

MINUTES OF THE REGULAR MEETING
of the
BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM

Madison, Wisconsin

UW-Madison
Held in the 1820 Van Hise Hall
Thursday, August 19, 2004
10:00 a.m.

APPROVAL OF THE MINUTES	1
WELCOME TO INCOMING PRESIDENT KEVIN REILLY	1
WELCOME TO REGENT BRENT SMITH.....	2
RESOLUTION OF APPRECIATION: PRESIDENT KATHARINE C. LYALL.....	2
RESOLUTION OF APPRECIATION: WILLIAM F. MESSNER	6
RESOLUTION OF APPRECIATION: NINO AMATO	7
Authorization to Recruit: Chancellor University of Wisconsin-Colleges	9
REFERRAL OF FACULTY, STAFF AND ADMINISTRATORS PAY PLAN ISSUES TO THE BUSINESS AND FINANCE COMMITTEE.....	10
2005-07 BIENNIAL OPERATING BUDGET	11
REMARKS BY REGENT PRESIDENT TOBY MARCOVICH	11
REMARKS BY PRESIDENT KATHARINE LYALL	11
REMARKS BY ASSOCIATE VICE PRESIDENT HARRIS	14
2005-07 CAPITAL BUDGET.....	17
PERFORMANCE MEASURES.....	19
REMARKS BY INCOMING PRESIDENT KEVIN REILLY.....	28
2005-07 UW System GPR/Fee Biennial Operating Budget Request.....	30
2005-07 UW SYSTEM BIENNIAL CAPITAL BUDGET REQUEST.....	37
2005-07 UW System Biennial Capital Budget Request.....	37
2005-07 UW System Performance Indicators.....	38
CLOSED SESSION.....	39
Authorization to Appoint: Interim Chancellor University of Wisconsin-Colleges	40

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- President Marcovich presiding -

PRESENT: Regents Axtell, Bradley, Connolly-Keesler, Burmaster, Davis, Gottschalk, Marcovich, McPike, Olivieri, Pruitt, Randall, Richlen, Rosenzweig, Salas, Smith and Walsh

ABSENT: Regent Gracz

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APPROVAL OF THE MINUTES

Upon motion by Regent Rosenzweig, seconded by Regent Axtell, the minutes of the June 10th, June 11th, and July 29th meetings were approved as distributed.

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Welcome to Incoming President Kevin Reilly

Regent President Marcovich welcomed incoming President Kevin Reilly, noting that media and public reaction to his appointment has been very positive. Stating that he is a superb choice to lead the UW System, Regent Marcovich cited his wealth of knowledge and experience, as well as his vast network of contacts throughout the state that will be invaluable in making the case for public support of the university.

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Welcome to Chancellor Linda Bunnell

Linda Bunnell, Chancellor of UW-Stevens Point was welcomed to her first board meeting by Regent President Marcovich.

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Welcome to Regent Brent Smith

Regent President Marcovich welcomed Regent Brent Smith, the new President of the Wisconsin Technical College System Board, noting that he brings to the Board of Regents valuable experience and knowledge of the technical colleges as vital partners in advancing public higher education in Wisconsin. In addition, he is active in the La Crosse community and has many connections to the UW, having received undergraduate and law degrees from UW-Madison and serving on the UW-La Crosse Chancellor's Community Council.

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Resolution of Appreciation: President Katharine C. Lyall

Regent President Marcovich presented Resolution 8883, after which each member of the board read one paragraph of the resolution as a special tribute to President Lyall. The resolution was adopted by acclamation with a prolonged standing ovation.

Resolution 8883: WHEREAS, Katharine C. Lyall has served with unparalleled commitment as the fifth president, and the first female president, of the University of Wisconsin System since 1991; and

WHEREAS, she worked tirelessly to ensure that the UW System could provide quality teaching and learning experiences for the university's more than 160,000 students; and

WHEREAS, Lyall helped revitalize the 13 freshman-sophomore UW Colleges, improving access and outreach services for Wisconsin citizens and nontraditional students in all corners of the state; and

WHEREAS, President Lyall strengthened the UW System's relationship with the state's technical colleges, paving the way for an improved state economy by increasing the number of baccalaureate degree holders in Wisconsin; and

WHEREAS, Katharine founded Wisconsin's statewide PK-16 council, and with the leaders of the state's technical colleges, private colleges and universities and K-12 schools, worked to develop seamless educational opportunities for all Wisconsin citizens; and

WHEREAS, she instituted the UW System's first annual "accountability report," an important way for the university to share information about its status and progress, including measures such as rates of access, graduation and retention; and

WHEREAS, President Lyall led the inception of the UW System's Plan 2008, that has achieved a more diverse student, faculty, and staff population and helps ensure access and opportunity for all students, regardless of background; and

WHEREAS, she elevated the national stature of the UW System and its 26 campuses, that now attract nearly \$800 million in grants and contracts each year and in the last 13 years, have received more than \$7 billion in support from alumni and friends; and

WHEREAS, Lyall helped create WiSys, which affords all UW campuses the benefits and opportunities of transferring university research to the marketplace; and

WHEREAS, she distinguished her tenure by working with Regent leadership to co-chair four statewide Wisconsin Economic Summits, that led to regional economic initiatives, university solutions for improving Wisconsin's economy, and laid the groundwork for Governor Doyle's "Grow Wisconsin" program; and

WHEREAS, President Lyall championed the UW System as a vital economic engine, generating \$9.5 billion and more than 29,000 graduates or the benefit of Wisconsin's economy each year; and

WHEREAS, Katharine Lyall contributed her economic expertise for the betterment of the state as a member of numerous task forces and councils, including Governor Doyle's Economic Growth Council, Governor Thompson's Blue Ribbon Commission on 21st Century Jobs, Forward Wisconsin, and Competitive Wisconsin; and

WHEREAS, even as she performed the duties of president, Lyall continued her commitment to students, teaching economics to undergraduates as a professor of economics at UW-Madison; and

WHEREAS, President Lyall was instrumental in the leadership and direction of every UW campus, having hired more than 50 chancellors and worked with 52 members of the Board of Regents during her tenure; and

WHEREAS, the UW System has and will continue to benefit from Lyall's remarkable service, one of the longest and most productive presidencies in the history of the UW System; and

WHEREAS, Katharine Lyall is the embodiment of the Wisconsin Idea — a dedicated, talented, honest, accomplished, and productive public servant who, for almost 13 years, selflessly gave her time and energy to lead this UW System into a new era;

BE IT THEREFORE RESOLVED that the University of Wisconsin System Board of Regents highly commends President Katharine C. Lyall for her accomplished tenure and distinguished service to the citizens of Wisconsin and to the institutions of the UW System; and

BE IT FURTHER RESOLVED that upon her retirement, the UW Board of Regents confers upon Katharine C. Lyall the title of President Emeritus; and wishes her every success in future endeavors.

Expressing appreciation for the resolution, President Lyall stated her gratitude to the UW System cabinet and staff, the chancellors and the regents. System staff and cabinet members, she observed, labor diligently every day to support the UW campuses and their mission of serving students.

She thanked the chancellors, who not only serve as CEO's of UW institutions, but also as civic leaders, fund raisers, keepers of public values in the community and university, and transmitters of those values to the next generation of students. Expressing appreciation for their support as colleagues, she noted that their jobs are very complex and important and that, without their leadership, the UW would be much diminished.

Finally, she thanked present and former regents who have served as the stewards and overseers of the state's most important asset. Stating that regents do a very difficult job conscientiously and with commitment, she expressed special appreciation for all they have done on behalf of the university and its students and for their personal friendship and support over the years.

President Lyall then offered the following words of wisdom:

1. One of the UW System's greatest strengths is its structure as a federation of individual institutions with respect for local histories and regional support. It is important to continue to nourish that individuality.
2. People count. The UW System has succeeded despite below-average funding because of exceptionally loyal employees who are committed to the university's mission. Public service needs to be celebrated and rewarded if Wisconsin is to sustain a first rate public university in the future.
3. Never lose faith in the ability of education to change lives. In that regard, Chapter 36 of the statutes provides that the mission of the UW System is to "develop human resources, to discover and disseminate knowledge, to extend knowledge and its applications beyond the boundaries of the campuses and to serve and stimulate society by developing in students heightened intellectual, cultural and humane sensitivities, scientific, professional and technological expertise and a sense of purpose...Basic to every purpose of the system is the search for truth."

In conclusion, she expressed gratitude for having the opportunity to work for that worthy cause during her many years of service in the UW System.

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Resolution of Appreciation: William F. Messner

Presenting the following resolution, Regent Burmaster commended Chancellor Messner for having been an exemplary leader in revitalizing the UW Colleges, which grew by nearly one-third during his tenure. She added that “our state has been made stronger and our young people wiser through his leadership.”

Resolution 8884: WHEREAS, William Messner has greatly advanced the mission and value of the University of Wisconsin System’s 13 freshman-sophomore campuses during his seven-year term as Chancellor of the UW Colleges; and

WHEREAS, he led the successful revitalization of the 13 UW Colleges campuses into a valuable statewide network that now serves more than 12,000 students — an increase of 4,000 since the beginning of his tenure; and

WHEREAS, Messner ensured that UW Colleges’ campuses are providing high-quality liberal-arts instruction, preparing students for transfer and academic success in baccalaureate education at four-year UW campuses; and

WHEREAS, under Bill’s guidance, the UW Colleges expanded access to higher education for the state’s workforce by offering affordable, quality education, including online degree completion programs with four-year UW campuses, to adult and place-bound students across Wisconsin; and

WHEREAS, Messner worked diligently with a Joint Legislative Committee and counterparts at the Wisconsin Technical College System to expand transfer opportunities, develop proposals to expand the number of baccalaureate degree holders in Wisconsin, and help the two systems achieve a more collaborative relationship; and

WHEREAS, he adopted and implemented a multi-year plan to improve faculty salaries at UW Colleges and to reward the core mission of excellence in teaching; and

WHEREAS, Bill has been a valued colleague and member of the UW System management team of chancellors, sharing with them the very challenging task of managing adroitly the largest budget cuts in the system's history; and

WHEREAS, Messner has maintained the UW Colleges as an essential part of Wisconsin's access to the UW System;

BE IT THEREFORE RESOLVED, that the University of Wisconsin System Board of Regents commends and extends deep gratitude to William F. Messner for his significant accomplishments and contributions, and wishes him well as he continues his career as president at Holyoke Community College.

