

MINUTES OF THE REGULAR MEETING

of the

BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM

Madison, Wisconsin

UW-Madison

Held in the 1820 Van Hise Hall

Friday, February 7, 2003

9:00 a.m.

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- President Gottschalk presiding -

PRESENT: Regents Axtell, Barry, Boyle, Brandes, Davis, Gottschalk, Gracz, Jones, Marcovich, Mohs, Olivieri, Randall, Rosenzweig, Salas, Smith and Walsh

ABSENT: Regent Burmaster

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**APPROVAL OF THE MINUTES**

The minutes of the December 5 and 6, 2002 meetings stood approved as distributed.

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**REPORT OF THE PRESIDENT OF THE BOARD**

**Resolution of Appreciation: Alfred S. DeSimone**

Presenting a resolution of appreciation for Alfred S. DeSimone, who resigned from the board after serving for almost eight years, Regent Marcovich remarked that Regent DeSimone had been a voice of reason and common sense who always kept foremost in mind the board's primary duty to educate students. He and his wife, Bernie, also had been very generous in their financial gifts to the university.

The following resolution was adopted by acclamation, with a standing ovation in honor of Regent Emeritus DeSimone.

**Resolution of Appreciation: Alfred S. De Simone**

Resolution 8650: WHEREAS, Alfred S. De Simone has actively served the citizens of Wisconsin with vigorous enthusiasm and spirited commitment for seven years and beyond as a member of the University of Wisconsin System Board of Regents; and

WHEREAS, Regent De Simone has offered valuable guidance for the duration of his service as a member of both the Physical Planning and Funding Committee and the Committee on Student Discipline and Other Student Appeals; and

WHEREAS, he has advanced the sound fiscal management of the UW System through his membership on the Business and Finance Committee and Audit Subcommittee; and

WHEREAS, he served on the Special Regent Committee for UW-Oshkosh Chancellor search and the Regent Committee for UW-Parkside Chancellor search, which resulted in the successful appointments of Chancellor Richard Wells and Chancellor John Keating; and

WHEREAS, Regent De Simone is a celebrated alumnus of UW-Madison and UW-Milwaukee, and the UW System is grateful for his ardent support as a member of the board of the University of Wisconsin Foundation; and

WHEREAS, throughout his meritorious career he has personally promoted the excellence of the UW System, having served as president of the University of Wisconsin Alumni Association, president of the alumni club in Kenosha and charter president of the UW-Parkside Foundation; and

WHEREAS, in the full spirit of the Wisconsin Idea, Regent De Simone has served the state of Wisconsin with great honor and distinction by devoting his time, energy and dynamic leadership to championing the UW System for nearly four decades;

BE IT THEREFORE RESOLVED, that the Board of Regents of the University of Wisconsin System commends Regent Emeritus Alfred S. De Simone for his outstanding service and enduring dedication to the state of Wisconsin and the institutions of the UW System.

Expressing gratitude for the recognition, Regent DeSimone wished the new regents as much enjoyment and dedication as he had experienced during his tenure on the board.

He recalled working on behalf of the UW for 36 years in a variety of capacities, beginning in 1965 when he agreed to help the UW-Madison Athletic Department resolve some financial debt. The university continued to draw on his fund-raising and leadership skills as a member, Chair of External Relations, and President of the Wisconsin Alumni Association. He also served for 12 years on the UW Foundation Board where he worked with former Chancellor David Ward on the successful initiative that matched money from the foundation and the Wisconsin Alumni Research Foundation with state dollars to boost funding for the university. He also had helped raise funds for the university as a member of the Bascom Hill Society and by successfully promoting legislation to authorize the sale of license plates bearing logos of UW institutions. Eight years ago, he had been appointed to the Board of Regents by Governor Thompson.

In conclusion, he noted his pride in having raised funds and personally given gifts to the university for over 35 years and he promised to stay involved in helping the UW in its continuing work with the Legislature and in other areas. Finally, he expressed special appreciation that members of the board are not concerned with personal agendas but are focused on what will benefit the university, its students and the state.

Regent President Gottschalk presented a commendation from Governor Doyle for Regent DeSimone's "outstanding service and enduring dedication to the State of Wisconsin and the University of Wisconsin System".

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Regent Smith presented the following resolution of appreciation for James R. Klauser on his departure from the board, and it was adopted by acclamation.

**Resolution of Appreciation: James R. Klauser**

Resolution 8651: WHEREAS, James R. Klauser has benefited the citizens of Wisconsin with distinguished service during his nearly two years as a member of the University of Wisconsin System Board of Regents; and

WHEREAS, Regent Klauser has championed to the citizens of Wisconsin the significant contributions of the UW System to the state's economic prosperity, social progress and competitive advantage in the global marketplace; and

WHEREAS, as chair of the Business and Finance Committee, Regent Klauser has helped the UW System to be a prudent, effective and efficient steward of fiscal resources; and

WHEREAS, his memberships on the Executive, Personnel and Teaching Excellence Awards committees have furthered the excellence and quality of faculty, staff and students throughout the entire UW System; and

WHEREAS, Regent Klauser's service to the UW System adds to a distinguished career that includes his tenure as Secretary of the Wisconsin Department of Administration, special counsel to the Governor and memberships on scores of state boards and commissions; and

WHEREAS, as a graduate of UW-Madison, Regent Klauser understands and appreciates the influence, quality and impact of public higher education in Wisconsin and has done everything he can to see that others might benefit from a UW System education; and

WHEREAS, Regent Klauser personifies the spirit of the Wisconsin Idea by his devotion of time, energy and careful leadership beyond the boundaries of expectation, positively impacting every UW institution across the state;

BE IT THEREFORE RESOLVED, that the Board of Regents of the University of Wisconsin System commends Regent Emeritus James R. Klauser for his extraordinary service and skilled stewardship of higher education in Wisconsin.

