

**Minutes
Business and Finance Committee
Board of Regents of the University of Wisconsin System
March 9, 2000**

The Business and Finance Committee met in Room 1920 Van Hise, Madison, at 2:20 p.m. Present were Regents De Simone, Gottschalk and Olivieri. Regents Axtell and Marcovich were absent.

Approval of Minutes of the February 10, 2000, Meeting of the Business and Finance Committee

Upon the motion of Regent Gottschalk and the second of Regent Olivieri, the Minutes of the February 10, 2000, meeting of the Business and Finance Committee were approved as presented.

UW-Milwaukee: Marketing and Revenue

Janis Ford, Director, Department of Recruitment and Outreach, UW-Milwaukee, shared with the Committee her personal experiences with the University of Wisconsin System. Explaining had it not been for the educational and developmental experiences afforded her, she would not be the professional or overall person she is today. "Thank you."

She began her presentation by sharing with the Committee a graph showing the decline in enrollments during the early 1990's. UWM dipped from 25,456 in 1991 to a low of 21,877 in 1996. She explained that in such times not only do budgets suffer, but there is a downward spiral in morale, campus climate and public perception. She went on to explain that in a few short years, UWM has had nearly a 63% increase in new freshmen over six years ago and retention is working upwards, also to parallel this growth.

She indicated they did this by building connections and opening doors. In response to Regent Olivieri's question on the level of enrollment at UWM today, she responded 22,694. Due to careful planning, significant collaboration, a lot of hard work and an incredible amount of energy and investment and belief in the future, UWM is succeeding in reinventing itself.

Ms. Ford commented that anyone who attempts significant change knows how difficult that can be and knows there needs to be key elements for successful change. People need to take risks for successful change and someone to stick by them. UWM's Administration made a public stand that recruitment would become a priority, and they had a campus expectation that it would be supported across the campus. To do this, motivation is required which can be positive and negative. Change also takes collaboration and a critical mass of people and a vision. People have to believe in that vision. UWM staff took charge of their own destiny, realizing their destiny was their students.

They began with recruitment, but without the benefit of extra dollars or additional staff. Recruitment was focused both externally and internally. Externally they continued to carry on traditional activities of high school visits, college fairs, and programming but with a renewed

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vitality. The number of high school visits since 1995 has grown from 184 to 310 this year. They added new personalized touches, building stronger links through new partnerships with high school personnel, counselors, teachers, and parents. They have also strengthened programming for multicultural, transfer and adult populations. By using a more wide spread promotion, they have strengthened their message and generated more public awareness and perception.

As UWM began its initiative they had to focus on garnering campus support through networking. A fair amount of time was spent meeting with people, explaining what the newly created Department of Recruitment and Outreach was. Also, internally there were significant activities taking place in the way of academic programs and service enhancements. For example, in the advising area, since 1995, they increased the number of advisors on campus by sixteen positions. The majority at the freshmen level were used to build the connection. Innovative teaching programs, were added, a good example of that is the freshmen scholars program. This year they looked at some of the retention data of students that have participated in this program and measured that against the benchmark. It showed an improvement between six to fourteen percent for students participating in an activity like this. They beefed up their orientation programs, and completely overhauled them, making them more energetic, which improved campus participation. Five years ago there were about 620 freshmen that participated. Now at between 1300 and 1500 students participate. Each school and college now has an in-house orientation program.

Residence halls created living/learning communities, where students with common academic interests or common social economic backgrounds are housed together. In 1996-97, they created an Office of Adult & Returning Student Services. The office allowed better and enhanced services. Because of this, students can earn one of 24 bachelor's degrees by strictly going at night. Regent De Simone asked about the growth in the past three years of non-traditional students, indicating that Parkside is really being hurt because of the private schools in that area. UWM has had a 15 percent growth in non-traditional students. Because of the competition, UWM has had to step up its marketing. Regent Olivieri asked Ms. Ford how many freshmen were participating in the freshmen scholars program. She indicated all L&S freshmen are required to participate. He also inquired about the residence halls that have a theme. In prior meetings a lot of good things have been heard about those efforts on the Madison campus and the experience at Milwaukee has been the same. Ms. Ford responded that the return rate for these students has been about 100 percent. Regent Olivieri has heard from parents that if their student can't get into this type of housing, they will pick another school. It is a very attractive option to parents and students. Regent Olivieri asked about the population that does not live on campus. Ms. Ford indicated that they are trying to connect more with that very issue. In response to Regent De Simone's inquiry as to whether there was a demand for housing, she indicated there is.

