

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, May 5, 1995  
9:00 a.m.

- President Grebe presiding -

PRESENT: Regents Barry, Budzinski, Gelatt, Grebe, Gundersen, Hempel,  
Krutsch,  
Lubar, MacNeil, Orr, Randall, Schilling, Steil and Tregoning

ABSENT: Regent Benson, Dreyfus and James

Approval of Minutes

Upon motion by Regent Gundersen, seconded by Regent Krutsch, minutes of the meeting of the Board of Regents held on April 7, 1995, were unanimously approved as distributed.

- - -

REPORT OF THE PRESIDENT OF THE BOARD

Report of the Chair of the Council of Trustees of the UW Hospital and Clinics

The report began with Regent Orr's oral report on the Council of Trustees of the University of Wisconsin Hospital and Clinics. He noted that, based on the report of the superintendent, the hospital continues to be financially viable. The length of stay continues to decrease; ambulatory care continues to grow; patient outpatient days are shrinking; ambulatory care and outpatient surgery are both increasing. The proposed amendment to the Public Authority legislation was discussed, and Regent Orr observed that it enhances the prospect of having the authority approved, which is essential if the institution is to compete effectively in its markets. Noting that the hospital provides significant financial support for schools which fulfill educational and research missions, he pointed out that the state is not in a position to provide those monies should the hospital become unable to do so.

The Board of Trustees also approved organization bylaws for the Organ Procurement Organization (per national requirements); reviewed medical staff

appointments for insurance purposes; and heard a report on the family practice group. At the conclusion of Regent Orr's report, Regent Gundersen noted that the success of the organ transplant program is related to the successful resolution of organ distribution in the state; he emphasized the need to move forward with the issue of the sixth department chair; and he observed that adequate facilities are also a necessity. Regent Lubar inquired about the transplant issues, and was informed by Regent Orr that the question is still under consideration by the expert group. Regent Krutsch noted that the Association of American Health Care had reported that UWHC's current financial situation was all right, but that it would not continue without major restructuring. Regent Orr added to this prediction with a comparison to Minnesota, observing that UW's patient base is composed of fewer managed care patients, which will change in the future.

-

#### Report on Legislative Matters

Regent Grebe stated that a number of Regents have been involved with Legislative matters, and pointed to a report provided by Vice President Olien.

-

#### Report on the Higher Educational Aids Board Meeting of April 28, 1995

Regents Krutsch and MacNeil attended the April 28 meeting of the Higher Education Boards and provided a report to the Regents. Regent Krutsch, referring to the report, noted that the Joint Finance Committee expressed interest in statutory change transferring Wisconsin Higher Education grant appropriation and administrative authority to the University of Wisconsin System and Wisconsin Technical College System. If this transfer takes place, the University of Wisconsin System would receive about 57% of the WHEG appropriation and the Wisconsin Technical College System about 43% based on current distribution of award dollars between the two systems. She expressed her support of this proposed transfer, noting that the different missions and student populations supported separation in the program.

Regent Gelatt agreed, and reminded the Board that it had asked the Governor to ensure that the increases in WHEG grants to the university students and technical college students would match the projected tuition increases. At that time there was also a technical change in the federal method of defining the need of students, which resulted in a decrease in actual grants to UW students, although the WHEG appropriation increased by 7%.

He concluded by observing that the reduced ability to affect the grants to UW students makes this change desirable from the university perspective.

President Lyall added that, under the Governor's budget proposal, HEAB would be dissolved; another consideration is that the dissolution of HEAB would cast doubt upon the Board's ability to influence future financial aid policy.

-

Additional items

Expression of Gratitude to UW-Extension

On behalf of the Board of Regents, Regent Grebe thanked Chancellor Hanna and his colleagues for including them at the annual UW-Extension awards banquet, noting that it was not only enjoyable but it was also an opportunity to learn more about the work done at Extension.

—

Resolution of Appreciation: Dr. Adolf Gundersen

Regent Grebe concluded his report by noting that three members of the Board of Regents are close to completing their terms; he called on Regent Gelatt to introduce Resolution 6918, which was seconded by Regent Barry and was adopted with a show of applause.

