

Minutes
Business and Finance Committee
Board of Regents of the University of Wisconsin System
November 6, 2003

The Business and Finance Committee met at 2:31 p.m. in room B1A in the Lowell Center, UW-Madison. Present were Regents Bradley, Connolly-Keesler, Gottschalk and Rosenzweig. Regent Vice President Walsh was also present.

a. Approval of minutes of October 9, 2003 meeting of the Business and Finance Committee

Upon the motion of Regent Gottschalk, and the second of Regent Rosenzweig, the minutes of the October 9, 2003, meeting of the Business and Finance Committee were approved as presented.

b. Executive Salary Ranges

Regent Bradley noted that UW System President Lyall sent a memorandum to Regent President Marcovich asking that the Board suspend discussion on executive compensation. The memorandum listed her reasons for the decision, and the reasons have been reported to the press. Regent Bradley stated that there would be no discussion on this agenda item.

c. Return to Wisconsin Tuition Program

Vice President Debbie Durcan noted that this resolution would allow UW System campuses to begin a "Return to Wisconsin" pilot program that would offer a 25 percent discount on tuition for nonresident students who are children or grandchildren of UW alumni at participating campuses. The following institutions have expressed an interest in piloting the program beginning in fall 2004: UW-Eau Claire, UW-Green Bay, UW-La Crosse, UW-Oshkosh, UW-Parkside, UW-River Falls, UW-Stevens Point and UW-Whitewater. The pilot would run three years after which the UW System Administration would evaluate its effectiveness and offer recommendations to the Board regarding whether the program should be made permanent, modified, or discontinued. Participating institutions will collect relevant information about individuals attending their institution under this program.

Regent Connolly-Keesler asked how this program would affect diversity in the student body. Vice President Durcan noted that the pilot students would be in addition to the enrollment management plan targets, and campuses would be responsible for maintaining their targets for diversity. John Wiley, Chancellor, UW-Madison, noted that UW-Madison is not taking part in the pilot. However, for UW-Madison, the percentage of minority students on campus with parents who are alumni is the same as the percentage of non-minority students with parents who are alumni. This suggests that the "Return to Wisconsin" pilot would not hinder diversity efforts. Jack Miller, Chancellor, UW-Whitewater, noted that UW-Whitewater's 4,500 alumni living in Illinois are more diverse than UW-Whitewater's alumni living in Wisconsin.

Regent Bradley stated that, with the diminishing resources of the UW System, the UW System and institutions need to clearly communicate that this program will not unseat Wisconsin resident students. Vice President Durcan stated that because these students would pay more than the full cost of their education, the program could provide the UW System with additional dollars to educate students from Wisconsin. UW-Green Bay Chancellor Bruce Shepard noted that the current limitation is not on availability of seats in classrooms, it is on the availability of revenue.

Regent Walsh asked whether institutions will hold "Return to Wisconsin" students to the same academic standards as all other applicants, and expressed that institutions be prepared to prove that this is the case. Vice President Durcan noted that "Return to Wisconsin" students would be held to the same academic standards.

Regent Vice President Walsh asked for further clarification on the non-resident students who would qualify for the pilot program. Vice President Durcan stated that non-resident students would qualify for the pilot if the alumnus is their biological or legal parent, biological grandparent or legal guardian.

Regent Gottschalk expressed concern that 8 of 13 campuses are participating, making this a very large pilot. Also, Regent Gottschalk asked what would happen to students enrolled with the pilot program if the program is discontinued after the third year. Virginia Helm, Interim Chancellor, UW-Stevens Point, noted that this pilot will have a positive impact on the relationship with UW-Stevens Point alumni. Also, the three year test period is what makes this a pilot program. Regent Bradley noted that the UW System will have a richer pilot with more campuses participating. Vice President Durcan noted that students who have, in good faith, enrolled in the pilot should continue to be given the 25 percent discount through graduation.

Upon the motion of Regent Gottschalk, and the second of Regent Connolly-Keesler, the Committee approved Resolution I.2.c.

Resolution I.2.c.

That, upon recommendation of the President of the University of Wisconsin System, the Board of Regents approves the "Return to Wisconsin" program offering discounted tuition to non-resident children and/or grandchildren of alumni at self-selected pilot institutions beginning in fall 2004.

d. Trust Fund Issues

(1) Acceptance of Bequests over \$50,000

Assistant Trust Officer Doug Hoerr noted that Regent policy provides that individual bequests of \$50,000 or more will be brought to the Business and Finance Committee so that they can, via resolution, be formally accepted and recognized by the President, Board, and appropriate Chancellor if to a specific campus. The resolution of acceptance, recognition, and appreciation will then be conveyed, where possible, to the donor, the donor's family, and other interested parties.

