

MINUTES OF THE SPECIAL MEETING

of the

BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM

Madison, Wisconsin

UW-Madison  
Held in 1820 Van Hise Hall  
Wednesday, August 2, 2006  
9:00 a.m.

- President Walsh presiding -

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

UNABLE TO ATTEND: Regents Burmaster, Cuene, and Randall

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**Approval of Minutes**

The minutes of the June 8 and 9, 2006 meetings of the Board were approved as distributed.

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**Request by UW-Whitewater for Authority to enter into a Land Use Agreement to Allow the UW-Whitewater Foundation to Construct an Athletic Pavilion and to Accept the Completed Facility as a Gift-In Kind**

Regent Salas, Chair of the Physical Planning and Funding Committee, explained that prompt action on this matter is needed in order to place the project before the Building Commission at its next meeting. Approval at this time would allow the project to be constructed with gift funds in an expeditious manner.

Upon motion by Regent Crain, seconded by Regent Smith, the following resolution was adopted on a unanimous voice vote.

**UW-Whitewater: Authority to Enter Into a Land Use agreement to Construct an Athletic pavilion and to Accept a Gift-In-Kind**

Resolution 9223:           That, upon the recommendation of the UW-Whitewater Chancellor and the President of the University of Wisconsin System, authority be granted to enter into a land use agreement with the UW-Whitewater Foundation to allow them to construct an Athletic Pavilion and to accept the completed facility as a gift-in-kind from the foundation.

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**DISCUSSION REGARDING 2007-09 BIENNIAL BUDGET REQUEST**

**Remarks by Regent President Walsh**

In opening remarks, Regent President Walsh noted that members of the Board had opportunities over the summer to meet with staff regarding their questions about the upcoming budget submission. He called this special meeting of the Board because he thought it would be helpful to discuss issues and talk about priorities before meeting to vote on the budget later in the month. In that regard, he pointed out that the budget consists of both costs to continue current operations and new initiatives, proposals for which had been presented to the Board.

Many Regents, he recalled, had been through two previous biennial budgets, the first of which involved a \$3.2 billion state deficit and a \$250 million cut to the UW. The second budget also reflected tough fiscal times.

For the current budget process, he had spoken with the Governor's Office and the Department of Administration about reinvesting in higher education and removing some of the cost burden from students. The Governor sent a letter stating his commitment to reinvest in higher education and calling on the Board of Regents to approve a budget request that would limit tuition increases to a level not greater than the rate of inflation. If that were done, Regent President Walsh observed, it would be the lowest tuition increase in the last ten years. With that as a goal, he stated, the university would be headed in the right direction, thanks to the commitment by the Governor to higher education.

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**Remarks by President Reilly**

President Reilly made the following statement:

“Thank you President Walsh, and welcome everybody . . . I think it’s good that you are having this meeting today. It’s kind of an impressive meeting in my memory because it will give you all a chance to hear from each other about what you have been thinking based your budget briefings that you received individually or in small groups over the last month or month and a half; and that, as I heard, was the main reason for requesting this meeting. So you have had a chance as a Board to come back together after those briefings and have a conversation in public. Another reason that this is a good idea is that it is about transparency, it’s about letting the public know what you are thinking and how you are thinking as you come up to a very, very important decision at the second meeting in August on the 17<sup>th</sup> and 18<sup>th</sup> about the 07-09 budget. So just let me briefly do a couple things. I want to remind you of what you’ve been involved with in terms of budget development already; talk a little bit about what happens next in terms of budget development; and then emphasize what the Growth Agenda that you’ll be looking at today is all about.

“This whole budget discussion started back in February, if you recall, and I outlined for the Board my view of what we needed to do in a way of a Growth Agenda for Wisconsin. Throughout the spring, we had a number of presentations by Chancellors on individual proposals that form part of that Growth Agenda. We heard from La Crosse, Green Bay, Oshkosh, and Milwaukee. We heard presentations throughout the spring on financial aid as well, including the Wisconsin Covenant which you voted to support in a resolution. You heard about some of the multi-campus initiatives responding to workforce needs in areas like teaching and nursing; and you heard from United Council on some of their priorities during that stretch. In June, over in Milwaukee, in addition to UW-Milwaukee’s presentation, David Miller talked to you about some of the options for the Capitol Budget, that is part of all this. And then in June and July there were the small group and individual briefings with staff that you all had.

