

MINUTES OF THE REGULAR MEETING

of the

BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM

Madison, Wisconsin

UW-Madison

Held in 1820 Van Hise Hall

Thursday, August 17, 2006

9:00 a.m.

- President Walsh presiding -

PRESENT: Regents Bartell, Bradley, Burmaster, Connolly-Keesler, Crain, Cuene, Davis, Loftus, McPike, Pruitt, Randall, Rosenzweig, Salas, Semenas, Smith, Spector, and Walsh

UNABLE TO ATTEND: None

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LIEUTENANT GOVERNOR BARBARA LAWTON: WISCONSIN LEADERSHIP IN LIBERAL EDUCATION AND AMERICA'S PROMISE

Welcoming Lieutenant Governor Barbara Lawton, President Reilly noted that she is the first woman elected to serve in that office in Wisconsin.

Among her many accomplishments are her efforts to maintain ethical integrity in elections and her strong advocacy for removing the stigma of mental illness. As Chair of the Wisconsin Arts Board, she has demonstrated the central role that arts and culture plays in revitalizing communities and boosting the 21st century knowledge economy. She also has spearheaded the Wisconsin Women = Prosperity initiative – an unprecedented public/private partnership to dismantle barriers to gender equity and guarantee full economic participation for women.

Lieutenant Governor Lawton, he noted, is a strong supporter of higher education as a means by which people can find better lives and a leader in the National Liberal Education and America's Promise (LEAP) campaign of the Association of American Colleges and Universities.

President Reilly recalled that in November 2004, Carol Geary Schneider, President of the Association, spoke to the Board about the purpose and value of liberal education in the new millennium. The purpose of the campaign is to develop public understanding about the kinds of learning students need to succeed in the 21st century – not just career preparation, but also preparation for life-long learning and engaged citizenship, cultural competence, and the ability to manage change and ambiguity.

When it began in January 2005, the LEAP campaign invited Wisconsin to be its pilot partner, and Lieutenant Governor Lawton was named to the National Leadership Council. Wisconsin's leadership includes innovative work being done on UW campuses by the deans and faculty who are members of the UW System Advisory Group of the Liberal Arts, along with members of the UW System Office of Academic and Student Services, including Rebecca Karoff, Donna Silver, Melissa Kepner, and Helen Klebesadel. In addition, Senior Vice President Cora Marrett has lent her support to the campaign from its inception.

Lieutenant Governor Lawton began her remarks by noting that Wisconsin is the first official pilot state for the Liberal Education and America's Promise (LEAP) program, an ambitious campaign sponsored by the Association of American Colleges and Universities to promote the value of a liberal education. She was pleased to be invited to join the National Leadership Council which includes in its membership Harvard University President Derek Bok, Rockefeller Foundation president Jim Orr, University of Michigan President Mary Sue Coleman, Keith Peden, Senior Vice President for Human Resources of Raytheon, and Peter Karoff, founder and chairman of the Philanthropic Initiative.

While most family-supporting jobs require post-secondary education, she said, many low-income and minority students fall through the cracks due to achievement gaps, tuition costs, outdated attitudes family attitudes toward college, and confusing protocols. This undeveloped talent is a particular problem in Wisconsin given its higher than average percentage of baby boomers, smaller young generation, declining birth rate and high net out-migration of college graduates. In order to renew the state's commitment to higher education, she said, the UW and the Technical College System have an important responsibility to articulate the return on investment in an era of global competition.

Remarking that LEAP causes considerations of affordability, access, graduation rates and accountability to merge with examination of the kinds of learning today's college graduates need, she said that business leaders have told her that they want "360 degree" employees who can circle an entire problem and view it from all sides, rather than employees with deep but narrow learning. Engineering firms are looking for

“T-shaped” students, with the vertical part representing learning in the profession and the cross bar representing broader learning in areas like ethics, global knowledge, intercultural literacy and strong communication and collaborative skills.

The LEAP campaign, she said, addresses the need for a more precise definition of the essential outcomes of a liberal education for the student, state, and nation. In that regard, liberal education does not refer to a discrete set of disciplines, but to what today’s college graduates need to know and be able to do to function successfully.

Included in the idea of a liberal education, she explained, are the following outcomes that are essential to a globally engaged democracy and to an innovative economy:

- Knowledge of human cultures and the natural and physical world;
- Intellectual and practical skills;
- Individual and social responsibilities;
- Integrative learning.

Stating that liberal education is becoming “the price of admission to the twenty-first century knowledge economy”, she cited the statement by former Xerox CEO David Kearns that “the only education that prepares us for change is a liberal education.”

Reporting that the National Leadership Council’s agenda starts within the academy, she said that the council advocates the following key changes in practices:

- Higher education institutions need to clearly state that 21st century students need more math, science, global and cross-cultural knowledge, and intellectual agility.
- They need to underline that liberal education draws on both the liberal arts/sciences and professional fields.
- The academy needs first to articulate the re-conceptualization of liberal education and then identify learning outcomes for the public.
- Higher education must take leadership on the kind of learning that students need in today’s world.
- Such leadership involves first working internally with faculty governance and then externally with trustees and community and state leaders.
- Success will be ensured when campus action makes the teaching and learning of liberal education outcomes intentional and a visible part of student success.

The Lieutenant Governor characterized LEAP as a “powerful centrifugal force” for change, creating the framework for public education and advocacy by:

- Focusing public policy on the real engine for growth and development – “an intellectually agile workforce functioning as an ethical, engaged citizenry”;

- Responding to the understanding the prosperity depends on creation and application of new knowledge and the ability to innovate;
- Re-establishing the value of higher education in building and maintaining knowledge;
- Calling on the attributes of the nation's founders: creativity, innovation, risk-taking and entrepreneurship;
- Building understanding of how education from pre-kindergarten through 12th grade must be aligned to support these goals.

Challenges include lack of familiarity with the concept of a liberal education on the part of students and their families and a tendency on the part of many students to think of their education as a private, rather than a public, good. Other challenges include lack of confidence by business leaders in their understanding of higher education and lack of understanding of the impacts of many years of declining state support. In addition, alumni better recognize the need to be donors than the need to be advocates for their universities.

In that regard, Lieutenant Governor Lawton remarked: "We can't build public confidence in higher education without giving the public a sense of fluency when speaking about it, without giving them a way to think about it and the words to support it."

She remarked that the UW is a good selection to pilot the LEAP program for the following reasons:

- Wisconsin has 20 liberal arts colleges, 47 technical colleges and 26 UW campuses, with a total of more than a half million students pursuing post-secondary studies.
- The state has not done well in enrolling and graduating low-income and minority students.
- Wisconsin ranks 35th in terms of the percentage of workers age 25 and over who have a baccalaureate degree.
- The UW has suffered a number of public relations setbacks over the past year.

These challenges are not insurmountable, she commented, in a state that has a long history of valuing education and is home to the Wisconsin Idea that university ideas should inform public policy and that the boundaries of the university are the boundaries of the state. In that regard, she felt confident that the public's imagination could be recaptured by the concept of liberal education as a focus for the future. Initiatives were under way, and UW-Oshkosh already had been recognized as a national model by the American Council on Education and the Association of American Colleges and Universities for its commitment to LEAP initiatives.

Remarking that LEAP provides a powerful metaphor about how investment in education connects to economic progress, the Lieutenant Governor envisioned the following successful outcomes:

- Higher educational institutions will collaborate with the state to collect the data necessary to drive effective advocacy.
- The argument for state and national investment to make a liberal education broadly accessible and affordable will be data-driven and advanced in economic terms.
- The case for investment in a liberal education will emphasize the importance of preserving the independence of colleges and universities.
- There will be statewide public testimony about the value of a liberal education, led by the business community, reported by the media, and repeated in many settings.
- The media will provide ongoing coverage of the campaign as a project of civic journalism.
- The campaign will create a constituency for reinvestment in liberal education.
- Legislators will respond by committing to maintain a system of higher education that balances excellence and mass access.
- LEAP will require and foster bold leadership from the academy and from the public and private sectors.

Referring to the recent Spellings Commission Report on Higher Education, she pointed out that, like LEAP, the report calls for “meaningful student learning outcomes”. The Commission, however, would leave the definition of such outcomes to testing agencies, whereas LEAP and the National Leadership Council are working to provide a definition of what students today need to know and be able to do.

In conclusion, Lieutenant Governor Lawton said that a clearly articulated vision for higher education in Wisconsin will support a growing UW System and campus specific growth plans. What is needed is coordination of efforts and data collection to keep the argument strong and accountability credible. In that regard, she said that higher education has a responsibility to the public to find more ways “to assert the public value of a liberal education in an era of global competition so as to renew the state’s commitment to higher education.”

In discussion following the presentation, Regent Crain remarked that the LEAP campaign is a focused way of making the point that higher education is and should be more than just preparation for careers. It is important, she said, for public institutions not to cede liberal education to private institutions.

Adding that it is necessary to better communicate this message to students, Lieutenant Governor Lawton referred to research findings that show students ranking

such areas as business skills and self discipline as highly important educational outcomes, whereas areas like knowledge of the world and civic engagement rank low on their lists.

Regent Davis remarked that the National Council is an impressive group of leaders with an ambitious agenda. She asked if the passion of leadership can be sustained for the long term, and the Lieutenant Governor replied that the commitment among leaders is profound and unwavering.

Regent President Walsh and President Reilly thanked Lieutenant Governor Lawton for her presentation and for her leadership in the LEAP campaign. President Reilly added that he had been invited to be on the Presidential Trust for the program and that he and Regent Vice President Bradley planned to attend the annual meeting. The UW also would be hosting a conference on LEAP at the Johnson Foundation.

