

MINUTES OF THE REGULAR MEETING

of the

BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM

Milwaukee, Wisconsin

UW-Milwaukee
Held in the Union Wisconsin Room

Thursday, June 8, 2006
10:30 a.m.

- President Walsh 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 Mc Pike

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Comments on UW-Madison Agreement With Aurora Health Care

Noting that a number of people had appeared at the meeting to make known their opposition to the affiliation agreement between the School of Medicine and Public Health and Aurora Health Care, Regent President Walsh asked two of those present to make comments to the Board.

Steve Schwartz, of Wisconsin Citizen Action, expressed disappointment that this matter had not been brought to the Board earlier in the process. Unanswered questions, he said, involved termination of the previous agreement before its expiration date and the commitment of Aurora to serve central city residents at a time when fewer can afford health insurance. In conclusion, he asked the Board to reconsider the agreement.

Dr. Pat McManus, of the Black Health Coalition, also spoke about lack of health insurance for central city residents. She urged that everyone work together to give all people access to good quality health care.

Regent President Walsh noted that the issue had been addressed by the Education Committee at its May meeting.

Regent Burmaster, Chair of the Education Committee, added that people had an opportunity to be heard on the matter at that time, and there had been a good discussion about the issues involved. Stating that the Regents take the situation seriously, she said that they would continue to monitor developments and review it in the fall. At her request, both Aurora and the Dean of the UW-Madison School of Medicine and Public Health had reaffirmed their commitment to educating students to serve central city residents.

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UW-MILWAUKEE PRESENTATION: BALANCING INCREASED ACCESS AND ECONOMIC GROWTH THROUGH RESEARCH

UW-Milwaukee Chancellor Carlos Santiago began his presentation by indicating that he would stress three key points.

- UW-Milwaukee is essential to the economic health and social well-being of the city, region and state.
- To reach its full potential, UW-Milwaukee must be funded like a research university. In that regard, he noted that, like UW-Madison, UW-Milwaukee is in the doctoral cluster and has a research mission.
- UW-Milwaukee has the support of the region to go forward.

Since he came to UW-Milwaukee, the Chancellor said, the faculty and staff have been working toward two broad goals:

- First, to grow the university's research and infrastructure in a manner commensurate with a research university of the 21st century;
- Second to continue to provide access to a research-backed education to the citizens of Wisconsin.

While he acknowledged that reaching both goals would be difficult to achieve, he stated his strong belief that every Wisconsin student should have access to a research-based experience regardless of family income.

Referring to information provided by David Ward, president and founder of NorthStar Economics, he pointed out that Wisconsin per capita income is below the national average and that Wisconsin's economic growth has been at a slower pace than the national average. Research universities, he said, are critical to reversing these trends.

Noting that the number of baccalaureate degrees in Wisconsin needs to become competitive, he referred to recommendations that the average city increase its college degree holding population from 27% in 2000 to 33% in 2010 to 40% in 2020. At only

20% in 2000, Milwaukee's college degree population is too low. In addition, Milwaukee's research output lags behind that of its peers.

The Milwaukee region, he pointed out, contains 28% of the state's population, 30% of its employment, 28% of private employers, 35% of the state's total payroll, 31% of total reported income, 28% of manufacturing employment, 32% of manufacturing employers, 30% of the state's manufacturing payroll, and 44% of Wisconsin's high-tech employment. UW-Milwaukee, he pointed out, is the largest university in the region.

Noting that UW-Milwaukee is no longer a commuter college but serves students from across the state and beyond, he said that enrollments from other parts of the state have risen dramatically since 1996 and that 93% of new freshmen now request to live in a university residence hall.

As of fall 2005, UW-Milwaukee had more Wisconsin resident students enrolled than any other public or private institution in the state; and in the past decade enrollment has grown 27.7%

For the UW System, UW-Milwaukee awards 42% of all bachelor's degrees, 45% of all master's degrees, and 37% of all PhDs to African-Americans. It awards 27% of all bachelor's degrees, 33% of all master's degrees, and 14% of all PhDs to Hispanics. However, the Chancellor added that more must be done to improve retention and graduation of students of color.

Referring to UW-Milwaukee's mission to serve a broad population, Chancellor Santiago indicated that the university increasingly is a first-choice institution, with students from every county in the state, every state in the nation, plus Puerto Rico, and 84 other countries. An institution of access, UW-Milwaukee has in this century accounted for 78.8% of the UW System's enrollment growth.

With regard to research, he noted that UW-Milwaukee shares with UW-Madison a doctoral research mission that it takes very seriously. That mission includes:

- Offering degree programs at the baccalaureate, master's and doctoral levels;
- Offering programs leading to professional degrees at the baccalaureate and post-baccalaureate levels;
- Conducting organized programs of research;
- Supporting activities designed to promote the economic development of the state.

Noting that some are skeptical about UW-Milwaukee's ability to advance both research and access agendas, the Chancellor emphasized that it is important to move both goals forward and provide student access to a research-based education.

Challenges faced by the university in achieving those goals include having the highest density of students per acre in the UW System, with 28,000 students on 93 acres, and the fewest residential beds per student in the system. With only 2700 beds, just nine percent of students can live on campus. In fall 2005, more than 11,000 students applied to be freshmen, with 92% wanting to live on campus. The final class of new freshmen was 4,340, and there were beds available for just 45% of them.

Stating the importance of providing students with a campus life experience, he indicated that private development of additional residential space will help to achieve that goal.

A second challenge, the Chancellor continued, is that UW-Milwaukee is a 1970s campus trying to meet needs of a 21st century, knowledge-based economy. The infrastructure is old and buildings have narrow halls and limited space.

A third challenge is that UW-Milwaukee has the third highest student-faculty ratio in the UW System.

Another challenge relates to funding as compared to peer urban institutions. In that regard, UW-Milwaukee ranks near the bottom, and three peer universities have more than double the per-student state funding. To advance the research mission, some peers generate a great deal of contract research, and UW-Milwaukee aspires to do that as well.

A final challenge is the need to increase the number of doctoral programs, which also will help to attract the best faculty. Noting that the Regents have been supportive of the university's initiatives in that regard, the Chancellor said that the university will continue to advance that goal, promoting collaborations where possible.

Turning to current and future initiatives, Chancellor Santiago indicated that the Access to Success program already is paying dividends in improving student retention and the Wisconsin Institute for Biomedical and Health Technologies is a model for research that will have a significant financial return.

As to the future, the Chancellor pointed out the need to provide degrees in Waukesha, the third largest county in the state, and the need to be part of the solution to meet public health needs in Milwaukee.

Stating his pride in UW-Milwaukee's dedicated faculty and staff, he said that graduates often told him of the caring faculty and staff who supported them as they advanced toward their degrees. He noted, however, the challenges faced by advisors who each must serve 400 students.

With regard to resources, Chancellor Santiago indicated that the university would need \$300 million over the next three biennia at a minimum, including \$100 million from a comprehensive fundraising campaign. \$25 million would be earmarked for scholarships. Other resources would go toward endowed professorships, equipment and research facilities.

He then introduced leaders of the fundraising campaign: Honorary Chair Sheldon B. Lubar, founder and Chairman of Lubar and Company; Dennis J. Kuester, Chairman, President and CEO of Marshall & Ilsley Corporation; and Edward J. Zore, President and CEO of Northwestern Mutual. Other leaders unable to attend this meeting are: James L. Ziemer, President and CEO of Harley-Davidson, Inc. and Gale E. Klappa, chairman, President and CEO of Wisconsin Energy Corporation. All of them, the Chancellor noted, are graduates of UW-Milwaukee.

Of the \$100 million fundraising goal, \$65 million already had been raised; and of the \$25 million scholarship goal, \$17 million had been raised.

The second \$100 million, Chancellor Santiago continued, would come from the university's Research Growth Initiative, which involved reallocation of \$14 million through a competitive process. Stating his pride in UW-Milwaukee's faculty, he reported that 300 proposals were submitted, with 25% ranked by external reviewers as in the top 10% of their disciplines nationally. This is to be a revolving investment fund that will grow research support to \$100 million of contract research at UW-Milwaukee. This, the Chancellor noted, would make a significant difference in the community's economy.

The third \$100 million would depend on the ability to acquire new federal and state resources. For the next biennium a budget request had been submitted for \$10 million to support additional faculty and graduate students in strategic areas to grow the research infrastructure, particularly in sciences and engineering, which are key to meeting the economic needs of the region.

Chancellor Santiago then introduced four guest speakers: Sheldon B. Lubar, Founder and Chairman of Lubar & Co., Inc.; Dennis J. Kuester, Chairman, President and CEO of M&I Corporation; June Perry, President and Co-Founder of New Concept Self Development Center, Inc.; and Edward J. Zore, President and CEO of Northwestern Mutual.

Mr. Lubar began his remarks by noting that Milwaukee is the manufacturing and economic center of the state, as well as the area with the largest population of persons of color. He remarked that the long-term solution to economic growth and problems of poverty is through education. In that regard, UW-Milwaukee has an important role to play as the state's urban university. Urging support for the university's research and access agenda, he asked the Board to consider what is at stake for the underserved in the Milwaukee area.

Mr. Kuester described the Milwaukee 7 group that is seeking to accelerate economic growth by focusing on a seven-county region in southeastern Wisconsin. Noting that Chancellor Santiago is a member of that group, he remarked that Milwaukee, as the largest population center in the state, can be an "engine or millstone" in the economic growth effort and urged that the Board recognize the important role that UW-Milwaukee can play.

Commending the Chancellor's vision for research and connection with the community, Ms. Perry commented on UW-Milwaukee's key role in increasing the number of college degree holders and the need to retain those graduates in the area workforce. Stating that UW-Milwaukee should be the institution of choice for students, she stated support for providing more living space in university residence halls so that more students could have the benefit of a campus life experience.

Stating UW-Milwaukee's importance to the city and area businesses, Mr. Zore noted that 1,000 of the 5,000 employees of Northwestern Mutual are UW-Milwaukee alumni. The university, he said, must be the solution to Milwaukee's problems of poverty, teen pregnancy, and high drop-out rates. He urged that the Board favorably consider the importance of investing in UW-Milwaukee.

In discussion following the presentation, Regent Bradley asked for elaboration on the self-sustaining research initiative. Chancellor Santiago explained that \$14 million in

institutional funds is being reallocated on a competitive basis. This funding is seed money to provide initial support; and, after three years, projects must become self-sustaining. This, he felt, is the most efficient way to use scarce research dollars.

In response to a question by Regent Spector about strategic planning, Chancellor Santiago indicated that the university needs to look ahead 10 years, establish goals and map out how to achieve them. How that process would be organized was still under discussion.

Regent Pruitt asked what kind of support could be expected from Milwaukee and others for the university's Growth Agenda, to which the Chancellor replied that there is strong support in the region for the university to move forward. Mr. Lubar added that the Board should expect support from the business community. Mr. Zorn and Mr. Kuester indicated that they would convey support both personally and through their businesses.

