

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
Thursday, July 9, 2009
10:00 a.m.

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Madison, Wisconsin

UW-Madison
Held in 1820 Van Hise Hall
Thursday, July 9, 2009
10:00 a.m.

- President Pruitt presiding -

PRESENT: Regents Jeffrey Bartell, Mark Bradley, Eileen Connolly-Keesler, Judith Crain, Danae Davis, Stan Davis, John Drew, Tony Evers, Michael Falbo, Thomas Loftus, Kevin Opgenorth, Charles Pruitt, Brent Smith, Michael Spector, José Vásquez, David Walsh, and Aaron Wingad

UNABLE TO ATTEND: Regent Betty Womack

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WELCOME TO NEW REGENTS

Regent Tony Evers

Regent President Pruitt welcomed Tony Evers, who recently took office as State Superintendent of Public Instruction. Before that, he served as Deputy State Superintendent for eight years, with a career of more than 34 years in public education.

Applauding the symbolism of holding the swearing-in ceremony for Dr. Evers in Milwaukee, at the historic Hi-Mount Community School, Regent Vice President Spector noted Dr. Evers' extensive experience in many aspects of K-12 education and remarked that his leadership will greatly benefit the Milwaukee Public School System and K-12 education in general.

Regent Stan Davis

Regent President Pruitt welcomed Stan Davis, the new President of the Wisconsin Technical College System Board. He is a partner in the Axley Brynelson law firm in

Madison, where he serves as co-chair of the Government Relations Group. He also has served as the Governor's Deputy Chief of Staff and Chief Legal Counsel.

Regent Aaron Wingad

Regent President Pruitt welcomed Aaron Wingad, the new student Regent from UW-Eau Claire. Majoring in Biochemistry and Molecular Biology, he plans to attend medical school after graduation.

President Kevin Reilly added his welcome to the new Regents.

APPROVAL OF THE JUNE 4 AND 5, 2009 MINUTES

The minutes of the June 4 and 5, 2009 meetings of the Board stood approved as distributed.

RESOLUTIONS OF APPRECIATION

Resolution of Appreciation: Regent Mary Cuene

Making the presentation, Regent Bradley remarked that no one understands students and their circumstances better than Regent Cuene. Immersed in the world of students throughout her career, she can relate to matters involving transfer of credits, undergraduate education, working students, UW and WTCS students. As a teacher at Northeast Technical College, she also can relate to faculty; and she relates to the ideal community through her community organization work.

As one who encourages students all the time to be the best that they can be, she is known as a person who is all heart, as well as a person of good humor.

Regent Bradley then read the following resolution, which was adopted by acclamation, with a standing ovation in honor of Regent Cuene. Regent Bradley presented her with a plaque containing the resolution, and President Reilly gave her a UW System medallion.

Regent Mary Quinnette Cuene Resolution of Appreciation

Resolution 9655: WHEREAS, Mary Quinnette Cuene has dedicated three years of exemplary service as a Regent of the University of Wisconsin System from 2006 to 2009; and

WHEREAS, Mary has maintained the strong tradition of working together with the Wisconsin Technical College System to increase access to higher education, including expanded transfer opportunities for all students and support and guidance to help adult students understand the options available to earn a four-year degree as part of the UW System Adult Student Initiative; and

WHEREAS, Mary has been personally committed to providing educational access to Wisconsin students regardless of location, including teaching the first distance-learning course that originated from Northeast Wisconsin Technical College's Green Bay campus; and

WHEREAS, her participation on the Board's Education Committee has helped maintain the high-quality academic programs for which UW institutions are known; and

WHEREAS, Mary is a proud alumna of two UW System institutions, having received her Bachelor of Science degree from UW-Green Bay and her Master's degree from UW-Milwaukee; and

WHEREAS, she has helped guide the direction of two UW institutions through her service on special chancellor search committees for UW-Green Bay and the current chancellor search for UW-Platteville; and

WHEREAS, Mary has affirmed the Wisconsin Technical College System's role as a key partner in increasing the diversity of the UW System's student body to reflect the broad spectrum of the state's residents;

BE IT THEREFORE RESOLVED that the Board of Regents of the University of Wisconsin System commends Mary Quinnette Cuene for her distinguished and dedicated service on behalf of higher education in Wisconsin.

Expressing her appreciation, Regent Cuene stated that it had been a great pleasure and honor to serve with her colleagues on the Board, the chancellors, and others as representative of the Wisconsin Technical College System Board.

She developed her love of education early in life as both her grandfather and father played important roles in transforming the East DePere School District; and she began tutoring younger students when she was in second grade.

Having begun college at UW-Green Bay as a returning adult student, she earned her bachelor's degree in 10 years, while working at the university's children's center. Noting that both of her sons had gone to pre-school there, she expressed the hope that UW-Green Bay would again make such a facility available on campus.

In studying for her master's degree through the UW-Milwaukee School of Education, she noted that the school sent professors to the Green Bay area to offer classes – a pioneering effort at the time.

In conclusion, she urged the Board to continue to support affordable, relevant, non-duplicative options for learners and to increase the ease of credit transfer that has been of paramount importance in turning two-year degrees into four-year degrees. Noting that Wisconsin ranks 8th in granting of associate degrees, but 33rd in bachelor's degrees, she remarked that the time is right to move forward with more initiatives that make it possible for technical college graduates to continue their education and further their careers.

Resolution of Appreciation: UW-Platteville Chancellor David Markee

Making the presentation, Regent Opgenorth, a student at UW-Platteville, noted his appreciation, as a former soldier, of great officers who not only know the mission, but had the ability to instill trust and confidence in others. Chancellor Markee, he remarked, “is that kind of leader – a genuinely student-centered chancellor” who keeps student interests in the forefront of every decision and who respects the student opinions that emerge from the shared governance process.

Known for attending all kinds of student events and activities, Chancellor Markee often encouraged students to be more involved and active, noting the greater academic success of students who make positive contributions to campus life.

Stating that Chancellor Markee has provided strong leadership for initiatives that reflect his student focus, Regent Opgenorth cited the example of the new Pioneer Academic Center for Community Engagement, which provides opportunities for students to work with the community, enhancing their educational experience in the process. He also led efforts to make other needed improvements, including a new student center and a new residence hall.

Finally, Regent Opgenorth thanked Lou Ann Markee, who had been the Chancellor's partner in transforming the campus and served as interior designer for many new campus spaces, making tasteful selections with an eye toward appealing to students and ensuring maximum use of new facilities.

Regent Opgenorth then read the following resolution, which was adopted by acclamation, with a standing ovation. He presented a plaque containing the resolution to Chancellor Markee, and President Reilly presented him with a UW System medallion.

Chancellor David Markee Resolution of Appreciation

Resolution 9656: WHEREAS, David J. Markee has been one of the longest serving Chancellors in the University of Wisconsin System, having dedicated more than 13 years in service as the 13th Chancellor of the University of Wisconsin-Platteville, from 1996 to 2009; and

WHEREAS, David has been the only Chancellor in the UW System to be currently leading his alma mater, and through his status as an alumnus has strengthened ties with UW-Platteville's nearly 46,000 alumni, as well as the UW-Platteville Foundation; and

WHEREAS, under David's tenure, UW-Platteville has seen tremendous expansion in student enrollment and has been the fastest growing UW System campus over the past decade, with the student body expanding by an impressive 46 percent since 1998; and

WHEREAS, David's legacy includes an improved campus infrastructure, including major renovations to Russell Hall, Ullrich Hall, the Art Building, Ullsvik Hall, Glenview Commons, and Williams Fieldhouse, as well as new construction of the Pioneer Student Center, a suite-style residence hall, an engineering building, the greenhouse and garden complex, and four facilities at Pioneer Farm, reflecting his commitment to a high-caliber learning experience for all students; and

WHEREAS, through his commitment to academic and professional excellence, David has encouraged development of web-based academic degree programs; establishment of exchange partner and other international programs including the founding of the Confucius Institute at UW-Platteville; enhancement of student support services such as advising, counseling and tutoring; establishment of a first-year experience program and Pioneer Academic Center for Community Engagement; and the development of a 10-year plan to increase campus diversity; and

WHEREAS, David's vision for the campus has had a powerful, far-reaching impact on Southwest Wisconsin and the Tri-State Region, reinvigorating the Pioneer community and making it a hub of learning, research, and economic development;

BE IT THEREFORE RESOLVED that the Board of Regents of the University of Wisconsin System hereby commends David J. Markee for his many life achievements, offers thanks for his long-time service as Chancellor of UW-Platteville, and wishes him well in all of his retirement endeavors.

Expressing appreciation to the Board, Chancellor Markee thanked former UW System President Katharine Lyall, who had hired him, and President Reilly for their leadership.

Noting that he had studied and worked in the UW System for 25 years, 13 of them as Chancellor, he remarked that it had been a great pleasure to serve, and that he treasured his relationships with Regents, fellow chancellors, UW-Platteville faculty, staff and students, and others.

