

MINUTES OF THE REGULAR MEETING

of the

BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM

Madison, Wisconsin

UW-Madison
Held in 1820 Van Hise Hall
Friday, August 18, 2006
9:00 a.m.

- President Walsh presiding -

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Held in 1820 Van Hise Hall
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- Vice President Bradley presiding -

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

UNABLE TO ATTEND: Regent McPike

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Approval of Minutes of the Meeting of the Board on August 2, 2006

With a revision by Regent Crain to note that the August 2, 2006 meeting was a special meeting of the Board, the minutes were approved, upon motion by Regent Pruitt, seconded by Regent Bartell.

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REPORT OF THE PRESIDENT OF THE BOARD

Report on the July 25-26, 2006 meetings of the Wisconsin Technical College System Board

A written report on the July 25-26 meetings was provided.

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Presentation on Wisconsin Technical College System Graduate Follow-Up Report

In introductory remarks, Daniel Clancy, President of the Wisconsin Technical College System, noted that the report contains information received from an annual survey of graduates done to measure success in meeting personal and workforce goals. He introduced Associate Vice President Jayson Chung to present the report's findings.

Mr. Chung explained that the survey of all graduates is conducted annually by telephone and mail. Of 22,857 graduates surveyed statewide, 16,430 responded.

As to why they chose to attend a technical college, most respondents specified reasons related to employment: 38% wanted to prepare for employment; 23% wanted to make a career change; and 11% wanted to improve existing job skills. 17% wanted to prepare for continuing education beyond technical college, and 5% listed personal interests.

Six months after graduation, 92% were employed, more than three fourths in jobs related to their training. 54% were employed after completing their training; 20% were employed while attending; and 23% were employed before enrolling. As to employment location, 87% were employed in Wisconsin and 73% of those were employed in the technical college district where they went to school. Referring to a list of the top 20 programs, Mr. Chung pointed out that health care occupations are among the most popular and most highly paid, while technical occupations also pay well.

In conclusion, he noted that the survey has been conducted for the past 30 years and is used by the colleges for career planning and public information.

In response to a question by Regent Loftus, President Clancy explained that the WTCS has college transfer programs at Madison Area Technical College, Milwaukee Area Technical College and Nicolet Technical College. While the guaranteed transfer contracts with UW-Madison are recent innovations, he remarked that there has been a longstanding record of successful transfer relationships between the two systems, with growth in the number of transfers increasing at a steady pace.

Regent Loftus expressed an interest in more information on that subject, noting that, with the new guaranteed transfer contracts, more students may choose the technical colleges due to affordability and ease of admission factors.

In response to a question by Regent Smith as to enrollment trends, President Clancy indicated that enrollments have been growing at a record pace and have reached

68,000 full-time-equivalent students. Health care programs are experiencing particularly strong increases.

Noting that the allied health programs are of high quality, Regent Salas explained that scores of technical college associate degree graduates on board exams are as high as those of graduates from some four-year programs. Referring to concerns by a state senator about lack of programs in areas like welding, he pointed out that the technical colleges are quick to respond to needs in the workplace.

Regent Cuene remarked that information on top occupations should be helpful in building relationships between the two systems in areas such as upside-down degrees.

In response to a question by Regent President Walsh, Mr. Chung indicated that the salaries listed are for newly-hired employees.

Regent President Walsh observed that these figures reinforce the message that graduates with a postsecondary degree earn substantially more than those who do not continue their education beyond high school.

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President Walsh presiding

REPORT OF THE PRESIDENT OF THE SYSTEM

Inter-Campus Research Collaboration

President Reilly reported that more than 50 research scientists and faculty from 10 four-year UW campuses and two UW Colleges met at a forum in June to foster inter-campus and interdisciplinary research by learning about ways to collaborate through sharing expertise, equipment or facilities. Faculty from fields like biotechnology, genomics, chemistry, microbiology, and stem cell research were involved.

Sponsors included: WiSys, the system-wide intellectual property organization; the UW System Office of Federal Relations; the Great Lakes Wisconsin Aquatic Technology and Environmental Research Institute at UW-Milwaukee; and the patent law firm Whyte Hirschboeck Dudek.

Since then, faculty in the Chippewa Valley have begun to talk about a virtual research collaboration, and a meeting is planned in Stevens Point by another group of faculty to talk about energy solutions through the state's BioFuels Initiative.

These examples, the President observed, reflect the strong commitment and promising ideas from faculty and researchers to boost Wisconsin's economy.

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Fulbright Awards for UW-Eau Claire Graduates

Reporting that four UW-Eau Claire graduates have received Fulbright Awards, President Reilly indicated that Justin Van Ness, Jenna Cushing-Leubner, Amanda Hill, and Trevor Hagen will teach and conduct research in Spain, Belgium, Austria and the Czech Republic. The Fulbright program, which is highly competitive, aims to build mutual understanding between the United States and other nations.

