

MINUTES OF THE REGULAR MEETING

of the

BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM

Milwaukee, Wisconsin

UW-Milwaukee
Held in the UW-Milwaukee Union
Wisconsin Room
June 5, 2008
9:00 a.m.

- President Bradley presiding -

PRESENT: Regents Bartell, Bradley, Burmaster, Crain, Cuene, Davis, Drew, Falbo, Loftus, Pruitt, Smith, Spector, Thomas, Vásquez, Walsh, and Womack

UNABLE TO ATTEND: Regent Connolly-Keesler and Regent Shields

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The meeting was convened in open session at 9:00 a.m., at which time the following resolution, moved by Regent Pruitt, was adopted on a roll-call vote, with Regents Bartell, Bradley, Burmaster, Crain, Cuene, Davis, Drew, Pruitt, Smith, Spector, Thomas, Vásquez, Walsh, and Womack (14) voting in the affirmative. There were no dissenting votes and no abstentions.

Resolution 9477: That the Board of Regents move into closed session to consider appointments of chancellors for UW-Madison, UW-Parkside, and UW-Whitewater, as permitted by s.19.85(c), (e), and (f), *Wis. Stats.*; and to consider an annual personnel evaluation and salary adjustment, as permitted by s.19.85(1)(c), *Wis. Stats.*

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The following resolutions were adopted in the closed session:

Approval of Salary: President of the University of Wisconsin System

Resolution 9478: That, upon recommendation of the President of the Board of Regents of the University of Wisconsin System, the annual salary for Kevin P. Reilly, President of the University of Wisconsin System, be increased, effective July 1, 2008 and June 1, 2009, as per the attached recommendation.

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UW-Whitewater: Authorization to Appoint Chancellor

Resolution 9479: That, upon recommendation of the Special Regent Committee and the President of the University of Wisconsin System, Richard J. Telfer be appointed Chancellor of the University of Wisconsin-Whitewater, effective June 6, 2008, at a salary of \$199,500.

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UW-Parkside: Authorization to Appoint Chancellor

Resolution 9480: That, upon recommendation of the Special Regent Committee and the President of the University of Wisconsin System, Robert D. Felner be appointed Chancellor-Designate July 1, 2008 through July 31, 2008 and appointed Chancellor of the University of Wisconsin-Parkside, effective August 1, 2008, at a salary of \$205,000.

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UW-Madison: Authorization to Appoint Chancellor

Resolution 9481: That, upon recommendation of the Special Regent Committee and the President of the University of Wisconsin System, Carolyn A. Martin be appointed Chancellor of the University of Wisconsin-Madison, effective September 1, 2008, at a salary of \$437,000.

The Board arose from closed session at 10:30 a.m.

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Introduction of Regent-Designate Kevin Opgenorth

Regent President Bradley welcomed Kevin Opgenorth, who had been appointed to the Board by Governor Doyle as the non-traditional student member, effective June 9, 2008, succeeding Regent Shields.

Mr. Opgenorth is a student at UW-Platteville, majoring in Business Administration and Economics. A military veteran, he served for three years in the army, including a one-year deployment in Iraq.

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UW-MILWAUKEE PRESENTATION: BUILDING THE RESEARCH UNIVERSITY OF THE FUTURE

Recalling his remarks to the Board last year, Chancellor Carlos Santiago noted, that, with a campus of only 93 acres, UW-Milwaukee has too many people on too little land and that there is a need to look for new space. Although the university has the Water Institute located at the Port of Milwaukee and the School of Continuing Education downtown, most of the 29,000 students are served on the main campus.

In discussion with the City of Milwaukee and Milwaukee Public Schools, progress is being made in locating an Academic Health Center and a School of Public Health in the central city. In partnership with Milwaukee County and others, plans are being made to bring the university's engineering programs to a UWM Innovation Park in Wauwatosa, focusing on high-tech economic development.