‘BUILDING ON A GREAT IDEA: ELABORATING THE BENEFITS OF HIGHER EDUCATION IN WISCONSIN’ PRESENTED BY JOHN C. BURKHARDT, DIRECTOR OF THE NATIONAL FORUM ON HIGHER EDUCATION FOR THE PUBLIC GOOD AT THE UNIVERSITY OF MICHIGAN.

In introductory remarks, Senior Executive Vice President Don Mash noted that President Reilly has spoken of the 70 out of 100 lost children who do not go to college, that Regent President Walsh has spoken often about need to increase educational access for students, and that the proposed budget submission before the Board reflects the UW’s Growth Agenda for Wisconsin.

The public benefit of higher education, he remarked, is a policy issue of the highest order. In that regard, he noted that the nation has not enacted for many years policies of the magnitude of the Morrill Land Grant Act, the GI Bill, and the 1960s federal financial aid programs – all of which contributed to making the country great. Today, he pointed out, there are issues of economic growth, quality of life and the civic engagement needed to make democracy work. These kinds of issues represent the public good that can be provided by higher education.

Dr. Mash then introduced Dr. John C. Burkhardt, Professor of Higher and Postsecondary Education at the University of Michigan and Director of the National Forum on Higher Education and the Public Good – a national effort to make higher education more responsive to a changing society.

Dr. Burkhardt came to the University of Michigan in 2000, after eight years as a program director at the W. K. Kellogg Foundation, where he coordinated leadership grant making and projects in education and leadership development around the world. He was a fellow of the Institute for Educational Leadership and is a Kellogg Foundation National Leadership Fellow. In 2004, Dr. Burkhardt served as senior policy advisor to a statewide

commission convened by the Governor of Michigan to direct the course of the state's higher educational system. He also served as a member of the Blue Ribbon Commission on Higher Education for the Civic Good, appointed by the Michigan State Legislature in 2004.

Dr. Mash also introduced Nate Daun-Barnett, a doctoral candidate in higher education and public policy at the University of Michigan who had served as coordinator of research for Michigan's statewide Commission on Higher Education and Economic Growth.

Professor Burkhardt began his presentation by stating that the benefits of investment in higher education are crucial to state prosperity and that it is necessary to be more deliberate in articulating the advantages of such investment, not only to leaders, but to the public, students and families -- consistently, effectively and urgently. The National Forum on Higher Education for the Public Good is funded by the Kellogg Foundation to increase this kind of understanding

That most Americans love higher education, he said, is reflected by colleges and universities being among the most admired institutions in the country. That families want their children to go to college is reflected by 80% of 8th graders saying that is what they want. Fifty percent of those surveyed say that their lives have been enriched by the presence of higher education in their communities. Noting that it is well known that college graduates will earn, on average, \$1 million more in their lifetime than those without college degrees, he presented a slide showing public and private economic and social benefits of higher education. Public economic benefits include:

- Increased tax revenues
- Greater productivity
- Increased consumption
- Increased workforce flexibility
- Decreased reliance on government financial support.

Public social benefits include:

- Reduced crime rates
- Increased charitable giving and community service
- Increased quality of civic life
- Social cohesion and appreciation of diversity
- Improved ability to adapt to and use technology.

Personal health improves with education, he added, as does voting behavior, book sales, and inter-cultural competence. The result is more attractive communities in terms

of such factors as more diversity, more entrepreneurship, lower crime rates, more support for the arts and more tourism.

As threats to the perception that higher education serves the public good, Dr. Burkhardt cited such measures as corporate sponsorship of medical research and of athletic teams. He asked if a legacy of privatization is one that colleges and universities want to leave.

State disinvestment in higher education, he pointed out, has resulted in a shift of costs to families. In global comparisons, the U.S. ranks first in the percentage of working age citizens with college degrees (28.9%) and in investments in higher education as a share of GDP (2.7%). However, of the 2.7% GDP investment, only 0.9% is public, ranking 12th. The remainder of the cost has been shifted to families. The U.S. ranks 14th in advanced graduate level degrees awarded and 1st in degrees granted in social sciences, business and law, but 28th in degrees granted in engineering.

In state by state comparisons, Wisconsin ranks 18th in population, 18th in median household income, 15th in state and local investment in higher education per capita, but 30th in the percent of adults with bachelors or higher degrees.

Within the state, educational attainment is highest in Dane, Waukesha, and Ozaukee counties, the Fox River Valley, and Northwest counties in the Minneapolis-St. Paul metropolitan area. Areas of lowest educational attainment are ones without college or university campuses. Within communities, educational attainment also differs by area, based on a number of factors.

On new economy measures, including employment, investments, and educational attainment, the national average is 60% of full efficiency, while the Wisconsin percentage is 52%.

Dr. Burkhardt explained that, in years past, efforts were made to sell higher education as a private benefit in order to counter a downturn in enrollments. Those efforts were successful and are reflected by student movement away from social science and humanities majors and into majors, like business and law, with higher money-making potential. It is difficult, he noted, for students to choose to major in such areas as languages or cultures when they have a heavy loan burden to repay.

Turning to the question of what can be done, Dr. Burkhardt suggested that community strategies are needed to bring about local discussions of the notion of the public good and about parents' aspirations for their children and grandchildren. Because the benefits of higher education are private, public, economic and social, strategies are needed to better describe and articulate these benefits. In that regard, private benefits can be described as transactional, while public benefits can be understood as transformational. It is the transformational aspects of higher education that motivates teachers and learners; and it is this kind of experience that families want for their children.

In conclusion, Dr. Burkhardt used the metaphor of water to describe the importance of education to the 21st century. Water has long been viewed as a public good and that sustains life, generates power for industry, irrigates crop lands, and provides venues for transportation and recreation. As a vital public good, there has been

broad agreement on the need to protect it. Today, he said, an educated populace is what is needed to foster economic growth, to create vibrant communities, and provide other elements of a satisfying life. In that regard, he remarked that “smart is the new water. . . Smart is to the 21st century what water has been to the 18th, 19th, and 20th centuries.”

In discussion following the presentation, Regent Spector asked if Dr. Burkhardt’s research showed what it is about society that causes people to value a private good, like a new kitchen, more than a public good, like a new school.

In reply, Dr. Burkhardt commented that the notion of the public good has diminished in America for many reasons, one of them being an increasing emphasis on materialism conveyed from one generation to the next. Higher education, he felt, has contributed through various privatization measures.

Listening sessions in communities highlighted inconsistencies in values; for example, while grandparents want their grandchildren to have the benefits of education, they do not want them to move far away. What is necessary, he said, is to bring to people a concrete, visual image of the public good that they can recognize and support. In that regard, he commented that what people really value about education are its transformational, rather than transactional, benefits.

Regent Loftus pointed out that the university contributes to the situation by sending the message that the reason higher education should be supported is in order to grow the state’s economy.

Noting that it is common to emphasize return on investment and economic gain, Dr. Burkhardt added that the greater value is the ability to transform lives and society for the better.

Regent Walsh pointed out that Wisconsin has suffered severe financial difficulties in recent years, and that it is necessary to understand competing demands confronting legislative decision makers. Given limits on state resources, he asked what is wrong about accepting contributions from corporations and others.

Dr. Burkhardt indicated in reply that both private and public funding are needed to make universities can be financially viable.

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2007-09 BIENNIAL OPERATING BUDGET AND BIENNIAL CAPITAL BUDGET

In introductory remarks, President Reilly referred to the goal of the UW System to be “Wisconsin’s premier developer of advanced human potential, of the jobs that employ that potential, and of the flourishing communities that sustain it.”

The remarks by Lieutenant Governor Lawton and Professor Burkhardt, he observed, confirm the wisdom of the Growth, Affordability and Access Agenda for Wisconsin. Referring to the fact that, of 100 high school graduates, 70 pursue no post-secondary education, he said that the effort is to open more seats for these students and help to create the jobs to employ them.

The campus initiatives set forth in the proposed budget promote the Growth, Affordability and Access Agenda by reflecting the unique needs of their regions for increased enrollments, student retention and enhanced job opportunities. The Board has heard strong support for these initiatives from community leaders.

In addition, he continued, there are two statewide initiatives needed for the Growth Agenda to succeed:

- The Wisconsin Covenant will bring more students into postsecondary education and will help to make the student body more diverse.
- The Adult Student Initiative will encourage more adults to begin their college education or to complete degree programs that they may have started some time ago. These students are likely to remain in Wisconsin after graduation.

Taken together, the President remarked, these initiatives will produce more graduates for Wisconsin and fuel the economic growth needed to keep them here.

While undertaking this Growth Agenda, he said, the UW needs to continue to be cost-efficient in order to make tuition and state dollars go as far as possible. In that regard, the university has made large budget cuts in recent years. He pointed out that:

- The UW has administrative costs of 6%, compared to 10% among peer institutions.
- State funding is \$1,200 per student below the national average.
- The state appropriation of \$204.38 per person is 33rd among states.

By any comparison, President Reilly commented, “the UW is a lean, mean machine.”

The Biennial Operating Budget submission, he said, calls for \$120 million in reasonable, strategic investments -- \$90 million less than requested for the current biennium. “We owe our students the quality,” he said, that this investment would buy.

The budget would hold tuition increases to 2.48%, the lowest in the last quarter century and less than the rate of inflation, as requested by the Governor and the Board. As to financial aid, Hold Harmless and Veterans Tuition Grants would be supported by separate resolutions.

In closing, the President noted that the state is on course to end the year with a \$12 million surplus and that revenue growth of \$1.9 million is expected, which would more than cover the structural deficit. At this time, he said, it is important to call on the

Governor and Legislature to support opening more seats to students and holding down tuition.

In discussion following President Reilly's remarks, Regent Cuene stated her support for the budget but noted that the Adult Student Initiative did not show collaborations with the Technical Colleges. Chancellor Wilson provided a handout listing collaborations with the Technical Colleges, as well as other UW campuses, and affirmed that additional partnerships will follow. Regent Cuene also emphasized the importance of continued collaboration.