Noting that UW-Eau Claire has had eight Fulbright recipients since the year 2000, more than any other UW master's-level campus, the President congratulated Chancellor Levin-Stankevich and his colleagues for this accomplishment.

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Federal Grant for UW-Whitewater Center

President Reilly reported that UW-Whitewater's Global Business Resource Center received a fifth-straight Business International Education grant from the U.S. Department of Education. The two-year grant, worth \$528,000, will help to establish a mentorship program, connect students with minority-owned businesses, conduct global market research and solutions for minority-owned businesses, and develop online training programs.

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UW-Madison PEOPLE Program

Reporting that nearly 1,000 high school students attended classes this summer on the UW-Madison campus as part of the PEOPLE program, President Reilly noted that the program is a partnership with public schools that identifies academically promising students from culturally diverse and economically disadvantaged backgrounds and provides them with ongoing academic support.

Students who graduate from the program and enroll at UW-Madison receive full-tuition scholarships, of which 180 have been awarded to date. Ninety-four percent of PEOPLE students enroll in higher education, and 180 are enrolled at UW-Madison for the fall semester. Noting that this is a remarkable success rate, President Reilly congratulated Chancellor Wiley and colleagues on this admirable program.

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UW-Washington County/UW-Oshkosh Collaborative Degree

President Reilly reported that UW-Washington County and UW-Oshkosh are to offer a collaborative degree beginning in the fall – a Bachelor of Liberal Studies with an emphasis in Leadership Development. This brings the total number of bachelors' degrees offered at UW-Washington County to five, the other four being offered in partnership with UW-Milwaukee.

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Student Voting

It was reported by President Reilly that UW-River Falls, UW-Eau Claire, UW-Oshkosh, UW-Stevens Point, and UW-Platteville are joining 80 universities in 30 states in the Young Voters Strategies Campaign -- a national effort to track and encourage student voting this fall. The campaign, conducted in cooperation with the National Association of American Colleges and Universities, has a goal of registering 350,000 young voters in 2006 and is funded with a \$3 million grant from the Pew Charitable Trusts. Similar efforts in 2004 helped to produce four million more young voters than in 2000.

UW-River Falls also is running its own non-partisan voter registration committee, called "River Falls Votes." The campaign will help students to find information about voter registration and election issues; invite candidates to campus and possibly host a debate; and work with the City of River Falls to make registration and voting as efficient as possible.

Noting that young voters are vital to the future of democracy, President Reilly observed that, while students are volunteering at higher levels, they are more disengaged from the political process. He commended the chancellors for these efforts to involve students in upcoming elections.

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Welcome to New UW-River Falls Provost Charles D. Hurt

Welcoming Provost Charles D. Hurt, President Reilly noted that he holds a B.A. in English Literature and Religious Studies from the University of Virginia and M.S. and Ph.D. degrees in Information Science from the University of Kentucky and UW-Madison respectively. He has held faculty positions at several universities, including McGill, the University of Arizona and Westchester University in Pennsylvania. He also has published five books and more than 50 journal articles, reports and conference papers.

At the University of Arizona, he directed the School of Information Resources and Library Science and served as Dean of the College of Social and Behavior Sciences, among other positions. He joined Westchester University in 2002 as Dean of the College of Arts and Sciences, the largest academic unit at that institution. Most recently, he served as principal investigator for a project at Westchester funded by a \$1.4 million grant from the National Science Foundation.

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Comments Regarding the 2007-09 Biennial Budget

Regent President Walsh remarked that the Board could take great pride in approving a budget request that combines the smallest tuition rate increase in 25 years with a Growth, Access and Affordability Agenda for the future.

He planned to continue making presentations to rotary clubs and other organizations regarding the importance of this plan to Wisconsin's future. From his meetings with these groups so far, it has been clear that people in the audience care very

much about education. Noting that it also will be necessary to convince decision-makers to support the UW's request, he indicated that he recently had a fruitful meeting with Representative Nass. It is important, he emphasized, to be diligent in presenting facts and making clear the rationale for such actions as reducing nonresident tuition, which was done because UW campuses, other than UW-Madison, had been priced out of the market for nonresident students, and to make clear that the effect would be to expand, not contract, access for Wisconsin residents.

It will be necessary, President Walsh stated, to promote with a positive message the Growth, Affordability and Access Agenda for Wisconsin, while also serving as good shepherds of fiscal resources and fixing any problems that may be found. Noting the importance of energizing business support, he planned to ask business leaders for their continued advocacy as the proposed budget moves through the process.

Regent Salas commended Regent President Walsh for his gracious response to the students who appeared at the preceding day's meeting and for finding a place for them in the discussion.

Expressing agreement with Regent President Walsh, Regent Davis also emphasized the need for business support and for conveying a message focused on growth, access and affordability. She pointed out that Regents and others need to participate in these efforts, which should also focus on grassroots communities, including parents and community leaders, who need to be convinced to contact their legislators in support of the UW's plan.

