

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, February 9, 2006

10:30 a.m.

- President Walsh presiding -

PRESENT: Regents Axtell, Bradley, Burmaster, Connolly-Keesler, Crain,
Davis, Loftus, Pruitt, Rosenzweig, Salas, Semenas, Smith,
Spector, and Walsh

UNABLE TO ATTEND: Regents Gracz, McPike, and Randall

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**THE UNIVERSITY'S GROWTH AGENDA: A VISION FOR THE
FUTURE**

PRESIDENT KEVIN REILLY

In opening remarks, President Reilly reported that the National Center for Higher Education Management Systems had recently placed Wisconsin among the five states with the most productive public university research sectors and also ranked Wisconsin among the top five states with the most productive public baccalaureate and master's institutions, relative to their resources.

Noting that this is high praise, especially in view of the resource challenges the UW has faced, the President said he wished to look ahead with the board toward how to build a brighter future for all of Wisconsin.

In December, he had challenged the board and others to “Think Big” about the university’s critical role in that future, particularly in the areas of brain gain, tuition and financial aid, and the UW’s compact with the state. Part of this big thinking had already borne fruit with the Governor’s recent introduction of the Wisconsin Covenant.

To continue thinking big, President Reilly presented a vision for growing and nurturing the UW System as a great asset for enhancing the state, its people and their quality of life for the 21st century. It was built on his experiences as an educator, provost and chancellor of UW-Extension and President of the System, on the many conversations he had with residents of Wisconsin communities across the state, on the UW’s *Charting a New Course* study, and on the regents’ and chancellors’ retreats of last summer. It included equal parts of inspiration, aspiration, and vision.

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Inspiration

President Reilly remarked that he received inspiration daily through exchanges with students, faculty, alumni, parents, colleagues, citizens and people from around the country and world who reaffirm that the UW is a marvelous university system. He has been inspired by them to do all that he could to keep the university strong and vital.

Like many others, he had been inspired by his parents and grandparents to love learning, attend college, and see to it that others could enjoy the same benefits.

He was inspired by the contributions of the UW’s many outstanding faculty and staff, among them the recently departed UW-Madison Afro-American Studies Professor Nellie McKay, who gave birth to a new field of study and so enriched the experiences of many students and colleagues.

He also was inspired by his surroundings and the legacies of such renowned figures as Charles Van Hise and Thomas Brittingham, as well as by the prominently displayed statue of Abraham Lincoln, that since 1909 had served as an inspiration to many generations of impressionable young men and women.

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Aspiration

Quoting the poet Robert Browning who wrote that “a man’s reach should exceed his grasp,” President Reilly observed that UW leaders are in the business of reaching to put the university within the reach of every state citizen. In that regard, he cited eloquent remarks made by Executive Senior Vice President Mash when he spoke of his own aspirations as a first generation college student and of the importance of carrying forward the message that “college is possible.”

College graduates, President Reilly noted, not only reap substantial personal benefits, they also are more productive workers, pay more in taxes, are more engaged citizens, appreciate diversity, and live longer lives. All Wisconsin residents could have an opportunity to aspire to a better life by opening the doors to every motivated young person who wants to attend a UW campus and is willing to work at their education.

“If we think and act as big as this state’s heart,” he said, “we can find a way to fashion a Covenant program that will foster aspiration and success among our young people.” The goal is increased access for families of middle and lower incomes, a larger percentage of the population with college degrees, and a thriving knowledge economy that will employ these graduates.

In addition, he stressed the importance of fueling the dreams of Wisconsin adults, noting that changing demographics show the future pool of potential college students to be increasingly older and ethnically diverse. The UW, he indicated, will need to have programs in place to educate more nontraditional students in order to improve the quality of the state’s workforce and strengthen Wisconsin’s economy through brain gain.

With the Adult Student Initiative, UW-Extension and the UW Colleges will become the first points of contact in connecting adult students with programs that best meet their needs. They also will partner with four-year campuses to offer bachelor’s degrees in new or emerging fields of high demand and to expand the adult student programs these campuses already have.

The Adult Student Initiative, President Reilly explained, is a direct response to what has been learned from the Committee on Baccalaureate Expansion (COBE), the UW’s joint project with the Wisconsin Technical Colleges, and to regent directives following that committee’s report. The effort will be to get more working adults into UW classrooms, to help more students earn bachelors degrees and create the kind of workforce that will attract knowledge-economy businesses to Wisconsin.

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Vision

President Reilly referred to his statement that, “The University of Wisconsin System should be the state’s premier developer of advanced human potential, of the jobs that employ that potential, and of the communities that sustain it.” What makes any vision statement real, he pointed out, are the actions that it fosters. In that regard, he indicated that this vision could be applied to a growth agenda by producing more nurses, teachers, pharmacists, engineers, entrepreneurs and other professionals that could promote progress for Wisconsin.

Remarking that there are many ideas for growing student populations and state and local economies, he commented that the efforts are creative collaborative, cost-effective, multi-institutional, and even multi-state. Examples include UW-Platteville’s Tri-State engineering initiative and the Central Wisconsin Connection, a collaboration among UW-Marathon County, UW-Marshfield/Wood County and UW-Stevens Point to enable more students to obtain four-year degrees while matriculating at two-year campuses. These and many other new initiatives and ideas recognize the need for new approaches to doing business in an era of constrained state support.

Similarly, the proposal before the board to make nonresident tuition more competitive is intended to produce additional revenues to grow both resident and nonresident student populations.

In order to foster growth in the state's economy, the vision includes growth in research capacity at UW-Milwaukee in conjunction with the region's private institutions in order to invigorate the greater Milwaukee economy. In addition, fueling the biomedical and biopharmaceutical engines at UW-Madison will not only lead to discovery of cures for disease but also create spin-off companies and high wage jobs.

Other initiatives include helping UW-La Crosse with its tuition-driven growth plan; supporting UW-Stout's emergence as Wisconsin's Polytechnic; exploring new ways at UW-Parkside and other campuses to increase retention and graduation rates; and growing the economy of the Fox Valley through UW-Oshkosh's Baccalaureate Completion Program and UW-Green Bay's plans to expand its student body.

Each of these campus-specific opportunities, President Reilly observed, reflect the wisdom of a system that can empower its individual campuses to find their own market niche and make their own distinct contribution to the UW System and the state.

The goal is to move Wisconsin where it needs to go by closing the gap between Wisconsin's per capita income and that of Minnesota, by increasing the number of baccalaureate degree holders to make the Wisconsin nationally competitive in that regard, by bringing state GPR support per student within 95% of the national average, and by building a thriving 21st century knowledge economy and a high quality 21st century life.

Noting that these goals require reinvestment by the state, President Reilly said "We are anxious to join with our state government partners in an agenda that will provide a substantial return on that investment – a better economy, more tax revenues, increased volunteerism, less crime, clean air and water, high-paying jobs, and a quality of life second to none."

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The Wisconsin Covenant

Stating that an important element of a growth agenda is Governor Doyle's recently announced Wisconsin Covenant, he called on Interim Associate Vice President Sharon Wilhelm to discuss some possible components of this initiative.

Ms. Wilhelm recalled that, at the December 2005 meeting, background information was provided for development of a financial aid plan to increase participation of students from low-income families in higher education. Data showed that students from the lowest income families are less likely to enroll in the UW and that average tuition and fees for resident undergraduates have increased more rapidly than the average state need-based grant.

