

MINUTES OF THE REGULAR MEETING

of the

BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM

Madison, Wisconsin

UW-Madison

Held in 1820 Van Hise Hall

Thursday, August 17, 2006

9:00 a.m.

- President Walsh presiding -

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

UNABLE TO ATTEND: None

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**LIEUTENANT GOVERNOR BARBARA LAWTON: WISCONSIN LEADERSHIP IN LIBERAL EDUCATION AND AMERICA'S PROMISE**

Welcoming Lieutenant Governor Barbara Lawton, President Reilly noted that she is the first woman elected to serve in that office in Wisconsin.

Among her many accomplishments are her efforts to maintain ethical integrity in elections and her strong advocacy for removing the stigma of mental illness. As Chair of the Wisconsin Arts Board, she has demonstrated the central role that arts and culture plays in revitalizing communities and boosting the 21<sup>st</sup> century knowledge economy. She also has spearheaded the Wisconsin Women = Prosperity initiative – an unprecedented public/private partnership to dismantle barriers to gender equity and guarantee full economic participation for women.

Lieutenant Governor Lawton, he noted, is a strong supporter of higher education as a means by which people can find better lives and a leader in the National Liberal Education and America's Promise (LEAP) campaign of the Association of American Colleges and Universities.

President Reilly recalled that in November 2004, Carol Geary Schneider, President of the Association, spoke to the Board about the purpose and value of liberal education in the new millennium. The purpose of the campaign is to develop public understanding about the kinds of learning students need to succeed in the 21<sup>st</sup> century – not just career preparation, but also preparation for life-long learning and engaged citizenship, cultural competence, and the ability to manage change and ambiguity.

When it began in January 2005, the LEAP campaign invited Wisconsin to be its pilot partner, and Lieutenant Governor Lawton was named to the National Leadership Council. Wisconsin's leadership includes innovative work being done on UW campuses by the deans and faculty who are members of the UW System Advisory Group of the Liberal Arts, along with members of the UW System Office of Academic and Student Services, including Rebecca Karoff, Donna Silver, Melissa Kepner, and Helen Klebesadel. In addition, Senior Vice President Cora Marrett has lent her support to the campaign from its inception.

Lieutenant Governor Lawton began her remarks by noting that Wisconsin is the first official pilot state for the Liberal Education and America's Promise (LEAP) program, an ambitious campaign sponsored by the Association of American Colleges and Universities to promote the value of a liberal education. She was pleased to be invited to join the National Leadership Council which includes in its membership Harvard University President Derek Bok, Rockefeller Foundation president Jim Orr, University of Michigan President Mary Sue Coleman, Keith Peden, Senior Vice President for Human Resources of Raytheon, and Peter Karoff, founder and chairman of the Philanthropic Initiative.

While most family-supporting jobs require post-secondary education, she said, many low-income and minority students fall through the cracks due to achievement gaps, tuition costs, outdated attitudes family attitudes toward college, and confusing protocols. This undeveloped talent is a particular problem in Wisconsin given its higher than average percentage of baby boomers, smaller young generation, declining birth rate and high net out-migration of college graduates. In order to renew the state's commitment to higher education, she said, the UW and the Technical College System have an important responsibility to articulate the return on investment in an era of global competition.

Remarking that LEAP causes considerations of affordability, access, graduation rates and accountability to merge with examination of the kinds of learning today's college graduates need, she said that business leaders have told her that they want "360 degree" employees who can circle an entire problem and view it from all sides, rather than employees with deep but narrow learning. Engineering firms are looking for

“T-shaped” students, with the vertical part representing learning in the profession and the cross bar representing broader learning in areas like ethics, global knowledge, intercultural literacy and strong communication and collaborative skills.

The LEAP campaign, she said, addresses the need for a more precise definition of the essential outcomes of a liberal education for the student, state, and nation. In that regard, liberal education does not refer to a discrete set of disciplines, but to what today’s college graduates need to know and be able to do to function successfully.

Included in the idea of a liberal education, she explained, are the following outcomes that are essential to a globally engaged democracy and to an innovative economy:

- Knowledge of human cultures and the natural and physical world;
- Intellectual and practical skills;
- Individual and social responsibilities;
- Integrative learning.

