

REVISED 3-28-13

BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM

I.2. Business, Finance, and Audit Committee

Thursday, April 4, 2013
UW-La Crosse
Room 339 Cartwright Center
La Crosse, Wisconsin

2:30 p.m. Business, Finance, and Audit Committee – 339 Cartwright Center

a. Committee Business

1. Approval of the Minutes of the February 7, 2013 Meeting of the Business, Finance, and Audit Committee
2. Review and Approval of the UW-Madison Division of Intercollegiate Athletics Contractual Agreement with IMG College Seating, LLC
[Resolution I.2.a.2.]
3. Review and Approval of an Extension to UW-Oshkosh Dining Services Contractual Agreement with Sodexo Management, Inc.
[Resolution I.2.a.3.]

b. University Personnel Systems

1. Review of UW-Madison Human Resource Program Policies
2. Review of UPS Operational Policy on Regent Pay Plan and Supplemental Pay Plan Distribution

c. UW System Trust Funds

1. Annual Endowment Peer Benchmarking Report
2. Voting of 2013 Non-Routine Proxy Proposals
[Resolution I.2.c.2.]
3. Acceptance of New Bequests Over \$50,000
[Resolution I.2.c.3.]

d. Operations Review and Audit Status Update

e. Report of the Senior Vice President

1. Human Resource System Update
2. Update on Network Services Procurement
3. Status on Recommendations Contained in the Report on Reporting of Crimes Against Children

UW-Madison Division of Intercollegiate Athletics
Contractual Agreement with IMG College Seating, LLC

BUSINESS, FINANCE, AND AUDIT COMMITTEE

Resolution:

That, upon recommendation of the President of the University of Wisconsin System and the Chancellor of the University of Wisconsin-Madison (UW-Madison), the Board of Regents approves the contractual agreement between Athletics and IMG College Seating, LLC.

UW-MADISON DIVISION OF INTERCOLLEGIATE ATHLETICS CONTRACTUAL AGREEMENT WITH IMG COLLEGE SEATING, LLC

EXECUTIVE SUMMARY

BACKGROUND

The University of Wisconsin-Madison, on behalf of its Division of Intercollegiate Athletics (“Athletics”), is prepared to enter into a contractual agreement with IMG College Seating, LLC (“IMG”) for the rental of stadium seats to fans attending (1) University of Wisconsin Football games played at Camp Randall Stadium and (2) University of Wisconsin Men’s and Women’s Basketball games and Men’s Hockey games played at the Kohl Center.

REQUESTED ACTION

Approval of Resolution I.2.a.2.

DISCUSSION AND RECOMMENDATIONS

History of Current Contract

In 2003, UW-Madison contracted with IMG (formerly d/b/a GTM Sports Marketing and Cushion Seats, Inc.) to create and manage a chair back rental program under which football fans at Camp Randall Stadium could rent cushioned stadium seats from IMG on a seasonal basis. The program, under IMG’s management, has grown from 6,900 seat rentals in its first year to more than 28,000 seat rentals in 2012. UW-Madison’s 2012 seasonal rentals outnumbered those of every other school in the country.

On January 1, 2008, Athletics executed a five-year contract with IMG for the sole purpose of renting stadium seats to football season ticket holders. Under this contract, which is currently in place, Athletics and IMG mutually agreed to the seasonal stadium seat rental price (currently \$42 per seat per season) and further agreed that IMG shall pay Athletics 50% of gross sales revenue less applicable sales tax during the contract period. (See Attachment A). In 2012, Athletics’ share of the chair back rental program revenue totaled \$563,813.35. (See Attachment A).

Over the last year, Athletics has been in discussions with, and received proposals from, two stadium seating rental companies (IMG and Integrated Stadium Seats (“ISS”)) for services to continue and expand Athletics’ chair back rental program. After careful consideration and review of the respective companies’ proposals and capabilities, Athletics concluded that continuing its relationship with IMG is in the best interest of UW-Madison and Athletics. Integral to this decision was IMG’s ability to expand Athletics’ stadium seating rental program to include cushioned seats for Athletic Events held in the Kohl Center. ISS does not, and cannot,

currently provide this service. Other factors considered by Athletics during the proposal review process include, but are not limited to, the following:

- IMG provided a client list of 130 schools, while ISS's client list included 16 schools.
- ISS's largest client's seasonal rentals total 16,000 stadium seats, which is significantly lower than UW-Madison's rental total.
- IMG successfully grew Athletics' chair back rental program from 6,900 seasonal seat rentals to more than 28,000 seasonal seat rentals in less than a decade.
- IMG's proposed minimum revenue guarantee for Athletics is higher than ISS's proposed minimum revenue guarantee.

Current Proposal

As a result of the seat rental program review process, Athletics negotiated a new Seating Services Agreement with IMG. The principal terms of the proposed contract between Athletics and IMG can be summarized as follows:

- The contract will be effective on the date executed and remain in effect until December 31, 2017.
- IMG will rent, at no cost to Athletics, stadium seats designed to provide supported and padded seating to season ticket holders attending games played at Camp Randall Stadium and at the Kohl Center per the following schedule:
 - Football 2013: \$45 per seat prior to August 1; \$55 per seat after August 1; \$60 per seat after the first game of the season
 - Football 2014-2017: \$49 per seat prior to August 1; \$55 per seat after August 1; \$60 per seat after first game of the season
 - Men's/Women's Basketball 2013-2017: \$20 per seat prior to October 15; \$25 per seat prior to first home game; \$30 per seat after the first home game
 - Men's Hockey 2013-2017: \$20 per seat prior to September 1; \$25 per seat prior to first home game; \$30 per seat after the first home game.
- IMG will rent, at no cost to Athletics, stadium seats designed to provide supported and padded seating to ticket holders for \$10 per seat on a per-game basis for football games played at Camp Randall Stadium.
- IMG and Athletics will share revenue during the contract period per the following schedule:
 - 2013-2014: IMG shall pay to Athletics 60% of gross sales revenue, less applicable sales

tax, generated from stadium seat rentals or a guarantee of \$705,000, whichever is greater.

- 2015-2016: IMG shall pay to Athletics 62% of gross sales revenue, less applicable sales tax, generated from stadium seat rentals or a guarantee of \$705,000, whichever is greater.
- 2017: IMG shall pay to Athletics 65% of gross sales revenue, less applicable sales tax, generated from stadium seat rentals or a guarantee of \$705,000, whichever is greater.

Conclusion

The proposed contractual agreement between Athletics and IMG has been reviewed by Athletics, the UW-Madison Office of the Chancellor, and UW-Madison Administrative Legal Services. Given the rigorous stadium seating rental program proposal review process, the favorable revenue sharing terms negotiated on behalf of Athletics and IMG's excellent reputation and work in the industry, Athletics respectfully recommends that the Board of Regents approve the proposed Seating Services Agreement.

RELATED REGENT POLICIES

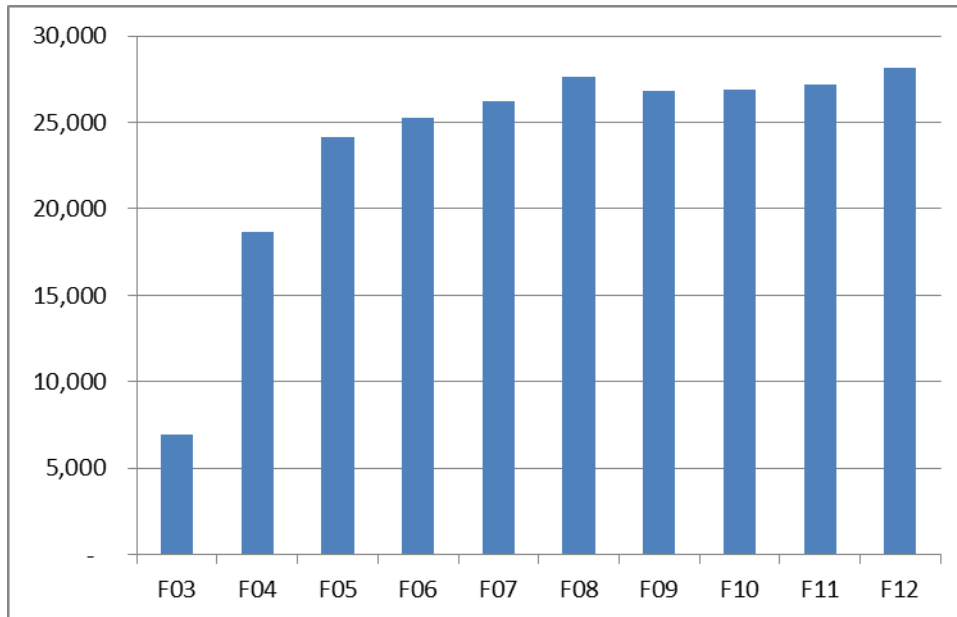
Regent Policy Document 13-1 General Contract Signature Authority, Approval, and Reporting

