

MINUTES OF THE REGULAR MEETING

of the

BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM

Held at Gordon Dining and Event Center
Symphony Room
770 W. Dayton Street,
Madison, Wisconsin

Thursday, October 8, 2015
1:15 p.m.

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-President Millner presiding-

PRESENT: Regents John Behling, José Delgado, Margaret Farrow, Michael Grebe, Eve Hall, Nicolas Harsy, Tim Higgins, James Langnes, Edmund Manydeeds, Regina Millner, Janice Mueller, Drew Petersen, Charles Pruitt, Mark Tyler, José Vásquez and Gerald Whitburn

UNABLE TO ATTEND: Regents Mark Bradley and Tony Evers

UPDATES AND INTRODUCTIONS

President Millner announced that the Board had already had a good series of committee meetings that morning, and would get right to its busy agenda for the afternoon.

First, President Cross would lead an overview of the 2015 report on UW System program revenue fund balances. The Regents had all had a few days to review and digest the plentiful information included in the report, which was now in its second year. President Millner stated that the Board appreciated the hard work of the institutions which had worked in concert with UW System Administration to develop the report, adding that one could not find a more thorough or transparent financial accounting.

Later that afternoon, the Regents would also hear the once-every-three-years update on UW System Transfer Pathways and Transfer Credit Services. David Ward, Interim Vice President for Academic and Student Affairs, would lead the overview.

President Millner then turned to President Cross to begin the fund-balances discussion.

PRESENTATION AND DISCUSSION: REPORT ON THE LEVEL OF COMMITMENT OF PROGRAM REVENUE BALANCES, FY 2014-15

President Cross explained that UW System Administration had been working on the second annual Program Revenue Balances Report for quite a while, and he was pleased to review it with the Regents. Noting that the report included about 200 pages of data, he stated that Julie Gordon, Interim Vice President for Finance, would assist him in trying to find ways to identify and pull out the key points. Recognizing that there was a lot of information and that the Regents had just a short time to look it over before the meeting, President Cross said they would do their best to summarize the report and keep it simple. He and Ms. Gordon would examine the report through three different lenses: where the System was before, where it is now, and where it is going.

Level of Fund Balances

Overall, the UW System was on track from the trajectory predicted the year before and shared again during the annual budget discussions in July 2015. In 2014, for the first time ever, the UW System described its program revenue fund balances in total, by institution and by fund. In 2015, again for the first time, the use of fund balances was integrated into the annual budget process to provide a comprehensive picture of the System's finances by institution and by fund. President Cross indicated that the System would continue to reform this process to even more tightly align fund balances and financial planning so they would be seamless and transparent.

Beginning with the total fund balances, President Cross passed out a summary sheet to each of the Regents. Issuing a quick reminder about campus fund balances, he explained that the interest was on balances in the plural, not singular. The program revenue balances within the System are not one big pot of money, and are not analogous to the state's rainy day fund in any way. Rather, they are individual balances held at each of the institutions for hundreds, if not thousands, of specific reasons. These program revenue balances made up five unique funds at the 15 UW institutions and statewide Extension. These funds included the "Tuition and Fees," "Auxiliary Operations," "General Operations," "Other," and "Federal Indirect" funds.

As an example of how the fund balances were being drawn down, President Cross observed that the Tuition and Fees fund began the year with a balance of \$395,398,273. The System then received \$2.39 billion in revenues and spent \$2.45 billion, pulling \$58 million from the fund balance. Looking at another category, the Auxiliary Operations fund, he described how the System actually took in more money than it spent in FY 2015. That additional \$12.9 million was being held in escrow because so many projects were delayed and that money was accumulating, both for projects that were enumerated but did not move forward and projects that were approved by the Board but not enumerated by the Legislature.

Returning to the total fund balances, President Cross observed that there was a constant, significant trend of declining fund balances overall. The program fund balances, which were detailed in total and by institution throughout the System in the summary report, had decreased by more than 37 percent since 2013-14, which was in keeping with the System's projections

from earlier in the year. Thanks to reforms that had been implemented, the System would continue to better forecast balances.

Leading the Board through an update of the five funds and their purposes, President Cross noted that Regent Policy Document 21-6, the Board's policy on reporting balances, was included on pages 8, 9 and 10 of the report. This policy required UW institutions to submit detailed plans under two circumstances.

