



Board of Regents of the University of Wisconsin System
Office of the Secretary
1860 Van Hise Hall
Madison, Wisconsin 53706
(608)262-2324

August 29, 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: Agendas and supporting documents for meetings of the Board and Committees to be held on September 6 and 7, 2001.

Thursday, September 6, 2001

10:30 a.m. – Education Committee - Admissions Review

1820 Van Hise Hall

All Regents Invited

11:45 a.m. – Development Luncheon: National Higher Education Trends

Stanley Ikenberry, President

American Council on Education

1820 Van Hise Hall

All Regents Invited

1:00 p.m. – Education Committee - Dr. G. Alan Marlatt, Professor and Director

Addictive Behaviors Research Center

University of Washington

1820 Van Hise Hall

All Regents Invited

2:00 p.m. – Education Committee

1820 Van Hise Hall

2:00 p.m. – Joint Committee meeting:

Business and Finance Committee and

Physical Planning and Funding Committee

1920 Van Hise Hall

2:15 p.m. – Business and Finance Committee reconvene

1920 Van Hise Hall

Physical Planning and Funding Committee reconvene

1511 Van Hise Hall

Friday, September 7, 2001

9:00 a.m. – Board of Regents
1820 Van Hise Hall

Persons wishing to comment on specific agenda items may request permission to speak at Regent Committee meetings. Requests to speak at the full Board meeting are granted only on a selective basis. Requests to speak should be made in advance of the meeting and should be communicated to the Secretary of the Board at the above address.

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BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM

Thursday, September 6, 2001

11:45 a.m. - 1:00 p.m.

1820 Van Hise Hall

1220 Linden Drive

Madison, Wisconsin

Development Program

Presenter:

Stanley Ikenberry, President, American Council on Education, speaking on: National Trends and Issues in Higher Education

Other Participants: Regents, Chancellors, System President, Vice Chancellors, and President's Cabinet

Interested persons are welcome to attend the program as observers.

Box lunches will be served. Luncheon reservations may be made by contacting the office of the Board of Regents by Tuesday, September 4th at 608-262-2324 (telephone) or 608-262-5739 (fax)

BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM

I. Items for consideration in Regent Committees

1. Education Committee - Thursday, September 6, 2001
1820 Van Hise Hall
University of Wisconsin-Madison
10:30 a.m.

10:30 a.m

- a. Admissions Review (all regents invited).

11:45 a.m.

Development Luncheon: *National Higher Education Trends*
Stanley Ikenberry, President
American Council on Education

1:00 p.m.

- b. Presentation (all regents invited):

Dr. G. Alan Marlatt, Professor and Director
Addictive Behaviors Research Center
University of Washington

1:30 p.m. (or upon completion of the previous session)

- c. Approval of the minutes of the June 7, 2001 meeting of the Education Committee.
- d. Report of the Senior Vice President for Academic Affairs.
- e. 2001-02 Education Committee Agenda.
- f. Initial Discussion of Accountability for Stimulus Package.
- g. Revised mission statement, UW-Superior - Initial Reading.
- h. Report on 2000 Undergraduate Drop Rates.
[Resolution I.1.h.]

(Over)

i. Authorization to Recruit:

(1) Provost and Vice Chancellor for Academic Affairs, UW-Superior
[Resolution I.1.i.(1)]

Additional items:

j. Additional items that may be presented to the Education Committee with its approval.

Closed session items:

k. Closed session to consider personnel matters, as permitted by s. 19.85(1)(c), Wis. Stats. [Possible agenda items: appointment of named professors, UW-Madison, UW-Stevens Point and UW-Whitewater; temporary base salary adjustment, UW-Madison.]

THE EVOLUTION OF THE UNIVERSITY OF WISCONSIN SYSTEM ADMISSIONS POLICIES 1972 - 2001

EXECUTIVE SUMMARY

INTRODUCTION

This report is intended as background for the September 7 presentation to the Education Committee on UW System Admissions Policies. Leading the discussion will be President Katharine C. Lyall, University of Wisconsin System; Patricia Brady, UW System Deputy General Counsel; and Chancellor John Wiley, UW-Madison.

The report provides (1) the evolution of the board policies on undergraduate admission, (2) a sample of undergraduate admission policies from other public institutions, and (3) a summary of the board's policies in support of diversity.

REQUESTED ACTION

This item is for discussion only. No action is requested.

DISCUSSION

Wisconsin State Statutes require the Board of Regents to establish policies for admission within the UW System; the system policies then set the parameters for the specific admission requirements established by each UW institution. The board established a freshman admissions policy in 1972 and has reviewed and amended it several times in the intervening years. The board has also adopted policies on admissions testing, standardized freshman admissions categories, undergraduate transfer, and competency-based admissions. In addition, the board addressed the admission of students with disabilities in the policy on nondiscrimination on the basis of disability.

The amendments and related new policies have built upon the initial policy, strengthening it through incremental change while retaining the general principles and directions established by that initial policy. As is apparent from the following statement from its introduction, the policy has reflected a commitment to quality, accessibility and diversity from its inception.

"Wisconsin has long held a strong commitment to maximize educational opportunity for her citizens. In recognizing the necessity of making educational opportunity equally accessible to all its citizens through the University of Wisconsin System, it is important that the diverse needs of the state's population be accommodated through a flexible admissions policy."

The admission policy is consistent with other board policies that address diversity. It is also consistent with the admission policies and practices of other university systems and other Midwestern big ten institutions, some of which use race as one factor among others in making admissions decisions.

RELATED REGENT POLICIES AND DOCUMENTS

Design for Diversity, 1988

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

Plan 2008: Educational Quality Through Racial and Ethnic Diversity. A Report to the Board of Regents. May 1998

Regent Policy 72-11, *Freshman Admission* (adopted 7/72, amended 6/87, 7/92, and 12/97)

Regent Policy 80-3, *Recruitment and Retention of Minority and Educationally Disadvantaged Students* (reaffirmed by 83-4)

Regent Policy 84-3, *Undergraduate Transfer Policy* (adopted May 1984, replacing 73-5, 75-1, and 76-1; amended 89-9, 12-95, 6-98, and 12-2000)

Regent Policy 84-5, *Restatement of Goals on Expanding Educational Opportunities for Minority and Disadvantaged Groups*

Regent Policy 86-5, *Enrollment Capacity Management; Use of the American College Test; Equal Opportunities in Education and Employment* (revised 3/99)

Regent Policy 87-8, *Traditional and Nontraditional Freshman Admissions*

Regent Policy 88-4, *Implementation Plan for "Design for Diversity"*

Regent Policy 93-3, *Freshman Admissions Policy and Competency Based Admissions*

Regent Policy 94-1, *Policy Principles for Enrollment Management III for 1995-2001*.

THE EVOLUTION OF THE UNIVERSITY OF WISCONSIN SYSTEM ADMISSIONS POLICIES 1972 - 2001

Introduction

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The amendments and related new policies have built upon the initial policy, strengthening it through incremental change while retaining the general principles and directions established by that initial policy. As is apparent from the following statement from its introduction, the policy has reflected a commitment to quality, accessibility and diversity from its inception.

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The admission policy is consistent with other board policies that address diversity. It is also consistent with the admission policies and practices of other university systems and other Midwestern big ten institutions.

This report provides (1) the evolution of the board policies on undergraduate admission, (2) a sample of undergraduate admission policies from other public institutions, and (3) a summary of the board's policies in support of diversity.

Evolution of Undergraduate Admission Policies

A. Freshman Undergraduate Admissions Policies

The Board of Regents Freshman Admission Policy (adopted 7/72, amended 6/87, 7/92, and 12/97) defines minimum systemwide freshman admissions requirements. Key elements of the policy are:

I. Graduation from a recognized high school or equivalent

II. Minimum 17 high school credits

- 4 credits in English
- 3 credits in Social Studies
- 3 credits in Mathematics
- 3 credits in Natural Science
- 4 credits from above or fine arts, foreign language, computer science. Each institution may specify requirements for these 4 credits.

Note: The 1972 freshman admission policy required a minimum 9 high school units. It was later amended to 11 units effective fall 1989, 16 units effective fall 1991, and 17 units effective fall 1995. In 1997 the Board of Regents amended the policy to provide for competency-based admissions, which enables high school officials to certify a student's competence in specific learning areas and to substitute such certification for the required Carnegie Units outlined above (Regent Policy 93-3, 72-11 revised 12/97).

III. Evidence of readiness to do college work via:

- Rank in high school class
- Test scores - institutions may not deny admission on test scores alone
- Other factors: "Particular consideration in admission will be given to applicants who have been out of school for two or more years, service veterans with at least 180 days of active duty, and to students who have been disadvantaged as a result of substandard education, family income level, or ethnic background."

IV. The policy stipulates that applicants may appeal for special consideration through the appropriate Director of Admissions if they do not qualify according to the stated requirements and that an institution may conditionally or fully admit applicants who lack the stated requirements but are deemed to merit special consideration.

Use of Standardized Tests in the Admission Process

In 1986, the board established a requirement that all Wisconsin freshman submit ACT scores effective fall 1989. In 1999 the policy was revised to allow either SAT or ACT to be submitted, but indicated that the ACT is the preferred test. (Regent Policy 86-5, revised 3/99). The policy states:

- ACT or SAT cannot be sole criterion for admission;
- Institutions will determine how the ACT or SAT is to be used;
- Institutions may waive the test requirement in special circumstances.

High School Graduation Test

In December 2000, the board amended the Freshman Admission Policy (72-11) and the Traditional and Nontraditional Freshman Admission Policies (87-8) to require that after September 2003, students from public high schools in Wisconsin be required to provide evidence

in their final high school transcript that they have taken all sections of the High School Graduation Test. In discussion, the board indicated it would continue the review of the graduation test requirement in fall 2001.

Traditional and Nontraditional Freshman Admissions Policy

In 1987, in implementing enrollment management and to ensure reporting consistency across the System, the board established two categories of freshman admissions: *traditional* and *nontraditional*. Each category is further divided into two subcategories.

All applicants in the *traditional* category meet the admission criteria. They are subdivided into:

- *standard*, i.e., those judged to have the highest probability of success; and
- *discretionary*, i.e., those that meet the traditional admission criteria but were judged to have less probability of success.

The *nontraditional* admissions category is subdivided based on age, namely, applicants over age 20 and those under age 20. The nontraditional applicants do not fulfill the traditional admission criteria but are members of specific groups; for example, students in programs because of physical status or learning disability, minority status or because of substandard income level; veterans; incarcerated; or foreign students.

- Older nontraditional applicants are admitted based upon criteria appropriate for their circumstances.
- Nontraditional applicants who are under 20 who are admitted are classified as *exceptions*.

Since fall of 1988 the systemwide percentage of applicants admitted as *exceptions*, e.g., applicants under 20 who were admitted under one of the nontraditional criteria, has remained under five percent.

B. Undergraduate Admissions Policies - Transfers

The Board of Regents Undergraduate Transfer Policy was adopted May 1984, replacing 73-5, 75-1, and 76-1. It was amended in 89-9, 12-95, 6-98, and 12-2000. The policy outlines principles of accommodation, minimum general admission requirements, transfer of a UW institution associate degree, and transfer of undergraduate credits within the UW System, from other accredited colleges and universities and from WTCS.

C. Undergraduate Admissions Policies: Disabilities

The Board adopted the policy on "Nondiscrimination on the Basis of Disability" in 1996. The policy states in its introduction that "no otherwise qualified individual with a disability shall be denied access to or participation in any program, service, or activity offered by the universities." The key elements regarding admission state:

- No information regarding disability may be solicited to determine admission;
- The number or proportion of individuals with disabilities who are admitted or enrolled may not be limited solely on the basis of disability;
- Admission, enrollment, or placement tests may not discriminate.

Admissions Requirements at Selected Universities and University Systems

We examined the admissions policies and procedures of several comparable universities and university systems (Minnesota, Illinois, Michigan, Georgia System, California). They present a range of approaches to admissions, some of which use race as one among other factors in making admissions decisions.

The Office of Admissions of the University of Minnesota-Twin Cities reviews all admission using the following criteria: completion of high school courses; test scores (ACT or SAT); high school rank percentile (HSR); patterns of coursework and performance; performance in completed college courses at the time of application. Applicants who do not meet the standard admission profile may be considered "on an individual review basis, a routine part of the admission process."

The University of California has approved a "dual-admissions plan. Students graduating in the top 4 percent of their high-school class are currently admitted to a University of California campus. Beginning in 2003, students ranking between 4 percent and 12.5 percent academically in their high-school class, but lacking the GPA and standardized-test scores required for traditional admissions--will be offered provisional admission to a specific University of California campus, contingent upon their completing an approved two-year course of study at a California community college and maintaining at least a 2.4 G.P.A.

According to Jeffrey Selingo, writing in *The Chronicle of Higher Education* (Friday, July 20, 2001), "the program is expected to cost about \$2.5 million to start up, primarily to pay for university counselors to work with students at the community colleges. The regents conditioned their approval of the plan on the university's securing the necessary dollars from the cash-strapped state Legislature."

In May 2001 the University of California Board of Regents voted to rescind SP-1, "a resolution prohibiting the consideration of race, religion, sex, color, ethnicity, or national origin as criteria for admission to the University or to any of program of study," and SP-2, "a resolution that prohibited the consideration of the same attributes in the University's employment and contracting practices." The university still must conform to Proposition 209, passed by the voters of California on November 6, 1996 and incorporated into the California Constitution as Article 1, Section 31, which "prohibits the state, local governments, districts, public universities, colleges, and schools, and other government instrumentalities from discriminating against or giving preferential treatment to any individual or group in public employment, public education, or public contracting on the basis of race, sex, color, ethnicity, or national origin."

Admissions to the University System of Georgia, including exceptions, are handled at the campus level, governed by a system policy. Some campuses use an admissions committee, while others have the Director of Admissions make final decisions. System policy requires

courses in five areas and uses a Freshman Index that is based on a combination of a student's SAT I or ACT scores and high school grade point average.

Institutions may accept a "limited number" of students under a Limited Admissions Category. I.e., "in recognition of the fact that a limited number of students do not meet established standards but do demonstrate special potential for success, institutions are authorized to grant admission to a limited number of such students. Institutions will use multiple measures whenever possible, such as interviews, portfolios, and records of experiential achievements, for students being considered for Limited Admission." Limited admission students must achieve lower minimum SAT I verbal and mathematic scores than regularly admitted students. Requirements may also vary by institution, but they are encouraged to "use multiple measures whenever possible, such as interviews, portfolios, and records of experiential achievements" in assessing these students.

In addition, Georgia allows Presidential Exceptions in "very special and rare circumstances" in which the student "shows exceptional promise for success." These are included as part of the institution's maximum percentage for Limited Admissions.

The **University of Illinois, Champaign-Urbana** uses the following objective criteria for admission decisions: (a) the courses taken in high school and (b) a combination of high school rank in class and admission test score; as well as the subjective information submitted on the student's Personal Statement. The latter includes such information as:

- Interest/experience in the intended major;
- Advanced Placement or honors-level classes in high school;
- State or national recognition for talent, creative ability, leadership, or academic achievement;
- An ethnic or cultural background or an age group that will add diversity to this campus;
- Extenuating circumstances that significantly affected an otherwise exceptionally good academic record; or
- Any other information the student feels would complete the application profile.

Admission decisions are made at the college level. Each college has an admissions committee consisting of the college dean and admissions personnel. This committee will review both objective criteria and personal statements in making its decisions.

The **University of Michigan**'s admissions requirements include a 'B' average or better (beyond the ninth grade) in a rigorous and appropriate college preparatory program and standardized test scores comparable to freshmen pursuing similar programs in the University. Decisions are made on an individual basis and "no specific class rank, grade point average, test score, or other qualification by itself will assure admission."

Michigan uses a primarily objective process, with points assigned to various categories and a review committee making final decisions. One of these categories is "Underrepresented Racial/Ethnic Minority Identification or Education." The university uses a rolling admissions process, with a set point established to produce the required yield at any given time. Each

admissions packet is assigned to a counselor, with counselors being responsible for states, regions, regions of Michigan, etc. If a candidate does not meet the objective criteria for that particular period, but includes some exceptional quality (e.g., in essay, letters from counselors, teachers, etc.), the admissions counselor may recommend to the Review Committee further examine the individual.

The Pennsylvania State University admits all students under specified criteria. Once a student has been determined to meet the admission requirements, a second determination is made as to which of the university's campuses the student will be admitted. At this stage, race is taken into account as one factor among others to determine the specific campus.

In addition to admitting students under specified criteria, Penn State seeks "to assure a proper educational mix of students and to further broaden the educational opportunities offered by the University" may occasionally authorizing "various specialized programs." These programs may permit students who do not meet the basic qualifications for admissions to degree candidacy to be admitted to such candidacy. They also "may permit, in selected situations, exceptional students who have not earned a high school diploma or its equivalent to enroll in University credit courses. Such specialized programs may include up to 10 percent of the total admission group for the University in any one year and up to the maximum of 15 percent of the admissions to any geographic location of the University."

Admission to the **University of Iowa** "is based on high school rank and completion of the required high school courses." Applications that do not meet the university's class rank requirement are evaluated "using a combination of your class rank and your ACT/SAT scores as well as completion of high school units."

Diversity Policies

The board has addressed its commitment to diversity in policy documents that can be grouped into roughly four categories:

- Policies establishing programs for minority and disadvantaged students
- Long-range planning documents
- Enrollment management policies
- Long- range diversity plans

Programs for Minority and Disadvantaged Students

In 1972 the board adopted a set of policy goals and objectives that began:

"To serve effectively the needs of minority and educationally disadvantaged students, the Board of Regents of the University of Wisconsin System commits and rededicates its resources to the mission of meeting the continuing educational challenge of the present generation and strengthening its programs and teachers so that future generations of minority and educationally disadvantaged students will be better served." The board reaffirmed its support of Regent Policy 72-7 in December 1973 (Regent Policy 72-21).

- Equal Opportunity Employment Offices

Also in 1972, the board established Equal Opportunity Offices at both System Administration and the institutions with responsibilities in employment, educational programming, assessment, and planning. The policy stated: "the goals adopted are commitments to use the resources of the University to meet the educational needs of minorities and educationally disadvantaged students" (Regent policy 72-9).

- Recruitment and Retention of Minority and Educationally Disadvantaged Students

In 1980 the board adopted a set of recommendations for recruiting and retaining minority and educationally disadvantaged students and reaffirmed those policies and principles in 1983 (Regent policy 80-3 and Regent policy 83-4)

In 1984, the board again reaffirmed its commitment to expand educational opportunities for members of minority and disadvantaged groups and established a set of enrollment and graduation goals.

Long-Range Planning Documents

Planning the Future

In December 1986, the board adopted a set of policy decisions that would set the direction for the System for the next ten years. "Planning the Future" reaffirmed, in its Policy Decision #13, the 1983 minority enrollment and graduation goals and said, "...Long-term efforts should be focused on pre-college programming for underrepresented minorities...To improve the retention and graduation of underrepresented minority students, the board will replicate several successful projects in business and teacher education and will establish a systemwide staff position for systematic follow-up on the evaluations of minority student programs." (Regent policy 86-5)

Study of the UW System in the 21st Century

In June 1996, The Board of Regents adopted *A Study of the UW System in the 21st Century*. This report was the culmination of a ten-month study of the key challenges facing public higher education in Wisconsin. The statement of Purpose for this study reaffirmed that "the UW system remains strongly committed to its longstanding policies for diversity [and] must educate graduates to live and work in a dynamic and diverse society."

Enrollment Management

Enrollment Management I: In 1986, in order to manage resources in a time of budget constraints, the board established the first of a series of five year enrollment management plans. The policy stated principles to guide the enrollment plans. The fifth principle read:

"In implementing the enrollment capacity management policy, the Regents expect the institutions will manage their admissions to achieve established enrollment capacities consistent

with highly valued educational principles, including the high priority objective of providing educational opportunities for minority/disadvantaged students"

Enrollment Management III: Enrollment Management III set enrollment targets for 1995-2001 and laid out fifteen assumptions and principles. Principle #9 read:

"The UWS will increase its collaboration with DPI, K-12, and VTAE to prepare qualified students from disadvantaged backgrounds and underrepresented groups for admission, to support them academically once they are enrolled, to raise their graduation rates and to benefit from the various perspectives they contribute."

Enrollment Management-21: In June of 2000, the board adopted Enrollment Management -21 (EM-21), which sets enrollment targets for 2001-07. As with earlier enrollment planning documents, the EM-21 report outlined the principles and premises that would guide enrollment planning through 2007. The principles included the following statement:

"We strive to serve a broad array of students: traditional and nontraditional, urban and rural, resident and nonresident, international and domestic, all of whom enrich and enhance the learning environment. Likewise, Plan 2008 is an integral part of EM-21 ensuring that we are reaching out to multicultural and disadvantaged students and giving them the tools to succeed on our campuses."

Long-Range Plans for Diversity

Design for Diversity.

In 1988, the board adopted a ten-year plan to increase diversity throughout the system. *Design for Diversity* established a series of goals including:

Goal One - "Recognize the need to eliminate the under representation of minority and economically disadvantaged people in the UW System."

Goal Three - "Improve recruiting and retention efforts to better enable targeted minority students to enroll more easily and function more effectively at our universities." (Regent policy 88-4)

Plan 2008: Educational Quality Through Racial and Ethnic Diversity

In May 1998, the Board adopted *Plan 2008*, which builds on *Design for Diversity* to enhance opportunities for targeted people of color. It consists of seven goals, including:

Goal One - "Increase the number of Wisconsin high school graduates of color who apply, are accepted, and enroll at UW system institutions."

Goal Two - "Encourage partnerships that build the educational pipeline by reaching children and their parents at an earlier age."

Goal Three - "Close the gap in educational achievement, by bringing retention and graduation rates for students of color in line with those of the student body as a whole."
 Goal Six - "Foster institutional environments and course development that enhance learning and a respect for racial and ethnic diversity."

At its March 2001 meeting, the board reaffirmed its commitment both to Plan 2008 and to "the goals of achieving equality of opportunity and access to education as set forth [in UW admissions policies]."

Related Regent Policies and Documents

Design for Diversity, 1988

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

Plan 2008: Educational Quality Through Racial and Ethnic Diversity. A Report to the Board of Regents. May 1998

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Regent Policy 93-3, *Freshman Admissions Policy and Competency Based Admissions*

Regent Policy 94-1, *Policy Principles for Enrollment Management III for 1995-2001*.

August 29, 2001

To: Regents

From: Patricia A. Brady
Deputy General Counsel

Re: Affirmative Action in Admissions Programs

Like many other colleges and universities, the institutions of the UW System, in accordance with Board of Regents policies and for the purpose of achieving a diverse student body, give consideration to ethnic minority status--among a number of other factors--in deciding who will be admitted to study. Such a use of affirmative action in university admissions decisions was approved, in principle, by the United States Supreme Court in *Regents of the University of California v. Bakke*, 438 U.S. 265 (1978). Recent lawsuits over university admissions policies, however, have challenged the *Bakke* decision. This memorandum provides background information on the use of affirmative action in university admissions programs, the *Bakke* case and the status of current litigation, and the legal implications for the UW System.

Background Information

The passage of Title VI of the Civil Rights Act of 1964 (Title VI) spurred the adoption of affirmative action programs by colleges and universities throughout the country. Title VI provides that no person shall, on the basis of race, color or national origin, be excluded from participation in, be denied the benefits of, or be discriminated against in any program--including any higher education program--receiving federal financial assistance. The principal purpose of the legislation was to eliminate segregation in programs receiving federal funds. Title VI and its implementing regulations *require* affirmative action to overcome the effects of past discrimination, and *permit* affirmative action--even in the absence of past discrimination--where necessary to overcome the effects of conditions which resulted in limiting participation by persons of a particular race, color, or national origin.

Following enactment of Title VI and other, similar civil rights legislation, colleges and universities--even those that were not formerly segregated--moved to insure that minorities were encouraged to enter into and participate fully in their programs. The use

of race as a consideration in admissions decisions was a key ingredient in these efforts. Although the details of the admissions programs at various colleges and universities differed, it became common practice to treat minority group status as an additional positive factor in the decision to admit students.

The use of race in this manner, however, soon came under legal attack as "reverse discrimination" in violation of the Equal Protection Clause of the 14th Amendment to the United States Constitution, and of Title VI itself. The Fourteenth Amendment provides, in part:

All persons born or naturalized in the United States, and subject to the jurisdiction thereof, are citizens of the United States and of the State wherein they reside. No State shall make or enforce any law which shall abridge the privileges or immunities of citizens of the United States; nor shall any state deprive any person of life, liberty, or property, without due process of law; *nor deny to any person within its jurisdiction the equal protection of the laws.*

The legal issues in cases challenging affirmative action in college admissions turn, essentially, on the question whether the use of race in the decision-making process denies the equal protection of the laws in violation of the Fourteenth Amendment, or discriminates on the basis of race, in violation of Title VI.

The Bakke Decision

A number of lower court challenges to various university admissions programs were brought in the late sixties and early seventies, but it was not until 1978 that the United States Supreme Court issued its pivotal ruling in *Bakke*. In that case, the court, in a complex and divided opinion, approved in principle the use of affirmative action in university admissions decisions, while determining that the specific program at issue violated the plaintiff's constitutional rights. The decision--and particularly Justice Powell's plurality opinion announcing the judgment of the court--provided the legal basis for college and university affirmative action efforts using race as a "plus factor" in the admissions process for the educational purpose of achieving a diverse student body.

Bakke was a challenge to the admissions program at the University of California-Davis Medical School. Under the program, 16 of 100 seats in each class were set aside for members of designated minority groups. Applicants for the 16 minority "set-aside" seats were reviewed against different, less stringent, academic standards than were applied to applicants in the general pool. The plaintiff, Alan Bakke, was twice denied admission to the medical school under this program. He brought suit, contending that the program violated his rights under the Equal Protection Clause, and Title VI.

For varying reasons, five of the nine Supreme Court justices agreed that the admissions program was unlawful and that the plaintiff should be admitted to the medical

school. At the same time, however, five of the nine justices agreed--also for differing reasons--that *race may lawfully be considered in a university's admissions process*.

Justice Powell, who announced the judgment of the court, was the fifth and deciding vote on both points. As a result, his rationale for allowing the consideration of race in admissions decisions has been regarded as the authoritative precedent in the case. In joining with the four justices who agreed that the Davis admissions program was unlawful, Justice Powell based his decision on the principle that racial classifications call for *strict judicial scrutiny*, meaning that where race is used as a consideration in admissions, there must be (1) a *compelling interest* in doing so, and (2) the program must be *narrowly tailored* to serve that interest.

Applying the "strict scrutiny" test, Justice Powell specifically determined that achieving *diversity is a compelling interest* for an institution of higher education, and that the use of race as a "plus factor"--though not the sole factor--in the admissions process is sufficiently narrow to satisfy the strict scrutiny test. This aspect of his opinion became the basis for the establishment of college admissions programs seeking educational diversity through the use of race as a plus factor in the admissions decision-making process.

Justice Powell went on to find, however, that the Davis *program was not narrowly tailored* to serve the compelling interest in diversity, and on this ground concluded that the program violated the plaintiff's rights. The reason for this finding centered primarily on the fact that the 16-seat "set-aside" was, in effect, a quota. Also emphasized was the fact that a "two-tier" system, in which applicants were not all considered in one group, but rather were separated and compared in different pools, with different standards based upon their race--was not a sufficiently narrow approach to achieving educational diversity.

While no other justice joined Justice Powell's opinion that diversity is a compelling interest for institutions of higher education, the four justices who supported the use of affirmative action in admissions would have applied a *lower* standard of scrutiny which would not have required consideration of whether a compelling interest was present. These justices were of the view that, where race is used for purposes of remediating past societal discrimination, a lower standard of scrutiny should be applied and under that standard, the Davis scheme could be sustained.

The Hopwood Case

Justice Powell's approach was widely accepted, and went essentially unchallenged until the University of Texas Law School was sued over its admissions program, in *Hopwood v. Texas*, 73 F. 3d 932 (5th Cir. 1996). In that case, the Court of Appeals for the 5th Circuit attacked the *Bakke* decision, arguing that Justice Powell's conclusion-- that there is a compelling interest in diversity-- was not binding precedent because that part of his opinion was not expressly approved by other justices. The Fifth Circuit went on to

conclude that diversity is *not* a compelling interest, and that race *cannot* be used as a plus factor in the admissions process.

Other Cases

Other lower courts have also recently addressed the issue of the use of race in university admissions programs, with mixed results. In *Smith v. University of Washington Law School*, 233 F. 2d 1188 (9th Cir. 2000), the Ninth Circuit Court of Appeals held that *Bakke* remains controlling precedent for the proposition that educational diversity can be a compelling interest for a university's race-conscious admissions program, and that Justice Powell's opinion is the controlling opinion in the *Bakke* case. In *Johnson v. Board of Regents of the University System of Georgia*, Nos. 00-14340 & 00-14382 (11th Cir. 2001), a case decided August 27, 2001, the Eleventh Circuit Court of Appeals held that the University of Georgia's admissions policy was unconstitutional, concluding that--even if educational diversity is a compelling interest for a state university--the program was not narrowly tailored to achieve that goal. And, in further litigation in the original *Hopwood* case, the Fifth Circuit Court of Appeals, in December 2000, remanded the matter to the District Court, directing that the relief ordered in the case be narrowed to be consistent with *Bakke*.

The Michigan Cases

The question whether a university has a compelling interest in achieving diversity is at the heart of two recent Michigan cases, both of which were tried within the last year, with conflicting results. The university has, in both cases, contended that its use of race as a "plus factor" in admissions is justified by its need to enroll a diverse student body.

Gratz v. Bollinger, 122 F. Supp. 2d 811 (E.D. Mich. 2000), involving the university's undergraduate admissions program, was decided December 13, 2000. Under the current¹ admissions program challenged in the case, applicants are ranked on a 150 point scale. Underrepresented minority applicants may be assigned 20 points on the basis of race; in addition, underrepresented minorities may be flagged for further consideration if they do not satisfy the initial "admit" threshold. Analyzing this program in light of the *Bakke* decision, the trial judge determined that the university's current system is constitutional.

Although he acknowledged that the Supreme Court has not unequivocally held that a university has a compelling interest in achieving a diverse student body, he concluded that neither has the Supreme Court foreclosed such a determination. Relying on the voluminous sociological evidence presented by the university in support of the educational value of diversity, he held that the university had proved that it has a

¹ Also at issue in the case was the university's former undergraduate admissions policy, which was eliminated in favor of the current system in 1999. The court found that the former policy was legally defective, because it operated, in effect, as a quota.

compelling interest in diversity and that the current undergraduate admissions program *is* narrowly tailored to serve that interest.

Grutter v. Bollinger, No. 97-CV-75928-DT (E.D. Mich. 2001), involving the law school admissions program, was decided March 27, 2001. The law school process is less mechanistic than the scoring approach used for undergraduates. Candidates are evaluated not only on the basis of undergraduate grade point averages and LSAT scores, but on other factors as well. One of those factors may be race. Although the law school identifies no specific proportion of minority students sought to be admitted, it does consider race to the extent necessary to achieve a "critical mass" of minority students.

The trial judge in this case held that the law school program is unlawful. Following the type of analysis applied in the *Hopwood* case, he determined that the university does not have a compelling interest in achieving diversity because the majority of justices in *Bakke* did not expressly so hold. Differing from the court in *Gratz*, he then declined to find a compelling interest based on the evidence before him. He relied, instead, on cases in the employment law and minority contracting areas to conclude that there can be no compelling interest in the use of race, except where there is a need to remedy proven past discrimination. Since the University of Michigan Law School had conceded that its program was not based on a compelling interest in remedying past discrimination, it could not satisfy the compelling interest standard. In addition, the court held that--even if diversity were a compelling interest--the law school admissions process was not "narrowly tailored" to serve that interest and would, therefore remain unlawful under the applicable constitutional standard.²

Legal Implications for the UW System

Bakke is the controlling legal precedent in Wisconsin, which is in the Seventh Circuit (Wisconsin, Indiana and Illinois). The decisions of courts in other circuits--including the Fifth Circuit's *Hopwood* decision--are not binding here. While differences of opinion among the circuits may ultimately lead the United States Supreme Court to review the legal status of race-conscious university admissions programs, until such review is granted, the *Bakke* stands as the relevant, binding legal precedent.

The admissions policies of the UW System, both as written and as applied, use minority status as a "plus factor" to serve the university's compelling interest in achieving diversity. The programs are narrowly tailored to achieve that goal, depending, as they do, on a thorough, highly individualized review of each applicant in which race does not become the sole determinant for admission. This approach is consistent with the *Bakke* plurality's holding that race may properly be considered as a factor in a university's admissions program, and more particularly with Justice Powell's opinion that achieving diversity is a compelling interest for an institution of higher education.

² Both cases are on expedited appeal to the Sixth Circuit Court of Appeals.

I hope this information will be of assistance to you. Please feel free to contact me should you have further questions.

cc: President Lyall
President's Cabinet

Undergraduate Admissions Process

UW-Madison

In brief:

- single review process
- applications reviewed individually, holistically
- no formulas, minimum grade-point averages, or test score cutoffs
- review all academic and non-academic factors
- look for student's potential for success, ability to contribute to University
- no one factor determines admission decision
- no quotas or targets

Overview:

All applications pass through a single review process, and all applications are reviewed individually and holistically. We do not use formulas, require minimum grade-point averages, or rely on test score cutoffs. Instead, we strive to gain as complete a picture of an applicant as possible before making an admission decision. We look at all academic and non-academic factors to determine a student's potential for success, as well as his or her ability to contribute to the University community. No one factor ever determines the fate of an application, and no quotas or targets are ever established for a particular population.

Details:

Selective/Competitive Review:

All applications pass through this review. Based on expected application numbers, targeted class size, and quality of applicant pool from prior years, criteria are established to determine which applicants we will be able to accommodate (admits), which applicants we will not (denials), and which applicants we believe could succeed here but for whom we cannot be sure we will have space (postpones). The criteria include but are not limited to school background, course pattern, rigor of courses, grades, trends in grades, rank in class, test scores, and extracurricular activities. Final decisions are made on the postpone group after the deadline for applications closes. At this point we complete an initial review of all applications and are then able to determine how many spaces remain. Once we know how many spaces remain, we can determine how many applicants from the postpone group we will be able to accommodate. Typically, we are able to admit more than seventy percent of our applicants. Students with disabilities or from targeted populations who fall into the postpone or deny ranges are given additional consideration in the review process.

Additional Considerations:

We have no targets, quotas, nor numerical goals for any particular group of applicants. The University has a compelling educational interest in fostering diversity. Diversity in the student population improves both the richness of the educational experience and our students' marketability in the work world. Corporations that recruit on campus make it clear to us that they

are not interested in recruiting from a campus that does not provide diversity, citing the need for employees who will be able to negotiate differences between social and ethnic groups.