“So that brings us to today. Let me jump ahead to what happens next. In two weeks, on August 17<sup>th</sup> and 18<sup>th</sup>, you’ll be asked to vote on a budget submission. That submission will then go to the Governor and DOA and the Legislature and then, between the next meeting and January or February or so, the State Budget Office will develop the Governor’s budget and we and you, I hope, will be pressing the case for the request you will have submitted to the Governor. The Division of State Facilities during that time will be analyzing the Capitol Budget request that’s part of what you’ll pass on August 17<sup>th</sup> and 18<sup>th</sup>.

“In the November Board of Regent’s meeting, you’ll be asked to act on and submit your unclassified compensation request to the Department of Administration, that again is the pay plan for our unclassified faculty and staff.

“In late January or early February, if things go as expected, the Governor will present his budget to the Legislature and to the public. Between then and into next summer, we and you will be working, I hope, with the Governor and his people and Legislators, arguing the case for our budget. The Joint Committee on Finance from both

houses will act on the budget in that period, if all goes well. The Joint Committee on Employment Relations will act on the compensation part of the budget that you will act on, we hope, in November. If all goes very, very well, by July 1, 2007 we'll have a Biennial Budget enacted and then a veto session will follow that.

“The cost estimate you'll see today, I wanted to make this particular point, does not include funding for two of the really important ideas that we've been discussing in the course of this budget development. One is the Wisconsin Covenant, including the Hold Harmless Tuition Grant for current students, and the Veteran's Tuition Grant. But, you've made it clear that these are high priorities for this Board, and these are both very high priorities for me as the President. We've conveyed those priorities to the State and I think we've been heard. Our understanding is that the cost of the Wisconsin Covenant and the Veterans Tuition Grant will both be submitted as Governor's initiatives in his budget. So they're not in our budget, not because we don't back them, you're on record backing them, but they are not in our budget because the Governor will be submitting those two initiatives as part of his.

“Let me remind you in concluding my initial remarks here what the Growth Agenda for Wisconsin is all about. Let me do that by talking about the 70 lost kids and a silent crisis that I think confronts us here in Wisconsin and confronts the country. Remember Peter Pan and the Lost Boys? Well this is the lost kids, boys and girls. What national research shows is that, for every 100 eighth graders in the country today, if current trends continue ten years later -- in other words, we'll give them 4 years to get through high school and 6 years to get to any kind of college degree -- for every 100 eighth graders, we will have in 10 years (and there's a little buzz in the research community about which of these figures is more correct) somewhere between 18 and 35 college graduates of any kind, 35 at the high side, 18 at the low in 10 years. Let's go with something on the high side, let's say it's 30.

“My question about the 70 lost kids is, what are those other 70 kids going to do for their careers in the 21<sup>st</sup> century in a knowledge economy without a college credential? They're not going to do very well is the answer, simply put. They're not going to be able to earn a living wage. These are kids who are in 8<sup>th</sup> grade now, they're 12 or 13, in ten years they will be 22 or 23 with a 40 or 45 year working career ahead of them, a career in which they will not be able to support themselves. They certainly won't be able to support families with the amount of money they'll be able to make without any kind of post-secondary credential. We think we're at the high side, we think we're closer to 30 than 18, but we still have 70 lost kids.

“We've got a looming disaster on our hands in this country if those data don't change, if current patterns hold. You look at a country like China where in 2001 China had about 50 million college graduates in its population, and we had about 31 million. 50 million is a lot smaller percentage of their total population obviously than the 31 million is of ours, but the projection is that by 2007 -- 6 years from 2001 -- they will have 90 million college graduates and we will have been limping along at not many more than 31 million. There are similar developments going on in India.

“This country will not be competitive unless we change that, unless we get more of our kids and working adult students up to and through a post-secondary credential.

That's what the Growth Agenda for Wisconsin is about. This is a national issue; it's an issue that hits home particularly hard in Wisconsin; it's an issue that we will need to grab a hold of – that our elected politicians, governors and legislatures need to grab a hold of – because, if they don't, this country will slide way, way back in its competition with other nations in a knowledge economy in the 21<sup>st</sup> Century.

“We know in this state we have a particular problem because our percentage of baccalaureate degree holders is now around 25 ½%, Minnesota's up to 32 ½%, the national average is at 27 ½%. We're well below the national average. So we in Wisconsin have a particular need to catch up and catch up quickly.