The Wisconsin Covenant could help reduce this disparity by encouraging 7th and 8th grade students below a certain income threshold to sign a pledge to meet academic and citizenship requirements. If they fulfilled the pledge, they would receive enough state grant aid to cover tuition and fees at any UW institution to which they were admitted.

Ms. Wilhelm indicated that one basic decision would involve eligibility for the program, noting that this would have a significant impact on its cost. One option would

be to use an income cutoff based on state income quintiles, while another would be to target the program to students who are eligible for the federal free and/or reduced lunch program. This program, which has been in operation for more than 50 years, is one that school children understand and is the criteria used for the Indiana Pledge program.

Within the latter option, there are two others. One would be to use the income cutoff for just the free lunch program, which is 130% of the poverty level, or about \$25,000 in 2005. The other would be to use the income cutoff that would include both free and reduced lunch, which would be 185% of the poverty level, or \$36,000. The income cutoffs are adjusted each year based on federal poverty guidelines.

Whichever criterion is chosen, Ms. Wilhelm noted, it would be important to provide a clear eligibility message to middle school students and their parents.

With regard to academic options, she pointed out that adequate academic preparation, developed through challenging high school coursework, provides students with the skills necessary to succeed in college. One option would be to require students to successfully complete college preparatory courses in high school. Another option would be to require that students achieve a certain high school grade point average or rank in class to be eligible for the grant. She added that consultation with the Department of Public Instruction and K-12 practitioners would be necessary to further understand the policy implications of these options.

Concerning the good citizenship component, she indicated that one option might be a community service requirement. Another might be a requirement that the student stay out of trouble and away from illegal activity. Noting that Indiana's program has an extensive set of rules about what constitutes good citizenship, she suggested that there be further discussion with administrators of that program to assess the feasibility, impact and effectiveness of such requirements.

If the Wisconsin Covenant program were to be implemented in the next biennium and 7th and 8th grade students began to sign pledges in the fall of 2007, the first cohort of enrollees into the UW System would arrive in fall 2012.

Noting that low-income students are retained and graduate at much lower rates than students from higher income families, Ms. Wilhelm indicated that the 74.8% retention rate into the second year for the lowest income quintile students is about eight percentage points less than the highest income students. In addition, low-income students graduate at rates almost 20 percentage points behind the highest income students.

Therefore, she suggested that consideration be given to providing additional grant support for the most financially needy students prior to 2012. The first installment of financial aid dollars could be sought as part of the 2007-09 budget request. These dollars could be used to support current and future students until the Wisconsin Covenant students began to enroll. At that point, the base dollars would be shifted to support those students.

In conclusion, Ms. Wilhelm said that, over the next year, staff planned to work with staff from the Higher Educational Aids Board, members of the K-12 community, legislators, members of the Executive Branch, the UW financial aid community, high

school counselors and others to obtain input on how shape various aspects of the program.

Asking for the Board's guidance in that regard, Ms. Wilhelm referred to a form that regents could use to express their preferences as to various components of the program.

In discussion following the presentation, Regent Loftus cited the argument that admission based on merit produces a higher income student body because those students have advantages that better prepares them to compete successfully for admission.

Ms. Wilhelm indicated that students from the lowest income quintile have become a smaller percentage of the student body over the years. While many factors have contributed to that result, the Covenant would increase students' aspirations, encourage college preparation and provided needed financial aid.

Associate Vice President Freda Harris added that , if students do not believe that can afford to go to college, they will not be motivated to take college preparation courses and won't apply. The Covenant would help to raise their aspirations and let them know that college is possible for them.

President Reilly indicated that qualified Wisconsin residents will be admitted at some UW institution, although not everyone will be admitted to the more popular and selective institutions.

In response to a question by Regent Davis, Ms. Wilhelm explained that funding for the Covenant would be phased in and that the emphasis would be on providing aid for the students who signed the Covenant. Funding for others would be less robust.

Regent Davis noted the importance of communicating to students and families about the availability of the Covenant and the importance of signing on.

Regent Crain pointed out that some students might develop college aspirations later than middle school and asked if there would be flexibility to accommodate them.

President Reilly replied that the Covenant funding would be a "last grant" gap closer between other financial aid and remaining need. Students who did not sign the Covenant would remain eligible for other aid.

Regent Crain asked what it would mean to "not get in trouble". In response, Ms. Wilhelm indicated that Indiana and Oklahoma have extensive rules on good citizenship requirements. It would be helpful to get more information from those states on their rules and how to monitor them.

Chancellor Keating commented that a negative requirement would not be helpful and that student participants should be given a positive challenge, rather than just being told to stay out of trouble.

Noting that he had been in Indiana when its program started, Chancellor Wells explained that funding was provided for 7th and 8th grade students and that the pledge program would not have worked effectively without that support.

Regent Spector asked if there were any surveys as to why low-income students do not go to college in larger numbers, noting that there could be other reasons besides cost. The program then could be tailored on the basis of the data from the survey.

Expressing agreement, Ms. Wilhelm related that considerable research was being conducted, but that it was in early stages. Indiana's college-going rank was up from 34th in 1992 to 10th in 2002.

Regent Rosenzweig suggested talking with people involved in the programs in other states to look at evaluations of the program and ask how they could be improved.

Referring to a slide showing family income of UW resident new freshmen, Regent Loftus inquired about how a breakdown by campus would look. Ms. Harris replied that it is harder for selective flagship universities to get low income students. Regent Loftus observed that an important question is whether that situation is acceptable.

He asked if the Covenant will be open to those going to technical colleges, noting that most transfer students to UW-Madison come from Madison Area Technical College. Replying that the parameters of the program are yet to be defined, Ms. Wilhelm said that, so far, costs have only been estimated for the UW. Ms. Harris added that the program is focused on the UW because access for low income students to the technical colleges has not been as much of a problem.

President Reilly observed that part of the genius of the idea is to send a message early to low income students so they can prepare academically and be more ready to compete for admission.

Regent Loftus commented that some universities tend to use admissions to increase their rankings, which favors higher income students who tend to be better prepared.

Chancellor Hastad indicated that family income of UW-La Crosse students has risen dramatically, but not intentionally, in recent years. What happens, he explained, is that able low income students receive better financial aid packages at other universities.

Regent President Walsh remarked that the challenge of changing middle school students' expectations is an exciting prospect. Noting that cost is an issue, he inquired about the experience in other states and the cost to K-12 schools.

Regent Burmaster, State Superintendent of Public Instruction, explained that the focus of the K-12 schools reflects the same vision as the covenant, through such initiatives as pre-school programs and the SAGE program. K-12 budgets also are focused on closing the achievement gap. She indicated that thought would need to be given to how to implement the program. Regent Walsh added that it would be important to obtain cost figures from other states with such programs.

Noting that the free and reduced lunch program is a familiar one to middle school students and families, Regent Bradley asked if the recommendation would be to use this option to determine income eligibility for the Covenant program. Replying that she would recommend using that option, Ms. Wilhelm noted that a clear and understandable message will be very important. Income quintile figures, on the other hand, change every year and would be harder to understand and implement.

Regent Bradley inquired as to the cost differential between using eligibility for the free lunch program and using eligibility for the free and reduced lunch program, and Ms. Harris replied that costs of these options had not yet been calculated.

Regent Burmaster pointed out that the percentage of students eligible for the free and reduced lunch program in Wisconsin is high and growing.

Ms. Harris indicated that the cost estimate would be \$7 million each year to fully fund the program, based on 24,100 8th grade students.

In response to a question by Regent Rosenzweig, Ms. Wilhelm indicated that family income at the time of pledging would determine eligibility. What would happen if family income increased later was still to be determined. Ms. Harris added that participants in the program would need to remain eligible for financial aid.

