

**Minutes**  
**Business and Finance Committee**  
**Board of Regents of the University of Wisconsin System**  
**February 4, 1999**

Following an all-Regent meeting at 1:30 p.m. on Accountability Discussion and Distance Education Pricing Policies (see Education Committee Minutes), the Business and Finance Committee met in Room 327 of the University of Wisconsin-Extension Pyle Center, Madison, at 2:45 p.m. Present were Regents De Simone, Marcovich and Olivieri. Regents Orr and Smith were present for a portion of the meeting.

**I.2.a. Approval of Minutes of the December 10, 1998, Business and Finance Committee**

Upon the motion of Regent De Simone and the second of Regent Olivieri, the Minutes of the December 10, 1998, meeting of the Business and Finance Committee were approved as presented.

**I.2.b. UW-Extension Presentation: "Small Business Development Partnership with the Department of Commerce on International Trade"**

UW-Extension Assistant Chancellor Andersen welcomed the Committee to the Pyle Center and introduced Erica Kauten, Director of the Small Business Development Center.

Ms. Kauten introduced her co-presenters: Mary Regel, Administrator of the Division of International Development, Wisconsin Department of Commerce; and Rex Fuller, Dean of the School of Business Administration, UW-La Crosse, speaking via compressed video.

Ms. Kauten stated that the partnership with the Department of Commerce is a good example of the kinds of partnerships in which UW-Extension is engaged. Wisconsin is a leader in economic innovation, and the economic development agenda for the University meshes well with the State's agenda. The agenda includes reducing business costs, improving quality and shortening product cycle time. The agenda for Year 2000 includes generating new ideas, translating them into products and services and serving the global market. To measure Wisconsin's success, several benchmarks were established and Ms. Kauten focused on two of those: business creation and Wisconsin's exports. Wisconsin is lagging in new business development and had received an "F" for business development on the Corporation for Enterprise Development "Report Card for the States." Another area needing improvement is exporting. The partnership with the Department of Commerce is a result of the need to address what is happening with small businesses. In Wisconsin, 38% of businesses with over 500 employees are engaged in exporting, but only 2.6% of those under 500 employees export their products. The beginning of discussion between UW-Extension and the Department of Commerce focused on a report from the National Federation of Independent Businesses which said they want appropriate initial knowledge about exporting.

Ms. Regel talked about features of the partnership. The partnership began with agreement that Wisconsin businesses and workforce need a global vision. UW-Extension and the State also agreed that it is important that responsibilities be designated to avoid duplication of effort. They agreed to target small and medium-sized, nonagricultural businesses which are willing to commit resources to expanding into international trade. The partnership plays on the strengths of each organization, with a goal of helping businesses get into exporting and to create jobs through counseling and technical assistance, including international trade missions and trade shows.

Dean Fuller noted that the UW-La Crosse Small Business Development Center serves a seven-county area and assists small businesses in assessing their readiness for entering the international market.

There are over 70 firms in Western Wisconsin involved in international trade. The UW-La Crosse College of Business Administration is currently developing an international business major and developing international internships and study abroad. The long-term goal is to develop an international educational living and learning center.

Regent De Simone commended UW-Extension and the Department of Commerce for this partnership.

### **I.2.c. UW-Madison Annual Research Report**

Dean Virginia Hinshaw of the UW-Madison Graduate School, reported that research support figures for 1997-98, without compensating for some delay in processing at the end of the fiscal year, showed an \$11 million increase over 1996-97; the majority of that increase was in the non-federal area. The majority of the funding (approximately 70%) was from federal support. Three agencies—the Department of Health and Human Services (NIH), National Science Foundation (NSF) and the Department of Energy (DOE) accounted for 78% of the federal dollars. (The delays mentioned above will result in additional federal support showing up in 1998-99.)

