

Minutes
Business and Finance Committee
Board of Regents of the University of Wisconsin System
December 7, 2000

The Business and Finance Committee met in Room 1820 Van Hise Hall, Madison, at 1:10 p.m., with all Regents invited. Present were Regents Alexander, Axtell, Boyle, De Simone, Gottschalk, Gracz, James, Krutsch, Marcovich, Mohs, Olivieri, Randall, Schneiders and Smith.

I.2.a. 2001-03 Unclassified Pay Plan Recommendation

President Lyall reviewed the process used to make biennial pay plan recommendations for unclassified faculty and academic staff. Pay plans for classified staff are bargained by the Department of Employment Relations (DER) with the relevant unions.

Normally, in November of the even years, the Board of Regents makes a pay plan request for faculty and academic staff to the Secretary of the Department of Employment Relations, following s. 230.12(3)(e), Wis. Stats. This year, it is being presented in December to allow the Board to act on the Distribution Guidelines at the same time.

The Secretary's recommendation is to be based on 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 . . ."

While, in the past, the Secretary's recommendation for UW System faculty and staff has most often been the same as that bargained with the classified employees, in recent years, the Secretary has recommended different pay plans for some groups of other state employees (attorneys, scientific and technical personnel, etc.). It is appropriate that the particular needs of university faculty and unclassified staff be put forward in this same context and reasonable to hope that the Secretary will consider this data from the Board in making his recommendations to the Joint Committee on Employment Relations (JCOER) this spring.

The DER Secretary typically makes his recommendation to JCOER in March or April; JCOER holds hearings on the Secretary's recommendations, and the JCOER action is final in time to make pay plan adjustments effective with the start of the fiscal year, July 1.

Within the UW System, The President consults with a systemwide Compensation Advisory Committee which reviews background economic indicators for the state, data on salaries at peer institutions, and advises on related matters, such as whether to request a single unclassified pay plan for faculty and academic staff, or separate plans. The Advisory Committee also reviews matters related to salary compression, turnover, and hiring experiences in order to provide advice on aspects of pay plan distribution, as well.

The review used data adjusted for the cost of living in Wisconsin compared to other states. Overall, these comparisons show that UW System faculty salaries have made up considerable ground as a result of two 5.2% pay plans and are now only 2.06% below the market.

At all UW institutions, the need to hire junior faculty at market (or slightly above) has caused compression at the senior ranks. The Board drew attention to this phenomenon in its Distribution Guidelines for the campuses last biennium and provided a .5% discretionary allocation for each

chancellor to address this problem. A recommendation will be made to continue this practice in the distribution guidelines for 2001-03.

Overall, academic staff salaries are below the market. Despite these differences in shortfall from market, it is the advice of the systemwide Compensation Advisory Committee to make a single unclassified pay plan request (not separate requests), based on the faculty data.

President Lyall made one modification to the computation used in past biennia: in prior biennia, projections were based on the assumption that peer institutions would increase their pay plans at about the rate of inflation. In fact, this has proven to be a poor assumption about half the time over the past decade and particularly in recent years when peer pay plans have risen substantially more than inflation.

The systemwide Compensation Advisory Committee has also urged that the AAUP national faculty data, in addition to the benchmark for peers using a regional comparison for the UW System's Comprehensive universities. This recommendation was also made by the Governor's Task Force on Compensation as part of a larger package back in 1992.

The computation for 2001-03 is therefore a blend of these two approaches designed to transition the UW System from the old methodology based on inflation to a new method based on national peer increases as follows:

2000-01 shortfall	2.06%
plus: estimated peer pay plans at average of inflation & AAUP	
for 2001-2002	3.2%
for 2002-2003	<u>3.2%</u>
	8.4% midpoint or 4.2% each year

It is anticipated that, beginning in 2003-05, the UW System would move completely to the computation based on the AAUP national peer average; however, the Compensation Advisory Committee will look again at this in light of the experience of the coming two years.

Several factors make this a conservative estimate:

- (1) This is based on a projection that peer pay plans will be between 2.8% and 3.7% (the average increase paid in 1999-2000). However, a number of Midwest and other states continue to invest heavily in their higher education institutions so it is possible that this assumption may fall short of actual peer experience over the next two years.
- (2) While competitive pressures for faculty and tight labor markets for skilled academic staff are immediate, the needed increases, are being spread over two years of the biennium. This asks our employees to wait to catch up to the market, even though other institutions are paying market wages today.