Regent Klauser, who was unable to attend the meeting, had been honored at dinner the previous evening.

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Presenting a resolution of appreciation for Phyllis Krutsch on her departure from the Board, Regent Mohs recalled that, when she retired from the board after completing her first term, she invited him as her successor to his first function as a regent: a conference on effective teaching of American history. Through this and other activities, he came to understand her deep commitment to education on many levels. He also expressed gratitude for her journeyman work as Chair of the Committee on Board Effectiveness, noting that her expertise and effort in this area has been of great benefit to the board.

The following resolution was adopted by acclamation, with a standing ovation for Phyllis Krutsch.

**Resolution of Appreciation: Phyllis Krutsch**

Resolution 8652:           WHEREAS, Phyllis Krutsch has provided the citizens of Wisconsin with outstanding service as a member of the University of Wisconsin System Board of Regents; and

WHEREAS, in her two terms as a Regent, she has provided more than a decade of service to the UW System, advocating the significant contributions of the university to the state's economy, quality of life and unique position as a world leader in public higher education; and

WHEREAS, as chair of the Committee on Board Effectiveness, Regent Krutsch has helped the UW System Board of Regents to operate more effectively, efficiently and productively; and

WHEREAS, her memberships on the Business and Finance and Academic Staff Awards committees and her liaison to the Association of Governing Boards have supported quality improvements throughout the entire UW System; and

WHEREAS, Regent Krutsch's service to the UW System Board of Regents underscores a distinguished career of public service which includes, among others, two terms on the school board in her home community of Washburn; and

WHEREAS, as a graduate of UW-Madison, Regent Krutsch values the influence, quality and impact of public higher education in Wisconsin and has done everything she can to see that others might benefit from a UW System education; and

WHEREAS, Regent Krutsch exemplifies the spirit of the Wisconsin Idea through her commitment of time, energy and thoughtful leadership, and has positively affected citizens in every community in the state;

BE IT THEREFORE RESOLVED, that the Board of Regents of the University of Wisconsin System commends Regent Emeritus Phyllis Krutsch for her outstanding service and effective leadership on behalf of higher education in Wisconsin.

Expressing appreciation for this recognition, Regent Emeritus Krutsch stated that it has been a great privilege and wonderful experience to serve on the board. In that regard, she noted that her first term, from 1990-1997, had been followed by an opportunity to study public university trusteeship. Being reappointed to the Board of Regents after completing that study allowed her to share some of what she had learned with the board.

While the state and university are facing very challenging times, she observed, the UW is well positioned as a leader in higher education in terms of the opportunities offered to the citizens of the state and is in the top tier of universities on important measures such as access and affordability for students. From her experience as liaison to the Association of Governing Boards, she knew that the UW System is viewed as a high quality educational system. This excellent reputation, along with a highly regarded system president, she noted, makes it possible to attract outstanding campus leaders, including a stellar group of chancellors.

Having a system-wide governing board, Regent Krutsch pointed out, gives Wisconsin advantages other states do not have in that the board is positioned to make decisions in the interests of the state as a whole.

In determining system-wide priorities, she noted that the board must consider the strengths of each institution and how resources can be deployed in creative ways to maximize student access through means such as enhanced collaboration with the



technical colleges. In that regard, she pointed out that the national report card considered access to postsecondary education as a whole, rather than access to four-year colleges alone. Noting that advanced placement courses provide another avenue of access, she suggested creative thinking about how talented retiring high school teachers might contribute in that regard.

She also recommended that attention be paid to the kinds of information needed to make decisions on a strategic, rather than an opportunistic, basis. In that regard, she urged further attention to thoughtful analysis of institutional, as well as system-wide statistics, when considering how to make best use of resources and that care be taken in distinguishing between the kind of data the board needs for thoughtful policy-making versus what data may be used for public relations.

She observed that the board is one of the strengths to the UW System and that one of the strengths of the board is its sense of collegiality. Noting that this does not exist automatically and has not always been present on other boards she has studied, she urged that the board be vigilant in protecting and cherishing its tradition of collegiality and open discussion. Another reasons that the system concept works well, she remarked, is that regents do not bring to the board loyalties to specific campuses; rather, they look across the entire system for the best opportunities to deliver highest quality education in the most cost-effective way.

Regent President Gottschalk indicated that Regent Krutsch had offered to come to the board's retreat in the summer and continue to share her expertise in examining the board's operation.

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Regent Brandes presented the following resolution of appreciation for Lolita Schneiders on her departure from the board, and it was adopted by acclamation.

