



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

August 27, 2003

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 at the Pyle Center, 702 Langdon Street, Madison, on September 4, and at Van Hise Hall, 1220 Linden Dr., Madison, on September 5, 2003.

Thursday, September 4, 2003

10:00 a.m. –Charting a New Course for the UW System - Working Groups
Pyle Center

12:30 p.m. – Luncheon - Pyle Center, Alumni Room

1:30 p.m. – Committee meetings:

Education Committee
Pyle Center, Room 226

Business and Finance Committee
Pyle Center, Room 225

Physical Planning and Funding Committee
Pyle Center, Room 220

Friday, September 5, 2003

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

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

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BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM

I. Items for consideration in Regent Committees

1. Education Committee - Thursday, September 4, 2003
Room 226, Pyle Center
University of Wisconsin-Madison
1:30 p.m.

1:30 p.m. Education Committee

- a. Approval of the minutes of the June 5, 2003 meeting of the Education Committee
- b. Report of the Senior Vice President for Academic Affairs:
1. Framing the Education Committee Agenda for 2003-2004;
 2. Charting a New Course for the UW System: A Preview.
- c. Program Authorizations - First Reading: M.S. in Physician Assistant Studies, UW-La Crosse.
- d. Report on 2002 Undergraduate Drop Rates.
[Resolution I.1.d.]
- e. Blue Cross/Blue Shield Oversight and Advisory Committee Vacancy.
[Resolution I.1.e.]

Additional items:

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

**NEW PROGRAM AUTHORIZATION
MASTER OF SCIENCE DEGREE IN PHYSICIAN ASSISTANT STUDIES
UW-LA CROSSE
(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 Master of Science in Physician Assistant Studies (MS PAS) 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 2003 meeting for a second review. At that time, based on current information, UW System Administration anticipates recommending 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.

The proposed MS PAS program represents a transition from the existing Bachelor of Science in Physician Assistant Studies program (BS PAS) to a graduate-level program. The undergraduate program was implemented in 1995 in partnership with Gundersen Lutheran Medical Foundation in La Crosse, and the Mayo Clinic in Rochester, Minnesota, in response to the UW System Lateral Audit of 1993. Ninety percent of graduates from the existing program practice in Wisconsin, Minnesota and Iowa, with 55 percent in primary care specialties, and 40 percent in rural or underserved practice settings. All program graduates have passed the national certification exam and have consistently placed the program in the top 20 percent of programs nationally, and in the top ten percent three of the past five years.

Changing national professional standards compel the move to the graduate level. The Physician Assistant Program Accreditation Standards, promulgated by the Accreditation Review Commission on Education for Physician Assistants, reflect a graduate level of curricular intensity, and state that programs should acknowledge that academic rigor with an appropriate degree. The American Academy of Physician Assistants and the Association of Physician Assistants Programs both also recognize that PA educational programs should lead to a graduate degree. Currently 65% of PA programs across the country lead to a master's degree. Once all current BS PAS students have graduated the undergraduate program will be eliminated.

REQUESTED ACTION

No action requested at this time.

DISCUSSION

Program Description

The program will be housed in the newly organized department of Health Professions along with the Physical Therapy, Occupational Therapy, and Radiation Therapy programs in the College of Science and Allied Health.

The MS PAS program will have prerequisites that include: (1) completion of a baccalaureate degree that includes at least ten specific courses in biology, chemistry, mathematics, and psychology; (2) a cumulative GPA of 3.0 or higher; and (3) previous healthcare experience. Currently, the majority of students entering the BS PAS program already hold a baccalaureate degree and have an average cumulative GPA of 3.56 and more than four years of healthcare experience. The MS PAS curriculum, designed to meet the current national accreditation standards, includes a total of 105 graduate credits. In the first year of the 24-month program there will be 55 credits including anatomy, biochemistry, pathophysiology and pharmacology, and clinical sciences such as cardiology, gynecology, psychiatry, pediatrics and surgery, along with ethics, healthcare law, and economics. The 50 credits of the second year include clinical rotations in major primary and secondary medical specialties, and seminars developing clinical research and reasoning skills. The program's tri-institutional partnership with Gundersen Lutheran and Mayo Clinic applies collective expertise to provide instruction at all three institutions' campuses, and clinical rotation experiences largely in Gundersen Lutheran and Mayo Clinic practice sites.

Program Goals and Objectives

The mission of the UW-La Crosse/Gundersen Lutheran Medical Foundation/Mayo Foundation PA Program is to “educate highly competent and compassionate physician assistants who excel in meeting the healthcare needs of the regions served by the partner institutions.” Consistent with national standards, the principal goal of the program is to educate students who will demonstrate the ability to identify, analyze, and manage clinical problems in order to provide effective, efficient, and humane patient care with physician supervision. The faculty and staff have identified the following program objectives:

Knowledge: The PA student will acquire and put into practice concepts and information required to understand and manage healthcare problems.

Skills: The PA student will acquire and use skills for patient interaction, clinical reasoning, interpreting and performing tests and procedures, and life-long learning in medicine.

Personal Qualities: The PA student will develop the personal qualities, such as communicating with patients and colleagues, required to be an effective physician assistant.

The program will objectively measure success using the following criteria:

- At least 90 percent of matriculated students will successfully complete and graduate from the program;
- at least 80 percent of graduates will pass the PA national certification examination when they first take the exam;
- at least 80 percent of graduates will be employed in Wisconsin, Minnesota, and Iowa;

- at least 80 percent of graduates will rate their preparation as good to excellent across the spectrum of clinical practice tasks; and
- at least 80 percent of graduates' supervising physicians will rate their PAs preparation as good to excellent across the spectrum of clinical practice tasks.

Relation to Institutional Mission

This program is consistent with UW-La Crosse Mission and Strategic Plan and with the University Cluster Core Mission. The MS PAS program supports the UW-La Crosse Select Mission, which includes offering select graduate programs "related to areas of emphasis and strength within the institution." The program is part of the array of health professional programs that have become a UW-La Crosse hallmark in response to the 1993 UW System Lateral Audit. The program is also responsive to the commitment to participation in the La Crosse Medical Health Science Consortium and activities in the new Health Science Center building. The proposed program also supports the recently adopted UW-La Crosse Strategic Plan's goal of promoting undergraduate and graduate programs that deliver a complete, well-rounded education. The healthcare industry is very important to the economy of western Wisconsin. The MS PAS program provides support to this industry by maximizing educational opportunities in the region and the state.

Diversity

Students are introduced to cultural diversity in patient care settings during instruction in patient communication, medical history, and physical examination. In the Behavioral Issues in Medicine course, students address a broad range of diversity issues.

Need

The transition of the UW-La Crosse PA program to the graduate level will not increase the annual number of graduates. The graduates will continue to meet the need for PA's in the region. U.S. Bureau of Labor Statistics data projects a 42 percent growth in new PA positions in Wisconsin from 1998 to 2008. Additional PA positions are developing as the number of hours that physician residents are allowed to work is being reduced. One of the program's partner institutions filled 20 new PA positions in 2002, primarily in areas not anticipated by previous workforce estimates. In addition to these new positions, the projected Wisconsin net PA replacement rate (for those retiring or leaving the profession) for 1998-2008 is 27 percent.

For each of the past three years, there have been more than ten applicants for each opening in the undergraduate program. It is anticipated that the transition to the graduate level may increase the applicant pool, as discussions with prospective applicants indicate a very strong preference for PA programs at the graduate level.

Comparable Programs in Wisconsin and Surrounding States

There are currently two other PA Programs in Wisconsin, located at UW-Madison and at Marquette University in Milwaukee. There are also several PA Programs in states that surround Wisconsin. Many of these programs, as illustrated in the table below, lead to a Master's degree. Currently, Wisconsin residents seeking an MS PAS degree must enroll in private institutions or public institutions at which they pay out-of-state tuition.

Program	Location	Degree level
University of Wisconsin	Madison, WI	Undergraduate
Marquette University	Milwaukee, WI	Masters
Midwestern University	Downers Grove, IL	Masters
Finch University/Chicago Medical School	North Chicago, IL	Masters
Cook County Hospital/Malcom X Community College	Chicago, IL	Undergraduate
Southern Illinois University	Carbondale, IL	Undergraduate
Augsburg College	Minneapolis, MN	Masters
University of Iowa	Iowa City, IA	Masters
Des Moines University	Des Moines, IA	Masters

Collaboration

The proposed program represents a continued collaborative partnership of UW-La Crosse with the Gundersen Lutheran Medical Foundation in La Crosse and the Mayo Foundation in Rochester, Minnesota. The other PA program in the UW System is a division of the Department of Family Medicine in the School of Medicine at the UW-Madison. These two programs currently share a number of clinical sites. The program faculty have close working relationships and are exploring a number of opportunities for further curricular collaboration. Among the areas of collaboration being explored is using distance education technology to share selected portions of courses to benefit both programs' curricula.

Use of Technology

The practice of medicine relies heavily on technology with most clinical sites using electronic medical records, digital radiographic images, and medical texts and the research literature largely accessed through web-based media. In the didactic and clinical instruction on the campuses of the program's partner institutions, students are taught to make substantial use of these technologies as they learn to care for patients. Most students have found the use of personal digital assistants (e.g. Palm Pilots) essential to providing immediate bedside access to pharmacologic, infectious disease, and other clinical databases. Administration of the program's end-of-rotation exams during the clinical year will be done electronically.

Academic and Career Advising

Each student is assigned a UW-La Crosse faculty member as an academic and career advisor. Students meet monthly with their advisors during the first two semesters. In addition, students have access to the UW-La Crosse Career Services Office and the human resource recruitment offices of Gundersen Lutheran Medical Center and the Mayo Clinic. During the clinical year, clinical rotations include sites where new positions or vacancies are anticipated.

Projected Enrollment (5 years)

Enrollment projections are based on the maximum capacity for clinical sites currently available with the program's partner institutions. The attrition rate in the eight-year history of the undergraduate PA program is less than one percent, so no student attrition is projected in this table.

Year	Implementation year: 2004-05	2 nd year 2005-06	3 rd year 2006-07	4 th year 2007-08	5 th year 2008-09
New students admitted	12	12	12	12	12
Continuing students	12 (BS PAS)	12	12	12	12
Total enrollment	24	24	24	24	24
Graduating students	12 (BS PAS)	12	12	12	12

Assessment and Program Evaluation

Student progress and achievement is evaluated through exams, skill evaluations, preceptor evaluations of clinical performance, and the program's summative exam. Following graduation, students take the National Commission on Certification of PA's (NCCPA) board exam, which is required for licensure. The NCCPA provides the program data comparing each graduating class with national norms. Using surveys, the program assesses the satisfaction of both graduates and their supervising physicians with the preparation the program has provided for clinical practice.

The program faculty uses a continuous self-study process to comprehensively review all measures of student performance and graduate/employer satisfaction. When necessary, program changes are made to address identified weaknesses and to maintain a curriculum consistent with current standards for practice. Every three years the program also undergoes regular external review as required to maintain accreditation by the Accreditation Review Commission on Education for the Physician Assistant.

Evaluation from External Reviewers

Two experienced PA educators reviewed the MS PAS proposal in March 2003. One reviewer from a state university in the Midwest stated, "The rigor and quality of the current undergraduate physician assistant program offered by UW-La Crosse - Gundersen - Mayo is commensurate with professional graduate education. The proposed master's curriculum represents a more focused application and extension of these skills, with a degree award that is more appropriate for the role and level of responsibility of a graduate physician assistant." The

proposal “provides a firm and persuasive argument for approval of the transition of the UW-Lacrosse PA Program to award the master’s degree. I believe that this proposal reflects an informed and progressive outlook on the part of the faculty with regard to PA education and trends in PA education,” concluded a reviewer from a large, private university.

Resource Needs

The program budget is attached. Since the proposed MS PAS program is a transition of the current BS PAS program, the budget for the current program will be entirely reallocated to the MS PAS. With the increased rate for graduate tuition, the 20 percent tuition differential charged to PA Program students, and the Clinical Experience Fee, an additional \$25,000 in program revenue will be generated annually. No additional revenues are required to make the transition.

