

MINUTES OF THE REGULAR MEETING

of the

BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM

Madison, Wisconsin

UW-Madison
Held in 1820 Van Hise Hall
Friday, February 6, 2009
9:00 a.m.

- President Bradley presiding -

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- President Bradley presiding -

PRESENT: Regents Jeffrey Bartell, Mark Bradley, Elizabeth Burmaster, Eileen Connolly-Keesler, Judith Crain, Mary Cuene, Danae Davis, John Drew, Michael Falbo, Thomas Loftus, Kevin Opgenorth, Charles Pruitt, Brent Smith, Michael Spector, Colleene Thomas, José Vásquez, and David Walsh

UNABLE TO ATTEND: Regent Betty Womack

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PRESENTATION OF *KNOWHOW2GO STUDENT VIDEO CONTEST WINNERS*

Before beginning the formal Board meeting, Regent President Bradley introduced State Treasurer Dawn Sass for presentation of the KnowHow2Go Video Contest winners.

In opening remarks Ms. Sass noted that the office of the State Treasurer created Higher Education Day three years ago for the purpose of focusing attention on the importance of higher education and of highlighting the many excellent resources already available for students and families. Celebration of this event, she remarked, would not be possible without the partnership of the UW System, the Wisconsin Technical Colleges, and the Independent Colleges and Universities.

This year, more than 25 events were held in 12 cities across the state, including: financial aid seminars, admissions open houses, and school visits. In addition, an innovative contest for 7th to 10th grade students was launched with KnowHow2Go

Wisconsin. EdVest and KnowHow2Go are a great team, she noted, because both convey the same message of encouraging students to go to college.

EdVest, she said, offers a safe, flexible way to save for college. The money can be used to pay for tuition, books and even housing expenses at any college the student chooses to attend, in Wisconsin or another state.

Ms. Sass then introduced the third place winners – Shlya Cummings, Leah Harvey, and Emma Harvey, from Endeavor. Their video was played for the audience, and each of them was presented with a \$500 EdVest College Savings check.

The second place winners – Micole Gauvin and Megan Gauvin, from Beloit, then were introduced. Their video was played and each winner was given a \$500 EdVest College Savings check.

Ms. Sass then introduced the grand prize winner – Alexander Siy, from Brookfield. After his video was played, he was presented with a \$1000 EdVest College Savings check.

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Approval of the Minutes of the December 4 and 5, 2008, and January 16, 2009 Meetings

The minutes of the December 4 and 5, 2008, and January 16, 2009 meetings were approved as distributed, upon motion by Regent Drew, seconded by Regent Falbo.

REPORT OF THE PRESIDENT OF THE BOARD

Wisconsin Technical College System Board Report

A written report was provided.

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Capitol and Stakeholder Communications

Regent President Bradley reported on continuing work to keep communications with people at the Capitol open and free-flowing. Last month President Reilly and Regent Drew met with Assembly Speaker Mike Sheridan; and Regent Falbo met with Representative Steve Nass. In the near future President Reilly planned to meet with Senator Kathleen Vinehout, Chair of the Agriculture and Higher Education Committee; and he and Regent President Bradley were scheduled to meet with Kim Hixson, Chair of the Assembly Committee on Colleges and Universities.

UW System staff were scheduling meetings with all of the new legislators in the Capitol, as well as all members of the Senate Agriculture and Higher Education Committee and the Assembly Colleges and Universities Committee.

Representative Hixson planned to host an informational hearing on February 18th on the UW System's contributions to Wisconsin's economy, with testimony from President Reilly and several UW representatives from across the state.

On January 22, President Reilly made a presentation before the Wisconsin Manufacturers and Commerce Board of Directors, in which he focused on the Growth Agenda as a long-term vision for the entire state, developed not just by the university but through conversations with business leaders, regional economic development entities, chambers of commerce and others.

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March Board Meeting Preview

At a one-day meeting on March 5th, it was expected that much of the morning would be devoted to budget-related discussions. In the afternoon, there would be an in-depth focus on diversity and inclusive excellence.

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Digital Collection of Board Meeting Minutes

Regent President Bradley reported that the staff of the UW Digital Collections had successfully launched the Board of Regents Digital Collection, composed of the Board's minutes from 1921 to 1991. During that time, he noted, the UW went from a single four-year campus in Madison with about 7,300 students to a statewide system with 26 campuses, serving more than 173,000 students and over one million residents through UW-Extension.

The collection includes more than 56,000 pages of digitized meeting minutes, materials, and photos from 70 years' worth of Board meetings, each page searchable by keyword. The collection can be accessed through a link on the Board's website.

Noting that researchers in higher education look frequently to the history of high-performing states like Wisconsin, Regent President Bradley thanked Kenneth Frazier, Director of UW-Madison's Libraries; the staff of UW Digital Collections; the Board Secretary's Office and the Office of General Counsel for their leadership and hard work in making this ambitious project a reality.

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In Memory of Regent Emeritus Bertram N. McNamara

Regent President Bradley recognized the passing of Bertram N. McNamara, who served as Regent President from 1975-77, and who died in Milwaukee on January 2nd at the age of 95. Mr. McNamara was an art student who went on to become a steelworker during the Great Depression and later a labor leader. After retiring, he taught industrial

relations at UW-Milwaukee, in addition to which he returned to art school and recently had one of his paintings included in a group showing. He also served on a number of arts boards and the Board of the Milwaukee Symphony Orchestra. According to his grandson, Ben Checota, Mr. McNamara was always “very proud of the UW System and how it reflected our state.”

On behalf of the Board, Regent President Bradley expressed condolences to Regent Emeritus McNamara’s family and appreciation and respect for his service to the UW and the state.

Regent Loftus recalled that Mr. McNamara was active in the labor movement at a time when leaders of big unions were known for being tough and very influential. Throughout his life, he was recognized as a Renaissance man.

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In Memory of Regent Emeritus Alfred DeSimone

Regent President Bradley recognized the passing of Regent Emeritus Alfred DeSimone, who died earlier in the week at the age of 90. A prominent Kenosha business man and long-time promoter of the UW, he is credited as one of the founders of UW-Parkside. He served on the Board of Regents from 1995-2002.