It is important to recognize that the salaries of unclassified staff are "split funded," 46% from state funds, 21% from tuition, and 33% from grants, contracts, and other external sources. These proportions shift as overall budget decisions are made, so it is premature to say for sure how much a 4.2% pay plan would impact tuition. It is reasonable to say, however, that if the state fully funds its share of the 2001-03 state pay plans for both classified and unclassified employees, this pay plan recommendation would not increase tuition above average rates for the past decade. Resident undergraduate tuition has been frozen this year, giving students a break.

Section 20.865(1)(c), Wis. Stats., stipulates that the state shall fund the cost of any difference between the state pay plan and the federal pay increases authorized for UW-Extension personnel under the Smith Lever Act up to a maximum of 3%.

President Lyall also provided the Board with Distribution Guidelines for the campuses to use in determining their procedures for allocating the campus pay plan to individuals. In the past, the Board has issued these guidelines in February, but it would assist the governance processes on the campuses if the guidelines were available for use immediately with the start of the new year.

The proposed Guidelines are very similar to those adopted for 1999-2001. They require:

- At least one-third of total compensation be allocated on basis of merit/market, one-third on basis of solid performance, and the remaining one-third be used to address these and other needs including salary compression.
- Up to 10% of the pay plan each year can be earmarked for discretionary use of the chancellor to meet special compensation needs such as shortfall by faculty rank, and to reward innovative and collaborative program delivery and exceptional performance in support of institutional goals. (Last biennium, the Guidelines set aside .5% of a 5.2% pay plan for the chancellors' discretion. The intent here is the same, but is expressed as 10% of the pay plan so the Board will not have to amend the Guidelines if the final pay plan is different from the request. The special factors enumerated above were also included in the 1999-2001 Guidelines with a notation that they might also be included in 2001-03).
- Each institution is instructed to submit its pay plan distribution rules to UW System Administration for approval before implementation to ensure that campus allocations are in compliance with the Board Guidelines.
- These Guidelines also authorize increasing the pay ranges for academic staff by the full amount of the pay plan, whatever it turns out to be.
- The Guidelines also establish new minimum increases to accompany promotions in faculty rank. In almost every case, institutions are paying these premiums or more for promotion, but these minima are a reminder that maintaining a reasonable salary structure requires an increase with promotion.

Regent Axtell asked if, with 40 percent faculty retirement, turnover, and new hires brought in at a higher pay rate, the Regents can expect the pay plan demands to continue to become greater. President Lyall agreed that it would.

Regent Schneiders asked whether the pay plan would boost tuition. President Lyall responded that if the state would fund the 65 percent, it would not lift tuition beyond the average increases that have been seen over the past decade. President Lyall also noted that there is better strength in solidarity with one pay plan for faculty and academic staff, rather than a split plan between the faculty and academic staff.

Regent Boyle noted that the faculty and academic staff are the foundation of a university, and this is a modest pay plan request, so the Board should show its support for the pay plan.

Regent Krutsch asked about the one-third merit/market, one-third performance, one-third other factors compensation allocation split, and whether the latter third is at the chancellor's discretion. President Lyall responded that the purpose of the latter third is to give more discretion to each institution to assess their local situation and tailor the allocation according to their circumstances.

Ray Spoto, President of TAUWP, noted that competition for employees is national, and even international, including private, independent colleges and the private sector. The current rate of inflation is underestimated. The October 1, 1999, to October 1, 2000, cost of living increase is 3.4% according to the U.S. Bureau of Labor Statistics. If 3.4% were used instead of 2.8%, The UW would be required to raise the salary request by a few tenths. The error is compounded by using the Halstead Index, which went defunct in 1995, and is not used anywhere else in the country. In every instance, using the Halstead Index results in a decrease in meeting the salary need of faculty and academic staff. The use of the Halstead Index has resulted in an increase of somewhere between .5% and 1% in salary every year. There are upward pressures on salaries nationally. Under the recommended salary proposal, little headway will be made to reduce compression. No issue is more pervasive in lowering faculty morale and in increasing the feeling that a loyalty tax is levied against those who dedicate their lives to teaching in Wisconsin. TAUWP repeats the request that the UW System adopts a national peer group for the Comprehensive Universities, and the UW Universities should be paid at UW Comprehensive salary levels. The pay gap compared to

other professions has increased. Fringe benefits such as tuition remission for families of all UW employees, dental and eye insurance can be another means of remaining competitive.