Regent Loftus commented that the UW-La Crosse initiative should move forward, but with the best possible design. Its proposal that increased tuition be used to finance financial aid for lower income students, he felt, might be used on other UW campuses in the future. It was his view that the proposed 25% of the new revenue for financial aid is too low and that a more structured means is needed to judge the efficacy of the program as it goes forward.

He moved to increase the percentage to 50% and the motion was seconded by Regent Rosenzweig.

UW-La Crosse Vice Chancellor Ron Lostetter explained that the 25% figure was chosen with the intention of holding students in the lowest income quintiles harmless from tuition increases and to bring their representation in the student body up to the average of UW campuses. There also is a need, he added, for faculty and support services to retain and serve those students and make sure they succeed. In that regard, the campus would prefer to have the flexibility to use funding for student support as needed.

Regent Smith pointed out that the promise of additional faculty and staff was critical to obtaining student support for the initiative.

Regent President Walsh asked if students approved the 25% rate, and the president of the student government replied in the affirmative.

Regent Loftus noted that the university would not be lowering its academic standards and that the primary need of additional students would be funding, rather than academic support.

Stating that she would support the proposal as presented, Regent Cuene commented that its success would depend on adequate faculty, support and counseling services.

While he favored Regent Loftus' amendment, Regent Semenas stated that he could not support the tuition increase for UW-La Crosse students for financial aid.

Noting the great amount of thought and effort that had gone into developing the proposal, Regent Crain expressed reluctance to make a significant change at the Board table. However, she thought the program should be monitored closely in the future.

Stating that she did not support the amendment, Regent Davis expressed her support for the proposal as presented. She had spoken about the initiative and its "sticker shock" aspect with UW-La Crosse staff and was persuaded that the proposal fit together

“like a quilt”, with all pieces needed for it to be successful. Noting the strong support for the program at the local level, she thought the campus should have the opportunity to implement it, with oversight by the Board. She did not view the initiative as setting a precedent for other institutions.

Regent Salas expressed appreciation to UW-La Crosse staff for meeting with him and responding to his questions. He was concerned, however, that faculty, staff, and students be properly engaged in the process, citing a petition signed by several hundred students who were opposed to the proposal.

The question was put on the proposed amendment, and it failed on a roll-call vote, with Regents Loftus, Randall, Rosenzweig, Salas and Semenas (5) voting in favor of it, and Regents Bartell, Bradley, Burmaster, Connolly-Keesler, Crain, Cuene, Davis, McPike, Pruitt, Smith, Spector, and Walsh (12) voting in opposition.

Regent Salas moved that the program be evaluated by the Board of Regents after six years, rather than by the campus after 10 years, and that a final decision be made after six years on continuing the program. The motion was seconded by Regent Davis.

Associate Vice President Harris noted that a six-year evaluation would only show results for the first cohort of students.

Regent Bradley added that a 10-year time frame would provide more meaningful data on which to make a final decision.

Interim Chancellor Elizabeth Hitch assured the Board that the program would be monitored on an ongoing basis and adjustments would be made as needed. Results could be shared annually with the Board, but a six-year time frame would not provide a large amount of data.

Regent Connolly-Keesler asked if no other campus would be able to try such a program until a final decision were made about this one, and Regent President Walsh replied that there would be no prohibition against doing so.

Regent Spector noted that the Board could change a program at any time.

Expressing support for the proposed amendment, Regent Loftus pointed out that UW-La Crosse would raise \$15.2 million in new revenue, \$12 million of which would be used for faculty and staff. He agreed that a review after six years would be warranted.

The question was put on the proposed amendment, and it was adopted on a unanimous voice vote.

In response to a question by Regent President Walsh, Ms. Harris explained that an adjustment had been made to tuition in the second year of the biennium because new data on utility costs and the student technology fee had been added. No further significant adjustments were anticipated.

In reply to a question by Regent Bradley, Ms. Harris said that an increase in state support of about 3.4% was being requested.

Noting that the requested tuition increase is the lowest in 25 years, Regent Bradley asked if it also is the lowest in relation to a state funding request; and Ms. Harris replied in the affirmative.

In response to a question by Regent Salas, Ms. Harris indicated that the budget would provide an increase in funding for minority and disadvantaged student programs, adding that funds for these programs have remained stable because they were protected from budget cuts in recent years.

Regent President Walsh then recognized Stella Luong as spokesperson for a group of students who had come to the meeting to advocate for a freeze in tuition.

Ms. Luong stated that students are struggling to pay tuition and that some have to work three jobs to make ends meet. Commenting that students cannot continue to pay more, she urged the Board to freeze tuition at this time.

Regent President Walsh asked what services the students believed should be cut in order to freeze tuition. Ms. Luong had no suggestion in that regard but asked that financial aid be increased to provide more access.

Referring to a table on Wisconsin GI Bill usage, Regent Loftus commented that more veterans on campus would improve the educational environment for all students. He said that chancellors should have the flexibility to admit veterans whose military service experience would make up for academic record deficiencies.

In response to a question by Regent Loftus, President Reilly explained that three staff requested in the budget would be strategically situated around the state to assist veterans on a regional basis. A fourth staff person would be furnished by the Department of Veterans Affairs.

Regent Loftus noted that, with free tuition, recruitment should not be a problem. Instead, he said that efforts should be focused on retention/graduation and concentrated on campuses where most veterans are located.

In response to a question by Regent Bradley, Ms. Harris indicated that, although numbers had not been updated, it had been calculated that the UW could increase its returns by about two and a half million dollars by managing and investing its own program revenue balances.

Replying to a question by Regent Salas, Ms. Harris said that the proposed budget did not include resident tuition for undocumented students but that the Board is on record as having supported the Governor's proposal in the last biennial budget.

Regent Bartell commended the Governor's proposal to hold tuition to the rate of inflation and the Board's submission of the lowest increase in the past 25 years.

He remained concerned, however, with the continuing trend of shifting costs to students. While he recognized that decision-makers must contend with competing demands, he urged that higher education be made a priority. In that regard, he pointed out that Wisconsin's investment in higher education ranks in the lower third nationally, that growth of state investment is near the bottom, and that the state's investment as a percentage of personal income has been decreasing and is at its lowest in 40 years. This shows, he remarked, that the state no longer considers higher education the priority that it once was and that the burden has been shifted to families, who now pay more than 50% of the costs. Tuition has increased up to 80% in the last six years, financial aid has not

kept up with these increases, and the average family income at UW-Madison has doubled in the last eight years.

Stating that this situation cannot be allowed to continue, Regent Bartell commented that, while he would support the proposed two-plus percent tuition increase in order to allow programs to go forward, he would like to carefully consider presenting a tuition freeze to the Legislature in the next biennium.

Thanking Regent Bartell for his eloquent statement, Regent Semenas stated that, although he supports the Growth Agenda to move Wisconsin forward, he could not support the proposed tuition increase, even though it would be the lowest in many years. Adding to the problem is a \$12 million reduction in federal financial aid.

Regent Pruitt characterized the proposed budget as an amazing step forward that provides a vision for growing student access, while holding down tuition. Predicting that it could be a turning point for the university, he said that business leaders should be challenged to support the Growth Agenda and students should be challenged to fight for holding down tuition.

Noting that students had supported a higher tuition increase two years ago, Regent Salas said that, while he would support the budget as proposed, he could not support the result if financial aid and other initiatives were eliminated in the legislative process.

Regent-designate Shields expressed agreement with Regent Semenas and stated that he would also vote against the budget if he were able to do so.

Regent Crain said that, while student comments about tuition increases should be taken seriously, it is necessary to consider what would be lost without the proposed tuition revenue and to bear in mind that the Growth Agenda promotes student access.

Noting that the debate in the Legislature has for many years been about the percentage of state dollars versus tuition, Regent Loftus suggested consideration of different ways to look at that question in the future.

Stating his pride in the proposed budget, Regent President Walsh remarked that this is a dramatic moment that marks a turning point, allowing the university to grow and hold down tuition at the same time. The Board was faced with a \$250 million cut just a few years ago, he recalled, adding that Governor Doyle now is making a commitment to invest in the university, asking that tuition be kept down, and that business leaders are committed to the Growth Agenda.

Regent Randall stated that he did not support the UW-La Crosse initiative and did not think the expected increase in diversity could be achieved.

The question was put on the proposed budget, as amended, and it was adopted on a role-call vote, with Regents Walsh, Spector, Smith, Salas, Rosenzweig, Pruitt, McPike, Loftus, Davis, Cuene, Crain, Connolly-Keesler, Burmaster, Bradley, and Bartell (15) voting in the affirmative; and Regents Semenas and Randall (2) voting in the negative.

2007-09 Biennial Operating Budget

Resolution 9224: That, upon recommendation of the President of the University of Wisconsin System, the Board of Regents approves the submission of its 2007-09 GPR/Fee Operating Budget request, totaling an ongoing increase of 120.1 million GPR/Fees, including the Growth Agenda, and Estimated Cost to Continue Requests; Program Revenue Requests; Statutory Language Changes; and Performance Measures. The Board's request for the 2007-09 biennium includes tuition revenue changes that would result in increases of 3% in 2007-08 and 1.96% in 2008-09. The Board delegates authority to the UW System President to make minor changes as needed to the Cost to Continue request prior to the September 15, 2006 submission date.

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Turning to the Capital Budget submission, President Reilly noted that challenges and alternatives had been reviewed at the June Board meeting. Because many facilities were built in the 1960s and 1970s, he pointed out, there is significant need for remodeling and updating at this time. In that regard, he indicated that an online survey of students showed that 70% rated facilities related to their majors to be very important in their choice of a college.

While the last capital budget was a good one for the university, he remarked that there is a growing need for modern facilities that will become more pressing as time goes on.