Regent Falbo, who had known Mr. DeSimone for many years, remembered him as a generous man who had helped a great many people over the years and who had a special passion for the UW and for the City of Kenosha. Mr. DeSimone and Mr. Falbo’s father founded Holy Rosary Sports Night to honor Italian athletes and bring in people from the UW Athletic Department. Regent Falbo also noted with gratitude Mr. DeSimone’s support for his appointment to the Board of Regents.

President Reilly added his expression of appreciation for all the contributions to the UW System made by Regent Emeritus DeSimone and his wife, Bernie.

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Presentation by Tom Still, President, Wisconsin Technology Council

In introductory remarks, Regent President Bradley referred to a report recently issued by the Wisconsin Technology Council (WTC), which points out the major role that academic research and development plays in the state’s economy. It is a \$1.1 billion industry, creating 36 direct and indirect jobs for every \$1 million in R&D spending.

The report states that “if jobs created by academic research spending in Wisconsin were reported as a separate category within the labor market statistics of the State Department of Workforce Development, they would represent a significant sector in their own right.”

Presenting information from the report titled *The Economic Value of Academic Research and Development in Wisconsin*, Mr. Still began his remarks by indicating that the \$1.1 billion in research spending is composed of \$840.7 million at UW-Madison,

\$172 million at private academic institutions, and \$54 million and growing at other UW System campuses.

In addition to that funding, which is for science and engineering research, as reported by the National Science Foundation, other sources of R&D dollars are: \$72 million in non-science and engineering research (business, education, humanities) at UW-Madison, and \$42 million in total science and engineering research at the Marshfield Clinic and Blood Center of Wisconsin – two institutions that work frequently with degree-granting institutions on their research.

Mr. Still then presented charts showing that UW-Madison ranks third nationally in science and engineering research and first in research funding for non-science and engineering fields. The federal government is by far the largest source of science and engineering funding, with the state playing a much smaller role.

R&D spending is concentrated at the top, with ten states (California, New York, Texas, Maryland, Pennsylvania, Massachusetts, North Carolina, Illinois, Ohio, and Florida) accounting for 57% of all research spending. Wisconsin's share is 2.16%, which ranks 13th per capita. The remaining 39 states account for 40.4%.

The report notes that the Bayh-Dole law has been a major driver of research, helping to unlock the patent process and drive innovation.

While UW-Madison, one of the nation's oldest and largest research universities, is recognized as a world leader in academic R&D, Mr. Still pointed out that there are other research centers emerging around the state, with \$54 million in R&D conducted at other UW System schools in 2007. Much of that research has been done at UW-Milwaukee, but centers of research are emerging at 11 other campuses in life sciences, materials sciences, nanotechnology, biofuels and other areas. While there is not much overlap among them, Ms. Still suggested that it might be beneficial to declare specific centers of excellence at individual campuses.

The report also indicated that more could be done on comprehensive university campuses if professors had more release time to engage in research, resulting in greater economic impact.

In addition to research in the UW System, \$172 million in research funding is expended by private academic institutions, such as the Medical College of Wisconsin, Marquette University, the Milwaukee School of Engineering, and Lawrence University.

R&D spending of \$25 million at the Marshfield Clinic is often used in collaboration with academic institutions, through programs like the Wisconsin Genomics Initiative.

Finally, there is R&D spending of \$17 million at the Blood Center of Wisconsin's Blood Research Institute, which tends to collaborate with the Medical College of Wisconsin.

Stating that Wisconsin's academic R&D produces many jobs, Mr. Still cited a conservative estimate from the U.S. Department of Commerce of 36 direct and indirect jobs per \$1 million of science and engineering research, which in Wisconsin translates to 38,376 jobs – more than a great many other employment sectors.

Turning to state investment in higher education, Mr. Still noted that state appropriations as a percentage of the total UW System budget has declined in Wisconsin more than in most other states. Wisconsin ranked 29th in FTE state support in fiscal 2007, behind chief tech rivals, such as California, North Carolina, and Texas. While Wisconsin ranked in the middle of the upper Midwest, that area is not the most promising economic neighborhood.

New Mexico, he pointed out, is an example of a state moving in the right direction, with FTE spending having climbed to 3rd among the 50 states since 2002. In the 2008 Kauffman Foundation “New Economy” index, New Mexico ranked first in non-industry investment in R&D, and in the top ten in high-tech jobs, number of scientists and engineers, venture capital and technology in schools.

As to recommendations, Mr. Still listed the following:

- Protect public support for the UW in the 2009-11 state budget bill, especially that which supports R&D.
- Encourage more UW System professors to engage in R&D by removing impediments to commercialization and paying for release time.
- Continue to invest in capital projects that serve to attract outside R&D dollars.
- Support overall R&D commercial culture through tax credits and more to encourage market pull versus technology push.

In conclusion, he noted the following quote from the Technology Council report: “If the slide in higher education funding effort continues, the academic R&D infrastructure in Wisconsin could deteriorate.”

In discussion following the presentation, Mr. Still responded to a question from Regent Loftus by indicating that the figures in the report were from federal fiscal year 2007 and that movement had been flat since about 2002.

Noting that UW student numbers were up about 10%, Regent Pruitt inquired about the importance to economic growth of graduating more students.

Replying that it is of great importance, Mr. Still indicated that states with high percentages of degreed individuals do better than others economically. While Wisconsin lags in four-year degrees, the state is ahead of others in Technical College degrees, underlining the necessity of easy transfer from one institution to another. College degrees, he emphasized are crucial to meeting business needs for the future.

UW-Green Bay Interim Chancellor David J. Ward asked about the impact of research and technology transfer. Replying that the UW-Madison Research Park is the best example of the impact of technology transfer, Mr. Still added that developments in Milwaukee and other locations also are important. As to patent disclosures and license fees, he said that the Wisconsin Alumni Research Foundation (WARF) has ramped up its activity and WiSys is making valuable contributions. He cited as good examples of

technology transfer two companies -- Tomotherapy and EPIC Systems – that spun off from research at UW-Madison and have experienced remarkable growth.

Regent Spector suggested that the regents exercise their role as advocates for the university by speaking more frequently in support of R&D to groups around the state.

Concluding the discussion, President Reilly expressed appreciation to Mr. Still and the Wisconsin Technology Council for their evidence-based work that provides a platform for advancing the Growth Agenda for Wisconsin. Noting that the objectivity of the council is respected, he added that its report translates complicated data into a form that the public can readily understand.