President Reilly announced that Chancellor Markee would receive the designation of Chancellor Emeritus.

Resolution of Appreciation: UW-Parkside Interim Chancellor Lane Earns

Stating that a resolution of appreciation for UW-Parkside Interim Chancellor Lane Earns would be approved by acclamation, Regent President Pruitt thanked him for taking over at a challenging time and for leading the university with great energy.

Appreciation to Cheryle Goplin

Regent President Pruitt reported that Cheryle Goplin was to retire in August after 29 years with UW System Administration, 19 of them in the Board office. In addition to many other duties, she served as Assistant Secretary of the Board for almost nine years.

Oh behalf of the Board, he expressed appreciation for all her dedicated work and extended best wishes for a happy retirement.

Ms. Goplin stated that it had been an honor and privilege to serve the Board and to work with Secretary Temby.

Introduction of Provosts

President Reilly made the following introductions:

- Fernando Delgado, who had been appointed UW-River Falls Provost. Dr. Delgado had previously served as Dean of the College of Liberal Arts at Hamline University in St. Paul, Minnesota, as Dean of the College of Graduate Studies and Research at Minnesota State University – Mankato, and as Associate Vice Provost of Academic Programs at Arizona State University. He received a BA degree in Political Science from San Jose State University and a master’s and PhD in Communication Studies from the University of Iowa.
- Patricia Kleine, who had been appointed Provost at UW-Eau Claire. Dr. Kleine most recently served as Dean of the School of Education and Professional Studies at Eastern Connecticut State University and previously was Chair of the Department of Educational Leadership at Wright State University. She also has served as a public school teacher, principal and interim superintendent. Dr. Kleine holds a BA in Elementary Education from Northern Colorado University and a Doctorate in Higher Education Research and Statistics from the University of Maine.
- Jeffrey Morin, who had been named Interim Provost at UW-Stevens Point. Dr. Morin has served as Dean of the College of Fine Arts and Communication since 2005. He holds a BFA Degree from the Tyler School of Arts at Temple University and a Master of Fine Arts Degree from UW-Madison.

President Reilly also thanked the following interim provosts for their service:

- Bill Laatsch, Interim Provost at UW-Green Bay
- Julie Underwood, Interim Provost at UW-Madison
- Al Hartman, Interim Provost at UW-Oshkosh

UW SYSTEM ROLE IN WORKFORCE DEVELOPMENT: MAJOR POLICY ISSUE DISCUSSION

In introductory remarks, Regent President Pruitt noted that the Board’s one-day meetings are intended to allow the Regents to engage in “blue sky” thinking – stepping back from the pressure of action items to analyze a broader, more strategic topic. This meeting combined action on committee items and the annual operating budget with a strategic policy item – workforce development.

Citing the UW’s longstanding leadership role in this area, he said that the Board should continue to demonstrating that leadership by such means as enriching understanding of the role of the university in participating and leading efforts to meet the needs of the state, nation, and world in this area.

Noting that the Regents have a broad range of expertise to bring to that conversation, he recalled that a series of statewide Economic Summits were sponsored under the leadership of former Regent President Jay Smith and that the Board also has worked with President Reilly to advance the Growth Agenda for Wisconsin.

“In tough economic times like these”, he reflected, “it is more important than ever to ensure that our public university is taking a hard look at the public’s workforce needs. Our efforts in that area – producing educated workers and growing the innovation economy jobs to employ them – will play a key role in Wisconsin’s long-term economic recovery and growth.”

In opening remarks, President Reilly noted that, in the broadest sense, workforce development is what the UW does by preparing students to meet the future with knowledge, ingenuity, skills, and confidence. A major provider of new members of the workforce, in 2008 the UW System produced a record 32,000 graduates, most of whom will stay in Wisconsin, who are well prepared to be engaged citizens and productive contributors to state’s economy.

There are at least two ways, he said, to consider the university’s contributions:

- Meeting immediate workforce needs
- Developing the workforce of the future by preparing for new jobs, new industries and a higher quality of life for Wisconsinites in the years ahead.

Beyond educating students, the university’s role in workforce development includes the innovative ideas and services generated by faculty, staff and students. The research being done on UW campuses results in saving and improving lives and translates into business opportunities and new jobs.

Referring to a presentation to the Board in February by Tom Still, President of the Wisconsin Technology Council, President Reilly said that those remarks highlighted the very significant role played by academic research and development in advancing Wisconsin’s economy. In that regard, the WTC report showed that academic research and development is a \$1.1 billion industry in Wisconsin, driving the creation of more than 38,000 jobs in the state last year.

While the UW can take pride in the preeminent role that it plays, the President continued, more can and should be done. Earlier in the year, he had created the Research to Jobs Task Force, charged with further developing that connection and led by Carl Gulbrandsen, Director of the Wisconsin Alumni Research Foundation, who would speak at this meeting. Other speakers would be JoAnna Richard, Deputy Secretary of the Department of Workforce Development, Kim Kindschi, Director of the Division of Entrepreneurship and Economic Development at UW-Extension, and UW System Senior Vice President Rebecca Martin.

Noting that the 21st century knowledge economy requires a highly skilled workforce, President Reilly said that UW System institutions have a significant role to

play, along with many partners, in helping to prepare that workforce. He then called on Senior Vice President Martin to begin the presentation.

Dr. Martin began by pointing out that the UW System's fundamental role in developing the workforce of the state is linked to the three elements of the Growth Agenda for Wisconsin:

- Produce more graduates
- Create more jobs
- Enhance Wisconsin communities

Noting that workforce development has long been considered a primary mission of the Technical Colleges, she pointed out that it also is an essential part of the UW System's mission and that all chancellors are very actively engaged with their regional economic development entities and other efforts.

College degrees, she said, are basic building blocks for a strong state economy and a key to a prosperous future. In that regard, she cited research findings that broader access to higher education yields:

- Higher personal income
- Greater economic productivity
- Better health outcomes
- Stronger communities
- A healthier democracy

The UW System's 32,000 graduates in 2008 were the highest number ever, as were the total of 175,000 students in the UW System in 2009. Eighty percent of UW students who are Wisconsin residents when they start college are still living and working in Wisconsin five years after they graduate.

While these statistics are impressive, she remarked, the Growth Agenda for Wisconsin is attempting to increase the pool of college-educated citizens even further by:

- Reaching into underserved populations
- Improving retention and graduation rates
- Contributing to attainment of President Obama's goal of more than 51% of the adult population with post-secondary education by 2020.

A survey of business leaders and employers by the American Association of Colleges and Universities, a partner in the Liberal Education and America's Promise

agenda, showed that employers want to hire people who are educated broadly with a focus on learning outcomes, including:

- Knowledge of human cultures and the physical and natural world
- Intellectual and practical skills, including critical thinking, creativity, and written and oral communication
- Personal and social responsibility
- Integrative learning

These goals, Dr. Martin pointed out, are closely aligned with the Shared Learning Goals for the UW System, developed last year to outline the competencies that every UW graduate will develop as part of their education.

In conclusion, she emphasized the research finding that broad preparation arms students with the adaptability they will need to succeed in the average of 10 different jobs they will hold over their working lives.

JoAnna Richard, Deputy Secretary of the Department of Workforce Development, then provided a statewide perspective on building the 21st century workforce for Wisconsin.

Referring to the challenge of tough economic times, Ms. Richard noted that the national recession is affecting all states, impacting employment and causing dislocations. Under these difficult conditions, the department's focus is on:

- Education and training as keys to moving the economy forward
- New partnerships among industry, education, and government
- Anticipating needs of emerging industries

For May 2009, the national unemployment rate was 9.1% , up from 5.2% in May 2008; and the Wisconsin rate was 8.7%, up from 4.2% in May 2008. Currently, \$40 million in unemployment benefits were being paid to about 250,000 claimants. In 2007, about 7,500 people were put out of work due to plant closings and mass layoffs. In 2008, that number was 17,600; and so far in 2009, the number had reached 12,000, with a total of 23,000 anticipated.

Workforce challenges faced by all states include:

- Shrinking federal resources
- Changing demographics, including increasing labor shortages
- Profound technological changes impacting skill needs
- Limited student, parent, and school knowledge about the labor force

- Poverty and high drop-out rates
- Shortage of skilled workers

A major challenge for Wisconsin is that, while the population continues to increase, the growth of the workforce is flat, emphasizing the need for more focus on education and technology.

Ms. Richard then displayed a graph showing a dramatically growing demand for higher worker skills, including greater analytic skills, and a lessening demand for routine worker skills. At the same time, however, she pointed out that 40% of the Wisconsin workforce has a high school diploma or less. Many of these people lack computer knowledge and other kinds of skills needed in a knowledge economy, she noted, adding that many of them may not have had a positive experience in school and thus are not inclined to get further training.

In Wisconsin and the nation as a whole, she continued, wages increase in direct proportion to level of education, with those having a high school diploma or less receiving the lowest wages.