Noting that UW-Milwaukee's first Chancellor, J. Martin Klotsche, had written of the struggle to grow the university, with promises to extend the campus failing to materialize, Chancellor Santiago recalled that, when he came to Milwaukee four years previously, it was with the charge to build an urban public research university – a mission of key importance to both the city and the state.

Thirty years ago, he remarked, Milwaukee County's per-capita income was higher than that of Dane County. Ten years later, the balance had shifted, with the gap now at 41%. Statewide, per-capita income in Minnesota is \$4,000 higher than in Wisconsin. If Milwaukee, Minneapolis, and Chicago are eliminated from the comparison, per-capita income in the three states is fairly equal, showing that something has happened in Minneapolis and Chicago that has not happened in Milwaukee.

What happened, he observed, is that Minnesota and Illinois reinvested in their public research universities. While the City of Madison is very much a creation of UW-Madison, UW-Milwaukee is a creation of the City of Milwaukee, serving its labor force, which now has changed. Under the leadership of Mayor Barrett, he said, the city is reinventing itself and the university must follow. Noting that not all are impacted equally by the decline in southeastern Wisconsin, he pointed out that African Americans are more adversely affected than others.

UW-Milwaukee, he stated, is the only university large enough and comprehensive enough to support the region and move it toward the future to which all aspire. While master planning is crucial, the city and region cannot wait for it to be completed before taking advantage of opportunities to move forward.

As to building the research infrastructure, the Chancellor observed that, while UW-Milwaukee has always had great research, a critical mass of faculty are needed in science and engineering – two areas that are critical to growing the economy.

In southeastern Wisconsin, he noted, all institutions together generate \$200 million in research – a figure that is much too small. By comparison, the University of Illinois – Chicago generates \$300 million; Northwestern and the University of Chicago, \$900 million; UW-Madison, \$700 million; and the University of Minnesota, \$500 million. The goal for UW-Milwaukee is to build its research to \$100 million by means such as launching new schools and institutes, hiring the right faculty, and reallocation.

Referring to UW-Madison Chancellor John Wiley's support for UW-Milwaukee's goals, he indicated that Chancellor Wiley recognizes the need for a significant research institution in Milwaukee in order for UW-Madison to build the necessary bridges and have the desired impact in that city.

Because UW-Madison and UW-Milwaukee are very different institutions, Chancellor Santiago indicated, the strategy is to build UW-Milwaukee's research differently. Steps include the campaign for UWM, which exceeded its goal; reallocating existing dollars to provide seed funding that will generate more extramural support; and continuing to build the Growth Agenda. In the current state budget, the Regents, Governor and Legislature supported \$10 million for Growth Agenda initiatives at UW-Milwaukee. The university would return with requests for the second and third installments of the total \$30 million that is needed.

Referring to the importance of doctoral programs in building a research university, the Chancellor indicated that the number at UW-Milwaukee had increased from 19 to 25 since 2004. While doctoral programs are expensive, he pointed out that they attract the best faculty talent and that UWM will continue to expand in this area.

In addition, UW-Milwaukee has proposed two new schools: The Joseph J. Zilber School of Public Health and the School of Freshwater Sciences – the first of its kind in the nation. The School of Public Health, the Chancellor stated, is desperately needed by the city and thus has become a top priority. He noted the importance of its location in the city and indicated that the UW-Madison School of Medicine and Public Health will be an active partner.

Commenting on the importance of student access to UW-Milwaukee, he pointed out that the number of people in the city with bachelor's degrees – 18% of the population – is much too small.

Areas of research strength, he continued, include:

- Healthcare
- Advanced Manufacturing
- Biomedical Engineering, at the campus in Wauwatosa

- Fresh Water

The Chancellor emphasized that the university would reach out to the region with its research and that partners – private, public and nonprofit – would be needed for success. He then introduced two of those partners: Milwaukee Mayor Tom Barrett, a steadfast supporter of UWM; and business leader and philanthropist Joseph Zilber, who has dedicated his life to the city and is strongly supporting UWM through his philanthropy.