In comparison with other institutions, UW-Madison continues to do well in funding support and the outlook for this fiscal year is even brighter. Currently, UW-Madison is running about \$40 million ahead of last year at this time, with the majority of the increase coming from federal support, particularly the Department of Health and Human Services. Some of that increase, however, reflects the processing delay noted above.

New hiring initiatives and new facilities becoming available are critical in maintaining competitiveness as a research leader. It is important to realize that states similar to Wisconsin, including Midwestern states in the Big Ten, are already engaged in investing significantly in faculty and facilities. UW-Madison is appreciative of Regent support in helping with hiring and building initiatives.

The most notable research breakthrough this year was the research by Dr. James Thomson in isolation and maintenance of human embryonic stem cells. This work holds great promise for the future in understanding developmental biology, responses of cells to different drug therapies and, potentially, generating tissues to replace diseased or damaged tissues in humans. Federal funding for this type of research is still on hold; NIH has indicated that the research is eligible, but they have not yet actually approved support.

The Wisconsin Distinguished Graduate Fellowship Program is a new initiative, since graduate students are key to UW-Madison's research activity. UW Foundation, WARF and the Graduate School, along with all of the schools and colleges, are engaged in building a \$200 million endowment for graduate school fellowships. WARF is serving as the source of half of the endowment so that donations to this effort through the Foundation are supplemented by WARF to provide fellowships now for students. During the first year, which just ended, over \$12 million was raised because of the generosity of alumni, and this has established 62 new fellowships in areas ranging from German to Biotechnology to Music to Political Science.

### **I.2.d. Annual Broadcast Report**

Senior Vice President Olien stated that the University's public broadcasting stations represent one of the most accessible, effective and constant avenues for serving millions of Wisconsin citizens throughout the State each day. Wisconsin Public Television, of which WHA-TV is the flagship, reaches more than 790,000 viewers each week; and Wisconsin Public Radio serves over 300,000 listeners weekly.

The UW Board of Regents is licensee to 13 radio and one television station, which are located on most of the campuses around the state, and staffed with UW faculty, academic staff and students. As

licensee to these stations, the Regents are charged with assuring that the stations are in compliance with the statutory and regulatory requirements of the Federal Communications Commission. Regent Boyle and Senior Vice President Olien represent the UW on the Wisconsin Educational Communications Board.

In the fall of 1997, the Legislature established the Commission on Public Broadcasting and charged it to study the State's public broadcasting organizations and make recommendations which would ensure the continuation of their broadcasting and educational services. Regent Boyle represented the interests of the UW System on the Commission, which issued its report in June 1998.

The Commission's prevailing view was that Wisconsin's public broadcasting services should continue to serve the State, but that the enterprise should be restructured to afford greater flexibility to face its future funding challenges. The Commission issued a statement of three guiding principles for any restructuring efforts: (1) preservation of State funding to ensure continued access, programming and technological transitions; (2) access and financing for educational programming; and (3) a reasonable timeframe for a transition.

### **I.2.e. Annual Financial Report**

Associate Vice President Durcan began her presentation by talking about trends in sources and uses of funding for the UW System. She reported that, over the past ten years, there has been a dramatic shift in the relative proportion of funding provided by the six major sources of current operating funds. State support made up 41% of current operating funds ten years ago and is now only 36%. The difference has been picked up by gifts, donations and endowments which has risen from 5.6% to 8.5% and student fees, remissions and compacts which increased from 19.4% of the total to 21.7%.

State appropriations have grown from over \$600 million to almost \$900 million over the ten-year period. However, when adjusted for inflation, that revenue today is only worth \$.8 million more than ten years ago, or a 0.1% increase.

During 1997-98, 78% of current funds expenditures was directed for the primary missions of instruction, research and public service and related academic support, student services and financial aid. Only 5.2% was spent on administration or institutional support.