First, institutions with balances exceeding 12 percent of total expenditures must submit a multi-year spending plan for four of the five funds: Tuition and Fees, Auxiliary Operations, General Operations, or Other Unrestricted Program Revenue. Fund balances would need to be categorized as obligated, planned, designated, reserved, or undocumented/discretionary. President Cross added that Vice President Gordon would explain these commitment level definitions later in greater detail. In 2015 there were six institutions with balances exceeding the 12 percent threshold, down from 11 institutions in 2014. President Cross indicated that this meant the fund balances had been decreasing.

Second, institutions with negative balances in two funds – Tuition and Fees and Auxiliary Operations – were required to submit a plan detailing how and when the deficit would be eliminated. Currently there were three institutions that were required to develop savings plans.

President Cross said it was important to remember that this fund was used to advance the University of Wisconsin's academic mission, and allowed the System to manage volatility in enrollments, funding and program changes as it implemented the budget reduction.

Referring again to the PR Balance Summary sheet, President Cross noted that the Tuition fund balance was down about \$58 million in FY 15, with the total balance of the fund dropping from \$395 billion in 2014 to \$337 billion in 2015. It was projected that the balance would continue to decrease to \$204 billion by the end of the current fiscal year, July 1, 2016.

President Cross indicated that while the System's budget was \$6.2 billion, only about \$2.5 billion was directly related to its instructional academic activities. Those numbers were all too often mixed; while the state provided less than 15 percent of the System's overall funding, it actually provided about 40 percent of its instructional academic money, because almost all of the GPR dollars went into the Tuition and Fees fund. By the end of the current fiscal year there would be a 63-percent drop from the 2012-13 total Tuition and Fees fund balances of \$551 billion, which was a significant reduction to instruction and academic dollars.

In the 2014 PR Balance Report, three institutions – UW-Madison, UW-Stout and UW-Superior – were below the 12-percent reporting threshold for Tuition balances and therefore did not need to submit a spending plan. For 2015, there were eight institutions that were below the 12-percent reporting threshold; those additional five campuses were an indicator that the fund balances were decreasing. However, President Cross cautioned that the balances could not decrease rapidly; rather, they had to come down wisely and cautiously. He reported that System Administration was still trying to evaluate what the "low water mark" should be, and would

hopefully come back to the Board with some recommended guidelines for what the fund minimums should be.

As an example of how some institutions had experienced modest declines while others' had been significant, President Cross pointed out that between FY 14 and FY 15 UW-Eau Claire's Tuition fund balance declined more than 40 percent, from \$18.2 million to \$10 million; UW-Milwaukee's Tuition fund balance was reduced by almost 40 percent, from nearly \$56 million at the end of FY 14 to \$34 million at the end of FY 15.

The amount in the undocumented category for Tuition funds declined from \$39 million to about \$9.6 million, which was a one-year reduction of nearly 76 percent. That \$9.6 million was spread over 15 institutions, and accounted for less than one percent of the UW System's total instructional costs across all campuses.

In July it was estimated that the Tuition fund balance would be about \$204 million at the end of the fiscal year, a projection which continued to hold. The ongoing 63-percent decrease reflected the use of balances to address the tuition freeze and to bridge the cuts that were necessary to make to bring institutions' expense budgets into alignment with their revenue budgets.

Switching to Auxiliary Operations, which included funds for residence halls, food service, student unions, bookstores, and student segregated-fee operations, such as athletic facilities and student health centers, President Cross indicated that the fund balance had increased by \$12.9 million from FY 14 to FY 15, from \$277 million to \$240 million. The balance was projected to decrease by the end of FY 16 to about \$181 million, assuming that currently-stalled projects would move forward. He also noted that more than 95 percent of these funds were reported as obligated, planned, or designated. Designated funds were limited in how they could be used.

President Cross moved next to General Operations, which encompasses a wide range of activities that support the university's academic mission. For example, General Operations at UW-Madison would include the Babcock Dairy, University Press, and the Preschool Lab. These are basically businesses within the academic operation that provide a service and generate funds for their own space, which they lease from the university. Between FY 14 and FY 15, the General Operations fund balance decreased by about \$5.2 million, and was expected to further decrease to about \$97 or \$98 million at the end of the current fiscal year.

President Cross acknowledged that the next category, Other Unrestricted funds, in some ways distorted the System's overall fund balance because it was largely, if not almost entirely, made up of funds passed through to other entities or operations, including to the State Hygiene Lab, the State Veterinary Diagnostic Lab, and the License Plate Scholarship Program. It also included debt service payments that were meant to be paid within 30 to 60 days. The Other Unrestricted fund balance increased from \$58 million in FY 14 to \$65 million in FY 15.