Given the lack of modern infrastructure on campus, Regent Bartell asked what part of the request would be devoted to capital projects. Chancellor Santiago replied that, over three biennia, there would be \$70 million in capital requests for projects to promote applied science research, upgrade the Engineering Building, and provide a business incubator.

With regard to student access, Regent Salas noted that 70% of Latino students and 80% of African American students are not retained; and he urged that resources be devoted towards benefiting all students, including inner-city residents.

Chancellor Santiago replied that the Access for Success program addresses retention issues early in the student's college career. More resources are needed for this initiative, as well as for work with K-12 schools. In that regard, he pointed out that UW-Milwaukee does 27% of all remediation in the UW System. Low retention and graduation rates, he remarked, are a loss to both the community and the students, creating financial burdens and harming self-esteem.

Regent Salas added that remediation is a statewide problem requiring a statewide solution and pointed out that it is a gender issue as well as a matter of much higher percentages of students of color requiring remediation than white students.

Regent Davis expressed her agreement that UW-Milwaukee should be a school of choice and should expand its capacity to grow the regional and state economies. She inquired about goals for scholarships.

In reply, Chancellor Santiago indicated that scholarship awards would be based both on merit and need and that most would go to students of color. Students in need, he remarked, often hold three jobs and sometimes go elsewhere for better financial aid packages.

Regent Crain asked what proportion of UW-Milwaukee's enrollment growth consisted of students from Milwaukee County, to which the Chancellor replied that, while there was some increase in the number of students from Milwaukee County, most of the growth came from outside the county. Regent Crain remarked that it should be a goal to reach more Milwaukee students.

Regent Loftus stated that he would support the UW-Milwaukee Growth Agenda, but with the understanding that it likely would be a tough sell in an election year. It will be necessary, he remarked, to explain clearly why it is important to grow the university.

In response to a question by Regent Semenas, Chancellor Santiago indicated that 85% of UW-Milwaukee alumni stay in southeast Wisconsin.

Congratulating Chancellor Santiago on an excellent presentation, Regent President Walsh remarked that the strong support he had obtained spoke volumes about the credibility he had achieved.

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2007-09 BIENNIAL OPERATING BUDGET

In opening remarks, President Reilly noted that the Growth Agenda for the State of Wisconsin focuses on increasing the number of four-year degrees in the state. Central themes include encouraging Wisconsin's citizens to aspire to a college degree and reaching out to economically disadvantaged families, to nontraditional students, to students of diverse backgrounds, and to veterans as they return home. The Growth Agenda also includes meeting the state's needs for more teachers in science and math, for nurses to provide health care, and for increased research capacity at UW-Milwaukee and the metro-Milwaukee area.

Referring to the Governor Doyle's Major Budget Policies and 2007-09 Biennial Budget Instructions, the President reported that investing in education is one of the Governor's top eleven priorities for the biennium. The document states that the Governor's budget will focus resources on improving Wisconsin's educational system and that success in school and access to higher education for all Wisconsin citizens through the Governor's Wisconsin Covenant will be a top priority. While the budget instructions ask state agencies to request no increases in GPR appropriations, an explicit exception is made for UW instruction and research activities that focus on economic growth. This means, he said, the message of a Growth Agenda for the state is being understood and embraced. The proposed budget request items all fit with the Governor's stated priorities.

Over the past three biennia, President Reilly recalled, the UW System absorbed \$413 million in state budget cuts and eliminated 1,020 state-funded positions, while at the same time adding 3,182 students. These efficiencies and gains in productivity were accomplished in many ways, including reducing the number of credits to degree, retaining and graduating more students, and creatively pricing programs that meet market needs.

However, he noted that this type of growth, funded only by additional tuition, cannot continue indefinitely. The quality of education provided to all students, he pointed out, is suffering as the number of full time faculty available to teach courses is decreased and the workload of those remaining is increased so that they have less time to

meet and work with students. Further, services for students are decreased because the university is no longer staffed at a level that allows those services to be provided. In that regard, he said that, while “the university can, and will, step up to the plate to meet the state’s needs, we cannot continue to pull the load alone. We need the state to step up” as well.

The budget instructions also require, he continued, that all agencies with administrative appropriations, including the administrative activities of the UW System, to prepare plans to absorb a ten percent permanent base cut. Noting that these plans are not due until November, he pointed out that such a cut would pose a formidable challenge for the UW System and its institutions.

He then called on Associate Vice President Fred Harris to discuss proposed initiatives and cost-to-continue items.

Ms. Harris began her remarks by noting that institutional initiatives had been discussed with the Board since March. Multi-campus proposals, presented at the May meeting, included initiatives for nursing, teacher education, applied research and solid waste research – all of which would be focused on either growing access for students, increasing the number of baccalaureate degrees, or increasing the research capacity of the state. These would fit within the exemption provided in the budget instructions for instruction and research activities focused on economic growth.

She then presented three additional proposed initiatives, noting that they also would fit within the Governor’s instructions.

The recruitment and retention initiative would be similar to funding included in the Governor’s 2005-07 budget that provided \$3.3 million in ongoing funds to recruit and retain high-demand faculty. That funding, she noted, has been very helpful to institutions in competing against outside offers. However, analysis indicates that the gap between UW faculty and their peers has increased this biennium. The proposed request seeks twice that level of funding for 2007-09 -- \$6.7 million of ongoing GPR/Fee funds – to allow institutions to dedicate funding to recruiting and retaining top faculty and research academic staff. Without such a fund, she indicated, the UW could continue to lose more of the faculty and research staff that provide high quality education and bring in the federal funding that is essential to the state’s economy. This initiative would be separate from the general pay plan request that would be submitted in November or December.

The hold harmless tuition grant initiative would provide funding to help recruit and retain low-income students by providing funds to cover the full cost of tuition and fees as a last grant for students with income levels that would qualify them for the free and reduced price lunch program. Noting that the Wisconsin Covenant would be expected to cover this population after 2012, Ms. Harris said that this initiative would increase access to low income students in the meantime. The cost is expected to be \$8.6 million in ongoing GPR funds. This money, she explained, could be considered the first installment on the Covenant and would serve as a base for supporting the Covenant once the first cohort enrolls, after which the hold harmless tuition grant would be phased

down. The request for funding to support this grant would be submitted directly to the Department of Administration, not as part of the Board's budget.

The third proposed initiative would be to increase the application fee, which has been at the same level since 1997-98. The increase would help support campus admissions operations and would help defray costs for application publications, brochures and IT enhancements to electronic applications and other student service sites, and reimbursement to campuses for e-commerce costs related to credit card processing. The application fee, which is paid by all students, currently is \$35 for undergraduates and \$45 for graduate students – the lowest and second lowest in the Big Ten respectively. An increase of \$15 per application would provide an additional \$1.79 million.

Turning to costs to continue, Ms. Harris explained that these would be requests for funding to allow agencies to maintain the currently approved level of programming, an exemption for which also was included in the budget instructions. Examples include full funding of faculty and academic staff pay plan increases of 2.25% effective April 2007, increases to utilities and fringe benefit rates, and the Lawton Minority Undergraduate Retention Grant program. This year a request would seek sum-sufficient funding to provide full tuition remissions to veterans and certain of their dependants, as required by law. The UW currently is working with the Department of Veterans Affairs to advise veterans of the benefits that are available to them.

With regard to statutory language changes, Ms. Harris referred to a paper that had been distributed, noting that the proposals were similar to those submitted in the last biennium and were supported by the Board as part of its study on *Charting a New Course for the UW System*. These changes would help serve students more efficiently and minimize administrative costs. An additional statutory language request would seek an exemption from sales tax for donations for preferential seating at UW sporting events.

In addition, she noted that the Wisconsin Covenant has been identified as one of the Governor's top priorities for 2007-09. The governor established a Wisconsin Covenant Policy team that includes representatives from the Department of Public Instruction, the UW System, the Wisconsin Technical College System, the Wisconsin Association of Independent Colleges and Universities, the Higher Educational Aids Board, the Governor's Policy Team and the Department of Administration Budget Team. Since the Covenant is a multi-agency Governor's initiative, the UW would not need to include a funding request in its budget submission. Instead, the UW would submit to the Department of Administration later in the year an estimate of the funding and any staffing needed to support the Covenant.

In discussion following the presentation, Regent Rosenzweig inquired about the proposed sales tax exemption; and Ms. Harris replied that the proposal went through the legislative process, but had not received final approval by the time the session ended. The Board had supported, but did not initiate, the legislation.

Regent Davis asked if the hold harmless initiative would not be included in the Board's budget because of its relationship to the Wisconsin Covenant, and Ms. Harris replied in the affirmative.

In response to a further question by Regent Davis, Ms. Harris said that the recruitment and retention fund would be used for faculty and research academic staff, not administrative positions.

Replying to a question by Regent Pruitt, Ms. Harris indicated that the application fee request had been submitted previously.

Noting that the Board is permitted to waive up to five percent of application fees, Regent Semenas expressed interest in the number currently waived. He also inquired about inclusion in the request of domestic partnership benefits, to which Ms. Harris replied that the proposal in the last biennium had been a Governor's initiative.

Regent Salas inquired about the strategy for dealing with the rising cost of utilities and its impact on tuition. Ms. Harris indicated that the university would submit a request for utility funding with a 65% GPR, 35% fee split.

Stating his support for the proposed new initiatives, Regent Bartell inquired about the meaning of the term "hold harmless". Ms. Harris explained that the intention would be that the lowest income students would not have to pay additional dollars out of pocket for tuition increases. Instead, the cost would be covered by grants.

Regent Pruitt inquired about the intersection among the hold-harmless proposal, WHEG grants, and the Wisconsin Covenant. In response, Ms. Harris indicated that, while hold harmless grants would insure that the lowest-income students were not adversely impacted by tuition increases, WHEG grants go to a wider need-based population. The Wisconsin Covenant would cover tuition and fees for students eligible for free and reduced price lunches as a last state grant. The hold harmless grants would serve as a bridge until the Covenant takes effect.

Regent Spector asked if non-salary benefits are considered in peer comparisons, and Ms. Harris replied in the negative. Regent Spector asked if salary gaps vary among institutions, and Ms. Harris replied that they do. While UW-Madison used to be behind peers only at the full professor level, the gap now extends to associate professors. While there are variations at other institutions, the average gap is 8 ½ %

Regent Loftus noted that the Board had not voted to support the sales tax exemption bill. If it comes up again next year, he noted, it could be considered at that time.

President Reilly reported that he had met with Secretary John Scocos, of the Department of Veterans Affairs, who also was working to obtain state funding for tuition remissions. The Secretary would provide a position and a person to help with the program to serve veterans in that regard.

In response to a question by Regent Rosenzweig, Ms. Harris said that the amount needed for the hold harmless initiative had been calculated for the two lowest income quintiles, but not for the entire population of WHEG recipients.

Regent Cuene asked if the WHEG grant goes up as tuition increases, and Ms. Harris replied in the affirmative, adding that a gap still remains in terms of dollars.

In response to a question by Regent Crain, President Reilly indicated that there would be an opportunity over the summer for Regents to receive biennial budget briefings from staff, if they wish.

