

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

Madison, Wisconsin

UW-Madison  
Held in 1820 Van Hise Hall  
Tuesday, August 7, 2007  
10:00 a.m.

- President Bradley presiding -

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PRESENT: Regents Bradley, Burmaster, Connolly-Keesler, Crain, Cuene,  
Davis, Falbo, Loftus, McPike, Pruitt, Rosenzweig, Salas,  
Shields, Smith, Spector, Thomas, and Walsh

UNABLE TO ATTEND: Regent Bartell

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**Approval of the Minutes of the July 13, 2007, Meeting**

Upon motion by Regent Cuene, seconded by Regent McPike, the minutes of the July 13, 2007 meeting of the Board of Regents were approved as distributed.

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**UW-MADISON STUDENT APPEAL ON SEGREGATED FEE  
BUDGET**

Regent Smith, chair of the Committee on Student Discipline and Other Student Appeals, presented the committee's report, indicating first that the extensive input received from students, legislators, chancellors and others was very much appreciated.

Referring the committee's proposed Decision and Order, which upheld the chancellor's decision to remove rental payments for off-campus facilities from the segregated fee budget, Regent Smith pointed out that the chancellor's decision was not a sudden one and that students had been aware of his intent to disallow such payments since 2004.

With regard to concern that had been expressed about whether the proposed Decision and Order would have a negative impact on the student role in governance, Regent Smith expressed assurance that the student role would not be diminished. While the chancellor has ultimate authority, he said, the level of student governance participation would continue to be as important as in the past.

The Associated Students of Madison (ASM) appealed the chancellor's decision on rental payments and some other matters to the Board of Regents, and the appeal was referred by Regent President Bradley to the Committee on Student Discipline and Other Student Appeals for consideration and recommendation to the full board.

The parties to the appeal submitted written position statements and also made oral presentations at the committee's meeting on July 13, 2007. For the rest of the month, the committee accepted additional submissions and met again on August 1, 2007, at which time its recommendation to the board was decided.

Summarizing the committee's proposal, Regent Smith explained that UW-Madison had for a number of years allowed use of allocable segregated fees for rental of off-campus facilities, a practice that was not followed at other UW institutions.

In 2004, General Counsel Pat Brady issued a memorandum stating that allocable segregated fees should not be used for improvements, maintenance or overhead expenses in facilities that are not owned, leased, or otherwise controlled by the university; and this information was shared with UW-Madison student government leaders at that time.

In spring 2006, ASM presented a budget which included payment for rent of off-campus facilities. The chancellor advised the students that such payments were inappropriate, but the students elected not to revise the proposed budget. To alleviate potential hardship for organizations whose rent had previously been paid, the chancellor approved a one-year exemption for the affected groups.

In fall 2006, at the request of Chancellor Wiley, General Counsel Brady provided a memorandum that reaffirmed her previous advice that use of allocable segregated fees for rental of off-campus facilities was contrary to law and policy.

ASM submitted a budget for 2007-08 that again included rental payment for off-campus facilities. The chancellor excluded the rent requests from the budget submitted to the board, and ASM appealed the chancellor's decision on this and several other matters. On the rental issue, they argued that statutes and policies do not prohibit use of allocable segregated fees for such expenses and that statutes give students authority over use of such fees. Mediation resulted in agreement by the parties on all issues except the decision to exclude rental payments.

At the committee's request, the parties made another attempt to settle the remaining issue, but could not reach agreement.

Regent policy provides five factors for review of segregated fee appeals. By agreement of the parties, the only factors at issue in this matter were:

- Whether the student-proposed budget item required the university to violate any statute, administrative code, policy, or contract; and
- Whether the basis for the chancellor's decision was substantial; that is, whether there were significant policy or management reasons for differing from the students' recommendation.

The committee concluded on a majority vote, with Regent Shields dissenting, that:

- The student-proposed budget item would be contrary to the law and UW System policy; and
- The basis for the chancellor's decision was substantial.

With regard to the first factor, the committee concluded that General Counsel Brady's legal opinion was sound and supported by review and analysis of the relevant statutes and policies. The committee further concluded that the statutes do not grant students absolute authority over decisions concerning allocable student fees.

With regard to the second factor, the committee concluded that the chancellor's decision was substantial and supported by a number of legal and policy reasons, including a strong concern that the segregated fee system would be at risk if distribution strayed from the intended purposes. In addition to these reasons, the committee expressed concern that permitting students to enter into leases using university funds could expose the university to potential liability and could put students at risk. There also was concern that this practice circumvented the process the university ordinarily must follow when leasing property.

