

MINUTES OF THE REGULAR MEETING

of the

BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM

Madison, Wisconsin

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

- President Marcovich presiding -

APPROVAL OF THE MINUTES	3 -
REPORT OF THE PRESIDENT OF THE BOARD	3 -
DISCUSSION OF THE 2005-07 BIENNIAL BUDGET WITH REPRESENTATIVE DAVID WARD	3 -
RESOLUTION OF APPRECIATION: CHANCELLOR DON MASH.....	6 -
Resolution of Appreciation: Chancellor Don Mash.....	6 -
REPORT ON THE FEBRUARY 18, 2005 MEETING OF THE HIGHER EDUCATIONAL AIDS BOARD	8 -
REPORT ON THE MARCH 9, 2005 MEETING OF THE HOSPITAL AUTHORITY BOARD.....	8 -
REPORT OF THE PRESIDENT OF THE SYSTEM.....	8 -
<i>Assembly Colleges and Universities Committee and Senate Higher Education and Tourism Committee Hearing.....</i>	<i>8 -</i>
<i>Visits with Congressional Delegation.....</i>	<i>8 -</i>
<i>Award for Teaching Programs</i>	<i>8 -</i>
<i>Bill to Honor John H. Bradley.....</i>	<i>9 -</i>
<i>UW Role in National Program on the Liberal Arts</i>	<i>9 -</i>
<i>Jalisco-Wisconsin Consortium</i>	<i>9 -</i>
<i>Senior Vice President Marrett wins Distinguished Service Award.....</i>	<i>10 -</i>
<i>Student Leaders</i>	<i>10 -</i>
<i>Undergraduate Research Posters at the State Capitol</i>	<i>11 -</i>
REPORT OF THE PHYSICAL PLANNING AND FUNDING COMMITTEE	11 -
ENERGY EFFICIENCY PILOT PROJECTS REPORT	11 -
BUILDING COMMISSION ACTIONS	11 -
UW-GREEN BAY PHOENIX SPORTS CENTER EXPANSION AND REMODELING PROJECT.....	12 -
UW-MADISON: DEMOLITION OF OGG HALL AND APPROVAL OF DAYTON STREET RESIDENCE HALL PROJECT.....	12 -
UW-PLATTEVILLE: RESIDENCE HALL CONSTRUCTION.....	12 -
UW-MADISON: CAMP RANDALL PROJECT	12 -
CONSENT AGENDA	13 -

UW-Green Bay: Approval of the Design Report and Authority to Construct and Increase the Project Budget of the Phoenix Sports Center Expansion and Remodeling Project - 13 -
UW-Madison: Approval of the Design Report, Authority to Demolish Ogg Hall, and Construct the Dayton Street Residence Hall Project and New Green Space - 13 -
UW System: Authority to Construct a Maintenance and Repair Project - 13 -
UW-Madison: Authority to Increase the Budget of the Camp Randall Expansion and Renovation Project Using Gift Funds - 14 -

REPORT OF THE BUSINESS AND FINANCE COMMITTEE - 14 -

ANNUAL BUDGET DECISION RULES - 14 -
UW-MADISON: SPONSORSHIP AGREEMENT WITH ADIDAS - 14 -
SOCIALLY RESPONSIBLE ASPECTS OF TIMBER INVESTING - 15 -
ANNUAL ENDOWMENT BENCHMARKING REPORT - 15 -
INTRODUCTION TO REAL ASSET CLASSES: COMMODITIES - 15 -
CBO/PROVOST MEETING - 15 -
CELL PHONE AUDIT FOLLOW-UP - 16 -
CONSENT AGENDA - 16 -
 2005-06 Annual Budget Allocation Decision Rules - 16 -
 Voting of 2005 Non-Routine Proxy Proposals - 16 -
 Sponsorship Agreement with adidas Promotional Retail Operations, Inc. - 17 -

REPORT OF THE EDUCATION COMMITTEE..... - 19 -

REVIEW OF REGENT POLICY ON TUITION AND FINANCIAL AID..... - 19 -
ACCOUNTABILITY REPORT - 19 -
ONGOING WORK ON PLAN 2008 - 20 -
ALLIED HEALTH ACCREDITATION - 20 -
GATHERING STAKEHOLDER INPUT: COOPERATIVE EXTENSION NEEDS ASSESSMENT..... - 21 -
NEW ACADEMIC PROGRAMS..... - 21 -
CONSENT AGENDA - 21 -
 UW-Madison: Program Authorization (Implementation) M.A. in Women's Studies/Gender Studies..... - 21 -
 UW-Madison and UW-Stevens Point: Program Authorization (Implementation) Consortial Doctor of Audiology..... - 21 -

ADDITIONAL RESOLUTIONS - 22 -

2006 MEETING SCHEDULE - 22 -
 2006 Meeting Schedule - 22 -

CLOSED SESSION..... - 22 -

 UW-Madison: Approval of Salary: Dean of the School of Business - 23 -

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

Madison, Wisconsin

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

- President Marcovich presiding -

PRESENT: Axtell, Bradley, Burmaster, Davis, Gottschalk, Marcovich, Olivieri, Pruitt,
Randall, Richlen, Rosenzweig, Salas, Smith, and Walsh

ABSENT: Connolly-Keesler, Gracz, and McPike

- - -

APPROVAL OF THE MINUTES

Upon motion by Regent Gottschalk, seconded by Regent Richlen, the minutes of the February 10 and 11, 2005 meetings were approved as distributed.