Regent Semenas asked if a possible tuition increase had been calculated, to which Ms. Harris replied that a tuition calculation could be done when the amount of cost to continue is known.

Regent Salas noted that the financial aid request was not fully funded in 2005-07 and that the Governor had vetoed some of that funding back into the budget. He thought that there should be an effort to recover the shortfall before any consideration of a tuition increase. Ms. Harris indicated that funding of the hold harmless initiative would have that effect.

Regent Spector asked if budget requests would be prioritized in anticipation of the prospect that not all would be funded. Ms. Harris indicated that the Board had not done that in the past but could prioritize if it so decided.

President Reilly noted that some prioritizing had been done internally in selecting requests to bring to the Board.

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2007-09 BIENNIAL CAPITAL BUDGET

Assistant Vice President David Miller presented information and alternatives for the 2007-09 Capital Budget.

As context for the discussion, he noted that the UW comprises 64% of state-owned space; that the UW has over 1,200 buildings on 13 campuses totaling over 60 million square feet; that the replacement value is estimated at \$7.3 billion; and that the UW College facilities are county-owned, but that equipment for them is provided through the capital budget.

As to funding sources, he indicated that two categories of bonding are available for capital projects: General fund supported borrowing (GFSB) and program revenue supported borrowing (PRSB).

There are two major categories of projects – major projects and all agency funds. The focus of this presentation would be on general fund – major projects. These projects, Mr. Miller explained, are part of an ongoing planning process. Institutions submitted six-year development plans in February which contained 2007-09 biennial budget requests. In addition to submitting these statutorily required plans, institutions also presented them to a team of UW System staff, including the offices of Budget and Planning, Finance, Academic Affairs, and Policy Analysis and Research, for an integrated review from a number of perspectives. The proposed capital budget would be presented to the Board in August and then submitted to the Department of Administration for introduction by the Governor into the legislative process.

Questions for discussion at this meeting included:

- What should be the total GFSB request?
- What are the consequences of each alternative?
- Should carry-overs maintain past priority?
- Should all-agency funds be used for major projects?
- Should the capital budget approach be multi-biennial in nature?

Turning to building blocks for the 2007-09 budget, Mr. Miller indicated that projects enumerated in the last budget for funding in 2007-09 totaled \$129 million. Classroom renovation funds added \$10 million and utilities – large infrastructure projects at multiple campuses -- added \$20 million more, for a subtotal of \$159 million.

Added to that is \$105 million for four projects placed in advance planning during 2005-07 for funding in 2007-09, bringing the subtotal to \$264 million. In that regard, he explained that, while the original total for these projects was \$143 million, the Department of Administration recommended total funding of \$105 million. The UW had reduced the total to \$123 million by reducing space and adding gift funds, leaving a shortfall of \$18 million.

Also, he pointed out that there were seven projects on the Board's priority list for 2005-07 that were not funded. These projects have not been included in the Department of Administration's plans for 2007-09. Adding these projects, which total \$32 million, brings the grand total to \$314 million.

As to location, Mr. Miller indicated that the advance enumerations are at Madison, Milwaukee, and Platteville; the advance planning projects are at La Crosse, Oshkosh, Parkside, and Superior; and the carry-over projects are at Green Bay, Milwaukee, Stout, and two each at Oshkosh and Stevens Point.

As to total state General Fund Supported Borrowing, he noted that, for 2005-07, the Governor's budgeted amount of \$460 million was reduced by the State Building Commission to \$430 million, so that it would not exceed the 2003-05 GFSB total. That amount was further reduced by the Joint Committee on Finance to \$400 million.

Comparing the 2005-07 GFSB level with the potential for 2007-09, Mr. Miller indicated that in 2005-07 the UW will receive a total of \$150 million for major projects, while other state agencies will receive about \$50 million. The statewide all-agency fund is \$200 million, of which the UW will receive about \$130 million.

If the Board were to request the full \$314 million and other levels remained the same, the total GFSB would need to increase by \$164 million over 2005-07. However, the Department of Administration has told state agencies to plan for total GFSB of about \$430 million. If the entire \$30 million increase were added to the UW major project budget, the UW's total would rise to \$180 million.

In view of the coming budget crunch, Mr. Miller indicated that his office had been working with the UW campuses to develop some alternatives. If advance enumerations, classrooms, and utilities were considered as a base, the total of \$159 million would be \$9 million greater than the UW received in 2005-07.

One alternative would be to add to the base the seven carry-over projects at \$32 million and the four in planning at the Department of Administration recommended amount of \$105 million plus the additional \$18 million needed, for a total of be \$314 million -- \$164 million about 2005-07. In this alternative, the Board could request any amount between \$150 and \$314 million, but could also request that the available funding be applied to the highest ranked projects resulting from the priority setting process approved by the Board in December 2005.

A second alternative would be to request the full amount of \$314 million, but use all-agency funds for classrooms and to offset four specific major remodeling projects from the carry-over projects that include back-log maintenance, and lease – instead of purchase – one facility. This would reduce the major project request by \$45 million, to \$269 million, but it also would reduce the amount available to institutions for a wide range of maintenance and repair projects. This alternative would result in a request of \$119 million over 2005-07.

A third alternative would add to the base the seven carry-over projects and also request \$219 million over two biennia for seven major projects – all academic buildings. The total request would be \$296 million, or \$146 million above 2005-07. If that amount were not received, the highest ranked projects would be funded with the amount available.

An advantage of this alternative, Mr. Miller explained, is that it would create a more seamless four-year budget for projects and would allow projects to move forward by accessing the amount needed in the first biennia with complete funding in the following biennia. Another advantage would be that the seven projects would bring in \$45 million in matching gift funds. A critical aspect of this alternative is that it would commit \$142 million in advance enumerations for 2009-11 and only accommodate three of the 31 projects requested through that biennium. Any projects deferred from 2007-09 would carry over as well.

Turning to program revenue and gift projects, Mr. Miller indicated that 22 projects totaling \$418 million had been requested. These were being evaluated and would be reviewed more fully with the Board in August.

Looking beyond the 2007-09 biennium, he said that demand would far exceed the funding likely to be available. Considering the age of most facilities, demand is growing beyond the ability to keep up, not only with maintenance, but with renovation and replacement space as well. In that regard, he showed a chart illustrating 31 projects requested through 2009-11, totaling \$448 million of general fund borrowing.

In conclusion, he indicated that work would be under way on a package of proposed facilities process reforms, and he noted results of a 2005 survey showing that 73.6% of 14,000 student respondents in the United States and Canada considered facilities related to their majors extremely or very important in choosing a college.

The meeting was recessed at 1:00 p.m. and reconvened at 1:35 p.m.

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BOARD OF REGENTS RESOLUTION ON THE WISCONSIN COVENANT

Adoption Resolution 9201 was moved by Regent Pruitt, and seconded by Regents Spector and Davis.

Expressing her support for the resolution, Regent Davis urged that the program be put on a fast track because of the great benefit it would have for students. She knew of a similar program in Michigan that was producing very positive results.

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

Board of Regents' Resolution on The Wisconsin Covenant

Resolution 9201: WHEREAS, Chapter 36 of the Wisconsin Statutes vests in the Board of Regents the responsibility for the governance of the University of Wisconsin System, directing the Regents to ensure that the public university system in Wisconsin meets the needs of Wisconsin residents by developing the state's human resources and providing access to a quality higher education for students of all ages, backgrounds and income; and

WHEREAS, the Board recognizes that talent, creativity and drive are not the exclusive purview of wealthy families, thus it is critically important to financially assist low-income families to keep higher education affordable so that all qualified Wisconsin students can pursue higher education and fully develop their human potential; and

WHEREAS, the Board believes that a well-educated citizenry is a benefit for all of Wisconsin and that there is a direct link between a state's economic growth and the number of its baccalaureate degree holders; and

WHEREAS, the Board hopes that, by setting academic standards and establishing the expectation to attend college in middle and high school, the Wisconsin Covenant will increase the likelihood that more Wisconsin students will attend college and graduate with a degree; and

WHEREAS, the Board wants the program to be available to every family across the state that needs financial aid, with families most in need receiving grants to help pay the costs of their education:

THEREFORE, BE IT RESOLVED that the Board of Regents and the UW System strongly supports the development of a Wisconsin Covenant Program as an essential strategy for increasing access and growing Wisconsin's economy; and

THEREFORE, BE IT FURTHER RESOLVED that the Board of Regents instructs University of Wisconsin System staff to work with the governor's office, the Department of Public Instruction, the Wisconsin Technical College System, the Higher Educational Aids Board, private universities and colleges, and other agencies to create a Wisconsin Covenant program that will increase all Wisconsin students' aspirations to earn a college degree.

- - -

2006-07 ANNUAL BUDGET

In introductory remarks, President Reilly noted that the annual budget for the fiscal year beginning July 1, 2006 implements funding levels that were approved as the second half of the current biennial budget. He called on Associate Vice President Freda Harris to present the proposed budget.

Ms. Harris began by summarizing provisions of Act 25, the biennial budget, which included \$9 million of increased GPR/Fee funding for utilities, financial aid and the student technology fee, \$1.7 million to recruit and retain high demand faculty, \$.5 million for initiatives of the Committee on Baccalaureate Expansion, \$.5 million for Alzheimer's research, and \$105,000 to expand engineering education at UW-Fox Valley. The budget also returned \$20 million that was lapsed in 2005-06 on a one-time basis and reduced debt service funding by \$774,000. In addition, it required a shift of \$19.8 million in utilities costs from GPR to tuition.

For the annual budget, estimated funding was added to the amounts provided in Act 25 for a 2% pay plan effective July 2006 and an additional 2.25% effective April 2007, along with estimated health insurance cost increases.

Therefore, GPR funds increased \$36.4 million; academic fee revenue from tuition increased \$49.3 million; non GPR/Fee funds increased at a slightly slower pace, but still comprise more than half of the university's budget, as has been the case since 1991-92.

Included were recommended undergraduate resident tuition increases of \$145 per semester for the UW Colleges and Comprehensive Universities, \$187 per semester for UW-Milwaukee, and \$191 per semester for UW-Madison.

Resident undergraduate tuition would increase 6.8% on average, remaining well below the median of peer institutions. The increases would cover the cost of utility increases, compensation increases, and student technology initiatives. Nearly half of the tuition increase is due to shifting utility costs from state GPR to tuition.

Tuition for graduate students and nonresident undergraduates at UW-Madison would increase by the same dollar amount as resident undergraduates. As recommended by the Board in February, tuition for nonresident undergraduate students at UW-Milwaukee, the UW Comprehensive Universities and the UW Colleges would be competitively priced to cover the full cost of their education, plus the equivalent of a state subsidy for a resident undergraduate student. The new tuition rate is expected to bring the UW closer to its peers for nonresident undergraduate tuition, which should lead to an increase in the number of nonresident students and allow UW institutions to increase the number of resident students that they can enroll in future years.

