MINUTES OF THE REGULAR MEETING

of the

BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM

Held in Varsity Hall II, Union South
1308 W. Dayton Street
University of Wisconsin-Madison
Madison, WI 53715

Thursday, February 6, 2014
1:15 p.m.

UPDATES AND INTRODUCTIONS ........................................................................................................ 2

HOST-CAMPUS PRESENTATION BY UW-MADISON CHANCELLOR REBECCA BLANK: “EDUCATION, INNOVATION AND INSTITUTIONAL CHANGE AT UW-MADISON” ...................................................................................... 4

EDUCATION ................................................................................................................................................. 4
EDUCATIONAL INNOVATION ......................................................................................................................... 5
RESEARCH ...................................................................................................................................................... 6
FACILITIES ...................................................................................................................................................... 7
NEW ADMINISTRATORS ............................................................................................................................... 8
BUDGET .......................................................................................................................................................... 8
TUITION .......................................................................................................................................................... 9
OUTREACH .................................................................................................................................................... 10
DISCUSSION ............................................................................................................................................... 11

PRESENTATION AND DISCUSSION: 2015-17 BIENNIAL BUDGET PROCESS .............................................. 13

UW SYSTEM’S BUDGET REQUEST .............................................................................................................. 14
GOVERNOR’S BUDGET ................................................................................................................................. 14
BUDGET ADOPTED BY THE LEGISLATURE ............................................................................................... 14
TIMELINE .................................................................................................................................................... 15
MAJOR FUNDING SOURCES AND USES ..................................................................................................... 15
DEBT SERVICE .............................................................................................................................................. 15
OPERATING BUDGET .................................................................................................................................. 17
CAPITAL BUDGET ....................................................................................................................................... 19

CLOSED SESSION ...................................................................................................................................... 21

Closed Session Resolution .......................................................................................................................... 21
Authorization to Appoint: Interim Chancellor, UW Colleges and UW-Extension ........................................ 22
MINUTES OF THE REGULAR MEETING
of the

BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM

Held in Varsity Hall II, Union South
1308 W. Dayton Street
University of Wisconsin-Madison
Madison, WI 53715

Thursday, February 6, 2014
1:15 p.m.

-President Falbo Presiding-

PRESENT: Regents John Behling, Tony Evers, Michael Falbo, Tim Higgins, Tracy Hribar, Chad Landes, Edmund Manydeeds, Regina Millner, Janice Mueller, Drew Petersen, Charles Pruitt, Gary Roberts, José Vásquez, David Walsh, and Gerald Whitburn

UNABLE TO ATTEND: Regents Mark Bradley, John Drew, and Margaret Farrow

UPDATES AND INTRODUCTIONS

President Falbo welcomed meeting attendees and officially congratulated Ray Cross, the soon-to-be seventh president of the University of Wisconsin System. He said that he was delighted that Chancellor Cross had agreed to take on the new challenges and responsibilities, and he said he looked forward to working with him to make this great university system even better and more responsive to the needs of Wisconsin citizens. President Falbo said that President-designate Cross brings a remarkable set of experiences and skills to this position, as well as a good sense of humor.

Chancellor Cross was welcomed to the microphone with a standing ovation. He expressed his thanks to the Board and Search Committee, and to students, faculty and staff. Chancellor Cross said that one of the things that he read in the Minneapolis Star Tribune was “everybody loves Raymond.” Saying that he was a simple farm boy, he said that his reception had been overwhelming. He suggested that this would end at some point, but he would try to “ride the wave” for as long as possible.

Chancellor Cross noted that he was in the middle of two transitions – out of his current position and into the new. He said that Interim President Telfer had been terrific to work with. And at the same time, he was working with incoming Interim Chancellor Aaron Brower at UW Colleges and UW-Extension. He noted that he was also meeting with UW System staff and
starting the process of getting to know them. He said that the first phase of his presidency would focus on listening; then he would start spending more time on the campuses with his colleagues, in their communities, and elsewhere in the state. He said that he hoped the University was very good at lecturing, and he hoped it would become very good at listening.

Chancellor Cross said that he thinks of the Wisconsin Idea as having two parts. The first is to bring the resources of the university to bear on the issues of the state. Before doing that, it is necessary to listen to those problems carefully and understand what the people of the state want and how the University can best serve them. Listening well will lead to success, and Chancellor Cross said that he would do his best to do so. He again expressed thanks to President Falbo and all Board members.

President Falbo turned to Interim President Telfer for several introductions. Dr. Telfer began by welcoming a new member of the UW System family, Dr. Sasi Pillay, who had agreed to serve as the UW System’s Associate Vice President and Chief Information Officer in the Office of Learning and Information Technology. He came from NASA (the National Aeronautics and Space Administration), where he had been Chief Technology Officer since 2011, after serving as Chief Information Officer of NASA’s John H. Glenn Research Center in Cleveland for 15 years. In these leadership roles, he was responsible for the evaluation, assessment, development and introduction of new technologies that helped NASA advance its mission while operating in a more cost-effective and innovative manner. Prior to his NASA career, he worked as an assistant professor at the Case Western University School of Medicine.

Interim President Telfer also introduced Aaron Brower, formerly the Interim Provost and Vice Chancellor of UW-Extension, who had recently agreed to serve as Interim Chancellor of UW Colleges and UW-Extension. He was previously the Vice Provost for teaching and learning at UW-Madison, where he was also a professor in the School of Social Work, Integrated Liberal Studies, and Educational Leadership & Policy Analysis. He has also been closely involved with the UW Flexible Option.

Also welcomed was Robin Van Harpen, new vice chancellor for finance and administrative affairs at UW-Milwaukee. Ms. Van Harpen had been serving as the Interim Vice Chancellor since October 2012 and was previously chief legal counsel for UW-Milwaukee.

Interim President Telfer announced that John Shutske, who has a joint administrative appointment with UW-Madison and UW-Extension, was designated to serve as the new Interim Provost and Vice Chancellor of UW-Extension, starting February 17. He has worked in extension services for 25 years in Indiana, Minnesota and Wisconsin. Since 2008, he served as Associate Dean for Extension and Outreach in the UW-Madison College of Agricultural and Life Sciences (CALS) and as the Agricultural and Natural Resources Extension program director within the Cooperative Extension Division of UW-Extension.
President Falbo thanked Chancellor Becky Blank and the UW-Madison campus community for their warm welcome and willingness to host the Board meeting, saying the Board appreciates the annual opportunity to get to know the campus, its people, and its programs better. He welcomed Chancellor Blank to discuss “Education, Innovation and Institutional Change” at UW-Madison.

