

MINUTES OF THE REGULAR MEETING

of the

BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM

West Bend, Wisconsin

UW-Extension

Held at the Washington County Cooperative Extension Office

Friday, September 9, 2005

9:00 a.m.

- President Walsh presiding -

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PRESENT: Regents Axtell, Bradley, Burmaster, Connolly-Keesler, Crain, Davis, Gracz, Loftus, McPike, Pruitt, Randall, Rosenzweig, Salas, Semenas, Smith, Spector, and Walsh

ABSENT: None

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**Approval of the Minutes of the Meeting of the Board on July 7, 2005**

With addition of Regents Spector, Crain and Semenas to those voting for the closed session resolution, the minutes of the July 7<sup>th</sup> meeting stood approved.

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**REPORT OF THE PRESIDENT OF THE BOARD**

**Report on the July 15, 2005 meeting of the Educational Communications Board**

A written report of the July 15<sup>th</sup> meeting was provided.

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**Report on the July 26-27, 2005 meetings of the Wisconsin Technical College System Board**

The regents received a written report on the July 26<sup>th</sup>-27<sup>th</sup> meetings.

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**Report on the July 29, 2005 meeting of the Higher Educational Aids Board**

A written report on the July 29<sup>th</sup> meeting was provided.

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**Report on the May 4, 2005 meeting of the Hospital Authority Board**

The regents received a written report on the May 4<sup>th</sup> meeting.

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**Appreciation for Hospitality**

Regent President Walsh thanked UW-Extension, Washington County and the West Bend community for the hospitality graciously extended to those attending the board meetings. A reception featuring the talented 4-H singers had been sponsored by the UW-Extension Board of Visitors and interesting tours of Extension economic development and dairy programs had been provided to regents and others. He expressed appreciation for these special opportunities.

Regent Vice President Bradley called attention to a 4-H flag, displayed in the meeting room, that had been presented to him by the singers after their performance.

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**Recent Activities**

Regent President Walsh summarized a number of things on which he had been working over the course of the summer. Referring to the UW's responsibility to be open and transparent, he indicated that he had spent a good deal of time with media and legislators, attempting to be responsive to questions they raised. In that regard, he worked with Regents Loftus and Rosenzweig who are serving as regent liaisons with the Legislature.

Among other activities, he had conducted orientation sessions for four new regents and led a retreat for regents, chancellors and the cabinet. Remarking that the Committee on Retreat Follow-Up had done an excellent job, he expressed confidence that the goals and objectives identified in its report would be helpful in the future work of the board and in ongoing discussions with state leaders.

With regard to the recently enacted state budget, he expressed appreciation for actions taken by the Governor that will be helpful to the UW going forward.

He had worked to strengthen communications with legislative leaders, providing a legal memorandum at the request of Representative Jeskewitz and appearing with Regent Smith before the Colleges and Universities Committee. He also had met with Senator Schultz who expressed the view that the UW may need to consider enrollment caps.

In conclusion, he emphasized the importance of communication in being responsive to the people of the state and their representatives.

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

### **Presentation: News from the UW-Colleges/UW-Extension Administrative Integration**

In introductory remarks, President Reilly recalled that one of his first initiatives as president was proposing the consolidation of administrative functions of UW-Extension and UW Colleges under a single chancellor. Such integration makes good sense, he pointed out, especially because both have central administrations based in Madison, highly developed relationships with local governments across the state, and related access missions. Reporting that the leadership and staff of both institutions have been putting their energies and ideas into shaping a dynamic new direction to better serve students and clients, President Reilly stated that he is impressed and inspired by their efforts to make the integration not just one of paperwork and processing, but one of culture, mission and service. He then asked Regent Davis, Chair of the Special Regent Committee, to report on search and screen process for a new chancellor.

Regent Davis began by noting that the 19-member Search and Screen Committee, appointed last April by President Reilly, was making great progress. The group was beginning to review applications and planned to interview candidates in mid-October.

The committee, she explained, is made up of both UW Colleges and UW-Extension representatives who see themselves as laying the groundwork for mutual understanding, good will, and collaboration between the two institutions that would extend far beyond the search.

Stating that she was encouraged by this evidence of rapport and partnership, she added that she also was pleased that the committee has been going the extra mile to actively seek public input during the search. A statewide listening session was held via teleconference on August 30<sup>th</sup> and another was scheduled for September 20<sup>th</sup>. E-mailed suggestions from residents, students, faculty, staff and other stakeholders also are welcomed.

With regard to the Committee on Administrative Integration, Regent Davis commented that she was encouraged to know that the group was working diligently and collaboratively. The group's findings and suggestions, she indicated, would serve as important context for the Regent Committee as it explored the capabilities of candidates

for chancellor. It was expected the committee would interview finalists at the end of November and make a recommendation to the full board at the December meeting.

President Reilly introduced UW-Extension Interim Chancellor Marv Van Kekerix and UW Colleges Interim Chancellor Margaret Cleek, thanking them for their exceptional leadership in making the vision of integration a reality.

Beginning the presentation, Dr. Van Kekerix indicated that the process began with research on mergers. What they found was that many are not successful and that, to succeed, it is necessary to maintain core values while altering practices to deal with contemporary issues. In that regard, he pointed out that both institutions have strong cultures, including four divisions in UW-Extension that are very different from one another.

With regard to the complexity of the undertaking, he noted that the Colleges have more than 12,000 students, while Extension has over one million enrollments and contacts, plus TV and radio audiences. Together, the institutions have about 2,000 employees at multiple locations. To set the process in motion, a Steering Committee was appointed, which has been meeting regularly.

Interim Chancellor Cleek began her remarks by outlining some common characteristics shared by the two institutions:

- Commitment to access and service
- Statewide academic departments
- Active faculty and staff governance
- Strong partnerships with the UW comprehensive and doctoral campuses
- Strong tradition of stakeholder engagement
- Longstanding partnerships with county and local governments
- Shared history

Common goals are:

- Increase Access
  - Reach new audiences in new ways
  - Provide pathways to degree completion
- Increase Quality
  - Preserve the unique missions of the two institutions
  - Combine assets and competencies to add value
- Increase Efficiency
  - Enhance access and services while reducing administrative costs.

After the Steering Committee was formed, subcommittees were created to focus on information technology; EEO/diversity; administrative services; and baccalaureate access.

The Information Technology Subcommittee looked at more than 100 functions, identified 89 provided to both institutions, and selected 20 plus prime opportunities for integration. The group then moved to considering costs and savings from such integration.

The Business Services Subcommittee reviewed the areas of internal audit, facilities management, risk and safety, and procurement with an eye on how they could be combined. Other areas will be examined in the future.

The EEO/Diversity Programs Subcommittee recommended combining efforts and staff for diversity programming and services.

Interim Chancellor Van Kekerix reported that the Baccalaureate Access Subcommittee had submitted a preliminary report and action plans. In this area, there is interest in moving forward to implement the Adult Student Initiative, which involves:

- Expanding the capacity for advising adult students
- Reviewing available courses and putting them on a web site.
- Developing and expanding degree completion programs, combining distance education and in-person instruction
- Developing a process for awarding credits for non-traditional learning.

Expressing enthusiasm for this initiative, Dr. Van Kekerix said that UW-Extension would be prepared to contribute \$500,000 to get this initiative under way.

Other issues addressed included: institutional culture and values; institutional assets; organizational structures; reporting relationships; expectations of the new chancellor; and physical space resources.

Challenges included being as transparent as possible to staff and stakeholders, which is difficult in view of the complex issues involved.

Turning to the future, Dr. Van Kekerix noted:

- Opportunities to increase access at both the Associate and Bachelor Degree levels
- Opportunities to increase service to nontraditional audiences
- Opportunities to experiment with new technologies
- Opportunities to increase access for diverse populations
- Opportunities to strengthen current programming

Next steps would be to develop two fully integrated organizational models; to prepare recommendations for the new chancellor, President Reilly, and the board; and to implement approved administrative changes to achieve efficiencies. It had been agreed to integrate at the top of the organizations, without interrupting service to students and others at the local level.



In discussion following the presentation, Regent Bradley inquired about precedent around the country for granting of degrees, to which Dr. Van Kekerix replied that discussions with four-year institutions about granting of degrees is ongoing and that other options are being examined as well.

In response to a question by Regent Loftus, the interim chancellors indicated that the two institutions would have one budget and that they felt encouraged by President Reilly and the board to consider bold steps.

Replying to a question by Regent Crain, Dr. Van Kekerix indicated that the purpose of developing two integration models was to provide options for the new chancellor to consider.

Regent Pruitt applauded the Adult Student Initiative as being on target and consistent with the direction of the Committee on Baccalaureate Expansion.

Regent Axtell asked if the total of the integrated organization would be less costly than the separate institutional structures, to which Dr. Van Kekerix replied that cost savings are the intent. In that regard he noted that such savings would result from having one chancellor and one chief information officer, instead of two of each, but that, in some areas, such as instructional technology, investments will be necessary in order to achieve savings in the long run.