The total growth in university controlled endowments has more than tripled over the ten-year period to a fair market value of \$282 million. The increase represents a growth of 225% in nominal dollars and 132% in inflation-adjusted dollars. Total return on the portfolio in 1997-98, including capital appreciation, was 19.2%. Not included in this amount are funds held by outside trustees, totaling \$124 million as of June 30, 1998.

Associate Vice President Durcan pointed out the three financial statements prescribed for public institutions of higher education: a balance sheet, a statement of changes in current funds balances and a statement of current funds revenues, expenditures and other changes. She reminded the Committee that the financial statements do not include the accounts of the UW Hospitals and Clinics Authority which, pursuant to an act of the State Legislature, began operating on June 29, 1996, as a separate public authority. She also noted that endowment and similar funds are now reported at fair market value in accordance with GASB #31.

Vice President Bromberg commented that there was a special footnote this year that the Government Accounting Standards Board required. Governmental entities had to make certain disclosures in their financial statements about Year 2000 readiness; subsequently, the American Institute of Certified Public Accountants recommended that auditors provide qualified opinions of the statements since they cannot confirm steps mentioned in the footnote are adequate to manage Year 2000 transition. Thus, the UW System, State of Wisconsin and State of Wisconsin Investment Board have all received opinions from the Legislative Audit Bureau relating to Year 2000. Vice President Bromberg asserted that the UW System will be prepared to cross the Year 2000 boundary.

**I.2.f. Differential Tuition Proposal****(1) UW-Stout Access to Learning Initiative**

Chancellor Sorensen presented UW-Stout's Access to Learning Initiative. UW-Stout students, faculty and staff are committed to preserving and enhancing their educational processes through the application of active learning principles. That commitment has prepared students well for the work world. However, increasing costs and reduction in State support has made it more difficult for UW-Stout to maintain its "hands on, minds on" educational opportunities for all students. Therefore, they are proposing raising tuition for all students. The new rate for resident and nonresident undergraduate tuition will be 5% higher than the new 1999-2000 academic year resident and undergraduate tuition rate resulting from the biennial budget process. Resident and nonresident graduate student tuition will increase by 5% of the resident graduate student rate. The estimated tuition income from the proposal is conservatively estimated at \$850,000 annually. The funds will be used to serve both undergraduate and graduate programs through funding of additional graduate assistants, student help, services and supplies, equipment and, to a minor extent, permanent personnel. Discussions are still underway with students and faculty as to how the funds will be allocated; however, it is anticipated that the additional funds will be spent 70% on classroom projects, laboratory experiences and service activities; 18% on work experience programs; and 12% on the Early Childhood Laboratory.

Chancellor Sorensen introduced Henry Tyler, Student Senate President, and Laura Fletcher, Graduate Student Council President. The Stout Student Association, in consultation with the student body, initiated and unanimously voted to support the request. He also introduced Assistant Chancellor Moen and Interim Vice Chancellor Sedlak, both of whom had worked hard on both this initiative and the following agenda item.

Upon the motion of Regent Olivieri and the second of Regent De Simone, 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-Stout, the UW-Stout differential tuition of 5% for resident and non-resident undergraduate students based on resident undergraduate tuition rates and 5% for resident and non-resident graduate students based on resident graduate tuition rates, beginning in 1999-2000 and using the new rates that result from the biennial budget process, be approved, and incorporated in the 1999-2000 UW System annual budget and tuition schedule.

**(2) UW-Stout Customized Programs, Certificates and Courses**

Chancellor Sorensen indicated that UW-Stout proposes charging market rates for customized programs, certificates and courses developed to meet the needs of business and industry. The offerings will be highly compatible with the mission of UW-Stout, but will be driven by market demand and delivered to professionals in the field. Typically, the courses will be provided in alternate timeframes, i.e., summer, evenings and/or weekends, and will not detract from instruction provided to the core student population of the university. The intent will be to serve business and industry by providing timely training and professional development opportunities to refresh, upgrade or provide new skills and knowledge. Companies may send their employees to UW-Stout for the offerings, or they may be provided at the company site,

possibly using asynchronous delivery methods. Certifications or certificates may be awarded. Since the offerings will not be marketed to the existing core student population, the university anticipates they will generate student credit hours and tuition revenue beyond its existing tuition revenue target.

