



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

February 4, 2004

REVISED

TO: Each Regent

FROM: Judith A. Temby

A handwritten signature in cursive script, appearing to read "J. A. Temby".

PUBLIC MEETING NOTICE

RE: Agendas and supporting documents for meetings of the Board and Committees to be held at the Pyle Center, 702 Langdon Street, Madison, on February 5, and at Van Hise Hall, 1220 Linden Dr., Madison, on February 6, 2004.

Thursday, February 5, 2004

9:00 a.m. - Presentation on Transforming Instructional Delivery, by Alan Guskin,
Co-Director and Senior Scholar, Project on the Future of Higher Education

**All participants in Charting a New Course for The UW System
invited to attend**

Pyle Center, room 325/326

10:00 a.m. - 10:30 a.m. - Joint Working Group meeting:

- Achieving Operating Efficiencies
- Re-Defining Educational Quality

Pyle Center, room 325/326

10:00 a.m. - 12:30 p.m. - Working Groups - Charting a New Course for the UW System

- Revenue Authority and Other Opportunities, Pyle Center, room 226
- The Research and Public Service Mission, Pyle Center, room 225
- Our Partnership with the State, Pyle Center, room 112

10:30 a.m. - 12:30 p.m. -

- Achieving Operating Efficiencies reconvene, Pyle Center, room 213
- Re-Defining Educational Quality reconvene, Pyle Center, room 111

12:30 - 1:00 p.m. - Box Lunch

- Presentation on UW Colleges Online Programs

All Charting a New Course participants invited to attend

Pyle Center, room 325/326

1:00 p.m. - Annual Accountability Report

All Charting a New Course participants invited to attend

Pyle Center, room 325/326

2:00 p.m. – Board of Regents

Pyle Center, Room 325/326

2:30 p.m. -

Education Committee

Pyle Center, Room 325/326

Business and Finance Committee reconvene

Pyle Center, Room 213

Physical Planning and Funding Committee reconvene

Pyle Center, Room 225

Friday, February 6, 2004

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.

Information regarding agenda items can be found on the web at <http://www.uwsa.edu/bor/meetings.htm> or may be obtained from the Office of the Secretary, 1860 Van Hise Hall, Madison, Wisconsin 53706 (608)262-2324.

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**Achieving Excellence:
The University of Wisconsin System
Accountability Report 2003-04**

Executive Summary

BACKGROUND

Over the past decade, the UW System has provided detailed annual accountability reports to the citizens of Wisconsin. These reports are a reflection of the UW System's deep commitment to demonstrating the excellence of its institutions of higher education. Each annual accountability report covers a broad spectrum of higher education performance measures that address diverse constituent interests. Ongoing refinements and enhancements have been made to these reports to ensure their continued relevance and value as a resource for all potential users.

The first UW System accountability report, *Accountability for Achievement*, was initiated in March 1993, when Governor Tommy Thompson appointed a Task Force to suggest approaches to the development of the UW System's initial accountability document. The Governor's Task Force recommended 18 higher education performance measures. These measures were adopted by the Board of Regents as the basis for *Accountability for Achievement*. The report was issued on a yearly basis for a mandated period of three biennia. After this mandate was concluded, the UW System embarked on a thorough review of the accountability reporting process.

In July 1999, six years after the first UW accountability report was issued, President Katharine Lyall established the Accountability Review Task Force. This Task Force was charged with reviewing the existing report and recommending a revised set of goals and indicators for the assessment of university performance. The Task Force members, which included students, faculty, staff and administrators from all of the UW institutions, felt strongly that university performance should be measured in two distinct ways:

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

It was the latter of these two performance categories that led the Task Force to recommend a set of measures that included several new and innovative approaches to demonstrating accountability. These new measures focused primarily on the ways in which the UW institutions provide an environment that fosters learning.

In June 2000, the Board of Regents accepted the recommendations of the Task Force and authorized the production of the new UW System accountability report entitled *Achieving Excellence*. The current document is the fourth annual edition of *Achieving Excellence*. It is available electronically on the internet at: www.uwsa.edu/opar.

REQUESTED ACTION

Information only.

DISCUSSION

Achieving Excellence represents the UW System's continuing efforts and commitment to providing the citizens of Wisconsin with broad-based accountability of its largest public higher education system. All of the measures in *Achieving Excellence* were designed with the mission of the UW System in mind, concentrating on the many ways in which the University of Wisconsin seeks to serve its students and the State of Wisconsin. While it is not feasible to report on every possible area of university activity in a single document, *Achieving Excellence* presents a "balanced scorecard" approach to accountability reporting, reflecting a broad diversity of stakeholder interests.

Each new edition of *Achieving Excellence* includes updated information on university performance that addresses current accountability issues in higher education, both locally and on the national level. *Achieving Excellence* includes many of the same measures that are presented in US News and World Report and the Measuring Up (the first state-level accountability report card on higher education published by the National Center for Public Policy and Higher Education). *Achieving Excellence* also includes many measures that are not usually found in other state and national accountability documents. Specifically, *Achieving Excellence* combines the more traditional indicators of access, retention, graduation, technology, and resource management with measures of the overall university learning environment and how well it fosters student success. By providing both process and outcome measures, the report more fully reflects the ways in which institutional activities promote the achievement of excellence.

In order to address both of these accountability concerns, it is necessary to augment regularly reported systemwide outcomes data with findings from student, alumni, and faculty surveys. Each edition of *Achieving Excellence* reports findings from a cycle of surveys including the ACT Alumni Outcomes Survey, the UW System Faculty Survey, and the National Survey of Student Engagement (NSSE). Each of these surveys provides national benchmarks, affording the opportunity to make comparisons of UW System performance with that of other higher education institutions. Moreover, the insights gained from these survey findings will help to advance our understanding of the non-survey data that are also presented in this report.

As a companion to the Systemwide *Achieving Excellence* report, fifteen individual *Achieving Excellence* reports have been created by each of the UW institutions. These reports provide common performance measures across institutions, but also highlight the unique accomplishments of each UW campus. The institution-specific *Achieving Excellence* reports were produced in response to suggestions made by members of the Board of Regents who felt that our accountability efforts would be enhanced by the reporting of institutional measures in a format that is consistent across all campuses. Although the systemwide *Achieving Excellence* report does include an appendix of selected performance measures broken down by institution, the core purpose of the report is to assess performance at the system-level. The institutional reports are designed to demonstrate accountability in light of the specific character and mission of each institution.

The fourth annual edition of the *Achieving Excellence* report is available on the Internet at:

www.uwsa.edu/opar

MEMORANDUM

TO: Working Group Participants

FROM: Regent Guy A. Gottschalk

RE: Materials for February 4, 2004, meeting

DATE: January 29, 2004

Enclosed are materials for the February 4, 2004, meeting, including:

1. Cover letter with meeting times and locations.
2. "Regent Study Process" -- an outline of potential end products and timeline.
3. Summary of the January 7, 2004, meeting of the five subgroups
4. January 7 Working Groups minutes synopses
5. Memo from Sharon Wilhelm, Director of the Office of Planning, Analysis and Research, and related Financial Aid Information Memorandum.
6. Memo from Frank Goldberg, Assistant Vice President of Planning, Analysis and Research and related "Accountability Report."
7. Steering Committee minutes
8. Committee-specific information

The "Regent Study Process" and the Summary of the meeting of the five subgroups will help steer the process and the work products of the study, including the Final Report.

Thank you.



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

January 28, 2004

TO: Each Regent Study working group participant

FROM: Judith A. Temby

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

MEETING NOTICE

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Thursday, February 5, 2004

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- Re-Defining Educational Quality

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Regent Study Process

I End Products:

1. April: Report with budget related recommendations. One consolidated report with a set of recommendations related to the budget with explanations, and key supporting data.
2. June: A final merged and integrated document with an executive summary that includes non-budget related recommendations in addition to the budget recommendations that were part of the April report.

II Timeline: Budget Related Recommendations

1. February 5 meeting of subcommittees: Each subcommittee discusses and decides on budget related recommendations that it will forward for inclusion in report.

Responsible parties: Subcommittee chairs working with staff.

2. February 9 – 18: Subcommittee staff prepare drafts of budget related recommendations in brief descriptions for each recommendation addressing:
 - Description of budget recommendation and required funding source.
 - Who would benefit and how?
 - What theme is addressed by the recommendation: i.e. Quality, Access, and Serving Wisconsin.

Responsible parties: Subcommittee staff.

3. March 4 meetings of subcommittees: Each subcommittee finalizes its brief budget related recommendations.

Responsible parties: Subcommittee chairs working with staff.

4. March 8-12: Staff merge subcommittee brief budget related recommendations into one document. (Submit to Guy, Katharine, and Toby)

Responsible parties: Senior Vice President Olien working with subcommittee staff.

5. March 12: Merged document of budget related recommendations sent to steering committee for review.

Responsible parties: Board of Regents staff.

6. March 15-18: Steering Committee teleconference to approve draft budget related recommendations document.

Responsible parties: Board of Regents staff working with Regents Gottschalt and Marcovich.

7. March 24: Merged budget related recommendations document sent to full Board as part of April meeting packet.

Responsible parties: Board of Regents staff.

8. April 1-2: Approval of budget related recommendations document by appropriate Board committee(s) and full Board.

Responsible parties: Board of Regents staff working with Board.

III Timetable: Final report (note: UWSA staff will develop a format for the consolidated final report prior)

1. April 1 meetings of subcommittees: Each subcommittee discusses and agrees upon preliminary recommendations to be included in its final report.

Responsible parties: Subcommittee chairs working with staff.

2. April 5-28: Subcommittee staff prepares draft subcommittee reports in format to be agreed upon.

Responsible parties: Subcommittee staff.

3. May 6 meetings of subcommittees: Each subcommittee finalizes its report.

Responsible parties: Subcommittee chairs working with staff.

4. May 10-14: Staff draft merged final report. (Executive Summary Data to Guy). Guy will draft Executive Summary.

Responsible parties: Senior Vice President Olien working with subcommittee staff.

5. May 14: Draft merged final report to Steering Committee for review.

Responsible parties: Board of Regents staff.

6. May 17-21: Steering Committee teleconference to approve draft final report.

Responsible parties: Board of Regents staff working with Regents Gottschalk and Marcovich.

7. May 26: Final Report sent to full board as part of June meeting packet.

Responsible Parties: Board of Regents staff.

8. June 3-4: Approval of final report by appropriate Board committee(s) and full Board.

Responsible parties: Board of Regents staff working with Board.

**UW System
Charting a New Course for UW System
Summary of January 7, 2004 Meeting of the Five Subgroups**

Select Three Common Themes

1. **Quality**
 - ****Stop/restore GPR reductions**
 - Student education and experience
 - Retain and attract quality faculty and staff
 - Diversity
2. **Access**
 - Trend in income gap
 - Tuition and financial aid – integrated strategy

Revenue Enhancements

 - More non-residents, without taking spaces for Wisconsin residents
 - Differential and other tuition options

Collaborations: K-12 and Tech System
3. **Serving Wisconsin directly – state and student needs.**

Efficiencies and collaborations

 - Technology focus
 - Self insurance

Potential Structures for organizing information:

Organize this final report around:

- Three common themes

Organize budget around:

- Student needs
- Faculty quality and pay

Next Steps:

Jan

Develop an outline for an executive summary. Include:

- Analysis and consensus items
- Action items
- Three common themes
- Indicate what we can do ourselves and what we need help with

March-May

Use the outline for each subcommittee to:

- Report each month on what they have to offer to develop the main concepts
- For March BOR – identify those things that help the budget case. Action items go through standing committees.
- For May BOR – Completed report, in the format of the outline provided. Action items go through standing committees.

June-?

Adopt a formal document –

Two documents:

1. Executive Summary

2. Full Report

Document will have appendices that include:

- Data and information from the subgroups
- Examples and stories

Continue communication strategy.

Charting a New Course for UW System

Key Issues by Subgroups – January 7, 2004

Revenue

- Stop the reduction of GPR – number one issue
- Attract new non-residents
- Tuition and student markets
 - Non-traditional students
 - Non resident students
 - Cohort tuition
 - Differential by undergraduate program
 - Per credit tuition
- Impact on grants if GPR is reduced
- Risk Management – efficiencies

Efficiency

- Capital buildings
- Procurement
- Cash management
- Operations
- Campus efficiencies
 - Auxiliary fund management
 - Info technology management
 - Purchasing/contracts
 - Travel
 - Incentives for efficiency
- System Structure
- Collaboration between UW Colleges and the Wisconsin Technical College System (WTCS), and among UW institutions.
- Delivery of Instruction

Education Quality

- Measures of quality education
 - Long term
 - Short term: faculty/staff ratio is critical, and engaged students
 - Early warning indicators
- Effective communication of the importance of quality education and impact on the state
- Use the measures to make strategic decisions
- Access and Quality
 - Protect quality. Easier to build the size of a quality institution than to recover lost quality.

But access is also important, hence the argument to not reduce/restore funding.

Research/Service

- Identify what people know and value about the University
- Identify research and service needs and barriers to access.
- Communicate the value and resource needs for research and service
- Enhance research value across the System
- Diversity – create a more diverse pool of grads
- Liberal arts and skills of graduates
- Role of students in research/service.

Partnership with the State

- Access – who are we serving, not serving?
 - Trends in economic background of the students
 - Adults.
- Legislative and executive relationships
- Student financial aid

February 28, 2004

Memorandum

To: Charting A New Course For the UW System – all participants

From: Guy A. Gottschalk

Re: Synopsis of Minutes of the January 7, 2004 meetings

Revenue Authority and Other Opportunities Working Group

After Regent Axtell called the meeting to order, the group heard a presentation on options to increasing revenues from tuition. The UW System currently utilizes the following tuition programs, all of which afford opportunities to increase revenues: standard tuition increases, campus differentials, program differentials, per-credit tuition, distance education pricing, service based pricing, and corporate college or other contract coursework.

Cohort tuition is another option that the System does not currently employ. Cohort tuition can be structured to lock in tuition levels for entering freshman cohorts, or so that modest future tuition increases are built in and known by students when they enter the System.

The discussion then focused on ways of attracting non-resident students, who benefit the System in the long term. It was agreed that innovative ideas for attracting non-residents should not jeopardize access for resident students. The group is considering the development of resolutions for regent consideration that would address non-resident tuition increases for the future, and to provide more tuition flexibility to campuses, with the requirement that they still meet tuition revenue targets.

Federal Relations Action Items that had been previously discussed were reviewed, and the group decided not to bring these items forward pending further revisions and refinement.

Additional information on per-credit tuition was discussed, and it was suggested that the group consider recommending a per-credit pilot program at one or more institutions. Such pilots could be revenue-neutral or revenue-generating, and should be structured so as to adversely affect a bare minimum of students and to positively affect drop rates and thus enhance access.

Looking forward to future meetings, the group listed the following priorities to be addressed before its work is completed:

- Stemming the dramatic decline of GPR support.
- Examining what standard tuition increase is necessary for the coming academic year.
- Increasing the numbers of non-resident students.
- Encouraging experiments on higher tuition for higher cost programs.
- Developing risk management recommendations in February.
- Finding ways of retaining research “stars” and high-performing faculty.

As stated above, risk management will be the primary topic of the February meeting. As time allows, Federal Relations items and tuition and time-to-degree issues will also be discussed.

Achieving Operating Efficiencies Working Group

At Regent Bradley’s request, Regent Olivieri chaired the meeting and began by asking for the presentation of a paper on UW System missions and programmatic focus, and whether or not the System’s resources are aligned with its mission. While a direct answer to the question is not easily determined, the paper offered several ways of examining the issues. It was pointed out that mission statements are frequently not tied to strategic planning, which should be considered when aligning resources with missions. An analysis of whether missions include certain key components, and periodic mission review would also be helpful. A lengthy discussion then ensued on missions and program array, and on recommendations that the group should consider in this regard.

The group then took up instructional delivery systems, and it was noted that in February an all-participant session would address these matters, since technology touches on topics of interest to several Working Groups.

A report on collaborative academic programs among UW institutions was then heard, and it was noted that a long history of successful collaborations exists. Several examples were noted, as well as examples of collaboration with institutions outside of the System, and even outside of the state. It was suggested that staff bring forward a recommendation on this for consideration.

A review of administrative efficiencies from previous meetings was revisited, with an eye to focusing on topics that might play into the budget process. It may well be advisable to demonstrate improved efficiencies to forestall additional funding cuts. In this regard, the need to show not only improved efficiencies but also enhanced per capita incomes and economic development to legislators is important.

Regent Olivieri then listed five priorities that Regent Bradley wishes to cover by the March meeting: 1) capital building programs; 2) procurement; 3) cash management; 4) auxiliary fund management; and 5) efficiency measures identified in previous studies. Several other topics for further discussion were also discussed.

Research and Public Service Working Group

Regent Davis convened the meeting, and began with a review of the group's agenda in light of the need to address budget-related topics in time for the March meeting.

Presenters then discussed the UW-Madison's PEOPLE program, which seeks to address the low high school graduation rates among minority students and to increase the pool of these students who will be qualified to gain admission and to succeed. It was posited that taking such a program System-wide could have a major impact for minority students in Wisconsin's urban areas.

The Milwaukee Partnership Academy, another approach to similar problems, was then described. Data measuring the success of this program is being analyzed and will be presented at a future meeting.

It was noted that a proposal to increase access to associate and baccalaureate degrees for place-bound and other non-traditional students has been developed by UW-Colleges and UW-Extension, and the group was asked to take up this proposal in February.

Draft preliminary recommendations including research, communication, public service, liberal arts and diversity were discussed, and it was agreed that the liberal arts piece might be more appropriate for the **Educational Quality Group**. Several suggestions regarding the recommendations were made, and budget staff will be invited to the March meeting to assist the group with the resource requirements associated with the draft recommendations.

Our Partnership With the State Working Group

Regent Walsh opened the meeting by revisiting Senator Darling's suggestion to create a forum for legislators and UW officials to work on economic development and other issues. Regent Walsh and President Lyall intend to meet with the Senator, and perhaps other legislators, to plan a direction for such a forum. There was a consensus that a more formal relationship with state government would be beneficial, and that important initial topics should include financial aids, as well as economic development. Financial aids options will be presented to the group in February.

The effectiveness and goals of the *UW System Accountability Report* were discussed, including its origins as a report aimed at legislators and its evolution into a continuous improvement document for internal use. The group was urged to develop a fuller understanding of the report and its potential, external uses.

It was stated that a part of our partnership with the state is to meet state needs, and that on-going communication is essential to determining what those needs are and to determining what resources are required to help meet them.

The group plans to discuss its executive summary in February and to focus on generating budget-related proposals by March, including those related to financial aid and non-traditional students.



Office of Policy Analysis and Research

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1220 Linden Drive
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e-mail: OPAR@uwsa.edu
website: <http://www.uwsa.edu/opar/>

January 28, 2004

To: All regents Study Working Group Participants

From: Sharon Wilhelm, Director

For background purposes and our continuing discussion on financial aid, I thought you might find the attached information helpful.

<http://www.uwsa.edu/opar/orblist.htm>



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January 28, 2004

To: All Regents Study Working Group Participants

From: Frank Goldberg, Associate Vice President

Attached is the 2003-04 edition of *Achieving Excellence*, the UW System accountability report. President Lyall will be discussing this document at the 1:00 pm session of the Board of Regents on Thursday, February 5, 2004. All participants in the Charting the Future of the UW System study are invited to attend this meeting.

<http://www.uwsa.edu/opar/account/index.htm>

CHARTING A NEW COURSE FOR THE UW SYSTEM

STEERING COMMITTEE MEETING

January 7, 2004

Madison, Wisconsin
The Lowell Center
Lower Level Dining Room
10:00 a.m.

Present: Regent Gottschalk, Chair; Regent President Marcovich, Regent Axtell, Regent Bradley, Regent Davis, Regent Mohs, President Lyall, Senior Vice President Olien, and Chancellor Sorensen

Unable to attend: Regent Walsh

In introductory remarks, Regent Gottschalk outlined the agenda for the meeting, which would begin with reports from working group chairs. After that, there would be discussion of working group focus and alignment to avoid duplicating efforts or omitting important topics. Then participants could discuss how the working groups will report to the Board of Regents, how the Board will take action on their recommendations, what the final report should look like, and who will be the primary audiences for that report.

In closing, Regent Gottschalk stated that, while it may be the conclusion that no amount of new efficiencies or new revenue streams can take the place of adequate state support of the instructional mission, it is very important to look carefully for those efficiencies and revenues before considering such actions as restricting enrollments to protect quality.

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Working Group on Revenue Authority and Other Opportunities

Regent Axtell, Chair, indicated that the working group is considering matters in five general areas: Tuition, GPR, federal funding, risk management, and how to increase educational opportunities for nurses.

With regard to tuition, he noted approval by the Board in the mid-1990s of the basic principle of differential tuition. Several forms of tuition are being reviewed, including per-credit tuition, differential tuition for higher cost undergraduate programs, and cohort tuition. Also being considered are ways to attract more non-traditional students and more non-resident students.

Concerning GPR, Regent Axtell indicated that the working group will recommend sending the message that the downward spiral in GPR support must be stopped or all but the well-do-do will be priced out of higher education.

With respect to federal funding, he noted that the working group had been advised that prospects are bleak for large amounts of additional money from this source. In addition, the university may lose some faculty who obtain large grants due to current budgetary belt tightening.

In the area of gifts, he noted that support may decline because donors do not want their gifts used to replace state dollars. In addition, gifts usually are restricted to areas of the donor's choosing.

Concerning the severe nursing shortage, he indicated that one idea is to form a coalition of hospitals, health maintenance companies and other private health care organizations to fund scholarships, possibly with a state match.

Indicating that the non-traditional student market presents a growth opportunity, he said questions concern how to reach these potential students and how to price programs, perhaps on a cost-plus basis.

The largest potential revenue source, Regent Axtell observed, is the non-resident student market. Noting that these students recently had been priced out of the market, he indicated that relevant questions concern how to attract more of them to UW campuses and at what price. The working group had decided to focus on options that could produce the most dollars. In that regard, he noted that the per-credit option probably would be revenue neutral but could be tried on individual campuses.

The working group also was considering what to do if there should be another budget cut. What is clear, he noted, is that double-digit tuition increases cannot continue.

In conclusion, Regent Axtell urged that the final report of the Charting a New Course project have the most concise executive summary possible – creative, succinct, powerful and clear. Background information could be provided in appendix form.

Working Group on Achieving Operating Efficiencies

Regent Bradley, Chair, indicated that the working group began by narrowing the scope of its work and looked at past efforts to achieve efficiencies.

Three reports had been presented on areas that could represent major savings:

1. Improving the capital building program;
2. Procurement;
3. Cash management.

In all three areas, it is recognized that the university is part of the broader state government and that what the university does has impacts on other agencies and goals.

Regent Bradley reported that the working group then looked at how other universities and states operate, but the results did not illuminate a clear path because of the large differences among states in terms of such factors as numbers of private colleges.

While business models of efficiency do not fit the university situation well, the working group has a compilation of definitions created by others and will work toward finding one that applies well in these circumstances, recognizing that efficiency includes a quality component, not just the lowest cost.

With regard to internal campus operations, the working group looked at management in four areas: auxiliary funds, information technology, parking, and travel. The intent is to look for substantial savings, not just small efficiencies that can be made.

The working group now is looking at the broader system structure and what incentives exist for operating efficiently. Collaborations with the UW Colleges and the Technical Colleges will be considered with an eye toward whether there are appropriate incentives for campuses to work more closely together.

In February, the working group will hear from Alan Guskin on the subject of whether efficiencies can be derived from different instructional delivery systems. The group also will examine the link between missions and resources and consider whether there are better ways of using campus capacities, including faculty workload, student support services and use of campus facilities and resources.

Working Group on Re-defining Educational Quality

Regent Mohs, Chair, began his remarks by noting that the work of the all groups is being undertaken against a backdrop of the importance of providing quality education. It is recognized that it is more difficult to measure success in higher education than in business, particularly since it is manifested over time as people progress through life.

Short-term measures include inputs such as student/faculty ratios, which indicate such things as whether there is time to give and grade essay exams and research papers. In this regard, there are early warning signs that the university is moving in the wrong direction.

Regent Mohs noted that there are both internal and external audiences concerned with educational quality. With regard to internal audiences, there often is normal resistance to change that would need to be overcome with persuasive explanations about the need to make changes to maintain quality. External audiences include the Legislature, Governor and other key stakeholders who would need to be persuaded as well.

In February, the working group planned to address the matter of access, with recognition that goals of high quality and high access can conflict when resources are lacking. In that situation, Regent Mohs felt it would be preferable to reduce the size of the faculty and enrollment in order to retain an excellent but smaller university system that can be rebuilt at a later time. On the other hand, he commented that failure to reduce size would adversely affect quality and hurt students, adding that once a university goes into decline, it takes much longer to rebuild.

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Working Group on Research and Public Service

Regent Davis, Chair, reported that the working group first reviewed what the university currently does in the areas of research and public service. The group then met with stakeholders from business, community leadership and labor around the state to find out what they consider major issues and needs. Another step was to meet with legislators at the Capitol who provided valuable perspectives. In addition, presentations on WARF, WiSys, and other matters were made to the group.

On the basis of what had been learned, Regent Davis indicated that the working group is focusing on a few key areas and is looking for a bold initiative to move the university forward. Those areas include:

- How to communicate more effectively with decision makers and stakeholders;
- Enhancing the role of research across the UW System;
- Focusing on diversity and producing the diverse talent needed by businesses, many of which have international interests;

- Focusing on the liberal arts in order to produce graduates who meet the need for employees who are well-rounded and who think analytically, communicate well and work effectively with others.

In conclusion, Regent Davis stated that the purpose is to better position the UW to meet the needs of its stakeholders.

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Working Group on Our Partnership with the State

General Counsel Pat Brady reported that the working group has been focusing on two themes:

- Access – who is being served and not served by the university
- Relationships with the Legislature and the Executive Branch

In the area of access, the group is looking at the adverse impact of rising tuition on lower income students and possible financial aid solutions. Another element of access concerns service to the adult population, which also has an impact on economic development.

In the area of relationships with state officials, a helpful meeting had been held with legislators. The group is working on a suggestion by Senator Darling that a more formal means of continuing communication be established.

-

In discussion following the status reports, Regent President Marcovich expressed concern about the timetable for the Charting a New Course project. Noting that budget considerations are beginning next month, he suggested that the project be completed by the end of March in order to make its results available for the upcoming budget

While he did not think the entire project could be completed that soon, Regent Gottschalk indicated that budget-related items could be taken up first, and those that are not immediately budget related could continue to be considered.

Regent Mohs and Regent Amato agreed with the importance of moving up the time frame for the report to the beginning of the budget process.

Associate Vice President Freda Harris noted that statutory change recommendations could be brought forward later and still fit into the budget timeframe, while recommendations involving funding requests are more pressing.

Expressing agreement with Regent Gottschalk, Regent Davis observed that the Charting a New Course project represents a vision for the university's future that goes beyond the budget process.

Regent Marcovich asked that recommendations on budget-related items and an executive summary be completed by the end of March, so that they would be available for budget discussions with the Governor and legislators.

Regent Pruitt agreed with moving up the time frame and suggested developing themes that could drive the budget, such as the educational gap for people of different income levels and attracting more non-resident students.

Regent Axtell indicated that the Working Group on Revenue Authority and Other Opportunities could produce a list of budget-related items in the requested time frame. Messages that the group would want to convey are:

1. That the erosion of GPR support should be stopped;
2. That tuition revenue from nonresident students should be enhanced, and that Wisconsin students would not be displaced in the process.
3. That star quality researchers should be protected and kept in Wisconsin

Work is ongoing in quantifying revenues that might be obtained from higher tuition for higher cost programs and a consultant's study is under way on risk assessment.

It was noted by Chancellor Wells that this is the first step in a strategic planning process that will drive campus strategic planning as well.

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Discussion on Working Group Focus and Alignment

Regent Olivieri commented that the issue of increasing the number of health care workers might be a topic for the Partnership with the State Working Group, rather than the Revenue Authority Working Group.

With regard to nontraditional students, he questioned whether increasing their numbers would result in increased revenue generation. Rather, he felt it is a question of who is served.

In the area of federal relations, he suggested discussing the increased amounts of funding that are earmarked for particular institutions and projects.

With assistance from Maury Cotter, UW-Madison Director of Strategic Planning, the following common themes were identified:

- Ending reductions in GPR funding
- Student access, including access for lower income students
- Tuition options for nonresident students
- Risk management
- Tuition and financial aid
- Serving the needs of Wisconsin

- Efficiencies
- Maintaining quality
- Retaining quality faculty and preventing further decreases in numbers of faculty
- Technology focus
- Partnerships: WTC System, K-12 schools and UW Colleges

-

Working Group Communication with the Board of Regents and Board Action on Working Group Recommendations

Regent Gottschalk proposed that actions items go to the appropriate standing committees of the Board, while non-action items be incorporated into the final report to be approved by the Board.

Regent Mohs added that the campuses should be given direction so that their actions can be aligned with the Board's decisions. He observed that it is important to support efforts to do what is necessary to protect quality.

President Lyall pointed out that within common themes are mixtures of actions that can be taken by the university itself and actions for which the help of others will be needed, such as budgetary and statutory language items. There should be balance, she said, between these two types of efforts.

-

Final Report Format

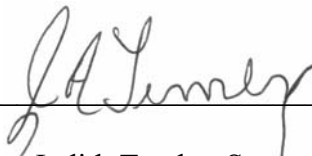
Regent Gottschalk expressed agreement with Regent Axtell's proposal for a concise and compelling executive summary, followed by a document containing rationale, actions, matters of consensus, and other information.

Regent Mohs suggested inclusion of supporting statistics and stories where appropriate.

Chancellor Wells distributed a chart for possible use as an organizational tool in the report.