**Resolution of Appreciation: Regent Lolita Schneiders**

Resolution 8653:           WHEREAS, Lolita Schneiders has served the citizens of Wisconsin with commitment, vitality and grace during her term as a member of the University of Wisconsin System Board of Regents; and

WHEREAS, in the tradition of sifting and winnowing, Regent Schneiders provided thoughtful study and analysis as a member and vice chair of the Physical Planning and Funding committee; and

WHEREAS, she has served as chair and member of the Academic Staff Awards for Excellence committee, whereupon she led efforts to recognize the institutional loyalty, professionalism and devotion of academic staff members who serve students and the public; and

WHEREAS, all sectors of public higher education in Wisconsin benefited from her insight as the Regent member on the Wisconsin Technical College System Board; and

WHEREAS, having 16 years experience as a state representative, and having served as a member of the State Building Commission and the Joint Finance Committee, her support for the UW System underscores her dedication to public service in the state of Wisconsin; and

WHEREAS, Regent Schneiders is a longtime friend of the university, having graduated from Central State College (now UW-Stevens Point) with a degree in education, having served on the Friends of the Golda Meir Library Board, and having continued membership on the UW-Milwaukee Board of Directors for the Friends of the School of Education; and

WHEREAS, by devoting her time, energy and attentiveness to state citizens and students from throughout the UW System, she has served the state in true fulfillment of the Wisconsin Idea;

BE IT THEREFORE RESOLVED, that the Board of Regents of the University of Wisconsin System commends Regent Emeritus Lolita Schneiders for her remarkable tenure and honorable service to the citizens of Wisconsin and the students of the UW System.

Regent Schneiders, who was unable to attend the meeting, had been honored at a dinner the preceding evening.

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**Report on the December 13<sup>th</sup> meeting of the Educational Communications Board**

The regents received a written report on the December 13<sup>th</sup> meeting of the Educational Communications Board.

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**Report on the January 28<sup>th</sup> meeting of the Wisconsin Technical College System Board**

Referring to a written report on the January 28<sup>th</sup> meeting of the Wisconsin Technical College System Board, Regent Barry, President of the WTCS Board, noted that at every meeting there are a number of new program approvals and program discontinuances that are evidence of the continual refocusing and reallocating that is done to respond to changing needs. Major themes recently have been initiatives in health care, manufacturing and technology. With regard to the former, he indicated that a \$23 million Health Science Center will be constructed at Northwest Wisconsin Technical College. Funding sources include \$19 million in federal funds, obtained with the leadership of Congressman Obey, and alliances with several health care providers in the area.

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**Report of the February 5<sup>th</sup> meeting of the Hospital Authority Board**

A written report was provided on the February 5<sup>th</sup> meeting of the Hospital Authority Board.

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**Funds from Blue Cross/Blue Shield**

Regent Boyle, who serves as liaison to the Public and Community Health Oversight and Advisory Committee, reported that Blue Cross/Blue Shield have sold some of their stocks in converting to a non-profit organization. This first sale is expected to net about \$35 million for each of the state's two medical schools, with 35% going to community projects and 65% to research. Mandated by the Insurance Commissioner's order in this matter was establishment of an advisory committee made up of four members from the medical faculty and four community health advocates. That committee has been selected and has met frequently in the past months to establish criteria and priorities for distribution of the funds and ensure that the commissioner's order is complied with. The results of these efforts will be brought to the Board of Regents in April for approval. Funds will be located in the UW-Madison Foundation and distributed administratively through the UW Medical School.

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**Milwaukee Partnership Academy Presentation**

Reporting on a presentation made recently by the Milwaukee Partnership Academy to the American Association of Colleges of Teacher Education, Regent Randall noted that the conference was attended by 1,500 persons, including representatives of UW teacher education programs. It is clear, he observed, that Milwaukee's initiative to bring

together partners for KP-16 education is unique in the nation and is being closely watched.

Noting that the four-year-old partnership has enjoyed the ongoing support of the Board of Regents, he said that a primary goal is to improve teacher quality which also is one of the board's priorities. A second goal is to increase student achievement at all educational levels – specifically to insure that all students in the Milwaukee Public Schools are able to read, write and do math at grade level. As a means of reaching this goal, literacy coaches have been placed in each of the schools.

A third goal is to address systematic issues across educational institutions, which has involved participation of schools of education in the Milwaukee area, along with participation by former Lieutenant Governor Farrow and by Regent Burmaster in her role as State Superintendent of Public Instruction.

With respect to funding these initiatives, meetings had been held with the Bill and Melinda Gates Foundation which was considering a request to support reorganization of the Milwaukee Public High Schools – an initiative put forth by Superintendent of Schools Bill Andrekopoulos. The Partnership Academy has adopted that goal and also is pursuing grants from the Joyce Foundation and the National Science Foundation. If all were awarded, the grants could bring in more than \$10 million to further the work of the partnership. The MPA has hired two directors: Christine Anderson and Dan Donder who are running the operation on a day-to-day basis.

In conclusion, Regent Randall stated that the continued support of the Board of Regents and other partners is needed to make a real difference in the performance and achievement of young people in the Milwaukee Public Schools. If that does not occur, he noted, it will be more difficult to improve university access for students of color and to improve the work force of the state.

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### **Appreciation to Governor Doyle for his Visit and Comments on Budgetary Challenges**

Regent President Gottschalk expressed appreciation to Governor Doyle for taking time from his busy schedule to speak to the board the preceding day. Noting that his visit illustrates his high regard for and commitment to the UW, Regent Gottschalk was heartened by the Governor's heartfelt historical and contemporary appreciation for the university and its contributions to the well being of Wisconsin citizens.