Chancellor Blank welcomed the Regents to Union South, noting that she loves the building because it is filled with students working, studying, and eating during the day and the evening, and it is a fun gathering place on campus. She thanked the Board for the opportunity to talk about what has become her favorite institution. She joked that if Chancellor Ray Cross is just a farm boy, she is just a small-town girl from Minnesota, and delighted to be the Chancellor of UW-Madison. Noting that she had been on the job for about seven months, she said it had been an honor and a pleasure to serve as Chancellor. She said her presentation would address some of the things happening on campus across the three main mission areas—education, research, and outreach to the state and beyond—and also some institutional issues, such as facilities, budget, and management.

Chancellor Blank said that in her first seven months at UW-Madison, she had spent a lot of time listening and learning. She said she has been all around campus, trying to talk to a wide variety of deans, directors, department chairs, faculty, staff, and students; she had also been off-campus, traveling around the state and country, meeting alums and getting to know her fellow chancellors. She noted that she had worked hard to get to know state government leaders, meeting with approximately 80 members of the state legislature and planning to eventually meet every member. She said she had been developing her agenda and priorities for the university and planned to integrate some of that into her discussion about what is happening on the UW-Madison campus.

Education

Chancellor Blank began by focusing on the area of education, UW-Madison’s first and most obvious mission. She said there are approximately 43,000 students on campus, including 29,000 undergraduates, 11 schools headed by deans, and another nine smaller schools or programs headed by directors. In the fall of 2013, 6,300 freshmen enrolled, including students from every Wisconsin county, 45 of the 50 states, and 33 different countries, with China sending the greatest number of students. With 3,800 freshmen from Wisconsin, she noted that the class included the largest number of state residents in more than a decade, in part due to an explicit effort to increase enrollments. She also noted that the freshman class was one of the most diverse classes in recent history, with students of color representing approximately 16 percent of the class; she added that the diversity agenda on campus is one on which everyone needs to continue to work.
Chancellor Blank also highlighted three seniors who are leaving the UW-Madison campus. Drew Birrenkott, who is majoring in political science, biochemistry, and biomedical engineering, was named a 2014 Rhodes Scholar and will be attending Oxford next year. Joshua Shutter, who majored in chemistry, was named a 2014 Churchill Scholar and will be going to Cambridge. Andrew Bulovsky, who is majoring in political science and communication arts, was named a 2014 Marshall Scholar. Chancellor Blank added that while this provides just a small snapshot of UW-Madison’s graduating class, it is a sign of how excellent it is to have these types of awards given to UW-Madison students.

Turning to the Madison Initiative for Undergraduates, UW-Madison’s differential tuition program, Chancellor Blank explained that this initiative was designed to respond to concerns about rising time to graduation, overcrowding in big introductory courses, and inadequate financial aid. She said the additional tuition funding had been used to substantially expand and improve advising services, particularly in the liberal arts college, to add faculty positions focused on the big introductory classes, and to substantially increase scholarships for low-income students, which is something that was way overdue.

She explained that the goal of the initiative was to improve student retention and time-to-graduation; she reported that the four-year graduation rate had increased steadily since the Madison Initiative for Undergraduates was implemented, and the average time-to-degree had decreased from 4.5 years to 4.1 years. She added that while there were always some number of students who, for good reasons, take five and six years to graduate, her concern is for students who do that for not-so-good reasons, and she wants to make sure that these students get through the university in a timely manner. Noting that this effort was started under Chancellor Martin and continued under Interim Chancellor Ward, she thanked the Board for allowing UW-Madison to obtain the resources that had led to the noted improvements. Suggesting that UW-Madison needs to continue working on these issues, she said the institution had used the additional resources very well and the outcomes prove that.

**Educational Innovation**

Turning to the area of educational innovation, Chancellor Blank said that one of the most exciting things about higher education is the incredible explosion in new technologies for delivering education. She said that the educational press has focused on the exciting things that are happening at places such as Stanford, Harvard, and Massachusetts Institute of Technology; but less attention has been paid to what these new technologies can do for a big public university. She said one of her goals is to put Wisconsin on the map, showing how these educational technologies can be used and the new ways of delivering and improving education at a big, first-rate, public institution.

Chancellor Blank suggested that new technologies might be used to make big introductory classes more accessible to undergraduates, while also improving the quality of the classes. She indicated that UW-Madison is already effectively using new technologies in big classes to provide “flipped classrooms,” which allows students to spend class time problem-solving and working with other students, while listening to lectures in other ways. She said this approach has been used effectively in some introductory math classes, resulting in improved
performance by low-performing students without harming the performance of high-performing students in these classes.

Chancellor Blank indicated that because of new technologies, distance learning provides a system-wide opportunity for all of the UW institutions to work together more closely on degrees. She explained that because UW institutions are no longer tied to geography, students who may want a social work degree from UW-Madison, but cannot move to Madison, can use distance learning through UW-Eau Claire to obtain a social work degree from UW-Madison.

Chancellor Blank also noted that UW-Madison recently started offering Massive Open Online Courses, or MOOCs. The first three MOOCs—Video Games & Learning, Markets with Frictions, and Human Evolution: Past and Future—have enrollments that exceed 42,400, 32,900, and 31,000, respectively. A fourth MOOC—Globalizing Higher Education and Research for the Knowledge Economy—is scheduled to launch on March 24, 2014, and already has more than 10,000 students registered. She noted that these are non-credit courses, and the registrations come from all over the world.

Chancellor Blank said that those within the higher education establishment are still experimenting with MOOCs and what they can accomplish. She also noted that the courses have very high dropout rates, with very few people actually completing the courses. She said that for right now, MOOCs can be used by UW-Madison as a branding opportunity, informing people about UW-Madison’s excellent faculty, research and knowledge, in hopes that they again think about UW-Madison when they want to obtain a degree. She added that over time, as the technology matures, MOOCs may provide additional opportunities.