Turning to projected workforce needs, Ms. Richard pointed out that most jobs in the fastest growing, highest paying occupations require higher education. Those with the most openings included registered nurses, elementary and secondary school teachers, engineers, and accountants and auditors. The fastest growing fields included nursing and technology fields. Nursing was the only field included in all the lists as high growth, most openings, and most new jobs. These projections, she pointed out, showed a great opportunity for the UW to graduate more nurses.

With regard to Governor Doyle's Grow Wisconsin agenda, Ms. Richard indicated that it includes:

- Investing in people, including qualified workers for quality jobs, addressing skill shortages, raising wages, and deploying training funds strategically. With regard to the latter, there was a partnership with the Technical Colleges and the Joyce Foundation to link adult basic education with skill development
- Investing in business
- Creating a competitive business climate
- Reforming regulation and making government responsive.

The Grow Wisconsin agenda includes a New Worker Training Package, consisting of:

- A Sector Strategies Initiative, \$3 million
- Opportunity grants, \$1.5 million, for low-income students attending school less than half time and not eligible for financial aid
- Skills Jump Start, \$300,000 – a bridge program with the Joyce Foundation

- Emerging Industries Skills Partnership, \$700,000, focusing on biotechnology, biofuels, and advanced manufacturing
- Manufacturing Skill Standards Certification, \$85,000, for worker skills development
- Skills Assessment and Work Readiness, \$175,000

The Sector Strategies Initiative focuses on partnerships among government, industry, labor and education, such as the New North. Education leaders involved include the UW System, the Department of Public Instruction, the Wisconsin Technical College System, and the Wisconsin Association of Independent Colleges and Universities. Government, workforce, economic development, philanthropy, business and industry leaders also are involved.

A new approach to training for low-income workers includes:

- Form regional, industry-led partnerships
- Identify training needs
- Align training resources to employer needs
- Ensure a seamless system
- Grow the economy

A \$3 million grant program will target:

- Health care/life sciences
- Information technology
- Renewable energy
- Next generation agriculture
- Advanced manufacturing
- Building and construction

A 33-member Select Committee on Health Care Workforce Development has been formed, with members representing state agencies, the Department of Public Instruction, the Wisconsin Technical College System, the UW System, the Wisconsin Association of Independent Colleges and Universities, workforce development boards, labor, rural health, long-term care, hospitals, and nursing homes. Subcommittees will deal with workplace issues, education capacity and clinical sites, and health care workforce data collection.

Turning to the American Recovery and Reinvestment Act, Ms. Richard indicated that it will provide \$7.6 billion for Wisconsin's economy and is projected to create or save 70,000 jobs. Investments include \$21 million for dislocated worker and adult

services; \$13.8 million for youth summer employment and services; \$7 million for connecting unemployment insurance claimants to employment and training; \$10 million to serve people with disabilities, much of which will be spent at UW and Technical Colleges; and funding for unemployment services, including additional unemployment benefits.

The Act also provides competitive grant opportunities in high growth and emerging industries, including renewable energy and energy efficiency (\$500 million) and the health care sector (\$250 million).

Ms. Richard concluded her remarks by noting the following keys to success for the UW in helping to build a skilled workforce for Wisconsin's future:

- Address workforce development data in planning needs
- Address workforce development capacity needs
- Align education with regional workforce and economic development needs
- Provide a well-educated workforce for tomorrow
- Provide opportunities for research, spin-offs, and new careers
- Ensure a seamless system for lifelong learning

Senior Vice President Martin then discussed some of the ways in which UW System is moving to meet the state's workforce needs.

Indicating that health care is a growing field on almost all UW campuses, she noted that there are:

- 45 undergraduate programs
- 52 graduate programs
- Nine new programs approved in the last three years, including Applied Health Sciences and Doctor of Nursing Practice degrees
- Three extended locations for existing nursing programs
- The online degree completion program in nursing
- 16 articulation agreements with the Technical Colleges

Referring to concern expressed about UW-Madison's decision to close its Clinical Laboratory Sciences program, she indicated that efforts are being made to expand programs at UW-La Crosse, UW-Milwaukee, UW-Oshkosh, and UW-Stevens Point to meet this important need. In that regard, she noted, however, that availability of clinical sites is a major issue.

With regard to engineering, Dr. Martin indicated that the UW System offers:

- 30 undergraduate programs

- 20 graduate programs
- Four new programs approved in the last three years, including computer engineering and plastics engineering
- Two new locations for UW-Platteville engineering degrees
- Five articulation agreements with the Technical Colleges

The Engineering Task Force report indicated that all programs have additional capacity, and much of the issue is centered on high school preparation, especially in mathematics, and in recruitment of students to this challenging field.

In the area of technology, there are:

- 20 undergraduate programs
- Seven graduate programs
- 12 new programs approved in the last three years, such as game design and development, and information and communication technologies
- 19 articulation agreements with the Technical Colleges - because most involve multiple institutions, they total 88 instances of UW/Tech College articulations in this area

Most new program proposals in the field of technology include collaboration with one or more Technical Colleges.

In the area of teacher education, there are:

- 59 undergraduate programs
- 52 graduate programs
- Four new programs approved in the last three years, including technology and science education and educational psychology
- 21 articulation agreements with the Technical Colleges

There has been new funding in the last biennium to recruit prospective teachers in the high-demand fields of science, technology, engineering, mathematics, and special education, as well as more teachers of color.

Stating that returning adult students are another important component of developing Wisconsin's workforce, Dr. Martin listed the following initiatives:

- Two programs building directly on Technical College associate degrees – at UW-Green Bay and UW-Oshkosh
- 15 flexible bachelors' programs aimed at returning adult students
- The Adult Student Initiative

In discussion following the presentation, Regent Danae Davis asked how programs like the opportunity grants are being marketed in order to maximize job creation at the grass-roots level.

Ms. Richard replied that the department is reaching out to community groups through means such as the Workforce Opportunities Board. For Unemployment Insurance claimants, the Job Service will provide referrals and help with career guidance. A challenge in Milwaukee, she noted, is that not all community groups are well connected with each other, making communication difficult.

Stating that he was impressed by the large number of articulation agreements between UW institutions and the Technical Colleges, Regent Vásquez asked if the public was aware of these partnerships since there still seem to be concerns about the two systems working together.

Indicating that some want still more articulations, Dr. Martin noted that the pathway from the Technical Colleges to the UW has been identified in the Equity Scorecard project as an important avenue for student access. Because some students do not know what they want to attain when they begin their education, the courses they take do not always meet criteria when they decide on a direction and wish to transfer. Better ways must be found, she said, to reach out to students earlier and provide the guidance they may need.

Referring to high rates of unemployment and poverty in Milwaukee, Regent Danae Davis pointed out that training and employment efforts could easily miss this large and challenging population.

In response, Ms. Richard said that work with the Joyce Foundation will focus on contextual, as well as academic, learning; and the Bridge Program links academic learning with a skills component. Noting that at least 700,000 potential workers need a skills upgrade, she remarked that many have already failed in an academic setting. In these cases, the Bridge Program is helpful in providing learning on the job before returning to the classroom. She added that she was encouraged by the expanding collaborations among UW and Technical College institutions.

Referring to a chart that showed 16% of the workforce having some college training but no degree, Regent Vásquez asked if there was potential for that group to obtain further education.

Replying the affirmative, Dr. Martin said that UW initiatives are targeting returning adults, through such programs as the Adult Student Initiative and degree programs designed for working adults. It will be important to focus on that group, she remarked, in order to reach President Obama's goal for an educated workforce.

David Wilson, Chancellor of the UW Colleges and UW-Extension, added that a survey identified 70,000 adults who would consider further education if they had the opportunity. These people are being targeted by the Adult Student Initiative.

The next speaker was Kim Kindschi, Director of the UW-Extension Division of Entrepreneurship and Economic Development, who noted that Entrepreneurship and Economic Development is one of the four main divisions of UW-Extension, along with Cooperative Extension, Broadcasting and Media Innovations, and Continuing Education, Outreach and E-Learning. He referred to a map showing UW-Extension's broad reach across the state, providing access to citizens in all parts of Wisconsin.

The Division of Entrepreneurship and Economic Development (DEED) has two main areas of focus:

- Small Business Development Centers (SBDCs), which collaborate with the Small Business Administration
- Wisconsin Entrepreneur's Network (WEN), which collaborates with the Department of Commerce

Services, all of which are critical to getting businesses started and helping them to grow, include:

- Business counseling
- Product engineering and design
- Feasibility, new product and invention assessments
- Market expansion studies
- Grant and loan assistance
- Management training
- Programming
- Entrepreneurial Training Program

With regard to the SBDCs, Mr. Kindschi indicated that more than 1,300 entrepreneurs have participated in business planning courses since 2003 and more than 500 have either started or expanded a business. Eight very popular peer-to-peer learning groups for high growth companies are in operation across the state. A program unique to Wisconsin – the Wisconsin Business Answer Line – provides free business consulting to more than 2,500 current and future business owners annually and has been awarded the SBDC Service Excellence Award.