Mr. Hoerr noted that the Albert U. Anderson Revocable Trust bequeathed \$100,000 to UW-Madison. Albert U. Anderson was born October 23, 1915 in Pottsville, Pennsylvania and graduated from UW-Madison with a B.A. in Economics in 1938. He moved to the Miami area in 1946, where he completed his business and accounting education at the University of Miami. He became a career accountant and CPA, and opened his own accounting business which he ran successfully for many years in Coral Gables.

Assistant Trust Officer Hoerr stated that the Margaret E. Draves Estate bequeathed 50 percent of the estate to the School of Human Ecology, UW-Madison. UW-Madison has received approximately \$130,000 from this estate. Margaret E. Draves died December 25, 2002 at the age of 95. She received a B.S. in Home Economics from UW-Madison in 1933.

Mr. Hoerr noted that the Maurice F. Neufeld Estate bequeathed 50 percent of the estate to UW-Madison for the Integrated Liberal Studies program for such use as the Director and faculty of the Program deem best. UW-Madison has received a partial distribution of \$1,350,000 to date from this estate. Maurice F. Neufeld was born October 27, 1910 in Washington, D.C. and died on April 10, 2003 in Ithaca, New York. Mr. Neufeld received a B.A., as well as Masters of Arts and Ph.D. degrees in History from the University of Wisconsin. After college, Neufeld taught, did labor organizing, and worked for New Jersey's state planning board, followed by service as New York State's Deputy Commissioner of Commerce. During World War II, he was Director of the Bureau of Rationing for New York and chaired a Federal Advisory Council of Defense planning committee before serving in the U.S. Army as an executive officer of the allied military government in Italy. After the war, Neufeld became one of the founding faculty members of the Industrial Labor Relations School at Cornell University. He

was a teacher and mentor to Cornell students for 35 years as well as a scholar on comparative labor movements. In 1998, Cornell announced the creation of the Maurice and Hinda Neufeld Founders Professorship in Industrial and Labor Relations in recognition of their significant contributions to the University. During his student years at Wisconsin, Neufeld was a member of Alexander Meiklejohn's Experimental College and counted that experience as one of the most important in his life.

Regent Bradley asked whether the Trust Office or institution receiving the gift sends acknowledgement to the living relatives of the donor. Mr. Hoerr noted that the Trust Office sends a copy of the resolution acknowledging the gift to family members on record, and the campus Chancellor or department sends out written acknowledgement as well.

Upon the motion of Regent Vice President Walsh, and the second of Regent Rosenzweig, the Committee approved Resolution I.2.d.(1).

Resolution I.2.d.(1)

That, upon the recommendation of the President of the University of Wisconsin System and the Chancellors of the benefiting University of Wisconsin institutions, the bequests detailed on the attached list be accepted for the purposes designated by the donors, or where unrestricted by the donors, by the benefiting institution, and that the Trust Officer or Assistant Trust Officers be authorized to sign receipts and do all things necessary to effect the transfers for the benefit of the University of Wisconsin.

Let it be herewith further resolved, that the President and Board of Regents of the University of Wisconsin System, the Chancellors of the benefiting University of Wisconsin institutions, and the Deans and Chairs of the benefiting Colleges and Departments, express their sincere thanks and appreciation to the donors and their families for their generosity and their devotion to the values and ideals represented by the University of Wisconsin System. These gifts will be used to sustain and further the quality and scholarship of the University and its students.

e. Committee Business

(1) Annual Gifts-In-Kind Report

Vice President Durcan stated that Wisconsin Act 50, s.20.907(1m), requires each State agency to annually submit a report to the Joint Committee on Finance (JCOF) and the Department of Administration (DOA) listing in-kind contributions. Ms. Durcan noted that the UW System does not assign values to gifts-in-kind.

Upon the motion of Regent Connolly-Keesler, and the second of Regent Gottschalk, the Committee approved Resolution I.2.e.(1).

Resolution I.2.e.(1)

That, upon recommendation of the President of the University of Wisconsin System, the Annual Gifts-In-Kind Report be accepted for transmittal to State Officials.

(2) Quarterly Gifts, Grants, and Contracts

Vice President Durcan stated that total gifts, grants and contracts for this period were \$394.0 million, an increase of \$35.9 million from the comparable period of the previous fiscal year. Federal awards increased \$15.2 million and Nonfederal awards increased \$20.7 million.

(3) Annual Sick Leave Report

Susan Chamberlain, Director, Staff Benefits and Payroll Policy, UW System, stated that in 1987 the State legislature established a cap on the amount of unused sick leave that can be converted annually by faculty and academic staff to pay for group health insurance upon retirement. Faculty and academic staff earn 12 days of sick leave per year. However, the annual conversion of sick leave credits is capped at 8.5 days for those with annual (52-week) appointments and 6.4 days for those with academic year (39-week) appointments. The sick leave cap does not apply to classified staff. The cap can be waived for an institution if it meets certain conditions. These conditions have been satisfied because the UW System's sick leave accounting system for faculty and academic staff is comparable to the system used by the Department of Administration (DOA) for state employees in the classified service, the administrative procedures for crediting and use of earned sick leave is on a standard comparable to a scheduled 40-hour work week, and the UW System annually reports on its sick leave accounting system to the Board of Regents.

