

MINUTES OF THE REGULAR MEETING

of the

BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM

Held in 1820 Van Hise Hall
1220 Linden Drive
Madison, Wisconsin

Thursday, July 14, 2011
10:00 a.m.

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Thursday, July 14, 2011
10:00 a.m.

-President Spector presiding-

PRESENT: Regents Jeffrey Bartell, Mark Bradley, Judith Crain, Danae Davis, Stan Davis, John Drew, Anthony Evers, Michael Falbo, Thomas Loftus, Edmund Manydeeds, Charles Pruitt, Brent Smith, Troy Sherven, Michael Spector, David Walsh, and Betty Womack

UNABLE TO ATTEND: Regents Katherine Pointer and José Vásquez

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PRESIDENTS' GREETING AND WELCOME TO NEW REGENTS

President Spector began the meeting by welcoming two new Regents. The first, Mark Tyler, of Woodville, Wisconsin, was present to observe and would begin serving on the Board of Regents the following day. He succeeded Regent Stan Davis as both President of the Wisconsin Technical College System Board and that board's representative on the Board of Regents. Regent Tyler, who previously served as Vice President of the WTCS Board, is also the founder and president of OEM Fabricators, a steel fabricator employing about 350 people in Woodville and Neillsville.

Mr. Tyler said that he was energized and humbled to join the Board of Regents. He said that he hoped that his perspective as a manufacturer, farmer, technical-college graduate and life-long learner would be valuable on the Board. Mr. Tyler received his B.A. in May 2011 from the University of St. Thomas. Acknowledging the complexity of the University of Wisconsin System, he said that he had had the pleasure of working for some time with UW-River Falls Chancellor Van Galen and UW-Stout Chancellor Sorensen. He said that his company's principal connection with the University was through the pipeline of graduates that fill engineering and management positions; they are essential for the company's growth. He expressed his commitment to work diligently on the Board and to contributing his best efforts. In particular, he would like to contribute to continuing the progress that had already been made in elevating the collaboration

among all educational institutions, so that the progression of one's life-long journey is seamless and without roadblocks.

President Spector also welcomed the Board's new non-traditional student Regent, Troy Sherven, of Oregon, Wisconsin. Regent Sherven expects to earn a Bachelor of Science degree in Management from UW-Stout in 2012. He works full-time as the Manager of Information Systems at MCD, Inc. in Madison. He succeeds former Regent Jessica Schwalenberg.

Regent Sherven thanked Board members for their gracious welcome. Noting that he had returned to school 18 years after earning his two-year degree, he said that considerations in returning to UW-Stout included distance learning opportunities and the university's friendliness toward returning adults. He said he had taken classes at many other institutions, had seen what worked and did not work, and hoped to bring the perspective someone with this experience. He said that he looked forward to working with the members of the Board.

President Spector announced that a third new Regent, student-Regent Katie Pointer, would be introduced in person at the September meeting. An out-of-town commitment made prior to her appointment precluded her presence at the meeting.

President Spector turned to President Reilly to recognize a long-standing colleague who would be stepping into a new role. UW-Stevens Point Provost Mark Nook agreed to serve as Interim Senior Vice President for Academic Affairs within UW System Administration. Mark is stepping in for Rebecca Martin, who accepted a position with the U.S. Education Delivery Institute in Washington, D.C., and would be leaving UW System later in July. President Reilly wished Dr. Nook best of luck in his new role.

2011-13 BIENNIAL BUDGET UPDATE

President Spector stated that the morning's agenda would focus on two related items about budgets. First would be an informational review of the 2011-13 biennial state budget and its major components affecting the UW System, followed by consideration of the UW System 2011-12 Annual Operating Budget, including setting tuition rates for the coming academic year.

Biennial Budget Passage and Advocacy for Flexibility

When the Board last met on June 9 and 10, 2011, the Legislature's Joint Finance Committee had just adopted significant new leadership flexibilities for all UW institutions. Those flexibilities were preserved in the final budget bill approved by both legislative houses and signed by Governor Walker. In addition, the final legislation also contained a fair number of challenges for UW institutions, which would affect the 2011-12 operating budget.