The resolution was adopted by acclamation with a round of applause. Because Chancellor Messner was unable to attend the meeting, it was indicated that the resolution and plaque would be forwarded to him.

Regent President Marcovich commended Chancellor Messner for the quality he instilled in the UW Colleges and for making them an even more integral part of the UW System.

Regent Randall stated that it has been his great pleasure and honor to have served with President Lyall for the last 10 years and that he will always be grateful for her mentorship and leadership. He further commented that chairing the regent committee that recommended appointment of Chancellor Messner was one of his proudest moments of service on the board.

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Resolution of Appreciation: Nino Amato

Presenting Resolution 8885, Regent Randall recalled that he first met Regent Amato while serving as regent member of the WTCS Board. Then, as now, Regent Randall said, he has been committed to integrity and has served as a conscious on the board.

Resolution 8885:

WHEREAS, Nino Amato has served the citizens of Wisconsin since 2003 as a member of the University of Wisconsin System Board of Regents; and

WHEREAS, as president of the Wisconsin Technical College System Board, Amato's leadership helped further the work of a joint committee of the UW System and the state's technical colleges to help the state increase the number of baccalaureate degree holders among its citizens; and

WHEREAS, Amato also worked with UW System and technical college officials in achieving progress toward more-seamless transfer opportunities between systems; and

WHEREAS, as a member of the Physical Planning and Funding committee, Amato helped the UW System be a prudent and efficient steward in maintaining and improving university lands and buildings; and

WHEREAS, Amato has served students, faculty, staff and Wisconsin residents through his service on the Committee on Student Discipline and Other Student Appeals and the Hospital Authority Board; and

WHEREAS, Regent Amato has worked in the spirit of the Wisconsin Idea by contributing his time and energy to serving students, faculty and staff within the communities of the University of Wisconsin and Wisconsin Technical College Systems;

BE IT THEREFORE RESOLVED, that the Board of Regents of the University of Wisconsin System thanks Regent Emeritus Nino Amato for his service and skilled stewardship of higher education in Wisconsin.

The resolution was adopted by acclamation, with a standing ovation.

Noting that the people of Wisconsin love and respect the University of Wisconsin and the Wisconsin Technical Colleges, Mr. Amato said they are worried that the growing cost of tuition, books, and other expenses will rob the state of what has made higher education here so special. Commenting that the Wisconsin Idea is becoming an empty promise, he remarked that, at a time when the value of a college education is higher than ever, its cost is becoming prohibitively expensive for many and that those who attend are shouldering unprecedented debt.

Referring to research by Professor Elizabeth Warren of Harvard University, he said her findings show that two-thirds of all parents view a degree for their children as “absolutely essential”. However, in the past 25 years, resident tuition and fees at an average state university have nearly doubled, growing twice as fast as professors’ salaries and three times faster than the cost of food. In 2001, over five million students borrowed \$34 billion in federal student loans, more than triple the amount borrowed in 1991, and student borrowing from lenders has increased fivefold in 6 years. Every year more than a million families take out a second mortgage for educational expenses. Increasing debt, he commented, just makes matters worse for students and families.

As a solution, Mr. Amato proposed that the Board of Regents and the WTCS Board place a multi-year freeze on tuition at all university and technical college campuses in order to prompt an intensive debate on higher education priorities and force choices that are in the best interest of students. If nothing is done, he continued, the upward spiral of tuition will amount to a de facto privatization of higher education in Wisconsin.

Given limited resources, he felt that systems of higher education would need to be changed structurally in order to become more cost effective and that this would require new thinking about how higher education is configured and operated in Wisconsin. He also thought that the Board of Regents and the Wisconsin Technical College System Board should be reconstituted to include bipartisan legislative representation, increasing faculty and student representation, and geographical representation by congressional districts.

In conclusion, he reiterated his support for a tuition freeze, with compensatory funding to be requested from state GPR, and stated his pride in having been able to serve both the UW and the WTC systems.

Regent President Marcovich expressed appreciation to Mr. Amato for his comments and for his service on the Board of regents, during which time he had occupied responsible positions and done good work. He noted that the UW is in a different position than the WTC system because the university lacks taxing authority.

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Upon motion by Regent Randall, seconded by Regent Axtell, the following resolution was adopted on a unanimous voice vote.

Authorization to Recruit: Chancellor University of Wisconsin-Colleges

Resolution 8886: That, the President of the University of Wisconsin System be authorized to recruit for a Chancellor of the University of Wisconsin-Colleges, at a salary within the

Board of Regents salary range for university senior executive salary group three.

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Referral of Faculty, Staff and Administrators Pay Plan Issues to the Business and Finance Committee

Regent President Marcovich noted that there has been considerable turnover in the leadership of UW institutions in the past year, with Chancellors Zimpher, George and Messner leaving for better paying positions, with the loss of President Lyall to retirement and the loss of Chancellor Lydecker in a tragic accident, and with Chancellor Reilly moving to the UW System presidency. An outstanding provost, Keith Miller of UW-Oshkosh, also had left to assume a university presidency.

Stating that the quality of the university is directly related to the quality of the people who lead and work in it, he pointed out that it is costlier to replace faculty, staff and administrators than it would be to pay them competitively. With meager pay plans in the past two years due to the state's fiscal situation, the UW's competitiveness for faculty, staff and academic leaders has sharply eroded.

Therefore, it was his judgment that the time had come to review the situation; and he asked staff to prepare competitive peer data on faculty, staff and leadership compensation that will show the UW's position regionally and nationally. He asked the Business and Finance Committee to review this information, discuss the issues at the September meeting and report back to the full board in October.

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2005-07 BIENNIAL OPERATING BUDGET

Remarks by Regent President Toby Marcovich

In introductory remarks, Regent President Marcovich observed that one of the board's most important responsibilities is to vote on a budget for the UW System to be forwarded to the Governor for consideration as he prepares the next biennial budget for the state. The proposals before the board, he noted, are being considered on behalf of 160,000 students and their families, 30,000 employees and their families and more than half a million citizens of the state who depend on the services and graduates of the university. Almost all of the proposals originated in the board's year-long study, *Charting a New Course for the UW System*, led by Regent Gottschalk.

At this meeting, the board would vote on a GPR/tuition operating budget and a capital budget needed to meet the needs of students and the state during the coming biennium. In September, the board would consider those aspects of the operating budget that do not involve state or tuition funding.

As context for the budget discussion, Regent Marcovich noted the deep cuts taken by the university in the 2003-05 budget that were necessary to help the state fill a deficit of more than \$3 billion, and he commended the Governor for reducing that deficit to a much more manageable level. At the same time, he noted, state spending grew about 5% annually during the past two years and state revenues are expected to grow about 5% each year over the coming biennium – or more than \$600 million annually.

It is vital, he stated, to invest some of that growth in the future of the state's workforce, as represented by the UW. To be a partner in the Governor's visionary "Grow Wisconsin" plan, the university must have the resources to make its campuses affordable and accessible to all Wisconsin citizens. At the same time, he cautioned, the university must be responsible to the taxpayers of the state and make sure that their hard-earned dollars are spent wisely on their behalf. This also means redoubling efforts to be accountable in areas like student retention and graduation rates to ensure that state funds are used productively.

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Remarks by President Katharine Lyall

President Lyall began her comments by observing that budgets are concrete reflections of core values and that they are the most visible way that large, complex organizations like the UW publicly signal their purposes, goals, accomplishments, and needs. "It is our aspirations for our students and our state that drive this budget request and our continuing commitment to our public purpose." In that regard, she noted that faculty, staff and leaders are in a life-changing business by virtue of the expanded life-long opportunities and skills that students obtain through a university education.

The budget request, she stated, aims to keep Wisconsin's public universities producing well by reinvesting in our students, faculty, staff and campuses. She then outlined five major goals of the budget:

- To increase access for low and moderate-income students from their current historic lows to a more representative proportion of the freshman class;
- To enhance student success by increasing retention and graduation rates;
- To expand student-faculty contact and to enhance opportunities for undergraduate research, internships, and other hands-on learning experiences that mark a quality education;
- To ensure that, as distinguished faculty are lost to retirement, they are replaced with teachers and researchers of equal or even greater promise to serve students and the state; and
- To improve the quality of basic infrastructure, including instructional technology and libraries.

These goals, she pointed out, spring from the work of regents, faculty, students, staff and community participants in the year-long "Charting a New Course" study. They also reflect the broad input collected from five public listening sessions conducted by the board across the state; from the advice and perspectives of outside speakers who helped to place the UW's challenges in the context of national trends for higher education; and from discussions with elected leaders and educational partners in the technical colleges, private colleges, and the Department of Public Instruction.

Noting that the university has worked very hard to maintain educational opportunities while absorbing significant reductions in resources that support the core instructional mission, the President indicated that, over the current biennium, the UW has:

1. Sustained enrollments at 160,000 students;
2. Cut \$250 million in state support from the base budget;
3. Financed \$26 million of financial aid from the students' own reserves;
4. Eliminated more than 300 courses;
5. Reduced total GPR positions by more than 600 and raised non-state funds to continue many student and administrative services that otherwise would have been lost; and
6. Maintained a commitment to advancing state and national economic development through projects like Northern Edge, extended degree programming like the Platteville Engineering program at Fox Valley, and new spin-offs from university research labs.