Stating that liberal education is becoming “the price of admission to the twenty-first century knowledge economy”, she cited the statement by former Xerox CEO David Kearns that “the only education that prepares us for change is a liberal education.”

Reporting that the National Leadership Council’s agenda starts within the academy, she said that the council advocates the following key changes in practices:

- Higher education institutions need to clearly state that 21<sup>st</sup> century students need more math, science, global and cross-cultural knowledge, and intellectual agility.
- They need to underline that liberal education draws on both the liberal arts/sciences and professional fields.
- The academy needs first to articulate the re-conceptualization of liberal education and then identify learning outcomes for the public.
- Higher education must take leadership on the kind of learning that students need in today’s world.
- Such leadership involves first working internally with faculty governance and then externally with trustees and community and state leaders.
- Success will be ensured when campus action makes the teaching and learning of liberal education outcomes intentional and a visible part of student success.

The Lieutenant Governor characterized LEAP as a “powerful centrifugal force” for change, creating the framework for public education and advocacy by:

- Focusing public policy on the real engine for growth and development – “an intellectually agile workforce functioning as an ethical, engaged citizenry”;

- Responding to the understanding the prosperity depends on creation and application of new knowledge and the ability to innovate;
- Re-establishing the value of higher education in building and maintaining knowledge;
- Calling on the attributes of the nation's founders: creativity, innovation, risk-taking and entrepreneurship;
- Building understanding of how education from pre-kindergarten through 12<sup>th</sup> grade must be aligned to support these goals.

Challenges include lack of familiarity with the concept of a liberal education on the part of students and their families and a tendency on the part of many students to think of their education as a private, rather than a public, good. Other challenges include lack of confidence by business leaders in their understanding of higher education and lack of understanding of the impacts of many years of declining state support. In addition, alumni better recognize the need to be donors than the need to be advocates for their universities.

In that regard, Lieutenant Governor Lawton remarked: "We can't build public confidence in higher education without giving the public a sense of fluency when speaking about it, without giving them a way to think about it and the words to support it."

She remarked that the UW is a good selection to pilot the LEAP program for the following reasons:

- Wisconsin has 20 liberal arts colleges, 47 technical colleges and 26 UW campuses, with a total of more than a half million students pursuing post-secondary studies.
- The state has not done well in enrolling and graduating low-income and minority students.
- Wisconsin ranks 35<sup>th</sup> in terms of the percentage of workers age 25 and over who have a baccalaureate degree.
- The UW has suffered a number of public relations setbacks over the past year.

These challenges are not insurmountable, she commented, in a state that has a long history of valuing education and is home to the Wisconsin Idea that university ideas should inform public policy and that the boundaries of the university are the boundaries of the state. In that regard, she felt confident that the public's imagination could be recaptured by the concept of liberal education as a focus for the future. Initiatives were under way, and UW-Oshkosh already had been recognized as a national model by the American Council on Education and the Association of American Colleges and Universities for its commitment to LEAP initiatives.

Remarking that LEAP provides a powerful metaphor about how investment in education connects to economic progress, the Lieutenant Governor envisioned the following successful outcomes:

- Higher educational institutions will collaborate with the state to collect the data necessary to drive effective advocacy.
- The argument for state and national investment to make a liberal education broadly accessible and affordable will be data-driven and advanced in economic terms.
- The case for investment in a liberal education will emphasize the importance of preserving the independence of colleges and universities.
- There will be statewide public testimony about the value of a liberal education, led by the business community, reported by the media, and repeated in many settings.
- The media will provide ongoing coverage of the campaign as a project of civic journalism.
- The campaign will create a constituency for reinvestment in liberal education.
- Legislators will respond by committing to maintain a system of higher education that balances excellence and mass access.
- LEAP will require and foster bold leadership from the academy and from the public and private sectors.

Referring to the recent Spellings Commission Report on Higher Education, she pointed out that, like LEAP, the report calls for “meaningful student learning outcomes”. The Commission, however, would leave the definition of such outcomes to testing agencies, whereas LEAP and the National Leadership Council are working to provide a definition of what students today need to know and be able to do.

In conclusion, Lieutenant Governor Lawton said that a clearly articulated vision for higher education in Wisconsin will support a growing UW System and campus specific growth plans. What is needed is coordination of efforts and data collection to keep the argument strong and accountability credible. In that regard, she said that higher education has a responsibility to the public to find more ways “to assert the public value of a liberal education in an era of global competition so as to renew the state’s commitment to higher education.”