President Spector turned to President Reilly to further introduce the budget discussion. President Reilly said that the two-year budget reduced taxpayer support for the UW institutions'

operating budget by \$250 million, and also provided long-sought statutory changes in key areas such as budgeting, financial management, and personnel.

The final budget bill preserved a unified statewide system, while also providing UW-Madison with specific institutional authority in personnel systems, procurement, and accountability reporting.

The University System had long advocated for the authority to manage its operations more efficiently; President Reilly expressed appreciation for the Legislature's and the Governor's efforts to offer reasonable changes that would enhance the UW's ability to cope with near- and long-term challenges.

Chancellors, joined by business and community leaders, advocated strongly for these flexibilities, President Reilly stated. Governor Walker said from the start that he was open to the idea of providing more flexibility to all UW System institutions, and legislators gave the UW a budget that did that.

Effects of Funding Reductions

Large funding cuts would be felt by everyone, in the form of larger class sizes, reduced services, smaller paychecks, and higher workloads. President Reilly said that budgets were being cut at a time when more citizens want access to higher education, as shown by the System's current highest enrollment ever. President Reilly asked Chancellors Mike Lovell and Dick Telfer to speak about the negative effects of the budget cuts on to their universities.

UW-Milwaukee Chancellor Mike Lovell, saying that he had been having a lot of meetings with students, noted that students meet with their academic advisors, make a plan to graduate, and then when they go to register, find that they have been locked out of the classes they need because not enough course sections are available. Chancellor Lovell read an email from a student, who expressed frustration about getting the classes she needed to graduate on time. She said that she had to run around campus after the semester started to ask professors to allow her into their classes, and she was forced to take classes she could get into, instead of those that sparked her interest. The chancellor said that, unfortunately, the problem was likely to get worse, because staffing and course sections would be reduced. He referred to an obligation to help students graduate in a timely manner and said that a solution is needed.

UW-Whitewater Chancellor Dick Telfer highlighted three areas of concern: (1) there are about 1,000 more students on campus than ten years ago, and class sizes have grown over the past eight years because of budget issues; (2) administrative capacity has been stripped in such a way that basic services such as admissions, financial aid staffing, and even cleaning have been reduced; and (3) it is difficult to find the money for such high-impact practices as undergraduate research, study abroad, and tutoring.

President Reilly thanked the two chancellors for the examples they cited. He noted that many cuts were occurring, but one important provision in the budget bill would mean that take-

home pay would not shrink quite as much as expected. Thanks to a statutory change that was added by the Assembly, UW employees can make their new retirement contributions on a pre-tax basis, resulting in some savings. For an employee earning \$36,000 per year, for example, the ability to make pre-tax contributions will save an estimated \$475 per year.

President Reilly said that the UW System needs to find new ways to keep making the case for the value of its mission, and the value of the faculty and staff who deliver on the mission. The University of Wisconsin needs to help lead Wisconsin and the nation out of the recession, and thereby position itself for new investments in the UW.

Biennial-Budget Detail

President Reilly called upon Senior Vice President Morgan to present the biennial budget in more depth. Mr. Morgan spoke about Wisconsin Act 32, the 2011-13 biennial budget. He said that the Legislature made few changes compared with the Joint Finance Committee's version of the budget.

Senior Vice President Morgan said that the UW System's budget was reduced by \$250 million, with UW-Madison's share changing from about 50 percent to 38 percent, compared with the Joint Finance version; UW System Administration's budget was reduced by 25 percent; and UW System Administration positions were reduced by 51. In addition, the UW System would be required to report back to Joint Finance and the Department of Administration about how the System Administration cut would be taken.