The discussion concluded and the meeting was adjourned at 12:00 noon

Submitted by:



Judith Temby, Secretary

Minutes010704.doc

**Revenue Authority and Other Opportunities Working Group
Of The
Board of Regents of the University Of Wisconsin**

Agenda

February 5, 2004
Pyle Center, Room 226

- | | |
|------------|--|
| 10:00 a.m. | Federal Relations Review
Kris Andrews, Vice President for Federal Relations |
| 10:10 a.m. | Differential Tuition Follow-up
Freda Harris, Associate Vice President for Budget & Planning
Andy Richards, Assistant Vice President for Budget & Planning |
| 10:30 a.m. | Risk Management Report
Consultant, Arthur Gallagher and Company
Ruth Anderson, Assistant Vice President
Division of Administrative Services Director, UW System |
| 12:00 p.m. | Performance bonds
Professor David Trechter, UW-River Falls |
| 12:15 p.m. | Vote on action items
Per Credit Tuition Resolution
Federal Relations Resolution |
| 12:30 p.m. | Adjourn |

Achieving Operating Efficiencies Work Group
February 5, 2004
Agenda

10:00 a.m. - 10:30 a.m. - Joint meeting with Re-Defining Educational Quality Work Group to discuss instructional delivery, Pyle Center, room 325/326

10:30 a.m. - 12:30 p.m. - Achieving Operating Efficiencies Work Group reconvenes, Pyle Center, room 213

1. Approval of January 7, 2004 meeting minutes
2. Discussion with Alan Guskin: Transforming Instructional Delivery
3. Discussion: Preliminary Work Group recommendations
4. Review of Strategies and Components of Efficiency table
5. Other

Board of Regents Study
Re-Defining Educational Quality
February 5, 2004
10:00 a.m.

1. Joint meeting with Achieving Operating Efficiencies Work Group to discuss instructional delivery. Pyle Center, room 325/326.

(note: following the joint session, we continue our meeting in room 111)

2. Approve minutes of December 4, 2003 meeting.
3. Discussion: Process for completing study.
4. Discussion: Budget related recommendations.
5. Other.

AGENDA OF THE RESEARCH AND PUBLIC SERVICE WORKING GROUP OF
THE BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM

Thursday, February 5, 2003
The Pyle Center, Room 225
10:00a.m.

1. Call to order
2. Approval of minutes
3. Center for Adult Access, UW-Stout Portal, and NEW ERA (presentation by
Chancellors Riley, Messner, Sorensen, Shephard and Wells)
4. Wisconsin Campus Compact (presentations by Dr. Tom Schnaubelt and Bryan
Gadow, UW-Madison student)
5. Preliminary recommendations discussion
6. Categorize recommendations with potential budget implications

Charting a New Course for the UW System

Committee on
Our Partnership with the State

Agenda

February 5, 2003
10:00 a.m.
Pyle Center, Room 112

1. Principles of financial aid
2. UW System Accountability Report
3. Further discussion of Senator Alberta Darling's recommendations

REVISED

BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM

I. Items for consideration in Regent Committees

1. Education Committee -

Thursday, February 5, 2004
The Pyle Center, Room 325-326
University of Wisconsin-Madison
2:00 p.m.

9:00 a.m. All Regents

- Presentation on Transforming Instructional Delivery by Alan Guskin

10:00 a.m. Regent Study Groups

12:30 p.m. Box Lunch

- Presentation on UW Colleges On-line Programs

1:00 p.m. All Regents

- Accountability Report

2:00 p.m. Board of Regents

- UW-Platteville Regional Enrollment Plan
[Resolution I.2.a.]
- Differential Tuition Guidelines
- UW-Milwaukee Differential Tuition
[Resolution I.2.e.]

2:30 p.m. Education Committee

a. Approval of the minutes of the December 4, 2003 meeting of the Education Committee.

b. Discussion: All-Regent Sessions:

- 1) Al Guskin;
- 2) Accountability Report;
- 3) Regent Study Group Updates.

c. Report of the Senior Vice President for Academic Affairs:

(1) The Education Committee at the Midpoint:

- i. Update on Plan 2008 and Diversity Work;
- ii. Update on Advisory Group on Credit Transfer.

(2) 2005-07 Sabbatical Guidelines.

- d. Rename the College of Health, Physical Education and Recreation,
UW-La Crosse.
[Resolution I.1.d.]
- e. Additional items that may be presented to the Education Committee with
its approval.

**SABBATICAL GUIDELINES
ACADEMIC YEARS 2005-2007
THE UNIVERSITY OF WISCONSIN SYSTEM**

EXECUTIVE SUMMARY

BACKGROUND

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

In February 2002, when the Board of Regents Education Committee last reviewed the biennial sabbatical guidelines, it asked that they reflect the Board’s commitment to promoting the scholarship of teaching and learning. In approving sabbaticals for academic years 2003-05, UW institutions were also asked to continue to give consideration to projects that supported the mission of the institution, in recognition of the fact that sabbatical leaves are funded by the institution and are to serve institutional purposes. Additionally, the Education Committee identified the following emphases to be included in the biennial guidelines:

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

At its December 2003 meeting, the Education Committee reviewed the UW institutions sabbatical announcements for 2004-05. At that time, the Committee expressed its continued support for the emphases identified two years ago. The Committee further asked that in future announcements, there be more direct evidence that the Regent emphases are being followed. In response to that concern, the Office of Academic and Student Services proposes to develop, with input from the UW System Provosts, a means for establishing the extent to which sabbatical projects adhere to the guidelines.

REQUESTED ACTION

No action is requested.

RELATED REGENT POLICIES

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

Rename the College of Health, Physical Education, Recreation & Teacher Education
University of Wisconsin-La Crosse

EDUCATION COMMITTEE

Resolution I.1.d.:

That, upon recommendation of the Chancellor of the University of Wisconsin-La Crosse and the President of the University of Wisconsin System, the name of the University of Wisconsin-La Crosse College of Health, Physical Education, Recreation & Teacher Education be changed to the College of Education, Exercise Science, Health, and Recreation.

**RENAME UNIVERSITY OF WISCONSIN – LA CROSSE
COLLEGE OF HEALTH, PHYSICAL EDUCATION, RECREATION &
TEACHER EDUCATION
(APPROVAL)**

EXECUTIVE SUMMARY

BACKGROUND

Academic Information Series 1. revised, requires that any request to "establish, rename, or eliminate a College, School, or Division" receive Board approval. The University of Wisconsin-La Crosse requests authorization to rename the College of Health, Physical Education, Recreation, and Teacher Education to the College of Education, Exercise Science, Health, and Recreation. This change has been endorsed by the four academic departments within the College, the Faculty Senate, and Chancellor Douglas Hastad.

The College of Health, Physical Education, and Recreation (HPER) was formed more than 75 years ago. Since its formation, its faculty has prepared thousands of individuals for careers in physical education, exercise science, health education, health promotion, and recreation/leisure services. In 1999, the School of Education, which also has a long history of preparing quality individuals for careers in numerous PK-12 education fields, was relocated from the College of Liberal Studies to the College of HPER. At that time the name of the College was changed from HPER to HPERTE, to include Teacher Education. This move was, in part, in response to the 1992 National Council for Accreditation of Teacher Education Report, which suggested that teacher education and HPER should and could be more closely aligned. In addition to addressing the NCATE concern, the reorganization at that time enhanced the delivery of services such as clinical and student teaching placements.

Currently, the College of HPERTE undergraduate and graduate programs attract students from throughout the U.S. and world. The College has more than 2,500 undergraduate majors and over 700 graduate students in the College. Many of its programs are nationally accredited, to include teacher education, public health, athletic training, recreation management and therapeutic recreation, and sport management.

The rationale for the name change at this time is based on the following:

1. The Positioning Committee established by the Provost to review college structure recommended that to appropriately reflect the growing emphasis within the college of the role of teacher education, "Education" should appear first in the college name.
2. UW-La Crosse also wished to emphasize the leading role played by the education faculty in the college and university.

3. The College believes the name change will serve it well as it engages in a national search for its next academic dean.
4. This name change also replaces “Physical Education” with “Exercise Science,” to better reflect the diversity of the programs in the Department of Exercise and Sport Science.

REQUESTED ACTION

Approval of Resolution I.1.d., approving the name change of the UW-La Crosse College of Health, Physical Education, Recreation & Teacher Education.

RELATED POLICIES

Academic Information Series 1. revised (ACIS-1). Academic Program Planning and Program Review (May, 2000).

UNIVERSITY *of* WISCONSIN
LA CROSSE

December 17, 2003

Katharine C. Lyall
President, UW System
1720 Van Hise Hall
1220 Linden Drive
Madison, WI 53706

Dear Katharine:

Enclosed please find a copy of my internal approval of a change in name for the College of Health, Physical Education, Recreation & Teacher Education to the College of Education, Exercise Science, Health and Recreation.

This is a cosmetic name change only to more properly emphasize education, which should help us move ahead in the search for a new dean.

Sincerely,



Douglas N. Hastad
Chancellor

DNH/cb
Enclosure

Office of the Chancellor

University of Wisconsin-La Crosse, 135 Graff Main Hall, 1725 State Street, La Crosse, WI 54601
Phone: (608)785-8004, Fax: (608)785-6907, <http://www.uwlax.edu>

An affirmative action/equal opportunity employer

UNIVERSITY *of* WISCONSIN
LA CROSSE

Robert Hoar, Chair
Faculty Senate

FROM: Douglas N. Hastad
Chancellor

DATE: December 18, 2003

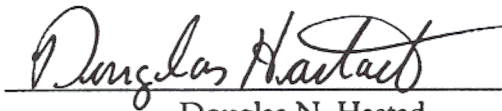
Proposed Name Change for the College of Health, Physical Education, Recreation & Teacher Education

On December 11, 2003, I received a Faculty Senate approval of the following name change for the College of Health, Physical Education, Recreation & Teacher Education to the College of Education, Exercise Science, Health, and Recreation.

After consultation with the appropriate parties, I approve the name change of the College of Health, Physical Education, Recreation & Teacher Education to the College of Education, Exercise Science, Health, and Recreation.

12.19.03

Date



Douglas N. Hastad
Chancellor

cc: Chancellor's Staff
Sandra Price, Interim Dean, College of Health, Physical Education, Recreation & Teacher Education
Chair, Academic Staff Council
President, Student Association

Office of the Chancellor

University of Wisconsin-La Crosse, 135 Graff Main Hall, 1725 State Street, La Crosse, WI 54601
Phone: (608)785-8004, Fax: (608)785-6907, <http://www.uwlax.edu>

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REVISED

I.2. Business and Finance Committee

Thursday, February 5, 2004
The Pyle Center, Room 213

9:00 a.m. All Regents

- Presentation on Transforming Instructional Delivery, by Alan Guskin

10:00 a.m. Regent Study Groups

12:30 p.m. Box Lunch

- Presentation on UW Colleges On-Line Programs

1:00 p.m. All Regents

- Accountability Report

2:00 p.m. Board of Regents

a. UW-Platteville Regional Enrollment Plan
[Resolution I.2.a.]

d. Differential Tuition Guidelines

e. UW-Milwaukee Differential Tuition
[Resolution I.2.e.]

2:30 p.m. Business and Finance Committee

b. Approval of Minutes of December 4, 2003 meeting of the Business and Finance Committee

c. Trust Funds

- (1) Investment Policies Related to Social Responsibility
- (2) Annual Trust Funds Report

f. United Council Mandatory Refundable Fee
[Resolution I.2.f.]

g. Committee Business

- (1) 2002-03 Annual Financial Report
- (2) Quarterly Gifts, Grants, and Contracts

h. Report of the Vice President

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

UW-Platteville Differential Tuition
for the Regional Enrollment Plan

BUSINESS AND FINANCE COMMITTEE

Resolution:

That, upon the recommendation of the President of the University of Wisconsin System and the Chancellor of the University of Wisconsin-Platteville, the Board of Regents approves the use of differential tuition for the Regional Enrollment Plan at UW-Platteville beginning in the fall semester of 2005-06.

DIFFERENTIAL TUITION FOR THE UW-PLATTEVILLE REGIONAL ENROLLMENT PLAN - A WORKFORCE INITIATIVE

BACKGROUND

In its 1996 *Study of the UW System in the 21st Century*, the Board of Regents approved flexibilities for tuition setting. UW-Platteville proposes a workforce development initiative that would establish a special tuition for new students from Illinois and Iowa enrolling in fields that address the workforce needs of both new and established Wisconsin businesses. The Board of Regents' Revenue and Other Opportunities Study Group has approved this proposal to be included in the *Charting the Future* study and requested that it be forwarded to the Business and Finance committee for action.

REQUESTED ACTION

The Board is asked to approve a differential tuition program for new entering non-resident undergraduate students who attend UW-Platteville from the states of Illinois and Iowa beginning in the fall of 2005-06. Eligible students would be charged the resident tuition rate plus a premium of \$4,000 per year. The premium would remain the same through 2006-07. This initiative would be reviewed by the Board of Regents no later than spring, 2009, to determine if the pilot differential tuition rate would be continued.

UW-Platteville would need to expand both state supported and auxiliary operations on campus in order to fully implement the proposed workforce development initiative. While no Board of Regents action is required at this time for the expansion of these areas, the Board of Regents directs UW System staff to develop these items for consideration by the Board of Regents as part of the 2005-07 Biennial Operating and Capital Budget Request.

DISCUSSION AND RECOMMENDATIONS

The most critical component of any state's "economic development plan" is a quality, professional workforce. A growing pool of graduates in professional fields, with the desire to fill positions in areas of need, fuels economic growth.

UW-Platteville is a comprehensive university with a significant number of technical degrees in fields related to economic growth. Preparing individuals to enter the workforce in fields such as engineering, computer science, business, construction management, and agri-business has been a successful responsibility of UW-Platteville. For example, the placement rate for UW-Platteville engineering graduates has always been high: 97 percent in 1999 and 2000, 93 percent in 2001, and 79 percent in 2002. While the placement rate for 2002 was lower than normal, activity at the UW-Platteville Employers Fair and early signs in the recruitment efforts of companies indicate a turn around in the job market for the current semester. In addition, most new UW-Platteville graduates seek jobs in Wisconsin. While numbers vary between disciplines and from semester to

semester, typically up to 80 percent of UW-Platteville graduates take their first jobs in Wisconsin.

Enrollments and Resources

Platteville is a small rural community with historical regional ties. While the Platteville community is well known in the region, few out-of-state citizens have visited the campus and reviewed the programs offered. UW-Platteville proposes to increase its enrollment by 2,000 non-resident students over the decade. The University would target students who select or are strongly considering workforce related majors in engineering, professional, or technical degrees with a strong liberal and fine arts foundation. Majors would include engineering, computer science, agriculture, industrial studies emphasizing construction management, business and accounting, and other workforce related professional and pre-professional degrees. The University of Wisconsin System Administration would work with the legislature to obtain authority for the Board of Regents to set tuition for other majors beyond those currently included in this proposal.

UW-Platteville has made a commitment to maintain access for Wisconsin resident students and this initiative would further reinforce the university's teaching mission and ability to recruit the best and the brightest students from the region. By bringing in additional out-of-state students, the proposed initiative would increase the number of graduates who are prepared to fill critical positions in the state's workforce. UW-Platteville plans to replace the small number of present out-of-state students from Illinois and Iowa with non-resident students from other states.

Initially during 2005-06, UW-Platteville proposes to recruit two hundred additional out-of-state students from Illinois and Iowa. Incoming freshmen from these states would pay in-state tuition and fees plus a \$4,000 premium. The premium would: cover 100 percent of the marginal cost per student; cover basic expenses and reserve requirements; be competitively attractive; and, along with a workforce incentive grant that the campus plans to develop, eliminate cost as a factor in a family's evaluation of an institution during the recruitment process. UW-Platteville would use the entire tuition, fee and premium figure to support the instructional, student development and service, and administrative costs for these students during the proposed pilot. In addition, UW-Platteville hopes to utilize some of the revenue generated by the \$4,000 premium to fund incentive grants for Iowa and Illinois students.

As UW-Platteville moves through the decade and toward the additional 2,000 out-of-state student goal, the University would continue to support the direct costs of instruction, student development and services, administrative costs, and the debt service for all initiative-related remodeled or new facilities. The premium may increase a few hundred dollars in future years for new students in the initiative depending on the experience obtained during each proceeding year of the project. In addition, UW-Platteville would need additional program revenue positions to address the student increase resulting from this initiative, but not the related salary or fringe benefit dollars.

An operational reserve budget line would be available to fund such things as instructional and service personnel or support, recruitment efforts, and academic activities. An initiative reserve line would be established to deal with such things as debt service reserve and significant shifts in enrollment that may occur from one year to the next. Finally, a stabilization line in the budget

would be used to offset any loss in present out-of-state revenue that may result from the implementation of this initiative.

Facilities

In order to implement the proposed workforce development initiative, UW-Platteville would need to increase the size of the presently proposed Ullsvik Center renovation; continue plans for the refurbishing of Ottensman Hall (which is the present Engineering facility); add additional facilities for the College of Engineering, Math, and Science; immediately begin the planning and construction of a new residence hall; and initiate the student approved plan to renovate the stadium, to replace the field, and to relocate the track. The last two projects are program revenue projects with the exception of the track surface replacement costs. Revenue from the initiative would support debt service for the portion of the academic facilities that relate to the increased enrollment resulting from the proposal. The original scope of these projects will require GPR bonding. The use of tuition and premium dollars to support debt service payments for academic facilities would be a new concept for the UW System. However, it should be noted that resident students would not shoulder any of these debt service expenses/responsibilities, since all students under this initiative would be out-of-state students. The details of facility financing will be addressed in the 2005-07 Biennial Capital Budget materials, and again prior to authorization of construction.

The expansion of these state supported and auxiliary facilities would need to be fast-tracked in order to accommodate the 2,000 out-of-state students over the proposed timetable without an adverse effect on current students. Other existing facilities on campus would be able to handle the proposed student growth. The Board of Regents Physical Planning Committee would determine how to prioritize the needs of UW-Platteville among other UW System needs.

Economic Impacts

For the past seven years UW-Platteville has played an active role in the economic development of Southwest Wisconsin. The proposed workforce initiative would have an extremely large positive economic impact on the Platteville area. It is estimated that each additional UW-Platteville student would spend \$267 per month on incidentals and an additional \$275 per month for housing. When the workforce initiative is fully implemented, the additional student population would generate over \$9 million in a single year for the area's economy.

In addition, new faculty and staff are estimated to have a disposable income each year of \$22,975. Studies indicate that 78 percent of these dollars would be spent locally. Based on these studies, new faculty and staff would add an additional \$2.4 million per year to the economy of Southwest Wisconsin. In addition, \$400,000 would be spent each year on supplies in the area and \$1.7 million would be added to the local economy as new students bring parents and friends to Southwest Wisconsin each year to visit.

Thus, the proposed workforce development initiative alone could add over \$14 million of direct spending per year to a depressed economic area. Using a conservative economic impact multiplier of 1.85, the effect on Southwest Wisconsin's economy could be well over \$25,000,000 per year.

In addition, the estimates above do not include dollars that would benefit the area from the construction of facilities to house and instruct the new students. At its full implementation, one could assume that an additional \$6 million to \$7 million would be spent locally for construction.

RELATED REGENT POLICIES

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

APPENDIX A
SUPPORTING DOCUMENTS

Table 1
Annual Initiative Related New Student
Enrollments by Year

Year	New Student	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
2005-06	200	200	150	125	125	125	-	-
2006-07	400	-	400	300	250	250	250	-
2007-08	600	-	-	600	450	425	425	425
2008-09	500	-	-	-	500	375	350	350
2009-10	500	-	-	-	-	500	375	350
2010-11	500	-	-	-	-	-	500	375
2011-12	500	-	-	-	-	-	-	500
Students Enrolled		200	550	1,025	1,325	1,675	1,900	2,000

Table 2
Income Statement

	Year 1		Year 2		Year 3	
	Count	2005-06	Count	2006-07	Count	2007-08
Revenue:	200	1,600,000	550	4,510,000	1,025	8,825,250
Assumptions:						
1. Revenue {based on a 5% increase each year to Tuition & Fees. Premium increase in Year 3)						
WI Tuition		4,000		4,200		4,410
Fees		750		785		825
Tuition & Fees		4,750		4,985		5,235
Initiative Premium		4,000		4,000		4,200
Total Cost to Student		8,750		8,985		9,435
Less Fees		(750)		(785)		(825)
Revenue available for Initiative		8,000		8,200		8,610
Expenses:						
Salary & Fringe - Faculty (Note 1)	9	495,000	27	1,755,000	50	3,500,000
Salary & Fringe - Staff (Note 1)	2.5	100,000	7.5	337,500	18	900,000
Salary & Fringe - Facility Support (Note 2)		-		-	3	92,250
	11.5	595,000	34.5	2,092,500	71.0	4,492,250
Office Setup (Note 3)	12	48,000	23	92,000	33.0	132,000
Equipment/Supplies		50,000		100,000		200,000
Contracts		30,000		60,000		120,000
Professional Development (Note 4)	12	24,000	34.5	69,000	65	130,000
Debt		-		200,000		800,000
Incentive Grants - \$1,500		300,000		825,000		1,537,500
Operational Reserve		50,000		50,000		50,000
Stabilization Fund Expense		150,000		200,000		250,000
		652,000		1,596,000		3,219,500
Total Expenses		1,247,000		3,688,500		7,711,750
Initiative Reserve		353,000		821,500		1,113,500
Stabilization Fund Balance		150,000		350,000		600,000

Assumptions:

Note 1. Salary & Fringe - \$55,000 per Faculty and \$40,000 per Staff - Year 1

Salary & Fringe - \$65,000 per Faculty and \$45,000 per Staff - Year 2

Salary & Fringe - \$70,000 per Faculty and \$50,000 per Staff - Year 3

Note 2. Facility Support - \$30,750 per staff

Note 3. Office Setup maintained at \$4,000 per office

Note 4. Professional Development maintained at \$2,000 per employee

Enrollment flexibility (Approximately 10%)

Budget Total =

HIGH

9,707,775

LOW

7,942,725

Debt Service \$1,000,000 available beginning year 03

**Comparison Costs Iowa
Fall 2004**

Table 3

SCHOOL	TUITION	HOUSING	MEAL PLAN	BOOKS	STUDENT FEES	MEDICAL	LAB & COMPUTER FEES	TOTAL		Difference
										vs UWP instate
Loras College	\$9,727.20	\$1,508.00	\$1,557.40	\$520.00	\$503.36	Per Visit	\$494.00	\$14,309.96	Semester	
	\$19,454.40	\$3,016.00	\$3,114.80	\$1,040.00	\$1,006.72	Per Visit	\$988.00	\$28,619.92	Year	\$19,572.07
St. Ambrose College	\$9,324.00	\$1,835.60	\$1,627.60	\$312.00	Included in Tuition	Per Visit	Included in Tuition	\$13,099.20	Semester	
	\$18,648.00	\$3,671.20	\$3,255.20	\$624.00	Included in Tuition	Per Visit	Included in Tuition	\$26,198.40	Year	\$17,150.55
Clarke College	\$9,284.80	\$1,544.40	\$1,614.60	\$312.00	\$148.20	Per Individual	\$117.00	\$13,021.00	Semester	
	\$18,569.60	\$3,088.80	\$3,229.20	\$624.00	\$296.40	Per Individual	\$234.00	\$26,042.00	Year	\$16,994.15
University of Dubuque	\$9,016.00	\$1,362.40	\$1,461.20	\$312.00	\$83.20	Included in Fees	\$26.00	\$12,260.80	Semester	
	\$18,032.00	\$2,724.80	\$2,922.40	\$624.00	\$166.40	Included in Fees	\$52.00	\$24,521.60	Year	\$15,473.76
Upper Iowa University	\$8,431.36	\$1,083.68	\$1,526.72	\$520.00	Included in Tuition	Per Visit	Included in Tuition	\$11,561.76	Semester	
	\$16,862.72	\$2,167.36	\$3,053.44	\$1,040.00	Included in Tuition	Per Visit	Included in Tuition	\$23,123.52	Year	\$14,075.67
Iowa State University	\$2,431.52	\$1,580.80	\$1,664.00	\$806.00	\$167.44	\$91.52	Included in Tuition	\$6,741.28	Semester	
	\$4,863.04	\$3,161.60	\$3,328.00	\$1,612.00	\$334.88	\$183.04	Included in Tuition	\$13,482.56	Year	\$4,434.71
University of Iowa	\$2,796.08	\$1,732.12	\$1,367.60	\$436.80	Included in Tuition	Included in Tuition	Included in Tuition	\$6,332.60	Semester	
	\$5,592.16	\$3,464.24	\$2,735.20	\$873.60	Included in Tuition	Included in Tuition	Included in Tuition	\$12,665.20	Year	\$3,617.35
University of Northern Iowa	\$2,431.52	\$1,181.44	\$1,492.40	\$416.00	\$146.64	\$73.84	\$78.00	\$5,819.84	Semester	
	\$4,863.04	\$2,362.88	\$2,984.80	\$832.00	\$293.28	\$147.68	\$156.00	\$11,639.68	Year	\$2,591.83
University of WI-Platteville	\$2,000.00	\$1,102.40	\$1,029.60	Included in Fees	\$391.92	Included in Fees	Included in Tuition	\$4,523.92	Semester	
	\$4,000.00	\$2,204.80	\$2,059.20	Included in Fees	\$783.84	Included in Fees	Included in Tuition	\$9,047.84	Year	
Out-of-State	\$7,134.55	\$1,102.40	\$1,029.60	Included in Fees	\$391.92	Included in Fees	Included in Tuition	\$9,658.47	Semester	
	\$14,269.10	\$2,204.80	\$2,059.20	Included in Fees	\$783.84	Included in Fees	Included in Tuition	\$19,316.94	Year	

Table 4

**Comparison Costs Illinois
Fall 2004**

<u>SCHOOL</u>	<u>TUTION</u>	<u>HOUSING</u>	<u>MEAL PLAN</u>	<u>BOOKS</u>	<u>STUDENT FEES</u>	<u>MEDICAL</u>	<u>LAB & COMPUTER FEES</u>	<u>TOTAL</u>		<u>Difference</u>
										Vs Instate
Illinois State University	\$3,091.20	\$2,796.04	\$1,420.64	\$408.72	Included in Tuition	Included in Tuition	Included in Tuition	\$7,716.60	Semester	
	\$6,182.40	\$5,592.08	\$2,841.28	\$817.44	Included in Tuition	Included in Tuition	Included in Tuition	\$15,433.20	Year	\$6,385.35
Western Illinois University	\$2,983.68	\$1,623.44	\$1,166.88	\$416.00	\$537.16	\$180.96	Included in Tuition	\$6,908.12	Semester	
	\$5,967.36	\$3,246.88	\$2,333.76	\$832.00	\$1,074.32	\$361.92	Included in Tuition	\$13,816.24	Year	\$4,768.39
Northern Illinois University	\$2,346.44	\$1,684.80	\$1,684.80	\$260.00	\$728.46	Per Individual	\$104.00	\$6,808.50	Semester	
	\$4,692.88	\$3,369.60	\$3,369.60	\$520.00	\$1,456.92	Per Individual	\$208.00	\$13,617.00	Year	\$4,569.15
Eastern Illinois University	\$2,128.00	\$1,201.20	\$1,593.28	\$132.29	\$701.12	Per Visit	Included in Tuition	\$5,755.89	Semester	
	\$4,256.00	\$2,402.40	\$3,186.56	\$264.58	\$1,402.24	Per Visit	Included in Tuition	\$11,511.78	Year	\$2,463.94
University of WI-Platteville	\$2,000.00	\$1,102.40	\$1,029.60	Included in Fees	\$391.92	Included in Fees	Included in Tuition	\$4,523.92	Semester	
	\$4,000.00	\$2,204.80	\$2,059.20	Included in Fees	\$783.84	Included in Fees	Included in Tuition	\$9,047.84	Year	
Out-of-State	\$7,134.55	\$1,102.40	\$1,029.60	Included in Fees	\$391.92	Included in Fees	Included in Tuition	\$9,658.47	Semester	
	\$14,269.10	\$2,204.80	\$2,059.20	Included in Fees	\$783.84	Included in Fees	Included in Tuition	\$19,316.94	Year	

UNIVERSITY OF WISCONSIN SYSTEM TRUST FUNDS INVESTMENT POLICIES RELATED TO SOCIAL RESPONSIBILITY

EXECUTIVE SUMMARY

BACKGROUND

Subsequent to the changes in the membership of the Business and Finance Committee in 2003, last year's annual public investment forum, and several public requests for the Committee to take investment actions for various social rather than purely economic reasons (including a significant petitioning effort by the Burma Refugee Relief Coalition at UW-Milwaukee), the Committee asked that Trust Funds staff provide a review of current policies, including whether and how these policies are being applied, and a review of what peer universities are doing in the area of "socially responsible investing."

REQUESTED ACTION

This item is for informational purposes only.

DISCUSSION

The six relevant Regent Policies are provided in the attached full report. Although the language of a couple of the current policies could be open to a fair amount of interpretation, Trust Funds staff believes that, for the most part and certainly where explicit, the policies are being adhered to. The full report also attempts to provide a brief historical backdrop to the development of these policies. Finally, the results of two recent peer group surveys on "socially responsible" investment policies and practices are included. The findings lead to the conclusion that UW System Trust Funds and the governing Regents are actually fairly active in their consideration of social issues relative to peer universities. For instance, the Board instituted a public forum in 1997 in response to the recognized need for more public input and instructed staff to subscribe to a proxy review service to also help to highlight issues of significant social concern.

RELATED REGENT POLICIES

- Regent Policy 74-3(a): Investments and the Environment
- Regent Policy 78-1: Investment of Trust Funds
- Regent Policy 78-2: Interpretation of Policy 78-1 Relating to Divestiture
- Regent Policy 91-11: Investment Objectives and Guidelines
- Regent Policy 92-4: Procedures and Guidelines for Voting Proxies
- Regent Policy 97-1: Investment and Social Responsibility

UNIVERSITY OF WISCONSIN SYSTEM TRUST FUNDS

INVESTMENT POLICIES RELATED TO SOCIAL RESPONSIBILITY

CURRENT REGENT POLICIES

There are presently six Regent Policies which touch upon considerations of social responsibility in the investment process for Trust Funds. These policies, or relevant excerpts, are provided below.

