

MINUTES OF THE REGULAR MEETING

of the

BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM

Madison, Wisconsin

UW Colleges and UW-Extension  
Held in rooms 325-326  
Pyle Center  
April 10, 2008  
9:30 a.m.

- President Bradley presiding -

PRESENT: Regents Bartell, Bradley, Connolly-Keesler, Crain, Cuene,  
Davis, Loftus, Pruitt, Rosenzweig, Shields, Smith, Spector,  
Thomas, Vásquez, Walsh, and Womack

UNABLE TO ATTEND: Regents Burmaster and Falbo

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**In Memory of Regent Emeritus Milton McPike**

Regent President Bradley noted the passing of Regent Emeritus McPike on March 29<sup>th</sup>. Hundreds of his colleagues, friends and former students attended tributes to his memory at Madison East High School, which he led as principal for 23 years, and at his funeral service the preceding week.

Referring to the Board's tribute to Regent Emeritus McPike at its March meeting, Regent President Bradley remarked that there is no better way for the Regents to honor his memory than to continue their work on behalf of students, to whom he had dedicated his life's work.

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**Welcome to New Regents**

Regent President Bradley welcomed Regent Betty Womack who had been appointed by Governor Doyle to the position occupied by Regent Danae Davis. Regent

Davis had been appointed to succeed Regent Emeritus McPike. Regent Womack is assistant superintendent of Pupil Services at the Kettle Moraine School District and a former high school principal. In 2007, she received the Service to Wisconsin Award from the Wisconsin Association of School District Administrators.

He also welcomed John Drew, who was appointed to the Board effective June 1, 2008 to succeed Regent Peggy Rosenzweig, whose term has been completed. Mr. Drew is a regional representative for the United Auto Workers in Southeast Wisconsin. He also had been an instructor at UW-Milwaukee and at the UW-Extension School for Workers.

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## **UW COLLEGES AND UW-EXTENSION PRESENTATION – MAXIMIZING ACCESS TO ENSURE A SUSTAINABLE FUTURE**

To make the presentation, Regent President Bradley called upon Chancellor David Wilson, of the UW Colleges and UW-Extension – the institutions hosting these meetings.

During the two years in which he has led the Colleges and Extension, Chancellor Wilson has:

- Led the integration of administrative functions of those two institutions into one joint senior leadership team;
- Inspired them to pursue a shared vision of maximizing access to the UW's resources; and
- Encouraged countless collaborations between College and Extension programs and services to better serve Wisconsin residents statewide.

Chancellor Wilson began his remarks by noting the unique nature of UW-Extension and the UW Colleges, both within the UW System and statewide.

The UW Colleges, he observed, have an impressive history of providing affordable access to almost 13,000 students annually, 30% of whom are adults who work and raise families in their local communities. Adult students, he pointed out, are much more likely to remain in the state after graduation than traditional-aged students. The Colleges offer small classes taught by faculty who are hired for their expertise in teaching, which provides the exceptional academic quality that students need to prepare for their baccalaureate degree and maximize career opportunities.

UW-Extension is a national model for translating university research into practical applications for people at the local level, with a statewide outreach network that improves Wisconsin's standard of living, assists businesses in becoming more competitive, and moves the state toward a more knowledge-based economy. UW-Extension has four major divisions: Cooperative Extension, with offices in 72 counties and three tribal nations; Broadcasting and Media Innovations, housing Wisconsin Public

Radio and Wisconsin Public Television; Continuing Education, Outreach and E-Learning; and the Division of Entrepreneurship and Economic Development.

UW Colleges and UW-Extension, the Chancellor continued, are joined together by a shared vision of maximizing access to UW resources, research, and expertise. With the Colleges' 13 campuses and online offerings and with Extension's presence in every county in the state, the two institutions are particularly well-positioned to improve the quality of life for Wisconsin residents by enhancing the health and welfare of people and animals, improving the working and living environment, and enriching communities and culture across the state.

They maximize access to educational opportunities through such programs as 4-H, county Extension offices, pre-college programs, UW Colleges credit courses, and public broadcasting.

They sustain and enhance the state's resources through Extension educators working in large and small communities, both in urban and rural areas, where they use fact-based research to address local challenges, create opportunities and sustain Wisconsin's land and water.

They sustain the economic future of the state in the global economy by assisting entrepreneurs and small business statewide to grow and create more jobs.

Chancellor Wilson then introduced several speakers to provide real-life examples of how lives and communities are transformed by the commitment of the UW Colleges and UW-Extension to maximizing access.

Introducing Ms. Teale Greylord, a sophomore at UW-Fond du Lac, the Chancellor noted that students who start at the UW Colleges and then transfer to a UW four-year university persist and graduate at higher rates than other transfer students.

Ms. Greylord began by indicating that she had not considered herself "college material"; and, after high school, she chose to stay home and care for her mother. Although they lived in poverty, her mother encouraged her to follow her dreams; and she applied to UW-Fond du Lac. For the first time in her life she found a sense of direction, aspiring to become a Spanish translator. She formed lasting relationships with the excellent professors who taught her and who became her role models. She joined the Multi-Cultural Club, became a tutor, and became diversity director of the Student Government.

As she continued to grow in confidence and ability, she took 18 credits, worked 15 hours a week, became a student government leader and went to Mexico on a study-abroad program. After graduating with high honors in May, she will transfer to UW-Madison.

Chancellor Wilson then introduced Philly Denis, a graduate student at UW-Madison, who got his start at UW-Richland, and now works full-time in pre-college pipeline programs in urban and rural Wisconsin.

Reflecting on his experience at UW-Richland, Mr. Denis remarked that it was the start of a new life that allowed him to transform himself into the person he has become.

