

MINUTES OF THE REGULAR MEETING

of the

BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM

Held in the Wisconsin Room  
UW-Milwaukee Union  
2200 East Kenwood Boulevard  
Milwaukee, Wisconsin

Thursday, June 9, 2016  
1:15 p.m.

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Held in the Wisconsin Room  
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Thursday, June 9, 2016  
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-President Millner presiding-

PRESENT: Regents John Behling, Mark Bradley, José Delgado, Lisa Erickson, Tony Evers, Margaret Farrow, Michael Grebe, Eve Hall, Tim Higgins, Tracey Klein, James Langnes, Edmund Manydeeds, Regina Millner, Janice Mueller, Drew Petersen, Bryan Steil, Mark Tyler, and Gerald Whitburn

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### **INTRODUCTION OF NEWLY-APPOINTED REGENTS**

After welcoming meeting attendees, President Millner took the opportunity to thank Chancellor Mark Mone and his team for their warm hospitality during the Board's annual visit to UW-Milwaukee. She said the Regents looked forward to learning more about new, exciting ideas and activities at UW-Milwaukee.

President Millner stated that at this meeting the Regents would be saying farewell to several of their colleagues on the Board, including Regents Chuck Pruitt, José Vásquez, and Nic Harsy. She commended and thanked these Regents for their service.

The Board would also officially welcome three new Regents: Lisa Erickson of Osceola, Tracey Klein of Brookfield, and Bryan Steil of Janesville. President Millner noted that these Regents had chosen to attend previous meetings in order to get up to speed on the very important issues that were before the Board.

#### ***Lisa Erickson***

Introducing Lisa Erickson, President Millner noted that Regent Erickson joins the Board as the nontraditional student representative. After a 26-year hiatus, Regent Erickson recently

decided to return to college and finish her degree in journalism with a minor in food science. She attends UW-River Falls.

Regent Erickson's career spans 25 years in health, wellness and food. She currently is a writer and weekly food columnist for several newspapers and specialty magazines in western Wisconsin and Minnesota. She also hosts a weekly radio public affairs food show on WRFW, part of Wisconsin Public Radio. Previously, she owned Wildchow Catering and hosted the cooking segment of Ron Schara's weekly television program, *Minnesota Bound*.

Regent Erickson has been active in her local community's health and wellness initiatives, and has been a member of and ambassador for the Osceola and St. Croix Falls Chambers of Commerce. She has served as a volunteer lay pregnancy crisis counselor at Tri-County LifeCare Center (TLC) Options for several years. She and her husband, Mark, have four children.

President Millner welcomed Regent Erickson and invited her to say a few words.

Regent Erickson thanked President Millner for the introduction. Stating that she was happy to be there, Regent Erickson explained that she had waited a long time to finish her education, and had many years to consider how important education is. She concluded that it was an honor to be part of the Board of Regents at this stage in her life, and to see where education can lead not only the UW System's students but also the state.

President Millner noted that the Board was also very pleased to have another Regent from the northern section of the state.

### ***Tracey Klein***

President Millner next introduced Tracey Klein, who has served as general counsel to acute care hospitals, multi-provider health care systems, multi-specialty clinics, managed care companies and health insurance companies for more than 30 years. She has experience in regional and national transactions involving health care providers and health insurance companies. She is a shareholder in Reinhart Boerner Van Deuren, S.C., and is chair of Reinhart's Health Care Practice.

Regent Klein is also Board Chair of Milwaukee Film and a member of the Greater Milwaukee Committee. She served as a member of the Board of Visitors for the UW-Madison Political Science Department from 2010 to April 2016, and is also a past member of the advisory board for the College of Health Sciences at UW-Milwaukee.

Regent Klein graduated from UW-Madison in 1980 with a Bachelor of Arts degree in Political Science and received her law degree from Marquette University Law School in 1984.

Stating that the Regents looked forward to working with her, President Millner invited Regent Klein to share a few remarks.

Regent Klein thanked her fellow Regents, President Millner, President Cross, the chancellors, and UW staff for being most welcoming in their efforts to answer her questions and get her acclimated. She added that she looked forward to touring the campuses and better understanding each of the different institutions.

As a graduate of UW-Madison in 1980, Regent Klein reflected upon how she had been extraordinarily lucky to be able to go to the University of Wisconsin, having grown up in rural Waukesha County. Now that she was older and had been able to go see different schools during college visits with her children, Regent Klein said that she realized how special the UW System is in providing an affordable, accessible education to so many people in Wisconsin. In her own family, she counted 16 relatives who had attended institutions in the UW System.

Calling the UW System an extremely fine institution, Regent Klein explained that she was bringing to this job a huge sense of fiduciary responsibility on the part of the people of Wisconsin, to make sure that the university was doing all it could to be a good steward of the state's resources, as well as to provide oversight and to propel the UW System's mission. She added that she looked forward to working with all of the Regents and appreciated being part of this great group.

### ***Bryan Steil***

President Millner introduced Bryan Steil, corporate counsel for Regal Beloit Corporation, a leading manufacturer of motors and motion control products with annual sales of over \$3.5 billion and facilities across Wisconsin and the globe.

Prior to joining Regal, Regent Steil worked as an attorney at a large international law firm in Chicago and previously served as an aide to Congressman Paul Ryan in Washington, D.C. He is active with numerous charities in Janesville and Beloit, including serving as chair of the Janesville Community Fund advisory board.

Regent Steil earned his Bachelor of Science Degree from the McDonough School of Business at Georgetown University and earned his law degree from the University of Wisconsin Law School.

President Millner welcomed Regent Steil and invited him to say a few words.

Regent Steil thanked President Millner, stating that he looked forward to working with her and their fellow Regents to further the mission of the UW System. As a graduate of the University of Wisconsin, he said he could attest firsthand to the great benefit it provides for the state. He concluded that he looked forward to being a steward of the UW System, which he believed was one of the greatest resources in the state of Wisconsin.

President Millner again welcomed all three of the new Regents, saying that she and her colleagues looked forward to working with and getting to know each of them.

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## ADDITIONAL UPDATES AND INTRODUCTIONS

President Millner turned to President Cross for some farewells and additional introductions. President Cross first recognized and thanked Dr. Faith Hensrud, who was stepping down from her position as Provost and Vice Chancellor for Academic Affairs at UW-Superior to accept the presidency of Bemidji State University and Northwest Technical College in Bemidji, Minnesota, effective July 1.

Dr. Hensrud provided more than 20 years of dedicated service to UW-Superior. She helped to lead UW-Superior's accreditation with the Higher Learning Commission, the streamlining of learning goals, the new strategic planning and campus master planning processes, and the recovery from the flood of 2012.

President Cross congratulated Dr. Hensrud on her new position. He also welcomed Dr. Jacalyn Weissenburger, who was recently named the Interim Provost and Vice Chancellor for Academic Affairs at UW-Superior. Dr. Weissenburger would start in her new role on July 1.

President Cross next recognized Elizabeth Throop, who was recently named the acting Provost and Vice Chancellor for Academic Affairs at UW-Platteville. Ms. Throop, who had served as Dean of the College of Liberal Arts and Education since 2012, would begin her new role on July 1. She succeeds Dr. Mittie Nimocks Den Herder, who had led Academic Affairs at UW-Platteville since 2010.

President Cross observed that Dr. Den Herder's dedication as an administrative leader served as a building block in the foundation of the university's future, and added that her contributions are greatly appreciated. He said he was pleased to report that Dr. Den Herder would continue to serve the UW-Platteville community as a tenured faculty member in the Department of Performing and Visual Arts within the College of Liberal Arts and Education.

President Cross reported that Faye Perkins, a faculty member of the Department of Health and Human Performance, had just that morning been named the Interim Provost at UW-River Falls. He offered congratulations to her as well.

He also extended best wishes to Fernando Delgado, the Provost and Vice Chancellor for Academic Affairs at UW-River Falls. After serving in this important role for seven years, Dr. Delgado accepted a new position as executive vice chancellor for Academic Affairs at the University of Minnesota-Duluth. His last day at UW-River Falls would be June 30.

President Cross noted that Dr. Delgado had played a critical role in the development and approval of several new academic programs at UW-River Falls, including data science, neuroscience, and agricultural engineering (as part of the Northwest Wisconsin Engineering Consortium). He expressed his appreciation to Dr. Delgado.

Finally, President Cross noted that Jim Villa, UW System Administration's Vice President for University Relations, had recently decided to return to the world of real estate. Mr.

Villa was appointed Chief Executive Officer of NAIOP Wisconsin, a commercial real estate development association. Over the past two years, Mr. Villa helped to strengthen the university's relationships with the state legislature while building new partnerships with leaders and stakeholders throughout Wisconsin. President Cross thanked Mr. Villa for his service and wished him well.

President Cross said that Jessica Tormey had agreed to serve as Interim Vice President for University Relations. She has had 20 years of public policy experience, serving as legislative staff, as a former UW System lobbyist, as Assistant Vice Chancellor at UW Colleges and UW-Extension, and as Chief of Staff for the past two and a half years. President Cross expressed confidence that Ms. Tormey would help bridge the gap and would understand the UW System's priorities while developing its advocacy and strategic communications plans.

