

MINUTES OF THE REGULAR MEETING

of the

BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM

Milwaukee, Wisconsin

UW-Milwaukee
Held in the Wisconsin Room
Thursday, June 10, 2004
10:25 a.m.

- President Marcovich presiding -

PRESENT: Regents Amato, Axtell, Bradley, Burmaster, Connolly-Keesler, Davis, Gottschalk, Marcovich, Mohs, Olivieri, Pruitt, Randall, Richlen, Rosenzweig, Salas and Walsh

ABSENT: Regent Gracz

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INTRODUCTON OF NEW REGENTS

Regent President Marcovich thanked Governor Doyle for extending his term for another year. Noting that issues before the board in the coming year include selection of a new UW System President, biennial budget deliberations, and implementation of recommendations contained in the report of Charting a New Course for the UW System, he expressed appreciation for the opportunity to remain involved in those important matters.

He then reported the Governor's appointment of Milton McPike to succeed Fred Mohs. Mr. McPike is the retired principal of Madison East High School, a post he held for 23 years. Under his leadership, East was designated a National High School of Excellence. During his distinguished career, Mr. McPike received many honors, including State Principal of the Year in 1997. He also is a former professional football player.

Regent President Marcovich introduced Michael Falbo, who was appointed by the Governor to succeed Gerard Randall. A graduate of UW-Parkside, Mr. Falbo is President and CEO of State Financial Service Corporation. He serves on a number of area boards of directors, including the YMCA, the Milwaukee Repertory Theater, and the UW-Parkside Benevolent Foundation. He also served as president of the Foundation and was a major sponsor of the UW System's 30th anniversary celebration.

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2005-07 BIENNIAL OPERATING BUDGET

Introducing the presentation, President Lyall noted that the board would be asked to take action on the 2005-07 biennial budget request at its August meeting. At this meeting, the board's guidance was sought to guide budget development over the summer.

She then referred to the Governor's biennial budget instructions and major priorities that had been issued the preceding week. These instructions identified five priorities for 2005-07: Education, children, health care, economic development and increasing federal funds. They note specifically that: "Access for higher education for all Wisconsin citizens will also be a top priority for the Governor."

President Lyall presented a chart showing the rapid shift over the past decade of sources of support away from GPR and towards tuition and other funds, including gifts, grants and contracts. This trend accelerated in the current biennium so that GPR has fallen from 33% to 25% of total resources. In a few more years, she remarked, it is likely that tuition will exceed GPR as the major source of support for the core mission of teaching and learning.

A second chart summarized how the university's revenues are derived and from where future GPR cuts would have to come. At the close of 2003-04, unrestricted GPR funding was \$818 million and would drop below \$800 million in 2004-05. The chart showed how this funding was allocated for instruction, infrastructure, research and public service, and financial aid. The impact of future cuts would need to be measured against the \$800 million, not against the \$3.67 billion total budget, because GPR cuts could not come from gifts, grants or program revenues.

A third chart showed that enrollments have increased despite the loss of nearly 700 faculty over the past decade. If there is no reinvestment in higher education opportunities for students in 2005-07, the President said, it will be necessary to rebalance access with resources to ensure greater stability and success for those students who are enrolled – in terms of the quality of their education and enhanced graduation rates.

She then turned to the Governor's 2005-07 budget instructions that tell agencies to do the following:

- Assume zero growth in overall GPR appropriations in each fiscal year except for required cost-to-continue needs and standard budget adjustments, fuel and utilities, and debt service.
- Limit funding requests for other types of appropriations to available non-GPR revenues and prioritized needs.
- Limit new funding requests to achieve significant policy and operational changes.
- Prepare plans to absorb a ten percent permanent cut in administrative activities supported on all funds, excluding federal funds.
- Anticipate, but not submit, a plan for a ten percent reduction in authorized positions, without layoffs, against the administrative base.
- Anticipate that any savings accomplished through enterprise-wide administrative savings will be incorporated into the Governor's budget and will not be available to help with additional reductions.
- Update and report on performance measures previously submitted in the 2003-05 budget.

She then called on Associate Vice President Freda Harris to discuss how biennial budget items being considered might fit within the Governor's budget.

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Financial Aid

Ms. Harris began by noting that a major focus of the Charting a New Course study has been on access, especially for the lowest income students. Access for students in the lowest income quintile has decreased from 14.7% in 1992 to 11.2% in 2002-03. The request to replace one-time financial aid dollars with GPR and to hold the lowest-income families harmless from future tuition increases responds to the goal that access to higher education for all Wisconsin citizens will be a top priority for the Governor.

The first part of the financial aid request provides permanent GPR funding for the financial aid increases covered through one-time auxiliary resources in 2003-05. This funding would be requested as a cost to continue initiative and fits clearly within the Governor's guidelines. A request would need to be forwarded by both the UW and the Higher Educational Aids Board. It also requests GPR funding for financial aid to match the percentage increases in tuition during the next biennium. This is a statutory requirement and also can be requested as a cost to continue initiative.

The second part of the request provides a “hold harmless” increase in financial aid equal to the dollar increase in tuition for the lowest and possibly the second lowest income quintile students. While this initiative cannot be considered as a cost to continue, it responds to ensuring the access the Governor seeks and should be eligible for submission as part of the budget.

These financial aid initiatives, she noted, are critical to the UW’s ability to maintain diversity within the student body because families of color are disproportionately represented in the lower income quintiles.

