

**Special Task Force on UW Restructuring
and Operational Flexibilities**

August, 2012

Special Task Force on UW Restructuring and Operational Flexibilities

Michael Falbo, Chair



State of Wisconsin

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August 13, 2012

The Honorable Scott Walker
Governor

The Honorable Jeff Fitzgerald
Speaker of the Assembly

The Honorable Mark Miller
Majority Leader of the Senate

The Honorable Robin Vos
Co-Chair of the Joint Committee on Finance

The Honorable Lena C. Taylor
Co-Chair of the Joint Committee on Finance

Dear Governor Walker, Senators Miller and Taylor, and Representatives Fitzgerald and Vos:

I am pleased to submit the report of the Special Task Force on UW Restructuring and Operational Flexibilities.

The 17-member Task Force, created under 2011 Act 32, was charged with examining six specific issues related to the structure and operation of the University of Wisconsin System. This report summarizes our deliberations and presents the recommendations of the Task Force in each of those six areas.

I want to thank each member of the Task Force for their contributions to our work and for the enlightened discussions which served as the basis of this report.

The Task Force benefitted from the expert testimony of a number of individuals who appeared before it. This included Dr. Aims McGuinness of the National Center for Higher Education Management Systems; selected Chancellors, faculty, staff, and students from the UW System; selected Presidents and staff of the Wisconsin Technical College System; and officials from the Department of Administration.

The Task Force was ably staffed by representatives of the Department of Administration, UW System administration, and the Legislature Fiscal Bureau. In particular, I want to acknowledge the excellent work of Emily Pope of the Legislative Fiscal Bureau. Ms. Pope served as the lead staff person for the Task Force and was responsible for all aspects of its work, including the preparation of this report.

On behalf of all members of the Task Force, I would hope that our work will serve to further advance policy decisions that will improve the operations and efficiencies of the UW System and higher education in Wisconsin.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael J. Falbo". The signature is written in a cursive style with a large, prominent initial "M".

Michael J. Falbo, Chair

cc: Members
Wisconsin Legislature

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Executive Summary

The Special Task Force on UW Restructuring and Operational Flexibilities was created by the Legislature in 2011 Act 32, the biennial budget act. Act 32 required the Task Force to address the following issues: (1) whether there is a need to restructure the UW System and, if so, make recommendations as to a new governance structure; (2) how UW-Madison employees and all other UW System employees would transition from the state personnel system to the new personnel systems; (3) whether tuition flexibility can be extended to the UW System while ensuring access and affordability and what role the Legislature should have in establishing tuition rates; (4) how compensation plans for UW System employees should be determined in future biennia; (5) additional operational flexibilities that could be provided to UW System institutions; and (6) how articulation and the transfer of credits between UW institutions could be improved. Members of the Task Force were appointed by legislative leadership and the Governor and include legislators, current and former members of the UW Board of Regents, chancellors from various UW institutions and other UW staff, and private citizens. Pursuant to Act 32, this report will be submitted to the appropriate Senate and Assembly standing committees as determined by the Speaker of the Assembly and Senate Majority Leader and to the Joint Committee on Finance.

TASK FORCE RECOMMENDATIONS

Institutional Governing and Advisory Boards

The Task Force considered whether all UW institutions should be required to have institutional boards, what authorities these boards should be granted and who should serve on these boards. The majority of Task Force members agreed that the Board of Regents should retain primary responsibility for the governance of the UW System. The majority of members also agreed that institutional advisory boards should be created at the discretion of the chancellor. These boards could include one or two members of the Board of Regents appointed by the Board of Regents executive committee.

Two Task Force members disagreed with the recommendations of the majority. These members supported the creation of institutional boards but believed that those boards should be vested with some level of governing authority.

Personnel Systems

The Task Force considered whether UW employees who were formerly part of the classified staff should retain the ability to transfer within the UW System and other state agencies and whether these employees should be granted governing authority similar to the authority granted to faculty, academic staff, and students under current law. The Task Force recommended that these matters be decided by the Board of Regents and the UW-Madison chancellor through the personnel system development process. The Board of Regents and the

UW-Madison chancellor will submit the new personnel systems to the Joint Committee on Employment Relations (JCOER) for approval prior to implementation on July 1, 2013.

Tuition

The Task Force did not make any recommendations regarding what role the Legislature should have in establishing tuition rates. Instead, the Task Force recommended that the Board of Regents submit a tuition plan to the Legislature for its consideration. Under current law, there will be no statutory limitations on the Board of Regents' ability to establish tuition beginning in the 2013-14 academic year. However, the Legislature has imposed limitations on the Board's authority to establish tuition rates in the past and could do so again in the future.

Compensation Plans

The Task Force considered whether UW employees should continue to be included in the state compensation plan and whether the Board of Regents should be granted the authority to provide merit increases to UW employees using base resources. The Task Force recommended that UW employees not be included in the state compensation plan. Instead, the Task Force recommended that the Board of Regents request funding for adjustments in employee compensation and benefits in its biennial budget request. If approved, or modified and approved, by the Legislature during budget deliberations, funding for these adjustments would be provided in the UW System's base budget and the UW System would not receive supplements from the compensation reserve during the biennium. The Task Force did not recommend the inclusion of a "me too" clause which would have provided the UW System with additional funds if the state compensation plan provided greater increases in compensation and benefits for other employees.

The Task Force also recommended that the Board of Regents be granted the authority to provide merit-based salary increases to UW employees using base resources. The state would not be obligated to increase appropriations to the UW System to fund merit-based salary increases for UW employees. Both recommendations would require statutory changes.

Capital Planning and Building Program

The Task Force considered and the majority of members endorsed four flexibilities proposed by the UW System in the area of capital planning and building program. First, the Task Force recommended that the primary responsibility for planning and design of university capital projects be placed with the Board of Regents. Under the proposal, the authority to contract and negotiate fees for architectural and engineering services related to university building projects would be shifted from the Department of Administration (DOA) to the Board of Regents. Second, the Task Force recommended that DOA reallocate the resources currently devoted to selecting and managing architectural and engineering services related to university building projects to increase the supervision of those projects during the construction phase. Third, the Task Force recommended that the current enumeration structure be modified to create two broad categories: new space and renovation and repair of existing space. Fourth, the Task Force recommended that the responsibility for leasing space required by the University be shifted from DOA to the Board of Regents. The first, second, and fourth recommended

flexibilities would require statutory change.

In addition to the four flexibilities proposed by the UW System, the Task Force also recommended that a study of state building processes be conducted. The study report should include information on cost-per-foot and time-to-completion for state projects as well as interstate comparisons. The Task Force recommended that the Joint Legislative Audit Committee direct the Legislative Audit Bureau to contract with an organization other than a state agency to conduct the study. Further, the Task Force recommended that the Joint Committee on Finance transfer the unencumbered balance of the appropriation for the operation of the Task Force to the Audit Bureau to offset the costs of the study.

One Task Force member opposed shifting the authority to contract and negotiate fees for architectural and engineering services related to university building projects from the DOA to the Board of Regents. That Task Force member supported the third and fourth flexibilities proposed by the UW System as well as the recommendation that a study of state building processes be conducted. In addition, that Task Force member recommended that: (1) DOA continue to work with the UW System and other stakeholders on updating project delivery methods for state projects; (2) DOA increase its oversight of projects during the construction phase; and (3) the enumeration process be changed so that projects are not enumerated until they have been programmed, planned, and accurately budgeted. The Task Force member said that DOA and the UW System should work together to refine the proposal to change the enumeration process and that those changes be included as part of the 2013-15 capital budget recommendations.

Procurement

Similarly, the Task Force considered and endorsed three flexibilities proposed by the UW System in the area of procurement. First, the Task Force recommended that the Board of Regents be granted the authority to purchase all necessary materials, supplies, equipment, permanent personal property, miscellaneous capital, contractual services, and all other items of a consumable nature subject to current law bidding and other requirements. The Task Force recommended that the Board of Regents also be granted administrative rulemaking authority in this area. Under current law, purchasing authority for all state agencies is vested with DOA which also has the responsibility to promulgate administrative rules in this area. Second, the Task Force recommended that UW institutions be required to purchase items available through DOA contracts unless the institution can demonstrate that the items can be purchased at a lower cost from an alternate vendor. Third, the Task Force recommended that, whenever possible, the Board of Regents negotiate vendor contracts to allow other state agencies and governmental and educational entities to purchase goods and services through those contracts. In addition to the flexibilities proposed by the UW System, the Task Force also recommended that post-audits be performed to ensure that the university is held accountable for its procurement procedures. The first and fourth recommendations would require statutory changes; the second recommendation would require a change in policy but no change in statute or administrative code and the third recommendation is current practice.

One Task Force member opposed granting the Board of Regents the authority to purchase all necessary materials, supplies, equipment, permanent personal property, miscellaneous capital,

contractual services, and all other items of a consumable nature. That Task Force member supported the second and fourth recommendations of the Task Force and supported the third recommendation provided that the Board of Regents is able to demonstrate cost savings and follows comparable procurement rules. In addition, that Task Force member recommended that DOA and the UW System continue to work on a new delegation agreement and sub-grant exemption side letter. The Task Force member said that the agreement and side letter should be no more restrictive than the agreement and side letter that were previously in place, should be unique to the UW System, and should be effective immediately. The Task Force member also recommended that DOA and the UW System explore ways to continue to streamline the procurement process and submit recommendations to be considered as part of the 2013-15 biennial budget.

Articulation and Credit Transfer

The UW System made five recommendations related to articulation and credit transfer all of which were supported by the Task Force. First, the Task Force recommended that the user-interface of the web-based transfer information system (TIS) be redesigned and made compatible with mobile devices. Second, the Task Force recommended that TIS be expanded so that all UW institutions can provide degree audits showing if courses will transfer and how those courses would apply to specific academic majors. Third, the Task Force recommended that TIS, which currently includes only UW institutions and Wisconsin technical colleges, be expanded to include Wisconsin private colleges and universities. Fourth, the Task Force recommended that UW higher education location program (HELP) be expanded to become a resource for statewide transfer information and a connection point for non-traditional, out-of-state residents seeking information about coming or returning to Wisconsin as transfer students. Fifth, the Task Force recommended that the number of institutional transfer advisors who maintain and evaluate transfer and course equivalency information be increased.

The UW System estimated that these five initiatives would have a total cost of \$1,420,000 in the first year of implementation and \$1,132,800 annually thereafter.

Introduction

As introduced by the Governor, the 2011-13 biennial budget bill would have created UW-Madison as a public authority independent of the Board of Regents and governed by its own Board of Trustees. The Governor's version of the budget bill would have granted UW-Madison substantial operational flexibility compared to current law and was based in part on then-UW-Madison Chancellor Biddy Martin's "New Badger Partnership" proposal. Following the introduction of the Governor's budget, the Board of Regents endorsed the UW System's "Wisconsin Idea Partnership" proposal which would have extended operational flexibilities to all UW institutions without creating UW-Madison as a public authority independent of the Board of Regents.

The Legislature deleted all budget provisions related to the establishment of UW-Madison as a public authority independent of the UW System. The biennial budget act did extend some operational flexibilities to the UW System and UW institutions, most notably the creation of block grant appropriations and the authority to establish new personnel systems for all UW employees that would be separate from the state personnel system. The biennial budget act also created this Task Force to consider issues related to governance, additional operational flexibilities that could be extended to the UW System and UW institutions, and other issues.

Under 2011 Act 32, the biennial budget act, the Task Force is required to address the following issues: (1) whether there is a need to restructure the UW System and, if so, make recommendations as to a new governance structure; (2) how UW-Madison employees and all other UW System employees would transition from the state personnel system to the new personnel systems; (3) whether tuition flexibility can be extended to the UW System while ensuring access and affordability and what role the Legislature should have in establishing tuition rates; (4) how compensation plans for UW System employees should be determined in future biennia; (5) additional operational flexibilities that could be provided to UW System institutions; and (6) how articulation and the transfer of credits between UW institutions could be improved. Pursuant to Act 32, this report will be submitted to the appropriate Senate and Assembly standing committees as determined by the Speaker of the Assembly and Senate Majority Leader and to the Joint Committee on Finance.

The Task Force was chaired by Michael Falbo, who is currently serving as the Board of Regents Vice President and was selected by the Co-Chairs of the Joint Finance Committee. The remaining members are listed below:

- Joe Alexander, former member of the Board of Regents, appointed by the Speaker of the Assembly
- Darrell Bazzell, UW-Madison Vice Chancellor for Administration, appointed by the Governor
- JoAnne Brandes, current president of the UW-Eau Claire Foundation and former member of the Board of Regents, appointed by the Senate Majority Leader

- Ray Cross, UW Colleges and UW-Extension Chancellor, appointed by the Senate Majority Leader
- Representative Steve Doyle, appointed by the Assembly Minority Leader
- Senator Sheila Harsdorf, appointed by the Senate Majority Leader
- Tim Higgins, current member of the Board of Regents, former Wisconsin Alumni Association Board member, appointed by the Speaker of the Assembly
- Senator Chris Larson, appointed by the Senate Minority Leader
- Fred Mohs, former member of the Board of Regents, appointed by the Speaker of the Assembly
- Representative Stephen Nass, appointed by the Speaker of the Assembly
- David Olien, former UW System Senior Vice President, appointed by the Governor
- Renee Ramirez, former chair of the Wisconsin Alumni Association Board, appointed by the Senate Majority Leader
- Dennis Shields, UW-Platteville Chancellor, appointed by the Senate Majority Leader
- Representative Pat Strachota, appointed by the Speaker of the Assembly
- Mark Tyler, current member of the Board of Regents and Wisconsin Technical College System Board President, appointed by the Senate Majority Leader
- Richard Wells, UW-Oshkosh Chancellor, appointed by the Speaker of the Assembly

The Task Force was staffed by Sara Hynek and Breann Boggs of the Department of Administration; Bob Lang, Dave Loppnow, and Emily Pope of the Legislative Fiscal Bureau; and David Miller, Jessica Tormey, and Kristofer Frederick of the UW System.

The Task Force met seven times between December, 2011, and June, 2012. All meetings were held in the State Capitol Building. The Task Force Chair invited Dr. Aims McGuinness from the National Center on Higher Education Management Systems to present at the Task Force's first meeting to provide context for the Task Force's proceedings. During the second and third meetings, the Task Force members heard from UW System President Kevin Reilly and the chancellors of UW-Madison, UW-Milwaukee, UW-Oshkosh, UW-Parkside and UW-Stout who spoke about the relationship between the UW System and the UW institutions as well as other issues included in the Task Force charge. At the Task Force's fourth meeting, UW System and UW-Madison staff discussed the development of the new personnel system and compensation issues. The Task Force also heard from the UW Colleges and UW-Extension Chancellor, UW System staff, and Wisconsin technical college representatives regarding articulation and credit transfer at that meeting. UW System and UW-Madison staff and the Department of Administration (DOA) Deputy Secretary and other DOA staff discussed capital planning and procurement issues at the Task Force's fifth meeting. Student, faculty, academic staff, and classified staff representatives were invited to address the Task Force at its sixth meeting. The

Task Force discussed its recommendations at the final meeting in June.

At the direction of Chair Falbo, a draft of the report was forwarded to each member with a request that suggested revisions be provided to the staff of the Task Force. Those revisions were incorporated into the final report and the members were asked to vote, by mail ballot, on approval of the report. The report was adopted by a vote of 16-1 (Representative Nass).

Meeting agendas and materials can be found on the Task Force website located here: http://legis.wisconsin.gov/lfb/UW_Task_Force/Pages/default.aspx.

Background and Context: Presentation by Dr. Aims McGuinness

Task Force Chair Mike Falbo asked Dr. Aims McGuinness from the National Center on Higher Education Management Systems (NCHEMS) to present at the first meeting of the Task Force. Dr. McGuinness specializes in state governance and coordination of higher education; strategic planning and restructuring of higher education systems; the roles and responsibilities of public governing boards; and international comparisons of education reform. Dr. McGuinness has also advised many states and countries considering higher education reform. Dr. McGuinness was asked to address the following three broad topics: (1) the level of regulation different states impose on publicly-funded colleges and universities; (2) the process by which different states have developed goals for their publicly-funded colleges and universities -- what goals have been set and how states have held colleges and universities accountable for meeting these goals; and (3) trends in partnerships between different states and their colleges and universities and in the governance and structure of those colleges and universities, be they independent or members of a statewide system.

Dr. McGuinness said that 80% of all students are enrolled in university systems. Most of these systems were created between 1968 and 1971 in response to increasing competition amongst public institutions for state funds. A dramatic increase in student demand required institutions to grow rapidly during the 1960s. Multiple institutions within a state would submit competing proposals to expand, often within the same city, to the Governor and Legislature. States responded by creating university systems with governing boards to serve as "referees." Dr. McGuinness said that, in general, the creation of university systems had the positive effect of creating order and allowing states to develop relatively effective higher education systems.

However, Dr. McGuinness said that there are currently only three university systems in the United States that are truly operating effectively. Given the number of students enrolled, more attention should be directed towards making university systems more effective. Dr. McGuinness said that effective systems align their policies with the public agenda. These systems pay attention to all institutions, not just the flagship campus, and tailor their policies to recognize differences in institutional capacity instead of implementing policies on a "one-size-fits-all" basis. Effective systems set policies, but do not micromanage. Most academic affairs and student services functions are performed at the institutional level instead of at the system level. Dr. McGuinness said that other traits of effective university systems include: well-defined missions; clearly delineated lines of authority; promotion of collaboration; incentives tied to institutional performance; and economies of scale. Dr. McGuinness also noted that effective systems determine the "what," meaning systemwide goals and objectives, and let the institutions figure out the "how."

In terms of statewide structure, Dr. McGuinness said that about half of all states have higher education coordinating boards and that the other half have two or more higher education governing boards. Coordinating boards shape policy but are not involved in the direct

governance of institutions. Governance is generally decentralized in states with coordinating boards. By contrast, governing boards both shape policy and are responsible for the implementation of those policies. Wisconsin, which has two higher education governing boards, the UW Board of Regents and the Wisconsin Technical Colleges System (WTCS) Board, belongs in this second category. Dr. McGuinness said that Pennsylvania and Michigan have neither a statewide coordinating board nor multiple statewide governing boards. In Pennsylvania, the state has only a marginal presence in higher education; in Michigan, each institution has its own governing board and there is no statewide coordinating board.

Dr. McGuinness noted that Wisconsin and Georgia are very similar in terms of higher education structure. Both states have one statewide board that governs all public universities and two-year transfer institutions and a second statewide board that governs the public technical colleges. In Georgia, there has been significant "mission creep" to the extent where the two-year colleges have turned into four-year institutions. The community colleges and technical colleges in that state are not effective transfer institutions. Dr. McGuinness said that community colleges and technical colleges should provide both rapid response workforce development and serve as an access point for students to move through the system. By contrast, North Carolina, which does have an effective community college and technical college system, has two statewide boards, one for all universities and one for all community and technical colleges.

However, simply comparing the governance structures of various states ignores another very important factor: the level of operational or procedural controls that institutions in that state are subject to. States that developed during the progressive era, including Wisconsin, tend to have very strong central state administrative agencies. These agencies may have control over the following areas: purchasing; contracts; travel; personnel, including position control, salary schedules, health insurance, retirement, and collective bargaining; capital planning and projects; the budget process; and the handling of non-state revenues, including tuition. Dr. McGuinness noted that limits on a governing board's ability to set tuition rates should not be viewed as a solely procedural or operational control as there are policy concerns related to tuition levels. Dr. McGuinness said that Wisconsin is a "significant outlier" in terms of level of state control of public institutions of higher education. Wisconsin, similar to Rhode Island and New York, treats its university system as a state agency. All other states recognize the "distinctiveness" of higher education institutions and grant them varying amounts of flexibility and autonomy.

Dr. McGuinness described recent changes that have occurred in Oregon, a state that similarly has a history of strong state control of institutions. That state became involved in a debilitating governance debate that eventually led to the departure of the system president. However, a positive outcome of the debate was that it led to a change in the relationship between the state and the university system. Prior to this change, the board had been implementing state policies instead of truly governing the institutions. Administrators spent hours completing required paperwork and the board was unable to differentiate between institutions in terms of policy implementation.

One of the problems in Oregon was that institutional leaders did not differentiate between

the system, which was charged with implementing state policy, and the state, which imposed the requirements on the system. Dr. McGuinness emphasized the importance of accurately defining the problem to be solved. Higher education leaders and policymakers need to be cognizant of the role of state government in higher education. In many cases, the solution may not be to make changes only within the higher education sector but also to change the relationship between the higher education institutions and systems and the state.

Beyond Oregon, Dr. McGuinness said that decentralized governance and deregulation of institutions are worldwide phenomena. Countries have realized that they must shift away from the state agency model of higher education. These countries have redefined accountability to put a greater focus on institutional outcomes as opposed to managing institutional inputs by imposing financial controls. Other countries have also changed their finance policies so that they are now "purchasing back" services from institutions, such as access for students, instead of simply providing an operational subsidy.

Across the country, states have shifted from owning, controlling, and subsidizing institutions to asking how higher education connects to the future of the state. Dr. McGuinness said that, in a sense, this trend began in Wisconsin with the "Wisconsin Idea" that the "boundaries of the university are the boundaries of the state." Market forces and the global economy are pulling institutions away from the states in which they are located. Institutions now compete for nonresident and foreign students and the results of institutional research can be taken elsewhere. The question becomes how can the state of Wisconsin ensure that it benefits from the UW institutions and the technical colleges.

Dr. McGuinness said that it is important to set an agenda for the future of the state. This agenda should ensure that higher education serves the needs of all of the regions in the state. The agenda should include clear, long-range goals and should involve all higher education sectors, including the private sector, but particularly focus on how UW institutions and the technical colleges will contribute. States and countries that are focused on a long-term agenda with related accountability and the means to track progress are the ones that will move ahead, Dr. McGuinness said. Institutions should be held accountable; however, in many states the Governor and Legislature focus on institutional management instead of on performance outcomes related to how institutions are serving the public interest and the future of the state. Dr. McGuinness said that Indiana is an example of a state that has set clear, measurable goals using benchmark data from other states. Dr. McGuinness provided an accountability report prepared by the Indiana Commission for Higher Education that shows the state's progress towards achieving those goals in a clear and concise manner.

However, Dr. McGuinness warned that Wisconsin should not try to "import a solution" from another state. States are different and have different problems and needs. By adopting reforms from another state, Wisconsin would be getting a solution to another state's problems. Instead, Wisconsin should identify its own higher education needs and the barriers that may impede the fulfillment of those needs and develop its own solutions.

Dr. McGuinness concluded his remarks by sharing lessons learned in other states. First, policymakers including governors, legislatures, and university system boards, should focus on the "what" and allow institutions to determine the "how," meaning that policymakers should identify goals and allow the institutions to determine how they can best accomplish those goals. Second, systems should be redesigned to focus on strategic leadership and service. Third, differences among institutions and their capacities should be recognized. Fourth, agreements should be kept simple. Overly complex agreements tend to "die of their own weight." Fifth, document and address the real issues and resist the urge to make changes based on anecdotes. Lastly, avoid the impulse to tinker. Small changes may make policymakers feel as if they have done something; however, states need to make the same kind of dramatic changes that are being made in other countries if they are to be competitive in the future.