- - -

REPORT OF THE PRESIDENT OF THE BOARD

Discussion of the 2005-07 Biennial Budget with Representative David Ward

Regent President Marcovich introduced and welcomed Representative Ward, of Fort Atkinson, who represents the 37th Assembly District, near UW-Whitewater. Representative Ward has served in the Legislature since 1992 and has served on the

influential Joint Committee on Finance since 1999. He is the Assembly's Higher Education Liaison for that committee and also sits on the UW Hospital Authority Board.

Noting that Representative Ward has strong ties to the UW System, Regent Marcovich indicated that he and his wife, Jean, studied at UW-Platteville as undergraduates and that he earned his degree in agricultural economics in 1976 while commuting from Fort Atkinson where he was working to rebuild his family's century-old farm that was destroyed in a devastating fire.

Representative Ward returned to Fort Atkinson after college to work alongside his father before taking over the management of Wardland, Inc., a 470-acre operation. He has received numerous awards for his commitment to Wisconsin agriculture and for his support of the UW, including a Friend of Extension Award in 2003 and the Distinguished Alumni award from UW-Platteville in 2001.

President Marcovich also introduced Char Rodriguez, Representative Ward's assistant on the Joint Committee on Finance.

In opening remarks Representative Ward remarked that he and Senator Alberta Darling, who serves as the Senate's Higher Education Liaison for the Joint Committee on Finance, both have strong UW ties; and he encouraged the members of the Board to keep in communication with them as the budget process continues.

The 2005-07 biennial budget, he emphasized, is a very difficult one with a \$1.6 billion deficit, following the \$3.2 billion deficit in the last budget. Therefore, more belt tightening will be necessary.

Expressing concern about the proposed budget, he indicated that, while growth of the economy will bring in \$1 billion, proposed spending is double that amount; and legislators were hearing from constituents opposed to possible fee increases. He also was concerned about proposed borrowing of \$1 billion over two years to cover ongoing costs and also about use of money from other accounts, such as the transportation fund, for such costs.

With regard to the budget process, Representative Ward explained that the committee is receiving briefing papers from the Legislative Fiscal Bureau and holding hearings around the state. After that, there will be agency briefings; and the committee will begin voting on parts of the budget early in April. The goal is to pass a budget that neither house of the Legislature will change drastically, so that it can be forwarded to the Governor in a timely way.

The intention, he said, is to create a budget with less spending, taxing and borrowing than in the Governor's proposal. In doing so, the committee might go back to the base budget for some, but not all, agencies.

As to budget issues for the UW, Representative Ward identified the following:

- Noting that the Governor's budget proposed tuition increases of five to seven percent, he said that, while there is concern about pricing students out of an education, the UW is still at the bottom of the Big 10 in cost of tuition. It would be unfair, he noted, to ask students to pay more and then have to spend more time

to graduate. Therefore, it will be necessary to make sure that tuition increases are used to improve access.

- With regard to the pay plan, he commented that, while competitive compensation is necessary to attract and retain faculty, the state's ability to pay must be kept in mind.
- Concerning the Governor's plan to cut 10,000 state employees, he remarked that it is important to ensure that these reductions actually result in saving state dollars. Reducing program revenue-funded positions does not meet that criterion.
- Noting that the Governor's budget plans to consolidate all state purchasing, he said there is concern about whether it would save money in the case of the university, which can get volume discounts through the Midwest Higher Education Consortium. There also is the question of whether the UW or the state will get the rebates.
- With regard to the proposed sale of state lands, he explained that the committee has in mind surplus lands not needed by the state. For example, it may have been necessary to purchase a whole farm in order to save a portion of environmentally sensitive land or to use part of it for highway purposes. He said that the UW should be at the table when deciding what should be sold.

In conclusion, Representative Ward thanked the board for the opportunity to speak and reiterated the suggestion that lines of communication be kept open.

Thanking Representative Ward for taking the time to speak with the board, Regent President Marcovich noted that the UW is aware of the challenges the state is facing and recognizes the problems that must be addressed.

Concerning sale of land, Regent Rosenzweig asked if the intention would be for proceeds from the sale of any university land to remain with the UW or to revert back to the state.

Representative Ward replied that the answer might depend on how the UW acquired the land but that it would be his goal for the proceeds to be used to help the university, although adjustments may then be required in other areas.

In response to a question by Regent Rosenzweig about legislative priorities for the budget, he indicated that K-12 education is the top priority and that another is shared revenue. Medical assistance also is a growing concern, consuming increasing amounts of money.

Noting that top concerns for the UW are financial aid, student access, and economic development for the state, Regent Walsh inquired about the feelings of legislative leadership with regard to investing in the university, which is the engine for driving economic growth.

Representative Ward replied that, if there were a budget surplus, they would want to invest in the UW, recognizing its role in promoting economic growth and providing economic centers for regions of the state. The difficulty, he said, is shortage of dollars. While the UW is a high priority, it must be balanced against other priorities; and, given

the state's current financial situation, he did not foresee making such an investment in this budget.

Regent Walsh asked that, if the state is not ready to make that investment, the board be given the flexibility to run the university like a business. Regent President Marcovich stated his concurrence with that request.