Regent Loftus inquired as to the status of the committee on segregated fees, and Vice President Durcan replied that recommendations for student members were expected in the near future and that the committee's work should be completed in about six months.

Regent Loftus asked if each facility proposal was reviewed individually; and Assistant Vice President Miller replied in the affirmative, adding that each project was requested for construction or planning in the last biennium, with \$129 million receiving advance enumeration.

Noting the growing need for facility funding, Mr. Miller pointed out that the budget recommendation contains \$105 million in gift and grant funding, almost half of which is for academic facilities traditionally funded fully by the state.

As to major project funding sources, he indicated that 42% would be funded by general fund supported borrowing, 42% by program revenue supported borrowing, and 16% by gifts and grants. 73.5% of GFSB major projects are academic buildings, and 75% of PRSB and gift-funded projects are housing and dining facilities.

Many of the facilities built in the 1960s and 1970s, he explained, were constructed in a way not amenable to remodeling, with inflexible walls, low ceilings and inadequate mechanicals. Some of the university's oldest buildings are best for remodeling because of the flexibility they offer.

Noting that the UW owns and operates about 60 million square feet of space, Mr. Miller indicated that, because of limited state funding and a growing need of facility renewal, there is a growing gap between projects requested by institutions and projects that are funded.

In this budget, it is recommended that \$31 million of the proposed costs be shifted to all-agency funds. Noting that hard decisions were made, he said that the resulting recommendation of \$264 million is an earnest attempt to request an amount that is reasonable for the state to fund. Debt service on bonding would amount to \$32 million per year.

In conclusion, Mr. Miller pointed out that efficiencies and savings can be obtained through alternative building processes, such as that employed for the new residence hall at UW-Platteville.

Adoption of Resolution 9225 was moved by Regent Smith and seconded by Regent Salas. Regent Smith moved the previous question. The motion was seconded by Regent Pruitt and carried on a unanimous voice vote.

The question was put on Resolution 9225, and it was adopted on a unanimous roll-call vote, with Regents Bradley, Burmaster, Connolly-Keesler, Crain, Cuene, Davis, Loftus, McPike, Pruitt, Randall, Rosenzweig, Salas, Semenas, Smith, Spector, and Walsh (16) voting in the affirmative.

2007-09 Biennial Capital Budget

Resolution 9225: That, upon the recommendation of the President of the University of Wisconsin System, the 2007-09 Capital Budget request consisting of

- \$135.1 million General Fund Supported Borrowing (GFSB), and
- \$240.5 million Program Revenue Supported Borrowing (PRSB), and
- \$104.9 million Gifts and Grants in 2007-09 for major projects; and
- \$108.8 million General Fund Supported Borrowing, and
- \$8.2 million Program Revenue Supported Borrowing, and
- \$2.0 million in Gifts and Grants in 2009-11 for major projects; and
- \$130 million General Fund Supported Borrowing, and
- \$25 million Program Revenue Supported Borrowing – All Agency Funds for maintenance, renovation, and land acquisition,

be submitted to the Department of Administration and the Building Commission.

The 2007-09 Capital Budget request includes the following:

1. Enumeration of eleven projects at a cost of \$135.1 million GFSB, \$5.9 million PRSB, and \$45.6 million Gifts/Grants in 2007-09; and \$108.8 million GFSB, \$8.2 million PRSB and \$2.0 million Gifts/Grants in 2009-11, with 2009-11 GFSB funding to become available on July 1, 2009.
2. Enumeration of sixteen projects funded by non-GFSB sources (\$234.6 million PRSB and \$59.3 million Gifts/Grants).
3. That the Board authorizes the UW System President to adjust individual project budgets as necessary in the development of the final 2007-09 Capital Budget with the Department of Administration.

Note: \$129.1 million of 2007-09 GFSB will become available on 07/01/07 for five projects which were advance enumerated in the 2005-07 Capital Budget.

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It was moved by Regent Loftus and seconded by Regent Randall that performance related to veterans' issues be included in the chancellors' annual evaluations. The motion was adopted on a unanimous voice vote.

Upon motion by Regent Loftus, seconded by Regent Semenas, the meeting was adjourned at 12:35 p.m.

Submitted by:

Judith A. Temby, Secretary

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

Madison, Wisconsin

UW-Madison
Held in 1820 Van Hise Hall
Friday, August 18, 2006
9:00 a.m.

- President Walsh presiding -

APPROVAL OF MINUTES OF THE MEETING OF THE BOARD ON AUGUST 2, 2006.....	20
REPORT OF THE PRESIDENT OF THE BOARD	21
REPORT ON THE JULY 25-26, 2006 MEETINGS OF THE WISCONSIN TECHNICAL COLLEGE SYSTEM BOARD	21
PRESENTATION ON WISCONSIN TECHNICAL COLLEGE SYSTEM GRADUATE FOLLOW-UP REPORT	21
REPORT OF THE PRESIDENT OF THE SYSTEM.....	22
INTER-CAMPUS RESEARCH COLLABORATION.....	22
FULBRIGHT AWARDS FOR UW-EAU CLAIRE GRADUATES	23
FEDERAL GRANT FOR UW-WHITEWATER CENTER.....	23
UW-MADISON PEOPLE PROGRAM.....	23
UW-WASHINGTON COUNTY/UW-OSHKOSH COLLABORATIVE DEGREE	23
STUDENT VOTING	24
WELCOME TO NEW UW-RIVER FALLS PROVOST CHARLES D. HURT	24
COMMENTS REGARDING THE 2007-09 BIENNIAL BUDGET	24
REPORT OF THE EDUCATION COMMITTEE.....	25
UW-MILWAUKEE: PROGRAM AUTHORIZATION (IMPLEMENTATION): B.S. IN MICROBIOLOGY.....	25
UW-STEVENS POINT: PROGRAM AUTHORIZATION (IMPLEMENTATION): B.S. IN HEALTH SCIENCES.....	26
REVISED FACULTY PERSONNEL RULES.....	26
UW-MILWAUKEE: CHARTER SCHOOL CONTRACT EXTENSION WITH MILWAUKEE COLLEGE PREPARATORY SCHOOL	26
PROGRESS REPORT ON UW SYSTEM WAUKESHA STUDY	27
REPORT OF THE SENIOR VICE PRESIDENT FOR ACADEMIC AFFAIRS	28
<i>Annual Program Planning and Review Report.....</i>	<i>28</i>
CONSENT AGENDA	29
UW-Milwaukee: Program Authorization (Implementation): B.S. in Microbiology	29
UW-Whitewater: Amendments to Faculty Personnel Rules.....	29

UW-Extension: Amendment to Faculty and Academic Staff Personnel Rules.....	29
UW-Milwaukee: Charter School Contract Extension: Milwaukee College Preparatory School	29
UW-Eau Claire: Authorization to Recruit: Provost and Vice Chancellor.....	30
2006 Research and Public Service Report.....	30
Annual Report on Calendar 2005 Undergraduate Drop Rates	30
UW-Stevens Point: Program Authorization (Implementation): B.S. in Health Science	30
REPORT OF THE PHYSICAL PLANNING AND FUNDING COMMITTEE	31
UW-MILWAUKEE: AUTHORITY TO SELL PROPERTY	31
UW-Milwaukee: Authority to Sell Property	31
UW-OSHKOSH: AUTHORITY TO PURCHASE PARCEL OF LAND.....	32
UW SYSTEM: AUTHORITY TO CONSTRUCT VARIOUS FACILITY MAINTENANCE AND REPAIR PROJECTS ...	33
CONSENT AGENDA	33
UW-Oshkosh: Authority to Purchase a Parcel of Land	33
UW System: Authority to Construct Various Facility Maintenance and Repair Projects	33
REPORT OF THE BUSINESS, FINANCE, AND AUDIT COMMITTEE	33
RESOLUTIONS IN SUPPORT OF VETERANS’ TUITION GRANT AND HOLD HARMLESS TUITION GRANT	
PROGRAMS.....	34
UPDATE ON CRIMINAL BACKGROUND CHECKS	34
TRUST FUNDS	34
<i>Policy Regarding Investment in Tobacco Interests.....</i>	<i>34</i>
<i>Sudan Divestment</i>	<i>34</i>
Sudan Divestment.....	35
<i>Quarterly Investment Report</i>	<i>38</i>
AUDIT UPDATE	38
<i>Scope of Work Statement for Review on Cost of Textbooks.....</i>	<i>38</i>
<i>Quarterly Status Update: Operations Review and Audit.....</i>	<i>38</i>
<i>Program Review of Early Return to Work efforts at UW Institutions.....</i>	<i>38</i>
COMMITTEE BUSINESS.....	39
<i>Quarterly Gifts, Grants, and Contracts Report</i>	<i>39</i>
<i>Committee Goals and Priorities for 2006-07</i>	<i>39</i>
REPORT OF THE VICE PRESIDENT.....	39
CONSENT AGENDA	39
Veterans’ Tuition Grant.....	39
Hold Harmless Tuition Grant	41
COMMUNICATIONS, PETITIONS, AND MEMORIALS	42
IN MEMORY OF PROFESSOR LEON EPSTEIN	42
CLOSED SESSION	42
UW-Whitewater: Authority to Name the College of Business and Economics.....	43
UW-Madison: Degree Revocation	43
Student Request for Review of UW-Eau Claire decision	43

MINUTES OF THE REGULAR MEETING

of the

BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM

Madison, Wisconsin

UW-Madison

Held in 1820 Van Hise Hall

August 18, 2006

9:00 a.m.