Regent Orr commended UW-Stout for this initiative. Regent Olivieri expressed interest in hearing a follow-up report at a future meeting.

Upon the motion of Regent Orr 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 and the Chancellor of the University of Wisconsin–Stout, the UW-Stout differential tuition flexibility to determine and charge market rates for customized programs, certificates, and courses for which credit will be awarded, beginning in 1999-2000, be approved, and incorporated in the 1999-2000 UW System annual budget and tuition schedule.

### **I.2.g. 1999-2001 Compensation Distribution Guidelines**

President Lyall noted that, pursuant to s.36.09(1)(j), *Wis. Stats.*, the Board of Regents establishes salaries for faculty, academic staff and university senior executives prior to July 1 of each year for the next fiscal year. As the first year of the biennium approaches, because of the legislative timetable, the Board is generally without a pay plan and budget at the time it needs to make decisions concerning compensation for the coming year. However, the authorization to proceed with planning for 1999-00 salary adjustments under general guidelines will permit completing required merit evaluations prior to July 1 in a manner that permits conversion of the evaluation results to compensation adjustments. This allows salary obligations to be honored effective July 1, 1999, even if the budget bill is not enacted until after that date. The guidelines are intended for use in both years of the biennium. In preparing the recommendation, President Lyall consulted with the Chancellors and the Systemwide Compensation Advisory Committee, composed of faculty and academic staff.

President Lyall noted some differences in the 1999-2001 guidelines from those of the 1997-99 biennium. The first provision is that the faculty salary minimum would be increased by the amount of the pay plan. A second provision sets minimum promotion provisions. Provision 8 sets no less than a \$500 promotion adjustment for assistant professors, \$750 for associates and \$1,000 for full professors. These are extremely modest promotion premiums in the current market, which should be adjusted upward in the future.

Consistent with past direction from the Board, the proposed distribution plan recognizes merit/market and solid performance factors. The plan guidelines provide that not less than one-third of total compensation be distributed on the basis of merit/market and not less than one-third be distributed on the basis of solid performance. The remaining one-third may be used to address these and other compensation needs with appropriate attention to pay compression. The reference to compression was added to give more attention to this issue in the salary review process. This plan is different in that it is recommended that the Chancellors have the discretion to use half of one percent of the pay plan increase to address other compensation needs. If the University receives the 5.2% pay plan, one-half percent could be used for discretionary needs and 4.7% would be allocated through regular campus distribution rules.

In response to a question by Regent De Simone regarding a letter from an academic staff member who was opposed to giving this discretion to the Chancellors, which had been distributed to Regents

during the joint session, President Lyall stated that some faculty and academic staff believe that Chancellors should not have the type of discretion she is recommending in the pay plan. They would prefer that allocation should be determined entirely by the governance process of voting on distribution rules. However, the governance process is not addressing the compression problems for full professors. President Lyall added that, if the biennial pay plan is very low, she will revisit this recommendation with the Chancellors; the intent is not to take a big bite out of a very small pay plan. Regent Olivieri asked President Lyall to respond to procedural issues raised by the faculty/academic staff letter. She responded that all usual procedures to insure input had been followed. Regent Smith added that he did not like having opposition letters distributed at the last minute, and that he believes this is an excellent provision.

The General Compensation Distribution Plan and Guidelines are attached to these minutes as Exhibit A.

Upon the motion of Regent De Simone and the second of Regent Smith, the Committee approved Resolution I.2.g.