Accordingly, the committee recommended that the board deny the appeal by the Associated Students of Madison. It further recommended that a system-wide committee be designated to review segregated fee policies including, but not limited to, the issue of whether allocable segregated fees may be used to support rental payments for off-campus facilities used by registered student organizations.

Adoption of the following resolution was moved by Regent Smith and seconded by Regent Connolly-Keesler.

**UW-Madison Student Appeal**

Resolution 9381:           That the Board of Regents adopts the attached Decision and Order in the matter of the Appeal by Associated Students of Madison.

Regent Shields stated his view that s.36.09(5) of the statutes gives students the right to make these kinds of decisions and that students should have the right to rent off-

campus space, provided that it is done through the same kind of process that the university uses to lease space.

He also asked that a new system-wide committee be formed to review the matter and that, in the meantime, the board make no decision on the appeal in order to avoid any action that would diminish student governance rights.

Regent Salas expressed agreement with the proposal to give the matter further study and agreed with Regent Shields that action would be inopportune at this time. Noting that segregated fee issues with regard to capital projects had been studied, he indicated that there was extensive student input in the process and that student views were considered formative, rather than advisory. Noting that legislative friends had weighed in on the issue, he expressed concern about the timing and noted that the board's action should not be misunderstood. He also felt the matter should not be considered at a time when many students were not on campus and suggested that the resolution be tabled.

Regent Rosenzweig and Regent Davis inquired about the relationship of the legal opinion on this matter to the court decision in the Southworth case.

General Counsel Brady indicated that her 2004 memorandum was prompted by the Southworth decision, which provided that students could be required to pay segregated fees to support forums for free expression but that the monies must be expended in a viewpoint-neutral matter. Policies were revised to comport with that decision. Her memorandum addressed the matter from the perspective of questions that were raised at that time, and Chancellor Wiley and the dean of students discussed the memorandum with student leaders. At the chancellor's request in 2006, she provided another memorandum expanding on the issue of off-campus rental payments.

Regent Walsh inquired about the process for considering the issue from a policy perspective, and Ms. Brady replied that there was concern that policies relating to allocable segregated fees were not sufficiently clear. Therefore, the system-wide committee that had considered non-allocable segregated fees was asked to look at this matter as well. There was consensus on the committee that allocable fees should not be used to pay rent for off-campus facilities, and it was decided to circulate draft policy revisions to governance groups this coming fall.

Regent Connolly-Keesler remarked that the greatest concern that she had heard was that the decision would open the door to more decisions being made by chancellors, at the expense of the student role in governance.

Ms. Brady noted that the segregated fee process includes students at every stage and that the process for appealing to the board has been used only a couple of times over the years. She did not believe that the student role in governance would be diminished.

Noting that the Wisconsin Technical College System recently revised its policy on use of fees, Regent Cuene stated her support for having the UW policy reviewed by a system-wide committee.

Regent Walsh indicated that he had heard two prime areas of disagreement. First, there was the view that students should have full authority over use of allocable segregated fees. In that regard, he pointed out that the statutes provide for the students to have primary responsibility and for decisions to be made in consultation with the

chancellor, subject to final determination by the board. Further, statutes charge the chancellor with responsibility for administering all institutional funds. These provisions, he said, do not support the conclusion that students have complete authority with regard to use of those fees. Noting that almost all student fee budgets are supported by the chancellors, he observed that the process works because the decision-making responsibility is shared.

The second area of disagreement, Regent Walsh continued, was with the legal opinion that law and policy prohibit use of these fees to rent off-campus facilities. Noting that the chancellor's decision would stand if the matter were tabled, he urged that the board act to confirm Chancellor Wiley's decision. In that regard, he pointed out that allocable fees had increased significantly since the Southworth decision and that those costs must be controlled. He agreed that a system-wide committee should consider the matter and make a recommendation to the board.

As a member of the Committee on Student Discipline and Other Student Appeals, Regent Spector indicated that, although he was unable to attend the committee's last meeting, he would have voted with the majority had he been able to attend. Stating that the proposed decision was not an attack on shared governance, he urged prompt follow-up by a committee that would have strong student involvement.

Regent Falbo asked what would happen to the money that had been used for rental payments, and Associate Vice President Freda Harris replied that fees would be lowered to reflect those savings.

Regent Thomas commented that the fact that ASM decreased the allocable segregated fee budget by \$1 million showed student diligence and ability to handle these matters. With regard to liability concerns, she indicated her understanding that the property owners, rather than the university, would be liable for any problems in those locations.

