

MINUTES OF THE REGULAR MEETING

of the

BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM

Held in the Sodexo Grand Ballroom AB
UW-Oshkosh Alumni Welcome and Conference Center
University of Wisconsin-Oshkosh
Oshkosh, Wisconsin

Thursday, August 21, 2014
1:15 p.m.

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-President Falbo Presiding-

PRESENT: Regents John Behling, José Delgado, Michael Falbo, Margaret Farrow, Nicolas Harsy, Tim Higgins, Edmund Manydeeds, Regina Millner, Janice Mueller, Charles Pruitt, Anicka Purath, José Vásquez, David Walsh, and Gerald Whitburn

UNABLE TO ATTEND: Regents Mark Bradley, Tony Evers, Eve Hall, and Drew Petersen

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UPDATES AND INTRODUCTIONS

President Falbo greeted meeting attendees, saying that Board members were pleased to be in Oshkosh to see and hear about the exciting things happening on the campus, and to share in the community's bidding farewell to Chancellor Richard Wells. On behalf of the Board, he also thanked Chancellor Wells and his team for their hospitality and the wonderful reception on Wednesday evening.

President Falbo welcomed classified staff employees who were at the meeting, representing all of the UW institutions, noting they would be observing the work of the Board of Regents and meeting to solidify the process of how they would support their campuses and the System. He then called upon President Cross for introductions.

President Cross introduced two new chancellors, UW-Green Bay Chancellor Gary Miller and UW-Stout Chancellor Bob Meyer.

Chancellor Miller, who previously served as chancellor of the University of North Carolina-Wilmington, started his new role as UW-Green Bay's sixth chancellor on August 1st, succeeding Tom Harden. He previously served in leadership and faculty positions at Wichita State University, the University of the Pacific, University of Mississippi, Weber State University, and Mississippi State University. Chancellor Miller holds a Ph.D. in Biological Sciences from

Mississippi State, and earned both a master's and a bachelor's of science degree in biology from the College of William and Mary.

Chancellor Robert Meyer is the seventh leader of UW-Stout and has been on the job for four days! He previously served as President of Wisconsin Indianhead Technical College in Shell Lake, and prior to that spent 25 years at UW-Stout in various professional roles. He holds a Ph.D. in industrial engineering from the University of Minnesota, a master's in management technology and a B.S. in industrial education, both from UW-Stout. Chancellor Meyer succeeds Chuck Sorensen, who recently retired after 26 years as UW-Stout's leader.

President Cross also recognized Petra Roter, due to assume the role of Interim Chancellor of UW-Oshkosh when Chancellor Wells steps down. She serves as Vice Chancellor of Student Affairs and has been part of a strong leadership team at UW-Oshkosh for nearly a decade, President Cross said. She also served as Interim Associate Vice President for Academic and Student Affairs with UW System Administration from July 2011 to May 2012. President Cross said the campus community, faculty, staff and many stakeholders could be confident that she would keep UW-Oshkosh focused on its mission.

President Cross next introduced Lori Stortz, the UW System's new Chief Audit Executive, who is responsible for managing all internal audit functions, enterprise risk management, and compliance with state and federal laws and regulations. He explained that she would report directly to him and directly to the Board through its Audit Committee. He noted that Ms. Stortz, a certified public accountant, had served as audit partner and Milwaukee office managing partner at McGladrey LLP since 2007, and previously worked at Deloitte & Touche LLP and BDO USA, both in Milwaukee. She earned a bachelor of business administration degree in accounting from UW-Whitewater and served on that campus's Accounting Advisory Board. She also serves on multiple boards in southeast Wisconsin and was named a winner of a Woman of Influence Award in 2013 by the *Milwaukee Business Journal*.

President Cross also welcomed UW-Madison's new Provost, Sarah Mangelsdorf, who succeeds Paul DeLuca. She previously served as Dean of Northwestern University's Weinberg College of Arts and Sciences, where she was also a professor in the Department of Psychology. She is an internationally known scholar, who studies the social and emotional development of infants and young children. She earned her bachelor's degree in psychology from Oberlin College, and her doctorate in child psychology from the University of Minnesota.

HOST CAMPUS PRESENTATION BY UW-OSHKOSH CHANCELLOR RICHARD WELLS: "WE'RE IN THIS CHANCELLORSHIP TOGETHER: UW OSHKOSH'S CAMPUS, ACADEMIC, COLLABORATIVE AND REPUTATIONAL TRANSFORMATION SINCE 2000"

Turning to the first item on the agenda, President Falbo introduced UW-Oshkosh Chancellor Rick Wells, presently UW System's longest-serving chancellor. He said that

Chancellor Wells would lead a presentation entitled, “We Are in this Chancellorship Together: UW Oshkosh’s Campus, Academic, Collaborative, and Reputational Transformation Since 2000.”

Chancellor Wells started his presentation by acknowledging the outstanding service of Chancellor Emeritus Chuck Sorensen, who served as UW-Stout’s chancellor for 24 years. Chancellor Wells joked that because Chancellor Sorensen finally decided to retire, he (Chancellor Wells) would now have a week or two of being the longest-serving chancellor! He then welcomed the Regents, UW System leaders, colleagues and guests to UW-Oshkosh, noting that the campus was extremely honored and proud to serve as host. He then introduced a short video highlighting the opportunities and activities at UW-Oshkosh.

Following the video, Chancellor Wells said he wanted to begin his remarks by talking about the efforts and successes to develop University-wide, horizontal distinctiveness during the last 14 years. The institution has been focused on and committed to developing a strong reputation in three key areas: (1) the institution has earned national acclaim for the highly successful implementation of a comprehensive sustainability plan; (2) UW-Oshkosh has developed a national reputation for collaborative education programs and as a catalyst for unique community and regional economic development partnerships; and (3) UW-Oshkosh has gained an emerging, national distinction as a transformative-change agent in general education.

New Initiatives

As Chancellor Wells started to provide a detailed overview of what distinctiveness means at UW-Oshkosh, he was interrupted by a student, Mr. Jordan Schettle, who is the Oshkosh Student Association President and an intern with the Student Titan Employment Program (STEP). As Mr. Schettle approached the podium, he offered to continue with the presentation and encouraged Chancellor Wells to sit down and relax!

Mr. Schettle said that with Chancellor Wells’ help and leadership, UW-Oshkosh has amassed a tremendous list of achievements, which include educational initiatives that have strengthened the institution’s reputation. He specifically mentioned a series of family STEM nights at local middle schools and efforts to work with more than a dozen educational partners and regional manufacturing and industry leaders to launch a new engineering technology program. He also mentioned the Student Titan Employment Program (STEP) which provides paid campus internships for students, and efforts to tackle the nursing shortage through the Nurses for Wisconsin Initiative. He then invited everyone to watch a short video regarding these initiatives.

Partnerships

Following the video, Chancellor Wells returned to the podium and praised Mr. Schettle for his presentation and noted that he is another great example of excellence and opportunity in action at UW-Oshkosh. As Chancellor Wells attempted to proceed with his presentation, he was interrupted again, this time by Mr. Jordan Johnson, a UW-Oshkosh alumnus. Noting that Chancellor Wells had given enough presentations in his 14 years at UW-Oshkosh, Mr. Johnson offered to take over.

Mr. Johnson introduced himself as a 2009 graduate of UW-Oshkosh, a member of the Entrepreneurship Program at UW-Oshkosh, and the founder and owner of the ProShot training bands, a basketball training device. He explained that UW-Oshkosh's Alta Resources Center for Entrepreneurship and Innovation (CEI) helped him get his business off the ground, and is just one example of something for which UW-Oshkosh has become known during the last 14 years. Other examples include the UW-Oshkosh Foundation, which had worked with the city of Oshkosh and investors to resurrect downtown Oshkosh's Riverfront Hotel and Convention Center. He also said that UW-Oshkosh had partnered with bio-gas and sustainability companies and Wisconsin's largest dairy farm to turn waste into energy, supplying the power grid with renewable energy. Noting that these are just a few examples of the dozens of partnerships involving UW-Oshkosh, he invited everyone to watch a short video regarding these efforts.