Resolution 6918: Whereas, Adolf Gundersen has completed a seven-year term of meritorious service as a member of the Board of Regents of the University of Wisconsin System; and

Whereas, he brought to the Board a deep commitment to the welfare of the UW System and its students, as well

as his knowledge and experience as the President of the Gundersen Clinic and Chairman of the Board of the Gundersen Medical Foundation; and

Whereas, he has provided leadership and served with dedication as Chair and Vice Chair of the Physical Planning and Development Committee and as Vice Chair of the Council of Trustees of the UW Hospital and Clinics; and

Whereas, among his priorities as a Board member have been strong support for restructuring of the UW Hospital and Clinics to compete effectively in the health care marketplace, improvements in the physical planning process and campus safety procedures, and increased management flexibility for the UW System; and

Whereas, his style has demonstrated the effectiveness of both the strong public statement and the carefully phrased question; and

Whereas, the great amount of time and effort he has unselfishly devoted to Regent duties is in the finest tradition of citizen public service and university governance;

Now, therefore, be it resolved that the Board of Regents of the University of Wisconsin System hereby commends Dr. Adolf Gundersen for the substantial

State service he has rendered to the UW System and the  
of Wisconsin; and

the Be it further resolved that, with appreciation for  
many contributions he has made during his tenure as a  
Regent, the Board of Regents hereby grants to Adolf  
Gundersen the status and title of Regent Emeritus.

Regent Gundersen was presented with a plaque, which he accepted, noting that he has enjoyed working with the Board of Regents and complimented their devotion to the UW System and stressed that their stewardship must continue. He also noted his appreciation for the Chancellors, crediting them as the keys to the success of the UW System; wished that the media would report more in terms of what is accomplished; and acknowledged the contributions of staff. He expressed his concern for the current budget process and its impact on the UW System, urging that the Board of Regents be given authority to determine where cuts are made. He also observed that there are flaws in the communication between the Board of Regents and the Executive and Legislative branches of the Wisconsin State Government. Regent Gunderson concluded his remarks by thanking Governor Thompson for the opportunity to serve on the Board of Regents, which, "opened up an entire new world for me...a world of education, in which I think I gained more perhaps than I gave."

-

Resolution of Appreciation: Joshua Tregoning

Regent Grebe presented Resolution 6919, which was adopted unanimously with a show of applause.

Resolution 6919: Whereas, Joshua Tregoning is completing a two-year term as student member of the Board of Regents of the University of Wisconsin System, performing this challenging role in a highly conscientious manner and devoting a great deal of time and effort to his  
duties as a Regent; and

Whereas, his experience as a student leader at the University of Wisconsin-Whitewater, including that of speaker of the Student Senate, has lent a valuable perspective to the Board; and

Whereas, he has served as Vice-Chair of the Education Committee of the Board of Regents, the first student Regent named to a committee leadership position; and

discuss Whereas, he has diligently sought student input on matters before the Board and has met often with students from across the UW System to hear and  
their views; and

Whereas, all of these efforts have been rooted in his

personal dedication to work for improved educational opportunities for all UW students;

of  
and  
him

Therefore, be it resolved that the Board of Regents  
the University of Wisconsin System hereby commends  
expresses appreciation to Joshua Tregoning for the  
dedicated service he has rendered as a member of this  
Board; and

Be it further resolved that the Board of Regents  
grants to Joshua Tregoning, upon his retirement from  
the Board, the title of Regent Emeritus and wishes  
well in all future endeavors.

Regent Tregoning was presented with a plaque, which he accepted, expressing both his pleasure for having been able to serve on the Board of Regents as well as his desire to return to the Board in the future. He spoke warmly of the dedication to the UW System that he has observed among the Chancellors, Regents, UW System Administration and staff, and thanked everyone, noting that his colleagues had, during the course of his term, become friends.

- - -

#### REPORT OF THE PRESIDENT OF THE SYSTEM

President Lyall began her report by offering her appreciation to Dr. Gundersen for his years of faithful stewardship, noting that during his years on the Board, Dr. Gundersen has helped to make the UW campuses more beautiful and safe environments for students and faculty. She also expressed her special appreciation for his insistence on academic excellence and his public praise of those who are doing such exceptional work for UW students and for patients. Offering her congratulations to Regent Tregoning for his upcoming graduation, she cited him as an exemplifying the best of Wisconsin students in the class of 1995, having brought student perspectives to the Board and improved communication between the UW System and the students it serves.

Presentation: "The Statewide Mission of the UW-Medical School Meeting the Health Needs of Wisconsin" by Interim Dean of the UW-Madison Medical School, Philip M. Farrell

President Lyall introduced Philip M. Farrell, acting Dean of the University of Wisconsin Medical School, who made a presentation on changes in the Medical School Curriculum which mark a transition to early, hands-on experience for medical students and service to the community.