However, he said, the state faces daunting obstacles in attempting to make ends meet. As the Governor mentioned, recent fiscal estimates have shown the state budget for 2002-03 to be almost \$400 million out of balance. The Governor asked the Legislature to consider cutting \$161.5 million from state spending this year. In that regard, Regent Gottschalk stated the university's gratitude for exempting instruction and research from that reduction. However, it will be necessary to cut another \$6.9 million from institutional support with five months remaining in the fiscal year if the Legislature

approves the Governor's plan. This will be accomplished, he emphasized, with no adverse impact on enrollment.

In a national context, he pointed out that states across the country are experiencing similar financial difficulties and that many universities are being asked to cut their budgets in the midst of the academic year. With massive deficits looming for Wisconsin in the next biennium, there is every reason to believe that the UW's fiscal situation will get worse before it gets better.

Turning to the accountability report presented the preceding day, Regent Gottschalk indicated that the UW met or exceeded its targets in eleven categories, including access, retention and graduation rates. Areas needing improvement include providing an environment that fosters ability to function in a world community and increasing access and success rates for students of color.

The funding situation, he pointed out, directly affects the ability to meet and achieve future goals. While 11 of 20 targets were met this year, 13 were met in 2002 and 14 in 2001. Noting that reduced funding reduces the capacity to mount programs and provide student services needed to achieve these goals, he stated concern that budget cuts in a GPR student support base already \$1,000 below the national average are taking their toll.

The accountability report, he observed, is a national model of ways to benchmark the progress of higher education institutions on important measures like retention and graduation rates.

In conclusion, he stated appreciation for the observations of David Ward, President of The American Council on Education, about the Higher Education Reauthorization Act and for the UW System's recommendations that President Lyall forwarded to Congress.

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## **REPORT OF THE PRESIDENT OF THE SYSTEM**

Noting that the Governor's budget address is to be delivered on February 18<sup>th</sup>, President Lyall stated that the UW must be part of the solution to the deficit and UW campuses have been working since last November to identify priorities and potential cuts to programs and positions. This is a process that requires consultation with faculty, staff, and students, and system-wide coordination among institutions to ensure that a balance of programs is maintained across the system. The magnitude of the cut, its timing, how much can be offset with tuition increases and what provisions may be made for increases in financial aid will affect the final decisions. In preparing for these cuts, the President noted that the institutions are still absorbing \$51 million in base cuts since school started last year.

Since last fall, she continued, campuses have been making cutbacks wherever they could without affecting the students enrolled for 2002-03. All campuses have made administrative cuts, including:

- 1) Reducing GPR travel by more than \$1 million (about 50%). This has restricted faculty travel to professional meetings and student opportunities for field study.
- 2) Printed matter and publications have been restricted to information that parents and students need to select a school, a major, and courses, along with information directed to alumni and donors as part of fundraising efforts. From now on, publications will carry a disclaimer when they are not published with GPR funds.
- 3) Advertising has been eliminated except for job notices that are legally required and public events information that serves the local community.
- 4) There has been selective replacement of vacancies to maintain instructional capacity to serve the fall 2003 entering class. The UW System has reduced salaries and personnel costs by more than \$20 million and nearly 300 positions in 2002-03, a year when enrollments exceeded targets by 2,600 FTE.

These personnel cuts have had a range of impacts, including: reduced library hours; elimination of risk management and security staff; elimination of positions in accounting and psychological testing; deferred replacements of staff in alumni relations, custodial positions, and information systems; and reduction of student work-study positions.

Turning to the future, she observed that the extent of future reductions in faculty and staff will depend on the size of the 2003-05 cuts and any offsetting tuition revenues.

To manage future cuts, she suggested the following principles:

First, whatever cuts are necessary in the short run, the UW should work to preserve its long-run capacity to serve students and that state.

Second, in keeping with efforts to minimize administrative costs, the University first has looked to cut administrative expenses that are least related to serving students, meeting legal accountability responsibilities, and generating external revenues. This will mean slower service and longer wait times for students, parents, legislators and other constituents.

Third, the university should look to eliminate or merge academic programs and majors that have small enrollments or parallel programs elsewhere, taking care to coordinate such eliminations across the system. For students, this may mean that the majors and programs they want can be obtained only at one or two campuses in the system. In some cases, they may need to apply out-of-state for specialized and especially expensive programs.

Both administrative and program cuts, she pointed out, require elimination of positions and personnel. Because the budget is 85% personnel costs, large dollar savings cannot be generated without affecting jobs and people. These decisions, she continued, will be made conscientiously, observing administrative rules and campus procedures for notice periods and appeals, and every effort will be made to assist employees who are laid off in finding new opportunities within the UW and state government.

Fourth, in order to mitigate the effects of large base cuts on student access, the university should support a move-to-the-midpoint policy for tuition, coupled with matching need-based financial aid. Thus, the President said, state subsidy dollars should be removed first from those that can afford to pay and last from those least able to pay. The move to the midpoint should not occur all in one year and financial aid should at least parallel the rate of tuition. Noting that current tuition levels are at the bottom of the university's peers, she observed that moving to the midpoint would implement the regents' long-standing policy of moderate and predictable tuition.

Fifth, President Lyall stated, after all these steps have been taken – cutting administrative costs, eliminating programs, and moving tuition to the midpoint – if further position/personnel reductions are necessary, there may be a need to review and adjust enrollment targets to reflect the elimination of faculty and staff.

She emphasized that adjusting enrollments is the fourth – not the first – step in the process and would be driven only by necessary reductions in faculty and staff that eliminate the ability to provide the sections, labs, and other educational services that students need to graduate in timely fashion. The UW's obligation, she noted, is to serve its students well at whatever scale is possible with available resources.

