

MINUTES OF THE REGULAR MEETING

of the

BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM

Madison, Wisconsin

Held in the 1820 Van Hise Hall
UW-Madison
Friday, February 11, 2005
9:00 a.m.

- President Marcovich presiding -

APPROVAL OF THE MINUTES 3

REPORT OF THE PRESIDENT OF THE BOARD 3

RESOLUTION OF APPRECIATION FOR SENIOR VICE PRESIDENT DAVID W. OLIEN AND CITATION FROM THE STATE ASSEMBLY 3

Resolution of Appreciation: David W. Olien 4

RESOLUTION OF APPRECIATION FOR VICE PRESIDENT LINDA L. WEIMER 8

Resolution of Appreciation: Linda L. Weimer 8

REPORT ON THE JANUARY 21, 2005 MEETING OF THE EDUCATIONAL COMMUNICATIONS BOARD10

WISCONSIN TECHNICAL COLLEGE SYSTEM REPORT11

REPORT ON THE FEBRUARY 9, 2005 MEETING OF THE HOSPITAL AUTHORITY BOARD11

REMARKS BY UNITED COUNCIL PRESIDENT STEPHANIE HILTON11

REPORT OF THE PRESIDENT OF THE SYSTEM.....12

REPORT OF THE COMMITTEE ON BACCALAUREATE EXPANSION12

WISCONSIN JOBS FOR WISCONSIN GRADS12

MIKE KRAUS TO SERVE ON HOST COMMITTEE13

PELUMI ADELEKE TO RECEIVE WEINSTEIN SCHOLARSHIP13

MADISON BUSINESS HONORS HECTOR DELUCA AND MARK BUGHER13

REGENT MILTON MCPIKE HONORED WITH HERITAGE AWARD.....14

CONGRESSIONAL DELEGATION SUPPORT FOR FINANCIAL AID14

APPRECIATION TO DAVID OLIEN AND LINDA WEIMER15

REPORT OF THE BUSINESS AND FINANCE COMMITTEE15

ANNUAL FINANCIAL REPORT15

OFFICE OF OPERATIONS REVIEW AND AUDIT UPDATE16

BUSINESS OF THE COMMITTEE17

TRUST FUNDS17

REPORT OF THE VICE PRESIDENT18

REPORT OF THE EDUCATION COMMITTEE.....19

DISCUSSION OF THE GOVERNOR’S BIENNIAL BUDGET19

CONSENT AGENDA19

Revision to Include Gender Identity or Expression in the University of Wisconsin System Regent Policy Documents on Non-Discrimination20

<i>The University of Wisconsin-Milwaukee: Office of Charter Schools Contract with Seeds of Health, Inc., d/b/a Career Education Academy</i>	20
<i>UW-Milwaukee: Office of Charter Schools Contract Extension with the Milwaukee Urban League Academy of Business and Economics, Inc.</i>	21
<i>UW-River Falls: Program Authorization (Implementation) B.A./B.S. in International Studies</i>	21
<i>UW-Whitewater: Revised Mission Statement</i>	21
<i>UW-Stout: Amendments to Faculty Personnel Policies</i>	21
<i>UW-Eau Claire: Authorization to Recruit Chancellor</i>	21
NEW PROGRAM PROPOSALS – FIRST READING	22
PLAN 2008 – PHASE II	22
<i>Resolution to Endorse the UW System's Commitment to Diversity in Phase II of Plan 2008</i>	23
<i>Resolution to Endorse the UW System's Commitment to Diversity in Phase II of Plan 2008</i>	25
REPORT OF THE PHYSICAL PLANNING AND FUNDING COMMITTEE	27
BUILDING COMMISSION ACTIONS	27
CONSENT AGENDA ITEMS	28
<i>UW Colleges: Authority to Release Leased Property Rights</i>	28
<i>UW-Extension: Authority to Construct and Increase the Budget of the Lowell Hall Lobby Renovation Project</i>	28
<i>UW-Madison: Authority to Execute a Lease of Space for the UW-Madison Graduate School - Wisconsin National Primate Research Center</i>	28
<i>UW-Platteville: Authority to Enter Into a Land Use Agreement and to Lease Space</i>	29
<i>UW-Stevens Point: Authority to Increase the Budget of the DeBot Center Kitchen and Dining upgrade Project</i>	29
<i>UW System: Authority to Construct Various Maintenance and Repair Projects</i>	29
ADDITIONAL BUSINESS	30
TUITION POLICY	30
CLOSED SESSION	30
<i>UW-River Falls: Authorization to Appoint Chancellor</i>	30
<i>UW-Eau Claire: Authorization to Appoint Interim Chancellor</i>	31

MINUTES OF THE REGULAR MEETING

of the

BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM

Madison, Wisconsin

Held in the 1820 Van Hise Hall

UW-Madison

Friday, February 11, 2005

9:00 a.m.

- President Marcovich presiding -

PRESENT: Regents Axtell, Bradley, Burmaster, Connolly-Keesler, Davis, Gottschalk, Gracz, Marcovich, McPike, Olivieri, Pruitt, Randall, Richlen, Rosenzweig, Smith and Walsh

ABSENT: Regent Salas

APPROVAL OF THE MINUTES

The minutes of the December 9, 2004 meeting and the corrected minutes of the December 10, 2004 meeting were unanimously approved, upon motion by Regent Randall, seconded by Regent Gottschalk.

REPORT OF THE PRESIDENT OF THE BOARD

Resolution of Appreciation for Senior Vice President David W. Olien and Citation from the State Assembly

Noting that David Olien served for many years as senior advisor to President Emeritus Katharine Lyall, one of the most respected leaders in higher education. Regent Gottschalk remarked that two characteristics that best describe Mr. Olien are loyalty and integrity.