- Vice President Bradley presiding -

PRESENT: Regents Bartell, Bradley, Burmaster, Connolly-Keesler,
Crain, Cuene, Davis, Loftus, Pruitt, Randall, Rosenzweig,
Salas, Semenas, Smith, Spector, and Walsh

UNABLE TO ATTEND: Regent McPike

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Approval of Minutes of the Meeting of the Board on August 2, 2006

With a revision by Regent Crain to note that the August 2, 2006 meeting was a special meeting of the Board, the minutes were approved, upon motion by Regent Pruitt, seconded by Regent Bartell.

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REPORT OF THE PRESIDENT OF THE BOARD

Report on the July 25-26, 2006 meetings of the Wisconsin Technical College System Board

A written report on the July 25-26 meetings was provided.

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Presentation on Wisconsin Technical College System Graduate Follow-Up Report

In introductory remarks, Daniel Clancy, President of the Wisconsin Technical College System, noted that the report contains information received from an annual survey of graduates done to measure success in meeting personal and workforce goals. He introduced Associate Vice President Jayson Chung to present the report's findings.

Mr. Chung explained that the survey of all graduates is conducted annually by telephone and mail. Of 22,857 graduates surveyed statewide, 16,430 responded.

As to why they chose to attend a technical college, most respondents specified reasons related to employment: 38% wanted to prepare for employment; 23% wanted to make a career change; and 11% wanted to improve existing job skills. 17% wanted to prepare for continuing education beyond technical college, and 5% listed personal interests.

Six months after graduation, 92% were employed, more than three fourths in jobs related to their training. 54% were employed after completing their training; 20% were employed while attending; and 23% were employed before enrolling. As to employment location, 87% were employed in Wisconsin and 73% of those were employed in the technical college district where they went to school. Referring to a list of the top 20 programs, Mr. Chung pointed out that health care occupations are among the most popular and most highly paid, while technical occupations also pay well.

In conclusion, he noted that the survey has been conducted for the past 30 years and is used by the colleges for career planning and public information.

In response to a question by Regent Loftus, President Clancy explained that the WTCS has college transfer programs at Madison Area Technical College, Milwaukee Area Technical College and Nicolet Technical College. While the guaranteed transfer contracts with UW-Madison are recent innovations, he remarked that there has been a longstanding record of successful transfer relationships between the two systems, with growth in the number of transfers increasing at a steady pace.

Regent Loftus expressed an interest in more information on that subject, noting that, with the new guaranteed transfer contracts, more students may choose the technical colleges due to affordability and ease of admission factors.

In response to a question by Regent Smith as to enrollment trends, President Clancy indicated that enrollments have been growing at a record pace and have reached

68,000 full-time-equivalent students. Health care programs are experiencing particularly strong increases.

Noting that the allied health programs are of high quality, Regent Salas explained that scores of technical college associate degree graduates on board exams are as high as those of graduates from some four-year programs. Referring to concerns by a state senator about lack of programs in areas like welding, he pointed out that the technical colleges are quick to respond to needs in the workplace.

Regent Cuene remarked that information on top occupations should be helpful in building relationships between the two systems in areas such as upside-down degrees.

In response to a question by Regent President Walsh, Mr. Chung indicated that the salaries listed are for newly-hired employees.

Regent President Walsh observed that these figures reinforce the message that graduates with a postsecondary degree earn substantially more than those who do not continue their education beyond high school.

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President Walsh presiding

REPORT OF THE PRESIDENT OF THE SYSTEM

Inter-Campus Research Collaboration

President Reilly reported that more than 50 research scientists and faculty from 10 four-year UW campuses and two UW Colleges met at a forum in June to foster inter-campus and interdisciplinary research by learning about ways to collaborate through sharing expertise, equipment or facilities. Faculty from fields like biotechnology, genomics, chemistry, microbiology, and stem cell research were involved.

Sponsors included: WiSys, the system-wide intellectual property organization; the UW System Office of Federal Relations; the Great Lakes Wisconsin Aquatic Technology and Environmental Research Institute at UW-Milwaukee; and the patent law firm Whyte Hirschboeck Dudek.

Since then, faculty in the Chippewa Valley have begun to talk about a virtual research collaboration, and a meeting is planned in Stevens Point by another group of faculty to talk about energy solutions through the state's BioFuels Initiative.

These examples, the President observed, reflect the strong commitment and promising ideas from faculty and researchers to boost Wisconsin's economy.

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Fulbright Awards for UW-Eau Claire Graduates

Reporting that four UW-Eau Claire graduates have received Fulbright Awards, President Reilly indicated that Justin Van Ness, Jenna Cushing-Leubner, Amanda Hill, and Trevor Hagen will teach and conduct research in Spain, Belgium, Austria and the Czech Republic. The Fulbright program, which is highly competitive, aims to build mutual understanding between the United States and other nations.

Noting that UW-Eau Claire has had eight Fulbright recipients since the year 2000, more than any other UW master's-level campus, the President congratulated Chancellor Levin-Stankevich and his colleagues for this accomplishment.

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Federal Grant for UW-Whitewater Center

President Reilly reported that UW-Whitewater's Global Business Resource Center received a fifth-straight Business International Education grant from the U.S. Department of Education. The two-year grant, worth \$528,000, will help to establish a mentorship program, connect students with minority-owned businesses, conduct global market research and solutions for minority-owned businesses, and develop online training programs.

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UW-Madison PEOPLE Program

Reporting that nearly 1,000 high school students attended classes this summer on the UW-Madison campus as part of the PEOPLE program, President Reilly noted that the program is a partnership with public schools that identifies academically promising students from culturally diverse and economically disadvantaged backgrounds and provides them with ongoing academic support.

Students who graduate from the program and enroll at UW-Madison receive full-tuition scholarships, of which 180 have been awarded to date. Ninety-four percent of PEOPLE students enroll in higher education, and 180 are enrolled at UW-Madison for the fall semester. Noting that this is a remarkable success rate, President Reilly congratulated Chancellor Wiley and colleagues on this admirable program.

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UW-Washington County/UW-Oshkosh Collaborative Degree

President Reilly reported that UW-Washington County and UW-Oshkosh are to offer a collaborative degree beginning in the fall – a Bachelor of Liberal Studies with an emphasis in Leadership Development. This brings the total number of bachelors' degrees offered at UW-Washington County to five, the other four being offered in partnership with UW-Milwaukee.

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Student Voting

It was reported by President Reilly that UW-River Falls, UW-Eau Claire, UW-Oshkosh, UW-Stevens Point, and UW-Platteville are joining 80 universities in 30 states in the Young Voters Strategies Campaign -- a national effort to track and encourage student voting this fall. The campaign, conducted in cooperation with the National Association of American Colleges and Universities, has a goal of registering 350,000 young voters in 2006 and is funded with a \$3 million grant from the Pew Charitable Trusts. Similar efforts in 2004 helped to produce four million more young voters than in 2000.

UW-River Falls also is running its own non-partisan voter registration committee, called "River Falls Votes." The campaign will help students to find information about voter registration and election issues; invite candidates to campus and possibly host a debate; and work with the City of River Falls to make registration and voting as efficient as possible.

Noting that young voters are vital to the future of democracy, President Reilly observed that, while students are volunteering at higher levels, they are more disengaged from the political process. He commended the chancellors for these efforts to involve students in upcoming elections.

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Welcome to New UW-River Falls Provost Charles D. Hurt

Welcoming Provost Charles D. Hurt, President Reilly noted that he holds a B.A. in English Literature and Religious Studies from the University of Virginia and M.S. and Ph.D. degrees in Information Science from the University of Kentucky and UW-Madison respectively. He has held faculty positions at several universities, including McGill, the University of Arizona and Westchester University in Pennsylvania. He also has published five books and more than 50 journal articles, reports and conference papers.

At the University of Arizona, he directed the School of Information Resources and Library Science and served as Dean of the College of Social and Behavior Sciences, among other positions. He joined Westchester University in 2002 as Dean of the College of Arts and Sciences, the largest academic unit at that institution. Most recently, he served as principal investigator for a project at Westchester funded by a \$1.4 million grant from the National Science Foundation.

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Comments Regarding the 2007-09 Biennial Budget

Regent President Walsh remarked that the Board could take great pride in approving a budget request that combines the smallest tuition rate increase in 25 years with a Growth, Access and Affordability Agenda for the future.

He planned to continue making presentations to rotary clubs and other organizations regarding the importance of this plan to Wisconsin's future. From his meetings with these groups so far, it has been clear that people in the audience care very

much about education. Noting that it also will be necessary to convince decision-makers to support the UW's request, he indicated that he recently had a fruitful meeting with Representative Nass. It is important, he emphasized, to be diligent in presenting facts and making clear the rationale for such actions as reducing nonresident tuition, which was done because UW campuses, other than UW-Madison, had been priced out of the market for nonresident students, and to make clear that the effect would be to expand, not contract, access for Wisconsin residents.

It will be necessary, President Walsh stated, to promote with a positive message the Growth, Affordability and Access Agenda for Wisconsin, while also serving as good shepherds of fiscal resources and fixing any problems that may be found. Noting the importance of energizing business support, he planned to ask business leaders for their continued advocacy as the proposed budget moves through the process.

Regent Salas commended Regent President Walsh for his gracious response to the students who appeared at the preceding day's meeting and for finding a place for them in the discussion.

Expressing agreement with Regent President Walsh, Regent Davis also emphasized the need for business support and for conveying a message focused on growth, access and affordability. She pointed out that Regents and others need to participate in these efforts, which should also focus on grassroots communities, including parents and community leaders, who need to be convinced to contact their legislators in support of the UW's plan.

President Reilly indicated that he would come to the Board in October with an advocacy plan and that reaction to the Growth Agenda has been positive.

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REPORT OF THE EDUCATION COMMITTEE

Regent Davis, Chair, presented the committee's report.