Frank Emspak, President of United Faculty and Academic Staff AFT Local #223, addressed some aspects of the pay plan other than just the money. First, they do not support linking tuition to faculty salaries. Second, academic staff represents an important intellectual resource. Finally, he noted the importance of retention and job security. Currently, when a professor receives a letter of non-renewal for financial reasons, they basically lose their rights. To ease this burden, a “bridge fund,” available for them to stay employed and find training until they find other employment, would be a very important part of the pay plan to maintain morale and retention.

William Keeton, Academic Affairs Director, United Council of University of Wisconsin Students, Inc., noted that throughout the past few biennia, faculty salaries have been funded by students at a higher rate than the 65/35 GPR/Fees split. This split has been supported by students across the state who have continued to recognize the importance of competitive salaries in attracting the high quality professors who are vital to education. However, students are concerned that they will be asked to continue to support an increasing percentage of this split in this biennium and biennia to come. While the students of our system do support faculty pay increases, these increases should be split fairly between the state and the students. Students urged the Board to join with them and other community leaders to advocate for the UW System while not balancing the budget on the backs of the students.

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

Resolution I.2.a.

That 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 requests a 4.2% salary increase each year of the 2001-03 biennium for faculty, academic staff, and university senior executives in order to obtain competitive market salaries by the end of the biennium. The Board further directs the UW System President to transmit to the Department of Employment Relations Secretary, currently available information on unclassified salaries for UW System peer institutions and related economic indices on which this request is based.

Further, pursuant to s. 20.865(1) (cj) Wis. Stats., the state be asked to fund the cost of any difference between the pay plan provided by the federal government under the Smith Lever Act and the pay plan for UW-Extension employees, up to a maximum of 3%.

Further, that the Department of Employment Relations Secretary be asked to recommend to the Joint Committee on Employment Relations, that academic staff salary ranges be increased by up to the full amount of the pay plan each year of the biennium.

Further, that the Department of Employment Relations Secretary be asked to recommend to the Joint Committee on Employment Relations, that university senior executive salary ranges be adjusted to reflect the Board of Regents

executive salary structure which establishes a midpoint of the salary range at 95% of the peer median and sets the salary range at 90% and 110% of that midpoint.

Finally, that the President forward to the DER Secretary staff benefit improvements recommended by the UW System Fringe Benefits Advisory Committee.

Regent Barry joined the meeting at this time.

I.2.b. 2001-03 General Compensation Distribution Plan and Guidelines

President Lyall noted that she reviewed the Distribution Plan and Guidelines in her previous remarks, and if there were any questions, she would answer them at this time. She also noted that, by adopting the resolution now, it could get out to the campuses at the start of the new year, and get the evaluation merit review process in motion.

Upon the motion of Regent Gottschalk and the second of Regent Boyle, the Committee approved Resolution I.2.b.

Resolution I.2.b.

That upon the recommendation of the President of the University of Wisconsin System, the 2001-03 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.c. Management Flexibility

(1) Report on Continuing Appropriation Authority

Assistant Vice President Harris noted how the UW System has been able to utilize one of the major flexibilities granted during the last biennial budget process. Last year, the state of Wisconsin converted the appropriation for academic tuition into a continuing appropriation. This provides the institutions the ability to spend tuition money as it is received.

When a student pays tuition to attend an institution, that institution knows that it can spend those funds to serve the needs of the student. In the past, the University system was limited to spending the amount in the legislative budget plus the cost of pay plan. There was no authority to spend any tuition revenue that was received from additional enrollments above this amount without going to the Joint Finance Committee.

The UW System is now in an enrollment growth mode. This flexibility will allow the UW System to better serve our additional students, knowing that funds they provide will be available to cover the cost of providing services.

Wisconsin Act 9, the 1999-2001 biennial budget bill, requires the UW System to submit a report of tuition expenditures above the amount provided in the budget bill for 1999-2000 by December 15. These expenditures have been divided into three categories: compensation related, enrollment related and special fee programs.

The compensation related category includes expenditures for pay plan items. The funding for this item would normally have had to be approved by the state, even though it represents only expenditures related to Department of Employment Relations approved pay plan increases. Because of the continuing appropriation, this funding no longer needs to be approved and released by the Department of Administration; it can be expended during the year as salary costs are incurred.

