

Minutes of the special meeting of the Board of Regents of the University of Wisconsin System: November 14, 1986. 1986

Madison, Wisconsin: Board of Regents of the University of Wisconsin System, 1986

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Special Board
11/14/86

MINUTES OF THE SPECIAL MEETING

of the

BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM

Madison, Wisconsin

Held in the Clarke Smith Room, 1820 Van Hise Hall
Friday, November 14, 1986
2:30 p.m.

- President Weinstein presiding -

PRESENT: Regents Clusen, Fish, Flores, Gerrard, Hanson, Hassett, Heckrodt, Knowles, Lyon, Nikolay, Schenian, Schilling, Vattendahl and Weinstein

ABSENT: Regents Finlayson, Grover and Lawton

This special meeting of the Board of Regents followed a meeting of the Business and Finance Committee, with all regents invited, at which Resolutions 3680-3684 were presented and discussed.

✓ Executive Pay Plan -

Assignment of UW System Positions to State Executive Salary Group, R 3680

Adoption of Resolution 3680 was moved by Regent Schenian and seconded by Regent Schilling. *pp1-2*

Resolution 3680: That, following consideration of President Shaw's memo to the Business and Finance Committee regarding "assignment of UWS positions to State Executive Salary Groups (SESG)," the following recommendations be adopted for changes in the SESG assignment process and that the recommendations be presented for consideration along with the 1987-89 Biennial Budget proposal.

(X ref) Compensation - (same)

(X ref) Salaries - (same)

1. The specific assignment of the position of President, University of Wisconsin System, to State Executive Salary Group 10 under s. 20.923(4), Wis. Stats., would continue as provided under current law.

2. The Board of Regents be given authority to assign positions currently under ss. 20.923(4), (5) and (8), Wis. Stats., to Executive Salary Groups 1 through 10 and establish the limitation that none of the salaries of these positions may equal or exceed the salary of the President of the University of Wisconsin System.

Although he favored the concept embodied in the resolution, Regent Nikolay did not feel it was appropriate to discuss placing administrative personnel in higher pay brackets at a time when tuition increases and enrollment limitations were being considered. Therefore, he intended to vote against the resolution.

In response to a question by Regent Schenian, President Weinstein noted the resolution would give the board authority to move officials into different pay ranges but would not mandate any changes.

Regent Heckrodt interpreted the resolution as a means of giving the board more flexibility in dealing with the problems facing the System. Any move to raise salaries would have to be presented and justified at a later time. Therefore, he intended to support the resolution.

Put to the vote, Resolution 3680 was adopted, with Regent Nikolay voting "No."

Compensation

→ 1987-89 Faculty and Academic Staff Compensation, R 3681, pp 2-4

The following resolution was moved by Regent Schenian and seconded by Regent Clusen:

Resolution 3681: That, upon recommendation of the President of the University of Wisconsin System, the Board of Regents endorses the attached request to the Secretary of the Department of Employment Relations on 1987-89 compensation recommendations and approves the following recommendations:

(X ref Salaries - (same))

(X ref Faculty - (same))

(X ref Academic Staff - (same))

A salary plan of at least 6% each year of the 1987-89 biennium for faculty and academic staff in order to maintain the competitive position attained through the 1985-87 catch-up pay program.

State pick up of the cost of the 1% employees salary deduction for funding the Wisconsin Retirement System.

Proposed statutory language to permit the Board of Regents to establish flexible compensation for its employees through implementation of salary reduction agreements.

Proposed authorization for the Board of Regents to contribute up to 50% of the group health premiums for employees during the first six months of employment contingent upon financing the cost from social security savings from the salary reduction plan.

Regent Schenian inquired as to the fiscal effect of changing the percentage increase recommended in the resolution.

Regent Fish replied that each percent of unclassified compensation on a biennial cost basis would have the effect of \$9.9 million GPR and \$4.4 million fees, or a total of \$14.2 million.

Replying to a question by Regent Flores, President Shaw explained that the compensation plan was not part of the biennial operating budget.

Regent Flores noted that there nonetheless would be a fiscal impact both on GPR and fees/tuition.

Regent Fish was concerned that the 6 percent increase might be viewed as too high, coming shortly after catch-up increases and in light of other budgetary priorities, as well as in comparison with the VTAE salary request.

Regent Hassett added that the VTAE Board recommended a 4 percent increase, rather than 6 percent, as was proposed by staff. It was his view that a 4 percent increase for faculty and staff would be more appropriate in view of state, national and private industry figures. If an annual budget were implemented, there would be an opportunity to reassess salaries in the second year of the biennium.

Regent Schilling asked if in the past the VTAE Board had recommended pay levels above the rate of inflation, and Regent Hassett responded in the affirmative.