ATTACHMENT A

QUANTITY, GROSS REVENUE, NET REVENUE

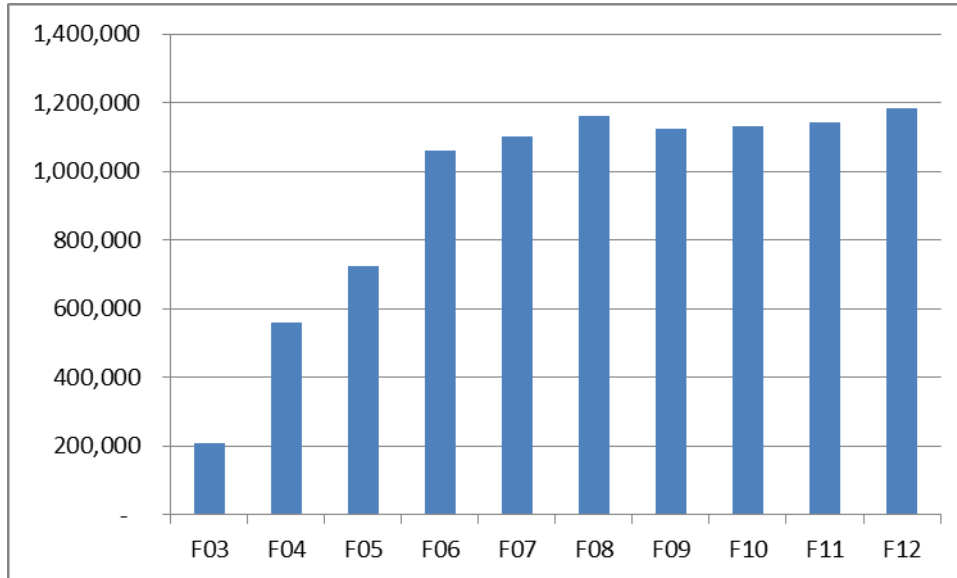
Annual Increase	Season	Quantity	Price	Gross revenue	Additional CSI orders @ \$49	Net revenue	(Less tax and payment to CSI)		
	F03	6,951	30.00	208,530.00		79,064.73	38%		
168%	F04	18,662	30.00	559,860.00		216,184.14	39%		
29%	F05	24,163	30.00	724,890.00		281,601.35	39%		
5%	F06	25,282	42.00	1,061,844.00	250	406,335.31	38%		
4%	F07	26,219	42.00	1,101,198.00	250	423,341.29	38%		
5%	F08	27,615	42.00	1,159,830.00	250	555,688.79	48%		
-3%	F09	26,796	42.00	1,125,432.00	219	538,445.97	48%		
0%	F10	26,901	42.00	1,129,842.00	133	538,552.13	48%		
1%	F11	27,221	42.00	1,143,282.00	198	546,345.02	48%		
3%	F12	28,141	42.00	1,181,922.00	150	563,813.35	48%		
		revenue to date		9,396,630.00		4,149,372.08	44%		

QUANTITY

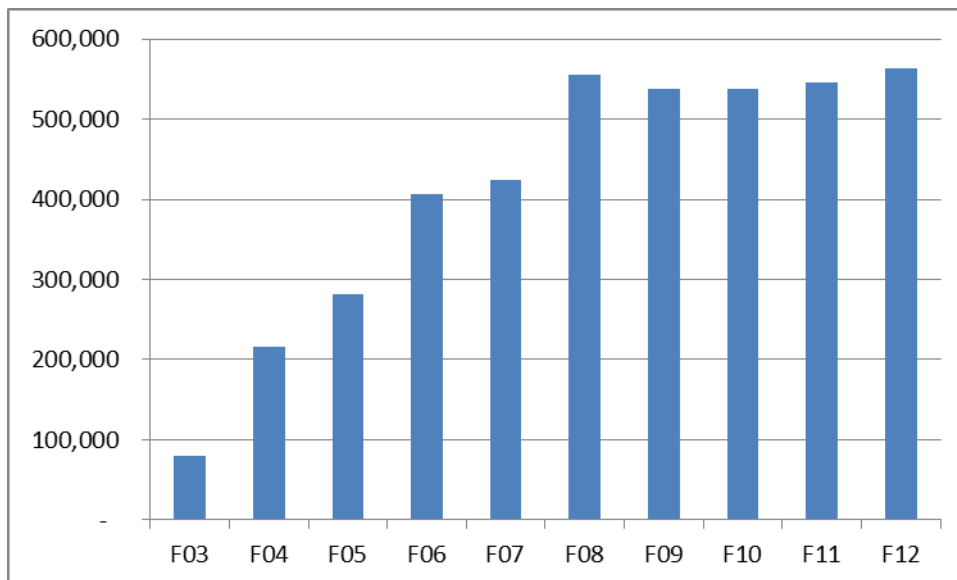


ATTACHMENT A

GROSS SALES



NET REVENUE



UW–Oshkosh
Extension to Dining Services Contractual
Agreement with Sodexo Management, Inc.

BUSINESS, FINANCE, AND AUDIT COMMITTEE

Resolution:

That, upon the recommendation of the President of the University of Wisconsin System and the Chancellor of the University of Wisconsin– Oshkosh, the Board of Regents approves a four-year extension of the contract with Sodexo Management, Inc. to provide Dining Services at the University of Wisconsin– Oshkosh.

**UW-OSHKOSH
EXTENSION TO DINING SERVICES CONTRACTUAL
AGREEMENT WITH SODEXHO MANAGEMENT, INC**

EXECUTIVE SUMMARY

BACKGROUND

Residential students at UW-Oshkosh have requested more flexible meal plan solutions and a dining program that includes optimized accessibility to retail operations. The original goals of the Dining Services Request for Proposals (RFP) that brought Sodexo Management, Inc. (Sodexo) to campus included innovative management, expansion of campus sustainability, and creation of a total dining service program that fulfills the needs of a diverse student body, faculty, and staff and extensive camps and conferences programs. In response to the student request, UW-Oshkosh administration has collaborated with students, Sodexo, and UW-System Administration Office of Procurement to develop a programmatic change to the current dining program that adds flexibility to the meal plan. UW-Oshkosh sought excellence in quality of food and service at a reasonable cost to students. This extension continues meeting those needs and goals by working cooperatively with students, staff, and Sodexo to complement the institutional mission and enhance campus life.

REQUESTED ACTION

Approval of Resolution I.2.a.3.

DISCUSSION

UW–Oshkosh has contracted for dining services since the 1970’s, with its most recent contract with Sodexo set to expire in June 2015. The campus has been pleased with the services provided by Sodexo and Sodexo’s proposal meets all of UW- Oshkosh’s desired outcomes. Contract extension highlights include:

- Residential students can choose from several different meal plans that include great flexibility and access to retail venues.
- Student flexibility for eating will increase with additional Titan dollars, which can be spent in any dining location, added to meal plans.
- Contract revenue is valued at over \$8.1 million annually over the additional four years.

- The contractor will provide \$1.5 million over six years to operationalize the new Welcome Center.
- The contractor will provide \$500,000 in infrastructure improvements to existing dining service facilities.

RELATED REGENT POLICIES

Regent Policy Document 13-1: General Contract Authority, Approval, and Reporting

UNIVERSITY OF WISCONSIN – MADISON HUMAN RESOURCE PROGRAM POLICIES

EXECUTIVE SUMMARY

BACKGROUND

The 2011-13 biennial budget (2011 Wisconsin Act 32) created Wis. Stat. § 36.115, authorizing and directing the development of university personnel systems separate and distinct from the personnel system under Chapter 230 of the Wisconsin Statutes. The statutes authorize a personnel system for all University of Wisconsin-Madison employees and a separate personnel system for the balance of University of Wisconsin System employees.

At the December 7, 2012 Board of Regents meeting, the Board approved the Regent Policy on University Personnel Systems, which included delegating to the President of the UW System the establishment of operational policies for all UW System institutions except for UW-Madison, and to the UW-Madison Chancellor the establishment of operational policies for UW-Madison. The Board policy requires that these operational policies be reviewed by the Board of Regents before they are implemented.

UW System Administration brought forward core operational policies for all UW System institutions (except UW-Madison) at the December 7, 2012 Board of Regent meeting. The intent of this agenda item is for the Board to review the core Human Resource (HR) Program Policies for UW-Madison. These HR Program Policies are counterparts to the operational policies provided in December for the other UW System institutions.

REQUESTED ACTION

This item is for review and discussion purposes only.

DISCUSSION

The attached UW-Madison HR Program Policies provide guidance in areas previously governed by Chapter 230 of the Wisconsin Statutes. This includes establishing legal holidays, grievance procedures, layoff provisions, and recruitment and assessment strategies. These policy standards will be incorporated into more detailed operating procedures. Campus stakeholders, including governance groups, have reviewed these policies and the UW-Madison Chancellor has subsequently approved them.

As identified in the Regent Policy on University Personnel Systems, the submitted UW-Madison HR Program Policies address the following areas:

- Designation of positions to appointment types, to include faculty appointments, academic staff appointments, limited appointments, university staff appointments, and other appointments such as employees-in-training and students;
- Position titling systems;
- Recruitment and appointment of employees;
- Workplace safety programs;
- Employer and employee paid benefits;
- Standard work week and legal holidays;
- Just cause and due process protection as applicable;
- Employee discipline and grievance procedures; and
- Layoff procedures.

Submission of the remaining HR Program Policies requiring review will occur at future Board meetings.

RELATED REGENT POLICIES

RPD on University Personnel Systems (approved December 7, 2012)



University of Wisconsin - Madison

HR Program Policy: #1

SUBJECT: Employment Categories and Job Titling Framework

Original Issuance Date:

Last Revision Date: March 19, 2013

1. POLICY PURPOSE

Provide the job title framework for the six UW-Madison employee categories.