Mayor Barrett then offered remarks, first welcoming State Senator Tim Carpenter, who also was attending the meeting. Referring to the city’s ongoing efforts to reinvent itself, he emphasized its location on the “Fresh Coast” – the largest fresh water supply on the planet. With higher education and water, he said, Milwaukee has the ingredients to transform itself for the future.

The School of Public Health, he emphasized, is vital to addressing the challenges of the city. Major areas of progress include program planning and fundraising. There are plans for an accredited school, with masters’ and PhD programs in three areas and programs in four of five major areas. As to fundraising, the Mayor thanked Mr. Zilber for his extremely generous \$10 million gift, which would be leveraged into more resources going forward.

With regard to need for the school, Mayor Barrett noted that Milwaukee has a critical mass of public health issues and problems that must be addressed, including sexually transmitted diseases, the seventh worst infant mortality rate in the nation, especially among African Americans, the seventh highest percentage of teen pregnancy, and high rates of asthma, childhood diabetes, and gun violence.

In conclusion, he urged that the Wisconsin Idea – the university as a partner to the community – be emphasized in this part of the state, adding that the problems that make critical the location of a school of public health in Milwaukee also have an impact on the entire state.

Mr. Zilber asked the Board to support establishment of a school of public health in order to address problems such as inadequate immunizations and areas with no doctors or dentists, among many others. The school, he said, should be located in Milwaukee – the seventh poorest city in the nation – and should be the responsibility of UW-Milwaukee, which needs to be strong if it is to help Milwaukee move forward.

In conclusion, he noted bipartisan support for the school, which would benefit the entire state.

Concluding his presentation, Chancellor Santiago asked that the Board:

- Approve the Schools of Freshwater Sciences and Public Health

- Approve the PhD program in Africology and other doctoral programs in the academic plan
- Support the master plan for the campus and UW-Milwaukee's budget initiatives.

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GROWTH AGENDA AND NEED-BASED FINANCIAL AID

Noting that reaching a broader, deeper cut of Wisconsin's population is crucial to the Growth Agenda for Wisconsin, President Reilly indicated that the plan has always been to drive the state's prosperity by helping more citizens attain baccalaureate degrees, thereby creating an environment that will allow Wisconsin to compete successfully in a global market. Without adequate need-based financial aid, he pointed out, entire sections of the population will be priced out of higher education; and the state will be crippled by their loss.

Despite significant increases in financial aid, Wisconsin still ranks as a relatively low-aid state. For many students, he said, loans are a wise investment that will greatly increase their lifetime earning potential by enabling them to obtain a college degree. For some families, however, the thought of \$20,000 of debt may be so intimidating that they forego college altogether. Availability of need-based financial aid can be the deciding factor for students and families in that situation.

It is a primary responsibility of federal and state governments to ensure that higher education is affordable for students, he noted, because it is in government's best interest to ensure access to higher education, which is the key to success in today's knowledge-driven economy. While state and federal governments must invest in students who need financial assistance, he added that private contributions also have a role to play in alleviating the financial burden for students with demonstrated need. Therefore, the effort to fully fund need-based financial aid will focus on both governmental and private resources.

Noting that privately-funded contributions have long been a key element in financing building projects, endowed faculty chairs, research projects and other initiatives, President Reilly said that these efforts will be expanded to include private gifts as a component of financial aid, as part of the UW's brain-gain commitment. In that regard, he referred to the discussion in April of working to double the \$6 million that the UW System awards annually in privately funded need-based financial aid.

As to recent accomplishments in that regard, he recalled that last November the Board heard from Dick George, CEO of the Great Lakes Higher Education Guaranty Corporation, about the \$40 million investment made by that company in the Wisconsin Covenant. In addition, the UW-Madison Foundation has begun a campaign to raise need-based financial aid, which will be matched by the Foundation up to \$20 million. In March, there was announcement of a campaign by UW-Madison faculty members to raise funds for need-based financial aid, which will be matched by the UW-Madison

Foundation as well. The UW Bookstore responded by contributing \$60,000 to the campaign.