His adolescence was challenging, living in poverty among gangs, drugs and prostitution. When he was expelled from high school and lost his best friend to a drive-by shooting, he knew that his life had to change if he was to survive.

After his applications to four-year universities were denied, he applied to UW-Richland and was accepted. There, he found small classes, a wide range of interesting courses, and excellent teachers who taught him to think and communicate and who challenged him to expand his horizons. “Richland embraced me and nurtured me as a scholar, as a friend, but more so as an individual with dreams.”

He transferred to Florida State University, studied abroad in Latin America, and served an internship with the President of the Republic of Panama. He received his baccalaureate degree in 2004 – the first in his family to graduate from college or even leave the local neighborhood. Today, he is enrolled in an MBA program with an emphasis on education and plans for a career of serving and inspiring young people in Wisconsin to become educated and well-rounded citizens.

In conclusion, he praised the Liberal Education and America’s Promise program, the Growth Agenda, Advantage Wisconsin and the Wisconsin Covenant as positive ways to make the Wisconsin Idea a reality for the state’s youth.

Chancellor Wilson then introduced Arlen Albrecht, professor of Community Development for UW-Extension, who works in Rib Lake to promote economic development, improve the local environment, and enhance intergovernmental cooperation.

Noting that community development and natural resource faculty are located across the state, Professor Albrecht explained that it is their mission to bring the university’s research knowledge to bear on local issues and to build coalitions with communities to solve problems. In the case of Rib Lake, which was largely destroyed by logging, Professor Albrecht and others brought groups together to deepen the lake, improve water quality and create economic opportunities.

As an example of economic development work, he related the story of a 70-employee business that wanted to expand but was hemmed in by areas which were thought to be wetlands. UW-Extension showed that the areas were not in fact protected wetlands and helped the business to grow.

As an example intergovernmental cooperation, he related that Extension staff brought together five local governments in a cooperative project to build an ambulance garage.

In conclusion, Professor Albrecht indicated that needs assessments are conducted annually in order to identify work that most urgently needs to be done.

Chancellor Wilson remarked that Professor Albrecht’s comments exemplified how UW-Extension partners with communities across the state to create a new future for Wisconsin, serving diverse audiences of more than 1.1 million citizens every year.

He then introduced Elizabeth Donley, CEO and founder of Stemina Biomarker Discovery Inc., a business that has been assisted by the Wisconsin Entrepreneurs Network (WEN).

Indicating that she left her position with the Wisconsin Alumni Research Foundation in 2006 to start her own business in stem cell research, she credited the Wisconsin Entrepreneurs Network with helping to put together services that she needed and to connect her to services available through the Department of Commerce, such as Early Planning Grants and Technical Assistance Grants. The WEN is an important means of linking services together to grow businesses.

Chancellor Wilson indicated that Ms. Donley's story is just one example of the more than 12,500 small businesses and entrepreneurs who used the Small Business Development Centers and the Wisconsin Entrepreneurs Network to contribute to the state's economy. Both are part of UW-Extension's Division of Entrepreneurship and Economic Development.

The Chancellor then introduced Karl Klessig and his daughter, Val, who are fifth and sixth generation farmers on the Saxon Homestead farm, near Manitowoc. A UW-Extension "Discovery Farm", the Saxon Homestead has volunteered to be the site of a five to seven year research project to monitor the effects of different best management practices on water quality. The purpose of this research is to help farmers across the state find the most economical and effective ways of complying with environmental regulations while maintaining agricultural profitability.

Noting that his family has lived on the homestead for five generations since 1850, Mr. Klessig said that the farm utilizes a grazing operation (450 cows on an 825-acre pasture) to limit costs. His father studied under Aldo Leopold, who inspired him with a strong environmental ethic that he passed on to his children; and environmental management continues to be a key part of the farm's operation.

In that regard, he said that the Discovery Farm relationship is very important to his operation and that UW-Extension personnel are out in the "back 40" to help make it work.

Val Klessig related how responsibility and positive experiences on the farm have helped to shape her life as she prepares to enroll at UW-Madison in the fall. Noting that the farm also produces cheese and maple syrup, she expressed confidence that UW-Extension will continue to help the family reach their dreams.

Finally, Chancellor Wilson showed a video about the Walnut Way Corporation in Milwaukee, which turned to UW-Extension for research and resources to make a positive difference in a central city neighborhood. The corporation received the 2007 Chancellor's Wisconsin Idea Award.

The purpose of Walnut Way is to improve the quality of life for residents through conservation and community building. Residents are connected to each other through

gardening, marketing their produce, and environmental stewardship through such activities as composting.

UW-Extension helped by advising what to grow and by devising a water quality program in which rain water is saved for gardens and rain gardens are planted to avoid runoff. Through summer youth programs, children are taught how to grow food that will feed their families and help them earn a living. Such programs teach valuable life lessons and help to grow confident, capable young people.

Thanking Chancellor Wilson and the other presenters, President Reilly stated the UW System's pride in the UW Colleges and UW-Extension and all they do for the people of Wisconsin.

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## **FOLLOW UP ON TUITION AND FINANCIAL AID POLICY DISCUSSION**

Referring to the discussion by the Board at its March meeting of the report from the President's Advisory Group on Tuition and Financial Aid Policy, President Reilly noted the Board's statutory authority over tuition policy and rates. The authority to approve and implement specific tuition mechanisms provides the System and the campuses with the ability to respond to specific academic needs, address emerging challenges, and enhance educational quality.

Examples include differential tuition, such as UW-Platteville's plan to fund retention, mental health services, career advising and an Engagement Center and UW-La Crosse's Growth, Quality and Access plan; per-credit tuition, as implemented at UW-Stout; and tuition freezes, such as those implemented for the UW College campuses.