Noting that many IT mergers cost more than they are able to recover, Dr. Cleek added that both efficiency and effectiveness are top considerations in providing value for the state.

Regent Connolly-Keesler asked if the Technical Colleges were involved in discussions of distance education, to which Dr. Van Kekerix replied that there is interest in having the Technical Colleges join in these discussions.

Regent Salas suggested more discussion with the Technical Colleges that have college-parallel programs in order to promote the goal of seamless educational opportunity, and he observed that students have led the way by taking advantage of educational opportunities wherever they exist.

Dr. Van Kekerix added that the web site also would promote the objective of seamless education. Another initiative in that direction, Dr. Cleek indicated, is a one-plus-one degree completion program at UW-Fox Valley, in which the UW College and the Technical College each offer 30 credits towards an associate degree.

Regent Davis asked that information and wisdom gleaned from the integration effort be provided to the Special Regent Committee to inform the committee's work in interviewing chancellor candidates.

Senior Executive Vice President Mash observed that, when the integration effort began, the focus was on how much money could be saved. Over time, the focus shifted to fuller integration and to producing more and better outcomes for students and other stakeholders. It is important, he said, to see increased production as an efficiency measure.

President Reilly concluded the discussion by stating that he was very pleased with the progress being made and by commending both interim chancellors for the exceptional leadership they have shown.

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### **Introduction of Senator Glenn Grothman**

President Reilly introduced State Senator Glenn Grothman, of West Bend, and welcomed him to the meeting.

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### **Adult Student Initiative**

President Reilly stated that this initiative addresses the need in Wisconsin to expand access to degrees from four-year universities, as recognized in the Report of the Committee on Baccalaureate Expansion (COBE), co-chaired by Regents Pruitt and Smith. The concept is that increasing the percentage of state residents with four-year degrees will boost Wisconsin's economy by enlarging the size of the workforce that is prepared to work in the knowledge economy. This in turn will help to attract companies that offer high-wage jobs which will provide the state with a broader and more stable tax base.

The COBE report identified several ways to accomplish this purpose:

- Having campuses contact students who have dropped out and encourage them to come back and graduate
- Promoting online learning
- Reaching out to students, parents, and employers to share information about educational opportunities.

The University, the President indicated, is working with the Technical Colleges to implement many of the reports recommendations. As an example of the kind of efforts being made, he cited UW-Oshkosh's Graduation project, which invites students who have left campus to come back and complete their degrees. Thirty-six students participated in last year's initial pilot and 12 have already graduated. More than 250 are expected to participate this year.

Integration of the UW Colleges and UW-Extension, he pointed out, has shed light on their unique roles in bringing student-centered services and education to adult and nontraditional student populations. The September 2005 edition of the *Chicago Fed Letter* from the Federal Reserve Bank of Chicago noted the changing demographics of Wisconsin's future potential college students, who will be increasingly older and ethnically diverse. This report, he remarked, foreshadows why it is important to have programs in place to educate more nontraditional students in order to improve the quality of Wisconsin's workforce and strengthen the state's economy.

Through the Adult Student Initiative, UW-Extension and UW Colleges will be first points of contact in connecting adult students with the academic programs that best

meet their educational needs. Through their statewide connections, Extension and the Colleges are preparing to find, advise and support students who are interested in pursuing a college degree. Professional advisers will be made available via toll-free phone and e-mail who will help them understand their academic and career options.

UW-Extension also will step up what it does to promote “anytime, anywhere” education through its informational website, [DistanceLearning.Wisconsin.edu](http://DistanceLearning.Wisconsin.edu). Further, the Colleges and Extension are ready to partner with the four-year UW campuses to help offer joint bachelor’s degrees in new or emerging areas of high demand and to expand the adult student programs these campuses already have.

Responses to recent consumer surveys showed that working adults are rooted in their communities and want to stay and work in Wisconsin. Fifty percent of Gen-Xers and 35 percent of those in younger Generation Y said they were extremely or very interested in enrolling in a UW degree program.

Stating that the UW has a responsibility to provide these working adults with the advancement opportunities they need, President Reilly noted that one way to do that is to offer credit for prior learning. Several UW campuses already work with adult students to offer credits for non-traditional learning experiences; and UW-Extension serves as the state affiliate of the American Council on Education’s College Credit Recommendation Service, helping employees earn college credit for workplace learning. To help more students get started on earning their degrees, UW-Extension has agreed to work with the UW System Office of Academic Affairs and selected UW faculty to establish system-wide guidelines on offering this kind of credit, while maintaining the quality of a UW degree.

In order to start these important programs now, UW-Extension has identified funding to be reallocated from other programs and from savings to be achieved by centralizing some administrative functions with the UW Colleges.

The Adult Student Initiative, President Reilly reported, has been endorsed by Representative Rob Kreibich and Senator Sheila Harsdorf, who chair the higher education committees in their respective houses of the Legislature. It responds directly to what has been learned from the COBE study and to regent directives that followed the committee’s report. Analysis of state needs indicate that this is the kind of effort that will get more working adult students into UW classrooms, help more students earn their bachelor’s degrees, and help create the kind of workforce that can attract knowledge-economy businesses to Wisconsin.

He commended Interim Chancellors Van Kekerix and Cleek; Lee Zaborowski, Interim Dean of Outreach and E-Learning for UW-Extension; and their colleagues for making this a strong emphasis and congratulated them for this important contribution to Wisconsin.

Concluding his report, President Reilly thanked everyone for their insights and help during his first year in office. Noting that change will keep coming, he emphasized that the UW is the right agent to drive that change toward a bright Wisconsin future.

In recognition of the new academic year, he wished students and all others a healthy and revitalizing new beginning. For students in particular, he read a Billy Collins poem, entitled "Marginalia."

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## **REPORT OF THE EDUCATION COMMITTEE**

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

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### **Education Committee Planning for 2005-06**

The committee discussed a draft document establishing access, student success, and quality as the overarching themes for the work of the Education Committee. These themes, Regent Burmaster noted, are consistent with the themes identified for the board by the Committee on Retreat Follow-Up: 1) Improving access to the UW System; 2) Increasing baccalaureate degrees in Wisconsin; 3) Improving the quality of the student experience; and 4) Strengthening and building relationships with stakeholders.

These themes also are reflected in priorities identified under the Education Committee themes: Teacher education; program planning and review; diversity; student support services; and the currency of the liberal arts and sciences.

The Education Committee planned to develop its agenda for the year in alignment with these themes and priorities and to develop a set of outcomes that would show when progress was made. Regent Axtell suggested also using the Accountability Report and its benchmarks as a way of organizing work and measuring progress.

The committee intended to consider a more finalized version of the planning document in October, in alignment with the board's themes.

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### **Presentation by UW-Extension on Baccalaureate Access for Adults and Under-Served Students**

Lee Zaborowski, Interim Dean and Director of Outreach and E-Learning at UW-Extension, presented a plan for expanding access to the baccalaureate degree to adult and otherwise under-served students, a need identified in the report of the Committee on Baccalaureate Expansion. Extension had conducted market research and analysis to define populations for who expanded baccalaureate access would be most useful.

Excellent online advising resources are available to inform potential students about what courses are available online throughout the state. Extension planned to provide seed funding to innovative programs addressing critical state needs and also was exploring ways to give credit for non-traditional or prior learning.

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### **Annual Program Planning and Review Report**

Associate Vice President Ron Singer gave a brief overview of the program planning and review process, which is designed to ensure quality and academic integrity, with statutorily designated roles for the regents, System Administration, and the institutions.

The committee agreed that the process allows for beneficial shared governance and oversight of system-wide program quality and array, which is of particular importance in this constrained fiscal environment. The committee was advised that recommendations will be forthcoming on how to make the process more efficient.

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### **Program Authorizations – First Readings**

The committee heard first readings of two new programs: The BS in Golf Enterprise Management at UW-Stout and the Online MBA, a consortial degree to be offered by five institutions – UW-Eau Claire, UW-La Crosse, UW-Oshkosh, UW-Parkside, and UW-Extension.

The committee commended the MBA program for its creative and efficient use of existing resources. It was noted that demand from working adults for online MBAs from accredited institutions is constantly growing and that the UW System brand should be especially appealing and valuable to students. This is the fourth in a series of consortial programs presented to the regents in the last several months, and the committee applauded the institutions and System Administration for collaborating to make these programs available.

Regent Axtell encouraged the consortium to market the MBA program aggressively to businesses and predicted a very favorable response.

The committee was advised that the Golf Enterprise Management program is in great demand and has received private funding from several Wisconsin corporations. It fits well with UW-Stout's mission of providing professional degree programs in industry and tourism.

The two programs were to be returned to the agenda for action in October.

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### **Program Authorizations – Second Readings**

Regent Burmaster reported that the committee approved two very solid programs which received first readings and strong support at the June meeting.