Segregated fees would increase 7.4% at four-year institutions and 3.3% at the UW Colleges, primarily to fund facilities enhancements, student-initiated programming, compensation, and utilities. Seven institutions had segregated fee increases above the reporting threshold of 4.5%, the largest being UW-Stevens Point with a 16.3% increase, due to an increase of \$63 to help fund a \$16.7 million Student Union renovation and an increase of \$20 to support full staffing of health services and restore depleted cash reserves. This is the second of the planned three year increases for the Student Union.

Other segregated fee increases due to major projects included a \$40 increase for a new Student Activity and Health Center at UW-Madison, a \$71.45 increase for a Recreation and Wellness Center at UW-Oshkosh, a \$96 increase for a Student Union expansion project at UW-Parkside, a \$50 increase for a new Student Union at UW-River Falls, and an \$80 increase for the Rothwell Student Union at UW-Superior.

The increase for room and board rates would average 5.3%, primarily due to debt service on new and renovated residence halls, facilities maintenance projects, compensation, and cost increases of supplies, expenses and utilities. UW-Milwaukee would have the largest increase of 8.5% due to the addition of Kenilworth Hall, maintenance and remodeling, increased utilities and reduced conference revenues.

The budget document also included a report on the ongoing \$30 million of administrative and Joint Finance Committee reductions included in the 2005-07 budget. The report described how the \$20 million of administrative reductions, \$10 million of general base reductions and the removal of 200 FTE positions would impact UW institutions. The greatest share of the reduction was in salaries and fringe benefits, which was expected since such expenses represent 79% of the total 2006-06 GPR/Fee budget.

The report showed that administrative functions, included in Institutional Support (7.9% of the budget) took three times its proportional share of the budget reductions at 24.2%. Instruction (50% of the budget) received only 22% of the total reductions.

In discussion following the presentation, Regent Salas commented that the increase for the Lawton and Advanced Opportunity Program grants was meager in comparison to tuition increases.

Indicating that these programs increased by six percent, Ms. Harris explained that the Governor recommended more, but that amount was reduced in the Legislature. Most student aid, she noted, comes from the Wisconsin Higher Education Grant program, which is part of the Higher Educational Aids Board budget.

Regent Salas expressed the view that institutional support in many cases was not reduced enough in comparison with other categories. For example, at UW-Oshkosh, instruction was more heavily impacted than institutional support and an affirmative action director's position was eliminated, although Plan 2008 was to have been protected in making the cuts.

Chancellor Wells explained that the affirmative action director had been promoted to human resources director and was continuing to fulfill the affirmative action duties with part time assistance. UW-Oshkosh, he remarked, is deeply committed to Plan 2008 and had some of the best results. With regard to instruction, he explained that the goal is to keep as many seats and serve as many students as possible, particularly in view of the fact that UW-Oshkosh has had the largest enrollment growth after UW-Milwaukee. In making the reductions, key administrative services had been delayed, advising and counseling had been held harmless, and retention rates have increased.

Regent Salas also expressed concern about elimination of an English as a Second Language Program at UW-Madison, particularly in view of the shortage of bilingual instructors for a growing Latino population.

Provost Farrell noted that, with multiple years of budget reductions, the opportunity to eliminate administrative positions with low impact on students does not exist. However, the goal is for those students to be accommodated in other programs.

Regent Davis echoed Regent Salas' concern and asked for information as to the number of certificates granted through the ESL program, and what will be done to continue to serve those students and to train professionals in that area.

Ms. Harris explained that, because there was little time for institutions to make the required reductions, the guidelines provided for taking advantage of one-time opportunities for reductions in order to provide time to plan for more permanent modifications. The guidelines did not permit cutting faculty or instructional academic staff. Under these circumstances, institutions had to figure out how to cut 200 positions and continue to provide services to the extent possible. It was permissible under the guidelines to make cuts to instructional support if necessary.

Noting that UW-Oshkosh took the Board's guidelines very seriously, Chancellor Wells observed that the categories presented were broad and the numbers gross. In the future, he suggested showing percentages rather than numbers.

In response to a question by Regent Smith, Ms. Harris said that a dramatic increase in nonresident students is not expected, although the more competitive tuition rates are expected to help with retention and add some growth. Nonresident students, she explained, pay both the cost of their education and a subsidy for resident students so more Wisconsin students can be served. The recent enrollment growth of more than 3,000 students has been in the resident student category.

Regent Rosenzweig remarked that the current budget is based on past decisions which have determined to a large extent the budget for the second year of the biennium.

In response to a question by Regent President Walsh about veterans' tuition remissions, Ms. Harris explained that recent legislation provided 50% remissions, costing \$7 million on an ongoing basis. \$4.1 million had been expended so far and costs were expected to rise, particularly with the increase to 100% remissions in the fall of 2007.

With regard to the 6.8% tuition increase, Regent Loftus pointed out that the UW was told by the Legislature to increase tuition by \$19.8 million to replace GPR funding for utilities.

Ms. Harris added that this shift accounts for nearly half of the tuition increase.

Regent Loftus suggested taking two votes in order to communicate as clearly as possible that half of the tuition increase is legislatively mandated.

Regent Crain commented that, while no one would be enthusiastic about supporting the tuition increase, it seemed to her necessary because to not support it would cause additional harm to the UW and its students.

Regent President Walsh suggested that Regent Loftus's point as to sources of the tuition increase be incorporated into the budget document as a friendly amendment.

It was moved by Regent Salas and seconded by Regent Randall that the UW-Oshkosh affirmative action position and the UW-Madison English as a Second Language program not be eliminated. Regents Salas commented that that the institutions should make other cuts to more closely follow the Board's guidelines. Regent President Walsh stated that the question would be divided, with each institution's action voted on individually.

Regent Connolly-Keesler remarked that she would not support voting on individual cuts because she felt that to do so would be micromanaging the decisions that had been made.

In response to a question by Regent Randall as to the level of scrutiny given to the cuts, Ms. Harris indicated that they were carefully reviewed for conformance to the Board's guidelines. The number of faculty and instructional academic staff was not reduced. The guidelines did not prohibit other cuts that might impact instruction and Plan 2008, but directed that the institutions first look elsewhere for cuts that had to be made. In that regard, UW-Oshkosh was changing how its affirmative action function would be performed, rather than removing the function.

Chancellor Wells added that the hope was to replace the affirmative action director full time in 2007-08. Given the level of concern, he would attempt to mount a search to fill the position earlier.

Regent Davis remarked that UW-Oshkosh has exhibited leadership on Plan 2008 and the Equity Scorecard. She opposed asking the university to make its budget cuts differently.

The question was put on the motion to eliminate the UW-Oshkosh affirmative action position cut, and the motion failed on a voice vote.

In response to a question by Regent Loftus, Provost Farrell explained that the English as a Second Language program that was being eliminated was designed to help international students perform in the classroom and was not offered for credit. Similar programs are available from other providers at about the same cost.

Noting that students need to be able to understand the speech of their teaching assistants, Regent Loftus asked if that goal could still be met if this program were eliminated.

Replying that the program is not critical in that regard, Provost Farrell explained that international students generally are given a speech test and are evaluated by departments before they are hired as teaching assistants.

Regent Loftus asked if the Teaching Assistants' Association objected to eliminating the course, and Provost Farrell replied in the negative.

Asked by Regent Rosenzweig where students could go to enroll in such a program, Provost Farrell indicated that English as a Second Language programs are offered by Madison Area Technical College as well as by private providers.

While she was sympathetic with the concerns expressed by Regent Salas, Regent Rosenzweig felt that the institutions had done the best they could to implement the cuts in a short time frame. She asked that UW-Madison be vigilant to assure that international students have alternative programs as needed.

Regent Salas pointed out the Technical College program is designed for newly arrived immigrants, not for graduate students; and he did not think it would meet their needs. He said that campuses should understand that Regents are concerned about the type of cutbacks that have been made.

The question was put on the motion to retain the UW-Madison English as a Second Language Program, and it failed on a voice vote.

While he did not vote against the cuts that were made, Regent President Walsh expressed appreciation to Regent Salas for bringing these matters to the Board's attention.

The previous question was moved, and the motion passed on a voice vote.

The question was put on Resolution 9202, with the friendly amendment proposed by Regent Loftus, and it was adopted on a roll-call vote, with Regents Walsh, Spector, Smith, Rosenzweig, Randall, Pruitt, Loftus, Davis, Cuene, Crain, Connolly-Keesler,

Bradley, and Bartell (13) voting for the resolution, and Regent Semen. Salas, and Burmaster (3), voting against it.

2006-07 Operating Budget including Rates for Academic Tuition, Segregated Fees, Textbook Rental, Room and Board, and Apartments; Academic Tuition Refund policy and Schedule; Budget Reduction Report, and Annual Distribution Adjustments

Resolution 9202: That, upon the recommendation of the President of the University of Wisconsin System, the 2006-07 operating budget be approved, including rates for academic tuition, segregated fees, textbook rental, room and board, and apartments; the tuition refund policy and schedule; budget reduction report, and annual distribution adjustments as attached in the document 2006-07 Operating Budget and Fee Schedules, June, 2006. The 2006-07 amounts are:

| | | |
|-------------------------|------------------------|---------------|
| GPR | \$1,044,921,257 | 24.21% |
| <u>Academic Tuition</u> | <u>\$909,297,905</u> | <u>21.07%</u> |
| Total GPR/Fees | \$1,954,219,162 | 45.28% |
| <u>Other</u> | <u>\$2,361,264,765</u> | <u>54.72%</u> |
| Total | \$4,315,483,927 | 100.00% |

The meeting was adjourned at 2:30 p.m., upon motion by Regent Crain, seconded by Regent Spector.

Submitted by:



Judith A. Temby, Secretary

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

Milwaukee, Wisconsin

UW-Milwaukee
Held in the Union - Wisconsin Room

Friday, June 9, 2006
9:00 a.m.

- President Walsh presiding -

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MINUTES OF THE REGULAR MEETING

of the

BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM

Milwaukee, Wisconsin

UW-Milwaukee
Held in the Union - Wisconsin Room
June 9, 2006
9:00 a.m.

- President Walsh presiding -

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

UNABLE TO ATTEND: Regents Burmaster and McPike

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Approval of Minutes of May 4 and 5, 2006 Meetings of the Board

There being no additions or corrections, the minutes of the May 4 and 5, 2006 meetings of the Board of Regents stood approved as distributed.

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REPORT OF THE PRESIDENT OF THE BOARD

Resolution of Appreciation: Chancellor Doug Hastad

Presenting Resolution 9203, Regent Brent Smith remarked that Chancellor Hastad's leadership and accessibility would be missed by UW-La Crosse and by the UW

System as a whole. He also would be missed in the La Crosse community, having demonstrated clearly the importance of a strong university/community relationship.

The following resolution was adopted by acclamation, with a standing ovation in honor of Chancellor Hastad. Regent Smith presented Chancellor Hastad with a plaque displaying the resolution, and President Reilly presented him with a UW System medallion.