Regent Policy 74-3(a): Investments and the Environment

History: Res. 695 adopted 3/8/74.

Cognizant of the UW System, State and Federal commitments to environmental protection and pollution control standards, the Regent Business and Finance Committee, in discharging its responsibility for managing the System's trust fund investments, does so with the expectation that the companies in which it invests will evidence a similar commitment in their respective activities. The System Trust Officer, on behalf of the Committee, shall inform companies in which the System has or subsequently makes investments of this expectation. In the event that any persons or group of persons, after careful investigation and evaluation of facts in evidence, concludes that a company in which the System has investments appears not to be performing in accord with the Committee's expectations and the appropriate governmental standards in this area, the Committee will afford those persons an opportunity to detail their evidence and concern to the Committee. The Committee may afford the company involved an opportunity to respond to the concerns expressed, before deciding what course of action is appropriate.

Regent Policy 78-1: Investment of Trust Funds

History: Res. 1590 adopted 2/10/78; replaces 77-4. (See also 78-2.)

In accordance with Sec. 36.29(1) *Wis. Stats.*, all investments "made in any company, corporation, subsidiary or affiliate which practices or condones through its actions discrimination on the basis of race, religion, color, creed or sex . . ." shall be divested in as prudent but rapid a manner as possible.

Regent Policy 78-2: Interpretation of Policy 78-1 Relating to Divestiture

History: Res. 1615 adopted 3/10/78; amended by Res. 6626, 3/94.

The Board of Regents, to facilitate the implementation of Regent Resolution 1590 (RPD 78-1), interprets that resolution as follows:

1. The words "which practices or condones through its actions" shall be interpreted to mean "employing persons in nations which by their laws discriminate on the basis of race, religion, color, creed or sex."
2. Divestiture shall be accomplished in a prudent manner, in accordance with the following criteria:
 - A. The availability of alternative investments of equal or better potential long-term investment return.

B. Current valuation in relation to historical relationships and alternative investments including, in the case of equities, the following factors:

1. current yield, price earnings ratio, price to book value ratio, earnings and dividend growth rates, both absolutely and in relation to the market as a whole;
2. present fundamental status of the company in terms of current and future earnings and dividend outlook;
3. current level and trend of stock market -- outlook for the next three, six or twelve months;
4. "technical" status and current price trend of stock (absolute and relative to market);
5. and unrealized gain or loss on the stock.

3. The University of Wisconsin System's investment counsel and its Trust Officer shall bring to the attention of the Business and Finance Committee reports of the existence of laws in any other country that require companies doing business in such country to practice or condone discrimination on the basis of race, religion, color, creed or sex. The Business and Finance Committee shall investigate such reports with a view to determining whether Resolution 1590 shall be applied to investments in companies employing persons in the country in question.

Regent Policy 91-11: Investment Objectives and Guidelines

History: Res. 5946 adopted 11/8/97; amended by Res. 5999, 2/92; Res. 6260, 11/92; Res. 6343, 3/93; Res. 6487, 9/93; Res. 7364, 12/96; Res. 7776, 10/98; Res. 8090, 3/00; Res. 8325, 3/01 ; Res. 8640, 12/02. Original document dated 12/8/83.

(As this is a lengthy policy, only the pertinent sections are excerpted below.)

Fiduciary Statement

The overall investment policy shall be to manage Fund assets in a prudent, productive manner in accordance with provisions of pertinent Wisconsin statutes governing the investment of these Trust Funds. (Sections 36.29 and 881.01 *Wis. Stats.* and regent resolutions 695, 1590, 1615 and 7406 are attached.) [These resolutions correspond to Policies 74-3(a), 78-1, 78-2 and 97-1.]

Prohibited Activity

Pursuant to the guidelines specified in this statement, investment activity in the following is prohibited:

- The securities of any issuer which practices or condones through its actions discrimination on the basis of race, religion, color, creed or sex.

Regent Policy 92-4: Procedures and Guidelines for Voting Proxies

History: Res. 6086 adopted 4/10/92. Amendment history is not available.

(As this too is a lengthy policy, some non-pertinent portions are excluded.)

II. For both internally and externally managed assets, non-routine issues will be reviewed with the Business and Finance Committee to develop a position on how the proposals should be voted.

Non-routine issues are defined as:

- A. Acquisitions and mergers;
- B. Stockholder proposals opposed by management and not supported by the portfolio managers;

- C. Amendments to corporate charter or by-laws which might materially affect shareholder rights;
 - D. All issues where the tentative recommendation is to vote against management's position;
 - E. Issues dealing with discrimination (per Ch 36.29 WI STATS and Regent Policies 78-1 and 78-2), the environment (per Regent Policy 74-3(a)), or with substantial social injury (per Regent Policy 97-1);
 - F. Any other issue not covered in I.
- III. The Trust Funds Office will regularly identify non-routine issues for and provide analyses to the Committee to assist it in its review. In analyzing proxy proposals, a variety of information sources may be used, including: our portfolio managers, the proxy statement, the corporation management, the resolution sponsor, the investment community, media reports, and special services such as the Investor Responsibility Research Center.
- IV. To ensure that non-routine proxy proposals are identified, analyzed and reviewed, and that the Committee's voting position is properly determined, conveyed to portfolio managers and then tracked for compliance, the following procedures will generally be followed:
- A. During the first quarter of each year, the Trust Funds Office will identify all non-routine shareholder proposals for the upcoming proxy season (primarily March through May). To the extent possible, these proposals will be grouped into identifiable "issues" (or themes).
 - B. Trust Funds will research and analyze any new non-routine, controversial issues or company-specific proposals. These analyses will consider, among other things, the following factors.
 - Application/interpretation of Regent policies.
 - Background and technical requirements of shareholder proposals.
 - Expected impact on firms' financial position.
 - C. Trust Funds will present the following to the Committee annually for its review (generally at the March Board of Regents meeting; for "off-season" proxies, these will be brought to the Committee at the nearest monthly meeting where possible).
 - A list of new non-routine issues and any company-specific proposals for the upcoming proxy season, to which an existing Regent policy (may) apply.
 - A list of previously approved non-routine issues.
 - Write-ups/analyses of new and previously approved issues (approved for affirmative voting).
 - A list showing each specific upcoming proposal, by company, and the relevant Regent policy which (may) apply, and the recommended vote (if the shareholder proposal is consistent with Regent policy, does not impose unnecessary or burdensome requirements on the firm, and is not expected to have a highly negative impact on the firm's financial position, an affirmative vote will generally always be recommended).
 - D. The Committee will then vote on all upcoming shareholder proposals presented to them.

- E. Based on the Committee's approvals, Trust Funds will vote the proxies accordingly or will provide the specific voting instructions to the external portfolio managers where necessary.
- F. Portfolio managers will provide quarterly reports of all proxy voting activity for their Trust Funds' portfolios. This reporting will include a summary of each issue, the management recommendation, and the actual vote cast by the manager. Trust Funds staff will review these reports to verify compliance with instructions. Annual notification letters will also be sent to managers reminding them of the Trust Funds proxy voting policy and summarizing its requirements. (In addition, as part of the investment manager search and procurement process, manager candidates will be informed that complying with the proxy voting policy is a mandatory requirement.)
- G. The Trust Funds Office will maintain all supporting research and documentation of proxy votes cast on behalf of the Trust Funds.
- H. Trust Funds will present to the Committee at least annually, the results of the proxy voting season (generally at the September or October Board of Regents meeting).

Regent Policy 97-1: Investment and Social Responsibility

History: Res. 7406, adopted March 7, 1997.

That, upon recommendation of the Business and Finance Committee, the Board of Regents of the University of Wisconsin System in discharging its fiduciary responsibilities for the University Trust Funds will take into account its concerns about corporate responsibility as outlined below.

1. The primary fiduciary responsibility of the Board of Regents is to maximize financial return on invested assets, taking into account an appropriate degree of risk.
2. However, the Board acknowledges the importance of maintaining an awareness of public concerns about corporate policies or practices that are discriminatory (as defined by 36.29(1) *Wis. Stats.*) or cause substantial social injury,* and it will take this factor into account.
3. To enhance the Board's awareness of social concerns the Regents through the Business and Finance Committee will direct UW System Administration to subscribe to a proxy review service which will highlight proxy resolutions related to discrimination and substantial social injury.*
4. The Regents wish to solicit input from students, faculty, alumni, and citizens on matters related to social concerns. To obtain this input, the Business and Finance Committee of the Board of Regents will schedule an annual forum at which concerns can be presented by interested parties. This forum will offer the broadest opportunity for System constituencies to present information to the Board of Regents.
5. The Regents are aware that a position on social responsibility may affect potential contributors to the University System. For potential contributors who wish their donations to be invested in funds with social concerns as a high priority, the Business and Finance Committee will ask UW Administrative Staff to explore the use of Investment alternatives to meet such objectives.

* "Substantial social injury" with regard to corporate behavior is defined as the injurious impact on employees, consumers, and/or other individuals or groups resulting directly from specific actions or inactions by a company. Included in this category are actions that violate, subvert, or frustrate the enforcement of rules of domestic or international law intended to protect individuals and/or groups against deprivation of health, safety, basic freedoms or human rights. Only actions or inactions by companies that are proximate to

and directly responsible for identifiable social injury will be regarded as falling within these guidelines. (This definition is borrowed from Stanford University's "Statement on Investment Responsibility Concerning Endowment Securities").

HISTORY

What follows is an attempt to reconstruct a brief history of past explorations into the "social responsibility" issue and how the current policies came about. Where the written records are vague, "reasonable" conjecture is offered.

Trust Funds staff could find little historical information regarding the development of Policy 74-3(a), "Investments and the Environment." It is likely that there was considerable public focus on questionable corporate environmental practices during this era, and that the regulatory environment was significantly looser than today (at least within the U.S.) Policies 78-1 (mirroring the Wisconsin state law prohibiting investment in companies that discriminate) and 78-2 were adopted during the apartheid era in South Africa, and were coincident with the UW System's relatively early decision to divest of companies doing business in South Africa.

The issue of overall "social responsibility" for the Trust Funds portfolio, beyond the issues of the environment and discrimination, was apparently first considered in 1991. In 1990, a member of the University community asked the Business and Finance Committee to consider selling all investments in the securities of tobacco-producing companies. The Committee discussed the request but declined to take any action. However, then-Vice President for Business and Finance Fred Poellnitz, believing that "increasing attention [would] be drawn to the social aspects of Board of Regent decisions," decided upon (or recommended) the formation of an internal working group, under his direction, to consider a "social" investment component to the Trust Funds' investment policy.

An excerpt from a January 1991 memo discussing the working group's findings, from Poellnitz to the Committee framed the issue quite well:

"... [m] any individuals are concerned about a wide variety of ... social issues and believe that an evaluation of how companies rate on these issues should be factored into investment decisions.... Economic return and preservation of capital have traditionally been the primary objectives of the UW Board of Regents in meeting its fiduciary responsibilities.... While the Board is certainly not precluded from a more explicit factoring of social issues into the investment guidelines, a decision to restrict investments on the basis of non-economic criteria would set a precedent and would almost certainly require extensive public debate of social issues and [a] narrowing of investment options."

Vice President Poellnitz concluded with the following recommendation: "After considering the arguments for and against a more restrictive investment policy, I recommend that the Board of Regents should not change its policy at this time." The Business and Finance Committee apparently concurred with this recommendation, as no further in-depth discussions took place until 1996.

In mid 1996, the "Coalition for Socially Responsible Investment" and the "Free Burma Coalition" petitioned the Board of Regents, again requesting divestitures of companies from the Trust Funds portfolio. In particular, these groups called for the divestment of holdings in Texaco and PepsiCo,

primarily for their alleged involvement in Burma. (The petitioning groups were allowed to present their cases at the November 7, 1996 Committee meeting. Representatives from Texaco and PepsiCo were also invited to present their side of the stories; only Texaco sent representatives. No divestment action resulted from this.) Apparently in response to these petitions, in the fall of 1996, Trust Funds staff was called on to conduct a peer survey regarding the Burma issue in particular, but it also asked institutions if they had any formal socially responsible investment policies.

The 1996 survey involved 16 peer universities, including eight Big Ten schools. Fourteen responded to the question about social investment policies. Only three of the schools (Stanford, Vermont, and Georgetown) reported a socially responsible investment statement in their guidelines. A fourth (Harvard) responded that although they had no policy statements, they did use an advisory committee comprised of faculty, staff, and students to investigate issues brought to their attention and make recommendations to their regents. (Harvard also provided this commentary: "The process is very thorough, with much discussion and analysis. Occasionally, the process may result in an investment decision: for example, our divestiture of tobacco companies.") Stanford, in addition to policy statements, also indicated the use of an advisory committee with the same composition as Harvard's. Georgetown, on the other hand, qualified their affirmative response to the policy question by adding, "...but it is very general." It appears that these findings on other Universities were sufficient enough to prompt a continued dialogue among the Regents.

In January 1997, then-Vice President for Finance Marcia Bromberg sent information to the Committee "that [would] be useful in beginning discussion about a socially responsible investment policy." This information included a range of possible positions the Regents might adopt and more detail on the responsible investment policies of Stanford, Harvard, and Vermont (including advisory committee composition and responsibilities, as well as actual policy statements). The "possible positions" given were the following: 1) retain the current policy (basically, follow s. 36.29 (1), *Wis. Stats.*, dealing with non-discrimination, reflected in Regent Policies 78-1 and 78-2); 2) develop a policy statement that acknowledges the need to be aware of public concerns about corporate business practices...and the need to, at times, make investment decisions that take these factors into account; 3) increase participation in proxy voting (presuming use of a proxy review service); and 4) solicit input from others (which included the concept of an annual public forum, as well as the concept of a "formal committee to comment on social issues, suggest proxy positions, review corporations...).

Business and Finance Committee Chair Kathleen Hempel then prepared a draft position paper entitled "Investment Policy Issues - Social Responsibility" which was submitted to Regent President Grebe and Regent Vice President Lubar in late February 1997. This paper essentially included, in basic form, each of the five elements of Regent Policy 97-1, which was adopted by the Board of Regents on March 7, 1997.

A University News Release dated March 5, 1997 offered the following: "Regent Hempel...said the proposed policy strikes an important balance between the fiduciary responsibilities of the Board investing trust funds to maximize the return on assets and the Board's long-standing concern for social justice." From the Executive Summary of the subsequent Regent meeting agenda item, the following excerpt is of note:

"...members of the community have demonstrated ongoing concern about the University system's responsibility to incorporate an awareness of ethical and social issues within its investment oversight function. The policy outlined herein acknowledges that concerns without compromising the Board's fiduciary responsibility.

...Several [other] institutions have an advisory committee comprised of members of the academic community (students, faculty, alumni, [and] staff). The Regents prefer to interact themselves with the broadest base through an open forum that will allow all interested parties to communicate their concerns directly to the Board."

INTERPRETATION AND IMPLEMENTATION OF CURRENT POLICIES

Granting that there is always some room for interpretation in the absence of very explicit language, are we abiding by the existing policies? Some brief thoughts and conclusions are offered below.

Regarding Policy 74-3(a) dealing with environmental concerns, the wording seems somewhat difficult to interpret and apply. Without knowing about all past Committee discussions going back to 1974, it can be stated with certainty that over the recent past, the Committee itself and Trust Funds staff have not made explicit investment decisions (e.g., to divest or not invest) based in any way upon a company's environmental record. Actually, the Committee and staff do not currently make any explicit investment decisions regarding individual securities and companies; these responsibilities are delegated to external investment managers. And although this policy is communicated to the investment managers as part of their investment guidelines, the managers have not been instructed to convey our "expectations" to the individual companies they invest in or are about to invest in, nor does staff convey these expectations (as contemplated in the policy).

Regarding Policies 78-1 and 78-2 dealing with non-discrimination, the original policy was simply a mirroring of s. 36.29 (1), *Wis. Stats.* The further interpretation of this policy provided in Policy 78-2 was likely occasioned by the apartheid situation in South Africa, when it was blindingly obvious that many large domestic corporations were discriminating in their employment practices, and that a non-discrimination policy actually needed to be acted upon. The clarification of 78-1 seems to rule out the possibility of ever being "required" to divest of an individual company, or an entire industry or country for that matter, for alleged discrimination practices, as long as the country(ies) it operates in do not by their laws discriminate. Certainly this eases the application of a policy against discrimination. What it no longer addresses is the possibility that a country may not have actual non-discrimination laws on the books, but the government and culture allow or even encourage it, or that a country may have laws against discrimination on the books, but it is practiced nonetheless. In isolation, and as presently worded, it seems that Policies 78-1 and 78-2 are and have been abided by.

Policy 92-4, "Policies and Procedures for Voting Proxies," are quite explicit and detailed. These policies and procedures are being implemented to the letter.

Policy 97-1, "Investment and Social Responsibility," is the broadest of the current policies, as it introduces the broad, seemingly very subjective concepts of "social responsibility" and "substantial social injury." Regarding compliance with this broad policy statement, elements 1, 3, 4 and 5 are certainly being carried out (i.e., fiduciary responsibility regarding risk/return is the primary focus, a

proxy review service is used extensively and significant voting of "social-issue" proxy proposals continues, a public investment forum is held each year, and a "social-oriented" investment fund or other alternatives would certainly be explored upon request by a potential donor).

The 2nd element of the policy is the one most open to interpretation and the most difficult to demonstrate full compliance with. It states the following:

"However, the Board acknowledges the importance of maintaining an awareness of public concerns about corporate policies or practices that are discriminatory (as defined by 36.29(1) *Wis. Stats.*) or cause substantial social injury, *and it will take this factor into account.*" [italics added for emphasis]

As indicated by looking at the history of this policy, the mandated use of a proxy review service and the public forum were meant to reasonably ensure that the Board will, in fact, be made aware of wide-spread public concerns about corporate practices. What the Board may choose to do with such input is not specifically spelled out. The policy merely states that the Board "*will take this factor into account.*" It seems logical to assume that this vagueness is intentional, implying that given such input, the Board can then decide, on a case-by-case discretionary basis, whether public concerns are significant enough, and represent social injury egregious enough, to warrant investment-related actions for non-economic reasons.

RECENT PEER INSTITUTION SURVEYS

2003 NACUBO Endowment Survey Results

Of the 717 total institutions (both public and private) that responded to the 2003 NACUBO survey, only 17.3 percent reported that they consider, in some way, social responsibility criteria in their investment programs. Of the 230 public institutions participating, only 9.3 percent indicated a consideration of social responsibility. A somewhat higher level of private institutions responded in the affirmative, with 21 percent reporting such considerations.

Reporting institutions were asked to identify which of eight specific social responsibility criteria they included in their investment policies. The top three criteria were the following: 1) choosing companies that do not produce or market tobacco products (69 percent), 2) choosing companies that do not produce or market alcoholic beverages (46 percent), and 3) choosing companies that do not engage in the gambling business (45 percent).

2004 UW Trust Funds Social Investment Survey

Trust Funds staff recently conducted a survey on socially responsible investment policies and practices among peer institutions. The following institutions responded: UW Foundation, Michigan, Indiana, Iowa, Ohio State, Purdue, Minnesota, Mid State, Washington, North Carolina, Stanford, Harvard, Duke, Columbia, Yale, Maryland, Pittsburgh, West Virginia, Rutgers, Delaware, and Tufts. Of these 19 institutions, eight are Big Ten schools, seven are public, and eight are private.

The following questions were posed:

- 1) Do you have written guidelines or an official policy regarding socially responsible investment for the university's endowment?
- 2) Do you have an investment committee to review issues?
- 3) If so, what is the structure of the committee?
- 4) Do you currently have any investment screens (i.e. tobacco, land mines, etc.)?
- 5) Have you divested any companies due to social responsibility concerns (in the post apartheid era)?
- 6) Do you have an active proxy voting policy?

Results of this survey are summarized below. Also, a tabular summary giving only "yes/no" responses by school is attached (see Attachment 1).

Of the eight Big Ten schools responding, none reported having an official policy regarding socially responsible investments or a special committee to review socially responsible investments. Michigan did set up a special ad hoc committee to study the tobacco issue. And Michigan was the only school in this peer group to report use of an investment screen, which is only an anti-tobacco screen.

Among the seven public university respondents, only West Virginia has written guidelines regarding socially responsible investing; these guidelines set a percent limit (3 percent) on the level of portfolio investment in companies that earn significant revenue (more than 40 percent) from tobacco, alcohol, and gaming. None of the respondents have committees to review socially responsible investments, and none use investments screens. (Washington does screen out tobacco companies but for economic, not social, reasons.)

Of the eight private universities responding, Stanford, Columbia, Harvard, Yale, and Rutgers all have written guidelines regarding socially responsible investments and report active proxy voting policies. (Duke does report that they are currently developing a formal social investment policy.) Stanford, Columbia, Harvard, and Yale also have separate committees to review responsible investing issues. Regarding proactive screening, Stanford and Columbia screen out tobacco companies, while Tufts screens out both tobacco and alcohol companies.

Overall, these survey results are consistent with the 2003 NACUBO endowment survey results. Big Ten and public universities overall report very limited, if any, written or formal consideration of social responsibility in carrying out their investment activities. Private universities, on the other hand, particularly Ivy League schools, have done the most in terms of formalized policies and practices. It is interesting to note, however, that none of even the most active universities (such as Stanford) proactively screen out companies or select investments based upon "good behavior" (aside from a few that screen out tobacco companies).

CONCLUDING REMARKS

Given current policies and implementation efforts, UW System Trust Funds and its trustees are reasonably "active" relative to peer universities regarding the consideration of social issues in

carrying out investment responsibilities. Trust Funds has active proxy voting policies and practices, which result in voting on many social issues, and its trustees endeavor to keep reasonably informed on issues of significant public concern by subscribing to a proxy review service (and expending \$10,000 per year for it currently) and holding an annual public investment forum. Such "informed-ness" contributed to the decisions to divest of companies doing business in South Africa long ago; to divest, very recently, of Tyson bonds; and to respond recently to the Burma Refugee Relief Coalition that we will attempt to apply U.S. sanctions against domestic companies doing business in Burma to foreign companies, and take appropriate action where possible.

Trust Funds does not proactively screen out companies or select investments based upon perceived "good behavior;" neither does any peer university surveyed (other than a few who screen against tobacco-related holdings). However, one practice that some of the more active universities (Stanford, Harvard, Yale, and Columbia) follow that Trust Funds does not, is the use of a special advisory committee (typically composed of faculty, students, alumni, and staff members) to study certain social issues for the purpose of advising the governing trustees.

Such an advisory committee could study, analyze, and advise the Board of Regents on social issues, which the Regents determine, in their discretion and on a case-by-case basis, to be of significant public concern and of such potential egregiousness, to warrant further in-depth investigation. This advisory group would not need to be a standing committee, but could be an ad hoc committee brought together as and when needed.

Attempting to factor inherently subjective "social values" into the investment process, while still keeping the primary focus on the fiduciary duty of trustees to maximize financial return for a given level of acceptable risk, is extremely difficult, "sticky," and contentious. One could very reasonably argue that the best avenues for affecting positive change in corporate behavior, are attempting to influence change from within (by owning equity in the company), or through the political and legislative arena (resulting in laws, regulations or sanctions that put real "teeth" into the prevention of socially injurious practices and the protection of rights of the individual and society at large). There may, however, be occasions where these often lengthy processes to affect positive change can be hastened by other means (e.g., divesting or screening and widely publicizing the reasons).

The 1991 memo from then-Vice President Poellnitz to the Regents provides some further salient points. Poellnitz writes: "The competing value judgments and economic interests surrounding the social aspects of investing make such issues inherently political. As individuals, we might question whether what is legal is also moral. However, over time, widely held precepts of social justice are enacted into law...subsequent to due political process. This is an effective way of assuring that university investment practices conform to broad social goals and not to a set of special interests, whether those of students, faculty or regents." Another interesting observation is the following: "If there is a restriction on investments, should this be extended to the acceptance of funds for research, scholarships, contracts, and gifts?" (This observation seems to imply that, logically, a System and Regent-determined "social" investment decision, at least if it involved divesting or screening, should be extended to all dealings with a particular company or even industry. Of course, this can further complicate matters.)

Perhaps the use of an ad hoc advisory committee, representing various constituencies, to study in-depth and to advise the Regents on certain significant issues would help to navigate these complexities, while continuing to keep all "eyes on the ball" of our primary fiduciary responsibilities as trustees. But, again, even as policies and practices stand today, UW System Trust Funds is and has, in fact, been quite active in its consideration of social issues relative to peer universities.

ATTACHMENT 1
UW Trust Funds
Socially Responsible Investment
Peer University Survey Results
February 2004

University	Do you have written guidelines or an official policy regarding socially responsible investment for the university's endowment?	Do you have an investment committee to review issues? If so, what is the structure of the committee?	Do you currently have any investment screens (i.e. tobacco, land mines, etc.)?	Have you divested any companies due to social responsibility concerns (in the post Apartheid era)?	Do you have an active proxy voting policy?
University of Wisconsin System	Yes	Yes	No	No	Yes
University of Wisconsin Foundation	No	No	No	No	No

Big Ten Institutions

University of Indiana	No	No	No	No	No
University of Iowa	No	No	No	No	No
University of Michigan	No	No	Yes	Yes	No
University of Minnesota	No response	No	Yes	Yes	Yes
Michigan State University	No	No	No	No	No
Ohio State University	No	No	No	No	Yes
Purdue University	No	No response	No	No	No

Public University Peers

University of Washington	No	No	No	No	No
University of North Carolina System	No	No	No	No	No
University of Maryland System	No	No	No	No	Yes
University of Maryland Foundation	No	No response	No	No	No
West Virginia University	No	No	No	No	No
University of Delaware	No	No	No	No	No

Private University Peers

Stanford University	Yes	Yes	Yes	No	Yes
Harvard University	Yes	Yes	No	No response	Yes
Duke University	Yes	No	No	No	No
Columbia University	No	Yes	Yes	Yes	Yes
University of Pittsburgh	No	No	No	No	No
Yale University	Yes	Yes	No response	No response	Yes
Tufts University	No	No	Yes	No	No
Rutgers University	Yes	No	No	No	Yes



UNIVERSITY OF WISCONSIN SYSTEM TRUST FUNDS

ANNUAL REPORT
Year Ended June 30, 2003

UNIVERSITY OF WISCONSIN SYSTEM TRUST FUNDS

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To the UW System Board of Regents, Donors and Friends, UW Campuses and Departments

The University of Wisconsin System Trust Funds is currently comprised almost entirely of bequests and gifts from individuals and corporations. Although fundraising is primarily the purview of individual campus foundations, the University also benefits from the generosity of alumni and friends who have gifted directly to one of the UW institutions rather than through a particular foundation. For the fiscal year ended June 30, 2003, UW System Trust Funds received \$10.8 million in gifts, down only slightly from the \$11.6 million received in the prior year. Some examples of the gifts received in 2003 help to illustrate the impact that these gifts will have on sustaining the University's "margin of excellence."

From the late Robert Kuehneisen, UW-Milwaukee received over \$1.2 million for its School of Education. Mr. Kuehneisen was a veteran of both WWII and the Korean War, serving with the renowned 82nd Airborne Division. He attended the UW-Milwaukee on the G.I. Bill, graduated with a Bachelor's degree in Education, and served as a dedicated teacher with the Dade County Schools in Florida for 30 years. The School of Education has created an endowed memorial scholarship fund with this substantial bequest.

From the estate of the late Reed and Carolee Walker, the Pediatric Division of the Comprehensive Cancer Center at UW-Madison received a bequest of \$2 million. The Walkers were long-time friends of the Center's Director, and in the words of the estate's administrator, "Carolee had a great love of children." With half of this bequest, UW-Madison's Medical School has established and endowed the "Reed and Carolee Walker Professorship in Pediatric Oncology"; the other half will be used to support the construction of new pediatric oncology research facilities.

In total, over \$17 million was disbursed from UW Trust Funds for the fiscal year ended June 30, 2003. Although representing a small portion of UW System institutions' operating budgets, these amounts contribute very meaningfully to the enhancement of their margins of excellence. Consistent with donor designations, disbursements from Trust Funds go predominately toward student aid, research, instruction and extension.

As of June 30, 2003, Trust Funds' assets totaled \$315.7 million, down from \$319.4 million at the end of the prior fiscal year. This decrease resulted from the excess of disbursements over receipts and the still tepid investment returns for the period. Although the Long Term Fund, which is used for endowed assets and represents the bulk of total assets, underperformed its investment benchmark for the year, it continues to outperform over all longer timeframes.

The Business and Finance Committee of the Board of Regents and Trust Funds' investment staff continue their efforts to further diversify the investments and the investment strategies of the Long Term Fund to enhance future returns and to reduce or maintain acceptable levels of risk. As part of this endeavor, Trust Funds has also begun a comprehensive and competitive search for investment managers for both existing and new asset classes and strategies. Objectives of this extensive search process include the following: hiring "best in class" investment managers, hiring managers that can also serve as "strategic partners", reducing the number of relationships where sensible, re-examining when and where active investment strategies make sense and where passive (or indexed) make sense, and reducing investment management fees wherever possible.

The Annual Financial Report that follows includes detailed information on the various investment funds, contributions, disbursements and expenses, as well as consolidated statements of financial position and activities.

To the donors, families and friends of all our contributors, we extend our deep gratitude.

Deborah A. Durcan
Vice President for Finance & Trust Officer
University of Wisconsin System

Douglas J. Hoerr
Treasury Manager & Assistant Trust Officer
University of Wisconsin System

SUMMARY OF THE INVESTED ASSETS OF THE BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM

June 30, 2003

The invested Trust Funds of the University of Wisconsin System currently consist predominately of gifts from individuals via wills or other trusts as well as outright gifts from living donors, corporations (including matching gift programs) and external foundations. Such bequests and gifts come to the Board of Regents of the University of Wisconsin System whenever the donor and documentation name the beneficiary as either the Board of Regents, directly, or any UW institution, without specifically identifying a UW-related foundation. (UW-related foundations are independent entities with separate governing boards.)