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## **RESOLUTION OF APPRECIATION FOR REGENT EMERITUS CHARLES PRUITT'S SERVICE ON THE UW SYSTEM BOARD OF REGENTS**

President Millner stated that the Board of Regents would like to officially recognize the service, commitment and contributions of Regent Emeritus Charles Pruitt, whose term on the Board had ended. She added that Regents Emeriti José Vásquez and Nicolas Harsy would be recognized at the next day's meeting.

President Millner recalled that she had not met Regent Emeritus Pruitt prior to her arrival on the Board in 2012, but that in the four years since then she had come to very much appreciate both his mentorship and his leadership. Remarking on his sensible approach, integrity, good judgment and humor, President Millner thanked Regent Emeritus Pruitt for his absolute commitment to the UW System and to the Board of Regents, and said he would be very much missed. She then invited Regent Bradley to present the resolution of appreciation.

Regent Bradley observed that, with a classic liberal arts education from Macalester College and a Ph.D. from Harvard, Regent Pruitt always seemed to have the appropriate quote for any occasion. He joked that Regent Pruitt, with his self-deprecating wit, might recognize himself on this occasion by reminding everyone of Abraham Lincoln's remark that "the world will little note nor long remember what we say here."

Regent Bradley then stated that serious students of public higher education in Wisconsin would remember the leadership Chuck Pruitt demonstrated as President of the Board of Regents. Observing that one of the toughest tests of leadership is a major existential crisis, Regent Bradley said that Regent Pruitt had those in spades while he was President, due to the debate over whether the flagship UW-Madison campus would remain a vital part of the UW System. Regent Bradley noted that people of intelligence and goodwill can disagree over the most appropriate and effective structure for public higher education in their state at a given moment in time, as was the case in that debate over the value of the UW System. He suggested that no one, however, could disagree that Regent Pruitt put forward an all-out commitment in pressing the

case for what he believed was the value of the UW institutions' working together in a unified system on behalf of all the people of the state. Along with then-President of the UW System Kevin Reilly, Regent Pruitt rallied the chancellors and many others around that vision.

Regent Bradley spoke of an evening at Brittingham House, when the two presidents gathered the chancellors for a dinner meeting; after animated and opinionated discussion, Regent Pruitt turned to the chancellors and said, "Ladies and gentlemen, it's time to pick your jersey." Regent Bradley concluded that sometimes leadership needs to be unambiguous.

Saying that he spoke as a witness to every year of Regent Pruitt's service on the Board, Regent Bradley said it was important for him to note that for Regent Pruitt it was never about being a Regent and an admired President of the Board, but rather it was always about the university and the people of Wisconsin that it serves.

Regent Bradley finished his remarks by reading a part of Rudyard Kipling's poem, "If," about a father's advice to his son, which he said captured the essential elements of Regent Pruitt's service and leadership on the Board of Regents.

If you can keep your head when all about you  
Are losing theirs and blaming it on you;  
If you can trust yourself when all men doubt you,  
But make allowance for their doubting too;  
If you can wait and not be tired by waiting,  
Or, being lied about, don't deal in lies,  
Or, being hated, don't give way to hating  
And yet don't look too good, nor talk too wise;  
...If you can fill the unforgiving minute  
With sixty seconds worth of distance run –  
Yours is the Earth and everything that's in it...

Regent Bradley said that the Board of Regents wished Regent Emeritus Pruitt "the Earth and everything that's in it." He then read the resolution of appreciation, which was adopted by acclamation.

### **Resolution of Appreciation for Regent Emeritus Charles Pruitt**

Resolution 10676      WHEREAS, Charles R. (Chuck) Pruitt has served the citizens of Wisconsin with distinguished leadership during his nearly 13 years on the University of Wisconsin System Board of Regents, including two years as Board president (2009 to 2011) and two years as vice president (2007 to 2009); and

WHEREAS, during his tenure as Board president, Chuck worked with then-UW System President Kevin Reilly, chancellors, and others to launch a successful effort to maintain a unified UW System, guided by a

conviction in the value of all UW institutions' working together on behalf of the people of Wisconsin; and

WHEREAS, Chuck has served on numerous standing and other committees, including Business and Finance for eight years (serving as chair and vice chair); Student Discipline and Other Student Appeals (serving as chair for two years); Research, Economic Development and Innovation; Education; Audit; Personnel Matters Review; and Regent Improvement, and has served as a Regent representative on the UW Hospital and Clinics Authority Board as well as the Regent liaison to the Association of Governing Boards for four years (including having been elected twice as secretary of the AGB board and recently elected vice chair, for a term beginning in July); and

WHEREAS, Chuck worked to publicly honor the commitment of outstanding UW educators, having served on the Teaching Excellence Awards Committee for eight years and the Diversity Awards Committee; and

WHEREAS, Chuck often said while serving on the Board, "Leadership matters," as he made a concerted effort to maintain competitive salaries to retain and attract strong chancellors, faculty, and staff, and as he took an active role in selecting strong leadership, chairing three chancellor selection committees (for UW-Madison, UW-River Falls, and UW Colleges and UW-Extension) and serving on six more (for UW-Eau Claire, UW-Green Bay, UW-Madison, UW-Milwaukee [twice], and UW-River Falls), as well as serving on the Special Regent Committee for the UW System President Search in 2004; and

WHEREAS, Chuck was deeply concerned about keeping costs to students and families as low as possible, while not sacrificing educational quality, and in his role as Board president was an early advocate for textbook affordability, which led to the Board's approval of systemwide guidelines – later codified as policy – to help curb textbook costs, including expanding the university system's textbook-rental program; and

WHEREAS, Chuck's experience as both a faculty member and a business leader gave him rare insight into how the academic and financial sides of the university need to interact, and, as Board president, he provided a new, more comprehensive vision for the Board of Regents' Office, directing the Office to offer additional analysis and support and to periodically review Board policies to ensure they provide enduring statements of the Board's expectations; and



WHEREAS, Chuck was always keen to bring together coalitions across lines of party, region, and background in the interest of ensuring for Wisconsin residents the best university system in the country;

BE IT THEREFORE RESOLVED, that on behalf of the citizens of the state and a grateful university community, the University of Wisconsin System Board of Regents highly commends Charles R. Pruitt for his leadership and achievements as president, as vice president, and as a member of the UW System Board of Regents.

Greeted with a standing ovation, Regent Emeritus Pruitt thanked both President Millner and Regent Bradley. He noted that he had spent his entire time as a member of the Board following in Regent Bradley's footsteps, having arrived on the Board a few months after Regent Bradley, and succeeding him as Chair of the Business and Finance Committee, then as Vice President, and finally as President of the Board. Saying that Regent Bradley had been an inspiration and a mentor to him, Regent Emeritus Pruitt thanked Regent Bradley for giving him the chance to learn so much.

Regent Emeritus Pruitt also thanked a number of others, beginning with the three UW System presidents who had served during his tenure as a Regent: Katharine Lyall, Kevin Reilly, and Raymond Cross. Despite being very different people, he said each was an outstanding leader working in an almost impossibly difficult job.

After starting to compose a list of UW System staff who had helped him along the way – from Tom Stafford's wise legal counsel, to Heather LaRoi's wizardry with words, to David Miller's and Freda Harris's facility with budgets – Regent Emeritus Pruitt said he soon realized that he would likely forget someone, so he instead thanked the staff collectively for the many times they had assisted him.

Making one exception, he recalled that two weeks into his term as Regent President, then-Regent Secretary Judith Temby announced her retirement. While searching for her replacement, with the help of his fellow Regents Mark Bradley and Mike Spector, he found current Executive Director and Corporate Secretary Jane Radue. He said hiring her was one of the best decisions that he had ever made, noting that Executive Director Radue and her team had transformed the Office of the Board of Regents into an office that is dedicated to ensuring that the Board can be the policy-making body it needs to be, all while making the Regents' lives easier and better. He thanked Executive Director Radue for "saving his presidency," and for all she had done since then.

Referring to the chancellors, deans and provosts, Regent Emeritus Pruitt stated that the selection of leadership is the most important responsibility of the Regents, and that he was honored to have served on the selection committees that chose exceptional Chancellors like Becky Blank, Mark Mone, Dean Van Galen, Cathy Sandeen, and Gary Miller. He said that he applauded with equal enthusiasm the work of other Regent selection committees, which he noted had, without exception, chosen remarkable leaders to guide the UW campuses in these most difficult of times. He added that he would always be especially appreciative of the time when

the chancellors and the deans stood as one to preserve the UW System's union and its 45-year experiment in university governance.

To his colleagues on the Board, including those with whom he had served the longest – Regents Bradley, Manydeeds and Evers – Regent Emeritus Pruitt said he would cherish their friendship and take pride in much of what they had accomplished together.

