

MINUTE OF THE REGULAR MEETING

of the

BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM

Madison, Wisconsin

Held in Room 1820 Van Hise Hall
Friday November 6, 1992
9:00 a.m.

President Steil presiding

PRESENT: Regents Barry, Davis, Dreyfus, Gelatt, Grover, Hempel, Hirsch,
Krutsch, Lubar, Lyon, Nicholas, Schilling, and Steil

ABSENT: Regents Budzinski, Flores, Grebe, and Gundersen

Approval of Minutes

Upon motion by Regent Krutsch, seconded by Regent Hirsch, the minutes of the meeting of the Board of Regents, held on October 9, 1992, were approved as distributed.

REPORT TO THE PRESIDENT OF THE BOARD

Report of the council of Trustees of the UW Hospital and Clinics

Regent Lubar reported on the November 5, 1992 meeting of the Council, which included consideration of the proposal for restructuring of the UW Hospital and Clinics. Following discussion of the membership and appointment process for various committees of the public authority governing the board, the Council approved the recommendation of the Regent Committee appointed to study the restructuring proposal.

The board, as redrawn by the Regent Committee, would consist of 17 members, rather than 22 members under the original proposal. Changes included addition of the president of the university medical staff, 3 UW System Regents (compared 1 under the first proposal) and a total of 7 public appointees (compared with 12 under the original proposal). In addition, the Council approved a separate motion adding the UW-Madison Chancellor to the governing board's nominating committee.

The Council then adopted the October 26, 1992, revised proposal for restructuring, as presented by Dr. Jay Noren, Vice Chancellor for Health Sciences. Revisions to the August 24 working draft served to clarify the proposal by providing a clear statement that the Board of Regents appoints at-large hospital authority board members; providing eligibility for board membership to hospital and tenure-track faculty; providing a clear statement that any GPR appropriations for education related to the hospital; and

providing a statement that current union representation will be guaranteed for at least 24 months (compared to 12 months in the original working draft).

In addition, the revised proposal incorporated several changes suggested by the Attorney General's office regarding board composition and its relationship to the Board of Regents. These included suggestions that the regents have authority to approve the hospital budget in order to assure the public character of the entity and appropriate employment law applicability and to retain state liability coverage and sovereign immunity.

In other business, the council approved a proposal to increase to \$9.6 million the total project cost of the UW Hospital Sports Medicine and Spine Center to be constructed in the UW Research Park. The increase from the project's original \$7.6 million project estimate came following completion of architect plans which include provisions to allow future building expansion and addition of a third floor, if necessary. Additional funds will be provided by a combination of \$1.2 million in hospital program revenue and \$691,000 in bonding.

The Council also heard from Superintendent Gordon Derzon, who reported mixed patient volumes for the first four months of the fiscal year. Trends indicate a possible weakening on in-patient activity compared with previous years, but out-patient activity continues to increase.

Net income for the first quarter is \$1.5 million above budget as result of expenses which are under budget by 1.7 percent. Mr. Derzon also noted the hospital's fiscal department had made progress in its collection efforts and praised the recent improvement in the hospital's asset management program, which has resulted in a reduction of \$1.3 million in inventories from the previous year. Further gains are expected as the program is implemented throughout the hospital.

Finally, the Council heard from Dr. Paul Carbone, Director of the University of Wisconsin Comprehensive Cancer Center, who described the Wisconsin Prevention Center, a coalition of Medical School, Hospital, and Cancer Center faculty and departments to address key issues of disease prevention. The Center will focus its attention on prevention across disciplines and disease types, including cancer, eye disease, and heart disease. Dr. Carbone said the new prevention center is currently recruiting a director and that additional resources are being sought for program planning and development and for clinical facilities and operations.

Legislative Report

A written report on legislative matters was provided.

Appreciation for Budget Efforts

On behalf of the Board of Regents, Regent President Steil expressed appreciation to Vice President for Business and Finance Ray Marnocha and Associate Vice President for Budget Planning Kathleen Sell, along with their staffs, for the excellent manner in which the biennial budget proposal was prepared and presented.

REPORT OF THE PRESIDENT OF THE SYSTEM

Approval of Nonpersonnel Actions

Presenting Resolution 6252 President Lyall noted that the list of nonpersonnel actions included a contract with the law firm of Whyte and Hirschboeck for instructional services to the Uw-Madison Law School.

Upon motion by Regent Gelatt, seconded by Regent Schilling, the following resolution was adopted unanimously:

Resolution 6252: That the report of nonpersonnel actions by the administrative officers to the Board of Regents and informational items reported for the record (copy on file with the papers of this meeting) be received for the record; and that actions included in the report be approved, ratified and confirmed.

Systemwide Video Conferences

President Lyall reported on the first video-conference of the academic year, held on October 27, 1992, with all UW System institutions participating. James Morgan, Executive Director of the Wisconsin Taxpayers Alliance, presented and over view of the state economic picture; Regent Emeritus Milton Neshek discussed the recommendations of the Governor's Commission on UW System Compensation; and President Lyall outlined the 1993-95 budget request and emphasized the importance of maintaining the partnership that has fostered a first-class public university system in this state. Participants at each site then had the opportunity to call in questions. These video conferences, President Lyall commented are an effective way to reach constituents with important information about the UW System.

