



Wisconsin Briefs

from the Legislative Reference Bureau



Brief 04-3

February 2004

SETTING THE SALARIES OF UNIVERSITY OF WISCONSIN SYSTEM EXECUTIVES

The Board of Regents of the University of Wisconsin System sets the salaries of senior executives in the university system. Prior to 2001, proposed pay ranges and adjustments required the approval of the legislature's Joint Committee on Employment Relations before taking effect. This brief discusses the procedure and history of how the salaries of UW System senior executives are determined.

OVERVIEW OF THE UNIVERSITY OF WISCONSIN SYSTEM

As of February 16, 2004, the University of Wisconsin System has an enrollment of about 160,000 students, including 120,000 full-time equivalent (FTE) undergraduates, with an annual budget of over \$3.5 billion. About 27% of the system's budget is funded by state general purpose tax revenues, with the rest coming from student tuition, gifts, research grants, and other sources. It has approximately 30,000 FTE employees, including about 6,500 faculty. The prime responsibilities of the UW System are teaching, public service, and research. The system consists of: two doctoral universities, 11 comprehensive (4-year) universities, 13 freshman/sophomore (2-year) colleges, and the University of Wisconsin-Extension (see organization chart on page 5).

Governed by the Board of Regents. A 17-member board of regents governs the UW System. It consists of 14 members appointed by the governor with senate consent to staggered 7-year terms; the superin-

tendent of public instruction; the president of the technical college system board or a board member designated by the president; and a student appointed by the governor with senate consent to a 2-year term.

The board sets admission standards, reviews and approves university budgets, establishes policies and the regulatory framework within which the system's units operate, and plans for the future of public higher education in the state. It appoints the president of the UW System, the chancellors of the 13 universities, the chancellor of UW-Extension, the chancellor of UW Colleges, and the deans of the 13 UW Colleges. All appointees serve at the pleasure of the board.

History of the UW System. Today's UW System is the product of the 1971 merger of two existing university boards – the Board of Regents of the University of Wisconsin and the Board of Regents of the State Universities, and the institutions they governed.

The Wisconsin Constitution, in Article X, Section 6, provided for a state university at or near the seat of government. An 1848 law delegated university administration to a board of regents, and classes began in Madison in 1849.

An 1857 law provided funds for a system of 2-year normal schools to train teachers and created the Board of Regents of Normal Schools. A 1929 law renamed the nine normal schools as "state teachers colleges" and authorized them to offer baccalaureate degree programs. They became state colleges in 1951 and state universities in 1964.

A 1967 law renamed the governing body the Board of Regents of State Universities.

Chapter 100, Laws of 1971, mandated the merger of Wisconsin's two systems of public higher education to form the University of Wisconsin System. Chapter 335, Laws of 1973, provided a single charter in Chapter 36, Wisconsin Statutes, to govern public higher education in this state.

SENIOR EXECUTIVE PAY SET BY THE BOARD OF REGENTS

The board of regents determines the pay range for most senior executive positions in the University of Wisconsin System under Section 20.923 (4g) of the statutes. Provisions enacted in 2001 Wisconsin Act 16 permit the board to establish levels of compensation and adjustments to pay ranges of salary groups which contain the following positions (current salary ranges as provided by the UW System in parentheses):

- The president of the UW System (\$275,608 to \$336,854)
- The senior vice presidents of the UW System (\$203,278 to \$248,451)
- The chancellor at the UW-Madison (\$274,327 to \$335,288)
- The vice chancellor who is serving as the deputy at the UW-Madison (\$201,243 to \$245,963)
- The chancellor at the UW-Milwaukee (\$205,232 to \$250,839)
- The vice chancellor who is serving as the deputy at the UW-Milwaukee (\$185,353 to \$226,542)
- The chancellors of each of the 11 UW comprehensive campuses (\$164,686 to \$201,283)
- The chancellor of the UW colleges, who oversees the 13 2-year campuses (\$164,686 to \$201,283)