Resolution 9203:

WHEREAS, Doug Hastad has served with distinction as chancellor at the University of Wisconsin-La Crosse for five years, expanding educational opportunities for students and furthering the tradition of excellence at UW-La Crosse; and

WHEREAS, Chancellor Hastad's contributions to the UW System include 12 years of dedicated service to UW-La Crosse as Interim Chancellor, Provost and Vice Chancellor for Academic Affairs; Dean of Human Development Programs; and Dean of the College of Health, Physical Education, and Recreation; and

WHEREAS, Chancellor Hastad successfully promoted the "internationalization" of UW-La Crosse, helping the campus increase the number of international students on campus and the number of students studying abroad, host international visiting scholars, and create study-abroad internships; and

WHEREAS, during his tenure, UW-La Crosse completed both a strategic plan and an exterior master plan; led a Community Advocacy Group to offer solutions toward reducing excessive alcohol consumption, and nurtured a strong relationship among UW-La Crosse and its residential neighbors, the community, and the 7 Rivers Region; and

WHEREAS, Doug has developed an innovative plan to increase student enrollment without the need for additional state funding and to concurrently provide access for a more-diverse student body, improve financial aid to underprivileged students, and self-fund increases in faculty and staff to serve the larger student body; and

WHEREAS, under Chancellor Hastad's leadership, the UW-La Crosse student body has become more diverse, shown continuous and significant academic improvement, and achieved one of the highest retention and graduation rates among public, four-year universities in the nation;

BE IT THEREFORE RESOLVED that the Board of Regents of the University of Wisconsin System offers its most sincere gratitude to Chancellor Doug Hastad for his service and dedication to the University of Wisconsin-La Crosse and the state of Wisconsin and wishes him success as President of Carroll College in Waukesha, Wisconsin.

Expressing his appreciation, Chancellor Hastad remarked that he had been part of the UW System for the past 17 years and that it means a great deal to him.

Noting that UW-La Crosse recently lost a fine professor and is losing other faculty as well, he cautioned that people are declining jobs in Wisconsin and that a search consultant had told him the state is developing a reputation of having a poor environment for higher education.

With regard to growth and access, he remarked that growth provides opportunities for people to be successful and that access must include plans for student success and good retention policies. If retention were increased by five percent, he estimated that the result would be 1100 more graduates a year. He asked that campuses be held more accountable for success in these efforts.

Noting that able students in the lower income quintiles are highly sought by universities, he expressed disappointment that the UW does not offer enough financial aid to compete successfully for these students. Private universities in the state, he pointed out, enroll over a thousand more of them than a decade ago, while the UW enrolls 500 fewer. He suggested that campuses be given the flexibility, in areas including tuition, that they need to attract lower income students.

He also suggested that more authority be given to the chancellors, that differences among campuses be embraced, and that successes be better rewarded.

Regent President Walsh thanked Chancellor Hastad for his comments and noted that he would be greatly missed.

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Report on the May 16, 2006 Meeting of the Wisconsin Technical College System Board

A written report of the meeting was provided.

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Report on the June 7, 2006 Meeting of the Hospital Authority Board

A written report of the meeting was provided.

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Report by Regent President Walsh

Regent President Walsh reported that he had been working with President Reilly to advance the Growth Agenda and on a number of other issues, including those related to UW offerings in Waukesha County.

He also reported that he and other Regents participated in numerous commencements across the system, and that one of the most important efforts continues to be work on the upcoming biennial budget.

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REPORT OF THE PRESIDENT OF THE SYSTEM

Thanks to UW-Milwaukee

President Reilly expressed appreciation to Chancellor Santiago and UW-Milwaukee colleagues for hosting the Board this month. It is a pleasure, he noted, to see so much positive energy on the campus.

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One Million Dollar Gift to UW-Superior

It was reported by President Reilly that Chancellor Erlenbach had announced a \$1 million gift to Campaign Superior: Higher Expectations from UW-Superior alumnus John Bremer and his spouse, Aurie. The Chancellor described Retired Colonel Bremer as a person who used his liberal arts education to succeed in life. Thanking the Bremers for their generous gift, President Reilly indicated that Campaign Superior is \$10.7 million on the way to its goal of \$17.5 million.

-

National Recognition for UW-Oshkosh

President Reilly commended UW-Oshkosh for gaining national recognition for its efforts to promote the importance of an education in the liberal arts and sciences. UW-Oshkosh's work in this area was highlighted as a national model of Solutions for Our Future, a national campaign run by the American Council on Education. Even as budgets are squeezed, he remarked, Chancellor Wells and colleagues have done well in reminding

Wisconsin that “an investment in higher education can prepare students to be the productive workers and engaged citizens who will launch the next generation of Wisconsin’s growth.”

-

UW Colleges Earns Honors for Work on First Year Experience

President Reilly congratulated the UW Colleges for their exemplary work in establishing a national project on improving the first-year experience for college students. UW Colleges was a charter member and one of ten institutions in the country selected to participate in this project run by the National Policy Center for the First Year of College.

-

UW-Madison Transfer Contract with Nicolet College

It was reported by President Reilly that UW-Madison and Nicolet College in Rhinelander signed a transfer contract to allow qualified students to transfer from Nicolet to UW-Madison as upper classmen and women. The agreement is similar to one signed earlier between UW-Madison and Madison Area Technical college. Agreements like these, he pointed out, help meet the UW’s commitment to access and diversity and contribute to the Growth Agenda by increasing the number of Wisconsin citizens with baccalaureate degrees. He expressed appreciation to UW-Madison for opening up these new paths.

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Governor’s Award to UW-Platteville Center

President Reilly congratulated Chancellor Markee and UW-Platteville colleagues on receipt by the university’s International Business Resource Center of the 2006 Governor’s Export Achievement Award, which is given to businesses and organizations that contribute to Wisconsin’s ability to compete in the global marketplace. The Center has been increasing contact with businesses and governments in China and has been learning how Wisconsin and U.S. companies might participate in the emerging markets of North Africa.

-

Faculty College 2006

It was reported by President Reilly that more than 100 faculty members attended Faculty College 2006 at UW-Richland, an annual event sponsored by the UW System Office of Professional and Instructional Development to strengthen skills that improve undergraduate teaching and learning. This year’s program included seminars on building student success and learning outcomes, managing increased workloads, and teaching strategies that engage students from a variety of backgrounds.

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UW-River Falls National Science Foundation Grant

President Reilly reported that UW-River Falls received an \$84,000 grant from the National Science Foundation to create a course in astrophysics in which students from physics, secondary education, and non-science fields build sophisticated particle detectors, like those in use in the international IceCube Antarctic research project. It is hoped that the course will inspire a new generation of scientists.

-

Welcome to Chancellor Levin-Stankevich

President Reilly introduced and welcomed new UW-Eau Claire Chancellor Brian Levin-Stankevich. He had recently completed a term as interim president of Eastern Washington University, where he also served as provost and vice chancellor for academic affairs, vice president for student affairs, and as a professor of counseling, educational and developmental psychology. Chancellor Levin-Stankevich also held positions at the State University of New York-Buffalo and Florida Atlantic University.

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UW-Milwaukee Researcher Wins in Television Tournament

President Reilly congratulated Michael Falk, a UW-Milwaukee researcher in the Atmospheric Sciences lab of Assistant Professor Vince Larson, for winning \$250,000 in the final round of “Jeopardy! Tournament of Champions” He also won \$59,000 in an earlier appearance on the show.

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REPORT OF THE BUSINESS, FINANCE, AND AUDIT COMMITTEE

Regent Pruitt, Chair, presented the Committee’s report.

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Follow-Up Discussion on UW-Milwaukee Growth Agenda and Other 2007-09 Budget Items

Abbas Ourmazd, Vice Chancellor for Research and Dean of the Graduate School, provided additional detail on UW-Milwaukee’s biennial budget request, which would include an additional 50 FTE faculty and increases in academic staff, graduate students, and supplies/expenses funding. He provided data comparing Milwaukee with Atlanta on a number of research metrics.

He also explained in greater detail the Research Growth Agenda and the rigorous review given to the 285 proposals from more than 500 faculty members. Twenty-five

percent of the proposals were ranked in the top ten percent of the field by 66 independent external experts.

Dr. Ourmazd urged the board to support an investment in UW-Milwaukee to enable the university to better serve the economic growth of the region and provide greater access to students.

-

Trust Funds

Acceptance of Bequests over \$50,000

Tom Reinders, Investment Portfolio Analyst, presented the following bequests: Approximately \$150,000 from the Josephine O. Woodbury Estate; approximately \$90,000 from the Stanley F. Wadell Trusts; \$925,000 from the Jessie May Bork Estate; and \$100,000 from the Emerson J. Collier Trust.

The Committee approved a resolution to accept and recognize these bequests for inclusion in the consent agenda.

-

Audit Update

Review of Next Steps for Segregated Fee Audit Recommendations

Vice President Durcan discussed formation of a system-wide committee to be charged with developing alternatives to address the recommendations from the recently completed review of segregated fees. The review indicated that there may be a number of options to enhance student involvement and Board of Regents' oversight of segregated fees.

Emphasizing the importance of student involvement and participation, the Business, Finance, and Audit Committee asked that 50% of the system-wide committee be composed of students plus one of the Student Regents.

Possible Program Review of Cost of Textbooks

Because of concern about the escalating price of student textbooks, the Committee agreed to a formal review to learn what has been done at other institutions of higher education. A scope statement will be presented at the August meeting.

-

Report of the Vice President

Utility Savings for Veterans' Tuition Remissions

Vice President Durcan reported that the UW filed a formal request with the co-chairs of the Joint Finance Committee to apply any utility savings at the end of the year to the veterans' tuition remission shortfall.

Gift Certificate Program

Vice President Durcan reported on Wisconsin Act 77, which authorizes the Board to establish a gift certificate program for payment of tuition and fees or for a study abroad program, noting that this will provide another vehicle for families to help pay for college.

Some minor technical changes were identified that would need to be made to existing statutory language in order to implement the program at the lowest administrative cost. These would be included with the biennial budget request.

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Preliminary Meeting on Biennial Budget

It was the sense of the Committee that the Board would benefit from a preliminary meeting to discuss biennial budget matters before the mid-August meeting to act on the 2007-09 request. Regent President Walsh stated his intention to schedule such a meeting.

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Consent Agenda

Adoption of the following resolution as a consent agenda item was moved by Regent Pruitt, seconded by Regent Randall and carried on a unanimous voice vote.

UW System Trust Funds Acceptance of Bequests over \$50,000

Resolution 9204: That, upon the recommendation of the President of the University of Wisconsin System and the Chancellors of the benefiting University of Wisconsin institutions, the bequests detailed on the attached list be accepted for the purposes designated by the donors, or where unrestricted by the donors, by the benefiting institution, and that the Trust Officer or Assistant Trust Officers be authorized to sign receipts and do all things necessary to effect the transfers for the benefit of the University of Wisconsin.

Let it be herewith further resolved, that the President and Board of Regents of the University of Wisconsin System, the Chancellors of the benefiting University of Wisconsin institutions, and the Deans and Chairs of the benefiting Colleges and Departments, express their sincere thanks and appreciation to the donors and their families for their generosity and their devotion to the values and ideals represented by the University of Wisconsin System. These gifts will be used to sustain and further the quality and scholarship of the University and its students.