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REPORT OF THE PRESIDENT OF THE SYSTEM

Research to Jobs Task Force

President Reilly referred to Growth Agenda Action Step #3: Accelerate Transformation of Knowledge Capacity into Leading-Edge Jobs and Economic Vitality for Wisconsin. While progress in this area has been made, it is recognized that more must be done to leverage research capacity in ways that continue to create jobs.

To that end, he announced the appointment of a new Research to Jobs Task Force. The group will study the UW research, patent, and commercialization process in order to identify barriers to success, as well as methods of cooperation and incentives.

The Task Force also would be asked to make recommendations for establishing benchmarks to facilitate getting research into the private sector more expeditiously. The intention is to identify ways in which the UW System can play a leading role in supporting industrial innovation, accelerating the growth of Wisconsin companies and fostering knowledge-based, high-paying jobs that will sustain Wisconsin's economy.

Carl Gulbrandsen, Managing Director of the Wisconsin Alumni Research Foundation (WARF) will chair the task force, which will begin its work soon and report to President Reilly in the summer. Its report then would be shared with the Board.

Creation of this task force, the President noted, is in line with the Wisconsin Technology Council's recommendation that the transfer process of technology from the laboratory to the marketplace be reviewed and streamlined.

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Budget Situation

While there was not much information available yet about the 2009-11 biennial state budget, President Reilly noted that the Governor in his State of the State Message had referred to challenging times ahead. While he said that he would try to protect

education, it is clear that the sweeping economic downturn would affect everyone, including the university.

Impacts of the crisis included steep cuts in the value of university endowments, both in the UW System and nationwide. The preceding day, the Business, Finance, and Audit Committee had directed trust fund officers to suspend distributions from more than 30 endowments held in trust by the Board. In each case, the market value of these funds had fallen at least five percent below their initial value.

Rather than further erode the principal, prudent steps were being taken to preserve the funds for the long term. The result would be \$700,000 in reduced payments for scholarships, research projects and other activities.

Even in this very challenging environment, President Reilly expressed determination to press forward with as much of the Growth Agenda for Wisconsin as possible, and the Governor and Legislature would be asked to provide the UW with a level of investment to proceed with at least part of the Growth Agenda as the state struggles through the recession.

Amid all the uncertainty and bleak forecasts, it is of critical importance, he stated, to reinforce the message to families and students around the state that the UW System wants them to come to its universities. It will be necessary to continue to work with state and federal leaders to help families finance their college dreams.

In that regard, President Reilly stated: “We cannot afford to price people out of college, nor can we afford to undermine the quality or quantity of educational opportunity. As this global economic crisis continues to unfold, we have seen and heard reports of universities elsewhere that are cutting the number of students they admit or considering double-digit tuition hikes. We do not want to do either of those things. Even in such times – or maybe particularly in such times – we still firmly believe in the need to grow the number of college graduates. Actions that go in the opposite direction are short-sighted, short-term fixes that will prove counterproductive in the long term.”

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Federal Economic Recovery Act

Indicating that one beacon of hope is that the proposed Federal Economic Recovery Act will include support for higher education, President Reilly called on Kris Andrews, Assistant Vice President for Federal Relations to report on the status of the federal stimulus package.

Ms. Andrews began her remarks by noting that the full House of Representatives passed its version of the federal stimulus legislation along party lines and that education was a significant part of that package, thanks to Chairman David Obey. The Senate, currently debating its version, would need both Democrats and Republicans to pass a bill, with moderates seeking to shave spending from the \$900 billion, 10-year package.

Congressional leadership hoped to have the legislation passed and sent to the President for signature by President’s Day, February 16th.

Funds generally would be distributed wherever possible through existing formulas or competitively; and there were numerous provisions in the bill to provide for expedited, effective obligation of the funds.

Both bills would increase the maximum Pell Grant and pay the Pell Grant shortfall. The House bill would provide \$15.6 billion and increase the maximum Pell Grant by \$500 for 2009-11. The Senate would provide \$13.9 billion and increase the maximum Pell Grant by \$281 in 2009-10 and by \$400 for academic year 2010-11. The U.S. Department of Education estimated that, under the House proposal, Wisconsin could receive about \$313 million in 2009-10 for all students, which would raise the maximum award from \$4,731 to \$5,350 – an increase of \$619.

Both bills would raise the maximum education tax credit from \$1,800 to \$2,500 and extend the credit from two years to four years. Both bills would make the credit available to everyone, regardless of tax liability.

Both bills would include funding for public and private higher education infrastructure. The House bill contained the bigger allocation -- \$6 billion, while the Senate bill would include \$3.5 billion to improve higher education facilities. The funds would be used for modernization, renovation, and repair. The Congressional Research Service estimated that, under the House bill, Wisconsin could expect to receive \$116.2 million to be shared among all post-secondary institutions in the state. In addition, the House bill would provide \$1.5 billion in funding for grants and loans to promote energy sustainability and efficiency.

Both bills would provide increased funding for competitive research grants, but the House bill would provide almost double that of the Senate -- \$3 billion for the National Science Foundation, while the Senate bill would provide \$1.4 billion, including \$50 million in competitive grants to improve STEM education. Funding would be included for biomedical research at the National Institutes of Health; and both bills would provide for energy efficiency and renewable energy research with funds awarded on a competitive basis. This is good news for Wisconsin, Ms. Andrews remarked, since UW-Madison remains a national leader in research.

Both bills would create a \$79 billion State Fiscal Stabilization Fund that would send federal funding to states for pressing needs. There would be two block grants, the larger of which would provide about \$39 million to states for public education needs and be allocated according to each state's population of individuals between the ages of 5 and 24. A portion would be dedicated to helping states maintain their education funding commitments, while the remainder would flow directly to local school districts.

The smaller block grants would provide about \$25 billion to be allocated based on each state's total population, to support other basic state services, such as public safety and law enforcement, services for the elderly and people with disabilities, child care, and perhaps higher education.

Both block grants could be allocated by the governors. To receive either block grant, states would have to fund both K-12 and higher education at no less than their fiscal year 2006 level in fiscal years 2009 and 2010, and funds could be used to restore state support for postsecondary education to the fiscal year 2008 level.