He then read a Citation from the State Assembly and presented the following resolution:

Resolution of Appreciation: David W. Olien

Resolution 8961: **WHEREAS**, David W. Olien has honorably served the University of Wisconsin System with great dedication and distinction for 12 years; and

WHEREAS, he has been an advocate for UW System students, faculty and staff in his service as senior vice president since 1997, managing staff responsible for human resources, procurement, safety and loss prevention, and confidential advisor to the President; and

WHEREAS, he served as ‘chief of staff’ for the Board of Regents “Charting a New Course for the UW System,” a study of the university’s future, which produced a strategic planning document to preserve access and quality, and guide the UW System for years to come; and

WHEREAS, from 1993 to 1997, David served as vice president of university relations, during which time he directed state governmental relations, federal relations and university communications, building relationships with the Legislature, and informing efforts to reform procurement, improve public broadcasting, and develop the state’s economy; and

WHEREAS, David helped to expand the reach of the UW System by serving on the executive committee of all four Wisconsin Economic Summits; ably representing the UW System on the Educational Communications Board, the State Historical Board of Curators, and the Midwestern Higher Education Compact; and has received national honors for his work with legislators in Illinois and Wisconsin; and

WHEREAS, David has significantly contributed to the direction and leadership of the UW System and its institutions, having assisted the President and the Regents with the recruitment of all but one of the current University of Wisconsin System Chancellors; and having served the university community and Wisconsin citizens, in the spirit of the Wisconsin Idea;

BE IT THEREFORE RESOLVED that the University of Wisconsin System Board of Regents highly commends and thanks David W. Olien for his more than a decade of service, and his numerous contributions to higher education in Wisconsin, and extends sincere best wishes in all his future endeavors.

The resolution was adopted by acclamation and accompanied by a standing ovation.

President Reilly then presented him with a University of Wisconsin System medallion, after which Mr. Olien made the following remarks:

"Thank you. I want to take this opportunity to first thank my wife Debbie who with my two children made the personal sacrifices that came with our move in 1993 from Champaign, Illinois to Madison. My second thank you goes to President Emeritus Katharine Lyall who recruited me from the University of Illinois to join her team at the UW System. It was a pleasure to serve Katharine for over 11 years first as Vice President for University Relations and subsequently as Senior Vice President.

"I have been fortunate to have had wonderful colleagues here. I can only mention a few but I want to thank those I have worked closest with for their dedication: Shirley Sitts, Kerry Niemcek, George Brooks, Margaret Lewis, Ruth Anderson, Sheri Ackley and Linda Weimer.

"As I reflect on an administrative career in public higher education, I think back 35 years to the opportunity for a quality education I received, supported in part by the taxpayers of Wisconsin and then the taxpayers of Illinois. I recall from my life experience the uplifting experience that was a gift to me from first the faculty and staff of UW-Eau Claire and then the University of Illinois.

"Higher education certainly gave me a very rewarding career. And much of our focus in these days is emphasizing the personal economic benefits of higher education. But the material comfort my family and I have today is not the most valued result of my educational experience. The thing I treasure most about my higher education experience is that it literally opened so many wonders of the world to me.

"Within a year of graduating from UW Eau Claire, I was experiencing the incredible fruits of my studies as I spent time in Europe, appreciating the experience because of the opportunity I had under Professor Barbara Rolland to study French and under Professors Kenneth Campbell and Thomas Lilly to study archaeology and art history. Archaeology and classical history remain my passion to this day.

"One year later in 1972, when our country was discovering China as a nation rather than an enemy, I was able to study Chinese politics under Professor Doh Shin at the University of Illinois. A decade later I was able to earn another graduate degree studying under some of the leading educational psychologists who with colleagues at Wisconsin were doing ground breaking work in discovering how people learn.

"I would never have had these opportunities to enrich my life were it not for the public support those two institutions received. Today I need to thank Governors Nelson, Reynolds and Knowles.

"There is a reason many of us retain an emotional attachment to our alma maters for our entire lives. Former Harvard President James Bryant Conant said it best in 1936 at ceremonies marking the tercentenary of Harvard: 'He who enters a university walks on hallowed ground.'

"Very wise men and women engaged in political life made the establishment of quality higher education in the United States a priority. Abraham Lincoln, who signed the Land Grant Act into law, said 'The land-grant university system is being built on behalf of the people, who have invested in these public universities their hopes, their support and their confidence. I can only say that I view education as the most important subject we as a people can be engaged in.'

"While we face some serious state budget problems, we must keep in mind that Lincoln made higher education a top priority in the midst of the civil war which threatened the nation's very existence.

"John Ruskin said, 'The first duty of government is to see that people have food, fuel and clothes. The second is that they have the means of moral and intellectual education.'

"Visionaries throughout world history have spoken up on behalf of education. When we wrestle at times with anti-intellectual forces, we keep in mind the words of Publilius Syrus in the first century BC, 'It is only the ignorant who despise education.'

"As I glance at the Regent President portraits in this room, I see the faces of nine former Regent Presidents I had the opportunity to work with. The common connection

among those nine, from Paul Schilling, Tom Lyon, Mike Grebe, San Orr, and finally Guy Gottschalk was that, regardless of their political affiliation, they stood tall as advocates for quality at the UW institutions. They recognized that they had a higher responsibility beyond that of serving the Governor who appointed them. As citizen regents they dedicated themselves to preserving and enhancing higher educational opportunity for Wisconsinites. The people of Wisconsin, the faculty, staff and students on the UW campuses are expecting you to do the same. As the poet Virgil said: 'The noblest motive is the public good.'

"As I leave you today, I ask this board to heed Virgil's words and act aggressively and effectively as your predecessors did for the first 150 years of this state's history. The University of Wisconsin System is now at a crossroads. It is high noon on your watch. The future of this system and indeed this state hangs in the balance. I recall the words of the great University of Michigan President James B. Angell in the 19th century, who said it best when he said, 'The state university was a bulwark against an aristocracy of wealth: it was the inevitable and necessary expression of a democratic society.'

"The campuses of the UW have been created by the hard work of chancellors, their administrative teams, the faculty, staff and students, using precious resources provided in large part by governors and legislators who represented and carried out the wishes of the people of Wisconsin who understood the connection between higher education and societal and individual well being. Governors Gaylord Nelson, John Reynolds and Warren Knowles were proud of the higher education legacy each of them left. That legacy is being dismantled in my view as the UW faces for the second biennium in a row a poor budget proposal that, if not changed by the Legislature, will further damage this state's most treasured institution.