President Reilly indicated that he would come to the Board in October with an advocacy plan and that reaction to the Growth Agenda has been positive.

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REPORT OF THE EDUCATION COMMITTEE

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

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UW-Milwaukee: Program Authorization (Implementation): B.S. in Microbiology

The committee was advised of a growing need for a trained workforce in Wisconsin's biotechnology industry and was informed that the proposed program supports the university's mission and strategic initiatives in biotechnology. It would upgrade microbiology from an option in the Department of Biological Sciences to an academic major – an action sought by both students and faculty. The program offers cutting-edge research opportunities to undergraduates and has a solid record of attracting diverse students and faculty.

A resolution to authorize implementation of the program was approved for inclusion in the consent agenda

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UW-Stevens Point: Program Authorization (Implementation): B.S. in Health Sciences

The committee was informed that the program was developed in response to student and workforce demand, the Stevens Point area being home to three medical centers that offer a host of health care services. Students want preparation for health care jobs in the region, as well as for graduate studies in other allied health fields like occupational and physical therapy. The committee was assured that the new major will provide that training, with strong advising, assessment and partnerships with area health-care providers.

A resolution to authorize implementation of the program was approved for inclusion in the consent agenda.

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Revised Faculty Personnel Rules

The committee considered proposed revisions to faculty personnel rules at UW-Whitewater and UW-Extension. Both sets of revisions were approved by the respective faculty governance processes and the chancellors and were reviewed by the System Office of General Counsel.

It was suggested by Regent Spector that proposed rule revisions be accompanied by a statement from the Office of General Counsel describing the proposed revisions; setting forth the criteria employed in reviewing them; and possibly explaining how they are different from or similar to parallel rules on other campuses.

The committee approved the proposed revisions for inclusion in the consent agenda.

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UW-Milwaukee: Charter School Contract Extension with Milwaukee College Preparatory School

When the contract was approved by the Board in 2002, the school was known as the Marva Collins Preparatory School. The proposed contract extension was accompanied by an evaluation summary showing the school's outstanding outcomes for students. Situated in one of Milwaukee's most troubled and poorest neighborhoods and serving a population that is 99% African American, the school has the best test scores in the city. The committee was informed that these scores are the result of a strong culture for learning, with an involved and active board, an outstanding principal, and students who are motivated to learn.

The committee requested to have at the October meeting a tutorial on charter schools to provide information on how charter schools under UW-Milwaukee's oversight differ from other charter schools and on UW-Milwaukee's role in relation to the schools that it charters.

The committee approved extension of the contract for inclusion in the consent agenda.

In discussion at the Board meeting, Regent Crain stated her strong interest in further discussion about the UW and charter schools, including implications beyond Milwaukee.

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Progress Report on UW System Waukesha Study

Reviewing discussion of the progress report, Regent Davis indicated that the conversation was a productive one. Executive Senior Vice President Mash reviewed this complex issue and emphasized that the goal was to find ways in which the UW System could provide educational programs to contribute to the county's growth, while mindful of the system's financial constraints.

On behalf of President Reilly, he stated the commitment to have two new four-year high-demand programs up and running at UW-Waukesha by fall 2007. The committee welcomed this initiative, understanding that the specific programs and institutions that would offer them have yet to be determined.

He also referred to the ongoing study of options being conducted by Chancellors Wilson and Santiago. At this time, three options remained on the table: merger, a four-year institution in Waukesha County, and a university center approach in which collaboration between UW-Milwaukee and UW-Waukesha would increase.

The Waukesha Study Group, which consists of the two chancellors, the chief academic and chief financial officers from UW-Milwaukee and the UW Colleges and the Dean of UW-Waukesha, would be expanded to include two UW System Administration officers from the financial and programmatic areas in order to incorporate system-wide considerations.

In response to questions by committee members, Dr. Mash clarified that a new building is not required for delivering additional programs and is not part of ongoing deliberations.

Chancellor Wilson informed the committee that the study group has met several times and has agreed on programmatic and financial assumptions. The group next will proceed to conduct a full fiscal analysis of major options, taking into consideration input received from the Waukesha County Action Network and others. This analysis will be provided to President Reilly by November 15th. The committee asked that his recommendation come to the Board as soon as possible after that, preferably at the December meeting.

Four student leaders from UW-Waukesha participated in the meeting, and student government president Alan Stager made the following points:

- He expressed concern that there have not been enough opportunities for student input into the deliberations about the campus's future.
- He and others emphasized how important UW-Waukesha's gateway mission is to students.
- He pointed out that students attend UW-Waukesha, like other UW Colleges, because it is affordable, accessible, and allows them to develop academic skills so that they can successfully transfer to four-year schools.
- He urged that this mission not be compromised by turning the campus into a four-year institution.

Expressing the committee's appreciation to Executive Senior Vice President Mash, Chancellors Santiago and Wilson, and the study group, Regent Davis pointed out that the Waukesha Study affects not only the UW Colleges and UW-Milwaukee, but the UW System as a whole and the students and citizens it serves throughout the state.

