



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

January 31, 2002

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 February 7 and 8, 2002.

Thursday, February 7, 2002

11:00 a.m. – Resources: Budget Update

1820 Van Hise Hall

All Regents Invited

11:30 a.m. – Quality: Achieving Excellence:

The University of Wisconsin System Accountability Report 2001-02

1820 Van Hise Hall

All Regents Invited

12:15 p.m. – Development Luncheon:

UW-Extension in the 21st Century: New Partners, New Revenues, New Issues
Chancellor Kevin Reilly; Darrell Bazzell, Secretary, Wisconsin
Department of Natural Resources; Connie Foster, Vice President,
Television Operations, Corporation for Public Broadcasting; Marv Van
Kekerix, Provost & Vice Chancellor

1820 Van Hise Hall

All Regents Invited

1:00 p.m. – United Council Student Priorities

1820 Van Hise Hall

All Regents Invited

1:30 p.m. – Building Our Resource Base - State Compact

1820 Van Hise Hall

All Regents Invited

2:00 p.m. – Committee Meetings

Education Committee

1920 Van Hise Hall

Business and Finance Committee

1820 Van Hise Hall

Physical Planning and Funding Committee

1511 Van Hise Hall

Friday, February 8, 2002

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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**ACHIEVING EXCELLENCE:
The University of Wisconsin System
Accountability Report 2001-02**

EXECUTIVE SUMMARY

BACKGROUND

In March 1993, then Governor Tommy Thompson appointed a Task Force to suggest an approach for the development of the UW System's first accountability report (*Accountability for Achievement*). The Governor's Task Force recommended 18 performance indicators that were adopted by the Board of Regents as the foundation for the newly established report. That report was issued on an annual basis using the same 18 indicators for three biennia.

In July 1999, six years after the production of the first UW System accountability report, President Katharine Lyall established an Accountability Review Task Force. This Task Force was charged with reviewing the existing report and recommending a revised set of goals and indicators for the assessment of university performance. In June 2000, the Board of Regents accepted the recommendations of the Accountability Review Task Force and authorized the implementation of a new system-wide accountability report entitled *Achieving Excellence*.

The second annual edition of *Achieving Excellence* is available on the Internet at:
www.uwsa.edu/opar

REQUESTED ACTION

Information only.

DISCUSSION

Achieving Excellence represents the UW System's continuing efforts and commitment to providing the citizens of Wisconsin with broad-based accountability of its largest public higher education system. Each goal and indicator included in *Achieving Excellence* is rooted in the mission of the UW System, and reflects the many ways in which the University of Wisconsin serves both its students and the State of Wisconsin. While it is not feasible to report on every possible area of university activity in a single report, *Achieving Excellence* presents a balanced approach to accountability reporting, reflecting the diversity of stakeholder interests. This balanced approach has enabled the University of Wisconsin System to address accountability issues that are of interest both locally and on the national level. The goals and measures in *Achieving Excellence* complement the indicators in *Measuring Up 2000*, the first national accountability report card of higher

education (published by the National Center for Public Policy and Higher Education). However, *Achieving Excellence* contains some new and innovative measures that distinguish it from other state-level accountability efforts. Specifically, *Achieving Excellence* combines the more traditional indicators of access, retention, graduation, technology, and resource management with measures of the overall university environment and how well it fosters student learning and success. By providing both process and outcome measures, the report more fully reflects the ways in which institutional activities promote the achievement of excellence.

The approach to accountability reporting presented in *Achieving Excellence* evolved from earlier approaches. The 1999 Task Force was charged with four specific responsibilities: (1) evaluate the existing report, (2) identify areas for developing new/revised measures, (3) provide guidance and direction for staff work in developing new/revised measures, and (4) develop an outline for a new accountability report. *Achieving Excellence* is the culmination of extensive efforts, on the part of the Accountability Review Task Force, to create a document that addresses the essential elements of UW System performance relative to its mission.

The Task Force concluded that progress toward the achievement of excellence should be measured in two distinct ways:

- 1) achievement of goals for student and institutional outcomes, and
- 2) provision of a high quality student experience.

In order to address both of these accountability concerns, it was necessary to augment regularly reported system-wide data with findings from student, alumni and faculty surveys. Each of these surveys provides national benchmarks, affording the opportunity to make comparisons of UW System performance with that of other higher education institutions. Moreover, the insights gained from these survey findings will help to advance our understanding of the non-survey data that are also presented in this report.

The first edition *Achieving Excellence*, published in February 2001, reported findings from the ACT Alumni Outcomes Survey and the UW System Faculty Survey. This year's *Achieving Excellence* reports results from the National Survey of Student Engagement (NSSE). The NSSE is a survey of freshmen and seniors at four-year colleges and universities that focuses on the types of student activities that are indicative of a quality undergraduate education. Comparisons between the NSSE and the ACT Alumni Outcomes survey are provided where appropriate to assist in understanding the results of the NSSE. The second edition of *Achieving Excellence* also differs from the first edition in that it is accompanied by fifteen institution-specific *Achieving Excellence* reports. These reports are intended to highlight the unique accomplishments of each UW campus.

The second annual edition of *Achieving Excellence*
is available on the Internet at:
<http://www.uwsa.edu/opar>

BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM

Development Luncheon

February 7, 2002
12:15 p.m. – 1:00 p.m.
1820 Van Hise Hall
1220 Linden Drive
Madison, Wisconsin

UW-Extension in the 21st Century: New Partners

Presenters: Kevin Reilly, Chancellor, University of Wisconsin-Extension; Darrell Bazzell, Secretary, Wisconsin Department of Natural Resources; Connie Foster, Vice President, Television Operations, Corporation for Public Broadcasting; Marv Van Kekerix, Provost & Vice Chancellor, University of Wisconsin-Extension

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 Monday, February 4th at 608-262-2324 (phone) or 608-262-5739 (fax). E-mail reservations may be sent to jtemby@uwsa.edu.

BUILDING OUR RESOURCE BASE: POSSIBLE APPROACHES TO A COMPACT WITH THE STATE

EXECUTIVE SUMMARY

Background

This is the seventh in a series of papers and presentations under the Regents' 2001-02 theme, Building Our Resource Base. This paper deals with issues and options related to a UW System compact with the state.

These arrangements incorporate the following requirements for the University of Wisconsin System:

- 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 confers value on their degrees
- responsiveness to state needs
- accountability to multiple stakeholders

Typically, these compacts have committed to increased state funding in a variety of ways:

1. Specific annual or multi-year GPR dollar increase
2. Specific annual percentage increase in GPR
3. Link between GPR increases and rate of inflation, using CPI or another index
4. Benchmark increase in GPR support per student
5. Benchmark GPR increase for specific categories of spending

As a result of increased predictability of funding, the quality of the university system, its service to the citizens of the state, and its accountability would be increased. Predictable funding assurances would

- Permit the University System to maintain or improve access for Wisconsin high school graduates. Fluctuations in high school demographics would not result in denial of admission to qualified students, both traditional and non-traditional.
- Provide the University System the ability to establish programs designed to improve retention and graduation rate
- Continue adequately to support leading edge research and enable a resultant technology transfer beneficial to the development of our new economy
- Permit the University System to establish faculty salaries relative to their peers in higher education, rather than in relation to non-academic state employees.
- Permit the State predictability in its level of investment

This paper will detail several possible options relative to the funding relationship between the University and the State. However, each option will contain the following four components

1. Aid –The Board of Regents reaffirms its long-standing principle to ensure that financial aid is adequate to offset increases in the cost of tuition.
2. Accountability – We will continue to report with the nation’s most extensive accountability report.
3. Flexibility -- The University proposes a number of management flexibilities to enhance its ability to provide service.
4. Funding – The University would enter into a compact with the State to provide funding that is more equitable and predictable for both partners in this agreement.

A. Compact with the State

A compact between the State and the University is a negotiated arrangement, whereby the State provides a commitment to certain annual increases in funding over a fixed period of years. In addition, the State often also increases operating flexibilities for the University. In turn, the University commits to accountability on a number of performance indicators. In order to maintain predictability and continuity of funding, an important feature of these agreements often is a commitment that the State would exempt the University from budget cuts in future biennia.

Compact options proposed here are as follows:

1. State will guarantee the base and increases for standard costs to continue. Funding for all new initiatives and enrollment growth will be negotiated between the University and the State as to total GPR contribution.
2. A variation of Option 1. Here the State will guarantee the base and cost to continue and a certain level of enrollment. Additional resident enrollment on our campuses based on space available would be permitted at 100% of actual costs.
3. The State will guarantee the base and cost to continue, including reasonable GPR contributions to a market-based unclassified pay plan. The State and University System agree to a specific ongoing GPR/fee split for unclassified compensation in future years. The University will fund new initiatives.
4. Use of an index to determine annual/biennial increases to standard costs, pay plan and reasonable enrollment growth.
5. All budgetary items, even enrollment fluctuations, are open to negotiation. This is the current approach.

B. Lump Sum Budgeting

A variant of the compact with the State, this option permits the State to provide the University System with a single sum of money, related to the levels of funding at peer institutions, growth in various indices, demonstrated unmet need or other approaches.

C. Charter Status

This option would largely free institutions of higher education from state administrative regulations. Flexibilities, including control over purchasing and personnel, are granted. The institutions in question are given lump sum funding. In return the institutions are expected to meet performance goals.

RELATED REGENT POLICIES

Study of UW System in the 21st Century.

BUILDING OUR RESOURCE BASE: POSSIBLE APPROACHES TO A COMPACT WITH THE STATE

BACKGROUND

This is the seventh in a series of papers and presentations under the Regents' 2001-02 theme, Building Our Resource Base. This paper deals with issues and options related to a UW System compact with the state.

The UW System might wish to consider a compact with the State because of the following fiscal and strategic realities:

- The Wisconsin and national economies have cycles of recession that are not predictable and for which the state does not have an adequate "rainy day fund" to maintain regular operating budget commitments.
- This results in periodic cycles of GPR budget reductions in mid-biennium, once or twice a decade.
- The UW System must engage in responsible enrollment management planning in order to meet the expected access goals for Wisconsin high school graduates. Enrollment plans are of necessity 4-6 year plans, because of the time to degree for any given cohort of entering freshmen.
- Not only must the university system keep its commitments to incoming students, but
- The state needs a strategy for brain gain and economic development which will increase the number of college graduates moving into the Wisconsin economy.
- In this environment, the UW System does not necessarily want to only consider doing what some other states have done:
 - ✓ increase and decrease enrollments in "fits and starts"
 - ✓ increase tuition by double-digit levels to compensate for state funding shortfalls that should, by definition, be episodic.
- Instead, an approach could be considered that would permit a constructive interaction between university instructional planning and the state's need to plan strategically for economic development.

These models incorporate the following requirements for the University of Wisconsin System:

- 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 confers value on their degrees
- responsiveness to state needs
- accountability to multiple stakeholders

In addition, the options should be compatible with the Board of Regents' tuition policy and the principles set forth in the first paper in the Building our Resource Base series:

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 in its mission as a public university against specific targets 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.

NATIONAL CONTEXT

A number of states have developed funding systems that are not focused on program budgeting approaches. These states engaged in compacts relative to the funding of their university campuses, with varying levels of related performance accountability measures.

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. 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.

This compact was renewed in 2000, and tied to an annual review of partnership goals and performance on accountability measures. Because of the economic downturn, in 2002-3, the State has revised its contribution from 4% increases to a lower average annual increase of 1.5% to the general fund base.

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. The State will provide base funding to cover inflation. Any other funding is dependent on meeting six-year performance goals, by institution. At this time, as a result of economic downturns, the Governor is recommending cuts to the proposed higher education budget, tuition increases, and limits on the number of out-of-state students..

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. In one case, St. Mary's College, a small public liberal arts institution, a lump-sum budget and exemption from most state controls have been in effect since 1992. In exchange for this flexibility, the College has agreed to limits on State tax support and to comply with certain performance measures. At present, the State is committed to continuing the level of funding approved for the University System.
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 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. The Governor of Oregon has recently recommended a 5% reduction in funding for the University System.
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. Most recently, the Governor has recommended a cut of 1% in the proposed increase (from 6% to 5%) for the University System.

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

As indicated above, State compacts do not guarantee protection from cycles of statewide budget reductions. Four of the five known compact states have experienced downturns in funding because of the recent economic cycle.

ALTERNATIVE OPERATING POLICIES

We have examined these national options and address a number of possible funding arrangements that can each redefine our funding relationship with the state. All represent a partnership between the university system and the state. A relationship of this nature can address the following university system concerns:

1. Improvement of low overall or per student state funding support
2. Limiting or at least making tuition rate increases more predictable
3. Funding particular quality initiatives
4. Permitting greater predictability for the UW System in the level of State funding

Typically, these compacts have committed to increased state funding in a variety of ways:

1. Specific annual or multi-year GPR dollar increase
2. Specific annual percentage increase in GPR
3. Link between GPR increases and rate of inflation, using CPI or another index
4. Benchmark increase in GPR support per student
5. Benchmark GPR increase for specific categories of spending

As a result of increased predictability of funding, the quality of the University System, its service to the citizens of the State, and its accountability would be increased. Predictable funding assurances would

- Permit the University System to maintain or improve access for Wisconsin high school graduates. Fluctuations in high school demographics would not result in denial of admission to qualified students, both traditional and non-traditional.
- Provide the University System the ability to establish programs designed to improve retention and graduation rate
- Continue adequately to support leading edge research and enable a resultant technology transfer beneficial to the development of our new economy
- Permit the University System to establish faculty salaries relative to their peers in higher education, rather than in relation to non-academic state employees.
- Permit the State predictability in its level of investment

The University of Wisconsin System will continue to provide and refine its annual accountability reporting, which has been noted as a national benchmark of its kind. This, in turn, would permit the University System to improve upon its high levels of quality. An internationally renowned University System is an asset to the State and a prerequisite of economic development.

This paper will detail several possible options relative to the funding relationship between the University and the State. However, each option would be presumed also to include the following four components:

1. Aid –The Board of Regents reaffirms its long-standing principle to ensure that financial aid is adequate to offset increases in the cost of tuition. Therefore, the University would

be committed to link financial aid increases to tuition increases, and to obtain State funding to this end.

2. Accountability – We will continue to report with the nation’s most extensive accountability report. We will include even more ambition goals for retention.
3. Flexibility -- The University proposes the following management flexibilities to enhance its ability to provide service:
 - Keep interest earned on tuition revenues, keep proceeds from sale of real property
 - Full continuing appropriations
 - State funding to link increases in financial aid to increases in tuition
 - Exemption from procurement, travel and personnel regulations, including PR position creation
 - Reduced number of individual appropriations
 - Remove application fee language from statutes
4. Funding – The University would enter into a compact with the State to provide funding that is more equitable and predictable for both partners in this agreement as per the following options.

A. Compact with the State.

A compact between the State and the University is a negotiated arrangement, whereby the State provides a commitment to certain annual increases in funding over a fixed period of years. In addition, the State often also increases operating flexibilities for the university. In turn, the University commits to accountability on a number of performance indicators. In order to maintain predictability and continuity of funding, an important feature of these agreements often is a commitment that the State would exempt the University from budget cuts in future biennia.

At present, University of Wisconsin System funding is obtained, using generally accepted GPR/Fee splits for each of the three categories of new funding, as follows:

Table 1: Present Funding Splits

	GPR	Tuition and Fees
Cost to Continue	*	*
Pay Plan	69%	31% **
New Initiatives	65%	35%

* We would retain the customary splits for cost to continue items which range between 69% and 75%.

** Should be a 69/31% split but actual trends have been at 70–80% for tuition funding.

Within a compact, the University would expect the State to reestablish the levels of its support in any of a number of ways. Compact options proposed here are as follows:

1. State will guarantee the base and increases for standard costs to continue (utilities, debt service and full funding of fringe benefit increases and other prior biennium compensation costs). Funding for all new initiatives and enrollment growth will be negotiated between the University and the State as to total GPR contribution.

Pros

- Focuses budget negotiations on new initiatives and provides predictability for standard costs (about 25% of our typical new funding each biennium).

Cons

- Leaves the majority of the budget still subject to uncertainty and negotiation.
2. A variation of Option 1. Here the State will guarantee the base and cost to continue and a certain level of enrollment. Additional resident enrollment on our campuses based on space available would be permitted at 100% of actual costs.

Pros

- At least provides predictability for access funding.

Cons

- Is of no help in providing predictable funding for the UW System's needs (beyond standard costs-to-continue) in years during which there is a demographic downturn in the number of Wisconsin high school graduates or other reasons for decreased demand for higher education.
3. The State will guarantee the base and cost to continue, including reasonable GPR contributions to a market-based unclassified pay plan. The State and University System agree to a specific ongoing GPR/fee split for unclassified compensation in future years. The University will fund all new initiatives.

Pros

- Would provide predictability for about 75% of our new funding each biennium.
- Tuition and GPR are each better aligned with direct student vs. broader needs.

Cons

- The State no longer contributes to any new initiatives, most of which are instructional and benefit students directly.
4. Use of an index to determine annual/biennial increases to standard costs, pay plan and reasonable enrollment growth.

An example of this approach would apply the Bureau of Labor Statistics' Employment Cost Index to the GPR compensation base and the CPI or the Higher Education Price Index -HEPI- to the GPR non-compensation base. Debt service, utilities, and financial aid would be separately requested based on actual cost increases or decreases. The resulting GPR increase would be appropriated to UW System in a lump sum, and would

be expected to cover all GPR needs, including compensation, standard costs to continue, and new initiatives.

Another key feature of such an approach would be that the State would provide the funding in a "lump sum" and permit the Board of Regents to allocate it among priorities within standard costs, new initiatives, and compensation.

Under such an approach, UW System would have done as well as or a bit better than it has since 1994-95. This period, of course, includes a two-year period of substantial state budget cuts. If the years of reduction are excluded, these two indices would not have given us as much funding. But the purpose of such a compact is to cover both up years and down years. On that basis, it would perform well for both the University System and the State, *provided that the State honors the index increases even in down years. As noted earlier, in 4 of the 5 compact states this is not the case for 2001-02.* On balance, the two indices combined do represent fairly well the State of Wisconsin's approach to contributing GPR to the compensation and non-compensation needs of the University System. The gain in budgetary predictability and flexibility might be well worth the risk that the UW System does less well in one particular biennium than it might do under current budgetary approaches.

Pros

- This option, of all of the options, provides the most predictability for the entire budget increase (standard costs-to-continue, new initiatives, and compensation rate increases).
- The indices selected, had they been applied in past biennia, would have enabled the University System to do a bit better than it did in securing additional GPR funding, if applied across both the years of budget reductions and budget gains.
- The State's "lump sum" allocation lets the Board of Regents determine priorities for new funding, adjusting them on a more timely basis to emerging needs and changing Board and System priorities.
- If the indices are used as a budget rationale, much less time should need to be devoted to preparing and defending the UW System biennial budget request, *provided that the State does not reduce or abandon the compact.* (This is a serious risk, as other States have done so.)

Cons

- If the indices selected were applied to prior years *excluding those years when State budget reductions occurred*, the University System would not have done as well.
 - As noted earlier, in 4 of the 5 compact states the State has not honored its commitment in times of economic downturn.
 - It is an unknown whether the University System will do as well in the future under these two indices as it might do by focusing its budget requests on the economic development and other key needs of the State.
5. All budgetary items, even enrollment fluctuations, are open to negotiation. This is the current approach. As noted in #4 above, this approach performs about as well as the

proposed indices, but it is not predictable from biennium to biennium. Of course, the State could choose in tough fiscal times to modify the compact, as the State of California has done recently.

Pros

- This permits the university system to present its compelling case for particular needs, and gives the State the opportunity to identify areas of compelling State need for which university assistance would be crucial.
- It does not bear the risk that a particular index will bring inadequate funding for a particular biennium, simply because the index, developed externally, registers a lower rate of increase than that of the university's needs.

Cons

- Biennial budget development and defense take a considerable amount of staff time and divert energy from other high priority planning and implementation needs.
- It is impossible to predict State funding increases from biennium to biennium, while many University planning horizons and resource needs are necessarily multi-biennial (i.e., each incoming class of freshmen will be with the institutions for 4-6 years).
- It keeps the University System's budget at the mercy of State recessionary cutbacks. Since higher education demand tends to be counter-cyclical, base funds are frequently cut just as demand for access increases.

B. Lump Sum Budgeting Tied to Performance Indicators or Benchmarks

A variant of the compact with the State, this option permits the State to provide the University System with a single sum of money, rather than program-based and line item budgets. This sum is related to the levels of funding at peer institutions, growth in various indices, demonstrated unmet need or other approaches. In most cases where this is in effect (Colorado, New Jersey, Maryland), the amount is ultimately tied to performance measures or benchmarks. In Oregon, the funding was tied primarily to enrollments.

Pros

- Such an approach is easier to accomplish than charter status and may give the University System more flexibility and control. This may increase predictability and amount of funding.