Building on the momentum generated by these generous gifts, the UW System has established a working group composed of campus financial aid directors, along with Regent Connolly-Keesler and others, to provide guidance on moving forward in a coordinated effort.

At the forefront of the fund-raising movement for need-based aid, John and Tashia Morgridge founded the Fund for Wisconsin Scholars with an extremely generous \$175 million gift to create a permanent endowment to provide funds for those in need.

To speak about the mission and vision of this organization, President Reilly introduced Mary Gulbrandson, Executive Director of the Fund for Wisconsin Scholars. Before working for the Fund, she dedicated more than 30 years to the Madison Metropolitan School District in leadership roles, including chief of staff to the superintendent of schools.

Ms. Gulbrandson began her presentation with a video of the Morgridges discussing the intent of their gift. John Morgridge emphasized the great value of going on to a university or technical college after high school and expressed the hope that their gift of scholarships would enable many to take advantage of that opportunity. Tashia Morgridge noted that young people face many challenges including financial ones. Their gift is intended to give hope to those with such challenges so that they can go to college without facing a huge burden of debt. Money earned by the endowment will be distributed to four-year, two-year, and technical colleges and universities; and financial aid officers will make the grants.

Ms. Gulbrandson said that the intent is for the endowment to impact generations of students. \$5.5 million will be spent in the first year, in grants of \$3,500 per year for students at four-year institutions and \$1,800 per year for students at two-year institutions. To establish eligibility, students complete a federal financial aid form. Students demonstrating financial need may receive a Pell grant and local or institutional scholarships. Costs not covered by those sources are eligible for funding from the Fund for Wisconsin Scholars. The intent is not to replace other grants and scholarships, but to fund the remaining unmet need, which otherwise would need to be covered by loans and work-study jobs.

At this time, grants will be for full-time students, who are recent high school graduates and are attending public institutions, although private institutions may be added later. The decision was made to award substantial grants to fewer students, rather than small grants to many students. The hope is to keep growing the fund to provide more grants in future years. If students make satisfactory progress in their first year, they will be eligible to keep the grants going forward. UW-Madison researchers will study the difference the grants make in educational outcomes for students. In addition, a mentoring component may be added.

In conclusion, Ms. Gulbrandson indicated that she has been meeting with UW System and Wisconsin Covenant staff to discuss how the different need-based financial aid efforts fit together most effectively.

In discussion following the presentation, Ms. Gulbrandson responded to a question from Regent Crain by explaining that, of the students who meet federal financial need criteria, the Higher Education Aids Board will select at random 600 students who will start at UW four-year universities and 600 who will start at the Wisconsin Technical Colleges and UW Colleges. The amount involved will be \$5.5 million in the first year and \$7.5 million in future years.

Regent Burmaster inquired about relationships with the Wisconsin Covenant, and Ms. Gulbrandson replied that the strongest tie between the two programs is in the message that encourages young people to talk about “when”, not “if”, they go to college.

Regent Davis asked how availability of the grants would be made known, to which Ms. Gulbrandson explained that materials and the program’s web address will be given to all high schools. While students will become eligible for the grants through the federal financial aid application process and do not have to apply separately, she emphasized the importance of making known the availability of the grants so that financial barriers do not become a reason for students to forego college.

Regent Bartell inquired about how to avoid reduction of state funding for financial aid, in view of the large influx of privately funded grants. Ms. Gulbrandson suggested emphasizing the economic benefit to the state of increasing the number of college degrees.

Regent Walsh asked about corporate contributions to the fund and whether they could be focused on the children of employees.

Replying that the fund’s only focus is on financial need of students across the state, Ms. Gulbrandson said that attempts have not been made at this time to raise money from corporations, although that could enter the conversation as time goes on.

Regent Thomas expressed appreciation on behalf of students for the powerful generosity of the Morgridges in establishing this financial aid fund.