With regard to the student role in shared governance, Regent Thomas remarked that, while students do not have unilateral control of allocable fees, the intent is that they participate fully and actively in decisions about those matters. The chancellor's decision in this case, she felt, would diminish the student role. Indicating that the ASM leaders shared the concern about the upward trend in segregated fees, she said that students want to fully participate in addressing this issue.

Regent Shields added that statutes and policies do not state specifically that segregated fees cannot be used to pay rent for off-campus facilities. ASM, he remarked, has been very responsible in allocating funds and adhering strictly to a well-defined process. He felt that students should have the right to use fees for such purposes through a specified approval process.

Regent Burmaster indicated that she, too, had heard many concerns about erosion of shared governance. The fact that most disagreements are resolved, she observed, speaks to the good intentions of all parties. In view of the strong feelings that had been expressed and given that the university would make space available for the organizations in question, she was hesitant to vote on the matter if it were not necessary to do so.

Regent President Bradley noted that if, the board did not vote on the matter, the chancellor's decision would stand.

Regent Crain stated that she would vote in favor of the resolution because the process followed in this matter seemed to have been responsible. However, she remarked that student activity and commitment on this issue had been impressive and that the system-wide committee would have a great deal of work to do.

In response to a question by Regent Salas, Elton Crim, UW-Madison interim associate dean of students, assured the board that the university has been working to find space for organizations that would be displaced and has reallocated space to accommodate them. The new student activities center, due to open in 2009, was expected to meet space needs for student organizations, and the Union would be willing to assist as well.

While he agreed that UW-Madison student leaders have acted responsibly with regard to fee allocation, he cautioned that there are threats inherent in the system that present difficulties. In the wake of the Southworth decision, he explained, organizations that are denied funding tend to challenge the denial on the basis of lack of viewpoint neutrality; and those challenges are almost always successful. This environment also encourages non-profit organizations to recruit student membership and apply for student fee dollars. While growth and proliferation in organizations offers students more choices, he added, it also means increased demands for space and equipment, with no effective means to limit growth.

Regent Salas inquired as to how the proposed decision might affect the ability of the university to lease off-campus space, when necessary, using student fee dollars.

In reply, General Counsel Brady indicated that the decision would not affect use of non-allocable fees. The statute to which her opinion referred related only to allocable segregated fees, although student involvement has also grown in use of non-allocable fees for capital facilities.

Regent President Bradley indicated that he was convinced of the need to appoint a new system-wide committee to make recommendations to President Reilly who would present a policy recommendation to the board.

Regent Loftus moved to end debate on the matter. The motion was seconded by Regent Rosenzweig and passed on a voice vote.

The question then was put on Resolution 9381, and it was adopted on a voice vote, with Regents Burmaster, Salas, Shields, and Thomas voting in opposition.

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## **2007-08 OPERATING BUDGET AND TUITION/FEE SCHEDULES FOR THE UW SYSTEM**

In opening remarks, Regent President Bradley stated that, if Wisconsin is to achieve and sustain economic prosperity, it needs more college-educated people in the workforce. That is the idea behind the Growth Agenda for Wisconsin, which has been endorsed by businesses and many others throughout the state.

In a presentation to the Board of Regents, Dennis Jones, of the National Center for Higher Education Management Systems, stressed the need for Wisconsin to double its output of college graduates and embrace the transition to a knowledge-based economy. In support of this position, he presented data on what high-achieving states and countries are doing to prosper, and those data and conclusions have not been challenged.

The UW's budget request asked for what would be needed to move toward that goal and initiate the Growth Agenda for Wisconsin. The board also asked the state to fully fund a pay plan for faculty and academic staff to close the salary gap in markets where the UW competes and stem the outflow of talent from Wisconsin. By asking the state for full funding, the board sought to preserve quality instruction and student support without asking students to shoulder the burden.

Based on conservative projections, it was estimated that UW faculty and academic staff would need increases of 5.23% in each of the next four years to regain a more competitive position.

In February 2007, Governor Doyle released his proposed budget, which reflected estimates of rising energy costs.

In June 2007, the Legislature's bipartisan Joint Committee on Finance voted 14-2 to fund every initiative in the Growth Agenda and voted 16-0 to support all major academic building projects in the UW's capital budget.

The Senate then acted to preserve the programs and services that the university has provided, to fund Growth Agenda initiatives, and to provide for a tuition increase amounting to about 3.3% to cover the basic operating budget, not including any faculty and academic staff pay plan.

