



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

September 4, 2002

TO: Each Regent

FROM: Judith A. Temby

A handwritten signature in black ink, appearing to read "J. A. Temby".

RE: Agendas and supporting documents for meetings of the Board and Committees to be held on September 12 and 13, 2002.

Thursday, September 12, 2002

11:00 a.m. – Presentation: The Economic Impact of the UW System

(All Regents Invited)

1820 Van Hise Hall

1:00 p.m. – Education Committee

1820 Van Hise Hall

1:00 p.m. – Joint Committee meeting:

Business and Finance Committee and

Physical Planning and Funding Committee

1920 Van Hise Hall

1:30 p.m. – Business and Finance Committee reconvene

1920 Van Hise Hall

Physical Planning and Funding Committee reconvene

1511 Van Hise Hall

Friday, September 13, 2002

8:45 a.m. – Regent group photograph

1920 Van Hise Hall

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.

BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM

I. Items for consideration in Regent Committees

1. Education Committee - Thursday, September 12, 2002
1820 Van Hise Hall
University of Wisconsin-Madison
1:00 p.m.

1:00 p.m. Education Committee

- a. Approval of the minutes of the June 6, 2002 meeting of the Education Committee
- b. 2002-03 Education Committee Agenda.
- c. Program Authorizations - First Reading:
- (1) B.S. in Athletic Training, UW-Oshkosh
 - (2) Master of Social Work, UW-Green Bay and UW-Oshkosh
- d. Program Authorizations - Second Reading:
- (1) B.A. in Global Studies, UW-Milwaukee
[Resolution I.1.d.(1)]
- e. Report on 2001 Undergraduate Drop Rates.
[Resolution I.1.e.]
- f. Research and Public Service Report.
[Resolution I.1.f.]

Additional items:

- 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. [Possible agenda items: appointment of named professor, UW-Stout.]

**NEW PROGRAM AUTHORIZATION
B.S. in ATHLETIC TRAINING
UW-OSHKOSH
(INITIAL REVIEW)**

EXECUTIVE SUMMARY

BACKGROUND

In accordance with the procedures outlined in Academic Planning and Program Review (ACIS-1.0 revised), the new program proposal for a Bachelor of Science in Athletic Training is presented to the Board of Regents for initial review. As stipulated by ACIS-1.0 revised, this program proposal will be on the agenda for the October 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 of Regents.

UW-Oshkosh has been preparing entry-level athletic trainers for over twenty-five years. Since 1993, thirty-seven students have passed the National Athletic Trainers' Association Board of Certification (NATABOC) certification exam after graduating from UW-Oshkosh. In 1999-2000, in order to be in compliance with new mandates from the National Athletic Trainers' Association Education Council (NATA-EC) and the Joint Review Committee on Educational Programs in Athletic Training (JRC-AT), the faculty in the UW-Oshkosh Department of Physical Education and Health Promotion created an Athletic Training Education Program structured as an emphasis within the existing Physical Education major. Recent changes in educational requirements and program accreditation have resulted in a reduction in the number of state and regional institutions with Athletic Training Education Programs. UW-Oshkosh has hired faculty, revised and expanded the curriculum, and purchased equipment in order to meet the stringent accreditation requirements. Elevating this program from an emphasis to a major will enhance student recruitment and accurately identify the focused and high quality academic and clinical training that students receive.

REQUESTED ACTION

No action requested at this time.

DISCUSSION

Program Description

The proposed Athletic Training major will be housed in the Department of Physical Education and Health Promotion (PEHP) within the College of Letters and Science. The

curriculum was specifically designed to meet The Commission on Accreditation of Allied Health Education Programs (CAAHEP) accreditation standards. All courses needed for the major are already in place.

The major will include highly technical training in human anatomy, physiology, biomechanics, basic medical examination, orthopedic evaluation, strength and conditioning, and rehabilitation. The program consists of a required curriculum of 65-credit hours designed to prepare students for the NATABOC Examination. Students will take 9 credit hours of preliminary courses in anatomy, first aid, and fundamentals of athletic training in order to be eligible for admission. Program admission is based upon successful completion of these 9 credits plus 20 general education credits with at least a 2.75 GPA, 240 hours of athletic training room observation and evaluations from the Athletic Training Staff, a personal interview, and three letters of recommendation. In the remaining three years, students will complete 56 credit hours of coursework and clinical experiences. All courses in the major must be completed with a C or higher, and students must complete both the major program and their overall degree requirements with a 2.75 or better GPA.

Program Goals and Objectives

Objectives of the Athletic Training program are:

- 1) To assist students in completing a Bachelor's degree in a Liberal Arts College;
- 2) To assist students in understanding the physical, mental, and emotional demands on athletic and physically active populations;
- 3) To expose students to a broad range of medical and allied health care professionals and settings;
- 4) To prepare students to successfully complete the NATABOC exam;
- 5) To prepare students for entry-level employment in the athletic training profession.

Relation to Institutional Mission

The mission of UW-Oshkosh is to be a national model as a responsive, progressive, and scholarly public service community known for its accomplished record of engaging people and ideas for common good. UW-Oshkosh has a large number of partnerships with regional and local medical and allied health care entities, professional teams, school and community-based athletic programs, as well as private-sector corporations. The Athletic Training major will exemplify the UW-Oshkosh institutional mission to develop partnerships with public and private entities. This program fits well within the institution's program array; it complements existing offerings in Biology/Microbiology and the College of Nursing, and offers an unparalleled educational opportunity for students in the eastern part of this State who are interested in this particular degree as well as allied health disciplines.

Need for Program

Upgrading the current Athletic Training emphasis at UW-Oshkosh to a major will more accurately reflect the rigor and stature of the program. The existing emphasis program already provides everything required for a major in terms of accreditation standards, curriculum, and faculty. The Program Director reports that his most frequent inquiries have to do with confusion

from students, parents, and guidance counselors regarding the designation “emphasis” and whether students can fully pursue Athletic Training as a career at UW-Oshkosh.

Admissions officers report that interest in athletic training ranks among the top five programs of interest to prospective students. They expect that student interest in the program will increase, because seven UW System and two private institutions are closing their Athletic Training programs. These closings are the result of the changes in NATABOC certification requirements stipulating that after January 1, 2004, only students that graduate from CAAHEP-accredited programs will be eligible for certification. In the future only eleven of what had been twenty programs statewide will remain – six programs at UW System institutions and five at private colleges.

The job market for athletic trainers, particularly in the Fox River Valley and outlying communities, is strong. Every one of the graduates over the past seven years who sat for the national exam and who wanted a job in the field of athletic training was able to find one. The national professional organizations also report that graduates from accredited programs are successful in finding employment. In the April 2001 edition of the NATA News, statistics from the five-year period 1996-2000, for 5,290 graduates of CAAHEP-accredited athletic training programs, indicated that only 3% (175) were unemployed, and 85% were either employed as athletic trainers or enrolled in graduate schools. Regional employers report that they have consistently been unable to find qualified applicants. Furthermore, the number of positions for athletic trainers in the region has been increasing. The most current Bureau of Labor Statistics on Occupational Employment Projections for the period 2000-2010 anticipates an 18.5% growth in the number of jobs for athletic trainers. Nationally, six thousand openings are anticipated for athletic trainers with a bachelor’s degree; three thousand of those will be new positions, and three thousand will be created by individuals leaving the field.

Comparable Programs in Wisconsin

There are six Athletic Training Education Programs at UW System institutions and five at private colleges. UW-La Crosse, UW-Stevens Point, and UW-Eau Claire have UW System-approved majors. UW-Milwaukee and UW-Madison intend to retain their programs as sub-majors. The UW-La Crosse and UW-Madison Athletic Training Education Programs are CAAHEP-accredited. UW-Oshkosh, UW-Stevens Point, UW-Milwaukee, and UW-Eau Claire are in the process of applying for CAAHEP accreditation. Among private colleges in Wisconsin, Carroll, Carthage, Concordia, Lakeland College, and Marquette University are also seeking CAAHEP accreditation. Seven UW System institutions (UW-Green Bay, UW-Parkside, UW-Platteville, UW-River Falls, UW-Stout, UW-Superior, and UW-Whitewater) are discontinuing Athletic Training programs.

Comparable Programs outside Wisconsin

Just as Wisconsin is experiencing significant change in the array of universities offering Athletic Training programs, so too are other states. Many institutions that had offered a program in Athletic Training are discontinuing them, and some programs are upgrading their curricula

and facilities in order to seek accreditation. Currently there are four CAAHEP-accredited programs in Michigan and six in Illinois. These programs do not compete directly with the UW-Oshkosh program as most of the students at UW-Oshkosh are from within 100 miles of the campus. There are 169 CAAHEP-accredited programs in the United States.

Collaboration

UW-Oshkosh has established an agreement with UW-Green Bay to place students for a practicum experience with UW-Green Bay Athletic Training Staff and their student-athletes. All of the UW System institutions in the Wisconsin Intercollegiate Athletic Conference (WIAC) collaborate to provide supervision for athletic training students when they travel with UW athletic teams to other institutions to provide preventive care to student-athletes. The Athletic Training program has established nine practicum agreements with various private organizations. These agreements utilize staff at those entities as “clinical instructors” for UW-Oshkosh Athletic Training students, thus extending the educational opportunities for students and providing exposure to certified athletic trainers in a variety of clinical settings.

Technology

Technology is integral to the academic and clinical experience of students in the Athletic Training Education Program. Students are expected to use online resources for research, to supplement classroom experience using interactive software to prepare for the certification examination, and to use presentation software to make clinical and academic presentations. In addition, students are trained in the use of the latest therapeutic technology. The Athletic Training Education Programs at UW-Oshkosh and UW-Eau Claire are undertaking a video linkage pilot program that will allow students at UW-Eau Claire to benefit from the guest speakers at UW-Oshkosh, and UW-Oshkosh students to have a video link to their guest speakers.

Academic and Career Advising

The program director serves as the academic advisor for students in Athletic Training. Students receive career advising through career placement services as well as through formal and informal advising provided by the academic program director, head athletic trainer, and other faculty/staff. Students also have access to other faculty in Physical Education and Health Promotion as well as university advisors for pre-professional curricula. In addition, the unique partnerships previously mentioned provide students with extensive opportunities for mentoring.

Projected Enrollment

	2002-03	2003-04	2004-05	2005-06	2006-07
New Students Admitted	9	12	12	12	12
Continuing Students	7*	14*	21	24	24
Total Enrollment	16	26	33	36	36
Graduating Students	2*	5*	9*	12	12

*includes students currently enrolled in the Athletic Training emphasis

Assessment and Program Evaluation

The program faculty and staff will continually improve curriculum and programmatic success through a range of reviews and assessments, including: evaluations of students by affiliated site clinical instructors; exit interviews with graduates; student evaluations of affiliated site and on campus clinical experiences; departmental reviews every five years; and student course evaluations. Receiving and maintaining CAAHEP accreditation will be a primary mechanism of assessment and review. Once accredited, the program will be subject to reaccreditation review on a 5-10 year cycle. The program has already applied for the CAAHEP accreditation. In addition, the Program Director will maintain and review data on student success in continuing through graduation, job placement, achieving licensure, and passing the NATABOC certification examination.

Evaluation from External Reviewers

Characterizing the proposal as “extremely creative and forward thinking,” one external reviewer emphasized that the UW-Oshkosh program can become a “benchmark for the next five-to-ten years in Athletic Training Education.” Both consultants cited an “exceptionally strong” curriculum as a major strength of the program. One observed that the new standards and guidelines for CAAHEP accreditation were strictly followed in developing the program. In addition to commending the progress through the accreditation process, they cited strengths such as the close proximity of clinical/medical resources and the interrelationships with other departments/curricula on campus.

Resource Needs

Approval and implementation of the requested program will require no additional personnel. The UW-Oshkosh campus has completed hiring the needed personnel for the program. In spring 1999, a program director was hired through a national search with the purpose of establishing an academic major that would meet the new, more rigorous requirements for CAAHEP accreditation. An additional staff member was hired during the summer of 2000, and another in late spring 2001. This level of staffing is adequate to meet the projected increase in student enrollment from 16 to 36 over the next three years. UW-Oshkosh is in the design phase of a facilities capital improvement project currently under review with the state Building Commission to substantially remodel the Kolf Sports Center. Should this project receive funding, part of the remodeling will provide additional clinical and training space for the Athletic Training Program.

CURRENT COSTS	FIRST YEAR		SECOND YEAR		THIRD YEAR	
	#FTE	Dollars	#FTE	Dollars	#FTE	Dollars
Personnel						
Fac/Acad Staff	4.5	193,418.00	4.5	199,123.50	4.5	205,495.52
Non-personnel						
S&E		7500.00		7500.00		7500.00
Capital Equip.		10,000.00		10,000.00		10,000.00
Library		1000.00		1000.00		1000.00
Computing		3000.00		6000.00		0.00
Accreditation		3000.00		900.00		900.00
Subtotal		217,918.00		224,523.50		224,895.52
ADDITIONAL COSTS (Specify)	#FTE	Dollars	#FTE	Dollars	#FTE	Dollars
Subtotal		0.00		0.00		0.00
TOTAL COSTS		217,918.00		224,523.50		224,895.52
CURRENT RESOURCES						
GPR		217,918.00		224,523.50		224,895.52
TOTAL RESOURCES		217,918.00		224,523.50		224,895.52

RECOMMENDATION

No action is requested at this time.

RELATED REGENT POLICIES

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

**NEW PROGRAM AUTHORIZATION
MASTER OF SOCIAL WORK DEGREE
UW-GREEN BAY AND UW-OSHKOSH
(INITIAL REVIEW)**

EXECUTIVE SUMMARY

BACKGROUND

In accordance with the procedures outlined in Academic Planning and Program Review (ACIS-1.0 revised), the new program for a Master of Social Work Degree is presented to the Board of Regents for initial review. As stipulated by ACIS-1.0 revised, this program proposal will be on the agenda for the next 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 of Regents.

The proposed Master's in Social Work program is an interinstitutional initiative to jointly plan and implement a single, seamless graduate degree program. It was developed in response to a strong demand from regional social service agencies that wish to hire MSW social workers and from place-bound professionals with undergraduate degrees who seek an advanced social work education. This proposal was initiated in the fall of 1999 as a joint effort by administrators and undergraduate faculty at UW-Oshkosh and UW-Green Bay. Both institutions have an accredited undergraduate program in Social Work and wanted to develop a graduate level program as well. Over the last three years faculty from both institutions met regularly to develop program materials. Representatives from regional social service agencies, including members of long-established advisory committees at each campus, and colleagues at both campuses who agreed to teach interdisciplinary content, shared a place at the planning table. Prospective students and employers were surveyed to determine conditions that would be optimal to their enrollment in graduate studies.

REQUESTED ACTION

This item is presented for initial review. No action is requested at this time.

DISCUSSION

Program Description

Curricular content of the proposed master's program was developed in accordance with guidelines established by the Council on Social Work Education (CSWE), the accrediting body for the field. The program curriculum will consist of a 33-credit sequence of specialized content for students who possess a Baccalaureate Degree in Social Work or a 66-credit sequence for those without that degree. Students entering without a social work degree will be required to take 33 credits of professional foundation content before beginning the advanced curriculum

coursework. The advanced curriculum will have two concentrations, one emphasizing direct practice, the other administration and management. The direct practice concentration offers advanced coursework on family intervention and on policy issues in public-sector and rural social work practice. The Administration and Management concentration provides coursework on organizational structure; management in public-sector agencies; and budget, law, and policy issues for administrators. This program is distinct from others in the state in its strong emphasis on rural, and public-sector practice, emphases that were developed specifically to meet the needs of the northeast region of Wisconsin.

During the 2002-2003 academic year, the faculty will make final adjustments to ten existing courses, finalize the development of eight new courses for the program, complete documentation required by CSWE, and place the program in candidacy for CSWE accreditation. The program intends to enroll students beginning in the fall, 2003.

In response to issues identified in needs assessments and highlighted by outside reviewers, the program has varied completion options tailored to students' educational needs, particularly those of the employed professional. Based on market research surveys with potential students, the program will offer evening and weekend courses. A few courses will be offered to students on the UW-Oshkosh or UW-Green Bay campuses; most will be taught at locations within a reasonable commuting distance for all students. The Needs Assessment data suggest that Appleton may be a central location for many of the students. Course offerings will not be duplicated on the two campuses. Distance education technologies will also be utilized (see technology section).

The MSW program coordinator position will be rotated between the two campuses every three years; the coordinator will travel between the two campuses. The program will use a home institution model for admissions, registration, and the granting of degrees. Half of the students will be admitted to and receive their degrees from each institution.

Program Goals and Objectives

The program's goal is to educate professionals ready to assume administrative leadership and direct-practice leadership roles within this region's increasingly diverse and transforming rural and tribal environments. This goal reflects the broad mission of the social work profession and the academic standards for graduate education established by CSWE. All course work in the program will be infused with six fundamental themes: a commitment to public-sector practice, a commitment to helping graduates assume leadership roles, an emphasis on family-focused practice, a commitment to serving diverse constituencies, an emphasis on serving clientele from rural areas, and interdisciplinary cooperation. Curriculum built around these themes will prepare advanced-level social work professionals for practice in the 26 counties of northeastern Wisconsin. The program is designed to attract those who are already working in human service settings in the region and who wish to complete their graduate education but who find it difficult or impossible to travel elsewhere in the state to obtain this degree.

Relation to Institutional Mission

Through a focus on establishing collaborative exchanges between the university and the community, encouraging service learning opportunities, creating an accessible educational experience that is responsive to student needs, and fostering respect for human dignity and cultural diversity, the program's educational purpose is congruent with the institutional missions of both UW-Green Bay and UW-Oshkosh. The faculty is committed to a curriculum that will utilize an interdisciplinary and problem-focused approach to issues, encourage critical thinking and research skills, and respond to metropolitan and regional needs.

Need

Human Service Directors throughout northeastern Wisconsin provided the initial impetus for development of this MSW program. Directors have persistently requested a graduate program that would be accessible to their employees and congruent with needs of the region. In planning for this program, three needs assessment surveys were undertaken between January 2000 and fall 2001. The first survey (January 2000), conducted by the continuing education programs from the two campuses, was used primarily to determine the demand by currently certified social workers in this region of Wisconsin for continuing education for social work recertification. 347 (43.9%) of the respondents expressed an interest in obtaining an MSW. The second survey of 589 administrators of social work agencies in the state's northeastern region, conducted by the UW System Market Research Unit (summer 2001), confirmed the potential employer demand for social workers with advanced degrees; 62% indicated that their agency would be interested in employees attending the proposed program. A third survey (fall 2001) of certified social workers without advanced degrees further confirmed potential regional demand, with 71% indicating their agencies would support employee enrollment. Furthermore, 66% of the certified social worker group without an advanced degree indicated that they were very likely or moderately likely to apply to a MSW program in the next five years.

Comparable Programs

In Wisconsin there are currently two MSW programs, at UW-Madison and UW-Milwaukee; both have large student bodies, large faculties (in comparison to the proposed collaborative program), and limited acceptance rates of 53% for Madison and 64% for Milwaukee. These programs are frequently not an option for BSW graduates in the Oshkosh and Green Bay region because of financial or employment constraints to relocation or commuting. In addition, the proposed program offers a curriculum focus that is distinct from and does not compete with the other UW programs. Outside Wisconsin in the neighboring states of Illinois, Indiana, Iowa, Michigan, and Minnesota there are currently 22 accredited MSW programs, three in candidacy status. When comparing the ratio of MSW programs to state population, Wisconsin lags behind all but Indiana in the number of programs per million people.

Collaboration

Collaboration with regional social service agencies and between UW-Oshkosh and UW-Green Bay has been a key element in the development of the proposed program. Collaboration has been bolstered by the proven success of the Northeast Wisconsin Alliance for Social Worker Continuing Education, a joint effort by the social work and continuing education programs at both campuses to develop continuing education opportunities for certified social workers. Collaboration was further augmented by the federal, state, county, and tribal cooperation established through a Title IV-E program known as the Northeast Wisconsin (NEW) Partnership for Children and Families, which offers advanced education and training to child welfare professionals in the northeast region.

Use of Technology/Distance Education

The proposed program builds on the established experience of the NEW Partnership's distance education effort in the region, designed to serve its more remote rural areas. An evening and weekend schedule of offerings will be available, in accord with the needs assessment findings of the 2000 survey of BSW graduates. Web-based instruction, using Blackboard or other programs, will supplement classroom instruction. Results of the needs assessment also prompted development of plans to offer classes at locations most accessible for students enrolled in the program. For example, some classes will be available at a location midway between the two campuses.

Academic and Career Advising

Each graduate student in the program will have a faculty advisor and receive guidance and assessment throughout the internship from a faculty field liaison. Career advisement follows the Council on Social Work Education accreditation guidelines that call for professional advisement by designated faculty and staff. Both programs now have a fully developed advising system for undergraduate students. These procedures and materials are being revised and adapted to meet the needs of graduate-level program participants

Projected Enrollment (5 years)

Year	1st year	2nd year	3rd year	4th year	5th year
New students admitted	30	30	33	34	34
Continuing students	0	27	37	46	46
Total enrollment	30	57	70	80	80
Graduating students	0	20	20	30	30

Assessment and Program Evaluation

The Council on Social Work Education, the accrediting body for social work programs, requires that program evaluation components be well developed, embedded in the program structure, and routinely used to enhance program quality. The program will be in candidacy for CSWE accreditation before any students are admitted. The proposed program will assess

outcomes with respect to students and graduates, and with respect to program courses and processes. Outcomes will be based upon the program mission and the professional competencies students are expected to achieve by the time they graduate from the program. Program outcomes that will be achieved by the end of five years of program operation include: full accreditation, 75% of graduates placed in social work positions in the region, 5% increase overall in social work staff with professional training working in public and tribal social service agencies in the region. Data sources for outcome evaluation will include surveys of students in the program, agency field supervisors, MSW program advisory committee members, faculty, program graduates, and employers, as well as reports produced for regulating and accrediting bodies.

Evaluation from External Reviewers

Two outside reviewers provided comments on the authorization proposal. Both commented that the proposal evidenced strong, credible evidence of the need for the program in the region and documented the likelihood that there will be qualified applicants to sustain the program over time. Both reviewers concluded that the curricular design is clearly outlined and is congruent with program goals. Both also noted that the program makes “surprisingly small” resource demands on either institution. The program authorization plan was revised to address issues raised by the reviewers having to do with the impact of having BSW students in MSW courses, the extensive responsibilities of the field coordinator, and increasing the number of electives and expanding course accessibility.

Resource Needs

The program will be funded by reallocation of existing faculty lines and salary dollars within UW-Green Bay and UW-Oshkosh, and by dollars from Title IV-E federal funding administered through the NEW Partnership. The reallocated FTE will permit hiring of new faculty with appropriate expertise. Title IV-E funds will be generated as a result of this new MSW program and will be used as part of its funding.

	1st YEAR 2002-03		2nd YEAR 2003-04		3rd YEAR 2004-05		4th YEAR 2005-06	
CURRENT COSTS	#FTE	Dollars	#FTE	Dollars	#FTE	Dollars	#FTE	Dollars
Subtotal	\$0.00		\$0.00		\$0.00		\$0.00	
ADDITIONAL COSTS)	#FTE	Dollars	#FTE	Dollars	#FTE	Dollars	#FTE	Dollars
Personnel (includes 3.5% salary increases)								
Faculty/Acad. Staff	2.00	\$129,375	3.00	\$197,950	4.50	\$303,875	6.00	\$416,100
Grad Assistants	1.50	\$ 9,315	2.25	\$ 19,260	3.50	\$ 33,150	3.50	\$34,200
Classified Staff	.50	\$12,420	.75	\$ 19,260	1.00	\$ 26,520	1.00	\$27,428
Fringe Benefits		\$49,747		\$ 77,101		\$117,971		\$156,512
Non-personnel								
S&E		\$15,000		\$16,500		\$15,500		\$16,500
Capital Equip.		\$ 6,000		\$ 8,000		\$ 5,000		\$ 5,000
Library		\$10,000		\$ 7,500		\$ 5,000		\$ 3,500
Computing		\$0.00		\$10,000		\$20,000		\$30,000
CSWE related		\$ 8,000		\$10,300		\$10,500		\$ 4,000
Subtotal		\$239,857		\$365,871		\$537,516		\$693,240
TOTAL COSTS		\$239,857		\$365,871		\$537,516		\$693,240
CURRENT RESOURCES								
Subtotal		\$0.00		\$0.00		\$0.00		\$0.00
ADDITIONAL RESOURCES								
GPR:Reallocation UW-Green Bay & UW-Oshkosh		\$ 173,233		\$265,055		\$361,679		\$464,298
Title IV-E funds		\$66,624		\$100,816		\$175,837		\$228,942
Subtotal		\$239,857		\$365,871		\$537,516		\$693,240
TOTAL RESOURCES		\$239,857		\$365,871		\$537,516		\$693,240

RECOMMENDATION

No action requested at this time.

RELATED REGENT POLICIES

University of Wisconsin System Academic Planning and Program Review (November 10, 1995), Academic Informational Series #1 (ACIS-1.0 revised)

Program Authorization (Implementation)
B.A., Global Studies
University of Wisconsin-Milwaukee

EDUCATION COMMITTEE

Resolution I.1.d.(1):

That, upon recommendation of the Chancellor of the University of Wisconsin-Milwaukee and the President of the University of Wisconsin System, the Chancellor be authorized to implement the B.A. in Global Studies.

**NEW PROGRAM AUTHORIZATION
BACHELOR OF ARTS IN GLOBAL STUDIES
UW-MILWAUKEE
(IMPLEMENTATION)**

EXECUTIVE SUMMARY

BACKGROUND

In accordance with the procedures outlined in the *University of Wisconsin System Guidelines for Academic Program Planning and Approval* (ACIS-1.revised), the new program proposal for a B.A. in Global Studies at the University of Wisconsin-Milwaukee (UWM) is presented to the Board of Regents for implementation. If approved, the program will be subject to a Regent-mandated review to begin five years after its implementation. That review will be conducted jointly by UWM and UW System Administration, and the results will be reported to the Board.

In 1998, the Wisconsin International Trade Council (WITCO) conducted an exhaustive review of K–16 international education programs and identified a need for undergraduate degree programs in Wisconsin that combine practical training with international competence. Employers in Wisconsin have also indicated that they are unable to find employees who are sufficiently sophisticated in the languages and cultures of many of the countries in which they aim to conduct business. In response to these needs, the University of Wisconsin-Milwaukee submitted a DIN in the 1999-2000 budget process and received \$850,000 to implement an innovative new major in Global Studies. The Global Studies major is exceptional in its pre-professional orientation and interscholastic design and in the way it has successfully mobilized faculty and integrated content from across the traditional disciplinary divisions of the university. The curriculum is designed to provide tomorrow's leaders with the knowledge, skills, and intercultural abilities necessary for success in an increasingly interconnected world.

REQUESTED ACTION

Approval of Resolution I.1.d.(1) authorizing implementation of the B.A. in Global Studies, UW-Milwaukee.

DISCUSSION

Program Description

The Global Studies major will be a 120-credit, interdisciplinary degree program of the College of Letters and Science (L&S) and the School of Business Administration (SBA). The program will be administered through the UWM Center for International Education (CIE), in collaboration with the Associate Deans of SBA and L&S. The Director of CIE serves as the faculty coordinator of the degree program. The CIE Academic and Outreach Programs Advisory Committee will be responsible for the overall supervision of the degree as well as the curricular content.

To initiate the program, one track in Global Management will be offered. The program faculty

members are developing additional tracks in conjunction with the Schools of Education, Architecture and Urban Planning, Information Studies, Business, Nursing, Social Welfare, and the Colleges of Health Sciences, and Engineering and Applied Science. Global Management course work will include geopolitics, political risk analysis, macroeconomics, contemporary language and culture, diplomacy and negotiation, business courses that cover the functional areas of management within a global environment, and a strong emphasis on communication skills. The business courses will fulfill, at a minimum, the background preparation needed to begin an MBA degree.

The tracks within the major will share a common core curriculum, with the specific requirements for each track varying according to their pre-professional emphases. The curriculum will include a minimum of 36 required credits composed of three core sequenced courses (*People and Politics, Economics & the Environment*, and *Globalization & Information Technology*), a world regions course, a three-credit international internship, eight semesters of foreign language, and three upper division courses specific to a track. One semester of study outside of the United States will be required.

Program Goals and Objectives

The primary academic objectives of the Global Studies major are:

- to foster interdisciplinary education;
- to improve undergraduate program quality in the area of global studies;
- to increase the number of UW System students with study abroad experience;
- to graduate professionals who will be prepared to succeed in today's multicultural, highly technical, global society;
- to generate new research, service learning, and internship opportunities for undergraduate students;
- to secure extramural support through instructional and research funding opportunities.

Relation to Institutional Mission

The proposed program in global studies furthers UWM's goal of becoming a premier urban research university and a destination campus for high achievers. Both "The Milwaukee Idea" and "Investing in UWM's Future" documents call for the development of interdisciplinary degree programs that provide access to a new range of students. This program supports those goals by contributing to scholarly exchange across traditional university boundaries and attracting students seeking to effectively integrate multicultural competence, language expertise, and international understanding and experience into a single academic degree program. Moreover, the program will support Wisconsin business and professional communities through the internship requirement and by graduating students with international understanding and skills.