Noting that SBDCs are located on four-year UW campuses, he remarked that strong host campuses are keys to the SBDC's success and that many states have a variety of hosts and struggle with location issues.

Turning to the Wisconsin Entrepreneur's Network (WEN), Mr. Kindschi explained that this program, which works with inventors, has over 120 partners. The state is divided into four regions, with a director coordinating each area and collaborating with others.

Noting rapid growth of the program since it began in 2005, he indicated that more than \$7 million for research and development was awarded to WEN clients in 2007-08 and that 239 grant applications have been approved since 2005. A number of clients have been rated in the top ten of the Governor's Business Plan Contest, and more than 40 communities around the state can point to new businesses and jobs created with the help of inventors and entrepreneurs clubs.

The latest impact study (2007) for the Division of Entrepreneurship and Economic Development showed that more than 1,500 new jobs were created and more than 2,200 jobs were saved through counseling and education.

In conclusion, Mr. Kindschi indicated that demand for services is at an all-time high, with many who have become unemployed in today's tough economy looking at entrepreneurship as a way to shape their futures. The division, he said, "continues to increase access and build expertise to improve the economic well being and quality of life for a vibrant Wisconsin."

Carl Gulbrandsen, Managing Director of the Wisconsin Alumni Research Foundation (WARF), then made a presentation on "Developing Wisconsin's Workforce of the Future" through UW-led research and technology transfer.

In that regard, UW research benefits the growth of the knowledge-based economy through start-up companies and growth of mature businesses, along with creation of well-paying jobs. Students gain a competitive advantage for good jobs and graduate study, and the public gains life-enhancing discoveries, as well as the benefits of a stronger economy.

Involved in the knowledge economy for 84 years, WARF was established in 1925 by Professor Harry Steenbock as the first organization of its kind in the nation. Its first focus was on issues related to Wisconsin farming; and, through the recent reaccreditation process, its mission was being reframed to focus more strongly, once again, on the needs of the state.

As the exclusive patent licensing organization for UW-Madison, WARF maximizes research grants to the university and has contributed \$990 million to research. WARF's mission is to support scientific research at UW-Madison by:

- Transfer of technology to the marketplace for the public benefit
- Investing licensing proceeds -- \$63 million in the last year -- to fund further research

In 2003, WARF received the National Medal of Technology from the President of the United States for:

- Its support of UW-Madison research
- Its pioneering role in patenting and licensing of university ideas for the public good

- Its partnerships with many of the nation's leading companies
- Its work to ensure passage of the 1980 Bayh-Dole Act, allowing the university to take title to work done by faculty

What has ensured WARF's success, Mr. Gulbrandsen pointed out, is one "home run" discovery after another, starting with Harry Steenbock's discovery of Vitamin D by irradiation in 1925, to blood anticoagulants by Karl Link in 1952, Vitamin D derivatives by Hector DeLuca in 1971, and human embryonic stem cells by James Thomson in 1997.

As to the future, he said that a primary direction for WARF will be investing in and taking equity in faculty start-up businesses, currently averaging seven per year, distributed among such areas as therapeutics, tools, biotechnology, stem cell, medical devices, and clean technology.

Turning to WiSys, Mr. Gulbrandsen explained that it was founded in 2000, in partnership with the UW System at the request of then-President Katharine Lyall, to manage the intellectual property of the comprehensive universities. Its mission is to support research through patenting and licensing and to return the proceeds to fund further developments. WiSys has had success and continues to grow, now working with researchers on 11 campuses.

Mr. Gulbrandsen called the Wisconsin Institutes for Discovery the most exciting project with which WARF has ever been involved, as well as the most collaborative, involving more than 200 faculty; John and Tashia Morgridge, whose wonderful gift made the project possible; and the State of Wisconsin.

A \$150 million public-private partnership, the Wisconsin Institute for Discovery and the Morgridge Institute are designed to keep Wisconsin a leader in life-enhancing technology development. One of the most interdisciplinary facilities in the country, its main floor will serve as a meeting place for faculty and other researchers from across the state, the country, and the world. In addition to inter-disciplinary research, the institutes will foster science education programs for K-12 students and teachers and distance learning services for UW campuses.

Further ideas on economic growth, Mr. Gulbrandsen continued, will come from the Research to Jobs Task Force, appointed by President Reilly. The task force, with representation from broad sectors of education and business, is focusing on:

- Job creation through start-ups or growth of mature businesses
- Job creation through increasing research within UW System schools
- Industry sponsored research, as well as government sponsored research
- Effective ways to communicate with the public and industry about the role of UW research

The task force's report is expected to be presented to the Board at its September 2009 meeting.

In discussion following the presentation, Regent Loftus inquired about funding for technology transfer and start-up businesses.

Mr. Gulbrandsen indicated that seed money is an important issue for the Research to Jobs Task Force. Major work in that regard is being done by the Department of Workforce Development and the UW-Extension Division of Entrepreneurship and Economic Development. While there is funding from venture capital firms, he noted that it would be helpful to have more and that the Governor's tax credit initiative and the work of the Wisconsin Technology Council with angel investors have been beneficial.

President Reilly pointed out that the presentations showed the impressive range of work force development programs in which the UW System is engaged.

Indicating that she was pleased to see the focus on partnerships, Regent Danae Davis suggested that the UW be even more intentional about its commitment to collaboration in order to maximize impact.

Regent Crain inquired about how resources can be developed to fund the research to jobs pipeline.

Indicating that he is optimistic about those prospects, Mr. Gulbrandsen referred to funding of \$124 million for the federal Bioenergy Initiative, with more to come in the future. Research on how to use agricultural resources to create jobs, he predicted, will create jobs throughout the state. In addition, he indicated that clean technology programs can bring both visitors and dollars into the state and also will generate jobs. Looking at the federal focus going forward, he thought that Wisconsin is in a good position to bring in substantial resources.

Ms. Richard added that, while the paper industry has been losing jobs, development of biofuels based on paper waste can reverse that situation.

Regent Bartell inquired about how to reconcile the goal of educating students on global issues with the goal of focusing education on the ability to obtain good jobs.

Senior Vice President Martin replied that values of critical thinking and global citizenship, as set forth in the Liberal Education and America's Promise (LEAP) program, underpin all of the UW's degrees. While employers want technical skills, she indicated, they also want graduates to have the broader abilities provided by a liberal education.

The meeting was recessed at 12:45 p.m. and reconvened at 1:15 p.m.

REPORT OF THE CAPITAL PLANNING AND BUDGET COMMITTEE

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

UW-Madison: Approval of Design Report and (1) Authority to Adjust Scope and Budget, (2) Seek Waiver of Wis. Stat. §16.855 under Provisions of Wis. Stat. §13.48 (19) to Allow Single Prime Bidding, and (3) Construct the School of Human Ecology Addition and Renovation Project

The committee passed, for inclusion in the consent agenda, a resolution approving the design report; increasing the project scope and budget, with the additional costs covered by gift funds; and approving construction of the UW-Madison School of Human Ecology project. Authority also would be sought to seek a Building Commission waiver to permit single-prime bidding for the project, which would renovate the existing building and construct an addition with an underground parking garage. Two adjacent buildings would be demolished to create a site for the addition.

UW-Milwaukee: Authority to Seek Building Trust Funds to Expand the Scope of the Campus Master Plan

The committee was informed that the funds would pay for consultant services to define four high priority projects and prepare them for design and construction. The four locations to be evaluated are: Integrated Research Building at the Kenwood campus, Academic Health on or near the Pabst Brewery development site, School of Freshwater Science on or near the Great Lakes Research Facility site, and a Phase I Research Building at the County Grounds site.

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

UW-Oshkosh: Authority to: (1) Purchase a Parcel of Land with Improvements at 650 Witzel Avenue in the City of Oshkosh to Provide a Campus Maintenance Facility; (2) Accept a Portion of the Parcel's Value as a Gift-In-Kind; (3) Seek the Release of Funding for Furnishings and Parking; and (4) Amend the Campus Boundary

The committee was advised that most of the funding for the project would come from a gift-in-kind and general fund supported borrowing.

A resolution granting the requested authority was approved for inclusion in the consent agenda.

UW-Parkside: Authority to Seek a Waiver of Wis. Stat. §16.855 under Provisions of Wis. Stat. §13.48(19) to Allow Single-Prime Bidding for the Communication Arts Remodeling and Addition Project

The committee was informed that this is a complex project, requiring a high degree of coordination in the construction of two additions, remodeling work in three facilities, and construction of a road and parking lot.

A resolution granting the requested authority was approved for inclusion in the consent agenda.

UW-Stout: Approval of Design Report and Authority to Adjust Scope and Budget and Construct the Harvey Hall Theater Renovation Project

The committee was informed that this long-awaited project would rectify conditions that are among the poorest in the UW System. The \$5,606,000 budget includes an increase of \$476,000 due to additional needs that became apparent during the programming and design stage.