The consequences, she pointed out, have reduced what the UW can do for students and the state:

1. Qualified applicants have been turned away from high-demand programs such as nursing and teacher education;
2. Students now provide as much support for instruction as the state;
3. Student/faculty contact has decreased by 20%;
4. Adjunct faculty and graduate assistants now teach nearly 40% of student credit hours; and
5. State support per student has fallen more than \$1,000 below the national average for four-year institutions.

Stating that the UW has worked as a system to find even more efficiencies and eliminate duplication, she said that the UW remains the lowest-overhead higher education system in the country as measured by data collected by the US Department of Education.

In short, President Lyall remarked, the UW has done its share and more to help Wisconsin not only to balance its budget but also to sustain the human capital needed to grow again. While the UW wants to do still more, she expressed concern about the future, noting that constituents are noticing cracks in the foundation. In that regard, students say that teaching nearly 40% of credit hours with temporary instructional staff is too much and that they need more contact with faculty. This will pay off in higher retention and graduation rates – better outcomes for students and the state.

In addition, she continued, the recent large decline in low and moderate-income students is not acceptable for a public university. Therefore, Wisconsin's financial aid programs need to be updated to match the state's new higher-tuition philosophy. Further, she said that it is important to attend to the basic infrastructure of a modern university – its libraries and instructional and research technology. Without these, she cautioned, neither students nor faculty can perform productively in a competitive environment.

The Charting a New Course study sought different mechanisms for providing additional revenue, looked for ways to develop new partnerships, identified new efficiencies, studied the research and public service mission, and asked what is needed to maintain quality. It set priorities and identified self-help measures that the system must undertake, steps the university can take only in partnership with others, and basic reinvestment in students and the future that only the state can undertake.

The Charting study recommendations dictate that in the coming biennium it will be necessary to increase financial aid to maintain access for the lowest income students, ensure that the university can attract and retain quality faculty, update library collections and instructional technology, improve research and public service capability, and remove barriers to the ability to adapt to a rapidly changing environment.

Indicating that these priorities are reflected in the proposed budget request, President Lyall concluded her remarks by stating that this request is about “what students need to become successful human beings and contributors to Wisconsin and about what Wisconsin needs to regain its momentum, its economic vitality, and its leadership in the generation of better ideas.”

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Remarks by Associate Vice President Harris

Noting that the biennial budget request has been in the process of development throughout the year, Ms. Harris recalled that the process began by hearing from students about their priorities. United Council underlined the importance of the UW to the state by highlighting the value the state receives from higher education. As they put it, this budget seeks to “Build the Wisconsin Ideal: \$9 at a Time” – nine dollars being the return on investment the state receives for each dollar invested in the university.

The budget, Ms. Harris stated, focuses on student needs, student success and the state’s future.

Understanding that the current fiscal environment is not favorable to higher education, students focused their priorities on re-investing in existing services, rather than requesting money for new programs.

Stating that the budget addressed student needs, student success and the state’s future, Ms. Harris outlined the elements of the UW request.

First, the state is asked to fully fund financial aid to maintain access. This goal was overwhelmingly supported by the Charting a New Course study, and financial aid is a top student priority. Such funding also is essential to meeting the Governor’s goals for access for students of all incomes and backgrounds. The mix of financial aid nationally has shifted from grants to loans, with more than 40% of aid in the form of grants and 54% in loans. An investment in state grants would begin to rebalance this mix for low-income families.

The percentage of family income needed for tuition at public four-year institutions has increased for students at all income levels, but most dramatically for the lowest income group. In 1980, students from the lowest income families spent 13% of household income to pay for tuition at public 4-year institutions. By 2002, tuition took 33% from these lowest income families. For that reason college participation by low-income students has declined. There also is a disparate impact on students of color, 76% of whom received financial aid in 2002-03, compared to 58% of white students.

The percentage of new freshmen in the UW System coming from families in the lowest income quintile (less than \$30,000 per year) decreased from 14.7% in 1992 to 11% in 2002.

To reverse the trend of limited access for low-income students, the budget request proposed matching tuition increases dollar-for-dollar with grant aid for the lowest-

income students. This would require an average increase in state funding of \$4.9 million per year. If the program were extended to families in the second lowest quintile (less than \$46,000 per year), the funding needed each year would increase to \$9 million.

The Higher Educational Aids Board was expected to request increases for the Wisconsin Higher Education Grant to fund the statutory link with tuition and to replace the one-time auxiliary funding that expires in 2005.

Turning to the second initiative, Student Success for Economic Development, Ms. Harris outlined the four portions of this request.

- Increasing student retention and graduation rates by improving student contact with faculty. This would enable UW institutions to graduate 1,000 additional students each year, adding \$17.5 million in additional annual income to Wisconsin. Because the impact is cumulative over time, this investment would add over \$105 million to Wisconsin's personal income base at the end of six years – more than the investment required to fund the initiative.
- Funding to enable faculty and staff to expand research and public service activities during the summer. Instructional pressures are now so great that summer support is essential to allow faculty and staff to assist their regions and communities and to compete more effectively for federal funds. This would help to achieve the Governor's goal of bringing more federal dollars back to the state.
- Attracting and retaining quality faculty and staff. This request would close the 5.5% salary gap between UW faculty and staff and their peers through 2003-04. Without such action, the gap is projected to grow into double digits by the end of 2006-07 – a gap that would be very difficult to fill. It already is difficult to recruit new faculty and staff and to retain those whose skills make them valuable on the national market. Among those who will not be returning to the UW this fall are UW Hospital Cardiology Chief Pamela Douglas, UW-Madison Professor Don Kettl, an active participant in four economic summits and the state's leading expert on local government management, and many other fine faculty including at least one Regents Teaching Award winner.
- Providing access for more adult and nontraditional students by funding opportunities for citizens to earn bachelor's degrees. The UW/WTCS Committee on Baccalaureate Expansion is considering a number of possible programs similar to the proposed Center for Adult Access and the UW-Stout portal for adult students. The request also includes funding the Platteville/Rock County engineering program and for regional collaborations.

The four parts of the Student Success initiative would require a total average annual increase of \$42.5 million.

The final funding request involved updating library collections and instructional technology – the basic infrastructure of a university. Included is a request for an average annual increase of \$2 million for increased paper and electronic library collections, online delivery of materials, enhanced digital collections and expansion of inter-library loan services.

Also included is \$1.7 million for faculty/staff use of the state's new converged IT network, providing access to Internet 2, which is critical to sustaining and expanding online instruction and to the ability of faculty and staff to compete successfully for research funds.

The total cost of the recommendations for financial aid, student success, and infrastructure amounts to an average annual increase of \$51 million – a 2.8% increase to the UW's GPR/Fee base each year.

Ms. Harris then turned to standard budget adjustments, which would average an increase of \$50 million each year, including a utilities increase of \$17.9 million per year and fringe benefit increases averaging \$18.4 million. Also included are requests to replace auxiliaries funding used for financial aid with ongoing funding and to maintain the statutory link between tuition increases and financial aid. In addition, there is a new request for operation and maintenance of facilities that come online in 2005-07 and a request to maintain services for students with disabilities by replacing funding lost through discontinuation of support from the Division of Vocational Rehabilitation.

Also included in the budget are requested changes to state statutes:

- Changes recommended by the Charting a New Course study as self-help measures that would enable the UW to maintain some enrollments and services without additional state dollars and/or to reduce costs, allowing more funding to flow to the core functions of instruction, research, and public service. These efficiency opportunities include streamlining the capital budget process; giving the UW procurement authority to use higher education purchasing consortia to reduce the cost of goods and services; permitting the university to maintain, manage and invest its program revenue balances and employ longer-term and/or more diversified investments for higher yields; retaining for university needs proceeds from the sale of buildings and land purchased with program revenue funds or gifted to the university; creating non-GPR positions to serve clients promptly; and allowing the Board of Regents to set undergraduate tuition and fees.

Ms. Harris noted that these are requests for authority that most other public universities currently have and that they offer opportunities for more efficient operations and cost savings.

- Changes requested, but not granted, in the 2003-05 budget, including authority to submit unclassified pay plan recommendations directly to the Joint Committee on Employment Relations, changing two appropriations from annual to continuing, and other minor changes.
- Changes to include the UW Colleges in the scholarship programs funded by specialty license plate fees and to increase those fees along with other state specialty plate fee increases. Other changes would eliminate inactive appropriations and make remissions more effective by removing individual caps on tuition remission categories, while maintaining the overall caps and funding limits, thus enabling the board to award remissions to the neediest students with the same total authority.

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2005-07 CAPITAL BUDGET

Presenting the proposed capital budget request, Assistant Vice President David Miller indicated that the proposal follows planning set out in previous biennia both in the kinds of projects recommended and the level of funding requested. The request focuses on enhancing current facilities through remodeling and renovation.

To provide context for the capital budget, he noted that the UW System accounts for 63% of all the state's holdings, with 1,184 buildings and over 56 million square feet of space having a replacement value of over \$6.5 billion, not including the UW College campuses that are owned locally.

Noting that the capital building program has a positive economic impact on the entire state, he indicated that the request would have an impact of over \$1.5 billion in 2005-07. In addition, a state investment of \$469 million in borrowing would leverage \$324 million in gifts, grants and program revenues. There is a direct impact on manufacturers and suppliers for materials of nearly \$400 million and about 6,000 jobs for the construction industry. That also provides income, sales, and corporate tax revenues to Wisconsin.

As to the UW's portfolio of facilities, Mr. Miller noted that, while some were constructed as early as 1890, the vast majority were built in the 1960s and 1970s. While those buildings could be remodeled in some cases to meet changing needs, some were only built to last 30 or 40 years and others were built in ways that prevent remodeling.