Transformation and Inclusion

Following the video, Chancellor Wells complimented Mr. Johnson and then attempted to resume his presentation, only to be interrupted again, this time by student Joseph Infusino-Braun, who introduced himself as a UW-Oshkosh senior with a double major in accounting and finance. He explained that during his last semester, he had the opportunity of a lifetime, serving as a peer mentor in the new University Studies Program (USP), which he referred to as UW-Oshkosh's homegrown transformation. He said that he helped guide students through their freshman year. This year the program would include courses that would venture off campus and into the community, connecting with not-for-profits, local farms, and other organizations whose work directly ties into the new and engaging classes at UW-Oshkosh.

Mr. Infusino-Braun continued by explaining that the USP is built around three signature questions involving sustainability, civic engagement, and intercultural knowledge. He said the program is designed to strengthen writing and speaking skills, which Chancellor Wells fondly refers to as "higher cognitive skills" or "soft skills." He added that the USP is helping students move towards a degree by using small groups and peer mentors, and is one more way that UW-Oshkosh is working to improve quality.

Another way that UW-Oshkosh is working to improve quality is by ensuring that everything that happens at UW-Oshkosh includes "Inclusive Excellence" as part of its mission. He explained that for him, "inclusive excellence" is about embracing differences, sharing unique talents, perspectives and values, and making sure that everyone – students, faculty and staff – has an equal opportunity to share and succeed. He then invited everyone to view a short video illustrating a few ways in which UW-Oshkosh is transforming education and making sure to keep everything inclusive for all at UW-Oshkosh.

Sustainability

Following the video, Chancellor Wells returned to the podium and thanked Mr. Infusino-Braun, and was interrupted once again, this time by Stephanie Peffer. Ms. Peffer introduced herself as a senior at UW-Oshkosh, majoring in environmental studies, with a double minor in business and sustainable management. She said that she was also a USP intern, working for the campus's sustainability director. She said that with Chancellor Wells' support and guidance over the last 14 years, UW-Oshkosh had become a sustainable institution like no other. Sustainability

is involved in everything that UW-Oshkosh does: it is part of the University Studies Program, how UW-Oshkosh builds buildings, and how the campus budgets and plans.

The campus is home to two Gold LEED-certified buildings, Sage Hall and Horizon Village, and all campus buildings are now being built to that standard. The campus has also ranked nationally for its sustainability efforts and is designated as a “Tree Campus USA.” Ms. Peffer added that the campus has helped to donate and recycle tons of materials during move-out days and literally used the food scraped off of dining trays to fuel the campus bio-digester. UW-Oshkosh recently completed an update to its Comprehensive Campus Sustainability Plan, which includes new goals that will continue sustainability efforts well after the chancellor’s retirement. Ms. Peffer added that this past summer, she was able to participate in an eight week internship in Allendorf, Germany, at Viessmann Group, the company that designed UW-Oshkosh’s bio-digester. After expressing her gratitude to Chancellor Wells for the opportunities he provided to her, she said that at UW-Oshkosh, they know that being sustainable really means investing in the hard work and the talent of faculty, staff and students on a daily basis. She then invited everyone to watch a video illustrating this point.

Challenges

Following the video, Chancellor Wells thanked Ms. Peffer and introduced a final video, illustrating UW-Oshkosh’s three remaining challenges. In this video, Chancellor Wells explained that UW-Oshkosh had some very significant challenges that must be addressed for UW-Oshkosh to become a great institution.

He said that UW-Oshkosh must continue to enhance the quality of education for both undergraduate and graduate students by closing achievement gaps, ensuring students of color and first-generation students have the same access to high-quality educational experiences as other students, and focusing on opportunities for transfer students and others to have a quality education.

Chancellor Wells said that UW-Oshkosh must continue to focus on affordability and efforts to bring more paid student internships both on campus and off campus, to help students with affordability. The merger of work and study, around essential learning outcomes, is something that faculty want UW-Oshkosh graduates to be able to master.

He said that the third big challenge for UW-Oshkosh is to do something about the uncompetitive compensation. He said that if faculty and staff do not feel fully respected, appreciated, engaged, supported, and empowered to do all the things the university is asking them to do on behalf of students, the broader public, and the business community, it will be very hard for UW-Oshkosh to become an ever better institution. The video concluded with Chancellor Wells highlighting that university faculty and staff must feel engaged and empowered if they are going to engage students; he said that he was very pleased that UW-Oshkosh had been able to rise above the fray during these very challenging, character-building times.

Following the video, Chancellor Wells invited the four students to join him at the podium and asked for a round of applause for their efforts. Addressing Chancellor Wells, President

Falbo said the presentation was the most informative, effective, concise, and in-depth presentation the chancellor had ever given! He also thanked the four student presenters, noting that their successes reinforce for Regents why they serve on the Board of Regents.

PRESIDENT CROSS'S INTRODUCTION TO 2015-17 BIENNIAL FUNDING RECOMMENDATIONS

President Falbo indicated that President Cross would introduce the biennial budget request with a very thoughtful examination of what the System has been, what it is, and what it should look like in the future, followed by his conceptual vision for the future and how this guided the development of his biennial budget proposal. He explained that following President Cross's remarks, Senior Vice President David Miller would outline the specifics of the biennial budget recommendation.

President Cross said that his remarks were intended to create a context for the biennial budget request which is based on a new vision – his vision – of the UW System's role and purpose. He said that he hoped that each of the Regents would embrace his vision, enabling it to become their shared vision.

President Cross's vision, which he had shared with the chancellors and discussed with many of the Regents, had been influenced by the many conversations he had with Wisconsinites over the last six months. It capitalizes on the UW System's power and potential to provide transformative change; change that improves the social and economic wellbeing of the state and, in the process, elevates Wisconsin's influence around the globe.

To conceive of a new system, there needs to be an agreed-upon operational framework with guiding principles. President Cross said that even though a strategic planning process has not yet been completed, he has clearly heard one consistent request of the UW System: the UW System's priorities should be more tightly aligned with the needs of the state. He added that his biennial budget request would reflect that focus.

History and Purposes of Higher Education Systems

In an effort to provide everyone with a common understanding, President Cross started with a brief history of higher education systems, why they were created, and what is needed today. He noted that following World War II, the GI Bill helped to create an explosive demand for post-secondary education, and college enrollments swelled. This growth prompted state policy makers to look for ways to effectively manage and control the investment of public resources, and in many states the answer was to create a higher education system with a central administration and a citizen board to manage things. Currently there are 49 multi-campus systems operating in 37 states, he said; and nearly 75 percent of all students attending four-year public colleges and universities are part of a university system.

President Cross said that higher education systems were created for three primary reasons: (1) to control and manage enrollment growth; (2) to avoid unnecessary duplication of programs and facilities; and (3) to equitably allocate resources. Because systems were created to manage and control growth, it is understandable and entirely appropriate that systems tend to be more functionally focused rather than strategically focused, have a stronger internal perspective than an external perspective, be more focused on management and processes and less focused on leadership, and emphasize internal communications between each other and the stakeholders rather than setting the agenda. He said the most often cited concern about higher education systems is their focus on balancing the interests of institutional members and trying to keep everyone happy. As a consequence, sometimes systems have not been as attentive to some stakeholder needs, like the state, as they should have been. He said it is clear that systems need to adjust.

He said that demographics are different – the population is aging and there are fewer working-age adults and fewer high school graduates. In addition, migration rates in and out of the state are not very favorable for working-age adults. He also noted that nationally, state budgets are being pressed from all sides, and public higher education has been challenged to secure adequate funds. In addition, politicians and the public are asking higher education systems and member institutions to do more – to be more strategic, more nimble, more responsive, more entrepreneurial, more accountable, more efficient and more flexible. He added that it is important to note that individual institutions within a system tend to actually be better at these things than the system itself. Systems were created primarily to serve a different role – to manage and to control things, not to be innovative or entrepreneurial – which leads to the oft-noted tension between systems and institutions within that system.