Regent Emeritus Pruitt observed that a great deal can happen in life while serving on the Board for as long as he had; some good, some not so good. For him, this included losing Barbara, his wife of 40 years, to cancer. Recalling that his wife had believed that political party affiliation was a very poor predictor of a person's character, he indicated that over the last five years he had come to appreciate Barbara's view a good deal more. Having genuinely enjoyed coming to know so many of the Regents and relishing some of the debates they had, Regent Emeritus Pruitt expressed his belief that the university is best served by those who strive not to be Republican Regents or Democratic Regents, but simply Regents of the one finest public university systems in the country.

Joking that he had more than ample time over the last 13 years to express his opinions, Regent Emeritus Pruitt nonetheless begged his colleagues' indulgence to leave them with just two more thoughts.

First, he stated that the Wisconsin Idea was not a drafting error but, rather, is the single most powerful mission statement of any public university system in the nation. Quoting, he asked Regents to consider the words: "The mission of the system is to develop human resources, to discover and disseminate knowledge, to extend knowledge and its application beyond the boundaries of its campus and to improve the human condition. Basic to every purpose of the system is the search for truth." Noting that Mark Twain was fond of saying, "A lie goes halfway around the world while the truth is still putting on its shoes," Regent Emeritus Pruitt asked whether, in this age and time, there could possibly be anything more important than the search for truth, and the sifting and winnowing of knowledge in the search for that truth.

He shared a quote from Dr. Martin Luther King, Jr., who said that "If a man is called to be a street sweeper, he should sweep the streets even as Michelangelo painted, or Beethoven composed music, or Shakespeare wrote poetry. He should sweep streets so well that all the hosts of heaven and earth will pause to say, 'Here lived a great street sweeper who did his job well.'" Regent Emeritus Pruitt suggested that it is the special responsibility of the Board of Regents to be the best of all "street sweepers" when it comes to the defense and protection of the Wisconsin Idea.

Regent Emeritus Pruitt went on to say that Charles Van Hise was right in 1904 when he extolled that, "I shall never be content until the beneficent influence of the university reaches every home in the state," adding that this remains a timeless, valued and irreplaceable principle 112 years later. He indicated that, just as he had always found it ill-advised to "mess with" the words of James Madison and Thomas Jefferson when it comes to the Declaration of Independence and the U.S. Constitution, he felt it was an equally bad idea to "mess with" the

ideals of Charles Van Hise. He concluded that the Wisconsin Idea does not need to be modernized, modified, changed or improved, and “is fine just the way it is.”

Second, Regent Emeritus Pruitt recalled that almost three years earlier the Board of Regents hosted a meeting with the theme of “Finding Common Ground.” At one of the sessions that day, one of the leaders of the state legislature told the Board that it had a choice between being cheerleaders for the university or advocates for the taxpayers.

Regent Emeritus Pruitt explained that he had thought on that day, and believed even more strongly now, that this is a false choice. The Regents should of course be advocates for the taxpayers, who along with other stakeholders deserve to know and expect that every dollar spent at the university is spent wisely and well. However, he said it was utter nonsense to suggest that the Regents could only do so at the expense of being a cheerleader for this remarkable university.

He challenged those who would disagree with him to attend a commencement ceremony at the UWM Panther Arena, where 39 percent of graduates walking across the stage will be the first in the families to receive a college education, to see the look of pride and joy in the eyes of those graduates and their family members, and then tell him that they cannot be a cheerleader for that.

He suggested Regents go to the Institutes for Discovery and talk to the scientists who are trying to find the cures for Alzheimer’s disease, cancer, Parkinson’s disease or congenital blindness, and then tell him that they cannot be a cheerleader for that.

He suggested Regents go to the classroom of one of the recipients of the Regents Teaching Excellence Awards, whether at UW-Green Bay, UW-Parkside, UW-Platteville or UW-Eau Claire, to see the magic that happens when a great teacher inspires in his or her students a love of learning or a new discovery, and then tell him that they cannot be a cheerleader for that.

Regent Emeritus Pruitt concluded that being cheerleaders for the University of Wisconsin System is not beneath the Regents, but is instead their highest calling. He said that it had been an honor to serve; that looking back, he could only say he had done his best; and that he hoped that it was good enough.

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## **HOST CAMPUS PRESENTATION BY UW-MILWAUKEE CHANCELLOR MARK MONE: “MADE IN MILWAUKEE. SHAPING THE WORLD.”**

President Millner said one of the best parts of taking “the Regent show” out on the road is the opportunity to learn something more about the great campuses that make up the UW System, and that this was certainly true for the UW-Milwaukee campus community, a very busy place. She then introduced Chancellor Mark Mone to provide an update on UW-Milwaukee.

Remarking upon the special qualities of each of the UW System institutions, Chancellor Mone observed that the campuses also have tremendous significance for their respective regions as they relentlessly pursue the Wisconsin Idea. He said he was delighted to share what is unique and important about UW-Milwaukee and to discuss some of its significant accomplishments in his presentation, “Made in Milwaukee. Shaping the World.”

After first discussing the importance of UW-Milwaukee’s dual research and access mission, particularly in the southeast region of the state, he would move on to talk about UWM’s path to becoming an R-1 doctoral research institution and the need to maintain this going forward. Next he would cover student access and success, and then he would talk about how UWM contributes to the potential of Milwaukee and Wisconsin. Chancellor Mone said he also planned to ask Tim Sheehy, President of the Milwaukee Metropolitan Association of Commerce, to offer his comments and perspectives on some of the aspects of UWM’s access and research mission and what the university means to the community.

### ***Becoming an R-1 Institution***

Beginning with research, Chancellor Mone presented a video of faculty discussing UW-Milwaukee’s new rating as an “R-1” research institution from the Carnegie Classification of Institutions of Higher Education. The R-1 rating for “highest research activity” was given to only 115 universities. With research happening in every school, every college, and every department, the rating is a recognition of UWM’s research efforts over the last decade, and shows that the institution is headed in a direction where it can contribute to the forefront of knowledge. Faculty in the video also explained that being an R-1 institution will help UWM recruit top students and receive research funding.

The video then highlighted some of the noteworthy research activities at UW-Milwaukee:

- Physicists at UWM’s Leonard E. Parker Center for Gravitation, Cosmology and Astrophysics recently helped prove Einstein’s theory of general relativity with the discovery of gravitational waves. One of the collaborators, Professor Patrick Brady, explained that the first observation of gravitational waves was from a pair of black holes that collided out in the universe 1.3 billion light years from Earth. Dr. Leonard Parker, UWM Distinguished Professor Emeritus of Physics, predicted that this important development would be awarded a Nobel Prize, and said he was gratified that his work and the work of the others in the physics department had helped UWM gain its new status.
- Dr. Merry Wiesner-Hanks, UWM Distinguished Professor of History, worked for almost ten years as editor-in-chief on the nine volumes of *The Cambridge World History*, released in 2015. She indicated that having the Cambridge University Press come to UW-Milwaukee was a global recognition that there is excellent research going on at the campus.
- Dr. Robert Smith, Associate Professor of History, described how his research on the intersection of race and law led him to work with America’s Black Holocaust Museum in

2010. Though the museum had closed, an important group of people sought to make sure that the importance of the institution remained vibrant in the Milwaukee community by re-establishing it as America's Black Holocaust Virtual Museum, which now reaches an international audience.

- In the field of occupational injury prevention, which tries to find ways to save lives, prevent injuries and make work easier, Dr. Naira Campbell-Kyureghyan, Professor of Industrial and Manufacturing Engineering, worked with students to design a wrench with unique features that make it safer and easier for workers to use. She said that one of the most rewarding aspects of her research was that students were working together and had developed a product that is now on the market.
- Dr. Junhong Chen, UWM Distinguished Professor of Mechanical Engineering, helped develop a sensing platform in response to the significant need for real-time detection of different contaminants in water. There are also biomedical applications of the sensors; for example, he is currently working on using the same platform for the detection of the Ebola virus and acid reflux disease.

The video concluded by noting that research at UWM aims to solve some of the larger-scale societal problems, contributes to the forefront of scholarship, and makes a difference in students' lives, but also requires adequate funding.

Chancellor Mone said UW-Milwaukee was honored to have President Millner, President Cross, and Regent Hall come and join its recent celebration of the R-1 designation. As one of 115 universities to receive the R-1 designation out of the 4,665 evaluated, this achievement places UWM among the top 2 percent of research universities.

This new status was built upon decades of work and a longstanding commitment to becoming a top-tier research university. In 1965, UWM had only one doctoral program and no doctoral graduates; in 2015, it had 33 different doctoral programs and was producing about 250 doctoral students per year. Chancellor Mone said that this designation speaks to the quality and the impact of the faculty and of what happens in UWM's classrooms, laboratories, and the community as the result of its research. He also pointed out the economic impact of the millions of dollars in research funds received and expenditures that are made by UW-Milwaukee.

Chancellor Mone noted that public research universities like UW-Milwaukee introduce vital research and innovation; produce new knowledge, discoveries, and human, scientific, and technological applications that are critically important to the world; and have programs which receive national and international recognition. They also serve as an engine for economic development, with innovations that can be commercialized, patented, and applied in many different areas for the benefit of individuals, societies, and the university's partners.