In discussion at the Board meeting, Regent Loftus suggested that the study group be expanded to include expertise in areas like demography that would provide a broad look at the future of this fast-growing area.

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Report of the Senior Vice President for Academic Affairs

Annual Program Planning and Review Report

Presenting this report, Associate Vice President Ron Singer reviewed the program planning and approval process and also gave an overview of academic program activity across the system.

The report showed that the UW System's program array has been stable over time, consisting of between 1120 and 1200 programs at any given time for the past several decades.

The report also made clear that there is a low level of program duplication across the system, with the vast majority of programs offered at only one campus. In that regard, Chancellor Wells observed that the UW has the least unnecessary program duplication of any state in which he has worked. The committee noted that more necessary duplication of programs may be needed in order to increase the number of degree holders for Wisconsin's Growth Agenda.

In discussion at the Board meeting, Regent Crain pointed out that the UW System has an important role in long-range planning concerning needs and opportunities on a statewide basis.

President Reilly concurred, adding that the nursing and teacher education budget initiatives are examples of this type of statewide overview.

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Consent Agenda

It was moved by Regent Davis and seconded by Regent Spector that Resolutions 9226 – 9233 be adopted by the Board of Regents as consent agenda items.

At the request of Regent Bradley, Resolution 9227 was removed from the consent agenda.

The following resolutions were adopted on a unanimous voice vote.

UW-Milwaukee: Program Authorization (Implementation): B.S. in Microbiology

Resolution 9226: That, upon recommendation of the Chancellor of the University of Wisconsin-Milwaukee and the President of the University of Wisconsin System, the Chancellor be authorized to implement the B.S. in Microbiology.

UW-Whitewater: Amendments to Faculty Personnel Rules

Resolution 9228: That, upon recommendation of the Chancellor of the University of Wisconsin-Whitewater and the President of the University of Wisconsin System, the Board of Regents approves the amendments to the UW-Whitewater Faculty Personnel Rules.

UW-Extension: Amendment to Faculty and Academic Staff Personnel Rules

Resolution 9229: That, upon recommendation of the Chancellor of the University of Wisconsin-Extension and the President of the University of Wisconsin System, the Board of Regents approves the amendments to the UW-Extension Faculty Personnel Rules, and acknowledges receipt of the UW-Extension Academic Staff Rule Revisions for review within 90 days.

UW-Milwaukee: Charter School Contract Extension: Milwaukee College Preparatory School

Resolution 9230: That, upon recommendation of the Chancellor of the University of Wisconsin-Milwaukee and the President of the University of Wisconsin System, the Board of

Regents approves the extension of the charter school contract with the M.C. Preparatory School of Wisconsin, Inc., together with amendments to the contract, maintaining a charter school known as the Milwaukee College Preparatory School.

UW-Eau Claire: Authorization to Recruit: Provost and Vice Chancellor

Resolution 9231: That, the President of the University of Wisconsin System be authorized to recruit for a Provost and Vice Chancellor of the University of Wisconsin-Eau Claire, at a salary within the Board of Regents salary range for university senior executive salary group one.

2006 Research and Public Service Report

Resolution 9232: That, upon recommendation of the President of the University of Wisconsin System, the Board of Regents accepts the 2006 Research and Public Service Report for submission to the Joint Committee on Finance.

Annual Report on Calendar 2005 Undergraduate Drop Rates

Resolution 9233: That, upon recommendation of the President of the University of Wisconsin System, the Board of Regents accepts the Annual Report on 2005 Undergraduate Drop Rates for submission to the Joint Committee on Finance.

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It was moved by Regent Crain and seconded by Regent Semenas that the following resolution be adopted by the Board:

UW-Stevens Point: Program Authorization (Implementation): B.S. in Health Science

Resolution 9227: That, upon recommendation of the Chancellor of the University of Wisconsin-Stevens Point and the President of the University of Wisconsin System, the Chancellor be authorized to implement the B.S. in Health Science.

Recognizing the need in central Wisconsin for more graduates of health care programs, Regent Bradley asked that health care businesses and others be made widely aware of this new program. Provost Helm indicated that, in addition to health care

providers, there also is need for people trained in health care administration and insurance.

Noting that many people who need this training cannot go to campus because of jobs and other responsibilities, Regent Bradley suggested that the university reach out and seek opportunities to offer the program by distance education and that the five-year review show evidence that this effort was made.

Expressing agreement, Provost Helm indicated that UW-Stevens Point has a strong commitment to adult learners and that many courses already are offered online. There also will be articulation with North Central and Mid-State Technical Colleges.

The question was put on Resolution 9227, and it was adopted on a unanimous voice vote.

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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-Milwaukee: Authority to Sell Property

The committee considered a request to sell the UW-Milwaukee chancellor's residence in Shorewood, Wisconsin. It was noted that the residence would require a significant investment of private funds to upgrade the house to meet ADA accessibility requirements so that it could be used for public functions.