Dr. Farrell, Interim Dean of UW-Madison's Medical School, informed the Board of Regents that the Medical School was established as an institution committed to the "Wisconsin Idea" by President Charles Van Hise at the beginning of this century. As the School approaches its 90th anniversary and readies itself for the 21st Century, it has engaged in a year-long strategic

planning process to explore ways to reinvigorate its original mission. He provided the following examples of the School's "comprehensive excellence" in the areas of education, research, patient care, and public service:

Education: With a National Institute of Health (NIH) grant, the School has thoroughly revised its general physician partnership curriculum, to encourage medical students to work with primary care physicians. The UW is one of only five schools in the nation to receive federal funds to develop this program, whose intent is to inspire more students to enter primary care practice. Another example of the Medical School's curriculum changes are the creation of more interdepartmental, collaborative courses like the Neuroscience course, which draws upon the knowledge and skills of 30 faculty from 6 departments.

Research: the Wisconsin Network for Health Policy Research is designed to build a statewide community of health policy researchers who will take a more global view of the delivery of health care to Wisconsin residents, and raise important public policy issues.

Patient Care: the convergence of basic and clinical science researchers have fostered an explosion of research activities in many areas--gene therapy, aging, immunology, cancer, transplantation, and pain control--which have resulted in better prevention guidance and patient care.

Service: with a \$7 million NIH grant, the ophthalmology department is engaged in some local, population-based epidemiologic studies, which will lead to better treatment and prevention of cataracts.

Dean Farrell concluded the presentation by stating that the Medical School's reputation as a leading research institution is borne out by the fact that it receives about \$90 million (30% of all the extramural funds that support UW-Madison research activities).

Project Leader Professor Stein provided Regent Lubar with further information on his longitudinal research on the relationships between diet, vitamins (zinc), and cataracts.

Regent Gundersen complimented the School on its ambitious long-range planning efforts. Responding to a question from Regent Orr, Dean Farrell explained how the Faculty Group Practice plan can strengthen the School by integrating academic incentives, teaching, and practice. To Regent Schilling's question about the average salary of a UW Medical School doctor, Dean Farrell said that while their salaries range from \$175,000 to \$200,000, with a clinical practice plan supplement, the physicians contribute much back to the UW.

-

Additional items that the President of the System may report or present to the Board

## Overview of the Class of '95

President Lyall provided an overview of the Class of '95: In 1990 and 91, two-thirds of Wisconsin's high school seniors (31%) who had applied and were accepted, enrolled in a UW System institution. These 23, 672 students formed the smallest and best qualified freshman class in UW System history and were the first beneficiaries of an enrollment management policy that assured them access to courses, computer workstations, and library seats that had been overcrowded only a few years before. She noted that four years ago, the Persian Gulf War was fought and won; South Africa began repealing apartheid laws; the Twins won the pennant; and the Dow Jones Industrial Average closed at 2941, compared to the recent record of 4300. She opined that the only better investment over those four years had been the time, money and effort invested in the education of that freshmen class, who, according to the Census Bureau, will increase their lifetime earnings by 73% as a result of having a baccalaureate degree. She then quoted Joseph O'Donnell, who said, "If a man empties his purse into his head, no man can take it away from him, for an investment in knowledge pays the best interest."

President Lyall also recognized that the Class of '95 has changed the University in some very important ways: they pushed the UW System to upgrade computer access and adopt new learning technologies; they requested improvements in the advising process and in preparation for living and working in a multicultural society; and they reminded us that they learn both inside and outside the classroom, emphasizing the need for internships, work study opportunities, independent research project, volunteer projects, and similar experiences in addition to formal classroom instruction.

The University has also responded to other pressures, resulting in the widespread introduction of information technology at all UW System institutions, allowing the class of '95 to be the first graduating class to take a variety of technology for granted: Electronic mail, internet and world wide web access, gopher servers, computerized library catalogs; touch tone telephone registration; the degree audit reporting system for on-line access to academic records; and the transfer information system. The physical environment of the UW System campuses has also changed as buildings were added, expanded or remodeled; paths and walkways became better lighted and more accessible. Finally, administrative costs have been reduced so that UW students spend \$800 less per student for administrative costs than their peers at other schools.

The Class of '95 has performed exceptionally in intercollegiate athletics, and has benefitted from changes in the curriculum which reflect changing student and societal demands. Fourteen new programs reflect the growth of knowledge in manufacturing engineering, biotechnology, American Indian nursing, archaeology, etc. UW-Madison has adopted new core requirements for undergraduates; UW-Eau Claire has redefined the baccalaureate degree; UW-LaCrosse has adopted a new general education program, and similar changes are occurring in the curriculum at other UW institutions. President Lyall concluded her overview of the Class of '95 by observing that they are well

equipped to compete in a competitive future.

