

MINUTES OF THE REGULAR MEETING

of the

BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM

Madison, Wisconsin

UW-Madison

Held in Room 1820 Van Hise Hall

Friday, December 5, 2003

9:00 a.m.

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- President Marcovich presiding -

PRESENT: Regents Amato, Axtell, Bradley, Burmaster, Connolly-Keesler,
Gottschalk, Gracz, Marcovich, Mohs, Olivieri, Pruitt, Richlen,
Rosenzweig, Salas and Walsh

ABSENT: Regents Davis and Randall

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APPROVAL OF THE MINUTES

Upon motion by Regent Amato, seconded by Regent Axtell, the minutes of the November 6 and 7, 2003 meetings were approved as distributed.

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REPORT OF THE PRESIDENT OF THE BOARD

Wisconsin Technical College System Report

The Board received a written update on the Wisconsin Technical College System.

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Report of the December 3rd Meeting of the Hospital Authority Board

A written report of the December 3rd meeting was provided to the Board. Regent Axtell, liaison to the Hospital Authority Board, called attention to development at UW Hospital of a new technique, virtual colonoscopy, that has received recognition and publicity across the country as an important advance in diagnostic methodology.

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Welcome to Dean Phillipp, UW-Rock County

Regent President Marcovich welcomed to the meeting Dean Janet Phillipp, of UW-Rock County.

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REPORT OF THE PRESIDENT OF THE SYSTEM

President Lyall introduced and welcomed Rolf Wegenke, President of the Wisconsin Association of Independent Colleges and Universities, and Deb Mahaffey, Vice President of the Wisconsin Technical College System.

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Reauthorization of the Higher Education Act

Introductory Remarks

In introductory remarks, President Lyall noted that the sixth and third congressional districts, as well as the state as a whole, are fortunate to benefit from the outstanding representation of Congressmen Ron Kind and Tom Petri, who have distinguished themselves as highly effective advocates for higher education.

Congressman Petri, who represents the sixth district, is completing his 13th term in Washington. He serves as vice chair of the House Education and the Workforce Committee and as a member of the subcommittees on Education Reform and Select Education.

Congressman Kind, who represents the fourth district, is completing his fourth term in Congress, where he serves as a member of the House Education and the Workforce Committee, as well as subcommittees on Education Reform and 21st Century Competitiveness.

Noting that Congress currently is considering reauthorization of the Higher Education Act, President Lyall indicated that this law includes, among other important elements, funding for the government's major student aid programs; and much discussion has focused on the cost of attending college and ensuring access to higher education.

In Wisconsin, she noted, the effort to maintain access and quality, while addressing a steep decline in state support, has resulted in increases in UW tuition, without permanent increases in state financial aid.

She expressed appreciation to the Congressmen for their understanding of the financial aid dilemma and its impact on low-income and middle-income students, as well as their support of efforts to change Department of Education regulations that provide a single TRIO program grant to the UW Colleges, allowing only 27% of eligible students to receive student support services funding.

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Remarks by Congressman Ron Kind

Congressman Kind began by noting that his congressional district offers a plethora of educational opportunities at five UW comprehensive universities, four Technical Colleges, UW-Richland, and Viterbo University.

With regard to reauthorization of the Higher Education Act, he indicated it had been decided to move the different titles of the bill forward separately, instead as a complete package. About half of the work had been done, and he felt the pace would quicken when the session reconvenes in January. Stating that he considers the highest priorities to be access and affordability, he expressed understanding of the difficulty the university is having in making ends meet and remarked that this is a good time to adopt a more coordinated approach at the federal and state levels with regard to higher education.

Referring to a proposal by Congressman McKeon that would withhold federal financial aid from colleges and universities that raise tuition by more than twice the rate of inflation, Congressman Kind indicated that he has helped to introduce an alternative that would instead offer incentives to states that more fully fund higher education.

In closing, he expressed appreciation to Kris Andrews, UW System, and Rhonda Norsetter, UW-Madison, for their work with the state's congressional delegation, and to President Lyall and her staff for their maintaining an excellent relationship.

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Remarks by Congressman Tom Petri

Congressman Petri began his remarks by thanking the regents for the time and effort they devote to governance of the UW System. If Wisconsin is to prosper, he observed, it will in large part be due to the contribution of the UW in educating young people and helping grow the economy.

Turning to the reauthorization of the Higher Education Act, he explained that breaking the bill into separate titles has allowed more detailed consideration of individual topics than they would receive if the bill were moved forward as a single package. The House has passed four of the seven titles, with the other three still in progress. The Senate was on a slower schedule and planned to consider the bill as a whole.

He indicated that he was working to improve access through student loans, particularly the Direct Student Loan Program which is more cost-effective than the Guaranteed Student Loan Program.

Turning to the topic of accreditation, Congressman Petri stated his interest in loosening the accrediting process, which can be used to pressure boards into funding certain areas for fear of losing accreditation, rather than allocating funding with the entire institution in mind. One option would be to allow a state to set up its own accrediting process.