The final fund was the Federal Indirect fund, which was used for wide-ranging purposes, including: supporting the staff who helped institutions compete for extra awards; competitive

faculty start-up packages; equipment and maintenance; and the acquisition of whatever was needed to support and provide for research. This balance decreased by about \$5.7 million, or 3.3 percent, and was projected to decrease by the end of FY 16 to around \$147 or \$148 million, a reduction of more than 12 percent.

Commitment Levels and Institutions' Plans

At this point President Cross invited Interim Vice President Gordon to share some additional summary and analysis of the report through the lens of the Legislative Audit Bureau's five commitment-level categories, as well as some thoughts on the campus plans included in the report.

Interim Vice President Gordon explained that the detailed spending plans categorized the fund balances into one of five categories: obligated, planned, designated, reserved or undocumented/discretionary. These commitment level definitions were defined and developed by the Legislative Audit Bureau when it did its 2013 review of the UW System's balances.

The obligated balances are the most committed of the funds. These balances are held for a specific purpose that would make it very difficult to redirect those funds for other purposes; rescinding those commitments would create a significant risk of legal action, cost, or reputational damage. The balances were documented and included signed contracts for services, invoices, signed employment letters from faculty or staff, and debt service schedules.

Described next were the planned balances, which are less committed than the obligated. They are also held for a documented purpose but could be more easily redirected. Examples of planned commitments could include a budget document or a signed memorandum for a service that was anticipated but not yet contracted for; a plan to hire faculty or staff but without their signed acceptance; and renovations or maintenance that were anticipated in the coming year.

Designated balances are restricted as to how they are going to be spent based on the original funding source, but without a specific obligation or plan in place at the time. An example of this would be differential tuition, which is generated and spent in consultation with the students.

Reserved balances are amounts held for contingencies such as unexpected declines in enrollment or an abrupt termination to external funding, such as grant funding. To be considered a reserve, UW institutions must have documented the amount of the reserve, how the funds were to be used, and who could authorize usage of those funds.

The undocumented or discretionary funds are not yet obligated, planned or reserved; unlike the designated funds, there is not an external restriction as to how they could be spent.

Interim Vice President Gordon referred to Appendix 3 of the report, which provided a summary of how the UW System's balances were broken down by level of commitment within each fund. Just as it was important to look at the individual funds of the PR balances, she suggested that it was also important to look at the commitment levels on a fund-by-fund basis.

For the Tuition fund, the percentage of funds within the obligated and planned categories had increased, with 77 percent of the Tuition balance in one of these categories at the end of FY 15. Tuition reserves across all of the UW institutions had decreased slightly, from \$53 million to \$51 million. Balances within the designated or undocumented categories had declined significantly; specifically, the designated category had declined by about \$5 million, or 23 percent. The undocumented tuition balances had decreased from nearly \$40 million to less than \$10 million, a one-year reduction of more than 75 percent.

Within Auxiliary Operations, 80 percent of the balance was reported as either obligated or planned, with an additional 15 percent being designated or restricted by the funding source. The auxiliary reserves did increase from approximately \$0.5 million to \$7.5 million as institutions carefully considered the level of funds that were needed for contingencies, and then documented what level was needed and how those funds could be used and authorized for usage in the future.

Similar trends were apparent within General Operations and the Federal Indirect funds. Ms. Gordon noted an increase in the percentage of the balances that was categorized as obligated or planned from the year before, and a reduction in the amount of designated and undocumented funds.

As President Cross had noted, the Other Unrestricted fund is a combination of monies, many of which are considered pass-through funds, such as the debt service payments that would be coming for the next fiscal year. This was reflected in the categorizations, with less than one percent, or approximately \$650,000, of the Other Unrestricted Fund within the reserved or undocumented categories.

Following the summary of commitment levels, Vice President Gordon then turned back to President Cross to present some conclusions.

Conclusions

Providing a summary overview of where different funds had been, where they were currently, and where they were going, President Cross stated that there were four key takeaways:

1. The overall fund balance of the UW System was steadily decreasing.
2. The Tuition fund within the overall fund balances was significantly decreasing.
3. Eight of the UW institutions were now below the 12-percent reporting threshold (up from three the year before).
4. Delayed capital projects had caused the temporary increase in the Auxiliary Operations fund balances.

Stating that there was still work left for the UW System to do, President Cross said that he was committed to working with chancellors, legislators and other stakeholders to ensure that they had the most transparent financial system in the State of Wisconsin and one that could serve as a model nationwide. He emphasized that they were using student and taxpayer dollars as efficiently and as wisely as possible.