Cons

- The State can renege when economic times are hard. The University System may lose the potential for higher compensation when economic times improve.
- If funding were based on enrollments, there might have to be realignment of funds if enrollments ultimately vary from original estimates. In Oregon, this system favored larger campuses (over 7500 FTE) to the detriment of smaller ones.

- While performance indicators and benchmarks would be carefully chosen, there are often compelling reasons for failing to achieve such goals in a given year or biennium, based on individual student choice and other factors. Placing all or even a significant portion of funding at risk might not be well advised. In fact, most states that have gone to performance budgeting place only a small portion of funds under the performance criteria. That hardly resolves the issue of greater predictability of overall biennial increases in state resources.

C. Charter Status

This option would largely free the UW System from State administrative regulations. Flexibilities, including control over purchasing and personnel, are granted. The institutions in question are given lump sum funding. In return the institutions are expected to meet performance goals. Colorado, Massachusetts and Virginia are discussing proposals of this nature. Michigan already has such charter status for many of its universities.

Pros

- The State cannot easily opt out of this arrangement. This would give Universities greater levels of flexibilities and control. It would permit campuses to innovate more quickly.

Cons

- Such an arrangement must be enacted through a constitutional amendment. Perhaps this is best suited to small campuses with own governing board. It might increase costs as a result of newly duplicated administrative services or a proliferation of programs throughout a system.

BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM

I. Items for consideration in Regent Committees

1. Education Committee - Thursday, February 7, 2002
1920 Van Hise Hall
University of Wisconsin-Madison
2:00 p.m.

All Regents - Room 1820 Van Hise Hall

11:00 a.m. Resources: Budget Update.

11:30 a.m. Quality: Achieving Excellence: The University of Wisconsin System
Accountability Report 2001-02.

12:15 p.m. Development Luncheon.

- Presentation: UW-Extension in the 21st Century: New Partners, New Revenues, New Issues. Presenters: Chancellor Kevin Reilly; Darrell Bazzell, Secretary, Wisconsin Department of Natural Resources; Connie Foster, Vice President, Television Operations, Corporation for Public Broadcasting; Marv Van Kekerix, Provost and Vice Chancellor.

1:00 p.m. United Council - Student Priorities.

1:30 p.m. Building Our Resource Base - State Compact.

2:00 p.m. (or upon conclusion of All Regent Sessions) Education Committee
1920 Van Hise Hall

- a. Approval of the minutes of the December 6, 2001 meeting of the Education Committee.
- b. Discussion:
 - (1) Quality: Achieving Excellence: The University of Wisconsin System Accountability Report 2001-02;
 - (2) UW-Extension in the 21st Century: New Partners, New Revenues, New Issues;
 - (3) United Council - Student Priorities;
 - (4) Building Our Resource Base - State Compact.

(Over)

- c. Report of the Senior Vice President for Academic Affairs:
 - (1) Sabbatical Guidelines;
 - (2) Other.
- d. PK-16 Council Progress Report.
- e. Revisions to Faculty Policies and Procedures:
 - (1) UW-Extension.
[Resolution I.1.e.(1)]
- f. New Program Authorizations - Second Reading:
 - (1) Ph.D. in Second Language Acquisition, UW-Madison
(Implementation).
[Resolution I.1.f.(1)]
- g. Additional items that may be presented to the Education Committee with its approval.

Closed session items:

- h. Closed session to consider personnel matters, as permitted by s. 19.85(1)(c), Wis. Stats.

REVISED

February 8, 2002

Agenda item I.1.c.(1)

**SABBATICAL GUIDELINES
ACADEMIC YEARS 2003-2005
THE UNIVERSITY OF WISCONSIN SYSTEM**

EXECUTIVE SUMMARY

BACKGROUND

In December 1999, the Board of Regents approved a resolution directing the Office of Academic Affairs to develop biennial sabbatical guidelines, beginning in academic years 2001-03. The purpose of these guidelines is to enable the board to recommend priorities for sabbatical decisions without continually revising the sabbatical policy contained in Academic Planning Statement #3.3 (ACPS 3.3), *The Faculty Sabbatical Program*. Section B.3 of that policy states that “preference shall be given to those making significant contributions to teaching and who have not had a leave of absence, regardless of source of funding, in the previous four years.”

SABBATICAL GUIDELINES: ACADEMIC YEARS 2003-05

The current sabbatical policy, as stated in ACPS #3.3, gives preference to those individuals making significant contributions to teaching. This reflects the board's commitment to promoting the scholarship of teaching and learning. In addition to that preference, in approving sabbaticals for academic years 2003-05, UW institutions should continue to give consideration to projects that support the mission of the institution and that involve the following:

- Interdisciplinary activities;
- Collaborative program activities;
- International education;
- Application of technology to instruction and distance education.

REQUESTED ACTION

No action is requested.

RELATED REGENT POLICIES

University of Wisconsin System Academic Planning Statement #3.3, *The Faculty Sabbatical Program* (Revised Summer 1994).

WISCONSIN PK-16 LEADERSHIP COUNCIL Progress Report to the UW System Board of Regents

EXECUTIVE SUMMARY

Our nation is no longer well-served by an education system that prepares a few to attend college to develop their minds for learned pursuits, while the rest are expected only to build their muscles for useful labor. In the 21st century, all students must meet higher achievement standards in elementary, secondary and postsecondary schools and thus be better prepared to meet the challenges of work and citizenship.

Source: National Association of System Heads K-16 statement

BACKGROUND

Creating an educated workforce emerged as one of the central themes of the Wisconsin Economic Summit, which was held November 29-December 1, 2000. This issue was acknowledged as an essential factor in promoting the new Wisconsin economy. Discussions highlighted the need to create a seamless educational system that would raise the education and performance level of Wisconsin workers.

Key questions, such as “how do we build a seamless educational system?” and “how do we increase the number of college graduates in our workforce?” helped to guide discussions and subsequent recommendations. One such recommendation was to create a PK-16 council to coordinate educational initiatives, facilitate seamless educational opportunities, and increase diversity in postsecondary enrollments.

In December of 2000, the UW System Board of Regents passed a resolution endorsing the concept of a PK-16 council and requested that President Lyall work with State Superintendent John Benson to create this entity. The creation of this council was one of three priority areas established by the Education Committee for 2000-2001.

This voluntary, state wide partnership was founded on the belief that efforts to build a quality PK-16 educational system should be developed by collaboration among the major educational sectors: public and private colleges/universities, technical colleges, and the Department of Public Instruction. Since systemic reform cannot be sustained without the involvement of all key stakeholders, membership on the council was extended to include external stakeholders: parents, community, business and industry, and government.

A U.S. Department of Education Title II supplemental grant provided the financial support for the early efforts of the council. This award was designed to promote PK-16 partnerships and covers council activities through October of 2002. A portion of this grant has

been used to support the essential functions of the council, including staffing, basic technology, travel, and related costs for council meetings.

The PK-16 Leadership Council is staffed with representatives from each of the principal sectors of education. This staff of five, referred to as the Implementation Staff, works in collaboration with their respective chief executive officers and with each other to set council agendas, research relevant issues and, in general, promote the mission of the council.

A significant portion of the grant has been used to establish PK-16 Academies at various institutions across the state. During the 2000-2001 academic year, funds were directed to support activities at UW-River Falls, UW-Milwaukee, UW-Platteville, and Marion College. For 2001-2002, awards have been made to UW-River Falls, UW-Green Bay, and St. Norbert College.

These academies are creating model processes for improving the preparation of pre-service teachers through the establishment of collaborative ventures between faculty (education and arts and sciences) and PK-12 practitioners (teachers and administrators). The resulting work of the model academies will be widely disseminated, using web-based forums, conferences, and print materials distribution.

Initiatives such as these put into action the mission of the PK-16 Leadership Council, which is “to foster collaboration among the four sectors of education and to work in partnership with business, industry and government to enhance learning opportunities throughout the state so that all students are prepared to live in and contribute to a vibrant 21st Century society.”

To assist in the realization of this mission, a Chancellors’ Committee was established in the later part of 2000. Chancellors Nancy Zimpher (chair), Jack Keating, Ann Lydecker, and Mark Perkins helped shape the council’s agenda and drafted a set of guiding principles. These principles serve to provide direction for the action of the statewide council as well as campus-based actions.

At the June 2000, meeting, the Board of Regents passed a resolution requiring each of the chancellors to create a systematic plan for improving educational practices, PK-16. As directed by the resolution, this plan must be generated within a collaborative environment that involves faculty from education and the arts and sciences and practitioners and administrators from PK-12 settings.

ACCOMPLISHMENTS

Since its inaugural meeting on March 1, 2001, the PK-16 Leadership Council has met three times (June 11, October 10 and January 9, 2002). Additional meetings have been scheduled for March 13, June 12 and October 2.

Over the course of these early meetings, the PK-16 Leadership Council has studied in-depth three critical areas of linkage among educational sectors: early childhood development, the senior year of high school and transition to post secondary options, and the professional

development of educators. Within each of these areas of focus, through a combination of formal presentations, a review of relevant literature, and lively discussions, members of the PK-16 Council have gained crucial knowledge about the following issues:

Early Childhood

- The Status of Child Preparedness
- Examples of Early Childhood Programs
- Quality Professional Preparation (including Articulation Agreements) and Practice
- History of Policy and Current State Practices
- Collaborations Among State Agencies
- Trends in Changing Roles for Teachers, Merging of Care and Education, Career Ladders and Delivery Models

Senior Year

- Report of the National Commission on the High School Senior Year
- Research Findings on Effective Practices for Enhancing Postsecondary Options
- Apprenticeship Programs and Internships in Wisconsin

Professional Development

- Update on PI 34 (new state licensure regulations)
- Focus on Improved Student Learning
- Emphasis on Increased Content Knowledge for Teachers
- Title II Teacher Quality Program Enhancement Grants

Other

- Council Organization, Mission and Purpose
- Council's Principles and Procedures
- Governor's Literacy Challenge-Website Demonstration
- History of Statewide Collaboration and Intersections

NEXT STEPS

Wisconsin has long enjoyed a reputation for quality education. Based on a variety of indicators such as ACT and SAT scores, high school graduation rates, and student performance in mathematics and science, our educational system consistently ranks Wisconsin among the top states for quality, access, and performance.

While our overall performance is to be celebrated, not every learner realizes this high standard of achievement. As a result, the creation of quality learning opportunities for **all** remains a challenge for our state. With the formation of this powerful partnership, Wisconsin joins twenty-four other states that have taken a bold step in demonstrating their commitment to meeting this challenge.

In March of 2002, the council will mark its one-year anniversary. Based on its first year of in-depth study, the council will set a course of action for future work. It is likely that future

action by the council will include a significant focus on the professional development of teachers.

The quality of classroom teachers is widely recognized as the biggest influence on student learning and achievement. National research clearly supports the assertions that quality teaching matters and good professional development changes teaching practice for the better. This is also where University of Wisconsin institutions can make one of their greatest contributions.

During the next six months, members of the Leadership Council will identify a specific course of action consistent with the mission of building collaboration and enhancing learning opportunities. In addition to continuing to explore relevant issues, such as supply and demand of teachers and alternative certification through distance learning, the council will create a more detailed report for broader distribution. This report will include a summary of the major topics of study, examples of best practices in PK-16 partnerships from across the state, and recommendations for action to influence PK-16 policies and practice.

Imagine a system of education where every child enters school ready to learn, where all 3rd graders read at or above grade level, where all students have taken algebra by the end of the 8th grade, where high school exit exams test students at the 12th grade level and are aligned with college admission requirements, where all young people graduate from high school prepared for college or work, and where every student who enters college finishes college [and where every student, PK-16, has a high quality, well prepared teacher].

Source: Education Commission of the States

FURTHER INFORMATION

Additional information about the PK-16 Leadership Council, including the history, goals, and PK-16 Academies, is available at <http://www.wisconsin.edu/pk16>.

Attachment: List of PK-16 Council Participants

Wisconsin PK-16 Leadership Council Invited Participants

Co-Chairs/Sponsors

- Elizabeth Burmaster - Wisconsin State Superintendent of Public Instruction
- Katharine Lyall - President, University of Wisconsin System

Participating Sponsors:

- Richard Carpenter - State Director, Wisconsin Technical College System
- Rolf Wegenke - President, Wisconsin Association of Independent Colleges and Universities

State Agencies

- Doris Hanson - Executive Director, TEACH
- Raymond Boland – Secretary, Department of Veteran's Affairs

Governor (or representative)

- Scott McCallum – Governor
(Barbara Manthei)

Legislature

- Assembly Education Committee - Luther Olsen, Chair
- Senate Education Committee - Richard Grobschmidt, Chair
- Assembly Colleges and Universities Committee - Robin Kreibich, Chair
- Senate Universities, Housing and Government Operations Committee - Mark Meyer, Chair
- Assembly Education Reform Committee - Rep. Stephen Nass, chair

Associations

- Wisconsin Association of School Boards (WASB) - Ken Cole, Executive Director
- Wisconsin Association of School District Administrators (WASDA) - Miles Turner, Executive Director
- Wisconsin Education Association Council (WEAC) - Stan Johnson, President
- Association of Wisconsin School Administrators (AWSA) - Tom Beattie, Executive Director
- Wisconsin Manufacturers and Commerce (WMC) - James S. Haney, President
- Wisconsin Parent Teachers Associations (PTA) – Winnie Doxsie, Immediate Past President
- Wisconsin AFL-CIO - Dave Newby, President
- Wisconsin Federation of Teachers - Bob Beglinger, President
- Wisconsin Council of Religious and Independent Schools - Judd Schemmel, Executive Director
- Wisconsin Technical College District Boards Association - Paul Gabriel, Executive Director

Educators

- National Board for Professional Teaching Standards (NBPTS) certified K-12 Teacher - Mary Staten, Milwaukee (DPI Nominated)
- Wisconsin Technical College System - Joseph Lowndes, Madison Area Technical College
- University of Wisconsin System - Gloria J Ladson-Billings, University of Wisconsin-Madison

Wisconsin PK-16 Leadership Council, Staff Implementation Team

- | | |
|--|--|
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Revision to Faculty Personnel Policies:
University of Wisconsin-Extension

EDUCATION COMMITTEE

Resolution I.1.e.(1):

That, upon recommendation of the Chancellor of the University of Wisconsin-Extension and the President of the University of Wisconsin System, the revisions to the UW-Extension Faculty Personnel Policies and Procedures be approved.

FACULTY POLICIES AND PROCEDURES UNIVERSITY OF WISCONSIN-EXTENSION

EXECUTIVE SUMMARY

BACKGROUND

Section UWS 2.02, Wisconsin Administrative Code ("Faculty Rules: Coverage and Delegation") requires that rules, policies, and procedures developed by each institution in the System pursuant to Chapters UWS 3-6 and 8 must be approved by the Board of Regents before they take effect.

The proposed revision to the UW-Extension Faculty Personnel Policies includes:

- 1) Replacing the stipulation that tenure may be granted at the time of hire and replacing it by allowing an early tenure consideration within the first 12 months of employment to be negotiated at the time of hire [Section 3.05(3)].
- 2) Removal of a requirement that before a person is recommended for appointment to associate professor where tenure had been granted previously at a lower rank, the dean shall seek the advice of the Faculty Tenure Advisory Committee (Section 3.06). UW-Extension no longer has any tenured faculty members that do not hold the associate professor or professor title.
- 3) Changes the person who conducts the annual reviews of Cooperative Extension community-based faculty from the district director to the administrative unit chair and reduces the number of people who receive written summary copies of the evaluation (Section 3.21).

The proposed revision has been approved by the UW-Extension Faculty Senate and is recommended by Chancellor Kevin Reilly. It has been reviewed by UW System legal counsel, who has determined that the change meets the requirements of Wisconsin Administrative Code and 1991 ACT 118.

REQUESTED ACTION

Approval of resolution I.1.e.(1), revising UW-Extension Faculty Personnel Policies.

DISCUSSION AND RECOMMENDATIONS

UW System Administration recommends approval of these revisions.

New Program Authorization (Implementation)
Ph.D., Second Language Acquisition
University of Wisconsin-Madison

EDUCATION COMMITTEE

Resolution I.1.f.(1):

That, upon recommendation of the Chancellor of the University of Wisconsin-Madison and the President of the University of Wisconsin System, the Chancellor be authorized to implement the Ph.D. in Second Language Acquisition.

**NEW PROGRAM AUTHORIZATION
PH.D. IN SECOND LANGUAGE ACQUISITION
UW-MADISON
(IMPLEMENTATION)**

EXECUTIVE SUMMARY

BACKGROUND

In accordance with procedures outlined in University of Wisconsin System Academic Planning and Program Reviews (ACIS-1.revised), the new program proposal for a Ph.D. in Second Language Acquisition (SLA), UW-Madison, is presented to the Board of Regents for initial review. As stipulated by ACIS-1 revised, this program proposal will be on the agenda for the February 2002 meeting for a second review, at which time UW System Administration will recommend that the Board of Regents take action authorizing the Chancellor to implement the program. If approved, the program will be subject to a regent-mandated review to begin five years after its implementation. The institution and System Administration will conduct that review jointly, and the results will be reported to the board.

Over the past 25 years, Second Language Acquisition (SLA) researchers have established their field as distinct from more established research fields, such as linguistics, psychology, sociology, languages, and education. By focusing on the nature of the relation among language, culture, biology, societal structure, literacy, and identity, SLA researchers conduct systematic study of how individuals acquire, maintain, or lose competence in two or more languages, and how languages come into contact and change. SLA research explores these relationships from various interdisciplinary perspectives, seeking to probe how languages and the fundamental human concepts underlying them are learned and perceived.

Currently the UW-Madison campus offers a Ph.D. minor in SLA. The minor, which was approved in 1993, is administered by 15 faculty members from a range of disciplines and departments. Approximately 25 students have completed or are in various stages of completing this minor. They include graduate students in Curriculum and Instruction, French and Italian, German, Slavic Languages and Literatures, or Spanish and Portuguese.

REQUESTED ACTION

Approval of resolution I.1.f.(1) authorizing implementation of the Ph.D. in Second Language Acquisition, UW-Madison.

DISCUSSIONS AND RECOMMENDATIONS

Program Description

The proposed program will be a 36-credit committee-administered interdisciplinary Ph.D. housed in the College of Letters and Science. Students will come to the program with an M.A.

in a foreign language, English linguistics, education and language, or curriculum and instruction and have completed course work in foreign language teaching methodology, linguistics, and research methods. All students will complete a 9-credit introductory sequence and additional courses in research design and methodology. Each student will select an area of specialization and a minor either in a foreign language or a SLA sub-area. Preliminary examinations and dissertations will be within the discipline of SLA.

Program Goals and Objectives

In order to prepare researchers and scholars the program will:

- educate students in the understanding of SLA through the study of multilingualism, language acquisition and loss, and multilingual language use in education, the workplace, and the family;
- provide research training and experience in the sociology and psychology of knowing two languages and in the linguistics of languages in contact; and
- prepare graduates for a broad range of professions in language fields including academic faculty positions in SLA graduate programs, teaching in or directing foreign language programs, and working in the private sector with language learning, maintenance, or disorders.

Evaluation from External Consultants

Three outside evaluators reviewed and endorsed the program. The evaluators commended the scholarly strength of the faculty and the interdisciplinary focus of the program. The reviewers also recommended that the program consider how it would maintain program cohesion. Core courses and specialization strands were added to strengthen cohesiveness and a governance structure was added to ensure program stability. Departments also reaffirmed their commitment to hire SLA graduate students as teaching assistants.

Need

The field of SLA is of growing importance both in terms of the amount of scholarly work produced and the academic job market. For example, in the last three years the numbers of tenure-track positions in foreign language literatures and in English as a Second Language (ESL) have declined while the numbers of tenure-track positions in SLA with a foreign language or ESL concentration have increased. This trend is evidenced by the number of advertisements listing SLA as a primary or secondary job qualification in the Modern Language Association's *Job Information Bulletin*. In 2000, for the third year in a row, there were approximately 70 positions in SLA and foreign language and/or linguistics advertised; 40 positions were advertised in SLA and English. Other research institutions report that they are not finding applicants with the SLA expertise they are seeking. The interdisciplinary nature of the program will make it particularly attractive to students in the humanities and those seeking future positions as course supervisors in foreign language programs.

Projected Enrollment

The program will admit 3-4 students annually, over four years making a community of 12-16 Ph.D. students. Those admitted will have completed the equivalent of the master's degree in the language of concentration and will meet specific fluency standards. Graduate students will have the opportunity for funding through PA positions in various campus studies centers and projects, and through TA positions, in addition to university fellowships.

Year	2002-03	2003-04	2004-05	2005-06	2006-07
New students admitted	4	4	4	4	4
Continuing students	0	4	8	12	12
Total enrollment	4	8	12	16	16
Graduating students	0	0	0	4	4

Relationship to Institutional Mission

The newly released statement by Chancellor Wiley, "Connecting Ideas: Strategies for the University of Wisconsin-Madison" cites five strategic priorities for the coming years. One of these priorities is to accelerate internationalization. The study of foreign cultures and their languages are integral to this process. As Americans increasingly enter the global community, more language skills will be needed. The ultimate goal of SLA research is to understand better and thus to foster and promote language acquisition. As this proposal indicates, an interdisciplinary approach is needed to understand most fully how second languages are learned and thus best taught.