Chancellor Blank said that she and others at UW-Madison had been thinking about launching a major fundraising campaign to identify permanent funds to be used for educational innovation. She said that she would like to create a Center for Educational Innovation to help fund experiments in the use of technologies that could be evaluated and implemented on a broader basis. She is also interested in increased attention to career counseling and internships, and indicated that new Dean of Letters and Sciences Karl Scholz is doing some exciting work related to sophomore- and junior-year experiences and career planning. Chancellor Blank said that she would like to create a Center for Career Internships to work across the campus to increase the number of internships and career experimentation opportunities for students. She added that most internships would likely be with Wisconsin-based companies, which would increase the number of students who stay in Wisconsin after graduation. Chancellor Blank said there are also a number of things happening on campus related to student life, such as redoing some of the recreation centers, which is an important educational and student life issue.

Research

Turning to the topic of research, Chancellor Blank said that she had been “blown away” by what she had seen as she has traveled around campus; she said that she hoped that one day the Regents would be able to tour some of the research projects that are occurring everywhere on campus. She specifically referred to the Wisconsin Ice Cube Particle Astrophysics Center, also known as the Ice Cube, a project that has generated a great deal of excitement. She explained that the Ice Cube project is staffed by faculty from the Department of Physics and Department of
Astronomy and was awarded the 2013 Breakthrough of the Year Award by *Physics World* magazine. After describing the project, Chancellor Blank shared a video excerpt about the project from a film that premiered at the Milwaukee Public Museum, entitled “Chasing the Ghost Particle from the South Pole to the Edge of the Universe.”

Chancellor Blank said that while she could continue to describe amazing research projects, she would instead summarize with a slide illustrating UW-Madison’s engagement with research around the world. She noted that UW-Madison ranked third in total research expenditures of $1.2 billion in fiscal year 2012, which is money that comes into the state from sources outside of the state and is spent to employ people, buy goods and services, and engage in research, resulting in an enormous boon to the state’s economy. She said that without this sort of money, UW-Madison would not be the type of first-rate research institution that it is, and it is a sign of how good the faculty are.

Noting that she has some concerns as it relates to research, Chancellor Blank said that research dollars are declining due to sequestration and budget issues at the federal level.

Chancellor Blank also expressed concern about faculty salaries. Referring to a slide illustrating the average faculty salary at UW-Madison for the last ten years, as compared to the median salary of faculty at peer institutions, Chancellor Blank said that ten years ago, UW-Madison could live with the five-percent salary differential between UW-Madison and its peers. However, that differential is now close to 20 percent, and attempts at raiding the faculty from UW-Madison have increased dramatically. She said that UW-Madison had lost some great people, but had done pretty well at retaining people. However, the bigger the salary differential between UW-Madison faculty and their peers, the harder it will be for UW-Madison to maintain its status as one of the world’s first-rate research institutions. Chancellor Blank said this is one of the big problems with which she is struggling.

Chancellor Blank said that one of the reasons she wants to work on a fundraising campaign is to increase the resources for faculty and new faculty chairs. She indicated that this is an issue with respect to the campus’s having limited resources to address multiple needs, but also an issue relative to the human resources flexibilities that UW-Madison needs so it can use its money most effectively to retain the real stars of the university.

**Facilities**

Chancellor Blank turned to the issue of facilities, noting that a number of new research and teaching buildings on campus had opened within the past year, including the Wisconsin Energy Institute and the Wisconsin Institute for Medical Research. She also noted that Signe Skott Cooper Hall, the new School of Nursing building, which would be opening this summer, would provide an enormous advantage to the nursing program. She also highlighted several new Housing facilities, including Carson Gulley and the Gordon Dining and Events Center, two dining facilities that opened in the recent past; Dejope Residence Hall, which opened a year earlier; and Leopold Residence Hall, which opened in August. Chancellor Blank also highlighted another new facility, the Student Athlete Performance Center, noting that the performance centers, locker rooms, and remodeled areas of the stadium and McClain Center would add to the athletic program.
Looking forward at projects that are underway, Chancellor Blank noted that the first phase of the project at the Memorial Union, UW-Madison’s signature space, would be completed in the spring and lead to the reopening of some other spaces. Phase Two of the project is tentatively scheduled to be completed in the summer of 2016. She explained that the Memorial Union project coincides with changes to the East Campus Mall and Alumni Park, which when completed, will provide a beautiful green space next to the Union and the Terrace.

Chancellor Blank also highlighted the need for a new chemistry building, noting that if the Regents’ afternoon tour of the current chemistry building fails to persuade them that a new building is needed, nothing will! She also mentioned that UW-Madison is considering renovations in its recreational sport facilities, noting that almost 80 percent of students use these facilities, and the facilities are very deteriorated, with all the buildings needing new roofs and many maintenance issues. She said that students will vote this spring to increase their fees to support these projects, the Athletics Department is contributing to the projects, and fundraising will also support the project.

**New Administrators**

Chancellor Blank said that in addition to new facilities, there were also some new people on campus, including the new Dean of Letters and Science, Karl Scholz; the new Dean of the College of Engineering, Ian Robertson; a new Vice Chancellor for Legal Affairs, Ray Taffora; as well as UW-Madison’s best-known hire, Coach Gary Andersen. She also noted that Provost Paul DeLuca and Vice Chancellor for Research Martin Cadwallader would be stepping down from their current positions, which would be both an opportunity and a loss, because Provost DeLuca and Vice Chancellor Cadwallader had been very important for the university.

**Budget**

Transitioning to the subject of budgets, Chancellor Blank said that due to reductions in the spring, UW-Madison had a $25-million hole in its budget. She explained that the institution was managing by using its reserves, as was instructed, and reserves would decrease to approximately 10 percent by the end of the biennium, with the budget hole continuing into perpetuity. She noted that some degree of restoration of the budget cuts is absolutely vital for UW-Madison, as a $25-million budget deficit means every part of the university will need to be cut by approximately 4 percent if the cuts are distributed evenly. She added that that is a big cut to take, particularly in a time when the state itself is in an economic expansion. She also noted that her fellow chancellors were facing just as many, if not deeper, problems related to this issue.

Chancellor Blank said that the institution is managing its balances and implementing a campus-wide balances policy that is consistent with the Board’s draft policy. She also noted that UW-Madison would report balances quarterly and that Vice Chancellor Darrell Bazzell had done a good job of putting the policy in place. She also noted that UW-Madison needs to maintain some level of balances, as the institution is a very large and complex organization with lots of funding streams. While acknowledging that 10 percent of UW-Madison’s budget is a very large number, it essentially funds only a month-and-a-half of operations, which the chancellor said is not a lot to anyone who has run a business. She also emphasized that reasonable reserve policies
are important to manage the university well in the midst of what is always an uncertain and complex environment.