-

#### Gift of John and Muriel Lange to UW Center at Baraboo

President Lyall remarked that the UW Centers provide exceptional educational value for residents of smaller communities throughout the state. She announced that a symbol of local support for the Centers could be found in the \$4 million gift from John and Muriel Lange to the UW Center at Baraboo for the construction of an on-campus gymnasium that will serve both students and the community.

-

#### UW Eau Claire's Open Classroom Program, May 1 - 5, 1995

President Lyall concluded her remarks by noting that the UW-Eau Claire faculty opened their classrooms to the public as part of a week-long celebration of teaching and the institution's redefinition of the Baccalaureate Degree. Members of the public were encouraged to visit classes to see how new teaching technologies change learning for students and teaching for faculty.

- - -

#### REPORT OF THE BUSINESS AND FINANCE COMMITTEE

Regent Gelatt, Chair, presented the report of the Business and Finance Committee, and began with the presentation of Resolutions 6920 - 6924, which had been passed unanimously by the Business and Finance Committee. The Resolutions were seconded by Regent Gundersen, and passed unanimously.

#### Virginia Cassidy Bequest

Resolution 6920: That upon the recommendation of the President of the University of Wisconsin System and the Chancellor of the University of Wisconsin-Madison, the bequest of the late Virginia Cassidy of the Town of Dodgeville, Iowa County, Wisconsin, be accepted; and that the Trust Officer or Assistant Trust Officers be authorized to sign receipts and do all things necessary to effect the transfer for the benefit of the University of Wisconsin, Research Division, College of Agriculture and Life Sciences, and the University of Wisconsin Medical School.

(The Trust states under ARTICLE 6:

3. Upon my death, the residue of my trust estate, subject to the payment of taxes as aforesaid, shall

be

distributed as follows:

of

b) 2/9 of all the rest and residue I give to the University of Wisconsin, Research Division, College Agriculture and Life Sciences, for agricultural research.

c) 2/9 of all the rest and residue I give to the University of Wisconsin Medical School, to be used as the directors of the Medical School shall determine.

The total amount of the bequest is anticipated to be \$440,000.)

#### 1995-96 Budget Allocation Decision Rules

Resolution 6921: That, upon recommendation of the President of the University of Wisconsin System, the Board of Regents approves the 1995-96 annual budget allocation decision rules.

#### 1995-96 General Compensation Distribution Plan and Guidelines

Resolution 6922: That upon the recommendation of the President of the University of Wisconsin System, the 1995-96 General Distribution Plan and Guidelines for unclassified staff be approved as follows:

- (1) The 1995-96 compensation adjustments for faculty and academic staff shall be provided such that not less than one-third of total compensation shall be distributed on the basis of merit/market and not less than one-third of the total compensation plan shall be distributed on the basis of solid performance.
- (2) Unless otherwise specified by executive/legislative action, the effective dates for the payment of the 1995-96 pay plan rates will be July 1, 1995 for annual basis employees, the start of the academic year pay period for those on academic year appointments, and other dates as set by the Chancellors for persons with appointment periods commencing at times other than July 1 and the beginning of the academic year.
- (3) Compensation adjustment allocations shall be distributed to the institutions at the same level of percentage increase authorized by the budget, as soon as possible after executive/legislative action and in conformity with state law and policy, and System policy.
- (4) Unless otherwise provided by law, systemwide salary minima and maxima for faculty and academic staff will

be adjusted in accordance with the state pay plan.

If the Regent's meeting schedule does not afford an opportunity for timely action in this regard, the Board authorizes the Executive Committee, after consultation with the System President, to act on these matters.

Merit/market determinations for faculty should be based on a systematic performance evaluation program which identifies positive contributions by the

faculty member to teaching, research, public service and/or the support functions inherent in the institution's mission. Assessment of teaching faculty shall

include consideration of student evaluations (Regent Policy Document 74-13, October 4, 1974).

allows Merit/market determinations for academic, limited and other unclassified staff shall be based on a systematic performance evaluation program which

demonstrated supervisory assessment of meritorious performance in their areas of assigned responsibility.

Solid performance adjustments shall be provided to those faculty and academic staff who have

satisfactory performance.