Academic and Career Advising

Processes and expectations for providing advising to students are defined in the program's governance procedures. Upon arrival, each student will be assigned an advisory committee to include faculty members in the areas of the students' academic interests, a member from the department of the minor, and one member who ensures that courses are selected according to program guidelines and that the executive committee of the SLA program reviews and approves the cohesiveness of the student's plan of study.

Assessment

A major component in the assessment of the program will be assessment of the graduates. This assessment of the program's graduates will focus on student's job placement and professional success, student success at advancing to candidacy and passing preliminary and oral examinations, time to degree, and data on student satisfaction through the review of course evaluations and exit surveys upon graduation and three years later. The administrative support person will be responsible for maintaining records to track academic job placements of the

program's graduates and graduates' professional and academic contributions to their fields. The Co-chairs of the program, working with faculty colleagues, will provide brief biannual reports to all faculty committees involved and keep records for use in the five-year program evaluation.

Comparable Programs in Wisconsin

There are no interdisciplinary Ph.D. SLA programs in Wisconsin comparable to the proposed program. The University of Wisconsin-Milwaukee offers a Ph.D. program in English Language and Linguistics, but that program focuses exclusively on the acquisition of English as a Second Language and is not comparable to the proposed SLA program.

Comparable Programs Outside Wisconsin

There are 17 programs in North America that are roughly comparable to the proposed program. These 17 programs divide into two program models: a program administered from within an individual department (e.g. Carnegie Mellon, University of Hawaii-Manoa) and a program jointly administered by several participating departments (e.g. University of Arizona, University of Iowa).

Use of Technology

Technology is important in SLA research. Teaching foreign language, especially less commonly taught languages, increasingly uses distance education. Students in this program will use technology to do scholarly work and will be able to choose classes that are delivered using distance education. Because some of the curriculum will be delivered using distance education, we expect that the program will be attractive to secondary teachers who wish to continue studies in second language acquisition at the doctoral level.

Resource Needs

The program requires no additional faculty members. Six primary faculty members will each contribute 10% of their time to this program. Additional faculty will contribute time on a rotating basis depending on their level of participation in teaching and whether or not they are directly advising SLA students. The program will require a ½ time staff person to administer the program, under the direction of program faculty co-chairs. Resources for the program assistant and S&E will come from reallocations within the College of Letters & Science, predominately from the language departments that are participating in the SLA program. The program can begin with currently offered courses.

Estimated Total Costs and Income

	FIRST YEAR		SECOND YEAR		THIRD YEAR	
CURRENT COSTS	Dollars	#FTE	Dollars	#FTE	Dollars	#FTE
Personnel						
Fac/Acad Staff (1)	37,627	0.60	39,132	0.60	40,698	0.60
Grad Assistants	0		0		0	
TA ships)	15,865	0.75	33,000	1.50	51,479	2.25
PA ships)	19,550	0.66	40,665	1.32	64,078	2.00
Subtotal	73,042		112,797		156,255	
ADDITIONAL COSTS (Specify)						
Personnel Classified Staff	11,789	.5	12,261	.5	12,751	.5
Non-personnel						
Other						
S&E	7,000		4,000		4,000	
Library			150		300	
Subtotal	18,789		16,411		17,051	
TOTAL COSTS	91,831		129,208		173,306	
CURRENT RESOURCES						
Reallocation	72,281		88,543		109,228	
Gifts and Grants	19,550		40,665		64,078	
TOTAL RESOURCES	91,831		129,208		173,306	

RECOMMENDATION

The University of Wisconsin System recommends approval of Resolution I.1.f.(1), authorizing implementation of the Ph.D. in Second Language Acquisition, UW-Madison.

RELATED REGENT POLICIES

University of Wisconsin System Academic Planning and Program Review (May 2000), Academic Information Series #1 (ACIS-1.revised).

I.2. Business and Finance Committee

Thursday, February 7, 2002
1820 Van Hise Hall
2:00 p.m.

All Regents - Room 1820 Van Hise Hall

11:00 a.m. - Resources: Budget Update

11:30 a.m. - Quality: Achieving Excellence: The University of Wisconsin System
Accountability Report 2001-02

12:15 p.m. - Development Luncheon:
UW-Extension in the 21st Century: New Partners, New Revenues, New Issues
Chancellor Kevin Reilly; Darrell Bazzell, Secretary, Wisconsin Department of
Natural Resources; Connie Foster, Vice President, Television Operations,
Corporation for Public Broadcasting; Marv Van Kekerix, Provost & Vice
Chancellor

1:00 p.m. - United Council Student Priorities

1:30 p.m. - Building Our Resource Base - State Compact

2:00 p.m. or upon conclusion of All Regent Sessions

- a. UW-Stevens Point – Intergovernmental Agreement with Mid-State Technical College
- b. 2000-01 Annual Financial Report
- c. GASB Management Discussion and Analysis
- d. UW-Madison Annual Research Report
- e. Annual Broadcast Report
- f. Procedures for Meetings with Investment Managers
- g. Committee Business
 - (1) Approval of Minutes of December 6, 2001 meeting
 - (2) Quarterly Gifts, Grants and Contracts
- h. Report of the Vice President
- i. Closed session to consider trust fund matters as permitted by s. 19.85(1)(e), *Wis. Stats.*

ANNUAL FINANCIAL REPORT

EXECUTIVE SUMMARY

BACKGROUND

The UW System annually publishes an Annual Financial Report that includes financial statements prepared in accordance with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants' Guide, *Audits of Colleges and Universities*. The statements are audited by the Legislative Audit Bureau, and appear, in a somewhat modified format, in the State of Wisconsin's Comprehensive Annual Financial Report. They are also re-published at a later date as part of the UW System's federally required "A-133" audit report.

REQUESTED ACTION

This report is submitted for information only.

DISCUSSION AND RECOMMENDATIONS

The UW System's Annual Financial Report for 2000-2001, provided with the Regent agenda materials, includes: a balance sheet (Exhibit A), a Statement of Changes in Funds Balances (Exhibit B) and a Statement of Current Funds Revenues, Expenditures and Other Changes (Exhibit C). The accompanying Notes to the Financial Statements are an integral part of the financial statements, including both disclosures required by GAAP and explanations intended to aid the reader in understanding the statements. The UW System's Annual Financial Report for 2000-2001 may also be found at <http://www.uwsa.edu/fadmin/finrep/afr.htm>.

Preceding the financial statements and notes are several graphs intended to highlight noteworthy aspects of the financial statements, including sources and uses of current operating funds and the growth of endowments:

Sources - Chart 1 is a pie chart showing the relative proportion of funding provided in 2000-2001 by the six major sources of current operating funds. Changes in the funding mix over the last ten years may be observed by comparing this to Chart 2, which presents the same information for 1990-91. Most significant is the fact that state appropriations make up 5.7% less of the total in 2000-2001 than they did in 1990-91. The change in funding patterns is further portrayed by Charts 3 and 4, line graphs that highlight the UW System's increasing reliance upon funds other than state appropriations and tuition. Chart 3 depicts these funding changes in nominal dollars while Chart 4 shows inflation-adjusted dollars.

When adjusted for inflation, state support has been relatively flat over the first six years of the ten-year period but has increased over the past two biennia. The current state budget crisis jeopardizes the continuance of that trend.

Uses - Chart 5 is a pie chart showing, for 2000-2001, the relative proportion of Current Funds expended by function (or “Activity” – see Appendix I for definitions). In 2000-2001, 78.4% of current operating funds was spent on the primary missions of instruction, research and public service and related academic support, student services and financial aid while only 5.3% was spent on institutional support (administration). Chart 6 is a pie chart showing the relative proportion of Current Funds spent on the six major “object” groupings (salaries, fringe benefits, operating expense, capital, fellowships and scholarships and mandatory transfers). Higher education remains a labor intensive industry with 62.3% of expenditures dedicated to salaries and related fringe benefits.

Endowments - Chart 7 shows that University Controlled Endowments have grown from \$108 million in 1990-91 to \$305 million in 2000-2001. This includes both “true” endowments, gifted principal that must remain intact by donor stipulation, and “quasi” endowments, gift and income funds that the Board of Regents has elected to manage as an endowment. The increase from 1990-91 to 2000-2001 represents a growth of 183.4% in nominal dollars and 116.8% in inflation-adjusted dollars. In 2000-2001, the total return on the principal long-term portfolio including capital appreciation was –3.4%. The total return on the principal intermediate-term portfolio including capital appreciation was 12.5%.

RELATED REGENT POLICIES

None

University of Wisconsin System
Activity/Functional Definitions

INSTRUCTION

Expenditures for all activities through which a student may earn credit toward a postsecondary degree or certificate granted by the university. Also includes expenditures for preparatory/remedial instruction even though these courses may not carry degree credit. Expenditures for curriculum development, departmental research and public service that are not separately budgeted are included.

RESEARCH

All expenditures for activities specifically organized to produce research outcomes, whether commissioned by an agency external to the institution or separately budgeted by an organizational unit within the institution. Subject to these conditions, it includes expenditures for individual and/or project research as well as those of institutes and research centers. This category does not include all sponsored programs (training grants as an example) nor is it necessarily limited to sponsored research, since internally supported research programs, if separately budgeted, are included in this category under the circumstances described above.

PUBLIC SERVICE

Expenditures for all noncredit instruction (except preparatory/remedial instruction) and for all activities that are established primarily to provide services beneficial to individuals and groups external to the institution. These activities include community service programs (including noncredit instructional activities) and cooperative extension services. Included in this category are conferences, institutes, general advisory services, reference bureaus, radio and television, consulting, and similar services to particular sectors of the community.

ACADEMIC SUPPORT

Funds expended primarily to provide support services for the institution's primary missions (instruction, research, and public service) including:

- (1) the retention, preservation, and display of educational materials (e.g., libraries, museums and galleries);
- (2) the provision of services that directly assist the academic functions of the institution, such as demonstration schools associated with a department, school, or college of education;
- (3) media such as audiovisual services and technology such as computing support;
- (4) academic administration (including academic deans but not department chairs) and personnel development providing administrative support and management direction to the three primary missions; and
- (5) separately budgeted support for course and curriculum development.

FARM OPERATIONS

Expenditures that provide laboratory farm support for instruction, research and public service.

STUDENT SERVICES

This category includes funds expended for offices of admissions and registrar and those activities whose primary purpose is to contribute to the student's emotional and physical well-being and to his or her intellectual, cultural, and social development outside the context of the formal instruction program. It includes expenditures for student activities, cultural events, student newspapers, intramural athletics, student organizations, intercollegiate athletics, counseling and career guidance (excluding informal academic counseling by the faculty), student aid administration, and student health services.

INSTITUTIONAL SUPPORT

This category includes expenditures for:

- (1) central executive activities concerned with management and long-range planning of the entire institution;
- (2) fiscal operations;
- (3) administrative data processing;
- (4) space management;
- (5) employee personnel and records;
- (6) logistical activities that provide procurement, storerooms, safety, security, printing, and transportation services to the institution;
- (7) support services to faculty and staff that are not operated as auxiliary enterprises; and
- (8) activities concerned with community and alumni relations, including development and fund raising.

PLANT OPERATIONS

This category includes all expenditures of current operating funds for the operation and maintenance of physical plant, in all cases net of amounts charged to auxiliary enterprises, hospitals, and independent operations. It includes all expenditures for operations established to provide services and maintenance related to grounds and facilities, utilities, fire protection, and similar items.

FINANCIAL AID

Expenditures for all forms of financial aid assistance to students including scholarships and fellowships.

AUXILIARY ENTERPRISES

An auxiliary enterprise is an entity that exists to furnish goods or services to students, faculty, or staff, and that charges a fee directly related to, although not necessarily equal to, the cost of the goods or services. The distinguishing characteristic of auxiliary enterprises is that they are managed as essentially self-supporting activities. The general public may also be served incidentally by auxiliary enterprises.

This activity includes all expenditures and transfers relating to the operation of auxiliary enterprises, including expenditures for operation and maintenance of physical plant and for institutional support; also included are other direct and indirect costs, whether charged directly as expenditures or allocated as a proportionate share of costs of other departmental units

COST OF SERVICES PROVIDED TO UW HOSPITAL AUTHORITY

The cost of services provided by the University to the UW Hospital Authority.

MANDATORY TRANSFERS

Debt service on academic facilities and student loan matching.

NEW FINANCIAL REPORTING REQUIREMENT: MANAGEMENT'S DISCUSSION AND ANALYSIS

EXECUTIVE SUMMARY

BACKGROUND

In June 1999 the Governmental Accounting Standards Board (GASB) adopted a new financial reporting model for public universities that becomes effective for fiscal years beginning after June 15, 2002. The attached report (Attachment 1) was presented to the Board of Regents in February 2001 to describe how the UW System's financial statements for 2001-2002 and beyond will differ based upon the new reporting model. In reviewing this report, members of the Business and Finance Committee expressed particular interest in the new requirement to precede the financial statements with an objective and easily readable analysis of what is contained in the financial statements. This information, to be labeled "Management's Discussion and Analysis," (MD&A) is considered "required supplementary information" and, as such, is subject to audit. Members of the Committee asked to be provided with more detailed information regarding the types of information that is required to be presented in the Management's Discussion and Analysis section and to be provided an opportunity to comment on the additional types of information they would like to see included.

REQUESTED ACTION

This report is submitted for information. Regents may wish to provide suggestions to the Vice President for Finance either formally or informally by August 31, 2002 regarding the types of information they wish to see included in the Management's Discussion and Analysis section of the 2001-2002 Annual Financial Report.

DISCUSSION AND RECOMMENDATIONS

The requirements for the new Management's Discussion and Analysis section are established in paragraphs 8 – 11 of GASB Statement 34, which is provided as Attachment 2. According to Statement 34, Management's Discussion and Analysis should provide "an objective and easily readable analysis of the government's activity based on currently known facts, decisions or conditions." It should discuss current year results in comparison with the prior year, with emphasis on the current year. The requirements established by Statement 34 are "general rather than specific to encourage financial managers to effectively report only the most relevant information and avoid 'boilerplate' discussion." However, Statement 34 does set forth a detailed list of certain minimum requirements in the lettered and numbered items contained within paragraph 11.

GASB Statement 34 includes an illustrative Management's Discussion and Analysis for "Sample City" which is provided as Attachment 3.

RELATED REGENT POLICIES

None.

NEW FINANCIAL REPORTING REQUIREMENTS FOR PUBLIC COLLEGES AND UNIVERSITIES

BACKGROUND

The financial statements of the UW System are prepared in accordance with generally accepted accounting principles (“GAAP”) as prescribed by the Governmental Accounting Standards Board (GASB). The Governmental Accounting Standards Board sets accounting and financial reporting standards for public entities in the same manner as the Financial Accounting Standards Board (FASB) does for non-governmental entities, including commercial enterprises and private non-profit organizations. Both FASB and GASB are organized under the auspices of the Financial Accounting Foundation and derive their standard setting authority essentially by the consent of many affected organizations, including the federal Securities and Exchange Commission and the American Institute of Certified Public Accountants (AICPA).

For many years both private and public colleges and universities prepared their financial statements according to a model recommended by the National Association of College and University Business Officers (NACUBO). This reporting model was essentially ratified as GAAP by the AICPA in its industry audit guide *Audits of Colleges and Universities* and both FASB and GASB, concerned with other issues, accepted the NACUBO model as GAAP for higher education entities. However, in the early 1990s private colleges and universities departed from this reporting model when FASB issued a series of standards designed to unify the reporting practices of all the non-profit organizations under its jurisdiction. Meanwhile, GASB, while issuing standards on specific reporting issues, continued to study the overall reporting framework for public sector financial reporting. In June 1999 GASB issued Statement No. 34 which makes fundamental changes to the governmental reporting model and followed in November 1999 with Statement No. 35 which likewise changes the financial reporting model for public colleges and universities.

DISCUSSION

GASB Statement 35, *Basic Financial Statement for Public Colleges and Universities*, effectively discontinues a separate reporting model for public colleges and universities and directs that public higher education institutions follow the reporting standards established in Statement 34, *Basic Financial Statement for State and Local Governments*. Most public education institutions that do not have direct taxing authority will be reported in accordance with the standards that Statement 34 sets for “business type activities” that operate within a public setting. As is generally the case with new GASB standards, the effective date is phased depending on the size of the organization. For the State of Wisconsin and the UW System the new reporting model is required for statements issued for fiscal year 2001-2002.

The most notable changes that members of the Board of Regents can expect to see in the UW System’s financial statements when we begin reporting under the new model are:

Entity wide statements – There will be a single column presentation in all statements rather than a separate reporting by “fund type” as currently exists.

Statement of Net Assets – The Balance Sheet will be presented in a “net assets” format wherein the arithmetic of the three major sections is Assets minus Liabilities equals Net Assets (as opposed to the

traditional Assets equals Liabilities plus Fund Equity). Assets and liabilities must be grouped between current and long-term and restricted assets must be separately labeled. Three classes of net assets are to be reported: invested in capital assets, restricted, and unrestricted; within restricted net assets, expendable net assets must be distinguished from non-expendable net assets.

Statement of Revenues, Expenses and Changes in Net Assets - A single new statement covering all fund types will replace the two existing statements, the Statement of Changes in Funds Balances and Statement of Current Funds Revenues, Expenditures and Other Changes. The new single column statement must distinguish “operating” from “non-operating” revenues and likewise for expenditures. State appropriations are to be reported as non-operating revenues, and thus “below the line” that shows operating income/loss. Expenses may be shown based either upon their “natural” classification (i.e., salaries, supplies, etc.) as is more common in the commercial sector or, according to a functional classification (i.e., Instruction, Research, etc. as in the UW System’s current statements). The UW System will likely report according to natural classification in the operating statement with functional classification reported in the footnotes since this seems to be the preferred practice among our peer institutions.

Statement of Cash Flows – A Statement of Cash Flows, a standard component in commercial reports, will be required. The “direct” method” must be used wherein all cash inflows and outflows are reported gross rather than using net income as the starting point as is done when the “indirect” method is used. The statement must show gross and net cash flows in four categories: operating, investing, capital and related financing, and non-capital financing. There must be a reconciliation of net operating income (loss) to cash provided by (used) in operations.

Depreciation – Depreciation expense must be reported in the operating statements and assets must be reported net of accumulated depreciation in the statement of net assets (balance sheet). The UW System’s building and equipment records are sufficiently detailed so that the calculation of depreciation should not be overly problematic. However, infrastructure (e.g., roads, sewers, etc.) must be capitalized and depreciated and this will involve a great deal of work to establish beginning balances.

Tuition revenue to be reported net – Under the existing reporting model, tuition remissions are reported as an expense, primarily on the financial aid line, based on the precept that revenue foregone is an expense. While this makes some theoretical sense it also results in inflated reporting of revenues, since, in order to keep the fund balance in sync with the actual resources available, tuition revenues are “grossed up” by a corresponding amount so that the net effect in the operating statement is zero. This reporting practice will be discontinued. Moreover, moneys applied to tuition that initially came from other funding sources, such as gifts used for scholarships, are not to be reported as tuition revenue, thus eliminating a certain amount of double counting in revenues that takes place in the present reporting model.

Gifts to be separated from Grants and Contracts - Since gifts are considered non-operating revenue, gifts must be reported separately from grants and contracts.

Management's Discussion and Analysis -- The financial statements are required to be preceded by an objective and easily readable analysis of what is contained in the financial statements and other relevant information based upon currently known facts. The information in this report is considered "required supplementary information" and, as such, is subject to audit.

Attachment 2

The following excerpt from Statement 34 of the Governmental Accounting Standards Board (GASB) establishes the requirements for Management's Discussion and Analysis, required supplementary information to be included for fiscal years beginning after June 15, 2002 with the financial statements of public universities and other governmental entities subject to GASB's jurisdiction.

Above referenced materials available from the Regent Office

Attachment 3

The following is an illustrative Management's Discussion and Analysis (MD&A) for "Sample City" included in Statement 34 of the Governmental Accounting Standards Board. Management's Discussion and Analysis is required supplementary information to be included for fiscal years beginning after June 15, 2002 with the financial statements of public universities and other governmental entities subject to GASB's jurisdiction.

The illustrative MD&A appears on the pages numbered 183 – 197 in Statement 34 and is preceded here by an introduction to the illustrative MD&S on the pages numbered 181-182 in Statement 34.

Above referenced materials available from the Regent Office

UW-MADISON EXTRAMURAL RESEARCH SUPPORT

EXECUTIVE SUMMARY

BACKGROUND

Individual Regents and the Business and Finance Committee of the Board of Regents requested periodic analyses of extramural research support at the UW-Madison. A report on UW-Madison extramural research support was last presented to the Board at its February 2001 meeting.