The Assembly, however, voted to cut support for the UW's current operations by \$120 million and to propose a 4% tuition cap. The Assembly also voted to roll back Wisconsin Higher Education Grant funding to 2005 levels.

Noting that regents have been advocating for the Growth Agenda in their communities, Regent President Bradley indicated that a letter from Regent Bartell had appeared in the Madison *Capital Times*, a letter from Regent Crain appeared in the *Green Bay Press Gazette*, and his own had appeared in the *Wausau Daily Herald*. Regents Smith and Connolly-Keesler also would be sending letters to express their opinions, as would others. In addition, Regent Emeritus Sheldon Lubar had written a supportive letter that was published in the *Milwaukee Journal Sentinel*.

President Reilly had written a column that was published in the *Wisconsin State Journal* and similar pieces written by chancellors were published in their local

newspapers. President Reilly and Regent President Bradley also had spoken on Wisconsin Public Radio and President Reilly had appeared on *Here and Now* on Wisconsin Public Television.

Regent President Bradley expressed his appreciation to all for their advocacy on behalf of the Growth Agenda for Wisconsin.

President Reilly began his remarks by noting the importance of reaching out to legislative leadership, particularly the members of the Conference Committee, to dialogue with them about the benefits of the Growth Agenda for their constituents across the state.

Referring to the uncertainties in the current budget situation, he indicated that:

- There was no way to accurately predict how much money the state would provide for utilities, building maintenance, debt service and other fixed costs.
- There was no reliable data about the level of funding that might be available to fund current staffing levels, current educational offerings, and the current level of student services.
- While it appeared that some of the Growth Agenda for Wisconsin items might be funded by the Legislature, there was no way to assess the net impact on the Growth Agenda when the widely divergent budget proposals finally were reconciled.
- There was no word yet from the Office of State Employment Relations indicating what the state might provide as pay increases for faculty and academic staff.

Even with these uncertainties, the President said, the Board of Regents must approve an annual operating budget and set tuition rates at this time because students soon would be returning to campus and needed to know how much it would cost.

In this kind of a situation, he explained, state statutes point to the budget adopted by the bipartisan Joint Committee on Finance as the basis for the annual operating budget. That budget would fund the UW's current academic programs, student services, community outreach, and scientific research. It also would support new academic buildings, maintain existing facilities, and provide \$21.5 million for the Growth Agenda in 2008-09 to expand the number of seats in UW classrooms and boost job-creating university research.

Noting that the Joint Committee on Finance version of the budget had a built-in tuition increase of 3.3% to cover increased operating costs, he added that holding tuition at that level would require the state to provide all funds needed to cover annual salary increases for faculty and academic staff.

The budget before the Board at this meeting would provide for:

- \$251 annual tuition increases for 66,700 resident undergraduates enrolled at the 11 comprehensive universities, representing more than half of all UW undergraduates students.

- Annual increases of \$323 at UW-Milwaukee and \$330 at UW-Madison for 42,000 resident undergraduate students on those campuses.
- No tuition increase at all for the 12,400 students enrolled at the UW Colleges.

President Reilly pointed out that these would be the lowest dollar increases in five years and the lowest percent increases in seven years.

Students who attend a UW college close to home could save enough in their first two years to cover the cost of tuition during their junior and senior years at a comprehensive university, and they could transfer to any four-year campus, including UW-Madison and UW-Milwaukee, with no loss of credits.

Remarking that tuition increases for other students would be modest and very competitive, the President indicated that the average increase among other Big 10 universities was \$457. At the University of Illinois, tuition was up \$732, with resident students paying \$8,440. At the University of Michigan, tuition was up \$761, for a total of \$10,231. Only Ohio State students had a lower increase – zero percent; but their tuition, at \$7,983, was still higher than UW-Madison's. The zero increase was made possible by the state legislature increasing its investment in public higher education through setting aside money to buy down tuition this year.

Even with the increases being proposed at this meeting, UW-Madison resident student tuition would be the second lowest in the Big 10, higher only than Iowa.

Even in the best case scenario, the President pointed out that the Joint Committee on Finance version of the budget has built-in cuts to the UW System in the form of unfunded tuition remissions for Wisconsin veterans. While the university is eager to welcome those veterans, educate them and send them into the workforce with a college degree, it would be necessary to recognize that, while all possible administrative efficiencies would continue to be made, other cuts would have to be made to accomplish that goal.