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)

MS MS PAS Budget
For Authorization to Implement Proposal and UWS Executive Summary

Budget Category	Comments	Year 1 (FY05)		Year 2 (FY06)		Year 3 (FY07)	
		FTE	Cost	FTE	Cost	FTE	Cost
Personnel	Assumes a 2% annual salary increase						
Faculty/Academic Staff	Program director, 1.0 FTE, 12 mo Clinical Education Coordinator, 1.0 FTE, 12 mo Lecturer, 0.5 FTE, 12 mo Lecturer, 0.5 FTE, 12 mo	3	235,000	3	239,700	3	244,494
Graduate Assistants		0	0	0	0	0	0
Classified Staff, LTE & student help	24% of 3.45 FTE of Health Professions Classified Support Staff, plus student help	0.83	30,000	0.83	30,600	0.83	31,212
Subtotal		3.83	265,000	3.83	270,300	3.83	275,706
Non-personnel Costs		Cost		Cost		Cost	
Supplies and Expenses	PA Program, was 363070, now 363140 PA Program Application Fees, was 363073, now 363142 Health Professions, Office Supplies, was 363000, now 363100, ~16% of total		15,230 5,600 900		15,230 5,600 900		15,230 5,600 900
Capital Equipment							
Library Resources							
Computing Resources							
Other: Capitation	Sharing tuition revenue with the PA Program's partner institutions recognizing their program contribution, based on student FTE enrolled in both BS and MS programs. Smaller amount in FY05 because the BS PAS students completing their curriculum are only enrolled for part of the year.		40,500		60,800		60,800
Other:							
Subtotal			62,230		82,530		82,530
Total Costs for Program			327,230		352,830		358,236
Resources		Resources		Resources		Resources	
Reallocation	Reallocation from current BS PAS Program. With fewer total student FTEs in FY05, less revenue is available for reallocation in FY05.		305,568		322,192		327,481
Gifts & Grants							
Other:	Tuition Differential: Increase in revenue from the 20% differential on graduate tuition compared to undergraduate (assumes all resident students and a 2% annual tuition increase) Special course fee: Clinical Experience Fee (variation due to student FTE) Supplemental Application Fees, \$40/applicant x 140 applicants		2,862 13,200 5,600		5,838 19,200 5,600		5,955 19,200 5,600
Total Resources			327,230		352,830		358,236
	Number of students enrolled in MS PAS (Fall)	12		24		24	
	Number of students enrolled in BS PAS (Fall)	12					
	Number graduating with the MS PAS (Spring)			12		12	
	Number graduating with the BS PAS (Fall)	12					

Annual Report on 2002
Undergraduate Drop Rates

EDUCATION COMMITTEE

Resolution I.1.d.:

That, upon recommendation of the President of the University of Wisconsin System, the Board of Regents accepts the Annual Report on 2002 Undergraduate Drop Rates for submission to the Joint Committee on Finance.

REPORT ON 2002 UNDERGRADUATE DROP RATES

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, which 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. The objectives of both the Board of Regents and Legislative Joint Committee to reduce course drop rates below five percent have been consistently achieved over successive years in the 1990s. 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 Joint Committee on Finance denied the request and the report remains a legislative requirement.

REQUESTED ACTION

Acceptance of the Report on 2002 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 2002 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 percent in the Fall of 1988, to 3.2 percent in the Fall 2003. The Spring term System-wide drop rate has fallen from 5.1 percent in the Spring of 1989, to 3.3 percent in the Spring of 2002. On an annual basis, the drop rate has fallen from 5.3 percent in 1989 to 3.2 percent in 2002 (see table 1). Over the years, the Drop Reports have demonstrated a reduction in annual course drop rates to a level that has remained well below the five percent mandated threshold. This trend indicates that course drop rates within the UW System have reached a stable level which is within the guidelines established by the Regents and the Legislature.

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

Drop rates among UW institutions ranged from 1.0 percent to 7.4 percent in the Spring 2001-02, and from 1.2 percent to 6.2 percent in the Fall 2002-03. Only one institution, UW Colleges, exceeded the five percent threshold. UW Colleges' Spring 2001-02 drop rate was 7.4 percent and their Fall 2002-03 drop rate was 6.2 percent. However, the annual drop rate for UW Colleges has decreased to 6.7 percent from last year's 7.1 percent. UW Colleges drop rate has steadily declined over the past four years. The reduced drop rate at 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.

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

RELATED REGENTS POLICIES

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

Table 1

Percent of Dropped Credits for Undergraduates by Institution
Calendar Year

	1989	1997	1998	1999	2000	2001	2002
UW-Madison	Below	Below	Below	Below	Below	Below	Below
UW-Milwaukee	6.8%	Below	Below	Below	Below	Below	Below
UW-Eau Claire	Below	Below	Below	Below	Below	Below	Below
UW-Green Bay	Below	Below	Below	Below	Below	Below	Below
UW-La Crosse	5.3%	Below	Below	Below	Below	Below	Below
UW-Oshkosh	Below	Below	Below	Below	Below	Below	Below
UW-Parkside	8.8%	Below	Below	Below	Below	Below	Below
UW-Platteville	7.3%	Below	Below	Below	Below	Below	Below
UW-River Falls	Below	Below	Below	Below	Below	Below	Below
UW-Stevens Point	5.5%	Below	Below	Below	Below	Below	Below
UW-Stout	Below	Below	Below	Below	Below	Below	Below
UW-Superior	6.0%	Below	Below	Below	Below	Below	Below
UW-Whitewater	7.2%	Below	Below	Below	Below	Below	Below
UW Colleges*	6.2%	8.3%	7.7%	8.0%	7.9%	7.1%	6.7%

* Beginning in 1996, the reported drop rates for UW Colleges reflect enhancements that were made to the methods and systems for reporting course completions. The 1989 drop rate for UW Colleges is probably underreported.

System Total

	1989	1997	1998	1999	2000	2001	2002
UW System	5.3%	3.7%	3.3%	3.6%	3.0%	3.0%	3.2%

Blue Cross & Blue Shield Oversight and Advisory
Committee Replacement

EDUCATION COMMITTEE

Resolution I.1.e.:

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 approves Dr. Susan Goelzer to fill the vacancy on the Blue Cross & Blue Shield Oversight and Advisory Committee.

Blue Cross & Blue Shield Oversight and Advisory Committee Replacement of Vacancy

EXECUTIVE SUMMARY

Background:

The Wisconsin Insurance Commissioner's Order of March, 2000, approved the conversion of Blue Cross & Blue Shield United of Wisconsin to a for-profit stock corporation, and the distribution of the proceeds from the sale of stock to the UW Medical School and the Medical College of Wisconsin. The Order required the respective governing body of each school to create an Oversight and Advisory Committee (OAC) consisting of nine members. The UW Medical School Committee consists of four public members (health advocates), four Medical School members appointed by the Board of Regents, and one member appointed by the Insurance Commissioner. In accordance with the Order, the OAC is responsible for planning for and overseeing the use of funds allocated for public health (35%). The Committee also reviews, monitors, and reports to the Board of Regents on funds committed for medical education and research (65%).

The Board of Regents appointed the OAC in August, 2002. The Committee began its work by writing a five-year plan for the uses of the funds, which was approved by the Board of Regents in April 2003. The plan is now under review by the Wisconsin United for Health Foundation (WUHF), which was created by the Insurance Commissioner's Order to hold and sell the stock and to approve the initial five-year plans of each school. Approval of the plan by WUHF is expected in early fall. Currently, the OAC is drafting a Request for Proposal (RFP), which will be used to allocate the funds for public health.

Requested Action:

Approval of Resolution I.1.e., appointing Dr. Susan Goelzer to fill a vacancy on the Oversight Advisory Committee.

Discussion:

In accordance with the Insurance Commissioner's Order and the Bylaws of the OAC, which were approved by the Board of Regents in February 2001, the Regents are being asked to replace one of the UW Medical School members, Dr. Patricia Kokotailo, who has resigned from the Oversight and Advisory Committee, effective September 1, 2003. Dr. Kokotailo is spending a sabbatical year in England.

The Medical School followed the same nomination procedure for Medical School positions established for the initial appointment of the committee a year ago. The ad hoc nominating committee was led by Regent Emeritus Pat Boyle. The process resulted in

the selection of Dr. Susan Goelzer as the nominee to be brought to the Board of Regents for approval.

Dr. Goelzer will bring considerable experience to the OAC, based on her role as Chair of the Department of Anesthesiology and on her recent experience and academic interest in the field of public health and health policy. After obtaining a Master's Degree in administrative medicine with an emphasis in health policy, Dr. Goelzer received a Robert Wood Johnson Fellowship in Health Policy. She spent the last year in Washington, D.C., working with Senator Frist in the Senate Majority Leader's Office on issues related to the integration of public health into academic medicine and on drafting legislation dealing with health disparities within ethnic groups. Since returning to Madison, Dr. Goelzer plans to work closely with faculty and students in the Medical School's Department of Population Health Sciences and the Institute of Health Policy and Public Health.

Dr. Goelzer is eminently qualified for membership on the OAC. She will bring a perspective on health policy and the integration of public health into academic medicine which will be of enormous value to the work of the OAC.

Recommendation

The Regents are requested to appoint Dr. Goelzer to fill the balance of Dr. Kokotailo's term, which is three years.

REVISED

I.2. Business and Finance Committee

Thursday, September 4, 2003

Pyle Center, Room 225

1:30 p.m.

- a. Approval of minutes of June 5, 2003 meeting of the Business and Finance Committee
- b. Trust Funds
 - (1) Asset Allocation and Spending Plan Review
 - (2) Acceptance of Bequests over \$50,000
[Resolution I.2.b.(2)]
- c. Committee Business
 - (1) Auxiliary Reserves Report
[Resolution I.2.c.(1)]
 - (2) Report on Base Salary Adjustments to Recognize Competitive Factors
[Resolution I.2.c.(2)]
 - (3) Exclusive Pouring Rights Contract
[Resolution I.2.c.(3)]
 - (4) Correction to UW-Barron and UW-Richland Colleges Segregated Fees
[Resolution I.2.c.(4)]
 - (5) 4th quarter Gifts, Grants and Contracts
 - (6) UW-Madison LTE Conversion Pilot Program Final Report
- d. Report of the Vice President
- e. Additional items which may be presented to the Committee with its approval
- f. Closed session to consider trust fund matters as permitted by s.19.85(1)(e),
Wis. Stats.

**UNIVERSITY OF WISCONSIN SYSTEM TRUST FUNDS
PRINCIPAL LONG TERM FUND
2003 ASSET ALLOCATION AND SPENDING PLAN REVIEW**

EXECUTIVE SUMMARY

BACKGROUND

The University of Wisconsin System Trust Funds normally completes an annual review of the asset allocation and spending rate for the Long Term Fund. (The small fraction spending plan, adopted July 13, 1990, calls for an annual review of the spending rate.)

REQUESTED ACTION

No action requested at this time.

DISCUSSION

Asset Allocation

A detailed study was conducted in the fall of 2002 to determine an appropriate long-term strategic asset allocation for the Trust Funds' Long Term Fund. Preliminary results and recommendations, which included possible allocations to new asset classes, were presented to the Committee in September. Discussions on the inclusion of several new asset classes ensued in the following months, and final asset allocation (and spending rate) recommendations were made and approved by the Committee in December.

As the attached review of the asset allocation study process indicates, capital market assumption inputs, and any revisions to or updates of them, drive the results (see Attachment 1). Although the capital market assumptions used last year have been revisited (primarily investment return assumptions, since standard deviations and correlations are far more stable), no revisions to these assumptions are recommended at this time (see Attachment 2 for investment return assumptions). Therefore, no revisions are being recommended to the target asset allocation approved in December. (Attachment 3 provides an excerpt from the December report, including this new target allocation.) Also, it should be noted that an investment manager search process is now under way for all existing and new investment mandates and asset classes, with these new target allocations in view.

Spending Plan

The asset allocation analysis conducted in the fall of 2002 supported a reduction in the spending rate. Given a revised target rate of return of 9.5 percent, a return which must cover inflation, expenses and the spending rate, it was recommended and approved in December that the spending rate be reduced from 5.0 percent to 4.5 percent (see Attachment 3). At the request of the Madison campus, the primary Trust Funds' beneficiary, the rate change was deferred until the quarterly distribution as of June 30, 2003. No further alteration of the 4.5 percent spending plan is recommended at this time.

RELATED REGENT POLICIES

Regent Policy 90-4, July 13, 1990: Small Fraction Spending Plan

Regent Resolution 8640, December 6, 2002: Asset Allocation, Spending Plan and Investment Guidelines

ATTACHMENT 1

UNIVERSITY OF WISCONSIN SYSTEM TRUST FUNDS

THE ASSET ALLOCATION STUDY PROCESS

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.