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Student Success for Economic Development

Noting that the Charting a New Course study generated a number of recommendations to improve the quality of education provided to students and to improve student success rates, Ms. Harris indicated that the proposed student success initiatives would:

1. Increase access for adults, low income students, and students of color through financial aid, through collaborations with the Technical Colleges, and through creation of adult access centers. In addition, funding requested would improve the capacity to add online courses that could be accessed by place-bound students.
2. Increase student retention and graduation, thereby providing 10,000 more college graduates per year to boost the state’s economy. It is estimated that 1,000 more graduates a year would provide \$17 million per year of additional income to the state and help to stimulate the economy. Improving retention and graduation rates would also improve success rates for students of color.

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Federal Funding

Noting that a major goal in the biennial budget instructions is increasing the amount of federal funding secured by the state, Ms. Harris pointed out that the UW successfully attracted \$600 million in federal funds in 2002-03. The potential to increase federal funding relies on the ability to fund summer grant writing research and public service and the ability to recruit and retain competitive, productive faculty. The proposed budget request would include summer stipends to enable the UW to compete for more federal funding that provides high-skill, high-wage jobs to stimulate the economy.

Funding also would be requested to upgrade the technology infrastructure to compete more effectively with other Midwest states for federal grants. In that regard, she pointed out that universities in other states in the Midwest have surpassed the UW’s ability to access, collaborate and share large data projects. Internet II now is critical to garner the type of research funding the university has obtained in the past.

Turning to a proposal to bring faculty and staff salaries to the peer median, Ms. Harris pointed out that, if the UW is not competitive, it will lose its best and brightest who will take large research grants, talented junior faculty and jobs away with them. Many other states, she noted, are making strategic investments, even in these difficult times, in order to increase the stature of their universities and the ability to compete effectively for federal funding.

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Ms. Harris indicated that these initiatives fit well with the Governor's instructions, with two exceptions:

- 1) They cannot be achieved with a zero growth budget, much less with one that imposes another budget cut. After a biennium of large cuts, funding must be increased in order to allow the UW to help the state achieve its goals.
- 2) A ten percent cut in positions, as mentioned in the instructions, would come on top of the 650 FTE positions cut in the current biennium. Under these conditions it would not be possible to maintain current services, let alone provide increased benefits to the state. However, it is felt that the UW could manage its positions within the current authorized levels if the Department of Administration would allow the UW to reflect contract staff in the same manner as other state agencies. This possibility was being discussed with DOA.

Ms. Harris explained that the board could advance its Charting a New Course recommendations to achieve essential student access and success goals and address the Governor's biennial budget priorities. This request could move forward with the traditional split between GPR and tuition or the board could consider a different mix of state and tuition revenues. In the past, she recalled, the board has responded to no-growth guidelines by submitting a no-growth budget, along with supplemental initiatives. While these initiatives have been unsuccessful in the past, it would be an option the board could consider again.

Turning to cost to continue items, Ms. Harris noted that these are primarily housekeeping matters, with two exceptions: 1) a request for funding of services for disabled students, not funded in the 2003-05 budget, to replace funding previously provided by the Division of Vocational Rehabilitation; and 2) funding for maintenance of new buildings, as directed in the budget instructions.

Finally, she referred to previously discussed statutory language requests that would help to serve students more efficiently and minimize administrative costs.

In discussion following the presentation, Regent Bradley inquired about the position counting matter that was being discussed with the Department of Administration. In response, Ms. Harris explained that university staff who work less than half time are included in position counts, whereas such staff are not counted by other state agencies because they are treated as limited-term employees.

In reply to a question by Regent Rosenzweig, Ms. Harris explained that changing the method of counting these staff would allow the university to provide more services without increasing the number of state positions.

Regent Rosenzweig asked that the budget request make very clear that the amount of the financial aid request reflects the use of one-time money in the previous budget. Ms. Harris indicated that the budget request would include a full description of why the funding is needed. In the current biennium, financial aid increases were funded by use of one-time auxiliary money that needs to be replaced with GPR on a permanent basis in order to ensure that students do not have their financial aid decreased.

Regent Rosenzweig asked if it is fair to characterize the auxiliary funds as money belonging to students. Ms. Harris replied in the affirmative, indicating that it is money students paid for services such as residence halls and meal plans.

Regent Olivieri suggested that all documentation reflect the fact that the access and equity financial aid requests are cost-to-continue items. He requested a breakdown of each of the subcomponents of other proposed requests, including their costs, so that each could be evaluated in deciding which items to include in the final budget request. He also asked that documentation show the cost for including the two lowest income quintiles in the hold-harmless financial aid request so that the board could consider that option when voting on the final budget package.

Regent Davis suggested that the documentation include the incomes represented in those quintiles in order to illustrate why financial aid is critical to those students.

Regent Pruitt suggested that projections be included as to how the downward slide in access for low-income students could be turned around by investment of these additional resources.

In response to a question by Regent Walsh, Ms. Harris explained that cost to continue for gifts, trusts and other items would be based on numbers included in the annual budget. These are standard items and no problems are anticipated in these areas.

Regent Walsh asked why the university's positions are counted differently than those in other agencies. Ms. Harris explained that in the 1970s and 1980s the state developed a position management information system by which each employee and position was numbered and tracked. The university's positions did not fit well within that system because it would have been necessary to go through a formal change process in order to replace a retiring professor with an assistant professor or whenever a funding source changed. Therefore, the university was allowed to develop its own mechanism of counting positions and that method has been perpetuated since that time. In this system, unclassified staff who work less than half time are not counted as limited-term employees, although classified staff are. The proposal would be to change the counting

method so that unclassified and classified staff who work less than half time are treated the same way. This would reduce the number of positions in the UW System.