The University recognizes that certain populations of students make special and unique contributions to the University community and should be encouraged to enroll. These populations include returning adults, veterans, athletes, and underrepresented minorities (blacks, Hispanics, native Americans, southeast Asians). Applicants from these groups who fall into the postpone or deny ranges will receive additional consideration in the review process. Now, instead of reviewing the applicant as competing for one of the places in the freshman class, we consider whether the applicant is likely to succeed here based on all the same indicators that are considered in the selective/competitive review process. The fact that the student belongs to one of these groups is considered to be a plus factor in our review, but this fact alone never determines that we will admit the student. If the applicant is likely to succeed, we will grant admission. If not, we will deny admission.

Other students who receive additional consideration in the review process are those with disabilities. The University recognizes that students who have physical or learning disabilities may have less than competitive academic records due to their disability. With appropriate support services, however, some of these students are likely to be as competitive as their counterparts who have no disability. Applicants with self-disclosed disabilities who fall into the postpone or deny ranges will be referred to the McBurney Disability and Resource Center to confirm the disability, determine whether the disability has had an impact on the student's academic record, and identify whether campus support services will meet the student's special needs. The Admissions Office will then review the applicant in light of the information provided by the McBurney Center.

Appeal Process:

All applicants who receive a denial are eligible to appeal the decision via a formalized process. The process is the same for all denied applicants. The applicant must write a letter of appeal and include any pertinent information that was not previously noted. The applicant may also submit additional documentation and letters of recommendation. All appeals are reviewed by Office of Admissions staff. If new information is brought to light which indicates that the applicant is indeed competitive, the student will be admitted. If not, the original decision to deny will remain.

Appeals from the following three groups of students are reviewed not only by Admissions Office staff but also by the relevant office listed: athletes (Dean's Office); first generation college students with low family income or a physical or learning disability (TRIO Student Support Services Program); and underrepresented minorities and other disadvantaged students (Academic Advancement Program). The appeal will be considered in light of the additional support services available to students through the Athletic Department, the TRIO Program, and AAP. Students admitted via these appeals will be expected to participate in the support services linked to each program office.

EDUCATION COMMITTEE PROPOSED 2001-02 AGENDA

EXECUTIVE SUMMARY

It is proposed that the Education Committee establish the following priority areas for 2001-2002: (1) The Student Experience; (2) Partnerships with other Educational Entities; and (3) Achieving Excellence. To assist with the discussion of its agenda for the next year, the attached draft matrix suggests a tentative month-by-month overview of presentations to the Full Board and Education Committee.

**UNIVERSITY OF WISCONSIN BOARD OF REGENTS
EDUCATION COMMITTEE
2001-02 TOPICS, GOALS AND PRIORITIES**

I. Priority Areas

- A. The Student Experience - Admission through Graduation
- B. Partnerships with Other Educational Entities
- C. Achieving Excellence in Higher Education

MONTH/TOPIC	PRIORITY AREA
SEPTEMBER	
Full Board	
National Higher Education Trends	
Alcohol and Other Drug Abuse (AODA) Presentation	
Education Committee - Policy Items	
Admissions Policies/Review (all regents invited)	The Student Experience
Committee Agenda for 2001-02	
Initial Discussion of Accountability for Economic Stimulus Package	
Education Committee - Administrative Items	
Annual Report on Drop Rates	
UW-Superior Revised Mission Statement (First Reading)	
OCTOBER	
Full Board	
<i>Building our Resource Base: Overview on Alternative funding (Terry Mactaggart)</i>	
Plan 2008 Annual Report: Progress in Achieving Goals	
Accountability for Stimulus Package	
Education Committee - Policy Items	
UW-Eau Claire Presentation	
High School Graduation Tests - Discussion	Partnerships with other Educational Entities
Retention Issues (questions; focus)	The Student Experience
Issues Related to Credit Transfer--Technical Colleges	Partnerships with other Educational Entities
Education Committee - Administrative Items	
UW-Superior Revised Mission Statement (Second Reading)	
Report of North Central Association (NCA) Accreditation, UW-Eau Claire	

NOVEMBER	
Full Board	
Systemwide Information Technology Plan	
Learning Innovations Update	
Academic Advanced Distributed Learning (ADL) Co-Laboratory Update	
Wisconsin Technology Foundation, Inc. (WySys) Report	
Fall 2001 Enrollment Report	
2003-05 Biennial Budget Process	
Education Committee - Policy Items	
Final Report on Credits-to Degree	The Student Experience
The Wisconsin Idea Revisited - UW-Extension	
Transfer Issues within the University	The Student Experience
Libraries and their Future direction	Achieving Excellence
Education Committee - Administrative Items	
DECEMBER	
Full Board	
PK-16 Council Progress Report	
Retention Presentation I (Speaker)	
Education Committee - Policy Items	
Trends/Economic Impact of Research at UW-Madison and UW-Milwaukee	
Undergraduate Student Research Experience - Student Presentation	The Student Experience
Identify Economic Development Clusters and University Partners	Partnerships with other Educational Entities
Baldrige Award Criteria for Quality	
Education Committee - Administrative Items	
Announcement of 2001-02 Sabbatical Awards	
Annual Report on Program Planning and Review (Academic Program Evaluation/Approval Process)	Achieving Excellence

FEBRUARY	
Full Board	
Federal Issues for Higher Education	
Faculty Salary Trends	
Achieving Excellence: 2001-02 Accountability Report	
Capital Financing Options - Fiscal Implications	
Education Committee - Policy Items	
Accountability and Relationship to Excellence	Partnerships with other Educational Entities
Discussion of Biennial Budget Initiatives	
Education Committee - Administrative Items	
MARCH	
Full Board	
University Retirement Communities (Penn State, University of Maryland)	
Education Committee - Policy Items	
Retention Presentation II (Best Practices)	The Student Experience
Value of the Liberal Arts	The Student Experience
Professionalization of Curriculum	The Student Experience
Accreditation Requirements	The Student Experience
Discussion of Biennial Budget Initiatives	
Education Committee - Administrative Items	
APRIL	
Full Board	
Demonstration of WHA Digital Television and Data Casting	
Education Committee - Policy Items	
Graduation Challenges	The Student Experience
Programs Students are Pursuing Today	The Student Experience
Issues in Serving the Adult Student Learner	The Student Experience
Education Committee - Administrative Items	
Minority and Disadvantaged Student Annual Report	
Report on Orientation Programs Regarding Sexual Assault and Harassment	
Approval of Vilas Trust Requests	

MAY	
Full Board	
Retirement Update - Effect of Act 11	
Education Committee - Policy Items	
UW Colleges Presentation	
Retention Presentation III	
Online Education - Issues, Costs, Value, etc.	Achieving Excellence
Executive Group for Online Learning (EGOLL) Follow-up Report	
Education Committee - Administrative Items	
JUNE	
Full Board	
2002-03 Annual Budget	
Building Our Resource Base - Recommendations	
Education Committee - Policy Items	
UW-Milwaukee Presentation	
Report on Wisconsin Technical College System/University of Wisconsin System Collaboration	
UW Institutional and System Report on PK-16 Plan	
K-16 Councils	Partnerships with other Educational Entities
Study Abroad-Student Panel	
International Experiences	Achieving Excellence
Report on Integration of Instructional/Research Academic Staff	
Education Committee - Administrative Items	
Tenure/Promotion Report	
AUGUST	
Full Board	
2003-05 Operating and Capital Budget Approval	

**REVISED MISSION STATEMENT
THE UNIVERSITY OF WISCONSIN-SUPERIOR
(INITIAL READING)**

EXECUTIVE SUMMARY

BACKGROUND

The University of Wisconsin-Superior requests approval for its newly revised Mission Statement. The proposed revision has been approved by all campus governance groups. Copies of the revised statement and UW-Superior's current Select Mission Statement are provided.

Chapter 36.09(b), Wis. Stats., requires that "the Board, after public hearing at each institution, shall establish for each institution a mission statement delineating specific program responsibilities and types of degrees to be granted."

REQUESTED ACTION

No action is requested at this time. If the board agrees, a public hearing will be scheduled. Following that hearing, the proposed revision will be brought before the board for final approval.

Proposed Revised
Select Mission of the
University of Wisconsin-Superior

In addition to the system and core missions, the University of Wisconsin-Superior has the following select mission:

The University of Wisconsin-Superior fosters intellectual growth and career preparation within a liberal arts tradition that emphasizes individual attention and embodies respect for diverse cultures and multiple voices.

To accomplish these ends, the University will:

- (a) Provide students with a carefully articulated and comprehensive foundation in liberal studies as a base for all degree programs.
- (b) Award baccalaureate degrees in selected fields in education, the arts and the humanities, in the sciences and social sciences, and in business.
- (c) Offer graduate programs in areas associated with its undergraduate emphases and strengths.
- (d) Extend its undergraduate and graduate resources beyond the boundaries of the campus through distance learning programs.
- (e) Expect scholarly activity, including research, scholarship and creative endeavor, that supports its programs at the associate and baccalaureate degree levels, its selected graduate programs and its special mission.
- (f) Engage in appropriate interinstitutional relationships to enhance educational and service opportunities.
- (g) Foster, with University of Wisconsin-Extension, the development of cooperative and general outreach programming and the integration of the Extension function with that of this institution.

**Supporting material for Agenda Item I.1.g. may be obtained
by contacting the Board of Regents Office.**

Phone: 608-262-2324

Fax: 608-262-5739

EDUCATION COMMITTEE

Resolution:

That, upon recommendation of the President of the University of Wisconsin System, the Board of Regents accepts the Annual Report on 2000 Undergraduate Drop Rates for submission to the Joint Committee on Finance.

REPORT ON 2000 UNDERGRADUATE DROP RATES

EXECUTIVE SUMMARY

BACKGROUND

In September 1988, the University of Wisconsin Board of Regents passed Resolution 5045 in response to 1987-88 Wisconsin Act 27. Resolution 5045 “directs the UW System Administration to:

1. Monitor course drop rates at all UW System institutions.
2. Require all UW System institutions to reduce or maintain course drop rates during any academic year at no more than five percent of the credit hours registered at the close of the tenth day of classes at the beginning of the fall and spring terms.
3. Directs all UW System institutions whose drop rates exceed five percent, effective in the fall of 1989, to develop and implement plans to reduce the drop rate to five percent. Such plans will be subject to the review and approval of System Administration.
4. Report to the Board of Regents whenever the combined rate of dropped credits across the UW System exceeds five percent in any academic year, beginning in the fall of 1990, and make recommendations for further action by the Board of Regents on UW System add/drop policies.”

The Legislature’s Joint Committee on Finance passed a motion at its September 1988 Hearing, S13.10, that directed the UW System to report to the committee annually, beginning in 1990, on:

1. Campuses where the undergraduate drop rate exceeded five percent in any semester during that year.
2. The steps being taken to achieve a maximum five percent drop rate at these campuses.

The reporting requirements to the UW Board of Regents and to the Legislature’s Joint Committee on Finance differ. UW System Administration is required to report to the Board of Regents whenever the *System-wide* rate of dropped credits exceeds five percent; however, the Legislature’s Joint Committee on Finance requires UW System Administration to report annually on *campuses* where undergraduate drop rates exceed five percent in any given semester. In September 1999, the Board of Regents requested that the Joint Committee on Finance eliminate the UW System Report on Undergraduate Drop Rates. Presently, the report remains a legislative requirement.

REQUESTED ACTION

Acceptance of the Report on 2000 Undergraduate Drop Rates for submission to the Joint Committee on Finance.

DISCUSSION

In this report, drop rate refers to completed credits as a proportion of enrolled credits. For the purposes of Resolution 5045, the UW System 2000 drop rate was below the five percent threshold. The UW System has achieved the intent of Resolution 5045 by reducing the number of System-wide dropped credits. The fall term System-wide drop rate has fallen from 5.5% in the fall of 1988 to 2.8% in the Fall 2000. The spring term System-wide drop rate has fallen from 5.1% in the spring of 1989 to 3.2% in the spring of 2000. On an annual basis, the drop rate has fallen from 5.3% in 1989 to 3.0% in 2000.

A report containing the following information will be sent to the Joint Committee on Finance.

Drop rates among UW institutions ranged from 0.2% to 8.3% in the Spring 1999-00 and from 0.8% to 7.6% in the Fall 2000-01. Only two institutions, UW Colleges and UW-Milwaukee, exceeded the five percent threshold. UW Colleges' Spring 1999-00 drop rate was 8.3% and their Fall 2000-01 drop rate was 7.6%. UW-Milwaukee had a Spring 1999-00 drop rate of 6.3%, but their annual drop rate was under 5%.

UW System continues to monitor the drop rates and it has asked UW Colleges to take action that could reduce their drop rates. In an effort to reduce the drop rate, UW Colleges is continuing to put emphasis on:

1. assessing student preparedness to succeed in college,
2. advising under-prepared students into more developmental math and English courses,
3. scheduling more freshmen orientation sessions dealing with adjusting to college courses and developing more study skills,
4. providing more linked courses and learning community formats to facilitate peer support and a more integrated learning experience, and
5. engaging in discussion and pilots to address the needs of non-traditional students.

The drop rate for the UW Colleges has remained relatively stable since last year. UW Colleges will continue to use these means to attempt to reduce the drop rate. However, given the mission of UW Colleges and the students they serve, a five percent or lower drop rate will be difficult to achieve in the near future.

UW-Milwaukee's annual drop rate has been, and continues to be, below five percent since 1992. The spring 2000 drop rate of 6.3% was unanticipated and UW-Milwaukee will monitor and review this situation to ensure it does not indicate a trend towards increased dropped credits.

RELATED REGENTS POLICIES

Resolution 5045 (October 1988); Resolution 6153 (July 1992).

EDUCATION COMMITTEE

Resolution:

That, upon recommendation of the Chancellor of the University of Wisconsin-Superior and the President of the University of Wisconsin System, the Chancellor be authorized to recruit for a Provost and Vice Chancellor for Academic Affairs.

**Supporting material for Resolution I.1.i.(1) may be obtained by
Contacting the Board of Regents Office.**

Phone: 608-262-2324

Fax: 608-262-5739

I.2. Business and Finance Committee

September 6, 2001
1920 Van Hise Hall
2:00 p.m.

- a. Preventive Maintenance Goals (Joint with Physical Planning and Funding)
(See Physical Planning and Funding section for materials)

2:15 p.m. or upon conclusion of the Joint Meeting

- b. Committee Goals for 2001-02
- c. Building Our Resource Base
[Resolution I.2.c.]
 - Review history of UW System funding and budget approaches
 - National trends
 - Adopt list of alternatives to review
- d. Committee Business
 - 1. Approval of minutes of June 7, 2001 meeting
 - 2. Auxiliary Reserves Report to Joint Finance
 - 3. Report on Base Salary Adjustments to Recognize Competitive Factors
[Resolution I.2.d.3.]
 - 4. 4th Quarter 2000-2001 Gifts, Grants and Contracts
 - 5. UW-Stout Contractual Agreement with Compaq Computer Corporation
[I.2.d.5.]
- e. Trust Funds
 - 1. Request to Expend Principal of Lois W. Backus Bequest
[Resolution I.2.e.1.]
 - 2. Request to Expend Principal of Margaret Emma Williams Bequest
[Resolution I.2.e.2.]
 - 3. RFP for Private Capital Fund of Funds Manager
 - 4. Asset Allocation and Spending Plan Review
- f. Report of the Vice President
- g. Additional items which may be presented to the Business and Finance Committee with its approval
- h. Audit Subcommittee
 - Internal Audit Project Status Report and Potential Review Topics
- i. Closed Session to consider trust fund matters as permitted by s. 19.85(1)(e), *Wis. Stats.*

Building Our Resource Base

BOARD OF REGENTS

Resolution

That the Board of Regents approve the topics and 2001-2002 schedule of presentations on the theme, "Building Our Resource Base."

BUILDING OUR RESOURCE BASE

An Overview:

Schedule of Topics; History of UW System Funding Approaches; National Trends & Benchmarks in Obtaining Funding Sources

Executive Summary

The Board of Regents, in their July, 2001 annual retreat, selected "Building Our Resource Base," a look at alternative approaches to funding public higher education, as one of three over-arching themes for its 2001-02 deliberations. This paper is the first in a series of presentations for Board deliberation, and includes a proposed schedule of the year's topics; a history of UW System funding approaches; and a brief overview of national trends & benchmarks in obtaining funding sources for public universities.

Key points made in the fiscal discussion at the Board retreat were:

- Concern was expressed about the shift in state priorities that has resulted in erosion in share of the state GPR budget allocated to the UW System, from 14.4% in 1973-74 (after merger) to a projected 9.41% in 2001-02 (Chart 1). While this does represent a growth in GPR from \$278.8 million to over \$1.1 billion today, since 1995, enrollments grew 3% while the UW System experienced significant GPR base cuts, resulting in a gap in GPR support per student of -\$808 compared to the national average (Chart 2).
- UW GPR growth since merger (292.61%) has not kept up with state GPR growth (501.64%) over the same period, and has just kept up with inflation (Chart 3).
- Consequently, the UW System budget has moved from being nearly 52% GPR funded to a bit more than 33% by 2000-01. (Chart 4)

The national higher education fiscal context is predicted to be one of much tighter state revenue availability, according to recent articles in *The Chronicle of Higher Education*. A May 2001 article in the American Association of State Colleges and Universities (AASCU) publication, *Perspectives*, queries, "What is happening to the 'Public' in public higher education?" It notes that universities face rising public expectations with shrinking public support. Since Thomas Jefferson, it notes "the view of higher education as a central part of our economic and social fabric has enjoyed broad acceptance." Yet, increasingly, public higher education is viewed as a private good, and investments in its public benefits are eroding. Jefferson would say that this is a peril to "the preservation of freedom and happiness."

A clear challenge for the UW System is to find ways of enhancing revenue from federal sources, alumni, and corporate fund-raising, and to continue to enhance tuition revenue from sources like employer reimbursement, while maintaining a strong and clear focus on retaining its public identity and service to the state through enhanced GPR funding.

The beneficiary of the University's work is the Wisconsin public. As a study by the Kansas City Federal Reserve notes, states get maximum benefit from their public higher education systems by maintaining modest but steady state investments. UW System has had 2 biennia of such state investment. The University and the state need to establish such a steady investment plan for the future.

Toward this end, it is important to adopt a set of principles to guide UW System funding strategies. The principles suggested below are culled from the Board of Regents' tuition policy and the Regents' *Study of UW System in the 21st Century*.

Principles Guiding UW System Funding Strategies

1. The UW System is committed to affordability.
2. State-funded financial aid should be linked to tuition increases.
3. The UW System will provide accountability to its stakeholders.
4. UW System educational quality requires a predictable and fair share investment by the state.
5. UW System institutions commit to continuous reallocation of base resources to meet a portion of system and institutional priorities.
6. UW System will continue to manage and measure its success against specific targets and benchmarks such as enrollment targets, graduation rates and other benchmarks, in order to continue its mission as a public university.
7. At the same time, the University System requires operational flexibility commensurate with its responsibilities to its multiple stakeholders.

CHART 1

***"The State is Investing a Declining Share
of Total Resources in Higher Education..."***

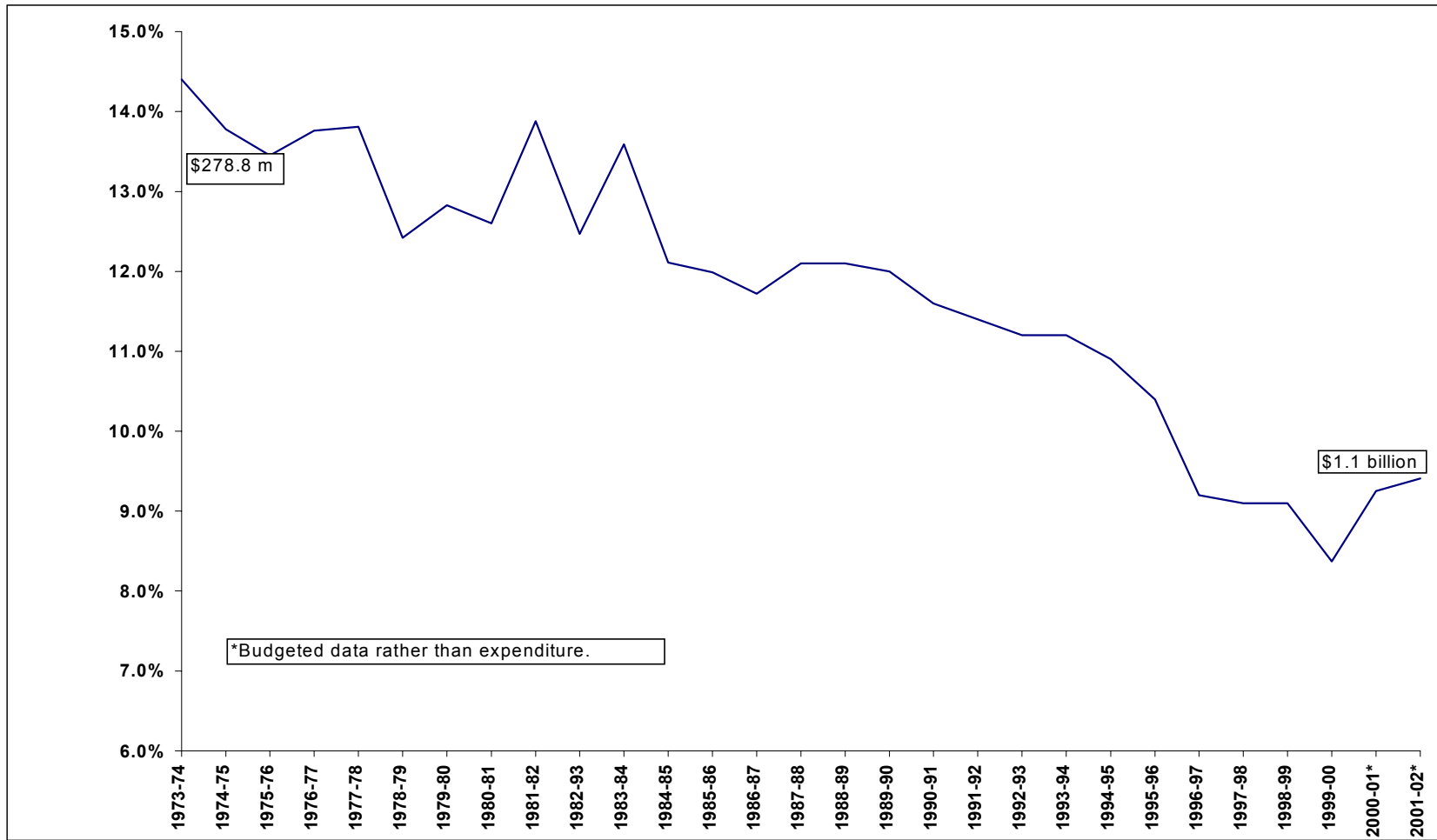


CHART 2

***Enrollment Growth Plus
Lagging GPR Equals -\$800
Gap in Support Per Student...***

UNIVERSITY OF WISCONSIN SYSTEM

**GAP in Spending Per Student from the National Average versus
FTE Enrollment**

	FY 1990	FY 1993	FY 1995	FY 1997	FY 1999
GAP	-\$846	-\$214	\$104	\$290	-\$808

	FY 1990	FY 1993	FY 1995	FY 1997	FY 1999
FTE Enrollment	128,284	125,586	121,947	121,480	125,703

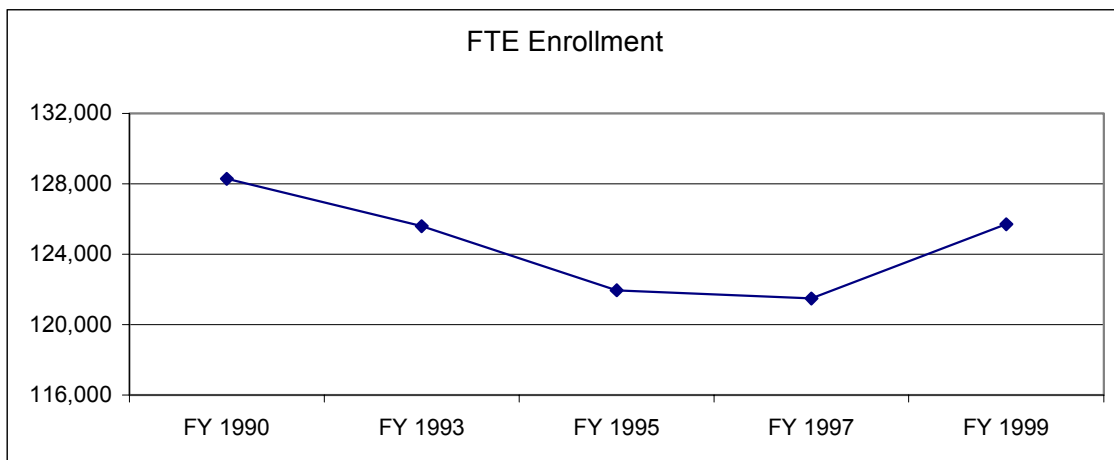
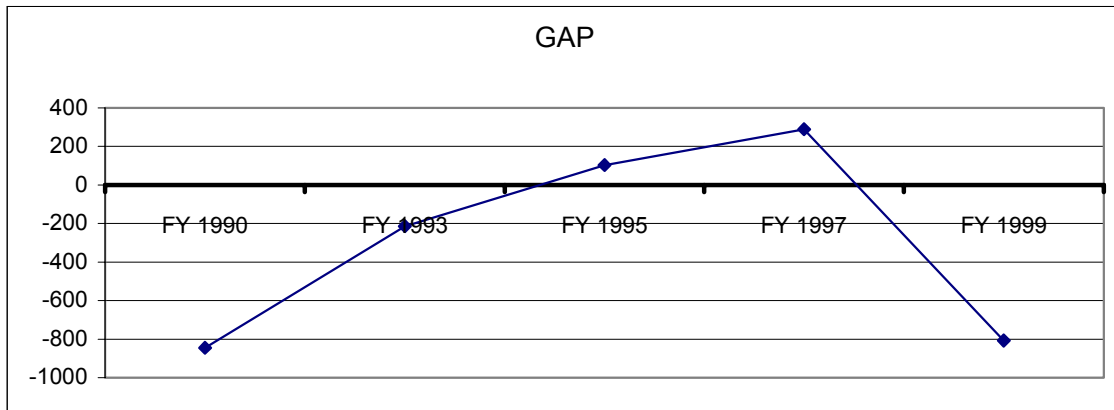


CHART 3

"Higher Education is Falling Among State Priorities..."

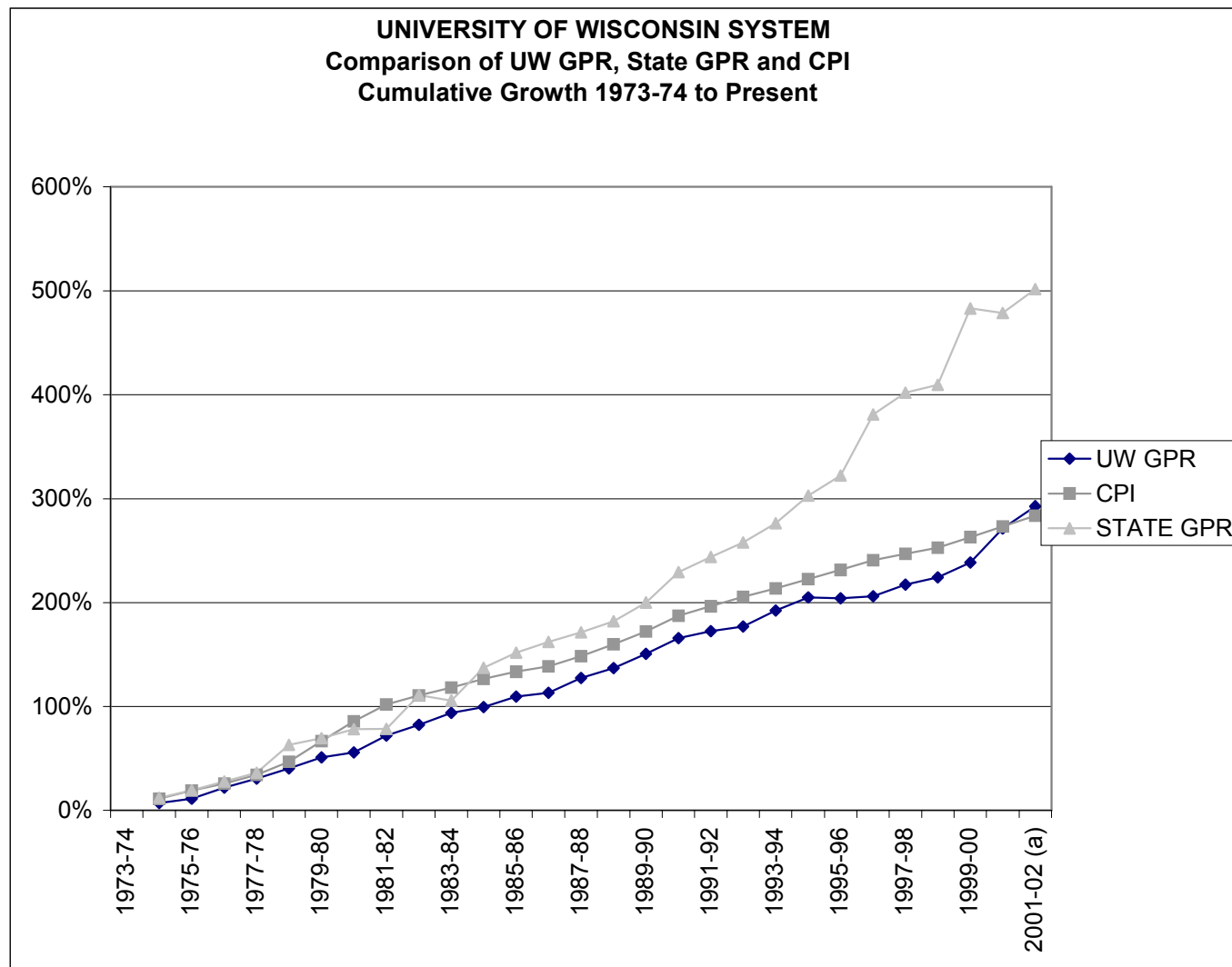
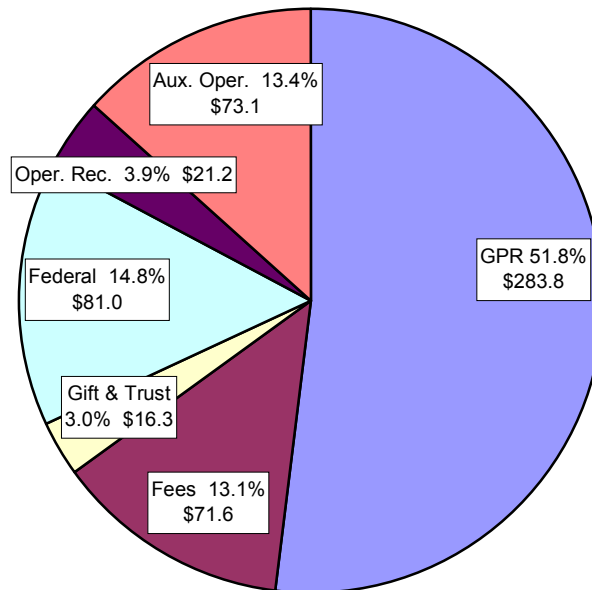


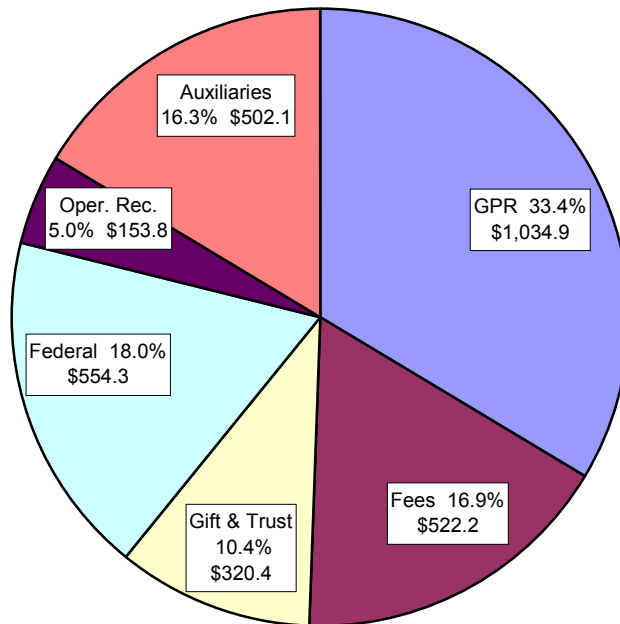
CHART 4

*UW System Revenue
Sources are Changing...*

**SOURCES OF FUNDS FOR THE 2000-01 BUDGET
AS COMPARED TO THE 1973-74 BUDGET
(Excluding Hospital)
(IN MILLIONS AND PERCENTS)**



1973-74



2000-01

I. Introduction

Public universities typically obtain state funding through one of two approaches: formulas or program budget requests (discrete requests in each budget period for needs related to the key missions of instruction, research, and public service, along with support functions such as physical plant, academic support and student services). Some institutions, which have constitutional or charter status, submit a "lump sum" request for funding, which may be justified by formula or by specific program needs.

Formula funding began in the 1950's and has been especially prevalent in the South. States have moved in and out of formula funding over time, in many cases because states have become less able to fully fund the amounts justified by formulas. An overview is provided on formula budgeting in this paper, to set a context for the history of the UW System's approach to budgeting. (Much more detail on formula budgeting will be provided in a paper on the topic in March, 2002.)

Over the past decade, other innovations in state budgeting for higher education include specific state "compacts" that provide commitments to restore or improve state funding. These will be briefly reviewed in this paper, and considered in detail in February.

II. Proposed Schedule for Study of Approaches to Building The Resource Base

Table 1 itemizes a proposed set of monthly topics for presentation to the Business & Finance Committee, to facilitate Regents' evaluation and consideration of options for future revenue growth. After action by the Business & Finance Committee, a final schedule of topics will be provided to the full Board.

Table 1.