In making decisions on tuition, the President observed, the Board must balance the need for educational quality with the need to maintain affordability and accessibility.

With regard to financial aid, he referred to the state's primary responsibility for providing need-based aid to UW System students, with private financial aid programs offered by UW institutions supplementing these state-provided programs.

Turning to Resolution 9451, President Reilly noted that the resolution reaffirms existing tuition policy principles first adopted by the Board in 1992 and revised four years ago. These principles, he said, continue to provide a solid framework for setting tuition policy. Key elements include:

- That the state should maintain the traditional funding share (65%) of regular operating budgets, pay plans, and new campus initiatives. Historically, these investments have been funded two-thirds by the state and one-third through tuition.

- That the state should fully fund state financial aid programs to account for regular, reasonable tuition increases in order to ensure state citizens, regardless of income, access to postsecondary education in the 21<sup>st</sup> century knowledge economy.
- That nonresident students should pay a larger share of instructional costs than resident students. While the state subsidizes the cost of education for Wisconsin residents, nonresidents should pay at least the full cost of instruction. Today, they pay roughly two times the cost of instruction, effectively subsidizing resident students and allowing the UW to educate more Wisconsin students.

The resolution also affirmed the Board's willingness to consider alternative tuition options, such as institution-wide and program-specific differential tuitions, that might be proposed by institutions; and it clarified the review process for differential tuitions that are approved by the Board, requiring that they be re-evaluated every five years or whenever there is any significant change in how additional revenues are being used.

In addition, the resolution expressed the board's intent to explore new policies regarding tuition refunds and course withdrawals, as well as policies regarding concurrent student enrollment at multiple UW institutions, in order to determine if such changes could enhance access, further reduce time-to-degree, and increase the number of graduates.

The resolution also presented for adoption a new set of financial aid policy principles, designed to facilitate access and affordability for students. These principles set forth the following:

- The proposed principles affirm the importance of socio-economic diversity in the UW System as a component of quality education and economic growth.
- They acknowledge that provision of financial aid is linked to the university's success in areas such as student recruitment, retention, and degree completion.
- They acknowledge that lower-income families and middle-class families with multiple college-age children typically have a higher need for financial assistance, and they assert that the state and the UW System should meet this need through a combination of grant, work and loan assistance.
- They state that student loan debt should remain reasonable so that students in the UW System are not limited by debt in their options of major, post-graduate education, and career choice.
- The principles acknowledge that need-based aid, merit-based aid, and scholarships awarded on a combination of need and merit all have a place in the "financial aid toolkit". While demonstrated financial need must be addressed, it also is important to reward academic achievement and hard work.
- The principles support the many efforts to send a clear message to young students and their parents that college is possible, regardless of family circumstances, cultural background, or financial resources.

In addition to adoption of the policy principles, the resolution urged implementation of a financial aid program that holds low-income students harmless against tuition increases using state general purpose revenue and that would meet all student financial need, as determined by the federal need-assessment methodology.

Finally, President Reilly continued, the resolution directed the UW System, building on the work of the individual UW institutions, to explore the implementation of a private fundraising campaign to supplement, not replace, the need-based financial aid provided by the state and federal governments.

A private need-based fundraising campaign can be seen as an 11<sup>th</sup> action step, adding to the list of 10 action steps that emerged from the Advantage Wisconsin strategic framework process, as an important means to further strengthen the Growth Agenda for Wisconsin because need-based aid is critically important to expanding the base of college-going citizens.

Such a campaign would build on the momentum already established by:

- The John and Tashia Morgridge gift of \$175 million to establish the Fund for Wisconsin Scholars
- The Great Lakes Higher Education Corp's gift of \$40 million to the Covenant Foundation
- The UW-Madison Faculty Senate-led campaign to raise money for need-based scholarships at that campus, to be matched by the UW Foundation. In that regard, the UW Bookstore recently presented a \$60,000 donation that, with matching funds from the Foundation, will make \$120,000 in need-based financial aid available to UW-Madison students

Noting that some \$6 million in privately funded need-based financial aid is currently awarded system-wide, along a significantly larger amount of privately funded scholarships awarded on the basis of merit or some combination of merit and need, President Reilly stated that the goal would be to double the amount of privately funded, need-based aid from \$6 million to \$12 million.

Recognizing the excellent work currently being done by campus development offices to cultivate relationships with alumni and other donors, the President emphasized that those vital efforts would not be diminished. Rather, the effort would be to add value and revenues to what is already in place.

Plans are being developed to create an online portal as part of the UW System web site that will make the case for increased investment in private need-based aid and direct prospective donors to the campus foundation of their choice.

What is being considered is a "United Way" model in which an umbrella campaign is launched statewide to enhance local, campus-based fundraising efforts and draw attention to the benefits of supporting need-based grants for UW students.



In conclusion, President Reilly noted that there already has been discussions with chancellors and campus advancement officers about this effort and that he also would be discussing it with the Covenant Foundation and the Fund for Wisconsin Scholars.

In discussion following the presentation, Regent Davis asked if alumni living out of state could participate in the campaign, and President Reilly replied in the affirmative.

In response to a question by Regent Loftus, President Reilly indicated means would be found to identify funds raised for need-based aid and to determine how funds raised at the system level would be used. An endowment would be a possibility, he indicated, noting that over \$100 million would be needed to reach a spending level of \$12 million.

Regent Connolly-Keesler added that endowments are desirable means of growing more dollars.

President Reilly said that donors would be directed to individual institutions where possible.