Relationship Between the UW System and UW Institutions

UW System President Kevin Reilly and UW Chancellors Deborah Ford of UW-Parkside, Charles Sorenson of UW-Stout, Richard Wells of UW-Oshkosh, Michael Lovell of UW-Milwaukee, David Ward of UW-Madison, and Ray Cross of the UW Colleges and UW-Extension addressed the Task Force at its second, third, and fourth meetings regarding the relationship between the UW System and the UW institutions and additional flexibilities that could be provided. President Reilly was asked to identify services provided by UW System administration while the Chancellors were asked to identify which of those services were most valuable. President Reilly was also asked to provide a summary of the work of the President's Advisory Committee on the Roles of UW System Administration and comment on recent changes in the operations of UW System administration. All of the speakers were asked to identify any unnecessary rules and regulations and to make specific recommendations regarding administrative and legislative changes that could be made to allow the University to operate more efficiently.

UW System President Kevin Reilly was asked to begin his remarks by providing an overview of the services provided to UW institutions by UW System administration. President Reilly said that UW System looks for opportunities to "consolidate activities that can be done more cost-effectively on a system-wide basis." Examples of these consolidated activities include the UW System Office of General Counsel; the online transfer information system (TIS); the online common admissions application; the "Introduction to the UW System," which is published annually by the UW higher education locator program (HELP) and provides information on programs offered by each UW institution; coordination of capital planning and building projects; and the UW System's annual accountability report. UW System administration also provides administrative support to the institutions in a number of areas. For example, the UW System finance staff provide consolidated financial reports for all UW institutions; UW System audit staff help ensure financial and regulatory compliance; and UW System human resources staff assists institutions in personnel matters especially those involving the application of state and federal law as well as Board of Regents policies. In addition, UW System administration provides services to UW faculty and staff by facilitating professional development programs and administering applied research programs. UW System staff also facilitate relationships with external entities, including other educational entities through P-16 partnerships and the federal government. UW System administration also coordinates services for veterans and military personnel.

In addition, UW System administration has worked with UW institutions to expand educational opportunities available to students throughout the UW System. UW System administration has encouraged UW institutions to use new technologies to increase access for students through the creation of UW Learning Innovations. This has resulted in a dramatic increase in the number of distance education and online courses offered, the number of students enrolled in those courses, and the number of certificate and degree programs available online.

UW System administration also works with institutions to create collaborative degree programs that allow students to earn degrees by completing course work at several different UW institutions.

The UW System also serves as a liaison between the institutions and state policymakers. Referencing the work of Dr. D. Bruce Johnstone, President Reilly said that two of the "essential functions" of a university system are to "advocate to the Legislature, Governor, and other key opinion leaders and patrons the needs of the system" and to "advocate to the constituent campuses the needs of the state." President Reilly said that the UW System uses its "Growth Agenda for Wisconsin" to perform both these functions by using it as a platform to demonstrate the value of higher education to state leaders as well as to focus the institutions on the needs of the state. The "Growth Agenda" is the UW System's plan to increase the number of baccalaureate degree-holders in the state by 80,000 by 2025 and to spur economic development in all regions of the state through research and outreach to local industries.

Chancellors Cross, Ford, Sorenson, and Wells were asked to identify the services that UW System administration provides to their institutions that are particularly valuable. Several of the Chancellors said that UW System administration serves the institutions by fostering collaboration. Chancellor Ford noted that faculty members at different institutions collaborate on the development of new academic programs, research projects, and national initiatives. UW System administration also provides leadership and coordination, especially related to national initiatives and other grant opportunities. Chancellor Ford and Chancellor Sorenson said that the common admissions application and UW HELP provide valuable services to prospective students and their families. UW System also facilitates transfers by maintaining TIS and assisting institutions in developing articulation agreements. Chancellor Cross and Chancellor Sorenson said that the Office of Policy Analysis and Research (OPAR) provides data analysis and prepares useful reports on key performance indicators including enrollment, retention, and graduation rates. OPAR also serves as a "data warehouse" and is the primary source of comparative data for the UW System. Similarly, Chancellor Ford and Chancellor Wells found the accountability reports compiled by UW System to be valuable. Other services provided by UW System administration that the Chancellors found valuable include legal services, assistance in the areas of human resources and capital planning, and the professional development services provided by the UW System Office of Professional and Instructional Development.

Chancellors Lovell and Ward were asked to identify services that UW System administration provides to other institutions but that UW-Madison and UW-Milwaukee provide for themselves and any services that those institutions provide to other UW institutions in conjunction with UW System administration. Due to their size, both UW-Madison and UW-Milwaukee are able to provide certain services for themselves that UW System provides to other institutions. For example, both institutions maintain their own legal services offices. In addition, UW-Madison processes its own workers compensation, property, and liability claims; conducts its own internal audits; maintains an office of facilities, planning, and management which employs architects, engineers, landscape architects, planners, and project managers; manages the contracting process for small capital projects under \$185,000; and maintains its own office of academic planning and analysis to conduct analyses of peer data. UW-Madison also offers an

array of services to other UW institutions and the UW System. For example, UW-Madison provides payroll and benefit services for all UW institutions; provides procurement services to UW System and all other UW institutions through its Materials Distribution Service (MDS); and calculates indirect cost rates and extramural fringe benefit rates for UW-Milwaukee and UW-Extension. In addition, the UW-Madison Police Department provides public safety resources and planning and technical assistance to other UW institutions; the UW-Madison Division of Information Technology develops and supports applications, interfaces, and reports for all UW institutions; and UW-Madison Libraries staff licenses shared electronic resources, provides technical support and maintenance for applications used systemwide, and maintains the UW Digital Commons.

Although UW-Madison is able to provide a number of services for itself and even provides services to both the UW System and other UW institutions, UW-Madison still uses a number of services offered by UW System administration. These services include financial and other reporting; calculating valuations and depreciation; additional legal services not provided by UW-Madison legal staff; certain services related to capital planning; information technology systems used at all institutions such as the Human Resources System, the Shared Financial System, the Integrated Student Information System, Identity and Access Management, and Desire2Learn; and several services in the business services area.

Chancellors Cross, Ford, Sorenson, and Wells were also asked to identify additional services that UW System administration could provide. Chancellor Cross and Chancellor Ford suggested that the UW System could provide services that the institutions need only intermittently such as specialty counseling and psychiatric services and short-term staff who could assist institutions during staff transitions. In addition, Chancellor Cross suggested that the UW System could increase the amount of market and trend analysis it conducts. This would allow the UW System to provide institutions with additional information on employer needs and student preferences as well as cost analysis and comparative data. Chancellor Ford said that the UW System should investigate whether it would be possible to centralize additional institutional administrative duties using new technologies and should provide more assistance with strategic financial planning.

President's Advisory Committee on the Roles of UW System Administration

President Reilly was also asked to provide a summary of the work of the President's Advisory Committee on the Roles of UW System Administration. The Advisory Committee was created by President Reilly in response to the provisions of the 2011-13 state biennial budget. The Advisory Committee, which was composed mainly of members from outside of UW System administration, was asked to assess the current activities of UW System administration and to make recommendations regarding which activities UW System administration should continue in the future. In its report, the Advisory Committee said that institutions should be allowed to operate with greater flexibility, be entrepreneurial, and implement new ideas that lower costs and raise revenues. The Advisory Committee submitted 21 specific recommendations, all of which President Reilly pledged to implement. In addressing the Task Force, President Reilly focused

on five of the recommendations of the Advisory Committee.

First, the Advisory Committee recommended that UW System administration change its academic program approval process. President Reilly said that UW System administration was in the midst of redesigning its academic program review process to focus on ensuring that new programs meet regional and state educational needs and are not duplicative. Review of programs for quality, a function performed by UW System administration under the old process, would be left to the institutions and accrediting agencies. Second, the Advisory Committee recommended that UW System administration change its business model to reduce its role in day-to-day transactional activities and better balance service and oversight. President Reilly said that UW System administration has changed its business model to focus on its core roles of interpreting, training, monitoring, advocating, and consulting, abbreviated as "ITMAC." Third, the Advisory Committee recommended that UW System administration "encourage a thoughtful and broad statewide conversation on the benefits and drawbacks of campus-based institutional boards." In October, an Ad Hoc Committee to Review UW System Structure and Governance was formed. That group issued a report in February, 2012, which is discussed in the "Institutional Governing and Advisory Boards" section of this report. Fourth, the Advisory Committee recommended that the Chancellors be further engaged in system-level policy discussions. In response, President Reilly has asked three Chancellors to serve on the President's Cabinet and has invited two additional Chancellors to participate in weekly meetings with the Regent President and Vice President. Lastly, the Advisory Committee recommended a renewed focus on UW System administration's economic development activities. To that end, the UW System has partnered with the Wisconsin Economic Development Corporation to jointly fund a new position that will be responsible for coordinating the UW System's economic development activities including applied research and business outreach.

In addition to implementing the recommendations of the Advisory Committee, UW System administration has conducted a review of Board of Regents policies and UW System practices and eliminated any outdated requirements. As a result, the Chancellors have been delegated a number of additional authorities in the human resources area.

Several of the Chancellors noted that UW System administration had made a number of changes in the preceding months. Chancellor Lovell said that as a result of a dialogue between UW System administration and the institutions, UW System had begun to adopt a more service-oriented approach to its operations. Chancellor Lovell said that UW System administration had already made a number of changes and that the UW System and the institutions were "in a much better place now." Chancellor Cross agreed that UW System administration and the Regents had made significant progress in terms of decentralizing authority and control. Chancellor Ford said that, by adopting the "ITMAC" model described by President Reilly, UW System administration has delegated more decision-making authority to the institutions and allowed them to move from a compliance and control model to a model based on accountability. Chancellor Ward noted that UW System administration had begun to reduce its role in the area of academic affairs, which had been a source of friction with the institutions in the past.

While progress has been made, some of the Chancellors recommended that UW System administration make additional changes. Chancellor Ward said that the UW System and the UW institutions should reevaluate which services are more appropriately provided by UW System administration and which the institutions should provide for themselves. Changes in technology may have altered the economies of scale such that certain tasks that had been done centrally could now be done more efficiently at the institutions and vice versa. Chancellor Sorenson favored the devolution of decision-making from the UW System to the institutions and said that each institution should set its own agenda. Chancellor Sorenson also said that each institution should be able to select which of the services offered by UW System it will use and "purchase" those services from the UW System with institutional funds. Chancellor Wells did not comment on the services offered by UW System administration but did say that the UW System is too "Madison-centric" and that greater emphasis should be placed on the various regions of the state.

Flexibilities Provided by Act 32 and Additional Requested Flexibilities

President Reilly was also asked to report on the progress the UW System had made in terms of devolving the flexibilities provided under 2011 Act 32 (the biennial budget act) and other authorities down to the institutions. Act 32 reduced the number of state appropriations to the UW System and created a GPR "block grant." This "block grant" will allow Chancellors to use savings in one area to fund activities in other areas. UW System administration has worked with campus business officers to develop new financial systems to implement this flexibility beginning in the 2012-13 fiscal year. Act 32 also authorized the Board of Regents and the UW-Madison Chancellor to create new personnel systems separate from the existing state personnel system. President Reilly said that he had created a task force, co-chaired by Task Force members UW-Platteville Chancellor Dennis Shields and UW-Madison Vice Chancellor Darrell Bazzell, to oversee the development of these new personnel systems. The personnel system development process is discussed more thoroughly in the "Personnel Systems" section of this report. The budget act also exempted UW capital projects costing less than \$500,000 and funded entirely with gifts and grants from approval by the State Building Commission and oversight by the Division of State Facilities within the Department of Administration (DOA). The Board of Regents, the State Building Commission, and the Joint Committee on Finance have approved competitive bidding procedures for these projects as was required by Act 32. In the area of procurement, Act 32 raised the threshold for sealed bids from \$25,000 to \$50,000 and required DOA to delegate purchasing authority to the Board of Regents and the UW-Madison Chancellor beginning on July 1, 2013. President Reilly said that the UW System has been negotiating with DOA related to procurement delegation authority since the budget was passed and hopes changes in the delegation authority will allow institutions to streamline procurement processes. President Reilly noted that this is an instance where the benefits of legislative action have been delayed. President Reilly also mentioned the accountability metrics that were included in Act 32.

President Reilly and the Chancellors were also asked to identify unnecessary rules and regulations and to make specific recommendations regarding administrative and legislative changes that could be made to allow the University to operate more efficiently. President Reilly began by referencing Dr. Aims McGuinness's statement that the UW System and UW institutions are among the most highly regulated university systems and higher education

institutions in the country. While Act 32 provided some flexibilities, President Reilly said that the UW System and the UW institutions are seeking broader flexibilities from the state. For example, President Reilly said that the flexibilities provided in the area of capital planning were very limited and will only apply to two or three projects each year. President Reilly recommended that the Board of Regents be provided greater authority in both the capital planning and procurement areas. President Reilly also recommended that the Board of Regents be granted the following authorities: to retain, manage, and invest all non-state revenues; to use base funds to provide merit-based salary adjustments to UW employees; and to develop and implement compensation plans without prior approval by the Joint Committee on Employment Relations. President Reilly also recommended that certain reports, required either by statute, DOA, or the Joint Legislative Audit Committee, be eliminated because they "waste our staff time and resources."

The Chancellors also identified several areas in which more flexibilities could be provided. Both Chancellor Cross and Chancellor Ford said that the procurement process should be changed to create more competition between vendors and lower prices. Chancellor Ford also said that institutions should be given greater authority to manage their own revenues and expenses. Chancellor Sorenson similarly recommended that institutions be granted additional flexibilities in the area of financial management. More specifically, Chancellor Sorenson said that institutions should be able use moneys in auxiliary accounts, such as dining and housing, for other purposes in the case of an emergency. Similar to President Reilly, Chancellor Wells suggested that compensation plans for UW employees be included in the UW System's biennial budget request instead of being submitted to the Office of State Employment Relations for approval by the Joint Committee on Employment Relations. Chancellor Wells also said that each institution should be able to determine its own compensation plan.

Institutional Governing and Advisory Boards

The Task Force considered three questions related to institutional governing and advisory boards:

1. Should all institutions be required to have institutional boards?
2. What governing authorities should be granted to institutional boards?
3. How would the membership of the institutional boards be determined?

Background

Current Law

Under Chapter 36, the Board of Regents has the primary responsibility for governance of the UW System. The Board of Regents is comprised of 18 members including: (a) 14 citizen members appointed by the Governor and confirmed by the Senate for seven-year, staggered terms; (b) two student members, one of whom shall be over the age of 24 and represent the views of nontraditional students, appointed by the Governor to two-year terms; and (c) two ex-officio members, the State Superintendent of Public Instruction and the President of the Wisconsin Technical College System Board or his or her designee from the members of that Board. Under 2011 Act 89, at least one of the Regent members appointed by the Governor must reside in each of the state's congressional districts. The Governor will begin appointing Regents based on congressional district beginning on May 1, 2013; by 2019, all congressional districts will be represented on the Board of Regents.

By statute, the Board of Regents is authorized to do the following: (1) enact policies and promulgate rules for governing the system; (2) plan for the future needs of the state for university education; (3) ensure the diversity of quality undergraduate programs while preserving the strength of the state's graduate training and research centers; and (4) promote the widest degree of institutional autonomy within the controlling limits of system-wide policies and priorities established by the Board. Chapter 36 also gives governance authority to the UW System President, chancellors, institutional faculty, academic staff, and students resulting in a system of "shared governance."

Current law does not prohibit the establishment of advisory councils or Boards of Visitors at UW institutions. The Board of Regents first adopted a policy regarding advisory councils in 1972; this policy was most recently amended in 1987. Under that policy, the chancellors of both UW-Madison and UW-Milwaukee are required to establish a Board of Visitors; however, there are no prescriptions regarding the membership of those Boards or the frequency of their meetings. Chancellors of all other UW institutions are encouraged but not required to establish Boards of Visitors.

Several UW institutions currently have advisory boards at the institutional level. In

addition, many have advisory boards at the school or college level. Almost all institutions have alumni associations and foundations with Boards of Directors.

2011-13 Biennial Budget

As introduced by the Governor, the 2011-13 biennial budget bill would have created UW-Madison as an institution independent of the UW System governed by a separate Board of Trustees. The UW-Madison Board of Trustees would have been comprised of 21 members including: (a) 11 members appointed by the Governor, including at least one member of the Board of Regents, at least one member representing the agricultural interests of this state, and at least seven alumni of UW-Madison; (b) two faculty members selected by the faculty; (c) one UW-Madison employee who is not a faculty member selected by UW-Madison employees who are not faculty; (d) two UW-Madison alumni selected by the Wisconsin Alumni Research Foundation (WARF) Board; (e) two UW-Madison alumni selected by the Wisconsin Alumni Association Board; (f) two UW-Madison alumni selected by the UW Foundation Board; and (g) one UW-Madison student selected by the UW-Madison students. The UW-Madison chancellor would have served as a nonvoting member of the Board of Trustees.

All budget provisions related to the establishment of UW-Madison as an institution independent of the UW System were deleted by the Joint Committee on Finance and Legislature. Language was inserted into the biennial budget act creating this Task Force to consider issues of governance as well as other issues.

UW System Ad Hoc Work Group on UW System Structure and Governance

In fall, 2011, UW System President Kevin Reilly created the UW System Ad Hoc Work Group on UW System Structure and Governance. Members of the work group included three Regents; three chancellors, including Task Force member Chancellor Richard Wells; and the UW System President's chief of staff. The Work Group was to: (1) consider the issue concerning governance included in the Task Force's charge; and (2) identify governance structures from university systems around the country so that "a statewide conversation [could] occur on the benefits and drawbacks on establishing campus-based institutional boards."

The Ad Hoc Work Group issued a report on February 3, 2012. According to the report, 10 out of the 14 UW System institutions (the report counts the UW Colleges and the UW-Extension as one institution) currently have some sort of institutional advisory board or group ranging in size from five to 30 members. As part of their study, the Work Group surveyed the 14 chancellors of UW institutions regarding the potential value of institutional governing boards. More than half of the chancellors responded that they had little or no interest in having such a board at their institution. These chancellors were concerned that the creation of such a board would diminish the power of the chancellor, create additional bureaucracy at the campus level, and create confusion and conflict.

The Work Group concluded that institutional advisory boards with governing authority vested in the Board of Regents would be preferable to creating institutional governing boards. The Work Group identified the primary benefits of advisory boards as a means by which a

chancellor could acknowledge, honor, or engage alumni and other community members, as well as creating additional advocates for a particular institution. The Work Group recommended that institutional advisory boards be created at the discretion of the chancellor with the chancellor determining the size and membership of the advisory board. The Work Group noted that the chancellors of UW-Madison and UW-Milwaukee had expressed an interest in having Regents serve on the advisory boards at their institutions. The Work Group suggested that the Regent president could appoint one to three Regents to serve on institutional advisory boards. In addition, the Work Group recommended that the Board of Regents consider the implementation of a systemwide council consisting of members of institutional advisory boards.

The Board of Regents discussed the report of the Ad Hoc Work Group at its meeting on February 8, 2012. The Regents took no formal action on any of the Work Group's recommendations.

Task Force Presentations

The Task Force heard from the chancellors of three comprehensive institutions, UW-Parkside Chancellor Deborah Ford, UW-Stout Chancellor Charles Sorensen, and UW-Oshkosh Chancellor Richard Wells, at its January 11, 2012, meeting and from the chancellors of the two doctoral institutions, UW-Madison Chancellor David Ward and UW-Milwaukee Chancellor Michael Lovell, at its February 7, 2012, meeting. Each of the chancellors addressed the issue of institutional governing and advisory boards in their remarks.

Chancellor Ward proposed that the existing institutional advisory board at UW-Madison be modified to include some number of Regents. The members of UW-Madison's advisory board are drawn from a national pool and many are disconnected from Wisconsin state politics. Adding two or three Regent members to the advisory board would provide a link between the Board of Regents and the advisory board. This would also allow some number of Regents to gain expertise in issues specific to the Madison campus, particularly issues related to the UW Hospital, large-scale college athletics, and research. Having two or three Regents members who deal with these issues on a more regular basis as members of the UW-Madison advisory board would help the Board in making decisions specific to UW-Madison. This would also increase communication between the advisory board and the Board of Regents. Chancellor Ward also suggested that the advisory board could meet with the existing internal governance structures at UW-Madison which would enhance communication between the administration and those governance groups.

Chancellor Lovell also said that having an institutional advisory board would be helpful to his institution. He described a situation where UW-Milwaukee was considering expanding its programs in response to demands by the food industry. Since this is a field that he does not have a great degree of expertise in, he noted that having an advisory board to help him make decisions would have been valuable. Similar to what was proposed by Chancellor Ward, Chancellor Lovell said that the advisory boards should have no statutory or governing authority and that the Board of Regents should remain the sole governing board for all UW institutions. He agreed that some number of Regents should serve on institutional advisory boards to provide a link between those boards and the Board of Regents. Chancellor Lovell said that the institutional advisory

boards could serve as advocates for the institution at the community, Board of Regents, and state levels. Similar to Chancellor Ward, Chancellor Lovell also envisioned a relationship between the institutional advisory board and the internal faculty governance structure.

UW-Parkside Chancellor Ford was opposed to the creation of an additional institutional board. She said that her institution already has advisory boards for each of its two colleges and also is involved with the UW-Parkside Foundation Board. She was concerned that an additional board would create additional bureaucracy.

In contrast, Chancellor Sorensen recommended that a board with governing authority be created for each UW institution. He said that these boards should have the authority to hire the chancellor of the institution, approve academic programs, and make changes to the institutional mission as necessary.

Chancellor Wells favored the creation of regional boards instead of institutional boards. Chancellor Wells also said it was important for community leaders to serve as members of institutional boards as well as business leaders.

Comments from Student and Faculty Representatives

Olivia Wick-Bander, an Associated Students of Madison (ASM) student council representative and United Council board member, and Dylan Jambrek, United Council vice president and former president of the UW-Eau Claire student government, spoke on behalf of the student representatives regarding institutional governing and advisory boards at the May 9 meeting of the Task Force. Ms. Wick-Bander said that students supported the creation of advisory boards with no governing authority. Ms. Wick-Bander said that these boards would serve two purposes: (1) identify and respond to institutional inefficiencies; and (2) strengthen the connection between the institutions and their local communities. By strengthening the connection between institutions and the communities in which they are located, institutional advisory boards may encourage public reinvestment in the university as a whole, Ms. Wick-Bander said. Ms. Wick-Bander indicated that students did not support delegating any governing authority to institutional boards as this would increase the level of bureaucracy at the institutions which would in turn reduce accountability and efficiency. The creation of institutional governing boards would also lead to unnecessary competition amongst the institutions. Ms. Wick-Bander said that institutional advisory boards should include representatives from the community, the Board of Regents, alumni groups, faculty, academic staff, and students.

Mr. Jambrek also opposed the creation of institutional governing boards. He said that students have more access to statewide governing boards than to institutional governing boards and was concerned that the proposed institutional advisory boards would morph into institutional governing boards.

Mark Schwartz, a distinguished professor of geography at UW-Milwaukee, said that he was open to the creation of institutional advisory boards although he was not sure what the benefit of these boards would be. Nick Sloboda, a professor of English at UW-Superior, said

that UW institutions have a system of shared governance that works well and should be maintained.

Discussion by Task Force Members

Three Task Force members supported the creation of institutional governing boards at some or all UW institutions. One member noted that funding sources for the university have changed dramatically since the UW System was created in 1971. At that time, the majority of funding for the university came from the state; now other sources, including tuition, student fees, federal and private research grants, and private donations, comprise the majority of institutional budgets. However, the university's governance structure has remained the same. The creation of institutional governing boards would allow different stakeholders, including private donors, to have greater influence on each institution.