Changing needs of education reshape the campus environment; enrollment levels create demands on space; use of technology has created great demand for change in facilities; and changes in instructional delivery and academic programs create space needs.

Today's students, he pointed out, use technology as a natural part of their environment. They see outdated technology as a barrier to learning; they believe that doing something is more important than knowing about it; they learn together interactively; and they expect customer service.

Most changes in classroom design involve technology, computers not having existed when most UW facilities were constructed. Faculty and students use PCs or laptops through the regular curriculum and they use movable tables instead of tablet-arm chairs to facilitate student interaction. These changes increase the average square foot needed per student from about 15 to 22, significantly increasing building size.

Mr. Miller explained that planning capital projects is a long and complex process, involving UW institutions, system staff, the Department of Administration staff, the Board of Regents, and finally the Building Commission and the full Legislature.

UW institutions develop evolving six-year plans of facility needs. While these plans total over a billion dollars, fiscal realities prevent requesting one-third of that in this biennium. The proposed request of \$227 million in GPR-funded major projects has the effect of stretching out the six-year plans over ten years.

Regent-approved ranking criteria are used to determine which projects to bring forward in the capital budget request. These criteria are:

- Maximize the use and life of existing facilities.
- Provide the quality and quantity of space needed to support high priority academic programs.
- Contribute to regent, system-wide, and institutional initiatives such as collaboration, economic development, and improved technology.

As to the past six biennia, he noted that the most bonding (\$182 million) occurred for the UW in 2001-03. While the university received 85% of the state's bonding for major projects in the current biennium, that only amounted to \$59 million and no new facilities. The hope in this biennium is to reinvest in classrooms to bring UW facilities to current collegiate standards. With the Department of Corrections building program now complete, sufficient bonding should be available to meet university needs.

Of the 36 major projects requested for 2005-07, equal portions (42% each) would be funded by general fund supported and program revenue supported borrowing, while gifts and grants would comprise 16%. Combined, program revenue and gifts/grants make up 58% of funding for major projects, including a single gift of \$31 million to renovate the Education Building at UW-Madison.

Of 20 GPR projects requested for 2005-07, 71% are academic facilities, such as classrooms and labs and 12% are utility projects. Of 16 non-GPR projects, student housing and dining facilities comprise 52%.

Turning to maintenance of facilities, Mr. Miller explained that the Legislature approves a biennial total for maintenance needs of all state agencies and the Building Commission releases the funding to agencies for projects as needed. The UW System generally receives about 60% of the total. Most maintenance needs are predictable and cyclic. For example, if a roof is predicted to last 25 years, in year 26 it moves into the maintenance backlog. If there are not enough resources to manage the backlog, building

systems are likely to fail. In order to manage the backlog effectively, the UW needs more funding than it has been receiving for this purpose, he indicated, noting that since 1993 there has been a significant gap between what is needed and what is funded.

The current GPR maintenance backlog totals \$683 million, most of which is building systems, such as mechanicals and utilities. Of the 253 projects requested, about 158 (60%) are likely to be completed, and only the most critical projects are undertaken.

Calling attention to the problem of rising construction costs, Mr. Miller noted that increases in these costs were steady and predictable until 2003 but now had more than doubled.

In summary, the total capital budget request amounted to \$226.7 million in General Fund Supported Borrowing, \$88.8 million in gifts and grants, \$229.9 million in Program Revenue Supported Borrowing, \$215 million in All Agency Funds and \$32 million in BioStar Funds.

With regard to planning, he explained that funding for this purpose must come from institutions and that it may cost \$1-2 million to design and budget a major project. It is requested that 2007-09 projects be enumerated for planning in 2005-07 so that institutions can be assured that, if they invest in planning and fundraising, the project will go forward. These projects total \$284.4 million in GPR, \$55.4 million gifts and grants, and \$17.4 million in program revenue.

Annual debt service is estimated to be \$37 million for major projects and maintenance, along with \$19.2 million in program revenue. Over the next three years, the UW is scheduled to retire about \$70 million in general fund bonding that carries annual debt service of \$5.8 million.

In conclusion, Mr. Miller identified the following statutory process improvements that were being requested, as recommended in the Charting a New Course study:

- Increase the dollar amount requirements for enumeration, bidding and SBC approval to reflect inflation.
- Speed up and simplify contract signing.
- Allow agencies to select project management method.
- Allow agencies to keep proceeds from sale of non-GPR property.

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Performance Measures

Noting that the UW has a long record of public accountability reporting, President Lyall indicated that, as in the last biennium, budget instructions again asked for reporting on several performance measures. For the current biennium four measures with specific goals were established:

- Enrollment – with the goal of meeting the enrollment management targets set by the board.
- Retention – with the goal of reaching 82% by 2005-06.
- Graduation rate – with the goal of reaching 64% by 2010-11.
- Contributions to Wisconsin income – with the goal of increasing income generated for the Wisconsin economy by UW graduates by at least \$300 million per year.

Performance goals in the current biennium had been exceeded, with the UW continuing to serve 32% of Wisconsin high school graduates, improved second-year retention from 78.8% to 80.3%, improved graduation rates from 60.5% to 62.1%, and \$401 million added to the Wisconsin economy by new graduates.

In addition, the UW will continue to issue an annual public accountability report that measures performance on 20 different indicators, reflecting a broad range of university operations.

Following the budget presentations, the board heard from a number of speakers.

Professor Padmanabhan Sudevan, Chair of the UW-Stevens Point Faculty Senate, began his comments by giving a number of examples of faculty who had left for higher salaries and more research time at universities in other states. He also spoke of departments that have been unable to increase numbers of faculty to meet student demand and of the special problems of the UW Colleges when faculty leave because of the small number of faculty on each campus. Remaining faculty have needed to work extra time to fill in for those who have left.

Speaking on behalf of the UW's faculty representatives, Professor Sudevan stated support for state funded financial aid for students whose families are in the lowest income quintiles, for increases in numbers of faculty positions, and for competitive salaries to hire and retain quality faculty and to alleviate salary compression at higher ranks. In that regard, he commented that enhancing student success is impossible without more high quality faculty, particularly in view of the more than 600 positions that have been lost in the past seven years. Compensation, teaching load and class size issues, he noted, are important to faculty morale and the ability to serve students well.

He pointed out that students are lost to universities in other states when they are unable to get the courses or programs they need in Wisconsin, increasing the chance that they will not return to contribute to the state's workforce needs.

In conclusion, he spoke of the importance of nurturing the excitement of learning through such means as student research, internships and practicum experiences, all of which require adequate faculty time and resources.

Jeff McKinnon, Associate Professor of Biological Sciences at UW-Whitewater, spoke of the many facets of a faculty member's role, including teaching, conducting research, innovating, supervising internships, and advising.

With regard to teaching, he indicated that faculty at UW-Whitewater teach four lecture courses or the equivalent.

Research often is conducted with involvement of students. In that regard, he cited the example of his research in fish evolution, funded by the National Science Foundation. Students participate in conducting this research, analyzing data, presenting at local and national conferences, and publishing results.

In the area of innovation, he indicated that the first year biology curriculum is being revised with the help of a grant from the National Science Foundation. The focus is on 3-4 week laboratory research modules, with students designing and conducting experiments in groups and presenting research results. Outstanding student training, he pointed out, is time-intensive for faculty.

Biology faculty at Whitewater also supervise 10-15 internships per semester. Many of these are paid positions that provide practical job experience for students and enhance relationships with the community.

In addition, 10-12 faculty meet with each of over 350 majors every semester, often more than once, plus other students considering a major in biology. Every advising session is evaluated by students, and the number of majors is consistently increasing.

The impacts of outside-the-classroom teaching activities include higher student retention rates, due in part to personal relationships with faculty, and enhanced student success. In the last 10 years at Whitewater, more undergraduate research, internships, innovation and advising have led to many more students entering top graduate programs, gaining early medical school admission, finding jobs in their field, and traveling for research and conferences.

On the other hand, Dr. McKinnon pointed out that reduced staffing levels and non-competitive pay result in reduced time for advising, research, innovations and internships, as well as loss of the most active faculty who generate grants and provide the best opportunities for students. In his own case, there had been a 20% reduction in the last year in time available for research, advising and other activities of benefit to students.

His recommendations were to hire enough faculty to return the faculty/student ratio at least to 2001-02 levels and to pay faculty competitively, especially senior faculty and the most productive individuals.

Frank Emspak, President of United Faculty and Academic Staff, AFT Local 223, spoke first about student access, commenting that one of his groups greatest concerns is that all Wisconsin high school graduates who qualify should have access to the UW. In that regard, he expressed concern about the negative consequences of high student indebtedness, including the narrowing of fields that students feel that they can enter to those that promise high and rapid financial return.

Access, he continued, means access to high quality education, including smaller classes and accessible professors. In that regard, UFAS sought restoration of 300 of the

600 full time faculty positions cut over the last several years, as well as appropriate pay and encouragement for teaching academic staff to move into permanent faculty positions as they become available.

Noting that one challenge of special concern to UFAS is salary competitiveness, he expressed concern that the salaries of academic staff do not reflect their professional abilities and commitment to the UW. In that regard, he indicated that their salaries have not kept up with inflation and that they have no meaningful job security. In addition, he commented that the new health insurance premium requirements significantly diminished take-home pay and fell most heavily upon those who could least afford it. Overall, UFAS believed that the salary structure for academic staff needs to be substantially increased and that there should be little or no salary difference between similarly qualified teaching or research academic staff and professors.