### **Resolution I.2.g.**

That upon the recommendation of the President of the University of Wisconsin System, the 1999-01 General Compensation Distribution Plan and Guidelines (Exhibit A) be approved. If changes are required as a result of actions by either the Joint Committee on Employment Relations or legislation, the Executive Committee, in consultation with the System President is authorized to act on these changes.

### **I.2.h. 1999-01 WHEG Formula Recommendations**

President Lyall stated that s.36.11(6)(c), *Wis. Stats.*, requires that the UW Board of Regents recommend a Wisconsin Higher Education Grant (WHEG) allocation formula to the Higher Educational Aids Board (HEAB) by April 10 of each year. After recommendations are made, HEAB has final authority in setting the formula and must do so by May 1. Regent Randall represents the Board on HEAB.

A separate formula exists for dependent and independent or self-supporting students. The formulas rely on the federal needs analysis that measures how much of a student's/family's resources are available to help meet educational costs.

Using two formulas produces a significant difference in the maximum and average awards. Dependent UW System students who were WHEG recipients received average awards of \$964 in 1997-98, and independent students received average awards of \$795, while maximum awards were \$1,510 and \$1,101 for dependent and independent students, respectively. In 1998-99, the maximums are \$1,510 and \$1,250, respectively. Not only does the current methodology produce an inequity between dependent and independent student award amounts, but it fails to support dependent students with significant need, while awarding grants to independent students of relatively low need.

A WHEG Advisory Council, consisting of three Financial Aid Directors, three students and System staff, was formed in 1996, to make WHEG formula recommendations to the UW System President. Over the past year, the Council has considered changes to the formula, including eliminating the distinction between dependent and independent students and basing WHEG awards on one equity level for all students. The Council concluded that there is no longer justification for a two formula system. Recent changes to the federal needs analysis have eliminated areas of uneven treatment between dependent and independent students.

UW System Financial Aid Directors and the United Council have indicated a need to correct the inequities of the current system. In addition, the Higher Educational Aids Board meets at the end of this month, and approving grant formula proposals in February allows HEAB time to implement the changes

for award allocations in the fall. However, HEAB staff have indicated that significant formula changes may not be possible the first year of the biennium due to programming priorities for Y2K.

Regent Olivieri inquired why the State has the current system, and Assistant Vice President Peters replied that, when WHEG was instituted, college enrollment was mostly dependent students. Regent Marcovich added that the program started shortly after World War II and there was a need to assist servicemen who were returning to school and had families to support.

Regents Orr and Smith were not present for the remainder of the meeting.

Upon the motion of Regent De Simone and the second of Regent Olivieri, the Committee approved Resolution I.2.h.

**Resolution I.2.h.**

That, upon the recommendation of the President of the University of Wisconsin System, the Board of Regents recommends implementing a single formula for dependent students and independent students for allocation of WHEG dollars. The Board authorizes its transmittal to the Higher Educational Aids Board as directed by section 36.11 (6)(c), of the Wisconsin Statutes.

**I.2.i. Report of the Vice President**

**(1) Gifts, Grants and Contract Quarterly Report and Change in Institutional Reporting**

Vice President Bromberg reported that total gifts, grants and contracts for the six-month period ending December 31, 1998, were \$402.2 million, an increase of \$43.1 million from the comparable period of the previous fiscal year. Federal awards increased \$41.5 million while non-Federal awards increased \$1.6 million.

Vice President Bromberg noted that, in September 1997, the Board changed the reporting requirement for gifts, grants and contracts from detail monthly reporting to summary monthly reporting to the Vice President for Finance. Each institution now submits a monthly summary of gifts, grants and contracts to System Administration. Since this new reporting mechanism began, System Administration has not received any requests for monthly information.

In order to reduce the reporting required by the institutions, it is recommended that: the institutions submit the summary on a quarterly basis, rather than monthly, in a format prescribed by System Administration; the Business and Finance Committee continue to receive a quarterly report of gifts, grants and contracts activity; and the institutions have a mechanism in place to provide ad hoc monthly totals, if requested by the Board or System Administration.