Regent Mohs asked if there is understanding within state government of the problems that the university is facing in trying to meet the desire to increase student access with 85% of expenditures going for salaries. Ms. Harris indicated that, while there is sympathy and understanding of the problems, the university's time frames are less well recognized. In that regard, she noted that, once students are admitted, there is an obligation to provide the services for which they are paying and to provide quality education through graduation.

Referring to the diagram showing total university resources of \$3.67 billion, Regent Bradley suggested preparing a diagram that shows only what is available for educating students and how it is spent.

Regent Rosenzweig agreed, noting that some legislators and others do not realize that most of that money is not flexible and cannot be used for instruction. Instead it is federal funding to pay for research, student payments for room and board and other monies that cannot be moved around. Ms. Harris noted that the main sources of funds for educating students are the \$818 million in GPR and \$714 million in tuition.

Regent Richlen suggested including in the diagram the percentage of financial aid being funded by students through the use of auxiliary funds.

Regent Gottschalk suggested making more detailed the portions of the diagram dealing with tuition and state funds by showing amounts of money represented by the percentages and how much is spent for salaries and other costs.

Regent Amato suggested using the scheduled July 8th or 9th meeting date to review and discuss the information that has been requested, rather than waiting until the August meeting when action on the budget will be needed.

Regent President Marcovich noted that Ms. Harris had invited regents to meet individually with her over the summer to go over budget areas in which they have a particular interest.

Noting the complexity of the budget, Regent Axtell recommended both participating in individual sessions and holding a July meeting.

Regent Olivieri commented that the budget proposal should reflect recommendations made in the Charting a New Course study and that it should be made clear that initiatives are based on that study. For example, he thought that the proposed incentive funds for which faculty could compete to create efficiencies and collaborations in transforming learning would be an initiative that might receive a favorable reaction among decision makers. He also felt that the Business and Finance Committee or the full Board should meet again on the budget before the August meeting.

Regent Mohs noted that the Charting a New Course study made it very clear that, if the university suffered further GPR cuts, access would be affected. He thought that it should be made clear to all stakeholders that, while the university is doing the best it can to educate as many people as possible, there will be an impact on access if resources are insufficient.

Regent Bradley said that he would consider having a meeting of the Business and Finance Committee in July, with other regents invited.

Regent Salas asked for information on total costs to students, including differential tuition, segregated fees, and room and board charges.

Regent Olivieri commented that it would be important to discuss alternative funding scenarios so that the board could have input as to whether or not to modify the traditional formula. He remarked that it is helpful for the board to understand different alternatives, with more or less emphasis on tuition. In some instances, he said, tuition might be used to fund certain initiatives, but not others.

In response to a question by Regent Walsh, Ms. Harris indicated that the figure of 1.5% of state funding for financial aid amounts to \$15 million for the Lawton and Advanced Opportunity Program. Most state financial aid is funded through the Higher Educational Aids Board.

Stephanie Hilton, President of United Council, reported that students have been clear about the need for the state to restore funding for the base budget, for faculty and for financial aid. She commented that it is unacceptable to students that the budget instructions do not allow for any educational quality improvements, with flat funding for the next biennium in addition to a 10% administrative cut. For next year, she remarked, students would pay an additional \$500-\$700 in tuition, while the Wisconsin Higher Education Grant would increase only \$31.

She urged the board to go against the budget instructions and ask for state support that is needed for the rebuilding process. The students, she said, would rally behind such a proposal and join in the fight for needed funding.

Brett Belden, President of the UW-Milwaukee Student Association, commented that, while students paid double digit tuition increases, the UWM has had to operate with a base budget reduction of more than \$5 million and an additional lapse of almost \$3 million. At the same time, UWM experienced considerable growth over the past year, and freshman applications are up by 9% for the coming year.

With the budget cuts the university has already suffered, he noted, students are paying more for fewer services and less quality. He did not see how the campus could sustain quality and provide maximum access with another round of budget cuts. What is needed, he said, are smaller classes and more services – not larger classes and a further reduction in services.

Noting that the Governor has identified access to higher education as a major priority for his 2005-07 budget, he observed that handing the university another major cut is not supportive of this priority. He asked the board to join with students in opposing further cuts and in standing up for a system of schools that has been such a beacon of opportunity for all people in the past.

Tony Rodriguez, Vice President of the UW-Milwaukee Student Association, began by referring to Chancellor Santiago's comment that, "Access without quality is not access at all." It is time, he said, for the UW System to ask whether the quality of education it provides and the access for which it advocates must be compromised. Because of budget cuts, he indicated, students at UWM are being placed in larger classrooms, sometimes exceeding 400 students, with one professor and not nearly enough teaching assistants for adequate instruction.

Further administrative cuts, he continued, could come from areas essential to university life, such as student advising and financial aid assistance – services that are essential to helping students remain in school and graduate in a timely way. In the College of Letters and Science, the student/advisor ratio is 730 to 1. As a representative of 26,000 students, he urged the board to oppose budget instructions that would decrease access to higher education, increase loan debt and impair students' futures.

Regent Davis requested that all future biennial budget documents continue to be strongly thematic in terms of quality and access and that they paint pictures in terms of consequences for decisions that are on the table. In that regard, she felt it would be helpful to include examples of student/advisor ratios and class sizes around the state. She also suggested that the \$3.67 billion figure never appear without an accompanying statement that only \$1.5 billion of that total can be used for instruction.