In response to questions by Regent Semenas, Ms. Wilhelm indicated that the aid would be provided in the form of grants; and Ms. Harris added that it would be separate from Wisconsin Higher Education Grant (WHEG) funding and would be administered by the UW or by the Higher Educational Aids Board.

Replying to inquiries by Regent Salas, Ms. Harris explained that cost estimates were calculated by looking at the experience in other states regarding the number and percentage of students that signed the pledge. She added that cost would depend on what is decided in terms of eligibility for and components of the program. Figures were based on a six percent tuition increase. While the funding source had not been decided, financial aid has historically been funded by GPR. The program, she observed, would be relatively inexpensive compared to the benefits that would result.

Regent Davis remarked that the notion of getting students who would not otherwise aspire to higher education to sign a pledge is the same model used by the organization that she directs, Pearl for Teen Girls. Their experience showed that, if students have the opportunity to make a commitment and know that there will be a reward for doing so, they are likely to honor that commitment.

Regent Crain expressed interest in the admission criteria used at different UW campuses and how that affects the composition of the student body.

Regent President Walsh asked that 2005 data on family income quintiles be obtained as soon as possible since it will be important to have the most recent figures available when working with the Legislature on this matter.

Regent Loftus pointed out that there are significant differences among campuses in terms of students' family income. In view of the gap between the number of women and men students, he observed that a requirement about "not getting in trouble" could have the effect of exacerbating that discrepancy.

With regard to the academic component of the program, Regent Semenas asked for information about the average grade point average of entering freshmen both system-wide and excluding UW-Madison.

Commending President Reilly on the vision for a growth agenda, Regent Axtell suggested that the global knowledge economy be made an explicit part of the vision.

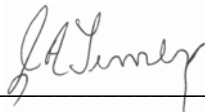
Regent Smith also stated his support for the growth agenda and for its attention to thinking outside the box. He commented that increasing numbers of baccalaureate degrees is critical to the state's economic growth and that flexibility for campuses to launch new initiatives will be important. In that regard, he cited the UW- La Crosse plan for tuition flexibility that would increase financial aid for lower income students as an idea which he hoped the board would consider, along with other innovative plans to grow Wisconsin.

Regent Pruitt congratulated President Reilly for his vision of a growth agenda and for the challenge to reach beyond perceived limits in order to achieve more for the state and students. Pointing out that one reason for concerns about admissions is that the UW has not grown to meet demand, he stated the need to expand access both to the System as a whole and to individual campuses, including UW-Madison.

Concluding the discussion, Regent President Walsh remarked that, having resolved several recent problems, the board and the university were ready to address the very important challenge of growing access for the benefit of the state and its economy into the future.

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

Submitted by:



Judith A. Temby, Secretary

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MINUTES OF THE REGULAR MEETING

of the

BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM

Madison, Wisconsin

UW-Madison
Held in 1820 Van Hise Hall
Friday, February 10, 2006
9:00 a.m.

- President Walsh presiding -

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Crain, Davis, Loftus, Pruitt, Randall, Rosenzweig, Salas,
Semenas, Smith, Spector, and Walsh

UNABLE TO ATTEND: Regents Gracz and McPike

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Approval of the Minutes

The minutes of the December 8 and 9, 2005 meetings were approved as distributed, upon motion by Regent Smith and seconded by Regent Rosenzweig.

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REPORT OF THE PRESIDENT OF THE BOARD

Report of the January 13, 2006 meeting of the Educational Communications Board

A written report on the January 13, 2006 meeting of the Educational Communications Board was unanimously approved on a voice vote.

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Report on the January 24, 2006 meeting of the Wisconsin Technical College System Board

A written report on the January 24, 2006 meeting of the Wisconsin Technical College System Board was unanimously approved on a voice vote, upon motion by Regent Bradley, seconded by Regent Connolly-Keesler

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Report on the February 8, 2006, meeting of the Hospital Authority Board

A written report on the February 8, 2006 meeting of the Hospital Authority Board was unanimously approved on a voice vote, upon motion by Regent Bradley, seconded by Regent Smith.

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Report by Regent President Walsh

Recalling that last year he had identified as top priorities the need to build confidence and increase investment in the UW, he said that a series of reform packages had been adopted and the process was under way to fill key chancellor positions and make pay for academic leaders more competitive. Noting that the UW has been out of the market for some time, he said that it is necessary to address this issue because of the importance of executive leadership in a system with a \$4 billion annual budget and 160,000 students.

President Reilly and he had visited with legislative leaders regarding the Growth Agenda, the Wisconsin Covenant, and competitive compensation. The legislators had expressed understanding of marketplace realities for campus leadership and support for a growth vision for the future.

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REPORT OF THE PRESIDENT OF THE SYSTEM

Welcome to UW-Superior Provost Christopher Markwood

President Reilly welcomed Christopher Markwood, recently named Provost and Vice Chancellor of Academic Affairs at UW-Superior. Dr. Markwood came to Wisconsin from the University of Central Oklahoma, where he was the first dean of the university's new College of Arts, Media, and Design. He previously served as assistant dean of the university's College of Liberal Arts, as well as assistant professor and program director in the Political Science Department.

Dr. Markwood's research has focused on judicial politics, federalism and state politics, civil liberties, and quality improvement in higher education.

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Welcome to David Wilson, Chancellor Designate of the UW Colleges and UW-Extension

Welcoming Dr. Wilson, President Reilly noted that this position is the first of its kind in the UW System – a dual chancellorship created following a comprehensive study of the missions and administrations of both the UW Colleges and UW-Extension. He expressed confidence that the move would result in cost efficiencies, increased access for students and clients, and a bolstered state economy.

Dr. Wilson was currently serving as vice president for university outreach and associate provost at Auburn University, where he also served as adjunct professor of Education. At Auburn, he devised strategies to connect the university and its constituents around the state of Alabama, the United States, and the globe. He provided initial leadership to merge the cooperative extension functions of two of Alabama's land-grant universities – Auburn and Alabama A&M University.

He also was part of a team that authored the national study for the Bill and Melinda Gates foundation that resulted in establishment of the \$1 billion Gates Millennium Scholars Program -- the largest philanthropic gift ever given to higher education in the world.

Dr. Wilson stated that he felt honored to be the first chancellor to lead two such outstanding institutions. Stating his strong belief in the missions of economic growth and student access, he observed that the two institutions have served as gateways to education for a great many people over the years..

As the son of a sharecropper, he had to struggle to get an education; and, along the way, he convinced himself that education is a panacea, a judgment that was affirmed by his world-class undergraduate education. Because his family relied heavily on university extension services, he experienced that form of access as well.

As chancellor of the two institutions, he observed that he would be entrusted as caretaker of the Wisconsin Idea, a challenge that he gladly accepted. He applauded

integration efforts in the two institutions that would serve to make them even more responsive to stakeholders' needs. Due to his experience in merging cooperative extension at Auburn and Alabama A&M, he knew the difficulties of merging different cultures and was impressed by how well UW-Extension and the UW Colleges were already working together.

In the coming months, he planned to hold listening sessions around the state to hear many voices and gather input, from which he would work to fashion a vision for moving forward.

Thanking Dr. Wilson for his remarks, President Reilly expressed confidence that he would see to it that the UW Colleges and UW-Extension continue to be the state's premier access and outreach institutions under unified leadership and continue to maintain their distinct and important strengths.