Finally, she indicated that there are a number of restructuring options that could be examined to reposition UW institutions over the long run to operate with much reduced state support. These might include: Exploring the "Cornell model" that privatizes certain professional schools and programs within the university or charter status for the UW System. Noting that each of these options has pros and cons that should be carefully weighed, she remarked that, depending on the depth and permanency of the ongoing budget reduction, restructuring may be a way to meet the goal of preserving the university's core mission and capacity to serve Wisconsin.

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### **UW Small Business Centers**

Noting that small businesses (those employing fewer than 100 people) generate 80% of all new jobs and that 95% of Wisconsin businesses fall in that category, President Lyall observed that the state's economic future depends on repositioning Wisconsin as a place where a person with a good idea and hard work can find encouragement, venture capital and intellectual expertise to launch and grow a new business. UW-Extension's Small Business Development Center, under the direction of Erica Kauten, helps entrepreneurs put it all together. There is a small business assistance office at each of the 13 UW campuses across the state where advice is available on topics ranging from

management to marketing to finance. Quick assistance also is available from the new Business AnswerLine. The SBDC's Entrepreneurial Training Center can help develop a business plan, qualify for a Department of Commerce grant, make referrals to potential investors and provide other assistance. Last year, SBDC served over 11,000 individuals and business owners working to build Wisconsin's growth opportunities.

Reporting that Ms. Kauten and Chancellor Sorensen were launching a specialty Center for Innovation and Development at UW-Stout, President Lyall said the center will provide business counseling and education to entrepreneurs, building on the market research and expertise of UW-Whitewater's Wisconsin Innovation Service Center. The Whitewater center specializes in new product assessment, while the Stout center will focus on helping entrepreneurs convert ideas to cash by developing business plans, obtaining financing and building management skills.

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### **UW-River Falls Grant**

It was reported by President Lyall that the National Science Foundation has awarded a \$374,000 grant to UW-River Falls to support Professor Mark Bergland's project on "Developing Computer Simulations of Protein Laboratory Procedures for Case-based Learning in International Biology Curricula and Pre-service Science Teacher Education." This project will further teacher education and teaching materials in lab-based science.

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### **UW IT Summit**

President Lyall reported that the UW system-wide Instructional Technology Summit was held in December at UW-Eau Claire. The summit brings together staff from all UW campuses to work together to manage campus technology in an increasingly tough fiscal environment. Noting that technology is one of the most rapidly rising cost areas for the university as well as for many businesses, she said that this type of collaboration helps to control costs and stretch the value of IT expenditures. The summit also helps set priorities for the UW System IT Plan, presented to the board each fall.

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### **Software Cost Reduction**

It was reported by President Lyall that the System Administration Procurement Office recently negotiated a \$1.2 million reduction in software maintenance costs that will benefit the whole system. For this accomplishment, she recognized Ruth Anderson for knowing the market and optimizing the educational discounts that can be obtained as a system.

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### **Passing of Special Friends**

President Lyall noted that death in December of Robert Taylor, former UW-Madison journalism graduate and news editor at WIBA radio for many years. He served as an assistant to three UW presidents and in 1968 became a university vice president for public relations. He returned to UW-Madison in the 1970s and taught there until his retirement in 1986. His wife, Judy, remains in Madison.

President Lyall also noted the passing of former Regent Roy Kopp, at age 97, in Naples, Florida. Mr. Kopp, of Platteville, served on the Board of the Wisconsin State Universities before merger and was the first President on the Board of Regents of the UW System.

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### **DISCUSSION ON BUDGET CUTS**

Commenting that President Lyall's remarks about the budget were both interesting and profound, Regent Axtell asked that copies of her statement be circulated to the members of the board.

Regent Rosenzweig suggested that it would be helpful to have information about the Cornell model and about the process through which the Hospital Authority was created.

Regent Smith referred to discussion at the Education Committee meeting about how quality issues differ from campus to campus. Noting that budget cuts also are local in their impact, he suggested that the regents hold hearings around the state to which the public, area legislators, students and faculty would be invited to discuss some of these local issues. This type of opportunity to listen, learn and discuss, he felt, would help the board in dealing with the management challenges posed by the coming budget reductions.

Referring to the principles set forth in President Lyall's statement, Regent Olivieri stated his agreement with setting forth the steps that would be taken before enrollment reductions are considered. To mitigate the impact of budget cuts, he felt that tuition should be moved toward the peer midpoint as soon as possible. If the time came to consider enrollment issues, he urged that these matters be addressed by the individual campuses, rather than on a system-wide basis.

Regent Axtell expressed concern about the impact on revenues of recent non-resident tuition increases and asked if information on that matter could be provided. President Lyall indicated that in the past year, the result had been loss of around two million dollars. Regent Marcovich added that an increase in the non-resident student population would substantially increase revenues for the university.

Regent Jones urged that discussion of tuition levels bear in mind the different income levels of students and the populations from which they come. He also pointed out that campuses have differing capacities in terms of enrollment, some having more room to grow than others.

Regent Mohs agreed with President Lyall's principles for making budget cuts and concurred that enrollments should not be reduced until all other alternatives are exhausted. With respect to nonresident tuition, he observed that students from other places are valuable, not only for the revenue they provide, but for the diverse geographical perspectives and superior academic qualifications they bring to campus.

