noting that they are some of the finest public servants that he had had the pleasure of knowing in his career. He thanked President Reilly and his extraordinary staff for their visionary leadership of the UW System, as they made serving as a Regent challenging, rewarding, and fun. He thanked the chancellors for their crucial guidance of the campuses, adding that the UW System has a cadre of chancellors much better than they have a right to expect with the salaries the UW System is able to pay. And speaking of salaries, he said he wanted to thank the faculty and staff throughout the System for hanging in there in the face of stagnant wages and what might be perceived as a lack of appreciation for their extraordinary efforts to educate students. He said he

wanted them to know that everyone on the Board of Regents admires their pedagogy and their loyalty.

Regent Bartell said that he would end by observing that he would miss everyone and miss seeing them on a regular basis. He said he would miss the kind of discussion on the annual budget that he had just heard. He said he had enjoyed virtually every moment of service on the Board, and if ever there were a need for a piano player for a Regent retreat, or to sit in on Chancellor Gow's band, he would be available!

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RESOLUTION OF APPRECIATION FOR REGENT MARK TYLER'S SERVICE ON THE BOARD OF REGENTS

President Falbo then asked Regent Vásquez to present the resolution of appreciation for Regent Mark Tyler. Regent Vásquez thanked President Falbo for giving him the opportunity to read the resolution of appreciation for Regent Tyler. He said it had been a pleasure for him to get to know Regent Tyler. Regent Vásquez said that when asked to present the resolution, he immediately said yes, and three thoughts about Regent Tyler immediately came to mind: consummate professional, ambassador par excellence, and boundless energy.

Regent Vásquez said that as President and co-founder of OEM Fabricators, Regent Tyler had demonstrated how business can be challenged through difficult times but yet respond very appropriately. He said that under Regent Tyler's leadership, the company continued to grow and be strong, and was a model of how manufacturing can be successful in Wisconsin. Regent Tyler believes in bringing business and education together, at the elementary and secondary level, and at the college and university level, and has used his company to set up partnerships and relationships with educational institutions. He said the Regent Tyler not only talks about it but actually does it.

Regent Vásquez said that "ambassador" is another word that comes to mind when it comes to Regent Tyler. He explained that he met Regent Tyler when they served together on the Wisconsin Technical College System Board. When Regent Tyler joined the Board, he immediately started taking on responsibilities, visiting the technical colleges, and being a very visible spokesperson for adult vocational and technical education around the state. Similarly, Regent Vásquez said that when Regent Tyler joined the Board of Regents, he immediately made it a priority to visit many of the campuses and to be a spokesperson. He said that Regent Tyler is an individual who can bridge the two systems and speak very positively of both technical education and university education.

Regent Vásquez said that Regent Tyler has boundless energy and is unbelievably busy, in his profession; in his ambassadorship role, making many visits throughout the state; and in being called upon by the Governor, by the Superintendent, and by local communities to engage in work groups, task groups, and commissions. In addition to all these responsibilities, Regent Vásquez said he found it very interesting to learn that Regent Tyler also has a working farm with ponies and horses. Regent Vásquez said that Regent Tyler has a tremendous amount of energy but is

dedicated to the boards and the commissions; and as a result of that, he has been recognized by the Wisconsin Technical College System, by the business community, and by secondary education. With that, Regent Vásquez read the resolution of appreciation for Regent Tyler, which was adopted by acclamation and met with a standing ovation.