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

UW-Superior: Approval of Design Report and (1) Authority to Seek a Waiver of Wis. Stat. §16.855 under Provisions of Wis. Stat. §13.48 (19) to Allow Single-Prime Bidding and (2) Construct the Barstow Hall Remodeling Project

The committee was informed that the project would remodel about 13,000 gross square feet of space in Barstow Hall for science labs, classrooms, student and faculty research spaces, and faculty offices. The renovation is necessary to replace obsolete space in McCaskill Hall that is being demolished as part of the new Swenson Hall project. All-agency remodeling funds would be used for the project, and authority would be requested to seek a Building Commission waiver to allow single-prime bidding.

The committee passed a resolution approving the design report and granting the requested authority for inclusion in the consent agenda.

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

The committee approved, for inclusion in the consent agenda, a resolution granting authority to construct three all-agency maintenance and repair projects, totaling about \$2.2 million, at UW-Madison and UW-River Falls. The UW-Madison project is designed to promote energy conservation and the two UW-River Falls projects would upgrade the HVAC system and replace exterior windows in Hathorn Hall.

Report of the Associate Vice President

Capital Budget Update

Associate Vice President David Miller provided the committee with a review of final legislative changes to the 2009-11 capital budget, reporting that the final budget retained all previously reported major projects and funding levels except for the UW-Madison Nursing Research Facility, which had been added by the Joint Committee on Finance. The Conference Committee recommended the project for advance planning in anticipation of funding in 2011-13.

The budget included 36 high-priority projects that would generate about 16,000 jobs and \$1.6 billion for the economy. The Capital Planning and Budget Committee

remained hopeful that the capital project improvement proposal would be recognized by the Legislature as more efficient and cost-effective than the current process. Another attempt to move the proposal forward would be made at the August Building Commission meeting.

Building Commission Actions

It was reported by Mr. Miller that the Building Commission approved about \$6.4 million for projects at its June meeting, funded by \$4.6 million in general fund supported borrowing and \$1.8 million on program revenue.

Consent Agenda

It was moved by Regent Bartell and seconded that Resolutions 9657-9663 be adopted by the Board as consent agenda items. At the request of Regent Stan Davis, Resolutions 9657, 9660, and 9662 were removed from the consent agenda.

Put to the vote, Resolutions 9658, 9659, 9661, and 9663 were adopted on a unanimous voice vote.

Authority to Seek Building Trust Funds to Expand the Scope of the Campus Master Plan, UW-Milwaukee

Resolution 9658: That, upon the recommendation of the UW-Milwaukee Chancellor and the President of the University of Wisconsin System, authority be granted to seek the release of \$525,000 Building Trust Funds-Planning for additional detailed planning in conjunction with the Campus Master Plan.

Authority to: (1) Purchase a Parcel of Land with Improvements at 650 Witzel Avenue in the City of Oshkosh to Provide A Campus Maintenance Facility; (2) Accept A Portion of the Parcel's Value as a Gift-In-Kind; (3) Seek the Release of Funding for Furnishings and Parking; and (4) Amend the Campus Boundary, UW-Oshkosh

Resolution 9659: That, upon the recommendation of the UW-Oshkosh Chancellor and the President of the University of Wisconsin System, authority be granted to:

- (a) acquire from Chamco Inc. 4.33 acres of property and associated improvements located at 650 Witzel Avenue, Oshkosh, Wisconsin, for the Facilities Management Relocation – Phase II project for approximately \$4,900,000 General Fund Supported Borrowing;
- (b) accept a gift-in-kind from Chamco Inc. equal to the difference between the market value of \$5,700,000

and the purchase price;

(c) seek the release \$973,300 General Fund Supported Borrowing for fixtures, furniture, and equipment to outfit the improved structure and upgrade the asphalt parking lot; and

(d) amend the campus boundary to incorporate the properties located at 650 Witzel Avenue, and 662 and 663 Third Avenue, Oshkosh, Wisconsin.

Approval of the Design Report and Authority to Adjust the Scope and Budget and Construct the Harvey Hall Theater Renovation Project, UW-Stout

Resolution 9661: That, upon the recommendation of the UW-Stout Chancellor and the President of the University of Wisconsin System, the Design Report for the Harvey Hall Theater Renovation project be approved and authority be granted to: (a) increase the project scope and budget by \$467,000 Existing General Fund Supported Borrowing for a total estimated project cost of \$5,606,000 (\$5,139,000 General Fund Supported Borrowing and \$467,000 Existing General Fund Supported Borrowing) and (b) construct the project.

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

Resolution 9663: 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 \$2,198,000 Program Revenue Supported Borrowing.

Resolutions 9657, 9660, and 9662, then were adopted on a voice vote, with Regent Stan Davis abstaining due to potential conflict of interest.

Approval of the Design Report and (1) Authority to Adjust the Scope and Budget; (2) Seek a Waiver of Wis. Stat. § 16.855 Under Provisions of Wis. Stat. § 13.48 (19) to Allow Single Prime Bidding; and (3) Construct the School of Human Ecology Addition and Renovation Project, UW-Madison

Resolution 9657: That, upon the recommendation of the UW-Madison Chancellor and the President of the University of Wisconsin System, the Design Report of the School of Human Ecology Addition and Renovation project be

approved and authority be granted to: (a) increase the budget by \$5,000,000 (\$4,760,000, Gift Funds and \$240,000 Building Trust Funds-Contingency); (b) seek a waiver Wis. Stat. § 16.855 under Provisions of Wis. Stat. § 13.48 (19) to accept a single prime contractor bid for the project; and (c) construct the project at a total cost of \$52,950,000 (\$22,500,000 General Fund Supported Borrowing [0000], \$240,000 Building Trust Funds [BT70] \$27,260,000 Gift Funds, \$2,850,000 Program Revenue Supported Borrowing-Parking, and \$100,000 Program Revenue Cash-Parking).

Authority to Seek a Waiver of Wis. Stat. § 16.855 under Provisions of Wis. Stat. § 13.48 (19) to Allow Single-Prime Bidding for the Communication Arts Remodeling and Addition Project, UW-Parkside

Resolution 9660: That, upon the recommendation of the UW-Parkside Chancellor and the President of the University of Wisconsin System, authority be granted to seek a waiver of Wis. Stat. § 16.855 under provisions of Wis. Stat. § 13.48 (19) to allow single-prime bidding for the construction of the Communication Arts Remodeling and Addition project at 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).

Approval of the Design Report and (1) Authority to Seek a Waiver of Wis. Stat. § 16.855 under Provisions of Wis. Stat. § 13.48 (19) to Allow Single-Prime Bidding and (2) Construct the Barstow Hall Remodeling Project, UW-Superior

Resolution 9662: That, upon the recommendation of the UW-Superior Chancellor and the President of the University of Wisconsin System, the Design Report of the Barstow Hall Remodeling project be approved and authority be granted to: (a) seek a waiver of Wis. Stat. § 16.855 under provisions of Wis. Stat. § 13.48 (19) to allow single-prime bidding and (b) construct the project at an estimated total cost of \$2,255,500 General Fund Supported Borrowing – UW Infrastructure Funds.

REPORT OF THE BUSINESS, FINANCE, AND AUDIT COMMITTEE

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

Approval of Food Service Contract at UW-Green Bay

A seven-year contract with A'viands LLC to provide dining services at UW-Green Bay was initially considered by the committee at the June meeting. However, a number of questions regarding A'viands' commitment to employees of the current contractor prompted the committee to defer action and call for discussion by the full Board. Since then, it had been learned that:

- All employees were given the opportunity to interview with A'viands;
- 21 of 23 non-management staff were to be offered positions;
- Those offered positions would be offered their current wage;
- Those who were offered, accepted, and began employment would be given a 90-day fair trial period;
- A'viands provides a comprehensive benefit package; and
- Staff would be credited for all years of service at UW-Green Bay.

Matthew Schumwinger, laundry and food services director of Workers United, and Fay Goring, food service worker at UW-Green Bay, addressed the committee, focusing primarily on the issue of health insurance, and the process used to determine which employees were not offered employment.

After a lengthy discussion, the committee passed a resolution approving the contract.

Adoption by the Board of the following resolution was moved by Regent Smith and seconded by Regent Connolly-Keesler:

Food Service Contract with A'viands, LLC

Resolution 9664: That, upon recommendation of the Chancellor of the University of Wisconsin- Green Bay and the President of the University of Wisconsin System, the Board of Regents approves the contract with A'viands, LLC to provide Dining Services to the University of Wisconsin-Green Bay, effective August 1, 2009 for a period of seven years.

Speaking in opposition to the resolution, Regent Drew objected to the way in which the request for proposals was done, noting that in other cases provisions were

made for smoother transitions. Stating that low-wage workers should not face the kind of uncertainty that occurred in this case, he commented that there were no objective criteria for decisions about which workers would not be hired and that there would be a 90-day gap in insurance coverage. Workers in UW facilities, he remarked, deserve better treatment.