The President also expressed appreciation to Marv Van Kekerix for his service as interim chancellor of UW-Extension and of both institutions until Dr. Wilson's arrival in May and to Margaret Cleek for her service as interim chancellor of the UW Colleges.

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Working Group on the Status of Women in the UW System

Noting that the UW could not fulfill its role as the premier developer of advanced human potential if any segment of the population is left behind, President Reilly reported that he had appointed this working group to continue the work of an earlier committee that called for "methods to ensure access to higher education for women who are currently excluded because of economic disadvantage, welfare status, or family responsibilities."

The status of women, he stated, matters greatly to the collective agenda about the well-being of individuals, communities, and the state economy. Other efforts to this end include the President's Council on Diversity and many of the ideas behind the Wisconsin Covenant.

The Status of Women Working Group expected to complete a report by the end of the academic year with suggestions about system-wide priorities that might be pursued.

Regent Crain, a member of the working group, provided an update on the group's work, stating that she was pleased to be part of this worthy effort. Noting that much previous work had been done, including a substantial report, she said that the working group had met once and was seeking a brief report from each campus on what has been accomplished in the past six years. The group then will consider how best to support the goals that have been set forth. She considered formation of the working group to be an effective way to respond to concerns that had been expressed.

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College Goal Sunday

President Reilly noted that the coming Sunday would be the day that college-bound students and their families across the state could get free assistance in filling out financial aid forms as they applied for college. This volunteer program helps students complete the Free Application for Federal Student Aid (FAFSA) and move a step closer to college. College Goal Sunday would be held at 12 sites around the state and would be open to any student, regardless of age. He expressed appreciation to all the volunteers who make this event possible.

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Congratulations to Regent Salas

President Reilly commended Regent Jesus Salas who, in the following week, was to be honored in Milwaukee for his many career accomplishments. He had recently retired after teaching social studies for 18 years at Milwaukee Area Technical College. Many of his prominent admirers, expected to include Governor Doyle and Chancellor Santiago, were expected to speak at the celebration.

Regent Salas' many achievements included his work in the 1970s to expand opportunities for Latino students at Wisconsin colleges and universities, his efforts to protect the rights of migrant farm workers, and his role in demonstrations that encouraged UW-Milwaukee to recruit and enroll more Latino students and to support their academic success. His efforts also led to creation of the UW-Madison Chicano Studies Program and the bilingual education program at Milwaukee Area Technical College.

Noting that the honor is well-deserved, President Reilly remarked that many students over the years have had more opportunities for higher education thanks to the work of Regent Salas and his colleagues.

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Chancellor Sorensen honored as Citizen of the Year

President Reilly congratulated UW-Stout Chancellor Charles Sorensen for being named Menomonie Area Citizen of the Year.

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REPORT OF THE EDUCATION COMMITTEE

Regent Burmaster, Chair, presented the committee's report.

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Follow-up Discussion on UW Growth Agenda and Vision for the Future

Regent Burmaster reported that the committee had a follow-up discussion on the outstanding and visionary presentation by President Reilly on the UW System's role in the economic prosperity of Wisconsin through access to world-class higher education.

Committee members confirmed their commitment to the Wisconsin Covenant concept and expressed dedication to seeking guidance on how best to operationalize the program and how to make the case to the Legislature for financial support. It was suggested that the community service component be addressed through an academically connected service-learning concept. UW-Parkside Provost Rebecca Martin cautioned that, if the Covenant is to be successful, it also will be necessary to invest in success for the students who are admitted so that they will be able to complete their studies and graduate in a timely way.

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Streamlining of Academic Program Planning and Review Process

It was reported by Regent Burmaster that the proposed revisions will result in streamlining and greater efficiency in the entire program planning and review process.

One revision would be to the process for joint review of new programs by the institution and the UW System Office of Academic and Student Services, conducted five years after the program is implemented. The purpose would be to determine if the program has met its goals and objectives with the resources anticipated. After the joint review, the program would be cycled into the regular campus process, conducted for all academic programs every five-to-ten years. Under the current process, the joint review has not necessarily been aligned with the campus review schedule. The recommended revision would establish that the first campus review of the new program, to be conducted approximately five years after implementation, would serve as the joint review.

The second proposed change was to reduce the number of readings of new academic programs before the Education Committee from two to one, unless the committee had concerns or questions that would need to be addressed by a second reading. This change would improve efficiency for the institution proposing the program, and the Office of Academic and Student Services, which staffs the program approval process, as well as the Education Committee.

Both changes were recommended as part of a working group charged by President Reilly to study ways to improve the efficiency of the UW System. Amendments were added, at the request of Regent Spector, to add precision to the nature and purpose of the proposed changes.

The committee unanimously approved a resolution adopting the changes for inclusion in the consent agenda.

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First Reading of the Master of Science in Agro-Ecology at UW-Madison

The committee heard a first reading of the proposed Master of Science in Agro-Ecology at UW-Madison. It was described as a cutting-edge program in an emerging discipline at the intersection of agriculture and ecology. In that regard, it was explained that today's society requires much more from the rural landscape and the people who are stewards of its resources than was the case in the past, in part because there are diverse stakeholders who have competing demands on land use issues and policy. The program is designed to train people to negotiate agriculture's changing relationship to society.

The committee was informed that this was the first new program proposed by UW-Madison's College of Agriculture and Life Sciences in 10 years and the first M.S. program of its kind in the country.

The committee was satisfied that this would be a solid program for which there is societal need, student and employer demand, and which would be an innovative and natural fit with the mission of the institution.

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Report of the Senior Vice President for Academic Affairs

Lesson Study Project

The committee heard a presentation on Lesson Study, which is a teaching improvement process in which teachers jointly plan, observe, analyze, evaluate and refine actual classroom lessons called "research lessons". Like other forms of the scholarship of teaching and learning, it is research-based and an effort to make the practice of teaching public instead of a solitary endeavor practiced behind closed doors.

Faculty are asked to question and investigate their students' learning, to submit their findings to peer review, and to make those results public so that others can learn from and build upon them.

The committee was reminded that the UW System is a national leader in the scholarship of teaching and learning. One reason for that is the excellent work of the UW System Office of Professional and Instructional Development and its partnership with the Carnegie Foundation for the Advancement of Teaching. Another reason is projects like Lesson Study, developed by UW-La Crosse faculty member Bill Cerbin.

Current participation in Lesson Study includes 150 UW faculty from 10 institutions, divided into over 40 teams. They were continuing to probe deeply to collect evidence that will be shared as usable products on how students learn and how teaching can facilitate that learning.

The committee confirmed that there is great value in providing teachers at all levels with opportunities for reflection on and refinement of the teaching and learning process.

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Consent Agenda

Regent Burmaster presented Resolutions 9121 and 9122 as consent agenda item and moved their adoption by the Board of Regents. The motion was seconded by Regent Axtell and carried on a unanimous voice vote.

University of Wisconsin System: Streamlining of Academic Program Planning and Review Process

Resolution 9121: That, upon the recommendation of the President of the University of Wisconsin System, the Board of Regents approves the amendments to the Regent Policy ACIS 1.0 *amended July 2003*, Section 3 (IV), to revise the joint review process to eliminate redundancy, and to reduce the number of readings of a new academic program proposal from two to one, except in cases where additional information is requested by the Board.

UW-River Falls: Authorization to Recruit: Provost and Vice Chancellor

Resolution 9122: That, the President of the University of Wisconsin System be authorized to recruit for a Provost and Vice Chancellor of the University of Wisconsin-River Falls, at a salary within the Board of Regents salary range for university senior executive salary group one.

