

MINUTES OF THE REGULAR MEETING

of the

BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM

Madison, Wisconsin

UW-Oshkosh

Held in Reeve Memorial Union

Friday, October 10, 2003

9:00 a.m.

REPORT OF THE PHYSICAL PLANNING AND FUNDING COMMITTEE.....	1
REPORT OF THE ASSISTANT VICE PRESIDENT.....	1
<i>Building Commission Actions</i>	1
UW-Madison: Camp Randall Stadium Expansion/Renovation Project Budget Increase.....	2
UW-STEVENS POINT: NAMING OF THE FINE ARTS CENTER <i>NOEL FINE ARTS CENTER</i>	2
UW-Stevens Point: Authority to Name the Fine Arts Center <i>Noel Fine Arts Center</i>	2
UW-OSHKOSH: CAMPUS DEVELOPMENT PLAN UPDATE	2
UW-Extension: Authority to Purchase Equipment for the WHA-TV Equipment Replacement Project.....	3
UW-Green Bay: Approval of the Design Report and Authority to Construct a Residence Life Community Center Addition Project and Seek a Waiver of a State Statute	3
UW-Madison: Authority for MG&E Construct LLC to Construct a Greenhouse at the West Madison Agricultural Station	3
UW-Madison: Approval of the Design Report, Authority to Construct the Walnut Street Greenhouse Replacement Project, and Waive a State Statute.....	4
UW-Madison: Authority to Lease Space	4
UW-Milwaukee: Authority to Construct a Student Union Fireside Lounge and Kitchen Renovation Project	4
UW-Madison: West Campus Cogeneration Facility – Joint Ownership Agreement	5
ACTION ON MINUTES DEFERRED.....	5
REPORT OF THE PRESIDENT OF THE BOARD	5
REPORT OF THE SEPTEMBER 24 TH MEETING OF THE WISCONSIN TECHNICAL SYSTEM BOARD.....	5
REPORT OF THE SEPTEMBER 26 TH MEETING OF THE EDUCATIONAL COMMUNICATIONS BOARD	5
REPORT ON THE OCTOBER 8 TH MEETING OF THE HOSPITAL AUTHORITY BOARD.....	5
RECONSIDERATION OF ACTION ON EXECUTIVE SALARY RANGES; CONSIDERATION OF AMENDMENTS TO REGENT POLICY DOCUMENT 94-4, CONCERNING THE PROCESS FOR SETTING EXECUTIVE SALARY RANGES.....	6
..... AMENDMENT OF REGENT POLICY 94-4	15

REPORT OF THE PRESIDENT OF THE SYSTEM	15
UW-OSHKOSH STRATEGIC PLAN: ENGAGING PEOPLE AND IDEAS FOR THE COMMON GOOD	16
CHANCELLOR SEARCHES.....	18
MID-YEAR BUDGET REPAIR BILL.....	18
FINANCIAL AID	18
CHANCELLOR WELLS NAMED CHAIR OF AASCU COMMITTEE ON THE UNDERGRADUATE EXPERIENCE.....	19
UW-EAU CLAIRE PROFESSOR WINS INTERNATIONAL PIANO COMPETITION	19
THANKS TO CHANCELLOR SORENSEN	19
APPRECIATION TO ROGER FITZSIMMONDS	20
UW-LA CROSSE ACCOUNTING UNDERGRADUATES RANK FIRST ON CPA EXAM PASS RATES	20
COLLEGE OF THE MENOMINEE NATION RECEIVES \$2.5 MILLION GRANT	20
NEW CALIFORNIA GOVERNOR IS UW-SUPERIOR ALUM.....	20
UPDATE ON CHARTING A NEW COURSE FOR THE UW SYSTEM.....	21
REVENUE AUTHORITY AND OTHER OPPORTUNITIES.....	21
ACHIEVING OPERATING EFFICIENCIES	21
REDEFINING EDUCATIONAL QUALITY.....	22
RESEARCH AND PUBLIC SERVICE.....	22
OUR PARTNERSHIP WITH THE STATE.....	23
REPORT OF THE BUSINESS AND FINANCE COMMITTEE.....	24
FACULTY AND ACADEMIC STAFF PAY PLAN RECOMMENDATIONS	24
2003-05 Unclassified Pay Plan Recommendations	24
OPERATIONS REVIEW AND AUDIT – A BEST PRACTICE REVIEW OF POLICIES AND PROCEDURES FOR ADDRESSING	
COPYRIGHT INFRINGEMENT ISSUES	28
RETURN TO WISCONSIN PILOT – FIRST READING	28
UW-OSHKOSH PRESENTATION: COMMUNITY COLLABORATION: A MARKET PROFILE OF THE UNIVERSITY OF	
WISCONSIN-OSHKOSH	28
TRUST FUNDS	28
<i>Report on 2003 Proxy Voting</i>	28
<i>Discretionary Trust Funds</i>	29
<i>Vilas Trust</i>	29
REPORT OF THE VICE PRESIDENT.....	29
Contract for Exclusive Soft Drink Pouring Rights And Sponsorship Agreement for UW-Madison Division of	
Intercollegiate Athletics	29
Report on Using the Continuing Appropriation to Serve Adult Students	29
Report on the Number of Full-Time Equivalent Positions Created or Abolished Required by s. 16.505(2p)(a),	
<i>Wis. Stats.</i>	30
Agreement with Triad Management Services, Inc	30
REPORT OF THE EDUCATION COMMITTEE	30
UW-OSHKOSH PRESENTATION ON STUDENT LEARNING IN AN ENGAGED INSTITUTION	30
CREDIT TRANSFER: IMPLICATIONS FOR STUDENT SUCCESS	31
REVISED MISSION STATEMENT, UW-EXTENSION: INITIAL READING	32
PROGRAM AUTHORIZATION – SECOND READING	32
<i>M.S. in Physician Assistant Studies, UW-La Crosse</i>	32
REVISED FACULTY PERSONNEL RULES, UW-STEVENS POINT	32
UW-La Crosse: Program Authorization (Implementation) M.S. in Physician Assistant Studies.....	33
UW-Stevens Point: Amendment to Faculty Personnel Policies and Procedures.....	33
ADDITIONAL RESOLUTIONS	33
UW-Oshkosh: Resolution of Appreciation	33
UNFINISHED OR ADDITIONAL BUSINESS.....	34
TOUR OF HALSEY SCIENCE CENTER	34

CLOSED SESSION..... 34
 UW-Milwaukee: Authorization to Appoint Interim Chancellor 35
 Request for Review of UW-Madison Decision..... 35
 SETTLEMENT WITH DEPARTMENT OF JUSTICE 35

MINUTES OF THE REGULAR MEETING

of the

BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM

Madison, Wisconsin

UW-Oshkosh

Held in Reeve Memorial Union

Friday, October 10, 2003

9:00 a.m.

- President Marcovich presiding -

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

ABSENT: None

- - -

REPORT OF THE PHYSICAL PLANNING AND FUNDING COMMITTEE

Regent Gracz, Chair, presented the report of the Physical Planning and Funding Committee, which was moved up in the agenda because of need to immediately begin work on a project.

-

Report of the Assistant Vice President

Building Commission Actions

Assistant Vice President Nancy Ives reported that the Building Commission approved about \$66 million for various projects at their September meeting.

-

UW-Madison: Camp Randall Stadium Expansion/Renovation Project Budget Increase

The request for a budget increase for Camp Randall Stadium expansion and renovation includes maintenance at Camp Randall, maintenance at the Shell and scoreboards.

- . The Committee decided to defer this item at this time.

-

UW-Stevens Point: Naming of the Fine Arts Center Noel Fine Arts Center

. The Fine Arts Center Renovation and Addition project was enumerated in the 2001-03 biennium at \$26 million including \$1 million of gift funds. As the Foundation prepared for a fund drive to generate additional capital needed for the project, the Noels generously stepped forward and offered to provide \$1million to make the project complete.

In recognition of John and Patty Noel's long history of commitment and their generous contributions of support to UW-Stevens Point, Regent Gracz moved adoption of Resolution 8737. The motion was seconded by Regent Richlen and carried unanimously.

-

UW-Stevens Point: Authority to Name the Fine Arts Center Noel Fine Arts Center

Resolution 8737: That, upon the recommendation of the UW-Stevens Point Interim Chancellor and the President of the University of Wisconsin System, authority be granted to name the Fine Arts Center, "Noel Fine Arts Center."

-

UW-Oshkosh: Campus Development Plan Update

Tom Sonnleitner, UW-Oshkosh Vice President, presented an update on the "Greening" of their Campus Master Plan and their focus on finding opportunities to apply environmentally friendly design principles to all their renovations and new construction projects. This plan focuses on ways to conserve and enhance natural areas, promote a pedestrian and bicycle friendly environment, emphasize renovation of existing facilities rather than new construction, maximize energy conservation, and minimize all forms of pollution. Angela LeNoble, a UW-Oshkosh senior, described the students' role in the green planning process.