Even if funding levels proposed in the Joint Finance budget were restored, the university would still have to absorb at least \$14 million in unfunded tuition remissions for veterans in the first year of the biennium alone.

To make up the \$120 million in cuts proposed in the Assembly budget, he pointed out, would require a double-digit tuition increase. If the Conference Committee were to reduce the proposed cuts by 50%, it would still mean a \$60 million cut to UW academic programs and student services.

In either of those cases, President Reilly cautioned, the university would need to consider cutting back on the number of students admitted and/or raising tuition more sharply than anyone would like.

Even if the Conference Committee were to restore 75% of the cuts proposed by the Assembly, the remaining cuts would more than offset all of the new money provided for the Growth Agenda for Wisconsin. That would leave the state right where it is—seven percentage points behind Minnesota in the proportion of working-age adults with a baccalaureate degree and \$4,000 behind that state in per-capita income.

Therefore, President Reilly emphasized that it will be necessary to redouble efforts to convince legislators to help open more seats at the UW for their constituents and grow the knowledge-economy jobs that they want and need.

The President then described new efforts aimed at one of the core goals of the Growth Agenda for Wisconsin: broadening the availability of postsecondary education to more of the state's students. The first involved looking at new tuition models. In that regard, he had asked the group reviewing tuition and financial aid policies to consider possible new approaches, including:

- The University of Minnesota model, which would tie the rate of tuition increase to family income
- Cohort tuition, which guarantees freshmen that they will pay the same tuition for four years
- Charging families with more than one sibling in the UW a lower tuition per student.

The recommended freeze on tuition at the UW Colleges represented another new approach.

Noting that the question underlying these approaches is how to use tuition and financial aid policy more creatively and strategically to help families access quality higher education for their children, he indicated that such access is particularly difficult for first-generation college students and those from disadvantaged backgrounds. This circumstance led to the second new effort. In that regard, the UW would work with schools, families, and middle school students as part of the Governor's Wisconsin Covenant, which would help all students, and especially those who do not have the advantage of higher incomes and college graduates in the family.

Too often, President Reilly explained, such students do not have access to information about financial aid, work-study, scholarships, and student loan packages; and, even if they do find some information, they often do not have anybody to help them interpret it. They often do not know that a college education can allow them to earn a million dollars more over their working lives than those with high school diplomas alone.

He announced that he would ask UW-Extension, working with financial aid offices on all UW campuses, to develop educational materials, paper and electronic, on these topics and to deliver it using the Extension network that exists in every county in the state. In that regard, he noted that Extension's statewide Family Living Program has extensive experience in the area of teaching financial literacy and that their expertise would be called on to help meet this challenge.

UW-Extension Chancellor David Wilson stated his enthusiasm for this project, noting that the Family Living unit is nationally recognized for its successful work with limited-resource families and that the unit has a center to assist with income taxes and with using resources to accomplish goals. He was confident that this group could be very helpful in providing information on financial aid in language that families could readily understand.

President Reilly reported that another way of communicating that college is possible and necessary is through the “KnowHow2Go” campaign, a partnership with the American Council on Education, the Ad Council, and the Lumina Foundation. For a progress report on this initiative, he called on Executive Senior Vice President Don Mash, who was leading a group of colleagues from other postsecondary sectors, K-12 schools and the Governor’s Office to customize this national campaign for Wisconsin.

Dr. Mash explained that the campaign’s message is geared toward students beginning in the late elementary grades, to help them recognize what they need to do to keep their dreams alive. It would be a long-term, statewide effort to reach those who thought they could not go to college. As an initial step, the UW System was working with the Wisconsin Technical College System, private colleges, and the K-12 System to create a website for “KnowHow2Go-Wisconsin,” which they expected to roll out in October.

These efforts, President Reilly said, were some of the ways that the UW was trying to seek new means of minimizing potential negative effects of tuition decisions, now and in the future. He then called on Associate Vice President Freda Harris to present specific information about the proposed annual budget.

In opening remarks, Ms. Harris recalled that, in the 2007-09 biennial budget request, the Board developed the Growth Agenda for Wisconsin, which sought to:

- Improve access to the UW System for all qualified students and keep higher education affordable for all Wisconsin people, including improved access for people of diverse backgrounds, low-income families, and non-traditional students.
- Increase the number of baccalaureate degrees in Wisconsin, recognizing the link between a region’s economic growth and the number of degree holders.
- Improve the quality of the student experience on UW campuses and thereby increase success, as measured by retention and graduation rates.
- Strengthen and build relationships with stakeholders, including Wisconsin businesses.