With regard to federal research dollars, Chancellor Blank said that for the first time in decades, UW-Madison’s federal research dollars were declining, because federal dollars have deteriorated. She said UW-Madison is expecting 5-to-7-percent cuts in federal dollars in the next year. She said UW-Madison had to use some of its reserves for bridge funding of some research projects that did not get the funding they anticipated, and was looking to use bridge funding to allow projects to keep moving forward. She said that the institution would continue to closely watch this issue.

**Tuition**

Turning to the subject of tuition, Chancellor Blank said that she wanted to convey a strong message, starting with professional school tuition. She acknowledged that for many good reasons, the Board chose to freeze all tuition during the prior year and not move forward with UW-Madison’s request to increase tuition for its professional schools. She said she understood that Regents would have another chance to consider this issue, and she planned to push them on the issue. She explained that UW-Madison charges nonresidents $20,000 less for a medical degree than does its primary competitors, $12,500 less for a Masters of Business Administration, $20,000 less for a degree in veterinary medicine, and $8,600 less for a pharmacy degree.

Chancellor Blank said that, as an economist, this approach makes no sense. She said that one of the most shocking things she had realized about UW-Madison is that the institution is actually subsidizing the professional schools using other revenues. She said that UW-Madison needs to raise its prices for these schools to market levels, which would make an enormous difference to these schools. Chancellor Blank also noted that it is not a competitive advantage to be the cheapest school available, as students ask, “What is wrong with this place? What aren’t they providing? How low-quality are their faculty?” Chancellor Blank said that she would bring this issue to the Board again because she believes it is an absolutely necessary item for her and for the UW-Madison’s professional schools to be managed effectively and in the right economic way.

Chancellor Blank also raised the issue of undergraduate resident tuition, noting that UW-Madison is in the middle when compared to the resident tuition at other public schools in the Big Ten conference. She said that being in the middle of the pack is the right place to be for resident tuition, and said she would be quite happy to keep resident undergraduate tuition about where it is, with some future adjustments for inflation. She also noted that she agrees that it is necessary to keep resident tuition affordable for the citizens of the state. She indicated that there are other places UW-Madison can raise tuition revenues, such as the professional schools she referred to earlier, as well as undergraduate non-resident tuition.

Chancellor Blank explained that UW-Madison is not where it needs to be on undergraduate non-resident tuition. She said that UW-Madison and the University of Michigan are probably the two schools that attract the strongest, most diverse, and best-qualified group of out-of-state students; yet the University of Michigan charges $14,000 more per year for its out-of-state students, as compared with UW-Madison. She said that the University of Iowa’s non-
resident tuition is about the same as UW-Madison’s; but Purdue University charges $2,000 more, Penn State University charges $4,500 more, the University of Illinois charges $4,500 more, Indiana University charges $6,000 more, and Michigan State University charges $7,000 more. She added that UW-Madison’s undergraduate program is better than the programs at any of these universities.

In response to a question from Regent Higgins about how a tuition increase would affect out-of-state tuition applications, Chancellor Blank explained that UW-Madison currently admits fewer than 20 percent of out-of-state applicants. For a number of years, out-of-state applications have risen faster than in-state applications, and they had increased 5.8 percent during the past year. While she would not expect a substantial decline in the number of out-of-state applicants, Chancellor Blank said, if an increase in tuition led to a 5-to-10 percent decline, UW-Madison would have no problem maintaining the quality of applicants. Chancellor Blank also suggested that consideration would need to be given to using some of the increased out-of-state tuition revenues to increase financial aid.

Chancellor Blank said she views this issue as an economic no-brainer. She indicated that by increasing tuition at the professional schools and for out-of-state students, UW-Madison can do a lot to improve UW-Madison’s revenue situation. This would also improve the chancellor’s ability to run the university, without in any serious way increasing undergraduate in-state resident tuition. She suggested she would revisit the issue with the Regents in the future.

On behalf of herself and her fellow chancellors, Chancellor Blank said that the worst-case scenario is one in which chancellors have no ability to increase any of their tuition rates and receive no replacement for the dollars that were taken away. She said that all of the chancellors are in very deep trouble, with some in deeper trouble than UW-Madison.

In looking forward, Chancellor Blank said that one of the things she is very involved in putting together is the early stages of a major fundraising campaign. She explained that UW-Madison’s most recent campaign ended in 2006; most schools do not pause their fundraising for more than a year or two, so it is time, she said. The institution would be focusing on education, innovation, need-based aid, career services and student resources, faculty support (including new faculty chairs and professorships), and research investments. Chancellor Blank said she wanted to emphasize that this would not be an effort to replace state dollars, but an effort to raise money for activities that state and federal dollars cannot fund.

Outreach

Chancellor Blank said she wanted to conclude her remarks by talking about outreach, the third component of UW-Madison’s mission. She said that one of the things she loves about UW-Madison is the Wisconsin Idea, which UW-Madison takes very seriously.

Chancellor Blank said she had been doing her own outreach. She referred to a slide illustrating all of the UW campuses visited in her first seven months on the job, noting that while she had not yet traveled to UW-Stout, River Falls, Superior or Whitewater, she had trips scheduled for the near future. She explained that in addition to outreach around the state, she had also been trying to improve what UW-Madison is doing at the federal level. She said that
for the first time, UW-Madison had opened a federal office to work closely with the state’s delegation in Washington, D.C., on the big policy issues that impact UW-Madison and higher education, as well as to work with agencies funding research. She noted that Mr. Ben Miller is serving as the Interim Director of the office. She also added that this office provides an opportunity for the UW System to also have a presence, or to share staff and facilities, in Washington, D.C.

The chancellor also said she is interested in stepping up communication with the citizens of the state; she has involved Vice Chancellor for University Relations Vince Sweeney in an effort to figure out how to do that on a more frequent and consistent basis.

Chancellor Blank said she wanted to end her remarks with what she considers to be one of her most important priorities—being a partner with the state and the community in the area of economic development—which is something the UW System also cares about. She explained that she is in the midst of hiring three people who will be her central team on this issue—the new Director of the University Research Park, to replace Mr. Mark Bugher, who recently retired; the new Director of the Office of Corporate Relations, to replace Mr. Charlie Hoslet, who was promoted into another job; and the director for the Discovery2Product project, which is UW-Madison’s new technology transfer effort. This team, in partnership with the Wisconsin Alumni Research Foundation, will work on expanding business partnerships, entrepreneurship efforts, and technology transfer efforts. She said that building partnerships is something Chancellor Lovell has been doing in Milwaukee, and she is hoping they can work together, as there are a lot of opportunities that can be developed.