In discussion following the presentation, Regent Crain remarked that the LEAP campaign is a focused way of making the point that higher education is and should be more than just preparation for careers. It is important, she said, for public institutions not to cede liberal education to private institutions.

Adding that it is necessary to better communicate this message to students, Lieutenant Governor Lawton referred to research findings that show students ranking

such areas as business skills and self discipline as highly important educational outcomes, whereas areas like knowledge of the world and civic engagement rank low on their lists.

Regent Davis remarked that the National Council is an impressive group of leaders with an ambitious agenda. She asked if the passion of leadership can be sustained for the long term, and the Lieutenant Governor replied that the commitment among leaders is profound and unwavering.

Regent President Walsh and President Reilly thanked Lieutenant Governor Lawton for her presentation and for her leadership in the LEAP campaign. President Reilly added that he had been invited to be on the Presidential Trust for the program and that he and Regent Vice President Bradley planned to attend the annual meeting. The UW also would be hosting a conference on LEAP at the Johnson Foundation.

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**‘BUILDING ON A GREAT IDEA: ELABORATING THE BENEFITS OF HIGHER EDUCATION IN WISCONSIN’ PRESENTED BY JOHN C. BURKHARDT, DIRECTOR OF THE NATIONAL FORUM ON HIGHER EDUCATION FOR THE PUBLIC GOOD AT THE UNIVERSITY OF MICHIGAN.**

In introductory remarks, Senior Executive Vice President Don Mash noted that President Reilly has spoken of the 70 out of 100 lost children who do not go to college, that Regent President Walsh has spoken often about need to increase educational access for students, and that the proposed budget submission before the Board reflects the UW’s Growth Agenda for Wisconsin.

The public benefit of higher education, he remarked, is a policy issue of the highest order. In that regard, he noted that the nation has not enacted for many years policies of the magnitude of the Morrill Land Grant Act, the GI Bill, and the 1960s federal financial aid programs – all of which contributed to making the country great. Today, he pointed out, there are issues of economic growth, quality of life and the civic engagement needed to make democracy work. These kinds of issues represent the public good that can be provided by higher education.

Dr. Mash then introduced Dr. John C. Burkhardt, Professor of Higher and Postsecondary Education at the University of Michigan and Director of the National Forum on Higher Education and the Public Good – a national effort to make higher education more responsive to a changing society.

Dr. Burkhardt came to the University of Michigan in 2000, after eight years as a program director at the W. K. Kellogg Foundation, where he coordinated leadership grant making and projects in education and leadership development around the world. He was a fellow of the Institute for Educational Leadership and is a Kellogg Foundation National Leadership Fellow. In 2004, Dr. Burkhardt served as senior policy advisor to a statewide

commission convened by the Governor of Michigan to direct the course of the state's higher educational system. He also served as a member of the Blue Ribbon Commission on Higher Education for the Civic Good, appointed by the Michigan State Legislature in 2004.

Dr. Mash also introduced Nate Daun-Barnett, a doctoral candidate in higher education and public policy at the University of Michigan who had served as coordinator of research for Michigan's statewide Commission on Higher Education and Economic Growth.

Professor Burkhardt began his presentation by stating that the benefits of investment in higher education are crucial to state prosperity and that it is necessary to be more deliberate in articulating the advantages of such investment, not only to leaders, but to the public, students and families -- consistently, effectively and urgently. The National Forum on Higher Education for the Public Good is funded by the Kellogg Foundation to increase this kind of understanding

That most Americans love higher education, he said, is reflected by colleges and universities being among the most admired institutions in the country. That families want their children to go to college is reflected by 80% of 8<sup>th</sup> graders saying that is what they want. Fifty percent of those surveyed say that their lives have been enriched by the presence of higher education in their communities. Noting that it is well known that college graduates will earn, on average, \$1 million more in their lifetime than those without college degrees, he presented a slide showing public and private economic and social benefits of higher education. Public economic benefits include:

- Increased tax revenues
- Greater productivity
- Increased consumption
- Increased workforce flexibility
- Decreased reliance on government financial support.

Public social benefits include:

- Reduced crime rates
- Increased charitable giving and community service
- Increased quality of civic life
- Social cohesion and appreciation of diversity
- Improved ability to adapt to and use technology.