Regent Discussion

President Cross then invited the Regents to ask questions. Regent Whitburn observed that the end balance of FY 15 was \$923 million, down 5 percent from the beginning balance of \$973 million, and recalled that there had been some debate about the validity of the levels of commitment when the report was first put together. One year later, having looked at the performance of the campuses and the financial staff, he wanted to know if System Administration was happy with the integrity of those commitment designations.

Interim Vice President Gordon replied that the institutions had put a considerable amount of time into reviewing their processes and their balances to ensure the categorizations were correct. Staff within System Administration had also worked to revise the supplementary information that went to the institutions and had a number of back-and-forth communications with the institutions to gain a good understanding of what level of documentation they had and to ensure their balances were correct.

She indicated that some changes were made to almost all of the campus reports as a result of that review process; there was now a process in place that had the integrity that the System had been seeking. The Legislative Audit Bureau had reviewed this process as part of the UW System's last audit, which was released in February 2015. While LAB had noted a few things, Ms. Gordon indicated that they were not significant findings that would bring into question how the balances were categorized.

Regent Whitburn recalled saying the year before that they would have to make sure the PR Balances Report was bulletproof. Now that the Board was being asked to accept the second annual report, he asked if this one was bulletproof.

President Cross suggested that the second report was much more bulletproof than the first, and added that the next year's report would be even more so as understanding of the definitions of each of the categories became clearer. As an example, he again directed the Regents to Appendix 3 in the report, suggesting that if there were any ambiguity about whether the report was bulletproof, it was in the column that showed that \$437 million of the last year's \$973 million total fund balances were planned. He indicated that the planned funds category needed greater definition to help people understand what was meant.

He also pointed out that systemwide undocumented funds had dropped from \$64 million to \$11 million, which demonstrated that the campuses had really pushed to clearly articulate the use of their funds. Similarly, the System's true reserves had decreased from about \$175 million to \$145 million.

Given that the System was one quarter into FY 16, Regent Whitburn wanted to know if everything was so far consistent to date with the System's projections.

Interim Vice President Gordon answered that the System was providing the best numbers it had available, and it would be working with institutions to revise those numbers as the institutions dealt with their budget reductions.

Responding to a request for clarification from President Cross, Regent Whitburn explained that one goal had been to reduce the delay in getting performance-to-budget numbers in front of the Regents. Noting that the Legislative Fiscal Bureau was now doing quarterly updates on the performance of the state budget, he observed that the UW System's own numbers were big; at the Board's last meeting they heard that expenditures versus revenues were off by less than two points from projections, but that resulted in a difference of \$155 million, which was not a small amount.

President Cross indicated that one of the challenges in the first quarter was that chancellors were trying to determine how to bring their expenses into line with their revenues, and suggested that the Board would continue to see a consistent draw from the Tuition fund balance, which was reflected in the end-balance projection of \$204 million for that fund.

Noting that the public is generally interested in tuition, Regent Vásquez asked President Cross to expand more on the Tuition fund and how exactly that balance would affect students, classrooms, and general operations. He also wanted to know how comfortable President Cross was with the decreasing size of the Tuition fund.

President Cross asked the Regents to turn to a page showing the overall grand totals of the Tuition fund balances by institution, and whether those funds were obligated or planned. He pointed out that the discretionary portion of those Tuition funds had gone from \$39 million in the previous year to \$9 million in the current year; many campuses had no undocumented or discretionary funds, which were used for flexibility.

Speaking to Regent Vásquez's point, President Cross said that he did not know where the danger point was. However, a number of indicators suggested that, given the volatility of the fund and the working capital needed in order to maintain the instructional portion of the organization's activities, the funds should be somewhere in the 10-percent range. The projected \$204 million end balance for FY 16 would drop below that range.

Regent Vásquez asked if there was anything else the Board could do to affect that. Noting that he had been asked this question by others, President Cross said that the only thing that could really be done was to cut expenses. The System did not have the ability to generate additional revenue except by increasing enrollment; but this kind of an issue required that they cut expenses. Regent Vásquez expressed his concern that at some point it would be dangerous for the System to continue to make cuts.

Regent Mueller thanked the presenters and then observed that the broadest category, planned expenditures, represented almost half of the UW System's reserves; she said that she was concerned that some planned projects were staying in place too long; as time went on, there should be some movement of projects and proposals out of the planned category into other categories.

