

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, July 13, 2007
9:00 a.m.

- President Bradley presiding -

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- President Bradley presiding -

PRESENT: Regents Bartell, Bradley, Burmaster, Connolly-Keesler, Crain,
Cuene, Falbo, Loftus, McPike, Pruitt, Salas, Shields, Smith,
Spector, Thomas, and Walsh

UNABLE TO ATTEND: Regents Davis and Rosenzweig

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Approval of the Minutes

Upon motion by Regent Crain, seconded by Regent Walsh, the minutes of the June 7 and 8, 2007 meetings were approved as distributed.

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REPORT OF THE PRESIDENT OF THE BOARD

Report on June 26 and 27, 2007 Meetings of the Wisconsin Technical College System Board

A written report on the June 26 and 27, 2007 meetings of the Wisconsin Technical College System Board was provided.

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Report on July 11, 2007 Meeting of the Hospital Authority Board

A written report on the July 11, 2007 meeting of the Hospital Authority Board was provided.

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Transmittal of Reports and Minutes

Regent President Bradley indicated that reports such as the above, along with meeting minutes, may in the future be transmitted by e-mail.

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Meetings with State Leaders

Regent President Bradley reported that he and other regents met recently with a number of state legislators. One question that came up, he noted, was how the state could afford to spend more on higher education when it already spends nearly a billion dollars. In that regard, Regent President Bradley responded that, in both expenditures per capita and expenditures per student, Wisconsin ranks fifth out of seven Midwest states and also ranks below the national median.

Regent President Bradley, along with President Reilly and Regent Vice President Pruitt, also met with Governor Doyle about the Growth Agenda for Wisconsin and student tuition. Noting that the board's request did not include pay plan for faculty and staff, he said that, because the state contribution is not yet known, the amount of tuition cannot be determined at this time.

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Academic Staff Leadership Conference

Regent President Bradley reported that he had spoken at the Academic Staff Leadership Conference in Superior.

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Meeting on Communications

Regent President Bradley reported that he and Communications Director Dave Giroux had discussed how the Communications Office could be of assistance in meeting regents' needs.

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Meeting with United Council President

At a meeting with the new president of United Council of UW Students, Regent President Bradley reported that they discussed alignment of Board of Regents and United

Council objectives in efforts to keep tuition affordable and how that goal is linked to adequacy of state revenues.

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REPORT OF THE PRESIDENT OF THE SYSTEM

Report of the President's 2007 Commission on University Security

In introductory remarks, President Reilly recalled that he convened the commission, chaired by UW-Madison Police Chief Sue Riseling, as an immediate response to the tragedy at Virginia Tech University in April. The commission was composed of UW faculty, staff and students and included Regent Bartell in its membership.

The commission's charge was to develop a series of recommendations for how UW System institutions could prevent, intervene, respond, heal and resume operations when confronted with the threat of or actual major violence on campus.

Thanking the commission for its prompt response and hard work, President Reilly introduced Chief Riseling to share highlights of the report.

Chief Riseling began her remarks by referring to a slide that showed progression of a potentially violent person from a state of non-violence to killing and then to aftermath. Stating that no one "snaps", she indicated that the potential killer will give signals or "red flags" that indicate increasing danger. While the killer at Virginia Tech was a student, a killer also could be a member of the faculty or staff or a visitor to campus. The report was organized in the following categories: Intervention Pre-Violence; Intervention During Violence; and Post Incident Management.

Educating young adults, she remarked, requires an environment that is flexible, tolerant, patient, encouraging of freedom of expression and exploration, and accepting of differences. However, she emphasized that consideration of physical safety must trump the desire for self expression.

While the Virginia Tech tragedy involved a mentally ill perpetrator, she noted that most people living with mental illness are not violent and not all those who are violent are mentally ill.

Throughout its work, Chief Riseling said, the commission was mindful of the UW System's limited resources. In that regard, she pointed out that budget cuts to administration has meant cuts to the police, the office of the dean of students, and employee assistance offices – the very people who are needed to prevent and respond to mass casualty incidents.

Noting that public expectations for law enforcement and campus security continue to grow, she said it was the commission's conclusion that it defies today's realities to not

have armed university police on every four-year campus. In order to be adequately prepared, she continued, each campus must have the resources needed to be effective. For some, a significant allocation of resources would be required, while others might be able to use existing resources with some supplements.

Turning to the area of prevention, Chief Riseling said that the commission recommended a focus on education about safety, warning signs and how to report the unusual. Also recommended were policy changes to the student code of conduct and establishment of a code of conduct for faculty and staff.

In the area of intervention before violence, the commission recommended establishment of review teams and additional mental health resources. With regard to review teams, the commission discussed at length the concept of a collective radar screen and review, active management, monitoring, and acting upon all cases with the safety of the community in mind. In that regard, it would be important for people to become comfortable, through an awareness and training campaign, with reporting the unusual without fear of retribution or scorn.

In the area of intervention during violence, the commission recommended that every four-year campus have university police armed to national standards, trained and equipped to respond to emergencies. This recommendation built upon the 2005 program review that called for determining a minimum acceptable police model, including provision of necessary lethal arms to police.

Second, the commission recommended that university law enforcement have the responsibility and authority to determine the appropriate time, place and manner for sharing information with the public during an incident.

These recommendations, Chief Riseling said, were examples of the kind of actions that should be standardized for all campuses. Another example was Governor Doyle's executive order requiring all state agencies to adopt the National Incident Management System. While all four-year UW institutions have crisis plans, she remarked, few would be able to handle an incident like that at Virginia Tech.

