



Board of Regents of the University of Wisconsin System
Office of the Secretary
1860 Van Hise Hall
Madison, Wisconsin 53706

(608)262-2324

July 8, 2001

TO: Each Regent

FROM: Judith A. Temby

A handwritten signature in dark ink, appearing to read "J. A. Temby", written over the printed name.

RE: Agenda and supporting documents for meeting of the Board of Regents to be held on July 12, 2001.

Thursday, July 12, 2001

8:30 a.m. – Board of Regents
1820 Van Hise Hall

12:00 noon – Board of Regents Retreat
Fluno Center - Skyview
601 University Avenue

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BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM

Notice of Meeting

July 12, 2001
8:30 a.m.
1820 Van Hise Hall
1220 Linden Drive
Madison, Wisconsin

A G E N D A

1. Calling of the roll
2. Approval of the minutes of the June 7 and 8 meetings of the Board
3. Report of the President of the Board
 - a. Resolution of appreciation for Interim Senior Vice President Al Beaver
[Resolution II.3.a.]
 - b. Report on June 22 meeting of the Educational Communications Board
 - c. Report on July 11 meeting of the Hospital Authority Board
 - d. Additional items that the President of the Board may report or present to the Board
4. Report of the President of the System
5. 2001-2002 Annual Operating Budget
[Resolution II.5.]
6. Review of credit transfer policy
7. Report on credits to degree
8. Report of Executive Group for On-Line Learning
[Resolution II.8.]

9. Additional resolutions

- a. Approval of UW Medical Foundation Bylaws
[Resolution II.9.a.]
- b. Authorization to recruit Assistant Professor, Associate Professor,
Professor Interdisciplinary - Cluster #4, UW-Madison
[Resolution II.9.b.]
- c. Approval of Master of Software Engineering program, UW-La Crosse
[Resolution II.9.c.]
- d. Cancellation of meetings scheduled for August 23 and 24
[Resolution II.9.d.]

10. Communications, petitions, memorials

11. Unfinished or additional business

12. Recess into closed session to consider salary for Interim Provost and Vice Chancellor, UW-Green Bay and UW-Parkside; for Acting Dean of the UW-Milwaukee School of Business Administration, for Women's Basketball Coach, UW-Madison, and salary for Provost, UW-Madison, as permitted by s.19.85(1)(c), *Wis. Stats.*

*The closed session may be moved up for consideration during any recess called during the regular meeting agenda. The regular meeting will be reconvened in open session following completion of the closed session.

2001-02 Operating Budget
including Rates for Academic
Tuition, Academic Tuition Refund
Policy and Schedule, Segregated
Fees, Textbook Rental, Room and
Board, and Apartments

BOARD OF REGENTS

Resolution:

That, upon the recommendation of the President of the University of Wisconsin System, the 2001-02 operating budget be approved, including the tuition refund policy and schedule and rates for academic tuition, segregated fees, textbook rental, room and board, and apartments as reflected in the document 2001-02 Operating Budget and Fee Schedules, July, 2001. The 2001-02 amounts are:

GPR*	\$1,094,383,564	32.65%
<u>Academic Tuition</u>	<u>563,981,514</u>	<u>16.83%</u>
Total GPR/Fees	1,658,365,078	49.48%
<u>Other</u>	<u>1,693,064,579</u>	<u>50.52%</u>
Total	\$3,351,429,657	100.00%

That the Executive Committee of the Board of Regents is authorized to approve changes resulting from final enactment of the 2001-03 state biennial budget and that the President is authorized to make final detailed allocations to reflect final legislative and gubernatorial action.

That, if the final budget contains significant additional unfunded costs or further base reductions/lapses beyond the \$6.345 million in the Joint Committee on Finance version, the President is authorized to bring supplemental tuition increases offsetting these items to the Executive Committee of the Board of Regents for the 2001-02 academic year, and the Executive Committee of the Board of Regents is authorized to approve those supplemental increases so they may take effect in a timely manner.

Academic tuition for Minnesota Reciprocity students will be incorporated into the 2001-02 Academic Fees/Tuition Schedule upon receipt of final Minnesota tuition information.

*The GPR increase includes funding provided by the Joint Committee on Finance budget plus the full amount requested in the UW System Economic Stimulus Package.



2001-02 Operating Budget and Fee Schedules

The University of
Wisconsin System
July, 2001

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UW SYSTEM 2001-02 ANNUAL OPERATING BUDGET

INTRODUCTION/EXECUTIVE SUMMARY

State Budget Context

This is the third consecutive biennium in which legislative action on the biennial budget is not complete when the new fiscal year has begun. Still, the Board of Regents of the UW System must exercise its stewardship responsibility and provide students and parents with timely information and billing for tuition, segregated fees and room and board rates. The Board must also approve an annual budget that accommodates all of the classes required to meet growing student enrollments. This requires making some assumptions about state funding increases and other budget actions, in the absence of final legislative action. Responsible management demands this action, which is not taken in a spirit of confrontation or with any presumptions about final legislative action.

Variation among the funding packages for the University System developed by the Joint Committee on Finance, the Senate, and the Assembly means that this annual budget contains only preliminary allocations and that the total increase figures for GPR and fees are not necessarily final figures. This annual budget shows the GPR increase that would result if the Joint Committee on Finance budget plus the UW System Economic Stimulus Package were fully funded.

Allocation of items already approved in the Governor's budget (and included in the Joint Committee on Finance and Senate actions as well) will be made to the institutions based on the annual budget decision rules passed by the Board of Regents at the April, 2001 meeting. This document also includes proposed decision rules for additional items in the Regents' proposed Economic Stimulus Package beyond the Governor's recommendations, should some or all of those items receive funding in the final legislative budget.

Any other modifications necessitated by final legislative action will be delegated to the Executive Committee of the Board and to the President of UW System. The decision rules are contained in the appendix of this document.

UW System Budget

While final state biennial budget action is not complete, this annual budget provides new funding for the University of Wisconsin System in several priority areas.

The Governor and Joint Committee on Finance have both approved funding increases for Workforce Development, portions of the Madison Initiative and the Milwaukee Idea, largely funded through tuition increases and a modest GPR increase. The Senate approved the entire UW System Economic Stimulus Package (which increases tuition by .1% on an average annual basis and restores the overall New Wisconsin Economy funding to the standard GPR/fee splits). The Assembly has approved portions of the Economic Stimulus Package, but a significant part of the funding would come through base reallocations and additional fees.

The Joint Committee on Employment Relations acted on June 27th to approve a 1% pay plan increase for non-represented state employees in 2001-02 and a 2% increase in 2002-03. UW System is authorized to set tuition at levels commensurate with its requested unclassified pay plan (4.2% annually).

The above actions permit the UW System to set tuition at levels that will likely be very congruent with final legislative budget action. The proposed tuition and fee rates balance the need to maintain faculty and staff compensation while keeping tuition for resident undergraduates at the levels discussed throughout the state budget review process. Proposed increases are 7% for the 24 campuses comprised by the Comprehensives and Colleges with the Senate version of the biennial budget providing a 7% increase to financial aid programs. Tuition would increase by 8.4% for UW-Madison and UW-Milwaukee (based on an additional 1.4% contained in their biennial budget initiatives along with additional financial aid funding). The proposed resident undergraduate tuition increases maintain UW tuition levels well below the midpoint of peer institutions. Nonresident undergraduate and graduate tuition will rise an additional 2%, for rate increases of 9% at the Comprehensives and Colleges, and 10.4% at the doctoral institutions. Medical and Veterinary Medicine nonresident and resident rate increases will be 8.4%. The Law School will increase rates for both resident and nonresident students by an additional 2% for accreditation needs. This annual budget contains no new Differential Tuition initiatives.

However, holding these tuition rates to 7% and 8.4% for residents can only be accomplished by phasing in the 4.2% pay plan at 2.1% effective July 1 and an additional 2.1% effective January 1, 2002 assuming that the state funds the classified employee pay plan and 1% of the faculty and academic staff pay plan. While this delays reaching the market midpoint figure by six months, it permits the UW System to balance compensation and tuition commitments.

Other important components of the annual budget include:

- ✓ Segregated fee increases averaging 7.66% at the four-year institutions and 4.06% at the UW Colleges, compared with a reporting threshold of 4.5%. Cost increases are driven by student initiatives, student health costs, replenishing reserves for capital and other projects, compensation, and utilities cost increases.
- ✓ Room and Board rate increases averaging 5.21%.

- ✓ Reallocation of base funds for Information Technology/Distance Education of \$15.7 million (2.5 times the Regents' mandated minimum of \$6 million).
- ✓ A report on other annual base reallocations made by the institutions to meet pressing investment needs. Reallocations include investments to support the following Board of Regents' and institutional priorities: technology patents development, adult student programs, enrollment growth and instructional programming, outreach to area businesses, student retention programs, and distance education.
- ✓ Distribution of state-mandated GPR base budget reductions of \$6.345 million, with Administration, Research, and Academic Support taking a disproportionately higher share of the reductions. Instruction, the largest portion of our GPR base (42.5%), also of necessity takes the largest single share of the budget reduction (49.65%). However, enrollments will be maintained and even increased, as part of a commitment made by the UW System to the Department of Administration and Governor in return for flexibility in taking this reduction where Chancellors could best minimize the adverse repercussions on students and high priority needs (such as investments in information technology and distance education). Physical Plant and Public Service were protected by taking a lower share of the reductions, and Student Services takes its fair share.

Conclusion

In summary, this annual budget is committed to continued growth in enrollments (2,660 more FTE students if the entire Economic Stimulus Package is funded) for the sake of Wisconsin's long-term economic growth. The UW System and Board of Regents believe that a key solution to long-term state fiscal responsibility is growing state revenues through more high-paying jobs in Wisconsin. The University System's role in partnership with the State is to increase the number of graduates prepared for high technology and other professional fields. That preparation requires a commitment of state funding coupled with tuition to maintain quality instructional and undergraduate research experiences, along with student use of state of the art information technology tools.

This budget is also committed to maintaining faculty and staff salaries at the peer average. Private colleges and universities are competing heavily to recruit our experienced faculty at higher rates of pay. In key fields of business and technology, the business sector is also luring away both faculty and staff. The UW System faces the prospect of retirement of 40% of its faculty and staff in this decade. In that environment, it is crucial to academic quality to maintain competitive salaries. Information from Big Ten institutions shows salary increases for 2001-02 in the range of 3-6%, meaning that the 4.2% will just keep us competitive.

UW System has prepared this annual budget within the context of an unpredictable state budget environment. The University System developed the tuition rates and allocations with the following goals: maintaining resident student tuition increases that are predictable and affordable; remaining committed to funded enrollment growth for the sake of the Wisconsin economy; maintaining our ranking as one of the most efficient systems of higher education in the nation; encouraging campus and community partnerships; and securing the recruitment and retention of high quality faculty and staff.

This budget requires some very serious trade-offs and balancing acts. The UW System understands the State's concern about current revenues and considers itself a partner in developing solutions.

- Therefore UWS institutions are taking two key steps. First, UW institutions will help “brain gain” in Wisconsin through funded enrollment growth, for the sake of long-term revenue growth through more high-paying jobs in Wisconsin. Second, UW institutions are absorbing \$6.345 million in state budget cuts without corresponding enrollment reductions, despite operating at very tight margins that make it more and more difficult to balance further efficiencies and maintenance of quality.
- An essential competitive pay plan increase is being phased so that tuition can remain at the 7% level that was the goal of the original Board of Regents' biennial budget proposal.
- However, GPR funding has fallen to \$800 per student below the national average (after reaching the national average in 1994-95). If the final legislative budget contains any further base reductions or unfunded costs, the UW System must consider long-term solutions to fiscal viability for the sake of continued academic excellence.

A. ADDITIONAL FUNDING

TABLE A-1
University of Wisconsin System
FY 2001-02 Annual Budget
Changes By Institution
GPR/Fees

Budget Through Joint Finance Committee

	2000-2001 GPR/Fees	Budget Reduction	Workforce Development Initiative (1)	Tuition Targets & Differential (2)	Other (3)	Cost to Continue	2001-2002 GPR/Fees	Total Change
Madison	482,298,699	(2,054,647)	4,924,500	124,000	8,338,553	(1,847,403)	491,783,702	9,485,003
Milwaukee	160,118,997	(662,900)	2,962,700	0	1,830,594	(279,089)	163,970,302	3,851,305
Eau Claire	59,201,254	(276,073)	282,243	134,048	741,026	(158,936)	59,923,562	722,308
Green Bay	29,466,232	(124,016)	0	131,520	422,465	(169,795)	29,726,406	260,174
La Crosse	52,276,220	(224,066)	232,669	259,102	465,987	(151,300)	52,858,612	582,392
Oshkosh	57,184,931	(244,781)	61,213	230,594	730,500	(250,659)	57,711,798	526,867
Parkside	28,002,470	(137,418)	106,663	444,727	466,984	(114,324)	28,769,102	766,632
Platteville	34,722,995	(176,395)	98,615	624,001	566,819	(114,853)	35,721,182	998,187
River Falls	33,626,880	(172,561)	86,347	636,485	599,241	(124,989)	34,651,403	1,024,523
Stevens Point	52,320,594	(223,649)	197,230	39,941	739,134	(256,065)	52,817,185	496,591
Stout	47,464,810	(230,820)	214,422	284,175	609,523	(127,229)	48,214,881	750,071
Superior	17,844,802	(75,170)	213,660	91,886	334,124	(90,886)	18,318,416	473,614
Whitewater	53,943,291	(232,791)	354,662	149,778	726,425	(181,678)	54,759,687	816,396
Colleges	38,817,091	(190,524)	170,400	1,207,257	19,113	(147,437)	39,875,900	1,058,809
Extension	58,413,657	(322,095)	0	0	2,032,745	(295,602)	59,828,705	1,415,048
System Admin.	7,748,466		0	0	(22,500)	(27,712)	7,698,254	(50,212)
Systemwide	<u>28,272,638</u>	(159,009)	<u>0</u>	<u>(145,850)</u>	<u>15,459,532</u>	<u>436,131</u>	<u>43,863,442</u>	15,590,804
Total Excl. FB	1,241,724,027	(5,506,915)	9,905,324	4,211,664	34,060,265	(3,901,826)	1,280,492,539	38,768,512
Fringe Benefits	315,350,492	(838,085)	1,102,176	0	0	18,389,856	334,004,439	18,653,947
Sub-Total Incl. FB	1,557,074,519	(6,345,000)	11,007,500	4,211,664	34,060,265	14,488,030	1,614,496,978	57,422,459
Est. Pay Plan Incr.						27,426,400	27,426,400	27,426,400
Total Incl. FB	\$1,557,074,519	(\$6,345,000)	\$11,007,500	\$4,211,664	\$34,060,265	\$41,914,430	\$1,641,923,378	\$84,848,859

Notes:

- (1) Includes funding for Madison Initiative (\$3.8 million), Milwaukee Idea (\$3.8 million), and La Crosse Allied Health initiative (\$164,100)
(2) Includes Bullseye II allocation (\$3,909,114), enrollment adjustment for Parkside (\$224,400), and differential tuition adjustment for Stout (\$60,000)
(3) Includes UW-Madison Intercollegiate Athletics GPR cut, Student Technology Fee, Pre-College, Redistribution of Lawton/AOP funding, Financial Aid, Debt Service (\$14,287,700) and Utilities (\$15,523,684)

Budget With Full Funding (ESP)

Additional Workforce Development Funding	Lawton/ AOP Increases	Libraries	Other (1)	Total ESP Additional Increment	2001-2002 GPR/Fees, with Stimulus Pkg.	Total Change, with Stimulus Pkg.
4,200,000	221,216	458,934	89,195	4,969,345	496,753,047	14,454,348
4,200,000	140,723	220,607	88,503	4,649,833	168,620,135	8,501,138
1,472,557	11,001	97,982	39,412	1,620,952	61,544,514	2,343,260
250,000	6,797	45,558	23,207	325,562	30,051,968	585,736
158,186	11,498	92,649	34,047	296,380	53,154,992	878,772
188,787	11,982	92,823	37,368	330,960	58,042,758	857,827
114,978	14,735	38,610	22,460	190,783	28,959,885	957,415
416,885	2,787	49,383	26,957	496,012	36,217,194	1,494,199
134,382	4,135	55,905	22,695	217,117	34,868,520	1,241,640
813,170	6,397	84,527	36,056	940,150	53,757,335	1,436,741
297,058	10,450	78,011	67,840	453,359	48,668,240	1,203,430
24,062	3,936	30,000	14,552	72,550	18,390,966	546,164
648,835	23,689	95,187	37,308	805,019	55,564,706	1,621,415
316,500	3,054	60,824	11,600	391,978	40,267,878	1,450,787
328,600	0		0	328,600	60,157,305	1,743,648
0	0		0	0	7,698,254	(50,212)
<u>0</u>	<u>0</u>	<u>47,100</u>	<u>275,100</u>	322,200	<u>44,185,642</u>	15,913,004
13,564,000	472,400	1,548,100	826,300	16,410,800	1,296,903,339	55,179,312
0	0	2,900	28,000	30,900	334,035,339	18,684,847
13,564,000	472,400	1,551,000	854,300	16,441,700	1,630,938,678	73,864,159
0	0	0	0	0	27,426,400	27,426,400
13,564,000	472,400	1,551,000	854,300	\$16,441,700	\$1,658,365,078	\$101,290,559

Notes:

- (1) Includes STEPS, Collaborative Languages, and Study Abroad initiatives

<p>B. ACADEMIC TUITION AND REFUND POLICY AND SCHEDULE</p>
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2001-02 TUITION RATES

Annual tuition rates for the 2001-02 academic year will increase 7% for resident students and 9% for nonresidents at the 24 comprehensive institutions and UW Colleges. Tuition at UW-Madison and UW-Milwaukee will increase 8.4% for residents and 10.4% for nonresidents including the additional 1.4% contained in their biennial budget initiatives. UW-Madison Law School tuition will increase by an additional 2% (10.4% for residents and 12.4% for nonresidents). Revenue from the tuition increase will provide additional funding for the Law School library, technology support and legal writing initiatives. Tuition at the Medical School and Veterinary School will increase 8.4% for all students, regardless of residency, due to their already competitive ranking with peer institutions.

The following tables summarize the distance to the peer median for UW-Madison in 2000-01 and the 2001-02 academic year tuition for UW-Madison in relation to the mid-point of its peer group.

2000-01 UW-MADISON BIG TEN PEER GROUP TUITION COMPARISONS			
	TUITION AND SEGREGATED FEES	PEER GROUP MID-POINT	DISTANCE FROM MID- POINT
Resident Undergraduate	\$3,788	\$4,689	(\$901)
Non-resident Undergraduate	\$14,186	\$12,914	\$1,272
Resident Graduate	\$5,884	\$5,795	\$89
Non-resident Graduate	\$18,594	\$12,248	\$6,346

2001-02 MADISON BIG TEN PEER GROUP TUITION COMPARISONS			
	TUITION AND SEGREGATED FEES	PEER GROUP MID-POINT	DISTANCE FROM MID- POINT
Resident Undergraduate	\$4,086	\$5,021	(\$935)
Non-resident Undergraduate	\$15,358	\$13,942	\$1,414
Resident Graduate	\$6,358	\$6,124	\$234
Non-resident Graduate	\$20,136	\$13,450	\$6,686

UW-MADISON 2001-02 RESIDENT UNDERGRADUATE TUITION COMPARISONS			
	TUITION PERCENT INCREASE	TUITION DOLLAR INCREASE	ESTIMATED TUITION
Illinois	5.0%	\$186	\$3,910
Illinois New Freshmen	18.4%	\$686	\$4,410
Indiana	7.5%	\$292	\$4,195
Iowa	7.2%	\$210	\$3,116
Michigan	6%	\$401	\$7,079
Michigan State	7%	\$338	\$5,168
Minnesota	10.3%	\$451	\$4,852
Ohio State	9.5%	\$384	\$4,410
Purdue (1)	7.5%	\$292	\$4,164
UW-Madison	8.4%	\$278	\$3,568
Average Excl. Madison			
Incl. IL Returning Students	7.5%	\$319	\$4,612
Incl. IL New Freshmen	9.2%	\$382	\$4,674

(1) Tuition and Segregated Fees.

The tuition increases for resident undergraduates and graduates at the comprehensive institutions consist of the standard increases for cost to continue, compensation and new initiatives (4.75%). Another 2.25% adjustment is due to the fee share of the utilities increases and a projected 16.99% increase in health insurance costs for fiscal year 2001-02. UW-Madison and UW-Milwaukee tuition includes an additional 1.4% contained in the Madison Plan Phase II and the Milwaukee Idea biennial budget initiatives.

TABLE B-1

Revised

**UNIVERSITY OF WISCONSIN SYSTEM
PROPOSED 2001-02
TUITION SCHEDULE
FOR FULL ACADEMIC YEAR**

		2001-02 TUITION				
		2000-01 TUITION	DOLLAR INCREASE (Academic Year)			
			TUITION	SEMESTER TUITION	SEMESTER INCREASE	PERCENT INCREASE
UW-MADISON						
<u>Resident</u>						
Undergraduate	\$3,290	\$3,568	\$1,784	\$278	\$139	8.4% (a)
Graduate	\$5,386	\$5,840	\$2,920	\$454	\$227	8.4% (a)
Business Masters	\$6,630	\$7,188	\$3,594	\$558	\$279	8.4% (a)
Law School	\$6,936	\$7,658	\$3,829	\$722	\$361	10.4% (a)
Medical School	\$18,066	\$19,584	\$9,792	\$1,518	\$759	8.4% (a)
Veterinary School	\$13,042	\$14,138	\$7,069	\$1,096	\$548	8.4% (a)
<u>Nonresident</u>						
Undergraduate	\$13,688	\$15,112	\$7,556	\$1,424	\$712	10.4% (a)
Graduate	\$18,096	\$19,978	\$9,989	\$1,882	\$941	10.4% (a)
Business Masters	\$19,458	\$21,482	\$10,741	\$2,024	\$1,012	10.4% (a)
Law School	\$19,538	\$21,962	\$10,981	\$2,424	\$1,212	12.4% (a)
Medical School	\$27,568	\$29,884	\$14,942	\$2,316	\$1,158	8.4% (a)
Veterinary School	\$19,904	\$21,576	\$10,788	\$1,672	\$836	8.4% (a)
UW-MILWAUKEE						
<u>Resident</u>						
Undergraduate	\$3,194	\$3,462	\$1,731	\$268	\$134	8.4% (b)
Graduate	\$5,152	\$5,586	\$2,793	\$434	\$217	8.4% (b)
Business Masters	\$6,342	\$6,876	\$3,438	\$534	\$267	8.4% (b)
<u>Nonresident</u>						
Undergraduate	\$12,642	\$13,958	\$6,979	\$1,316	\$658	10.4% (b)
Graduate	\$17,108	\$18,888	\$9,444	\$1,780	\$890	10.4% (b)
Business Masters	\$18,336	\$20,244	\$10,122	\$1,908	\$954	10.4% (b)
UW COMPREHENSIVE UNIVERSITIES						
<u>Resident</u>						
Undergraduate	\$2,594	\$2,776	\$1,388	\$182	\$91	7.0%
Graduate	\$3,756	\$4,020	\$2,010	\$264	\$132	7.0%
Business Masters	\$4,234	\$4,532	\$2,266	\$298	\$149	7.0%
<u>Nonresident</u>						
Undergraduate	\$10,122	\$11,034	\$5,517	\$912	\$456	9.0%
Graduate	\$12,700	\$13,844	\$6,922	\$1,144	\$572	9.0%
Business Masters	\$13,192	\$14,380	\$7,190	\$1,188	\$594	9.0%
UW COLLEGES						
<u>Resident</u>	\$2,264	\$2,422	\$1,211	\$158	\$79	7.0%
<u>Nonresident</u>	\$8,848	\$9,646	\$4,823	\$798	\$399	9.0%

Resident undergraduate and graduate tuition increases by 7.0% and non resident by 9%, except for UW-Madison and UW-Milwaukee.

(a) UW-Madison tuition includes the 7.0% systemwide increase for resident students, a 9% increase for nonresident students, a 1.4% increase contained in the Madison Initiative, and an additional 2.0% for the Law School. Non resident Veterinary and Medical School tuition will increase at the same rate as resident tuition due to their already competitive tuition ranking with peer institutions.

(b) UW-Milwaukee tuition includes the 7.0% systemwide increase for resident students, a 9% increase for non resident students, and a 1.4% increase contained in the Milwaukee Idea.

Tuition rates for pilot distance education projects are established per Regent Resolution #7949 as approved June 11, 1999.

Refer to Table B-2 for tuition rates of the differential tuition programs previously approved by the Board of Regents.

UNIVERSITY OF WISCONSIN SYSTEM
PROPOSED 2001-02 TUITION SCHEDULE
BASED ON PREVIOUSLY ENACTED DIFFERENTIAL TUITIONS
(for semester rate, divide academic year by 2)

	2001-02		2002
	ACADEMIC YEAR	SEMESTER	SUMMER SESSION
	TUITION	TUITION	TUITION (a)
UW-MADISON			
<u>Resident</u>			
Evening MBA	\$12,058	\$6,029	\$3,016
Pharmacy	\$8,190	\$4,095	\$2,052
<u>Nonresident</u>			
Evening MBA	\$21,482	\$10,741	\$5,372
Pharmacy	\$19,532	\$9,766	\$4,884
UW-MILWAUKEE			
<u>Resident</u>			
Communication Science & Disorders	\$6,686	\$3,343	\$1,672
Occupational/Physical Therapy	\$6,686	\$3,343	\$1,672
<u>Nonresident</u>			
Communication Science & Disorders	\$22,580	\$11,290	\$5,648
Occupational/Physical Therapy	\$22,580	\$11,290	\$5,648
UW-EAU CLAIRE			
<u>Resident</u>			
Undergraduate	\$2,876	\$1,438	\$720
<u>Nonresident</u>			
Undergraduate	\$11,134	\$5,567	\$2,784
UW-LA CROSSE			
<u>Resident</u>			
Occupational Therapy/Physician Assistant	\$3,322	\$1,661	\$834
Physical Therapy	\$4,810	\$2,405	\$1,340
<u>Nonresident</u>			
Occupational Therapy/Physician Assistant	\$13,190	\$6,595	\$3,300
Physical Therapy	\$16,554	\$8,277	\$4,600
UW-STOUT			
<u>Resident</u>			
Undergraduate	\$2,916	\$1,458	\$732
Graduate	\$4,220	\$2,110	\$1,175
<u>Nonresident</u>			
Undergraduate	\$11,184	\$5,592	\$2,796
Graduate	\$14,048	\$7,024	\$3,905
UW COLLEGES			
<u>Resident</u>	\$2,422	\$1,211	\$606
<u>Nonresident</u>	\$9,646	\$4,823	\$2,412

There were no additional differential tuition initiatives approved by the Board of Regents for 2001-02

Existing Differential Tuitions

UW - Madison: a) Evening Masters of Business Administration began Fall 1998, is designed to serve individuals who work full-time;
b) Doctor of Pharmacy Program implemented Fall, 1997, is a six year professional program, with first two years pre-Pharmacy.

UW - Milwaukee Allied Health Graduate Programs raised general tuition by 20% (10% in 1998-99 and another 10% in 1999-00) to help defray the costs of these expensive health science programs. The Physical Therapy Program was implemented in 1999-00.

UW - Eau Claire Undergraduate Baccalaureate Program began Fall, 1997 with a rate of \$50 per semester which funds opportunities such as faculty/student collaborative research, service-learning programs, internships, and freshman seminars/capstone courses.

UW - La Crosse Allied Health Programs, implemented Fall 1997, raised tuition by 20% (10% in 1997-98 and another 10% in 1998-99) to help defray costs for operating the undergraduate Occupational Therapy & Physician Assistant programs and the graduate Physical Therapy program.

UW - Stout Undergraduate and Graduate student initiated five percent differential tuition approved beginning Fall 1999. Both residents and non-residents will pay the same differential tuition dollar amount (\$130 for undergraduates and \$176 for graduates).

UW Colleges completed, in 1999-00, the fourth year of a previously approved phased differential tuition to raise tuition to 87% of the Comprehensive rate. The resident undergraduate tuition freeze in 2000-01 combined with an systemwide increase of 7% for 2001-02 will delay implementation of reducing the gap between the Comprehensive rate and Colleges rate to less than \$300.

(a) Represents tuition for a "full-time" summer session student. Full-time is defined as 1/2 of the full-time academic year semester load.

TABLE B-3

UNIVERSITY OF WISCONSIN SYSTEM RECOMMENDED 2002 SUMMER SESSION TUITION SCHEDULE (a)
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	<u>2001 Tuition</u>	<u>Proposed 2002 Tuition</u>
UW-MADISON (b)		
<u>Resident</u>		
Undergraduate	\$828	\$894
Graduate	\$1,348	\$1,460
Business Masters	\$1,660	\$1,460
Law School	\$1,734	\$1,920
<u>Nonresident</u>		
Undergraduate	\$3,426	\$3,780
Graduate	\$4,524	\$4,996
Business Masters	\$4,844	\$4,996
Law School	\$4,866	\$5,496
UW-MILWAUKEE (b)		
<u>Resident</u>		
Undergraduate	\$804	\$870
Graduate	\$1,288	\$1,400
Business Masters	\$1,588	\$1,400
<u>Nonresident</u>		
Undergraduate	\$3,162	\$3,492
Graduate	\$4,280	\$4,724
Business Masters	\$4,584	\$4,724
UW COMPREHENSIVE UNIVERSITIES GENERAL RATES (b)		
<u>Resident</u>		
Undergraduate	\$654	\$696
Graduate (c)	\$1,045	\$1,120
Business Masters	\$1,180	\$1,120
<u>Nonresident</u>		
Undergraduate	\$2,532	\$2,760
Graduate (c)	\$3,530	\$3,850
Business Masters	\$3,665	\$3,850
UW COLLEGES		
<u>Resident</u>	\$570	\$606
<u>Nonresident</u>	\$2,214	\$2,412

- (a) The rates shown represent the tuition paid by a "full-time" summer session student. Full-time is defined as one-half of the full-time semester load for the academic year.
- (b) Refer to Table B-2 for summer session tuition rates of differential tuition programs approved by the Board of Regents.
- (c) Graduate students at UW-Eau Claire, UW-Oshkosh, UW-Platteville, UW-River Falls, & UW-Superior are paying per credit tuition and will continue to do so in 2002.

TABLE B-4

UNIVERSITY OF WISCONSIN SYSTEM
CONSOLIDATED SCHEDULE OF TUITION AND SEGREGATED FEES
2001-02 ACADEMIC YEAR
(Some Segregated Fees Rounded To The Nearest Dollar)

	ACADEMIC TUITION				TOTAL TUITION AND FEES		
	Residents	Nonresidents	Minnesota Reciprocity	SEGREGATED FEES PAID BY ALL STUDENTS (a)	Residents	Nonresidents	Minnesota Reciprocity
<u>DOCTORAL UNIVERSITIES (b)</u>							
<u>Undergraduate</u>							
Madison	\$3,568	\$15,112	NA	\$518	\$4,086	\$15,630	NA
Milwaukee	\$3,462	\$13,958	NA	\$592	\$4,054	\$14,550	NA
<u>Graduate</u>							
Madison	\$5,840	\$19,978	NA	\$518	\$6,358	\$20,496	NA
Milwaukee	\$5,586	\$18,888	NA	\$592	\$6,178	\$19,480	NA
Law	\$7,658	\$21,962	NA	\$518	\$8,176	\$22,480	NA
Medicine	\$19,584	\$29,884	NA	\$518	\$20,102	\$30,402	NA
Veterinary Medicine	\$14,138	\$21,576	NA	\$518	\$14,656	\$22,094	NA
<u>COMPREHENSIVE UNIVERSITIES GENERAL RATES (b)</u>							
<u>Undergraduate</u>							
EAU CLAIRE	\$2,876	\$11,134	NA	\$458	\$3,334	\$11,592	NA
GREEN BAY	\$2,776	\$11,034	NA	\$872	\$3,648	\$11,906	NA
LA CROSSE	\$2,776	\$11,034	NA	\$624	\$3,400	\$11,658	NA
OSHKOSH	\$2,776	\$11,034	NA	\$449	\$3,225	\$11,483	NA
PARKSIDE	\$2,776	\$11,034	NA	\$516	\$3,292	\$11,550	NA
PLATTEVILLE	\$2,776	\$11,034	NA	\$575	\$3,351	\$11,609	NA
RIVER FALLS	\$2,776	\$11,034	NA	\$490	\$3,266	\$11,524	NA
STEVENS POINT	\$2,776	\$11,034	NA	\$487	\$3,263	\$11,521	NA
STOUT	\$2,916	\$11,184	NA	\$474	\$3,390	\$11,658	NA
SUPERIOR	\$2,776	\$11,034	NA	\$454	\$3,230	\$11,488	NA
WHITEWATER	\$2,776	\$11,034	NA	\$491	\$3,267	\$11,525	NA
<u>Graduate</u>							
EAU CLAIRE	\$4,020	\$13,844	NA	\$458	\$4,478	\$14,302	NA
GREEN BAY	\$4,020	\$13,844	NA	\$872	\$4,892	\$14,716	NA
LA CROSSE	\$4,020	\$13,844	NA	\$624	\$4,644	\$14,468	NA
OSHKOSH	\$4,020	\$13,844	NA	\$449	\$4,469	\$14,293	NA
PARKSIDE	\$4,020	\$13,844	NA	\$516	\$4,536	\$14,360	NA
PLATTEVILLE	\$4,020	\$13,844	NA	\$575	\$4,595	\$14,419	NA
RIVER FALLS	\$4,020	\$13,844	NA	\$490	\$4,510	\$14,334	NA
STEVENS POINT	\$4,020	\$13,844	NA	\$487	\$4,507	\$14,331	NA
STOUT	\$4,220	\$14,048	NA	\$474	\$4,694	\$14,522	NA
SUPERIOR	\$4,020	\$13,844	NA	\$454	\$4,474	\$14,298	NA
WHITEWATER	\$4,020	\$13,844	NA	\$491	\$4,511	\$14,335	NA
<u>UW COLLEGES</u>							
BARABOO/SAUK	\$2,422	\$9,646	NA	\$210	\$2,632	\$9,856	NA
BARRON	\$2,422	\$9,646	NA	\$195	\$2,617	\$9,841	NA
FOND DU LAC	\$2,422	\$9,646	NA	\$221	\$2,643	\$9,867	NA
FOX VALLEY	\$2,422	\$9,646	NA	\$200	\$2,622	\$9,846	NA
MANITOWOC	\$2,422	\$9,646	NA	\$171	\$2,593	\$9,817	NA
MARATHON	\$2,422	\$9,646	NA	\$190	\$2,612	\$9,836	NA
MARINETTE	\$2,422	\$9,646	NA	\$147	\$2,569	\$9,793	NA
MARSHFIELD/WOOD	\$2,422	\$9,646	NA	\$214	\$2,636	\$9,860	NA
RICHLAND	\$2,422	\$9,646	NA	\$235	\$2,657	\$9,881	NA
ROCK	\$2,422	\$9,646	NA	\$186	\$2,608	\$9,832	NA
SHEBOYGAN	\$2,422	\$9,646	NA	\$214	\$2,636	\$9,860	NA
WASHINGTON	\$2,422	\$9,646	NA	\$227	\$2,649	\$9,873	NA
WAUKESHA	\$2,422	\$9,646	NA	\$149	\$2,571	\$9,795	NA

(a) Excludes United Council of UW Student Government's Fee Assessment of \$2.70 (\$1.35 per semester).