"Former Governor and former Chancellor and former Regent Lee Sherman Dreyfus, in his last meeting in this room in this building named for the visionary President Van Hise, often said that Wisconsin by all measures but one was average among the states. The one area where Wisconsin stood among the wealthier and larger states was in its commitment to higher education.

"As I leave you, as a member of the class of 1970, I ask you to open a new dialogue with the State Legislature, so the people of Wisconsin can continue to live out their dreams as I and hundreds of thousands of others have. I hope you will work with the Legislature as partners to help Wisconsin change course and refocus its resources where its minds are. Thank you."

-

Resolution of Appreciation for Vice President Linda L. Weimer

Presenting the following resolution, Regent Richlen noted that Vice President Weimer had always stood up for students and made sure they were invited to the table.

Resolution of Appreciation: Linda L. Weimer

Resolution 8962: **WHEREAS**, Linda L. Weimer has advanced the mission and agenda of the University of Wisconsin System through her five years of steadfast advocacy, and passionate commitment as Vice President for University Relations; and

WHEREAS, Linda’s tireless efforts to engage the entire university community — students, faculty, staff, families, regents, business leaders, elected officials, and countless others — set a high standard for communication and action during times of dramatic change within Wisconsin and the UW System; and

WHEREAS, by implementing and promoting the statewide Wisconsin Economic Summits, Linda helped elevate the stature of the UW System, and solidified the university as the state’s key partner on economic development; and

WHEREAS, Weimer improved UW System’s advocacy by integrating communications efforts across the system, and by intensifying programs in state, federal, student and alumni relations, including the Federal Relations Council, the UW Alumni Council, and the Student Ambassadors Advisory Council; and

WHEREAS, Linda expanded the UW System’s reach and visibility by creating unique programs and events, including UW Days at the State Capitol, in Washington D.C., and at the State Fair; UW Spirit Day; the Wisconsin Idea Fellows recognition program; the Posters in the Rotunda undergraduate research event; and String of Pearls, the UW System’s 30th Anniversary celebration; and

WHEREAS, future generations will benefit as Linda offers her insight and expertise, in the spirit of the Wisconsin Idea, in her national roles as a Professional in Residence for the Council for Advancement and Support of Education, and as a leader of the American Council on Education's Public Trust Initiative;

BE IT THEREFORE RESOLVED that the Board of Regents of the University of Wisconsin System highly commends and thanks Linda L. Weimer for her leadership, counsel, good humor, and innovative contributions to Wisconsin and the UW System, and wishes her well in her continued service to the UW System and higher education nationwide.

The resolution was adopted by acclamation and accompanied by a standing ovation.

President Reilly then presented her with a University of Wisconsin System medallion, after which Ms. Weimer made the following remarks:

"Thank you very much. Little did I imagine when I arrived at UW-Madison as a graduate student in zoology more than 36 years ago that I would be standing here today. I never envisioned a career in higher education. It just happened. But it has given me so many great experiences from spending time with the Dali Lama and Bill Cosby, writing a NOVA film and starting *WisconsinWeek* and *Berkeley Magazine* to helping the UW System gain more federal dollars and facilitating the coming together of more than 1,000 people to strategize about the economic future of this state. Even more, it has given me wonderful friendships and partnerships, including those with many of you in this room today.

"I appreciate your acknowledgement of what I have contributed to the University of Wisconsin System and added to that, my 24-year career at UW-Madison, but I assure you that this university has given far more back to me. We are part of a wonderful enterprise; we are in the dream realization business and it is an exhilarating experience!

"Though I am closing this particular chapter in my career, please be assured that my fight for public recognition for higher education, not to mention appreciation and financial support, will continue. I am representing this great university system on the national level, working with our higher education associations, other prominent universities, the NCAA, TIAA-CREF and the College Board to put higher education in a much higher place in the pantheon of public priorities for this nation. Not out of self interest for higher education. But, out of self interest for this country. Without a strong, and well supported, system of higher education – public and private, two-year and four-year – our nation will not maintain its competitive advantage in the world nor, I believe,

it's democratic values; future generations will not be able to live their dreams and realize their full potential; and the cure for cancer may remain locked in the mind of someone who cannot go to college or graduate school.

"At the same time, I am enjoying giving back to university advancement by being one of three nationally selected "visiting professionals" for the Council for the Advancement and Support for Education. I will share what I have learned with others, help CASE be more responsive to the needs of its members, including our own UW campuses, and encourage young people to pursue this field and devote their creative energies and talents to our colleges and universities.

"Finally, let me thank my colleagues and coworkers for making these past five years so productive and rewarding. There is no "I" in team, as they say, and what we have accomplished has been a team effort, in every way. My thanks to Katharine, who rescued me from California, and to Kevin with whom I have enjoyed working; thanks to my wonderful cabinet colleagues, past and present; thanks to the chancellors and their remarkable public affairs staff members. Thank to members of this board and to your predecessors. I want especially to single out Jay Smith, Fred Mohs, Guy Gottschalk, Toby Marcovich, Beth Richlen, Roger Axtell, Danae Davis and Eileen Connolly-Keesler, with whom I have worked most closely. I have learned so much from each of you and have appreciated your strong support for our university relations projects.

"But I especially want to thank our extraordinary university relations team, a truly dedicated group of men and women who would walk on hot coals for this university – and sometimes, I think, felt like they had! Margaret, Laurie, Kris, Kathy, Kate, Aural, Doug, Jennifer, David, Linda, Lorraine; you are the best staff I have ever worked with and that's saying a lot because I have worked with many, many talented people in my career. Finally, and not least, I want to thank my domestic partner, Jean Lang, who has shared my life and been my editor, mentor, advisor and best friend for 34 years.

"In closing, I urge this board to continue its strong advocacy for this great university system. We all work, ultimately, for 160,000 students who represent *our* future. As someone wiser than I once said, 'Education is not a pail to be filled, but a fire to be lit.' Let us keep those fires burning. Thank you."