The Growth Agenda for Wisconsin was endorsed by the Governor and the Legislature in their budgets. However, there were significant differences between the Joint Finance, Senate and Assembly versions, which must be resolved by the Conference Committee. The Joint Finance Committee budget would provide \$181 million of new state funding; the Senate version would provide \$187 million, and the Assembly version would provide \$62 million, the major difference being about \$120 million of base budget cuts in the Assembly budget.

In this situation, Ms. Harris said, statutes allow the UW System to base tuition increases for resident students on the Joint Finance Committee version of the budget. Funding increases in that budget represent an endorsement of the Growth Agenda for Wisconsin by funding all the Growth Agenda initiatives, with most of the funding in the second year of the biennium. For the first year, funding would be provided for the recruitment and retention portion of the Growth Agenda. The Joint Finance Committee budget also would maintain base funding for costs to continue, provide funding for financial aid for low income families and establish the Wisconsin Covenant in the Department of Administration.

Statutes also allow the UW to utilize the estimated cost of pay plan increases recommended by the Board in the request submitted to the Director of the Office of State Employment Relations (OSER) in December 2006. In that request, the Board asked that the state to fully fund a 5.23% per year pay plan increase for faculty and academic staff for each of the next four years. The purpose of this request was to close the gap between the salaries of UW faculty and staff and those at peer institutions over a four-year period.

Absent guidance from OSER, the recommendation in this budget was to utilize the traditional share of the smallest pay plan increase that would reduce the salary gap. With large differences between the Assembly and Joint Finance budget versions in the amount of money placed in the compensation reserve and no indication by OSER that full funding would be provided, Ms. Harris explained, it seemed reasonable to assume that the pay plan might need to be funded in the manner that it has been in the past, with the state contributing 69% and tuition covering 31%.

Last year, peer institutions increased their salaries an average of 3.1%, and early indications showed that the increases would be at least that much this year. Therefore, in order to make progress in reducing the gap, the UW System must increase salaries by at least 4%. That assumption was built into the budget for salary increases for unclassified staff. Estimated costs of health insurance increases also were added to the budget, along with changes to the continuing appropriation, increasing state funding by \$24 million and tuition revenue by \$7.4 million.

Recommended tuition increases for resident undergraduate students ranged from no increase at the UW Colleges to \$330 at UW-Madison. Tuition for nonresident undergraduates was set to cover the cost of their education plus the cost of state support for a resident student.

Segregated fee increases averaged 8.7% at the four-year institutions. Major projects or student initiated programs were the primary reasons for the increases. Excluding major projects, the average segregated fee increase would be 2.7%. The largest increase was at UW-Madison, where rates increased by \$128. Of that total, \$96 was to support renovation of the Memorial Union and replacement of Union South. Segregated fee increases at the UW Colleges averaged \$10, or 4%. Room and board at the four-year institutions increased an average of 5.4%.

Finally, Ms. Harris noted a minor change to the budget adjustment distribution guidelines, approved by the Board in March, to reflect a change in dollar amount for the Biomedical Technology Alliance from \$2.5 million to \$.5 million. If other changes to funding amounts occurred, the resolution asked the Board to delegate the authority to

President Reilly to make those changes. However, if new items were added in the final budget for which distribution guidelines had not been provided by the Board nor specified by the Legislature, those changes would be brought back to the Board.

Regent President Bradley then introduced a number of speakers to present their perspectives on the budget.

Jeff Allen, a UW-La Crosse student and President of United Council of UW Students, noted that he was the first in his family to go to college and that affordability is a problem, especially for students like him who have to pay all of their bills on their own. This means that he has to work during the school year, as well as the summer, and has no extra time in which to broaden his college experiences.

Recognizing that faculty also are struggling and need to be paid competitive salaries, he said that United Council would work with the Board to convince the Legislature of the importance of investing in education.

Brandon Hallstrand, a UW-Marathon County sophomore and student government president, began his remarks by indicating that he, too, is a first generation college student and that he grew up on a family farm, with income at the mercy of fluctuating prices and costs. During the summer, he went home to help on the farm.

He noted that tuition is only one of the bills that he must pay, with others including rent, textbooks, and food. Freezing tuition at the UW Colleges, he said, would send a message of hope and encouragement to students like him and others.

Derek Jeffreys, associate professor of Humanistic Studies and Religion at UW-Green Bay, expressed admiration for students who were able to balance classroom and outside work, noting that many work at their jobs 20 or more hours per week.