The second item, enrollment related expenditures includes funding generated by additional student enrollments at institutions, new programs such as the Madison MBA program and tuition amounts generated by Regent approved differential tuition programs.

The third item, special fee programs, includes some small tuition programs that generate revenue such as the University courses in high school.

In total, the UW System expended \$36.5 million dollars above the amount of in the biennial budget bill for 1999-2000. Next year, it is anticipated the report will include more new programs that are targeted to adult and non-traditional students such as the recently approved Masters of Management program at UW-River Falls. With Board approval, this report will be forwarded to the Legislature by December 15, 2000.

Regent Barry noted that the UW System made progress in the last budget, but if there is one issue that really needs attention, it is position control. The UW System is the only Big 10 University with such control, and the UW System needs to be set free from position control.

Upon the motion of Regent Smith and the second of Regent Randall, the Committee unanimously approved Resolution I.2.c.(1).

Resolution I.2.c.(1)

That, upon recommendation of the President of the University of Wisconsin System, the Board of Regents approves the 1999-2000 Continuing Appropriation Report for submission to the Legislature.

(2) Past and Possible Delegation from Board and System to Institutions

Assistant Vice President Sell noted that, at its November 2000 meeting, Regent Krutsch asked the Chancellors to suggest possible flexibilities that are in the power of the Board and System Administration to delegate to the institutions. Nine of the fifteen Chancellors responded.

The Chancellors responded with three categories of suggestions: 1) flexibilities which the Board and System Administration have the authority to delegate; 2) additional suggestions for future requests for State statutory delegations; and 3) other comments.

Other general comments provided by the Chancellors were:

- UW System Administration staff regularly involves campuses in its decision making process and listens to campus concerns.
- System Administration has provided those flexibilities to the campuses, which are within its authority to delegate.
- We feel that the Board and System have, in recent years, delegated many flexibilities to the campuses that have significantly increased the ability to manage campus operations.
- Above all, the GPR position flexibility requested from the State is essential to serving more students, traditional and adult.

The Chancellors have suggested ten flexibilities that require either Board or System Administration action. Of these, the first two have been accomplished, food service signatures and filling senior academic administrative positions. One will be implemented immediately, moving from a percent to an actual figure for smaller campuses' enrollment targets. Six are either in progress or under discussion at the present time.

They are: modifying the ACIS 5.4 policy on provision of credit continuing education for credit to make it seamless with continuing appropriation, insurance for students studying abroad, credit cards for tuition, eliminating tuition plateaus, auxiliary management by simplifying the complexity of the relevant individual policies, and procurement card use for travel. The tenth item is intrinsic to the Regents' Enrollment Management 21 policy and the maintenance of appropriate support per student. It is to make the Bullseye II tuition revenue policy less restrictive. It will not be changed at this time. However, it will be evaluated during EM-21 relative to its success in achieving our goals.

The Chancellors have also suggested four flexibilities that require outside approvals. System Administration will discuss two of them with DOA. These are increasing the travel and invoice audit threshold, and making a maximum threshold for small capital projects. The remaining two will be considered in future biennial budget developments. They are campus coordination of construction projects, and increasing the dollar threshold for contracts requiring the Governor's signature.

Regent Olivieri commented that it is difficult to determine whether the UW System is doing well with flexibilities, and that there should be a qualitative aspect to the reporting of flexibilities. There should be a way to measure or develop standards to show whether flexibilities are being used effectively as soon as possible.

(3) Position Flexibility

Interim Senior Vice President Thibodeau introduced four chancellors who discussed position control and flexibility. He noted the need to stay informed and act rapidly on the issue.

UW Colleges Chancellor Messner noted their institution's role to better serve and broaden access to higher education, and that UW Colleges is growing. He noted three examples where position control limits their ability to allocate resources, and serve students: 1) adult students need access to night and weekend classes, but the institution does not have the ability to serve them; 2) the first joint UW/Technical College venture; and 3) distance education where deans are reluctant to release faculty.

UW-Stevens Point Chancellor George noted that position control inhibits distance education and non-traditional students, and listed three examples: 1) students ability to attain four-year degrees at collaborative two-year campuses; 2) education majors that don't have faculty for math and science degrees; and 3) learning communities.

UW-Eau Claire Chancellor Mash noted the need to exclude graduate assistants and project assistants from the position control count.

Regent Olivieri gave a hypothetical example of an institution building an extra program generating extra incoming tuition, noting that it does not make sense for the institution's hands to be tied from using the extra tuition to fund that very program.