With regard to funding, Professor Emspak quoted from the *New York Times*: “There is a myth in the land that America’s lead in higher education is unassailable. But spending on higher education is the first to go when times get tough, and the consequences are at last beginning to show.” He urged that regents and educators take the lead and fight for a more equitable tax system that shifts the burden back to those who can most afford it, the wealthiest individuals and the corporations that profit from the UW’s basic and applied research.

He also said that faculty and staff are concerned about declining standards with regard to the intellectual content of a university education and about test scores becoming a substitute for intellectual achievement.

Finally, he urged the board to support legislation to enable faculty and staff to decide whether or not they want to have a collective bargaining system.

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UW-Superior Professor Gloria Toivola, Vice President of the Association of University of Wisconsin Professionals, began her remarks by expressing appreciation that the Charting a New Course study identified the need for more competitive salaries for faculty and academic staff. According to the American Association of University Professors’ annual survey, average faculty salaries at the UW comprehensive universities lagged behind national averages by 12% for full professors, 8% for associate professors and 4% for assistant professors. In addition, she pointed out that salary compression continues to grow as a problem, adversely affecting those who have made commitments to stay in Wisconsin. In the past year, she noted, increases in health insurance costs resulted in lower salaries, especially for academic staff and junior faculty. She asked the regents to support efforts by TAUWP and UFAS to gain collective bargaining rights so that faculty and staff could negotiate for what they need in the areas of salary and benefits.

Stating that morale on campus is very low, she said that compensation levels alone convey the message that faculty and staff are not valued; workload has increased, class sizes are larger, and resources needed for teaching, scholarship and service are lacking. Due to the lack of resources, she pointed out, quality in the UW is declining

With regard to the proposed budget request, Professor Toivola said that TAUWP was encouraged by recognition of the importance of sabbaticals because of the renewal opportunities they afford and asked that they be fairly distributed across the system. TAUWP also supports the request for restoration of 300 of the more than 600 faculty positions eliminated in recent years and wanted to ensure that they would be used to support classroom growth.

Professor Toivola stated that TAUWP pledged to work with the board to make the case for resources focused on the university services valued by taxpayers. She commented, however, that teaching loads are inversely related to faculty salaries and that research priorities are increasingly focused on priorities of the corporate world. She also was concerned that, although employers benefit greatly from a quality state university system, they are paying less and less of the bill in comparison to the average citizen; and she urged that the case be made for re-shifting the tax burden away from individuals and back toward corporate interests.

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David Woodward, Director of Financial Assistance, UW-River Falls, reported that the number of Wisconsin Higher Education Grant recipients has increased significantly over the past five years and that in the past year over 14,000 (62%) UW recipients had family incomes of \$30,000 or less. In that regard, he stressed the need for GPR funds to replace one-time use of auxiliary balances to maintain this program at its current level.

Although appropriations for the program have increased, he pointed out that WHEG awards have not kept pace with tuition increases and that the gap between grant funding and the actual cost for tuition/fees is increasing. Even when the average federal Pell Grant is added to the average WHEG award, the two programs together do not cover the entire amount of tuition/fees in the UW System, and the gap is increasing. The Pell program was flat funded for the 2004-05 year and current trends seem to indicate no likelihood of increases in the near future.

In conclusion, he indicated that the current gap between grant funding and tuition/fees plus additional costs for room and board, transportation, books, etc., means that many students must turn to:

1. Borrowing from federal loan programs and private sources which places a heavy burden on students, especially the most needy
2. Using credit cards
3. Working longer hours which takes time away from the classroom and has been shown to have a negative impact on retention and graduation.

At the very least, he felt that the neediest students should be held harmless from future increases in tuition and fees.

In response to a question by Regent Richlen, Mr. Woodward indicated that the maximum Pell Grant is \$4,050 and that the average grant is approximately \$2,358.

Replying to a question by Regent Walsh, Mr. Woodward confirmed that students in the two lowest income quintiles comprise about 29% of incoming freshmen.

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Mark Keller, a nontraditional student at UW-Stevens Point, spoke of his concerns about the quality of education at his campus. While student enrollment has grown, faculty positions have not increased, causing larger class sizes and forcing teachers to dramatically reduce or eliminate critical thinking activities from their classes. In many classes, writing papers is no longer required, and essay questions have been eliminated from exams, to be replaced by computerized multiple choice tests, because faculty do not have the time to grade large numbers of written assignments.

Stating that faculty retention also is a problem at Stevens Point, he gave the example of one of his faculty mentors who left because he received a 0% pay increase and was unhappy that professors with his experience were earning more outside of the UW System. This also had a negative effect on student morale since he was viewed as a great teacher and an excellent student advisor, in addition to being faculty advisor for the student television station.

In conclusion, he stressed the importance of reversing this negative trend and of making teaching staff the primary focus of the next budget.

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Speaking next was Joe Weier, a UW-Milwaukee student who had returned to college after 23 years of work. Starting at UW-Platteville, he achieved a 4.0 GPA and earned 28 credits to transfer to the UW-Milwaukee architecture program – achievements that he did not think would have been possible without writing center, computer support and tutoring services that he received at Platteville.

Commenting that recent budget cuts have negatively affected his ability to receive a quality education, he cited the example of being unable to arrange an appointment with the undergraduate advisor because her time is stretched too thin by trying to do the work of two people. He also noticed reduced hours in the Architecture Resource Center, which holds reference books needed to complete assignments, and in the computer lab that has design software needed for class projects. He also worried that courses required for graduation may not be offered when he needs to take them. These concerns, he said, are consistent across campus and not unique to any one school.

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Bradley Stafford, President of the Student Body at UW-Stout, spoke of the importance of funding for technology to create capable graduates for today's workforce. As a student with dyslexia, UW-Stout's laptop program had benefited him greatly and has improved the quality of education for the campus as a whole.

However, he was concerned that the cost may have made Stout unattainable for lower-income students and noted that higher-income students are more likely to remain in school and graduate.

Stating support of the campus request for a new science addition that would include many general purpose classrooms, he indicated that more space is needed to alleviate crowding, that larger desks are needed to accommodate laptops and that outlets and wiring must be updated for widespread use of technology.

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Mike Quieto, a graduate student at UW-Madison and Co-President of the Teaching Assistants Association, expressed concern about number of hours that students must work to make ends meet and noted that it made completing their coursework much more difficult.

Stating that tuition relief is needed to ensure student access, he remarked that citizens of the state should be entitled to higher education regardless of income or family background. To provide quality education, he said that more faculty are needed, as well as more teaching assistants working more hours to give individual attention to students at low cost.

He urged that the board demand the resources necessary to make sure that no student is left behind, that there is access to quality higher education that is affordable for students and families, and that instructional staff are compensated fairly and competitively with peer institutions. There should be no compromise on UW funding, he said in conclusion, because the University of Wisconsin is the state's most precious resource and to squander it would be a travesty.

In response to a question by Regent Salas, Mr. Quieto said that the TAA expected to resume bargaining with the state in November. He asked that the board make public statements and speak to elected leaders about the importance of resolving this matter.

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Burt Johnson, a law student at UW-Madison, spoke about tuition, noting that he did not come from a family that could afford to pay for his education. In order to go to Law School, he has to work and take out large loans. In that regard, he was concerned that his career options would be limited by the need to pay off this huge debt. Because of understaffing, he felt there is a lack of assistance for graduate students in finding loans, leaving them on their own to try to determine what to do.

He commented that the budget process should not pit students against taxpayers or university employees, but instead should recognize the importance of students, employees and the mission of the university.

In conclusion, he commented that increasing financial aid for low-income students would not do enough to address the core issue of increasing tuition for all students.

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Stephanie Hilton, President of United Council, began her remarks by noting that students have made it clear that they want an aggressive budget proposal. Stating that Wisconsin's economy cannot survive without an educated workforce, she commented

that the \$250 million cut to the university in the last budget, coupled with a 37% tuition increase, are destroying the chance to go to college for Wisconsin's families.

Turning to specific budget proposals, she indicated that full state funding for financial aid, minimal tuition increases, restoring faculty positions, competitive faculty salaries, maintaining services for students with disabilities and expansion of library and technology resources all reflect student priorities. The top priority for students, she stated, is financial aid, noting that, while tuition increased by more than \$2,000 over the past ten years, the maximum WHEG grant increased by only \$510, more than half of which came from student accounts.

Stating that one-time money must not be used to fund ongoing programs, she urged full state funding for financial aid. In that regard, she noted the decrease of 1,508 new freshmen from the lowest three income quintiles between 1998 and 2002, while there was an increase of 856 from the top two quintiles, and urged support of a hold harmless program that would provide grants to cover tuition increases for students from the two lowest quintiles. In that regard she related testimony before the Legislature by a UW-Milwaukee student whose financial aid increased only \$50, while tuition increased by \$500. This student works 30 hours a week and, as a diabetic, has to pay for health insurance as well as educational costs. To her, adequate financial aid means the difference between being able to continue her education or having to drop out.

Noting that there are 20,000 UW students who receive WHEG grants, Ms. Hilton said that students will be going to the polls to elect representatives who believe the state must pay its share for the UW System. In that regard, United Council and the New Voters Project planned to register over 85,000 students for upcoming elections.

With regard to tuition, Ms. Hilton pointed out that this cost has doubled in ten years, with half of that increase coming in the current biennial budget. United Council did not support the biennial budget option of an 8.7% increase but did support the option of a 4.3% increase, paired with a 7.2% increase in state funding. They would consider a tuition increase acceptable only if state funding increases at a higher percentage. A 4.3% increase would fit with expected personal income growth of four to five percent in each year of the biennium, as projected by the Department of Revenue.

Noting that Wisconsin ranks 30th in the percentage of its population with bachelors' degrees, she pointed out that the number of degree holders cannot be increased without more faculty. Faculty have been lost, she pointed out, due to budget cuts and because Wisconsin's salaries are no longer competitive – a problem not only for students,

but for the entire state. Faculty salaries, she stated, must not be the sole financial burden of students.