Noting that 4 percent was ahead of the rate of inflation, Regent Fish pointed out that the request for a 1 percent state pick-up of retirement contributions amounted to a total increase of 5 percent.

While she recognized the rationale for a lower increase, Regent Clusen recalled that catch-up pay increases had been achieved with great difficulty. She was not in favor of proposing a figure which would again put the UW System in a noncompetitive position.

Explaining how the 6 percent recommendation was derived, President Shaw said that over the last five years, faculty salary increases nationally had averaged 2.5 percent over inflation, which was projected to be about 3.5 percent. In addition, an article in the *Educational Record* projected faculty salary increases for the next several years to be 6 or 7 percent annually, and a UW telephone survey by system staff showed agreement with those estimates. He was concerned that a 4 percent increase, which would be 2 percent behind other universities, would result in a growing salary gap which could require another catch-up program.

Regent Fish moved to amend the resolution by changing the figure of 6 percent to 4 percent, and the motion was seconded by Regent Hassett.

In support of his motion, Regent Fish said he considered 4 percent plus 1 percent state retirement pick-up to be generous under the circumstances. Noting that a 4 percent increase was being projected for classified staff, he predicted that it would be difficult enough to persuade state government to support operating budget increases, without also requesting a 6 percent salary raise so soon after the catch-up increases.

In response to a question by Regent Schilling, Regent Hassett explained that the VTAE Board recommendation was only for state staff. Salaries for teachers were set by the local boards. He did not have information at this time as to the amount of their percentage increase.

Noting that local VTAE salaries were established through collective bargaining, Regent Flores said he had heard that in many instances the UW salaries were not competitive with VTAE salaries. He cautioned against comparing UW and VTAE salary requests without having information on district salaries.

Put to a roll-call vote, the amendment failed, with Regents Fish, Gerrard, Hanson, Hassett, Heckrodt and Knowles voting "Aye" (6) and Regents Clusen, Flores, Lyon, Nikolay, Schenian, Schilling, Vattendahl and Weinstein voting "No" (8).

Resolution 3681 then was adopted on a voice vote.

Budget - Approval

→ 1987-89 Biennial Operating Budget Proposal R 3682 +
R 3683, pp 4-9

The following resolution was moved by Regent Schenian and seconded by Regent Vattendahl:

That, upon recommendation of the President of the University of Wisconsin System, the biennial operating budget request increases, including the Quality Improvement package, as outlined in Agenda Item I.b.2., be approved for submission to the Governor, Department of Administration and the Legislature:

Tuition - Approval of 1987-89 biennial operating budget for tuition
Biennial Increase R 3683, pp 4-9

(x ref Fees - (same))

GPR	\$156,483,400
Academic Fees/Tuition	24,768,900
Sub-Total GPR/Fees	\$181,252,300
Other Program Revenue	194,747,500
TOTAL INCREASE	\$375,999,800

Noting that a newspaper article had reported that the UW System was requesting a budget increase of \$376,000,000, Regent Weinstein observed that inclusion of the program revenue line caused confusion, since it did not involve an increase in state funds.

Executive Vice President Lyall explained that the \$194,747,500 in program revenue was not a request for dollars, but rather a request for authorization to spend that amount of money received from non-tax revenues each year, including fees paid for extension courses, and patient-care fees paid at the hospital, as well as gifts, grants and contracts received from federal and private sources.

The following resolution was presented in response to the concern about including program revenue with GPR and tuition/fees:

That, upon recommendation of the President of the University of Wisconsin System, the GPR/Fees biennial operating budget request increases, including the Quality Improvement package, as outlined in Agenda Item I.b.2., be approved for submission to the Governor, Department of Administration and the Legislature:

	Biennial Increase
GPR	\$156,483,400
Academic Fees/Tuition	<u>24,768,900</u>
TOTAL GPR/Fees	\$181,252,300

That, upon recommendation of the President of the University of Wisconsin System, the operating budget spending authorizations for existing and projected program revenue, as outlined in Agenda Item I.b.2., be approved for submission to the Governor, Department of Administration and the Legislature:

Program Revenues	\$194,747,500
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(The total increase including both GPR/Fees and Program Revenue would be \$375,999,800)

The motion and second for the first resolution then were withdrawn.

Upon motion by Regent Schenian, seconded by Regent Lyon, the resolution was divided into two separate resolutions, one concerning program revenues and the other concerning GPR and fees/tuition. The last sentence totaling the two numbers was deleted, and the letters (a) and (b) were inserted after I.b.2. in the bodies of the resolutions.