Another initiative is to provide seed funding for Wisconsin's independent colleges to establish common back-office operations in areas such as student loan administration. Such efficiencies are expected to save substantial sums of money that can be used to lower costs to students. The project, he noted, is receiving national attention; and colleges in some 20 states are considering similar efforts.

In response to a question by Regent President Marcovich about the incentive plan to tie federal aid to state appropriations for financial aid, Congressman Kind explained that the bill had been introduced as an alternative to the proposal by Congressman McKeon, because of concern about the impact on students of withholding federal aid and the realization that many of the factors that drive up the cost of tuition are beyond the control of universities. The incentive plan would maintain level financial aid funding and offer awards for states that increase their funding.

Indicating that Pell Grants will be frozen for the first time in ten years at about \$4,000 per student, he explained that these grants covered 80% of the cost of education when first established, but now would cover only about 30%. The shift over time to a heavier reliance on loans rather than grants has resulted in large debt burdens on the shoulders of students as they graduate.

Regent Mohs commented that some accreditation requirements for advanced degrees seem unnecessary and intended to reduce competition in the field. Noting that there is little that individual universities can do about this situation, he commended the Congressmen for their efforts to improve the process.

Regent Rosenzweig asked if there is any chance that the freeze on Pell Grants can be reversed if there should be strong outcry against it from students, faculty, regents and others.

Indicating that it would be very difficult to reverse the freeze for the coming fiscal year at this point, Congressman Kind replied feedback from affected constituents would be helpful in focusing attention on the issue for the coming years.

Regent Walsh referred to the decreasing percentage of low-income students attending UW institutions, noting that there is a culture in the Midwest that may view taking on debt less favorably than in other parts of the country. He asked for suggestions on how to improve communications with decision makers on the national level.

Congressman Petri suggested inviting the state's U.S. senators to speak with the Board, noting that they hold positions that could influence the outcome of the Reauthorization Act and other issues.

Noting that this kind of communication needs to be done in partnership with the Legislature, Regent Walsh asked if Wisconsin should be doing a better job of meeting informational needs of the congressional delegation so as to better take advantage of what could be achieved with federal help.

Congressman Kind replied that coordination is helpful in targeting information to individual members on the basis of their committee assignments. There also is need, he added, for federal policy makers to communicate with state policy makers, especially in light of the many challenges the nation is facing and budget pressures on both the state and federal levels. Overall, he noted that the large federal budget deficit means a difficult time in terms of allocating resources to education and other deserving areas.

Thanking the congressmen for their efforts with regard to financial aid, Chancellor Wells urged that they advocate for placing priority on public universities when considering changes in higher education policy.

With regard to accreditation, Chancellor Wiley noted that the problems in this area are associated with specialized accreditors attempting to advance their particular fields. Regional accreditation, on the other hand, occurs only every ten years and is beneficial to the university.

On behalf of the Board, Regent Marcovich thanked Congressman Kind and Congressman Petri for taking the time to visit with the regents and share ideas.

Adding her expression of appreciation to the Congressmen, President Lyall pointed out that the McKeon proposal would cost the UW \$50 million in financial aid and that the incentive plan would be a much better approach.

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Financial Aid

Referring to a table provided to the Regents, President Lyall indicated that, in 1992, the UW was under-serving both the lowest and highest income groups. By 2002, the UW was under-serving both low and low-medium income students and slightly under-serving higher income groups, a change that had come about in the last year. The following factors contributed to that result: 1) The recession reduced college savings and redirected some higher income students from private to public universities; and 2) tuition increases outpaced federal and state financial aid growth over time. 2003-05 state financial aid matched tuition increases but was funded from one-time auxiliary reserves that will no longer be available next year.

These trends, she commented, need to be seriously considered and call for actions to maintain equitable access to the UW for students from all economic backgrounds. In that regard, she made the following suggestions:

- At the February meeting, adopt a resolution requesting more federal financial aid and urging that the Pell Grants not be frozen;
- Join with students to develop a budget request to ensure sufficient state financial aid when auxiliary reserve funding runs out next year;
- Direct savings achieved from administrative and operating efficiencies to student financial aid. In the regard, she noted, that while efficiencies could not produce \$26 million for financial aid, the UW could by this means contribute what it could from its own resources.

In response to a question by Regent Olivieri, President Lyall indicated that national higher education organizations have been active on this issue of the Pell Grant freeze.

Regent Olivieri asked if the policy of linking state financial aid and tuition increases would continue, and President Lyall responded that the policy would be continued unless the Board should make a decision to change it. Regent Olivieri suggested that funding obtained from operating efficiencies should be in addition to the expected funding provided by the state.

Regent Olivieri suggested that the financial aid issue be given a very high priority, and Regent Gottschalk concurred, adding that it should be framed in the context of a moral imperative. Regent Rosenzweig stated her agreement, noting that Wisconsin's grade of "C" in terms of affordability could be communicated to decision makers as a way of showing Wisconsin's comparative position. With regard to the Pell Grant freeze, she pointed out that individual communications from affected students and others are particularly effective in bringing matters to the attention of public officials.