President Cross asked rhetorically if higher education systems can be transformed to better serve all of their stakeholders, and then suggested that they can and must transform, adapt, and change. It is no longer enough to merely be organized as a system of universities; a system must also leverage the collective power of its universities in ways that significantly add value and produce results for all stakeholders.

Guiding Principles for a Higher Education System

President Cross detailed his framework for what a future system of higher education should be built around, describing guiding principles under which such a system should operate. His framework includes three components: (1) strategic leadership – a statewide vision for the System; (2) strategic management – the administrative operations that allow for the achievement of efficiencies and effectiveness; and (3) strategic responsibility – the traditional management and control functions required by the state to offer accountability to the people who fund the system.

With regard to leadership, he said the higher education system of the future will have a statewide vision, be more future-oriented, inform and prepare the state regarding future needs, and guide the state into a more prosperous future. In the future, he hopes the System is telling legislators, the Governor, and others where they need to be in ten years rather than the other way around. The system of the future will also provide an important analytical function, using

predictive analytics or data science to improve management and decision-making for the state, for its member institutions, and perhaps most importantly for students; the system will be proficient at compiling data, mining data, and converting that data into useful information.

President Cross continued by explaining that managing operations from a statewide perspective should open opportunities for sharing or combining services. By sharing more backroom operations to achieve efficiencies, savings can be realized and redirected into classrooms or the research labs. In addition, a more synchronous and coordinated way of advocating for the university is needed as the System has not realized its full potential in this arena. He also noted that the System needs to establish a stronger partnership with the business community as its support is needed for both the university system and the business community to be successful. Additionally, the system of the future will foster greater collaboration while freeing institutions to focus on their core missions.

With regard to strategic responsibility, the System does have some statutory and governance responsibilities that the state has assigned to the UW System and to the Board, most of which center on the traditional management and control responsibilities that the System has had for many years. He said the System of the future will place greater emphasis on performance within these responsibilities – what will be measured, how it will be measured, when it will be measured, and why it is needed – and clear and understandable metrics will guide effective evaluation of performance. He also noted that policy development is one of the primary responsibilities of the Board of Regents, but those policies must value and even reward diversity of institutions, or the UW System will lose its ability to serve the broader needs of the state; the state needs many different types of institutions.

President Cross said he believes this framework can effectively be put into action to form a new, more engaged university system, especially if the system operates within that framework in accordance with three guiding principles:

1. The System must add value to the state and to the institutions, with “value” determined by both the state and institutions. To be effective, the System must carefully orchestrate that balance.
2. One size does not fit all, and policies and practices that make all the institutions look alike will destroy the strength of the UW System if System leaders are not vigilant. He said that there will always be a tendency toward conformity, and at times that may be very appropriate. Managing and controlling is always easier when one uses the same yardstick. He said it is and always will be important for systems to guard against that tendency.
3. Systems are ideal for collective impact – the ability to mutually reinforce a linear action, focused laser-like on a common agreed-upon goal – but this is not easy to do. Given some of the challenges, the UW System will need to function collectively to achieve the desired impact that students, faculty, staff, communities, businesses, the state and the world demand. President Cross said that perhaps the greatest challenge facing Wisconsin and many other states is the creation of jobs, but just creating jobs is not enough. What is

needed are high-impact jobs that increase personal growth, quality of life, and social and economic opportunity, and most importantly, jobs that create other jobs.

Talent and Ideas Development

President Cross said that employers are telling him that they have job openings they cannot fill and positions for which they cannot find qualified applicants. He also noted that Manpower's recent report documents this shortage very effectively. He said there is a talent gap, and that gap is what is holding back the economy; to grow the economy, more high-impact jobs are badly needed. He reminded Regents that when Jeffery Immelt of GE addressed the Board, he encouraged the UW System to double the number of graduating engineers for just that reason. Mr. Immelt was encouraging the UW System to create high-impact talent for the needed high-impact jobs.

Posing the question, "what does high-impact talent mean to an economy," President Cross pointed to Stanford and the Silicon Valley, North Carolina's Research Triangle, Boston's Route 128 Corridor, as well as locations in Wisconsin – Madison's Research Park, Milwaukee's Innovation Park, Stout's Technology Park, Whitewater's Innovation Center, River Falls' Center for Innovation and Business Development, and Oshkosh's New Business Accelerator. These high-impact talent clusters are creating not only talent, but ideas that continue to fuel the economy, in good times and in bad times.

President Cross said that he believes the UW System needs to boldly proclaim that from this day forward, its priority would be to develop the talent and ideas that raise Wisconsin's prosperity and serve the world. The UW System possesses the human and capital resources to be a powerful catalyst, one capable of truly transforming the state's societal and economic conditions in ways that benefit the people of Wisconsin and people around the world. He said all UW institutions can and will participate in this kind of a commitment. Academically, the UW System will broaden the talent base on which employers and entrepreneurs depend through an emphasis on STEM, the arts and humanities, and professional programs. He said that in many ways, the UW System is already a key economic engine within the state; but the UW System can do more. The UW System is organized as a system, but it does not always perform as a system and seldom achieves collective impact.

Talent Development Initiative

President Cross said that these areas are where the UW System needs to have collective impact and bring about positive change. Therefore, he proposed that the UW System's biennial budget request focus on the development of high-impact talent. The request, called the Talent Development Initiative, has three inter-related components: (1) the talent path, (2) the talent infrastructure, and (3) the talent-based economy. He provided an overview of how these components are central to the needs of Wisconsin, starting with the talent path.

Talent Path

The talent path is essential because the state faces some serious challenges getting more qualified students into and through the educational pipeline due to the state's aging population;

fewer working-age adults are available to meet the demand and fulfill the potential. He said the state is also experiencing a declining number of students entering and graduating from high school and an out-migration of working-age adults. These demographic changes foreshadow the state's destiny unless the state acts to influence them by getting more students successfully through K-12 and ready for college. He said he had some very aggressive goals in partnership with K-12 colleagues, goals that reflect the importance of this effort.

The talent path also means getting high school students to jumpstart their college careers by taking college-level courses while still in high school and, once students are attending UW campuses, working hard to help them succeed with effective retention strategies, transfer options, and connections to the world outside the university through high-impact practices such as internships and undergraduate research opportunities. The talent path also includes another area of attention – the 750,000 working age adults in Wisconsin who have some college credits but who for a variety of reasons never completed their degrees. He said that the UW Flex Option and UW online programs need to be expanded to better serve these individuals, as these individuals are needed if the economy is going to grow.

Talent Infrastructure

President Cross continued by explaining that the UW System needs to build its talent infrastructure, but before doing so, it needs to better understand where and what is needed. Often numbers are aggregated, which conceals the differences between regions or local communities; one area may need welders, while another may need something different. Once the UW System has a better understanding of the needs, it must invest in building the critically important, high-impact, talent-creating programs. The UW System needs resources to produce more high-impact talent in critically important fields, by growing the infrastructure so the UW System can directly impact the future of the state, the nation, and the world.

Talent-Based Economy

President Cross said that the UW System needs to continue building a talent-based economy through the continuation of the Economic Development Incentive Grants initiated last year. Launching and growing businesses that require high-impact talent is needed within the new economy – a healthy, thriving job-producing economy.

He said that each of these components of the Talent Development Initiative is included in the UW System's proposed biennial budget request.

Summary of Vision

President Cross summarized by saying that he was proposing a broad yet focused vision for the University of Wisconsin System, and offering a biennial budget request directly tied to that vision. He said the UW System is in the early stages of its strategic planning process, but he felt it was important to share his vision at this point, one crafted in consultation with Board leadership, the chancellors, business leaders, faculty, staff, students and people from all around the state.