Exceptional Grantsmanship

President Lyall pointed out that more than \$35 million in gifts, grants, and contracts had been raised in the past month, representing a total of \$242 million for the year to date--a nine percent increase over a year ago. This is an extraordinary achievement, she commented, because, first, these private funds provide the margin of excellence for many programs and students by paying for research and training opportunities for undergraduate and graduate students; by purchasing state-of-the-art laboratory and teaching equipment not affordable from state funds; and by supporting professional travel for faculty and students to collect data, do field work, and report their findings at professional meetings and to groups of interested practitioners in business, agriculture, and the public sector.

Second, these funds have risen nine percent in a year when the general economy makes such fund raising exceedingly competitive. Not only are individual private donors more pressed but foundations and government agencies are awarding their research funds through tougher competitions and tighter guidelines. To compete successfully, faculty must be alert, more creative in devising efficient means of investigation, and more persistent in spending evenings and weekends writing proposals. In the UW System, where faculty are exceptionally successful in obtaining grants, only one in five proposals is

ultimately funded. Thus, a nine percent increase represents untold hours of thoughtful work and disappointments along the way.

Third, while UW-Madison generates most of the research funds, every UW System institution has increased its fund raising. For example, UW-Stout received a gift of \$1.5 million for a Center for the Study of the use and Application of Technology in the Classroom; the UW Centers received an Office of Education award of \$.5 million to set up a modern computerized student information system; UW Superior received \$300,000 for marine studies at the Great Lakes Research Center; and UW-Stevens Point received \$125,000 from the Vallier Foundation to support a distinguished professor in the College of Natural Resources. Stating that it is the initiative and energy of chancellors and faculty that secures the margin of excellence for students and programs, President Lyall commended the efforts and success of these people without whom the UW System would be much poorer both in spirit and in dollars.

Faculty Teaching Load Audit

President Lyall reported that the Joint Audit Committee voted to request an audit of UW-System faculty teaching assignments. She had written a letter to the members of the Committee, noting that the UW System welcomes the audit and urging them to consider including the full range of faculty responsibilities, not just instructional duties, in the scope of the investigation. She noted that the measurement of faculty work assignments goes far beyond what is covered by data collection and encompasses vital policy questions affecting ability to change and develop the curriculum and teaching methods. It is known from educational research that students learn best through smaller, more personalized learning experiences and hands-in opportunities. One question is how this evolution in faculty practice can be expanded. Given that the contents of courses need to be updated frequently to encompass new knowledge, another question is how this responsibility should be reflected in the work load measurements. Different UW System institutions have differently basic mission, she noted, and each must compete for faculty in a highly competitive national labor market that reflects peer practices. There is also a question as to how to fit the balance among teaching, research and outreach assignments to the mission of each institution and still assure the ability to compete effectively to recruit and retain first-rate faculty.

Inviting the perspective of the Legislative Audit Bureau on these matters, she stated that defining faculty work accurately is exceptionally important to determining the kinds of public universities that will exist in the future.

REPORT OF THE PHYSICAL PLANNING AND DEVELOPMENT COMMITTEE

The Committee's report was presented by Regent Dreyfus, Chair.

Consent Agenda Items

Presenting Resolutions 6253-6256, which had been approved unanimously by the Physical Planning and Development Committee, Regent Dreyfus moved their adoption by the Board of Regents as consent agenda items, and the motion seconded by Regent Barry.

In response to a question by Regent Gelatt about Resolution 6254, Vice President Brown explained that the basement area of the UW-Stout Student Center had been part of the original design but was not completed earlier due to lack of funding.

Put to the vote, Resolutions 6253-6256 were adopted unanimously.

UW-Stevens Point: Approval of 1992 campus Development Plan

Resolution 6253: That, upon the recommendation of the UW-Stevens Point Chancellor and the President of the University of Wisconsin System, the 1992 Campus Development Plan and documenting physical facilities and campus boundaries be approved.

UW-Stout: Approval of the Design Report and Authorization to Construct Memorial Student Center Completion Project

Resolution 6254: That, upon the recommendation of the UW-Stout Chancellor and the President of the University of Wisconsin System, the Design Report be approved and authority granted to construct the Memorial Student Center Completion project, at an estimate cost of \$1,171,000 (\$1,015,600 Program Revenue Borrowing and \$155,400 Program Revenues).

UW-Superior: Authorization to Construct a Steam Line Repair Project

Resolution 6255: That, upon the recommendation to the UW-Superior Chancellor and the President of the University of Wisconsin System, authority be granted to construct a Steam Distribution/Condensate Return Line Replacement project, at a cost of \$242,000, using General Fund Supported Borrowing - Utilities Repair and Renovation Funds.

Acceptance of Report on Solid Waste Experiment Centers

Resolution 6256: That, upon the recommendation of the President of the University of Wisconsin System, the Report on Solid Waste Experiment Centers, required by Section 36.25 (3m)(e), Wisconsin Statutes, be accepted for transmittal to State Officials.

Campaign for Wisconsin

Regent Dreyfus, Chair of the Physical Planning and Development Committee, explained that for two months the Committee has been discussing and reporting on funding policies for building projects. He introduced Mr. Robert Froelke, national chair of UW-Madison's "Campaign for Wisconsin", which has raised \$336 million of its \$400 million fund drive.

Stating that he is not a professional fund raiser, Mr. Froelke said that, in addition to his raising of funds for some private groups, he and Chancellor Shalala have raised 83 percent of their goal in less than two years of this three-year campaign. Every year, he said, the Legislature allots more dollars to UW-Madison, but every year it is a smaller percentage of the total

budget. This necessitates the raising of funds from private sources-- primarily former graduates--in order to maintain the quality of the institution.