Commending the Tuition and Financial Aid Advisory Group for its excellent work, Regent Bartell moved adoption of the following resolution, and the motion was seconded by Regent Davis

**Tuition and Financial Aid Resolution**

- Resolution A:
- Whereas the President’s Advisory Group on Tuition and Financial Aid Policy was convened in May 2007; and
  - Whereas the Advisory Group was charged with reviewing the University of Wisconsin System’s current policies and practices related to tuition and financial aid; and,
  - Whereas the Advisory Group was directed with developing a list of options regarding tuition and financial aid policy, and assessing the pros and cons of these alternatives; and,
  - Whereas the Board of Regents has the authority to determine how tuition revenues are allocated among institutions, as well as its authority over tuition policy and rates; and,
  - Whereas general, base tuition should be preserved as one of the primary sources for funding University of Wisconsin educational programs; and,

Whereas the Board of Regents has the authority to approve and implement differential tuition, per-credit tuition, tuition freezes, and other options that provide UW institutions with the flexibility to increase access, enhance educational quality, and address emerging educational needs, as the Board did in approving per credit tuition at UW-Stout, differential tuition at UW-La Crosse, and freezing of tuition in 2007-08 for the UW Colleges; and,

Whereas the Board of Regents must balance the need for educational quality with the demands for affordability and accessibility for the University of Wisconsin; and,

Whereas the State of Wisconsin retains primary responsibility for providing need-based financial aid to UW System students, and any private financial aid programs offered by the UW System institutions supplement financial aid programs provided by the state;

Therefore, be it resolved, upon the recommendation of the President of the University of Wisconsin System, that the Board of Regents:

Tuition Recommendations

- Reaffirms the attached Tuition Policy Principles , first adopted in 1992 and most recently revisited in 2004, as the guide for tuition policy by the University of Wisconsin System; and,
- Should review each approved differential tuition program once every five years, as well as when there is a significant change in the purpose of any differential tuition program; and,
- Will further explore refund and withdrawal policies and schedules to enhance student access to courses as well as policies regarding concurrent student enrollment at multiple University of Wisconsin institutions to enhance access to specialized coursework and increase the number of graduates; and,

- Affirms its openness to a variety of flexible alternative tuition options--institutional and programmatic differential tuition and others--that might be proposed by institutions, given their particular missions and student needs.

#### Financial Aid Recommendations

- Adopts the attached Financial Aid Policy Principles as a way to facilitate access and affordability for students across the University of Wisconsin System; and,
- Urges adoption of a financial aid program, funded with state general purpose revenue (GPR), that would hold low-income students harmless against tuition increases and meet all student financial need, as determined by the standard federal financial aid need analysis methodology, through a combination of grants, loans, and work study opportunities; and,
- Directs the University of Wisconsin System, building on the work of the institutions, to explore the implementation of a private fundraising campaign to supplement, not replace, the need-based financial aid provided by the state and federal governments.

*UNIVERSITY OF WISCONSIN SYSTEM*

**TUITION POLICY PRINCIPLES**

**Board of Regents  
GUIDING PRINCIPLES**

1. Tuition and financial aid in the UW System should balance educational quality, access, and ability to pay.
2. As a matter of fiscal and educational policy, the state should, at a minimum, strive to maintain its current GPR funding share (65%) of regular budget requests for cost-to-continue, compensation and new initiatives, and fully fund tuition increases in state financial aid programs.
3. Nonresident students should pay a larger share of instructional costs than resident students, and at least the full cost of instruction when the market allows. Nonresident rates should be competitive with those charged at peer institutions and sensitive to institutional nonresident enrollment changes and objectives.
4. Where general budget increases are not sufficient to maintain educational quality, supplemental tuition increases should assist in redressing the imbalance between needs and resources.
5. Tuition increases should be moderate and predictable, subject to the need to maintain quality.
6. GPR financial aid and graduate assistant support should “increase at a rate no less than that of tuition” while staying “commensurate with the increased student budget needs of students attending the UW System.” In addition, support should also reflect “increases in the number of aid eligible students.”
7. General tuition revenue (to cover regular budget increases under the standard 65% GPR and 35% Fees split) should continue to be pooled systemwide. Special fees may be earmarked for particular institutions and/or programs increasing those fees.
8. When considering tuition increases beyond the regular budget, evaluation of doctoral graduate tuition should consider impacts on multi-year grants and the need to self-fund waivers or remissions from base reallocation within departmental budgets.

# University of Wisconsin System

## Financial Aid Policy Principles

- I. Socio-economic diversity is critical to the mission of the UW System because it enhances the learning environment for all students, bolsters state economic growth, and fosters an educated citizenry across all demographic lines.
- II. Student recruitment, retention, and degree completion is most successful when financial barriers are eliminated. High unmet financial need undermines the expectations and plans of both low- and moderate-income students.
  1. The responsibility to cover a student's cost of attending a UW institution should be based on the student's and his/her family's ability to pay. Since lower income families often have a need for financial assistance, the UW System should meet this financial need through a combination of grant, work, and loan assistance.
  2. The financial aid processing system should be efficient and timely in order to provide the most effective stewardship of the funds.
  3. Student loan debt should remain reasonable so that students in the UW System are not limited in their options of major, post-graduate education, and career choice.
  4. Although adequate need-based grant aid remains the top priority, scholarship programs serve as another important source of financial assistance as it recognizes talent and encourages and rewards the academic effort of students.
- III. It is essential to provide the clear message to young students and their parents prior to high school that college is possible and within reach, regardless of their family circumstances, cultural background, or financial resources.

Development of financial aid strategies to assist low-income families should endorse and foster the achievement of these UW System Financial Aid Policy Principles.