-

Report on the January 21, 2005 meeting of the Educational Communications Board

A written report on the January 21, 2005 meeting was provided to the Regents.

-

Wisconsin Technical College System report

A written report was provided to the Board

-

Report on the February 9, 2005 meeting of the Hospital Authority Board

The Board received a written report on the February 9th meeting.

-

Remarks by United Council President Stephanie Hilton

Reporting on student reaction to the Governor's biennial budget, Ms. Hilton indicated first that the budget is a step in the right direction, providing state dollars for financial aid, domestic partner benefits and restored faculty positions.

However, she commented that tuition still would not be affordable. If a 7% increase is adopted, tuition would have increased by more than 50% in four years -- \$1100 over two years at UW-Madison and \$900 at the comprehensive universities. United Council, she stated, would not support a tuition increase above 5%.

With regard to proposed administrative cuts, she expressed concern about the impact on people who provide important services to students.

Despite financial aid increases, she pointed out, the maximum award covers the tuition increase in the first year but not in the second. In addition, extensive federal financial aid cuts have been proposed.

As to efforts to affect the budget outcome, United Council has launched a video campaign of student testimony to show what individual students are experiencing. In addition, a statewide tour was under way, with students signing real doors, symbolizing access to education, to be presented to legislators on February 24th. In conclusion, she indicated that students are excited about these efforts and that they have generated lots of positive media attention.

- - -

REPORT OF THE PRESIDENT OF THE SYSTEM

Report of the Committee on Baccalaureate Expansion

President Reilly noted that the committee was created to find cost-effective ways to increase the pool of Wisconsin citizens who hold bachelor's degrees and was ably led by Regent Pruitt and Regent Smith, with excellent support from Larry Rubin, of the UW System and Janet Washbon, of the WTC System.

The committee proposed 13 strategies to enhance student success and the quality of education. By increasing the number of bachelor's degree holders, there would be a resulting increase in average per capita income and an improved overall economy for the state. President Reilly indicated that the Governor's budget proposal included more than \$1 million to fund some of the initiatives and that he and WTC President Dan Clancy will name a committee to work on implementation.

Regent Smith stated his appreciation for the work of the committee and staff. He felt encouraged that money was included in the budget but cautioned that there is a long way to go through the process of funding and implementing the strategies.

Regent Pruitt expressed appreciation also to Regents Axtell and Connolly-Keesler for their work on the committee. He commented that the recommendations need to be a priority going forward and that goals must be set high to produce 36,000 additional graduates in the next four years.

-

Wisconsin Jobs for Wisconsin Grads

President Reilly reported that UW career service directors have teamed up for a dynamic effort to help stem "brain drain." A statewide initiative, Wisconsin Jobs for Wisconsin Grads will provide an online job posting system for Wisconsin employers to advertise full-time jobs, internships, and co-op opportunities to the more than 32,000 students the UW graduates each year. The system allows graduates to submit online resumes to employers and increases the ability to improve "brain gain" by contacting alumni around the world who may be interested in returning to Wisconsin.

Noting that nearly 50 employers have already posted more than 70 jobs to the site, President Reilly reported that the system was developed with no additional cost to students, taxpayers, or employers. He expressed appreciation to UW-Green Bay Career Service Director Linda Peacock-Landrum for leading this effort.

-

Mike Kraus to serve on Host Committee

It was reported by President Reilly that Mike Kraus, special assistant to the Vice President for Finance, is serving on the 2005 Annual Meeting Host Committee of the Central Association of College and University Business Officers. This important organization represents chief business officers at more than 700 institutions.

-

Pelumi Adeleke to receive Weinstein Scholarship

President Reilly congratulated Pelumi Adeleke, student assistant in the UW System Office of Academic Diversity and Development, on receipt of the 2005-06 Laurence A. and Frances L. Weinstein Scholarship. Regent Emeritus and Mrs. Weinstein created the award to provide additional encouragement to students of color in business and related fields. The award is given to a UW-Madison School of Business student every other year.

-

Madison Business honors Hector DeLuca and Mark Bugher

President Reilly congratulated Hector De Luca and Mark Bugher, who were honored by *Madison Business*, a publication of *Madison Magazine*, with its Fifth Annual Best of Madison Business Awards.

The magazine awarded the Brian D. Howell Award for Excellence in Innovation to Hector DeLuca, Chair of the Biochemistry Department at UW-Madison and CEO of Detanoid Pharmaceuticals, a UW spin-off company. Mark Bugher, Director of the University Research Park, was honored for his role in driving economic development.

-

Regent Milton McPike honored with Heritage Award

President Reilly congratulated Regent McPike, who received this year's Heritage Award during celebration of Dr. Martin Luther King, Jr. Day at the State Capitol. He was given the award from the Governor's Office and the MLK State Planning Committee for his long and outstanding service to the local and state community, which embodies Dr. King's message of the importance of community service.

-

Congressional Delegation support for Financial Aid

President Reilly expressed appreciation to members of Wisconsin's Congressional Delegation who strengthened efforts to protect financial aid by writing a letter encouraging President Bush to ensure continued federal financial aid opportunities for Wisconsin students.

Members of the PK-16 Leadership Council, including Superintendent Burmaster, WTCS President Dan Clancy, President Reilly, and WAICU President Rolf Wegenke had encouraged the delegation to stand against what could be devastating changes in programs that provide federal financial aid. They were especially concerned about changes in federal tax tables that determine how much aid a student can receive in the form of Pell Grants. If the changes are approved, 5,500 of the neediest students in the state could lose their Pell awards altogether. The President's budget also calls for elimination of the Perkins Loan program and the Leveraging Education Partnerships Program, which is matched by the state to create need-based aid programs, as well as elimination of the Upward Bound and Talent Search programs, which serve low-income, first-generation students.

UW campuses received \$5.3 million from these programs in 2004 for 3,000 students. Elimination of the Perkins Loan program could mean that 19,000 students could lose more than \$40 million in financial aid. These cuts, the President observed, would exacerbate the growing gap between the neediest students and those who have the ability to pay, and would undercut Plan 2008 efforts to close the achievement gap.