The original resolution was amended by the committee to add the last two sentences, after which the revised resolution was approved by the committee.

It was moved by Regent Salas and seconded by Regents Bartell and Randall that the following resolution be adopted by the Board of Regents:

UW-Milwaukee: Authority to Sell Property

Resolution 9234: That, upon the recommendation of the UW-Milwaukee Chancellor and the President of the University of Wisconsin System, authority be granted to sell the chancellor's residence property (approximately .85 acre) located at 4430 North Lake Drive, Shorewood, Wisconsin, at a price not less than the average of two appraisals. In addition, the net proceeds of the sale shall be held as a trust fund of the Board until a campus

plan is presented, subject to the Board's approval, regarding disposition of those funds including a consideration of whether or not UW-Milwaukee should have an official Chancellor's residence. So long as the principle remains as a trust fund, the earnings on such fund shall be provided to UW-Milwaukee for university purposes.

In response to a question by Regent President Walsh, Regent Salas explained that the original resolution would provide access to the proceeds of the sale; under the revised resolution only the earnings could be spent.

Regent Walsh noted that the income would be substantial, and Regent Spector added that to deprive the trust fund of these accrued earnings would limit future options.

Since all UW chancellors' residences have been donated, Regent Bartell noted that purchase of a residence would represent a departure from that tradition. He added that the chancellor would like to use the earnings for scholarships – a use with which the committee concurred.

Chancellor Santiago explained that there are other properties on the lake that could be used for a residence. To make the current residence usable would require an investment of \$40,000. In response to a question by Regent President Walsh, he confirmed that there were no conditions on the gift that would prevent sale of the property.

Regent Burmaster asked if there is any likelihood of obtaining private dollars to maintain the residence, and Chancellor Santiago replied that this would be more likely if it were not a state-owned property.

Regent President Walsh asked if there would be any legal issue involved in holding proceeds from the sale of a state-owned property in trust and distributing the income for university use, to which General Counsel Brady replied in the negative.

The question was put on Resolution 9234, and it was adopted on a roll-call vote, with Regents Bartell, Bradley, Connolly-Keesler, Crain, Davis, Pruitt, Randall, Rosenzweig, Salas, Smith, Spector, and Walsh (12) voting for the resolution, and Regents Burmaster, Cuene, Loftus, and Semenas (4) voting against it.

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UW-Oshkosh: Authority to Purchase Parcel of Land

The committee approved for inclusion in the consent agenda a request to purchase property for office use to relieve overcrowding in Dempsey Hall.

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

The committee was advised that projects to be constructed at UW-Madison and UW-Platteville include replacement of 40-year-old windows, restoration of tennis courts to an acceptable condition, improvement of existing greenhouses to meet building code requirements, and remediation of storm-water drainage deficiencies.

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Consent Agenda

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

UW-Oshkosh: Authority to Purchase a Parcel of Land

Resolution 9235: That, upon the recommendation of the UW-Oshkosh Chancellor and the President of the University of Wisconsin System, authority be granted to purchase a (.62 acre) parcel of land located at 717 West Irving Avenue, Oshkosh, Wisconsin, at a cost not to exceed \$2,455,700 General Fund Supported Borrowing. An estimated \$5,700 of associated appraisal and closing costs is included in the purchase price.

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

Resolution 9236: 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 \$1,821,000 (\$407,000 General Fund Supported Borrowing, \$532,000 Gifts and Grants, and \$882,000 Program Revenue Cash).

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REPORT OF THE BUSINESS, FINANCE, AND AUDIT COMMITTEE

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

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Resolutions in Support of Veterans' Tuition Grant and Hold Harmless Tuition Grant Programs

Regent Pruitt reported approval by the committee of these two important programs, which are expected to be included in the biennial budget of the Wisconsin Higher Educational Aids Board. The resolutions are included in the consent agenda.

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Update on Criminal Background Checks

Associate Vice President Al Crist advised that current practices have been reviewed and guidelines have been drafted for implementing criminal background check policies for the UW System. Each institution has been conducting and continues to conduct criminal conviction checks that are required by state and federal law.

In response to a question by Regent Smith, Mr. Crist explained that each campus currently has its own policy and that guidance is being developed on establishing policies on a system-wide basis. A proposed policy will be presented to the committee in December 2006, with implementation expected in January 2007.

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Trust Funds

Policy Regarding Investment in Tobacco Interests

Assistant Trust Officer Doug Hoerr explained that there is a small amount of UW System trust fund money invested in tobacco related holdings, most through large, broad-based, commingled mutual funds whose portfolios contain only a very small fraction of tobacco-related investments.

There were serious reservations within the committee about divesting from these interests, but alternatives to address this issue will continue to be considered.

In discussion at the Board meeting, Regent Loftus expressed the hope that this matter would be further addressed. He felt that there should be no research funding for or additional investments in tobacco-related interests and that divestment from these companies should proceed in a prudent manner.