Regent Bartell then moved that the resolution be amended to substitute the word “be” for the word “remain” in the first line of number II.3. of the Financial Aid Policy Principles, so that the sentence would read that “Student loan debt should be reasonable. . .”, and that the fourth tuition recommendation be amended to add at the end of the sentence the words “provided that there is meaningful opportunity for student input and comment.”

The proposed amendments were seconded by Regent Davis.

In response to a question by Regent Walsh as to whether the proposed amendment would change the process for student involvement, Regent Bartell replied that it would not change the process but would serve as a reminder of the necessity of meaningful student input. Regent Thomas added that it would help to reassure students that their voices would be heard.

Regent Smith noted the importance of making clear that privately funded financial aid is to supplement, not replace, state and federally financed aid.

As a member of the Working Group on Tuition and Financial Aid, Regent Crain stated her support for the resolution, noting that it covers the range of options that were identified and the need for flexibility in choosing among them.

Adding her support for the resolution, Regent Cuene especially commended review of differential tuition every five years and number III of the financial aid principles, that college is possible for all students.

Regent Walsh also stated support for the resolution, remarking that students do not want the state to be given any reason for not making a greater investment in financial aid.

In response to a question by President Reilly, Interim Associate Vice President Sharon Wilhelm indicated that the federal government provides \$277 million in need-based grants to Wisconsin students, and the state provides \$70 million.

Noting that the proposed financial aid principles were silent on the role of the federal government, Regent Pruitt remarked that the federal government has moved away from its traditional role in funding financial aid and needs to make a reinvestment in that area. Regent Davis concurred with this observation, as did Regent Bartell, who agreed to include a friendly amendment to that effect in his motion.

Accordingly, the following amendments were added to the proposed resolution:

- The beginning of the eighth paragraph of the resolution was revised to read: “Whereas the federal government and the State of Wisconsin retain primary responsibility for providing need-based financial aid to UW System students...”
- Number II.5. was added to the Financial Aid Policy Principles to read as follows: “Federal and State Governments – through programs providing need-based financial aid through grants or loans – should play the central role in insuring access to all students.”

The question was put on Resolution 9451, as amended; and it was adopted on a unanimous voice vote.

**Tuition and Financial Aid Resolution**

Resolution 9451:           Whereas the President’s Advisory Group on Tuition and Financial Aid Policy was convened in May 2007; and

                                  Whereas the Advisory Group was charged with reviewing the University of Wisconsin System’s current policies and practices related to tuition and financial aid; and,

                                  Whereas the Advisory Group was directed with developing a list of options regarding tuition and financial aid policy, and assessing the pros and cons of these alternatives; and,

                                  Whereas the Board of Regents has the authority to determine how tuition revenues are allocated among institutions, as well as its authority over tuition policy and rates; and,

                                  Whereas general, base tuition should be preserved as one of the primary sources for funding University of Wisconsin educational programs; and,

                                  Whereas the Board of Regents has the authority to approve and implement differential tuition, per-credit tuition, tuition freezes, and other options that provide UW institutions with the flexibility to increase access, enhance educational quality, and address emerging educational needs, as the Board did in approving per credit tuition at UW-Stout, differential tuition at UW-La Crosse, and freezing of tuition in 2007-08 for the UW Colleges; and,

                                  Whereas the Board of Regents must balance the need for educational quality with the demands for affordability and accessibility for the University of Wisconsin; and,

                                  Whereas the Federal Government and the State of Wisconsin retain primary responsibility for providing need-based financial aid to UW System students, and

any private financial aid programs offered by the UW System institutions supplement financial aid programs provided by the state;

Therefore, be it resolved, upon the recommendation of the President of the University of Wisconsin System, that the Board of Regents:

#### Tuition Recommendations

- Reaffirms the attached Tuition Policy Principles , first adopted in 1992 and most recently revisited in 2004, as the guide for tuition policy by the University of Wisconsin System; and,
- Should review each approved differential tuition program once every five years, as well as when there is a significant change in the purpose of any differential tuition program; and,
- Will further explore refund and withdrawal policies and schedules to enhance student access to courses as well as policies regarding concurrent student enrollment at multiple University of Wisconsin institutions to enhance access to specialized coursework and increase the number of graduates; and,
- Affirms its openness to a variety of flexible alternative tuition options--institutional and programmatic differential tuition and others--that might be proposed by institutions, given their particular missions and student needs, provided that there is meaningful opportunity for student input and comment.

#### Financial Aid Recommendations

- Adopts the attached Financial Aid Policy Principles as a way to facilitate access and affordability for students across the University of Wisconsin System; and,
- Urges adoption of a financial aid program, funded with state general purpose revenue (GPR), that would hold low-income students harmless against tuition increases and meet all student financial need, as determined by the standard federal financial aid need analysis methodology, through a combination of grants, loans, and work study opportunities; and,



- Directs the University of Wisconsin System, building on the work of the institutions, to explore the implementation of a private fundraising campaign to supplement, not replace, the need-based financial aid provided by the state and federal governments.