Representative Ward replied that he was not opposed to that proposal but that the board would need to keep in mind the responsibility that comes with increased flexibility.

- - -

RESOLUTION OF APPRECIATION: CHANCELLOR DON MASH

Introducing the resolution, Regent Axtell recalled the impressive speech made by Chancellor Mash the preceding June concerning the board's study on Charting a New Course for the UW System. In those remarks, he had pointed out that the UW System is at a crossroads and had urged that a strong case be made for investment in the university, using data and conveying a sense of history and vision. He had emphasized that "Wisconsin's future depends on it."

Regent Axtell then read the following resolution, which was adopted by acclamation, accompanied by a standing ovation.

Resolution of Appreciation: Chancellor Don Mash

Resolution 8980:

WHEREAS, Dr. Donald J. Mash has served with distinction as Chancellor of the University of Wisconsin–Eau Claire since 1997; and

WHEREAS, during his chancellorship, the campus improved retention and graduation rates, increased admission standards, enhanced faculty/student collaborative research, study-abroad, service learning, and civic engagement; and launched the university's first comprehensive fundraising campaign, which exceeded its original goal 15 months ahead of schedule and reset its goal to \$50 million; and

WHEREAS, Chancellor Mash worked with students to realign differential tuition to provide a stable source of ongoing support for their priorities; and

WHEREAS, he has provided extraordinary service to the Eau Claire community and the entire Chippewa Valley region; and

WHEREAS, Mash's achievements at UW-Eau Claire cap a student-focused, higher education career that spans five individual campuses and 40 years; and

WHEREAS, the Board of Regents of the University of Wisconsin System now welcomes Dr. Donald Mash as the UW System's Executive Senior Vice President;

NOW THEREFORE BE IT RESOLVED that the University of Wisconsin System Board of Regents thanks and commends Dr. Donald J. Mash for his commitment to UW-Eau Claire and for his continued public service to the UW System as a whole; and

BE IT FURTHER RESOLVED THAT Donald Mash be recognized as Chancellor Emeritus with all of the rights, privileges, distinction and responsibilities such status may carry.

Remarking that his service at Eau Claire had been a labor of love, Executive Vice President Mash noted that it is a wonderful campus and that he was inspired each day by the excellent work done there, from teaching and mentoring to student support, grounds-keeping, and all the opportunities for learning offered outside the classroom. In thinking about leaving the campus and taking a position in Madison, he thought of it in terms of having an opportunity to take on a different role and do something more for the UW.

Looking back on his long career in higher education, he noted that he had been a first generation high school student. His parents had worked in factories, and he would not have considered higher education without the wisdom of his mother who steered him toward college from an early age. In his freshman year, he had a difficult time and almost quit because he was not ready for college and he knew that money was short for his family. But his mother would not let him leave for financial reasons, and he decided to return and ultimately succeeded.

He wondered how many students from low-income groups opt out of an opportunity to continue their education because of tuition "sticker shock" and how many families decide early on that the dollars would not be there for their children to go to college, without even knowing about the financial aid that is available.

How to nurture and bring along young people, he said, is the essence of public higher education when it is viewed as more than an individual benefit. Now, by default, the notion of whether public higher education is an investment in the greater good is being rethought; and tuition is being raised with no plan to protect the needy with financial aid. Noting that many students must borrow money for their education, he pointed out that students need to appreciate the value of what they are purchasing.

In conclusion, he emphasized that the more students the UW graduates and the more graduates who stay in the state, the better it is for Wisconsin. It is maximizing the potential of the state's citizens.

-

Report on the February 18, 2005 meeting of the Higher Educational Aids Board

A written report of the February 18th meeting was provided to the board.

-

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

The board received a written report of the March 9th meeting.

- - -

REPORT OF THE PRESIDENT OF THE SYSTEM

Assembly Colleges and Universities Committee and Senate Higher Education and Tourism Committee Hearing

President Reilly reported that he briefed the committees on the UW's efficiency and effectiveness plans and his proposal for consolidating the Madison-based administrative offices of the UW Colleges and UW-Extension. He and President Dan Clancy of the Wisconsin Technical College System also reported on credit transfer between the systems. There was discussion about Representative Kreibich's proposal to merge the freshman-sophomore UW Colleges with four-year universities, including comments by UW-Fox Valley Dean Jim Perry and Marinette County Board Vice Chair Ted Sauve. President Reilly shared his views about the plan in a letter to Representative Kreibich and Senator Harsdorf.

Visits with Congressional Delegation

Reporting on a recent trip to Washington D.C. with Regent Bradley and Assistant Vice President Kris Andrews, President Reilly noted that Regent Bradley had done an excellent job of representing the UW System and advocating for its priorities. Topics discussed included student financial aid and bringing more federal dollars into Wisconsin. He thanked Ms. Andrews for her fine work in arranging the visits and keeping the Congressional Delegation informed; and he indicated that students will be meeting with congressional representatives the following week.

The President extended condolences to Senator Feingold on the passing of his mother.

Award for Teaching Programs

President Reilly reported that the Wisconsin Teaching Fellows and Scholars programs won the 2005 TIAA-CREF Theodore M. Hesburgh Certificate of Excellence

from the American Council on Education. These professional development programs strengthen the understanding of student learning among early career and more senior faculty, enhancing undergraduate teaching and the classroom learning experience for students. The programs are system-wide in approach and impact; and they represent a diversity of disciplines and institutions.