Regent President Marcovich expressed the hope that student groups would be helpful with regard to the financial aid issue. President Lyall noted that the Board would hear in February about United Council's budget priorities and that she expected financial aid to be high on their list.

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Peace Corps Calendar

President Lyall called attention to a calendar produced by the Returned Peace Corps Volunteers of Wisconsin, noting the proceeds from the sale of the calendars are used to fund a variety of projects, both locally and overseas. On the page for July is a portrait of a mother and child from the Northwest Province of Cameroon, taken by Mary Crave, who now works for UW-Extensions' Outreach and E-Learning Division. She is one of at least three dozen former Peace Corps members now employed as UW-Extension county agents and campus-based specialists. Noting that the UW continues to provide fertile recruiting ground for the Peace Corps, she reported that last year UW-Madison led the nation with 123 new alumni volunteers, marking 17 years of leadership for this program.

UW-Eau Claire Hosts Global Scholars

It was reported by President Lyall that UW-Eau Claire is one of twelve universities in the country hosting 100 faculty from newly independent states in Eastern Europe and Central Asia to help them learn about western-style higher education. Other hosts include Cornell, Columbia, and Stanford universities. Visiting faculty learn about the tradition of academic freedom that permits scholars to pursue research and writing that may be unpopular but that often stimulates the next generation of scientific, medical, and humanistic contributions. UW-Eau Claire's visiting faculty are a history professor from Tbilisi State University in Georgia and an economics professor from Belarus. The faculty spend up to three semesters participating in departmental activities, teaching students, and interacting with students and faculty. The participant from Belarus who was on the campus last year is completing his MBA from UW-Eau Claire via the Internet.

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UW-Parkside Becomes "Foundations of Excellence" University

President Lyall congratulated UW-Parkside for becoming a Foundations of Excellence University – one of 12 in the country and the only one in Wisconsin recognized nationally for its "First College Year" program, which is designed to improve retention and success of students. The Foundations of Excellence universities will work together to develop a national model for successful first-year programs in a project sponsored by the American Association of State Colleges and Universities, the Lumnia Foundation, and The Atlantic Philanthropies.

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Regent Burmaster Gets National Leadership Post

President Lyall also extended congratulations to Regent Burmaster on her election to the National Board of the Council of Chief State School Officers. The organization helps states and their education leaders find creative solutions to complex issues facing education across the country.

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Kiplinger Rates Two UW Schools on "Best Values" List

It was reported by President Lyall that *Kiplinger Magazine* has rated UW-Madison and UW-La Crosse among the 100 best values in higher education. The publication defines the following as quality indicators: Percentage of freshmen scoring above 600 on both the verbal and math SATs or above 24 on the ACT; admission rates and selectivity; student-faculty ratios; percentage of faculty with PhDs; how much the institution spends per student on libraries and instruction; and four and six-year graduation rates. These factors than are rated against in-state costs net of financial aid in determining best values.

In general, the President noted, UW institutions tend to be somewhat less selective than the average of the top 100 and have higher student-faculty ratios, but they also have higher graduation rates and lower costs. Investments per student in instruction and libraries, however, are declining as budgets are cut.

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Brey is Carnegie Professor of the Year

President Lyall congratulated James Brey, UW-Fox Valley professor of geography on being named the 2003 Carnegie Professor of the Year, having been selected from 400 competitors nationally. Professor Brey has long been an advocate of the learning community approach to science and has pioneered creative uses of technology in the classroom. He is a member of the American Meteorological Society's teacher enhancement program and uses Global Information System, American Meteorological Society, and Online Weather Services as part of his class. Professor Brey helped to create Online Weather Services during a sabbatical leave as scientist in residence at the American Meteorological Society. He also has been a teacher and academic administrator at the Kettle Moraine Correctional Institution.

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100th Anniversary of the State Lab of Hygiene

Noting that it is the 100th anniversary of the State Lab of Hygiene, President Lyall remarked that this laboratory is an excellent example of the Wisconsin Idea at work in a quiet way. Founded in 1903 by Biology Professor Edward Birge, the purpose of the lab was to bring university-based science to the service of public health. Its original work focused on analysis of water supplies for typhoid, diphtheria, anthrax, TB and rabies. In the 1930s and 1940s, its mission expanded to encompass the notion that the lab and UW-based scientists should be accessible to all practicing doctors and veterinarians in the state; and the focus shifted to occupational health programs and blood antibody testing. In the 1950s the lab moved from South Hall to Henry Mall and began to focus on diagnostic testing not available through private labs, doing epidemiological studies and assembling computerized data banks on disease outbreaks. In the 1960s and 1970s, the lab's purpose was extended to help train medical students and the focus of testing was on rheumatic fever, prenatal testing for Rh factor-related problems, and testing for radiation exposures in populations near nuclear plants. Today, the focus is on testing for biological pathogens such as anthrax, ricin, and related toxins.

Wisconsin can take pride, the President observed, in this "Quiet Wisconsin Idea," that has persisted for over 100 years and provided a real benefit to the state.