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 an asset allocation analysis. For the time being, and certainly for the purposes of the mean-variance optimization analyses, Trust Funds will continue to focus on standard deviation of expected returns as a meaningful measure of portfolio risk. (In the future, the office 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, the Board 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 4.5 percent of the Fund's value (using a three-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.

ATTACHMENT 2

CAPITAL MARKETS ASSUMPTIONS: RETURNS

ASSET CLASS	IBBOTSON ¹	JPM ²	UBS: Equilib. ³	UBS: 3-Year ³	GMO ⁴	UW 2001 ⁵	UW 2002/03 ⁶
<u>Traditional Asset Classes</u>							
U.S. Large Cap Equities	10.20%	8.60%	8.26%	7.97%	1.60%	10.40%	9.50%
U.S. Small Cap Equities	12.10%	9.70%	N/A	N/A	3.60%	11.60%	10.50%
International Equities	N/A ⁷	9.30%	8.33%	10.21%	7.90%	11.30%	9.50%
Emerging Market Equities	N/A	11.00%	11.51%	14.51%	9.80%	N/A	12.00%
U.S. Aggregate Bonds	5.70%	5.35%	6.03%	3.45%	3.40%	6.90%	5.75%
U.S. Treasury Bills	3.80%	4.10%	4.70%	2.55%	3.60%	N/A	4.25%
U.S. High Yield	N/A	7.50%	7.32%	6.55%	N/A	N/A	7.25%
International Bonds	N/A ⁸	4.05%	5.45%	2.24%	3.80%	8.00%	5.50%
Emerging Market Debt	N/A	N/A	8.43%	4.00%	7.30%	N/A	8.50%
<u>Alternative Asset Classes</u>							
Real Estate	N/A	7.30%	6.88%	7.16%	7.10%	N/A	8.00%
Private Equity ⁹	N/A	13.60%	12.56%	8.13%	N/A	15.00%	12.00%
Hedge Funds ¹⁰	N/A	8.38%	N/A	N/A	N/A	N/A	7.50%
<u>Inflation</u>							
Consumer Price Index	3.00%	2.25%	2.25%	2.25%	2.20%	3.10%	2.25%
Higher Education Price Index ¹¹	N/A	N/A	N/A	N/A	N/A	N/A	3.25%

¹ Source: Ibbotson's "Stocks, Bonds & Inflation 2003 Yearbook." All data is historical for the period 1926-2002.

² Source: J.P. Morgan's current 10-15 year equilibrium market assumptions, as of June 30, 2003.

³ Source: First UBS column gives long-term equilibrium market assumptions; the second column gives expected returns over the next three year, all as of July 2003.

⁴ Source: Grantham, Mayo & Van Otterloo's current 7-year market assumptions as of June 30, 2003.

⁵ Data used by UW Trust Funds for the 2001 Asset Allocation Review.

⁶ **Longer-term equilibrium market assumptions used by UW Trust Funds for both the 2002 and this 2003 Review.**

⁷ Ibbotson's data on International Equities covers only 1970-2002, where average return was 10.1% vs. 10.8% for U.S. Equities.

⁸ Ibbotson's data on International Bonds covers only 1986-2002, where average return was 8.6% vs. 8.5% for U.S. Bonds.

⁹ Although Private Equity includes venture capital, buyouts, etc., most external projections are for venture capital only.

¹⁰ Although Hedge Fund strategies vary widely, assumptions used here are for typical low-risk, long/short strategies.

¹¹ The Higher Education Price Index (HEPI) is assumed to run 1% higher than the CPI.

ATTACHMENT 3

UNIVERSITY OF WISCONSIN SYSTEM TRUST FUNDS

EXCERPT FROM DECEMBER 2002 REPORT: "RECOMMENDATIONS ON ASSET ALLOCATION, SPENDING PLAN, AND INVESTMENT GUIDELINES"

ASSET ALLOCATION

Trust Funds staff is recommending that the following new asset classes be approved for inclusion in the Long Term Fund: U.S. High Yield Fixed Income, Emerging Market Equities, and Hedge Funds (or "Absolute Return Funds"). The reports and presentations on these asset classes previously provided to the Committee pointed to the following key justifications:

- ◆ U.S. High Yield: The unique hybrid bond/equity like features of these investments, the uniqueness of the market in which they trade, and the superior risk-adjusted returns they have generated indicate that high yield should be considered a distinct asset class. The inefficiency of this market, the inability of our investment grade bond managers to invest here, the evidence that specialized active management can add value, and the low correlations of high yield to both equity and fixed income markets, further the argument for a dedicated allocation.
- ◆ Emerging Market Equities: The very unique risk characteristics of emerging market equities, the inherent higher growth potential of the underlying economies, and the relatively low correlation to developed markets suggest strongly that emerging market equities also be considered a distinct asset class. The huge inefficiencies in these markets and the opportunity for superior active management to add significant value, and the overall risk/return enhancing prospects for this asset class, also suggests a dedicated allocation and a specialized manager.
- ◆ Hedge/Absolute Return Funds: Although these funds are in some ways not a distinct asset class in the traditional sense (in that they are made up of the marketable securities of other traditional asset classes), their unique sources of return and the uniquely low correlations of their returns to those of other asset classes, suggest that they be treated just as distinctively. The predominant source of returns derives much more from pure manager skill (or lack thereof) rather than market exposure. Typically, regardless of the strategy employed (with the exception of pure distressed securities or short selling funds), hedging of some market exposures is undertaken, allowing value added from manager skill to dominate. Hedge fund strategies also differ significantly from traditional strategies in their ability to use leverage (to amplify results) and sell short. The opportunity to realize very respectable returns with little or no correlation to the broad markets and very low overall volatility, make a well-diversified, carefully managed hedge fund program attractive. As done with private equity, we anticipate that a fund-of-funds manager would be hired to run our hedge fund allocation so as to provide desired diversification and the expertise/resources to select, monitor, and report on these funds. (As reported to the Committee in November, the UW Foundation has had very positive results from their hedge fund program since its inception in June 2001, and they are increasing their target allocation from 10 to 20 percent.)

Finally, although not specifically discussed in the September or subsequent reports, it is also recommended that the Long Term Fund's dedicated allocation to international bonds be eliminated. The current allocation is roughly 4.5 percent of the Fund, but the revised target allocation, once private equity is ramped up to ten percent, is only three percent. Trust Funds staff has researched the case for foreign, developed market fixed income and find it distinctly non-compelling for the following reasons: (1) local currency return and volatility assumptions for foreign bonds are equivalent to those for domestic bonds; (2) volatility in U.S. dollar terms is higher due to currency fluctuations; (3) diversification stems almost entirely from currency exposure; (4) portfolio optimization excludes this asset class; (5) an allocation of three to five percent to any asset class, even if compelling, will not meaningfully impact portfolio returns and; (6) management fees are high.

The recommended new target asset allocation is given below and is compared to the current target allocation.

	<u>Current Target</u>	<u>New Target</u>
<u>Traditional Asset Classes</u>		
U.S. Large Cap Equities	36.0%	25.0%
U.S. Small Cap Equities	18.0%	20.0%
International Equities	13.0%	10.0%
U.S. Aggregate Bonds	20.0%	10.0%
<i>International Bonds</i>	3.0%	0.0%
<i>U.S. High Yield</i>	0.0%	5.0%
<i>Emerging Market Equities</i>	0.0%	10.0%
Emerging Market Debt	0.0%	0.0%
<u>Alternative Asset Classes</u>		
Private Equity	10.0%	10.0%
<i>Hedge Funds</i>	0.0%	10.0%
Real Estate	0.0%	0.0%
<u>Broad Asset Classes</u>		
Equities	67.0%	65.0%
Fixed Income	23.0%	15.0%
Alternatives	10.0%	20.0%
Equities incl. Private Equity	77.0%	75.0%
Risk (annual std. deviation)	11.1%	10.9%
Expected Return	9.1%	9.5%

The recommended new target allocation should meaningfully raise expected returns and even slightly lower expected risk, and the resulting portfolio appears prudent and reasonable from a fiduciary perspective.

SPENDING PLAN

The recommended new asset allocation indicates that a reasonable expected rate of return for the Fund, while actually reducing expected risk, is approximately 9.5 percent. Assuming a continued goal of achieving returns sufficient to cover inflation and expenses and provide net real growth in the endowment base of one percent per year, the following maximum spending rate is implied:

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>
NET RESIDUAL REAL GROWTH	<u>1.00 percent</u>

Trust Funds staff recommends that by June 30, 2003, the spending rate be reduced from the current five percent to 4.5 percent. (The spending rate policy, or the "Small Fraction Spending Plan," was first adopted in 1990 and calls for an annual review. The rate has been at five percent since October 1995.)

UW System Trust Funds
Acceptance of Bequests

BUSINESS AND FINANCE COMMITTEE

Resolution:

That, upon the recommendation of the President of the University of Wisconsin System and the Chancellors of the benefiting University of Wisconsin institutions, the bequests detailed on the attached list be accepted for the purposes designated by the donors, or where unrestricted by the donors, by the benefiting institution, and that the Trust Officer or Assistant Trust Officers be authorized to sign receipts and do all things necessary to effect the transfers for the benefit of the University of Wisconsin.

Let it be herewith further resolved, that the President and Board of Regents of the University of Wisconsin System, the Chancellors of the benefiting University of Wisconsin institutions, and the Deans and Chairs of the benefiting Colleges and Departments, express their sincere thanks and appreciation to the donors and their families for their generosity and their devotion to the values and ideals represented by the University of Wisconsin System. These gifts will be used to sustain and further the quality and scholarship of the University and its students.

**UW SYSTEM TRUST FUNDS
ACCEPTANCE OF BEQUESTS OVER \$50,000**

EXECUTIVE SUMMARY

BACKGROUND

Regent policy provides that individual bequests of \$50,000 or more will be brought to the Business and Finance Committee so that they can, via resolution, be formally accepted and recognized by the President, Board, and appropriate Chancellor if to a specific campus. The resolution of acceptance, recognition, and appreciation will then be conveyed, where possible, to the donor, the donor's family, and other interested parties.

REQUESTED ACTION

Resolution accepting and recognizing new bequests of \$50,000 or more.

DISCUSSION

Details of new bequests of \$50,000 or more that have been or will be received by UW System Trust Funds on behalf of the Board of Regents are given in the attachment to the resolution.

RELATED REGENT POLICIES

Resolution 8559, June 7, 2002 - Process for Presenting and Reporting Bequests.

1. Louis L. Croy Estate

Mr. Croy's Last Will and testament states: "SECOND: I hereby give my two-volume set of Corpus Civilis (Roman Law) to the University of Wisconsin Law School. THIRD: All the rest and residue of my estate I give, devise and bequeath as follows: Ten (10%) percent to the University of Wisconsin-Madison;"

Louis Croy was born Ljubomir Koropatnicki on April 16, 1914, in Vienna, Austria, to Judge Demeter and Melanie Adler Koropatnicki. Louis earned his first Juris Doctorate from the University of Vienna in 1937. To avoid conscription into the German Army, he fled his homeland for the U.S. He earned his Bachelor of Law from the University of Wisconsin-Madison in June 1942. For the next three years, he clerked for the Nash law firm in Manitowoc, as a resident enemy alien. He was admitted to the Wisconsin Bar on June 7, 1945, was granted citizenship on July 7, 1945, and was immediately inducted into the U.S. Army where he served as a member of its War Crimes Investigative Team based in Salzburg, Austria. Here he met and married Christine. His work was instrumental in the prosecution of members of the SS who executed over 150,000, including Allied POWs, at Mauthausen concentration camp in Austria. Returning to Wisconsin, Louis was an active member of the Manitowoc County Bar Association and was recognized by the Wisconsin State Bar in 1995 for fifty years of legal service to its citizens. In his later years, he pursued his interests in traveling, reading, and researching the criminals of Mauthausen.

(UW-Madison has received approximately \$70,000 from this estate.)

2. Gilbert A. Zuehlke Estate and Zuehlke Family Trust

The Zuehlke Will and Trust both state: "31. To the UNIVERSITY OF WISCONSIN PHARMACY SCHOOL with the intention that this money be used for a scholarship with a preference to Wisconsin students and more preferably for a student from Hayward, Wisconsin, an undivided 6.21%."