He congratulated Lisa Kornetsky, Director of the Office of Professional and Instructional Development, Assistant Director Donna Silver, and Anthony Ciccone, Director of the Center for Instructional and Professional Development at UW-Milwaukee, who developed these exciting programs.

Bill to Honor John H. Bradley

It was reported by President Reilly that Congressman Mark Green planned to introduce a bill that would honor the father of Regent Mark Bradley. His father, John H. Bradley, was one of the flag raisers at Iwo Jima during his service as a Navy corpsman in World War II. He earned the Navy Cross for his bravery in service, and his story was told in the best-selling book, *Flags of our Fathers*, by Regent Bradley's brother, James. John Bradley also is remembered for his many years of community leadership and philanthropy in the Antigo community. Congressman Green is proposing to honor his service by designating a Department of Veterans Affairs facility in Appleton as the "John H. Bradley Department of Veterans Affairs Outpatient Clinic."

UW Role in National Program on the Liberal Arts

President Reilly announced that the UW system is participating in a pilot program with the Association of American Colleges and Universities (AAC&U) that will make Wisconsin the first state to be part of a national initiative to champion the value of a liberal education. The decade-long campaign, titled "Liberal Education and America's Promise: Excellence for Everyone as a Nation Goes to College (LEAP) will encourage students to consider a liberal arts education, while also underscoring how the liberal arts contribute to the nation's health and the knowledge economy.

LEAP will complement the UW's "Currency of the Liberal Arts" initiative, which promotes the liberal arts among UW students. The AAC&U has provided \$17,000 to fund focus groups with high-school and college students, and prospects for further funding appear promising.

The President thanked Senior Vice President Cora Marrett and Rebecca Karoff, of the UW System Office of Academic and Student Services, for facilitating Wisconsin's role in this new partnership.

Jalisco-Wisconsin Consortium

President Reilly reported that he had signed an academic exchange agreement between the UW System and the University of Guadalajara in Jalisco, Mexico. The agreement will encourage exchange, collaborative research, and contacts among faculty, staff and students. Governor Doyle signed the agreement on behalf of the state as part of his trade mission to Mexico.

He expressed appreciation to Ron Singer, Evan Norris and Sal Carranza, of the UW System Office of Academic and Student Services, who led development of this agreement.

Senior Vice President Marrett wins Distinguished Service Award

President Reilly congratulated Senior Vice President Cora Marrett for earning the Erich Bloch distinguished Service Award from the Quality Education for Minorities Network. She won the annual honor for her “singular contributions to the advancement of science and to the participation of groups underrepresented in science through policies, programs and public service.” The network recognized her leadership of the federal Committee on Equal Opportunities in Science and Engineering, of the Directorate for the Social, Behavioral and Economic Sciences at the National Science Foundation, and of the Board for the Social Science Research Council.

Student Leaders

Noting that student leaders had attended a dinner at Brittingham House, President Reilly indicated that each of them had an extraordinary story of student success to tell. For example:

Rachael Lehr, a third-year student at UW-Platteville, majoring in Chemistry-Criminalistics and German, has studied abroad in Germany three times. She also is a UW System Student Ambassador and serves as President of the Segregated University Fee Allocation Commission.

Matt Scheulke, a transfer student from UW-Platteville, will complete his undergraduate degree at UW-River Falls this semester. During his UW experience, Matt was both a McNair Scholar and a student body president.

Other examples of student excellence include: Carl Wesley, a UW-Platteville criminal justice major, who is a nontraditional student – married with three children. He transferred to Platteville after attending ITT in Greenfield and MATC in Milwaukee. In 2003, he was named a UW-Platteville Multicultural Student of the Year and recently received the American Multicultural Student Leadership Conference Change Maker award and scholarship. Last fall, he had a leading role in the campus production of “Blues for Mister Charlie,” which won Kennedy Center honors.

Kay Mikolajczak, a former All-American performer in women’s basketball and outdoor track and field at UW-Oshkosh, has been named by the NCAA as a 2005 recipient of Today’s Top VIII Award, which honors distinguished student athletes for achievement in athletics, academics and community service. The only Division III honoree among the nation’s top eight student athletes, she graduated with a 3.93 grade point average in May with a major in biology and a minor in pre-physical therapy.

Dan Mitchell, a UW-Stevens Point senior music major, has been recognized in two national music composition competitions. He won the American Society of Composers, Authors, and Publishers H. Robert Reynolds Wind Ensemble Composers’ Competition and will have his winning instrumental piece, “The Dawning of a Soul,” performed by the National Wind Ensemble at Carnegie Hall on May 28th.

Undergraduate Research Posters at the State Capitol

President Reilly reported that, on April 7th, 100 UW students will participate in Posters in the Rotunda: A Celebration of Undergraduate Research. This event, in its second year, provides an opportunity to share the state-of-the-art research performed by undergraduates in a variety of disciplines with many stakeholders, including elected officials. These students, he noted, are not only developing innovative products and solutions, and sharing new knowledge, but they also are on the front lines of the next highly educated workforce for Wisconsin.

- - -

REPORT OF THE PHYSICAL PLANNING AND FUNDING COMMITTEE

The committee's report was presented by Regent Salas, Chair.