(b) Plus the Board of Regents approved differential tuition rates found on Table B-2 plus the institutional segregated fee.

N/A = data not available at this time.

UW System Tuition Refund Policy and Schedule

Refunds shall be made in accordance with Section Q. Refunds/Withdrawals/Drops and Attachment C of the Financial Policy and Procedure Paper #44.

Q. Refunds/Withdrawals/Drops

UW System institutions are responsible for complying with federal regulations governing participation in the student financial assistance programs authorized under Title IV of the Higher Education Act of 1965, as amended. To the extent that these regulations require a larger refund to federal funding sources than the amount specified by the refund policy stipulated below, the student will be responsible for the difference.

For refund, withdrawal, drop/adds and late payment purposes, the first session week is defined to end as of the close of regular business on Friday of the first full calendar week or, at the institution's option, after five class days.

Up to the end of the second session week (as institutionally defined) or the end of the 10th day of class, refunds for any credit reduction shall be at 100% (less the optional withdrawal fee). During the third and fourth session week, the refund shall be reduced to 50% and after the fourth session week, there shall be no refunds of tuition. At the institution's option, a flat add/drop fee as approved by the Vice President for Business and Finance may be assessed after the 100% refund period to cover administrative costs. The fee shall be deposited to Fund 128.

The burden of proof in determining the date of withdrawal/drop shall be on the student. The same refund schedule shall apply to both withdrawals and class drops. During the 100% refund period, a student who adds and drops credits of concurrently offered classes within the same session week shall be assessed additional fees or receive a refund based on the net result of those adds and drops. After the 100% refund period, students will be assessed for all adds and drops. If a part-time student only adds credits during the session week, the credits should be assessed at the full per-credit rate disregarding any previous refunds. Undergraduate students who take 12 through 18 credits and graduate students should not pay more than full-time student fees. Undergraduates who take more than 18 credits shall have the refund schedule applied to those credits which exceed the 18 credit plateau. Exceptions to this provision must have the prior approval of the Vice President for Business and Finance or designee.

In those instances in which a student can document nonattendance at the institution after having enrolled in one or more courses, the student shall be assessed fees equal to 20% of the original fees due, reduced to resident rates, plus the late payment fee.

The refund policy may be adjusted for differences in starting dates and session lengths. Exceptions may be made, at the institution's option, for changing sections within a course.

At the institution's option, a withdrawal fee not to exceed \$50.00 may be assessed during the first session week and up to \$100 during the second session week. The withdrawal fee shall be deposited to Fund 128 and used to support the fee collection operations and defray the cost of processing withdrawals.

ATTACHMENT C

REFUND AND PAYMENT SCHEDULES FOR WITHDRAWALS AND DROPS

SESSION LENGTH	REFUND SCHEDULE FOR WITHDRAWALS OR DROPS					PAYMENT SCHEDULE FOR WITHDRAWAL, CANCELLATION OF REGISTRATION OR DROPS WITHOUT PAYMENT OF FEES (Assessment for administrative costs is in addition to percents noted.)				
	Week of Session					Week of Session				
	Week 1	Week 2	Week 3	Week 4	Thereafter	Week 1	Week 2	Week 3	Week 4	Thereafter
12 weeks and over	100%	100%	50%	50%	None	None	None	50%	50%	100%
8 weeks thru 11 weeks	100%	50%	25%	None	None	None	50%	75%	100%	
5 weeks thru 7 weeks	100%	50%	None	None		None	50%	100%	100%	
3 weeks thru 4 weeks	100%	25%	None	None		None	75%	100%	100%	
2 weeks	100%	None				None	100%			

NOTE: For sessions of shorter duration, campuses should extend schedules appropriately.

Source: Financial Policy and Procedure Paper #44.

C. UW AUXILIARY OPERATIONS

Auxiliary Rate Increases

As approved by the Board of Regents in 1996, explanations of auxiliary rate increases will focus on those above the 3 year rolling average increase in Wisconsin per capita disposable income (4.5% for 2001-02). General increases across the system included the following:

- **Segregated fee rate increases average 7.66%.**
Seven of thirteen four-year institutions exceed the 4.5% threshold, for reasons including: student initiatives, replenishing reserves, compensation, and utilities cost increases.
- **Segregated fee increases at the UW Colleges average 4.06%.**
Two of the thirteen Colleges exceed the reporting threshold, largely due to FTE increases, and structural and organizational changes.

Room and Board rate increased at an average 5.21%. The increases are primarily due to debt service, replenishing reserves and additions, maintenance and remodeling (including adding and remodeling for computers in residence halls).

- **UW Colleges (Marshfield) rate increased 19.9%.**
In previous years, the segregated fee budget was supplemented by the Bookstore Cooperative. The Cooperative can no longer sustain this, so the increase in segregated fees will be used to provide continued funding of existing programs.

Additional auxiliary highlights include:

- **Auxiliary Reserves**
Due to changes in the reporting date, auxiliary reserve reports are no longer included in the Operating Budget Book. The auxiliary reserve report will go to the Board of Regents for action in September of each year.

SYSTEM AUXILIARY OPERATIONS

PROGRAM SUMMARY

Auxiliary operations are self-supporting programs whose primary purpose is to provide services to students (e.g., residence halls, student centers/unions, bookstores) and whose secondary purpose is to provide services to staff (e.g., parking, clinics, conferences, printing and duplicating services), and occasionally the general public. Revenues are generated from user fees, segregated fees, merchandise sales and interest earnings. Auxiliary operations are allowed to maintain reserves with funds used for new facilities, remodeling/additions, deferred maintenance, high cost equipment, debt service obligations, and to ensure adequate funding for current operations. Students participate in the programming and budgeting process through institutional Segregated University Fee Allocations Committees (SUFAC's).

Based on direction from the Business & Finance Committee of the Board of Regents, the increases in major auxiliaries rates are subject to a reporting threshold equal to the 3-year rolling average change in Wisconsin Disposable Income Per Capita (or 4.5% for 2001-02). Institutions with rate increases below that threshold have reduced annual budget paperwork and those above must continue to provide detailed reporting on their rate increases. The threshold applies separately to the following major auxiliary categories: Segregated Fees (in total), Room and Board rates, Textbook Rental, and Apartment Rental Rates. Tables C-3 through C-6 include an explanation of increases for those institutions above the 4.5% threshold.

Operations

The 2001-02 auxiliary operations budget includes adjustments to cover student initiatives, replenishing reserves, compensation and utilities cost increases.

- Expenditures will increase 6.6% in 2001-02 to \$508 million.
- Revenues from charges to students for segregated fees and room and board, as well as other auxiliary revenues, will increase by \$26.61 million or 5.6%. Auxiliary fees and rates are determined by the institutions in cooperation with the students, and reviewed and approved at the system level.
- The average segregated fee (excluding UW-Colleges) is \$538.47 with an average increase of \$38.29 (7.66%); institution rate changes range from \$14.00 to \$160.50 (2.5% to 22.6%). The UW-Colleges average segregated fee is \$196.90 with an average increase of \$7.68 (4.06%); institution rate changes range from -\$9.00 to \$35.46 (-4.3% to 19.9%). At all institutions, student initiated programs, replenishing reserves, compensation and utilities cost increases are the major reasons for the increases. Table C-1 shows the 2001-02 percent increase and total segregated fees by institution. Table C-3 explains the increases for those institutions above the 4.5% threshold.
- The average room and board rate is \$3,756.00 with an average increase of \$186.00 (5.21%); institution rate changes range from \$63.00 to \$488.00 (2.0% to 15.1%). For additional information see Table C-5.
- See Tables C-4 and C-6 for Textbook Rental and Apartment rates.

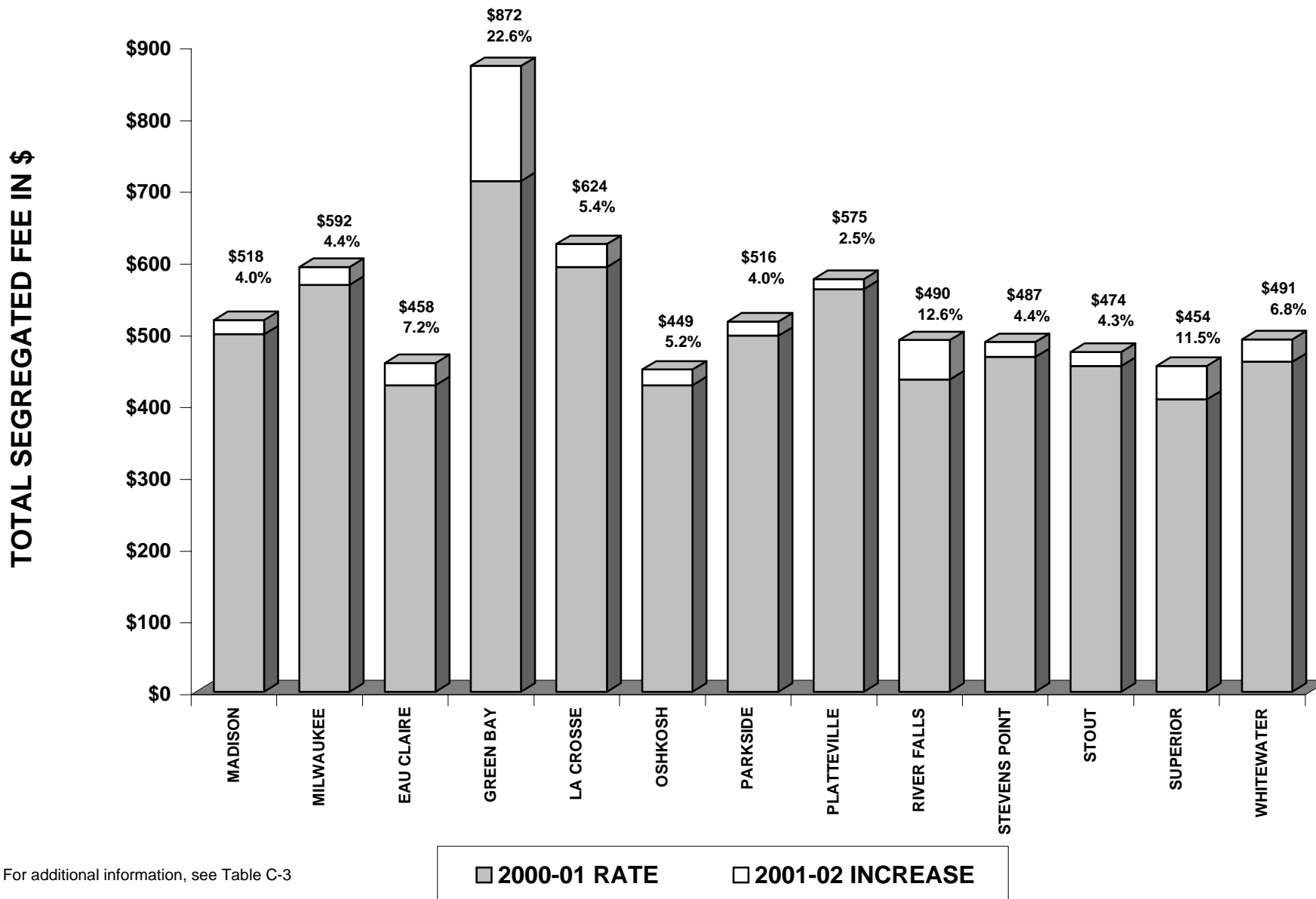
TABLE C-1

UW-SYSTEM AUXILIARY OPERATIONS

2001-02

Academic Year Segregated Fees

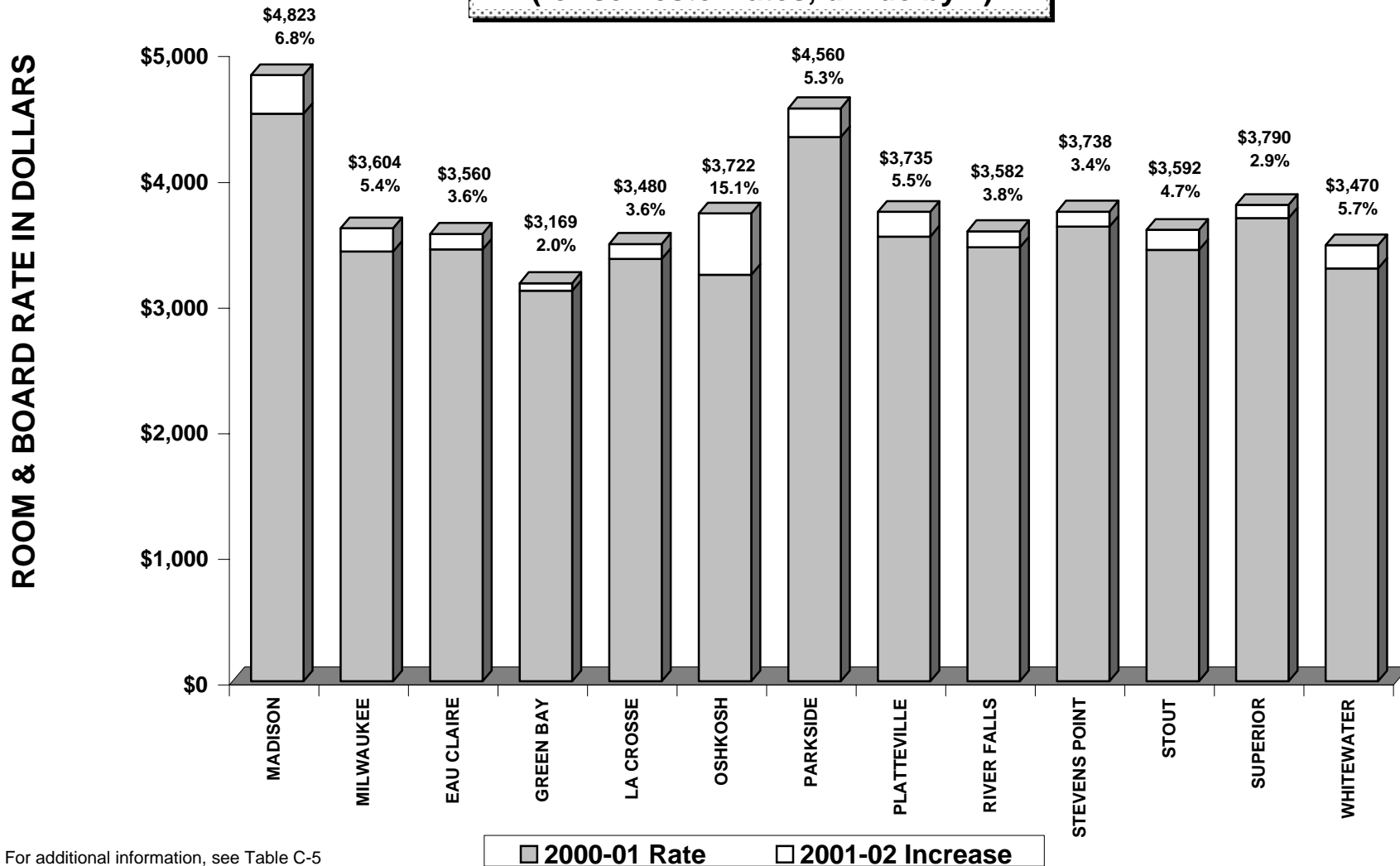
(for semester rates, divide by 2)



For additional information, see Table C-3

TABLE C-2

UW-SYSTEM AUXILIARY OPERATIONS 2001-02 Academic Year Room & Board Rates (for semester rates, divide by 2)



For additional information, see Table C-5

Table C-3 (Summary)

**UW SYSTEM AUXILIARY OPERATIONS
PRIMARY REASONS FOR 2001-02 SEGREGATED FEE INCREASES
INSTITUTIONS WITH TOTAL SEG FEE OVER 4.5% THRESHOLD
(SEG FEE INCREASES DO NOT INCLUDE TEXT RENTAL RATE INCREASES)**

Campus	2001-02 Total Seg Fee Increase	Reasons for Rate Increase (Expressed as a Percentage of Total Rate Increase)						Total
		Compensation Increases, S&E and Non-Allocable Programs Changes	Student Initiated Programming	Changes in Reserves	Additions/ Maintenance/ Remodeling	Other *	Reductions *	
Eau Claire	7.21%	45.67%	6.40%	41.86%	5.10%	0.97%		100.00%
Green Bay	22.56%	31.29%	67.48%			1.23%		100.00%
LaCrosse	5.42%	43.18%	15.27%	3.12%		43.63%	-5.20%	100.00%
Oshkosh	5.15%	61.64%		29.86%	31.95%	19.23%	-42.68%	100.00%
River Falls	12.64%	1.82%	1.82%	96.36%				100.00%
Superior	11.49%	40.72%	59.28%					100.00%
Whitewater	6.78%	98.94%	0.64%	13.88%			-13.46%	100.00%

* Other:

LaCrosse's 43.63% in 'Other' represents a seg fee increase that will fund a change in personnel structure within Student Health operations.

Oshkosh's 19.23% in 'Other' represents a seg fee increase that will fund an increase in Union Center debt service.

* Reductions:

Oshkosh's -42.68% in 'Reductions' represents the elimination of seg fee support toward Stadium debt service.

Whitewater's -13.46% in Reductions represents base expense reductions in Athletics, Stadium operations, and Text Rental operations.

TABLE C-3 (Detail)

<p align="center"> UW SYSTEM AUXILIARY OPERATIONS 2001-02 ACADEMIC YEAR SEGREGATED FEES INSTITUTIONS ABOVE THE 4.5% THRESHOLD </p>

<u>INSTITUTION</u>	<u>2000-01 RATE</u>	<u>2001-02 RATE</u>	<u>INCREASE</u>	<u>% CHANGE</u>	<u>EXPLANATION OF CHANGES ABOVE THE 4.5% THRESHOLD</u>
MADISON	498.00	518.00	20.00	4.0%	
MILWAUKEE	566.90	591.90	25.00	4.4%	
EAU CLAIRE	427.20	458.00	30.80	7.2%	Seg fee increases are the result of a student referendum approving a \$13.80 (8.2%) increase in Union operations to build capital reserves for an addition to the Student Center, a \$5.80 increase in Organized Activities (8.7%) to accommodate increased program and personnel costs and a \$7.8 increase (9.3%) in Student Health to fund increased physician salaries, changes in hours and service and plans for replacement of medical testing equipment.
GREEN BAY	711.50	872.00	160.50	22.6%	The Campus Life in the 21st Century Initiative, focused on student facility needs, included a student approved segregated fee increase of \$100 per year for the next four years to fund projects such as expansion of the University Union, a proposed expansion of the Phoenix Sports Center and the construction of a multi-purpose events facility. <u>If the Phoenix Sports Center project is not ultimately approved by the Board of Regents and the State, the students will revisit the increased seg fee to seek alternative approaches to improving campus life for students and /or reducing the overall seg fee.</u> Students also approved a \$27.93 increase in Athletics as part of a five year plan to address financial difficulties facing the program. A \$13.23 (5%) increase in the Union will fund program and facility improvements along with student wage increases. An \$8.28 increase in Organized Activities will fund additional student organizations and increased programming.

TABLE C-3 (Continued)

<p align="center"> UW SYSTEM AUXILIARY OPERATIONS 2001-02 ACADEMIC YEAR SEGREGATED FEES INSTITUTIONS ABOVE THE 4.5% THRESHOLD </p>

<u>INSTITUTION</u>	<u>2000-01 RATE</u>	<u>2001-02 RATE</u>	<u>INCREASE</u>	<u>% CHANGE</u>	<u>EXPLANATION OF CHANGES ABOVE THE 4.5% THRESHOLD</u>
LA CROSSE	591.91	624.00	32.09	5.4%	Increases are primarily the result of a \$14 increase (9%) in Student Health to hire a new center director and clinical nurse manager, a \$7.37 increase (17%) in Athletics to support conference commitments and transportation costs, a \$4.97 increase (5%) in the Rec Center for pay plan increases and utility costs and a \$4.90 increase (33%) for the UPASS program which will begin full service this fall.
OSHKOSH	427.00	449.00	22.00	5.2%	The majority of the increase is the result of a \$20.79 increase in the Student Union seg fee. The Student Union is currently under construction and renovation as a part of Project 2000, which started last fiscal year and will continue into 2001-02.
PARKSIDE	496.01	516.02	20.01	4.0%	
PLATTEVILLE	561.00	575.00	14.00	2.5%	
RIVER FALLS	435.00	490.00	55.00	12.6%	Student committees approved a \$50.00 increase (31%), the second of three scheduled increases, to build reserves for a new Student Union building, planned for construction during the 2003-04 academic year. Student committees have played an active role in planning the 100,000 GSF, \$20.35 million project, scheduled to open in Fall of 2004. A \$2.00 increase in Athletics will fund the women's hockey program and inflation. The student governance group also approved a \$3.00 increase as a reserve for a new Child Care facility should the current site be demolished when the new Student Union is built.
STEVENS POINT	466.60	487.30	20.70	4.4%	

TABLE C-3 (Continued)

<p align="center"> UW SYSTEM AUXILIARY OPERATIONS 2001-02 ACADEMIC YEAR SEGREGATED FEES INSTITUTIONS ABOVE THE 4.5% THRESHOLD </p>

<u>INSTITUTION</u>	<u>2000-01 RATE</u>	<u>2001-02 RATE</u>	<u>INCREASE</u>	<u>% CHANGE</u>	<u>EXPLANATION OF CHANGES ABOVE THE 4.5% THRESHOLD</u>
STOUT	454.08	473.76	19.68	4.3%	
SUPERIOR	407.30	454.10	46.80	11.5%	The majority of the increase was initiated by the students. Student Organization, Intramural and Athletic increases represent \$27.74 or 60% of the total seg fee increase. With modest enrollment levels, these increases were deemed necessary to provide adequate financial support to increase programming and expand activities. Student Health seg fee increases represent \$13.60 or 30% of the total seg fee increase. The increase in the Student Health seg fee is the result of higher costs associated with government regulation compliance, and cost increases in current services.
WHITEWATER	459.84	491.04	31.20	6.8%	The \$17.04 increase (10%) in University Center operations reflects the need for compensation increases, increased programming, a new graduate assistant position, and a facility survey. Organized Activities will experience a \$7.69 seg fee increase, which will fund increases for student programs, such as Weekend Programming, Student Government and Recreation/Club Sports. The only other operation experiencing a significant seg fee increase is Student Health, which will increase its rate by \$6.96 to cover increases in staff compensation plans.

TABLE C-3 (Continued)

**UW SYSTEM AUXILIARY OPERATIONS
2001-02 ACADEMIC YEAR
SEGREGATED FEES**

INSTITUTIONS	2000-01 RATE	2001-02 RATE	INCREASE	% CHANGE	EXPLANATION OF CHANGES OVER THE 4.5% THRESHOLD
<u>UW-COLLEGES</u>					
BARABOO	\$205.16	210.06	\$4.90	2.4%	
BARRON	187.10	195.46	\$8.36	4.5%	
FOND DU LAC	211.32	220.92	\$9.60	4.5%	
FOX VALLEY	208.90	199.90	-\$9.00	-4.3%	
MANITOWOC	165.50	171.00	\$5.50	3.3%	
MARATHON	180.02	190.00	\$9.98	5.5%	The increase at Marathon County is the result of FTE increases in the Lecture and Fine Arts Coordinator position and the Student Activities Coordinator position.
MARINETTE	142.56	147.06	\$4.50	3.2%	
MARSHFIELD	178.42	213.88	\$35.46	19.9%	In previous years, the segregated fee budget was supplemented by the Bookstore Cooperative. The cooperative can no longer sustain this support so the segregated fee increase will be used to provide continuing funding to existing programs.
RICHLAND	227.62	235.20	\$7.58	3.3%	
ROCK	185.64	185.98	\$0.34	0.2%	
SHEBOYGAN	205.12	214.40	\$9.28	4.5%	
WASHINGTON	219.60	227.22	\$7.62	3.5%	
WAUKESHA	142.82	148.58	\$5.76	4.0%	

Note: UW-Colleges campus' segregated fee rates can vary significantly from one year to the next due to the fact that this is a two year student body and many of the changes result in significant percentage increases given the small student population.

TABLE C-4

UW SYSTEM AUXILIARY OPERATIONS 2001-02 ACADEMIC YEAR TEXTBOOK RENTAL RATES

INSTITUTIONS		2000-01 RATE	2001-02 RATE	INCREASE	% CHANGE
EAU CLAIRE	[1]	\$128.00	\$135.00	\$7.00	5.5%
LA CROSSE		128.00	130.00	2.00	1.6%
PLATTEVILLE		130.00	132.00	2.00	1.5%
RIVER FALLS	[2]	104.00	114.00	10.00	9.6%
STEVENS POINT	[3]	102.00	111.60	9.60	9.4%
STOUT		107.52	112.32	4.80	4.5%
WHITEWATER	[4]	91.68	99.60	7.92	8.6%
<u>UW-COLLEGES</u>					
BARRON	[5]	110.00	116.00	6.00	5.5%
RICHLAND		120.00	120.00	0.00	0.0%

[1] Text rental rate increase results from increased rental material cost and contracting costs.

[2] Text rental increase is result of rising costs for new texts, the increase in the number of books needed, and the need to purchase newer versions of books that include software.

[3] Increase will help increase slipping reserve levels and fund purchase of new/replacement textbooks.

[4] Increase due to increased textbook costs and additional textbooks purchased in 2000-01.

[5] Increase due to new book purchases required by changes in curriculum.

TABLE C-5

UW SYSTEM AUXILIARY OPERATIONS 2001-02 ACADEMIC YEAR RESIDENCE HALLS AND MEAL PLAN RATES (For semester rate, divide by 2)

	RESIDENCE HALLS			MEAL PLANS				TOTAL			
	00-01	01-02	INCR	00-01	01-02	INCR	TYPE	00-01	01-02	INCR	%
Madison	\$2,456	\$2,699	\$243	\$2,058	\$2,124	\$66	ALA CARTE	\$4,514	\$4,823	\$309	6.8%
Milwaukee (1)	2,064	2,194	130	1,355	1,410	55	ALA CARTE - 1	3,419	3,604	185	5.4%
Eau Claire	2,045	2,150	105	1,390	1,410	20	ALA CARTE	3,435	3,560	125	3.6%
Green Bay (2)	2,106	2,169	63	1,000	1,000	0	ALA CARTE - 1	3,106	3,169	63	2.0%
La Crosse	1,800	1,900	100	1,560	1,580	20	14 MEALS	3,360	3,480	120	3.6%
Oshkosh (3)	1,930	2,016	86	1,304	1,706	402	14 MEAL PLAN	3,234	3,722	488	15.1%
Parkside	2,900	3,060	160	1,430	1,500	70	ALA CARTE - 1	4,330	4,560	230	5.3%
Platteville	1,810	1,915	105	1,730	1,820	90	15 MEALS	3,540	3,735	195	5.5%
River Falls (4)	1,932	2,046	114	1,520	1,536	16	14 MEALS	3,452	3,582	130	3.8%
Stevens Point	2,136	2,200	64	1,480	1,538	58	10 MEALS 200 POINTS	3,616	3,738	122	3.4%
Stout	1,920	2,036	116	1,512	1,556	44	POINT SYS - 3	3,432	3,592	160	4.7%
Superior	1,974	2,062	88	1,710	1,728	18	BLOCK PLAN	3,684	3,790	106	2.9%
Whitewater	1,890	2,070	180	1,394	1,400	6	14 MEALS	3,284	3,470	186	5.7%
System Avg's: Simple	\$2,074	\$2,194	\$120	\$1,496	\$1,562	\$67		\$3,570	\$3,756	\$186	5.2%
Colleges (Marathon County)	1,922	1,998	\$76	1,154	1,162	8	10 - MEAL PLAN	3,076	3,160	84	2.7%

Notes: Residence Hall rate is for double room and Meal Plan type above is for most popular meal plan or represents average spending per student for meals at each institution.

(1) Milwaukee's room rate represents a large double suite with 5 students

(2) Green Bay's room rate represents a four-student per apartment rate

(3) Oshkosh's most popular meal plan is now the 14 meal plan.

This year's meal plan also includes a 3 week fall interim period that was not included in last year's plan

(4) River Falls' most popular meal plan is now the 14 meal plan.

EXPLANATIONS OF INCREASES IN 2001-02 RESIDENCE HALLS AND MEAL PLAN RATES ABOVE THE 4.5% THRESHOLD

Increases due primarily to additions, maintenance, remodeling, and utilities increases

Madison:	Major cost increases for network bandwidth and for utilities are the primary reasons that rates are above the threshold. Additional contributing factors to the increased rate are residence hall renovations under the master plan and classified compensation improvements (for example, food service staff).
Milwaukee:	The majority of the increase in room and board rates is due to debt service increases resulting from a major addition and unexpected construction cost increases. Increases in utility costs are also contributing to the overall increase in room & board rates.
Oshkosh:	The increase in Oshkosh's board rate will fund a new food service provider and contract, new facilities and increased services. The board plan now includes the 3 week fall interim period and will increase the number of points available for use at retailer operations.
Parkside:	The increase in Residence Life can be attributed to S&E expenses, compensation costs, and increases in the cost of utilities. The increases in meal plan rates are due to the selection of a new food service vendor and the addition of new meal plans that better reflect service requests from students.
Platteville:	The 5.8% room rate increase will pay utility rate increases and facility upgrades scheduled for 2001-02. Facility enhancements include a Wisconsin Energy Initiative project to upgrade the heating controls in all nine residence halls, as well as bond support for the University Living and Learning Center managed by Student Housing. Meal plan rate increases of 4.5% will pay for facility upgrades scheduled for 2001-02, food costs and compensation increases in the LTE and student wage rate.
Stout:	Residence life is developing a long-range facilities plan to address long overdue facility renovation and revitalization, and program development. This renovation plan will have a major impact on rates in the foreseeable future. In the short term, additional funds are needed to accelerate wiring and technology upgrades and to accommodate anticipated increases in capital supplies and utility costs.
Whitewater:	Two thirds of the increase in Residence Life will fund debt service for bonded projects, short term technology projects, and the development of a facilities master plan. The other third is due to compensation increases.