Another Task Force member said that institutional governing boards would provide institutions with huge advantages in terms of outreach and fundraising. Similar to the first Task Force member, that member cited the decrease in state support for the university as the primary reason that institutional governing boards would be appropriate. The member said that, due to the comparatively low percentage of the institutions' total budgets that now come from state funds, UW institutions are or soon will be "state-assisted" institutions as opposed to true state institutions. That member supported the creation of institutional governing boards at UW institutions such as UW-Madison, UW-Milwaukee, and UW-Stout with the Board of Regents serving as a coordinating board. One member who ultimately did not support the creation of institutional governing boards said that North Carolina, where each institution has a board with some governing authority and there is a statewide governing board, has the best model in terms of governance. Another member questioned the usefulness of coordinating boards.

A third Task Force member supported the creation of institutional governing boards at the two research institutions, UW-Madison and UW-Milwaukee. That member said that UW-Madison and UW-Milwaukee are different from the other institutions, particularly in terms of the size of their research programs, and need to have their own boards. That member was open to the possibility of creating governing boards at other institutions in the future.

The remaining members did not support the creation of institutional governing boards at any UW institutions. Those members agreed that all governance authority should remain with the Board of Regents. Several members said that the Board of Regents should be granted additional authority before the creation of additional governing boards is considered. One member was concerned that such boards would be dominated by large donors who would not question institutional proposals. A third member said that additional governing boards would require additional staff.

Several Task Force members were specifically opposed to the creation of institutional governing boards at some institutions but not others. One Task Force member said that each institution is important to its region and that any decision made regarding the creation of institutional governing boards should apply to all institutions, not just the research institutions. A second Task Force member said that UW-Madison should not be viewed as having different

interests than the other institutions while a third member noted that the Board of Regents already spends a great deal of time considering issues specific to UW-Madison.

One Task Force member proposed the following three recommendations: (1) allow individual chancellors to create or strengthen institutional advisory boards and retain the Board of Regents as the governing authority of the UW System; (2) allow these institutional advisory boards to include one or two Regents members, most likely to be identified by Board of Regents leadership; and (3) implement a system-wide advisory council to enhance communication and relationships among members of the Board of Regents and UW System constituencies. The Task Force member said that the recommendations were supported by the chancellors. The proposal is nearly identical to the conclusions of the UW System Ad Hoc Work Group on UW System Structure and Governance and to the proposal presented by Chancellor Ward and Chancellor Lovell at the February Task Force meeting. It was also noted that the recommendations mirror current Regent policy.

Several Task Force members indicated that advisory boards can be valuable to their institutions. A number of members supported making institutional advisory boards discretionary saying they did not want to impose additional requirements on the chancellors. One Task Force member supported the creation of a system-wide advisory council saying that such a council would foster communication. A second Task Force member questioned why it would be necessary to have a system-wide advisory council if members of the Regents served on individual institutional advisory boards. Two additional members were similarly unsure about the need for such a council.

Several Task Force members supported the suggestion that Regents should serve as members of institutional advisory boards. One Task Force member said institutional advisory boards are currently disconnected from the Board of Regents and that having Regents serve as members of institutional advisory boards would help solve this problem. A second member said having a connection with the Board of Regents was particularly important for the research institutions. It was noted that having Regents serve on institutional advisory boards may be more feasible now that state law requires that the Board of Regents to include a member from each of Wisconsin's congressional districts. Another member commented that this would be an expansion of the current "buddy system," where Regents are paired with an institution for a year, and would not be overly burdensome for Regents.

Other Task Force members questioned whether having Regents serve on institutional advisory boards would be beneficial. One member did not believe Regents could develop any level of expertise regarding the operations of an individual institution if they served on an institutional advisory board for only one or two years. Another Task Force member was concerned that Regents may become too regional or institutionally-focused if they were to serve on institutional advisory boards. A third member countered that Regents already have "home" institutions. That member suggested the Regents should not serve on the advisory boards of institutions with whom they have an affiliation.

Another member questioned whether there were currently enough Regents to permit one or two Regents to serve on each institutional board. It was suggested that this issue could be

addressed by increasing the number of Regents. Other suggestions included having Regents make up the majority of institutional board members, selecting future Regents from the members of institutional advisory boards, and allowing institutions to select the Regent members of their advisory boards.

Other members opposed the creation of institutional advisory boards. One Task Force member said the benefits of such boards were unclear while another noted that chancellors do not use existing advisory boards. A third member questioned whether chancellors would be able to attract the best institutional board members if institutional boards did not have any governing authority. Members disagreed regarding how Regents should be selected to serve on institutional advisory boards.

Recommendations

The majority of Task Force members agreed that the Board of Regents should retain primary responsibility for the governance of the UW System. The majority of members also agreed that institutional advisory boards should be created at the discretion of the chancellor. These boards could include one or two members of the Board of Regents appointed by the Board of Regents executive committee.

Two Task Force members disagreed with the recommendations of the majority. These members supported the creation of institutional boards but believed that those boards should be vested with some level of governing authority.

Personnel Systems

The Task Force considered two questions related to the new personnel systems being created by UW-Madison and UW System:

1. What ability to transfer should UW employees holding positions that were formerly part of the classified staff have in the future?
2. Should UW employees holding positions that were formerly part of the classified service be given governing authority similar to that granted to the faculty, academic staff, and students?

Background

2011 Act 32 authorizes the Board of Regents to establish a personnel system for all UW employees, excluding employees assigned to UW-Madison, and authorizes the UW-Madison chancellor to establish a personnel system for all UW employees assigned to UW-Madison. Both personnel systems require approval by the Joint Committee on Employment Relations (JCOER).

Beginning July 1, 2013, all UW classified employees will be transferred from the state personnel system to the new personnel systems. UW classified employees who have achieved permanent status as of July 1, 2013, would retain protections related to demotion, suspension, discharge, layoff, reduction in base pay, and reinstatement privileges. All employees hired after July 1, 2013, would have the protections, privileges, and rights afforded to them by the personnel systems. UW employees will continue to participate in state group health insurance plans and the Wisconsin Retirement System after being transferred to the new personnel systems.

Under prior law and until July 1, 2013, UW employees are divided into two broad categories: classified staff and unclassified staff. Classified employees are part of the state personnel system established by state law and the director of the Office of State Employee Relations (OSER). Unclassified employees, including faculty, academic staff, and certain administrative positions, are part of a personnel system created by the Board of Regents.

Under Chapter 36, the Board of Regents has the primary responsibility for governance of the UW System. That chapter also gives governance authority to the UW System President, chancellors, institutional faculty, academic staff, and students resulting in a system of "shared governance."

Task Force Presentations

At the March 7, 2012, Task Force meeting, UW-Madison Vice Chancellor for Administration and Task Force member Darrell Bazzell and UW System Vice President for Human Resources Al Crist spoke regarding the authority granted to the Board of Regents and the UW-Madison chancellor to create two new personnel systems. Mr. Bazzell noted that 2011 Act

32 gave the UW-Madison chancellor the authority to create a personnel system for all employees assigned to UW-Madison. This personnel system will be separate from the existing state personnel system and the personnel system that will be created by the Board of Regents for all other UW employees. UW employees will continue to participate in state group health insurance plans and be covered by the Wisconsin Retirement System (WRS) so both the UW System and UW-Madison will maintain a relationship with OSER.

Mr. Bazzell described the process by which the Madison campus is creating its personnel system. UW-Madison has established 11 work teams, each of which will consider a different aspect of the personnel system. These work teams will develop recommendations regarding priorities, structures, and policies that will provide direction for the personnel system. The processes, procedures, and tools for implementation will be developed following the recommendations of the work teams. To elicit input from campus community outside of the work teams, UW-Madison has held a number of campus forums related to the personnel system project. (At the time of the Task Force meeting, none of the work teams had published their recommendations. As of May 30, 2012, all eleven of the work teams had published draft recommendations and seven of the work teams had published revised recommendations in response to comments and concerns from the UW-Madison community.)

Mr. Bazzell said that the new personnel system will allow UW-Madison to address issues related to inconsistent compensation. While the classified service provides consistent pay for employees doing similar work at other state agencies, it leads to inconsistencies in compensation at UW institutions. Unlike other state agencies, UW institutions employ a large number of both unclassified staff, whose compensation is set by the Board of Regents, and classified staff, whose compensation is determined in part by OSER. Many classified staff members perform duties similar to those performed by academic staff members yet receive different compensation. By allowing the Board of Regents to set compensation for all employees, the new personnel system will allow UW institutions to address these inconsistencies in compensation.

While 2011 Act 32 authorizes the Board of Regents and the UW-Madison chancellor to create two different personnel systems, Mr. Bazzell anticipates that the differences between the two personnel systems will be minimal. There are many more commonalities between UW-Madison and the other UW institutions than there are differences, he said. To facilitate collaboration between UW-Madison and the UW System with regard to the new personnel systems, UW-Madison has been given a seat on the UW System's University Personnel System Task Force.

Mr. Crist described the process the UW System is using to design the personnel system for all other UW institutions. He noted that UW System has fewer working teams than UW-Madison does. This is because certain issues need to be resolved at each institution and cannot be done centrally by UW System. Recommendations from each of the work teams were due in March; Mr. Crist said that draft recommendations would be presented to the Board of Regents at its June meeting. The institutions will be able to review the draft recommendations over the summer and review by shared governance groups will take place in the fall of 2012. Mr. Crist said that the Board of Regents' proposed personnel system could be submitted to JCOER for approval as early as February, 2013. (At the time of the Task Force meeting, the UW System work teams had not

yet completed their recommendations. The recommendations of six of the work teams were published in mid-April; these recommendations were available for review and comment by UW System stakeholders through May 30.)

Mr. Crist said that the primary benefit of the new personnel system is that UW employees would no longer be divided into two different groups -- unclassified and classified staff. In addition, the new personnel system would allow additional flexibilities in terms of compensation. For example, the Board of Regents would be able to offer a person hired to fill a position formerly in the classified service a higher salary to recognize experience outside of state service, something which is not permitted under the current system. All UW employees will also follow one code of ethics under the new personnel system.

Mr. Crist identified transfers as one of the major issues that has come up during the development of the new personnel system. Under the current system, classified employees at UW institutions may transfer to other UW institutions and state agencies. It is unclear how transfers will occur under the new personnel systems.

Mr. Crist also said that the UW System will request statutory language changes in four areas related to the personnel systems. These areas include: (1) discretionary merit pay; (2) employee rights; (3) labor relations; and (4) retirement system. Mr. Crist said that a bill with these changes would most likely be introduced in the Legislature in January, 2013.

Both Mr. Bazzell and Mr. Crist said that the new personnel system would be ready for the employee transfer on July 1, 2013.

Questions and Comments from Task Force Members

One Task Force member asked about the timetable and budget for the personnel systems and whether UW-Madison was providing any services to the UW System related to the creation of the two personnel systems. Mr. Bazzell said that the project timeline is driven by the statutory implementation date of July 1, 2013. Prior to that date, the personnel system must be approved by JCOER as well as institutional governing bodies. Mr. Bazzell said that there were no significant costs related to the creation of the new personnel system.

Another Task Force member asked how the new personnel system would be different and better than the existing state personnel system. A third Task Force member asked if UW-Madison had looked at personnel systems used by other institutions of higher education. That Task Force member asked what efficiencies would be gained through UW-Madison having a personnel system separate from the UW System personnel system. Mr. Bazzell said that representatives from the University of Virginia had come to UW-Madison to discuss their personnel system. In addition, UW-Madison is working with Huron Consulting which has experience working with other universities on similar issues. Mr. Bazzell said that finding efficiencies is not the primary goal of the personnel system project; rather, UW-Madison will create a personnel system that meets its needs, which are different from the needs of other state agencies. Mr. Bazzell also said that he did not know exactly how the personnel system created for UW-Madison would be different from the personnel system created for the rest of the UW

System but expected that there would be some differences in terms of titling and compensation. A fourth Task Force member noted that human resources systems are often efficient but not effective or strategic.

One Task Force member asked if any statutory changes would be required to fully implement the new personnel systems. Mr. Bazzell responded that the required statutory changes are technical in nature. The university may request more substantial changes further along in the process. A second Task Force member asked what flexibilities would be built into the UW System personnel system to allow institutions to tailor the system to their needs. Mr. Crist said that the needs of each institution would be addressed later in the process by the institutions themselves.

A third Task Force member asked what effect the provisions of 2011 Act 10 will have on the benefits offered to UW employees. Mr. Crist said that employee benefits would no longer be a subject of collective bargaining and that the Board of Regents and the institutions may want to consider offering additional benefits. For example, a wellness program could be implemented. Mr. Bazzell noted that any changes in benefits would be marginal. The core benefits offered to UW employees, including participation in state group health plans and WRS, would remain the same.

One Task Force member commented that collaboration between UW-Madison and the UW System in relation to the new personnel systems has been very good. That Task Force member did not anticipate there being many differences between the two personnel systems. While the volume of research conducted at UW-Madison is much greater than at any of the other UW institutions, all of the institutions conduct research to some extent. That Task Force member said that all UW institutions will want to have as much flexibility as UW-Madison.

Comments from Academic Staff and Classified Staff Representatives

At the May 9, 2012, meeting of the Task Force, members heard from student, faculty, academic staff, and classified staff representatives. Both the academic staff and classified staff representatives included comments regarding the new personnel systems in their remarks.

Dave Carlson, an academic staff representative from UW-Rock County, was concerned that the current timetable for the approval of the personnel systems may not allow for adequate input from UW employees. He also highlighted a difference in the recommendations of the employee categories working groups at UW-Madison and the UW System. The UW System working group, of which Mr. Carlson is a member, recommended the creation of a governing body for operational (formerly classified) staff. This governing body would be separate from the existing academic staff governing body and would allow some distinction between the current academic staff and classified staff to be maintained. By contrast, the UW-Madison work team recommended the academic staff and the classified staff be combined into one category. Mr. Carlson said that the academic staff did not support this merger of the academic staff and classified staff. He said it raised both governance and recruiting issues.

Paulette Feld, a classified staff member from UW-Oshkosh, serves as a member of the UW

System employee categories work group along with Mr. Carlson. She said that group had considered merging the academic staff and classified staff, but instead recommended the creation of a separate governance body for classified staff members. She said that giving former members of the classified staff governance authority would eliminate the "caste system" that currently exists at UW institutions. Mary Czyszczak-Lyne, a classified staff member from UW-Madison, echoed the need for former members of the classified staff to have input at the institutional level. In the past, classified staff members had been able to express themselves through the collective bargaining process, she said.

Ms. Czyszczak-Lyne also had many concerns about how employees holding positions formerly assigned to the classified service would be treated under the new personnel system. Areas of particular concern include how raises would be given to these employees, how they would be treated by their supervisors, and how transfers or requests for shift changes would be dealt with. Ms. Feld was similarly concerned about transfer rights for employees in former classified staff positions. She said that the new personnel system would not require transfers to be based on seniority. According to Ms. Feld, this had been a valuable retention tool. However, the new personnel system may allow for special consideration for internal applicants. If this feature is included, classified staff may not feel like they have lost a benefit. Ms. Czyszczak-Lyne also said that training is a big issue for classified staff members. Classified staff members need to know how they can move up the career path.

Questions and Comments from Task Force Members

One Task Force member said that UW-Madison wanted to combine the academic staff and the classified staff to simplify the personnel system and get rid of the existing "caste system." That Task Force member asked if extending governance authority to classified staff members would be an alternative to the merger of the two groups.

A second Task Force member asked if any changes would be made to existing state civil service protections. Ms. Czyszczak-Lyne said that no changes should be made to the existing state civil service protections. Ms. Czyszczak-Lyne said she was concerned that the new personnel system would allow for patronage and cronyism. The state civil service protections were created to limit these things.

A third Task Force member noted that Wisconsin is generally more collegial than other states in that classified staff members have been incorporated into the decision-making process. That Task Force member said that classified staff should be part of the shared governance structure. In the past, classified staff governance groups did not work on issues related to compensation and working conditions because these issues were handled by the unions. Ms. Feld noted that the creation of a classified staff advisory council at UW-Oshkosh has led to greater respect for classified staff members at that institution.

Discussion by Task Force Members on June 6

Three Task Force members said that the UW System and UW-Madison are currently working on issues related to transfer and governance as part of the personnel system

development process and agreed that these issues should be resolved through the shared governance process. Two members supported former classified staff members being granted a role in institutional governance and one member said that UW staff should have input in the personnel system development process.

Recommendations

The Task Force considered whether UW employees who were formerly part of the classified staff should retain the ability to transfer within the UW System and other state agencies and whether these employees should be granted governing authority similar to the authority granted to faculty, academic staff, and students under current law. The Task Force recommended that these matters be decided by the Board of Regents and the UW-Madison Chancellor through the personnel system development process. The Board of Regents and the UW-Madison Chancellor will submit the new personnel systems to the Joint Committee on Employment Relations (JCOER) for approval prior to implementation on July 1, 2013.

Tuition

The Task Force considered the following questions related to tuition:

1. Should the Board of Regents raise tuition to capture the higher willingness and ability to pay of some Wisconsin families and increase revenues? To what extent could tuition be increased?
2. If tuition were to be increased substantially, what measures could be taken to ensure access to UW institutions for all qualified resident applicants regardless of family income?
3. Should tuition revenues be used to fund need-based financial aid for low-income students?
4. Should the Board of Regents continue to approve differential tuition plans at individual institutions or should the Regents take a systemwide approach and engage in strategic finance?
5. Should chancellors, rather than the Board of Regents, have the authority to establish tuition and fees for their institutions?
6. What role should the Legislature have in establishing tuition rates?

Background Information

Current Law: The Board of Regents may establish for different classes of students differing tuition and fees incidental to enrollment in educational programs or use of facilities in the UW System. The Board may charge any student who is not exempted by law a nonresident tuition. The Board may establish special rates of tuition and fees for the UW-Extension and summer sessions and such other studies or courses of instruction as the Board deems advisable.

During the 2011-12 and 2012-13 academic years, the Board of Regents may not charge resident undergraduates tuition (academic fees) that is more than 5.5% greater than the tuition charged to resident undergraduates in the previous year. This limit does not apply to differential tuition approved by the Board of Regents before June 1, 2011.

Under current law, there would be no statutory limitations on the Board of Regents' ability to establish tuition and fees for all classes of students, including resident and nonresident students, beginning in the 2013-14 academic year.

Prior Law: Prior to the current academic year, the Board of Regents had been prohibited from increasing resident undergraduate tuition beyond an amount sufficient to fund all of the following: (a) in an odd-numbered year, the highest amount shown in the appropriation schedule for the tuition appropriation for that year in the Joint Finance Committee version of the budget bill, the engrossed budget bill, or the enrolled budget bill; (b) in an even-numbered year, the

amount shown in the appropriation schedule for the tuition appropriation; (c) the approved recommendations of the Director of the Office of State Employment Relations for compensation and fringe benefits for classified and unclassified staff; (d) the projected loss in revenue caused by a change in the number of enrolled undergraduate, graduate, resident and nonresident students from the previous year; (e) state-imposed costs not covered by general purpose revenue (GPR) as determined by the Board; (f) distance education, intersession, and nontraditional courses; and (g) differential tuition that is approved by the Board but not included in the tuition appropriation. These limits were put in place under 1999 Act 9.

Differential Tuition: Since 1997, the Regents have had the ability to charge differential tuition. Differential tuition is an amount charged on top of base tuition to support additional services and programming for students at a particular institution. Differential tuition can be charged to all students enrolled at a particular institution, a particular category of students, such as all undergraduates, or only to students enrolled in certain programs. Program-specific differential tuitions are usually charged for programs that have high operating costs such as the health sciences and engineering. A differential tuition may be set at a dollar amount or as a percentage of base tuition. Individual students may also be charged multiple differential tuitions. For instance, a resident undergraduate engineering student at UW-Madison would be charged both the undergraduate differential (\$500 in 2010-11) and the School of Engineering differential (\$1,400). Additional revenues generated by a differential tuition are retained by the campus or program where they are generated.

Under Regent policy, a chancellor may submit a differential tuition proposal to the UW System for review. Once the UW System has reviewed the differential tuition proposal, the UW System President may forward the chancellor's proposal to the Board of Regents for approval. Chancellors do not have the ability to charge differential tuition without prior approval of the Board of Regents. As noted above, the Board of Regents may not approve a differential tuition to be implemented in the 2012-13 academic year if it would exceed the 5.5% cap established by 2011 Act 32. Under current law, there are no limits on the Board of Regents' authority to approve differential tuition beginning in 2013-14.

Comments from Chancellors

David Ward, interim chancellor of UW-Madison, spoke about tuition when he presented at the February 8 meeting of the Task Force. Chancellor Ward noted that prior to returning to UW-Madison in 2011 he served as president of the American Council on Education, a higher education advocacy group representing presidents and chancellors of all types of higher educational institutions. Chancellor Ward spoke about the "social compact" that was formed in the years following World War II. From the 1960s through the 1990s, states supported public institutions that provided high-quality degree programs at comparatively low tuition rates. This "social compact" allowed for a high level of social mobility, as students from lower-income families earned degrees that allowed them to secure relatively higher paying jobs, as well as other economic benefits.

Chancellor Ward talked about the relationship between state funding for higher education and tuition levels. Beginning in the 1990s, states changed their tax policies to reduce overall tax

rates. With fewer tax revenues coming in, states reduced the amount of funding provided for higher education leading to increases in tuition. As a result, current and future generations will pay a greater percentage of their educational cost in the form of tuition than previous generations have.

Chancellor Ward said that the United States needs a new "social compact." Institutions of higher education need to work on issues of cost containment and capacity. They should make use of new technologies which may allow them to provide instruction to more students at lower costs. Institutions should also provide students the option to learn at their own pace. The traditional use of credits as a measure of "seat time" as opposed to a measure of actual learning should be reevaluated. Higher education should also be more responsive to workforce needs and provide "just-in-time" learning which would provide students with skills required by employers at that time. The Regents and chancellors need to ask themselves whether they are truly committed to charging low tuition or if tuition will continue to increase when state funding declines.

In the current environment, the focus on deficits and low taxes has made it impossible to have a serious discussion about the direction of higher education. When the first "social compact" began, only 20% of recent high school graduates went to college. Currently, 65% do. Much more money is required to educate this larger college-going population. Chancellor Ward said that tuition cannot be "one-size-fits-all." Tuition should recognize differences in programs, some of which are more expensive to provide than others, and differences in students, some of whom will graduate in three years and some of whom will graduate in six. Financial aid is also an important piece of the tuition discussion.

Chancellor Ward concluded his remarks by noting that higher education has both public and private benefits. He also said that he would like the Task Force to debate tuition policy at the "10,000 foot level" so as not to get bogged down by the details.

Deborah Ford, Chancellor of UW-Parkside, said that institutions should have the flexibility to charge market-based tuition for certain programs. Charles Sorenson, Chancellor of UW-Stout, said that the university needs a "new fiscal model" and that tuition levels should be market-based. Chancellor Sorenson said that the various UW institutions operate in very different markets and the current tuition structure does not allow the institutions to take advantage of, or otherwise react to, these market forces. Institutions should have a greater role in setting tuition rates since tuition revenues are what allow the institutions to offer a quality educational experience. Chancellor Sorenson proposed that the Legislature and the Board of Regents set certain parameters on tuition and allow the institutions to set tuition rates within those parameters.

Chancellor Sorenson also said that institutions should retain their tuition revenues. Currently, UW-Stout does keep its tuition (as do other institutions) while state support is used to "level the playing field" for UW institutions. Chancellor Sorenson also noted that institutions that have implemented differential tuition programs with financial aid components have an advantage in terms of competing for low-income students.

Comments from Student Representatives

Dylan Jambrek, United Council vice president and former president of the UW-Eau Claire student government, spoke on behalf of the United Council Board of Directors and other students. He began his comments by listing past and present tuition rates and stating that average annual tuition increases over the past decade have been 9.2% at UW-Madison, 8.3% at the comprehensive institutions, and 6.4% at the UW Colleges. He said that the Legislature should have a role in establishing tuition and supported statutory tuition caps as a means of controlling tuition increases. The Regents and the chancellors, who serve as system and institutional managers, may be biased in favor of tuition increases which may be the only means by which to generate additional revenue for the institutions. He also said that high tuition can deter lower-income, first generation, and underrepresented groups from even considering UW institutions, an effect known as "sticker shock."