Need

In Wisconsin and across the United States, employers demand the expertise that will be earned by graduates of the Global Studies program. The proposed program offers an undergraduate degree that combines practical training with the international competence necessary to understand, predict, and respond to global change. The proposed curriculum offers students a benefit over majors that are so fully proscribed that students do not have the option to pursue language study, international experiences, or internships. Student demand for appropriate international training options is growing.

According to a 2000 study by the American Council on Education, over 75% of incoming undergraduates indicated that international education opportunities are an important consideration when selecting a college or university, and over 70% agreed that students should have an overseas study, work, or internship experience during their college education. The same study found that the general public expects United States colleges and universities to require foreign language training and to provide students with international skills and knowledge suitable for the global workforce.

Comparable Programs in Wisconsin and in the Nation

There are no comparable programs in the state or nation. This program is unique in the way it links diverse intellectual perspectives to explore international issues. Through a practical, interdisciplinary curriculum, this program focuses on developing communication and critical analysis skills directly applicable to the professional world. It is the only program that involves partnerships between Letters & Science and professional disciplines in an effort to better prepare students with varying professional career aspirations for success in the global economy. The closest comparable programs are those offered by the universities who are members of the Association of Professional Schools of International Affairs, yet those schools' curricula focus, by and large, on international relations rather than business, architecture and urban planning, education, or health sciences.

Collaboration

As a collaborative initiative between the College of Letters and Science and the School of Business Administration, the Global Studies Global Management track utilizes knowledge and expertise from each unit in an innovative curriculum. The proposed major can serve as a model for internationalizing pre-professional curricula throughout the UW System. The close working relationship between the UWM Center for International Education (CIE) and the UW System Institute for Global Studies, housed within CIE, will help foster dissemination and replication of this Global Studies model at other UW System campuses.

Use of Technology/Distance Education

The Global Studies major will incorporate technology-based instructional methodologies and resources. UWM's Center for International Education (CIE) is host to the UW System Institute for Global Studies, where staff members are directing their attention toward developing mechanisms for sharing Global Studies courses and learning materials throughout the UW System. CIE has already developed on-line resources and bibliographies for the teaching of Global Studies courses, and these are available to faculty across the United States.

Academic and Career Advising

Upon admission to the program, each student will be assigned a faculty advisor. In addition, the College of Letters and Science and the School of Business Administration each will appoint a 25% time Global Studies liaison advisor. These advisors will assist students in planning their programs of study and provide services such as freshman orientation, program counseling, course selection, registration guidance, credit transfer, and appeal procedures. The CIE Office of Overseas Programs and Partnerships will coordinate the study abroad opportunities and advising. Both UWM's Office of Career Development and the School of Business Administration's Career Services Center (SBA-CSC) will provide career selection/placement activities.

Projected Enrollment (5 years)

The Global Studies program expects to accept approximately thirty new students each year. Approximately sixty graduates are expected in the first five years of the program.

Year	1 st year	2 nd year	3 rd year	4 th year	5 th year
New students admitted	30	33	36	36	36
Continuing students		27	54	84	84
Total enrollment		60	90	120	120
Graduating students				30	30

Assessment

The Global Studies major will undergo a review every two years by the CIE Advisory Committee and will also be subject to an annual review and evaluation by the Global Studies coordinating committee for the purpose of continuous improvement and update. UWM's Academic Program and Curriculum Committee will conduct a regular five-year review of the program. Assessments will involve external reviews, regular feedback from program staff, faculty, and internship supervisors, surveys and focus groups with students and alumni, and exit interviews with graduates.

Evaluation from External Consultants

External evaluations were extremely positive about the program's new vision of international education. One reviewer wrote, "I find this to be an innovative and exciting approach to internationalization of the curriculum in a way that addresses current societal/economic realities. ...I have looked to UWM as a model of a successful university internationalization effort." Another reviewer felt that the proposed programs bridged the current gap between the "broader liberal arts themes" and "practical training." All the reviewers applauded the inclusion of the study abroad and internship requirements and the emphasis on language competency in the context of the program's focus on pre-professional education.

Accreditation

The Global Management track of the Global Studies program meets the accreditation requirements of the American Association of Colleges and Schools of Business/International Association for Management Education. The program will ensure that any future tracks also meet the appropriate requirements.

Resource Needs

The Global Studies program received partial funding through a DIN request in the 1999-2000 state budget. That funding allowed UWM to hire ten faculty members for the program. Two additional faculty positions have been supported through The Milwaukee Idea's Global Passport Project. The College of Letters & Science and the School of Business Administration provide the additional resources for the program. The current funding is adequate to offer the Global Studies program and the Global Management track without additional resources or construction of new facilities.

	2001/2002		2002/2003		2003/2004	
CURRENT COSTS	# FTE	Dollars	# FTE	Dollars	# FTE	Dollars
Personnel Fac/Acad Staff						
L&S salary	7	\$589,775	7	\$615,689	7	\$642,733
SBA salary	3	353,359	3	368,885	3	385,088
M Idea/L&S	2	145,200	2	151,580	2	158,238
CIE salary**	1.5	71,311	1.5	74,163	1.5	77,130
Personnel Classified Staff						
CIE salary**	0.75	16,812	0.75	17,484	0.75	18,184
Non-personnel S&E						
L&S		40,000		40,000		40,000
SBA		15,081		15,081		15,081
M Idea/L&S		10,000		10,000		10,000
Subtotal	14.25	1,241,538	14.25	1,292,882	14.25	1,346,454
ADDITIONAL COSTS (Specify)						
Subtotal		0		0		0
TOTAL COSTS	14.25	\$1,241,538	14.25	\$1,292,882	14.25	\$1,346,454
CURRENT RESOURCES						
GPR –DIN	10	\$789,228	10	\$823,906	10	\$860,096
GPR – DIN S&E		50,000		50,000		50,000
GPR - L&S		31,547		32,932		34,379
GPR - SBA		127,440		132,816		138,427
M Idea/L&S	2	155,200	2	161,580	2	168,238
GPR –CIE	2.25	88,123	2.25	91,648	2.25	95,314
Subtotal	14.25	1,241,538	14.25	1,292,882	14.25	1,346,454
ADDITIONAL RESOURCES						
Subtotal		0		0		0
TOTAL RESOURCES	14.25	\$1,241,538	14.25	\$1,292,882	14.25	\$1,346,454

* fringe rates: 01/02 32%; 02/03 32.5%; 03/04 33%

** fringes not included for re-directed/previously employed CIE staff

RECOMMENDATION

The University of Wisconsin System recommends approval of Resolution I.1.d.(1), authorizing the implementation of the B.A. in Global Studies, UW-Milwaukee.

RELATED REGENT POLICIES

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

EDUCATION COMMITTEE

Resolution I.1.e.:

That, upon recommendation of the President of the University of Wisconsin System, the Board of Regents accepts the Annual Report on 2001 Undergraduate Drop Rates for submission to the Joint Committee on Finance.

REPORT ON 2001 UNDERGRADUATE DROP RATES

Executive Summary

BACKGROUND

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

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

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

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

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

REQUESTED ACTION

Acceptance of the Report on 2001 Undergraduate Drop Rates for submission to the Joint Committee on Finance.

DISCUSSION

In this report, drop rate refers to completed credits as a proportion of enrolled credits. For the purposes of Resolution 5045, the UW System 2001 drop rate was below the five percent threshold. The UW System has achieved the intent of Resolution 5045 by reducing the number of System-wide dropped credits. The Fall term System-wide drop rate has fallen from 5.5% in the Fall of 1988 to 3.0% in the Fall 2002. The Spring term System-wide drop rate has fallen from 5.1% in the Spring of 1989 to 3.1% in the Spring of 2001. On an annual basis, the drop rate has fallen from 5.3% in 1989 to 3.0% in 2001.

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

Drop rates among UW institutions ranged from 0.1% to 7.9% in the Spring 2000-01 and from 0.4% to 6.4% in the Fall 2000-01. Only one institution, the UW Colleges, exceeded the five percent threshold. The UW Colleges' Spring 2000-01 drop rate was 7.9% and their Fall 2001-02 drop rate was 6.4%. However, the annual drop rate for the UW Colleges has decreased to 7.1% from last year's 7.9%. The reduced drop rate at the UW Colleges may be attributable to specific actions they have taken in the past few years. These actions include:

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

The UW Colleges will continue to use these means to attempt to reduce the drop rate. However, given the mission of the UW Colleges and the students they serve, a five percent or lower drop rate may not be attainable.

RELATED REGENTS POLICIES

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

EDUCATION COMMITTEE

Resolution I.1.f.:

That, upon recommendation of the President of the University of Wisconsin System, the Board of Regents accepts the 2002 Research and Public Service Report for submission to the Joint Committee on Finance.

UNIVERSITY OF WISCONSIN SYSTEM 2002 RESEARCH AND PUBLIC SERVICE REPORT

EXECUTIVE SUMMARY

BACKGROUND

Section 36.45 (3) of the Wisconsin Statutes requires the University of Wisconsin System to report to the Governor and the Joint Committee on Finance the purpose, duration, cost and anticipated completion date of all research and public service projects for which it is expending general purpose revenues. The sixth of these biennial reports was submitted September 1, 2002, pending approval from the Board of Regents.

The Board of Regents approved the initial research and public service report during its July 10, 1992 meeting. The report was sent to the Governor and to the Joint Committee on Finance for their review. Based on their comments, a revised report was submitted in March 1993. The Governor and the Joint Committee on Finance accepted the revised report, and all subsequent reports.

The 2002 report follows the same format as the revised 1992 report. Financial and program information have been updated to reflect the 2001-02 fiscal year.

REQUESTED ACTION

Acceptance of the 2002 Research and Public Service Report for submission to the Joint Committee on Finance.

RELATED REGENT POLICIES

Regent Resolution 6032. There are no other Board Policies relating directly to this subject.

UNIVERSITY OF WISCONSIN SYSTEM

2002 RESEARCH REPORT

UNIVERSITY OF WISCONSIN SYSTEM 2002 RESEARCH REPORT

I. OVERVIEW

As shown in Table 1, the University of Wisconsin System’s 2001-02 GPR research budget was **\$72 million**. The majority of the research funding (**82.2%**) was in the UW-Madison budget.

**TABLE 1
RESEARCH FUNDING BY INSTITUTION
2001-02 FISCAL YEAR**

INSTITUTION	FUNDING	PERCENT
Madison	\$ 59,454,146	82.2%
Milwaukee	10,614,038	14.7%
Comprehensives and Colleges	1,188,834	1.6%
Systemwide	1,066,916	1.5%
Extension	-	-
Totals	\$ 72,323,934	100.0%

II. UW-MADISON RESEARCH

A. Background

UW-Madison’s 2001-02 GPR research budget was \$59.5 million. Some of the key facts about the research budget include:

- \$40.7 million was allocated to salaries and wages, and \$15.7 million was allocated to fringe benefits.
- The salary and wage budget provided funding for 437.38 unclassified and 315.43 classified FTE research positions.
- The budget was divided among three funds: general program operations, industrial and economic development, and distinguished professorships.
- The general program operations fund accounted for 98% of the total GPR research budget.
- Five schools and colleges accounted for approximately 85% of the general program operations GPR research budget: the Colleges of Agricultural and Life Sciences, Engineering, and Letters and Science, and the Graduate and Medical Schools. The budget for the College of Agricultural and Life Sciences alone was almost 50% of the general program operations research budget.

B. Use of Funds

The GPR research funding functions as an investment in UW-Madison's research enterprise. *It provides the core support and basic infrastructure that are required for the continued operation of sponsored research programs.* In a typical department, GPR research funds support the salaries of classified clerical and fiscal staff responsible for payroll processing and purchasing related to external grants, typing grant applications and correspondence related to grant activities, etc. Typical biological and physical science departments and campus-wide research support centers also budget GPR research funds for classified and unclassified technical support personnel, such as laboratory technicians, lab animal care staff, and instrumentation technicians. These positions form a human resource infrastructure that provided general support to sponsored research programs. Responsibilities of the positions are not limited to, or associated with, particular research grants or projects. Instead, they provide broad support to the total sponsored research program. Continuity of funding for these positions is a fundamental requirement. A department cannot, for example, hire and terminate a payroll benefits specialist whenever it begins and concludes a sponsored research project. The GPR research budget ensures continuity of funding.

The budget was also invested in partial salary support for faculty members. GPR research funds are budgeted for faculty salaries for a variety of purposes, including:

- match money for federal grants that require institutional contributions,
- supplements to existing sponsored research activities,
- support for a faculty member to compete for extramural funds, or
- "bridge" funds which support a faculty member's research efforts for an interim period when extramural funding has expired.

In 2001-02, the return on this investment in support staff and faculty salaries was \$561.2 million in extramural grants and contract awards.

C. Relationship of Research Funding and Research Projects

With the exception of legislated research projects and projects funded through the Faculty Research Committee, the GPR research budget is not allocated on a project basis or for narrowly defined research purposes. The support staff discussed above are rarely associated with specific research efforts or projects. Therefore, they are not budgeted in that manner. At any time, the research components of a particular faculty member's salary might be associated with multiple research projects (some federally and some privately funded) with different time frames and purposes. In these multiple projects, the salary serves different functions (e.g. as a required match in some, as a supplement in others, etc.). Alternatively, the research component of a faculty member's salary might

not be associated with any specific research projects; the faculty member might be writing one or multiple grant proposals. Given these complexities, GPR research funds for faculty salaries, like support staff salaries, are not budgeted for specific projects or narrowly defined research purposes.

D. Reductions and Reallocations

UW-Madison has absorbed significant reductions and made significant reallocations of its GPR research budget over the past 29 years. Since 1972-73, \$12.3 million of GPR funds has been cut by the state or reallocated to other programs (e.g. instruction, academic support). The reallocation resulted from three categories of funding shifts:

- institutional reallocations to meet institutional priorities,
- internal school and college reallocations to meet school and college priorities, and
- program and activity reclassifications.

In addition, there have been significant reallocations that did not affect the total GPR research budget. Existing GPR research funds have been shifted between school and colleges, and departments. Although there have been large individual reallocations, most reallocations are relatively small, take the form of vacant position transfers or redefinitions, and are conducted at the school or college level. ***The position approval process is the primary tool available to school and college administrators for reallocating the GPR research budget.***

Appendix 1 provides historical analysis of the UW-Madison research budget. Appendix 2 describes the research budget review process of the largest UW-Madison schools and colleges. Appendix 4 describes legislated UW-Madison research projects.

III. UW-MILWAUKEE RESEARCH

UW-Milwaukee's total 2000-01 GPR funded research budget was \$10.6 million. The specific use of more than 75% of this funding is reviewed on an annual basis. These funds are prioritized and assigned in several different ways.

- The Graduate School Research Committee awards modest amounts of funding, primarily earmarked for junior faculty, to develop new research programs.
- The Graduate School Office of Research Services and Administration provides matching funds on research grants to satisfy funding agency expectations, primarily in the form of required cost sharing on major equipment grants.
- The Graduate School research centers, laboratories, institutes, and offices fund continuing research projects and review the research of faculty and staff scientists.

- The College of Engineering and Applied Science awards matching funding on grants to senior faculty as well as seed money and release time from teaching to junior faculty to initiate research programs and projects.
- The College of Letters and Science assigns research funding based upon the research activity and extramural funding generated by faculty; this often serves as a match on grants.

The remaining 25% of the GPR research funding is committed on a permanent basis. These commitments are primarily used to support the research infrastructure. This total amount includes funding assigned to the Graduate School Office of Research Services and Administration and funding assigned to the various research support offices of the schools/colleges.

Table 3 in Appendix 1 provides a breakdown by school/college of GPR funded research expenditures for 1981-82, 1991-92, and 2001-02.

IV. UW COMPREHENSIVE INSTITUTIONS AND UW COLLEGES RESEARCH

Although nearly 97% of the UW System's GPR research funding is budgeted at UW-Madison and UW-Milwaukee, faculty at the comprehensive institutions also need to engage in research in order to remain current in their fields. The comprehensive institutions have established internally funded programs designed to encourage and support faculty and academic staff members to engage in research and other scholarly and creative activities. Funds are available for researchers, writers, artists, and performers who need project support for gathering data, accessing primary materials, equipment, services, supplies, student research collaboration, and clerical assistance. Funding awards are relatively small (\$100 to \$5,000)

The UW Colleges have established department-based funding for supporting professional development activities for all faculty and instructional academic staff. Funds are available for individual research, department-wide research, and attending professional conferences.

Funding awards range from \$100 to \$800.

V. SYSTEMWIDE RESEARCH

Funding for three UW System research programs is held in systemwide accounts. These programs include:

- **APPLIED RESEARCH**, which provides funding for UW System institutions for research addressing specific problems faced by Wisconsin industries. Details regarding this program are provided in a separate annual report to the State.

- DISTINGUISHED PROFESSORS, which provides partial support for 20 Distinguished Professor positions in the University of Wisconsin System. The GPR funding is matched by an equal or greater match from businesses and/or other non-GPR sources. At the end of the 1999-00 fiscal year, this funding supported ten professors at UW-Madison, three at UW-Milwaukee, Two at UW-Stevens Point, and one at La Crosse. An annual fiscal report is provided for this program.
- SOLID WASTE EXPERIMENT CENTERS, NONCOMPOSTIBLE LANDFILL AND SLUDGE, which provides funding to UW system institutions for research into the alternative methods for the disposal of solid waste. Details regarding these programs are provided in a separate annual report to the State.

APPENDIX 1
HISTORICAL ANALYSIS OF RESEARCH BUDGETS AT
UW-MADISON AND UW-MILWAUKEE

I. UW-MADISON

A. Background

UW-Madison's GPR research budget, excluding fringe benefits, increased by \$32.0 million between 1972-73 and 2001-02. The 1972-73 GPR budget reflects the State's "general purpose" base investment in UW-Madison's research enterprise at the time of merger. This base served the same purposes as the GPR research base does today: it provided a stable human resource infrastructure, opportunities for faculty to compete for extramural funds, and matching funds for gifts, grants and contracts. The \$32.0 million increase is a function of changes in the following four general categories of funding. (All amounts exclude fringe benefits.)

1. Compensation Increases.

This category includes all salary and wage related allocations, such as faculty, academic, and classified pay plans; catch-up; student wage increases; length of service pay; performance awards; quality reinvestment; pay equity, etc. Cumulative compensation increases over the period were approximately \$37.7 million.

2. Specific Research Allocations.

This category includes all legislated appropriations for specific research purposes, such as the Sea Grant Institute, Biotechnology Center, and Family Farm Institute. A list of these allocations is shown in Appendix 3. Total UW-Madison specific research allocations were approximately \$6.6 million. This amount reflects the sum of the initial allocations for these projects; subsequent pay plan increases related to the projects are included in the category above.

3. General Reductions and Allocations.

This category includes all general allocations that were not restricted to the research program, excluding compensation increases, such as productivity and base budget reductions, inflation offsets, and turnover savings. General reductions and allocations reduced the research budget by \$4.4 million over the period. The negative impact of this category is due primarily to mandated base budget reductions in 1980-81, 1981-82, 1985-86, 1995-96, 1996-97, and 2001-02.

4. Institutional Reallocations.

This category includes all GPR reallocations made by UW-Madison that resulted in a shift of funds to or from the research program. Net reallocations over the period reduced the GPR research budget by \$7.9 million.

Thus, since 1972-73, UW-Madison's "general purpose" GPR research budget has changed as a result of standard pay plan increases, specific research allocations, required budget cuts, and funds reallocated to other activities. The total GPR research budget increased by \$6.6 million due to legislated appropriations for specific research purposes. Assuming standard pay plans represent the cost-to-continue for the 1972-73 base budget, UW-Madison's current "general purpose" GPR research budget is approximately \$12.3 million lower than the budget that would have developed from the 1972-73 base. This is a minimum estimate because the impact of the reductions and reallocations on subsequent compensation increases has not been taken into consideration.

The extent of UW-Madison's internal reallocations is confirmed by two facts. First, as a percentage of total GPR, GPR budgeted for research was approximately the same in 2001-02 (18.9%) as it was at merger in 1972-73. (Figures represent research GPR taken as a percent of total GPR excluding special purpose appropriations, such as debt service, utilities, etc.) However, approximately \$9.7 million of the current budget consists of those legislated, specific research projects that did not exist in 1972-73. If the \$9.7 million is excluded from current budget amounts, the current research portion becomes 15.8%, or a 3.1 percentage point decline.

Second, the change in research FTE positions funded by GPR also reflects substantial reallocation. In 1973-74 (1972-73 FTE data are not available), 738.01 FTE GPR funded positions were budgeted on research. In 2001-02, 752.81 FTE GPR funded positions are budgeted on research—similar to 1973-74. However, over that period UW-Madison received additional 146.63 FTE positions for legislated, specific research projects. If these positions are removed from the current budget, there has been a net reduction of 131.83 FTE. This reduction represents a minimum because it does not include reallocations of positions required for some legislated projects for which FTE's were not provided.

B. Reallocations

The net reduction of \$7.9 million of GPR funded research represents the effects of several types of funding shifts: institutional level reallocations to meet new institutional priorities, internal school and college reallocations to meet new institutional priorities, internal school and college reallocations to meet new school college priorities, and reclassification of existing activities. In the first two cases, funds are removed from an existing function, which is usually terminated, and applied to an alternate function. In the

latter case, a particular function continues to be funded, but it is redefined as another activity such as instruction, academic support, etc. These reclassifications occur because program definitions evolve through time.

In aggregate, internal school and college reallocations account for most of the institution's total reallocations. School and college deans and faculty members have the greatest knowledge concerning their respective disciplinary areas and are in the best position to recognize and act upon changing needs and priorities in their various programs. Typically, such reallocations are relatively small in magnitude (i.e. less than \$100,000), so that the \$7.9 million total is the result of many individual decisions to reallocate funds over the past twenty-nine years. Some examples of UW-Madison's GPR research reallocations are listed below.

1. Institutional Reallocations.

- In 1995-96, UW-Madison reallocated \$118,000 to support and enhance the research program in the School of Pharmacy.
- From 1992-93 and 1994-95, UW-Madison reallocated over \$1.6 million of GPR research funds as part of the institution's Quality Reinvestment Plan. The plan involved examination of all of the institution's programs and a redirection of funds to meet unfunded priority needs.
- In 1988-89, \$113,000 was reallocated from research to support development and implementation of automated registration.
- In an effort to strengthen UW-Madison's public service mission, the institution established the Division of University Outreach in 1984-85. The new division was partially funded through a \$100,000 reallocation from the research budget.

2. Internal School and College Reallocations.

- In 1996-97, the School of Veterinary Medicine reduced its research budget by \$90,000 to support greater faculty effort in the area of public service.
- In 1994-95, the College of Engineering reallocated approximately \$176,000 from research to instruction to support graduate education programs.
- In 1976-77, the School of Family Resources and Consumer Sciences shifted \$11,000 in faculty salaries from research to instruction after a faculty member retired.
- To meet instructional program requirements, \$78,000 for a vacant position in the Medical School was reallocated from research to instruction in 1980-81.

- To encourage retention of a faculty member in 1984-85, the College of Engineering provided a research opportunity at the Engineering Experiment Station. This effort required the college to reallocate \$10,000 to the research budget.
- In 1987-88, the College of Letters and Science conducted a \$567,000 reallocation from research to instruction to meet the expenses of operating a quality instructional program. At that time, competitive starting salaries for faculty in such areas as Computer Science had increased significantly beyond the growth rate in the college's instructional budget. The college also faced a high priority need for microcomputers and other technical equipment to adequately meet the needs of students.

3. Reclassification

- In 2000-01, the Law School reclassified approximately \$142,000 of research activity to student services to meet appropriate program definitions.
- In 1999-00, the College of Engineering reclassified staff and computing resources, which support research from academic support to research, resulting in a \$100,000 increase in the research budget.
- In 1995-96, approximately \$227,000 was reclassified from research to academic support as the UW Press budget was realigned to reflect appropriate activity code definitions.
- In 1993-94, approximately \$144,000 was reclassified from research to physical plant as the Biological Safety Office was transferred from the Graduate School to the Division of Facilities Planning and Management.
- In 1985-86, Earthwatch and Public Information Programs in the Institute for Environmental Studies were reclassified from research to public service, causing a \$20,000 decrease in the research budget.
- The Guidance Institute for Talented Students in the School of Education was reclassified as a public service activity in 1978-79; \$61,000 was shifted from research to public service.
- In 1982-83, \$405,000 was reclassified from research to experimental farms to appropriately reflect the magnitude of farm operations in the College of Agricultural and Life Sciences.
- In 1989-90, administration of the extramural support program in the Medical School was reclassified from academic support to research in accordance with appropriate activity definitions. The reclassification produced an \$84,000 increase in the research budget.

- In 1991-92, \$160,000 for undergraduate research fellowships was reclassified from instruction to research.

These examples illustrate the types of reallocations and funding shifts that affect the aggregate GPR research budget at the UW-Madison. There are, however, other reallocations that do not necessarily impact UW-Madison's aggregate GPR research budget. These reallocations take the form of GPR research funding shifts within and among schools and colleges.

Table 2 shows the portion of the total GPR budget accounted for by each school, college, and administrative unit in 1981-82, 1991-92, and 2001-02. To isolate the effects of budget shifts between colleges, all legislated specific GPR research allocations have been excluded. The table indicates, for example, that in 1981-82, the Graduate School, the Medical School, and the College of Engineering accounted for approximately 20%, 8% and 5% of the GPR research budget respectively. By 2001-02, these units accounted for approximately 14%, 14%, and 3% of the GPR research budget respectively. Each percentage point increase or decrease was equivalent to approximately \$300,000 in base GPR funding. Part of these shifts is attributable to formal reallocations between divisions, and part is attributable to greater incremental funding being directed to, for example, the Medical School. Other units also show significant change.

TABLE 2
 UNIVERSITY OF WISCONSIN-MADISON
 COMPARISON OF GPR RESEARCH BUDGETS
 1981-82, 1991-92, AND 2001-02

DIVISION	1981-82		1991-92		2001-02	
	<u>Funding</u>	<u>Percent</u>	<u>Funding</u>	<u>Percent</u>	<u>Funding</u>	<u>Percent</u>
Business Services	\$227,364	1.2	\$413,875	1.7	\$0	0.0
Division of Information Technology	\$0	0.0	\$76,000	0.3	\$153,000	0.4
College of Agricultural and Life Sciences	\$10,254,450	54.3	\$14,164,220	59.2	\$18,716,377	54.9
International Studies	\$0	0.0	\$0	0.0	\$178,340	0.5
School of Education	\$224,363	1.2	\$194,769	0.8	\$126,411	0.4
College of Engineering	\$908,932	4.8	\$561,867	2.3	\$1,119,346	3.3
School of Human Ecology	\$36,405	0.2	\$38,953	0.2	\$41,339	0.1
Graduate School	\$3,737,545	19.8	\$4,107,222	17.2	\$4,825,075	14.2
Institute for Environmental Studies	\$79,289	0.4	\$47,760	0.2	\$123,205	0.4
Law School	\$147,458	0.8	\$272,656	1.1	\$372,008	1.1
College of Letters and Science	\$1,486,889	7.9	\$1,122,519	4.7	\$1,623,879	4.8
Medical School	\$1,541,276	8.2	\$2,465,524	10.3	\$4,712,671	13.8
School of Nursing	\$0	0.0	\$29,261	0.1	\$89,007	0.3
Psychiatric Institute	\$176,034	0.9	\$240,654	1.0	\$345,674	1.0
School of Pharmacy	\$52,066	0.3	\$197,063	0.8	\$286,460	0.8
School of Veterinary Medicine	\$0	0.0	\$0	0.0	\$1,169,117	3.4
Campus-wide (Undergrad Res. Fellowships)	\$0	0.0	\$0	0.0	\$200,000	0.6
Total	\$18,872,071	100.0	\$23,932,343	100.0	\$34,081,909	100.0

Note: Excludes Fringe Benefits and Legislated Research Projects.

UW-MILWAUKEE

Table 3 shows the portion of the total GPR budget accounted for by each UW-Milwaukee school, college, and administrative unit in 1981-82, 1991-92, and 2001-02. The largest research budgets are found in the Graduate School, the College of Letters and Science, the College of Engineering and Applied Science, and the Milwaukee Idea.

TABLE 3
UNIVERSITY OF WISCONSIN-MILWAUKEE
COMPARISON OF GPR RESEARCH BUDGETS
1981-82, 1991-92, AND 2001-02

DIVISION	1981-82*		1991-92*		2001-02	
	<u>Funding</u>	<u>Percent</u>	<u>Funding</u>	<u>Percent</u>	<u>Funding</u>	<u>Percent</u>
General Education Administration	\$0	0.0	\$0	0.0	\$3,000	0.0
Administrative Affairs	\$7,905	0.2	\$45,647	0.7	\$18,248	0.2
General	\$18,837	0.5	\$796	0.0	\$0	0.0
Academic Affairs	\$0	0.0	\$0	0.0	\$716,932	6.7
Health Sciences	\$0	0.0	\$26,260	0.4	\$100,965	0.9
Architecture and Urban Planning	\$14,171	0.4	\$48,721	0.7	\$146,186	1.4
Business Administration	\$68,216	1.8	\$418,305	6.0	\$216,768	2.0
Education	\$25,432	0.7	\$145,871	2.1	\$151,875	1.4
Engineering and Applied Science	\$253,936	6.8	\$534,380	7.7	\$890,466	8.3
Arts	\$8,354	0.2	\$0	0.0	\$0	0.0
Graduate School	\$2,156,399	57.7	\$2,805,879	40.4	\$3,536,236	33.0
Information and Media Technology	\$31,831	0.9	\$273,727	3.9	\$278,456	2.6
Letters and Science	\$544,529	14.6	\$1,108,493	16.0	\$1,447,242	13.5
Nursing	\$10,926	0.3	\$140,395	2.0	\$227,532	2.1
Social Welfare	\$25,959	0.7	\$55,938	0.8	\$177,521	1.7
Academic Support	\$75,000	2.0	\$0	0.0	\$0	0.0
Unit Wide	\$493,232	13.2	\$1,344,220	19.3	\$2,702,611	26.2
Total	\$3,734,727	100.0	\$6,948,632	100.0	\$10,614,038	100.0

* Includes Federal Indirect Cost Reimbursement amounts of \$238,800 in 1981-82 and \$338,800 in 1991-92.