Gilbert Zuehlke graduated from the Pharmacy School in 1931 and recently died at the age of 99. Born in Milwaukee, Mr. Zuehlke opened and ran a drugstore there from the 1930s into the late 1950s. He and his wife then "retired" to Hayward in 1958. However, shortly thereafter he began working part-time for many years at the pharmacy of a fellow UW graduate, Vern Inhoff. Mr. Inhoff, who became a good friend of and personal representative for Mr. Zuehlke, said of Gilbert, "He was great pharmacist, a dandy guy, and very giving."

(UW-Madison has received a \$77,000 distribution from the Family Trust; the estate is yet to be settled.)

3. Ellen A. Brown Trust and IRA

Both the Ellen Brown Trust document and the beneficiary designation on the IRA state the following (the IRA, however, directs 25% to the UW): "3. Twelve (12%) percent thereof shall be distributed outright and free of all trusts hereof to the English Department, UNIVERSITY OF WISCONSIN, SUPERIOR, WISCONSIN."

William Tackett, long-time personal friend and trustee for the Ellen Brown Trust, offered the following comments about Ellen: "For those of you that did not know her personally, I would

like to say that this lady was a very remarkable woman. Not only did she put herself through college, in which she achieved the highest honor in her field, a doctorate in English Literature, she also had a funny and open personality when one got to know her extremely well. I always like to tell people that she reminded me of Erma Bombeck." Ellen did her undergraduate work at UW-Superior and received her Ph.D. at Michigan.

(UW-Superior is expected to receive a total of \$162,000 from this estate.)

4. Robert M. Gilmer Trust

The Robert M. Gilmer Unitrust document states the following: "2. 25.0% to UNIVERSITY OF WISCONSIN, Van Hise Hall, 1220 Linden Dr., Madison, Wisconsin, 53706."

Robert M. Gilmer was born on December 10, 1920, in Lawrence, Kansas. Following service during WWII, he received his B.S., M.S., and Ph.D. degrees in 1947, 1948, and 1950, respectively, from the University of Wisconsin-Madison. The graduate degrees were in plant pathology. Dr. Gilmer then joined the plant pathology department of the New York Agricultural Experiment Station at Geneva, New York as an assistant professor in 1950, was promoted to associate professor in 1954, to full professor in 1959, and eventually chaired the department. Dr. James Hunter, director of the Geneva Station and a former colleague of Gilmer's, stated the following: "Bob was an outstanding plant pathologist. He established a worldwide reputation for his knowledge of virus diseases of deciduous fruit crops. But, for those of us who worked closely with him and became friends, he will always be remembered foremost as highly intelligent, well read, and a free-thinker who challenged our conventional views."

(UW-Madison has received approximately \$54,000 from this trust.)

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 2002-03 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 1999-2001 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.c.(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 2002-03. A total of 415 individuals at six institutions received \$1,296,434 for normal equity and retention issues in 2002-03. By comparison, there were a total of 511 individuals at ten institutions receiving \$1,354,886 in 2001-02. This is the third installment of Phase III of UW Colleges' Salary Improvement Plan. Long-term salary compression and market issues are addressed through a phased-in compensation plan that will affect many individuals employed by Colleges. A number of factors are used to recommend salary increases for Colleges' employees currently being paid below rates comparable to those of their market peers. The plan was established and implemented by the Senate Budget Committee, comprised of senators from Colleges' faculty and academic staff, and will have one more installment in the fall of 2003.

MARKET ADJUSTMENTS		
	NUMBER OF ADJUSTMENTS	ANNUAL COST OF ADJUSTMENTS
MADISON	78	\$967,874
MILWAUKEE	4	17,896
GREEN BAY	2	2,172
PARKSIDE	1	3,318
COLLEGES	329	297,191
EXTENSION	1	7,983
TOTAL	415	\$1,296,434

RELATED REGENT POLICY

None.

Contract for Exclusive Soft Drink Pouring Rights
And Sponsorship Agreement 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 Coca-Cola Enterprises - Madison.

**CONTRACT FOR EXCLUSIVE SOFT DRINK POURING RIGHTS
AND SPONSORSHIP AGREEMENT FOR
UW-MADISON DIVISION OF INTERCOLLEGIATE ATHLETICS**

EXECUTIVE SUMMARY

BACKGROUND

UW-Madison is prepared to enter into a contractual agreement with Coca-Cola Enterprises – Madison (Coca-Cola), for the purpose of awarding the exclusive rights to offer soft drink beverages for sale at UW-Madison Athletic Facilities. The details of this arrangement are contained in a Soft Drink Pouring Rights and Sponsorship Agreement by and between Coca-Cola and the Board of Regents of the University of Wisconsin System, on behalf of UW-Madison and its Division of Intercollegiate Athletics.

For the past several years, UW-Madison’s Division of Intercollegiate Athletics has had a similar agreement with Coca-Cola. The current five-year agreement ended in July 2003.

This proposed Agreement is a result of a process that has taken place over the past several months and included representatives from the Division of Intercollegiate Athletics, UW-Madison Purchasing Services, and UW-Madison Administrative Legal Services. An Invitation to Submit Plan (ISP) was issued in December 2002, with a due date of February 14, 2003. After discussions with two plan submitters, the decision was made to pursue contract negotiation with Coca-Cola. The proposed Agreement is a result of those negotiations.

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 Coca-Cola Enterprises - Madison.

DISCUSSION

Two proposals were received and after initial evaluations, both firms were invited to participate in formal presentations, and to subsequently propose a “best and final offer.” The two firms participating in the “best and final offer” were Coca-Cola and Pepsi. Following an evaluation of the two offers, an award was made to Coca-Cola, pending successful negotiation of a final contract.

The terms and provisions of the negotiated final contract with Coca-Cola 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 exclusive pouring rights and soft drink sponsorship. 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 for ten years and is effective on the date it is signed on behalf of all parties. The contract will expire June 30, 2013.
- Sponsor agrees to pay the Division \$220,000 each year of the agreement and an additional \$50,000 signing bonus in the first year.
- Sponsor agrees to purchase a minimum of \$900,000 worth of tickets and parking over the ten-year term of the Agreement.
- Sponsor agrees to purchase a minimum of \$200,000 in sponsorship support each year during the ten-year term. In exchange, sponsor will receive sponsorship signage in selected Athletic facilities and print materials.
- Sponsor will provide the Division with cups, coolers, and other items necessary to meet the Division's needs at no cost to the Division.
- Sponsor will pay the Division a commission on sales of vending machines operated on Athletics facilities.
- Sponsor agrees to pay \$50,000 per year to support the marketing and promotions activities of the Division.
- Each year of the Agreement, the Sponsor will receive 50 golf passes at University Ridge and up to 50 autographed sports items at no cost to the Sponsor.
- University will make 20 oz. bottles available at concessions stands and will switch from cans to 20 oz. bottles at University Ridge.

RELATED REGENT POLICY

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

Correction to UW-Barron County and UW-Richland
Colleges' Segregated Fees

BUSINESS AND FINANCE COMMITTEE

Resolution:

That, upon the recommendation of the President of the University of Wisconsin System, the 2003-04 Operating Budget and Fee Schedules be corrected to adjust the segregated fee rate at the University of Wisconsin-Barron County from \$328.00 to \$208.00 and at the University of Wisconsin-Richland from \$361.40 to \$241.40.

CORRECTION TO UW-BARRON COUNTY AND UW-RICHLAND COLLEGES' SEGREGATED FEES

EXECUTIVE SUMMARY

BACKGROUND

The 2003-04 Operating Budget, approved July 10, 2003, inadvertently included textbook rental rates in the segregated fee amounts for the UW Colleges at Barron County and Richland, for both last year (2002-03) and the upcoming academic year (2003-04). The following table displays the rates as they were approved on July 10, 2003, as well as the proposed corrected rates that do not include textbook rental. This change allows these institutions to charge the segregated fee rate that was jointly agreed upon by the students and administration of each campus.

	JULY 10, 2003 APPROVED SEGREGATED FEES				CORRECTED SEGREGATED FEES			
	2002-03 RATE	2003-04 RATE	INCR	% CHANGE	2002-03 RATE	2003-04 RATE	INCR	% CHANGE
Barron	\$316.00	\$328.00	\$12.00	3.8%	\$196.00	\$208.00	\$12.00	6.12%
Richland	\$352.40	\$361.40	\$9.00	2.6%	\$232.40	\$241.40	\$9.00	3.87%

The 6.1 percent increase in UW-Barron County's segregated fee is due to a modified agreement with Wisconsin Indianhead Technical College (WITC). WITC and UWBC students traditionally shared student union space located on the UWBC campus, and WITC students have provided financial support to maintain the facility. WITC student use of the facility has declined, shifting more of the cost to UWBC students.

REQUESTED ACTION

Approval of the corrected segregated fee rates for the UW Colleges at Barron County and Richland.

RELATED REGENT POLICIES

2003-04 University of Wisconsin System Operating Budget (July, 2003, Regent Resolution #8709)

**UNIVERSITY OF WISCONSIN SYSTEM
GIFTS, GRANTS AND CONTRACTS AWARDED
QUARTERLY REPORT & PRIOR-YEAR COMPARISON
FISCAL YEAR 2002-2003 - Fourth Quarter**

FISCAL YEAR 2002-2003	Extension	Instruction	Libraries	Misc	Phy Plt	Research	Student Aid	Total
Total	70,293,367	73,735,261	3,697,471	91,782,979	22,898,180	617,197,829	112,731,728	992,336,815
Federal	37,440,780	39,677,727	195,000	12,455,877	230,000	445,533,357	91,520,998	627,053,739
Nonfederal	32,852,587	34,057,534	3,502,471	79,327,102	22,668,180	171,664,472	21,210,730	365,283,076
FISCAL YEAR 2001-2002								
Total	67,362,210	57,882,286	789,127	97,691,718	9,577,135	589,574,442	97,623,122	920,500,040
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	304,750,801
INCREASE(DECREASE)								
Total	2,931,157	15,852,975	2,908,344	(5,908,739)	13,321,045	27,623,387	15,108,606	71,836,775
Federal	2,162,647	(3,581,993)	(48,822)	(2,546,292)	(372,200)	8,766,680	6,924,480	11,304,500
Nonfederal	768,510	19,434,968	2,957,166	(3,362,447)	13,693,245	18,856,707	8,184,126	60,532,275

UNIVERSITY OF WISCONSIN SYSTEM
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FISCAL YEAR 2002-2003 -Fourth Quarter