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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 Residence Halls: Creative Solutions for the Future

The Physical Planning and Funding Committee and the Business, Finance, and Audit Committee met jointly to hear a presentation by UW-Milwaukee Vice Chancellor Sherwood Wilson who explained that the goal was to create new residence hall inventory to house all freshmen within five years and increase housing capacity to 5,000 beds within eight years.

Through the newly created UWM Real Estate Foundation, a new 448 bed facility will be financed and built on vacant land on North Avenue, close to the Kenilworth project. The plan would be to have it open for occupancy by fall 2007. This method of financing and construction is similar to the format used at UW-Green Bay for its residence halls.

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Energy Conservation and Green Building Initiatives

Rob Cramer, Administrator of the Division of State Facilities in the Department of Administration, spoke to the two committees about the department's energy conservation and green building initiatives. The energy initiative has a goal of reducing energy use by ten percent by fiscal year 2008. The goal of the green building initiative is that new state facilities be constructed thirty percent more energy efficient than the commercial code.

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Minority Business Enterprise Participation

Mr. Cramer also addressed minority business participation in capital projects, noting that the goal of five percent participation by minority-owned businesses has been revised to ten percent. While the overall goal has been met for all state projects, it was not met in the Camp Randall project, which had only 3.6% minority business participation.

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UW-Green Bay: Approval of the Design Report and Authority to Increase the Project Budget and Construct the University Union Expansion and Remodeling Project

Noting that segregated fee funding is included in this project, Regent Salas indicated that in all projects that utilize such funding, the segregated fee portion will be clearly set forth and explained. On behalf of the Committee, he thanked Regent Loftus for calling attention to the need to focus on use of segregated fees in capital projects.

This project, Regent Salas recalled, was first submitted in the 2003-05 capital budget request and was just now being approved for construction. He urged that, once capital priorities are approved, the order be maintained so as not to disrupt projects as they move through the process.

Resolution 9205 was approved for inclusion in the consent agenda.

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UW-Madison: Authority to Transfer Land Known as Ashland Agricultural Research Station to Ashland and Bayfield Counties

Research no longer is conducted at the Ashland station, which had in the past been used for alfalfa, pea and small grain research, and then for dairy and beef cattle research. In recent years, it has been used for community garden activities by area localities and by the Bad River Reservation.

The Committee approved transfer of the land for inclusion in the consent agenda.

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UW-Stout: Authority to Adjust the Campus Boundary for Future Land Acquisition

Land acquired under this authority would be used for parking, to address a parking deficit on campus that was worsened by construction of a new residence hall.

The Committee approved a resolution to grant the requested authority for inclusion in the consent agenda.

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UW-Whitewater: Approval of Design Report and Authority to Adjust the Project Scope and Budget and Construct the College of business and Economics Building

Regent Salas commended UW-Whitewater on obtaining almost \$5.5 million in gifts/grants for this facility. Noting that the project was originally approved in 2000, he indicated that it illustrates the importance of adhering to established building priorities so that projects such as this can proceed to completion in an orderly fashion.

The Committee approved a resolution to proceed with the project for inclusion in the consent agenda.

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Consent Agenda

Upon motion by Regent Salas, seconded by Regent Crain, the following resolutions were adopted as consent agenda items on a unanimous voice vote.

UW-Green Bay: Approval of the Design Report and Authority to Increase the Project Budget and Construct the University Union Expansion and Remodeling Project

Resolution 9205: That, upon the recommendation of the UW-Green Bay Chancellor and the President of the University of Wisconsin System, the Design Report be approved and authority be granted to construct the University Union Expansion and Remodeling Project and increase the project budget by \$242,000 Program Revenue-Cash for an estimated total project cost of \$6,242,000 Program Revenue-Cash.

UW-Madison: Authority to Transfer Land Known as Ashland Agricultural Research Station to Ashland and Bayfield Counties

Resolution 9206: That, upon the recommendation of the UW-Madison Chancellor and the President of the University of Wisconsin System, approval be granted to transfer 258 acres of land known as the Ashland Agricultural Research Station in the town of Eileen, Bayfield County, Wisconsin to Ashland and Bayfield Counties.

UW-Stout: Authority to Adjust the Campus Boundary for Future Land Acquisition

Resolution 9207: That, upon the recommendation of the UW-Stout Chancellor and President of the University of

Wisconsin System, authority be granted to expand the campus boundary to include: (a) north campus properties along the east side of 4th Street West, between 1st Avenue West and 3rd Avenue West, and the parking lot property at 403 1st Avenue West, and (b) south campus properties in the block bounded by 11th Avenue West, 12th Avenue West, 2nd Street West, and 3rd Street West.

UW-Whitewater: Approval of the Design Report and Authority to Adjust the Project Scope and Budget and Construct the College of Business and Economics Building

Resolution 9208: That, upon the recommendation of the UW-Whitewater Chancellor and the President of the University of Wisconsin System, the Design Report be approved and authority be granted to: (a) construct the College of Business and Economics Building; (b) increase the project scope and budget by \$1,234,000 (\$777,400 Building Trust Funds - Contingency and \$456,600 Program Revenue-Cash); and (c) request release of \$777,400 Building Trust Funds – Contingency; for a estimated total project cost of \$42,273,000 (\$35,549,000 General Fund Supported Borrowing, \$5,490,000 Gifts/Grants, \$777,400 Building Trust Fund - Contingency, and \$456,600 Program Revenue–Cash).

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Report of the Assistant Vice President

Building Commission Actions

Assistant Vice President David Miller reported that the Building Commission approved about \$31 million for projects at its May meeting, including \$16.5 million in general fund supported borrowing, \$11 million in program revenue, and \$3.5 million in gift and grant funds.

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REPORT OF THE EDUCATION COMMITTEE

Regent Davis, Vice Chair, presented the Committee's report, noting first that Regent Burmaster, Chair of the Committee, was unable to attend because she was

testifying before the Blue Ribbon Commission on “No Child Left Behind”, chaired by former Governor and Secretary Tommy Thompson.

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New Academic Programs

The Committee approved three new academic programs for inclusion in the consent agenda.

The UW-Stout B.S. in Information and Communication Technologies was presented to the Committee in March, at which time some questions were raised, which now had been addressed to the Committee’s satisfaction. The program is a degree-completion program designed for working professionals in the field of information and communication technologies who already have associate degrees but seek bachelor’s degrees in order to advance their careers.

The UW-Oshkosh program is a degree-completion offering designed for working professionals in fire and emergency response management. Those who want to move into leadership positions now need baccalaureate degrees; and this program, which would be the only one of its kind in Wisconsin, would meet that need. The program would function through partnerships with other UW institutions, the Fox Valley Technical College, and the Wisconsin Fire Chief and Firefighters’ Associations.

The campus endorsed the program as supportive of the university’s mission and goals, as well as for its response to state workforce needs and statewide initiatives of the recommendations of the Committee on Baccalaureate Expansion and the Growth Agenda.

While the title of the program as approved is Bachelor of Fire and Emergency Response Management, the Committee was informed that the campus would propose the title of Bachelor of Applied Studies for faculty consideration in the fall.

The third program approved by the Committee was the M.S.in Nonprofit Management and Leadership at UW-Milwaukee. This program, the first of its kind in Wisconsin, would meet a growing state and national need for leaders in the non-profit sector. It supports UW-Milwaukee’s strategic mission and has an impressive record of support in Milwaukee, the city with the largest concentration of non-profits in the state.

With about 40% of non-profit leaders in that city soon eligible to retire, the program would help to develop new leadership at an opportune time and to strengthen the whole capacity of the non-profit sector.

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UW-River Falls: Amendments to Faculty Personnel Rules

It was noted that the proposed revisions were approved by faculty governance and the Chancellor and had been reviewed by the UW System Office of General Counsel.

The Committee approved the amendments for inclusion in the consent agenda.

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2006-07 Report on Tenure Designations and New Tenured Appointments

The Committee approved the list of appointments for inclusion in the consent agenda and congratulated the newly tenured faculty on their accomplishments.

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Consent Agenda

It was moved by Regent Davis and seconded by Regent Semenas that Resolutions 9209-9213 be adopted as consent agenda items.

At the request of Regent Randall, Resolution 9213 was removed from the consent agenda

Resolutions 9209 – 9212 then were adopted on a unanimous voice vote.

UW-Stout: Program Authorization (Implementation) B.S. in Information and Communication Technologies

Resolution 9209: That, upon recommendation of the Chancellor of the University of Wisconsin-Stout and the President of the University of Wisconsin System, the Chancellor be authorized to implement the B.S. in Information and Communication Technologies.

UW-Oshkosh: Program Authorization (Implementation) Bachelor of Fire and Emergency Response Management

Resolution 9210: That, upon recommendation of the Chancellor of the University of Wisconsin-Oshkosh and the President of the University of Wisconsin System, the Chancellor be authorized to implement the Bachelor of Fire and Emergency Response Management.

UW-Milwaukee: Program Authorization (Implementation) M.S. in Nonprofit Management and Leadership

Resolution 9211: 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 M.S. in Nonprofit Management and Leadership.

UW-River Falls: Amendments to Faculty Personnel Rules

Resolution 9212: That, upon recommendation of the Chancellor of the University of Wisconsin-River Falls and the President

of the University of Wisconsin System, the Board of Regents approves the amendments to the UW-River Falls Faculty Personnel Rules.

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2006-07 Tenure Designations and New Tenured Appointments

Regent Randall suggested that the Board hear presentations by some of the most exceptional of those receiving tenure in order to highlight the accomplishments of these outstanding faculty, and President Reilly expressed agreement with that idea.

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

2006-07 Tenure Designations and New Tenured Appointments

Resolution 9213: That, upon recommendation of the respective Chancellors and the President of the University of Wisconsin System, the 2006-07 tenure designations and new tenured appointments, reported in the attached materials by institution, be approved.

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UW System Waukesha Study Report

Senior Executive Vice President Donald Mash presented this report, which was provided to the Regents, along with an executive summary outlining next steps in the process and letters from the Waukesha County Action Network and County Executive Dan Vrakas.

It was noted by Dr. Mash that the educational needs of the Waukesha area are complex and impact politics, regional economic development, tax policy and higher education.

The report suggested a staged approach of a series of intermediary steps towards a long-term transformation in providing baccalaureate education and advanced research opportunities in Waukesha County. Those steps include:

- Development of a university center as a collaborative organizational model with UW-Waukesha, UW-Milwaukee and others as partners. The university center would offer baccalaureate degree programs and promote research and technology transfer in the region.
- The chancellors of UW-Milwaukee and UW Colleges/UW-Extension will focus on enhancing UW-Milwaukee's presence on the UW-Waukesha campus. They will work on developing a cost-effective business model to provide selected four-

year degree and graduate programs directly to the citizens of Waukesha County. They also will discuss options for a facility on the UW-Waukesha campus where UW-Milwaukee could establish a research center.