Trust Funds' assets are managed through three different investment pools or "funds." Each of these funds is accounted for on a unitized basis, similar to a mutual fund. A description of each of the funds is given below.

Long Term Fund

This Fund is used primarily for donor or Regent-designated endowments and other monies with expected investment horizons of seven to ten years or more. The Long Term Fund is managed by multiple external investment advisors and is custodied externally. The broad asset allocation of the Fund as of June 30, 2003 was 72 percent equities, 27 percent fixed income, and one percent alternative investments. Assets invested in the Long Term Fund receive an annual "spending rate" distribution of a set percentage of the average market value over the prior twelve quarters (three years). The spending rate percentage is reviewed annually by the Trust Funds Office and the Business and Finance Committee of the Board of Regents. The spending rate was lowered from five percent to four and one-half percent as of June 30, 2003. This Fund is valued quarterly, allowing for deposits, withdrawals and transfers on a quarterly basis.

Intermediate Term Fund

This Fund is used predominately for the following: (1) gifts/bequests where neither the donor nor the Regents have restricted the use of principal (gifts classified as "quasi-endowments"), and the expected investment horizon is one to five years; (2) other monies with similar investment horizons; and (3) unspent Income Fund balances, which are annually swept into the Intermediate Term Fund. This Fund is also managed by external investment advisors, is custodied externally, and is 100 percent invested in high quality, intermediate fixed income investments. The Intermediate Term Fund is also valued quarterly, and assets invested in the Fund receive quarterly distributions of all interest income earned.

Income Fund

This Fund is used primarily for the following: (1) spending rate and interest distributions from the Long Term and Intermediate Term Funds, respectively (these amounts become currently "expendable" income); (2) other monies which are needed for expenditure within the next twelve to eighteen months; and (3) pending investment of new monies awaiting eventual investment in longer-term Funds. This Fund resides with the State, as part of the State Investment Fund, is managed by the State of Wisconsin Investment Board (SWIB), and is 100 percent invested in short-term fixed income (or "money market") investments.

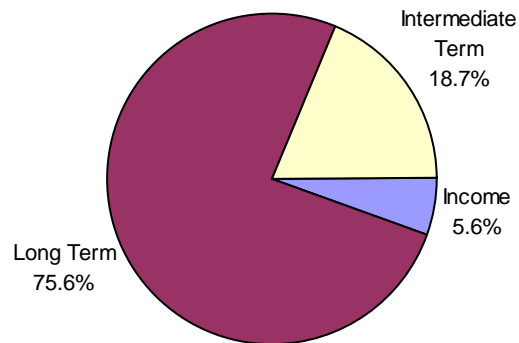
The market values of these three Funds and Trust Funds in total are given below.

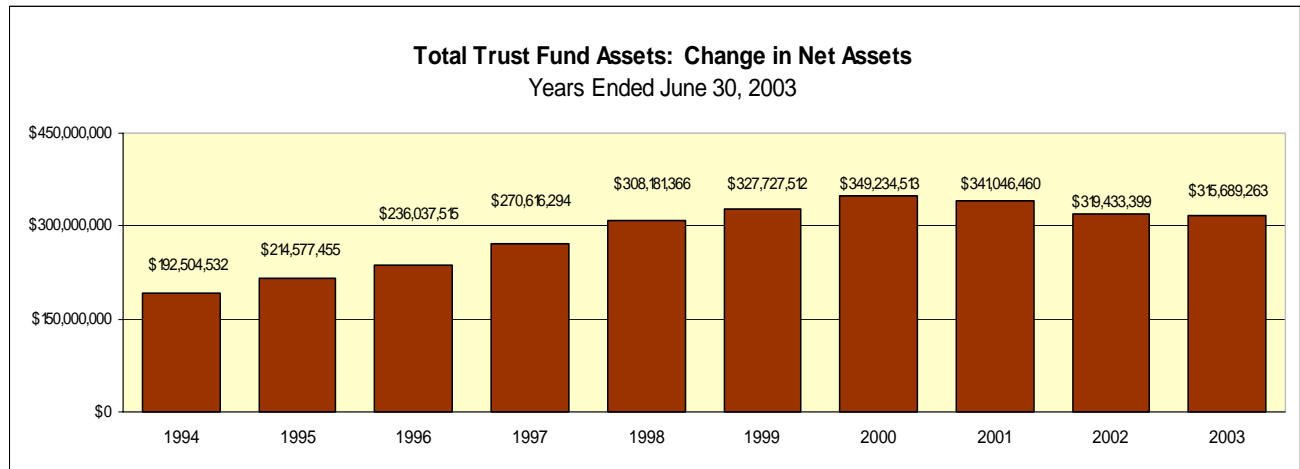
UNIVERSITY OF WISCONSIN SYSTEM TRUST FUNDS
TOTAL MARKET VALUES
 Years Ended June 30

	Market Values (\$MM)	
	2003	2002
Long Term Fund	\$236.9	\$234.3
Intermediate Term Fund	\$58.1	\$49.7
Income Fund	\$20.7	\$34.6
TOTAL	\$315.7	\$319.4

Percentages of total assets by Fund, and the growth of total Trust Funds assets over the last ten years, are shown in the following two charts.

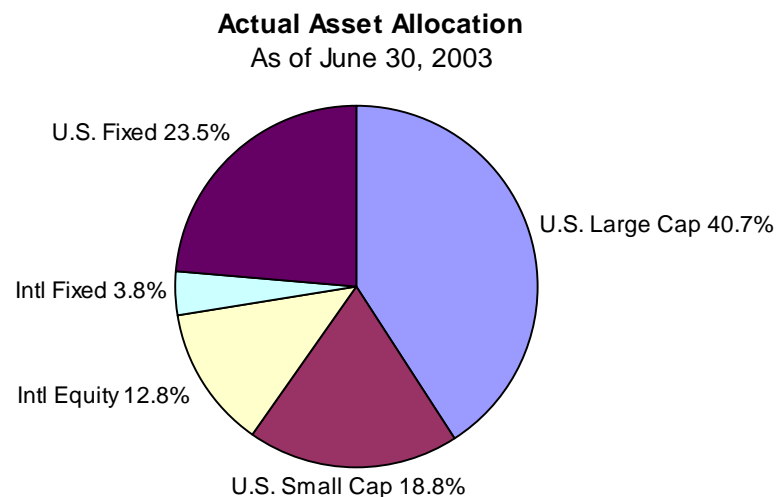
University of Wisconsin System Trust Funds
Allocation by Fund
 As of June 30, 2003



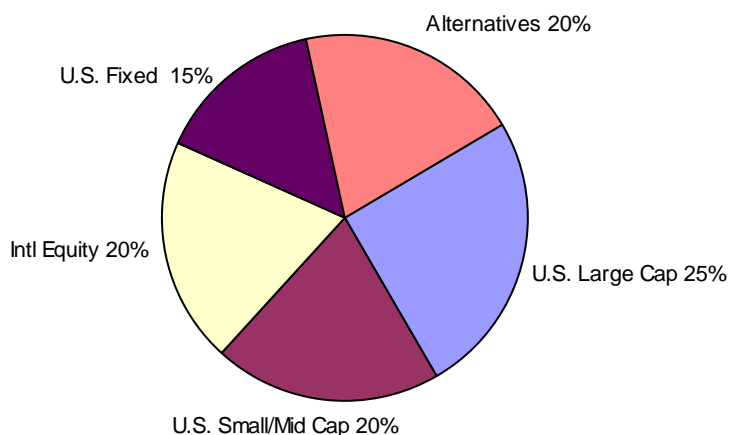


LONG TERM FUND

The primary objective of the Long Term Fund is to achieve long-term investment returns that will provide, net of a reasonable spending rate distribution and expenses, growth in principal to at least match the rate of inflation. In this way, the purchasing power of distributions will be maintained. The secondary objective, as a determination of the success of active versus passive management of Fund assets, is to outperform a "Policy Allocation Index." The Policy Allocation Index is a customized performance benchmark comprised of various market indexes, weighted in accordance with the Fund's current asset allocation. In the following pages, information is given as to the Fund's asset allocation, largest security and sector positions, investment performance, growth in assets, and the investment managers employed.



New Target Asset Allocation



The new target allocation was recommended and approved by the Board of Regents in December 2002. This allocation is being implemented gradually over time. (The attainment of the target allocation to private equity in particular, ten percent within the "alternatives" category, will require a number of years.)

LONG TERM FUND TOP TWENTY EQUITY HOLDINGS As of June 30, 2003

Company	Market Value	Percent of Portfolio
Microsoft	\$3,579,344	1.5%
Citigroup	\$3,548,377	1.5%
Johnson & Johnson	\$2,078,340	0.9%
Wal Mart	\$2,023,359	0.9%
Pfizer	\$1,973,187	0.8%
Costco Wholesale	\$1,954,440	0.8%
JP Morgan Chase	\$1,914,080	0.8%
First Data Corp.	\$1,813,083	0.8%
Hewlett Packard	\$1,702,403	0.7%
American International Group	\$1,634,045	0.7%
Morgan Stanley	\$1,611,675	0.7%
Allergan	\$1,589,725	0.7%
Radio Shack	\$1,565,445	0.7%
Exxon Mobil	\$1,536,230	0.7%
United Health Group	\$1,437,150	0.6%
Wells Fargo	\$1,391,040	0.6%
Nextel Communications	\$1,342,601	0.6%
Cisco Systems	\$1,244,139	0.5%

Intel	\$1,209,061	0.5%
Linear Technology	\$1,207,774	0.5%
<hr/>		
TOTAL IN TOP TWENTY HOLDINGS	\$36,355,498	15.4%
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LONG TERM FUND
TOP TWENTY FIXED INCOME HOLDINGS
As of June 30, 2003

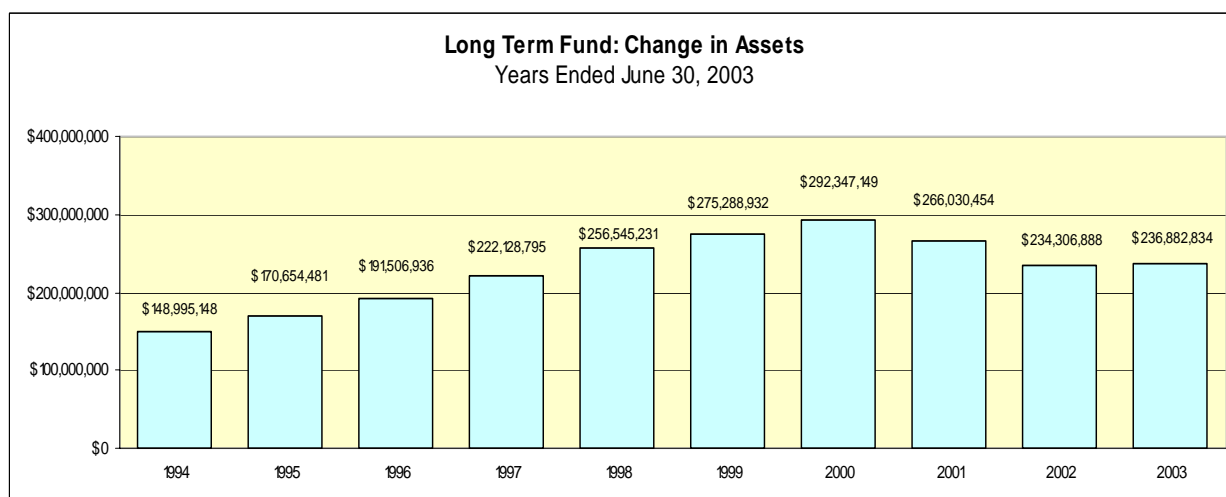
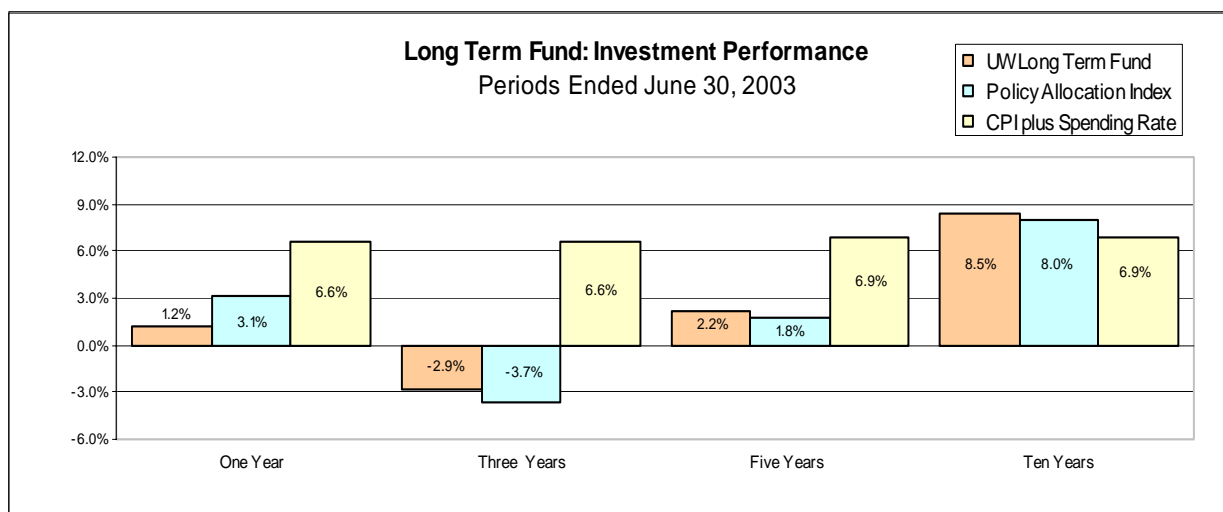
Issuer	Holding Detail	Market Value	Percent of Portfolio
FNMA Pool, Commitment to Purchase	6.000% 07/01/2033	\$4,026,367	1.7%
FNMA Pool, Commitment to Purchase	5.500% 08/01/2033	\$3,709,116	1.6%
U.S. Treasury Notes	1.250% 05/31/2005	\$3,308,312	1.4%
U.S. Treasury Bonds	5.375% 02/15/2031	\$2,533,633	1.1%
U.S. Treasury Notes	2.625% 05/15/2008	\$1,907,426	0.8%
U.S. Treasury Inflation Index Notes	3.875% 01/15/2009	\$1,648,399	0.7%
U.S. Treasury Bonds	6.250% 05/15/2030	\$1,159,477	0.5%
FNMA Pool, Commitment to Purchase	6.500% 07/01/2033	\$1,032,384	0.4%
U.S. Treasury Notes	2.000% 05/15/2006	\$990,564	0.4%
FHLMC Pool, Commitment to Purchase	6.000% 07/01/2033	\$705,899	0.3%
FNMA Pool, Commitment to Purchase	5.000% 07/01/2018	\$667,399	0.3%
FHLB Bank Consolidation	4.125% 01/14/2005	\$647,013	0.3%
FNMA Pool Debentures	3.500% 01/28/2008	\$620,510	0.3%
GNMA Pool, Commitment to Purchase	5.500% 07/15/2033	\$577,764	0.2%
FNMA Pool #0545836	5.500% 07/01/2017	\$571,395	0.2%
FNMA Mortgage, Commitment to Purchase	5.500% 07/01/2033	\$542,678	0.2%
GNMA Pool #0539797	6.500% 06/15/2031	\$536,913	0.2%
U.S. Treasury Notes	3.250% 08/15/2007	\$506,190	0.2%
FNMA Pool, Commitment to Purchase	5.000% 09/01/2018	\$488,396	0.2%
FNMA Pool, Commitment to Purchase	5.000% 07/01/2018	\$464,906	0.2%
TOTAL IN TOP TWENTY HOLDINGS		\$26,644,741	11.2%

LONG TERM FUND
EQUITY SECTOR ALLOCATIONS
As of June 30, 2003

	Percent of Portfolio
Information Technology	22.7%
Health Care	16.3%
Financials	16.1%
Consumer Discretionary	13.6%
Industrials	10.0%
Consumer Staples	7.0%
Energy	5.2%
Materials	3.3%
Telecommunication Services	3.2%
Utilities	2.6%
TOTAL	100.0%

LONG TERM FUND
FIXED-INCOME SECTOR ALLOCATIONS
As of June 30, 2003

	Percent of Portfolio
U.S. Government Mortgages	36.6%
U.S. Treasuries	22.9%
Corporates and Other Credit	26.7%
Asset Backed Securities	4.8%
U.S. Private Placements	3.2%
Commercial Mortgages	2.9%
CMO Government Agencies	2.6%
Municipals	0.3%
TOTAL	100.0%



Long Term Fund Spending Rate

Prior to 1990, all actual income generated by Long Term Fund investments was made available for spending. In 1990, a small fraction spending rate was adopted, which capped distributions at the lesser of five percent or actual earnings less 0.25 percent. In 1996, the rate was set at five percent regardless of actual earnings, subject to an annual review. In June of 2003, the spending rate was reduced to four and one half percent. This percentage is applied to a trailing three-year moving average of Fund market valuations (12 quarterly valuations) to determine the annual distribution. Investment income from the Fund, plus proceeds from security sales as needed, is used to provide this distribution. Income and appreciation of assets in excess of the spending rate is effectively added back to Fund principal. The ten-year history of the spending rate and dollar distributions is given in the table that follows.

LONG TERM FUND
Historical Spending Rate and Distributions

Fiscal Year Ended June 30	Spending Rate	Distribution
1994	2.6%	\$3,789,995
1995	2.5%	\$4,001,420
1996	5.0%	\$8,090,873
1997	5.0%	\$8,785,016
1998	5.0%	\$10,353,398
1999	5.0%	\$11,474,078
2000	5.0%	\$12,696,616
2001	5.0%	\$13,374,215
2002	5.0%	\$13,451,186
2003	4.9% *	\$12,466,702
TEN YEAR TOTAL		\$ 101,773,056

* This reflects a 5.0% annual rate for the first three quarters and a 4.5% rate for the fourth quarter. The significant decline in the dollar distribution level in 2003, down 7.4% from 2002, can be attributed to two factors, however: 2.5% was due to the reduced spending rate, while 4.9% was due to the declining value of the three-year moving average market value to which the rate is applied.

LONG TERM FUND
Investment Managers and Market Values as of June 30, 2003

	2003		2002	
	Market Value	% of Fund	Market Value	% of Fund
<u>U.S. Equities - Large Cap</u>				
Chicago Equity Partners	\$31,735,777	13.4%	\$28,071,890	11.9%
UBS Global Asset Mgmt.	\$51,223,473	21.6%	\$48,124,270	20.5%
Oak Associates	\$13,495,981	5.7%	\$7,692,688	3.3%
<u>U.S. Equities - Small Cap</u>				
Provident Investment Counsel	\$22,474,414	9.4%	\$22,608,893	9.6%
ICM Asset Management	\$21,927,218	9.3%	\$21,587,493	9.2%
<u>International Equity (Developed)</u>				
UBS Global Asset Mgmt.	\$30,308,206	12.8%	\$31,523,876	13.4%
<u>U.S. Fixed Income (High Grade)</u>				
Bradford and Marzec	\$23,460,958	9.9%	\$25,805,630	11.0%
Standish Mellon	\$32,136,172	13.6%	\$40,538,249	17.3%
<u>International Fixed Income</u>				
Standish Mellon	\$9,006,157	3.8%	\$8,960,868	3.8%
<u>Alternative Assets (Private Equity)</u>				
Adams Street Partners	\$833,797	0.4%	\$170,763	0.0%
JP Morgan Investment Mgmt.	\$280,681	0.1%	\$0	0.0%
TOTALS	\$236,882,834	100.0%	\$234,306,888	100.0%

INTERMEDIATE TERM FUND

The primary objective of the Intermediate Term Fund is to provide levels of income consistent with high-quality intermediate fixed income investments, while minimizing the probability of loss of principal. In a normal interest rate environment, this Fund is expected to yield two to three percentage points more per year than the Income Fund. The secondary objective, so as to gauge the value of the active management employed, is to outperform a comparable market index. Currently, this benchmark is the Lehman Brothers Intermediate Government/Corporate Index. In the following pages, information is given as to the Fund's largest security and sector positions, key characteristics, investment performance, growth in assets, and the investment managers employed.

INTERMEDIATE TERM FUND

TOP TWENTY HOLDINGS

As of June 30, 2003

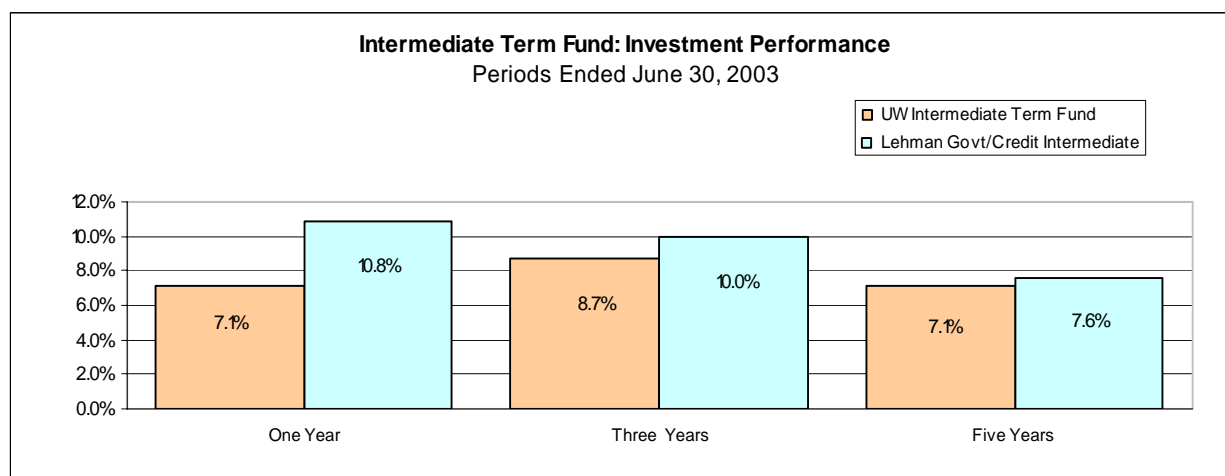
Company		Market Value	Percent of Portfolio
FNMA Pool, Commitment to Purchase	6.500% 07/01/2032	\$3,563,962	5.8%
FNMA Pool, Commitment to Purchase	3.625% 05/15/2013	\$3,280,942	5.4%
U.S. Treasury Notes	7.000% 09/01/2032	\$1,817,269	3.0%
U.S. Treasury Notes	2.875% 06/30/2004	\$1,527,420	2.5%
U.S. Treasury Notes	2.625% 05/15/2008	\$1,513,830	2.5%
FNMA Pool #0622547	6.000% 08/01/2033	\$1,453,594	2.4%
U.S. Treasury Notes	VAR RT 003/01/2007	\$1,403,396	2.3%
U.S. Treasury Notes	6.000% 07/01/2033	\$1,345,586	2.2%
FNMA Pool, Commitment to Purchase	6.000% 12/01/2016	\$1,309,027	2.1%
FNMA Pool #0545756	6.000% 03/01/2016	\$1,285,773	2.1%
PDVSA Financial Ltd	2.200% 09/12/2005	\$1,137,987	1.9%
Regional Jet Equipment 144A	6.500% 08/01/2032	\$1,112,029	1.8%
FNMA Pool, Commitment to Purchase	1.625% 01/31/2005	\$906,264	1.5%
FNMA Pool, Commitment to Purchase	6.500% 07/01/2032	\$901,674	1.5%
Selkirk Cogen FDG Corp First Mortgage	6.500% 11/01/2017	\$818,698	1.3%
Credit Suisse First Boston Mortgage	7.700% 09/15/2020	\$765,370	1.3%
GS Mortgage Services GL I CL A-2B	0.000% 11/15/2026	\$706,671	1.2%
LS Power FDG Secured	4.745% 11/01/2012	\$701,762	1.2%
California Power Gas &Electric 97-1 A7	5.500% 09/01/2017	\$692,283	1.1%
Fox Rev Shopping Center A1-1 144A	5.500% 07/01/2018	\$690,665	1.1%
TOTAL IN TOP TWENTY HOLDINGS		\$26,934,202	44.1%

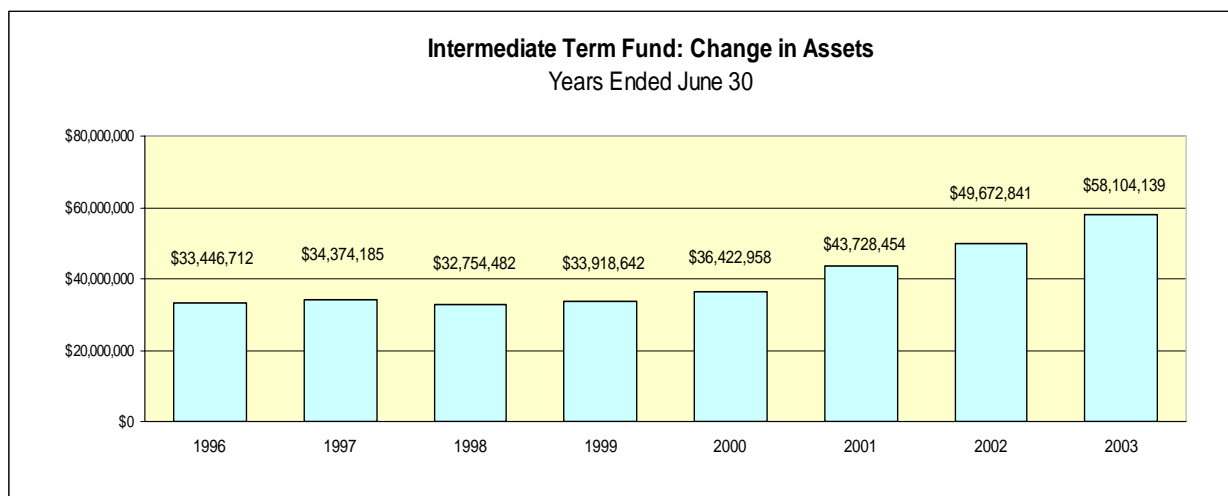
INTERMEDIATE TERM FUND
FIXED INCOME SECTOR ALLOCATIONS
As of June 30, 2003

	Percent of Portfolio
U.S. Government Mortgages	28.5%
Corporates and Other Credit	26.8%
U.S. Treasuries	21.9%
Asset Backed Securities	9.5%
U.S. Private Placements	7.3%
Commercial Mortgages	4.3%
CMO Government Agencies	1.7%
TOTAL	100.0%

INTERMEDIATE TERM FUND
KEY PORTFOLIO CHARACTERISTICS
As of June 30, 2003

Average Quality	AA
Average Maturity (Years)	5.1
Duration (Years)	2.9
Yield to Maturity	3.8%
Average Coupon	5.0%



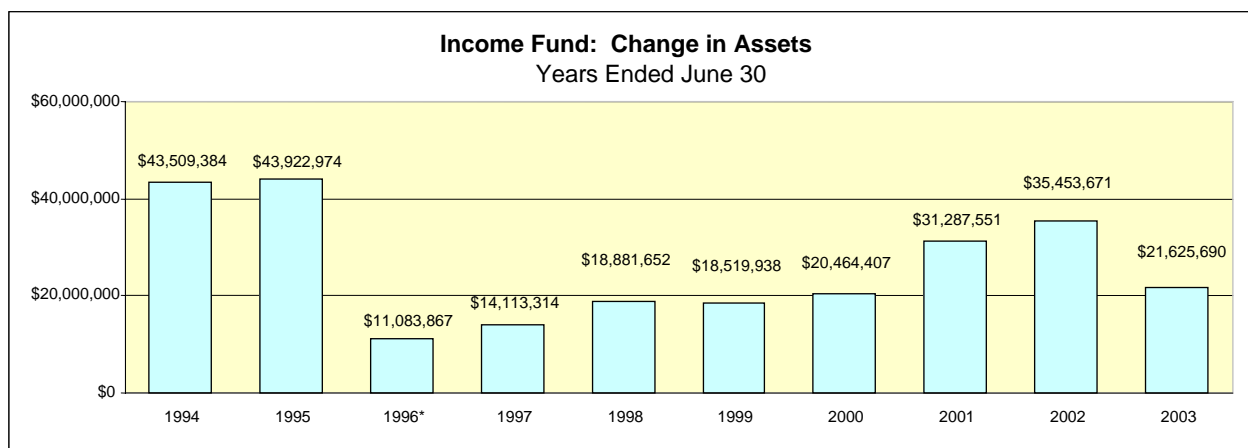
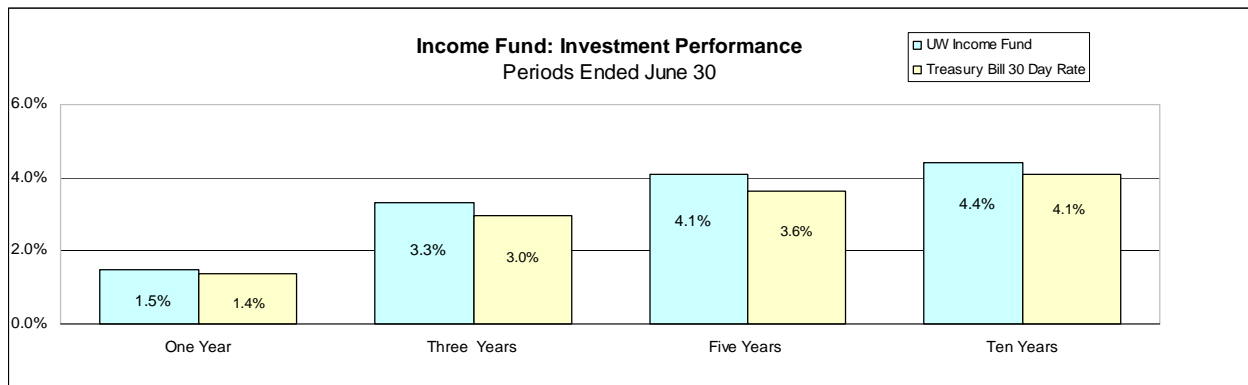


INTERMEDIATE TERM FUND
Investment Managers and Market Values as of June 30, 2003

	2003		2002	
	Market Value	% of Fund	Market Value	% of Fund
<u>U.S. Fixed Income</u>				
Reams Asset Mgmt.	\$47,419,943	81.6%	\$39,325,697	79.4%
Applied Securities	\$10,684,197	18.4%	\$10,347,144	20.6%
TOTAL	\$58,104,139	100.0%	\$49,672,841	100.0%

INCOME FUND

The Income Fund is 100 percent invested in short-term, money market instruments by the State of Wisconsin Investment Board (through the State Investment Fund, or SIF). The objective of the Fund is to provide competitive short-term interest rates with little, if any, risk of principal loss. The Fund's performance is primarily gauged against the return on 30-day Treasury bills. Performance and change in Fund assets are shown below.