Research also enables the university to provide students with a unique, quality experience. Especially for undergraduates, research is one of the most effective high-impact learning practices, is an important tool for retention, and provides remarkable opportunities.

## ***Student Access and Success***

Chancellor Mone moved on to provide a profile of the 27,156 students enrolled at UW-Milwaukee. Of the total student population, 22,321 students are undergraduates; 28 percent are students of color; 8,964 are first-generation students; and 597 students are enrolled in the Honors College. UW-Milwaukee is also one of the top 50 LGBT+ friendly universities in the country.

There are 1,086 students who receive GI benefits (veterans and dependents), which is twice the number at any other four-year school in Wisconsin, and more than any other four-year school in the six-state region. UWM has been consistently recognized as a Pat Tillman military-friendly institution, and is one of the few institutions with a full-time on-site Veterans Administration staff member who helps veterans transition out of the military and into school and the workforce.

Chancellor Mone then presented a video showcasing three of UW-Milwaukee's students:

- Leah Letson is a first-generation college student who is double majoring in Psychology and Criminal Justice. After serving seven years in the U.S. Air Force, she now serves in the Wisconsin Air National Guard and is set to deploy next year. Ms. Letson is also a professional mixed martial arts athlete, having developed an interest in the sport while attending UW-Milwaukee.
- Timothy Steen is a secondary education major. Once a student at Milwaukee Public Schools, he said he would like to return to the district to teach. Mr. Steen also emphasized the importance of scholarships for providing students like himself opportunities in higher education.
- Alexis Nash recently graduated with a master's degree in human resources and labor relations. She is the founder of Popspace, a web-based marketplace for affordable temporary retail and event spaces. Ms. Nash explained that her start-up, which won the UWM Student Startup Challenge, will connect entrepreneurs with under-utilized spaces to help them grow their businesses.

At UW-Milwaukee, 40 percent of students are eligible for Pell grants, and the average student debt is \$32,009. UWM's tuition is equal to 22 percent of the median income in Milwaukee County, which is \$43,385. About one-third of students who did not continue their educations had a financial hold on their accounts. Regarding this financial profile, Chancellor Mone emphasized the need to ensure success with the urban population with respect to the financial advising and the types of resources the campus provides.

Chancellor Mone said that student success usually falls into the areas of retention and graduation, preparation for life after college, and the quality of education. Across UWM's 12 schools and colleges, a number of high-impact learning and professional development opportunities are available, including internships, co-ops, graduate and undergraduate research opportunities, living-learning communities, and other partnerships.

Noting the institution's challenges with remediation, Chancellor Mone explained that UWM had partnered with UW Colleges on a math reform initiative that was now seen as a national model. In 2012, only 27 percent of UWM's low-achieving students completed their first year basic math remediation courses. In 2014, the Regents heard about some of the initial pilot work done by Dr. Kyle Swanson and Dr. Phyllis King. Two years later, 77 percent of students now achieve math competency at the end of their first year.

The chancellor noted that this significant undertaking was very successful, with strong implications for student access and success, but it would also require continued investment. The program's success means that students are achieving more credits toward their degrees faster, allowing them to graduate more quickly at a lower cost. Though the program started in math, plans include UWM's English, reading and writing programs as well.

Chancellor Mone next discussed the development of the Lubar Center for Entrepreneurship, which was enabled by a gift from the Lubar family and a match from the UW System. The new Welcome Center has the potential to be transformational for the region by allowing students from across UWM's colleges to learn more about business growth and startups. Noting that existing employers want students to be more innovative and better able to engage critical thinking, Chancellor Mone explained that students would be exposed to many hands-on ideas through the Lubar Center.

### ***Talent, Research and Workforce Collaborations***

Moving on to UW-Milwaukee's legacy of talent collaboration, Chancellor Mone noted that at the national and international levels there are a number of UWM alumni who have gone on to have remarkable impacts and to give back in remarkable ways. Of UWM's 170,000 graduates, 74 percent have stayed in the region to fill the talent pipeline in all manner of professions. A number of these alumni can be found at the executive level of many prominent and innovative companies.

Chancellor Mone also talked about M<sup>3</sup>, a partnership between UW-Milwaukee, the Milwaukee Public Schools, and Milwaukee Area Technical College. The name of the partnerships alludes to the exponential power of these three organizations working together to represent 143,000 students in the state's public education system.

UW-Milwaukee also has a number of other partnerships with many different types of organizations, including in the areas of health care, manufacturing, and community engagement. Chancellor Mone explained that these relationships are driven by UWM's dual mission of research and access.

### ***Tim Sheehy, President of Milwaukee Metro Association of Commerce***

Chancellor Mone then invited Tim Sheehy, President of the Milwaukee Metro Association of Commerce (MMAC), to provide some of his perspectives. MMAC serves 300,000 employees in the region and is focused on economic and workforce development.

Mr. Sheehy began by acknowledging Chancellor Mone, stating that he was the right person at the right time to lead the university, before going on to talk about why the missions of UW-Milwaukee and the UW System are so important to economic development in southeastern Wisconsin and in the entire state.

He stressed that there was presently an unprecedented global war for talent. With a rapidly changing and unpredictable economy, the best offense and defense is to acquire talent that can lessen the impacts of any disruptions in careers, technology or markets. A vibrant UW System and a vibrant UWM are then needed to help Milwaukee in this global war for talent.

What drives growth for southeastern Wisconsin, or for any region in the state, are the local companies that export their goods or services outside the region. Mr. Sheehy held that this is the only way to get new growth and net new income. In southeastern Wisconsin there are about one million jobs, and 275,000 of those are in companies that export a good or service outside the region. Those 275,000 jobs then create another 325,000 local jobs in companies that are supplying goods or services to those exporters. Finally, the spending of those 600,000 jobs creates another 400,000 jobs in education, health care, transportation, food, and entertainment. If the area cannot supply the talent, leadership, and entrepreneurs needed to export goods and services outside the region, it will not see any job growth.

Moving on, Mr. Sheehy noted that universities are often aware of population trends as they deal with the challenges of declining enrollment due to fewer college-age students, but emphasized that this issue is very important to Wisconsin and its southeastern region. For the first time since 1950, the advanced economies of the world are seeing a decline in their working-age population, with Europe's declining at 20 to 25 percent, Japan's at close to 30 percent, and Russia's and China's each at 20 percent. He added that even fast-growing markets like Brazil will grow only at an anemic pace of about 3 percent over the next 50 years.

From 1950 to 2000, the working age population in the United States grew by 127 percent; between 2000 and 2050, the working age population in the United States will grow by only 36 percent. This decline will fuel the search for talent. In southeastern Wisconsin, it is predicted that there will be just over 104,000 job openings by 2023, either due to retirements or to modest economic growth. During that same period of time, there will be 6,000 fewer people in the region's working age population, between the ages of 15 and 64.

Speaking about UWM's role, Mr. Sheehy stated that the region needed the university to help populate new opportunities, new ideas, new research, new companies, and new people to both run and staff those companies. He also emphasized the need to do this in a way that is inclusive, bringing everybody to the table. He noted that, of the 30,000 undergraduate students at UW-Madison, his alma mater, only 600 are African American.

Mr. Sheehy concluded that, while the state must do a better job of preparing students to go to two-year or four-year institutions, it must also pay particular attention to universities like UWM that serve as a bridge for the future.



## ***Revitalizing Milwaukee, Contributing to Wisconsin***

Chancellor Mone reinforced that, beyond job preparedness, UW-Milwaukee provides students with a foundation in critical thinking and broadened perspectives through the social sciences and liberal arts. The Bureau of Labor Statistics at the U.S. Department of Labor predicts that most college graduates will have between 12 and 15 different jobs over the course of their careers, which means workers must be agile and plan for the needs of the future.

He then cited two recent op-ed pieces that appeared in the Journal Sentinel: one authored by Senator Alberta Darling, titled “UWM Research Helps Wisconsin Thrive,” and another authored by Representative Dan Riemer, titled “UWM is Key to Milwaukee’s Urban Revival.” The chancellor said that these perspectives from both sides of the aisle underscored the importance of UWM’s new ideas, innovations, and vital work.

He explained that over the last decade, UWM had seen significant growth in the discovery and development of talent, and had strengthened the region’s culture of entrepreneurship. Moving forward, the campus would remain focused on maintaining its R-1 status and ensuring student access and success in the face of future challenges, which fall into three different areas: administrative efficiencies, academic realignment, and strategic position control, which involves balancing the budget, addressing cuts, and continuing the quest for additional revenue sources. He noted that Regent support had been and would continue to be a critical determinant of UWM’s ability to uphold and fulfill its dual mission, and to further develop the relationship between the university, Milwaukee, and the State of Wisconsin.

A region must have strong public research universities to thrive, and the current and future economic and educational investments in the southeastern region would determine whether metropolitan Milwaukee will thrive or decline in the future. Chancellor Mone observed that the cities that are thriving – Denver, Minneapolis-St. Paul, Pittsburgh, and Seattle – are usually the result of collaborative municipalities working with higher education and with a focus on industry. Chancellor Mone concluded by saying that UW-Milwaukee can provide the foundation for making Milwaukee, the southeast region, that the State of Wisconsin stronger and more vigorous.