Regent Gottschalk asked if there has been dialogue between Madison and Milwaukee to share good ideas. Ms. Ford indicated she felt that Residence Life folks are in contact. He asked if there is a way in these learning communities of inviting commuter students in. She indicated that advisors do try to encourage commuter students to build in study time and social time to the extent that they can. Regent Gottschalk indicated he felt that sometimes, commuting students short-change themselves when they do not participate. Regent De Simone went on to say that

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the reason he asked the question relating to housing is that it is proven, students want to live on campus to be involved.

Ms. Ford went on to explain that UWM started a marketing campaign to get the word out. They established focus groups; hired an outside marketing firm, which lost no time in putting together a program that established an image or "the branding of a product" as they called it. TV and Radio ads were very successful. Regent Olivieri asked why she felt the ad was successful. Ms. Ford responded that students came up to her and indicated how excited they were to hear their campus mentioned on the radio and to drive in to campus seeing billboards advertising UWM.

Regent De Simone asked how UWM made quality student selection. Ms. Ford indicated that they are always interested in attracting well qualified students, but UWM also has an urban mission which is one of accessibility to other kinds of populations that may not be as highly academically qualified but the notion of access. Certainly they need to meet admission requirements, and they need to be academically prepared, but UWM's primary mission may not be going after the honor students. Regent Olivieri commented that he is most impressed with what he is hearing in Milwaukee. There is an effort to enhance the quality of education, at the same time, an effort to enhance the outreach of the institution, and for that matter enhance the enrollment.

Ms. Ford highlighted the 6th annual Campus Open House. She went on to explain that it truly included all departments on campus. There were more than 200 booths, trolley tours of the neighborhood, walking tours and entertainment. This has brought over 14,000 visitors to campus over the past five years. Now, the yearly draw is between 3200 and 3500.

Ms. Ford discussed the new level of marketing sophistication; specialty programming and reaching targeted populations; partnerships with Milwaukee Public Schools (MPS). They have a Bachelor of Arts & Organizational Administration (BAOA) with UW Colleges, whereby students can obtain a four-year degree without leaving the two-year campus. In response to Regent Olivieri's questions on who gets credit for the student she responded UWM. She commented on the Milwaukee Initiative and Plan 2008 that provide a vision and flexibility. They invite creativity for new partnerships; incentives to grow through tuition revenue. Back in 1995, UWM had to give back nearly \$750,000 due to a tuition shortfall. This year with continued success UWM realized an increase of over \$1,100,00 in additional tuition revenue.

Regent De Simone asked what UWM was doing in terms of technology for the greater Milwaukee area. Ms. Ford responded that the enhancements to the infrastructure are very significant with the PeopleSoft project well underway. UWM is a forerunner in networking with all the other UW campuses in preparing for Distance Education in providing support. They are the help office, for example, in technology support for the UW Colleges

Regent Gottschalk commented on Ms. Ford's remarks about connections with the Milwaukee Public Schools. He stated that the role UWM's Department of Recruitment and Outreach could play in the Regent's Plan 2008 for inter-city minority education is absolutely critical to the mission of UWM and of the System. As an example, he used the Department of Public Instruction's SAGE Program. Ms. Ford told the Committee, how in the last three weeks, she had

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met with the pre-college programs and gear up initiative, to build networking, and try to build experiences that will allow students to become more academically prepared. The key to Plan 2008 is K-12 education. Regent Olivieri also indicated that UWM is a key component to success of Plan 2008. He indicated that not only the Regents but also the legislature has to recognize that this is true, because there are budgetary implications to acknowledging that point and it plays a critical role for the entire System for the diversity issue. Regent Gottschalk indicated it was his understanding the DPI had gotten the legislature to make SAGE available to all school districts in the state. Regent Olivieri indicated that UWM, because of its geographic location, plays a very critical role in this first step process. Regent Gottschalk indicated that funding for SAGE does not come out of System. He encouraged UWM to continue to work with MPS.

Regent De Simone thanked Ms. Ford for her presentation and commended Chancellor Zimpher for all she has done for UWM.