In the area of dealing with the aftermath, the commission recommended that students be directly involved in decision-making during the healing process and that response and follow-up to the incident continue for six months or longer.

In making its recommendations, the commission recognized that, given the size and number of buildings on the four-year campuses, along with fact that city streets run through them, lockdowns would be impossible without tens of millions of dollars of investment in access control and that this would be an unreasonable expectation.

There were three areas that the commission felt could not be adequately researched in time for this report and, therefore, formed three subgroups to report by September 7th. These areas were:

- The security/law enforcement needs of the two-year colleges and UW-Extension
- Counseling and mental health resources requirements for each campus, including the needs of returning military veterans
- Technology for emergency communications.

In conclusion, Chief Riseling thanked President Reilly for appointing her to chair the commission and thanked the members of the commission for their hard work in developing recommendations to enhance campus safety. Asking that the recommendations be considered in their entirety, she noted that no one recommendation would be adequate to keep violence at bay.

As a member of the commission, Regent Bartell noted that the group was broadly representative, with members from across the UW System, and from all types of institutions. All members participated actively, and group techniques were used to bring out ideas. The attempt had been to focus on how to intervene prior to violence, including an awareness campaign on how to identify “red flags” that appear and how to report behaviors that may be indicative of potential violence.

Other recommendations concerned ongoing communication with faculty, staff and students and establishment of review teams to create and monitor collective radar screens to track troubling behavior and put all the pieces together.

Noting that the mental health and law enforcement recommendations would cost a significant amount of money, Regent Bartell remarked that, while he would not say that every dollar should be devoted to prevent a highly unusual incident, reasonable steps should be taken to accomplish the commission’s objectives.

Regent Spector inquired about what was intended by the recommendation to establish an employee code of conduct. Chief Riseling explained that the commission recommended establishment of “work rules” to specify what behaviors are not acceptable. These rules should be consistently applied and would allow more expeditious action against behavior that might be threatening or evidence of mental illness than is the case with current procedures.

Regent Loftus inquired about the commission’s recommendation to assign overall responsibility for public safety oversight to an existing UW System vice president, and Chief Riseling explained that the commission felt that there should be one person responsible for implementation of the report and for providing a direct link to the Board of Regents.

Noting that chancellors have ultimate responsibility for their campuses, Regent Loftus asked if police chiefs report directly to the chancellor, and Chief Riseling replied that there is a direct reporting line in only a few cases.

In response to a further question by Regent Loftus, Chief Riseling indicated that the commission recommended 24/7 police coverage at each of the 13 four-year campuses. While some already meet that standard, UW-River Falls would need the most resources in order to do so.

Noting that dissipation of a sense of urgency is a challenge in cases like this, Regent Vice President Pruitt asked if the commission had discussed strategy to deal with that concern. Chief Riseling replied that the commission tried to retain a feeling of urgency by acting as rapidly as it did so that recommendations could go to campuses

before the fall semester. Most campuses, she added, did not wait for the report but took actions right away. She asked the board for help in dealing with the issue of resources to implement the recommendations.

Given financial constraints, Regent Burmaster asked if it would be helpful to prioritize the recommendations. In reply, Chief Riseling noted that some recommendations, such as those involving change of policy might not be costly and that orientation and staff training already are being done, although further training would require more resources. Police are most needed, she remarked, to respond to a crisis; and some campuses currently do not have that ability. The commission felt that there should be armed police on all four-year campuses, which would be a large expense for some, but not for others that already have sufficient law enforcement capability.

Regent Crain remarked that she was impressed by the speed and thoughtfulness with which the commission had developed its report. She inquired about the process for further review.

President Reilly replied that each chancellor would be asked to discuss the report with campus governance groups. He had already asked Executive Senior Vice President Don Mash to be the point person on this matter for the UW System. The campuses, he noted, have already been working on security enhancements and will continue to work with the task force established by Governor Doyle. He asked UW-Green Bay Chancellor Bruce Shepard, co-chair of the Governor's Task Force, to provide an update on its work.

Chancellor Shepard began by noting that the scope of the task force differs from that of the commission in that the membership represents all of higher education in Wisconsin and includes professionals in public safety, mental health and law, parents, students and faculty. Its charge is to ensure that students are in a safe environment.

After the Virginia Tech tragedy, he recalled, UW-Green Bay's emergency response team met to review processes and policies. While there were policies about what to do if there were an active shooter on campus, they realized that better communication of those policies was needed and that drills should be conducted. Next, they reviewed threat assessment practices that involve a weekly meeting of the dean of students, head of residence life, and others. They realized, however, that more communication is needed to apprise faculty about the existence and purpose of this team. There is a good communication system to use in the case of an active shooter, but what to do under various scenarios needs to be better codified. People can feel confident, he said, that campus professionals are taking needed steps.

Noting that the task force is considering many ideas and sharing best practices, he indicated that themes are emerging, including prevention, intervention, response, and recovery. The task force is focusing on the first two. Indicating that the task force will integrate its work with that of the commission, he said one of its responsibilities would be to identify areas where statutory change might be needed. In conclusion, he indicated that the Governor realized the cost implications of some potential recommendations and asked to be kept informed about them.