The Legislature approved some long-sought flexibilities: (1) a GPR block grant for general program operations and debt service; (2) removal of limits on tuition authority, although a 5.5 percent limit on tuition applies to the current biennium; (3) authority for a supplemental pay plan, with Joint Committee on Employee Relations (JCOER) approval, and funding from UW System resources; (4) an opportunity for a UW personnel system, subject to JCOER approval; (5) the ability to conduct collective bargaining within the System; (6) removal of a \$12,000 dual-employment cap on certain UW employees; (7) authority to enter into contracts for purchases related to higher education; (8) an increase in the threshold for sealed bids from \$25,000 to \$50,000; (9) authorization to accept vehicles as gifts; and (10) authorization to establish travel policies for the UW beginning in 2013. UW employees will not be counted in the state position count, beginning in 2013.

Senior Vice President Morgan also noted the creation in the budget bill of the Special Task force on UW Restructuring and Operational Flexibilities. The Task Force, with 17 members appointed by the Legislature and the Governor, would be charged with addressing: (1) the structure and governance of the UW System; (2) the transition of employees to the new personnel system; (3) tuition flexibility and the Legislature's role; (4) how pay plans should be determined; (5) additional flexibilities that could be provided; and (6) improvement of articulation and transfer of credit between institutions. Mr. Morgan also reviewed the specific composition of the Task Force, funding for expenses, and staffing.

Highlighting other budgetary provisions, Mr. Morgan said that the budget requires a Legislative Audit Bureau financial and performance audit on telecommunications services and the relationship with WiscNet by January 1, 2013. The budget also, effective July 1, 2013, prohibits the University from being a member, shareholder, or partner in any third-party entity providing telecommunications services to anyone other than higher-education institutions.

In addition, the budget deleted the prohibition from receiving or expending funds related to the Building Community Capacity through Broadband (BCCB) grant awarded to UW-Extension. The budget also prohibited UW-Extension from committing any funds to facilities under the BCCB grant project that were not committed prior to June 15, 2011, unless approved by the Joint Committee on Finance. The University has significant concern about these budget provisions, as described at the June Board of Regents meeting.

Board Discussion of Biennial Budget

Regent Danae Davis asked about possible results from the legislative Task Force, and whether the Task Force could undo already-approved provisions. Senior Vice President Morgan said that the work of the Task Force was to be completed by January 1, 2012. He was hopeful that there would be continued positive movement with respect to flexibilities, tuition, and other areas.

Regent Bartell, referring to the block-grant flexibility, asked a question about how the block grant would work. Mr. Morgan said that the law is silent on how this would work, but prior discussions within the System have suggested that the Board would delegate flexibilities such as the block grant to the UW institutions. Regent Bartell asked about tuition revenues, as they relate to the block grant. Senior Vice President Morgan said that the budget provides for greater flexibility in institutions' use of tuition revenue, without Regent approval.

Regent Loftus commented that the budget is a retreat from higher education in Wisconsin. He said that the budget provides an incentive, whether intended or unintended, to enroll even more students because students now pay such a large cost of the UW System. Also, there is an incentive to enroll more out-of-state students, who will pay the full fare. Mr. Morgan responded that the Board had continued to push forward with the *Growth Agenda*, but it would be challenging to continue to provide a high-quality educational environment for students. The proportion of general purpose revenue (GPR) funding is now only 18 percent.

President Reilly added that there is a trend nationally for students and their families to pay more of the cost of higher education. Some UW institutions have chosen to grow the number of their students, while others have focused on retention and graduation to get more students through to earn a degree. There is an incentive for institutions to grow, especially with the newly-added tuition flexibility. He said that this is foolish in the long run, because it prevents some students from attaining a higher education. Chancellor Wells said that the challenge is to figure out how to provide a higher-quality education at a lower-per-capita cost. The incentive is to recognize the need to be entrepreneurial and innovative in figuring out how to subsidize the cost of higher education.

APPROVAL OF UW SYSTEM 2011-12 ANNUAL OPERATING BUDGET AND TUITION

Overview of Operating Budget Goals

Turning to the 2011-12 annual operating budget, President Spector said that the focus of the discussion would be on setting tuition for the coming academic year, but that there are many other parts to the budget, as well. As the Regents review the proposed annual budget, he said, it would be important to consider a balanced big picture, including not only the price students pay, but also the aid that they receive to reduce that cost. Another consideration is the more subjective matter of lifelong benefits students derive from a first-class college education, as well as whether UW institutions have the resources to deliver that first-class educational experience.