Thanking Ms. Gulbrandson for her presentation, President Reilly noted that income inequality is increasing across America. In 1986, 11% of the national income was earned by one percent of the population, while, by 2005, 21% of all income was earned by the top one percent. On the other hand, the bottom 50% of the nation’s population lost ground and have felt more financial strain than in the past. The Center for Budget and Policy Priorities, a national think tank, reported that the income gap between the top and bottom income quintiles has grown significantly in most states over the past 20 years. By this measure, Wisconsin’s growth in inequality ranked 23rd in the nation.

Pointing out that there is an educational gap that parallels the financial one, he cautioned that, if current trends continue, the nation will lack a diverse and informed public that can participate in a knowledge-based economy and succeed in today’s world.

On the other hand, he observed that gifts like those of the Morgridges, Great Lakes, and others go a long way to provide access to higher education for all students, regardless of financial status. “Drawing on such generosity, we can reverse the negative trends and make the promise of American democracy a reality for more of our young people.”

To that end, President Reilly announced that he and his wife, Kate, had decided to make a gift of \$70,000 of his next year’s salary to the Reilly Family Scholarship Fund at the UW Foundation – a permanent endowment established last year to provide need-based grants to students at all 26 UW System campuses.

The message to Wisconsin K-12 students, he said in conclusion, is: “Study hard. Take college prep classes. Be a good citizen – and we will find a way for your family to afford your UW education.” That also is the message of the Growth Agenda for Wisconsin, of the Wisconsin Covenant, of KnowHow2Go Wisconsin, of the Morgridge gift and of the Great Lakes gift.

On behalf of the Board and students, Regent President Bradley thanked President and Mrs. Reilly for their generosity.

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UW-Milwaukee Neighborhood Concerns

Regent President Bradley reported that two groups – the Mariner’s Neighborhood Association and a student group – had asked to speak to the Board. Given the very busy agenda and the need to be fair to already-scheduled presenters, he had decided not to grant the request. However, he had asked Regent Spector, Regent Davis, Regent Drew, and Regent Womack to meet with both groups and listen to their concerns.

The meeting was recessed at 12:14 p.m. and reconvened at 1:15 p.m.

UW SYSTEM 2008-09 ANNUAL OPERATING BUDGET AND TUITION AND FEE SCHEDULES

In opening remarks, President Reilly recognized the Board’s strong concern for keeping tuition affordable and for the quality of educational programs and student services. The 2008-09 annual budget for the second year of the 2007-09 biennium, he said, reflects the ongoing commitment to the Growth Agenda for Wisconsin, which has been endorsed by leaders across the state for its efforts to enroll and retain more students, produce more college graduates, and invigorate the development of high-growth

industries across the state. UW campuses have enthusiastically begun to implement a number of initiatives to advance this plan.

As to challenges, the President noted that the momentum of the Growth Agenda must be balanced with significant state budget shortfalls, including a \$25 million lapse in the current biennium and another \$25 million lapse in the 2009-11 biennium. The recently passed budget repair bill also will require the UW System to absorb some part of the \$270 million lapse to all state agencies. If the reduction is reasonable and flexible, the hope is to avoid holding back on implementing Growth Agenda initiatives. In addition, the Legislature recently revised a previously approved pay plan that would have provided a two percent pay plan increase in July and a one percent increase in April 2009 for faculty, academic staff and non-represented classified staff. The revised plan provides a one percent raise in July 2008 and a two percent increase in June 2009. This further exacerbates the serious compensation competitiveness problem for faculty and staff.

Referring to the significant impact of the Veterans Tuition Remission program, President Reilly remarked that the program is a key component of the state's educational vitality and a worthwhile way to support veterans. Participation in the program has nearly tripled since 2005, but state funding has not kept pace. With less than 25% of the estimated costs covered in the current state budget, this is a major fiscal challenge and a large part of the tuition recommendation for the coming year.

The President thanked chancellors, provosts, faculty and staff for managing these challenges by holding positions vacant, delaying purchases, reducing travel and reallocating funds, while remaining dedicated to the mission of providing high quality education to students.