-

The following resolutions were passed by the Physical Planning and Funding Committee. Regent Gracz presented them to the Board of Regents as consent agenda items. The motion was seconded by Regent Richlen and passed unanimously. Regents Amato, Walsh and Mohs abstained on Resolutions 8740 and 8744 due to conflict of interest.

UW-Extension: Authority to Purchase Equipment for the WHA-TV Equipment Replacement Project

Resolution 8738: That, upon the recommendation of the UW-Extension Chancellor and the President of the University of Wisconsin System, authority be granted to purchase equipment for the WHA-TV Equipment Replacement project at a total project budget of \$1,674,629 (\$995,000 General Fund Supported Borrowing, \$469,065 University Infrastructure Allocation, and \$210,564 Federal Grant Funds).

UW-Green Bay: Approval of the Design Report and Authority to Construct a Residence Life Community Center Addition Project and Seek a Waiver of a State Statute

Resolution 8739: That, upon the recommendation of the UW-Green Bay Chancellor and the President of the University of Wisconsin System, the Design Report be approved and authority be granted to (1) construct the Residence Life Community Center Addition project at an estimated total project cost of \$661,000 Program Revenue - Cash and (2) seek a waiver of s. 16.855 under s. 13.48(19) to accept a single prime contractor bid for the project.

UW-Madison: Authority for MG&E Construct LLC to Construct a Greenhouse at the West Madison Agricultural Station

Resolution 8740: That, upon the recommendation of the UW-Madison Chancellor and the President of the University of Wisconsin System, authority be granted for MG&E Construct LLC to construct a New Greenhouse at the West Madison Agricultural Station at an estimated total project cost of \$187,400 Institutional Non-GPR funds. The work will be done under the terms of the land use agreement with the Board of Regents related to the West Campus Cogeneration Facility.

UW-Madison: Approval of the Design Report, Authority to Construct the Walnut Street Greenhouse Replacement Project, and Waive a State Statute

Resolution 8741: That, upon the recommendation of the UW-Madison Chancellor and the President of the University of Wisconsin System, the Design Report be approved and authority be granted to: 1) construct the Walnut Street Greenhouse Replacement project at an estimated total project cost of \$6,935,000, (\$3,000,000 Gift Funds, \$1,735,000 Institutional Funds, \$550,000 General Fund Supported Borrowing–WISTAR, and \$1,650,000 General Fund Supported Borrowing–Academic Project Contingency); and 2) seek a waiver of s. 16.855 under s. 13.48(19) to accept a single prime contractor bid.

UW-Madison: Authority to Lease Space

Resolution 8742: That, upon the recommendation of the UW-Madison Chancellor and the President of the University of Wisconsin System, authority be granted to lease 20,960 leasable square feet of clinic and office space at 602 West Clairemont Avenue in Eau Claire, Wisconsin, on behalf of the University of Wisconsin Medical School, Department of Family Medicine.

UW-Milwaukee: Authority to Construct a Student Union Fireside Lounge and Kitchen Renovation Project

Resolution 8743: That, upon the recommendation of the UW-Milwaukee Interim Chancellor and the President of the University of Wisconsin System, authority be granted to construct the Student Union Fireside Lounge and Kitchen Renovation project at an estimated total project cost of \$1,990,000 Program Revenue-Cash.

UW-Madison: West Campus Cogeneration Facility – Joint Ownership Agreement

Resolution 8744: That, upon the recommendation of the UW-Madison Chancellor and the Senior Vice President of Academic Affairs of the University of Wisconsin System, authority be granted to enter into a Joint Ownership Agreement with MGE Power, LLC for the West Campus Cogeneration Facility. This document is needed to reflect legislative action on the funding approach, using Program Revenue Supported Borrowing for the University's share of costs rather than the Master Lease program.

- - -

ACTION ON MINUTES DEFERRED

Approval of the minutes of the September 2nd and 5th meetings was deferred until the November meeting.

- - -

REPORT OF THE PRESIDENT OF THE BOARD

Report of the September 24th meeting of the Wisconsin Technical System Board

The Board received a written report regarding the Wisconsin Technical College System.

-

Report of the September 26th meeting of the Educational Communications Board

A written report of the September 26th meeting of the Educational Communications Board was provided to the Regents.

-

Report on the October 8th meeting of the Hospital Authority Board

The Board received a written report on the October 8th meeting of the Hospital Authority Board.

-

Reconsideration of Action on Executive Salary Ranges; consideration of amendments to Regent Policy Document 94-4, concerning the process for setting executive salary ranges

Regent President Marcovich noted that on September 9th he had said that recommendations from a national search consultant would be sought before any changes were made to current pay rates for UW System leaders. President Lyall had said that she would consult with the Board before making any pay decisions and no such decisions had been made.

Referring to criticism that the regents had voted to raise their own salaries, he pointed out that the Board members serve in a volunteer capacity and are not paid for their work. It is the Board's responsibility, he stated, to insure that UW universities have the best leaders possible, especially during these challenging times. While their salaries might appear to be high, he said, it is necessary to meet the demands of a very competitive market in order to provide the highest caliber leadership and the best quality higher education possible. In that regard, he noted that UW-Madison is consistently ranked among the top 10 public universities and that five of the comprehensive universities also are nationally ranked. Stating that the only way to maintain this level of excellence is to provide top-notch leadership, he observed that those leaders are responsible for securing the high quality teachers and students needed to provide excellence in education and that securing first-rate leaders is the Board's most important job. Yet, he observed, there is severe criticism when increases are proposed that would bring these leaders just to the bottom of their competitive pay ranges.

Stating that this discussion is as important to the future of the university as is the Charting a New Course study, Regent Marcovich remarked that "the regents can chart a course, but without talented captains our ships will run aground." Noting that the *Chronicle of Higher Education* is covering the story, he cautioned that the board's discussion and actions will send a message to potential candidates, not just for the open chancellor positions, but for faculty, staff and other leadership positions as well.

With regard to the meeting of September 2nd, he stated that he, not President Lyall or her staff, had asked that the meeting be scheduled because he considered it urgent to move forward with new chancellor searches and make the salary range adjustments that he asked the board to act on at the meeting. It could not have been scheduled earlier due to lack of regent availability to participate and due to his being engaged in a full-week trial the preceding week. He asked that the meeting be scheduled on the first available date in the next week with proper public notice. Because he was not in his office, he did not realize that the board's regular meeting was scheduled for later in that same week. Had he known it at the time, he would have waited for the regular meeting to ask for action on the salary ranges.

Cautioning against making a decision on salary ranges without a full investigation of what the market requires, he commented that, while the UW has an excellent group of

campus and system leaders, President Lyall and board members had in the past seen the havoc a bad chancellor could wreak on a campus, from which it can take years to recover.

Finally, he thanked President Lyall for her “tremendous grace under pressure.” Stating that the UW is fortunate to have one of the most experienced and successful university system presidents in the nation, he noted that she and her team have been asked to handle a \$250 million GPR cut this biennium and a \$41 million cut the preceding biennium without reducing enrollment, without diminishing the university’s quality and reputation, without impairing its prowess in obtaining grants and in private fund raising, and without whining about how difficult it is to do all that. Expressing gratitude to President Lyall for her strong and committed leadership, he added that Wisconsin has no public servant who is more dedicated and that she deserves the board’s unflagging support.

Regent President Marcovich then asked the board to reconsider the resolution passed at the September 2nd meeting. Reconsideration of the resolution was moved by Regent Bradley and seconded by Regent Rosenzweig.

Stating his support for the motion, Regent Vice President Walsh said that, having appeared before a legislative committee that discussed that matter, he thought the most important thing the board could do was to put the issue back on the table for discussion in public of the substantive merits of whether or not to recommend compensation range increases.

The question was put on the motion to reconsider and it was adopted on a unanimous roll-call vote, with Regents Amato, Axtell, Bradley, Burmaster, Connolly-Keesler, Davis, Gottschalk, Gracz, Marcovich, Mohs, Olivieri, Pruitt, Randall, Richlen, Rosenzweig, Salas, and Walsh (17) voting in the affirmative.

President Lyall then introduced Bill Funk, a leading recruiter of university presidents and chancellors, who was joining the meeting by telephone to speak about the national perspective on executive salaries and where the UW fits in that overall picture. Mr. Funk, who is the leader of the National Educational Practice of Korn/Ferry International, has conducted more than 250 searches nationally and has assisted in some UW searches, including the search that resulted in the appointment of UW-Madison Chancellor John Wiley. She asked Mr. Funk to comment on the landscape for public higher education leadership searches and on how other states are dealing with rising compensation levels for those positions.

In terms of the landscape, Mr. Funk observed that the average tenure of a public university president is only four to six years, resulting in constant turnover, with 40-50 searches being conducted at any given time. While that figure includes all types of institutions, he indicated that, at any given time, the UW would have to compete with a number of similar institutions for the best talent. In that regard, he cited examples of current and upcoming searches, noting that it has been an unusually busy time. In this very competitive environment, it is necessary to proactively seek the best candidates. Because these people are in high demand, they have more clout in the kind of

compensation they can command, as well as terms of need for confidentiality and nurturing during the search.