Nine of Wisconsin's federal representatives shared their concerns about Pell Grants with the President. They also supported UW efforts to expand baccalaureate degrees and expressed their pride in Wisconsin's higher education systems.

Thanking Federal Relations coordinator Kris Andrews for keeping federal representatives informed about the potential impact of these proposals, President Reilly

indicated that there would be continued work with the state's Congressional Delegation to secure federal support for Wisconsin students.

-

Appreciation to David Olien and Linda Weimer

Expressing heartfelt thanks to David Olien and Linda Weimer, President Reilly noted that the UW System has been fortunate to have benefited from their combined 17 years of leadership during which they were selflessly committed to the university, its students, faculty, and staff.

He observed that Mr. Olien played a central role in helping the Board outline a comprehensive plan to preserve access and quality and that he has been the UW's resident expert on navigating the state's bureaucracy. He also was involved in hiring many of the system's excellent chancellors. Throughout, his knowledge and insight have been great assets for the university.

Noting that Linda Weimer has been a tireless and committed advocate for students, President Reilly expressed admiration for her willingness to take necessary risks and for her ambitious vision of the UW's role. Going forward, she will shepherd an even more ambitious vision at the national level.

- - -

REPORT OF THE BUSINESS AND FINANCE COMMITTEE

The Committee's report was presented by Regent Bradley, Chair

-

Annual Financial Report

Discussing the Annual Financial Report with the committee, Doug Hendrix, Associate Vice President for Financial Administration, reported on trends that show the amount of revenue derived from state appropriations, from tuition and fees, and from all other sources. When adjusted for inflation, state support has been relatively flat over most of the ten-year period, while revenue from other sources has steadily increased.

Currently, 26.6% of revenue comes from state appropriations, 19.3% from tuition, 24.3% from grants and contracts, and 29.8% from other sources.

With regard to the definition of administrative staff, the committee noted the importance of an agreed upon definition among the UW, LAB and DOA in light of the required reduction of 200 FTE positions.

-

Office of Operations Review and Audit Update

Regent Bradley reported that, after meeting with the Legislative Audit Bureau last fall, he and Regent Connolly-Keesler agreed that the Board should take a more active role in audit oversight and that Regent Connolly-Keesler will take the lead in this endeavor.

Major Operations Review Projects

Ron Yates, Director of the Office of Operations Review and Audit, advised that reports are being drafted or research completed for several projects, including: Police and security operations; special course fees; early-return-to-work efforts; academic fee assessment and collection; and NCAA required financial statement reviews of athletic departments at UW-Green Bay and UW-Milwaukee for their Division I basketball programs.

UW Institution Audit Activities

Mr. Yates reported that most audit activity for fiscal years 2003 and 2004 was in the six core areas of cash handling, payroll/personnel, property control, auxiliary operations, tuition and segregated fee revenues, and major systems.

Legislative Audit Bureau Projects

Mr. Yates reported that the Legislative Audit Bureau review of UW-Madison's Material Distribution Service and Surplus with a Purpose (SWAP) programs should be completed this summer. LAB also is conducting statewide audits, including the state vehicle fleet, use of cell phones, and review of the state's economic development programs.

UW Procedures for Removing Data from Surplus Computers Prior to Disposal

It was reported by Mr. Yates that the Office of Operations Review and Audit reviewed UW institutions' procedures for removing data from computers that are no longer used. Regent Connolly-Keesler asked whether all campuses have a policy regarding data removal from surplus computers. In response Mr. Yates indicated that campuses already have policies in place, and the system-wide Regent Policy Document 97-2, "Policy on Use of University Information Technology Resources", could be amended to address the secure destruction of private and confidential records prior to computer disposal. The committee asked for a follow-up report on this topic in six to nine months.

-

Business of the Committee

Utilities Report to Joint Committee on Finance

Vice President Durcan reported that the university has not heard any reaction to the utility report filed at the end of January. Committee members suggested that System Administration meet with legislators so that they better understand the utility shortfall.

Quarterly Gifts, Grants and Contracts Report

Gifts, grants and contracts awarded to UW institutions for the six-month period ending December 31, 2004 totaled \$660 million, an increase of \$23.8 million over the comparable period of the previous fiscal year.

-

Trust Funds

Annual Trust Funds Report

Presenting the annual report, Assistant Trust Officer Doug Hoerr advised that, for the fiscal year ending June 30, 2004, gifts totaled \$12.8 million, compared to \$10.8 million the prior year. There were almost \$22 million in disbursements. The long-term fund rate of return was 17%, compared to 16% for the benchmark. These strong returns made up for the difference between new gifts and disbursements. Total asset value was

\$346 million, an increase of about \$30 million over the prior year – very good news in a tough economy.

Introduction to Real Asset Classes

Mr. Hoerr handed out reports on two prospective asset classes: Treasury Inflation Protection Securities (TIPS) and timber. Giving an introduction to these alternative asset classes, he noted that the Board may want to add them to the trust funds portfolio in the future in order to increase potential returns, hedge against inflation, and become more diverse.

-

Report of the Vice President

CBO/Provost Meeting

Vice President Durcan reported that there would be a meeting of the provosts and chief business officers to develop guiding principles and review areas for further study in developing a system-wide administrative cost reduction plan. The topic is of immediate importance due to the \$65 million in efficiency measures required in the Governor's budget.

In board discussion, Regent Olivieri noted the suggestion made at the Education Committee meeting that one factor to be considered in determining administrative cuts is relationship of positions to Plan 2008 initiatives.

College Savings Board

Ms. Durcan reported that the College Savings Board is making a transition from Strong Funds to Wells Fargo. An outreach subcommittee has been formed to look at ways to expand participation in the program by persons earning less than \$40,000. Some ideas include: Creating an endowment with the current contingency reserve; targeting marketing efforts toward financial literacy; and reviewing other states' programs for similar efforts. Regent Randall suggested working with groups to communicate the Earned Income Tax Credit and the opportunity to set aside tax savings for children's college education. Ms. Durcan added that the College Savings Board is looking into the possibility of an amendment to the state tax deduction to include a refundable income tax credit for low-income individuals.