APPENDIX 2 UW-MADISON RESEARCH BUDGET REVIEW PROCESS

I. BACKGROUND

Five UW-Madison schools and colleges accounted approximately 85% of the 2001-02 general program operations GPR research budget: Colleges of Agricultural and Life Sciences, Engineering, and Letters and Science, and the Graduate and Medical Schools. Historically, these units have effectively accounted for UW-Madison's total GPR research budget, excluding any legislated specific research allocations. Table 2, which excludes such allocations, shows that these units accounted for over 90% of the research budget in 2001-02.

II. COLLEGE OF AGRICULTURAL AND LIFE SCIENCES

A. Background

The College of Agricultural and Life Sciences (CAL S) has the single largest school or college GPR research budget at the UW-Madison. Its 2001-02 budget was \$20.4 million, which was approximately 50% of the UW-Madison general program operations GPR research budget and over twice as large as the next largest school or college GPR research budget. CAL S accounted for 322 of the 753 FTE total research positions funded by GPR.

The relative size of CAL S GPR research budget illustrates its status as a "special case" among UW-Madison schools and colleges. To a great extent, the anomalous size of the research budget is the result of certain federal and state policies dating back to the 1800s. Briefly, in the nineteenth century, the Hatch-Adams Act created the federal land grant system, which established land grant educational institutions and agricultural experiment stations in each state. In Wisconsin, UW-Madison was established as the land grant institution, and the state agricultural experiment stations were administered by the institution's agricultural college. Until the 1940s, the federal government sponsored research at experiment stations through fixed allocations of funds under the Hatch program. The State of Wisconsin also funded agricultural research at the experiment stations through the agricultural college. When, in the 1940s, the modern era of accelerated research and development spending began, the Hatch program was modified to promote greater agricultural research activity. The federal government modified the program to distribute funds on a formula basis, which required and gave weight to state contributions to agricultural research. To qualify for these formula funds, states budgeted greater amounts of research funds through their land grant agricultural colleges and experiment stations. Hatch funds are still distributed on this formula basis.

As a consequence of this infusion of state research funds, state funded research budgets at most land grant agricultural colleges are relatively large when compared with other state funded research programs. Some land grant agricultural colleges separately budget their

state contribution to agricultural research, as does UW-Madison. Others separately budget a portion and fund the remainder through a fixed allocation of instructional funds to departmental research. In any case, the relative size of the CALS research budget when compared with other UW-Madison schools and colleges is similar to relative budget levels at other land grant institutions.

B. Use of Funds

The CALS GPR research budget is divided among 30 academic departments and research centers. It is well distributed across these departments. The budget provides funding for 228.67 unclassified and 93.08 classified FTE positions. CALS conducts several legislated research projects, including the Family Farm and Cheese Research Institutes, Nonpoint Source Pollution Control, and Sustainable Agriculture. The intent and budget of the legislation authorizing these projects are appropriately observed by the college. The budget for these projects is approximately \$1.7 million, excluding fringe benefits.

The primary purpose of the CALS GPR research budget is to provide core support and basic infrastructure for the extramurally funded research program. The budget, which is almost exclusively allocated for salaries, is essentially divided between faculty and support staff. Support staff positions, both classified and unclassified, include titles such as laboratory managers, laboratory technicians, and fiscal and clerical support staff. Most of these positions provide general research support to a department and are allocated based on program need (e.g. animal science departments require animal caretakers). Continuity of funding for such general support positions is a fundamental requirement of departmental research programs; GPR research funds guarantee this continuity. In contrast, support positions directly involved in discrete research projects are funded by gifts, grants, or contracts.

C. Allocation/Reallocation of Funds

The allocation of the GPR budget across departments and disciplinary areas is designed to shape and conform to the long-range research agenda established by CALS administrators and faculty. Their ability to direct research programs in the short term is, however, limited to discretionary funding authority in certain non-GPR funding categories, such as Hatch formula funding. For example, if CALS determines that agricultural systems research is of high priority, it can designate a certain portion of Hatch funds for that use and specifically invite proposals in that area. Although all research proposals made to Hatch and other federal formula funds are peer-reviewed, there are normally many more projects recommended for funding by the peer-review process than there are resources to fund. Thus, there is some flexibility to select peer-review approved projects that are of highest priority and consistent with CALS research objectives.

In the longer term, CALS is able to shape the research direction of the college by adjusting the GPR research budget. By approving or not approving open faculty and academic staff positions, CALS administrators are able to exercise their greatest control

of CALS long-range research direction. When a position opens in the college, administrators evaluate with departmental faculty and academic staff the type of position that should be defined to replace the departing staff member. Eventually, the department chair and executive committee define a position that is then forwarded to CALS administration and considered for funding along with other open positions in the college. Through these critical decisions to fill or not fill certain defined positions, the long-range direction of CALS research is focused.

Thus, the CALS GPR research budget process is primarily determined by its long-range research agenda. The agenda is implemented on an incremental basis, as unclassified positions are vacated and made available for reallocation or redefinition. Position approval is the primary tool available to CALS administration for controlling the future direction of CALS research. Because faculty positions are tenure track positions, these decisions have implications far into the future, particularly when young faculty members are being hired.

D. Determining the Research Agenda

There are many determinants of the CALS long-range research agenda. The most important determinant is the judgment of knowledgeable scientists about areas that constitute promising and feasible research. The evolution of scientific knowledge is the principal determinant of the research agenda. Examples of other determinants of the CALS research agenda include the following.

- The U.S. Department of Agriculture's (USDA) User Advisory Board consists of agricultural, agribusiness, and state government representatives. The board helps define emphasis areas and future funding directions for USDA research programs, which in turn influences CALS research programs.
- Agricultural experiment station directors, operating through such organizations as the Experiment Station Committee on Organization and Policy and the National Association of State Universities and Land Grant Colleges, meet frequently to assess national agricultural and natural resource research needs. The research agenda developed through their deliberations influences the CALS research agenda.
- One of the considerable strengths of a land grant institution is that it fosters close relationships between research and extension/outreach faculty. Such close relationships exist in CALS programs. County extension staff members, because of their frequent contact with farmers, agribusiness, and other research users, have a well-informed sense of the research needs that exist across the state in agricultural, natural resources, and community development.
- County staff is also influenced by elected county officials who serve on agricultural and extension committees of county boards. Structures and programs exist within extension to ensure that local concerns are communicated to campus researchers.

- The Wisconsin Agricultural Experiment Station cooperates with the USDA Cooperative State Research Service in reviewing each CALS department every five years. Review committees, composed largely of professionals from other land grant institutions; offer advice on the research direction of departments.
- Approximately half of the CALS departments have one or more advisory committees, which provide advice and guidance on research efforts. Advisory board members are drawn from all of a department's user groups, including employers, former students, county extension staff, state agency representatives, farmers and business leaders.
- Many interdisciplinary, applied research programs have advisory panels of citizens and users who influence the CALS research agenda. Research programs funded through state authorized marketing orders are required to have marketing board oversight of funds used for research programs. These boards work closely with the research staff in defining important research needs and advising on research project funding. Dairy product and market development, potato, cranberry, and fertilizer and lime marketing research efforts are examples of these types of research programs and advisory committees.

III. GRADUATE SCHOOL

A. Use of Funds

The 2001-02 GPR research budget for the Graduate School was \$7.4 million, which constitutes the second largest school or college research budget at the UW-Madison. The entire budget was used for salaries and wages and provided funding for 58.39 unclassified and 79.82 classified FTE research positions. All of the GPR funded unclassified research positions in the Graduate School are non-faculty positions. The school administers several technical and specialized research centers, which provide support to departments campus-wide and employ a significant number of unclassified scientific and technical support personnel, such as instrumentation technicians and specialists.

B. Allocation/Reallocation of Funds

The Graduate School's GPR research budget is divided among four general categories or functions: legislated research programs and projects, flexible interdepartmental funds, compliance units and units that provide broad support to departments campus-wide, and interdisciplinary research centers.

1. Legislated Research Programs

Legislated research programs and projects account for approximately \$2.6 million of the Graduate School's general program operations GPR research budget. The school observes the intent and budget of the legislation authorizing these programs. These

programs include the Biotechnology Center and Transfer Office, Sea Grant Institute, and the Groundwater Research program. (The Graduate School also administers the separate Industrial and Economic Development fund, which is not included in the budget total above.) Approximately 39 FTE research positions were budgeted for these programs.

2. Interdepartmental Research Support

Approximately \$1.0 million of the Graduate School's GPR research budget is allocated for general interdepartmental research support. The funds are allocated on a competitive basis by the Faculty Research Committee to support specific research projects or activities. The committee, which is composed of 40 faculty members and includes members from all four divisional affiliations (i.e. Biological Sciences, Humanities, Physical Sciences, and Social Sciences), annually issues a request for proposals, and proposals are evaluated in a peer review process (e.g. humanities faculty members review humanities proposals). Although flexible in principle, the funds are essentially intended to function as an investment, which enables faculty members to remain current in their fields, or which provides start-up research opportunities for young faculty members. In the context of that intent, awards are made for a variety of specific purposes: as exclusive funding for a particular research project, as a supplement to a successful extramural award, or as leverage funds which finance a portion of a faculty member's time while the faculty member completes a research grant proposal. This fund was created in the 1950's and has not been subject to substantial reallocation over time. It has increased or decreased from year to year primarily as a result of standard pay plan increase, mandated budget cuts, etc.

3. Research Compliance and General Research Support

A substantial portion of the Graduate School's GPR research budget is allocated to research compliance units and general research support units. The mission of the Graduate School entails management and budget responsibilities for compliance issues associated with federally supported research programs and campus-wide research support facilities and programs. Examples of such units include the Research Animals Resources Center, the Physical Sciences Laboratory, Biotron, and the University Industry Research program. The total GPR research budget for these units is \$2.1 million. GPR budgets for compliance units (\$0.7 million) are based on total research effort at the UW-Madison and work complexities imposed by federal regulations. In general, research support units are expected to charge users for actual costs. Moderate subsidies (\$1.4 million in total) have been allocated to these units in the past and are rotated among units as business levels fluctuate. The subsidies ensure continuity of operation during periods of reduced revenues.

4. Interdisciplinary Research Support

Approximately \$1.7 million of the GPR research budget is allocated primarily to classified salary support for Graduate School Interdisciplinary research units. These units include the Waisman Center, Synchrotron Radiation Center, Aquatic Sciences, Space

Science and Engineering Center, Molecular Biology, Institute for Molecular Virology, and the Institute on Aging and Adult Life. The Graduate School engages in an ongoing evaluation of the units to determine whether reallocations of GPR funds are required. The school bases unit budgets on their success in competing for extramural grants and contracts, using rolling three to five year averages of gift and contract expenditures and earned overhead to determine and reallocate GPR budgets.

IV. MEDICAL SCHOOL

A. Use of Funds

The 2001-02 GPR research budget in the Medical School was \$5.0 million and was used entirely for salaries and wages. The Medical School's budget provided funding for 52.68 unclassified and 38.07 classified FTE research positions. The GPR research budget is allocated among 20 Medical School departments.

The primary purpose of the Medical School's GPR research budget is to provide the basic infrastructure needed to conduct extramurally sponsored research. This infrastructure investment resulted in \$162.2 of extramural research grants and contracts in 2001-02. The Medical School generates more extramural research funding than any other school or college at the UW-Madison.

B. Allocation/Reallocation of Funds

1. Extramural Support Office

In allocating the GPR research budget, the Medical School's highest priority is to provide funds to its Extramural Support Office. In 2001-02, approximately \$103,000 of GPR research funds was budgeted for partial support of two academic and two classified staff members in this office. The office reviews extramural support applications before formal submission to funding agencies. Applications are reviewed for consistency with institutional and Medical School policies. Budget calculations, rate selection, personnel identification, and contract terms are also reviewed.

2. Human Subjects Review Committee

The second priority for the Medical School's GPR research budget is the Human Subjects Review Committee. Federal guidelines require the establishment of such a committee to ensure that the rights and well-being of human subjects in medical research are protected. The committee is primarily funded by UW-Madison's Center for Health Sciences—Administration unit. However, to help reduce the review backlog of the committee, the Medical School annually reallocates GPR research funds to provided supplemental support.

3. Legislated Research Projects

The Medical School conducts three legislated research projects: the Cancer Care Program, the Arthritis Consultation Center, and Mechanical Heart Research (excludes general research support provided by the legislature in the 1973-74 “Advanced Programs in the Medical School” DIN). The school appropriately follows the intent and budget of the legislation authorizing these projects. The combined budget for the projects in 2001-02 was approximately \$0.3 million.

The vast majority of the Medical School’s GPR research budget is allocated for the infrastructure support of research programs in academic departments. In a typical Medical School department, GPR research funds are allocated for the following: a small portion of the department chair’s salary for administrative time dedicated to research programs; a maximum of 50% of the department administrator’s salary for time dedicated to research programs; salary for 1 FTE fiscal clerk for processing payroll and purchasing related to research and reviewing budget status reports for principal investigators; salary for 1 FTE secretarial or clerical position for typing grant proposals, manuscripts, research results, and correspondence related to grant activities; and a maximum of 25% of the salaries for as many as six faculty members, either to supplement (and/or provide match) existing extramural funding or to provide “bridge” funds while a faculty member competes for sponsored research.

C. Reallocation Flexibility

Given the volume of sponsored research generated by the Medical School, the school’s \$5.0 million GPR research budget can support only a minimal level of departmental research infrastructure requirements. Consequently, the school does not have available a significant amount of flexible funds for potential reallocation. [Delete the last line]

As is generally the case throughout the institution, the school’s principal source of GPR research funds for reallocation consists of vacated positions. The school requires that position FTEs and funding revert to the Dean upon vacancy for retirement, resignation, or termination. Vacant positions and associated funding are reallocated after reviewing position and funding requests from all departments. This process has produced net reallocations among programs (research, instruction, etc.) and departments. However, scarcity of resources across departments, and within programs, has resulted in a reallocation pattern that heavily favors departments that initially produced a vacant position and program definitions for new positions that resemble those that have been vacated.

V. COLLEGE OF LETTERS AND SCIENCE

A. Use of Funds

The 2001-02 GPR research budget for the College of Letters and Science was \$1.9 million. This amount included \$0.3 million budgeted for the LaFollette Institute for Public Affairs, which was authorized by specific legislation. The budget provided funding for 61.27 classified FTE research positions in Letters and Science departments. Departmental GPR budgets for classified research salaries ranged from over \$318,000 in the Chemistry Department to \$1,500 in the Humanities Research Institute. Six departments accounted for over \$1.1 million of the classified salary total: Chemistry, Physics, Center for Limnology, Zoology, Psychology, and Botany.

B. Allocation/Reallocation of Funds

The budget provides core program and administrative support for departmental research activities through partial funding of such positions as financial specialists, pay and benefits specialists, fiscal clerks, and program assistants. These positions are funded in recognition of the added administrative requirements generated by extramural gift and contract programs. GPR research budgets for departments in the biological and physical sciences tend to be larger than budgets for other departments for two reasons: (1) biological and physical science departments generate a significantly larger volume of extramural research grants and contracts and, therefore, have greater administrative support needs; and (2) these departments require specialized technical support from classified staff, whereas other departments do not. For example, research programs in the departments of Chemistry and Physics require the technical support of such positions as instrument makers, electronics technicians, and mechanics.

In general, the college maintains the core support from year to year on a relatively constant basis to ensure efficiency and continuity. However, whenever a position vacancy occurs, any research component of the position (as well as other program components) is carefully reviewed by departmental and college administrators. Reallocation of GPR research funds in the College of Letters and Science is conducted primarily through the position approval process.

VI. COLLEGE OF ENGINEERING

A. Use of Funds

The 2001-02 GPR research budget for the College of Engineering was \$1.4 million and was allocated entirely for salaries and wages. The budget provided funding for 12.70 unclassified and 12.00 classified FTE research positions. This budget is divided among four general categories of research activity; research proposal development and administration, interdisciplinary and multiple user research facilities support, departmental support staff, and legislated research projects.

1. Engineering Experiment Station

The first two categories are budgeted with the College's Engineering Experiment Station, which accounts for approximately one-half of the Engineering GPR research budget. The GPR budget for the Engineering Experiment Station provides funding for the operations of the Office of the Associate Dean for Research and Graduate Programs. This office is responsible for the liaison function between college research faculty and external funding sources, proposal development, and clerical support staff. In addition, the GPR budget for the Engineering Experiment Station supports interdisciplinary and multiple user research facilities. Approximately 7 FTE scientific and technical research staff – instrument innovators, instrumentation technicians, and assistant scientists – in five facilities are supported by GPR funds. Funding for a base level of supplies, equipment maintenance, and other facilities needs is also provided. These facilities include the Materials Science Center, Center for Applied Microelectronics, Graphics and Visualization Laboratory, Water Science and Engineering Laboratory, and the Laboratory for Parallel Computation in Engineering. These centers and laboratories provide basic infrastructure support for the research activities of faculty members from many departments within Engineering and across campus.

2. Support Staff

The third general use of the Engineering GPR research budget is to provide partial support of clerical, and administrative and technical support staff in the departments and research program offices throughout the college. All staff members in this capacity are classified. Six departments, excluding the Engineering Experiment Station, receive classified salary support for their research program offices and personnel. Departmental GPR budgets for this purpose range from \$10,000 to \$43,000. GPR funds are allocated for this purpose in recognition of the additional demands that research activities place on departmental support staff.

3. Legislated Research Projects

The College of Engineering conducts two GPR funded, legislated research projects: Materials Engineering (Ceramics) and Engineering Quality (Thin Film Deposition and Applications, and Automation and Robotics). The intent and budget of the legislation authorizing these projects are appropriately followed.

B. Allocation/Reallocation of Funds

With the exception of the two legislated research projects, the College of Engineering GPR research budget is limited to providing basic infrastructure support to Engineering research programs. Administrative, program, and clerical support staff responsible for managing and meeting the various demands of the research program, either with departments or across the entire college, are partially funded with GPR. Technical support staff and basic facilities support expenses in several multiple user facilities are

also funded. These functions represent basic, fixed requirements of the Engineering research program and are not subject to significant variance in the short term. As a result, the college does not exhibit substantial reallocation of GPR research funds over short time periods: funds are effectively committed to on-going needs.

However, the College of Engineering does conduct limited reallocation exercises on a continuing basis with any flexible funds that can be identified. As research opportunities become available in emerging technologies, the college makes an effort to commit start-up, matching, or leveraged GPR funds to the new research program areas. Occasionally, some flexible GPR funding becomes available as existing research programs mature to levels of self-sufficiency.

**APPENDIX 3
UNIVERSITY OF WISCONSIN SYSTEM
LEGISLATED RESEARCH PROJECTS
1973-74 THROUGH 2001-02**

RESEARCH PROJECTS **2001-02 BUDGET**

<u>UW-MADISON</u>	<u>\$10,236,696</u>
A. Advanced Programs in the Medical School	\$50,800
B. Agriculture Research Consortium/Cooperative Research	\$290,218
C. Arthritis Consultation Center	\$96,067
D. Biology Faculty Initiative	\$430,000
E. Biotechnology Center/Biotechnology Transfer	\$1,049,968
F. Cancer Care Program	\$62,100
G. Center for Integrated Ag. Systems/Sustainable Ag.	\$347,696
H. Cheese Research Institute	\$292,637
I. Family Farm Institute	\$159,768
J. Geographic Information Systems	\$109,538
K. Groundwater Research	\$270,000
L. LaFollette Institute for Public Affairs	\$242,529
M. Materials Engineering	\$185,000
N. Mechanical Heart Research	\$100,000
O. Nonpoint Source Pollution Control	\$134,987
P. Sea Grant Institute	\$1,252,511
Q. Small Scale Waste Systems	\$234,190
R. School of Veterinary Medicine	\$3,637,989
S. Wisconsin Idea – Engineering Quality	\$94,000
T. Industrial and Economic Development Research Fund	\$884,464
U. Distinguished Professorships	\$312,234

Note: Item T. includes fringe benefit funding

<u>UW-Milwaukee</u>	<u>\$1,170,356</u>
A. Grant Matching and Research Committee Awards	\$598,956
B. Great Lakes Water Institute	\$102,800
C. Research in Engineering and Technology	\$54,000
D. Technology Transfer	\$107,600
E. Milwaukee Research Plan	\$220,600
F. Manufacture of Metal Composites	\$86,400

Note: Item A. represents the current 101-4 budget; items B. through F. are actual legislated allocations over period of 1973-74 through 2000-01.

<u>SYSTEMWIDE</u>	<u>\$1,352,805</u>
A. Applied Research	\$438,805
B. Distinguished Professors	\$759,100
C. Solid Waste Experiment Centers, Noncompostible Landfill and Sludge	\$154,900

UNIVERSITY OF WISCONSIN SYSTEM TOTAL **\$12,759,857**

APPENDIX 4 LEGISLATED RESEARCH PROJECTS

I. UW-MADISON

A. Advanced Programs in the Medical School

In 1973-74, the UW-Madison Medical School received funding for research to advance the understanding of medical applications in:

- advanced clinical care of cancer patients;
- rehabilitation of the aged;
- law enforcement pathology; and
- environmental and occupational medicine

This funding was added to the Medical School's GPR research base to support research efforts in the prescribed areas. The funds remain in the Medical School's GPR research budget and provide base support for the Medical School's research program.

B. Agriculture Research Consortium Cooperative Research

The UW System's Agriculture and Natural Resources Consortium was established approximately 20 years ago. Its primary purpose is to foster coordination and cooperation in research and extension planning among the agriculture and natural resource programs at UW-Madison, UW-Platteville, UW-River Falls, UW-Stevens Point, and UW-Extension. The consortium promotes excellence in undergraduate and graduate training, and, through these funds, supports applied research for stronger information outreach related to agriculture and natural resources areas.

The funds are administered through the UW-Madison College of Agricultural and Life Sciences. Projects are normally established for a two-year period, subject to renewal.

To maximize the effectiveness of the research funding, consortium members are targeting selected research areas each year. Areas that are currently emphasized include rural health and youth issues, forest landscape diversity, tourism development, and alternative agriculture products and uses of products. Each of these areas has a significant impact on the economic viability of Wisconsin's rural communities. The list of targeted research areas is reviewed periodically to respond to changing and emerging needs in Wisconsin agriculture, forestry, and tourism.

C. Arthritis Consultation Center

This project provides base support for the research program in the Arthritis Consultation Center, which is located within the Section for Rheumatic Disease at the UW-Madison Center for Health Sciences. Research efforts focus on improving diagnostic and

therapeutic services to patients suffering from connective tissue diseases. In addition to providing clinical care services and conducting related research, the Center has developed consultative, educational outreach services for physicians, hospitals, and other institutions throughout the State of Wisconsin.

D. Biology Faculty Initiative

This initiative provided continuing base salary and fringe benefit support (and one-time start up funding) for additional 8 FTE faculty members in the biological science. The new faculty members were placed in a variety of departments, including Genetics, Chemistry, Zoology, and Animal Health and Biomedical Sciences. Research focus of the new faculty members are interdisciplinary efforts in biotechnology and genomics.

E. Biotechnology Center/Biotechnology Transfer

The mission of the Biotechnology Center is to maximize the benefits of biotechnology to UW-Madison, the UW System, the State of Wisconsin, and the nation by supporting, coordinating, advancing, and disseminating biotechnology and related activities.

The Center operates five service facilities that provide state-of-the-art shared services, equipment, and trained personnel to support campus research and the research needs of Wisconsin biotechnology businesses. The service facilities include Protein/DNA Sequence/Synthesis, Protein Purification, Transgenic Mouse, Hybridoma, and Bioinformatics.

The Biotechnology Center also conducts its own research program. Current research efforts include projects on enzyme engineering, plant biotechnology, and methods development. In addition, the Center has formed multidisciplinary applied research consortia in the areas of biopulping and bioremediation. The Center is forming new consortia in the areas of biomaterials and bioscience.

The Biotechnology Center also disseminates knowledge, information, and technology to state government agencies, businesses, and educational institutions through active technology transfer and public education efforts.

The Biotechnology Transfer Office was established to improve interactions between Wisconsin's biotechnology business community and Wisconsin universities. The office, which is part of the Biotechnology Center, initiated a three-tiered approach to improve interactions with Wisconsin Industry. This approach includes:

- Wisconsin Busses Newsletter. The monthly newsletter reports on news and information that is important to Wisconsin's biotechnology community; provides a chronicle of the issues, events, and growth of the biotechnology industry in Wisconsin; and includes regular articles on legislative activities relevant to biotechnology, company profiles, investment and partnership opportunities, research highlights and technology briefs, etc. The newsletter is intended as an informational and marketing tool both inside and outside of Wisconsin. It is sent to biotechnology

companies, state biotechnology agencies, legislators, and researchers. At present, there are approximately 3,000 recipients of the newsletter.

- **Wisconsin Biotechnology Company Database.** The newsletter and direct interactions with companies enable the Biotechnology Transfer Office to compile current and comprehensive information about biotechnology firms in Wisconsin. A database has been created that enables the office to monitor the industry, its needs, and its growth.
- **Interaction with Business and Government Agencies.** The Biotechnology Transfer Office is an important university interface with the Wisconsin biotechnology business community. The Office provides businesses with information, referral to appropriate sources of expertise, and connections and introductions. The Office regularly visits companies to gather information and inform them of available assistance. It also actively supports the efforts of the following agencies/groups: the Governor's Task Force on Science and Technology, its Biotechnology Task Force and several task force subcommittees (marketing, education, databases), the Department of Development, Forward Wisconsin, and Dane County government.

F. Cancer Care Program

The community cancer care program, which is part of the UW-Madison Center for Health Sciences, provides multiple services to the public and physicians and other health care professionals. Examples include the Cancer Prevention Clinic, Wisconsin Oncology Group, Cancer Nursing Newsletter, and Cancer Information Service. The program conducts cancer research studies on such topics as smoking cessation and epidemiology. Because over 80% of cancer patients are treated in their home communities, a primary goal of the program is to disseminate information statewide about cancer prevention and treatment.

G. Center for Integrated Agricultural Systems/Sustainable Agriculture

The Center for Integrated Agricultural Systems was established to provide research and extension programs that address issues involving agricultural profitability, environmental quality, and linkages to rural communities. These programs are conducted by the Center's faculty and staff in collaboration with Wisconsin farmers and other Wisconsin citizens, who participate on an advisory council to the Center.

In conducting research projects, the Center assembles interdisciplinary research teams from the faculty of the four UW-System agricultural colleges, and involves Wisconsin farmers. Recent projects include: comparisons of alternative dairy farming methods and cropping systems, alternatives to pesticide use in potato production, verification of using legumes and soil tests to reduce nitrogen use, and an examination of the value of groundwater to central Wisconsin residents. Current activities are focused on developing case studies for research, various research projects related to intensive rotational grazing, and dairy systems and socio-economic implications of biotechnology.

The Center published and distributed a teacher's guide to sustainable agriculture for use in high school agriculture curriculum. The Center also coordinates graduate work and research in sustainable agriculture, and is developing related capstone graduate and undergraduate seminars.

H. Cheese Research Institute

The research program of the Cheese Research Institute provides the Wisconsin dairy industry with current information on the economics, processes, and techniques of cheese production and distribution. Because the market for cheese products has become increasingly segmented (both in terms of cheese types and consumers), it is important that Wisconsin producers have up-to-date information on production technologies and consumer preferences. Examples of recent research efforts include:

- the development of a “user-friendly” economic engineering model designed for use by cheese plant managers to maximize the profitability of large or small dairy plants;
- a study of the factors affecting physical characteristics of cheeses;
- a study of the correlation between milk quality parameters and the economics of cheese production;
- studies on controlling and enhancing flavor and body characteristics of low-fat and low-sodium cheeses;
- an analysis of consumer preferences regarding surface color of commercially smoked cheddar and swiss cheeses; and
- twelve interrelated projects that focus on flavor control, mechanisms of flavor development, and the measurement of flavor compounds. These projects analyze the effects of selected bacteria and enzymes on control and enhancement of cheese flavor, quality, and intensity.

I. Family Farm Institute

The Agricultural Technology and Family Farm Institute (ATFFI) was established to conduct research and extension/outreach on the relationships between technology and family farms. The purposes of the ATFFI are to:

- evaluate the effects of new technology, state and federal policies, and other factors on family farm agriculture;
- recommend policies to take advantage of new technologies and mitigate disadvantages;
- assist farmers in meeting the challenges of new technologies; and
- ensure that farmers have access to new technologies.