With regard to compensation, he indicated that there recently were at least three very visible presidential recruitments that resulted in high compensation packages: Mark Yudolf, who left Minnesota to become system chancellor at the University of Texas, with a package valued at over \$800,000 a year; Mary Sue Coleman, who left the University of Iowa to accept the University of Michigan presidency, with compensation in the mid to high \$500,000 range; and John Shoemaker who left Louisville to go to the University of Tennessee, where he received a package in excess of \$600,000.

At the time, he thought those were unique situations, but that had not proved to be correct. What had happened since then, he remarked, is that boards around the country have taken steps to protect chancellors and presidents who they want to keep by increasing their compensation. In some cases, presidents themselves have let it be known to their boards that they were under-compensated, and boards have responded in kind. Noting the case of the president of Florida Atlantic University, with under 20,000 students, being paid \$450,000 per year, he pointed out that such actions have had a ripple effect and have become a reality in candidate recruitment. While some backlash to very high salaries is beginning to be seen, expectations for compensation have continued to rise across the country.

In discussion following the presentation, Regent Davis asked about impacts of the backlash and on whether or not compensation trend lines will continue in the future.

In reply, Mr. Funk explained that backlash can be seen in some cases where universities have decided that they simply cannot afford certain candidates and have settled on those who are less well-known. In general, however, the trend line is very much upward, with foundations supplementing presidential salaries in many cases.

Regent Bradley inquired about the quality of leaders who were attracted in cases where universities decided that they could not afford to pay top salaries.

Noting that he could not provide a quantitative response, Mr. Funk indicated that, for campus chancellorships, fertile recruiting ground could be found among good provosts of peer institutions but that it usually is not advisable to recruit among institutions of lesser stature. For a system presidency, he felt a successful sitting president is needed. Boards often ask, he added, how they can become more entrepreneurial in terms of supplementing compensation packages with foundation dollars, board memberships, split dollar insurance plans and other means.

Regent Walsh asked what other states with budget deficits are doing in terms of compensation for university chancellors and what factors are involved in causing campus leaders to move.

In reply, Mr. Funk indicated that the economic situation and funding for universities around the country is bleak. As examples, he cited the University of Massachusetts System, which has lost over \$180 million out of a \$350 million state

appropriations in the last 2 ½ years, the University of Virginia, which receives only 8% of its total budget from the state, and the University of Missouri, which received a 20% cut in core budget funding.

In terms of reasons for campus leaders to move, he indicated that executives often are motivated to move to a university of higher stature but would be unlikely to take a position in an institution of lower stature. Noting that there are a number of other motivations, he observed that a personal tie to a state or university could be a more compelling factor than money or prestige.

Regent Axtell asked Mr. Funk to further elaborate on split-dollar insurance plans and deferred compensation as additions to a compensation package.

Indicating that these are the two types of compensation supplements seen most often, Mr. Funk said that split-dollar insurance plans usually are offered after a leader has been in the position for a couple of years and are used as an additional “handcuff”. Under such plans, a surviving spouse would receive whatever the policy entailed if the president were to die, and if the president were to stay to retirement or for a given number of years, a lump sum payment would be made. Other deferred compensation programs provide for putting aside certain sums of money over a given number of years, with that amount, plus interest, payable at a specified time. In addition, he indicated that salaries for spouses as full partners in the presidential office is a concept that is beginning to spread from private to public universities.

Given the current market of existing provosts throughout the country, Regent Burmaster asked if Mr. Funk considers it necessary to be at the higher end of pay ranges for comparable institutions in order to attract quality chancellors.

Replying that the question does not revolve entirely around compensation, Mr. Funk commented that the University of Wisconsin is an interesting case in point because, over the past several decades, its great reputation and stature has enabled hiring of nationally outstanding candidates, even though it is well-known that Wisconsin has always lagged in compensation to its chancellors and presidents. The question now, he indicated, is how long the UW System can continue to trade on that stature in light of ongoing escalation in salaries.

On the other hand, he commented that it still is possible, but more difficult, to attract good candidates. Searches might take much longer and there might be more risk because the person finally selected might not have the same level of experience or stature as others.

In conclusion, Mr. Funk said that the executives he has worked with in Wisconsin have been among the best in the country. He commended the UW System for the quality of its leadership and for being able to do more with less.

Returning to discussion on executive pay ranges, Regent President Marcovich welcomed Representative Robin Kreibich’s assistant who had joined the meeting by telephone.

Regent Amato moved to reject Resolution 8720, regarding senior executive pay ranges for 2003-04, and the motion was seconded by Regent Gracz.

Regent Walsh felt that, because the motion for reconsideration had passed, the motion before the board at this point was to approve Resolution 8720.

With advice of legal counsel, it was concluded that the motion before the board was to approve the resolution.

Stating that he intended to vote against the resolution, Regent Amato explained that, although he recognized that executive salary levels are not competitive, executive salaries should not be increased in a time of economic crisis when student tuition is being raised by 18%. Rather, at a time like this, he felt it important to set an example and “walk and talk”. If it is necessary to lay off employees and burden customers with high tuition increases, he said, executive salaries should be frozen as well.

Noting that there is great leadership talent within the UW System, he thought it should be possible to find talent within the system at the current pay ranges to replace the UW-Stevens Point and UW-Milwaukee chancellors. He also felt the departure of the chancellors of those institutions were upward career moves, rather than moves motivated by higher compensation.

While he supported examining some of the ideas Mr. Funk set forth to supplement state compensation, he felt this was not the right time to make increases, even ones not funded with tax money. Urging that the board reject the resolution, he said the matter could be studied and then reopened at an appropriate future time.

Stating that he also would vote against the resolution, Regent Gracz noted Mr. Funk’s comment that there had been some backlash against high salaries and remarked that there also is a backlash in this state, with considerable damage done to relationships with the Legislature and citizenry. What they see, he remarked, is raises being given to well-paid leaders, while their own wages are frozen, insurance premiums are doubling, and tuition is up 18%. While it might be more difficult to recruit candidates, he considered it more important to rebuild relationships with the Legislature and constituents and to send them a message by rejecting the resolution.

Regent Axtell commented that the board was confronted with a classic dilemma. On the one hand, the Legislature would be unhappy if salaries were increased; on the other, he felt that failure to make increases would not be in accordance with the board’s duties. He noted that statutes require the board to find out what is being paid by peers and to correct inequities. In that regard, he pointed out, fourteen leaders deserve increases to bring them to the minimum of their pay range. Overall, Chapter 36 of the Statutes gives the board the responsibility to preserve and enhance educational quality.

In order to avoid this dilemma, he suggested taking some time to examine the whole compensation package. In that regard, he noted Mr. Funk’s comment that Wisconsin is known for lagging behind the country in compensation. He also thought staff are owed the effort to explore every avenue to pay them fairly. Pointing out that Wisconsin’s pension program is not an asset, he explained that, because it is based only on years of service, most chancellors would not be able to retire comfortably on a state

pension. He thought all the ideas offered by Mr. Funk should be explored, including deferred compensation, split-dollar insurance policies, payments to spouses, annuities, and payments from foundations.

Noting that students pay 41% of their education through tuition and fees, he commented that those students deserve the best possible leadership.

Regent Axtell moved to refer the matter to the Business and Finance Committee to make a thorough examination of various options as quickly as possible. The motion was seconded by Regent Rosenzweig.

While she empathized with Regent Amato's comments, Regent Rosenzweig felt that in these extraordinary times it is important to exercise all options in moving to replace chancellors in two key positions and to be mindful of the excellent work being done by current chancellors. A key part of setting a course for the university in the future, she felt, relates to how chancellors and other administrators are compensated. Therefore, referring the matter for further study seemed to her the most prudent course of action in order to examine all options and come back with a clear and convincing case for how to proceed.

Stating his support for the motion to refer the matter to committee, Regent Mohs said it is important to have an open debate about salaries and to make the case strongly for whatever is decided. Noting the need to be mindful of relationships with state government, he observed that legislators are the ones who hear most often from their constituents about university actions.

Asking that lessons of history be kept in mind, he recalled that in the late 1980's, quality suffered because resources had not kept pace with increased enrollments. The result was that students needed extra semesters to graduate because they were unable to take the courses they needed and key faculty were recruited away by other universities. Noting that it took years to recover from the damage that was done, he emphasized the importance of making careful plans on how to manage most effectively with reduced resources.

Stating that quality already is eroding, Regent Mohs said it is necessary to rebalance how to proceed with reduced resources. He was committed, however, not to rebalance by allowing the quality of personnel erode because no enterprise can pay substandard salaries over time and maintain quality. UW executive salaries, he noted, have been based on 95% of the salaries of peer institutions. The board, he stated, is responsible for setting salaries according to market and not according to political popularity. Failure to link salaries to the market, he said, would adversely effect efforts to hire and retain employees. While it is important to recognize the situation facing political leaders, he noted that the board's duty is to manage and react to the market. He thought that the materials that had been provided to the board adequately demonstrated that the proposed salary ranges are reasonable and should be supported, and he hoped to be able to vote on them in November.