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UPDATE ON CHARTING A NEW COURSE FOR THE UW SYSTEM

Regent Gottschalk, Chair of the Charting a New Course project, began his remarks by noting that on January 7th there will be meetings of working groups and of the Steering Committee, with all member of the study invited to participate.

He then discussed progress made to date, noting that the time is right to check the compass in the voyage to chart a new course for the UW System. At the outset, the project was motivated by three key drivers affecting the UW System: a changing state fiscal environment, growing market demand for the UW's educational services; and a rapidly evolving technological and economic environment. In August, ambitious goals were set, and five working groups were formed, involving regent, chancellors, system leaders, and key constituents. Stating that the voyage to date has been exciting and productive, he thanked the leaders of the working groups who have put extra time and effort into the project and who have led their teams so effectively. He also thanked the staff who have done an excellent job of organizing, supporting, participating in and reporting on these efforts.

He then summarized the work of each group and highlights emerging from that work.

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Working Group on Revenue Authority

The Revenue Authority Working Group, led by Regent Axtell, has been looking at four main areas:

1. Risk Management. Arthur Gallagher and Company is studying the current risk management program with an eye to saving money, given low loss rates. The consultant is addressing five areas: 1) Is current coverage adequate? 2) Are premiums too high? 3) How does the program compare to that of other universities? 4) What alternatives might be explored, and 5) At what cost? A full report is expected in February.
2. Brain Gain. The working group approved a pilot program for UW-Platteville under which students from neighboring states of Iowa and Illinois would be given tuition incentives to attend UW-Platteville and earn degrees in engineering, technology and other areas of high workforce demand. This program can boost nonresident tuition income that would, in turn, help subsidize the instruction of resident students and also grow a cadre of workers to help meet state workforce needs.
3. Federal Relations. For several years, the university relations team and the system's Federal Relations Council, working with former Congressman Steve Gunderson, have sought to heighten the UW System's national visibility and bring more federal dollars to the state. A series of recommendations will be presented to the regents to help realize the UW System's potential for bringing in more federal money and thereby generating more jobs for Wisconsin.

4. Differential Tuition. One option for enhancing revenue is to reconsider the university's approach to tuition. The group will study various possibilities, such as per-credit tuition, look at the experience of other universities, and determine what effect varying tuition policies would have on time-to-degree, credits-to-degree, and student retention.

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Working Group on Achieving Operational Efficiencies

Led by Regent Bradley, this working group has been looking at two areas: Increasing self-sufficiency by reviewing external impediments to efficient operations; and looking at internal operations to see what further efficiencies could be achieved.

With regard to increasing self-sufficiency, the working group is up to date on what has been achieved in this area, concluding that more autonomy would save the state and university millions of dollars. Three areas in particular have the capacity to generate significant savings that could be reprogrammed to better serve students: cash management capability, which could yield between \$5 and \$15 million annually; procurement, in which elimination of duplication and expansion of statewide contracts could yield about \$2 million per year; and improvements in the capital building process that could result in \$15 million in savings per year and greatly speed the process.

As to increasing internal operating efficiency, the working group has concluded that administrative restructuring efforts must focus on a detailed review of functional administrative and service areas and that all interested parties must participate in the process for it to be successful. The costs of change may actually be higher in the short term because outside help may be needed with design and implementation. The group is in the process of developing a list of five or six functional areas that should be reviewed for increased operating efficiency. At the December meeting, the group looked at collaborative academic programs, academic program review and campus missions and program emphases. At the February meeting, the group will look at methods to improve the efficiency of instructional delivery.

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Working Group on Redefining Educational Quality

The working group, led by Regent Mohs, is working close to the heart of the UW's mission to deliver the highest quality education while maintaining access to its campuses. In its vision statement, the group reaffirmed the commitment "to maintaining and enhancing the UW System's status as a first-class, high-quality system of higher education that is accessible to Wisconsin citizens and that provides learning and personal development for its students characterized by processes wherein they are fully engaged, and value-added student outcomes."

The working group identified the following as objectives: student access to the university, its programs and classes; students engaged with their institution, program, faculty and other students; and student outcomes that add value.

In addition, the group had adopted five guiding principles:

1. Embrace diverse processes to achieve outcomes.
2. Embrace diverse methods to assess outcomes and select processes.
3. Engage the whole institution to debate, refine and internalize its model of quality education.
4. Respect each institution's autonomy to determine quality education within the boundaries of a larger interpretation, and allow institutions the freedom to achieve their value-added outcomes with the processes best suited for their institutions.
5. Honor each institution's select mission.

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Working Group on Research and Public Service

The working group, led by Regent Davis, has hosted five roundtables with business and community leaders around the state, in addition to meeting with legislators and holding its regular meetings. The group's mission statement is "To harness our research and public service to raise the per capita income of the State of Wisconsin while enhancing the quality of education."

The group is addressing such questions as: How can the UW System help to create more high-income jobs for the state? How can the UW System enhance research activity on all its campuses? How can it help to create diverse, inclusive communities and stimulate and attract new economy companies? How can the university develop strong, supportive partnerships with the business community and legislators?