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UW-Milwaukee: Program Authorization (Implementation): B.S. in Microbiology

The committee was advised of a growing need for a trained workforce in Wisconsin's biotechnology industry and was informed that the proposed program supports the university's mission and strategic initiatives in biotechnology. It would upgrade microbiology from an option in the Department of Biological Sciences to an academic major – an action sought by both students and faculty. The program offers cutting-edge research opportunities to undergraduates and has a solid record of attracting diverse students and faculty.

A resolution to authorize implementation of the program was approved for inclusion in the consent agenda

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UW-Stevens Point: Program Authorization (Implementation): B.S. in Health Sciences

The committee was informed that the program was developed in response to student and workforce demand, the Stevens Point area being home to three medical centers that offer a host of health care services. Students want preparation for health care jobs in the region, as well as for graduate studies in other allied health fields like occupational and physical therapy. The committee was assured that the new major will provide that training, with strong advising, assessment and partnerships with area health-care providers.

A resolution to authorize implementation of the program was approved for inclusion in the consent agenda.

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Revised Faculty Personnel Rules

The committee considered proposed revisions to faculty personnel rules at UW-Whitewater and UW-Extension. Both sets of revisions were approved by the respective faculty governance processes and the chancellors and were reviewed by the System Office of General Counsel.

It was suggested by Regent Spector that proposed rule revisions be accompanied by a statement from the Office of General Counsel describing the proposed revisions; setting forth the criteria employed in reviewing them; and possibly explaining how they are different from or similar to parallel rules on other campuses.

The committee approved the proposed revisions for inclusion in the consent agenda.

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UW-Milwaukee: Charter School Contract Extension with Milwaukee College Preparatory School

When the contract was approved by the Board in 2002, the school was known as the Marva Collins Preparatory School. The proposed contract extension was accompanied by an evaluation summary showing the school's outstanding outcomes for students. Situated in one of Milwaukee's most troubled and poorest neighborhoods and serving a population that is 99% African American, the school has the best test scores in the city. The committee was informed that these scores are the result of a strong culture for learning, with an involved and active board, an outstanding principal, and students who are motivated to learn.

The committee requested to have at the October meeting a tutorial on charter schools to provide information on how charter schools under UW-Milwaukee's oversight differ from other charter schools and on UW-Milwaukee's role in relation to the schools that it charters.

The committee approved extension of the contract for inclusion in the consent agenda.

In discussion at the Board meeting, Regent Crain stated her strong interest in further discussion about the UW and charter schools, including implications beyond Milwaukee.

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Progress Report on UW System Waukesha Study

Reviewing discussion of the progress report, Regent Davis indicated that the conversation was a productive one. Executive Senior Vice President Mash reviewed this complex issue and emphasized that the goal was to find ways in which the UW System could provide educational programs to contribute to the county's growth, while mindful of the system's financial constraints.

On behalf of President Reilly, he stated the commitment to have two new four-year high-demand programs up and running at UW-Waukesha by fall 2007. The committee welcomed this initiative, understanding that the specific programs and institutions that would offer them have yet to be determined.

He also referred to the ongoing study of options being conducted by Chancellors Wilson and Santiago. At this time, three options remained on the table: merger, a four-year institution in Waukesha County, and a university center approach in which collaboration between UW-Milwaukee and UW-Waukesha would increase.

The Waukesha Study Group, which consists of the two chancellors, the chief academic and chief financial officers from UW-Milwaukee and the UW Colleges and the Dean of UW-Waukesha, would be expanded to include two UW System Administration officers from the financial and programmatic areas in order to incorporate system-wide considerations.

In response to questions by committee members, Dr. Mash clarified that a new building is not required for delivering additional programs and is not part of ongoing deliberations.

Chancellor Wilson informed the committee that the study group has met several times and has agreed on programmatic and financial assumptions. The group next will proceed to conduct a full fiscal analysis of major options, taking into consideration input received from the Waukesha County Action Network and others. This analysis will be provided to President Reilly by November 15th. The committee asked that his recommendation come to the Board as soon as possible after that, preferably at the December meeting.

Four student leaders from UW-Waukesha participated in the meeting, and student government president Alan Stager made the following points:

- He expressed concern that there have not been enough opportunities for student input into the deliberations about the campus's future.
- He and others emphasized how important UW-Waukesha's gateway mission is to students.
- He pointed out that students attend UW-Waukesha, like other UW Colleges, because it is affordable, accessible, and allows them to develop academic skills so that they can successfully transfer to four-year schools.
- He urged that this mission not be compromised by turning the campus into a four-year institution.

Expressing the committee's appreciation to Executive Senior Vice President Mash, Chancellors Santiago and Wilson, and the study group, Regent Davis pointed out that the Waukesha Study affects not only the UW Colleges and UW-Milwaukee, but the UW System as a whole and the students and citizens it serves throughout the state.

In discussion at the Board meeting, Regent Loftus suggested that the study group be expanded to include expertise in areas like demography that would provide a broad look at the future of this fast-growing area.

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Report of the Senior Vice President for Academic Affairs

Annual Program Planning and Review Report

Presenting this report, Associate Vice President Ron Singer reviewed the program planning and approval process and also gave an overview of academic program activity across the system.

The report showed that the UW System's program array has been stable over time, consisting of between 1120 and 1200 programs at any given time for the past several decades.

The report also made clear that there is a low level of program duplication across the system, with the vast majority of programs offered at only one campus. In that regard, Chancellor Wells observed that the UW has the least unnecessary program duplication of any state in which he has worked. The committee noted that more necessary duplication of programs may be needed in order to increase the number of degree holders for Wisconsin's Growth Agenda.

In discussion at the Board meeting, Regent Crain pointed out that the UW System has an important role in long-range planning concerning needs and opportunities on a statewide basis.

President Reilly concurred, adding that the nursing and teacher education budget initiatives are examples of this type of statewide overview.

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Consent Agenda

It was moved by Regent Davis and seconded by Regent Spector that Resolutions 9226 – 9233 be adopted by the Board of Regents as consent agenda items.

At the request of Regent Bradley, Resolution 9227 was removed from the consent agenda.

The following resolutions were adopted on a unanimous voice vote.

UW-Milwaukee: Program Authorization (Implementation): B.S. in Microbiology

Resolution 9226: That, upon recommendation of the Chancellor of the University of Wisconsin-Milwaukee and the President of the University of Wisconsin System, the Chancellor be authorized to implement the B.S. in Microbiology.

UW-Whitewater: Amendments to Faculty Personnel Rules

Resolution 9228: That, upon recommendation of the Chancellor of the University of Wisconsin-Whitewater and the President of the University of Wisconsin System, the Board of Regents approves the amendments to the UW-Whitewater Faculty Personnel Rules.

UW-Extension: Amendment to Faculty and Academic Staff Personnel Rules

Resolution 9229: That, upon recommendation of the Chancellor of the University of Wisconsin-Extension and the President of the University of Wisconsin System, the Board of Regents approves the amendments to the UW-Extension Faculty Personnel Rules, and acknowledges receipt of the UW-Extension Academic Staff Rule Revisions for review within 90 days.

UW-Milwaukee: Charter School Contract Extension: Milwaukee College Preparatory School

Resolution 9230: That, upon recommendation of the Chancellor of the University of Wisconsin-Milwaukee and the President of the University of Wisconsin System, the Board of

Regents approves the extension of the charter school contract with the M.C. Preparatory School of Wisconsin, Inc., together with amendments to the contract, maintaining a charter school known as the Milwaukee College Preparatory School.

UW-Eau Claire: Authorization to Recruit: Provost and Vice Chancellor

Resolution 9231: That, the President of the University of Wisconsin System be authorized to recruit for a Provost and Vice Chancellor of the University of Wisconsin-Eau Claire, at a salary within the Board of Regents salary range for university senior executive salary group one.

2006 Research and Public Service Report

Resolution 9232: That, upon recommendation of the President of the University of Wisconsin System, the Board of Regents accepts the 2006 Research and Public Service Report for submission to the Joint Committee on Finance.

Annual Report on Calendar 2005 Undergraduate Drop Rates

Resolution 9233: That, upon recommendation of the President of the University of Wisconsin System, the Board of Regents accepts the Annual Report on 2005 Undergraduate Drop Rates for submission to the Joint Committee on Finance.

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It was moved by Regent Crain and seconded by Regent Semenas that the following resolution be adopted by the Board:

UW-Stevens Point: Program Authorization (Implementation): B.S. in Health Science

Resolution 9227: That, upon recommendation of the Chancellor of the University of Wisconsin-Stevens Point and the President of the University of Wisconsin System, the Chancellor be authorized to implement the B.S. in Health Science.

Recognizing the need in central Wisconsin for more graduates of health care programs, Regent Bradley asked that health care businesses and others be made widely

aware of this new program. Provost Helm indicated that, in addition to health care providers, there also is need for people trained in health care administration and insurance.

Noting that many people who need this training cannot go to campus because of jobs and other responsibilities, Regent Bradley suggested that the university reach out and seek opportunities to offer the program by distance education and that the five-year review show evidence that this effort was made.

Expressing agreement, Provost Helm indicated that UW-Stevens Point has a strong commitment to adult learners and that many courses already are offered online. There also will be articulation with North Central and Mid-State Technical Colleges.

The question was put on Resolution 9227, and it was adopted on a unanimous voice vote.

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REPORT OF THE PHYSICAL PLANNING AND FUNDING COMMITTEE

Regent Salas, Chair, presented the committee's report.

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UW-Milwaukee: Authority to Sell Property

The committee considered a request to sell the UW-Milwaukee chancellor's residence in Shorewood, Wisconsin. It was noted that the residence would require a significant investment of private funds to upgrade the house to meet ADA accessibility requirements so that it could be used for public functions.

The original resolution was amended by the committee to add the last two sentences, after which the revised resolution was approved by the committee.