She observed that the biennial budget process has been open and honest, with UW staff working jointly with United Council to make sure that student priorities are addressed. However, she cautioned that, if the board passes a request that calls for a higher percentage increase in tuition than in GPR, students would not be working with the UW System and the Board of Regents at the Capitol to pass that budget.

In conclusion, she reiterated support for adopting the 4.3% tuition/7.2% GPR funding split.

In response to a question by Regent Walsh about choosing among higher tuition and other priorities, Ms. Hilton suggested moving forward at this time with the best proposal. If the time came when choices must be made, she thought all constituents should have a voice in deciding what is most important. For students, she felt that financial aid is the top priority followed by keeping tuition increases low, followed by making sure that there are quality faculty in the classroom.

Replying to a question by Regent Burmaster, Ms. Hilton indicated that United Council supported the hold harmless financial aid program for the two lowest income quintiles and funding the budget request with the traditional GPR and fee split.

In response to a question by Regent Bradley, Ms. Hilton said that United Council's goal is to keep the tuition increase under 5%. Regent Bradley asked if United Council would support a higher tuition increase to fund the faculty portion of the request, and Ms. Hilton replied that they would not.

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Building on remarks that he had made at the June meeting, Chancellor Mash noted the conclusion in the Charting a New Course study that, if adequate resources are not available, the university may need to downsize. In the 1980s the UW had faced the same choice and had responded by managing enrollments to maintain quality. While that effort had succeeded, the result had been that the UW now is not enrolling as many students as it did 20 years ago -- and this at a time when education should be a growth industry for any state that it looking to the future.

As to who is not being served, he noted that, in addition to decreasing numbers of low-income students, Wisconsin ranks 44th in serving adult students. The state's low ranking in percentage of college graduates, he commented, is at least partly the result of the choice that was forced on the UW 20 years ago. If a different choice had been made, the state would have more college graduates, higher income levels and a larger tax base.

Now Wisconsin is at another crossroads, he observed, due to the downward spiral of state support for the university. The right choice, he commented, is not to hunker down and focus more tightly on the core mission without being very clear that the state's future will be in jeopardy. Noting the shortage of nurses, he pointed out that the problem could be alleviated with reasonable investment by the state, enabling the universities to graduate more health care workers. The state is full of people, he pointed out, who benefited from an excellent K-12 education but did not choose to go to college. The right choice for Wisconsin's future, he commented, is to reach out to those people, let them know that college is possible, and, with additional faculty, offer the courses they need at convenient times for non-traditional students. The result would be significant brain gain for Wisconsin.

While the university is in a difficult position given the state's resource situation, he noted that, even in this biennium, the state had been spending money on priorities

other than higher education. As to the suggestion of a tuition freeze, he commented that it would be ludicrous to believe that the university could cut off a primary source of revenue and then expect to re-tool a few years later and still have an outstanding public higher education system. If it is lost, he warned, it might not be possible to regain it.

The challenge, he stated, is about “fighting the good fight”, beginning with this biennial budget, by putting forward a reasonable approach to reinvestment and a reasonable tuition level to accompany it. He felt there also should be discussion of a tuition policy, coupled with financial aid, that sets forth the state’s responsibility versus the consumer’s responsibility, rather than simply making decisions biennially, based on available resources. Wisconsin should become the Education State, he said, by doing its best to recognize education as a priority and providing modest but steady support for its outstanding university system.

In conclusion, he reiterated that a crossroads has been reached and that what should not happen is to diminish the size and scope of the university for lack of resources. Instead, it is time to realize the potential of the university to do more for the state through reasonable investment, and to achieve that, a compelling vision is needed to generate the kind of investment that is needed.

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Remarks by Incoming President Kevin Reilly

Referring to the compelling testimony that had been heard about the state of the university, Dr. Reilly characterized the budget proposal as a Student Access budget. It is about access for students from middle and lower income families to the university; access for working adult students to degree programs that they can complete in cooperation with the Technical Colleges; access for all students to quality faculty and staff, to library services and information technology, to better pathways to graduation; and access for graduates to better paying jobs in Wisconsin based on the economic development activities of the university.

The budget also, he stated, is a Wisconsin Success budget. In that regard, he observed that the state and the university are increasingly joined at the hip – the university cannot be successful in the future without renewed investment by the state and the state cannot be healthy in the future without the university contributing strongly as an economic engine. The more baccalaureate degree holders in the state’s population, he pointed out, the higher the per capita income, the lower our taxes, and the richer and healthier the quality of life for every citizen in the state.

From his travels around the state as Extension chancellor and as part of the Charting a New Course study, he felt that there is growing recognition among the populace that the university and the state need to play that role. He emphasized that this budget requests a modest reinvestment in the university after the deepest cuts it had ever taken. Stating that he and all the chancellors are firmly behind this request, he looked forward to making a very strong case to the Governor and Legislature.

Referring to the 9/11 Commission report's conclusion that failure to prevent the attacks resulted in part from a failure of imagination, Dr. Reilly suggested that the decision 20 years ago to downsize the university also was a failure of imagination that had left the state with an average annual income below Minnesota's and declining. If the decision now were to continue to downsize the university by not reinvesting in it, he warned, that would be another failure of imagination that future generations would regret.

Referring to media reports about proposals to privatize the university, Regent President Marcovich reiterated that this is not something that will happen on his watch and that the board does not believe that would be a desirable outcome. However, he cautioned, if public support continues to dwindle, the result could be de facto privatization because the only other way to provide access, if GPR support were not forthcoming, would be by using private money in the form of tuition, grants and gifts.

While the board does not want to raise tuition more than necessary and does not believe that tuition should be a replacement for GPR, he pointed out that, if GPR continues to drop, all that is left to support the university are non-public funds; and privatization results. Stating the belief that no one, including the Governor and Legislature, would want that to happen, he emphasized the necessity of obtaining adequate GPR support in the upcoming budget.

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President Lyall then outlined some options for board consideration:

- Whether to cover the lowest or the two lowest income quintiles in the financial aid request;
- Whether to request the entire budget package as presented or to reduce it by removing all or a portion of the library and IT request; and
- How to fund the request:
 1. The traditional funding split of 1/3 tuition and 2/3 GPR.
 2. Fund financial aid 100% with GPR, fund quality items with tuition, and fund standard budget adjustments with the traditional split.
 3. Fund all items except the standard budget adjustments with tuition and fund the standard budget adjustments with the traditional split.

Noting that the budget will proceed through many more steps in the process, the President cautioned that the board's choice would not decide the final percentage increase. In addition, she pointed out that the estimates associated with the various options do not include any impacts on tuition resulting from a 2005-07 pay plan, which would add six-tenths of a percent to tuition for each 1% pay plan increase.

Regent Salas asked if fewer than the 300 proposed additional faculty positions could be requested and President Lyall replied in the affirmative.

If the 4.3% tuition option were selected, Regent Olivieri asked if it would apply across the board to all campuses or if the board could later make pricing decisions that differentiate among campuses. President Lyall replied that the board would have the authority to make such decisions in the annual operating budget next summer.

Regent Walsh suggested that the board first decide which initiatives it wished to include in the budget request and consider the funding issues after that. He asked why it is necessary for the board's proposed budget to include a tuition request, particularly since it is not known at this time how much GPR will be available. He thought the board's role should be to determine what is needed to keep the university great for its students, what that would cost, and then work with the decision makers on how to fund it.

President Lyall replied that the Department of Administration requires that the request include a funding split.

Associate Vice President Harris added that statutes require the budget to be submitted with detail on how it would be funded. If the university did not do so, statutes empower the Secretary of the Department of Administration to make those decisions.

Regent Olivieri suggested that the board consider the proposal in terms of decision points, such as the financial aid initiative for access and then the quality initiatives, after which funding splits could be considered.

Regent Gottschalk moved adoption of the following resolution and the motion was seconded by Regent Olivieri:

2005-07 UW System GPR/Fee Biennial Operating Budget Request

Resolution 8887: That, upon recommendation of the President of the University of Wisconsin System, the Board of Regents approves the submission of its 2005-07 GPR/Fee Operating Budget request, totaling an average annual increase of \$105.8 million, including the two lowest income quintiles in the Access initiative; and covering Standard Budget Adjustments, Quality and Access Initiatives, using the traditional funding split; and Statutory Language.

Regent Olivieri asked if the cost-to-continue component includes GPR funding of financial aid paid with auxiliaries in the last biennium, and President Lyall replied in the affirmative. Regent Olivieri commented that the agreement to categorize this matter as a cost-to-continue item is appropriate and an important accomplishment.

Expressing support for inclusion of the two lowest income quintiles in the hold harmless financial aid initiative, Regent Olivieri questioned whether declining enrollment by lower income students might be more for reasons of pricing than for reasons of actual cost. In that regard he noted that the gap between cost and financial aid was larger in 1996 than it was in 2000, but enrollments of students in the lower quintiles continued to decline. He noted the argument that it is the price that causes people with lower incomes

to decide that they cannot afford to go to the UW, rather than the actual cost after including financial aid in the calculation. While he supported the financial aid initiative, he questioned whether it would be the most effective mechanism in attracting people from those income quintiles to the UW. In that regard, he suggested that freezing tuition for students in the lower two quintiles might be more effective for that purpose and could be made revenue neutral by raising tuition for those in the top three quintiles.

President Lyall thought that might simply shift the problem up the income scale. The question then would be whether enough GPR would be available to make up the remaining amount.

Regent Marcovich noted that tuition increases would be higher for the remaining quintiles because there would be fewer students to pay the difference.

Regent Davis expressed support for including the two lowest income quintiles in the financial aid initiative. She thought it is an issue of cost, rather than pricing, and that the problem should be addressed in an uncomplicated way.