Examples of current research efforts include:

- a feasibility study of a “marketing agency in common” for milk (and the benefits, costs, and consequences for family dairy farmers);

- construction of a conceptual scheme for inventorying relationships between biotechnology and sustainable agriculture;
- a case study of the legal, policy, and commercialization options associated with innovative scientific approaches to directing biotechnology research to local agro-ecological conditions; and
- a case study of organizational problems and options in small horticultural production and marketing cooperatives.

J. Geographic Information Systems

The State Legislature and the UW-Madison have entered into a collaborative arrangement to produce an integrated system that incorporates geographical information software programs, U.S. Census data, and State Elections Board data. The project was designed to aid the Wisconsin Legislature in the decennial redistricting process and to give researchers and members of the public access to spatial and tabular data from the 1990 census. UW-Madison's Land Information and Computer Graphics Facility are coordinating the project.

The project's long-term goal is to provide access to data from the 1990 census to researchers who need information on geographic factors. This data will include all publicly available data for Wisconsin. Other states will be included, as the geographic data becomes available.

K. Groundwater Research

The Groundwater Research Program was established to conduct research on groundwater problems in the State of Wisconsin. The program provides funding for individual research projects. Input into the selection of individual research projects is provided by the Groundwater Research Advisory Council, which is appointed by the UW-Madison Chancellor to advise the program, and the Groundwater Coordinating Council of the State of Wisconsin, a legislatively mandated State council having broad responsibility for coordinating groundwater-related problems in Wisconsin. Projects recently selected for funding were divided into five general categories of groundwater research:

1. Mathematical modeling of groundwater contaminant transport.
2. Sorption reactions which retard contaminant movement to groundwater.
3. Movement of water and contaminants to and through groundwater.
4. Remediation of contaminated soils and waters.
5. Economic effects of groundwater contamination.

L. LaFollette Institute

The budget amount shown above includes only the portion of the LaFollette Institute's GPR funds that are budgeted for research activities. The LaFollette Institute also has GPR funding for public service and instruction.

In 1991-92, the LaFollette Institute continued policy research and public service programs and also inaugurated new programs. These programs promote the examination of public policies and public institutions, thereby affecting policy-making in the state and the nation. Programs include basic and applied research by individual scholars and teams of scholars and/or practitioners; policy development based on research already completed; and specific and immediate information and seminars, publications, and colloquia designed both to disseminate research results and to stimulate analysis and evaluation.

State GPR funds are used for staff support (faculty release time, graduate research and project assistants, professional and support staff), production and dissemination of publications, and other operating costs.

M. Materials Engineering

The economic future of product oriented companies in consumer and capital goods industries depend heavily on the understanding and use of newly engineered materials. Materials processing in Wisconsin has traditionally emphasized heavy industrial metals. However, in order to remain viable and economically competitive, many Wisconsin industrial concerns will focus on expanding into high technology non-metal applications involving ceramic, semiconductor, and superconductor materials. Ceramics form a versatile class of materials offering an extraordinarily wide range of physical properties, flexible processing, and substitution of inexpensive abundant materials for expensive or rare ones. Wisconsin industry has long been a leader in low technology ceramic application, but advanced applications will provide opportunities for new industrial growth. Prior to receiving this funding, the College of Engineering did not have a faculty member with expertise and interest in this area. The College used the funds to hire two assistant professors that have ceramics expertise. This enabled the College to establish a communication and research link, related to advanced ceramics, with Wisconsin industry, and to obtain federal research funds that are available for ceramics research. This expansion of the materials programs in the College of Engineering will contribute to industrial competitiveness and productivity in Wisconsin.

N. Mechanical Heart Research

The Cardiology Department of UW-Madison's Medical School was allocated funds for the Milwaukee heart project, which involves the building and testing of working prototypes of fully implantable mechanical hearts. The expenditure of these funds requires matching funds from private contributions.

O. Nonpoint Source Pollution

The nonpoint source pollution project is a continuing program, which provides current best-management information and develops a database for establishing priorities in nonpoint source pollution control. The project also supports demonstration and educational activities. The objectives of the project are to evaluate:

- the effectiveness of agricultural practices in reducing the potential for water pollution from sediment, nutrients, and pesticides;
- the effects of selected soil and crop management practices on runoff and water quality in watersheds, where stream monitoring programs are administered by the U.S. Geological Survey and the Wisconsin Department of Natural Resources; and
- on a whole farm basis, the social and economic factors which govern the adoption of best management practices to reduce nonpoint source pollution.

Current research efforts include:

- the investigation of the effects of irrigation management and tillage on pesticide movement in alluvial sands and investigation of the movement of atrazine and alachlor with field installed lysimeters in alluvial sands;
- the evaluation of the effect of tillage systems for soil erosion control and water quality during establishment of alfalfa;
- the measurement of changes in soil properties as influenced by corn production tillage practices;
- the evaluation of the use of recycled paper for urban and highway soil erosion control;
- the evaluation of soybean production practices which minimize soil erosion and maintain water quality in the non-glaciated region of Wisconsin;
- the measurement of runoff, nutrient and pesticide losses from constructed soils to develop practices for urban lawn construction; and
- the determination of the importance of having grass included in a forage production system to minimize soil erosion and nutrient losses to surface waters.

P. School of Veterinary Medicine

The School of Veterinary Medicine's GPR research funding is a portion of the School's total start-up and operating budget, which was provided by the State of Wisconsin in order to establish a veterinary medical school at UW-Madison. In the 1978 "Report of the University of Wisconsin System to State Government on Veterinary Medicine," the full costs of operating a veterinary school were identified by four major cost components, including academic programs, teaching hospitals, library, and facility operating costs. Biennial budget requests for the incremental funding of the School of Veterinary Medicine's operating budget further separated the academic program budget into instruction and research activities. The breakdown between instruction and research reflected the anticipated activity of the faculty in teaching and research and related

support costs of those activities. In 1991-92, GPR research funding at the School was apportioned as follows:

- 45% for faculty salaries (individual salaries range from 10% to 40% on research funds);
- 21% for graduate assistant/trainee stipends;
- 16% for research support personnel;
- 15% for shared support resources (animal care, histopathology, electronmicroscopy, etc.); and
- 3% for administration through the Office of Research and Graduate Training.

Q. Sea Grant Institute

The Sea Grant Institute is dedicated to the wise use and development of Great Lakes and ocean resources. Although the Sea Grant Institute is headquartered on the UW-Madison campus, the Wisconsin Sea Grant Program operates systemwide and is statewide in scope. Research projects conducted by the Institute focus on helping to:

- solve Great Lakes water quality problems,
- improve sport and commercial fisheries,
- promote aquaculture development,
- develop methods to assess potential effects of climate change on the Great Lakes,
- respond to the introduction of nuisance exotic species into the Great Lakes, and
- stimulate the economic development of coastal communities and Great Lakes related industries.

State GPR funding is used to provide the required one-third match for the federal funding the Sea Grant program receives, and to support research and public advisory activities on toxic substances in the Great Lakes and the aquatic environment.

R. Small Scale Waste Systems

The primary objective of the Small Scale Waste Systems project is to conduct research of low cost sewage systems for problem soils. In particular, the research addresses small wastewater flows that are primarily domestic and non-hazardous. Current research emphasis focuses on two major areas, including the treatment of wastewater by soil and through pretreatment (prior to soil infiltration), and the disposal of wastewaters by infiltration systems of various design. In addition to research, project members provide training and advising to professionals and Wisconsin residents.

S. Wisconsin Idea – Engineering Quality

Funds for this project are being used to strengthen the operation and utilization of College of Engineering facilities and equipment in two areas:

- the fabrication and study of ultra-thin films of one material on the surface of another material; and
- automation and robotics.

The fabrication and study of ultra-thin films is one of the most important and fastest growing areas of materials science. Automation and robotics are becoming increasingly important in manufacturing, medicine, the nuclear industry, and work in space.

Funding for ultra-thin film research is used at the Center for Thin Film Depositions and Applications. The funds provide for the renovation, installation, maintenance, and operation of state-of-the-art research equipment, for which there is a growing demand by College of Engineering materials researchers and Wisconsin industry. Funding for robotics and automation is used for maintenance, operation, and upgrading of robotics and related computer equipment. In both cases, funds also provide for specialists who ensure proper operation of equipment and effective collaboration with industry in the State of Wisconsin.

T. Industrial and Economic Development Research Fund

The Industrial and Economic Development Research Fund (UW-Madison Fund 118) supports faculty research projects that show potential for stimulating economic development in Wisconsin and plan for implementation or transfer of technologies which result from such research projects. Since its creation, the Fund has provided support for the following research topics:

- the transfer of biotechnologically based pest control technologies to the fiber and bioenergy industries;
- the State of Wisconsin's cultural, historical, and environmental contribution towards the successful developing, manufacturing, and marketing of good product design;
- polysaccharide gums from whey permeate for food and industrial use;
- low noise electronics for sensors;
- development of a permeable wall-closed loop humidity control system;
- analysis and evaluation of advanced bicycle frame design and manufacturing – a joint research effort of UW-Madison and Trek Bicycle Company;
- improved lifetime of die-casting molds by plasma source ion implantation;
- off-resonance spin-locking technique for high field magnetic resonance imaging; and
- development with Tracor/Northern of a real-time confocal laser-scanning microscope for three-dimensional and four-dimensional (three dimensional versus time) imaging.

U. Distinguished Professorships

The Wisconsin Distinguished Professorship program is designed to recognize and support professorships in areas of vital or emerging economic significance to the State of Wisconsin. A Wisconsin distinguished professor is an individual whose scholarship and service can demonstrate potential impact on Wisconsin's economy and who would be judged as outstanding by peers and the public alike. The state's funding contribution to each professorship must be matched with private money during the individual's five-year program appointment. The private match used for research support and may be combined with institutional funds to support the remainder of salary and benefits costs and associated costs of research.

II. UW-MILWAUKEE

A. Grant Matching and Research Committee Awards

The Graduate School provides grant-matching funds, in the form of research assistantship salary support and equipment support to foster the extramural funding of faculty research and creative activity. A portion of the present budget of \$598,956 was historically allocated as legislated funding. Using resources on a revolving basis, the Graduate School Research Committee provides limited funding to selected (and primarily junior) faculty to initiate new research.

B. Great Lakes WATER Institute

Historically legislated funding of \$102,800 for the Great Lakes Research Facility comprises a portion of the current funding for the UWM Graduate School WATER Institute to maintain the research facilities and enhance capabilities related to environmental and aquatic research. The WATER Institute provides the infrastructure necessary for the research tenants. The Institute provides faculty and research staff members with research opportunities directly related to the UWM Strategic Plan. Tenants include the Center for Great Lakes Studies, the Aquaculture Institute, the NIEHS Marine and Freshwater Biomedical Sciences Center, a Wisconsin Sea Grant office, and two Wisconsin Department of Natural Resources units.

C. Research in Engineering and Technology

The historical allocation in 1985-86 of \$54,000 for research in engineering and technology continues to be used to increase the ability of the College of Engineering and Applied Science to encourage collaborative research between UWM faculty and research employees in Milwaukee business and industry. The allocation is used to foster collaborative research on a wide variety of applied research projects.

D. Technology Transfer

Since receiving an allocation of \$107,600 in 1983, the Graduate School continues to be dedicated to fostering collaborative research between UWM faculty and the Milwaukee area industrial community, transferring technology from the university into commercial processes and products, and developing the intellectual property of the faculty through licenses and patents. Funding is provided to support these activities through the Graduate School Office of Research Services and Administration.

E. Milwaukee Research Plan

UWM received \$220,600 in the 1980s to support the Milwaukee Research Plan. The School of Business Administration received \$65,800 in 1985-86 and \$90,600 in 1987-88 for its applied research services to the Milwaukee business community. The initial use of the funding was to develop centers to enable faculty and staff to increase the competitive capabilities of business, primarily in southeastern Wisconsin, through teaching and research. The emphasis is on creating effective linkages between UWM and the business community. These activities continue through the SBA Bostrom Center for Business Competitiveness, Innovation and Entrepreneurship. The Center serves as an interdisciplinary applied research center to identify, evaluate, and disseminate techniques, strategies, philosophies, and policies that enhance the business competitiveness of firms, and the vitality of innovation and entrepreneurship.

In addition to the activities of the School of Business Administration, funding is being utilized by the Graduate School and the College of Engineering and Applied Science. The Graduate School funding is used to increase collaboration between UWM faculty and the Milwaukee business community. The initial allocation of \$17,500 in 1987-88 was used for a collaborative research project sponsored by the UWM Center for Great Lakes Studies and Milwaukee County. Since that time, the Graduate School Office of Research Services and Administration has utilized funds for a series of productive collaborative research projects between UWM and Milwaukee area companies.

The Graduate School created the Advanced Analysis Facility in 1992 to serve the UWM scientific community as well as regional industry by providing UWM faculty expertise combined with a unique array of scientific instrumentation, which in combination can be effectively applied to solving applied research problems. Research funding is being utilized by the AAF to assess problems and develop solutions that make industrial partners more competitive. Recent company partners include: Johnson Controls, S.C., Johnson Wax, Benz Oil, Allen Bradley, and W.H. Bradley.

The 1987-88 Milwaukee Plan research allocation included \$46,700 that is used by the College of Engineering and Applied Science to support faculty research in the areas of quality assurance and automated manufacturing.

F. Manufacture of Metal Composites

Historical funding of \$86,400 has facilitated research in the College of Engineering and Applied Science in the area of design, development, and manufacturing of metal matrix composites. This research benefits the materials processing industry in Wisconsin, specifically equipment manufacturers. Research includes composites used for engines, electromechanical machinery, and high-temperature cables. Specific companies include Mercury Marine, Tecumseh, Outboard Marine, Wisconsin Electric, Eaton, Louis Electric, and ASEA.

II. SYSTEMWIDE

A. Applied Research

This program provides funding for UW System institutions for research addressing specific problems faced by Wisconsin industries. Details regarding this program are provided in a separate biennial report to the State.

B. Distinguished Professors

This funding provides partial support for 20 Distinguished Professor positions in the University of Wisconsin System. The GPR funding is matched by an equal or greater match from businesses and/or other non-GPR sources. At the end of the 1999-00 fiscal year, this funding supported ten professors at UW-Madison, three at UW-Milwaukee, two at UW-Stevens Point, and one at La Crosse. An annual fiscal report is provided for this program.

C. Solid Waste Experiment Centers, Noncompostible Landfill and Sludge.

This program provides funding to UW System institutions for research into the alternative methods for the disposal of solid waste. Details regarding these programs are provided in a separate annual report to the State.

UNIVERSITY OF WISCONSIN SYSTEM

2002 PUBLIC SERVICE REPORT

UNIVERSITY OF WISCONSIN SYSTEM PUBLIC SERVICE

I. OVERVIEW

The University of Wisconsin System’s 2001-2002 GPR public service budget was \$61.6 million (Table 1). UW-Extension's budget accounts for the majority of the public service funding (69.2%). The University’s budget for extension and public service activities in FY 2001-2002 included \$1,629,062 for special legislated projects and \$59,956,616 for ongoing programs. This report covers direct public service activities and excludes other activities (e.g. institutional support, research, physical plant, etc.) that are in support of public service.

**TABLE 1
PUBLIC SERVICE GPR FUNDING BY INSTITUTION
2001-2002 FISCAL YEAR**

Madison	\$ 14,856,417	24.1%
Milwaukee	1,724,934	2.8%
Comprehensives and Colleges	2,174,464	3.5%
Systemwide	210,509	0.4%
Extension	42,619,354	69.2%
Totals	\$ 61,585,678	100.0%

Extension faculty and staff, based in UW-Extension, on every campus of the UW System and in county extension offices throughout the state, develop and teach extension programs. To meet its mission, UW-Extension develops statewide plans and priorities based on the emerging needs affecting individuals, families, labor, business, agriculture, youth, the environment, the economy, communities, the professions, and senior citizens. Planning involves faculty and staff, public representatives, cooperating agencies, and clientele groups. These plans are the basis for reallocating base funds from lower to emerging higher priorities. UW-Extension also meets the needs of public service through legislated projects. Appendix 1 illustrates the 2001-2002 legislated projects.

The four UW-Extension programming units develop operating budgets including base funding and legislated or other special projects. The programming units are:

- Cooperative Extension
- Continuing Education Extension
- Broadcasting and Media Innovations
- Business and Manufacturing Extension (including Small Business Development Center)

Appendix 2 details the planning processes of each UW-Extension division.

II. UW-EXTENSION MISSION

The select mission of the University of Wisconsin-Extension is to provide, jointly with the UW institutions and the Wisconsin counties, an extension program designed to apply University research, knowledge and resources to meet the educational needs of Wisconsin people, wherever they live and work. This mission includes the work of the four UW-Extension units: Cooperative Extension, Continuing Education Extension, Broadcasting and Media Innovations and Business and Manufacturing Extension in:

- **Teaching.** To extend non-credit education opportunities and campus-based degree credit, through a variety of delivery methods and media. These programs develop, organize and impart knowledge and research applications needed by the public and by such special groups as business, labor, agriculture, youth, families, government and the professions.
- **Applied Research.** To identify research problems, conduct applied research and demonstrate the results of research relevant to the specific needs of individuals, organizations, businesses and communities.
- **Broadcasting and Media Innovations.** To provide informational, educational, cultural and public affairs programming via radio and television and to improve and encourage effective use of existing and emerging communications technologies for public information, extension education and communication among faculty, staff and clientele.
- **Statewide Program Leadership, Coordination and Accountability.** To provide access for all of Wisconsin citizens to the research, knowledge and resources of their university system through program leadership, budget administration and program/budget accountability for a coordinated statewide extension program delivered with and through the University of Wisconsin System institutions and county and area extension offices.

III. THE RELATIONSHIP BETWEEN BASE PROGRAM FUNDS AND SPECIAL LEGISLATED PROJECT FUNDS

Investments in base program funds are constantly re-examined within UW-Extension to meet emerging priority needs defined through regular planning and priority-setting processes, as well as through special projects. In addition, program changes are made as faculty annually evaluate and refocus their program emphases and directions as described in Appendix 2. Both these means are essential for extension programs to remain relevant and responsive.

Appendix 3 offers selected examples of how base funds were reallocated in FY 2002 to meet changes in priority needs.

Sometimes, however, base reallocations are not sufficient to meet emerging priority needs associated with new legislation, societal change and critical new issues. In these cases, special project funds are requested to support emerging priorities that require funding beyond the institution's capacity to respond through base reallocation. Often ongoing programs basic to core activities must be sustained, faculty talents in a high priority field may be fully committed and unavailable for reallocation, or new faculty expertise and skills may be required.

Usually, the issues and needs requiring legislated special project funding are of such magnitude that they require long-term programming. For example, innovative programs in Water Quality, Waste Management, Sustainable Agriculture and Manufacturing Technology Transfer, which emerged as critical priority issues in the 1980s, required long-term investments in sustained educational programs that made a significant impact over time. Just as base programs are not static, programs in legislated special project areas change to address emerging issues. For example, in Dairy Profitability, priority emphases at any given time may fluctuate from milk quality to marketing orders to input cost reductions.

Legislated special project funding is only part of a long-term commitment to sustain high priority initiatives. UW-Extension reallocates base funds to augment legislated special project funding for new programs and integrates special projects with base programs to assure they are part of ongoing statewide educational effort. Uniting legislated special projects with base programs assures better identity and acceptance, access, continuity and stewardship of financial and personnel resources. Legislated special project funds remain committed to the programs for which they were allocated and retain their budget and program identity, however special projects do not stand alone. They become part of a comprehensive educational program accessible to people throughout the state and adaptable to local needs.

Appendix 4 describes and links UW-Extension's legislated and other special projects to the institutions' base program areas.

**APPENDIX 1
UNIVERSITY OF WISCONSIN SYSTEM
PUBLIC SERVICE LEGISLATED PROJECTS
2001-2002 FISCAL YEAR**

<u>PROJECT TITLE</u>	<u>ALLOCATION</u>
COOPERATIVE EXTENSION:	\$975,675
Community Economic Analysis	68,541
Center for Economic Development	75,113
Rural Development Institute	83,480
Biotechnology Education (BioTrek)	71,276
Farm Financial Management	71,168
Dairy Profitability Center	243,229
Agricultural Technology & Family Farm Institute	72,981
Nutrient & Pest Management	269,887
Local Planning Grant	20,000
CONTINUING EDUCATION EXTENSION:	\$653,387
Minority Entrepreneurship	89,199
School for Workers	111,756
Manufacturing Technology Transfer	205,888
Educational Technology	94,800
Solid and Hazardous Waste Education	151,744
<hr/>	
UNIVERSITY OF WISCONSIN SYSTEM TOTAL:	\$1,629,062

APPENDIX 2 UW-EXTENSION PLANNING & BUDGETING PRACTICES

To meet their mission responsibilities, UW-Extension leads the development of statewide plans that provide the policy framework for identifying program needs, assigning relative priorities, and making budget allocations and reallocations. The institution's program planning and budget guidelines link programs, budgets and changes. Each UW-Extension division follows an internal budget and program planning process within this institutional model.

A. Cooperative Extension

Cooperative Extension plans on a four-year cycle, with 2000-2004 being the current cycle. Planning involves faculty and staff, public officials, business, labor, cooperating governmental agencies, agriculture and agri-business and other citizen representatives. The four-year plan defines community-based priorities and special needs. These needs are correlated with personnel and fiscal resources, with reallocations made where appropriate. Some reallocations involve no budget modifications, as faculty and staff shift their programmatic direction. Other changes involve both budget and position reallocation to support the changing needs identified in the strategic plan.

B. Continuing Education Extension

Continuing Education reallocates resources annually in a priority framework, defined by the strategic plan it develops every five years. In 1998, CEE and the Continuing Education Extension Committee (CEEC), which is comprised of continuing education deans and directors from each UW institution, began working on the division's five-year strategic plan. The strategic plan, "Programs, Services, and Partnerships for the 21st Century," was completed and published in May 2000. The deans and directors at the institutions agreed on the shared vision and directions that will enable them to develop campus specific five-year plans that align with the statewide strategic plan. While allowing for planning to occur at the institutional level, the statewide plan serves as the overarching direction for programs, services, and partnerships. Our division's commitment to lifelong learning is based on the belief that our clients can best meet the challenges of success today if they have opportunities for learning throughout their life spans. On an annual basis, CEE uses an interactive process in the development of the interinstitutional budgets to initiate, define and discuss changes to ongoing programs or to meet emerging needs.

C. Broadcasting and Media Innovations

Strategic planning in Broadcasting and Media Innovations differs in its approach, but not in its objectives, compared to other UW-Extension divisions. This division works closely with its partner in Wisconsin Public Broadcasting, the Wisconsin Educational Communications Board (ECB), to define strategic

direction in educational areas and to define regional programming needs throughout Wisconsin. The Division continuously evaluates the effect of programming through audience surveys and other methodology. It also responds to demands for programming support, delivery outlets and production facilities by faculty and staff of the UW System. Detailed programming is scheduled annually, as educational, instructional and cultural programs are modified to meet public and professional priorities. Resources are moved annually from lower to higher priority programs.

D. Business and Manufacturing Extension

Business and Manufacturing Extension activities include those of the Wisconsin Small Business Development Center (SBDC) program and those that relate to Business and Industry or Management Institutes.

The Small Business Development Center allocates resources based on its current "Strategic Plan/Operating Plan" and the current U.S. Small Business Administration/SBDC Cooperative Agreement. The Strategic Plan outlines broad strategic direction paths the SBDC must travel to reach its vision to connect entrepreneurs and small business owners with knowledge, tools and resources. The Plan is the result of a multi-phased organizational process involving volunteers, SBDC staff and SBDC's varied stakeholders.

Formal community-based regional assessments of service delivery are held throughout the year to identify improved ways to serve customers.

The SBDC receives significant funding from the U.S. Small Business Administration (SBA). The SBA/SBDC Cooperative Agreement is negotiated with the SBA, with the SBDC Strategic Plan as the heart of the Agreement. Individual campus goals are negotiated annually in support of the SBA/SBDC Cooperative Agreement.

Business and Industry/Management Institutes long-range planning and annual reviews are conducted as part of the annual inter-institutional agreement process. General directions for the overall programs are set and relevant goals are identified. Changes during the planning period also can occur.

APPENDIX 3
PROGRAM REALLOCATIONS IN FY 2002
(Selected List)

Reallocated From: (Institution/Division/Program)
Priority Investment: (Institution/Division/Program)
Amount: (Funding and FTE)

1. From: Extension Admin-Recruiter
To: Cooperative Extension
Amount: \$23,000

To support Coop Extension's Smith-Lever pay plan shortfall.

2. From: UW-River Falls
To: Cooperative Extension
Amount: \$28,043

To support Coop Extension's Smith-Lever pay plan shortfall.

3. From: UW-River Falls
To: Cooperative Extension
Amount: \$51,280

To support Coop Extension's Smith-Lever pay plan shortfall.

4. From: UW-Madison (CALs)
To: Cooperative Extension
Amount: \$102,410

To support Coop Extension's Smith-Lever pay plan shortfall.

5. From: Cooperative Extension - PDE
To: Cooperative Extension
Amount: \$56,455

To support Coop Extension's Smith-Lever pay plan shortfall.

6. From: Cooperative Extension - Digital Media
To: Cooperative Extension
Amount: \$68,068

To support Coop Extension's Smith-Lever pay plan shortfall.

7. From: Continuing Education Extension
To: 11 UW Institutions
Amount: \$55,000 and 0.00 FTE

To support statewide delivery of courses delivered via technology.

8. From: Continuing Education Extension
To: UW- Milwaukee School of Education
Amount: \$94,068 and 1.79 FTE

To support collaboration between UW-Extension and UW-Milwaukee School of Education, Milwaukee Public Schools, and the teachers' union in the Metropolitan Milwaukee Teacher Education program.

9. From: Continuing Education Extension
To: UW Learning Innovations
Amount: \$1,120,552 and 0.00 FTE

UW Learning Innovations will support the UW institutions, faculty and staff as they develop technology-enabled learning products and services that directly benefit UW students and are marketed in Wisconsin and beyond to generate resources used in support of students.

10. From: WHA Administration UWEX Broadcasting and Media
Innovations
To: WHA-TV Programming
Amount: \$35,173 and 0.50 FTE

Eliminate the Associate Director of TV position and created a full-time assistant Program Manager position in the Programming department.

APPENDIX 4
PROGRAMS AND SPECIAL PROJECTS
UW-EXTENSION PROGRAMS AND LEGISLATED PROJECTS

I. OVERVIEW

Each of UW-Extension's divisions divides its activities among broadly defined program areas. Cooperative Extension and Continuing Education Extension have special legislated projects, which complement these divisions' program thrusts. This appendix briefly describes the divisions' major program areas and identifies any special legislated projects associated with each.

II. COOPERATIVE EXTENSION

Cooperative Extension's faculty and staff develop programs that help people understand and use knowledge and research from the University. Its county staff, supported by designated faculty and staff of UW System institutions who have collaborative appointments with UW-Extension, bring university resources to meet local needs. Institution-based faculty and staff conduct applied research and interpret knowledge in their specialties through programs and activities coordinated by UW-Extension, and teach in collaboration with county faculty and staff. Cooperative Extension has four program areas.

A. Community, Natural Resources, and Economic Development (CNRED)

CNRED programs help people set goals, make decisions, and develop sound local public policies; build strong communities and neighborhoods; strengthen local economies; provide good jobs and essential services and balance economic growth and environmental quality issues. Special projects in this program are:

- **Community Economic Analysis:** A joint project of UW-Madison and UW-Extension (\$68,541 GPR), provides information and analysis concerning the economic characteristics and structure of Wisconsin communities to University faculty and staff, county-based community faculty, area agents and community representatives working on economic development issues. Project funds support community development specialists who collect and analyze information, prepare graphs, overheads, and other educational materials, and work with Extension faculty in program delivery. The need for this support will continue because there is a great demand for up-to-date information from Wisconsin communities that are facing issues affected by the dynamics of the local, state, national and international economies.
- **Regional Center for Economic Development:** This effort involves three projects at UW-Superior Center for Economic Development (\$75,113 GPR), and UW-River Falls Rural Development Institute (UWEX \$83,480 Fund 104). Each project provides resources that support regional economic development

activities. These carrier programs complement those funded with ongoing resources, providing a regional network of support for community development. This combination of ongoing and special project funding supports research and program delivery capabilities beyond those supported by special project funds, demonstrating the synergistic relationship between special projects and core programs.

- **Local Planning Grant:** In FY 2000, the legislature allocated \$20,000 for support of the development of two model ordinances by UW-Extension, as required in the state's " Smart Growth" legislation. This undertaking was coordinated with an extension specialist in the Department of Urban and Regional Planning at UW-Madison, who is drafting the ordinances.

B. Agriculture and Agribusiness

The Agriculture and Agribusiness Program Area provides research-based information, alternatives and decision aids to producers and agribusiness entrepreneurs to improve their profitability and competitive position in the global marketplace; to provide, produce and distribute an adequate supply of high quality food and fiber; to enhance and protect the environment including soil and water resources and to develop effective public policies for agriculture. Four special projects illustrate the dilemmas involved in prioritizing the use of limited resources among competing demands for internal funding which have required reallocation from existing educational programs that support Wisconsin's agricultural economies.