UW-Stout Chancellor Sorensen noted: 1) the strong classroom lab needs of UW-Stout requiring more graduate and assistant hiring; 2) UW-Stout becoming a laptop institution, requiring release time for training; 3) the need to serve the adult student market; and 4) fluctuations in enrollment requiring reallocation of full time employees.

I.2.d. State's Fiscal Condition

State Budget Director Richard Chandler reported that the economy continues to be healthy, but oil prices and the flat stock market make the state's economic prognosticators cautious. He noted the \$127 million net ending carryover balance for the biennium, but also noted the \$574 million structural deficit due to current year spending exceeding current year revenues. For the next biennium, revenue growth is estimated at 8% and 7.3% for fiscal years two and three, respectively. This is viewed as good, and due to the good projections from the economy. The pressures on these revenues are school aids, corrections, medical assistance, compensation increases, and debt service increases. Because of these budget pressures, the state will be far from able to meet all budget requests, and meeting these needs

will be challenging. He noted that the statutorily required 1.2% ending balance is too low a margin for safety, a 3-5% ending balance would be preferable, with some states having up to a 10% ending balance. He also noted the GAAP deficit of \$900 million. In summary, the resources are somewhat limited, but the last budget was good. Some of the pressures for the upcoming biennium are due to the last budget, but the Executive Budget Office will work with UW System leadership to make use of limited resources for a good budget this biennium.

Regent Krutsch asked why there was a larger structural deficit than usual, and State Budget Director Richard Chandler responded that it was due to political reasons. There have been years of a growing economy resulting in a large ending balance, which, in turn, leads to greater spending increases and tax cuts. These are drawing down revenues, and resulting in a larger structural deficit. He also noted the difficulty of the second year of the biennium, where the budget is stretched thin.

Regent Axtell noted that there really is not a “balanced budget” every year since there is a structural deficit carried forward. State Budget Director Richard Chandler responded that the statutory definition says that as long as there is a positive ending balance at the end of the biennium there is a balanced budget over a period of years.

The Committee recessed at 2:50 p.m. and reconvened in a joint session with the Physical Planning and Funding Committee to participate in discussion on the Long Range Facility Maintenance Plan; 2001-03 All Agency Funds; and UW-Madison Utility Capacity Problems and Solutions. Details of that discussion are included in the Minutes of the Physical Planning and Funding Committee.

The Committee then reconvened at 3:45 p.m. Present were Regents Marcovich, Gottschalk, De Simone and Krutsch.

I.2.f. E-Business in Higher Education

Robert Kvavik, Associate Vice President, University of Minnesota presented during the lunch hour, and instead of presenting again, opened the meeting for questions.

Regent Krutsch asked how institutions get around the differing cultures when trying to be entrepreneurial, and make e-business work at a university. Robert Kvavik noted the importance of the Board, Chancellors, and the President being advocates of e-business. It is also helpful to engage the academic side to rethink how they do business and how they teach courses, and get these powerful tools in the hands of professors.

I.2.g. WARF View on Venture Capital

Mark Baer, Director of Investments at the Wisconsin Alumni Research Foundation (WARF), discussed venture capital and private equity, two sectors of the alternative asset categories. Venture capital typically is limited partnerships, pre-public, high technology companies, or what might be termed the new economy companies. Whereas private equity would be financed through management buyouts and leveraged buyouts, or what might be termed the old economy companies. Two reasons WARF entered the area are: 1) to have a window on the technology; and 2) pure return. Returns are 50% on an annualized basis for five years, which was heavily weighted by the 155% return last year. It has given exceptional returns recently, but with the recent swoon in the NASDAQ, it raises some red flags for the future. Returns on these funds take longer to realize because of heavy fees in the first few years. These funds have an average ten-year life with up to three one-year extensions possible. It is extremely difficult to get into the top groups of funds, so there is a need to diversify by stage, industry, geography, and time. It is difficult to hit asset allocation targets because the takedowns or distributions cannot be timed very well. Also, the risk of adverse selection of funds is very great because the difference between the best

and worst funds is very high. Venture capital and private equity are good for endowments and foundations because they have long term investment horizons. Fund-to-fund investing may be an answer for the UW System Trust Funds because of three benefits: 1) more access to high demand funds; 2) diversification; and 3) administrative efficiency. The major disadvantage of fund-to-fund investing is the extra layer of fees.