-

Energy Efficiency Pilot Projects Report

The Physical Planning and Funding Committee met jointly with the Business and Finance Committee to hear a report about energy conservation opportunities proposed as pilot projects by four UW campuses to reduce energy expenditures. Strategies include: replacement of chemical fume hoods with low-air-flow fume hoods and renovation of related building ventilation systems; installation of additional electrical energy use metering linked to energy management systems to avoid high electrical demand charges; and installation of a wind generator to provide electrical power for use in campus buildings.

-

Building Commission Actions

Assistant Vice President David Miller reported that the Building Commission approved about \$8 million for various projects at its February meeting: \$3 million in GPR, \$4 million in program revenue, and \$1 million in gifts and grants. The commission also approved a lease agreement for the UW-Madison Graduate School Wisconsin National Primate Research Center for the AIDS research program and a second lease agreement for the UW-Platteville Residence Hall.

Regent Salas then reported on a number of resolutions that were passed by the committee.

-

UW-Green Bay Phoenix Sports Center Expansion and Remodeling Project

This resolution would authorize construction of the UW-Green Bay Phoenix Sports Center Expansion and Remodeling Project and increase the budget by \$2 million in gift funds.

-

UW-Madison: Demolition of Ogg Hall and Approval of Dayton Street Residence Hall Project

This item would approve construction of the Dayton Street Residence Hall project with a budget increase of \$1 million in program revenue-cash. The Dayton Street hall, along with the residence hall being constructed at Park and Regent streets, will replace the current beds in Ogg Hall, which will be demolished after the new residence hall is completed. In its place, recreational and green spaces will be created. The new hall will provide housing for 600 first and second-year students and 15 house fellows. Last December, the campus provided the committee with information showing need for additional housing for freshmen and sophomores.

Regent Salas asked if there was opposition to the project and was told that none was expressed, although there had been some opposition from private developers previously. The committee was concerned about meeting the needs of first and second-year students, who do better academically if they live in residence halls.

-

UW-Platteville: Residence Hall Construction

This resolution would grant authority to construct a residence hall site utility extension project to provide the required utility extensions for the proposed engineering building and the new student residence hall which is expected to be ready for occupancy in August 2006. The project would extend steam, condensate, power, and signal utilities, as well as fiber optic and coaxial cables to the site boundaries.

Currently, Regent Salas pointed out, UW-Platteville has nine residence halls, all constructed over 30years ago, which are at overflow capacity. It was believed that a new hall could be filled even without the Tri-State Initiative.

-

UW-Madison: Camp Randall Project

This resolution would authorize a budget increase of \$2 million in gift funds for the Camp Randall project to provide an upgrade to the press box area beyond its original scope and to replace the existing elevator to the press box with a new ADA compliant elevator, as well as to expand the stadium security booth for better crowd management.

-

Consent Agenda

Regent Salas moved adoption of the following resolutions by the Board of Regents as consent agenda items. The motion was seconded by Regent Gottschalk and approved on unanimous voice vote.

UW-Green Bay: Approval of the Design Report and Authority to Construct and Increase the Project Budget of the Phoenix Sports Center Expansion and Remodeling Project

Resolution 8981: That, upon the recommendation of the UW-Green Bay Chancellor and the President of the University of Wisconsin System, the Design Report be approved and authority be granted to (a) construct the Phoenix Sports Center Expansion and Remodeling project; and (b) increase the project budget for an estimated total project cost of \$32,000,000 (\$7,500,000 General Fund Supported Borrowing, \$15,000,000 Program Revenue Supported Borrowing, and \$9,500,000 Gift Funds).

UW-Madison: Approval of the Design Report, Authority to Demolish Ogg Hall, and Construct the Dayton Street Residence Hall Project and New Green Space

Resolution 8982: That, upon the recommendation of the UW-Madison Chancellor and the President of the University of Wisconsin System, the Design Report be approved and authority be granted to: 1) construct the Dayton Street Residence Hall project; 2) demolish Ogg Hall and create new recreational space; and 3) construct new green space as part of the East Campus Pedestrian Mall on the campus of the University of Wisconsin-Madison for a total project cost of \$35,900,000 (\$34,900,000 Program Revenue Supported Borrowing and \$1,000,000 Program Revenue Cash).

UW System: Authority to Construct a Maintenance and Repair Project

Resolution 8983: That, upon the recommendation of the President of the University of Wisconsin System, authority be granted to design and construct a New Residence Hall Site Utility Extension project at an estimated total project cost of \$1,652,000 PRSB – Utilities Repair & Renovation funding.

UW-Madison: Authority to Increase the Budget of the Camp Randall Expansion and Renovation Project Using Gift Funds

Resolution 8984: That, upon the recommendation of the of the UW-Madison Chancellor and the President of the University of Wisconsin System, authority be granted to increase the budget of the Camp Randall Stadium Expansion/Renovation project by \$2,137,000 Gift Funds, for a revised total project cost of \$109,442,900 (\$85,104,900 Program Revenue Supported Borrowing, \$11,538,000 Gift/Grant Funds, and \$12,800,000 General Fund Supported Borrowing).

- - -

REPORT OF THE BUSINESS AND FINANCE COMMITTEE

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

-

Annual Budget Decision Rules

Associate Vice President Freda Harris briefed the committee on allocation rules for the 2005-06 annual budget that have been recommended by President Reilly in consultation with the chancellors. President Reilly told the committee that there are two efforts under way that could influence allocations in the future: 1) The Integrated Planning Working Group will be looking at alternative funding models; and 2) a group of chief business officers and provosts is reviewing administrative functions, including those that are performed by System Administration and by the campuses. Therefore, the decisions rules to be acted upon at this meeting are for the first year of the biennium only.