UW-Whitewater Interim Chancellor Dick Telfer then described actions taken on that campus in the aftermath of the Virginia Tech shootings. The campus crisis team met

promptly to review procedures and realized that the communication system does not permit contact with every building on campus. Work is under way to update the crisis plan and to look at how technology can be used to improve communications. Seven table-top exercises have been conducted, with participation by the City of Whitewater, since much police presence on campus involves the city police.

Starting before the Virginia Tech tragedy, the Faculty Senate had been working on a COOP plan to continue delivering educational services in a time of crisis; and new student orientation includes a segment on security. There is a Student Life Dean's Council that meets weekly to assess risk regarding student behaviors, and incident reports are placed on a secure website. The campus also has a medical withdrawal policy, under which a student with a physical or mental illness can get a tuition refund and be excused for a semester.

Calling on his State Department experience, Regent Loftus noted that there is one person in charge of security and that person is known to everyone. He or she collects information and has the ability to direct people to change their behavior or even close a place down. He asked if that person would be analogous to a campus police chief in terms of powers and duties, and Chancellor Santiago replied in the affirmative.

Thanking Chief Riseling and the commission members for their fine and rapid work, President Reilly pointed out UW institutions clearly have been moving ahead to ensure that campuses are as safe as they can be for students, faculty and staff. The board would receive a progress report at the September meeting.

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UW-Madison Receives \$125 Million Grant

President Reilly commended UW-Madison on receipt of one of three \$125 million grants from the U.S. Department of Energy to explore the potential of bio-energy. The grant, to be awarded over five years, was the largest formal grant in the university's history. It would allow the campus to establish the Great Lakes Bio-Energy Research Center, where scientists from UW and other campuses would work to ease the conversion process for turning materials like cornstalks, wood chips, and native grasses into sources of energy.

Noting that this would be a collaborative effort, involving resources from academic, governmental and corporate sectors to create a product for the public benefit, he congratulated Chancellor Wiley, Dean Molly Jahn, and all the researchers that would take part in this exciting venture.

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Adult Student Initiative

President Reilly reported that, as one of the first programs to be implemented in the Adult Student Initiative, UW-Fox Valley would implement its Accelerated Learning Program in September. The program, which combines one evening per week of classroom instruction with online coursework, will allow students to take a series of

three- to five-week classes to qualify for a Certificate in Business. These credits could be used towards an Associate of Arts and Science Degree from UW-Fox Valley.

The program's focus on the working adult population in the Fox Valley, the President remarked, promotes the goals of the Adult Student Initiative, which seeks to enroll and graduate more hard-working, taxpaying adult students by offering flexible schedules and online resources. If the Growth Agenda for Wisconsin is to be successful, he stated, it is crucial the programs like this receive adequate funding so that citizens across Wisconsin can have easier access to the education they need to advance their careers and propel the state's economy. The Assembly's proposed budget cuts, he pointed out, would eliminate services like this that the public wants and needs.

President Reilly congratulated Chancellor David Wilson, UW-Fox Valley Dean Jim Perry and the students who would be "accelerating" toward their educational goals.

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UW-Eau Claire Accepted into International Exchange Partnership

President Reilly reported that UW-Eau Claire has been accepted into an international exchange program that would allow it to grant degrees to students from China who also would be earning degrees from educational institutions in their home country. As part of the China 1-2-1 Partnership Program, Chinese students would spend one year at a Chinese university, two years at UW-Eau Claire, and one more year at the original Chinese institution, enabling them to earn concurrent degrees.

Remarking that this is an important step forward in the university's effort to expand partnerships with higher education institutions across the world, he noted that it would serve as a wonderful opportunity for Chinese students to learn English and for students at UW-Eau Claire to interact with peers from China. He congratulated Chancellor Brian Levin-Stankevich and the UW-Eau Claire community for formation of this exciting partnership.

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UW-Stout Police Chief in Law Enforcement Torch Run for Special Olympics

President Reilly congratulated UW-Stout Police Chief Lisa Walter for being selected to represent Wisconsin and the United States as part of the final leg of the Law Enforcement Torch Run, where she will traverse part of the Great Wall of China. During the torch run, officers and athletes from around the world will carry the "Flame of Hope" from Beijing to Shanghai for the opening ceremonies of the Special Olympics World Summer Games on October 2nd.

He noted that Chief Walter, who has participated in the torch run for the past 11 years and also has dedicated much time to local competitions and fundraisers for the Special Olympics, is a true example of the UW System's contributions to the wider community.

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UW-Marshfield/Wood County Dean to Chair Marshfield Clinic Research Foundation Board

President Reilly congratulated UW-Marshfield/Wood County Dean Andy Keogh on his selection as chair of the Marshfield Clinic Research Foundation Board of Trustees for 2007-08. The Research Foundation, which is the largest private medical research facility in Wisconsin and one of the largest in the nation, has about 450 active research projects, 200 extramural grants and contracts, and 26 internally funded projects. A patenting agreement with WiSys had recently been signed. The foundation's primary areas of focus include clinical research, rural health, personalized medicine, human genetics, and health services research. Dean Keogh also was appointed to Marshfield Clinic's National Advisory Board, on which he would serve with Regent President Bradley.

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Malcolm Brett Named Director of Broadcasting and Media Innovations, UW-Extension

President Reilly congratulated Malcolm Brett on being named Director of Broadcasting and Media Innovations at UW-Extension, succeeding Byron Knight. He noted that Mr. Brett, who would be responsible for the influential statewide services of Wisconsin Public Radio, Wisconsin Public Television, and the Instructional Communications Systems unit, has long been one of the most respected public broadcasting officials in the nation.