“A new national report that's out from the State Higher Education Executive Officers Group on State Higher Education Finance for 2005 puts it this way: “Projected increases in the college-age population, the increasing economic importance of higher education and survey data on student aspirations all suggest that the demand for higher education will continue to increase for the foreseeable future in the United States. In recent experience, when state and local support has failed to match enrollment growth and inflation, an increasing share of the cost has been shifted to students and their families. Students and their families have borne a substantially larger share of higher education over the past decade. If this continues, both the American tradition of affordable education and student participation could well be threatened. In view of the fiscal challenges facing this nation, the problem has no easy solution. It's not likely to be solved by relying solely on additional financial contributions from taxpayers and students, nor is it realistic to expect public colleges and universities to educate increasing numbers of students to world class standards with continually declining resources.” And that's certainly what we want to do in the University of Wisconsin.

“Bottom line: Both increased productivity and increased public investment are required to meet the nation's needs for higher education.

“Over the last six years in the University of Wisconsin, we have reduced our budget by \$413 million in biennial figures; we've eliminated over 1,000 tax-supported positions; and we've grown our enrollment by 3,000 students in that same amount of time the last six years. I'd argue that that's increased productivity and cost efficiency by anybody's standards.

“As we continue to find ways to contain our costs -- and we know we need to do that and we will do that -- families and students across Wisconsin will look to the Governor and to the Legislature for the dollars to help us expand the number of slots we have to offer for them in the University so more of them can get the quality education they so desperately need to lead decent lives in the 21<sup>st</sup> Century.

“The University's Growth Agenda for Wisconsin seeks to produce more college graduates in Wisconsin, to attract more college graduates to Wisconsin, and to help grow the jobs that will hold both. So we want to produce more, we want to attract more, and want to grow jobs for both. We don't want 70 lost kids for every 100 eighth graders in Wisconsin. We want to find them in the university, we want them to find themselves in the university and we need to fund them in the University. That's what the Growth Agenda for Wisconsin is all about.

“With a little help from our friends in the Governor’s Office and the Legislature, we can fund the Growth Agenda that’s before you, we can open up those new slots for Wisconsin families and kids and cover our cost-to-continue that you’ll see today with a tuition increase no higher than the rate of inflation. We’ve heard complaints from Wisconsin students and families about the rapid rise in tuition and we need to do something about it. We aim to do that and we aim to have a Growth Agenda for Wisconsin so more of them have slots in the university.

“A little bit later, Associate Vice President Harris will explain briefly the options we’ve worked out to hold tuition down to that level for your consideration and then Vice President Durcan will follow with her quick summary of what came out of the budget briefings, the main issues that arose in the conversations with you, and then I’ll turn it at that point back to Regent Walsh for what I’m sure will be a robust discussion among the Regents on what you’ve seen and heard over the last months since February and today.”

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### **Presentation by United Council of UW Students**

Guillermo Cuatle, President of United Council, began his remarks by thanking Regent President Walsh and President Reilly for granting United Council’s request to speak at this meeting.

Stating that public higher education in Wisconsin is in a crisis, he noted that Wisconsin appropriations for higher education as a proportion of \$1,000 of personal income is at a 40-year low; that students across the UW System pay 55% of the cost of instruction, while students at UW-Milwaukee pay 62%; and that, since 2000, tuition has increased about 83% at the UW doctoral universities and 76% at the comprehensive universities.

He recalled that last March United Council outlined five funding priorities and urged the Board to request a zero percent tuition increase. United Council then hosted a number of forums to provide opportunities for Regents to hear directly from students about their experiences. In April, students collected “bounced check” postcards with the message that students are facing serious financial obstacles to obtaining a college degree. 4,500 of these postcards were delivered to Regent President Walsh in May. During June and July, students spoke with members of the Board to reiterate this message. In addition, a number of organizations, including the Wisconsin Council of Churches, the YWCA, and the Wisconsin PTA sent letters to Board members requesting that tuition be frozen.

In conclusion, he asked the Board to provide leadership in making a tuition freeze a reality.

Brad Schmock, a junior at UW-Madison, noted that he is from a middle-class family and responsible for financing his own education. Through a combination of a scholarship, student loans, summer savings, and working 10 hours a week during the school year, he was able to make it through his freshman year.