Donors believe the private sector should not have to raise funds for state buildings because their taxes already contribute to this purpose. They traditionally prefer to strengthen and enhance well-established programs, rather than invest in facilities. Some also believe that this public institution is infringing on the territory of private institutions in fund raising. Donors send the message that the state should build and maintain buildings. They want to give their money to enhancing the university over and above the basic minimum that is the obligation of the taxpayers of the state.

He concluded by requesting that the Board of Regents urge the Legislature not to make fund raising more difficult by requiring private funding of facilities.

Regent Schilling expressed gratitude to Mr. Froelke and Chancellor Shalala for their excellent work. He suggested that Mr. Froelke's insights be shared with the State Building Commission.

President Steil also expressed his and the board's gratitude for Mr. Froelke's work in behalf of the university.

Funding of University Facilities Capital Costs

Presenting Resolution 6257, which has been unanimously approved by the Committee, Regent Dreyfus noted that this reaffirmation of current policy of funding of facilities capital costs does not imply that there will be full GPR funding of child-care facilities without further consideration. The plan is appropriate GPR funding subsidy for such operations.

Upon motion by Regent Dreyfus, seconded by Regent Barry, the following resolution was adopted unanimously by the Board of Regents:

Resolution 6257: Whereas, it has been the long-held position of the Board of Regents of the University of Wisconsin System that General Purpose Revenue is the prescribed source for funds for facilities needed in support of the academic mission of the University of Wisconsin System and,

Whereas, this position has conformed to the historic attitude of the Executive and Legislative branches of the State of Wisconsin toward its responsibility and obligation to meet the educational needs of its citizens; and

Whereas, documented evidence affirms that philanthropic organizations and individual donors also consider the taxes they pay provide the means for the state to meet its obligation to provide for the programmatic and facilities needs of their public educational institutions and prefer to strengthen and enhance well-established programs rather than invest in facilities; and

Whereas, it is recognized that GPR resources will be very limited in the 1992-95 biennium so non-GPR funding sources will be explored and incorporated into University of Wisconsin System Capital Budget requests when feasible; with this effort receiving special emphasis for projects that involve the construction of additional space for professional programs.

Now, Therefore, Be It Resolved that, the Board of Regents of the University of Wisconsin System, upon the recommendation of its Physical Planning and Development Committee, reaffirms its policy relating to appropriate funding of university facilities capital costs, as reflected in Resolution 5500 (Regent Policy 90-6), adopted May 11, 1990 and amended December 6, 1991.

Report of the Vice President

Milwaukee Civic Center Campus

The Committee received a status report on the Request for Proposals process the Committee directed System Administration to undertake for replacing the Milwaukee Civic Center Campus space. Vice President Brown told the Committee that a draft RFP was prepared and reviewed by UW-Extension Chancellor Boyle and UW-Milwaukee Chancellor Schroeder. The RFP was sent out on October 23 to potential vendors and for advertisement in the Milwaukee newspapers. Proposals are to be submitted by December 1 and will be reviewed by a team consisting of representatives from UW-Extension, UW-Milwaukee and System Administration.

The project will be included in the 1993-95 capital budget recommendation submitted to the Board of Regents in December. Proposals then will be fine-tuned and the results of the RFP will be incorporated into the capital budget at the same time it is considered by the State Building Commission in March 1993.

Status Report on UW-Green Bay's Child Care Request for Proposals

In a status report on UW-Green Bay's Child Care Center Request for Proposals (RFP), the Committee was advised that three proposals were received and two finalists were selected. During the month of October, System proposals and conducted site visits of facilities operated by the proposers. As a result, the evaluation team concluded that additional information was needed for clarification. The two finalists were sent additional questions with responses due on October 30. A final recommendation is expected in early November. If a favorable response is identified, it is anticipated that a Notice of Intent to Award a Contract, contingent upon Regent approval, would be sent to the three proposers. Upon completion of the notice period, a recommendation for award, along with all of the particulars of the proposal, will be brought to the December Board meeting for action. Regents will reserve the right to withhold their approval if they determine the recommendation is not acceptable. If the contract is approved by the Board of Regents in December, it is anticipated that a new center could be open by September 1993.

Report on Final Buy-out of UW-Parkside Student Housing and Resolution on Facilities Constructed by Private Sector with Expectation of University Ownership

The Physical Planning and Development Committee was advised for State Building Commission action on October 21, 1992, to allow student housing ownership transfer from the UW-Parkside Benevolent Foundation to the Board of Regents. This enables refinancing the debt at today's lower interest cost, with a saving of about \$1.2 million over the 20-year term of the new bonds. Regent Dreyfus stated satisfaction that this transfer not only prevented a default on the bonds, but also resulted in a significant cost savings. In approving the refinancing of the debt, the Commission asked the Board of Regents to adopt a resolution to avoid any recurrence of a problem of this nature and to insure that facilities constructed on behalf of the System do not become liabilities.