This report provides information on 2000-01 federal and non-federal research awards to UW-Madison, analysis of UW-Madison's national and Big Ten rankings for research support, and an analysis of 2001-02 year-to-date awards. The report provides distributions of UW-Madison's 2000-01 research awards by funding source, school/college, divisional affiliation, category of principal investigator, and faculty ranking, as well as historical information for comparison.

REQUESTED ACTION

This item is for information only.

DISCUSSION AND RECOMMENDATIONS

2000-01 Extramural Research Awards

In 2000-01, approximately 75% of total UW-Madison extramural awards were for research. UW-Madison received \$509 million in total research awards—an increase of \$64 million (14%) compared with 1999-00 awards: federal research awards (\$360 million) increased by \$55 million (18%), and non-federal research awards (\$149 million) increased by \$9 million (6%).

The substantial rate of growth in 2000-01 research awards followed a combined two years during which research awards increased at an unprecedented rate. In 1998-99, total research awards increased by \$55 million (15%). In 1999-00, total research awards increased by \$28 million (7%).

Thus, combining the past three years, between 1997-98 and 2000-01, total annual research increased by \$147 million (41%): federal research awards increased by \$117 million (48%), and non-federal research awards increased by \$30 million (26%).

In 2000-01, five schools/colleges accounted for approximately 90% of research awards to the UW-Madison: Medical School, the Colleges of Letters and Science, Agricultural and Life Sciences, and Engineering, and the Graduate School. The Medical School alone accounted for almost one-third of total research awards.

Six federal agencies accounted for over 90% of federal research awards to the UW-Madison: Department of Health and Human Services, National Science Foundation, Department of Energy, NASA, Department of Defense, and the Department of Agriculture. The Department of Health and Human Services alone accounted for 53% of federal research awards; the Department of Health and Human Services, National Science Foundation, and Department of Energy together accounted for approximately 80% of federal research awards.

It should be noted that the substantial growth in federal awards over the past three years is well distributed among federal agencies. For example, UW-Madison's primary awarding agencies—Health and Human Services and the National Science Foundation—accounted for the same portion of total federal awards in 2000-01 as they did in 1997-98.

Approximately 53% of UW-Madison faculty members obtained federal or non-federal research awards in 2000-01. It is important to note that this annual percentage does not fully reflect the portion of UW-Madison faculty members that is successful at obtaining extramural research funding. Because many federal research awards are made in a single year for a multi-year period, the number of faculty members receiving new awards in a given year can be substantially less than the number receiving sponsored research support in that year. In any given year, an estimated two-thirds of UW-Madison faculty members are principal investigators on projects for which extramural funds are expended.

In 2000-01, awards to individual faculty members accounted for 79% of UW-Madison research awards. Fourteen percent of research awards consisted of awards to academic staff members. Almost all research awards to academic staff were awards to individuals with scientist or clinical faculty titles. Finally, approximately 7% of research awards in 2000-01 were awards to Deans, Directors, and Department Chairs.

Of total awards to individual faculty members, 77% were to full professors, 13% to associate professors, and 10% to assistant professors. Of the total amount, 52% were to faculty affiliated with the Biological Sciences, 34% to the Physical Sciences, 12% to the Social Sciences, and 2% to the Arts and Humanities.

The most recent national data on federal research support indicate that in 1999-00 UW-Madison maintained a competitive share of the total federal budget for university research and development. In 1999-00, UW-Madison accounted for approximately 1.59% of total federal expenditures for university research and development. Over the previous ten-year period, UW-Madison's share of federal research expenditures varied between a high of 1.80% (1992) and a low of 1.56% (1999) and followed a general, slight downward trend. In aggregate, all top research institutions have been subject to this trend: the top twenty research institutions in 1999-00 accounted for approximately 3% less in federal research expenditures than they did in 1990-91. UW-Madison's rank in terms of federal research expenditures was 11th place in 1999-00. Among public institutions in 1999-00, UW-Madison ranked 5th in federal expenditures for research and development.

If other sources of funding are included, UW-Madison's national ranking is significantly higher. In 1999-00, UW-Madison ranked 2nd nationally for total research and development expenditures (compared with 11th for federal expenditures) among all institutions. Among public institutions in 1999-00, UW-Madison ranked 1st in total research and development expenditures. The difference between UW-Madison's rankings in federal and total research support illustrates its competitive ability to obtain external research funding from non-federal sources. Whereas some institutions rely primarily on federal support for their sponsored research programs, UW-Madison aggressively seeks private research support as well as federal funding.

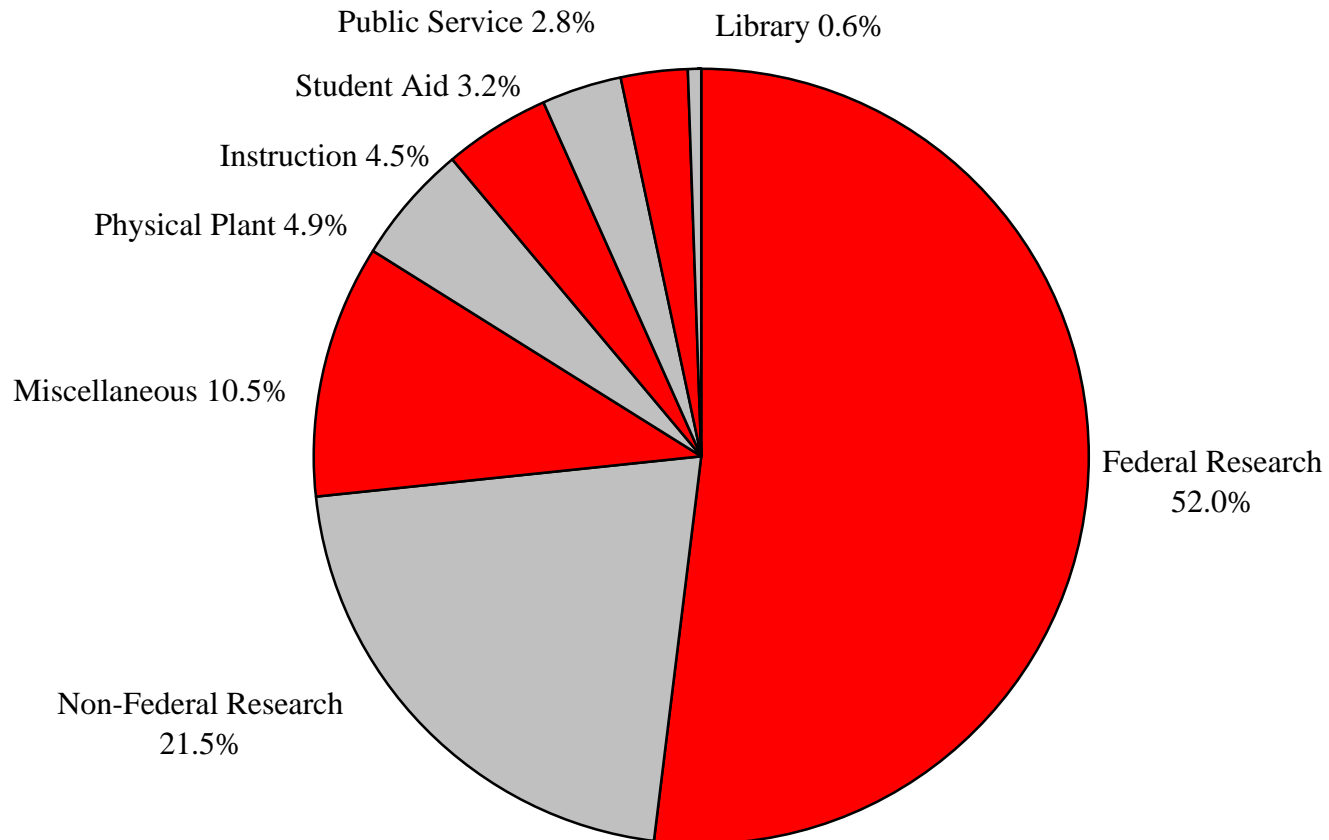
Within the Big Ten, UW-Madison also compares favorably with respect to its share of the federal research budget and total research support. In 1999-00, UW-Madison ranked 2nd in the Big Ten (behind Michigan) for federal research expenditures, and UW-Madison ranked 1st in the Big Ten for total research and development expenditures.

Current Year Extramural Research Awards

Compared with last year, total year-to-date extramural research awards through January have increased by approximately \$15 million (4%). Year-to-date federal research awards have increased by \$17 million (8%), while year-to-date non-federal research awards have declined by \$2 million (3%).

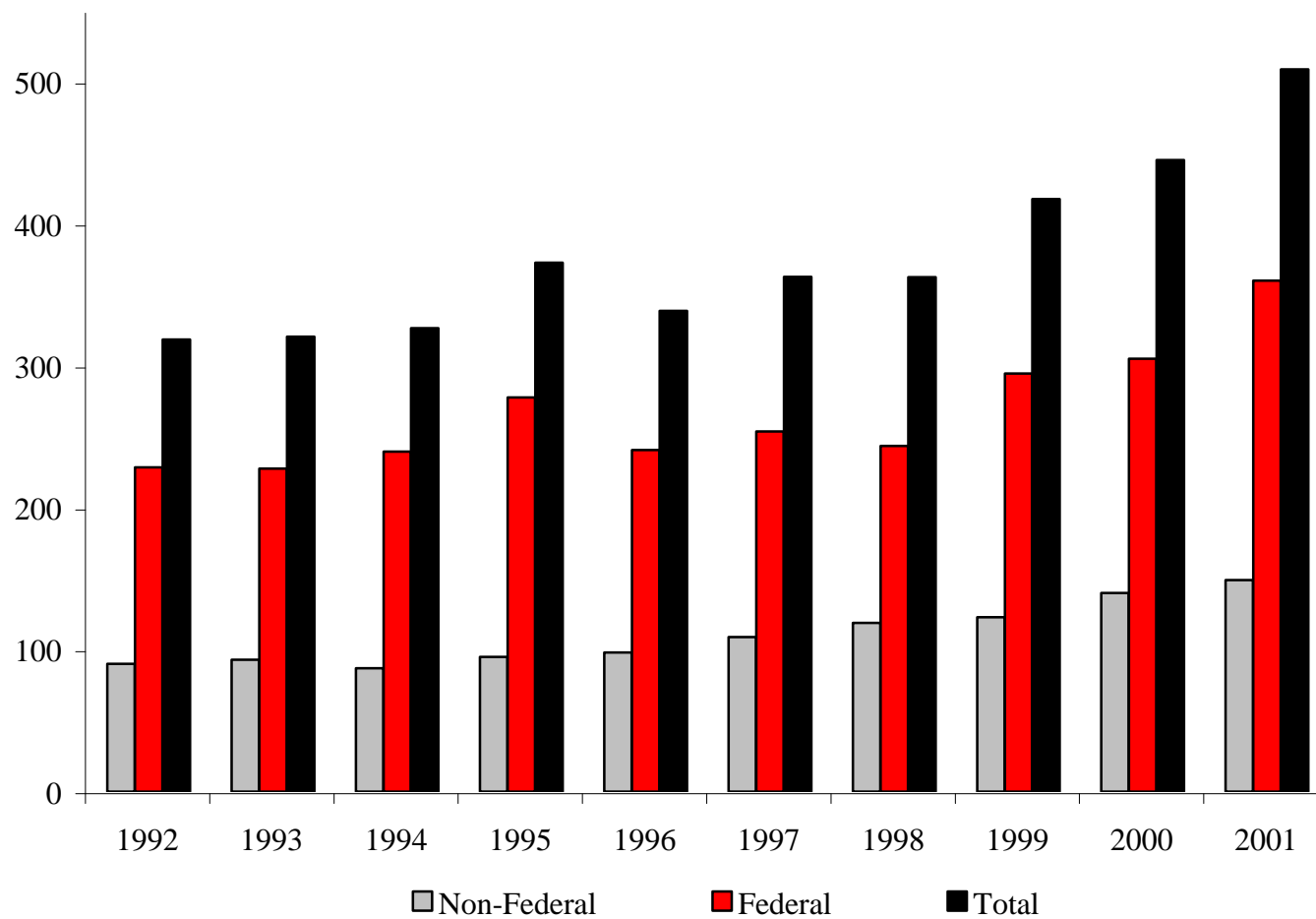
After the record increase in federal and total research awards over the past three years, it was anticipated that, at best, UW-Madison would experience very moderate growth in research awards this year and that a decline in research awards, especially federal research awards, was highly probable. Federal research awards tend to vary over multi-year periods. For example, in 1994-95, federal research awards increased by 16%, then decreased by 13% in 1995-96, increased by 5% in 1996-97, decreased by 4% in 1997-98. Hence, based on historical patterns, a moderate decrease in federal research awards would not be surprising. However, year-to-date federal research awards have kept pace with last year's levels.

**2000-01 UW-Madison Extramural Awards
By Activity
\$693,545,190**



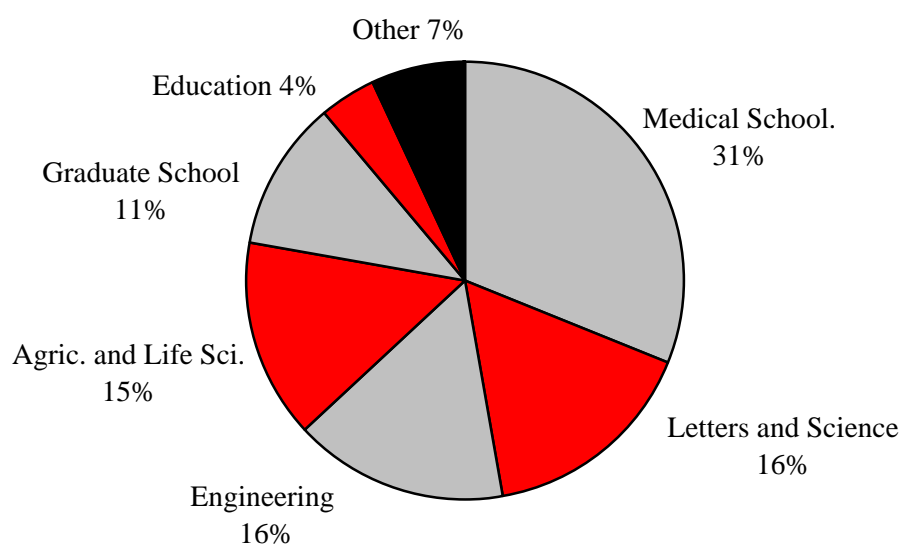
UW-Madison Research Awards 1991-92 to 2000-01

Millions of Dollars

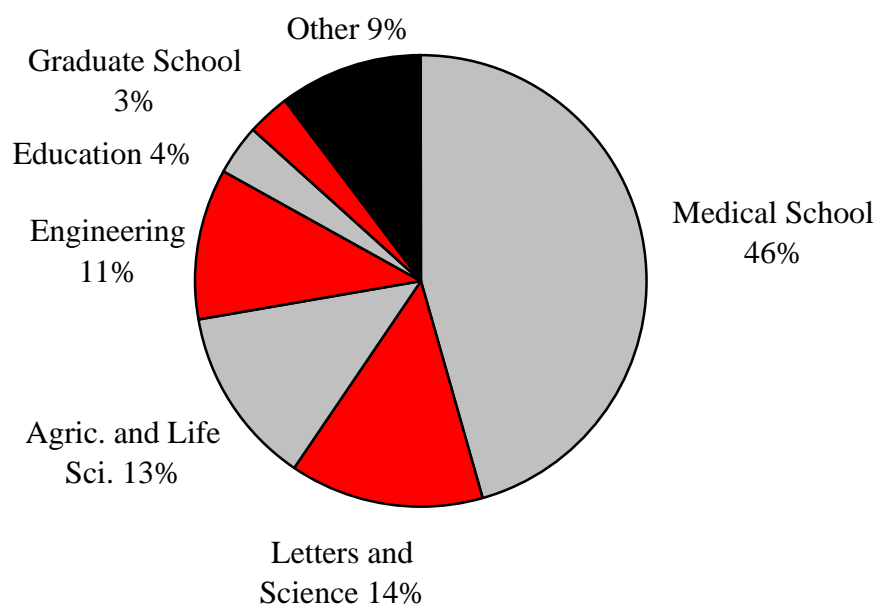


2000-01 UW-Madison Research Awards

Total Awards*
\$473,085,015



Non-Federal Awards*
\$112,704,031

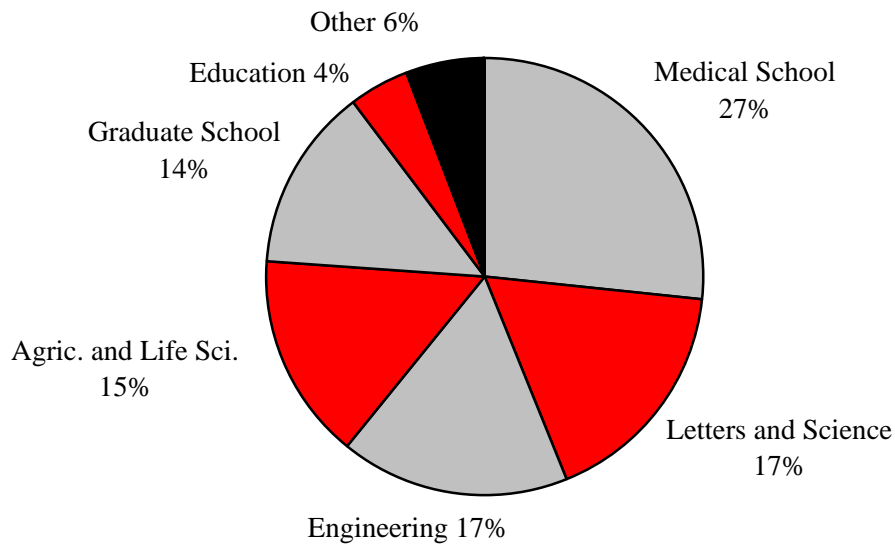


*Note: Excludes WARF awards and UW-System Trust Funds.