As a sophomore, however, his loan eligibility decreased while tuition rose, forcing him to take a second job, increasing his workload to about 25 hours a week. In order to work two jobs and take a full credit load, he had to miss out on many opportunities that are a part of the college experience.

This summer, he was working 50-60 hours a week to save for coming school year. However, another decrease in loan eligibility, coupled with a substantial tuition increase, would make it unlikely that he would be able to realize his hope to study abroad.

Noting that his situation is only too common, he asked the Board to place a freeze on tuition costs for the next biennium

Joshua Tiedemann, a UW-Madison student, commented that increases in tuition and the costs of living have forced many students like himself to work more hours and focus on paying the bills, rather than improving their college experience. For example, he had missed out on volunteer opportunities, guest lectures and job fairs, which could negatively impact his career opportunities in the future.

While he had planned to go to law school, this goal now seemed increasingly unaffordable. With every increase in tuition, he must take out more loans, work more hours and miss out on more opportunities that would help him network and gain experience in his field.

His fear was that the amount of debt he accumulated would be too large to repay. In order to keep total debt under \$40,000, he works two jobs totaling over 30 hours a week, while going to school full time. He feared that further tuition increases would put him further into debt and asked how typical college students like him could afford their dreams.

Talayia Williams, a Madison high school graduate, spoke about her difficulties in trying to further her education. Her mother is a single parent who is raising Ms. Williams and another family member. A graduate of Upper Iowa University, she works hard, but her job does not pay well; and she has taken a second job to make ends meet.

When Ms. Williams began high school, she had a difficult time transitioning from middle school and knew few people at Madison East. She later transferred to Madison West, where she had more friends. While her grades improved somewhat, they still were quite low. In the meantime, she experienced trauma and grief due to the deaths of several of people who were close to her.

Ms. Williams wanted to be the first grandchild in her family to go to college and applied to UW-Madison, but was told by a counselor that her grades and ACT score were not high enough. When he suggested applying to UW-Whitewater, Ms. Williams told him that she could not afford to live away from home and that Madison Area Technical College would be her back-up choice.

While she was not accepted at UW-Madison, she said that she could not have afforded to attend anyway and could not afford MATC either. Noting that there are a lot of students who don't have the resources to attend college, she asked the Board to keep

tuition at the same level or lower in order to give educational opportunities to more people.

Thanking the students for their comments, President Reilly assured them that he and the Board would take the struggles of students to finance their education into very serious consideration in attempting to strike the right balance between state investment and tuition revenue to support quality education and a Growth Agenda so that more students would have an opportunity to come to the university. He asked Mr. Cuatle for contact information for Ms. Williams so that she might be reached by UW admission and financial aid personnel to talk about her options.

In response to a question by Regent Crain, he said that his reference to 70 lost kids referred to those who took part in no form of post-secondary education.

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**Remarks By Associate Vice President Freda Harris**

Ms. Harris distributed a table containing information about estimated cost of proposed new initiatives and cost-to-continue items. These estimates were calculated using the traditional split of 65% state funding and 35% tuition for instructional costs. However, she pointed out that this is not a statutorily required split and could be changed for the budget submission if the Board so decided.

For cost-to-continue, the best current estimate was \$60 million of additional resources in the first year and another \$9 million in the second year, for an ongoing base increase of \$69 million.

For new initiatives and cost to continue combined, the GPR/fee requested amount would be \$70.5 million in the first year, and \$39.4 million in the second, for an ongoing increase of \$109.9 million.

Referring to the Governor's letter, Ms. Harris indicated that that every one percent increase in tuition generates about six million dollars and that inflation for 2005 was about three percent. Using the traditional split, money needed for funding the cost-to-continue and new initiatives would require a tuition increase of 3.75% in 2007-08 and about 1.75% in 2008-09. The first year increase could be reduced to 3% by requesting \$4.6 million of additional GPR.

With regard to the Veterans Tuition Grant, she said that the UW and the Technical Colleges would work together to have funding requested through the Higher Educational Aids Board. This would allow HEAB to track the amounts of money needed and maintain statewide information about the students receiving benefits. Some additional staff would be requested to work with veterans to advise them about their benefits and ensure that their educational experience proceeds smoothly.

Funding for the Wisconsin Covenant would be requested as part of the Governor's budget initiatives. The UW would work with the Technical Colleges and private institutions to provide an estimate on including the Hold Harmless Tuition Grant.



