

Minutes
Business and Finance Committee
Board of Regents of the University of Wisconsin System
December 9, 1999

The Business and Finance Committee met in Room 1511 Van Hise, Madison, at 10:30 a.m. Present were Regents Marcovich, De Simone and Gottschalk.

I.2.a. Closed Session to Consider Trust Fund Matters, as Permitted by s. 19.85(1)(e), *Wis. Stats.*

Upon the motion of Regent De Simone and the second of Regent Gottschalk, the Business and Finance Committee adjourned to Closed Session at 10:35 a.m., to consider Trust Fund matters as permitted by s. 19.85(1)(e), *Wis. Stats.*

The Committee recessed at 12:00 p.m., and reconvened in Open Session at 2:23 p.m. in Room 1920 Van Hise Hall in a Joint Session with the Physical Planning and Funding Committee, for an update on Y2K business interruption plans (see Physical Planning and Funding Committee Minutes). The joint meeting recessed at 2:43 p.m., and the Business and Finance Committee reconvened at 2:47 p.m. Present were Regents Marcovich, Axtell, De Simone, Gottschalk and Olivieri.

I.2.b. Approval of Minutes of the November 4, 1999, Meeting of the Business and Finance Committee

Upon the motion of Regent De Simone and the second of Regent Gottschalk, the Minutes of the November 4, 1999, meeting of the Business and Finance Committee were approved as presented.

I.2.c. Marketing and Revenue: UW Colleges

Assistant Chancellor Chris Forrest and Teri Venker, Assistant to the Chancellor for University Relations, presented information to the Committee on UW Colleges' enrollment and revenue management. Colleges began an active marketing program in 1997 after a severe downturn in enrollments. The program was based on market planning through market research. It included development of an institutional logo and slogan, "UW Colleges—The best start for the life you want." Marketing strategies and actions were developed to enhance awareness of the UW Colleges, leading toward target audience attitude changes and actions resulting in enhanced enrollments. The marketing plan has evaluation strategies built in.

The marketing program led to a turnaround in enrollments (22% increase in two years) and improved the institution's tuition revenue from a deficit situation to a strong positive position, leading to better service to the 13 communities served by the UW Colleges. The most significant results are that UW Colleges has become a data-driven institution, has developed a strong brand identity and is focusing on important target markets of traditional, nontraditional and online learners.

In response to questions from Regent Axtell, Assistant Chancellor Forrest indicated that distance education allows students to take classes they would not previously have been able to take because demand for the class was not great enough on a single campus. However, distance education allows a small number of students on several campuses to receive the classes they need by paying only one faculty member to conduct the class.

Regent De Simone stressed the need to be innovative in marketing classes, suggesting more emphasis be placed on going into factories and businesses near the campuses, determining education needs and conducting on-the-job training.

In response to questions from Regent Olivieri, Ms. Venker noted that distance education is a new trend and extremely competitive. The UW Colleges Web site has a self-test to assist in determining if prospective students are candidates for distance education, since it requires a student to be self-motivated.

I.2.d. Annual Broadcast Report

Senior Vice President Olien noted that the Board of Regents holds the broadcast licenses for 14 noncommercial educational broadcast stations located on UW campuses through Wisconsin—13 radio and one television station. Seven of the radio stations are Wisconsin Public Radio affiliates, and WHA-TV is affiliated with Wisconsin Public Television. Stations are staffed with UW faculty, academic staff and students, and not only produce and broadcast programs of educational and public service value to their listening and viewing communities, but they also serve as academic learning laboratories for UW journalism and mass communication students.

As licensee, the Board is accountable to the FCC for compliance with all statutory and regulatory requirements. The purpose of the annual report is to assure the Board that their broadcast stations are in compliance.

Significant television and radio activities in 1998-99 include:

- The FCC issued a permit to WHA-TV authorizing it to construct digital television facilities and to erect a digital television antenna.
- *The 30-Second Candidate*, a documentary Wisconsin Public Television produced for the Public Broadcasting System, won a national News and Documentary Emmy Award.
- *Safe Night USA* is a Wisconsin Public Television production. In June 1999, four million youth in 10,000 cities took part in *Safe Night USA* activities simultaneously with a PBS and Black Entertainment Television broadcast. *Safe Night USA* is credited as a key factor in a 60 percent drop in Milwaukee's juvenile homicide rate.
- In September 1999, the Board's Physical Planning and Funding Committee approved WUWM's (Milwaukee) request to lease studio space in the Plankinton Building at the Grand Avenue Mall in Milwaukee. The new lease consolidates WUWM's operations, enhancing the image of both the station and the campus in a highly visible downtown location.
- In April 1999, a late-spring ice storm in Duluth caused irreparable damage to the transmitter and tower facilities of KUWS in Superior. Since that time, KUWS has been broadcasting at reduced power under special FCC temporary authority. Using insurance settlement funds, KUWS and UW-Superior management are exploring options on tower locations that may allow KUWS to broadcast at increased height and, perhaps, increased power. KUWS expects to be back on the air at full power in the spring of 2000.
- Wisconsin Public Radio staff completed the preliminary work on the relocation of the WVSS transmitter in Menomonie. This station is currently located in the UW-Stout campus communications building slated for demolition.
- Although tower location opponents are appealing a circuit court decision allowing construction to move forward, plans are proceeding to establish student radio station WSUM (UW-Madison).