He emphasized the importance of the link between quality education and retaining the best teachers and researchers, adding that he had seen many excellent faculty leave. Referring to a median salary for Brown County of \$63,000, he remarked that, at his current salary of \$47,000, he would not reach the median for at least a decade; and he was concerned about not being able to provide a middle class life for his family.

While he recognized the concern about tuition and access, he stated the importance of the recommended salary increase to prevent further deterioration of educational quality.

Lynn Freeman, director of the Undergraduate Advising Resource Center and academic staff representative, UW-Oshkosh, spoke in support of the recommended 4% pay plan increase. While she felt uncomfortable about doing so in view of increased tuition, she was convinced of its necessity.

Noting that student expectations of college are rising, she said that students want the best in facilities, food, residence halls, and amenities, as well more attention from faculty and academic staff, at a time when they are teaching more classes with higher enrollments.

Academic staff, she pointed out, play key roles in every student's progress, in the areas of admissions, advising, registration, libraries, residence halls, computers, and other services. When there are budget cuts, however, academic staff are the first to go because they do not have the same protections as tenured faculty and unionized classified staff. While their numbers have been reduced over the past years, their workloads have increased due to higher enrollments.

In the Advising Center and other places on campus, there have been reduced pools of applicants for open positions and an increasing number of failed searches due to non-competitive salaries. In addition, faculty have been leaving to accept offers that are thousands of dollars higher than their UW salaries. These young, energetic people, she pointed out, had "excellent teaching evaluations, vibrant research agendas and tons of ideas of ways to involve students in their research." When faculty like these leave, she observed, the entire state loses.

In conclusion, she asked the Board to support the budget proposals for a small tuition increase and a reasonable pay plan increase for faculty and academic staff.

Wes Chapin, associate professor of Political Science and former faculty representative, UW-River Falls, spoke of the importance of recruiting and retaining quality faculty and staff, noting that engagement with these people is key to student achievement and graduation.

In that regard, he said that there have been numerous problems in the area of recruitment because of low UW salaries. For example, he indicated that a candidate had recently withdrawn from a UW search because his salary as a high school teacher was higher than that offered by the UW job.

In the area of retention, he pointed out that low or no pay plans in recent years, combined with increased insurance and other costs, have meant that many have had little increase in their compensation, and some have experienced net reductions. This has made UW campuses attractive grounds for poaching by other universities. Faculty who have remained loyal have been stretched thinner and thinner by ongoing budget cuts, combined with more students to teach and increases in other responsibilities as well.

This situation, he said in conclusion, can only lead to reduction in the ability to grow Wisconsin's economy. While he understood the concern about tuition increases, he emphasized the importance of investing in faculty and staff in order to serve Wisconsin well.

In discussion following the presentations, Regent Loftus observed that a point has been reached in the legislative process at which additional words would be of limited influence. He thought that the UW should ask the committee to fund veterans' tuition

remissions and as much as possible of the budget passed by the Joint Committee on Finance in the spirit of partnership, after which a new relationship with the Legislature should be sought, with the university offering more efficiencies and increased graduation rates.

Regent Salas expressed support for freezing tuition at the UW Colleges. It is a step, he recalled, toward the recommendation made in *Charting a New Course for the UW System* to offset the impact of tuition increases on low and moderate income families. He asked if the working group on tuition and financial aid would make recommendations before next year.

President Reilly replied that the group had been asked to make its recommendations in time for the 2008-09 budget.

Expressing agreement with Regent Loftus, Regent Rosenzweig remarked that it is important for all participants in the process to be asking for the same thing. She inquired whether United Council would still ask the Conference Committee for a tuition freeze, along with the Joint Finance Committee version of the budget.

Mr. Allen replied that United Council still supported a freeze or reduction of the proposed 5.5% increase.

Regent Rosenzweig suggested that it would be a better strategy for all to support the Joint Finance Committee position.

Noting that the Growth Agenda for Wisconsin has generated considerable excitement, Regent Davis urged that a strong message be sent about the sincerity of the university's commitment to this important initiative.

With regard to future budgets, she suggested that there might be synergies between the committee working on tuition and financial aid and the one working on segregated fees.

In response to a question by Regent Smith, Associate Vice President Al Crist said there was no indication that OSER would make a pay plan recommendation until after the budget had been resolved.

Expressing appreciation to the speakers for their eloquence, Regent Crain noted that the Board has been committed to student access, as well as to educational quality. While there was discomfort in having to associate those two issues, she felt that the proposed budget addressed them both as well as possible under the circumstances.