It was moved by Regent Salas and seconded by Regents Bartell and Randall that the following resolution be adopted by the Board of Regents:

UW-Milwaukee: Authority to Sell Property

Resolution 9234: That, upon the recommendation of the UW-Milwaukee Chancellor and the President of the University of Wisconsin System, authority be granted to sell the chancellor's residence property (approximately .85 acre) located at 4430 North Lake Drive, Shorewood, Wisconsin, at a price not less than the average of two appraisals. In addition, the net proceeds of the sale

shall be held as a trust fund of the Board until a campus plan is presented, subject to the Board's approval, regarding disposition of those funds including a consideration of whether or not UW-Milwaukee should have an official Chancellor's residence. So long as the principle remains as a trust fund, the earnings on such fund shall be provided to UW-Milwaukee for university purposes.

In response to a question by Regent President Walsh, Regent Salas explained that the original resolution would provide access to the proceeds of the sale; under the revised resolution only the earnings could be spent.

Regent Walsh noted that the income would be substantial, and Regent Spector added that to deprive the trust fund of these accrued earnings would limit future options.

Since all UW chancellors' residences have been donated, Regent Bartell noted that purchase of a residence would represent a departure from that tradition. He added that the chancellor would like to use the earnings for scholarships – a use with which the committee concurred.

Chancellor Santiago explained that there are other properties on the lake that could be used for a residence. To make the current residence usable would require an investment of \$40,000. In response to a question by Regent President Walsh, he confirmed that there were no conditions on the gift that would prevent sale of the property.

Regent Burmaster asked if there is any likelihood of obtaining private dollars to maintain the residence, and Chancellor Santiago replied that this would be more likely if it were not a state-owned property.

Regent President Walsh asked if there would be any legal issue involved in holding proceeds from the sale of a state-owned property in trust and distributing the income for university use, to which General Counsel Brady replied in the negative.

The question was put on Resolution 9234, and it was adopted on a roll-call vote, with Regents Bartell, Bradley, Connolly-Keesler, Crain, Davis, Pruitt, Randall, Rosenzweig, Salas, Smith, Spector, and Walsh (12) voting for the resolution, and Regents Burmaster, Cuene, Loftus, and Semenas (4) voting against it.

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UW-Oshkosh: Authority to Purchase Parcel of Land

The committee approved for inclusion in the consent agenda a request to purchase property for office use to relieve overcrowding in Dempsey Hall.

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UW System: Authority to Construct Various Facility Maintenance and Repair Projects

The committee was advised that projects to be constructed at UW-Madison and UW-Platteville include replacement of 40-year-old windows, restoration of tennis courts to an acceptable condition, improvement of existing greenhouses to meet building code requirements, and remediation of storm-water drainage deficiencies.

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Consent Agenda

Regent Salas moved adoption by the Board of the following resolutions as consent agenda items. The motion was seconded and carried on a unanimous voice vote.

UW-Oshkosh: Authority to Purchase a Parcel of Land

Resolution 9235: That, upon the recommendation of the UW-Oshkosh Chancellor and the President of the University of Wisconsin System, authority be granted to purchase a (.62 acre) parcel of land located at 717 West Irving Avenue, Oshkosh, Wisconsin, at a cost not to exceed \$2,455,700 General Fund Supported Borrowing. An estimated \$5,700 of associated appraisal and closing costs is included in the purchase price.

UW System: Authority to Construct Various Facility Maintenance and Repair Projects

Resolution 9236: That, upon the recommendation of the President of the University of Wisconsin System, authority be granted to construct various maintenance and repair projects at an estimated total cost of \$1,821,000 (\$407,000 General Fund Supported Borrowing, \$532,000 Gifts and Grants, and \$882,000 Program Revenue Cash).

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REPORT OF THE BUSINESS, FINANCE, AND AUDIT COMMITTEE

Regent Pruitt, Chair, presented the committee's report.

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Resolutions in Support of Veterans' Tuition Grant and Hold Harmless Tuition Grant Programs

Regent Pruitt reported approval by the committee of these two important programs, which are expected to be included in the biennial budget of the Wisconsin Higher Educational Aids Board. The resolutions are included in the consent agenda.

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Update on Criminal Background Checks

Associate Vice President Al Crist advised that current practices have been reviewed and guidelines have been drafted for implementing criminal background check policies for the UW System. Each institution has been conducting and continues to conduct criminal conviction checks that are required by state and federal law.

In response to a question by Regent Smith, Mr. Crist explained that each campus currently has its own policy and that guidance is being developed on establishing policies on a system-wide basis. A proposed policy will be presented to the committee in December 2006, with implementation expected in January 2007.

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Trust Funds

Policy Regarding Investment in Tobacco Interests

Assistant Trust Officer Doug Hoerr explained that there is a small amount of UW System trust fund money invested in tobacco related holdings, most through large, broad-based, commingled mutual funds whose portfolios contain only a very small fraction of tobacco-related investments.

There were serious reservations within the committee about divesting from these interests, but alternatives to address this issue will continue to be considered.

In discussion at the Board meeting, Regent Loftus expressed the hope that this matter would be further addressed. He felt that there should be no research funding for or additional investments in tobacco-related interests and that divestment from these companies should proceed in a prudent manner.

Sudan Divestment

Mr. Hoerr presented a report on what other universities and public pension funds have been doing in regard to divestment of companies with ties to Sudan. It was pointed out that in Darfur, militias thought to be acting in cooperation with the government are killing, raping, and displacing indigenous tribes.

The committee approved a resolution that would prohibit investment of separately managed accounts in companies doing business in Sudan and would provide that, where

assets are in commingled accounts, letters be sent to investment management firms to advise them of the Board's policy and suggest alternative investment policies.

Regent Pruitt explained that the Board has been circumspect in authorizing divestment because of its fiduciary responsibilities and because of concerns about a "slippery slope" from one divestment to another. Its best known action in that regard involved a decision in the 1970s to divest from companies doing business in South Africa. In this case, the committee felt that the congressional declaration that the situation in Sudan constitutes state-sponsored genocide justifies divestment at this time.

It was moved by Regent Pruitt and seconded by Regent Semenas that the following resolution be adopted by the Board:

Sudan Divestment

Resolution 9237:

Whereas the United States Congress has declared that the situation in the Darfur region of Sudan constitutes state-sponsored or abetted *genocide*, and

Whereas, Sudan is on the U.S. State Department's list of state sponsors of terrorism and is subject to sanctions administered by the Treasury Department, and

Whereas, the U.S. government has imposed sanctions including banning the importing or exporting of goods and technology to Sudan, with the exception of humanitarian goods and certain agricultural products, or financially supporting Sudanese government projects by U.S. entities, and

Whereas, non-U.S. entities are not subject to U.S. government sanctions and restrictions, and

Whereas the Board of Regents of the University of Wisconsin System wishes to join in concert with other institutional investors, states and other municipalities, and the U.S. government in restricting and discouraging business activity that provides support to the current government of Sudan, or otherwise abets acts of genocide or "ethnic cleansing" occurring in that country,

Be it resolved that:

- (a) The invested assets of the University of Wisconsin System held in separately managed accounts, over

which the Board of Regents serves as trustees and fiduciaries, shall not be invested in companies (“targeted companies”) which either directly or through an affiliated instrumentality meet the following criteria:

- i. Provide revenues to the Sudanese government through business with the government, government-owned companies, or government-controlled consortiums.
- ii. Offer little substantive benefit to those outside of the Sudanese government or its affiliated supporters in Khartoum, Northern Sudan and the Nile River Valley; this “outside” population specifically includes the country’s disaffected Eastern, Southern, and Western regions.
- iii. Have either demonstrated complicity in the Darfur genocide or have not taken any substantial action to halt the genocide. Substantial action shall include but is not limited to curtailment of operations or public pressure on the Sudanese government. Simple company statements shall not constitute evidence of substantial action.
- iv. Provide military equipment, arms, or defense supplies to any domestic party in Sudan, including the Sudanese government and rebels.

Non-investment in such companies will require divestment of current holdings and the screening out of such companies’ securities so as to prevent future investment in them.

- (b) *Investment is permissible* in companies which, either directly or through an affiliated instrumentality, provide services clearly dedicated to social development for the whole country. Such entities include, but are not limited to those providing medicine and medical equipment, agricultural supplies and agricultural infrastructure, educational opportunities, journalism-related activities, and general consumer goods.
- (c) Where invested assets are held in *commingled* or *mutual fund accounts*, letters are to be submitted to the contracted investment management firms requesting that the manager consider either adopting a similar Sudan-free investment policy for the existing fund, or consider creating a comparable separate commingled fund devoid of companies targeted as a result of this resolution. In the event that the manager introduces a comparable separate Sudan-free fund, the Board shall direct that all assets in the

- existing fund be transferred into the newly available, Sudan-free fund.
- (d) If it is determined that a company, which had previously been a targeted company, has ceased business operations with Sudan or its instrumentalities, then that company shall no longer be subjected to divestment and/or screening.
 - (e) In the event that the government of Sudan sufficiently halts the ongoing genocide in Darfur for at least 12 months, as determined jointly by the State Department and Congress of the United States, the provisions of this resolution shall expire.
 - (f) In the event that the United States revokes its current sanctions against Sudan, the provisions of this resolution shall expire.
 - (g) The policy established by this resolution will be communicated to the various foundations which support University of Wisconsin campuses, so that the foundations may consider adopting similar policies.
 - (h) Nothing in this resolution shall alter or diminish existing fiduciary or statutory obligations and other terms, conditions, and limitations on the investment of entrusted assets for the exclusive benefit and interest of beneficiaries, participants, and donors.

In response to a question by Regent Loftus about companies that would be involved in divestment actions, Regent Pruitt referred to a list, included in the agenda materials, of nine companies divested by the University of California Board of Regents.