* The significant reduction in the size of the Income Fund in 1996 resulted primarily from the formation of the Intermediate Term Fund in January 1996. This Fund was introduced to provide higher investment returns for assets with investment horizons of one to five years.

CONTRIBUTION AND DISBURSEMENT DATA

2003 GIFTS/CONTRIBUTIONS BY TYPE

Gift Type	Total Gifts	Number of Gifts
General Gifts	\$4,349,672	848
Bequests	6,439,267	155
Matching Gifts	375	2
TOTAL	\$10,789,314	1,005

2003 GIFTS/CONTRIBUTIONS BY DESIGNATION

Designation	Total Gifts	Percentage
Miscellaneous*	\$7,406,985	67.7%
Student Aid	1,628,393	15.1%
Library	1,067,220	9.9%
Research	476,787	4.4%
Extension & Public Service	176,264	1.6%
General Operations & Services	26,516	0.2%
Instruction	7,149	0.1%
TOTAL	\$10,789,314	100.0%

* A "miscellaneous" designation generally indicates that the gift could be used for a purpose not falling strictly within one of the other classifications, for purposes falling within multiple classifications, or for fully discretionary purposes.

2003 GIFTS/CONTRIBUTIONS BY CAMPUS & COLLEGE

Campus	Total Gifts	Number of Gifts
Extension	\$1,902,144	33
Green Bay	7,955	5
La Crosse	78	1
Madison		
General Education Administration ¹	1,462,482	18
General Services	154,506	14
Academic Services	150,000	1
College of Ag & Life Sciences	1,401,458	40
School of Education	29,994	44
College of Engineering	215,971	19
Intercollegiate Athletics	26,516	1
Law School	15,000	2
College of Letters & Science	941,502	199
General Library	10,000	1
Medical School	3,442,629	85
School of Nursing	192,171	18
Psychiatric Institute	10,000	1
School of Pharmacy	2,200	2
Officer Education	1,000	5
School of Veterinary Medicine	38,205	2
Madison Subtotal	\$8,093,634	452
Milwaukee	916,702	32
Parkside	21,138	21
Platteville	46,667	1
Superior	24,040	3
System Administration ²	(242,033)	52
Whitewater	18,989	2
TOTAL	\$10,789,314	602

¹ The categories of General Education Administration, General Services, Business Services and Academic Services reflect gifts that are administered by campus administrative units not tied to a specific college or department. These primarily involve various student scholarship and loan funds.

² The negative amount of \$242,033 for System Administration resulted from deposits being made to the System Administration pending gift account during fiscal year ended 2002 but not reversed out until fiscal year 2003, when they were transferred to appropriate individual accounts.

1994-2003 TOTAL GIFTS/CONTRIBUTIONS

Fiscal Year Ended June 30	Total Gifts	Gifts as a % of Prior Year Principal Market Value
1994	\$9,426,985	6.7%
1995	15,103,302	10.1%
1996	5,487,558	3.2%
1997	5,255,904	2.3%
1998	6,083,401	2.4%
1999	5,612,408	1.9%
2000	8,575,442	2.8%
2001	12,643,480	3.8%
2002	11,558,611	3.6%
2003	10,789,314	3.6%
TEN YEAR TOTAL	\$90,536,403	

2003 DISBURSEMENTS BY DESIGNATION

Payments by Designation	Amount	Percentage
Research	\$7,975,925	46.9%
Student Aid	3,088,088	18.1%
General Operations & Services *	1,812,778	10.7%
Extension & Public Services	1,983,092	11.7%
Instruction	1,050,251	6.2%
Academic Support	812,753	4.8%
Student Services	251,513	1.5%
Physical Plant	36,994	0.1%
Auxiliary Services	3,292	0.0%
TOTAL	\$17,014,555	100.0%

* General Operations & Services consist primarily of investment and administrative fees that are charged against the Trust Funds. These are detailed later in this report.

1994-2003 TOTAL DISBURSEMENTS

Fiscal Year Ended June 30	Total Disbursements	Disbursements as a % of Prior Year Principal Market Value
1994	\$8,463,617	6.1%
1995	16,766,208	11.3%
1996	15,935,349	9.3%
1997	12,902,483	5.7%
1998	14,255,297	5.6%
1999	14,945,823	5.1%
2000	15,681,329	5.1%
2001	17,350,809	5.3%
2002	18,700,470	5.9%
2003	17,014,555	5.7%
TOTAL	\$152,015,940	

TRUST FUNDS DATA BY CATEGORY, DESIGNATION AND CAMPUS

2003 TOTAL TRUST FUNDS BY CATEGORY

Category	Principal Market Value	Percentage	Number of Accounts
Quasi Endowment	\$127,529,940	43.1%	753
True Endowment	115,479,680	39.0%	547
Designated Endowment	52,187,009	17.6%	108
Term Endowment	680,477	0.2%	3
TOTAL*	\$295,877,107	100.0%	1,411

* The total market value shown in the table above and the two that follow reflects only what is classed as "principal" by the Trust Funds accounting system. Therefore, it does not equal the total Trust Funds market value shown elsewhere in this report, which includes "income."

2003 TOTAL TRUST FUNDS BY DESIGNATION

Designation	Principal Market Value	Percentage	Number of Accounts
Miscellaneous*	\$148,781,876	50.3%	469
Student Aid	75,389,186	25.5%	619
Research	54,972,919	18.6%	228
Instruction	8,985,905	3.0%	51
Library	6,296,662	2.1%	32
Physical Plant	805,682	0.3%	7
Public Service	615,283	0.2%	3
General Operations	26,520	0.0%	1
Auxiliary Services	3,084	0.0%	1
TOTAL	\$295,877,107	100.0%	1,411

* A "miscellaneous" designation generally indicates that the gift could be used for a purpose not falling strictly within one of the other classifications, for purposes falling within multiple classifications, or for fully discretionary purposes.

2003 TOTAL TRUST FUNDS BY CAMPUS

Campus	Principal Market Value	Percentage	Number of Accounts
Madison			
Medical School	\$56,142,947	19.0%	327
College of Ag & Life Sciences	36,913,656	12.5%	157
College of Letters & Science	36,817,920	12.4%	291
General *	33,620,139	11.4%	4
General Educational Administration	26,014,855	8.8%	15
Graduate School	18,919,691	6.4%	37
General Services	16,674,292	5.6%	75
Business Services	9,920,529	3.4%	25
College of Engineering	5,978,842	2.0%	54
General Library	4,586,691	1.6%	15
School of Education	4,427,601	1.5%	37
School of Nursing	4,102,541	1.4%	20
School of Business	3,642,158	1.2%	19
School of Human Ecology	2,892,630	1.0%	27
School of Pharmacy	2,273,226	0.8%	20
Division of International Studies	2,497,838	0.8%	4
Academic Services	1,766,804	0.6%	8
Law School	1,606,263	0.5%	22
Intercollegiate Athletics	663,402	0.2%	8
University Housing	606,894	0.2%	3
School of Veterinary Medicine	193,475	0.1%	3
Other	218,964	0.1%	8
Officer Education (ROTC)	47,247	0.0%	3
Madison Subtotal	\$270,528,605	91.5%	1,182
Milwaukee	6,341,211	2.1%	66
Extension	5,698,300	1.9%	35
System Administration	3,793,524	1.3%	22
Platteville	2,303,305	0.8%	5
Superior	1,648,723	0.6%	13
La Crosse	1,572,438	0.5%	7
Colleges	849,619	0.3%	13
Parkside	780,417	0.2%	21
Eau Claire	559,220	0.2%	5
Stout	465,500	0.2%	10
Oshkosh	458,469	0.2%	6
Whitewater	322,055	0.1%	12
Green Bay	212,429	0.1%	4
Stevens Point	99,249	0.0%	1
TOTAL	\$295,877,107	100.0%	1,347

* The categories of General, General Education Administration, General Services, Business Services and Academic Services reflect gifts that are administered by campus administrative units not tied to a specific college or department. These primarily involve various student scholarship and loan funds.

FINANCIAL STATEMENTS

STATEMENT OF NET ASSETS

Years Ended June 30

	2003	2002
	Total Principal and Income 2002	Total Principal and Income 2001
ASSETS		
Cash and Receivables		
Cash and Cash Equivalents	\$ 43,187,457	\$46,279,252
Accounts Receivable, Net	6,961,973	6,098,193
Prepaid Expenses	11,236	0
Total Current Assets	\$50,160,666	\$52,377,444
Investments		
US Government & Agency Obligations	49,323,598	58,073,579
Corporate Bonds	54,514,190	28,939,936
International Bonds	0	393,807
Mortgage & Asset Backed Securities	7,182,789	21,025,391
Common Stocks	138,203,892	125,131,317
Standish Int'l Fixed Income Fund	9,006,157	8,960,868
UBS Int'l Relationship Fund	30,308,206	31,523,876
Limited Partnerships	1,114,478	170,763
Principal Cash in Transit ¹	0	11,823,677
Total Investments	\$289,653,310	\$286,043,214
TOTAL ASSETS	\$339,813,976	\$338,420,658
LIABILITIES & NET ASSETS		
Current Liabilities		
Accounts Payable and Accrued Liabilities	23,926,394	18,987,259
Compensated Absences	189,313	0
Total Liabilities	\$24,115,713	\$18,987,259
Noncurrent Liabilities		
Total Noncurrent Liabilities	\$0	\$0
TOTAL LIABILITIES	\$24,115,713	\$18,987,259
Net Assets ²		
Restricted:		
Nonexpendable	99,079,306	112,371,724
Expendable	118,807,705	127,060,946
Encumbrances	6,053,389	930,202
Other	29,545,175	0
Unrestricted:	62,212,688	79,070,527
Total Net Assets	\$315,689,263	\$319,433,399

¹ Principal Cash in Transit, representing gift principal in the State Investment Fund awaiting transfer to the other longer-term investment funds, is now reported under Cash and Cash Equivalents.

² Net asset classifications differ from the prior year because the classification breakdowns were updated to fiscal year 2003 reporting standards. These classifications are explained in detail in the complete audited financial statements of UW System.

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN NET ASSETS
Year Ended June 30

<u>RECEIPTS</u>		<u>2003</u>	<u>2002</u>
Contributions		\$10,789,314	\$11,558,611
Net Investment Income, Realized/Unrealized Gains (Losses)		1,110,859	(11,960,078)
TOTAL RECEIPTS/GAINS		\$11,900,173	(\$401,647)
<u>DISBURSEMENTS</u>			
Distributions to UW Institutions:			
Student Aid and Services		3,339,600	4,325,503
Instruction		1,050,251	1,256,901
Research		7,975,925	7,705,419
Extension and Public Service		1,983,092	2,154,571
Library		812,753	940,753
Other		167,981	691,234
Total Distributions		\$15,329,602	\$17,074,381
Expenses:			
General Administrative		321,565	278,268
Investment Management and Custody		1,363,388	1,347,821
Total Expenses		1,684,953	1,626,089
TOTAL DISBURSEMENTS		\$17,014,555	\$18,700,470
<u>EXCESS OF RECEIPTS OVER DISBURSEMENTS</u>		\$ (5,114,382)	\$ (19,101,937)
Net Assets at June 30, 2002		319,433,399	340,355,602
Prior Period Adjustment *		1,379,246	(1,820,266)
Net Assets - End of Period		\$315,698,263	\$319,433,399

* The prior period adjustment resulted primarily from timing differences of receipts and disbursements between the Sungard Trust Funds accounting data used for fiscal year 2002 reporting and the SFS accounting data used for fiscal year 2003 reporting.

SUPPLEMENTARY INFORMATION

INVESTMENT-RELATED FEES AND ADMINISTRATIVE EXPENSES

INVESTMENT MANAGEMENT AND RELATED FEES Years Ended June 30

	2003	2002
Intermediate Term Fund		
Reams	\$90,551	\$76,926
Applied Securities Analysis Program ¹	0	0
Long Term Fund		
Chicago Equity Partners	35,198	31,770
UBS Global Asset Management	463,520	495,477
Oak Associates	60,517	64,590
Provident Investment Counsel	196,653	290,495
ICM Asset Management	145,972	170,808
Bradford and Marzec	85,085	79,735
Standish Mellon Asset Management	109,221	116,563
Other		
Sungard (Trust Accounting System)	27,349	20,318
Legal Fees	1,760	9,800
Total Management and Related Fees ²	\$1,215,826	\$1,356,482

¹ Applied Securities Analysis Program is the UW-Madison Business School's applied investment management program for graduate students. Trust Funds pay no management fees to the program.

² Trust Funds also invested through three commingled funds: Standish Mellon International Fixed Income Fund, Adams Street Partners Private Equity funds, and JP Morgan Private Equity funds. Fees for these funds are taken directly out of fund assets rather than separately billed. Estimated investment management expenses for these three funds were as follows: \$47,932; \$136,661; and \$67,500, respectively.

Investment management expenses (including fees through commingled funds) as a percent of total average Trust Fund assets were 0.50% and 0.39% for fiscal years 2003 and 2002, respectively. (Part of this increase resulted from the growing allocation to private equity in the Long Term Fund. Fees are higher for this asset class in general and are assessed against committed rather than invested dollars.) Fees as a percent of assets by separate Fund were 0.60%; and 0.16% for the Long Term Fund and Intermediate Term Fund, respectively, for fiscal year ended 2003.

CUSTODY FEES
Years Ended June 30

	2003	2002
Mellon Trust	\$147,561	\$148,030

Trust Funds' custodial services are provided through a custodial agreement with Mellon Trust. This agreement was negotiated by the State of Wisconsin Investment Board (SWIB), which also employs Mellon. Fees are billed to SWIB and charged back to Trust Funds. Custodial expenses as a percent of average Trust Fund assets were 0.05% and 0.05% for fiscal years 2003 and 2002, respectively.

ADMINISTRATIVE EXPENSES
Years Ended June 30

	2003	2002
Salaries*	\$213,605	\$154,633
Fringes and Aids	77,944	52,205
Supplies Expense	391	686
Travel and Training Expenses	8,245	6,413
Publications	1,287	103
Investor Responsibility Research Center (IRRC)	10,000	9,500
Information Services Support	4,999	12,928
Other Expenses	5,094	11,682
Total Fees and Expenses	\$321,565	\$248,150

* The increase in salaries and fringes was due primarily to the inclusion of the Trust Funds Accountant's salary for 2003. These expenses were erroneously excluded from the 2002 figures.

Total administrative expenses as a percent of average Trust Fund assets were 0.10% and 0.09% for fiscal years 2003 and 2002, respectively.

All-in fees and expenses (investment management, custody and administrative) as a percent of average assets were approximately 0.65% for fiscal year 2003.

UW SYSTEM TRUST FUNDS
TRUSTEES & STAFF
As of June 30, 2002

Business and Finance Committee of the Board of Regents of the UW System

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

UW System Administration

Senior Management:

Katherine C. Lyall, President
Deborah A. Durcan, Vice President for Finance and Trust Officer
Patricia A. Brady, General Counsel and Assistant Trust Officer

Office of Trust Funds Staff:

Douglas J. Hoerr, Treasury Manager and Assistant Trust Officer
Thomas R. Reinders, Investment Portfolio Analyst
Lori Overson, Accountant (Financial Administration)
Helen Van Oosbree, Program Assistant

**DIFFERENTIAL TUITION
DEFINITIONS AND PROCEDURES
UW System**

BACKGROUND

In its *Study of the UW System in the 21st Century*, the Board of Regents approved flexibilities for tuition setting, encouraging UW System institutions to propose and implement differential tuition rates for unique programs with strong demand and/or special operating costs. In May, 1999, the Board of Regents approved guidelines outlining student involvement in differential tuition initiatives. The UW System Administration has worked closely with the United Council of UW Student Governments to update and further clarify differential tuition definitions and student involvement procedures.

REQUESTED ACTION

No action necessary. For informational purposes only.

DISCUSSION AND RECOMMENDATIONS

When the guidelines outlining student involvement in the implementation of differential tuition were originally approved in May, 1999, differential tuition was a fairly new policy with a simple definition. Differential tuition has now become much more widespread and complex across the UW System, requiring separate definitions and procedures for program specific and institution-wide differential tuition. The University of Wisconsin System Administration has worked closely with the United Council of UW Student Governments to agree upon clear definitions and procedures for program specific and institution-wide differential tuition that will be helpful to both campus administrators and student leaders as they explore tuition options in the future. Changes to tuition plateaus, including per credit tuition, were also discussed and would be implemented using either the program specific or institution-wide procedures depending on whether the proposed change is program specific or institution-wide.

RELATED REGENT POLICIES

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

Regent Policy #99-2: Student Involvement In Differential Tuition Initiatives (May 1999)

REGENT POLICY #99-2:
STUDENT INVOLVEMENT IN DIFFERENTIAL TUITION INITIATIVES

1. Students will be advised through their student government organizations of all planned differential tuition initiatives before proposals are submitted to the Board of Regents.
2. To the extent possible, UW System institutions will consult with students directly affected by the proposed differential tuition initiative.
3. Differential tuition initiative proposals presented to the Board of Regents will include a section on the student consultation process and outcome, as well as any official stance forwarded by the student government organization.
4. The Chancellor of the UW System institution, in consultation with the President of the UW System, will make the final determination whether a differential tuition initiative is submitted to the Board of Regents for approval; student approval is not a requirement for the initiative to be forwarded to the Board of Regents.
5. Spending decisions related to the funds generated by the differential tuition are ultimately the responsibility of the Chancellor of the UW System institution as indicated in s. 36.09 (3) Wis. Stats.

Approved 5/7/99 as revised by the Board of Regents

DEFINITION OF PROGRAM SPECIFIC DIFFERENTIAL TUITION

Program specific differential tuition is defined as tuition that is added to the institution's base tuition level set by the Board of Regents for a specific program to supplement academic and other student services above and beyond existing activities supported by GPR and PR funding. This definition does not apply to Board of Regents initiated program specific differential tuition initiatives.

PROGRAM SPECIFIC DIFFERENTIAL TUITION PROCEDURES

1. Students will be advised through their student government organizations of all planned program specific differential tuition initiatives before proposals are submitted to the Board of Regents.
2. To the extent possible, UW System institutions will consult with students directly affected by proposed program specific differential tuition initiatives which affect solely a single campus.
3. When student involvement is required, program specific differential tuition proposals presented to the Board of Regents will include a section on the student consultation process and outcome, as well as any official stance forwarded by the student government organization.
4. Program specific differential tuition proposals must clearly state their purpose(s) established by the institution in conjunction with students (if required) when brought forth to the Board of Regents.
5. Program specific differential tuition proposals must describe any oversight, evaluation, and/or consultation process for the initiative. The format of this oversight, evaluation, and/or consultation process will be part of the discussion with students prior to bringing the initiative to the Board of Regents for approval.
6. The Chancellor of the UW System institution, in consultation with the President of the UW System, will make the final determination whether a program specific differential tuition initiative is submitted to the Board of Regents for approval.
7. Systemwide program specific differential tuition initiatives approved by the Board of Regents do not require student involvement.
8. Spending decisions related to the funds generated by the program specific differential tuition are ultimately the responsibility of the Chancellor of the UW System institution as indicated in s. 36.09 (3) Wis. Stats.

DEFINITION OF INSTITUTION-WIDE DIFFERENTIAL TUITION

Institution-wide differential tuition is defined as tuition that is added to the base tuition level set by the Board of Regents to supplement services and programming for students within that institution above and beyond existing activities supported by GPR and PR funding. This definition does not apply to Board of Regents initiated institution-wide differential tuition initiatives.

INSTITUTION-WIDE DIFFERENTIAL TUITION PROCEDURES

1. Students will be advised through their student government organizations of all planned institution-wide differential tuition initiatives before proposals are submitted to the Board of Regents.
2. Institution-wide differential tuition proposals presented to the Board of Regents will include a section on the student consultation process and outcome, as well as any official stance forwarded by the student government organization if one has been provided. Institutions should attempt to provide adequate time for the student government organization to review the final proposal.
3. Institution-wide differential tuition proposals must clearly state their purpose(s) established by the institution in conjunction with students when brought forth to the Board of Regents. The institution may change the purposes for which the funding is expended with student consultation.
4. Institution-wide differential tuition proposals must describe any oversight, evaluation, and/or consultation process for the initiative. The format of this oversight, evaluation, and/or consultation process will be part of the discussion with students prior to bringing the initiative to the Board of Regents for approval.
5. The Chancellor of the UW System institution, in consultation with the President of the UW System, will make the final determination whether a institution-wide differential tuition initiative is submitted to the Board of Regents for approval.
6. Student involvement is not required for institution-wide differential tuition approved by the Board of Regents as part of a Board initiative or as part of the biennial budget process.
7. Spending decisions related to the funds generated by the institution-wide differential tuition are ultimately the responsibility of the Chancellor of the UW System institution as indicated in s. 36.09 (3) Wis. Stats.

UW-Milwaukee Differential Tuition
for Select Schools and Colleges

BUSINESS AND FINANCE COMMITTEE

Resolution:

That, upon the recommendation of the President of the University of Wisconsin System and the students and the Interim Chancellor of the University of Wisconsin-Milwaukee, the Board of Regents approves the use of differential tuition at UW-Milwaukee beginning in the fall semester of 2004-05 for:

- A. The Peck School of the Arts
- B. The College of Engineering and Applied Science
- C. The School of Business Administration
- D. The College of Nursing

DIFFERENTIAL TUITION FOR SELECT SCHOOLS AND COLLEGES UW-Milwaukee

BACKGROUND

In its *Study of the UW System in the 21st Century*, the Board of Regents approved flexibilities for tuition setting. UW-Milwaukee proposes establishing a special tuition for the Peck School of the Arts, the College of Engineering and Applied Science, the School of Business Administration, and the College of Nursing.

REQUESTED ACTION

The Board is asked to approve differential tuition for the following schools and colleges:

- A. UW-Milwaukee Peck School of the Arts: Differential tuition, applied regardless of the credit plateau, for all students enrolled in most undergraduate courses offered through the degree programs within the UW-Milwaukee Peck School of the Arts beginning in the fall 2004 semester. Eight 100-level General Education Requirement (GER) courses would not be subject to the differential. The differential tuition rate would initially be set at \$10 per credit during the 2004-05 academic year and would increase to \$15 per credit in 2005-06 and to \$20 per credit in 2006-07.
- B. UW-Milwaukee College of Engineering and Applied Science: Differential tuition, applied regardless of the credit plateau, for all students enrolled in undergraduate and graduate courses offered through the UW-Milwaukee College of Engineering and Applied Science. The differential tuition would be phased in over four years starting at \$5 per credit in 2004-05, \$10 per credit in 2005-06, \$15 per credit in 2006-07, and capped at \$20 per credit in 2007-08.
- C. UW-Milwaukee School of Business Administration: Differential tuition, applied regardless of the credit plateau, for all students enrolled in the UW-Milwaukee School of Business Administration's 200 to 600-level classes beginning in the fall 2004 semester. This differential tuition would be phased in over three years starting with \$10 per credit in 2004-05, increasing to \$15 per credit in 2005-2006, and to \$20 per credit in 2006-2007.
- D. UW-Milwaukee College of Nursing: Differential tuition, applied regardless of the credit plateau, for students enrolled in the clinical major courses within UW-Milwaukee's College of Nursing. Beginning in the fall 2004 semester, a differential tuition of \$30 per credit would be assessed on all 300-level (junior) courses. Beginning in the fall 2005 semester, the differential tuition of \$30 per credit would also be assessed on all 400-level (senior) courses.

DISCUSSION AND RECOMMENDATIONS

Board of Regent approved differential tuition initiatives have typically followed two forms: institution-wide and program specific. Revenue from institution-wide differentials is used almost exclusively to support institution-wide initiatives. In contrast, revenue from program specific differentials typically remains within the school or college where the program is housed and supports enhanced quality within the program.

The University of Wisconsin-Milwaukee proposes the assessment of differential tuitions for students taking courses in the Arts, Business Administration, Engineering and Nursing Schools, and Colleges. These schools and colleges offer high cost programs and are seeking, with student support, additional revenue to provide needed and desired enhancements to their educational programs.

UW-Milwaukee's proposals are unique in two regards: they are school and college based rather than program specific and they target undergraduate students rather than graduate students. To date, the only differential tuitions by program that apply to the undergraduate level are the undergraduate Occupational Therapy and Physician's Assistant Programs at UW-La Crosse. Those differentials were begun in 1997 in order to match state dollars received as part of a biennial budget initiative.

While the proposed differential tuitions would be the first in the UW System to be applied to undergraduate programs on a school and college-wide basis, program and/or school specific differentials are in place at universities with comparable programs to those at UW-Milwaukee. For example, undergraduate students at Georgia State University, the University of Missouri-Kansas City, and the University of Pittsburgh are assessed differential tuition in Nursing. Similarly, undergraduate students at Indiana University-Purdue University Indianapolis (IUPUI), Indiana, Minnesota, and Illinois are assessed differential tuitions in the Arts. In that UW-Milwaukee would be piloting these differentials for the UW System, an effort would be made to collect and provide information that could be helpful in assisting other campuses that may consider differential tuition for undergraduate students in the future. The type of information that would be collected, and used as benchmarks to be assessed over time, is included within each proposal. After three years, UW-Milwaukee will review and measure the efficacy of each proposal.

At the University of Wisconsin-Milwaukee, differential tuition is currently assessed for masters programs in business, occupational therapy, and communication and science disorders. As opposed to general tuition paid by all students, differential tuitions enable these schools and colleges to enhance the quality of their programs by charging only those students taking their courses. Differential tuition dollars are returned in full to the school by the institution.

Based on student input, UW-Milwaukee is confident that the dollar amounts and assessment structure of the proposed differentials would not negatively impact student behavior. UW-Milwaukee would monitor enrollments in courses with tuition differentials to determine what, if any, effect school and college-based undergraduate differential tuitions have on how students select their undergraduate majors, and whether school and college-based undergraduate differentials discourage students from changing majors or exploring elective courses outside of their required course work. Students would be notified that courses carry differential tuition in the Schedule of Classes.

A. UW-Milwaukee Peck School of the Arts

The UW-Milwaukee Peck School of the Arts proposes initiating a differential tuition of \$10 per credit for most undergraduate courses offered in the school's degree programs beginning in the fall 2004 semester. This differential tuition would increase to \$15 per credit in 2005-06 and to \$20 per credit in 2006-07. The differential would be applied, regardless of the credit plateau, to all school courses with the exception of the Peck School of the Arts' eight largest enrollment General Education Requirement (GER) courses. These eight 100-level courses (Music 100, 101, 102; Theatre BA 100; and Art 100, 105, 106, and 104) generate about 29 percent of the school's total enrollment. The estimated revenue of the proposed differential, based on fall 2003 enrollment figures, would be \$352,284 in the first year (2004-2005); \$529,260 in the second year (2005-06); and \$704,568 in the third year (2006-07). The differential tuition program would come up for review, in consultation with the UWM Student Association, following the 2006-07 academic year.

The revenue generated from the proposed differential tuition would be used to address three primary areas of student need:

- 1. Student Access to Courses** – The Peck School of the Arts' enrollment increased 9.2 percent between fall 2002 and fall 2003, and has increased by 52 percent since fall 1996. In order to meet the student demand for more courses and additional course sections, the School needs to be able to open new course sections when waiting lists develop. Additional course sections would allow students to begin their programs of study on time and stay on track for a timely graduation. Revenue generated by the proposed differential tuition would allow the Peck School of the Arts to offer more course sections where enrollments warrant it.
- 2. Quality of Instruction** – Over 60 percent of the School's instructors are professional artists, designers, actors, dancers, musicians, filmmakers, and technicians. The differential revenue from this proposal would enable the School to continue to hire and retain the best professional artists as instructors.
- 3. Technology Support** – The Peck School of the Arts maintains dozens of instructional computer labs and equipment intensive studios. Student surveys consistently indicate the desire for more computer labs and upgraded equipment. Computers and equipment need to be replaced more frequently in order to provide students with the latest technology learning opportunities that would help them in their future careers. Differential tuition revenue would enhance the School's ability to upgrade instructional computer labs and studio equipment more frequently.

About 70 percent of the Peck School of the Arts' graduates enter careers in professional arts or related fields. The school has a 100 percent placement rate for arts teachers. Graduates move into careers that include gallery managers and directors, museum curators, art teachers, music teachers and directors (band, choir, symphony), professional musicians, actors, theater production specialists (technical lighting, sound, and set design), dancers, filmmakers, graphic designers, multimedia artists, and print and press production specialists. Entry salary ranges are from \$25,000 to \$35,000 per year. Students supporting the differential tuition note the need to graduate with skills that make them competitive for employment.

Revenues from the proposed differential tuition would allow UW-Milwaukee to increase student enrollment and access in the Peck School of the Arts. Furthermore, the additional revenue would help to decrease time to degree, as well as increase the quality of technical instruction in the school.