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REPORT OF THE PHYSICAL PLANNING AND FUNDING COMMITTEE

The committee's report was presented by Regent Salas, Chair.

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Impact of Energy Costs on Tuition

Regent Salas began his report by expressing concern about the impact on tuition of rapidly growing energy costs. Noting that GPR used to cover 76% of these costs, with 25% covered by students, he pointed out that the percentage charged to students increased to 90% in the last budget. He urged that the UW continue to work with the Department of Administration and the Legislature to find ways to keep skyrocketing energy costs from adding to the financial burden borne by students.

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UW-La Crosse: Authority to Construct a Campus Electrical Service Project

The purpose of this project would be to increase the capacity of the campus electrical distribution system. The committee approved Resolution 9123 for inclusion in the consent agenda.

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UW-Madison: Authority to Construct the Waisman Center Sixth and Seventh Floor Renovation Project and Approval of the Design Report and Budget Adjustment

The committee was advised that the two and one-half million dollar budget increase, along with the rest of the project funding, would come entirely from gift funds. Resolution 9124, granting the requested authority, was approved for inclusion in the consent agenda.

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UW-Madison: Authority to Plan the East Campus Utility Project

The purpose of this project was to provide new utility distribution systems for projects in planning and design on the east side of the campus. These projects were included in the campus master plan presented at the December meeting. The committee approved Resolution 9125 for inclusion in the consent agenda.

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UW-Madison: Authority to Purchase Newell J. Smith Residence Hall and Property, a Parking Ramp, and a Fleet Garage Facility

The committee approved Resolution 9126, granting the requested authority, for inclusion in the consent agenda.

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UW-Madison: Authority to Enter into a Land Use Agreement to Construct a Health Emotions Research Institute Addition Project and Accept a Gift-In-Kind

It was noted that the addition project would be for the Psychiatric Institute and Clinics Building. The Committee approved Resolution 9127, granting the requested authority, for inclusion in the consent agenda.

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UW-Platteville: Authority to Construct the Ullsvik Addition and Remodeling Project and Approval of the Design report and Budget Adjustment

The committee approved Resolution 9128, granting the requested authority, for inclusion in the consent agenda.

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UW System: Authority to Construct Facility Maintenance and Repair Projects

It was reported to the committee that the institutions at which these projects would be conducted were: UW-Extension, UW-Madison, UW-Platteville, UW-River Falls, and UW-Whitewater. The committee approved Resolution 9129, granting the requested authority, for inclusion in the consent agenda.

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Consent Agenda

It was moved by Regent Salas and seconded by Regent Crain that Resolutions 9123 – 9129 be adopted by the Board of Regents as consent agenda items. At the request of Regent Loftus, Resolutions 9128 and 9129 were removed from the consent agenda.

The question was put on Resolutions 9123 – 9127, and they were adopted on a unanimous voice vote.

UW-La Crosse: Authority to Construct a Campus Electrical Service Project

Resolution 9123: That, upon the recommendation of the UW-La Crosse Chancellor and the President of the University of Wisconsin System, authority be granted to construct a Campus 15kV Electrical Service Project at an estimated total project cost of \$761,000 (\$464,000 GFSB and \$297,000 Program Revenue-Cash).

UW-Madison: Authority to Construct the Waisman Center Sixth and Seventh Floor Renovation Project and Approval of the Design Report and Budget Adjustment

Resolution 9124: That, upon the recommendation of the UW-Madison Chancellor and the President of the University of Wisconsin System, the Design Report be approved and authority be granted to: increase the project budget by up to \$2,500,000 Gift Funds, and construct a Waisman Center Sixth and Seventh Floor Renovation project at an estimated total cost of up to \$8,500,000 Gift and Grant Funds.

UW-Madison: Authority to Plan the East Campus Utility Project

Resolution 9125: That, upon the recommendation of the UW-Madison Chancellor and the President of the University of Wisconsin System, approval be granted to request the release of \$1,215,300 Building Trust Funds–Planning, and the use of \$301,700 Program Revenue-Cash to prepare preliminary plans, a design report, and construction documents for the 2007-09 East Campus Utility Improvement project for an estimated total project cost of \$19,984,000 (\$16,009,960 General Fund Supported Borrowing and \$3,974,040 Program Revenue Supported Borrowing).

UW-Madison: Authority to Purchase the Newell J. Smith Residence Hall and Property, a Parking Ramp, and a Fleet Garage Facility

Resolution 9126: That, upon the recommendation of the UW-Madison Chancellor and the President of the University of Wisconsin System, authority be granted to purchase the Newell J. Smith residence hall and property located at 35 North Park Street; the parking ramp at 21 North Park Street; and the fleet/garage facility at 27 North Charter Street at a total cost of \$46,832,245 (\$37,567,790 Program Revenue Supported Borrowing-Housing and \$9,264,455 Program Revenue Supported Borrowing-Transportation), as stipulated by the purchase option in the lease for the land and/or improvements.

UW-Madison: Authority to Enter Into a Land Use Agreement to Construct a Health Emotions Research Institute Addition Project and Accept a Gift-In-Kind

Resolution 9127: That, upon the recommendation of the UW-Madison Chancellor and the President of the University of Wisconsin System, authority to enter into a land use agreement with the University of Wisconsin Medical Foundation, to allow them to construct a Health Emotions Research Institute (HERI) Addition to the Wisconsin Psychiatric Institute and Clinics Building and to accept the completed facility as a gift-in-kind from the foundation.

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UW-Platteville: Authority to Construct the Ullsvik Addition and Remodeling Project and Approval of the Design Report and Budget Adjustment

Adoption of the Resolution 9128 was moved by Regent Smith and seconded by Regent Crain.

Regent Loftus requested that a student fee impact statement be included in the agenda materials for such projects. He asked if the project would be funded in part by tuition revenues from the Tri-State Initiative, and Provost Carol Sue Butts replied in the affirmative. In response to a further question by Regent Loftus, Dr. Butts indicated that the amount is part of the tuition surcharge, rather than a separate fee, and is not separately itemized in the bills that are sent out.

The question was put on Resolution 9128, and it was adopted on a unanimous voice vote.

Resolution 9128: That, upon the recommendation of the UW-Platteville Chancellor and President of the University of Wisconsin System, the Design Report be approved and authority be granted to: construct the Ullsvik Center Addition and Remodeling project, and increase the project budget by \$2,570,000 (\$1,970,000 existing Program Revenue Supported Borrowing and \$600,000 Gift Funds) for a total estimated total project cost of \$25,670,000 (\$10,000,000 General Fund Supported Borrowing, \$13,100,000 Program Revenue Supported Borrowing-Tristate Initiative, and \$1,970,000 existing Program Revenue Supported Borrowing and \$600,000 Gift Funds).

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UW System: Authority to Construct Facility Maintenance and Repair Projects

Adoption of Resolution 9129 was moved by Regent Smith and seconded by Regent Crain.

Resolution 9129: 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 \$5,710,600 (\$1,082,500 General Fund Supported Borrowing, \$2,105,000 Program Revenue Supported Borrowing, and \$2,522,500 Program Revenue Cash).

In response to a question by Regent Loftus, Assistant Vice President David Miller indicated that the UW-Whitewater athletic field project included \$1.3 million in segregated fee funding, or \$14 per student per year.

Regent Loftus requested that such information be provided in advance for projects that include student fee funding, and Regent Rosenzweig requested that the information also include actions that students have taken regarding the fee component.

Mr. Miller explained that, in this case, the fee component was under consideration by the students and would be imposed, if approved, in 2007-08. Cash from reserves would be expended for the project, at this time, to be replaced later by fee funding.