The BA/BS in Women's Studies at UW-Eau Claire would provide students with a strong liberal arts education and with critical thinking, communication, multicultural competence, and problem-solving skills needed in the 21<sup>st</sup> century global and knowledge-based economy.

The joint UW-La Crosse/UW-Milwaukee Doctor of Physical Therapy program would be the only public DPT program in the state. The committee was informed that demand is high in this growing and constantly changing allied health field.

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**UW-Milwaukee Charter School Contract Extension**

The UW-Milwaukee Office of Charter Schools presented its recommendation for a four-year extension for the School for Early Development and Achievement. While the school had some start-up problems, they were resolved to the satisfaction of the Office of Charter Schools and the Department of Public Instruction. The committee approved the contract with the understanding that future contracts would include DPI's recommendations.

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**Revised Faculty Personnel Rules: UW-Oshkosh**

The committee was informed that, following standard practice, the rule changes were vetted before appropriate faculty governance units, recommended by the chancellor, and reviewed by UW System General Counsel. The revisions, which involved a new faculty service award and changes in the university's student opinion survey policy, were approved by the committee.

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**Report on 2004 Undergraduate Drop Rates**

In reviewing this report, the committee was advised that there had not been excessive drop rates by students since the early 1990s. It is required that the report be submitted to the Legislature's Joint Committee on Finance.

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**Consent Agenda**

It was moved by Regent Burmaster and seconded by Regent Axtell that Resolutions 9044, 9045, 9046, 9047, 9048, 9049, 9050, and 9051 be adopted by the board as consent agenda items.

**UW-Eau Claire: Program Authorization (Implementation) B.A./B.S. in Women's Studies**

Resolution 9044: That, upon recommendation of the Chancellor of the University of Wisconsin-Eau Claire and the President of the University of Wisconsin System, the Chancellor be authorized to implement the B.A./B.S. in Women's Studies.

**UW-La Crosse and UW-Milwaukee: Program Authorization (Implementation) Consortial Doctor of Physical Therapy**

Resolution 9045: That, upon recommendation of the Chancellor of the University of Wisconsin-La Crosse, the Chancellor of the University of Wisconsin-Milwaukee, and the President of the University of Wisconsin System, the Chancellors be authorized to implement the Consortial Doctor of Physical Therapy.

**UW-Milwaukee: Office of Charter Schools Contract Extension with the School for Early Development and Achievement**

Resolution 9046: 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 four-year extension of the charter school contract with the School for Early Development and Achievement, Inc.

**UW-Oshkosh: Amendments to Faculty Personnel Rules**

Resolution 9047: That, upon recommendation of the Chancellor of the University of Wisconsin-Oshkosh and the President of the University of Wisconsin System, the Board of Regents approves the amendments to the UW-Oshkosh Faculty Personnel Rules.

**UW-Madison: Authorization to Recruit: Provost and Vice Chancellor**

Resolution 9048: That, the President of the University of Wisconsin System be authorized to recruit for a Provost and Vice Chancellor of the University of Wisconsin-Madison, at a salary within the Board of Regents salary range for university senior executive salary group six.

**UW-Stout: Authorization to Recruit: Provost and Vice Chancellor**

Resolution 9049: That, the President of the University of Wisconsin System be authorized to recruit for a Provost and Vice Chancellor of the University of Wisconsin-Stout, at a salary within the Board of Regents salary range for university senior executive salary group one.

**UW-Superior: Authorization to Recruit: Provost and Vice Chancellor**

Resolution 9050: That, the President of the University of Wisconsin System be authorized to recruit for a Provost and Vice Chancellor of the University of Wisconsin-Superior, at a salary within the Board of Regents salary range for university senior executive salary group one.

**Annual Report on Calendar 2004 Undergraduate Drop Rates**

Resolution 9051: That, upon recommendation of the President of the University of Wisconsin System, the Board of Regents accepts the Annual Report on 2004 Undergraduate Drop Rates for submission to the Joint Committee on Finance.

At the request of Regent Loftus, Resolution 9045 was removed from the consent agenda.

Put to the vote, Resolutions 9044, 9046, 9047, 9048, 9049, 9050, and 9051 were adopted on a unanimous voice vote.

Adoption of Resolution 9045 was moved by Regent Davis and seconded by Regent Semenas.

Regent Loftus noted that approval of the program would make UW-La Crosse a Ph.D. granting institution and inquired about the costs involved. In reply, Senior Vice President Marrett stated that costs would be covered through reallocation of existing resources.

Regent Axtell noted the broader issue of degree creep in allied health fields which is driven both by accrediting groups and the increasing complexity of professions. He pointed out that this causes professionals in the field to have to return to school.

Regent Loftus asked if there is an existing Doctor of Physical Therapy program at UW-Milwaukee, to which Dr. Marrett responded in the negative, adding that the program will have two tracks – one for upgrading existing credentials and one for new students.

Chancellor Wiley commented that professions should not make decisions about degrees and curriculum; however, there is no way for universities to control accrediting agencies. At UW-Madison, the entire additional cost of the Doctor of Pharmacy degree is covered by tuition, and the same would be the case for any similar degree upgrades in the future.

Stating his intention to vote against the program, Regent Loftus did not believe that a new Ph.D program could be offered without increased costs. He felt that a consequence of moving to the Ph.D would be to fence people out of the profession.

UW-Milwaukee Provost Rita Cheng explained that significant investments had been made by the university in health programs over the last 10 years and several



advanced degrees had been approved. She noted that planning for the Doctor of Physical Therapy degree had been ongoing for many years and added that partnering with the nationally ranked program at UW-La Crosse made a great deal of sense.

Chancellor Hastad noted that UW-La Crosse has a deep commitment to allied health fields and to partnering with other institutions to offer degrees as efficiently as possible. The university has a responsibility, he added, to train professionals to serve its region.

While he shared Regent Loftus' concerns, Chancellor Wiley observed that the university could not control the matter of degree creep. He felt that failure to approve this program would hurt students and the state.

Regent Burmaster pointed out that this would be the only doctoral program in Wisconsin and that the state needs physical therapists. In rural areas, she explained, physical therapists work more independently and require more advanced training.

The question was put on Resolution 9045 and it was adopted on a voice vote with Regent Loftus voting in opposition.

**UW-La Crosse and UW-Milwaukee: Program Authorization  
(Implementation) Consortial Doctor of Physical Therapy**

Resolution 9045:           That, upon recommendation of the Chancellor of the University of Wisconsin-La Crosse, the Chancellor of the University of Wisconsin-Milwaukee, and the President of the University of Wisconsin System, the Chancellors be authorized to implement the Consortial Doctor of Physical Therapy.

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

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

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**UW-Extension Presentation: Educational and Public Service Applications  
for Datacasting**

A presentation was made to the committee by UW-Extension about new digital broadcasting technologies and how they will expand educational opportunities as well as stimulate long-term economic growth.

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**UW-Madison: Authority to Name the Park Street Residence Hall**

The proposal was to name the residence hall in honor of Newell J. Smith, who had served as director of the Division of University Housing at UW-Madison for 28 years. The committee unanimously approved the resolution in recognition of Mr. Smith's commitment to the university and his belief that the quality of housing has an important impact on the quality of the student experience.

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**UW-Madison: Approval to implement the University Square Development Project and Amend the Campus Boundary**

Reporting committee approval of this request to implement the Master Term Sheet for this project, amend the campus boundary to include the project site and authorize officers of the board to sign necessary documents, Regent Salas commented that the project represents a unique collaboration among the university, the private sector and the city to house student services and provide retail businesses, housing and parking.

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**UW-Madison: Authority to Revise the Scope and Budget of the University Ridge Project**

The committee approved a request to increase the scope and budget of this previously approved project to expand existing holes and add a cross country course for the nationally ranked UW teams. The expanded length of holes would allow University Ridge to host championships, particularly the NCAA men's tournament.

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**UW-Madison: Dayton Street Residence Hall Project**

The committee was advised that it was not necessary to take action on this item since bids for the project came in \$800,000 lower than expected.

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**UW-Superior: Approval of Design Report and Authority to construct the Wessman Arena Locker Room Addition**

The committee approved this project which would construct a 4,600 GSF addition to the arena to provide to varsity locker rooms, one for each gender, as well as training and conditioning rooms and additional storage space. The project also would remodel 1600 GSF of existing space. It was noted that the arena had been built in 1970 as a joint venture with the city. The project would promote expansion of women's hockey, which currently has inadequate facilities. The student body voted to approve the segregated fee portion of the project.

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**UW System: Authority to Construct Various Maintenance and Repair Projects**

The committee approved this item authorizing various maintenance and repair projects through the All Agency Projects Program, including: Plumbing system improvement and roof replacement projects at UW-La Crosse, fire alarm replacement projects at UW-Oshkosh and UW-Superior, and utility repair and renovation projects at UW-Green Bay, UW-Milwaukee and UW-Madison.

