

MINUTES 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, March 10, 1995
9:00 a.m.

- President Grebe presiding -

PRESENT: Regents Barry, Budzinski, Dreyfus, Gelatt, Grebe, Gundersen,
Hempel, James, Lubar, Orr, Randall, and Tregoning

ABSENT: Regent Benson, Krutsch, MacNeil, Schilling and Steil

Approval of Minutes

Upon motion by Regent Lubar, seconded by Regent Gundersen, minutes of the meeting of the Board of Regents held on February 10, 1995, were unanimously approved as distributed.

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REPORT OF THE PRESIDENT OF THE BOARD

Report on Higher Education Aids Board Meeting of February 17, 1995

President Grebe referred to the report of the Higher Educational Aids Board meeting (February 17, 1995) provided in the agenda materials. There were no questions regarding the report.

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Legislative Report

President Grebe noted the monthly report on Legislative matters provided by Vice President Olien. There were no questions regarding the report.

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Educational Communications Board

Regent Gelatt provided a report of the March 7, 1995 meeting of the Educational Communications Board. He informed the Board that there was a lot of discussion concerning the legal position related to the possible transfer or co-licensing of ECB television and radio stations with DOA and

noted that no legal briefs have been received. The Educational Communication Board's response to these issues will be the subject of a later meeting. Regent Dreyfus remarked that concerns had been raised questioning the editorial control wielded by licensees; he noted that the Board of Regents exerts no such editorial control as licensees. Regent Gelatt noted that the Board of Regents makes decisions through the allocation of resources among license holders, and that licensees have broad legal responsibilities, although these responsibilities may be delegated.

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REPORT OF THE PRESIDENT OF THE SYSTEM

Report on Accountability: 1994 Survey of Wisconsin Businesses

President Lyall presented the results of the triennial survey of Wisconsin businesses' perceptions of UW System graduates and the importance of university expertise in the state's economy. Grant Thornton performed the survey, which serves as an accountability indicator, using questions that paralleled those of the 1991 survey. The survey helps the University System compare changing perceptions in the business community regarding the Wisconsin economy; the education and training needs of employees; the provision of technical, research and continuing education services; and the quality and skills of UW System graduates.

Six hundred and thirty one Wisconsin businesses, including firms in manufacturing, retail trade, recreation and tourism, construction, medical, legal, childcare, wholesale trade and distribution, and the restaurant industry were surveyed. President Lyall noted that, in general, businesses "feel very positive about the role of the UW System in the state's economy, and its importance in the education and training needs of their employees." These businesses indicated interest in distance education, and 60% of them indicated that they were willing to pay half or more of the costs associated with it. Businesses also indicated that continuing education is an important benefit to offer when recruiting a skilled work force.

Compared to the 1991 survey, more businesses rate the UW System as important and 93% rated UW System graduates' skills as "excellent," with a similar percentage rating the graduates' professional knowledge in their fields at the same level. Over one quarter of Wisconsin businesses rely on UW graduates for one-third or more of their work force; 17% rely on UW graduates for over half of their work force. President Lyall noted that these findings suggest "that as the state's economy grows and evolves, the availability of a well-trained professional work force, top quality technical, research, and continuing education services are also growing in importance." Referring to the survey's finding that businesses would be interested in sharing the costs associated with continuing education, she stated that the UW System has important partners in moving distance education initiatives forward; she indicated that there were several program initiatives designed to meet these needs which will be discussed in the next few months. President Lyall also noted that it is essential that the UW System have the flexibility to earn and spend program revenues for distance and continuing education in order to serve these continuing educational needs.

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Wisconsin Public Radio Pledge Drive

President Lyall observed that the recent results of the Wisconsin Public radio pledge drive were a reassuring sign of appreciation for some public services. The 5.5 day drive raised an all-time record \$465,000 in supporter contributions. President Lyall offered her deepest thanks to those contributors who voted to continue public radio throughout the state.

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John Weaver, President Emeritus

President Lyall concluded her report by observing the passing of former President of the University of Wisconsin and University of Wisconsin System, John Weaver. On behalf of the University Community, she extended sympathy to his wife and the Weaver family. The 15th president of the University of Wisconsin and the first president of the UW System, John Weaver will be remembered and appreciated, especially for his "unequaled passion and dedication to extending the opportunity for higher education to all the citizens and communities of Wisconsin." She reported that, at the memorial service for J. Martin Klotsche, President Emeritus Weaver stated that the people of this state have more reason than they may realize to have confidence and pride in their university.

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REPORT OF THE PHYSICAL PLANNING AND DEVELOPMENT COMMITTEE

The committee's report was presented by Regent Dreyfus, Chair, who reported that Regents Barry, Budzinski, Gundersen, Shilling attended the meeting with him.