President Millner thanked Chancellor Mone and Mr. Sheehy. Stating that Milwaukee’s economic growth and its strength and health as a community is critical to the state of Wisconsin, she commended the chancellor for the work that UW-Milwaukee is doing to address the state’s critical needs.

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## **UW SYSTEM 2016-17 ANNUAL OPERATING BUDGET AND TUITION AND FEE SCHEDULES**

President Millner directed the Regents' attention to the fiscal year (FY) 2017 annual operating budget. As the entire state continues to feel the ripple effects of an historic economic downturn, UW chancellors continue to make tough choices to find ever greater efficiencies, while also focusing on educational programs and research efforts that will fuel economic recovery. She indicated that Regents should consider the value that students derive from a high-quality college experience and whether UW colleges and universities have the resources needed to deliver a first-class education that prepares students for success in work and life.

Also critically important are the broader benefits that all of Wisconsin derives from having an educated citizenry and workforce. For that, she said the Regents must ensure UW System institutions retain a robust capacity to serve as intellectual and economic engines for the state, producing students with ideas and skills to move Wisconsin forward. Additionally, the Board must examine the annual budget to also ensure that the UW System is pursuing every opportunity to stretch dollars further and to serve students better.

With this context, President Millner asked President Cross to speak about the annual budget. President Cross began by sharing what he described as five main takeaways that tell the story of the FY 2017 annual budget.

- Fund balances continue to steadily decrease and are down another \$75 million in FY 2016.
- The tuition fund balance has now decreased by nearly 50 percent since 2012-2013. It is estimated that by the end of FY 2017, the balance will have decreased by 67 percent over that same time period.
- Balances will be significantly lower still once the DOA releases previously approved capital projects with supporting funds that have been accumulating in the fund balances, waiting for the projects to start.
- The budget snapshot is provided at a time when the overall GPR support of the UW System, including debt service, is lower than it was in 2007 and 2008 (in actual numbers). That is despite the fact that the UW System's overall student enrollment is currently 7,000 students greater than it was at the start of the 2007-08 academic year.
- When adjusted for inflation, GPR support for the UW System is the lowest it has ever been in the history of the UW System.

President Cross asked that the Regents keep these five points in mind while looking at the FY 2017 annual budget proposal, which would be presented by Interim Vice President of Finance Julie Gordon.

Interim Vice President Gordon stated that the Board would be considering a resolution to approve the UW System's 2016-2017 operating budget, which includes the rates for academic tuition, segregated fees, room and board, and estimated expenditures from fund balances.

The format of the table in the resolution was intended to be familiar, easy to understand and intuitive. It provides the beginning balance of each of the major unrestricted funds, then shows the revenues less the expenditures to calculate the amount by which the fund balances will decrease in FY 2017. Finally, it shows the projected end-of-year balance for each unrestricted fund.

Interim Vice President Gordon explained that she would walk through the operating budget at a high level, then break down into greater detail for some of the individual funds.

In total, the UW System anticipates receiving revenues of \$6,071,308,321 in FY 2017. Planned expenditures are \$6,231,551,185, which is an increase of \$37 million, or 0.6 percent, compared to FY 2016. With expenditures projected to exceed revenues, the UW System is therefore budgeting for an overall reduction of its program revenue balances of \$160 million.

Describing the different types of activities within the UW System's operations, Interim Vice President Gordon said that the System's academic mission is funded with tuition and state general purpose revenue (GPR). In FY 2017, the operating budget includes tuition revenue of \$1,429,473,458, and the state has budgeted GPR of \$1,048,705,300 for the UW System. In reference to a line in the budget entitled "GPR Lapse," Ms. Gordon explained that, in accordance with the state budget, the UW System must lapse, or give back to the state, \$25 million, reducing the total GPR that the university will receive.

The planned expenditures of \$2,560,764,540 are greater than total revenues in the GPR/Tuition Funds, requiring that the System use its tuition balances of approximately \$107 million. As previously mentioned by President Cross, this would be a 67-percent reduction from the System's FY 2013 balances.

Interim Vice President Gordon noted that the GPR amount in the FY 2015 budget was approximately \$1.178 billion. The UW System was then required to take a \$125 million cut in GPR in FY 2016, with another reduction in place for FY 2017. Due to a few changes in GPR funds received for debt service and fringe benefits, GPR will be further reduced by approximately \$6 million in FY 2017, bringing total GPR to the previously stated \$1.048 billion.

Interim Vice President Gordon reiterated that state support for the UW System was at an all-time low in FY 2006, when adjusted for inflation. She also noted that the highest adjusted level of state support was in 1973-74, the first year of the UW System.

In addition to the FY 2016 and FY 2017 reductions in GPR support, some UW institutions are anticipating enrollment declines and therefore further reductions in tuition revenue. However, overall tuition revenue is anticipated to increase by nearly \$37 million in FY 2017. A statutory provision has continued a tuition freeze at 2013 levels for most resident

undergraduate students in the UW System, and so the new tuition revenue will be primarily generated by increases in nonresident and graduate tuition, which are not included in that freeze.

The Board of Regents had previously approved nonresident and graduate tuition increases for the 2016-17 academic year. UW-Madison's increases were approved in April 2015 as part of a two-year phased-in approach. In April 2016, the Board approved nonresident and graduate tuition increases at UW-La Crosse, UW-Milwaukee, UW-Platteville, UW-Stout and UW-Whitewater. No additional tuition changes are being requested in the FY 2017 budget; tuition rates in Section C of the budget document, listed by institution and by program, all reflect the previously-approved tuition rates.

Interim Vice President Gordon shifted next to auxiliary operations, which include various self-supporting operations at each of the UW institutions, such as residence halls, food service, athletic recreational sports facilities, and unions. The UW System anticipated auxiliary revenues of nearly \$720 million and expenditures of \$747 million in FY 2017. This would be an increase of 0.4 percent in overall auxiliary expenditures over the prior year. With expenditures exceeding revenues by nearly \$28 million, the auxiliary balance is expected to decrease by that amount by the end of FY 2017.

Segregated fees and the requested increases will vary from campus-to-campus, reflecting the level of services provided to the students and the type and condition of the facilities that the campuses operate. On average, segregated fees at the four-year institutions will increase \$59 per year, or less than \$30 per semester, under this proposal.

Ms. Gordon explained that these segregated fee increases are often necessary to address capital projects that are underway, and the associated debt that may be related to those capital projects. More than \$41 of the \$59 average fee increase, or 70 percent, will be due to capital projects.

The segregated fee increases are often phased in to smooth the rate increase for students and families, and yet provide the necessary funds that UW institutions need when debt service payments come due. For example, UW-La Crosse requested an increase in segregated fees of \$259. Of this amount, \$230 was due to a student center project approved by the Board in August 2012; this was the final increase related to that project. An additional \$20 was for the field house construction approved by the Board in November 2014; this was the second \$20 increase for that project. The remaining \$9 was for increases in operational costs, such as staffing.

Segregated fee increases may also be put toward student-initiated projects or requests. For example, UW-Madison requested a segregated fee increase of \$72. Of that amount, \$59 was unanimously supported by the Associated Students of Madison (ASM) to expand mental health counseling and sexual assault prevention activities at that institution.

For each of the institutions, the segregated fee increases had been broken out into capital versus operating components within the budget materials. Interim Vice President Gordon emphasized that these increases were not requested lightly by the institutions. She then explained some of the changes that had recently been made in the segregated fee process,

including the removal of reporting thresholds that previously limited the justifications provided to the Board, and the addition of supporting tables providing detailed item-by-item accounts as to the intended purposes of the segregated fee increases. Those tables also reflect where expenditures have been reduced to mitigate these increases or, in the case of one institution, to reduce the segregated fee altogether.

Room and board rates were also included in auxiliary operations, but they apply to a much smaller subset of students: nearly 39,000 students have room contracts, and 41,000 have purchased meal plans. As requested, room and board rates at the four-year institutions would increase an average of 1.7 percent, which is approximately equal to the rate of inflation.

Interim Vice President Gordon briefly highlighted the additional fund types that typically do not directly impact students, though they do benefit campuses and the student experience. Expenditures associated with activities in General Program Operations; Federal Indirect Cost Reimbursement; and Gifts, Grants and Contracts are expected to increase. However, since the revenues for these activities are often generated from the general public, from the federal government, and from private industry, these operations not only support the campus infrastructure but benefit Wisconsin's economy as well. "Other" is the final fund type, and largely includes pass-through funds such as financial aid, the State Lab of Hygiene, and the Veterinary Diagnostic Lab.

UW System institutions project that program revenue balances will continue to decline significantly, with an expected reduction to the overall balance of just over \$160 million, or 20.5 percent, by the end of FY 2017. The largest portion of this reduction is expected to be within the Tuition fund, which is estimated to decline \$107 million, or 37.4 percent, in FY 2017. This would be an overall decline of 67 percent from the highest level in 2013. Other balances expected to decline are the Auxiliary funds, by nearly \$28 million or 11 percent; General Program Operations, by \$12.5 million or almost 14 percent; and Federal Indirect Cost Reimbursement, by \$12.5 million or almost 8 percent.