TABLE C-5 (Continued)

UW SYSTEM AUXILIARY OPERATIONS
2001-02 ACADEMIC YEAR
OTHER RESIDENCE HALLS AND MEAL PLAN RATES
(For semester rate, divide by 2)

<u>Other Board Plans</u>		<u>Single Room Rates</u>	<u>Other Room Rates</u>	
Madison	<i>Base board rate is \$1,156 (in addition, students may also deposit any amount for purchase of food,</i>	\$3,321	Madison	Large Single \$3,524 Small Double & Triple \$2,547 Large Double \$2,778
Milwaukee	Plan 2 \$1,530, Plan 3 \$1,630, Plan 4 \$1,830, Plan 5 \$2,430	\$2,880	Milwaukee	Four w/o Study \$2,402 Four w/ Study \$2,629 Four Person Suite \$3,600
Eau Claire		\$3,050		
Green Bay		\$3,326	Green Bay	Double Apartment \$3,090
La Crosse	19 Meals + Points, \$1,620 10 Meals + Points, \$1,550 7 Meals + Points, \$1,530	\$2,400		
Oshkosh	Points Only \$1,728	\$2,672		
Parkside	Plan 2 \$1,700, Plan 3 \$1,900 New Plan \$2,100	\$3,560	Parkside	Small Double \$2,664 Double (Univ. Apts.) \$2,980 Single (Univ. Apts.) \$3,480
Platteville	19 Meals \$1,885 10 Meals \$1,755 14 Meals/week + \$50 per semester \$1,870 10 Meals/week + \$100 per semester \$1,850 110 Meals/sem + \$125 per sem. \$1,369 90 Meals/sem + \$100 per sem. \$1,078 150 Meals/sem + \$100 per semester \$1,816 50 Meals/sem - \$544 50 Meals/sem + \$75 per sem. \$670 75 Meals/sem + \$100 per sem. \$946	\$2,695		Triple \$1,795
River Falls	10 Meals \$1,484, 19 Meals \$1,596 Any 5 Plan \$1,030, Take 5 Plan \$1,484	\$2,646		
Stevens Point	20 Meals + 20 Points \$1,538 7 Meals + 270 Points \$1,538 14 Meals + 100 Points \$1,538 All Points \$1,538 Off campus \$980	\$3,000		
Stout	Plan 1 \$1,338, Plan 2 \$1,442 Plan 4 \$1,654	\$3,258		
Superior		\$3,082		
Whitewater	19 Meals \$1,440, 10 Meals \$1,370 7 Meals \$1,338, Points \$1,530	\$3,170	Whitewater	Large Single \$2,730 Triple \$1,880 Two Room Suite \$3,060
Colleges	UW-14 \$1,215, UW-19 \$1,265, NTC-10 \$1,274, NTC-14 \$1,328 NTC-19 \$1,377		Colleges	Double - NTC \$2,158

TABLE C-6

UW SYSTEM AUXILIARY OPERATIONS 2001-02 APARTMENT MONTHLY RATES

	<u>2000-01</u>	<u>2001-02</u>	<u>2001-02 INCREASE</u>	<u>% INCREASE OVER 00-01</u>
<u>STUDENT FAMILY APARTMENTS</u>				
MADISON (Eagle Heights*)				
ONE BEDROOM				
UNREMODELED	409	430	\$21	5.13%
REMODELED	505	525	\$20	3.96%
TWO BEDROOM				
UNREMODELED	NA	NA		NA
REMODELED	605	615	\$10	1.65%
THREE BEDROOM				
UNREMODELED	NA	NA		NA
REMODELED	723	750	\$27	3.73%
LARGE 2 BEDROOM				
REMODELED	694	720	\$26	3.75%
LARGE 3 BEDROOM				
REMODELED	840	870	\$30	3.57%
MILWAUKEE (Purin Hall) [1]				
SINGLE (Monthly)	NA	NA		NA
SINGLE (Academic Year)	3,500	3,500	\$0	0.00%
DOUBLE (Academic Year)	2,500	2,700	\$200	8.00%

FACULTY APARTMENTS

MADISON				
ONE BEDROOM	637	660	\$23	3.61%
TWO BEDROOM	754	780	\$26	3.45%
THREE BEDROOM	831	860	\$29	3.49%

* Madison Student Family Apartments include Eagle Heights and Harvey St. apartments.

[1] UW - Milwaukee no longer offers monthly apartment rentals. Students must commit to renting units for an entire academic year.

**EXPLANATIONS OF INCREASES IN THE 2001-02
APARTMENT RATES THAT ARE GREATER THAN 4.5%**

Madison (Eagle Heights - One Bedroom, Unremodeled):

The weighted average increase for University Apartments is 2.62%. Rates for the various apartment types at University Apartments were increased based on market comparison in combination with market demand. The largest factor affecting the rate increases is the increased cost of utilities, especially heating costs.

Milwaukee (Purin Hall)

The increase in Milwaukee's apartment rates can be attributed to inflation, and costs involved with reconfiguring apartments to provide more space for residents and the installation of new cable TV and computer network systems.

TABLE C-7

UNIVERSITY OF WISCONSIN SYSTEM AUXILIARY OPERATIONS BUDGET SUMMARY (FUNDS 123, 128, 129, 528, AND 530)¹

Table below shows the change in the source of revenue supporting the 2001-02 auxiliary operations (Source of Funds), and how the revenue will be expended (Expenditures).

<u>Source of Funds</u>	<u>2000-01</u>	<u>2001-02</u>	<u>Percent Change</u>
Receipts			
Segregated University Fee	\$71,829,133	\$77,036,312	7.2%
Room and Board	120,121,957	128,697,908	7.1%
Other Receipts	262,083,936	284,179,726	8.4%
Interest Receipts	<u>7,508,856</u>	<u>8,871,114</u>	<u>18.1%</u>
Total Receipts	461,543,882	498,785,060	8.1%
Operating Contributions from Reserves ²	<u>15,068,927</u>	<u>9,246,834</u>	<u>-38.6%</u>
Total	\$476,612,809	\$508,031,894	6.6%
<u>Expenditures</u>			
Operations ³			
Salaries and Wages	171,588,953	185,476,874	8.1% ³
Fringe Benefits	49,808,600	55,288,057	11.0%
Supplies & Expenses	340,230,083	352,879,117	3.7%
Sales Credits	(145,444,771)	(143,720,181)	-1.2%
Aids to Individuals/Special Purpose ⁴	5,999,861	6,184,211	3.1%
Capital	<u>31,894,459</u>	<u>28,773,933</u>	<u>-9.8%</u>
Sub-total	454,077,185	484,882,011	6.8%
Debt Service	<u>22,535,624</u>	<u>23,149,883</u>	<u>2.7%</u>
Total	\$22,535,624	\$23,149,883	2.7%

¹ Fund 123 - Debt Service, Fund 128 - Auxiliaries, Fund 129 - Stores, Fund 528 - Athletic Auxiliaries, and Fund 530 - Athletic Nonincome Sports. Does not include Physical Plant Service Departments (fund 120) of \$405,659.

² Operating Contributions from Reserves shows the difference between Total Expenditures and Other Receipts, drawn from Auxiliary Reserve Balances.

³ The total salary and wage line increased significantly in 2001-02 because of student supported wage increases for student help, health care cost increases, increases in pay for student union employees and the Regent approved pay plan increases for unclassified staff. The tight labor market has required institutions to increase the minimum amounts paid for student and service employees.

⁴ Amounts do not include unallocated spending authority for debt service of \$6,481,721 in 2000-01 and \$7,258,317 in 2001-02.

TABLE C-8

UNIVERSITY OF WISCONSIN SYSTEM 2001-02 ANNUAL BUDGET AUXILIARY RESOURCES AND EXPENDITURES BY INSTITUTION

	Revenues					Investment Balance Change	Total Resources Required	Expenditures (1)		
	Segregated Fees	Room and Board	Other (2)	Interest	Subtotal			Funds 123	Funds 128 & 129 528 & 530	Total
MSN	\$18,935,000	\$33,677,700	\$151,831,100	\$4,106,500	\$208,550,300	\$7,629,204	\$216,179,504	\$8,733,104	\$207,446,400 (3)	216,179,504
MIL	13,200,600	10,143,000	24,402,739	542,536	48,288,875	2,799,732	\$51,088,607	2,276,637	48,811,970	51,088,607
EAU	4,619,420	9,815,900	7,222,238	506,370	22,163,928	525,502	\$22,689,430	1,397,208	21,292,222	22,689,430
GBY	3,814,728	1,320,151	18,363,834	593,589	24,092,302	(811,441)	\$23,280,861	489,674	22,791,187	23,280,861
LAC	6,598,207	9,316,000	7,428,155	234,285	23,576,647	575,575	\$24,152,222	788,414	23,363,808	24,152,222
OSH	3,694,046	11,567,706	11,393,033	279,922	26,934,707	1,652,240	\$28,586,947	1,313,832	27,273,115	28,586,947
PKS	2,079,756	3,241,862	2,888,770	155,252	8,365,640	252,493	\$8,618,133	1,399,276	7,218,857	8,618,133
PLT	3,500,084	8,500,000	9,218,573	105,400	21,324,057	(945,289)	\$20,378,768	1,347,040	19,031,728	20,378,768
RVF	3,259,793	7,269,499	4,106,395	295,072	14,930,759	(431,974)	\$14,498,785	312,899	14,185,886	14,498,785
STP	4,828,800	10,875,000	14,192,700	695,100	30,591,600	634,575	\$31,226,175	2,252,500	28,973,675	31,226,175
STO	4,322,041	8,531,831	6,652,992	596,066	20,102,930	660,050	\$20,762,980	955,873	19,807,107	20,762,980
SUP	1,040,252	1,813,901	3,852,554	155,288	6,861,995	(37,883)	\$6,824,112	155,551	6,668,561	6,824,112
WTW	5,555,359	12,168,971	8,512,185	333,772	26,570,287	552,558	\$27,122,845	1,588,945	25,533,900	27,122,845
COL	1,588,226	456,387	2,733,733	79,953	4,858,299	327,052	\$5,185,351	0	5,185,351	5,185,351
EXT	0	0	6,019,769	192,009	6,211,778	669,035	\$6,880,813	138,930	6,741,883	6,880,813
SYS/SA	0	0	556,361	0	556,361	0	\$556,361	0	556,361	556,361
TOTAL (4)	\$77,036,312	\$128,697,908	\$279,375,131	\$8,871,114	\$493,980,465	\$14,051,429	\$508,031,894	\$23,149,883	\$484,882,011	\$508,031,894

(1) Fund 123 - Debt Service, Fund 128 - Auxiliaries, Fund 129 - Stores, Fund 528 - Athletic Auxiliaries, and Fund 530 - Athletic Nonincome Sports.

(2) Includes transfers.

(3) Includes amounts for Athletics - Fund 528 (\$45,659,100) and Fund 530 (\$312,400).

(4) 2001-02 amounts do not include unallocated spending authority for debt service of \$7,258,317 in fund 123 and \$405,659 in fund 120 for Physical Plant Service Dep

**D. BASE REALLOCATIONS AND 2001-02
INSTRUCTIONAL TECHNOLOGY/DISTANCE
EDUCATION REALLOCATION PLANS**

Base Reallocations

Annual budgets focus on the allocation of new incremental funds from the State to the UW System. An appropriate question is: do the institutions and System Administration regularly examine the use of their existing base funds? The answer is a strong yes. UW System institutions regularly reallocate base budget funds in each annual budget, to meet emerging high priority needs that are unfunded by the State.

These reallocations cover everything from new academic degree programs to unfunded inflation on supplies and equipment costs. Chancellors, as responsible managers, also try to defer some one-time purchases (such as supplies and equipment) into the later months of the fiscal year, so that they have a modest contingency should the State impose a budget lapse or reduction (as it did in later 2000-01) or not fully fund such costs as utilities increases (as also happened in 2000-01) or compensation/fringe benefit costs.

In addition, the UW System base reallocates for other items on an ongoing basis:

- New academic degree programs are created from base reallocation, through elimination of lower demand minors and majors and through reallocation from other activities.
- The UW System has reduced administrative expenditures (for all campuses and central administration) from 6.3% to 5.3 % of total expenditures between 1992-93 and 1999-2000. This compares to an average of over 10% for 18 comparably sized systems, and is the smallest percentage of the group of systems.
- In each annual budget, institutions reallocate base funds within activities (i.e., instruction) and across activities (i.e., from administration to student services) to cover costs of changing priorities and to cover increased costs.
- The UW System reallocates resources to cover one-time expenditures for priority items such as all expenses associated with the Year 2000 problem.
- Institutions are required to base reallocate for reclassifications of classified staff and semi-automatic pay raises that were included in both the 1999-2001 and 2001-03 JCOER approved pay plan agreements.
- Annual funding for increases not included in the bargaining agreement are base reallocated at the institutions for 1-3 years before being included in the base by the Department of Administration. An example of this type of increase is the DER survey of staff salaries in the Payroll area that was recently implemented. The UW System will not be able to request base funding for these increases until the 2003-05 biennial budget request, but must fund them when effective (2001-03).

The next two tables: 1) outline major base reallocations required Systemwide to fund emerging needs and cover unfunded cost increases; and 2) itemize reallocations by campus by activity. This section concludes with the annual report required by the Board of Regents on Reallocations for Instructional Technology/Distance Education.

Table D-1
Major Systemwide Base Reallocations

Item	Amount Reallocated
Between 1994 and 2000, UW System expanded enrollment to serve an additional 6,287 FTE. 5,287 were accommodated from base resources and 1,000 were funded by the State.	Equivalent of \$26.6 million GPR based on current support per student
Instructional Technology, Distance Education and Information Technology. (See the report at the end of this section of the budget document.)	\$15.7 million in 2001-02. Total one-time reallocations of \$65.2 million since 1997-98
All inflationary increases for supplies and expenses from 1991-93 to the present	\$30.8 million
Top priorities not funded by the State between 1992 and 1995 and picked up through the Quality Reinvestment Program (libraries, compensation, supplies and expenses, learning technologies, engineering, assessment, and Extension outreach)	\$26.5 million
Costs of first-day pickup of health insurance	An estimated \$2.3 million GPR/\$4.1 million all funds
Custodial needs for the 1.3 million gross square feet of new building space added since 1984 (estimated cost based on 1 FTE per 13,500 sq. ft. at \$50 K of salaries and fringes)	\$4.8 million

Table D-2 displays shifts in base funds into and out of the major budget activities (instruction, student services, research, administration/institutional support, etc.). It also describes in brief narrative form some of the major reasons for these shifts. Reallocations include investments to support the following Board of Regents' and institutional priorities: technology patents development, adult student programs, enrollment growth and instructional programming, outreach to area businesses, student retention programs, and distance education. UW System Administration examines all activity shifts in each annual budget, looking especially closely at any shifts into administration and out of instruction. Shifts across major classes (salaries, supplies, equipment) are also monitored

for compliance with DOA requirements and appropriateness. These shifts must be approved by the President.

Reallocations across activities (i.e., out of public service and into academic support) may seem modest in aggregate but are significant at the campus level. Note that the total figures displayed are aggregate across all campuses (netting out the ins and outs across all institutions). It is also worth noting that much shifting takes place within each activity. For instance, within instruction, deans will move money from departments with lower demand to those with higher student credit hour production. Over time, new academic programs are created by reducing lower demand programs as retirements and re-assignments permit.

Budgets are dynamic and responsive to fiscal constraints and high priorities. Over a period of years, a single institution will move money into and out of the same activity, to cover changes in staffing needs, cyclical equipment replacement, and academic program start-up or down-sizing. Many ongoing costs are fixed by line and class, but not by individual department (that is, funds may stay in salaries and in instruction, but move from the retirement and reduction of teaching in one department to the expansion to meet student demand in another department).

TABLE D-2
UNIVERSITY OF WISCONSIN SYSTEM
FY 2001-2002 MAJOR INSTITUTIONAL REALLOCATIONS
(GENERAL PROGRAM OPERATIONS)

REALLOCATION SUMMARY

UW-SYSTEM:

- Increase Student Services
- Support PeopleSoft and Other Computer System Development and Implementation Costs
- Provide Business Outreach Services
- Fund Plan 2008 Base Costs
- Cover Increasing Bandwidth Usage Levels
- Provide Needed Custodial Staff
- Fund First 6 Months' Health Insurance Pick-up

UW-MADISON is transferring into instruction-related activities from all other areas to bolster those budgets most affecting students.

UW-MILWAUKEE is reallocating to support technology patents development as part of the Milwaukee Idea.

UW-EAU CLAIRE is making reallocations to support adult student programming and support services.

UW-GREEN BAY is reallocating to provide custodial services in a new building.

UW-LA CROSSE is transferring funds to support undergraduate research.

UW-OSHKOSH is making reallocations to support new and existing enrollment management practices and policies.

UW-PARKSIDE is reallocating to meet enrollment and programming needs.

UW-PLATTEVILLE is making reallocations for LTE salaries.

UW-RIVER FALLS is transferring funds to support increasing internet access and software costs.

UW-STEVENS POINT is reallocating to fund increasing supply and expense costs.

UW-STOUT is transferring into academic support for Stout Solutions.

UW-SUPERIOR is making transfers to address the needs of students with disabilities.

UW-WHITEWATER is reallocating to support retention programs and academic networking for probationary students.

UW COLLEGES is transferring to expand community and distance education programming.

UW-EXTENSION is making reallocations for distance learning services.

TABLE D-2
UNIVERSITY OF WISCONSIN SYSTEM
FY 2001-2002 MAJOR INSTITUTIONAL REALLOCATIONS
(GENERAL PROGRAM OPERATIONS)

	<u>Instruction</u>	<u>Research</u>	<u>Public Service</u>	<u>Academic Support</u>	<u>Hospitals</u>	<u>Farm Operations</u>	<u>Student Services</u>	<u>Financial Aid</u>	<u>Physical Plant</u>	<u>Institutional Support</u>
UW-System										
Reallocations	(1,689,424)	(433,223)	(674,254)	2,074,531	(955)	(25,850)	211,325	0	(126,135)	663,985
Percent of 2000-01 Base	-0.31%	-0.85%	-1.79%	1.19%	-0.07%	-0.58%	0.31%	0.00%	-0.16%	0.70%
(Net of all plus' and minus' at the institutions)										
Madison										
Reallocations	682,035	(475,928)	(11,361)	466,141	(955)	(28,796)	74,256	0	(228,642)	(476,750)
Percent of 2000-01 Base	0.33%	-1.13%	-0.62%	0.74%	-0.07%	-0.70%	0.39%	0.00%	-0.71%	-1.95%
Milwaukee										
Reallocations	(819,270)	61,166	(74,035)	340,181	0	0	(95,056)	0	(4,325)	591,339
Percent of 2000-01 Base	-1.11%	0.82%	-5.05%	1.26%	0.00%	0.00%	-1.03%	0.00%	-0.04%	5.89%
Eau Claire										
Reallocations	0	0	0	126,768	0	0	(126,768)	0	0	0
Percent of 2000-01 Base	0.00%	0.00%	0.00%	1.53%	0.00%	0.00%	-2.51%	0.00%	0.00%	0.00%
Green Bay										
Reallocations	(244,276)	(20,448)	0	(62,943)	0	0	107,287	0	101,332	119,048
Percent of 2000-01 Base	-2.06%	-28.11%	0.00%	-1.57%	0.00%	0.00%	3.81%	0.00%	4.96%	3.60%
La Crosse										
Reallocations	(133,129)	0	0	123,129	0	0	10,000	0	0	0
Percent of 2000-01 Base	-0.49%	0.00%	0.00%	1.65%	0.00%	0.00%	0.29%	0.00%	0.00%	0.00%
Oshkosh										
Reallocations	(60,094)	0	(6,406)	(46,538)	0	0	65,912	0	(8,000)	55,126
Percent of 2000-01 Base	-0.20%	0.00%	-4.77%	-0.58%	0.00%	0.00%	1.68%	0.00%	-0.21%	1.31%
Parkside										
Reallocations	(244,169)	7,967	11,802	0	0	0	122,158	0	0	102,242
Percent of 2000-01 Base	-2.11%	8.49%	6.32%	0.00%	0.00%	0.00%	5.08%	0.00%	0.00%	3.39%
Platteville										
Reallocations	(185,367)	0	0	18,152	0	878	64,400	0	32,004	69,933
Percent of 2000-01 Base	-1.09%	0.00%	0.00%	0.34%	0.00%	0.81%	2.91%	0.00%	1.41%	2.27%
River Falls										
Reallocations	(155,927)	(1,917)	34	170,319	0	2,068	(25,975)	0	9,054	2,344
Percent of 2000-01 Base	-0.95%	-24.12%	0.21%	3.87%	0.00%	0.83%	-1.03%	0.00%	0.39%	0.07%

**UNIVERSITY OF WISCONSIN SYSTEM
FY 2001-2002 MAJOR INSTITUTIONAL REALLOCATIONS
(GENERAL PROGRAM OPERATIONS)**

	<u>Instruction</u>	<u>Research</u>	<u>Public Service</u>	<u>Academic Support</u>	<u>Hospitals</u>	<u>Farm Operations</u>	<u>Student Services</u>	<u>Financial Aid</u>	<u>Physical Plant</u>	<u>Institutional Support</u>
Stevens Point										
Reallocations	(11,807)	(718)	(9,433)	13,342	0	0	(78)	0	(1,546)	10,240
Percent of 2000-01 Base	-0.04%	-0.83%	-4.29%	0.18%	0.00%	0.00%	0.00%	0.00%	-0.05%	0.24%
Stout										
Reallocations	(92,853)	0	(1,147)	43,338	0	0	5,628	0	34	45,000
Percent of 2000-01 Base	-0.39%	0.00%	-1.10%	0.76%	0.00%	0.00%	0.16%	0.00%	0.00%	1.06%
Superior										
Reallocations	(60,000)	0	0	38,000	0	0	22,000	0	(6,000)	6,000
Percent of 2000-01 Base	-0.75%	0.00%	0.00%	2.04%	0.00%	0.00%	1.37%	0.00%	-0.34%	0.33%
Whitewater										
Reallocations	(241,642)	(3,345)	(2,985)	235,329	0	0	23,129	0	(29,049)	18,563
Percent of 2000-01 Base	-0.88%	-3.18%	-1.86%	3.41%	0.00%	0.00%	0.61%	0.00%	-0.87%	0.39%
Colleges										
Reallocations	(92,921)	0	15,358	57,001	0	0	(35,568)	0	10,503	45,627
Percent of 2000-01 Base	-0.46%	0.00%	61.93%	1.09%	0.00%	0.00%	-0.97%	0.00%	0.39%	0.96%
Extension										
Reallocations	(30,004)	0	(596,081)	552,312	0	0	0	0	(1,500)	75,273
Percent of 2000-01 Base	-0.23%	0.00%	-0.77%	4.38%	0.00%	0.00%	0.00%	0.00%	-0.28%	1.99%

UW System is proud of its efficiency and its ability to maintain high quality programs. The System is also pleased to operate with the leanest administrative costs of the 19 comparable public higher education systems and, in fact, at about half the rate of the national average for systems. However, a number of cost drivers are becoming a matter of concern:

- increasing backlogs in preventive and deferred maintenance, which only add to future building repair, remodeling and replacement costs
- the increasing use and cost of bandwidth and of telephone line costs as higher education becomes (appropriately) more of an information technology intensive enterprise
- rising health insurance costs, over which we can exercise no control
- rising utilities costs (despite full implementation of energy savings programs, automated setbacks, and other efforts to control usage levels across the universities and colleges) from state-negotiated contracts over which we exercise no control.
- increasing charge-backs from the Department of Administration

When reallocating funds, UW System institutions must shift dollars from already tightly constrained budgets in high priority areas to even higher priority programs or emergency costs (such as unfunded utilities increases in the 1999-2001 biennium). Why is this the case? UW System GPR support is not keeping up with the CPI; GPR per student has fallen to \$626 below the national average by 1999-2000, and projections for the 2000-01 fiscal year are even lower.

In effect, this means that further reallocations come at a relatively higher price for UW System institutions than for their counterparts.

It should be noted that, unlike businesses, private universities and some public constitutional universities, the UW System cannot set its price (within market tolerance) to cover all anticipated cost increases. Tuition continuing appropriation authority, for instance, limits the ability to increase resident undergraduate rates, which comprise about 60% of tuition revenue from any general tuition rate increase. Thus, UW System is dependent on efficiencies and continuous re-prioritizing of base funds to a far larger extent than most operations. At the same time, it is Regents' policy to maintain high quality educational offerings.

Finally, this section concludes with the annual report on the systematic focusing of base resources on Instructional Technology/Distance Education, as recommended by the Board of Regents in the UW System 21st Century Study. This set of reallocations constitutes one of our most important investments for maintaining the high quality, state of the art education for which UW System institutions are nationally known and lauded.

2001-02 INSTRUCTIONAL TECHNOLOGY/DISTANCE EDUCATION REQUIRED REALLOCATION PLANS BY INSTITUTION

The June, 1996 Board of Regents' *Study of the UW System in the 21st Century* recommended that the UW System establish and manage a fund to expand the use of instructional and distance education technologies. The study recommended that an annual fund of \$25 million be generated from one or all of the following resources: (1) new state funding; (2) base reallocation at the institutions; and (3) extramural funds (e.g. gifts, partnerships, grants, entrepreneurial activities, etc.).

The 1997-99 operating budget request approved by the Board of Regents in August 1996, established a target of 0.5% of GPR/Fees base annually for each institution to reallocate for instructional technology/distance education purposes. Base reallocations are defined as funds reallocated from other institutional purposes to support the activity.

	<i>2000-01</i>	<i>2001-02</i>	<i><u>% Change</u></i>
New State Funding	\$ 1.7 m	\$ 0* (GPR/Fees)	-100%
UW Base Reallocations	\$14.7 m	\$15.7 m	+6.8%
External Funding	\$ 4.0 m	\$ 5.1 m	+25%

*The Governor included one-time funding of \$7.25 million from WATF funds for the 2001-03 biennium to be used for Learning Innovations (\$3.0 million), ADL Co-Lab (\$1 million), digital mammography (\$.5 million), wireless internet (\$.5 million), marketing internationally (\$.25 million) and Internet 2 (\$2 million). The Senate budget maintained this investment; the Assembly version retained only the \$.5 million for digital mammography.

Several points concerning the above table should be made.

- Institutions' reallocations for 2001-02 are more than 2.5 times the \$6 million minimum requirement.
- The State is providing a small and declining share of the investment required to keep the UW System on the forefront of technology as we head into the 21st Century.
- Despite a base budget reduction of \$6.345 million to the UW System, the institutions and System Administration remain committed to reallocating more base resources than required by the Regents to meet academic needs. The projected reallocations for 2001-02 are 6.8% higher than those in 2000-01.
- In addition, institutions are increasing external funding for IT/DE purposes. In 2001-02, institutions estimate that they will raise \$5.1 million in external grants for these purposes. This compares with \$3.1 and \$4.0 million generated, respectively, in each year of the 1999-01 biennium.

The table below shows each institution's IT reallocation target for 2001-02, as well as the actual amount of base resources they plan to reallocate in the next fiscal year. As the table indicates, all institutions have committed to base reallocations at the required 0.5% level and many have committed beyond this level. The Systemwide figure includes funds that institutions have pooled together to maximize purchasing power for distributed learning systems and desktop technology for all institutions.

**Projected 2001-02 Base Reallocations for Instructional Technology/Distance
Education by Institution**

Institution	Required Reallocation	Projected Reallocation
Madison	\$2,321,016	\$3,939,000
Milwaukee	752,370	3,588,915
Eau Claire	295,692	465,500
Green Bay	136,062	136,062
La Crosse	251,562	263,000
Oshkosh	291,666	291,666
Parkside	130,158	212,000
Platteville	165,480	165,480
River Falls	163,986	231,229
Stevens Point	258,558	258,558
Stout	230,664	424,500
Superior	82,854	105,070
Whitewater	266,064	1,439,684
Colleges	201,816	578,043
Extension	307,020	532,125
System Admin.	45,456	76,000
Systemwide	<u>99,576</u>	<u>3,048,000</u>
 Total	 \$6,000,000	 \$15,754,832

Most of the resources are being reallocated for infrastructure and curricular redesign. UW System requested funds in the 1999-2001 biennial budget to assist institutions with some of these costs by establishing a desktop computer replacement cycle program to replace and upgrade LANs (local area networks), hardware and software. No new state resources were provided for these activities.

Reallocations for student/transfer information systems have remained stable in comparison to the previous year (\$3.5 million in both 2000-01 and 2001-02).

E. BASE REDUCTIONS

UNIVERSITY OF WISCONSIN SYSTEM 2001-2002 BASE BUDGET REDUCTION REPORT

EXECUTIVE SUMMARY

BACKGROUND

The 2001-03 biennial budget includes a base budget reduction of \$6,345,000 in 2001-02 and ongoing. The over-all reduction amount was calculated by the Department of Administration based on the total UW System administrative budget, but DOA has granted flexibility in allocating that reduction across activities, provided that impacts on students are minimized to the extent possible, and that the UW System meets its budgetary commitment to enrollment growth.

UW System made use of that flexibility, and took its reductions within the Board of Regents' principles for the budget reduction. These principles were passed in April 2001 as part of the 2001-02 Annual Budget Decision Rules.

This document reports the details of each UW System institution's base budget reductions.

REQUESTED ACTION

There is no action requested; this document is for informational purposes.

DISCUSSION

Overview of the 2001-2002 Base Budget Reductions

Base budget reductions were allocated by institutional share of the UW System GPR /Fee base minus debt service and utilities. UW System base budget reductions encompass the following:

- Instruction takes 49.65% of the overall reduction, because it is our largest share of the GPR budget (42.5%).
- Significant and disproportionately higher cuts were taken in Administration across the System. During the 1995-97 biennium, cuts were taken disproportionately from administration. 9.6% of the total base cut will be taken from Institutional Support / Administration, nearly double the 5.3% share of 1999-2000 all funds expenditures for Institutional Support / Administration, the measure by which we compare ourselves to the largest public systems nationally (UW System ranks lowest in administrative cost of all 19

systems; the others average over 10% for administration). This will result in many administrative vacancies.

- Research will also take a disproportionate cut (9.9% versus its 5.8% share of GPR expenditures) as UW System institutions struggle to limit the adverse impacts on Instruction.
- Academic Support (libraries and instructional technology) took a slightly higher cut. Reasons include the fact that computer replacement cycles and software/hardware purchases can be more easily adjusted than some other costs. Despite this, as noted below, institutions will continue to reallocate a record amount of base funds into IT in 2001-02, because of the high priority for state-of-the-art instruction.
- Areas protected by the Chancellors included Physical Plant (which took about one-third of its share) and Public Service. The Board of Regents and Chancellors have made preventive maintenance and deferred maintenance a top priority in the 2001-03 biennial budget, and this continues that commitment. Public Service (including business outreach and work with PK-12 institutions) commitments are integral to the New Wisconsin Economy and PK-16 Council emphases of the UW System.
- Finally, Student Services takes its fair share of the cuts.

General Effects of the Budget Reduction

- Some vacant faculty positions will be filled by instructional academic staff. This is a regrettable but necessary action to maintain enrollments in a budget reduction environment.
- Cuts to instruction, coupled with continuing growth in enrollment, may lead to a reduction in some course options for students, larger class sizes, and increasing student to teacher ratios.
- Reductions in the number of student internships will restrict students' opportunities for experiential learning and the ability to develop technological partnerships within the community.
- Decreases in Information Technology:
 - Academic Support
Decreases in computing technical support staff and supply budgets will require deferral of software upgrades and new computer equipment purchases, as well as equipment being utilized beyond its normal life. Access and convenience to academic computing services for faculty and staff, as well as some students, will be reduced.
 - Student Services

These reductions increase workload to current staff and reduce response time for computer system modifications and repairs.

- Despite reductions in Academic Support and the computer system modifications staffing for Student Services, institutions are reallocating \$15.75 million for information technology this year, compared with \$14.7 million last year. This indicates the high priority for Information Technology in the UW System.
- Reductions in the LTE budget to support admissions services to prospective students, parents, and other visitors. The ability to supply recruitment materials to prospective students may also be affected.
- Reductions in facility management that will limit funds available for institutional remodeling projects and minor facility repairs.

RELATED REGENT POLICIES

August 2000 – Biennial Operating Budget Request (Regent Resolution #8195)

April 2001 – 2001-02 Annual Budget Allocation Decision Rules (Regent Resolution #8348)

REGENT PRINCIPLES FOR THE ALLOCATION OF THE BASE BUDGET REDUCTION

The Board of Regents passed decision rules in April 2001. These rules state that the base budget reductions will be managed using the following principles:

1. Institutions have the flexibility to take these base reductions, among budget activities, in such a way as to preserve quality and services to students.
2. Recognizing that these reductions were calculated by the Department of Administration from a smaller base specifically to protect access, UW System will not reduce enrollments (from the Fall 2000 enrollment target plus any funded enrollment increases in the final 2001-03 biennial budget) to deal with this level of a cut, unless further base reductions occur in biennial budget action.
3. Institutions will strive to protect as many instructional positions for faculty as possible. However, to maintain levels of instruction commensurate with our enrollments, institutions may have to replace some vacant faculty positions with instructional academic staff. This is regrettable, but our ability to reverse this trend is dependent on more GPR dollars and positions.
4. Continued commitment to reallocation of .5 percent of the GPR/fee funding base is expected, to help meet under-funding for our instructional and information technology needs.

INSTITUTIONAL DETAIL

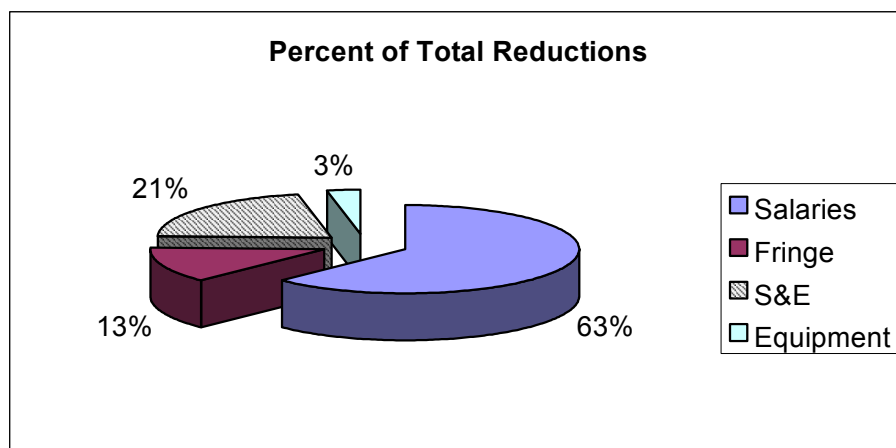
UW System Administration has reviewed the base budget reductions of each UW institution, and all reductions have been taken in accordance with the Board of Regents' passed principles.