2. POLICY BACKGROUND

UW-Madison employment categories have historically been defined by two personnel structures: classified and unclassified. These structures are authorized by laws in Wis. Stat. Chapter 36 (University of Wisconsin System), Wis. Stat. Chapter 111 (Employment Relations) and Wis. Stat. Chapter 230 (State Employment Relations). Wis. Stat. Chapter 36 defines the unclassified personnel structure, while Wis. Stat. Chapter 230 defines the classified personnel structure. Each structure has its own set of titles to describe positions.

According to Wis. Stat. § 36.115(6), all system employees holding positions in the unclassified or classified civil service on June 30, 2013 shall be included in the new UW-Madison personnel system that will go into effect on July 1, 2013.

3. POLICY DEFINITIONS

“Academic Staff” professional and administrative personnel with 1) duties that are exempt from the overtime provisions of the Fair Labor Standards Act (FLSA); and 2) perform work that is primarily associated with higher education institutions or their administration.

“Employee-in-Training” a person who is not a matriculated student and is appointed primarily to pursue advanced study or research, usually at the postdoctoral level.

“Faculty” a person who holds the rank of professor, associate professor, assistant professor or instructor in an academic department or its functional equivalent in UW-Madison, as described in UW-Madison Faculty Policies and Procedures (FPP).

“Limited Appointment” an appointment to a designated administrative position, the holder of which serves at the pleasure of the authorized official who made the appointment. Certain positions must be designated as limited appointments under Wis. Stat. § 36.17(2), while the appointing authority may designate other positions as limited appointments at the time of appointment.

“Student” student employees who provide part-time temporary administrative, clerical, laborer, technical or other general support to UW-Madison faculty and staff or graduate students who hold appointments as fellows, scholars, trainees, teaching assistants, project assistants, or research assistants.

“University Staff” employees who are not exempt from the overtime provisions of the FLSA (i.e., they are paid based on the number of hours they work) and contribute in a professional way in a broad array of positions that support the university’s mission. Note: During the transition to the new human resource structure, current exempt classified employees will be able to choose either an Academic Staff or University Staff appointment. If the employee chooses a University Staff appointment, his/her exempt position will become Academic Staff when s/he eventually leaves the position.

4. POLICY

UW-Madison has six employee categories: Faculty, Academic Staff, University Staff, Limited appointees, Student and Employee-In-Training. Salary ranges, where appropriate, are established and job titles defined within this employee category framework. Each salary range includes job titles which have comparable levels of authority/responsibility and job requirements. Similarly, each job title includes positions that have comparable work, responsibilities, and job duties. Positions are assigned to titles based on a “best fit” concept (i.e., each positions is assigned to a title that is the closest match between the title description and position responsibilities).

The titling framework:

- 4.1 Faculty titles
- 4.2 Academic Staff titles
- 4.3 University Staff titles
- 4.4 Limited Appointee titles
- 4.5 Student
 - a. Student Assistant titles
 - b. Student Hourly titles
- 4.6 Employees-in Training titles

5. RELATED DOCUMENTS:

Regent Policy 6-1 Administrative Titles

Regent Policy 20-8 Academic Staff Title and Compensation Plan

Regent Policy 20-12 Distinguished Prefix for Certain Category B Titles

Unclassified Personnel Guidelines 1

Unclassified Personnel Guidelines 1



University of Wisconsin - Madison

HR Program Policy: #2

SUBJECT: Recruitment Policy for University Staff

Original Issuance Date:

Last Revision Date: March 19, 2013

1. POLICY PURPOSE

Provide a framework for recruiting and hiring UW-Madison University Staff that will attract, hire, develop, and retain the talent necessary to accomplish the campus mission.

2. POLICY BACKGROUND

Under Wis. Stat. § 36.115(4) UW-Madison must incorporate provisions of Chapter 230 of Wisconsin State Statutes into the new university personnel system effective on July 1, 2013. The system must incorporate merit-based recruitment and hiring process for university employees. This policy provides guidance to incorporate these principles into the new system.

UW-Madison recruiting and hiring of faculty and academic staff are governed by Chapter UWS 3 and UWS 10 of the Wisconsin Administrative Code, respectively.

Probationary Periods for University Staff: A probationary period is mandatory for all hires. The length is governed by the job duties and responsibilities. At a minimum, all probationary periods are for six months. Divisions have the ability to waive, extend or end an employee's probationary period before the scheduled end date, but only if approved by the UW-Madison Office of Human Resources, which will develop criteria to justify these circumstances. Hiring units will clearly inform new hires of the terms and conditions of the probationary period at the time of the job offer.

3. POLICY DEFINITIONS

"Academic Staff" professional and administrative personnel with 1) duties that are exempt from the overtime provisions of the Fair Labor Standards Act (FLSA); and 2) perform work that is primarily associated with higher education institutions or their administration.

"Blue-Collar" positions means positions within University Staff appointments that are in the Blue Collar collective bargaining unit (pay schedule 03).

"Civil service system" means a hiring process that incorporates merit principles that include objective criteria to evaluate job applicants and make hiring decisions.

"Division" is a UW-Madison college, school, or equivalent organizational unit.

"Equal Opportunity and Affirmative Action" means an active effort to improve the employment opportunities for under-represented groups including minorities, women and the disabled.

“Faculty” a person who holds the rank of professor, associate professor, assistant professor or instructor in an academic department or its functional equivalent in UW-Madison, as described in UW-Madison Faculty Policies and Procedures (FPP).

“Temporary employment” means any short-term employment except jobs held by students.

“Transfer” means a personnel movement in which an employee is appointed to a new UW-Madison position in the same title of his/her previous position.

“University Staff” employees who are not exempt from the overtime provisions of the FLSA (i.e., they are paid based on the number of hours they work) and contribute in a professional way in a broad array of positions that support the university’s mission. Note: During the transition to the new human resource structure, current exempt classified employees will be able to choose either an Academic Staff or University Staff appointment. If the employee chooses a University Staff appointment, his/her exempt position will become Academic Staff when s/he eventually leaves the position.

4. POLICY

UW-Madison will implement and maintain a personnel system that fills vacancies through merit-based methods. Recruiting for these University Staff positions shall be an active continuous process conducted to assure a diverse, highly qualified group of applicants. Hiring procedures shall also be consistent with Board of Regents policy and state and federal laws on discrimination and affirmative action. Some positions (student positions, temporary positions, positions with approved waivers, transfers, etc.) will not be covered under these hiring provisions.

For blue-collar positions in multiple-shift environments, divisions must post the initial vacancy for internal transfer and, from the pool of division applicants, select from the two most senior employees who applied. The transfer will be predicated on the selected employee not having documented performance problems and being qualified to do the new job. Employees who transfer to these blue-collar, multi-shift positions will not be placed on probation.

Employees who transfer and are placed on probation will not have the right to return to the position they left if they fail the evaluation (probationary) period in the new job. However, if an employee transfers, he or she will have 30 days to return to the previous (or equivalent) position in the same division.

UW-Madison policy is to provide for equal employment opportunity by ensuring that all hiring is based on the selected candidate’s ability to perform the duties and responsibilities of the position without regard to age, race, creed or religion, color, disability, sex, national origin, ancestry, sexual orientation, marital status or political affiliation.

5. POLICY HISTORY

Wis. Stat. 230.01

UWS 3

UWS 10

ER-8

ER-10

ER-30

ER-34

ER-MRS 1

ER-MRS 6
ER-MRS 7
ER-MRS 8
ER-MRS 10
ER-MRS 11
ER-MRS 12
ER-MRS 13
ER-MRS 14
ER-MRS 15
ER-MRS 16
ER-MRS 17
ER-MRS 27
ER-MRS 30
ER-MRS 32
ER-MRS 34



University of Wisconsin – Madison

HR Program Policy: #3

SUBJECT: Layoff for Budget or
Program Redirection Reasons for University Staff

Original Issuance Date:

Last Revision Date: March 19, 2013

1. POLICY PURPOSE

Provide an operational framework for UW-Madison layoff procedures for University (formerly classified) Staff

UW-Madison will work with University Staff governance in spring 2013 to develop policies and processes for University Staff layoffs that are consistent with the framework outlined in this policy. These layoff policies and procedures will specify rights, roles and responsibilities, timeframes and appeal rights.

2. POLICY BACKGROUND

Wis. Stat. § 36.115(3) requires the UW-Madison chancellor to develop personnel systems that are separate and distinct from the personnel system under Wis. Stat. Chapter 230. Effective July 1, 2013, the layoff procedures in Chapter ER-MRS 22 of the Wisconsin Administrative Code and the procedures established by the Office of State Employment Relations no longer apply to UW-Madison classified employees. Therefore, this policy provides the framework for layoff procedures for UW-Madison University Staff. Layoff procedures for Faculty and Academic Staff are in Wis. Admin. Code Chapters UWS 5 and UWS 12, Faculty Policies and Procedures Chapter 10; and Academic Staff Policies and Procedures Chapter 5, respectively. These procedures continue to apply to layoffs of those employees.

3. POLICY DEFINITIONS

“Academic Staff” professional and administrative personnel with 1) duties that are exempt from the overtime provisions of the Fair Labor Standards Act (FLSA); and 2) perform work that is primarily associated with higher education institutions or their administration.

“Division” is a UW-Madison college, school, or equivalent organizational unit.

“Employer” means UW-Madison including all colleges, schools, and organization units.

“Faculty” a person who holds the rank of professor, associate professor, assistant professor or instructor in an academic department or its functional equivalent in UW-Madison, as described in UW-Madison Faculty Policies and Procedures (FPP).

“Layoff” means the suspension of a university staff member’s employment, other than during a probationary period, for reasons of budget or due to program discontinuance, curtailment, modification or redirection.