(5) Each institution shall complete its suitable evaluation system process for continuing unclassified staff prior to July 1 and establish factors,

including discipline considerations, for each person which can be applied expeditiously to determine salary

increases among individuals, given later information on state compensation policies for faculty and academic staff for 1995-96.

(6) Each institution will be required to present its

plans for distribution of the compensation adjustments for approval by System Administration before implementation can be accomplished.

(7) Each institution shall complete its actions on

stipend schedules for nonrepresented graduate assistants

prior to July 1 and shall establish a factor for

adjustments which can be applied expeditiously to determine stipend increases. Stipend schedules for each graduate assistant category shall be separately

established.

- (8) Salary adjustments for promotions in faculty rank shall, on an academic year equivalent basis, be no less than \$500 for promotion to assistant professor, \$750 for promotion to associate professor, and \$1,000 for promotion to professor. Institutions may set policies on adjustments for promotions, including amounts for promotions of faculty on annual basis appointments, consistent with these minima.
- (9) The Board affirms the delegated authority of the President of the System and the Chancellors to establish individual salaries at or below the Group 6 maximum of the State Executive Pay Plan for 1995-96 within state policy and the funds appropriated for that year, with appropriate annual budget documentation to be reported to the Regents for information.
- (10) The Board directs that any mandated pay plan adjustments applied to individuals in the State Executive Pay Plan and others above the Group 6 maximum shall be effective on the dates determined in the executive/legislative review. If the Regents' meeting schedule does not afford an opportunity for timely action on any discretionary pay adjustments  
for  
any  
to  
these individuals by the full Board, the Board authorizes the Executive Committee of the Board, in consultation with the System President, to approve discretionary salary adjustments effective for 1995-96. Appropriate information shall be provided all members of the Board.
- (11) Compensation actions related to the unclassified pay plan and delegated to the Chancellors at or below 75% of the Group 6 maximum shall be completed in accordance with statutory requirements, legislative intent and Regents' policy and shall be reported to the President of the System by August 1, or within three weeks after the approval of the unclassified compensation plan, whichever is later, to make possible the preparation of payrolls and reporting to the Board of Regents.

If changes are required to these guidelines as a result of actions by either the Joint Committee on Employment Relations or legislation, the Executive Committee, in consultation with the System President, is authorized to act to modify the guidelines to be consistent with those actions.

Resolution 6923: That, upon the recommendation of the Chancellor of the University of Wisconsin-Madison and the President of the University of Wisconsin System, and the requisite vote of the UW Medical School clinical faculty, the University of Wisconsin Medical Foundation be recognized as the new entity through which the UW Medical School clinical faculty and other health care specialists will support their clinical care activities; the Board of Regents enter into the Agreement with the University of Wisconsin Medical Foundation as of May 8, 1995, which Agreement will govern the relationship between the Medical Foundation and the Board and which is attached hereto and made a part hereof by reference; and the Chancellor of the University of Wisconsin-Madison be directed to execute the Agreement on behalf of the Board of Regents. Further, that the Board recognizes that there will be a transition period of approximately eight months during which the current Clinical Practice Plan will continue to operate while tax exempt status is sought for the Medical Foundation from the Internal Revenue Service and operational issues are resolved and that full Medical Foundation operations are expected to commence on or about January 1, 1996.

At the Business and Finance Committee meeting, Dr. Philip Farrell, Interim Dean of the UW Medical School, noted that the purpose of the UW Medical Foundation (approved in Resolution 6923) is to consolidate the fourteen current clinical practice plans into a single plan; support the Medical School; and enhance their tradition of faculty governance. Regent Orr complimented Chancellor Ward and Dean Farrell and indicated that the consolidation of 14 partnerships into one organization is a key to the University's ability to compete in the medical area in the future.

-

Agreement with private profit-making organization - Janssen Pharmaceutica, Inc.

Resolution 6924: 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 accepts the agreement with Janssen Pharmaceutica, Inc. entitled, "Ritanserlin in the Treatment of Alcohol Dependence, A Double Blind, Placebo Controlled Phase II Study."

-

1995-96 Annual Budget

1995-96 Annual Budget Management Conditions were reported to the Committee.

-

#### Internal Benchmarking of Selected Activities

Regent Gelatt reported that Vice President Marnocha presented a report which followed up one presented in February. The report profiled four of the UW System institutions, showing their 1994-95 GPR/Fee budget by activity; a further budget breakdown was provided for three activities in which particular interest had been noted: academic support, student services and institutional support. The campuses have met recently to improve the uniformity of reporting of these breakdowns.