- Despite the disproportionate cut to instruction, institutions have been able to maintain their commitment to EM-21.
- As stated in the executive summary, institutions are reallocating 15.75 million dollars for information technology this year, compared with 14.7 million dollars last year. This indicates the high priority for Information Technology in the UW System.

UNIVERSITY OF WISCONSIN - SYSTEM

2001-2002 Base Budget Reductions

Institution	Salaries	Fringe	S&E	Equipment	Reduction Total
Madison	\$1,763,025	\$373,762	\$194,486	\$97,136	\$2,428,409
Milwaukee	\$662,900	\$140,500			\$803,400
Eau Claire	\$180,773	\$37,025	\$15,100	\$80,200	\$313,098
Green Bay	\$124,016	\$26,292			\$150,308
La Crosse	\$224,066	\$47,502			\$271,568
Oshkosh	\$239,196	\$50,710	\$5,585		\$295,491
Parkside			\$137,418		\$137,418
Platteville			\$176,395		\$176,395
River Falls			\$172,561		\$172,561
Stevens Point	\$223,649	\$47,414			\$271,063
Stout	\$68,110	\$14,438	\$149,710	\$13,000	\$245,258
Superior	\$75,170	\$15,937			\$91,107
Whitewater	\$214,666	\$45,508	\$18,125		\$278,299
Colleges	\$113,000	\$23,956	\$77,524		\$214,480
Extension			\$322,095		\$322,095
Systemwide	\$71,078	\$15,069	\$87,928		\$174,075
Total	\$3,959,649	\$838,113	\$1,356,927	\$190,336	\$6,345,025
Percent of Total	62.41%	13.21%	21.39%	3.00%	100.00%

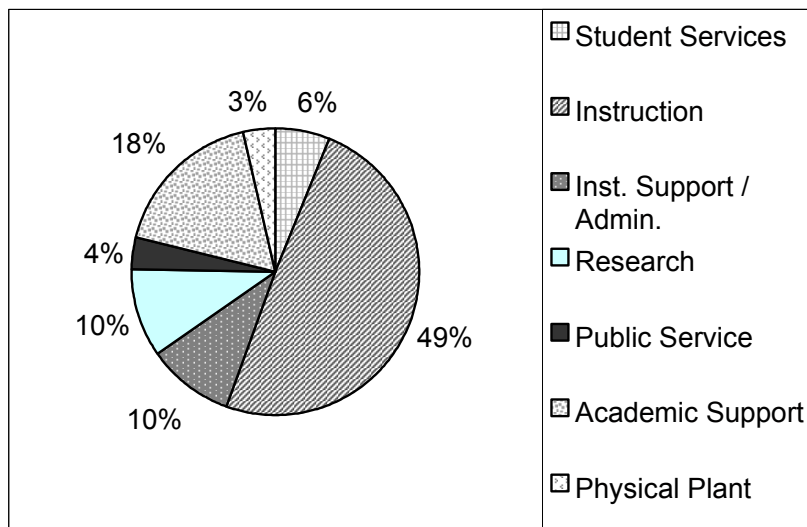


UNIVERSITY OF WISCONSIN - SYSTEM

2001-2002 Base Budget Reductions

Percent of Total Reductions by Activity

Activity	Reduction	% of Total Reductions
Student Services	\$381,304	6.01%
Instruction	\$3,150,208	49.65%
Inst. Support / Admin.	\$609,834	9.61%
Research	\$628,900	9.91%
Public Service	\$239,444	3.77%
Academic Support	\$1,113,909	17.56%
Physical Plant	\$221,426	3.49%
Total	\$6,345,025	100.00%



UW-Madison 2001-2002 Base Budget Reductions

Activity	Reductions				Reduction
	Salaries	Fringe	S&E	Equipment	Total
Student Services	\$45,665	\$9,681	\$5,038	\$2,516	\$62,900
Instruction	785,314	166,487	86,540	43,268	1,081,609
Inst. Support / Admin.	102,082	21,641	11,353	5,624	140,700
Research	421,951	89,454	46,547	23,248	581,200
Public Service	8,059	1,709	888	444	11,100
Academic Support	338,752	71,815	37,369	18,664	466,600
Physical Plant	61,202	12,975	6,751	3,372	84,300
Total	1,763,025	373,762	194,486	97,136	\$2,428,409

Explanation of 2001-2002 Reductions:

Introduction:

In effect, the \$2.43 million annual GPR budget cut means that UW-Madison is being required to reallocate all of the GPR funds authorized for the Madison Initiative in the 2001-03 biennium or nearly two-thirds of the total new Madison Initiative funding in 2001-02.

While the budget cut goes back to DOA/General Fund, in reality just over 80 cents on the dollar simply comes back to us as part of the Madison Initiative. Thus the actual result is a mandatory reallocation of state funds already in our base budget as the only state tax commitment/participation in Phase 2 of the Madison Initiative.

Reductions:

Institutional Support / Administration

- Cut replacement purchases for computers, servers and software and require permanent delays in the replacement cycles.
- Reduced support staff for the professional development and training areas.
- Eliminate budget planning & analysis position funding support.

Physical Plant

- Eliminate funding for maintenance and custodial staff coverage in several campus facility "regions."
- Delays in facility maintenance and repairs and reconditioning due to deferring vacancy replacements in physical plant staff.

Instruction

- Eliminate instructional staff for core undergraduate courses. These are high enrollment and high demand courses. While we will maintain enrollments at current levels, the reduction will mean larger lecture and discussion section size, with a loss in instructional quality.
- Eliminate funding for the annual Undergraduate Survey that we have conducted in the past.
- Instructional staff reductions in introductory language courses such as Spanish and French and German will require some small class sizes to increase as much as 50%.
- The number of sections/courses in programs that have traditionally drawn outstanding students - honors, Ways of Knowing, ILS - will be curtailed. In CALS, the reduction will be taken by maintaining two faculty vacancies on a continuing basis. Operational funds are so limited from previous cuts that further reduction is not possible.
- In Human Ecology, instructional academic staff will be reduced, with the result that sections in Human Development & Families, Consumer Science & Environment, Textiles & Design will have to be reduced.

Academic Support

- Funding for student hourly hires will be cut, thus indirectly reducing the amount of financial assistance provided to students.
- The School of Nursing budget reduction will reduce the staff of our graphic arts office. The graphic arts office is critical to the design and production of internet web sites, audiographics, and other mediated instruction used for distance education targeted toward Wisconsin rural registered nurses seeking the nursing baccalaureate or masters degree. The graphic arts staff is also essential for the preparation of slides, posters and computerized presentations for the dissemination of nursing research.
- The General Library System cut will have to be absorbed in the personnel line. This will have an adverse effect on service, reducing service hours, and reference desk hours. There would be service delays in check out, delays in shelving, access to materials, delays in ordering materials, and processing materials that again translate to decreased access to material.

Student Services

- Reduce training and staffing for implementation of PeopleSoft ISIS. Consequence will be delays in full implementation of the new release and in implementation of WEB registration.
- Eliminate funding for the full-time Director of the Campus Information, Assistance and Orientation (CIAO) position.

Research

- The Law School will have to make a substantial cut (27%) in its funding of research support for faculty and students. At a time when there are new faculty hired as part of the strategic hiring initiatives, research productivity and research participation of students will be adversely effected.
- Consequences of the Graduate School implementing reduction are:
 - 1) Reduced research support for the Biotron, Biotechnology Center, Waisman Center, and Physical Sciences Laboratory. We would require user fees be increased to offset the reduction, if service levels are to remain the same.
 - 2) New Faculty Start-up funds will be reduced, leaving us in a less competitive position when recruiting new faculty. New Faculty Start-up funds will be reduced, leaving us in a less competitive position when recruiting new faculty.

Explanations That Cover More Than One Activity

- To accommodate the reduction, the School of Veterinary Medicine would be forced to implement programmatic cuts which would have one or more of the following outcomes:
 - 1) A reduction of computer support for teaching and students. This would necessitate the elimination of web based teaching materials already successfully implemented in many of our courses (pathology, ophthalmology, etc.), and would curtail future development in this area.
 - 2) A reduction in the core support of shared services critical to our teaching, research and public service missions, such as histopathology, shared instrumentation, and electron microscopy.
 - 3) A reduction in the current level of support for the Capstone Dairy Health Management Certificate Program (which is designed to help dairy veterinarians acquire the skills needed to deliver production medicine services to a rapidly changing dairy industry), and a reduction in the support of other continuing education and outreach programs that serve the veterinarians and producers of Wisconsin.
- With regard to Continuing Studies, the cut will result in reductions in (1) summer session class offerings or the number of sessions during which a class is available; and (2) evening office hours for perspective returning adult students and adult career advising.

UW-Milwaukee 2001-2002 Base Budget Reductions

Activity	Reductions				Reduction
	Salaries	Fringe	S&E	Equipment	Total
Student Services	\$36,400	\$7,700			\$44,100
Instruction	367,300	77,800			445,100
Inst. Support / Admin.	49,300	10,500			59,800
Research	39,400	8,300			47,700
Public Service	6,400	1,400			7,800
Academic Support	128,600	27,300			155,900
Physical Plant	35,500	7,500			43,000
Total	662,900	140,500			\$803,400

Explanation of 2001-2002 Reductions:

Explanations That Cover More Than One Activity

- The internal UWM planning process for the 2001-02 annual budget (including reductions) is proceeding, but will not likely conclude until early June. So, at this time, we can only offer a pro-forma distribution of the reduction by activity. We need to consider this reduction along with internal base reallocations to be made as part of our long-range campus investment plan.
- Given the pressure on an already-inadequate supply and expense and equipment/library acquisitions budget, we do not anticipate taking any of the reductions in these categories. Thus we intend to make the reduction in salaries and related fringe benefits.
- In the short-run, we will leave positions open in order to achieve the required savings. In the long-run, this would effect 13 FTE. The number of FTE Positions will not be reduced; freed-up FTE will be used for any pressing needs that may arise.
- In keeping with the UWS principles, we will preserve quality and services to students. And, in keeping with our Milwaukee Idea budget request, we intend to grow our enrollments in the 2001-03 biennium.

UW-Eau Claire 2001-2002 Base Budget Reductions

	Reductions				
					Reduction
Activity	Salaries	Fringe	S&E	Equipment	Total
Student Services	\$6,125		\$10,100		\$16,225
Instruction	156,648	33,209			189,857
Inst. Support / Admin.				29,700	29,700
Research					
Public Service					
Academic Support				50,500	50,500
Physical Plant	18,000	3,816	5,000		26,816
Total	180,773	37,025	15,100	80,200	\$313,098

Explanation of 2001-2002 Reductions:

Institutional Support / Administration

- Institutional Support / Administration funding is reduced by \$29,700. Capital expenditures will be reduced. Specifically, the acquisition of capital computing equipment will be slowed.

Physical Plant

- Physical Plant funding is reduced by \$26,816. Salary, fringe benefit, and supplies and expenses will be reduced. The effect will be limited substitution of LTE staff in selected areas for facilities maintenance support and reduced procurement of maintenance related supplies.

Instruction

- Instruction funding is reduced by \$189,857. Salary and fringe benefit costs will be reduced. The effect will likely be delayed hiring and additional utilization of academic staff in selected program areas.

Academic Support

- Academic Support funding is reduced by \$50,500. Capital funding will be reduced, slowing the acquisition of educational support materials.

Student Services

- Student Services funding is reduced by \$16,225. Student help and supplies and expenses will be reduced. Some costs may be shifted to fund 128 where appropriate and if cash resources are available.

UW-Green Bay
2001-2002 Base Budget Reductions

	Reductions				
Activity	Salaries	Fringe	S&E	Equipment	Reduction Total
Student Services					
Instruction	\$97,285	\$20,624			\$117,909
Inst. Support / Admin.					
Research					
Public Service	24,572	5,209			29,781
Academic Support	2,159	459			2,618
Physical Plant					
Total	124,016	26,292			\$150,308

Explanation of 2001-2002 Reductions:

Explanations That Cover More Than One Activity

- Planned reductions involve uncommitted funds that were intended for instructional technology, ongoing unfunded liabilities (such as insurance premium increases, costs of DOA charge-backs, risk management issues, and others), and inflationary increases in supplies and services.
- The reductions affect capacity to respond to those concerns, but they do not impact enrollment or programs or services to students.

UW-La Crosse

2001-2002 Base Budget Reductions

	Reductions				
					Reduction
Activity	Salaries	Fringe	S&E	Equipment	Total
Student Services	\$4,000	\$848			\$4,848
Instruction	160,000	33,920			193,920
Inst. Support / Admin.	60,066	12,734			72,800
Research					
Public Service					
Academic Support					
Physical Plant					
Total	224,066	47,502			\$271,568

Explanation of 2001-2002 Reductions:

Institutional Support / Administration

- The 1.4 FTE reduction in Institutional Support / Administration consists of a .5 FTE position reduction in the Student Accounts Receivable Office. This will reduce service levels to students. An additional .4 FTE reduction will occur in the Administrative Services Division. This will increase workloads to current staff and affect response time to service users. Also, there is a .5 FTE reduction in a Development Office position. This will affect fund raising for the campus and students.

Instruction

- The reductions in Instruction equate to 4.0 positions where full time faculty are not being hired and courses will be taught by ad hoc or Academic Staff. Overall, course options for students will be reduced along with increased student to teacher ratios.

Student Services

- Student Services reduction is a partial position reduction (.075) in Information Technology. This reduction will increase the workload to current staff and reduce response time for computer system modifications.

Explanations That Cover More Than One Activity

- The number of FTE Positions will not be reduced; freed-up FTE will be used for any pressing needs that may arise.

UW-Oshkosh 2001-2002 Base Budget Reductions

Activity	Reductions				Reduction Total
	Salaries	Fringe	S&E	Equipment	
Student Services	\$18,638	\$3,951	\$5,585		\$28,174
Instruction	156,871	33,257			190,128
Inst. Support / Admin.	31,942	6,772			38,714
Research					
Public Service	1,255	266			1,521
Academic Support	12,366	2,622			14,988
Physical Plant	18,124	3,842			21,966
Total	239,196	50,710	5,585		\$295,491

Explanation of 2001-2002 Reductions:

Institutional Support / Administration

- Additional support for the Chancellor's initiatives supporting strategic planning and campus-wide forums will be delayed.
- Financial Services will be implementing the UW System Shared Financial System (People Soft) July 1, 2001. The original plan called for the reallocation of a .50 FTE accounts payable position to a position that will be instrumental in researching, developing and implementing standard financial reports. The base reduction will delay this process.
- A vacant Human Resource Director position will be filled at a lower rate. This may impact our ability to attract and retain a qualified individual responsible for the stewardship of the Human Resource Office.

Physical Plant

- Facilities Management planned to use turnover salary savings to support a significant Oracle based upgrade in their Computerized Maintenance Management System. Forgoing this upgrade impacts the ability to interface with other major administrative systems (People Soft Financials) on campus.

Instruction

- The College of Nursing provides some assistance to academic staff who are working on a doctorate in nursing. This reduction will have a significant impact on their effort to "grow their own."
- The College of Business Administration will take its reduction by eliminating a tenure track position in Accounting and filling that position with academic staff. This could have long-term impact on its ability to continue accreditation with AACSB.

- The College of Letters and Science will be forced to cancel some important courses with relatively low enrollments. Although the College has always closely examined low enrollment courses, they do offer some that are required for graduation. The College will offer fewer gateway courses, which could increase time to degree.
- University Relations generated some retirement savings in the area of Instructional Programs. These funds will be used for the base reduction through the hiring of part-time writers rather than full-time.

Student Services

- In the Admissions department, the four part-time minority recruiters/community liaisons will be reduced from 12-month contracts to nine-month contracts. Although we are not sure of the impact this will have, a reduction of 25 percent will undoubtedly have an effect on the number of minority students coming to our campus.

Explanations That Cover More Than One Activity

- A vacant position in Financial Aid will be filled at a lower salary.
- The Counseling Center and the Dean of Students office will hire fewer student assistants next year. This will affect the hours of the career resource library. Professional staff members will need to cover any areas or projects that were traditionally completed by student help.
- The University Police will reduce its in-state travel. This will result in less training and possibly a less professional police force.
- Athletics will reduce S&E. These dollars are usually used to cover overages in recruiting expenses (telephones and postage).
- Career Services will reduce the minor equipment line. This will affect ability to upgrade computers and equipment.

**UW-Parkside
2001-2002 Base Budget Reductions**

	Reductions				
					Reduction
Activity	Salaries	Fringe	S&E	Equipment	Total
Student Services			\$137,418		\$137,418
Instruction					
Inst. Support / Admin.					
Research					
Public Service					
Academic Support					
Physical Plant					
Total			137,418		\$137,418

Explanation of 2001-2002 Reductions:

Students Services

- A unit-wide account (G-98-7500,102-0) used to supplement the student recruitment budget will be cut; this may affect how widely UW-Parkside can extend its recruitment materials.

UW-Platteville
2001-2002 Base Budget Reductions

	Reductions				
					Reduction
Activity	Salaries	Fringe	S&E	Equipment	Total
Student Services					
Instruction			\$20,395		\$20,395
Inst. Support / Admin.					
Research					
Public Service					
Academic Support			156,000		\$156,000
Physical Plant					
Total			176,395		\$176,395

Explanation of 2001-2002 Reductions:

Explanations That Cover More Than One Activity

- Approximately 30 computer upgrades will have to be delayed, this eliminates our ability to upgrade information technology equipment necessary for quality educational opportunities for our students.

UW-River Falls 2001-2002 Base Budget Reductions

Activity	Reductions				Reduction Total
	Salaries	Fringe	S&E	Equipment	
Student Services					
Instruction			\$162,561		\$162,561
Inst. Support / Admin.			10,000		10,000
Research					
Public Service					
Academic Support					
Physical Plant					
Total			172,561		\$172,561

Explanation of 2001-2002 Reductions:

Explanations That Cover More Than One Activity

In UW-River Falls' strategic plan, Reach for the Future, the following two objectives were listed as priorities:

- To establish a purchase, maintenance, replacement and training schedule for technology. Every faculty and staff member should have a computer that will be replaced on a four-year replacement cycle. Although we have accomplished part of this objective by placing a computer on each desk, we are currently dealing with a five-year replacement cycle, which is inadequate for many.

The consequences of this GPR reduction are that we will continue with the five-year replacement cycle and the minimal pool of \$50,000, which in 2001-02, will replace two pieces of equipment.

- To establish a major equipment fund of approximately \$190,000, which would be available annually for campus wide distribution. For 2000-01, this pool is \$50,000. It was our intent to increase the size of this fund for 2001-02.

The 2001-02 base reduction will not allow us to proceed with this goal to the extent that was hoped for.

**UW-Stevens Point
2001-2002 Base Budget Reductions**

Activity	Reductions				Reduction Total
	Salaries	Fringe	S&E	Equipment	
Student Services					
Instruction	\$178,919	\$37,932			\$216,851
Inst. Support / Admin.	22,365	4,741			27,106
Research					
Public Service					
Academic Support	22,365	4741			27,106
Physical Plant					
Total	223,649	47,414			\$271,063

Explanation of 2001-2002 Reductions:

Explanations That Cover More Than One Activity

- The budget reductions at Stevens Point will come from position turnover. Because of this we will need to fill vacant Faculty positions with Academic staff.
- In addition, some of the turnover funds would have been used to help replenish S&E budgets that have become depleted over the years. This will not be possible due to these base reductions.
- We have just stopped the search process for an Academic Planner position in the Vice Chancellors Office. This position was to have worked with matters relating to general education and new academic programs and to have provided leadership in matters relating to student persistence.

UW-Stout

2001-2002 Base Budget Reductions

Activity	Reductions				
	Salaries	Fringe	S&E	Equipment	Reduction Total
Student Services	\$5,890	\$1,249	\$6,853		\$13,992
Instruction	42,434	8,996	85,980	\$13,000	150,410
Inst. Support / Admin.	6,266	1,327	41,639		49,232
Research					
Public Service					
Academic Support	10,407	2,206	13,038		25,651
Physical Plant	3,113	660	2,200		5,973
Total	68,110	14,438	149,710	13,000	\$245,258

Explanation of 2001-2002 Reductions:

Institutional Support / Administration

- Funding will be reduced for special requests from faculty and staff for professional development activities, or sponsorship of speakers at university forums.
- Affirmative Action Office will have reduced funding for LTE assistance on special projects and participation in the summer intern program.
- Mailings of the university's newsletter *Community News* and *Newsplus* to off-campus constituents will be eliminated. Contact will be made through the web instead.
- Travel funding for the senate offices will be reduced.
- Staff training, professional association conference attendance, and professional development will be reduced.
- Equipment replacement, including computers, will be deferred; equipment will be utilized beyond its normal life, if possible.
- General Access Lab will have reduced employee support.
- Memberships will be reduced. National Association of State Purchasing Officers and the National Alliance of Business are examples.
- Purchasing will move forms to a web-format or printer-produced format to reduce costs.
- Service desk hours to provide university telephone information will be reduced.
- Increased administrative chargeback to auxiliaries.
- As feasible, institution surveys will be changed to web-based surveys, thereby reducing paper and postage costs.
- Student Business Services will eliminate the use of an outside vendor to provide students with online access to copies of billing/account statements and will enhance the administrative software system so the service will be done in-house.

Physical Plant

- Printed materials will be limited at safety training sessions.
- Forms will be moved to web-format.
- Training manuals will be placed on the web.
- High maintenance flowerbeds will be eliminated.

- Data entry in administrative software systems will be automated.
- Building maintenance LTE support will be reduced. This coupled with the loss of chargeback work (due to budget reductions on campus) will defer maintenance on building operating equipment.

Instruction

- Summer session or intersession course offerings (approximately seven credits) will be reduced.
- Open house coordinators for cooperative education events will be eliminated.
- Equipment replacement will be deferred.
- Support for jazz band, choral groups, theatre productions, and the forensics team will be reduced.
- Supplemental support for classroom and lab supplies from college central funds will be less.
- Funding for the University Ethics Center will be eliminated.
- Funding for speakers and professional development will be less.
- Advertising costs for vacant positions will be reduced through more effective publication targeting.
- Funding for faculty sick leave replacements will be reduced.
- Computer equipment and software upgrades will be deferred.
- Less staffing flexibility to offer courses in high demand.
- Less flexibility to provide supplemental salary funds to attract top candidates.

Academic Support

- Computer acquisitions will be reduced.
- Travel support for Associate Deans and Deans will be reduced.
- College front desk support will be reduced.
- Support for art gallery shows will be reduced.
- The library will reduce the salary in a vacant academic staff position and funds available for student assistants.
- The library will have fewer funds to support travel, duplicating services, supplies for printing equipment & telecommunications.
- Stout Solutions (Continuing Education) will fill a vacant position at a lower classification level.

Student Services

- Computer equipment and software upgrades will be deferred.
- Professional memberships in the American College Personnel Association and National Association of Student Personnel Administrators will be reduced.
- Materials for career development, placement program support, and counseling education will be reduced.
- LTE budget to support admissions services to prospective students, parents, and other visitors will be reduced.

UW-Superior 2001-2002 Base Budget Reductions

Activity	Reductions				Reduction Total
	Salaries	Fringe	S&E	Equipment	
Student Services	\$32,112	\$6,808			\$38,920
Instruction	20,058	4,876			24,311
Inst. Support / Admin.					
Research					
Public Service					
Academic Support	23,000	4,253			27,876
Physical Plant					
Total	75,170	15,937			\$91,107

Explanation of 2001-2002 Reductions:

Instruction

- UWS had planned to provide a number of internships for students involved with technology management consulting initiatives in partnership with a variety of business enterprises in the Superior/Duluth community. These internships will need to be reduced, thereby compromising the quality of our students' experiential learning and the ability to develop technological partnerships within the community. Savings are \$20,058.

Academic Support

- The institutional research vacancy will remain unfilled. Workload associated with this function will be reassigned to the administrative information services staff and other offices. Savings are \$23,000 and .50 FTE.

Student Services

- Admissions counselor vacancy workload will be absorbed through a restructuring of that office. Prioritization of functions will be necessary to ensure that quality of service is not diminished for student inquiries. Savings are \$32,112 and 1.0 FTE.

Explanations That Cover More Than One Activity

- The number of FTE Positions will not be reduced; freed-up FTE will be used for any pressing needs that may arise.

UW-Whitewater

2001-2002 Base Budget Reductions

	Reductions				
					Reduction
Activity	Salaries	Fringe	S&E	Equipment	Total
Student Services	\$9,391	\$1,991	\$5,165		\$16,547
Instruction	176,202	37,354	1,440		214,996
Inst. Support / Admin.	29,073	6,163	5,527		40,763
Research					
Public Service					
Academic Support			5,218		5,218
Physical Plant			775		775
Total	214,666	45,508	18,125		\$278,299

Explanation of 2001-2002 Reductions:

Institutional Support / Administration

- Internal Audit and Administrative Affairs will cut the S&E line. This will reduce the ability to purchase items needed, thus requiring individual departments to contribute funds when needed. Savings are \$1280 S&E.
- Financial Services will cut LTE support. This will result in a reduction in temporary backups hired to help with the increased workload associated with the implementation of the Student Administration System. Savings are \$2,752 wages and \$583 fringe.
- Financial Services will also be cutting the S&E line. This will result in a shift of expenditures to a Financial Services Fund 128 account. Savings are \$3,247 S&E.
- University Police will cut the LTE line. This will reduce support in records, reception, and clerical areas. The office may have to be closed for short periods of time when no staff is available and the police chief and lieutenant are out of the office. Savings are \$3,787 wages and \$803 fringe.
- The Offices of Human Resources and Diversity, Facilities Planning and Management, and Chancellor's Office will cut student help. This will reduce the amount of student help available and impact the efficiency of these offices. Saving are \$3,590 wages, \$761 fringe and \$1000 S&E.
- The Administrative Affairs Division, Office of Budget, Planning and Analysis, and University Advancement will increase the amounts of classified and unclassified savings. Savings are \$18,994 wages and \$4,016 fringe.

Physical Plant

- Risk Management and Safety will cut the S&E line. Savings are \$775 S&E.

Instruction

- The Summer Session salary budget will be reduced resulting in fewer courses being available to meet the needs of our students. This may create problems by extending the time to graduation for students needing to pick up extra course work in the summer. Savings are \$100,000 salary and \$21,200 fringe.

- Graduate Studies will reduce the number of graduate assistant positions available to our students, many of whom are returning adult learners. Savings are \$48,924 salary and \$10,372 fringe.
- Our four colleges will replace vacancies at a lower rate and hold some open long-term. Savings are \$27,278 salary and \$5782 fringe.
- The Office of the Provost will cut the S&E line in an account that provides matching funds for laboratory and classroom modernization (not Fund 114). This will reduce our ability to provide matching funds when trying to secure support for high-technology teaching upgrades. Savings are \$1,440 S&E.

Academic Support

- Technology and Information Resources will reduce the S&E line. This cut will adversely impact a number of areas including staff training, non-capital equipment acquisitions, telephone system expenditures, and duplicating. Savings are \$5,218 S&E.

Student Services

- Student Affairs will reduce the LTE line in the Dean of Students Office. The cut will result in a loss of efficiency, delays in conduct hearings and medical withdrawals, the elimination of some programming related to student events, and elimination of front line service provided to parents, faculty, and other university staff regarding ombuds issues. Savings are \$8,332 wages and \$1,766 fringes.
- The Registrar's Office will reduce the budgeted vacancy salary rate for a new Registrar. This may have an adverse impact on our ability to attract a very well qualified candidate to fill the position. Savings are \$469 salary and \$100 fringes.
- The Admissions Office will utilize salary savings from recently filled positions. Technology upgrades will be slowed down because of the cut and future hiring may be adversely impacted if market level salaries can't be offered. Savings are \$532 salary and \$113 fringe.
- Academic Support Services will reduce the student help line in the Tutorial Center. Student help is critical to providing academically challenged students with an adequate level of support to succeed. Student retention may suffer from this cut. Savings are \$58 wages and \$12 fringe.
- Intercollegiate Athletics will reduce the S&E line. These funds were used to pay for WIAC membership dues and will need to be replaced by private funding. Diverting these private funds will diminish the flexibility that was previously available to meet unexpected programmatic needs. Savings are \$5,165 S&E.

UW-Colleges 2001-2002 Base Budget Reductions

	Reductions				
					Reduction
Activity	Salaries	Fringe	S&E	Equipment	Total
Student Services	\$15,000	\$3,180			\$18,180
Instruction	70,000	14,840			84,840
Inst. Support / Admin.	17,000	3,604	30,000		50,604
Research					
Public Service					
Academic Support			27,524		27,524
Physical Plant	11,000	2,332	20,000		33,332
Total	113,000	23,956	77,524		\$214,480

Explanation of 2001-2002 Reductions:

Institutional Support / Administration

- A project to develop a non-traditional student web page will be deferred. Direct mail and other marketing activities to both traditional and non-traditional students will be reduced, making these markets more difficult to reach. Savings: \$30,000
- A graduate student to assist in developing administrative policies and streamline processes will be eliminated. Savings: \$20,604.

Physical Plant

- Staff and S&E support to campuses undergoing major construction projects will be reduced, resulting in a delay in equipment purchasing and daily service support to campus constituencies. Savings: \$33,332.

Instruction

- The number of ad hoc instructors will be reduced, increasing class sizes and possibly eliminating delivery of some courses to smaller campuses. Savings: \$84,840.

Academic Support

- Furniture needed for the PeopleSoft project team work cell will be deferred or eliminated. Savings: \$4,524.
- A project to develop electronic forms will be deferred. Technical training for IT staff will be reduced and targeted for only critical staff, resulting in less staff coverage of essential IT processes. Savings: \$23,000.

Student Services

- Student help will be reduced in the Office of Student Financial Aid, increasing the length of time to perform clerical functions and to process student financial aid applications. Savings: \$18,180.

UW-Extension 2001-2002 Base Budget Reductions

Activity	Reductions				Reduction Total
	Salaries	Fringe	S&E	Equipment	
Student Services					
Instruction			\$57,321		\$57,321
Inst. Support / Admin.			4,268		4,268
Research					
Public Service			189,242		189,242
Academic Support			66,000		66,000
Physical Plant			5,264		5,264
Total			322,095		\$322,095

Explanation of 2001-2002 Reductions:

Institutional Support / Administration

- The reduction in the Business Services area will be offset by savings realized from a decrease in DoIT computer services charges as a result of implementing SFS accounts receivable module.

Physical Plant

- Reduction in Facilities Management will limit funds available for institutional re-modeling projects and minor facility repairs.
- Reduction of cleaning and maintenance supply budget at the Pyle Center will permanently eliminate 'once per year' window washing at the facility.

Academic Support

- Services in the Pyle Center and Lowell Hall will be reduced (e.g. key distribution, providing water to classrooms, etc.)

Public Service

- The budget reduction will impact Cooperative Extension's ability to meet the Legislative Audit Bureau's finding that UW Extension seek ways to address the needs of under served client groups. Cooperative Extension had planned to set aside additional funds to help explore how the needs of the Hmong, Hispanic and Urban communities are met. We will try to minimize this reduction with other programming funds, as they are available. In addition, the reduction will impact our ability to provide adequate professional development opportunities for faculty and staff.
- Reduction to Business and Manufacturing Extension will decrease 'match' funding provided by the U.S. Small Business Administration in support of the Wisconsin Small Business Development Center (SBDC). A reduction to both GPR and match funding will

result in a reduction of services (e.g. needs assessment, educational materials, contracting of private business consultants) provided to small business owners and entrepreneurs.

- WHA TV and Radio will have to increase fund raising efforts to offset GPR reduction.

Explanations That Cover More Than One Activity

- Continuing Education will have reduced incentive funding to help direct programming activity towards priority areas. This will limit the flexibility of campus partners in initiating new and innovative programming. Continuing Education is looked to as the incubator of new programs, formats and methods of delivery. These programs require time and support to become established. There will now be less ability to partner with the institutions in sharing the risks associated with innovation. Efforts will also be delayed to enhance activities directed at building and supporting the new economy and workforce development. With less flexibility to initiate new and innovative programming, there will be greater reliance on program revenue, which increasingly narrows the audience of those who can afford costlier programs and negatively impacts underrepresented audiences. For those institutions experiencing deficits, the reduction will delay their ability to reach fiscal stability and achieve the recommended 10% operating balances.
- Central funds that provide opportunities for collaborative projects and priority program investments will be significantly limited.

UW-Systemwide / System Administration (Fund 106)
2001-2002 Administrative Reductions

Activity	Reductions				Reduction Total
	Salaries	Fringe	S&E	Equipment	
Student Services					
Instruction					
Inst. Support / Admin.	\$71,078	\$15,069			\$86,147
Research					
Public Service					
Academic Support			\$87,928		\$87,928
Physical Plant					
Total	\$71,078	\$15,069	\$87,928		\$174,075

Explanation of 2001-2002 Reductions:

Institutional Support / Administration

- Reduction in salaries due to filling vacancies at lower salaries in Market Research, Budget and Planning Office, Board Of Regents Office, and Office of Policy and Research. (Salaries \$41,078; Fringe \$8,709)
- Shift in funding from GPR to federal grant (Salaries \$30,000; Fringe \$6,360)

Academic Support

- Reduction to systemwide grants for library automation, curricular redesign, faculty development, etc. (Supplies and Expenses \$87,928)

**APPENDIX A. 2001-2002 DECISION RULES
APPROVED BY BOARD OF REGENTS**

2001-02 PRELIMINARY BUDGET ALLOCATION DECISION RULES

Annual budget allocation decision rules are provided for those 2001-03 budget initiatives that receive first-year funding. Items that receive funding beginning in the second year (advising, agricultural stewardship, aquaculture, and the UW-Milwaukee honors program) will be addressed in the 2002-03 Annual Budget Decision Rules next spring.