During the budget briefings, she noted, concern was expressed about demonstrating the Board's commitment to these initiatives if they were not included in the Board's budget submission. One option would be for the Board to consider a resolution at its August 17<sup>th</sup> and 18<sup>th</sup> meetings expressing support for funding the Veterans Tuition Grant and the Hold Harmless Tuition Grant.

Finally, she referred to a Capital Budget proposal that had been provided to the Regents.

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### **Remarks by Vice President Durcan**

Summarizing questions raised during budget briefings, Vice President Durcan said that most frequently asked was what would be the impact of cost-to-continue and new initiatives on tuition. There was great concern expressed by Regents about this matter, particularly in light of the significant tuition increases that have occurred in recent years.

There also were questions about the rationale for the 65/35% funding split and for the reason cost-to-continue increases are frequently larger in the first year of the biennium.

Noting that there were questions about how new initiatives were prioritized, Ms. Durcan indicated that the Growth Agenda came from priorities expressed by the Board, particularly in its retreat last summer, about the need to increase access, to keep higher education affordable, to increase the number of baccalaureate degrees in the state, to attract and retain non-traditional students, to improve the quality of the student experience, and to strengthen and build relationships.

The Growth Agenda also was prompted by the Committee on Baccalaureate Expansion and the Board's Charting a New Course Study. Importantly, the Governor's budget instructions asked the university to bring forth initiatives to increase access to higher education and to focus on research and economic development.

System Administration evaluated institutional priorities to insure that they would meet one or more of the Board's criteria, with collaborative programs and multi-campus initiatives being encouraged. Institutions were asked to prioritize their requests, and only their first priorities were brought to the Board. This process removed from consideration about \$19 million worth of initiatives.

In response to questions that were asked about whether the initiatives before the Board would be ranked or prioritized, Ms. Durcan said that System Administration would recommend that, once initiatives are included in the biennial budget proposal, the entire budget be considered the Board's priority, as has been the position taken by past boards. In that regard, she noted that the budget submission will reflect the UW's Growth Agenda for the state.

Referring to questions about institution-specific initiatives, she indicated that, while there was no initiative specific to UW-Madison, that campus is included in the

nursing initiative and has a particular interest in the recruitment and retention as being of special importance in the effort to hire and retain key faculty.

In response to questions that were raised about domestic partner benefits, Ms. Durcan noted that the Board is on record in support of such benefits and that a request would be included with pay-plan recommendations in November as part of the compensation package.

Another question related to how this budget proposal would compare with last biennium's request, and Ms. Durcan indicated that this year's request would be about half the size of the last one.

In reply to questions as to why criteria for the Hold-Harmless Tuition Grant proposal shifted from the lowest two income quintiles to those eligible for free and reduced-price lunch, she explained that the latter terminology is familiar to elementary and middle school students to whom the message that college is possible will be directed.

With regard to concern about the impact of tuition increases on middle income families, Ms. Durcan indicated that there are tax credits and deductions, as well the EdVest College Savings Program, that are geared toward middle income families.

Concerning administrative costs and productivity, she referred to the Report on Higher Education Finance by the National Center for Higher Education Management Systems (NCHEMS) that ranks Wisconsin 4<sup>th</sup> in the nation in productivity for the doctoral institutions and 5<sup>th</sup> for the comprehensive universities. The UW System spends 57% less for administration than its counterparts nationally and would need to spend another \$100 million to reach the average. In maintenance of physical plant, the UW spends 28%, or \$39 million, less than the Midwest average.

As to the administrative reduction request in the Governor's budget instructions, Ms. Durcan explained that the response was not due until November and that it would be further discussed with the Board in October.

There also were questions related to comparisons with Minnesota and how much additional investment would be required to reach Minnesota's per capita support level, as well as questions related to the increase in the number of applicants to UW-Madison over the last decade.

In response to questions about how much of the additional revenue generated by the UW-La Crosse Initiative would be directed toward financial aid for lower-income students, Ms. Durcan indicated that the plan is to use about 25% of new revenue to increase financial aid, about \$4 million when fully implemented.

With regard to the UW-Milwaukee Initiative, Ms. Durcan explained that resources would be used for additional graduate student stipends, faculty cluster hires and undergraduate research opportunities.

Concerning the capital budget proposal, it had been requested that staff formulate a recommendation in order to maximize resources.