PROPOSED REGENTS' SCHEDULE: BUILDING OUR RESOURCE BASE	
October	<p>NATIONAL STRATEGIES AND PROGRAM REVENUE OPTIONS</p> <ol style="list-style-type: none"> 1. Terry MacTaggart: Overview of national higher ed. alternative strategies for building the resource base. (all Regents). 2. Fund-raising, Federal funding strategy 3. Trends in Gifts and Grants at the Comprehensives 4. Ability to Keep Investment Earnings. 5. Seamless fee management (auxiliaries and tuition).
November	<p>TUITION OPTIONS I.</p> <ol style="list-style-type: none"> 1. Progressive Tuition, Progressive Aid. 2. Cohort Tuition.
December	<p>TUITION OPTIONS II.</p> <ol style="list-style-type: none"> 1. Self-supporting tuition for professional and other niche programs. 2. Per Credit Tuition. 3. Non-Resident discount for alumni children. 4. Other tuition innovations.
February	<p>COMPACT WITH THE STATE</p> <ol style="list-style-type: none"> 1. State commits to funding its fair share. 2. Lump-sum budgeting. 3. Charter status.
March	<p>FORMULAS & PERFORMANCE BUDGETING</p> <ol style="list-style-type: none"> 1. Formulas. 2. Performance Budgeting.
April	<p>INTERNAL OPTIONS LINKED WITH FORMULA</p> <ol style="list-style-type: none"> 1. Board of Regents adopt an internal mechanism through which enrollments and tuition are auto-adjusted to maintain support per student (SPS). 2. Refinements to tuition allocations: <ul style="list-style-type: none"> • Revenue guarantees to institutions (Bullseye II) • Central pooling of tuition • Revenue center budgeting at the institutional level.
May	Review and conclusions: Business & Finance Committee. Preliminary Report.
June	Final Report to Full Board of Regents and Action.

III. History of UW System Funding Approaches

A. Formula Budgeting

From the 1950's through 1981, the UW System, like many other state universities across the nation, submitted requests for instruction-related funding to the state through an accepted enrollment funding formula. Adjustments were made in an upward or downward direction based on changes in enrollments. This formula was not static during that time, but was adjusted to recognize a number of more sophisticated ways of projecting actual costs:

- The formula moved from use of headcount students to full-time equivalent (FTE) students
- It migrated from use of FTE enrollments to student credit hours (SCH)
- Information Technology moved from average costs to costs per SCH by major discipline grouping, recognizing that different discipline groupings had different costs (i.e., sciences and clinical health cost more, while the humanities cost relatively less)
- It recognized cost differences by student level (graduate work costs more than undergraduate work, and professional programs and Ph.D. training cost more than master's programs)
- Fixed and variable costs by category (instruction, academic support, student services, etc.) were acknowledged and itemized
- The calculation of enrollments (now measured by SCH) moved from single-year data to a five year enrollment average.
- When midyear enrollment changes occurred, funding adjustments moved from midyear to the beginning of the following academic year.

Over the years, especially as enrollments grew and the state experienced other funding and revenue pressures, the state found itself able to fund less and less of the formula-justified appropriations. In 1979-80, this reached such a critical stage that the Board of Regents and a Legislative Council Special Study Committee reviewed funding alternatives. The Regents approved further revisions to the formula and presented them to the Legislative Council committee. The committee neither approved nor rejected the Regents' modified formula, but concluded in September 1980 that further work on funding methods was required. In the 1981-83 biennial budget request, the state did not accept a formulaic request.

As a result, the UW System President charged a committee of five chancellors and two System Administration officials to study further the instructional funding approach and to assess the adequacy of current support levels. The committee provided two products.

First, the committee developed a Benchmark Model comparing 1981-82 funding levels with 1973-74 (the first full year of merger). The results showed funding had not been maintained in terms of inflation, support per student, or faculty salaries' purchasing

power and peer comparisons, both Systemwide and at each of the institutions. Factors included frequent mid-biennium budget reductions; GPR cuts under the state's productivity policy not long after merger; state mandated freezes; state fiscal problems during times of economic downturn; and enrollment pressures.

Second, the committee devised a new Instructional Funding Model, which compared funding needs both to normative standards of adequacy for instructional funding and to the funding levels of peer universities. This enabled analysis of the deficits by specific categories of the budget.

B. Program Budgeting

Nevertheless, the state was going through a recession at the time of the 1983-85 biennial budget and the President of the UW System made a strategic decision that the funding gap could not be made up in one biennium. Relying on arguments about the University System's strong role in economic development, the University put forward a request for incremental additional funding. However, it took a new approach, using a number of measures of need (requests for modernization of instructional laboratory equipment, funding for enrollments in professional programs, technology transfer and economic development, library acquisitions, utilities, and start-up funding for the new Vet School) under the program budgeting format (known more commonly today as "requesting DINS") used by all other state agencies. The benchmarked funding gap and instructional formula were mentioned, but the UW System documents and memos from the President indicated a recognition that the gap would have to be repaired incrementally over several biennia, using the program budgeting approach.

In 1985-87, the state abandoned its practice of providing state agencies with general inflationary adjustments for supplies, postage rate increases, and other standard costs, further eroding the predictability of GPR funding for fiscal and academic planning purposes. Since these were years of 6-12% inflation, the lack of any inflation adjustments significantly eroded real resources bases. In the past decade alone from 1991 to the present, the UW System has had to base reallocate \$30.8M to cover inflation on supplies and expenses.

In all subsequent biennial budget requests, the UW System and the state have made use of the program budget approach. However, within program budgeting, one effort was made in 1987-89 to address the overall funding gap.

C. Addressing The Funding Gap in 1987-89

In the 1987-89 biennial budget, the Board of Regents, Governor and Legislative leadership agreed on an enrollment management approach which would balance enrollments with resources to ensure a basic support per student. Under this approach, UW System requested funding for additional faculty and, at the same time, reduced enrollments as high school graduation classes shrank. This was the beginning of Enrollment Management I. Together, these two approaches were designed to bring the

instructional-staff-to-student ratio back to 1978-79 levels (the last time that there had not been significant class overcrowding, backlogs in gateway courses, and other measures of adequate instructional support). Over that 8-year interval, the time to complete a bachelor's degree had increased by nearly one and a half semesters.

The 1987-89 UW System biennial budget request again benchmarked needs, using comparative and normative measures. The comparative measure looked at UW System GPR support per student against the national average GPR support per student (finding an \$88 million gap). At the same time, UW System compiled normative measures, which documented more than \$88 million in unmet needs, in a "Program Based Needs Analysis, (PBNA)" assessing appropriate funding levels for library acquisitions (using nationally accepted formulae), instructional laboratory modernization, students' general computer access, staffing needs in instruction and other activities, and so forth.

The elements of this funding approach which proved successful were:

- directly addressing the instructional funding shortfall in concrete terms that resonated with legislators who had heard similar complaints from students (the need to have more sections of courses to reduce time to degree; access to more faculty; timely and automated registration)
- coupling the request for more state resources with the University System's commitment to begin enrollment management and to preparing students for the Wisconsin and world economy
- committing to an automated registration system and credit transfer information system, to address complaints long heard by legislators from students
- and addressing overall undergraduate excellence in a set of requests for "preparing students for the Wisconsin and world economy," general education improvements, undergraduate instructional improvement, and teacher preparation.

However, the approach of linking this request also to an \$88 million shortfall in GPR support per student led to a legislative review that was critical of the gap methodology. Clearly, the Legislature did not want to agree to any strategy that would tie it for the long term to a measure of GPR support per student.

D. Continuation of Program Budgeting

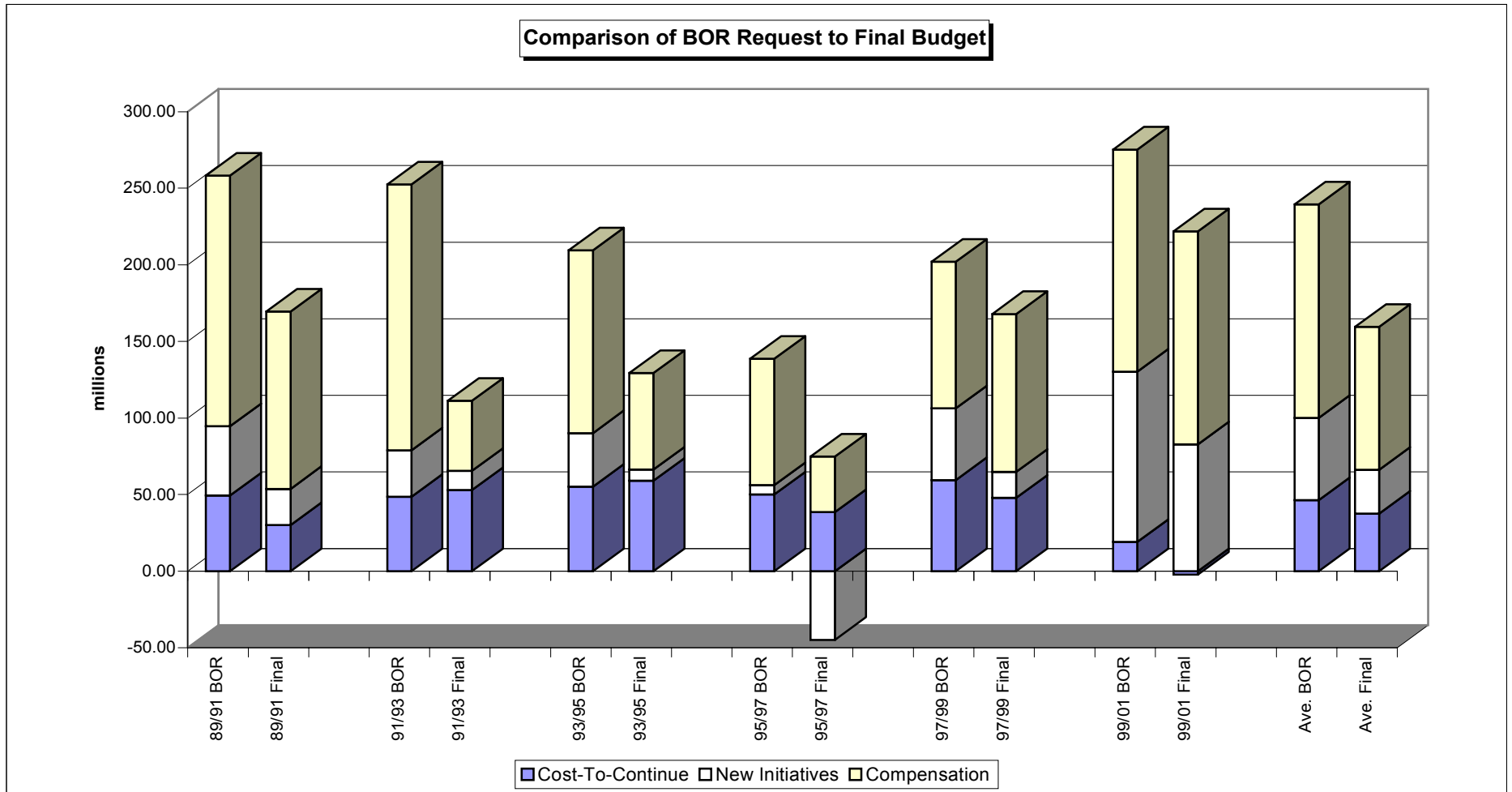
Since this time, the UW System has focused its budget requests on internal quality needs and on needs of the state. The University System has been partially successful with both approaches. Certainly the 2001-03 biennial budget points to the fact that greater success often comes with an approach focused on the ways that the universities can directly help with the state's economic future. None of the internal "Educational Quality" initiatives were funded, while the Economic Stimulus Package was fully funded in the second year of the biennium. On the other hand, full second year funding of the UW-Madison and UW-Milwaukee initiatives represents significant commitments to both economic development and educational quality components.

Beginning in 1985-87, UW System also began a number of successful initiatives to catch up to the faculty and academic staff salary market, based on a set of agreed-upon benchmark peers developed by a joint legislative and UW System committee. In the past decade, we have been able to move to a peer market "keep-up" pay plan proposal, authorized by a statutory change permitting the Board of Regents to separately recommend an unclassified pay plan, rather than being tied to the regular state pay plan.

Chart 5 on the next page shows that size of request does not directly link to size of final appropriations. Factors which do play a role are economic downturns (91-93) and legislative priority shifts (95-97 state pick-up of two-thirds of K-12 costs).

The 2001-03 budget figures are not yet finalized, pending veto action and final JCOER authorization of compensation, but preliminary indications are that second year (ongoing) funding increases could provide 70% of the original Regents' request. The decision to focus the UW System budget on the theme of what the University can do for the state economic future, rather than what the state can do for the University, clearly is a major factor. As future decisions are made about budget and resources strategies, this result is worth reflection.

CHART 5



	89/91 BOR	89/91 Final	91/93 BOR	91/93 Final	93/95 BOR	93/95 Final	95/97 BOR	95/97 Final	97/99 BOR	97/99 Final	99/01 BOR	99/01 Final	Ave. BOR	Ave. Final
Cost-To-Continue	49.40	30.23	48.65	53.02	55.12	59.02	50.05	38.73	59.51	47.95	19.03	-2.27	46.34	37.59
New Initiatives	45.27	23.52	30.27	12.48	34.97	7.38	6.14	-44.81	46.84	16.93	111.32	82.79	53.73	28.62
Compensation	163.57	115.70	173.44	45.72	119.32	62.87	82.44	36.08	95.70	102.97	144.82	138.92	139.37	93.24
Total (in millions)	258.24	169.45	252.36	111.22	209.41	129.27	138.63	30.00	202.05	167.85	275.17	219.44	239.44	159.45
Final as % of BOR		65.6%		44.1%		61.7%		21.6%		83.1%		79.7%		66.6%

(1) In 95/97 the State directed a 0% cap for new initiatives.

(2) In 97/99 the State directed a 1% / 3% cap for new initiatives

Biennial Math

E. Management Tools

Beginning in 1987-89, the Board of Regents has also sought from the state and incrementally obtained additional management tools that are essential to maintaining efficiency and quality. Table 2 itemizes the history of these vital authorizations.

It is largely through these management flexibilities that UW institutions have been able to:

1) maintain access at 33%-well above the national average—while support per student has lagged behind the national average; and 2) keep administrative costs at the lowest of the 19 comparable public higher education systems.

Table 2

UW SYSTEM MANAGEMENT FLEXIBILITIES

1987-89 Biennial Budget and DOA Flexibilities Granted

- Authority to create positions funded by gifts, grants and contracts.
- Ability to spend selected program revenues when received (except for those covering auxiliaries, student fees, and hospitals).
- Authority to expend academic fees and indirect cost reimbursements authorized in the prior year.
- Delegation of the pre-audit function for invoice payment from System Administration to the institutions.
- Increase in the cash fund ceiling.
- Favorable change in date for the UW System to request auxiliary fees, and authority of the DOA Secretary to approve the request if the Joint Committee on Finance does not consider the matter.

1989-91 Biennial Budget and DOA Flexibilities Granted

- Further increase in the cash fund ceiling.

1991-93 Biennial Budget and DOA Flexibilities Granted

- None.

1993-95 Biennial Budget and DOA Flexibilities Granted

- Permit state agencies to join non-governmental cooperative purchasing groups.

1995-97 Biennial Budget and DOA Flexibilities Granted

- Ability to create program revenue positions and spend revenues as collected in general operations receipts, noncredit continuing education, auxiliaries, and Federal Indirect Cost Reimbursement.

1997-99 Biennial Budget and DOA Flexibilities Granted

- Permit UW institutions, after appropriate consultation and upon Board approval, to expend available auxiliary funds for any program-revenue, student-related activity for which additional funding is needed on a one-time basis.
- Ability to create program revenue positions and spend revenues as collected in trust funds and credit outreach.
- Provide tuition authority of 104% in 1997-98 and 107% in 1998-99.
- Changed due date for auxiliary reserve reporting requirement to September 15.
- Make a number of changes to building project enumeration thresholds.

1999-01 Biennial Budget and DOA Flexibilities Granted

- Continuing tuition appropriation for all UW institutions, but limit tuition increases for resident undergraduate students.
- One percent position creation flexibility.
- Consolidate the appropriations for UW-Extension outreach, farm safety program grants, and alcohol and other drug abuse prevention and intervention into the UW System general program operations appropriation. Repeal the auxiliary enterprises building projects appropriation.

2001-03 Biennial Budget and DOA Flexibilities Granted

- GPR position creation flexibility for the largest UW System GPR appropriation.
- Limited PR position creation flexibility (for revenues generated from increased enrollments and from 100% fee-funded courses) for the tuition continuing appropriation.

IV. National Trends and Benchmarks

A. Formula and Program Budgeting Approaches

Budget requests for public universities across the 50 states fit into two major approaches: formula and non-formula funded states, with individual states moving into and out of formula and program budgeting over time, just as Wisconsin has done. Despite the ins and outs of individual states, the percentage states using a formula stays fairly constant over time at roughly 60%. Both formula and program budgeting approaches occasionally have ties to performance funding and/or accountability reporting.

In 1996, SHEEO, the State Higher Education Executive Officers organization, surveyed all 50 states' higher education executive officers and found that 30 (or 60%) of the states used formula budgeting for their systems or institutions. MGT of America surveyed in 1999, and found 27 states or systems using funding formulas. (See Table 3)

B. Peer Benchmarking and Performance Benchmarking

Other budget approaches, which are used by both formula and non-formula states, include the following:

- Thirty-six states' public universities (72%) use peer benchmarks for some or all of their funding requests, according to MGT 1996 data. UW System uses peer benchmarks for compensation and for specific requests that have normative benchmarks, such as Association of Research Libraries data on increased costs of university library books and periodicals.
- Rockefeller Institute data show that, as of 2000, 28 states' public universities (56%) use performance budgeting, including the UW System. Performance budgeting "allows governors, legislators, and coordinating or system boards to consider campus achievement on performance indicators as *one factor* in determining campus allocations."
- Thirty states' public universities (60%) engage in performance reporting, or the sharing of accountability reports with the public and with state government, including UW System.
- The Institute also reports that 17 states (34%) use performance funding, which "ties specified state funding directly and tightly to the performance of public campuses on individual indicators." Wisconsin does not use such an approach.

UW System is in the process of surveying the state higher education executive officers once again, to get supplemental information about the budget practices of both formula and non-formula states. This information, coupled with the SHEEO and MGT surveys, will be presented in depth in February, along with the findings of studies of performance budgeting by the Nelson A. Rockefeller Institute of Government.

Table 3

	States With University Funding Formulas			
STATE	1984	1992	1996	1999
Alabama	X	X	X	X
Alaska		X		
Arizona	X	X	X	X
Arkansas	X	X		
California	X	X	X	X
Colorado	X	X	X	
Connecticut	X	X	X	X
Delaware				
Florida	X	X	X	X
Georgia	X	X	X	X
Hawaii				
Idaho		X	X	X
Illinois	X	X	X	
Indiana				
Iowa				
Kansas	X	X	X	X
Kentucky	X	X	X	
Louisiana	X	X	X	X
Maine				
Maryland	X	X	X	X
Massachusetts	X			
Michigan	X			
Minnesota	X	X	X	X
Mississippi	X	X	X	X
Missouri	X	X	X	X
Montana	X	X	X	X
Nebraska				
Nevada	X	X	X	X
New Hampshire				
New Jersey	X			
New Mexico	X	X	X	X
New York	X			
North Carolina				
North Dakota	X	X	X	X
Ohio	X	X	X	X
Oklahoma	X	X	X	X
Oregon	X	X	X	X
Pennsylvania	X		X	X
Rhode Island				
South Carolina	X	X	X	X
South Dakota	X	X	X	X
Tennessee	X	X	X	X
Texas	X	X	X	X
Vermont				
Utah		X	X	X
Virginia	X	X		
Washington	X			
West Virginia	X	X	X	X
Wisconsin	X			
Wyoming				
Total	36	32	30	27

C. State-University Compacts

Another approach which we will review in depth in February, involves the opportunity that some states' universities or systems have taken to forge successful funding compacts or partnerships with their states, for a number of purposes:

1. to rectify low overall or per student state funding support
2. to keep tuition rate increases low or to freeze them
3. to fund particular quality initiatives.

The states may, in turn, expect accountability on certain indicators.

We will look at the following such compacts in February:

1. The California Partnership. This is a partnership between the state of California and its university and state university systems. Dramatic funding shortfalls and budget cuts (\$433 million to the University of California) and significant enrollment growth in the 1990's led to a crisis. In 1995-96, the Governor created a 4 year compact (through 1998-99) to provide universities with fiscal stability. This compact was renewed in 2000, and tied to an annual review of partnership goals and performance on accountability measures. The Partnership:
 - was funded through a combination of state and tuition revenue
 - committed to an average annual 4% state funding increase
 - provided an additional 1% for core support areas (maintenance, instructional technology and equipment, and libraries)
 - covered marginal costs for enrollment increases
 - provided general obligation and lease revenue bonds for capital budget needs
 - and covered annuitant health and dental benefits.
2. Virginia Funding for University Quality and Performance Contracts. Virginia experienced the support of key business leaders in the early 1990's for a package to reverse the erosion of state funding for the universities. A second approach begun as part of the 2000-02 budget cycle and tied to performance contracts, is a more restrictive approach. The state will provide base funding to cover inflation, and any other funding is dependent on meeting six-year performance goals, by institution.
3. University System of Maryland Benchmark Performance Funding. The Maryland System ranked 33rd nationally in state appropriations per FTE student after severe fiscal constraints in the 1990's. In 1999, the Governor and General Assembly established a benchmark funding approach for the System, with both funding and performance tied to peer institutions nationwide. The funding is provided through state and tuition revenues. The state has staggered the benchmark funding, hoping to provide increases of roughly 10% per year over 5 years. For fiscal year 2001, the funding provided was 10.8%, to inaugurate this effort. In return, the USM has to report on a series of performance measures.
4. Oregon Catch-Up Funding and Resource Allocation Model (RAM). 1990 passage of Measure 5, a property tax referendum, forced the state to meet K-12 costs by

reducing the support of other programs, including the universities. Sharp tuition increases, reduction in services and elimination of academic programs ensued. In 1999, the Legislature increased state support by 22%, but these funds simply replaced tuition which had been frozen between 1997-2001. The state further required that the university system move from a cost-driven model for campus allocations to a revenue and enrollment-driven model, an entrepreneurial approach similar to ones adopted in New York, Ohio, Tennessee, South Carolina and Oklahoma.

About this same time, UW System moved to a similar model for tuition revenue allocation under Enrollment Management III in 1995 (Bullseye I) and modified this as part of EM-21 in 2001 (Bullseye II) to more aggressively reward service to the adult market, distance education, and initiatives in service-based pricing.

5. Colorado Lump Sum Budgeting & Accountability; Millennium Charter Institution. Since the 1980's, Colorado state agencies (including the universities) have been limited to requesting no more than 6% increases in state funding. Since 1996, an accountability reporting requirement was added, linking up to 75% of the universities' funding request to performance on nine indicators (from class size and administrative costs to graduation rates), and 25% to enrollments. In the latest budget, almost 50% of the funding is related to performance on the accountability indicators.

Finally, a millennium (charter) institution was designated, which would be provided with increased autonomy and flexibility. The designee was the Colorado School of Mines.

D. Charter or Constitutional Status and Lump-Sum Budgeting

Finally, universities in some states, especially the flagship institutions, have charter or constitutional status, which permits them to make state funding requests that are essentially for a single "lump-sum" appropriation, without going through elaborate justification processes each biennium. Some of these states have statutory authority for this approach, and others (University of Michigan, for instance) have this "non state agency" status written into the state constitution.

V. Conclusion

There are many approaches to higher education budgeting and, by necessity, a growing assertiveness on the part of universities in seeking supplementary non-state funding. Where possible, that supplemental funding is sought to provide a margin of excellence. In states with healthy and diversified economies, and in states which have been able to control the state costs for corrections, K-12 funding, and tax relief, higher education is receiving state funding increases that permit increases in access and excellence. The need for Wisconsin to develop a long term economic growth and brain gain strategy compels the UW System and its Board of Regents to seek a multi-pronged strategy for:

- reasonable stability in base budgets that do not leave higher education as the residual of other budget commitments
- fair and acceptable balance among revenue sources
- basic support per student that provides education quality for students and value to their degrees
- responsiveness to state needs
- accountability to multiple stakeholders

Table 4

**Wisconsin has become 1 of 7 Single Digit States
in 5-Year Cumulative GPR Growth for Higher Ed.**

State Higher Education Appropriations: One-Year, Two-Year and Five-Year Change (In thousands of dollars)								
	1994-95	1997-98	1998-99	1999-2000	One -Year Change	Two-Year Change	Five-Year Change	Annual Avg Five-Year Change
Alabama	\$1,026,220	\$976,904	\$1,037,680	\$1,094,839	5.5%	12.1%	6.7%	1.3%
Alaska	\$171,560	\$168,614	\$170,403	\$176,494	3.6%	4.7%	2.9%	0.6%
Arizona	\$664,091	\$787,905	\$836,389	\$865,828	3.5%	9.9%	30.4%	5.4%
Arkansas	\$428,862	\$516,675	\$556,659	\$605,439	8.8%	17.2%	41.2%	7.1%
California	\$4,838,319	\$6,325,119	\$7,189,916	\$7,683,934	6.9%	21.5%	58.8%	9.7%
Colorado	\$544,034	\$652,263	\$682,210	\$719,221	5.4%	10.3%	32.2%	5.7%
Connecticut	\$499,499	\$581,906	\$626,469	\$699,290	11.6%	20.2%	40.0%	7.0%
Delaware	\$137,432	\$155,128	\$164,115	\$175,621	7.0%	13.2%	27.8%	5.0%
Florida	\$1,701,405	\$2,285,868	\$2,501,857	\$2,785,631	11.3%	21.9%	63.7%	10.4%
Georgia	\$1,124,629	\$1,383,858	\$1,530,545	\$1,560,155	1.9%	12.7%	38.7%	6.8%
Hawaii	\$382,648	\$351,630	\$322,258	\$342,247	6.2%	-2.7%	-10.6%	-2.2%
Idaho	\$227,635	\$248,249	\$266,522	\$279,290	4.8%	12.5%	22.7%	4.2%
Illinois	\$1,902,006	\$2,248,187	\$2,414,727	\$2,554,402	5.8%	13.6%	34.3%	6.1%
Indiana	\$923,508	\$1,091,732	\$1,147,816	\$1,226,675	6.9%	12.4%	32.8%	5.8%
Iowa	\$642,632	\$748,502	\$784,987	\$826,589	5.3%	10.4%	28.6%	5.2%
Kansas	\$509,135	\$566,353	\$604,704	\$622,198	2.9%	9.9%	22.2%	4.1%
Kentucky	\$657,609	\$768,008	\$888,700	\$925,506	4.1%	20.5%	40.7%	7.1%
Louisiana	\$589,578	\$769,680	\$861,843	\$885,055	2.7%	15.0%	50.1%	8.5%
Maine	\$174,523	\$186,112	\$204,149	\$213,454	4.6%	14.7%	22.3%	4.1%
Maryland	\$789,032	\$877,412	\$942,743	\$1,042,683	10.6%	18.8%	32.1%	5.7%
Massachusetts	\$744,803	\$924,446	\$977,584	\$1,046,850	7.1%	13.2%	40.6%	7.0%
Michigan	\$1,607,578	\$1,827,908	\$1,882,500	\$2,073,579	10.2%	13.4%	29.0%	5.2%
Minnesota	\$1,030,819	\$1,180,519	\$1,239,394	\$1,280,627	3.3%	8.5%	24.2%	4.4%
Mississippi	\$617,024	\$728,174	\$789,553	\$917,087	16.2%	25.9%	48.6%	8.2%
Missouri	\$676,043	\$840,938	\$919,548	\$977,626	6.3%	16.3%	44.6%	7.7%
Montana	\$123,297	\$127,135	\$129,929	\$138,477	6.6%	8.9%	12.3%	2.3%
Nebraska	\$369,565	\$415,099	\$440,095	\$473,939	7.7%	14.2%	28.2%	5.1%
Nevada	\$194,939	\$291,721	\$290,363	\$305,983	5.4%	4.9%	57.0%	9.4%
New Hampshire	\$85,324	\$88,813	\$91,837	\$96,428	5.0%	8.6%	13.0%	2.5%
New Jersey	\$1,271,588	\$1,387,728	\$1,454,112	\$1,519,546	4.5%	9.5%	19.5%	3.6%
New Mexico	\$437,502	\$486,159	\$517,261	\$544,090	5.2%	11.9%	24.4%	4.5%
New York	\$3,124,122	\$2,851,604	\$3,052,849	\$3,126,582	2.4%	9.6%	0.1%	0.0%
North Carolina	\$1,723,312	\$2,007,092	\$2,171,339	\$2,293,097	5.6%	14.2%	33.1%	5.9%
North Dakota	\$144,909	\$173,107	\$173,107	\$187,459	8.3%	8.3%	29.4%	5.3%
Ohio	\$1,567,853	\$1,863,091	\$1,937,077	\$2,060,555	6.4%	10.6%	31.4%	5.6%
Oklahoma	\$540,983	\$666,024	\$725,450	\$739,450	1.9%	11.0%	36.7%	6.4%
Oregon	\$434,654	\$555,334	\$556,335	\$650,142	16.9%	17.1%	49.6%	8.4%
Pennsylvania	\$1,578,923	\$1,714,868	\$1,773,094	\$1,879,605	6.0%	9.6%	19.0%	3.5%
Rhode Island	\$122,783	\$132,545	\$142,011	\$150,790	6.2%	13.8%	22.8%	4.2%
South Carolina	\$651,526	\$744,495	\$777,801	\$812,709	4.5%	9.2%	24.7%	4.5%
South Dakota	\$112,907	\$120,649	\$125,882	\$130,345	3.5%	8.0%	15.4%	2.9%
Tennessee	\$896,747	\$909,845	\$957,970	\$984,860	2.8%	8.2%	9.8%	1.9%
Texas	\$3,086,919	\$3,558,936	\$3,527,867	\$4,093,434	16.0%	15.0%	32.6%	5.8%
Utah	\$400,372	\$469,938	\$485,325	\$546,774	12.7%	16.4%	36.6%	6.4%
Vermont	\$53,222	\$56,992	\$59,173	\$63,378	7.1%	11.2%	19.1%	3.6%
Virginia	\$968,149	\$1,152,783	\$1,299,919	\$1,480,258	13.9%	28.4%	52.9%	8.9%
Washington	\$942,767	\$1,108,246	\$1,146,399	\$1,238,035	8.0%	11.7%	31.3%	5.6%
West Virginia	\$303,874	\$352,763	\$362,261	\$372,505	2.8%	5.6%	22.6%	4.2%
Wisconsin	\$979,269	\$1,001,525	\$1,040,341	\$1,075,238	3.4%	7.4%	9.8%	1.9%
Wyoming	\$129,271	\$135,034	\$139,711	\$139,711	0.0%	3.5%	8.1%	1.6%
U.S.	\$42,855,401	\$49,563,616	\$52,920,779	\$56,683,710	7.1%	14.4%	32.3%	5.8%

Source: Grapevine (Illinois State University).

Wisconsin

41st

46th

45th

45th

August

2000

5

Report on Base Salary Adjustments to
Recognize Competitive Factors Required by
s. 36.09(1)(j), *Wis. Stats.*

BUSINESS AND FINANCE COMMITTEE

Resolution:

That, upon the recommendation of the President of the University of Wisconsin System, the Report on 2000-01 Base Salary Adjustments to Recognize Competitive Factors Required by Section 36.09(1)(j), Wisconsin Statutes, be accepted for transmittal to State Officials.

REPORT ON BASE SALARY ADJUSTMENTS TO RECOGNIZE COMPETITIVE FACTORS

BACKGROUND

Section 36.09(1)(h) and Section 36.09(1)(j), Wisconsin Statutes, allow the University System to grant salary increases to faculty and academic staff to recognize competitive factors. Section 36.09(1)(j) also provides that no later than October 1 of each year, the Board of Regents shall report to the Joint Committee on Finance and the Departments of Administration and Employment Relations concerning the amount of such pay increases granted, and the institutions at which they are granted for the 12-month period ending on the preceding June 30.

During the 1999-01 biennial budget process the Joint Committee on Finance passed a motion regarding the use of funds for competitive compensation from the Madison Initiative. The committee was informed that consistent with the motion, we would include the number and percentage of unclassified employees who received competitive compensation awards in our required s.36.09(1)(j) report.

REQUESTED ACTION

Approval of Resolution I.2.d.(3) to forward the Report on Salary Adjustments to Recognize Competitive Factors to the Legislative Joint Committee on Finance, the Department of Administration and the Department of Employment Relations.

DISCUSSION AND RECOMMENDATIONS

The table below summarizes the adjustments granted during 2000-01. A total of 93 individuals at 7 institutions received \$762,336 for normal equity and retention issues in 2000-01. By comparison, there were a total of 528 individuals at 9 institutions receiving \$980,428 in 1999-00. In addition, 2,129 individuals at UW-Madison were awarded \$6,453,284 of competitive compensation as part of the Madison Initiative in 2000-01 compared to 2,106 individuals awarded \$6,942,326 in 1999-00. This represents less than one-quarter (23.4% in 2000-01 and 23.5% in 1999-00) of the faculty and academic staff at UW-Madison.