In discussion following the presentation, Regent Smith inquired about how decisions on use of the money would be made.

President Reilly replied that, while many details remain unsettled, the Governor has established an Office of Recovery and Reinvestment that will include representation from all agencies, including the UW and the Technical Colleges. The President indicated that he planned to form a Recovery and Reinvestment Task Force, headed by Senior Vice President Tom Anderes, to consider those matters from a university perspective. Ms. Andrews added that much of the funding would be distributed through existing formulas and competitive processes for research and block grant monies.

Expressing appreciation for the leadership of Congressman Obey, President Reilly remarked that his attention to investment in Pell grants, in facility needs and in research and development will be of great value to the state.

Regent Davis noted that the state would need to be nimble in order to make best use of resources for infrastructure, and she expressed the hope that the process could be streamlined accordingly.

In response to a question from Regent Bartell, President Reilly said that the R&D Task Force would be asked to look at all of the recommendations in the Wisconsin Technology Council report; and Regent Bartell added that he was particularly interested in the suggestion that more release time be provided for faculty research at comprehensive institutions.

REPORT OF THE CAPITAL PLANNING AND BUDGET COMMITTEE

Regent Bartell, chair, presented the committee's report.

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UW-Extension: Approval of Design Report and Authority to Adjust the Scope and Budget and Construct the Lowell Hall Guest Room Remodeling Project

The committee was informed that the requested increase to \$4.6 million, mostly in program revenue supported borrowing, was due to higher than anticipated construction costs and the need to install a building-wide fire sprinkler system. The project would convert office space at the Lowell Center into 58 guest rooms and consolidate operations of the conference center into facilities within close proximity.

A resolution approving the design report and granting the requested authority was approved for inclusion in the consent agenda.

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UW-Madison: Approval of Design Report and Authority to Adjust the Budget and Construct the Union South Replacement Project

Authority was sought to increase the budget to \$94.8 million and construct the replacement for Union South, demolition of which had been authorized in December. The project cost included \$3.5 million of gift funding and \$87 million of program revenue supported borrowing, including segregated fees. The design stage of the project resulted in a higher cost estimate than the original budget; and, although options were considered and reductions were made in the cost of the project, a budget increase would be needed to construct the original scope of the project, as set forth in the referendum that had been passed. To fund the difference, the campus would provide additional program revenue-cash for the parking ramp, add gift funds, and utilize existing bonding authority (student segregated fees) from the Memorial Union theater wing renovation project. The reallocation was approved by the student-led Union Council.

The committee heard from Mark Guthier and Shayna Hetzel, of the Wisconsin Unions and from two UW-Madison students – Kurt Gosselin and Tyler Junger. While not objecting to project, the students raised the procedural issue of whether the funding change should be reviewed by the campus Segregated University Fee Allocation Committee (SUFAC).

After revising the proposed resolution to include a commitment by the Chancellor's office to review the project funding structure with SUFAC, the committee approved the resolution for inclusion in the consent agenda.

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UW-Madison: Approval of Design Report and Authority to Construct the Lakeshore Utility Improvements – Phase I Project

The project would support and expand utility infrastructure along the campus lakeshore, with this phase to include a steam and compressed air system, a chilled water system, and electrical/signal systems.

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

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UW-Madison: Authority to Seek a Waiver of Wis. Stats. s.16.855 under the Provisions of s.13.48(19) to Accept a Single Prime Contractor Bid for the Chazen Museum of Art Addition Project

Single-prime bidding for this project, which would construct a new 81,200 GSF building as a major addition to the Chazen Museum of Art, was requested to ensure that one contractor would take responsibility for coordination, scheduling, and quality control. This method of construction is seen as much more effective than multiple prime bidding.

In addition, exemption from the percent for art requirement was requested since the building itself is an art museum.

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

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UW-Madison: Authority to Accept a Parcel of Land, Located at 1314 West Johnson Street, Madison, from WARF Properties, LLC

Authority was requested to accept a parcel of land on West Johnson Street, valued at \$4.3 million, from WARF Properties as part of an exchange pursuant to an agreement between WARF and the Board of Regents. It would be contingent upon receipt of an appraisal supporting the property's value and an acceptable environmental audit.

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

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UW-Parkside: Approval of Design Report and Authority to Adjust the Project Scope and Budget and Construct the Communication Arts Remodeling and Addition Project

Authority was requested to increase the scope and budget to \$38.6 million and to construct the Communication Arts remodeling and addition project. Composed mostly of general fund supported borrowing, the cost included \$2.1 million in gift funds.

The project would remodel space in three facilities: The Communication Arts Building, Molinaro Hall's School of Modern Industry addition, and Wyllie Hall. Additional space would be constructed for the Communication Arts Building, and a free-standing sculpture courtyard for art programs would be included.

The scope and budget increase was requested to provide for reconstruction and expansion of the Communication Arts parking lot and reconfiguration of adjacent roads.

A resolution approving the design report and granting the requested authority was approved by the committee for inclusion in the consent agenda.

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

Approval was requested to construct nine minor projects on four campuses under the all agency maintenance fund program. Included would be a \$2.2 million UW-Milwaukee Greene Museum project that would comprehensively renovate and rehabilitate that historic building, constructed in 1913, which had been vacant for the past 17 years.

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

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Consent Agenda

Adoption by the Board of Resolutions 9584-9590 as consent agenda items was moved by Regent Bartell, seconded by Regent Cuene and carried on a unanimous voice vote.

Approval of the Design Report and Authority to Adjust the Scope and Budget and Construct the Lowell Hall Guest Room Remodeling Project

Resolution 9584: That, upon the recommendation of the UW-Extension Chancellor and the President of the University of Wisconsin System, the Design Report be approved and authority be granted to: (a) increase the project scope and budget by \$1,000,000 Program Revenue Supported Borrowing and (b) construct the Lowell Hall Guestroom Remodeling for a revised estimated total project cost of \$4,600,000 (\$3,600,000 Program Revenue Supported Borrowing and \$1,000,000 Program Revenue-Cash).