President Cross concluded his remarks by asking the Board, the chancellors, and faculty and staff, as well as the greater University of Wisconsin community, to help him refine and implement this vision into one that can be shared and advanced, “a vision that moves us, that challenges us to think big, that may even scare us, because we don’t know if we can do it.” He suggested that this vision would help build a new University of Wisconsin System for the future, one that performs as a system with a collective impact that adds value, and that values the diversity of institutions and is respected and admired in Wisconsin and throughout the world – “the University of Wisconsin, and also the University for Wisconsin.”

He then invited Senior Vice President Miller to brief Board members on the specifics of the biennial budget request.

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PRESENTATION AND DISCUSSION: 2015-17 BIENNIAL FUNDING RECOMMENDATIONS

Senior Vice President Miller began by explaining that he would discuss specific recommendations. He explained that the Talent Development Initiative is composed of three strategies: (1) the Talent Path requires \$15.4 million in new state funding; (2) the Talent Infrastructure leverages \$42.3 million in university funds to be reallocated for the purposes President Cross had discussed and \$57 million in new state funding; and (3) the Talent-Based Economy requires \$22.5 million in one-time new state funding.

He explained that the biennial budget resolution also contains performance measures, as requested by the state Department of Administration, as well as requested statutory language changes. He also noted that the resolution concludes with authorizing the President and his team to work with the Department of Administration to determine and fund standard budget adjustments, also known as “cost to continue.”

Overview

Senior Vice President Miller reviewed the impact of the 2013-15 biennial budget by explaining that because of the two-year tuition freeze, tuition revenues that would have covered a share of state employee salary and fringe benefit increases were not provided, creating a \$27.3 million ongoing deficit. In addition, the 2013-15 budget included a GPR base reduction of \$32.8 million, which institutions had to manage. The UW System took steps to develop cash balance policies and to increase transparency and accountability related to cash balances by creating new financial reporting measures. It also responded by drawing down balances to cover costs on a one-time basis. Mr. Miller continued by providing more detailed information, illustrating that the deficit created from the \$32.8 million GPR base reduction, combined with lost tuition revenue due to the tuition freeze, will continue to grow, leading to a deficit of \$74.5 million in 2015-16 and \$89.5 million in 2016-17.

He also explained that existing cash balances can and have played a role in managing these funding reductions, with each institution determining how it will manage the lost revenue.

For example, some institutions are using one-time balances to offset lost revenue temporarily and in combination with actual program operation cuts. The lost revenue was managed by not making all of their shares of the \$32.8 million base cut immediately in the first year, drawing down some balances, and making some cuts. However, over time, institutions will have declining cash balances available to address growing deficits. Cash balances can only play a limited role in covering these costs in a temporary way.

Senior Vice President Miller also discussed ongoing budget reductions in the context of the new funding requested for the 2015-17 biennial budget. He noted that by 2016-17, the operating deficit is projected to grow to \$89.5 million. Some might think that because the 2015-17 biennial budget requests \$95.2 million in new money, the operating deficit will be eliminated. He explained that that is not the case because much of the \$95.2 million request is for targeted activities and cannot be used to help address the deficit. Only \$27.3 million of the \$95.2 million request is for funding to replace the cost of the tuition freeze from the 2013-15 biennium, which would help to reduce the deficit to \$62 million by 2016-17.

Talent Path

Senior Vice President Miller continued his presentation by expanding on what is included in the Building the Talent Path component of the Talent Development Initiative. This component includes \$9 million to expand the Course Options Program and increase enrollments by 50 percent in the second year of the biennium; \$2 million for developmental or remedial education, which includes more effective ways to address remedial needs of students; \$2 million to build on the Transfer Information System involving higher education throughout the state; \$0.7 million for the UW Flex Option; \$1 million for the talent market, to develop a computer-based system to better match graduates with employers; and \$0.7 million to enhance diversity. This component includes \$6.4 million in the first year of the biennium, \$9 million in the second year, for a total of \$15.4 million in new GPR funds.

Talent Infrastructure

The second component of the initiative, Building the Talent Infrastructure, increases degrees in high-demand fields, increases opportunities for student internships, and incentivizes attracting and retaining students in high-demand fields and the retention and recruitment of faculty in high demand fields. This portion of the biennial budget request focuses on six industries critical to Wisconsin's economy, leveraging \$15 million of existing university funds from cash balances to start programs in the first year and requesting \$30 million of GPR for the second year of the biennium to create to leverage \$35 million of base and ongoing funding in the second year to create programs targeted within the high-demand fields. He added that the six high-demand fields account for 50 percent of Wisconsin Gross Domestic Product, and several of the fields are reporting a significant shortage in talent and leadership. The fields are agriculture and food manufacturing; finance, insurance and real estate; healthcare; manufacturing; transportation; and water management and research. Shortages of skilled talent in the workforce are reflected in businesses leaving the state to relocate where the talent resides. He said this ongoing funding would be allocated based on proposals from each institution rather than distributed on a formulated percentage of each institution's base budget. While it is intended that

every institution would participate, they would participate by submitting proposals for evaluation for use of the funds.

Mr. Miller continued by explaining that the second portion of the Building the Talent Infrastructure component is the \$27.3 million referred to as “Support for Students.” He noted that if this portion of the request is not funded, the UW System will have to continue to reallocate existing tuition to cover the fixed costs of the institution.

Talent-Based Economy

The third component of the initiative, Building the Talent-Based Economy, would be for another round of economic development incentive grants. He again emphasized that this would be one-time funding, rather than base-building, of \$11.25 million per year, or \$22.5 over the biennium.

Senior Vice President Miller explained that the biennial budget resolution includes performance measures, as requested by the Department of Administration, which would focus on undergraduate degrees, participation rate, retention rate, and graduation rate. He added that more detailed information was included on pages C1-C4 of the budget materials. He explained that the biennial budget request also proposes statutory changes focused on compensation, noting that chancellors do not currently have the ability to award salary adjustments for merit from existing funds. Other requested changes would include authorizing the Board of Regents to determine pay plan increases for all university employees, while still ensuring that university employees continue to share in the statewide pay plans that the Legislature makes available through the compensation reserve. Other changes would eliminate or streamline certain reporting requirements, and permit the President to work with the Governor and Legislature on further administrative flexibilities.

Regent Discussion

Before moving on to Regent discussion, President Falbo thanked President Cross and his team for an outstanding job, not only in putting together the budget request, but also in briefing all of the Regents and working with the Governor’s Office, the Department of Administration, legislative leaders and staff. He said that it was a critical time for the university’s future, and he believed that President Cross had outlined a conceptual vision and a budget that would address the pressing needs of the System and the state, as well as the unique challenges and opportunities that exist. He said he was looking forward to the strategic planning process that Ray would be initiating and to Regent input and involvement. He then asked for any questions or comments.

Regent Higgins noted that the biennial budget proposal included \$700,000 for diversity, and asked for more specific information on how diversity is defined, how the money would be used, and how impact and outcomes would be measured. President Cross said that in the Milwaukee region, there are two zip code areas where 55 percent of the African American males are unemployed. He also noted that in the fall, for the first time, minority students would outnumber white students in the nation’s public schools. He said that if one wants the economy to grow beyond 3.3 percent, its average for the last 10 years, the minority element of the

population must be included. He also noted that the Board would be having conversations about efforts related to diversity, what is being spent, and whether the programs working.

Regent Behling commented that by September 15th the university and all state agencies would be required to submit their budget proposals, and the message given to all state agencies was that their budget requests should be flat. He asked President Cross to help him reconcile the budget request with the message given to state agencies.

President Cross explained that he and System leaders had been meeting almost weekly with the Governor's Office and with legislators regarding the budget proposal and had been told that the Governor and others were willing to take a look at the budget proposal. He said that it was important that the UW System make its case, as the economy cannot grow any faster without more talent. He indicated that this proposal was the key to helping to accelerate the economic growth in the state. He said that the growth of the economy was on the UW System's shoulders and communicating that, and helping people to understand that, is his job. He said he believed the budget proposal was an investment in the future of the state, and while he was willing to listen to changes or suggestions, he was proposing that the energy of the UW System be focused on the needs of the state, and that resources be aligned to help meet those needs, because that is the best way to improve the economy.