At the conclusion of Interim Vice President Gordon's high-level overview of the FY 2017 operating budget, President Millner opened the floor to questions from the Regents.

Regent Whitburn noted that the UW System's February 2016 financial report listed \$833 million in unrestricted assets at the end of FY 2015. Asked what the total unrestricted assets would be for FY 2016, Interim Vice President Gordon cautioned that it was difficult to estimate before knowing all of the System's accruals, payables, and receivables, but suggested that close to \$700 million would be a good estimate at this point.

Observing that most of the dollars in the operating budget go to personnel and personnel-related expenditures, Regent Whitburn stressed the need to look at the people the System has on the payroll. He then pointed out that the number of onboard staff across the System, including full-time and part-time positions but not students, was substantially lower in April 2016 than in April 2015, as was the number of people enrolled in the state health plan.

Sharing a few of her takeaways from the summary of the 2016-17 operating budget, Regent Mueller first noted that the estimated beginning balance of \$287 million in the GPR/Tuition Funds category was higher than expected when the System began putting its budget together the previous year.

Interim Vice President Gordon agreed that the GPR/Tuition Funds were projected to end FY 2016 higher than the originally-projected balance of approximately \$205 million. She noted the difficulties of making projections with so many variables, including the number of students who ultimately enrolled, how institutions managed the budget cuts, lower utility costs due to a warmer-than-usual winter, and the impacts of the new benefits plan, which had already been mentioned by Regent Whitburn.

Responding to another question from Regent Mueller regarding General Program Operations, Interim Vice President Gordon explained that this category includes more than just internal transactions between different campus units; many of these funds are sales to public, as with the Babcock Dairy at UW-Madison, or to other entities in the private sector, as with the survey center. Anticipated expenditures in this category are projected to grow by almost \$12.5 million. These funds are fungible and have no restrictions, so while some campuses may choose to allow a unit to maintain its own funds, other institutions are beginning to look at how to pool those funds to help with general campus costs.

Regent Mueller's final comment was on the importance of Table B-2 of the budget materials, which shows the breakout by campus of the GPR/Tuition category. She encouraged her colleagues to spend some time with that table to understand how the UW System's money is being allocated across the institutions.

In answer to a question from Regent Higgins, Interim Vice President Gordon explained that there is some double accounting of financial aid within the budget, though that overlap is eliminated in the UW System's financial statements. Some of the funds in the "Other" category are for financial aid, but those dollars would also come through the students to appear in the "Tuition" category.

Associate Vice President Freda Harris added that the System does not have the complete breakdown of that overlap, because students can choose to use their financial aid to pay for tuition or for living expenses and other costs. As these funds may be used to support costs outside of instruction, it would be inappropriate to count them with the GPR/Tuition funds as additional resources within the university. The same applies to the pass-through funds designated for the State Hygiene Lab or the Veterinary Diagnostic Lab, which are also included in the "Other" category.

Interim Vice President Gordon told Regent Higgins that they could find out how much of the \$1.26 billion in the "Other" category represents funds for financial aid.

Referring to the estimated FY 2017 ending balance for unrestricted funds of \$478,127,557, Regent Klein asked Interim Vice President Gordon to share how many days'

cash-on-hand that sum represented, and how much cash-on-hand the UW System's peer group public institutions maintain.

Interim Vice President Gordon said that the System had eight weeks' worth of cash available when she last did the calculation six months earlier, which was significantly below the 40-percent benchmark set by the National Association of College and University Business Officers. However, she noted that this benchmark has not gained significant traction, as it includes private institutions and others that have to maintain their own debt and meet bond covenants.

For the purpose of addressing enrollment declines, reserves in the range of 12 to 15 percent would likely be enough to carry UW System institutions over from the end of June until the next peak in revenues, which is typically in September as students return for the fall semester. Interim Vice President Gordon indicated that the System had begun sharing this range recommendation with its chancellors and chief business officers.

Regent Steil requested a breakdown of which segregated fee increases were supported by students. Interim Vice President Gordon explained that there was no standard definition of student support, which might come through a referendum or a request from the student government, depending on the campus. Where applicable, an attempt was made in Section D of the budget materials to identify whether there were any specific student-initiated or student-requested changes. With 70 percent of segregated fee increases being due to capital projects, the remaining 30 percent includes both student-initiated changes and changes deemed necessary by campus administration.

President Millner, Regent Farrow, and Regent Delgado each thanked Ms. Gordon, Ms. Harris and their team for their work on the budget and for their time spent briefing Regents about its contents. Interim Vice President Gordon acknowledged the campus staff, chief business officers and budget officers across the System for their work in pulling the information together.

President Millner requested a motion to approve Resolution 10677, approval of the 2016-2017 operating budget. The motion was made by Regent Petersen, seconded by from Vice President Behling, and adopted on a voice vote.

**Approval of the 2016-17 Operating Budget, including Rates for Academic Tuition, Segregated Fees, Room and Board, and Textbook Rental; Estimated Expenditures from Tuition Fund Balances; and Annual Distribution Adjustments**

Resolution 10677      That, upon the recommendation of the President of the University of Wisconsin System, the 2016-17 operating budget be approved, including planned use of balances; rates for academic tuition, segregated fees, room and board, and textbook rental; and annual distribution adjustments as attached in the document, "2016-17 Operating Budget and Fee Schedules, June, 2016." The 2016-17 operating budget amounts are:

SUMMARY TOTAL – ALL FUNDS

Revenues	\$	6,071,308,321	
Planned Expenditures		<u>(6,231,551,185)</u>	
Planned Use of Balances			(160,242,864)

GPR/TUITION FUNDS

Estimated Beginning Balance			\$	287,823,670
GPR	\$	1,048,705,300		
Tuition Revenue		1,429,473,458		
GPR Lapse		(25,000,000)		
Planned Expenditures		<u>(2,560,764,540)</u>		
Planned Use of Balances				<u>(107,585,782)</u>
Estimated Ending Balance			\$	<u>180,237,888</u>

AUXILIARY

Estimated Beginning Balance			\$	247,252,476
Revenues	\$	719,563,956		
Planned Expenditures		<u>(747,359,461)</u>		
Planned Use of Balances				<u>(27,795,505)</u>
Estimated Ending Balance			\$	<u>219,456,971</u>

GENERAL PROGRAM OPERATIONS

Estimated Beginning Balance			\$	90,889,452
Revenues	\$	275,813,560		
Planned Expenditures		<u>(288,270,314)</u>		
Planned Use of Balances				<u>(12,456,754)</u>
Estimated Ending Balance			\$	<u>78,432,698</u>

FEDERAL INDIRECT REIMBURSEMENT

Estimated Beginning Balance			\$	156,647,185
Revenues	\$	141,729,628		
Planned Expenditures		<u>(154,134,451)</u>		
Planned Use of Balances				<u>(12,404,823)</u>
Estimated Ending Balance			\$	<u>144,242,362</u>

GIFTS, GRANTS AND CONTRACTS

Revenues	\$	1,218,790,433		
Planned Expenditures		(1,218,790,433)		

OTHER

Revenues	\$	1,262,231,986		
Planned Expenditures		(1,262,231,986)		

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## RECOMMENDATION ON FINANCIAL AID FOR THE 2017-19 BIENNIUM

The next item for discussion and action was the Board's recommendation for the Wisconsin Grant-UW program funding in the coming budget cycle. President Millner stated that the Board of Regents' vote is advisory, meaning that the Higher Educational Aids Board (HEAB), which administers the program, would submit its own budget request to the state for consideration by DOA and the Governor.

Since the UW System must submit its recommendation in time for HEAB to develop its 2017-2019 budget proposal, the Board of Regents considers this issue prior to acting on the UW System's budget request for 2017-2019. HEAB would act on the Board's request, and its own full budget, at its meeting on June 29th.

For background, President Millner provided some big-picture financial aid numbers. In 2014-15, seven out of 10 UW System students overall received \$1.4 billion in some form of financial aid. The Wisconsin Grant is the largest need-based state grant program available to Wisconsin students attending a UW institution. One of every four resident undergraduates – more than 32,000 students – received a Wisconsin Grant in 2014-2015, with an average grant of \$1,773.

In the UW System, affordability and access have long been cornerstones of the educational mission. Financial aid is a vital component of that commitment. At a time when there is legitimate concern about the rising level of student debt, discussion is not just about the cost of a student's UW experience, but rather the net cost. The amount of state and federal support that a student receives plays a significant part in keeping net cost down, and it is incumbent on the UW System to advocate for the support that is necessary for its students.

For more detail about the recommended financial aid request to the Higher Educational Aids Board, President Millner turned to Bob Jokisch, Senior Policy Advisor for Financial Aid and Student Success at UW System, and Sue Minzlaff, Associate Director of the Department of Financial Aid, Student Employment, and Military Education Benefits at UW-Milwaukee.