She stated the importance of the board being very strong in its position of supporting quality education and access to students. In that regard, she said it will be necessary to be aggressive in communicating the consequences of the cuts already made and the potential consequences of further cuts.

In response to a question by Regent Walsh, President Lyall said that the budget instructions called for 10% cuts of administrative costs, which would amount to about \$16 million. This would include computer technology services, as well as financial, auditing and risk management functions.

Regent Bradley asked if the cut would include student services, such as advising, to which President Lyall replied that such services could be included but the specifics were still being discussed with the Department of Administration. In the past, the university had at times been given a budget cut number derived from one base, but provided flexibility to take parts of the cut from other areas. This was welcomed as a way to prevent decimating entire services. She hoped that such flexibility would be provided for any future cuts.

Regent Olivieri asked if the computer technology area subject to the administrative cuts would include the academic support component, to which Vice President Durcan replied that it would include only administrative computing for such services as accounting, payroll, benefits and legal services.

Regent Rosenzweig recalled the legislative commitment to students and the public several years ago to balance tuition increases with increases in financial aid. She thought it important for the board and students to remind current legislators of that commitment.

Noting that these administrative costs already are lean, Regent Axtell asked if they include all the ancillary support services needed to run the university, to which Regent President Marcovich replied in the affirmative.

President Lyall added that, as she understood the instructions from colleagues in the Department of Administration, the Governor intended to identify a cut number and allow the university to manage it, rather than identifying specifically the items that should be cut.

Regent Salas requested information on the amount of administrative costs at the department level. He also asked if it would be possible to have the Legislative Audit Bureau's report on university administrative costs in time to make informed choices in deliberating on further administrative cost cuts and to demonstrate how lean the university already is in those areas.

Replying that the audit would be shared with the board as soon as it is available, President Lyall noted that the university uses the categorization of costs specified by the U.S. Department of Education for all of higher education, which allows the UW to benchmark itself against peers around the country. That categorization counts some departmental administration as part of the academic program cost and provides a separate category for student support services. It is those figures that indicate that the UW spends about 5% of resources on administrative services, compared to about 10.5% which is the average around the country.

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2005-07 BIENNIAL CAPITAL BUDGET

Beginning her presentation, Assistant Vice President Nancy Ives noted that 70% of UW facilities are over 30 years old and 60% are over 40 years old. The amount of GPR needed for maintenance of academic buildings is about \$200 million per biennium. About 60 million of program revenue also is needed for facilities, such as housing, food service, and student unions.

In addition, she continued, facilities need to change to keep up with how students learn best, supporting the board's goals of student access and educational quality. Each institution develops six-year plans for its facilities, and the biennial capital budget reflects the first two years of those plans.

The six-year plans include 176 major projects, with about 70% of the funding needed for academic facilities and 11% needed for administrative services, including student services. Other proposed projects include housing, student union projects, parking, libraries, and food service.

The cost of the six-year plans would total about \$1.7 billion, 74% of which would be financed by GPR bonding, 19% from program revenue, and 7% from gifts. Experience showed that the percentage coming from gifts tends to grow as construction time draws nearer.

For the 2005-07 biennium, nearly half of the need is for academic facilities, such as changing the configuration of classrooms to accommodate the way students learn today and changing laboratories to enable small group instruction.

Overall, the six-year plans call for demolition and replacement of 28 buildings that have reached the end of their useful lives. In addition, all campuses have a need for new space. In that regard, the board had adopted ranking criteria that focus on taking care of existing facilities, but this year criteria were added to recognize quantitative issues as well.

The 2005-07 capital budget would request 66% of GPR funding, 27% program revenue funding, and 7% gift/grant funding. Sixty-six percent of the major projects would be academic, 18% administrative and student services, 9% utilities, 4% libraries, 2% equipment, and 1% athletics.

Examples of program revenue funded projects include: Student union renovations and additions at UW-Eau Claire, UW-Parkside, and UW-Superior; food service renovations at UW-Platteville, UW-Stout, and UW-Whitewater; housing renovations or construction at UW-Madison, UW-Platteville, UW-Stout, and UW-Whitewater; parking at UW-Oshkosh and UW-River Falls; recreation and athletic facilities at UW-Oshkosh and UW-Platteville; and student health services and child care facilities at UW-Madison and UW-Eau Claire. These projects are funded with user fees paid by students. In every case, campuses involved their student governments in consideration and approval of the projects.

Projects to be funded in 2005-07 with gift and grant monies include academic buildings at UW-Madison, UW-Superior, and UW-Whitewater. UW-Oshkosh planned to use gift funds for athletic facilities, and UW Extension is to seek grant funds from the federal government for equipment to continue a digitization project. UW-Oshkosh planned to seek funds for exterior development and UW-Superior is seeking funds for a student union. In addition, chancellors are raising funds for projects that do not appear in the 2005-07 biennial budget for construction, but that would be moved to the planning stage for construction in the following biennium. It was noted that some gift funds come with contingencies that the project be built by a given time.

Indicating that the UW received about \$215 million for major projects in each of the last two biennia, Ms. Ives pointed out that, to meet the six-year plan total of \$1.2 billion, about \$400 million would be required in each biennium going forward. The DOA budget guidelines for 2005-07 set a target of about \$133 million for the UW and a six-

year total of \$463 million. However, agencies are permitted to demonstrate the need for additional funds due to changing priorities and new program directions.

Ms. Ives recommended making a strong case for additional funding based on extensive campus needs. The capital budget, as approved by the board in August, would be submitted to the Building Commission for action in February.