Allocation methodologies for items which are new initiatives may be modified in 2002-03 if a year's experience provides more appropriate criteria.

Sections I-III of this document contain the Decision Rules you passed in April. Those rules are based on the Governor's budget recommendations, which were largely followed by the Joint Committee on Finance. Subsequent legislative action, not yet finalized at the time this document went to print, adds back the Economic Stimulus Package and makes other alterations to the Joint Finance version of the budget. If these items become part of the final legislative budget, the modifications and additional decision rules contained in Section IV of this document will be used for allocations.

Decision Rules Based on the Governor's Executive Budget Recommendations

(Note that allocations for items not included in the final budget will be dropped from this list of decision rules.)

I. ALLOCATION DECISION RULES FOR NEW FUNDING

A. NEW UW SYSTEM DECISION RULES

- 1. WORKFORCE DEVELOPMENT.** The 2001-03 biennial budget provides \$3,407,500 for workforce development initiatives at the comprehensives and UW Colleges. The budget requires the UW System to increase by 600 FTE the number of enrollments in high tech/high paying fields. Funding will be distributed based on a proration of the number of enrollments originally promised in institutional initiatives for additional high tech/high paying enrollments, using the same systemwide average support per student as calculated by the Department of Administration. A skim will be taken off the top for those comprehensives not in the original package but able to increase graduates in high tech/high paying fields. In addition, UW-Madison will receive \$1,124,500 for Biotechnology and UW-La Crosse will receive \$164,100 for the Medical Health Science Education Center.
- 2. WISCONSIN ADVANCED TELECOMMUNICATIONS FOUNDATION (WATF) FUNDS FOR INFORMATION TECHNOLOGY.** The 2001-03 biennial budget provides \$7,250,000 in one-time Program Revenue-S funds for the purposes specified by the Governor. These funds are allocated in 2001-02 and remain as one-time funding until expended. The funds are allocated as follows:

Learning Innovations (Extension	\$3,250,000
ADL/CoLab (Systemwide)	1,000,000
Digital Mammography (Madison)	500,000
Wireless (Systemwide)	500,000
Internet 2 (Systemwide)	2,000,000

3. **UTILITIES.** Current utilities base funds will be reallocated so that all institutions have an equivalent ability to meet current costs, based on latest known cost experience under a March survey to the institutions. New funding will be distributed through a uniform percentage increase to the adjusted bases.

B. MODIFIED UW SYSTEM DECISION RULES

1. **STUDENT TECHNOLOGY FEE.** The 2001-03 biennial budget provided \$432,300 in 2001-02 in additional funding to all UW System institutions to meet student needs for instructional technology and information access. Allocation of this funding is proportional to current academic year fee budgets excluding the student technology fee.

C. INSTITUTION-SPECIFIC ITEMS

FUNDING FOR INSTITUTION-SPECIFIC ITEMS will be allocated to the designated institution based on gubernatorial and legislative intent.

1. **UW-MADISON INITIATIVE.** The 2001-03 biennial budget provides \$3,800,000 in 2001-02 to fund initiatives to increase learning options for undergraduates, enhance economic development, and support additional strategic faculty recruitment efforts.
2. **UW-MILWAUKEE IDEA.** The 2001-03 biennial budget provides \$3,800,000 in 2001-02 to fund initiatives to expand faculty and enrollments in high demand programs, increase research efforts, and encourage public-private partnerships.

II. ALLOCATION DECISION RULES FOR EXISTING (BASE) FUNDING

- A. **Lawton Undergraduate Minority Retention Grant/Advanced Opportunity Program.** Funding for 2001-02 will be allocated in the same manner as in prior years. Allocations will be based on each institution's proportion of a three-year rolling average headcount of students of color.

- III. **BASE REDUCTION.** The 2001-03 biennial budget includes a base budget reduction of \$6,345,000 in 2001-02 and ongoing. The over-all reduction amount was calculated by the Department of Administration based on the total UW System administrative budget, but DOA is granting flexibility in allocating that reduction across activities, provided that impacts on student are minimized to the extent possible, and that the UW System meets its budgetary commitment to enrollment growth. This reduction will be allocated by

institutional share of the UW System GPR/Fee base minus debt service and utilities. The allocations are as follows:

	GPR/Fees less Debt Service & Util.	Reduction
Madison	549,028,820	2,428,409
Milwaukee	181,630,908	803,372
Eau Claire	70,786,985	313,098
Green Bay	33,982,520	150,308
La Crosse	61,397,693	271,568
Oshkosh	66,806,370	295,491
Parkside	31,068,316	137,418
Platteville	39,880,354	176,395
River Falls	39,013,641	172,561
Stevens Point	61,283,564	271,063
Stout	55,449,256	245,258
Superior	20,598,079	91,107
Whitewater	62,919,473	278,299
Colleges	48,490,949	214,480
Extension	72,821,146	322,095
System Admin./Systemwide	39,356,445	174,078
Total	1,434,514,519	6,345,000

Institutions' plans for taking the reductions will be included in the 2001-02 Annual Budget for review at the July 2001 Board of Regents meeting. The reductions will be managed using the following principles:

1. Institutions have the flexibility to take these base reductions, among budget activities, in such a way as to preserve quality and services to students. UW System administrative expenditures are very slim (5.8 percent compared with 10.4% on average for the 18 comparably sized systems) and cannot absorb all of this reduction.
2. Recognizing that these reductions were calculated by the Department of Administration from a smaller base specifically to protect access, UW System will not reduce enrollments (from the Fall 2000 enrollment target plus any funded enrollment increases in the final 2001-03 biennial budget) to deal with this level of a cut, unless further base reductions occur in biennial budget action.
3. Institutions will strive to protect as many instructional positions for faculty as possible. However, to maintain levels of instruction commensurate with our enrollments, institutions may have to replace some vacant faculty positions with instructional academic staff. This is regrettable, but our ability to reverse this trend is dependent on more GPR dollars and positions.
4. Continued commitment to reallocation of .5 percent of the GPR/fee funding base is expected, to help meet under-funding for our instructional and information technology needs.

IV. MODIFIED AND ADDITIONAL DECISION RULES

I. ALLOCATION DECISION RULES FOR NEW FUNDING

A. NEW UW SYSTEM DECISION RULES

1. WORKFORCE DEVELOPMENT/ECONOMIC STIMULUS PACKAGE. The 2001-03 biennial budget provides \$23,687,600 for workforce development initiatives at the Comprehensives and UW Colleges. Funding will be distributed based on the Board of Regents August, 2000 biennial budget request and March, 2001 Economic Stimulus Package. If not fully funded or if a base reallocation component is required, the President will make allocations in consultation with the Executive Committee of the Board and in accordance with any legislative intent.

2. LIBRARIES. The 2001-03 biennial budget provides \$1,551,000 in 2001-02 in additional funding for libraries. Of these funds, \$1,501,000 will be allocated to the institutions based on Fall 2000 weighted student credit hours, except that a floor of \$30,000 will be established to permit the smaller institutions to receive an adequate share of the funding. \$50,000 will be allocated to Systemwide for the Women's Studies librarian.

3. STUDY ABROAD GRANTS. The 2001-03 biennial budget provides \$500,000 in 2001-02 for study abroad grants. These funds will be allocated to the institutions based on Fall 2000 undergraduate headcount enrollment (weighted one-third) and the number of undergraduates receiving need-based grants in 1999-2000 (weighted two-thirds), except that UW Colleges will receive an allocation of \$7,500.

4. COLLABORATIVE LANGUAGES. The 2001-03 biennial budget provides \$287,400 for the Collaborative Languages Program. Funding for the program coordinator, administrative assistant, and supplies will be allocated directly to the program. Funding for course expenditures, activities to increase student interest in less commonly taught languages, and assessment will be placed with the program coordinator, and institutions may apply directly as they develop course offerings and student activities.

5. STEPS. The 2001-03 biennial budget provides \$66,900 in 2001-02 for STEPS camps. Funding will be allocated to begin expansion of STEPS camps to four more programs (at UW-Madison, UW-Milwaukee, UW-Platteville, and UW Colleges-Fox Valley), to establish a half-time UW system STEPS coordinator, and to conduct research and program evaluation to ensure that the program is achieving its long-term goals.

B. INSTITUTION-SPECIFIC ITEMS

FUNDING FOR INSTITUTION-SPECIFIC ITEMS will be allocated to the designated institution based on gubernatorial and legislative intent.

- 1. UW-MADISON INITIATIVE.** The 2001-03 biennial budget provides ~~\$3,800,000~~ **\$8,000,000** in 2001-02 to fund initiatives to increase learning options for undergraduates, enhance economic development, and support additional strategic faculty recruitment efforts.
- 2. UW-MILWAUKEE IDEA.** The 2001-03 biennial budget provides ~~\$3,800,000~~ **\$8,000,000** in 2001-02 to fund initiatives to expand faculty and enrollments in high demand programs, increase research efforts, and encourage public-private partnerships.
- 3. UW-STEVENSON POINT BIG GAME ECOLOGIST.** The 2001-03 biennial budget provides \$24,000 PR in 2001-02 and ongoing from the DNR Fish and Wildlife account of the Conservation Fund for a Big Game Ecologist position for UW-Stevens Point.
- 4. PEST MANAGEMENT PROGRAMS IN SCHOOL DISTRICTS.** The 2001-03 biennial budget provides \$92,000 SEG in 2001-02 from the Agricultural Management Program Fund to UW-Extension for a pest management program in school districts.
- 5. LAND AND WATER EDUCATION GRANTS.** The 2001-03 biennial budget provides \$100,000 PR in 2001-02 and ongoing from Tribal Gaming revenues to UW-Extension for land and water education grants to be awarded for innovative educational or conservation practice assessment programs related to environmentally sound grazing practices or agricultural nutrient management.
- 6. UW-MADISON INTERCOLLEGIATE ATHLETICS.** The 2001-03 biennial budget replaces \$705,700 GPR and 10.5 GPR positions with \$705,700 PR and 10.5 PR positions in 2001-02 and ongoing for intercollegiate athletics at UW-Madison. In addition, the budget provides \$3,527,100 PR and 4 PR positions in 2001-02 and ongoing to the UW-Madison intercollegiate athletics program for NCAA compliance-related activities and for staffing in the sports medicine area.

REVIEW OF UW SYSTEM CREDIT TRANSFER POLICY

EXECUTIVE SUMMARY

BACKGROUND

In response to discussion regarding transfer coincident with the legislature's review of the proposed 2001-03 biennial budget, the attached paper: (A) provides a brief history of the of the UW System Undergraduate Transfer Policy; (B) describes the evolution of the policy regarding WTCS transfer; (C) outlines current initiatives for facilitating WTCS, and (D) poses for discussion options for future direction regarding WTCS transfer.

The Introduction to the UW System Undergraduate Transfer Policy emphasizes that the "challenge in this [policy] is to reach an appropriate balance among varied and sometimes competing goals," including: (1) facilitating student mobility; (2) recognizing the distinct missions of UW institutions; (3) providing information on course and program equivalencies; and (4) balancing system and institutional concerns." The initiatives and policy revisions related to transfer over the past two decades reflect the ongoing efforts to reach and maintain that balance.

REQUESTED ACTION

This item is for discussion only. No action is requested at this time.

DISCUSSION

Evolution of Policy and Practice

Current transfer policies and practices have evolved over the past two decades. Highlights of the policy are included in Appendix A. The 1986 Regent Report *Planning the Future* responded to concerns about transfer of students from the then UW Centers to the baccalaureate granting institutions. It set the goal associate degree would fulfill general education requirements in transfer. Following development that a UW of the criteria for general education requirements within a UW associate degree, the transfer policy was changed in 1988.

Beginning in 1994, a Transfer Working Group, with representatives from all UW institutions, reviewed the status of transfer. As a principle of accommodation, it recommended that any course designated general education at a UW sending institution should count toward general education in transfer.

Policies and practices regarding the transfer of WTCS students have also evolved. When the UW System was created in the early 1970's, the governor and legislature sought to limit duplication of effort and resources between the then Wisconsin Vocational Technical and Adult Education (VTAE) System and the UW System by describing distinct missions for the two systems and narrowly defining transfer from the VTAE to the UW System. Until 1989, VTAE credit transfer was limited to courses taken in the liberal arts collegiate transfer programs offered by Madison, Milwaukee, and Nicolet Area Technical Colleges. The UW Undergraduate Transfer Policy was revised in 1989 to permit 15 general education credits to transfer from the occupation programs and to permit occupational courses to transfer as a part of program-to-program articulation agreements. A review of the TIS database shows that currently 90 percent of the standard general education courses that are a part of the WTCS occupational programs are granted transfer credit by UW institutions.

The 1999-2001 biennial budget required the President of the University of Wisconsin System and the Director of the Wisconsin Technical College System to submit a report to the legislature on "efforts made to coordinate transfer of credits from the technical college system to the University of Wisconsin System, including a plan to coordinate the transfer of credits for additional programs, and a timetable for implementation of the plan." A Joint Transfer Study Committee made a series of recommendations to facilitate transfer that are currently being implemented. The implementation timetable is included as Appendix B.

Future Directions

Continuing public discussions of transfer would indicate that there is work yet to be done regarding WTCS transfer. Possible future directions for consideration are:

1. Continue the periodic review of the policies and anticipate making incremental changes;
2. Form a Blue Ribbon Commission to review the missions of the two systems and make recommendations for refining those missions and defining the roles appropriate to each System; or
3. Examine the merits of a formal structure combining WTCS and UWS into one Wisconsin Higher Education System.

RELATED REGENT POLICIES

Undergraduate Transfer Policy (ACIS 6.0 revised 12-2000)

Statement of Principles on Student Transfer from WTCS to UWS (4-7-2000)

Board of Regents Resolution # 8107 (4-7-2000)

REVIEW OF UW SYSTEM CREDIT TRANSFER POLICY

This paper is designed to do the following: (A) provide a brief history of the of the UW System Undergraduate Transfer Policy; (B) describe the evolution of the policy regarding WTCS transfer (C) outline current initiatives for facilitating WTCS, and (D) pose for discussion options for future direction. It is in response to discussions regarding transfer coincident with the legislature's review of the proposed 2001-2003 biennial budget. It focuses primarily on transfer from the Wisconsin Technical College System to University of Wisconsin System institutions, since this area is the focus of most current concerns.

The Introduction to the UW System Undergraduate Transfer Policy reads in part:

The challenge in this UW System Undergraduate Transfer Policy is to reach an appropriate balance among varied and sometimes competing goals. These goals include: (a) facilitating student mobility; (b) recognizing the distinct mission of each UW institution and the faculty role in the development of the missions; (c) providing information to students on course equivalencies and program requirements throughout the System; and (d) balancing the System concerns with institutional autonomy and program integrity."

The initiatives and policy revisions related to transfer over the past two decades reflect the ongoing efforts to reach and maintain that balance.

A. EVOLUTION OF POLICY AND PRACTICES

Planning the Future (1986)

Current transfer policies and practices have evolved over the past two decades. Highlights of the policy are included in Appendix A. The 1986 Regent Report *Planning the Future* responded to concerns about transfer of students from the then UW Centers to the baccalaureate granting institutions. It set the goal that a UW associate degree would fulfill general education requirements in transfer. Following development of the criteria for general education requirements within a UW associate degree, the transfer policy was changed in 1988.

Planning the Future also called for the creation of a computerized matrix of course equivalencies. The resulting Transfer Information System (TIS), begun in 1988, serves as the official source of information on how UW and WTCS courses transfer within and into the UW System. The function of TIS is to assure that any student be able to determine prior to taking a course at a UW or WTCS campus, how that course will transfer and, ultimately, how it will

apply toward a particular degree. TIS has been developed in phases and continues to evolve with changing technology. The primary TIS database was moved to the Web in 1996. Following conversion to the Web, use of TIS has increased to the point that, in 2000, the TIS homepage received over 100,000 "hits."

UW System Transfer Working Group (1994)

Beginning in 1994, a Transfer Working Group, with representatives from all UW institutions, reviewed the status of transfer. Although the group found that acceptance of the Associate Degree facilitated transfer for some UW students, it determined that further policy changes were necessary. As a principle of accommodation, it recommended that any course designated general education at a UW sending institution should count toward general education in transfer.

The 1994 Working Group also reviewed transfer practices. As is noted in the introduction to the transfer policy important considerations are: (1) honoring the distinct mission of each UW institution; (2) recognizing the faculty role in the development of the missions; and (3) balancing System concerns with both institutional autonomy and program integrity. In particular, primary responsibility for academic and educational activities rests with the faculty.

The Working Group's final report recommended several actions to facilitate the sharing of information about transfer issues, including a change in the Transfer Policy calling for transfer students to receive written notification of the campus procedures for appealing credit evaluations. The recommendations also called on UW System to designate a staff member to serve as a "transfer ombudsman" to coordinate the transfer process and help resolve specific transfer issues. In addition, the group recommended that a systemwide transfer coordination group meet regularly with the ombudsman.

In 1996, the Transfer Policy was revised and the ombudsman and coordinating groups were established.

B. WTCS TRANSFER

Policies and practices regarding the transfer of WTCS students have also evolved. When the UW System was created in the early 1970's, the governor and legislature sought to limit duplication of effort and resources between the then Wisconsin Vocational Technical and Adult Education (VTAE) System and the UW System by describing distinct missions for the two systems and narrowly defining transfer from the VTAE to the UW System. Until the late 1980's, credit transfer for students seeking to move from technical colleges to UW system institutions was limited to courses taken in the liberal arts collegiate transfer programs offered by three VTAE districts (e.g., Madison, Milwaukee, and Nicolet Area Technical Colleges). These liberal arts programs consist of general education course work similar to that found in the first two years of a traditional baccalaureate program. WTCS associate degree occupational programs, in contrast, combine more limited general education offerings with occupationally specific

offerings designed to provide the skills and knowledge needed for employment in specific technical occupations.

In its *Planning the Future* report, the Board of Regents encouraged the continuing information exchange and exploration of expanded transfer agreements between the two systems, while maintaining the separate missions. A joint UWS and VTAE Working Group was established in 1987 to study credit transfer issues. In 1989 the governing boards of the two systems adopted a joint statement of principles on the transfer of credit from the technical college system to the UW System. This document committed the Board of Regents to revising the UW System Undergraduate Transfer Policy to permit System institutions to accept up to 15 credits in general education from students who had successfully completed a VTAE associate degree in an occupational program. It also encouraged development of program-to-program articulation agreements to facilitate the transfer of credits for technical college graduates of associate degree occupational programs. The statement also reiterated the distinct missions of the two systems and stated that the VTAE System had no interest in expanding its statutory mission, that normally the general education course offerings needed to complete the associate degree would be no more than 15 credits, and that the college parallel programs at Madison, Milwaukee, and Nicolet would not be expanded to other districts.

The provision for articulation agreements encouraged UW and VTAE institutions to work together to identify associate degree occupational programs with a direct relationship. Where such relationships existed, formal articulation agreements were developed that identified specific associate degree occupational and technical credits that would transfer. Today there are over 400 articulation agreements.

The UW Undergraduate Transfer Policy, as revised in 1989, permitted 15 general education credits to transfer from the occupation programs but limited the opportunity to students who had completed the VTAE associate degree. In 1995, upon the recommendation of the Transfer Working Group, the two Systems agreed to remove the requirement that students had to have completed the technical college associate degree in order to transfer non-college-parallel general education courses. A similar requirement that all program-to-program articulation agreements be limited to complete associate degrees was also removed. A review of the TIS database shows that currently 90 percent of the standard general education courses that are a part of the WTCS occupational programs are granted transfer credit by UW institutions.

The 1999-2001 biennial budget required the President of the University of Wisconsin System and the Director of the Wisconsin Technical College System to submit a report to the legislature on "efforts made to coordinate transfer of credits from the technical college system to the University of Wisconsin System, including a plan to coordinate the transfer of credits for additional programs, and a timetable for implementation of the plan." A Joint Transfer Study Committee appointed by the heads of the two systems, made a series of recommendations to facilitate transfer that are currently being implemented. The implementation timetable is included as Appendix B.

In April 2000, for the first time in their history, the Wisconsin Technical College System Board and the University of Wisconsin System Board of Regents met in formal joint session. In their joint session, board members discussed the distinct missions of the two systems and adopted the *Statement of Guiding Principles on Student Transfer From the Wisconsin Technical College System to the University of Wisconsin System* which was a revision of the 1989 document. In separate action, the UW System Board of Regents also adopted the Transfer Study Committee recommendations on the development of baccalaureate completion degrees, multi-institutional articulation agreements, and changes to the UW undergraduate transfer policy concerning WTCS general education courses.

In December 2001, the Transfer Policy was formally revised to permit transfer of up to two mathematics and/or natural science courses from the WTCS occupational programs. Multi-institutional articulation agreements in nursing and early childhood education will be implemented in fall 2001

C. CURRENT INITIATIVES

UW institutions are developing baccalaureate completion opportunities in both broad based, general majors and specific program areas. For example:

- UW-Stout will offer a broad B.S. in Applied Science for WTCS beginning in the fall of 2002;
- UW-Stout will offer a B.S. in Service Management at multiple sites in Wisconsin by 2002 and will apply 60 credits from any WTCS Associate Degree toward the degree.
- UW-Parkside has developed an articulation agreement with Gateway Technical College in general business that will allow for the transfer of 56-59 credits and anticipates expanding this agreement to other WTCS districts;
- An additional degree completion program will be in place by Fall 2002.

As important to facilitating transfer as developing new degree completion programs and revising policies are communicating those policies and opportunities and assessing their impact on students.

The staff of the Transfer Information System (TIS) meets once each semester with a WTCS advisory group to share information regarding transfer, discuss strategies to better display that information in TIS, and to better promote TIS within the WTCS districts. TIS staff have begun work on a redesign of the TIS website to make it more "student user friendly." As a part of that process UWS staff conducted a focus group with WTCS students and will incorporate their suggestions into the new design.

Staff from the UWS and WTCS will work together to develop print and electronic materials that describe the new degree completion programs. It is anticipated that these materials will be available in Fall 2001. Representatives from the two systems will continue to give presentations

to regional and statewide meetings of high school counselors, WTCS and UW admissions officers, and other interested stakeholders.

In order to assess the impact of the new initiatives on students, the heads of the two Systems appointed a joint assessment working group that has been meeting since fall 2000. It has identified preliminary research questions and developed a reporting plan. A data sharing agreement has been signed and the student data files are being shared. The new data sharing agreements will allow the assessment committee to determine the programs that the students were in at WTCS and the number of credits earned in those programs. The joint assessment committee anticipates giving an annual report to JACAP that will track the number of WTCS students transferring into the various degree completion programs, the number of credits that transferred, the students grade point averages after transfer and their retention and graduation rates.

D. FUTURE DIRECTIONS

The issues surrounding transfer from the Wisconsin Technical College System to the University of Wisconsin System have been revisited a number of times over the past two decades. Changes in UW System policies and practices recounted in this paper speak to efforts to meet changing educational needs and to facilitate student transfer within the context of differentiated missions, institutional autonomy, and academic integrity.

Continuing public discussions of transfer would indicate that there is work yet to be done. Possible future directions for consideration are:

1. Continue the periodic review of the policies and anticipate making incremental changes. This incremental approach is based on the assumption that the basic structure of the two systems, including their differentiated missions, is working well for the State. Both the University of Wisconsin System and the Wisconsin Technical College System enjoy outstanding national reputations. Past practices demonstrate that the two Systems work together to assess the impact of a given set of policy changes and to make additional changes as needed.

Current suggestions for changes in the transfer of General Education from the occupational programs include two options: (1) raise the limit to 30 credits, including communications, behavioral and social sciences, mathematics, and natural sciences or (2) remove all restrictions on the number of general education credits that could be accepted in transfer.

2. Form a Blue Ribbon Commission to review the missions of the two systems and make recommendations for refining those missions and defining the roles appropriate to each System. The commission should include representatives from UW System, WTCS, the PK-16 Council, and external representatives.

When questions arise from members of the legislature or others about the current transfer policies, they often seem to imply a different understanding of the missions of the two systems. Since such questions arise periodically, a comprehensive review of missions and roles is called for in setting future directions.

3. Examine the merits of a formal structure combining WTCS and UWS into one Wisconsin Higher Education System. Such a study would need to look carefully at the potential pluses and minuses to the academic programs of a merged system. In addition to addressing academic issues, the study would have to address funding, particularly the differences in the sources of funding that currently exist, and faculty personnel issues, including issues of unionization and governance rights

RELATED REGENT POLICIES

Undergraduate Transfer Policy (ACIS 6.0 revised 12-2000)

Statement of Principles on Student Transfer from WTCS to UWS (4-7-2000)

Board of Regents Resolution # 8107 (4-7-2000)

Appendix A

KEY ELEMENTS OF UW SYSTEM UNDERGRADUATE TRANSFER POLICY (ACIS 6.0)

1. Principles of Accommodation

For All Transfers

- In General Education, both specific courses and broad academic areas (social science, humanities, etc.) should be accepted. When applying a course toward general education, the receiving institution would normally apply it in the category of similar courses at that institution. If, however, the course fulfills a different category at the sending institution and the student requests that the original designation be used, the request should be approved where appropriate.

For UW Transfers

- General Education at the sending UW should count toward General Education at receiving UW.
- Courses designated Ethnic Studies at the sending UW should count toward Ethnic Studies at the receiving UW.
- UW institutions should apply academic policies to continuing and UW transfers in a similar manner, e.g., apply the same criteria for admission to a major or program; give both transfers and continuing students the same priority order in registering for classes.

2. General Admission Requirements for Transfer Students

For All Transfers

- Transfer students with a C average are normally admissible. When particular programs have admission standards that exceed the institutional transfer admission standards, those standards apply equally to transfer and continuing students.

For UW Transfers

- When the number of transfers must be limited for enrollment management, preference shall be given to transfers from the UW Colleges and other UW institutions where the student's desired major is not offered.
3. Transfer of UW Associate Degree
 - In order to facilitate transfer between UW institutions, Associate Degrees awarded by UW institutions include the minimum general education breadth requirements defined by the UW System Board of Regents.
 - Transfer students with the UW Associate Degree shall have satisfied university –wide general education breadth requirements, college or school general education breadth requirements, and the ethnic studies requirement.
 - Colleges or schools may require transfers to complete additional general education credits beyond the university-wide total if required of continuing students
 - The Associate Degree will not necessarily satisfy competency or proficiency requirements in composition, foreign language and/or math nor upper division general education courses normally required of continuing juniors and seniors.
 - Specific general education courses required in a particular major--or mandated by external accrediting or certifying agencies--are not waived by the Associate Degree.
 4. Recognition of Institutions and Programs
 - UW System bases its general policy on accepting credit from an institution on that institution's mission, quality of programs, accreditation status, and recognition by the American Council of Education. The transfer policy delineates policy based on institutional accreditation and programmatic accreditation and describes procedures for considering credit taken from non- accredited or international institutions. The policy stipulates that if an accredited institution offers both liberal arts collegiate transfer and occupational courses, the full transfer applies only to the liberal arts collegiate transfer courses.
 5. Transfer of Credit from Non-Baccalaureate Institutions
 - Students transferring from the UW Colleges, other similar freshman/sophomore institutions, or from the three WTCS accredited liberal arts collegiate programs at Madison, Milwaukee, and Nicolet Area Technical Colleges may generally transfer up to 72 credits. The policy allows UW institutions to accept additional credits when appropriate.

- Institutions may accept up to 15 credits of general education course work in the following areas: (1) communications, behavioral sciences and social sciences; and (2) two courses in mathematics and/or natural sciences from the WTCS non liberal arts collegiate programs, e.g., the occupational programs leading to an associate degree of applied science.
- The policy encourages UW institutions to identify WTCS Associate Degree programs that have direct relationships with Baccalaureate Degree Programs and to develop transfer articulation agreements that would allow students to transfer additional occupational courses for credit.

Appendix B

Appendix B		
TRANSFER STUDY COMMITTEE RECOMMENDATIONS	TARGET DATE	PROGRESS
Statement of Principles		
WTCS Board and UW System Administration will develop and put in place a data sharing agreement to permit UW System to identify WTCS students transferring to UW System institutions.	December 2000	Agreement signed
A working group appointed by the heads of the two systems will begin to design an appropriate reporting mechanism for program improvement.	December 2000	Working group in place; gave preliminary report to JACAP in April
WTCS and UW System staff will work together to update the existing joint on-line advising resources for students, parents, and counselors, to reflect new transfer opportunities open to WTCS students and graduates.	October 2000	Transfer Information System updated as new agreements are finalized
Multi-Institutional Program Articulation		
An agreement will be in place for WTCS associate degree nursing graduates to enter any one of the five UW System baccalaureate nursing programs.	January 2001	Agreement in place, formal signing occurs June 7, 2001
Pilot agreement will be in place for WTCS associate degree Child Care and Development graduates to enter baccalaureate Early Childhood Education program at one UW System institution.	September 2001	UW-Milwaukee and UW-Parkside agreements in place. Will be signed July 23, 2001
Initial assessment of articulation efforts in Nursing and Early Childhood Education to determine success of the programs and identify areas for improvement will begin.	September 2003	Future Activity

Expansion of pilot efforts in Early Childhood Education to additional UW System institutions if appropriate will be initiated.	November 2003	Statewide joint meeting July 12, 2001 to begin expansion discussions
Baccalaureate Degree Completion Programs		
Industrial Management program at UW-Stout begins enrolling WTCS graduates from associate degree technical programs.	September 2000	Began on schedule. 50 students enrolled
A working group of JACAP will explore the development of additional degree completion programs in areas of high need such as computer information systems, business administration, service management, and health care administration and include their recommendations in their annual report.	September 2000	July 2000 JACAP endorsed UWS budget proposal for new programs
At least three additional baccalaureate degree completion programs in areas of high demand will begin enrolling WTCS graduates from associate degree occupational programs.	September 2002	Anticipate being on schedule
UW System Board of Regents asked to authorize development of a new broad-based bachelor of applied arts or sciences degree program.	No later than June 2001	October 2000 Board authorized UW-Stout to implement B.S. in Applied Science
New broad-based bachelor of applied arts or sciences degree program begins enrolling WTCS graduates available statewide.	September 2002	On schedule

General Education		
UW System institutions implement the Board of Regents resolution permitting UW System institutions to accept up to two mathematics and/or science courses completed after September 1, 1995 as well as up to 15 credits in communications, behavioral science, and social science in transfer from a WTCS institution.	September 2000	September 2000 UW Institutions began accepting math and science courses based upon Board of Regents April resolution
UW System Board of Regents adopts a modified undergraduate transfer policy permitting UW System institutions to accept up to two mathematics and/or science courses completed after September 1, 1995 as well as up to 15 credits in communications, behavior science, and social science in transfer from a WTCS institution.	December 2000	December 2000 Board of Regents adopted revised Transfer Policy
Ongoing Activities		
UW System and WTCS staff will update the Transfer Information System (TIS) to reflect new opportunities for transfer as they are implemented. (Ongoing)		
JACAP will continue to produce reports describing transfer activities between the two systems. (Will occur annually at January meeting)		
The heads of the two systems will meet each year with the chief academic officers of the two systems, and the JACAP co-chairs to review progress toward implementation of the initiatives, report on any new initiatives and/or emerging transfer issues, and present any recommendations regarding the facilitation of transfer. Following receipt of the JACAP annual report, the heads of the two systems will share the report with their respective governing boards. (Will occur annually following JACAP July meeting)		

CREDITS-TO-DEGREE IN THE UW SYSTEM PROGRESS REPORT

BACKGROUND

A provision in the Assembly version of the 2001-03 Wisconsin Budget would require the UW System to ensure that at least 70 percent of undergraduate majors can be completed with 124 credits or less. The number of credits required to earn a degree is part of a larger credits-to-degree issue addressed by the Board of Regents several times in the last decade. The purpose of this report is to provide an update on UW System progress toward achieving its goal of reducing the average number of *attempted* credits from 145 in 1994-95 to 140 by 2000-01 (*attempted* credits are the number actually taken by students, some of which may be dropped, failed, etc.; *required* credits are the number necessary to complete a degree). As of the most recent complete graduation year cycle (1999-00), the UW System has exceeded the 140 credits-to-degree target with a systemwide average of 139 credits. A final report containing data for 2000-01 will be provided to the Board of Regents in November 2001.

REQUESTED ACTION

For information only; no action requested.

DISCUSSION

History

The Board of Regents first explored the issue of "credits-to-degree" as part of planning for Enrollment Management III because the number of credits that students take to earn their baccalaureate degrees can affect the number of students that the university is able to enroll. Students graduating from UW institutions at that time attempted an average of 145 credits systemwide. Many baccalaureate degree programs required 128 or more credits for graduation. In addition, when students enrolled for significantly more credits than needed for graduation, they effectively reduced access to the university for other students.