Regent Millner noted that only a few government agencies have the capacity to grow the state's economy, and the UW System is one of them. She said that she was hoping that the Legislature would understand that this budget request would be in the state's best interests, because it is incumbent upon the UW System to promote economic growth.

Regent Whitburn noted that during the past year there had been a focus on UW System reserves or carry-forward cash balances. He said that the UW System finished fiscal year 2012-13 with approximately \$1 billion in unrestricted assets; and in April the projection was that by the end of fiscal year 2013-14, that number would reach \$1.25 billion and then be spent down some in 2014-15. He asked how the Board should think about the UW System's expected reserve position if the budget request is ultimately approved, and if the UW System is "in the right ballpark," projecting ahead through the end of fiscal year 2016-17.

Senior Vice President Miller said that a detailed report would be provided to the Regents at its October meeting, and that report would be critical in terms of how the biennial budget request is ultimately viewed. He recalled that at the April meeting, when institutions were asked to categorize their fiscal year 2012-13 balances using the legislatively-prescribed categories, approximately 3.5 percent of the balances were uncommitted. He said that he anticipated that uncommitted balances at the end of fiscal year 2013-14 would be significantly less; at the Board's June meeting, the Board was provided with a report estimating total year-end balances of \$917 million. He said that he thought the October report, using the auditable definitions, would be close to the projections made in June.

President Cross emphasized the importance of being able to accurately project and appropriately categorize balances and said that he believes the UW System is making progress in this area. He complimented the chief business officers on the campuses and Senior Vice

President Miller's team for their efforts. He also said that while he believed the balances had decreased, it is important that they not decrease quickly, as institutions should be spending wisely and according to spending plans.

Regent Mueller noted that budget requests of this magnitude typically include position increases, but no new positions were discussed in the budget narrative. She asked if the intent was to implement the Talent Development Initiative with existing staff or to request new positions. Associate Vice President Harris explained that new positions were not being requested because one effect of the previous biennial budget was to remove the UW System from state position counts as of the 2015-17 biennium. She said that the assumption was that new positions would be needed to implement the new programs, but at the present time she did not know what number of positions would be needed, as the number would largely be determined by the proposals institutions submit for the grant programs.

Regent Mueller expressed uneasiness about adding staff, as that would increase the system's cost-to-continue budget. She said that she hoped that in the future, as the plan moves forward, Regents would be given information about the number of proposed new or reallocated positions.

Regent Mueller continued by observing that in addition to the UW System's biennial budget request of \$95.2 million, the UW System likely will ask for standard budget adjustments of approximately \$20 to \$25 million. She also noted that while the budget resolution references \$95.2 million biennially in general purpose revenue, there is an additional \$42.3 million in tuition revenue that also will be used. President Cross confirmed that additional funds related to "cost-to-continue" would be requested and negotiated at a later date. Early estimates on the overall cost for the 2015-17 biennium were approximately \$104 million. Associate Vice President Harris indicated that Regent Mueller was referring to costs for fringe benefits, for which the state Department of Administration had not yet provided estimates for the UW System and other state agencies. She added that once this information is provided, the Board will be provided with a report, likely in October.

With regard to performance measures, Regent Mueller noted that in the past the metrics were institution-specific and asked if the 2015-17 performance measures would be institution specific. Senior Vice President Miller explained that for the last biennium, the performance measures were institution-specific because they were a significant part of the request for new money, but prior to that the metrics were systemwide. In response to a follow-up question from Regent Mueller, he indicated that institution-specific performance measures are available and published in the UW System's accountability report.

In response to a question from Regent Mueller regarding the types of degrees included in the performance measures, Associate Vice President Heather Kim indicated that both associate degrees and bachelor's degrees are included in undergraduate degrees counted as part of the *Growth Agenda*. President Cross added that these metrics are used because they are required by the state. If, however, the UW System is going to focus on high-impact talent, it will be measuring very closely the creation of new graduates in specific majors, such as engineering or nursing.

In response to a question from Regent Whitburn regarding debt service, another addition to the biennial budget information before the Board, Senior Vice President Miller noted that Associate Vice President Roe would address debt service estimates in her capital budget presentation.

After expressing her support for the biennial budget request, Regent Farrow said that when information regarding the cash balances is presented to the Board in October, she would like a clear picture of how campuses are affected in terms of which campuses are struggling and which are not. She also expressed what she said was her ongoing concern about the new terminology, developmental education instead of remedial education. She said that one cannot make a silk purse out of a sow's ear and that remedial education is known as such because students are not ready for higher education. She said she was concerned that UW institutions have to deal with students graduating from the K-12 system who are not ready for college math and English; the K-12 system needs to work with the UW System to address this issue.

Regent Walsh asked if the \$104 million that President Cross referred to earlier was the "cost to continue." President Cross indicated that it was, and that this figure would include the compensation increase and benefits, as well as the tuition share of those costs.

After asking several questions related to non-resident tuition, Regent Walsh commented that he hoped at some point the Board would have a discussion related to increasing non-resident tuition rates. President Falbo assured him that such a discussion would take place, as several chancellors are also interested in having that discussion.

President Falbo said he would entertain a motion on the biennial budget resolution. Regent Behling moved approval of the resolution. The motion was seconded by Regent Whitburn, and the resolution was adopted on a voice vote.

2015-17 UW System Biennial Operating Budget Request

Resolution 10392 That, upon the recommendation of the President of the University of Wisconsin System, the Board of Regents approves the submission of:

- (1) the Board's 2015-17 Biennial Operating Budget request, totaling \$95.2 million biennially in GPR/Tuition, for building the "Talent Development Initiative;"
- (2) performance measures for 2015-17; and
- (3) recommended statutory language changes related to compensation, modifying the tuition and fee report, and reconciling the auxiliary balance reporting requirements.

In addition, the Board of Regents delegates authority to the UW System President to approve standard budget increases as allowed by the Department of Administration (DOA) and to seek an extension of the September 15, 2014 submission date, if needed, with the amount of the

standard budget increases to be provided to the Board of Regents in October.

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PRESENTATION AND DISCUSSION: 2015-17 BIENNIAL CAPITAL BUDGET REQUEST

President Falbo invited Associate Vice President Alex Roe to present the capital budget portion of the 2015-17 biennial budget request.

Associate Vice President Roe started her presentation by explaining that state statutes require the submission of a six-year plan. While she would present information for the 2015-17, 2017-19, and 2019-21 biennia, the Regents were being asked to approve only the capital budget for the 2015-17 biennium. Referring to her presentation slide, she explained that there are four types of projects included in the capital budget plan: Major Projects, which are valued at more than \$3 million; All Agency Projects, which are between \$185,000 and \$3 million; the Instructional Spaces Program; and Small Projects, which are valued at less than \$185,000. The UW System's capital plan for the 2015-17 biennium includes \$606 million in Major Projects, \$76 million in All Agency Projects, \$10 million in Instructional Spaces Program projects; and \$40 million in Small Projects.

General Fund Supported Borrowing

The portion of the capital plan funded with General Fund Supported Borrowing (GFSB) includes \$299 million in Major Projects, \$50 million in All Agency Projects, \$10 million in Instructional Spaces Program projects; and \$24 million in Small Projects. Ms. Roe added that this is approximately \$25 million more than the target provided by the state Department of Administration (DOA), and she planned to work very closely with the DOA staff to close out completed projects and re-enumerate dollars that exist within those projects to lower the amount of planned borrowing.

Associate Vice President Roe referred to a slide illustrating the amount of GFSB requests for 2015-17, 2017-19, and 2019-2021; the planned requests for those biennia; and the deferred requests for those biennia. She noted that the UW System has taken a conservative approach to spending; and each successful biennial request is greater than available funds, such that the System will be about \$924 million behind where it would like to be.