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**2005-07 Capital Budget Revision**

The committee approved adjustments to the Capital Budget to meet requirements of the Joint Committee on Finance. The adjustments would reduce funding of the UW System Classroom Renovation/IT Improvements project from \$7 million to \$2.5 million in general fund supported borrowing and would reduce funding of the UW-Stout Jarvis Science Wing Renovation and Addition project from \$40.6 million to \$35.1 million in general fund supported borrowings.

Regent Salas thanked and praised Assistant Vice President David Miller and the chancellors for making these difficult decisions. In particular, he thanked Chancellor Sorensen for agreeing to reduce the Jarvis Hall project.

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**Building Commission Actions**

Mr. Miller reported that the Building Commission approved about \$3.1 million of program revenue for projects at its June and July/August meetings.

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**UW Colleges Annual Report**

The committee heard this report which showed that counties and local municipalities contribute \$9 million annually for financial support of the UW Colleges.

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**Consent Agenda**

It was moved by Regent Salas and seconded that Resolutions 9053, 9052, 9054, 9055, 9056, and 9057 be adopted by the Board of Regents as consent agenda items.

**UW-Madison: Authority to name the Park Street Residence Hall**

Resolution 9053 :That, upon the recommendation of the UW-Madison Chancellor and the President of the University of Wisconsin System, authority be granted to name the

Park Street Residence Hall, which is located at 35 North Park Street on the UW-Madison campus, the “Newell J. Smith Hall”.

**UW-Madison: Approval to Implement the University Square Development Project and Amend the Campus Boundary**

- Resolution 9052: That, upon the recommendation of the UW-Madison Chancellor and the President of the University of Wisconsin System, approval be granted to:
1. implement the Master Term Sheet for the University Square Redevelopment Project in conjunction with Madison Real Estate Properties, in accordance with the Master Term Sheet, along with improvements to the East Campus Pedestrian Mall, at an estimated total cost of \$56,850,000;
  2. amend the campus boundary to include the redevelopment site;
  3. release \$17,000,000 Program Revenue Supported Borrowing (student segregated fees) in September 2005;
  4. release \$39,850,000 General Fund Supported Borrowing in July 2007; and
  5. authorize the officers of the Board to execute the Ground Lease, Development Agreement, Condominium Documents, Purchase Agreement, Right of First Offer, easements and other agreements and documents required to implement the project in accordance with the provisions of the Master Term Sheet.

**UW-Madison: Authority to Revise the Scope and Budget of University Ridge Project**

- Resolution 9054: That, upon the recommendation of the UW-Madison Chancellor and the President of the University of Wisconsin System, authority be granted to increase the scope and the budget of the University Ridge–Phase III project by \$1,192,200 Program Revenue Supported Borrowing, for an estimated project cost of \$4,880,200 (\$3,680,200 Program Revenue Supported Borrowing, and \$1,200,000 Program Revenue-Cash).

**UW-Superior: Approval of the Design Report and Authority to Construct the Wessman Arena Locker Room Addition**

Resolution 9055: That, upon the recommendation of the UW-Superior Chancellor and the President of the University of Wisconsin System, the Design Report be approved and authority be granted to construct the Wessman Arena Locker Room Addition project for an estimated total project cost of \$1,124,000 (\$449,600 General Fund Supported Borrowing and \$674,400 Program Revenue Supported Borrowing).

**UW System: Authority to Construct Various Maintenance and Repair Projects**

Resolution 9056: 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 \$7,523,500 (\$4,448,200 General Fund Supported Borrowing, \$246,400 Program Revenue Supported Borrowing, and \$2,828,900 Program Revenue-Cash).

**UW System: 2005-07 Capital Budget Revision**

Resolution 9057: That, upon the recommendation of the President of the University of Wisconsin System, the 2005-07 Capital Budget revision including the following be submitted to the Department of Administration and the state Building Commission. This revision is made to comply with direction from the Joint Finance Committee that \$10 million be reduced from the 2005-07 UW System Capital Budget funding of major projects.

1. Reduce funding for the UW System Classroom Renovation/IT Improvements project from \$7,000,000 to \$2,500,000 General Fund Supported Borrowing.
2. Reduce funding for the UW-Stout Jarvis Science Wing Renovation and Addition project from \$40,600,000 to \$35,100,000 General Fund Supported Borrowing.

At the request of Regent Loftus, Resolutions 9052, 9054 and 9055 were removed from the consent agenda.

Put to the vote, Resolutions 9053, 9056 and 9057 were adopted on a unanimous voice vote.

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**UW-Madison: Approval to Implement the University Square Development Project and Amend the Campus Boundary**

Adoption by the board of the following resolution was moved by Regent Salas and seconded.

- Resolution 9052: That, upon the recommendation of the UW-Madison Chancellor and the President of the University of Wisconsin System, approval be granted to:
1. implement the Master Term Sheet for the University Square Redevelopment Project in conjunction with Madison Real Estate Properties, in accordance with the Master Term Sheet, along with improvements to the East Campus Pedestrian Mall, at an estimated total cost of \$56,850,000;
  2. amend the campus boundary to include the redevelopment site;
  3. release \$17,000,000 Program Revenue Supported Borrowing (student segregated fees) in September 2005;
  4. release \$39,850,000 General Fund Supported Borrowing in July 2007; and
  5. authorize the officers of the Board to execute the Ground Lease, Development Agreement, Condominium Documents, Purchase Agreement, Right of First Offer, easements and other agreements and documents required to implement the project in accordance with the provisions of the Master Term Sheet.

While he supported the resolution, Regent Loftus pointed out that students would have to shoulder high debt service payments on the program revenue supported borrowing portion of this project.

Regent Salas replied that the students had approved the fee increase for this facility which would benefit students by bringing health and other services together in one facility for the first time; and Regent Semenas added that student approval of such fees is required under s.36.09(5) of the state statutes.

Even so, Regent Rosenzweig observed, these types of fee increases are difficult to explain to future students and their parents.



While he agreed that it is wise to be prudent in this matters, Regent President Walsh pointed out that such funds do not belong to the Athletic Department, but to the university as a whole, and that the university subsidizes other expenses from which athletics benefit.

While he did not disagree with that point, Regent Salas suggested that any policy change should be prospective and should not affect projects already approved.

The question was put on Resolution 9054 and it was adopted on a voice vote, with Regent Loftus voting in opposition.

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**UW-Superior: approval of the Design Report and Authority to construct the Wessman Arena Locker Room Addition**

Adoption of the following resolution was moved by Regent Axtell and seconded by Regent Smith

Resolution 9055: That, upon the recommendation of the UW-Superior Chancellor and the President of the University of Wisconsin System, the Design Report be approved and authority be granted to construct the Wessman Arena Locker Room Addition project for an estimated total project cost of \$1,124,000 (\$449,600 General Fund Supported Borrowing and \$674,400 Program Revenue Supported Borrowing).

Regent Loftus pointed out that the project would be funded in part by a student fee increase.

Put to the vote, Resolution 9055 was adopted on a unanimous voice vote.

The meeting was recessed at 11:25 a.m. and reconvened at 11:45 a.m.

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**REPORT OF THE BUSINESS AND FINANCE COMMITTEE**

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

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**Review of Employment Practices and Policies**

Regent Pruitt reported that the preceding day the committee met with all regents invited to review the UW System's employment policies and practices. General Counsel



Brady presented the background, history and structure of higher education personnel policies and practices followed by the UW System, and regents engaged in a discussion of those matters. The committee then reconvened to further consider what actions to recommend.

Stating that the UW System has over 30,000 employees, the great majority of who are hard working and dedicated, Regent Pruitt pointed out that there are a number of problems that need to be addressed, while recognizing the need to be competitive in the marketplace. The committee stated two principles in crafting its resolution: 1) No one will be paid for not working; and 2) People will be paid at a rate commensurate with their current job, not any prior one.

The resolution focused on:

- Regent endorsement of the suspension of back-up appointments, which would be lifted only with board approval
- Establishment of procedures on transition from administrative positions to concurrent academic staff or faculty positions
- Procedures to expedite internal investigations of alleged criminal activity
- Ensuring appropriate authorization of sick leave
- With general counsel review, approval and reporting to the board by the system president of all limited appointee termination settlements
- Regent review and approval of the total compensation package for the president and each chancellor

Regent Loftus suggested having the internal auditor report directly to the Board and the System President, and the committee agreed to consider this issue at its next meeting.

Adoption of the following resolution was moved by Regent Pruitt and seconded:

### **Review of Employment Policies and Practices**

Resolution:                   The Board of Regents recognizes the need to review and reform the employment policies and procedures within the University of Wisconsin System. Given that recognition, no new concurrent or “back-up” appointments will be granted until the Regents are satisfied that processes are in place to ensure two principles are being followed: 1) No one will be paid for not working; and 2) People will be paid at a rate commensurate with their current job, not any prior one.