I.2.c. Trust Funds

(a) Revision of Investment Objectives and Guidelines

Treasury Manager Lori Mills briefed the Committee on the changes to the Investment Objectives and Guidelines. She indicated the previous guidelines were very restrictive and that the committee had requested a review and revision project. The primary change to the guidelines involved the evaluation of risk of the portfolio. She explained that numerous statistics would be used to monitor risk and reported to the committee quarterly.

Other changes included the increase in security concentration to 7% from 5% to better reflect the benchmark indices and allow the managers additional flexibility. For fixed income investments, she explained that the restriction that 75% of the portfolio be rated upper medium grade would be replaced with a restriction that average quality be no less than AA. Regent De Simone asked how we are monitoring derivative exposure. She explained to the Committee that our guidelines will not allow the managers to use any leverage or prohibitive/derivative strategy without prior approval of the committee. In response to Regent Gottschalk's concern over removing the 75% in upper medium grade bonds, Treasury Manager Mills explained that we will look at the average quality of the bond managers each month and it must be AA or better. In addition, she explained that the managers will still be restricted to investing in investment grade (rated BBB or better) bonds and that no "junk" bonds would be allowed in the portfolio.

Upon the recommendation of Regent Gottschalk and second of Regent Olivieri, the Committee approved Resolution I.2.c.(a)

Resolution

That, upon the recommendation of the Regent Business and Finance Committee, the revision of the Statement of Investment Objectives and Guidelines be approved.

I.2.c.(b) Fixed Income Manager Reallocation

Treasury Manager Mills updated the committee on the transfer of money from Standish to Bradford that was recommended in September 1999. The reallocation of \$13 million was completed in December 1999 and Bradford continues to out perform Standish. In addition, at Regent Orr's request, the investment management fee was renegotiated with Bradford. The new fee structure will save \$6,500 annually. The projected increase in annual earnings is approximately \$65,000.

2.d. Report of the Vice President

Acting Vice President Durcan presented to the Committee the UW-Madison contractual agreement with Novartis Pharma Ag. Board of Regents policy requires Regent approval when a contractual agreement with a private, for-profit organization exceeds \$500,000. The drug is used to improve the tolerance protocols of the transplant organ without side effects. Regent Gottschalk indicated that he appreciated contracts being explained to the Committee in layman's terms so they know exactly what they are approving.

Upon the recommendation of Regent Olivieri and second of Regent Gottschalk, the Committee approved Resolution I.2.d.

Resolution

That upon recommendation of the President of the University of Wisconsin System and the Chancellor of the University of Wisconsin-Madison, the Board of Regents accepts the agreement with Novartis Pharma AG entitled "Development of a Primate Kidney Transplantation Tolerance Protocol Utilizing Anti-CD3-Immunotoxin."

I.2.e. 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 3:12 p.m. Present were Regents De Simone, Gottschalk and Olivieri.

I.2.f. Audit Subcommittee

Director Yates reported that all projects are progressing well and on schedule. One project has been added to the schedule since the last subcommittee meeting. Internal Audit began a review of Human Research Subjects Study Procedures to ensure that UW institutions are following the federal and state requirements necessary to protect research subjects. The review was initiated

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because federal officials have begun reviews at major research facilities. Other reviews have resulted in sanctions at five universities. Internal Audit has provided preliminary reports orally to the Madison and Milwaukee campuses in order to begin corrective action.

Director Yates presented two summaries of two completed program reviews. The Outside Activities Report found that most of our institutions are doing a very good job of reporting outside activities. However, suggestions were made to improve the process, including setting up a monitoring process at each institution, clarifying the types of activities to be reported, and having each institution develop standards and guidelines on outside activities.

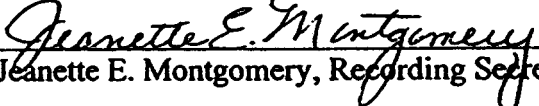
The second project presented was the Textbook Rental Programs Review. Seven comprehensive UW institutions and two UW Colleges have rental operations. Director Yates reported that the textbook rental programs provide a needed service and offer significant cost saving to the students.

The Audit Subcommittee adjourned at 3:35 p.m.

I.2.g. 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 Olivieri, the Business and Finance Committee adjourned to Closed Session at 3:40 p.m. to consider Trust Fund matters, as permitted by s. 19.85(1)(e), *Wis. Stats.* Present were Regents De Simone, Gottschalk and Olivieri.

The Business and Finance Committee adjourned at 4:30 p.m.


Jeanette E. Montgomery, Recording Secretary