President Spector stressed the importance of keeping in mind the broader benefits that all of Wisconsin derives from having an educated workforce. In light of the flexibilities now granted to the UW System, the annual budget should be examined to ensure that opportunities are pursued to use this new authority to stretch dollars further and serve students better.

President Reilly spoke next, providing an overview of the annual operating budget and noting the long-term goal of preserving broad access. Wisconsin is not the only state where universities must tighten their belts to deal with state budget cuts, but the UW has successfully avoided the kinds of double-digit tuition increases that would place a heavier burden on students and their families.

To continue serving more than 182,000 students – and continue serving them well – UW System institutions need some additional revenues to preserve high-quality degree programs, help students graduate on time, and support mission-critical functions at all of the universities. President Reilly said that the biennial budget provides significant new operational flexibilities, and he expressed gratitude for that new authority. However, chancellors would still need to make tough choices about trimming operating budgets and delaying implementation of new programs.

Tuition Increase

President Reilly observed that the members of the Board share an abiding commitment to keeping public institutions excellent, accessible, and affordable. He expressed pride in the effort in recent years to keep tuition increases reasonable and predictable. For the last four years, increases at four-year campuses were held to 5.5 percent, less than at peer institutions. If the Board accepts the recommended budget, the 5.5-percent increase would mean that UW-Madison tuition would rise by a total of \$659 for the next academic year, representing a 5.5-percent general tuition increase of \$409, plus the \$250 differential tuition increase for the Madison Initiative for Undergraduates. Even then, UW-Madison's tuition is still projected to be the second- or third-lowest among the Big 10 universities. With the 5.5-percent increase, tuition at UW-Milwaukee

would increase by \$400 annually, and at comprehensive universities, an average of \$311 more per year.

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

Financial Aid and Net Cost

At a time of continued economic turbulence, any tuition increase is difficult. President Reilly described the need to balance the quality of education with the price students must pay for that education. President Reilly recalled the February presentation to the Board by Professor Sandy Baum, in which she talked about the “net cost” of college, when student aid, in the form of grants, scholarships, and tax benefits, is considered. According to the College Board’s latest report on these trends over the past five years, the average net price for full-time students had declined, after adjusting for inflation, at public universities, private universities, and two-year colleges.

About two-thirds of all UW System undergraduate students receive some form of financial aid, and about half of those receive at least one outright grant or scholarship. Wisconsin Higher Education Grant (WHEG) awards and Federal Pell Grants comprise the largest sources of student aid at UW institutions. One out of every five resident undergraduate UW students received a WHEG award the previous year, President Reilly said, with an average award of \$2,161. State funding for WHEG-UW will remain flat in the coming year, but UW leaders have worked with the Higher Education Aids Board (HEAB) to approve a new formula that would spread these grants among a larger number of students.

Also, in the fall, the first cohort of Wisconsin Covenant scholars will arrive at UW campuses, with participating students receiving between \$250 and \$2,500 in aid each year.

Continuing students who first enrolled before 2011-12 will still be eligible for Tuition Increase Grants, which help to offset some tuition increases for qualified students. Because of new flexibilities provided by the state, the UW System can reallocate unused funds from this program to assist other financially needy students.

President Reilly concluded that the financial-aid opportunities he mentioned, together with more need-based aid from private sources, were important steps for ensuring that a high-quality UW education remains accessible and affordable.

Annual-Operating-Budget Detail

President Reilly asked Senior Vice President Morgan and Associate Vice President Harris to present more detail on the proposed annual budget. Associate Vice President Harris began by saying the proposed budget for 2011-12 included \$5.6 billion of resources, including \$1 billion of state funding, \$1.2 billion in academic tuition revenue, and \$3.4 billion of other funds (federal funds, gifts and grants, hospital revenues, operating revenue, etc.).