-

UW-Madison: Sponsorship Agreement with Adidas

Regent Bradley reported that the committee heard from representatives of UW-Madison and Liana Dalton, a student representing a joint faculty/student committee. She voiced concerns about adidas' labor policies in foreign countries. Vice Chancellor Darrell Bazzell reported that the committee would be notified of any ongoing concerns throughout the term of the contract, especially any violations of the university's code of conduct. The contract provides that access be given to records by UW-Madison but not by the public. The committee was satisfied that UW-Madison would monitor those records carefully.

-

Socially Responsible Aspects of Timber Investing

At the last meeting, Assistant Trust Officer Doug Hoerr had briefed the committee on timber as a potential new asset class for allocation. Regent Bradley had expressed concern that timber investments could be sold to companies that would harvest the timber in an environmentally unsound way and cautioned that the committee would need to be assured that companies apply due diligence to prevent this from occurring if UW System trust funds were to be invested in timber.

Mr. Hoerr invited GMO, one of the UW System's current investment managers that also provides timber investing, to address the committee on the due diligence that they apply to investments in timber. Eva Gregor, of GMO, gave an introduction to timber investing and the efforts that their company gives to ensure socially responsible investing. Professor Ray Guries, Chair of the UW-Madison Department of Forest Ecology, commented on the trend by organizations to certify that timber is handled in an environmentally responsible manner and noted that this would be a good way to ensure appropriate stewardship regarding timber investments.

-

Annual Endowment Benchmarking Report

Assistant Trust Officer Doug Hoerr reported on the Annual Endowment Benchmarking Report prepared by the National Association of College and University Business Officers. UW System Trust Funds' true endowment (long term fund only) was valued at \$276 million as of June 30, 2004.

While the Trust Funds' investment return exceeded the average peer performance in fiscal year 2004, performance has been comparable over longer time frames. Mr. Hoerr noted that the biggest difference is the UW's under-weighting in alternative investments.

-

Introduction to Real Asset Classes: Commodities

Assistant Trust Officer Doug Hoerr led an introductory discussion of commodities, noting that an upcoming asset allocation study may recommend that a small portion of the Trust Funds Long Term Fund be invested in this asset class.

-

CBO/Provost Meeting

Vice President Debbie Durcan reported that the provosts and chief business officers met jointly to develop guiding principles and to identify major areas for further study, leading to a system-wide administrative cost reduction plan. The group brainstormed specific ideas for cost reductions, ranging from adopting a common academic calendar, to regionalizing the internal audit function, to centralizing admissions.

Seven work groups, including both System Administration and campus staff, are being formed to further develop cost-saving proposals in targeted areas. The groups will begin their work later in the spring and conclude by early fall. Their recommendations will be vetted with the chancellors and then reported by President Reilly to the Board of Regents

-

Cell Phone Audit Follow-up

It was reported by Vice President Durcan that, at the end of February, the Legislative Audit Bureau issued a limited scope review of cell phone contracts and usage by state and university employees. Two-thirds of employees had cell phone usage of less than \$20 per month; however, LAB found 386 persons with monthly bills greater than \$100 per month, over 200 of who were university employees. Ms. Durcan indicated that the UW agrees with all of the LAB findings, and the Office of Operations Review and Audit will soon be releasing a draft report entitled "Review of UW Cellular Phones," which will be reviewed by the Business and Finance Committee later in the spring.

Regent Bradley remarked that it will be necessary to get cell phone users the right contracts in order to minimize costs. Where personal usage was found, those amounts have been reimbursed.

-

Consent Agenda

Adoption by the Board of the following resolutions, which had been approved by the committee, was moved by Regent Bradley and seconded by Regent Pruitt.

2005-06 Annual Budget Allocation Decision Rules

Resolution 8985: That, upon recommendation of the President of the University of Wisconsin System, the Board of Regents approves the 2005-06 annual budget allocation decision rules. If subsequent legislative action modifies either the first year funding increases or reductions noted in the rules, the UW System would distribute the changes according to the principles set forth in Sections I and III.

Voting of 2005 Non-Routine Proxy Proposals

Resolution 8986: That, upon recommendation of the President of the University of Wisconsin System, the non-routine shareholder proxy proposals for UW System Trust Funds, as presented in the attachment, be voted in the affirmative.

Sponsorship Agreement with adidas Promotional Retail Operations, Inc.

Resolution 8987: Chancellor of the University of Wisconsin-Madison, the Board of Regents accepts the Sponsorship Agreement with adidas Promotional Retail Operations, Inc. which will provide, among other things, shoes, equipment, and apparel to the University of Wisconsin-Madison intercollegiate athletic teams, certain cash compensation, and enhanced licensing opportunities.

Regent President Marcovich called on UW-Madison students Joel Feingold and Liana Dalton, who had requested permission to speak to the Board about the adidas contract.

Mr. Feingold explained that the concern is that adidas contracts with sweatshops and that the Workers Rights Organization has no oversight. In addition, the Board of Regents is not privy to company records; only the chancellor or his representative is able to view them. The students were asking that disclosure by the company be made public.