Approval of the Design Report and Authority to Adjust the Project Budget and Construct the Union South Replacement Project, UW-Madison

Resolution 9585: That, upon the recommendation of the UW-Madison Chancellor, the President of the University of Wisconsin System, and upon the commitment of the Chancellor's office to review the project funding structure with the Segregated University Fee Allocation Committee, the Design Report of the Union South Replacement project be approved and authority be granted to: (a) increase the project budget by \$7,100,000 (\$3,100,000 Program Revenue Supported Borrowing-Existing, \$2,500,000 Program Revenue-Cash (Parking); and \$1,500,000 Gift Funds; (b) substitute \$1,900,000 Program Revenue-Cash for Program Revenue Supported Borrowing; and (c) construct the project at a revised total project cost of \$94,800,000, (\$86,900,000 Program Revenue Supported Borrowing, \$4,400,000 Program Revenue-Cash and \$3,500,000 Gift Funds).

Approval of the Design Report and Authority to Construct the Lakeshore Utility Improvements-Phase I Project, UW-Madison

Resolution 9586: That, upon the recommendation of the UW-Madison Chancellor and the President of the University of Wisconsin System, the Design Report be approved and authority be granted to construct the Lakeshore Utility Improvements-Phase I project at a cost of \$4,720,000 (\$3,879,000 General Fund Supported Borrowing and \$841,000 Program Revenue Supported Borrowing).

Authority to Seek a Waiver of Wis. Stats. s.16.855 under the Provisions of s.13.48 (19) to Accept a Single Prime Contractor Bid for the Chazen Museum of Art Addition Project, UW-Madison

Resolution 9587: That, upon the recommendation of the UW-Madison Chancellor and the President of the University of Wisconsin System, authority be granted to seek a waiver of Wis. Stats s.16.855 under the provisions of s.13.48 (19) to accept a single prime contractor bid for the Chazen Museum of Art Addition.

Authority to Accept a Parcel of Land, Located at 1314 West Johnson Street, Madison, From WARF Properties, LLC, UW-Madison

Resolution 9588: That, upon the recommendation of the UW-Madison Chancellor and the President of the University of Wisconsin System, authority be granted to accept a parcel of land, estimated at \$4,300,000, located at 1314 West Johnson Street, from the Wisconsin Alumni Research Foundation (WARF) Properties, LLC pursuant to the terms of the Real Property Exchange Agreement between WARF and the Board of Regents and contingent upon receipt of (a) an appraisal supporting the property's value and (b) an acceptable environmental audit.

Approval of the Design Report and Authority to Adjust the Project Scope and Budget and Construct the Communication Arts Remodeling and Addition Project, UW-Parkside

Resolution 9589: : That, upon the recommendation of the UW-Parkside Chancellor and the President of the University of Wisconsin System, the Design Report be approved and authority be granted to: (a) construct the

Communication Arts Remodeling and Addition project contingent upon approval in the 2009-11 Capital Budget and (b) increase the project scope and budget by \$2,830,000 Program Revenue Supported Borrowing–Utilities Repair and Renovation for an estimated total project cost of \$38,606,000 (\$33,700,000 General Fund Supported Borrowing, \$2,830,000 Program Revenue Supported Borrowing–Utilities Repair and Renovation, and \$2,076,000 Gift Funds).

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

Resolution 9590: That, upon the recommendation of the President of the University of Wisconsin System, authority be granted to construct various maintenance and repair projects at an estimated total cost of \$11,518,100 (\$7,629,400 General Fund Supported Borrowing; \$659,300 Program Revenue Supported Borrowing; \$31,000 Agency Cash; \$318,400 Program Revenue-Cash; \$2,880,000 Gifts and Grants Funding).

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Report of the Assistant Vice President

Building Commission Actions

Associate Vice President David Miller reported that the Building Commission approved about \$73 million for projects at its December and January meetings, including \$48 million in general fund supported borrowing, \$13 million in program revenue, and \$12 million in gift and grant funds.

Streamlining Building Procedures

Mr. Miller reported progress in streamlining procedures with the Department of Administration and the Building Commission to reduce time to completion and budget accuracy. It was hoped that they could soon be brought to the Board for endorsement.

Improvements in three areas were being considered:

- Establishing more realistic thresholds for project approvals;
- Preparing budgets later in the process, when more design work would be completed and cost estimates could be made more accurately;
- Modernizing project delivery by use of single prime or contractor manager methods, rather than multiple prime contractors.

Regent Davis inquired about the advisability of setting goals to shrink the number of years to project completion.

Regent Bartell noted that projects move at different speeds, some taking as long as 8-10 years and others moving much faster if gift funds or more efficient delivery methods are involved. If gift funds are involved, there is sometimes difficulty in predicting when they would become available. He felt that the suggested improvements would significantly reduce the amount of time needed for project completion.

Regent Falbo inquired about creating a model for use of federal stimulus funds.

Replying that Regent Falbo's suggestion would be a good idea, Regent Bartell noted that it was not yet known whether the federal funds could be used only for maintenance, repair and renovation, rather than new construction.

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REPORT OF THE EDUCATION COMMITTEE

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

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Report of the UW System Nursing Education Task Force

Presented by Dean Rosemary Smith, of the UW-Oshkosh School of Nursing, the report showed that Wisconsin, like the rest of the country, faces critical workforce shortages, both in practice nurses and in nursing faculty.

The problem is not that students do not want to study nursing, but that existing programs are unable to accommodate all the students who wish to pursue baccalaureate degrees in nursing due to shortage of faculty and clinical placements. At UW-Madison, for example, there are 400 applicants for every 100 spots in the nursing program; and other UW programs have similar problems.

The report made six key recommendations to address the major challenges facing the nursing profession; and policy makers and educators throughout the state would need to work together on their implementation.

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Draft Criteria for UW System Comprehensive Institutions Proposing to Offer Professional Doctorates

Associate Vice President Stephen Kolison presented to the committee a set of draft criteria for UW comprehensive universities proposing to offer professional doctorates. The committee had asked for these criteria at its November meeting, following the Board's policy discussion on professional doctorates.

There was consensus among committee members that the growth in professional doctorates is inevitable and that the proposed criteria are, in general, the right ones to use.

It was recognized that the university is in a different place than it was over 30 years ago when only UW-Madison and UW-Milwaukee were given explicit statutory authority to offer doctoral degrees. While the proposed criteria set the bar high for any new professional doctorates that might be developed at the comprehensive institutions, committee members were clear that the UW System needs to be nimble and competitive. In that regard, it was noted that Minnesota has added several professional doctorates to the program array at state comprehensives and at private institutions.