2000-01 UW-Madison Research Awards

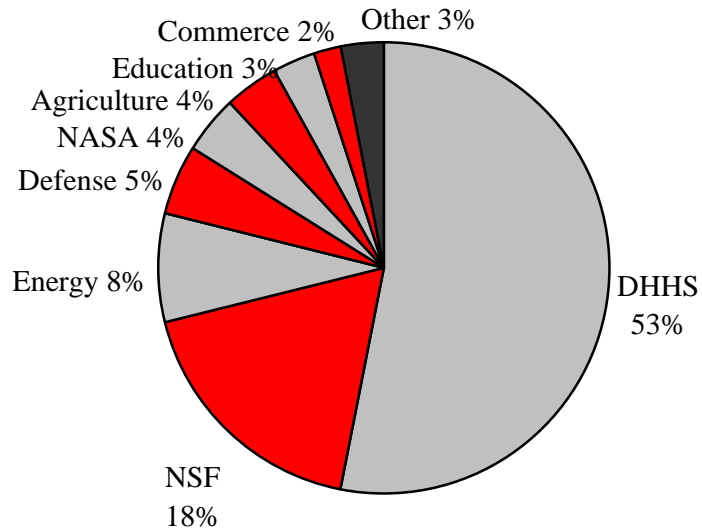
Federal Awards

\$360,380,984



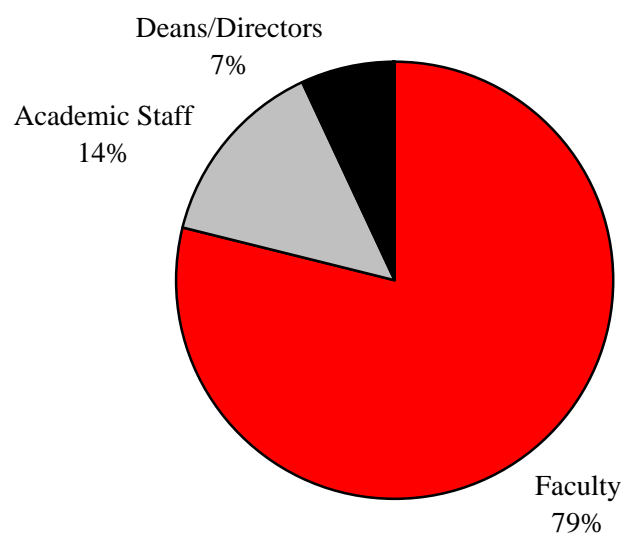
Federal Awards by Agency

\$360,380,984

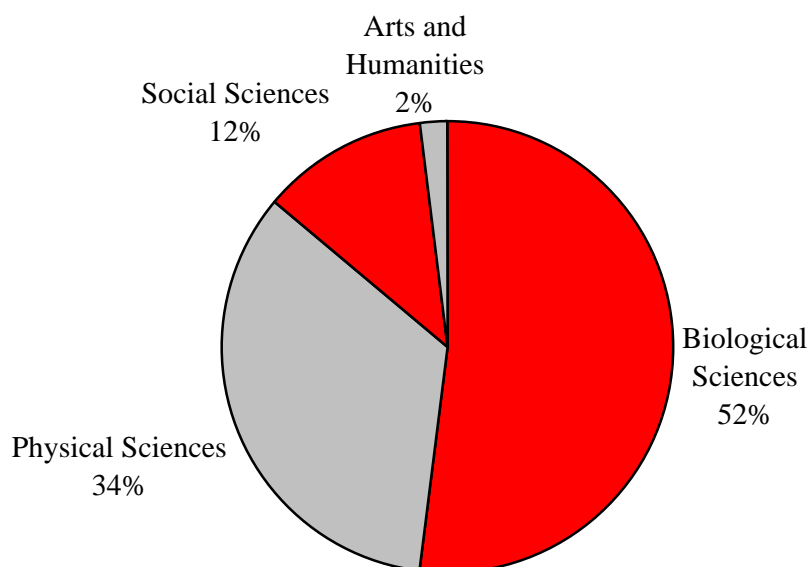


2000-01 UW-Madison Research Awards

Awards by Staff Type

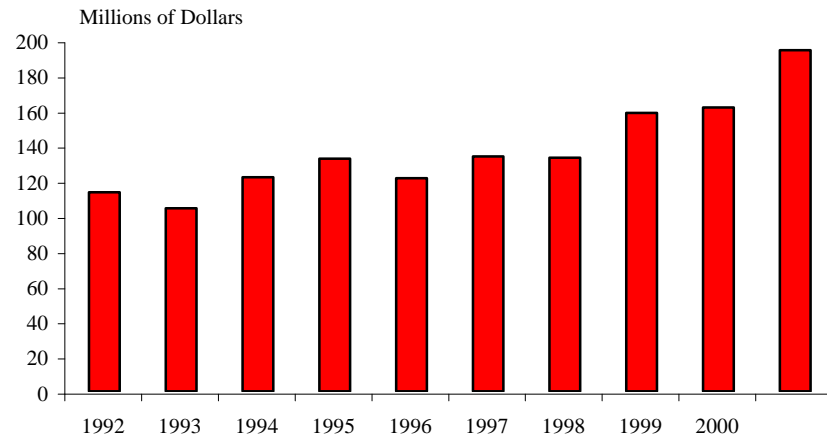


Faculty Awards by Divisional Affiliation

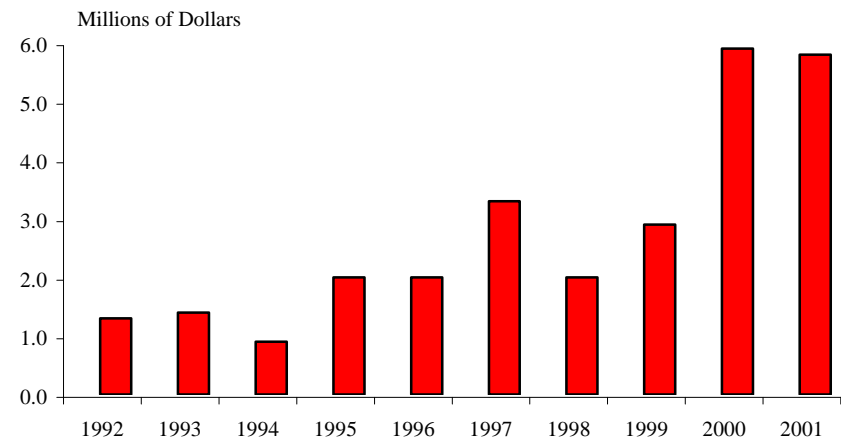


UW-Madison Research Awards by Divisional Affiliation

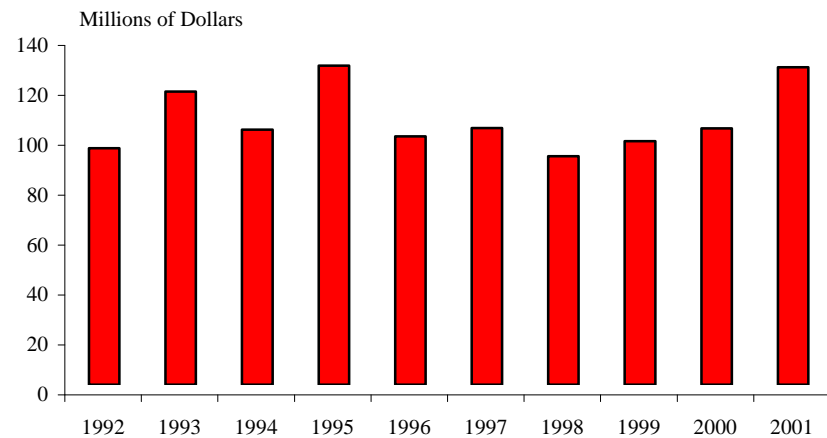
Biological Sciences



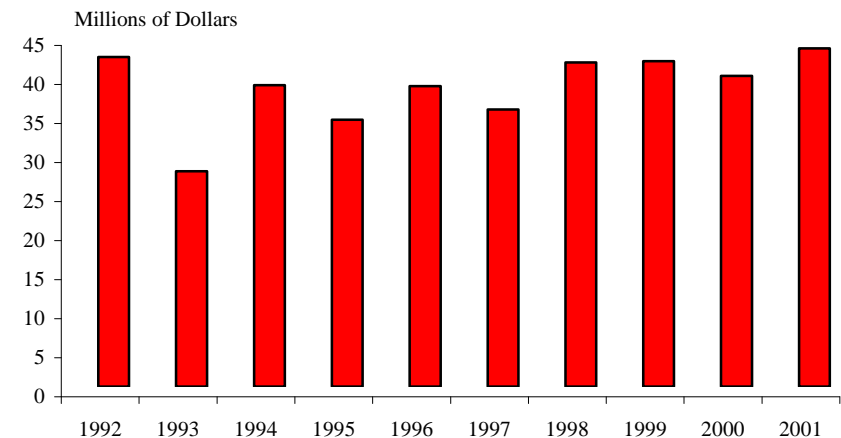
Arts and Humanities



Physical Sciences

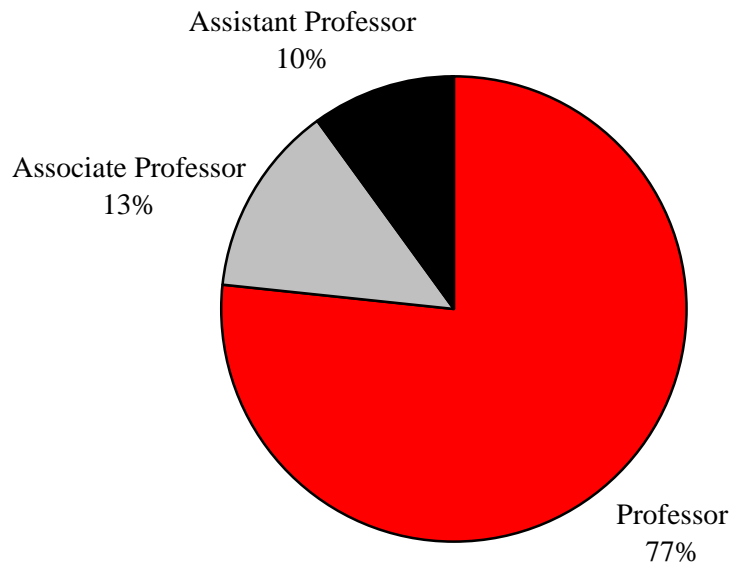


Social Sciences

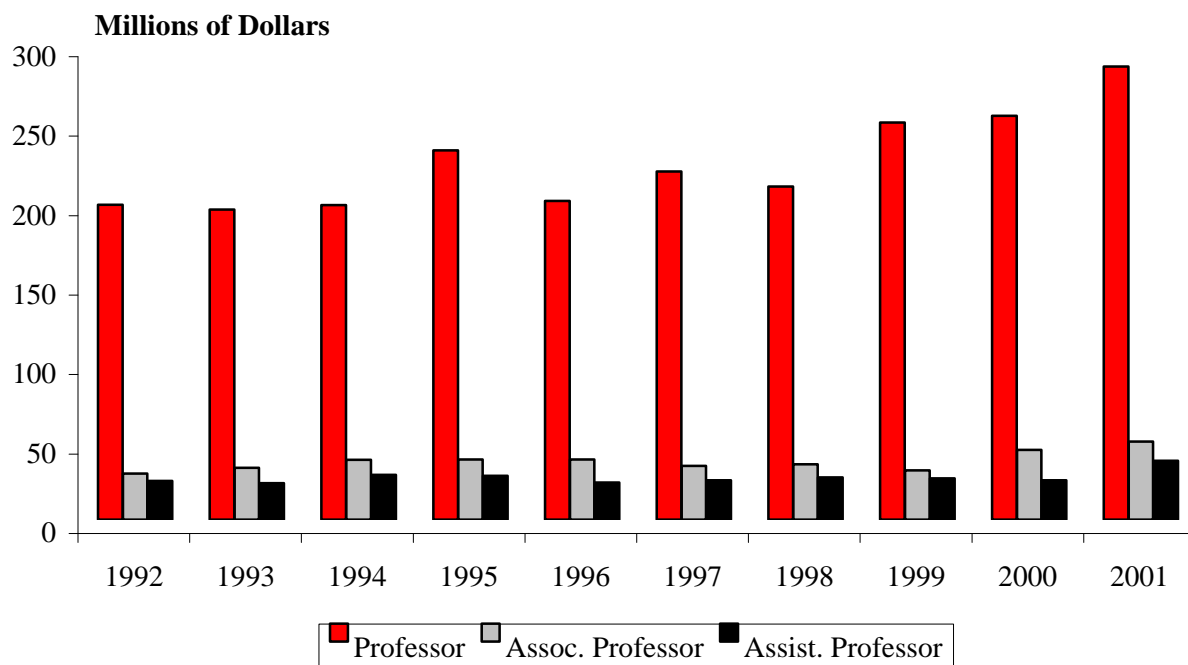


Note: Scales differ.

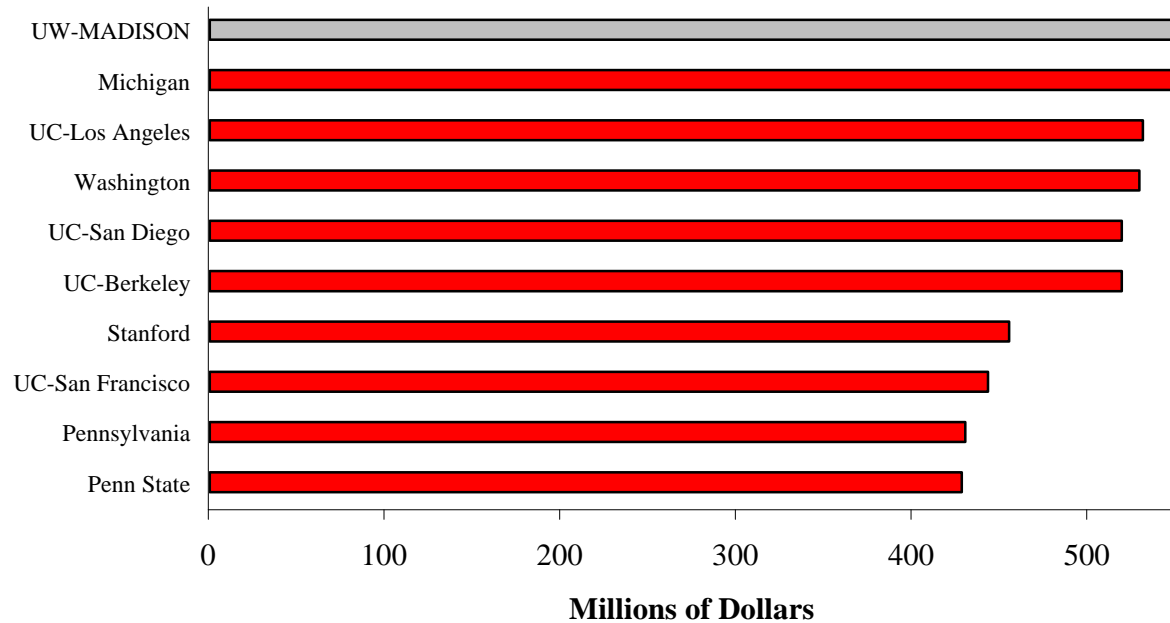
2000-01 UW-Madison Research Awards Faculty Awards by Rank



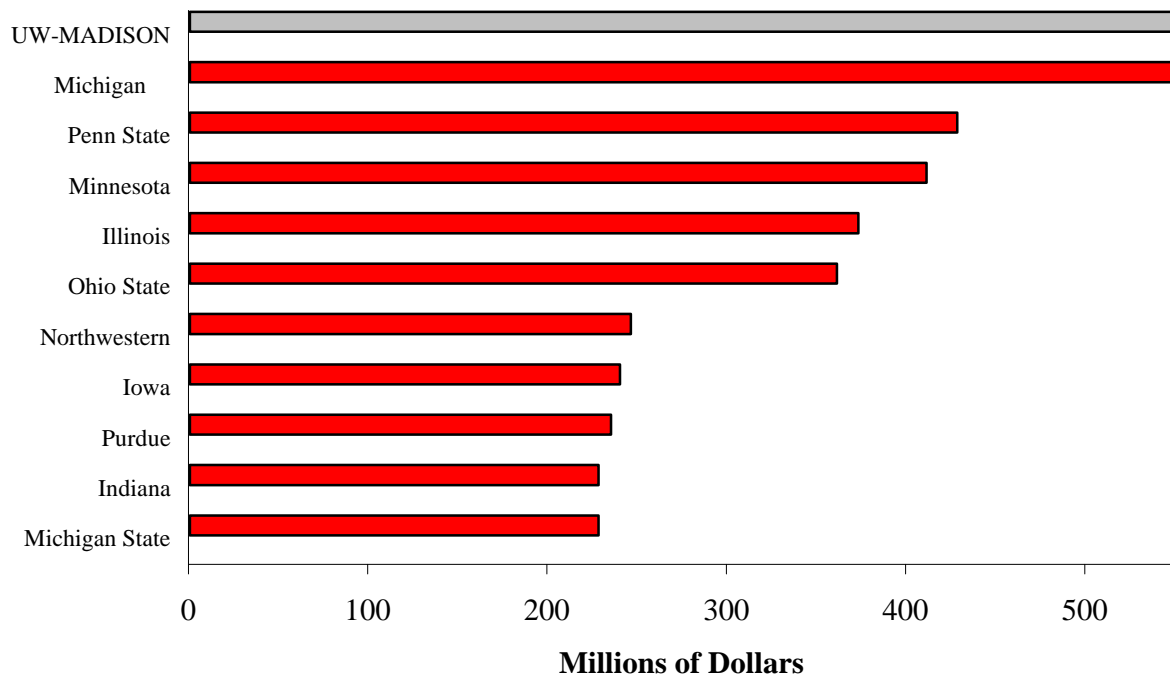
UW-Madison Faculty Research Awards 1991-92 to 2000-01



1999-00 Total R&D Expenditures Top Ten Institutions*

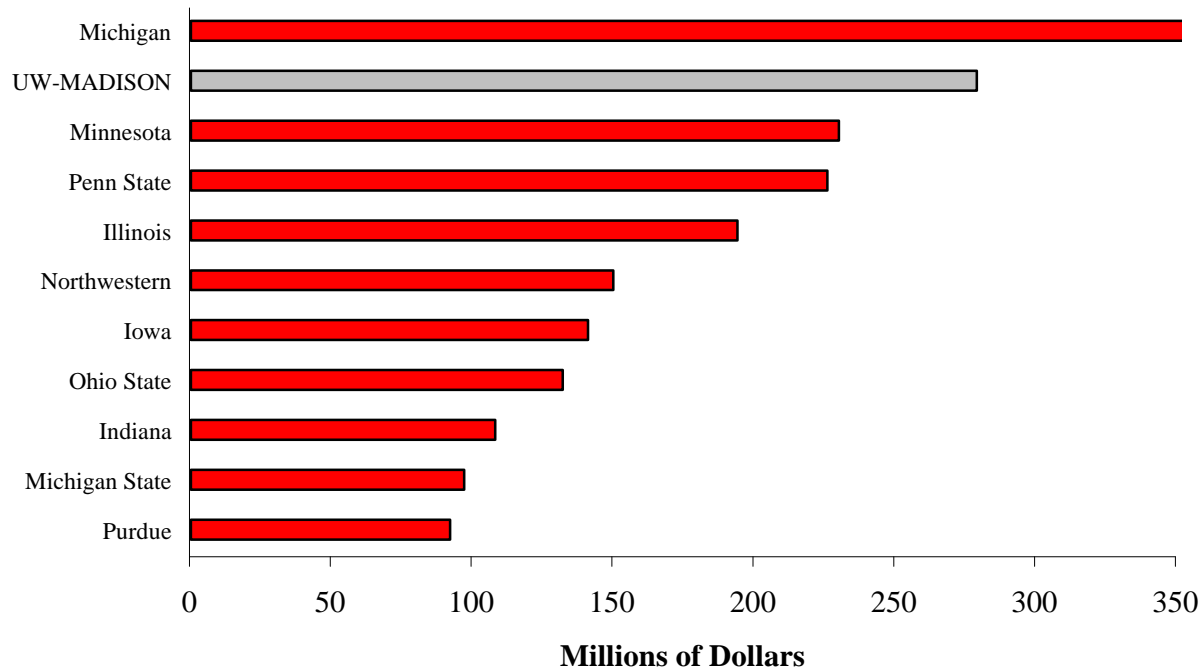


1999-00 Total R&D Expenditures Big Ten Institutions

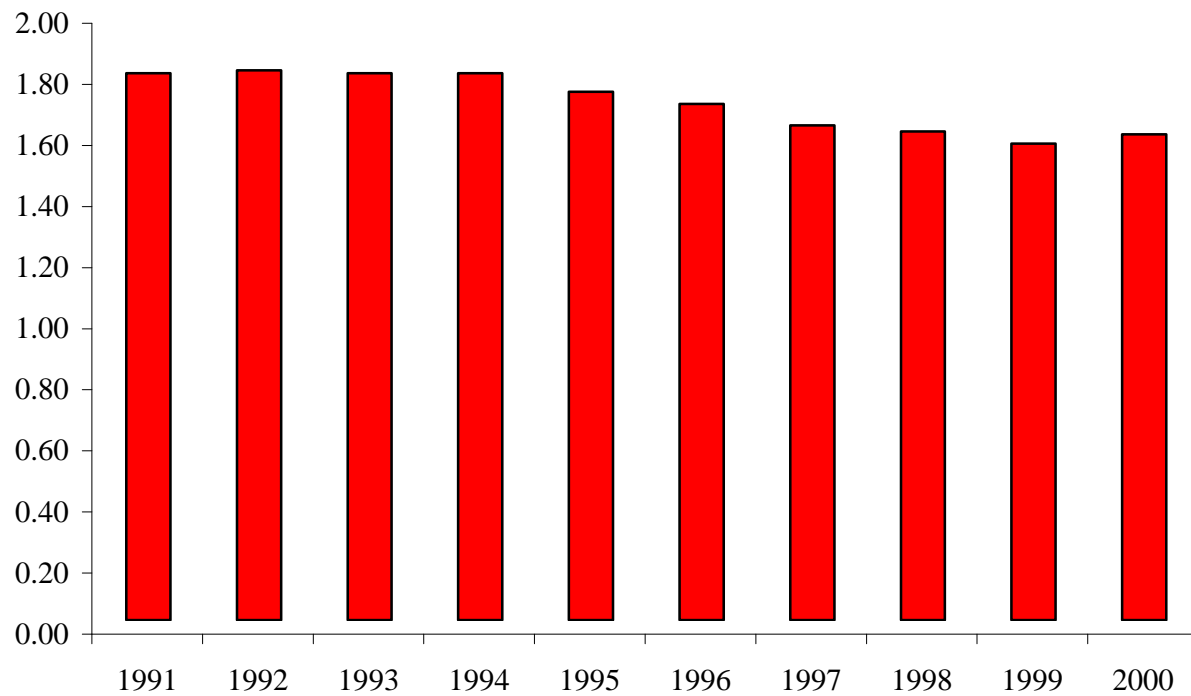


*Excludes Johns Hopkins Applied Physics Laboratory, which ranks first.

1999-00 Federal R&D Expenditures Big Ten Institutions



UW-Madison Percent of Federal R&D Expenditures 1990-91 to 1999-00



2000-01 UNIVERSITY OF WISCONSIN SYSTEM NON-COMMERCIAL BROADCAST STATIONS' REPORT

EXECUTIVE SUMMARY

The Board of Regents of the University of Wisconsin System is the licensee of 14 non-commercial educational broadcast stations located throughout the state of Wisconsin. Station WSUM (UW-Madison) has received Federal Communications Commission (FCC) authorization via a construction permit to build a broadcast radio station. The thirteen other stations are fully operational broadcast stations.