In a March 1995 report to the Board, several factors influencing the number of credits that students take during their undergraduate years were identified. Universities have control over some of these factors while others are primarily student-controlled. Student factors included changing academic majors, transferring to another institution, and taking extra electives. Among the institution-controlled factors enumerated were credits required for the degree, course availability, student advising, and acceptance of transfer credits.

A number of possible solutions to the "credits-to-degree" issue were suggested. Among them was a tuition surcharge on credits above an established threshold. However, while a credit surcharge might influence the average number of credits taken by students, there are trade-offs in options for students, administrative costs, administrative time spent on appeals and overall cost to students. Consequently, in place of a surcharge, the Board of Regents instructed UW System Administration to develop a concentrated program to reduce credits that involved both UW institutions and UW students.

Each UW institution was asked to establish a goal for reducing the average number of attempted degree credits by the year 2001. Each institution was to determine the specific actions needed to meet its goal. General approaches that the UW institutions were asked to consider included: re-examining the number of credits required for baccalaureate programs, ensuring the availability of required courses,

improving advising, improving the transfer process, and encouraging students to earn college credits in high school.

Students also have a role in helping to reduce credits. For example, they were expected to learn the requirements for their degree programs, seek career advising early, develop a program of study and follow that program of study, consult with their advisors on a regular basis, and limit the number of extra electives they take.

At its December 1995 meeting, the Board of Regents heard a report on the UW System plan to reduce credits-to-degree. The metric chosen was average credits attempted by those graduates who start in the UW System as new freshmen and earn their first baccalaureate degree. About 25% of these graduates will transfer among UW institutions during the course of their academic careers. The measure of average attempted credits to graduation includes these internal UW transfer students. Students who transfer into the UW System with previous college credits were not included. Attempted credits include those credits that the student successfully completes (earned credits) and those credits that the student did not complete successfully (e.g., the student dropped or failed the course) because all credits attempted require the commitment of resources. Advanced standing credits and credits not supported by GPR, such as study abroad and credit outreach, were excluded. Consequently, the metric chosen should not be confused with the number of credits required for a degree. However, this metric does provide a useful benchmark for measuring progress over time to make the attainment of a bachelor's degree less costly to the State and more efficient for the student.

UW institutions recognized that resources are consumed by any excessive attempted credits and, therefore, set forth goals and put strategies in place that were designed to reduce the number of average attempted credits for undergraduates. Table 1 displays the average attempted credits for 1993-94 graduates by institution, the established institutional goal for 2000-2001 graduates, and the percent reduction that the goal represents.

TABLE 1
**Average Attempted Credits to Graduation
by UW Institution
for First Bachelor Degree Recipients Starting as New Freshmen**

Institutions	Avg. Credits 1993-94 Graduates	Goal 2000-2001 Graduates	Percent Reduction
UW-Madison	136	135	1%
UW-Milwaukee	148	145	2%
UW-Eau Claire	147	140	4%
UW-Green Bay	139	138	1%
UW-La Crosse	154	148	4%
UW-Oshkosh	152	144	5%
UW-Parkside	146	139	5%
UW-Platteville	153	148	3%
UW-River Falls	149	140	6%
UW-Stevens Point	149	142	5%
UW-Stout	152	145	5%
UW-Superior	153	145	5%
UW-Whitewater	143	135	6%
UW System	145	140	3%

The goals ranged from a one percent reduction at UW-Madison and UW-Green Bay (the institutions with the lowest attempted credit averages in the UW System) to a six percent reduction at UW-River Falls and UW-Whitewater. The Systemwide average reduction in credits to graduation was three percent.

Each UW institution outlined multiple approaches in attempting to reduce excess credits to graduation. Table 2 summarizes in very broad categories the strategies that institutions decided to use to meet their goal.

TABLE 2

Summary of Institutional Strategies to Reduce Excess Attempted Credits to Graduation

Institutions	Reduce Degree Rqmnts	Expand Pro-Active Advising	Review Transfer Policies	Establish Campus Task Force	Examine Repeat Policy	Keep Drop Rate Low	Review General Educ.	Invite AP, Credit by Exam	Improve Course Avail.
UW-Madison	✓	✓	✓			✓	✓		✓
UW-Milwaukee		✓	✓				✓		✓
UW-Eau Claire	✓	✓	✓	✓	✓	✓			✓
UW-Green Bay	✓	✓							
UW-La Crosse	✓	✓		✓			✓	✓	
UW-Oshkosh	✓	✓	✓		✓	✓	✓	✓	
UW-Parkside	✓	✓	✓				✓		✓
UW-Platteville	✓		✓		✓		✓	✓	✓
UW-River Falls	✓	✓	✓	✓					✓
UW-Stevens Point	✓		✓		✓	✓	✓	✓	
UW-Stout	✓	✓					✓		✓
UW-Superior	✓		✓	✓			✓		
UW-Whitewater	✓	✓	✓	✓	✓	✓	✓	✓	✓

The Board of Regents revisited the credit-to-degree issue as a result of the Board's 21st Century Study. One of the four major goals of the Study of the UW System in the 21st Century was to preserve and enhance access to quality. To achieve this goal, the Board concluded that tuition policy should reflect financial incentives and/or disincentives for reducing the total number of undergraduate credits taken. The board was particularly interested in establishing a limit on the number of credits that a student can take at the regular tuition rate with a surcharge to be applied if the student exceeded that limit.

In September 1996, Senior Vice President David Ward appointed a Working Group on Excess Credits Reduction to develop a plan for implementing a credit limit and tuition surcharge. Members of the Working Group were chosen from among those nominated by the institutions and included faculty, staff, students, administrators, and the student member of the Board of Regents. At the December 1996 meeting, the Board discussed the recommendations of the Working Group. Based on that discussion, the Working Group was asked to make adjustments to its recommendation and bring them back to the February 1997 Board of Regents meeting.

Action Taken

In February 1997, the Board of Regents had a second discussion of the report from the Excess Credits Reduction Working Group originally presented in December 1996. Based on feedback received from the Board in December, the Working Group revised its original recommendation on a credit limit and developed a recommendation on an implementation date. In addition, the group developed a recommendation for the amount to be assessed to students who exceeded the credit limit. The Working Group's final recommendations were as follows:

1. The Working Group recommended that a credit limit of 150 earned credits be established as the threshold for implementation of any tuition surcharge; students exceeding that threshold would be subject to the surcharge. Except as specified (e.g., credits earned while in high school), all degree credits earned at UW institutions would be counted toward the credit limit.
2. The Working Group recommended that students who exceed the 150 credit limit be assessed a tuition surcharge of 50 percent above the current per-credit tuition rate. All undergraduate resident students and all non-resident students receiving fee remissions who exceed the credit limit would be subject to this surcharge. Non-resident students paying out-of-state tuition and non-resident students attending UW institutions under a reciprocity agreement would not be subject to the surcharge.
3. The Working Group recommended that if the Board decided that implementation of a tuition surcharge was warranted, it should be imposed no earlier than the 2001-02 academic year.

The Board decided that it would assess the impact of the ongoing initiatives to reduce the average number of credits to degree before implementing any excess credits surcharge. The reporting period established for achieving the goal of reducing the average number of undergraduate credits by three percent was 2000-2001. The Board decided to review the need for an excess credits surcharge when data for 2000-01 were available.

Progress

Data for 2000-01, the target year for achieving the Board of Regents' goal of 140 credits-to-degree systemwide, will not be available until October 2001. However, based on the 1999-00 graduating class, the UW System has exceeded its goal and achieved an average of 139 credits-to-degree systemwide. Table 3 displays the 1993-94 base year and year-by-year progress since that date. While not all UW institutions have yet achieved the target that they set in 1995, all institutions have seen a decrease in the average credits-to-degree.

TABLE 3
**Average Attempted Credits to Degree by Institution
for First Bachelor Degree Recipients Starting as New Freshmen
At Any UW Institution**

Institution	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	Goal
UW-Madison	136	135	134	132	131	130	128	135
UW-Milwaukee	148	150	151	152	149	148	147	145
UW-Eau Claire	147	146	145	144	143	142	141	140
UW-Green Bay	139	141	138	140	138	138	134	138
UW-La Crosse	154	153	152	150	149	145	143	148
UW-Oshkosh	152	151	153	151	152	148	148	144
UW-Parkside	146	145	146	145	141	140	142	139
UW-Platteville	153	153	152	152	150	150	150	148
UW-River Falls	149	145	143	142	140	139	138	140
UW-Stevens Point	149	149	147	145	144	143	141	142
UW-Stout	152	152	149	149	148	146	144	145
UW-Superior	153	151	145	145	142	142	140	141
UW-Whitewater	143	142	142	140	141	141	139	135
UW SYSTEM *	145	145	144	143	142	140	139	140

* The UW System total is a weighted average of institutional credits.

As indicated in Table 2, a number of strategies were employed in reducing the number of credits to degree. Most importantly, there was an effort on the part of the campuses to review their degree requirements and, where possible, reduce the number of credits required to earn a bachelor's degree. Currently, 87% of the UW System degree programs require 124 or fewer credits. However, in recent years the curriculum of UW institutions has become more focused on education for the professions. In some cases professional accrediting agencies have established guidelines that require substantial numbers of credits in the professional field in order to achieve certification.

The response to the growing focus on professional education has varied. For example, preparing students for professional practice in fields such as allied health and engineering requires a significant amount of course work so that students are equipped with the skills and knowledge necessary to be competent professionals. In such fields where education for professional practice is combined with a solid general education requirement, it is not unusual for a degree program to require more than 124 credits. Another example is accounting, where the professional governing body has established 150 college credits as the minimum required to sit for the CPA examination. Two different models have been established to accommodate this requirement. In one alternative, the baccalaureate degree has been restructured to require 150 credits so that all graduates from the program will be eligible to take the CPA examination. In another alternative, a baccalaureate degree can be earned with 120 credits and the students must enroll in a 30-credit master's program in order to qualify to sit for the CPA examination. A third example is found in teacher education. UW institutions have used different models to accommodate the certification requirements with the broader educational requirements of the university. In one model, the certification requirements are incorporated into the degree requirements, resulting in a baccalaureate that requires more than 120 credits. The alternative approach is to offer the students the option of completing a 120 credit baccalaureate degree and then allowing students to satisfy the certification requirement with additional coursework.

These examples illustrate the complexity of the credit-to-degree issue and the numerous factors UW institutions must take into account while attempting to reduce the number of credits-to-degree. There are several policy issues regarding the number of credits-to-degree, including:

1. Is the average number of credits currently being attempted by UW students appropriate?
2. Should there be a surcharge on the credits taken above a certain level?
3. Are there better ways of reducing the number of credits-to-degree?

There are also several policy issues related to professional education, including:

1. To what extent should the undergraduate curriculum focus on professional education?
2. When professional programs become more complex, should the professional practice portion of the curriculum be separated into master's and/or certificate programs?
3. What are the cost implications for the student and the state of various approaches for providing professional education?

These issues are complex and multifaceted and could be addressed as part of the Board discussion of the final report on credits-to-degree and related issues in the coming year.

RELATED REGENT POLICIES

Report to the Board of Regents (February 7, 1997), "Working Group on Excess Credits Reduction - Final Report."

Report to the Board of Regents (December 6, 1996), "Working Group on Excess Credits Reduction Progress Report."

A Study of the UW System in the 21st Century: A Final Report of the University of Wisconsin System Board of Regents, June 1996.

Report to the Board of Regents (December 8, 1995), "Goals for Reducing the Average Number of Credits Taken for the Baccalaureate Degree."

Report to the Board of Regents (March 10, 1995), "Reducing the Number of Credits Taken for the Baccalaureate Degree."

Regent Resolution 6672 (May 6, 1994), "Enrollment Management III: A Strategic Direction for 1995-2001."

Report to the Board of Regents (April 2, 1993), "Enrollment Management (EM) III Planning for 1995 to 2000: Working Paper No. 6, Credits to Degree."

BOARD OF REGENTS

Resolution:

That, upon recommendation of the President of the University of Wisconsin System, the Board of Regents approves the Vision, Mission Statement, Principles and Action Plan for “The University of Wisconsin Online”.

“The University of Wisconsin Online”

EXECUTIVE SUMMARY

BACKGROUND

On January 30th, President Katharine C. Lyall charged the Executive Group for Online Learning (EGOLL) “to define a strategic vision and direction the UW System should take in identifying collective online opportunities that require the efforts of more than a single campus to exploit and to identify steps necessary to achieve this vision.” Further clarification of this charge was that it deals only with online offerings and not all distance education and collective efforts.

The Executive Group for Online Learning (EGOLL) was chaired by William F. Messner, Chancellor of UW Colleges, and comprised of eight other Chancellors and two Regents, and staffed by representatives from UW System Administration and UW Learning Innovations. EGOLL developed the enclosed Vision, Mission Statement, Principles, and Action Plan entitled “The University of Wisconsin Online.”

REQUESTED ACTION

The UW System Administration requests approval of Resolution II.8., approving the Vision, Mission Statement, Principles, and Action Plan for “The University of Wisconsin Online.”

RELATED REGENT POLICIES

Related Regent policies include the Board of Regents *Study of the UW System in the 21st Century*, the Board of Regents *Principles for Pricing Distance Education Credit Courses, Degree and Certificate Programs*, and the Board of Regents *Standards for Academic and Student Support Services in Distance Education Credit Courses, Degree and Certificate Programs and Guidelines for Distance Education Credit Program Array and Approval*.

“The University of Wisconsin Online”

Vision: The University of Wisconsin System will develop a coordinated and collaborative approach to online learning with the goals of extending its educational reach, enhancing program quality, enriching on-campus education, and preparing all students, faculty and staff for learning in the future.

Mission Statement: In the 21st century, Wisconsin residents and students will increasingly expect the University to provide online opportunities as part of its core mission. In order to meet these expectations, UW institutions will work collaboratively to leverage their faculty expertise and other elements of online leadership to provide broadened access to world class education in a seamless fashion.

Principles:

- The UW System’s approach to online learning will be consistent with the mission of the University of Wisconsin System, including our overall plans for academic program development, EM21, meeting the economic development needs of the State of Wisconsin, the international focus of the UW System and the State of Wisconsin, and the Board of Regents principles on program array and duplication.
- The universities and colleges of the University of Wisconsin System will present their online learning offerings as a comprehensive, integrated and unified set of online course offerings to meet the needs of our students and other clientele. These course offerings will include both collaborative online course offerings and degree programs, and those offered by single institutions.
- In order to prepare students for learning in the future, all students shall understand and use the technology skills characteristic of online learning courses during their collegiate career.
- The UW System will continue to develop quality standards, in line with the Board of Regents Policy on *Standards for Academic and Student Support Services in Distance Education Credit Courses, Degree and*

Certificate Programs and Guidelines for Distance Education Credit Program Array and Approval (approved in June of 2000) and provide necessary systemwide support for an online learning infrastructure, typified by the following components:

- Instructional Design and Courseware Development Support (both systemwide at the University of Wisconsin Learning Innovations and at campus Learning Technology Development Centers)
- Support for Course Management Tools (Learning Utilities)
- University of Wisconsin Learning Innovations Learner Relationship Management System
- Systemwide Study of Potential Markets
- Marketing of UW Programs
- Online Library Access
- Help Desk Support

Funding for this online learning infrastructure may be shared between campus and systemwide funds. UW System institutions should utilize this online learning infrastructure for the development and ongoing support of online learning programs to the extent resources are available.

- The University of Wisconsin System will need to rely on a partnership of State resources and student tuition to support online learning and the associated online learning infrastructure. The pricing of online programs should be consistent with the UW Board of Regents *Principles for Pricing Distance Education Credit Courses, Degree and Certificate Programs* approved in June of 1999.

Action Plan:

- A UW System Online Learning Policy Council will be established during academic year 2001-2002 to assist the Senior Vice President for Academic Affairs in reviewing all campus plans for new online programs. The Senior Vice President, with the support of the Online Learning Policy Council, will look to:

- Enhance curricular collaboration between UW institutions, when appropriate, to reach target audiences
 - Establish standards and review online programs to insure that appropriate instructional and learner support is available, including library resources, student services, etc.
 - Minimize program duplication and focus resources upon serving emerging student needs
 - Recommend new policies relating to online learning
- In the next two years, the UW System institutions will develop at least three pilot collaborative online degree or certificate programs (e.g. a certificate program for teachers, a package of systemwide core courses, degree programs in high demand disciplines). This development will enable the UW System to assess systemwide online instruction, support services, and financial arrangements, and assist in further developing principles.
- In order to provide all UW students with exposure to online learning during their collegiate career, each UW System institution shall insure that faculty build these skills into every major offered at all UW institutions.
- The UW System shall develop a University of Wisconsin Online Portal through which students can access all UW online programs and courses.
- For the 2003-05 Biennial Budget, the UW System will develop a request to support the development of a coordinated and collaborative approach to online learning. Federal and private funds will also be sought to support this venture.

Approval of Bylaws Changes for
University of Wisconsin Medical
Foundation, Inc.

BOARD OF REGENTS

Resolution:

That, upon the recommendation of the President of the University of Wisconsin System and the Chancellor of the University of Wisconsin-Madison, the Revised Bylaws of the University of Wisconsin Medical Foundation, Inc. be approved.

UNIVERSITY OF WISCONSIN MEDICAL FOUNDATION APPROVAL OF REVISED BYLAWS

EXECUTIVE SUMMARY

BACKGROUND

The University of Wisconsin Medical Foundation (UWMF) acquired Physicians Plus Medical Group (PPMG) on February 2, 1998. Under the terms of the merger, PPMG physicians became UW Medical School faculty and were granted a role in UWMF governance. After a 3-4 year transition period, the two organizations intend to complete their integration process.

The current Bylaws do not meet UWMF's present governance or operational needs, because the PPMG merger brought with it a new faculty mix as well as a new organizational structure, which now includes ownership and operation of PPMG's large ambulatory care system.

In May 1995, the initial Bylaws were approved by the Regents pursuant to the "Agreement Between the Board of Regents of the UW System and the University of Wisconsin Medical Foundation." In February 1998, at the time of the PPMG/UWMF merger, the Bylaws were amended and approved in order to accommodate the merger and transition to an integrated entity.

REQUESTED ACTION

Approval of the revised Bylaws, as approved by the UWMF Board of Directors, the Council of Chairs, the Council of Faculty and as adopted by the UW Medical School faculty on June 28, 2001.

DISCUSSION

UWMF is a Regent corporation of approximately 800 UW Medical School faculty physicians, organized as a non-profit, tax-exempt 501(c)(3) entity whose primary mission is to serve the education, research and clinical interests of the Medical School. UWMF's Articles of Incorporation provide that it "shall at all times be operated exclusively for the benefit of and to support the purposes and operations of the University of Wisconsin Medical School and the University of Wisconsin-Madison."

As a result of the merger with PPMG, approximately 225 physicians became new employees of UWMF and the Medical School. Since the merger, PPMG physicians have expanded their involvement in medical education and research.

A group of faculty physicians representing UWMF's Foundation Division (FD) and the Physicians Plus Division (PPD) have spent many months developing a proposal to change the

governance structure in order to better position UWMF to manage the complex issues facing the organization. Adoption of the governance proposal requires changing the UWMF Bylaws. Fundamental changes have also been made in the organization's funds flow and compensation plans, to reflect the needs of the merged entities. These changes are reflected in new organizational policies. In making any changes, the academic missions of the medical school have been of paramount consideration. The proposed Bylaws changes set the stage for elimination of the two division model to achieve a fully unified faculty conducting its academic and clinical activities at multiple sites throughout the state.

The following is a summary of Bylaws changes:

- The Board of Directors will be reduced from 27 members to 17 for a one-year transition period and 16 members thereafter. The new Board consists of:
 - 2 Ex-officio seats – President/CEO of UWMF, Dean/Vice Chancellor for Medical Affairs
 - 4 Public members
 - 4 Council of Chairs representatives
 - 1 PPD representative from current Board (during first year of the transition period only)
 - 2 Faculty representatives from district 1 – initially 1 from PPD & 1 from FD
 - 2 Faculty representatives from district 2 – initially 1 from PPD & 1 from FD
 - 2 Faculty representatives from district 3 – initially 1 from PPD & 1 from FD
- Medical School departments will be categorized into districts to ensure that all constituents are represented in governance:

<u>District 1</u> Ob/Gyn Family Medicine Pediatrics Psychiatry	<u>District 2</u> Medicine Neurology Human Oncology	<u>District 3</u> Anesthesiology Neurosurgery Rehab Medicine Ophthalmology Pathology Radiology Surgery
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- Directors will be selected for three-year terms. In order to ensure incremental turnover, initial Board terms will vary from one to three years, as determined by lottery. A PPD representative from the current Board will serve for one year. After the first term, district representatives will be nominated and elected without regard to divisional origin.
- The Dean/VCMA will serve as Chairperson of the Board during a three-year transition period. After the transition period, all members will be eligible to serve as Chairperson. The Board will determine the length of the subsequent Chairperson terms.
- The Executive Committee will be reduced to six during the first year and either five or six in subsequent years, depending on whether the Dean serves as Chair of the Board or another Board member holds the Chairperson role. The Executive Committee will consist of:

Chairperson of the UWMF Board of Directors - Chair

Dean/VCMA

CEO of UWMF

1 Public representative - determined by Board from the Chair Directors

1 Council of Chairs representative - determined by Board

2 Faculty representatives (1 PPD, 1FD) during the first year - determined by Board

Thereafter, 1 Faculty representative (without regard to division) determined by Board

- An Education and Research Committee will be created. Previously the Council of Chairs consulted with the Board on matters of education and research.

Attached to this summary are the complete revised Bylaws and the “Questions & Answers” handout provided to the Medical School faculty.

Proposed Bylaws

BYLAWS OF THE UNIVERSITY OF WISCONSIN MEDICAL FOUNDATION

ARTICLE I
OFFICES

- 1.1 Principal Office.** The University of Wisconsin Medical Foundation (hereinafter referred to as either the “Foundation” or the “Corporation”) shall maintain a principal office in the State of Wisconsin, which shall be located in the City of Madison, Dane County. The Foundation may have such other offices, and may move its principal office either within or without the City of Madison, Wisconsin, as may be designated from time to time by resolution of the Board of Directors.
- 1.2 Address of Registered Agent.** The Corporation shall maintain a registered agent in the State of Wisconsin whose address may be, but need not be, identical with the principal office of the Corporation. The identity and address of the registered agent may be changed from time to time by resolution of the Board of Directors and filing of a statement with the Wisconsin Secretary of State pursuant to the provisions of the Wisconsin Statutes.

ARTICLE II
PURPOSE

- 2.1** The Corporation has been organized and shall be operated as a medical education and research organization exclusively for charitable, educational and scientific purposes as set forth below. The Corporation shall, in performing its purposes, at all times be operated exclusively for the benefit of, and to support the purposes and operations of, the University of Wisconsin Medical School (“UW Medical School” or “Medical School”) and the University of Wisconsin-Madison. The purposes of the Foundation are:
- (a)** To further the provision of complete, efficient, and coordinated quality medical care to all the sick and injured who may come for diagnosis, treatment, and care, without regard to race, color, creed, sex, age or ability to pay for services. To provide care to Medicare and Medicaid recipients, and particularly to provide such medical care for persons who may seek such care at clinics and hospitals where Foundation physicians practice.

Proposed Bylaws

- (b)** To support high-quality instruction to medical students at the UW Medical School and to graduates of medical schools who are in post-graduate training programs at clinics and hospitals affiliated with the UW Medical School.
- (c)** To achieve sufficient levels of patients seeking care at hospitals and clinics affiliated with the UW Medical School to support the teaching, research and service missions of the UW Medical School and the University of Wisconsin-Madison Schools of Nursing & Pharmacy.
- (d)** To support medical and scientific research whether that research is conducted independently or in conjunction with the University of Wisconsin-Madison Schools of Nursing & Pharmacy, University Hospital, the UW Medical School and/or other corporations, organizations, foundations, funds, institutions, governmental bodies or individuals.
- (e)** To support public and professional education on issues of health care through efforts which may include without limitation conducting, undertaking, promoting and developing discussion groups, forums, panels and lectures for the instruction and training of physicians, health care providers and personnel, patients, and the general public. Special emphasis shall be placed on preventive medicine and meeting the needs of under-served rural and urban populations.
- (f)** To develop the administrative capacity to organize the efficient delivery of medical care. To coordinate with hospitals providing such care and particularly with University Hospital.
- (g)** To conduct, undertake, promote, develop and carry on other charitable, scientific and educational work of any and every kind. The Foundation may do so either directly or by making or providing donations, gifts, grants, contributions, loans, guarantees, scholarships, fellowships or subsidies. The Foundation may use either net income or the principal assets of the Corporation, or both (without limit as to the amount going to any one recipient or in the aggregate to all recipients). Such donations, gifts, grants, contributions or loans may be to or for the use or benefit of other corporations, organizations, foundations, funds, institutions or governmental entities if they further the teaching, research and public service missions of the Medical School.

Proposed Bylaws

- (h) To generate, negotiate, and manage relationships and/or affiliations between the UW Medical School Faculty with hospitals, clinics, health care provider organizations, third-party payors, and managed health care systems as necessary to the realization of the objectives set forth in (a) through (g) above.
- (i) To accumulate and manage capital assets, and collect and distribute clinical revenues and investment income, in ways determined by the Board of Directors to enhance the UW Medical School missions of teaching, research, and public service.
- (j) To engage in and take such action to further the purposes set forth in (a) through (i) above as are consistent with the Articles of Incorporation, the requirements of Chapter 181 Wisconsin Statutes and §501(c)(3) of the Internal Revenue Code of 1986 as amended from time to time.

ARTICLE III

BOARD OF DIRECTORS

3.1 Powers.

- (a) **General Powers.** The affairs of the Corporation shall be managed by its Board of Directors and shall be subject to the terms of the agreement with the Board of Regents of the University of Wisconsin System (“Board of Regents”) entitled, “Agreement Between the Board of Regents of the University of Wisconsin System and the University of Wisconsin Medical Foundation” (“Regents Agreement”). The Chancellor must receive advance notice of the formation of any other corporation or legal entity or any acquisition or merger with another corporation or legal entity.
- (b) **Statements of Policy.** Exhibits A to G attached to these Bylaws are statements of policy by the Foundation Board of Directors. Except as otherwise provided in these Bylaws, the policies established in these Exhibits may be changed by majority vote of the Foundation Board with the written approval of the Dean, but without approval by or notice to the Chancellor or Board of Regents.

3.2 Number and Designation.

- (a) **Generally.** Except as provided in paragraph (d), the Board of Directors shall consist of 16 members. Except as provided in paragraph (d), changes to the composition of the Board of

Proposed Bylaws

Directors require approval by the Board of Regents. The sixteen (16) directors shall be made up of the following persons:

- (i) one (1) director shall be the Dean of the UW Medical School/Vice Chancellor of Medical Affairs (“Dean”);
 - (ii) one (1) director shall be the President of the Foundation (“President”);
 - (iii) four (4) directors shall be independent members of the public (“Public Directors”) nominated and elected as described in § 3.4(a);
 - (iv) four (4) directors shall be chairs of the Clinical Departments of the UW Medical School (“Chair Directors”) appointed as described in § 3.4(b); and
 - (v) six (6) directors including two (2) faculty representatives from district one, two (2) faculty representatives from district two, and two (2) faculty representatives from district three, shall be district faculty members (“Faculty Directors”) nominated and elected as described in § 3.4(c).
- (b) **Ex-Officio Directors.** The Dean and the President, who are ex-officio directors, shall be full voting members of the Board of Directors.
- (c) **Basic Science Chair Advisory Attendee.** A Basic Science Chair representative shall serve as a nonvoting, ex-officio member of the Board of Directors. The Foundation Board materials will be provided to the attendee from the Basic Science Chairs. The Basic Science Chair attendee will be selected via a process to be determined and implemented by the Chairs of the Basic Science Departments. The Basic Science Chair attendee will be invited to attend the Board of Directors meetings in an advisory capacity.
- (d) **Transition Board.** On the first day of the first month after the initial election held under these amended Bylaws, the Transition Board of Directors shall take office. The Transition Board of Directors shall consist of seventeen (17) directors, the 16 directors described above in paragraph (a) and one (1) Physicians Plus Division representative from the previous Board of Directors, to be selected as described in § 3.4(h) (“PPD Director”). The PPD Director shall serve until December 31, 2002, after which the board shall consist of 16 members. For the first election to the Transition Board, and to replace any director prior to the end of

Proposed Bylaws

their first term as established in § 3.4(d), each district shall elect one Faculty Director from Physicians Plus Division (“PPD”) faculty, and one faculty representative from Foundation Division (“FD”) faculty.

3.3 Qualifications of Directors.

- (a) **Residence.** Directors need not be residents of the State of Wisconsin.
- (b) **Public Directors.** Public Directors shall be representative of the service region of the Foundation including community leaders, health care and health science professionals who are not related to the employees or officers of, or employed by, the Foundation, the University of Wisconsin System or the State of Wisconsin.
- (c) **Chair Directors.** Only chairs of the Clinical Departments of the UW Medical School are eligible to serve as Chair Directors.
- (d) **Faculty Directors.** Any faculty member of the Foundation, other than a chair of a Clinical Department, is eligible to serve as a Faculty Director.
- (e) **Physicians Plus Division Director.** Only the Physicians Plus representatives to the Foundation board immediately preceding the effective date of these Bylaws are eligible to be the Physicians Plus Division Director, provided that such representative continues to be a faculty member.

3.4 Nomination and Election of Directors and Terms of Office.

- (a) **Public Directors.** The Public Directors will be elected by the Board of the Foundation in a process established by Board policy. The Board policy is attached as Exhibit A.
- (b) **Chair Directors.** The Council of Chairs shall select the four Chair Directors.
- (c) **Faculty Directors.**
 - (i) **Districting.** For purposes of these Bylaws, the term “districts” shall be used to define the clinical categories of faculty members of the Foundation as set forth in Exhibit B to these Bylaws.

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- (ii) **Nomination and Election.** The Faculty will elect the Faculty Directors in a process established by Board policy. The Board policy is attached as Exhibit C.
- (d) **Terms of Office.**
 - (i) **Terms of Office.** Except for the first term served by each Director on the Transition Board (the “Initial Term”), the four Chair Directors, four Public Directors and six Faculty Directors shall each hold office for a term of three (3) years. The length of the Initial Terms of the four Chair Directors, four Public Directors and six Faculty Directors shall be determined at the first meeting of the Board of Directors immediately following the election of all of the directors to the Transition Board. The Board shall hold a lottery for purposes of establishing staggered terms of office for the Initial Term of these directors. Based on the lottery, the term for each Chair Director, Public Director and Faculty Director seat shall be set at one, two, or three years provided that there be at least one (1) Chair Director, one (1) Public Director, and two (2) Faculty Directors elected each year.
 - (ii) **Initial Term.** The Initial Term of the four Chair Directors, four Public Directors and the six Faculty Directors shall begin on the first day of the first month after their election. The Initial Term of these Directors shall end on December 31, 2002 (for one-year terms), December 31, 2003 (for two-year terms), or December 31, 2004 (for three-year terms). Thereafter, terms shall begin on January 1, last three years, and end on December 31.
- (e) **Continuation.** Notwithstanding § 3.4(d)(ii), members of the Board shall hold office until their successor has been elected and qualified. During the term of the Regents Agreement, and prior to a notice of termination of that Agreement, removal of a director by the Chancellor creates an immediate vacancy.
- (f) **Temporary or Interim Appointments.** A person appointed as an “acting” or “interim” Dean or President will be a director during the term of such appointment.
- (g) **Re-election.** All directors may be re-appointed or re-elected. Ex-officio directors serve until removed or a successor is appointed.
- (h) **Physicians Plus Division Director.** The Physicians Plus representatives to the Foundation Board immediately preceding the

Proposed Bylaws

effective date of these Bylaws shall elect the Physicians Plus Division Director, provided that such representatives continue to be faculty members.

3.5 Resignation. A director may resign at any time by filing a written declaration of resignation with the Secretary of the Corporation.

3.6 Removal.

- (a) **Removal by Chancellor.** The Chancellor shall have the power to remove, at his or her pleasure, any Faculty Director or any Chair Director, subject to the terms of the Regents Agreement.
- (b) **Chair Directors.** Chair Directors may be removed from office with or without cause by a written petition submitted to the Foundation Board and signed by two-thirds (2/3) of the members of the Council of Chairs.
- (c) **Faculty Directors.** Faculty Directors may be removed from office with or without cause by a vote of two-thirds (2/3) of the eligible voters casting a ballot in a recall election. A recall election shall be called by the Board of the Foundation promptly upon presentation to the Board of a written petition signed by one-third (1/3) plus one (1) of the eligible voters. Eligible voters shall be the faculty members from the district (and division, if applicable) represented by the Faculty Director.
- (d) **Removal for Cause.** In the sole discretion of the Foundation Board, any Director may be removed for cause. The Foundation Board shall take into consideration the policy attached as Exhibit D to these Bylaws.
- (e) **The Physicians Plus Division Director.** The Physicians Plus Division Director may be removed from office with or without cause by the Physicians Plus representatives to the Foundation Board immediately preceding the effective date of these Bylaws, provided that such representatives continue to be faculty members. To remove the Physicians Plus Division Director, two-thirds (2/3) of such Physicians Plus representatives must submit a signed, written petition to the Foundation Board.

3.7 Vacancies. In the event a vacancy occurs on the Board of Directors for any cause such vacancy will be filled promptly.