President Reilly remarked that public broadcasting is a service that is highly valued in Wisconsin and one in which many are happy to invest tax dollars.

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Book on Henry Kissinger by UW-Madison Professor Jeremi Suri

Noting publication of a book about Henry Kissinger by UW-Madison History Professor Jeremi Suri, Regent Spector indicated that it has been receiving considerable national attention and is being viewed as a first-rate effort. He added that Professor Suri, who is newly tenured, has already become a real credit to the History Department.

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2007-08 ANNUAL BUDGET AND TUITION UPDATE AND DISCUSSION

President Reilly began his remarks by stating that the goal is to maintain the University of Wisconsin System's national reputation for affordability and excellence. In consultation with board leadership, he had recommended that the board convene a

meeting in early August to approve an annual operating budget and a tuition rate for the coming year.

Noting that there remained many unanswered questions, he expressed the hope that the Legislature would support the key proposals submitted by the Board of Regents, advanced by Governor Doyle and approved by the bipartisan Joint Committee on Finance. However, he noted that the final outcome might look much different because the budgets passed by the Assembly and Senate diverged widely.

In the meantime, there was no way to accurately predict how much money the state would provide for utilities, building maintenance, debt service and other fixed costs or what level of funding might be available for current staffing levels, educational offerings and student services. While it appeared that some of the Growth Agenda for Wisconsin items might be funded by the Legislature, there was no way to assess the net impact on the Growth Agenda of these widely divergent proposals.

In addition, word was awaited from the Office of State Employment Relations as to what the state might provide for pay increases for faculty and staff.

Referring to a timeline of the budget process, President Reilly recalled that it began nearly a year ago when the board passed its 2007-09 biennial budget request, proposing the lowest tuition increases recommended by the board in two decades – 3.0% increases in 2007-08 and 1.97% in 2008-09, averaging less than 2.5% over the biennium.

In December 2006, the board asked the state to fully fund a pay plan for UW System faculty and academic staff that would begin to stem the outflow of talent from UW campuses, without asking students to shoulder any part of that effort to close the gap between UW salaries and those offered by peer universities. Based on conservative projections, salaries would need to be increased by 5.23% in each of the next four years to regain a more competitive position.

In February 2007, Governor Doyle released his proposed budget, which included new projections by the Department of Administration that energy costs would rise. Allowing for higher utility expenses, the Governor's budget included tuition increases of about 3.3% -- a rate that still would preserve the UW's rank as one of the most affordable public universities in the nation.

In June, the bipartisan Joint Committee on Finance acted on the budget, voting 14-2 to fund every GPR-supported initiative in the Growth Agenda. No members introduced any amendments to significantly reduce the university's base funding and no action was taken that would have meaningful impact on tuition. On a 16-0 vote, the committee voted to support all of the major academic building projects in the capital budget.

The UW budget approved by the Joint Committee on Finance would result in annual tuition increases of \$198 at UW-Madison, \$194 at UW-Milwaukee and \$150 at the comprehensive universities. With tuition rates already significantly lower than most peer universities, the President pointed out, these modest increases would preserve the UW System's national reputation for affordability.

Similarly, the Senate action on the UW budget did not affect current operations in a significant way, preserved tuition increases of about 3.3% for the basic operating

budget, and moved forward the Growth Agenda for Wisconsin that is essential to the prosperity of the state. No amendments were introduced to cut back funding for current operations.

The version of the budget approved by the Joint Committee on Finance and the Senate had built-in administrative reductions for the UW in the form of unfunded tuition remissions for Wisconsin military veterans. It was expected that the cost of providing those benefits to veterans in the next two years would be more than \$41.8 million; and, even with the help provided in the Joint Finance budget, \$18 million would remain unfunded, before adding on the base cuts proposed by the Assembly.

This week, the Assembly passed a budget that would cut state funding for current operations by about \$120 million over two years, that proposed a 4% tuition cap, that would leave major financial aid programs with significant shortfalls, and that would impose new requirements for state employees to make out-of-pocket contributions to their retirement funds for the first time in history.

The \$120 million proposed reduction, President Reilly pointed out, is equal to the total state funding currently provided to UW-La Crosse and UW-Whitewater combined – institutions that serve more than 20,000 students.

Stating the strong commitment to keep tuition as low as possible, while not turning the UW into a second-rate institution, the President explained that there are only a few “levers” that can be pushed or pulled to make the UW “machine” run.

The first “lever” is tuition increases, already set at 3.3% before any action on compensation for UW faculty and academic staff.

The next “lever” is state GPR. Elected representatives hold the keys to this “lever” and are extremely mindful of what would happen to taxpayers if it were pulled too hard.

Another “lever” is the compensation package, which hasn’t moved significantly in some time. Referring to a report by the Associated Press that more and more of Wisconsin’s best professors are being lured away by higher salaries and other incentives, President Reilly quoted a statement by a UW-Madison political science student who has lost two advisors. He reported feeling disheartened, saying of his professors that “these are great people. When you have a mass exodus of faculty leaving, that sort of jars students and tells them that something may be wrong here and their education is being compromised.”

In addition, the *Wisconsin State Journal* reported in depth on retention challenges at UW-Madison, where leading professors are routinely poached by other universities that offer salary increases of 30% or more. The newspaper noted that: “...quality faculty attract the best students and the best funding, both of which affect the classroom and laboratory. These best and brightest also tend to attract the big research dollars that fuel the often cutting-edge work done on campus. If such faculty members leave, that money goes with them.”