Regent President Marcovich stated his understanding that, if the motion were to pass, there would be two additional opportunities to discuss the matter, first at the Business and Finance Committee and then at the full board meeting when a

recommendation comes from the committee. He intended to support the motion for two reasons: First, to provide a broader opportunity for discussion of the issue, and second, to provide an opportunity to consider innovative ideas that might be helpful in searches without costing a great deal of additional money.

Regent Olivieri asked if the committee would be able to discuss the issue in broader terms than whether or not to approve the proposed salary ranges, so that, for example, the committee might consider whether it is necessary to approve salary schedules rather than dealing directly with what the raises should be. In that regard, he had been satisfied that actual increases would average less than two percent.

Regent President Marcovich replied that the committee could do both, certainly bringing back to the board a recommendation with regard to salary schedule, as well as considering other ideas.

Stating her support for the motion to refer the matter to committee, Regent Connolly-Keesler said the difficulty for her had been not having enough information and not knowing about the benefit packages that are provided. She recognized the need to have targets and to bring chancellors to those targets in order to retain them, possibly using creative ideas. She was concerned, however, that it might not be possible to do all of that by the November meeting.

As chair of the Business and Finance Committee, Regent Bradley replied that, while it would be possible to bring to the board a recommendation on the salary ranges by November, exploration of other ideas would take some time. Every idea, he pointed out, would need to be researched to determine whether it would be in conformance with state laws and regulations. He asked if it would be acceptable for the committee to report in December.

Regent Walsh thought it would be preferable to report in November.

Regent Mohs added that it would not be necessary to complete all of the work at the same time. He suggested that the committee first bring to the board a recommendation on the salary ranges and then pursue investigation of other ideas.

Regent President Marcovich noted that the salary ranges were being referred to the committee for a report back to the board and that other matters could be studied and reported at a later time.

Regent Salas remarked that the matter had both financial and political dimensions. He was concerned that action to refer the matter to committee would not be decisive enough to adequately respond to concerns of stakeholders. While he thought it appropriate for the Business and Finance Committee to consider salary options in addition to pay ranges, he commented that it would be a mistake not to act decisively on the salary ranges at this time. In conclusion, he stated his concern about the situation into which the board had been placed, resulting in the loss of a great deal of support.

Regent President Marcovich stated his understanding that no pay raises will be granted until the matter comes back to the board for approval or disapproval at the November meeting.

Regent Vice President Walsh added that the salary range increases had been voided by the reconsideration vote.

Regent Amato urged that the salary ranges be voted on at this meeting and that, if the board were to approve them, that approval be given on condition that no salary increases be granted. Then the matter could be referred to committee for consideration of other options. Referring to what had happened as a result of the September 2nd meeting, he observed that failure to vote at this meeting would be perceived by the press and the Legislature as hypocritical and as snowballing the process. If the proposed ranges were approved at this time, he noted, they could be used in the recruitment process for the vacant chancellor positions. In conclusion, he encouraged the board to vote against the motion to refer the matter to committee and to put the main issue back on the table for action at this meeting.

Regent Walsh commented that, while politics are involved and the Legislature has every right to be involved in these types of decisions, the matter also is about leadership, which starts with the board. Noting that the board has statutory responsibilities, he urged that, instead of talking about what messages to send, the board lead by making decisions in the best interest of the university in terms of leadership salaries. In a meeting with students earlier in the day, he related, board members heard them express pride in the leadership of Chancellor Wells and his vision for the future. Those leaders, he commented, are the glue that holds the university together and they are owed careful consideration of what is fair to them in terms of compensation.

He supported referring the matter to committee in order to find out how other people similarly situated are being compensated, such as agency heads and technical college leaders. The amount being discussed, he explained actually is \$24,000, rather than \$98,000, because \$74,000 involves 12 chancellors who are paid under the statutory minimum.

The preceding day, Regent Walsh continued, the Business and Finance Committee spent a great deal of time discussing compensation for another very important constituency – faculty and staff. Noting that the recommendation is four percent for two years, he said that, while it is known that amount of money is not available, it is leadership to tell the state what is needed to recruit and retain faculty and staff. The “Whereas” clauses of the resolution set forth the board’s responsibility to inform the state what funding is needed and also recognize the state’s fiscal constraints, asking for what is available out of the compensation reserve. Stating that chancellors should not be treated differently from faculty and staff, he noted that in 2002, the Joint Committee on Employment Relations had approved a 4.2% pay increase, but the chancellors received only 2.1%.

Regent Amato commented that on September 2nd regents had asked that the matter be deferred to an open meeting so that this kind of debate could take place. He again urged that action on the salary ranges be taken at this meeting.

Regent Olivieri remarked that the September 2nd conference call had been an open meeting that could have been attended by anyone. While there were concerns about the timing, there were no concerns that it was a closed meeting.

Concurring that it had been an open meeting, Regent President Marcovich said it was unfortunate that the media were not in attendance. They had not covered the meeting because they did not get the special notice they were used to receiving. That situation, he pointed out, had been corrected and he had directed that, from now on, special notice be given, in addition to statutory open meeting law notice. Meetings also will be posted on the board's web site.

The discussion having concluded, a voice vote was taken on whether to call the question and it was adopted with no opposition expressed.

The question then was put on the motion to refer the proposed salary ranges to the Business and Finance Committee, and it was adopted on a roll-call vote, with Regents Axtell, Bradley, Burmaster, Connolly-Keesler, Davis, Gottschalk, Marcovich, Mohs, Olivieri, Pruitt, Rosenzweig, and Walsh (12) voting "yes", and Regents Amato, Gracz, Richlen, and Salas (4) voting "no".

Noting that the process that had been used at the September 2nd meeting had been flawed, Regent Rosenzweig stated that she was sorry and was sure everyone at the table was sorry that it had happened. The appropriate remedy, she continued, is to make sure that the process is clear as to when and how executive salary ranges are discussed and acted upon. She moved adoption of Resolution 8736, which specifies that executive salary ranges will be acted upon by the board in open session at a regularly scheduled meeting, by roll call vote, with approval by a majority of the full board required for adoption. The motion was seconded by Regent Davis.

Resolution 8736:	That, upon recommendation of the President of the Board of Regents, Regent Policy 94-4, pertaining to salary guidelines for UW System senior executives be amended as attached to reflect current law regarding the Board of Regents authority to determine executive salary ranges and set executive salaries, and to specify that salary ranges for an ensuing fiscal year will be adopted by resolution by a majority of the full membership of the Board of Regents in open session by roll call each June at the regularly scheduled meeting.
------------------	--

Regent Gottschalk moved to amend the resolution by deleting the words "each June" and substituting the word "a" for the word "the" in the second last line. The motion was seconded by Regent Olivieri. Regent Gottschalk indicated that there are good reasons for not binding the board to act at a particular meeting. He had discussed the amendment with Regent President Marcovich and President Lyall, both of whom concurred.

Regent Rosenzweig considered it a friendly amendment.

Put to a voice vote, the amendment was adopted, with no opposition expressed.

Amendment of Regent Policy 94-4

Resolution 8736: That, upon recommendation of the President of the Board of Regents, Regent Policy 94-4, pertaining to salary guidelines for UW System senior executives be amended as attached to reflect current law regarding the Board of Regents authority to determine executive salary ranges and set executive salaries, and to specify that salary ranges for an ensuing fiscal year will be adopted by resolution by a majority of the full membership of the Board of Regents in open session by roll call at a regularly scheduled meeting.

Regent Gracz asked if the resolution is related to any dealings with the Department of Justice.

Replying in the negative, Regent President Marcovich indicated that the resolution responds to criticism voiced in the media and by legislators. Regent Walsh added that three bills were introduced in the Legislature dealing with some of these issues. In appearing before a legislative committee, he indicated that he would move to support roll-call votes on compensation matters in open, regularly scheduled meetings.

Speaking in support of the resolution, Regent Bradley noted that a common criticism of public officials is that they often are unwilling to admit to having made a mistake. He felt the entire board acknowledged that a mistake was made as to the procedure that was employed in acting on the salary ranges. While the issue is difficult to resolve, he added, it is not difficult to discuss it publicly.

Put to a voice vote, the resolution was adopted, with no opposition expressed.

Stating her appreciation for the board's willingness to continue to deal thoughtfully with the salary matter, President Lyall remarked that it is important to view that issue in the context of the Charting a New Course efforts. Noting Mr. Funk's comment that higher education faces hard times across the country, she stated that the leadership responsibility is to devise a blueprint to move the UW forward and maintain the quality and access that are needed. She cautioned that there will be tough choices to be made that will be very important to the state's future and that the salary question is a small part of the much larger issue that must be addressed.

- - -

REPORT OF THE PRESIDENT OF THE SYSTEM

Introducing Chancellor Wells, President Lyall indicated that the chancellor has been leading an important strategic planning effort for UW-Oshkosh over the past year and a half. She asked him to report on some of the conclusions that have been reached.