Committee members did not want barriers set up for the UW comprehensives, but did want to ensure institutional capacity and the integrity of their undergraduate missions and programming. The proposed criteria, the committee felt, would do so.

While Board approval of the criteria is not needed, Regent input has been valued and used to make revisions to the proposed criteria.

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UW System Growth Agenda Action Steps: KnowHow2Go Network

The committee heard a presentation on the KnowHow2Go Network, including a detailed overview of UW-Green Bay's Phuture Phoenix Program, which serves as a model mentoring program for KnowHow2Go in Wisconsin.

The program's first cohort of students would go to college in 2010, after which there would be assessment data regarding the impact of the program on enrollment and persistence.

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Report of the Senior Vice President

Textbook Costs

Senior Vice President Rebecca Martin previewed some of the steps being taken in the UW System to address the high cost of textbooks, and she reported that, in May, the Education Committee and the Business, Finance, and Audit Committee would convene a joint meeting in which to hear a full report.

Program Realignment and Development of a Three-Year Baccalaureate Degree

Associate Vice President Kolison was convening two working groups composed of provosts and others. The Program Realignment Group would collect and analyze data on the System's entire program array, looking at institutional capacity, student demand, and Wisconsin's workforce needs. The purpose would be to help the campuses, the Office of Academic Affairs, and the Regents make future program decisions on the basis of carefully gathered data.

The second group would explore the possibility of establishing three-year baccalaureate degree tracks at selected institutions. While not for everyone, this option might serve the needs of highly motivated, well-prepared, and /or non-traditional students, in selected majors. The group would study the Bologna approach and look at other models at higher educational institutions in the United States.

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Vicki Washington Appointed Associate Vice President for Equity, Diversity and Inclusion

Senior Vice President Martin announced the appointment of Vicki Washington as Associate Vice President for Equity, Diversity and Inclusion, following a national search.

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Consent Agenda

It was moved by Regent Davis and seconded by Regent Crain that Resolutions 9591-9593 be adopted by the Board as consent agenda items. At the request of Regent Bartell, Resolution 9592 was removed from the consent agenda.

The question was put on Resolutions 9591 and 9593, which were adopted on a unanimous voice vote.

**Program Authorization (Implementation) B.S. in Personal Finance
University of Wisconsin-Madison**

Resolution 9591: That, upon recommendation of the Chancellor of the University of Wisconsin-Madison and the President of the University of Wisconsin System, the Chancellor be authorized to implement the B.S. in Personal Finance.

**Program Authorization (Implementation) B.A./B.S. in Women's Studies
University of Wisconsin-Oshkosh**

Resolution 9593: That, upon recommendation of the Chancellor of the University of Wisconsin-Oshkosh and the President of the University of Wisconsin System, the Chancellor be authorized to implement the B.A./B.S. in Women's Studies.

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Program Authorization (Implementation): B.S. in Athletic Training, UW-Milwaukee

Adoption of Resolution 9592 was moved by Regent Davis and seconded by Regent Crain.

Resolution 9592: That, upon recommendation of the Chancellor of the University of Wisconsin-Milwaukee and the President of the University of Wisconsin System, the Chancellor be authorized to implement the B.S. in Athletic Training.

Regent Bartell commented that the expected 10-12 graduates per year at a cost of more than \$400,000 seemed a relatively small return for a significant amount of money.

Senior Vice President Martin explained that the program already existed as a sub-major and that the student pipeline, resources, and faculty already were in place. Graduates with the current sub-major are finding jobs, and the university would like to offer a credential that better reflects their training.

In response to a further question by Regent Bartell, Dr. Martin said that demand in the field of athletic training is growing.

Regent Thomas added that the new degree would help graduates to better market their expertise.

Senior Academic Planner Janice Sheppard, of the Office of Academic and Student Services, added that UW-Milwaukee had found that other area institutions offering athletic training programs are at capacity in terms of enrollment. National data indicate that field is projected to expand by 12% to 20%.

Regent Spector observed that this example raises the broader question of the Board's role in ensuring against unnecessary duplication in program offerings. He thought it would be useful to have criteria to use in making such determinations.

The question was put on Resolution 9592, and it was adopted on a unanimous voice vote.

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REPORT OF THE BUSINESS, FINANCE AND AUDIT COMMITTEE

Regent Smith, chair, presented the committee's report.

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2008 Annual Financial Report and Auditor's Opinion

Ginger Hintz, Director of Financial Reporting, presented highlights from the UW System Annual Financial Report.

State Auditor Jan Mueller presented the auditor's unqualified opinion, noting the enhanced auditing standards they are required to follow. Legislative Audit Bureau (LAB) Audit Director Carolyn Stittleburg outlined two areas of concern over internal controls. While not considered material weaknesses, they are considered significant

deficiencies. The committee asked for additional information and a report back at the March meeting on risks being accepted surrounding computer change controls. The second weakness related to business resumption planning, an area in which LAB acknowledged the progress that has been made.

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Operations Review and Audit

2009 Review and Audit Plan

Julie Gordon, UW System Director of Operations Review and Audit, presented the 2009 Review and Audit Plan, after which Paul Rediske, UW-Milwaukee Director of Internal Audit, spoke about how the campus develops its annual audit plan.

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Review and Adjustment of Existing Differential Tuition Levels

Freda Harris, Associate Vice President for Budget and Planning, presented an overview of proposed adjustments to existing differential tuition levels for UW-Milwaukee, UW-Oshkosh, and UW-Platteville.

UW-Milwaukee

UW-Milwaukee Provost Rita Cheng spoke to the committee about proposed modifications to per-credit differential tuitions for the Peck School of the Arts, the College of Engineering and Applied Science, the Sheldon B. Lubar School of Business Administration, and the College of Nursing.

Two students representing the Black and Gold Committees in the School of Business Administration and the College of Nursing spoke about the importance of differential tuition to their education.

After an extensive discussion about the increasing nature of such requests, the committee decided to revise the proposed resolution to limit the increases to no more than three percent per year for fall 2009 through fall 2012 – except for the College of Engineering and Applied Science, which may not exceed four percent per year for fall 2009 through fall 2012. The committee also discussed establishing principles to improve and standardize the differential tuition rate-setting process.