**Discussion**

Noting that UW-Madison’s current freshman class has more Wisconsin residents than any class in 11 years, Regent Pruitt asked Chancellor Blank if UW-Madison has greater capacity to increase non-resident enrollment, as well as non-resident tuition. Noting that the Board raised the non-resident enrollment cap in the past year, Chancellor Blank indicated that at some point she may want to have further conversations regarding that cap; but for now she would prefer to work on the non-resident tuition issue. She said the state’s demographics indicate there will be declines in the number of 18 year-olds, and that will affect all of the UW campuses. She said that if she were able to enroll a slightly higher number of non-resident students, her fellow chancellors would benefit enormously, because more resident students would choose other Wisconsin schools. She explained that UW-Madison is not struggling with admission problems, as applications and admissions continue to increase, but that is not true for every school within the UW System.

Regent Vásquez thanked Chancellor Blank for her presentation and her remarks regarding students of color. He said he wanted to remind everyone not to be satisfied with what had already been achieved. He said he hoped that under her leadership, the Board could continue to expect more progress. He added that institutions also need to continue to think about serving students with disabilities.

Chancellor Blank stated that she is also concerned about veterans, and said the campus has been working hard to expand and improve veterans’ programs. She explained that UW-
Madison has a cross-community group that includes students, staff, faculty and community members and is working on recommendations to improve diversity on campus, something she considers a high priority. She said that if college students are not provided with the experience of dealing with others from different backgrounds, perspectives, experiences, languages, and political opinions, they will not be ready for the jobs of the 21st century—jobs that will involve working with an increasingly diverse group of people. She said she considers diversity of students, faculty and staff, absolutely fundamental to the educational mission of the university.

Regent Walsh noted that retaining faculty is an issue, not only for UW-Madison, but also at other UW campuses. He said he has watched for 12 years the give-and-take between the legislature and the UW System. He asked if there are strategies, other than more money, that can be used to retain faculty.

Chancellor Blank explained that there are two issues at play. She indicated that the first issue is expanding the resource base, either through private fundraising or through tuition changes, which would provide the ability to target increases for top faculty and staff. She said that one reason she cares a great deal about obtaining human resource flexibilities is the opportunity to reward performance. She explained that in a time of tight budgets, rather than across-the-board pay increases, performance-based awards make sense. A combination of more resources in certain places and the ability to better target compensation is how she could address this problem.

She said that her second issue involves maintaining a supportive environment for faculty. She explained that if UW-Madison faculty were chasing the money, many of them would have left already. She said they want to be at a place where they can do exciting science and work with great students. It is important to make sure that the environment is in place, that there are support, interdisciplinary conversations, and opportunities for faculty to be a part of exciting groups of other scientists.

The chancellor concluded that both money and environment are important. If an institution does not have the right environment, money alone will not be enough; if an institution does not have enough money, at some point the environment alone will not be enough.

Regent Petersen complimented and thanked Chancellor Blank for her presentation. He commented that her focus on the Vice Chancellor for Research, a pivotal spot, would help to build on innovation. He also complimented her focus on internships, noting that in his recent trips to UW-Stout and UW-Marathon County, he heard firsthand from the business community of the importance of internships and co-ops. He said the business community talked about the high quality of UW graduates and the necessity of soft skills acquired through internships, as well as the ability to work in teams; elevating these experiences is increasingly important.

Regent Petersen also noted that as the parent of two swimmers, he had a concern regarding the recreational sports program and the future of the university’s swimming program. He noted that the university’s swimming facility is used quite regularly for state swim meets, and that will no longer happen if the facilities plan is implemented. He said he would be interested in talking with her further about this issue.
Chancellor Blank said that the current master recreational plan does not upgrade the pool or provide for a competitive swimming pool, and meets would have to be held elsewhere, which has caused some concern. She indicated that the proposed cost was substantial, and the university was relying on funding from an increase in student fees, from some contributions from the athletics department, and from fundraising from alumni; but there is only so much money available. She noted that the announcement of the master plan had created a lot of conversation in the community, and further conversation with the athletics department. She said that she did not know where this issue would end up, but when students vote on the increase in fees, the ballot will include an asterisk indicating that if the university is able to include a competitive pool, it will, but doing so will not increase the fees that students are voting on. She said the issue is still open, but the university would need to find some substantial, additional resources.

Thanking Chancellor Blank for her presentation, President Falbo said there are many reasons why people across the country and around the world look at UW-Madison with great respect, and a little envy; and the Regents had heard just some of those reasons in the chancellor’s presentation.

PRESENTATION AND DISCUSSION: 2015-17 BIENNIAL BUDGET PROCESS

President Falbo turned to Interim President Telfer to introduce the budget presentation. Dr. Telfer said that the discussion would focus on the 2015-17 biennial budget, not the annual budget, for information and discussion purposes and to begin the conversation about budget priorities and funding decisions. He said that the discussion would lay the groundwork for more detailed budget discussions in March, April and May; and he noted that at the Regents’ meeting in August, they would be asked to act on the UW System’s official request for the 2015-17 state budget. He then invited Senior Vice President David Miller to begin the presentation.

Senior Vice President Miller expressed appreciation for the opportunity to kick off the biennial budget process conversation, noting that he would be joined by Associate Vice President Freda Harris and Associate Vice President for Capital Planning Alex Roe, with Interim Vice President Steven Wildeck available to help answer any questions.

Senior Vice President Miller started by explaining that the biennial budget covers a two year period and results in two distinct and separately-adopted annual operating budgets, which are more specific about the allocation of funds. The UW System also has audited annual financial reports that look not at what was budgeted, but at what actually happened. Using the metaphor of a jigsaw puzzle, Senior Vice President Miller said that, like a puzzle, one cannot see the full picture of the biennial budget until all of the pieces are actually put together.
UW System’s Budget Request

Mr. Miller explained that the operating budget would be built early in the summer and approved by the Board in August. The various pieces of the biennial budget puzzle are: (1) operating budget; (2) standard budget adjustments; (3) cost to continue; (4) tuition share of costs; (5) new initiatives; (6) statutory language; and (7) student financial aid.