Program Revenue Supported Borrowing and Other Sources

Ms. Roe continued by explaining the UW System's second major source of capital funding, Program Revenue Supported Borrowing (PRSB), which is generally used for projects related to utilities, parking, residence halls, dining halls, and student center projects. She noted that the capital plan for 2015-17 includes \$274 million in projects, which is \$111 million less than the prior biennium. She added that there are five capital projects included in the list of

projects for 2017-19 that may be brought forward to the Board for approval before the end of the year; they could increase the capital request for 2015-17 by up to \$215 million.

She noted that the capital plan also includes funding from cash and gifts and grants. Currently, the 2015-17 budget includes about \$75 million for Major Projects.

Debt Service

Associate Vice President Roe highlighted a slide illustrating the debt service for both GFSB and PRSB projects from 2008 to 2014, and projected through 2017. Between 2008 and 2014, actual debt service payments for GFSB ranged from \$53 million to \$236 million per year. She said that the UW System's actual enumeration over this period was a slow steady pattern of growth, and the uneven nature of GFSB payments reflects the management activities of the Capital Finance Unit of the Department of Administration, which borrows funds on behalf of all state agencies regardless of repayment source.

Estimated GFSB debt service payments from 2015 through 2017 will range from \$198 million to \$245 million per year, based on 2013-15 activity and the UW System's current request. She noted that the UW System cannot predict actual borrowing by DOA, which has been actively refinancing since July 2013. She added that the department recently estimated savings of nearly \$95 million on a \$695 million program. She also indicated that the department provides the UW System with a GFSB budget to meet its debt service requirements.

PRSB debt service will range from \$148 million to \$155 million to per year between 2015 and 2017, with the impact of projects enumerated in 2013-15 to occur in 2015 and 2016, and the impact of the 2015-17 projects occurring in 2017. She added that the Department of Administration recently refinanced some UW System bonds, resulting in savings of \$3.7 million, which will be applied across various projects included within the bond-refinancing packages. She noted that institutions would see a reduction in their future payments over the life of the bonds.

Major Projects

Associate Vice President Roe explained that the UW System has 29 Major Projects included within the 2015-17 capital plan, including: ten academic and research projects ranging from new and replacement space to renovation and demolition of existing space; two administrative support projects, including acquisition of a condominium unit; six student health, athletic, recreation and supporting fields/structures projects; three utility projects; three residence hall renovations, one new residence hall and one renovation of guest rooms; and two dining hall renovation projects.

She then highlighted several projects on her presentation slides, including the UW-Madison Chemistry Building Addition and Renovation, the UW-Milwaukee Northwest Quadrant Renovation, the UW-Madison Veterinary Medicine Clinical Skills Laboratory, the UW-Madison Wisconsin Institutions for Medical Research, the UW Milwaukee Basketball Practice Facility, UW-Platteville Boebel Hall Renovation Phase II, UW-Parkside Wyllie Hall Renovation Phase I, UW-Stout Bowman Hall Exterior Envelope, and UW-Stevens Point Student Health and

Recreation Center. She also highlighted various residence hall upgrades to replace aging and failing mechanical systems, increase electrical and telecommunications capacity, address accessibility, provide programmatic upgrades and, in general, modernize many of these facilities across the campuses. She also noted residence hall renovations at UW-Eau Claire, UW-La Crosse, UW-Stevens Point, and UW-Stout.

As part of the capital budget submission, institutions provide estimates of project operating impacts including materials, custodial, maintenance, energy and staffing. Although the state does provide utility funding, each institution is expected to bear the cost of these operating increases within their current budget allotment.

Segregated-Fee-Funded Projects

Associate Vice President Roe explained that there are three projects within the capital plan that are funded by segregated fees. In May 2014, UW-Milwaukee's Student University Fee Allocation Committee approved support for a \$50 fee increase to support athletic facility improvements for the basketball building. In April 2013, a UW-Platteville student referendum approved a fee increase of \$183 per year, beginning in the fall of 2016, through 2037 for a field house addition. In March 2014, a UW-Stevens Point student referendum approved a phased segregated fee increase not to exceed \$275 annually, beginning in fiscal year 2014-15 and continuing through fiscal year 2045-46.

Capital Plan, Overall

Ms. Roe concluded her presentation by noting that the proposed capital budget plan affects a small portion of the UW System's overall square footage, which is more than 62 million square feet. More than 4 percent of UW System space was constructed between 1950 and 1975, resulting in significantly more requests from institutions to replace aging mechanical systems, address failing exterior envelopes, improve accessibility, and grapple with programmatic upgrades in facilities that were not designed to be flexible. About two-thirds of the projects included in the plan are for renovation of existing facilities, another one-third for new and replacement space, and just a "smidgen" for demolition.

Regent Discussion

In response to a question from Regent Mueller, Associate Vice President Roe indicated that the total capital budget request, all funds, was \$732 million. Regent Mueller noted that Associate Vice President Roe referred to the increase over the last biennium as modest, and asked her to provide the total capital budget request from two years ago. Associate Vice President Roe answered that the 2013-15 capital budget included \$412 million PRSB and \$291 million GFSB.

President Falbo asked for a motion to approve Resolution 10393. The motion was moved by Regent Pruitt and seconded by Regent Behling. He then recognized Regent Millner, who asked for additional information regarding residence hall projects that were previously approved, were now being delayed, and had recently received media attention. Associate Vice President Roe explained that there were two new residence hall projects, one at UW-Whitewater and one at

UW-Eau Claire, which had started and had been put on hold. She said that the UW System was working with DOA to get the projects moving forward. She noted that the projects had been previously enumerated and the universities had already set aside dollars to pay for the buildings.

Regent Pruitt asked if these two projects symbolize anything that might suggest an impact on the UW System's future requests. Associate Vice President Roe said that she had no reason to believe that at the present time.

President Falbo called for a vote on Resolution 10393, which was adopted on a voice vote:

2015-17 UW System Biennial Capital Budget Request

Resolution 10393 That, upon the recommendation of the President of the University of Wisconsin System, the 2015-17 Capital Budget request be submitted to the Department of Administration and the State Building Commission. The 2015-17 Capital Budget request includes the following:

1. Enumeration of 29 major projects at a cost of \$299 million General Fund Supported Borrowing, \$232 million Program Revenue Supported Borrowing, \$43 million Program Revenue-Cash, and \$32 million Gift/Grant Funds.
2. Enumeration of \$74 million General Fund Supported Borrowing for All Agency Maintenance and Repair and Small projects; and \$10 million General Fund Supported Borrowing for the Instructional Space Projects Program.
3. Authorization for the UW System President or designee to adjust individual project budgets as necessary in the development of the final 2015-17 Capital Budget recommendation with the Wisconsin Department of Administration.

Let it be herein further resolved, that the University of Wisconsin System Board of Regents reaffirms its support for the UW-Eau Claire Confluence Project and directs the President or his designees to work with the Department of Administration to implement the project.

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PRESENTATION: "LOOKING BACK, LOOKING FORWARD: TAKING STOCK OF THE UW SYSTEM'S PROGRESS ON DIVERSITY"

President Falbo said that for more than 20 years, the UW System had endeavored to be a national leader in diversity in higher education, and the Board of Regents had actively supported a number of plans to "move the needle." Most recently in 2009, the Board of Regents, in consultation with the UW System and institutional leadership, expressed its support for Inclusive

Excellence as the System's strategic plan, with a focus on integrating diversity goals into the core operation and functions across UW System administration and UW institutions.

President Falbo said that since its inception, the UW System had strived to provide students with the highest quality academic, leadership, and social experiences possible. To maintain excellence and retain its competitive edge, the UW System must not only achieve diversity among its students, faculty and staff, but also create teaching, learning and living environments that support excellence, equity and success for all.

President Falbo said that in March, the Regents directed UW System Administration to provide a status update on the System's accomplishments in the five years since Inclusive Excellence was adopted. He introduced Vicki Washington, Associate Vice President in the Office of Inclusivity, Diversity, Equity and Student Success, indicating that she would provide the first of a two-part status update.