- The chancellor of the UW-Extension (\$164,686 to \$201,283)

Benefits. The president of the UW System and the chancellors at UW-Madison, UW-Milwaukee, UW-Green Bay, UW-Parkside, and UW-Platteville live in official residences. The chancellors of the eight remaining comprehensive campuses, plus the chancellors of UW Colleges and UW-Extension, receive monthly housing allowances of \$1,629 to help them maintain their homes as venues for official functions such as receptions and other university activities, community relations events, and efforts relating to raising private funds to support the university. Senior executives receive the same insurance and vacation benefits as other faculty and academic staff members. Similar to other agency heads, they are also assigned an automobile from the university fleet for state travel and must reimburse the campus for personal miles. They receive retirement benefits based on the same formula as that for the governor, legislators, and other elected officials.

SALARIES PREVIOUSLY REQUIRED LEGISLATIVE APPROVAL

Before 2001, the board of regents proposed the salaries for UW System senior executives subject to approval of the legislature's Joint Committee on Employment Relations (JCOER). 2001 Wisconsin Act 16 repealed JCOER's review authority and granted the board full authority to set the salaries for most senior executives.

The procedure for setting salaries has undergone the following evolution since the creation of the UW System.

Chapter 90, Laws of 1973, assigned UW System senior executives to various executive salary groups. The director of the Bureau of Personnel in the Department of Administration was responsible for recommending salary ranges for these groups in the same manner as for positions in the clas-

sified service. The director submitted the changes in the compensation plan to JCOER, which was required to hold a hearing. As modified by the committee, the proposal constituted the state's compensation plan unless vetoed by the governor. The governor could disapprove of any committee modification within 10 calendar days. A vote of six members of the committee could set aside any of the governor's changes.

1987 Wisconsin Act 340 granted the board of regents the authority to recommend the salaries of the chancellors of the 4-year campuses (other than Madison and Milwaukee), the chancellor of the UW Center System, and the chancellor of the UW-Extension. The salaries still required approval by JCOER. The president of the UW System and the chancellors at Madison and Milwaukee remained in the standard executive salary groups.

1989 Wisconsin Act 336 granted the board of regents authority to recommend the salaries for the vice presidents of the UW System, the vice chancellor who is serving as the deputy at each UW campus, the UW Center System, and the UW-Extension. The salaries still required approval by JCOER. The president of the UW System and the chancellors at Madison and Milwaukee remained in the standard executive salary groups.

1991 Wisconsin Act 39 granted the board of regents the authority to recommend the salary of the president of the UW System, still subject to JCOER approval. The chancellors at Madison and Milwaukee remained in the standard executive salary groups.

1997 Wisconsin Act 237 created a compensation plan consisting of six senior executive salary groups for UW System senior administrative positions including the chancellors at Madison and Milwaukee. The board of regents set the salaries, but they still required JCOER approval.

1999 Wisconsin Act 42 revised the UW executive compensation plan to consist of nine university senior executive salary groups. Added to the group were the vice chancellors who serve as deputies at the nine comprehensive campuses, the UW Colleges, and the UW-Extension; the vice presidents of the UW System; and the senior vice presidents of the UW System. The board of regents set the salaries, but they still required approval by JCOER.

2001 Wisconsin Act 16 granted the board of regents full authority, without the requirement for legislative approval, to determine the salaries for all but two levels of UW System senior executives.

Criteria for Salary Levels. Prior to 2001, Section 20.923 (4g), Wisconsin Statutes, required the board of regents to set the salaries for senior executive positions within ranges to which positions were assigned, have them reflect the hierarchical structure of the system, recognize merit, permit orderly salary progression, and recognize competitive factors. While these considerations remain in the law, Act 16 additionally required that the board base any changes to salary levels on an analysis of salaries paid for similar positions at comparable universities in other states. A report dated October 30, 2003, prepared by the board's Business and Finance Committee, indicated that salaries for top university officials had fallen behind those of peer institutions in other states. The report compared pay of UW System senior administrators to those employed in the state university systems in California, New York, North Carolina, and Texas.