UW-Oshkosh Strategic Plan: Engaging People and Ideas for the Common Good

In opening remarks, Chancellor Wells indicated that a challenge for a large public university like UW-Oshkosh is to ask what makes it distinctive and how to reconcile the need for breadth with the need for focus. At its best, a large public university offers expanded opportunities. At its worst, it attempts to provide something for everybody.

To address this challenge, UW-Oshkosh considered the differences between horizontal distinctiveness and vertical distinctiveness. Horizontal distinctiveness is viewed as a quality that sets the university apart and influences almost everything that it does, while vertical distinctiveness involves promoting centers of excellence that have relatively limited impact. Examples of horizontal distinctiveness would be research at UW-Madison, inter-disciplinarity at UW-Green Bay, and the e-Scholar Program at UW-Stout. Examples of vertical distinctiveness include the Paper Science program at UW-Stevens Point, the Environmental and Public Health program at UW-Eau Claire, and the Transportation and Logistics Management program at UW-Superior.

UW-Oshkosh decided to prioritize horizontal distinctiveness for several reasons. First, it meets the needs of all students, a large number of whom are first-generation college students or students who do not initially have a clear idea of what major or career they want to pursue. For these students, it is important to have strong programs across the board. Second, it meets the needs of area communities that face a wide variety of issues and problems. Third, it promotes institutional buy-in because improvements that affect the whole institution tend to garner support of all its members. Fourth, it supports the mission of the large public university that must be neither too broad nor too narrow.

Chancellor Wells then indicated that the university selected three types of horizontal distinctiveness on which to focus. One is engagement in relationships that enhance the growth of students, faculty and communities in northeast Wisconsin. Another is collaboration and partnership, through which common interests are pursued with sister institutions, business enterprises, not-for-profit organizations, the media, governmental and private agencies, and individuals. The third is commitment to the principles of a green environment that will enrich and preserve the beauty of the surrounding world.

Turning to the strategic planning process, the chancellor explained that it was very inclusive, involving hundreds of internal and external stakeholders. One of the outcomes of the process was articulation of governing ideas – the values and strategic directions for the university. The governing ideas, which received full endorsement of all campus governance groups, advisory boards and the foundation board, will guide the future direction of the university.

The university then chose 24 high priority strategic action initiatives that have been incorporated into the annual report as a means of accountability.

Chancellor Wells described three of those initiatives that reflect the impact of the three areas of horizontal distinctiveness. The New Era initiative, which stands for the Northeast Wisconsin Educational Resource Alliance, is composed of the CEOs of UW-

Green Bay, UW-Oshkosh, UW-Fond du Lac, UW-Fox Valley, UW-Manitowoc, UW-Marinette, UW-Sheboygan, UW-Extension, Fox Valley Technical College, Lakeshore Technical College, Moraine Park Technical College, Northeast Wisconsin Technical College and the College of the Menominee Nation. The mission of the group is to foster partnerships to serve the educational needs of more than 1.2 million people in northeast Wisconsin, to provide essential services for communities, businesses and governments in the region, and to drive regional and ,thereby, state economic development and stability.

Accomplishments include, in the area of health care, a UW-Oshkosh/College of the Menominee Nation BSN degree completion program that will graduate 25 Native American nurses in three years, supported by a \$600,000 grant from the federal government. This initiative was made possible by, and also supports, an area of vertical distinctiveness, the College of Nursing. Another accomplishment is the UW-Green Bay, UW-Oshkosh MSW program, one of the few collaborative MSW programs in the nation.

In the area of teacher preparation, accomplishments include collaborative teacher licensure and a Northeast Technical College/UW-Oshkosh early childhood degree completion program. In the area of manufacturing, UW-Oshkosh is working with UW-Stout to serve the great need of adults with jobs in industry for degree completion programs in Northeastern Wisconsin. In libraries, a virtual reference desk had been created through which a staff person at one of the member institutions is always available to assist any student, faculty or staff member with getting reference materials, particularly online. Another accomplishment was creation of a collaborative Fox Valley Technical College/UW-Oshkosh Aeronautics-Pilot Bachelor's Degree Completion Program.

Turning to another strategic initiative, Chancellor Wells described the Living, Learning and Serving Community, an exciting project made possible by a set of partnerships among UW-Oshkosh, the City of Oshkosh, the Evergreen Retirement Community, state and local developers, UW-Milwaukee's Institute on Aging and Environment, and CSD Architects. The proposal is to turn a nearby 50-acre redevelopment project into a living, learning and serving community, characterized by the presence of the university and its programs. The \$200 million community redevelopment project is envisioned to have 500 homes in it, with appropriate shopping and service establishments. It is hoped that the developer will fund the cost of a 30,000 square feet UW-Oshkosh Learning Outreach Center that would provide access for adults to make use of the university's continuing education programs, attend athletic and cultural events and become members of the academic community as life-long learners.

Another exciting possibility at this location, the Chancellor reported, is a future center of excellence – the nation's fist teaching marina, housing a marina management program. In discussions with Mercury Marine, the chancellor had found that good marina management and customer service is a problem for the industry, and a strong educational program would directly address the need of business in this area. A presentation was to be made to the National Marina Owners Board meeting later in the month.

A third strategic initiative is the Oshkosh Student Compact, which fully integrates academic advising, financial counseling, career planning and tutoring services

in an individualized way for each student. Included is a significantly improved student/advisor ratio, supported by internal re-allocation and differential tuition. Benefits include reduced time to degree, improved retention/graduation rates, and reduced student costs and debt.

These initiatives, Chancellor Wells explained, not only reflect areas of horizontal distinctiveness, but also can provide a solid foundation upon which to build vertical distinctiveness, which will be addressed in the next phase of the planning process.

In terms of accountability, there is the strategic action initiative progress report as part of the university's annual report; academic program assessment, with 15-20% of the university's 55 undergraduate programs and 15 graduate programs fully reviewed each year; academic program accreditation; the annual Achieving Excellence Report; and university-wide accreditation by the North Central Association.

As evidence that the university is working smarter and harder, the Chancellor reported that enrollments have increased by 450 students (headcount) from 2000 to 2002, for a total of 11,200; credit hour production has been maintained; the university is attracting better prepared students; there is a record rate of increase of students of color; there is a record number of transfer students; and there is a record increase in the retention rate. All this was accomplished, he noted, in spite of budget cuts totaling \$6 million.

-

Chancellor Searches

President Lyall reported that searches had been launched for new chancellors at UW-Stevens Point and UW-Milwaukee. Regent Axtell and Regent Olivieri are chairing special regent committees for those searches.

-

Mid-Year Budget Repair Bill

Noting that possibility of a mid-year budget repair bill, President Lyall indicated that the UW is managing conservatively in order to handle as well as possible whatever might happen. The Charting the Future project is especially important, she pointed out, as a means of mustering all the brain power available to address the situation of eroding resources.

-

Financial Aid

President Lyall remarked that the matter of financial aid is one of the pressing issues that cries out for new approaches. It is clear, she observed, that financial aid will play a much greater role than it has in the past in maintaining access to the UW and in

sustaining student success and graduation rates. Noting that Wisconsin's policy is left over from an era of low tuition and low aid, she pointed out that Wisconsin, like other states, clearly is moving towards a higher tuition era and that more creative forms of financial aid programs will be needed to ensure that students will continue to have access to a UW education.

Turning to another financial aid matter, President Lyall referred to U.S. Department of Education statistics, which show that in 2001 student loan default rates in Wisconsin were just 2.2% compared with 5.5% nationally. Stating pride in the responsibility of Wisconsin student borrowers, she remarked that the low default rate is especially noteworthy given the economic conditions students have been facing as they began their careers. As Congress debates the Higher Education Reauthorization Act, she said that Wisconsin, along with other states, will be emphasizing the importance of maintaining federal grant and loan programs, and it will be pointed out that Wisconsin students honor their obligations to repay loans so that the next generation of students will have access to that source of funding as well.

-

Chancellor Wells named Chair of AASCU Committee on the Undergraduate Experience

President Lyall congratulated Chancellor Wells on being named the Chair of the Committee on the Undergraduate Experience of the American Association of State Colleges and Universities.

-

UW-Eau Claire Professor Wins International Piano Competition

UW-Eau Claire music professor Axesandre Dossin was congratulated by President Lyall for winning a prestigious international piano competition in Buenos Aires, receiving the special prize for the best performance of a composition by an Argentine composer.

Professor Dossin, who joined the UW-Eau Claire faculty last year, previously performed in the Van Clyburn Piano Competition and will perform in the Martha Argerich Festival in Japan this fall. Later this month, he will perform at the Heyde Center in Chippewa Falls.

-

Thanks to Chancellor Sorensen

President Lyall thanked Chancellor Sorensen and his colleagues for organizing the first systemwide conference for staff from all UW institutions on Baldrige assessment and continuous quality improvement methods. UW-Stout has been the first higher

education institution to receive the Baldrige Award. The UW- Stout team is working on a book which details the universities five year quest to meet the Baldrige standards. Any profits from the book will go to UW-Stout.