- **Farm Financial Management :** The Farm Financial Management project (\$71,168 GPR) is a joint activity of UW-Extension and UW-Madison which analyzes the many factors affecting the financial performance of Wisconsin farm businesses. This information provides farmers, educators, public policy-makers, legislators and other agricultural professionals with a better understanding of why some farm businesses compete successfully and survive, while others do not. The initial project focused on utilization of the records of the Farm Credit System of St. Paul. Data variation demonstrated a continuing need to understand how changing factors such as farm business size; short, intermediate and long term debt position; resource allocation efficiency and owner's managerial skill can affect the profitability, solvency and liquidity characteristics and performance of Wisconsin farm businesses. The project has expanded to a cooperative venture with the Center for Dairy Profitability in focusing on dairy farms in Wisconsin by including farm record association data. The project continues to gather, analyze and distribute information for use by county agents, specialists, other policy, and professional educators in their educational programs to clientele throughout the state. The dynamics of the international, national and state economies and the resulting changing conditions in Wisconsin place new challenges on farm managers and educators. As the information changes, so this special project continues to change with its

goals and objectives redefined to meet contemporary needs for public policy information.

- **Center for Dairy Profitability:** The Center for Dairy Profitability (\$243,229 GPR) is a joint project of UW-Extension, UW-Madison, UW-Platteville and UW-River Falls that provides faculty and program resources to enhance and augment ongoing programs supporting Wisconsin's dairy industry. It has developed linkages with several states and several educational programs. The Center now delivers interdisciplinary programs that emphasize integrated production, financing, marketing and management systems. These ongoing programs assist farmers and the dairy industry to maintain and enhance their national and international competitiveness. Continuing resources have supported farm electrification/milking systems/engineering (UW-Madison), dairy farm financial management (UW-River Falls), and dairy beef and veal production and marketing (UW-Platteville).

In cooperation with USDA's Cooperative State Research, Extension, and Education Service, the Center has designed and updated a comprehensive CD-ROM dairy information/publications database. Several spreadsheet-based management decision aids have been constructed, disseminated largely through the Center's heavily accessed web page. Expanded personnel resources in 1996 enabled the Center to develop the curricula for two new management training offerings: *Ag Ventures*, taught primarily by county UWEX faculty, and the Agribusiness Executive Management program, an advanced seminar series offered in cooperation with the UW-Madison School of Business. Emerging issues related to siting of concentrated animal feeding operations (CAFO's), food safety and quality, and managing price risk will require continued project activities to address related private and public concerns.

- **Program on Agricultural Technology Studies (PATS):** This program is a special project of UW-Madison and UW-Extension. Formerly the Agricultural Technology and Family Farm Institute, PATS was created in 1997 to refocus activities in light of the sharp reduction in state funding that occurred in fiscal year 1996. PATS (\$72,981 GPR) continues to identify and evaluate factors that affect the economic viability of family-sized farms in Wisconsin and to design and deliver outreach programs that help Wisconsin citizens understand the relationship between farming and rural economic development. Through its biennial survey of Wisconsin farmer attitudes with respect to farm and rural public policy issues, PATS has become a highly respected source of objective information for policy analysts and legislators. Using its reduced state funding to leverage state and federal grants, PATS has recently expanded its activities to include research and outreach on animal waste management, property tax reform, and management-intensive rotational grazing. The unit maintains extensive databases on rural trends and conditions and designs customized materials for county UW-Extension faculty and staff to use in local educational offerings. Increasing public concerns about land use will increase demand for the PATS' research and outreach.

- **The Nutrient and Pesticide Management Program:** Special projects supported by the Nutrient and Pesticide Management Program (\$269,887 GPR) provide educational programs and foster the exchange of information within the University and across the agricultural businesses and communities. The NPM links research and extension programs, as well as research and Extension faculty, with farmers, agribusinesses and rural communities in developing site-specific solutions to problems involving soil fertility, nutrient management, manure management, sludge management, insect pest control and plant disease pest control and water quality. While over 21 crops, grown in major acreage in Wisconsin, have benefited from the NPM program, most potato and cranberry crops rely on efforts associated with Integrated Pest Management (IPM) Programs. New IPM efforts with greenhouse production and facilities also focus on employee health. The need is ongoing as the array of nutrients, crops and pesticides continue to evolve.

C. Family Living Programs

Family Living Programs educate families so they are capable of making informed decisions and avoid potential problems they may face. Education programs are designed based on current research and adapted to target the unique needs of families across the state and nation. The programs include areas such as health and nutrition, parenting education, family financial management, community housing and preventing youth risk behaviors.

One special initiative is BioTrek. The Biotechnology Education Outreach Program (BioTrek) is a joint project of the UW-Madison Biotechnology Center and the Family Living Program of UW-Extension. This program provides information and insight on technical and social issues of biotechnology. The biotechnology special project utilizes UW-Madison and UW-Extension special project resources of \$71,276 GPR and has accomplished the following results:

- The University of Wisconsin Biotechnology Center is housed in the Biotechnology Center/Genetics Building. The Teaching Lab and the Invention Space provide a setting for BioTrek workshops in biotechnology and life sciences. The BioTrek programs provided workshops and tours at the Biotechnology Center and across the state, directly serving over 3,500 citizens with experiences and insights into life sciences.
- Using the Invention Space, BioTrek Staffers have developed two new hands-on science curricula for informal science explorations by youth and adults. These materials emphasize the development of skills of observation, skepticism and creativity. Experimental "Fun Food Stuff" uses food to develop science savvy. "Doing DNA: DeCode of Life" uses 12 activities and experiments to introduce DNA as the genetic information molecule. Activities such as "DNA as Videotape" and "DNA Dance" tell the story of DNA structure and function. BioTrek is sharing these inexpensive biotechnology experiments with outreach

programs at the Minnesota Science Museum, a leading hands-on science center recognized for innovation in informal science education.

- BioTrek staffers are also leading the feasibility study to assess converting the UW Dairy Barn into a hands-on science center to welcome people of all ages to UW-Madison to learn about science as a way of exploring through experimentation on the campus. Individuals across the world receive information from the UW Biotechnology Center on the World Wide Web at: <http://www.biotech.wisc.edu>

D. 4-H Youth Development

4-H Youth Development Programs work with and through community volunteers, organizations, and schools, to offer educational programs that engage young people in educational projects, events, activities and clubs; identify and minimize the sources of risk facing young people; help young people make contributions to family and community life; and train volunteer leaders. There are no special legislated project funds in this area.

III. CONTINUING EDUCATION EXTENSION

The University of Wisconsin-Extension's Division of Continuing Education Extension (CEE) provides outreach and e-learning programs, services, and support to the 26 UW campuses and a wide variety of corporate and non-profit partners. In conjunction with the 13 two-year and 13 four-year UW campuses, CEE is a lifelong learning partner for more than 200,000 people each year, from the 72 counties across Wisconsin, all 50 states, and 73 countries around the world. Each institution/campus with its select mission, as well as array of program and degree entitlements, offers educational programs and services to meet constituent need. CEE acts in concert to achieve mutually identified goals and objectives that reflect the synergy generated by the diverse spectrum of resources operating at institutional, collective, and statewide levels in meeting the needs of lifelong learners.

“Strategic Directions: Programs, Services, and Partnerships for the 21st Century,” the divisional statewide strategic plan, identifies five divisional priorities. Continuing educators will:

- advocate for lifelong learning.
- collaborate effectively and creatively.
- integrate technology and practice.
- practice entrepreneurial fiscal management.
- and assess the impact of programs, services, and partnerships.

A. Advocate for Lifelong Learning

- **Criminal Justice:** The CEE Dean’s Office worked with UW System Administration Market Research to develop a survey for Wisconsin law

enforcement officers. The survey explored levels of interest in a collaborative online degree that would enable working law enforcement personnel to complete a baccalaureate degree while remaining in their communities. The survey was mailed to law enforcement personnel who have met the state's minimum standard of 60 credits but have not yet completed a baccalaureate degree. 56 percent of survey respondents indicated they were "extremely likely" or "very likely" to enroll in the proposed program within the next five years. Nearly 400 law enforcement officers (75 percent of the respondents) asked to be contacted with additional information about the program. Representatives from CEE, UW-Eau Claire, UW-Milwaukee, UW-Parkside, UW-Platteville, UW-River Falls, UW-Stout, UW-Superior, and UW-Whitewater have begun meeting to discuss creation of the collaborative online degree completion program.

- **Gerontology Certificate:** CEE is working with representatives from five UW institutions that offer gerontology certificates— UW-La Crosse, UW-Madison, UW-Milwaukee, UW-Parkside, and UW-Superior to establish a collaborative, online certificate program. The certificate will have both credit and non-credit options.
- **Senior Symposium:** On June 28, 2001, more than 70 University of Wisconsin Chancellors, Institutional Business Representatives, Development Officers, and community members from across the state met at The Pyle Center in Madison to explore the concept of retirement housing built on public university-owned land. Keynote presentations were made by representatives from The Village at Penn State and University Commons at the University of Michigan Ann Arbor. The day's program also included a panel of Wisconsin experts to explore the issues pertaining to such a venture in Wisconsin.
- **Minority Entrepreneurship:** The Minority Entrepreneurship Program at UW-Milwaukee (\$89,199) provides real world, practical education for minority clients and others who are interested in operating or starting their own businesses. Its courses, which cover the basic components of successful business ventures, are delivered on-site in minority communities, using practitioners (such as bankers, marketing specialists, accountants, business attorneys and human resource managers) who can relate their experiences and the problems they encountered to others considering business ventures.
- **School for Workers (SFW):** CEE has continued financial support of UW-Extension School for Workers, a labor education unit. SFW is the oldest university-based labor education program in North America, founded in 1925. One of the first operational components of the "Wisconsin Idea", the School, its faculty and staff, have long brought these three components--teaching, research, and outreach--to thousands of workers, unions, and employers throughout Wisconsin, the nation, and the world.

SFW runs approximately 150 programs each year, which involve more than 4,000 union representatives, officers, members, and employer representatives. SFW

offers a wide range of programs ranging from one-hour presentations to evening community classes, two or three day conferences, week-long residential institutes at the J.F. Friedrich Center in Madison, to multi-day labor-management facilitations involving a wide range of subjects. SFW faculty also provide a wide range of applied research and technical assistance services.

SFW received project funding (\$111,756) to support the redirection of its curriculum to develop new programming in several areas that contribute directly to the economic development of Wisconsin. This initiative has been very successful in developing programming in win-win bargaining, teamwork, new compensation systems, work restructuring, and employee involvement. The department offers this training and follow-up facilitation in a variety of formats in both residential and on-site locations.

The School for Workers has been providing training to union representatives, employers, and workers on OSHA regulations since the 1960's, as well as training on negotiation, team building, and facilitation. They continue these efforts and have added training in computing and occupational health. Ergonomics is a training area in which they have expanded their audience to include telephone and communications workers. They are currently working to design new hand tools that will reduce the risk of repetitive motion injuries common to the work of union employees.

- **Baraboo Spanish Instruction:** In the fall of 2001, Continuing Education Extension helped UW-Baraboo/Sauk County Continuing Education implement a Workplace Spanish class for English-speaking supervisors, police, and social service workers. With the funding provided by CEE (\$1,800), UW-Baraboo/Sauk County Continuing Education Extension was able to offer two sessions: Workplace Spanish for participants who want more specific vocabulary and Conversational Spanish for those who need the basics.
- **American Council on Education (ACE):** The Continuing Education Dean's Office houses the Wisconsin state affiliate for the American Council on Education (ACE)'s College Credit Recommendation Program. The College Credit Recommendation Service is a national ACE program that evaluates workplace education and training programs and recommends appropriate college credit levels. The Wisconsin state affiliate serves as the link between the national program and Wisconsin business and industry, labor unions, professional and volunteer associations, government agencies, and trade, technical and business schools.

B. Collaborate Effectively and Creatively

- **Diversity Program Development Initiative (DPDI):** The Diversity Program Development Initiative (DPDI) is a new effort aimed at helping the UW institutions develop and implement new diversity ventures that are consistent with the goals and initiatives of UW-Extension's Plan 2008. Program recipients are

required to work with a community partner with credibility in the target community. Nine grants to seven campuses, listed below, were issued in the 2000-01 and 2001-02 fiscal years:

UW-Stevens Point Extension— The EXPLORE program addresses the educational needs of migrant Hispanics in central Wisconsin by providing enrichment programs, tutoring, and English instruction for youth in grades 5-10 and career development consulting for adults. CEE provided two years of funding to this program, a collaboration among UWSP Extension, UWSP Office of Multicultural Affairs, and United Migrant Opportunity Services (UMOS).

The University of Wisconsin-Stevens Point Extension, the Wausau/Marathon County Chamber of Commerce, and the Portage County Business Council have created a Diversity/Cultural Team to provide diversity/cultural education to businesses in central Wisconsin.

UW-Madison Division of Continuing Studies— The Professional Enrichment and Leadership Development Program created four 8-hour training sessions for the staff of Centro Hispano, human service professionals who provide direct services to the Dane County Latino/a community. A second year of funding provided strategic planning and project management education to the agency's human services specialists and board members. Two 8-hour training sessions were provided. The program is a partnership between the UW-Madison Division of Continuing Studies and Centro Hispano of Madison.

UW-Eau Claire College of Arts and Sciences Continuing Education/Extension—The UW-Eau Claire College of Arts and Sciences Continuing Education/Extension received DPDI funding to recruit Hmong youth to participate in existing continuing education pre-college programs. The city of Eau Claire's Hmong Community Liaison Officer serves as the recruiter, working with program coordinators, parents, school officials, personnel of local Hmong Mutual Assistance Associations, and community leaders to foster enrollment in existing pre-college programs.

UW-Eau Claire's Indianhead Arts and Education Center received funding to bring inner city high school students of color and their instructor to the 2002 Summer Jazz Camp. The Milwaukee School of the Arts is the community partner.

UW-Parkside Center for Community Partnerships—The Dismantling Racism through Study Circles project allow the collaboration among three local entities, UW-Parkside - Kenosha Coalition for Dismantling Racism - Sustainable Racine Preparing for Diversity Committee, to continue to organize study circles on racism and race relations as a means of organizing community members to move towards change in the Kenosha and Racine communities.

The UW-La Crosse Office of Continuing Education and Extension—The UW-La Crosse Office of Continuing Education and Extension and the Boys and

Girls Club of La Crosse received DPDI funds to recruit youth of color for a one-day, hands-on summer science program.

UW-Sheboygan Office of Continuing Education— Understanding Hispanics in the Workplace is a series of seminars for Sheboygan area employers to understand Hispanic values, learn some business Spanish and communication strategies, and network about multi-culturalism in the workplace. UW-Sheboygan is collaborating with the Literacy Council of Sheboygan County to offer the program.

UW-Stout Stout Solutions— Stout Solutions received DPDI funding to develop a Hmong history course for K-12 teachers. The plan calls for the delivery of the courses by distance education technology, providing learning experiences not only for teachers, but for students and adults of Hmong ancestry. The Menomonie Area School District and the Hmong American Community Association, Inc. in Menomonie are partners in the project.

- **Collaborative Nursing Program (CNP) Grant:** A grant from the U.S. Department of Health and Human Services is helping make the entire UW Collaborative Nursing Program (CNP) curriculum available to rural nurses in Wisconsin and neighboring states via the Internet. The U.S. Department of Health and Human Services, Division of Nursing, awarded a Rural Distance Learning Cooperative Agreement to the University of Wisconsin-Madison School of Nursing. Under the terms of the agreement, the CNP has received nearly \$600,000 over a three-year period (fall 1999-2002). The funds helped the CNP to recruit 75 new students, provide laptop computers to new students who needed Internet access, and reformat several nursing courses for Internet delivery. The grant is one of only six cooperative agreements for distance learning for rural nurses awarded nationally.

Through the collaborative efforts of the nursing programs of the Universities of Wisconsin Eau Claire, Green Bay, Madison, Milwaukee, and Oshkosh, the CNP allows nurses to complete a baccalaureate degree in nursing through distance education technologies. Approximately 300 Wisconsin nurses are enrolled in the program at any given time, and 215 CNP students have graduated since the end of the May, 2002. Continuing Education Extension has served as a facilitator for the collaboration.

- **IDEAS Portal Website:** On a statewide level, Continuing Education Extension has engaged in a partnership with the TEACH Committee on Collaboration to build the IDEAS Portal Website (<http://www.ideas.wisconsin.edu>). The TEACH Wisconsin Committee on Collaboration includes UW System, Department of Public Instruction, Wisconsin Technical College System, Wisconsin Association of Independent Colleges and Universities, TEACH Wisconsin, and the Educational Communications Board. Through this project, CEE has engaged faculty from UW institutions (from both Schools and Colleges of Education and Letters and Science) to work with teachers in PK-12 schools and CESA staff to identify, evaluate, and rate online education resources that are mapped to the Wisconsin Model Academic Standards.

The IDEAS Portal Website project has been in operation since February of 2000 with the hiring of the Project Director. The initial team of teacher-researchers was hired, the evaluation rubric constructed, the web site built and populated with resources tested in Wisconsin classrooms, and initial marketing was implemented. The web site was designed to allow teachers to search for resources by grade, subject, or academic standard. The official web site went live in August 2001, and in only 8 months received 1 million hits, with the average time on site being 12-13 minutes. More than 16,000 educators have sent the website identification (URL) to colleagues who they believe will find it useful. Through May 2002, IDEAS received 1,319,022 hits and 130,416 visits.

- **Metropolitan Multicultural Teacher Education Program (MMTEP):** The Division of Continuing Education Extension continues to fund the Metropolitan Milwaukee Teacher Education Program (MMTEP), which remains a national model for bringing more people of color into teaching. The program is a collaborative effort of the University of Wisconsin-Milwaukee's School of Education, the Milwaukee Public Schools and the Milwaukee teachers' union.

CEE also provides funding to the "Connected Community of Learners" program at Milwaukee Public Schools. To help students meet their proficiency goals in the areas of science and oral presentations, each student in the summer program is provided with an Internet-ready laptop computer. Students spend a portion of their summer working in the schools and a portion working in community educational settings such as Discovery World and the Milwaukee Public Museum on projects related to specially designed curriculum.

- **Cultural Coalition:** Continuing Education Extension is a member of the Cultural Coalition, an alliance of state and nonprofit arts, humanities and history agencies and organizations that promotes arts and humanities in the state. Along with CEE, the Cultural Coalition members are: Wisconsin Public Television; Wisconsin Public Radio; Wisconsin Academy of Sciences, Arts and Letters; Wisconsin Arts Board; Wisconsin Humanities Council; and the Wisconsin Historical Society. The Coalition formed in 1996 to support a common mission to provide and foster lifelong learning and greater appreciation for the arts, culture, humanities, and history.

The Cultural Coalition created Portalwisconsin.org, a Web site to promote arts, culture, humanities, and history in Wisconsin. Using a variety of web-based media, Portal Wisconsin serves as an electronic gateway to rich content throughout the state. Content includes a statewide events calendar, news articles, chats, online galleries, and Web links. Users are able to search for content by keyword, geographic area, interest area, and other means.

- **Solid and Hazardous Waste Education:** The Pollution Prevention Program (\$151,744) supports faculty at UW-Madison and UW-Extension who provide Wisconsin businesses and industry with educational programs that reduce hazardous waste generation. Companies have participated in one-day seminars, satellite teleconferences, trade shows, or technical assistance activities conducted by the

Center. Each year the Center staff conducts waste reduction/pollution prevention opportunity assessments at industrial plants throughout the state. These assessments provide technical information and assist the companies in establishing strategies for waste reduction. Follow-up evaluations with a number of companies have determined that Center-recommended improvements have resulted in either significant reduction or elimination of entire waste streams and substantial cost savings. The Center also cooperates with state agencies and statewide professional and business organizations to widely disseminate pollution prevention education programs.

- **Cross Divisional Program Innovation Fund:** Administered by the UWEX Vice Chancellor, the Cross Divisional Program Innovation Fund encourages innovative programming efforts with a common thread—collaboration across the various Extension divisions and units. In fiscal years 2000-01 and 2001-02, CEE collaborated in a number of projects that received grants from this fund. Two examples are listed below:

UW-Extension's Governmental Affairs Consortium (GAC)— The Governmental Affairs Consortium, which consists of Cooperative Extension's Local Government Center (LGC) and the campus-based continuing education offices of UW-Green Bay, Madison, Milwaukee, Platteville and Superior— received \$30,000 from UW-Extension's Cross Divisional Program Innovation Fund. With the grant, GAC developed a comprehensive, interactive, up-to-date online catalog, www.govtraining.org, of educational opportunities and services available to government managers and public officials across the state of Wisconsin. Through April 30, 2002, the site attracted 35,930 hits, 2,623 unique visitors, and 501 repeat visitors.

Hispanic Needs Assessment: An effort to better understand the educational needs of Hispanic people in Wisconsin, the Hispanic Needs Assessment included a workshop and creation of a demographic profile. The project, which received a \$13,000 grant, had key collaborators from CEE, Cooperative Extension, UW-Extension Small Business Development Center, UW institutions, and community agencies. The March 29, 2001 event drew 95 from UW-Extension and organizations that serve Hispanic/Latino/a people.

C. **Integrate Technology and Practice**

- **UW Learning Innovations (UWLI):** CEE has continued financial support of UW Learning Innovations (UWLI), which serves UW System with the development and distribution of online credit and non-credit programs and degrees. Dean Barbara Emil serves as Executive Director of UW Learning Innovations.

UWLI and UW-Platteville are collaborating to offer the Extended Degree Program in Business Administration online. This program allows adults who are unable to pursue a traditional on-campus college program, the opportunity to earn a baccalaureate degree no matter where they live. Traditional curriculum is designed in

an individualized study format, allowing for self-paced completion with no on-campus attendance required.

This partnership also supports the **Master of Science in Criminal Justice**, designed to serve criminal justice and social service professionals who wish to continue graduate education or who need additional knowledge and skills to advance in their professions. The degree is offered entirely online and there is no residency requirement for completion of the degree.

The **Master of Science in Project Management** is an online program designed for working adults who want to pursue a degree while remaining employed. The program is open to anyone who holds a bachelor's degree from an accredited institution and has the desire to learn about project management. The program provides professionals with a convenient, practical, quality course of study that will allow them to develop the new skills that are needed in managing today's workplace, while earning professional development credits that lead to an advanced degree. This online degree is offered in conjunction with UW-Extension, with program design and development, faculty training, and learner support from UW Learning Innovations.

The **Master of Engineering** is an online technical degree in engineering requiring advanced course work but no thesis. Developed in response to industry needs, this program has two unique features: it includes a technical area of emphasis and is Internet (Web) based. The online format makes this advanced technical degree much more accessible to professionals working in industries within the state, region, and world. This online graduate degree is offered in conjunction with UW-Extension, via program and learner support from UW Learning Innovations.

UW Colleges, in conjunction with UWLI, now offers a program of online courses that can lead to an associate's degree and/or be the foundation of a bachelor's degree. This program enables students to take courses from any computer location and allows students to complete their work any time of day.

- **UWEX and UW System** are increasingly involved in projects with a technology focus. In the 2000-01 fiscal year, the division provided funding (\$34,553.27) to support the senior consultant for learning technologies research and development position, a position shared with UW System (UWS). The shared position enables partnership development, research and assessment, planning and procurement, and coordination and communication for learning technology working with industry, government, and educational information technology leaders to identify emerging technologies and select technologies for research development pilots and projects. To support the UWS Coordinator for Learning Technology Development, the Division of Continuing Education Extension has agreed to fund a graduate student in the UW System Office for Learning and Information Technology (approximately \$26,770 for fiscal years 00-01 and 01-02).
- **Workers Independent News Service (WINS):** WINS is a new initiative by the UW-Extension School for Workers. As a nationwide news service, WINS' mission is to provide to radio stations news and features focusing on organizing and bargaining

for workplace democracy, workplace issues, coalition campaigns for a living wage and other goals, unions in communities and the political arena, and workforce issues, including undocumented workers, contingent and part time workers, and immigrant workers.

- **Manufacturing Technology Transfer (MTT):** Manufacturing Technology Transfer (MTT) (\$205,888) at UW-Stout provides the means to transfer state-of-the-art manufacturing practices to small and medium size manufacturers via interaction with UW-Stout faculty, technical advisors, and students. MTT provides direct in-plant assistance in developing and applying a strategy for productivity improvement. MTT assesses a client company's manufacturing operations, technologies, and training needs and then provides educational and technical services to assist companies with improvements. As a result, these companies are able to select and apply appropriate technology, maximize employee productivity and manufacturing capacity, reduce product cost, enhance product quality and customer satisfaction, and develop and implement long term planning for sustained economic growth. MTT's goal is to stimulate economic development and job creation by enhancing the state's productive capacity and competitiveness in regional and international markets.
- **Educational Technology Project:** The Educational Technology Project (\$94,800) is located at UW-Eau Claire. This project has allowed UW-Eau Claire to develop and utilize its telecommunications infrastructure and has provided programmatic support and faculty training to serve the distance education needs of the campus. UW-Eau Claire offers freshman English composition to regional high school students, staff development for area gifted and talented teachers, and video teleconferences for staff development. Since the project began, it has developed Bachelor's and Master's in Business Administration courses that are offered over compressed video to UW-Barron County and offered nursing programs as part of the Collaborative Nursing Program.

D. Practice Entrepreneurial Fiscal Management

- **UW Learning Innovations Contracts:** Since the beginning of the 2001 fiscal year, UW Learning Innovations has acquired 22 different contracts with businesses, agencies, and academic institutions across the United States. Examples include IBM, US Cellular, Famous Footwear, TDS Telecom, UW System, and US Chamber of Commerce.
- **External funding for IDEAS project:** CEE has worked to obtain external funding for the IDEAS Portal Web Site project. For the 2001 calendar year, IDEAS received a grant (\$200,000) from TEACH Wisconsin. IDEAS also received a TEACH Wisconsin grant (\$53,393) for the 2002 calendar year, and a grant (\$54,045) from the Eisenhower Professional Development Program for the 02-03 fiscal year.

E. Assess the Impact of Programs, Services, and Partnerships

- As part of an institution-wide initiative, the division has developed guidelines and processes for evaluating and articulating the human, economic, environmental, and civic impact of continuing education programs throughout the state. Evaluation reports focus on the value that extension programs add to traditional UW courses and outreach efforts and the community partnerships that enhance the credibility and appropriateness of continuing education programs. Impact assessment initiatives contribute to program improvement while demonstrating accountability to learners and stakeholders.

To date, more than 130 people have been trained through 11 campus visits and teleconferences on how to assess the impacts of their programs and services. As a result, campuses have begun integrating impact assessment into their course and unit evaluations and have changed their course evaluation instruments.

IV. BROADCASTING AND MEDIA INNOVATIONS

UW-Extension has organized its digital assets in such a way as to capitalize on the convergence of broadcast and computer technologies. New and existing audiences will have access to broader and deeper content delivered through a range of technologies. There are no specifically funded legislated projects in Extension Broadcasting and Media Innovations. The following are the units major public service program areas.

A. Broadcasting

In partnership with the Wisconsin Educational Communications Board (ECB), the Division of Extension Broadcasting and Media Innovations produces and delivers cultural, educational and instructional programs that meet the needs of individuals, communities, and the state, using the facilities and resources of Wisconsin Public Broadcasting. WHA-TV and WHA-Radio, licensed to the Board of Regents, serve the south central Wisconsin area, and provide educational production facilities and support for faculty in Extension and at institutions located throughout the state. There are 826,700 households that view Wisconsin Public Television each week. Wisconsin Public Radio reached 350,900 listeners each week. Every GPR dollar invested in Wisconsin Public Broadcasting leverages \$3.00 from other sources.

B. Media research and experimentation

1. Broadband Technology

UW-Extension Broadcasting and Media Innovations is using Internet 2 to experiment with and demonstrate the use of Internet 2 protocol to deliver video programming for preview and broadcast to University licensed television stations.

2. Media Asset Management

Wisconsin Public Television is experimenting with Virage and Mediasite software to create video indexing systems that allow the user to identify and search for video pieces by subject. This video indexing works in much the same way an Internet search engine allows the user to search for information by key word. An operational prototype of a searchable video archive comprised of video assets relating to Wisconsin history, will soon be made available to a test group of teachers.

3. Interactive Television

UW-Extension and Wisconsin Public Television are using Web-TV technology to create interactive programming. Web addresses (URLS) are placed in the line 21 portion of the video signal that can be read by the Web TV Plus box to create an interactive television experience. UW-Extension is using this technology to connect our public television viewers to additional university content. While watching interactive television programs, users can access additional content resources related to the subject of the program.

V. BUSINESS AND MANUFACTURING EXTENSION

Although there are no specially funded legislated projects in Business and Manufacturing Extension and its Small Business Development Center, the following are some of the unit's program areas.

A. Small Business Development Center (SBDC) Network Expansion

The Small Business Development Center continues to leverage its services to Wisconsin's business community by initiating creative partnerships with both campus and community economic development leaders.

- The UW-Green Bay SBDC increased its visibility and became part of a single-source education and service group in Green Bay, known as the Business Assistance Center (BAC). By moving off campus and locating with other service providers, the SBDC is more accessible to new and growing businesses in northeast Wisconsin. This is part of a three-year trend in which the SBDC has enhanced its outreach by either relocating counselors in the business community, or establishing multi-county circuits for its counselors. This has now occurred with six of the 12 UW campuses that are partners through the UW-Extension state SBDC office.
- The UW-Whitewater SBDC has established a counseling service presence in Beloit, one of the state's most economically-stressed areas, and one in Waukesha County, the state's fastest-grow county numerically. These offices are staffed by experienced counselors who bring a strong business

development perspective to the unique public service challenges that these two areas face.