In response to a question by Regent Connolly-Keesler, Ms. Ives explained that most of the projects have been on the priority list for a number of years. However, they do not move up the list automatically. In the past biennium, the board adopted criteria that call for the chancellors to reprioritize projects each biennium to reflect new thinking and current directions. The proposed budget for 2005-07 would include approximately one-third of the six-year plan. The board would review how the projects were prioritized and decide how much money to request. The state typically has accepted the board's priorities, which then have been funded to the extent determined by the Building Commission.

Regent President Marcovich added that the board would have final authority on which projects receive priority, applying the criteria that had been previously adopted.

Regent Connolly-Keesler asked if there was some cushion provided to fund projects in the event that a donor should come forward in the course of the biennium, to which Ms. Ives replied that there generally is less than \$10 million available in residual accounts. In general, there would not be much flexibility in the budget, and it would be necessary to go back to the legislature for additional funding.

Regent Salas pointed out that, while the six-year plans called for spending 69% for academic facilities, 11% for administrative and student services, and 4% for housing, the proposals for 2005-07 would spend 46% on academic buildings, 22% on administrative and student services, and 1% for housing.

Ms. Ives explained that the request for the coming biennium would only reflect projects in the six-year plan that the campuses need to do first.

Regent Axtell noted that past capital budget funding has largely focused on renovations and not on new buildings. He pointed out that the board would not want to give the impression that it would request \$1.2 billion for new buildings across the state.

Ms. Ives recalled that in 1980 about 90% of the funding went into new space and 10% into remodeling. In the 1990s, that changed to 80% for remodeling and 20% for new space. Now, the split is about 50/50, with new construction consisting both of replacement facilities and additional space to address significant quantity problems at all of the comprehensive institutions.

Regent Rosenzweig agreed that it is important to accurately portray where the dollars would go in terms of renovation, replacement for facilities that are no longer adequate, and new space to accommodate expanding student populations. Ms. Ives indicated that complete breakdowns of percentage and dollar figures for each category would be provided in the materials prepared for the August meeting.

In response to an inquiry by Regent Walsh, Ms. Ives said that facilities that are fully funded by program revenues or gifts and grants are included in the capital budget.

Regent Walsh asked about debt service, and Ms. Ives replied that this item is included in the cost-to-continue portion of the operating budget.

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PLAN 2008: PHASE II

Senior Vice President Cora Marrett began her presentation by noting that, at the April meeting, the board had reviewed developments during Phase I of the plan and identified two categories of initiatives: Those for which momentum should be maintained; and those deserving acceleration. For the second category what emerged was the continued gap in retention and graduation rates between students of color and other students.

Dr. Marrett referred to a chart that showed retention rates of new freshmen into the second year. In 1998, the retention rate was 72% for students of color and 79% for white students. In 2002, the retention rate was 76% for students of color and 81% for white students. Had no gap existed, 142 additional students of color would have been retained into the second year.

Turning to graduation rates, Dr. Marrett referred to a chart showing six-year graduation rates of 62%, 63% and 64% for white students in the 1995, 1996, and 1997 cohorts, compared to graduation rates of 42%, 42% and 43% for students of color in those same cohorts. If the gap were eliminated for degrees conferred in the 2002-03 academic year, an additional 940 students of color would have graduated.

Reducing the achievement gap, Dr. Marrett continued, deserves consideration for at least four reasons:

- It relates to success for all students;
- It bears on the interest in expanding the number of baccalaureate degree holders;
- It affects recruitment and other outcomes; success in graduating students enhances the attractiveness of an institution.
- Closing the gap seems clearly within reach for these reasons:
 1. There appear to be modest improvements in second year retention rates;
 2. The emphasis on assessment should reduce trial and error approaches and make possible more effective investments of resources; and
 3. A rich array of communities and activities can be mobilized to address this matter.

To illustrate the third point, she noted that one community with a particular interest in this area is the student community and called upon Stephanie Hilton, President of United Council, to lead a panel on the topic of promoting success for all students.

Stating that United Council has been a great supporter of Plan 2008 since its creation, Ms. Hilton indicated that students are excited about the direction that Phase II is taking.

Outlining some concerns about the first phase of the plan, Ms. Hilton said that students felt there were not enough accountability measures in place to ensure that Plan 2008 was making a positive impact on campus. Therefore, students were pleased that assessment of programs would be part of Phase II. Another concern was that, while a great amount of effort was devoted to recruiting students of color, campus support networks and services on campus were not adequate. These services should be improved under the focus of Phase II. In addition, students felt that their support for students of color often went unrecognized. Further, students agreed that meeting the goals of Plan 2008 should be a priority for everyone on campus; that a supportive and inclusive campus climate will create a community that is welcoming to all students, faculty and staff; and that only this type of learning environment will lead to a quality education.

The next speaker was Guillermo Cuautle, Multicultural Issues Director of the UW-Milwaukee Student Association and a transfer student from UW-Rock County. Mr. Cuautle began by observing that he had benefited personally from Plan 2008 and that the plan's programs had educated his former campus on the importance of diversity.

Noting that his father was an immigrant from Mexico, he recalled that he had not questioned his identity until he began to encounter discrimination and stereotyping. At UW-Rock County, he took an excellent class on intercultural communications. One of the campus' Plan 2008 programs, the course did much to educate him about the reasons for many cultural biases. This class, along with a study-abroad program to Mexico, helped him greatly in understanding his identity. He felt that classes on cross-cultural communications should be emphasized by UW campuses to aid in providing the awareness that will help to break down cultural barriers and aid in fostering a safe, supportive and inclusive campus climate.