The budget also includes \$125-million general base reduction in GPR, the removal of \$47 million of GPR that supported health insurance and retirement costs that employees are now required to pay, and significant reductions in funding for debt service and utilities. The budget does not provide new resources requested by the Board, but does provide greater flexibility for the UW System to manage its operations. The budget removes the requirement that employees take furlough days.

Ms. Harris also reviewed the tuition-increase amounts that President Reilly had noted. She noted, in addition, that tuition at the UW Colleges would increase for the first time in five years, by \$235, making the Colleges' tuition comparable to rates for liberal arts programming in the Wisconsin Technical College System.

Associate Vice President Harris referred Board members to Table B-1 in the Board materials, showing rates for all students, including non-resident students. She said that tuition increases would be used to help offset the \$125-million general base reduction in GPR, covering about 30 percent of this required reduction. The tuition funding is needed, with enrollments at the highest level ever, to continue to provide quality education.

Tuition will still be among the lowest compared to UW institutions' peer groups after the recommended increases. Ms. Harris referred to Table A-2, which she said showed that combined increases for tuition, segregated fees, and room and board are about 5 percent for resident undergraduate students (although only about one-quarter to one-third of students would incur this full cost, because not all students live on campus).

Ms. Harris described increases in need-based financial aid: the Wisconsin Covenant Program, the Fund for Wisconsin Scholars, and institutional financial aid associated with differential tuition at UW-Madison and UW-Eau Claire. Funding for WHEG will allow funding for more students.

Segregated fee rates are proposed to increase an average of \$33 at four-year institutions, with a large proportion of the increase due to student-initiated programming changes and major projects. At UW Colleges, segregated fees are proposed to increase \$20 on average, primarily because of the addition of mental health services staff and student-organization funding increases.

Room and board rates are proposed to increase \$248, or 4.2 percent on average, due primarily to new or renovated residence halls, facility maintenance projects, and increasing food supply costs.

Board Discussion of 2011-12 Operating Budget

Regent Bartell asked about the net price of higher education, since financial aid is a large factor in what students pay. He asked about the new formula that spreads the WHEG cost among a larger group of students. He also referred to a three-year Wisconsin Scholars Longitudinal Study at UW-Madison which concluded that financial aid has a more positive effect in getting the most at-risk and the most disadvantaged students through to graduation. He asked whether formulae for

distributing financial aid should focus on the neediest students for the greatest impact. Associate Vice President Harris said that current formulae do allocate larger grants to the neediest students. She said that there are also students in the middle-income group who, without grant aid, might be unable to attend college. The goal is to stretch the resources as much as possible. President Reilly commented that the new data would need to be analyzed carefully; the study Regent Bartell mentioned was the first of this type of study.

Regent Drew inquired about the rationale for not using the same percentage increase for nonresident as for resident tuition, about fairness for Wisconsin residents, and about why the UW is farther from the peer midpoint for nonresident than for resident tuition. Associate Vice President Harris responded by saying that the rates for resident UW-Madison students are affected by \$250 in differential tuition, while the increase for nonresidents is significantly higher. With respect to other students, the standard practice had in the past been to increase nonresident tuition by the same percentage as tuition for resident students; this led to rates close to or above the peer median. In addition, another nonresident tuition increase led to the UW's getting out of the market, because its rates were higher than peers' rates. Four or five years ago, competitive pricing for nonresident students was introduced; nonresident students are attracted to the UW at those rates, while still subsidizing resident tuition rates.

Regent Loftus asked whether the Board's authority to enact differential tuition was removed in the budget. Ms. Harris said that the biennial budget did not remove this authority, but did prohibit the enactment of new differentials during the current biennium, beyond those already approved by June 2011.

Regent Loftus, commenting on the negative effect of the budget on the *Growth Agenda*, asked whether under the new block grant a chancellor is allowed to reduce or increase enrollment, or whether that authority resides with the Board. Associate Vice President Harris said that the block grant concept did not address this. Under current practice, chancellors can increase or decrease enrollment, based on the resources that they have. However, under the *Growth Agenda*, the goal had been to increase graduates.