Ms. Chamberlain noted that during fiscal year 2003, faculty and teaching academic staff used an average of 1.1 sick days, and non-teaching academic staff used an average of 3.3 sick days. These results are within the normal range of experience over the prior 15 years. The sick leave conversion program is a benefit to all state employees, and a valuable tool for recruitment and retention of faculty and staff.

(4) Annual Broadcast Report

David Olien, Senior Vice President for Administration, UW System stated that the Board of Regents of the UW System is the licensee of fourteen non-commercial educational broadcast stations, thirteen radio and one television, located throughout the state of Wisconsin. There are ten stations that operate as "student" radio stations; of these, six are affiliated with Wisconsin Public Radio (WPR). Both Wisconsin Public Radio (WPR) and Wisconsin Public Television (WPT) are run by UW-Extension in coordination with the Educational Communications Board.

Mr. Olien noted that WRFW-FM at UW-River Falls received a Public Telecommunications Facilities Program (FTFP) grant. The new equipment, including transmitter, antenna, transmission line, and studio-transmitter link, has been received and installed.

Regent Vice President Walsh asked what components make up the operating budget of WHA-TV, and what happens if private donations fall short of their goal. Senior Vice President Olien noted that the total of \$10.3 million is composed of \$6.6 million in gifts, grants and contracts and \$3.7 million in GPR and fees. Byron Knight, Director of Broadcasting and Media Innovations, UW-Extension, noted that if gifts, grants and contracts fall short of their goal, GPR dollars do not make up the shortfall, and programs would have to be cut. However, UW-Extension budgets accurately to ensure there is no discrepancy between actual and budgeted costs.

Senior Vice President Olien noted that the WPT program "Wisconsin Stories," a program where Wisconsin veterans of World War II tell their stories, has generated extraordinary interest, and a second part of the program will be broadcast in the future.

f. Report of the Vice President

Vice President Durcan noted that the Legislative Audit Bureau (LAB) administrative audit of the UW System may be ready for release in mid-December. Ms. Durcan noted that she reiterated to LAB the UW System's desire to have them present the audit findings to the Board of Regents.

Ms. Durcan stated that at the October meeting, the Board recommended faculty and academic staff salary increases of up to four percent as funding was available in the compensation reserve. The Director of the Office of State Employment Relations, Karen Timberlake, recommended to the Joint Committee on employment Relations (JCOER) a zero percent increase in the first year and a one percent increase in Fiscal year 2005. This was approved by JCOER on October 21.

Vice President Durcan noted that there are implications for the Board of Regents in the investigation of Strong Funds and the EdVest program. Governor Doyle has granted permission for the College Savings Board to hire outside counsel to conduct a legal audit to determine whether investors were injured and what mechanisms are in place to prevent this from recurring. Ms. Durcan noted that Strong Funds is also one of the investment options for participants in the university's tax shelter annuity program.

Ms. Durcan stated that the UW System and the Division of Vocational Rehabilitation (DVR), within the Wisconsin Department of Workforce Development, have reached an agreement on the funding level for fiscal 2004 for disabled students. That amount, \$329,500, is one-half the funding the UW received last year, and continues a steady decline which will mean additional cuts at UW institutions.

Vice President Durcan commented that the Legislature's Joint Committee on Finance approved the UW System Auxiliary Reserve Plans for 2003-04, which had been presented to the Board in September.

g. Additional items which may be presented to the Committee with its approval

No additional items were presented to the Committee.

The Business and Finance Committee recessed at 3:35 p.m., and adjusted the order of the agenda items to accommodate speakers waiting to address the Committee at the Public Forum on Trust Fund Investments.

i. Public Forum on Trust Fund Investments

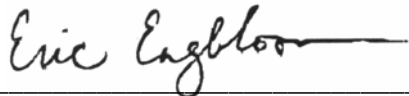
The Business and Finance Committee reconvened at 3:36 at the Lowell Center, Room B1B. Present were Regents Bradley, Connolly-Keesler, Gottschalk and Rosenzweig. Regent Vice President Walsh and Regent Richlen were also present.

The Committee heard from four speakers who asked the Board to be more active in following its guidelines on social responsibility and to consider proactive screening of companies. The speakers hoped the Board would take a more active role in divestiture in the future, especially in companies doing business in Burma as well as Tyson foods.

h. Closed session to consider trust fund investments as permitted by s. 19.85(1)(e), Wis. Stats.

Upon the motion of Regent Connolly-Keesler, and the second of Regent Rosenzweig, the Business and Finance Committee adjourned to Closed Session at 4:35 p.m. Present were Regents Bradley, Connolly-Keesler, Gottschalk and Rosenzweig. Regent Vice President Walsh and Regent Richlen were also present.

The Business and Finance Committee adjourned at 5:10 p.m.



Eric Engbloom, Recording Secretary