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

**Resolution I.2.i.(1)**

That, on the recommendation of the President of the University of Wisconsin System, Regent Resolution #7548, approved by the Board on September 5, 1997, be rescinded; and that the following revised resolution be approved effective immediately:

That any of the following corporate or administrative officers of the University of Wisconsin System—Secretary, Assistant Secretary of the Board, the President, any Vice President and any administrative officer or administrative assistant designated by the President of the University of Wisconsin System—is authorized to sign:

1. Proposals, agreements, contracts and contract supplements for research work or any other purposes upon approval of the project by the President or any Vice President of the University of Wisconsin System or the appropriate chancellor or designee with the following extramural entities:

United States Government, any of its agencies or departments, any state or municipality or any agency or department thereof, or any nonprofit organization.

2. Certifications, releases, inventory reports and other documents as required by the government in connection with the termination of the contracts with the federal government for research and educational services furnished by the University of Wisconsin System.
3. Applications, notices, bonds and other instruments required by the federal government in connection with matters relating to federal laws and regulations for the purchase and use of tax-free alcohol in the laboratories of the University of Wisconsin System.
4. Purchase orders and other instruments required by the federal government for the procurement of narcotics for use in laboratories of the University of Wisconsin and in University Hospitals.
5. Grants, contracts, leases and agreements with private-profit making organizations, with the understanding that those in excess of \$500,000 require formal acceptance by the Regents prior to execution.
6. Royalty agreements with the University of Wisconsin Press.
7. Transactions of the University of Wisconsin System's employe savings bond accounts.

A summary of grants, contracts, leases and agreements, including royalty agreements with the University of Wisconsin Press, will be reported ~~monthly~~ quarterly to the Vice President for Finance.

## **(2) UW-Superior – Follow-up to Summer School Tuition for Graduate Students**

Vice President Bromberg stated that, in February 1998, the Board of Regents approved a summer session differential tuition pilot at UW-Superior that discontinued the plateau tuition rate for summer graduate students in favor of a summer session graduate per-credit rate for all credits taken. Also at that time the Board asked for an evaluation of the summer session pilot.

In the 1998 summer session, 164 students enrolled for six or more credits, a 23% increase over the 1997 summer session. These students generated 321 credit hours that were billable under the per-credit tuition initiative and generated approximately \$59,000 in additional tuition revenue for UW-Superior. The additional tuition funding was used to support eight more summer session course offerings and general support of both undergraduate and graduate programs.

System Administration recommends eliminating the pilot status of this per-credit tuition initiative and allowing other UW System institutions to charge graduate students summer session per-credit tuition for all credits taken.

Chancellor Erlenbach added that the Student Senate did not support this recommendation, with the opposition coming from undergraduate students. Only graduate, professional students were affected, none of whom indicated dissatisfaction with the tuition schedule and, in fact, enrollment increased in the courses from the prior summer.

John Grabel, President of the United Council, addressed the Committee, speaking in opposition to the program. The UW-Superior Student Council is requesting that the program remain in pilot status until more research on student reaction can be completed. Mr. Grabel noted that the UW System is not a burden to the State, but rather it is an investment, and suggested the State be asked to provide its share of support. He noted, also, that there are currently eleven differential tuition programs throughout the UW System and noted that students often feel they are left out of the decision making process. He asked that the Committee develop greater consistency in how differential tuition programs are approved at the institutions before being presented to the Board.

Regent Marcovich stated that he had talked informally with students and encountered no opposition to the program. He noted that most of the participants in the program were elementary teachers who were receiving some funding to take the courses.

President Lyall asked if there would be a negative impact by extending the pilot another year. Vice President Bromberg responded that other institutions have requested a similar differential tuition and have been put off until this pilot was completed.

Regent Olivieri expressed concern that the opposition had not been clearly stated in materials presented to the Board. He suggested that Regents be given more information and that the item be brought back to the Committee next month.