Regent Salas also supported including the two lowest quintiles in the request, observing that to do so might make the proposal more attractive to the Legislature than just including the lowest quintile. He expressed concern that the median income of UW-Madison students now is almost twice as high as the median income of the state as a whole, noting that this proposal begins to address that issue.

Regent Rosenzweig felt that tuition would cause sticker shock for the poor even if it were frozen because it still would be a considerable cost, particularly for people in lower income brackets. She supported funding the proposed aid packages as the board's highest priority, coupled with a broad and intensive outreach effort to ensure that these students know that college can be affordable for them.

Regent Smith expressed agreement with Regent Rosenzweig.

Speaking in support of the resolution, Regent Randall observed that the proposed budget is a roadmap for economic success for all Wisconsin citizens, containing initiatives that should move the state closer to closing the gap between the haves and the have nots. Agreeing with former Regent Amato that higher education is becoming a gated community in Wisconsin, he viewed the proposed budget as a tool in beginning to address that problem.

Most academically talented graduates of Milwaukee Public Schools, he pointed out, choose to attend non-UW colleges and universities. Further, 89,000 residents of the City of Milwaukee are without a high school diploma or a GED – a number that grows annually due to the 40% drop out rate in the Milwaukee Public Schools. This number, he noted, is significantly greater than the number who possess college degrees and live in the city. While unemployment in every region of the state dropped in the last quarter, it increased in Milwaukee. Further, 80% of the jobs currently available in the Milwaukee region require at least a high school diploma and some post-high school training. Unless this educational shortcoming is addressed, he stated, Wisconsin will continue to rank among the lower tier of Midwestern states in per-capita income.

He viewed the tuition/financial aid portion of the budget as critical to addressing these problems and as a priority that must be maintained through the budget process.

In addition, Regent Randall urged continuing the commitment to improve K-12 teacher preparation in order to improve student success. Noting that this year the state will welcome many new non-English speaking residents, he remarked that the shortage of bilingual teachers is a challenge that must not become insurmountable. In that regard, UW teacher education programs, which produce more than half of the state's teachers and an even greater percentage of special needs teachers, must continue to be supported in order to fulfill these needs both in Milwaukee and in other parts of the state.

Stating that the greatest commitment must be to improve compensation for faculty and staff, Regent Randall pointed out that Marquette University is devoting a huge amount from its recent fundraising campaign to attracting and retaining faculty and that other private institutions around the state also are raising funds to compete in the same market as the UW. However, the UW's ability to raise private funds is hampered by the fact that it receives some GPR. What the UW receives in GPR, he noted, is not enough and what can be generated in non-GPR gifts and grants is no modest challenge.

Every campus must be strengthened, he continued, in order to lessen the disparity in health care delivery for people of color and the poor and also to enhance the pipeline for these residents who are dismally under-represented in physical therapy, nursing, physician and pharmacy programs.

Stating that the proposed budget begins addressing some of these needs, he also urged continued and enhanced support for the state's PK-16 Council, which has brought about significant articulations with higher education, government and business partners.

With regard to the capital budget, Regent Randall expressed support for funding the Columbia Hospital property acquisition for UW-Milwaukee, which he felt would strengthen the campus' ability to be of service well into the century. With regard to areas of concern, he mentioned the need to review and refine the process for prioritizing capital projects and the need to ensure that partnerships in campus building initiatives do not skirt regent oversight and accountability.

Noting that the board has avoided use of its compensation policy, he said that this must not continue in the future. He did not support permitting supplemental pay for chancellors from campus foundations or encouraging service on corporate boards for pay because it perpetuates disparity and inequity among peer institutions. Instead, he urged support for the pay plan in the budget for faculty, staff and leadership.

In conclusion, he stated that strengthening families, strengthening the state's economy, and strengthening campuses to support the university's mission must be championed in unison throughout the budget process.

Regent Gottschalk observed that this budget process has involved much more comprehensive planning than any in which he has participated, with extensive input from the Charting a New Course study. In that regard, he complimented President Lyall and system staff for the effective manner in which the study and budget had been dovetailed together. He felt that the final report would serve as a convincing document that could be taken to decision makers in the effort to prevail in promoting the budget request. Stating that he could not think of a better document than the one that had been produced, he commended the regents, the chancellors and everyone else who participated in the study.

Regent Richlen commented that the financial aid package should be funded with 100% GPR, rather than the traditional funding split. Regent Marcovich indicated that the proposed budget request would include full funding for financial aid from GPR.

In response to a question by Regent Bradley as to how the funding for quality initiatives would be spent, Ms. Harris indicated that about 150 faculty and staff would be hired in the first year, for a total of \$7.6 million. In the second year, about \$23.6 million would be used - \$6.8 million for research and public service stipends and the balance for having the full 300 staff on campus in the 2006-07 year. Regent Bradley asked if there were specific proposals on how those personnel would be allocated throughout the system, to which Ms. Harris replied that those allocations would be made next year based on decision rules approved by the board.

Ms. Harris explained that the second part of the Student Success for Economic Development initiative is \$26 million in the first year and an additional \$27.8 million in the second year for a catch-up pay plan of 3% in each year of the biennium, which would bring the UW up to peer levels for 2003-04. The proposed request also included a \$2 million increase in each year for libraries and increases of \$1.3 million in the first year and an additional \$2 million in the second year for instructional technology.

Regent Bradley asked how it was calculated that there would be an increase of 1,000 additional graduates after six years. In response, Ms. Harris explained that, based on national data, it is known that increased contact with faculty helps to retain students. The estimate represents a 5% increase in graduates, which can be attained with improved retention rates. This will provide both the state and students with a better return on their investment.

In response to a question by Regent Bradley about collaborative programs, Ms. Harris indicated that about \$1 million would be set aside for initiatives recommended by the Committee on Baccalaureate Degree Expansion. There also is funding for the Janesville/Platteville collaboration in engineering which the Governor asked the university to include in the budget request.

Regent Walsh inquired about the cost of the 1,000 additional graduates, and Ms. Harris indicated that the cost is incorporated in the cost of having more faculty in the classroom. Regent Walsh asked if the estimate is a soft number, to which Ms. Harris replied that it is a hard number, based upon goals for increasing retention.

Regent Walsh observed that the increased number of graduates would have a multiplier effect that would greatly benefit the economy.

Regent Olivieri inquired as to whether the proposed hiring of additional faculty would be the most efficient means of increasing retention and graduation rates. Senior Vice President Marrett replied that the desired growth in retention could not be achieved without the additional faculty. In addition, she pointed out that the financial aid package would help to improve retention as well.

Chancellor Miller explained that much of the retention from freshman to sophomore year results from efforts of advisors, mentors and other staff. After that, as students move into the core courses of their majors, interaction with faculty becomes of critical importance in retention and graduation. As an example, he indicated that UW-Whitewater does a good job of recruiting students of color and retaining them into the sophomore year, but does a poorer job of graduating them. Additional faculty need to be deployed to spend the time with students needed to move them toward graduation.

Regent Connolly-Keesler asked if it would be better to add 300 more faculty or to put additional funding into retaining existing faculty. In reply, Ms. Harris indicated that there are hard data to document how far faculty salaries are behind peers at this point in time. While numbers concerning future salary increases are good data, they are estimates based on assumptions going forward. Information about salary needs for the coming biennium would be presented to the board for action in the fall and would proceed through a different process than the budget request.

Regent Salas asked if there would be the ability to negotiate once the budget is submitted to the Governor and the Legislature, to which President Lyall replied in the affirmative. Regent Salas inquired as to whether the request for new faculty, if granted, would increase the number of faculty of color on UW campuses, and President Lyall indicated that such an increase would result, given the additional hiring opportunities.

In response to a question by Regent Salas, President Lyall indicated that the board would have the opportunity to act on budget allocation decision rules in the spring based on what the Governor and Legislature have proposed for the university at that point.

Regent Davis observed that increasing access to the university could also be seen as a retention initiative as the UW works with the Technical Colleges and other partners on ways to confer more baccalaureate degrees and transferability of credit among institutions. She saw a great opportunity for alignment of stakeholders in the interest of providing quality public education for all.

With regard to student retention and graduation, Regent Olivieri noted that not only faculty, but also support and advising staff, are critical in retaining students to the second year. He expressed the hope, therefore, that additional positions provided in the budget would not be confined to faculty. He felt, however, that the retention and graduation goals are not aggressive enough in view of the amount of resources that would be focused in these areas; and he said that he would like to see those goals revised.

President Lyall noted that the goals were set before the \$250 million base budget cut and had not been lowered at that time. The budget proposals would restore only 300 of the 600 positions that had been lost.

Regent Marcovich commented that goals should not be set that would be unattainable under the budget proposal.

Expressing agreement with Regent Olivieri, Regent Davis said more aggressive goals would send the message that the university would carry its weight and also would establish a sense of urgency. She thought it important for the university to hold itself accountable for what matters most.

Associate Vice President Goldberg noted that the original goal was to increase graduation rates from 59-1/2% to 64%, which would have increased the number of graduates by 1,000. Now a goal was being established to graduate another 1,000 students, even while being handicapped by a decreased budget and only restoring half of the lost faculty.

Regent Olivieri asked that the graduation rate percentage be projected to incorporate the increased number of graduates.

Stating his support for the resolution, Regent Axtell noted that Chapter 36 of the statutes sets forth the board's responsibility for effectively and efficiently governing the UW System in the public interest and the obligation to preserve and enhance the educational quality of the system. In the past two years, he commented, quality has not been enhanced or even preserved. The budget proposal for a \$105 million average annual increase represents a partial restoration of that loss. He felt that the board should not hesitate to bring forward a budget asking for that funding in order to restore, preserve and enhance educational quality. He felt reassured in that conclusion by the unanimous support of the chancellors for the budget proposal.