Regent Olivieri inquired on the status of the UW System retaining the broadcast licenses. Senior Vice President Olien responded that UW System very much values retaining the licenses and understands that the Board of Regents also strongly support the retention as well.

I.2.e. UW-Madison Intercollegiate Athletics Estimated Budget for 1999-00

Vice Chancellor Torphy noted that the Division of Intercollegiate Athletics of UW-Madison is required to submit its budget annually to the Department of Administration (DOA) and the Joint Committee on Finance (JFC) for approval, by December 1. In past years, the budget approved by the Regents at their June/July meeting has been the final budget of the Division. However, for the 1999-2000 fiscal year, the budget presented to the Regents was the budget approved by the Athletic Board in February 1999, before the still undetermined pay plan and then unknown tuition increases were approved. The review and approval of the Division's budget and spending authority cannot be completed by DOA and JFC unless and until that budget has been approved by the Board of Regents.

The proposed 1999-2000 budget and spending authority incorporates a 5.2 percent unclassified pay plan and a 2 percent classified pay plan. Expenditures for scholarships reflect the tuition increases approved by the Regents in October. The still undetermined pay plan may require further adjustments.

Two related items were noted. First, the proposed budget, spending authority and projected revenues are such that the Division projects a \$45,000 surplus in 1999-2000 rather than the \$600,000 deficit that was anticipated last spring. Second, the resolution of the JFC at its April 1999 meeting, which required the development of the Five Year Financial Plan, also indicated that the Division's final budget for the full 1999-2001 biennium should be submitted with the Five Year Plan. The transmittal letter explained the inability of doing so since actual pay plans have not been approved by the Legislature, and 2000-20001 tuition rates and the 2000-2001 budgets will be approved by the Regents at a later date.

Upon the motion of Regent Gottschalk and the second of Regent Axtell, the Committee approved Resolution I.2.e.

Resolution I.2.e.

That, upon the recommendation of the President of the University of Wisconsin System and the Chancellor of the University of Wisconsin-Madison, (1) the 1999-2000 budget of the Division of Intercollegiate Athletics be approved at \$47,113,070, and the spending authority from Fund 528 be approved at \$39,288,960; (2) the UW-Madison is authorized to adjust the budget and spending authority as may be necessary due to final pay plans approved by the state; and (3) the UW-Madison is authorized to transmit this budget, and such adjustments as may be necessary, to the Department of Administration and the Joint Committee on Finance.

I.2.f. Report of the Vice President**(1) Graduate Summer School Tuition Outside Plateau (Eau Claire)**

Chancellor Mash indicated that UW-Eau Claire's summer Graduate Program focuses primarily on Education, Business and Nursing students who hold full-time jobs, but can make significant progress toward a Master's degree or complete certifications or professional requirements during the summer months. Since September, Chancellor Mash and Vice Chancellor Satz have discussed the proposal with the Graduate Council, the Academic Affairs Commission of the Student Senate, and the President and Vice President of the Student Senate. Students, by a split vote, are opposing the proposal.

William Keeton, on behalf of the UW-Eau Claire Student Government, presented a petition signed by students currently in the Graduate program in Communications Disorders, which is the only graduate program required to take six credits during the summer and, therefore, will be affected negatively by the tuition increase.

In response to questions by the Regents, Chancellor Mash indicated UW-Eau Claire will generate about \$24,000 in additional tuition revenue that will be used to support the graduate courses, of which Education is clearly the largest. The intent is to keep their proposal identical to that of the other institutions which have had proposals approved.

Upon the motion of Regent De Simone and the second of Regent Gottschalk, the Committee approved Resolution I.2.f.(1).

Resolution I.2.f.(1)

That, upon the recommendation of the President of the University of Wisconsin System and the Chancellor of the University of Wisconsin-Eau Claire, beginning in the summer of 2000, allow the University of Wisconsin-Eau Claire to charge graduate students summer session per-credit for all credits taken.

(2) Rescind Guidelines for Use of System and Campus Allocation for Official Functions

Acting Vice President Durcan explained that, s. 20.285(2)(e) of the 1975-77 budget act provided that: “No general purpose revenues appropriated under this section may be used for entertainment by University of Wisconsin officials.” That prompted development of Financial Policy and Procedure Paper 6, issued October 29, 1975, and last revised June 3, 1997, which states that official functions budgets cannot be funded from GPR funds, but must be funded from Program Revenue (PR) funds.

The existing Regent Policy Document 73-14 dates back to 1973, and was never amended to incorporate the statutory provisions resulting from the 1975-77 budget act. However, UW System Financial Policy and Procedure Paper 6 was amended to incorporate the change. UW System institutions have been following the financial policy document and are in compliance with the Statutes. The proposed resolution rescinds the Regent policy that is no longer valid.