Approval of Consent Agenda Items

Regent Dreyfus presented Resolutions 6863 - 6867, which had been approved unanimously by the Physical Planning and Development Committee. The motion was seconded by Regent Budzinski, and carried unanimously.

UW-Madison: Authority to construct Enzyme Institute Laboratory Remodeling Project

Resolution 6863: That, upon the recommendation of the UW-Madison Chancellor and the President of the University of Wisconsin System, authority be granted to construct an Enzyme Institute Research Lab Remodeling project at a cost of \$186,800 from Graduate School Operating Fund.

UW-Stevens Point: Authority to construct the Allen Center Renovation Project

Resolution 6864: That, upon the recommendation of the UW-Stevens

Point Chancellor and the President of the University of Wisconsin System, authority be granted to construct the Allen Center Renovation Project at an estimated total project budget of \$235,500 from Program Revenues.

UW-Madison: Authority to construct a Computer Science and Statistics Remodeling project

Resolution 6865: That, upon the recommendation of the UW-Madison Chancellor and the President of the University of Wisconsin System, authority be granted to construct a Computer Science and Statistics Remodeling project at a cost of \$216,420, using Program Revenue funds.

UW System Administration: Approval to support Procurement Recommendations

Resolution 6866: That the Board of Regents of the University of Wisconsin System endorses the following recommendations which impact the procurement function and would be beneficial to University of Wisconsin System Procurement operations, and requests that this resolution of endorsement be forwarded by the President of the Board to the Secretary of the Department of Administration:

SAVE COMMISSION RECOMMENDATIONS

- p "13.1 Increase system management flexibility. To refocus oversight on results, give the UW more flexibility in personnel, procurement, budgeting, program generated revenue (except tuition) and purchasing categories.and allow the University to work with state government to reduce paperwork and reporting."
- p "20.8 Eliminate Constitutional restrictions on purchasing. To eliminate unnecessary paperwork and give added purchasing flexibility, abolish outdated Constitutional restrictions on state printing procurement."
- p "20.9 Modernize procurement practices, top to bottom. To get greater value, eliminate overly detailed state procurement laws, giving flexibility to employees to buy for best value. Maintain credibility through oversight based on results and regular disclosure of costs, not details, and through commitment to minority participation."
- p "20.10 Purchasing agents should become helpers. and compete. To help units be better buyers, procurement personnel should focus on training, planning, coordination and partnering. Their service becomes largely self-funded but state

agency "customers" could buy procurement services elsewhere."

(NOTE: the language stricken in the above recommendation indicates that UW System Administration does not support it.)

GOVERNOR'S BUDGET RECOMMENDATIONS:

- b Amend 16.75(6)(b) to allow state agencies and the university to purchase from contracts established by another state, from a regional or national consortium composed of nonprofit institutions that support governmental or educational services.

- b Increase the various purchasing thresholds under Chapter 16.70 from the current level of \$10,000 to \$25,000.

UW-Superior: Approval for the Exchange of Lands and to Expand Approved Campus Boundary

Resolution 6867: That, upon the recommendation of the UW-Superior Chancellor and the President of the University of Wisconsin System, the following authority be granted:

- (1) for the exchange of lands with the M & C Oil Company (MCO), with any existing leases between MCO and North Shore Oil Company transferring from the land being conveyed to the Board to the land begin conveyed to MCO,
- (2) the granting of nonexclusive easements for access to Catlin Avenue and Belknap Street, and
- (3) to expand the approved Campus Boundary to reflect the foregoing transaction.

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UW-Milwaukee: Approval to name three areas within the Business Administration Building

Resolution 6868 was presented by Regent Dreyfus, who moved its adoption. The motion was seconded by Regent Gundersen, and carried unanimously.

Resolution 6868: That, upon the recommendation of the UW-Milwaukee Chancellor and the President of the University of Wisconsin System, authority be granted to name the following three areas within the Business Administration Building:

Lecture Hall N140 - Michael John Cudahy
Career Services Center N203 - Bert L. and Patricia S. Steigleder
Lecture Hall S151 - James David Scheinfeld

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Report of the Vice President

Regent Dreyfus summarized the report by the Vice President to the committee, noting that it covered several topics, including the need for Physical Planning and Development representation at the next State Building Commission's Higher Education Subcommittee meeting on March 29, 1995 and the anticipated expenditure of \$35 million over the next several years to replace cooling equipment in UW System facilities.

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UW System Recycling Program

Regent Dreyfus reported that the System-wide recycling program has been very successful, recycling almost 7000 tons of material--an 8% increase over last year. This is well ahead of the required pace and leads all other state agencies in compliance with the recycling statute.

In reference to the report on recycling, Regent Orr reminded the Board of his request for a list of Board-mandated reports and information related to the cost of their production. His goal is to reduce the number and associated costs of these reports, "to save money and make sure we're spending it responsibly." President Lyall responded that the list was available, but needs to be updated.