Speaking in favor of the resolution, Regent Connolly-Keesler pointed out that the company had made significant concessions in guaranteeing workers their same wages and granting benefits. Indicating that contract language would be reviewed for future use, she noted that the language used in the UW-Superior food service contract was not used in others in recent years and that UW-Green Bay had worked hard in making the decision to select A'viands as the campus vendor.

Regent Wingad agreed that the language for future contracts should be reviewed, but that existing language should be honored in the case of this contract, adding that UW-Green Bay would be harmed if the contract were not approved.

In response to a question by Regent Evers as to what would happen if the resolution failed to pass, Senior Vice President Anderes explained that, while further discussions could be had with A'viands, the current contract would have to be continued, which would disadvantage the university.

Regent Danae Davis agreed that consistent language should be used going forward but that, in this case, the union was asking for too much under the circumstances.

In response to a question by Regent Spector, Assistant Vice President Ruth Anderson indicated that the contract could be canceled with 180-day notice.

Expressing concern about health insurance coverage, Regent Vásquez noted that these are continuing workers who would receive credit for past service and asked why there should be a gap in insurance coverage.

Senior Vice President Anderes explained that the insurance carrier had to proceed consistently at all sites and that the arrangement at UW-Green Bay would be the same as at UW-Superior.

Expressing agreement that steps should be taken to avoid a similar situation in the future, Regent Crain stated her support for the resolution, noting that the university went through a responsible process.

The question was put on Resolution 9664, and it was adopted on a voice vote.

Approval of Pouring Rights Contract at UW-Platteville

The committee approved a four-year, eleven month contract with Pepsi Cola Bottling of Platteville for exclusive soft drink pouring rights at UW-Platteville

Upon motion by Regent Smith, seconded by Regent Davis, Resolution 9665 was adopted by the Board on a unanimous voice vote.

UW-Platteville Exclusive Soft Drink Pouring Rights with Pepsi Cola Bottling of Dubuque

Resolution 9665: That, upon recommendation of the Chancellor of the University of Wisconsin-Platteville and the President of the University of Wisconsin System, the Board of Regents approves a four year eleven month contract with Pepsi Cola Bottling of Dubuque to provide exclusive soft drink pouring rights to the University of Wisconsin-Platteville effective August 1, 2009.

ADOPTION OF 2009-10 MEETING SCHEDULE

It was moved by Regent Spector and seconded by Regent Vásquez that the following resolution be adopted by the Board.

2010 Meeting Schedule

Resolution 9666: That the Board of Regents adopts the attached meeting calendar for 2010.

Regent Crain asked if there had been review of whether the eight meeting calendar had been working satisfactorily.

Regent Danae Davis indicated that she favored the two one-day meetings per year that were included in the calendar, with their focus on discussion of significant policy issues.

Regent Connolly-Keesler, who had chaired the Regent Committee that recommended the eight meeting format, added that the one-day meetings were intended to free-up a day for Regents to visit their liaison campuses.

Regent Smith noted that the schedule would permit a visit by the Board to each of the comprehensive campuses about every five years.

The question was put on Resolution 9666, and it was adopted on a unanimous voice vote.

ADOPTION OF 2009-10 ANNUAL OPERATING BUDGET AND TUITION/FEE SCHEDULES

In introductory remarks, Regent President Pruitt observed that, while analyzing and approving a \$2.2 billion GPR/fee annual operating budget is not easy under any

conditions, it is particularly daunting in this tough economic climate with so many challenges facing the university.

UW institutions were being asked to do more than their fair share in the face of declining state support due to extraordinary economic challenges; and the initial \$120 million across-the-board GPR cut will force every chancellor to make difficult decisions, the consequences of which will be felt by students. Cancelled pay-plan increases and furloughs will place more pressure of faculty and staff whose compensation already is below their peers.

There is little choice but to accept the deep cuts “in recognition that times are indeed very tough and the decisions that were made by our partners in Madison were necessarily difficult ones in the face of an unprecedented economic downturn and the shortage of resources.”

It also is important, he emphasized, to continue to make clear to partners in state government the hope and belief that the UW System’s willingness to work with them and do its part now will be recognized when times improve and resources become available. Noting the university’s vital role in economic growth and workforce development, he stated the need to prioritize enhanced compensation for faculty and staff to be able to attract and retain the best. “We need this to be but a short hiatus in the state commitment to the UW Growth Agenda and we need to ensure commitments going forward to financial aid for our neediest students and their families.”

In conclusion, Regent President Pruitt noted the Board’s commitment to keeping higher education affordable and accessible, while preserving the high quality of a UW degree, and the difficult choices that must be made in these difficult times, in view of that commitment.

President Reilly began his remarks by pointing out that, over a two-year period, the state would require the UW to cut about \$161 million in operating revenue – \$120.5 million from GPR, \$17.6 million from all other non-federal, non-gift revenues, and an additional \$23.3 million reallocation from auxiliary reserves -- huge cuts that would drive many decisions about the annual operating budget, including tuition rates for the coming year.

As to other items in the biennial budget, the President reported that full benefits would be provided to domestic partners of faculty and staff, making the UW System more competitive with other universities and private business that have long offered such benefits.

Second, the Legislature approved allowing the university to charge resident tuition for Wisconsin high school graduates who are citizens of another country, if they have lived in Wisconsin for a specified time and are working toward US citizenship.

Third, the state budget required that furloughs of eight days in each of the next two years be imposed on all UW System faculty and academic staff. The furloughs, which would save nearly \$40 million, would be guided by four principles:

- They are legally sound.
- They should be as cost-efficient to administer as possible.
- They should provide UW institutions with flexibility to accomplish their educational missions.
- They should provide some measure of flexibility and choice to individual faculty and staff members.

After consultation with the chancellors and faculty and academic staff representatives, it was decided that the day after Thanksgiving and three other campus-designated days would be used for furloughs, along with four days chosen by individual employees.

Fourth, the state budget contained enabling legislation allowing faculty and academic staff to join a union, if they chose to do so. Staff were working diligently to understand how the legislation might affect UW institutions and employees and to prepare for a variety of contingencies.

Turning to the annual budget, President Reilly noted the deep commitment on the part of the Board and other UW leaders to providing the best education possible to prepare students for their futures, and to offer that education in an accessible and affordable manner.

In this time of global economic crises, he said, “we would love to have no tuition increase at all. In reality, however, that is not an option. It is simply not possible to maintain the quality of our academic programs, the quality of our university experience, without raising tuition –particularly in the face of ongoing declines in state support.”

He was proud, however, that in recent years, tuition increases had been modest – 5.5% for the last two years on UW four-year campuses, which is below the midpoint of increases at peer institutions.

While the current budget climate may require slowing some of the initiatives of the Growth Agenda for Wisconsin, President Reilly said, “our faith that the Growth Agenda provides a vision and long-range plan for a better, stronger future for the state remains undimmed. . . . It is our responsibility to ensure that the UW remains strong enough to position Wisconsin to leap ahead among the states in economic health coming out of this recession.”

His recommendation to the Board was for a 5.5% tuition increase – the same rate approved by the Board in each of the past two years. He also recommended freezing tuition at the UW Colleges for the third year in a row.

With the 5.5% increase, tuition at UW-Madison would rise by \$617 for the coming year, including a general increase of \$367, plus the \$250 differential for the Madison Initiative for Undergraduates, previously approved by the Board after a long and transparent process of consultation with students and many others. Even with the

increase, UW-Madison's tuition was projected to be second or third lowest in the Big Ten.

Tuition at UW-Milwaukee would increase by \$359 annually, placing that university 12th among 15 peer institutions. For the UW comprehensive universities, the tuition increase would amount to about \$280 per year, ranking those campuses 31st among 35 comparable regional universities.

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

Freezing tuition at the UW Colleges, President Reilly continued, would preserve valuable points of access for more than 13,000 students. It also would attract additional students to the Colleges' low tuition and high quality, as well as to keep the UW Colleges tuition more in line with the Wisconsin Technical College System tuition rates for liberal arts transfer programs.

Cautioning that the relatively modest proposed tuition increase would not spare the university from difficult years ahead, the President identified the following kinds of impacts on students, faculty and staff:

- For students, the cuts will mean fewer appointments with career counselors and longer lines at the registrar's office.
- For faculty, the cuts will mean more students in their classes and less contact with each student.
- The cuts will result in more vacant positions, and higher workloads for the faculty and staff who remain.
- For students, the cuts will mean fewer class choices and bigger class sizes, and, for some, longer time required to complete their degrees.
- Faculty and staff will have fewer opportunities to keep current in their academic disciplines and strengthen their teaching and research skills.
- For students, the cuts will mean fewer opportunities for out-of-classroom learning experiences.
- Faculty and staff, who already lost a two percent pay increase scheduled for June 1st, will suffer an additional three percent pay cut in each of the next two years because of furloughs.
- There will be consolidation and elimination of some degree programs.