Sudan Divestment

Mr. Hoerr presented a report on what other universities and public pension funds have been doing in regard to divestment of companies with ties to Sudan. It was pointed out that in Darfur, militias thought to be acting in cooperation with the government are killing, raping, and displacing indigenous tribes.

The committee approved a resolution that would prohibit investment of separately managed accounts in companies doing business in Sudan and would provide that, where

assets are in commingled accounts, letters be sent to investment management firms to advise them of the Board's policy and suggest alternative investment policies.

Regent Pruitt explained that the Board has been circumspect in authorizing divestment because of its fiduciary responsibilities and because of concerns about a "slippery slope" from one divestment to another. Its best known action in that regard involved a decision in the 1970s to divest from companies doing business in South Africa. In this case, the committee felt that the congressional declaration that the situation in Sudan constitutes state-sponsored genocide justifies divestment at this time.

It was moved by Regent Pruitt and seconded by Regent Semenas that the following resolution be adopted by the Board:

Sudan Divestment

Resolution 9237:

Whereas the United States Congress has declared that the situation in the Darfur region of Sudan constitutes state-sponsored or abetted *genocide*, and

Whereas, Sudan is on the U.S. State Department's list of state sponsors of terrorism and is subject to sanctions administered by the Treasury Department, and

Whereas, the U.S. government has imposed sanctions including banning the importing or exporting of goods and technology to Sudan, with the exception of humanitarian goods and certain agricultural products, or financially supporting Sudanese government projects by U.S. entities, and

Whereas, non-U.S. entities are not subject to U.S. government sanctions and restrictions, and

Whereas the Board of Regents of the University of Wisconsin System wishes to join in concert with other institutional investors, states and other municipalities, and the U.S. government in restricting and discouraging business activity that provides support to the current government of Sudan, or otherwise abets acts of genocide or "ethnic cleansing" occurring in that country,

Be it resolved that:

- (a) The invested assets of the University of Wisconsin System held in separately managed accounts, over

which the Board of Regents serves as trustees and fiduciaries, shall not be invested in companies (“targeted companies”) which either directly or through an affiliated instrumentality meet the following criteria:

- i. Provide revenues to the Sudanese government through business with the government, government-owned companies, or government-controlled consortiums.
- ii. Offer little substantive benefit to those outside of the Sudanese government or its affiliated supporters in Khartoum, Northern Sudan and the Nile River Valley; this “outside” population specifically includes the country’s disaffected Eastern, Southern, and Western regions.
- iii. Have either demonstrated complicity in the Darfur genocide or have not taken any substantial action to halt the genocide. Substantial action shall include but is not limited to curtailment of operations or public pressure on the Sudanese government. Simple company statements shall not constitute evidence of substantial action.
- iv. Provide military equipment, arms, or defense supplies to any domestic party in Sudan, including the Sudanese government and rebels.

Non-investment in such companies will require divestment of current holdings and the screening out of such companies’ securities so as to prevent future investment in them.

- (b) *Investment is permissible* in companies which, either directly or through an affiliated instrumentality, provide services clearly dedicated to social development for the whole country. Such entities include, but are not limited to those providing medicine and medical equipment, agricultural supplies and agricultural infrastructure, educational opportunities, journalism-related activities, and general consumer goods.
- (c) Where invested assets are held in *commingled* or *mutual fund accounts*, letters are to be submitted to the contracted investment management firms requesting that the manager consider either adopting a similar Sudan-free investment policy for the existing fund, or consider creating a comparable separate commingled fund devoid of companies targeted as a result of this resolution. In the event that the manager introduces a comparable separate Sudan-free fund, the Board shall direct that all assets in the

- existing fund be transferred into the newly available, Sudan-free fund.
- (d) If it is determined that a company, which had previously been a targeted company, has ceased business operations with Sudan or its instrumentalities, then that company shall no longer be subjected to divestment and/or screening.
 - (e) In the event that the government of Sudan sufficiently halts the ongoing genocide in Darfur for at least 12 months, as determined jointly by the State Department and Congress of the United States, the provisions of this resolution shall expire.
 - (f) In the event that the United States revokes its current sanctions against Sudan, the provisions of this resolution shall expire.
 - (g) The policy established by this resolution will be communicated to the various foundations which support University of Wisconsin campuses, so that the foundations may consider adopting similar policies.
 - (h) Nothing in this resolution shall alter or diminish existing fiduciary or statutory obligations and other terms, conditions, and limitations on the investment of entrusted assets for the exclusive benefit and interest of beneficiaries, participants, and donors.

In response to a question by Regent Loftus about companies that would be involved in divestment actions, Regent Pruitt referred to a list, included in the agenda materials, of nine companies divested by the University of California Board of Regents.

Regent Loftus pointed out that the term “genocide” differs from “ethnic cleansing” in that genocide is a legal term and involves killing, while ethnic cleansing can also refer to removal of people from an area. He noted that there is an international treaty on genocide as behavior that will not be tolerated, but that ethnic cleansing is not part of that treaty.