The operating budget includes both standard budget adjustments and cost to continue, which covers increases in the fixed costs that keep the UW System operating. Mr. Miller said that cost to continue is generally funded with state funds and tuition, so when there is a tuition freeze, funds from other sources must be used to cover the tuition-share of the costs. He explained that new initiatives are items that the state, the Board, or the institutions request new money to fund, above and beyond existing operations. Statutory language changes are proposed changes to state statutes, requested by the Board to allow the institutions or the System to operate differently or with more flexibility. Student financial aid is a critical piece of the UW System’s biennial budget, but it is provided through another state agency, the Higher Education Aids Board. The Board considers and forwards a request for financial aid to the Higher Educational Aids Board in June, and this is eventually folded into the state budget.

Governor’s Budget

When the Governor’s Executive Budget is introduced, it includes all of these pieces as well as additional pieces: (1) debt service; (2) capital budget; and (3) state-funded compensation.

Mr. Miller explained that each of these other pieces are included in UW System’s biennial budget, but are not specifically requested because they are more formulaic in nature. He also noted that the capital budget is on a slightly different path, with the Board submitting a capital budget request to the Department of Administration for consideration. However, the capital budget is not introduced with the Governor’s executive budget, but is instead introduced by the State Building Commission, generally in mid-March, and then considered separately by the legislature’s Joint Finance Committee. Once the capital budget is adopted by the Joint Finance Committee, it is incorporated into UW System’s final budget.

Senior Vice President Miller continued by explaining that compensation is also a major piece of the biennial budget, and it is considered on a different path. Generally, the Board would make a compensation request in November or December of even-numbered years and submit that request to the state; any funding is set aside into a compensation reserve that is acted upon at a later date, generally after passage of the biennial budget, and then allocated to state agencies.

Budget Adopted by the Legislature

Senior Vice President Miller said that the final biennial budget, approved by the legislature, includes two additional pieces: (1) reductions; and (2) lapses. He said that virtually every biennial budget in the past 20+ years has included some reduction or lapse, and these have varied in size and scope.
Timeline

After summarizing the various pieces, Senior Vice President Miller explained that the biennial budget follows a lengthy timeline, starting with the current planning efforts. Officially, the Board will submit their request in August 2014, and that request will wind its way through the Department of Administration, the executive branch, and the legislature, concluding with a veto review period the following summer. The entire process spans about 18 months.

Major Funding Sources and Uses

Senior Vice President Miller then pointed to a slide illustrating the fiscal year 2013-14 budget of $5.997 billion in terms of the major sources of funding: general purpose revenue (GPR)/tuition; auxiliaries and other receipts; federal funds; and gifts, grants and contracts. He noted that of the budgeted $2.47 billion in GPR/tuition, $0.252 billion is restricted for specific purposes, such as debt service, the State Lab of Hygiene, and the Veterinary Diagnostic Lab. This reduces the GPR/tuition pool to $2.218 billion, which includes approximately $900 million in unrestricted GPR and $1.3 billion in tuition.

Senior Vice President Miller pointed to another slide illustrating the $5.997 billion budget in terms of uses, noting that 21 percent of the budget is for instruction and 20 percent is for financial aid. Focusing on the $1.3 billion in tuition funds, he noted that 67.4 percent of tuition is budgeted for direct instruction, and 17.3 percent is budgeted for academic support.

Turning to a slide illustrating uses of GPR funding, Mr. Miller noted that for fiscal year 2013-14, 20.5 percent of GPR is budgeted for debt service, and 18.3 percent is budgeted for physical plant, including 18,000 acres of land and approximately 60 million square feet of space.

Debt Service

With regard to the authorization of debt, Senior Vice President Miller explained that the UW System’s debt is managed through a review and approval process of capital projects that results in debt issuance, which requires projects to undergo varying levels of approval. There is not an overall debt level management policy. He noted that there is a direct tie between the use of funds and the operations of the project, which means, for example, that residence hall operations have to pay residence hall debt. Program revenue debt is issued primarily for residence halls, student unions, parking facilities, athletic facilities, related physical plant projects, and other self-supported operations. General purpose revenue debt is issued primarily for academic and instructional facilities, some limited use for administrative facilities, and other taxpayer-supported operations. He reiterated that GPR-supported debt for the UW System is managed by the state, and annual debt service is calculated by the state after bond issuance. He added that bond issuance may trail project approval by one or more years.

The approval and funding of debt, whether program revenue or general fund supported borrowing, generally follow the same path of approval, except that program revenue borrowing requires student approval. After the Board approves the projects and the state Building Commission and legislature approve the projects, the state Department of Administration (DOA)
issues the bonds. For GPR-supported bonds, DOA adds the GPR funds to the UW System budget; for program revenue-supported bonds, DOA bills the UW System for payment.

Senior Vice President Miller’s next slide illustrated the change in the UW System’s debt principal from fiscal year 2003-04 to 2012-13. He noted that total principal debt increased from $1.3 billion in 2003-04 to $3.3 billion in 2012-13, or 150 percent over a ten-year period. During that same period, GPR principal increased 93 percent, from $911 million to $1.76 billion; and program revenue principal increased 245 percent from $431 million to approximately $1.5 billion.

In response to questions from Regent Whitburn, Senior Vice President Miller explained that the term of general fund bonds is generally 20 years from issuance; some program revenue bonds, at the request of an institution, have had a term of 30 years, which lowers the annual payments but increases the overall borrowing cost. He also noted that the Board of Regents is informed about whether an institution is seeking a debt term of 20 or 30 years.

Senior Vice President’s next slide illustrated changes in GPR debt service and capital expenditures. He pointed out that there is not a relationship between project expenditures and GPR debt service. The UW System’s GPR debt service was relatively steady from fiscal years 2004-05 to 2008-09, averaging $117 million annually, then decreasing in fiscal years 2009-10 through 2011-12, when the state refinanced debt and temporarily lowered annual payments to an average annual of $61 million for three years. However, since then, debt service payments increased to just over $200 million. Unlike GPR debt service, program revenue debt service has increased at a steady rate over the ten-year period as it is not managed in the same way as GPR debt.

In response to questions from Regent Whitburn, Senior Vice President Miller indicated that the state’s refinancing of GPR debt did not lower the UW System’s ultimate obligation. He also noted that debt service payments consume a larger share of the overall budget, because even though the state provided GPR funds for the debt service in a separate appropriation, the state also decreased the UW System’s block grant to account for the spike in debt service.