Ms. Dalton commented that workers' rights are being violated by adidas. For example, she said that the company engaged in union busting in Indonesia, closed its plant there and moved operations to China. She argued that adidas should make public disclosure of its facilities, wages and production volume. In addition, she urged that the Workers Rights Organization be included in the agreement.

Regent Bradley indicated that the student comments were consistent to arguments made to the committee the preceding day. The tension, he explained, occurs because the company wants to disclose information to a designee of the Chancellor, not to the public at large. Complaints can be made to the Chancellor's designee and the contract can be terminated if there are material violations. Noting that full disclosure to the public would be an unusual step for a company to take, he said that the Business and Finance Committee was satisfied that UW-Madison would inform the Board of Regents of any violations.

Regent Davis remarked that students felt it would be more meaningful if the Workers Rights Organization were informed. She also thought that informing the Board of Regents would be helpful.

Regent Randall inquired about whether there was provision for academic support of student athletes in the contract, to which UW-Madison Vice Chancellor Darrell Bazzell replied that the university receives royalties of \$800,000 to \$1 million, which are spent for scholarships, half for the Athletic Department and the rest for general scholarships.

Regent Walsh asked if the provision on disclosure of information to the university was a new addition to the contract. Casey Nagy, Executive Assistant to the Chancellor

replied that addition of that provision had been negotiated with the company over the past year.

In response to a further question by Regent Walsh, Mr. Nagy explained that the Workers Rights Organization is an entity with which UW-Madison works to monitor production when violations are found and to obtain resolutions. The organization is not part of the university's budget.

Regent Walsh asked if information from adidas is subject to the open records law, to which Mr. Nagy replied that any requests would have to be evaluated under terms of the contract.

Regent Olivieri asked if there was a plan to review the company's performance and records periodically, to which Mr. Nagy responded that there will be regular visits to review the company's books and there will be immediate access to appropriate records if there are any complaints.

In reply to a further question by Regent Olivieri, Mr. Nagy indicated that unfettered access by the Chancellor is an extraordinary concession by the company. Noting that the industry is an exploitative one, he said the university had worked to find a responsible partner and believes that adidas is as good a company as could be found for this purpose. He added that the Workers Rights Organization has sometimes been satisfied in their dealings with the company.

At the request of Regent Richlen, Resolution 8987 was removed from the consent agenda.

In response to a question by Regent Richlen, Mr. Nagy indicated that this was the first time full disclosure had been included in the contract. Regent Richlen remarked that records open to the public would create the transparency that students want.

Regent President Marcovich noted that this is an improvement on the first contract and that, if the university pushed for further disclosure, there probably would be no contract with adidas. Noting that the university would have an absolute right of inspection, he believed that staff should be trusted to make the appropriate reviews and report to the Board.

While reporting to the Board is not part of the contract, Regent Bradley indicated that the Business and Finance received assurance from Vice Chancellor Bazzell that any violations would be brought to the Board.

Mr. Nagy stated that full transparency is the ultimate objective, but that steps need to be taken toward that goal. In his view, the disclosure provided in the contract constitutes a huge step forward.

Regent Marcovich said that his vote for the contract would not be a vote against the rights of workers. Instead, he felt this type of contract provides the best way to monitor company performance in that regard.

Chancellor Wiley thanked the students for their comments. He concurred that it is an exploitative industry and stated that the university will monitor carefully. He pointed out that the transparency contained in the contract is the best that any university has negotiated.

Regent Randall stated that he would vote against the contract because it lacks provisions for academic support of athletes. He said that he would be better satisfied if such a provision could be added.

Chancellor Wiley indicated that he would not want the company involved in deciding how the university should spend its royalties.

Regent Burmaster said that she would like to see access by the Board of Regents included in the contract.

Put to the vote, Resolutions 8985 and 8986 were adopted on a unanimous voice vote.

Adoption of Resolution 8987 was moved by Regent Davis, seconded by Regent Smith, and adopted on a roll-call vote, with Regents Axtell, Bradley, Davis, Gottschalk, Marcovich, Olivieri, Pruitt, Rosenzweig, Smith, and Walsh (10) voting in favor of the resolution, and Regents Burmaster, Randall, Richlen, and Salas (4) voting against it.

- - -

REPORT OF THE EDUCATION COMMITTEE

The report was presented by Regent Olivieri, Chair

-

Review of Regent Policy on Tuition and Financial Aid

Regent Richlen informed the committee that students are very mobilized to oppose the federal budget's proposed cuts to student aid. At least 85 students from 10 UW campuses planned to spend their spring breaks in Washington, D.C., lobbying federal officials and congressional representatives. The point was made that it would be helpful if parents also could be mobilized.

Noting that efforts are being made in other states to make it possible for low-income students to graduate without debt, Regent Oliveiri indicated that UW-Madison has explored these plans but concluded that it would not be possible at this time, given the way the budget is constructed, to implement such a program in Wisconsin. However, he pointed out the importance of sending the message to low-income families that college is affordable and finding mechanisms to assist them.

-

Accountability Report

In discussion of the Accountability Report, the question was raised as to whether nontraditional students should be defined by factors other than age alone.

There also was discussion of revising goals and whether those that are being met should be increased in order to stretch efforts, while others might be revised downward to make achieving them more realistic. The goals are being re-examined to see if adjustments are in order.

With regard to pre-college programs, the committee was informed that efforts have been made to make the content more related to academics and success in college.