Other capital budget concerns included the impact of inflation, which is significant given the length of the budget process, and whether the use of maintenance funding for some capital projects would significantly reduce the ability to catch up on

needed maintenance. In that regard, Ms. Durcan explained that the projects recommended for all-agency funding address back-log maintenance and do not construct new space.

As to gift-funded projects, she indicated that gift funding does not give projects additional points in the ranking criteria. Operating costs for gift-funded projects would be paid from campus operating budgets if the project would typically have been funded with GPR or with program revenues if the project would typically have been built with those funds.

In discussion following the presentations, Regent Loftus inquired about using the 2005 inflation rate of three percent for the 2007-09 budget.

Ms. Harris noted that 2005 was the last complete year for which inflation data are available. President Reilly added that, while the tuition increase in the first year would be about three percent, it would be about 1.75% in the second year, for an average of 2.5%.

In response to a further question by Regent Loftus, President Reilly indicated that pay plan and benefits are not included in those rates. When that matter is brought to the Board in November, there will be a choice as to whether or not to recommend including a tuition component.

Regent Rosenzweig commented on the importance of making clear to the public, Legislature and students the Board's concern about financial aid. While the Wisconsin Covenant would not be part of the UW's budget, she thought that the budget document nonetheless should reflect the Board's position on financial aid in a clear and convincing manner. An additional concern, she added, is that the Covenant would not take effect for a number of years.

Ms. Harris indicated that Board's submission would include funding for the Advanced Opportunity Program and Lawton grants as part of cost-to-continue, and the Higher Educational Aids Board would request increases for the Wisconsin Higher Education Grant.

The Hold Harmless Tuition Grant would cover students until the Wisconsin Covenant took effect. Because these grants would act as baseline funding for the Covenant, funding for which would reside at the Higher Educational Aids Board, the request was not included in the Board's budget at this point, Ms. Harris explained, adding that the program could be made part of the UW submission of the Board so decided.

Stating his agreement that financial aid initiatives are high priorities for the Board, Regent Pruitt noted that the Board passed a resolution in June strongly endorsing the Wisconsin Covenant and that resolutions endorsing the Veterans Tuition Remission Funding and Hold-Harmless Grants had been suggested as actions that could be coupled with the budget request. He concurred with Regent Rosenzweig about the need to send a clear signal that these programs are of high importance.

Regent Crain inquired about the history of the traditional funding split.

In response, Ms. Harris indicated that the purpose of the funding split which had been in use for many years was to have the students share in the cost of instructional activities. When it was initiated, students were paying approximately 25% of the cost of their instruction, with 75% paid by the state. Today, students pay about 55% of the cost. One option could be for the board to propose moving back to the more traditional split of 65% state/35% student funding.

Regent Connolly-Keesler applauded the Governor's support for holding tuition down, noting that she had received calls from United Council and from other students who told her they would have to quit school if there were another large tuition increase. She was particularly concerned about middle class families who could not qualify for financial aid but still had a difficult time affording large tuition increases. She urged the Regents hold the line on tuition, noting that, while a zero percent increase might not be realistic, she would not consider a 6.9% or 7% increase realistic either.

Regent Davis also praised the Governor's letter, noting his position reflected the direction that many Regents wished to take.

With regard to the budget development process, she commended all involved in formulating the briefings and documents that provided information that she found to be very valuable. She also commended the clarity with which the campus initiatives were presented, along with the explanations of how they were tied to the Growth Agenda for Wisconsin.

She asked Chancellor Santiago to address the question of how the UW-Milwaukee initiative would pertain to student success and the concern about retention and graduation of disadvantaged and minority students.

In response, the Chancellor indicated that UW-Milwaukee has as twin objectives to ensure greater student retention\graduation and to build a 21<sup>st</sup> century research infrastructure. The expenditures for the Access to Success Initiative, he explained, are divided into direct, complementary, and indirect categories. Direct expenditures include new bridge programs, freshman year course redesigns, new first year transition courses, creation of a new early warning system, a new freshman mentoring network, enhanced tutoring, supplemental instruction, creation of a new multi-cultural student center and enhanced academic advising. Direct expenditures on those activities were \$456,000 in 2004-05 and \$1.2 million in 2005-06, with \$930,000 budgeted for 2006-07. For 2007-08, \$1.4 million is anticipated.