Regent Davis commented that public hearings are most helpful when testimony is directed to a specific agenda and suggested that stakeholders be asked to comment on the areas of access, affordability and quality.

Regent Brandes felt that the first purpose of the hearings should be education of the public about the university in such areas as student access and demand. With regard to priorities, she commented that two crucial areas are the UW's academic quality in which Wisconsinites take justifiable pride and adherence to the missions that distinguish UW institutions and provide important doors of access for students.

Chancellor Wells suggested that external stakeholders be especially encouraged to attend the public hearings in order to bring the visibility of the system as a whole to the local level. Chancellors, he added, have been working to unite internal stakeholders and have obtained considerable support through involvement of campus governance units.

Provost Spear noted that admission standards at UW-Madison are the same for resident and nonresident students. Nonresident enrollment is decreasing as tuition increases.

Concurring that public hearings are a good idea, Chancellor Reilly felt they would enhance public understanding of the university and would fit well with the board's "Engage Wisconsin" theme.

Regent Barry said that the hearings need to be understood as an educational process on impacts at the campus level and principles for implementing cuts. Care should be taken, he cautioned, that the hearing not be perceived as lobbying or an effort to avoid having the UW take its fair share of cuts.

While public hearings might serve an important purpose, Regent Olivieri did not think they would provide the kind of information needed to formulate a strategy for dealing with large budget cuts. Noting that different campuses might have different approaches to this matter, he thought communication from the chancellors, including observations about their stakeholders, would be the best way for the board to be advised of the situation at the various institutions.

While he had some concern about the value and perception of public hearings, Regent Mohs expressed willingness to participate, noting that some, but not all, testimony may be predictable.

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## **REPORT OF THE BUSINESS AND FINANCE COMMITTEE**

Regent Olivieri, Chair, presented the report of the Business and Finance Committee.

### **Annual Financial Report**

An overview of the UW System annual financial report was explained by Doug Hendrix, Associate Vice President of Financial Administration and Dwan Schuck, Director of Financial Reporting. Regent Olivieri commended staff for the enormous amount of work and time it took to prepare this report due to several changes required under a new reporting model.

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### **Program Review of Stewardship of Art, Science, and Special Library Collections**

Ron Yates, Director of the Office of Operations Review and Audit, reported on the review to ensure proper policies and procedures are in place to manage and preserve library collections owned, borrowed and loaned by UW institutions. Mr. Yates noted that UW-Madison's Elvehjem Art museum is the only American Association of Museums (AAM) accredited museum in the UW System.

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### **Trust Funds**

The Trust Funds Annual Report was presented by Doug Hoerr, Assistant Trust Office. Although market values have declined the past two years, Mr. Hoerr reported that UW System investments have performed favorably relative to selected benchmarks, and administrative costs associated with the management of Trust Funds are very low.

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### **Federal Relations Update**

Kris Andrews, Federal Relations Coordinator, described the current federal environment and noted that there is an enormous amount of interest in higher education. She noted the areas of fiscal year 2004 that are important to the UW System – research and development; and education and funding for the National Institute of Health and National Science Foundation

Letters have been sent to congressional officials requesting the Higher Education Reauthorization Act be changed to allow for more grant opportunities. Student supported service grants is an important issue for the UW System's institutions.

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### **Quarterly Gifts, Grants, and Contracts Report**

Vice President Durcan reported on the second quarter gifts, grants and contracts report for 2002-03. VP Durcan noted a total of \$578 million, an increase of \$66 million from the comparable period of the previous fiscal year.

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### **Report of the Vice President**

VP Durcan discussed a report listing institutions in other states who not only doubled their tuition increases at the beginning of the school year, but imposed mid year tuition increases of 6% to 9%.

Ms. Durcan noted that the Joint Audit Committee of the Legislature will be reviewing administrative expenditures and staffing

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On behalf of the Business and Finance Committee, Regent Olivieri presented the following resolutions to the Board of Regents as consent agenda items. The motion was seconded by Regent Jones and it passed unanimously.

### **UW System Trust Funds Acceptance of Bequests**

Resolution 8654: That, upon the recommendation of the President of the University of Wisconsin System and the Chancellors of the benefiting University of Wisconsin institutions, the bequests detailed on the attached list be accepted for the purposes designated by the donors, or, where unrestricted by the donors, by the benefiting institution, and that the Trust Officer or assistant Trust Officers be authorized to sign receipts and do all things necessary to effect the transfers for the benefit of the University of Wisconsin.

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

**Principal Expenditure UW System Trust Funds: Louise C. Smith Bequest**

Resolution 8655: That, upon recommendation of the President of the University of Wisconsin System and the Dean of the University of Wisconsin-Madison School of Nursing, the principal and income balance of the Louise C. Smith bequest become available for spending.

**UW-Stevens Point: Contract Extension with Chartwells**

Resolution 8656: That upon the recommendation of the President of the University of Wisconsin System and the Chancellor of the University of Wisconsin-Stevens Point, the Board of Regents approves an extension of the contract with Chartwells to provide dining services at the University of Wisconsin-Stevens Point.

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**REPORT OF THE EDUCATION COMMITTEE**

The report of the Education Committee was presented by Regent Boyle, Chair.