-

Appreciation to Roger Fitzsimmonds

President Lyall expressed special appreciation for the \$1.5 million gift that Roger Fitzsimmonds made to UW-Milwaukee. It will be used to support scholarly excellence, to retain outstanding faculty and to support the research of doctoral students through the Roger L. Fitzsimmonds Scholarly Achievement Fund. Mr. Fitzsimmonds was a member of the first four-year graduating class at UW-Milwaukee and has been a strong supporter of UWM and the UW System for many years.

-

UW-La Crosse Accounting Undergraduates Rank First on CPA Exam Pass Rates

President Lyall reported that UW-La Crosse's Accounting Department undergraduates ranked number one last fall in the national CPA exam pass rates, outscoring the University of Minnesota, Notre Dame, and UW-Madison. Wisconsin was the only state to have two institutions in the top ten, UW-Madison also scoring in that category.

-

College of the Menominee Nation Receives \$2.5 Million Grant

President Lyall congratulated the College of the Menominee Nation and thanked Senior Vice President Cora Marrett for her assistance in helping the college obtain a \$2.5 million grant from the National Science Foundation to implement the Science, Technology, Engineering and Mathematics (STEM) project. Noting that this is another example of the successes that can be achieved through partnership, she added that the advisory committee for this project includes Aileen Yingst, director of the Wisconsin Space Grant Consortium at UW-Green Bay and Professor Kevin McSweeney, of UW-Madison. More and more UW institutions are striking up such partnerships, she said, in order to move forward together in financially tough times.

-

New California Governor is UW-Superior Alum

It was noted by President Lyall that Governor-elect Arnold Schwarzenegger graduated from UW-Superior in 1979 with a B.A. in International Marketing and

Business Administration. In 1996, he received an honorary degree from UW-Superior for his work with children through the Special Olympics program.

- - -

UPDATE ON CHARTING A NEW COURSE FOR THE UW SYSTEM

Regent Gottschalk, Chair of the Charting a New Course project, reported on the working group meetings the preceding day.

Revenue Authority and Other Opportunities

The working group, chaired by Regent Axtell, covered the topics of risk management, federal relations, and differential tuition and pricing models. In the area of risk management, a consultant had been retained to study the UW's programs in six areas: Adequacy of coverage, how the UW's programs compare to those at other universities, alternative programs, costs of alternative programs, review of statutory authority, and whether or not too much is being paid in premiums under current arrangements. The consultant's findings will be presented to the group in December.

In the area of federal relations, Kris Andrews, the UW System's federal relations coordinator, advised that the UW System needs to heighten its presence in Washington, D.C. and discussed ways to be more successful in the future. She noted that competition for federal funding will be fiercer than ever in the future and that the level of academic earmarks has increased. Congress expects higher education in the future to better serve non-traditional students, to better prepare educators for local school districts, to expand distance learning and to improve workforce development in cooperation with business. These are areas to emphasize in seeking grants.

In the areas of differential tuition and pricing models, presentations were made by Andy Richards, Acting Assistant Vice President for Budget and Planning, and Freda Harris, Associate Vice President for Budget and Planning.

-

Achieving Operating Efficiencies

The working group, chaired by Regent Bradley, discussed several concrete ideas for improving operating efficiencies and further refined its list of components of those efficiencies and work products associated with each.

The group received a report on types of management flexibilities the board has previously sought but not received, including ways to be more self-sufficient in managing financial, human and capital resources, and in operations. The report was supplemented with presentations on potential efficiencies related to building programs, procurement and financial management authorities.

In re-thinking instructional delivery, relationships among UW institutions will be explored separately from relationships between the UW System and its partners,

including PK-12 education and the Technical College System. The group plans to explore delivery of advanced placement courses, on-line learning and general education courses.

-

Redefining Educational Quality

Regent Mohs, chair of the working group, noted the importance of defining quality in a manner that is clear and understandable to stakeholders. Associate Vice President Ron Singer presented a draft vision statement that set forth a commitment to maintain and enhance the UW's status as a first-class, high quality system of higher education that is accessible to Wisconsin citizens.

Associate Vice President Frank Goldberg gave a presentation on the role of the UW accountability report, "Achieving Excellence", noting that dimensions of quality include inputs, processes, outputs and outcomes. While the latter are fundamental, they can be difficult to measure; the others are more easily measured and can be closely related to outcomes. In response to a question by Regent Mohs about what he would say to "sell" the UW to someone who is skeptical, Dr. Goldberg replied that the UW, along with its K-12 partners, educate a high percentage of the state's population very effectively and considerably more efficiently than the national average.

Chancellor Wells presented a paper to the working group on value-added outcomes; and a survey of freshmen at UW four-year institutions was reviewed in terms of student satisfaction, with the caution that student perceptions should not be the sole basis for measurement of outcomes.

Regent Emeritus Boyle suggested the following means to identify to stakeholders causes for erosion of quality, including dollars per student expended compared to the national average; faculty/student ratios, compared to past years; capacity to give students adequate advising; and investments in technology that would enhance the learning experience.

The group met for breakfast the next morning with students from UW-Fond du Lac, UW-Fox Valley, UW-Green Bay, and UW-Oshkosh.

-

Research and Public Service

The working group, chaired by Regent Davis, heard an overview of research and public service at the system level from Vice President Weimer.

Dr. Christine Flynn Saulnier, a UW System academic planner, reported on a visit to the national Institutes of Health with Regent Randall and Vice President Marrett. The visit yielded data indicating that, while Wisconsin is strong in relation to other Midwestern states, trends are not as favorable as could be desired.

Dr. Christine Cements, Dean of Business and Economics at UW-Whitewater, gave a report on research and public service at UW comprehensive universities, noting that the experience is similar among them.

Al Anderson, Director of UW-Extension's Center for Community Economic Development, gave a presentation on Extension's research and public service initiative, including the extensive partnerships with all 72 Wisconsin counties.

Regent Davis reported on the group's meeting with Oshkosh business leaders, during which four points were stressed: Business depends on the UW for graduates and the synergy to develop new product lines and spur innovations; the UW must support historically important industries, as well as new entrepreneurs and high technology growth; the UW must focus on core industries and businesses, and needs a strategy going forward; and the group's mission needs to include quality of life and improving Wisconsin's economy by producing highly educated students.

The group plans to hold its November meeting in the State Capitol, and legislators will be invited to attend.

-

Our Partnership with the State

The working group, chaired by Regent Walsh, first heard a presentation by General Counsel Pat Brady on the legal structure of the UW System and on Chapter 36 enabling legislation. Regent Walsh stated that the summary was intended to inform the group on ways to continue the Wisconsin Idea and noted the considerable impact of the UW on the state's economy. He also pointed out that, as part of the partnership with the state, the UW may be required to cover liability from other state institutions.

Chancellor Messner noted that 78% of the UW's budget is directed toward human resources, but that control of positions rests with the state instead of with the university. It was suggested by several group members that more authority in that regard should be vested in the university.

Sharon Wilhelm, Director of the Office of Policy Analysis and Research, presented a profile on how the UW System has served students since merger, including historical trends on a number of parameters.

Assistant Vice President Frank Goldberg made a presentation to the group on the role of the UW System's accountability report, "Achieving Excellence". Representative McCormick attended the meeting and suggested that future measures might consider market forces and how the UW can contribute to job creation. Matt Sirinek added that it would be helpful to develop ways of measuring the university's contributions to meeting other state needs.

- - -

REPORT OF THE BUSINESS AND FINANCE COMMITTEE

The report of the Business and Finance Committee was presented by Regent Bradley, Chair.

Faculty and Academic Staff Pay Plan Recommendations

President Lyall informed the committee on the statutory responsibility for recommending the faculty and academic staff pay plan based on a study of market factors to the Director of the State Office of Employment Relations. Following an analysis of market data, the director makes recommendations to the Legislature's Joint Committee on Employment Relations. President Lyall consulted with the Systemwide Compensation Advisory Committee, composed of faculty and academic staff representatives from each institution, to develop recommendations. The committee's data revealed in the 2003-05 biennium faculty salaries were 4% behind their peers; it also showed that faculty at UW peer institutions will receive at least 2% pay increases this year and next. Regent policy states the Board of Regents commitment to pay faculty and academic staff at the median of peer institutions. In order to attain the peer market median by the end of the current biennium, analysis show a 4% annual salary increase is needed. However, recognizing that state resources may not be adequate, a provision was added stating that payment be made to the extent that funds are available in the state's compensation reserve fund.

On behalf of the Business and Finance Committee, Regent Bradley moved the following resolution for adoption by roll call vote, and the motion was seconded.