Complementary expenditures for 2006-07 include \$800,000 for the Student Accessibility Center, \$400,000 to hire faculty from under-represented groups and \$125,000 to support a new Virtual Student Success Center. Direct and complementary expenditures totaled \$500,000 in 2004-05, \$3.2 million in 2005-06, \$7.4 million in 2006-07 and \$1.4 million for 2007-08.

Indirect expenditures consist of \$17 million raised for scholarships in the last three years, with about \$8 million earmarked for low-income students, and creation of new student housing with no state money to house 488 additional students.

He considered these activities to provide adequate funding for the Access to Success initiative. Therefore, the budget request would focus on building the research infrastructure.

Regent Smith emphasized the great support within the La Crosse community and among students for the UW-La Crosse Growth and Access Initiative. He asked Ron Lostetter, UW-La Crosse Vice Chancellor, to explain how it would impact ongoing efforts at the university to recruit more people from the lower income quintiles.

Mr. Lostetter indicated that three years ago the university hired a diversity recruiter, funded with half student differential tuition and half university funds. A year ago, a campus climate coordinator was hired from the same mix of funds. A record enrollment of 499 students of color in fall 2005 showed that these efforts were meeting with success. In addition, the university has a summer Academic Success Institute to prepare students of color for higher education. Enrollment of 12 last summer more than doubled to 26 this summer. The UW-La Crosse goal in Plan 2008 is to have 10% of the student population be students of color, which would amount to 1,000 students under the Growth and Access Initiative.

As to students in the lower income quintiles, Mr. Lostetter explained that the first goal would be to move to the System average, which would mean moving from a current enrollment of 250 students in the 4<sup>th</sup> and 5<sup>th</sup> income quintiles to 400 students.

The significance of the UW-La Crosse plan, he observed, is to increase the quality of instruction for all students and to increase access to lower income students and students of color. The plan would help to fund pre-college programs, retention programs, financial aid and scholarships.

Regent Salas expressed appreciation for the responses from UW-Milwaukee and UW-La Crosse to concerns raised in the briefing sessions. With regard to UW-Milwaukee, he asked for more specificity in terms of plans for increasing retention rates.

As to the UW-La Crosse plan, he expressed concern about the impact of higher tuition on the decreasing number lower income students on that campus. In that regard, he recalled that Regent Emeritus Olivieri had suggested a tiered tuition system, based on income, as a means of avoiding the sticker shock that often deters lower income students from applying. He asked UW-La Crosse to respond to those concerns in view of the fact that the campus' plan would result in a significant tuition increase. He also asked for more specificity as to what the additional tuition dollars would be used for.

Regent Loftus did not agree with changing the eligibility criteria for financial aid from lower income quintiles to eligibility for free and reduced price lunches because he felt it would lessen accountability and substitute a federally defined definition for a definition based on Wisconsin family income.

In response to a question by Regent President Walsh, Ms. Harris explained that free and reduced price lunch eligibility was being used for pledge programs in other states because it is easily understood by the public and by children and families in elementary and middle schools, whereas they are not generally familiar with the income quintile definition. Ease of understanding, she noted, is important for any type of financial aid program.

Regent Crain commented on the importance of making a clear and strong connection between holding down tuition increases and adequate financial support by the state, in order to support quality education. She also pointed out that the nonresident tuition issue often is misunderstood and that its positive impact on Wisconsin students in terms of cost and access needs to be better explained.

Regent Spector suggested that the budget submission include a proposal for taking a longer-term view of the future, in terms questions like what the people of Wisconsin would be willing to invest in the future of higher education, how they value it, the balance between research and student access, the balance between quality and access, and whether and how to compare Wisconsin with others states, some of which have much larger populations. Noting that money to fund such an effort might be raised privately, he remarked on the importance of developing a longer-term vision of the future that would include agreement with the Governor, legislators and others and that would provide guiding principles that could inform decision-making going forward.

Concurring with Regent Crain's comments about the need to communicate clearly, Regent Pruitt supported accepting the Governor's challenge to hold tuition increases down in view of his commitment to make the university a priority in the next state budget. The need to do this, he said, should be clearly communicated to decision makers and the public going forward.

He suggested that the Growth Agenda be called instead the Growth, Access, and Affordability Agenda because all three are central to what the university needs to do. It is important, he said, to endorse the ideas of President Reilly and the chancellors about growing the university, increasing the number of baccalaureate degrees, increasing the number of students who have the opportunity to be educated, and expanding financial aid through the Wisconsin Covenant and other means.