Upon motion by Regent Schenian, seconded by Regent Schilling, the following resolution was unanimously adopted:

Resolution 3682: That, upon recommendation of the President of the University of Wisconsin System, the operating budget spending authorizations for existing and projected program revenue, as outlined in Agenda Item I.b.2.(b), be approved for submission to the Governor, Department of Administration and the Legislature:

Program Revenues	\$194,747,500
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Resolution 3683 was moved by Regent Schilling and seconded by Regent Schenian.

Resolution 3683: That, upon recommendation of the President of the University of Wisconsin System, the GPR/Fees biennial operating budget request increases, including the Quality Improvement package, as outlined in Agenda Item I.b.2.(a), be approved for submission to the Governor, Department of Administration and the Legislature:

	Biennial Increase
GPR	\$156,483,400
Academic Fees/Tuition	24,768,900
TOTAL GPR/Fees	\$181,252,300

Requesting a ruling from the president as to whether his question was germane, Regent Fish referred to Resolution 3684 (see page 9) and asked what the tuition level would be in those budgets. With regard to the biennial budget request, he inquired as to the percentage increase of the first year of the 1987-89 biennium over the last year of the 1985-87 biennium.

Assistant Vice President Glenn Jensen responded that the increase was 6.8 percent each year--2.4 percent for the "constant gap" budget and 4.4 percent for the quality improvement package. The 6.8 percent figure did not include faculty and staff compensation.

Regent Weinstein added that, including compensation, the average annual GPR increase was 12.1 percent and the average annual fee increase was 7.4 percent, for an average annual total of 10.8 percent.

Regent Schenian moved to shift \$9 million for the biennium from academic fees/tuition to GPR, an amount which represented the fee component of the quality improvement package, so that the entire \$88 million (or \$117 million for the biennium) would be funded by the state. The motion was seconded by Regent Nikolay.

If amended, the resolution would read as follows:

That, upon recommendation of the President of the University of Wisconsin System, the GPR/Fees biennial operating budget request increases, including the Quality Improvement package, as outlined in Agenda Item I.b.2.(a), be approved for submission to the Governor, Department of Administration and the Legislature:

	Biennial Increase
GPR	\$165,483,400
Academic Fees/Tuition	<u>15,768,900</u>
TOTAL GPR/Fees	\$181,252,300

Speaking in opposition to the amendment, Regent Fish considered it unrealistic to ask the state to fund the entire amount of the quality improvement recommendation. While he would have preferred slower phasing-in of tuition increases, he felt the total amounts were acceptable in that they were still substantially below those of peer institutions.

Expressing agreement with Regent Fish, Regent Schilling commented that to ask the state for the entire amount in GPR would have the effect of abrogating the board's responsibility to set tuition and would result in the Legislature making that determination without a recommendation from the board.

Observing that the question was one of tactics, Regent Schenian said he was of the opinion that it was no less realistic to request \$88 million in GPR than \$72 million in GPR plus \$16 million in tuition.

Regent Flores pointed out that there still would be unavoidable tuition increases of 6 percent, in addition to the tuition component of salary increases and other items.

Describing another possible result of not proposing a tuition increase for quality improvement, Regent Schilling remarked that if the Legislature agreed with not increasing tuition but also did not provide sufficient GPR, the result could be large enrollment reductions.

Since the tuition rate would not actually be set until July 1987 and was dependent on the amount of GPR the Legislature provided, Regent Schenian felt that at this point the board should be setting forth its policy, which should be to avoid tuition increases and enrollment reductions.

Regent Fish disagreed on the basis that it was the board's responsibility to establish tuition.

Regent Schilling noted that for months the regents had been saying that the \$88 million deficit was so severe a problem that it might be necessary to limit enrollments in order to preserve quality. To maintain that tuition should play no part in the solution, he commented, would invite the Legislature to set tuition and admission policies.

Regent Vattendahl thought the response of some legislators might be that if the board was unwilling to increase tuition for quality improvement, the money was not really needed. He considered it necessary that a portion of the cost be covered by tuition.

Regent Flores commented that the tuition component of other budgetary increases demonstrated that the board was exercising its responsibility for tuition policy. The quality improvement increase, on the other hand, required those least able to pay to help make up for a problem which the university and Legislature had allowed to worsen during the past decade.

What he was hearing from both the legislative and executive branches of state government, President Shaw reported, was that the regents should be willing to make hard decisions if they did not want the Legislature to set policy and thus control the destiny of the UW System.

Regent Nikolay observed that the board could make a decision to tell the Legislature that tuition rates were high enough and additional dollars needed to operate a quality educational system must come from GPR.