In addition, he commented that pre-college programs, scholarships, and recruitment and retention programs allow students of color and economically disadvantaged students to succeed and thus help to diversify campus communities. He commended Dean Phillipp and the faculty and staff of UW-Rock County for taking diversity seriously and pointing many students in the right direction, including involvement in student cultural organizations.

In conclusion, he urged the board to continue its commitment to diversity.

Angie Gomez, a student at UW-Parkside, spoke about the key role played by student-of-color organizations in retaining students on campus by offering social and educational programs, as well as by serving as a support network. These organizations, she pointed out, educate staff and the surrounding community, as well as students. They also involve students in a variety of cultures and demonstrate the type of teamwork that is needed to produce success – a skill that also is essential in the world of work. As support networks, they promote solidarity among members and provide easy-to-reach information and referrals to other sources of help. Funded by student segregated fees, they also provide personal and professional growth opportunities to their members and the community.

In conclusion, she commented that student-of-color organizations are fundamental components in student retention and thus play a vital role in the success of Plan 2008.

Nick Cluppert, A UW-River Falls student, spoke about a threat to African American students on that campus several months ago. In response, the campus pulled together to support them. A large rally was attended by about 700 students, as well as faculty, staff, and members of the community. At this event, people shared stories of support, fear and concern for one another. After the rally, discussion groups were held in each of the residence halls and the Student Center. On that day, he felt that the campus gained a realization of the importance of diversity and of a safe and supportive campus environment.

In conclusion, he commented that, if the university is to produce people who are able to go into the world and make a difference, this goal can only be attained if there is a diverse campus that exposes students to different perspectives and different cultures. Plan 2008 is needed for that reason.

Following the panelists' remarks, Dr. Marrett presented the following resolution, characterizing it as a bold approach that links student success to assessment and to reallocation of resources based on assessment. It will be necessary, she emphasized, to move forward rapidly and with concerted effort in order to realize the desired benefits by 2008.

Adoption of the following resolution was moved by Regent Mohs and seconded by Regent Rosenzweig:

Endorsement of Plan 2008 Phase II Guidelines

Resolution: That, upon recommendation of the President of the University of Wisconsin System, the Board of Regents endorses the following *Plan 2008 Phase II* Planning Guidelines:

- That, the focus of Phase II will be to address the achievement gap between UW System students of color and white students measured by retention and graduation from UW institutions.
- That, UW System institutions will focus their resources and efforts on narrowing the achievement gap in ways that are appropriate to their particular mission, student population, and other circumstances.
- That, UW System institutions will develop a means of assessing *Plan 2008 Phase II* initiatives, refocusing resources and making programmatic changes based on the evidence from that assessment.
- That, pursuant to these guidelines, the UWSA Office of Academic Affairs will: work with UW institutions in developing Phase II plans; report back to the Board with summaries of institutional and UWSA Phase II plans in spring 2005; and make biennial reports of progress thereafter.

Noting that he and Regent Marcovich had been on the board when Plan 2008 was created, Regent Mohs said that, while he did not believe that race should be considered as a factor in admissions, he agreed that, once students are admitted, everything possible should be done to make their college experience a success. He pointed out that lower retention and graduation rates for students of color are a national phenomenon that cross family income ranges. In order to retain these students, advising and support services are needed to track them, provide guidance and help if they falter and to make their education meaningful so that they can develop a vision of their future.

Another critical component of the plan, he continued, are pre-college programs, particularly in Milwaukee, to help students and their families become engaged early in their education and to encourage them to include college in their dream, so that they come to school better prepared and with a plan for the future. Of the \$35.9 million spent annually for diversity, 16% goes for recruitment, 23% for pre-college programs, and 60% for retention. Rather than spending scarce resources on competing for out-of-state students, he suggested using it instead for pre-college programs in Wisconsin, to improve the pipeline for resident students of color who he thought more likely to remain in Wisconsin after graduation and contribute to their communities.

Regent Salas asked if the guidelines in the resolution are consistent with the goals of Plan 2008, to which Dr. Marrett replied in the affirmative. Noting that the plan has seven goals, she said that the purpose of the resolution is not to diminish the other goals but simply to concentrate efforts in areas of particular need. It did not mean the campuses could not make progress toward the other goals of the plan.

Referring to the concerns expressed by student speakers, Regent Salas asked how the guidelines would respond to the need they felt for greater accountability at the campus level and about the need for greater support networks for students of color. With regard to use of limited resources, he felt the focus should be on retaining students already admitted, rather than spending more on pre-college programs.

In response to a question by Regent Salas on how division of resources would be determined, President Lyall explained that the campuses would work with Senior Vice President Marrett to develop their plans for Phase II and that these plans would be brought back to the board.

Regent Salas felt the board should provide more guidance on how resources are to be used and the results that are expected. He did not consider the proposed guidelines specific enough in that regard.

Regent President Marcovich noted that the first guideline in the resolution provides that the focus of Phase II would be to address the achievement gap between students of color and other students, as measured by retention and graduation rates.

With regard to accountability, Dr. Marrett indicated that the Office of Academic and Student Services would be working with the institutions to put together better information about what would be most effective in improving retention and graduation rates.

Commending Dr. Marrett for her presentation and for inclusion of student perspectives, Regent Davis stated her support for the resolution and its focus on making retention and graduation a priority. At the same time, she appreciated the fact that the goals themselves were not altered. Increasing faculty and staff diversity, she pointed out, also would be helpful in improving retention of students of color. While she favored giving campuses the freedom to do the planning and assessment for which they would be held accountable, she suggested bringing the plans back to the board in December, rather than waiting until March.