**Federal Higher Education Reauthorization Act and Wisconsin**

Regent Boyle pointed out the recommendations the UW System Task Force will emphasize in their response to the Reauthorization Act. These include allowing Wisconsin's successful teacher education initiatives to move forward; categorizing the UW Colleges as 13 discreet entities, not as one institution where financial aid is concerned; encouraging efforts being made in terms of student financial aid; and discounting and/or forgiving loans, especially in high-demand, but low-paying fields such as nursing and special education.

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**Accountability and Quality in a Time of Budget Reduction**

Discussion of the committee focused on three questions regarding the quality of a UW education.

- (1) What do members of the Education Committee consider the most effective indicators of a quality education in describing the value of the UW System to the state?
- (2) What would be the consequences of budget reductions on these quality indicators?

- (3) How can the System and the Board most effectively communicate quality to the public and to political decision-makers?

Regent Boyle continued by emphasizing that quality means different things to different stakeholders. Regent Axtell pointed out four indicators to consider: 1) Access; 2) Retention, 3) Graduation Rates, and 4) Alumni and Employer Satisfaction. A number of chancellors and provosts expressed concern that using the same indicators for each institution would misrepresent the institutions by not taking into account their individual missions and student populations. While differing missions is crucial to evaluating institutions, Regent Boyle stated that legislatively, a cohesive decision needs to be made at the System level.

Two suggestions were presented regarding marketing accountability indicators. In terms of recounting the value of the institution, analysis should be done in the local community and each institution would communicate with their own legislators; and demonstrating how valuable the UW System is to the citizens of the state. Communicating how the System contributes to state priorities such as economic development, brain gain, preparing students for employment and health issues would demonstrate the value of the University System to the state.

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### **Report of the Senior Vice President**

Associate Vice President Ron Singer outlined three criteria the Education Committee will be using when looking at future programs:

- 1) Programs responsive to a demonstrative critical state need such as special education and health care;
- 2) Programs where delay in the implementation would place at risk unique, time-sensitive funding and/or collaboration opportunities;
- 3) Programs with a revenue and cost structure that will result in enhancement of resource for the institution.

Associate Vice President Singer announced that the Office of Academic and Student Services is developing an expedited program approval process. It will be developed in consultation with provosts and the System Program Planning Advisory Committee. This process will maintain the appropriate program array and meet quality control and faculty governance procedures.

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### **Accreditation**

Regarding the process an institution goes through during accreditation, the following steps were identified: (1) The Regional Accreditation Association identifies the criteria and the focus of the review. Each institution may identify one area they would emphasize, i.e. Liberal Arts Education, Special Education, etc. (2) The institution will do a self study which would take about a year, followed by a campus visit from the Accreditation Association. The report from the Association would follow. It was noted that UW institutions have been very successful, with very few recommendations for change or improvement.

In discussion, Regent Olivieri pointed out that this may be a good time and a good opportunity to be very vigorous about new programs, and to be very vigorous about the analysis of programs already in place, as this will be important in dealing with budget issues. President Lyall noted that the number of new programs approved from year to year offsets the number that are eliminated or merged

Regarding accountability analysis, Regent Rosenzweig suggested that each campus be compared on an equal basis so that it is meaningful to the public.

Commenting on upcoming reauthorizations, Regent Randall felt it imperative that these are done on a timely basis, as they will be occurring within the next two to three months. As an example, a goal has been set for attracting more non-traditional students and for increasing the number of students in pre-college programs. Their education is paid through funds administered by some of these acts which are up for reauthorization. Regent Randall continued that in a job survey taken in October, 2002, more than 13,000 jobs were available in the southeastern part of the state. 80% of those positions required at least a high school degree and some training beyond. Access to the UW System and the Technical Colleges will be very important for these students.

Regent Boyle stated that there is no intention of disbanding the report, but presenting it to different stakeholders with different needs and interests, and being flexible in communicating to stakeholders is the focus of the committee.

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## **REPORT OF THE PHYSICAL PLANNING AND FUNDING COMMITTEE**

The Physical Planning and Funding Committee report was presented by Regent Gracz, Chair.

### **Report of the Assistant Vice President**

Nancy Ives, Assistant VP reported that the Building Commission approved about \$76.5 million for various projects at their December meeting. The overall State building

Program is on hold in consideration of the state's budget deficit. For the University System that will include 30 major projects totaling \$305 million and over 500 maintenance and small projects and studies, totaling \$150 million. Ms. Ives indicated that the construction industry has a significant impact on the state's economy. Projects currently on hold equates to almost a \$1 billion economic impact, including 3,800 jobs who would pay \$13.6 million in income taxes. System Administration and the campuses will continue to advocate for important projects, particularly those funded with little or no GPR funds.

Ms. Ives reported that there has been discussion on how to identify ways to streamline the existing building process. All projects over \$500,000 require specific enumeration in a biennial budget regardless of funding source. The Board of Regents has recommended that the law be changed to exclude cash funded projects.

Regent Gracz presented the following resolutions to the Board of Regents as consent agenda items. Regent Randall seconded the resolution and it passed unanimously.

**Authority to Add the UW-Madison Kemp Natural Resources Station Project to the 2003-05 Capital Budget, UW System**

Resolution 8657: That, upon the recommendation of the President of the University of Wisconsin System, authority be granted to add the UW-Madison Kemp Natural Resources Station project at an estimated project cost of \$655,000 (\$515,000 Gifts and \$140,000 Federal Grants) to the 2003-05 Capital Budget.