Proposed Bylaws

- (a) **Faculty Directors.** If a vacancy occurs among the Faculty Directors, the Foundation Board shall hold an interim election in accordance with § 3.4(c).
 - (b) **Public Directors.** If a vacancy occurs among the Public Directors, the Foundation Board shall hold an interim election in accordance with § 3.4(a).
 - (c) **Chair Directors.** If a vacancy occurs among the Chair Directors, the Council of Chairs will fill the position in accordance with § 3.4(b).
 - (d) **Ex-Officio Members.** If a vacancy occurs among the Ex-Officio Directors, the position will be filled by the successor or interim successor to the position of Dean or President, as the case may be.
 - (e) **Term.** A Chair Director, Faculty Director, or Public Director elected in an interim election shall finish the term of his or her predecessor, unless the remainder of the term is less than six months at the time of the interim election. If the remainder of the term is less than six months, the Chair Director, Faculty Director, or Public Director will finish the term of his or her predecessor and serve the succeeding three-year term.
 - (f) If a vacancy occurs in the PPD Director position, the former PPD representatives to the Foundation Board shall fill the position in accordance with § 3.4(h).
- 3.8 Advice on Personnel Matters.** At least once each three (3) years, or more frequently in their discretion, the Board of Directors shall seek the advice of interested persons, councils, and committees regarding the performance of the CEO.
- 3.9 Annual or Special Faculty Meetings.** Annually in conjunction with the Annual Faculty Meeting, there shall be a Foundation meeting of the Board of Directors with the Foundation's faculty. The Board shall seek the input of the Council of Chairs and the Council of Faculty in setting the agenda for this meeting. Special meetings shall be held on the written petitions of not less than twenty percent (20%) of the Faculty, not less than a two-thirds (2/3) vote of the Council of Faculty or on call of the Board of Directors. The petition, the vote, or the call of the Board of Directors shall specify the agenda for the meeting and notice shall go to each Faculty employee specifying the date, place, and agenda for the meeting at least ten (10) days in advance. Proposed changes to the Bylaws and to the Foundation's Compensation Plan adopted as part of this reorganization or changes to subsequent plans as adopted, shall be presented by the Board of Directors at an annual or special Faculty meeting. Such changes shall not be adopted unless

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approved by not less than a two-thirds (2/3) vote of those voting in person or by proxy at the meeting or by a mail or electronic ballot circulated after the annual or special meeting. Whether a change is significant enough to require a Faculty vote is a question on which the Board of Directors shall seek the advice of the Council of Chairs and the Council of Faculty.

3.10 Regular Meeting. The Board of Directors shall provide by resolution for regular meetings of the Board of Directors, to be held at a fixed time and place, and, upon the passage of any such resolution, such meetings shall be held at the stated time and place without notice other than such resolution.

3.11 Special Meetings. Special meetings of the Board of Directors may be held at any time and place for any purpose or purposes, unless otherwise prescribed by statute, on call of the President, or upon the written request of any three (3) directors to the Secretary.

3.12 Notice and Waiver of Notice.

(a) **Notice.** Except as provided in § 3.10, notice of the date, time and place of meetings shall be given to members of the Board of Directors. Unless a different time is required by Chapter 181 of the Wisconsin Statutes, notice shall be given orally or in writing delivered personally to each director at least twenty-four (24) hours prior to the meeting. Written notice may be mailed or faxed to each director at least seventy-two (72) hours prior to the meeting in lieu of personal delivery of notice. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the director at his or her address as it appears on the records of the Corporation, with postage thereon prepaid. The purpose of and the business to be transacted at any special meeting of the Board of Directors shall be specified in the notice or waiver of notice of such meeting.

(b) **Waiver of Notice.** Whenever Wisconsin Statutes, the Articles of Incorporation or Bylaws of the Corporation require that the Corporation give any notice, a waiver thereof in writing signed at any time by the person or persons entitled to such notice, shall be deemed equivalent to the giving of such notice. The attendance of a director at a meeting shall constitute a waiver of notice of such meeting except where a director attends the meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

3.13 Quorum. Nine (9) directors, or, if there are vacancies, fifty-one percent (51%) or more of the directors then in office shall constitute a quorum for the transaction of business at any meeting of the Board of Directors. If fewer/less than such

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number/percentage are present at a meeting, a majority of the directors present may adjourn the meeting from time to time without further notice.

- 3.14 Manner of Acting.** The act of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, unless the act of a greater number is required by the Wisconsin Statutes or by the Articles of Incorporation or Bylaws of the Corporation.
- 3.15 Informal Action by Directors.** Subject to the requirement of the Regents Agreement that the foundation be governed by the Wisconsin Public Meetings Law, the Board may take action by unanimous written consent of the Directors. The consent must be in a writing signed by all of the directors entitled to vote with respect to the subject matter thereof, and it must set forth the action to be taken. Such consent may be for any action that the Articles of Incorporation or Bylaws of the Corporation or any provision of law requires to be taken at a meeting, or any other action that might be taken at a meeting. Such consent shall have the same force and effect as a unanimous vote.
- 3.16 Presumption of Assent.** A director of the Corporation, who is present at a meeting of the Board of Directors, or a committee thereof, at which action on any corporate matter is taken, is presumed to have assented to the action taken. This presumption will stand unless the director's dissent is entered in the minutes of the meeting or the director files a written dissent to the action with the person acting as the Secretary of the meeting. Such dissent shall be filed before the adjournment of the meeting or shall be forwarded by registered mail to the Secretary of the Corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.
- 3.17 Compensation.** Directors may receive reimbursement for reasonable expenses incurred in connection with corporate matters, provided that such reimbursement policy is authorized by the affirmative vote of a majority of the directors at a meeting at which a quorum is present.
- 3.18 Committees.**
- (a) General Rules Applicable to Committees.** The Board of Directors may create committees in addition to the Standing Committees set forth in paragraph (c) below, having such powers as specified by the Board, and as are then permitted by these Bylaws and by Chapter 181 of the Wisconsin Statutes. The Nominations Committee shall nominate, and the Board of Directors shall appoint members of committees subject to the Board policy, attached as Exhibit E. All committees, with the exception of the Compensation Review Committee and Executive Committee, may include individuals that are not directors.

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Administrators may be appointed to committees as voting members, except for the Compensation Review and Executive Committees. All committees shall have such powers and duties, as provided in these Bylaws and not inconsistent with paragraph (b) hereof, as may be provided in the resolution creating such committee or as thereafter supplemented or amended by further resolution adopted by similar vote. The Board of Directors shall appoint the chairs of the committees. The President shall be a member, ex officio, of all committees with the exception of the Compensation Review Committee and the Audit Committee.

- (b) **Nondelegable Powers; Rules of Committees.** Except for the Executive Committee and the Compensation Review Committee, no committee of the Board of Directors shall be empowered to act in lieu of the entire Board of Directors. Each committee shall fix its own rules governing the conduct of its activities, not inconsistent with rules promulgated by the Board of Directors, and shall make such reports to the Board of Directors of its activities as the Board may request. All the committees may perform an advisory function to the President at the President's request.
- (c) **Standing Committees.** The Operations/Resource Committee, Compensation Development Committee, Compensation Review Committee, Audit Committee, Finance Committee, Compliance Committee, Nominations Committee, and Executive Committee constitute the eight (8) Standing Committees of the Corporation. The names and duties of these committees may change from time to time at the discretion of the Board of Directors. As provided in § 3.18(a), the Board of Directors may appoint other committees.
- (d) **Removal.** The Board of Directors may remove or replace a committee member at any time for any reason.

3.19 Meetings by Telephone or by Other Communication Technology. Subject to the requirement of the Regents Agreement that the Foundation be governed by the Wisconsin Public Meetings Law, meetings of the Board of Directors or committees of the Board of Directors may be conducted by telephone or other communication technology in accordance with Wis. Stats. 181.0820 (3) or any successor statute thereto. If such a meeting is conducted, all participating directors shall be informed at the time the meeting is to begin that a meeting is taking place at which official business may be transacted and that any director participating in such meeting is deemed present in person at the meeting. At the beginning of such a meeting, and again at the time any vote is taken at such a meeting, each of the directors shall first verify his or her identity and ability to simultaneously hear each other and have communication immediately transmitted to each and all participating directors. Meetings may be held pursuant to this

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§ 3.19 to address and to vote on any matter, which properly comes before the directors pursuant to these Bylaws.

ARTICLE IV

COUNCIL OF CHAIRS

- 4.1 Members.** There shall be a Council of Chairs made up of the Chairs of the Clinical Departments at the UW Medical School.
- 4.2 Meetings.** The Council of Chairs shall meet upon call of the Dean of the UW Medical School at least quarterly and shall meet upon call by the Council's Chair. Special meetings of the Council of Chairs may be held at any time and for any purpose upon call of the Council Chair or Dean.
- 4.3 Notice.** Notice of meetings of the Council of Chairs shall be given by oral or written notice delivered by mail or personally to each Council member at least seventy-two (72) hours or personally to each member at least twenty-four (24) hours prior to a meeting.
- 4.4 Chair.** The Chair of the Council of Chairs shall be elected according to the procedures adopted by such body.
- 4.5 Quorum.** A majority of the members of the Council of Chairs present at a meeting of the Council of Chairs shall constitute a quorum for the transaction of business at any such meeting.
- 4.6 Powers and Duties.** The Council of Chairs shall advise and consult with the Board of Directors, the President, and the Dean on matters relating to the teaching, research, clinical and public service missions of the UW Medical School and the Foundation and on other issues of mutual concern. Such matters include, but are not limited to, the sale of all or substantially all of the assets or liquidation of the Foundation, the acquisition of major debt (which shall be defined as debt in excess of ten percent [10%] of the Corporation's annual clinically derived revenues), and a change to these Bylaws or the Articles of Incorporation. It shall advise on the agenda for annual or special Faculty meetings. It may pass advisory resolutions and present them to the Board of Directors.

ARTICLE V

COUNCIL OF FACULTY

- 5.1 Members.** There shall be a Council of Faculty. Each of the Medical School's Clinical Departments shall elect a Faculty member to the Council of Faculty by majority vote of their Foundation Departmental Committee. Faculty members practicing in Milwaukee County shall elect one (1) Faculty member and Faculty

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members practicing in locations outside of Dane and Milwaukee counties shall elect one (1) Faculty member. The six Faculty Directors of the Foundation Board of Directors shall be voting ex-officio members of the Council of Faculty.

- 5.2 Meetings.** The Council of Faculty shall meet upon call of the Dean of the UW Medical School at least quarterly and shall meet upon call by the Council's Chair. Special meetings of the Council of Faculty may be held at any time and for any purpose upon call of the Council Chair or the Dean.
- 5.3 Notice.** Notice of meetings of the Council of Faculty shall be given by oral or written notice delivered by mail or personally to each Council member at least seventy-two (72) hours or personally to each member at least twenty-four (24) hours prior to a meeting.
- 5.4 Chair.** The Chair of the Council of Faculty shall be elected according to the procedures adopted by such body.
- 5.5 Quorum.** A majority of the members of the Council of Faculty present at a meeting of the Council of Faculty shall constitute a quorum for the transaction of business at any such meeting.
- 5.6 Powers and Duties.** The Council of Faculty shall advise and consult with the Board of Directors, the President, and the Dean on matters relating to the teaching, research, clinical and public service missions of the UW Medical School and the Foundation and on other issues of mutual concern. Such matters include, but are not limited to, the sale of all or substantially all of the assets or liquidation of the Foundation, the acquisition of major debt (which shall be defined as debt in excess of ten percent [10%] of the Corporation's annual clinically derived revenues), and a change to these Bylaws or the Articles of Incorporation. It shall advise on the agenda for annual or special Faculty meetings. It may pass advisory resolutions and present them to the Board of Directors. Members of the Council of Faculty shall consult with their Foundation Departmental Committee and the faculty in their Department, and act as a liaison between their Department and the Board of Directors.

ARTICLE VI

COMMITTEES

Each committee of the Foundation Board of Directors shall consist of no less than three (3) members. Subject to the provisions of § 3.18, the Corporation shall have seven (7) standing committees.

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6.1 Compensation Development Committee.

- (a) **Duties.** The Compensation Development Committee shall act in an advisory capacity to the President, the Board of Directors, and the Compensation Review Committee. The Committee shall develop, recommend and monitor issues relating to compensation of the medical staff of the Corporation in accordance with the Foundation's Compensation Plan.
- (b) **Limitations.** The Foundation's Compensation Plan shall be developed and administered so as to avoid any claim of private inurement to any of the directors, officers or employees of the Corporation. The Plan shall reflect market conditions and be based on available compensation data and surveys prepared by outside consultants. The Foundation shall not pay compensation in excess of an applicable maximum without the express written approval of the Dean.
- (c) **Final Action.** The Compensation Review Committee shall take final action on compensation formulae and policy.

6.2 Compensation Review Committee. There shall be a Compensation Review Committee.

- (a) **Composition.** Notwithstanding the requirements of § 3.18, the Compensation Review Committee shall consist exclusively of the Public Directors.
- (b) **Powers.** The Compensation Review Committee shall act in accordance with the Foundation's Compensation Plan. The Committee shall make final decisions on such matters after satisfying itself that the standards set in the Foundation's Compensation Plan have been met. The Committee may request additional data or information prior to approving matters within its jurisdiction.

6.3 Changes to the Foundation's Compensation Plan. In addition to approval by the Board of Directors, changes to the Foundation's Compensation Plan, attached as Exhibit H to these Bylaws, require:

- (a) input from the Council of Chairs and Council of Faculty,
- (b) approval by the members of the Faculty at a special or annual meeting as provided in § 3.9 of these Bylaws, and

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- (c) approval of the Chancellor and the Board of Regents as provided in § 25 of the Regents Agreement.

6.4 Finance Committee.

- (a) **Budget.** The Finance Committee shall prepare and recommend to the Board of Directors an annual budget for the Corporation. The budget shall include the amounts to be contributed to the Medical School, capital projects, and staffing. The Committee shall coordinate such planning with the Dean of the UW Medical School, the CEO of University Hospital and other affiliated hospitals.
- (b) **Additional Duties and Responsibilities.** The Finance Committee shall, subject to overall guidance by the Board of Directors, establish the fees for services rendered by the Corporation. The Finance Committee shall, subject to guidance from the Board of Directors, establish a billing and collection policy. Generally, the billing policy shall provide that all patients shall be billed for services rendered by the Foundation's employees, although all patients shall be treated without regard to their ability to pay and the Foundation shall fully participate in Medicare, Medicaid and prepaid medical care programs.
- (c) **Other Recommendations and Reports.** The Committee shall recommend to the Board of Directors guidelines for department operating expenses, direct expenses of departments including Faculty business expenses. The Committee will receive at least annually, in a form satisfactory to the Committee, reports on department operating expenses, direct expenses, and Faculty business expenses. The Board of Directors shall adopt guidelines for operating expenses, direct expenses, and Faculty business expenses as it deems appropriate based on these recommendations.

6.5 Compliance Committee. The duties and responsibilities of the Compliance Committee shall be to establish, implement, maintain and monitor the Foundation Compliance Program.

6.6 Nominations Committee.

- (a) **Method of Operation.** In advance of any appointment to any Committee, the Nominations Committee shall propose at least one (1) qualified person for each vacant Committee position, in the manner described in Exhibit E.

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- (b) **Broadest Possible Representation.** In making nominations for and appointments to committees, the Nominations Committee and the Board of Directors shall consider the following factors:
 - (i) The departments that may already have Board of Directors or committee representation, and
 - (ii) The length of time since a member of a department has been on the Board or a committee,
 - (iii) Geographic distribution to include non-University Hospital-based physicians; and
 - (iv) Competencies and past service to the organization.

Despite these considerations, the overall criteria of demonstrated interest and ability to contribute shall be paramount in making nominations.

- 6.7 **Audit Committee.** There shall be an Audit Committee, which shall interview and engage an auditor for the Corporation and supervise the annual audit of its books and records.

- (a) **Duties.** The duties of the Audit Committee shall be as described by the Board but the Committee shall address on a continuing basis the Foundation's compliance with rules relating to tax-exempt public foundations.
- (b) **Reports to Dean.** The Committee will work with the Dean on the format of the annual audit, which the Committee shall submit to the Dean.

- 6.8 **Executive Committee.**

- (a) **Composition.** The Board of Directors shall establish the composition of the Executive Committee. The initial composition of the Executive Committee is established in Exhibit F.
- (b) **Duties and Responsibilities.** The Executive Committee shall have and may exercise, when the Board of Directors is not in session, the power of the Board in the management of the affairs of the Foundation except as limited by § 3.18 herein. The Executive Committee shall determine the agenda for the Board of Directors, oversee and integrate the activities of the Board's Committees, act on behalf of the Board of Directors in emergency situations between Board meetings, and provide a liaison function between the Foundation and the Medical School.

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6.9 Operations/Resource Committee.

The Operations/Resource Committee will set and monitor service and productivity standards for the Foundation. The Committee will conduct periodic departmental clinical operations reviews, identify and resolve operational issues, and oversee implementation of medical management standards. In addition, the Committee will identify ways to increase clinic efficiencies, and coordinate patient education activities and materials to improve service, delivery efficiency, and promote brand image.

ARTICLE VII

FOUNDATION DEPARTMENTAL COMMITTEES

- 7.1 Composition.** Physician Faculty members of each clinical department who are also Foundation employees contributing clinical revenues to the Foundation, shall organize themselves into a Foundation Departmental Committee. By agreement of the Dean and the Board of Directors, Faculty health care specialists other than physicians may be eligible to participate in these committees.
- 7.2 Powers.** The Foundation Departmental Committees will make recommendations to the Nominations Committee of the Board of Directors for Standing Committee and other committee positions and elect the members of the Council of Faculty. The Foundation Departmental Committees shall, within the guidelines set by the Board of Directors, decide on direct expense levels for the clinical departments. The expense levels shall include departmental operating expenses, Faculty business expenses, and the level of research and development funds contributed over the minimum level of two-and-one-half percent (2.5%) of Department revenue (or as otherwise agreed to with the Board of Regents). These decisions may annually be delegated to the departmental chairs by majority vote of the eligible Faculty in each department.

ARTICLE VIII

OFFICERS

- 8.1 Number.** The principal officers of the Corporation shall be a President, one (1) or more Vice Presidents (the number thereof to be determined by the Board of Directors), a Secretary, and a Treasurer, each of whom shall be elected by the Board of Directors. The Board of Directors may designate one (1) of the Vice Presidents as Executive Vice President and may elect such other officers and assistant officers and agents as may be deemed necessary. Any two (2) or more offices may be held by the same person, except the offices of President and Secretary, or President and Vice President.

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- 8.2 Election and Term of Office.** The Board of Directors shall elect the officers of the Corporation by the affirmative vote of a majority of directors present at a meeting at which a quorum is present. The Board of Directors will determine the term of office for officers. Each officer will hold office until a qualified successor is elected upon expiration of the term of that officer, or until that officer's death, or until that officer shall resign or shall have been removed in the manner hereinafter provided.
- 8.3 Qualifications of Officers.** Officers need not be residents of the State of Wisconsin. The President shall be a practicing physician member of the Faculty.
- 8.4 Removal.** Any officer or agent elected or appointed by the Board of Directors may be removed or not reappointed by the Board of Directors, whenever, in its judgment, the best interests of the Corporation will be served thereby. Such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment shall not of itself create contract rights.
- 8.5 Vacancies.** The Board of Directors may fill a vacancy in any office because of death, resignation, removal, disqualification or other reason, for the unexpired portion of the term.
- 8.6 Duties.** Officers and agents elected or appointed by the Board of Directors shall have such powers and perform such duties as may, from time to time, be prescribed by resolution of the Board of Directors. Upon the Board of Directors failure to adopt such a specific resolution, such officers and agents shall have the powers and perform the duties that are normally incident to their respective offices.
- 8.7 President.** The President shall be the Chief Executive Officer of the Corporation and, subject to the control of the Board of Directors, shall in general supervise and control all of the business and affairs of the Corporation. The President shall have authority, subject to such rules as may be prescribed by the Board of Directors, to appoint such agents and employees of the Corporation as he or she shall deem necessary, to prescribe their powers, duties and compensation and to delegate authority to them. Such agents and employees shall hold office at the discretion of the President. The President shall have authority to sign, execute and acknowledge, on behalf of the Corporation, all deeds, mortgages, bonds, stock certificates, contracts, leases, reports and all other documents or instruments necessary or proper to be executed in the course of the Corporation's regular business, or which shall be authorized by resolution of the Board of Directors; and, except as otherwise provided by law or the Board of Directors. The President may authorize the Executive Vice President, if one be designated, or any Vice President or other officer or agent of the Corporation to sign, execute and acknowledge such documents or instruments in his or her place and stead. In general, the President shall perform all duties incident to the office of Chief

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Executive Officer and such other duties as the Board of Directors may prescribe from time to time.

- 8.8 Executive Vice President.** The Executive Vice President, if one is designated, shall assist the President in the discharge of supervisory, managerial and executive duties and functions. In the absence of the President or in the event of his or her death, inability or refusal to act, the Executive Vice President shall perform the duties of the President and when so acting shall have all the powers and duties of the President. He or she shall perform such other duties as from time to time may be assigned to him or her by the Board of Directors or the President.
- 8.9 Vice Presidents.** In the absence of the President and the Executive Vice President, or in the event of their deaths, inability or refusal to act, or in the event for any reason it shall be impracticable for them to act personally, the Vice President shall perform the duties of the President. In the event that there is more than one Vice President, the Vice President to perform the duties of the President shall be determined in the order designated by the Board of Directors, or in the absence of any designation, then in the order of their election. When so acting, the Vice President shall have all the powers of and be subject to all the restrictions upon the President. Any Vice President shall perform such other duties and have such authority as from time to time may be delegated or assigned to him or her by the President, the Executive Vice President or the Board of Directors. The execution of any instrument of the corporation by any Vice President shall be conclusive evidence, as to third parties, of his or her authority to act in the stead of the President.
- 8.10 Physician-in-Chief.** At the President's discretion, the President may retain the title of Physician-in-Chief. If the President does not elect to retain the title, the Board of Directors may appoint a Physician-in-Chief who may also be appointed one of the Vice Presidents. The Physician-in-Chief shall be responsible for coordinating the effective, efficient and economic delivery of medical services and for such other duties as may, from time to time, be assigned by the President and the Board of Directors.
- 8.11 Secretary.** The Secretary shall:
- (a) keep the minutes of the Board of Directors' or Committees' meetings in one or more books provided for that purpose;
 - (b) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law;
 - (c) be custodian of the corporate records, and

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- (d) in general, perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned by the President or by the Board of Directors.

8.12 Treasurer. If required by the Board of Directors, the Treasurer shall give a bond for the faithful discharge of his/her duties in such sum and with such surety or sureties as the Board of Directors shall determine. The Treasurer shall:

- (a) have charge and custody of and be responsible for all funds and securities of the Corporation;
- (b) receive and give receipts for monies due and payable to the Corporation from any source whatsoever; and deposit all such monies in the name of the Corporation in such banks, trust companies or other depositories as shall be selected in accordance with the provisions of these Bylaws; and
- (c) in general, perform all of the duties incident to the office of Treasurer and such other duties as from time to time may be assigned by the President or by the Board of Directors.

8.13 Other Assistants and Acting Officers. The Board of Directors shall have the power to appoint any person to act as assistant to any officer, or to perform the duties of such officer whenever for any reason it is impracticable for such officer to act personally. Such assistant or acting officer appointed by the Board of Directors shall have the power to perform all the duties of the office to which such person is appointed to be assistant or acting officer, except as such power may otherwise be defined or restricted by the Board of Directors.

8.14 Additional Officers. Any additional officer not specified above shall have only such authority, duties and responsibilities as shall be specifically authorized and designated by the Board of Directors.

8.15 Chair of the Board.

- (a) **Election and Term of Chair.** For the first three (3) years after the adoption of these amended Bylaws, the Dean will serve as the Chair of the Board. At the end of this term, all Directors will be eligible for the office of Chair, and the Board of Directors will determine the Chair and the length of his or her term.
- (b) **Election and Term of Vice Chair.** The Vice Chair of the Board of Directors shall be the President of the Foundation. The Vice Chair of the Board of Directors shall hold office for so long as he or she remains President. If a vacancy occurs in the position of

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Vice Chair, the interim successor to the position of President shall fill the position of Vice Chair.

- (c) **Duties/Role.** The duties and role of the Chair of the Foundation Board shall be as established by resolution of the Foundation Board.

ARTICLE IX

INDEMNIFICATION OF OFFICERS, DIRECTORS, AND OTHERS

9.1 Mandatory Indemnification. The Foundation shall to the maximum extent permitted under Chapter 181 of the Wisconsin Statutes, as amended, indemnify and allow reasonable expenses of any person who:

- (a) was or is a party or threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative,
- (b) by reason of the fact that:
 - (i) he or she is or was a director, officer, employee or agent of or volunteered services to the Foundation; or
 - (ii) is or was serving at the request of the Foundation as a director, officer, employee or agent of any committee or of any other Foundation enterprise.

Such right of indemnification shall inure to the benefit of the heirs, executors, administrators and personal representatives of such a person.

9.2 Indemnification Excess. The indemnification provided directors, officers, agents or employees shall be excess (except as may otherwise be provided by law) to any right of indemnification that they may have as agents or employees of the State of Wisconsin while they are acting within the scope of that employment.

9.3 Supplementary Benefits. The Foundation may supplement the right of indemnification under § 9.1 by the purchase of insurance, indemnification agreements, and/or advances for expenses of any person indemnified.

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ARTICLE X

FISCAL YEAR

The fiscal year of the Foundation shall be January 1 to December 31, or as otherwise designated by the affirmative vote of a majority of directors present at a meeting at which a quorum is present.

ARTICLE XI

SEAL

There shall be no corporate seal.

ARTICLE XII

CORPORATE ACTS, LOANS, AND DEPOSITS

- 12.1 Corporate Acts.** Unless otherwise directed by resolution of the Board of Directors or by law, all checks, drafts, notes, bonds, bills of exchange, and orders for the payment of money of the Foundation, and all deeds, mortgages, conveyances, and other written contracts, agreements and instruments to which the Foundation shall be a party, and all assignments or endorsements of stock certificates, registered bonds, or other securities owned by the Foundation shall be signed by the President and by any one (1) of the following officers who is a different person: Vice President, Secretary, or Treasurer. The Board of Directors may, however, delegate such authority, or may authorize any one (1) of such officers or one (1) or more other officers or agents to sign any of such instruments for and on behalf of the Foundation without necessity of counter signature.
- 12.2 Loans.** No fund indebtedness shall be contracted on behalf of the Foundation and no evidences of such indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances.
- 12.3 Deposits.** All funds of the Foundation, not otherwise employed or subject to immediate distribution, shall be deposited from time to time to the credit of the Foundation in such banks, savings and loan associations, trust companies or other depositories as the Board of Directors may select.
- 12.4 Creation of State Assets.** Financial support required by the terms of the Regents Agreement to be made available to or on behalf of the Medical School becomes an asset of the University of Wisconsin System as that support becomes due. The Chancellor and the Foundation will determine the due dates for various contributions annually by written agreement. The Board of Regents has the right to bring an action for specific performance to obtain the agreed financial support if it is not transmitted by the Foundation when due in accord with the referenced

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Agreement. All funds generated by Foundation activities that are not expressly dedicated in the Agreement to the Medical School constitute assets of the Foundation, consistent with the historic understanding between the Board of Regents and the Clinical Practice Plan regarding Faculty ownership of clinical fees.

ARTICLE XIII

PHYSICIAN APPOINTMENTS

The Foundation shall consult with the Dean and relevant UW Medical School academic departments before hiring or contracting with physicians in a particular specialty who are not appointed as Faculty. The employment or personal services contracts with non-Faculty physicians shall expressly provide that they do not become employees of the UW-Madison as a result of said contract, and that the State of Wisconsin is not responsible for their insurance or liability coverage. Foundation physicians who wish to care for patients at University Hospital must have UW Medical School Faculty appointments.

ARTICLE XIV

AMENDMENTS

- 14.1 By the Board of Directors.** Except as provided in §§ 14.2 and 14.3 below, these Bylaws and the Articles of Incorporation may be altered, amended, or repealed, and new or restated Bylaws or Articles of Incorporation may be adopted by the Board of Directors at any regular or special meeting thereof by the affirmative vote of not less than two-thirds (2/3) of the directors then in office unless a higher number is required by law. All amendments are subject to prior consultation with the Council of Chairs under § 4.6 and the Council of Faculty under § 5.6. All proposed amendments must be submitted to the Chancellor and the Board of Regents at least sixty (60) days prior to the time they become effective.
- 14.2 Approvals.** If approved by the Faculty as provided in § 3.9, amendments to these Bylaws and to the Articles of Incorporation shall take effect immediately. The Agreement with the Board of Regents may provide the Chancellor with a right to disapprove such changes during the term of such Agreement and prior to notice of termination of that agreement. The Board of Regents shall be given advance notice of any change to the Bylaws.
- 14.3 Board Composition.** Changes to the composition of the Board of Directors will require prior approval of the UW Board of Regents or its designee if so stated in the Agreement with the Board of Regents.

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ARTICLE XV

INTERPRETATIONS

- 15.1 Agreement.** These Bylaws are part of an overall arrangement with the Board of Regents of the University of Wisconsin System embodied as the Regents Agreement. These Bylaws and that Agreement shall, during the term of the Regents Agreement, be interpreted together to promote the purposes of each.
- 15.2** The Board of Directors may interpret, define and clarify the Regents Agreement and these Bylaws as required to conform its operations to changing economic conditions, evolving state and national health policy, and the changing needs of medical education. Such interpretation, definition and clarification by the Board of Directors must be consistent with the Board's obligations to the Board of Regents.
- 15.3** The term "Faculty" when used in these Bylaws includes physician Faculty and physician academic staff with tenure, tenure track, CHS or other UW-Madison-recognized titles, including paid clinical-track physicians. By agreement of the Medical School and the Foundation, individual psychologists, optometrists and dentists having Medical School appointments may be included as participating Faculty and may be eligible to be elected and/or to vote in elections for Foundation directors.

ARTICLE XVI

INFORMATION

- 16.1 Minutes.** The minutes of the meetings of the Board of Directors and the meetings of its committees shall be open to review by participating Faculty.
- 16.2 Annual Reports and Audit.** The Board of Directors will prepare an annual report on operations and distribute it to the Dean and to participating Faculty. The Board of Directors will submit to the Dean a copy of the Annual Audit of the Corporation.
- 16.3 Reports to Council of Chairs.** The Foundation will prepare at least quarterly financial reports to the Council of Chairs and the Council of Faculty for their review.

ARTICLE XVII

DISSOLUTION

The Foundation shall dissolve within six (6) months of the termination of the Agreement referenced in § 15.1 of these Bylaws (or an amended version thereof).

Proposed Bylaws

The six (6) month period is to be used for the winding up of the affairs of the Foundation.

ARTICLE XVIII

RESTATEMENT

18.1 Without further action by the Foundation Board of Directors, the Dean, or the Board of Regents, on January 1, 2002 these Bylaws shall be restated to eliminate references to the Physicians Plus Division Director, in the following manner:

- (a) The phrase, "Except as provided in paragraph (d), the" in the first sentence of § 3.2(a) shall be replaced with the word "The."
- (b) § 3.3(e) shall be deleted.
- (c) § 3.4(h) shall be deleted.
- (d) § 3.6(e) shall be deleted.
- (e) § 3.7(f) shall be deleted.

18.2 Without further action by the Foundation Board of Directors, the Dean, or the Board of Regents, on January 1, 2005 these Bylaws shall be restated to eliminate references to the Faculty Directors' election by division, in the following manner:

- (a) The phrase, "Except as provided in paragraph (d), changes" in the second sentence of § 3.2(a) shall be replaced with the word "Changes."
- (b) § 3.2(d) shall be deleted.
- (c) The parenthetical, "(and division, if applicable)" in the last sentence of § 3.6(c) shall be deleted.
- (d) This Article XVIII shall be deleted.

Proposed Bylaws

UWMF POLICY ON NOMINATION AND ELECTION
OF PUBLIC DIRECTORS
(EXHIBIT A)

(A) Nomination. Seated Public Directors shall nominate individuals to serve as Public Directors of the Foundation Board. The seated Public Directors shall determine the number of individuals that are nominated. The Foundation Board of Directors may reject the nominations of the Public Directors, in which case the Public Directors shall submit further nominations to the Foundation Board of Directors.

(B) Election. Public Directors will be elected to the Board of Directors by a majority of the votes cast at a meeting of the Board of Directors at which a quorum is present.

Proposed Bylaws

UWMF POLICY ESTABLISHING DISTRICTS
(EXHIBIT B)

UWMF Department Districts

District 1
OB/GYN
Family Medicine
Pediatrics
Psychiatry
District 2
Medicine
Neurology
Human Oncology
District 3
Anesthesiology
Neurosurgery
Rehab. Medicine
Ophthalmology
Pathology
Radiology
Surgery

The districts may be amended from time to time by the affirmative vote of at least sixty- percent (60%) of the directors present at a meeting at which a quorum is present.

Proposed Bylaws

UWMF POLICY ON NOMINATION AND ELECTION
OF FACULTY DIRECTORS
(EXHIBIT C)

Department Chairs will not be eligible for Faculty Director seats.