Mr. Jambrek said that additional increases in tuition were inappropriate given the current economic climate and level-funded financial aid programs. He also said that the emphasis on recruiting higher-paying nonresident students does not accomplish the goal of serving Wisconsin resident students. Mr. Jambrek cited a study of universities that had adopted a high tuition-high aid model. That study found that fewer low-income and underrepresented minority students enrolled due in part to "sticker shock" and that enrollment of high-performing students declined due to greater competition with private colleges. The study also found that educational quality declined because additional funds were shifted to financial aid to maintain access and that student financial aid packages emphasized loans leading to high levels of student debt. The study showed that enrollment by students with family incomes between \$10,000 and \$75,000 at the University of Michigan-Ann Arbor dropped by 10% when that University pursued a high tuition-high aid model while enrollment of students with family incomes above \$200,000 increased by 8%.

Mr. Jambrek said that differential tuition should be used as it was originally intended: to fund more expensive units and departments. Differential tuition should not be used to offset reductions in state funding or to create a "caste system" within the UW System. Mr. Jambrek was also opposed to allowing chancellors to set tuition at their institutions. He said that chancellors may view tuition as a means to accomplish their bottom lines whereas the Board of Regents can provide a more holistic, statewide view.

Questions and Comments from Task Force Members

A Task Force member asked how state investment in higher education has changed as the college-going population has increased. Chancellor Ward said that there has been little high-level planning. While the state has reduced funding for higher education leading to higher tuition rates, this has not necessarily been an intentional policy choice. Michael Lovell, Chancellor of UW-Milwaukee, said that education is the first step in economic development. He also noted that higher education can be "preventative" in that graduates have better health outcomes and are less likely to end up in prison reducing costs in those areas.

One Task Force member cited a paper by former UW System president Katherine Lyall

and noted that the issues that the Task Force is discussing are not unique to Wisconsin. Chancellor Ward said that institutions need greater predictability in terms of the sum of tuition and state support. These two revenue streams fund the University's core budget. The state should view the general purpose revenue (GPR) support it provides to the university as an investment. The University uses these funds to leverage additional support from donors, the federal government, and other private sources. The University needs to learn to balance what is essentially a partnership between both public and private entities. Chancellor Ward also said the University needs to identify means of cost containment and opportunities for "self-sustaining change."

Chancellor Ward said that tuition increases cannot solve the University's funding problem. The University needs a certain amount of base resources, meaning tuition revenue and state support, to continue. Chancellor Ward said that the University cannot control tuition without significant funding from the state. Chancellor Lovell said that setting tuition levels is a very complex process. UW-Milwaukee, for example, has very low costs but also very high student satisfaction levels. The current cap on tuition increases, 5.5%, is an arbitrary number. If there is to be a cap on tuition increases in the future, there should be a full discussion of what the appropriate level is. Institutions with high demand, such as UW-Madison, UW-Eau Claire, and UW-La Crosse, could probably increase tuition and continue to attract students. UW-Milwaukee, on the other hand, could not.

One Task Force member suggested that if a tuition cap were to remain in place then the Board of Regents would always raise tuition by the amount of the cap. Mr. Jambrek said that placing a limit of tuition in the form of a cap would lead to lower tuition increases than if there were no cap. That Task Force member also asked what prevents students from graduating in four years. Mr. Jambrek said that reductions in state aid have led to fewer course sections. Students cannot enroll in the courses they need to graduate which increases time-to-degree. Other students have to work during the academic year in order to pay for tuition and other expenses. Some students may not take a course because it conflicts with their work schedule or may take fewer courses because they are working more hours.

One Task Force member asked how UW institutions can fund their core missions without increasing tuition. Mr. Jambrek said the state needs to decide whether it wants to continue to be a provider of higher education. Tuition can only be increased so much before students begin to be priced out of the university. The Task Force member said that his institution is relying more and more on philanthropy to fund its core mission.

Discussion

Several Task Force members supported increasing tuition to capture the higher willingness and ability to pay of some students and families. One Task Force member said that many students are not paying their "fair share" and noted that students who choose to attend private institutions pay much higher tuition. A second Task Force member said that students and their families recognize the value of high-quality education and are willing to pay more for it. The Task Force member said that many students chose to attend private or out-of-state institutions because they perceive UW institutions to be of low quality. These two members said that tuition

should be increased to allow the institutions to maintain or increase quality and to invest in programs that attract students. A third Task Force member agreed that UW institutions need to improve the quality of the education they provide to students in order to lower the price-value ratio. A fourth Task Force member said that time-to-degree is a major concern and that students may be willing to pay more to get better advising and access to courses.

One Task Force member said that recent tuition increases have been modest and that the institutions have not priced themselves out of the market. That Task Force member noted that tuition at UW-Madison will be in the middle of its peer group in 2012-13 and suggested that tuition rates at that campus could be increased. A second Task Force member commented that institutional differences affect their ability to increase tuition revenues. For example, some institutions are located close to the state border making them more attractive to nonresident students who may be willing to pay higher tuition rates.

Those Task Force members who supported higher tuition said that access for lower-income students could be addressed through financial aid. One member said that if tuition were to be increased, private foundations could raise additional funds to provide financial aid and maintain access for lower-income students. However, a second Task Force member did not want UW-Madison to adopt a high tuition-high financial aid model similar to that employed by private institutions.

Other Task Force members were opposed to large tuition increases. One Task Force member said that UW institutions should not be in a race to increase tuition. That Task Force member said that serving the citizens of Wisconsin, instead of higher-paying nonresident students, should be the UW's first priority. Another Task Force member said the goal is not for the university to become a place that only the wealthy can afford while a third Task Force member said that family income already determines where students go to school. A fourth Task Force member said that tuition should be set in a manner that is sensitive to the ability of students to pay, not based solely on market forces. A fifth Task Force member said that UW-Madison graduates feel that the education they received was a good value but worry as parents about paying for their children to go to college in the future and do not want to see large spikes in tuition.

Two Task Force members said that the Legislature should continue to cap tuition increases in the future. One of the members thought that the Board of Regents would not limit tuition increases unless required to do so by the Legislature. A third Task Force member opposed tuition caps saying that this would be the worst thing the Legislature could do. If tuition was capped, the quality of education provided by UW institutions would continue to decline, the Task Force member said.

Task Force members were split on whether tuition revenues should be used to fund student financial aid programs. Three Task Force members supported using tuition revenues to fund financial aid saying that state funding for financial aid programs was inadequate. One Task Force member said that the differential tuition program at his institution included a tuition-funded financial aid component. This Task Force member said that the institution wanted to increase the amount of financial aid available to low-income students and that tuition was the

only revenue source available. That member challenged members who opposed this use of tuition to identify other fund sources that could be used to increase financial aid. Another Task Force member said that providing financial aid to increase socio-economic diversity at UW institution is a valid use of tuition revenues. Similar to the comments of other members, that Task Force member said that it was unlikely that funding for state student financial aid programs would increase given the current opposition to tax increases.

Two Task Force members opposed using tuition revenues to fund financial aid for lower income students. One Task Force member noted that many students who do not receive any financial aid still struggle to pay college costs. That member said that those students should not have to pay higher tuition to support financial aid for other students. A third Task Force member asked if those who opposed the use of tuition to fund financial aid would support using tuition to fund student work programs.

Task Force members did not reach a conclusion regarding differential tuition programs. One Task Force member said that the Task Force should not focus on differential tuition but rather on how institutions can create discretionary revenue in order to be entrepreneurial and best serve the needs of the state. That Task Force member said that institutions have pursued differential tuition plans because they offer one of the few opportunities to generate discretionary revenue which can be used to fund institutional priorities. In recent years, tuition increases have been used to offset base reductions meaning that the institutions have had no new revenues with which to fund growth. Differential tuition programs provide additional funds that allow institutions to create a "margin of excellence" that basic tuition increases have not provided for.

Other Task Force members discussed how different tuition initiatives could be used to meet state workforce needs. One Task Force member said that differential tuitions in other states are generally program-based, as opposed to the across-the-board differential tuitions charged by many UW institutions. In those states, programs are priced according to the need for graduates from those programs. For example, tuition may be decreased for a program whose graduates are in high-demand to encourage more students to enroll. Another Task Force member acknowledged that the university does have a role in creating high-paying jobs in the state. That Task Force member was interested in the suggestion that programs be priced based on student demand. A third Task Force member said that there is a disconnect between the degrees that students are earning and the needs of employers and the state. That Task Force member suggested that legislation could be passed to incentivize companies to pay the tuition of part-time workers.

Two Task Force members did not support granting tuition authority to chancellors. One member said that by creating 14 independent tuition setting agents some level of accountability would be lost. Under current law, tuition rates are set by a single central body, the Board of Regents. If members of the Legislature or the public are displeased with tuition increases, they can register their complaints with the Board. If tuition flexibility was granted to each institution, there would no longer be a single entity setting tuition making accountability more difficult.

Task Force members did not reach a conclusion regarding the role of the Legislature in establishing tuition rates. Three Task Force members were in favor of allowing the Board of

Regents or UW institutions to set tuition rates within certain parameters established by the Legislature. One member said that the parameters should be linked to institutional performance on certain readily quantifiable accountability measures. A fourth Task Force member wanted the Board of Regents to have additional authority to set tuition rates but also wanted to keep the Legislature engaged in the tuition setting process. That member suggested that tuition authority be delegated to the Board of Regents in partnership with a legislative task force or other legislative body.

Task Force members agreed that affordability and access were concerns whenever tuition increases are considered. One Task Force member noted that Wisconsin has a long tradition of charging low tuition with the idea that higher education should be affordable for everyone. Two Task Force members noted that, although UW institutions charge relatively low tuition compared to their peers, they may not be affordable for Wisconsin residents. One Task Force member said family income is another determinant of affordability. That Task Force member said that, due to a lower average family income, tuition at UW institutions may be less affordable for Wisconsin families than Minnesota public institutions, which generally charge higher tuition, are for Minnesota families. A second Task Force member said that the level of student financial aid is a third determinant of affordability. That Task Force member said that the level of financial aid provided at UW institutions is low compared to institutions in other states making the net cost of attendance higher. A third Task Force member also said that insufficient funding for state financial aid programs is a big problem noting that state-funded financial aid for technical college students would need to be increased by \$28 million in order to provide grants to all qualified students.

Other Task Force members were concerned with student debt levels. One Task Force member said that tuition increases would result higher levels of student debt. That member opposed substantial future tuition increases saying that student loan debt is already too high. A second Task Force member said that student debt levels dictate the behaviors of new graduates. That member said that it would be devastating for students to have to shoulder further tuition increases. The Task Force member also noted that the money students use to make student loan payments leaves the state.

One Task Force member said that tuition decisions should not be considered alone but in the context of state funding. That Task Force member said that the state needs to determine what it wants from the UW System. Reflecting on the comments of the chancellors, a second Task Force member suggested that a state funding formula could be developed so that the UW System would be able to rely on some level of state support. A third Task Force member said that the state could not commit to providing a certain amount of funding for the university in the future without doing so for all state agencies. That Task Force member said that funding for the university was a matter of priorities. A fourth Task Force member noted that increased costs in certain areas, particularly the medical assistance program and elementary and secondary education, have reduced the amount of money the state has to spend in other areas including higher education. The university was created for the public interest and the public interest is broader than just higher education, the Task Force member said.

One Task Force member suggested that the UW System could reduce future tuition

increases by finding ways to contain costs. That Task Force member noted that tuition increases have outpaced decreases in state support when adjusted for inflation. This suggests that tuition has increased due to increases in institutional costs, not just reductions in state funding. That Task Force member said that the UW System should consider how institutional revenues and expenditures could be better managed to reduce costs. The Task Force member suggested that the UW System could do a better job coordinating the programs offered by institutions to reduce costly duplication and that the institutions look at faculty rules such as those that prohibit professors from teaching additional courses. The Task Force member also supported providing additional operational flexibilities to the UW System and UW institutions.

A second Task Force member said that the Board of Regents, the chancellors, other administrators, faculty, and academic staff have a responsibility to work on cost containment. That Task Force member said that institutions should be rewarded, not punished, for being creative and entrepreneurial. When faculty, staff, and students have found ways to save money or generate additional revenues, these funds have often been used to offset cuts in other areas instead of being used to fund new initiatives. A third Task Force member said that the UW System should find ways to reduce costs to offset reductions in state funding instead of increasing tuition.

One Task Force member said that funding for post-secondary education should not be provided separately from funding for education at the elementary and secondary levels. That member said that high-achieving students should be able to use the funding that would otherwise go to their high schools to pay for courses at post-secondary institutions. That Task Force member said that access to UW institutions and the technical colleges should be expanded for high school students and suggested that Ohio and Virginia be looked at as models for this.

A second Task Force member agreed that Wisconsin is not doing enough to facilitate early enrollment by high school students. That Task Force member noted that there are approximately 1,300 students participating in the Youth Options program which allows high school students to enroll in classes at UW institutions, Wisconsin technical colleges, and participating private, nonprofit institutions and tribal colleges. By comparison, 14,000 Minnesota high school students enroll in courses at post-secondary institutions. That Task Force member agreed that the university needs to do a better job reducing time-to-degree and suggested that dual enrollment, where a student is enrolled in both a high school and a UW institution, should be expanded. A third Task Force member said that university should not be expanded in this manner since the state cannot adequately fund it at its current size.

Recommendations

The Task Force did not make any recommendations regarding what role the Legislature should have in establishing tuition rates. Instead, the Task Force recommended that the Board of Regents submit a tuition plan to the Legislature for its consideration. Under current law, there will be no statutory limitations on the Board of Regents' ability to establish tuition beginning in the 2013-14 academic year. However, the Legislature has imposed limitations on the Board's authority to establish tuition rates in the past and could do so again in the future.

Compensation

The Task Force considered two questions related to compensation:

1. Should UW employees continue to be included in the state compensation plan making the UW System eligible for funds through the supplement process?
2. Should the Board of Regents be granted the authority to provide merit increases to UW employees using base resources?

Background

Compensation Plans

Under current law, the Board of Regents recommends a proposal for adjusting compensation and employee benefits for faculty, academic staff, and certain administrative positions to the Director of the Office of State Employment Relations (OSER). After receiving the Board of Regents' recommendations, the OSER Director submits a proposal to the Joint Committee on Employment Relations (JCOER) for adjusting compensation and employee benefits for those UW employees. By statute, this proposal is based upon the competitive ability of the Board of Regents to recruit and retain qualified faculty and academic staff; data collected as to rates of pay for comparable work in other public services, universities and commercial and industrial establishments; recommendations of the Board of Regents; and any special studies carried on as to the need for any changes in compensation and employee benefits to cover each year of the biennium. The proposal for such pay adjustments may contain recommendations for across-the-board pay adjustments, merit or other adjustments and employee benefit improvements.

The proposal submitted by the Board of Regents to the OSER Director is separate from the biennial budget request the Board of Regents submits to the Department of Administration and the Legislative Fiscal Bureau. Unlike funding items approved through the biennial budget process, funds to support adjustments in employee compensation and benefits are not added to the UW System's base budget at the time of JCOER approval. Instead, the UW System receives supplements from the compensation reserves to fund adjustments to employee compensation and benefits approved by JCOER in each year of the biennium. Funding for these adjustments is added to the UW System's base budget during the budget process in the following biennium.

Under 2011 Act 32, the Board of Regents and the Chancellor of UW-Madison will recommend proposals for adjusting compensation and employee benefits for all employees not covered by collective bargaining agreements beginning July 1, 2013.

Salary Adjustments

The Board of Regents may not grant merit increases unless the JCOER-approved pay plan allows for some portion of the funds provided to be used for that purpose. Pursuant to s. 36.09

(1)(j) of the statutes, the Board of Regents may only increase the salaries of continuing faculty, academic staff, and certain administrative positions as follows: (a) as provided in the pay plan approved for those positions by JCOER; (b) to correct for salary inequities; (c) to fund job reclassifications and promotions; and (d) to recognize competitive factors. In addition, the Board of Regents may only increase the salaries of continuing senior executives as specified in (a), (b), and (d) above. In cases where the Board of Regents has granted salary increases to recognize competitive factors, the state is not obligated to increase appropriations to the UW System to fund these salary increases. Beginning July 1, 2013, this provision will apply to all UW employees not covered by a collective bargaining agreement, including employees holding positions that were formerly part of the classified service.

Supplemental Pay Plans

2011 Act 32 authorized the Board of Regents and the UW-Madison Chancellor to provide supplemental pay plans for UW System employees and UW-Madison employees during the 2011-13 biennium. These supplemental pay plans would be funded with resources available to the Board of Regents and the UW-Madison Chancellor including the GPR block grant, tuition, gifts and grants, and other resources and would be in addition to compensation plans approved for such employees by JCOER. These supplemental pay plans would require approval by JCOER. The Board of Regents would not receive pay plan supplements or request full funding of increases in salary and fringe benefit costs through the biennial budget process for costs related to these supplemental pay plans.

UW System Proposal

In its March 8, 2012, document titled "Establishing New University Personnel Systems," which was provided to Task Force members in advance of the March 7 meeting, the UW System proposed two changes to current law and practice related to employee compensation. First, the UW System proposed that the Board of Regents include its request for funding for employee salary and benefits adjustments in its biennial budget request instead of submitting the request separately to the OSER Director. This request would then be approved, or approved and modified, by the Legislature through the biennial budget process, instead of by JCOER outside of the budget process. Funding for the compensation plan would be added to the UW System's base budget and the UW would no longer receive supplements from the compensation reserve during the biennium. According to the UW proposal, the funding provided would be used to provide cost-of-living adjustments to employees with solid performance. Increases beyond cost-of-living would be based on merit. In a subsequent document, the UW System proposed that statutes be modified to specify that additional compensation funding should be provided if the pay plan approved by JCOER for other state employees provides greater salary increases than approved for UW employees through the budget process.

Second, the UW System proposed that the Board of Regents be granted the authority to adjust salaries to recognize merit outside of the approved compensation plan. These salary adjustments would be funded with base institutional resources. The UW System also proposed that the Board of Regents be able to provide compensation on a one-time basis using base resources. These one-time payments would include signing bonuses and awards to recognize

merit, competitive factors, equity, or a temporary change in duties.

According to the UW System's document, supplemental pay plans would be unnecessary if the changes proposed by the UW System were approved. At the March 7 Task Force meeting, UW System Vice President for Human Resources Al Crist said that it was unlikely that the UW System would forward a supplemental pay plan to JCOER for approval this biennium. UW-Madison Vice Chancellor for Administration and Task Force member Darrell Bazzell also appeared with Mr. Crist and responded to questions related to compensation issues.

Comments by Faculty, Academic Staff, and Classified Staff Representatives

Mark Schwartz, a distinguished professor of geography at UW-Milwaukee, said that the Board of Regents needs the ability to set compensation based on merit. Dr. Schwartz said that UW institutions can offer market-rate salaries to new hires, but have been unable to provide substantial increases to continuing employees. As a result, full professors are now 25% behind their peers. Brad Barham, a professor of agricultural and applied economics at UW-Madison, noted that faculty compensation has declined by 20% when adjusted for inflation.

Dr. Schwartz said that UW institutions have historically offered lower than average pay but better benefits. The value of the benefits provided to UW employees decreased under 2011 Act 10. This change in benefits has also affected graduate students and has made recruiting these students more difficult.

Nick Sloboda, a professor of English at UW-Superior, said that the quality of job applicants has declined because the pay offered by UW institutions is not competitive. Bill Gillard, assistant professor of English at UW-Fox Valley, said that professors at the UW Colleges have the lowest salaries within the UW System. Because of their low salaries, the UW Colleges have difficulty attracting domestic job candidates and often get substantial numbers of international applicants for job postings. Dr. Gillard suggested that the Task Force consider alternative forms of compensation, such as tuition remissions, as suggested in the report of the Competitive University Workforce Commission (CUWC), which was convened by UW System President Kevin Reilly in early 2010.

Dave Carlson, an academic staff representative from UW-Rock County, was concerned that the new personnel systems would allow for merit and performance pay. He suggested that academic staff salaries should be linked to faculty salaries and pay plans, not to the salaries of positions formerly in the classified service.

Paulette Feld, a classified staff member from UW-Oshkosh, noted that many classified staff and academic staff members share job duties yet receive different levels of pay. The UW should implement a pay schedule where employees receive fair pay for their skills and work. Ms. Feld stressed the importance of consistency in terms of benefits, work rules, and compensation across UW employee groups. Ms. Feld was also uncomfortable with the idea of merit pay or pay for performance. She was concerned that this would lead to people being paid different amounts for the same work and allow for favoritism. Ms. Feld said that UW employees needed base pay increases, not just increases based on merit.

Questions from Members

One Task Force member asked what the downside is of the current two-step process used to provide compensation increases for state employees. Mr. Crist said that the Board of Regents is removed from the process. Under current law, the Board of Regents submits pay plan recommendations to OSER and the OSER Director submits a proposal to JCOER for approval. The OSER Director is not required to include the Board of Regents recommendations in the proposal submitted to JCOER. The Task Force member noted that the Board of Regents' pay plan would require approval by the full Legislature if it is incorporated into the budget.

A second Task Force member asked whether the university was limited in terms of using "creative sources" to support competitive pay. For example, that Task Force member suggested that staffing levels could be reduced in some areas to support higher compensation for staff in other areas. The Task Force member also asked whether there were any statutory limits on the use of general purpose revenue (GPR) or student segregated fees to support salaries. The Task Force member suggested that the university might consider adjusting professors' course loads or reducing the number of deans or other administrative positions to free up funds. Mr. Bazzell replied that all of the tools suggested by the Task Force member are currently available to the Board of Regents and the chancellors. Under current law, the Board of Regents can adjust salaries to correct salary inequities and recognize competitive factors but do not have the ability to increase salaries on a broader basis.

Several Task Force members agreed that compensation is the biggest issue facing UW institutions. One Task Force member noted that UW-Madison gets a lot of support from its foundation and suggested that other UW institutions should also look to their foundations for additional funds. That Task Force member said that foundations created to support individual UW institutions may not be raising as much money as they otherwise would because of state laws that restrict the use of those funds, particularly to support salaries. Mr. Bazzell said that donors generally want to fund special projects that add value to the university and do not generally contribute funds to the university's base budget. Mr. Bazzell said that UW-Madison is trying to find ways to leverage donors to maintain excellence.

One Task Force member asked about the disparity in pay amongst UW institutions. Mr. Crist said that many of the institutions operate in different markets, which leads to differences in pay. He reiterated that institutions need the flexibility to adjust compensation to recognize performance, not just competitive factors.

A second Task Force member asked if the Board of Regents could delegate pay plan decisions to the UW System President. Mr. Crist said that under current practice the Board of Regents establishes guidelines for the distribution of pay plan increases and that decisions at the institutional level are made by the chancellors.

A third Task Force member noted that faculty salaries at UW institutions are 15% behind faculty salaries at peer institutions. That Task Force member asked what decisions made by the UW have led to this difference in salaries and what other institutions have done to raise their faculty salaries. Dr. Barham said that pay plans for UW employees are not approved by the

Board of Regents but rather at the state level. He cited the rescission of the 2% pay increase scheduled for June, 2009, and the implementation of furloughs in the 2009-11 biennial budget. He noted that the Board of Regents had been given the flexibility to match outside offers and that recruitment and retention funds had been provided in the 2005-07, 2007-09, and 2009-11 biennial budgets.