With regard to tuition, President Reilly recommended an increase for resident undergraduate students of 5.5%, mirroring the modest 5.5% increase approved last year, which at that time was the lowest increase in seven years. With this proposed increase, UW-Madison's tuition would remain the second-lowest among the Big 10 universities. Tuition at that institution would rise by \$348 annually, by \$340 at UW-Milwaukee, and by \$265 at the comprehensive universities.

Of the 5.5% increase, .7% would go to fund pay plan and health insurance costs, along with utilities for the UW's 59 million square feet of facilities – all costs that must be met.

With the hope that it would be on a one-time basis, three percent of the increase would partially fund the state-mandated Veterans Tuition Remission Program. While the UW strongly favored subsidizing university education for veterans, President Reilly pointed out that the veterans served to protect everyone, not just other UW students and their families, and that all taxpayers would be proud to support them – just as they did after World War II. Therefore, it was hoped that the state would honor its current and future veterans by fully funding the remissions with state general purpose revenue.

Of the 5.5% increase, 1.6% would fund Growth Agenda initiatives.

Tuition increases for nonresident undergraduate and resident graduate students would be the same dollar amount as for resident undergraduate students, consistent with previous actions by the Board.

President Reilly also recommended that tuition at the UW Colleges be frozen at 2006-07 levels, to preserve points of access for over 12,000 students enrolled in the 13 two-year colleges and others who would be attracted by the Colleges' low tuition and high quality. This freeze also brings the UW Colleges more in line with Wisconsin Technical College System tuition rates for liberal arts transfer students.

He then called on Associate Vice President Freda Harris, who provided further detail about the proposed budget.

Ms. Harris began by indicating that the 2008-09 budget of \$4.7 billion consists of 25% state funding of \$1.2 billion, academic tuition of \$981 million, and \$2.6 billion of other funds.

Included is new funding of \$53.5 million GPR/fees, most of which is for new programs and initiatives that will increase the number of students in the system, help to grow the number of people with baccalaureate degrees, add good jobs, increase student success and increase the ability to receive external funding.

The budget includes more than \$30 million for the Growth Agenda for Wisconsin, which will enable the UW to add more than 2,000 new full-time-equivalent students, grow online enrollments and advance targeted programs to meet regional and state needs.

The budget includes \$3.3 million in new funding to recruit and retain faculty in high-need areas. Also included is \$2.5 million in one-time matching funds for lung cancer research, which must be matched by the Medical School with private gifts.

Tuition would increase by \$348 at UW-Madison, \$340 at UW-Milwaukee, and \$265 at the comprehensive universities. Tuition at the UW Colleges would be frozen to maintain a low-cost entry point for students. Tuition would remain at the 2007-08 rate for nonresident graduate students, who provide critical support to research and instruction, particularly at UW-Madison and UW-Milwaukee. Remissions for those students are part of the cost to compete with other institutions for the best graduate students. UW tuition for nonresident graduate students is among the highest in its peer group and has become a significant burden on academic departments. Holding the tuition at the 2007-08 rate would bring the UW closer to the peer median.

Tuition increases would help to fund Growth Agenda initiatives and salary increases approved by the Joint Committee on Employment Relations. For the first time, the Board was being asked to consider increasing tuition to fund veterans' remissions. For the first three years of the program, the UW had covered the cost of these remissions without adding the charge to tuition. However, the cost has grown from \$4.3 million in 2005-06 to \$17.5 million in the current year.

To help manage these costs, the state set aside \$5 million to fund remissions at the UW System and the Wisconsin Technical Colleges, of which \$4 million was expected to go to the UW. The UW System also had \$5.5 million available for salary increases that

were budgeted at a higher percentage than approved by the Joint Committee on Employment Relations. Those funds would be used on a one-time basis for veterans' remissions, leaving \$8 million unfunded. When coupled with the required state lapse from the budget, required reallocations would total \$20.5 million in 2007-08.