Procurement Savings

Vice President Durcan reported on savings incurred in the purchase of the PeopleSoft Accounting software grants module. The UW System negotiated reductions in maintenance contracts of \$3 million over a 10-year period.

- - -

REPORT OF THE EDUCATION COMMITTEE

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

-

Discussion of the Governor's Biennial Budget

With regard to financial aid, Regent Olivieri pointed out the concern that, with larger grants going to fewer students, there may be a disproportionate impact on the poorest students due to late filing of applications among that group. The committee discussed how to communicate the Board's position regarding priority for the lowest two income quintiles.

Associate Vice President Wilhelm noted that the Higher Educational Aids Board would meet the next week and that the Hold Harmless initiative means more money for fewer students, creating a dilemma. There is an advisory committee that will have a recommendation in that regard for HEAB.

Regent President Marcovich indicated that Regent Gracz, the Board's representative to HEAB, could take the Board of Regents' message to the meeting.

-

Consent Agenda

Revision to Include Gender Identity or Expression in the University of Wisconsin System Regent Policy Documents on Non-Discrimination

Regent Olivieri reported that the proposed revisions were prompted by Regent discussion on the Inclusivity Initiative at the last meeting.

Regent Walsh asked if there were any enforcement or other issues related to these changes, and General Counsel Brady replied in the negative.

UW-Milwaukee Charter School Proposals

Noting that one of the proposals would create a new charter school and the other would extend an existing agreement, Regent Olivieri reported that the Career Education Academy would be UW-Milwaukee's eighth charter school and would collaborate with Milwaukee Area Technical College on a dual degree.

The second proposal involved extending the contract with the Urban League Academy of Business and Economics for four out of a possible five years. While there were some issues about stability of management, the school was making a positive difference in the lives of students, many of whom enter below grade level.

Regent Rosenzweig urged that there be more careful assessment and that students be followed more closely through their charter school experience.

Regent Olivieri moved adoption by the Board of the following resolutions as consent agenda items. The motion was seconded by Regent Burmaster and carried unanimously.

Revision to Include Gender Identity or Expression in the University of Wisconsin System Regent Policy Documents on Non-Discrimination

Resolution 8963: That, upon the recommendation of the President of the University of Wisconsin System, Regent Policy Document 75-5 is amended by inserting the words "gender identity or expression" after the word "sex" in paragraphs one and three of the policy statement; and that Regent Policy Document 88-12 is amended by inserting the words "gender identity or expression" after the word "sex" in the first line of paragraph two.

The University of Wisconsin-Milwaukee: Office of Charter Schools Contract with Seeds of Health, Inc., d/b/a Career Education Academy

Resolution 8964: That, upon recommendation of the Chancellor of the University of Wisconsin-Milwaukee and the President of the University of Wisconsin System, the Board of Regents approves the charter school contract with Seeds of Health, Inc., to establish the Career Education Academy.

UW-Milwaukee: Office of Charter Schools Contract Extension with the Milwaukee Urban League Academy of Business and Economics, Inc.

Resolution 8965: That, upon recommendation of the Chancellor of the University of Wisconsin-Milwaukee and the President of the University of Wisconsin System, the Board of Regents approves the extension of the charter school contract with the Milwaukee Urban League Academy of Business and Economics, Inc., together with amendments to the contract, establishing a charter school known as the Milwaukee Urban League Academy of Business and Economics.

UW-River Falls: Program Authorization (Implementation) B.A./B.S. in International Studies

Resolution 8966: That, upon recommendation of the Chancellor of the University of Wisconsin-River Falls and the President of the University of Wisconsin System, the Chancellor be authorized to implement the B.A./B.S. in International Studies.

UW-Whitewater: Revised Mission Statement

Resolution 8967: That, upon recommendation of the President of the University of Wisconsin System, the Board of Regents approves the University of Wisconsin-Whitewater's revised mission statement.

UW-Stout: Amendments to Faculty Personnel Policies

Resolution 8968: That, upon recommendation of the Chancellor of the University of Wisconsin-Stout and the President of the University of Wisconsin System, the Board of Regents approves the amendments to the UW-Stout Faculty Personnel Policies.

UW-Eau Claire: Authorization to Recruit Chancellor

Resolution 8969: That, the President of the University of Wisconsin System be authorized to recruit for a Chancellor of the University of Wisconsin-Eau Claire, at a salary within the Board of Regents salary range for university senior executive salary group three.

-

New Program Proposals – First Reading

Regent Olivieri reported that the committee heard first readings of a proposed M.A. in Women’s Studies/Gender Studies at UW-Madison and a Joint Doctor of Audiology and UW-Madison and UW-Stevens Point.

The former, he explained, is a unique program – the only master’s in that area in the UW System and perhaps the only one in the country with an international and multicultural focus.

Commenting that the second proposed program results from the “creeping credential” phenomenon, he indicated that the collaboration by two institutions on one program is a very creative partnership that minimizes use of resources.

-

Plan 2008 – Phase II

Reporting on consideration of this matter by the Education Committee, Regent Olivieri indicated that the discussion was led by Regent Davis, along with a panel that included UW-Oshkosh Chancellor Rick Wells, Associate Vice President Ron Singer and Vicki Washington, of UW-Extension.

Referring to campus plans for Phase II that were submitted in December, Regent Olivieri observed that reviewers were comfortable with some of the plans, while others required more work.

Noting that the purpose of the proposed resolution would be to reaffirm the Board’s commitment to diversity in Phase II of Plan 2008, he reviewed the portion describing steps to be taken.

The first step would be adoption of a diversity accountability report card with measurable goals to track progress in closing the achievement gap between students of color and white students. Campuses would be asked to develop “stretch” goals and these would be included in the next Annual Accountability Report.

The second step would be to institute a system-wide Diversity Award.

In order to improve accountability, the third step would provide for refocusing evaluation of chancellors with respect to their work on diversity and integration with institutional mission.

The fourth step would make the statement that campus plans need to strengthen accountability.