These articles, President Reilly remarked, provided reminders that failure to move the compensation package “lever” is not a viable option.

The last “lever”, he continued, is the current operations lever, which works in both directions. Pull it, and new seats are created in UW classrooms, students benefit from expanded academic offerings, advising, tutoring and related support, and campuses benefit from adequate police protection and health services. Push the “lever” back, and the number of seats and support services is reduced.

The goal, the President stated, is to avoid pulling the tuition “lever” too far and to keep tuition as low as possible, passing along to students and families only the minimum necessary to meet educational obligations. Another goal was to raise tuition only once for the academic year at a level commensurate with the university’s real needs.

He then called upon Associate Vice President Freda Harris to provide additional data and set forth a number of possible scenarios that might develop.

Associate Vice President Harris began by noting that, in past years when the Legislature had not completed its work, the UW’s budget and tuition would usually be set based on the work of the Joint Committee on Finance, which includes members from both houses of the Legislature. This year, however, it would be risky to do that because of the \$119 million variation between the committee’s budget and that passed by the Assembly.

Fee support for the budget ranged from \$60 million higher under the Joint Finance budget to \$39 million higher under the Assembly budget, representing the range of increases to tuition revenue, excluding pay plan.

The estimated GPR/fee cost increase for current obligations of \$196 million would be covered under the Joint Finance budget, which also would provide an investment in the Growth Agenda for Wisconsin. The Assembly version would provide almost \$95 million less than what would be needed to cover current obligations, including the amount provided for the Growth Agenda.

Under the Joint Finance budget there would be no clearly defined budget reductions to the UW System. The Assembly version, however, included almost \$120 million of operational reductions to state funds. This, Ms. Harris pointed out, is of particular concern at this time of year when campuses have enrolled students and hired staff to support those enrollments. Excluding funding dedicated for utilities and debt service, 89% of the GPR/fee funds are dedicated to employee compensation, leaving very little leeway to manage cuts at this stage.

With regard to salary increases in the annual budget, she noted that the state’s ability to help fund those increases is largely dependent on how much money is available in the Compensation Reserve. There was wide variation between the Joint Finance Committee’s budget, which set aside \$240 million biennially for salary and fringe benefit needs, and the Assembly budget, which would include \$146 million, reducing funding by almost 40%. This large difference made it difficult to predict what the Office of State Employment Relations and the Joint Committee on Employment Relations might recommend for UW pay plan increases.

The level of funding available in the Compensation Reserve would have a great impact on the state’s ability to support the Board of Regents’ request that faculty and

academic staff pay plan increases be paid totally from state funds, as they are in most state agencies. Funding the board's request for a 5.23% pay plan entirely from state funds would require more money than would be available under the Assembly version of the budget. It might be possible, however, to fund the request under the Joint Finance version.

Noting that there was insufficient information available to determine the UW budget at this time, Ms. Harris offered several options that might be considered if the same level of uncertainty remained by the time the board met in early August.

The first scenario would assume the following:

- The Joint Finance Committee's budget for GPR and tuition increases
- No base reductions
- Full funding by the state of the board's request for 5.23% pay plan increases

Under this scenario, tuition could be set with increases ranging from \$150 to \$200 for resident undergraduate students, which would be the lowest dollar increase since 2000-01, when tuition was frozen. The goal of the board's requested pay plan increase is to close the gap in salaries between UW faculty/staff and their peers by the end of the 2009-11 biennium.

The second scenario would assume the following:

- The Joint Finance Committee's budget for GPR and tuition increases
- No base reductions
- A 0% pay plan increase recommendation by the Office of State Employment Relations

Under this scenario, tuition could be set with increases ranging from \$150 to \$200 for resident undergraduate students. The gap between salaries of UW staff and their peers would continue to increase, resulting in losses of greater numbers of faculty and staff to competitive offers from other institutions.

The third scenario would assume the following:

- The Assembly budget for GPR and tuition increases
- Budget reductions recommended under the Assembly budget
- State funding for 70% of the board's requested salary increases
- Tuition increases capped at 4%

Under this scenario, tuition would need to increase between \$183 and \$240 for resident undergraduate students. However, salary increases would need more funding than would be available under the cap. The result would be an additional \$12 million in budget cuts required to fund the approved pay plan. Tuition increases would be low, but, as in the 2003-05 biennium when tuition increased to offset budget reductions, students would be paying more for less.

The fourth scenario would assume the following:

- The Joint Committee on Finance budget
- State funding for 69% of a 4% pay plan
- No tuition cap

Under this scenario, tuition would increase between \$240 and \$320.

However, if the Assembly version passed with budget reductions and the board wanted to offset even half of those reductions with tuition, increases in tuition would need to be in double digits.

In conclusion, Ms. Harris noted that there were many ways to approach tuition increases but that the danger was in making assumptions that could be wrong.

In discussion following the presentation, Regent Walsh asked if current obligations of \$241.1 million in the Joint Finance Committee budget represented the cost to continue, not including the pay plan; and Ms. Harris replied in the affirmative.

Regent Walsh asked what the tuition increase would be if the university received its cost to continue funding and 2/3 funding for its requested pay plan increase.

In that case, Ms. Harris replied, the increase would be about \$300, or slightly more than 6%.

Regent Walsh said that would be the best case scenario.

Regent Salas urged that tuition increases higher than the rate of inflation not be considered and that there be corresponding increases in financial aid.