It was moved by Regent Dreyfus and seconded by Regent Barry that the following resolution, which was unanimously approved by the Committee, be adopted by the Board of Regents:

That, to insure that facilities constructed by the private sector with an expectation of University ownership do not create extraordinary liabilities for the University System or the State, the following parameters reflect the consensus of the Board of Regents:

- (1) The Board of Regents reaffirms the positions stated in Policy 90-6:
 - A. Such projects should not be initiated without an opportunity being provided for the Regents to determine the appropriateness of the proposed funds and/or project(s) to System needs.
 - b. The need for a project that also requires a GPR contribution, or a project that would otherwise utilize GPR as a prescribed funding source, should be evidenced by its inclusion in long-range campus plans that reflect overall needs.
- (2) Consistent with Sec. 36.29(7), Wisconsin Statutes, all construction on behalf of the university system shall be subject to prior approval of the Building Commission.
- (3) Construction of such facilities shall not begin without an opportunity being afforded to the University System and the Department of Administration to review and comment on plans and specifications. Review shall take into consideration initial, ongoing and long-term costs.

- (4) To assure that the facilities are constructed according to the plans and specifications and that relevant comments made by System Administration and/or the Department of Administration during the review process are incorporated, the Department for Administration shall be encouraged to provide supervision of construction as allowed by Sec. 16.85(12), Wis. Stats.

Regent Gelatt raised a question about the relationship of this resolution to the UW Hospital and Clinics restructuring proposal which would provide for building to be authorized by the public authority without state oversight.

With the consent of Regent Barry, Regent Dreyfus withdrew the motion with the understanding that the matter would be returned to the Board at the December meeting, in order to allow time for an answer to be provided to the question that had been raised.

REPORT OF THE BUSINESS AND FINANCE COMMITTEE

Regent Gelatt, Chair reported for the Committee.

Consent Agenda Items

Presenting Resolutions 6258 to 6260, which had been approved unanimously by the Committee, Regent Gelatt moved their adoption by the Board of Regents as consent agenda items. The motion was seconded by Regent Lubar and carried with Regent Davis abstaining on Resolution 6258.

Approval of Gifts, Grants and Contracts

Resolution 6258: That, upon the recommendation of the President of the University System, the gifts, grants and contracts presented at this meeting (copy on file with the papers of this meeting) be accepted, approved, ratified and confirmed; and that where signature authority has not been previously delegated, appropriate officers be authorized to sign agreements.

American Football Coaches Retirement Trust

Resolution 6259: That, upon the recommendation of the President of the University for Wisconsin System the Board for Regents approves, if authorized by an institution's Chancellor, participation of football coaches in the American Football Coaches Retirement Trust.

Trust Funds Investment Guidelines

Resolution 6260: That, upon the recommendation for the President of the University of Wisconsin System, revisions to the Investment Objectives and Guidelines for the Principal

Fund dated 11/6/92 be approved.

1993-95 Biennial Operating Budget

Reporting on President Lyall's presentation of the 1993-95 Biennial Operating Budget to the Board for Regents, Regent Gelatt noted that the biennial budget proposal focuses on the key mission of undergraduate education and on the Wisconsin Idea of extending the resources of the university to help the state. It is the lowest GPR/fee request if four biennia.

New initiatives include improving undergraduate education systemwide, research and public service programs to meet the needs of the state, and urgent infrastructure needs in environmental compliance and information technology. Statutory language requests include language needed to implement the unified budget, management flexibility items to increase efficiency and save costs, including the removal of the cap on the Medical School tuition and other policy initiatives relating to the academic calendar and health coverage, as well as technical and corrective language.

The compensation request follows the advice of the Governor's Compensation Commission which recommended using market analyses as the principal indicator and examining multiple indicators, such as the state's fiscal capacity. This analysis led to recommending a five percent unclassified compensation increase to be distributed primarily on merit, with Regent flexibility to award a portion across the board.

Upon motion by Regent Gelatt, seconded by Regent Davis, the following resolution was adopted by the Board of Regents, with Regent Grover voting in opposition.

Resolution 6261: That upon recommendation of the President of the University of Wisconsin System:

the operating budget request increases (over a total all-funds base of \$2,315,607,400) for Program Requests Cost to Continue, Technical Items and other Program Revenue funded items be approved for submission to the Governor, Department of Administration, and Legislature:

Budget Category	Biennial Amount
GPR	\$61,143,600
Academic Fees/Tuition	\$28,941,000
Subtotal GPR/Fees	\$90,084,600
Other Program Revenue	240,885,700
TOTAL BIENNIAL INCREASE	\$330,970,300

which would provide for a total 1993-95 two-year budget level of \$4,962,185,100 (excluding compensation increases).

1993-95 Faculty and Academic Staff Compensation Request

Upon motion by Regent Gelatt, seconded by Regent Davis, Resolution 6262 was adopted by the Board of Regents, with Regent Hempel, Regent Hirsch, and Regent Nicholas voting in opposition.

Resolution 6262 : That, upon recommendation of the President of the University of Wisconsin System, the Board of Regents endorses the attached request to the Secretaries of the Department of Administration and the Department of Employment Relations for a 1993-95 competitive compensation plan for faculty and academic staff and approves the following recommendation:

A compensation plan of five percent each year of the 1993-95 biennium, in order to maintain the quality of faculty and academic staff over the next two years.

Moreover, the Board of Regents requests that it be allowed to increase the Category A academic staff salary ranges by the full 5% compensation adjustment each year of the biennium.

Regent Nicholas stated his strong support for maintaining high quality faculty at competitive pay levels. His suggestion at the previous day's meeting to lower proposed salary increases by one percentage point was not intended to pit students against faculty, but was intended as a means of providing for a lower tuition increase while, at the same time, offering a reasonable raise for faculty and staff.