Key Board of Regents Actions

After greeting the Board members, President Cross, chancellors, provosts and other guests, Associate Vice President Washington said she was pleased to talk about the University of Wisconsin's journey toward equity and inclusion. The story of the UW System's commitment to diversity has its roots in several key Board resolutions that emerged from thousands of hours of discussions and debate that revolved around several key questions: (1) how does the UW System ensure that all Wisconsin students, regardless of racial or social economic background, have equitable access to a high quality education in this state; (2) how does the UW System prepare its students so they are equipped to compete and lead in an increasingly diverse state, nation and world; and (3) what role should the UW System play in these efforts.

Ms. Washington said that the UW System answered these questions by stepping forward with two ten-year strategic plans for diversity, Design for Diversity and Plan 2008, both of which had overarching goals of eliminating gaps and underrepresentation of minority and disadvantaged people across the UW System. While gains were made under both plans, enrollment rates increased significantly and there were implementation challenges that affected the scale of the results the UW System hoped to see. These challenges included such areas as work being done "in silos" and led by a few individuals, limiting the widespread engagement and participation that would be needed to sustain long-term change. In addition, defining interventions and solutions to help students was not always driven by data-informed practices, making it difficult to ascertain whether a particular program was producing real results for the students who most needed support.

Inclusive Excellence

In 2010, the UW System adopted a planning process known as Inclusive Excellence, which included a series of guiding principles for institutions to consider as they determined their next steps in the diversity arena. Institutions were asked to consider goals and strategies, as well as the organizational conditions that would enable more robust results, including fuller integration, stronger coordination, continued focus on quality, and a sustained commitment to equity.

Workforce Needs

Associate Vice President Washington transitioned to what the UW System's diversity efforts mean for the increasingly diverse state of Wisconsin and its workforce. She indicated that the demographics of the state have been changing since the 1990s. The population of people of color in Wisconsin has nearly doubled, with the greatest growth coming from the Hispanic or Latino population, which had increased by more than four percentage points. The state is also experiencing significant growth among younger generations of people of color, and by 2027 the percentage of high school graduates of color is expected to almost triple in size.

Associate Vice President Washington called attention to her presentation slide showing 2013 employment rates of 69 percent for whites, 62.7 percent for blacks/African Americans, and 67.3 percent for Hispanics/Latinos in Wisconsin. The slide also showed unemployment rates of 5.8 percent for whites, 15 percent for blacks/African Americans, and 14.5 percent for Hispanics/Latinos. She indicated these employment statistics, along with the aforementioned changing demographics of the state, suggest that in order to continue producing the high quality, skilled graduates the state needs to remain economically viable, the UW System must remain focused on ensuring that people of color have access to UW institutions and are successful in earning degrees.

Ms. Washington indicated that other than the UW System, there are few entities in the state capable of shaping the talent pool that serves, and will continue to serve, the state's workforce. The UW System has a remarkable level of influence at every point in the educational pipeline, and how the System leverages its policies, programs and resources will have a direct impact on the workforce, businesses, and strength of communities across the state. She added that the UW System's pursuit of greater diversity is entirely in line with its statutory mission as a public system of higher education. She said that the UW System had ensured, and should continue to ensure, that all students who seek a quality education receive one.

Progress to Date

With respect to the UW System's progress on its diversity efforts, Associate Vice President Washington said that the System has continued to make gains and ensure access for people of color, particularly for the Hispanic/Latino population whose undergraduate enrollment in UW System grew by nearly 4,200 students between 1988 and 2013. She noted that not every racial/ethnic group has experienced the same level of enrollment growth. The enrollment of American Indian students continues to lag behind those of other groups and has actually decreased over time. In addition, the enrollment of African American, Southeast Asian and other Asian students has declined since 2011 and there is more work to be done across the UW System to ensure that all of these populations have equitable access.

She said there has been growth in the number of degrees conferred to students of color. The growth has been greatest for Hispanic/Latino students, but the number of degrees earned by African American students has also grown steadily. She noted however that there has not been enough growth in the number of degrees earned by American Indian students.

Associate Vice President Washington then turned to the issue of Multicultural/Disadvantaged Program funding, noting that for 2012-13, the UW System spent nearly \$27 million in state GPR funds, which is approximately 1.1 percent of the systemwide GPR budget. This averages to approximately \$1,100 spent per student of color. When all sources of funding are included, the UW System spent close to \$65 million for Multicultural/Disadvantaged Program funding at all institutions, which includes institutional scholarships, extramural funding, and federal funding.

Future Directions

Turning to future directions for the UW System, Associate Vice President Washington noted that while the System has made progress in ensuring greater access and degree completion, there continues to be a retention rate gap between under-represented minority students and their counterparts. The retention rate gap narrowed to 6 percent in 2009 but has regrettably widened since then. Similarly, the UW System has been unable to close the graduation rate gap, which is currently at 19 percent. The data suggests there is more work to be done if the UW System is truly embracing equity.

Associate Vice President Washington suggested that the UW System continue to focus on leadership commitment, data usage and routine evaluation of the effectiveness of implemented strategies, and stakeholder engagement and relationships.

She said that President Cross had asked every institution to submit an interim report detailing the status of Inclusive Excellence goals, strategies and results, with a summary of these efforts provided at the Board October meeting. Additionally, through a series of campus visits, System leaders hope to learn more about how institutions are carrying out their Inclusive Excellence goals and to determine what type of strategic collaborations may be facilitated as a System.

Regent Vásquez said that on more than one occasion, Regent Farrow had expressed concerns, and rightly so, about K-12 education and the preparation of students who later become students of the UW System. He asked if the UW System is doing anything to ensure that students of color are well prepared when they arrive at the doors of the UW System.

Associate Vice President Washington indicated that the UW System has a multi-pronged approach to addressing this issue, including working closely with K-12 schools to address problems related to math and English remediation and taking a pipeline approach to pre-college programs by starting to work with students much earlier in their academic lives. She added that a component of many of those programs involves strengthening the work and the relationships with parents related to academic preparation and getting students into the pipeline. She also mentioned bridge programs, which involve students coming to campus during the summer before their senior year of high school and the summer before they matriculate, to focus on academic skill building. She suggested that chancellors and provosts might be better able to address Regent Vásquez's question.

Chancellor Shields commented that he had the experience of seeing some things turn around at UW-Platteville. He said the first thing that must be done is to get the entire UW System focused on academic achievement. While Inclusive Excellence could focus on many other things, ultimately, it is focusing on what student outcomes are desired. He emphasized that Inclusive Excellence must be institutionalized, which was a challenge he had to overcome at UW-Platteville. He also said that the difficulties UW System is having with students of color are “the canary in the coal mine;” if these students are struggling, there are large swaths of the rest of the student populations that are not being successful.

Chancellor Shields said that at UW-Platteville, at every step along the way, pre-college programs have been revamped to focus on academic achievement. He agreed with Associate Vice President Washington’s earlier point that parent engagement is a huge step in this process. He also said that once students of color are enrolled, they have made some important progress using aggressive intervention when students show signs of struggling. Chancellor Shields said that his focus at UW-Platteville had been on academic achievement, and he found that other issues affecting campus climate can be turned around once students are achieving.

Vice President Millner commented that the retention rate gap was closing until 2009, and then began to diverge, and questioned if something changed with regard to recruitment. She also said that she was concerned with this issue because it is so important for the state. The strength of the state of Wisconsin and the strength of the economy are based on the state’s high school graduates being successful. She said the UW System and the Board are interested in all of the System’s students, and she said she is particularly interested in how the UW System is managing this and measuring success.

Vice President Millner said that the Board and the UW System are committed to diversity because it is important for the state and for individual students. She said she mentored a student who came to Wisconsin from Vietnam when she was 16 years old; she shared that the student had recently graduated from the University of Wisconsin. She said there is no question that everyone in the room feels strongly about this issue, and feels strongly about having all students be successful, particularly those students who have challenges or difficulty in making transitions. She is hopeful that in October Regents will hear much about successful initiatives and about what works and does not work; consideration should be given to eliminating initiatives that do not work. She also suggested using differentiated approaches to meet students’ differing needs.