Senior Vice President Miller reiterated that the increase in program revenue debt service payments had been stable, but has increased 284 percent, from $29.3 million in 2003-04 to $112.8 million in 2012-13. He said that the UW System is now seeing a sharp decrease in capital project expenditures, which Associate Vice President Roe would address in her presentation. He noted that the annual auxiliary operations budget dedicated to debt service grew from 4.5 percent in 2003-04 to 12.1 percent in 2012-13, but there was not a commensurate increase in operational budgets.

Senior Vice President Miller’s next slide included a table comparing actual GPR debt service payments to the total GPR appropriation from fiscal years 2003-04 through 2012-13. He pointed out that in 2003-04, actual GPR debt serve payments were 5 percent of the total GPR allocation, ranged from 10 to 12 percent in fiscal years 2005-06 through 2008-09, and then decreased in 2009-10 to 2011-12 due to the refinancing. He noted that GPR debt as a percentage of the GPR appropriation escalated to 17 percent in 2012-13 and 21 percent in 2013-14, using
budgeted numbers, and the trend is of concern. The total budgeted debt service for the current biennium, 2013-2015, is $775 million.

Regent Mueller said that the debt discussion was important for the Board to understand, but when legislators, through the State Building Commission, provide the GPR debt with the full faith and credit of the state behind it, they provide what the university has requested. The legislature provides, in a separate appropriation, the funds to cover the debt service. She said that legislators consider the university “golden,” and she did not want her colleagues to think that when the UW System’s debt goes up it hurts the UW System’s block grant.

Regent Whitburn indicated that he disagreed with Regent Mueller’s observation and that he had encouraged Senior Vice President Miller and his staff to provide increased focus on this issue. He said that during the time he had served on the Board, debt was addressed during the budget approval process in terms of the debt service increase, rather than the total amount of debt. He said that in the last budget, the discussion was about the $64 million debt-service increase, rather than the $775 million total debt during the biennium that Senior Vice President Miller had just enunciated. He said that his concern was that the Board regularly approves new, necessary capital projects, but these projects need to be paid for over time. He expressed concern that the trajectory of debt is not sustainable. He suggested that when the Board considers capital planning propositions in the future, that they should do it within the context of ongoing debt service obligations, particularly when dollars are scarce.

Senior Vice President Miller said that when looking at the program revenue levels, he was comfortable with where the UW System is at, especially when considering debt service coverage ratios. He said the program revenue projects go through a great deal of scrutiny to ensure there are appropriate levels of funding to support the projects long term, and it has been a strategic decision by the institutions to grow their program revenue debt as they rebuild 50-year-old facilities.

Mr. Miller that, with regard to GPR debt, the executive branch believes a dollar is a dollar. Regardless of whether a dollar is used for debt service or for the block grant, it is still a new tax dollar that has to be generated from the tax base, and the more dollars that have to be generated from the tax base for debt service, the less the executive branch may want to put into the block grant.

Regent Mueller said she agreed with Mr. Miller, but that one cannot ignore the fact that the legislature had been responsive to the UW System’s requests. In response, Mr. Miller indicated that the state’s refinancing of debt is what forced the rising trajectory in the UW System’s debt service level, and he questioned whether the state can afford to maintain funding for that level of debt, as well as the block grant for UW System’s other fixed cost. Regent Mueller added that other state agencies would experience a similar concern.

**Operating Budget**

Senior Vice President Miller invited Associate Vice President Freda Harris to the podium to speak about the operating budget. He said that he would take responsibility for some of the
issues she would talk about, because he intended for the presentation to be a reality check; the UW System is facing significant unfunded liabilities in the next biennium.

Associate Vice President Harris started her presentation by reminding everyone that UW institutions have to balance the need for high-quality programs and services with ensuring affordable access and remaining accountable for the use of their resources. The major levers that institutions have for dealing with this are state GPR funds, tuition and fees, and efficiency and the reallocation of resources. She said that during the current biennium, the UW System had not had access to GPR and tuition to make improvements or add programs, as GPR funding for the System was reduced and tuition frozen; therefore, increases in tuition revenue from students were not available to cover ongoing costs. She indicated that money generated through efficiencies and reallocations is what the System is using to try to make up for the holes in the budget.

Ms. Harris stated that for the 2014-15 annual budget, the UW System would be required to cover some ongoing costs for which the UW System did not receive new resources, such as for the Flexible Option Program. The UW System is reallocating $1.3 million on a one-time basis to fund ongoing program operations; this is in addition to funding that had already been set aside within the System for program start-up. Ms. Harris also indicated that the UW System’s 2014-15 annual budget includes a base budget cut of $32.8 million, which will impact the needs of the institutions as they move into the next biennium. The budget also includes pay plan and fringe benefit increases of $23.9 million, which generally are funded by both GPR and tuition; but due to the tuition freeze, there is no ongoing source of revenue to support those costs. The budget also includes $3.9 million in cost-to-continue, which would normally come from tuition revenue increases. In total, the UW System has $61.9 million annually, or approximately $134 million over the biennium, in costs that must be funded in some way, every year, going forward.

Ms. Harris acknowledged that one-time balances could be used to cover these costs, but if one-time balances must be used on a continuing basis, those dollars will eventually be used up. In addition, as the one-time balances are depleted, there are choices that have to be made about improvements that otherwise would have been completed.

With respect to other budgetary challenges, Associate Vice President Harris said that one of the major impacts on UW institutions was that for four years there was no general wage adjustment provided to state agencies, including the UW System. In addition, there was a significant increase in the cost of benefits that employees were required to pay. She also noted that the gap between what is being paid at UW institutions and other peer institutions continues to grow. She said that it would be a challenge for the UW System to address these costs in the future, and there is uncertainty as to whether the funding will be available or requested through the UW System’s block grant, or available through the state’s compensation reserve. There is also uncertainty as to whether UW employees will continue to receive the same general wage adjustment as other state employees.

Associate Vice President Harris said that utilities are another challenge. More than 60 percent of the GPR funding for physical plant is used to support utilities. DOA generally estimates changes in funding related to inflation and normalization for weather and typically
adds the money to UW System’s budget. Similarly, debt service is a concern, as DOA estimates how much is needed for debt service and puts it into the budget. She noted that if the money budgeted for debt service is not needed, it reverts to the state and is not available to the UW System to use in other ways.

With regard to affordability and financial aid funding, Associate Vice President Harris explained that the Board of Regents submits a request for the Wisconsin Higher Education Grant (WHEG) program, one of the system’s largest grant programs, to the state Higher Educational Aids Board. She said that at subsequent Board meetings she would be talking to the Board about what they might want to consider for a financial aid request.