	Extension	Instruction	Libraries	Misc	Phy Plt	Research	Student Aid	Total
FISCAL YEAR 2002-2003								
Madison	17,966,753	47,980,160	3,489,914	68,917,128	20,555,424	583,472,648	30,126,366	772,508,393
Milwaukee	1,792,917	12,157,190	100,350	4,566,438	0	21,393,882	15,234,603	55,245,380
Eau Claire	893,486	3,309,359	0	0	0	1,555,283	7,206,728	12,964,856
Green Bay	6,000	1,795,893	98,500	194,868	53,011	2,339,037	3,558,037	8,045,346
La Crosse	2,947,236	314,055	4,000	1,874,276	2,208,945	3,596,967	4,917,215	15,862,694
Oshkosh	4,737,541	5,196,851	0	0	0	1,490,653	6,058,498	17,483,543
Parkside	215,395	202,434	1,307	125,367	0	591,892	3,636,710	4,773,105
Platteville	782,511	15,972	0	448,247	0	0	4,268,184	5,514,914
River Falls	1,079,320	548,377	0	1,698,486	35,000	77,343	4,060,990	7,499,516
Stevens Point	3,871,998	800,518	650	811,278	6,800	1,051,066	7,245,189	13,787,499
Stout	2,493,391	425,511	0	1,131,815	200	932,736	9,381,782	14,365,434
Superior	52,683	5,000	0	751,707	0	284,877	1,395,536	2,489,803
Whitewater	0	180,605	0	3,719,762	38,800	322,856	5,994,583	10,256,606
Colleges	14,874	39,892	2,750	597,049	0	15,301	9,572,307	10,242,173
Extension	33,439,262	0	0	2,439,181	0	0	0	35,878,443
System-Wide	0	763,444	0	4,507,378	0	73,288	75,000	5,419,110
Totals	70,293,367	73,735,261	3,697,471	91,782,979	22,898,180	617,197,829	112,731,728	992,336,815
Madison	11,746,609	17,473,563	195,000	3,266,400	230,000	421,848,056	17,347,326	472,106,954
Milwaukee	293,458	11,100,509	0	692,152	0	16,208,017	14,947,344	43,241,480
Eau Claire	746,151	2,819,225	0	0	0	401,427	108,199	4,075,002
Green Bay	0	1,715,607	0	0	0	1,623,123	3,355,608	6,694,338
La Crosse	2,511,461	314,055	0	1,201,093	0	2,673,911	4,916,965	11,617,485
Oshkosh	3,317,929	4,518,384	0	0	0	580,264	6,058,507	14,475,084
Parkside	195,970	5,000	0	0	0	545,735	3,545,104	4,291,809
Platteville	506,134	0	0	0	0	0	4,268,184	4,774,318
River Falls	1,018,460	474,030	0	1,049,554	0	0	3,954,562	6,496,606
Stevens Point	2,072,592	290,805	0	666,040	0	264,580	7,245,189	10,539,206
Stout	2,102,581	114,405	0	850,032	0	973,000	12,018,121	16,058,139
Superior	29,308	5,000	0	751,707	0	86,643	1,395,536	2,268,194
Whitewater	0	83,700	0	2,698,451	0	275,300	5,467,138	8,524,589
Colleges	0	0	0	319,448	0	3,301	6,893,215	7,215,964
Extension	12,900,127	0	0	0	0	0	0	12,900,127
System-Wide	0	763,444	0	961,000	0	50,000	0	1,774,444
Federal Totals	37,440,780	39,677,727	195,000	12,455,877	230,000	445,533,357	91,520,998	627,053,739
Madison	6,220,144	30,506,597	3,294,914	65,650,728	20,325,424	161,624,592	12,779,040	300,401,439
Milwaukee	1,499,459	1,056,681	100,350	3,874,286	0	5,185,865	287,259	12,003,900
Eau Claire	147,335	490,134	0	0	0	1,153,856	7,098,529	8,889,854
Green Bay	6,000	80,286	98,500	194,868	53,011	715,914	202,429	1,351,009
La Crosse	435,775	0	4,000	673,183	2,208,945	923,056	250	4,245,209
Oshkosh	1,419,612	678,467	0	0	0	910,389	(9)	3,008,459
Parkside	19,425	197,434	1,307	125,367	0	46,157	91,606	481,296
Platteville	276,377	15,972	0	448,247	0	0	0	740,596
River Falls	60,860	74,347	0	648,932	35,000	77,343	106,428	1,002,910
Stevens Point	1,799,406	509,713	650	145,238	6,800	786,486	0	3,248,293
Stout	390,810	311,106	0	281,783	200	(40,264)	(2,636,340)	(1,692,705)
Superior	23,375	0	0	0	0	198,234	0	221,609
Whitewater	0	96,905	0	1,021,311	38,800	47,556	527,445	1,732,017
Colleges	14,874	39,892	2,750	277,601	0	12,000	2,679,092	3,026,209
Extension	20,539,135	0	0	2,439,181	0	0	0	22,978,316
System-Wide	0	0	0	3,546,378	0	23,288	75,000	3,644,666
Nonfederal Totals	32,852,587	34,057,534	3,502,471	79,327,102	22,668,180	171,664,472	21,210,730	365,283,076

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 FISCAL YEAR 2002-2003 -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	920,500,040
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	304,750,801

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QUARTERLY REPORT & PRIOR-YEAR COMPARISON
FISCAL YEAR 2002-2003 -Fourth Quarter

	Extension	Instruction	Libraries	Misc	Phy Plt	Research	Student Aid	Total
INCREASES/(DECREASES)								
Madison	1,368,315	20,447,698	2,867,182	(11,731,105)	12,807,611	22,302,732	4,169,932	52,232,365
Milwaukee	429,049	(1,319,344)	21,696	1,828,263	0	3,140,061	2,438,943	6,538,668
Eau Claire	(601,797)	241,779	0	0	0	415,425	671,637	727,044
Green Bay	1,000	(297,132)	61,500	(105,709)	(566,210)	1,247,779	(48,178)	293,049
La Crosse	809,324	(402,603)	4,000	881,422	1,611,318	704,148	557,368	4,164,977
Oshkosh	247,440	(1,044,368)	0	0	0	709,427	1,145,858	1,058,357
Parkside	(12,016)	(96,570)	1,307	(19,677)	0	25,531	(63,040)	(164,465)
Platteville	(74,312)	(103,385)	(9,725)	(65,359)	0	(11,500)	340,970	76,689
River Falls	553,467	401,416	0	198,329	35,000	(41,051)	319,645	1,466,806
Stevens Point	(1,202,094)	41,988	650	359,582	6,800	(995,306)	667,726	(1,120,654)
Stout	320,630	135,059	0	(76,334)	(522,141)	(30,781)	3,412,081	3,238,514
Superior	(27,795)	5,000	(5,000)	(270,590)	0	66,649	(1,485,166)	(1,716,902)
Whitewater	0	94,734	0	(418,569)	(51,332)	1,684	361,400	(12,083)
Colleges	(147,926)	(1,146,179)	(33,266)	(363,299)	0	15,301	2,544,429	869,060
Extension	1,267,872	0	0	672,066	0	0	0	1,939,938
System-Wide	0	(1,105,119)	0	3,202,241	0	73,288	75,000	2,245,410
Totals	2,931,157	15,852,975	2,908,344	(5,908,739)	13,321,045	27,623,387	15,108,606	71,836,775
Madison	1,999,070	1,027,500	(43,822)	(2,770,468)	(372,200)	7,064,342	2,108,871	9,013,293
Milwaukee	(123,258)	(1,353,584)	0	(162,924)	0	2,367,900	2,568,124	3,296,257
Eau Claire	(436,602)	514,164	0	0	0	(315,041)	(6,399,747)	(6,637,226)
Green Bay	0	(276,668)	0	0	0	648,273	133,554	505,159
La Crosse	617,660	(400,503)	0	389,372	0	144,797	851,655	1,602,981
Oshkosh	112,145	(1,308,599)	0	0	0	(27,720)	1,072,616	(151,558)
Parkside	18,834	(90,602)	0	(111,750)	0	8,246	(13,705)	(188,977)
Platteville	(141,251)	(62,480)	(5,000)	(287,416)	0	0	427,579	(68,568)
River Falls	362,564	374,186	0	115,163	0	(16,946)	315,722	1,150,689
Stevens Point	(1,698,713)	(7,060)	0	262,781	0	(1,103,698)	668,726	(1,877,964)
Stout	140,991	21,851	0	(54,725)	0	37,807	6,049,421	6,195,344
Superior	(51,170)	5,000	0	(270,590)	0	(65,816)	(1,485,166)	(1,867,742)
Whitewater	0	83,700	0	(452,644)	0	(28,765)	343,452	(54,257)
Colleges	(152,000)	(1,077,609)	0	(164,090)	0	3,301	283,379	(1,107,019)
Extension	1,514,378	0	0	0	0	0	0	1,514,378
System-Wide	0	(1,031,289)	0	961,000	0	50,000	0	(20,289)
Federal Totals	2,162,647	(3,581,993)	(48,822)	(2,546,292)	(372,200)	8,766,680	6,924,480	11,304,500
Madison	(630,755)	19,420,198	2,911,004	(8,960,637)	13,179,811	15,238,390	2,061,061	43,219,072
Milwaukee	552,307	34,240	21,696	1,991,187	0	772,161	(129,180)	3,242,411
Eau Claire	(165,195)	(272,385)	0	0	0	730,466	7,071,384	7,364,270
Green Bay	1,000	(20,464)	61,500	(105,709)	(566,210)	599,506	(181,732)	(212,110)
La Crosse	191,664	(2,100)	4,000	492,050	1,611,318	559,351	(294,287)	2,561,996
Oshkosh	135,295	264,231	0	0	0	737,147	73,242	1,209,915
Parkside	(30,850)	(5,968)	1,307	92,073	0	17,285	(49,335)	24,512
Platteville	66,939	(40,905)	(4,725)	222,057	0	(11,500)	(86,609)	145,257
River Falls	190,904	27,230	0	83,166	35,000	(24,105)	3,923	316,118
Stevens Point	496,619	49,048	650	96,801	6,800	108,392	(1,000)	757,310
Stout	179,640	113,208	0	(21,609)	(522,141)	(68,588)	(2,637,340)	(2,956,829)
Superior	23,375	0	(5,000)	0	0	132,465	0	150,840
Whitewater	0	11,034	0	34,076	(51,332)	30,449	17,948	42,175
Colleges	4,074	(68,570)	(33,266)	(199,209)	0	12,000	2,261,050	1,976,079
Extension	(246,506)	0	0	672,066	0	0	0	425,560
System-Wide	0	(73,830)	0	2,241,241	0	23,288	75,000	2,265,699
Nonfederal Totals	768,510	19,434,968	2,957,166	(3,362,447)	13,693,245	18,856,707	8,184,126	60,532,275

PILOT UW-MADISON LTE CONVERSION

EXECUTIVE SUMMARY

BACKGROUND

2001 Wisconsin Act 16 (the Biennial Budget Bill) created a two-year pilot program at UW-Madison ending July 1, 2003, during which time the Board of Regents could convert up to 50 long-term LTE positions to permanent classified GPR, Segregated Fee, or Program Revenue positions. The Act permitted the Board of Regents to appoint LTEs who have held appointments at UW-Madison for at least one year and exempt appointees from competitive examination requirements. The Act required the Board of Regents to submit a final report to the Governor, Legislature, and Department of Employee Relations on the number of LTEs appointed to classified service positions under this provision, the number of years of employment these individuals had as LTEs at the time of their appointment to permanent classified service, a determination as to whether the program reduced the number of LTE appointments at UW-Madison, and an examination of the reasons behind termination for any individuals who were appointed under the program but subsequently terminated employment at UW-Madison.

In May 2002, the Board of Regents approved the conversion of 27.77 UW-Madison long-term LTE positions to permanent classified positions. In December 2002, the Board of Regents approved the conversion of 22.73 long-term LTE positions to permanent classified positions. Subsequent to the December meeting, UW-Madison converted an additional 0.50 FTE under the programs.

This is the final report to the Board of Regents under this provision.

REQUESTED ACTION

For Information Only.

DISCUSSION AND RECOMMENDATIONS

During the period July 1, 2001 to July 1, 2003, UW-Madison identified and converted 51.00 FTE long-term LTE positions that qualified for conversion to permanent classified status under this provision. The 51.00 FTE were comprised by 60 individuals. The 51.00 FTE reported exceed the 50.00 FTE authorized, because some terminations occurred during the period. As of July 1, 2003, of the total 60 individuals and 51.00 FTE converted under the program, 52 individuals and 44.40 FTE remain under continuing employment in permanent classified status. For the 8 individuals who terminated, the reasons varied: 4 resigned to pursue employment in private industry or to relocate; 3 were dismissed as a result of failing probation, and; 1 person retired. In effect, the program reduced the number of LTE appointments at UW-Madison by the number of continuing appointments that were converted (44.40 FTE and 52 individuals). That fact is confirmed by a reduction of 77 LTE appointments (headcount) from October 2001 to October 2002, at which time the program had essentially been fully implemented.

The individuals and positions are shown on the attached table.

RELATED REGENT POLICIES

None.