Another Task Force member asked how Dr. Schwartz convinces new faculty members to accept an offer at UW-Milwaukee, given how far below market many salaries are. Dr. Schwartz said that while he cannot do anything with compensation, he can offer other funds such as scholarships for graduate students and travel funds.

Discussion by Task Force Members

Several Task Force members supported the UW System's proposal to request funding for adjustments in employee compensation and benefits in its biennial budget request. One Task Force member said that the Board of Regents is currently disconnected from the pay plan process and that the proposed change would provide the Board with more authority in this area. A second Task Force member said that no other state approves pay plan increases using two-step process and called the process inefficient. That Task Force member said that allowing the Board of Regents to submit a pay plan request along with its biennial budget request would force the university to prioritize. A third member said it did not make sense to have the UW System's operating budget and employee compensation plans approved separately.

Al Crist, UW System Associate Vice President for Human Resources, requested that the UW System's proposal be amended to include a "me too" clause. A "me too" clause would provide the UW System with additional funds if the state compensation plan provided greater increases in compensation and benefits for other state employees than for UW employees. One Task Force member said that "me too" clauses existed in collective bargaining agreements so that employees covered under one contract would not be penalized for approving that contract early in the negotiation process and before other employees covered by other contracts. Some members were initially supportive of the "me too" clause.

Two Task Force members asked if the "me too" clause meant that the UW System would return funding for compensation increases if other state employers were granted smaller increases than UW employees. A third member did not support the "me too" clause saying that it would have to apply both when increases for other employees were greater than those provided to UW employees and when they were lesser. In this case, UW employees would get the same increases as other state employees but through a different process which would be a waste of time. A number of members did not support the "me too" clause saying that the process by which compensation increases for UW employees are approved should not be changed if these increases would still be tied to pay plans approved for other state employees. One member said that the university cannot "hedge its bets." One member thought that the "me too" clause should be given further study.

Several Task Force members supported the UW System's proposal that the Board of Regents be granted the authority to provide merit-based salary increases to UW employees using

base resources. One Task Force member said that merit increases are needed to retain the best and brightest given that UW salaries are currently significantly lower than at peer institutions. A second Task Force member noted that compensation is an important lever for managers. A third Task Force member said that the proposed changes would give the Board of Regents more authority and make chancellors, who would make decisions on merit-based increases, more accountable to the faculty and other employees.

A number of Task Force members raised issues related to compensation that were not addressed by the UW System's proposal. One Task Force member suggested that new hires be given the option to participate in private retirement programs such as those offered by TIAA-CREF instead of the Wisconsin Retirement System. According to that Task Force member, UW institutions have difficulty recruiting faculty and academic staff who currently participate in private retirement programs. Another Task Force member supported giving new hires this option. A third Task Force member did not want to discuss retirement benefits, saying that this was an issue best left to the Board of Regents.

One Task Force member wanted to look at what limits the UW's ability to provide competitive compensation, noting that compensation is the UW's most important problem. That Task Force member noted that UW employees have not had a pay plan in five years. Over this same time period, employee productivity has grown by 10-15%. That Task Force member cited the report of the Competitive University Workforce Commission (CUWC), which was convened by UW System President Kevin Reilly in early 2010. In their report, the members of the CUWC stressed the importance of competitive compensation for UW employees. The report also noted that UW institutions offered better benefits when compared to their peer institutions. However, these benefits have since been reduced.

One Task Force member noted that some institutions have had difficulty retaining and recruiting chancellors due to limits on salaries and differences in retirement benefits. Another Task Force member said that chancellors in the UW System are well paid and that the UW System continues to attract good candidates for leadership positions. However, that Task Force member felt that the UW System does little to penalize individuals who are underperforming. A third Task Force member was concerned that chancellor salaries may escalate if the Board of Regents is given more flexibility in that area.

One Task Force member said that requirements imposed on UW institutions by the Legislature and the Department of Administration add to administrative costs. That Task Force member said that these additional administrative layers should be eliminated. A second Task Force member said that the university needed to consider new sources of revenues. That member said that foundations are not permitted to provide funds to support endowed chairs or increase salaries due to statutory restrictions. A third member said that chancellors should be able to spend private donations in any manner that they see fit. A fourth member said that the Board of Regents and UW-Madison chancellor should continue to have the authority to provide supplemental pay plans in the future.

Recommendations

The Task Force recommended that UW employees not be included in the state compensation plan. Instead, the Task Force recommended that the Board of Regents request funding for adjustments in employee compensation and benefits in its biennial budget request. If approved, or modified and approved, by the Legislature during budget deliberations, funding for these adjustments would be provided in the UW System's base budget and the UW System would not receive supplements from the compensation reserve during the biennium. The Task Force did not recommend the inclusion of a "me too" clause which would have provided the UW System with additional funds if the state compensation plan provided greater increases in compensation and benefits for other employees.

The Task Force also recommended that the Board of Regents be granted the authority to provide merit-based salary increases to UW employees using base resources. The state would not be obligated to increase appropriations to the UW System to fund merit-based salary increases for UW employees. Both recommendations would require statutory changes.

Capital Planning and Building Program

The Task Force considered the following question regarding capital planning and building program:

What additional operational flexibilities could be granted to the UW institutions in the area of capital planning and building program?

Background

State statutes require capital projects exceeding \$760,000 to be enumerated by the full Legislature. Capital projects include new construction projects, repair and renovation projects, and land acquisitions. Enumeration establishes the project budget and generally occurs through the state biennial budget. State agencies submit their capital budget requests to the administrator of the Division of State Facilities (DSF) within the Department of Administration (DOA), who also serves as the Secretary of the Building Commission, in the fall prior to the budget year. (On July 1, 2012, the Division of State Facilities was reorganized and renamed the Division of Facilities Development. Due to the timing of the Task Force meetings, this paper will continue to refer to DSF.) DSF staff reviews agency requests and presents its recommendations to the State Building Commission for approval in the spring of the budget year. The State Building Commission consists of the Governor, who serves as the chairperson; three members of each legislative house, including two members of the majority party and one member of the minority party; and one citizen member appointed by the Governor. After the Building Commission has approved the capital budget, it is submitted to the Joint Finance Committee as an amendment to the biennial budget. The capital budget is then considered by the Joint Finance Committee before being passed by the full Legislature. The Building Commission, the Joint Finance Committee, and the full Legislature may all modify the proposed capital budget by adding or deleting projects, increasing or reducing project budgets, or altering project fund sources.

After a project has been enumerated by the Legislature, it must be approved by the Building Commission before DSF can enter into a contract for the construction of the project. Final plans must be completed prior to the approval of a project by the Building Commission and arrangements must be made for the supervision of construction. Projects that have not been enumerated but have budgets exceeding \$185,000 must similarly be approved by the Building Commission. The Building Commission must also approve the construction of privately owned or operated facilities to be built on state-owned land.

State statutes authorize DOA to take charge of and supervise all engineering, architectural services, and construction work related to state capital projects. DOA provides engineering, architectural, project management and other building construction services when requested by an agency and may charge a fee for these services. DOA currently charges a 4% fee for all non-delegated projects and a \$500 flat fee for delegated projects. DOA bids contracts for and supervises engineering and architectural work. Statutes prescribe procedures to be used when DOA lets a contract for bid and administrative rules provide additional procedures for selecting

and contracting architect/engineer services and advertising, bidding, and award of construction contracts. DOA is also responsible for reviewing and approving plans and specifications for all UW building projects and for periodically reviewing the progress of those projects during construction to assure compliance with those plans. In addition, DOA serves as a technical advisor to the Building Commission in connection with the development of the state long-range building program and prepares studies, preliminary plans and specifications, and cost estimates for the Building Commission upon request.

UW building projects are funded by three primary sources: general fund supported borrowing (GFSB), program revenue supported borrowing (PRSB), and gifts and grants. In general, academic buildings are funded with GFSB and all other facilities, including residence halls, dining facilities, student unions, athletic facilities, and parking, are funded with PRSB. All borrowing for UW building projects is done through the issuance of state bonds. The debt service on GFSB is paid with state general purpose revenue (GPR) while the debt service on PRSB is paid with student and other user fee revenue.

Flexibilities Provided Under Act 32

Act 32 exempts UW System building projects with costs of less than \$500,000 that are funded entirely with gifts and grants from approval by the Building Commission. In addition, these projects are exempt from DOA supervision and oversight, current law provisions regarding bidding, and the 4% fee charged by the Division of State Facilities (DSF) within DOA unless the UW System chooses to use DSF services. The UW System is prohibited from designating work related to a project as a separate project in order for the project to be exempt under these provisions. As required by statute, the Board of Regents established rules for competitive bidding of these projects; these rules were approved by both the Building Commission and the Joint Committee on Finance.

In addition, Act 32 authorized the Board of Regents to accept gifts of real property up to \$150,000 in total value without prior approval of the Building Commission. Under prior law, the threshold for Building Commission approval was \$30,000.

Task Force Presentation: UW System

David Miller, UW System Associate Vice President for Capital Planning and Budget, presented on behalf of the UW System. Mr. Miller said that he and others at the University worked hard to come up with a proposal that is specific and measured. The University is not requesting that it be totally exempted from the current building process although that is what many people at the various institutions might like. Mr. Miller referenced the presentation made by Dr. Aims McGuinness at the first Task Force meeting and said that, unlike in many states, the University is treated like a state agency and is subject to a high degree of procedural controls. The state building process should balance the concerns of elected officials and taxpayers, who want to maintain oversight to ensure fairness and accountability, and the desires of University managers, who want enough autonomy to make good decisions that will benefit their institutions and the public.

Mr. Miller described the state building program as a "behemoth" and said that it is very complex and difficult for those who are not involved in it to understand or access. There have been many attempts to reform the state building process dating back at least forty years, but those attempts have been largely unsuccessful. It is very hard to change the status quo because of the number of people who have a vested interest in it. There is no one to advocate for efficiency in the process; by definition, creating efficiency means eliminating steps which is resisted by the people and agencies responsible for performing those steps. Mr. Miller said that he wants to enhance the shared responsibility of the University, DOA, and the Legislature while recognizing the needs and responsibilities of all stakeholders.

University facilities represent approximately 65% of all state facilities and University projects typically account for approximately 70% of the state's capital budget. Averaging \$700 million a biennium, Mr. Miller said that even small changes in UW's capital budget could yield significant savings which could then be invested in other building projects. Similar to public universities in other states, about 65% of UW facilities were built in the 1960s and 1970s. These projects were built quickly and cheaply with an intended lifespan of 30 to 40 years. The buildings need to be renovated, both to replace worn building systems and to reconfigure the existing space to meet current program needs.

Under the current process, high-risk and low-risk projects are subject to the same level of oversight and number of approvals. Mr. Miller said that it takes an average of 56 months to complete a large building project with an average of 29 months spent on planning, design, and approvals prior to construction. Smaller projects, generally those costing under \$10 million to complete, take a shorter total time to complete but the planning, design, and approvals for those projects take the same 29 months as they do for larger projects. Mr. Miller said that the process should be changed to decrease oversight of low-risk projects and increase oversight of high-risk projects. Mr. Miller said that one of his goals is to reduce the amount of time spent on planning, design, and approvals so that those phases of the project take no more time than the construction phase of the project.

Mr. Miller said that any proposed change to the building process should maintain oversight by the Board of Regents and the Legislature. However, this oversight should ensure an open and transparent process and the level of oversight and the number of required approvals should correlate with the size of the project. Proposed changes should also increase efficiency. Every step of the process should add value; steps that do not add value should be eliminated. Mr. Miller said that a step adds value only if that value exceeds the cost and time associated with that step. In addition, incentives to increase efficiency should be built into the process. Mr. Miller also said that changes should apply to all projects, not just a subset of projects, such as those funded entirely with program revenue or gifts. If a change improves the process, it should apply to all projects, Mr. Miller said.

There are four phases of a building project: planning, design, construction, and operation. Under current law, DOA is responsible for the first three phases for university building projects while the Board of Regents is responsible for the final phase. UW institutions do participate in the planning, design, and construction phases, but statutes vest all decision-making authority during these phases with DOA. Mr. Miller said that that looking across other states this

arrangement is very unusual. Universities in most other states are either completely or partially responsible for the planning, design, and construction phases of capital projects. Nearly 85% of building lifecycle costs occur during the operation phase; construction costs represent a relatively small portion of total building costs. Since the institutions will fund building operations, they have a real interest in ensuring that buildings have systems that can be maintained.

Mr. Miller proposed that the current process be modified so that the Board of Regents has primary responsibility for the planning and design phases as well as operations. DOA would continue to operate as the construction entity and be responsible for bidding, contracting and construction supervision. Mr. Miller said that having DOA bid projects ensures that those projects will be bid in a uniform manner. Contractors are also familiar with the existing DOA bid process. In addition, the Board of Regents and the Building Commission would continue to review projects at 35% of design. Mr. Miller said that this was a good point for a review to take place and can also be useful in terms of holding consultants to a schedule.

The UW System's proposal would improve the process by establishing well-defined roles and responsibilities and creating an efficient model that would reduce or eliminate duplication, Mr. Miller said. For example, if the Board of Regents were responsible for the planning and design of capital projects, several steps could be eliminated from the current process used to select architect and engineering firms. Under the proposal, DOA would continue to be involved in the planning and design phases to ensure that the "hand-off" that takes place between the design and construction phase is as smooth as possible. Mr. Miller said that both North Carolina and Georgia currently use this model.

The enumeration process, which requires action by the full Legislature and establishes the project's budget, generally takes 18 to 20 months and precedes the 56 months of planning, design, and construction. There are two types of enumerations: major projects and "all agency" projects. Major projects are those with budgets greater than \$760,000 that either create new space or include major renovations and repairs. Under the current process, projects are enumerated very early and a budget is established before the scope is known. Mr. Miller said that this leads to inefficiencies because projects are designed to fit the budget instead of the needs of the institutions. "All agency" enumerations provide funding for projects in certain categories, such as utility repair and renovation and preventative maintenance, but not for specific projects. In general, these projects have budgets of less than \$3 million. Mr. Miller said that the current "all agency" enumeration creates inefficiencies in that project managers at the institutions try to fit their projects into one of the categories. This can lead to multiple projects occurring in one building, such as a utility repair followed by a programmatic renovation, which often means that the building's occupants have to be moved multiple times.

To remedy this situation, Mr. Miller proposed that the two types of enumerations be modified. Major projects would be defined as projects with budgets greater than \$1 million that create new space and "all agency" projects would be all projects involving existing space. This would create efficiencies in that it would allow renovation and repair projects to be combined without having to be specifically enumerated in the state biennial budget or other legislation. This may also create an incentive for institutions to maintain and invest in existing space. Currently, approximately 38% of the UW System's capital budget is used for renovation and

repair projects. Mr. Miller said this amount is not sufficient to maintain existing facilities and that he would like 67% of the capital budget to be spent on these projects in the future. Mr. Miller stressed that he was not asking for more funding for the UW System's capital budget but rather that less funding be allocated to projects that create new space.

Under the UW System's proposal, the Board of Regents would also be granted sole responsibility for leases. Under current law, DOA has sole responsibility for leases for all state agencies. DOA does not approve funding for leases; rather, leases are funded from the agency's budget. UW System leases make up approximately 15% of total state leases. Mr. Miller said that granting the Board of Regents the authority to enter into leases would expedite the lease process.

In conclusion, Mr. Miller said that the UW System's proposal would build on the current building process, not radically change it. The proposal would increase efficiency by allowing DOA to specialize in construction and the UW System to specialize in planning and design.

Task Force Presentation: DOA

Chris Schoenherr, DOA Deputy Secretary, spoke on behalf of DOA. Mr. Schoenherr began by saying that the administration is supportive of finding ways to increase efficiency and provide additional flexibilities along with appropriate legislative and administrative oversight. This is reflected in the flexibilities that were provided to the UW System under 2011 Act 32. However, providing capital planning flexibilities to the UW System may have a negative impact on other state agencies and local units of government and DOA needs to balance the needs of the UW System with the needs of those entities.

Mr. Schoenherr said DOA's goal is for the UW and all state agencies to have a way to meet their building needs in the most cost effective and efficient way that provides the greatest value to taxpayers. DSF is involved in both the design and delivery of those buildings and awards contracts for both architectural and engineering services and construction using an open, transparent, and fair process. Totaling \$1 billion biennially, the state building program attracts a lot of attention from people involved in design, construction, and maintenance and the public. Mr. Schoenherr said that there is "no room for impropriety" in the building program which is why multiple layers of approvals have been built into the process. Mr. Schoenherr said that the quality of state buildings shows that the process has worked well but acknowledged that there is always room for improvement and said he is open to suggestions on how to streamline the process.

The benefits of having a centralized state building program are that it provides consistency across projects and allows for a cost-effective and streamlined process. Mr. Schoenherr said that the best way to provide services is to consolidate them within a single organization as DOA has with DSF, the state budget office, and the state controller. This fosters communications between the various actors and allows for the process to be streamlined. DSF can provide better value because they do more projects than any of the individual agencies and all state agencies benefit from the expertise accrued by DSF staff. In addition, having DOA involved in all phases of the project provides continuity and reduces the risk associated with "hand-offs." Mr. Schoenherr

said that a decentralized process would be more costly and duplicative and would not be in the best interest of state agencies or taxpayers. Mr. Schoenherr said he wanted to maintain and build upon DSF's relationship with the UW System and other state agencies.

The primary benefit of having DOA administer UW building projects is that it allows the university to focus on its primary mission of human resources development, Mr. Schoenherr said. Mr. Schoenherr also suggested that certain constitutional restrictions on the use of state bonding authority may prevent the Board of Regents from being more directly involved in the process. In addition, including UW System projects in the state's building program allows the state to maintain the Division of State Facilities to provide services to all state agencies. While the UW System completes numerous building projects each biennium, other state agencies do so less frequently. These state agencies rely on DOA for assistance with their building projects to a greater extent than the UW does. Without UW System projects, there would not be a sufficient volume of state building projects for DSF to maintain adequate staff levels and provide services to all state agencies.

Mr. Schoenherr did not think that any major statutory or administrative rule changes were necessary to improve the process. Mr. Schoenherr said that statutes could be updated to include alternative project delivery methods. He also supported increasing the dollar thresholds for projects and revising state construction standards and guidelines where appropriate. Mr. Schoenherr said that the state should design and build 100-year buildings where there are long-term needs, but should design and build 30-year buildings where a shorter building lifespan may be appropriate. Mr. Schoenherr supported changing the enumeration process so that projects are not enumerated until they have been programmed, planned, and accurately budgeted. This will reduce the number of problems that occur later in the process and will help projects be delivered on schedule and within budget. Mr. Schoenherr also said that DSF staff will be reorganized to focus on project management and construction administration which should benefit the UW System and all state agencies by controlling costs in these areas. Mr. Schoenherr was also interested in seeing how the University uses the capital planning flexibilities that were provided under 2011 Act 32. Under that Act, UW projects that cost less than \$500,000 and are funded entirely with gifts and grants are exempt from DOA oversight and supervision and do not require approval by the Building Commission.

Mr. Schoenherr also addressed the 4% fee that DSF charges to building projects. Mr. Schoenherr said that he believed that state agencies get good value for this fee. Revenues generated by the fee are used to support the State Building Commission and the capital budget process. DSF provides unbiased, consistent information to decision-makers and helps the Building Commission carry out its mission by ensuring that projects are built within the scope approved by the Building Commission, that they are built well, and that they are built on time and on budget. Mr. Schoenherr noted that DSF does not charge a 4% fee for all projects. Delegated projects are charged a \$500 flat fee which does not cover all of DSF's costs related to those projects. Of the 1,500 projects that were completed in the past two years, approximately 700 were charged the \$500 flat fee.

Questions from Task Force Members

One Task Force member asked if UW System would need additional staff to implement its proposal. A second Task Force member asked who would evaluate project designs for the Board of Regents since the Board does not have the expertise to do so. Mr. Miller said the staffing impact would be minimal as the Board of Regents would contract for architectural and engineering services as DOA does now. DOA would continue to be responsible for reviewing design documents. The Board of Regents would not be involved in the technical design review but would review designs to ensure that program needs are met.

A third Task Force member asked whether the UW System and DOA currently collaborate on projects and whether this collaboration would continue under the UW System proposal. Mr. Miller said that whether there is collaboration between DOA and the UW during project design depends on the project manager that DOA assigns to supervise the project. Some project managers are responsive to requests from the UW while others tell the contractors to ignore the UW's concerns.

One Task Force member asked why the state would not design and build buildings meant to last more than 30 or 35 years. Mr. Miller said that the university builds different types of buildings to meet different needs. Mr. Miller said that most buildings will last 60 to 70 years but will require a major renovation around 30 or 35 years in order to do so. The Task Force member also asked about the state requirement that all contractors pay employees the prevailing wage. Mr. Miller said that the prevailing wage requirement does increase a project's cost. Mr. Miller estimated that this requirement increased the cost of a \$28 million residence hall by \$1.5 million, or approximately 5%. The Task Force member also asked how the proposed enumeration for renovation projects would work. Mr. Miller said that the UW System would use the same process it currently uses to determine which institutions would receive funds for renovation projects.

A second Task Force member said that the building process should be changed so that it incentivizes savings. Mr. Miller said that the proposed change in enumeration would incentivize project managers to be more efficient. Under current practice, if a project can be completed at a cost that is below its budget, the project managers expand the scope of the project in order to spend the entire amount of the enumeration. Under the proposal, those savings could be used to fund another project. A third Task Force member asked how the proposed flexibilities would enable the UW to work within tight budget constraints. Mr. Miller said that the proposal would reduce staff time spent related to capital projects which would lead to cost savings. A fourth Task Force member asked Mr. Miller what issues different stakeholders might have with the UW System's proposal. Mr. Miller anticipated that DSF staff would oppose the proposal because they would want to maintain control of UW capital projects.

One Task Force member noted that having access to state-backed bonds allows the UW to finance projects at a lower cost. Mr. Miller said the UW is not seeking bonding authority and would continue to work with the state capital finance group. Mr. Miller said that the UW has not had a problem getting affordable financing due to its relationship with the state. A second Task Force member noted that some states approve design-build projects up to a certain threshold.

Mr. Miller said that the federal government often uses a design-build process. Design-build tends to reduce the time-to-completion and cost. However, design-build only works well for simple or "cookie-cutter" projects. This is the least used project delivery method for state projects.

Mr. Miller compared two residence hall projects, one built by the state at UW-La Crosse and one built privately (but not through design-build) at UW-Platteville. Although Mr. Miller said that there were some differences in the projects, the UW-Platteville residence hall was completed 18 months faster than the UW-La Crosse residence hall and for \$3.6 million less, a savings of \$600 per year per student.

One Task Force member asked Mr. Schoenherr if he thought the state building process needed to be changed radically or if he thought it was fine. Mr. Schoenherr said that there are always opportunities for improvement but that he did not think radical change was necessary. A second Task Force member questioned DOA's practice of charging a flat 4% to all projects regardless of the level of service provided to any individual project. The Task Force member suggested that students were "being taken advantage of." Mr. Schoenherr said that DSF performs a number of functions that need to be funded. Mr. Miller said that the 4% fee charged by DSF funds DSF operations and does not correspond to services provided to individual projects. Mr. Miller suggested that an audit of the 4% fee be conducted.

Mr. Miller also said that he disagreed with Mr. Schoenherr's earlier statement that capital planning is not part of the UW System's mission. Mr. Miller said that appropriate facilities are essential to the UW System carrying out its mission noting that educational facilities are different from other facilities. In addition, Mr. Miller noted that, under administrative rule, a project architect is selected by a panel of seven people including five DOA representatives and two agency representatives. Mr. Miller said that he would like to see this reversed so that UW representatives make up the majority of the panel.