Regent Krutsch asked whether the big increase in the number of funds and amount of money going into these funds would result in a greater percentage of poor funds in the future. Mr. Baer noted that there is the risk of too much money chasing too few returns, but there are a number of established venture capital funds, and the time horizon of these funds are very long which reduces the risks.

The Committee agreed to modify the agenda to go into closed session at this time to allow the Trust Fund speakers to meet with the Committee because of their flight arrangements.

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

Upon the motion of Regent Gottschalk and the second of Regent De Simone, the Business and Finance Committee adjourned to Closed Session at 4:05 p.m. Present were Regents Marcovich, Gottschalk, De Simone, and Krutsch.

The Committee then reconvened in open session at 4:20 p.m. Present were Regents Marcovich, Gottschalk, De Simone and Krutsch.

I.2.e. Approval of Minutes of the November 9, 2000, 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 9, 2000, meeting of the Business and Finance Committee were approved as presented.

I.2.h. Report of the Vice President

Vice President Durcan noted that she did not have anything to report at this time.

I.2.i. Additional Items Which May Be Presented to the Business and Finance Committee with its Approval

No items were presented at this time.

The Business and Finance Committee adjourned and the Audit Subcommittee convened at 4:25 p.m. Present were Regents Marcovich, De Simone, and Gottschalk. Regents Krutsch and Olivieri were also present.

I.2.j. Audit Subcommittee

(1) Status Report

Director Yates provided a brief overview of the major projects the Office of Internal Audit is conducting, noting that all projects are proceeding as planned. The Office is conducting reviews of campus implementation of Regent policies.

Regent Krutsch noted that it would be useful to review studies of the Office of Internal Audit at the time the Board is considering the policy. The Board could make better decisions on policy changes if the studies were presented at that time.

Director Yates noted that there are auditors at each campus, performing audits that the Office of Internal Audit is not doing, such as cash audits. The Office of Internal Audit works with campus auditors to identify at-risk or core audit areas to make sure these are being completed.

In the area of outside audit activities, Director Yates reported that the Legislative Audit Bureau is conducting several projects in the UW System: 1) work has begun on the federally-mandated annual audit, and the statewide financial statement audit is nearly completed; 2) a review of UW-Madison's Division of Information Technology has been completed and will be released soon; and 3) work has begun on a statutorily-required review of the lease and affiliation agreements between the Board and University of Wisconsin Hospitals and Clinics.

Regent Krutsch asked what triggered the audit of the UW-Madison campus information technology. Director Yates replied that the Legislative Audit Bureau wanted to cover technology areas of payroll and expenditures processing, to give assurance that the technologies in those areas are functioning properly.

(2) Programs and Policies on Student Alcohol Use

Internal Audit Director Yates reported that studies during the past six years have shown that a higher percentage of UW System students have engaged in binge drinking compared with other students nationally. The objectives of the review were to determine the status of the UW System's efforts to address problems related to student alcohol use and to identify activities or programs that might serve as models for future efforts.

Internal Audit found:

- 1) The Board of Regents policy on alcohol use was passed in 1985 and needs to be revised and updated. There has been growing concern about binge drinking since then. Also, in 1985 the drinking age was 18, and 95 percent of UW students were of legal drinking age. Today, the percentage is reduced to 54 percent.
- 2) Funding for alcohol abuse prevention efforts is a significant concern among UW System institutions. The most recent new GPR funding was in FY 1989-91 for a total of five alcohol and drug abuse coordinators.
- 3) The UW System has adopted a wide variety of efforts to address student alcohol use and abuse. These efforts are generally consistent with approaches being tried at other higher education institutions. These include a) awareness and education programs, b) environmental and targeted approaches which attempt to influence students' behavior or offer alternatives to drinking, c) enforcement and discipline, and d) assessment, counseling and treatment.
- 4) Evaluating programs to identify successful approaches has received limited attention, both here and nationally, and needs strengthening by the UW System institutions. Institutions should also share information about successful approaches.
- 5) Higher education institutions throughout the country have implemented strategies to reduce student alcohol use and abuse. The program review identifies some of these strategies and recommends that the UW institutions consider emerging strategies and approaches as they plan their future efforts.

A UW Systemwide Alcohol and Other Drug Abuse Committee is planning strategies that will address some of the recommendations in the review.

The Audit Subcommittee adjourned at 4:50 p.m.

Eric Engbloom, Recording Secretary