Regent Olivieri moved that Resolution I.2.i.(3) be amended to strike the phrase "and allow other UW System institutions to charge graduate students summer session per-credit tuition for all credits taken." Regent De Simone seconded the motion, which passed unanimously.

Upon the motion of Regent De Simone and the second of Regent Olivieri, the Committee approved Resolution I.2.i.(3), as amended.

**Resolution:**

That, upon the recommendation of the President of the University of Wisconsin System, eliminate the pilot status of the UW-Superior Summer Graduate Differential Tuition, beginning in the summer 1999, ~~and allow other UW System institutions to charge graduate students summer session per-credit tuition for all credits taken.~~

Vice President Bromberg noted that there had been a full discussion of the item last year, and apologized that the materials had not included more background information for the new members of the Committee.

**(3) University of Wisconsin Medical Foundation Proposed Bylaw Changes**

Vice President Bromberg noted that the University of Wisconsin Medical Foundation (UWMF) is required to submit any changes in its bylaws to the UW-Madison Chancellor and the Regents for consideration prior to the time they become effective. On December 15, 1998, the UWMF approved bylaws changes relating to the compensation process. These changes will help ensure that the

Foundation's compensation decisions are free from any suggestion of private insurance. They also respond to recent IRS regulations.

Upon the motion of Regent De Simone and the second of Regent Marcovich, the Committee approved Resolution I.2.i.(3). Regent Olivieri abstained.

**Resolution:**

That, upon the recommendation of the President of the University of Wisconsin System and the Chancellor of the University of Wisconsin-Madison, the changes to the University of Wisconsin Medical Foundation (UWMF) Bylaws made by the UWMF Board of Directors on December 15, 1998, relating to the compensation process, be approved.

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

There were no additional items submitted to the Committee.

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

Upon the motion of Regent De Simone and the second of Regent Olivieri, the Business and Finance Committee adjourned to Closed Session at 4:38 p.m., to consider Trust Fund matters as permitted by s.19.85(1)(e), *Wis. Stats.*

The Business and Finance Committee adjourned at 4:55 p.m.

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Donita R. Zintz, Recording Secretary

BUSINESS AND FINANCE COMMITTEE

Resolution:

That upon the recommendation of the President of the University of Wisconsin System, the 1999-01 General Distribution Plan Guidelines for unclassified staff be approved as follows:

- (1) Each chancellor is directed to proceed with faculty and academic staff salary evaluation using a suitable evaluation system the results of which can be converted to a salary, once the pay plan is known. The salary review should be conducted in accordance with the performance standards outlined in Recommendation #9 of the 1992 Report of the Governor's Commission on University of Wisconsin Compensation. A record of the evaluation judgments shall be made before July 1, as provided in s.36.09 (1)(j), Wis. Stats.
- (2) The 1999-01 compensation adjustments for faculty, academic staff, and university senior executives shall be provided such that not less than one-third of total compensation shall be distributed on the basis of merit/market and not less than one-third of the total compensation plan shall be distributed on the basis of solid performance. The remaining one-third pay plan allocation may be used to address these and other compensation needs with appropriate attention to pay compression. The chancellor has the discretion to use one-half of one of the percentage points of the pay plan increase to address other compensation needs. [Notice: If the UW System receives additional revenue to supplement the approved pay plan, the Board will establish distribution procedures for those funds that address market short fall by faculty rank, innovative, collaborative program delivery and exceptional performance in support of institution goals. If such additional funding not provided in the 1999-01 budget, institutions are advised that these factors will be addressed in the Board's 2001-2003 pay plan distribution guidelines.]

Merit/Market determinations for faculty should be based on a systematic performance evaluation program which identifies positive contributions by the faculty member to teaching, research, public service and/or the support functions inherent in the institution's mission. Assessment of teaching faculty shall include consideration of student evaluations (Regent Policy Document 74-13, October 4, 1974).