The Peck School of the Arts would measure and report its use of differential tuition according to the following benchmarks:

- Increased course sections (increased access to courses, reduction of program bottlenecks, reduction of required courses with waiting lists)
- Ad hoc instructor retention
- Laboratory acquisitions (digital and acoustical)
- Lecture and studio equipment acquisitions
- Workshops and visiting artists
- Enhanced advisement and career planning
- Enhanced student services

These specific benchmarks would measure and indicate the degree of success differential tuition dollars have had on meeting the stated goals of the program for improving the quality of instruction for students. Measures of these benchmarks would compare changes each year against fall 2003, and would be reported on an annual basis in the school's planning document and on its web site.

The Peck School of the Arts began its student consultation on the proposed differential tuition by contacting students in each of its five departments. Some students expressed opposition to any tuition increase, several expressed resigned support but understood the need to support the School's professional staff and premier facilities. A majority of students responding expressed support if the revenue generated was guaranteed to be applied specifically to their programs and areas of study. The School's elected Student Association senators endorsed the proposal and advocated its approval by the UW-Milwaukee Student Association Senate.

In order for students to fully benefit from the differential tuition, and to ensure that income returns to the students and programs that generate it, students would be invited to participate with the Dean in identifying and prioritizing student needs. The School's two Student Association senators have been consulted about the benefits of the proposal and the need for student participation in deciding how the income can be best applied to help students. They support the proposal and have met with individual students, as well as student leaders of arts organizations in the School, to inform them and solicit their support.

The Peck School of the Arts would utilize UW-Milwaukee's Black and Gold Committee as an advisory committee to the Dean in determining how differential tuition is to be used. The Black and Gold Committee is comprised of student and faculty members from all departments, and is charged with making recommendations to improve students' experiences while at UW-Milwaukee. This forum would allow students to make direct recommendations to the Dean about differential tuition.

The Peck School of the Arts would also establish a link to differential tuition information on its web site. The site would include information on what the differential tuition program is; budget

information regarding revenue and expenditures; and methods for contacting the School's Student Association senators, the Black & Gold Committee, and the Dean in order to participate in the review and recommendation process. The School would also post and distribute an annual budget report showing students how their differential tuition dollars were used to address their identified needs. These measures would be initiated in order to make the program as transparent and participatory as possible.

The UW-Milwaukee Student Association Senate approved a resolution supporting this differential tuition proposal on October 26, 2003. Students comprise a majority of the members of UW-Milwaukee's Black and Gold Committee which would help determine how differential tuition funds are allocated. In addition, a breakdown of how the differential tuition funds are allocated would be presented to the Student Association Senate annually.

B. UW-Milwaukee College of Engineering and Applied Science

UW-Milwaukee proposes to initiate a differential tuition for the College of Engineering and Applied Science (CEAS) in order to improve academic and professional preparation. This differential would be assessed for all courses taught by the College of Engineering and Applied Science, regardless of the credit plateau, and would be phased in over four years starting at \$5 per credit in 2004-05. The rate would increase to \$10 per credit in 2005-06, \$15 per credit in 2006-07, and would be capped at \$20 per credit after 2007-08. The estimated revenue of the proposed differential, based on fall 2003 enrollments, would be \$148,620 in 2004-05; \$297,240 in 2005-06; \$445,860 in 2006-07; and \$594,480 in 2007-08.

Revenues from the College of Engineering and Applied Science differential tuition would be used to address two primary areas of student need:

- 1. Enhanced Hands-On Laboratory Experience** – In UW-Milwaukee's annual graduating senior survey, engineering and computer science students have consistently and increasingly asked for laboratory and facility improvements. Students would like the College to upgrade the computer science and engineering laboratories on a continuing basis with the most up-to-date software and equipment used in industry. Given the rapid pace with which technology changes, additional revenues are needed to keep the laboratories current. The College not only wants to provide a solid education in basic science and engineering principles but also meet the practical application-oriented needs of industry. The majority of the differential tuition revenue would be used to upgrade the engineering and computer science laboratory and teaching facilities.
- 2. Additional Sections of Graduate Courses** – Graduate students in the College of Engineering and Applied Science have consistently requested additional course offerings at the 700-level and above. The College has often been forced to make the decision whether or not to cancel graduate courses with low enrollments in order to staff undergraduate courses with higher enrollments. Revenue from the differential tuition would be used to hire additional instructional staff in order to offer more small seminar type courses at the graduate level.

According to the *Occupational Outlook Handbook 2002-03 Edition*, published by the U.S. Department of Labor, computer science is expected to be among the fastest growing occupations in the country. Overall job opportunities in engineering are expected to be good because the

number of engineering degrees granted is not expected to increase significantly over the 2000-2010 period.

Starting salaries in engineering and computer science are among the highest for all new graduates. In 2001-02, average starting salaries for UW-Milwaukee undergraduate students ranged from \$36,500 in Civil Engineering to \$47,900 in Computer Science.

The College of Engineering and Applied Science would utilize the following benchmarks in assessing the impact of the differentials on program quality in the College of Engineering and Applied Science:

- **Enhanced achievement of program outcomes related to laboratory learning**
Program outcomes for the College of Engineering and Applied Science state that all students must demonstrate the following:
 - (i) an ability to design and conduct experiments, as well as to analyze and interpret data;
 - (ii) an ability to use the techniques, skills, and modern engineering tools necessary for engineering practice.These outcomes are assessed via a composite of surveys of exiting seniors and alumni, and documented student competencies as evidenced from student work. Currently, the level to which these outcomes are achieved in the program are acceptable but there is considerable room for improvement which can be brought about by enhancing the quality of equipment and facilities in the laboratories.
- **Improved student satisfaction with the quality of laboratory facilities**
Ratings of the quality of instructional facilities by engineering and computer science graduating seniors in the campus senior exit survey show a low level of satisfaction. The College of Engineering and Applied Science aims to improve the student satisfaction with the quality of laboratory facilities through differential tuition revenues.
- **More graduate level courses on leading edge research topics**
Some of the funds generated from graduate student enrollment would be used to offer special courses for graduate students on new and developing research topics. This outcome would be documented by analyzing the course offering data.

All 1,900 currently enrolled engineering and computer science students were sent a summary of the proposed differential via e-mail and were asked to give their feedback. In addition, all students were invited to a forum with the College of Engineering and Applied Science Dean to discuss the proposal. CEAS students were also given the opportunity to discuss this proposal with their student senators. The majority of students were supportive of the differential tuition if all of the additional funds were put directly into the program. Students made it very clear they want to see improvements in laboratory instruction and the majority would be willing to pay more to make that happen. A number of students suggested that the College charge more than the proposed amount in order to initiate immediate improvement and raise the profile of the College. Students paying the higher non-resident tuition rates and those who have not utilized the laboratories were most opposed to the increase. The College's elected Student Association senators endorsed the proposal and advocated its approval by the UW-Milwaukee Student Association Senate.

An advisory committee would be appointed annually by the Milwaukee Student Association and the Dean of the College of Engineering and Applied Science. Membership would include three CEAS students selected by the Student Association, two representatives selected by the Dean,

and non-voting ex officio members as appropriate. The advisory committee would establish priorities, solicit and review proposed projects, and make recommendations to the Dean regarding the use of funds generated by the differential tuition. Utilization of revenues from the differential tuition would be reported annually to the Student Association Senate. The proposed differential fee would be reviewed, in consultation with student government, after the spring semester of 2007.

The UW-Milwaukee Student Association Senate approved a resolution supporting this differential tuition proposal on October 26, 2003.

C. UW-Milwaukee School of Business Administration

UW-Milwaukee proposes to assess a differential fee, regardless of the credit plateau, to students taking 200-600 level classes provided by the School of Business. The differential fee would be \$10 per credit beginning in 2004-05, \$15 per credit in 2005-06, and \$20 per credit in 2006-07. The fee would not apply to students enrolled in Business Administration 100-Introduction to Business; only to 200-600-level courses in the School.

The School of Business Administration generates over 25,000 undergraduate student credit hours each semester. The differential tuition, based on fall 2003 enrollments, would generate \$562,000 in 2004-05; \$844,000 in 2005-06; and \$1,125,000 in 2006-07.

The additional tuition revenue would provide funds to improve the quality of UW-Milwaukee's School of Business Administration. Areas of improvement and the benchmarks that would be used to assess the contribution of differential tuition revenues are as follows:

- **Improve academic advising** – Advising staff levels would be increased so that advisor-to-student ratios decrease to levels suggested by the National Academic Advising Association (NACADA). The School of Business Administration would monitor these advising ratios annually to document improvement.
- **Hire additional academic staff** – Additional staff would be hired in the Career Services/Placement Center to meet elevated demand caused by increased enrollments. The Center would provide a greater number of quality and practical internship services. The School would compare records showing the number of students served pre- and post-differential tuition implementation.
- **Improve faculty to student ratio** – With growing enrollments, resources are required to ensure that an adequate number of sections are offered and that these course sections fall in line with the mean class sizes of other undergraduate level courses on the UW-Milwaukee campus. (Mean class size in the Business School has ranged from 45.9 to 60.1 over the past seven years. These numbers are twice the UW-Milwaukee mean class size -- ranging from 26.3 to 28.7). These types of activities improve student access and decrease time to degree. The School has tracked data on mean class sizes for a number of years and would continue to do so after the implementation of differential tuition.
- **Maintain high-quality instruction** – The School would continue to decrease its reliance on adjunct faculty by relying instead on full-time tenure-track faculty and full-time lecturers. The School maintains detailed records of the number of adjunct faculty in order to comply with AACSB (the Association to Advance Collegiate Schools of

Business) standards. This data is readily available and would allow easy before and after comparisons following the proposed differential tuition implementation.

- **Increase the number of teaching assistants** – The number of teaching assistants would increase along with additional support for improving their teaching skills. The School has detailed records regarding the number of teaching assistants employed every semester. The School will monitor the number of teaching assistants hired after the implementation of differential tuition. In addition, teaching skills are documented with teaching evaluations each semester.
- **Improve technology** – Learning quality and enhanced access would improve for students in computer labs. The School keeps detailed records regarding spending on computer labs and the software and advanced technologies that are available to students.
- **Hire technical support staff and improve technical facilities** – The School plans to hire personnel in computer labs, extend operating hours of labs, purchase supplies and equipment, and update the Emerging Technology Lab materials. Records of the number of technical support staff employed and lab operating hours are complete and detailed. The number of personnel in the labs as well as total number of hours the labs are open after differential tuition implementation would be tracked for comparison purposes.
- **Strengthen the preparation of students and faculty** – More international courses and development of faculty and academic staff expertise would occur. This would further prepare students for the demands of global competition through more international courses and the development of faculty and academic staff expertise in this area. After the introduction of differential tuition, records would compare expanded international course offerings with the number of international courses that are currently available. This data is detailed, complete, and available for many prior years.

The School of Business Administration has a strong overall record of graduate placement success, with placement rates ranging from 93 to 99 percent over the previous four years (based on student surveys). Recent beginning salaries for BBA graduates at UW-Milwaukee ranged from \$33,270 to \$45,829 with an average beginning salary of \$36,700.

The proposed differential tuition would allow the School of Business to offer smaller course sections; increase student access to its programs; meet the demands of increasing student enrollments; decrease time to graduation; enhance study abroad opportunities for students; and increase access to, and enhance the quality of, the technology available to students.

The UW-Milwaukee School of Business Dean and Associate Dean have met with student government representatives and leaders of business student professional organizations. Student senators have also visited classes within the School to describe the proposal and answer students' questions. Students expressed solid support for the differential tuition proposal and have provided input into how the additional tuition revenue could be best used to serve their needs as students and better prepare them for their chosen career paths. Their suggestions have been incorporated into this proposal. The School's elected Student Association senators endorsed the proposal and advocated its approval by the UW-Milwaukee Student Association Senate.

Students would comprise a majority of members of an advisory committee to advise the Dean on the utilization of revenues from the differential. Utilization of revenues from the differential tuition would be reported annually to the Student Association Senate, and the differential fee would be reviewed, in consultation with student government, after the 2006-07 academic year.

The UW-Milwaukee Student Senate endorsed this differential fee proposal on October 26, 2003.

D. UW-Milwaukee College of Nursing

UW-Milwaukee proposes to assess a differential fee to students with a clinical major in the College of Nursing. This differential would apply, regardless of the credit plateau, to students attending the Milwaukee campus and students participating in the Consortial Nursing program at UW-Parkside. The differential fee would be \$30 per credit beginning in the fall 2004 semester. The fee would apply only to students entering the clinical major in 2004-05 (i.e., students enrolling in 300-level courses) and would then include all students in the clinical major beginning in 2005-06 (i.e., students enrolling in 300- and 400-level courses).

In response to Wisconsin's critical nursing shortage, the College has increased by 48 percent the number of students admitted into the major in the past two years without a comparable increase in its base budget. Due to the current waiting list for the major and the state's nursing shortage, demand for this program is anticipated to remain steady, if not increase, in future years. At the Milwaukee campus, the College of Nursing currently accepts 100 students into the major each semester. With the differential fee, students from the UW-Washington County campus would also attend the Milwaukee campus, bringing the number of new students to 116 per semester. In the first year of implementation (2004-05), revenue would be \$135,000 and estimated revenue when the differential fee is fully phased in (2006-07) would be \$360,000.

The additional tuition revenue would provide funds to improve the quality of UW-Milwaukee's College of Nursing in the following manner:

- **Modernize the Nursing Learning Resource Center (NLRC)** – The NLRC would be updated to match the settings nursing students enter during the clinical phase of their education and when they graduate and enter the workforce. This modernization includes improvement of audio-visual media and computer-assisted simulation programs.
- **Hire additional support personnel** – Additional support would be hired in Student Services and Academic Affairs areas to meet increased demand caused by the increase in enrollment levels. Additional advising, academic support, and mentoring are needed to provide quality support to the students.
- **Hire additional permanent faculty and instructional staff** – Faculty and instructional staff would be hired at salaries comparable to those offered in the local market to maintain the faculty to student ratio required by accreditation standards. The College's budget has become strained as it has attempted to increase salaries. The ability to offer competitive salaries would add stability to teaching positions and enhance the quality of the nursing program. It would also allow the College to expand service to Washington County and increase the number of students entering the major.

The nursing shortage in the United States, and particularly Wisconsin, is well documented. The anticipated employment needs in the future are far more than the anticipated supply. Starting salaries for nurses in the Milwaukee area have been steadily increasing the past few years. According to recent articles, area hospitals are offering between \$40,000 and \$64,000, depending on education, years of experience, and area of specialization. Nationally, the average starting salary for a BSN is \$39,000. This starting salary coupled with signing bonuses that the various hospitals and medical agencies offer (in the range of \$2,000 - \$10,000) would enable

UW-Milwaukee College of Nursing to recoup the differential tuition amount over a very short time period.

The College of Nursing would assess the impact of the differential tuition on improvements in its services to students by benchmarking student satisfaction through input on annual senior exit surveys. Specifically, answers to four items on this survey would be key benchmarks:

- “I am able to have direct communication with College of Nursing advisors.”
- “The process for progression within the major of nursing was clear, including stated requirements and timeframes for action.”
- “I am satisfied with the student advising services offered through the Student Affairs office.”
- “I am satisfied with the services and hours available through the Nursing Learning Resource Center.”

The College of Nursing has met with the leadership of the student nursing organizations and UW-Milwaukee Student Association, presented information in class visits to each level of the program in both pre-nursing and the major, and made a presentation at an information forum sponsored by the Nursing Student Association on October 15, 2003. The College’s elected Student Association senators endorsed the proposal and advocated its approval by the UW-Milwaukee Student Association Senate.

Students would comprise a majority of members of an advisory committee to advise the Dean on the utilization of revenues from the differential. In addition, a breakdown of how the differential tuition funds are allocated would be presented to the UW-Milwaukee Student Association Senate annually. The differential fee would be reviewed, in consultation with student government, in 2006-07 after it has been fully phased in.

The UW-Milwaukee Student Senate endorsed this differential fee proposal on October 26, 2003.

RELATED REGENT POLICIES

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

Regent Policy #99-2: Student Involvement In Differential Tuition Initiatives (May 1999)

APPENDIX A
2003-04 URBAN 13 TUITION PEERS

Table 1
UW-MILWAUKEE PECK SCHOOL OF THE ARTS

	Tuition (Acad. Year)	Differential Tuition or Special Arts Fee
1. Northwestern University	\$28,404	\$1,465
2. Lawrence University	\$24,000	\$440
3. School of the Art Institute of Chicago	\$22,500	\$2,220
4. Milwaukee Institute of Art & Design	\$19,900	\$550
5. Cardinal Stritch University	\$14,240	\$1,200
6. University of Illinois – Urbana/Champaign	\$7,010	\$1,442
7. University of Minnesota	\$5,503	\$100-\$290
8. Northern Illinois University	\$5,373	\$200 tech. fee
9. UW-Milwaukee (w/full-time differential)	\$5,284	\$180
10. Indiana University-Purdue University Indianapolis	\$5,150	\$177
11. UW-Milwaukee	\$5,104	\$0
12. University of Iowa	\$4,993	\$300
13. Indiana University – Bloomington	\$4,572	\$400

Table 2
UW-MILWAUKEE COLLEGE OF ENGINEERING AND APPLIED SCIENCE

	FY 02-03 Standard Resident Undergrad Tuition	FY 02-03 Engineering Undergrad Tuition	Notes
1. University of Pittsburgh	\$7,868.00	\$8,448.00	Differential tuition for engineering
2. Temple University	\$7,602.00	\$7,602.00	
3. University of Missouri – St. Louis	\$5,921.28	\$7,199.00	\$42.60/credit for engineering courses
4. University of Cincinnati	\$6,936.00	\$6,936.00	
5. University of Illinois – Chicago	\$6,442.00	\$6,842.00	Differential tuition for engineering
6. University of Memphis	\$5,430.00	\$6,330.00	\$20/credit engineering course fee
7. The University of Toledo	\$5,835.84	\$5,835.84	
8. University of Missouri – Kansas City	\$5,661.90	\$5,661.90	
9. Cleveland State University	\$5,496.00	\$5,574.75	\$5.25/credit tech fee for engineering
10. Virginia Commonwealth University	\$4,518.00	\$5,017.00	Differential tuition for engineering
11. Indiana University-Purdue University Indianapolis	\$5,014.00	\$5,014.00	Varying lab fees or program fees on engineering courses
12. University of New Orleans	\$4,960.00	\$4,960.00	
13. Wayne State University	\$4,799.50	\$4,799.50	Difference upper and lower division courses/\$5,561.50 for upper
14. University of Wisconsin-Milwaukee (w/full-time differential)	\$4,505.60	\$4,505.60	
15. Portland State University	\$4,423.00	\$4,423.00	
16. University of Wisconsin-Milwaukee	\$4,355.60	\$4,355.60	
17. University of Alabama-Birmingham	\$3,940.00	\$3,940.00	
18. University of Houston	\$3,498.00	\$3,798.00	\$15/credit engineering fee + \$75 engineering equipment access fee
19. City College of New York	\$3,318.70	\$3,318.70	

Table 3
UW-MILWAUKEE SCHOOL OF BUSINESS ADMINISTRATION

URBAN 13 TUITION PEERS:	RESIDENT TUITION	RANK
Temple University	\$8,594	1
Rutgers University	\$7,708	2
University of Cincinnati	\$7,623	3
University of Missouri-Kansas City	\$6,702	4
University of Akron	\$6,682	5
University of Toledo	\$6,415	6
Cleveland State University	\$6,072	7
University of Illinois-Chicago	\$6,072	8
State University of New York-Buffalo	\$5,860	9
Wayne State University	\$5,693	10
University of Wisconsin-Milwaukee (w/full-time differential)	\$5,404	11
University of Texas-Dallas	\$5,193	12
University of Wisconsin-Milwaukee	\$5,104	13
University of Louisville	\$4,450	14
Georgia State University	\$3,920	15
University of New Orleans	\$3,084	16
OTHER COMPARABLE SCHOOLS:		
University of Pittsburgh	\$9,274	
University of Missouri-Saint Louis	\$6,866	
University of Massachusetts-Boston	\$6,227	
Indiana University-Purdue University-Indianapolis	\$5,722	
Virginia Commonwealth University	\$5,079	
Portland State University	\$4,578	
University of Memphis (Junior and Senior level - \$10/credit charge)	\$4,534	
City University of New York-Baruch College	\$4,300	
University of Texas-Houston	\$3,798	
AREA SCHOOLS:		
Milwaukee School of Engineering	\$23,034	
Marquette University	\$20,724	
Carroll College	\$17,020	
Cardinal Stritch University	\$14,240	

Table 4
UW-MILWAUKEE COLLEGE OF NURSING

URBAN 13 TUITION PEERS:	RESIDENT TUITION	RANK
University of Missouri-Kansas City	\$10,626	1
Temple University	\$10,288	2
Rutgers University	\$7,580	3
University of Akron	\$6,682	4
University of Toledo	\$6,415	5
Wayne State University	\$6,111	6
Cleveland State University	\$6,072	7
University of Wisconsin-Milwaukee (w/full-time differential)	\$6,004	8
State University of New York-Buffalo	\$5,860	9
University of Wisconsin-Milwaukee	\$5,104	10
University of Illinois-Chicago	\$5,022	11
University of Louisville	\$4,450	12
University of Cincinnati	\$4,335	13
Georgia State University	\$3,920	14
* The University of Texas-Dallas and the University of New Orleans are excluded as they do not have nursing programs.		
AREA SCHOOLS:		
Milwaukee School of Engineering	\$23,034	
Marquette University	\$20,724	
Cardinal Stritch University	\$15,890	
Concordia University	\$15,590	
Alverno College	\$14,232	

Mandatory Refundable Fee Adjustment
United Council of UW Student Governments

BUSINESS AND FINANCE COMMITTEE

Resolution:

That, upon the recommendation of the President of the United Council of UW Student Governments, mandatory refundable fees be adjusted from \$1.35 to \$2.00 per student per academic term beginning in the fall semester of 2004.

MANDATORY REFUNDABLE FEE ADJUSTMENT

United Council of UW Student Governments

BACKGROUND

The United Council of UW Student Governments is primarily funded through a Mandatory Refundable Fee (MRF) created by the Board of Regents in 1980 and governed by Regent Policy 87-3. The MRF is not a segregated fee and is assessed separately on student tuition bills. The fee, which was last increased in 1999, is currently \$1.35 per student per academic term on 23 member campuses, with membership in United Council determined every two years by popular referenda on campuses. The fee plus postage is completely refundable within the first 45 days of each academic term to any student who writes United Council and provides documentation of his or her tuition bill. This past semester, member students went through the process of reviewing the MRF and are now forwarding to the Board of Regents their request to increase it to \$2.00.

REQUESTED ACTION

The Board of Regents is asked to approve a mandatory refundable fee adjustment to \$2.00 per student per academic term. While the MRF increase proposal is usually forwarded to the Board of Regents with the annual segregated fee budget, approval now will facilitate the reorganization of United Council's finances and allow immediate access to a standing line of credit.

DISCUSSION

Stable funding is essential for United Council to maintain quality educational services and programming. United Council regularly hosts membership meetings where students network, discuss pressing statewide issues, choose legislative priorities, and direct staff research. Additionally, United Council hosts a number of events, including:

- Vote Conference, UW-Madison, fall 2003
- Women's Retreat, Stevens Point Environmental Station, fall 2003
- LGBTQ Retreat, UW-Stevens Point, spring 2003
- State Budget Day of Action, State Capitol, spring 2003
- Student Leadership Retreat, UW-Eau Claire, fall 2003
- Student of Color Symposium, UW-Fox Valley, fall 2003

United Council also hosts Wisconsin's two largest student conferences annually: Building Unity and Women's Leadership. In FY 1999-2000, United Council raised approximately \$5,300 to support these events. In FY 2003-04, United Council has raised \$17,000 for both conferences, a 31 percent increase over five years. Additionally, this year United Council will generate an additional \$12,000 in one time gifts, grants, and other revenues.

While private funding for some United Council events has increased, MRF revenue is still the primary source of funding for ongoing operations, including office space, staff salaries, membership meetings (General Assemblies), campus visits, and national student leadership development opportunities. Students believe that all of these initiatives are important and valuable, but United Council cannot continue to support this level of programming in the face of rising costs in health care, office space, inflation, travel, and other crucial areas. Funding must be increased to sustain United Council's core mission and current level of service.

Per Regent Policy 87-3, the MRF increase process must be conducted over the course of one semester. If approved, the fee takes effect the following year. Campuses are not required to run new referenda, as the Board of Regents has the power to adjust the fee between referenda. There are four steps to the MRF increase process:

- Step 1:** An MRF adjustment proposal must be passed by the United Council General Assembly by a two-thirds majority vote.
 - Resolution passed unanimously, August 2003
- Step 2:** Two-thirds (16) of the member campuses' senates must pass the proposal by a majority vote.
 - 21 of United Council's member campuses passed resolutions
 - One campus took no action
 - One campus did not support the increase in a five to six vote
- Step 3:** The MRF proposal must be ratified by the General Assembly with a two-thirds majority vote.
 - Resolution passed 79-8-1 (89 percent), December 2003
- Step 4:** The MRF proposal is forwarded to the Board of Regents for approval.

The MRF was originally set at \$.50 per student per academic term in 1980 and has been adjusted only four times in the last 24 years. Excess revenue from the MRF is held in reserve to support and stabilize United Council in the event of sudden membership changes or a modification of student fees in the legislature or courts. Additionally, since MRF payments are made only three times a year, a substantial reserve must be maintained to fund the organization through the summer and early fall.

Because of the amount of time required to adjust the MRF, the fee is only adjusted every four to five years. While this may make the proposed percentage increase seem large, the real dollar impact is only \$.65 and is completely refundable. Additionally, as the following chart demonstrates, this request is consistent with prior MRF adjustments.

<u>Year</u>	<u>MRF</u>	<u>\$ Chg.</u>	<u>% Chg.</u>	
1980	\$.50	N/A	N/A	
1987	\$.50	N/A	N/A	(summer session added)
1991	\$.75	\$.25	50%	
1996	\$.95	\$.20	27%	
1999	\$1.35	\$.40	42%	
2004	\$2.00	\$.65	48%	

The Student Senate on each member campus carefully debated the United Council MRF

adjustment. Students were keenly aware of rising tuition costs, but felt that now was a critical time to invest in a statewide voice for students that will continue to support students and the UW System in the face of historic funding cuts. Successful campaigns, such as the linking of financial aid increases to tuition increases and United Council's current work addressing the use of UW auxiliary funds for financial aid, are crucial for preserving quality and accessible higher education in Wisconsin. The fact that many campuses unanimously passed resolutions supporting the MRF adjustment evidences broad student support for United Council and its work.

While fee increases are never a popular agenda item, they are often necessary. When the General Assembly examined the skyrocketing costs of health care, travel, and events, and measured the impact of these increases with the level of services expected, they decided to pursue a combination of budget cuts, increased fundraising, and a moderate adjustment to the MRF. Estimating inflationary and expected costs over the next five years, the students determined that increasing the MRF to \$2.00 is necessary to sustain United Council's core mission of educational programming, leadership development, and student advocacy.

While the MRF increase proposal is usually forwarded to the Board of Regents with the annual segregated fee budget, early approval will allow United Council to reorganize all of its finances: a decision reached after conversations with their accountant, a pro-bono financial advisor, and the UW System Vice President for Finance. This reorganization will both improve cash flow and long-term stability for United Council by housing all finances within one institution and establishing a standing line of credit. Board action to approve the proposed MRF increase is required by the financial institution in order to approve the line of credit. For cash flow purposes, United Council would like to have access to this line of credit this spring and early summer. Therefore, early approval is being requested at this time.

RELATED REGENT POLICIES

Regent Policy #87-3: Mandatory Refundable Fee (July, 1980; updated April, 1987)

ANNUAL FINANCIAL REPORT

EXECUTIVE SUMMARY

BACKGROUND

The UW System annually publishes an Annual Financial Report that includes financial statements prepared in accordance with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The statements are audited by the Legislative Audit Bureau, and also appear, in a somewhat modified format, in the State of Wisconsin's Comprehensive Annual Financial Report.

REQUESTED ACTION

This report is submitted for information only.

DISCUSSION AND RECOMMENDATIONS

The UW System's Annual Financial Report for 2002-2003, provided with the Regent agenda materials, includes a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Net Assets, and a Statement of Cash Flows. The accompanying Notes to the Financial Statements are an integral part of the financial statements, including both disclosures required by GAAP and explanations intended to aid the reader in understanding the statements. In addition, the Annual Financial Report includes a "Management Discussion and Analysis" (MD&A) section that is intended to provide an objective and easily readable analysis of the UW System's financial activities. The UW System's Annual Financial Report for 2002-2003 may be found at <http://www.uwsa.edu/fadmin/finrep/afr.htm>.

Preceding the MD&A, financial statements and notes are several graphs showing some of the ten-year trend data that has been included in prior annual financial reports. Because it was not practical to restate prior years for purposes of these graphs, data for fiscal years 2001-2002 data and for 2002-2003 are portrayed on the GAAP reporting basis that was in effect prior to the adoption of GASB Statement 35 which introduced a number of significant changes to the GAAP reporting model. (These changes were discussed in detail in the Annual Financial Report for 2001-2002.) Charts 1 and 2 show the amount of revenue derived, in nominal and inflation-adjusted dollars, respectively, from state appropriations, from tuition and fees, and from all other sources. When adjusted for inflation, state support has been relatively flat over most of the ten year period. Revenue from other sources has steadily increased. Chart 3 shows the growth in university controlled endowments over the past ten years.

RELATED REGENT POLICIES

None

The Annual Financial Report 2003 is available on the Internet at:

<http://www.uwsa.edu/fadmin/finrep/afr.htm>.