On the other hand, the UW was struggling to avoid the following kind of worst-case scenarios:

- Double-digit tuition increases;
- One-size-fits-all enrollment caps;

- One-size-fits-all enrollment cuts;
- Massive displacement of students from their degree programs;
- Cancellation of teaching days;
- Losing major competitive research dollars for lack of adequate grant-writing staff and time;
- Thinning faculty and instructional staff ranks to the point at which the remaining over-stretched classroom teachers cannot come close to meeting reasonable expectations of their students;
- Abandoning the “hold harmless” commitment to families up to the median income in Wisconsin.

To avoid these worst-case scenarios, President Reilly said, tuition needs to be raised by a modest and predictable 5.5%. Noting that part of those revenues would be needed to fulfill ongoing commitments, he emphasized that the remaining revenues would not be nearly enough to fully offset all of the reductions and reallocations required by the state budget.

He pointed out that UW institutions have been diligent in managing all of the challenges with they have been faced by such means as holding positions vacant for longer periods of time, delaying major purchases, reducing travel, and reallocating funds in structural realignments. He thanked the chancellors, provosts, faculty and staff for their dedication to advancing the university’s educational mission in the face of significant obstacles.

Noting that other states faced even worse difficulties, he gave the example of California, where proposed cuts in state support might force that university system to cut enrollment by 40,000 students – about nine percent.

To help Wisconsin students in these tough times, the budget provided that those with a family income at or below the state median of \$60,000 would be held harmless from any tuition increases for the first time ever. In addition, the Madison Initiative for Undergraduates provided that students at that university from families with a household income of \$80,000 or less would be held harmless from tuition increases on that campus. In both cases, the aid would be provided on the basis of demonstrated need, as determined through established financial aid formulas.

In addition, the biennial budget provided continued funding for the Wisconsin Higher Education Grant (WHEG). In 2007-08, more than 26,000 Wisconsin resident students received an average award of \$1,892.

It had been reported by the Higher Education Aids Board that applications for WHEG grants were up by 11% and actual awards were up by nearly 18% compared to the same time last year. While some students might be applying earlier than usual, the result was that the Higher Educational Aids Board had already committed more than

100% of available WHEG funds for 2009-10. Some of these awards, however, might not actually be claimed when the fall semester began.

President Reilly said that he would initiate conversation with the Governor and legislative leaders to see if the amount of available WHEG funding could be increased before that time.

Private financial aid for low-income students would be available through the Fund for Wisconsin Scholars, funded with a \$175 million gift from John and Tashia Morgridge. During 2008-09, more than 600 grants totaling over \$2 million were allocated to students at UW institutions. In the coming year, the fund planned to award about 3,000 grants, ranging from \$1,800 to \$3,500, depending on student need, for students attending public post-secondary institutions, including UW campuses.

As to federal financial aid, the maximum Pell grant for needy students would increase by 13% -- from \$4,731 in 2008-09 to \$5,350 in 2009-10. In 2007-08, almost 28,000 Wisconsin undergraduates received an average Pell grant of \$2,667. In addition, the U.S. Education Department announced a new repayment plan that would let graduates reduce their loan payments, based on their income. Interest rates on new federal Stafford loans would drop from 6% to 5.6%. By 2012, the rate would be reduced to 3.4%. There also would be new tax deductions for families working to cover the cost of tuition and other education expenses.

President Reilly then called on Senior Vice President Tom Anderes for more detail on the proposed annual budget.

Mr. Anderes began his remarks by recognizing the work done by Associate Vice President Freda Harris and her staff on biennial and annual budget development over the past 15 months.

As to the national context, Mr. Anderes reported that:

- 47 states were experiencing budget deficits
- There was extensive use of stimulus funds to backfill general fund reductions
- In California, there were severe reductions in access and permanent salary reductions
- In Minnesota, there were substantial reductions, including possible elimination of 1,200 positions, even with use of stimulus funding
- In Michigan and Illinois, reductions included reduced financial aid
- In Washington, there were limits to access and reductions in research support
- In Arizona, major academic programs were eliminated; and there were furloughs up to 15 days annually, in addition to layoffs

With regard to stimulus funding, he pointed out that:

- There would be no funding in the coming biennium from the state stabilization fund because the fiscal year 2010 budget would exceed that of 2009
- Many states were using stimulus funds for continuing operations; and, when that one-time resource is gone in 2011-13, continuing expenditures would be greater than available funding
- There would be no such deficit in the UW System since temporary funding was not being used
- Hundreds of individual proposals had been submitted to federal agencies for stimulus funding available through those sources

Turning to the 2009-11 biennial budget, Mr. Anderes pointed to the following cuts:

- \$100 million – general GPR
- \$20.5 million (one percent) – across-the-board GPR
- \$23.25 million – auxiliary services
- \$17.6 million – across-the-board program revenue
- Pay plan rescission and furloughs

The proposed operating budget for 2009-10 included principals on how to implement reductions, such as:

- Program consolidations
- Class size increases
- Faculty workload increases
- Elimination of low-enrollment courses
- Outsourcing of services
- Slowing of efforts in the Growth Agenda

New initiatives the biennial budget included:

- Wisconsin Institutes for Discovery funding
- Bioenergy Initiative
- Wisconsin Genomics Institute
- Recruitment and retention funding
- Domestic partner benefits

- UW-Milwaukee Schools of Freshwater Science and Public Health
- Planning for UW-Stevens Point School of Nursing

Affordability advances in the biennial budget included:

- Hold harmless initiatives
- Grants to offset tuition increases
- Increases in Pell grant awards
- Changes to veterans remissions, with the first funding source to come from the federal government
- Remissions for nonresident students to attend UW-Parkside and UW-Superior

With regard to the annual 2009-10 budget, which was built on provisions of the state biennial budget, Mr. Anderes reported that the GPR/fee budget of \$2.19 billion, included:

- An across the board general reduction of \$59.6 million, representing half of the \$120 million biennial reduction;
- Recruitment and retention funding of \$5 million
- Utility and debt service of \$10.8 million
- Furloughs, totaling \$37.7 million
- Tuition offset of \$35 million
- Fringe benefit increase of \$15.6 million

Noting that there might be further financial uncertainty, he indicated the following areas of potential added costs:

- Possible mid-year lapse
- Possible utility shortfall
- Veterans remission costs
- Unfunded pay increase for represented staff

Turning to the matter of tuition, Mr. Anderes noted the following tuition policy principles:

- Balance educational quality, ability to pay, and access through tuition and financial aid

- Seek increases that are moderate and predictable subject to the need to maintain quality
- Seek to maximize financial aid support
- Assume general tuition revenues to cover regular budget increases under 65% GPR/35% fees split

As to why tuition increases were necessary in 2009-10, he listed the following:

- As a partial offset to the \$60 million reduction
- To continue key instructional and support services
- To limit impacts on access in terms of class size increases, numbers of faculty teaching, and number of classes offered

The proposed 5.5% increase for resident undergraduates, he said, was:

- Predictable – the same percentage increase for three years
- Moderate – at the low side of increases at peer universities
- It maintains quality by limiting the impact of the reductions
- It preserves affordability through the hold harmless initiative that ensures that needy students pay no tuition increase

With regard to comparison to peer institutions:

- UW-Madison's tuition would be 2nd or 3rd lowest in the Big 10
- UW-Madison, UW-Milwaukee and the Comprehensive Universities all would remain below 2008-09 peer averages even with the 2009-10 proposed increases
- The UW Colleges would have no tuition increase for the third consecutive year
- UW-Milwaukee would likely continue to rank 12th or 13th of 15 peers

In response to a question by Regent Spector, President Reilly indicated that, considering both tuition and segregated fees, UW institutions were at the low side nationally.

Turning to auxiliary services, Mr. Anderes noted that these are self-supporting entities that operate on the funds they generate through fees using no state or tuition funds. If costs for auxiliary services increase, it would be necessary either to raise fees or reduce services.

In addition to covering cost increases, fee increases are used to pay for contracts with new vendors, added services as desired by students, student initiatives, and some building and some facility maintenance costs.

Segregated fees are fees for such purposes as health services, recreational sports, athletics, parking, student organizations, unions, and child care. Each campus makes choices on the type of service it will offer and the amount of fee charged for each service.

Segregated fee costs ranged from \$739 to \$1,250 per year, the average cost being \$940. Cost increases for the year averaged \$51.

Room and Board rates ranged from \$5,000 - \$7,157 per year, the average being \$5,628. Increases for the coming year ranged from \$144 to \$670, the average being \$284. Differences in costs primarily resulted from campus choices as to size and scope/quality of residence halls and meal plans.

Overall, Mr. Anderes said in conclusion, the average increase in cost for an undergraduate resident student residing on campus, using a meal plan and not eligible for a tuition increase offset, would be \$684. In that regard, he noted that less than 25% of students live on campus. The average increase for students paying tuition and fees and not eligible for a tuition increase offset would be \$401, and the increase for students paying only segregated fees and eligible for a tuition increase offset would be \$51.