In posing these questions to focus groups in Oshkosh, Milwaukee, Madison, Eau Claire, and Superior, the following themes emerged:

1. The importance of research and development as a growth industry for the state
2. The continuing currency of the Wisconsin Idea and the expectation that the university will continue to play a central role in addressing state and local problems
3. The need for graduates who are well prepared to enter the workforce, including the importance of student and faculty diversity
4. The need for sources of "opportunity funds" to cover the matching requirements needed to respond to state needs and federal initiatives
5. The need to facilitate faculty research at the comprehensive campuses and to upgrade the research infrastructure

6. The prominent place that the “scholarship of engagement” should hold in the UW System’s future
7. The critical need for communication with external stakeholders so the public better understands what the university has to offer.

As it continues its work, the group will hear more about the student experience in research and public service and examine further state collaborations that can further the Governor’s “Grow Wisconsin” initiative, as well as legislative initiatives and the regional economic development work being undertaken throughout the state.

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Working Group on Our Partnership with the State

Led by Regent Walsh, the working group is focusing on the levels of access to higher education and financial aid provided to Wisconsin residents. While the UW System is doing well in this regard, there is growing concern about providing access to students from low-income families and to returning adult students.

The number of students from families in the lower 40% of income levels in Wisconsin is decreasing, while the percentage of incoming students from the top income levels is increasing. The working group will consider how modifications to the financial aid structure might improve access for lower income students, in keeping with neighboring states that provide more need-based financial aid and scholarship funding. With regard to federal financial aid, it appears that changes in the student needs analysis might benefit Wisconsin students. The group is preparing to make recommendations in February related to sustainable funding for financial aid to ensure accessibility to all Wisconsin citizens, regardless of economic status.

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Summary

In summary, Regent Gottschalk highlighted the following themes that are emerging from the working groups:

- **Economic Development.** The university is a primary engine of the state economy both in terms of research and development work and in production of graduates. Brain gain remains an important priority.
- **Access.** In this area, the focus is on not only retaining the ability to accommodate current enrollments, but to provide more opportunities, particularly for low-income students and returning adult students.
- **Diversity.** There remains a long way to go in achieving desired levels of diversity in student, faculty and staff populations – not only ethnic diversity, but geographical, international, gender and age diversity.

- **Infrastructure.** There are enormous challenges in enhancing aging buildings and technology, including need for space, equipment, library material, and more and better instructional technology.
- **Efficiency.** By many measures, the UW is the most efficient university system in the nation and is viewed as a model by others. However, there are areas in which greater efficiencies can be achieved with greater savings to departments, campuses, the system and the state. This must be a central theme of the planning process.
- **Human Capital.** The implementation of the recommendations that emerge from this study will depend on the work of faculty and staff. The university must have the best people, who are the lifeblood of its institutions. Rebuilding the faculty must be a priority, and it will be necessary to ensure that the best people can be recruited and retained with competitive compensation packages, from leadership to laboratory technicians.
- **The Wisconsin Idea.** The university must continue to prove its relevance to the state and its citizens. At the same time, the state and its residents must be encouraged to take advantage of the enormous expertise that resides within the university. This is an historic compact that should be renewed and enhanced through this study.

In conclusion, Regent Gottschalk stated that: “The roughest seas are ahead, and the toughest challenge will be to arrive at a series of recommendations that will move us forward – not incrementally but transcendently – to meet the formidable challenges that face higher education not just in Wisconsin but across the nation. It will take our best collective thinking, and collaboration with our partners in state government, if we are to steer the best course through the new paradigms of fiscal realities, unprecedented demand for our services, technological changes and ways of stimulating economic development. We inherit a long and distinguished history of service to the citizens of Wisconsin, and we have an obligation to current and future generations to find ways of delivering on our missions for them. Thank you in advance for your continuing efforts to help chart the university’s course for the future. It is of the utmost importance.”

In discussion following the presentation, Regent Amato inquired about a recommendation made by Senator Darling that a task force be established to improve cooperation between the regents and the legislature relative to economic development.

Regent Walsh replied that, speaking with the Working Group on Our Partnership with the State, the Senator had suggested that a task force might be helpful in continuing the dialogue concerning what is expected from the university with regard to future vision and accountability.

Regent Olivieri added that, while the suggestion was made in the context of economic development, he would urge that continuing dialogues include financial aid and that this topic be brought to the forefront of the discussion.

Regent Walsh clarified that, while Senator Darling had begun by talking about economic development, her suggestion for a task force had come in the context of a general discussion about legislative expectations. Agreeing that financial aid is a priority, he noted that the Senator's suggestion was appreciated and will be pursued.

Noting that he had proposed such a task force two years earlier, Regent Marcovich remarked that Senator Darling's suggestion is an excellent idea and that the group should have broad authority to discuss all subjects of interest.

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REPORT OF THE BUSINESS AND FINANCE COMMITTEE

The report of the Business and Finance Committee was presented by Regent Bradley, Chair.