President Falbo commented that many of the Regents were a part of Plan 2008 and its ongoing development and monitoring; he noted that the retention rate gap started to grow as Plan 2008 ended. He questioned whether that may have occurred in part because not enough attention was paid to the issue after Plan 2008 concluded. Associate Vice President Washington said that with Plan 2008, all of the institutions had the same goals and it was easy to monitor. Since then, institutions have not been required to submit their Inclusive Excellence plans to UW System Administration, and reports are not required. She suggested that those practices may need to be changed. She also said that her early review of the information campuses were submitting recently was that they are doing good work. She indicated that she thought she would be able to share progress that campuses are making in using differentiated approaches to the various student populations.

Ms. Washington also said that while she believes it is better that the campuses not use a standardized set of goals and that they prioritize based on resources, demographics, and mission, there are metrics that should be accounted for statewide. There needs to be some flexibility for differing strategies to fit the problems campuses are trying to address.

Chancellor Blank suggested that convergence of the retention gap occurred right after a recession, suggesting the data had a lot to do with the labor market. Associate Vice President Washington said that was her hunch as well, but she did not have the data to support that.

In response to a question from Regent Walsh regarding the Covenant Program's impact on students of color and participation in the program, Associate Vice President Washington said she did not have data regarding the racial/ethnic make-up students participating in the program but would have it when the Board meets again in October. Regent Walsh also said he was interested in knowing if reaching out to students early made any difference in retention rates

Regent Vásquez encouraged UW campuses to look at charter and choice schools, particularly in the Milwaukee area, as they have significant percentages of students of color; and these schools are trying to prepare students for college. He said he believes the university needs to be involved with them also and not only with the public schools. He said that it pains him that when he visits many of these schools, the students talk about the campus visits they make, but it is very seldom that he sees a UW campus banner or pennant at the schools. He has seen information from many of the historically black colleges, Harvard, Yale and all sorts of colleges and universities, but not UW institutions. He strongly encouraged UW institutions to not limit their focus and attention to public schools. He noted that Regent Delgado is on the board of one of the largest Catholic schools in the country, St. Anthony Academy, which is 99 percent choice students and geared specifically to getting students to a university. He questioned how many UW campuses have talked to anyone at St. Anthony's.

Regent Harsy asked if the October report would be limited to information and programs related to racial diversity, or if it would include other types of diversity. Associate Vice President Washington said the information would involve a combination of dimensions of diversity, some based on race, income, and probably sexual orientation. Regent Harsy asked if information on veterans would be included. Ms. Washington said that some campuses did report on veterans; campuses were asked to report on their top three goals. Regent Harsy asked if there were any plans to track veterans' retention rates and graduation rates. She said that are people at UW System Administration work on measuring these metrics but it is not likely information that is included in the campus Inclusive Excellence reports. She offered to obtain additional information for him.

Regent Higgins expressed his appreciation for all of the information provided, noting that the UW System spends about \$65 million a year on diversity, which he assumed was a relatively constant level of spending. He said that the System is spending a lot of money and not moving the needle very well. He said his impression of the efficacy of the effort differed from Associate Vice President Washington's impression, and he was concerned that outcomes started to slide in 2010 which is when the UW System adopted the Inclusive Excellence planning process.

Regent Higgins also expressed his concern with the broader definition of diversity used for Inclusive Excellence, noting the Regent meeting minutes from March 2009 do not include a definition of diversity. He also expressed his concern that one of the three key foci of Inclusive Excellence is on equity in outcomes, which he does not consider a very desirable goal because it sounds like everyone is supposed to come out the same. He said, instead, he believes the UW System stands for equity in opportunity. He said he would like these kinds of questions answered at the October meeting.

Associate Vice President Washington explained that equity in outcome is not equal outcome, but instead refers to accounting for the variable circumstances that each group of students experiences at the campuses. She said that the definition of diversity is “any human difference,” although some differences have a much greater impact on the likelihood of success for students at UW institutions.

President Falbo thanked Associate Vice President Washington for her report, noting that the Regents would see her again in October.

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CAPITAL BUDGET FOLLOW-UP – CONFLUENCE PROJECT

President Falbo indicated that he wanted to return to the topic of the capital budget request as there were some Regents who had additional comments that were not addressed. He recognized Regent Manydeeds, who began his remarks by reading the last sentence of Resolution 10393: “Let it be herein further resolved, that the University of Wisconsin System Board of Regents reaffirms its support for the UW-Eau Claire Confluence Project and directs the President or his designees to work with the Department of Administration to implement the project.”

Regent Manydeeds stated that the Eau Claire community has been working on the Confluence Project for a long time and that it is an important project for the community, the campus, and UW-Eau Claire students involved in the arts and theater who need a new facility. He indicated that for years, the UW System has been directing campuses to collaborate with their communities for many reasons, and the Confluence Project is an example of such collaboration. This facility would benefit the campus as well as the city, county, businesses, and local people who have worked many hours and days over the course of months and years to see the collaboration come to fruition.

Regent Behling said that the Confluence Project is a tremendous regional economic development project that will benefit not only the city of Eau Claire and Eau Claire County, but will have incredible positive impact for western Wisconsin. He also noted that the project was the result of years of hard work by stakeholders from across the region. The project has been the subject of two referendums, with 54 percent of voters from the county referendum supporting investment in the project and 59 percent of the voters from the city referendum supporting investment in the project. He said these numbers send a very clear and strong message that this project has tremendous support.

Vice President Millner said that while the capital budget resolution had already been adopted earlier in the meeting, she appreciated the opportunity to talk about the Confluence Project and reaffirm the Board's support for the project. Although she is not from Eau Claire, she said, the Eau Claire project is reminiscent of a project in which she was involved in Madison. Over the years, she has had the opportunity to be involved in major commercial projects and has developed an understanding of the power of public-private partnerships. She said these projects create jobs and stimulate the creation and expansion of other businesses, as has been seen in Madison with the development of Monona Terrace, which has directly and indirectly improved a region's quality of life.

Regent Millner said that eighteen months earlier she had a chance to visit Eau Claire for the very first time and found it to be a lovely area and a wonderful campus. She said that the Confluence Project would turn what is a blighted area along the river into a vibrant area of creativity. She said the project is an opportunity to leverage private sector and philanthropic investments, as well as an opportunity for an important campus within the UW System to be both helped and to help the area.

President Falbo suggested that Regents be provided an update on the status of the Confluence Project.

President Falbo then acknowledged State Representative Gordon Hintz, who was seated in the gallery, and thanked him for attending the meeting.

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CLOSED SESSION

President Falbo called upon Vice President Millner to present Resolution 10394, to move into closed session. The motion was seconded by Regent Walsh and adopted on a roll call vote, with Regents Behling, Delgado, Falbo, Farrow, Harsy, Manydeeds, Millner, Mueller, Pruitt, Purath, Walsh, and Whitburn. There were no dissenting votes and no abstentions.

Closed Session Resolution

Resolution 10394 That the Board of Regents move into closed session to: (1) consider two student requests for review of two UW-Madison decisions as permitted by Section 19.85 (1) (a) and (g), *Wis. Stats.*; and (2) confer with legal counsel regarding potential litigation as permitted by Section 19.85.1 (g), *Wis. Stats.*

The following resolutions were adopted during closed session:

Student Request for Review of a UW-Madison Decision

Resolution 10395 That the Board of Regents adopts the attached Proposed Decision and Order as the Board's final Decision and Order in the matter of Student A's request for Regent review of a UW-Madison decision.

Student Request for Review of a UW-Madison Decision

Resolution 10396 That the Board of Regents adopts the attached Proposed Decision and Order as the Board's final Decision and Order in the matter of Student B's request for Regent review of a UW-Madison decision.

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The meeting was adjourned at 4:55 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
University of Wisconsin System