(A) Nominations. The Board of Directors shall be responsible for sending a written notice to the Department Chairs of each District for which a Faculty Director seat is (or will be) open, requesting Foundation Departmental Committee nominations for Faculty Directors. Each Departmental Committee may nominate up to two Faculty members from their Department for each Faculty Director seat. For the Initial Term (as defined in § 3.4(d) of the Foundation Bylaws), Departmental Committees shall nominate Faculty members from the appropriate division.

(B) Elections. The Board of Directors shall compile the nominations of the Departmental Committees, create ballots and send the ballots to the appropriate Faculty members. There shall be a separate ballot created for each district (and each division, if applicable) that contains the names of all of the individuals nominated for that district (and division, if applicable). The Board of Directors shall send the ballots to Faculty members in the respective districts (and divisions, if applicable) of the Foundation asking them to vote for (1) candidate for Faculty Director for their own district (and division, if applicable). The Board of Directors shall afford the Faculty a reasonable period of time to return their ballots.

(C) Runoff Elections. If a candidate receives a majority of the votes cast in his/her district (and division, if applicable) that candidate shall be the director from that district (and division, if applicable). If no candidate receives a majority of votes cast, the Board of Directors shall conduct a run-off election between the two candidates receiving the most votes.

Proposed Bylaws

**UWMF POLICY ON REMOVAL OF
DIRECTOR FROM OFFICE FOR CAUSE
(EXHIBIT D)**

The Board of Directors of the Foundation has a responsibility to ensure that the Foundation benefits from the best leadership possible. Such leadership must begin with the Board of Directors. Thus, the Board of Directors must, from time to time, assess the performance, competence, quality, and interests of its individual Directors to assure that the Foundation receives the leadership it needs and deserves.

The Board of Directors may remove a Director that, in the sole discretion and determination of the Board,

- takes action as a Director in a matter in which the Director has a conflict of interest,
- has been convicted of a felony or of a misdemeanor involving moral turpitude,
- focuses on narrow interests of a particular constituency to the detriment of the Foundation as a whole,
- fails to maintain confidentiality of information with which he/she is entrusted, to the detriment of the Foundation,
- fails to attend at least 60% of Board and/or committee meetings scheduled during any six-month period, or
- otherwise conducts him/herself in a manner that harms the interests of the Foundation.

**UWMF POLICY ON NOMINATION AND
APPOINTMENT OF COMMITTEES**
(EXHIBIT E)

Nomination/Appointment of Committee Members. The nomination and appointment process for committee members shall be overseen by, and the responsibility of, the Nominations Committee.

(A) Call for Nominations. The Nominations Committee shall be responsible for sending a written notice to the Chairs of each Clinical Department requesting Foundation Departmental Committee nominations for committee members. Each Chair may nominate up to two (2) faculty members from only their own Department.

(B) Appointment. The Nominations Committee shall compile the nominations received pursuant to the above process, and choose at least one, but no more than two candidates for each available committee position. The Nominations Committee shall submit its recommendations to the Foundation Board, and the Foundation Board shall act, as described in § 3.14 of the Foundation Bylaws, to appoint committee members.

(C) Composition. Each committee, other than the Executive Committee and the Compensation Review Committee, shall include at least: one faculty representative from each district, one Department Chair representative, and one Board representative.

(D) Term of Office. Except for the Executive Committee and the Compensation Review Committee, terms of office for committee members will be three years.

Notwithstanding the foregoing paragraph, the Initial Term of office for committee members shall be for one, two, or three years. The “Initial Term” shall be the first term of office to which the Board appoints committee members after the adoption of these Amended and Restated Bylaws. After the Board appoints committee members, each committee shall hold a lottery to determine terms of office for the Initial Term of committee members. The committee shall structure the lottery so that approximately one-third of the committee members shall have a term of one-year, one-third of the committee members shall have a term of two-years, and one-third of the committee members shall have a term of three-years.

Proposed Bylaws

UWMF POLICY ON COMPOSITION
OF EXECUTIVE COMMITTEE
(EXHIBIT F)

The Executive Committee shall be made up of:

- (A) the Dean,
- (B) the Chair of the Foundation Board of Directors,
- (C) the President,
- (D) one (1) Public Director as appointed by the Board of Directors,
- (E) one (1) Chair Director as appointed by the Board of Directors, and,
- (F) until December 31, 2002, two (2) Faculty Directors, as appointed by the Board of Directors. Beginning January 1, 2003, only one (1) Faculty Director shall serve on the Executive Committee. When two Faculty Directors serve on the Executive Committee, one (1) Faculty Director shall be from the Foundation Division and one (1) Faculty Director shall be from the Physicians Plus Division.

Proposed Bylaws

UWMF DEFINITION OF PROFESSIONAL INCOME
(EXHIBIT G)

The professional income required to be included in Foundation receipts consists of all collected fees derived from the diagnosis and treatment of patients by the Faculty member. Professional income shall also include fees for court appearances, pre-trial legal consultations and all other activities associated with medical-legal services, or other services related to patient care or human health. In addition, professional services include consultation with respect to the operation, supervision and quality control in laboratories.

Professional income does not include honoraria, royalties, lecture fees, military pay, or payment for editing scientific publications. Income received for consultations of a purely scientific or educational nature which do not involve, directly or indirectly, the care of specific patients or consultations involving human health is excluded from professional income; because human health is a broad term, the Foundation Board or a designated subcommittee may grant exceptions as warranted. Work for charitable organizations may also be exempted by agreement of the Foundation and the Dean. All such outside activities must conform to Medical School and UW-Madison rules and regulations governing the conduct of Faculty and academic staff employees.

UNIVERSITY OF WISCONSIN MEDICAL FOUNDATION, INC.

COMPENSATION PLAN

(EXHIBIT H)

1. Introduction

Since its formation, the Foundation has operated under a compensation plan that was part of the Agreement with the Board of Regents of the University of Wisconsin System. That centralized plan addressed both compensation and funds flow. This plan replaces that original plan and focuses on compensation principles and process. The plan does not stand alone; individual Department plans will be developed with the guidance of this plan's Compensation Principles. The resulting Department plans will be the framework within which individual compensation will be determined. The compensation process operates pursuant to the revised Bylaws and is designed to ensure that Internal Revenue Service regulations are observed. The funds flow aspects of the original plan have been modified and are now part of a separate document.

2. Compensation Adjustment Fund and Faculty Start-Up Fund

(a) Compensation Adjustment Fund

- (i) Purpose.** The purpose of the Compensation Adjustment Fund (CAF) is to provide support for mission-based clinical work that may not produce adequate revenue to allow market- appropriate compensation under the current UWMF funds flow model. The CAF is an organizational mechanism to ensure that departments have adequate funds available to provide market-based compensation linked to clinical productivity. As an element of the funds flow process, the CAF complements the clinical and academic compensation plans.
- (ii) Methodology.** The size of the CAF will be determined as part of the yearly UWMF budgeting process, taking into account each department's budgeted revenues, benchmark productivity, benchmark compensation goals and expense structure. The process will be as objective and automatic as possible. It will not require Chairs to petition for funds except in conditions of rapidly shifting market conditions or special retention issues. All department budget and compensation fund analyses will be reviewed with each department chairperson for input/feedback.

As part of the yearly budgeting process, the amount of clinical work performed in each Department will be measured against a "blended" benchmark set by the Compensation Development Committee. Benchmarks will be specialty specific. The Compensation Development Committee will also set specialty-specific compensation benchmarks. Published external benchmarks, which are available for most specialties, will be used whenever possible. When published external benchmarks are

Proposed Bylaws

not available, UWMF administrative staff will work with department administrators and specialty physician leaders to determine appropriate benchmarks. Since published benchmarks may not accurately reflect current conditions in rapidly changing markets, such markets will be closely monitored and published benchmarks will be adjusted appropriately.

The size of the CAF will reflect UWMF's ability to support market compensation while fulfilling both the academic and clinical missions of the Departments. The initial goal of the CAF is to provide departments with sufficient funds to provide average compensation at the 50th percentile in proportion to clinical work accomplished. The CAF will "float" upward and downward in parallel with the economic health of the organization, based on a methodology approved by the Finance Committee and Board. Access to CAF funding will depend upon a department's ability to manage expenses within a set of organizational standards.

(b) Faculty Start-Up Fund.

- (i) Purpose.** UWMF must strategically invest in new initiatives in order to evolve and innovate clinically and academically. The funds flow process includes a source of funding that will be used to cover the costs associated with starting a new practice or expanding a program that has been identified as supporting the organization's strategic initiatives. Start-Up funds are intended to be time-limited, in that they will be used to support a faculty member for a defined period of time while a program is being developed or expanded.
- (ii) Compensation Start-Up Fund Criteria.** The UWMF/UW Medical School Joint Personnel Committee and Operations Committee will work collaboratively to analyze recruitment requests that will require Start-Up Fund support. The committees will conduct a thorough analysis of departmental clinical and academic workforce plans, which include the following:
 - A description of the new program that requires compensation start-up funding and how it supports the organization's strategic initiatives;
 - Current and expected clinical and academic revenue sources and amounts that result from the new program (including a comparison to industry standards);
 - Current and expected clinical and academic work that results from the new program using measures described in the UWMF and UWMS compensation plans (including a comparison to industry standards);

Proposed Bylaws

- Department expenses associated with the new program, including faculty compensation and other operating costs (such as staff salaries, facilities and equipment), education expenses, and research and development;
 - A description of if, how and when the program intends to become financially self-sufficient.
- (c) **Size of Compensation Adjustment Fund and Faculty Start-Up Fund.** The size of the combined funds will range from a low of 1.5% of professional revenue to a high of 7.5% of professional revenue, as defined in the Funds Flow model. The two funds will be budgeted at the same time as part of the annual budgeting process. The size of the Faculty Start-Up Fund will be based upon historical requirements, the economic health of the organization and recruitment plans submitted by departments. Based on current experience, an initial Faculty Start-Up Fund of \$1 million per year is contemplated.

3. Compensation Principles.

1. The Medical School and the Foundation appoint members of the clinical faculty. Clinical faculty are appointed to a position in a clinical department, or infrequently, in two departments. Clinical faculty have one set of responsibilities encompassing academic, research, clinical and service work. They receive compensation from two sources: UWMF and the University.
2. The Medical School and UWMF direct funds to departments based on separate methodologies. Department Compensation Plans establish the appropriate allocation of funds to individuals to constitute total compensation.
3. Clinical faculty compensation is based on the concept of total effort, which is the aggregate of each faculty member's quality and quantity of academic, research and clinical effort for a specific period of time.
4. Department Compensation Plans will recognize the patient care, teaching and research roles of faculty members. Administrative, community service and other contributions may also be recognized in department plans.
5. Department Compensation Plans will be prepared through shared governance processes. The Dean, UWMF Board of Directors and Compensation Review Committee must approve these plans.
6. Each Department Compensation Plan must include (a) an individual faculty appeal process for annual compensation determinations and (b) a process for department faculty to amend the Department Compensation Plan, subject to approval by UWMF Board of Directors, the Dean and the Compensation Review Committee. The process for amending the compensation plan must require a two-thirds majority of faculty voting to approve amendments.

Proposed Bylaws

7. Each Department Compensation Plan must be consistent with IRS standards current at the time for physician compensation.
8. The plan should make compensation vary directly with the amount and quality of faculty academic, research and clinical work.
9. Compensation should be based on prevailing compensation levels for comparable types of physicians, amounts of work and the availability of funds.
10. No individual's total compensation during the transition to this Compensation Plan may decrease from 2001 compensation by more than 5% in 2002, given the same level of individual productivity and organizational economic health. Exceptions require prior approval by Chair, President, and the Dean.

4. Compensation Process.

- (a) **Department Compensation Plans.** Each UWMF Departmental Committee will develop a Department Compensation Plan based on the criteria set outlined above. The Departmental Committee will submit its plan to the Compensation Development Committee for review and approval.
- (b) **Compensation Development Committee.** The Compensation Development Committee will be the initial point of review and consideration for Department Compensation Plans, and other matters relating to compensation. The Compensation Development Committee will work to establish compensation guidelines that ensure compensation that is competitive, reasonable and responsive to market changes. The Compensation Development Committee will annually review available compensation studies and data as well as outside consultant surveys and opinions and recommend compensation maxima by subspecialty to the Board of Directors and the Compensation Review Committee. For individual payments above the established maxima, the Committee may recommend exceptions to the Board of Directors, the Compensation Review Committee, and the Dean.
- (c) **Independent Auditor.** The Compensation Development Committee will engage an independent auditor to provide written advice and opinions regarding compensation matters within the Committee's jurisdiction based on available market data. The Compensation Development Committee will, after consultation with the Public Directors and the President, select the independent auditor, to be approved by the Dean. The auditor's written and oral advice will be part of the Compensation Development Committee's record of deliberations and will be forwarded with any recommendations.
- (d) **Dean.** The Dean of the Medical School will participate as a member of the Compensation Development Committee and the Board of Directors. The Dean will review all recommendations for compensation above established maxima. No payment above a maximum may be made without the Dean's approval for employees holding Medical School appointments.

Proposed Bylaws

- (e) **Board of Directors.** The Board of Directors will receive the recommendations of the Compensation Development Committee along with supporting documentation and consider such changes, as it deems appropriate in light of the Foundation's mission. The Board's recommendations with respect to compensation matters will be presented to the Compensation Review Committee for final action.
- (f) **Compensation Review Committee.** The Compensation Review Committee is an independent committee whose members are not affected by compensation matters it considers. The Committee will receive all compensation recommendations from the Compensation Development Committee and all actions of the Board of Directors recommending changes to Department Compensation Plans, fringe benefits, compensation maxima, and individual compensation recommendations along with all supporting documentation. The Committee will review sufficient objective, independent data to determine whether its decision on a compensation matter is reasonable and comparable to other arrangements in the marketplace. The Committee will ensure that each Department Compensation Plan complies with then-current IRS standards for physician compensation. The Compensation Review Committee will make final decisions on such matters after satisfying itself that the criteria set out above and then-current IRS standards have been met. The Committee may request additional data or information prior to acting on matters within its jurisdiction. The Committee will document its decisions and the basis for those decisions. Decisions of the Compensation Review Committee on compensation matters are the final decisions of the Foundation, except that action to approve a payment above a compensation maximum requires approval of the Dean for employees holding Medical School appointments.
- (g) **Changes to the Foundation's Compensation Plan.** Changes to the Foundation's Compensation Plan require input from the Council of Chairs and Council of Faculty, approval by the members of the Faculty at a special or annual meeting as provided in § 3.9 of the Foundation's Bylaws, and approval of the Chancellor and the Board of Regents as provided in § 25 of the Regents Agreement.

**For this compensation plan, "professional revenue" means fees collected from the diagnosis and treatment of patients by faculty members, less corporate expenses (including contribution to corporate reserves and retained income) and ancillary revenue, technical revenue and other allocable revenue.*

QUESTIONS & ANSWERS

The following questions, submitted by faculty, may be of general interest:

GOVERNANCE PROPOSAL

Q: *How are we preserving our tradition of faculty governance?*

A: There will be six faculty representatives on the Board, two from each district. The six faculty representatives will also serve on the Council of Faculty in an effort to better advise the Board regarding faculty issues. Additionally, all committees (except for the Compensation Review Committee) will have faculty representatives from each district. The role and responsibilities of Board and Committee members will be clearly articulated and include communications with faculty members. Within departments, responsibilities of Department Committees are clearly articulated in the UWMF Bylaws. As an example, faculty must approve their department's compensation plan by a 2/3 vote.

Q: *Why are public members on our Board?*

A: UWMF is a non-profit 501(c)(3) corporation. As such, IRS guidelines require that at least 20 percent of our Board members be independent members of the public. Our public members bring valuable outside expertise to our organization offering objective, critical input and a balanced view regarding academic, clinical and community programs.

Q: *What is the procedure to change the bylaws?*

A: The Board must first advise and consult with the Council of Chairs and Council of Faculty regarding proposed bylaws changes. Board approval is obtained by written consent of all directors in office or approval at a meeting of the Board at which two-thirds of the directors in office vote in favor of the changes. Additionally, a positive vote of two-thirds of the faculty present at a meeting (in person or by proxy) is required. Finally, the Chancellor and Board of Regents must be notified 60 days prior to the effective date of the changes. The Chancellor has 60 days to object to the changes.

Q: *Why are we voting at a meeting rather than via the internal mail system?*

A: The bylaws and the agreement between UWMF and the Board of Regents state that two-thirds approval of the faculty members present (in person or by proxy) at a faculty meeting is required to change the bylaws.

Q: *Why don't the chairs of medicine and surgery have permanent seats on the Board given that they represent departments with the largest revenue streams?*

A: Rather than designating permanent Board seats, it was decided the Council of Chairs should determine who should represent them on the Board. For the initial term, the Council has selected the Chair of the Council (Currently the Chair of Neurosurgery), plus the Chairs of Family Medicine, Medicine and Surgery to serve on the Board.

Q: *What are the key differences between the current governance proposal and the one we voted on last year?*

A: The following chart outlines the differences between the current governance proposal and the proposal submitted in 2000:

	2000 Proposal	Current Proposal
Board Composition	3 Ex-officio seats – included Chancellor’s appointee 3 Council of Chairs reps	2 Ex-officio seats – CEO, Dean/VCMA 4 Council of Chairs reps
Board Chair	All members eligible	During transition, Dean/VCMA
Length of Service	Board terms staggered 2-4 years PPD rep - 3 years	Board terms staggered 1-3 years PPD rep - 1 year
Executive Committee Composition	Chair of Board PPD rep - 3 years Chancellor appointee	Dean/VCMA – Chair during transition PPD rep - 1 year
Committees	Council of Chairs consulted w/Board on matters of education and research	Education & Research Committee established
Districting	Primary Care <ul style="list-style-type: none"> • Emergency Medicine • Family Medicine • General Internal Medicine • General Pediatrics • Medical Specialists <ul style="list-style-type: none"> • All other faculty Surgical Specialists <ul style="list-style-type: none"> • Anesthesiology • Neurosurgery • Ob/Gyn • Pathology • Radiology • Surgery • Ophthalmology 	District 1 <ul style="list-style-type: none"> • Ob/Gyn • Family Medicine • Pediatrics • Psychiatry District 2 <ul style="list-style-type: none"> • Medicine • Neurology • Human Oncology • District 3 <ul style="list-style-type: none"> • Anesthesiology • Neurosurgery • Rehab Medicine • Ophthalmology • Pathology • Radiology • Surgery

FUNDS FLOW

Q: *How can we be assured that the UWMF funds flow model and UW Medical School Mission Aligned Management and Allocation (MAMA) model will provide sufficient funds to support our clinical, teaching and research missions?*

A: The funds flow model was designed to support UWMF's clinical mission while the Medical School financial allocations described in the MAMA model support UW Medical School academic activities.

Faculty compensation is based on the principle of linking compensation to productivity, taking into consideration the organization's financial performance and dynamic market conditions.

The UWMF Compensation Adjustment Fund (CAF) is designed to support mission-based clinical work that may not produce adequate revenue to allow market-appropriate compensation within the funds flow model. Additionally, the Faculty Start-Up Fund was developed to provide short-term support of expenses in excess of revenues associated with starting a new practice that has been identified as supporting the organization's strategic initiatives.

While clinical revenue is used to provide clinical incentives, mechanisms have been built in so that departments can reward academic work. For example, research and development funding supports academic work. The method of distributing these funds is a decision made within departments.

Q: *How can we guarantee the continued funding of academic and research activities?*

A: The Medical School Development Fund (MSDF) is an amount set by a periodically renegotiated agreement and is a key feature of the UWMF, justifying our 501(c)(3) status and special liability protection (malpractice coverage) available to state employed physicians. In addition, Departmental compensation Plans offer each department the opportunity to exercise significant judgment over the expenditure of Departmental Funds. The Bylaws of UWMF stipulate a minimum yearly contribution to Research and Development Funds of 2.5% of Department revenue.

Q: *What are the key differences between the funds flow proposal and the model that is currently in place?*

A: The proposal includes several changes from the current method by which funds flow through UWMF:

- The Capital Fund and the Clinical Fund are eliminated;
- The Compensation Adjustment Fund has been created as an objective, planned means of measuring productivity and reallocating revenue to meet pre-established compensation goals;
- Certain organizational expenses, such as MSDF, have historically been allocated to departments on a graduated scale, i.e., departments with larger amounts of revenue pay higher percentages; the proposed funds flow plan treats these expenses as corporate expenses, effectively creating a "flat tax" system in which all departments are allocated expenses at the same percentage of revenue;

- The model includes incentives for improving efficiency and productivity of business and clinical operations;
- Accountability is introduced at all levels of the organization for financial, clinical and academic performance.

COMPENSATION

Q: *What assurances are in place to prevent changes to the compensation plan without faculty input?*

A: Changes to department's written compensation plan must be approved by two-thirds of voting department faculty. Additionally, there will be a process for faculty members to appeal their compensation to both their respective department and the Compensation Committee. Any future changes in the UWMF Compensation Plan will require the same rigorous review and voting process that was required to implement the current suggested change.

Q: *Is the UWMF compensation plan only rewarding clinical work effort?*

A: Although clinical revenue must be used to reward clinical work, mechanisms such as MSDF and R&D ensure that some portion of clinical revenue supports academic work. The method of distributing all Department funds is a decision largely retained at the department level, allowing individual departments to preserve their academic cultures.

Q: *Will my compensation be linked to the actual revenue that I generate?*

A: Funds will be distributed to departments based on each department's collected revenue. Departmental compensation plans (which require two-thirds approval of department faculty) will determine how each faculty member is paid. Each faculty member's compensation will be based on his/her productivity, as defined by the department's compensation plan.

Q: *Which benchmarks are being used and how will they be used?*

A: As part of the annual budgeting process, the amount of clinical work performed in each department will be measured against a "blended" specialty-specific benchmark set by the Compensation Committee. Specialty-specific compensation benchmarks will also be set by the Compensation Committee. Published external benchmarks, which are available for most specialties, will be used whenever possible. When published external benchmarks are not available, administrative staff will work with department administrators and specialty physician leaders to determine appropriate benchmarks. Since published benchmarks may not accurately reflect current conditions in rapidly changing markets, such markets will be closely monitored and published benchmarks will be adjusted appropriately.

Authorization to Recruit:
Assistant, Associate or Full Professors, Interdisciplinary--Cluster #4
University of Wisconsin-Madison

EDUCATION COMMITTEE

Resolution:

That, upon recommendation of the Chancellor of the University of Wisconsin-Madison and the President of the University of Wisconsin System, the Chancellor be authorized to recruit for up to twenty-nine Assistant, Associate or Full Professors, Interdisciplinary--Cluster #4, at salaries that may exceed 75% of the President's salary.

A copy of the "Request for Authorization to Recruit" for item II.9.b. may be obtained by contacting the Board of Regents Office.

Phone: 608-262-2324

Fax: 608-262-5739

A memorandum relating to II.9.b. is available on the Internet at:

<http://wiscinfo.doit.wisc.edu/cluster/call.html>

New Program Authorization (Implementation):
Master of Software Engineering
University of Wisconsin-La Crosse

EDUCATION COMMITTEE

Resolution:

That, upon recommendation of the Chancellor of the University of Wisconsin-La Crosse and the President of the University of Wisconsin System, the Chancellor be authorized to implement the Master of Software Engineering.

**NEW PROGRAM AUTHORIZATION
MASTER OF SOFTWARE ENGINEERING (MSE)
UW-LA CROSSE
(Implementation)**

EXECUTIVE SUMMARY

BACKGROUND

In accordance with the procedures outlined in the University of Wisconsin System Guidelines for Academic Program Planning and Approval (ACIS-1.revised), the new program proposal for Master of Software Engineering (MSE) at the University of Wisconsin-La Crosse is presented to the Board of Regents for implementation. If approved, the program will be subject to a regent-mandated review to begin five years after its implementation. UW-La Crosse and UW System Administration will conduct this review jointly.

In 1972, the Board of Regents authorized UW-La Crosse to implement the second undergraduate major in Computer Science in the UW System. The first was at UW-Madison. Ranking as one of UW-La Crosse's strongest programs, it has exceeded 200 majors in recent years.

REQUESTED ACTION

Approval of resolution II.9.c., authorizing implementation of the Master of Software Engineering, UW-La Crosse.

DISCUSSION AND RECOMMENDATIONS

Program Description

The MSE program will be housed in the Computer Science Department, with most courses being taught by Computer Science faculty. Where appropriate, faculty from the Information Systems and Mathematics departments will teach elective cross-listed courses.

Students must complete a total of 36 credits among which 24 come from course work (15 credits from five core courses and 9 from three electives). Core courses cover the basic areas in Software Engineering, including Software Engineering Principles, Software Verification and Validation, and Management Issues in Software Engineering. Elective courses cover advanced topics, as well as the application of Software Engineering principles to other areas such as Databases and Networking. The remaining 12 credits are given for completion of a capstone project that demonstrates the student's ability to develop software under industrial supervision. To receive this credit, the

student must submit appropriate documentation and pass an oral examination regarding the capstone project.

Program Goals and Objectives

Software Engineering is a branch of Computer Science that addresses the theory, methods and techniques for software development and maintenance. The main objective of Software Engineering is to educate software developers to produce high quality, and easily maintainable software.

The proposed MSE program is designed (1) to teach students the advanced state-of-the-art technologies in software development, and (2) to ensure that each student applies this knowledge to a challenging real-world problem. Students are also provided the software project management skills necessary to direct software development projects.

The student population will include primarily students with undergraduate degrees in technology-related programs. The majority of these individuals will have been past majors in computer science, although mathematics, information systems, engineering, and science majors are all likely candidates for the MSE. Most of the students are expected to have graduated from UW-La Crosse or another regional university, but some international interest is already evident. In addition, initial market research demonstrates substantial interest by working professionals in the La Crosse region (as demonstrated in the "Need" section). Therefore, there is great potential to expand the offering of the MSE to regional industry using service-based pricing.

Evaluation from External Consultants

All four external evaluators praised the program. One commented "the program fits the needs of (our company) and its engineering staff very well," further observing that the program addresses "the issues . . . we as a commercial software development organization face today." This reviewer also observed that "the program will benefit the community, the university and . . . local high-tech businesses." Describing the proposal as "strong," another reviewer stressed that the program helps address "the critical shortage of well-trained software engineers." A third praised the inclusion of management as a core requirement, noting that "understanding how software development is done from a management perspective is very important."

Strengths or Unique Features

The requirement of an industrial capstone project is a unique strength of the MSE program. In addition, while traditional masters programs emphasize theory, the proposed MSE program is designed to teach students the practical skills needed to apply their theoretical understanding.

Accreditation

There is no accreditation agency for Software Engineering programs. The Software Engineering Institute (SEI) at Carnegie-Mellon University has proposed a set of classifications for software development industries, but none for academic institutions. The curriculum and program requirements for the proposed MSE program are similar to those of well-established Software Engineering programs such as the one offered by SEI.

Need

The UW-La Crosse Computer Science Department educates a significant segment of the software development workforce in its region. Regional firms that have expressed interest in an MSE program to promote higher education for their employees include FirstLogic, Trane, Dairyland Power, Midwest Security, EDS, and Sagebrush Software.

More generally, well-trained software professionals are in high demand across the country. The UW System Market Research Office reported that computer systems analyst jobs are projected to increase from 1998 to 2008 by 94 percent nationally and by 85 percent in Wisconsin. The National Bureau of Labor Statistics uses the classification of "computer systems analyst" for more advanced software development occupations; the type of jobs typically sought by those with advanced degrees. UW System Market Research also reported that in 1998 there were 150 computer system analyst positions in the La Crosse area.

Projected Enrollment

Projected enrollments are shown below. It is anticipated that professionals working in the field will enroll on a part-time basis, adding further support to the program.

	2001-02	2002-03	2003-04	2004-05	2005-06
Students	15	30	40	40	40
Graduates	0	5	10	15	15

Relation to Institutional Mission

The proposed MSE program reflects the UW-La Crosse Select Mission to provide excellence in education programs and teaching, offer graduate programs and degrees related to areas of emphasis and strength within the university, and to meet the broader educational needs of the region. UW-La Crosse was the second UW System institution to offer a Computer Science major and has maintained that commitment through the years. As noted above, UW-La Crosse educates a significant number of the computer science professionals in its region.

Assessment

The proposed program will be evaluated using (1) traditional techniques such as annual admissions, annual number of graduates, and student evaluations; and (2) an *advisory committee* consisting of computer science faculty and industry representatives. This committee will closely monitor the technology transfer attitude of the program and evaluate the program based on the number of industrial projects chosen, the nature of these projects, the time and resource usage and other pertinent information relevant to the projects.

Use of Technology

All courses in the MSE program will use advanced technology in course delivery (e.g., using laptop computers and projectors for delivering lectures; using software presentation tools to make notes available to students before lectures). Each course will have a web page to disseminate course materials, assignments, projects and exams. E-mail allows students to communicate with an instructor at any time. Such software as Blackboard and WebCT will be available to facilitate student interaction. Finally, distance education technology will also be used if there is adequate number of students from distant sites.

Comparable Programs in Wisconsin

There are no comparable programs in Wisconsin.

Comparable Programs outside Wisconsin

There are currently at least 49 MSE programs nationwide, and the number is growing. Among the states bordering Wisconsin there are two MSE programs in Minnesota (University of Minnesota and University of Saint Thomas), one in Illinois (Illinois Institute of Technology), and none in Iowa.

Collaboration

Discussions have been initiated with regional businesses such as FirstLogic, Trane, Dairyland Power, Midwest Security, EDS, and Sagebrush Software; but at present there are no formal collaborations or financial commitments. Future opportunities to collaborate, however, will continue to be developed and sought.

Resource Needs

The attached budget was prepared in collaboration with the UW System Offices of Finance and Budget Planning and Development. The current costs are already allocated in the department budget. The university reallocation for new costs is funded from the campus "University Reserve" which is a holding account for resources from program and administrative functions as they are reduced or efficiencies are created over time.

In the future, the MSE may be offered with a service-based pricing option serving the adult market in the region. The table below shows estimated costs and resources.

Estimated Total Costs and Resources

	YEAR ONE		YEAR TWO		YEAR THREE	
CURRENT COSTS	Dollars	#FTE	Dollars	#FTE	Dollars	#FTE
Personnel						
Fac/Acad Staff	\$744,665	11.0	\$731,005	10.5	\$733,716	10.17
Grad Assistants						
Classified Staff	\$ 29,308	.92	\$ 29,894	.92	\$ 30,492	.92
Fringe Benefits	\$ 274,847		\$ 270,307		\$ 271,590	
Nonpersonnel						
S&E	\$ 33,826		\$ 33,826		\$ 33,826	
Capital Equip.						
Library	\$ 5,000		\$ 5,000		\$ 5,000	
Computing						
Other (Define)						
Subtotal	\$ 1,087,646		\$ 1,070,032		\$ 1,074,624	
ADDITIONAL COSTS						
Personnel						
Faculty	\$ 35,000	.5	\$ 72,000	1.0	\$ 99,750	1.33
Grad Assist			\$ 10,000		\$ 21,200	
Fringe Benefits	\$ 12,250		\$ 27,200		\$ 39,203	
Nonpersonnel						
S&E	\$ 10,000		\$ 5,000		\$ 5,000	
Capital Eqpt.	\$ 5,000					
Library Resources	\$ 5,000		\$ 5,000		\$ 5,000	
Computing Res.	\$ 45,000		\$ 1,000		\$ 1,000	
Other						
Subtotal	\$ 112,250		\$ 120,200		\$ 171,153	
TOTAL COSTS	\$ 1,199,896		\$ 1,190,232		\$ 1,245,777	

RESOURCES			
Reallocation			
In Current Computer Science Base	\$ 1,087,646	\$ 1,070,032	\$ 1,074,624
University Reserve	\$ 67,250	\$ 120,200	\$ 171,153
Gifts and Grants	\$ 45,000		
Fees			
Other			
TOTAL RESOURCES	\$ 1,199,896	\$ 1,190,232	\$ 1,245,777

RECOMMENDATION

The University of Wisconsin System recommends approval of Resolution II.9.c., authorizing implementation of the Master of Software Engineering, UW-La Crosse.

RELATED REGENT POLICIES

University of Wisconsin System Academic Planning and Program Review (November 10, 1995), Academic Informational Series #1 (ACIS-1.revised).

Cancellation of
August meetings

BOARD OF REGENTS

Resolution:

That the Board of Regents meetings scheduled for August 23 and 24, 2001, be cancelled.

07/12/01

II.9.d.

**Board of Regents of
The University of Wisconsin System**

Meeting Schedule 2001-02

2001

January 4 and 5
(Cancelled, circumstances permitting)

February 8 and 9

March 8 and 9

April 5 and 6

May 10 and 11 (UW-River Falls)

June 7 and 8 (UW-Milwaukee)
(Annual meeting)

July 12 and 13

August 23 and 24
(Cancelled, circumstances permitting)

September 6 and 7

October 4 and 5 (UW-EauClaire)

November 8 and 9

December 6 and 7

2002

January 10 and 11
(Cancelled, circumstances permitting)

February 7 and 8

March 7 and 8

April 4 and 5

May 9 and 10 (UW-Fox Valley and
UW-Fond du Lac)

June 6 and 7 (UW-Milwaukee)
(Annual meeting)

July 11 and 12
(Cancelled, circumstances permitting)

August 22 and 23

September 12 and 13

October 10 and 11 (UW-Whitewater)

November 7 and 8

December 5 and 6

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Vice President - Gerard A. Randall, Jr.

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