**UW-Madison: Authority to Construct a Botany Garden Expansion Project**

Resolution 8658: That, upon the recommendation of the UW-Madison Chancellor and the President of the University of Wisconsin System, authority be granted to construct a Botany Garden Expansion project at a total estimated cost of \$385,000 Gift Funds.

**UW-Oshkosh: Authority to Construct a Titan Stadium Maintenance Project**

Resolution 8659: That, upon the recommendation of the UW-Oshkosh Chancellor and the President of the University of Wisconsin System, authority be granted to construct a Titan Stadium Maintenance project at an estimated total project cost of \$552,000 Program Revenue – Cash.



**UW-Platteville: Approval of the Design Report and Authority to Construct a Ullrich Hall Renovation Project**

Resolution 8660: That, upon recommendation of the UW-Platteville Chancellor and the President of the University of Wisconsin System, the Design Report be approved and authority be granted to construct the Ullrich Hall Renovation project, at a total estimated project cost of \$6,956,000 of General Fund Supported Borrowing.

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

Resolution 8661: That, upon the recommendation of the UW-Whitewater 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-Whitewater Foundation to enable the Foundation to undertake an Athletic Administration Annex facility project and remodeling of the first floor of the Stadium Athletic Building, and (2) accept the gift-in-kind of the completed new and remodeled facilities, valued at approximately \$1.4 million.

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**COMMUNICATIONS, PETITIONS, MEMORIALS**

In a statement of remembrance, UW-Madison Peter Spear noted that the university community was united in grief and mourning for the seven astronauts who were lost on February 1<sup>st</sup>. An alumna of UW-Madison, Commander Laurel Clark earned a bachelor's degree in Zoology in 1983 and an MD degree in 1987. Dr. Clark will be remembered, he continued, for the enthusiasm she brought to Columbia's mission and for the passion with which she embraced the risks and opportunities of space travel. In that regard, he noted that she had specifically asked to assist with the research projects sponsored by UW-Madison that flew on Columbia. Provost Spear stated that the UW-Madison community is committed to carrying on her legacy. In closing, he indicated that plans are under way to establish a scholarship for her son.

The following resolution, presented by Regent President Gottschalk, was adopted by acclamation.

**Memorial Resolution: Dr. Laurel Blair Salton Clark and the Crew of the Space Shuttle Columbia**

- Resolution 8662:           WHEREAS, the seven astronauts aboard the final mission of the United States Space Shuttle Columbia will forever be remembered as national heroes who were committed to fearless sifting and winnowing for the benefit of all humankind; and
- WHEREAS, the Columbia's crew included Mission Specialist Laurel Blair Salton Clark, of Racine, Wisconsin; Commander Rick D. Husband; Pilot William C. McCool; Payload Commander Michael P. Anderson; Mission specialist David M. Brown; Mission Specialist Kalpana Chawla; and Payload Specialist Ilan Ramon, the first Israeli astronaut; and
- WHEREAS, Dr. Clark was an esteemed and loyal alumna of the University of Wisconsin-Madison, having received her Bachelor of Science in Zoology from the College of Letters and Science and her Doctorate in Medicine from the Medical School, and a decorated Commander in the U.S. Navy; and
- WHEREAS, during the 16-day mission, which was entirely dedicated to research in the physical, life and space sciences, the crew conducted approximately 80 scientific experiments, including two designed by UW-Madison's Wisconsin Center for Space Automation and Robotics; and
- WHEREAS, the Columbia and all seven crew members were lost February 1, 2003, as the shuttle returned to the Earth's atmosphere; and
- WHEREAS, the performance of the flight members aboard the Columbia, who looked past the danger of their journey with great courage and positive energy, should serve as inspiration to scientists around the world who continue their quest for knowledge;

BE IT THEREFORE RESOLVED, that during this time of national and international tragedy, the Board of Regents of the University of Wisconsin System extends its deepest sympathy to Dr. Clark's husband, son and entire family, as well as the families of all crew members; and

BE IT FURTHER RESOLVED, that with highest respect and enduring gratitude, the Board of Regents recognizes the valor and personal sacrifice of the shuttle crew, and, with most sincere appreciation, praises the countless achievements of Dr. Laurel Blair Salton Clark and the legacy of all those aboard the Space Shuttle Columbia.

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## **CLOSED SESSION**

The meeting was recessed at 11:40 a.m., and reconvened in open session at 11:50 a.m., at which time the following resolution, moved by Regent Marcovich and seconded by Regent Axtell, was adopted on a unanimous roll-call vote, with Regents Axtell, Boyle, Davis, Jones, Marcovich, Mohs, Olivieri, Randall, Rosenzweig, Salas, Smith, and Gottschalk (12) voting in the affirmative. There were no dissenting votes and no abstentions.

Resolution 8663:           That, the Board of Regents recess in Closed Session, to confer with Legal Counsel, as permitted by s.19.85(1)(g), *Wis. Stats.*

The Board arose from closed session at 12:50 p.m., having taken no actions. The meeting was adjourned at 12:50 p.m.

The following resolution was adopted on October 11, 2002, but not announced at that time pending acceptance by the nominees.

### **UW-Madison: Honorary Degrees**

Resolution 8664:           That, upon the recommendation of the Chancellor of the University of Wisconsin-Madison and the President of the University of Wisconsin System, approval be granted to award the following honorary degrees, subject to acceptance by the nominees:

Dr. Carl Anderson: Doctor of Science  
Dr. Neuma F. de Aguiar: Doctor of Science

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Judith A. Temby, Secretary