97.5 - 103.7 Percent Exercise

Upon motion by Regent Gelatt, seconded by Regent Davis, the following resolution was adopted by the Board of Regents, with Regents Barry and Hirsch voting in opposition.

Resolution 6263: That, upon the recommendation of the President of the University of Wisconsin System, the report entitled "Supplementary Materials, 1993-95 Biennial Budget, 97.5- 103.7% of Base Budget Exercise" be accepted by the Board of Regents for transmittal to the Department of Administration as directed by memorandum dated June 12, 1992 from the State Budget Director, Department of Administration.

Partially Unified Budget

Presenting Resolution 6264, Regent Gelatt emphasized the additional effort and accountability on the part of the Board of Regents under a partially unified budget. He stated his conviction that adopting this resolution is one of the most significant steps the Board could take to enhance the effectiveness of the UW System and ensure its quality into the 21st century.

It was moved by Regent Gelatt and seconded by Regent Davis that the following resolution be adopted by the Board of Regents:

Resolution 6264: That the Board of Regents forwards the statutory

language to implement a partially-unified budget to the Department of Administration as directed by Regent Resolution 6198 which adopted the report of the Governor's Commission on University of Wisconsin System Compensation, including recommendation 2 which stated "The UW System operating budget request and appropriation process should be amended to 'unify' at least parts of the UW System operating budget." While the UW System 1993-95 biennial operating budget is submitted in both its regular format and in this partially-unified format, the Board of Regents urges the Governor and Legislature to evaluate and select the partially-unified format for its own action on the UW System request.

Regent Lyon commented that the partially unified budget will be highly beneficial to effective management of the UW System and will place greater responsibility on the Board of Regents. Noting that past requests for management flexibility have tended to be piecemeal and to become lost in the budget process, he pointed out that the partially unified budget is a comprehensive and cohesive proposal deserving of high priority. With help from Regents and staff, he hoped the proposal would be kept highly visible throughout the budget process.

Concurring with Regent Lyon's assessment, Regent Davis commented that the tough times to come will require substantial changes in the way institutions are run and resources are allocated. To make these changes, he noted, the Board will need maximum management flexibility and should be prepared to advocate vigorously on behalf of the partially unified budget proposal. With this flexibility, he emphasized, the Board will have to accept accountability and should move vigorously to develop appropriate indicators of performance.

In response to a question by Regent Hirsch, President Lyall explained that a unified budget would request a total amount and identify the types of uses to which it would by put, without actually specifying an allocation among uses until action on the annual budget.

Regent Gelatt added that the Regents would see much more detail on internal allocations than is the case in the current structure.

Regent Dreyfus commented that, given the many high priority issues facing the Legislature, in a spirit of partnership, the Board should make clear its willingness to devote extra effort to dealing with UW System issues thus allowing the Legislature to devote more time to other priorities.

Put to the vote, Resolution 6264 was adopted unanimously.

UW-Hospital and Clinics Restructuring

Regent Gelatt reported that UW-Madison Vice Chancellor for Health Sciences Jay Noren presented to the Business and Finance Committee the revised proposal for restructuring University and Hospital Clinics. The revised proposal differs from the proposal submitted to the Board in September in the following ways: It includes a clear statement that the Board of Regents appoints the at-large authority board members; it broadens eligibility for

board membership to hospital faculty as well as to tenure track faculty; it stipulates that any GPR appropriation for education will be to the university to support clinical education related to the university; and it promises that current union representation will be guaranteed for at least 24 months.

In addition, the Attorney General has indicated the need for modest changes in the hospital authority board and for the Board of Regents to have authority to approve the budget, in order to assure the public character of the entity and appropriate employment law applicability, and to retain state liability coverage and sovereign immunity. Those suggestions were incorporated in the proposal before the Board.

Regent Lubar reported of the conclusions of a Regent Committee appointed to study the proposed restructuring and to make recommendations to the Board. The Committee unanimously recommended approval of the final proposal and recommended that the hospital authority board should consist of 17 members--10 university representatives, including 3 Regents, and 7 public at-large members.

It was moved by Regent Gelatt and seconded by Regent Krutsch that the following resolution be adopted by the Board of Regents:

Resolution 6265: That, upon the recommendation of the President of the University of Wisconsin System, and the Chancellor of the University of Wisconsin-Madison, the Board of Regents approves the October 26, 1992, Proposal to Establish a Public Authority to Operate University of Wisconsin Hospital and Clinics, as amended by the Regent Committee to Study Restructuring Proposal for UW Hospital and Clinics, and directs System Administration to forward it to the Governor with the University of Wisconsin System biennial budget request, further, that all statutory language necessary to implement such proposal be drafted with assistance of the Department of Justice and the Legislative Reference Bureau and be submitted to the Board of Regents for approval at a later date.

In response to a question by Regent Davis, Chancellor Shalala explained that a new personnel system would be established for the hospital, which would involve a transition period for represented and non-represented personnel. Regent Davis asked if employees would be able to remain in the pension system, and Chancellor Shalala replied in the affirmative.

Regent Lubar reported that Regents had inquired about the public authority's bonding capability and about the requirement in the proposal for approval of the Attorney General and the Governor in order for the hospital authority to obtain special counsel.

Chancellor Shalala replied that the provision concerning special counsel was included at the recommendation of the Attorney General's office as a means of defining the authority's status as a public entity.