- SBDC State Director Erica Kauten is in discussion with leaders at UW-Stout about the possibility of establishing a "specialty" Small Business Development Center associated with the campus. This is in keeping with the observed trend of the state's entrepreneurs requiring more specialized services in a new technology-dominated era.

B. Emerging SBDC Partnerships

In classic extension tradition, the SBDC has initiated partnerships with state and federal agencies, to enrich its suite of services to the state's entrepreneurs.

- **Wisconsin Department of Commerce -- Entrepreneurial Training Grants**

This program encourages business formation and expansion in Wisconsin by providing 75% reimbursement for tuition cost of an SBDC entrepreneurial training program. Components include classroom course work, individual counseling and coaching, completion of a comprehensive written business plan, and -- where indicated -- helping the client toward readiness for business financing. Participants in this program are selected on the basis of their potential to support a business or business expansion idea. The Commerce Department provides the grant funding for the program and the SBDC does the administration, training and counseling. To date, 597 entrepreneurs have been awarded \$414,839 in grants, and are in various stages of the program.

- **Small Business Innovation Research Outreach (FAST Program)**

The SBDC has developed a statewide Small Business Innovation Research (SBIR) outreach effort that links small businesses to federal research and development (R&D) funding sources. The Federal and State Technology Partnership (FAST) program has provided the SBDC with funding to facilitate a partnership between the SBDC, the U.S. Small Business Administration, Wisconsin Department of Commerce, UW-Madison University Industry Relations, and the Wisconsin Small Business Innovation Consortium. Through this new initiative, partners developed a FAST Assistance Network supportive of SBIR and other federal agencies' programs that invite small business R&D proposal preparation.

The FAST Program's objectives are to stimulate technological innovation, use small businesses to meet federal R&D needs, encourage the participation by disadvantaged and minority persons in technological innovation, and increase private sector commercialization derived from federal R&D. The SBIR programs fund research and development efforts of a high-risk nature that have commercial potential. The grant provided funding for a UW-Extension SBDC FAST Outreach Specialist who works out of the Wisconsin Department Commerce's Office of Science and Technology.

C. Expansion of SBDC Services

To facilitate the changing needs of "next economy" business entrepreneurs, the SBDC develops services that target emerging business needs, concentrating on those that will result in better-paying "brain gain" career opportunities. Two examples are presented below:

- **Equity Financing Opportunities Expanded**

To stimulate equity financing in high-growth companies, the SBDC partnered with economic development professionals and key leaders in the private sector to present a special educational program, "Understanding and Acquiring Equity Financing." This highly successful program was offered in Madison and Appleton, and featured a dozen distinguished speakers and panelists. They included an angel network representative, the Wisconsin Department of Commerce, bank president, venture capitalists CPAs, attorneys, and representatives from successful growth firms.

The SBDC network representatives have also been actively involved in interfacing with local angel networks, especially in Eau Claire, Green Bay, La Crosse and Madison. An SBDC representative also participated in the planning of the March 2002 Governor's Summit on Capital, and served as a panelist on a summit session titled "Venture Capital Basics."

- **Wisconsin Technical Information Partnership**

The SBDC has partnered with the University of Wisconsin-Madison Libraries and several others to create the Wisconsin Technical Information Partnership (WisTIP). It provides information delivery services to Wisconsin businesses and is designed specifically for entrepreneurs and business owners of technology companies. WisTIP offers companies the world of science, engineering, business, medical and law literature, drawing on one of the largest research library collections in North America. Components include delivery of documents, book loans, on-line literature and preliminary patent and trademark searches. Grants up to \$500 are available for qualified businesses to access the program. A web site with a simple application form has been developed. Other WisTIP partners include: U.S. Small Business Administration, University of Wisconsin-Extension, Wisconsin Department of Commerce, and the TechSearch service of the UW-Madison College of Engineering.

D. Research - Statewide Economic Development Needs Assessment

The SBDC State Office partnered with the Wisconsin Economic Development Association and the Wisconsin Economic Development Institute in a significant needs assessment through regional focus groups and an email survey. The majority of the 81 survey participants were local economic development professionals. Focus of this research was on economic development services to Wisconsin's "high economic impact" businesses. The significant finding is that

there is wide recognition of unmet needs for early stage and equity financing for growth businesses, most notably in the "early seed capital" stage.

VI. OTHER UW SYSTEM INSTITUTIONS

UW institutions other than UW-Extension manage \$19.0 million in extension and public service funds. Most funds are at UW-Madison, where they support the State Laboratory of Hygiene, the Wisconsin Veterinary Diagnostic Laboratory and other ongoing programs in the School of Veterinary Medicine, the State Cartographer's Office and the LaFollette Institute.

Other programs at UW System institutions support institution-based extension program activities, public service radio station operations and programming, community service forums and programs, and business awareness and development outreach efforts in communities.

The largest non UW-Extension program is the State Laboratory of Hygiene (\$5.8 million), which provides highly complex laboratory testing services.

REVISED

I.2. Business and Finance Committee

Thursday, September 12, 2002
Room 1920 Van Hise Hall
1:00 p.m.

1:00 p.m. Joint with Physical Planning and Funding Committee

a. Program Review: Outsourcing Services at UW Institutions

1:30 p.m. or upon conclusion of joint session

b. Committee Themes and Goals for 2002-03

c. Building Our Resource Base Implementation Plan

d. UW-Eau Claire Differential Tuition

e. Stock Market Impact on Trust Funds, Foundations and Auxiliaries

f. Committee Business

(1) Approval of the Minutes of the June 6, 2002 Meeting

(2) Auxiliary Reserves Report to Joint Finance

(3) Contract with Learfield Communications

[Resolution I.2.f.(3)]

(4) Report on Base Salary Adjustments to Recognize Competitive Factors

[Resolution I.2.f.(4)]

(5) 4th Quarter Gifts, Grants and Contracts

g. Trust Funds Issues

(1) Asset Allocation and Spending Plan Review

[Resolution I.2.g (1).]

h. Report of the Vice President

(1) Audit Update

i. Additional items which may be presented to the Committee with its approval

j. Closed session to consider trust fund matters as permitted by s.19.85(1)(e), *Wis. Stats.*

OFFICE OF INTERNAL AUDIT PROGRAM REVIEW

Outsourcing Services at UW Institutions

Background

The UW System Office of Internal Audit reviewed UW institutions' use of private contractors to provide services. The impetus for the program review was an interest in Wisconsin in outsourcing as a potential method to curb costs, as well as the prevalence of outsourcing as a business practice in higher education.

Requested Action

For information only.

Discussion and Recommendations

The review examined outsourcing trends in Wisconsin and elsewhere, advantages and disadvantages of outsourcing, and the future of outsourcing:

Outsourcing in Higher Education

Higher education institutions use various combinations of self-provided and outsourced services. According to the American School and University's 6th Privatization/Contract Services Survey in 1999, nearly 95 percent of the nation's colleges and universities outsourced some services. Services higher education institutions have most commonly outsourced include food services; vending; bookstore operations; custodial services; heating, ventilating and air conditioning maintenance; and laundry services.

Outsourcing examples in the UW System are generally in one of three categories: operational, auxiliary, and academic. Operational services include fire protection maintenance, elevator maintenance, and waste disposal. Auxiliary services include bookstores and food services. In one instance of academic outsourcing, UW-Milwaukee has contracted for distance education delivery services for a doctorate program.

Advantages and Disadvantages of Outsourcing

Review findings indicate that outsourcing services can offer such advantages as added expertise, reduced costs, transfer of risk to the contractor, and variable staffing for seasonal work. Possible disadvantages are lower service quality, loss of in-house expertise, or loss of continuity when contractors change.

Factors unique to higher education can also influence the decision to contract out. These include: the university's academic mission, which may dictate that an institution directly provide certain services with an educational component, such as child care; an academic calendar that leads to a decreased need for services during the summer; or a need for janitorial or other services at non-standard hours in buildings with 24-hour access. Additional limitations at UW institutions include stagnant supplies-and-services funding, employee collective bargaining agreements that require pre-contracting notice to unions, and state requirements that service contracts be re-bid every five to seven years.

Future of Outsourcing

Despite impediments to outsourcing, the broad use of outsourcing as a management tool in higher education suggests that more outsourcing will occur in the future. The report recommends the UW System Office of Procurement work on a formal and regular basis with UW institution chief business and student affairs officers, auxiliary and physical plant directors, and purchasing directors to provide a central forum for addressing outsourcing issues.

Related Board of Regents Policies

None.

BUILDING OUR RESOURCE BASE IMPLEMENTATION PLAN

EXECUTIVE SUMMARY

BACKGROUND

The Board of Regents selected “Building Our Resource Base,” a look at alternative funding approaches for public higher education, as one of its three over-arching themes for 2001-02. This theme involved a series of presentations designed to allow the Board to consider various funding alternatives and decide which items it was interested in pursuing.

The Board adopted seven principles to guide its consideration of these funding strategies. The principles, enumerated below, were culled from the Board of Regents’ tuition policy and the Regents’ *Study of UW System in the 21st Century*.

Principles Guiding UW System Funding Strategies

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

The Board was presented with 25 options for Building the Resource Base of the UW System. In June of 2002, the Board passed a resolution approving the Final Report and its associated recommendations to:

- Eliminate 4.5 of the items from consideration
- Have 10.5 of the items take consideration immediately
- Make 6.5 of the items a priority for further study
- Pilot one item first before deciding to implement across the system, and
- Defer 3 items, possibly for longer-range consideration

RECOMMENDED ACTION

No action is requested at this time.

DISCUSSION AND RECOMMENDATIONS

This report updates the Board on the implementation plan for the recommendations approved in June.

RELATED REGENTS' POLICIES

Study of UW System in the 21st Century; Enrollment Management 21 Policy; tuition policies (general, distance education, differential tuition, and service based pricing); related System financial and general administrative policies.

BUILDING OUR RESOURCE BASE
Implementation Plan
September, 2002

BACKGROUND AND DISCUSSION

The Board of Regents, at the June 2002 Board meeting, approved the Final Report on Building Our Resource Base. This report updates the Board on actions that have been taken so far and subsequent actions that need to be taken in regard to those items that were “Recommended for Immediate Action,” “Priority for Study and Possible Implementation,” and “Pilot First.”

Actions that have been taken or are planned for the 10.5 items that were recommended for immediate action:

Item #1A: “Move Forward Immediately To Keep Interest Earnings On Tuition Revenues.” The statutory language changes that were approved by the Board at the August 22 Board meeting for submission to DOA in September included a request that would enable the UW System to retain interest earnings on tuition revenues.

Item #2: “Invest a Portion of Auxiliary Funds in Longer-Term Securities.” The Board has the statutory authority to invest auxiliary funds in those instruments legal for trust funds. System Administration has been developing some alternatives for investment of auxiliary funds. In order to move forward with this, however, it may be advisable to have the Board approve a resolution on the types of funds that should be invested in longer-term securities. A resolution will be brought to the Board later this fall.

Item #8A: “Enhance the Private Fund Raising Strategy, Including Feasibility/Marketing Studies Using an Outside Consultant.” A private consultant (Steve Gundersen, Gundersen and Associates) was hired and the Feasibility/Marketing Study has been completed.

Item #8B: “Implement the Systemwide Federal Funding Increase Strategy.” System Administration has a Federal Relations Coordinator who works with the Federal Funding Advisory Council of Chancellors to implement the plan provided by Gundersen and Associates. The Coordinator will update the Business and Finance Committee periodically on progress made in attracting additional federal funds.

Item #13: “Move Toward More Self-Supporting Tuition for Adults and Professional Programs.” Institutions have already submitted several service-based pricing tuition proposals. A report of initiatives that have been approved by the President will be brought to the Board later this year, including enrollments in the programs.

Item #14: “Encourage More Aggressive Movement into Offering E-Learning Programs.” The Board will receive a report of the progress of the EGOLL group on implementing its goals along with the annual report on Information Technology/Distance Education. At the August 22 Board meeting, a biennial budget request for funding to increase the ability to offer distance learning programs was also approved for forwarding to the Department of Administration.

Item #15: “Consider More “Corporate College” Efforts.” These initiatives are developed at the institutional level. This fall UW-Whitewater is beginning an MBA program on site with American Family Insurance Company. This is another step in the growing number of programs designed to meet the needs of working adults and the businesses for which they work.

Item #16: “Modify the Current Tuition Policy Goal to Recommend that the System Move Over the Long Term Toward a Goal of Reaching 95% of the Peer Midpoint for Resident Undergraduate Tuition.” The Board approved the change in the goal. However, this goal is not a formal part of the Board’s tuition policy. The Board should decide whether to include the goal in the tuition policy or to simply maintain it as a goal that is not part of the policy.

Item #19: “Compact Component: Revenue Control (full rather than limited tuition continuing appropriation), ability to keep interest earnings on tuition revenue.” The Board, on August 22, requested changes to the Wisconsin statutes that would allow the Board to set resident undergraduate tuition without restrictions. The Board also requested the authority to keep interest earnings on tuition revenue (see Item #1A).

Item #22: “Compact Component: Expanded Coverage Within Standard Costs to Continue.” This spring System Administration negotiated with the Department of Administration regarding the need to provide predictable funding for normal operating costs in core areas such as library acquisitions, postage increases, internet usage costs, and operating budget preventive maintenance staffing for new buildings. The awareness of this need was raised for all parties, but the state’s current fiscal situation was not conducive to making new changes. However, the Board, with its action on August 22, approved the submission of a budget request for Cost to Continue that included these items. The Board will receive periodic updates on the progress of the budget request.

Item #23: “Affordability Compact.” Wisconsin Act 109, the Budget Reform Bill, linked state increases for the university related portion of WHEG and increases for Lawton to increases in tuition at the UW System. While it did not link increases to AOP to increases in tuition, the UW System’s 2003-05 Biennial Budget Request includes a request to increase AOP funding by the same percentage that tuition increased in 2002-03.

Item #24: “Encourage Greater Campus Use of the Differential Tuition Option to Meet Unfunded but High Priority Student Needs.” Several institutions are considering differential tuition initiatives and are working with their student governments prior to advancing a request to the Board.

Actions that have been taken or are planned for the 6.5 items that were recommended for study and possible implementation:

Item #1B: “Ability to Keep Investment Earnings Revenue for Gifts, Grants, Contracts, and Federal Indirect Cost Reimbursement Funds.” This item will be studied over the 2002-03 fiscal year and a report will be brought to the Board in the 2003-04 fiscal year. The current fiscal

environment does not lend itself to advancing more proposals to the state that would reduce the amount of revenue available.

Item #3: “UW Assumes Full Cash Management Responsibilities for All Program Revenue Appropriations.” This item will be studied over the 2002-03 fiscal year and a report will be brought to the Board in the 2003-04 fiscal year. The current fiscal environment does not lend itself to advancing more items to the state that would reduce the amount of revenue available.

Item #7: “Increase Flexibility to Transfer or Loan Funds From Auxiliary Operations.” Chief Business Officers at the institutions were asked to inform UW System staff of any changes needed to increase use of this authority. The response was that there were no changes needed. System Administration staff will be more proactive about reminding the institutions that the authority is there if they choose to use it. No further action is needed.

Item #9B: “Conduct an Assessment of a Modified Plateau Approach for Tuition.” UW System will continue to study per credit models in other states and develop models of revenue flow. A report to the Board will follow more extensive research. This report might occur in the 2003-04 fiscal year.

Item #10B: “Allow Professional Schools to Bring Forward Cohort Tuition Proposals if Accompanied by Thorough Studies and Fiscal Projection Modeling.” No proposals have been submitted at this point.

Item #12: “Offer a Tuition Differential or Reduced Rate to Children of Non-Resident Alumni.” Several Chancellors have expressed interest in piloting this program but have not yet submitted a formal proposal. A pilot would help to assess the actual impact of a different rate for children of non-resident alums, before moving to a systemwide level and risking possible tuition revenue loss.

Item #21: “Compact Component: Lump Sum Budgeting for Compensation and New Initiatives.” At the August 22 meeting, the Board of Regents approved requests for changes to the Wisconsin statutes that would: streamline procedures by directing the UW System to submit its pay plan request directly to JCOER and use resources more efficiently by consolidating several separate appropriations into the large appropriation for general operations. System Administration will continue to study alternatives for reducing the justification and approval processes now in place for both compensation and operating budget requests.

Item #25: “Tuition and Other Strategies to Improve Efficient Degree Completion.” The Board requested that the President study a number of tuition, financial, and other strategies to decrease total credits to degree, and bring forward a plan for implementation of such strategies for the Board’s consideration at its December 2002 meeting. This discussion may need to be moved up to November to fulfill a request by the Governor for a report on this topic by December 2002.

Action taken for the item recommended for piloting first:

Item #9A: “ Evaluate Existing Per Credit Pilots and Permit Additional Pilots Under Current Board Review Process.” The UW-Stout per credit tuition model has been implemented for Fall 2002. An update on the effect of the tuition change on student behavior may be possible in the spring but a complete study of the effect of per credit tuition on student retention, credits taken per student, graduation rate, etc., will not be available for a number of years. UW System staff will work with institutions interested in proposing a per credit pilot and will continue to monitor the effect of per credit tuition on revenue and student behavior in other states.

A study of the UW-Superior graduate summer program, would have limited value in determining the impact of per credit on undergraduates and their behavior.

Conclusion

This report summarizes the actions that have been taken and are planned for the implementation of the Board’s recommendations for Building the Resource Base of the University of Wisconsin System. No further action by the Board is needed at this time.

UNDERGRADUATE DIFFERENTIAL TUITION UW-EAU CLAIRE

BACKGROUND

In its “Study of the UW System in the 21st Century,” the Board of Regents approved flexibilities for tuition setting. UW-Eau Claire student leaders and administration propose adjusting the campus’s existing undergraduate differential tuition rate to offset the effects of inflation, support growth that has occurred in funded programs and generate additional resources to fund new and expanded programming.

REQUESTED ACTION

No action is being requested at this time.

DISCUSSION AND RECOMMENDATIONS

On December 6, 1996, the Board of Regents approved a differential tuition program for the University of Wisconsin–Eau Claire. The program, supported by students and recommended by the Chancellor, called for the assessment of differential tuition in the amount of \$50 per semester per full-time undergraduate student beginning in the fall of 1997. The assessment was to apply to all undergraduate students regardless of residency status or academic major. This was the first campus-wide differential tuition program within the UW System and one of the first at a public institution in the nation.

Revenues generated through the differential tuition assessment were directed to improving the quality of the undergraduate experience for UW-Eau Claire students. The following programs were identified for support:

- First-Year Experience course sections
- Capstone courses
- Service-Learning
- Undergraduate Student/Faculty Collaborative Research
- Experiential Learning/Internships

The allocation of revenues within these categories has been guided by percent ranges established by the students for each category. Regular reports have been made to students on the actual utilization of the funds to confirm compliance with the allocation ranges. Students have been consulted on the continued appropriateness of the categories and allocation ranges.

The differential tuition rate of \$50 per semester per full-time student has not changed since it was implemented in the fall of 1997. Inflation, salary and benefit increases and other cost pressures have reduced the buying power of the revenue, which has been relatively constant at about \$950,000 per year based on stable enrollment.

Over the past two years, student leadership and campus administration have discussed the need to review the differential tuition rate and allocation plan. Students remain very committed to differential tuition because of the positive effect it has on their undergraduate experience. At its last meetings in the 2002 spring term, the Student Senate unanimously passed legislation to do the following:

- Re-affirm the current allocation ranges and direct that they be used in 2002-03
- Pursue a more defined student role in determining the use of differential tuition through structured communication between students and the administration;
- Look at adding new programs or areas to be supported by increased Differential Tuition revenues in the future; and
- Recommend the following schedule for the increase of the differential tuition rate for future years
 - Current Rate (2001-03) \$50 per semester
 - Fall 2002 no change
 - Spring 2003 \$55 per semester
 - Fall 2003 \$60 per semester
 - Spring 2004 \$65 per semester
 - Beginning with the 2004-05 academic year, the rate shall increase by 4.5% annually, rounded to the nearest half dollar, until Student Senate directs otherwise.

The Student Senate's action reflects the strong commitment of UW-Eau Claire students to continue the campus tradition of excellence even in this time of uncertain state support. The student leaders see their action as part of a campus-wide effort to build our resource base, one that runs parallel to the University's recently announced comprehensive fundraising campaign.

RELATED REGENT POLICIES

Study of the UW System in the 21st Century (June 1996)

September 13, 2002

Agenda Item I.2.f.(2)

Auxiliary Reserves Report to Joint Finance

September 13, 2002

Senator Brian Burke
Representative John Gard
Co-Chairs, Joint Committee on Finance

George Lightbourn, Secretary
Department of Administration

Dear Senator Burke, Representative Gard, and Secretary Lightbourn:

This letter requests approval of the UW System's 2002-2003 plan for student fee funded auxiliary reserve balances as required by section 36.46, Wisconsin Statutes:

The board may not accumulate any auxiliary reserve funds from student fees for any institution, or for the centers in aggregate, in an amount that exceeds an amount equal to 15% of the previous fiscal year's total revenues from student segregated fees and auxiliary operations funded from student fees for that institution, or for the centers in aggregate, unless the reserve funds are approved by the secretary of administration and the joint committee on finance under this subsection. A request by the board for such approval for any fiscal year shall be filed by the board with the secretary of administration and the cochairpersons of the joint committee on finance no later than September 15 of that fiscal year. The request shall include a plan specifying the amount of reserve funds the board wishes to accumulate and the purposes to which the reserve funds would be applied, if approved. Within 14 working days of receipt of the request, the secretary of administration shall notify the cochairpersons of the joint committee on finance in writing of whether the secretary proposes to approve the reserve fund accumulation.

Reserve funds are needed to meet debt service requirements, to ensure that equipment and facilities can be maintained, replaced, remodeled or refurbished as needed, to provide an operating cushion to offset short-term revenue losses or unanticipated expenditures and to stabilize rate increases for students. Section 36.46 originally required approval of all student fee funded auxiliary reserve accumulations but was amended by the 1997-99 biennial budget bill to require approval of only reserve accumulations in excess of 15% of prior year revenues. UW System policy requires that institutional reserve levels be clearly linked to specific programmatic and operating needs detailed in a multi-year plan.

Attachment 1 shows planned reserves as of the end of 2002-2003 for all UW institutions and compares that amount to the reporting threshold (i.e., 15% of 2001-2002 revenues).

Attachment 2 shows the planned use of these reserves for the nine institutions that are projecting to end 2002-2003 with reserve balances above the 15% threshold. At each of these institutions except UW Colleges, the planned reserves are being accumulated for major capital projects.

The three institutions with the largest planned reserves over the 15% reporting threshold represent 83% of that total: UW-Eau Claire and UW-Green Bay are both accumulating funds for major renovations to their student centers and

UW-River Falls is accumulating funds for a new residence hall.

With this report we request approval of the projected balances shown in Attachment 2. I would be happy to answer any questions you may have about this information.

Sincerely,

Deborah A. Durcan
Vice President of Finance

cc: Joint Committee on Finance Members
President Lyall
Regents
Chancellors
Vice Presidents
Chief Business Officers
Doug Hendrix

Dwan Schuck
Freda Harris
Bob Hanle, DOA
Bob Lang, LFB
John Stott, LFB
Legislative Reference Bureau
Renee Stephenson

University of Wisconsin System
 Section 36.46 Report on Student Fee Funded Auxiliary Reserves 2002-03
 Calculation of 15% Reporting Threshold

All Institutions	2001-02 Actual Revenue	15% of 01-02 Actual Revenue (Threshold)	6/30/03 Planned Reserve Balance	Greater Than / (Less Than) Threshold
Madison	80,840,171	12,126,026	3,405,949	(8,720,077)
Milwaukee	34,286,953	5,143,043	5,794,389	651,346
Eau Claire	20,955,456	3,143,318	4,727,150	1,583,831
Green Bay	8,672,453	1,300,868	5,166,499	3,865,631
LaCrosse	18,421,447	2,763,217	2,844,061	80,844
Oshkosh	18,682,522	2,802,378	2,271,485	(530,893)
Parkside	7,350,297	1,102,545	1,642,647	540,102
Platteville	13,581,688	2,037,253	2,036,237	(1,016)
River Falls	11,545,724	1,731,859	6,949,456	5,217,597
Stevens Point	17,534,955	2,630,243	2,394,260	(235,983)
Stout	17,388,300	2,608,245	2,962,562	354,317
Superior	3,885,155	582,773	1,141,966	559,193
Whitewater	20,352,265	3,052,840	1,795,612	(1,257,228)
Colleges	3,353,128	502,969	518,991	16,022
TOTAL	<u>276,850,513</u>	<u>41,527,577</u>	<u>43,651,263</u>	<u>2,123,686</u>

University of Wisconsin System
Section 36.46 Report on Student Fee Funded Auxiliary Reserves
Planned Use of 2001-2002 Balances Greater Than Threshold

Institution	Balance Greater Than Threshold	Planned Use of 2002-2003 Balances Greater Than Threshold
Milwaukee	651,346	Sandburg sprinkler system \$3,336,000; Renovation of Student Center ballroom and kitchen \$2,105,000 and atrium \$550,000.
Eau Claire	1,583,831	Student Center renovation and addition \$9,000,000; Residence halls sprinkler project \$1,000,000.
Green Bay	3,865,631	Student Center expansion \$8,800,000; Phoenix Sport Center remodeling and addition \$11,200,000.
LaCrosse	80,844	New residence hall \$33,200,000.
Parkside	540,102	Student Center addition \$20,761,500.
River Falls	5,217,597	New residence hall \$10,199,500; Student Center construction \$29,286,000.
Stout	354,317	New residence hall \$15,632,000; Hovlid remodeling and addition \$8,570,000.
Superior	559,193	Health and Wellness Center \$2,400,000; Rothwell Student Center remodeling \$7,500,000; Wessman Arena ice system replacement \$860,000 and locker room addition \$600,000.
Colleges	16,022	Balances reside in student-controlled activities.
TOTAL	<u>12,868,883</u>	

Notes:

- 1) Project amounts shown are the Program Revenue share of the total estimated project costs. The split between cash and PR supported general obligation bonding is established at the time the final project budget is approved by the State Building Commission.
- 2) All projects shown that require enumeration have either already been enumerated or are expected to be enumerated in 2003-2005. Repair and maintenance projects that do not require enumeration are either in progress or expected to commence in 2003-2005.

CONTRACT FOR EXCLUSIVE
MULTI-MEDIA RIGHTS FOR
UW-MADISON DIVISION OF
INTERCOLLEGIATE ATHLETICS

BUSINESS AND FINANCE COMMITTEE

Resolution:

That upon recommendation of the President of the University of Wisconsin System and the Chancellor of the University of Wisconsin-Madison, the Board of Regents accepts the agreement with Learfield Communications.

CONTRACT FOR EXCLUSIVE MULTI-MEDIA RIGHTS FOR UW-MADISON DIVISION OF INTERCOLLEGIATE ATHLETICS

EXECUTIVE SUMMARY

BACKGROUND

UW-Madison is prepared to enter into a contractual agreement with Learfield Communications for the purpose of awarding Learfield certain marketing and multi-media rights as contained in an Exclusive Multi-Media Rights Agreement by and between Learfield Communications and the Board of Regents of the University of Wisconsin System, on behalf of UW-Madison and its Division of Intercollegiate Athletics.

REQUESTED ACTION

That upon recommendation of the President of the University of Wisconsin System and the Chancellor of the University of Wisconsin-Madison, the Board of Regents accepts the agreement with Learfield Communications.

DISCUSSION

For several years, the Division of Intercollegiate Athletics at UW-Madison has utilized a segmented approach toward its marketing and media rights activities. For instance, the Division's marketing and promotions personnel coordinated the sales of corporate sponsorships and game-day promotions. The National W Club handled the advertising sales, publication and distribution of our game day programs at football, men's and women's basketball and men's hockey. Learfield Communications was previously awarded broadcast rights for football, men's basketball and women's basketball. WIBA/Clear Channel Communications was awarded broadcast rights to our men's hockey games. Many of the Division's coaches handled their own weekly television and radio shows.

In recent years, the Division coordinated the end dates of the several marketing and media rights entities currently in the marketplace. In doing so, the Division created an opportunity to consolidate the marketing and media rights. The Division examined a variety of options, including:

- 1) Continue to move forward with its current, segmented approach;
- 2) Consolidate all the marketing and media rights opportunities and manage those rights internally, and;
- 3) Consolidate all the marketing and media rights opportunities and outsource the management of those rights.

The Division chose to proceed with a competitive solicitation process and obtain formal proposals from outside entities interested in the Division's consolidated marketing and multi-media rights.

In order to ensure a resulting competitive contract and to allow open access to the opportunity, a formal solicitation document was drafted (Invitation to Submit Proposals or ISP). The solicitation process complied with the University's standard procurement process and was advertised and distributed in April 2001, with a due date of June 18, 2001. Proposals had to address evaluative measures established by the Division, including: Broadcast Plan, Operational Plan, Composition and History of Related Performance, Game Program Production and Advertising Rights, Media Rights Innovations & Marketing Support, Sponsorship Sales Plan, Signage & Promotional Rights Innovations and Marketing Support, Guaranteed Compensation Payment Plan, Supplemental Compensation Plan, and representative Client List.

Six proposals were received and after initial evaluations, three firms were invited to participate in formal presentations, and, to subsequently propose a "best and final offer." The three firms participating in the "best and final offer" were: Learfield Communications, Host Communications, and Action Sports Media/Sporting News Radio. An award was made to Learfield Communications, pending successful negotiation of a final contract.