Personal health improves with education, he added, as does voting behavior, book sales, and inter-cultural competence. The result is more attractive communities in terms

of such factors as more diversity, more entrepreneurship, lower crime rates, more support for the arts and more tourism.

As threats to the perception that higher education serves the public good, Dr. Burkhardt cited such measures as corporate sponsorship of medical research and of athletic teams. He asked if a legacy of privatization is one that colleges and universities want to leave.

State disinvestment in higher education, he pointed out, has resulted in a shift of costs to families. In global comparisons, the U.S. ranks first in the percentage of working age citizens with college degrees (28.9%) and in investments in higher education as a share of GDP (2.7%). However, of the 2.7% GDP investment, only 0.9% is public, ranking 12<sup>th</sup>. The remainder of the cost has been shifted to families. The U.S. ranks 14<sup>th</sup> in advanced graduate level degrees awarded and 1<sup>st</sup> in degrees granted in social sciences, business and law, but 28<sup>th</sup> in degrees granted in engineering.

In state by state comparisons, Wisconsin ranks 18<sup>th</sup> in population, 18<sup>th</sup> in median household income, 15<sup>th</sup> in state and local investment in higher education per capita, but 30<sup>th</sup> in the percent of adults with bachelors or higher degrees.

Within the state, educational attainment is highest in Dane, Waukesha, and Ozaukee counties, the Fox River Valley, and Northwest counties in the Minneapolis-St. Paul metropolitan area. Areas of lowest educational attainment are ones without college or university campuses. Within communities, educational attainment also differs by area, based on a number of factors.

On new economy measures, including employment, investments, and educational attainment, the national average is 60% of full efficiency, while the Wisconsin percentage is 52%.

Dr. Burkhardt explained that, in years past, efforts were made to sell higher education as a private benefit in order to counter a downturn in enrollments. Those efforts were successful and are reflected by student movement away from social science and humanities majors and into majors, like business and law, with higher money-making potential. It is difficult, he noted, for students to choose to major in such areas as languages or cultures when they have a heavy loan burden to repay.

Turning to the question of what can be done, Dr. Burkhardt suggested that community strategies are needed to bring about local discussions of the notion of the public good and about parents' aspirations for their children and grandchildren. Because the benefits of higher education are private, public, economic and social, strategies are needed to better describe and articulate these benefits. In that regard, private benefits can be described as transactional, while public benefits can be understood as transformational. It is the transformational aspects of higher education that motivates teachers and learners; and it is this kind of experience that families want for their children.

In conclusion, Dr. Burkhardt used the metaphor of water to describe the importance of education to the 21<sup>st</sup> century. Water has long been viewed as a public good and that sustains life, generates power for industry, irrigates crop lands, and provides venues for transportation and recreation. As a vital public good, there has been



broad agreement on the need to protect it. Today, he said, an educated populace is what is needed to foster economic growth, to create vibrant communities, and provide other elements of a satisfying life. In that regard, he remarked that “smart is the new water. . . Smart is to the 21<sup>st</sup> century what water has been to the 18<sup>th</sup>, 19<sup>th</sup>, and 20<sup>th</sup> centuries.”

In discussion following the presentation, Regent Spector asked if Dr. Burkhardt’s research showed what it is about society that causes people to value a private good, like a new kitchen, more than a public good, like a new school.

In reply, Dr. Burkhardt commented that the notion of the public good has diminished in America for many reasons, one of them being an increasing emphasis on materialism conveyed from one generation to the next. Higher education, he felt, has contributed through various privatization measures.

Listening sessions in communities highlighted inconsistencies in values; for example, while grandparents want their grandchildren to have the benefits of education, they do not want them to move far away. What is necessary, he said, is to bring to people a concrete, visual image of the public good that they can recognize and support. In that regard, he commented that what people really value about education are its transformational, rather than transactional, benefits.

Regent Loftus pointed out that the university contributes to the situation by sending the message that the reason higher education should be supported is in order to grow the state’s economy.

Noting that it is common to emphasize return on investment and economic gain, Dr. Burkhardt added that the greater value is the ability to transform lives and society for the better.