Regent Loftus pointed out that the term “genocide” differs from “ethnic cleansing” in that genocide is a legal term and involves killing, while ethnic cleansing can also refer to removal of people from an area. He noted that there is an international treaty on genocide as behavior that will not be tolerated, but that ethnic cleansing is not part of that treaty.

Agreeing with the distinction made by Regent Loftus, Regent Salas said that, while not synonymous, both terms refer to extermination of a group of people and that both are being carried out in the Sudan.

In response to a question by Regent Bartell, Regent Pruitt indicated that the State Investment Board is beginning a review of this issue.

Thanking Regent Pruitt for bringing the resolution forward, Regent Semenas commented that the issue is very important and one about which student groups are speaking out. He urged Board support for the resolution.

Regent Loftus asked if there are any Sudan-free funds; and Regent Pruitt replied that, while such funds are not currently available, the market may create them as pressure for divestment grows.

The question was put on Resolution 9237, and it was adopted on a unanimous voice vote.

Quarterly Investment Report

Assistant Trust Officer Hoerr reported that, for the period ending June 30, 2006, year-to-date performance had been strong compared to the benchmark and that the commodities futures index fund will be divested.

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Audit Update

Scope of Work Statement for Review on Cost of Textbooks

Ron Yates, Director of the Office of Operations Review and Audit, gave a description of the work to be performed in this effort. The review would: 1) identify trends in college textbook costs, which are receiving increasing attention across the country; 2) identify approaches used by UW institutions to contain those costs; and 3) identify approaches used elsewhere to contain textbook costs. The work would take approximately four to six months.

The committee directed that the office proceed with a formal review of the cost of textbooks.

Quarterly Status Update: Operations Review and Audit

Mr. Yates provided an update regarding ongoing internal audits and reviews being performed by his office. He also provided information on recent Legislative Audit Bureau audits, including a statewide audit of implementation issues related to large information technology systems projects.

Regent Rosenzweig suggested that the committee initiate an audit on the appointment, benefits, payroll system project, an option that would be reviewed at the October meeting.

Program Review of Early Return to Work efforts at UW Institutions

Mr. Yates summarized the recently completed review of early return to work efforts, which offers a number of recommendations to improve effectiveness and reduce costs.

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Committee Business

Quarterly Gifts, Grants, and Contracts Report

It was reported by Vice President Durcan that total gifts, grants and contracts for the 12-month period ending June 30, 2006 were \$1.1 billion, a decrease of almost \$55 million from the comparable period of the previous fiscal year.

Much of the decline was due to large federal, multiple-year awards that were received the preceding year, the largest being the UW-Madison Ice Cube project.

Committee Goals and Priorities for 2006-07

In discussion of future goals and priorities, it was decided that Vice President Durcan would develop a summary agenda for the committee's consideration. In that regard, Regent Connolly-Keesler suggested review of what is being done by like committees in other states.

The committee expressed interest in reviewing recently approved policies, such as those involving non-resident tuition, the Return to Wisconsin program, and the Midwest Higher Education Consortium pilot program, to ensure that they are accomplishing their intended objectives.

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Report of the Vice President

Vice President Durcan reported that the system-wide committee to review segregated fees was in the process of being formed and should begin meeting in September.

It was noted by Ms. Durcan that the state contract for online booking of travel was awarded to Fox World Travel.

Vice President Durcan reported that a recent meeting of university chief business officers included a presentation regarding increasing administrative efficiencies. Some of these ideas would be piloted at UW campuses and, if successful, utilized on a system-wide basis.

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Consent Agenda

Regent Pruitt moved adoption of the following resolutions as consent agenda items. The motion was seconded by Regent Bartell and carried on a unanimous voice vote.

Veterans' Tuition Grant

Resolution 9238:

WHEREAS, the University of Wisconsin was a leader in maximizing the benefits to World War II veterans under the federal G.I. Bill, and has for decades continued the state's commitment to providing opportunities for a higher education to veterans, their families, and students from all walks of life; and

WHEREAS, the unified efforts and leadership of the state Legislature and the Governor made it possible to create, as part of the 2005-07 state biennial budget (2005 Wisconsin Act 25), a 50 percent tuition remission for certain veterans and a 100 percent tuition remission for certain dependents of veterans enrolled at University of Wisconsin System and Wisconsin Technical College System institutions; and

WHEREAS, in the spring of 2006, the Wisconsin GI Bill (2006 Wisconsin Act 468) furthered the state's educational investment and opportunity for economic development by expanding the tuition remission for veterans to 100 percent; and

WHEREAS, recognizing that this expansion will dramatically increase the cost of the program, the Legislature delayed implementation of Act 468 provisions until the 2007-08 academic year to allow time to consider GPR funding for this program in the 2007-09 biennial budget;

THEREFORE, BE IT RESOLVED that the Board of Regents and the institutions of the UW System strongly support the development of a Veterans' Tuition Grant Program as an essential strategy for increasing access to higher education for Wisconsin's veterans and their families; and

BE IT FURTHER RESOLVED that while individual campuses will administer much of the program, the Board applauds the willingness of the Higher Education Aids Board (HEAB) to facilitate the program and urges the state to provide funding to HEAB to support the grants and needed staffing to monitor the program's participation and costs, facilitate data collection and dissemination, and provide participating veterans with a single point of contact for information about the tuition grant program.

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Hold Harmless Tuition Grant

Resolution 9239: WHEREAS, the Board of Regents is greatly concerned that children from lower-income backgrounds are facing a future with fewer opportunities and, therefore, has made it a priority to increase the possibility for low-income students to participate in public higher education in Wisconsin; and

WHEREAS, the Governor and the Board of Regents have endorsed a new “college is possible program” called the Wisconsin Covenant; which would ask eligible eighth-grade students to sign a pledge to academically and socially prepare for college, and

WHEREAS, in return for students fulfilling the pledge, the state of Wisconsin would provide students with state grant aid to cover tuition and fees at higher education institutions in Wisconsin; and

WHEREAS, since the earliest a student eligible for the Wisconsin Covenant will enroll in an institution of higher education is 2011, the Board of Regents believes additional grant aid is needed now to assist those lower-income students who are currently attending a UW institution, or who plan to attend prior to 2011;

THEREFORE, BE IT RESOLVED that the Board of Regents of the University of Wisconsin System supports the creation of a Hold Harmless Tuition Grant to cover tuition and fees not covered by other grant aid in order to increase the probability that financially needy current, and prospective, students will attend and graduate from a UW institution; and

BE IT FURTHER RESOLVED that the Board appreciates the willingness of the Higher Educational Aids Board (HEAB) to administer a Hold Harmless Tuition Grant program, and supports including funding for the program and its administrative costs in HEAB’s budget in order to keep college affordable for all financially needy students; and

BE IT FURTHER RESOLVED that the Board requests the statutory language and appropriation for the UW-Wisconsin Higher Education Grant (WHEG) program be modified to increase the UW-WHEG grant for each recipient by an amount equal to the amount that tuition increases, thereby making it a “dollar for dollar” increase to the grant for all qualified UW students.

With regard to the Hold Harmless Tuition Grant, Regent Salas emphasized the importance of communicating the urgency of making additional financial aid available now. The request for a dollar-for-dollar match of financial aid to tuition increases, he pointed out, came from the Board’s Charting a New Course Study. The Relations with the State Committee, on which he served, had invited legislators to engage with the university in considering these matters. In the 2005-07 budget, he recalled, the Governor was able to restore some legislative cuts to the financial aid request; but the amount provided still did not equal what the Board had recommended.

Regent Pruitt agreed with the importance of filling this gap in financial aid until the Wisconsin Covenant takes effect.

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COMMUNICATIONS, PETITIONS, AND MEMORIALS

In Memory of Professor Leon Epstein

Regent Loftus referred to the recent passing of UW-Madison Professor Emeritus Leon Epstein, a scholar of international repute and a central figure in the post-World War II re-creation of the Department of Political Science.

Citing Professor Epstein’s wide breadth of knowledge, research and publication, Regent Loftus noted that this great man and his outstanding contributions to the university would be sorely missed.

The meeting was recessed at 11:05 a.m. and reconvened at 11:20 a.m.

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Closed Session

The following resolution, moved by Regent Bradley and seconded by Regent Smith, was adopted on a roll-call vote, with Regents Walsh, Spector, Smith, Semenas, Salas, Rosenzweig, Pruitt, Loftus, Cuene, Crain, Connolly-Keesler, Burmaster, Bradley, and Bartell (14) voting in the affirmative. There were no dissenting votes and no abstentions.

Resolution 9240: Recess into closed session to consider a UW-Madison disciplinary matter, as permitted by s.19.85(1)(a) and (f), *Wis. Stats.*; to consider a student appeal from a UW-Eau Claire decision, as permitted by s.19.85(1)(f), *Wis. Stats.*; to confer with legal counsel regarding pending or potential litigation, as permitted by s.19.85(1)(g), *Wis. Stats.*; and to consider personal histories related to naming of a facility at UW-Whitewater, as permitted by s.19.85(1)(f), *Wis. Stats.*

The following resolutions were adopted during the closed session:

UW-Whitewater: Authority to Name the College of Business and Economics

Resolution 9241: That, upon the recommendation of the UW-Whitewater Chancellor and the President of the University of Wisconsin System, authority be granted to name the new building for the College of Business and Economics at UW-Whitewater, “Timothy J. Hyland Hall.”

UW-Madison: Degree Revocation

Resolution 9242: That the Board of Regents adopts the decision and order revoking the doctor of philosophy degree in the matter of a former student of the UW-Madison.

Student Request for Review of UW-Eau Claire decision

Resolution 9243: That the Board of Regents adopts the attached decision and order in the matter of a student request for review of a UW-Eau Claire decision.

The meeting was adjourned at 12:00 p.m., upon motion by Regent Salas, seconded by Regent Semenas.

Submitted by:

Judith A. Temby, Secretary