The terms and provisions of the negotiated final contract with Learfield Communications provide significant economic and marketing benefits to UW-Madison and its Division of Intercollegiate Athletics by increasing the amount of revenue generated annually from the Division's marketing and media rights activities. In addition, the agreement provides advertising and promotional opportunities to advance the Division's ticket sales and other marketing initiatives as appropriate.

The principal provisions of the contract can be summarized as follows:

- The agreement is effective on the date it is signed on behalf of all parties and will continue through June 30, 2007. UW-Madison has the option to extend the agreement for an additional sixth and seventh year.
- Learfield will manage Coaches' Television Shows, Coaches' Radio Shows, Live Game Broadcast for football, men's basketball, women's basketball and men's hockey, Television Broadcast Rights for men's hockey, women's basketball and women's volleyball.
- Each year of the Radio contract, Learfield will provide the Division with a significant number of advertising and promotional opportunities including:
 - 20 advertising units per week on each network affiliate from August 1 through April 30;
 - 120 advertising units per week on the Madison area affiliate from August 1 through April 30;
 - 75 advertising units per week on other Madison area stations from August 1 through April 30;

- An additional 500 advertising units per year on the Madison affiliate and its sister stations from August 1 through April 30;
 - 25 weekly promotional announcements on the Madison area affiliate and one of its sister stations promoting the broadcast coverage of football, men's basketball, women's basketball and men's hockey during their season;
 - 1,400 advertising units per year on the Milwaukee affiliate;
 - 200 additional advertising units per year on the Wisconsin Radio Network.
- Learfield will manage the production, advertising sales and distribution for game day programs in football, men's and women's basketball, men's hockey and volleyball.
 - Learfield will manage advertising and promotional rights, including scoreboard advertising and other in-venue advertising, Promotional Items and Events, and other marketing opportunities as mutually agreed.
 - The Division retains certain rights such as Pouring Rights and Shoe and Apparel Rights.
 - Learfield will provide the Division with a minimum of \$250,000 annually in trade benefits, of which, a minimum of \$150,000 must be in media trade.
 - Learfield agrees that no advertisements prohibited by NCAA, the Big Ten, WCHA or University will be permitted.
 - Learfield's Madison-based staff will operate under the name of Badger Sports Properties.

RELATED REGENT POLICY

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

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

BUSINESS AND FINANCE COMMITTEE

Resolution:

That, upon the recommendation of the President of the University of Wisconsin System, the Report on 2001-02 Base Salary Adjustments to Recognize Competitive Factors Required by Section 36.09(1)(j), Wisconsin Statutes, be accepted for transmittal to State Officials.

REPORT ON BASE SALARY ADJUSTMENTS TO RECOGNIZE COMPETITIVE FACTORS

BACKGROUND

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

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

REQUESTED ACTION

Approval of Resolution I.2.f.(4) to forward the Report on Salary Adjustments to Recognize Competitive Factors to the Legislative Joint Committee on Finance, the Department of Administration, and the Department of Employment Relations.

DISCUSSION AND RECOMMENDATIONS

The table below summarizes the adjustments granted during 2001-02. A total of 511 individuals at 10 institutions received \$1,354,886 for normal equity and retention issues in 2001-02. By comparison, there were a total of 93 individuals at 7 institutions receiving \$762,336 in 2000-01. The large increase in the number of individuals receiving adjustments this year is due largely to Phase III of UW Colleges' Salary Improvement Plan. This plan addresses long-term salary compression and market issues through a phased-in compensation plan that will affect many individuals employed by Colleges. It increases the salaries of those Colleges' employees who are currently being paid below their market peers, in an effort to pay them a more comparable market rate. The plan was established and implemented by the Senate Budget Committee, comprised of senators from Colleges' faculty and academic staff, and will have two more installments, one in the fall of 2002 and the last in the fall of 2003.

MARKET ADJUSTMENTS		
	NUMBER OF ADJUSTMENTS	ANNUAL COST OF ADJUSTMENTS
MADISON	71	\$713,947
MILWAUKEE	50	159,558
GREEN BAY	11	58,975
OSHKOSH	5	19,034
RIVER FALLS	5	34,924
STEVENS POINT	2	3,460
STOUT	7	37,298
COLLEGES	356	304,323
EXTENSION	3	17,943
SYSTEM ADMINISTRATION	1	5,424
TOTALS	511	\$1,354,886

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

FISCAL YEAR 2001-2002	Extension	Instruction	Libraries	Misc	Phy Plt	Research	Student Aid	Total
Total	67,362,210	57,882,286	789,127	97,691,718	9,577,135	589,574,442	97,623,122	920,500,041
Federal	35,278,133	43,259,720	243,822	15,002,169	602,200	436,766,677	84,596,518	615,749,239
Nonfederal	32,084,077	14,622,566	545,305	82,689,549	8,974,935	152,807,765	13,026,604	304,750,802
FISCAL YEAR 2000-2001								
Total	64,230,298	53,787,280	4,155,266	90,076,278	37,121,957	537,709,648	80,310,504	867,391,230
Federal	34,470,929	37,228,550	436,221	12,896,152	2,707,925	381,333,090	70,936,093	540,008,960
Nonfederal	29,759,369	16,558,730	3,719,045	77,180,126	34,414,032	156,376,558	9,374,411	327,382,270
INCREASE(DECREASE)								
Total	3,131,913	4,095,007	(3,366,139)	7,615,440	(27,544,822)	51,864,794	17,312,619	53,108,812
Federal	807,205	6,031,170	(192,399)	2,106,017	(2,105,725)	55,433,587	13,660,425	75,740,279
Nonfederal	2,324,708	(1,936,164)	(3,173,740)	5,509,424	(25,439,097)	(3,568,793)	3,652,194	(22,631,468)

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

	Extension	Instruction	Libraries	Misc	Phy Plt	Research	Student Aid	Total
FISCAL YEAR 2001-2002								
Madison	16,598,438	27,532,462	622,732	80,648,233	7,747,813	561,169,916	25,956,434	720,276,028
Milwaukee	1,363,868	13,476,534	78,654	2,738,175	0	18,253,821	12,795,660	48,706,712
Eau Claire	1,495,283	3,067,580	0	0	0	1,139,858	6,535,091	12,237,812
Green Bay	5,000	2,093,025	37,000	300,577	619,221	1,091,259	3,606,215	7,752,297
La Crosse	2,137,912	716,658	0	992,854	597,627	2,892,819	4,359,847	11,697,717
Oshkosh	4,490,101	6,241,219	0	0	0	781,226	4,912,640	16,425,186
Parkside	227,411	299,004	0	145,044	0	566,361	3,699,750	4,937,570
Platteville	856,824	119,357	9,725	513,606	0	11,500	3,927,214	5,438,225
River Falls	525,853	146,961	0	1,500,157	0	118,394	3,741,345	6,032,710
Stevens Point	5,074,092	758,530	0	451,696	0	2,046,372	6,577,463	14,908,153
Stout	2,172,761	290,452	0	1,208,149	522,341	963,517	5,969,701	11,126,920
Superior	80,478	0	5,000	1,022,297	0	218,228	2,880,702	4,206,705
Whitewater	0	85,871	0	4,138,330	90,133	321,172	5,633,183	10,268,688
Colleges	162,800	1,186,071	36,016	960,348	0	0	7,027,878	9,373,113
Extension	32,171,390	0	0	1,767,115	0	0	0	33,938,505
System-Wide	0	1,868,563	0	1,305,137	0	0	0	3,173,700
Totals	67,362,210	57,882,286	789,127	97,691,718	9,577,135	589,574,442	97,623,122	920,500,041
Madison	9,747,539	16,446,063	238,822	6,036,868	602,200	414,783,714	15,238,455	463,093,661
Milwaukee	416,716	12,454,093	0	855,076	0	13,840,117	12,379,221	39,945,223
Eau Claire	1,182,753	2,305,061	0	0	0	716,468	6,507,946	10,712,228
Green Bay	0	1,992,275	0	0	0	974,850	3,222,054	6,189,179
La Crosse	1,893,801	714,558	0	811,721	0	2,529,114	4,065,310	10,014,504
Oshkosh	3,205,784	5,826,983	0	0	0	607,984	4,985,891	14,626,642
Parkside	177,136	95,602	0	111,750	0	537,489	3,558,809	4,480,786
Platteville	647,385	62,480	5,000	287,416	0	0	3,840,605	4,842,886
River Falls	655,896	99,844	0	934,391	0	16,946	3,638,840	5,345,917
Stevens Point	3,771,305	297,865	0	403,259	0	1,368,278	6,576,463	12,417,170
Stout	1,961,591	92,554	0	904,757	0	935,193	5,968,701	9,862,796
Superior	80,478	0	0	1,022,297	0	152,459	2,880,702	4,135,936
Whitewater	0	0	0	3,151,095	0	304,065	5,123,686	8,578,846
Colleges	152,000	1,077,609	0	483,538	0	0	6,609,836	8,322,983
Extension	11,385,749	0	0	0	0	0	0	11,385,749
System-Wide	0	1,794,733	0	0	0	0	0	1,794,733
Federal Totals	35,278,133	43,259,720	243,822	15,002,169	602,200	436,766,677	84,596,518	615,749,239
Madison	6,850,899	11,086,399	383,910	74,611,365	7,145,613	146,386,202	10,717,979	257,182,367
Milwaukee	947,152	1,022,441	78,654	1,883,099	0	4,413,704	416,439	8,761,489
Eau Claire	312,530	762,519	0	0	0	423,390	27,145	1,525,584
Green Bay	5,000	100,750	37,000	300,577	619,221	116,409	384,161	1,563,118
La Crosse	244,111	2,100	0	181,133	597,627	363,705	294,537	1,683,213
Oshkosh	1,284,317	414,236	0	0	0	173,242	(73,251)	1,798,544
Parkside	50,275	203,402	0	33,294	0	28,872	140,941	456,784
Platteville	209,439	56,877	4,725	226,190	0	11,500	86,609	595,339
River Falls	(130,044)	47,117	0	565,766	0	101,448	102,505	686,792
Stevens Point	1,302,787	460,665	0	48,437	0	678,094	1,000	2,490,983
Stout	211,170	197,898	0	303,391	522,341	28,324	1,000	1,264,124
Superior	0	0	5,000	0	0	65,769	0	70,769
Whitewater	0	85,871	0	987,235	90,133	17,107	509,497	1,689,843
Colleges	10,800	108,462	36,016	476,810	0	0	418,042	1,050,130
Extension	20,785,641	0	0	1,767,115	0	0	0	22,552,756
System-Wide	0	73,830	0	1,305,137	0	0	0	1,378,967
Nonfederal Totals	32,084,077	14,622,566	545,305	82,689,549	8,974,935	152,807,765	13,026,604	304,750,802

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

	Extension	Instruction	Libraries	Misc	Phy Plt	Research	Student Aid	Total
FISCAL YEAR 2000-2001								
Madison	19,233,754	31,095,532	4,069,330	73,209,144	34,160,682	509,447,893	22,328,818	693,545,153
Milwaukee	403,400	9,932,934	15,108	4,968,213	0	17,110,090	11,167,391	43,597,136
Eau Claire	641,103	2,159,448	0	0	0	1,119,751	141,130	4,061,432
Green Bay	73,063	2,025,688	53,585	201,528	1,380,000	1,659,914	2,956,299	8,350,076
La Crosse	1,105,885	665,151	0	2,064,698	1,012,000	2,386,219	4,181,907	11,415,860
Oshkosh	3,908,507	3,367,385	0	0	0	1,506,863	5,997,075	14,779,830
Parkside	417,398	254,716	0	149,704	0	913,817	3,349,037	5,084,672
Platteville	583,365	232,109	10,000	312,115	1,007	0	3,260,627	4,399,223
River Falls	649,025	480,511	0	1,340,684	0	121,883	3,274,398	5,866,502
Stevens Point	3,261,540	585,653	0	844,171	0	1,637,967	5,774,041	12,103,372
Stout	2,490,173	316,198	0	1,816,770	10,640	961,009	5,401,967	10,996,757
Superior	0	1,002,428	0	15,000	0	545,709	2,799,000	4,362,137
Whitewater	0	100,536	0	2,937,625	557,628	276,918	4,948,629	8,821,335
Colleges	12,500	200,965	7,243	1,315,451	0	21,616	4,637,684	6,195,459
Extension	31,450,584	0	0	574,248	0	0	0	32,024,832
System-Wide	0	1,368,025	0	326,928	0	0	92,500	1,787,453
Totals	64,230,298	53,787,280	4,155,266	90,076,278	37,121,957	537,709,648	80,310,504	867,391,230
Madison	13,096,803	17,366,722	426,221	3,963,799	2,441,285	360,380,979	14,694,752	412,370,561
Milwaukee	0	8,654,051	0	1,354,376	0	12,891,394	10,905,533	33,805,355
Eau Claire	583,698	1,955,448	0	0	0	1,033,617	141,130	3,713,893
Green Bay	2,000	1,955,088	0	1,026	0	1,391,517	2,932,757	6,282,388
La Crosse	799,285	649,526	0	1,092,526	256,000	1,920,840	4,179,310	8,897,487
Oshkosh	2,960,391	3,214,244	0	0	0	687,148	5,997,075	12,858,858
Parkside	395,273	105,031	0	0	0	856,128	3,179,013	4,535,445
Platteville	277,718	0	10,000	6,284	0	0	3,260,627	3,554,629
River Falls	544,580	414,519	0	1,188,920	0	0	3,236,216	5,384,235
Stevens Point	2,041,507	288,669	0	844,171	0	574,950	5,774,041	9,523,338
Stout	2,121,204	86,258	0	1,121,080	10,640	848,734	5,167,855	9,355,771
Superior	0	995,028	0	15,000	0	471,909	2,799,000	4,280,937
Whitewater	0	78,750	0	2,375,082	0	275,874	4,491,059	7,220,765
Colleges	0	97,191	0	933,888	0	0	4,177,725	5,208,804
Extension	11,648,470	0	0	0	0	0	0	11,648,470
System-Wide	0	1,368,025	0	0	0	0	0	1,368,025
Federal Totals	34,470,929	37,228,550	436,221	12,896,152	2,707,925	381,333,090	70,936,093	540,008,960
Madison	6,136,951	13,728,810	3,643,109	69,245,345	31,719,397	149,066,914	7,634,066	281,174,592
Milwaukee	403,400	1,278,883	15,108	3,613,837	0	4,218,696	261,857	9,791,781
Eau Claire	57,405	204,000	0	0	0	86,134	0	347,539
Green Bay	71,063	70,600	53,585	200,502	1,380,000	268,397	23,542	2,067,688
La Crosse	306,600	15,625	0	972,172	756,000	465,379	2,597	2,518,373
Oshkosh	948,116	153,141	0	0	0	819,715	0	1,920,972
Parkside	22,125	149,685	0	149,704	0	57,689	170,024	549,227
Platteville	305,647	232,109	0	305,831	1,007	0	0	844,594
River Falls	104,445	65,992	0	151,764	0	121,883	38,182	482,267
Stevens Point	1,220,033	296,984	0	0	0	1,063,017	0	2,580,034
Stout	368,970	229,940	0	695,690	0	112,275	234,112	1,640,987
Superior	0	7,400	0	0	0	73,800	0	81,200
Whitewater	0	21,786	0	562,543	557,628	1,044	457,570	1,600,570
Colleges	12,500	103,774	7,243	381,563	0	21,616	459,959	986,655
Extension	19,802,114	0	0	574,248	0	0	0	20,376,362
System-Wide	0	0	0	326,928	0	0	92,500	419,428
Nonfederal Totals	29,759,369	16,558,730	3,719,045	77,180,126	34,414,032	156,376,558	9,374,411	327,382,270

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

	Extension	Instruction	Libraries	Misc	Phy Plt	Research	Student Aid	Total
INCREASE (DECREASE)								
Madison	(2,635,316)	(3,563,070)	(3,446,598)	7,439,089	(26,412,869)	51,722,023	3,627,616	26,730,875
Milwaukee	960,468	3,543,600	63,546	(2,230,038)	0	1,143,731	1,628,269	5,109,576
Eau Claire	854,180	908,132	0	0	0	20,107	6,393,961	8,176,380
Green Bay	(68,063)	67,337	(16,585)	99,050	(760,779)	(568,655)	649,916	(597,779)
La Crosse	1,032,027	51,507	0	(1,071,844)	(414,373)	506,600	177,940	281,857
Oshkosh	581,594	2,873,834	0	0	0	(725,637)	(1,084,435)	1,645,356
Parkside	(189,987)	44,288	0	(4,660)	0	(347,456)	350,713	(147,102)
Platteville	273,459	(112,752)	(275)	201,491	(1,007)	11,500	666,587	1,039,002
River Falls	(123,172)	(333,550)	0	159,473	0	(3,489)	466,947	166,208
Stevens Point	1,812,552	172,877	0	(392,475)	0	408,405	803,422	2,804,781
Stout	(317,412)	(25,747)	0	(608,621)	511,701	2,508	567,733	130,162
Superior	80,478	(1,002,428)	5,000	1,007,297	0	(327,481)	81,702	(155,432)
Whitewater	0	(14,665)	0	1,200,706	(467,495)	44,254	684,554	1,447,353
Colleges	150,300	985,106	28,773	(355,103)	0	(21,616)	2,390,194	3,177,654
Extension	720,806	0	0	1,192,867	0	0	0	1,913,673
System-Wide	0	500,538	0	978,209	0	0	(92,500)	1,386,247
Totals	3,131,913	4,095,007	(3,366,139)	7,615,440	(27,544,822)	51,864,794	17,312,619	53,108,812
Madison	(3,349,264)	(920,659)	(187,399)	2,073,069	(1,839,085)	54,402,735	543,703	50,723,100
Milwaukee	416,716	3,800,042	0	(499,300)	0	948,723	1,473,687	6,139,868
Eau Claire	599,055	349,613	0	0	0	(317,149)	6,366,816	6,998,335
Green Bay	(2,000)	37,187	0	(1,026)	0	(416,667)	289,297	(93,209)
La Crosse	1,094,516	65,032	0	(280,805)	(256,000)	608,274	(114,000)	1,117,017
Oshkosh	245,393	2,612,739	0	0	0	(79,164)	(1,011,184)	1,767,784
Parkside	(218,137)	(9,429)	0	111,750	0	(318,639)	379,796	(54,659)
Platteville	369,667	62,480	(5,000)	281,132	0	0	579,978	1,288,257
River Falls	111,316	(314,675)	0	(254,529)	0	16,946	402,624	(38,318)
Stevens Point	1,729,798	9,196	0	(440,912)	0	793,328	802,422	2,893,832
Stout	(159,613)	6,296	0	(216,323)	(10,640)	86,459	800,846	507,025
Superior	80,478	(995,028)	0	1,007,297	0	(319,450)	81,702	(145,001)
Whitewater	0	(78,750)	0	776,013	0	28,191	632,627	1,358,081
Colleges	152,000	980,418	0	(450,350)	0	0	2,432,111	3,114,179
Extension	(262,721)	0	0	0	0	0	0	(262,721)
System-Wide	0	426,708	0	0	0	0	0	426,708
Federal Totals	807,205	6,031,170	(192,399)	2,106,017	(2,105,725)	55,433,587	13,660,425	75,740,279
Madison	713,948	(2,642,411)	(3,259,199)	5,366,020	(24,573,784)	(2,680,712)	3,083,913	(23,992,225)
Milwaukee	543,752	(256,442)	63,546	(1,730,738)	0	195,008	154,582	(1,030,292)
Eau Claire	255,125	558,519	0	0	0	337,256	27,145	1,178,045
Green Bay	(66,063)	30,150	(16,585)	100,076	(760,779)	(151,988)	360,619	(504,570)
La Crosse	(62,489)	(13,525)	0	(791,039)	(158,373)	(101,674)	291,940	(835,160)
Oshkosh	336,201	261,095	0	0	0	(646,473)	(73,251)	(122,428)
Parkside	28,150	53,717	0	(116,410)	0	(28,817)	(29,083)	(92,443)
Platteville	(96,208)	(175,232)	4,725	(79,641)	(1,007)	11,500	86,609	(249,255)
River Falls	(234,489)	(18,875)	0	414,002	0	(20,435)	64,323	204,525
Stevens Point	82,754	163,681	0	48,437	0	(384,923)	1,000	(89,051)
Stout	(157,799)	(32,043)	0	(392,298)	522,341	(83,951)	(233,112)	(376,863)
Superior	0	(7,400)	5,000	0	0	(8,031)	0	(10,431)
Whitewater	0	64,085	0	424,693	(467,495)	16,063	51,927	89,272
Colleges	(1,700)	4,688	28,773	95,247	0	(21,616)	(41,917)	63,475
Extension	983,527	0	0	1,192,867	0	0	0	2,176,394
System-Wide	0	73,830	0	978,209	0	0	(92,500)	959,539
Nonfederal Totals	2,324,708	(1,936,164)	(3,173,740)	5,509,424	(25,439,097)	(3,568,793)	3,652,194	(22,631,468)

UNIVERSITY OF WISCONSIN SYSTEM
TRUST FUNDS PRINCIPAL LONG-TERM FUND
2002 ASSET ALLOCATION AND SPENDING PLAN REVIEW

BUSINESS AND FINANCE COMMITTEE

Resolution:

That, upon recommendation of the Regent Business and Finance Committee, the Board of Regents approves a reduction in the spending rate from 5.0 percent to 4.75 percent, with eventual consideration of a further reduction to 4.5 percent at the time of the final asset allocation review or next year.

**UNIVERSITY OF WISCONSIN SYSTEM TRUST FUNDS
PRINCIPAL LONG-TERM FUND
2002 ASSET ALLOCATION AND SPENDING PLAN REVIEW**

EXECUTIVE SUMMARY

BACKGROUND

The University of Wisconsin System Trust Funds completes an annual review of asset allocation. In June 2001, the Business and Finance Committee approved a target allocation of 10 percent to Private Capital, effectively moving the asset allocation to 67 percent equities, 23 percent fixed income, and 10 percent alternative investments. The equity portion includes large capitalization, small capitalization, and international equities. The bond portion includes domestic and foreign fixed income securities. The alternative investment portion currently includes only private capital. The portfolio is reviewed on a monthly basis by the Assistant Trust Officer and rebalanced when the allocation drifts from the target ratio by more than 2 percent.

The small fraction spending plan, adopted July 12, 1990, calls for an annual review of the small fraction rate. The current plan included in the Objective and Guidelines, as amended in 2001, sets the distribution at 5 percent. Earned income, reserved balances, and realized gains are utilized to maintain the spending rate. The fraction is applied to a trailing three year moving average of endowment valuations (12 quarterly valuations). Any income earned in excess of the spending rate is added to endowment principal.

REQUESTED ACTION

Approval of resolution I.2.g.(1) reducing the spending rate from 5.0 percent to 4.75 percent.

DISCUSSION

As the most important decision in the investment process, asset allocation requires not only the analysis of historical data but also forecasting of future expectations. In the following documents, a study of the variables that impact the risk and return of the investment portfolio is completed. This analysis provides the necessary tools to evaluate asset allocation alternatives. Using these variables as inputs, the asset allocation model seeks to identify the portfolio mix that would result in the lowest level of risk while meeting target returns. Although no change to the current asset allocation is recommended at this time, further analysis will be conducted on potential new asset classes including high yield bonds, emerging market securities, hedge funds, and real estate.

The asset allocation analysis supports a reduction in the current spending rate. The National Association of College and University Business Officer's (NACUBO) most recent Endowment Study indicated that the average annual spending rate for all institutions was 5.0 percent as of June 30, 2001. The study noted, however, that larger endowments have smaller spending rates. For those with assets between \$100-\$500 million, the average was 4.8 percent and for those between \$501 million-\$1 billion, it was 4.75 percent. There are indications that many institutions are or will be reviewing their spending policies for possible reductions.

RELATED REGENT POLICIES

Regent Resolution 8376 - University of Wisconsin System Trust Funds Revision of Investment Objectives and Guidelines

UNIVERSITY OF WISCONSIN SYSTEM TRUST FUNDS

PRINCIPAL LONG-TERM FUND 2002 ASSET ALLOCATION AND SPENDING PLAN REVIEW

OVERVIEW

The single most significant decision in the investment process is that of asset allocation; that is, deciding how assets are to be allocated among the major investment categories (or asset classes). Studies indicate that well over 90 percent of a portfolio's return can be explained simply by its asset allocation.

By making forward-looking capital market assumptions, based strongly on historical observations and mindful of the importance of "reversion to the mean," and inputting these into a "mean-variance optimizer" program, various "optimal portfolios" can be generated. Optimal portfolios are those that will theoretically produce the highest return for any given level of risk, or the lowest risk for any given return. This allows one to determine what target rates of return should be achievable at various levels of acceptable risk.

Asset allocation is typically and most appropriately done by taking a long-term, strategic view. Resulting target asset allocations are therefore intended to be long-term, fairly static, and not subject to significant shifts unless there have been fundamental changes to long-term equilibrium assumptions or investment objectives. Tactical shifts away from this strategic allocation, based on views that certain asset classes represent unusual, disequilibrium return potential in the shorter term, can be accomplished either by setting acceptable allocation ranges for asset classes or by opportunistically shifting away from the static target allocation within limits. (The possibility of providing a framework for limited tactical shifts is addressed in the next to last section of this paper.)

Based upon what kind of long-term returns can be achieved at acceptable levels of risk, and what inflation and expenses will likely be experienced, one is then prepared to review the viability and sustainability of different endowment spending rates. Ideally, spending rates will ensure the preservation not only of principal (the amount invested) but of the purchasing power of that principal into perpetuity, and provide for fairly predictable, inflation-adjusted levels of financial support to the beneficiaries. Even more ideally, the spending rate should allow for some incremental investment return to be effectively "added to principal" to provide for some expansion of financial support and to act as a cushion against the possibility that actual inflation and investment experiences may, at least temporarily, fall short of expectations.

CAPITAL MARKET ASSUMPTIONS

Forward-looking capital market assumptions are essential in determining what portfolios will exhibit desirable risk/return profiles. These same assumptions are also the key inputs to "mean-variance optimization." They are: (1) expected returns, (2) standard deviations, and (3) correlations.

Expected return is the expected annual arithmetic mean return; that is, it is the expected average or mean of the presumably normal distribution of observed annual returns. Standard deviation is a statistical measure of the dispersion of returns around the expected value (for instance, assuming a normal distribution, there is a roughly 67 percent probability that the observed return will fall within the range of the expected or mean return, plus or minus one standard deviation). All other things being equal, the greater the standard deviation, the more widely the experienced returns may differ from the

expected and, therefore, the greater the risk. Correlation is a standardization of the statistical measure called covariance, which is a measure of the degree to which two variables move together over time. The standardization accomplished by the correlation calculation takes into account the variability (standard deviation) of the two individual return series. Correlation coefficients then range within the value -1 to +1. A value of +1 would indicate that the returns of the two assets should move together in a completely positive linear manner; a value of -1 would suggest that their returns move perfectly together, but in opposite directions. Other things being equal, a portfolio of two assets will have lower portfolio risk or variability of returns, with the same expected return, if the assets have a low or negative correlation rather than a high positive correlation. Combining assets with high expected returns but low correlations is therefore ideal.

The various capital market assumptions used for this asset allocation and spending rate review are given in Attachments 1, 2 and 3. As these attachments show, long-term historical data as well as forward-looking projections from various external sources have been used in arriving at our own capital market assumptions. Also shown are the assumptions used in the 2001 review for expected returns and standard deviations; as you will note, there have been significant, fundamental revisions to some assumptions.

RISK PROFILE FOR THE PRINCIPAL LONG-TERM FUND

It is relatively easy for an institutional investor to determine what its desired or achievable target rate of return is. Risk, especially of a portfolio as opposed to a single investment, is a much more amorphous concept and is far less concrete than return. For instance, is risk best conveyed by a measure of the variability of returns (like standard deviation), the probability of total loss (virtually zero in a diversified portfolio), the probability that the portfolio will fall x percent in value over the next 12 months (the "value at risk" or VaR concept), etc.?

Modern portfolio theory demonstrates mathematically that a well-diversified portfolio reduces risk, however measured. In the context of only one asset class and market, such as stocks, diversification can virtually eliminate company-specific risk (as measured by standard deviation) to the point where the only risk remaining is that of the stock market as a whole (so-called "systematic risk") while not reducing expected return. In a multi-asset class context, risk can be further reduced by combining asset classes whose returns move at least somewhat in opposite directions. For instance, bonds have historically performed well when stocks performed poorly. The resulting portfolio return will always equal the weighted average of the individual asset class returns. So, to the extent that an asset class with a lower expected return and low correlation is combined with one with a higher expected return, risk will be reduced but so too will expected portfolio return. The portfolio will, however, exhibit less risk per unit of return (it will be a more efficient portfolio). But, surprisingly, to the extent that an asset with an even higher expected return and low correlation is combined with that same high expected return asset, portfolio risk may actually decline while expected return rises.

The foregoing discussion is intended to help in understanding and interpreting the results of the asset allocation analysis presented in this review. For the time being, and certainly for the purposes of the mean-variance optimization analyses, we will continue to focus on standard deviation of expected returns as a meaningful measure of portfolio risk. (In the future, we will likely begin looking at some estimates of "value at risk" and other probability or simulation-based measures in addition to standard deviation.)