Adoption by the Board of the following resolution was moved by Regent Olivieri and seconded by Regent Davis.

Resolution to Endorse the UW System's Commitment to Diversity in Phase II of Plan 2008

Resolution:

WHEREAS, it is fundamental to the statutory mission of the University of Wisconsin System to enable students of all ages, backgrounds and levels of income to participate in the search for knowledge and individual development, to foster diversity of educational opportunity, and to develop human resources, as set forth in s. 36.01(1), Wisconsin Statutes; and

WHEREAS, achieving the educational benefits that flow from a diverse student body advances the core academic and governmental goals of improving all students' intellectual growth, readiness for citizenship, and preparation for successful participation in and contribution to the economic, civic, and cultural vitality of the State; and

WHEREAS, the Board of Regents of the University of Wisconsin System and its institutions have long been committed to ensuring that all students receive the educational benefits that flow from a diverse student body, and this commitment is reflected in an array of programs, ranging from admissions policies to the University of Wisconsin System *Plan 2008*; and

WHEREAS, the United States Supreme Court, in *Grutter v. Bollinger* and *Gratz v. Bollinger*, has recognized that colleges and universities have a compelling interest in securing the benefits of educational diversity for all students;

BE IT RESOLVED:

That the Board of Regents of the University of Wisconsin System reaffirms its compelling interest in and commitment to achieving educational diversity at all UW System institutions, through an array of

programs including *Plan 2008*, in order to fully develop advanced human potential, the jobs that employ that potential, and the flourishing of communities that sustain it.

BE IT FURTHER RESOLVED:

That the Board of Regents of the University of Wisconsin System recommends that the following steps be taken by the University of Wisconsin System Administration and the institutions:

1. Adopt systemwide a diversity accountability report card with measurable goals that will track the progress made by UWSA and the institutions in closing the achievement gap between UW students of color and white students;
2. Institute a systemwide Diversity Award, similar to the Regents Teaching Excellence Award, recognizing excellence in diversity programming or achievement.
3. Working with the Board, the President will refocus the evaluation of Chancellors with respect to their work on diversity on progress with Plan 2008 Phase II and integration with institutional mission.
4. Subsequent changes to campus Phase II plans must describe their accountability process, including incentives and penalties for success and failure to close the achievement gap.

In response to a question by Regent Connolly-Keesler, Regent Olivieri indicated that incentives and penalties would be determined by the chancellors.

Chancellor Wells commented that it should not be expected that the achievement gap can be closed in four years. Decreases in federal financial aid and reduction in positions would disproportionately harm disadvantaged students.

Regent Randall suggested inclusion in the third step of evaluation of the President, as well as the chancellors, and it was agreed that this would be inserted as a friendly amendment.

Expressing concern about the second step, Regent Bradley felt that a system-wide award might not be fair to chancellors and institutional governance. He did not believe

such an award would be needed and that the intent would be adequately met in the third step.

Regent Davis disagreed, commenting that the award would be for a campus that does a great job and makes an effort that is exceptional. Like the Teaching Excellence Award, its purpose would be to “give the star a star”.

Upon motion by Regent Richlen, seconded by Regent Davis, the resolution was amended on a unanimous voice vote to add a time line of June 2005 for completion of the first step, adoption of a diversity accountability report card.

Noting that a study of campus climate was removed from the proposed resolution, Regent Richlen pointed out that students had devoted many hours to the matter and were convinced of the importance of a climate study to the long-term health of the university. She asked that the matter be returned to the agenda of the Education Committee for further consideration.

Stating that he would support continued discussion of a climate study, Regent Olivieri explained that there was disagreement in committee discussion on how soon it could be accomplished. He indicated that he would like information on what campuses currently are doing in this regard.

It was agreed that the matter would be returned to the Education Committee agenda.

Regent Pruitt commended Regent Olivieri and the Education Committee for their extensive and thoughtful work on Plan 2008 Phase II.

Regent Gottschalk cautioned that achievement of Plan 2008 goals would be affected by factors beyond the university’s control – such as the small pool of students of color and the ability of private institutions to give full scholarships to the best of those students.

The question was put on Resolution 8970, and it was adopted on a unanimous voice vote.

Resolution to Endorse the UW System's Commitment to Diversity in Phase II of Plan 2008

Resolution 8970: WHEREAS, it is fundamental to the statutory mission of the University of Wisconsin System to enable students of all ages, backgrounds and levels of income to participate in the search for knowledge and

individual development, to foster diversity of educational opportunity, and to develop human resources, as set forth in s. 36.01(1), Wisconsin Statutes; and

WHEREAS, achieving the educational benefits that flow from a diverse student body advances the core academic and governmental goals of improving all students' intellectual growth, readiness for citizenship, and preparation for successful participation in and contribution to the economic, civic, and cultural vitality of the State; and

WHEREAS, the Board of Regents of the University of Wisconsin System and its institutions have long been committed to ensuring that all students receive the educational benefits that flow from a diverse student body, and this commitment is reflected in an array of programs, ranging from admissions policies to the University of Wisconsin System *Plan 2008*; and

WHEREAS, the United States Supreme Court, in *Grutter v. Bollinger* and *Gratz v. Bollinger*, has recognized that colleges and universities have a compelling interest in securing the benefits of educational diversity for all students;

BE IT RESOLVED:

That the Board of Regents of the University of Wisconsin System reaffirms its compelling interest in and commitment to achieving educational diversity at all UW System institutions, through an array of programs including *Plan 2008*, in order to fully develop advanced human potential, the jobs that employ that potential, and the flourishing of communities that sustain it.

BE IT FURTHER RESOLVED:

That the Board of Regents of the University of Wisconsin System recommends that the following steps be taken by the University of Wisconsin System Administration and the institutions:

1. Adopt systemwide a diversity accountability report card with measurable goals that will track the progress made by UWSA and the institutions in closing the achievement gap between UW students of color and white students; and this will be done by June 2005.
2. Institute a systemwide Diversity Award, similar to the Regents Teaching Excellence Award, recognizing excellence in diversity programming or achievement.
3. Working with the Board, the President will refocus the evaluation of Chancellors with respect to their work on diversity on progress with Plan 2008 Phase II and integration with institutional mission. Evaluation of the President also will incorporate progress on Plan 2008 Phase II.
4. Subsequent changes to campus Phase II plans must describe their accountability process, including incentives and penalties for success and failure to close the achievement gap.