Regent Schilling pointed out that other public authorities are not subject to that requirement for appointment of counsel. To require this procedure of the hospital authority seemed to him unnecessary and cumbersome.

Regent President Steil referred the question to the Committee chaired by Regent Lubar for review and report at the December meeting.

With regard to bonding authority, Regent Hirsch asked if the Board of Regents and the state would assume the obligation of debt retirement if debt service payments could not be met by the hospital authority.

Regent Schilling responded that issuance of revenue bonds means that the bond holder would be buying the success of the enterprise. If the revenues of the hospital were not sufficient, the bonds would go into default and would not be an obligation of the Board of Regents or the state. He suggested that the Regent Committee consider adding a clear statement that any bonds issued by the authority would not be the responsibility of the Board of Regents or the State of Wisconsin, in order to ensure that no future Board of Regents would view the bonds as its obligation.

Regent President Steil asked the Regent Committee to consider this matter, along with the special counsel question.

Regent Gelatt asked that the minutes of the meeting indicate that the Board of Regents is not committed to go beyond its legal requirements in the future.

Regent Grover stated that he considered the restructuring proposal the worst idea he had encountered in his many years on the Board. On the one hand, the Regents were asking for more authority to govern the System, but on the other hand were preparing to give up authority over the hospital. While the argument was made that the hospital is supported by fee funding, he noted that other university services, such as residence halls and student centers are also fee funded.

Predicting that the proposal would collapse under the weight of unanswered questions, he commented that problems of delay in building construction, purchasing and employment areas could be addressed in a much less drastic manner than detaching the hospital from the university. The hospital, he commented, is a core part of the university with a mission to train medical practitioners, do basic research, and serve indigent in the state as a medical facility of last resort.

The effect of the proposal, in his view, would be to create two classes of area medical practitioners--those in private practice at private hospitals, and those at the public authority hospital, who would have the advantages of liability protection, bonding authority and state retirement benefits, while still being able to charge whatever the market will bear. In this sense, it would benefit a class of people at a time when the whole matter of for-profit medicine has become a highly visible national issue.

Stating that the hospital should remain accountable to the Board of Regents, he expressed his strong conviction that detaching the institution from the Board and the university would be contrary to the Wisconsin Idea and to the best interests of the state. It was his prediction that the restructuring proposal would not survive scrutiny by the Department of Administration, the Governor and Legislature.

Regent Lubar responded that the purpose of the proposal is to deliver better services in a more advanced manner than is possible at present. The new entity, he said, would be a means to provide better service for patients,

including indigent; to build needed facilities in a reasonable length of time; and to have needed equipment financed, at reasonable revenue bond rates. The Board of Regents would continue to have control over the entity through budget approval authority and appointment of members to the hospital board.

Over the lengthy course of developing the proposal, Regent Lubar noted there had been a great many public meetings, to bring all constituents and all interested parties into the process.

Regent Schilling stated his respect for the sincerity of Regent Grover's position. He understood and shared the concern about how the proposal would affect indigent care.

In the challenging fiscal environment facing health care providers, Regent Krutsch replied, the more efficiently the hospital can operate, the better ability it will have to provide indigent care. Restructuring should improve the hospital's ability to provide this service. Superintendent Derzon stated his agreement with that assessment.

Chancellor Shalala noted that the proposed restructuring would not change the missions of the hospital.

Vice Chancellor Noren added that one to the hospital's unique functions is to provide the highest level of intensive care. This level, called the Trauma Life Support Center, has for many years had only twelve beds but needs twice that number. It has taken six years to move from planning for expansion to actual construction. In the meantime, needed services could be provided much more quickly. Throughout the hospital, he said, provision of care to patients who can't pay is considered an obligation and part of the mission of the institution. If there were any sense that the public authority structure would reduce that commitment, he was certain that faculty and staff would not support the proposal.

In response to a question by Regent Grover about a letter from a union representative, Chancellor Shalala replied union personnel were present at all meetings and the representative had a standing invitation to meet with her personally. Discussions with union leaders and others would continue as the process proceeds.

Replying to a question by Regent Grover about applicability of public meeting laws to the proposed entity, Vice Chancellor Noren explained that the authority would be treated as a state agency with respect to statutes on open meetings, public records, ethics, legislative audit, political solicitation, lobbying, use of facilities, and political activities of employees.

Regent Grover cited control of hospital rates as another important concern.

Regent Hirsch asked if there is a back-up plan to be employed in the event that the public authority proposal is not favorably received by the Governor of Legislature.

Chancellor Shalala said she had no reason to believe that the proposal would not receive a fair hearing. Her conversations with executive and legislative leaders convinced her that they share the concern that the hospital have the ability to continue to fulfill its missions in the future.

Regent President Steil urged that great weight be given to the recommendation of the Regent Committee which had thoroughly studied the proposal before recommending it to the Board of Regents.

Stating his confidence in the Regent's Committee's work, Regent Barry viewed the proposal as a responsible means of dealing with realities of medical care delivery by giving the hospital the tools needed to fulfill its missions. In that sense, the proposal bears similarities to the Board's own request for more flexibility in managing the UW System.

Put to the vote, Resolution 6265 was adopted, with Regent Grover voting in opposition.