2003-05 Unclassified Pay Plan Recommendations

Resolution 8745: Whereas, pursuant to s.230.12(3)(e) *Wis. Stats.*, the Regents are charged with the responsibility to recommend to the Director, Office of State Employment Relations a proposal for adjusting compensation and employee benefits for university senior executives, faculty and academic staff for the 2003-05 biennium; and,
Whereas, the Director shall submit a proposal for same, which shall be based upon the competitive ability of the Board of Regents to recruit and retain qualified faculty and academic staff, data collected as to rates of pay for comparable work in other public services, universities and commercial and industrial establishments, recommendations of the Board of Regents and any special studies carried on as to the need for any changes in compensation and employee benefits to cover each year of the biennium; and,

Whereas, the Board of Regents has considered those factors and concluded that to recruit and retain faculty and academic staff a salary increase of four percent each year is needed; and,

Whereas, the UW System staff and the Board of Regents is cognizant of the difficulty of funding the needed pay plan in the current fiscal climate including lack of full funding in the compensation reserve and unavailability of tuition revenue sources or base budget reallocation capabilities.

Now, therefore;

Upon the recommendation of the UW System President, and pursuant to s. 230.12(3)(e) Wis. Stats., the Board of Regents directs the UW System President to notify the Governor and the Legislature that the UW System has identified a need for a four percent salary increase each year of the 2003-05 biennium for faculty, academic staff and university senior executives in order to obtain competitive market salaries by the end of the biennium. The Board directs the UW System President to transmit to the Director of the Office of State Employment Relations, currently available information on unclassified salaries for UW System peer institutions and related economic indices, and request that the Director recommend to the Joint Committee on Employment Relations a salary increase up to four percent each year to the full extent of funds available in the compensation reserve.

Further, the Board directs the UW System President to ask the Director of the Office of State Employment Relations to present the Board's pay plan recommendations to the Joint Committee on Employment Relations in sufficient time to allow faculty and academic staff to make their health insurance provider selections at least one week before expiration of the annual dual choice enrollment period.

Further, the Board of Regents directs the UW System President to recommend to the Director of the Office of State Employment Relations that:

Full-time UW System faculty, academic staff and university senior executives be asked to contribute to state group health insurance at the same levels that will be applied to all other state employees beginning with January 1, 2004 coverage;

Non-represented graduate assistants be asked to contribute to state group health insurance at the same levels that will be applied to represented graduate assistants;

Part-time UW System faculty, academic staff and university senior executives with at least a 50 percent appointment contract be asked to contribute to state group health insurance at the same levels that will be applied to full-time appointments beginning with January 1, 2004 coverage;

The UW System be authorized to increase the academic staff salary ranges by the full amount of the pay plan each year; and,

The salary ranges for university senior executive salary groups one (Vice Chancellors at non-doctoral institutions) and two (Vice Presidents) be adjusted to reflect the Board of Regents executive salary policy.

Further, the Board of Regents suspends its pay plan distribution guidelines for 2003-05 if the authorized amount for an unclassified pay plan is less than two percent in any year, and directs that in such instance the pay plan percentage be distributed across-the-board to all those who have at least a solid performance rating, with any unused funds distributed by the Chancellor in consultation with the governance bodies to address salary compression.

Further, the Board of Regents suspends the cash payment option for unused vacation earned by unclassified staff with 25 years of service under Regent Policy 98-6 until such time as funds are made available

in the state budget, and amends Regent Policy 94-6 to allow unclassified staff with 25 years of service to place up to ten days of vacation in the annual leave reserve account.

Regent Richlen explained that she was voting against the resolution as she felt the students were in favor of salary increases of 4%, rather than up to 4%.

Regent Bradley pointed out that the resolution directs the UW System President to notify the governor and legislature that data shows that salary increases of 4% each year of the biennium would be needed to meet the goal.

With regard to the present budget situation, and what peer institutions are doing, Regent Olivieri felt that 4% was not realistic at this time.

Regent Bradley noted that the statute directs the board to advise what would be needed to attain competitive market salaries. The resolution asks for increases up to that amount to the extent that funds are available.

Regent Davis supported the resolution noting that it is the Board's responsibility to steer the process in the direction that will enable a favorable outcome.

Regent Salas also supported the resolution noting that due to budget cutbacks, class sizes have increased as well as faculty contact hours with students, and he felt an increase was deserved.

Maintaining quality faculty and academic staff, Regent Amato noted, is an investment in our future. He felt it essential that the Board send an important message that they are behind them and that we need to bring them up to parity.

Regent Rosenzweig pointed out that this resolution strikes a balance of stating support for statutory responsibility as well as for faculty and academic staff, while clearly stating the reality of the state's fiscal situation.

Regent Walsh noted that the resolution fulfills the Board's statutory obligation, while at the same time showing sensitivity to the state's fiscal situation. Adding that the same analysis historically has been used for executive leadership, he urged that they be treated consistently, which is why he supported referral to committee for purposes of comparison with other leaders.

Put to a roll-call vote, Resolution 8745 was adopted with Regents Amato, Axtell, Bradley, Burmaster, Connelly-Keesler, Davis, Gottschalk, Marcovich, Mohs, Pruitt, Rosenzweig, Salas and Walsh voting yes, Regents Olivieri and Richlen voting no, and Regent Gracz abstaining.

-

Operations Review and Audit – A Best Practice Review of Policies and Procedures for Addressing Copyright Infringement Issues

Ron Yates, Director of Operations Review and Audit, reported that a review was completed due to increasing national concern with compliance of copyright laws by higher education institutions. The review found that significant copyright expertise exists within the UW System. Overall, Mr. Yates noted, UW System institutions have made good efforts at complying with laws in spite of the rapidly changing legal environment.

-

Return to Wisconsin Pilot – First Reading

Debbie Durcan, Vice President, reported on a pilot program that offers discounted tuition to nonresident students who are children or grandchildren of alumni from that institution. Three campuses would participate in this pilot program. Students who participate would be assessed at 25% less than the regular nonresident tuition, ultimately attracting those students who may not otherwise attend a UW System institution. A resolution for the proposed program will be presented at the November meeting.

-

UW-Oshkosh Presentation: Community Collaboration: A Market Profile of the University of Wisconsin-Oshkosh

Chancellor Wells gave a presentation on economic development and economic impact in the region attributable to UW-Oshkosh. Of particular note is the economic impact of employee and student spending in the region.

UW-Oshkosh and the Center for Community Partnerships, Chancellor Wells noted, is working to help entrepreneurs and businesses develop markets as well as promoting innovative solutions for the UW-Oshkosh community through education, research, consulting and special projects.

-

Trust Funds

Report on 2003 Proxy Voting

Tom Reinders, Investment Analyst, reported on the 2003 proxy voting for UW System Trust Funds. In 2003, the leading categories of proposals made by shareholders of companies in which trust funds are invested were environmental, global labor, and social issues.

UW Trust Funds' proxy submissions for 2003 primarily involved poison pill reporting, global labor standards and disclosure/review of executive compensation.

-

Discretionary Trust Funds

A summary of discretionary trust funds was provided by Doug Hoerr, Assistant Trust Officer. The total principle of these funds is approximately \$3.1 million.

-

Vilas Trust

Mr. Hoerr provided background information on the Vilas Trust, which is the largest external trust fund for which the UW System is a beneficiary.

UW-Madison will receive \$4.9 million in grants from the Vilas Trust in the 2003-04 fiscal year. This trust is primarily used for the continuation of existing professorship, fellowship, and scholarship programs.

Mr. Vilas, a UW-Madison Law School graduate, was a law professor, a legislator, and twice elected to the Board of Regents of the University of Wisconsin.

-

Report of the Vice President

Debbie Durcan updated the committee on the Legislative Audit Bureau administrative audit. The final report will not be available until December. VP Durcan also provided updates on the WiSys program, the College Savings Program, and recent actions by the EdVest Board. The WiSys program has made more than \$600,000 available to institutions other than UW-Madison.

-

Regent Bradley moved adoption of the following resolutions as consent agenda items. The motion was seconded by Regent Gottschalk and passed unanimously.

Contract for Exclusive Soft Drink Pouring Rights And Sponsorship Agreement for UW-Madison Division of Intercollegiate Athletics

Resolution 8746: 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 Coca-Cola Enterprises - Madison.

Report on Using the Continuing Appropriation to Serve Adult Students

Resolution 8747: That, upon recommendation of the President of the University of Wisconsin System, the Board of Regents accepts the report on Cost Recovery Activity, Credit Enrollment and Unduplicated Student Headcount by Program and Age, 2002-03 Academic Year for submission to the Joint Committee on Finance.

Report on the Number of Full-Time Equivalent Positions Created or Abolished Required by s. 16.505(2p)(a), Wis. Stats.

Resolution 8748: That, upon the recommendation of the President of the University of Wisconsin System, the Report on 2002-03 Full-Time Equivalent Positions Created or Abolished Required by Section 16.505(2p)(a), Wisconsin Statutes, be accepted for transmittal to State Officials.

Agreement with Triad Management Services, Inc

Resolution 8749: 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 approves a new Academic Support Services Agreement with Triad Project Management Services, Incorporated.