Therefore, upon the recommendation of the President of the UW System and the Business and Finance Committee,

- 1) The Board of Regents supports the President's suspension of the practice of granting administrative back-up appointments for new employees and the granting of further indefinite academic staff back-up appointments. This suspension will remain in effect until lifted by the Board of Regents. With input from appropriate governance groups, positions titles designated as limited appointments shall be reviewed, and the practice of negotiating fixed-term contracts for administrators in lieu of limited term appointments shall be considered. A report on that assessment will be presented to the Board of Regents no later than its November, 2005 meeting;
- 2) Because the Board of Regents shares the deep concerns of citizens of the state and legislators over the criminal activity of any of our employees, System Administration shall require an immediate internal investigation of those accused of criminal activity. That internal investigation shall begin at the outset of any criminal proceedings and shall conclude as quickly as possible in cooperation with state, local, and federal authorities;
- 3) All UW institutions shall be required to seek approval from the UW System President, for any settlement involving the termination of a limited appointee. Such settlements shall be reported to the Board of Regents;
- 4) UW System Administration shall revise its policy such that when administrators return to their faculty position, they will be compensated at a salary rate consistent with other faculty members of the same rank in the department (when considering years of service, previous salary as a faculty member, length of time served as an administrator and other factors normally considered when setting faculty salaries). The UW System Office of Human Resources shall approve all such salaries along with appropriate justification prior to implementation;
- 5) All UW institutions shall require that employees who are returning to the faculty from an administrative position, and are being offered

transition time to prepare to teach, shall provide the equivalent of a sabbatical proposal and subsequent report of work accomplished during the transition. The transition period should be no longer than one academic semester;

- 6) UW System Administration, in consultation with UW institutions, shall develop a revised sick leave policy by October 1, 2005 that specifies the time period after which a health professional's certification for use of sick leave will be required;
- 7) The Board of Regents shall review and approve as appropriate the total compensation package for the President and each Chancellor; and
- 8) In light of Sarbanes-Oxley regulations, the President shall review and prepare for the Board a recommendation on whether the internal audit function is sufficient and whether the System Auditor shall report directly to the President and the Board.

In response to a question by Regent Spector, President Reilly indicated that, while chancellors' compensation packages have been reviewed informally, this recommendation was to bring the total compensation to the board in a formal manner.

Regent Bradley and Spector asked how searches for provosts and other high level positions would be affected by the suspension of back-up appointments.

Chancellor Wiley explained that, under UW-Madison's rules, the provost and all deans must be faculty. He was concerned that the wording of the resolution might preclude granting such positions to persons hired from outside the institution.

Provost Cheng added that UW-Milwaukee rules also require the provost and deans to be members of the faculty and that offers for those positions are contingent on the granting of tenure.

Regent Pruitt noted that the intent was to extend the freeze on a short-term basis, and Regent Rosenzweig suggested that the System President be permitted to waive the requirement in individual cases, if circumstances warranted. Regent Pruitt agreed to consider that a friendly amendment.

Regent Pruitt explained that the resolution does not say that all concurrent appointments should be eliminated and refers in paragraphs 4 and 5 to administrators returning to faculty positions.

Regent Davis cautioned that, while the intention was not to tie the hands of recruiters, it also is necessary make the reforms needed to be accountable and to make clear that the status quo is not acceptable.

Regent Rosenzweig moved to change the reporting date in paragraph 1 from the November meeting to the October meeting. While she recognized that consultation with governance groups is important, she hoped it would be possible to have that accomplished by the October meeting. In that regard, she pointed out the shared governance system is not understood by the public and that it is important to make clear as soon as possible what the board is doing.

Seconding the motion, Regent Loftus stated that the resolution is designed to strengthen the President's hand and that a tight timeline is essential.

Stating his support for the motion, Regent Pruitt said that he would consider it a friendly amendment.

Regent President Walsh said that, while he supported the intent of the amendment, it should be recognized that dealing with all of the governance groups in that time frame might be nearly impossible and would require a great commitment of time and effort.

Senior Vice President Marrett advised that the Academic Staff Representatives would be meeting the following week and that the Faculty Representatives would meet later in the month.

President Reilly added that there would also need to be consultations at the campus level. Every effort would be made to do as much as possible in the coming month, and while thorough consultation might not be possible, initial reactions could be reported.

Regent Rosenzweig asked if special meetings could be called in recognition that this is a difficult time for the university.

Dr. Marrett replied that, while special meetings of the system-wide groups could be held, the members must represent their campuses. The difficulty would be in obtaining adequate input needed for them to accurately represent campus views.

In view of the long standing of the shared governance system, Regent Spector felt that an October deadline might be too rushed. He suggested that there might instead be a progress report at the October meeting.

While she understood the urgency of responding to the public, Regent Crain cautioned that what is put in place must be done right so that it would stand the test of time. Noting that competition is a serious issue, she said that she would like to know what exists in other systems and universities.

Regent Loftus pointed out that paragraph 1 simply endorses the suspension of back-up appointments and provides that an assessment be brought to the board in October. He felt that would give the President the tools he needs to get the job done.

Stating that she preferred the November date, Regent Davis did not believe that an incomplete assessment should be brought to the board.

Put to the vote, the amendment failed on a show of hands.

Regent Loftus presented the following amendment to paragraph 8: The President shall prepare for the Board a proposal establishing an internal auditor in the System Administration. The proposal would be funded internally.

Noting that his amendment dealt with the audit function, Regent Loftus said that the Business and Finance Committee felt that the President needs more tools for the future. The board, he commented, needs an internal auditor who can be directed by the board and who has independent authority to look into potential problems. The position of inspector general is common in federal agencies and is becoming more common in universities, including Minnesota, due in part to Sarbanes-Oxley rules.

President Reilly explained that the system auditor reports to the Vice President for Finance, with a dotted line to the Business and Finance Committee. The board currently has the authority to direct audits and the auditor has the discretion to look into matters on his own. While the reporting lines and emphasis could be adjusted, he was not comfortable with establishing a new position funded internally.

Expressing agreement with President Reilly, Regent Connolly-Keesler said that she would not be comfortable in making a decision at this time. Pointing out that the Business and Finance Committee has been able to have an audit done whenever it requested one, she stated a preference for the original wording of paragraph 8.

Speaking against the amendment, Regent Spector indicated that he had considerable experience with the position of inspector general and, while it might be a good idea to explore, he was not ready to agree to it at this time.

Regent Bradley added that, when he served as chair of the Business and Finance Committee, he was always able to talk to the auditor and considered him responsible to the committee. He added that the audit staff is talented and responsive.

Regent Rosenzweig recalled the example of an agency whose auditor was not outside the chain of command and not powerful enough to prevent problems. Expressing agreement with Regent Loftus, she thought the board needed someone who could find problems that otherwise might be missed.

Stating agreement with Regent Connolly-Keesler, Regent Pruitt noted that the idea, while it might be a good one, had just come up and that the pros and cons needed to be explored.

Regent Loftus withdrew and amendment. In the Minnesota model, he pointed out, the auditor reports to the Board of Regents, not to the chancellor, and has a staff of 10 auditors. The chancellor approves of this independent channel of information for the board.

President Reilly said that he would examine functions and reporting lines and come back to the board with options. Noting that the Minnesota arrangement is unusual in higher education, he remarked that, if a board does not feel that it can trust information that comes from the CEO, there might be a problem with the CEO. If the board did not believe that it could trust information that came from staff, he would need to know so that corrective action could be taken.

Regent President Walsh commented that the employment policies and practices being reviewed by the board were not the types of matters that an auditor would deal with and were not related to Sarbanes-Oxley. He did not believe that things were being kept from the board, and he did not want to see more money spent on administrative positions.

Turning to paragraph 2, Regent Walsh noted that nothing had been more damaging than public perception that the university was slow to investigate those accused of criminal activity. While there are legal obstacles, he felt that some of these could be removed. The public, he pointed out, does not understand why an employee convicted of a crime could not immediately be terminated. In that regard, he stated the need to be transparent and to move quickly or tell the public why that could not be done. He asked that the revised wording he proposed for that paragraph be prepared for the board's consideration.

With regard to paragraph 3, Regent Davis inquired about what criteria would be used in deciding on settlements.

Regent President Walsh replied that the intent of the paragraph was that the System President needs to approve these actions and the Board must be informed of them. The settlements would be based on facts in individual cases.

President Reilly added that cases have such individual circumstances that it would be difficult to think of any general criteria.

Regent Pruitt added that centralizing the process would result in more consistent actions.

Regent Spector thought it preferable to start the process without any specific criteria, perhaps reviewing cases over the past ten years to see if there are themes that emerge.

Referring to paragraph 2, Regent Salas asked if there was any thought given to differentiating accusation of a crime from conviction.

Regent President Walsh explained that, if there is a complaint on campus, an investigation is required. The intent of the paragraph is that, if a criminal complaint is filed, it should be investigated right away.