	EQUITY AND RETENTION		MADISON INITIATIVE COMPETITIVE COMPENSATION	
	NUMBER OF ADJUSTMENTS	ANNUAL COST	NUMBER OF ADJUSTMENTS	ANNUAL COST
MADISON	40	\$571,826	2,129	\$6,453,284
MILWAUKEE	33	105,573		
GREEN BAY	6	9,919		
RIVER FALLS	1	7,000		
STOUT	11	56,578		
EXTENSION	1	5,000		
SYSTEM ADMINISTRATION	1	6,440		
TOTALS	93	\$762,336	2,129	\$6,453,284

**UNIVERSITY OF WISCONSIN SYSTEM
GIFTS, GRANTS AND CONTRACTS AWARDED
QUARTERLY REPORT & PRIOR-YEAR COMPARISON
FISCAL YEAR 2000-2001 - Fourth Quarter**

FISCAL YEAR 2000-2001	Extension	Instruction	Libraries	Misc	Phy Plt	Research	Student Aid	Total
Total	64,230,298	53,787,279	4,155,266	90,076,277	37,121,957	537,709,648	80,310,503	867,391,228
Federal	34,470,929	37,228,550	436,221	12,896,152	2,707,925	381,333,091	70,936,093	540,008,960
Nonfederal	29,759,369	16,558,729	3,719,045	77,180,126	34,414,032	156,376,557	9,374,410	327,382,268
FISCAL YEAR 1999-2000								
Total	53,995,616	51,581,870	3,282,732	85,206,518	17,901,955	472,715,723	83,375,488	768,059,901
Federal	26,957,813	34,909,499	272,508	12,973,398	0	323,598,776	72,821,597	471,533,591
Nonfederal	27,037,804	16,672,371	3,010,224	72,233,119	17,901,955	149,116,946	10,553,891	296,526,310
INCREASE(DECREASE)								
Total	10,234,682	2,205,409	872,534	4,869,760	19,220,002	64,993,925	(3,064,984)	99,331,327
Federal	7,513,116	2,319,051	163,713	(77,247)	2,707,925	57,734,314	(1,885,504)	68,475,369
Nonfederal	2,721,566	(113,642)	708,821	4,947,006	16,512,077	7,259,611	(1,179,481)	30,855,958

UNIVERSITY OF WISCONSIN SYSTEM
GIFTS, GRANTS AND CONTRACTS AWARDED - BY INSTITUTION
QUARTERLY REPORT & PRIOR-YEAR COMPARISON
FISCAL YEAR 2000-2001 - Fourth Quarter

	Extension	Instruction	Libraries	Misc	Phy Plt	Research	Student Aid	Total
FISCAL YEAR 2000-2001								
Madison	19,233,754	31,095,532	4,069,330	73,209,144	34,160,682	509,447,893	22,328,818	693,545,153
Milwaukee	403,400	9,932,934	15,108	4,968,213	0	17,110,090	11,167,391	43,597,135
Eau Claire	641,103	2,159,448	0	0	0	1,119,751	141,130	4,061,432
Green Bay	73,063	2,025,688	53,585	201,528	1,380,000	1,659,914	2,956,299	8,350,076
La Crosse	1,105,885	665,151	0	2,064,698	1,012,000	2,386,219	4,181,907	11,415,860
Oshkosh	3,908,507	3,367,385	0	0	0	1,506,863	5,997,075	14,779,830
Parkside	417,398	254,716	0	149,704	0	913,817	3,349,037	5,084,672
Platteville	583,366	232,109	10,000	312,115	1,007	0	3,260,627	4,399,223
River Falls	649,025	480,511	0	1,340,684	0	121,883	3,274,398	5,866,502
Stevens Point	3,261,540	585,653	0	844,171	0	1,637,967	5,774,041	12,103,372
Stout	2,490,173	316,198	0	1,816,770	10,640	961,009	5,401,967	10,996,757
Superior	0	1,002,428	0	15,000	0	545,709	2,799,000	4,362,137
Whitewater	0	100,536	0	2,937,625	557,628	276,918	4,948,629	8,821,335
Colleges	12,500	200,965	7,243	1,315,451	0	21,616	4,637,684	6,195,459
Extension	31,450,584	0	0	574,248	0	0	0	32,024,832
System-Wide	0	1,368,025	0	326,928	0	0	92,500	1,787,453
Totals	64,230,298	53,787,279	4,155,266	90,076,277	37,121,957	537,709,648	80,310,503	867,391,228
Madison	13,096,803	17,366,722	426,221	3,963,799	2,441,285	360,380,979	14,694,752	412,370,561
Milwaukee	0	8,654,051	0	1,354,376	0	12,891,395	10,905,533	33,805,355
Eau Claire	583,698	1,955,448	0	0	0	1,033,617	141,130	3,713,893
Green Bay	2,000	1,955,088	0	1,026	0	1,391,517	2,932,757	6,282,388
La Crosse	799,285	649,526	0	1,092,526	256,000	1,920,840	4,179,310	8,897,487
Oshkosh	2,960,391	3,214,244	0	0	0	687,148	5,997,075	12,858,858
Parkside	395,273	105,031	0	0	0	856,128	3,179,013	4,535,445
Platteville	277,718	0	10,000	6,284	0	0	3,260,627	3,554,629
River Falls	544,580	414,519	0	1,188,920	0	0	3,236,216	5,384,235
Stevens Point	2,041,507	288,669	0	844,171	0	574,950	5,774,041	9,523,338
Stout	2,121,204	86,258	0	1,121,080	10,640	848,734	5,167,855	9,355,771
Superior	0	995,028	0	15,000	0	471,909	2,799,000	4,280,937
Whitewater	0	78,750	0	2,375,082	0	275,874	4,491,059	7,220,765
Colleges	0	97,191	0	933,888	0	0	4,177,725	5,208,804
Extension	11,648,470	0	0	0	0	0	0	11,648,470
System-Wide	0	1,368,025	0	0	0	0	0	1,368,025
Federal Totals	34,470,929	37,228,550	436,221	12,896,152	2,707,925	381,333,091	70,936,093	540,008,960
Madison	6,136,951	13,728,810	3,643,109	69,245,345	31,719,397	149,066,914	7,634,066	281,174,592
Milwaukee	403,400	1,278,883	15,108	3,613,837	0	4,218,695	261,857	9,791,780
Eau Claire	57,405	204,000	0	0	0	86,134	0	347,539
Green Bay	71,063	70,600	53,585	200,502	1,380,000	268,397	23,542	2,067,688
La Crosse	306,600	15,625	0	972,172	756,000	465,379	2,597	2,518,373
Oshkosh	948,116	153,141	0	0	0	819,715	0	1,920,972
Parkside	22,125	149,685	0	149,704	0	57,689	170,024	549,227
Platteville	305,648	232,109	0	305,831	1,007	0	0	844,594
River Falls	104,445	65,992	0	151,764	0	121,883	38,182	482,267
Stevens Point	1,220,033	296,984	0	0	0	1,063,017	0	2,580,034
Stout	368,970	229,940	0	695,690	0	112,275	234,112	1,640,987
Superior	0	7,400	0	0	0	73,800	0	81,200
Whitewater	0	21,786	0	562,543	557,628	1,044	457,570	1,600,570
Colleges	12,500	103,774	7,243	381,563	0	21,616	459,959	986,655
Extension	19,802,114	0	0	574,248	0	0	0	20,376,362
System-Wide	0	0	0	326,928	0	0	92,500	419,428
Nonfederal Totals	29,759,369	16,558,729	3,719,045	77,180,126	34,414,032	156,376,557	9,374,410	327,382,268

UNIVERSITY OF WISCONSIN SYSTEM
GIFTS, GRANTS AND CONTRACTS AWARDED - BY INSTITUTION
QUARTERLY REPORT & PRIOR-YEAR COMPARISON
FISCAL YEAR 2000-2001 - Fourth Quarter

	Extension	Instruction	Libraries	Misc	Phy Plt	Research	Student Aid	Total
FISCAL YEAR 1999-2000								
Madison	12,920,557	26,919,861	3,176,267	69,595,858	16,319,380	445,188,059	23,453,129	597,573,111
Milwaukee	1,142,562	10,683,655	0	3,918,953	0	20,387,059	10,495,700	46,627,929
Eau Claire	596,300	2,093,469	0	0	0	322,159	8,178,637	11,190,565
Green Bay	297,491	1,895,912	27,830	168,246	500,000	578,236	3,042,987	6,510,702
La Crosse	930,870	315,188	0	977,291	1,070,150	2,558,793	4,097,573	9,949,865
Oshkosh	4,882,370	3,629,377	0	0	0	236,243	4,609,074	13,357,064
Parkside	1,416,845	442,404	0	668,750	0	428,637	3,034,900	5,991,536
Platteville	278,247	19,387	0	1,601,822	6,600	0	2,113,262	4,019,319
River Falls	962,695	204,259	0	1,157,455	5,825	196,368	3,385,654	5,912,256
Stevens Point	1,272,183	2,665,881	0	584,565	0	1,087,242	5,238,860	10,848,731
Stout	2,426,424	446,738	78,635	1,717,575	0	1,084,571	5,377,308	11,131,251
Superior	65,772	1,096,267	0	0	0	254,035	1,104,884	2,520,958
Whitewater	0	105,856	0	2,416,234	0	346,395	4,750,433	7,618,917
Colleges	18,405	114,998	0	1,336,334	0	47,926	4,490,285	6,007,948
Extension	26,784,895	0	0	539,655	0	0	2,802	27,327,352
System-Wide	0	948,618	0	523,779	0	0	0	1,472,397
Totals	53,995,616	51,581,870	3,282,732	85,206,518	17,901,955	472,715,723	83,375,488	768,059,901
Madison	7,038,463	13,983,960	259,288	5,537,787	0	305,119,916	14,657,279	346,596,693
Milwaukee	811,401	9,420,712	0	574,665	0	13,984,870	10,110,527	34,902,175
Eau Claire	515,674	1,277,114	0	0	0	24,453	8,168,637	9,985,878
Green Bay	6,000	1,780,452	0	45,879	0	277,482	2,829,394	4,939,207
La Crosse	553,462	275,409	0	723,709	0	2,167,726	4,096,815	7,817,121
Oshkosh	4,609,272	3,208,017	0	0	0	51,341	4,609,074	12,477,704
Parkside	1,010,999	276,444	0	0	0	340,080	2,842,706	4,470,229
Platteville	64,304	0	0	1,131,661	0	0	2,113,262	3,309,227
River Falls	759,503	132,808	0	912,357	0	138,245	3,348,726	5,291,639
Stevens Point	196,053	2,309,966	0	578,565	0	162,617	5,238,860	8,486,061
Stout	2,252,334	81,942	13,220	585,453	0	963,412	5,302,885	9,199,246
Superior	27,464	1,039,767	0	0	0	30,426	1,104,884	2,202,541
Whitewater	0	89,810	0	1,915,030	0	338,208	4,355,489	6,698,537
Colleges	8,296	84,480	0	968,292	0	0	4,043,059	5,104,127
Extension	9,104,587	0	0	0	0	0	0	9,104,587
System-Wide	0	948,618	0	0	0	0	0	948,618
Federal Totals	26,957,813	34,909,499	272,508	12,973,398	0	323,598,776	72,821,597	471,533,591
Madison	5,882,094	12,935,901	2,916,979	64,058,071	16,319,380	140,068,143	8,795,850	250,976,418
Milwaukee	331,161	1,262,943	0	3,344,288	0	6,402,189	385,173	11,725,753
Eau Claire	80,626	816,355	0	0	0	297,706	10,000	1,204,687
Green Bay	291,491	115,460	27,830	122,367	500,000	300,754	213,593	1,571,495
La Crosse	377,408	39,779	0	253,582	1,070,150	391,067	758	2,132,744
Oshkosh	273,098	421,360	0	0	0	184,902	0	879,360
Parkside	405,846	165,960	0	668,750	0	88,557	192,194	1,521,307
Platteville	213,943	19,387	0	470,161	6,600	0	0	710,091
River Falls	203,192	71,451	0	245,098	5,825	58,123	36,928	620,617
Stevens Point	1,076,130	355,915	0	6,000	0	924,625	0	2,362,670
Stout	174,090	364,796	65,415	1,132,122	0	121,159	74,423	1,932,005
Superior	38,308	56,500	0	0	0	223,609	0	318,417
Whitewater	0	16,046	0	501,205	0	8,187	394,944	920,381
Colleges	10,109	30,518	0	368,042	0	47,926	447,226	903,821
Extension	17,680,308	0	0	539,655	0	0	2,802	18,222,765
System-Wide	0	0	0	523,779	0	0	0	523,779
Nonfederal Totals	27,037,804	16,672,371	3,010,224	72,233,119	17,901,955	149,116,946	10,553,891	296,526,310

UNIVERSITY OF WISCONSIN SYSTEM
GIFTS, GRANTS AND CONTRACTS AWARDED - BY INSTITUTION
QUARTERLY REPORT & PRIOR-YEAR COMPARISON
FISCAL YEAR 2000-2001 - Fourth Quarter

	Extension	Instruction	Libraries	Misc	Phy Plt	Research	Student Aid	Total
INCREASE (DECREASE)								
Madison	6,313,197	4,175,671	893,063	3,613,286	17,841,302	64,259,834	(1,124,311)	95,972,042
Milwaukee	(739,162)	(750,721)	15,108	1,049,260	0	(3,276,969)	671,691	(3,030,794)
Eau Claire	44,803	65,979	0	0	0	797,592	(8,037,507)	(7,129,133)
Green Bay	(224,428)	129,776	25,755	33,282	880,000	1,081,678	(86,688)	1,839,374
La Crosse	175,015	349,963	0	1,087,407	(58,150)	(172,574)	84,334	1,465,995
Oshkosh	(973,863)	(261,992)	0	0	0	1,270,620	1,388,001	1,422,766
Parkside	(999,447)	(187,688)	0	(519,046)	0	485,180	314,137	(906,864)
Platteville	305,119	212,721	10,000	(1,289,708)	(5,593)	0	1,147,365	379,904
River Falls	(313,670)	276,252	0	183,229	(5,825)	(74,485)	(111,256)	(45,755)
Stevens Point	1,989,357	(2,080,228)	0	259,606	0	550,725	535,181	1,254,641
Stout	63,749	(130,540)	(78,635)	99,194	10,640	(123,562)	24,660	(134,494)
Superior	(65,772)	(93,839)	0	15,000	0	291,674	1,694,116	1,841,179
Whitewater	0	(5,320)	0	521,390	557,628	(69,477)	198,196	1,202,418
Colleges	(5,905)	85,967	7,243	(20,883)	0	(26,310)	147,399	187,511
Extension	4,665,689	0	0	34,593	0	0	(2,802)	4,697,480
System-Wide	0	419,407	0	(196,851)	0	0	92,500	315,056
Totals	10,234,682	2,205,409	872,534	4,869,760	19,220,002	64,993,925	(3,064,984)	99,331,327
Madison	6,058,340	3,382,762	166,933	(1,573,988)	2,441,285	55,261,063	37,473	65,773,868
Milwaukee	(811,401)	(766,661)	0	779,711	0	(1,093,476)	795,006	(1,096,820)
Eau Claire	68,024	678,334	0	0	0	1,009,164	(8,027,507)	(6,271,985)
Green Bay	(4,000)	174,636	0	(44,853)	0	1,114,035	103,363	1,343,181
La Crosse	245,823	374,117	0	368,817	256,000	(246,886)	82,495	1,080,366
Oshkosh	(1,648,881)	6,227	0	0	0	635,807	1,388,001	381,154
Parkside	(615,726)	(171,413)	0	0	0	516,048	336,307	65,216
Platteville	213,414	0	10,000	(1,125,377)	0	0	1,147,365	245,401
River Falls	(214,923)	281,711	0	276,563	0	(138,245)	(112,510)	92,596
Stevens Point	1,845,454	(2,021,297)	0	265,606	0	412,333	535,181	1,037,277
Stout	(131,131)	4,316	(13,220)	535,627	10,640	(114,678)	(135,030)	156,524
Superior	(27,464)	(44,739)	0	15,000	0	441,483	1,694,116	2,078,396
Whitewater	0	(11,060)	0	460,052	0	(62,334)	135,570	522,228
Colleges	(8,296)	12,711	0	(34,404)	0	0	134,666	104,677
Extension	2,543,883	0	0	0	0	0	0	2,543,883
System-Wide	0	419,407	0	0	0	0	0	419,407
Federal Totals	7,513,116	2,319,051	163,713	(77,247)	2,707,925	57,734,314	(1,885,504)	68,475,369
Madison	254,857	792,909	726,130	5,187,274	15,400,017	8,998,771	(1,161,784)	30,198,174
Milwaukee	72,239	15,940	15,108	269,549	0	(2,183,494)	(123,316)	(1,933,974)
Eau Claire	(23,221)	(612,355)	0	0	0	(211,572)	(10,000)	(857,148)
Green Bay	(220,428)	(44,860)	25,755	78,135	880,000	(32,358)	(190,051)	496,193
La Crosse	(70,808)	(24,154)	0	718,590	(314,150)	74,312	1,839	385,629
Oshkosh	675,018	(268,219)	0	0	0	634,813	0	1,041,612
Parkside	(383,721)	(16,275)	0	(519,046)	0	(30,868)	(22,170)	(972,080)
Platteville	91,705	212,721	0	(164,330)	(5,593)	0	0	134,503
River Falls	(98,747)	(5,459)	0	(93,334)	(5,825)	63,760	1,254	(138,350)
Stevens Point	143,903	(58,931)	0	(6,000)	0	138,392	0	217,364
Stout	194,880	(134,856)	(65,415)	(436,432)	0	(8,884)	159,689	(291,018)
Superior	(38,308)	(49,100)	0	0	0	(149,809)	0	(237,217)
Whitewater	0	5,740	0	61,338	557,628	(7,143)	62,626	680,190
Colleges	2,391	73,256	7,243	13,521	0	(26,310)	12,733	82,834
Extension	2,121,806	0	0	34,593	0	0	(2,802)	2,153,597
System-Wide	0	0	0	(196,851)	0	0	92,500	(104,351)
Nonfederal Totals	2,721,566	(113,642)	708,821	4,947,006	16,512,077	7,259,611	(1,179,481)	30,855,958

UW-Stout
Contractual Agreement with
Compaq Computer Corporation

BUSINESS AND FINANCE COMMITTEE

Resolution:

That upon recommendation of the President of the University of Wisconsin System and the Chancellor of the University of Wisconsin-Stout, the Board of Regents accepts the contract with Compaq Computer Corporation to provide a laptop leasing program for the students and staff at University of Wisconsin-Stout.

CONTRACTUAL AGREEMENT WITH COMPAQ COMPUTER CORPORATION

EXECUTIVE SUMMARY

BACKGROUND

The University of Wisconsin-Stout invited vendors to join in creating a unique partnership with the University. The Request for Proposal process was used to identify a prospective partner to move UW-Stout to a digital environment. The contract will provide laptop computers to the students and staff at UW-Stout through a leasing arrangement with the university. Specifically, the contract will begin the fall of 2001 to satisfy the requirements of 2002 fall semester rollout when all entering freshmen will be required to have a University-provided laptop computer. This will continue over the next three years, until all full-time students attending University of Wisconsin-Stout will be provided a laptop computer. The vendor will provide hardware, marketing support, faculty and staff professional development, on-site warranty, privilege knowledge, insurance, asset management, integrated training, installed software, roll-out, and refresh services.

REQUESTED ACTION

That upon recommendation of the President of the University of Wisconsin System and the Chancellor of the University of Wisconsin-Stout, the Board of Regents accepts the contract with Compaq Computer Corporation to provide a laptop leasing program for the students and staff at University of Wisconsin-Stout.

DISCUSSION

Chancellor Sorensen has engaged the campus in discussing digital technology since the mid-1990's. This included visits to campuses that had already deployed a laptop program, reading current literature on higher education successes and failures, and engaging a higher education consultant to review the University of Wisconsin-Stout's technology position. November 7, 2000 the Faculty Senate passed a resolution supporting the initiative to transition the campus to a digital environment. A Request for Proposal process was used to find a partner that could provide a comprehensive laptop program and would support the mission of University of Wisconsin-Stout.

The campus anticipates first-year costs will be approximately one million dollars.

RELATED REGENT POLICY

Regent Resolution 8074, dated February 10, 2000, Authorization to Sign Documents.

Principal Expenditure
UW System Trust Funds
Lois Backus Bequest

BUSINESS AND FINANCE COMMITTEE

Resolution:

That, upon recommendation of the President of the University of Wisconsin System and the Chancellor of the University of Wisconsin-Extension, the principal and income balance of the Lois Backus bequest becomes available for spending.

**UW SYSTEM TRUST FUNDS
REQUEST FOR PRINCIPAL EXPENDITURE
Lois Backus Bequest**

EXECUTIVE SUMMARY

BACKGROUND

In the event a donor gives no direction as to the use of principal, current Regent policy requires that all quasi-endowments greater than \$50,000 be identified as designated endowments. As a designated endowment, only the income from the trust is made available for expenditure. If an exception to this restriction is desired, a request must be submitted to the Vice President for Finance for consideration at the next meeting of the Business and Finance Committee. Only those requests that are consistent with the spirit of the Regent policy and the intent of the donor will be approved.

REQUESTED ACTION

Approval of request for principal expenditure.

DISCUSSION

WHA-TV has received a bequest totaling \$80,069 from the estate of Lois W. Backus. The terms of the bequest state:

"Upon the death of my sister, VERNICE W. BOTTOMS, my Trustee shall distribute the balance of said trust fund to the following named persons or institutions, in equal shares, and this trust shall thereupon terminate.

4. To the Board of Regents of the UNIVERSITY OF WISCONSIN for the use by and benefit of WHA-TV."

WHA-TV has requested an exception to the Regent policy that would limit the use of this gift to income earned. (Note: This request was originally submitted at the June 7th Board of Regents meeting, but the Committee asked that it be resubmitted and more fully supported by having an appropriate representative of WHA-TV in attendance.) As the attached memo from Malcolm Brett of WHA-TV indicates, the intended use of these funds will be to help fund the production and promotion of the current ten-part series, "Wisconsin Stories." The memo further explains that certain elements of the production make it more costly than other programming and that this project remains under-funded.

The existing policy allows university officials to request the use of principal when they feel it is in the best interest of the institution. This exception must, however, be consistent with the original gift instrument. In this case, the bequest has no restriction on the use of principal. Therefore, the request is not inconsistent with the terms of the bequest, and, upon favorable determination by the Committee that it is in the best interest of the institution, approval of this request is recommended.

RELATED REGENT POLICIES

Business & Finance action of 10-4-90 which defines the current Quasi-Endowment policy.

August 14, 2001

TO: Chancellor Reilly

cc: Bob Andersen
Byron Knight

FROM: Malcolm Brett

RE: Backus Estate

Bob Andersen and I recently spoke with Tom Reinders in the UW Trust Funds office about the disposition of the Backus estate gift. Tom was at the Regents' Business and Finance meeting when our request was made to transfer those funds to our operating budget.

Tom confirmed our sense that Regent Gottschalk is interested in understanding the prospective application and impact of these funds should they be released. We are asking for funds to complete a project to which we are committed, but that is not yet fully funded. As you know, most WPT projects are only partially funded internally and we rely on outside funding to either initiate or complete projects. If we're able to apply the Backus estate to this project our service to our viewers will be significantly enhanced.

Wisconsin Stories is an expensive undertaking that is unassailably "good for Wisconsin". The partnership with the Wisconsin Historical Society that provides the extra measure of historical accuracy and context to the series enhances the project. The additional research component and vetting of content enabled by this partnership increase the cost of the project. The project is also more costly than other programs because we are using the program to pilot new "digital television like" content enhancements that will become more common as digital television takes hold.

As with most WPT projects, our internal budget supports only a portion of the project cost. We are raising outside funds for the project. If the funds are released to the project we will use it to offset the expense of the 10 part series. We have partnered with the Historical Society to raise funds for this project and will continue that effort. But we know from experience that we won't fully recover the incremental cost of producing, enhancing and promoting this project. We want to sustain the series beyond this year and plan to continue to fundraise for future seasons of **Wisconsin Stories**. In the interim, the Backus gift will provide important funding to assure that the series delivers the breadth and depth that are the hallmark of this project.

Principal Expenditure
UW System Trust Funds
Margaret Emma Williams Bequest

BUSINESS AND FINANCE COMMITTEE

Resolution:

That, upon recommendation of the President of the University of Wisconsin System, and the Chancellor of the University of Wisconsin-Madison, the principal and income balance of the Margaret Emma Williams bequest becomes available for spending.

**UW SYSTEM TRUST FUNDS
REQUEST FOR PRINCIPAL EXPENDITURE
Margaret Emma Williams Bequest**

EXECUTIVE SUMMARY

BACKGROUND

In the event a donor gives no direction as to the use of principal, current Regent policy requires that all quasi-endowments greater than \$50,000 be identified as designated endowments. As a designated endowment, only the income from the trust is made available for expenditure. If an exception to this restriction is desired, a request must be submitted to the Vice President for Finance for consideration at the next meeting of the Business and Finance Committee. Only those requests that are consistent with the spirit of the Regent policy and the intent of the donor will be approved.

REQUESTED ACTION

Approval of request for principal expenditure.

DISCUSSION

The University of Wisconsin-Madison, Medical School has received a bequest totaling \$653,216 from the estate of Margaret Emma Williams. The terms of the bequest state:

"All the rest, residue and remainder of my estate I hereby give, devise and bequeath as follows:

- (1) One Fourth (1/4) to the University of Wisconsin Madison for Cancer Research.
- (2) One Fourth (1/4) to the University of Wisconsin Madison for Heart Research.
- (3) One Fourth (1/4) to the University of Wisconsin Madison for Eye Research."

Regarding the bequests for cancer and heart research (\$435,477), the Medical School has requested expenditure of principal to provide funding for new cancer and heart research space as part of the Interdisciplinary Research Center, which is part of the overall Healthstar project. Regarding the bequest for eye research (\$217,739), the Medical School's discussions with the donor's surviving family members have prompted them to request an exception for this portion as well. Specifically, Ms. Williams has an elderly surviving relative who is blind, and family members have expressed their desire to see these funds put to use quickly.

The existing policy allows university officials to request the use of principal when they feel it is in the best interest of the institution. This exception must, however, be consistent with the original gift instrument. In this case, the bequests have no restriction on the use of principal. Therefore, the request is not inconsistent with the terms of the bequest, and, upon favorable determination by the Committee that it is in the best interest of the institution, approval of this request is recommended.

RELATED REGENT POLICIES

Business & Finance action of 10-4-90 which defines the current Quasi-Endowment policy.

UNIVERSITY OF WISCONSIN SYSTEM TRUST FUNDS RFP FOR PRIVATE CAPITAL FUND-OF-FUNDS MANAGERS

EXECUTIVE SUMMARY

BACKGROUND

The Business and Finance Committee resolved on June 8, 2001 that the UW System Trust Funds' Statement of Investment Objectives and Guidelines be revised to allow the Principal Long-Term Fund to invest in "private capital." Private capital can be broadly defined as direct or indirect private, equity-like investments in businesses at various stages of their development. These investments include venture capital, buyouts, mezzanine/subordinated debt, etc. Such private investments are not publicly traded and priced, they are not SEC-registered securities, and they are primarily available to and suitable for sophisticated, institutional investors. They are also characterized by a generally long-term investment horizon and commitment, as well as a lack of liquidity.

The Committee's resolution was preceded by numerous presentations to and discussions among the Committee regarding private capital investing and what would be most appropriate for the Fund's first foray into this asset class. Presentations included those given by John Feldt, Senior Vice President of the UW Foundation, which has significant commitments to private capital; Mark Baer, Director of Investments at WARF, also a significant private capital investor; and Tim Hickey and Peter Burns, Managing Directors of Commonfund, an investment adviser providing private capital funds-of-funds, which count as their clients many university foundations and endowments.

These discussions prompted a consensus that the best approach for the Long-Term Fund would be to invest in private capital via one or more "funds-of-funds." A fund-of-funds is a structure whereby a professional investment manager commingles assets from many investors and invests these in underlying "funds" (generally, limited partnerships in which a general partner team makes, in turn, underlying direct individual investments). Funds-of-funds are also characterized by a limited time in which they are open for investment and a long-term commitment of ten years or more (mirroring the characteristics of the underlying funds/partnerships). Although adding an extra layer of fees, this vehicle was deemed most appropriate as a way for Trust Funds to gain access to top funds/partnerships and achieve prudent diversification quickly, while not requiring the staff commitment needed for selecting and monitoring individual funds/partnerships in-house.

Additionally, a Trust Funds report entitled "Analysis of Private Capital" presented to the Committee on March 9, 2001 indicated that an investment allocation to private capital of 10% (implying a likely commitment of 15%) should result in greater

risk-adjusted returns for the Long-Term Fund. The report recommended this level of commitment, and it too recommended the fund-of-funds approach.

REQUESTED ACTION

This item is for information only.

DISCUSSION

Trust Funds has begun the search process for one or more private capital funds-of-funds. A formal Request for Proposal ("RFP") was created, an advertisement soliciting interested parties was placed in "Pensions & Investments" on August 6th, and RFPs were sent electronically to all respondents on August 22nd. Proposals are due back from respondents on September 25th. As the attached copy of relevant portions of the RFP indicates, the qualities most sought after in this manager search are strong experience with, knowledge of, and access to the private capital markets and superior private capital funds/partnerships, as well as a proven investment track record. Much of the evaluation and selection process will be conducted by an Evaluation Team. This Team is comprised of the following members:

- Doug Hoerr, Assistant Trust Officer, UW System Administration - Trust Funds
- Tom Reinders, Investment Analyst, UW System Administration - Trust Funds
- Debbie Durcan, Vice President for Finance and Trust Officer, UW System Administration
- John Feldt, Senior Vice President, UW Foundation
- Mark Fedenia, Associate Professor of Business, UW-Madison
- Jon Vanderploeg, Private Equity Portfolio Manager, State of Wisconsin Investment Board
- Lori Voss, Procurement Specialist, UW System Administration - Office of Procurement

Finally, you will also find attached the proposed timeline for the manager search process and a list of the firms that have received the RFP to date.

RELATED REGENT POLICIES

Regent Resolution #8376, June 8, 2001 - Statement of Investment Objectives and Guidelines.

UNIVERSITY OF WISCONSIN SYSTEM - TRUST FUNDS

A REQUEST FOR PROPOSAL (RFP)

FOR PRIVATE CAPITAL FUND-OF-FUNDS INVESTMENT MANAGER(S)

RFP No. 02-2130

Issued by:
University of Wisconsin System Administration
Office of Procurement

**Proposals must be submitted
no later than 2:00 p.m., CDST,
Tuesday, September 25, 2001
LATE PROPOSALS WILL BE REJECTED**

Contact for questions:

Lori A. Voss
Procurement Specialist - Senior
UW System - Office of Procurement
780 Regent Street, Room 145
e-mail: lvoss@uwsa.edu
Phone: 608.265.0557
Fax: 608.262.8589

TABLE OF CONTENTS

	<u>PAGE</u>
1.0 GENERAL INFORMATION	3
1.1 Introduction and Background	3
1.2 Objectives of RFP and Manager Search Process	3
1.3 Procuring and Contracting Agency	4
1.4 Definitions	4
1.5 Clarification and/or Revisions to the Specifications and Requirements	4
1.6 Calendar of Events	4
1.7 Resulting Contract(s)	4
2.0 PREPARING AND SUBMITTING A PROPOSAL	5
2.1 General Instructions	5
2.2 Submitting the Proposal	5
2.3 Proposal Organization and Format	5
2.4 Incurring Costs	5
3.0 PROPOSAL EVALUATION PROCEDURE	5
3.1 Preliminary Evaluation	5
3.2 Proposer Qualifications	6
3.3 Proposer Presentations	6
3.4 Right to Inspect	6
3.5 Evaluation of Proposals	6
3.6 Notification of Intent to Award	7
3.7 Dispute Process	7
4.0 SPECIAL TERMS AND CONDITIONS	7
4.1 Reporting and Meeting Requirements	7
4.2 Adherence to Published Guidelines and Resolutions	7
4.3 Assignment	7
4.4 Key Personnel	7
4.5 Insurance Requirements	8
4.6 Prime Contractor and Minority Business Subcontractors	8
4.7 Executed Contract to Constitute Entire Agreement	8
5.0 STANDARD TERMS AND CONDITIONS	9
6.0 REQUIRED FORMS	14
APPENDIXES	
Appendix I:	Technical Questionnaire
Appendix II:	Pricing Proposal
Appendix III:	UW-System Trust Funds Statement of Investment Objectives & Guidelines (with attachments)

1.0 GENERAL INFORMATION

1.1 Introduction and Background

The University of Wisconsin System ("UWS"), comprised of all of Wisconsin's public universities, including two (2) doctoral universities, eleven (11) comprehensive universities, thirteen (13) freshman-sophomore Colleges, and a statewide University Extension, is seeking an Investment Manager(s) to manage a portion of the System's Trust Funds (endowment and similar funds). The Business and Finance Committee (hereafter called the Committee) of the Board of Regents of the University of Wisconsin System has oversight and trustee responsibilities for the System's Trust Funds. This RFP relates to the Trust Funds' Long Term Principal Fund, which represents the corpus of the System's endowment. The broad make-up of the Long Term Principal Fund as of June 30, 2001 is as follows:

	<u>\$ Millions</u>	<u>%</u>
Common Stocks (public equities)		
Domestic	\$151.3	56.7%
Foreign	31.9	11.9
Fixed Income		
Domestic	74.7	27.9
Foreign	<u>9.1</u>	<u>3.5</u>
	\$267.0	100.0

The investment objective of the Long Term Principal Fund is to at least preserve the real value, or purchasing power, of the endowment assets and the annual support provided by these assets for an infinite period. The endowment's investment policy embraces the total return concept. The following formula summarizes the factors involved in the endowment's target or minimum long-term return objective:

$$\text{Real Asset Growth Rate} = \text{Total Investment Return} \text{ less Inflation less Spending rate}$$

The investment program attempts to balance current and future needs so that in the future, an endowed University program will receive at least the same value of annual financial support as is currently provided. The current spending rate formula is 5.0% annually, distributed quarterly based on a three-year moving average of market value.

1.2 Objectives of RFP and Manager Search Process

The Committee's investment objective at this time is to invest up to 10% (implying a commitment of up to 15%) of the Trust Funds' Long Term Principal Fund in private capital. Specifically, the Committee is seeking proposals from qualified firms to provide discretionary private capital investment management services through one or more fund-of-funds vehicles. For purposes of this RFP, "private capital" is defined as direct or indirect private, equity-like investments in businesses at various stages of their development. This includes "venture capital" investments at the seed, start-up, and early stages, as well as "private equity" investments at the expansion, growth, and later stages (which may further include buyouts, mezzanine financing, restructuring, etc.) Private capital does not include investments in "hedge funds" or in hedge-fund strategies. For purposes of this RFP, a "fund-of-funds" is defined as a commingled fund managed by the proposer which in turn invests predominately in funds (generally, limited partnerships) making individual private capital investments. A fund-of-funds does not include a singular fund (limited partnership), which exclusively purchases interests in other private capital funds sold on the secondary market.

PROPOSERS SHOULD RESPOND TO THIS RFP ONLY IF THEY ARE ABLE TO OFFER A "PRIVATE CAPITAL FUND-OF-FUNDS" AS THOSE TERMS ARE SO DEFINED HERE. OTHER PROPOSALS WILL BE REJECTED.

1.3 Procuring and Contracting Agency

This RFP is issued by the University of Wisconsin System Administration. The person responsible for managing the procurement process is Lori Voss, University of Wisconsin System Administration, Office of Procurement.

The contract(s) resulting from this RFP will be administered by Douglas Hoerr, Assistant Trust Officer, University of Wisconsin System Administration - Trust Funds.

1.4 Definitions

In addition to the technical definitions given in Section 1.2, the following definitions are used throughout the RFP.

UWS means the University of Wisconsin System.

Proposer means a firm submitting a proposal in response to this RFP.

Contractor means the proposer awarded the contract/assignment.

Trust Funds means the administrative unit providing contract administration.

1.5 Clarification and/or Revisions to the Specifications and Requirements

Any questions concerning this RFP should be directed to Lori Voss via phone, email or fax as listed on the cover page of this document by Thursday, August 30, 2001. Procedural or process questions may be answered immediately, technical questions will be accumulated and answered via an addendum to the RFP provided to all recipients of this initial RFP following the close of the question period. Each proposal shall stipulate that it is predicated upon the terms and conditions of this RFP and any supplements or revisions thereof.