“Layoff group” means a combined group of employees in related positions from which the layoff will be made. The layoff group will generally include all employees in a particular operational area that have similar, although not necessarily identical, titles, pay ranges and/or functions.

“Operational area” means an area of focus or function in a school, college, division, department or office. An operational area will generally be a subset of a school, college, division, department or office, and need not include the whole unit. Each division will maintain a comprehensive list of its operational areas and specifically define an employee’s operational area by July 1, 2013. Future appointment letters will also identify the operational area.

“University Staff” employees who are not exempt from the overtime provisions of the FLSA (i.e., they are paid based on the number of hours they work) and contribute in a professional way in a broad array of positions that support the university’s mission. Note: During the transition to the new human resource structure, current exempt classified employees will be able to choose either an Academic Staff or University Staff appointment. If the employee chooses a University Staff appointment, his/her exempt position will become Academic Staff when s/he eventually leaves the position.

4. **POLICY**

UW-Madison layoff procedures for University Staff shall include, but are not limited to, the following elements:

Notice

A full or part-time staff member who is designated for layoff must be given written notice as soon as practicable, but not less than 60 calendar days before the effective date of the layoff.

Layoff Selection and Plan

The operational area will define the group of employees who will be affected by a layoff. Within the operational area, layoffs will be implemented primarily on the basis of years of service. However, this presumption in favor of years of service will not apply when program needs dictate other considerations (e.g., the need to maintain specific expertise), as approved by the Office of Human Resources (OHR). Employees identified for layoff cannot be selected based on discriminatory or salary considerations.

When an employee receives a layoff notice, he/she may appeal the layoff decision through the appropriate grievance procedure (see HR Design Policy #4).

Mandatory Placement after Layoff within UW-Madison

Employees who have been laid off shall have mandatory placement rights, by job title, in the division from which they were laid off, for one year after layoff date. To be rehired, the laid-off employee must be qualified to successfully perform the duties of the position, as determined by the hiring authority.

Consideration for Vacant Positions within UW-Madison

Employees laid off from positions at UW-Madison who express interest in vacancies in the same title from which they were laid off must be interviewed for those positions within any division at UW-Madison. While an interview guarantees that the employee is considered for the position, an interview

will not necessarily result in a job offer. This interview requirement will be for one year after layoff date.

The Office of Human Resources will provide job placement services, résumé assistance, and coaching on job search and interview skills to laid-off employees.

5. RELATED DOCUMENTS

Wis. Admin. Code Chapter UWS 5

Wis. Admin. Code Chapter UWS 12

6. POLICY HISTORY

Wis. Stat. § 230.34

Wis. Stat. § 230.44(1)(c)

Wis. Admin. Code Chapter ER-MRS 22



University of Wisconsin - Madison

HR Program Policy: #4

SUBJECT: Grievance Procedures for University Staff

Original Issuance Date:

Last Revision Date: March 19, 2013

1. POLICY PURPOSE

To establish grievance procedure parameters for University Staff that include the elements required by Wis. Stat. § 36.115(4).

2. POLICY BACKGROUND

This policy establishes grievance procedures for University Staff who, by the terms of their appointment, have an expectation of continued employment and 1) were formerly members of the classified staff (subject to Wis. Stats. Ch. 230) as of June 30, 2013, or 2) were hired on or after July 1, 2013.

UW-Madison will work with University Staff governance in spring 2013 to develop policies and processes for appeals of involuntary demotions, suspensions or discharges consistent with the broad policies outlined in this document. These policies will include specific rights, roles and responsibilities, timeframes, and levels of appeal. The university will also develop procedures to ensure that University Staff retain the right to bring a representative or other third party to appeals process meetings.

Dismissal

Under Wis. Stat. § 36.115(4) the new UW-Madison personnel system must include a grievance procedure for dismissals that includes the following elements:

- (a) A written document specifying the process that a grievant and an employer must follow [36.115(4)(a)].
- (b) A hearing before an impartial hearing officer [36.115(4)(b)].
- (c) An appeal process in which the highest level of appeal is the Board of Regents [36.115(4)(c)].

UW-Madison Faculty members are subject to Chapters UWS 4 and 7 of the Wisconsin Administrative Code. UW-Madison Academic Staff are subject to UWS 11 of the Wisconsin Administrative Code.

Academic Staff governance will need to incorporate a process for appeals of dismissals to the Board for fixed-term renewable Academic Staff. Faculty members and Academic Staff on indefinite appointments currently have the right to appeal to the Board.

Discipline

Wis. Stat. § 36.115(4) requires the UW-Madison Chancellor to establish a personnel system that includes employee discipline provisions. Chapters UWS 6 and 13 of the Wisconsin Administrative

Code require UW-Madison to establish grievance procedures for Faculty and Academic Staff in cases involving discipline other than dismissal. UW-Madison policies adopted based on these provisions already satisfy the requirements of Wis. Stat. § 36.115(4). UW-Madison will develop and administer, through university staff shared governance, grievance procedures for discipline of University Staff that meet statutory requirements.

Working Conditions

UW-Madison University Staff may file grievances on certain issues relating to working conditions. Grievances cannot be filed on these issues:

- a) Utilizing personnel, methods and means to carry out the mission of UW-Madison;
- b) Determining the size and composition of the work force;
- c) Managing and directing UW-Madison employees;
- d) Hiring, promoting, assigning or retaining employees;
- e) Establishing reasonable workplace expectations.

Chapters UWS 6 and 13 of the Wisconsin Administrative Code require UW-Madison to establish procedures for Faculty and Academic Staff on discipline issues other than dismissal. Existing Faculty and Academic Staff policies already comply with this requirement.

3. POLICY DEFINITIONS

“Academic Staff” professional and administrative personnel with 1) duties that are exempt from the overtime provisions of the Fair Labor Standards Act (FLSA); and 2) perform work that is primarily associated with higher education institutions or their administration.

“Dismissal” means separation from employment, other than during a probationary period, for disciplinary or performance reasons.

“Discipline” means any action taken by UW-Madison on a University Staff member who has an expectation of continued employment which has the effect, in whole or in part, of a penalty.

“Faculty” a person who holds the rank of professor, associate professor, assistant professor or instructor in an academic department or its functional equivalent in UW-Madison, as described in UW-Madison Faculty Policies and Procedures (FPP).

“Grievance procedure” means the process a UW-Madison University Staff member, who has an expectation of continued employment, can use to appeal certain working conditions, discipline, or dismissal.

“Impartial hearing officer” is an arbitrator 1) employed by the Wisconsin Employment Relations Commission (WERC), 2) from the WERC roster of neutral decision-makers not employed by the WERC, or 3) from a roster developed by UW-Madison of arbitrators with a set fee for resolving a discharge case; or a grievance review committee established through shared governance.

“Just cause” is the standard that is applied to determine the appropriateness of a disciplinary action. Just cause exists when:

- The employee had notice of workplace expectations and potential consequences if those expectations were not met;
- Workplace expectations were reasonably related to business efficiency and performance the employer might reasonably expect from the employee;

- A fair and objective investigation was undertaken by the employer before discipline or discharge to determine whether the employee violated expectations;
- The investigation was conducted fairly and objectively;
- The employer obtained substantial evidence of the employee's guilt;
- Workplace expectations were applied fairly and without discrimination; and
- The degree of discipline imposed reasonably related to the seriousness of the employee's offense and the employee's past record.

“Layoff” means separation of a University Staff member from employment, other than during a probationary period, because of budget or the discontinuance, curtailment, modification, or redirection of a program.

“University Staff” employees who are not exempt from the overtime provisions of the FLSA (i.e., they are paid based on the number of hours they work) and contribute in a professional way in a broad array of positions that support the university’s mission. Note: During the transition to the new human resource structure, current exempt classified employees will be able to choose either an Academic Staff or University Staff appointment. If the employee chooses a University Staff appointment, his/her exempt position will become Academic Staff when s/he eventually leaves the position.

4. POLICY

This policy creates the framework for new grievance procedures that will allow University Staff who have an expectation of continued employment to appeal certain working conditions, discipline, layoff, involuntary demotion or dismissal from UW-Madison. For dismissals, these procedures will include a hearing process with an impartial hearing officer with the highest level of appeal being the Board of Regents. University Staff serving a probationary period will not have the right to file grievances on dismissal, discipline or layoff.

Discipline and dismissal of a University Staff member who has an expectation of continued employment may be imposed only for just cause after providing the affected employee with due process.

UW-Madison will develop and administer, through University Staff shared governance, grievance procedures for University Staff consistent with statutory requirements.

Direct Appeal to WERC for Certain University Staff: A University Staff employee who held permanent status in employment on June 30, 2013 and who therefore, according to the provisions of Wis. Stat. § 36.115(6), retains Chapter 230 appeal rights may instead grieve a disciplinary action (suspension, demotion, or reduction in base pay), layoff or discharge using the procedure in place before July 1, 2013. Such a grievance may be appealed directly from step one to the Chancellor or Chancellor’s designee. If the employee is dissatisfied with the decision issued by the Chancellor or Chancellor’s designee, the employee may appeal the decision to the WERC under Wis. Stat. § 230.44(1)(c) within 30 calendar days from the date of the decision.

If the employee files an appeal with the WERC, the grievance process will end and the employee will not have the opportunity to appeal the WERC decision except in those circumstances where subject to judicial review. The employee cannot appeal to the Board of Regents under this procedure.