Regent Olivieri was not present for the remainder of the meeting.

Upon the motion of Regent Axtell and the second of Regent De Simone, the Committee approved Resolution I.2.f.(2).

Resolution I.2.f.(2)

That, upon the recommendation of the President of the University of Wisconsin System, the Board of Regents rescinds Resolution 562 and delegates to System Administration the promulgation of policy covering expenditures for official university functions consistent with state statutes.

(3) Allocation of 1000 Additional Student Enrollments for 2000-01

Associate Vice President Sell explained that the request before the Committee was to release funding of \$3.8 million from the Joint Committee on Finance, \$1 million of this funding, according to the Governor's veto message, is to enable Learning Innovations, the systemwide distance education entity, to work with campuses and the private sector to expand access by delivering courses online. \$2.8 million is to fund the required increase of 1,000 FTE students in fall 2000 over fall 1999. An amendment to the request, prepared with advice of staff in both System Administration and the Legislature, requests authorization of an additional 101 FTE faculty and staff to serve these additional students, rather than reallocating for that purpose from the 1% (183 FTE) GPR position authority received in the last budget. There is a systemwide GPR vacancy rate of less than 1%, and campuses are concerned about the ability to meet pent up needs. Ms. Sell stated that signals of support for this amended request have been received.

The allocation by campus is based on three factors: (1) institutions' ability to take new freshmen next fall in line with their growth plans under the next phase of enrollment planning (this means that the couple of institutions not planning to grow in 2001-07 will not add new freshmen next fall); (2) additional students who are moving through the pipelines as the result of larger freshman classes of the past year; and (3) a number of other factors, including new academic programs.

The 1,000 students will be accommodated as follows: 150 FTE through distance education efforts underway between Learning Innovations and UW-Platteville, UW Colleges and UW-Green Bay; 300 FTE at UW-Madison, as agreed in the veto discussions between the Governor and President Lyall; and 550 FTE at the Comprehensives and the UW Colleges. Of the 850 FTE, 225 will be new freshmen.

The State has acknowledged the need to fund additional access. The UW System is currently about 2,000 students over this year's target, and about 1,700 over the final EM III target for next fall. This legislation requires the System to increase enrollments by 1,000 freshmen next fall over current levels. This means that the System will be almost 3,000 over the fall 2000 final target. In effect, these 1,000 additional students will provide a jump-start on the next phase of enrollment planning, so that the System can continue to balance access with quality support per student.

The Joint Committee on Finance will act on the request and the amendment for staffing on December 21. Admissions officers are well into the recruiting season for next fall and will adjust to the new targets immediately upon JFC action.

Upon the motion of Regent Gottschalk and the second of Regent Axtell, the Committee approved Resolution I.2.f.(3).

Resolution I.2.f.(3)

That, upon recommendation of the President of the University of Wisconsin System, the Board of Regents approves the request to the Joint Committee on Finance to release \$3.8 million GPR to increase enrollments in the University of Wisconsin System by 1,000 additional students for academic year 2000-01, and to facilitate the work of UW Learning Innovations (LI).

I.2.f. Additional Items Which May be Presented to the Business and Finance Committee with Its Approval

There were no additional items to be presented at this time.

The Business and Finance Committee adjourned and the Audit Subcommittee convened at 4:04 p.m. Present were Regents Marcovich, De Simone and Gottschalk.

I.2.g. Audit Subcommittee

(1) Audit Status Report

Internal Audit Director Yates presented the status of twelve projects currently being conducted by the UW System Office of Internal Audit. All projects are on schedule and progressing well. With the completion of the audit of the UW-Madison Athletic Department, the only major audit work being done by the Legislative Audit Bureau is the annual statewide financial audit and the annual federally-mandated compliance audit.

(2) Program Reports

(a) Library Acquisitions

Internal Audit Director Yates reported that the Library Acquisitions Review identified that, until the 1999-2000 budget, which includes \$7.3 million for libraries, there had been no additional funds since 1990-91, resulting in a 58 percent decline in purchasing power for periodicals. The review found the UW System Libraries have implemented various cost-saving measures over the years, and several recommendations were made for additional cost saving opportunities.

(b) Faculty Recruitment and Retention

The Office of Internal Audit also recently concluded the Faculty Recruitment and Retention Review. This audit examined the extent to which data are available to document how salary levels affect the UW System institutions' ability to recruit and retain faculty members. The review found extensive anecdotal evidence of faculty recruitment and retention problems related to salaries but also found the need for systematic documentation of these problems. Recommendations were made to maintain written documentation of outside offers, conduct exit interviews with all departing faculty members and clearly document each problematic faculty recruitment effort.

The Committee discussed the importance of gathering accurate statistics for retention purposes, and directed Internal Audit to develop a standardized exit interview form for the institutions.

Upon the motion of Regent Marcovich and the second of Regent Gottschalk, the Audit Subcommittee unanimously endorsed a policy of directing institutions to conduct exit interviews on a formal basis.

The Business and Finance Committee adjourned at 4:20 p.m.

Donita R. Zintz, Recording Secretary