Regent Walsh pointed out that Wisconsin has suffered severe financial difficulties in recent years, and that it is necessary to understand competing demands confronting legislative decision makers. Given limits on state resources, he asked what is wrong about accepting contributions from corporations and others.

Dr. Burkhardt indicated in reply that both private and public funding are needed to make universities can be financially viable.

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## **2007-09 BIENNIAL OPERATING BUDGET AND BIENNIAL CAPITAL BUDGET**

In introductory remarks, President Reilly referred to the goal of the UW System to be “Wisconsin’s premier developer of advanced human potential, of the jobs that employ that potential, and of the flourishing communities that sustain it.”

The remarks by Lieutenant Governor Lawton and Professor Burkhardt, he observed, confirm the wisdom of the Growth, Affordability and Access Agenda for Wisconsin. Referring to the fact that, of 100 high school graduates, 70 pursue no post-secondary education, he said that the effort is to open more seats for these students and help to create the jobs to employ them.

The campus initiatives set forth in the proposed budget promote the Growth, Affordability and Access Agenda by reflecting the unique needs of their regions for increased enrollments, student retention and enhanced job opportunities. The Board has heard strong support for these initiatives from community leaders.

In addition, he continued, there are two statewide initiatives needed for the Growth Agenda to succeed:

- The Wisconsin Covenant will bring more students into postsecondary education and will help to make the student body more diverse.
- The Adult Student Initiative will encourage more adults to begin their college education or to complete degree programs that they may have started some time ago. These students are likely to remain in Wisconsin after graduation.

Taken together, the President remarked, these initiatives will produce more graduates for Wisconsin and fuel the economic growth needed to keep them here.

While undertaking this Growth Agenda, he said, the UW needs to continue to be cost-efficient in order to make tuition and state dollars go as far as possible. In that regard, the university has made large budget cuts in recent years. He pointed out that:

- The UW has administrative costs of 6%, compared to 10% among peer institutions.
- State funding is \$1,200 per student below the national average.
- The state appropriation of \$204.38 per person is 33<sup>rd</sup> among states.

By any comparison, President Reilly commented, “the UW is a lean, mean machine.”

The Biennial Operating Budget submission, he said, calls for \$120 million in reasonable, strategic investments -- \$90 million less than requested for the current biennium. “We owe our students the quality,” he said, that this investment would buy.

The budget would hold tuition increases to 2.48%, the lowest in the last quarter century and less than the rate of inflation, as requested by the Governor and the Board. As to financial aid, Hold Harmless and Veterans Tuition Grants would be supported by separate resolutions.

In closing, the President noted that the state is on course to end the year with a \$12 million surplus and that revenue growth of \$1.9 million is expected, which would more than cover the structural deficit. At this time, he said, it is important to call on the

Governor and Legislature to support opening more seats to students and holding down tuition.

In discussion following President Reilly's remarks, Regent Cuene stated her support for the budget but noted that the Adult Student Initiative did not show collaborations with the Technical Colleges. Chancellor Wilson provided a handout listing collaborations with the Technical Colleges, as well as other UW campuses, and affirmed that additional partnerships will follow. Regent Cuene also emphasized the importance of continued collaboration.

Regent Loftus commented that the UW-La Crosse initiative should move forward, but with the best possible design. Its proposal that increased tuition be used to finance financial aid for lower income students, he felt, might be used on other UW campuses in the future. It was his view that the proposed 25% of the new revenue for financial aid is too low and that a more structured means is needed to judge the efficacy of the program as it goes forward.

He moved to increase the percentage to 50% and the motion was seconded by Regent Rosenzweig.

UW-La Crosse Vice Chancellor Ron Lostetter explained that the 25% figure was chosen with the intention of holding students in the lowest income quintiles harmless from tuition increases and to bring their representation in the student body up to the average of UW campuses. There also is a need, he added, for faculty and support services to retain and serve those students and make sure they succeed. In that regard, the campus would prefer to have the flexibility to use funding for student support as needed.

Regent Smith pointed out that the promise of additional faculty and staff was critical to obtaining student support for the initiative.

Regent President Walsh asked if students approved the 25% rate, and the president of the student government replied in the affirmative.

Regent Loftus noted that the university would not be lowering its academic standards and that the primary need of additional students would be funding, rather than academic support.

Stating that she would support the proposal as presented, Regent Cuene commented that its success would depend on adequate faculty, support and counseling services.