In addition to looking at purely quantitative or probabilistic measures of risk, we must also look at more qualitative indicators of risk tolerance. For the Principal Long-Term Fund, the following indicators need to be considered when conducting an asset allocation study:

- Investment horizon - With over 95 percent of the accounts in the fund classified as endowments, designated endowments, or quasi endowments, the appropriate investment horizon is extremely long term.
- Fund size - At roughly \$250 million the Fund is large enough to participate in virtually all asset classes. However, small percentage allocations to certain asset classes (probably 5 percent or less) may necessitate the use of commingled vehicles rather than separate accounts. Commingled vehicles preclude the application of individualized investment guidelines. (Growing the Fund's assets, through investment returns and/or consolidation with other similarly investable UW assets, will not only help to mitigate this situation, but should also lower fees as a percent of assets.)
- Dependence on distributions - With disbursements totaling \$13.4 million for the fiscal year ended June 30, 2002, Trust Funds earnings do not represent a significant portion of total campus budgets. However, specific departments and programs do rely on Trust Fund resources. Long-term principal preservation, and, if not mutually exclusive, even additional real growth, are therefore still definite objectives.
- Exposure to variability - A predetermined annual spending rate of 5 percent of the Fund's value (using a 3-year moving average) is currently employed. By using a constant percentage and limiting the impact of shorter-term fluctuations in market value, planning for expenditures is facilitated. At the same time, this distribution smoothing technique allows for investment in portfolios with considerable variability of returns.

ASSET ALLOCATION ANALYSES

Employing the capital market assumptions given in Attachments 1-3, and mindful of the risk tolerance of the Fund from quantitative and qualitative perspectives, various asset allocation scenarios were generated by using a mean-variance optimizing program. Included with these scenarios are the results of the 2001 review (which used different capital market assumptions) and projections for the current portfolio and current asset classes using the updated capital market assumptions. For each scenario, the following data is shown: expected risk (standard deviation of annual returns), expected annual return, and residual real return net of the current spending rate, expenses and inflation.

As noted earlier, there have been significant revisions to some capital market assumptions. Most importantly, and consistent with all external projections presented, return assumptions have been lowered for virtually all asset classes, particularly equities. Although market volatility and return variability have seemingly intensified over the past year, standard deviation estimates have actually been lowered somewhat, consistent with the lower return expectations. Finally, the correlation data used in 2001 is not shown in Attachment 3, but these figures have not significantly changed for this year's analysis.

From the asset allocation analyses presented in Attachment 4, you will note that the expected return from the current portfolio and asset mix has fallen from 10.2 percent to 9.1 percent, albeit with a somewhat lower expected standard deviation. But because the inflation expectation has fallen, expected residual return (net of spending rate, expenses and inflation) has only decreased from 1.4 percent to 1.2 percent. However, considering the probably more relevant and higher HEPI inflation estimate (which is at the very least a more conservative estimate of future general inflation), the expected residual return becomes only 0.2 percent. If realized, this would provide for little if any real growth in the principal base and very little cushion for over-optimistic assumptions.

Without significantly increasing the risk of the Fund by increasing its allocation to higher risk/return asset classes already being used (for example, increasing the allocation to equities and private equity from 77 percent to say 90-100 percent), the only alternative is to seek out other asset classes not being currently employed. Scenarios 1-6 show the positive portfolio impacts (higher returns and/or lower risk) from adding additional asset classes. Scenarios 1-3 involve the addition of other "traditional" (market-traded) asset classes: high yield bonds and emerging market equities and debt. Scenarios 4-6 show the positive impacts from also adding new "alternative" (non-traditional, non-market-traded) asset classes: hedge funds and real estate.

These results show that adding some or all of these new asset classes can meaningfully increase expected return, while keeping risk constant, or meaningfully decrease risk, while keeping return constant. And although the higher return scenarios result in meaningfully higher residual returns, the expected returns net of HEPI inflation still appear to be alarmingly low given the current spending rate.

SPENDING PLAN REVIEW AND TARGET RATES OF RETURN

The asset allocation analyses indicate that a reasonable target rate of return for the Fund, using some additional asset classes, while keeping risk at currently reasonable levels, would be 9.5 percent. Providing a residual net real return of 1.0 percent, our previous target, would suggest the following spending rate:

ACHIEVABLE RETURN	9.50 percent
Expected Inflation - HEPI	(3.25) percent
Investment & Administrative Expenses	(0.65) percent
<i>Implied Spending Rate</i>	<u>(4.60) percent</u>
TARGET RESIDUAL REAL RETURN	<u>1.00 percent</u>

As mentioned, the spending rate is now at 5.0 percent. Although NACUBO's most recent Endowment Study indicated that the average annual spending rate for all institutions was 5.0 percent as of June 30, 2001, it noted that larger endowments have smaller spending rates. For those with assets between \$100-\$500 million, the average was 4.8 percent; for those between \$501 million-\$1.0 billion, it was 4.75 percent; and for those greater than \$1.0 billion, it was 4.0 percent. (The UW-Madison Foundation reports that they currently use 4.75 percent.) There also seems to be indications that many institutions are or will be reviewing their spending policies, and it will be interesting to see what the 2002 and 2003 NACUBO studies show. (Anecdotally, Joseph Tyler, our J.P. Morgan client relationship manager, who serves on the Investment Committee of the Board of Trustees of Miami University, reports that they just recently lowered their spending rate to 4.75 percent from 5.0 percent.)

A POSSIBLE "OPPORTUNISTIC ALLOCATION"

We have been discussing long-term, strategic asset allocations and achievable target rates of return based on long-term, equilibrium assumptions. As mentioned in the Overview section, many foundations, endowments, and large corporate and public pension plans provide for some limited tactical shifts away from long-term strategic targets (or naïve asset allocation "drift"), typically by setting allocation ranges rather than one target number.

Tactical asset allocation, at least if not significantly limited, may smack of "market timing," and there is convincing evidence that even "professionals" cannot do this successfully. But market timing generally denotes moving entirely or significantly into or out of a market, typically the stock market. There certainly is convincing evidence that this tactic is extremely difficult to be successful at and very risky. However, there seems to be convincing evidence that there are time periods when entire asset classes

are mispriced; in fact, perversely, asset class pricing may be less efficient than individual security pricing. This would suggest the consideration of limited tactical shifts away from long-term strategic allocations.

To provide a framework for this, one alternative to using ranges is to establish a maximum "opportunistic allocation" for the portfolio. For example, one could decide that up to 10 percent of the portfolio could be used for investing opportunistically. When no rare and unusual opportunities or values presented themselves, this piece would be invested in proportions that would maintain the strategic asset allocation. To do this easily and to provide immediate liquidity for acting quickly on opportunities, rather than using managers holding individual securities that would have to be sold (and bought), one could use "Exchange Traded Funds" or even stock index and bond futures. Either of these could be done easily and cheaply in-house. (Exchange-Traded Funds, or "ETFs," are relatively new investment vehicles. Stock ETFs are indexed instruments whose portfolios contain a basket of stocks much like an index mutual fund. But unlike mutual funds, whose shares can only be bought and sold at the end of the day and which may place other restrictions on large or frequent redemptions, ETFs trade constantly on an exchange just like stocks. Bond ETFs differ somewhat from stock ETFs in that they actually track particular bond indexes.) By using a distinct and identifiable "opportunistic allocation" rather than allowing movements (conscious or simply market-driven) within ranges for asset classes, should make it much easier to determine the success (or failure) and the costs of such a program.

RECOMMENDATIONS AND NEXT STEPS

The following recommendations and action steps are suggested:

- ***No immediate change to the current asset allocation is recommended at this time***, but further analysis will be conducted on potential new asset classes (including high yield bonds, emerging market securities, hedge funds, and possibly real estate).
- ***A reduction in the spending rate from 5.0 percent to 4.75 percent is recommended at this time, with eventual consideration of a further reduction to 4.5 percent at the time of the final asset allocation review or next year.***
- Reports and presentations on potential new asset classes will be given to the Committee throughout the rest of the year.
- Also, further study and consideration of the "opportunistic allocation" concept will be undertaken and potentially presented to the Committee at a later date.
- It is anticipated that a "final" 2002 asset allocation review and recommendation will then be brought to the Committee in December.
- The preparation stages of the investment manager search/RFP process for all current manager mandates will begin this fall. It is expected that this process will also involve searches for managers in approved new asset classes as well. *(As discussed with the Committee previously, all current manager contracts expire on October 31, 2002. It is anticipated that the Committee will be asked for approval to extend these contracts through June 30, 2003. New contracts would then begin July 1, 2003 and be "open-ended." All major asset class and manager allocation shifts would be completed on or about July 1st.)*

ATTACHMENT 1

CAPITAL MARKETS ASSUMPTIONS: RETURNS

ASSET CLASS	IBBOTSON ¹	JPM ²	UBS ³	SMAM ⁴	KPMG ⁵	GMO ⁶	Yale ⁷	UW 2001 ⁸	UW 2002⁹
<u>Traditional Asset Classes</u>									
U.S. Large Cap Equities	12.70%	8.70%	8.25%	8.00%	8.40%	1.30%	8.50%	10.40%	9.50%
U.S. Small Cap Equities	17.30%	9.85%	10.00%	9.00%	10.00%	4.60%	N/A	11.60%	10.50%
International Equities	N/A ¹⁰	9.00%	8.25%	10.00%	9.00%	4.90%	8.50%	11.30%	9.50%
Emerging Market Equities	N/A	11.25%	12.25%	12.00%	12.00%	9.80%	10.50%	N/A	12.00%
U.S. Aggregate Bonds	6.00%	6.20%	6.00%	6.00%	5.50%	5.30%	4.50%	6.90%	5.75%
U.S. Treasury Bills	3.90%	4.25%	4.70%	4.50%	3.80%	4.30%	N/A	N/A	4.25%
U.S. High Yield	N/A	7.45%	7.35%	N/A	N/A	N/A	N/A	N/A	7.25%
International Bonds	N/A ¹¹	5.80%	5.45%	5.00%	5.00%	5.00%	N/A	8.00%	5.50%
Emerging Market Debt	N/A	8.35%	8.45%	10.00%	8.50%	8.70%	N/A	N/A	8.50%
<u>Alternative Asset Classes</u>									
Real Estate (REITs)	N/A	8.00%	7.85%	8.00%	7.00%	10.70%	8.00%	N/A	8.00%
Private Equity ¹²	N/A	13.70%	12.50%	8.00%	10.00%	N/A	15.00%	15.00%	12.00%
Hedge Funds ¹³	N/A	7.40%	N/A	N/A	N/A	N/A	N/A	N/A	7.50%
<u>Inflation</u>									
Consumer Price Index	3.10%	2.25%	N/A	2.50%	2.50%	2.20%	N/A	3.10%	2.25%
Higher Education Price Index ¹⁴	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	3.25%

¹ Source: Ibbotson's "Stocks, Bonds & Inflation 2002 Yearbook." All data is historical for the period 1926-2001.

² Source: J.P. Morgan's current 10-15 year equilibrium market assumptions.

³ Source: UBS Global's current long-term equilibrium market assumptions.

⁴ Source: Standish Mellon's current 5-year market assumptions.

⁵ Source: KPMG Peat Marwick's survey of 41 investment management organizations' 5-year assumptions.

⁶ Source: Grantham, Mayo & Van Otterloo's current 7-year market assumptions.

⁷ Source: Yale University Endowment 2001 report.

⁸ Data used by UW Trust Funds for the 2001 Asset Allocation Review.

⁹ **Longer-term equilibrium market assumptions used by UW Trust Funds for this 2002 Review.**

¹⁰ Ibbotson's data on International Equities covers only 1970-2001, where average return was 13.1% vs. 13.3% for U.S. Equities.

¹¹ Ibbotson's data on International Bonds covers only 1986-2001, where average return was 8.6% vs. 8.5% for U.S. Bonds.

¹² Although Private Equity includes venture capital, buyouts, etc., most external projections are for venture capital only.

¹³ Although Hedge Fund strategies vary widely, assumptions used here are for typical low-risk, long/short strategies.

¹⁴ The Higher Education Price Index (HEPI) is assumed to run 1% higher than the CPI.

ATTACHMENT 2

CAPITAL MARKETS ASSUMPTIONS: STANDARD DEVIATIONS

<u>ASSET CLASS</u>	<u>IBBOTSON</u>	<u>JPM</u>	<u>UBS</u>	<u>SMAM</u>	<u>UW 2001</u>	<u>UW 2002</u>
<u>Traditional Asset Classes</u>						
U.S. Large Cap Equities	20.2%	15.4%	15.0%	18.0%	20.3%	17.0%
U.S. Small Cap Equities	33.2%	19.2%	18.0%	21.0%	27.0%	20.0%
International Equities ¹	22.4%	17.4%	14.2%	N/A	19.4%	18.0%
Emerging Market Equities	N/A	24.6%	25.0%	N/A	N/A	25.0%
U.S. Aggregate Bonds	5.8%	3.8%	4.6%	6.0%	8.7%	6.0%
U.S. Treasury Bills	3.2%	0.3%	0.5%	1.0%	N/A	0.5%
U.S. High Yield	N/A	6.3%	9.0%	N/A	N/A	8.0%
International Bonds ²	3.9%	3.8%	3.9%	N/A	12.9%	6.0%
Emerging Market Debt	N/A	16.4%	16.0%	N/A	N/A	16.5%
<u>Alternative Asset Classes</u>						
Real Estate (REITs)	N/A	13.9%	10.6% ³	N/A	N/A	15.0%
Private Equity	N/A	30.0%	32.6%	N/A	29.7%	30.0%
Hedge Funds	N/A	5.0%	N/A	N/A	N/A	5.0%

¹ Ibbotson's data on International Equities covers only 1970-2001.

² Ibbotson's data on International Bonds covers only 1986-2001.

³ UBS's projection is for the NCREIF Property Index, which reflects direct investments.

ATTACHMENT 4
UNIVERSITY OF WISCONSIN SYSTEM TRUST FUNDS
2002 Asset Allocation Analysis

Traditional Asset Classes	Current Asset Classes		Adding Traditional Asset Classes			Adding Alternative Asset Classes		
	2001 Review	2002 Review	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6
U.S. Large Cap Equities	36.0%	36.0%	30.0%	25.0%	30.0%	30.0%	25.0%	30.0%
U.S. Small Cap Equities	18.0%	18.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
International Equities	13.0%	13.0%	10.0%	10.0%	15.0%	10.0%	10.0%	10.0%
U.S. Aggregate Bonds	20.0%	20.0%	15.0%	15.0%	15.0%	15.0%	10.0%	10.0%
International Bonds	3.0%	3.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
U.S. High Yield	0.0%	0.0%	10.0%	10.0%	5.0%	5.0%	5.0%	0.0%
Emerging Market Equities	0.0%	0.0%	10.0%	15.0%	10.0%	5.0%	10.0%	15.0%
Emerging Market Debt	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Alternative Asset Classes								
Private Equity	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Hedge Funds	0.0%	0.0%	0.0%	0.0%	0.0%	10.0%	10.0%	10.0%
Real Estate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	5.0%	0.0%

Equities	67.0%	67.0%	65.0%	65.0%	70.0%	60.0%	60.0%	70.0%
Fixed Income	23.0%	23.0%	25.0%	25.0%	20.0%	20.0%	15.0%	10.0%
Alternatives	10.0%	10.0%	10.0%	10.0%	10.0%	20.0%	25.0%	20.0%
Equities incl. Private Equity	77.0%	77.0%	75.0%	75.0%	80.0%	70.0%	70.0%	80.0%
Risk (annual std. deviation)	14.8%	11.1%	10.9%	11.0%	11.2%	10.3%	10.5%	11.5%
Expected Return	10.2%	9.1%	9.4%	9.5%	9.5%	9.2%	9.4%	9.7%
Current Spending Rate	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Expenses	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%
Expected Inflation - CPI	3.1%	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%
Expected Inflation - HEPI	N/A	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%
Real Return - Net CPI	1.4%	1.2%	1.5%	1.6%	1.6%	1.2%	1.5%	1.8%
Real Return - Net HEPI	N/A	0.2%	0.4%	0.6%	0.6%	0.2%	0.5%	0.8%

ALLOCATION SCENARIO ANALYSIS

Scenario	1	2	3	4	5	6	7
Asset Classes	Large Cap Small Cap Intl Equity Aggregate Bonds Intl Fixed	Large Cap Small Cap Intl Equity Aggregate Bonds Intl Fixed	Large Cap Small Cap Intl Equity Aggregate Bonds Intl Fixed Private Equity	Large Cap Small Cap Intl Equity Aggregate Bonds Intl Fixed Private Equity Hedge Funds	Large Cap Small Cap Intl Equity Aggregate Bonds Intl Fixed Private Equity Hedge Funds High Yield	Large Cap Small Cap Intl Equity Aggregate Bonds Intl Fixed Private Equity Hedge Funds High Yield Emerging Markets	Large Cap Small Cap Intl Equity Aggregate Bonds Intl Fixed Private Equity Hedge Funds High Yield Emerging Markets Real Estate
Constraints	None	All Equities < 85% Intl Equity < 20% All Bonds < 25% Maximum Return	All Equities < 85% Intl Equity < 20% All Bonds < 25% Private Equity < 15% Maximum Return	All Equities < 85% Intl Equity < 20% All Bonds < 25% PEquity & Hedge < 15% Maximum Return	All Equities < 85% Intl Equity < 20% All Bonds < 25% Private Equity = 10% Hedge & High Yield < 12% Maximum Return	All Equities < 85% Intl Equity < 20% All Bonds < 25% PE = 10% Hedge & High Yield < 12% Emerging Mkts < 5%	All Equities < 85% Intl Equity < 20% All Bonds < 25% PE = 10% Hedge & High Yield < 12% Emerging Mkts < 5% Real Estate < 5%

Traditional Asset Classes	2001 Study	2002 Current	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6	Scenario 7	Scenario 8
Large Cap Stocks	36.0%	36.0%	36.0%	33.0%	32.0%	31.0%	25.0%	30.0%	25.0%	32.0%
Small Cap Stocks	18.0%	18.0%	18.0%	18.0%	18.0%	16.0%	22.0%	20.0%	20.0%	25.0%
International Stocks	13.0%	13.0%	13.0%	12.0%	12.0%	12.0%	15.0%	12.0%	15.0%	15.0%
Domestic Fixed Income	20.0%	20.0%	18.0%	17.0%	14.0%	14.0%	10.0%	15.0%	15.0%	10.0%
International Income	3.0%	3.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Private Equity	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	11.0%	10.0%
Hedge Funds	0.0%	0.0%	5.0%	5.0%	7.0%	5.0%	7.0%	5.0%	4.0%	4.0%
Emerging Markets Equity	0.0%	0.0%	0.0%	5.0%	3.0%	5.0%	7.0%	8.0%	10.0%	4.0%
Emerging Markets Debt	0.0%	0.0%	0.0%	0.0%	0.0%	3.0%	0.0%	0.0%	0.0%	0.0%
High Yield Bonds	0.0%	0.0%	0.0%	0.0%	4.0%	4.0%	4.0%	0.0%	0.0%	0.0%
Real Estate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Return	10.2%	9.1%	9.2%	9.3%	9.3%	9.3%	9.5%	9.6%	9.6%	9.7%
Risk	14.8%	11.1%	11.2%	11.1%	10.9%	10.4%	11.3%	11.5%	11.5%	12.2%

I.3. Physical Planning and Funding Committee

Thursday, September 12, 2002
Room 1920 Van Hise Hall
1:00 p.m.

1:00 p.m. Joint session with Business and Finance Committee – Room 1920

- Program Review: Outsourcing Services at UW Institutions

Upon conclusion of joint session – Physical Planning and Funding adjourns to Room 1511.

- b. Approval of minutes of the June 6, 2002 meeting
- c. Report of the Assistant Vice President
 - Building Commission Actions
 - Other
- d. UW Colleges: Annual Report
- e. UW-Madison: Cole Hall, Sullivan Hall, and Bradley Hall Maintenance Project (Design Report)
\$5,306,671 Program Revenue Cash - Housing Funds
[Resolution I.3.e.]
- f. UW-La Crosse: Development Plan Update
- g. 2002-03 Committee Work Plan
- x. Additional items which may be presented to the Committee with its approval

Approval of the Design Report and Authority
to Construct a Cole, Sullivan, and Bradley
Halls Maintenance 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 construct a Cole, Sullivan, and Bradley Halls Maintenance project, at an estimated project cost of \$5,266,671. This project also includes \$40,000 for the consultant to provide a cost-benefit analysis to renovate, reconfigure or replace Ogg Hall, resulting in an estimated total project cost of \$5,306,671, Program Revenue Cash – Housing Funds.

THE UNIVERSITY OF WISCONSIN SYSTEM

Request for Board of Regents Action September 2002

1. Institution: The University of Wisconsin-Madison
2. Request: Requests approval of the Design Report and authority to construct a Cole, Sullivan, and Bradley Halls Maintenance project, at an estimated project cost of \$5,266,671. This project also includes \$40,000 for the consultant to provide a cost-benefit analysis to renovate, reconfigure or replace Ogg Hall, resulting in an estimated total project cost of \$5,306,671, Program Revenue Cash – Housing Funds.
3. Description and Scope of Project: These maintenance projects are the next in a series of a program that was initiated in 1996 to address major maintenance and safety improvements in all 22 single student residence halls. Project work generally includes installation, maintenance or renewal of building systems, building envelopes, and fire safety systems. The scope of each project will vary from hall to hall, depending on building updates, existing conditions, type of building components, and building size. The Cole, Sullivan, and Bradley project work will be designed and bid as a combined project, although the work will be scheduled over two summers. Renovation of Cole Hall and the replacement of one-half of the Bradley windows will begin in May 2003 and be completed in August 2003. Work in Sullivan Hall and the replacement of the second half of the Bradley windows will begin in May 2004 and be completed by August of that year.

Renovation, repair and systems upgrade work to be performed in Cole and Sullivan Halls:

- Bathroom renovation, including removal and replacement of shower drain pans, replacement of shower assemblies, replacement of shower and toilet partitions, and accessibility modifications to meet code.
- HVAC work, including the repair and replacement, if necessary, of existing ducts and equipment for bathrooms, recycle rooms, classrooms, and other common area spaces.
- Electrical improvements, including fire alarm system replacements, emergency egress lighting and exit lights.
- Replacement of the electrical system branch circuiting and distribution panels to increase each room's electrical capacity and installation of hard-wired local room smoke detectors.
- All resident room floor tiles will be removed and replaced. Resident rooms will be painted and selected repairs will be made as necessary in individual rooms.
- Replacement of all building windows with energy efficient units.
- Asbestos floor tile in resident rooms will be removed as part of the project, but under a separate contract.

Bradley Hall project work will consist of replacing all building windows with energy efficient units.

Included in the project scope is a study of Ogg Hall to compare costs and benefits of three options, including: (1) renovation similar to other campus upgrade projects, (2) remodeling for a new mix of student rooms such as suites, and (3) construction of a new facility to replace Ogg Hall. This study is underway and is anticipated for completion in December 2002.

4. Justification of the Request: In December 1995, the Board of Regents approved UW-Madison's Long-Range Plan for Single Student Housing to address maintenance and safety issues in all 22 campus residence halls. Since then, renovation projects have been authorized and completed in Slichter Hall (1996), Barnard Hall (1997), Elizabeth Waters Hall (1997), and Tripp and Sellery-B Halls (1998). Similar work was performed in 1999 for Adams and Sellery-A Halls, and maintenance projects at Chadbourne, Bradley and Barnard Halls were undertaken in 2000. During summers of 2001 and 2002, renovation was completed at Witte and Kronshage Halls.

As part of the September 1999 authorization to undertake maintenance projects for Witte and Kronshage Halls, the State Building Commission approved use of \$500,000 Program Revenue-Cash to hire a consultant to design similar projects at Cole, Sullivan, and Ogg Halls. When Bradley Hall was renovated, budgetary constraints led to deferral of the fire alarm system and window replacement. The fire alarm system will be accomplished as part of an authorized multi-building fire alarm update project, scheduled for implementation during summer and fall of 2002, with completion scheduled for December 2002. The Bradley Hall window replacement work is estimated at a cost of approximately \$194,000, and has been packaged with this project since the design of Bradley is similar to that of Cole and Sullivan Halls.

Cole Hall is a 32,682 ASF/49,407 GSF four-story building that was occupied in 1958 and houses 247 students. Sullivan Hall, also a four-story building comprised of 31,593 ASF/48,828 GSF), was occupied in 1958 and houses 263 students. Similarly, Bradley Hall is a four-story building comprised of 34,115 ASF/53,808 GSF, that was occupied in 1959 and houses 246 students. Ogg Hall is a 13-story high rise consisting of 112,572 ASF/206,565 GSF which houses 950 students.

Similar to colleges and universities across the nation, and as part of their overall Master Plan, UW-Madison is considering options to provide alternative living quarters, such as apartments and suites. Ogg Hall is the last of the three high-rise residence halls (Sellery, Witte, Ogg) to be considered for major maintenance funding. Ogg Hall is also the most difficult residence hall to operate from a programmatic and mechanical standpoint. As such, it is an opportune time to investigate alternatives of repair, adaptive reuse, and replacement of Ogg Hall before significant maintenance costs are invested in this residential facility. Over the next few months, the project consultant will provide a cost-benefit analysis of viable options for consideration by the University.

Renewal of building components and systems insures the residence halls are well maintained and capable of meeting the changing needs of students. Improvements will make them safer for students, result in more efficient facilities, and reduce maintenance costs. The planned renovations must occur while the halls are unoccupied and must be completed during the summer to enable occupancy for the fall semester. Construction documents will contain specific milestone dates that must be met to adhere to the preferred time frame.

Funding for this work will be provided from the overall University Housing budget. The current rate structure includes anticipated expenses for these and other identified major repair and improvement projects and provides sufficient revenues without additional fee impact.

5. Budget:

Construction	\$4,154,000	
A/E Design Fees	351,195	
Contingency	328,281	
DFD Management	187,587	
Plan Review/Testing	42,000	
Energy Management. System	52,000	
Hazardous Materials Abatement	<u>151,608</u>	
Sub-Total		\$5,266,671
Ogg Hall Cost-Benefit Study		<u>40,000</u>
Estimated Total Project Cost		\$5,306,671

6. Previous Action:

September 10, 1999
Resolution #7992

When construction of Witte Hall (A&B) and Kronshage Hall (East and West) Maintenance projects was authorized, at an estimated total project cost of \$8,170,000, using \$3,270,000 Program Revenue Cash - Housing funds and \$4,900,000 Program Revenue Supported Borrowing – Facilities Repair and Renovation funds, the Board of Regents was advised that planning and design would also be undertaken for similar projects at Cole, Sullivan and Ogg Halls, at a cost of approximately \$472,000, funded by Program Revenue – Cash.

BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN

Friday, September 13, 2002

9:00 a.m.

1820 Van Hise Hall

1220 Linden Drive

Madison, Wisconsin

1. Calling of the roll
2. Approval of the minutes of the August 22nd meeting of the Board
3. Report of the President of the Board
 - a. Report on the September 4th meeting of the Hospital Authority Board
 - b. Report on governmental matters
 - c. Additional items that the President of the Board may report or present to the Board
4. Report of the President of the System
5. Regents Teaching Excellence Awards
6. Report of the Education Committee
7. Report of the Physical Planning and Funding Committee
8. Report of the Business and Finance Committee
9. Additional resolutions
10. Communications, petitions, memorial
11. Additional or unfinished business
12. Recess into closed session to consider an appeal of a UW-Madison decision, as permitted by s.19.85(1)(f), *Wis. Stats.*, and to confer with legal council, 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.

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

Meeting Schedule 2002-03

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

2003

January 9 and 10
(Cancelled, circumstances permitting)

February 6 and 7

March 6 and 7

April 10 and 11

May 8 and 9 (UW-Stevens Point)

June 5 and 6 (UW-Milwaukee)
(Annual meeting)

July 10 and 11

August 21 and 22
(Cancelled, circumstances permitting)

September 4 and 5

October 9 and 10 (UW-Oshkosh)

November 6 and 7

December 4 and 5

BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM

President - Guy A. Gottschalk
Vice President - Toby E. Marcovich

STANDING COMMITTEES

Executive Committee

Guy A. Gottschalk (Chair)
Toby E. Marcovich (Vice Chair)
Patrick G. Boyle
Gregory L. Gracz
James R. Klauser
Frederic E. Mohs
Jay L. Smith

Business and Finance Committee

James R. Klauser (Chair)
Jose A. Olivieri (Vice Chair)
Tommie L. Jones, Jr.
Phyllis M. Krutsch

Education Committee

Patrick G. Boyle (Chair)
Frederic E. Mohs (Vice Chair)
Roger E. Axtell
Jonathan B. Barry
JoAnne Brandes
Elizabeth Burmaster
Tommie L. Jones, Jr.

Physical Planning and Funding Committee

Gregory L. Gracz (Chair)
Lolita Schneiders (Vice Chair)
Alfred S. DeSimone
Gerard A. Randall, Jr.

Personnel Matters Review Committee

Gerard A. Randall, Jr. (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

Roger E. Axtell
Patrick G. Boyle
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

Frederic E. Mohs, 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

Public and Community Health Oversight and Advisory Committee

Patrick G. Boyle, Regent Liaison

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

The President Emeritus serves as a voting member of the Business and Finance Committee, Education Committee, Physical Planning and Funding Committee, and Executive Committee.