**UNIVERSITY OF WISCONSIN SYSTEM
GIFTS, GRANTS, AND CONTRACTS AWARDED
QUARTERLY REPORT & PRIOR-YEAR COMPARISON
FISCAL YEAR 2003-2004 - Second Quarter**

FISCAL YEAR 2003-2004	Extension	Instruction	Libraries	Misc	Phy Plt	Research	Student Aid	Total
Total	32,355,473	51,055,204	1,854,102	56,788,011	20,515,665	406,103,612	67,987,422	636,659,488
Federal	16,872,263	39,476,352	300,344	11,007,177	7,032,400	297,937,196	58,879,853	431,505,585
Nonfederal	15,483,210	11,578,852	1,553,758	45,780,834	13,483,265	108,166,416	9,107,568	205,153,904
FISCAL YEAR 2002-2003								
Total	40,441,553	52,924,891	3,041,711	45,347,034	19,692,582	340,476,914	75,995,624	577,920,310
Federal	17,103,078	26,940,284	195,000	8,640,860	0	241,813,136	67,513,533	362,205,890
Nonfederal	23,338,476	25,984,607	2,846,711	36,706,175	19,692,582	98,663,778	8,482,091	215,714,420
INCREASE(DECREASE)								
Total	(8,086,080)	(1,869,687)	(1,187,609)	11,440,977	823,083	65,626,698	(8,008,202)	58,739,179
Federal	(230,815)	12,536,068	105,344	2,366,318	7,032,400	56,124,060	(8,633,680)	69,299,695
Nonfederal	(7,855,266)	(14,405,756)	(1,292,953)	9,074,659	(6,209,317)	9,502,638	625,477	(10,560,516)

UNIVERSITY OF WISCONSIN SYSTEM
GIFTS, GRANTS, AND CONTRACTS AWARDED - BY INSTITUTION
QUARTERLY REPORT & PRIOR-YEAR COMPARISON
FISCAL YEAR 2003-2004 - Second Quarter

	Extension	Instruction	Libraries	Misc	Phy Plt	Research	Student Aid	Total
FISCAL YEAR 2003-2004								
Madison	6,923,356	26,606,007	1,825,145	44,493,738	20,427,860	383,833,397	18,597,325	502,706,828
Milwaukee	1,054,769	9,279,016	19,400	1,772,128	0	13,899,045	8,639,501	34,663,858
Eau Claire	388,935	1,526,053	0	0	0	1,001,039	4,670,917	7,586,944
Green Bay	0	2,661,868	4,200	277,465	55,000	2,354,801	117,620	5,470,955
La Crosse	584,412	559,174	5,357	1,139,501	0	1,792,270	4,915,931	8,996,645
Oshkosh	1,401,523	5,792,829	0	0	0	1,193,323	3,790,278	12,177,953
Parkside	465,757	1,368,715	0	88,788	0	207,968	3,900,449	6,031,677
Platteville	72,600	112,931	0	208,584	0	12,138	2,868,996	3,275,249
River Falls	318,117	152,887	0	1,106,334	0	161,060	2,540,590	4,278,988
Stevens Point	4,682,438	340,199	0	810,718	0	838,523	5,153,761	11,825,639
Stout	1,936,975	110,581	0	983,521	32,400	93,015	3,356,746	6,513,237
Superior	6,618	0	0	725,241	0	433,173	361,000	1,526,032
Whitewater	0	65,982	0	3,225,011	405	134,488	3,800,284	7,226,170
Colleges	4,043	617,481	0	112,288	0	99,373	5,274,024	6,107,209
Extension	14,515,930	0	0	815,005	0	0	0	15,330,935
System-Wide	0	1,861,481	0	1,029,689	0	50,000	0	2,941,170
Totals	32,355,473	51,055,204	1,854,102	56,788,011	20,515,665	406,103,612	67,987,422	636,659,489
Madison	5,365,134	16,143,630	195,000	4,095,935	7,000,000	279,256,747	12,049,820	324,106,266
Milwaukee	192,439	8,835,403	0	299,789	0	11,891,682	8,501,106	29,720,419
Eau Claire	380,252	1,485,489	0	0	0	913,488	4,670,917	7,450,146
Green Bay	0	2,592,793	0	0	0	2,317,368	5,585	4,915,746
La Crosse	312,211	557,034	5,357	823,119	0	1,359,894	4,914,531	7,972,146
Oshkosh	1,337,778	5,764,729	0	0	0	735,823	3,790,278	11,628,608
Parkside	383,831	1,288,005	0	0	0	207,303	3,763,725	5,642,864
Platteville	296,706	0	99,987	0	0	0	2,637,725	3,034,418
River Falls	290,341	99,117	0	673,821	0	138,560	2,496,720	3,698,559
Stevens Point	3,505,445	209,509	0	760,618	0	405,643	5,153,761	10,034,976
Stout	1,793,223	28,031	0	854,345	32,400	63,627	3,356,746	6,128,372
Superior	0	0	0	725,241	0	387,603	361,000	1,473,844
Whitewater	0	0	0	2,685,925	0	110,085	3,499,748	6,295,758
Colleges	0	611,131	0	8,111	0	99,373	3,678,191	4,396,806
Extension	3,014,903	0	0	0	0	0	0	3,014,903
System-Wide	0	1,861,481	0	80,273	0	50,000	0	1,991,754
Federal Totals	16,872,263	39,476,352	300,344	11,007,177	7,032,400	297,937,196	58,879,853	431,505,585
Madison	1,558,222	10,462,377	1,630,145	40,397,803	13,427,860	104,576,650	6,547,505	178,600,562
Milwaukee	862,331	443,613	19,400	1,472,339	0	2,007,362	138,395	4,943,439
Eau Claire	8,683	40,564	0	0	0	87,551	0	136,798
Green Bay	0	69,075	4,200	277,465	55,000	37,433	112,035	555,208
La Crosse	272,201	2,140	0	316,382	0	432,376	1,400	1,024,499
Oshkosh	63,745	28,100	0	0	0	457,500	0	549,345
Parkside	81,926	80,710	0	88,788	0	665	136,724	388,813
Platteville	(224,106)	112,931	(99,987)	208,584	0	12,138	231,271	240,831
River Falls	27,776	53,770	0	432,513	0	22,500	43,870	580,429
Stevens Point	1,176,993	130,690	0	50,100	0	432,880	0	1,790,663
Stout	143,752	82,550	0	129,176	0	29,388	0	384,865
Superior	6,618	0	0	0	0	45,570	0	52,188
Whitewater	0	65,982	0	539,086	405	24,403	300,536	930,412
Colleges	4,043	6,350	0	104,177	0	0	1,595,833	1,710,403
Extension	11,501,027	0	0	815,005	0	0	0	12,316,032
System-Wide	0	0	0	949,416	0	0	0	949,416
Nonfederal Totals	15,483,210	11,578,852	1,553,758	45,780,834	13,483,265	108,166,416	9,107,568	205,153,904

UNIVERSITY OF WISCONSIN SYSTEM
GIFTS, GRANTS, AND CONTRACTS AWARDED - BY INSTITUTION
QUARTERLY REPORT & PRIOR-YEAR COMPARISON
FISCAL YEAR 2003-2004 - Second Quarter

	Extension	Instruction	Libraries	Misc	Phy Plt	Research	Student Aid	Total
FISCAL YEAR 2002-2003								
Madison	8,018,204	36,148,155	3,011,311	31,760,559	19,672,042	323,103,711	19,276,355	440,990,337
Milwaukee	962,224	7,183,963	0	2,536,378	0	10,161,342	8,543,038	29,386,945
Eau Claire	355,640	1,921,186	0	0	0	952,224	4,556,207	7,785,257
Green Bay	5,000	1,118,270	27,000	102,850	0	904,283	2,146,682	4,304,085
La Crosse	2,466,019	314,055	0	1,588,001	4,000	2,966,687	4,916,965	12,255,727
Oshkosh	4,578,410	4,615,784	0	0	0	554,784	6,926,903	16,675,881
Parkside	2,525	80,355	0	22,617	0	15,582	3,623,215	3,744,294
Platteville	437,532	7,972	0	133,950	0	0	2,777,883	3,357,337
River Falls	399,098	164,591	0	1,415,219	0	59,000	2,361,425	4,399,333
Stevens Point	3,273,209	458,342	650	347,720	5,000	709,770	4,774,489	9,569,180
Stout	1,667,896	74,180	0	824,644	0	831,500	6,343,542	9,741,762
Superior	0	0	0	751,707	0	139,543	1,395,536	2,286,786
Whitewater	0	82,431	0	2,695,748	11,540	5,200	3,600,970	6,395,889
Colleges	5,869	10,163	2,750	69,556	0	0	4,677,414	4,765,752
Extension	18,269,927	0	0	842,968	0	0	0	19,112,895
System-Wide	0	745,444	0	2,255,117	0	73,288	75,000	3,148,849
Totals	40,441,553	52,924,891	3,041,711	45,347,034	19,692,582	340,476,914	75,995,624	577,920,310
Madison	5,178,798	11,244,446	195,000	2,342,486	0	228,116,319	12,835,636	259,912,685
Milwaukee	157,925	6,924,601	0	375,452	0	8,390,238	8,372,070	24,220,286
Eau Claire	323,535	1,921,186	0	0	0	897,769	4,556,207	7,698,697
Green Bay	0	1,069,705	0	0	0	724,372	2,073,202	3,867,279
La Crosse	2,100,719	314,055	0	1,192,493	0	2,394,660	4,916,965	10,918,892
Oshkosh	3,224,623	4,321,607	0	0	0	204,610	6,926,903	14,677,743
Parkside	0	0	0	0	0	0	3,545,104	3,545,104
Platteville	300,489	0	0	0	0	0	2,777,883	3,078,372
River Falls	338,238	99,973	0	800,510	0	0	2,294,800	3,533,521
Stevens Point	1,815,000	228,677	0	263,695	0	118,525	4,774,489	7,200,386
Stout	1,186,275	70,590	0	731,236	0	830,000	6,343,542	9,161,643
Superior	0	0	0	751,707	0	86,643	1,395,536	2,233,886
Whitewater	0	0	0	2,181,531	0	0	3,330,740	5,512,271
Colleges	0	0	0	1,750	0	0	3,370,457	3,372,207
Extension	2,477,476	0	0	0	0	0	0	2,477,476
System-Wide	0	745,444	0	0	0	50,000	0	795,444
Federal Totals	17,103,078	26,940,284	195,000	8,640,860	0	241,813,136	67,513,533	362,205,890
Madison	2,839,406	24,903,709	2,816,311	29,418,073	19,672,042	94,987,392	6,440,719	181,077,652
Milwaukee	804,299	259,362	0	2,160,927	0	1,771,104	170,968	5,166,660
Eau Claire	32,105	0	0	0	0	54,455	0	86,560
Green Bay	5,000	48,565	27,000	102,850	0	179,911	73,480	436,806
La Crosse	365,300	0	0	395,508	4,000	572,027	0	1,336,835
Oshkosh	1,353,788	294,177	0	0	0	350,174	0	1,998,139
Parkside	2,525	80,355	0	22,617	0	15,582	78,111	199,190
Platteville	137,043	7,972	0	133,950	0	0	0	278,965
River Falls	60,860	64,618	0	614,709	0	59,000	66,625	865,812
Stevens Point	1,458,209	229,665	650	84,025	5,000	591,245	0	2,368,794
Stout	481,621	3,590	0	93,408	0	1,500	0	580,119
Superior	0	0	0	0	0	52,900	0	52,900
Whitewater	0	82,431	0	514,217	11,540	5,200	270,231	883,619
Colleges	5,869	10,163	2,750	67,806	0	0	1,306,957	1,393,545
Extension	15,792,451	0	0	842,968	0	0	0	16,635,419
System-Wide	0	0	0	2,255,117	0	23,288	75,000	2,353,405
Nonfederal Totals	23,338,476	25,984,607	2,846,711	36,706,175	19,692,582	98,663,778	8,482,091	215,714,420

UNIVERSITY OF WISCONSIN SYSTEM
GIFTS, GRANTS, AND CONTRACTS AWARDED - BY INSTITUTION
QUARTERLY REPORT & PRIOR-YEAR COMPARISON
FISCAL YEAR 2003-2004 - Second Quarter

	Extension	Instruction	Libraries	Misc	Phy Plt	Research	Student Aid	Total
INCREASE (DECREASE)								
Madison	(1,094,848)	(9,542,148)	(1,186,166)	12,733,179	755,818	60,729,686	(679,030)	61,716,491
Milwaukee	92,545	2,095,053	19,400	(764,251)	0	3,737,702	96,463	5,276,912
Eau Claire	33,295	(395,133)	0	0	0	48,815	114,710	(198,313)
Green Bay	(5,000)	1,543,598	(22,800)	174,615	55,000	1,450,518	(2,029,062)	1,166,870
La Crosse	(1,881,607)	245,119	5,357	(448,500)	(4,000)	(1,174,417)	(1,034)	(3,259,082)
Oshkosh	(3,176,887)	1,177,045	0	0	0	638,539	(3,136,625)	(4,497,928)
Parkside	463,232	1,288,360	0	66,171	0	192,386	277,234	2,287,383
Platteville	(364,932)	104,959	0	74,634	0	12,138	91,113	(82,088)
River Falls	(80,981)	(11,704)	0	(308,885)	0	102,060	179,165	(120,345)
Stevens Point	1,409,229	(118,143)	(650)	462,998	(5,000)	128,753	379,272	2,256,459
Stout	269,078	36,401	0	158,877	32,400	(738,485)	(2,986,796)	(3,228,524)
Superior	6,618	0	0	(26,466)	0	293,630	(1,034,536)	(760,754)
Whitewater	0	(16,449)	0	529,263	(11,135)	129,288	199,313	830,280
Colleges	(1,826)	607,318	(2,750)	42,732	0	99,373	596,610	1,341,457
Extension	(3,753,997)	0	0	(27,963)	0	0	0	(3,781,960)
System-Wide	0	1,116,037	0	(1,225,428)	0	(23,288)	(75,000)	(207,679)
Totals	(8,086,080)	(1,869,687)	(1,187,609)	11,440,977	823,083	65,626,698	(8,008,202)	58,739,179
Madison	186,336	4,899,184	0	1,753,449	7,000,000	51,140,428	(785,816)	64,193,581
Milwaukee	34,514	1,910,802	0	(75,663)	0	3,501,444	129,036	5,500,134
Eau Claire	56,717	(435,697)	0	0	0	15,719	114,710	(248,551)
Green Bay	0	1,523,088	0	0	0	1,592,996	(2,067,617)	1,048,467
La Crosse	(1,788,508)	242,979	5,357	(369,374)	0	(1,034,766)	(2,434)	(2,946,746)
Oshkosh	(1,886,845)	1,443,122	0	0	0	531,213	(3,136,625)	(3,049,134)
Parkside	383,831	1,288,005	0	0	0	207,303	218,621	2,097,760
Platteville	(3,783)	0	99,987	0	0	0	(140,158)	(43,954)
River Falls	(47,897)	(856)	0	(126,689)	0	138,560	201,920	165,038
Stevens Point	1,690,445	(19,168)	0	496,923	0	287,118	379,272	2,834,590
Stout	606,948	(42,559)	0	123,109	32,400	(766,373)	(2,986,796)	(3,033,271)
Superior	0	0	0	(26,466)	0	300,960	(1,034,536)	(760,042)
Whitewater	0	0	0	504,394	0	110,085	169,009	783,487
Colleges	0	611,131	0	6,361	0	99,373	307,734	1,024,599
Extension	537,427	0	0	0	0	0	0	537,427
System-Wide	0	1,116,037	0	80,273	0	0	0	1,196,310
Federal Totals	(230,815)	12,536,068	105,344	2,366,318	7,032,400	56,124,060	(8,633,680)	69,299,695
Madison	(1,281,184)	(14,441,332)	(1,186,166)	10,979,730	(6,244,182)	9,589,258	106,786	(2,477,090)
Milwaukee	58,032	184,251	19,400	(688,588)	0	236,258	(32,573)	(223,221)
Eau Claire	(23,422)	40,564	0	0	0	33,096	0	50,238
Green Bay	(5,000)	20,510	(22,800)	174,615	55,000	(142,478)	38,555	118,402
La Crosse	(93,099)	2,140	0	(79,126)	(4,000)	(139,651)	1,400	(312,336)
Oshkosh	(1,290,043)	(266,077)	0	0	0	107,326	0	(1,448,794)
Parkside	79,401	355	0	66,171	0	(14,917)	58,613	189,623
Platteville	(361,149)	104,959	(99,987)	74,634	0	12,138	231,271	(38,134)
River Falls	(33,084)	(10,848)	0	(182,196)	0	(36,500)	(22,755)	(285,383)
Stevens Point	(281,216)	(98,975)	(650)	(33,925)	(5,000)	(158,365)	0	(578,131)
Stout	(337,870)	78,960	0	35,768	0	27,888	0	(195,254)
Superior	6,618	0	0	0	0	(7,330)	0	(712)
Whitewater	0	(16,449)	0	24,869	(11,135)	19,203	30,305	46,793
Colleges	(1,826)	(3,813)	(2,750)	36,371	0	0	288,876	316,858
Extension	(4,291,424)	0	0	(27,963)	0	0	0	(4,319,387)
System-Wide	0	0	0	(1,305,701)	0	(23,288)	(75,000)	(1,403,989)
Nonfederal Totals	(7,855,266)	(14,405,756)	(1,292,953)	9,074,659	(6,209,317)	9,502,638	625,477	(10,560,516)

REVISED

I.3. Physical Planning and Funding Committee

Thursday, February 5, 2004
Pyle Center, 702 Langdon Street

9:00 a.m. All Regents

- Presentation on Transforming Instructional Delivery, by Alan Guskin

10:00 a.m. Regent Study Groups

12:30 p.m. Box Lunch

- Presentation on UW Colleges On-Line Programs

1:00 p.m. All Regents

- Accountability Report

2:00 p.m. Board of Regents

- UW-Platteville Regional Enrollment Plan
[Resolution I.2.a.]
- Differential Tuition Guidelines
- UW-Milwaukee Differential tuition
[Resolution I.2.e.]

2:30 p.m. Physical Planning and Funding Committee adjourns to Room 225

b. Approval of Minutes of December 4, 2003 Meeting

c. Report of the Assistant Vice President

- Proposed Capital Budget Process Improvements
- Building Commission Actions
- Other

d. UW-Madison: Lot 76 Parking Ramp Construction (\$18 M)
[Resolution I.3.d.]

e. UW-Madison: Lease for Medical School Department of Physiology
[Resolution I.3.e.]

f. UW-Madison: Veterinary Diagnostic Laboratory Construction (\$25.2 M)
[Resolution I.3.f.]

- g. UW-Madison: Central Campus Utility Improvements Construction (\$14.7 M)
[Resolution I.3.g.]
- h. UW-Madison: Repeal Restrictions Requiring UW System Review and Approval
of Buildings in the Hilldale Area
[Resolution I.3.h.]
- i. UW-Madison: Authority to Seek Enumeration and Construction of a Grainger
Hall Addition Project (\$40 M) and a Dayton Street Housing Project (\$34.9 M)
[Resolution I.3.i.]
- j. UW-River Falls: Student Union Construction and Related Approvals (\$28.4 M)
[Resolution I.3.j.]
- x. Additional items which may be presented to the Committee with its approval

Approval of the Design Report, Authority to
Construct a Lot 76 Parking Ramp Project, and
Seek a Waiver, 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 the Lot 76 Parking Ramp, and (2) seek a waiver of s.16.855 under s.13.48(19) to allow construction of this project as part of the Construction-Management-at-Risk contract for the Interdisciplinary Research Complex (IRC) project at an estimated total project cost of \$18,000,000 (\$12,000,000 Program Revenue Supported Borrowing - HealthStar and \$6,000,000 Program Revenue - Cash).

THE UNIVERSITY OF WISCONSIN SYSTEM

Request for Board of Regents Action

February 2004

1. Institution: The University of Wisconsin–Madison
2. Request: Requests approval of the Design Report and authority to: (1) construct the Lot 76 Parking Ramp, and (2) seek a waiver of s.16.855 under s.13.48(19) to allow construction of this project as part of the Construction-Management-at-Risk contract for the Interdisciplinary Research Complex (IRC) project at an estimated total project cost of \$18,000,000 (\$12,000,000 Program Revenue Supported Borrowing - HealthStar and \$6,000,000 Program Revenue - Cash).
3. Description and Scope of Project: This project will construct a new 1,285-stall parking ramp (196,605 ASF/ 380,226 GSF) on the existing 449-space surface Lot 76 located east of the Nielsen Tennis Stadium. A restroom and storage facilities for UW Transportation Services maintenance staff also will be provided. The parking ramp will be a four-story pre-cast concrete structure with an exterior that will be brick faced spandrels with an exposed pre-cast concrete frame. Access to the ramp will be from two entry/exit points on University Bay Drive. The ramp design and construction materials used will match the architecture and exterior finishes of the existing and proposed buildings on the west campus. A portion of the existing surface lot paving will be converted to a landscaped courtyard with a new walkway and plantings.

Traffic control measures will also be included with this project to address public concerns about traffic in the west campus area. These measures include improvements to three adjacent street intersections: Walnut Street and Highland Avenue, Walnut Street and University Bay Drive, and Walnut Street and Marsh Terrace. The Marsh Terrace intersection will be redesigned to improve visibility and reduce bicycle and pedestrian conflicts. An expanded bus pullout will also be created on Walnut Street, south of the new ramp, to improve loading and unloading access.

The proposed ramp will be used for faculty and staff parking on the west campus, 24 hours per day, seven days a week to coincide with the UW Hospital schedule of 24-hour service. No student parking will be provided in the ramp. Limited visitor parking (mainly during sporting events at Goodman Diamond) will be available. Bicycle and moped parking will be located outside the southwest portion of the ramp to promote and support Transportation Demand Management (TDM) initiatives on campus, a portion of which will be covered bike parking.

Storm water from the ramp will be detained, cleaned, and cooled before being discharged north to Lake Mendota. Site lighting and interior ramp lighting will utilize light fixtures that minimize light spill and light pollution in the area. Landscape plantings and berms around the ramp will help blend the proposed structure into its surroundings. An Environmental Impact Statement has been completed and necessary City and campus approvals for this project have been obtained.

4. Justification of the Request: Funding for this ramp was enumerated in 1997-99 as part of the HealthStar initiative. This project will replace surface parking spaces lost to development on the west campus. The proposed ramp is part of the West Campus Development Plan which includes the University's Health Sciences expansion to develop a state-of-the-art teaching and research center adjacent to the UW-Madison clinical care facilities. A west campus parking facility was also included in the 1996 Campus Master Plan, in support of the west campus development. Completion of buildings identified in the West Campus Development Plan is currently scheduled for 2011.

Over the past decade, UW-Madison has studied the parking supply on the west campus and methods of reducing the overall parking demand across campus. New and highly popular Transportation Demand Management (TDM) initiatives have helped reduce the need for additional parking. Those initiatives include free annual Madison Metro bus passes for all employees and students, park-and-ride lots, Flex Parking, van/car pools, telecommuting opportunities, bike/moped parking facilities, and pedestrian trails. The UW Hospital has also been active in relocating many of their administrative offices off campus to help alleviate demands for parking near the hospital. The increased demand for additional parking, as a result of the UW-Madison's Health Sciences expansion and other west campus development, will be addressed by the campus' continued support and promotion of TDM initiatives.

The West Campus planning process included a traffic and parking analysis by Walker Parking Consultants. This report defined a projected parking deficit of at least 1,122 to 1,161 spaces in 2011 upon completion of the west campus facilities. The Lot 76 parking ramp will be an almost even replacement for the parking spaces lost as the surface lots near the Clinical Science Center are lost to west campus development, the primary project being the Interdisciplinary Research Complex (IRC). When complete, the new 1,285-car ramp will provide a net gain of 26 additional parking spaces for a total of 5,132 parking spaces on the west campus.

Construction of the IRC project cannot occur before the Lot 76 Parking Ramp project is completed and the parking that will be lost by construction of that project has been replaced by the new ramp. Therefore, since the schedules of the IRC and Lot 76 Parking Ramp projects are so closely linked and the project sites adjacent, a waiver of s. 16.855 is being requested so that the Construction Manager already under contract for the IRC project can expedite construction of the Parking Ramp project, thereby saving time and allowing the IRC project to proceed in a timely manner.

5. Budget:

Construction	\$15,425,800
A/E Design Fee (5.6%)	858,200
DSF Fee (4.0%)	652,700
Project Contingency (5.0%)	771,300
Equipment	118,000
Plan Review	174,000
Percent for the Arts	<u>0</u>
Total Project Cost	\$18,000,000

6. Previous Action:

August 23, 1996 Resolution 7261	Recommended that legislative approval be sought for the HealthStar program at \$50 million General Fund Supported Borrowing and at least \$100 million other funds.
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Lease for University of Wisconsin Medical
School, Department of Physiology, UW-Madison

PHYSICAL PLANNING AND FUNDING COMMITTEE

Resolution:

That, upon the recommendation of the UW-Madison Chancellor and the President of the University of Wisconsin System, authority be granted to lease approximately 20,000 square feet of laboratory and office space at 601 Science Drive in Madison, Wisconsin on behalf of the University of Wisconsin Medical School, Department of Physiology.

THE UNIVERSITY OF WISCONSIN SYSTEM

Request for Board of Regents Action February 2004

1. Institution: The University of Wisconsin-Madison
2. Request: Requests authority to lease approximately 20,000 square feet of laboratory and office space at 601 Science Drive in Madison, Wisconsin on behalf of the University of Wisconsin Medical School, Department of Physiology.

Lessor: University Research Park Facilities Corp.
510 Charmany Drive, Suite 250
Madison, Wisconsin 53719

3. Lease Information: The proposed lease covers 20,000 square feet of space for the period beginning July 1, 2004 (or date of occupancy) through June 30, 2009 at an annual rate of \$396,747 (\$19.50/LSF). The lease also provides for three, five-year renewal options from July 1, 2009.

The lease includes utility and maintenance services, but not housekeeping. Rental payments will be provided from medical school program and UW-Madison funds. The 601 Science Drive facility includes existing laboratory infrastructure (i.e. high levels of HVAC, electrical, and plumbing) to support the laboratories of the physiology department which provides enormous savings in preparing the space for use. The improvement costs of approximately \$1 million (approximately \$50 per square foot) to accommodate and install specialized laboratory and research equipment will also be paid by medical school program and UW-Madison funds.

4. Justification: The Medical School Department of Physiology continues to receive grant funding, currently to conduct research involving laboratory animals and needs room to expand. Physiology is the study of the biophysical and biochemical processes underlying the function of cells and organ systems in the human body. Increasing the understanding of these mechanisms is the foundation for advances in medical treatment and research. The research activities include studies of mechanisms of human diseases such as diverse as heart failure, hearing deficits, epilepsy, and muscular dystrophy. The research success of the Department of Physiology is evident in its current ranking by the National Institute of Health (NIH) among the top 10 departments in the nation. The Department of Physiology at the University of Wisconsin-Madison has a faculty of twenty-four investigators engaged in interdisciplinary studies that span molecular, cellular, and systems and behavioral sciences, with strong traditions in cardiovascular biology and neuroscience. Six of these investigators will be located in this leased facility.

The Department of Physiology is currently housed in the Medical Sciences Center on the UW-Madison campus. The department has received a large amount of grant support which requires expansion space that cannot be provided in the Medical Sciences Center. The vacant space at 601 Science Drive in the University Research Park can provide for the current needs of Physiology with the potential to accommodate future expansion needs and/or provide space for the medical school to relocate other groups from the Medical Sciences Center to address space needs. The 601 Science Drive building is a multi-tenant facility. When leases to other tenants expire, there will be opportunities for the medical school to lease additional space.

Location within the University Research Park is essential to this Department's ability to move off-campus. Required cage washing facilities are available at the nearby WISPIC facility at 6001 Research Park Blvd. Research Park facilities are connected to the UW-Madison high speed data backbone and Centrex phone system equal to those on campus. A shuttle service for UW students, staff, and researchers is currently under consideration.

5. Previous Action: None.

Approval of the Design Report and Authority
to Construct a Veterinary Diagnostic
Laboratory Project UW-Madison

PHYSICAL PLANNING AND FUNDING COMMITTEE

Resolution:

That, upon the recommendation of the UW-Madison Chancellor and the President of the University of Wisconsin System, the Design Report be approved and authority be granted to construct a new Wisconsin Veterinary Diagnostic Laboratory at an estimated total project budget of \$25,197,600 (\$22,400,000 General Fund Supported Borrowing, \$2,500,000 Program Revenue Supported Borrowing, \$249,000 GFSB-UW Infrastructure Funds, and \$48,600 Institutional Funds.)

THE UNIVERSITY OF WISCONSIN SYSTEM

Request for Board of Regents Action February 2004

1. Institution: The University of Wisconsin-Madison
2. Request: Requests approval of the design report and authority to construct a new Wisconsin Veterinary Diagnostic Laboratory at an estimated total project budget of \$25,197,600 (\$22,400,000 General Fund Supported Borrowing, \$2,500,000 Program Revenue Supported Borrowing, \$249,000 GFSB-UW Infrastructure Funds, and \$48,600 Institutional Funds.)
3. Description and Scope of Project: This project will construct a new three-story building with approximately 80,000 GSF/48,500 ASF of space for regulatory monitoring and diagnostic testing for the State's veterinarians. The building will be located on Parking Lot #4 on the UW-Madison Campus next to the School of Veterinary Medicine.

The Wisconsin Veterinary Diagnostic Laboratory (WVDL) will provide reliable diagnostic laboratory testing to fulfill its obligation as the primary component of the Wisconsin Animal Health System. The labs will provide a broad range of diagnostic services to the production and exotic animal industries as well as performing surveillance testing for a variety of animal diseases. The new building will contain the three main laboratory units (microbiology, pathology / toxicology, and virology), as well as administrative support space, education/outreach, a Chronic Wasting Disease (CWD) lab, and building support functions.

The first floor will include a sample receiving/distribution area, necropsy rooms, BSL-3 labs, support rooms, sample coolers, central supplies, and support offices. A loading dock will also be located near the sample receiving and necropsy areas. The second floor will house diagnostic labs, multi-purpose/conferencing rooms, and administrative offices. The third floor will contain diagnostic laboratories, including a CWD lab, laboratory, and office support space.