In response to a question by Regent Bradley, Regent Salas said that he would assume a 5.23% pay plan increase, with the state paying 100%.

Replying to a question by Regent Loftus, Ms. Harris said that, when a previous budget had not been completed until October, the university had set its budget based on the version passed by the Joint Committee on Finance. That year, however, there had not been the current level of variation between the Senate and Assembly versions. Noting that there could also be a cut in the Compensation Reserve, she said that it is not known how much will be available for the pay plan. With that cut, the state could not fund the board's requested increase. In addition, whether the state would fund all or 70% of the pay plan increase would impact the amount of a tuition increase.

Regent Loftus asked if, when the budget was not decided until October, it was necessary to make an adjustment to tuition; and Ms. Harris replied that the only change was a nonresident surcharge. To set a budget based on the board's request, she noted, could far exceed what turned out to be in the state budget. That could require a tuition increase in the second semester that would be twice as large as an increase spread over an entire year. If tuition were set too high, students would pay more than necessary. If it were set too low, there either would have to be budget cuts or a large tuition increase in the second semester.

With regard to tuition increases in other states, President Reilly indicated that the tuition increase at Purdue would be 4.5%; at Illinois, 9.5%; at Penn State, 5.5%; at Iowa, 5.2%; at California, 10%; and at Michigan State, 9.6%.

Regent Pruitt asked if, under the Assembly version of the budget, there would be a way to quantify how many students would be turned away and denied an education.

Ms. Harris replied that the number would be about 20,000, which equals the enrollment of UW-Whitewater and UW-La Crosse combined. That number also is close to the entire freshman class for the UW System. While there was a very low likelihood that so many students would be turned away, support for other students would be significantly diminished.

Stating his support for postponing the budget decision until the August meeting, Regent Spector asked what could be done in the meantime to persuade decision makers to support the UW's budget.

President Reilly replied that having this discussion in public is helpful. He and others also would work with Conference Committee members, and he would discuss the matter with chancellors in a conference call the following Monday.

Noting that a decision would have to be made on August 7th, Regent Salas recommended standing firm for a reasonable tuition increase of 3.3% with financial aid increases. Between now and then, he urged communicating the reasonableness of the board's request.

President Reilly explained that the August 7th date was chosen in consultation with the chancellors in terms of how long the university could wait and still get the bills sent out on time to students and families. The goal is to keep tuition as low as possible, he said, adding that help is needed in contacting legislators.

Regent Crain asked that communication be coordinated and that regents be informed about what they could do to be of most assistance.

Regent Loftus noted that people would hear that the Assembly budget would increase the university's funding by 3%. He asked for an explanation of why that view is not correct.

As an analogy, President Reilly remarked that, if a heating bill goes up \$100, but a person receives only \$20, that amounts to an \$80 cut. Ms. Harris added that, while state funding for the university would increase by \$62 million, debt service would increase by \$32 million and the current pay plan would cost \$40 million, for a total of \$72 million. There also would be utility and other increases. While there are \$151 million in current obligations, the Assembly budget would provide only \$62 million, amounting to a \$90 million shortfall.

Regent Connolly-Keesler noted that the total deficit would be \$120 million.

Ms. Harris agreed, indicating that to the \$151 million in current obligations would be added \$30 million in new funding, for a total of \$181 million. The Assembly budget would provide \$62 million and include a cap on tuition.

Regent Bartell asked how a decision would be made if, when the board next met, no more was known about the final budget outcome.

President Reilly said efforts would be made to obtain signals about likely outcomes. He then would need to come to the board with a recommendation and rationale based on the best available information.

Regent Walsh inquired about what the tuition increase would be if the Joint Finance version prevailed and tuition were needed to fund 50% of the board's requested pay plan. Ms. Harris replied that the increase would be about 7%, compared with slightly more than 6% with 2/3 state funding.

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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 Conduct a Campus Master Planning Process to Include Potential New Sites for University Facilities

The request was for authority to seek release of \$2 million in Building Trust Funds-Planning for the purpose of hiring a master planning consultant and preparing a campus master plan that would include new sites for university facilities.

The committee approved a resolution granting the requested authority for inclusion in the consent agenda.

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UW-Whitewater: Approval of Design Report and Authority to Adjust the Project Budget and Construct the Moraine Hall Remodeling Project

The committee approved, for inclusion in the consent agenda, a resolution approving the design report of the Moraine Hall remodeling project and granting authority to: increase the project budget by \$268,000 program revenue supported borrowing; substitute \$400,000 program revenue-cash with \$400,000 program revenue supported borrowing; and construct the project for a total cost of \$2,665,000.

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UW System: Authority to Construct All Agency Maintenance and Repair Projects

The committee approved, for inclusion in the consent agenda, a resolution granting authority to construct various maintenance and repair projects at an estimated total cost of \$1,356,700, consisting of \$1,137,600 in general program revenue supported borrowing; \$164,500 in program revenue supported borrowing; and \$54,600 in program revenue cash.

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Report of the Assistant Vice President

Building Commission Actions

Assistant Vice President David Miller reported that the Building Commission approved \$65.3 million in projects at its June meeting, including \$27.5 million in general fund supported borrowing, \$26.9 million in program revenue, and \$10.9 million in gift funds.

Capital Budget Update

Mr. Miller updated the committee on the progress of the 2007-09 capital budget, reporting that the Assembly's capital budget funded 12 fewer projects than the budgets passed by the Building Commission and the Senate, for a total of \$586 million. Of this total, \$425 million was non-state funding, including \$32 million in gifts; and \$161 million was in general fund supported borrowing.