Regent Davis also expressed her support for pre-college programs and their important role in the lives of students whose families have no experience with higher education. In conclusion, she stated that she looked forward to seeing rich plans that will move toward closing the gap in achievement for students of color and that will do a better job of recruiting students both within and outside of Wisconsin.

Regent Olivieri expressed concern that the focus on student retention not be interpreted to indicate satisfaction with the current composition of the student body. Some campuses, he noted, have challenges in this regard that involve recruitment efforts. He also felt that there should be common strategies that could be adopted system-wide with regard to the retention/graduation issue, rather than having institutions develop individual approaches.

Regent President Marcovich observed that the resolution did not indicate satisfaction with the status quo. He felt that the assessment to be done would provide guidance for the overall plan, but he thought that different treatment would be required for specific problems on individual campuses.

Dr. Marrett indicated that there is considerable knowledge about factors that affect retention. The intention would be to bring the institutions together to review what is known and consider the implications for the institutions. In these reviews, composition of the student body also would be considered. As to timing, she noted that retention strategies involve the entire institution, including faculty, student services and administration. While it would take some time to develop mechanisms for those discussions, she felt the plans could be completed sooner than March, if the board desired.

Regent Olivieri favored having the plans brought to the board in December and suggested annual, rather than biennial, reports. He asked how Wisconsin compares with other states in terms of gaps in achievement.

In reply, Dr. Marrett indicated that Wisconsin compares favorably with other states both in terms of retention of students in general and retention of students of color. However, she felt that the UW should do better and aspire to national leadership in this area.

Regent Randall commented that, for him, using scarce resources for retention and pre-college programming could not be an either/or proposition. Noting that many students of color continue to select non-UW schools, he observed that the reaction of the River Falls campus to an incident that threatened students of color demonstrated a level of maturity about diversity and showed that significant headway was being made in improving the campus climate. He felt it would make a difference in attracting new students of color that the campus community had demonstrated sincerity about wanting them on campus and willingness to support them if adversity should strike.

With regard to pre-college programming, he indicated that, in Milwaukee, there are four federal Gear-Up grants, totaling more than \$24 million, that would be coming to a close. Future grants would cap out at half a million dollars and might be removed altogether. He urged that the university work with all the institutions applying for Gear Up funding, including the Milwaukee Area Technical College, and the Department of Public Instruction regarding use of these funds and that the UW build on the model shown by UW-River Falls in supporting students once they arrive on campus.

Dr. Marrett added that the UW is studying the outcomes of existing pre-college programs to determine how those resources can be used in the most effective ways to enhance student success.

It was moved by Regent Amato and seconded by Regent Davis that paragraph 4 of the resolution be amended to provide that the report come to the board in December 2004 and that the biennial report be changed to an annual report.

Chancellor Wells commented that, while chancellors were disappointed with the lack of progress on Plan 2008, there were some notable successes that should be built upon in the future. Students of color, he pointed out, are hurt more than others when basic support services, such as advising, are cut back. Additional budget cuts also would adversely affect efforts to diversify faculty and staff.

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

Put to a voice vote, Resolution 8850 was adopted, with Regent Salas voting in opposition.

Amended Endorsement of *Plan 2008 Phase II* Guidelines

Resolution 8850: That, upon recommendation of the President of the University of Wisconsin System, the Board of Regents endorses the following *Plan 2008 Phase II* Planning Guidelines:

- That, the focus of Phase II will be to address the achievement gap between UW System students of color and white students measured by retention and graduation from UW institutions.
- That, UW System institutions will focus their resources and efforts on narrowing the achievement gap in ways that are appropriate to their particular mission, student population, and other circumstances.
- That, UW System institutions will develop a means of assessing *Plan 2008 Phase II* initiatives, refocusing resources and making programmatic changes based on the evidence from that assessment.
- That, pursuant to these guidelines, the UWSA Office of Academic Affairs will: work with UW institutions in developing Phase II plans; report back to the Board with summaries of institutional and UWSA Phase II plans in December of 2004; and make annual reports of progress thereafter.

The meeting was recessed at 12:45 p.m. and reconvened at 1:30 p.m.

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2004-05 ANNUAL OPERATING BUDGET

Noting that this is the second year of the current biennial budget, President Lyall indicated that these funds were appropriated by the Legislature and the budget was signed by the Governor more than a year ago. Action at this meeting is proposed for the purpose of establishing tuition and fee schedules for the campuses and allocating the second year's money among campuses.

The GPR portion of the budget decreased to about 25% from 27% last year and about 32% several years ago. At the same time, the tuition share has risen to almost 21%. Other sources of income, such as gifts, grants, contracts, and program revenues, constitute more than half of the budget. These funds, however, are not flexible and could not be assigned to the instructional mission, which must be funded by GPR and tuition.

Proposed tuition amounts reflected the \$500 and \$700 increases that were authorized in the biennial budget. Resident undergraduate tuition would be \$5,254 at UW-Madison, \$5,138 at UW-Milwaukee, \$4,000 at the comprehensive universities, and \$3,700 at the UW Colleges. Although the increases are significant, the President noted, tuition remains below the average for peer groups. Medical School and Veterinary School tuitions were not proposed for increases because they already were above the average for their disciplines nationally.