*UNIVERSITY OF WISCONSIN SYSTEM*

**TUITION POLICY PRINCIPLES**

**Board of Regents  
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1. Tuition and financial aid in the UW System should balance educational quality, access, and ability to pay.
2. As a matter of fiscal and educational policy, the state should, at a minimum, strive to maintain its current GPR funding share (65%) of regular budget requests for cost-to-continue, compensation and new initiatives, and fully fund tuition increases in state financial aid programs.
3. Nonresident students should pay a larger share of instructional costs than resident students, and at least the full cost of instruction when the market allows. Nonresident rates should be competitive with those charged at peer institutions and sensitive to institutional nonresident enrollment changes and objectives.
4. Where general budget increases are not sufficient to maintain educational quality, supplemental tuition increases should assist in redressing the imbalance between needs and resources.
5. Tuition increases should be moderate and predictable, subject to the need to maintain quality.
6. GPR financial aid and graduate assistant support should “increase at a rate no less than that of tuition” while staying “commensurate with the increased student budget needs of students attending the UW System.” In addition, support should also reflect “increases in the number of aid eligible students.”
7. General tuition revenue (to cover regular budget increases under the standard 65% GPR and 35% Fees split) should continue to be pooled systemwide. Special fees may be earmarked for particular institutions and/or programs increasing those fees.
8. When considering tuition increases beyond the regular budget, evaluation of doctoral graduate tuition should consider impacts on multi-year grants and the need to self-fund waivers or remissions from base reallocation within departmental budgets.

## University of Wisconsin System

### Financial Aid Policy Principles

- I. Socio-economic diversity is critical to the mission of the UW System because it enhances the learning environment for all students, bolsters state economic growth, and fosters an educated citizenry across all demographic lines.
- II. Student recruitment, retention, and degree completion is most successful when financial barriers are eliminated. High unmet financial need undermines the expectations and plans of both low- and moderate-income students.
  1. The responsibility to cover a student's cost of attending a UW institution should be based on the student's and his/her family's ability to pay. Since lower income families often have a need for financial assistance, the UW System should meet this financial need through a combination of grant, work, and loan assistance.
  2. The financial aid processing system should be efficient and timely in order to provide the most effective stewardship of the funds.
  3. Student loan debt should be reasonable so that students in the UW System are not limited in their options of major, post-graduate education, and career choice.
  4. Although adequate need-based grant aid remains the top priority, scholarship programs serve as another important source of financial assistance as it recognizes talent and encourages and rewards the academic effort of students.
  5. Federal and State Governments – through programs providing need based financial aid through grants or loans – should play the central role in insuring access to all students.
- III. It is essential to provide the clear message to young students and their parents prior to high school that college is possible and within reach, regardless of their family circumstances, cultural background, or financial resources.

Development of financial aid strategies to assist low-income families should endorse and foster the achievement of these UW System Financial Aid Policy Principles.

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## 2009-11 BIENNIAL BUDGET

In introductory remarks, President Reilly noted that the Board is required to submit a biennial budget request by September of even-numbered years, including requests to fund ongoing operations and new initiatives.

The UW System Budget Office was working with all 15 institutions, receiving proposals that will be examined carefully through the lens of the Growth Agenda for Wisconsin. Every idea advanced must directly contribute to:

- enhancing educational access and quality
- improving the success of all UW students
- increasing the number of high-paying jobs to employ Wisconsin college graduates and those from other states
- meeting economic and cultural needs of Wisconsin communities

In that regard, the President indicated, one consistent theme has been the need to provide access to students regardless of income; and there have been very generous private gifts made for that purpose. However, he pointed out that the growth Wisconsin requires cannot be achieved without an increased commitment from the state in the area of financial aid. Even with the added investment made by the state in recent years, Wisconsin still is classified as a “low-aid” state. In Minnesota, on the other hand, the maximum amount that a student can get through the state’s grant program is three times as much as the maximum amount in Wisconsin; and Minnesota’s total dollar commitment to financial aid, both loans and grants, is three times the total commitment in Wisconsin.

Associate Vice President Harris would next provide some background on financial aid for UW students and present a potential recommendation to the state regarding financial aid. The recommendation is connected to the Wisconsin Higher Education Grant program, administered through the Higher Educational Aids Board (HEAB), and therefore would not be part of the UW System’s biennial budget. The resolution would be presented at the June Board meeting, requesting that HEAB seek increased state investment to raise the amount of financial aid to UW students.

After Ms. Harris’ remarks, the Regents would hear from three students:

- Ray French, President of the UW-Eau Claire student government and a member of the UW System Student Representatives Council
- United Council of UW Students, represented by Cristina Trevino-Murphy, a UW-Madison student, and Anthony DeWeese, President of the UW-Washington County Student Government Association.

Ms. Harris began her remarks by noting that financial aid is provided to cover the cost of attending an institution of higher education, including tuition and fees, room and board, books, and miscellaneous expenses.

The three primary types of financial aid are loans, grants, and work study, with loans comprising 71% of all financial aid. One goal of a proposed financial aid program would be to increase the amount of grant aid and therefore decrease reliance on loans.

Another important component of financial aid is state and federal tax credits and deductions, which make education more affordable for many Wisconsin families who may not qualify for need-based aid.

The federal government is the largest source of financial aid for UW students, providing aid in the form of loans, grants, and work study. While less than 10% of financial aid for UW students comes from state resources, Ms. Harris noted that this aid is especially important in improving access because it consists almost exclusively of grants. Wisconsin ranks 5<sup>th</sup> out of seven Midwestern states in terms of state grant awards per FTE student; and its tuition also is low compared to Midwestern peers. The federal government provides 76% of financial aid, the state provides eight percent, UW institutions provide five percent, and 11% comes from other sources.

Borrowing to finance a college education has increased over the past ten years – from 63,900 to 88,200 students. In 2006-07, two-thirds of students graduated with loan debt, averaging \$21,104. Only 21% of UW resident undergraduates qualified for need-based grant aid.

Eligibility for grant aid is based on federal needs analysis methodology, which determines the ability of a family to pay for post-secondary education by taking into account factors such as income, assets, and the number of dependent children enrolled in higher education. Grant aid, therefore, is not only provided to those in the lowest income groups, but may be provided to middle-income students if families have more than one sibling attending college at the same time.

President Reilly added that polls show rising anxiety of middle class families about the increasing cost of higher education. Such families may be eligible for grant aid, as well as for aid generated by private fundraising.