Regent Smith moved adoption by the Board of the following resolution, which had been approved by the committee. The motion was seconded by Regent Connolly-Keesler and carried unanimously.

Adjustment of Existing UW-Milwaukee Differential Tuition Levels

Resolution 9594: That, upon the recommendation of the Chancellor of the University of Wisconsin - Milwaukee and the

President of the University of Wisconsin System, the Board of Regents approves the following modifications to the UW-Milwaukee per credit differential tuitions:

- Peck School of the Arts – The differential may increase up to three percent annually, beginning Fall 2009 through Fall 2012.
- College of Engineering and Applied Science – The differential may increase up to four percent annually beginning Fall 2009 through Fall 2012.
- Sheldon B. Lubar School of Business Administration – The differential may increase up to three percent annually beginning Fall 2009 through Fall 2012.
- College of Nursing – The differential may increase up to three percent annually beginning Fall 2009 through Fall 2012.

UW-Oshkosh

Petra Roter, UW-Oshkosh Vice Chancellor for Student Affairs, presented a request for an annual three percent increase in the institution's differential tuition, which supports the UW-Oshkosh Personal Development compact. The committee was informed that the program and its funding approach have consistently been supported by UW-Oshkosh students and that the rate has not been changed since fall of 2004.

The committee passed the proposed resolution after amending it to approve the annual increases for fall 2009 through fall 2012.

Adoption by the Board of the following resolution was moved by Regent Smith, seconded by Regent Connolly-Keesler and carried on a unanimous voice vote.

Adjustment of the UW-Oshkosh Undergraduate Differential Tuition

Resolution 9595 That, upon the recommendation of the Chancellor of the University of Wisconsin - Oshkosh and the President of the University of Wisconsin System, the Board of Regents approves an annual three percent adjustment to the existing UW-Oshkosh undergraduate differential tuition. Beginning in Fall 2009, the differential tuition rate will be \$56.65 per semester (\$113.30 per year) and will be adjusted by three percent annually through Fall 2012.

UW-Platteville

Addressing the committee, Assistant Chancellor Rob Cramer requested approval of continuation of the Regional Enrollment Differential Tuition Program and an increase in the non-resident differential premium from \$4,000 per year to \$4,400 per year, beginning in fall 2010. It was reported that the program has been very successful, with enrollment of nearly 1,000 students at this time.

Also requested was approval of an annual increase in the regional enrollment differential premium, beginning in fall 2011, that may not exceed the dollar amount of resident undergraduate tuition at UW-Platteville.

The committee approved a resolution approving those requests for inclusion in the consent agenda.

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Trust Fund Issues

2008 Annual Trust Funds Report

Director of Trust Funds Doug Hoerr presented highlights of the 2008 report on trust funds, which are composed of gifts and bequests made directly to a UW institution, rather than to a university foundation.

As of June 30, 2008, the funds held assets totaling \$430.3 million, down from \$443.3 million at the end of the prior fiscal year. Gifts received during the period totaled \$11.6 million, down from the \$16.5 million received during the prior period. Disbursements benefiting UW institutions totaled \$20 million for the year, versus \$22.8 million for the prior period. The Long Term Fund, which is used for endowed assets and makes up the bulk of total assets, returned -2.7% over the period, compared to the benchmark of -6.8%. The Intermediate Fund and the Income Fund, generally more conservative, shorter-term funds, returned 7.6% and 4.0%, respectively. Investment fees incurred by the funds were competitive at 0.68%, and the annual administrative expense was 0.11% of the value of the total assets.

Request for Principal Expenditure: Mildred L. Stolberg Bequest

Director Hoerr reviewed the request for an exception to the Regent Policy on Quasi-Endowments regarding the Mildred Stolberg bequest. The committee was asked to approve expenditure of principal and income from the bequest for spending related to construction of the Chazen Museum addition.

The UW-Madison Chancellor and the Museum Director felt that the donor intended the money to be used in the best interests of the museum, the highest priority for which is the \$42.5 million expansion. Release of this funding would allow the bidding phase of the project to proceed.

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

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UW System Information Technology Report as Required by Wis.Stats. s.13.58(5)(b)(3)

UW Strategic Plans for Major Information Technology Projects

Tom Anderes, Senior Vice President for Administration and Fiscal Affairs, presented the UW System IT Plan, titled *The Common Systems Roadmap*.

In addition, each campus had developed its own strategic IT plan, containing nine strategic objectives. None of the campus projects exceeded \$1 million. In accordance with 2007 legislation, the Board is to receive these plans by March 1 of each year.

Project Status Report of Major Information Technology Projects

Senior Vice President Anderes presented progress reports on five major IT projects with costs over \$1 million currently under way in the UW System. The projects were: Student information systems at UW-Eau Claire, UW- La Crosse, and UW-Stout; the identity and access management project, and the human resources planning project. For the latter project, planning is to be completed by summer and brought back to the Board to consider whether to go forward with implementation.

The report is required by state statute and is to be provided to the Legislature's Joint Committee on Information Policy and Technology by March 1 and September 1 each year.

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Interim Campus Safety and Security Update

Larry Rubin, Associate Vice President for Student Affairs and Academic Support Services, reported to the committee as chair of the President's Advisory Committee on Health, Safety and Security. He advised that efforts have been focused on campus safety training and mental health; that all campuses now have campus-wide threat assessment teams in place; and that two system-wide threat assessment training efforts have each drawn more than 100 campus participants, with a third being scheduled.

In the area of mental health, a system-wide committee has been formed and held its first meeting in December. The committee was charged with reviewing the basic health module policy of the Board and recommending suggested changes. The report would be brought to the Board in May or June.

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Committee Business

Fall 2008 Enrollment Update

Sharon Wilhelm, Associate Vice President, Office of Policy Analysis and Research, updated the committee on UW System fall 2008 enrollment data, reporting that

the system had reached a new record high enrollment of 175,000 headcount students – up over 1,600 from last year. While numbers of new freshmen were slightly down, transfers from the Technical Colleges were at an all-time high, and non-resident numbers were on the rebound.

In discussion at the Board meeting, Regent President Bradley recalled that non-resident tuition had been reduced a number of years ago in order to stem the decline in numbers of out-of-state students, with the purpose of making more money from nonresident tuition and educating more Wisconsin students as well.