He then asked UW-Eau Claire Chancellor Brian Levin-Stankevich to discuss the fee situation on his campus.

The Chancellor explained that fee increases resulted from the confluence of two major items – a new student union and a new dining plan. After seven years with the old dining plan, it was necessary to purchase a new one in order to better serve students. Noting that costs of the plan were increased by expanded hours of access, he said that research has found that total costs to students can be reduced by expanded access because the result is less spending at other food venues.

Noting that UW-Eau Claire used to have the lowest housing rates in the System, along with low dining rates, he indicated that, even with proposed increases, the university was still at or below the average costs in these areas.

In conclusion, he emphasized that there had been close collaboration with students along the way and called on Student Body President Michael Umhoefer for remarks about segregated fees.

Mr. Umhoefer explained that, of \$400,000 in new segregated fee spending, \$156,000 was for counseling services for students. Compromises had been made to hold down costs, including deferral of spending for campus sustainability initiatives that had been approved by students.

UW-Oshkosh Chancellor Rick Wells added that his campus, too, was working hard to control costs, noting that specific projects had resulted in high cost increases on that campus in past years.

The total price for a UW education, he pointed out, remained significantly below the national average. For the coming biennium, UW-Oshkosh would have a \$12.6 million budget shortfall, \$3.3 million of which would be offset by the proposed tuition increase. The rest of the shortfall would be covered by employees, through furloughs and rescission of their two percent pay plan increase (\$4.7 million), and other budget reductions (\$4.6 million).

Alex Abendschein, UW-Oshkosh Student Association vice president, said the campus currently was low in terms segregated fees and room and board costs, although increases had been higher in past years due to building costs for the new recreation center and other facilities. He explained that the Student Segregated Fee Committee thoroughly reviews all expenditures, as do advisory councils for segregated fee entities, and that all of these bodies are composed primarily of students. Noting that students are frugal and concerned about any increase, he explained that this year's raise of 4.5% was related primarily to an increase in the minimum wage.

With regard to room and board rates, measures taken to hold down costs included a new cable television contract removing telephone land lines. The student government and Residence Hall Committee, also composed of students, were very much involved in all those decisions.

In discussion following the presentations, Regent Falbo inquired about whether there would be room to raise nonresident tuition.

In reply, President Reilly indicated that it is important to keep nonresident tuition competitive in order to capture the revenue available from that source. Noting that at institutions other than UW-Madison, nonresidents comprised only six to seven percent of the student population, he believed that percentage to be too low, adding that nonresidents should enhance the student population but not replace Wisconsin resident students.

Associate Vice President Freda Harris added that the UW System had priced itself out of the market for nonresident undergraduates in past years. The policy then was changed to price tuition for nonresident students so as to cover their own costs, plus the cost of one Wisconsin resident undergraduate. Since then, many nonresident students have returned and numbers of Wisconsin students have increased as well.

In response to a question by Regent Loftus, Regent President Pruitt indicated that 25-30% would be eligible for the tuition increase offset.

Regent Davis stressed the need to effectively communicate that information so that people would know that they would not be paying a tuition increase. She inquired about the impact of large fee increases in terms of "sticker shock" for students and their families, especially for those with less ability to pay.

Mr. Anderes replied that proposed fee increases are scrutinized carefully, with the intent of keeping them as low as possible, while covering necessary costs.

Chancellor Santiago added that UW-Milwaukee's room and board rates were increased because of the pressing need to replace 40-year old residence hall windows, which no longer sealed properly.

Chancellor Levin-Stankevich said that decisions on fees were made with the purpose of keeping costs as low as possible, adding that fee increases are factored into cost of attendance for financial aid purposes.

Regent Crain asked how students and families are informed of tuition/ fee increases and possible offsets.

President Reilly said that he and the chancellors would be considering cost containment issues, including how to better communicate what real costs would be.

Chancellor Levin-Stankevich noted that projected increases were built into financial aid projections that were communicated early to students. Fees were decided the preceding year so that returning students knew of them and new freshmen were informed at registration.

Chancellor Wells added that UW institutions are part of the College Portrait that includes a cost calculator that may be used to produce estimates.

Regent Wingad agreed with the importance of communicating to potential students the aid available to help them afford college.

President Reilly agreed, noting that the Wisconsin Covenant and the KnowHow2Go program are strong steps in that direction.

With regard to economic stimulus funding, Regent Danae Davis remarked that it should not be used for ongoing costs.

Regent President Pruitt then called on two persons who had requested to speak regarding the budget.

Speaking first was UW-Platteville Professor Nancy Turner, Vice President of The Association of UW Professionals (TAUWP), who expressed concern about asking students and families to pay more for less.

In that regard, she pointed out that the required furloughs in the next two years would result in a three percent reduction in university productivity, including service to students. While it had been suggested that faculty and staff should cut back on research and writing instead of teaching, she remarked that scholarship is the basis for excellent teaching and could not be detached from it. In addition, she observed that larger class sizes resulting from budget cuts would mean less attention to individual students.

She stated the concern of TAUWP members that tuition increases have significantly outpaced inflation for the past 20 years as state government gave higher priority to other public services over the university, shifting costs to students.

Stating that faculty and academic staff should be ensured an equal voice in decisions about such matters as compensation and furlough implementation, she said that

TAUWP would work to address these problems through collective bargaining as authorized by the Governor and Legislature.

Speaking next was Tyler Junger, Chair of the Associated Students of Madison (ASM). Indicating that ASM was liable for \$250,000 in funds taken by the state to apply to the budget shortfall, Mr. Junger explained that alternatives included cutting services, such as ASM's tutoring program and safe ride programs, that are much used by students or increasing the segregated fee levy.

However, he was thankful to report that UW-Madison Vice Chancellor Darrell Bazzell had worked with the students and found another source for the \$250,000 reduction. He asked that, in the future, allocable segregated fees be held harmless from such cuts.

In conclusion, he expressed understanding of the need for the proposed tuition and segregated fee increases in order to preserve educational quality and service to students.

Vice Chancellor Bazzell expressed the hope that the situation would not arise again in which services to students would be cut to address the state's fiscal situation.

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

2009-10 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 9667: That, upon the recommendation of the President of the University of Wisconsin System, the 2009-10 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 2009-10 Operating Budget and Fee Schedules, July, 2009. The 2009-10 amounts are:

| | | |
|-------------------------|------------------------|--------------|
| GPR | \$1,139,816,724 | 23.4% |
| <u>Academic Tuition</u> | <u>\$1,051,408,117</u> | <u>21.6%</u> |
| Total GPR/Fees | \$2,191,224,841 | 45.0% |
| <u>Other</u> | <u>\$2,675,838,426</u> | <u>55.0%</u> |
| Total | \$4,867,063,267 | 100.0% |

Noting the difficulty of passing a budget during a recession, with revenues down and demand for services up, Regent Loftus remarked that the Governor and Legislature adopted a budget that was balanced and passed on time with no general tax increase. The budget before the Board would freeze tuition at the UW Colleges, provide that low-to-moderate income students would pay no tuition increase, and maintain the commitment to serving veterans. The budget also included a robust building program that would create jobs and save energy. He felt that the budget would position the university to move toward a bright future.

Expressing agreement with Regent Loftus, Regent Vásquez also stated his support for the proposed budget.

Regent Connolly-Keesler commended the proposal for avoiding a double-digit tuition increase.

Regent President Pruitt pointed out that 75% of the budget shortfall is covered by sources other than tuition.

Regent Crain commented that the budget struck the right balance between educational quality and student access.

In response to a question by Regent Opgenorth, President Reilly indicated that the budget cuts would result in such impacts as fewer advisors, longer waiting lines, fewer class choices and larger class sizes, longer times to degree for some students, and elimination of some degree programs. Faculty and staff would have fewer opportunities to keep current in disciplines, would lose a 2% pay increase, and would sustain an additional 3% pay cut through furloughs.

While he agreed that the proposed tuition increase seemed reasonable under the circumstance, Regent Opgenorth remained concerned that each time tuition was raised some people would be priced out of an education and that, even with the increase, education quality would decline.

Noting that he had visited many campuses since his appointment to the Board, Regent Wingad reported that some students focused on maintaining quality, while others prioritized low tuition. While he felt that a UW education is a great value, he was concerned when students felt excluded because of finances, noting that he himself is a first generation college student.

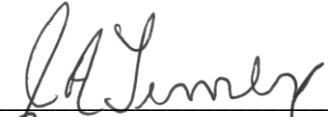
However, he recognized that it would be necessary to charge more tuition to avoid deeper cuts that would result in students getting less for their money. Believing that the proposed budget spread the burden reasonably and provided access through tuition increase offsets and freezing tuition at the UW Colleges, he felt that it represented a responsible way to move forward.

The question was put on Resolution 9667, and it was adopted on a voice vote, with Regent Opgenorth voting in opposition.

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The meeting was adjourned at 3:35 p.m., upon motion by Regent Loftus,
seconded by Regent Danae Davis.

Submitted by:



Judith A. Temby, Secretary