Regent Salas expressed concern about the breadth of the paragraph without any distinction between misdemeanors and felonies.

Referring to paragraph 5, Chancellor Wiley expressed concern that one semester would not be adequate to transition to the faculty, especially in scientific fields.

Regent Pruitt explained that the committee felt it important to send a message, especially in view of a few cases in which considerable periods had been allowed for transitions. A semester had been chosen because it seemed, after that much time, that a person returning to the faculty could teach at least some courses. The purpose of a sabbatical proposal and report was to assure the public of the work being done.

Regent Axtell suggested that the words "whenever possible" could be inserted after "one academic semester" to cover those cases in which more time might be necessary.

President Reilly said that he had seen both a semester and a year used as transition periods.

Chancellor Wells added that the national standard is a semester to a year. He thought that, because most academic administrators want to return to the faculty, they pay attention to such requirements during hiring negotiations. He felt that paragraph 4 also might affect recruitment, particularly of candidates who come from higher paying institutions.

In reply to a question by Regent President Walsh, Chancellor Wiley commented that the employees in question are highly motivated people who are dedicated to their fields of study and who work very hard during transition to prepare for a return to teaching and research. He suggested that those who have served in administrative positions for at least 5 years could be given a year of transition.

Regent Spector thought that suggestion was sensible, since those administrators would be more out of touch with latest developments in their fields.

It was moved by Regent Crain and seconded by Regent Spector that up to two academic semesters be allowed for transition to the faculty by those who have served in a limited position for five or more years.

Speaking in support of the amendment, Regent Davis thought that it would provide enough flexibility to handle a range of situations. The intent, she emphasized, is to transition as quickly as possible without sacrificing the quality of teaching.

Regent Pruitt underscored the fact that there would be a proposal of work to be done and a report on that work for both one and two semester transition periods.

There was a call for the question, which was approved on a unanimous voice vote.

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

Regent McPike emphasized that it should be clear that the board supports the decisions by the President and General Counsel in carrying out what is asked of them in this resolution.

Adoption of the following amendment proposed by Regent Walsh was moved by Regent Gracz and seconded by Regent Smith: 2) Because the Board of Regents shares the deep concerns of citizens of the state and legislators over the criminal activity of any of our employees, the Board of Regents directs and requires that the UW System determine and establish policies and procedures to assure to the public and the Legislature that any employee charged with a crime will be immediately investigated and disciplinary action will be timely determined. In the event such policies and procedures are precluded by statutes or case law, the Board of Regents and the UW System President will work with the Legislature to enact appropriate changes to the law to effectuate the intent of this resolution.

At the suggestion of Regent Spector, it was agreed to change the words “statutes and case law” to “applicable law”.

At the suggestion of Regent Pruitt, it was agreed to change the words “timely determined” to “determined in a timely manner”.

Stating her agreement with Regent Salas that the word “crime” was too broad, Regent Burmaster suggested that it be changed to “felony”.

Regent Salas moved to change the word “crime” to the word “felony”.

Regent Burmaster suggested the addition of the words, “if any” after “disciplinary action”.

Regent Spector cautioned that the board would not want to preclude investigation of misconduct, even if it were not a felony, and Regent Walsh indicated that words to that effect would be considered a friendly amendment.

It was agreed that all of the suggested changes would be incorporated into the amendment to paragraph 2, and the amended paragraph was adopted on a unanimous voice vote.

With regard to paragraph 1, President Reilly said that it would be his intention, in approving any exception to the suspension of back-up appointments, to assure the board that the two principles at the beginning of the resolution were met.

Stating her intention to vote for the resolution, Regent Rosenzweig emphasized the importance of assuring the Legislature and public that the board intends to stay on task and complete the reforms that are needed.

The question was put on the resolution as amended, and it was adopted on a unanimous voice vote.

### **Review of Employment Policies and Practices**

Resolution 9058:           The Board of Regents recognizes the need to review and reform the employment policies and procedures within the University of Wisconsin System. Given that recognition, no new concurrent or “back-up” appointments will be granted until the Regents are satisfied that processes are in place to ensure two principles are being followed: 1) No one will be paid for not working; and 2) People will be paid at a rate commensurate with their current job, not any prior one.

Therefore, upon the recommendation of the President of the UW System and the Business and Finance Committee,

- (1) The Board of Regents supports the President’s suspension of the practice of granting administrative back-up appointments for new employees and the granting of further indefinite academic staff back-up



appointments unless approved by the UW System President. This suspension will remain in effect until lifted by the Board of Regents. With input from appropriate governance groups, position titles designated as limited appointments shall be reviewed, and the practice of negotiating fixed-term contracts for administrators in lieu of limited term appointments shall be considered. A report on that assessment will be presented to the Board of Regents no later than its November, 2005 meeting;

- (2) Because the Board of Regents shares the deep concerns of citizens of the state and legislators over the criminal activity of any of our employees, the Board of Regents directs and requires that the UW System determine and establish policies and procedures to assure to the public and the Legislature that any employee charged with a felony will be immediately investigated and disciplinary action, if any, will be determined in a timely manner. In the event such policies and procedures are precluded by applicable law, the Board of Regents and the UW System President will work with the Legislature to enact appropriate changes to the law to effectuate the intent of this resolution. Nothing herein shall preclude institutions from otherwise following normal disciplinary procedures;
- (3) All UW institutions shall be required to seek approval from the UW System President for any settlement involving the termination of a limited appointee. Such settlements shall be reported to the Board of Regents;
- (4) UW System Administration shall revise its policy such that when administrators return to their faculty position, they will be compensated at a salary rate consistent with other faculty members of the same rank in the department (when considering years of service, previous salary as a faculty member, length of time served as an administrator and other factors normally considered when setting faculty salaries). The UW System Office of Human Resources shall approve all such salaries along with appropriate justification prior to implementation;
- (5) All UW institutions shall require that employees who are returning to the faculty from an administrative

position, and are being offered transition time to prepare to teach, shall provide the equivalent of a sabbatical proposal and subsequent report of work accomplished during the transition. The transition period should be no longer than one academic semester unless the person has served in a limited position for five or more years, whereby two academic semesters may be allowed;

- (6) UW System Administration, in consultation with UW institutions, shall develop a revised sick leave policy by October 1, 2005 that specifies the time period after which a health professional's certification for use of sick leave will be required;
- (7) The Board of Regents shall review and approve as appropriate the total compensation package for the President and each Chancellor; and
- (8) In light of Sarbanes-Oxley regulations, the President shall review and prepare for the Board a recommendation on whether the internal audit function is sufficient and whether the System Auditor shall report directly to the President and the Board.

The meeting was recessed at 1:20 p.m. and reconvened at 1:25 p.m.

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### **UW-Extension Presentation: The Wisconsin Entrepreneurs' Network**

Erica Kauten, Director of the Small Business Development Center, presented the background, purpose and success stories of the Wisconsin Entrepreneurs' Network. The network links resources of the UW System, The Wisconsin Technical College System, WiSys and the Agriculture Innovation Center to help Wisconsin small businesses with patents, financing, securing tax credits and business planning.

The network is composed of four regional centers at Milwaukee, Madison, Green Bay and Eau Claire, as well as about 50 smaller intake and outreach centers located around the state.

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### **Midwest Higher Education Compact Student Exchange Program**

Assistant Vice President Lynn Paulson led a discussion of this program, which is highly flexible and allows member states and institutions to include only programs that have unused capacity; therefore, no Wisconsin residents would be displaced. The

program has the potential to diversify the student body and could result in a brain gain for Wisconsin. Regent Randall expressed concern that participation in the program could lead to a brain drain with more Wisconsin students, particularly from the Milwaukee area, going to other states. The committee approved the resolution, with Regents Loftus and Randall voting in opposition.

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

**Delegation to the UW System president Authority to Permit UW System Institutions to Participate in the Midwest Student Exchange program**

Resolution 9059:           Whereas, the Midwest Student Exchange Program is an interstate initiative created to increase interstate educational opportunities for students in its member states; and

Whereas, the program strives to facilitate enrollment efficiency in institutions that have capacity in existing programs; and

Whereas, attracting more nonresident students to the UW System would increase the diversity of UW System institutions and could result in a “brain gain” for the state of Wisconsin; and

Whereas, there is strong interest among UW System institutions in participating in the Midwest Student Exchange Program;

Therefore, be it resolved that the Board of Regents of the University of Wisconsin System authorizes the President of the UW System to enter into a participation agreement with the Midwestern Higher Education Compact and to appoint a representative to the Midwest Student Exchange Program Council.

Noting that he had served on the Midwest Higher Education Compact as Governor Doyle’s appointee, Regent Salas said that the student exchange program does not mandate participation, but campuses have the flexibility to participate if it is a good fit for them.

The resolution was adopted on a voice vote, with Regent Loftus voting in opposition.