UW-Madison/IBM Total Quality Partnership Grant

UW System Total Quality Consultant Sue Rohan, introduced UW-Madison Dean of Business Andrew Policano to report to the Business and Finance Committee the UW-Madison/IBM Total Quality Partnership Grant. UW-Madison was chosen by IBM to receive \$950,000 in cash and \$150,000 in computer equipment over five years to accelerate this teaching, use and research of Total Quality Management (TQM) principles. This project is a joint venture of the School of Business, College of Engineering, Office of Quality Improvement in the Chancellor's Office, and the Center for Quality and Productivity Improvement. UW-Madison was one of nine schools selected from more than 200 applicants in IBM's total quality university competition.

Governor's Compensation Commission Health Benefits Survey

Executive Assistant Fredi Bove reported to the Committee on the results of a survey, done at the request of the Governor's Commission on UW Compensation of recent UW faculty and academic staff hires of the effects of not receiving employer-provided health benefits during their initial six months of employment.

Key findings of the survey were: 1) 16 percent of new employees surveyed went uninsured during the first six months of UW employment, with lower income employees more likely to be uninsured; and 2) almost half of the respondents were not aware of the six-month waiting period for employer provided health coverage at the time they accepted the UW position. A request for statutory authority to provide employer health benefits for UW staff and faculty effective the first day of employment is included in the UW biennial budget request.

Trust Funds - Assets Allocation Ratio

Assistant Trust Officer David Konshak reviewed with the Committee the mix of stocks and bonds in the endowment. No change was made at this time. The allocation ration is scheduled to be reviewed again in six months.

Report of the Vice President

Designation of Positions as Classified or Academic Staff

Vice President Marnocha reported on progress in development of a memorandum of understanding between the Department of Employment Relations and the UW System regarding the designation of positions as classified or academic staff. Staff have been appointed by President Lyall and DER Secretary Litscher to reach agreement regarding the criteria for distinguishing academic staff from classified positions and to agree upon a process for identifying the appropriated service designation for administrative and professional academic staff positions. Both sides are optimistic that a memorandum of understanding can be reached by the end of the month, which President Lyall will then present to the chancellors and the academic staff governance bodies for advice and counsel.

REPORT OF THE EDUCATION COMMITTEE

Regent Davis, Chair, reported for the Committee

Presenting Resolutions 6266 to 6274 which had been unanimously approved by the Education Committee, Regent Davis moved their adoption by the Board of Regents as consent agenda items. The motion was seconded by Regent Lubar.

With respect to Resolution 6274, Regent Davis noted that at the September 1992 meeting the Board had directed implementation of the recommendations contained in the Summary Report of Strategic Planning in Business Administration. The Board also directed that Senior Vice President Portch bring back to the Committee additional options for guidelines #4 and #18, which dealt with underrepresentation of minorities and women both of the faculty and in the student body of the business schools. These options were included in the agenda materials, and Regent Krutsch offered an additional option that would allow UW System Administration, working with consultants to determine in a more focused manner which UW institutions would benefit from options 2, 3, and 6--review by consultants of the climate for women and minorities, tracking of new hires, and development of a comprehensive diversity plans. It was agreed in discussion that option 1--to base funding in part on results in diversity efforts--would be considered automatically when the question of renewed allocation comes up in 1995.

Regent Krutsch explained that the intent of the option she proposed was to focus on schools with problems and not to blanket all schools with extra requirements. She also requested that the Education Committee be informed of the outside consultant evaluations before any options are implemented, so that the Regents can consider as a policy matter where it believes problems exist. It is important, she commented, to distinguish between lack of opportunity or discrimination, as opposed to lack of proportional representation.

Put to the vote, Resolutions 6266 through 6274 were adopted unanimously by the Board of Regents.

Approval of Amendments to Faculty Personnel Policies and Procedures UW-Eau Claire

Resolution 6266: That, upon recommendation of the Chancellor of the University of Wisconsin-Eau Claire and the President of the University of Wisconsin System, the revisions

to UWEC 3.05 and UWEC 3.08b, Faculty Personnel Rules, University of Wisconsin-Eau Claire, be approved.

Approval of Amendments to Faculty Personnel Policies and Procedures UW-Superior

Resolution 6267: That, upon recommendation of the Chancellor of the University of Wisconsin-Superior and the President of the University of Wisconsin System, the board approves in their entirety the revised Chapters 3, 4, 5 and 6, Faculty Personnel Rules, University of Wisconsin-Superior, to substitute for relevant sections of the UW-Superior document approved by the board, February 11, 1983.

Authorization to Recruit Dean, College of Letters and Science UW-Whitewater

Resolution 6268: That, upon recommendation of the Chancellor of the University of Wisconsin-Whitewater and the President of the University of Wisconsin System, the Chancellor be authorized to recruit for a Dean, College of Letters and Science, University of Wisconsin-Whitewater.

UW- Authorization to Recruit Associate Professor of Professor, Law School Madison

Resolution 6269: That, upon the recommendation of the Chancellor of the University of Wisconsin-Madison and the President of the University of Wisconsin System, the Chancellor be authorized to recruit for Associate Professor(s) or Professor(s), Law School, University of Wisconsin-Madison, at a recommended salary range that exceeds the Executive Salary Group 6 maximum.

Authorization to Recruit Associate Professor of Professor, Department of Anatomy, Medical School, UW-Madison

Resolution 6270: That, upon recommendation of the Chancellor of the University of Wisconsin-Madison and the President of the University of Wisconsin System, the Chancellor be authorized to recruit for and Associate Professor or Professor, Department of Anatomy, Medical School, University of Wisconsin-Madison, at a recommended salary range that exceeds the Executive Salary Group 6 maximum.