UW-MADISON
LTE Conversion Pilot Positions

Name	Position	Department	Fund Source	FTE	LTE Begin Date	Permanent Begin Date	Division Total	Regent Report
Tanya Ebert	Experimental Farm Laborer	CALS--ARS--Hancock	101	0.50	4/15/99	3/11/02		May'02
Florence Johnson	Research Gardener	CALS--ARS--Hancock	101	0.50	4/21/97	3/10/02		May'02
John Long	Experimental Farm Laborer	CALS--ARS--Lancaster	101	0.50	5/24/92	4/1/02		May'02
George Nooyen	Research Gardener	CALS--ARS--Peninsular	101	0.67	5/1/00	3/10/02		May'02
Laura Breckenridge	Experimental Farm Laborer	CALS--ARS--Spooner	101	0.50	3/1/97	2/24/02		May'02
Glenn Marsh	Lab Animal Technician 2	CALS--Biochemistry	128	0.60	2/10/98	2/11/02		May'02
Steven Cloyd	Program Assistant 2	CALS--Plant Pathology	101	0.50	4/17/00	3/10/02		May'02
Lynn Boersma	Program Assistant 1	CALS--ARS--Rhineland	101	0.33	2/28/00	5/6/02	4.10	Dec'02
Shirley Holt	Clerical Assistant 2	Letters and Science	101	1.00	1/1/90	1/7/02		Dec'02
Wanda Ashman	Info. Sys. Serv. Senior	Letters and Science	101	0.50	4/23/01	6/23/03		Sept'03
John Mulvihill	Histology Technician	Letters and Science	144	0.50	2/2/88	1/7/02	2.00	Dec'02
Autumn Rinden	Program Assistant 2	School of Vet. Medicine	128	1.00	9/7/99	1/13/02		May'02
Maureen Pruess	Program Assistant 2	School of Vet. Medicine	128	1.00	3/26/00	3/24/02	2.00	May'02
Johnnie Carter	Custodian 2	Wisconsin Union	128	1.00	7/15/98	3/10/02		May'02
Suzi Irwin	Financial Specialist	Wisconsin Union	128	1.00	3/7/97	3/24/02		May'02
Carol S. Barr	Graphic Designer	Wisconsin Union	128	0.50	8/2/00	4/7/02		Dec'02
Elena Villa	Food Services Assistant 2	Wisconsin Union	128	1.00	5/3/01	6/17/02		Dec'02
Adaauto Araujo	Audiovisual Services Asst.	Wisconsin Union	128	0.50	9/22/95	7/8/02		Dec'02
Ted Harks	University Business Specialist	Wisconsin Union	128	1.00	6/2/96	4/8/02		Dec'02
Michu Barroso	Facilities Repair Worker	Wisconsin Union	128	0.60	5/10/98	12/1/02	5.60	Dec'02
Joy Bally	Food Service Assistant 2	University Housing	128	1.00	9/26/00	3/21/02		May'02
Eugene Nichols	Food Service Assistant 2	University Housing	128	1.00	3/15/99	3/21/02		May'02
Griselda Ramirez	Food Service Assistant 2	University Housing	128	1.00	11/15/99	3/21/02		May'02
Lutfije Heta	Food Service Assistant 2	University Housing	128	1.00	10/4/99	3/21/02		May'02
Cynthia Jones	Food Service Assistant 2	University Housing	128	1.00	11/19/00	3/21/02		May'02
Desiree Trinker	Custodian 2	University Housing	128	1.00	10/8/99	4/11/02		Dec'02
Mario Victor	Custodian 2	University Housing	128	1.00	2/28/00	4/12/02		Dec'02
Maria Arenas	Custodian 2	University Housing	128	1.00	1/31/00	4/12/02		Dec'02
Ricardo Victor	Custodian 2	University Housing	128	1.00	9/18/00	4/11/02		Dec'02
Karen Smith	Food Service Assistant 2	University Housing	128	1.00	8/13/01	9/24/02		Dec'02
Jesus Hernandez	Custodian 2	University Housing	128	1.00	8/30/00	9/24/02	11.00	Dec'02

UW-MADISON
LTE Conversion Pilot Positions

Name	Position	Department	Fund Source	FTE	LTE Begin Date	Permanent Begin Date	Division Total	Regent Report
Sandra Berndt	Program Assistant 2	Athletics	528	1.00	9/13/98	3/11/02		May'02
Julie Dobie	Program Assistant 2	Athletics	528	1.00	6/1/98	3/11/02		May'02
Sharon Eley	Program Assistant 2	Athletics	528	1.00	12/9/97	3/11/02		May'02
Julie Disch	Program Assistant 3	Athletics	528	1.00	7/8/96	3/11/02		May'02
John Finkler	Program & Planning Analyst 2	Athletics	528	1.00	11/3/97	3/11/02		May'02
Gary Poels	Purchasing Agent	Athletics	528	1.00	12/1/96	3/11/02		May'02
Charles Calloway II	Purchasing Agent	Athletics	528	1.00	6/27/97	3/11/02		May'02
James Wilkerson	Laborer	Athletics	528	1.00	8/26/96	3/11/02		May'02
Alice Brandenburg	Program Assistant 1	Athletics	528	1.00	5/16/94	3/11/02		May'02
Donald Harrington	Facilities Repair Worker	Athletics	528	1.00	2/13/95	3/11/02		May'02
Timothy Schneeberg	Facilities Repair Worker	Athletics	528	1.00	3/20/94	3/11/02		May'02
Jesse Lyons	Info. Sys. Net. Serv. Prof.	Athletics	528	1.00	11/27/00	3/11/02		May'02
James Eisenmann	Info. Sys. Tech. Serv. Prof.	Athletics	528	1.00	11/14/99	3/11/02		May'02
Joseph Alfano	Info. Sys. Comp. Serv. Se.	Athletics	528	1.00	11/27/00	3/11/02		May'02
Sharon Betlach	Program Assistant 3	Athletics	528	1.00	4/5/99	3/18/02		May'02
Michell Ackeret	Program Assistant 2	Athletics	528	1.00	9/18/97	4/8/02	16.00	Dec'02
John Berezin	Library Services Asst. Senior	General Library	101	0.50	6/12/94	4/1/02		Dec'02
Marta Gomez	Library Services Asst. Adv.	General Library	101	1.00	10/20/97	3/25/02	1.50	Dec'02
Georgene Stratman	Clerical Assistant 2	Information Technology	128	0.80	6/8/90	5/20/02		Dec'02
Tracy Difiore-Woodring	Printing Technician 2	Information Technology	128	0.60	6/28/99	3/11/02		Dec'02
Linda Lockwood	Financial Specialist 2	Information Technology	128	0.70	1/18/00	6/3/02		Dec'02
Eric Jensema	Network Technician 1	Information Technology	128	1.00	8/17/00	6/3/02	3.10	Dec'02
Craig Chamberlin	Library Services Asst. Adv.	Medical School	101	0.50	4/30/00	6/3/02		Dec'02
Anna Smith	Library Services Asst. Adv.	Medical School	101	1.00	7/19/00	6/3/02		Dec'02
Mary Fritz	Library Services Asst. Senior	Medical School	101	0.50	4/4/01	6/3/02	2.00	Dec'02
Randi Huntsman	Info. Sys. Dev. Services Prof.	School of Business	104	0.70	1/1/92	5/13/02		Dec'02
William Patterson	Info. Sys. Comp. Services Sr.	School of Business	133	1.00	2/9/93	11/4/02	1.70	Dec'02
Gwen Thompson	Program Assistant 2	University Health Service	128	1.00	12/12/00	4/21/02		Dec'02
Kelly Douglas	Program Assistant 2	University Health Service	128	1.00	8/20/01	8/20/02	2.00	Dec'02
Total				51.00			51.00	

UW-MADISON
LTE Conversion Pilot Positions

<u>Summary</u>	
Reported May, 2002 Board of Regents	27.77
Reported December, 2002 Board of Regents	22.73
Additional Conversions	<u>0.50</u>
Total	51.00

<u>Status</u>	<u>Headcount</u>	<u>FTE</u>
Continuing	52	44.40
Terminated	<u>8</u>	<u>6.60</u>
Total	60	51.00

1:30 p.m. Physical Planning and Funding Committee, Room 220

- a. Approval of Minutes of June 5, 2003 Meeting
- b. Report of the Assistant Vice President
 - Building Commission Actions
 - Capital Budget Update
- c. UW-Eau Claire: Governor's Parking Lot
\$277,400 (\$200,000 Program Revenue Supported Borrowing & \$77,400 Program Revenue-Cash)
[Resolution I.3.c.]
- d. UW-Eau Claire: Bollinger Fields Lighting
\$417,000 (\$265,000 Program Revenue – UW-Eau Claire; \$132,000 Program Revenue – City of Eau Claire; and \$20,000 Program Revenue – LAWCON Grant)
[Resolution I.3.d.]
- e. UW-Madison: Mechanical Engineering Renovation and Addition (Design Report)
\$46,000,000 (\$23,000,000 General Fund Supported Borrowing and \$23,000,000 Gift Funds)
[Resolution I.3.e.]
- f. UW-Milwaukee: Authority to Negotiate for Redevelopment of Kenilworth Facility
[Resolution I.3.f.]
- g. UW-Oshkosh: Land Use Agreement for Baseball Grandstand and Support Building and Acceptance of Gift-In-Kind
[Resolution I.3.g.]
- h. UW-Whitewater: Upham Hall Renovation and Addition – Phase II
\$16,743,000 General Fund Supported Borrowing
[Resolution I.3.h.]
- x. Additional items which may be presented to the Committee with its approval
- z. Closed session for purposes of considering personal histories, as permitted by s.19.85(1)(f), *Wis. Stats.*, related to naming a facility at UW-Stevens Point

Authority to Construct a Governor's Parking
Lot Project, UW-Eau Claire

PHYSICAL PLANNING AND FUNDING COMMITTEE

Resolution:

That, upon the recommendation of the UW-Eau Claire Chancellor and the President of the University of Wisconsin System, authority be granted to construct a Governor's Parking Lot project at an estimated total project cost of \$277,400 (\$200,000 Program Revenue Supported Borrowing and \$77,400 Program Revenue-Cash).

THE UNIVERSITY OF WISCONSIN SYSTEM

Request for Board of Regents Action September 2003

1. Institution: The University of Wisconsin–Eau Claire
2. Request: Requests authority to construct a Governor’s Parking Lot project at an estimated total project cost of \$277,400 (\$200,000 Program Revenue Supported Borrowing and \$77,400 Program Revenue-Cash).
3. Description and Scope of Project: This project will replace the deteriorated asphalt road known as Hilltop Circle, and adjacent green space within the Circle with a new 178-stall parking lot and restore landscaping as required. The project will also extend the drive known as Towers Circle further northward, to improve service vehicle access to Towers Hall, create 19 new parking stalls along the road extension, replace a portion of Hilltop Circle with a pedestrian mall, extend adjacent multi-purpose recreation fields, improve pedestrian walkways, and improve pedestrian circulation throughout the area. Existing underground utilities (electric power, domestic water, sanitary sewer, storm sewer) located in the project areas will be rerouted and/or relocated as required. In addition, this project will provide revisions and extensions to storm sewer systems and storm water management plans for this portion of the campus.
4. Justification of the Request: Parking on the upper campus is primarily allocated to resident students through a lottery system. Far more students apply than the institution has permits to grant. Upper campus parking demands are further increased by staff working in the surrounding facilities and short-term customer parking (i.e. visitors and customers for University Police, Student Health Services, and the Crest Wellness Center recreational facility) needs. Much of the remaining upper campus parking is provided in lots leased from the Department of Administration, Sacred Heart Hospital, and the Chippewa Valley Technical College (CVTC).

This project will replace the parking currently leased from CVTC, which after this year will no longer be available due to new CVTC construction. The new 178-stall parking lot and Towers Circle road extension replaces existing roadside parking and increases the overall campus parking inventory by 124 stalls.

This project will provide several needed improvements in the upper campus in addition to additional parking. The project will increase usable recreation lands, improve pedestrian traffic and safety in the area, address storm water management issues, renovate and beautify the upper campus area of campus, and provide a solution to the deteriorated Hilltop Circle road which requires expensive renovation/reconstruction.

5. Budget:

Construction	\$221,200
A/E Design Fees	24,330
DSF Management	9,750
Contingency	<u>22,120</u>
Estimated Total Project Cost	\$277,400

6. Previous Action: None.

Authority to Construct a Bollinger Fields
Lighting Project, UW-Eau Claire

PHYSICAL PLANNING AND FUNDING COMMITTEE

Resolution:

That, upon the recommendation of the UW-Eau Claire Chancellor and the President of the University of Wisconsin System, authority be granted to construct a Bollinger Fields Lighting Project at an estimated total project cost of \$417,000 (\$265,000 Program Revenue - Cash, \$132,000 City of Eau Claire Funds, and \$20,000 LAWCON Grant Funds).