5. RELATED DOCUMENTS

Chapter UWS 4, Wisconsin Administrative Code

Chapter UWS 6, Wisconsin Administrative Code
Chapter UWS 11, Wisconsin Administrative Code
Chapter UWS 13, Wisconsin Administrative Code
FPP Chapter 8
FPP Chapter 9
ASPP Chapter 6
ASPP Chapter 7
Chapter ER 46, Wisconsin Administrative Code
Section 36.115, Wisconsin Statutes
Section 36.05, Wisconsin Statutes
Section 230.44(1)(c), Wisconsin Statutes

6. POLICY HISTORY

Chapter ER 46, Wisconsin Administrative Code

University of Wisconsin - Madison

HR Program Policy: #5



SUBJECT: Effect on Leave Benefits When Accepting Positions at Other UW Institutions or State Agencies

Original Issuance Date:

Last Revision Date:

March 19, 2013

1. POLICY PURPOSE

To establish that employees of UW-Madison will retain their accrued sick leave balances, Wisconsin Retirement System (WRS) service credits, and vacation hours already earned in the current year when they accept new positions at another UW institution or state agency.

2. POLICY BACKGROUND

Effective July 1, 2013, the procedures contained in Wis. Stat. Chapter 230; ER-MRS 13, 14, 15, 16, 17 will no longer apply to current UW-Madison employees.

3. POLICY DEFINITIONS

“Academic Staff” professional and administrative personnel with 1) duties that are exempt from the overtime provisions of the Fair Labor Standards Act (FLSA); and 2) perform work that is primarily associated with higher education institutions or their administration.

“Employee-in-Training” a person who is not a matriculated student and is appointed primarily to pursue advanced study or research, usually at the postdoctoral level.

“Faculty” a person who holds the rank of professor, associate professor, assistant professor or instructor in an academic department or its functional equivalent in UW-Madison, as described in UW-Madison Faculty Policies and Procedures (FPP).

“Limited Appointment” an appointment to a designated administrative position, the holder of which serves at the pleasure of the authorized official who made the appointment. Certain positions must be designated as limited appointments under Wis. Stat. § 36.17(2), while the appointing authority may designate other positions as limited appointments at the time of appointment.

“Student” student employees who provide part-time temporary administrative, clerical, laborer, technical or other general support to UW-Madison faculty and staff or graduate students who hold appointments as fellows, scholars, trainees, teaching assistants, project assistants, or research assistants.

“University Staff” employees who are not exempt from the overtime provisions of the FLSA (i.e., they are paid based on the number of hours they work) and contribute in a professional way in a broad array of positions that support the university’s mission. Note: During the transition to the new human

resource structure, current exempt classified employees will be able to choose either an Academic Staff or University Staff appointment. If the employee chooses a University Staff appointment, his/her exempt position will become Academic Staff when s/he eventually leaves the position.

4. POLICY

UW-Madison employees who accept new leave-eligible, non-student positions at UW-Madison will retain accrued sick leave balances, WRS service credits, ALRA/sabbatical leave, and vacation hours already earned in the current year. Employees may negotiate with their new employer to retain unused earned vacation carried over from the previous year, personal holidays, and floating holidays. Where unused earned vacation, personal holidays, floating holidays are not transferred, the employee will receive a lump sum payment for the amount.

UW-Madison employees who accept positions at state agencies or other UW institutions, and state agency employees or employees of other UW institutions who accept UW-Madison positions, shall retain accrued sick leave balances, WRS service credits, and vacation hours earned in the current year. Employees may negotiate with their new employer to retain unused earned vacation carried over from the previous year, personal holidays, floating holidays or leave accumulated in an Annual Leave Reserve Account (ALRA) or sabbatical account. Where unused earned vacation, personal holidays, floating holidays, ALRA/sabbatical leave are not transferred, the employee will receive a lump sum payment for the amount.

5. RELATED DOCUMENTS

Unclassified Personnel Guidelines 1
Salary and Fringe Benefits Calculations for Unclassified Staff (F29)

6. POLICY HISTORY

Wis. Stat. 230
[ER-MRS 13](#)
[ER-MRS 14](#)
[ER-MRS 15](#)
[ER-MRS 16](#)
[ER-MRS 17](#)



University of Wisconsin - Madison

HR Program Policy: #6

SUBJECT: Workplace Safety

Original Issuance Date:

Last Revision Date: March 19, 2013

1. POLICY PURPOSE

To establish a framework for UW-Madison employee health and safety that includes the elements required by Wis. Stat. § 36.115(4).

2. POLICY BACKGROUND

Under Wis. Stat. § 36.115(4) the new UW-Madison personnel system must include a workplace safety policy.

Under Wis. Stat. § 101.055 all state employees, including UW-Madison employees, are granted the same rights and occupational safety and health protections as private sector employees have under the Occupational Safety and Health Act of 1970. The Wisconsin Department of Safety and Professional Services has adopted and enforces OSHA regulations for state government workplaces, including UW-Madison.

Under Wis. Stat. § 101.11 (the safe-place statute) an employer has a duty to provide safe employment.

In July 1993, Governor Tommy Thompson issued Executive Order 194 recognizing the importance of protecting the health and safety of state employees. The Order required all state agencies to develop a comprehensive written occupational health and safety program that included activities to improve worker safety. Among the required components of the safety program was to “provide adequate health and safety training and education for managers, supervisors and employees.”

3. POLICY DEFINITION

“Employer” – UW-Madison and anyone acting on behalf of the campus within the scope of his or her official authority.

4. POLICY

Under state law, employers have a duty to provide safe employment, which includes a safe place to work. UW-Madison is responsible for maintaining occupational health and safety standards and promoting workplace health and safety.

This policy identifies the following objectives that UW-Madison strives to achieve in ensuring employee health and safety.

Safe Place of Employment

- Maintain a place of employment free from recognized hazards for employees and those who frequent campus facilities.
- Use good practices to mitigate identified hazards.

Management Commitment and Employee Responsibility

- Establish written performance and accountability standards and objectives for senior administrators, directors, managers, and supervisors to prevent occupational injuries and illnesses and enhance workplace health and safety.
- Establish written performance and accountability standards requiring employees to follow workplace health and safety rules.
- Establish occupational health and safety committees with representatives from all levels of the organization.
- Designate a person to serve as UW-Madison's Occupational Health and Safety Coordinator to help coordinate the occupational injury/illness prevention program.
- Provide the authority and resources to enable all employees to meet their assigned responsibilities.
- Establish reporting systems to allow periodic management review of the occupational health and safety program.
- Establish employee responsibility for following safe work practices, completing training, using health surveillance services and properly using personal protective equipment.

Worksite Analysis

- Establish a procedure to conduct periodic occupational health and safety inspections and surveys to detect, correct or control potential hazards in a timely manner.
- Establish a process for employees to notify management about potentially hazardous conditions or work practices, and provide these employees with timely responses.
- Establish a timely process to investigate and analyze workplace accidents, incidents, "near misses" and reported hazards to determine their causes and create prevention strategies.
- Establish a job hazard assessment program that evaluates risks that may be encountered as a part of employment.

Hazard Prevention and Control

- Minimize the risk of occupational injuries and illnesses by using loss prevention and control techniques.
- Eliminate or control hazards in a timely manner.
- Plan and prepare for emergencies, including by conducting emergency training and drills.
- Provide requisite personal protective equipment and pre-exposure health services to mitigate hazards, consistent with best practices and in accordance with OSHA standards.

Safety Training and Health Surveillance

- Provide occupational health and safety training and education for managers, supervisors and employees.
- Promote occupational health and safety awareness and safe work practices.
- Provide health surveillance services to monitor and enhance employee health based on job hazards.

5. RELATED DOCUMENTS

- Occupational Safety and Health Administration (OSHA) - <http://www.osha.gov/>
- Occupational Health and Safety Program Review - <http://www.wisconsin.edu/audit/occhealth.pdf>
- State of WI Executive Order 194 - <http://web.uwsa.edu/oslp/ehs/occupational-safety/misc-safety/policies/>



University of Wisconsin – Madison

HR Program Policy: #7

SUBJECT: Voluntary Reassignment of Formerly Classified FLSA-Exempt Employees to Academic Staff/Limited Appointment

Original Issuance Date:

Last Revision Date: March 19, 2013

1. POLICY PURPOSE

Identify the information that staff who were formerly in the classified service (and therefore exempt from the Fair Labor Standards Act) need to make informed decisions on whether to accept a voluntary reassignment to an Academic Staff or Limited appointment.

2. POLICY BACKGROUND

The UW-Madison personnel system created under Section 36.115 of the Wisconsin Statutes consists of six employee categories: Faculty, Academic Staff, University Staff, Limited appointees, Students and Employees-In-Training. Effective July 1, 2013, these categories will no longer be divided into “classified” or “unclassified.”

Faculty, Limited, and Academic Staff positions are exempt from the overtime provisions of the Fair Labor Standards Act (FLSA). University Staff positions are covered by the FLSA overtime provisions.

3. POLICY DEFINITIONS

“Academic Staff” professional and administrative personnel with 1) duties that are exempt from the overtime provisions of the Fair Labor Standards Act (FLSA); and 2) perform work that is primarily associated with higher education institutions or their administration.

“Fair Labor Standards Act (FLSA)” is the federal law that, among other things, requires premium payment – overtime – to employees who work more than 40 hours in a week. The FLSA defines the criteria for determining if a position is exempt from overtime requirements.

“Employee-in-Training” a person who is not a matriculated student and is appointed primarily to pursue advanced study or research, usually at the postdoctoral level.