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Procurement

Regent Dreyfus reported that Ruth Anderson made an audio/visual presentation about the procurement process, sharing a number of measures and innovations. Staff has been working with the Department of Administration to obtain additional flexibility.

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Proposed Sports Arena, UW-Madison

Regent Dreyfus stated that the proposed sports arena at UW-Madison is proceeding, noting that Chancellor Ward anticipates having a report and recommendation available for the April meeting of the Board of Regents. Regent Lubar questioned the figures presented in the report, noting that the University of Arkansas' excellent facility was constructed at a cost of \$30 million and that the figures presented seemed excessive. Regent Dreyfus replied that much of the land for that facility was donated, and that the UW is developing a funding system combining gifts and program revenues. He noted the challenges faced in funding a basketball facility based on program revenues would be different were the facility to be used for hockey as well, but that such an additional use would incur other problems.

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Proposed Staffing Reductions

Regent Dreyfus reported that Regent Schilling had raised the issue of the proposed staffing reductions of 45 positions, 18 of which are System

staff. Given the ability of System Administration staff to provide the committee and the Board with information necessary to meet the responsibilities associated with maintaining the UW System's infrastructure, the loss of experience and committed staff would have a direct impact on the committee. Regent Schilling asserted that it was important to take a position supporting the retention of its current funding and staff; he introduced Resolution 6869 to the committee, which was seconded by Regent Gundersen and adopted by unanimous vote. Vice President Brown then suggested that the Board of Regents present an alternative proposal to the Governor's budget--that the UW System oversee the entire capitol budget, committing to manage the budget on a program revenue basis for 25% less than the 4% fee charged by the Division of Facilities Development.

Regent Dreyfus reported that at 4:35, the committee convened in closed session to consider personnel matters. This session produced the following committee action, which was approved by the Physical Planning and Development Committee.

Committee Action: The Physical Planning and Development Committee has reviewed and discussed the implications of the proposed reductions affecting capital budget and planning staff as reflected in the 1995-97 State budget.

On completion of this review, it is the considered judgement of the Committee that it will not be possible for the Board of Regents to carry out the statutorily mandated functions of planning, administering, and maintaining the capital building base of the University of Wisconsin System, if the proposed reductions are made.

Regent Dreyfus moved the adoption of Resolution 6869, which was seconded by Regent Gundersen.

Regent Gundersen asked Chancellor Sanders to express his views regarding the difficulties faced by Chancellors. According to Chancellor Sanders, Chancellors are getting more responsibility and less authority; they are expected to reduce budgets while they may lose authority over physical plants, buildings, information processing, printing, duplicating, etc. Thus, their additional responsibilities are difficult to execute. The second point made by Chancellor Sanders was to cite Frank Lloyd Wright's observation: "First, we shape our buildings and then they shape us." He stated that designing and renovating buildings should suit the needs of the students and academic programs using the buildings, so that they complement and encourage the processes taking place within them.

Speaking for Regent Schilling, Regent Dreyfus reasserted the importance of the Regents' retaining responsibility for the buildings used by the students and faculty, maintaining the position that these buildings and lands ought not be given away.

Regent Barry commented on both Resolution 6869 and the Committee Action cited above, noting that it was important to the identity of the UW System to retain authority: "it would be very, very damaging to this University System to lose the ability to prioritize those capital and physical

improvements and maintenance plans and issues." He cited the need for these improvements to be driven by the demands of the UW System's academic mission rather than by political process, and strongly suggested that aggressive support was needed. He recognized that this might mean finding funds elsewhere to sustain this aspect of the System, but that it might be necessary to do so. He saw no way for the Department of Administration to take on these functions without significant staff additions.

Noting that it was difficult to disagree with some of the sentiments expressed so far, Regent Hempel observed any organizational restructuring is difficult. She noted that, when the UW System is faced with the demand for cost savings, they pass the request to chancellors, who face the difficult task of cutting costs and facing the fear that quality will suffer. Noting that such a demand to cut costs is parallel to that made by the taxpayers to the Governor, Regent Hempel pointed out that the search for cost savings led the Governor to seek out areas of duplication which could be cut. Fearing that a parochial defense of the status quo might appear overly defensive and affect the credibility of the Board, Regent Hempel concluded that the proposed statement was too strong.

Regent Dreyfus questioned the issue of duplication of services. Noting the need to maintain a system as large as the UW System and "move it into the next century," he suggested that, while the DOA might be able to develop plans for an arena, it would be more difficult to do so for all 1,600 buildings in the UW System. Concurring with Regent Hempel that simple opposition to the Governor's plan could affect the Regents, Regent Dreyfus again suggested that a counter proposal could result in long term savings for taxpayers.