UW-Platteville Regional Enrollment Plan

The Business and Finance Committee met in joint session with the Physical Planning and Funding Committee to discuss UW-Platteville's Regional Enrollment Plan. Vice President David Olien explained the background of the enrollment plan and noted that it would respond to workforce development needs in the state and help the "Brain Gain" situation in Wisconsin.

Chancellor Markee stated that UW-Platteville is proposing a long term plan to increase enrollment for out-of-state students with a goal of an additional 200 students by the 2005 - 2006 academic year. This would increase the percentage of students from Illinois and Iowa, as well as focus on UW-Platteville's academic strengths, particularly in the field of engineering.

Out-of-state students would pay the standard in-state tuition and fees, plus a premium of \$4,000. These additional students would cover the full cost of their instruction and would not displace Wisconsin residents.

Upon conclusion of the joint session, the Business and Finance Committee reconvened for its regular agenda.

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Presentation on the Impact of the Reallocation of \$26 Million Auxiliary Reserve Balances to Support Financial Aid

Vice President Durcan noted that UW institutions are facing difficult management decisions as they deal with reducing account balances within auxiliary operations. Each of the presenters, Tom Sonnleitner, Vice Chancellor, UW-Oshkosh; Greg Diemer, Vice Chancellor, UW-Stevens Point; Darrell Bazzell, Vice Chancellor of Administration, UW-Madison; and Rachel Marlett, a student at UW-Stevens Point, provided specific examples from their campuses on the negative impact on reallocating. Mr. Diemer emphasized the need to generate resources to support educational goals and Mr. Sonnleitner noted that campus business managers are trying to adhere to best practices under tremendous fiscal constraints.

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Trust Funds: Request to Expend Principal - Albert U. Anderson Bequest

Mr. Albert U. Anderson left a bequest of \$100,000 to UW-Madison without restrictions on how it might be used. Regent policy states that when a gift of more than \$50,000 is received, it becomes part of the endowed funds of which only income can be spent. The motion to allow UW-Madison to spend the principle failed for lack of a second.

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Report of the Vice President

Vice President Durcan stated that the Legislative Audit Bureau's Administrative Audit report is being reviewed by the State Auditor.

Vice President Durcan commented that the Department of Administration hired Strategic Investment Solutions Inc. to evaluate additional mutual fund options to be added to the State's EdVest plan before the end of the calendar year. The College Savings Board approved four additional investment options for the EdVest program and met its goal of having additional options available for investors at lower fees.

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Divestiture of Holdings in Tyson Foods

Due to student concerns regarding Trust Fund investments in Tyson Foods, the committee noted that UW-Madison and UW-Milwaukee recently made a decision to discontinue purchasing Tyson products until the labor dispute is settled. The committee passed a motion to divest the trust fund holding in Tyson. At the February meeting, the committee will review their investment policy, responding to concerns expressed by students who testified at the Investment Forum.

Regent Bradley presented Resolutions 8771-8774 to the Board of Regents as consent items. The motion was seconded by Regent Rosenzweig and passed unanimously.

Blue Cross Blue Shield Addendum to UW Medical School Five Year Plan

Resolution 8771: That upon the recommendation of the Regent-appointed Oversight and Advisory Committee, the Chancellor of the UW-Madison, the Dean of the UW Medical School, and the President of the UW System, the Board of Regents:

Approves the Addendum to “The Wisconsin Partnership Fund for a Healthy Future” which incorporates further information requested by the Wisconsin United for Health Foundation; and further

Authorizes its Executive Committee to hold a January, 2004 meeting for the purpose of approving any amendments to the “Agreement to Accept Gifts” between the Board, the University of Wisconsin Foundation, and the Wisconsin United for Health Foundation, which have been agreed to by both foundations, the Medical School, the Chancellor, and the President; and further

Authorizes Darrell Bazzell, Vice Chancellor for Administration, University of Wisconsin-Madison to sign any amended “Agreement to Accept Gifts” so approved by the Executive Committee, on behalf of the Board.

2002-03 UW System Report on State Imposed Costs Added to Resident Undergraduate Tuition

Resolution 8772: That, upon recommendation of the President of the University of Wisconsin System, the Board of Regents approves the 2002-03 Report on State Imposed Costs Added to Resident Undergraduate Tuition for submission to the Secretary of the Department of Administration.

2002-03 UW System Report on Continuing Appropriation Authority

Resolution 8773: That, upon recommendation of the President of the University of Wisconsin System, the Board of Regents approves the 2002-03 Continuing Appropriation Report for submission to the Legislature.

Agreement with Bit Seven, Inc.

Resolution 8774: That upon recommendation of the President of the University of Wisconsin System and the Chancellor of the University of Wisconsin-Madison, the Board of Regents approves a new Academic Support Services Agreement with Bit Seven, Incorporated.

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REPORT OF THE EDUCATION COMMITTEE

Regent Olivieri, Chair, presented the report of the Education Committee.

UW System and WTCS Credit Transfer Initiatives

Regent Olivieri reported on items five and six of the credit transfer initiative between the UW System and WTCS. Part five of the resolution provides that students who have attained an Associate Degree could transfer up to 72 credits to a UW institution and satisfy the general education requirements of that institution. The committee made a modification clearly stating that this process requires each institution and its faculty to review this process prior to approval.