Regent Salas added that the Chancellor Saunders had told him that, if the students did not approve the fee, the cost would have to be absorbed in other projects.

The question was put on resolution 9129, and it was adopted on a voice vote.

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REPORT OF THE BUSINESS, FINANCE, AND AUDIT COMMITTEE

Regent Pruitt, Chair, presented the committee's report.

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Overview of Regent Action Relating to Chancellor Salary Ranges and Process for Review and Assessment of Chancellor Salaries

Regent Pruitt referred to remarks made to the board by C. Peter McGrath, former President of the National Association of State Universities and Land Grant Colleges, about the need to make progress in addressing the lack of competitive compensation for university leaders. It is not possible, Regent Pruitt remarked, to get the best leadership for UW campuses if compensation is not competitive. "It would not work for private companies, and it won't work here."

He reported that Associate Vice President Alan Crist presented to the committee an approach to the management of executive salaries made up of three components: 1) Regular establishment of executive salary ranges in accordance with Regent Policy 94-4; 2) continued inclusion of senior executives in the general unclassified pay plan process; and 3) a periodic review and assessment of individual chancellor's salaries in light of competitive factors and salary inequities as allowed by state statutes.

Mr. Crist asked the committee to approve new salary ranges in accordance with its established policy. The action would not set the salaries of university senior executives, but rather would set the ranges for those salaries.

The committee discussed the recommendation that the President of the UW System periodically perform a review and assessment of individual chancellor's salaries to determine whether there should be an adjustment to recognize competitive factors or correct salary inequities, as allowed by law. This kind of review, Regent Pruitt, observed, would be closer than the current process to the business model of evaluating personnel individually and compensating them competitively. The committee agreed that the new process would be a positive step forward.

President Reilly shared with the committee a letter from the two business people who recently served on the UW-Eau Claire Chancellor Search Committee and who argued strongly for the making the necessary investment to attract the best possible person to lead the university.

Reporting that the committee unanimously approved the resolution concerning 2006-07 salary ranges for university senior executives, Regent Pruitt moved its adoption by the Board of Regents, and the motion was seconded by Regent Davis.

Adoption of 2006-07 Salary Ranges For University Senior Executives

Resolution 9130: Whereas, s. 20.923 (4g), *Wis. Stats.*, gives the Board of Regents the authority to establish salary ranges for: System President; Senior Vice Presidents; Chancellors; UW-Madison Vice Chancellor; and, UW-Milwaukee Vice Chancellor; and

Whereas, s. 230.12 (3) (e), *Wis. Stats.*, provides that the Board of Regents must recommend salary ranges for the Vice Presidents and non-doctoral institution Vice Chancellors to the Director of the Office of State Employment Relations; and

Whereas, the Senior Executive Salary Policy (Regent Policy Document 94-4 as amended October 10, 2003) specifies that UW senior executive "salary ranges shall be adopted by resolution by a majority of the full membership of the Board of Regents in open session by roll call vote at a regularly scheduled meeting, for the ensuing fiscal year, after review of peer salary survey information;" and

Now, therefore be it resolved;

That, the proposed university senior executive salary ranges as set forth in the attached table (Appendix A) are constructed according to RPD 94-4; and

That, in accordance with Wisconsin statutes and Regents Executive Salary Policy, the Board adopts new salary ranges for university senior executives in senior executive salary groups three through nine as set forth in Appendix A; and

That, in accordance with Wisconsin statutes, directs the System President to advise the Director of the Office of State Employment Relations of the recommended dollar values of the new market based salary ranges for university senior executives in senior executive salary groups one and two as set forth in Appendix A.

Stating that noncompetitive compensation is the most serious problem facing the board, Regent Axtell commented that, in recent years, the board has not been able to fulfill its responsibility under Chapter 36 of the Statutes to preserve and enhance educational quality. In that regard, he pointed out that key leaders have been lost, along with reductions in class sections, library hours, and advising capacity, and other losses of educational quality.

Expressing his support for the resolution, he suggested that statistics be gathered to show how many chancellors, provosts, faculty, and research grants have been lost in recent years and how much recruitments to replace those people have cost. "We are out of the market", he said, adding his strong belief that the business community would support the need for competitive compensation.

In response to a question by Regent Spector, Mr. Crist explained that there are separate peer groups for different institutions and that all peers are public institutions. There is one group for the system, one for UW-Madison, one for UW-Milwaukee, and one for the comprehensive universities made up of mostly Midwest peers.

Urging support for the resolution, Regent Loftus explained that the peer groups had been established in 1984 through a process that allowed the Legislature to approve catch-up salary increases. Recalling that this had been a difficult process, he said that the committee discussed whether to take another look at the peer groups and decided not to do so at this time.

Regent Axtell added that in 1994, a Governor's Commission reaffirmed use of the peer groups as a benchmark.

From her experience as chair of the Regent Committee for the UW-Eau Claire chancellor search, Regent Rosenzweig reiterated the concern expressed by business leaders that the compensation issue be addressed. The UW's excellent chancellors, she observed, were attracted by the excellent reputation of the University of Wisconsin System; but that attraction is at the point of wearing thin in view of a growing reputation for noncompetitive compensation. She pointed out that this will hamper future recruitments if the problem is not successfully addressed.

She commended Presidents Walsh and Reilly for discussing the matter with legislative leaders and added that the new process for salary review made sense from a business perspective.

In response to a question by Regent Smith, Regent President Walsh related that legislative leaders understood the need to be competitive and expressed concern about educational quality. Noting the board's responsibility for quality education, he said that the board must take actions necessary to fulfill that responsibility, understanding that there will be valid criticisms, given Wisconsin's tradition of low salaries.

Regent Connolly-Keesler recalled that business leaders at listening sessions had clearly affirmed the need for competitive pay. Noting the downward trend in federal grants, she pointed to the need to pay researchers competitively as well.

Stating his support for the resolution, Regent Salas added that he, too, had served on the Regent Committee for the UW-Eau Claire chancellor search and that area business leaders had stressed the need for competitive salaries.

From the perspective of her professional experience in business, Regent Davis expressed her support for the resolution and the new evaluation process. The resolution, she reflected, will speak volumes to current and future university leaders about the board's support for what they do.

Regent Spector stated his firm agreement with the importance of having strong, sensible university leaders and about the relevance of competitive compensation to attracting and retaining them. He observed that it would be necessary to persuade a wider range of stakeholders of the need to pay leaders competitively, especially since legislators felt that the average person does not understand why this should be supported; and he suggested that this effort be made a focus moving forward. In California, he added, a task force had been appointed to look at the issue of public perception and build public confidence. He asked if any comparisons of benefits had been done, noting that the public K-12 sector ranked 22nd in salaries, but 2nd – 4th in benefits

In response, Mr. Crist replied that housing and automobile allowances are below peer medians. Health care benefits are good, although there is some variation around the state.

Regent President Walsh agreed with the necessity to keep up communication, not just with the business world, but with the Legislature and the entire state. The fact that the UW receives \$1 billion in GPR, he noted, gives the Legislature and the public every right raise questions and concerns and gives the regents the challenge to convince them that they are doing the right thing.

Citing the recent loss to Florida State University of a star faculty member and \$8 million in research dollars, he pointed out that the \$780 million of the budget that comes from the federal government will be lost if faculty, staff and leadership are not paid competitively. Tough decisions about salaries need to be made, he stated, even though some stakeholders might not understand because of their relative salaries. If these decisions are not made, he said, the UW will lose the battle to continue to be a world-class university.