While he favored Regent Loftus' amendment, Regent Semenas stated that he could not support the tuition increase for UW-La Crosse students for financial aid.

Noting the great amount of thought and effort that had gone into developing the proposal, Regent Crain expressed reluctance to make a significant change at the Board table. However, she thought the program should be monitored closely in the future.

Stating that she did not support the amendment, Regent Davis expressed her support for the proposal as presented. She had spoken about the initiative and its "sticker shock" aspect with UW-La Crosse staff and was persuaded that the proposal fit together

“like a quilt”, with all pieces needed for it to be successful. Noting the strong support for the program at the local level, she thought the campus should have the opportunity to implement it, with oversight by the Board. She did not view the initiative as setting a precedent for other institutions.

Regent Salas expressed appreciation to UW-La Crosse staff for meeting with him and responding to his questions. He was concerned, however, that faculty, staff, and students be properly engaged in the process, citing a petition signed by several hundred students who were opposed to the proposal.

The question was put on the proposed amendment, and it failed on a roll-call vote, with Regents Loftus, Randall, Rosenzweig, Salas and Semenas (5) voting in favor of it, and Regents Bartell, Bradley, Burmaster, Connolly-Keesler, Crain, Cuene, Davis, McPike, Pruitt, Smith, Spector, and Walsh (12) voting in opposition.

Regent Salas moved that the program be evaluated by the Board of Regents after six years, rather than by the campus after 10 years, and that a final decision be made after six years on continuing the program. The motion was seconded by Regent Davis.

Associate Vice President Harris noted that a six-year evaluation would only show results for the first cohort of students.

Regent Bradley added that a 10-year time frame would provide more meaningful data on which to make a final decision.

Interim Chancellor Elizabeth Hitch assured the Board that the program would be monitored on an ongoing basis and adjustments would be made as needed. Results could be shared annually with the Board, but a six-year time frame would not provide a large amount of data.

Regent Connolly-Keesler asked if no other campus would be able to try such a program until a final decision were made about this one, and Regent President Walsh replied that there would be no prohibition against doing so.

Regent Spector noted that the Board could change a program at any time.

Expressing support for the proposed amendment, Regent Loftus pointed out that UW-La Crosse would raise \$15.2 million in new revenue, \$12 million of which would be used for faculty and staff. He agreed that a review after six years would be warranted.

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

In response to a question by Regent President Walsh, Ms. Harris explained that an adjustment had been made to tuition in the second year of the biennium because new data on utility costs and the student technology fee had been added. No further significant adjustments were anticipated.

In reply to a question by Regent Bradley, Ms. Harris said that an increase in state support of about 3.4% was being requested.

Noting that the requested tuition increase is the lowest in 25 years, Regent Bradley asked if it also is the lowest in relation to a state funding request; and Ms. Harris replied in the affirmative.

In response to a question by Regent Salas, Ms. Harris indicated that the budget would provide an increase in funding for minority and disadvantaged student programs, adding that funds for these programs have remained stable because they were protected from budget cuts in recent years.

Regent President Walsh then recognized Stella Luong as spokesperson for a group of students who had come to the meeting to advocate for a freeze in tuition.

Ms. Luong stated that students are struggling to pay tuition and that some have to work three jobs to make ends meet. Commenting that students cannot continue to pay more, she urged the Board to freeze tuition at this time.

Regent President Walsh asked what services the students believed should be cut in order to freeze tuition. Ms. Luong had no suggestion in that regard but asked that financial aid be increased to provide more access.

Referring to a table on Wisconsin GI Bill usage, Regent Loftus commented that more veterans on campus would improve the educational environment for all students. He said that chancellors should have the flexibility to admit veterans whose military service experience would make up for academic record deficiencies.

In response to a question by Regent Loftus, President Reilly explained that three staff requested in the budget would be strategically situated around the state to assist veterans on a regional basis. A fourth staff person would be furnished by the Department of Veterans Affairs.

Regent Loftus noted that, with free tuition, recruitment should not be a problem. Instead, he said that efforts should be focused on retention/graduation and concentrated on campuses where most veterans are located.

In response to a question by Regent Bradley, Ms. Harris indicated that, although numbers had not been updated, it had been calculated that the UW could increase its returns by about two and a half million dollars by managing and investing its own program revenue balances.