In regard to item six of the resolution which deals with the creation of a committee to look at increasing the number of baccalaureate degrees, the following two revisions were made: 1) changing the wording from 'requirement' to 'explore' additional options; and 2) reflecting the intent to seek many collaborative and cost effective ways of accomplishing the goal of additional baccalaureate degrees.

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Announcement of 2004-05 Sabbatical Assignments

Senior Vice President Marrett reported on sabbatical assignments, noting their importance in the professional development of faculty and subsequent enhancement in students' academic development. Professor Emeritus David Kindig, UW Medical School, shared his sabbatical experience and reiterated the tremendous effect it had on his

academic life and in his teaching. Regent Olivieri noted that the committee will look into how sabbaticals reflect a commitment to teaching and learning, as well as the emersion of technology in the classroom.

President Lyall added that business leaders at the Economic Forum held in La Crosse stated the benchmark for spending on professional development in the business community is 5% of the payroll, while in comparison the university spends about 3% of staff time and 0% of payroll on professional development. Chancellor Mash, who participated in a radio show in the Chippewa Valley, pointed out that sabbaticals keep faculty on the “cutting edge” and move them forward in terms of their profession and what is expected of them. Regents Marcovich and Mohs also reiterated their support of the value of sabbaticals.

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Program Authorization - Second Reading: B.S. in Engineering Physics, UW-Madison

The second reading of the B.S. in Engineering Physics at UW-Madison was approved by the committee.

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Resolutions 8775 – 8776 were presented by Regent Olivieri to the Board of Regents as consent agenda items. Seconded by Regents Axtell and Mohs, the motion passed unanimously.

Endorsement of Parts V and VI of the UWS/WTCS Plan For Enhancing Credit Transfer and Expanding the Number of Baccalaureate Degree Holders in Wisconsin

Resolution 8775: That, upon recommendation of the President of the University of Wisconsin System, the Board of Regents endorses Parts V and VI of the proposals to enhance credit transfer opportunities between the University of Wisconsin System and the Wisconsin Technical College System, and explore other opportunities to expand the number of baccalaureate degree holders in Wisconsin. The UW System Board of Regents and System Administration will continue to work with the Wisconsin Technical College System on developing further transfer opportunities that ensure student success.

The UW System will work with appropriate governance structures at each of its institutions to ensure effective implementation. The goal for implementation of the following initiatives is fall, 2004.

Part V: Transfer of WTCS Liberal Arts Degree Graduates

Students who graduate from WTCS liberal arts (college parallel) programs at MATC-Madison, MATC-Milwaukee and Nicolet with an associate of arts or sciences degree specifically aligned with the UW associate degree will be able to transfer up to 72 credits and have their university-wide general education requirements satisfied at any UW institution, subject to review and approval by the faculties at each UW System institution.

Part VI: Expansion of Baccalaureate Degree Holders in Wisconsin

A broad-based committee will be created to explore additional options for expanding the number of baccalaureate degree holders in Wisconsin in collaborative and cost-effective ways.

UW-Madison: Program Authorization (Implementation) B.S. in Engineering Physics

Resolution 8776: That, upon recommendation of the Chancellor of the University of Wisconsin-Madison and the President of the University of Wisconsin System, the Chancellor be authorized to implement the B.S. in Engineering Physics.

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REPORT OF THE PHYSICAL PLANNING AND FUNDING COMMITTEE

The report of the Physical Planning and Funding Committee was presented by the committee's chair, Regent Gracz.

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Report of the Assistant Vice President

Building Commission Actions and Building Program Process Improvements

Assistant Vice President Nancy Ives reported that the Building Commission approved about \$33 million for various projects at their November meeting. She is working with the Building Commission and DOA to make improvements in the building program process.

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The following resolutions were presented as consent agenda items to the Board of Regents. Regent Salas seconded the motion and it carried unanimously.

UW-Madison Wright Street Property Acquisition

Resolution 8777: That, upon the recommendation of the UW-Madison Chancellor and the President of the University of Wisconsin System, authority be granted to purchase 8.44 acres of land and a 65,399 GSF warehouse/office building located at 2102 Wright Street, Madison Wisconsin, at a cost not to exceed \$5,389,302 Program Revenue Supported Borrowing, as stipulated in the purchase option in the lease for the land and facility.

UW-Madison: Authority for the Officers of the Board of Regents to Grant an Easement

Resolution 8778: That, upon the recommendation of the UW-Madison Chancellor and the President of the University of Wisconsin System, the officers of the Board of Regents be authorized to grant a 16.5-foot wide by approximately one mile long permanent easement on UW-Madison Agricultural Research Station land at Arlington, Wisconsin to AT&T for fiber optic cable installed in a railroad right-of-way passing through the research station. The authority to grant the easement will enable the University to participate in a class action settlement with AT&T.