“Faculty” a person who holds the rank of professor, associate professor, assistant professor or instructor in an academic department or its functional equivalent in UW-Madison, as described in UW-Madison Faculty Policies and Procedures (FPP).

“Limited Appointment” an appointment to a designated administrative position, the holder of which serves at the pleasure of the authorized official who made the appointment. Certain positions must be designated as limited appointments under Wis. Stat. § 36.17(2), while the appointing authority may designate other positions as limited appointments at the time of appointment.

“Student” student employees who provide part-time temporary administrative, clerical, laborer, technical or other general support to UW-Madison faculty and staff or graduate students who hold appointments as fellows, scholars, trainees, teaching assistants, project assistants, or research assistants.

“University Staff” employees who are not exempt from the overtime provisions of the FLSA (i.e., they are paid based on the number of hours they work) and contribute in a professional way in a broad array of positions that support the university’s mission. Note: During the transition to the new human resource structure, current exempt classified employees will be able to choose either an Academic Staff or University Staff appointment. If the employee chooses a University Staff appointment, his/her exempt position will become Academic Staff when s/he eventually leaves the position.

4. POLICY

Effective July 1, 2013, University Staff titles will be covered by the FLSA (these titles are referred to as “non-exempt”). All Academic Staff/Limited appointee titles are exempt from the FLSA (referred to as “exempt”). Employees holding classified exempt positions on June 30, 2013 will have the choice to be placed in university staff FLSA-exempt positions for as long as they hold their positions; or to have their positions voluntarily reassigned to Academic Staff or Limited positions. If their position is reassigned to an Academic Staff or Limited appointment and the employee does not have a degree, there will not be a degree requirement for the appointment. Each school, college and division will determine the appointment terms for academic staff and limited appointments in accordance with UW-Madison policies. The employee’s benefits and leave accruals will be based on the employee category he/she chooses.

Each incumbent employee will receive the necessary information he or she needs to fully understand all potential ramifications of choosing to be voluntarily reassigned to an Academic Staff or Limited appointment. Each affected employee will receive, at minimum, information on differences that impact:

- Compensation, including eligibility for overtime;
- Paid leave accruals, including vacation and sick leave accrual;
- Banking and accumulating paid leave;
- Wisconsin Retirement System (WRS) calculations
- Employee-paid benefit programs (e.g., income continuation, life insurance);
- Appointment terms and job security; and
- Eligibility to participate in collective bargaining.

An employee choosing to have his/her position voluntarily reassigned to the Academic Staff or to a Limited appointment must declare his/her intention in writing. Each school, college and division will decide the type of appointment to which the employee will be voluntarily reassigned, in accordance with UW-Madison policies. After an employee accepts a voluntary reassignment as defined in this policy, he or she will not be able to have the position returned to a University Staff appointment.

5. RELATED DOCUMENTS

Section 36.115 of the Wisconsin Statutes



University of Wisconsin - Madison

HR Program Policy #8

SUBJECT: Standard Office Hours, Legal Holidays and Other UW - Madison Closures

Original Issuance Date:

Last Revision Date: March 19, 2013

1. POLICY PURPOSE

Establish standard office hours, legal holiday and other closure procedures for UW-Madison.

2. POLICY BACKGROUND

Chapter 230 of Wisconsin State Statutes contains specific information about standard office hours, legal holiday closures and other instances in which institutions may be closed. This policy replaces the chapter 230 provisions which no longer apply to UW-Madison as of July 1, 2013.

3. POLICY DEFINITIONS

"Chancellor" means the chief executive of UW-Madison.

"Standard office hours" means the hours during the day that UW-Madison must be open to the public.

"Standard work week" means days of the week, Monday through Friday, during which UW-Madison must be open to the public.

4. POLICY

Standard Office Hours

UW-Madison will be open Monday to Friday from 7:45 a.m. to 4:30 p.m. The chancellor or designee may adjust opening and closing hours as the University's needs require.

Legal Holiday Closures

UW-Madison shall be open to the public on all days of the year except Saturdays, Sundays and the following holidays:

- January 1 (New Year's Day)
- Third Monday in January (Martin Luther King Jr. Day)
- Last Monday in May (Memorial Day)
- July 4 (Independence Day)
- First Monday in September (Labor Day)
- Fourth Thursday in November (Thanksgiving)
- December 24 (Christmas Eve)
- December 25 (Christmas Day)

- December 31 (New Year's Eve)

If a legal holiday falls on Sunday, UW-Madison will be closed the following Monday. Therefore, eligible employees working the standard workweek observe the holiday by not reporting for work on the Monday following that holiday.

If a legal holiday falls on a Saturday, eligible employees will be granted a floating holiday that must be used by the end of the applicable calendar year by University Staff, and by the end of the applicable fiscal year by Faculty, Academic Staff and those holding Limited appointments.

Inclement Weather or Emergency Institution Closures

When inclement weather or emergency conditions exist, UW-Madison will make every effort to keep the campus operating as normal. However, where the health and safety of staff or students would be at risk, or conditions or events prevent the normal operation of UW-Madison, the chancellor will determine the nature and extent of any action to be taken.

The chancellor has the authority to cancel classes, and close all or part of the campus to the public and employees. The chancellor may specify how any time off or other disruption occasioned by the closure may be covered for employees.

Certain employees may be required to work on holidays or when the campus is closed. Those employees will be compensated in accordance with campus policies.

5. POLICY HISTORY

University Personnel Guideline Section 9.07

Section 230.35, Wisconsin Statutes

Section ER 18.04, Wisconsin Administrative Code



University of Wisconsin - Madison

HR Program Policy #9

SUBJECT: Reinstatement Privileges

Original Issuance Date:

Last Revision Date:

March 19, 2013

1. POLICY PURPOSE

Establish criteria to allow UW-Madison employees holding positions in the classified service on June 30, 2013, to retain their reinstatement privileges under Wis. Stat. § 230.31(1). This statute provides that employees are eligible for reinstatement to classified service positions in state agencies for five years.

2. POLICY BACKGROUND

Under Wis. Stat. § 36.115(6), employees holding positions in the classified service on June 30, 2013, who have achieved permanent status on that date, shall retain reinstatement privileges to the classified service. Under Wis. Stat. § 230.31(1), employees and former employees who have separated from state service are eligible for permissive reinstatement, for five years, to positions in the state classified service that have comparable or lower pay rates or ranges. Employees must also be qualified for these positions.

3. POLICY DEFINITIONS

“Reinstatement” means a permissive re-appointment, without competition, of an employee or former employee to a state agency position for which the person is qualified to perform the work after the customary orientation provided to newly hired workers.

“University Staff” employees who are not exempt from the overtime provisions of the FLSA (i.e., they are paid based on the number of hours they work) and contribute in a professional way in a broad array of positions that support the university’s mission. Note: During the transition to the new human resource structure, current exempt classified employees will be able to choose either an Academic Staff or University Staff appointment. If the employee chooses a University Staff appointment, his/her exempt position will become Academic Staff when s/he eventually leaves the position.

4. POLICY

This policy applies to former classified staff employed by UW-Madison on June 30, 2013 who became University Staff or Academic Staff on July 1, 2013. Under Wis. Stat. § 36.115(6), employees holding positions in the classified service on June 30, 2013, who have achieved permanent status, shall retain the privilege of having permissive reinstatement to the state classified service.

Since reinstatement privileges are retained for five years, employees holding classified positions on June 30, 2013 will retain eligibility for permissive reinstatement to classified service positions in state

agencies until July 1, 2018. This is not mandatory placement (i.e., the employer is not required to reinstate employees).

Employees in the classified service on June 30, 2013, who have not achieved permanent status on that date are eligible for reinstatement under Wis. Stat. § 230.31(1) for five years, beginning on July 1, 2013, if they successfully complete the probationary period for the position they hold on June 30, 2013.

5. RELATED DOCUMENTS

Wis. Stat. § 36.115.

Wis. Stat. Chapter 230



University of Wisconsin - Madison

HR Program Policy: #10

SUBJECT: Transition of Classified Staff to University Staff

Original Issuance Date:

Last Revision Date: March 19, 2013

1. POLICY PURPOSE

Provide for the transition of classified staff, under the authority of the Office of State Employment Relations (OSER) pursuant to Wis. Stat. Chapter 230 (State Employment Relations), to University Staff under the authority of the University of Wisconsin Board of Regents as required by Wis. Stat. § 36.115.

2. POLICY BACKGROUND

Wis. Stat. § 36.115(6) requires that all UW System employees with positions in the classified service of the civil service system under Wis. Stat. Chapter 230 on June 30, 2013 be included in the university personnel systems as of July 1, 2013.

3. POLICY DEFINITIONS

“University Staff” employees who are not exempt from the overtime provisions of the FLSA (i.e., they are paid based on the number of hours they work) and contribute in a professional way in a broad array of positions that support the university’s mission. Note: During the transition to the new human resource structure, current exempt classified employees will be able to choose either an Academic Staff or University Staff appointment. If the employee chooses a University Staff appointment, his/her exempt position will become Academic Staff when s/he eventually leaves the position.

4. POLICY

This policy applies to classified staff employed on June 30, 2013 who become University Staff on July 1, 2013. According to Wis. Stat. § 36.115(6), employees in classified service positions on June 30, 2013, who have achieved permanent status, shall retain, while serving in their positions as a University Staff member, protections afforded employees in the classified service under Wis. Stat. §§ 230.34(1)(a) and 230.44(1)(c). These protections cover demotion, suspension, discharge, layoff or reduction in base pay (see HR Program Policy #4). These employees shall also have reinstatement privileges to the classified service under Wis. Stat. § 230.31(1) (see HR Program Policy #9).