Dr. Mash made clear that a merger of the two institutions was not removed from consideration. However, he said that a university center would be a more prudent step at this time, especially given the compromised fiscal capacity of the UW System over the last five years. He also emphasized the need to respect the different missions of UW-Milwaukee and UW-Waukesha.

The Committee agreed that, while all recognize the urgency of the needs and opportunities in Waukesha County, due diligence is required in moving forward.

Former Lieutenant Governor Margaret Farrow, representing the Waukesha County Action Network (WCAN), also addressed the Committee. She stated the group's support for merger between UW-Milwaukee and UW-Waukesha but acknowledged that there are other models to consider and that WCAN is open to alternatives.

Chancellors Santiago and Wilson voiced their support for the staged approach suggested by Dr. Mash. Chancellor Wilson added that UW Colleges/Extension were anxious to move expeditiously in conducting comprehensive analysis of the financial implications of each of the next steps in order to let financial data contribute to the decision making.

He also indicated that a Blue Ribbon Commission on the Future of the UW Colleges was being formed to study critical questions facing the freshman-sophomore campuses statewide.

Finally, the Committee was advised that a follow-up meeting would take place in the next two months between the Waukesha study steering group and county leaders. The final report of the steering group was expected in August.

In the discussion at the Board meeting, Regent Rosenzweig asked if all options are still under consideration; and Regent Davis replied in the affirmative.

In response to a question by Regent Rosenzweig as to whether emphasis was on the university center idea rather than other options, Regent Spector read the following sentence from the conclusion of the report: "Just because of the special role that UW-Milwaukee plays and can develop in serving the seven county region of Southeastern Wisconsin, it must be pre-eminent in the activities facilitated by the Center. It is essential that the strategic plans of UW-Milwaukee, the UW Colleges and UW-Extension, Waukesha County and the Milwaukee Seven be developed in concert, especially as we examine in depth the possibility of a merger of UW-Waukesha into UW-Milwaukee."

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Report of the Senior Vice President

UW-Milwaukee Presentation on Access to Success: Pathway to Regional Competitiveness

Provost Rita Cheng described “Access to Success”, a set of programs with the goal of closing the achievement gap between students of color and majority students; developing readiness for college-level work; and providing research-based educational opportunities for all students, as well as honors programming for high-achieving students.

The programs take a variety of approaches and target different groups of students, including a variety of first-year experiences, ranging from remedial to honors courses. Preliminary data showed that freshman participants in these programs were retained better and performed better academically.

Explaining that these kinds of programs have an impact on the entire metropolitan region, Provost Cheng noted that reducing gaps in educational attainment increases equity and metropolitan areas with increased equity have faster wage growth for their entire region. She presented data showing that Milwaukee is below the national average in college graduates living in the city, noting the relationship between educational attainment and the economic vitality of American cities.

On behalf of the Committee, Regent Davis thanked Provost Cheng for an excellent presentation and said that she was heartened to hear UW-Milwaukee’s emphasis on access and its commitment to serving students who have traditionally been underserved by higher education.

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Overview of Holistic Admissions

Noting that this discussion had been deferred from the Education Committee to the full Board agenda, Regent Davis asked Senior Vice President Cora Marrett and General Counsel Pat Brady to provide the Board with an overview of this matter.

Referring to the national context, Senior Vice President Marrett noted that reviews of admission practices across higher education aim for alignment with expectations for graduates and with the legal context. By examining such factors as grade point average, college entrance exam scores, extracurricular activities, and demonstrated leadership, among other factors, universities weigh both academic and non-academic performance in striving to recruit and develop the whole person.

National testing organizations, she reported, are revising their tests to better align them with the preparation students need for college and beyond; and a writing component has been introduced in recognition of the fact that communication skills are critical to success. Employers also want higher education to align with their expectations for well-educated graduates who can connect with others and communicate ideas in diverse settings.

In response to such expectations, the American Association of State Colleges and Universities has launched a program to foster student acquisition of intellectual, critical

thinking and teamwork skills. This initiative resonates with what is being done on UW campuses through such efforts as UW-Green Bay's Learning to Life program.

In conclusion, she remarked that employers and communities need universities to educate the whole person. Therefore, she asked if emphasis on the whole person should not extend to the admissions process as well.

Speaking about the legal context, General Counsel Brady referred to the two Supreme Court decisions in the Michigan cases that lent support to diversity efforts by holding that universities have a compelling interest in a diverse student body. What is important is to look at all attributes of all applicants that add to the mix of diversity in the student population.

UW admission directors, she said, are working very hard on procedures for non-mechanistic review of applicants. Refinements will continue and recommendations may be made for change in admissions policy in light of current circumstances and the legal environment.

Regent Semenas read the following statement from Regent McPike, who was unable to attend the meeting:

"I would like to express my support for the UW System's plans to conduct holistic review of applicants for admission to UW institutions. My support comes from a set of beliefs that I hold dear, and it also comes from my years of experience as a public school educator. I believe deeply in the promise of access and opportunity that the UW System, as one of Wisconsin's premier public higher education systems, offers to its citizens. And I believe deeply that all students – of whatever background or race – benefit from more diverse educational settings."

"Now that belief happens to be supported by research on the topic. But I know it's true from my 24 years as a principal at East High School in Madison. And I also know that the idea of holistic admissions is not, as some people have been reported to say in the media, one that will be rejected or discouraged by high school educators. Ask any high school guidance counselor in the state about what they advise their students as they go through high school and aspire, we hope, to go to college. It's get involved, be active, whether in sports, or music, or community service, or the chess club! Good grades and test scores are important; don't get me wrong. But the way to keep kids productively occupied and focused on school is by getting them engaged in the activities that will develop them as a whole person – socially, emotionally, and intellectually."

"As principal at East, I used to talk to kids all the time about the National Honor Society. Membership into the National Honor Society is one of the highest honors that can be awarded to a high school student, and students are selected based on their academic excellence, leadership, service, and character. Although it is an honor, membership also carries with it an obligation to continue to demonstrate those outstanding qualities of academic excellence, character, leadership, involvement, and service to the community."

“My point is that it’s never been just about test scores and grades; high school educators across Wisconsin know that. So I take issue with those people who have been railing against the UW System’s decision to use a holistic review because they say it will lower the quality of those who are admitted, that hard work will no longer pay off, and that students and their parents will be confused. We are not negating the priority of academic competence. Students must be able to meet the rigorous standards set by the University System. Students and their parents can continue to rely on the guidance they receive from Wisconsin high schools about how to make their dreams of college become a reality.”

Regent President Walsh noted that he had asked the Education Committee to receive a status report on holistic admissions because of media reports and some comments that had been made.

Referring to the current Regent policy on freshman admissions, he pointed out that the policy has been evolving, adopted first in 1972 and revised many times over the years. The policy begins by stating: “Wisconsin has long held a strong commitment to maximize educational opportunity for her citizens. In recognizing the necessity of making educational opportunity equally accessible to all its citizens through the University of Wisconsin System, it is important that the diverse needs of the state’s population be accommodated through a flexible admissions policy.”

The policy provides certain course requirements and then charges each institution with developing a policy that will accommodate its own uniqueness as well as the diverse population of the state.

The policy provides for consideration of rank in class and test scores as evidence that the applicant is prepared to do satisfactory work at the college level. It also provides that students who lack “rank in class or test score qualifications may be considered if, on the basis of other factors, they appear to have a reasonable probability of success. Particular consideration in admissions will be given to applicants who have been out of school for two or more years, service veterans, as defined by state and federal policies, and to students who have been disadvantaged as a result of substandard education, family income level, or ethnic background.”

The Michigan cases, he noted, permit consideration of race/ethnicity if it is done in a holistic manner. The UW’s review was conducted to ensure that policy and practices are consistent with Supreme Court decisions in those cases. But that review was not yet complete and had not been forwarded to the Board.

Stating that the Board of Regents has not changed its admission policy, Regent President Walsh said that Wisconsin families need to know that the best way for their sons and daughters to be assured of a place at a UW campus continues to be to work hard in school and demonstrate academic achievement. Grades, class rank and academic performance will continue to be the primary criteria for admission, while the whole person also will be considered. A diverse student body, he noted, benefits all students by providing the richest possible educational experience.

Expressing his agreement with Regent President Walsh, President Reilly emphasized that there always will be a place in the UW System for students who study hard and get good grades. With regard to the importance of diversity on campus, he underscored the need to prepare students for a diverse world and respond to employer expectations in that regard.

Noting that there are differences among UW campuses as to the academic credentials of students who are admitted, Regent Crain remarked that the whole matter requires better explanation and emphasis that every student with the potential to succeed will have a place in the UW System. It is important, she said, for a public institution to state that commitment clearly.

Regent Loftus remarked that there did not seem to be understanding that it is the Board of Regents that makes decisions as to admissions policy and that the recent round of negative publicity about holistic admissions had been harmful to the university. In that regard, he commented on the need to select carefully what is said with regard to such issues in order to not cause further damage.

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REPORT AND RECOMMENDATION OF THE COMMITTEE REGARDING FACULTY/ACADEMIC STAFF DISCIPLINARY PROCESS

Regent Spector, Chair, thanked Regent President Walsh and the members of the Committee – Regent Smith, Regent Rosenzweig, General Counsel Brady, Professor Dickey, and Chancellor Markee – for all their contributions to the Committee’s work.

The Committee had received extensive input from governance groups around the UW System and had made substantial changes to the draft rules on the basis of that input in the definition of serious criminal misconduct, in the self-reporting requirement, in the burden of proof, and in the role of the provost in the process.

The Committee recommended that the Board adopt Resolution 9214 to set the rule-making process in motion. A public hearing on the proposed rules also would be scheduled. In addition, the revised draft rules would be sent to governance groups across the system for their additional consideration, with any further comments to be returned by September 30, 2006.

The Board then would act to adopt the rules and forward them to the Legislature for review.

Regent President Walsh thanked Regent Spector and the Committee members for their excellent work, noting that it had been a difficult assignment and that the Committee worked in a collegial manner with faculty, staff and other interested parties.

Regent Bartell commented that the draft rules were generally excellent but that he had some concern about s.7.02(2) in the definition of serious criminal misconduct which stated that “Conduct, expressions, or beliefs that are constitutionally protected, or protected by the principles of academic freedom, shall not constitute Serious Criminal Misconduct.” Cautioning that the section could create an unnecessary “safe harbor” that could frustrate the purpose of the rules, he remarked that constitutionally protected conduct could not be criminalized and that principles of academic freedom should not trump other elements of the definition.

Regent President Walsh noted that the UW had been harmed by the egregious criminal conduct of a few individuals and that impetus for the proposed rules was the need to provide an expedited manner for dealing any such criminal activity in the future. In their consideration of the draft rules, faculty had expressed serious concern about the need to ensure that freedom of speech and academic freedom would not be endangered by the new rules.

President Reilly added that it is important to send the message that it is not the purpose of the rules to authorize witch hunts for people with whom others might disagree.

Regent Smith added that comments from governance groups identified this as a top concern.

General Counsel Brady agreed that the section makes clear that the intent of the rules is not to suppress speech.