1.6 Calendar of Events

- | | |
|---|---------------------------------|
| • RFP Issued | August 22, 2001 |
| • Questions due from Proposers | August 30, 2001 |
| • Proposals Due | September 25, 2001 2:00 PM CDST |
| • Short List Established/Interviews | October 2001 |
| • Recommendations Finalized | November 2001 |
| • Committee Approval Requested | December 6, 2001 |
| • Contract(s) Finalized/Investments Begin | December 2001 |

1.7 Resulting Contract(s)

Contract(s), as required, will be negotiated and finalized following contractor selection. Fees, however, will not be greater than those offered in the proposer's initial Pricing Proposal (Appendix II of this RFP). Due to the typical nature of private capital funds-of-funds, it is anticipated that resulting contracts will be in effect for the duration/expected life of the fund(s). It is also anticipated that investments in the fund(s) will be based on committed assets and will be funded over a prolonged period as "capital calls" are made by the underlying funds.

2.0 PREPARING AND SUBMITTING A PROPOSAL

2.1 General Instructions

The evaluation and selection of a contractor will be based on the information submitted in the proposal plus references and any required on-site visits or oral presentations. Failure to respond to each of the requirements in the RFP may be the basis for rejecting a response.

2.2 Submitting the Proposal

Proposers must submit in hard copy form an original and seven copies of all materials required for acceptance of their proposal by 2:00 P.M., CDST, Tuesday, September 25, 2001 to:

Lori Voss
University of Wisconsin System Administration
Office of Procurement
780 Regent Street, Room 145
Madison, WI 53715

All proposals received at the address above will be date and time stamped. Receipt of a proposal by the UWS mail system does not constitute receipt of a proposal by the above named individual.

All proposals must be packaged, sealed and show the following information on the outside of the package:

- Proposer's name and address
- RFP title and number
- Proposal due date

UWS is not responsible for packages not marked according to the instructions above and may in its sole discretion reject such proposals.

2.3 Proposal Organization and Format

This RFP will be issued to prospective proposers by regular mail or by electronic mail as requested by the proposer. Return proposals, however, must be submitted on 8.5 by 11-inch paper bound securely and remitted by regular mail. Proposals should be organized and presented in the order and by the number assigned to them in the RFP. The RFP sections, which should be submitted or responded to, are:

- Technical Questionnaire (all sections of Appendix I)
- Pricing Proposal (all sections of Appendix II)
- Required Forms (Section 6.0)

2.4 Incurring costs

UWS is not liable for any cost incurred by proposers in replying to this RFP.

3.0 PROPOSAL EVALUATION PROCEDURE

3.1 Preliminary Evaluation

The proposals will be reviewed initially to determine if proposer qualifications are acceptable. In the event that all proposers do not meet one or more of the qualifications, the UWS reserves the right to continue the evaluation of the proposals and to select the proposal which most closely meets the requirements specified in this RFP. UWS reserves the right to reject any or all proposals or any part thereof, to waive informalities, and to accept the proposal deemed most favorable to UWS.

3.2 Proposer Qualifications

The proposer must demonstrate that it has the management and operational experience, financial resources and personnel necessary to successfully perform the services specified in this RFP. A proposer must be financially solvent as solely determined by UWS.

3.3 Proposer Presentations

It is anticipated that after consideration of the responses, interviews and/or on-site visits will be conducted with the firms determined by UWS in its sole discretion to have provided responses best meeting the UWS's needs. UWS reserves the right to, but is not obligated to, request and require that each proposer provide a formal presentation of its proposal at a date and time to be determined. No proposer will be entitled to be present during any presentation of any other proposer.

3.4 Right to Inspect

UWS reserves the right to inspect and investigate thoroughly the establishment, facilities, equipment, business reputation, and other qualifications of the proposer and to reject any proposal irrespective of price if it shall be administratively determined that the proposer is deficient in any of the essentials necessary to assure acceptable standards of performance. UWS reserves the right to continue this inspection procedure throughout the life of the contract/assignment that may arise from this RFP.

3.5 Evaluation of Proposals

All proposals will be evaluated by an Evaluation Team. Based on this evaluation, including information gained from any Proposer Presentations and references, the UWS will determine the award of the contract/assignment. Proposals from certified Minority Business Enterprises may have points weighted by a factor of 1.00 to 1.05 to provide up to a five percent (5%) preference to these businesses (Wis. Stats. 16.75(3m)). UWS will award the contract/assignment to the proposer whose proposal is determined to be the most appropriate for and advantageous to UWS, taking into consideration the following primary evaluation factors:

High (60%)

- Firm's experience with, knowledge of, and access to the private capital markets and superior private capital funds/teams
- Soundness of the firm's private capital investment philosophy and due diligence process for selecting underlying funds/partnerships and other investments.
- Firm's private capital investment record or the record of firm's principals in former associations where the record is verifiable
- Soundness of the firm's strategy and expectations for the specific fund-of-funds being proposed and how well this is articulated
- Ownership structure and business plan of the firm and its ability to attract/retain quality investment professional staff
- Overall quality, clarity, conciseness and completeness of proposal

Medium (30%)

- Adequacy of the firm's trading, back office, accounting, reporting and client/custodian servicing capabilities
- Responses from references
- Qualifications and depth of the professional staff

Low (10%)

- Fees
- Adequacy of financial resources

3.6 Notification of Intent to Award

UWS will award the contract/assignment to the proposer(s) who has, in the opinion of UWS, best demonstrated competence and qualifications for the type of professional services required at fair and reasonable prices/compensation and whose proposal is deemed to be in the best interest of UWS.

All proposers who respond to this RFP will be notified in writing of the UWS's intent to award the contract/assignment as a result of this RFP. After notification of the intent to award is made, and under the supervision of UWS staff, copies of proposals will be available for public inspection from 8:00 a.m. to 4:30 p.m. at Room 145, 780 Regent Street, Madison, Wisconsin.

3.7 Dispute Process

Any dispute of the UWS's award must be made no later than five (5) working days after the award notice is issued by System Office of Procurement. Written notice of dispute must be filed with the President of the University System in care of:

Ruth Anderson
Director, System Office of Procurement
University of Wisconsin System Administration
780 Regent St., P.O. Box 8010
Madison, WI 53715

A complete written dispute must be received by the Director, System Office of Procurement no later than five (5) working days after the award notice is issued.

4.0 SPECIAL TERMS AND CONDITIONS

4.1 Reporting and Meeting Requirements

Proposer must be willing and able to meet with Trust Funds personnel at least annually and to provide presentations to the Business and Finance Committee of the UW Board of Regents upon request (under normal conditions, not to exceed once per year).

4.2 Adherence to Published Guidelines and Resolutions

To the extent possible given the fund-of-funds structure and the structure of the underlying fund investments, proposer must agree to and be capable of adhering to the UW System Trust Funds Statement of Investment Objectives and Guidelines, provided in Appendix III. These Guidelines also include Wisconsin State Statutes 36.29 and 881.01 as well as Regent Resolutions 695, 1590, 1615 and 7406, which are attached to the Guidelines themselves.

4.3 Assignment

The contract shall not be assigned without the consent of UWS.

4.4 Key Personnel

UWS shall be notified immediately upon termination, resignation, or reassignment of key personnel.

4.5 Insurance Requirements

In addition to the insurance requirements listed in the State of Wisconsin Standard Terms and Conditions incorporated herein, Section 23, the contractor shall provide evidence of the following requirements:

<u>Coverage</u>	<u>Minimum Limits</u>
<u>Commercial General Liability (CGL)</u>	
General Aggregate incl. prdt/co	\$2,000,000
Each Occurrence	\$1,000,000
Professional Errors and Omissions	\$5,000,000
Dishonesty Bond/ERISA	\$500,000

Additional Insured Provision

The contractor shall add the Board of Regents of the University of Wisconsin System, its officers, agents and employees as an additional insured under the Commercial General and Errors and Omissions policies.

4.6 Prime Contractor and Minority Business Subcontractors

The prime contractor will be responsible for contract performance when subcontractors are used. However, when subcontractors are used, they must abide by all terms and conditions of the contract. If subcontractors are to be used, the proposer must clearly explain their participation.

The State of Wisconsin is committed to the promotion of minority business in the state's purchasing program and a goal of placing 5% of its total purchasing dollars with certified minority businesses. Authority for this program is found in ss. 15.107(2), 16.75(4), 16.75(5) and 560.036(2), Wisconsin Statutes. The contracting agency is committed to the promotion of minority business in the state's purchasing program.

The State of Wisconsin policy provides that minority-owned business enterprises certified by the Wisconsin Department of Commerce, Bureau of Minority Business Development should have the maximum opportunity to participate in the performance of its contracts. The supplier/contractor is strongly urged to use due diligence to further this policy by awarding subcontracts to minority-owned business enterprises or by using such enterprises to provide goods and services incidental to this agreement, with a goal of awarding at least 5% of the contract price to such enterprises.

Upon request of UWS, the supplier/contractor shall furnish appropriate quarterly information about its effort to achieve this goal, including the identities of such enterprises certified by the Wisconsin Department of Commerce and their contract amount.

A listing of certified minority businesses, as well as the services and commodities they provide, is available from the Department of Administration, Office of the Minority Business Program, 608/267-7806. The listing is published on the Internet at: <http://www.doa.state.wi.us/dsas/mbe/index.asp>.

4.7 Executed Contract to Constitute Entire Agreement

In the event of contract award, the contents of this RFP (including all attachments), RFP addenda and revisions, and the proposal of the successful proposer, and additional terms agreed to, in writing, by the agency and the contractor shall become part of the contract. Failure of the successful proposer to accept these as a contractual agreement may result in a cancellation of award.

The following priority for contract documents will be used if there are conflicts or disputes.

Contract Terms agreed during negotiations
Vendor's Proposal Dated September 25, 2001
State Request for Proposal Dated August 22, 2001
Standard Terms and Conditions

5.0 STANDARD TERMS AND CONDITIONS

The State of Wisconsin reserves the right to incorporate standard State contract provisions into any contract negotiated with any proposal submitted responding to this RFP (Standard Terms and Conditions (DOA-3054) and Supplemental Standard Terms and Conditions for Procurements for Services (DOA-3681)). Failure of the successful proposer to accept these obligations in a contractual agreement may result in cancellation of the award.

6.0 REQUIRED FORMS

The following forms must be completed and submitted with the proposal in accordance with the instructions given in Section 2.3. Blank forms are attached.

Designation of Confidential and Proprietary Information (DOA-3027)
Affidavit (DOA-3476)
Vendor Information (DOA-3477)

APPENDIX I

TECHNICAL QUESTIONNAIRE

INFORMATION ON FIRM OVERALL

1. In what year was your firm founded?
2. Describe how your firm is legally organized and its ownership structure. If there have been any changes to your firm's structure within the last five years, please explain.
3. Provide an organization chart showing the relationship between your firm and all parent, subsidiary, affiliate or joint venture entities.
4. Is your firm registered with the SEC as an investment advisor under the Investment Advisors Act of 1940 and if so, when was the firm registered?
5. Provide a complete copy of your most recent form ADV, Parts I and II.
6. Has your firm or any of its employees been involved in any litigation, sanction or disciplinary action by any state, federal or self-regulating regulatory body? If so, please describe.
7. Provide your company's most recent Annual report and its financial statements for the past three fiscal years, including Balance Sheets and Income Statements, or other documentation that demonstrates financial solvency.
8. Where are the headquarters of your firm and where is the private capital group located if different?
9. Provide a relatively brief narrative history and description of your firm, its capabilities and areas of expertise.

INFORMATION ON CLIENT AND ASSET BASE

1. Provide the following information as of June 30, 2001:

ASSET CLASS	ASSETS MANAGED (\$MM)	NUMBER OF CLIENTS
Private Capital*:		
Public Equities:		
Fixed Income:		
Other (specify):		

* Private capital as defined in Section 1.2 of this RFP.

2. Regarding your private capital clients specifically, provide the following information:

CLIENT TYPE	ASSETS MANAGED (\$MM)	NUMBER OF CLIENTS
College/University		
Foundations & Endowments:		
Other Non-Profits:		
Corporations:		
Families/Individuals:		
Other (specify):		

INFORMATION ON PRIVATE CAPITAL GROUP

1. Describe the history of your private equity group including when your firm first began managing private capital investments.
2. Provide the following information on the number of your employees:

PERSONNEL	FIRM OVERALL	PRIVATE CAPITAL GROUP
Total Employees:		
Portfolio/Fund Managers:		
Research Analysts:		
Economists:		
Legal Counsel:		
Client Service:		
Marketing:		
Traders:		
Administration:		
Other (specify):		

Note: If there are key personnel that service the private capital group, but not exclusively, indicate this as well as a rough percentage of their time devoted to it.

ALL QUESTIONS THAT FOLLOW REFER ONLY TO YOUR PRIVATE CAPITAL GROUP OR THOSE PERSONNEL WHO DEVOTE SUBSTANTIAL WORK TO THIS AREA.

3. Provide an organizational chart of your private capital group.
4. Provide a brief biography for each of the key personnel with investment, client service or marketing responsibilities. (Be sure to specifically include their experience in private capital.)
5. Do you have any future hiring plans? If so, please describe.
6. Describe the compensation and incentives structure for key personnel.
7. Provide a list of the key personnel who have left the private capital group in the past five years, including reasons for their departure.
8. Provide the following company contact information with title, address, telephone, e-mail and fax numbers for each:
 - RFP completed by:
 - Primary Client Service Officer:
 - Primary Fund/Portfolio Manager:
 - Backup Fund/Portfolio Manager:
 - Primary contact for UW Trust Funds:
9. When did your firm first offer a private capital fund-of-funds?

10. What services/products other than funds-of-funds do you offer to private capital clients? If you do provide other products/services, provide the following as of June 30, 2001:

PRODUCT/SERVICE	YEAR FIRST OFFERED	ASSETS INVOLVED (\$MM)	NUMBER OF CLIENTS
Fund-of-Funds:			
Advisory			
Discretionary:			
Non-Discretionary:			
Other (specify):			

INFORMATION ON PRIOR FUNDS AND INVESTMENT PERFORMANCE

- Provide a representative list of investors in prior funds-of-funds and current clients with discretionary separate accounts if applicable.
- For each previously offered fund-of-funds, provide the following information in the format shown below ("fund type" means whether the fund was predominately venture capital (VC), buyout (B), mezzanine/subordinated debt (M), restructuring/distressed debt (R), international (I), or diversified (D)) as of June 30, 2001:

FUND NAME	FUND TYPE	INCEPTION DATE	CLOSE DATE	NUMBER OF UNDERLYING FUNDS	CAPITAL COMMITTED (\$MM)	CAPITAL INVESTED (\$MM)	CAPITAL DISTRIBUTED (\$MM)	GROSS IRR

Provide explanations for any periods/funds reflecting significant relative out-performance or significant under-performance.

If available, submit a letter from an independent certified auditor or third-party vendor attesting to the accuracy of the information provided and that returns were calculated according to AIMR standards.

- For each previously offered fund-of-funds, provide the following information on the nature of the underlying investments:

FUND NAME	%PARTNERSHIPS	% SECONDARY	% DIRECT	% PUBLIC SECURITIES

- For each fund/partnership your firm has previously invested client assets in, whether through funds-of-funds or discretionary separate accounts, provide the following information shown below as of June 30, 2001 (indicate if another as-of date applies and why):

FUND SPONSOR	FUND NAME	FUND TYPE	FIRST TIME FUND? Y/N	VINTAGE YEAR	CAPITAL COMMITTED (\$MM)	CAPITAL INVESTED (\$MM)	GROSS IRR

INFORMATION ON FUNDS-OF-FUNDS NOW BEING OFFERED/PROPOSED

Provide the following information for each fund your firm is currently offering or anticipates offering within the next six to twelve months.

1. Describe the legal structure of the fund-of-funds.
2. Describe the fund's overall investment objective and how this may differ from previous offerings.
3. Describe the expectations as to the fund's underlying investment types as follows:

FUND NAME	%PARTNERSHIPS	% SECONDARY	% DIRECT	% PUBLIC SECURITIES

4. Describe the expectations as to the fund's investment diversification as follows:

INVESTMENT CATEGORY	%
Venture Capital	
Seed Stage:	
Early Stage:	
Late Stage:	
Buyout:	
Mezzanine/Subordinated Debt:	
Restructuring/Distressed Debt:	
International:	
Other (specify):	

5. Describe the expectations as to the fund's investment diversification as follows:

INDUSTRY CONCENTRATION	%
Biotechnology	
Communications - Commercial	
Communications - Telephone/Data	
Computer Hardware/Systems	
Computer Software/Services	
Consumer Related	
Energy Related	
Industrial Related	
Medical Related	
Other Electronics/Technology	

6. Describe whether the fund will have any target geographic allocation.
7. Has the fund-of-funds already identified likely underlying funds/partnerships or other investments at this time? If so, please list them below.
8. What is the fund's target investment size for each fund/partnership or other investments and the resulting expected number of investments? Is there a maximum percentage that can be represented by a single investment?
9. Describe any other investment restriction/constraints for the fund.

10. What is the fund's expected investment pace and investment period?
11. Does your firm intend to participate on the advisory boards of underlying funds/partnerships? If so, to what extent?
12. Do you have a strategy for minimizing exposure to Unrelated Business Taxable Income (UBTI). If so, please describe.
13. Describe any potential conflicts of interest within and between your firm, its affiliates, the fund-of-funds' likely underlying investments (funds/partnerships, direct/co-investments, etc.) and any investment service providers that may be involved.
14. Provide the following general terms anticipated for the fund-of-funds:
 - Target Committed Capital:
 - Minimum Investment:
 - Initial Offering Date:
 - Closing Date Schedule:
 - Commitment Period:
 - Term of the Fund:
 - Adviser/General Partner Minimum Commitment:
 - Preferred Return (if applicable):
 - Target IRR:
 (Information on fees is requested in Appendix II - Pricing Proposal.)
15. If the fund has already had a closing, provide the following information:

FUND NAME	TARGET COMMITMENT (\$MM)	COMMITMENTS DRAWN TO DATE (\$MM)	COMMITMENTS INVESTED TO DATE (\$MM)

16. If your firm offers customized separate account funds-of-funds, describe exactly what this means (e.g., is it simply a discretionary advisory service?), how it works, and the typical fees associated with such an arrangement.

INVESTMENT PHILOSOPHY, PROCESSES AND CAPABILITIES

1. Describe your firm's guiding investment philosophy as it relates to private capital in general and the fund-of-funds vehicle in particular.
2. Briefly describe your firm's views as to the current state of the private capital markets and the opportunities and challenges facing investors.
3. What key characteristics differentiate your firm as a private capital fund-of-funds manager?
4. Describe how your firm gains access to funds/partnerships that might otherwise be unavailable to new investors and give examples.
5. Describe how you perform initial screening among the universe of funds/partnerships available at any given time.
6. Describe your in-depth due diligence procedures when evaluating funds/partnerships (and other investment opportunities if applicable) including your financial, accounting, legal, and personnel reviews and reference checking process. Comment on whether and how the due

diligence process differs for fund sponsors you have invested with before versus those you have not and whether the process differs depending on investment stage.

7. Under what circumstance might you invest with a first time fund? What additional due diligence is performed in such cases?
8. Describe how actual investment decisions are made. For instance, is there an Investment Committee?
9. Do you have absolute and/or relative return objectives for your fund-of-funds products? If so, describe them.
10. What do you consider to be the most appropriate benchmark(s) to measure your performance against?
11. Of the funds/partnerships you have previously invested in, in what percentage of them has your firm participated on their L.P. advisory board?
12. Describe your monitoring process including frequency of meetings with fund sponsors, reporting requirements pertaining to each fund/investment, legal oversight and auditing procedures.
13. Describe the content, valuation methodology, and frequency of client/custodian reporting. (Preference will be given to firms providing monthly valuation and reporting.)
14. Describe your distribution processes (whether cash or non-cash), wind-down procedures, final reporting, etc.
15. Has your firm dealt with Mellon Trust as custodian/trustee for assets of your private capital clients? (Proposer must be capable of supplying to and communicating with the UW Trust Funds' custodian, Mellon Trust, regarding fund valuations, transactions, and accounting methodologies employed in a timely and accurate manner. Preference will be given to those funds that provide monthly valuations and transactional reporting.)
16. Does your firm have fiduciary liability or other insurance that would protect the interests of clients in the event of a breach of fiduciary duty? If so, please describe.
17. What unique educational or client service capabilities can you offer a private capital client?

SUPPLEMENTAL INFORMATION

1. Provide contact information (name, title and phone number) for the following number and types of references:
 - Three non-profit clients, preferably college/university foundations or endowments
 - Three general partners of three separate funds your firm has invested with
 - One or more third party consultants who are familiar with your work in private capital
2. Provide sample due diligence reports.
3. Provide sample client reports.
4. Provide one copy, if available, of the Offering Memorandum for your current or most recent fund.

APPENDIX II

PRICING PROPOSAL

PRICING PROPOSAL FOR FUND-OF-FUNDS BEING OFFERED/PROPOSED

Provide the following information for each fund being proposed.

5. Reiterate here the legal structure of the investment vehicle being proposed.
6. Provide the following fee-related elements of your proposal, where applicable, in the order given below. (Provide details, where applicable, such as whether management fees scale up or down; if any fees differ based on investment type, investment amount, etc.)
 - Management Fee Structure:
 - Do Management Fees apply to invested or committed capital?
 - Carried Interest:
 - Is Carried Interest net of management fees or operating expenses?
 - Preferred Return:
 - "Clawback" Provisions:
7. Describe any other fees that may be applicable.
8. Describe the treatment of the fund's operating expenses and any other fund-related expenses.
9. Describe the formula for determining Carried Interest (include whether there is a vesting schedule, etc.).
10. Describe how the Preferred Return, if any, applies.
11. Describe fee collection procedures and frequency.
12. Describe any other relevant fee/expense-related information.
13. Are any fees negotiable? If so, please explain.

PRIVATE CAPITAL MANAGER SEARCH 2001: Proposed Timeline

July 31:

- ❑ Draft of RFP/contract is completed.

August 6:

- ❑ Ad on RFP goes out in Pensions & Investments.

August 1 - August 15:

- ❑ RFP/contract is finalized and readied for distribution.
- ❑ Evaluation Team is selected and responsibilities are determined..

August 22:

- ❑ RFP is issued to all respondents electronically.

August 27 - September 25:

- ❑ Evaluation Team determines primary selection criteria, scoring mechanism, and evaluation methodologies.

September 25:

- ❑ Proposals are returned and opened.

September 25 - October 19:

- ❑ Evaluation Team evaluates/scores responses based largely on predetermined primary selection criteria.

October 22 - October 26:

- ❑ Evaluation Team narrows field to no more than 6 semi-finalists.

October 29 - November 14:

- ❑ Evaluation Team meets with semi-finalists in-house; narrows field to no more than 3 finalists; evaluates/considers use of more than one fund/manager.
- ❑ Evaluation Team "leaders" visit finalists at their offices to conduct final due diligence if necessary.

November 15 - November 21:

- ❑ Evaluation Team makes final selection of fund(s)/manager(s).

November 26 - November 27:

- ❑ Trust Funds prepares written proposal to the Board of Regents recommending selected fund(s)/manager(s).

December 6:

- ❑ Board of Regents votes whether to approve recommended manager(s). (Presentations are given by recommended manager(s)?)

December 10 - December 14:

- ❑ If recommended manager(s) is approved, contract(s)/agreement(s) are finalized and executed.

December 17 - forward:

- ❑ Investments in fund(s) and required asset reallocations begin.

UNIVERSITY OF WISCONSIN SYSTEM TRUST FUNDS
PRIVATE CAPITAL
FUND OF FUNDS MANAGER SEARCH
RFP RECIPIENTS AS OF AUGUST 22, 2001

Abbott Capital Management, LLC
ABN AMRO
Adams Street Partners
Advantus Capital Management
AIG
Alternative Investment Solutions
AMR Investment Services, Inc.
Auda Advisor Associates, LLC
Bank of America Capital Management
Bellweather Consulting, LLC
Brown Brothers Harriman
CIBC Oppenheimer
Commonfund
Cramer Rosenthal McGlynn
Credit Suisse First Boston
Crossroads Group
Deutsche Asset Management
EndPoint Capital, LLC
Equity Associates
First Union Securities
Fort Washington Investment Advisors
Fortress Capital
Frank Russell Capital, Inc.
Glenmede Trust
Globalvest Management Co.
Goldman Sachs
HGK Asset Management
Instream Partners, LLC
Invesco
JP Morgan

Julius Baer Investment Management
K2 Capital, LP
Landmark Partners X, LP
M&I Trust Company
Mellon Private Asset Management
Merrill Lynch Private Equity
Mesirow Financial
Morgan Stanley Investment Management
Northern Trust
Pacific Corporate Group
Pantheon Ventures
Portfolio Advisors, LLC
Private Advisors, LLC
Prudential Investment Management
Rotella Capital Management
Salomon Smith Barney
Sovereign Financial Services
State Street Global Advisors
Strategic Investment Group
The Vanguard Group, Inc.
Thomas Weisel Partners
Tucker Private Equity
UBS Painewebber
US Bancorp Piper Jaffray
Vantage Consulting Group
West AM Co.
Weiss Peck & Greer
Wilshire Private Markets Group
WR Hambrecht

**UNIVERSITY OF WISCONSIN SYSTEM TRUST FUNDS
PRINCIPAL LONG-TERM FUND
ASSET ALLOCATION AND SPENDING PLAN REVIEW**

EXECUTIVE SUMMARY

BACKGROUND

Asset Allocation

The Business and Finance Committee completes an annual review of the asset allocation ratio for the University of Wisconsin System Trust Funds. In March 2001, an asset allocation review was completed in conjunction with the report, "Analysis of Private Capital," presented to the Committee on March 9th. This report recommended a 10% allocation to private capital, with a portion of that allocation coming from the Long-Term Fund's fixed income component. Considering private capital to be an equity-like investment, this will result in a broad asset allocation of approximately 75% equity and 25% fixed income. The report demonstrated that this asset allocation should enhance the long-term, risk-adjusted returns of the Fund. The Business and Finance Committee formally approved the addition of private capital as an acceptable equity asset class on June 8, 2001. The equity portion of the Fund will now include large capitalization, small capitalization, international equities and private capital. The bond portion will continue to include domestic and foreign fixed income securities. The portfolio is reviewed on a monthly basis by the Assistant Trust Officer and rebalanced when the allocation drifts from the target ratio by more than 2%.

Spending Plan

The small fraction spending plan, adopted July 12, 1990, calls for an annual review of the small fraction spending rate. The current plan sets the rate at 5% (five percent) per year, with distributions made quarterly. Earned income and capital appreciation (if necessary) are utilized to maintain the 5% rate. The fraction is applied to a trailing three year moving average of endowment valuations (12 quarterly valuations).

REQUESTED ACTION

No action requested at this time.

DISCUSSION

Asset Allocation

As the most important decision in the investment process, asset allocation requires not only the analysis of historical data but consideration of future expectations as well. The March 2001 report, "Analysis of Private Capital," included a complete asset allocation review, utilizing updated variables that impact the risk and return of the investment portfolio. This analysis allowed for the evaluation of alternative asset allocations. Specifically, the asset allocation model identified the portfolio mix that would result in the lowest level of risk while meeting a target return of approximately 10%. This recommended allocation is shown below:

Asset Class	Current Allocation	Recommended Allocation
Large Capitalization Equity	40.0%	36.0%
Small Capitalization Equity	18.0%	18.0%
International Equity	12.0%	13.0%
Domestic Fixed Income	25.5%	20.0%
International Fixed Income	4.5%	3.0%
Private Capital	0%	10.0%
Expected Return	9.7%	10.2%
Risk (standard deviation)	14.8%	14.8%

No further changes to this allocation are recommended at this time.

Spending Plan

The current spending plan of 5% (per annum) has been capably supported by the Long-Term Fund. The consistency of the spending plan allows departments to better forecast their funding, and, in addition, provides a predictable revenue stream while generating moderate growth. The current spending fraction is comparable to that observed at other Big 10 Universities as well as to the median from the June 2000 NACUBO endowment study (see attached document).

The most important indicator of the Fund's ability to meet the spending rate requirement is the "real" rate of return. The real rate of return is the total return adjusted for investment/administrative expenses, inflation and the spending fraction. The real rate of return represents the true growth in the endowment. Statistical analysis indicates that the Fund's new target asset allocation (with private capital) should support the 5% spending fraction while achieving a real rate of return of approximately 1.5%. The Long-Term Fund has achieved an actual real rate of return of 2.4% per year for the five-year period ending June 30, 2001. To further support the viability of the 5% spending rate, Trust Funds conducted an analysis based on historical returns over the last 25 years. This analysis shows that as of each year since 1975, the current asset allocation (excluding private capital) would have produced an average annual return, for the previous five and ten-year periods, sufficient to provide significant "real" growth. (The analysis is attached.)

No alteration of the current spending plan is recommended at this time.

RELATED REGENT POLICIES

Regent Resolution #8376, June 8, 2001 - Statement of Investment Objectives and Guidelines.
Business & Finance action of 10-5-95 defined the current small fraction plan.

University of Wisconsin System Trust Funds
Principal Long-Term Fund
Endowment Spending Plan
September 2001

UW Trust Funds - History of Distributions

	6/30/91	5.5%	\$ 4,968,598
	6/30/92	5.1%	\$ 5,267,186
(1)	6/30/93	3.6%	\$ 3,882,232
(1)	6/30/94	2.6%	\$ 3,789,995
(1)	6/30/95	2.5%	\$ 4,001,420
	6/30/96	5.0%	\$ 8,090,873
	6/30/97	5.0%	\$ 8,785,016
	6/30/98	5.0%	\$10,353,398
	6/30/99	5.0%	\$11,474,078
	6/30/00	5.0%	\$12,696,616
	6/30/01	5.0%	\$13,374,215

(1) actual earnings, minus .25%

Spending Fractions (as reported on 6/30/00)

Big 10 Schools (range 4% to 5.5%)	5.0%
NACUBO Survey (\$100 - \$500 million)	4.9%
NACUBO Survey (public institutions)	4.9%

Inflation and Endowment Growth (as of 6/30/01)

5 year return of fund (annualized)	11.2%
Less: Inflation benchmark	3.1%
Admin and Mgr expenses	0.7%
Spending fraction	5.0%
Real Rate of Return	2.4%

UNIVERSITY OF WISCONSIN SYSTEM TRUST FUNDS
Principal Long-Term Fund Spending Rate Viability Analysis
August 2001

Objective:

To determine the viability of a 5% (five percent) spending rate based on historical returns (i.e., the appropriate index returns for Trust Funds allocation).

Assumptions:

The policy index returns are representative of the returns the Long-Term Fund would have generated for the time period 1971-2000.

Analysis:

The Long-Term Fund's policy allocation index is comprised of the following:

S&P 500	40%
Russell 2000 Composite	18%
MSCI EAFE	12%
Lehman Aggregate	26%
JP Global	4%

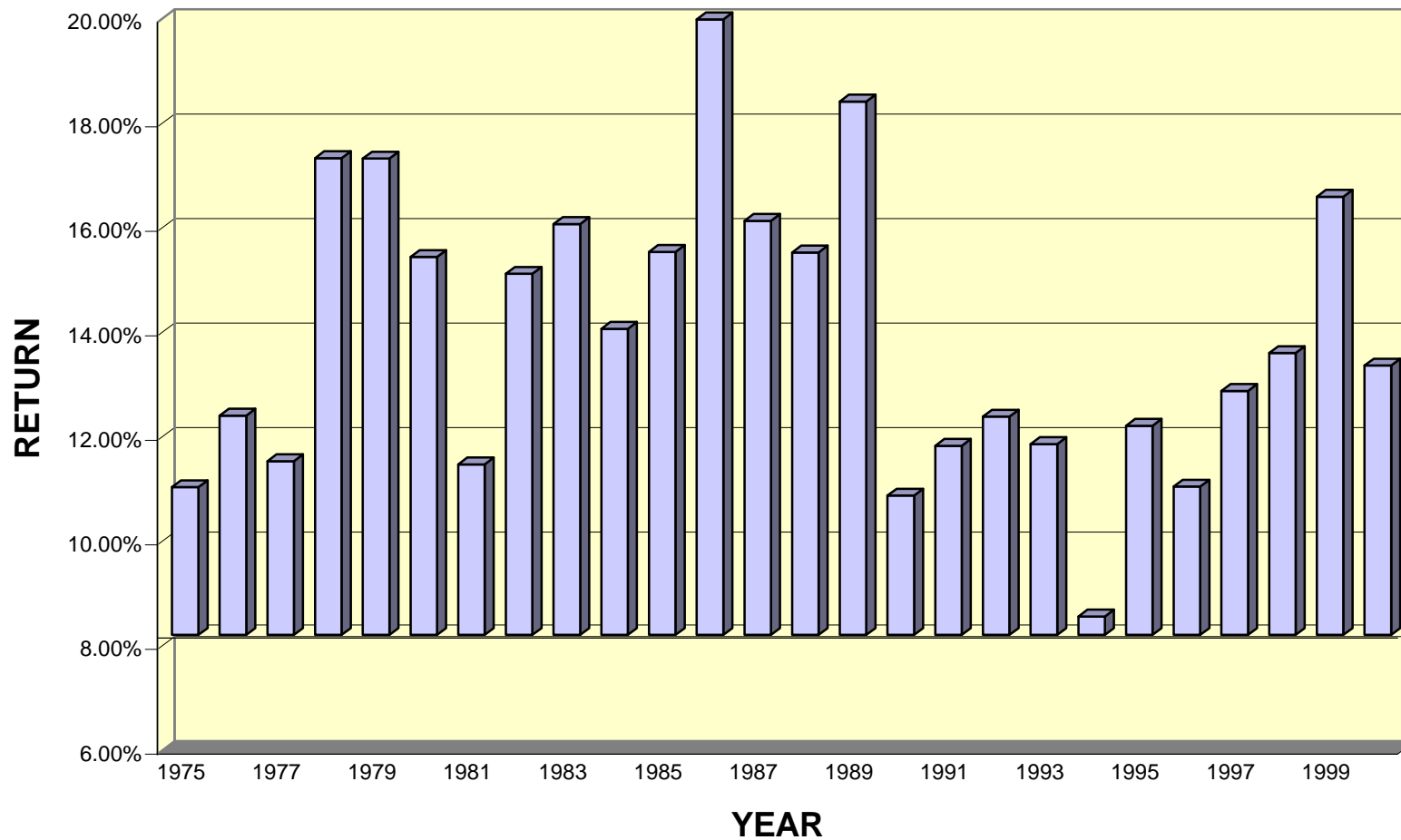
The policy index returns were tabulated based on monthly index returns. Yearly portfolio returns were then calculated based on rolling five and ten-year periods. The yearly returns were then compared with a "break-even" point of 8.2%. The break-even point represents the percentage return required by the Fund to match the spending rate plus inflation (investment/administrative expenses were not included in this analysis, as historical numbers were not available; as a percent of assets, these expenses are currently running at 0.7% per year).