The Committee was joined by Chancellor Perkins of UW-Green Bay, Chancellor Sorensen of UW-Stout, Chancellor Greenhill of UW-Whitewater and Vice Chancellor Torphy of UW-Madison who discussed making resource allocation decisions and methods used to ensure the efficient, effective and low-cost provision of necessary administrative services consistent with a high quality, customer-driven focus. They also addressed how institutional and programmatic differences affect activity and subactivity budgets, and how they allocate institutional resources and ensure costs are controlled. They also noted that extremely close examination reflects differences in campus structure rather than differences in the cost of providing particular services. Regents commented that the focus on administrative efficiency is likely to continue and inquired about how to give chancellors better tools to use in their restructuring efforts.

-

#### Report on Security protection on UW phone and computer systems

Regent Gelatt stated that David Lois, Special Assistant, Office of Learning and Information Technology at UW System, and Craig McComb, Assistant Director Information Technology at UW-Madison, presented a report on UW phone systems and computer security protection. Mr. Lois noted that, although no computer network can ever be 100% secure, UW System believes its computer networks are appropriately secure from fraud and intrusion. Mr. McComb stated that the UW-Madison relies heavily on Ameritech automated systems to control unusual use of telephones; problems are usually of an administrative rather than technological nature.

-

#### Trust Funds

##### Revised Investment Objectives and Guidelines - Trust Funds

Following a discussion at the Committee's meeting on April 6, 1995, a subcommittee was formed to further study investment guidelines, and it has met twice to refine the guidelines. At the May 4, 1995 meeting, Regent Hempel

expressed concerns that will be addressed by the subcommittee prior to the June meeting when the revised guidelines would be submitted for approval. Regents expressed the need to be able to monitor the portfolio and questioned whether they could meet the requirements of the guidelines to provide that monitoring capability. Regent Gelatt also reported that the Committee would meet with the investment advisers about the proposed guidelines on May 5, 1995.

-

#### Endowment Update

David Konshak, Assistant Trust Officer, provided the Business and Finance Committee with the Endowment update. As of June 30, 1994, the market value of the Endowment was \$149 million dollars, with 63% in equity and 37% in fixed income; over five years it has grown by 62%, and last year's 5.8% return exceeded the NACUBO median for endowments of that size. Long-term UW endowment lags the NACUBO median in three year, five year and ten year measurements; however, the three year measurement was close to median, representing an improvement over past practice.

-

#### Report of the Vice President

##### Insurance Coverage for professional football summer training camps

Vice President Marnocha reported that the insurance requirements for the professional football training camps were reviewed, following discussion at the April Committee meeting. All four institutions have contacted the team they are contracted with about increasing the umbrella coverage from \$2 million to \$10 million, and in all four instances, the teams have agreed to amend their contract to provide the requested coverage.

-

#### Gifts and Grants

Vice President Marnocha also reported to the Committee that total gifts, grants and contracts for the eleven-month period ending April 14, 1995, were \$504 million, an increase of \$59.1 million over the previous year. Federal awards increased by \$41 million, while non-Federal awards increased by 18 million.

-

#### Audit Subcommittee

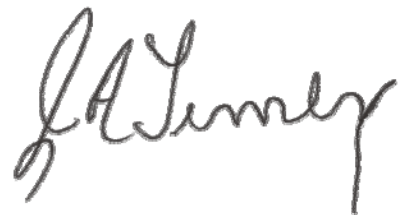
Regent Gelatt reported that the Business and Finance Committee adjourned at 3:10 p.m., and Subcommittee Chair Hempel called the Audit Subcommittee to order.

##### 1995-96 Internal Audit Schedule

Vice President Marnocha reported on 1994-95 completed audits and

presented the 1995-96 Internal Audit schedule. The audits have been prioritized as Priority One and Two. Priority One audits have been performed because of internal and external requirements or agreements; at times, special audits may be requested which replace audits in the Priority One category. Priority One audits have been further categorized into four groups: NCAA-required athletic audits; required audit for the Corporation for Public Broadcasting; audits of academic fee systems, per an agreement with the Legislative Audit Bureau; and other audits. Proposed reductions in the biennial budget have reduced the time available for audits from 3,100 days a year to 2,600 days a year--a loss of two positions.

Regent Gelatt concluded his report by stating that Vice President Marnocha had noted that in the restructuring of System Administration, consideration is being given to changing the emphasis of the Internal Audit Department, from a focus on financial audits to program audits. Such a change would require each campus to take more responsibility for financial audits now  
p

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