Mr. Jokisch stated that the Wisconsin Grant for the UW System is the state's largest financial aid program for students attending UW institutions, and is administered by the Higher Educational Aids Board. The 2017-19 budget request for the program is approved by the Board of Regents and then forwarded to HEAB for inclusion in that agency's biennial budget request to the Department of Administration.

State funding for the Wisconsin Grant-UW program has remained at \$58.3 million since 2010-11 and will remain at \$58.3 million in the 2015-17 biennium. Though funding for the Wisconsin Grant has not increased for six years, the number of students eligible for the Wisconsin Grant-UW program has increased by 23 percent since 2008-09.

In order to provide financial aid through the Wisconsin Grant to this growing population of eligible students, the UW System decreased the amount of awards in order to increase the

number of awards. The number of UW students receiving Wisconsin Grants increased by 28 percent between 2009-2010 and 2014-15, from 25,624 recipients to 32,885 recipients, while the average grant award decreased by 18 percent, from \$2,161 to \$1,773. Returning the average grant amounts to the 2009-10 level of \$2,161 would require an increase of \$6,384,100 in 2017-18 and an additional \$6,384,100 in 2018-19, or a biennial increase of slightly more than \$19 million.

The average cost of attendance at UW institutions has increased from \$17,015 in 2009-10 to \$19,702 in 2014-15, an increase of 16 percent. The purchasing power of Wisconsin Grants – the percentage of the cost of attendance covered by the average Wisconsin Grant – has dropped from 12.7 percent in 2009-2010 to 9 percent in 2014-15.

For 2016-17, Wisconsin Grants will provide awards to UW resident undergraduate students with expected family contributions (EFCs) of \$4,500 or less. This equates to a family income of approximately \$63,000 for a family of four. The maximum award in 2016-17 will be \$2,384, with a minimum award of \$584. In 2014-15, 48.8 percent of UW System recipients of Wisconsin Grants had an EFC of \$0, meaning the student's family was not expected to provide any support to the student attending college. This equated to a family income of \$37,000 or less for a family of four.

Mr. Jokisch then turned to Sue Minzlaff for a discussion of the effects of the Wisconsin Grants on students at UW-Milwaukee. Ms. Minzlaff explained that, as with other financial aid programs that have a funding allocation, the university will overcommit those funds in its financial aid awards. For example, if UW-Milwaukee has \$13 million in financial aid for its students, it will perhaps award \$15 million, realizing that some students will not enroll or will transfer mid-year.

She noted that 2015-16 was the first year that UW-Milwaukee did not have a waiting list. In the past, depending on the number of applicants, the campus typically began to wait-list students as early as July. As the UW institution with the highest number of Wisconsin Grant recipients, UW-Milwaukee has quite a few students who traditionally apply late and are often left without these funds, resulting in an even larger unmet need. In those cases, students may be unable to afford to attend, or may begin classes in the fall and then run into problems finding additional resources to return for the spring semester. Ms. Minzlaff said this was an important reason for the decision to eliminate the wait list, even at the cost of lower awards to students.

Ms. Minzlaff then provided three different scenarios of what a financial aid package might look like for a freshman student with \$0 EFC, \$3,500 EFC, or \$10,000 EFC. All three students are offered the exact same amount of federal work study and federal loans; the only difference is in their grant eligibility. The \$0 EFC student would be offered just under \$9,200 in grants; the \$3,500 EFC student would be offered \$3,349, and the \$10,000 EFC student would receive no grant funding at all. Regardless of eligibility, all three scenarios would still end up with some unmet need. The only difference in these scenarios for upperclassmen would be slightly higher awards through the Federal Direct Loan Program.

The majority of financial aid programs are based on financial need; the federal Pell Grant and the Wisconsin Grant are tied to an exact formula, so the amount that a student is eligible for is predetermined. Federal campus-based funds, which include the Supplemental Grant, the Perkins Loan and work study, are limited, which means the campus will completely run out of those funds after issuing awards to a few thousand students. Ms. Minzlaff reminded the Regents that the Federal Perkins Loan Program was currently still slated to be eliminated on September 30, 2017.

Ms. Minzlaff observed that UWM has the neediest student population in the state: more than half of its Wisconsin Grant recipients receive the maximum award, and at least half of the recipients have a \$0 EFC. She concluded that without this program these students would likely not be able to attend UWM or pursue a four-year education, and thanked the Regents for their continued support of the Wisconsin Grant Program.

President Millner thanked Mr. Jokisch and Ms. Minzlaff, then opened the floor to questions from the Regents.

Regent Tyler noted that the average Wisconsin Grant award of WAICU institutions was about \$2,500, compared to the UW System's average award of just under \$1,800 and the average WTCS award of about \$800. He also recalled that in one year the UW System had about 1,600 eligible students who did not receive a Wisconsin Grant award, compared to tens of thousands of eligible students in the Technical College System. He then questioned whether it was good policy for the private nonprofits to have enough funds to be able to issue awards that are 50 percent higher than those at the UW System, with an even larger discrepancy for the technical colleges.

Mr. Jokisch noted that a HEAB study once looked at the existing Wisconsin Grant programs, but did not make a recommendation regarding allocation between them. Concerning wait lists, he said the UW System made a conscious decision to decrease the amount of awards in order to increase the number of awards from 25,000 to 32,000.

Regent Tyler observed that similar action by the technical colleges would mean cutting the award amounts by more than half. He suggested that at that point it would no longer make sense to issue the awards, as the smaller amount probably would not provide enough help to encourage students to stay.

President Millner said that she had briefly served on the HEAB board and understood the struggles involved, with no recent adjustments in the Wisconsin Grant funding.

Responding to a question from Regent Higgins about the cost of attendance at UW-Milwaukee, Ms. Minzlaff explained that there are five components included in the estimated cost of attendance: tuition and fees, room and board, books and supplies, miscellaneous living expenses, and transportation. UW-Milwaukee had worked on reducing the cost of attendance in order to help reduce student borrowing.

Regent Whitburn said the proposed request was an overdue and prudent enhancement of state support for UW students, and expressed his hope that the governor and legislative leaders would view it as a priority in the coming budget process.

Regent Whitburn then moved adoption of Resolution 10678. The motion was seconded by Regent Langnes and adopted on a voice vote.

### **Financial Aid: 2017-19 Wisconsin Grant-UW Funding Recommendation**

Resolution 10678      That, upon the recommendation of the President of the University of Wisconsin System, the Board of Regents submits the following 2017-19 Wisconsin Grant-UW funding request to the Wisconsin Higher Educational Aids Board (HEAB), for inclusion in HEAB's 2017-19 biennial budget request:

“That the funding for the Wisconsin Grant-UW program increase by \$6,384,100 in 2017-18 and an additional \$6,384,100 in 2018-19 to return the average award to the 2009-10 level of \$2,161, providing a biennial increase of \$19,152,300.”

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## **UW SYSTEM INFORMATION TECHNOLOGY SECURITY**

President Millner stated that information technology in the UW System was an issue that demanded the Board's attention, particularly given the rise in external threats, the complex regulatory environment, and recommendations from Internal Audit and the Legislative Audit Bureau, as well as the associated financial and reputational risks.

Although a systemwide Technology and Information Council (TISC) was formed in 2011, the UW System has relied primarily on institution-level security policies and procedures. Efforts began in 2015 to augment each institution's work by developing a systemwide IT security program. A brief introduction to this IT security program was provided to the Business and Finance Committee at its February 2016 meeting.

Subsequently, the Board adopted Regent Policy 25-5, *Information Technology: Informational Security*, which describes the process by which IT security will be comprehensively managed across the system. President Millner turned to David Miller, Vice President for Administration, for an update on the ongoing efforts.

Vice President Miller stated that, just as easy access to information technology devices and programs is growing rapidly, so too are the threats to information security.

Threats by individual hackers have been replaced by sophisticated foreign governments and organized crime rings posing cyber threats, even to higher education institutions. Businesses are making significant investments in protecting information, and universities must do so as well.

The breach of intellectual property, sensitive research or personal information would cost universities both significant dollars and reputation. While large, data-rich companies have been the primary target of cyber criminals, higher education is particularly vulnerable because of its decentralized and open environments.

Vulnerability to cyber breaches is increased through human behavior. Policies that define and incentivize the best protections of data can be very helpful, ranging from low-cost efforts such as strong password protections, multi-factor authentication and encrypted thumb drives, to expensive ones such as high-security data centers. In a highly decentralized IT environment like that of the UW System, providing and requiring the use of proven antivirus software is particularly effective.

Vice President Miller noted that educating users is also critical. The proliferation of devices on which employees mix professional and private use requires a keen awareness of potential threats to networks; for example, attackers can easily gain access to a vast network when a user responds to a phishing lure on social media or email. The primitive phishing scams have been replaced by highly sophisticated, “spear-phishing” attempts that appear completely legitimate to the user.

Like businesses, universities are constantly competing for staff with up-to-date skills not only in IT systems but also in new evolving areas such as cyber forensics, which detects threats that traditional security tools cannot.