As the licensee, the Board of Regents is accountable to the FCC for compliance with all statutory and regulatory requirements.

The purpose of the Broadcast Stations' Report is to provide the Regents with information essential to fulfill its responsibilities of maintaining the licenses in good standing.

UW System Administration oversight of the stations is provided by the Office of the Senior Vice President for Administration, and by Regent and System presence on the Wisconsin Educational Communications Board of Directors. Regent Patrick G. Boyle serves as the UW Board of Regents representative and Senior Vice President for Administration David W. Olien serves as the designated representative of the UW System President.

REQUESTED ACTION

This item is for information only.

2000-01 UNIVERSITY OF WISCONSIN SYSTEM NON-COMMERCIAL BROADCAST STATIONS' REPORT

"The broadcast facilities and resources of the University . . . shall be so utilized as to advance the educational purposes of the University and serve to the fullest extent the interests and needs of the people of the state."

*University of Wisconsin Board of Regents
January 1960*

The Board of Regents of the University of Wisconsin System holds the licenses for 13 radio broadcast stations (11 FM, one AM, and one FM in the construction phase) and one television station. All licenses are for non-commercial educational broadcast service. The President of the UW System delegates authority and responsibility for operational administration of these stations to chancellors of institutions at which the stations are located. The UW Colleges and UW-Parkside are the only institutions that do not have broadcast stations. UW-Extension operates WHA-AM and WHA-TV, Madison; WHID-FM, Green Bay; and WVSS-FM, Menomonie.

In some cases, institutional administration and operational supervision of individual stations are delegated to an academic department, with a departmental faculty member designated as general manager or director. In other cases, station directors are qualified academic staff or classified appointees, reporting to a department head, dean, or vice chancellor.

UW System broadcast stations are integrally associated with their home institutions and the communities they serve. Programming decisions are determined in light of audience and institutional needs, in keeping with the community service and outreach missions of the institution. Another important function of several of the stations is to provide academic opportunities to UW students enrolled in courses of study associated with the field of mass communications.

UW System Television and Radio Stations

Call letters	Location	Frequency	Watts of Power	Hours on Air: Mon.-Fri./Sat.-Sun.
WHA-TV	Madison	512-518 MHz	1,127	24/24-18
WHA-AM	Madison	970 KHz	4,340	24/24
WUEC-FM	Eau Claire	89.7 MHz	5,200	24/24
WHID-FM	Green Bay	88.1	17,000	24/24
WLSU-FM	La Crosse	88.9	8,300	24/24
WUWM-FM	Milwaukee	89.7	15,000	24/24
WRST-FM	Oshkosh	90.3	960	24/24
WSUP-FM	Platteville	90.5	1,000	20/17
WRFW-FM	River Falls	88.7	3,000	24/24
WWSP-FM	Stevens Point	89.9	11,500	20/20
WVSS-FM	Menomonie	90.7	1,000	24/24
KUWS-FM	Superior	91.3	8,300	24/24
WSUW-FM	Whitewater	91.7	1,300	20/21-20

WISCONSIN PUBLIC BROADCASTING

In the mid-1980's, to achieve statewide services and management economies, the Wisconsin Educational Communications Board (ECB) and UW-Extension (UWEX) developed a partnership, called "Wisconsin Public Broadcasting." The partnership oversees the operations of Wisconsin Public Television and Wisconsin Public Radio. It is maintained through an affiliation agreement outlining structural principles, functions, staff allocations, television and radio stations (including Board of Regents-licensed stations), and financial commitments.

Wisconsin Public Television. Wisconsin Public Television provides statewide public television service (except in the Milwaukee area^{*}) via six TV stations (one of which is Board of Regents licensee WHA-TV), six translators, and three affiliate stations. In addition, more than 185 statewide cable systems carry Wisconsin Public Television signals. Wisconsin Public Television reaches more than 600,000 television households each week; its diverse programming serves the general public, life-long learners, PK-12 school children and teachers, university and college teachers, and pre-school children.

WHA-TV is managed by UW-Extension and is located in Vilas Hall on the UW-Madison campus. The station has been on the air since 1954, and now operates 24 hours a day Monday through Saturday and 18 hours on Sunday. In 1999-2000, WHA-TV employed 122 full-time and 49 part-time staff.

Wisconsin Public Radio (WPR). Wisconsin Public Radio combines the licenses, staff, and budgets for radio into a statewide joint service. It serves approximately 307,900 listeners each week and provides dual service throughout Wisconsin and adjoining states on two networks, the "NPR News and Classical Music Network" and the "Wisconsin Ideas Network."

The NPR News and Classical Music Network combines National Public Radio news, originating in Washington, D.C., and locally hosted and produced classical music. Eight stations are affiliated with this network, including Board of Regents-licensed stations WUEC (Eau Claire), and WLSU (La Crosse), and WVSS (Menomonee).

The Wisconsin Ideas Network is a talk network produced primarily in Wisconsin from studios in Madison and Milwaukee. It is comprised of 12 stations, including Board of Regents-licensed stations WHA-AM (Extension in Madison), WHID (Green Bay), WRST (Oshkosh), and KUWS (Superior).

UW SYSTEM BROADCAST STATIONS

Currently, 12 radio stations are operated by UW System institutions providing non-commercial educational broadcast program services to their listeners. The 13th station—WSUM (UW-Madison)—has received a construction permit from the FCC to build its broadcast tower. Currently, WSUM streams programming over the Internet. Several stations provide student training and educational laboratory experiences in support of

^{*} The 11 counties of the greater Milwaukee area of southeastern Wisconsin are served by WMVS (Channel 10) and WMTV (Channel 36), which are licensed to the Milwaukee Area Technical College. Both stations are affiliates of the Wisconsin Public Television network.

academic programs, and institutional outreach that acquaints the public with programs and activities of the university.

UW System radio stations can be classified in two categories, three “CPB-qualified” and ten “university” stations:

CPB-qualified stations meet or exceed criteria set forth by the Corporation for Public Broadcasting (CPB), a non-profit corporation that receives funds from the U.S. Congress to support public radio and television broadcasting throughout the nation. The criteria include requiring a minimum level of full-time professional staff, operating budgets, broadcast hours, and production facilities. Such stations are generally referred to as “public” radio and television stations. The radio stations are also members of National Public Radio, a non-profit corporation that produces and distributes programs to member stations and affiliates. UW System public radio stations are WHA-AM (Madison), WUWM (Milwaukee), and WLSU (La Crosse). WHA-TV is a member of PBS, the Public Broadcasting System.

These stations derive a portion of their annual operating budgets from Community Service Grants administered by the Corporation for Public Broadcasting. These direct grants to the stations are distributed according to each station’s demonstrated ability to raise funds from the community and from other non-federal sources. The funds are used for production, equipment, and facilities expenses, and to pay for interconnection services. Previously, the CPB would allocate a separate National Program Production Acquisition Grant (NPPAG) to CPB-qualified radio stations. Currently, the NPPAG is rolled into the Community Service Grant and then allocated.

Station	Community Service Grant (CSG)
WHA-TV, Madison	\$1,049,613
WHA-AM, Madison	428,895
WLSU (FM), La Crosse	90,205
WUWM (FM), Milwaukee	\$172,301

The ten *University* stations do not meet CPB criteria as full-time, professionally-staffed stations. They have smaller operating budgets, less extensive production facilities, and few, if any, full-time professional employees. The primary budget support for the stations is from institutional allocations and segregated student fees, and operation is primarily by students. These stations are:

WUEC-FM, Eau Claire
 WRFW-FM, River Falls
 WVSS-FM, Menomonie
 WWSP-FM, Stevens Point
 WRST-FM, Oshkosh

KUWS-FM, Superior
 WSUP-FM, Platteville
 WSUW-FM, Whitewater
 WHID-FM, Green Bay
 WSUM-FM, Madison

SIGNIFICANT TELEVISION AND RADIO ACTIVITIES IN 2000-01

- The State Building Commission, in January 2001, approved \$1.4 million to buy and install digital transition equipment at WHA-TV. WHA-TV is required to begin broadcasting digital television signals by May 2003.
- Through the *Reforging the Links* project, Wisconsin Public Television is leading the way on a national project bringing public television stations licensed to universities into closer alliance with those educational institutions. WPT and similar organizations have been working to re-emphasize those educational ties and make public television even more meaningful to the people served. A further commitment to education can be seen in the Learning Innovations partnership. WPT has been working with the UW System Learning Innovation Center to develop materials that demonstrate the possibilities for technology and distance learning.
- The KUWS-FM (Superior) transmitter than was damaged in a Spring 1999 ice storm has been repaired. The station has resumed broadcasting at full power in a new building with a new transmitter and antenna.
- WVSS-FM (Menomonie) is moving to a tower west of the city. Temporarily, the station is operating from Bowman Hall at UW-Stout after this past summer's demolition of its former home in the Communications Center. Once the FCC approves the change of location, the station plans to broadcast from its new home in Spring 2002.
- Wisconsin Public Television was selected by the Corporation for Public Broadcasting to manage the newly created National Center for Outreach, an organization that will help public television stations provide meaningful outreach to their local communities. WPT is received a \$1 million grant to provide training for outreach professionals, provide direct grants to support station outreach activities, and identify funding possibilities to address fund-raising efforts at the local level.
- The Restructuring of Public Broadcasting and Digital Television Transition Committee members -- appointed by former Governor Tommy G. Thompson -- reviewed the structure of public television and proposed ways for funding the transition to digital television. UW-Extension Chancellor Kevin Reilly served on the committee. Two hearings were held and a report on the committee's findings will soon be issued.
- Greg Schnirring was appointed the Director of Wisconsin Public Radio and WHA Radio this spring. Malcolm Brett was hired as Director of WHA-TV as well. Malcolm and Greg succeed Dana Davis Rehm, who left in April 2001, to work at National Public Radio.
- Wisconsin Public Radio produces locally and distributes nationally *Michael Feldman's Whad'Ya Know?*, *Zorba Paster On Your Health*, *To The Best Of Our Knowledge*, and *Calling All Pets*.

- WUWM (Milwaukee) moved from the UWM campus to the lower level of the Plankinton Building at the Grand Avenue Mall in Milwaukee. The new lease consolidated WUWM's operations and enhances the image of both the station and the campus in a highly visible downtown location. The \$600,000 private fundraising campaign made the project possible. Doors opened on October 26, 2000. A tour is available on the web at <http://www.wuwm.com/pana/>.
- In the FY 2000, WUWM (Milwaukee) raised more than \$1.4 million from the community, a 15 percent increase from the previous year.
- With the Board of Regents' approval in July 1995, WSUM-FM (Madison) applied to the FCC for a construction permit to establish a student radio station. In an August 1999 ruling, a Dane County Circuit Court judge ruled that the student tower constituted a government use, overturning a July 1998 Dane County Board of Adjustments ruling that sided with Montrose township residents who want to block the tower from being built there. The town of Montrose appealed to the Wisconsin Supreme Court an appellate court decision that ruled in favor of the Board of Regents and that would have allowed station WSUM to construct a broadcast tower. The Supreme Court refused to hear the case. The construction permit was again brought before the Dane County Board and the Dane County Board of Adjustments, and in both instances, it was approved. The Town of Montrose has sued the Board of Adjustments for a second time and filed a Temporary Restraining Order to stop construction on the tower. In October, Circuit Court Judge John Albert refused to issue the injunction and construction has continued. The target date for the first broadcast is February 22, 2002. In the meantime, WSUM continues to stream news, music, sports, and public affairs programming via the Internet.
- The Wisconsin Ideas Network celebrated 10 years of service in September 2000. In addition, the news departments continued in-depth election coverage of events and live broadcasts of presidential candidates as they visited Wisconsin.
- With recent technology, various types of radio station programming can now be transmitted over the Internet. Several UW System radio stations—and one pure Internet station not affiliated with any campus radio station—now broadcast (sometimes called webcast) such programming.
 - Stations WWSP (Stevens Point) and WSUW (Whitewater) webcasts live, on-air programming.
 - WPR webcasts its *NPR News & Classical Music* and *Ideas Network* programming.
 - Stations KUWS (Superior) and WUWM (Milwaukee) archive on their websites locally-produced shows that an Internet user can access asynchronously.
 - WSUM (Madison) webcasts programming from its radio station studio.
 - SRI, the Student Radio Initiative at UW-Eau Claire, webcasts programming and is the only station not affiliated with an on-air radio station.

- Station WUEC (Eau Claire) has intentions of broadcasting some or all of its programming.
- WYRE (Waukesha County) solely streams over the Internet, as has no intentions of broadcasting over the air. WYRE is not licensed with the FCC for this reason, but it is registered to the Board of Regents for copyright protection purposes.

The Federal Communications Commission does not govern Internet broadcasting, and licenses are not needed to broadcast over the Internet. Legal counsel on behalf of the Board of Regents, however, has registered the website addresses of the above because they broadcast copyrighted music and other programming. UW System is also negotiating with music licensing agencies for systemwide licenses to broadcast music in accordance with copyright laws.

Although campus bandwidth (the physical infrastructure of the Internet) and its costs limits the number of listeners to campus Internet stations, more stations are likely to broadcast over the Internet as technology improves and the costs decrease.

PROGRAMMING, BUDGET, AND STAFFING

In October 1982, the Federal Communications Commission (FCC) listed and defined the following seven program categories, including program formats and emphasis:

1. *Instructional*: designed to be a part of the credit-related educational offerings of the institution. K-12 in-school courses, in-service training for teachers, and college credit courses are examples of instructional programs.
2. *General Educational*: educational programs for which no formal credit is given.
3. *Performing Arts*: offerings in which the performing aspect predominates, such as drama or concert, opera, or dance.
4. *News*: includes reports dealing with current local, national, and international events, including weather and stock market reports; and commentary, analysis, or sports news when an integral part of a news program.
5. *Public Affairs*: includes those programs dealing with local, state, regional, national, or international issues or problems; including but not limited to talks, commentaries, discussions, speeches, political programs, documentaries, panels, roundtables, vignettes, and extended coverage (live or recorded) of public events or proceedings such as local council meetings, Congressional hearings, and the like.
6. *Light Entertainment*: includes programs consisting of popular music or other light entertainment.
7. *Other*: includes all programs not falling within the definitions above. Most sports programs should be reported as "Other."

Percentage of Program Hours Per Week, 1999-2000

Station & Location	Instruc- -tional	General Education	Public Affairs	Perform- ance Arts	Light Enter- tainment	News	Other
WHA-TV, Extension	15%	25%	18%	11%	8%	19%	4%
WUEC, Eau Claire	0	0	2	52	30	16	0
WHID, Green Bay	0	3	62	10	0	22	3
WSUM, Madison	0	0	3	1	93	1	2
WLSU, La Crosse	0	0	3.9	23.2	49.4	23.5	0
WHA-AM, Extension	0	8.2	52.4	4.1	13.4	18.1	3.8
WUWM, Milwaukee	0	0	0	0	18	82	0
WRST, Oshkosh	0	0	37.5	4.5	50.3	7.7	0
WSUP, Platteville	0	1.6	4.5	5.2	71.5	7.4	9.8
WRFW, River Falls	0	3	24	1	57	15	0
WWSP, Stevens Point	0	0	8	0	90	2	0
WVSS, Menomonie	0	3	21	70	0	6	0
KUWS, Superior	0	0	66	0	25	8	1
WSUW, Whitewater	0	0	3.5	0	95	1.5	0

Annual Operating Budgets, 2000-01

Station & Location	GPR/Fees		Seg Fees	Gifts, Grants & Contracts	Total
	Salaries	Other			
WHA-TV, Extension	\$2,635,845	\$563,020	—	\$7,137,254	\$10,336,119
WUEC, Eau Claire*					
WHID, Green Bay	-	—	—	96,512	96,512
WLSU, La Crosse**	83,696.43	26,551	—	67,803	178,050.43
WHA-AM, Extension	1,024,296	61,511	—	4,954,600	6,040,407
WUWM, Milwaukee	214,634	28,930	—	1,554,561	1,798,125
WRST, Oshkosh	59,013	—	24,947	2,787	86,747
WSUP, Platteville***	2,912	—	20,586	300	23,798
WRFW, River Falls	7,000	8,120	17,115	1,745	33,980
WWSP, Stevens Point	5,500	—	59,095	8,383	72,978
WVSS, Menomonie****	—	—	—	—	—
KUWS, Superior	44,285	5,290	—	100,285	149,860
WSUW, Whitewater	23,000	—	19,415	1,100	43,515
WSUM, Madison	--	—	484,697	10,687	495,384

* *WUEC* has not reported since 1998-1999.

** *WLSU* salary figure for the two employees paid through UW-La Crosse. Salaries for the remaining three positions are in the WHA-AM budget. The gifts, grants and contracts listed reflect only Corporation for Public Broadcasting funding. Underwriting and other program revenue is included in the WHA budget.

*** *WSUP* salaries do not include chief operator position, a 30 percent appointment not included in the station budget.

**** *WVSS* budget items included in WHA-AM budget.

GPR/Fees include (a) "Salaries" for academic staff, classified personnel, and faculty members; and (b) "Other," which includes expenditures from institutional budget for student and LTE wages; supplies and expense; capital; etc.

Segregated Fees indicate allocations from student fee income; may also be expended for student wages, S & E, capital, etc.

Gifts, Grants & Contracts include private donations from individuals and citizen support groups; underwriting contributions; program revenue from production contracts; and Community Service Grants from the Corporation for Public Broadcasting.

Staffing Levels

	Full-Time Employees	Paid Part- Time Employees	Unpaid Student Staff	Percentage of Faculty Person's Time
WHA-TV, Extension	131	63	3	0%
WUEC, Eau Claire*				
WHID, Green Bay**	-	-	-	-
WLSU, La Crosse**	-	-	-	-
WHA-AM, Extension	76	42	1	100
WUWM, Milwaukee	19	4	2	0
WRST, Oshkosh	0	4	40	0
WSUP, Platteville	0	2	103	<25
WRFW, River Falls	0	10	64	25
WWSP, Stevens Point	0	14	56	15
WVSS, Menomonie**	-	-	-	-
KUWS, Superior**	-	-	-	-
WSUW, Whitewater	1	1	82	50
WSUM, Madison	3	6	127	-

*WUEC has not reported since 1998-1999.

**The full-time staff count for WHID, WLSU, WVSS and KUWS, which are managed by UW-Extension, is included in WHA-AM's total.

UNIVERSITY OF WISCONSIN SYSTEM TRUST FUNDS PROCEDURES FOR MEETINGS WITH INVESTMENT MANAGERS

EXECUTIVE SUMMARY

BACKGROUND

Upon the recommendation of the Regent Business and Finance Committee at the meeting of November 9, 2001, the Board passed a resolution delegating that Committee's practice of meeting annually with each of the UW System Trust Funds' investment managers to the Trust Officer and Assistant Trust Officers, with the proviso that these Officers would regularly report to the Committee as a normal part of their investment oversight responsibilities, the findings and contents of such meetings. The Committee further requested that Trust Funds suggest the procedures it would use for regularly meeting with and reporting on the investment managers.

REQUESTED ACTION

This item is for information only.

DISCUSSION

The attached outline shows the procedural elements that Trust Funds intends to employ in meeting with, visiting, evaluating and reporting on external investment managers. The objective of these procedures is to provide for a more systematic, thorough, and on-going "due diligence" of the managers, and to provide for the Committee, very concise, structured and meaningful "due diligence" reports on a regular basis (no less frequently than once per year).

RELATED REGENT POLICIES

Regent Resolution 8468 November 9, 2001 - Investment Guidelines Related to Annual Meetings with Managers

Regent Policy 91-11 - Statement of Investment Objectives and Guidelines

UNIVERSITY OF WISCONSIN SYSTEM TRUST FUNDS: "DUE DILIGENCE" PROCEDURES FOR MEETING WITH AND REPORTING ON EXTERNAL INVESTMENT MANAGERS

Meeting Schedule

- ❑ In-house meetings: at least once per year (more frequently/as needed if the manager is under review); each quarter will focus on a particular asset class(es), currently as follows:
 - 1st quarter: Large-cap equity
 - 2nd quarter: Fixed income
 - 3rd quarter: Small-cap equity
 - 4th quarter: Alternative investments (private equity, etc.)
- ❑ On-site meetings (at managers' offices): once every two years (as needed if manager is under review)
- ❑ Conference calls: quarterly (immediately in the case of a guidelines violation or other significant event)

Meeting Participants

- ❑ UW: Trust Officer, Assistant Trust Officer(s), Investment Analyst; and, by invitation, members of the Business & Finance Committee, John Feldt of UW Foundation, Mark Fedenia of UW-Madison Business School, Jon Vanderploeg of SWIB (private equity only)
- ❑ Investment manager: at least one senior portfolio manager, never just the relationship/marketing contact

Meeting Procedures, Format and Content

- ❑ Duration of meetings to run typically 1-2 hours
- ❑ Managers will be required to submit copies of their presentation material at least one week in advance of the meeting, so that it can be more thoroughly reviewed and questions can be prepared.
- ❑ Managers will be asked to respond to a set of standard "due diligence" questions at every meeting, designed to solicit not only pertinent facts, but to also provide better insight into the manager's critical thinking and investment capabilities. These questions will likely include the following:
 - Has there been any change in the strategic direction of your firm, including any change in ownership? Any changes to products/services being offered?
 - Has your firm added or lost any key investment personnel since our last meeting? And in particular, have you lost or added any personnel working on our account/portfolio?
 - Reiterate your firm's investment philosophy, investment process and strategies, and your decision-making process as it relates to the product/investment style you are providing. Tell us how you can add value over a passive alternative.
 - Have you acquired or lost any institutional clients since our last meeting? If any lost, why?
 - What are your total assets under management now, and provide a breakdown by asset class and/or product/style where appropriate. When does asset size become problematic?
 - How do you allocate investment ideas/opportunities among your separate accounts?
 - Specifically and critically address the recent and long-term investment performance on our account on an absolute basis and relative to market index and peer group benchmarks. (Managers will also be asked to provide composite performance numbers.)
 - Regarding performance attribution data (managers will be asked if they can supply this going forward and/or custodian-generated data may be used here), how does it confirm that you are doing what you say you do?
 - What major shifts, if any, have you made in our portfolio since our last meeting? Why?
 - Discuss any investment guideline violations that occurred since we last met and their resolution. (Violations are to be reported immediately and guideline compliance is reviewed monthly by Trust Funds using custodian-generated data.)