The committee also asked if the Accountability Report could revise the number of graduates system-wide to include transfer students. Currently only first-semester freshmen who complete their degrees are counted. At some institutions, like UW-Superior, transfers constitute a large number of students.

Finally, there was discussion of using the Accountability Report to provide future issues for the Education Committee agenda.

-

Ongoing Work on Plan 2008

The committee was informed that work to refine the campus plans was continuing.

There was discussion of conducting an ongoing system-wide climate study and having the results incorporated into the Accountability Report

Also included in the report would be the diversity report card that is being developed for presentation to the board in June. There was discussion of what should be included in the report, including the Bensimon method. The overall purpose is to identify barriers to student achievement so that they can be more effectively addressed.

-

Allied Health Accreditation

Regent Olivieri reported that a resolution on this matter had been drafted, but he asked that the chancellors have an opportunity to react to it before it came before the regents.

The committee heard input from provosts, with UW-Madison Provost Peter Spear expressing the feeling, shared by Chancellor Wiley, that there is little that can be done by the board or the institutions to have an impact on accreditation agencies.

The board, however, can speak to the matter of credits-to-degree and can ask that allied health programs continue to be monitored to make sure that these requirements are kept to a minimum.

It was noted that UW representatives, along with those from other institutions, serve on accrediting organizations and that they might be asked to take a strong stand with regard to this matter.

-

Gathering Stakeholder Input: Cooperative Extension Needs Assessment

In this presentation, it was noted that Cooperative Extension, which operates in all 72 Wisconsin counties, is an excellent means of stretching the UW's educational impact across the state. Mechanisms were described that are used to obtain feedback from the communities that it serves.

Questions were raised about the consolidation between UW-Extension and the UW Colleges, and President Reilly reported that feedback on this initiative has been positive.

-

New Academic Programs

The committee heard second readings of the proposed M.A. in Women/ Gender Studies at UW-Madison and the consortial Doctor of Audiology program at UW-Madison and UW-Stevens Point.

With regard to the Doctor of Audiology, there was further discussion of credits and time to degree, as well as the cost of the additional year and the year of externship.

The committee approved both programs.

-

Consent Agenda

Adoption of the following resolutions was moved by Regent Olivieri, seconded by Regent Axtell, and carried on a unanimous voice vote.

UW-Madison: Program Authorization (Implementation) M.A. in Women's Studies/Gender Studies

Resolution 8988: That, upon recommendation of the Chancellor of the University of Wisconsin-Madison and the President of the University of Wisconsin System, the Chancellor be authorized to implement the M.A. in Women's Studies/Gender Studies.

UW-Madison and UW-Stevens Point: Program Authorization (Implementation) Consortial Doctor of Audiology

Resolution 8989: That, upon recommendation of the Chancellors of the University of Wisconsin-Madison and the University of Wisconsin-Stevens Point, and the President of the University of Wisconsin System, the Chancellors be authorized to implement the Consortial Doctor of Audiology.

Regent Salas commented that he was pleased with approval of the Women/Gender Studies program, recalling that these types of programs, along with ethnic studies programs, emerged in the 1960s and 1970s as a result of student demands. He urged that more of these programs be established and noted that they are helpful in attracting and retaining faculty and students of color.

With regard to the UW-Madison program, he pointed out that that there is no comparable program in the state or the Midwest.

- - -

ADDITIONAL RESOLUTIONS

2006 Meeting Schedule

Adoption of the following resolution was moved by Regent Axtell, seconded by Regent Bradley and carried unanimously on a voice vote.

2006 Meeting Schedule

Resolution 8990: That the attached meeting schedule for 2006 be adopted.

- - -

CLOSED SESSION

At 11:50 a.m., the following resolution, moved by Regent Walsh and seconded by Regent Smith, was adopted on a roll-call vote, with Regents Walsh, Smith, Salas, Rosenzweig, Richlen, Randall, Pruitt, Olivieri, Marcovich, Gottschalk, Davis, Bradley, and Axtell (13) voting in the affirmative. There were no dissenting votes and no abstentions.

Resolution 8991: That the Board of Regents recess into closed session to confer with legal counsel, regarding pending or potential litigation, as permitted by s.19.85[1][g], *Wis. Stats.*, to consider a salary adjustment at UW-Madison, as permitted by s.19.85[1][c] and [f], *Wis. Stats.* and to consider honorary degree nominations by UW-Parkside and UW-Oshkosh, and to consider personal histories

related to naming of a facility at UW-River Falls, as permitted by s.19.85[1][f], *Wis. Stats.*

The board arose from closed session at 12:50 p.m., having adopted the following resolution on a unanimous roll-call vote, with Regents Axtell, Bradley, Davis, Gottschalk, Olivieri, Pruitt, Randall, Richlen, Rosenzweig, Salas, Smith, and Walsh (12) voting in the affirmative:

UW-Madison: Approval of Salary: Dean of the School of Business

Resolution 8992: That, upon recommendation of the President of the University of Wisconsin System and the University of Wisconsin-Madison Chancellor, the annual salary for Michael Knetter, Dean of the School of Business, University of Wisconsin-Madison, be increased by \$50,000 from private funds to \$297,659, effective March 1, 2005.

The meeting was adjourned at 12:50 p.m.

Submitted by:

Judith A. Temby, Secretary