The Joint Finance Committee budget removed residence hall and union projects; and the Assembly version removed the UW-Madison Sterling Hall project, funding from which was to be used to complete the west campus utilities project that already had been bid. The \$70 million academic building at UW-Superior, which included \$7 million in gifts, was not funded; nor were the \$34 million Communication Arts Building project at UW-Parkside, which included \$2 million in gifts, and the \$25 million Human Ecology Building project at UW-Madison, which included \$3 million in gifts. All agency funding, which is used to rehabilitate buildings, also was greatly reduced.

These proposed reductions, Regent Salas pointed out, would have devastating impacts on teaching and learning, as well as on living facilities and on union projects that were approved by students.

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Consent Agenda

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

UW-Milwaukee: Authority to Conduct a Campus Master Planning Process to Include Potential New Sites for University Facilities

Resolution 9374: That, upon the recommendation of the UW-Milwaukee Chancellor and the President of the University of Wisconsin System, authority be granted to seek the release of \$2,000,000 Building Trust Funds – Planning for the purpose of hiring a master planning consultant and preparing a campus master plan that includes potential new sites for university facilities.

UW-Whitewater: Approval of the Design Report and Authority to Adjust the Project Budget and Construct the Moraine Hall Remodeling Project

Resolution 9375: That, upon the recommendation of the UW-Whitewater Chancellor and the President of the University of Wisconsin System, (a) the Design Report of the Moraine Hall Remodeling Project be approved, and authority be granted to: (b) increase the project budget by \$268,000 Program Revenue Supported Borrowing; (c) substitute \$400,000 Program Revenue-Cash with \$400,000 Program Revenue Supported Borrowing; (d) and construct the project for a total cost of \$2,665,000 (\$2,465,000 Program Revenue Supported Borrowing and \$200,000 Program Revenue-Cash).

UW System: Authority to Construct All Agency Maintenance and Repair Projects

Resolution 9376: 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 \$1,356,700 (\$1,137,600 General Program Revenue Supported Borrowing; \$164,500 Program Revenue Supported Borrowing; and \$54,600 Program Revenue Cash).

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REPORT OF THE BUSINESS, FINANCE, AND AUDIT COMMITTEE

Regent Smith, chair, presented the committee's report, noting that the committee was joined by Regents Crain and Thomas for the entire meeting and Regents Bartell and Falbo for parts of the meeting.

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Review of Selected UW System Expenditure Trend Data

In response to a request by Regent Falbo, Vice President Debbie Durcan presented ten-year trend information of sources of funding for UW System expenditures, as well as on the functional classifications of total expenditures. The committee also reviewed trend information on salary, health insurance, and utility expenditures.

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Review of UW System Banking Programs

Assistant Vice President for Administration Ruth Anderson discussed development of campus card arrangements across the UW System, including evolution of these programs, the many benefits to UW institutions and their students, and policies and practices to ensure competitive procurements of these services, as well as safeguards in place to ensure that students and institutions receive value through these programs.

Tom Sonnleitner, vice chancellor for administrative services at UW-Oshkosh, and Andrew Soll, vice chancellor of business and student services at UW-Eau Claire, described the campus card programs on their campuses, noting that the cards benefit students by functioning as an all-in-one card for a variety of services.

Committee discussion focused on the need for transparency in fees, rates, and other information. Staff were asked to bring to the committee information on what disclosures are being made on UW campuses and at other universities across the country. The committee would review the matter again at its September meeting.

In discussion at the board meeting, Regent Bartell said that he was satisfied with the decision to get more information on what is disclosed, including fees, charges, comparisons, revenue sharing and use of the revenue. Remarking that these programs benefit students, he said that full disclosure and transparency are important.

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Committee Business

Regent Burmaster reported on the next three items.

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UW-La Crosse: Exclusive Soft Drink Pouring Rights and Vending Rights Contract

Chancellor Joe Gow asked the committee to approve a seven-year contract with Pepsi Cola Bottling of La Crosse for exclusive rights to provide fountain and vending beverage services to the campus. Key elements of the proposed contract included new energy star rated equipment in all vending locations, new fountain service equipment in

dining service areas, and limited presentation of competitor products in selected locations. The contract would be expected to generate over \$201,000 per year for the institution, for a total of \$1.4 million during the contract period. The university has been working with student leaders to determine the best ways to use the new revenue.

Two UW-La Crosse students spoke in favor of the contract, noting that students were involved in the process, support the proposal and are excited about how the revenue generated by the contract would be used, especially for community projects.

The committee passed a resolution approving the contract for inclusion in the consent agenda.

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Approval of Amended Agreement between the Board of Regents and WiSys Technology Foundation, Inc., for Intellectual Property Management Services

General Counsel Pat Brady advised the committee about proposed modifications to the WiSys Technology Foundation contract in relation to the establishment of a new research foundation serving UW-Milwaukee.

The existing agreement with the WiSys Technology Foundation would be modified to exclude UW-Milwaukee, which would establish its own technology transfer function.

The committee passed a resolution approving the amended contract for inclusion in the consent agenda.