Replying to a question by Regent Salas, Ms. Harris said that the proposed budget did not include resident tuition for undocumented students but that the Board is on record as having supported the Governor's proposal in the last biennial budget.

Regent Bartell commended the Governor's proposal to hold tuition to the rate of inflation and the Board's submission of the lowest increase in the past 25 years.

He remained concerned, however, with the continuing trend of shifting costs to students. While he recognized that decision-makers must contend with competing demands, he urged that higher education be made a priority. In that regard, he pointed out that Wisconsin's investment in higher education ranks in the lower third nationally, that growth of state investment is near the bottom, and that the state's investment as a percentage of personal income has been decreasing and is at its lowest in 40 years. This shows, he remarked, that the state no longer considers higher education the priority that it once was and that the burden has been shifted to families, who now pay more than 50% of the costs. Tuition has increased up to 80% in the last six years, financial aid has not

kept up with these increases, and the average family income at UW-Madison has doubled in the last eight years.

Stating that this situation cannot be allowed to continue, Regent Bartell commented that, while he would support the proposed two-plus percent tuition increase in order to allow programs to go forward, he would like to carefully consider presenting a tuition freeze to the Legislature in the next biennium.

Thanking Regent Bartell for his eloquent statement, Regent Semenas stated that, although he supports the Growth Agenda to move Wisconsin forward, he could not support the proposed tuition increase, even though it would be the lowest in many years. Adding to the problem is a \$12 million reduction in federal financial aid.

Regent Pruitt characterized the proposed budget as an amazing step forward that provides a vision for growing student access, while holding down tuition. Predicting that it could be a turning point for the university, he said that business leaders should be challenged to support the Growth Agenda and students should be challenged to fight for holding down tuition.

Noting that students had supported a higher tuition increase two years ago, Regent Salas said that, while he would support the budget as proposed, he could not support the result if financial aid and other initiatives were eliminated in the legislative process.

Regent-designate Shields expressed agreement with Regent Semenas and stated that he would also vote against the budget if he were able to do so.

Regent Crain said that, while student comments about tuition increases should be taken seriously, it is necessary to consider what would be lost without the proposed tuition revenue and to bear in mind that the Growth Agenda promotes student access.

Noting that the debate in the Legislature has for many years been about the percentage of state dollars versus tuition, Regent Loftus suggested consideration of different ways to look at that question in the future.

Stating his pride in the proposed budget, Regent President Walsh remarked that this is a dramatic moment that marks a turning point, allowing the university to grow and hold down tuition at the same time. The Board was faced with a \$250 million cut just a few years ago, he recalled, adding that Governor Doyle now is making a commitment to invest in the university, asking that tuition be kept down, and that business leaders are committed to the Growth Agenda.

Regent Randall stated that he did not support the UW-La Crosse initiative and did not think the expected increase in diversity could be achieved.

The question was put on the proposed budget, as amended, and it was adopted on a role-call vote, with Regents Walsh, Spector, Smith, Salas, Rosenzweig, Pruitt, McPike, Loftus, Davis, Cuene, Crain, Connolly-Keesler, Burmaster, Bradley, and Bartell (15) voting in the affirmative; and Regents Semenas and Randall (2) voting in the negative.

**2007-09 Biennial Operating Budget**

Resolution 9224: That, upon recommendation of the President of the University of Wisconsin System, the Board of Regents approves the submission of its 2007-09 GPR/Fee Operating Budget request, totaling an ongoing increase of 120.1 million GPR/Fees, including the Growth Agenda, and Estimated Cost to Continue Requests; Program Revenue Requests; Statutory Language Changes; and Performance Measures. The Board's request for the 2007-09 biennium includes tuition revenue changes that would result in increases of 3% in 2007-08 and 1.96% in 2008-09. The Board delegates authority to the UW System President to make minor changes as needed to the Cost to Continue request prior to the September 15, 2006 submission date.

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Turning to the Capital Budget submission, President Reilly noted that challenges and alternatives had been reviewed at the June Board meeting. Because many facilities were built in the 1960s and 1970s, he pointed out, there is significant need for remodeling and updating at this time. In that regard, he indicated that an online survey of students showed that 70% rated facilities related to their majors to be very important in their choice of a college.

While the last capital budget was a good one for the university, he remarked that there is a growing need for modern facilities that will become more pressing as time goes on.