Regent Crain stated that she would like to hear from chancellors regarding the budget and also expressed disappointment about the disappearance of the Wisconsin Covenant. Chancellor Gow commented that with fewer resources per student, increasing enrollment leads a university to be worse off in terms of resources, the more students it has. Balancing the needs of the institution with what students pay is very difficult.

Chancellor Gow continued, saying that his favorite thing as chancellor is commencement. He also enjoys thanking the staff for their hard work. However, in the past year, UW-La Crosse had 100 retirements, compared with 33 the year before. In a workforce of 1,000, this is significant and was likely affected by the changing nature of compensation for faculty and staff; the UW was behind the competition in compensation, even before the requirements for increased health care and retirement contributions. The situation is serious. While it would be preferable to not have to raise tuition, it is important to keep an eye on retaining the best faculty and staff, so that the educational experience remains a good value.

Regent Danae Davis asked President Reilly about the process to be used to consider revisiting the goals of the *Growth Agenda*, or whether the goals need to be changed, in light of current realities. President Reilly said that the process had begun to set up meetings with chancellors and their teams for early fall. He said that it would be necessary to take a tough look at the *Growth Agenda* goals. Also, however, some chancellors feel a financial incentive to keep enrolling qualified students. It would be disastrous for the state of Wisconsin to not stay with the goals that had been set, but at the same time, it would be wrong to stay with the goals and water down the quality of education. Regent Danae Davis suggested that the synthesis of this analysis of information from the UW institutions would be a good discussion with the Board of Regents.

UW-Madison Provost DeLuca spoke about the difficulty of the present situation and said that he believed the *Growth Agenda* would be seriously compromised by the budget.

Chancellor Telfer reacted to earlier comments about enrollment vs. retention and graduation. He noted that enrollment comes from bringing in new students, as well as retaining more students. If retention improves, it might be necessary to decrease the size of incoming classes to stay stable. He said that UW-Whitewater is at this point; the freshman class has not changed, but enrollment has grown. Growth occurs, even without new students, transfers, etc., if the university does a good job. Also, referring to the earlier discussion of nonresident tuition having gotten high enough to price students out of the market, Chancellor Telfer said that at UW-Whitewater, out-of-state student enrollment fell off precipitously several years earlier when nonresident tuition was increased too much; particularly given UW-Whitewater's location, he did not want to discourage nonresident students from coming to his campus.

Regent Falbo asked about a decrease in debt service in the budget. Associate Vice President Harris said that the budget reflected decreases in costs; a debt restructuring led to a decrease, but this will go back up next year. In addition, cost reductions appear because of decreases in state funding for health insurance and retirement; employees, instead of the state, will be paying these amounts.

Regent Falbo asked if health insurance, as well as retirement, contributions could be pre-tax. Ms. Harris explained that health insurance already is pre-tax.

Regent Falbo, referring to Table B-2 in the materials, asked for more comparative data on nonresidents and the comprehensive institutions. Ms. Harris said that the comprehensives have about 40 peers, and it is challenging to gather that material in time for the budget discussion at the Board meeting. A peer table could more readily be done at the end of June. A nonresident comparison could be added. President Spector asked Ms. Harris and Regent Falbo, as chair of the Business, Finance, and Audit Committee, to continue to work at a later time to define the information that would address Regent Falbo's questions.

Regent Loftus referred to the language in the biennial budget related to the development of a new personnel system for UW-Madison and for the rest of the System, with JCOER approval. He said the language seemed to imply that the new personnel systems could forgo the peer-group test and have a new system of pay scales. Senior Vice President Morgan said that he was not sure there would be new pay scales, but that there likely would be a revamping of how decisions would be

made about how groups of employees would be compensated. Regent Loftus asked when the Board of Regents and the UW-Madison chancellor would work on this. Mr. Morgan clarified that the new systems would not go into effect until the next biennium.

President Spector called for a motion to adopt Resolution 9948. The motion was moved by Regent Pruitt and seconded by Regent Danae Davis.