For 2008-09, the UW would need to reallocate \$12.5 million for required lapses, along with an undetermined amount under the Budget Repair Bill, which included an additional \$270 million in lapses for state agencies this biennium. With those lapses, UW institutions no longer would have the capacity to reallocate for veterans' remissions without reductions of services for students. Remissions were expected to total around \$23 million, with about \$5 million expected from the state, leaving an \$18 million shortfall. A tuition increase on a one-time basis was being requested to cover this amount. The state would be asked to fully fund veterans' remissions in 2009-11, and the federal government was working on a G.I. Bill that would provide additional educational benefits for veterans who have served since September 2001.

Even with the proposed tuition increases, tuition at UW institutions would be among the lowest in their peer groups, and UW-Madison would continue to have the second lowest tuition in the Big 10.

Improvements in need-based financial aid include grants to students in public post-secondary institutions by the Fund for Wisconsin Scholars; a 10% increase in the Wisconsin Higher Education Grant program, and a program begun by the UW System to increase private need-based aid.

Under the proposed budget, segregated fees would increase an average of \$57 at four-year institutions. A large part of the increases were due to major campus projects, without which the segregated fee increase would average \$25. Segregated fees at the UW Colleges would increase an average of \$36, primarily due to addition of mental health services staff. The only UW institutions without mental health staff, the Colleges wished to add these services in response to the Campus Safety Report.

In discussion following the presentation, Regent Loftus inquired about the one-time charge for veterans' remissions, and Regent Smith replied that it would amount to 60% of the proposed tuition increase. Regent Loftus remarked that the remissions would be subsidized by students at the four-year universities, but not by students at the two-year colleges, because of the proposed tuition freeze at those institutions.

Ms. Harris explained that the Tuition and Financial Aid Working Group found that tuition is lower than at peer institutions for the doctoral and comprehensive universities, but not at the Colleges, which preserve a low-cost access point for students.

Regent Loftus asked if the proposed budget reflected growth in the veterans' remission program, to which Ms. Harris replied that it assumed growth of 10%, which was a low estimate considering that the program has been growing by about 20%.

Regent Smith cautioned against pitting one group of students against another and asked about the expectations for obtaining additional funding.

In response, President Reilly expressed the hope that clear messages are being sent about government's obligation to invest in veterans' remissions on behalf of all taxpayers.

Regent Falbo expressed discomfort about students having to pay for the remissions. He suggested separating the tuition increase into two parts - a three percent one-time increase for the remissions and a regular two and a half percent increase to cover ongoing costs.

Regent Davis expressed support for the freeze on tuition at the UW Colleges and asked how long it should remain in place in order to put the Colleges in the best market position.

Ms. Harris replied that the gap between tuition at the Technical Colleges and the UW Colleges was narrowing. She felt that another year of a tuition freeze should put the colleges in a competitive position.

Regent Pruitt asked UW-Madison Provost Pat Farrell to comment on the importance of holding down tuition increases for nonresident graduate students. Provost Farrell replied that, to compete for the best graduate students, universities are expected to offer competitive stipends. Noting that UW-Madison's are on the low side, he said that becoming competitive is made more difficult by higher tuition and that funding agencies will not pay for stipends. On the other hand, most private universities have a bankroll they can use to pay for the best graduate students, who fuel the research engine.

Regent Burmaster asked if the tuition increase would be 2.5% were it not for the \$18 million gap in funding for veterans' remissions, and Ms. Harris replied in the affirmative. Regent Burmaster felt that there should be an effective means to convey that message in order to create the momentum needed to obtain funding.

Noting the sensitivity of the issue, Regent Walsh cautioned against separating the tuition charges. He did not feel the Legislature was at fault in this matter, given current economic difficulties.

Regent Spector agreed that it would not be healthy to highlight the issue and that it would pit one group against another.

Regent Falbo thought it would make sense to isolate the one-time charge.

Regent Bartell recalled that United Council students had urged no tuition increase. When asked what they would recommend eliminating to make that possible, they did not have an answer. Since then he had received compelling messages from students, telling their stories about lack of income, working full-time while going to school, and accumulating over \$20,000 in debt. While many could afford the proposed increase, with tuition still among the lowest in the Big 10, he asked what one would say to those students who could not afford it.