Regent Mueller then asked about debt service, in which she said she was particularly interested. The UW System has a General Purpose Revenue-funded debt service that is included in a separate appropriation and backed by the full faith and credit of the state, and it also has

program revenue debt service funded through its Auxiliary Funds. She observed that when the Board of Regents approved the annual operating budget every July, there was an enormous number for the auxiliary operating budget that the Board spent very little time discussing; yet when looking at the PR balance report in detail, it appeared that a lot of the program revenue debt service for FY 16 was showing up in a reserve. She suggested that the UW System might be understating its operating budget for 2015-16 and overstating what could and should be funded from reserves. She said that she did not see consistency across institutions, and that she hoped that in the future the Board would get more information on program revenue debt service by institution, without regard to the funding source, so the Regents would have a better idea about where the System had been, where it currently was, and where it was going.

Responding to Regent Mueller's suggestion that when the UW System presented future annual budgets that included the Auxiliary budget it should specify what portion of that budget would be debt service payments for that year, President Cross stated that she had made a good point about the masking of actual operating costs and that the System would try to separate debt service going forward.

Regent Mueller said that the report included an incredible amount of detail and gave kudos to everyone who helped put it together, but added that she was surprised to find very little information on the use of one-time funds for student scholarships. With all of the concern about unmet need for students, she had expected to see more of the reserve money being used for one-time payments to students with unmet need in the 2015-16 year.

Interim Vice President Gordon explained that endowments, gifts or grants, or institutional funds raised for scholarships and financial aid would appear in the report as part of the System's restricted funds. She added that the Legislative Audit Bureau and the Legislative Fiscal Bureau were largely involved in differentiating these fund types and how the UW System could use them.

Regent Mueller explained her point was that of the many purposes that had been developed for the use of the reserves, students were not high on the list.

President Cross clarified that student scholarship funds were budgeted in the restricted category, and that Regent Mueller was asking why the System was not using some of the reserves in the unrestricted category towards that purpose.

Regent Mueller noted that the use of reserve funds to meet students' unmet need for that year would be on a one-time basis, with no guarantee that it could be continued. Given that they saw newspaper headlines about the debt load for students all of the time, she had expected to see more line items for that purpose.

President Cross directed her to the second page of Appendix 3 of the report, which showed that about \$51 million of the \$337 million in Tuition funds was in the reserved category. He explained that most campuses were trying to figure out how to bridge through the budget cuts, and that they could not be sure whether they had sufficient funds to carry them through

obligations that they already had. He suggested that this was likely one reason that they were not quick to use the reserve funds, but conceded that Regent Mueller had raised a good question.

Regent Mueller also commented that when looking at the use of reserves she expected that there would be an expenditure. However, when campuses explained what they were going to spend the money on, they cited differential tuition or special course fees or student segregated fees as uses. To her these words reflected revenues, and the lack of specificity in those instances was troubling. She said that after looking more carefully at the directions she had concluded that perhaps the schools were asked to respond in that way, but expressed her hope that in the future there would be fewer of those instances. Interim Vice President Gordon said she could work on this.

Following-up on one of Regent Whitburn's concerns, Regent Mueller suggested that a mid-year report should be made to the Business and Finance Committee, if not to the whole Board, by those campuses that submitted either a savings or spending plan, in order to help the Regents feel more comfortable. She indicated that she would pursue that idea with her colleagues in the future.

Finally, Regent Mueller expressed her hope that the report's data would be used by other policymakers, noting that it had been disappointing to see in the budget process that after all the work and worry that went into putting the categories together, the report was not always used. With the additional detailed data, she said that she hoped people would take the time to look at the report.

Speaking to Regent Mueller's comments about the one-time usage of reserves for financial aid, Regent Vásquez suggested that if there were repeated issues with helping students with financial aid, the System should look at the systemic cause of that situation and try to figure out a longer-term solution rather than dipping into reserves on a one-time basis.

President Cross pointed out that the UW System was rapidly drawing down its reserves that year, and would likely do the same in the second year of the biennium, which would get the institutions "dangerously close to a precarious position."

Regent Pruitt suggested that it would be useful for President Cross to underscore again the limits of these balances, noting that he had recently been at a listening session on a campus with several very smart, very well-informed state legislators who understood the higher education situation in Wisconsin. One of the faculty members rose to explain that they were compensated well below their peers, and to ask the legislators what they were going to do to allow the university to attract and retain good faculty. One of the legislators answered that it was the university's problem; it was sitting on these balances and should use them to pay its employees. Regent Pruitt asked President Cross to respond to that view.