Regent Budzinski agreed that it was necessary to reduce the costs associated with maintaining the UW System, but that it was equally important for the UW System to maintain control over those costs. Regent Gelatt noted that the resolution under discussion did not simply support the status quo, but that it asserts the Board's responsibility for maintaining the UW System infrastructure, which requires adequate funding and staffing.

At this point, Resolution 6869 passed unanimously.

Resolution 6869: That the Board of Regents affirms that adequate funding and staffing should be provided to permit the University of Wisconsin System Board of Regents to fulfill its statutorily assigned fiduciary and management responsibility for its infrastructure.

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Discussion then turned to the Committee Action cited above, which was moved by Regent Dreyfus and seconded by Regent Gundersen. Regent Gelatt noted that this Action had been presented as a Physical Planning and Development Committee Resolution. He noted that, were it to be changed to a Board of Regents Resolution, he would not be able to support the statement that the Board had "reviewed and discussed the implications of proposed reductions," since it was the committee that had done the review.

Regent Grebe, agreeing with Regent Hempel's caution regarding Resolution 6869, was not prepared to say that the reductions would make it impossible for the Board to perform its statutory functions; Regent Orr concurred, citing the need to consult Chapter 36 to determine Regents'

responsibilities regarding buildings. After consulting Chapter 36, Regent Orr could not reach the conclusion set forth in the second paragraph of the Committee Action. He asserted that it was essential for the Regents to maintain at least a co-capital planning capacity; noting the length of time it takes to proceed with building planning, Regent Orr suggested that dialogue with DOA could afford the Board an opportunity to discover more efficient ways to proceed. It is essential, he asserted, to find a "rational approach...which permits the Regents to carry out their responsibilities under Chapter 36 and gets the job done for the State of Wisconsin at a reasonable cost."

Following this discussion, Regent Dreyfus withdrew the motion and presented the item as having been approved by the Physical Planning and Development Committee for presentation to the Board. This concluded his report.

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REPORT OF THE BUSINESS AND FINANCE COMMITTEE

The committee's report was presented by Regent Gelatt, chair.

Approval of Consent Agenda Items

Regent Gelatt presented Resolutions 6870 - 6873, which had been approved unanimously by the Business and Finance Committee, and moved their adoption as consent agenda items. The motion was seconded by Regent Hempel, and the resolutions passed unanimously.

Agreement with private profit making organizations (1) Fujisawa Pharmaceutical Company

Resolution 6870: That, upon recommendation of the President of the University of Wisconsin System and the Chancellor of the University of Wisconsin-Madison, the Board of Regents accept the agreement with Fujisawa Pharmaceutical Company entitled "FK506 Liver Transplantation FPC-FK506-7, 91-0037 and 91-0045".

(2) Syntex (U.S.A.) Inc.

Resolution 6871: That, upon recommendation of the President of the University of Wisconsin System and the Chancellor of the University of Wisconsin-Madison, the Board of Regents accept the agreement with Syntex (U.S.A.) Inc. entitled "IID/MYCC1864/INT-Randomized, Double-Blind Comparative Study of Mycophenolate Mofetil or Azathioprine Each in Combination with Cyclosporine and Corticosteroids for the Prevention of Rejection in Cardiac Allograft Recipients."

(3) Encyclopaedia Britannica Educational Corporation

Resolution 6872: That upon recommendation of the President of the University of Wisconsin System and the Chancellor

of the University of Wisconsin-Madison, the Board of Regents accept the letter of agreement with the Encyclopaedia Britannica Educational Corporation entitled "Staff Development Support Materials: Mathematics in Context and DMP."

Revision to Mandatory Refundable Fee Policy

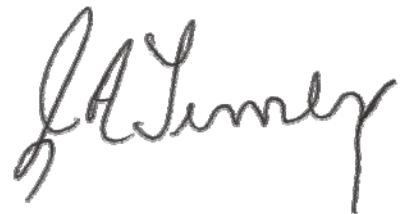
Resolution 6873: That, upon the recommendation of the President of the University System, Section 1. Referendum Language, of Regent Resolution 3764, as amended by Regent Resolution 5732, be amended to provide clarification of the intent of the Regents.

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Governor's 1995-97 Biennial Budget Proposals for UW System

Regent Gelatt summarized President Lyall's remarks regarding the impact of the biennial budget proposals on the UW System. The budget proposal recognizes the need to make permanent the Laboratory and Classroom Modernization and General Computer Access funds so that institutions can continue to update and replace obsolete instructional laboratory equipment and modernize facilities; it supports the 1% special technology initiative that will enable students system wide to have the same access to e-mail and the Internet currently enjoyed by students at UW-Madison; it also recommends \$400,000 in one-time funding to provide for a modest start in distance education.

Recommended reductions include:

A handwritten signature in black ink, appearing to read "J. A. Temby". The signature is fluid and cursive, with a large initial "J" and "T".

Judith A. Temby Secretary