After difficult years during which tuition has increased 100% in the last decade while GPR funding has increased only 17%, he stated, it is of critical importance to make the UW System affordable and to maintain the commitment to being the best university system in America and paying competitive salaries to faculty, leadership, and staff. He applauded the Governor and Presidents Reilly and Walsh for taking major steps forward.

Regent President Walsh underlined the importance of the Governor's statement of commitment to higher education.

Regent Davis pointed out that the median income in the City of Milwaukee is lower than that of the state as a whole, which makes the affordability issue for Milwaukee students, many of whom matriculate at UW-Milwaukee, even more critical.

She also remarked on the importance of ensuring commitment to Wisconsin students in providing access to all UW institutions. In that regard, she cautioned that UW-La Crosse should ensure that Wisconsin residents would not be lost in attracting more students from out of state.

Regent Rosenzweig commented on the need to reflect in the budget document, as well is in Board discussion and communications to the media, that tuition will be tied to the rate of inflation and also tied to the amount of state funding provided so that quality and student access can be maintained.

Expressing agreement with Regent Spector, Regent Loftus recalled that in the late 1980s, while negotiating catch-up pay plans for faculty, the Legislature found it necessary to control enrollment through use of enrollment caps. This meant advantages for stronger students when enrollment decisions were made and subsequent changes in high school curricula throughout the state. He concurred that the opportunity might exist at this time to take a broad look at the future and determine significant changes that would improve not only the university but high school education as well.

Stating his appreciation to the Governor for his tuition proposal, Regent Semenas suggested that, in the area of financial aid, a statutory change be proposed that would link financial aid increases to tuition on a dollar-for-dollar, rather than a percentage, basis. This would help all students, regardless of economic background, to make college more affordable.

Regent Spector asked if the Governor's proposed limit on tuition increases would apply to both resident and nonresident students. In that regard, he pointed out that many families, both in Wisconsin and other states, could afford to pay higher tuition, which could be used to generate financial aid for students who could not afford to pay, as Regent Emeritus Olivieri had suggested. The best way to do that, he thought, might be to charge the same tuition to all resident students and to use some of those funds, along with nonresident tuition, for financial aid. It would be helpful, he remarked, to have more information on programs such as the one that UW-La Crosse proposed to undertake.

Regent Salas noted that United Council had commented on the tiered tuition concept by expressing the view that GPR should continue to be used for financial aid and that, if tuition were to be used for other than the traditional purposes, it would be much harder in the future to hold the line on increases. He suggested returning to the subject after completion of the budget submission.

With regard to administering veterans' tuition remissions, Regent Loftus commented that any staff involved in implementing the program should be located on the campuses. Noting that the program would involve sum-sufficient funding, he remarked that it provided a great opportunity to recruit students who would be older and more diverse than the traditional student body. He suggested that the chancellors be given the tools they need to recruit and retain these students and that they be held accountable for results. Noting that there already were 1,467 students on UW campuses under this program, he remarked that the number would grow much larger.

Regent President Walsh remarked that the funding proposed for the budget would provide counselors who would be needed to retain veterans as students. Agreeing that the veterans' tuition remission program provides the university with a great opportunity, he suggested that the proposal be fleshed out and better described in the budget document for the August 17<sup>th</sup> meeting.

Regent Loftus said that he would like to hear from each chancellor about their current experience with the program and what they think would work on their campuses.

Regent Bradley asked if there was any information on what other state systems are contemplating for tuition increases in the next biennium, and Ms. Harris replied that it was too early in the process for that information to be available since many were in the

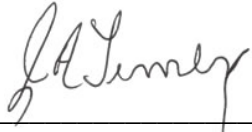
initial stages of making their proposals. She thought that by January information could be obtained about what other states were requesting.

In response to a further question by Regent Bradley, Ms. Harris said that she knew of no other public system in the last year or year before that held tuition increases to the rate of inflation.

Regent Salas expressed the view that one of the best things that could be done for veterans and other students would be to work for peace in the Middle East so that students would have a better and less disruptive learning environment when they returned to school.

The discussion concluded and the meeting was adjourned at 12:20 p.m.

Submitted by:



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Judith A. Temby, Secretary