Employees in classified service positions on June 30, 2013, who have not achieved permanent status on that date, are eligible to receive the same protections, privileges, and rights noted above for permanent staff if they successfully complete their probationary periods for positions held on June 30, 2013.

An employee in a classified position on June 30, 2013, will transition to a University Staff position with the same title, base salary, and benefits, on July 1, 2013.

5. RELATED DOCUMENTS

Wis. Stat. § 36.115

Wis. Stat. Chapter 230

**UNIVERSITY OF WISCONSIN SYSTEM
OPERATIONAL POLICY ON REGENT PAY PLAN AND
SUPPLEMENTAL PAY PLAN DISTRIBUTION**

EXECUTIVE SUMMARY

BACKGROUND

The 2013-15 biennial budget request submitted by the Board of Regents requested an amendment to Wis. Stat. §230.12(3)(e). The intent of the request is to change the law in a manner that authorizes the Board of Regents and the UW-Madison Chancellor to have full authority to approve pay plans for all UW System employees. If the Board and the UW-Madison Chancellor were so empowered, the submission of compensation plan recommendations to the Office of State Employment Relations (OSER) for their consideration and further recommendation to the Joint Committee on Employment Relations (JCOER) and the Governor would no longer be required.

Under § 230.12(3)(e), as amended by 2011 Wisconsin Act 32, effective July 1, 2013, the Board of Regents and the UW-Madison Chancellor must submit separate recommendations to OSER for adjusting compensation for all employees. In addition to OSER, the Joint Committee on Employment Relations (JCOER) and the governor must approve the recommendations before they can be implemented. The Board of Regents and the UW-Madison Chancellor seek full authority for approving pay plans for all UW System employees without going through OSER. The Governor has included language in his 2013-15 budget request (AB40) that would modify §36.115 providing the Board of Regents and the UW-Madison Chancellor with this authority.

At the December 7, 2012 Board of Regents meeting, the Board approved the Regent Policy on University Personnel Systems which included delegation to the President of the UW System the establishment of operational policies for all UW System institutions except for UW-Madison and to the UW-Madison Chancellor the establishment of operational policies for UW-Madison. The Board policy requires that these operational policies be brought to the Board of Regents before the policies are implemented.

REQUESTED ACTION

This item is for review and discussion purposes only.

DISCUSSION

The attached Operational Policy on Regent Pay Plan and Supplemental Pay Plan Distribution provides Chancellors with policy guidance on the distribution of Board of Regent approved biennial pay plans and for institutionally funded supplemental pay plans. This operational policy for all UW System institutions except for UW-Madison has been reviewed by the Chancellors and approved by the President of the UW System. The UW-Madison Chancellor will provide a policy on this topic to the Board for review at a future meeting of the Board.

This operational policy on pay plan distribution follows the policy guidance provided in the Regent Policy on University Personnel Systems for “merit-based recruitment and assessment policies, practices, and performance goals that promote the development of a productive, accountable, and trusted workforce” and “compensation structures and tools that reflect the following factors: market, performance, internal equity, and cost of living.” In addition, this policy guidance directs Chancellors to develop, oversee and coordinate pay plan administration using the processes and practices of shared institutional governance that are operative at each respective institution.

RELATED REGENT POLICIES

RPD on University Personnel Systems (approved December 7, 2012)

The University of Wisconsin System

UPS OPERATIONAL POLICY: TC 4



SUBJECT: Regent Pay Plan and Supplemental Pay Plan
Distribution

Original Issuance Date: July 1, 2013
Last Revision Date: March 25, 2013

1. POLICY PURPOSE:

To provide Chancellors with policy guidance on the distribution of Board of Regent approved biennial pay plans and for institutionally funded supplemental pay plans.

2. POLICY BACKGROUND:

The Board of Regents each biennium provides the Chancellors with pay plan distribution guidelines at the same time they approve the pay plan request for all unclassified staff. Typically this takes place in December of even numbered years. Wis. Stat. [§ 36.115\(2\)](#) requires the Board of Regents and the UW-Madison chancellor to develop personnel systems that are separate and distinct from the personnel system under Wis. Stat. Chapter 230. Effective July 1, 2013, the Board of Regents will assume pay plan authority for all UW System employees and the procedures established by the Office of State Employment Relations will no longer be applicable to current UW System classified employees. Therefore, this operational policy provides the pay plan distribution policy guidance for all UW System employees, except for employees of UW-Madison.

Along with the Board of Regents' authority to approve pay plans funded through the biennial budget process comes the authority to approve the establishment of optional supplemental pay plans at each institution that are funded from institution-generated and/or reallocated funds.

3. POLICY DEFINITIONS:

"Faculty" means persons who hold the rank of professor, associate professor, assistant professor, or instructor in an academic department or its functional equivalent in an institution, persons described under Wis. Stat. § 36.13(4)(c) and such academic staff as may be designated by the chancellor and faculty of the institution.

"Academic Staff" means professional and administrative personnel with duties, and subject to types of appointments, that are primarily associated with higher education institutions or their administration but does not include faculty and staff provided under [Wis. Stat. § 16.57](#).

"University Staff" means the university workforce who contribute in a broad array of positions in support of the University's mission and are not exempt (hourly¹) from the overtime provisions of the Fair Labor Standards Act (FLSA).

[¹Note: All FLSA exempt employees holding positions in the State of Wisconsin “classified” service as of June 30, 2013 are given the choice to remain in the University Staff for as long as they retain their existing positions, or to voluntarily be reassigned to a position that the institution has designated as either an Academic Staff or Limited Appointment position - see UPS Operational Policy #36 LINK].

“Limited Appointment” means an appointment to a designated administrative position, the holder of which serves at the pleasure of the authorized official who made the appointment. Certain positions must be designated as limited appointments under [Wis. Stat. § 36.17\(2\)](#), while others may be designated by the appointing authority as limited appointments at the time of the appointment.

“Regent pay plan” means the amount of state funds and/or generated funds available for salary increases for all employees in the continuing staff base budget with at least solid performance.

“Supplemental pay plan” means the amount of generated or reallocated institutional base funds available for salary increases for any or all employees in the continuing staff base budget with at least solid performance.

“Base salary adjustments or lump sum payments” means reallocated institutional base budget funds used to address strategic salary adjustments specific to institutional needs and priorities.

4. POLICY:

- (1) Chancellors shall develop, oversee and coordinate pay plan administration using the processes and practices of shared institutional governance that are operative at each respective institution. Prior to the approval of the Regent Pay Plan each Chancellor shall initiate faculty, academic staff, limited appointees, and university staff performance evaluations using a suitable evaluation system to assess meritorious performance and solid performance, the results of which can be converted to a salary, once the pay plan is known. The salary review should be conducted using compensation structures and tools in accordance with the Regent Policy on University Personnel Systems. A record of the evaluation judgments shall be made before July 1, as provided in s. 36.09 (1)(j), Wis. Stats.
- (2) Chancellors shall ensure equity and balance within, between, and among all governance groups. While recognizing obvious differences between roles, responsibilities, compensation, and market-based forces, compensation adjustments for all employee categories are to be viewed, held, and considered as separate parts of the pay plan distribution for each institution.
- (3) Chancellors are authorized to earmark up to 15 percent of the total pay plan each year for the Chancellors’ discretionary use to meet special compensation needs such as; rewarding members of the University workforce for innovative and/or collaborative program delivery; rewarding exceptional performance in support of institution goals; and/or correcting gender pay inequities or other structural anomalies or inequities warranting adjustment.
- (4) Assessment of meritorious performance and solid performance for faculty shall be based on a systematic performance evaluation program, which identifies positive contributions by the faculty member to teaching, research, public service and/or the support functions inherent in the institution’s mission. Assessment of teaching faculty shall include consideration of student

evaluations (Regent Policy Document 20-2, formerly 74-13, October 4, 1974). Assessment of meritorious performance and solid performance for all other university employees shall be based on a systematic performance evaluation program which allows supervisory assessment of solid and meritorious performance in their areas of assigned responsibility.

- (5) Market determinations are not to be considered in the distribution of Regent Pay Plan funds, except that Chancellors may use market considerations when distributing earmarked funds provided for in number (3) above.
- (6) Any and all compensation adjustments must include a merit/performance component; across-the-board compensation adjustments that do not include a merit/performance component are prohibited. At a minimum, continuing staff who have performed at a satisfactory level shall be entitled to a compensation adjustment from funds set aside to recognize solid performance, except when an employment contract, collective bargaining agreement or administrative practice holds to the contrary.
- (7) Unless otherwise specified by executive/legislative/Regent action, the effective dates for the payment of the pay plan rates will be July 1 each year for annual-basis employees, the start of the academic year for those on academic year appointments, and other dates as set by the Chancellors for persons with appointment periods commencing at times other than July 1 and the beginning of the academic year.
- (8) The President is authorized each year to increase the systemwide faculty salary minima by up to the full amount of the Regent Pay Plan and rounded to the nearest hundred dollars. For Category B research and instructional academic staff, the Board authorizes the continuation of the current policy linking titles to the faculty salary minima based on percentage relationships approved in the 1994 Gender and Race Equity Study. UW System salary ranges and salary minima will be established in accordance with the approved Regent Pay Plan and University Personnel Systems operating policies.
- (9) Base salaries shall not be less than the salary minima or pay range minimum. The salary increase shall not move the base salary above the UW System salary range maximum, if applicable. University employees who are currently paid above an applicable range maximum shall be eligible for a salary increase of up to half of the amount by which the salary ranges have been adjusted.
- (10) Approval of salary adjustment rates for promotion in faculty rank is delegated to Chancellors.
- (11) Chancellors are authorized to use generated or reallocated institutional resources to provide for a supplemental pay plan for individual salary adjustments (base or one-time) for employees in any or all of the following employee categories; faculty, academic staff, university staff, and limited employees. Such increases may be done in conjunction with the Regent Pay Plan and become effective on July 1 of each year of the biennium and/or at other times at the discretion of the Chancellor. Supplemental pay plans may be provided to any or all employee categories listed above and need not be distributed on the same schedule as the Regent Pay Plan.
- (12) Chancellors in using discretionary funds provided for in number (3) above and/or supplemental pay plan provided for in number (11) above, may consider factors of equitable

compensation for faculty and staff with comparable training, experience, and responsibilities at peer institutions and among comparable UW System institutions, programs, and departments.