Resolution of Appreciation to Mark Tyler

Resolution 10219: WHEREAS, S. Mark Tyler dedicated two years of exemplary service as a Regent of the University of Wisconsin System, from 2011 to 2013; and

WHEREAS, Mark, who simultaneously served as President of the Wisconsin Technical College System Board, 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, through his service as vice chair of the Education Committee, Mark helped maintain the high-quality academic programs for which UW institutions are known worldwide; and

WHEREAS, Mark served on the new Research, Economic Development, and Innovation (REDI) Committee, which seeks to leverage the many ways “Knowledge Powers Wisconsin” to build a stronger workforce, stronger businesses, and stronger communities; and

WHEREAS, Mark has forged close ties with the UW-River Falls campus, participating in that institution’s Chancellor’s Advisory Committee and, in 2012, being selected as its Executive-in-Residence by the College of Business and Economics, where he shared with students personal anecdotes from his successful business career; and

WHEREAS, Mark has been a lifelong advocate of technical education and workforce preparedness, beginning his career with a Design Technology Degree from St. Paul Technical Vocational Institute in Minnesota; and

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

BE IT THEREFORE RESOLVED that the Board of Regents of the University of Wisconsin System hereby commends Mark Tyler for his service to the UW System and outstanding commitment to higher education in Wisconsin.

Regent Tyler thanked Regent Vásquez for his remarks and said that Regent Vásquez had been his mentor for a number of years; he considered Regent Vásquez one of his advisors.

Regent Tyler continued by saying that the last two years had been an amazing journey for him. He had been completely impressed by the faculty, staff, and students; it was incredible to see what was happening around the university. He said the he, like the rest of the nation, would be watching as the UW leads the way in the Flex Option program.

Regent Tyler said that as he leaves the Board of Regents, he could not help but wish he had a UW genie in a bottle that would grant him three wishes. If he had three wishes, he said he would wish for a seamless transition between the Wisconsin Technical College System and the UW System, and vice versa, noting that he would be incredibly gratified if a 30-credit, or a 36-credit mandate were achieved. He said that his second wish would be that every UW undergraduate would have the opportunity to participate in an undergraduate research experience, because of the incredible power he has seen with these experiences. His third wish would be that the UW System would follow the lead of the technical colleges and not charge high school students for tuition.

Regent Tyler concluded by saying that he knows genies are not real, but that relationships are, and he valued each and every relationship that had been created over the last two years while he served on the Board.

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CLOSED SESSION

Given the early hour, the closed session was moved up, and President Falbo called upon Regent Millner to present Resolution 10220 to move into closed session. The motion was adopted on a roll-call vote, with Regents Bradley, Drew, Falbo, Farrow, Higgins, Hribar, Manydeeds, Millner, Mueller, Pointer, Pruitt, Roberts, Tyler, Vásquez, Walsh and Whitburn voting in the affirmative. There were no dissenting votes and no abstentions.

Closed Session Resolution

Resolution 10220: That the Board of Regents move into closed session to (a) consider personal histories related to the naming of facilities at UW-Madison, as permitted by s. 19.85(1)(f), Wis. Stats.; (b) consider a UW-Madison salary adjustment, as permitted by s. 19.85(1)(c), Wis. Stats.; (c) confer with legal counsel regarding pending or potential litigation, as permitted by s. 19.85(1)(g), Wis. Stats.; and (d) consider personnel evaluations and compensation, as permitted by s. 19.85(1)(c), Wis. Stats.

The meeting recessed at 11:20 and reconvened at 11:30, when the following resolutions were adopted:

**Authority to Name the Lakeshore Residence Hall II the “Aldo Leopold Residence Hall,”
UW-Madison**

Resolution 10221: That, upon the recommendation of the UW-Madison Interim Chancellor and the President of the University of Wisconsin System, authority be granted to name the Lakeshore Residence Hall II, which is located at 1635 Kronshage Drive, the “Aldo Leopold Residence Hall.”

Approval of Additional Compensation: Division of Intercollegiate Athletics, University of Wisconsin-Madison

Resolution 10222: That, upon recommendation of the President of the University of Wisconsin System and the University of Wisconsin-Madison Chancellor, the additional compensation for William (Bo) Ryan, Head Coach of Men’s Basketball, be increased according to the attached schedule beginning July 12, 2013.

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The meeting was adjourned at 12:55 p.m.

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Submitted by:

/s/ Jane S. Radue
Jane S. Radue, Executive Director and Corporate Secretary
Office of the Board of Regents