President Cross replied that the compensation issue was a serious problem and had to be one of the UW System's top priorities going forward. Most of the university's faculty and staff had not received a pay raise greater than one percent in eight years, and how they dealt with that in the coming budget would be critically important. However, while there was a perception that

the university was sitting on a lot of money, there were limits on how those funds could be used. Compensation was an ongoing commitment, and the reserves were only one-time funds that would typically come out of the instructional academic area. To Regent Pruitt's point, he concluded that the System would have difficulty using the reserve money for a compensation adjustment, rather than a one-time increase, and that was not clearly understood.

President Millner thanked President Cross and Interim Vice President Gordon, as well as each institution's chief business officers and staff, who had put many hours into helping develop this comprehensive report over the last few years.

She then asked for a motion to approve Resolution 10566. The motion was made by Regent Higgins and seconded by Regent Behling. With no further discussion, the resolution was adopted on a voice vote.

UW System Program Revenue Balances Report, FY 2014-15

Resolution 10566 That, upon the recommendation of the President of the University of Wisconsin System, the Board of Regents approves the UW System report on the 2014-15 year-end program revenue balances as categorized by each institution and the System as a whole. In so doing, the Board approves: (1) the spending plans for institutional balances above 12 percent of total year-end expenditures in Tuition, Auxiliary Operations, General Operations, or Other Unrestricted Program Revenue; (2) the savings plans submitted by institutions with a negative balance in Tuition or Auxiliary Operations; and (3) the justification and multi-year spending plan submitted by UW System Administration for the entire UW systemwide balances maintained for the System as a whole.

PRESENTATION AND DISCUSSION: UNIVERSITY OF WISCONSIN SYSTEM CREDIT TRANSFER REPORT

President Millner welcomed Interim Vice President for Academic and Student Affairs David Ward for a presentation about the UW System Student Transfer Pathways. She noted that transfer students accounted for approximately one-third of all newly-enrolled students in the UW System – more than 14,100 students in the fall of 2014. The university had a deep commitment to supporting the success of transfer students, and continued to concentrate on how it could strengthen and expand services to these students. The Board would hear an overview of the valuable tools and programs that had been developed and integrated throughout the System to help with this issue.

Background

Interim Vice President Ward stated that his presentation would look at an overview of credit transfer and would provide the first report to the Board on the status of the Universal Credit Transfer Agreement between the technical colleges and the UW System. Starting with a defined area of credit transfer – the collaboration between the UW System and the Technical College System – he said he would then pull back and look at the broader picture.

Interim Vice President Ward then explained some terms:

- Credit equivalency indicates how a course at one institution equates to a course or a set of credits at another. The process of determining those equivalencies represents a great deal of academic staff and faculty work.
- UCTA, or the Universal Credit Transfer Agreement, was the result of legislation that mandated that the technical colleges and the UW System agree on a slate of 30 general education credits that would freely transfer between and within the two systems.
- TIS, or the Transfer Information System, was a database maintained by the UW System that contained all of the credit equivalencies, as well as other data.
- TIS Wizard was a user interface that allowed students and advisors to access credit equivalency data. Students could use the wizard on their own, but advisors would be able to assist them.

Interim Vice President Ward explained that all of the university's constituents or customers used credit transfer services, including freshman students, prospective transfer students from both outside and within the System, and continuing students. Every year there were more than 300,000 visits to the online TIS Wizards.

In 1973, after the UW System came together, the Regents quickly understood and were concerned about credit transfer – not with the Technical College System, but within the System itself. The UW System was created by a merger of a group of Chapter 37 institutions, the old Wisconsin State Universities, and a group of Chapter 36 institutions, the University of Wisconsin campuses. There were differences and conflicts in transferring even within the new System.

The Board of Regents at that time put an early emphasis on having a transfer policy that was easily used and easily understood. The resulting policy, established in 1973, is currently known as Regent Policy Document 7-1, "University of Wisconsin System Undergraduate Transfer Policy."

Prior to 1973, a student who wanted to transfer would present a transcript to the university, which employed several people to review the transcripts by hand. There were some equivalency tables, but where there were not, faculty members were consulted to find out how a course from one institution should transfer to another. The process was paper-based and lengthy

– a student might not find out their credit equivalencies for three or four weeks – and lacked uniformity.

The goals of the Transfer Information System were to provide students with accurate, accessible credit transfer information and thereby reduce the cost of education so more credits would transfer. To deliver student-centered transfer practices the UW System had to think about it as not an internal operation but an outward-facing one, so students could use it.