During discussion of the motion, Regent Drew said that he had received a brochure from UW-Stout Chancellor Sorensen about the economic impact that UW-Stout has on the state of Wisconsin. According to a study, for every one dollar of state tax investment in UW-Stout, the university generates \$9.59 of economic activity in the state. A similar study for UW-Madison showed that every one dollar of state investment yielded \$21 in economic activity for the state. State dollars invested in the University of Wisconsin System create jobs in the public and private sector, which generate tax revenue and, most importantly, educate students to lead enriched and productive lives. Notwithstanding the good that the UW System does, the Governor and Legislature have presented a budget that makes massive cuts to the UW System.

Regent Drew said that the Board is being asked to raise tuition 5.5 percent on residents, to generate \$37 million, which would partially offset what was cut. For the first time, tuition (at 21.6 percent) would be greater than the state GPR share of the budget (17.9 percent), representing a move away from a shared responsibility of the people of Wisconsin, through their government, to provide high-quality public higher education. This is a move toward a system that will be public in name only and will restrict access to more and more people of low and moderate income. Regent Drew said that he supported similar tuition increases in the past, when they were part of a responsible budgeting process that recognized the importance of the UW System and public higher education. However, he said the tuition increase is an attack on Wisconsin citizens, and a giant step away from high-quality, affordable higher education. He said that working people are not getting 5.5-percent pay increases; it is not fair to ask them to shoulder more of the burden of the cost.

Regent Drew said that in addition to faculty and staff doing more with less because of budget cuts, students and their parents were being asked to pay more for less, even though every effort would be made to maintain quality. Saying that tuition is going in the wrong direction and sends the wrong signal, Regent Drew said that he was opposed to the tuition increase.

Regent Sherven said that he had been talking with other students about the proposed tuition increase. He said that it is important to clearly communicate to students and the public that the increase covers only about one-third of the budget cut.

Regent Manydeeds expressed agreement with Regent Drew's thoughts. He said that in his area of the state, the belief was that students are shouldering the burden of the budget cuts. The actual proportion should be made clear, as Regent Sherven stated. However, people are hurting. While it is necessary to ask them to pay more, it is not fair. He said he would like to go on record as not supporting the tuition increase.

President Spector, noting that such decisions are difficult, called for a vote on the motion. After a voice vote, a roll call vote was requested; Resolution 9948 was adopted, with Regents

Bartell, Bradley, Crain, Danae Davis, Stan Davis, Evers, Falbo, Pruitt, Sherven, Smith, and Spector (11) voting in favor of the resolution, and Regents Drew, Loftus, Manydeeds, and Womack (4) voting in opposition. There were no abstentions.

2011-12 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 9948: That, upon the recommendation of the President of the University of Wisconsin System, the 2011-12 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 2011-12 Operating Budget and Fee Schedules, July, 2011. The 2011-12 amounts are:

GPR	\$1,001,508,980	17.9%
<u>Academic Tuition</u>	<u>\$1,208,995,939</u>	<u>21.6%</u>
Total GPR/Fees	\$2,210,504,919	39.5%
<u>Other</u>	<u>\$3,379,690,152</u>	<u>60.5%</u>
Total	\$5,590,195,071	100.0%

The meeting recessed at 11:50 a.m., with committees to convene at 12:20 p.m. Following the committee meetings, the full Board reconvened at 2:15 p.m.

CLOSED SESSION

The following resolution was moved by Regent Smith, seconded by Regent Falbo, and adopted on a roll-call vote, with Regents Bartell, Crain, Danae Davis, Stan Davis, Drew, Falbo, Loftus, Manydeeds, Pruitt, Sherven, Smith, Spector, Vásquez, Walsh, and Womack voting in the affirmative. There were no dissenting votes and no abstentions.

Closed Session Motion

Resolution 9949: That the Board of Regents move into closed session to consider annual personnel evaluations, as permitted by s. 19.85(1)(c), *Wis. Stats.*

The meeting was adjourned at 4:25 p.m.

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Submitted by:

/s/ Jane S. Radue

Jane S. Radue, Secretary of the Board
Office of the Board of Regents
University of Wisconsin System