She also noted that area of fringe benefit cost increases is another challenge, as the UW System does not control its health insurance programs. She explained that the state generally provides some funding to cover the cost of increases in health insurance, retirement, and other benefits; but a part of those costs were covered by tuition increases, and there is uncertainty as to how the UW System will be treated with regard to those costs in the future.

Associate Vice President Harris estimated that the potential costs that will need to be funded in the next biennium range from $112 million to $165 million annually, and on an ongoing basis. Over the biennium, the costs could range from $200 million to $306 million, not including debt service, utilities or a possible general wage adjustment for the university and other state agencies.

Ms. Harris explained that she and her colleagues were struggling with the uncertainty of how the UW System would be treated in the budget process, particularly as it relates to the compensation reserve. She said that she was hoping that through discussions with DOA, the process could be simplified, such that the Board would not have to re-request funding from the compensation reserve that had already been approved.

**Capital Budget**

Ms. Harris invited Associate Vice President Alex Roe to the podium to talk about the capital budget.

Associate Vice President Roe started by noting that the capital budgeting and planning process is actually 36 months long, and it is necessary to start the next biennial budgeting process before finishing the last one. She said the 36-month process starts with intensive activity at the institutional level, with master planning, project planning, and feasibility studies; it is an ongoing, iterative process to develop a six-year budget. Noting that the UW System is about 14 months into that 36-month process, she said that the institutions have submitted their major budget requests for both GPR and program revenue (PR); and System Administration staff is working through those requests with the institutions.

Associate Vice President Roe explained that there are three categories of project, regardless of funding:
• Major projects include anything over 500 square feet and could include new construction, renovation, a large scale addition, or major renovation;
• All-agency projects are statewide maintenance, renovation, and remodeling projects of under $3 million and generally include utility projects or smaller projects. Within this category are “small projects,” which are projects of less than $185,000. This has been one of the most successful and important programs for the institutions, as it allows them to work with their physical plant directors to do such things as roof repairs.
• Instructional space projects include classroom and laboratory renovations and remodeling under $3 million. She noted that for the 2013-15 biennium, there are $50 million in requests and only $15 million set aside for these types of projects. She said there is a significant need to increase and improve instructional spaces, both laboratories and classrooms, across the campuses.

Associate Vice President Roe noted that for 2013-15, $518 million in program revenue supported projects was approved, which included projects funded by segregated fees, program revenue, cash, gifts, and donations—all fund sources that are not general fund supported borrowing. She indicated that requests from institutions for this funding were well in excess of the available funds, but have started to level off. She indicated that while there are still a fair number of residence halls to upgrade, there have been significant strides in upgrading student unions and dining halls.

Ms. Roe continued by explaining the GPR share of the capital budget, noting that the UW System obtained about $441 million of general fund supported borrowing, and was assuming a modest increase of 5 percent over the next three biennia, which means approximately $471 million would be available in 2015-17, $494 million in 2017-19, and $522 in 2019-21. She indicated that in each of the next three biennia, she anticipated requests for GPR well in excess of available funds.

Associate Vice President Roe also noted that three campuses—UW-Superior, UW-Parkside, and UW-Whitewater—have master plans in progress; and UW-Madison recently announced that it would like to do a new master plan. She said that she anticipated that as these master plans are completed, there would be increased stress on how the UW System renovates, builds new, and accomplishes the priority needs of the institutions. She indicated that Regent policy is used to prioritize projects, and each institution is asked to prioritize the list of projects they submit.

Ms. Roe concluded by explaining that during the next few months, she and her colleagues would be refining the institutional requests, sharing them with the Board in June, and then sharing them again in August for approval.

Senior Vice President Miller thanked Associate Vice President Julie Gordon and her team—Lori Grams and Rosalind Seow—as well as his assistant, Kris Fredrick, for preparing the information provided during the presentation. He then asked if anyone had anyone had any questions.
Regent Mueller, returning to the subject of debt, observed that the analysis of debt that Regent Whitburn had requested was an excellent way to understand what is happening, but that it is an indictment of the budgeting approach of the past. She said that the UW System’s debt service level was artificially low for a few years, and now would be higher than expected for the next few years which, if Senior Vice President Miller is correct, could lead to reductions in other parts of the UW System’s operating budget. She explained that legislators tend to separate capital budgets and operating budgets in their thinking; they believe that the UW System has been a great winner in recent years because of its success in gaining approval for GPR-funded capital projects. She said that she was not sure how the legislature would view the UW System budget in the future, or if the legislature might again refinance the debt service cost; and she emphasized that the Board needs to think strategically about the operating budget.

Regent Higgins said that since he had been appointed to the Board, he had struggled to get his arms around how the budget works. He said the presentation was a huge step in the right direction for training Board members. He expressed appreciation for the work that was done to put the framework together. Senior Vice President Miller noted that Regent Higgins had come into the office to learn more about the budget, as had Regent Farrow. He offered to meet with any other Regents seeking a better understanding of the budget process.

President Falbo also expressed his thanks for the presentation, and then reminded meeting attendees of the tour of the Chemistry building scheduled to begin after closed session.

---

CLOSED SESSION

President Falbo called upon Regent Millner to present Resolution 10312, to move into closed session. The motion was adopted on a roll-call vote, with Regents Behling, Evers, Falbo, Higgins, Hribar, Landes, Manydeeds, Millner, Mueller, Petersen, Pruitt, Roberts, Vásquez, Walsh, and Whitburn voting in the affirmative. There were no dissenting votes and no abstentions.

Closed Session Resolution

Resolution 10312 That the Board of Regents move into closed session to: (1) consider UW-Milwaukee honorary degree nominations, as permitted by s. 19.85(1)(f), Wis. Stats.; (2) consider the salary of an interim chancellor of UW Colleges and UW-Extension, as permitted by s. 19.85(1)(c), Wis. Stats.; and (3) confer with legal counsel regarding pending or potential litigation, as permitted by s. 19.85(1)(g), Wis. Stats.

The following resolution was adopted during the closed session:
Authorization to Appoint: Interim Chancellor, UW Colleges and UW-Extension

Resolution 10313 That, upon recommendation of the Interim President of the University of Wisconsin System, Aaron Brower be appointed Interim Chancellor of the UW Colleges and UW-Extension, effective February 15, 2014, at a salary of $205,046.

The meeting was adjourned at 3:45 p.m.

Submitted by:

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