Dr. Ward added that universities must deal with issues of programming, integrity and quality when accrediting bodies arrived to look at things like how they handled credit transfer. There were also various statutory requirements that the UW System had to meet.

Looking at the metrics of the Transfer Information System, Dr. Ward said that there had been 23,000 transfer applications in 2014-15. Approximately 19,000 were accepted, and of those 14,000 enrolled; roughly 10,000 were enrolled in the fall and another 4,000 in the spring. One in three University of Wisconsin degrees were awarded to transfer students.

Interim Vice President Ward said he would discuss credit transfer in four major blocks: the Universal Credit Transfer; the course-based system; the UW associate degree program, which was aimed at meeting general education requirements; and program-based transfers, which included a large number of agreements between UW campuses and the technical colleges.

Undergraduate Credit Transfer Agreement

The Undergraduate Credit Transfer Agreement required that there be at least 30 credits that transferred between technical colleges and the UW System. At the end of the first year of that agreement, there were multiple meetings by groups, largely composed of faculty from each side, working to come up with four broad subject sets of coursework: communication, social and behavioral sciences, natural sciences and quantitative reasoning, and humanities and the fine arts. These subject sets ranged from 34 to 48 credits, since the credit levels for certain courses varied by campus.

This was achieved by a joint standing committee between the Technical College System and the UW System, which continued to meet to review equivalency data and validate the transferability of courses. The committee also established core subject sets and in effect renewed the UCTA by reviewing it every year. All of this work was then fed into the TIS Wizard.

The objectives were to maximize the number of stable core subject sets, the number of course equivalencies and the proportion of courses that would satisfy UW breadth or general education requirements. Interim Vice President Ward said that a good deal of progress had been made on this front.

At the end of the current term all of this information would be embedded in the TIS Wizard, which would be live at the end of the year and would allow students to plan ahead for transfer to the UW System. He recalled indicating in prior reports that the UW System was getting an increasing number of its transfer students from the Technical College System, and so the Undergraduate Credit Transfer Agreement was very important.

Course-based Equivalencies

Pulling back to look at the course-based equivalencies, he noted that there were 300,000 equivalencies in the TIS Wizard data set. Every course on every campus was related to every other course on every other campus, and the Transfer Information System allowed for very specific inquiries to be made about courses and their equivalents.

Moving on to a demonstration of the Transfer Wizard itself, Interim Vice President Ward explained the transfer tools available online. The Wizard allows the user to pick which campuses and subject areas would be compared, and displays all of the course equivalencies between those two campuses in that subject area and the number of credits that would transfer for each. He reiterated that this is of great assistance to students.

Responding to a question about the grades for which credit would be given, Interim Vice President indicated that generally institutions require a passing grade of “C” or better for course credits to be transferred. If a student has difficulty transferring a course, it might be because of a grade issue or because the course does not apply to the student’s chosen major.

UW Associate Degree

Dr. Ward said that completing a UW associate degree at one of the UW Colleges campuses prior to transferring to one of the four-year institutions provides students with an advantage. It allows them to complete the general education requirements of the campus that they were transferring to without having to take additional credits because the requirements were different.

Program-based Transfer

Dr. Ward moved on to discuss program-by program transfer agreements, which allow a student to look at how transfer from a technical college to a UW-institution would play out for their specific major. A student who is interested, for example, in engineering technology, can look at how that might play out if the student starts in a technical college and moves to UW-Green Bay or UW-Oshkosh.

Conclusions

Interim Vice President Ward said that maintaining the Transfer Information System is a significant amount of work, with a huge database that needs to be maintained. Various collaborative agreements and standing committee look at the issue; and institutions provide the faculty and staff to review courses, to identify and pursue transfer agreements, and to advise incoming and current students. Interim Vice President Ward emphasized the importance of the advisor in helping the student get transferred with the maximum number of credits. The UW System maintains the transfer equivalency database and web resources, which means keeping up with technology is important. Finally, UW>HELP, an important part of UW-Extension, provides significant help to students who want to transfer.

Interim Vice President Ward then summarized the key takeaways of the presentation:

- Transfer options and tools work, and the technology options would keep growing. The Transfer Wizard had been revised numerous times since it first went web-based in 1996.
- Transfer services save students and parents both money and time. The more efficient the UW System can make this process, the better off the students will be in terms of getting to their degrees.
- There is currently a much higher level of cooperation between UW System and WTCS than ever before.

Regent Discussion

Interim Vice President Ward invited Regents' questions.