With regard to Wisconsin Higher Education Grants (WHEG), Ms. Harris explained that funding for these grants is provided by the state and that the grants are administered by the Higher Educational Aids Board (HEAB). WHEG is the largest state-funded financial aid program, with eligibility determined by the federal needs analysis. A portion of WHEG funding is specifically allocated for the UW System.

Over the past 10 years, WHEG funding has more than tripled, from \$16 million to \$50 million in the current fiscal year, growing an average of 13% per year. The state has invested in grants and tax credits to improve access to education for low and middle income families, and the average WHEG award has increased by 155% over the last 10 years to an estimated \$2,131.

While tuition has increased at a smaller rate than WHEG funding, the actual dollar cost to students has gone up, with tuition at UW-Madison increasing by \$3,470 over the 10-year period and the average WHEG grant increasing by \$1,295. This year,

however, the average WHEG award increased by \$376, while tuition at UW-Madison increased by \$330, effectively holding many WHEG recipients harmless from the tuition increase. In two of the last five years and three of the last ten, tuition has increased at a lower dollar amount than the average WHEG award.

The financial aid proposal for the 2009-11 biennial budget would:

- Maintain the statutory link that increases the WHEG allocation by the same percentage as the increase in tuition for the prior year
- Develop a hold-harmless financial aid program.

Based on an estimated 5.5% tuition increase, the same percentage increase as in 2007-08, the statutory link would require \$9.4 million -- \$3.1 million in 2009-10 and \$3.2 million in 2010-11.

The proposed hold harmless program would increase the average WHEG award to match the increases in tuition and fees on a dollar basis for targeted WHEG students, at an estimated cost of \$6.2 million in 2009-10 and an additional \$6.6 million in 2010-11.

The combined cost of the statutory link and the hold harmless program would be about \$28 million for the biennium.

In conclusion, Ms. Harris emphasized that these financial aid programs will help the state move toward the Growth Agenda for Wisconsin goal of enrolling more students and graduating more college-degree holders, producing more high-paying jobs, a stronger tax base, and an improved state economy.

In discussion following the presentation, Ms. Harris replied to a question from Regent Bartell by indicating that the proposed financial aid request would match the UW System percentage tuition increase, plus a dollar component.

Regent Davis asked how the 71% of financial aid composed of loans compares with peer institutions. Replying that that loan debt is high everywhere, Interim Associate Vice President Sharon Wilhelm explained the percentage is even higher in states that, unlike Wisconsin, have their own loan programs.

Regent Connolly-Keesler asked if differential tuition is included in the calculation for the statutory financial aid link, and Ms. Harris replied in the affirmative.

In response to a question by Regent Pruitt, Ms. Harris explained that the statutory link would increase the allocation for WHEG by the same percentage as the increase in tuition. If tuition were increased by 5.5%, WHEG, at a total of \$50 million, would increase by \$3 million. An individual student with a \$2100 WHEG award would receive a \$100 increase, while tuition would rise by about \$300. The hold-harmless program is designed to fill that gap.

Regent Rosenzweig felt that there is confusion about the difference between those two programs and urged that it be made very clear why both are important.

Ray French, President of the UW-Eau Claire Student Government Association, presented budget priorities from UW System Student Representatives at UW-Eau Claire, UW-Fond du Lac, UW-Milwaukee, UW-Oshkosh, UW-Stout and UW-Superior. The following were determined to be top priorities, not listed in any particular order:

- Increase pay and improve recruitment and retention of UW faculty and staff strictly from GPR dollars.
- Increase funding for the Wisconsin Higher Education Grant (WHEG) program, the Advanced Opportunity Program, and the Lawton Undergraduate Retention program.
- Support a Veterans' Tuition Remissions Program funded completely with GPR dollars.
- Cap tuition increases at no higher than the rate of inflation (as indicated by increases in the Consumer Price Index).

Regarding recruitment and retention of faculty and staff, he remarked that the best faculty and staff are necessary for student success. As to increasing financial aid and capping tuition, he noted that many students are graduating with over \$20,000 in debt and that these priorities are very important to not pricing students out of an education. Stating that students across the system support veterans' tuition remissions, he said that they also believe that the remissions should be fully state-funded, so as not to take needed resources away from other university programs.

Other important priorities are:

- Provide funding for domestic partner benefits for all UW System employees
- Provide funding for mental health counseling at all UW System institutions
- Provide a dollar for dollar statutory link between the average tuition increase and the average WHEG award.

Cristina Trevino-Murphy, a UW-Madison student, listed the following priorities identified by United Council at its General Assembly:

1. Freeze tuition at both two and four-year institutions
2. Support a veterans tuition remission program funded completely through state GPR dollars
3. Increase pay and improve recruitment and retention of UW staff and faculty strictly from GPR dollars
4. Domestic partner benefits for all UW System employees
5. Full funding of UW Colleges mental health counseling program
6. Increase the average WHEG award, along with a dollar for dollar statutory link between the average tuition increase and the average WHEG award

7. Increase funding for the Advanced Opportunity Program
8. Increase funding for the Lawton Minority Undergraduate Retention Grant award to match the WHEG award
9. Increase funding for the Inclusive Excellence Program
10. Support the allocation of capitol money towards sustainable development in the UW System

Common to many of the priorities, she pointed out, is the need for growth in state GPR investment in the UW System. In the last ten years, tuition has increased to cover 55.8% of instructional costs, up from 35.8%; and GPR investment has dropped from 33.75% to 24.21%.

Noting that the UW System is the economic engine of Wisconsin, she said that, if the economy is to grow, the state needs to step up its support for the UW System.