The question was put on Resolution 9130, and it was adopted on a unanimous roll-call vote, with Regents Axtell, Bradley, Burmaster, Connolly-Keesler, Crain, Davis, Loftus, Pruitt, Randall, Rosenzweig, Salas, Semenas, Smith, Spector, and Walsh (15) voting in the affirmative. There were no dissenting votes and no abstentions.

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Establishing Competitive Nonresident Tuition to Subsidize Resident Students

The Business, Finance and Audit Committee was advised by Associate Vice President Freda Harris that, since 2001-02, the UW System had lost about 900 nonresident undergraduate students. The decline began immediately after a large increase in nonresident tuition rates in 2001-03, which resulted in charges significantly higher than peer institutions. Because nonresident students pay more than the cost of their education, they generate significant resources that subsidize Wisconsin resident enrollments, enhancing both access and quality of services for all students. No Wisconsin resident students would be displaced by making nonresident tuition more competitive. On the contrary, the additional revenue would increase access for Wisconsin students.

Ms. Harris asked the committee to approve a nonresident undergraduate tuition plan for 2006-07 that would set nonresident tuition at a level that would cover the full cost of educating the student while also providing the equivalent of the average state support for a resident undergraduate student.

Regent Loftus raised questions about how the comprehensive universities would be able to handle the short-term impact on revenues of reducing nonresident tuition. Several chancellors commented that, while there is a short-term risk in reduced revenues, the universities would be able to attract higher numbers of students from outside of Wisconsin which would make up for the lower tuition rate.

After discussion, the committee approved Resolution 9131, with Regent Randall voting in opposition.

Adoption by the Board of Regents of the following resolution was moved by Regent Pruitt and seconded by Regent Smith:

Resolution 9131: Whereas, nonresident undergraduate tuition has increased dramatically over the last five years, largely as a result of the 5% annual tuition surcharges that were mandated by the legislature and the Governor during the 2001-03 biennium; and

Whereas, in 2005-06 nonresident undergraduate tuition at UW-Milwaukee is \$3,138 above its peer midpoint, and the UW Comprehensive universities' nonresident undergraduate tuition is \$2,592 above their peer midpoint; and

Whereas, the UW System has seen a reduction of more than 900 nonresident undergraduate students since 2001-02, with price likely playing a significant role; and

Whereas, the Board of Regents' Tuition Policy Principles state that "nonresident rates should be competitive with those charged at peer institutions and sensitive to institutional nonresident enrollment changes and objectives;" and

Whereas, nonresident tuition covers not only the full cost of educating a nonresident student, but also provides a subsidy that will increase access and/or services for resident students;

Therefore, be it resolved that, upon the recommendation of the President of the University of Wisconsin System, the Board of Regents approves a nonresident undergraduate tuition plan for 2006-07 that would set nonresident undergraduate tuition at all UW System institutions, except UW-Madison, at a level that will cover the full cost of educating a student while also providing the equivalent of the average state support for a resident undergraduate student.

Stating that he was not convinced that this action would alleviate the problem at the comprehensive universities and UW-Milwaukee, Regent Randall suggested that more measured actions might be to offer tuition reductions based on financial need or for students in programs leading to degrees in high demand occupations.

Regent Loftus pointed out that the student bodies on most UW campuses are quite homogenous. Asking what better educational experience there could be than interacting with people from different places and backgrounds, he stated his support for the resolution, noting that it had the support of the chancellors as well. This action and the one just taken on compensation, he pointed out, are two of many needed steps toward the vision of a growth agenda for Wisconsin.

Regent Spector agreed that this additional diversity would enhance educational quality.

Stating that the plan seemed sensible, Regent Crain cautioned that it would take careful explanation to inform the public that this would not decrease opportunities for resident students.

In response to a question by Regent Crain, Ms. Harris indicated that UW-Madison would not be included in the plan because that institution had not lost its nonresident students. Regent President Walsh noted that there had been an initial \$3 million impact

on that institution, and Vice Chancellor Bazzell added that the nonresident enrollment had rebounded and was up by 400. UW-Madison's goal was to reach a nonresident rate of 25%.

Regent President Walsh asked if any resident students were displaced; and Mr. Bazzell replied that they were not and that students in both resident and nonresident categories have been added.

Regent Bradley agreed with the need to explain clearly how resident students would benefit.

Executive Senior Vice President Mash explained that UW-Madison, with its international reputation, could attract nonresident students even with high tuition rates, but that none of the other UW institutions were in that situation. Even with the lower rate, he noted, nonresident students still would be paying much more than the cost of their education; and that residual would be income that campuses could use to enroll more Wisconsin students. No resident students would be displaced; instead, there would be more access and quality for Wisconsin students. After five years of budget reductions, he added, the UW must be creative in finding revenue sources.

Stating his support for the resolution, Regent Semenas observed that it would provide a particularly good opportunity for campuses near the Illinois border to recruit from the growing corridor between Milwaukee and Chicago.

The question was put on Resolution 9131, and it was adopted on a roll-call vote, with Regents Walsh, Spector, Smith, Semenas, Salas, Rosenzweig, Pruitt, Loftus, Davis, Crain, Connolly-Keesler, Burmaster, Bradley, and Axtell (14) voting for the resolution; and Regent Randall voting in opposition.

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2006-07 Annual Distribution Adjustments

Associate Vice President Harris asked the committee to approve annual distribution adjustments, including the return of \$20 million in one-time budget reductions to cover asset management savings directed by the state for 2005-06, \$6.8 million in additional utilities funding, \$1.6 million in faculty retention funding, \$1.7 million for student technology funding, as well as pay plan allocations for unclassified and non-represented staff.

The committee approved these adjustments for inclusion in the consent agenda.

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Annual Financial Report

Ginger Hintz, Director of Financial reporting, presented the UW System Annual Financial Report to the committee.

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Trust Fund Annual Report

The annual trust funds report was presented to the committee by Assistant Trust Officer Doug Hoerr. The report showed an increase from the prior year's total net assets under management from \$346 million to almost \$370 million as of June 30, 2005.

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Committee Business

Quarterly Gifts, Grants and Contracts Report

Vice President Durcan advised the committee that total gifts, grants, and contracts for the six-month period ending December 31, 2005 were almost \$600 million, a decrease of \$63 million from the comparable period of the preceding fiscal year.

UW-River Falls Food Services Contract Extension

UW-River Falls Chancellor Don Betz asked the committee to approve the extension of the existing food service contract with Chartwells to allow completion of the new student center and completion of a full year's operation of the new food service facility with the current contractor.

The committee approved the resolution authorizing the extension for inclusion in the consent agenda.

UW-La Crosse Food Services Contract Extension

The committee approved a similar contract extension for UW-La Crosse, recommended by Chancellor Doug Hastad, for inclusion in the consent agenda.

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Report of the Vice President

Veterans' Remissions

Vice President Durcan recalled that in December she estimated an economic impact of more than \$900,000 in lost tuition revenue and over \$100,000 in lost segregated fee revenue for each semester. She reported that there are two proposals in the Legislature that would further expand these benefits to increase the veterans' remission rate to 100% and to increase eligibility to veterans who have resided in the state for ten years. Estimates as the additional fiscal impact are being developed.

Katrina Remissions

It was reported by Vice President Durcan that the overall fiscal impact of remitting tuition for students affected by Hurricane Katrina was about \$600,000.

Regent Pruitt congratulated UW universities for stepping forward and doing the right thing for both veterans and Katrina victims.