Several Task Force members requested additional information from DOA. Members requested an analysis of the state building process and those in other states, information on per-foot building costs, time-to-completion, and fraud rates, and an interstate comparisons of those measures. Members also requested additional information on the 4% fee and the \$500 flat fee including how fee revenues are spent and how these fees compare to fees charged in other states as well as a distribution of projects by budget. Members asked DOA to comment on the UW System's proposal and to submit its own proposal as to how the building process could be improved. One member suggested the UW System and DOA to work together on a proposal to present at a future meeting of the Task Force.

UW System Proposal

Prior to the June 6 meeting of the Task Force, the UW System submitted a four-pronged proposal regarding capital planning and the building program, excerpted below.

- 1. Place primary responsibility for planning and design with the Board of Regents.*

The goal of the recommendation is to more closely align the facility users at the campus

with the design process and eliminate redundancy. Throughout higher education across the country, capital projects are implemented directly by each university or university system. Educational facilities are very different from other state government buildings. Universities plan and design facilities tailored to meet academic and student life needs. The professional staff at universities are closest to the user groups and spend careers developing expertise in educational facilities. Most university projects are funded by university generated revenue, not state taxpayer funds. The university governing body, the Board of Regents, is accountable to the university communities that pay for the cost of facilities. Specifically, this would allow the university to maximize its expertise in planning and design and allow the Division of State Facilities to maximize its expertise in bidding and contracting.

2. *Strengthen DOA bidding and construction capacity.*

By allowing the UW System to use its expertise in the design of educational facilities, the department could enhance its expertise in project delivery and construction supervision. Project quality would increase because the department would be able to allocate limited resources to construction oversight. Maintaining a single construction authority will ensure consistency in bidding and contracting rules and procedures.

3. *Redefine enumeration to create two categories: new space and existing facilities, and incentivize investment in existing facilities; establish a base budget for renovation and repair.*

The current process results in facility managers trying to fit square pegs into round holes. This enumeration change will eliminate repetitive disruptions in existing buildings caused by successive smaller projects and would allow work to be appropriately scoped and completed in one project.

Like most universities, the majority of buildings in the UW System were built in the 1960s and 1970s and are in need of complete renewal. This enumeration method would help prioritize existing buildings and reduce the backlog (or slow the increase).

4. *Authorize the Board of Regents to enter lease agreements.*

Permitting the Board of Regents to approve and execute leases would streamline the negotiation and execution process. Currently, the campus performs much of the front-end work prior to handing over the negotiated lease information to DOA. Leases are funded by the university operating budget and often program revenue. The UW is only about 15% of state leases (83 of 540).

DOA Response to the UW System Proposal

DOA prepared a written response to the UW System's proposed flexibilities, excerpted below.

DOA agrees there are opportunities for streamlining and process improvement in working with the UWS on building projects and would welcome further discussions about the specifics.

DOA is also committed to working with UWS and other stakeholders on updating the project delivery methods available on state projects. UWS has made four specific recommendations in its proposal. DOA finds significant areas where it agrees with the with the UWS proposal:

- In response to UWS proposal #2, DOA agrees that maintaining a single construction authority will ensure consistency in bidding and contracting for building projects.*

- DOA supports the recommendation as outlined in UWS' proposal #3 to refine the enumeration process, and is generally supportive of the move to create enumeration flexibility. Further, as outlined in DOA's testimony to the Task Force, we propose to strengthen the enumeration process by not enumerating a project until it is programmed, planned, and accurately budgeted. This would go a long way to ensure projects stay on scope, schedule, and budget. UWS and DOA, through Division of State Facilities (DSF) staff, will work to refine the details of this proposal as part of the 2013-15 Capital Budget process.*

- DOA supports UWS proposal #4 to authorize the Board of Regents to enter into lease agreements. DOA supports the UWS managing all aspects of their leasing program for UWS facility needs. DOA would remain available to provide assistance in both the transition and operational aspects of the UWS managing its leasing program.*

There is one major area of disagreement between DOA and UWS. DOA does not support UWS proposal #1 which would split the design phase from the bidding and construction phases of a project. This proposed method does not provide the best value for taxpayers. While DOA appreciates UWS' passion for developing buildings to meet the academic and student life needs, DOA believes these same objectives are met in a more cost-effective way through the current centralized process.

- The benefits provided by the centralized system include a cradle to grave approach by unbiased, independent staff with various areas of expertise. This approach results in consistency in contract documents, workflow and billing processes, and application of design guidelines. It also provides economies of scale and the application of best practices throughout the life of a project. There are synergies gained by having a single enterprise-wide entity such as DSF responsible for executing the entire design and construction functions of a project where lessons learned on one building or system may be leveraged to improve another.*

Placing primary responsibility for planning and design with UWS will result in the need for an increase in planning and design staff at UWS and/or individual campuses. This increase will divert critical resources away from UWS' core missions of education and research and would result in duplication of staff and services that currently exist at DOA to provide these functions and services to all state agencies. UWS' proposed bifurcated system would be confusing and potentially costly to the architecture/engineering and construction communities who do business with the state. In addition, the bifurcated system would pose challenges at significant hand-off points that could result in increased project costs that would have to be paid for by the State and UWS.

While DOA disagrees with proposal #1 of the UWS recommendations, the need for close

collaboration between DOA and UWS in all phases of building design, construction, and maintenance is obvious. DOA has great respect for the relationship UWS has with students, faculty, and other building users, and values the input these groups bring to the process. Without doubt, the facilities and campus environment these buildings help create are critical to meeting the UWS' mission of education and research. DOA is committed to maintaining and building upon its relationship with the UWS such that the educational facilities it designs and constructs meet the important needs of its partners at the UWS in the most cost-effective manner possible.

Discussion by Task Force Members

Several members commented that the current building process is inefficient and increases building costs and time-to-completion. One Task Force member said that the current building process is not efficient when compared to the private sector or to universities in other states. A second Task Force member said that university building projects in New York are completed in an average of 36 months compared to 56 months in Wisconsin. A third Task Force member said that the technical colleges, which are not required to go through the state building process, are much more efficient with respect to their building projects. A fourth Task Force member asserted that buildings built on the UW-Madison campus cost twice as much and take twice as long to build as buildings on the University of Minnesota-Twin Cities campus.

One Task Force member said that the institutions should have a greater role in the building process since they will be responsible for the long-term operation of a building, not DOA. The Task Force member also said that DOA designs and builds buildings to certain specifications, such as a 100-year lifespan, which may not be appropriate and may increase costs. The Task Force member said that the institutions have the staff to supervise their own projects and do not need DOA oversight. A second Task Force member said that the state has a high level of control over UW building projects leaving the institutions with very little control. That Task Force member said that Wisconsin has the tightest administrative controls of any state in the Big Ten conference which puts UW institutions at a competitive disadvantage.

One Task Force member said that the UW should take charge of the design process and that DOA should serve as a peer review. According to the Task Force member, the state would set the project budget and the UW would be accountable for staying within that budget. The project design would be adjusted to fit the budget, not bureaucratic rules. A second Task Force member questioned how cost-effective projects managed by the UW System or UW institutions would be and a third Task Force member asked how the proposed changes would be evaluated to determine their effectiveness.

Two Task Force members noted that the UW System has been asking for changes to be made in the state building process for decades. One Task Force member said that one reason that process has not been changed is that DOA staff protect their "turf." There is a reluctance to change the process and there is no incentive for innovation. A second Task Force member said that DOA opposed the UW System's proposal on the basis that it would lead to unnecessary duplication. However, DOA did not address the UW's issues with the building process, including time-to-completion and the cost of delays, or propose an alternate solution. A third Task Force member said that the flexibilities granted by 2011 Act 32 were mostly symbolic. No

project completed at UW-Madison over the past ten years would have qualified.

One Task Force member said that DOA has experience in designing and building capital projects and is accountable to taxpayers. That Task Force member did not think that the smaller institutions should be given greater authority for their building projects. Individual institutions have less experience with building projects than DOA does and DOA can help those institutions. The Task Force member said that there have been problems in the past and that having a system with multiple checks is important. If DSF were functioning as it should, it would have a staff with broad expertise and clout with contractors. The Task Force member did not want to give up on DSF but rather to work to improve it. The Task Force member said that the services provided by DSF are valuable and thought that charging a flat fee to support those services was appropriate.

One Task Force member said that it is a false assumption that DOA protects the taxpayer. A second Task Force member said that the process by which UW System capital projects are built should be accountable to both taxpayers and students as many projects are funded entirely by student fee revenues. A third Task Force member said that state taxpayers are the ultimate owners of UW buildings even if those buildings are built with student fees. A fourth Task Force member said that the public is most concerned with having a transparent process.

One Task Force member said that DOA should increase its oversight and supervision of building projects consistent with the UW System's proposal. Mr. Miller said that DOA agrees that there should be more supervision of building projects during the construction phase but DSF does not have the staff to provide that additional supervision. A second Task Force member said that the university should get the services it is being charged for. A third Task Force member said that DOA says it does not have resources yet charges 50% more than the market for its services. A fourth Task Force member said that private sector project management fees are generally around 2.5%. That Task Force member asked if DOA provides additional services that project managers in the private sector typically do not provide.

One Task Force member said that the timeline for state-supported building projects is exceedingly long due in part to the competition for state funds. That member suggested that chancellors seek private donations to fund building projects. A second Task Force member agreed and suggested the Task Force look at the state building process from the perspective of a potential donor. Donors want to contribute to projects that offer them some level of input and that are managed efficiently. Donors do not want to deal with state bureaucracy. In addition, many donors are elderly and want to donate to projects that will be completed in their lifetime making time-to-completion important.

One Task Force member said that projects under \$3 million are typically low-risk and that the institutions should be in charge of those projects. That Task Force member suggested that the threshold for DOA supervision and Building Commission approval should be increased from \$185,000 to \$3 million. A second Task Force member wanted DSF to update project delivery methods by the next budget cycle.

Several Task Force members noted that DOA did not provide the data requested by Task

Force members at the April meeting. One member commented that the Task Force did not have the data it needs to move the discussion forward. The Task Force member also said that DOA should provide benchmark data, such as comparisons to other states and the private sector, so that DOA can be held accountable for its performance just as the UW System is held accountable for its performance. DOA should also be committed to looking at the data and using it to inform and improve the process. A second Task Force member suggested that the Task Force send a written request for information to DOA. That Task Force member also wanted data from the technical colleges regarding their building projects.

Mr. Miller said that he did not believe that requesting additional information from DOA or from the UW System would further the discussion. DOA and the UW System would present conflicting sets of data, Mr. Miller said. As an alternative, Mr. Miller suggested that the Task Force request that an outside consultant perform a study of the state's building process. One Task Force member agreed that an external audit should be done and suggested that the Legislative Audit Bureau could do it. Mr. Miller said that the Legislative Audit Bureau could not do the study; he said that the study should be performed by a national construction auditor.

Another Task Force member suggested that the Task Force include the portions of the UW System's proposal and other changes that were supported by DOA in its recommendations. That Task Force member suggested that the UW and DOA work together on incremental change. Several Task Force members objected to this suggestion. Two Task Force members noted that the UW System has tried working with DOA and DSF but that no progress had been made. A third Task Force member said that it seems like DOA does not want to help the UW improve the building process. A fourth Task Force member said that while DOA agreed with portions of the UW System's proposal, it did not agree with the most important parts of the proposal. A fifth Task Force member said that basing the Task Force's recommendations on what DOA had agreed to would give DOA preemptive veto power. The first member said that the UW System's proposal would not solve any problems if it does not have the support of DOA.

Two Task Force members said that the Task Force should "be bold." A third Task Force member wanted to recommend more flexibilities than what the UW System had proposed saying that the UW System's proposal would only make the process slightly less expensive and inefficient. Several Task Force members supported the UW System's proposal saying it was a "good start" and a move in the "right direction." One Task Force member did not support allowing the Board of Regents to contract for architectural and engineering services.

Recommendations

The majority of Task Force members endorsed the four flexibilities proposed by the UW System in the area of capital planning and building program. First, the Task Force recommended that the primary responsibility for planning and design of university capital projects be placed with the Board of Regents. Under the proposal, the authority to contract and negotiate fees for architectural and engineering services related to university building projects would be shifted from the Department of Administration (DOA) to the Board of Regents. Second, the Task Force recommended that DOA reallocate the resources currently devoted to selecting and managing architectural and engineering services related to university building projects to increase the

supervision of those projects during the construction phase. Third, the Task Force recommended that the current enumeration structure be modified to create two broad categories: new space and renovation and repair of existing space. Fourth, the Task Force recommended that the responsibility for leasing space required by the University be shifted from DOA to the Board of Regents. The first, third, and fourth recommended flexibilities would require statutory changes.

In addition to the four flexibilities proposed by the UW System, the Task Force also recommended that a study of state building processes be conducted. The study report should include information on cost-per-foot and time-to-completion for state projects as well as interstate comparisons. The Task Force recommended that the Joint Legislative Audit Committee direct the Legislative Audit Bureau to contract with an organization other than a state agency to conduct the study. Further, the Task Force recommended that the Joint Committee on Finance transfer the unencumbered balance of the appropriation for the operation of the Task Force to the Audit Bureau to offset the costs of the study.

One Task Force member opposed shifting the authority to contract and negotiate fees for architectural and engineering services related to university building projects from the DOA to the Board of Regents. That Task Force member supported the third and fourth flexibilities proposed by the UW System as well as the recommendation that a study of state building processes be conducted. In addition, that Task Force member recommended that: (1) DOA continue to work with the UW System and other stakeholders on updating project delivery methods for state projects; (2) DOA increase its oversight of projects during the construction phase; and (3) the enumeration process be changed so that projects are not enumerated until they have been programmed, planned, and accurately budgeted. The Task Force member said that DOA and the UW System should work together to refine the proposal to change the enumeration process and that those changes be included as part of the 2013-15 capital budget recommendations.

Procurement

The Task Force considered the following question regarding procurement:

What additional operational flexibilities could be granted to the UW institutions in the area of procurement?

Background

The Department of Administration (DOA) is responsible for purchasing all necessary materials, supplies, equipment, all other permanent personal property, miscellaneous capital, contractual services, and all other expenses of a consumable nature for all agencies. DOA may delegate this authority to special designated agents. These agents must adhere to all statutory requirements imposed on purchases by DOA.

Under current practice, DOA delegates purchasing authority to a UW System agent and that agent then delegates purchasing authority to agents at each UW System institution. These agents have unlimited authority to purchase goods and services through existing contracts including DOA mandatory contracts. These agents may also purchase up to \$5,000 of goods and services not covered by DOA mandatory contracts from any sources. Contracts of more than \$5,000 but less than \$50,000 may be awarded through a simplified bid process. Purchases of goods in excess of \$50,000 require a more formal competitive, sealed bid process. Contracts for services above \$50,000 require prior approval by DOA. When factors other than price should be considered in awarding a contract, requests for proposals are solicited. All requests for proposals require approval by DOA. Purchases made through consortia require prior approval by DOA; sole source purchases over \$25,000 require approval from DOA as well as the Governor. UW purchasing agents must conform to statutory requirements and DOA rules when making purchases regardless of fund source. This means that state procurement procedures must be followed even when purchases are made with federal funds, other grants, or gift moneys.

Flexibilities Provided Under 2011 Act 32

Act 32 increased the threshold for lowest responsible bids, sealed bids, and sealed proposals from \$25,000 to \$50,000 for all state agencies including the UW System.

Beginning July 1, 2013, Act 32 requires DOA to delegate to the Board of Regents and to UW-Madison the authority to enter into contracts for materials, supplies, equipment, or services that relate to higher education and that agencies other than the UW System do not commonly purchase. In addition, the UW System and UW-Madison will be exempt from state law related to contractual services review and cost-benefit analysis.

Task Force Presentations: UW System and UW-Madison

Ruth Anderson, UW System Assistant Vice President for Administrative Services, said that all state agencies purchase approximately \$1 billion in goods and services annually and that

purchases by the UW System and UW institutions account for approximately 45% of that amount. Ms. Anderson said that Act 32 did provide some flexibilities in the area of procurement. Specifically, the threshold for official sealed bids was increased from \$25,000 to \$50,000 for all agencies. This change has reduced the time it takes to purchase items falling in the \$25,000 to \$50,000 range. Those items can now be procured through a simplified bid process, which can be completed in a day, compared to four to six weeks for items purchased through a formal bid process.

Ms. Anderson presented a slide showing the 24-step process UW-Madison used to procure media captioning services valued at \$52,000. This process included two approvals by DOA, first to not purchase the service through the state's information technology contract and then to conduct a request for proposals (RFP) for the purchase, and the total time to purchase was estimated at nine to 14 weeks. Ms. Anderson suggested that appropriate purchasing practices could be achieved without the current level of DOA approvals. Ms. Anderson said pressure from the business community and other state requirements and procedures, such as the contract sunshine website where the UW reports all purchases over \$20 and the post-audit process, would ensure that the UW would continue to have a procurement process that is fair and transparent.

Ms. Anderson addressed the concern that, if the UW System were granted procurement authority, purchasing costs for other state agencies would increase because the volume of items purchased through state contracts would decrease leading to an increase in prices. Ms. Anderson said that, if granted the ability to do so, the UW System would purchase certain goods through either higher education or other government consortium contracts. Due to the number of different entities purchasing goods through these contracts, the consortia are able to negotiate lower prices which would save the UW System money compared to current contracts. The UW System would share these contracts with all state agencies which would allow them to purchase at lower costs as well. Ms. Anderson also said that the state itself purchases through consortia such as the Western States Contracting Alliance. Given the number of entities purchasing through these contracts, the UW System's volume of purchases should have no effect on prices.

Mike Hardiman, the purchasing director for UW-Madison, talked about the relationship between procurement and research. Mr. Hardiman said that the current procurement process can lead to cost overruns and delays, both of which make UW-Madison's research program less successful and less competitive for grants than it would otherwise be. Mr. Hardiman presented a slide showing the seven levels of review and approval required, including approval by the Governor, to obtain a sole source waiver. Mr. Hardiman said that UW-Madison does approximately 120 complex bids annually. Many of these bids have to go to DOA for approval either because the University is using an RFP process, the University is seeking contractual services, or the University wishes to make a purchase in collaboration with another university. Mr. Hardiman questioned the value of DOA approval of purchases especially given that he could not remember a time when a purchase was not ultimately approved. Mr. Hardiman also noted that the UW does more RFPs than DOA does. Mr. Hardiman estimated that if the unnecessary steps were removed from the 24-step process shown earlier by Ms. Anderson, time to contract could be reduced from nine to 14 weeks to four weeks. Mr. Hardiman also said that the UW-Madison could reduce costs by committing to purchase certain standardized products.

Mr. Hardiman said that UW-Madison purchases approximately \$300 million in goods and services annually. Only 10% of UW-Madison purchases are made through state contracts; however, DOA regulates how all purchases are made. Only 4% of the vendors that UW-Madison purchases from also work with other state agencies; however, DOA wants the procurement authority delegation agreement to be the same for all state agencies. Mr. Hardiman said that UW-Madison wants to control the 90% of purchasing it does outside of state contracts and to collaborate with DOA to find cost savings for the 10% of purchasing it does through state contracts.

Ms. Anderson and Mr. Hardiman recommended that the Board of Regents be granted direct purchasing authority. Ms. Anderson said that this would allow the institutions to support their communities and local businesses. Ms. Anderson said that the University would continue to be accountable through audits, reports to the state Legislature, and its compliance with other requirements, such as posting on the contract sunshine website.

Comments from Academic Staff

Heather Daniels, a senior administrative program specialist at UW-Madison, and Andrea Cool, an instructional academic staff person at UW-Platteville, noted that delays in the procurement process can affect instruction as well as research. Ms. Daniels said that a laboratory manager at UW-Stout reported that it takes eight to 10 months to purchase new or updated equipment for the student printing laboratory. Ms. Cool noted that a \$100,000 piece of equipment for a laboratory at UW-Platteville required approval from the Governor's office on two separate occasions and took over two fiscal years to purchase. Ms. Cool said the department that purchased that piece of equipment would like to purchase six other pieces of equipment all of which would require the same level of approval. It was noted that the laboratory equipment is directly relevant to manufacturing in the state.

Task Force Presentations: DOA

Chris Schoenherr, DOA Deputy Secretary, and Helen McCain, DOA Division of Enterprise Operations Administrator, spoke on behalf of DOA. Mr. Schoenherr said that getting the best possible value for the best possible price is DOA's primary goal. However, DOA is accountable to taxpayers and therefore must operate using a fair, open, and transparent process for procuring goods and services. This requirement adds complexity to the process.

In general, DOA is supportive of providing flexibility to the UW where it makes sense but wants to maintain the state's total purchasing volume, Mr. Schoenherr said. Mr. Schoenherr said that DOA recognizes that the UW is unique among state agencies and has taken steps to provide the UW with more flexibility. The UW System is one of nine agencies that DOA has delegated purchasing authority. This delegated authority allows the UW to purchase items that only they use. Mr. Schoenherr noted that the DOA Secretary signed the UW System delegation agreement in January but that DOA has not received the signed delegation agreement back from the UW. Mr. Schoenherr said this agreement provides UW with "a lot more flexibility." Mr. Schoenherr said that DOA also delegated authority directly to UW-Madison, consistent with the changes under 2011 Act 32.

At various times the UW System and UW-Madison have requested the authority to make purchases through consortia without prior approval from DOA. Mr. Schoenherr said that if the UW System or UW-Madison were permitted to purchase through higher education consortia, it would reduce the volume of goods and services purchased through the state contracts which could increase the prices paid by other state agencies. DOA surveyed vendors regarding how much prices would increase if UW institutions were no longer required to purchase through mandatory state contracts. The vendors estimated that removing UW purchases could increase prices by 5-25%. While purchasing through consortia contracts may benefit UW institutions, it could increase prices for other state agencies and local units of government resulting in a net increase in costs to taxpayers. Mr. Schoenherr also said that the state cannot give preference to in-state vendors because other states might penalize Wisconsin businesses.

Under current law, the Governor must approve a "sole source waiver" to allow the UW System or any state agency to purchase goods and services that are available from only one vendor. Mr. Schoenherr said that agencies need to be able to document that the goods and services are only available from one vendor in order to safeguard against costly litigation.

Mr. Schoenherr said that he is interested in the UW System's and UW-Madison's proposal to eliminate steps in the process. Mr. Schoenherr said that it is important to remember that all of the existing procedures were put in place for a reason. Even so, there is always the opportunity to realize efficiencies and improve. Eliminating steps and making the process more efficient would be a good thing provided that accountability is maintained and the state does not increase its exposure to litigation.

Mr. Schoenherr noted that UW-Madison makes good use of information technology (IT) for procurement. DOA would similarly like to incorporate IT systems into its procurement process which would increase transparency. DOA would like to work with the UW to develop systems that would allow the UW and DOA to exchange information more easily.

Questions and Comments from Task Force Members

One Task Force member said that his institution purchased \$10 million worth of goods and services annually and could save \$500,000 if they were permitted to buy from local vendors. The Task Force member said, for example, that his institution spends \$90,000 annually on trash bags and could save \$15,000 by purchasing trash bags from a local vendor instead through the contract negotiated by DOA. The Task Force member said that having the ability to purchase from local vendors would enhance the institution's relationship with the community. The Task Force member asked why the prices negotiated by DOA were not lower than those offered by other vendors.