President Reilly remarked that students do not want access to an education of poor quality; and, although budget cuts can always be made, they do have a negative impact on students. He observed that the case is not always well made that the monetary value of a college degree – a million dollars in increased earnings – compares favorably

to a loan debt of \$20,000. At UW-Madison, he noted, a 5.5% tuition increase amounts to \$170 more per semester.

Urging that the Board adopt the proposed resolution, Regent Vásquez felt that it would not be viable to avoid raising tuition. In that regard, the proposal attempts to move forward without pitting groups of students against each other.

In response to a question by Regent Smith, Ms. Harris explained that tuition would become part of the base budget and would be used for tuition remissions. If that cost should go down, the money could be used for other needs, allowing a lower tuition increase in the future.

Regent Crain observed that, while all felt discomfort about raising tuition, she was concerned about educational quality, as well as about the burden of higher costs.

While she recognized the need for a tuition increase, Regent Thomas pointed out that it also is important to recognize that, when tuition is raised, some will be excluded from attending the university and will not be able to obtain the education needed to earn an extra million dollars.

She supported the idea of highlighting the amount needed to pay veterans' remissions so that families would be alerted to the situation. She did not think that to do so would pit students against each other, but that it would draw attention to the fact that financially-strapped students are being asked to bear a burden that the state and nation are not willing to fund.

Adoption of the following resolution was moved by Regent Smith and seconded by Regent Spector:

2008-09 Operating Budget including Rates for Academic Tuition, Segregated Fees, Textbook Rental, Room and Board, and Apartments; Academic Tuition Refund Policy and Schedule; and Annual Distribution Adjustments

Resolution 9482: That, upon the recommendation of the President of the University of Wisconsin System, the 2008-09 operating budget be approved, including rates for academic tuition, segregated fees, textbook rental, room and board, and apartments; the tuition refund policy and schedule; and annual distribution adjustments as attached in the document 2008-09 Operating Budget and Fee Schedules, June, 2008. The 2008-09 amounts are:

GPR	\$1,189,756,579	25.1%
<u>Academic Tuition</u>	<u>\$980,981,001</u>	<u>20.7%</u>
Total GPR/Fees	\$2,170,737,580	45.8%
<u>Other</u>	<u>\$2,560,958,961</u>	<u>54.2%</u>
Total	\$4,731,696,541	100.0%

Regent Loftus moved to amend the resolution to approve a 2.5% increase in tuition and to vote on the remainder if that amendment prevailed. The motion was seconded by Regent Falbo.

Regent Loftus commented that he was reluctant to see the tuition increase for veterans' remissions put into the base budget because of concern that the state would not fund it and the money would remain in the base.

In response to a question about proposed federal veterans' benefits, President Reilly indicated that they would be paid directly to educational institutions.

Regent Walsh spoke in opposition to the amendment, urging the Board not to tie a portion of tuition directly to veterans' remissions. In that regard, he pointed out that tuition pays for many other expenses, including faculty salaries and utilities.

Regent Davis spoke in opposition to the amendment because of concern that splitting the question would be complicated and might not be received as intended.

Regent Burmaster said that she was hearing students call for a tuition increase at the rate of inflation and that 5.5% would be too high. With regard to perception and messaging, she was convinced by Regent Thomas' remarks that asking students and families to accept the extra tuition for remissions on a one-time basis would be more readily understood and accepted than would a tuition increase of 5.5%. However, she agreed that Regents Walsh and others were correct and therefore would not vote for the amendment.

While he recognized the importance of messages, Regent Pruitt was troubled by the precedent that might be set by the proposed amendment in identifying percentages of a tuition increase to meet one-time challenges.

The question was put on the amendment, and it failed on a voice vote.

Urging the Regents to vote against the resolution, Regent Shields commented on how difficult it would be for students to afford the additional \$300. He expressed appreciation, however, for the tuition freeze at the UW Colleges.

The question then was put on Resolution 9482, and it was adopted on a voice vote.

The meeting was adjourned at 2:40 p.m.

Submitted by:

Judith A. Temby, Secretary