Regent Falbo stated his agreement with freezing tuition at the UW Colleges, adding that the working group on tuition and financial aid had voted to break the bond between tuition at the colleges and the comprehensive universities. He also supported linking the budget to the Growth Agenda for Wisconsin.

Noting that he had heard many student comments about the hardships caused by rising tuition, Regent Shields said that, while he supported the freeze at the UW Colleges, he would vote in opposition to the budget because of the tuition increases for students on the other campuses.

While she considered the proposed budget a reasonable solution to a difficult situation, Regent Thomas stated her over-riding concern about the rise in tuition, with each increase causing some students to be unable to attend the UW or continue their education. With regard to faculty and staff salaries, she noted that she had been affected personally by faculty poaching and the narrowing of the breadth of ideas available to students when good faculty members leave. In order to have both educational quality and affordability, she urged that there be increased state support.

Regent Pruitt expressed his hope that the Conference Committee would move toward the Joint Committee on Finance position, adding that uncertainty about the level of Wisconsin Higher Education Grant funds was problematic for students. However, he was hopeful that the committee would give due recognition to the Growth Agenda and would take action to help those waiting for financial aid.

While she considered the budget a responsible one and expressed pride in the work that went into it, Regent Burmaster stated that she would join the student regents in voting against the budget in order to send a message about the importance of student access and quality.

So that the Board could vote unanimously in favor of funding for veterans' tuition remissions, Regent Loftus moved that the Legislature be encouraged to provide the level of support recommended by the Governor for veterans' tuition remissions; and the motion was seconded by Regent Rosenzweig.

In response to a question by Regent President Bradley, Associate Vice President Harris explained that no version of the budget would provide enough to keep the university deficit for these remissions at \$6.6 million. The Governor's budget would reduce the shortfall from \$18 to \$14 million.

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

Regent Spector asked if this would be the only vote on tuition, regardless of what the final budget approved by the Legislature provided; and President Reilly replied that tuition would not change for the first semester, but that the Board would have authority to make a change in the second semester, if necessary.

Regent Salas asked what would happen if the state did not provide 69% of the proposed pay plan increase.

In response, President Reilly explained that, without the state share, it would not be possible to provide a 4% pay plan increase. With that level of increase in each of the next four years, the gap between UW and peer salaries would be reduced to 2.5%. If the increase were lower than 4%, the gap would widen.

Regent Salas noted that such a situation could have a negative impact on tuition.

Chancellor Wells added that, along with focusing on affordable tuition, due attention should be given to the importance to Wisconsin's future of investing in faculty and academic staff.

Adoption of the following resolution was moved by Regent Crain, seconded by Regent Davis, and adopted on a roll-call vote, with Regents Walsh, Spector, Smith, Salas, Rosenzweig, Pruitt, McPike, Loftus, Falbo, Davis, Cuene, Crain, Connolly-Keesler, and Bradley (14) voting in favor of the resolution and Regents Thomas, Shields, and Burmaster (3) voting against it.

**2007-08 Operating Budget including Rates for Academic Tuition, Segregated Fees, Textbook Rental, Room and Board, and Apartments; Academic Tuition Refund Policy and Schedule; and Annual Distribution Adjustment**

Resolution 9382: That, upon the recommendation of the President of the University of Wisconsin System, the 2007-08 operating budget be approved, including rates for academic tuition, segregated fees, textbook rental, room and board, and apartments; the tuition refund policy and schedule; and annual distribution adjustments as attached in the document 2007-08 Operating Budget and Fee Schedules, August, 2007. The 2007-08 amounts are:

GPR	\$1,141,216,541	25.1%
<u>Academic Tuition</u>	<u>\$938,056,612</u>	<u>20.7%</u>
Total GPR/Fees	\$2,079,273,153	45.8%
<u>Other</u>	<u>\$2,463,092,122</u>	<u>54.2%</u>
Total	\$4,542,365,275	100.0%

That, the President of the UW System is authorized to adjust institutional budgets resulting from any funding changes in the final enactment of the 2007-09 biennial budget or Joint Committee on Employee Relations (JCOER) action, and further;

That, any such adjustments would be made in compliance with Regent approved annual distribution adjustment guidelines.

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Upon motion by Regent Falbo, seconded by Regent Shields, the meeting was adjourned at 12:30 p.m. on a unanimous voice vote.

Submitted by:

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Judith A. Temby, Secretary

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