Vice President Miller said that steps also were being taken to set policies that control access to computer networks and safeguard the flow of information. The UW System is committed to protecting the information that is critical to support teaching, research, business operations, and educational communities. Cyber security is not only an administrative and IT community responsibility; everyone is responsible for the proper handling and protection of confidential information. The enhanced policies under development will apply to the entire UW System, including faculty, staff and students. Each policy is supported by requirements that direct what must be done to be in compliance.

Joining Vice President Miller were four of the UW System’s IT experts: David Stack, Chief Information Officer for UW System Administration; Mohamed Elhindi, CIO at UW-La Crosse and Chair of the UW Information Assurance Council; Nick Davis, UW System Chief Information Security Officer; and Bob Turner, UW-Madison Chief Information Security Officer.

Mr. Stack stated that within the past 12 to 18 months staffing in the area of information security had been expanded across the UW System, with new information security officers being hired at System Administration, UW-Madison and UW-Milwaukee. A set of centrally-funded tools had also been distributed to the UW System institutions. In July, the UW System would be bringing in a consultant from the Gartner Organization to review its work. Now, midway through the first year of its cyber liability insurance, Mr. Stack suggested that the UW System’s work thus far would put it in a better position when it comes to renewal. Finally, robust controls had been put in place on the central institutional systems and particularly the enterprise systems that serve the entire UW System.

Dr. Elhindi described the work of the Information Assurance Council, which is made up of technology officers; chief security officers; and legal, human resources and governing experts. This group is focused on improving information security throughout the System and its institutions through the implementation of consistent and appropriate policies to control information security. This large project was divided into three phases:

- Phase One, currently underway, is to develop the framework of the program and five high-level policies.
- Phase Two will be to review the success of Phase One's implementation, and to assist with the financial costs for procuring necessary resources and retaining information security talent.
- Phase Three will be to make security an everyday fix, rather than an afterthought.

Dr. Elhindi then asked Mr. Davis to discuss the five policies and procedures currently under development.

Mr. Davis explained that the UW Information Assurance Council established a subteam of policy people to prioritize the areas on which the UW System should work, based on federal government standards as well as System IT staff's professional experience and areas of expertise. Having created a list of approximately 19 different policies, the Council moved forward with those that would have the greatest and most immediate impact.

The Council began by developing policies for password management and security awareness training across the UW System, which were currently in the final phases of review and were expected to soon be completed and ready for implementation. The Council then went on to develop a data classification policy, an incident response policy, and a security operations policy. The latter two policies had just undergone the first round of review; all five policies were expected to be ready for President Cross's approval and campus implementation by the end of August.

Mr. Turner next addressed some of the challenges unique to the higher education industry. The UW System receives more than 17,000 probes daily, which are usually machine-driven with hostile intent. One of the System's challenges is in acquiring the right type of machinery to answer these machine-driven probes, which are well-funded. He explained that higher education is targeted because of the value of its intellectual property, as well as the commercially marketable information that universities possess. UW-Madison alone has 43,000 students and 20,000 staff, with 56,000 end points of information.

The cost of operations is a function of the speed of the "backbone" of an institution's computer network, plus the value of its intellectual property and information. For example, UW-Madison has a 100-gigabit backbone, which means data moves fast. The diversity of the projects and subjects taught at the university, combined with the sheer volume of data and the magnitude and distribution of the System's data centers, create challenges.

Institutions within the UW System share common vulnerabilities, including HR data and student information, as well as open business processes that are easily exploitable. There are also the added issues of compliance with FERPA and HIPPA, federal laws which respectively guide the protection of student data and health care information. UW institutions also have an open and collaborative environment and thrive on access to data and information from across campuses and around the world for research. These diverse issues make it more difficult for higher education institutions to protect their information and networks.

As Chief Information Security Officer for a major R-1 university, Mr. Turner said his main concerns were data availability; maintaining data integrity, which is particularly important for research; and confidentiality of student and personnel information.

Another challenge for higher education institutions is competition with the marketplace for the right staff. Even within the local marketplace for areas like Madison, there is a great discrepancy between the compensation and training available to higher education cyber security staff and commercial cyber security staff; this issue becomes even greater looking nationwide.

Related to this challenge is the skill set disparity in IT teams on campuses. Campus IT staff may lack specific skills necessary to meet, for example, the specific requirements that research projects have under the Federal Information Systems Management Act (FISMA) for security surveys and assessments. Mr. Turner noted that it can take between four and seven years for a good cyber security professional to develop the skills to assess the security sufficiency of information systems, especially those in higher education.

President Millner observed that many of the Regents were familiar with information security challenges from serving on the boards of hospitals or other institutions, but that it was good to hear about the unique challenges caused by the open nature of higher education. She then invited questions from Board members.

Regent Farrow inquired as to whether the probes were all domestic hacking attempts, or if some had foreign sources. Mr. Turner answered that the UW System receives probes from everywhere; he shared an example of a student who logged on at the UW-Madison campus, but whose account was then logged into from Pakistan and Nigeria shortly after.

Regent Delgado asked whether there had been any significant breaches in the last five years. Vice President Miller said that there had been some minor exposures, but absolutely no major incidents.

Responding to a question from Regent Grebe about timing, Dr. Elhindi said the UW Information Assurance Council hoped to accomplish Phase One of its project by the end of the summer, before the fall 2016 semester begins. Phase Two, which will be an assessment phase, will take place during the school year. The hope was to enter the operational mode of Phase Three within one year or so.

Regent Grebe also asked about the UW System's cyber security insurance policy. Mr. Stack explained that the policy covers both the System and each of the campuses. Vice President

Miller added that the policy is broad but not terribly comprehensive; no insurance companies are willing to cover a macro event, and so the policy is capped in the \$5 million range. President Millner thanked the presenters for their report.

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## **CLOSED SESSION**

President Millner then called upon Vice President Behling to offer the resolution to move into closed session. The motion was seconded by Regent Petersen and adopted on a roll call vote, with Regents Behling, Delgado, Erickson, Evers, Farrow, Grebe, Higgins, Klein, Langnes, Manydeeds, Millner, Mueller, Petersen, Steil, Tyler, and Whitburn voting in the affirmative. Regent Hall re-joined the meeting shortly after the vote. There were no dissenting votes and no abstentions.

### **Closed Session Resolution**

Resolution 10679      That the Board of Regents move into closed session to: (a) consider information security audit findings and responses, as required by s. 19.85(1)(e), Wis. Stats.; (b) consider personal histories related to the naming of a facility at UW-Whitewater, as permitted by s. 19.85(1)(f), Wis. Stats.; and (c) consider annual personnel evaluations, as permitted by s. 19.85(1)(c), Wis. Stats.

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The room was cleared and then the following resolution was adopted during the closed session:

### **Authority to Name the New Laurentide Student Success Center Addition the “Mary Poppe Chrisman Success Center,” UW-Whitewater**

Resolution 10680      That, upon the recommendation of the UW-Whitewater Chancellor and the President of the University of Wisconsin System, authority be granted to name the new Laurentide Student Success Center Addition the “Mary Poppe Chrisman Success Center.”

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The Board recessed briefly at 4:35 p.m. to relocate to the Wisconsin Room Lounge and then reconvened in open session.

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## **INITIAL PRESENTATION OF STRATEGIC PLANNING RECOMMENDATIONS – WISCONSIN ROOM LOUNGE**

President Millner provided a brief update on the UW System's strategic planning efforts and the process System Administration had undertaken, culminating in the draft document being shared with the group at this meeting. President Millner added that a goal would be to align the plan with the System's biennial budget request.

President Cross explained that thousands of people had been engaged in the planning process. The draft document was preliminary work and was actually a framework rather than a strategic plan. He described four areas of focus contained in the document: focus on education; cultural fluency; innovation; and focus on engagement. He indicated that there could be a fifth area, "operational excellence," but suggested that this area might be addressed outside of the framework. President Cross stated that the goal of the small-group discussions was to seek Board input about whether the framework makes sense as a strategy for helping to prepare the state for the future.

Darin Harris of the UW-Madison Office of Quality Improvement explained the process to be used for the small-group discussions. The question for the entire group was, "if we accomplish these things, will we help to move the state forward?" First, however, each table was asked to consider whether the four focal points were moving in the right direction, whether the objectives were appropriate, and what other strategies should be considered in each area.

Regents and others who had been involved in the strategic planning process, such as several chancellors, offered comments and asked questions, ranging from the general to the very detailed. Among the comments, it was suggested that the strategic framework should include accountability measures, that setting priorities for investment would be important, that some of the categories for action could be described differently, that there should be some mention of technical colleges, that five focus areas would be too many, that the plan should articulate transferability, and that it would be important to stay true to the ideas identified during the planning process.

At the close of the wide-ranging discussion, President Cross concluded by reflecting upon the challenges of convincing legislators of the vital role of the UW System in the state's future, a role that goes beyond preparing students for jobs. President Cross indicated that System Administration staff would incorporate input from the discussion when revising the strategic framework documents.

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The meeting was adjourned at 5:35 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