- Do you see anything in the investment environment today and going forward that would cause you to fundamentally change anything about how you manage money?
- If totally unconstrained, how would you structure our portfolio? Share with us your best thinking on the current investment environment, unusual opportunities and pitfalls, etc.
- What do you see as the major challenges facing an investment manager with your focus/specialty?
- How would you grade your firm on product performance and service since we last met and since inception? Regardless of the grades, why should we retain your firm?
- Manager meetings may on occasion take the form of a "roundtable discussion", with all managers within an asset class participating. Here, specific topics and questions would be prepared ahead of time. In the event these meetings take the place of individual meetings, managers would be asked to separately respond to the "due diligence" questions in writing.
- Minutes will be taken at all manager meetings, will be filed at the Trust Funds office, and will be made available to Business and Finance Committee members upon request.

Committee Reporting Procedures, Format and Content

- Findings and conclusions from the manager meetings will be reported to the Business and Finance Committee on a quarterly basis. For instance, reports on the large-cap equity managers met with during the 1st quarter will be provided at the May Board of Regents meeting, together with the comprehensive Trust Funds 1st quarter report. Separate reports on each manager will be provided.
- If a manager is under review/on "watch-list," a report will be provided at the Board meeting immediately following the last manager meeting or by mail to the Committee members if sufficiently urgent.
- Reports will be concise (no more than two pages) and designed to highlight key data, findings and conclusions. Reports will likely contain the following elements (but may evolve over time):
 - I. Firm and Personnel Developments
 - II. Investment Philosophy and Process Review
 - III. Asset and Client Base
 - IV. Investment Performance Review (with market and peer group comparisons)
 - V. Investment Risk, Compliance and Adherence to "Style"
 - VI. Major Portfolio Shifts
 - VII. Manager's "Best Thinking"
 - VIII. Concerns/Issues
 - IX. Fee Review
 - X. Grades and/or Ratings (on investment performance and other products/services; e.g., A to F, or "add to," "maintain," "watch-list," "reduce allocation," "terminate")

**UNIVERSITY OF WISCONSIN SYSTEM
GIFTS, GRANTS AND CONTRACTS AWARDED
QUARTERLY REPORT & PRIOR-YEAR COMPARISON
FISCAL YEAR 2001-2002 - Second Quarter**

FISCAL YEAR 2001-2002	Extension	Instruction	Libraries	Misc	Phy Plt	Research	Student Aid	Total
Total	27,028,453	33,927,153	441,696	50,031,407	6,004,628	317,635,454	66,000,543	501,069,335
Federal	14,613,797	26,469,663	203,500	11,881,005	602,200	234,114,380	59,125,260	347,009,805
Nonfederal	12,414,656	7,457,490	238,196	38,150,402	5,402,428	83,521,074	6,875,283	154,059,529
FISCAL YEAR 2000-2001								
Total	32,764,265	32,149,038	2,046,716	49,176,961	21,240,304	301,037,527	52,326,887	490,741,698
Federal	19,419,345	25,137,056	375,306	10,043,181	2,707,925	215,053,321	46,852,343	319,588,477
Nonfederal	13,344,920	7,011,982	1,671,410	39,133,780	18,532,379	85,984,206	5,474,544	171,153,221
INCREASE(DECREASE)								
Total	(5,735,812)	1,778,116	(1,605,020)	854,446	(15,235,676)	16,597,927	13,673,656	10,327,637
Federal	(4,805,548)	1,332,607	(171,806)	1,837,824	(2,105,725)	19,061,059	12,272,917	27,421,329
Nonfederal	(930,264)	445,509	(1,433,214)	(983,379)	(13,129,951)	(2,463,132)	1,400,739	(17,093,692)

**UNIVERSITY OF WISCONSIN SYSTEM
GIFTS, GRANTS AND CONTRACTS AWARDED - BY INSTITUTION
QUARTERLY REPORT & PRIOR-YEAR COMPARISON
FISCAL YEAR 2001-2002 - Second Quarter**

	Extension	Instruction	Libraries	Misc	Phy Plt	Research	Student Aid	Total
FISCAL YEAR 2001-2002								
Madison	10,695,095	11,719,441	383,619	40,062,357	5,488,869	301,449,305	16,661,752	386,460,438
Milwaukee	666,216	9,536,717	3,144	1,237,456	0	8,554,937	7,701,565	27,700,035
Eau Claire	743,113	1,787,050	0	0	0	374,611	4,345,511	7,250,285
Green Bay	5,000	919,665	36,000	125,775	454,461	686,163	2,066,751	4,293,815
La Crosse	2,023,272	640,432	0	976,892	0	2,736,442	4,065,310	10,442,348
Oshkosh	3,819,475	6,063,064	0	0	0	320,991	2,919,909	13,123,439
Parkside	227,136	199,621	0	130,290	0	555,446	3,637,133	4,749,626
Platteville	202,716	15,000	4,725	419,214	0	0	2,503,943	3,145,597
River Falls	90,632	122,368	0	1,408,989	0	85,796	2,148,177	3,855,962
Stevens Point	999,984	453,646	0	11,968	0	1,698,216	4,333,726	7,497,540
Stout	1,684,826	94,112	0	989,491	0	860,011	3,850,767	7,479,207
Superior	51,170	0	5,000	683,911	0	166,145	5,132,967	6,039,193
Whitewater	0	23,143	0	3,066,413	61,298	147,391	3,383,032	6,681,276
Colleges	7,275	558,162	9,208	310,113	0	0	3,250,000	4,134,758
Extension	5,812,543	0	0	569,513	0	0	0	6,382,056
System-Wide	0	1,794,733	0	39,025	0	0	0	1,833,758
Totals	27,028,453	33,927,153	441,696	50,031,407	6,004,628	317,635,454	66,000,543	501,069,335
Madison	6,602,029	5,925,425	203,500	4,895,406	602,200	221,331,609	11,372,689	250,932,858
Milwaukee	178,617	9,195,528	0	299,784	0	6,574,966	7,452,995	23,701,889
Eau Claire	656,750	1,414,236	0	0	0	302,518	4,345,511	6,719,015
Green Bay	0	854,525	0	0	0	649,725	2,045,314	3,549,564
La Crosse	1,816,143	640,432	0	808,721	0	2,186,349	4,065,310	9,516,955
Oshkosh	2,840,552	5,674,493	0	0	0	216,441	2,993,160	11,724,646
Parkside	177,136	95,602	0	111,750	0	537,489	3,558,809	4,480,786
Platteville	79,467	0	0	287,416	0	0	2,503,943	2,870,826
River Falls	10,880	99,844	0	1,160,381	0	4,946	2,112,192	3,388,243
Stevens Point	12,240	212,668	0	8,803	0	1,233,029	4,332,726	5,799,466
Stout	1,580,268	74,754	0	838,057	0	831,687	3,850,767	7,175,533
Superior	51,170	0	0	683,911	0	115,376	5,132,967	5,983,424
Whitewater	0	0	0	2,710,881	0	130,245	3,158,877	6,000,003
Colleges	0	487,423	0	75,895	0	0	2,200,000	2,763,318
Extension	608,545	0	0	0	0	0	0	608,545
System-Wide	0	1,794,733	0	0	0	0	0	1,794,733
Federal Totals	14,613,797	26,469,663	203,500	11,881,005	602,200	234,114,380	59,125,260	347,009,805
Madison	4,093,066	5,794,016	180,119	35,166,951	4,886,669	80,117,696	5,289,063	135,527,580
Milwaukee	487,599	341,189	3,144	937,672	0	1,979,972	248,570	3,998,146
Eau Claire	86,363	372,814	0	0	0	72,093	0	531,270
Green Bay	5,000	65,140	36,000	125,775	454,461	36,438	21,437	744,251
La Crosse	207,129	0	0	168,171	0	550,093	0	925,393
Oshkosh	978,923	388,571	0	0	0	104,550	(73,251)	1,398,793
Parkside	50,000	104,019	0	18,540	0	17,957	78,324	268,840
Platteville	123,249	15,000	4,725	131,798	0	0	0	274,771
River Falls	79,752	22,524	0	248,608	0	80,850	35,985	467,719
Stevens Point	987,744	240,978	0	3,165	0	465,187	1,000	1,698,074
Stout	104,558	19,358	0	151,434	0	28,324	0	303,673
Superior	0	0	5,000	0	0	50,769	0	55,769
Whitewater	0	23,143	0	355,532	61,298	17,146	224,155	681,273
Colleges	7,275	70,739	9,208	234,218	0	0	1,050,000	1,371,440
Extension	5,203,998	0	0	569,513	0	0	0	5,773,511
System-Wide	0	0	0	39,025	0	0	0	39,025
Nonfederal Totals	12,414,656	7,457,490	238,196	38,150,402	5,402,428	83,521,074	6,875,283	154,059,529

**UNIVERSITY OF WISCONSIN SYSTEM
GIFTS, GRANTS AND CONTRACTS AWARDED - BY INSTITUTION
QUARTERLY REPORT & PRIOR-YEAR COMPARISON
FISCAL YEAR 2001-2002 - Second Quarter**

	Extension	Instruction	Libraries	Misc	Phy Plt	Research	Student Aid	Total
FISCAL YEAR 2000-2001								
Madison	10,172,607	13,035,961	2,020,551	38,330,260	19,879,012	286,651,966	16,146,259	386,236,616
Milwaukee	470,610	9,611,242	580	2,862,091	0	8,540,070	6,527,596	28,012,190
Eau Claire	453,353	1,195,506	0	0	0	850,042	18,830	2,517,731
Green Bay	70,863	1,034,953	25,585	116,819	795,500	131,449	1,768,063	3,943,232
La Crosse	634,632	663,651	0	1,965,005	256,000	1,806,536	4,180,947	9,506,771
Oshkosh	3,425,388	3,152,745	0	0	0	568,269	2,810,139	9,956,541
Parkside	357,408	208,514	0	118,758	0	545,064	3,260,430	4,490,174
Platteville	68,897	59,338	0	216,064	1,007	0	2,090,510	2,435,816
River Falls	354,478	337,149	0	1,330,765	0	39,913	2,033,833	4,096,139
Stevens Point	2,246,897	448,882	0	231,515	0	938,336	3,961,789	7,827,419
Stout	1,874,924	150,018	0	1,028,486	10,640	747,525	3,537,084	7,348,677
Superior	0	702,428	0	0	0	73,800	609,000	1,385,228
Whitewater	0	96,147	0	2,168,544	298,145	122,941	2,904,322	5,590,099
Colleges	5,065	84,479	0	572,530	0	21,616	2,403,085	3,086,775
Extension	12,629,143	0	0	154,543	0	0	0	12,783,686
System-Wide	0	1,368,025	0	81,580	0	0	75,000	1,524,605
Totals	32,764,265	32,149,038	2,046,716	49,176,961	21,240,304	301,037,527	52,326,887	490,741,698
Madison	8,706,928	7,077,565	375,306	3,155,379	2,441,285	204,397,181	11,094,305	237,247,949
Milwaukee	103,449	8,806,736	0	1,042,328	0	6,363,696	6,373,220	22,689,429
Eau Claire	416,948	1,120,506	0	0	0	801,258	18,830	2,357,542
Green Bay	2,000	1,569,451	0	0	0	182,856	1,758,721	3,513,028
La Crosse	427,357	649,526	0	1,086,646	256,000	1,511,575	4,179,310	8,110,414
Oshkosh	2,722,042	3,019,699	0	0	0	143,269	2,810,139	8,695,149
Parkside	335,333	98,179	0	0	0	528,367	3,179,013	4,140,892
Platteville	21,245	0	0	6,284	0	0	2,090,510	2,118,039
River Falls	322,658	321,684	0	1,188,920	0	0	1,998,451	3,831,713
Stevens Point	1,570,792	243,651	0	231,515	0	270,438	3,961,789	6,278,185
Stout	1,763,481	86,258	0	954,042	10,640	731,929	3,423,826	6,970,176
Superior	0	695,028	0	0	0	0	609,000	1,304,028
Whitewater	0	78,750	0	1,922,248	0	122,752	2,822,207	4,945,957
Colleges	0	1,998	0	455,819	0	0	2,533,022	2,990,839
Extension	3,027,112	0	0	0	0	0	0	3,027,112
System-Wide	0	1,368,025	0	0	0	0	0	1,368,025
Federal Totals	19,419,345	25,137,056	375,306	10,043,181	2,707,925	215,053,321	46,852,343	319,588,477
Madison	1,465,679	5,958,396	1,645,245	35,174,881	17,437,727	82,254,785	5,051,954	148,988,667
Milwaukee	367,161	804,506	580	1,819,763	0	2,176,374	154,376	5,322,761
Eau Claire	36,405	75,000	0	0	0	48,784	0	160,189
Green Bay	68,863	(534,498)	25,585	116,819	795,500	(51,408)	9,342	430,204
La Crosse	207,275	14,125	0	878,359	0	294,961	1,637	1,396,357
Oshkosh	703,346	133,046	0	0	0	425,000	0	1,261,392
Parkside	22,075	110,335	0	118,758	0	16,697	81,417	349,282
Platteville	47,652	59,338	0	209,780	1,007	0	0	317,777
River Falls	31,820	15,465	0	141,845	0	39,913	35,382	264,426
Stevens Point	676,105	205,231	0	0	0	667,898	0	1,549,234
Stout	111,443	63,760	0	74,444	0	15,596	113,258	378,501
Superior	0	7,400	0	0	0	73,800	0	81,200
Whitewater	0	17,397	0	246,296	298,145	189	82,115	644,142
Colleges	5,065	82,481	0	116,711	0	21,616	(129,937)	95,936
Extension	9,602,031	0	0	154,543	0	0	0	9,756,574
System-Wide	0	0	0	81,580	0	0	75,000	156,580
Nonfederal Totals	13,344,920	7,011,982	1,671,410	39,133,780	18,532,379	85,984,206	5,474,544	171,153,221

**UNIVERSITY OF WISCONSIN SYSTEM
GIFTS, GRANTS AND CONTRACTS AWARDED - BY INSTITUTION
QUARTERLY REPORT & PRIOR-YEAR COMPARISON
FISCAL YEAR 2001-2002 - Second Quarter**

	Extension	Instruction	Libraries	Misc	Phy Plt	Research	Student Aid	Total
INCREASE (DECREASE)								
Madison	522,488	(1,316,520)	(1,636,932)	1,732,097	(14,390,143)	14,797,339	515,493	223,822
Milwaukee	195,606	(74,525)	2,564	(1,624,635)	0	14,867	1,173,969	(312,154)
Eau Claire	289,760	591,544	0	0	0	(475,431)	4,326,681	4,732,554
Green Bay	(65,863)	(115,288)	10,415	8,956	(341,039)	554,715	298,688	350,584
La Crosse	1,388,640	(23,219)	0	(988,113)	(256,000)	929,906	(115,637)	935,577
Oshkosh	394,087	2,910,319	0	0	0	(247,278)	109,770	3,166,898
Parkside	(130,272)	(8,893)	0	11,532	0	10,382	376,703	259,452
Platteville	133,819	(44,338)	4,725	203,150	(1,007)	0	413,433	709,782
River Falls	(263,846)	(214,781)	0	78,224	0	45,883	114,344	(240,177)
Stevens Point	(1,246,913)	4,764	0	(219,547)	0	759,880	371,937	(329,879)
Stout	(190,098)	(55,907)	0	(38,995)	(10,640)	112,486	313,683	130,530
Superior	51,170	(702,428)	5,000	683,911	0	92,345	4,523,967	4,653,965
Whitewater	0	(73,004)	0	897,868	(236,847)	24,450	478,711	1,091,178
Colleges	2,210	473,683	9,208	(262,417)	0	(21,616)	846,915	1,047,983
Extension	(6,816,600)	0	0	414,970	0	0	0	(6,401,630)
System-Wide	0	426,708	0	(42,555)	0	0	(75,000)	309,153
Totals	(5,735,812)	1,778,116	(1,605,020)	854,446	(15,235,676)	16,597,927	13,673,656	10,327,637
Madison	(2,104,899)	(1,152,140)	(171,806)	1,740,027	(1,839,085)	16,934,428	278,384	13,684,909
Milwaukee	75,168	388,792	0	(742,544)	0	211,270	1,079,775	1,012,460
Eau Claire	239,802	293,730	0	0	0	(498,740)	4,326,681	4,361,473
Green Bay	(2,000)	(714,926)	0	0	0	466,869	286,593	36,536
La Crosse	1,388,786	(9,094)	0	(277,925)	(256,000)	674,774	(114,000)	1,406,541
Oshkosh	118,510	2,654,794	0	0	0	73,172	183,021	3,029,497
Parkside	(158,197)	(2,577)	0	111,750	0	9,122	379,796	339,894
Platteville	58,222	0	0	281,132	0	0	413,433	752,787
River Falls	(311,778)	(221,840)	0	(28,539)	0	4,946	113,741	(443,470)
Stevens Point	(1,558,552)	(30,983)	0	(222,712)	0	962,591	370,937	(478,719)
Stout	(183,213)	(11,504)	0	(115,985)	(10,640)	99,758	426,941	205,357
Superior	51,170	(695,028)	0	683,911	0	115,376	4,523,967	4,679,396
Whitewater	0	(78,750)	0	788,633	0	7,493	336,670	1,054,046
Colleges	0	485,425	0	(379,924)	0	0	(333,022)	(227,521)
Extension	(2,418,567)	0	0	0	0	0	0	(2,418,567)
System-Wide	0	426,708	0	0	0	0	0	426,708
Federal Totals	(4,805,548)	1,332,607	(171,806)	1,837,824	(2,105,725)	19,061,059	12,272,917	27,421,329
Madison	2,627,387	(164,380)	(1,465,126)	(7,930)	(12,551,058)	(2,137,089)	237,109	(13,461,087)
Milwaukee	120,438	(463,317)	2,564	(882,091)	0	(196,403)	94,194	(1,324,615)
Eau Claire	49,958	297,814	0	0	0	23,309	0	371,081
Green Bay	(63,863)	599,638	10,415	8,956	(341,039)	87,846	12,095	314,048
La Crosse	(146)	(14,125)	0	(710,188)	0	255,132	(1,637)	(470,964)
Oshkosh	275,577	255,525	0	0	0	(320,450)	(73,251)	137,401
Parkside	27,925	(6,316)	0	(100,218)	0	1,260	(3,093)	(80,442)
Platteville	75,597	(44,338)	4,725	(77,983)	(1,007)	0	0	(43,006)
River Falls	47,932	7,059	0	106,763	0	40,937	603	203,293
Stevens Point	311,639	35,747	0	3,165	0	(202,711)	1,000	148,840
Stout	(6,885)	(44,403)	0	76,990	0	12,728	(113,258)	(74,827)
Superior	0	(7,400)	5,000	0	0	(23,031)	0	(25,431)
Whitewater	0	5,746	0	109,235	(236,847)	16,957	142,041	37,132
Colleges	2,210	(11,742)	9,208	117,507	0	(21,616)	1,179,937	1,275,504
Extension	(4,398,033)	0	0	414,970	0	0	0	(3,983,063)
System-Wide	0	0	0	(42,555)	0	0	(75,000)	(117,555)
Nonfederal Totals	(930,264)	445,509	(1,433,214)	(983,379)	(13,129,951)	(2,463,132)	1,400,739	(17,093,692)

I.3. Physical Planning and Funding Committee

Thursday, February 7, 2002
Room 1511 Van Hise Hall
2:00 p.m.