United Council was asking for a tuition freeze because students have been filling the gap left by lack of GPR dollars, leaving the average resident student with \$21,104 in debt upon graduation. With thousands working at least part time to afford the current price, the group felt that anything less than a tuition freeze would price many out of their education.

Finally, she noted that, while students support tuition remissions for veterans, they believe that these remissions should be funded by state dollars, not by other students.

Anthony DeWeese, President of the UW-Washington County Student Government Association, began his remarks by noting that many faculty and staff are leaving the UW because they are compensated more than 10 percent less than the median pay for their positions. This trend, he stated, must be reversed.

Remarking that benefits also are important in faculty and staff recruitment and retention, he cited the United Council request that domestic partner benefits be made available to all UW employees, the UW being the only Big Ten school without those benefits.

He also spoke in support of state funding for mental health counseling, particularly in view of recent attacks in schools and an environment in which student stress continues to build. Such programs, United Council felt, should be funded by the state, not by student segregated fees.

In order to make education more affordable, Mr. DeWeese said, grant programs must continue to grow. In that regard, United Council asked that future WHEG increases be indexed, dollar for dollar, to tuition increases. Because current grants lag far behind the cost of tuition, the group asked that an additional \$35 million be allocated to close the gap.

Noting that a diversity of ideas and cultures on campuses greatly increases the value of education to all students, Mr. DeWeese said that United Council asked for



increased funding of \$2 million for the Advanced Opportunity Program and \$3.5 million for the Lawton Minority Undergraduate Retention Grants. The group also asked for funding to fulfill the seven goals of Plan 2008 and advance the Inclusive Excellence program.

Finally, he referred to Governor Doyle's 2007 Declaration of Energy Independence, stating that students support state investments to reach the goals that 25% of all Wisconsin's energy needs be met by renewable sources and that four UW campuses generate enough energy to meet their own needs by 2012. In that regard, a fully funded plan to make the UW sustainable should be the cornerstone of any future construction and campus planning.

In discussion following the presentations, Regent Shields expressed support for the priorities that were set forth, especially regarding better pay for faculty and staff and funding for mental health services. With regard to tuition, he stated his support for a cap at the rate of inflation, adding that he could not support a tuition freeze because of the harmful impact that would have on educational quality.

Regent Thomas agreed that the priorities provide a reasonable plan for quality and access. She anticipated that there would be a tuition increase and was concerned about the impact on student access. Therefore, she emphasized the importance of working assertively for financial aid to provide access to low and middle income students who increasingly are unable to afford college. In that regard, she urged that all work together toward this common goal.

Referring to the priority given to funding veterans tuition remissions, Regent Loftus asked if students are generally familiar with the program, to which Mr. French replied that students are aware and supportive of the program. Making it a budget priority calls attention to the fact that it is a state-mandated program that has not been completely funded.

Ms. Trevino-Murphy added that, in the absence of full state funding, students end up paying for the program. She explained that the priorities were not listed in ranked order and are all considered important.

Regent Rosenzweig observed that, while the student goals are worthy, the budget situation will be very tight. She suggested that the student groups select two or three priorities that they believe would be of most help to students.

Regent Crain commended the students for setting forth the budgetary challenges that lie ahead.

Regent Bartell asked what would happen if the Board submitted a budget with a tuition freeze, but the Legislature did not provide enough state funding to make up the difference and whether the Board then should freeze enrollments or cut staff. He did not think students would support those options.

Mr. French suggested that there should be discussions with the Legislature beforehand in order to reach some agreement.

Regent Walsh asked if students would support cutting enrollments to ensure quality, and Mr. French replied in the negative.

Expressing her appreciation for the students' remarks, Regent Davis pointed out that the drain on the middle and lower income families has increased because of the rise in basic living costs, lowering even further their ability to pay for college. She stated that affordability would be her top priority, reducing debt accumulation through increased financial aid. While she felt a tuition cap at the rate of inflation might be reasonable, she could not foresee the ability to freeze tuition in the near future.

Regent Spector cautioned that rhetoric about access would not carry the day, given the current economic environment. Commending the proposed private fundraising initiative, he suggested a campaign to educate the public about all that the university does for Wisconsin and its people and to persuade them through compelling examples to support the university for the sake of the state's future.

Regent Crain agreed and suggested making business the UW's ally in this process, expanding the effort beyond individual campus communities.

President Reilly added that the Growth Agenda for Wisconsin has provided a good platform for this discussion. With the support of business and local leaders, \$30 million was provided for Growth Agenda initiatives.

Acknowledging student understanding of the difficulties involved, Ms. Trevino-Murphy said students also realize that a tuition freeze may not be reasonable at this time. However, she added, it is important to recognize the reality that many students cannot afford higher tuition, noting that she must hold down two jobs, even with the benefit of scholarships.

Thanking the students for their thoughtful remarks, Regent Vásquez observed that there are difficult challenges facing the Board, which is just one small body. The students, on the other hand, could easily fill the Capitol and have a voice much more powerful than that of the Board alone.

Regent Loftus recalled that, when there were financial difficulties in the 1980's, the action taken was to reduce the size of the university and educate the remaining students with quality.

President Reilly noted that Wisconsin remains two percent behind the national average in college graduates and has an economy that also lags other states. To limit enrollment now, he commented, would set the state back even further.

Chancellor Wells indicated that better alignment of education and work is important because it both helps students to pay bills and enhances their education. Costs can also be reduced by continuing to reduce time and credits to degree.

The discussion was concluded and the meeting was adjourned at 12:30 p.m., upon motion by Regent Shields, seconded by Regent Rosenzweig.

Submitted by:

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Judith A. Temby, Secretary

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