Merit/Market determinations for academic, limited and other unclassified staff shall be based on a systematic performance evaluation program which allows supervisory assessment of meritorious performance in their areas of assigned responsibility.

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

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- (3) Any and all compensation adjustments must be based on performance; across-the-board compensation adjustments not based on merit are prohibited. At a minimum, continuing staff who have performed at a satisfactory level shall be entitled to a compensation adjustment from funds set aside to recognize solid performance, except when an employment contract or administrative practice holds to the contrary.
- (4) Each institution will be required to submit its plans for distribution of the compensation adjustments to System Administration for approval before implementation can be accomplished. System Administration is directed to return any institution distribution plan not in compliance with the Board guidelines to the involved chancellor for corrective action by the faculty. Implementation of faculty pay adjustments shall be deferred until a distribution plan meets the Board's guidelines.
- (5) Unless otherwise specified by executive/legislative action, the effective dates for the payment of the 1999-01 pay plan rates will be July 1 each year for annual basis employees, the start of the academic year for those on academic year appointments, and other dates as set by the chancellors for persons with appointment periods commencing at times other than July 1 and the beginning of the academic year.
- (6) Each year the systemwide faculty salary minima shall be increased by the full amount of the pay plan and rounded to the nearest hundred dollars. For Category B research and instructional academic staff, the Board authorizes the continuation of the current policy linking titles to the faculty salary minima based on percentage relationships approved in the 1994 Gender and Race Equity Study. Salary ranges for Category A academic staff and university senior executives will be established in accordance with the pay plan approved by the Joint Committee on Employment Relations. Unless otherwise provided by law, the Board approves adjusting the Category A salary ranges by the full amount of the pay plan.
- (7) Base salaries shall not be less than the salary minima or pay range minimum. The salary increase shall not move the base salary above the academic staff salary range maximum and, if applicable, the state executive salary group maximum, whichever is less. Unclassified staff who are currently paid above the maximum shall be eligible for a salary increase of up to half of the amount by which the salary ranges have been adjusted.
- (8) Salary adjustments for promotion in faculty rank shall, on an academic year basis be no less than \$500 for promotion to assistant professor, \$750 for promotion to associate professor, and \$1,000 for promotion to professor. Institutions may set policies on adjustments for promotions on an annual basis appointment, consistent with these minima.

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- (9) Each institution shall receive funding for the full amount of the pay plan authorized for 1999-01. The funding allocation shall be distributed as soon as possible after final approval of the pay plan by executive/legislative action and after the distribution plan is approved by System Administration as being in compliance with these guidelines.
- (10) Each institution shall complete its actions on stipend schedules for non-represented graduate assistants prior to July 1 and shall establish a factor for adjustments, which can be applied expeditiously to determine stipend increases. Stipend schedules for each graduate assistant category shall be separately established.
- (11) The Board affirms the delegated authority of the President of the System to establish individual salaries at or below the Group 6 maximum of the State Executive Pay Plan for 1999-01 within state policy and the funds appropriated for that year. Appropriate annual budget documentation will be reported to the Regents for information,
- (12) The Board directs that any mandated pay plan adjustments applied to individuals in the State Executive Pay Plan and others above the Group 6 maximum shall be effective on the dates determined in the executive/legislative review. If the Regent's meeting schedule does not afford an opportunity for timely action by the full Board, the Board authorizes the Executive Committee of the Board, in consultation with the System President, to approve any discretionary salary adjustments effective for 1999-00. Appropriate information shall be provided to all members of the Board.
- (13) Compensation actions related to the unclassified pay plan and delegated to the chancellors shall be completed in accordance with statutory requirements, legislative intent and Regent's policy and shall be reported to the President of the System by August 1, or within three weeks after the approval of the unclassified compensation plan, whichever is later, to make possible the preparation of payrolls and reporting to the Board of Regents.

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