Regent Smith said there is evidence that the strategy is working.

Quarterly Expenditures – Budget to Actual Report (2nd Quarter)
Quarterly Gifts, Grants and Contracts (2nd Quarter)

Debbie Durcan, Vice President for Finance, presented a schedule of UW System expenditures through the first half of the fiscal year, as well as data regarding gifts, grants and contracts for the 2nd quarter.

Approval of Policy on Identity Theft Detection, Prevention, and Mitigation

Chris Ashley, Senior Legal Counsel, presented the proposed UW System policy on identity theft detection, prevention and mitigation. The policy is required under federal law, which mandates that financial institutions and creditors holding covered accounts to implement an identity theft protection program that includes detection of “red flags” that may signal identity theft. Colleges and universities are considered creditors under the new law, and governing boards are required to adopt policies.

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

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Report of the Senior Vice President

Senior Vice President Anderes provided an update on the UW System action plan to address the cost of textbooks. This agenda item would be returned to the Board in May.

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Consent Agenda

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

Adjustment of UW-Platteville Regional Enrollment Differential Tuition Program

Resolution 9596: That, upon the recommendation of the Chancellor of the University of Wisconsin-Platteville and the President of the University of Wisconsin System, the Board of Regents approves the continuation of the Regional Enrollment Differential Tuition Program and an increase in the non-resident differential premium from \$4,000 per year to \$4,400 per year beginning in Fall 2010. The increase applies to all students in the program.

The Board of Regents further approves an annual increase to the Regional Enrollment differential premium. The differential may increase annually by an amount approved by the Provost and the Chancellor. The tuition premium may not exceed the dollar amount of resident undergraduate tuition at UW-Platteville. Annual increases may begin in Fall 2011.

Request for Principal Expenditure UW System Trust Funds Mildred L. Stolberg Bequest

Resolution 9597: That, upon recommendation of the Director of the Chazen Museum of Art, the Chancellor of UW-Madison, and the President of the University of Wisconsin System, the principal and income from the Mildred L. Stolberg bequest be made available for spending.

Policy on Identity Theft Detection, Prevention and Mitigation

Resolution 9598: Whereas, identity theft, meaning fraud committed or attempted with the unauthorized use of the identifying information of another person, poses significant financial risk for all consumers; and

Whereas, the University of Wisconsin System is committed to protecting persons holding credit accounts with a UW System institution from identity theft; and

Whereas, the law requires UW System institutions to implement programs for identity theft detection, prevention, and mitigation; and

Whereas, it is necessary and appropriate for each UW System institution to review its credit accounts to identify and manage risks to consumers posed by identity theft, as part of a System-wide program of identity theft detection, prevention, and mitigation.

Now, therefore be it resolved:

That, upon the recommendation of the President of the University of Wisconsin System, the Board of Regents adopts the attached policy on identity theft detection, prevention, and mitigation as Regent Policy Document 21-4.

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Closed Session

Regent Smith advised the Board about a sobering report received by the committee about the impact of the economy on the university's trust funds. While the investment policy requires the committee to look at "underwater accounts" in June of each year, there also is the opportunity to review them whenever the economy requires.

As of December 31, 2008, there were about 23 endowment accounts for which the fair market value was less than their historical cost. In addition, 23 accounts that the Board had designated as endowments also were "under water." While the committee recognized the negative impact on departmental funding and scholarships, it also was felt that it would be prudent to stop earning distributions on accounts that were five percent or greater beneath their historical value.

In discussion at the Board meeting, Regent Walsh asked for additional information regarding impact on the endowments, and President Reilly replied that it would be provided to him.

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COMMUNICATIONS, PETITIONS, AND MEMORIALS

In Memory of Senator Claybourn Pell

Noting the death of Senator Claybourn Pell on January 1, 2009, at the age of 92, Regent Pruitt observed that he had been a patrician legislator who understood the struggles of low and middle income people. The Pell Grants, which are his outstanding legacy, reflect his extraordinary contributions to higher education.

UNFINISHED OR ADDITIONAL BUSINESS

Hospital Authority Board Meeting

Regent Spector commended Regent Walsh who, as President of the Hospital Authority Board, had done excellent work the preceding day in presiding over a very difficult meeting, attended by many people who spoke about the proposed establishment of a clinic that would perform 2nd trimester abortions.

Regent Walsh had treated all speakers respectfully and fairly; and the UW-Madison police also had done an excellent job of dealing with the public

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25th Anniversary of La Follette School of Public Affairs

Regent Loftus recognized UW-Madison's La Follette School of Public Affairs on its 25th anniversary, noting that it had become a highly successful part of the university.

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

CLOSED SESSION

The following resolution, moved by Regent Pruitt and seconded by Regent Bartell was adopted on a roll-call vote, with Regents Walsh, Vásquez, Thomas, Spector, Smith, Pruitt, Opgenorth, Loftus, Falbo, Drew, Davis, Cuene, Crain, Connolly-Keesler, Burmaster, Bradley and Bartell (17) voting in the affirmative. There were no dissenting votes and no abstentions.

Resolution 9599: Move into closed session to consider student request for Regent review of a UW-Stout decision, as permitted by s.19.85(1)(f), *Wis. Stats.*, to confer with legal counsel regarding pending and potential litigation, as permitted by 19.85(1)(g), *Wis. Stats.*, and to consider a disciplinary recommendation regarding a public employee, as permitted by s.19.85(1)(b) and s.19.85(1)(f), *Wis. Stats.*

The following resolutions were adopted during the closed session:

Request for Review of UW-Stout Decision

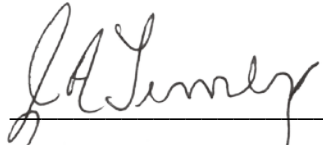
Resolution 9600: That the Board of Regents adopts the attached Proposed Decision and Order as the Board's final Decision and Order in the matter of a student request for Regent review of a UW-Stout decision.

UW-Eau Claire: Order of Dismissal

Resolution 9601: That the Board of Regents adopts the attached decision and order of dismissal as the Board's final decision and order in the matter of Philip Siegel, UW-Eau Claire.

The meeting was adjourned at 12:05 p.m.

Submitted by:



Judith A. Temby, Secretary