A Water Main and Sanitary Sewer Replacement/Installation Project (03J3F) was approved by the State Building Commission on November 19, 2003. That project, funded at \$249,000 from the UW Infrastructure Allotment, was subsequently transferred to the WVDL project by DSF to prevent having to excavate and pave much of the same ground twice. The Institutional Funds were added to the project to integrate planning with the large animal hospital expansion.

4. Justification of the Project: For the past 15 years it has been evident to the Department of Agriculture, Trade and Consumer Protection, laboratory customers, and the lab's accrediting organization (the American Association of Veterinary Laboratory Diagnosticians), that the quality of the laboratory facility has been declining over the years. The existing facility has deteriorated to the point that the AAVLD accreditors felt it necessary to place the lab on

accreditation probation pending facility modernization.

The current laboratory building is 36 years old and is no longer able to support the advanced equipment, molecular biology techniques, and computers which are currently used to perform diagnostic laboratory work. The original mission of the lab was centered on disease detection and eradication. The present day mission has expanded and includes applied research, disease surveillance and incidence verification for export, as well as the edification of producers and laboratory users on significant animal health issues.

These mission changes have resulted in major improvements needed in equipment, facility, and infrastructure to allow the laboratory to provide quality assistance to agribusinesses.

The following is a list of issues at the current WVDL that are to be addressed by the new facility:

- Low Flexibility: the building is a complex of small, irregular rooms
- Layout: floor plan makes work flow inefficient
- Ventilation: inadequate for the hazards and significant odor problems
- Fume hoods: exhaust systems have inadequate safety provisions
- Lighting and Electrical: both sub-standard and rooms are windowless
- Noise: common space is disruptive to support staff
- Space for lab analysts: lab space is inadequate and over crowded
- Space for analysts' offices: inadequate space to perform data analysis
- Space for support staff: office space is inadequate
- Space for equipment: inadequate space for centralized service areas

The WVDL is the official (USDA certified) facility for all veterinary testing related to animal agriculture and agribusiness in the state. The lab serves as the diagnostic reference laboratory for more than 2,000 private veterinary practitioners. The lab also serves as the first line of defense against such animal related diseases as CWD, Cattle Tuberculosis, and the West Nile Virus.

5. Budget: The preliminary estimated project budget is as follows:

Construction	\$19,574,000
A/E Fees	1,885,400
DSF Management	837,800
Plan Review/Other Fee/Testing	155,300
Contingency	1,370,000
Movable Equipment	1,063,900
Project #03J3F	249,000
Percent for Art (.02%)	<u>62,200</u>
Estimated Total Project Cost:	\$25,197,600

6. Previous Action: There was no previous action by the Board of Regents. However, this project was enumerated in the 2001-03 Capital Budget at \$20 million GFSB. The 2003-05 Capital Budget enumerated an additional \$4.9 million, including \$2.5 million PRB and \$2.4 million GFSB.

Central Campus Utility Improvements Project,
UW-Madison

PHYSICAL PLANNING AND FUNDING COMMITTEE

Resolution:

That, upon the recommendation of the UW-Madison Chancellor and the President of the University of Wisconsin System, authority be granted to: (1) construct the Central Campus Utility Improvements project at an estimated total project cost of \$14,700,000 (\$11,709,000 General Fund Supported Borrowing and \$2,991,000 Program Revenue Supported Borrowing) and, (2) seek a waiver of s.16.855 under the provisions of s.13.48 (19) to allow a portion of the construction to be performed by the contractor for the West Campus Cogeneration Facility if necessary.

THE UNIVERSITY OF WISCONSIN SYSTEM
Request for
Board of Regents Action

February 2004

1. Institution: The University of Wisconsin–Madison
2. Request: Requests authority to: (1) construct the Central Campus Utility Improvements project at an estimated total project cost of \$14,700,000 (\$11,709,000 General Fund Supported Borrowing and \$2,991,000 Program Revenue Supported Borrowing) and, (2) seek a waiver of s.16.855 under the provisions of s.13.48 (19) to allow a portion of the construction to be performed by the contractor for the West Campus Cogeneration Facility if necessary.
3. Description and Scope of Project: This project will construct utility system improvements necessary to connect the new West Campus Cogeneration Facility (WCCF) on the UW-Madison campus. Improvements will include the installation of new utility lines and the upgrade of existing lines to distribute the additional capacity provided by the WCCF. The project will provide steam, steam condensate, compressed air, chilled water distribution piping, domestic water, electric and signal ductbank/manhole system from the WCCF north through the Biotron utility corridor to the Observatory Drive corridor. The utilities will be routed east in the Observatory Drive corridor and then connect to the existing distribution systems along Linden Drive. The project will also upgrade high and low pressure steam, steam condensate and compressed air piping on the east side of Henry Mall and Linden Drive. New water mains and a meter pit will also be installed.

The components of the project consist of the following:

- Biotron Corridor – The corridor will extend approximately 400 feet north from the northeast corner of the WCCF to the north side of Observatory Drive. The utility improvements will include the installation of one 20” high pressure steam line, one 10” steam condensate line, one 6” compressed air line, and two 48” chilled water lines.
- Observatory Drive Corridor – The corridor will extend approximately 3,450 feet from the Biotron corridor east along Observatory Drive to Linden Drive. The high pressure steam, steam condensate and compressed air piping will be cross-connected to the piping in Elm Drive. Utility improvements will include the installation of one 20” high pressure steam line, one 10” steam condensate line, one 6” compressed air line, and two 48” chilled water lines. Valves will also be installed at the interface points.
- Electric and Signal Ductbank/Manhole System – The system will extend approximately 4,050 feet from the northeast corner of the WCCF north to Observatory Drive in the Biotron corridor and east along Observatory Drive to Linden Drive. The electric and

signal ductbank system will consist of twelve 5" electrical power conduits and twelve 4" signal conduits with manholes located approximately every 250 feet.

- Henry Mall Utilities – Utility lines will be extended approximately 560 feet from University Avenue to Linden Drive under Henry Mall and then west in the Linden Drive utility tunnel. Utility improvements will include the installation of one 20" high pressure steam line, one 10" steam condensate line, one compressed air line, and one 14" low pressure steam line. These lines will connect to existing utility piping in Linden Drive. The tunnel and piping in Linden Drive will also be reconfigured.
- A new 12" domestic water line, approximately 550 feet in length, will be installed from an existing 8" water line in the Biotron corridor and run east in the Observatory Drive corridor to connect with a new water line that will be installed on the west side of the Natatorium as part of a current Water Main Improvement Project (03H3U). A new meter pit will be installed at Elm Drive and a 12" water main will be installed in Elm Drive between Linden Drive and Observatory Drive.
- Madison Gas and Electric Contractors may install valves and piping as necessary to interface with the campus distribution systems.

Landscape disturbed by the utility improvements in the immediate area surrounding the WCCF will be restored by that project. Restoration of areas more removed from the WCCF site will be restored by this project. Where feasible, other utility maintenance projects in these areas will be coordinated with this project to avoid restoration of the same area twice.

This project will include site restoration and roadway/sidewalk reconstruction in the areas excavated for utility line installation. These areas include the north half of the Observatory Drive roadway and adjacent sidewalks from the Biotron corridor to Babcock Drive, and reconstruction of one-half of Babcock Drive roadway from Observatory Drive to Linden Drive. The extent of utility excavation and roadway destruction/reconstruction will be determined during the final design phase of this project. At that point, another project will be requested to reconstruct portions of the remaining roadways and/or sidewalks. That maintenance project will reconstruct areas that are in poor condition, improve roadway drainage, and resurface the remaining half of the roadways. That maintenance project will be combined with the utility improvement project to take advantage of efficiencies in design and construction.

4. Justification of the Request: This project will connect the West Campus Cogeneration Facility (WCCF) to the UW Madison campus utility distribution system. The project will also improve the existing utility system to accommodate the additional capacity the WCCF will provide. The utilities in the Observatory Drive corridor will extend the additional capacity provided by the WCCF east toward facilities in the central campus area including the new Microbial Science facility. The Henry Mall and Linden Drive utility improvements will further extend the WCCF capacity to facilities in that area of the campus including the planned Biochemistry Building Addition. The installation of a new steam line in the Observatory Drive corridor will minimize the steam pressure drop from the Charter Street

plant to the Walnut Street plant. This will allow more efficient operation of the steam turbine driven chillers in the Walnut Street plant.

Installation of a new 12" domestic water line in the Observatory Drive corridor will provide additional water and fire hydrant service capacity for facilities located in the Elm Drive and Steinbock Library areas. In a future biennium, the water line will be extended west from the Biotron corridor to a City of Madison 20" water line on Highland Avenue. This will create a redundant loop type water service for campus facilities.

The existing electric and signal ductbank system between west campus and central campus is at capacity. Additional electric ductbank capacity is needed to interconnect the growing electrical loads on the west side of campus to the exiting power distribution systems in the central campus area. Additional signal ductbank capacity is needed to install new fiber optic data and other signal cable from the central campus signal distribution systems to the facilities to be constructed on the west campus.

The construction of the new West Campus Cogeneration Facility (WCCF) plant will increase the supply of heating (steam), cooling (chilled water), and electricity needed by the facilities served from the existing utility distribution systems. The WCCF plant will be capable of generating up to an additional 600,000 pounds of steam per hour, and 20,000 tons of chilled water. Interconnection between the campus utility systems and the WCCF is vital for the efficient operation of the campus utility system.

5. Budget:

Construction	\$12,010,000
A/E Design Fee	962,000
DFD Fee	528,000
Project Contingency	<u>1,200,000</u>
Total Project Cost	\$14,700,000

6. Previous Action:

August 22, 2002 Resolution 8582	Recommended enumeration of a UW System Utility Improvement Project, as part of the 2003-05 Capital Budget. The multi-campus utility project included \$22,100,000 GFSB for various utilities on the Madison campus. The State Building Commission subsequently recommended \$16,585,000 (\$13,077,000 GFSB and \$3,523,000 PRB) for Madison campus utilities.
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Repeal Restrictions Requiring UW System
Review and Approval of Buildings in the Hilldale
Area, 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, that the Declaration of Covenants, Restrictions and Easements for the Plat of University Hill Farms – Commercial Reserve Addition be repealed.

THE UNIVERSITY OF WISCONSIN SYSTEM

Request for Board of Regents Action February 2004

1. Institution: The University of Wisconsin-Madison
2. Request: Requests that the Board of Regents repeal the Declaration of Covenants, Restrictions and Easements for the Plat of University Hill Farms – Commercial Reserve Addition.
3. Summary and Background: The University Hill Farms - Commercial Reserve Addition, was platted by the Board of Regents in February 1958 as part of its sale of University Hill Farms land. The Commercial Reserve Addition is bordered by University Avenue, North Midvale Boulevard, Regent Street and North Segoe Road.

Most of Block 34, Outlots “A” and “B” were then developed into the Hilldale Shopping Center. Block 34, Outlots “A” and “B” were purchased by Kelab, Inc. from the Board of Regents in a conveyance dated December 19, 1958. Kelab, Inc. is a non-stock, non-profit corporation created by a group of benefactors to provide financial assistance to the University of Wisconsin. Kelab, Inc. entered into a long-term ground lease for the development of the Shopping Center with Hilldale, Inc., a corporation owned by the University of Wisconsin Foundation. Hilldale, Inc. constructed the shopping center improvements upon the land leased from Kelab, Inc. and in turn pays Kelab, Inc. a substantial portion of Hilldale’s gross rental income.

The Board of Regents recorded a Declaration of Covenants, Restrictions and Easements for the plat of University Hill Farms – Commercial Reserve Addition in 1958 (corrected in a 1959 resolution) which applies to all property located within the plat. The Declaration controls land use and building type in University Hill Farm – Commercial Reserve Addition, and vests the Board of Regents or its designee with the right to approve buildings and other structures built or remodeled within the platted area. This review has been delegated to the Architectural Control Committee for the University Hill Farms. The Declaration has a 25-year term which automatically extends for additional five-year terms unless the Board of Regents elects to amend or repeal the restrictions.

University Hill Farms – Commercial Reserve Addition, has been fully developed. The Declaration has been of record for the past 45 years during which time all lots within the plat have been developed. The Declaration continues to impose restrictions, limitations, and prohibitions upon all the properties located within the plat in addition to the zoning and building requirements imposed by the city of Madison and State of Wisconsin. Further, the restrictions also impede negotiations on the sale of Hilldale. As the restrictions are no longer necessary to protect the interests of the Board of Regents, Kelab, Inc., has requested that the Board of Regents repeal the Declaration of Covenants, Restrictions and Easements for the plat of University Hill Farms – Commercial Reserve Addition.

Authority to Seek Enumeration and Construction
of a Grainger Hall Addition Project and a Dayton
Street Housing Project, UW-Madison

PHYSICAL PLANNING AND FUNDING COMMITTEE

Resolution:

That, upon the recommendation of the UW-Madison Chancellor and the President of the University of Wisconsin System, authority be granted to:

- (1) seek enumeration in the Spring 2004 legislative session for two projects at UW-Madison:
 - a. Grainger Hall Addition project, estimated at \$40 million (\$30 million Gifts, and \$10 million Existing General Fund Supported Borrowing)
 - b. Dayton Street Housing Development, estimated at \$34.9 million Program Revenue Supported Borrowing – Housing
- (2) seek approval of using fast track design and construction techniques for these projects. This approval would enable the University, with the assistance of the Real Estate Development Corporation (REDCO), to enter into competitive RFP processes for the selection of architect/engineering teams and construction managers at risk for each of the two projects;
- (3) construct both facilities under the terms of land use agreements between the Real Estate Development Corporation (REDCO) and the Board of Regents.

These projects would be used to demonstrate methods of streamlining the project delivery process. The projects would be monitored and evaluated by the University, System Administration, and the Department Administration in the areas of cost, schedule, and quality.

THE UNIVERSITY OF WISCONSIN SYSTEM
Request for
Board of Regents Action

February 2004

1. Institution: The University of Wisconsin–Madison
2. Requests:
 - (1) authority to seek enumeration in the Spring 2004 legislative session for two projects at UW-Madison:
 - a. Grainger Hall Addition project, estimated at \$40 million (\$30 million Gifts, and \$10 million Existing General Fund Supported Borrowing)
 - b. Dayton Street Housing Development, estimated at \$34.9 million Program Revenue Supported Borrowing – Housing
 - (2) authority to seek approval of using fast track design and construction techniques for these projects. This approval would enable the University, with the assistance of the Real Estate Development Corporation (REDCO), to enter into competitive RFP processes for the selection of architect/engineering teams and construction managers at risk for each of the two projects;
 - (3) authority to construct both facilities under the terms of land use agreements between the Real Estate Development Corporation (REDCO) and the Board of Regents.

These projects would be used to demonstrate methods of streamlining the project delivery process. The projects would be monitored and evaluated by the University, System Administration, and the Department Administration in the areas of cost, schedule, and quality.

3. Description and Scope of Project:

Graduate School of Business: This project will construct an approximately 85,000 ASF/125,000 GSF five story building with an underground basement for storage and possibly parking. The addition will house the specialized MBA centers for the Graduate Program of the School of Business.

The original 1990's facility was designed to accommodate future expansion on the east side of the building along North Park Street. The addition will be designed to blend with the existing facility's exterior finishes and, architecturally, should be designed to seem as one building. Interior finishes will also complement the existing facility and floor to floor

connections will be achieved in a seamless manner. The project will also include the removal of 905 University Avenue.

Dayton Street Housing Development Project: This project consists of three major phases: (1) construction of a new residence hall on Dayton Street. A preliminary design model includes approximately 600 beds. The building will include a lobby area with offices, hall desk, and mailboxes, multipurpose space that can be used for classrooms and a variety of programs or social events; and a residence life staff apartment. Common areas on each floor will include laundry, study room, social / program space for floor residents, student storage, and a kitchen. The design will also address plans for drop-off / pick-up traffic, residence hall opening and closing traffic, as well as recreation and open space needs. Preliminary design will also consider the feasibility of constructing an ice-rink for recreation and team practice as part of this project, (2) demolition of Ogg Hall, and (3) landscaping the former site of Ogg Hall and areas adjacent to Sellery Hall and Gordon Commons. This last phase would also include improvements to the East Campus Pedestrian Mall extending from Johnson Street south to the intersection of Murray Street and the railroad crossing.

4. Justification of the Request:

Graduate School of Business: An exciting and rare opportunity has been presented to the University and the State by a donor interested in providing an extraordinary gift of \$20 million toward the construction of a facility to serve the graduate business program. In order to secure the gift, certain actions will be required by the University and the State. The donor has suggested a gift in the amount of \$20 million in exchange for the following: a \$10 million State match, an additional \$10 million combination of gifts/State funds (to be determined), and occupancy for classes by the fall of 2007. The Dean of the School of Business is committed to raising funds to reduce the state funding needed for the project. Therefore, enumeration is requested using \$10 million existing General Fund Supported Borrowing and \$30 million gifts.

State statutes require the specific enumeration of any development project in excess of \$500,000, regardless of funding source. In order to achieve the fall 2007 occupancy, the University is requesting enumeration of this project during the spring 2004 session. Provisions will be sought to enable fast-track construction with a construction manager at risk, a guaranteed maximum price, and management of the project by the Real Estate Development Corporation.

A main strategic priority of the School of Business is to bring professional programs up to the quality level attained in undergraduate education and research. While the latter are near the top of the Big Ten (indeed the nation), the MBA program is near the bottom. The University is undertaking a significant restructuring of the MBA program, focusing it around several career specializations to become the first career-focused MBA program in the country. This paradigm relies heavily on group project interactions that are not possible in the existing space in Grainger Hall.

An improved MBA program offers direct benefits to the state. It will attract talented and motivated students from around the world. By exposing them to the quality of life in Wisconsin, it will increase the likelihood that they will make their careers here. An integral part of the career-focused curriculum is project-based learning. The School of Business is collaborating with WARF now to support spin-off businesses.

The indirect benefits of a quality MBA program are even more powerful. A major asset provided to state businesses is continuing education programming. Continuing education is essential in a dynamic economy driven by technological change and globalization. It is pure “brain gain” for a state business to enroll employees in continuing education. The improved program will attract faculty members who are as committed to the application of knowledge to business as they are to research. As such, the faculty will be well-suited to teaching as well as consulting with state businesses.

To achieve potential with this model, the School of Business’ facilities need to support the space requirements of the new program structure. Furthermore, in the decade since Grainger Hall was constructed, demand for the undergraduate program has increased significantly, causing crowding and scheduling problems. Relocation of the graduate program into the new space will mitigate those problems.

Dayton Street Housing Development Project: Ogg Hall (112,572 ASF/ 206,565 GSF) was occupied in 1965. Part of the University’s southeast campus residence hall complex, it is a high rise hall consisting of two 13-story towers housing approximately 1000 students.

In 1999, the statutes were amended to require every university residence hall and dormitory built before April 26, 2000, and over 60’ in height to contain an automatic fire sprinkler system. If no system was in place, one had to be installed before January 1, 2006. At that time, it was planned that Ogg Hall would be retrofitted as part of a scheduled maintenance and repair program for UW-Housing residence halls.

Since Ogg Hall’s square building design has made it the most difficult residence hall to operate from a programmatic and mechanical standpoint, University Housing hired an architectural/engineering firm to look at the feasibility and cost of correcting Ogg Hall’s design problems as well as renewing its building systems and installing the required fire sprinkler system.

Ogg Hall does not meet current health and safety standards. A consultant’s report confirmed the hall’s many inadequacies and due to low floor-to-ceiling heights, renovation and upgrade of the existing hall is not a cost effective solution. The decision to demolish Ogg Hall was made after a careful review of the alternatives detailed in the study. New construction to replace Ogg Hall provides the best long-term solution. The Dayton Street Development will provide approximately 600 of the 1000 beds needed to replace Ogg. An additional residence hall with 400 beds is being planned for construction on a lease with an option to purchase arrangement. The University’s request to fast-track the design and construction of a new facility will expedite demolition of this inadequate residence hall.

This project is part of the overall long-range plan of the University to upgrade and enhance student housing. Costs for the overall plan typically are shared by all residence hall occupants. It is planned that the rate charged for living in the new space will be higher than the rates charged for older buildings.

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Approval of the Design Report and Authority to
Construct a Student Union Project and Related
Approvals, UW-River Falls

PHYSICAL PLANNING AND FUNDING COMMITTEE

Resolution:

That, upon the recommendation of the UW-River Falls Chancellor and the President of the University of Wisconsin System, the design report be approved and authority be granted to:

- (1) construct the New Student Union project,
- (2) increase the project budget by \$147,000 Program Revenue - Cash,
- (3) seek a waiver of s.16.855 under s.13.48(19) to allow selection through an RFP process of a Construction Manager-At-Risk, should it be determined that a LEED rating will be sought for this project,
- (4) seek release of \$250,000 Building Trust Funds - Contingency to demolish the Ames Teacher Education Center.

The estimated total project cost is \$28,400,000 (\$20,350,000 Program Revenue Supported Borrowing, \$7,800,000 Program Revenue - Cash and \$250,000 Building Trust Funds-Contingency).

THE UNIVERSITY OF WISCONSIN SYSTEM

Request for Board of Regents Action February 2004

1. Institution: The University of Wisconsin-River Falls
2. Request: Requests approval of the Design Report and authority to:
 - (1) construct the New Student Union project,
 - (2) increase the project budget by \$147,000 Program Revenue - Cash,
 - (3) seek a waiver of s.16.855 under s.13.48(19) to allow selection through an RFP process of a Construction Manager-At-Risk, should it be determined that a LEED rating will be sought for this project,
 - (4) seek release of \$250,000 Building Trust Funds - Contingency to demolish the Ames Teacher Education Center.

The estimated total project cost is \$28,400,000 (\$20,350,000 Program Revenue Supported Borrowing, \$7,800,000 Program Revenue - Cash and \$250,000 Building Trust Funds-Contingency). *(The enumerated project budget is actually \$29,533,000, but the Child Care portion of this project has already been authorized for construction at \$1,133,000 and construction is currently underway.)*

3. Description and Scope of Project: This project will construct a new 142,660 GSF/92,665 ASF Student Union building in the center of the UW-River Falls campus on a site occupied by the former Ames Teacher Education Center, which will be demolished as a part of this project. Construction of the new four story building will contain the following functions:
 - all campus food service operations,
 - entertainment complex,
 - retail operations including a bookstore, convenience store and bank,
 - student life offices (Involvement Center),
 - ballroom, and
 - meeting rooms and lounges.

Work will also include reconstruction of an existing parking lot, site work, and landscaping. No additional utility extensions or central heating plant expansions are required beyond those needed to extend to existing utility mains.

The project has been designed based on criteria for a Silver Rating by the US Green Building Council using its Leadership in Energy and Environmental Design (LEED) rating system. As further analysis is done, formal certification that this project meets the Silver Rating may be sought from the US Green Building Council.

4. Justification of the Request: The purpose of the project is to replace the existing Hagestad Student Center which is no longer capable of adequately meeting current student union needs. The new Student Union will provide space for new student life programming facilities, more meeting and lounge areas, larger student government and staff offices integrated into an “involvement center,” and improved food service offerings.

This project was initially enumerated for construction in the 2001-03 Capital Budget at a budget of \$20,451,800.

During programming, it was determined that a new Child Care facility would be needed to replace their existing space in the Ames Teacher Education Center that would be demolished to provide a site for the New Student Union. The Child Care project was then added to the Student Union project.

In addition, several programming and design issues emerged that changed the scope of the original project. Those issues were described in detail in the request document for the Student Center Building - increase provided in the 2003-05 Capital Budget materials. In summary, those included:

- Relocation of the food service operations at Rodli Commons to the new Student Union building,
- Increase in scope to the Child Care facility over that which was originally anticipated,
- Incorporation of a request by students to construct this project using sustainable building design principals, in order to obtain LEED certification from the US Green Building Council, and
- Inclusion of work to redevelop an adjacent parking lot to serve this building.

The total impact of the modifications listed above, resulted in a request to increase the scope and budget for the Student Center Building by \$8,334,200, which was subsequently enumerated in the 2003-05 Capital Budget.

Subsequent design work has resulted in a need to further increase the Student Union budget by \$147,000 for a total estimated combined project cost of \$29,533,000, of which \$28,400,000 is for the Student Union and \$1,133,000 for the Child Care facility. Previous action has authorized the Child Care Center and construction is currently underway.

This project is being designed with sustainability features based on criteria for a Silver LEED rating. These features include ventilation systems optimized for energy efficiency, energy conserving windows, use of natural daylighting, use of recycled building materials, recycling of construction waste, and use of stored rainwater for flushing toilet fixtures. Should certification be obtained, this building would be the first student union in the country to receive a Silver LEED rating from the US Green Building Council. Sustainable design features in this project will be used to augment existing sustainability curricula taught in the College of Agriculture, Food and Environmental Sciences. Constructing for sustainability requires close coordinated team work between the construction contractors

and the design team during final design, and a commitment by contractors during construction to use sustainable construction practices. It is necessary that contractors have expertise in sustainable construction to successfully implement a sustainable project and receive LEED certification. If this does not occur, the funding that would have been committed to implement the LEED certification process would be wasted. Conventional multiple-prime bidding cannot assure this contractor expertise in sustainable construction or provide coordination with the design team. Therefore, authority is being requested to use the Construction Manager-At-Risk project delivery method to assure project team collaboration and quality construction, if it is decided that certification will be sought.

This project will also require demolition of the Ames Teacher Education Center. This GPR facility was abandoned when the new Wyman Education Building was completed in 2000. Given the minimal construction quality of Ames, the lack of adaptability for other GPR or PR uses, unsuccessful attempts to lease this facility to outside users, and the location of Ames on the optimal site for the Student Union, a decision was made to demolish this building. The Ames name will be commemorated by the naming of a space within the new building. It is estimated that demolition of this facility will cost approximately \$250,000. Building Trust Funds – Contingency has been authorized previously to demolish other GPR facilities.

UW-River Falls raised segregated fee rates by \$50 in years 2000-01, 2001-02, 2002-03 and \$25 in 2003-04 for a total of \$175 per FTE student per year to support this project. The entire \$175 is currently incorporated into the Student Center fee. There will not be any additional impact on segregated fees for this project. Board Plan Food Service rates will be increased by approximately \$17 per year to cover increased operating costs of the new facilities. Student Center and Food Service rates will be increased in future years by the amount needed for programs and inflation; not building construction. All fees have been approved by student shared governance groups.

5. Budget and Schedule:

Budget	%	Cost
Construction		\$21,620,000
A/E Fees	10.9%	2,358,000
Other Fees		217,000
DSF Mgmt. Fee	4.0%	911,000
Contingency	5.3%	1,155,000
Percent for Art*	0.026%	75,000
Movable Equipment		<u>2,064,000</u>
Total Project Cost		\$28,400,000

* Percent for Art includes amount allocated to the Child Care project.

6. Previous Action:

August 25, 2000
Resolution 8175

Recommended that the New Student Center 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 \$20,350,000 Program Revenue Supported Borrowing.

May 10, 2002
Resolution 8542

The project was subsequently enumerated in the 2001-03 Capital Budget at \$20,451,000 of Program Revenue Supported Borrowing. Authorized construction of the Child Care Center project at an estimated total project cost of \$600,000 Residual Program Revenue Supported Borrowing and an increase to the New Student Union project for that purpose.

August 22, 2002
Resolution 8582

Recommended that the New Student Center – Increase be submitted to the Department of Administration and the State Building Commission, as part of the University's 2003-05 Capital Budget request, at \$8,334,200 (\$3,684,000 Program Revenue Supported Borrowing and \$4,650,000 Program Revenue – Cash) for a revised total estimated project cost of \$29,386,000 (\$24,135,800 Program Revenue Supported Borrowing, \$600,000 Residual Program Revenue Borrowing, and \$4,650,200 Program Revenue Cash).

June 6, 2003
Resolution 8700

Authorized an increase to the scope and budget of the Child Care Center project of \$476,000 Program Revenue Supported Borrowing for a revised estimated total project cost of \$1,076,000 Program Revenue Supported Borrowing (\$600,000 Residual Program Revenue Supported Borrowing and \$476,000 Program Revenue Supported Borrowing).

Subsequent to this action, the State Building Commission authorized an increase of \$533,000 of Program Revenue Supported Borrowing for a revised total project budget of \$1,133,000.

REVISED

BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM

February 6, 2004
9:00 a.m.
1820 Van Hise Hall
1220 Linden Drive
Madison, Wisconsin

II.

1. Calling of the roll
2. Approval of the minutes of the December 4th and 5th meetings
3. Report of the President of the Board
 - a. Educational Communications Board report
 - b. Wisconsin Technical College System report
 - c. Hospital Authority Board report
 - d. Additional items that the President of the Board may report or present to the Board
4. Report of the President of the System
 - a. 2005-07 Budget Time Table and Student Budget Priorities
5. Update on Charting a New Course for the UW System
6. Report of the Physical Planning and Funding Committee
7. Report of the Business and Finance Committee
8. Report of the Education Committee
9. Additional resolutions
10. Communications, petitions, memorials
11. Unfinished or additional business
12. Recess into closed session to consider UW-Milwaukee honorary degree nominations, as permitted by s. 19.85(1)(f), *Wis. Stats.*, to consider personal histories of potential Presidential search consultants as permitted by s.19.85(1)(f) *Wis. Stats.*, and to confer with legal counsel concerning pending and potential litigation, as permitted by s.19.85(1)(g), *Wis. Stats.* The closed session may be moved up for consideration during any recess called during the regular meeting agenda. The regular meeting will reconvene in open session following completion of the closed session.

**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
Roger E. Axtell (ex officio)
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

Committee for Academic Staff Excellence Awards

Eileen Connolly-Keesler (Chair)
Danae D. Davis
Gerard A. Randall, Jr.
Jesus Salas

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