Regent Tyler expressed his appreciation for the work that had been done on this, noting that when he had first started on the Technical Colleges Board, the transfer process had been a high priority. He indicated that there was a bias against implementing terminal programs within the Technical College System, and that system was always looking for a partner to take students to the next level. Education was a lifetime endeavor, and should not stop with graduation from the technical colleges. He thanked the staff and the institutions that were partnering with the technical colleges.

Interim Vice President Ward recognized the efforts of Diane Treis-Rusk, Director of Undergraduate Education, who had supervised and helped build the entire system.

President Millner complimented Dr. Ward for the system's accurate and accessible information, and then asked what problems still existed with that effort.

Interim Vice President Ward indicated that the technology might pose a problem, as it was a huge database and the training involved to make sure advisors and students understood how to use the system presented a barrier. He said he no longer saw as many problems as used to exist regarding whether a course would be accepted by another institution.

Another issue that he and the head of Academic Affairs for the Technical College System were trying to handle was how to make adjustments to the transfer equivalencies if there were changes in the course sets. It was something that needed to be constantly monitored.

President Millner then inquired about the quality alignment between courses for the non-UCTA portions of credit transfer.

Interim Vice President Ward explained that it went back to the old system of having the faculties of both institutions agree about a course's content. He invited Director Treis-Rusk to comment further on that process. She explained that when a student presents with a course that has not been evaluated, a transfer coordinator at one of the institutions collects information about that course's content and outcomes and provides it to the appropriate department. There that information would be compared to the department's own learning outcomes, content and

curricula. A determination would be made on two different levels: was there an equivalent course within the catalog for which the institution could offer credit; and would it satisfy general education or breadth requirement at the institution. When that was determined, the information was entered into the Transfer Information System and the larger database. She noted that this was usually done for lower-level courses, but transfers could also happen for upper-level courses.

Regent Mueller observed that one of the slides displayed during the presentation showed that about 5,000 students in 2014-15 alone were accepted into the UW System but chose not to enroll. She wanted to know what percentage of those were out-of-state transfers and how many were Wisconsin residents.

Interim Vice President Ward said that they did not have that data, but he thought they could get it.

Director Treis-Rusk added that a transfer report was published every year that provided all of the information about who the UW System's transfer students were, what the classes and cohorts were comprised of, and whether the students were coming from out of state, from within the UW System's own institutions, or from the technical colleges. She said that a link to those reports was available at www.wisconsin.edu/transfer.

Speaking to President Millner's comments, President Cross added that one problem was a lack of awareness that this great tool existed. People need to use it, and the UW System has to make them aware of it.

Regent Harsy asked if there would be any implementation in the future of credit for military professional and leadership instruction. Although there would be specialized school classes that might not translate to college courses, he suggested that some subjects like languages or professional skills would have equivalent courses.

Director Treis-Rusk indicated that there existed a set of recommendations from the American Council on Education regarding credit recommendations in the case of military training conducted by the Department of Defense. Those credit recommendations were regularly used to determine if there was a course equivalent at the UW institutions. The information was kept similar to other transfer information, though it was considered more of a prior learning assessment. She added that the UW System was working with a group of states in the Midwest to better understand and capture that information so it would be more accessible to students, just like the Transfer Information System.

Regent Grebe inquired about whether the UW System typically had a net influx or outflow of transfer students, setting aside people who were transferring within the System.

Director Treis-Rusk answered that about 28 percent of those entering the UW System came from out of state, which was what Regent Mueller had asked about previously. She said she recalled seeing some National Student Clearinghouse data on student cohorts that did

transfer out of state, and thought that it was somewhat balanced. She indicated that the information could be easily accessed and provided to the Regents.

With no further questions, President Millner thanked Dr. Ward and Director Treis-Rusk.

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The Board recessed at 2:50 p.m. and reconvened at 3:00 p.m.

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CLOSED SESSION

President Millner called upon Vice President Behling to present the resolution to move into closed session. The motion was seconded by Regent Tyler and adopted on a roll-call vote, with Regents Behling, Delgado, Farrow, Grebe, Hall, Harsy, Higgins, Langnes, Manydeeds, Millner, Mueller, Petersen, Pruitt, Tyler, Vásquez and Whitburn voting in the affirmative. There were no dissenting votes and no abstentions.

Closed Session Resolution

Resolution 10567 That the Board of Regents move into closed session to: (1) consider UW-Madison honorary degree nominations, as permitted by s. 19.85(1)(f), Wis. Stats.; and (2) confer with legal counsel regarding pending or potential litigation, as permitted by s. 19.85(1)(g), Wis. Stats.

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The meeting was adjourned at 3:20 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