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Approval of Agreement between the Board of Regents and the University of Wisconsin-Milwaukee Research Foundation for Intellectual Property Management Services

General Counsel Pat Brady reported that UW System legal staff, working with UW-Milwaukee staff, had developed an agreement with the newly formed UW-Milwaukee Research Foundation (UWMRF). The agreement would establish a technology transfer arrangement that would parallel the arrangement between UW-Madison and the Wisconsin Alumni Research Foundation (WARF). The agreement would provide for UWMRF management of inventions resulting from externally funded research at UW-Milwaukee, with licensing revenues being divided among the foundation, UW-Milwaukee, and the inventor.

Chancellor Carlos Santiago advised the committee that UWMRF would be an important component of the campus' research agenda.

The committee passed a resolution approving the contract for inclusion in the consent agenda.

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Regent Smith presented the rest of the committee's report

Report of the Vice President

Budget Update for 2007-09

Vice President Debbie Durcan reported that, since the June meeting, both the Senate and the Assembly had passed their versions of the 2007-09 biennial budget.

Minnesota Reciprocity

It was reported by Vice President Durcan that, at the end of June, Minnesota and Wisconsin negotiated a new reciprocity agreement effective for the fall of 2008. The result was a good outcome for Wisconsin.

Tuition and Financial Aid Advisory Group Update

The committee was advised that the Tuition and Financial Aid Advisory Group held its second meeting on June 27th. Among the topics discussed were differential tuition, tuition stratification, use of tuition for financial aid, and options for providing additional financial aid to the lowest income quintiles.

The group concluded that the UW System should consider:

- Using system-wide differentials to provide greater stratification;
- Supporting use of funds from institutional and programmatic differentials for financial aid;
- Developing a system-wide process for reviewing all differential tuition programs on a regular basis and providing a report to the board;
- Developing a vision for financial aid; and
- Determining the role of the UW Colleges and how its tuition should be set.

In discussion at the Board meeting, Regent Loftus asked if the committee's recommendations would be made before the August 7th board meeting, and Regent Crain, a member of the committee, replied in the negative, adding that there would be two more meetings in August.

Regent Loftus suggested that it would be helpful for the board to have more detailed information about tuition at peer institutions.

Regent Falbo, also a member of the committee, cautioned about relying too heavily on peer tuition data without knowing about financial conditions within the states.

Associate Vice President Freda Harris indicated that peer information on tuition would be included in budget materials. The effort also would be made to include financial aid information, although that would be more difficult to collect.

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Consent Agenda

Regent Smith moved adoption of Resolutions 9377, 9378, and 9379 as consent agenda items, and the motion was seconded by Regent Shields.

At the request of Regent Spector, Resolution 9379 was removed from the consent agenda.

The question was put on Resolutions 9377 and 9378, which were adopted on a unanimous voice vote.

Approval of Amended Agreement between the Board of Regents and the WiSys Technology Foundation, Inc. for Intellectual Property Management Services

Resolution 9377: That, upon recommendation of the President of the University of Wisconsin System and the Chancellor of the University of Wisconsin-Milwaukee (“UWM”), the Board of Regents approves the attached contract with WiSys Technology Foundation, Inc. (WiSys), as amended to reflect UWM’s withdrawal from WiSys, and to indicate that the agreement is no longer a pilot project.

Approval of Agreement between the Board of Regents and the University of Wisconsin-Milwaukee Research Foundation for Intellectual Property Management Services

Resolution 9378: That, upon recommendation of the President of the University of Wisconsin System and the Chancellor of the University of Wisconsin-Milwaukee, the Board of Regents approves the attached contract with the University of Wisconsin-Milwaukee Research Foundation for the provision of intellectual property management services to the University of Wisconsin-Milwaukee.

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UW-La Crosse: Exclusive Soft Drink Pouring Rights and Vending Rights Contract

Adoption of Resolution 9379 was moved by Regent Smith and seconded by Regent Shields.

Resolution 9379: That, upon recommendation of the President of the University of Wisconsin System and the Chancellor of the University of Wisconsin-La Crosse, the Board of Regents approves a seven-year contract with Pepsi Cola Bottling of La Crosse to provide exclusive soft drink fountain and vending services to the University effective August 15, 2007.

Regent Spector asked if seven years is a standard period of time for this type of contract, and General Counsel Brady replied that there is no set limit and that the duration of the contract was tied to the expected life of the vending machines.

The question was put on Resolution 9379, and it was adopted on a unanimous voice vote.

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ADDITIONAL RESOLUTIONS

Change in Date of August 2007 Meetings

It was noted that the August 2007 meetings were scheduled for August 23rd and 24th but that an earlier date was needed in order to act on the budget and tuition in a timely manner. August 7th at 10 a.m. appeared to be the best time for that meeting.

It was moved by Regent Smith that the meeting date be changed to August 7, 2007. The motion was seconded by Regent Cuene and carried on a unanimous voice vote.

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The meeting was recessed at 11:35 a.m. and reconvened at 11:45 a.m.

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CLOSED SESSION

The following resolution, moved by Regent Pruitt and seconded by Regent Falbo, was adopted on a unanimous roll-call vote, with Regents Bartell, Bradley, Connolly-

Keesler, Crain, Cuene, Falbo, Loftus, McPike, Pruitt, Shields, Smith, Thomas and Walsh (13) voting in the affirmative. There were no negative votes and no abstentions.

Resolution 9380: That the Board of Regents move into closed session to confer with legal counsel regarding pending or potential litigation, as permitted by s.19.85(1)(g), *Wis. Stats.*

No actions were taken during the closed session. The meeting was adjourned at 12:00 p.m.

Submitted by:

Judith A. Temby, Secretary

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