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**UW Hospital and Clinics Authority Lease and Affiliation Agreements**

The committee approved a resolution affirming the lease and affiliation agreements for presentation on the consent agenda.

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**Auxiliary Reserve Report**

Vice President Durcan discussed with the committee this statutorily required annual report which is sent to the Joint Committee on Finance and the Secretary of the Department of Administration. The university must report any planned reserve accumulations that exceed 15% of prior year revenues, along with the planned uses for those funds.

While the planned reserve balance for the UW System as a whole is well below the threshold, three institutions planned to exceed the threshold for fiscal year 2005-06 due to renovations or additions to their student centers.

The committee approved the resolution accepting the report for transmittal to state officials for inclusion in the consent agenda.

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**Base Salary Adjustments to Recognize Competitive Factors**

Associate Vice President Freda Harris presented this statutorily required annual report that is sent to the Joint Committee on Finance, the Department of Administration, and the Office of State Employment Relations.

During fiscal year 2004-05, 195 individuals received base salary adjustments totaling \$2.2 million, an increase of \$866,000 over the prior year. A major reason for the increase in dollars is that UW-Madison increased the number of salary adjustments in the medical field to address an increase in competitive offers resulting from 0% and 1% salary increases in the previous two years.

The committee approved the resolution to accept the report for transmittal to state officials for inclusion in the consent agenda.

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

Vice President Durcan reported that gifts, grants and contracts for the twelve month period ending June 30, 2005 totaled \$1.2 million.

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**Report of the Vice President**

***Department of Administration Travel Program***

Vice President Durcan reported that there has been considerable correspondence and communication among the Department of Administration, the UW institutions, and System Administration on implementation of the state's new travel program. It was noted that members of the board are covered by this program when traveling on state business.

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**Consent Agenda**

Adoption by the Board of Regents Resolutions 9060, 9061 and 9062 as consent agenda items was moved by Regent Pruitt and seconded.

At the request of Regent Walsh, Resolution 9060 was removed from the consent agenda.

The questions was put on the following resolutions, and they were adopted on a unanimous voice vote.

**Auxiliary Reserves Report**

Resolution 9061: That, upon the recommendation of the President of the University of Wisconsin System, the Auxiliary Reserves Report be accepted for transmittal to State Officials.

**Report on Base Salary Adjustments to Recognize Competitive Factors Required by .36.09(1)(j), Wis. Stats.**

Resolution 9062: That, upon the recommendation of the President of the University of Wisconsin System, the Report on 2004-05 Base Salary Adjustments to Recognize Competitive Factors Required by Section 36.09(1)(j), Wisconsin Statutes, be accepted for transmittal to State Officials.

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**UW Hospital and Clinics Authority Lease and Affiliation Agreements**

Adoption of the following resolution was moved by Regent Pruitt, seconded by Regent Connolly-Keesler, and adopted on a voice mote, with Regent Walsh abstaining.

Resolution 9060:

WHEREAS, the University of Wisconsin Hospitals and Clinics Authority (the “Authority”) is a public body corporate and politic created by Chapter 233 of the Wisconsin Statutes, as amended, for the purpose of maintaining, controlling and supervising the use of the University of Wisconsin Hospitals and Clinics (“UWHC”); and

WHEREAS, the Authority leases the space occupied by the UWHC on the UW-Madison campus from the Board of Regents of the University of Wisconsin System (“Board of Regents”) pursuant to a “Lease Agreement” dated as of June 29, 1996; and

WHEREAS, an “Affiliation Agreement” between the Authority and the Board of Regents, also dated as of June 29, 1996, specifies how the Authority and the Board of Regents will continue to work together to fulfill their interrelated mission, and addresses personnel, external relations, education, research planning, financial support, networking, professional staff, insurance and other matters; and

WHEREAS, on April 16, 1997, the Authority issued \$50 million of its Variable Rate Demand Hospital Revenue Bonds, Series 1997, for the purpose of financing improvements to UWHC facilities; and

WHEREAS, on March 23, 2000, the Authority issued \$56.5 million of its Hospital Revenue Bonds, Series 2000, for the purpose of financing improvements to UWHC facilities; and

WHEREAS, on October 31, 2002, the Authority issued \$55,600,000 of its Hospital Revenue Bonds, Series 2002A, and \$12,900,000 of its Hospital Revenue Bonds, Series 2002B, for the purpose of financing improvements to UWHC facilities; and

WHEREAS, on November 19, 2004, the Authority issued \$60,000,000 of its Hospital Revenue Bonds, Series 2004 (the “Bonds”), for the purpose of financing additional improvements to UWHC facilities; and

WHEREAS, the Authority proposes to issue up to \$59,770,000 of its Hospital Revenue Bonds, Series

2005 (the “Bonds”), for the purpose of refunding the Hospital Revenue Bonds, Series 2000, and paying certain costs associated with the issuance of the Series 2005 bonds and the purchasers of the Bonds are referred to hereafter as the “bondholders”; and

WHEREAS, the Authority has informed the Board of Regents that a bond insurance company is considering issuing an insurance policy insuring the payment of principal and interest on the Bonds (the “Bond Insurer”), and the Bond Insurer is unwilling to insure the Bonds unless it receives additional assurances that unless adequate provision for the repayment of the Authority’s Hospital Revenue Bonds has occurred that the Authority’s access to UWHC facilities will not be terminated under the Lease Agreement and Affiliation Agreement; and

WHEREAS, the Authority has indicated to the Board of Regents that if the Board of Regents clarified under what conditions the Board of Regents might terminate the Lease Agreement and Affiliation Agreement, that this would be materially helpful to the Authority’s effort to obtain bond insurance and to market the Bonds and as an inducement to the Bond Insurer to insure such bonds.

NOW, THEREFORE, to the extent not inconsistent with Wisconsin law, the Board of Regents hereby resolves as follows:

1. The Board of Regents intends to keep the Lease Agreement and Affiliation Agreement in effect through their respective current termination dates of June 29, 2035, absent material deviation by the Authority from the policy objectives the Lease Agreement and Affiliation Agreement.
2. The Board of Regents will not exercise its option to terminate the Lease Agreement or Affiliation Agreement, or both, unless and until the Board of Regents, the Wisconsin Legislature, or some other party, or some combination of the foregoing, makes arrangements to adequately provide for the protection of the bondholders. The term “adequately provide for the protection of bondholders” shall mean: (i) the

Board of Regents has received the consent of the Bond Insurer, or (ii) the Bonds are redeemed or defeased in accordance with their terms, or (iii) legislation has been enacted or other appropriate action has been taken such that the obligor assuming the obligations of the Authority, if other than the Board of Regents of the State of Wisconsin, (a) is a public or not-for-profit entity, (b) is bound by the covenants in the Master Indenture of Trust and 2000 Series Supplement to the Master Indenture of Trust, the 2002 Series Supplement to the Master Indenture of Trust, the 2004 Series Supplement to the Master Indenture of Trust, and the 2005 Series Supplement to the Master Indenture of Trust, and (c) is financially able, in the judgment of the Bond Insurer, to pay debt service on the Bonds.

- 3. This Resolution shall not be revoked, rescinded or amended without the prior consent of the Bond Insurer.

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**ADDITIONAL RESOLUTIONS**

**Resolution of Appreciation to UW-Extension and Washington County**

Regent President Walsh presented the following resolution, which was adopted on a unanimous voice vote.

Resolution 9063: WHEREAS, the members of the University of Wisconsin System Board of Regents are honored to have been invited by UW-Extension, “the front door” of the university, to hold its meeting in the exceptional facilities provided by Washington County;

WHEREAS, the Board was impressed by the presentations on UW-Extension’s initiatives on dairy modernization and economic development, which demonstrate the rewards of community-based education and applied research; and

WHEREAS, the Regents are better informed about the progress of the Wisconsin Entrepreneurs Network and the contributions it makes to Wisconsin businesses and



innovators following the report to the Business and Finance Committee; and

WHEREAS, the Board applauds the UW-Extension's commitment to expand baccalaureate completion programs for working adults and under-served populations, as presented to the Education Committee;

WHEREAS, the Board is excited about the new educational and public service applications for digital television broadcasting, including delivery of university courses;

WHEREAS, the Regents are confident in the success and future of the administrative integration of the UW-Extension and UW Colleges and are looking forward to hearing about more advances; and

WHEREAS, the Board is grateful to have met with local 4-H and Youth Futures representatives and Washington County leaders, as well as to have visited the County Fair Park and the County Courthouse Museum; and

WHEREAS, the Board is pleased to know that Washington County is a strong educational partner for both local Cooperative Extension programs and the UW-Washington County campus;

BE IT THEREFORE RESOLVED, that the Board of Regents hereby thanks the Washington County Cooperative Extension office and UW-Extension for hosting a thoughtful, informational, and enriching event and for continuing to expand the university's boundaries to the boundaries of the state.