- - -

REPORT OF THE EDUCATION COMMITTEE

The report of the Education Committee was presented by Regent Olivieri, Chair.

UW-Oshkosh Presentation on Student Learning in an Engaged Institution

UW-Oshkosh Provost Keith Miller and two UW-Oshkosh professors gave a presentation regarding student learning in an engaged institution. It was noted that the shortage of special education teachers is a national problem and an ongoing problem in Wisconsin. It was noted that in efforts to increase nursing training, the difficulty of recruiting faculty is a major challenge. Innovative efforts are being instituted to expand the availability of teaching opportunities in the fields of nursing and special education.

-

Credit Transfer: Implications for Student Success

Regent Olivieri noted that the committee had an extensive discussion regarding credit transfer issues between the Technical College System to the UW System. The principle, he said, is to enhance a seamless higher education system from one system to the other which will ultimately help more students progress toward achieving bachelors degrees.

Larry Rubin, Assistant Vice President, provided an overview of the UW System's proposals while Regent Amato and Deborah Mahaffey presented the Technical College's proposals to the committee. No action was taken at this meeting. At the November meeting, all the proposals will be presented to the full board for further discussion.

Regent Olivieri pointed out four proposals that will have a significant impact in achieving a smooth transition for the transfer of credits between the UW System and the Technical College System.

(1) Transfer of Occupational Technical Courses

For the first time, there will be a proposal to transfer occupational/technical courses outside of an articulation agreement. With over 400 articulation agreements in place right now, it is a very complicated system. This is an issue that will be addressed, Regent Olivieri continued, and an important step in the process.

(2) Across the Board Transfer of WTCS General Education Core Courses

A list of courses will be developed that will address general education courses with similar titles and content which will count towards the common core educational requirements of the UW System. An assessment will be compiled by both systems regarding which courses will qualify for transfer. It's an important step, Regent Olivieri noted, which will help students complete requirements needed for a bachelors degree more efficiently and effectively.

Another recommendation is to provide a computerized program with transfer information so students can easily access information needed regarding what courses will transfer.

(3) Satisfaction of General Education Requirements for Students Graduating from College Parallel Liberal Arts Programs

Regent Olivieri pointed out that Madison, Milwaukee and Nicolet Technical Colleges provide Liberal Arts Associate Programs. The credits from this degree can be transferred to any UW institution and used towards a bachelor's degree. A total of 72 credits will transfer to the UW System. However, in some instances, additional general education credits may be required to complete the bachelor's degree. The proposal is to eliminate additional general education requirements so that an associate degree from those colleges would be treated consistently with an associate degree from the UW Colleges. Regent Olivieri noted that this will be more efficient for students moving toward a four year degree.

(4) Creation of Committee to Review Designation of Additional College Parallel Programs (i.e. Expansion of Liberal Arts Programs)

The proposal is to create a committee to study whether more Technical College districts should offer two year Liberal Arts college parallel programs. Providing more access for students will be one of the issues addressed. The committee will consider adding a number of districts to the college parallel program and other options that will enhance the availability of the Liberal Arts Associate degree program.

Regent Amato pointed out that what is important is student success and comparability. He noted that making sure students are successful when transferring from the Technical College System into a four year or two year college is essential. He showed slides indicating that Wisconsin is below the average of neighboring states and the nation in the number of people who hold bachelor's degree and in per capita income. With more people attaining bachelor's degrees, the increased per capita income will help the state's economy. A second slide showed a large discrepancy among Wisconsin and other states in transferring credits from technical colleges to four-year colleges. He thanked the UW and WTCS staff for the work they have done to make progress in facilitating credit transfer.

-

Revised Mission Statement, UW-Extension: Initial Reading

The first reading of UW-Extension's mission statement was presented. Regent Olivieri pointed out that the mission statement emphasizes the role Extension plays within the public service mission of the entire UW System.

-

Program Authorization – Second Reading

M.S. in Physician Assistant Studies, UW-La Crosse

The second reading for program authorization of the M.S. Degree in Physicians Assistant Studies at UW-La Crosse was presented to the committee. After responding to previous questions regarding additional supporting materials from private partners, from students and diversity recruitment strategies, the committee unanimously approved the authorization of the program. Regent Olivieri commended UW-Lac Crosse for how well they responded to questions raised at the first reading.

-

Revised Faculty Personnel Rules, UW-Stevens Point

The committee approved changes to UW-Stevens Point faculty personnel rules which is consistent with the open meetings law and with other UW System campuses.

-

The following resolutions were presented as consent agenda items to the Board of Regents by Regent Olivieri. Regent Axtell seconded the motion and it passed unanimously.

UW-La Crosse: Program Authorization (Implementation) M.S. in Physician Assistant Studies

Resolution 8750: That, upon recommendation of the Chancellor of the University of Wisconsin-La Crosse and the President of the University of Wisconsin System, the Chancellor be authorized to implement the M.S. in Physician Assistant Studies.

UW-Stevens Point: Amendment to Faculty Personnel Policies and Procedures

Resolution 8751: That, upon recommendation of the Chancellor of the University of Wisconsin-Stevens Point and the President of the University of Wisconsin System, the Board of Regents approves the amendment to the UW-Stevens Point Faculty Personnel Policies and Procedures.

- - -

ADDITIONAL RESOLUTIONS

Presenting Resolution 8752, Regent Davis remarked that the board's visit to the UW-Oshkosh campus had been a wonderful experience. She noted in particular the enthusiasm with which students and staff welcomed the board and the outstanding leadership by Chancellor Wells. The resolution was adopted by acclamation.

UW-Oshkosh: Resolution of Appreciation

Resolution 8752: Whereas, the Board of Regents is very pleased to have been invited to hold the October 2003 meetings on the beautiful campus of the University of Wisconsin-Oshkosh; and

Whereas, our visit has been enriched by an excellent tour of the newly renovated Halsey Science Center, with dedication of the impressive "Spark" sculpture planned for this afternoon; and

Whereas, informative presentations were made by UW-Oshkosh on “Student Learning in an Engaged Institution”; on “Community Collaboration – A Market Profile of UW-Oshkosh”; on the “Campus Development Plan”; and on “The UW-Oshkosh Strategic Plan: Engaging People and Ideas for the Common Good;” and

Whereas, it was a particular pleasure to visit with area legislators and community and university leaders at a special reception and to hear wonderful entertainment by talented student musicians and others; and

Whereas, members of the Board benefited from the opportunity to meet with student leaders at breakfast and talk with them about their priorities and concerns;

Therefore, be it resolved that the Board of Regents of the University of Wisconsin System hereby heartily thanks Chancellor and Mrs. Wells and the entire university community for an especially memorable and enjoyable visit.

- - -

UNFINISHED OR ADDITIONAL BUSINESS

Tour of Halsey Science Center

Regent Mohs observed that the tour provided the opportunity to see a fine example of efficient remodeling of a building and to visit two laboratories where exciting research is being conducted. He encouraged all regents to take advantage of such tours, which are both enriching and useful.

- - -

CLOSED SESSION

The meeting was recessed at 12:50 p.m. and reconvened at 1:00 p.m., at which time the following resolution moved by Regent Walsh and seconded by Regent Axtell was adopted on roll-call vote, with Regents Amato, Axtell, Bradley, Burmaster, Connolly-Keesler, Davis, Gottschalk, Marcovich, Mohs, Olivieri, Pruitt, Richlen, Rosenzweig, Salas, and Walsh (15) voting in the affirmative. There were no dissenting votes and no abstentions.

Resolution 8753: That, the Board of Regents recess into Closed Session, to consider appointment of an Interim Chancellor at UW-Milwaukee, as permitted by s.19.85(1)(c), *Wis. Stats.*, to consider Honorary Degree Nominations at UW-Madison, and to consider a Student Appeal of a UW-Madison decision, as permitted by s.19.85(1)(f), *Wis. Stats.*, to confer with Legal Counsel, as permitted by s.19.85(1)(g), *Wis. Stats.*

The Board arose from closed session at 2:00 p.m. having adopted the following resolutions.

UW-Milwaukee: Authorization to Appoint Interim Chancellor

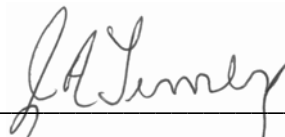
Resolution 8754: That, upon recommendation of the President of the University of Wisconsin System, Dr. Robert C. Greenstreet be appointed Interim Chancellor of the University of Wisconsin-Milwaukee, effective October 1, 2003, at a salary of \$205,232.

Request for Review of UW-Madison Decision

Resolution 8755: That the Board of Regents adopts the attached decision on the request for review of a UW-Madison decision.

Settlement with Department of Justice

The Board adopted a settlement with the Department of Justice regarding its September 2, 2003, meeting on a roll-call vote, with Regents Amato, Axtell, Bradley, Burmaster, Connolly-Keesler, Davis, Gottschalk, Marcovich, Mohs, Olivieri, Pruitt, Richlen, Rosenzweig, and Walsh (14) voting “yes” and Regent Salas voting “no”.



Judith A. Temby, Secretary