Conclusions:

The current asset allocation would have generated an average annual positive real rate of return for the prior 5 and 10- year periods as of each year since 1975, utilizing 5 and 10 year rolling averages.

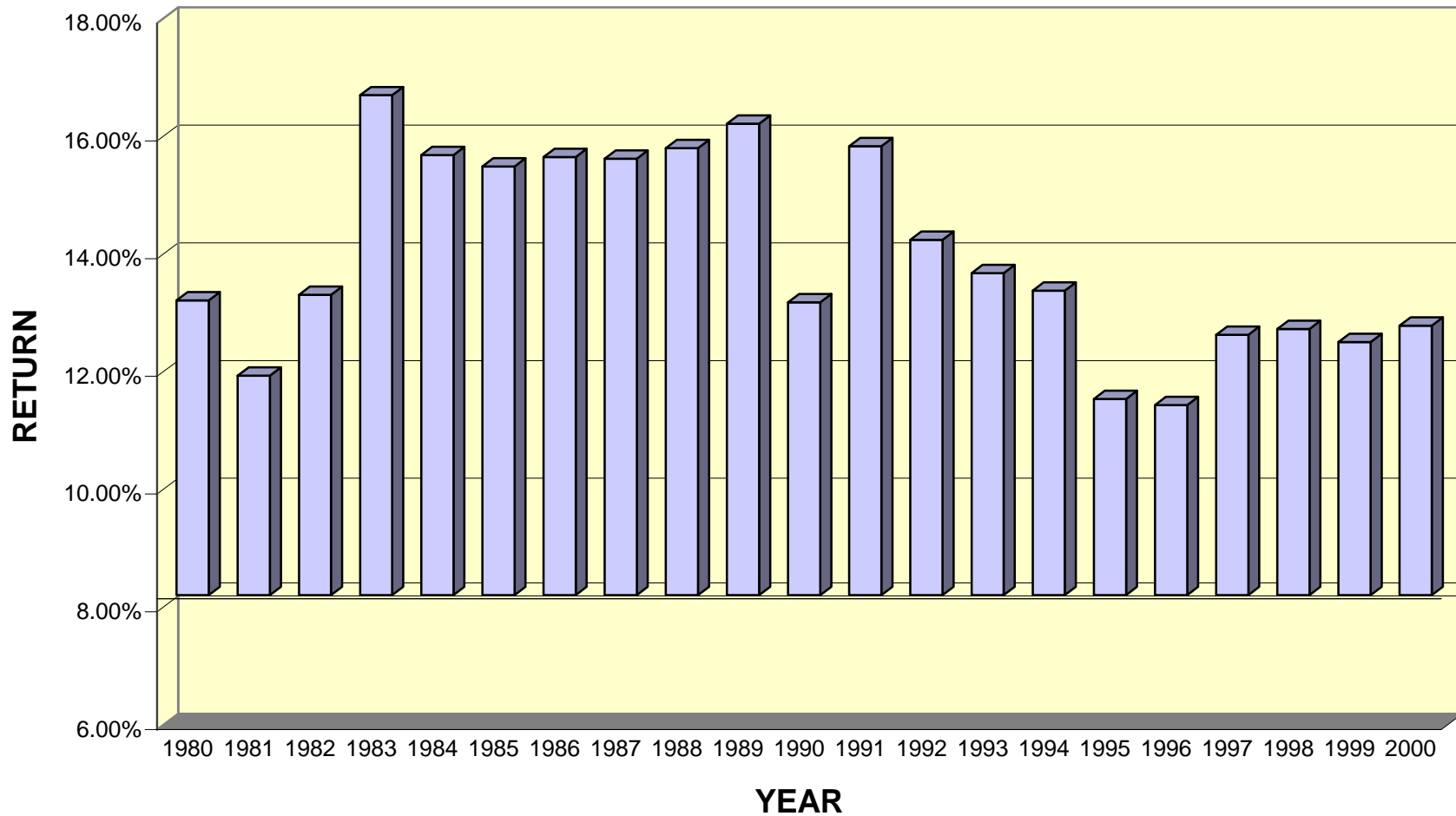
UNIVERSITY OF WISCONSIN SYSTEM TRUST FUNDS

VIABILITY ANALYSIS: PASSIVE INDEX FIVE YEAR ROLLING AVERAGE



UNIVERSITY OF WISCONSIN SYSTEM TRUST FUNDS

VIABILITY ANALYSIS: PASSIVE INDEX TEN YEAR ROLLING AVERAGE



INTERNAL AUDIT PROJECT STATUS REPORT AND POTENTIAL REVIEW TOPICS

BACKGROUND

This report is presented to the Board of Regents Audit Subcommittee to provide: 1) a status report on the major projects the UW System Administration Office of Internal Audit is conducting; 2) an update on outside audits in the UW System; and 3) a list of potential program review and management review topics.

REQUESTED ACTION

For information only.

MAJOR OFFICE OF INTERNAL AUDIT PROJECTS

- 1) High School Programs review work is nearing completion. The report will examine opportunities for high school students to earn credits in the UW System, as well as the implementation of related UW System policies.
- 2) Remedial Education review activities are nearing completion. The review assesses UW System institutions' compliance with and implementation of RPD 88-16, "Remedial Education Policy." Included are a review of UW institutions' procedures related to placement tests, test fees, and remedial courses.
- 3) Risk Management review work is examining the risk management function at both the UW System Administration and UW System institution level.
- 4) Student Health Services review work is addressing the implementation of RPD 78-9, related to health center services, as well as operational issues at student health centers.
- 5) Protection of Digital Copyrighted Material review work is focusing on the mechanisms in place at UW System institutions to address potential copyright infringement by campus computer users.
- 6) Protection of Valuable UW Collections review work is examining policies and procedures for managing and protecting the artwork, rare-book, antique and natural-history collections that UW institutions own, borrow or loan.

- 7) Outsourcing review work is identifying outsourcing efforts at the UW System institutions and examining policies for contracting for services.

OUTSIDE AUDITS

Several Legislative Audit Bureau (LAB) projects pertain to the UW System. First, work on the annual federally-mandated A-133 financial compliance audit for FY 2001 has begun, with a report expected in March 2002. Second, work on the FY 2001 financial statement audit will begin in early October. Finally, LAB issued an evaluation of the UW Hospital and Clinics Authority in June 2001. LAB reported that the Authority is "generally fulfilling its statutory mission of delivering comprehensive, high-quality health care, including charity care; providing medical instruction; sponsoring and supporting health care research; and providing medical outreach services statewide." LAB also reported that revenue in excess of expenses declined between FY 1996-97 and 1999-2000 but increased during the first ten months of FY 2000-01; LAB noted that the Authority's financial performance has been similar to that of other academic medical centers. The report included no recommendations.

In addition, several years ago the Office of Inspector General, U.S. Department of Health and Human Services, conducted a Physicians at Teaching Hospitals (PATH) audit of UW-Madison faculty physician billing to Medicare. PATH audits have reportedly been conducted at 50 to 60 teaching hospitals and medical schools. The 20-case audit at UW-Madison resulted in no findings of fraud; it did result, in May 2001, in a negotiated settlement amount of \$214,867, based on an extrapolated overpayment amount for inpatient services for the audit year.

POTENTIAL REVIEW TOPICS

A list of potential program review and management review topics is attached. The Office of Internal Audit developed the list after reviewing Board of Regents policies, UW System policies, past reviews and audits, state statutory requirements, and literature about current issues in higher education. UW System senior officers provided suggestions as well.

Project assignments are made based on staff resources, project priorities, and staff expertise. For this reason, the topics are in alphabetical, rather than sequential, order. Projects typically begin with five to ten days devoted to background work in order to determine the scope of work to be performed. Before review work begins, the Vice President for Finance and others who may be affected by the project are given an opportunity to review the detailed project scope document.

The Office of Internal Audit reviews the topic list periodically to ensure top priorities are being met. The list may be amended in response to national issues or institutional requests. In response to the Audit Committee's interest in establishing audit priorities, the list is being presented for the Committee's review.

UNIVERSITY OF WISCONSIN SYSTEM
OFFICE OF INTERNAL AUDIT
Potential Program Review and Management Review Topics

TOPIC	BACKGROUND	POSSIBLE REVIEW ISSUES
Academic Tuition and Fees	Tuition and fees include the instructional fee, nonresident tuition, and the segregated university fee. A program review could be conducted at each UW System institution.	<p>A program review could:</p> <ul style="list-style-type: none"> • Analyze procedures and policies for assessing and collecting tuition and fees. • Review nonresident fee remissions for compliance with state statutes. • Review special fee assessments for compliance with Board policy. • Assess the accuracy of Central Data Request submissions.
Animals in Research	<p>RPD 84-2, <i>Criteria for the Use of Animals in Research</i>, directs researchers to follow criteria in the Guide for the Care and Use of Laboratory Animals (DHEW NIH 78-23) regarding the humane treatment of animals for scientific research, in accordance with s. 36.40, Wis. Stats.</p> <p>A recent Office of Internal Audit review of human research subject policies highlighted procedural areas needing improvement. Strict adherence to requirements is essential both to protect the subjects and to ensure continued federal funding.</p>	<p>A program review could:</p> <ul style="list-style-type: none"> • Analyze compliance with federal guidelines for using animals in research. • Analyze the adequacy of the UW policy. • Ensure UW System institutions are complying with the federal guidelines.

TOPIC	BACKGROUND	POSSIBLE REVIEW ISSUES
Auxiliary Reserves	<p>Auxiliary reserves guidelines were involved in a Legislative Audit Bureau finding related to excess cash reserves and related payback. Auxiliary reserves are restricted to certain levels, according to FPPP #43 and 43a. A report is submitted annually to the Board. The Office of Internal Audit has not previously reviewed the propriety of reserve maximums.</p>	<p>A management review could:</p> <ul style="list-style-type: none"> • Examine the level of reserves. • Analyze compliance with UW System guidelines. • Examine five-year plans for auxiliary reserves, rate increases, and amortization. • Review the relationship between reserves and rate increases. • Assess whether auxiliaries share in appropriate costs. • Review reserves management for best business practices. • Follow up on the LAB audit on auxiliary reserves.
Child Care Operations	<p>Revisions to GAPP #38 addressed the need for each institution to meet child care needs for students, faculty and staff. Child care can be a recruitment tool for both students (especially the adult market) and faculty.</p>	<p>A program review could:</p> <ul style="list-style-type: none"> • Describe how the centers operate -- staffing, customers, revenue, etc. • Identify program goals and objectives. • Assess whether centers have complied with UW and state regulations. • Identify any current areas of concern.
Electronic Data Interchanges (EDI)	<p>UW System Office of Internal Audit has not reviewed electronic fund transfer controls. A review could also cover e-commerce, payroll, and transfers from overseas.</p>	<p>A program review could:</p> <ul style="list-style-type: none"> • Identify risks of EDI and analyze adequacy of controls. • Explore cost savings. • Identify trends in the use of EDI and explore additional possible uses.

TOPIC	BACKGROUND	POSSIBLE REVIEW ISSUES
Energy Conservation	UW System Capital Planning and Budget establishes methods of conserving energy at all System facilities. For example, UW-Green Bay needed to invest additional funds to lower anticipated annual energy costs in a planned building.	A program review could: <ul style="list-style-type: none"> • Identify existing policies and programs. • Analyze compliance with state directives on energy usage and conservation. • Identify best practices.
Experimental Graduate Student Investment Project	In March 1998 the Board of Regents allocated \$10 million of the Intermediate Term Fund to the Applied Securities Analysis Program (ASAP) of UW-Madison's Business School to provide students with hands-on investment management experience. The ASAP group is held to the same standards as professional managers.	A program review could: <ul style="list-style-type: none"> • Assess whether investment policies and guidelines have been established. • Evaluate the performance and progress of the program.
Farm Operations	Farms associated with the Colleges of Agriculture at UW-Platteville, UW-River Falls, UW-Madison and various experimental stations were separately audited by UW System Internal Audit in the past, with a concentration on cash handling.	A program review could: <ul style="list-style-type: none"> • Identify program costs. • Analyze the extent to which program objectives are accomplished. • Confirm that products are sold at market rates.
Management Information Systems (MIS)	<p>RPD 88-14, <i>Guide to Plan and Implement Management Information Systems</i>, pertains to planning and implementing MIS in the UW System.</p> <p>RPD 97-2, <i>Policy on Use of University Information Technology Resources</i>, covers appropriate uses of IT resources, inter-institutional cooperation, and privacy and confidentiality.</p>	A program review could: <ul style="list-style-type: none"> • Identify recent MIS planning efforts. • Explore the planning processes and related considerations. • Examine institutional policies and how policies have been communicated to faculty and staff.

TOPIC	BACKGROUND	POSSIBLE REVIEW ISSUES
Real Property Acquisition	RPD 94-3, <i>Acquisition of Property Within Approved Campus Development Plan Boundaries</i> , delegates to the "Vice President for Physical Planning and Development" authority to complete certain land transactions, including purchasing and exchanging parcels, accepting gifts of land, and selling land.	A program review could: <ul style="list-style-type: none"> • Examine the history of the delegation of acquisition authority. • Describe property acquisition practices. • Identify the number and types of land acquisitions and sales in recent years. • Analyze whether Board of Regents policies reflect current practices.
Student Career Advising	Student career advising has been a priority for all institutions and students in the UW System.	A program review could: <ul style="list-style-type: none"> • Identify the UW System institutions' career advising practices and staffing. • Identify best practices in the UW System. • Identify advising methods used successfully at other institutions nationally.
Student Retention/ Residence Halls	<p>Studies have shown that students who live in residence halls receive higher grades and have higher graduation rates. A program review could focus on residence halls as learning centers.</p> <p>RPD 72-6, <i>Freshman-Sophomore Residence Halls Requirement</i>, requires freshmen and sophomores at former WSU units who are not veterans, married or living with parents or guardians to live in a university-operated residence hall when such accommodations are available.</p>	A review could: <ul style="list-style-type: none"> • Examine studies of the relationship between living on campus and student retention. • Analyze how UW residence halls are set up to promote good study habits. • Determine how many freshmen and sophomores live on campus. • Analyze the fiscal implications of RPD 72-6. • Identify national trends. • Identify any needed policy changes.

TOPIC	BACKGROUND	POSSIBLE REVIEW ISSUES
Tax Reporting for External, Foundation, or Booster Club Payments to Employees	Employee reimbursements made by an external source, such as foundations, must be reported to the UW for W-2 reporting. Examples of reportable payments include moving expenses, temporary lodging, spouse travel and club memberships.	A program review could: <ul style="list-style-type: none"> • Assess compliance with IRS regulations, to avoid possible penalties. • Analyze the adequacy of UW institutions' reporting processes.
Utility Chargebacks, Physical Plant Chargebacks, Administrative Services Charge, Fund 120 Balance	<p>RPD 90-2, <i>Program Revenue Contributions to the Cost of Funding Capital Projects Relating to Central Utility Systems</i>, provides a schedule for determining the amount of program revenue each UW institution is to be assessed annually for capital projects related to central utility systems.</p> <p>Three UW institutions have a Fund 120 established for Physical Plant chargebacks. Two have established operating statements and reserve criteria, and another was expected to reduce its fund balance. Chargebacks are governed by System policy papers FPPP #25 and #42.</p>	A program review could: <ul style="list-style-type: none"> • Analyze utility chargebacks. • Analyze and compare UW institution practices. • Assess compliance with policies and adequacy of procedures. • Analyze physical plant staffing levels. • Follow up on Fund 120 balance issues.
Withholding Procedures	With a new HR/Payroll System in development, it will be useful to identify any withholding problems before system implementation. UW System has not reviewed the payroll process since the 1970s.	A program review could: <ul style="list-style-type: none"> • Determine what types of withholding are made from employee paychecks. • Analyze compliance with applicable laws and ensure adequacy of controls. • Analyze the appropriateness of payroll deductions.

I.3. Physical Planning and Funding Committee

Thursday, September 6, 2001
Room 1920 Van Hise Hall
2:00 p.m. (or upon conclusion of
All Regents Meeting)

2:00 p.m. or upon conclusion of All Regents Meeting
Joint Session with Business and Finance Committee / Room 1920

a. Preventive Maintenance Policy

2:15 p.m. or upon conclusion of the joint session,
Physical Planning Committee adjourns to Room 1511

b. Approval of minutes of the June 7, 2001 meeting of the Physical Planning and
Funding Committee

c. Report of the Assistant Vice President

- Building Commission Actions
- Other

d. 2001-02 Committee Work Plan

e. Revision to Physical Planning Principles to Incorporate Sustainability Concepts
[Resolution I.3.e.]

f. UW Colleges: Annual Report

g. UW-Green Bay: Laboratory Sciences Addition and Remodeling (Design Report)
\$17,915,000 General Fund Supported Borrowing
[Resolution I.3.g.]

h. UW-Green Bay: Land Use Agreement with University Village Housing, Inc.
[Resolution I.3.h.]

i. UW-La Crosse: Baird, Coate and Laux Residence Halls Telecommunications
Cabling
\$340,000 Program Revenue-Cash
[Resolution I.3.i.]

j. UW-Madison: Camp Randall Stadium - Utility Upgrade Phase (Design Report)
\$11,200,000 (\$7,575,000 General Fund Supported Borrowing and \$3,625,000
Program Revenue Supported Borrowing)
[Resolution I.3.j.]

- k. UW-Madison: Randall Substation Upgrade (Design Report)
\$2,000,000 General Fund Supported Borrowing
[Resolution I.3.k.]
- l. UW-Milwaukee: Lapham Hall South Wing Remodeling Budget Increase
\$550,000 General Fund Supported Borrowing - various sources
[Resolution I.3.l.]
- m. UW-Stout: Recreation Complex Budget Increase
\$200,000 Program Revenue Supported Borrowing - Utilities
[Resolution I.3.m.]
- n. UW-Whitewater: Upham Hall Renovation and Addition - Phase I (Design Report)
\$10,100,000 General Fund Supported Borrowing
[Resolution I.3.n.]
- x. Additional items which may be presented to the Committee with its approval

THE UNIVERSITY OF WISCONSIN SYSTEM

Preventive Maintenance Goals

Executive Summary

Background

The Board of Regents is actively involved in the stewardship of its significant facilities resources. The University System's 2001-03 Capital Budget request emphasized repair and renovation of existing facilities, and began a ten-year plan to eliminate the backlog of deferred maintenance and provide funds for cyclical repairs so that the backlog does not increase. The concept of a ten-year plan was endorsed by the Department of Administration and the State Building Commission, and funding will continue to be aggressively pursued.

Another critical element of facilities stewardship is providing appropriate day-to-day routine and preventive maintenance to extend the useful life of equipment and facilities and ensure that buildings and equipment operate at peak efficiency. A survey of peer institutions determined that the UW System is severely underfunded in physical plant operations. Therefore, the 2001-03 UW System Operating Budget request advanced by the Board of Regents included funds to increase UW System physical plant funding to the average of those peers over the next several years. In anticipation of favorable action on the budget request, members of the Board asked that a draft policy be presented at a future date relative to preventive maintenance. However, no new funding was received in 2001-03, making it difficult to implement a new policy.

The maintenance problem persists and will need to be reconsidered in 2003-05 and beyond. Therefore, System Administration and a working group of Physical Plant Directors have outlined several goals for preventive maintenance. While full realization of these goals is dependent upon adequate funding, these are the goals our institutions are all working toward even under current circumstances.

Requested Action

This item is for discussion purposes only, and no action is requested at this time.

Discussion

The Board of Regents has taken a comprehensive approach to extending the useful life of its vast facilities resources. At the direction of the Board, assessments have been made of existing physical and fiscal conditions, and plans have been put in place to ensure that all resources are be

effectively utilized. As a result of numerous discussions and presentations, the comprehensive facilities stewardship plan of the Board of Regents has the following components:

- High priority placed on renovation and repair of existing facilities in the University System's Capital Budget requests. (Continuing emphasis since 1991; action on 2001-03 request in August 2000.)
- Implementation of a facilities management database to assess and monitor the backlog of maintenance, and to identify the need for cyclical maintenance and replacement as building systems and components wear out. (FacMan program begun in 1999, most major academic facilities completed by 2000, remainder to be completed by 2002.)
- Identification of appropriate physical plant staffing levels needed to conduct routine and preventive maintenance that will ensure peak efficiency of facilities and equipment, maximize their useful life and minimize unscheduled breakdowns. (Funds included in the UW System 2001-03 Operating Budget request, as the first phase of a four-year plan to increase staffing to peer benchmark.)
- Adoption of a Long Range Facility Maintenance Plan that would eliminate the current backlog of deferred maintenance over a ten-year period and include funding to accommodate cyclical needs so that the backlog does not increase. (Plan adopted December 2000.)
- Development of goals for preventive maintenance. (this document)

Preventive Maintenance Goals

- Achieve maximum reliability, performance and safety of equipment and other building components by implementing timely, accurate, cost effective, and proactive preventive maintenance procedures.
- Establish procedures to continually maintain equipment and other building components at levels that at least meet the manufacturers' recommendations.
- Maximize the effectiveness of employees by providing training in preventive maintenance procedures.
- Utilize cost-effective predictive testing technologies and facilities management software to help prioritize work and to minimize unplanned equipment and building component downtime and service interruptions.

Revision to "*Campus Physical Planning Principles*," UW-System

PHYSICAL PLANNING AND FUNDING COMMITTEE

Resolution:

That, upon the recommendation of the President of the University of Wisconsin System, revision of "*Campus Physical Planning Principles*" to include sustainability concepts be adopted.

University of Wisconsin System

**REVISION OF PHYSICAL PLANNING PRINCIPLES
TO ADDRESS SUSTAINABLE ARCHITECTURE**

Executive Summary

BACKGROUND

In March 1999, the Board of Regents adopted fourteen basic principles to guide all aspects of physical planning and development of UW System campuses, including new buildings, major renovations, exterior developments and other changes in the physical makeup of the built environment. The principles are communicated to all internal and external people involved in physical planning and development.

In May 2001, a presentation was made to the Physical Planning and Funding Committee by two students at UW-River Falls on the benefits of *sustainable architecture*, a concept that addresses balancing social, environmental and economic goals to meet the needs of today without compromising the ability of future generations to meet their needs. The Committee directed staff to study the topic further and make a report at a future meeting on how the concept of sustainability is or could be incorporated into physical planning efforts.

REQUESTED ACTION

That the Board of Regents adopt Resolution I.3.e., modifying the Physical Planning Principles to more specifically incorporate the concept of sustainable architecture.

DISCUSSION

The attached report, entitled Sustainable Architecture for the University of Wisconsin System, discusses the topic of sustainability and provides a sampling of the numerous available examples of recent and current physical planning efforts that are "sustainable."

In addition, many sustainable activities occur every day in the routine operation of our campuses, the delivery of instruction and the undertaking of research. Such activities include recycling, purchasing to minimize waste, energy conservation, transportation management, safe use and disposal of chemicals and hazardous materials, etc. The Physical Planning and Funding Committee has received reports on each of these topics in the past.

While the existing Physical Planning Principles already contain concepts that encourage sustainable practices without being clearly defined or labeled as such, it is likely and appropriate that interest in the specific area of sustainability will continue. To ensure that existing and future generations of people involved in University facilities planning address those concerns, UW System Administration recommends that some minor modifications be made to the Physical Planning Principles. Those changes are noted by underlining and marks in the margins of the attached paper.

RELATED PREVIOUS ACTION

May 2001: A presentation was made to the Physical Planning and Funding Committee by two UW-River Falls students on the benefits of sustainable design.

March 1999: The Board of Regents adopted Physical Planning Principles for the University of Wisconsin System. This was a third reading of the Principles.

SUSTAINABLE ARCHITECTURE FOR THE UNIVERSITY OF WISCONSIN SYSTEM

September 2001

INTRODUCTION

Over the past decade, increased concerns with the natural environment, including global warming, pollution, depletion of natural resources and, more recently, energy shortages, have led to a movement termed “sustainable development” or sometimes “green design.” A commonly used definition of sustainable development is:

“the ability to meet our needs today without compromising the ability of future generations to meet their needs.”

It is not surprising that much of the activity in sustainability has occurred within the academic community, which has the interest and resources to conduct research in this area. Industry has been increasingly supportive in funding research in a variety of areas related to sustainability. In addition to faculty, student interest in sustainability also has been increasing. At the May 2001 Regent meeting in River Falls, a student presentation advocating sustainable architecture was made to the Physical Planning Committee. This committee then directed Capital Planning and Budget to prepare an analysis for further Regent consideration.

BACKGROUND

Although human habitation designed in concert with the environment goes back many millennia, more recent history includes examples of educational buildings designed to take advantage of natural lighting and ventilation. In the late 1940's, many public schools were designed to maximize natural day lighting and natural ventilation. Our campus schools are examples of this, as are many of our classroom buildings built prior to the mid 1950's.

In 1970, many campuses nationwide participated in Earth Day that focused concern on preserving the natural environment and increased interest in how the built environment affects the natural environment. The energy crisis of the 1970's resulted in increased efforts to design and operate buildings in an energy-efficient way and resulted in energy performance codes for buildings. Two unfortunate outcomes of this focus on energy were buildings with sick building syndrome because of inadequate ventilation and gloomy facilities because of a lack of windows.

In the late 1970's and early 1980's, solar heating became an area of interest and buildings were built that used solar heating technologies. Because of problems with the quality of then available technology and the relatively long payback of solar heating systems, few buildings using solar heating were built after the mid 1980's.

Starting with the oil crisis in the 1970's, building codes have mandated increasingly higher energy efficiency. These mandates, combined with energy-efficient and cost-effective heating, ventilation and air conditioning systems and lighting systems, have resulted in increasingly energy-efficient buildings. Recent concerns with energy costs and shortages have again heightened awareness of energy conservation.

Federal legislation on clean water has had an effect on the way that construction run-off, a major source of water quality problems, is required to be handled. Because of flooding concerns, many communities have passed ordinances that require storm water runoff to be retained or controlled before discharging into public sewer systems. Additionally, communities in which our campuses are located have become increasingly concerned about the effects that new development will have on their quality of life. Such concerns include parking, traffic, preservation of green space, flooding, light pollution, air pollution and noise. Through our planning efforts and the Environmental Impact process, the UW has had to address the legal requirements of Federal, state and local governments and concerns of the community.

Problems with poor indoor air quality, caused by inadequate ventilation, off-gassing and other releases of chemicals and the presence of harmful biological agents such as molds, have resulted in retrofitting buildings with improved ventilation systems and other means to eliminate these problems. In addition to healthy air, building occupants increasingly are expecting temperature and humidity control in the buildings they occupy. Remediation of harmful and toxic substances such as asbestos, PCB's and mercury from buildings has been occurring for over 20 years.

As well as building occupants reacting negatively to the almost windowless buildings of the 1970's, there is increasing evidence that natural lighting has both psychological and performance benefits. Combined with significant technological improvements in glass thermal performance and the possibility of energy savings, these factors have resulted in increased use of windows for both lighting and views.

Recycling efforts have become more widespread, with the result that additional building products are coming on the market that utilize recycled content. Salvaging and remanufacturing of usable materials during demolition rather than disposing of them is becoming more common within the building industry.

Finally, global concerns with the effects of pollution and resource depletion have created a public awareness of how buildings might contribute to these problems.

SUSTAINABLE BUILDING PRACTICES

Although there are a number of ways of describing sustainable building, the following prioritized list of 10 sustainable building practices taken from *Environmental Building News* is a good summary:

1. **SAVE ENERGY**
This includes both the use of energy efficient construction and systems and the use of renewable sources of energy such as photovoltaics.
2. **RECYCLE BUILDINGS**
This includes reusing existing buildings instead of building new buildings.
3. **CREATE COMMUNITY**
This includes designing to minimize use of automobiles and to encourage alternative forms of transportation such as walking and bicycling. Compact patterns of development are also a part of this practice.
4. **REDUCE MATERIAL USE**
This includes building only as much as is needed and minimizing surface area.
5. **PROTECT AND ENHANCE THE SITE**
This includes use of landscaping materials that minimize the need for chemicals or pesticides, using landscaping to shade the buildings, preventing erosion and preserving or restoring the ecosystem.
6. **SELECT LOW-IMPACT MATERIALS**
This includes using materials that generate less pollution, whether in manufacture, transportation or on site. Use of non-toxic materials, recycled materials, and materials that do not deplete resources are part of this practice.
7. **DESIGN FOR DURABILITY, FUTURE RESUE AND ADAPTABILITY**
This includes use of durable and low maintenance materials as well as designing buildings that can easily be modified in the future.
8. **SAVE WATER**
Along with using water saving plumbing fixtures, this includes managing storm water for groundwater recharge.
9. **MAKE THE BUILDING HEALTHY**
This includes designing buildings to provide adequate levels of ventilation and avoiding use of materials that off-gas volatile organic compounds. This also includes providing occupant control of light, air, moisture and noise.
10. **MINIMIZE WASTE**
Along with recycling and reusing materials, reduction of demolition and construction waste is part of this practice.

An objective measure of building sustainability currently is available by using a method called the LEED™ (Leadership in Energy and Environmental Design) building rating system. This scorecard, which was developed by the U.S. Green Building Council, gives points for various sustainability practices incorporated into the building design. Bronze, silver, gold and platinum ratings are available for buildings according to points accumulated.

PLANNING CONSIDERATIONS

Planning efforts are the responsibility of the individual campuses, with UW System Capital Planning and Budget staff providing guidance to the campuses. The *University of Wisconsin Campus Physical Planning Principles*, adopted by the Board of Regents in March 1999, serves as a guide for all planning activities. These principles cover the broad range of all the issues that need to be addressed during planning. A number of the principles contain concepts that encourage sustainability practices, without being labeled as such.

Since the Division of Facilities Development has final responsibility for all capital construction, it determines acceptable materials, systems and costs. It must balance the desire to build innovative buildings with the need for creating buildings that are durable, economical to operate and affordable. While DFD has been supportive of sustainability practices, particularly those that encourage energy conservation, sustainability practices that involve use of new systems and materials, or which may impact project cost, must have the approval of DFD before such practices may be implemented. It is therefore important that the UW work with DFD at the very earliest stages in planning projects that involve new or expanded use of sustainability practices.

Since projects budgets are always an issue, sustainability practices that have a major impact on construction costs may require securing funding from multiple sources in order to implement these practices within specific projects. Such potential costs and funding possibilities will need to be identified early in the planning process.

Last, sustainability practices that affect the way in which campus buildings are operated and maintained will need to be carefully reviewed with appropriate campus staff during planning to assure that those responsible for operations and maintenance are supportive of such sustainability practices.

COST IMPACTS

The cost impacts of sustainability can be broken down into four categories:

- 1) Those that save money initially and over the long term
- 2) Those that cost no more initially and save money over the long term
- 3) Those that cost more money initially but save money over the long term

- 4) Those that cost more money initially and do not necessarily save money over the long term but that may have other benefits.

An example of sustainability that may save money initially and over the long term is the use of building orientation and day lighting to reduce the air conditioning load and therefore downsize the air conditioning equipment required. Another example would be reusing and upgrading an existing building.

Examples of sustainability that have no additional cost but that save money over the long term include orienting buildings to take advantage of the climate and designing buildings for greater long term flexibility and reuse.

Examples of sustainability that cost more initially but save money over the long term include the use of higher performance thermal envelopes, the use of more energy efficient mechanical and lighting equipment and specifying building materials and finishes with long lives.

An example of sustainability that may have an increased initial cost but that may not result in future cost savings includes the use of some recycled materials. Storm water retention, which may impose additional costs initially, may not necessarily result in long-term savings to the campus but may be necessary for community flood control. Finally, the use of low VOC materials (materials that do not out-gas) may cost more initially, but may improve the actual and perceived indoor air quality.

OTHER IMPACTS

While there are identifiable savings that can result from the use of sustainability practices, there are other benefits that are more difficult to quantify. Such benefits include reduced damage to the natural environment, buildings that provide more pleasant and humane environments for their occupants and less consumption of resources that all must share. Additional benefits include the use of buildings as educational tools for sustainability, minimizing the negative impacts of campus development on the neighboring community and the positive public image that can come from being a leader in sustainability.

As a long-term user of facilities, the UW needs to make sure that any sustainability ideas incorporated into building development do not cause negative impacts in the future. Since campus buildings and grounds must be capable of being easily maintained and operated over a long period of time, the use of cutting edge sustainability practices should be carefully evaluated for long-term performance before being incorporated into design.

CURRENT INITIATIVES

Since the State of Wisconsin Building Code requirements and DFD standards have for some time mandated higher energy efficiency than those standards of many other states, UW buildings constructed over the past several biennia incorporate energy saving features that are only beginning to be used in other states. As building technology continues to improve, each generation of buildings is becoming more energy efficient. As buildings are remodeled, they are brought up to current energy standards.

Cooperative planning with municipalities on storm water management has resulted in use of storm water detention systems at the Madison, Milwaukee, River Falls and Superior campuses.

Use of natural day lighting was incorporated into the design of the recently completed Kachel Fieldhouse at Whitewater and in the Klotsche Center Addition in Milwaukee, which is currently in design. Since DFD currently is encouraging the use of cool day lighting in State buildings, it is likely that more UW buildings will be planned with natural lighting.

Throughout the UW, system campus master plans continue to emphasize development that removes vehicular circulation and grade level parking from the centers of campus in favor of pedestrian and bicycle circulation. On several campuses street closures and the development of attractive pedestrian-friendly circulation routes have been completed.

At UW-Green Bay, the recently completed Mary Ann Cofrin Hall was planned as a model of sustainability. Sustainability features include a highly insulated thermal envelope, high efficiency mechanical and lighting systems, use of natural day lighting, solar heating, photovoltaics to generate electricity and the use of finish materials from renewable sources.

The Whitewater campus is being heated and cooled with waste steam from a nearby electrical generation plant. A co-generation plant, which also would utilize waste steam, is being discussed for the Madison campus.

The Fine Arts Addition at Stevens Point will have a photovoltaic array, which will be funded by Wisconsin Public Service.

Two projects in planning, the Student Union project and the Residence Hall project at River Falls, have sustainability as a design consideration.

Finally, planning efforts system-wide continue to emphasize flexibility and adaptability to change, the goal being to build and remodel buildings that can be used far into the future.

RECOMMENDATIONS

Since sustainability practices address a wide variety of environmental and energy concerns, it is likely that the current trend towards sustainable buildings will continue. Therefore, it is appropriate that sustainability considerations be part of the UW System's capital planning process. In order to better address sustainability in the planning process, two actions are recommended.

First, that the *University of Wisconsin System Campus Physical Planning Guidelines* be amended, per the attachment, to strengthen sustainability as a planning consideration.

Second, that UW System Capital Planning and Budget staff, in cooperation with the Division of Facilities Development, investigate sustainability for incorporation into development of projects, and where such sustainability is appropriate for those projects, develop project capital budgets that support those sustainability efforts.