Regent Loftus inquired as to the status of the committee on segregated fees, and Vice President Durcan replied that recommendations for student members were expected in the near future and that the committee's work should be completed in about six months.

Regent Loftus asked if each facility proposal was reviewed individually; and Assistant Vice President Miller replied in the affirmative, adding that each project was requested for construction or planning in the last biennium, with \$129 million receiving advance enumeration.

Noting the growing need for facility funding, Mr. Miller pointed out that the budget recommendation contains \$105 million in gift and grant funding, almost half of which is for academic facilities traditionally funded fully by the state.

As to major project funding sources, he indicated that 42% would be funded by general fund supported borrowing, 42% by program revenue supported borrowing, and 16% by gifts and grants. 73.5% of GFSB major projects are academic buildings, and 75% of PRSB and gift-funded projects are housing and dining facilities.

Many of the facilities built in the 1960s and 1970s, he explained, were constructed in a way not amenable to remodeling, with inflexible walls, low ceilings and inadequate mechanicals. Some of the university's oldest buildings are best for remodeling because of the flexibility they offer.

Noting that the UW owns and operates about 60 million square feet of space, Mr. Miller indicated that, because of limited state funding and a growing need of facility renewal, there is a growing gap between projects requested by institutions and projects that are funded.

In this budget, it is recommended that \$31 million of the proposed costs be shifted to all-agency funds. Noting that hard decisions were made, he said that the resulting recommendation of \$264 million is an earnest attempt to request an amount that is reasonable for the state to fund. Debt service on bonding would amount to \$32 million per year.

In conclusion, Mr. Miller pointed out that efficiencies and savings can be obtained through alternative building processes, such as that employed for the new residence hall at UW-Platteville.

Adoption of Resolution 9225 was moved by Regent Smith and seconded by Regent Salas. Regent Smith moved the previous question. The motion was seconded by Regent Pruitt and carried on a unanimous voice vote.

The question was put on Resolution 9225, and it was adopted on a unanimous roll-call vote, with Regents Bradley, Burmaster, Connolly-Keesler, Crain, Cuene, Davis, Loftus, McPike, Pruitt, Randall, Rosenzweig, Salas, Semenas, Smith, Spector, and Walsh (16) voting in the affirmative.

### **2007-09 Biennial Capital Budget**

Resolution 9225: That, upon the recommendation of the President of the University of Wisconsin System, the 2007-09 Capital Budget request consisting of

- \$135.1 million General Fund Supported Borrowing (GFSB), and
- \$240.5 million Program Revenue Supported Borrowing (PRSB), and
- \$104.9 million Gifts and Grants in 2007-09 for major projects; and
- \$108.8 million General Fund Supported Borrowing, and
- \$8.2 million Program Revenue Supported Borrowing, and
- \$2.0 million in Gifts and Grants in 2009-11 for major projects; and
- \$130 million General Fund Supported Borrowing, and
- \$25 million Program Revenue Supported Borrowing – All Agency Funds for maintenance, renovation, and land acquisition,

be submitted to the Department of Administration and the Building Commission.



The 2007-09 Capital Budget request includes the following:

1. Enumeration of eleven projects at a cost of \$135.1 million GFSB, \$5.9 million PRSB, and \$45.6 million Gifts/Grants in 2007-09; and \$108.8 million GFSB, \$8.2 million PRSB and \$2.0 million Gifts/Grants in 2009-11, with 2009-11 GFSB funding to become available on July 1, 2009.
2. Enumeration of sixteen projects funded by non-GFSB sources (\$234.6 million PRSB and \$59.3 million Gifts/Grants).
3. That the Board authorizes the UW System President to adjust individual project budgets as necessary in the development of the final 2007-09 Capital Budget with the Department of Administration.

Note: \$129.1 million of 2007-09 GFSB will become available on 07/01/07 for five projects which were advance enumerated in the 2005-07 Capital Budget.

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It was moved by Regent Loftus and seconded by Regent Randall that performance related to veterans' issues be included in the chancellors' annual evaluations. The motion was adopted on a unanimous voice vote.

Upon motion by Regent Loftus, seconded by Regent Semenas, the meeting was adjourned at 12:35 p.m.

Submitted by:

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Judith A. Temby, Secretary