- - -

REPORT OF THE PHYSICAL PLANNING AND FUNDING COMMITTEE

Regent Gottschalk, Vice Chair, presented the committee's report.

-

Building Commission actions

Assistant Vice President David Miller reported that the Building Commission approved about \$23 million for various projects at its December and January meetings. Of that amount, \$9 million was GPR, \$3 million was program revenue, and \$10.7 million was gifts and grants. Mr. Miller mentioned that the Department of Administration was working with state agencies and the Building Commission was in the process of forwarding over a dozen statutory and rule changes to update the building approval process. The changes are intended to save money and time and give agencies greater involvement in the process.

He also reported that at the January meeting Governor Doyle presented the 2004 design and construction awards that recognize excellence in state building projects. An excellence in Architectural Design Award was given for work on the UW-Platteville Pioneer Student and Technology Center. Engineering Specialist Jerry Walters won an Excellence in Service Award for his proactive work on UW-Stevens Point construction projects.

-

Consent Agenda Items

Regent Gottschalk presented Resolutions 8971-8976 and moved their adoption by the Board of Regents as consent agenda items. The motion was seconded by Regent Smith and carried on a unanimous voice vote.

UW Colleges: Authority to Release Leased Property Rights

Resolution 8971: That, upon the recommendation of the UW Colleges Interim Chancellor and the President of the University of Wisconsin System, authority be granted for the officers of the Board of Regents to release leased property rights for a .62-acre parcel of land leased from Fond du Lac County for the site of UW-Fond du Lac as requested by Fond du Lac County.

UW-Extension: Authority to Construct and Increase the Budget of the Lowell Hall Lobby Renovation Project

Resolution 8972: That, upon the recommendation of the UW-Extension Interim Chancellor and the President of the University of Wisconsin System, the Design Report be approved and authority be granted to construct, and increase the budget of the Lowell Hall Improvements project by \$194,000 Program Revenue - Cash for a revised total project cost of \$1,338,000 (\$1,144,000 Program Revenue supported Borrowing; and \$194,000 Program Revenue - Cash).

UW-Madison: Authority to Execute a Lease of Space for the UW-Madison Graduate School - Wisconsin National Primate Research Center

Resolution 8973: That, upon the recommendation of the UW-Madison Chancellor and the President of the University of Wisconsin System, authority be granted for the Department of Administration to execute a lease for

19,000 square feet of space at 555-585 Science Drive in Madison, Wisconsin, on behalf of UW-Madison's Graduate School for the Wisconsin National Primate Research Center.

UW-Platteville: Authority to Enter Into a Land Use Agreement and to Lease Space

Resolution 8974: That, upon the recommendation of the UW-Platteville Chancellor and the President of the University of Wisconsin System, authority be granted for the officers of the Board of Regents: (1) to enter into a land use agreement to permit Platteville Partners, LLC to construct additional student housing on land owned by the Board of Regents, and (2) to lease the 141,600 leasable square foot (lsf) residence hall from Platteville Partners, LLC.

UW-Stevens Point: Authority to Increase the Budget of the DeBot Center Kitchen and Dining upgrade Project

Resolution 8975: That, upon the recommendation of the UW-Stevens Point Chancellor and the President of the University of Wisconsin System, authority be granted to increase the budget of the DeBot Center Kitchen and Dining upgrade project by \$385,300 Program Revenue-Cash for a revised total project cost of \$970,000 Program Revenue-Cash.

UW System: Authority to Construct Various Maintenance and Repair Projects

Resolution 8976: That, upon the recommendation of the President of the University of Wisconsin System, authority be granted to construct various maintenance and repair projects at an estimated total cost of \$4,004,100 (\$276,000 PRSB – Health, Safety, and Environmental Protection, \$2,475,400 Program Revenue - Cash, and \$1,252,700 Gifts/Grants funding).

- - -

ADDITIONAL BUSINESS

Tuition Policy

Regent Bradley requested that the Board consider adding Hold Harmless financial aid for the lowest two income quintiles to the Regent policy on tuition.

Regent Olivieri requested that this discussion take place at a full Board session.

- - -

CLOSED SESSION

The meeting was recessed at 11:10 a.m. and reconvened at 11:25 a.m. at which time the following resolution, moved by Regent Gottschalk and seconded by Regent Davis, was adopted on a unanimous roll-call vote, with Regents Walsh, Smith, Richlen, Randall, Pruitt, McPike, Marcovich, Gracz, Gottschalk, Davis, Connolly-Keesler, Burmaster, Bradley, and Axtell (14) voting in the affirmative. There were no negative votes and no absentions.

Resolution 8977: That, the Board of Regents recess into closed session, to consider appointment of a chancellor, UW-River Falls, and appointment of an interim chancellor, UW-Eau Claire as permitted by s.19.85[1][c], *Wis. Stats.*, to consider a UW-Superior honorary degree nomination as permitted by s.19.85[1][f], *Wis. Stats.*, and to confer with legal counsel regarding pending and potential litigation, as permitted by s.19.85[1][g], *Wis. Stats.*

The following resolutions were adopted in closed session:

UW-River Falls: Authorization to Appoint Chancellor

Resolution 8978: That, upon recommendation of the Special Regent Committee and the President of the University of Wisconsin System, Donald L. Betz be appointed Chancellor of the University of Wisconsin-River Falls, effective July 1, 2005, at a salary of \$175,000.

-

UW-Eau Claire: Authorization to Appoint Interim Chancellor

Resolution 8979: That, upon recommendation of the President of the University of Wisconsin System, Vicki Lord Larson be appointed Interim Chancellor of the University of Wisconsin-Eau Claire, effective March 7, 2005, at a salary of \$168,622.

The meeting was adjourned at 11:45 a.m.

Judith Temby, Secretary