If the board recommended no tuition increase for quality improvement at this time, Regent Schenian pointed out, tuition still could be raised in July, depending on what the Legislature decided. Therefore, he did not think the board would be abrogating its responsibility by not including the additional tuition in its budget request.

Regent Schilling added that the tuition component also could be decreased in July if adequate GPR were received.

President Weinstein ruled Regent Fish's earlier question about Resolution 3684 germane to the discussion, inasmuch as it concerned the impact on the annual budget of the tuition decision made in the biennial budget request.

In response, President Shaw indicated that budgeting at 95 percent or 103.5 percent would amount to a "constant gap" submission, which would not include the quality improvement package or that component of the tuition increase.

Referring to a previous statement by Regent Flores, Regent Fish recalled that, in his many years on the board, the regents had made every effort to obtain needed GPR funding, while at the same time trying to keep tuition as low as possible, and that there had been numerous state budget problems with which to contend. He felt that past boards, like this one, were responding to existing circumstances and should not be blamed for a situation which developed over time due largely to external factors.

Regent Knowles pointed out that the quality improvement package provided for more class sections, smaller classes, longer library hours and better equipment, all of which would directly benefit students. Therefore, he considered it appropriate that tuition fund part of the request.

After it was voted to call the question, the amendment was defeated on a roll-call vote, with Regents Flores, Nikolay and Schenian voting "Aye" (3) and Regents Clusen, Fish, Gerrard, Hanson, Hassett, Heckrodt, Knowles, Lyon, Schilling, Vattendahl and Weinstein voting "No" (11).

Regent Flores stated that his earlier remarks were not intended to impugn the intentions of any present or former board members.

Regent Schenian reiterated that the board's policy should be to provide maximum student access through high enrollments and low tuition. If the Legislature did not agree, the board could set tuition and enrollment policy accordingly after the state budget was adopted. He therefore intended to vote against the resolution.

Regent Fish remarked that the board must have specific dollar input into the Governor's budget, rather than broad policy statements alone.

Resolution 3683 was adopted on a roll-call vote, with Regents Clusen, Fish, Gerrard, Hanson, Hassett, Heckrodt, Knowles, Lyon, Schilling, Vattendahl and Weinstein voting "Aye" (11) and Regents Flores, Nikolay and Schenian voting "No" (3).

Budget - Approval
State-Required Supplemental Budget Information, R 3684, pp9-10

Adoption of Resolution 3684 was moved by Regent Nikolay and seconded by Regent Heckrodt.

Resolution 3684: That, in response to a directive from the Department of Administration requiring all agencies to submit supplemental budget information before the end of November, System Administration be directed to develop the following information, submit it to the Department of Administration as a tentative information, and bring it to the Board of Regents at its December 5th meeting for review and approval of the information:

- 1) Budget information showing the UW System budget for 1987-88 at 95% of its 1986-87 adjusted base level for all appropriations except federal and debt service (includes GPR, fees, program revenue, segregated).
- 2) Information showing the UW System budget increases, in priority order, taking the adjusted budget from 95% to 103.5% of the 1986-87 adjusted base by the 1988-89 fiscal year.
- 3) This information is to show program, dollar, position, enrollment and other client impacts.

While it would be necessary to submit the requested budget information to the Department of Administration in late November, President Shaw explained, it would be brought to the regents for approval at the December meeting and would not be binding until that time.

Regent Heckrodt asked if the 95 and 103.5 percent figures included program revenues.

Noting that this was a planning exercise, President Shaw added that the UW System's large program revenue component would be presented and explained to the new administration.

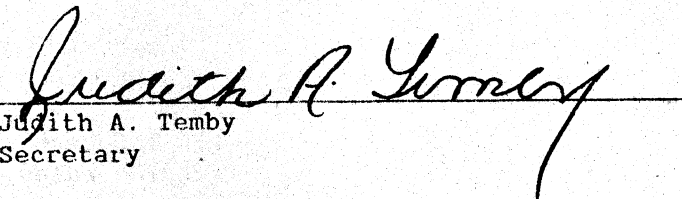
From their meeting with the Governor-Elect, it was the understanding of Regents Schilling and Weinstein that the 95 percent plan was to be limited to GPR.

President Shaw noted, however, that the letter from the Department of Administration implied that it included all appropriations except debt service, federal appropriations, general and categorical school aid, shared revenue and property tax credits.

President Weinstein said that if it were later determined that the UW System should not include program revenues in the exercise, the board would be satisfied that compliance with that clarification would not violate the intent of the resolution.

The question was put on Resolution 3684, and it was adopted on a unanimous voice vote.

Upon motion by Regent Nikolay, seconded by Regent Schenian, the meeting was adjourned at 3:45 p.m.


Judith A. Temby
Secretary

November 26, 1986