Regent Axtell observed that the tuition increases were not newly proposed, but rather were presented in the Governor's last biennial budget and approved by the Legislature. In that regard, he noted that the university's budget had been cut by \$250 million, which was reduced by \$150 million in tuition increases. While no one is happy with this outcome, he pointed out, it is necessary to implement the increases given the requirements of the last biennial budget.

Regent Mohs expressed concern about the impact of the tuition increases on affordability and stated that it would be tolerable to him only if the university could continue to offer high quality education.

Regent President Marcovich commented on the importance of making a clear statement that it is not the board's policy to replace state funding with student tuition.

Regent Rosenzweig recalled that students had stood shoulder to shoulder with the board when it was necessary to accept the large tuition increases. Now, she noted, they were challenging the board to stand with them in making the case convincingly that now is the time to reinvest in the university and rebuild our institutions.

Adoption of Resolution 8851 was moved by Regent Mohs and seconded by Regent Axtell.

2004-05 Operating Budget including Rates for Academic Tuition, Academic Tuition Refund Policy and Schedule, Segregated Fees, Textbook Rental, Room and Board, and Apartments

Resolution 8851: That, upon the recommendation of the President of the University of Wisconsin System, the 2004-05 operating budget be approved, including the tuition refund policy and schedule, rates for academic tuition, segregated fees, textbook rental, room and board, and apartments as reflected in the document 2004-05 Operating Budget and Fee Schedules, June, 2004. The 2004-05 amounts are:

GPR	\$992,904,285	25.55%
<u>Academic Tuition</u>	<u>\$807,142,103</u>	<u>20.77%</u>
Total GPR/Fees	\$1,800,046,388	46.32%
<u>Other</u>	<u>\$2,086,170,551</u>	<u>53.68%</u>
Total	\$3,886,216,939	100.00%

That the President of the UW System is authorized to approve any minor changes required to Program Revenue totals due to parity adjustments approved by the Joint Committee on Employment Relations (JCOER) in May.

Academic tuition for Minnesota Reciprocity students will be incorporated into the 2004-05 Academic Fees/Tuition Schedule upon receipt of final Minnesota tuition information.

In response to a question by Regent Amato, President Lyall indicated that student costs, including tuition, fees, room and board range from \$11,243 per year at UW-Madison to \$7,522 at the UW Colleges.

Regent Amato expressed concern that students are being priced out of an education as tuition rises, not only at the low-income level, but at the low-medium and even medium levels. In addition, he noted that higher tuition makes it more difficult to recruit and retain students of color. If the resolution were defeated, he commented, it would be necessary to make a case to the Legislature for more funding, and the outcome might be a lower tuition increase. While he could not support the current tuition proposal, he stated that he could support a lower level.

The question was put on Resolution 8851, and it was adopted on a roll-call vote, with Regents Axtell, Bradley, Connolly-Keesler, Davis, Gottschalk, Marcovich, Mohs, Olivieri, Pruitt, Randall, Rosenzweig, and Walsh (12) voting in the affirmative, and Regents Amato, Burmaster, Richlen, and Salas (4) voting in opposition.

Regent Bradley commented that the board's action implemented the second part of the Governor's budget. He expressed the hope that it would be recognized in the next budget and that the university did more than its share in 2003-05.

Regent President Marcovich stated that he had voted for the tuition increase because he saw no reasonable alternative.

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RESIDENT TUITION FOR UNDOCUMENTED STUDENTS

Introducing this item, Regent Salas noted that non-resident students transferring from the WTCS System are given lowest priority for UW admission. At Milwaukee Area Technical College, he explained, children of undocumented parents are considered residents if they meet certain requirements.

He advised that Resolution 8852 contains language proposed by Governor Doyle to change the law by allowing sons and daughters of undocumented persons to be eligible for resident tuition.

The second paragraph of the resolution, he continued, affirms support for an existing statutory provision that exempts from nonresident tuition migrant workers and their families. This provision, he pointed out, recognizes the economic contributions that migrant workers have made to the state's economy.

The third paragraph encourages use of available financial aid resources, including remission of nonresident tuition, to provide financial support for immigrant students. In that regard, he noted the statutory provision for remission of nonresident tuition for students who are needy and worthy, and encouraged use of that authority to support students whose parents are undocumented.

Adoption of Resolution 8852 was moved by Regent Salas and seconded by Regent Olivieri.

Resident Tuition for Undocumented Students

Resolution 8852: That the Board of the University of Wisconsin System supports a change in Wisconsin law that would expand the current exemptions from nonresident tuition to include undocumented persons meeting legislatively determined criteria with respect to attendance at

Wisconsin schools, continuous presence in the state, acceptance at a UW System institution, and evidence of intent to apply as soon as eligible for permanent residence in the United States through the United States Department of Homeland Security; and

That the Board affirms its support of s.36.27(2)(a)6, Wisconsin Statutes, exempting from nonresident tuition migrant workers and their families; and

That the Board further encourages UW System institutions to utilize available financial aid resources, including the remission of nonresident tuition where consistent with s.36.127(3)(a)-(c), Wisconsin Statutes and federal law, to provide financial support for immigrant students seeking to enter UW System institutions.

Regent Walsh asked if the words “Wisconsin schools” in the sixth line referred to K-12 schools, and Regent Salas replied in the affirmative. Regent Walsh stated his support for the resolution on the basis of fairness to all young people who are going through the state’s school system. The children of undocumented persons, he observed, should have the same opportunities as everyone else.

The question was put on Resolution 8852 and it was adopted on a unanimous voice vote.

The Board’s business having concluded, the meeting was adjourned at 2:45 p.m.

Submitted by:

Judith A. Temby, Secretary