Utilities Shortfall

Vice President Durcan reported that the estimated utility shortfall for fiscal year 2006 was about \$1.8 million. It was hoped that the unusually warm January would help to offset the increasing prices.

Legislative Audit Bureau Update

Ms. Durcan reported that the UW had scheduled an update meeting on the letter report on felons the following week and the LAB hoped to have an exit conference on the report by the end of the month.

It also was expected that the Joint Audit Committee would approve the request for an audit of major IT systems in the near future.

Licensing Revenue from WiSys

It was reported that the UW System received the first distribution of licensing revenue from WiSys Technology foundation, Inc., due to a UW-Milwaukee patent.

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Consent Agenda

Regent Pruitt moved that the Board of Regents adopt Resolutions 9132-9134 as consent agenda items. The motion was seconded by Regent Smith and carried on a unanimous voice vote.

2006-07 Annual Distribution Adjustments

Resolution 9132: That, upon recommendation of the President of the University of Wisconsin System, the Board of Regents approves the 2006-07 annual distribution adjustments.

UW-River Falls: Food Services Contract Extension

Resolution 9133: That, upon the recommendation of the President of the University of Wisconsin System and the Chancellor of the University of Wisconsin-River Falls, the Board of Regents approves a two-year contract extension with Compass Group doing business as Chartwells to provide dining services to the University according to existing contract provisions.

UW-La Crosse: Food Services Contract Extension

Resolution 9134: That, upon the recommendation of the President of the University of Wisconsin System and the Chancellor of the University of Wisconsin-La Crosse, the Board of Regents approves a three-year contract extension, with the provision of an additional one-year option, with Compass Group doing business as Chartwell's, to provide Dining Services at the University of Wisconsin-La Crosse, according to existing contract provisions.

Regent Salas asked for information on how many UW universities provide their own food service, rather than contracting with an outside business, and what would be the relative merits of each approach. In response, it was indicated that UW-Milwaukee and UW-Platteville had self-operated food services which they found efficient and with which they were well satisfied. Regent President Walsh said that more information would be provided.

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REPORT OF THE COMMITTEE REGARDING FACULTY/ACADEMIC STAFF DISCIPLINARY PROCESS

The committee's report was presented by Regent Spector, Chair.

Regent Spector noted that the committee had been appointed last fall by Regent President Walsh to review the UW System disciplinary processes applicable to faculty and academic staff members in situations involving charges of criminal misconduct. Several recent instances in which faculty members were convicted of felonies prompted concerns that the university's internal disciplinary processes were not effective in resolving related employment issues involved in these cases. Of particular concern were the length of time required to complete the internal process; the continuation of substantial salary payments to those who could not, because of incarceration, or should not, be performing their duties; and the undermining of public confidence in the university's ability to fulfill its teaching, service and research missions. The Committee on Faculty and academic Staff Disciplinary Process had been created to consider these and other problems and to recommend any necessary rule or policy changes to the Board of Regents, subject to shared governance review.

The committee had met five times and agreed on a draft of a new, expedited process for the disposition of disciplinary matters involving serious criminal misconduct. While the language as drafted applied to faculty, it was anticipated that parallel provisions would be established to govern the indefinite academic staff.

The draft rule, Regent Spector explained, deals only with serious criminal misconduct. Protection for academic freedom is specifically set forth in the language of the rule.

The draft rule also would provide for suspension without pay in certain cases. It included provision for back pay, if justified.

At this time, the board was being asked to authorize transmittal of the draft rule for consideration through shared governance processes. Responses would be returned in April for the committee's review, and the committee would bring its recommendations to the board at the May meeting. Once acted upon by the board, proposed rules would be forwarded for legislative review.

In closing, Regent Spector thanked the committee members, Regent President Walsh, and those who commented at the meetings for their participation. He also commended Regent Rosenzweig for facilitating legislative participation in the committee's work.

Regent Rosenzweig explained that the legislative review process is lengthy. First, the Legislative Council would review the draft for language and integration with existing rules and statutes. Then the proposed rule would go to a standing committee which would have 30 days to ask for hearing, after which it could request modification of the rule.

Regent Spector added that, in these very limited cases, the full Board of Regents would review the case, rather than having review done by a committee. Because such cases were so important and so much in the public eye, it was felt that full board review would be appropriate.

In response to a question by Regent Davis about the reporting requirement, Regent Spector explained that there currently is no way of knowing whether serious criminal misconduct has been committed and that it would not be unfair for to expect such reporting, which often is required by employers. Regent Davis suggested that employees also be asked to report serious criminal misconduct on the part of another if they become aware of it.

Regent Davis commented that that the standard for suspension without pay seemed confusing, and Regent Spector said that the language will be reviewed.

It was moved by Regent Spector and seconded by Regent Rosenzweig that the Board of Regents authorize transmittal of the draft rule UWS 7 to all who take part in shared governance for comments and suggestions. The motion was adopted on a unanimous voice vote.

Regent President Walsh commended the committee members for their thoughtful work and for their careful attention to comments made by observers.

President Reilly assured faculty and staff of the board's intention to preserve due process and academic freedom, while dealing with a very small number of cases involving serious misconduct.

Regent Bradley added that the regents had taken the matter very seriously and devoted a great deal of time and attention to dealing with a situation caused by a very small number of cases of serious misconduct.

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CLOSED SESSION

At 11:20 a.m., the following resolution, moved by Regent Bradley, was adopted on a unanimous roll-call vote, with Regents Axtell, Bradley, Connolly-Keesler, Crain, Loftus, Pruitt, Randall, Rosenzweig, Salas, Semenas, Smith, Spector, and Walsh (13) voting in the affirmative. There were no dissenting votes and no abstentions.

Resolution 9135: Recess into closed session to consider an honorary degree nomination by UW-Parkside, as permitted by s.19.85(1)(f) *Wis. Stats.*; to consider appointment of a Chancellor for UW-Eau Claire, as permitted by s.19.85(c) *Wis. Stats.*; to consider possible dismissal of a public employee, to deliberate concerning the case, and to take final action, as permitted by s.19.85(1)(a), 19.85(1)(b), and 19.85(1)(f) *Wis. Stats.*; to confer with legal counsel regarding pending or potential litigation, as permitted by s.19.85(1)(g) *Wis. Stats.*; and to consider a UW System Administration salary adjustment as permitted by s.19.85(1)(c) *Wis. Stats.*

The meeting was adjourned at 12:20 p.m., with the following resolutions having been adopted.

UW-Eau Claire: Authorization to Appoint: Chancellor

Resolution 9136: That, upon recommendation of the Special Regent Committee and the President of the University of Wisconsin System, Brian L. Levin-Stankevich be appointed Chancellor of the University of Wisconsin-Eau Claire, with a start date to be determined, but no later than July 1, 2006, at an annual salary rate of \$180,000 and with the other terms, conditions, and benefits as stated in the attached letter of appointment.

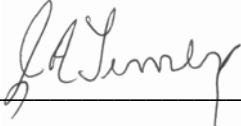
Approval of Salary: Vice President for Finance University of Wisconsin System

Resolution 9137: That, upon recommendation of the President of the University of Wisconsin System , the annual salary for Deborah Durcan, Vice President for Finance of the University of Wisconsin System, be increased by \$12,944 to \$151,877 effective February 10, 2006 to recognize equity and competitive factors.

Resolution on Dismissal

Resolution 9138: That the Board of Regents adopts the decision and order of dismissal in the matter of Roberto Coronado, UW-Madison.

Submitted by:



Judith A. Temby, Secretary