UW Executive Pay and the Governor's Salary. The 1973 Wisconsin Statutes provided that beginning in January 1979, the pay of state government officials assigned to executive salary groups, including UW System senior executives, could not equal or

exceed the amount paid to the governor. 1983 Wisconsin Act 27 exempted the positions of president of the UW System and the chancellors of the UW-Madison and UW-Milwaukee from this pay restriction. In 1989, Wisconsin Act 336 repealed the law that limited the salary of the UW System senior executives to below the governor's pay.

2003 PROPOSALS TO REVISE THE SALARY-SETTING PROCEDURE

Giving Approval Authority to Joint Finance. 2003 AB-532, introduced by Representative Scott Suder, would require the board of regents to propose, rather than determine, salary ranges or salary range adjustments, subject to approval by the legislature's Joint Committee on Finance (JCF). No salary change could take effect until JCF approved. Assembly Substitute Amendment 1 to AB-532, offered by Representatives Robin Kreibich and Stephen Nass, would limit the size of adjustments to the salary ranges for these positions in any fiscal year. Adjustments may not exceed the sum of the average salary adjustment the director of the Office of State Employment Relations recommended for UW System faculty and academic staff for that fiscal year plus the average salary adjustment for represented, classified employees in the largest collective bargaining unit at the UW System for that fiscal year, divided by two.

AG Opinion Regarding Board of Regents Meetings. On September 2, 2003, the board of regents conducted a meeting via teleconference to adjust the salary ranges for chancellors of the UW-Milwaukee and UW-Stevens Point campuses in preparation for hiring new administrators. In response to questions raised as to whether the meeting conformed to the state's open meeting law, Attorney General Peg Lautenschlager con-

cluded that the official advance notices announcing the meeting were insufficient.

While the board met the minimum legal requirements for timeliness and location of notices, the agenda did not contain sufficient information to apprise the public or news media of the topic under consideration. In a settlement with the attorney general, announced in a letter dated October 10, 2003, the board of regents agreed to rescind the pay range adjustments acted upon in the September meeting and take remedial action to assure all future meetings and actions calling the meetings comply with Wisconsin open meeting laws and requirements for public notices. On that date, the board also passed a resolution regarding the procedures for determining executive salary ranges and setting executive salaries, specifying that such actions will be adopted only by a majority of the full membership of the board, by a roll call vote, in open session, at a regularly scheduled meeting. News media who request it will receive notices via electronic mail. The office of the attorney general is also investigating prior instances which may have violated the open meetings law.

Legislation to Require Advance Notice. Departmental committees, subcommittees, and similar bodies within the UW System are exempt from the meeting notice requirements under the state's open meetings law. 2003 Assembly Bill 543, introduced by Representative Suder, proposed to eliminate this exemption. Assembly Substitute Amendment 1, introduced by Representative Kreibich, and adopted by the assembly on February 3, 2004, requires that before the board of regents adjusts the pay of UW System senior executives, or recommends to the Office of State Employment Relations adjustments to the pay ranges of certain other UW System officials covered under the state compensation plan, it must hold at least one meeting concerning the determination

or recommendation and allow members of the public to comment at the meeting.

Proposal for UW System Autonomy. UW System President Katharine Lyall suggested, in February 2003, that the state consider making the UW System an independent authority free from most state budgetary and other controls. A restructured university system could resemble the University of Wisconsin Hospitals and Clinics Authority, which separated from the UW System on July 1, 1996. The hospitals author-

ity is a self-financing, public corporation governed by a board of directors that includes gubernatorial appointees and legislative members. The board makes its own budgetary, purchasing, personnel, policy, and mission decisions. Other similarly operated "charter status" universities that set their own tuition and pay levels include the University of Michigan and Pennsylvania State University.