Agreeing with the distinction made by Regent Loftus, Regent Salas said that, while not synonymous, both terms refer to extermination of a group of people and that both are being carried out in the Sudan.

In response to a question by Regent Bartell, Regent Pruitt indicated that the State Investment Board is beginning a review of this issue.

Thanking Regent Pruitt for bringing the resolution forward, Regent Semenas commented that the issue is very important and one about which student groups are speaking out. He urged Board support for the resolution.

Regent Loftus asked if there are any Sudan-free funds; and Regent Pruitt replied that, while such funds are not currently available, the market may create them as pressure for divestment grows.

The question was put on Resolution 9237, and it was adopted on a unanimous voice vote.

Quarterly Investment Report

Assistant Trust Officer Hoerr reported that, for the period ending June 30, 2006, year-to-date performance had been strong compared to the benchmark and that the commodities futures index fund will be divested.

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Audit Update

Scope of Work Statement for Review on Cost of Textbooks

Ron Yates, Director of the Office of Operations Review and Audit, gave a description of the work to be performed in this effort. The review would: 1) identify trends in college textbook costs, which are receiving increasing attention across the country; 2) identify approaches used by UW institutions to contain those costs; and 3) identify approaches used elsewhere to contain textbook costs. The work would take approximately four to six months.

The committee directed that the office proceed with a formal review of the cost of textbooks.

Quarterly Status Update: Operations Review and Audit

Mr. Yates provided an update regarding ongoing internal audits and reviews being performed by his office. He also provided information on recent Legislative Audit Bureau audits, including a statewide audit of implementation issues related to large information technology systems projects.

Regent Rosenzweig suggested that the committee initiate an audit on the appointment, benefits, payroll system project, an option that would be reviewed at the October meeting.

Program Review of Early Return to Work efforts at UW Institutions

Mr. Yates summarized the recently completed review of early return to work efforts, which offers a number of recommendations to improve effectiveness and reduce costs.

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Committee Business

Quarterly Gifts, Grants, and Contracts Report

It was reported by Vice President Durcan that total gifts, grants and contracts for the 12-month period ending June 30, 2006 were \$1.1 billion, a decrease of almost \$55 million from the comparable period of the previous fiscal year.

Much of the decline was due to large federal, multiple-year awards that were received the preceding year, the largest being the UW-Madison Ice Cube project.

Committee Goals and Priorities for 2006-07

In discussion of future goals and priorities, it was decided that Vice President Durcan would develop a summary agenda for the committee's consideration. In that regard, Regent Connolly-Keesler suggested review of what is being done by like committees in other states.

The committee expressed interest in reviewing recently approved policies, such as those involving non-resident tuition, the Return to Wisconsin program, and the Midwest Higher Education Consortium pilot program, to ensure that they are accomplishing their intended objectives.

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Report of the Vice President

Vice President Durcan reported that the system-wide committee to review segregated fees was in the process of being formed and should begin meeting in September.

It was noted by Ms. Durcan that the state contract for online booking of travel was awarded to Fox World Travel.

Vice President Durcan reported that a recent meeting of university chief business officers included a presentation regarding increasing administrative efficiencies. Some of these ideas would be piloted at UW campuses and, if successful, utilized on a system-wide basis.

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Consent Agenda

Regent Pruitt moved adoption of the following resolutions as consent agenda items. The motion was seconded by Regent Bartell and carried on a unanimous voice vote.

Veterans' Tuition Grant

Resolution 9238:

WHEREAS, the University of Wisconsin was a leader in maximizing the benefits to World War II veterans under the federal G.I. Bill, and has for decades continued the state's commitment to providing opportunities for a higher education to veterans, their families, and students from all walks of life; and

WHEREAS, the unified efforts and leadership of the state Legislature and the Governor made it possible to create, as part of the 2005-07 state biennial budget (2005 Wisconsin Act 25), a 50 percent tuition remission for certain veterans and a 100 percent tuition remission for certain dependents of veterans enrolled at University of Wisconsin System and Wisconsin Technical College System institutions; and

WHEREAS, in the spring of 2006, the Wisconsin GI Bill (2006 Wisconsin Act 468) furthered the state's educational investment and opportunity for economic development by expanding the tuition remission for veterans to 100 percent; and

WHEREAS, recognizing that this expansion will dramatically increase the cost of the program, the Legislature delayed implementation of Act 468 provisions until the 2007-08 academic year to allow time to consider GPR funding for this program in the 2007-09 biennial budget;

THEREFORE, BE IT RESOLVED that the Board of Regents and the institutions of the UW System strongly support the development of a Veterans' Tuition Grant Program as an essential strategy for increasing access to higher education for Wisconsin's veterans and their families; and

BE IT FURTHER RESOLVED that while individual campuses will administer much of the program, the Board applauds the willingness of the Higher Education Aids Board (HEAB) to facilitate the program and urges the state to provide funding to HEAB to support the grants and needed staffing to monitor the program's participation and costs, facilitate data collection and dissemination, and provide participating veterans with a single point of contact for information about the tuition grant program.