Referring to Chancellor Mash's remarks, Regent Rosenzweig felt that his comments resonated powerfully. At the same time, she was mindful that the "ask" in this budget is great. While she believed that moving forward with the proposed budget is the right thing to do, she pointed out that the job of persuasion would be considerable. In that regard, she was pleased that the chancellors and students would join in this effort.

Regent Walsh commented that a different message should be taken to the Legislature and Executive branch about initiatives to help the economy and graduate more students. He would have wished to have an initiative added to reach out to non-traditional students as well. The vision for the future, he thought, should be that the university will make the state competitive throughout the country because Wisconsin is the Education State.

However, he considered it necessary to be practical, especially considering that the government was asking for a 10% cut from all agencies. He agreed with Regent Rosenzweig that the 7.2% increase in GPR would be a huge "ask"; and he did not consider 4.3% an appropriate tuition increase. Stating that he cares deeply about access for students at the lower end of the income spectrum, he noted that under the budget proposal 30% of the students – those in the two lowest income quintiles – would not

experience a tuition increase. Many of the remaining 70%, he commented, could afford to pay more. It was his position that the state-funded increase should be 5% and the student share should be 6%.

Regent Richlen pointed out that the tuition increase would be greater, once the pay plan is added.

Regent Walsh suggested that the board simply act to approve the initiatives and determine a proposed GPR contribution.

In response to a question by Regent Marcovich, Ms. Harris said that, if the board decided on a GPR percentage increase, she could indicate what that would mean in terms of a tuition increase.

Regent Walsh moved to amend the resolution to strike the words, "using the traditional funding split" and substitute the words, "5.5% GPR", along with the appropriate tuition percentage. The motion was seconded by Regent Pruitt.

Regent Axtell pointed out that the result could be a double-digit tuition increase with addition of a pay plan later in the fall.

Ms. Harris reported that a 5.5% increase in GPR would mean a 7.4% increase in tuition.

Noting the importance of keeping partners in mind, Regent Rosenzweig observed that the case will be difficult to make and it will need to be done in force. To change the percentages in that way, she pointed out, would fracture the partnership. Given how much the high tuition increases in the last biennium hurt students, she was taken aback by a proposal to raise tuition by over 7% in this budget.

Speaking in opposition to the amendment, Regent Gottschalk noted that the proposed budget would request that the state reinvest less than half of the cut received in the last biennial budget. He did not consider that too much to ask.

Regent Axtell stated that he also would vote against the amendment because he did not support asking for a larger tuition increase than a GPR increase, especially after the eloquent testimony that had been presented. He considered a 4.3% tuition increase reasonable and noted that it seemed acceptable to students, whose role in the process should be respected.

Regent Walsh stated that he is very concerned about access, especially for the 30% of students on the lower end of the income scale, whose needs would be met by the financial aid request in the budget proposal. He did not, however, think access to higher income students would be denied by a higher tuition increase and pointed out that the board had made a policy several years ago of moving tuition to the mid-point of the Big Ten. Given the state of the economy, he did not consider it realistic to ask for a 7.2% GPR increase.

In response to a question by Regent Burmaster, Regent President Marcovich noted that a 6% tuition increase would result in a 6.7% GPR increase, and Ms. Harris added that a 5% GPR increase would require an 8.3% increase in tuition.

Regent Pruitt noted that a 6% tuition increase would fall within the student guideline that the GPR increase should be greater than the tuition increase.

Regent Bradley noted that United Council had said that it would take a tuition increase of less than 5% to keep student support behind the budget.

The question was put on the amendment, and it failed to pass on a roll-call vote, with Regents Walsh, Pruitt, and Olivieri (3) voting for the amendment, and Regents Smith, Salas, Rosenzweig, Richlen, Randall, McPike, Marcovich, Gottschalk, Davis, Connolly-Keesler, Burmaster, Bradley, and Axtell (13) voting against it.

The resolution as originally presented then was adopted on a roll-call vote, with Regents Axtell, Bradley, Burmaster, Connolly-Keesler, Davis, Gottschalk, Marcovich, McPike, Pruitt, Randall, Richlen, Rosenzweig, Salas, and Smith (14) voting for the motion, and Regents Olivieri and Walsh (2) voting against it.

It then was moved by Regent Walsh, seconded by Regent Davis, and carried on a voice vote without opposition to make the vote on the resolution unanimous.

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2005-07 UW SYSTEM BIENNIAL CAPITAL BUDGET REQUEST

It was moved by Regent Salas and seconded that Resolution 8888 be adopted by the board.

2005-07 UW System Biennial Capital Budget Request

Resolution 8888: That, upon the recommendation of the President of the University of Wisconsin System, the 2005-07 Capital Budget request including \$226.7 million General Fund Supported Borrowing (GFSB), \$229.9 million Program Revenue Supported Borrowing (PRSB) and acceptance of \$88.8 million in Gifts and Grants for enumerated major projects; and \$210 million GFSB, and \$5 million of PRSB – All Agency Funds for maintenance, renovation and land acquisition, be submitted to the Department of Administration and the State Building Commission. The 2005-07 Capital Budget request includes the following major components:

1. Enumeration of twenty major GPR projects requested by the institutions and recommended for construction at a cost of \$226.7 million GFSB, \$81.7 million PRSB, and \$5.7 million Gifts/Grants.
2. Enumeration of sixteen projects funded entirely by non-GPR sources (\$148.2 million PRSB and \$83.1 million Gifts/Grants, etc.).

3. Planning, design, and enumeration of nine projects in 2005-07 with funding and construction in the 2007-09 biennium.

With regard to enumeration of projects, Regent Olivieri asked if it is correct that there is flexibility in the planning process, so that the priority assigned to a project could be changed from one biennium to the next.

Mr. Miller replied that, while some projects were brought forward as previously prioritized, many conditions changed during the biennium, and institutions asked to reprioritize their requests. In March, the board had approved ranking criteria, including changes in past rankings. While the project list for 2007-09 was presented in priority order, he noted that it is possible that those rankings could be revised according to changes in priorities before that biennium.

Regent Olivieri asked if a project would rise in priority if there were a significant infusion of private funding, and Mr. Miller replied that the list is ranked only on a merit point scale.

In response to a question by Regent Walsh about debt service, Mr. Miller indicated that the UW share is about \$99 million annually, which includes principle and interest. In the next three years, about \$70 million of GPR debt is scheduled to be retired, amounting to about \$6 million annually in principle and interest payments.

Regent Rosenzweig asked if what is proposed in this budget would be in addition to the \$99 million, and Mr. Miller replied in the affirmative.

Regent Randall commented that there is a need to review and refine the process for prioritizing capital projects. He expressed concern that, when projects funded by gifts were moved up the priority list, that campuses would be disadvantaged if they are unable to finance projects in that manner. He also commented that it is important to ensure that building initiatives that are leveraged through partnerships do not skirt regent oversight and accountability. Noting that there has been aggressive creation of new kinds of financing vehicles, he was in favor of maintaining more control of those projects.

With the building program as a strong tool for enhancing economic development in the state, he stated the importance of making sure that everyone has an opportunity to participate, including minority-owned businesses.

The question was put on Resolution 8888, and it was adopted on a unanimous voice vote.

2005-07 UW System Performance Indicators

Resolution 8889: That, upon recommendation of the President of the University of Wisconsin System, the Board of Regents approves the submission of updates to the Performance Indicators approved by the Board in 2003-05 in

response to Department of Administration instructions.
The Performance Indicators are:

Enrollment: enroll the number of FTE students approved by the Board in Enrollment Management 21 (EM21), adjusted to reflect subsequent Regent action.

Retention: to second year.

Graduation Rates: percentage of students who earn a degree from any UW System institution.

Contribution to Wisconsin Income: number of graduates times the average income of graduates (traditional aged and adult) available for the Wisconsin economy.

It should be noted that the UW System issues an annual Accountability Report tracking performance on over a dozen indicators against national and other appropriate higher education benchmarks.

In response to a question by Regent Olivieri, Regent President Marcovich explained that only the indicators were being adopted at this time, not the targets for the indicators.

Regent Olivieri stated that he would like the targets to be raised.

Adoption of Resolution 8889 was moved by Regent Randall and seconded by Regent Pruitt.

In response to a question by Regent Salas, President Lyall explained that the Enrollment Management 21 targets had been adjusted so as to not penalize campuses for having increased retention rates.

Regent Olivieri asked if it is correct that the enrollment target incorporates the expectation that there will be improved retention and graduation rates, and President Lyall replied in the affirmative.

The question was put on Resolution 8889, and it was adopted on a unanimous voice vote.

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CLOSED SESSION

The following resolution, moved by Regent Walsh, was adopted on a roll-call vote, with Regents Axtell, Bradley, Connolly-Keesler, Davis, Marcovich, McPike, Olivieri, Pruitt, Randall, Richlen, Rosenzweig, Salas, Smith and Walsh (14) voting in the affirmative. There were no dissenting votes and no abstentions.

Resolution 8890: That, the Board of Regents recess into Closed Session, to consider appointment of an Interim Chancellor of the UW Colleges, as permitted by s.19.85(1)(c), *Wis. Stats.*, and to confer with Legal Counsel on pending or potential litigation as permitted by s.19.85(a)(f), *Wis. Stats.*

The Board arose from closed session at 3:30 p.m. having adopted the following resolution.

Authorization to Appoint: Interim Chancellor University of Wisconsin-Colleges

Resolution 8891: That, upon recommendation of the President of the University of Wisconsin System, Dr. Margaret Cleek be appointed Interim Chancellor of the University of Wisconsin-Colleges, effective August 15, 2004, at a salary of \$164,686.

The meeting was adjourned at 3:30 p.m.

Submitted by:



Judith A. Temby, Secretary