THE UNIVERSITY OF WISCONSIN SYSTEM

Request for Board of Regents Action September 2003

1. Institution: The University of Wisconsin–Eau Claire
2. Request: Requests authority to construct a Bollinger Fields Lighting Project at an estimated total project cost of \$417,000 (\$265,000 Program Revenue - Cash, \$132,000 City of Eau Claire Funds, and \$20,000 LAWCON Grant Funds).
3. Description and Scope of Project: This project will install sports lighting on four athletic fields at the Bollinger Fields complex. The new lighting will illuminate two multipurpose soccer fields, a softball field, and a baseball/lacrosse field. Illumination levels will be consistent with the Illuminating Engineering Society of North America guidelines for the various outdoor sports activities. The lighting system design will incorporate features to minimize the amount of light spilled beyond the field boundaries and to minimize the amount of light directed toward the sky. The work will also include an upgrade to the electrical services that serve the athletic fields and the small building that houses the electrical service equipment, toilets, and storage space.
4. Justification of the Request: This project will allow four additional athletic fields at the Bollinger Fields complex to be used for evening programming. Currently, four softball fields have lighting systems in place for evening play. These fields serve the needs of UW-Eau Claire Athletics and Recreation and Eau Claire City Parks and Recreation. The City Council of Eau Claire approved this project on July 8, 2003. An Environmental Impact Assessment has been completed with a finding of “no significant impact” by the UW System Environmental Affairs Officer.
5. Budget:

Construction	\$346,000
Architect/Engineering fees	21,000
DSF Management	15,000
Contingency	<u>35,000</u>
Estimated Total Project Cost	\$417,000
6. Previous Action: None.

Approval of the Design Report and Authority
Construct a Mechanical Engineering
Renovation and Addition Project,
UW-Madison

PHYSICAL PLANNING AND FUNDING COMMITTEE

Resolution:

That, upon the recommendation of the UW-Madison Chancellor and the President of the University of Wisconsin System, the Design Report be approved and authority be granted to: (1) construct a Mechanical Engineering Renovation and Addition project, (2) increase the project scope and budget by \$13,000,000 Gift Funds, and (3) seek a waiver of s. 16.855 under s. 13.48(19) to accept a single prime contractor bid for the project, for a revised total project cost of \$46,000,000 (\$23,000,000 General Fund Supported Borrowing and \$23,000,000 Gift Funds).

THE UNIVERSITY OF WISCONSIN SYSTEM

Request for Board of Regents Action September 2003

1. Institution: The University of Wisconsin-Madison
2. Request: Requests approval of the Design Report and authority to: (1) construct a Mechanical Engineering Renovation and Addition project, (2) increase the project scope and budget by \$13,000,000 Gift Funds, and (3) seek a waiver of s. 16.855 under s. 13.48(19) to accept a single prime contractor bid for the project, for a revised total project cost of \$46,000,000 (\$23,000,000 General Fund Supported Borrowing and \$23,000,000 Gift Funds).
3. Description and Scope of the Project: This project will include demolition of the 1921 "saw-tooth" building and construction of an approximately 155,400 GSF, four-level, plus basement and mechanical penthouse addition.

The original project scope of work includes the complete renovation and remodeling of approximately 124,000 GSF of space within the existing building, including replacement of all existing plumbing, mechanical, electrical, and telecommunications systems. Asbestos floor tile and other asbestos-containing materials will be abated as part of the project. Fire sprinklers will be added to the building, and all health and safety code requirements will be met.

The proposed additional scope of work will include: (1) lowering the basement in the existing building, (2) adding a basement level in the new construction, (3) constructing a fourth floor in the new construction, (4) adding a fifth floor mechanical equipment room and mezzanine, (5) increasing the footprint of the new construction to the south, and (6) building additional space over the reactor control room. In order to allow for future growth, the total lab area, including the fourth floor build-out, will be increased by thirty-nine percent from that in the original Program Statement, and the total office area designed will be increased by fifteen percent. If the fourth floor is shelled but not built out, the total lab area will be increased by twenty percent from that in the original Program Statement. The total area designed for classrooms will not be increased.

The exterior facade of the new addition will closely resemble the existing building in materials and design. The project will minimally affect the site. The new addition will project about 15 feet further south than the existing building. Engineering Drive to the south of the building is scheduled to be rebuilt as a separate project. Parking, service, and drainage are generally unaffected. Circulation and accessibility for those with disabilities will be greatly improved

with the addition of another accessible main entrance at Engineering Drive on the south side of the addition.

Use of a single prime contract is being proposed in order to improve coordination and sequencing of this project.

4. Justification of the Request: The Mechanical Engineering Renovation and Addition project was enumerated in the 2001-03 biennium. A full justification was provided at that time.

In summary, the Mechanical Engineering Department, which occupies approximately 56,000 ASF of space in the Mechanical Engineering Building, is one of the oldest and largest departments at UW-Madison. It was established in the 1800's and moved from its original location on Bascom Hill to the Mechanical Engineering Building in 1931. The existing Mechanical Engineering Building consists of a three-story 124,000 GSF, U-shaped building constructed in 1931, around a one-story 22,850 GSF "saw-tooth" building built in 1921.

The goal of this project is to upgrade and extend the useful life of a seventy-two-year-old building and increase the quality and quantity of assignable space for the building occupants by removing all but the reactor space in the eighty-two-year-old "saw-tooth" section and replacing it with a modern multi-storied structure. The addition will also provide replacement space for the "T" buildings that were razed for construction of the Engineering Centers, and the "saw-tooth" area of the Mechanical Engineering Building that will be demolished for construction of the proposed addition.

Proceeding with the increased scope at this time will provide a variety of benefits to the program. It will increase usable space by fifty percent with only a thirty-nine percent increase in cost. It would maximize use of the building site in an area of campus with little available space. The proposed increased scope will add to the architectural presence of the building while preserving and building upon the original Italian Renaissance style. Additionally, the south end of the building will form an attractive academic quad, anchored by Engineering Hall and the Engineering Centers Building.

The College's strategic academic and research initiatives also justify constructing the increased space at this time. Finally, the College has a unique window of opportunity to manage large scale relocations necessitated by this project by temporary assignments into the newly finished Engineering Centers Building.

Given the highly sophisticated HVAC, electrical, and telecommunication systems going into the building, as well as all the complexities of this project that are occurring within a densely built and heavily utilized area of campus, a single prime contract is preferred. The sequencing of the project includes demolition of the existing "saw-tooth" building and relocation of the reactor support labs first. The

existing reactor must remain operational throughout the project. This will be followed by construction of the addition while the existing building remains in use. Finally, the existing building will be remodeled after its occupants and functions are relocated into the addition. This sequencing will require careful coordination of all trades and timely completion of each stage. A single prime contract will provide more effective management of this sequencing than multiple prime contracts. Recent bidding experience on the UW-Madison Biotech/Genetics Building Addition indicates that there is very little cost savings resulting from multiple-prime bidding compared with the value of better coordination and management of construction inherent in a single-prime contract.

The campus has indicated that the gift funds required to proceed with construction of this project have been acquired.

5. Budget:

Construction	\$36,996,000
Architectural/Engineering Fees	3,200,000
Other Consulting Fees	148,000
DSF Management Fee	1,586,700
Project Contingency	2,554,300
Movable Equipment	1,400,000
Percent-for-Art	<u>115,000</u>
Estimated Total Project Budget	\$46,000,000

6. Previous Action:

August 25, 2000
Resolution 8175

Recommended that the Mechanical Engineering Renovation and Addition project be submitted to the Department of Administration and the State Building Commission as part of the University's 2001-03 Capital Budget request, at an estimated total project cost of \$33,000,000 (\$23,000,000 GFSB and \$10,000,000 Gifts/Grants).

Authority to Negotiate for the
Redevelopment of the Kenilworth Building,
UW-Milwaukee

PHYSICAL PLANNING AND FUNDING COMMITTEE

Resolution:

That, upon the recommendation of the UW-Milwaukee Chancellor and the President of the University of Wisconsin System, authority be granted to negotiate with Prism Development Company for redevelopment of the Kenilworth Building. As currently envisioned, financing will involve the establishment of a 501 (c) (3) tax exempt entity and long-term equity in the Kenilworth Building. No funding from the University or State of Wisconsin will be required

THE UNIVERSITY OF WISCONSIN SYSTEM

Request for Board of Regents Action September 2003

1. Institution: The University of Wisconsin-Milwaukee
2. Request: Requests authority to negotiate with Prism Development Company for redevelopment of the Kenilworth Building. As currently envisioned, financing will involve the establishment of a 501 (c) (3) tax exempt entity and long-term equity in the Kenilworth Building. No funding from the University or State of Wisconsin will be required.
3. Description and Scope of Project: This project will conclude the formal review process of responses to a Request for Proposal for the Redevelopment of the Kenilworth Building and allow the University to proceed further with a single developer to refine the functional requirements and associated financial implications before entering into a final agreement to proceed with the project. The results of the negotiations will be presented to the Board of Regents and State Building Commission for approval prior to proceeding further.
4. Justification of the Project: The Kenilworth Building (371,872 ASF/490,502 GSF) is located one mile south of the main UW-Milwaukee campus. The east portion was constructed in 1914 as a factory for the Ford Motor Company, and the west portion was built in 1942 as an ammunition plant operated by General Motors. In 1971, the U.S. General Services Administration turned the facility over to UW-Milwaukee as surplus property. The facility currently serves a variety of purposes:
 - Physical Plant Services, including administrative offices, craft shops, campus mail services, and vehicle garage (94,507 SF);
 - Printing Services offices and production facilities (17,992 SF);
 - Campus storage and Physical Plant stores operations (118,780 SF);
 - The School of the Arts instructional studios (85,857 SF);
 - Storage of samples for the State Geologist (54,736 SF).

The 1971, gift from the federal government came with the stipulation that, for thirty years, the building could only be used for educational purposes. In anticipation of the 2001 sunset on use restrictions, UW-Milwaukee formed an ad hoc Kenilworth Committee in 1999, to study the future potential of the facility. The Committee included representatives from the faculty, staff, City of Milwaukee, and neighborhood. In keeping with the community engagement and partnering that form the core of The Milwaukee Idea, the Kenilworth Committee examined the current uses and campus space needs along with the building's neighborhood context and the incentives that are taking place in the local community.

The Kenilworth Building is situated adjacent to the East Side Business Improvement District #20 (ESBID) which is located along east North Avenue between the Milwaukee River and North Prospect Avenue. Predominantly commercial in character with residential areas, the merchants and property owners involved in ESBID have been working with the City of Milwaukee to develop a strategy to improve the image and appearance of the area. Their primary goals are to attract additional private investment, increase safety, and create a pedestrian-friendly district that will build upon the essential qualities of the existing entertainment and retail environment. A major streetscape improvement project was completed in 2000, including new pedestrian lighting, curb push-outs and intersection pavement improvements, landscaping, tree plantings, decorative planters, and information kiosks. The ESBID master plan highlights the Kenilworth Building as having “major potential for retail, commercial, and residential redevelopment,” consistently referring to the Kenilworth Building’s potential as “catalytic.” The Kenilworth Building is viewed by ESBID as a potential source for large, flexible retail space that currently does not exist in the district, and notes that the building could also enhance the local residential housing market. ESBID supports the enhanced presence of UW-Milwaukee in the building, especially for functions of the Peck School of the Arts.

Working with UW System and the Department of Administration, in October 2002, UW-Milwaukee issued a Request for Proposal for the redevelopment of the Kenilworth Building to provide 103,000 ASF for the Peck School of the Arts and a guarantee by UWM for occupancy of up to 400 beds of student housing, with other uses to be proposed by developers. In addition, 150,000 ASF for various campus support services in Administrative Affairs would need to be included in the redevelopment of the Kenilworth Building or provided in a relocated facility within two miles of the main UW-Milwaukee campus. Criteria were identified upon which the proposals would be reviewed by an evaluation team comprised of representatives from UW-Milwaukee, UW System Administration, and the Department of Administration.

Seven proposals were received in December 2002. In January 2003, three developers were identified as finalists pending further information and interviews. Subsequent to in-person team interviews in May 2003, the finalists were narrowed down to two proposals.

After thorough review and consideration of all aspects of the finalists’ proposals, the selection team recommends that the University negotiate with Prism Development Company. Prism Development Company’s presentations and responses to University questions and interviews have demonstrated that their team understands not only the University’s functional requirements but also the important neighborhood and community issues that must be considered in a successful redevelopment of the building. Key features of the Prism Development Company proposal include student housing opportunities ranging from 401 to 612 beds, a blend of retail leasehold spaces on the pedestrian street level, enclosed parking spaces for UWM and for leasehold tenants, and the acquisition of an additional property within two miles of the main campus for the permanent relocation of Administrative Affairs support services. The financing package relies on the establishment of a 501 (c) (3) tax exempt entity and using equity in the Kenilworth Building as collateral either through a

long-term lease or a transfer of ownership. It is possible that the Board of Regents will retain ownership of the land. No funding from the State of Wisconsin will be required.