Ms. McCain said that price is a major factor in awarding state contracts but that the state also wants to provide products that have consistent quality, delivery, and warranties across the state. Products may be available at local stores at lower prices, but those products would likely be of lower quality or not have the same service requirements, warranties, and guarantees. Ms. McCain said that the state has begun awarding contracts to multiple vendors to increase competition. For example, the state now has contracts with three vendors for maintenance,

repair, and operations (MRO). These contracts do not cover electrical and plumbing services to allow local providers to compete for that work. Ms. McCain said that the state purchases certain items including trash bags from sheltered work centers, which employ severely handicapped individuals and have higher costs due to the supervision provided. State law requires DOA to purchase items produced by sheltered work centers provided they are within a certain percentage of the market price for those items.

A second Task Force member said that state contracts do not always provide better service. That Task Force member said that service providers working under state contracts frequently have to travel eight hours round-trip to get to her area of the state which is close to the Minnesota border. Service could be provided much more efficiently by local providers, the Task Force member said. The Task Force member asked how long it takes for a purchasing waiver to be approved. Ms. McCain said that the State Bureau of Procurement tries to review sole source waivers within seven to ten days of receiving them and can review a waiver request in as little as 24 hours if it is a "rush." However, these waivers also need to be reviewed by the DOA Secretary and the Governor which may slow down the approval process. Ms. McCain also said her division had submitted a packet of proposed statutory changes, including an increase in the threshold for sole source waivers, but that these changes were not included in the state budget as approved by the Legislature. Ms. Anderson said that requests for purchasing authority take an average of 21 days to be approved. The Task Force member asked if sole source waivers were rare. Ms. McCain said that the Bureau of Procurement gets many sole source waiver requests for research equipment, information technology, and equipment related to systems that have already been purchased through a competitive bidding process.

One Task Force member noted that local units of government can purchase off of state contracts but are not required to do so. That Task Force member said that local governments are able to use the state contracts to negotiate lower prices from other vendors. That Task Force member favored making purchasing from state contracts optional for state agencies saying that this would increase competition, result in lower state contract prices, and save the state money. Mr. Schoenherr said that state agencies can request a waiver to purchase goods and services covered by state contracts from other vendors offering a lower price. Mr. Schoenherr said one of the reasons for the waiver process is so that DOA can monitor prices to ensure that all agencies are getting the best possible price.

A second Task Force member endorsed the idea that state contracts be optional for state agencies. The Task Force member said it is just as important to support local businesses as it is to support opportunities for the severely disabled through the sheltered work centers. The Task Force member asked how frequently DOA negotiates contracts. Ms. McCain said that most state contracts were valid for three to five years.

A third Task Force member supported procurement flexibilities that would allow institutions to purchase from small vendors that might not be able to provide goods and services for the entire state. The Task Force member also suggested bringing in an outsider to take a look at the state's procurement processes. Mr. Schoenherr said that the steps in the procurement process, such as the sole source waiver, were established in response to some sort of problem but acknowledged that it may be time to review some of the steps in the process.

One Task Force member asked DOA to look at their procurement processes and come back with recommended changes to improve the process. Ms. McCain said that the Bureau of Procurement has improved its processes within the constraints of state law. Under past practice, agencies were required to send their complete RFPs to DOA for approval before the RFP could be released for bid. The Bureau of Procurement has since reduced the amount of paperwork that the agencies need to submit. Ms. McCain said that this oversight by the Bureau of Procurement is valuable because it allows the bureau to track what agencies are purchasing and to see if there may be purchasing partnership opportunities. Ms. McCain said that there was room for improvement in the procurement process; however, she said that 99% of their process is determined by state statute. Changing the procurement process would require statutory change.

A second Task Force member said that the budget gave certain flexibilities in the area of procurement to UW System and UW-Madison beginning July 1, 2013, and asked whether these changes would alleviate any of the existing problems. Mr. Schoenherr said that the DOA Secretary had authorized the delegation of procurement authority to the UW System but that the UW System had not returned the signed document. Ms. Anderson said that the UW System had not signed the delegation agreement due to concerns related to additional DOA oversight of grants. Mr. Hardiman said that the UW System wanted to negotiate changes to the procurement delegation agreement with DOA, such as DOA approval of RFPs, but DOA has insisted that the agreement be uniform across all state agencies. Mr. Hardiman said that UW does not want to maintain the status quo but rather wants to push for improvements in this area. The change in the handling of "sub-agreements" is just one of the issues with the procurement delegation agreement. A second Task Force member said that the goal is not simply to prevent harm but rather to improve the process. The first Task Force member asked DOA and the UW System to come back and report on how the flexibilities would be implemented.

A third Task Force member said that changes in procurement for the UW could decrease prices for other state agencies instead of increasing them as DOA claimed. In areas where the UW has discretion, UW-Madison's materials distribution services system (MDS) has been able to negotiate contracts with vendors who have said they would permit other state agencies to purchase from those contracts. The Task Force member asked why the state is not taking advantage of those opportunities.

Ms. McCain said that DOA recognizes the advantages of the systems that are in place at MDS. DOA does not have an e-procurement system with the same capabilities as the one used by MDS and hopes to develop its own more advanced e-procurement system in the future. By using their e-procurement system, UW-Madison knows what goods and services are being purchased by its various departments; DOA relies on the vendors to report purchases by state agencies and local units of government. Ms. McCain said that UW-Madison's purchasing data has helped it negotiate lower prices with vendors and that if the state had better purchasing data it could do the same. The Task Force member asked why the state would not use UW-Madison's e-procurement program to get better prices for all of state government.

UW System Proposal

Prior to the June 6 meeting of the Task Force, the UW System submitted a three-pronged proposal regarding procurement, excerpted below.

1. *Vest responsibility with the Board of Regents under Wisconsin Statutes Chapter 36 to make all purchasing decisions for the UW System institutions.*
2. *If a mandatory state contract exists, a UW institution must purchase from said contract unless it can demonstrate that the purchase is available at a lesser cost.*
3. *The Board of Regents agrees to extend all UW contracts to DOA, state agencies and other governmental and educational entities whenever authorized to do so.*

DOA Response to the UW System Proposal

DOA prepared a written response to the UW System's proposed flexibilities, excerpted below.

DOA has reviewed UW System's request for procurement autonomy and we strongly believe that existing DOA policy and practices provide that the UW System with flexibility to procure goods and services that are unique to higher education. Providing UW System with the procurement autonomy they seek will limit the State's ability to leverage its buying power as nearly 40% of the State's spend would no longer be part of the state's contract negotiations. Committing staff resources to issue solicitations and negotiate contracts for goods and services used by all state agencies is not more efficient; it is a duplication of effort. Further, as each campus and department elects to contract in its own individual style that duplication of effort will compound.

The existing delegation granted by DOA currently provides substantial flexibility and independence to UW System campuses. The effectiveness of the current delegation process can be documented by the number of campus specific contracts in place at UW-Madison alone. UW-Madison's procurement office website lists over 300 contracts for campus specific goods and services that have been procured directly by and for the UW-Madison campus under its current delegation authority. In comparison, the State Bureau of Procurement has only 136 statewide contracts on its website. UW-Madison's campus independent procurement activity led to more than three times the number of contracts to manage than the number of statewide contracts established by DOA.

The UW System proposal is short on details about how it would "still give the state appropriate oversight of expenditures". . . Without a clear picture of what types of procurement practices UW System would develop under its own procurement authority, what assurance do state taxpayers and vendors have that adequate mechanisms will be put in place to insure maximum transparency and accountability? It is premature to consider such broad based autonomy without any details on the procurement policies and practices that UW System would put in place.

Finally, well respected authorities on public procurement laws and practices such as the National Association of State Procurement Officials (NASPO) and the American Bar Association (ABA) have spoken against diminishing central procurement leadership. In 2010 NASPO responded to a study conducted by National Association of Educational Buyers (NAEB) and American Association of State Colleges and Universities (AASCU) which promoted procurement autonomy for higher education. The NASPO response read in part: "Exempting public colleges and universities from state procurement laws is completely inconsistent with sound public policy." The American Bar Association (ABA) with respect to whether higher education institutions should be free of procurement regulation stated: "With regard to sound public procurement policy, no distinction should be made between taxpayer and tuition dollars. To the contrary, procurement laws should apply to every expenditure of public funds irrespective of their source."

DOA believes that current procurement statutes and policies work and should apply to all state public institutions in that they provide a framework for consistent, open, fair and transparent solicitations and contracting processes. We believe there is little rationale or need to provide additional flexibility to the University of Wisconsin System. DOA has and will continue to work with all state agencies to identify opportunities to engage in strategic sourcing, streamline processes and achieve better pricing and more efficient use of procurement resources.

Discussion by Task Force Members

Task Force members identified several issues with the current procurement process. One Task Force member said that DOA was duplicating the efforts of university staff and creating additional bureaucracy. That Task Force member questioned the value of DOA review and said the level of review was not commensurate with the risk. A second Task Force member agreed that there is significant duplication of effort in the current procurement process. That Task Force member also said chancellors are responsible managing their institutions' budgets but the current procurement process places a large portion of their budget outside of their control. A third Task Force member said that the current process is very complex noting that the state procurement manual is over 500 pages in length. That member suggested that this length be compared to the procurement manuals used by large businesses. A fourth member said that the process can be very slow and gave an example of the purchase of a piece of research equipment that had taken five months to be approved. A fifth Task Force member said that the current procurement process does not guarantee the lowest price and noted that DOA only negotiates contracts every three to five years which is not frequent enough to get the best prices. Another Task Force member said that higher procurement costs translate into higher tuition costs.

Several Task Force members supported allowing local vendors to compete for UW goods and services contracts. One Task Force member said this would increase competition and lower prices. A second Task Force member said that local contractors could provide the better service to institutions that are located far from Madison and Milwaukee. A third Task Force member was also interested in how much the UW could save if it was permitted to purchase goods and services consortia such as the Midwestern Higher Education Compact.

Two Task Force members said that Governor should not have to approve certain purchases saying that it is inefficient and "turns the Governor into a clerk" or "auditor." One member said that the current process takes researchers away from their work to deal with bureaucracy related to procurement. A third Task Force member said that the sole source waiver process, which requires approval by the Governor, should be changed.

One Task Force member supported the UW System's proposal to allow other state agencies to purchase through UW System contracts, which would be a continuation of current practice. In the past, DOA has argued that allowing the UW System to purchase outside of state contracts would increase costs to other state agencies; however, if other agencies are able to purchase off of UW contracts, this could result in savings for all agencies. A second Task Force member said that DOA also supported this component of the UW System's proposal. That Task Force member also noted that DOA was supportive of the UW System's proposal to purchase from state contracts except in cases where it can demonstrate that the goods or services in question could be purchased at a lower cost from another vendor. The Task Force member said that these two components of the UW System's proposal were "common sense." That Task Force member also urged the UW System to sign the procurement delegation agreement approved by DOA provided that it is not any more restrictive than it had been in the past.

One Task Force member said that the UW should work with DOA to streamline the process. A second Task Force member said that the UW's previous attempts to shorten the process by reducing the number of steps have been met with resistance from DOA. That member said that the Governor included procurement flexibilities in his budget proposal and that "DOA fought to remove those provisions." The procurement flexibilities that were provided through the budget were "hollow flexibilities" and have not resulted in improvements at the institutional level. That Task Force member stressed that the UW needs the authority to make its own administrative rules related to the procurement delegation provided in the budget.

That Task Force member also said that DOA should be more service-oriented and modify the process to focus on the needs of the agencies procuring goods and services instead of on the Governor and the Legislature. DOA thinks the status quo is fine, but if it takes five months to purchase a specific piece of equipment, there is a clear problem. Goods and services need to be procured faster and at a lesser cost and the statutes and DOA processes should be modified to achieve this goal. A second Task Force member said that the procurement process should be timely, flexible, and accountable. That Task Force member proposed that procurement flexibilities be extended to the UW on a pilot basis. A third Task Force member said that UW is asking for the authority to do its own purchasing which would reduce duplication and bureaucracy. The Task Force member noted that the UW System would not be exempt from state procurement law under the proposal. A fourth Task Force member was in favor of a system of post-award audits saying that this would increase accountability.

Recommendations

The Task Force endorsed three flexibilities proposed by the UW System in the area of procurement. First, the Task Force recommended that the Board of Regents be granted the authority to purchase all necessary materials, supplies, equipment, permanent personal property,

miscellaneous capital, contractual services, and all other items of a consumable nature subject to current law bidding and other requirements. The Task Force also recommended that the Board of Regents be granted administrative rulemaking authority in this area. Under current law, purchasing authority for all state agencies is vested with DOA which also has the responsibility to promulgate administrative rules in this area. Second, the Task Force recommended that UW institutions be required to purchase items available through DOA contracts unless the institution can demonstrate that the items can be purchased at a lower cost from an alternate vendor. Third, the Task Force recommended that, whenever possible, the Board of Regents negotiate vendor contracts to allow other state agencies and governmental and educational entities to purchase goods and services through those contracts. Fourth, in addition to the flexibilities proposed by the UW System, the Task Force recommended that post-audits be performed to ensure that the University is held accountable for its procurement procedures. The first and fourth recommendations would require statutory changes; the second recommendation would require a change in policy but no change in statute or administrative code and the third recommendation is current practice.

One Task Force member opposed granting the Board of Regents the authority to purchase all necessary materials, supplies, equipment, permanent personal property, miscellaneous capital, contractual services, and all other items of a consumable nature. That Task Force member supported the second and fourth recommendations of the Task Force and supported the third recommendation provided that the Board of Regents is able to demonstrate cost savings and follows comparable procurement rules. In addition, that Task Force member recommended that DOA and the UW System continue to work on a new delegation agreement and sub-grant exemption side letter. The Task Force member said that the agreement and side letter should be no more restrictive than the agreement and side letter that were previously in place, should be unique to the UW System, and should be effective immediately. The Task Force member also recommended that DOA and the UW System explore ways to continue to streamline the procurement process and submit recommendations to be considered as part of the 2013-15 biennial budget.

Articulation and Credit Transfer

The Task Force considered the following question regarding articulation agreements and credit transfer:

What can the Legislature do to incentivize and improve credit transfer between institutions within the UW System and between UW institutions and Wisconsin technical colleges?

Background

Transfer Student Data

Beginning in 2007, the UW System's Office of Policy Analysis and Research (OPAR) has published an annual informational memorandum on undergraduate transfer students. This memorandum provides a wide range of data related to transfer students including the number of transfer students by sending and receiving institution; average first year grade point average of transfer students by sending institution; the percentage of transfer students who enroll as freshmen, sophomores, and upperclassmen; second year retention rates by sending institution and classification; and six-year graduation rates by sending institution and student classification. The information provided below is derived from these memoranda.

During the 2010-11 academic year, 17,209 students transferred into or within the UW System. Of these transfer students, 15,054 were new transfers and 2,155 were re-entry transfers, meaning they re-enrolled at a UW institution with transfer credits. Students transferring within the UW System represented 37% of new transfer students. The second largest group of new transfer students (28%) transferred from out-of-state institutions. Wisconsin technical college students were the third largest group of new transfers (25%), followed by new transfers from Wisconsin private colleges and universities (7%) and students transferring from institutions outside of the United States (3%).

The number of students transferring into or within the UW System increased by 14% from the 2005-06 academic year to the 2010-11 academic year. However, transfers within the UW System increased at a much lower rate. New transfers from the UW Colleges to other UW institutions increased by 4.1% from 2005-06 to 2010-11 while transfers from the four-year institutions to other UW institutions, including the UW Colleges, increased by 2.7%. (For comparison, UW undergraduate headcount enrollment increased by 8.4% from fall, 2005, to fall, 2010.)

Changes in the number of students transferring varied widely by UW institution. For example, transfers from the UW Colleges to UW-Superior nearly tripled (from 29 students to 85 students) from 2006-07 to 2010-11. By comparison, transfers from the UW Colleges to UW-Madison declined by 19% over that time period.

Meanwhile, the number of new transfer students from the Wisconsin technical colleges to UW institutions increased by 38.7% from 2005-06 to 2010-11, more than two and a half times

the total increase in transfers over that time period. This increase may be due to changes in Board of Regents policy as well as new relationships between individual technical colleges and UW institutions. For example, the number of students transferring from Northeast Wisconsin Technical College to UW institutions more than doubled from 2006-07 and 2010-11. This increase was paired with a 150% increase in the number of technical college students transferring to UW-Green Bay which is the closest UW institution to Northeast Wisconsin Technical College. This increase may be attributable to UW-Green Bay's new bachelor of applied studies degree program which was approved by the Board of Regents in May, 2007. Through this program, UW-Green Bay accepts all 60 credits earned through the student's applied associate degree. The student must then complete 60 credits at UW-Green Bay to earn a bachelor's degree.

Other data reported in the OPAR informational memorandum provides information regarding transfer student preparation and outcomes. On average, new transfers earn grade point averages (GPA) of 3.0 during their first year at a UW institution. This does not vary greatly by the sector from which the student has transferred which may suggest that there is no significant difference in terms of academic preparation between transfer students from UW four-year institutions, the UW Colleges, and Wisconsin technical colleges.

Another important statistic is the percentage of transfer students who enter as freshmen, sophomores, and upperclassmen. The classification of transfer students is significant because students who enter as sophomores and upperclassmen are significantly more likely to be retained by the institution and to graduate within six years. Students who transferred as freshmen in fall, 2009, had a 61% first-to-second year retention rate while students who transferred as sophomores and upperclassmen were retained at rates of 77% and 78%, respectively. Similarly, the six year graduation rate for transfer students entering as freshmen is 39% compared to 65% for students entering as sophomores and 70% for students entering as upperclassmen. (For comparison, the first-to-second year retention rate was 81% for new freshmen enrolling in fall, 2009, and the six-year graduation rate for new freshmen entering in fall, 2004, was 67%.)

While a lower student classification may indicate that a student earned relatively few credits at the sending institution, it may also indicate that the receiving institution does not accept for credit many of the courses previously taken by the student. From fall, 2006, to fall, 2010, the percentage of students transferring from a UW four-year institution or the UW Colleges to another UW institution who have been classified as sophomores and upperclassmen has stayed relatively constant. However, the percentage of students transferring from the technical colleges who were classified as sophomores and upperclassmen increased, from 52% to 60%. This increase may signal a greater willingness of UW institutions to accept for transfer credits earned at Wisconsin technical colleges.

Articulation Agreements and UW System Transfer Policy

Articulation agreements allow students to transfer credits earned at a non-UW institution, usually a Wisconsin technical college, to a specific degree program at a UW institution. The Board of Regents transfer policy directs UW institutions to work with technical colleges to identify related programs where articulation agreements could be established and provides the guidelines for these agreements. This policy also provides a format for articulation agreements

to be submitted to the UW System.

Board of Regents policy specifies that transfer students applying for admission at UW institutions be evaluated through a comprehensive, individualized review process similar to the freshmen admissions process. Credits are evaluated for transfer based on a combination of quality, comparability, and applicability of the sending institution's academic program. In general, credits are accepted from accredited institutions or programs that are comparable in terms of mission, type of education, and level of degree to the receiving institution and that are applicable to the academic program that the student will enroll in. Principles that apply to all transfer students include: (1) transfer credits should apply to degree requirements where appropriate; (2) institutions may award credit for courses for which there is no direct course equivalent and these courses may apply towards general education and other degree requirements; (3) students should be informed in writing of the opportunity and procedures for appealing any course transfer determination; and (4) in general, transfer students should be subject to the same requirements as continuing students.

Students who have earned an associate of arts or an associate of science degree from the UW Colleges or a Wisconsin technical college collegiate transfer program are considered to have satisfied the general education requirements of the receiving institution. These students may have to complete additional requirements if continuing students are required to do so or if required by accrediting associations or program approving agencies. Similarly, for students transferring from one UW four-year institution to another, courses that fulfill general education and ethnic studies requirements at one UW institution should transfer as fulfilling general education or ethnic studies requirements at the receiving institution. Transfer credits will be evaluated to determine if they apply to requirements beyond general education requirements.

Students transferring from a Wisconsin technical college may receive transfer credit for general education, occupational, and technical course work. Students covered by an articulation agreement may be able to transfer credits for courses that would not otherwise transfer.

Reporting and Accountability

In 2010-11, the UW System included information on transfers in its annual accountability report for the first time. With regard to transfers, the UW System's stated goal is: "increase or maintain overall transfer student enrollment and the percentage of transfer students of color by race/ethnicity each year." Under 2011 Act 32, the UW System Board of Regents and the UW-Madison Chancellor are required to submit accountability reports to the Governor and the Legislature on an annual basis. Among other indicators, these reports must include "the number of transfers from other institutions and colleges in this state."

Task Force Presentations

The second half of the March 7, 2012, meeting of the Task Force focused on articulation and credit transfer. The Task Force first heard from Task Force member Ray Cross, Chancellor of the UW Colleges and UW-Extension. Chancellor Cross noted that there is no common curriculum across UW institutions and that each UW institution has its own course numbering

system, both of which can be barriers to credit transfer. Other states have tried to create a common curriculum and uniform course numbering system to facilitate transfers; however, Chancellor Cross did not recommend this for Wisconsin. According to Chancellor Cross, efforts to create uniform curricula and numbering systems in other states have led to the homogenization of institutions while the diversity of institutions within the UW System has been identified as one of its greatest strengths.

Uniform curricula and numbering systems have also met with faculty resistance. Faculty members at receiving institutions decide whether or not course credit should transfer. This is appropriate because faculty members are experts in their fields and should have control over the curriculum at their institutions. When forced to accept transfer credits from other institutions, faculty members have added requirements to degrees which ultimately increase time-to-degree for all students. Because faculty members are the ones who make decisions regarding credit transfer, Chancellor Cross stressed the importance of communication between faculty members at neighboring institutions where transfers are most likely to occur.

Although he opposed the creation of a uniform curriculum and numbering system, Chancellor Cross did recommend the creation of a "credit bank" which would be made up of a small number of lower level courses that would be universally transferable within the UW System and possibly the Wisconsin technical colleges. Chancellor Cross also said that there should be statewide policies for articulation agreements as well as a "boilerplate" agreement that could be used by departments. Chancellor Cross stressed the importance of articulation agreements and said that these agreements are a solution to credit transfer problems. (The Board of Regents approved modifications to existing guidelines for articulation agreements between UW institutions and Wisconsin technical colleges in June, 2011. These guidelines specify what information should be included in articulation agreements and provide a recommended format for such agreements.)

Chancellor Cross stated that merging the UW Colleges and the Wisconsin Technical College System (WTCS) would not solve transfer issues because differences in course content would still exist. For example, a math class at a technical college may teach skills that would be used in a specific occupation while a math class at a UW institution generally prepares the student for future math courses. Chancellor Cross did express an interest in having faculty from the UW Colleges offer two-year transfer programs on technical college campuses.

Chancellor Cross said that transfer discussions should focus on knowledge and competencies. He gave the example of the University of Southern New Hampshire which operates a large testing center. Credit is awarded when students show they are competent in a given area regardless of whether they have completed course work in that subject. Chancellor Cross also spoke about the need to modernize the online transfer information system (TIS).

Following Chancellor Cross's presentation, the Task Force heard from representatives from the Wisconsin Technical College System (WTCS) including Morna Foy, WTCS Vice President for Policy; Bob Meyer, President of Wisconsin Indianhead Technical College; Duane Ford, President of Southwest Technical College; and Annette Severson, WTCS Associate Vice President for Instruction. It was noted that both President Meyer and President Ford worked at

UW institutions prior to serving as president of their respective institutions.

Ms. Foy began by stating that the UW System and WTCS have been working together to improve credit transfer for over two decades. Over that time period, the number of students who transfer from one institution to another has increased and it is anticipated that institutional transfer will soon be a normal part of a student's academic career. Ms. Foy noted that seamless transfer can only occur at the institutional level.