University of Wisconsin System

REVISION OF PHYSICAL PLANNING PRINCIPLES TO ADDRESS SUSTAINABLE ARCHITECTURE September 2001

Introduction

The purpose of this document is to define the basic principles for planning the physical development and maintenance of the University of Wisconsin System campuses. The Board of Regents expects each institution to apply these principles in capital planning. It is important that, before engaging in the planning or design of new buildings, major renovations, campus exterior developments, or other changes in the physical makeup of a campus, that these principles be effectively communicated to all people involved in planning. Planners, faculty, staff, students, and consulting architects and engineers should be challenged to demonstrate how their plans and designs accomplish the goals of these principles. As design continues, plans should be continually reevaluated by appropriate levels within the institution and System Administration to ensure the goals of these principles are accomplished to the maximum extent possible.

The buildings and other physical facilities that comprise a campus play a vital role in carrying out the missions of the UW System and its institutions. While the people of the State of Wisconsin spend large sums of money supporting year-by-year operating costs for instruction, research, and public service, the investment in the physical plant is also substantial. The quality of the physical facilities contributes immeasurably to the offering of quality educational and research programs and the overall image of the universities. Planning succeeds when those who use the campus and those who participate in its creation learn to appreciate its value, understand its power to enhance the educational process and human life, and become active advocates for excellence in the built environment.

Sound physical planning must take into account long-range program directions and the facilities needed to support those directions. Good planning means thinking beyond what may be newly required; it means planning the wise stewardship of existing physical facilities. This stewardship role involves making the best possible use of existing facilities, seeking capital funding for major maintenance and renovation, and maintaining adequate operating budgets to ensure appropriate on-going routine and preventive maintenance. Judicious planning will result in cost-effective measures to assure the highest and best use of available resources.

Sustainability should be an element of all physical planning. Sustainability is defined as the ability to meet our needs today without compromising the ability of future generations to meet their needs. Planning efforts should maximize desirable features of the natural environment, minimize damage to that environment and minimize depletion of resources in the construction and operation of facilities.

These planning principles are intended to guide the UW System campuses in a continuing evaluation of the facilities needed to support university programs. The planning and implementation process for projects often spans a number of years, and planning decisions made in one year must consider the physical accommodation of university programs several years beyond that time frame. Accordingly, these planning principles are set forth in the context of projected university missions and programs.

Principles for Campus Physical Planning

These principles will be applied during the planning process to provide direction for physical planning decisions, and to help insure the resultant plans include necessary considerations.

1. To plan physical development within the context of planning guidelines specific to each institution.

Each university must formally maintain and apply policies and guidelines that are responsive to these planning principles, unique to the university, and provide a framework for campus improvements. Each University has a distinctive "character" reflecting the unique programs and environment relating to its location and history. Campus development plans should capitalize on available programs and themes, enhance them, and introduce complementing themes that together establish a feeling of harmony while reflecting the multi-disciplinary nature of the campus with its surroundings. Guidelines should address both facility interiors and exteriors. Materials and finishes, lighting, pedestrian, bicycle and vehicular circulation, landscaping, open spaces and activity areas, all add distinctive character and integrity to a campus. All capital maintenance and improvements planned and implemented at each university must be within the framework provided by these principles and the guidelines unique to the university.

2. To create a physical environment that contributes aesthetically and physically to the overall educational experience.

Physical facilities are an integral part of the educational experience and, by their makeup and appearance, must enhance the quality of the university and its programs and the areas around the campus while strengthening the identity of the university.

The physical appearance, character and integrity of a campus stand as indelible statements of the nature and values of the institution, the community, and of those who work at and visit the campus. The physical attributes can add a rich dimension to the experience each person derives from association with a university. Students and employees appreciate the value of pleasant, useful surroundings that promote successful endeavors upon which a university thrives. Campus open spaces should create a strong positive identity and project a sense of place that reinforces a people-oriented environment, encouraging social interaction and educational discourse. Interior environments should be people-oriented, should enhance formal and informal social interaction and should provide connections to the exterior environment through daylight and views. The total development should enrich all those who

experience the working and learning environment of a campus.

3. To plan facilities on the basis of student enrollment and other population levels and distributions which may reasonably be projected.

Enrollments are being managed through Regent enrollment planning. The physical environment must be correlated to proper populations of students, faculty, staff and other members of the university community. This concept is relevant to all interior and exterior developments.

4. To plan facilities that are responsive to programs and the way they are delivered.

Modern methods of teaching and learning require various types of spaces. Planning must go beyond traditional thinking in terms of classrooms, laboratories, libraries, etc., to create a contemporary environment that will enable students to succeed. For example: research is increasingly conducted collaboratively by faculty and undergraduate students; students need space to work together in small groups both in the classroom or lab and in other campus facilities; the roles of the student union and library are evolving to encourage more interaction between students and faculty; etc. A variety of contemporary technologies are available to support these efforts. Planners must be aware of these trends and tools and integrate them into campus plans. Changing programs and methods of teaching and research and the expansion of knowledge will continue to generate changing facility needs. New programs will continue to be added; others may be discontinued. As some programs increase in size, others will decline. Facilities planning must include a vision for the future and incorporate flexibility and adaptability in the design and use of facilities to the greatest extent possible to address ever-changing programmatic needs.

5. To recognize the increasingly diverse student population, and to provide for the needs of these students.

Awareness should be heightened to understand and address the needs of diverse student populations. Among these are students of various age groups, ethnicity, and special needs. The number of non-traditional students is increasing as individuals, businesses, and communities recognize changing needs in the work place, communities, and personal lives. These students are typically from outside the traditional eighteen to early twenty year-old population and include both younger and older age groups. There is a growing focus on higher and continuing education and lifelong learning. Efforts to increase multi-cultural student enrollments and accommodate students with special needs should be accompanied by providing appropriate environments. Learning tools and methods for delivering instruction are evolving to meet the educational needs of all students, and new and innovative technologies are being utilized to support varying methods of instructional delivery. Distance learning capabilities, housing, day care, and other special facilities which improve access to university programs, must be considered as part of the contribution facilities will make toward enabling quality programs to be delivered to the greatest number of people and providing special amenities to promote student success for all.

6. To maintain an ongoing comprehensive building space management function and a comprehensive space use plan specific to the university.

Each university must formally maintain and apply policies and guidelines that provide a framework for managing building space. The ongoing space management program of each university must consider foreseeable program changes, maximizing effective and efficient use of existing space. Building space is a major university resource making it essential to manage all existing building space, to continually assess whether changes are needed to more effectively meet program needs. Reviewing alternatives such as the reassignment of spaces, changes in scheduling, remodeling to enable more effective sizing of classes must be a continuing effort to meet program needs, maximize the efficient utilization of space, and minimize the impact on the operating budget. Proposals for new construction must demonstrate all feasible alternatives for the use of existing space have been thoroughly explored. An effective space management function is essential to managing university space and preparing comprehensive justification for capital expenditures.

7. To make optimal use of all existing UW System facilities through renovation, conversion, and remodeling wherever possible.

It is recognized that optimal use may require substantial dollar investments to upgrade and remodel and, where appropriate, convert existing facilities to new uses.

When considering facility requirements, universities should first examine the potential use of available existing space as an alternative to new construction. Given the heavy investment in physical plant, the UW System must continually pursue modernization, modification, renovation, and remodeling of these facilities in order to protect that investment, and to extend the useful life to the maximum. Because of changing program needs and the requirements of modern teaching and research practices, a number of the older facilities will require functional changes and updating to properly accommodate programs whose character has changed.

8. To protect the large investments already made by students and the state in the physical plant and equipment.

With a significant investment in facilities located throughout the state, it is clear the UW System must protect, maintain and enhance the investments for future generations. Four areas of focus relate to this principle:

- a. Health and Safety - To assure that proper consideration is given to the health and safety of all who use university facilities.

Correction of health and safety code violations cited by either state or federal regulatory agencies must be given priority consideration. The state's moral obligation to provide a safe environment may result in corrective actions, whether or not a violation exists.

Facilities should be planned with the use of systems and materials that will maintain a healthy and safe environment throughout the life of those facilities.

- b. Maintenance - To properly maintain all existing facilities, promoting maximum usefulness for program objectives, and to extend the useful life of facilities as long as economically feasible.

High priority must be given to repair work on facility structural systems, the exterior building envelope, building systems (such as mechanical, electrical and plumbing), utility services, telecommunications and other support systems necessary for a building to function.

- c. Accessibility - To develop an overall environment that is accessible to people with disabilities and to remove existing barriers that obstruct access to university buildings and facilities.

Institutions must evaluate facilities to determine if they adequately accommodate persons with physical disabilities. Providing a barrier-free environment must be an inherent part of the planning process.

- d. Resource Conservation - To achieve ~~the~~ maximum efficiency in the consumption of resources.

Planning must include efforts to minimize electrical energy and heating fuel consumption. All facilities should be evaluated for energy efficiencies, and construction projects should be initiated to promote energy savings. Alternative energy sources should be explored to reduce energy consumption, while maintaining an adequate environment for the conduct of instruction, research and related programs. Facilities should be planned to accommodate the use of sustainable and recycled materials and to encourage recycling.

9. To encourage collaboration, partnerships and innovation in planning.

Collaborative partnerships can foster economic revitalization, cultural enrichment and community service. Physical planning should explore joint public-private ventures, multi-use facilities, interdisciplinary functions, and other collaborative innovations. Such options should be promoted to heighten public awareness, lead to funding opportunities, and to develop vital and sustaining partnerships. Jointly planned facilities should respond to missions and programs, improve community relations, promote the university's image, and take advantage of economies of scale. Collaborative use of federal, state and local grant funding programs should be encouraged to leverage state dollars for facilities development.

10. To ensure facility development is compatible with the existing positive features of campus and neighborhood environs through joint university/community planning, addressing economic and environmental impact.

All University of Wisconsin campuses are located within a municipality, frequently adjacent to residential areas. The large size of university facilities and numbers of people using them greatly affects the areas surrounding the campuses and the lives of many people. All campus development should be considerate of the ~~natural environment and the~~ architectural integrity of ~~the its surroundings~~ ~~environment to~~ and should compliment and enhance existing positive features. ~~The full range~~ A broad array of environmental concerns ranging from including clean air and water to aesthetics, traffic, parking and economics should be considered. ~~The configuration and operation of a university have a significant impact on the areas surrounding the campus.~~ Early involvement of the municipalities and the community is encouraged. Cooperative, compatible, ~~sustainable~~ development is an essential goal of campus ~~development~~ planning, and the university has a responsibility to provide leadership to achieve this goal.

11. To include students in the planning process whenever feasible, but always in the case of planning for student fee-supported projects.

State law and Regent policy require participation of students and users where appropriate in the formulation of plan elements supported by such fees. Self-amortizing projects may include residence halls, dining facilities, vehicular parking areas, student centers and unions, childcare facilities and, in some instances, recreational or athletic facilities. Regent policy seeks to assure student participation in planning decisions affecting segregated fees.

12. To provide for the transportation system needs of the university community.

Attention must be given to pedestrian, bicycle, and motorized vehicular circulation to ensure that university needs are met within context of the transportation systems of the surrounding community. Appropriate signage and wayfinding systems should be encouraged. Vehicular circulation should be accommodated gracefully, respecting and not dominating the pedestrian-oriented campus. Parking design should be responsive to the distinctive elements of each campus master plan. Parking should be encouraged at the perimeter of the campus, and multi-modal transportation systems (walking, biking, riding buses/trains, etc.) should be encouraged to reduce the dependence on the automobile thus enhancing the central pedestrian core.

13. To plan development at the UW Colleges in concert with the county and/or city in which the UW College is located.

State law provides that the construction cost of buildings at UW Colleges be financed by the counties and/or cities in which the campus is located. Local governments own the facilities that are leased to and operated by the UW System. The law enables the State Building Commission to authorize state funding for required special and movable equipment. While facility construction and renovation decisions are the prerogative of the respective local municipal bodies, the UW Colleges are responsible for effective space management and long range facilities planning. The Board of Regents must be made aware of the operating budget implications and equipment needs as a result of College/Municipal planning. All facility

improvements should respond to the mission of the UW Colleges.

14. To join in Wisconsin's commitment to the recognition of the state's heritage through historic preservation of buildings and other facilities.

The university supports compliance with the policies adopted by the State Building Commission related to Sections 44.40, Wis. Stats., stating that each state agency shall consider the effects of proposed actions on historic properties. The State Building Commission has adopted explicit policies and procedures governing the planning and consideration of projects in order to preserve buildings and other facilities of historic value. The essence of these policies must be considered when making building program decisions.

City and County Operating Budgets

for the University of Wisconsin Colleges

2001



COLLEGES

The freshman/sophomore UW campuses

INTRODUCTION

Section 66.51 Wisconsin Statutes permits cities and counties to construct higher education facilities, subject to the approval of the Board of Regents. Section 13.48(2)(f) also permits the State Building Commission to expend state building trust funds to equip such facilities. Since 1960, three cities and fourteen counties have acted under these statutory provisions in creating and maintaining the present thirteen UW Colleges.

Each municipality that participated in the creation of a UW College entered into a long-term agreement (of at least 75 years) with the University System. Although there are some variations in the terms of the agreements, they generally specify that the University System is responsible for the academic program, movable equipment, custodial services and utilities, while the municipality is responsible for repairs, improvements and maintenance of the facilities.

The information contained in this report describe the one-time and continuing financial commitment that municipalities across the state are making on behalf of the UW Colleges and the University System in bringing higher education to the citizens of their area. Collectively, they have constructed in excess of 1.8 million square feet of space at an estimated cost of \$116 million with an insured value of over \$208 million.

It is our hope that an annual report of this type will be helpful to Regents, University administrators, County Board Supervisors and City Council members who participate in the unique partnership called the UW Colleges.

September, 2001

**OWNERSHIP AND INSURED VALUE
OF FACILITIES
2001**

<u>UW COLLEGE</u>	<u>OWNERSHIP</u>	<u>INSURED VALUE</u>	<u>OUTSTANDING DEBT</u>
Baraboo/Sauk County	City of Baraboo Sauk County	\$13,313,655	\$2,262,530
Barron County	Barron County	\$11,867,785	\$0
Fond du Lac	Fond du Lac County	\$22,280,536	\$12,932,400
Fox Valley	Outagamie County Winnebago County	\$20,318,634	\$10,204,323
Manitowoc	Manitowoc County	\$9,136,835	\$4,060,609
Marathon County	Marathon County	\$26,505,557	\$6,140,000
Marinette	Marinette County	\$16,539,764	\$4,986,100
Marshfield/Wood County	City of Marshfield Wood County	\$13,800,989	\$5,000,000
Richland	Richland County	\$8,200,735	\$1,300,000
Rock County	Rock County	\$12,589,703	\$2,158,548
Sheboygan	Sheboygan County	\$16,949,378	\$667,664
Washington County	City of West Bend Washington County	\$11,465,399	\$813,870
Waukesha	Waukesha County	\$25,688,897	\$0 *
TOTALS		\$208,657,867	\$50,526,044

The Fond du Lac County Board approved a \$12.9 million building project for the 1999-01 biennium. The work should be completed in Fall, 2001.

The Manitowoc County Board approved a \$4,070,000 building project to include a theatre addition, campus renovation and asbestos removal in July, 1999. Groundbreaking was held in July, 2000.

The Washington County Board approved a \$8.0 million building project for a new science wing and renovation of the main building in August, 2000. Groundbreaking occurred in May, 2001 with an estimated completion date of Summer 2002.

*Starting in 1995, Waukesha County's debt service included all of the capital projects for the County. It is not possible to break out the campus' share.

**BUDGETED
CITY/COUNTY EXPENDITURES
2001**

<u>UW COLLEGE</u>	<u>OPERATIONS</u>	<u>CAPITAL OUTLAY</u>	<u>DEBT SERVICE</u>	<u>TOTAL</u>
Baraboo/Sauk County	\$73,560	\$31,380	\$115,578	\$220,518
Barron County	\$18,000	\$84,550	\$0	\$102,550
Fond du Lac	\$43,000	\$250,000	\$0	\$293,000
Fox Valley	\$113,713	\$149,236	\$1,134,852	\$1,397,801
Manitowoc	\$15,845	\$11,000	\$24,209	\$51,054
Marathon County	\$57,405	\$525,000	\$280,838	\$863,243
Marinette	\$18,999	\$39,000	\$618,013	\$676,012
Marshfield/Wood County	\$61,130	\$88,600	\$805,137	\$954,867
Richland	\$18,600	\$29,400	\$0	\$48,000
Rock County	\$33,017	\$41,000	\$414,278	\$488,295
Sheboygan	\$43,075	\$38,800	\$509,350	\$591,225
Washington County	\$133,825	\$72,500	\$252,156	\$458,481
Waukesha	\$93,856	\$77,100	\$0 *	\$170,956
TOTALS	\$724,025	\$1,437,566	\$4,154,411	\$6,316,002

Starting in 1995, Waukesha County's debt service included all of the capital projects for the County. It is not possible to break out the campus' share.

COUNTY BUDGET SUMMARY BY CAMPUS

Baraboo/Sauk County

2001
Budgeted
Amount

Operations

Building Maintenance	\$55,000
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Exterior Buildings and Grounds-Operations	\$2,000
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Grounds Maintenance	\$10,000
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Insurance	\$6,560
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Operations	\$73,560
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Capital Outlay & Projects

Equipment Replacement	\$11,500
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Exterior Buildings and Grounds-Capital Outlay	\$19,880
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Capital Outlay & Projects	\$31,380
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Debt Service

Debt Service	\$115,578
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Debt Service	\$115,578
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Baraboo/Sauk County	\$220,518
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COUNTY BUDGET SUMMARY BY CAMPUS

Barron County

2001
Budgeted
Amount

Operations	
Building Maintenance	\$5,200
Equipment Repairs	\$3,300
Insurance	\$6,500
Mechanicals/Infrastructure-Operations	\$3,000
Operations	\$18,000
Capital Outlay & Projects	
ADA Upgrades	\$5,000
Asbestos Removal	\$10,000
Building Interior-Capital Outlay	\$12,000
Equipment Replacement	\$7,500
Exterior Buildings and Grounds-Capital Outlay	\$50,050
Capital Outlay & Projects	\$84,550
Barron County	\$102,550

COUNTY BUDGET SUMMARY BY CAMPUS

Fond du Lac

2001
Budgeted
Amount

Operations

Building Maintenance	\$2,400
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Equipment Repairs	\$15,000
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Exterior Buildings and Grounds-Operations	\$1,500
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Grounds Maintenance	\$2,400
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Health & Safety	\$5,900
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Insurance	\$15,800
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Operations	\$43,000
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Capital Outlay & Projects

Exterior Buildings and Grounds-Capital Outlay	\$250,000
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Capital Outlay & Projects	\$250,000
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Fond du Lac	\$293,000
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COUNTY BUDGET SUMMARY BY CAMPUS

Fox Valley

2001
Budgeted
Amount

Operations

Building Maintenance	\$17,070
Equipment Repairs	\$10,050
Grounds Maintenance	\$1,113
Insurance	\$14,070
Maintenance Contracts	\$70,760
Other-Operations	\$650

Operations	\$113,713
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Capital Outlay & Projects

Building Interior-Capital Outlay	\$21,500
Equipment Replacement	\$56,536
Exterior Buildings and Grounds-Capital Outlay	\$10,200
Mechanicals/Infrastructure-Capital Outlay	\$11,000
Other-Capital Outlay	\$50,000

Capital Outlay & Projects	\$149,236
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Debt Service

Debt Service	\$1,134,852
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Debt Service	\$1,134,852
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Fox Valley	\$1,397,801
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COUNTY BUDGET SUMMARY BY CAMPUS

Manitowoc

2001
Budgeted
Amount

Operations

Building Maintenance	\$2,000
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Insurance	\$1,845
-----------	---------

Maintenance Contracts	\$3,000
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Mechanicals/Infrastructure-Operations	\$9,000
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Operations	\$15,845
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Capital Outlay & Projects

Building Interior-Capital Outlay	\$9,000
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Exterior Buildings and Grounds-Capital Outlay	\$2,000
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Capital Outlay & Projects	\$11,000
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Debt Service

Debt Service	\$24,209
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Debt Service	\$24,209
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Manitowoc	\$51,054
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COUNTY BUDGET SUMMARY BY CAMPUS

Marathon County

2001
Budgeted
Amount

Operations

Building Interior-Operations	\$22,700
Equipment Repairs	\$4,000
Insurance	\$9,705
Maintenance Contracts	\$3,500
Mechanicals/Infrastructure-Operations	\$17,500
Operations	\$57,405

Capital Outlay & Projects

Exterior Buildings and Grounds-Capital Outlay	\$500,000
Other-Capital Outlay	\$25,000
Capital Outlay & Projects	\$525,000

Debt Service

Debt Service	\$280,838
Debt Service	\$280,838

Marathon County	\$863,243
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COUNTY BUDGET SUMMARY BY CAMPUS

Marinette

2001
Budgeted
Amount

Operations		
	Building Maintenance	\$5,000
	Grounds Maintenance	\$5,000
	Insurance	\$4,999
	Mechanicals/Infrastructure-Operations	\$4,000
Operations		\$18,999
Capital Outlay & Projects		
	Equipment Replacement	\$21,000
	Exterior Buildings and Grounds-Capital Outlay	\$14,000
	Remodeling	\$4,000
Capital Outlay & Projects		\$39,000
Debt Service		
	Debt Service	\$618,013
Debt Service		\$618,013
Marinette		\$676,012

COUNTY BUDGET SUMMARY BY CAMPUS

Marshfield/Wood County

2001
Budgeted
Amount

Operations	
Building Maintenance	\$9,500
Equipment Repairs	\$3,000
Exterior Buildings and Grounds-Operations	\$12,000
Insurance	\$13,000
Maintenance Contracts	\$6,200
Mechanicals/Infrastructure-Operations	\$5,000
Other-Operations	\$12,430
Operations	\$61,130
Capital Outlay & Projects	
Building Interior-Capital Outlay	\$3,000
Equipment Replacement	\$15,600
Exterior Buildings and Grounds-Capital Outlay	\$70,000
Capital Outlay & Projects	\$88,600
Debt Service	
Debt Service	\$805,137
Debt Service	\$805,137
Marshfield/Wood County	\$954,867

COUNTY BUDGET SUMMARY BY CAMPUS

Richland

2001
Budgeted
Amount

Operations	
Building Maintenance	\$5,075
Equipment Repairs	\$3,000
Exterior Buildings and Grounds-Operations	\$800
Insurance	\$6,000
Mechanicals/Infrastructure-Operations	\$3,725
Operations	\$18,600
Capital Outlay & Projects	
ADA Upgrades	\$10,000
Equipment Replacement	\$1,000
Exterior Buildings and Grounds-Capital Outlay	\$4,800
Mechanicals/Infrastructure-Capital Outlay	\$4,200
Remodeling	\$9,400
Capital Outlay & Projects	\$29,400
Richland	\$48,000

COUNTY BUDGET SUMMARY BY CAMPUS

Rock County

2001
Budgeted
Amount

Operations

Insurance	\$3,445
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Maintenance Contracts	\$29,572
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Operations	\$33,017
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Capital Outlay & Projects

ADA Upgrades	\$11,000
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Building Interior-Capital Outlay	\$3,500
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Equipment Replacement	\$14,000
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Mechanicals/Infrastructure-Capital Outlay	\$12,500
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Capital Outlay & Projects	\$41,000
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Debt Service

Debt Service	\$414,278
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Debt Service	\$414,278
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Rock County	\$488,295
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COUNTY BUDGET SUMMARY BY CAMPUS

Sheboygan

2001
Budgeted
Amount

Operations			
	Building Maintenance		\$16,485
	Insurance		\$4,455
	Mechanicals/Infrastructure-Operations		\$17,700
	Other-Operations		\$4,435
Operations			\$43,075
Capital Outlay & Projects			
	Building Interior-Capital Outlay		\$25,000
	Equipment Replacement		\$13,800
Capital Outlay & Projects			\$38,800
Debt Service			
	Debt Service		\$509,350
Debt Service			\$509,350
Sheboygan			\$591,225

COUNTY BUDGET SUMMARY BY CAMPUS

Washington County

2001
Budgeted
Amount

Operations			
	Building Maintenance		\$1,355
	Insurance		\$46,090
	Maintenance Contracts		\$72,698
	Mechanicals/Infrastructure-Operations		\$13,557
	Other-Operations		\$125
Operations			\$133,825
Capital Outlay & Projects			
	ADA Upgrades		\$2,500
	Building Interior-Capital Outlay		\$45,000
	Exterior Buildings and Grounds-Capital Outlay		\$10,000
	Mechanicals/Infrastructure-Capital Outlay		\$15,000
Capital Outlay & Projects			\$72,500
Debt Service			
	Debt Service		\$252,156
Debt Service			\$252,156
Washington County			\$458,481

COUNTY BUDGET SUMMARY BY CAMPUS

Waukesha

2001
Budgeted
Amount

Operations		
Building Interior-Operations		\$4,000
Building Maintenance		\$15,800
Exterior Buildings and Grounds-Operations		\$6,500
Health & Safety		\$2,000
Insurance		\$14,871
Maintenance Contracts		\$20,085
Mechanicals/Infrastructure-Operations		\$30,600
Operations		\$93,856
Capital Outlay & Projects		
Asbestos Removal		\$1,100
Building Interior-Capital Outlay		\$20,000
Mechanicals/Infrastructure-Capital Outlay		\$56,000
Capital Outlay & Projects		\$77,100
Waukesha		\$170,956

COUNTY BUDGET SUMMARY

	2001 Budgeted Amount
Operations	
Building Interior-Operations	\$26,700
Building Maintenance	\$134,885
Equipment Repairs	\$38,350
Exterior Buildings and Grounds-Operations	\$22,800
Grounds Maintenance	\$18,513
Health & Safety	\$7,900
Insurance	\$147,340
Maintenance Contracts	\$205,815
Mechanicals/Infrastructure-Operations	\$104,082
Other-Operations	\$17,640
Operations	\$724,025
Capital Outlay & Projects	
ADA Upgrades	\$28,500
Asbestos Removal	\$11,100
Building Interior-Capital Outlay	\$139,000
Equipment Replacement	\$140,936
Exterior Buildings and Grounds-Capital Outlay	\$930,930
Mechanicals/Infrastructure-Capital Outlay	\$98,700
Other-Capital Outlay	\$75,000
Remodeling	\$13,400
Capital Outlay & Projects	\$1,437,566
Debt Service	
Debt Service	\$4,154,411
Debt Service	\$4,154,411
2001	\$6,316,002

Approval of the Design Report and
Authority to Construct the Laboratory
Science Building Addition and Remodeling
Project, UW-Green Bay

PHYSICAL PLANNING AND FUNDING COMMITTEE

Resolution:

That, upon the recommendation of the UW-Green Bay Chancellor and the President of the University of Wisconsin System, the Design Report be approved and authority be granted to construct the Laboratory Science Building Addition and Remodeling project at an estimated total project cost of \$17,915,000 of 2001-03 General Fund Supported Borrowing.

THE UNIVERSITY OF WISCONSIN SYSTEM

Request for Board of Regents Action September 2001

1. Institution: The University of Wisconsin–Green Bay
2. Request: Requests approval of the Design Report and authority to construct the Laboratory Science Building Addition and Remodeling project at an estimated total project cost of \$17,915,000 of 2001-03 General Fund Supported Borrowing.
3. Description and Scope of the Project: This project will remodel approximately 74,700 GSF of the 80,366 GSF Laboratory Sciences Building, and construct a 26,200 GSF four-story addition at the west end of the existing building. The exterior appearance of the addition will maintain the character of the original building by using precast exposed aggregate concrete panels and linear strip windows. A three story glass entry capped with clerestory glass will be constructed at the juncture of the old and the new structures to not only serve as the entry for those persons parking in the west end of the south lot but to also break up the overall length of the structure. The project will reconfigure all of the spaces within the building into a departmental type layout with teaching labs adjacent to research labs and specialized equipment rooms. The majority of the labs will provide flexibility to allow different specialties to be taught in the same lab. Faculty offices will all be located on the fourth floor to promote the exchange of ideas between faculty, researchers and students. Remodeling will not include the greenhouse and its support spaces.

The heating, ventilation, air conditioning, electrical, telecommunication, plumbing, smoke detection, sprinklers and fire alarm systems will be replaced, as well as specialized laboratory utilities such as natural gas, distilled water, and compressed air. Fume hoods and controls and water treatment systems will be replaced. Asbestos containing insulation and floor tile, as well as the roof, will be replaced. Handicap accessibility requirements will be met.

4. Justification of the Project: The Board of Regents recommended, as part of the 2001-03 Capital Budget, a \$17,546,000 project to construct an addition to and to remodel the existing Laboratory Science facility. The State Building Commission's recommendation increased the project budget to \$17,915,000 to accommodate additional hazardous materials abatement work, and resultant fee increases. A detailed justification for the project was provided in the Capital Budget materials. A brief summary follows:

The 44,000 ASF Laboratory Sciences Building was constructed in 1968 as part of the first three-building complex built on the then new UW-Green Bay campus. The building houses most of the science wet labs on campus, laboratory stockrooms, six classrooms, faculty offices, faculty/student project labs, and spaces housing the Herbarium, Wisconsin Ornithology Survey and the Richter Collection.

This is the second step in a sequence of events to provide the minimum amount of space construction of the new Mary Ann Cofrin Hall general academic facility to provide properly sized and configured classrooms and other instructional spaces. That facility was enumerated in the 1999-2001 capital budget and has been completed in time for the fall 2001 semester. The second step of the plan is to consolidate all instructional wet labs in the Laboratory Sciences Building, and locate teaching labs in close proximity to lab technical staff, stockrooms and related program support spaces.

The natural science laboratories in the Laboratory Science Building do not meet today's needs in terms of both efficiency and safety. The building reflects the original interdisciplinary, small class size concept of the programs at UW-Green Bay. It was thought laboratory classes of various disciplines should be small and intermingled to promote interdisciplinary instruction, and student and faculty interaction. Consequently, the chemistry, biology, physics and earth science labs are co-mingled through all floors of the building, and are designed for classes of 2-14 students, while economical instruction requires classes of about 24 students. As a result, the labs are seriously overcrowded and create a potentially unsafe and unhealthy learning environment.

All of the general assignment classrooms have been reallocated to the Cofrin Hall academic building, as will the Herbarium, Wisconsin Ornithology Society Breeding Bird Atlas, and the Richter Collection spaces. The vacated spaces will be remodeled to provide larger laboratories with the additional space necessary for in-lab technologies that are now common in science instruction. The anatomy, physiology and exercise physiology labs will be relocated to the Laboratory Sciences building from Wood Hall, and the vivarium will be relocated from Rose Hall, eliminating the need to transport equipment, supplies and hazardous materials through the campus open corridor system.

5. Budget:

Construction:	\$14,050,000
A/E Design Fees:	1,161,400
DFD Management Fee:	591,000
Contingency:	962,000
Movable Equipment:	1,106,000
Percent for Art:	<u>44,600</u>
Estimated Total Project Budget:	\$17,915,000

6. Previous Action:

August 20, 1998 Resolution #7740	The Board of Regents recommended planning and design of seven projects that will become the basis of the University of Wisconsin's 2001-03 Capital Budget, including the Laboratory Science Remodeling project.
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August 25, 2000 The Board of Regents recommended enumeration of ten carryover
Resolution #8175 projects and authorized System Administration to submit the requests
to the State Department of Administration and the State Building
Commission as part of the 2001-03 Capital Budget, including the
Laboratory Science Remodeling and Addition project at \$17,546,000
of General Fund Supported Borrowing.

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Authority to Enter Into Land Use
Agreement, UW-Green Bay

PHYSICAL PLANNING AND FUNDING COMMITTEE

Resolution:

That, upon the recommendation of the UW-Green Bay Chancellor and the President of the University of Wisconsin System, authority be granted for the officers of the Board of Regents to enter into a land use agreement to permit University Village Housing, Inc. to construct additional student housing on land owned by the Board of Regents.

THE UNIVERSITY OF WISCONSIN SYSTEM

Request for Board of Regents Action September 2001

1. Institution: The University of Wisconsin–Green Bay
2. Request: Requests authority for the officers of the Board of Regents to enter into a land use agreement to permit University Village Housing, Inc. to construct additional student housing on land owned by the Board of Regents.
3. Description and Scope of the Project: The agreement will permit University Village Housing, Inc. (Village) to construct three 48,000 square feet, three-story buildings on a 5.5-acre parcel of land owned by the Board of Regents (see attached map). The first building will be constructed immediately, followed by one building in each of the next two years. The parcel is adjacent to the existing campus housing complex. Each of the three units will house 120 students in suite-style living units. Development of the three buildings is estimated to cost \$3.5 M each. University Village Housing, Inc. will secure financing for the construction. Housing revenues will pay for construction and operations. As with the other 13 Village residence buildings, housing revenues will pay for construction and operations, and the University will have exclusive use of and right to purchase the Village-owned properties.
4. Justification of the Project: UW-Green Bay has a current enrollment of 4,357 FTE. Student housing accommodates 1,533 students: Nine buildings acquired in 1980 from the Inland Steel Corporation provide apartments for 503 students. In 1984, a limited-purpose corporation (501C3) known as University Village Housing, Inc. was established for the sole purpose of providing additional housing for UW-Green Bay students. A 39-acre parcel of land was gifted to the Village through the University of Wisconsin Foundation upon which the Village has constructed traditional, suite-style housing for a total of 1,030 students in thirteen buildings. The Village-owned housing is managed by UW-Green Bay, with debt service payments and insurance the responsibility of Village, and the University responsible for marketing, operating, renting, maintenance, and security of the buildings. In 1997, the University's agreement with Village was revised subordinating housing revenues to Village debt obligations, which provided eligibility for Village to use city of Green Bay and/or Brown County program revenue bonds and the accompanying lower interest rates to fund further housing development.

For the past five years, the Village-owned residence halls have been at or near full occupancy, with an average occupancy rate of 98 percent. Currently, 400 students are on a waiting list for on-campus housing. In June 2001 the Village, UW-Green Bay and a consultant completed work on a Housing Master Plan for the next phase of campus housing. The plan supports student enrollment and retention goals for the next six to eight years and

provides a physical environment for residence life that supports the integration of modern student housing and UW-Green Bay's curricular goals.

Information gathered during planning strongly recommends developing the next housing closer to the academic core of the campus. Based on the following site selection criteria, the Regent-owned 5.5-acre site provides the desired location.

- Locate in close proximity to the main campus and the existing housing village
- Allow for proper integration of vehicular and pedestrian traffic patterns
- Provide location for appropriate parking capacity
- Utilize existing utilities.