UW-Madison Population Health Laboratory Renovation

Resolution 8779: That, upon the recommendation of the UW-Madison Chancellor and the President of the University of Wisconsin System, authority be granted to increase the scope of work and budget of the Medical Science Center Generic Research Lab Renovation project by \$470,000 Gift Funds to include a Population Health Laboratory Renovation project, for an estimated revised total project budget of \$850,000 Gift Funds.

UW-Milwaukee: Approval of the Design Report and Authority to Construct a Lapham Hall North Wing Remodeling Project

Resolution 8780: That, upon the recommendation of the UW-Milwaukee Interim Chancellor and the President of the University of Wisconsin System, the design report be approved and authority be granted to construct the Lapham Hall North Wing Remodeling project at an estimated project cost of \$9,820,800 General Fund Supported Borrowing. The West Wing Remodeling portion of this project was previously authorized for construction at \$474,200 (\$37,200 General Fund Supported Borrowing and \$437,000 Institutional Funds), for a combined total project budget of \$10,295,000 (\$9,858,000 General Fund Supported Borrowing and \$437,000 Institutional Funds).

UW-Oshkosh: Authority to Execute a Land Use Agreement and Accept a Gift-in-Kind

Resolution 8781: That, upon the recommendation of the UW-Oshkosh Chancellor and the President of the University of Wisconsin System, authority be granted to: (1) execute a land use agreement between the Board of Regents and the UW-Oshkosh Foundation to enable the Foundation to renovate and expand the Titan Stadium, renovate the stadium football field and surrounding practice fields, and (2) accept the gift-in-kind of the completely updated facilities valued at approximately \$5,000,000.

UW-Oshkosh: Authority to Construct a Taylor Hall Renovation Project and Seek a Waiver for a Single Prime Contract

Resolution 8782: That, upon the recommendation of the UW-Oshkosh Chancellor and the President of the University of Wisconsin System, the Design Report be approved and authority be granted to: (1) construct the Taylor Hall Renovation project, and (2) seek a waiver of s.16.855 under s.13.48 (19) to allow single prime bidding, at an estimated total project cost of \$13,000,000 Program Revenue Supported Borrowing.

UW-River Falls: Authority to Seek Enumeration of an Athletic Facilities Development Project

Resolution 8783: That, upon the recommendation of the UW-River Falls Chancellor and the President of the University of Wisconsin System, authority be granted to seek enumeration of an Athletic Facilities Development project at an estimated total cost of \$2,206,000 (\$1,876,000 General Fund Supported Borrowing and \$330,000 Program Revenue Supported Borrowing).

UW-Madison: Approval of an Appointment to the Architectural Control Committee (University Hill Farms) and the Design Review Board (University Research Park)

Resolution 8784: That, upon the recommendation of the UW-Madison Chancellor and the President of the University of Wisconsin System, authority be granted to appoint Kim S. Meadows to serve on the Architectural Control Committee for the University Hill Farms and the Design Review Board for the University Research Park.

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ADDITIONAL RESOLUTIONS

Upon motion by Regent Mohs, seconded by Regent Gottschalk, the following resolution was adopted on a voice vote.

Cancellation of January 2004 meetings

Resolution 8785: That the Board of Regents meetings scheduled for January 8th and 9th, 2004, be cancelled.

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UNFINISHED AND ADDITIONAL BUSINESS

Credit Transfer

Regent Gottschalk observed that the UW Colleges have a long history and culture of training students for the baccalaureate degree and that they are demonstrably good at it, their students having superior retention and graduation rates at UW comprehensive and doctoral institutions. Any further expansion of programs under Part VI of the credit transfer plan, he commented, should be undertaken in full collaboration with the UW Colleges.

Regent President Marcovich stated his agreement with Regent Gottschalk.

Regent Bradley pointed out that implementation of the plan is subject to approval of courses for transfer by UW faculty.

Regent Salas commented that there is a need to expand liberal arts programming in order to respond to student demand and that the UW and WTC systems must continue to collaborate to more effectively meet the growing need for services by students.

Regent Mohs cautioned that not all courses that may look alike will be considered equivalent for transfer because some of them have different goals and, therefore, different content. These are matters that will be considered by faculty on the campuses.

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CLOSED SESSION

The meeting was recessed at 11:15 a.m. and reconvened at 11:30 a.m., at which time the following resolution, moved by Regent Walsh and seconded by Regent Amato, was adopted on a roll-call vote, with Regents Amato, Axtell, Bradley, Burmaster, Connolly-Keesler, Gottschalk, Gracz, Marcovich, Mohs, Olivieri, Pruitt, Richlen, Rosenzweig, Salas, and Walsh (15) voting in the affirmative. There were no negative votes and no abstentions.

Resolution 8786: That, the Board of Regents recess into Closed Session, to consider a UW-Parkside Honorary Degree Nomination, as permitted by s.19.85(1)(f), *Wis. Stats.*, and to confer with Legal Counsel concerning pending and potential litigation, as permitted by s.19.85(1)(g), *Wis. Stats.*

The Board arose from closed session at 11:50 a.m., with no actions to report. The meeting was adjourned at 11:50 a.m.

Submitted by:

Judith A. Temby, Secretary