In recognition of Regent Bartell’s point, Regent Davis asked that the record show that the exemption should not be used to thwart the intent of the rules.

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

Resolution Regarding Disciplinary Processes

- Resolution 9214:
- That the Secretary of the Board of Regents and staff take appropriate steps to initiate, pursuant to ch. 227, Wisconsin Statutes, the administrative rule-making process leading to promulgation of the attached draft rules creating ch. UWS 7, and amending ch. UWS 11, Wisconsin Administrative Code; and
 - That the Secretary of the Board of Regents promptly transmit the attached draft rules to faculty and academic staff governance groups for their review and comment, and request that any such comments be returned not later than September 30, 2006.

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ELECTION OF OFFICERS OF THE BOARD OF REGENTS

President of the Board

Nominating Regent Walsh for re-election as President of the Board, Regent Pruitt remarked that the UW has been fortunate to have President Walsh leading the Board in this challenging year. In that regard, Regent Pruitt noted the good judgment that President Walsh has exercised and the great commitment of time and energy that he has made.

The nomination was seconded by Regent Rosenzweig and Regent Smith, and Regent Walsh was re-elected President of the Board on a unanimous voice vote.

Expressing his appreciation for the vote of confidence, Regent President Walsh said that he would continue his commitment and hard work on behalf of the UW.

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Vice President of the Board

Regent Crain nominated Regent Bradley for re-election as Vice President of the Board, noting that he has been an important part of the strength of the Board's leadership.

The nomination was seconded by Regent Davis, and Regent Bradley was re-elected Vice President of the Board on a unanimous voice vote.

Regent Bradley expressed his appreciation, stating that he would continue to commit his time to key issues, such as making the case that higher education is one of the most important solutions to the challenges facing the state.

President Reilly congratulated Regent President Walsh and Regent Vice President Bradley, noting that he looked forward to continuing to work with them in the coming year.

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Secretary, Assistant Secretary, Trust Officer, Assistant Trust Officers,

Regent Randall nominated the following persons for re-election to the above offices:

Judith Temby, Secretary of the Board
Cheryle Goplin, Assistant Secretary of the Board
Deborah Durcan, Trust Officer of the Board
Patricia Brady, Assistant Trust Officer
Doug Hoerr, Assistant Trust Officer

The nominations were seconded by Regent Spector and the nominees were re-elected on a unanimous voice vote.

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ADDITIONAL RESOLUTIONS

Resolution of Appreciation to UW-Milwaukee

Remarking that UW-Milwaukee is a key to Wisconsin's growth and future, Regent Pruitt commended Chancellor Santiago and the university community for their Research and Access Agenda. UW-Milwaukee, he pointed out, has a special population of first generation college students for whom the campus is a lifeline and pathway to the future. In that regard, the commitment to provide access to a research based education is all the more important.

Regent Pruitt presented the following resolution, which was adopted by acclamation, with an ovation of appreciation to UW-Milwaukee.

- Resolution 9215: WHEREAS, the members of the University of Wisconsin System Board of Regents are most grateful to UW-Milwaukee for hosting the Board's June 2006 meeting; and
- WHEREAS, the Board is excited about the campus' plans for increased student access and statewide economic development that will emerge from expanding UWM's research base; and
- WHEREAS, the Board was pleased to also hear about UW-Milwaukee's commitment to increasing student success by focusing efforts on student retention and graduation; and
- WHEREAS, Regents are eager to witness how a new master's degree in Nonprofit Management and Leadership at UW-Milwaukee, as outlined to the Education Committee, will benefit the already-abundant nonprofit sector in the city; and
- WHEREAS, Board members were impressed with UWM's innovative efforts to expand on-campus housing opportunities for its students; and
- WHEREAS, the Board of Regents was pleased to honor Regent President Emeritus Sheldon B. Lubar with the naming of the School of Business and its home, Lubar

Hall, and is grateful to him for his generous support for UW-Milwaukee's students; and

WHEREAS, UW-Milwaukee is a nationally recognized leader in higher education, research, and the overall development of human potential;

BE IT THEREFORE RESOLVED that the Board of Regents of the University of Wisconsin System extends its sincere gratitude to Chancellor Santiago, Provost Cheng, and all their colleagues at the University of Wisconsin-Milwaukee for an informative, productive and engaging experience.

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Adjustments to 2006 Meeting Schedule

In addition to the adjustments set forth in Resolution 9216, Regent President Walsh advised that a meeting would be scheduled early in August for preliminary discussion of the 2007-09 biennial budget request.

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

Resolution 9216: That the Board of Regents August meeting be expanded to a full two-day meeting on August 17 and 18, 2006;

 That the Board of Regents meetings scheduled for July 6 and 7, 2006 and September 7 and 8, 2006 be cancelled.

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2007 Board of Regents Meeting Schedule

The following resolution was adopted on a unanimous voice vote, upon motion by Regent Spector, seconded by Regent Randall.

Resolution 9217: That the attached 2007 Board of Regents meeting schedule be adopted.

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- Regent Vice President Bradley Presiding -

Resolution Regarding UW-Madison School of Medicine and Public Health Agreement with Aurora Health Care and Medical Student Involvement With Central City Population

Presenting Resolution 9218, Regent Spector explained that the intention was to provide a degree of comfort to those who had expressed concerns related to the agreement between the UW- Madison School of Medicine and Public Health and Aurora Health Care.

Regent Salas said he was pleased to see reference in the resolution to services to diverse populations, which often are most in need of health care. He expressed concern, however, about loss of dedicated faculty under the new agreement.

Regent Spector noted that the contract between Aurora and the School is valid and must be honored. Regents have a continuing role in terms of the education of medical students.

Commending Regent Spector for the resolution, Regent Davis said it makes clear that the Board has heard the concerns that have been expressed; recognizes that medical students need and want the experience of working with diverse populations; and will continue to attend to these matters.

Expressing agreement with Regent Davis, Regent Pruitt commended Congresswoman Gwen Moore for her strong interest in this issue and in the overall issue of health care in the city.

Regent Bartell concurred as well, stating that he was pleased with the resolution's focus on the need to educate physicians in service to the central city. He expressed his hope that the report in the fall would address the educational function of assigning students to areas that are underserved.

Adoption of Resolution 9218 was moved by Regent Spector, seconded by Regent Semenas and adopted on a roll-call vote, with Regents Bartell, Bradley, Connolly-Keesler, Crain, Cuene, Davis, Loftus, Pruitt, Randall, Rosenzweig, Semenas, Smith, and Spector (13) voting in favor of the resolution; Regent Salas voting against it, and Regent Walsh abstaining from the vote.

Resolution 9218: Whereas, the Board of Regents is strongly committed to its long-standing policy that all professional school students be trained to provide services to diverse populations measured in terms of, among other things, income level, race, and ethnicity; and

Whereas, the University of Wisconsin School of Medicine and Public Health (formerly known as the University of Wisconsin Medical School), ("School")

through its medical student educational program and numerous physician professors, has played a substantial role in the provision of physician services to residents of Milwaukee's central city for more than thirty years; and

Whereas, effective July 1, 2006, in accordance with the terms of an affiliation agreement recently agreed to by the School and Aurora Health Care, the physicians now employed by the school will be employed by Aurora; and

Whereas, in accordance with such agreement, post-July 1, 2006, decisions regarding where such physicians and medical students will provide services to patients will be decided by Aurora; and

Whereas, strong concern has been expressed regarding the possible future closure of Aurora facilities in Milwaukee's central city with the accompanying possible assignment of such physicians and students to suburban Milwaukee and other eastern Wisconsin locations; and

Whereas, Doctor Robert Golden will become Dean of the School on August 1, 2006; and

Whereas, the School will formally report to the Board of Regents in the fall of 2006 on its 2006 activities in Milwaukee;

Now, therefore, the Board of Regents resolves as follows;

1. That Dean Golden give prompt and careful attention to the question of how best to harmonize the need for continuing physician and medical student involvement with the diverse populations found in substantial numbers only in Milwaukee's central city with the realities of the School-Aurora agreement.
2. That the School include a detailed explanation of such student education issues in its fall 2006 report to the Board of Regents.

Regent Davis asked that the resolution be communicated to Congresswoman Moore and community groups that had contacted with the Board about this issue.

Regent Vice President Bradley added that he intended to meet with Dean Golden about it as well.

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Closed Session

At 11:45 a.m., the following resolution, moved by Regent Bradley and seconded, was adopted on a unanimous roll-call vote, with Regents Walsh, Spector, Smith, Semenas, Salas, Rosenzweig, Randall, Pruitt, Loftus, Davis, Cuene, Crain, Connolly-Keesler, Bradley, and Bartell (15) voting in the affirmative.

Resolution 9219: Recess into closed session to consider appointment of a Dean for UW-Manitowoc; To consider corrections to 2005-06 pay plan adjustments for UW Colleges and UW-Extension provosts; To consider annual personnel evaluations; And to consider salary adjustments above 75% of the President's salary and executive salary adjustments, as permitted by s.19.85(1)(c) *Wis. Stats.*; And to confer with legal counsel regarding pending or potential litigation, as permitted by s.19.85(1)(g) *Wis. Stats.*;

The meeting was recessed at 11:47 a.m. and reconvened at 12:05 p.m.

The following resolutions were adopted in the Closed Session.

UW Colleges: Authorization to Appoint: Dean, UW-Manitowoc

Resolution 9220: That, upon recommendation of the Chancellor of the University of Wisconsin Colleges and University of Wisconsin Extension and the President of the University of Wisconsin System, the Chancellor be authorized to appoint Daniel S. Campagna as Dean at the University of Wisconsin-Manitowoc, effective August 1, 2006 at an annual salary of \$94,000.

Approval of Correction to 2005-06 Pay Plan Adjustment for Provost University of Wisconsin Colleges and Provost University of Wisconsin-Extension

Resolution 9221: That, upon recommendation of the President of the University of Wisconsin System, the salaries of

Margaret Cleek and Marvin Van Kekerix as set forth in the 2005-06 senior executive pay plan, Resolution 9198, be amended to correct an error in calculation, as follows:

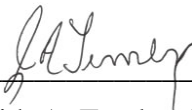
- (1) Margaret Cleek's annual base provost salary, effective January 1, 2006 shall be \$130,637;
- (2) Marvin Van Kekerix's annual base provost salary, effective May 1, 2006 shall be \$133,933.

Approval of 2006-07 Salaries: Pay Plan Salary Adjustments for Senior Executives and Salaries Above 75% of the President's Salary

Resolution 9222: That, upon the recommendation of the Regent President, 2005-06 base salaries for university senior executives and faculty and staff whose salaries will be above 75% of the UW System President's 2005-06 salary, excluding those employees whose employment contract holds to the contrary, be increased as reflected in the attached Schedule A and Schedule B effective July 1, 2006 and April 1, 2007 or the appropriate contract effective date, to reflect the 2006-07 pay plan for faculty and academic staff approved by the legislature's Joint Committee on Employment Relations.

The meeting was adjourned at 5:00 p.m.

Submitted by:



Judith A. Temby, Secretary