Use of this site for student housing does not conflict with other long- range development plans for the University. Housing rates at UW-Green Bay range from \$2,037 per student per academic year for suites to \$3,215/student/year for 2-bedroom apartments. These are comparable to the systemwide average rates. UW-Green Bay's rates are expected to increase by an average of approximately \$100/year to help offset the cost of construction. This would be an increase of 3 per cent to 4.9 per cent.

5. Budget: No costs associated with this transaction.
6. Previous Action: None.

Authority to construct a Baird, Coate and
Laux Residence Halls Telecommunications
Cabling Project, UW-La Crosse

PHYSICAL PLANNING AND FUNDING COMMITTEE

Resolution:

That, upon the recommendation of the UW-La Crosse Chancellor and the President of the University of Wisconsin System, authority be granted to construct a Baird, Coate and Laux Residence Halls Telecommunications Cabling project at an estimated total project cost of \$340,000, using Program Revenue-Cash.

THE UNIVERSITY OF WISCONSIN SYSTEM

Request for Board of Regents Action September 2001

1. Institution: The University of Wisconsin-La Crosse
2. Request: Requests authority to construct a Baird, Coate and Laux Residence Halls Telecommunications Cabling project at an estimated total project cost of \$340,000, using Program Revenue-Cash.
3. Description and Scope of Project: This project will replace existing voice, coax and data wiring in Baird, Coate and Laux Residence Halls. Approximately 450 rooms will be updated, including all student resident rooms, staff offices, recreation areas, studies and one computer lab in each building. Each student room and staff office will have two voice/data jacks and one TV coax jack. All totaled, the three halls will have approximately 850 voice jacks, 880 data jacks and 430 TV jacks. The voice wiring will be four-pair Category 3 cable, and the data wiring will be four-pair enhanced Category 5 cable. The Main Distribution Frame (MDF) will be relocated in each building to a designated communication room that will be constructed in a central basement location. This will require extending the existing copper and fiber optic cables entering each residence hall to the new MDF. Cables from the MDF will be run horizontally in enclosed ceiling-mounted raceway and then vertically in raceways from the basement level to student rooms on the upper floors. The University will core drill the floors to enable installation of the vertical raceways.

This project must be bid early 2002 to award the contract and start construction on or about May 18, 2002. Work must be completed in August 2002 prior to the beginning of the 2002 Fall Semester.

The University has confirmed the availability of funds, which are included in the FY 2001-02 budget. Accordingly, this project will have no additional impact on established residence hall rates.

4. Justification of the Project: This is the last in a series of projects that will complete the installation of data wiring in student rooms of all eleven residence halls at UW-La Crosse. These three residence halls were rewired in 1989 as part of a campus voice and data capital improvement project. At that time, two 4-pair Category 3 cables were installed to each room--one for voice and one for data.

Each room has a TV video jack that is fed with one coaxial cable from the MDF. The coaxial cable is exposed and routed through the building alongside steam heating piping with cable splitters installed at ceiling levels. Frequent tampering with the exposed splitters has caused loss of TV signal to areas of the building. This cable needs to be

installed in a secure raceway system. Each room has one voice/data jack fed through a 1/2-inch conduit system originally used for an intercom system. This conduit system does not have adequate capacity for additional data and coaxial cabling.

The telephone/data and video MDF in each hall is located in a secondary electrical room. The existing computer network equipment for one small computer lab, the residence hall director's office, and staff offices is also located on a rack in the MDF. This equipment should be housed in a dedicated MDF room to avoid high temperatures, provide a clean and secure environment, and extend the life of the equipment.

5.	<u>Budget:</u>	
	Construction	\$280,000
	A/E Fee	28,000
	DFD Management	12,000
	Contingency	<u>20,000</u>
	Estimated Total Project Cost	\$340,000

6. Previous Action: None.

Approval of the Design Report and
Authority to Construct a Utility Upgrade
Phase of the Camp Randall Stadium
Expansion and Renovation Project,
UW-Madison

PHYSICAL PLANNING AND FUNDING COMMITTEE

Resolution:

That, upon the recommendation of the UW-Madison Chancellor and the President of the University of Wisconsin System, the Design Report be approved and authority be granted to construct the Utility Upgrade phase of the Camp Randall Stadium Expansion and Renovation project at an estimated cost of \$11,200,000 (\$7,275,000 of General Fund Supported Borrowing and \$3,625,000 of Program Revenue Supported Borrowing will come from the 2001-03 Major Project, and \$300,000 of General Fund Supported Borrowing will come from the Randall Street Substation Upgrade project)..

THE UNIVERSITY OF WISCONSIN SYSTEM

Request for Board of Regents Action September 2001

1. Institution: The University of Wisconsin–Madison.
2. Request: Requests approval of the Design Report and authority to construct the Utility Upgrade phase of the Camp Randall Stadium Expansion and Renovation project at an estimated cost of \$11,200,000 (\$7,275,000 of General Fund Supported Borrowing and \$3,625,000 of Program Revenue Supported Borrowing will come from the 2001-03 Major Project, and \$300,000 of General Fund Supported Borrowing will come from the Randall Street Substation Upgrade project).
3. Description and Scope of Project: The project will replace and upgrade the underground utilities circling the stadium to accommodate the construction and improvements required for the Camp Randall Stadium Expansion and Renovation project. The utility upgrades will include: steam, air, chilled water, water, storm, sanitary, electrical and signal. The foundations for the Stadium project's grandstands, private boxes and club seats will also be constructed as part of this project.

In addition, a single-story Service Building with basement will be constructed adjacent to the stadium's southwest corner. The basement will house utility equipment to serve the southwest quadrant of the campus, as well as Camp Randall. The majority of the basement level will contain three switchgear rooms: an MG&E service extension room; a southwest campus switchgear room; and a Camp Randall switchgear room, as well as a room for media broadcasting equipment and Ameritech service extension. The remaining portion of the basement will contain mechanical, electrical and storage areas for the building. The ground level will contain stadium receiving and support functions, relocated from the east side concourse.

An electrical and mechanical room (utility vault) will be constructed in the southeast corner of the stadium. The new vault will contain upgraded mechanical and electrical equipment to replace the existing equipment that will be removed from the Field House. Additional equipment will be installed in the vault during subsequent phases to support the future office building and other improvements. This room will become the basement area for the future ticket office.

4. Justification of the Request: This project is the first of a four-phased Camp Randall Stadium Improvement and Renovation project. Each phase has been carefully planned to begin following the fall football season and completed before the next football season.

Camp Randall Stadium, built in 1917, is the fourth oldest college stadium in the country. While multiple expansions have been completed since 1917, the basic infrastructure of the stadium has never been upgraded. The deteriorated and undersized underground utilities require replacement regardless of other stadium improvements and additions.

The project will also include construction of the footings and foundations necessary for the Stadium's improvements to be built during subsequent phases. Combining the foundation work with the utility improvements will avoid disruption to the new underground utility improvements.

The southwest area of the campus is served electrically from what is known as the Randall Substation. That 72-year old facility is underpowered and obsolete and will be eliminated after all equipment can be replaced and relocated. Funding for that purpose is included in a separate Randall Substation Upgrade project, also requested for approval in September 2001. Funds in the amount of \$300,000 from the Randall Substation project will be transferred to the Camp Randall Improvements project to provide construction of space in the Service Building basement to house new electrical equipment as the first step in eliminating the Randall Street substation. Purchase and installation of the new equipment will be included in the Randall Substation Upgrade project.

5. Budget:

Construction:	\$9,174,000
A/E Design Fee:	888,000
Plan Review/Testing/Survey & Soil Report:	92,000
DFD Management:	404,000
Contingency:	<u>642,000</u>
Estimated Total Project Cost:	\$11,200,000

6. Previous Action:

June 11, 1999	Received a report that a study had been initiated by legislative activity related to the possibility of increasing the seating capacity and improvement of mechanical facilities, restrooms and plumbing in UW-Madison's Camp Randall Stadium. The report noted that the State Building Commission released \$100,000 for the study that will include a market analysis as to the ability of any such renovations to be self-supported.
November 10, 2000 Resolution 8241	Granted authority to seek enumeration for construction of a Camp Randall Stadium Renovation and Expansion Project, as part of the 2001-03 Capital Budget, at an estimated project cost of \$99,700,000 (\$72,700,000 of Program Revenue Supported Borrowing, \$17,000,000 Gifts and \$10,000,000 General Fund Supported Borrowing - All Agency Facilities Repair and Renovation Allocation Funds). (The State Building Commission subsequently recommended enumeration of the \$10,000,000 using General Fund Supported Borrowing in lieu of All Agency Funding.)

Approval of the Design Report and
Authority to Construct a Randall Substation
Upgrade Project, UW-Madison

PHYSICAL PLANNING AND FUNDING COMMITTEE

Resolution:

That, upon the recommendation of the UW-Madison Chancellor and the President of the University of Wisconsin System, the Design Report be approved and authority be granted to construct the Randall Substation Upgrade project for an estimated total project cost of \$2,000,000 of General Fund Supported Borrowing, of which \$300,000 will be transferred to the Camp Randall Stadium - Utility Upgrade Phase.

THE UNIVERSITY OF WISCONSIN SYSTEM

Request for Board of Regents Action September 2001

1. Institution: The University of Wisconsin-Madison
2. Request: Requests approval of the Design Report and authority to construct the Randall Substation Upgrade project for an estimated total project cost of \$2,000,000 of General Fund Supported Borrowing, of which \$300,000 will be transferred to the Camp Randall Stadium - Utility Upgrade Phase.
3. Description and Scope of Project: This project will establish a new 15 KV switching station in the lower level of a new Service Building that will be constructed as part of the Utility Upgrade phase of the Camp Randall Stadium project. New 15KV switchgear will be installed to provide 15KV primary service to the buildings in the southwest part of the campus. Conversion of these building services will occur under the Camp Randall Utility project. A new MG&E 13.8KV campus service will be provided to feed the new switching station. The transfer of \$300,000 from this project to the Camp Randall Utility Upgrade project will provide space in the new Service Building to house the new 15KV equipment. The project will also remove the Randall Substation's original 5KV transformer and related open structure distribution equipment. Remaining 5KV feeder loads will be transferred to other 5KV sources or converted to 15KV. Feeder cables terminating at the open structure will be removed.

The work will be bid in two phases. The first phase will include work to furnish and install the 15KV switchgear in the new Camp Randall Service Building. Completion of this phase is expected to occur in September of 2002. The second bid package will include work related to the removal of the old Randall Street substation and reconfiguration of the campus 5KV feeder network. Completion of the second phase of work is anticipated in June of 2003.

Approximately \$560,000 of the total \$1,700,000 project cost will be used to install the 15KV switchgear in the Camp Randall Service Building. The remaining \$1,140,000 will be used to remove the 72 year-old 5KV transformer at the Randall Substation and provide campus 5KV feeder reconfigurations. Based on the University of Wisconsin – Madison Primary Electric System Study and Long Range Plan, a future project to complete the removal of the Randall Substation will cost approximately \$1,800,000.

4. Justification of the Request: The Randall Substation contains original equipment, installed in 1929, and additional equipment installed in 1969 and 1984. A large portion of the substation is an old, outdoor, open structure, which poses a safety hazard to the public and operating personnel. The substation's design and equipment arrangement do not comply with current National Electric Safety Code clearance requirements for outdoor substations. The original equipment has outlived its useful life and requires constant maintenance. It is unreliable and

presents a safety hazard. The removal of the entire substation will be a phased process over a number of years.

The Randall Substation is located on Orchard Street, between University Avenue and Johnson Street. The original 7,500 kVA (5KV) transformers date back to 1929, an additional 7,500 kVA (5KV) transformer was installed in 1969, and a 3,750 kVA transformer was installed in 1984, on a dedicated basis, for the fusion reactor at Engineering.

Conversion of the 5KV primary services to 15KV for the facilities in the southwest portion of the campus as well as other facility service conversions will reduce the load on the Randall Street Substation to allow removal of the original transformer and open structure.

Completion of a previously approved project to convert the original 5KV Chemistry building service to 15KV service will reduce the 5KV load substantially.

5. Budget:

Construction/Installation:	\$1,371,000
A/E Design Fees:	174,000
Electrical Testing:	25,000
DFD Management Fees:	60,000
Contingency:	<u>70,000</u>
Subtotal	\$1,700,000
Construction funds to Camp Randall Utility Upgrade	<u>300,000</u>
Total Project Cost:	\$2,000,000

6. Previous Action:

August 10, 1998 Resolution #7740	Recommended enumeration of UW-Madison's Utility Distribution Systems Upgrade project, at a total project cost of \$7.0 million General Fund Supported Borrowing, as part of the 1999-01 Capital Budget.
April 9, 1999 Resolution #7889	Granted authority to: (1) construct a portion of the proposed 1999-01 Infrastructure Distribution Systems Upgrade – Chilled Water Extension project, at an estimated cost of \$450,000, using Institutional funds (to be reimbursed from project funds); and (2) seek Building Commission approval to waive ss.16.855, Wis. Stats., under the provisions of ss.13.48 (19) to expedite construction of this work.
March 10, 2000 Resolution #8085	Approved the design report and granted authority to construct an Infrastructure Distribution Systems Upgrade project at a cost of \$3,000,000 General Fund Supported Borrowing.

Authority to Increase the Budget for the
Lapham Hall South Wing Remodeling
Project, UW-Milwaukee

PHYSICAL PLANNING AND FUNDING COMMITTEE

Resolution:

That, upon the recommendation of the UW-Milwaukee Chancellor and the President of the University of Wisconsin System, authority be granted to increase the project budget for the Lapham Hall South Wing Remodeling project by \$550,000 (\$52,000 General Fund Supported Borrowing – Health, Safety and Environment, \$263,000 General Fund Supported Borrowing – Classroom Renovation/Instructional Technology funding and \$235,000 Residual General Fund Supported Borrowing) for a revised total project cost of \$11,500,000.

THE UNIVERSITY OF WISCONSIN SYSTEM

Request for Board of Regents Action September 2001

1. Institution: The University of Wisconsin-Milwaukee
2. Request: Requests authority to increase the project budget for the Lapham Hall South Wing Remodeling project by \$550,000 (\$52,000 General Fund Supported Borrowing – Health, Safety and Environment, \$263,000 General Fund Supported Borrowing – Classroom Renovation/Instructional Technology funding and \$235,000 Residual General Fund Supported Borrowing) for a revised total project cost of \$11,500,000.
3. Description and Scope of Project: This project is currently under construction. Work involves remodeling of instructional labs, research spaces, and two lecture halls in the South Wing of Lapham Hall and addresses the repair and system improvement items identified in the comprehensive facility evaluation.

Work in the South Wing includes replacement of asbestos floor tiles and ceiling finishes, single-pane windows, deteriorated laboratory casework and countertops, ventilation units, the perimeter heating system and controls, 15 environmental chambers, 23 fume hoods, one autoclave, plumbing systems and fixtures in the laboratories, light fixtures, and outdated telephone equipment. This project also provides for the installation of an air conditioning system with automatic controls; new doors and hardware to provide accessibility to persons with disabilities; additional electrical circuit capacity throughout the building; and a security card access, alarm, and monitoring system at building entrance doors and labs.

Lecture hall improvements involve replacement of fixed seats, installation of audio-visual equipment to meet diverse needs of campus-wide instruction, and acoustical and surface treatment.

The project design also addresses future work involving the mechanical equipment and utilities located in the South Wing serving the North Wing that will be conducted as part of the North Wing Remodeling project.

4. Justification of the Project: This project (“phase one” of the renovation of the original Lapham Hall), was approved for construction by the State Building Commission in September 1999. The University evacuated the South Wing facility following the spring 2000 semester. Bids were received in June 2000. In order to proceed within the authorized budget, add alternates were not accepted for the renovation of the east lobby and the east plaza, and the cost of the audio-visual equipment for the lecture halls 101 and 103 was negotiated out of the contracts. The expectation was that the audio-visual equipment could be

reinstated into the project near the end of construction if sufficient contingency funding was available, or rolled into the second phase (North Wing), which was expected to begin in late 2001.

Construction of the South Wing commenced in September 2000. Although the original contracts called for completion in December 2001, asbestos abatement and demolition procedures took additional time. The contractors' schedule is now indicating completion in spring 2002, with the University reoccupying the facility in time for fall 2002 instruction. The Lapham Hall North Wing Remodeling project ("phase two"), was approved for planning in January 2000, but designer selection has not yet been initiated pending the outcome of the 2001-2003 Capital Budget. The South Wing labs and lecture halls will be completed a full academic year before construction on the North Wing is now expected to commence.

Despite extensive review and on-site field verification of existing systems and conditions prior to bidding the Lapham Hall South Wing Remodeling project, contingency funds are nearly depleted. In order to maintain the project schedule and deliver a fully functional facility, project funding must be increased to cover cost items such as:

- additional asbestos abatement during construction
- repair and abatement measures of a severed hydraulic oil line serving the North Wing elevator
- reinstatement of lecture hall seating allowances inadvertently deleted from the original budget letter
- reinstatement of the audio-visual equipment for the lecture halls for full instructional and scheduling capability
- replenishing the contingency allowance to complete the project on schedule

The add alternates for the remodeling of the east lobby and the east plaza will not be reinstated in this project. Instead, that work will be addressed by the North Wing Remodeling project.

5. Budget:

	<u>Previously Approved Budget</u>	<u>Revised Budget</u>
Construction	\$8,910,000	\$8,899,629
A/E Design and Other Fees	765,000	869,000
DFD Management	381,300	395,100
Testing, balancing, digital controls	-	43,900
Contingency	623,700	860,371
Movable Equipment	30,000	30,000
Special Equipment	218,000	218,000
Lecture Halls Seating (incl. in Constr.)		110,000
Additional Abatement	-	52,000
Percent for the Arts	<u>22,000</u>	<u>22,000</u>
Estimated Total Project Cost	\$10,950,000	\$11,500,000

6. Previous Action: The Board of Regents recommended this project at an estimated total project cost of \$6,963,000 as part of the 1995-97 Capital Budget. The State Building Commission recommended that the project be deferred. The project was approved for planning by the State Building Commission as part of the 1997-99 Capital Budget and subsequently approved for construction as part of the 1999-01 Capital Budget at an estimated total project cost of \$10,950,000 of General Fund Supported Borrowing.

August 23, 1996
Resolution 7256

The Board of Regents approved a list of academic major projects and authorized System Administration to submit the requests to the State Department of Administration and the State Building Commission as part of the 1997-99 Capital Budget including the UW-Milwaukee Lapham Hall South Wing Renovation project at \$7,800,000 of General Fund Supported Borrowing.

August 20, 1998
Resolution 7740

The Board of Regents recommended enumeration of the UW-Milwaukee Lapham Hall South Wing Renovation project at an estimated total project budget of \$7,800,000 of General Fund Supported Borrowing. The State Building Commission subsequently recommended enumeration of the project at an increased budget of \$10,950,000 of General Fund Supported Borrowing.

September 10, 1999:
Resolution 7994

The Board of Regents recommended approval of the Design Report and authority to construct a Lapham Hall South Wing Remodeling project at an estimated total project cost of \$10,950,000 of General Fund Supported Borrowing, contingent upon passage of the 1999-01 Capital Budget.

Authority to Increase the Budget for the
Recreation Complex Project, UW-Stout

PHYSICAL PLANNING AND FUNDING COMMITTEE

Resolution:

That, upon the recommendation of the UW-Stout Chancellor and the President of the University of Wisconsin System, authority be granted to increase the Recreation Complex budget by \$200,000 of Program Revenue Supported Borrowing - Utilities, for a revised total cost of \$9,154,100 (\$3,000,000 Program Revenue Supported Borrowing; \$2,094,100 Program Revenue Cash; \$2,520,000 Residual Program Revenue Supported Borrowing, \$1,100,000 Program Revenue Supported Borrowing – Utilities, \$200,000 Gifts, and \$240,000 Institutional Funds).

THE UNIVERSITY OF WISCONSIN SYSTEM

Request for Board of Regents Action September 2001

1. Institution: The University of Wisconsin-Stout
2. Request: Requests authority to increase the Recreation Complex budget by \$200,000 of Program Revenue Supported Borrowing - Utilities, for a revised total cost of \$9,154,100 (\$3,000,000 Program Revenue Supported Borrowing; \$2,094,100 Program Revenue Cash; \$2,520,000 Residual Program Revenue Supported Borrowing, \$1,100,000 Program Revenue Supported Borrowing – Utilities, \$200,000 Gifts, and \$240,000 Institutional Funds).
3. Description and Scope of Project: This request relates to parking under construction as part of the Recreation Complex project. Work involved the establishment of two parking lots: Lot 34, to be located on a high spot of land, and Lot 18, located on adjacent land that is about 25 feet lower in elevation. This was to be accomplished by expanding the flat area on the upper level, and supporting that filled area with a retaining wall. It was recently discovered that the retaining wall separating parking lots 18 and 34 was constructed on a vein of peat that caused the wall to sink, thus weakening the structure. Due to the differences in terrain in this area, correction of this problem will require removal of the new retaining wall and some of the filled area, redesign of the two parking lots and reconstruction of the retaining wall in a new location. In essence, the top lot will be smaller, and the lower lot will be larger. The campus has worked closely with the Division of Facilities Development to resolve this problem. The resolution will have minimal impact on the original intent of the project (net loss of about 2 parking spaces) and hopefully allow completion of the project in calendar 2001.
4. Justification of the Request: Providing parking as a part of the Recreation Complex is an important element of the project. Construction of the new lots, originally to be completed in August 2001, was halted until a resolution could be reached. The area has been excavated which creates a severe shortage of parking for resident students and visitors attending community and university athletic events. Debt service for the additional required bonding will be paid back using parking revenues. It may be necessary to increase parking fees in the future as a result of this project in relation with other parking projects that will be conducted on the campus.

This project was enumerated for construction as part of the 1999-01 Capital Budget. In summary, the project includes a 17,800 gross square foot addition to the Physical Education Building for an aerobics center, climbing wall, other student fitness areas, and a trip planning office. It also includes the redevelopment of approximately 30 acres of land for recreation that will provide a new lighted, 4,500-seat stadium including press box, concession stands,

ticket booths, restrooms, and an elevator; an artificial turf multi-use field; construction of and improvements to existing multi-purpose athletic and recreation fields including a ropes course, soccer, softball, flag football, track and field, inline skating, archery, hockey, and ice-skating. Approximately 350 parking stalls will be developed. Storm water drainage, irrigation, lighting, walkways, and landscaping are also included in the project.

The original project budget of \$7,000,000 was increased by \$1,054,000 in February 2000 to add parking lot improvements. The project was again increased by \$900,000 in May 2000 to address bid results for the recreational aspects of the project.

Students and the community have supported this project from its inception and have the expectation that it will be completed within a reasonable timeframe. The recreational benefits will extend to all UW-Stout students and the surrounding community. Overall, the project is funded by a combination of student segregated fees, campus operations such as food service, recreational sports and parking, as well as donations from the city, county, Menomonie School District, and private citizens and businesses. In 1996, the Stout Student Association approved a \$1.67 per credit segregated fee, beginning in 1996-97 fiscal year, to generate \$3,000,000 as part of the twenty-year bond to support construction and maintenance of the Recreation Complex. There are no segregated fee implications of the parking lot costs.

5. Budget:

Original budget	\$7,000,000	
Parking Improvements (added in 2/00)	1,054,100	
Increase due to bidding (5/00)	<u>900,000</u>	
Previous Budget Total:		\$8,954,100
Parking Lot Correction Increase		<u>200,000</u>
Revised Project Budget:		\$9,154,100

6. Previous Action:

August 20, 1998 Resolution 7741	Recommended enumeration of the Recreation Complex project as part of the 1999-2001 Capital Budget request at a total project cost of \$7,000,000 using \$4,000,000 of Gift Funds and \$3,000,000 of Program Revenue Supported Borrowing.
June 11, 1999 Resolution 7931	Approved the Design Report and granted authority to construct the Recreation Complex project, contingent upon passage of the 1999-2001 Capital Budget request at a total project cost of \$7,000,000.

- February 11, 2000
Resolution 8072
- Granted authority to increase the scope and budget of the Recreation Complex budget to include parking improvements at an additional cost of \$1,054,100 (\$154,100 Program Revenue Cash and \$900,000 Program Revenue Supported Borrowing-Parking) for a revised total cost of \$8,054,100 .
- May 5, 2000
Resolution 8141
- Granted authority to increase the Recreation Complex budget up to \$900,000 (\$460,000 Program Revenue Cash, \$200,000 Gifts, and \$240,000 other Institutional Funds) for a revised total cost of \$8,954,100 (\$3,000,000 Program Revenue Supported Borrowing; \$2,094,100 Program Revenue Cash; \$2,520,000 Residual Program Revenue Supported Borrowing, \$900,000 Program Revenue Supported Borrowing – Utilities, \$200,000 Gifts, \$240,000 Institutional Funds).

Approval of the Design Report for the
Upham Hall Renovation and Addition
Project and Authority to Construct Phase I,
UW-Whitewater

PHYSICAL PLANNING AND FUNDING COMMITTEE

Resolution:

That, upon the recommendation of the UW-Whitewater Chancellor and the President of the University of Wisconsin System, the Design Report for the Upham Hall Renovation and Addition project be approved and authority be granted to construct Phase I at an estimated total project cost of \$10,100,000 of General Fund Supported Borrowing.

THE UNIVERSITY OF WISCONSIN SYSTEM

Request for Board of Regents Action

September 2001

1. Institution: The University of Wisconsin-Whitewater
2. Request: Requests approval of the Design Report for the Upham Hall Renovation and Addition project and authority to construct Phase I at an estimated total project cost of \$10,100,000 of General Fund Supported Borrowing.
3. Description and Scope of Work: Phase I of the Upham Hall Renovation and Remodeling project will construct a 29,136 GSF two story addition to the east side of the facility. The addition will provide classrooms, lecture halls, and teaching laboratories to address space deficiencies and changing program needs for various science departments housed in the existing facility.

The building addition will be framed with cast in place concrete. Concrete columns and beams will support concrete joist and slabs. In general, the exterior façade will be constructed with pre-cast concrete panels and energy efficient fixed windows. The color and shape of the new pre-cast panels and the new strip windows will be selected to match the existing building façade.

Plumbing work will include the installation of supply and waste lines, and a fire sprinkler system. Mechanical work will include the installation of a hot water source heating system, custom roof mounted ventilation system and lab fume hood exhaust system. Electrical work will include the installation of 208V and 480V power distribution equipment, multiplex fire alarm system, lighting system and telecommunication infrastructure.

Completion of Phase I is scheduled for June 2003. Planning for Phase II was included in the 2001-03 Capital Budget with construction funding to follow in 2003-05. Phase II work will renovate the existing building and construct a 4,900 GSF three story addition to the west entry of the building.

4. Justification of the Request: The Board of Regents recommended, as part of the 2001-03 Capital Budget, a \$23,970,000 project to construct an addition to and remodel the existing Upham Hall Science facility. The State Building Commission's recommendation for 2001-03 included construction of the addition only at an estimated Phase I cost of \$10,100,000, and planning for both phases of the project. Preliminary plans and estimates provided by the consultant indicate construction of the Phase II remodeling project in the 2003-05 biennium will cost \$16,400,000, for a revised total project cost of \$26,500,000. A

detailed justification for the addition and remodeling project was provided in the Capital Budget materials. A brief summary follows.

The 112,352 GSF Upham Hall science facility was constructed in 1963. A 3,806 GSF Greenhouse was added in 1981. Although the building has been well maintained, the heavily used facility needs renewal. Functionally, the building is very obsolete because the programs and methods of teaching and learning have changed substantially in the past 38 years. Undergraduate student study assignments increasingly include individual and group projects designed to teach research techniques of investigation and learning. Faculty, to be active teachers and scholars, must study, teach, and conduct research to stay current in their fields. The teacher/scholar model of learning also encourages undergraduate students to participate with faculty in their study and research. The spaces in Upham Hall do not support the teacher/scholar learning model in either quality or quantity.

The number of sciences and geography majors continues to increase, the enrollment in service courses for non-majors continues to increase, and the addition of a new science core curriculum course brings even more students into science courses. Additional space is needed to facilitate modern learning. Teaching spaces must be upgraded to incorporate new learning technology and, to address health, safety, and maintenance issues. As the job markets faced by graduating students become increasingly competitive, students with hands-on experience in research techniques and instrumentation are in higher demand. Undergraduates must be given opportunities to conduct semi-independent study and research projects so they are better positioned for employment. Unfortunately, the spaces in Upham Hall do not support modern learning.

All faculty must do research to stay current in their fields and to be active teacher/scholars. Faculty are forced to conduct their study and research in lab preparation areas, store rooms, and at the back of teaching labs when they are not in use. There is no space for faculty/student collaborative work, or for student independent study. Upham Hall is configured for the traditional, regularly scheduled science curriculum of the past, and hence does not support the learning pedagogy of today and tomorrow. New types of instrumentation not yet invented when Upham Hall was constructed must now be integrated into the learning process. The new instrumentation, coupled with the teacher/scholar model of learning, generates a need for more science space.

UW-Whitewater has a special mission within the University System to serve disabled students, yet Upham Hall is not in full compliance with this objective. Upham Hall has no fume hoods and only a few workstations that are accessible to the disabled. This project would help the university to achieve its mission to provide equal opportunities for disabled students.

There is a shortage of specialized space, all available science facilities on the campus are located in Upham Hall, and Upham is functionally obsolete; these facts support the need to upgrade and expand Upham Hall. Even if there were space available somewhere else on campus, the specialized nature of the needed space would preclude use for the sciences without a significant investment to create the supporting infrastructure. Upgrading and

expanding Upham is the most cost-effective alternative. Upham is structurally sound and has the infrastructure to support the proposed science labs. The building's original design also provided for future expansion.

5. Budget: The project budget for Phase I provided in the consultant's Design Report is as follows:

Construction	\$6,558,000
A/E Design & Other Fees	1,612,600
DFD Management	284,100
Contingency	462,000
Hazardous Material Abatement	20,000
Energy Management System	35,000
Movable & Special Equipment	1,103,000
Percent for the Arts	<u>25,300</u>
Estimated Total Project Cost:	\$10,100,000

6. Previous Action:

August 20, 1998
Resolution #7740: The Board of Regents approved enumeration of \$160 million of General Fund Supported Borrowing to fund a new Capital Asset Reinvestment Effort (CARE Program), including the Upham Hall Addition and Remodeling project at an estimated total project budget of \$16,500,000 of General Fund Supported Borrowing.

The State Building Commission subsequently approved planning only for the Upham Hall Addition and Remodeling project with construction in the 1999-01 Capital Budget.

August 25, 2000
Resolution #8175 The Board of Regents recommended enumeration of ten carryover projects and authorized System Administration to submit the requests to the State Department of Administration and the State Building Commission as part of the 2001-03 Capital Budget, including the Upham Hall Addition and Remodeling project at \$23,970,000 of General Fund Supported Borrowing.

BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM

Friday, September 7, 2001

9:00 a.m.

1820 Van Hise Hall

1220 Linden Drive

Madison, Wisconsin

1. Calling of the roll
2. Approval of the minutes of the July 12th meeting
3. Report of the President of the Board
 - a. Reports on the July 11th and September 5th meetings of the Hospital Authority Board
 - b. Report on the July 25th meeting of the Wisconsin Technical College System Board
 - c. Report on the July 20th meeting of the Higher Educational Aids Board
 - d. Report on Legislative Matters
 - e. Resolution commending Professor James Thomson, his colleagues and the Wisconsin Alumni Research Foundation for stem cell research achievements
[Resolution II.3.e.]
 - f. Additional items that the President of the Board may report or present to the Board
4. Report of the President of the System
 - a. Teaching Excellence Awards
 - b. Additional items that the President of the System may report or present to the Board
5. Report of the Executive Committee
 - a. Meetings of July 30th and August 8th
6. Report of the Education Committee
7. Report of the Physical Planning and Funding Committee
8. Report of the Business and Finance Committee
9. Additional resolutions
10. Communications, petitions, memorials
11. Additional or unfinished business

12. Recess into closed session to consider an honorary degree nomination at UW-Parkside and to consider a student appeal at UW-Stout, as permitted by s.19.85(1)(f), *Wis. Stats.*, to confer with legal counsel, as permitted by s.19.85(1)(g), *Wis. Stats.*, and to consider a salary adjustment at 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.

**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

BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM

President - Jay L. Smith
Vice President - Gerard A. Randall, Jr.

STANDING COMMITTEES

Executive Committee

Jay L. Smith (Chair)
Gerard A. Randall, Jr. (Vice Chair)
Patrick G. Boyle
Guy A. Gottschalk
Gregory L. Gracz
Frederic E. Mohs

Business and Finance Committee

Guy A. Gottschalk (Chair)
Roger E. Axtell (Vice Chair)
Tommie L. Jones, Jr.
James R. Klauser
Phyllis M. Krutsch

Audit Subcommittee

Guy A. Gottschalk (Chair)
Roger E. Axtell
James R. Klauser

Education Committee

Patrick G. Boyle (Chair)
Frederic E. Mohs (Vice Chair)
JoAnne Brandes
Elizabeth Burmaster
Toby E. Marcovich
Jose A. Olivieri

Physical Planning and Funding Committee

Gregory L. Gracz (Chair)
Lolita Schneiders (Vice Chair)
Jonathan B. Barry
Alfred S. DeSimone

Personnel Matters Review Committee

Toby E. Marcovich (Chair)
Roger E. Axtell
James R. Klauser
Jose A. Olivieri

Committee on Student Discipline and

Other Student Appeals

Frederic E. Mohs (Chair)
Jonathan B. Barry
Elizabeth Burmaster
Tommie L. Jones, Jr.

OTHER COMMITTEES

Liaison to Association of Governing Boards

Phyllis M. Krutsch

Hospital Authority Board - Regent Members

Patrick G. Boyle
Guy A. Gottschalk
Frederic E. Mohs

Wisconsin Technical College System Board

Lolita Schneiders, Regent Member

Wisconsin Educational Communications Board

Patrick G. Boyle, Regent Member

Higher Educational Aids Board

Gerard A. Randall, Jr., Regent Member

Research Park Board

Roger E. Axtell, Regent Member

Technology for Educational Achievement in Wisconsin Board (TEACH)

Jonathan B. Barry, Regent Member

Committee on Board Effectiveness

Phyllis M. Krutsch (Chair)
Jonathan B. Barry
Patrick G. Boyle
Jose A. Olivieri

Academic Staff Awards Committee

Lolita Schneiders (Chair)
JoAnne Brandes
Phyllis M. Krutsch
Toby E. Marcovich

Teaching Excellence Awards Committee

Roger E. Axtell (Chair)
Elizabeth Burmaster
James R. Klauser
Jose A. Olivieri

Oversight Board

Patrick G. Boyle, Regent Liaison

The Regents President and Vice President serve as ex-officio voting members of all Committees.