Authorization to Recruit Professor of a Partially Endowed Chair, Department of Economics, College of Letters and Science, UW-Madison

Resolution 6271: That, upon recommendation of the Chancellor of the University of Wisconsin-Madison and the President of the University of Wisconsin System, the Chancellor be authorized to recruit for and Associate Professor or Professor (partially endowed Chair), Department of Economics, College of Letters and Science, University

of Wisconsin-Madison, at a revised recommended salary range that exceeds the Executive Salary Group 6 maximum.

Joint Program Review, Master of Industrial and Labor Relations, UW-Milwaukee

Resolution 6272: That, upon recommendation of the Chancellor of the University of Wisconsin-Milwaukee and the President of the University of Wisconsin System,

the Master of Industrial and Labor Relations be continued for an additional three years, during which it must satisfy the conditions described in the 1992 joint review;

commencing in the spring semester 1993, the program will undertake another full-scale joint review with external consultants;

in the fall of 1994, the program will be resubmitted as a joint review to the board for final approval.

Joint Program Review B.A./B.S. in Women's Studies, UW-Madison

Resolution 6273: That, upon recommendation of the Chancellor of the University of Wisconsin-Madison and the President of the University of Wisconsin System, the B.A./B.S. in Women's Studies be continued, with the understanding that the program will be included within UW-Madison's normal academic evaluation process.

Report on Implementation of Strategic Planning in Business Administration: Options for Guidelines #4 and #18

Resolution 6274: That, pursuant to Regent Resolution 6214, the Board of Regents directs UW System to employ the following options to implement guidelines 4 and 18 of the recommendations contained in the Summary Report of Strategic Planning in Business Administration:

Bring in external consultants, jointly chosen by each institution and the Office of Academic Affairs, to assess the climate of that institution and to suggest an overall plan and specific initiatives for that institution's business school.

Implement an annual plan which would track each new faculty hire. In addition to the analysis, a statement concerning current availability of underrepresented faculty should be prepared annually based on AACSB statistics.

Require institutions to submit to the Office of Academic Affairs a comprehensive plan to diversify the faculty, staff, and student bodies while maintaining high standards of quality in recruitment and

retention.

UW System Administration, working with consultants, should, through review of data and other appropriate methods, determine which UW institutions would benefit from the actions described above.

Report of the Vice President for Academic Affairs

Advanced Opportunity Program

Vice President Porch informed the Education Committee that the Joint Committee on Finance has requested additional information on the March 1992 Advanced Opportunity Program Report in three areas. System Administration will provide that information to the Joint Finance Committee in the near future.

Administrative Intern

Vice President Porch introduced Administrative intern Dr. Althia deGraft-Johnson, the Assistant Vice President for Academic Affairs at Mankato State University. She is a participant in the American Association of State Colleges and Universities Leadership Program.

Report of the UW Rural and Urban Health Underservice Task Force

Jay Noren, UW-Madison Vice Chancellor for Health Sciences, discussed with the committee the Report of the UW Rural and Urban Health Underservice Task Force, which he chaired.

The Task Force was appointed by President Shaw with a broad statewide representation of 35 members, including health care providers, legislators, UW faculty members, and community health center representatives.

After fifteen months of deliberation, the Task Force concluded that there is a need for: increasing student interest in the health professions generally; changing medical education to include increased educational experiences in underserved rural and urban areas; recruiting more health care professionals into areas of family practice; and including the financing and structure of health care provision to rural and underserved urban areas in health care training.

He discussed each of the twenty primary recommendations of the Task Force Report with special emphasis on those that are specifically directed to the University of Wisconsin.

Regent Krutsch noted that individuals often are more likely to enter practice in areas where they grew up and that it is important to recruit future health care professional from rural and underserved areas.

In response to a question by Regent Davis, Vice President Porch noted that the Office of Academic Affairs will provide the Committee with a follow-up status report in the spring of 1994.

At 10:50 a.m., the following resolution, moved by Regent Nicholas, was

adopted on a unanimous roll-call vote, with Regent Davis, Dreyfus, Gelatt, Grover, Hempel, Hirsch, Krutsch, Lubar, Lyon, Nicholas, and Steil (11) voting in the affirmative. There were no opposing votes and no abstentions. Following a five- minute recess, the Board convened in closed session.

Resolution 6275: That the Board of Regents recess into closed session to consider personal histories concerning awarding an honorary degree at UW-Green Bay, and naming a room after a person at UW-Madison, as permitted by s. 19.85(1)(f), Wis. Stats.; and to confer with legal counsel as permitted by s. 19.85(1)(g), Wis. Stats.

CLOSED SESSION ACTIONS

The Board arose from closed session at 11:30 a.m., having adopted the following resolution.

Honorary Degree, UW-Green Bay

Resolution 6276: That, upon the recommendation of the UW-Green Bay Chancellor and the President of the University of Wisconsin System, Henry G. Cisneros be awarded the Honorary Degree of Doctor of Laws at UW-Green Bay, subject to acceptance by the nominee.

The following resolution was adopted in closed session at the September 11,1992, meeting. Announcement was not made at that time, pending acceptance by the nominee:

Honorary Degree, UW-Madison

Resolution 6277: That, upon the recommendation of the UW-Madison Chancellor and the President of the University of Wisconsin System, William Morgan be awarded the Honorary Degree of Doctor of Science at UW-Madison in December 1992.

The meeting was adjourned at 11:30 a.m.