UW-Milwaukee requests authority to formally negotiate with Prism Development Company to work out details of the proposal. If negotiations are successful, UW-Milwaukee will present an updated report to the Board of Regents and State Building Commission and seek approval to enter into a final agreement with Prism Development Company prior to proceeding with the project.

5. Budget: Not applicable at this time. Budget information will be developed and presented to the Board of Regents at a later date.
6. Previous Action: This project has been discussed with the Board of Regents and State Building Commission in the context of the Long Range Development Plan for UW-Milwaukee.

Land Use Agreement and Acceptance of
Gift-In-Kind, UW-Oshkosh

PHYSICAL PLANNING AND FUNDING COMMITTEE

Resolution:

That, upon the recommendation of the UW-Oshkosh Chancellor and the President of the University of Wisconsin System, authority be granted to: (1) execute a land use agreement between the Board of Regents and the UW-Oshkosh Foundation to enable the Foundation to construct a Baseball Grandstand and Support Building, and (2) accept the gift-in kind of the completed new facility valued at up to \$977,500.

THE UNIVERSITY OF WISCONSIN SYSTEM

Request for Board of Regents Action September 2003

1. Institution: The University of Wisconsin-Oshkosh
2. Request: Requests authority to: (1) execute a land use agreement between the Board of Regents and the UW-Oshkosh Foundation to enable the Foundation to construct a Baseball Grandstand and Support Building, and (2) accept the gift-in-kind of the completed new facility valued at approximately \$975,000.
3. Project Description and Scope: Approval of this request will enable the UW-Oshkosh Foundation to construct a 9,250 GSF, two-story Baseball Grandstand and Support Building at Tiedemann Baseball Field on the campus of the University of Wisconsin-Oshkosh. The facility will include a home team locker room, toilets, showers, coaches' locker room, laundry, recreation room, public restrooms, press box, coaches' office, sports information office, and storage space. Incorporated into the facility will be bleacher, picnic, and plaza seating.

All costs will be borne by the UW-Oshkosh Foundation. At the completion of the project, ownership of this facility will be transferred to the University. The work will be accomplished under an Agreement for Land Use agreement between the Foundation and the Board of Regents of the University of Wisconsin System. All plans and specifications will be reviewed by the UW System Administration and the Division of State Facilities (DSF) prior to construction.

4. Justification: Tiedemann Field was constructed in 1970. Current facilities, in addition to the baseball diamond, include freestanding aluminum bleachers and dugouts for the home and visiting teams. A concession/press box building with restroom facilities is located near the left outfield and serves both the baseball stadium and the nearby outdoor track. Due to poor design, it is impossible for the baseball game announcer to view a large portion of left field. There are no dedicated locker facilities at the field. Existing facilities are judged to be inadequate by collegiate standards.

This project will create a dedicated baseball facility with all spaces necessary to serve the players, coaches, sports reporters, and fans. This is one part of the multi-part Titan Stadium Addition/Renovation project enumerated in the 2003-05 Capital Budget. Additional projects will be constructed as gift funds become available to update the infrastructure of the stadium athletic complex plus improved facilities for activities such as football, soccer, track and field, and softball.

Funding for this project will be provided by private donations through the UW-Oshkosh Foundation.

5. Previous Action:

August 22, 2002
Resolution 8582

Recommended enumeration of the Titan Stadium Addition/Renovation project as part of the 2003-05 Capital Budget at an estimated total project budget of \$6,500,000, (\$1,000,000 PRSB, \$5,500,000 Gift Funds).

Authority to Construct an Upham Hall
Renovation and Addition - Phase II Project,
UW-Whitewater

PHYSICAL PLANNING AND FUNDING COMMITTEE

Resolution:

That, upon the recommendation of the UW-Whitewater Chancellor and the President of the University of Wisconsin System, authority be granted to construct the Upham Hall Renovation and Addition - Phase II project at an estimated total project cost of \$16,743,000 of General Fund Supported Borrowing.

THE UNIVERSITY OF WISCONSIN SYSTEM

Request For Board of Regents Action September 2003

1. Institution: The University of Wisconsin-Whitewater
2. Request: Requests authority to construct the Upham Hall Renovation and Addition - Phase II project at an estimated total project cost of \$16,743,000 of General Fund Supported Borrowing.
3. Description and Scope of Work: The Phase I project now under construction will provide a 29,100 GSF east addition to Upham Hall. The Phase II project will construct a 4,900 GSF west addition and remodel the existing 116,152 GSF facility. The remodeling and additional space will address space deficiencies and changing program needs for the science programs. Remodeling will: upgrade laboratories, add and/or replace fixed equipment, address health and safety code issues, replace or upgrade mechanical systems, improve access for disabled students, upgrade classrooms and provide computer projection capabilities and other modern learning technology, and create research laboratories for the sciences with adequate space for collaborative work with students.
4. Justification of the Request: Upham Hall was built in 1963, and although it has been well maintained, it is in need of renewal. Functionally, the building is obsolete because the programs and methods of teaching and learning have changed substantially in the past forty years. Undergraduate student study assignments increasingly include individual and group projects designed to teach research techniques of investigation and learning. Faculty, who are active teachers and scholars, must study, teach, and conduct research to stay current in their fields. The teacher/scholar model of learning also encourages undergraduate students to participate with faculty in their study and research. The spaces in Upham Hall do not support the teacher/scholar learning model in either quality or quantity.

The project was approved for planning in 1999-2001. The intent was to construct additional space and remodel the existing space as a single phase project. However, the State Building Commission's 2001-03 Capital Budget recommendations only provided enumeration for construction of Phase I at \$10,100,000.

The number of sciences and geography majors continues to increase, the enrollment in service courses for non-majors continues to increase, and the addition of a new science core curriculum course brings even more students into science courses. Enrollment in the fall semester of 2000, included 686 students with science majors or minors. Enrollment in the sciences increased to 701 in the fall semester of 2001. Additional space is needed to facilitate modern learning. Teaching spaces must be upgraded to incorporate new learning technology and to address health, safety, and maintenance issues. As the job market faced by graduating students becomes increasingly competitive, students with hands-on

experience in research techniques and instrumentation are in higher demand. Undergraduates must be given opportunities to conduct semi-independent study and research projects so they are better positioned for employment. Unfortunately, the spaces in Upham Hall do not support modern learning.

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

An expanded and remodeled Upham Hall will provide modern research space and updated laboratory and classroom space. Faculty research labs will be located adjacent to their offices to promote close interaction with their students as they work on various projects. Laboratory benches and fume hoods will be arranged in a modular fashion to allow efficient workflow patterns and to permit easy reconfiguration as academic programs evolve. Classroom space will be constructed and equipped with instructional technology to support modern teaching methods. Student study areas will be included to provide space for individual or group study.

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

5. Budget:

Construction Costs	\$13,646,000
Architect/Engineering Fees	238,000
DSF Management	558,000
Contingency	962,000
Movable Equipment	135,000
Special Equipment	1,130,000
Allowances	30,000
Percent for the Arts	<u>44,000</u>
Estimated Total Project Cost	\$16,743,000

6. Previous Action:

August 20, 1998
Resolution 7740

As part of the 1999-2001 Capital Budget, the Board of Regents recommended enumeration of the Upham Hall Addition and Remodeling project at an estimated total project budget of \$16,500,000 of General Fund Supported Borrowing.

The State Building Commission subsequently approved planning only for the Upham Hall Addition and Remodeling project with construction of the first phase in the 2001-03 Capital Budget.

August 25, 2000
Resolution 8175

As part of the 2001-03 Capital Budget, the Board of Regents recommended enumeration of the Upham Hall Addition and Remodeling project at \$23,970,000 of General Fund Supported Borrowing.

The State Building Commission subsequently recommended enumeration of the Upham Hall Renovation and Addition project – Phase I at an estimated total project cost of \$10,100,000 of General Fund Supported Borrowing.

August 22, 2002
Resolution 8582

The Board of Regents recommended enumeration of the Upham Hall Renovation and Addition Project - Phase II at an estimated total project cost of \$17,541,000 of General Fund Supported Borrowing.

The State Building Commission subsequently recommended enumeration of the Upham Hall Renovation and Addition – Phase II project at an estimated total project cost of \$16,743,000 of General Fund Supported Borrowing.

BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM

Friday, September 5, 2003

9:00 a.m.

1820 Van Hise Hall

1220 Linden Drive

Madison, Wisconsin

II.

1. Calling of the roll
2. Approval of the minutes of the July 10th meeting of the Board
3. Report of the President of the Board
 - a. Resolution of appreciation: Chancellor Nancy Zimpher
 - b. Report on the July 18th meeting of the Higher Educational Aids Board
 - c. Report on the July 23rd meeting of the Wisconsin Technical College System Board
 - d. Report on the September 3rd meeting of the Hospital Authority Board
 - e. 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. Update on Charting a New Course for the UW System
7. Report of the Business and Finance Committee
8. Report of the Education Committee
9. Report of the Physical Planning and Funding Committee
10. Additional resolutions
11. Communications, petitions, memorials
12. Unfinished or additional business
13. Recess into closed session to consider personal histories related to naming a facility at UW-Stevens Point as permitted by s.19.85(1)(f), *Wis. Stats.*, to consider appointment of interim chancellors at UW-Milwaukee and UW-Stevens Point, as permitted by s.19.85(1)(c), *Wis. Stats.* and to confer with legal counsel as permitted by s.19.85(1)(g), *Wis. Stats.*

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

Meeting Schedule 2003-04

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

2004

January 8 and 9 (cancelled, circumstances
permitting)

February 5 and 6

March 4 and 5

April 1 and 2

May 6 and 7

June 10 and 11(UW-Milwaukee)
(Annual meeting)

July 8 and 9 (cancelled, circumstances
permitting)

August 19 and 20

September 9 and 10

October 7 and 8 (UW-Superior)

November 4 and 5

December 9 and 10

BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM

President - Toby E. Marcovich
Vice President - David G. Walsh

STANDING COMMITTEES

Executive Committee

Toby E. Marcovich (Chair)
David G. Walsh (Vice Chair)
Mark J. Bradley
Elizabeth Burmaster
Guy A. Gottschalk
Gregory L. Gracz
Jose A. Olivieri

Business and Finance Committee

Mark J. Bradley (Chair)
Eileen Connolly-Keesler (Vice Chair)
Guy A. Gottschalk
Peggy Rosenzweig

Education Committee

Jose A. Olivieri (Chair)
Elizabeth Burmaster (Vice Chair)
Roger E. Axtell
Danae D. Davis
Frederic E. Mohs
Charles Pruitt
Beth Richlen

Physical Planning and Funding Committee

Gregory L. Gracz (Chair)
Jesus Salas (Vice Chair)
Nino Amato
Gerard A. Randall, Jr

Personnel Matters Review Committee

Gerard A. Randall, Jr. (Chair)
Roger E. Axtell
Mark J. Bradley
Jose A. Olivieri

Committee on Student Discipline and Other Student Appeals

Charles Pruitt (Chair)
Frederic E. Mohs
Nino Amato
Beth Richlen

OTHER COMMITTEES

Liaison to Association of Governing Boards

Guy A. Gottschalk

Hospital Authority Board - Regent Members

Nino Amato
Frederic E. Mohs
Peggy Rosenzweig

Wisconsin Technical College System Board

Peggy Rosenzweig, Regent Member

Wisconsin Educational Communications Board

Eileen Connolly-Keesler, Regent Member

Higher Educational Aids Board

Gregory L. Gracz, Regent Member

Research Park Board

Frederic E. Mohs, Regent Member

Teaching Excellence Awards

Danae D. Davis (Chair)
Charles Pruitt
Beth Richlen
Jesus Salas

Public and Community Health Oversight and Advisory Committee

Patrick Boyle, Regent Liaison

Special Regent Committee for UW-Milwaukee

Chancellor Search

Jose A. Olivieri, Chair
Elizabeth Burmaster
Danae D. Davis
Charles Pruitt
Beth Richlen

Special Regent Committee for UW-Stevens Point

Chancellor Search

Roger E. Axtell, Chair
Mark J. Bradley
Gregory L. Gracz
Peggy Rosenzweig
Jesus Salas

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