President Meyer, President Ford, and Ms. Severson spoke following Ms. Foy's introduction. Their comments focused on three suggestions: (1) incentivize a transfer culture among UW leadership; (2) establish UW System expectations for credit articulation and provide support for faculty to engage in the articulation agreement development process; and (3) continue to invest in collaborative research regarding transfer students and programs.

President Meyer spoke about the first suggestion. Many students seeking to earn a bachelor's degree begin their studies at a technical college, which can lower the cost of a degree. For that reason, transfer is a strategic priority at Wisconsin Indianhead. To facilitate transfers, Wisconsin Indianhead has articulation agreements in a number of areas with both public and private institutions. However, his experience working on articulation agreements with other institutions has been inconsistent. Some institutions have similarly prioritized transfers, which has facilitated the articulation agreement process, while other institutions have not. For example, when President Meyer worked at UW-Stout, Chancellor Sorenson provided strong leadership in the area of transfer and worked to create "2+2" degree programs with technical colleges. ("2+2" degree programs allow students to complete the first two years of course work leading to a bachelor's degree at a technical college and then transfer to a four-year institution to complete the degree.)

President Meyer noted that there is a need to overcome misconceptions some UW institutions have regarding students transferring from technical colleges. Some within the UW System worry that if transferring from a technical college becomes easier, more students will enroll at technical colleges leading to a decrease in enrollment at UW institutions. In truth, enrollments could increase at UW institutions as the result of transfers. In addition, with fewer students enrolled in lower level courses, faculty members would be free to teach additional higher level courses. President Meyer stated that additional funding is needed to support transfer activities and that the Board of Regents needs to do a better job recognizing institutions that are improving transfers.

President Ford spoke about the second suggestion. He said that the Board of Regents needs to play a leadership role when it comes to transfers and that transfers should be prioritized as part of the UW System's strategic plan. President Ford said that the UW System competes for technical college transfer students with private institutions who are partnering with the technical colleges and entering into articulation agreements. President Ford gave the example of Southwest Technical College's partnership with Franklin University. He said that Southwest recently entered into four new articulation agreements with Franklin University. Similar to President Meyer, President Ford said these agreements are appealing to students because they provide a lower cost option. He also noted that the UW System has a group that focuses on

transfers. However, this group tends to focus more on student services. President Ford suggested that more emphasis should be placed on creating new program opportunities and identifying best practices.

Ms. Severson spoke about the third suggestion. Ms. Severson said data shows that students transferring from technical colleges to UW institutions have the lowest graduation rates of any group of students; however, it is unclear why this is the case. Without additional data, the technical colleges cannot develop programs to help students succeed. Ms. Severson also suggested that the UW System's online transfer information system (TIS) be modernized.

Mark Nook, UW Interim Vice President for Academic Affairs, spoke last. He highlighted the importance of transfer students to the UW System. Transfer students represent one-third of all new students and one-third of all graduates, he said. UW institutions have over 500 articulation agreements including 147 articulation agreements related to early education programs and 80 articulation agreements related to nursing programs. Similar to statements made by previous speakers, Mr. Nook stressed that credit transfer is an institutional issue and that faculty members at receiving institutions need to work with faculty members at sending institutions. Mr. Nook noted that, when a department refuses to accept a course for transfer credit, that department is frequently accused of elitism. Mr. Nook contrasted this perceived elitism with real concerns regarding insufficient preparation of transfer students for advanced course work. Mr. Nook also noted that institutions will only grant transfer credits for courses for which there is an equivalent course at the receiving institution.

Mr. Nook then showed members screens from the TIS. TIS is an online database maintained by the UW System that allows UW and Wisconsin technical college students to see if and how their credits will transfer to another UW institution or Wisconsin technical college. According to Mr. Nook, TIS was last redesigned in 2005 and needs updating. The UW System is currently piloting the next phase of the TIS system which will allow students to perform an unofficial "degree audit." A degree audit shows how courses at one institution would apply to general education requirements and the requirements of a specific academic major at another institution. A degree audit also suggests additional courses that the student could take at the current institution that would apply toward the major at the transfer institution. The degree audit function of TIS is being piloted at UW-Madison this year; the UW System anticipates that two to three institutions will be added each year.

Similar to remarks made by previous speakers, Mr. Nook stressed the importance of advising for transfer students and the need for more data. Mr. Nook noted that each campus has a transfer advisor as well as a transfer ombudsman. With regard to creating a statewide general education curriculum, Mr. Nook echoed the comments of Chancellor Cross. Citing the experience of the University of Minnesota, Mr. Nook said that a statewide general education curriculum was ineffective in that institutions responded by increasing the number of courses required for graduation.

Comments from Students and Faculty

Ryan Adserias, a doctoral student in the UW-Madison Department of Educational

Leadership and Policy Analysis, spoke about transfer issues on behalf of the student representatives. Mr. Adserias, who indicated that he was the first member of his family to go to college, began his studies at UW-Fox Valley, transferred to Madison Area Technical College (MATC-Madison), and then to UW-Madison. He said that he learned about transfer opportunities from the faculty and academic staff at UW-Fox Valley. He also said that TIS is "fantastic" and a "powerful tool." He was concerned that some students do not access TIS early enough in their academic careers for it to be of the most benefit to them. He stressed the value of providing transfer information to students early in their careers. He suggested that TIS could be linked to the UW's enrollment system which would allow students to see how a course that they are enrolling in would transfer. He also said that the degree audit function in TIS, which is currently being piloted at certain institutions, is important.

Mr. Adserias praised the UW System's Win-Win initiative. Part of a national initiative, Win-Win identifies students who either have earned enough credits to be awarded an associate's degree or are a few credits short of that mark. Mr. Adserias said that this initiative responds to the labor market's demand for workers with some post-secondary credential and dovetails with the UW System's Growth Agenda and President Obama's goal to increase the number of Americans with post-secondary degrees. Mr. Adserias also said that articulation agreements between UW institutions and Wisconsin technical colleges provide an important pathway for students. He said that information from the technical colleges should be fully integrated into TIS. As a student transferring from a technical college collegiate transfer program, TIS worked well for him, but Mr. Adserias did not think transfer information from technical colleges without collegiate transfer programs had been fully integrated into TIS.

Mr. Adserias said that he supported the UW System's recommendation to increase the number of transfer advisors. He said that students transferring from two-year to four-year institutions in particular needed help accessing transfer information and making transfer decisions. The online TIS system is an important tool, but students also need to be able to access advisors in person. Mr. Adserias also endorsed the UW System's other recommendations for improving student transfer.

Bill Gillard, an assistant professor of English at UW-Fox Valley, said that the UW Colleges works with the comprehensive institutions to provide a seamless transfer process for students. The UW Colleges is a transfer institution and "success" is defined as a student who completes his or her general education requirements at a UW College and then transfers to a four-year institution to complete a bachelor's degree. UW-Fox Valley works closely with UW-Oshkosh, which is the closest four-year institution, to make sure the courses offered by UW-Fox Valley align with the general education requirements at UW-Oshkosh. UW-Fox Valley's goal is to prepare students for upper level course work; the courses that transfer to four-year institutions are those that prepare students to be successful in courses at the junior and senior levels. Dr. Gillard said that while academic integrity is a factor in determining which courses will transfer, student preparation for upper level course work is the primary factor considered.

Dr. Gillard also said that TIS is a very valuable tool for students interested in transferring and for faculty and academic staff who serve as advisors. He said that TIS could be modernized and that expanding the degree audit function would be beneficial. Dr. Gillard noted that the two-

year colleges tend to be in smaller communities and serve many "place-bound" students. The two-year colleges collaborate with the four-year institutions to offer bachelor's degrees on their campuses. For example, UW-Fox Valley has partnered with UW-Platteville to offer a bachelor's of engineering degree.

Mark Schwartz, a distinguished professor of geography at UW-Milwaukee, said that his institution has developed a comprehensive approach to credit transfer and noted that his institution is the number one destination for transfer students within the UW System. Nick Sloboda, a professor of English at UW-Superior, said that transfer is gaining in importance at the comprehensive institutions. Faculty members are very involved in the transfer process through their role as student advisors. He said that transfer issues should be dealt with at the local level with institutions working with other institutions in their area to improve the transfer process. Dr. Sloboda did not support the UW System adopting a system of universal course numbering saying that it is important to keep differences in the curriculum and maintain the uniqueness of the institutions in the UW System.

Questions and Comments from Task Force Members

One Task Force member asked if any statutory changes were needed to facilitate articulation agreements and credit transfer; another member asked if these things should be statutorily required. Chancellor Cross said no law changes were necessary and that the UW System should work to improve credit transfer and articulation agreements internally. Mr. Nook also noted that there is no legislative solution to transfer issues.

One Task Force member noted that transfers from the technical colleges to UW institutions continue to increase and that this is likely the result of better transfer policies. That Task Force member asked if there was any information available regarding the number of UW students who transfer to technical colleges. Ms. Severson responded that approximately 9,000 UW students transfer to technical colleges each year. Transfers from UW institutions to technical colleges have increased and more data is needed on that population. Ms. Foy noted many technical college students have already earned a bachelor's degree and have returned to school to earn a certificate or an additional degree. These students would not necessarily try to transfer credits from a previous institution. President Meyer added that 14% of Wisconsin Indianhead students already have a bachelor's degree.

Another Task Force member asked what technical colleges can do to help students who enroll with the intention of transferring to a four-year institution. President Ford said that students at his institution, Southwest Technical, can transfer one year worth of course work to UW-Platteville. President Meyer said 11% of students entering Wisconsin Indianhead intend to transfer and 30% of students actually transfer.

A third Task Force member noted that the UW System has made dramatic improvements with regard to transfers. That Task Force member was not in favor of recommending additional staff to facilitate transfers noting that other areas, such as faculty compensation, should be higher priorities. Mr. Nook stated that chancellors should determine what level of priority transfer issues should be given.

One Task Force member noted that it is important to maintain quality at the receiving institutions. Transfer students should be tracked and their outcomes used to evaluate the programs and institutions from which they transferred. Mr. Nook responded that the UW System continues to address quality issues. Another Task Force member asked what the UW System does with unprepared students and whether or not there is an appeals process. Mr. Nook replied that there is an appeals process. UW institutions can also grant credit for prior learning demonstrated either through testing or a portfolio review. Mr. Nook reiterated Chancellor Cross's suggestion that a "credit bank" be created and added that credits for prior learning could be included in the "credit bank."

A second Task Force member asked how the transfer process can be made more student-focused, noting that the credentials of the instructor should not be as important as student learning. Mr. Nook reiterated that the rights of faculty members need to be respected. Based on the large number of transfer students entering the UW System, Mr. Nook suggested that elitism is not a significant problem. Chancellor Cross added that the credentials of the instructor are less important in lower level courses. A third Task Force member noted that once faculty from different institutions begin working together, professional regard increases and elitism decreases. That Task Force member also stated that it is important to provide support for transfer students once they are on campus.

One Task Force member noted that Wisconsin technical colleges are choosing to work with non-UW institutions because those institutions are more willing to work with them. Another Task Force member noted that technical college students have a number of transfer and other options and that both the technical colleges and the various UW institutions do what is best for their students. Ms. Foy also noted that transfer is a customer-driven process and that the technical colleges are more cost effective for students than other institutions.

A third Task Force member asked about the relationship between the UW Colleges and the Wisconsin technical colleges. Chancellor Cross responded that there should be more collaboration between the UW Colleges and the technical colleges and again stated his desire to offer UW Colleges programs on technical college campuses. Chancellor Cross says he is working to develop better relationships between the UW Colleges and the technical colleges but would not suggest a merger. The UW Colleges have already achieved efficiencies in operation by operating as one institution with 13 campuses. Ms. Foy responded by noting that issues related to collaboration between the UW Colleges and the technical colleges are not new. President Meyer noted that technical colleges and UW Colleges campuses that are located near each other often work together. For example, his institution is located in close proximity to UW-Barron County and the two institutions share some facilities.

UW System Recommendations

In a document on transfers prepared for the Task Force and dated February 27, 2012, the UW System presented five recommendations, excerpted below. The UW System was subsequently asked to prepare fiscal estimates for each of the recommendations; the estimated cost is shown in parentheses below. In total, the UW System estimates that these five initiatives would cost \$1,420,000 in the first year of implementation and \$1,132,800 annually thereafter.

1. *Modernize TIS*

TIS, the web-based core of statewide transfer information, was redesigned in 2005. The technical architecture behind the user interface was rebuilt and fundamentally improved in 2010; however, the 'front-end' user-interface, the look and feel of the site, is now six years old. Funds to support a redesign that is more consistent with current webpage styles could attract and offer a more familiar browsing environment for today's students. New resources could support the redesign of the site as well as support the development of new capabilities, such as making appropriate sections compatible for mobile devices. (\$187,200 one-time cost.)

2. *Support TIS Transfer Plans at all UW institutions*

Provide funding so all UW institutions can offer transfer students 'what-if' degree audits that tell students not only if courses will transfer, but also how they will apply to specific academic majors. UW System began the Transfer Plan initiative in 2008 with pilot funding provided by the State. Expanding the pilot to all UW institutions and continuously funding it would benefit thousands of transfer students each year. (\$142,000 annual cost.)

3. *Expand TIS to Include Wisconsin Private Colleges and Universities*

Currently, TIS includes only public institutions of higher education in Wisconsin. Including Wisconsin private colleges and universities would make the system truly statewide. (\$100,000 one-time cost, \$294,000 annual cost.)

4. *Expand UW HELP*

In addition to TIS, the other jewel of statewide higher education information is the UW Higher Education Location Program (HELP), which provides comprehensive web-based information and telephone advising about all UW institutions. Currently UW HELP and HELP-Online focus primarily on new freshmen admission. With additional resources, UW HELP could expand to become the resource for statewide transfer information and a connection point for non-traditional, out-of-state residents seeking information about coming to or returning to Wisconsin as transfer students. (\$130,850 annual cost.)

5. *Support Transfer Advising*

Increase the number of institutional transfer advisors that maintain and evaluate transfer course information and course equivalency information. Currently TIS and most UW institutions have focused on transfer data for lower level/freshmen/sophomore classes. Adding transfer information for all undergraduate courses to TIS, and keeping it updated and current, will require additional staffing, but could serve the swirling population of transfer students that transfer later in their college careers. (\$565,950 annual cost.)

Discussion by Members

Several Task Force members said that TIS should be improved and modernized. One member said that TIS is a really good fundamental system, but it needs to have more "what-if"

scenarios built into it. It is also too text-based, should have more graphics, and should be available as a mobile application, the member said. A second member said that TIS should be publicized to increase awareness of it among students. A third Task Force member suggested recommending that the UW System create a "credit bank" made up of a small number of lower level courses that would be universally transferable within the UW System and the Wisconsin technical colleges. The first Task Force member said a "credit bank" is unnecessary if TIS is working effectively.

One member said that the UW System needs to work with the technical colleges to improve transfer opportunities. That Task Force member said that institutions, especially the technical colleges, are developing programs with transfer students in mind. Private colleges have an incentive to work with the technical colleges who will help them recruit students if they agree to accept credits earned at the technical colleges; UW institutions should develop similar partnerships with the technical colleges.

One Task Force member would not support any proposal that creates additional mandates on UW institutions. That Task Force member said that the UW System and the UW institutions are already working on transfer issues and that it is a "non-issue." Two Task Force members similarly did not want the Legislature to get involved with credit transfer.

One Task Force member asked if encouraging transfers is at odds with the retention and graduation goals of the UW System Growth Agenda. A second Task Force member said it is inevitable that some students will want to move; students need to find the institution that best suits their needs. Institutions should not hinder student movement. That Task Force member said that the transfer process should be enhanced both for students wanting to transfer into an institution and for students wanting to transfer out of an institution.

Another Task Force member noted that chancellors are held accountable for enrollment which includes transfer students. A third Task Force member said that chancellors are evaluated annually and that the Board of Regents review these evaluations.

Recommendations

The Task Force supported the UW System's five recommendations related to articulation and credit transfer. These recommendations are: (1) to redesign the user-interface of the web-based transfer information system (TIS) and make it compatible with mobile devices; (2) to expand TIS so that all UW institutions can provide degree audits showing if courses will transfer and how those courses would apply to specific academic majors; (3) to expand TIS to include Wisconsin private colleges and universities; (4) to expand UW higher education location program (HELP) to become a resource for statewide transfer information and a connection point for non-traditional, out-of-state residents seeking information about coming or returning to Wisconsin as transfer students; and (5) to increase the number of institutional transfer advisors who maintain and evaluate transfer and course equivalency information.

The UW System estimated that these five initiatives would have a total cost of \$1,420,000 in the first year of implementation and \$1,132,800 annually thereafter.

Task Force Materials

Materials distributed to Task Force members are listed below in order by meeting date. Task Force meeting agendas and materials are available on the Task Force website, found here: http://legis.wisconsin.gov/lfb/UW_Task_Force/Pages/default.aspx.

Background Materials

Task Force Charge, 2011 Act 32

"UW System Budgeting and Operational Flexibilities Provided Under 2011 Act 32 (2011-13 State Budget Act)," Legislative Fiscal Bureau

"University of Wisconsin System Overview," Legislative Fiscal Bureau Informational Paper #35, January 2011

2010-11 UW System Fact Book

UW System's Growth Agenda Accountability Report, 2010-11

"A Growth Agenda for Wisconsin" website, UW System

December 7, 2011

Biography, Dr. Aims McGuinness, National Center on Higher Education Management Systems

Power Point Presentation, Dr. Aims McGuinness, National Center on Higher Education Management Systems

Handouts, Dr. Aims McGuinness, National Center on Higher Education Management Systems

January 11, 2012

"President's Advisory Committee on the Roles of UW System Administration" website, UW System

"A New Model for Change within the University of Wisconsin System: Report of the President's Advisory Committee on the Roles of the UW System Administration," August, 2011

"Response to the President's Advisory Committee on the Roles of UW System Administration," Kevin Reilly, UW System President, September, 2011

UW System Administration 2011-13 Budget Reduction Plan

"Living the Wisconsin Idea: Report from the Commission on Enhancing the Mission of the UW Colleges," December, 2006

"Wisconsin Economic Summit IV" website, UW System

"Seeking Sustainable Public Universities: The Legacy of the Great Recession," Katharine Lyall, June 2011

"Remarks to the Legislative Task Force on UW Restructuring and Operational Flexibilities," Kevin Reilly, UW System President

"Recommendations from the President's Advisory Committee on the Role of System Administration: Update on Implementation," Kevin Reilly, UW System President

"Testimony to the UW Task Force on Restructuring and Operational Flexibilities," Deborah Ford, UW-Parkside Chancellor

"Remarks," Charles Sorenson, UW-Stout Chancellor

"Enhancing Efficiency and Effectiveness for the University of Wisconsin Oshkosh," Richard Wells, UW-Oshkosh Chancellor
"National study reveals UW-Oshkosh recent grads are very pleased with their education," Oshkosh Today, December 17, 2010
Executive Summary, "UW-Oshkosh: Community Catalyst in a Challenging Economy," Richard Wells, UW-Oshkosh Chancellor
"UW-Oshkosh: Community Catalyst in a Challenging Economy," UW-Oshkosh Today, January 9, 2012
"UW-Oshkosh 2010-11 Strategic Plan Update and Annual Report" website, UW-Oshkosh

February 8, 2012

"Discussion Paper: Tuition," Legislative Fiscal Bureau
"Discussion Paper: Institutional Advisory and Governing Boards," Legislative Fiscal Bureau
"University of Wisconsin Tuition Responsibility," UW System
Report of the Ad Hoc Work Group on UW System Structure and Governance, February 3, 2012
"University of Wisconsin Required Reports," UW System
"Role, Scope, Mission, and Purposes of Multicampus Systems," Dr. D. Bruce Johnstone, 2005 Letter, UW-Milwaukee Faculty Senate Executive Committee
Handout, David Ward, Interim UW-Madison Chancellor
Handout, Michael Lovell, UW-Milwaukee Chancellor
Handout, David Ward, Interim UW-Madison Chancellor, and Michael Lovell, UW-Milwaukee Chancellor

March 7, 2012

"Establishing New University Personnel Systems," UW System
Report of the Competitive University Workforce Commission, June 2010
"Transfer: Background, Issues, Recommendations," UW System
"Informational Memorandum: Undergraduate Transfer Students, 2010-11," UW System Office of Policy Analysis and Research
Testimony, Al Crist, UW System Associate Vice President for Human Resources and Workforce Diversity
"UW-Madison HR Design" PowerPoint presentation, Darrell Bazzell, UW-Madison Vice Chancellor for Administration
"Special Task Force on UW Restructuring and Operational Flexibilities" PowerPoint presentation, Ray Cross, UW Colleges and UW-Extension Chancellor
"A Comprehensive Listing of University of Wisconsin Colleges Current Collaborative Agreements and Alliances," November, 2011
"Speaker Notes," Morna Foy, Wisconsin Technical College System Vice President for Policy, Annette Severson, Wisconsin Technical College System Associate Vice President for Instruction, Bob Meyer, Wisconsin Indianhead Technical College President, and Duane Ford, Southwest Technical College President
"College Transfer in the State of Wisconsin," Mark Nook, UW System Interim Senior Vice President for Academic Affairs

April 11, 2012

"Discussion Paper: Institutional Governing and Advisory Boards," Legislative Fiscal Bureau
"Operational Flexibilities for UW System Institutions," UW System
"Testimony," Chris Schoenherr, Department of Administration Deputy Secretary
PowerPoint presentation and notes, David Miller, UW System Associate Vice President for Capital Planning and Budget
PowerPoint presentation, Ruth Anderson, UW System Assistant Vice President for Administrative Services
"The Challenges of Procurement in a State Agency Environment," Mike Hardiman, UW-Madison Director of Purchasing Services

May 9, 2012

"Discussion Paper: Institutional Governing and Advisory Boards (Revised)," Legislative Fiscal Bureau
"Discussion Paper: Articulation and Credit Transfer," Legislative Fiscal Bureau
"UW Required Reports," Legislative Fiscal Bureau
"Memorandum: Statutory Changes Required to Implement a Proposal for Retention Payments for a University of Wisconsin Chancellor," Legislative Council
Testimony, Dylan Jambrek, Vice President of United Council and former president UW-Eau Claire student government, Olivia Wick-Bander, Associated Students of Madison Student Council representative and United Council board member, and Ryan Adserias, doctoral student, UW-Madison Department of Educational Leadership and Policy Analysis
Testimony, Mark Schwartz, Distinguished Professor of Geography, UW-Milwaukee
Testimony, Brad Barham, Professor of Agricultural and Applied Economics, UW-Madison
"Summary of Remarks to the Legislative Task Force from the Perspective of UW Comprehensive Institutions," Nick Sloboda, Professor of English, UW-Superior
Testimony, Heather Daniels, Senior Administrative Program Specialist, UW-Madison
"Testimony on behalf of UW System Academic Staff," Wendy Volz Daniels, Clinical Associate Professor, Helen Bader School of Social Welfare, UW-Milwaukee
"Remarks for the Special Task Force on UW Restructuring and Operational Flexibilities," Mary Czyszczak-Lyne, University Services Program Assistant, UW-Madison
"Statement for the Special Legislative Task Force on UW Restructuring," Paulette Feld, IS Network Support Technician, UW-Oshkosh Polk Library

June 6, 2012

"Discussion Paper: Compensation," Legislative Fiscal Bureau
"Discussion Paper: Personnel Systems," Legislative Fiscal Bureau
"Recommendations of the UW System for Operational Flexibilities: Capital Planning," UW System
"Recommendations of the UW System for Operational Efficiencies: Procurement," UW System
"Response to the UW System Proposal for Operational Flexibilities," Department of Administration
Detailed Response: Procurement, Department of Administration
Detailed Response: Capital Planning, Department of Administration