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**Resolution of Appreciation to George Brooks**

Regent Axtell presented the following resolution, which was adopted by acclamation with an ovation in appreciation of Mr. Brooks' service.

Resolution 9064:           **WHEREAS**, as a trusted adviser to every UW System President since the 1973 merger of the UW System,

George Brooks was an advocate for equality, fairness, and advancement for all university employees; and

**WHEREAS**, George served as a “charter member” of the UW System, beginning his career with System Administration, then moving to the UW Center System and eventually UW System Administration, where in his 31 years of service he served as assistant vice president from 1988 to 1998, and associate vice president from 1998 to 2005; and

**WHEREAS**, he was the primary architect of the UW System’s academic staff title and salary structure and worked successfully with the State of Wisconsin by staffing two Governor’s Compensation Studies for UW System Administration; and

**WHEREAS**, George developed the Annual Leave Reserve Account benefit and the personal holiday benefit for unclassified staff, thereby providing equity with the classified staff leave benefit program; and

**WHEREAS**, he demonstrated his commitment to, and concern for, the well-being of UW System employees by participating in the passing of successful legislation that called for immediate state coverage of health insurance premiums for unclassified staff and by establishing leave for organ donation and catastrophic leave; and

**WHEREAS**, George Brooks exhibited his role as a leader and a team player by working with the Department of Employment Relations, now the Office of State Employee Relations, to ensure that statutes clearly identify the differences between academic staff and classified employees; and

**WHEREAS**, he was instrumental in helping to attract some of the nation’s top academic leaders to Wisconsin by guiding chancellor and executive searches for UW System Administration and facilitating competitive salaries for university senior executives;

**THEREFORE BE IT RESOLVED**, that the Board of Regents of the University of Wisconsin System highly commends Associate Vice President George Brooks for

his dedication and insight as a UW System leader and as a champion of university employee rights, and wishes him many happy, fulfilling years of retirement.

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### **Hurricane Katrina Victims Resolution**

The following resolution was presented for board consideration:

Resolution:                   Whereas, Hurricane Katrina has devastated portions of Mississippi and Louisiana, resulting in the closure of several higher education institutions; and

  Whereas, many students enrolled in these institutions want to continue their education elsewhere until their campus reopens; and

  Whereas, several UW System institutions are willing to offer enrollment to affected students as special students; and

  Whereas, many of these students have already remitted tuition to an institution in the disaster area;

  Therefore, be it resolved, that the Board of Regents establishes a class of students known as the “Hurricane Katrina Victims,” consisting of students who were enrolled at or had previously been attending an institution located in an area designated as a Federally-declared disaster area <sup>1</sup> that will be closed as a result of the damage caused by Hurricane Katrina and who instead have or will enroll at a UW System institution as a special student for the fall 2005 semester; and

  Be it further resolved, that UW System institutions shall provide nonresident remissions for the fall 2005 semester for “Hurricane Katrina Victims” and shall not bill students who have sustained losses as a result of the hurricane for the balance of tuition at this time. Presidents Walsh and Reilly will consult with the Legislative leadership and the Governor regarding options to remit the full tuition for these students. A special meeting of the Board will be held after consultation to establish a tuition rate for the “Hurricane Katrina Victims.”

<sup>1</sup>The designation as a Federally-declared disaster area is available by date of declaration on the Federal Emergency Management Agency's (FEMA) Web site ([www.fema.gov/disasters](http://www.fema.gov/disasters)).

Regent President Walsh explained the intent of the resolution was to help students who were displaced from their institutions by Hurricane Katrina. Governor Doyle wanted to issue an Executive Order but found that the board would need to act to create a special class of students, referenced in the resolution as "Hurricane Katrina Victims." The initial proposal was to waive all tuition for these students for the fall semester, but there would be a need first to consult with legislative leadership regarding these costs.

In response to a question by Regent Davis, it was indicated there had been inquiries from about 200 students across the system, with almost 100 at UW-Madison and 25 at UW-Milwaukee.

UW-Milwaukee Provost Rita Cheng pointed out that if they were admitted as special students they would be unable to receive financial aid.

It was accepted as a friendly amendment to remove the word "special" before the word "students."

Stating his support for that change, Regent Salas emphasized that these students are especially in need of financial aid.

Regent President Walsh noted the importance of not precluding the ability to obtain federal funding for educating displaced students, and it was agreed that language to that effect would be added to the resolution.

Urging that the matter be resolved as rapidly as possible, Chancellor Wiley indicated that these students have no money and that their financial aid is not portable. While UW-Madison had admitted nearly 100 of them, many fewer had enrolled because of uncertainty about what they would have to pay.

In response to a question by Regent Davis, Regent President Walsh explained that one possibility would be to waive tuition entirely for the fall semester. The current resolution referred only to waiving nonresident tuition, pending discussion with legislative leaders.

At the suggestion of Regent Spector, it was agreed as a friendly amendment that language would be added to the resolution to authorize Regent President Walsh and President Reilly to proceed with implementation of actions determined following consultations. If full tuition were not waived following consultations, a special meeting of the board would be called.

In response to a question by Regent Salas, it was indicated that tuition would be waived for the fall semester only.

Regent Loftus inquired about displaced students who might arrive later, and Provost Cheng replied that, because several weeks of the fall semester had passed, it soon would be too late to enroll students without putting them at risk academically.

Chancellor Wiley indicated that UW-Madison might continue to accept displaced graduate students who could continue their research.

Stating that he was in favor of doing everything possible to help displaced students, Regent Pruitt asked if there were more that could be done. In response, Chancellor Shepard said that nursing students would receive credit for helping the hurricane victims. Others indicated that actions were being taken to help with housing and that fundraisers were being held.

The question was put on the resolution as revised, and it was adopted on a unanimous voice vote.

The revised resolution follows:

**Hurricane Katrina Victims Resolution**

Resolution 9065:       Whereas, Hurricane Katrina has devastated portions of Mississippi and Louisiana, resulting in the closure of several higher education institutions; and

Whereas, many students enrolled in these institutions want to continue their education elsewhere until their campuses reopen; and

Whereas, several UW System institutions are willing to offer enrollment to affected students; and

Whereas, many of these students have already remitted tuition to an institution in the disaster area;

Therefore, be it resolved, that the Board of Regents establishes a class of students known as the "Hurricane Katrina Victims," consisting of students who were enrolled at, or had previously been attending, an institution located in an area designated as a federally-designated disaster area<sup>1</sup> that will be closed as a result of the damage caused by Hurricane Katrina and who instead have been, or will be enrolled, at a UW System institution as a student for the fall 2005 semester; and

Be it further resolved, that UW System institutions shall provide nonresident remissions for the fall 2005 semester for "Hurricane Katrina Victims" and shall not bill students who have sustained losses as a result of the hurricane for the balance of tuition at this time.

Presidents Walsh and Reilly will consult with the Legislative leadership and the Governor regarding options to remit the full tuition for these students, and they are hereby authorized to proceed on behalf of the Board with implementation of actions determined upon following these consultations; and

Be it further resolved, that nothing in this resolution shall be deemed to preclude the UW System or its institutions from taking actions necessary to recover any funds that may hereafter become available to repay tuition previously remitted or not charged for Hurricane Katrina Victims, or to allow Hurricane Katrina Victims to become eligible for financial aid that may become available to them by the federal government or otherwise.

<sup>1</sup> The designation as a federally-declared disaster area is available by date of declaration on the Federal Emergency Management Agency's (FEMA) website ([www.fema.gov/disasters](http://www.fema.gov/disasters)).

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## **CLOSED SESSION**

At 2:15 p.m., the following resolution, moved by Regent Bradley and seconded by Regent Connolly-Keesler, was adopted on a roll-call vote, with Regents Walsh, Spector, Smith, Semenas, Salas, Rosenzweig, Randall, Pruitt, McPike, Loftus, Davis, Crain, Connolly-Keesler, Burmaster, Bradley and Axtell (16).

Resolution 9066: Recess into closed session to confer with legal counsel concerning pending or potential litigation, as permitted by s.19.85 (1)(f), *Wis. Stats.*; to consider personal histories related to naming of facilities at UW-Platteville, as permitted by 19.85 (1)(f), *Wis. Stats.*; and to consider salary adjustments, as permitted by s.19.85 (1)(c), *Wis. Stats.*

The following resolution was adopted in the closed session:

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**Approval of 2005-06 Salaries: Salaries Above 75% of the President's Salary**

Resolution 9067: That, upon the recommendation of the Regent President, 2004-05 base salaries for staff whose salaries will be above 75% of the UW System President's 2004-05 salary, excluding those employees whose employment contract holds to the contrary, be increased as reflected in the attached Schedule B effective July 1, 2005 or the appropriate contract effective date, to reflect the 2005-06 pay plan for faculty and academic staff approved by the legislature's Joint Committee on Employment Relations.

The meeting was adjourned at 2:50 p.m.

Submitted by:

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Judith A. Temby, Secretary