All Regents – Room 1820 Van Hise Hall

11: 00 a.m. - Resources: Budget Update

11:30 a.m. - Quality: Achieving Excellence: The University of Wisconsin System
Accountability Report 2001-02

12:15 p.m. - Development Luncheon:
UW-Extension in the 21st Century: New Partners, New Revenues, New Issues
Chancellor Kevin Reilly; Darrell Bazzell, Secretary, Wisconsin Department of
Natural Resources; Connie Foster, Vice President, Television Operations,
Corporation for Public Broadcasting; Marv Van Kekerix, Provost & Vice Chancellor

1:00 p.m. - United Council Student Priorities

1:30 p.m. - Building Our Resource Base - State Compact

2:00 p.m. or upon conclusion of All Regent Sessions - Physical Planning Committee – Room 1511

- a. Approval of minutes of the December 6, 2001 meeting
- b. Report of the Assistant Vice President
 - Building Commission Actions
 - Other
- c. 2003-05 Capital Budget Ranking Criteria for GPR Major Projects
[Resolution I.3.c.]
- d. UW-Madison: Southeast Recreational Facility (SERF) Project Scope and Budget Increase
\$276,000
[Resolution I.3.d.]
- e. UW-Milwaukee: Klotsche Center Addition, Remodeling and Parking (Design Report)
\$42,117,000
[Resolution I.3.e.]
- x. Additional items which may be presented to the Committee with its approval

Approval of GPR Ranking Criteria for the
2003-05 Capital Budget, UW System

PHYSICAL PLANNING AND FUNDING COMMITTEE

Resolution:

That, upon the recommendation of the President of the University of Wisconsin System, emphasis of facilities maintenance, academic and strategic significance and operating efficiencies be adopted as the basis for prioritizing and categorizing GPR major projects for inclusion in the System's 2003-05 Capital Budget, as supported through the use of the ranking criteria attached as Appendix A;

That, other factors may be considered by System Administration and the Board of Regents in ranking GPR major projects to address unique circumstances such as accreditation requirements, historic value of facilities, and outside funding opportunities;

That, all GPR projects requiring enumeration must be supported by a completed Campus Space Use Plan;

That, at all stages of the priority setting process, consideration be given to the institutional priority established by each Chancellor;

That, projects supported by the Board of Regents for construction funding in the 2001-03 biennium but not funded by the legislature, will be given top priority for funding in 2003-05, unless institutional priorities have changed, or project scopes have significantly changed.

That, additional guidelines which may be established by the Department of Administration will be addressed in the context of the foregoing framework.

**APPENDIX A
CRITERIA FOR RANKING
2003-05 GPR MAJOR PROJECTS**

Possible Points

Total Possible Score = 200 Points

A. Facility Considerations

(Total Points Possible = 90)

1. Project Addresses the Following Issues:
 - Maintenance 0 - 30 points
 - Health, safety & environment 0 - 20 points
 - Energy/sustainability 0 - 5 points
 - Access for disabilities 0 - 5 points
 - Remodeling/improved functionality 0 - 15 points
 - Improve use of underutilized facility 0 - 15 points

B. Academic & Operating Budget Relationship

(Total Points Possible = 90)

1. Academic Significance: 0 - 50 points
Considerations can include, but are not limited to the following:
 - Strategic impact
 - Importance to mission
 - Direct student benefit
 - Addresses unmet program needs
2. Systemwide Initiatives:
 - New Wisconsin Economy (brain gain) 0 - 10 points
 - Collaborative efforts with other institutions 0 - 5 points
 - Adult learners 0 - 5 points
3. Operating Efficiencies: 0 - 20 points
(Considerations can include, but are not limited to the following)
 - Campus restructuring
 - Consolidation of functions/programs
 - Share resources (facilities/equip/etc)
 - Operating costs savings
 - Other _____

C. Long Range Planning and Campus Priority

(Total Points Possible = 20)

1. Prior Six- Year Major Project List:
 - Identified in 2001-03 2 points
 - Identified in 1999-01 3 points
 - Identified in 1997-99 5 points
2. Campus Number One Priority Yes - 5 points
No - 0 points
3. Timing of Project: 0 - 5 points

EXPLANATION OF CRITERIA:

A. Facility Considerations

1. Focuses on a variety of basic facilities issues, each with its own point spread. Also awards points for improving the use of existing space.

B. Academic and Operating Budget Relationship

The Offices of Academic Affairs and Operating Budget Planning will assist in reviewing Major Projects based upon the criteria in this category.

1. Points awarded for the degree to which the project will positively impact the learning process. Projects that will provide direct student benefit, such as classrooms and labs, will receive more points than those providing indirect benefit, such as administrative space.
2. Degree to which project addresses SYSTEMWIDE initiatives including:
 - Contribution to the New Wisconsin Economy. Generally, this is described as education that will better enable students to obtain high-paying jobs or jobs that are very important to the state's economy.
 - The degree to which the project supports or assists the creation or expansion of collaborative efforts with other institutions (UW, WCTS, K-12, etc.)
 - Technological improvements in the academic environment.
3. Points awarded for efforts that have led to the need for the project and for cost and operational benefits that will be derived.

C. Long-Range Planning and Campus Priority

1. Points awarded to projects that have been identified in prior biennia.
2. Points awarded to number one campus project.
3. Points for timing issues in relationship to other projects, other critical.

CRITERIA FOR RANKING 2003-05 GPR MAJOR PROJECTS

EXECUTIVE SUMMARY

BACKGROUND

Each biennium, the Board of Regents establishes criteria to be used by System Administration staff in ranking proposed GPR major projects that would require specific enumeration in the upcoming Capital Budget. The criteria proposed for staff use in preparing the 2003-05 Capital Budget were initially established in 1999-01, and updated to reflect current systemwide initiatives and priorities related to maintenance and quality of the learning environment, the new Wisconsin economy, collaboration and adult learners. It is believed that, as in the past, use of these criteria will result in a priority list that addresses the greatest needs, highest academic priorities, and most cost-effective solutions to various facility problems.

REQUESTED ACTION

That the Board of Regents adopt Resolution I.3.c., authorizing the use of criteria as defined in Appendix A for the ranking of 2003-05 GPR major projects.

DISCUSSION

The proposed criteria for ranking major capital projects continue to emphasize making best use and extending the useful life of existing facilities. They also support the Board of Regents' Study of the UW System in the 21st Century related to improving the quality of education, incorporating contemporary technology into the learning environment, and expanding collaborative efforts between and among various educational enterprises. Strong consideration is given to the academic significance of the program(s) served by each project, as well as any operating efficiencies to be realized. Consideration is given to the institutional priority of each project established by the respective Chancellor. All GPR projects requiring enumeration must be supported by a completed Campus Space Use Plan.

Other factors may also be considered by System Administration and the Board of Regents in ranking GPR major projects to address unique circumstances such as accreditation requirements; historic value of facilities; and outside funding opportunities.

It is recommended that the Board of Regents continue the practice of giving highest priority to projects supported by the Board of Regents for construction funding in the previous biennium but not funded by the legislature, unless institutional priorities have changed, or the scope of the project has significantly changed.

System Administration has not yet received Capital budget instructions from the Department of Administration. It is expected that additional guidelines which may be established by the Department of Administration will be addressed in the context of the foregoing framework

Authority to Increase the Budget for the
Southeast Recreational Facility Addition
(SERF) 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, authority be granted to increase the budget for the Southeast Recreational Facility Addition (SERF) by \$276,000 of Residual Program Revenue Supported Borrowing for a revised estimated total project cost of \$6,572,000 of Program Revenue Supported Borrowing.

THE UNIVERSITY OF WISCONSIN SYSTEM

Request for Board of Regents Action February 2002

1. Institution: The University of Wisconsin-Madison
2. Request: Requests authority to increase the budget by \$276,000 of Residual Program Revenue Supported Borrowing for the Southeast Recreational Facility Addition (SERF) for a revised estimated total project cost of \$6,572,000 of Program Revenue Supported Borrowing.
3. Description and Project Scope: The requested budget increase is necessary to accept bid alternates that will provide air conditioning to portions of the existing SERF. The areas to be air-conditioned are: the administrative area, racquetball courts, weight room, circuit training and cardiovascular exercise rooms.

The air conditioning work will be completed as part of the SERF Addition project, which will provide a three-level, 32,765 ASF/ 47,040 GSF addition to the west end of the Southeast Recreational Facility (SERF). Other work in the existing building will provide minor remodeling and remedial fire sprinklers throughout the facility.

Construction of the SERF Addition project is anticipated to start in February 2002, with substantial completion targeted for August 2003.

4. Project Justification: The SERF Addition was enumerated at \$6,106,000 as part of the 1999-01 Capital Budget to provide additional recreational spaces for students, faculty and staff. In June 2001, the Board of Regents and State Building Commission approved the Design Report and authorized construction at an estimated cost of \$6,296,000. Due to a seemingly tight budget, an alternate bid was taken for each of the four base bids, all related to air conditioning of existing spaces. Those alternate bids total \$356,245. Although the total of the air-conditioning alternates came in approximately \$170,000 less than anticipated, an overall budget increase of \$276,000 is necessary to accept the alternate bids. Residual Program Revenue Supported Borrowing has been identified for this purpose.

The SERF Addition will provide needed programming space to a facility which, when constructed in 1983, was designed to serve the recreational needs of 3,900 students living in campus high-rise dormitories across W. Dayton Street, but actually serves the entire campus community. An estimated 10,000 students reside within a six-block radius of the building.

Air conditioning was part of the original building design and the ducts needed for carrying chilled air to the appropriate areas were installed when the building was constructed, but the mechanical equipment was eliminated due to budget constraints. The air conditioning is needed in the administrative, exercise and training areas, as the room conditions become unbearable

during the summer months for occupants due to high humidity and temperature levels. This request, will provide tempered air to locker rooms and air conditioning for all existing spaces with the exception of the two high-ceiling gymnasiums, the swimming pool, hallways and stairways.

SERF is operated by the Division of Recreational Sports and is used by the Department of Kinesiology (the study of the principles of mechanics and anatomy in relation to human movement) and the Division of Intercollegiate Athletics. The facility has served over 500,000 participants over each of the past nine years. This popularity has resulted in a lack of adequate activity space to meet the student demand for both organized and unscheduled recreational time, despite a series of building upgrades to maximize every square foot of activity space.

5. <u>Budget:</u>	<u>Previously Authorized</u>	<u>This Request</u>
Construction	5,203,000	5,458,000
A/E Design	453,000	453,000
DFD Management	225,000	245,000
DFD Testing/Controls	139,000	139,000
Contingency	260,000	260,000
Percent for Art	<u>16,000</u>	<u>17,000</u>
Estimated Total Project Cost	\$6,296,000	\$6,572,000

In February 1998, UW-Madison students ratified a \$6,100,000 addition by approving a student segregated fee increase “not-to-exceed \$6.50 per student per semester for 20 years.” In addition to the seg fee increase, a portion of the Program Revenue bonds will be repaid through proportional increases in the Faculty/Staff Facility Access Fee. The University indicates that the proposed increase of \$276,000 will not further impact those fees.

6. Previous Action:

August 20, 1998 Resolution #7740	Recommended enumeration of the SERF Addition at \$6,106,000 \$5,618,000 Program Revenue Supported Borrowing and \$488,000 GPR) and submittal of this project to the Department of Administration for inclusion as part of the 1999-01 Capital Budget. The project was enumerated at \$6,106,000 using Program Revenue Supported Borrowing.
June 8, 2001 Resolution #8387	Approved the Design Report and authorized construction of the Southeast Recreational Facility Addition project, at an estimated total project cost of \$6,296,000 using Program Revenue Supported Borrowing.

Approval of the Design Report and
Authority to Construct the Klotsche Center
Addition, Remodeling and Parking 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, the Design Report be approved and authority be granted to construct the Klotsche Center Addition, Remodeling and Parking project at an estimated total project cost of \$42,117,000 (\$16,290,000 General Fund Supported Borrowing; \$25,327,000 Program Revenue Supported Borrowing and \$500,000 Gifts, Grants, or other receipts).

THE UNIVERSITY OF WISCONSIN SYSTEM

Request for Board of Regents Action February 2002

1. Institution: The University of Wisconsin-Milwaukee
2. Request: Request approval of the Design Report and authority to construct the Klotsche Center Addition, Remodeling and Parking project at an estimated total project cost of \$42,117,000 (\$16,290,000 General Fund Supported Borrowing; \$25,327,000 Program Revenue Supported Borrowing and \$500,000 Gifts, Grants, or other receipts).
3. Description and Scope of Project: This project will construct a 92,600 ASF / 134,700 GSF addition to the existing Klotsche Center for Physical Education. Needed expansion space will be provided for instruction, training, intramural, recreation, and intercollegiate athletic sports, as well as facilities for the new Physical Therapy program, expanded and consolidated facilities for the Sports Medicine program, and replacement support space for the intercollegiate Athletics programs. In the existing facility, approximately 10,200 ASF will be remodeled to meet changing programmatic needs. Major improvements include the replacement of the existing men's and women's locker room lockers, replacement of eight racquetball court floors, upgrading the existing gym/arena lighting and sound systems, replacement of the existing pool filtration system, and the addition of air conditioning / ventilation improvements for the existing gym/arena. Major features of the new addition and remodeled areas will include a four-court gymnasium with elevated running track, locker rooms, weight rooms, cardiovascular classroom, warm water therapy pool, activity classrooms, along with laboratories, offices and support space for the Sports Medicine, Physical Therapy, and Athletics programs.

In addition, this project will construct a five-level underground parking structure facility providing approximately 624 spaces (plus 43 surface spaces).

4. Justification of the Project: The existing 92,650 ASF / 125,070 GSF Klotsche Center is located on the north quadrant of the 90-acre campus. UW-Milwaukee also has a small 9,900 ASF gymnasium located in the west wing of Engelmann Hall in the southwest quadrant of the campus. Occupied in 1977, the Klotsche Center is open over 100 hours per week for campus instructional, recreational and physical fitness activities for over 23,000 students. The Klotsche Center is used concurrently by athletic teams in fifteen intercollegiate sports, for campus intramurals, and for physical activity instruction. The Klotsche Center is also host to special events such as summer camps in volleyball and cheerleading, summer basketball leagues, wheelchair basketball, Special Olympics events, and statewide competition for high school indoor track and field, swimming, and international sporting events. The facility is the largest assembly

space on campus, and is used year round for special campus-wide and community events. The Sports Medicine program uses facilities in both the Klotsche Center and the adjacent Norris Health Center to provide service, care, physician assistance, and education to student athletes and the general student population. The new Physical Therapy program currently does not have space due to increased enrollments in the School of Allied Health Professions programs.

Improvements to the existing facility in the last ten years include the replacement of the roof and the exterior wall panels, replacement of the domestic hot water distribution piping, the reconfiguration of the locker rooms to provide gender equity, a flooring replacement project and a code exiting compliance project for the main gymnasium/arena. No additional space has been added to the facility since its original construction 25 years ago.

The site of the Klotsche Center is bordered to the west, north, and east by sections of the Downer Woods that are protected from encroachment or disparate uses by legislative action (s. 36.37 Wis. Stats). Immediately north of the Klotsche Center is a 304-space surface parking lot, the largest on campus. The Athletics offices are currently housed in the North Building, a 33-year old "temporary" metal panel building located to the northeast of the Klotsche Center. The campus's grounds-keeping facilities for vehicle storage, maintenance and stockpiled materials are located to the north of the Klotsche Center on the west edge of the parking lot. The only viable site for the expansion of the Klotsche Center is to the north onto the parking lot. In order to provide an adequate area for the addition, the North Building will need to be removed and the grounds-keeping facilities relocated to the far northern edge of the site.

UW-Milwaukee suffers from a severe deficit of on-campus parking facilities. The addition will reconfigure the existing 304-space surface parking area to provide a new five-level parking facility below the addition with a capacity of 624 spaces. Along with 43 reconfigured surface spaces, the project will yield a net gain of 363 spaces for campus-wide use, bringing the total on-campus parking capacity to approximately 2,500 spaces.

The \$20,667,000 cost of the parking facilities will be funded with parking program revenue. As a result of this project, parking fees and fines will be increased beginning in 2002-03 by six per cent per year for ten years. In addition, \$3,200,000 of the project cost will be funded by student segregated fee revenue. The Student Association Senate passed a resolution in November 1996, to support a non-allocable fee for the new addition. The initial annual fee, to be paid over a ten-year period, was established in 1997-98 at \$3.50 per student per semester and will continue to increase annually to a maximum level of \$17.30 in 2007-08. Approximately \$460,000 to add air conditioning to the existing gymnasium/arena and to operate that air conditioning will be funded with institutional funds. The remaining \$1,000,000 of the project budget funded from non-GPR sources will be provided through institutional funds and/or gifts. The mix of funding will be determined prior to bidding, scheduled for January 2003.

An Environmental Impact Statement for this project was completed in December 2001.

5. Budget:

Construction:	\$33,797,000
A/E Design and Other Fees:	2,651,000
DFD Management Fee:	1,449,000
Hazardous Materials Abatement:	120,000
Contingency:	2,691,000
Movable & Special Equipment:	1,356,000
Percent for Art:	<u>53,000</u>
Estimated Total Project Cost:	\$42,117,000

6. Previous Action:

August 20, 1998 Resolution #7740 Recommended enumeration of the Klotsche Addition and Remodeling project, as part of the 1999-01 Capital Budget, at an estimated total project budget of \$19,800,000 (\$12,580,000 of General Fund Supported Borrowing and \$7,220,000 of Program Revenue Supported Borrowing). The project was subsequently recommended for planning in 1999-01.

August 25, 2000 Resolution #8175 Recommended enumeration of the Klotsche Addition, Remodeling and Parking project, as part of the 2001-03 Capital Budget, at an estimated total project budget of \$23,203,000 (\$15,473,000 of General Fund Supported Borrowing and \$7,730,000 of Program Revenue Supported Borrowing). The project was subsequently enumerated at a revised total project cost of \$42,117,000 (\$16,290,000 of General Fund Supported Borrowing, \$25,327,000 Program Revenue Supported Borrowing and \$500,000 Gifts, Grants or other receipts.)

BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM

Friday, February 8, 2002

9:00 a.m.

1820 Van Hise Hall

1220 Linden Drive

Madison, Wisconsin

II.

1. Calling of the roll
2. Approval of the minutes of the December 6th and 7th meetings
3. Report of the President of the Board
 - a. Resolution of Appreciation: Elizabeth Rindskopf Parker
[Resolution II.3.a.]
 - b. Report on the December 14th meeting of the Educational Communications Board
 - c. Report on the January 23rd meeting of the Wisconsin Technical College System Board
 - d. Report on the February 6th meeting of the Hospital Authority Board
 - e. Report on governmental matters
 - f. Additional items that the President of the Board shall report or present to the Board.
4. Report of the President of the System
5. Report of the Business and Finance Committee
6. Report of the Education Committee
7. Report of the Physical Planning and Funding Committee
8. Additional resolutions
 - a. Election of Assistant Trust Officer
[Resolution II.8.b.]
9. Communications, petitions, memorials
10. Additional or unfinished business
11. Recess into closed session to consider an honorary degree nomination at UW-Stout, as permitted by s.19.85(1)(f), *Wis. Stats.*, and to confer with legal counsel, as permitted by s.19.85(1)(g), *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.

Agenda208.doc

January 15, 2002

TO: The University of Wisconsin Board of Regents

FROM: Patrick G. Boyle

RE: Summary of the December 14, 2001, meeting of the Wisconsin Educational Communications Board

ECB Executive Director Tom Fletemeyer reported Congress is nearing end of budget process. The House and Senate have different funding levels for public television; the Senate has higher funding than the House. Of the \$43 million allocated for digital conversion in the current year, Wisconsin received \$1million.

ECB is working to bring High Definition Television (HDTV) to each Wisconsin market as soon as possible. Currently only the Milwaukee market is broadcasting, but broadcasting in the Madison market is slated for spring.

The Board will be provided details on how the ECB will allocate the current state budget cuts and consider what additional cuts will need to be made. The Board will then review options.

The Board reviewed a datacasting demonstration project. It is felt this technology can offer significant benefit to education. The new HDTV Technology will allow ECB programming to provide not just a picture but to move to computers in the schools as supportive material. Datacasting moves data 100 times faster than the fastest Internet connection. The programming is interactive, so videos can be stopped and started by the teacher. A teacher's guide, video and audio clips are included in what is delivered to the school PC. Student reaction to the demonstration has been very positive; said the technology made them want to learn. Additionally, teachers' feedback was very positive and they reported students remained attentive.

A CD-Rom demonstration on the various ethnic groups that emigrated and live in Wisconsin was presented to the Board as another tool for student learning.

Wisconsin Public Radio ratings are up and, correspondingly, the fundraising is accelerated as well.

Wisconsin Public Television viewership is down slightly in Madison and in Green Bay. The top shows in those markets include *National Geographic Specials*, *Antiques Roadshow*, and the program *Sinking the Lusitania*.

**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

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.