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Hold Harmless Tuition Grant

Resolution 9239: WHEREAS, the Board of Regents is greatly concerned that children from lower-income backgrounds are facing a future with fewer opportunities and, therefore, has made it a priority to increase the possibility for low-income students to participate in public higher education in Wisconsin; and

WHEREAS, the Governor and the Board of Regents have endorsed a new “college is possible program” called the Wisconsin Covenant; which would ask eligible eighth-grade students to sign a pledge to academically and socially prepare for college, and

WHEREAS, in return for students fulfilling the pledge, the state of Wisconsin would provide students with state grant aid to cover tuition and fees at higher education institutions in Wisconsin; and

WHEREAS, since the earliest a student eligible for the Wisconsin Covenant will enroll in an institution of higher education is 2011, the Board of Regents believes additional grant aid is needed now to assist those lower-income students who are currently attending a UW institution, or who plan to attend prior to 2011;

THEREFORE, BE IT RESOLVED that the Board of Regents of the University of Wisconsin System supports the creation of a Hold Harmless Tuition Grant to cover tuition and fees not covered by other grant aid in order to increase the probability that financially needy current, and prospective, students will attend and graduate from a UW institution; and

BE IT FURTHER RESOLVED that the Board appreciates the willingness of the Higher Educational Aids Board (HEAB) to administer a Hold Harmless Tuition Grant program, and supports including funding for the program and its administrative costs in HEAB’s budget in order to keep college affordable for all financially needy students; and

BE IT FURTHER RESOLVED that the Board requests the statutory language and appropriation for the UW-Wisconsin Higher Education Grant (WHEG) program be modified to increase the UW-WHEG grant for each recipient by an amount equal to the amount that tuition increases, thereby making it a “dollar for dollar” increase to the grant for all qualified UW students.

With regard to the Hold Harmless Tuition Grant, Regent Salas emphasized the importance of communicating the urgency of making additional financial aid available now. The request for a dollar-for-dollar match of financial aid to tuition increases, he pointed out, came from the Board’s Charting a New Course Study. The Relations with the State Committee, on which he served, had invited legislators to engage with the university in considering these matters. In the 2005-07 budget, he recalled, the Governor was able to restore some legislative cuts to the financial aid request; but the amount provided still did not equal what the Board had recommended.

Regent Pruitt agreed with the importance of filling this gap in financial aid until the Wisconsin Covenant takes effect.

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COMMUNICATIONS, PETITIONS, AND MEMORIALS

In Memory of Professor Leon Epstein

Regent Loftus referred to the recent passing of UW-Madison Professor Emeritus Leon Epstein, a scholar of international repute and a central figure in the post-World War II re-creation of the Department of Political Science.

Citing Professor Epstein’s wide breadth of knowledge, research and publication, Regent Loftus noted that this great man and his outstanding contributions to the university would be sorely missed.

The meeting was recessed at 11:05 a.m. and reconvened at 11:20 a.m.

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Closed Session

The following resolution, moved by Regent Bradley and seconded by Regent Smith, was adopted on a roll-call vote, with Regents Walsh, Spector, Smith, Semenas, Salas, Rosenzweig, Pruitt, Loftus, Cuene, Crain, Connolly-Keesler, Burmaster, Bradley, and Bartell (14) voting in the affirmative. There were no dissenting votes and no abstentions.

Resolution 9240: Recess into closed session to consider a UW-Madison disciplinary matter, as permitted by s.19.85(1)(a) and (f), *Wis. Stats.*; to consider a student appeal from a UW-Eau Claire decision, as permitted by s.19.85(1)(f), *Wis. Stats.*; to confer with legal counsel regarding pending or potential litigation, as permitted by s.19.85(1)(g), *Wis. Stats.*; and to consider personal histories related to naming of a facility at UW-Whitewater, as permitted by s.19.85(1)(f), *Wis. Stats.*

The following resolutions were adopted during the closed session:

UW-Whitewater: Authority to Name the College of Business and Economics

Resolution 9241: That, upon the recommendation of the UW-Whitewater Chancellor and the President of the University of Wisconsin System, authority be granted to name the new building for the College of Business and Economics at UW-Whitewater, “Timothy J. Hyland Hall.”

UW-Madison: Degree Revocation

Resolution 9242: That the Board of Regents adopts the decision and order revoking the doctor of philosophy degree in the matter of a former student of the UW-Madison.

Student Request for Review of UW-Eau Claire decision

Resolution 9243: That the Board of Regents adopts the attached decision and order in the matter of a student request for review of a UW-Eau Claire decision.

The meeting was adjourned at 12:00 p.m., upon motion by Regent Salas, seconded by Regent Semenas.

Submitted by:

Judith A. Temby, Secretary

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