- (13) For represented university staff and represented graduate assistants, pay plan adjustments will be determined through union collective bargaining negotiations.
- (14) Each institution shall complete its actions on pay schedules for non-represented graduate assistants prior to July 1 and shall establish a factor for adjustments, which can be applied expeditiously to determine compensation increases. Pay schedules for each graduate assistant category shall be separately established.
- (15) The Regent Pay Plan funding allocation shall be distributed as soon as possible after final approval of the pay plan by the Board of Regents and after the Governor signs the biennial budget.
- (16) Compensation actions related to the Regent Pay Plan and delegated to the Chancellors shall be completed in accordance with statutory requirements, legislative intent, and Regent policy, and shall be reported to UW System Administration to make possible the preparation of payrolls and reporting to the Board of Regents.

5. RELATED DOCUMENTS:

Regent Policy on University Personnel Systems – Approved December 7, 2012
Regent Policy Document 20-2
1994 Gender and Race Equity Study
UPG 4

6. POLICY HISTORY:

**UW SYSTEM TRUST FUNDS
ANNUAL ENDOWMENT PEER BENCHMARKING REPORT
EXECUTIVE SUMMARY**

BACKGROUND

The National Association of College and University Business Officers (NACUBO) and the Commonfund jointly conduct a detailed annual survey of college and university endowments (as of fiscal years ending June 30). This survey gathers data on investment and spending policies and practices, investment performance and fees, staffing, and other measures. The survey provides overall averages, as well as statistics for endowments by different size-categories. Also, Penn State University conducts a more limited annual survey of Big Ten and other peer endowments. With the data from these two surveys, UW Trust Funds compiles its “Annual Endowment Peer Benchmarking Report,” which compares data and characteristics for the UW Trust Funds endowment versus those of various peer groups. The report for fiscal year 2012 is attached.

REQUESTED ACTION

This item is for information only.

DISCUSSION

Key observations from the 2012 peer benchmarking report include the following:

- 1) annualized investment returns for the UW Trust Funds endowment (i.e., the Long Term Fund) have exceeded the average performance within the “all institution” peer group over 3-, 5-, and 10-year periods ended June 30, 2012;
- 2) while for the 1-year and 3-year periods, UW Trust Funds’ endowment return placed it in the third and second quartiles, respectively, for the 5- and 10-year periods, top quartile performance was achieved;
- 3) the asset allocation of the UW Trust Funds endowment at June 30, 2012 was overweight to equities (particularly non-U.S.) and underweight to “alternative” asset classes (particularly in hedge funds, real estate, and natural resources), other than private capital, versus most peer groups;
- 4) growth from new endowment gifts was below peer levels;

- 5) UW's policy spending rate of 4.0 percent was below the "all institution" average rate of 4.7 percent;
- 6) while zero percent of UW Trust Funds' endowment was "underwater" as of June 30, 2012, institutions on average had 7.1 percent of their endowments "underwater";
- 7) long-term investment return objectives are in line with peer group numbers;
- 8) investment staffing is in line with the average for similar-sized endowments;
- 9) UW does not use an investment consultant, while most peer institutions do;
- 10) UW employs fewer investment firms than do peers; and
- 11) UW applies "some form of social investing policy" for its portfolio holdings, as do roughly only one-fifth of the "all institution" group.

RELATED REGENT POLICIES

None.



UNIVERSITY OF WISCONSIN SYSTEM TRUST FUNDS

**Annual Endowment Peer Benchmarking Report
Year Ended June 30, 2012**

<p style="text-align: center;">UW SYSTEM TRUST FUNDS Annual Endowment Peer Benchmarking Report Fiscal Year Ended June 30, 2012</p>

INTRODUCTION

- The Annual Endowment Peer Benchmarking Report utilizes two informational sources: 1) the 2012 NACUBO–Commonfund Study of Endowments (NCSE); and 2) the informal “Peer Benchmark Survey” conducted by Penn State University (hereafter referred to as the Penn State Survey).
- The NCSE is an annual survey of college and university endowments which reports data on investment and spending policies and practices, investment performance and fees, staffing, and other measures. The 2012 study included 525 private and 306 public institutions with an average endowment size of \$489 million.
- The 2012 Penn State Survey reports data from 25 university endowments including 17 from Big Ten institutions and 8 from other “peer” universities. The survey contains data on investment performance, asset allocation, and spending policies. The institutions included had an average endowment size of \$2.1 billion. The Penn State Survey data is presented wherever possible, as this information represents a distinct subset of the larger population.
- The data presented in the report that follows falls into the following categories:
 1. Asset Allocation
 2. Investment Performance
 3. Cost of Managing Investment Programs
 4. Investment Management Practices
 5. New Gifts to Endowment
 6. Spending Policies
 7. Investment Return Objectives
 8. Underwater Funds
 9. Resources, Management, and Governance
 10. Socially Responsible Investing Practices

<p align="center">UW SYSTEM TRUST FUNDS Annual Endowment Peer Benchmarking Report Fiscal Year Ended June 30, 2012</p>
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SUMMARY DATA

	NCSE Study	Penn State Survey
Number of Institutions Reporting – Total	831	25
Number of Institutions Reporting – Public	306	22
Number of Institutions Reporting – Private	525	3
Largest Endowment – Public	\$18.3 billion ¹	\$7.9 billion ³
Largest Endowment – Private	\$30.4 billion ²	\$7.1 billion ⁴
Average Endowment Size	\$489.0 million	\$2.1 billion
Participating UW Institutions	UW System Trust Funds	UW System Trust Funds
	UW-Madison Foundation	UW-Madison Foundation
	UW-Oshkosh Foundation	
<i>UW System Trust Funds Endowment</i>	<i>\$328 million</i>	

¹ University of Texas System

² Harvard University

³ University of Michigan

⁴ Northwestern University

UW SYSTEM TRUST FUNDS
Annual Endowment Peer Benchmarking Report
Fiscal Year Ended June 30, 2012

ASSET ALLOCATION

Asset Class	<i>UW Trust Funds¹</i>	NCSE All Pools²	NCSE \$100-\$500MM	NCSE >\$1B	Penn State Survey³
Equities (sub-total)	57%	46%	45%	31%	35%
U.S. Equities	26%	30%	27%	15%	19%
Non-U.S. Equities	31%	16%	18%	16%	16%
Developed	20%	10%	13%	9%	10%
Emerging	11%	6%	5%	7%	6%
Fixed Income	20%	21%	17%	10%	13%
Alternatives (sub-total)	22%	28%	33%	54%	48%
Private Capital ⁴	13%	8%	10%	21%	18%
Hedge Funds ⁵	8%	13%	16%	20%	19%
Real Estate ⁶	0%	3%	3%	6%	6%
Natural Resources ⁷	1%	4%	4%	7%	5%
Cash/Other	1%	5%	5%	5%	4%
TOTAL	100%	100%	100%	100%	100%

¹ It should be noted that UW Trust Funds employs a “global tactical asset allocation” strategy for a significant portion of the endowment fund, which involves tactical shifts in asset allocation. The numbers provided here, however, are allocations only as of the fiscal year-end.

² All NCSE figures represent equal-weighted averages.

³ Penn State Survey figures represent equal-weighted averages.

⁴ Category consists primarily of venture capital and other private equity.

⁵ Category consists primarily of unregulated private investment partnerships investing in mostly marketable securities, but employing strategies (long/short, convertible arbitrage, leverage, etc.) designed to provide for more absolute returns with low correlation to the markets.

⁶ Category includes both public and private real estate.

⁷ Category includes timber, oil and gas partnerships, and commodities.

UW SYSTEM TRUST FUNDS
Annual Endowment Peer Benchmarking Report
Fiscal Year Ended June 30, 2012

ASSET ALLOCATION

Asset Allocation Approach for Portfolio Construction

	<i>UW Trust Funds</i>	NCSE All Pools	NCSE \$100-\$500MM	NCSE >\$1B
Changing or considering changing approach?	No¹	13%	14%	19%
Functional classifications (or factors) used in portfolio construction: ²				
Growth assets	Yes	75%	79%	85%
Risk reduction (long/short, fixed income)	Yes	79%	88%	92%
Inflation protection (real assets, TIPS)	Yes	79%	91%	85%
Opportunistic	Yes	51%	62%	54%
Liquidity	No	48%	47%	54%
Other	No	7%	9%	23%

¹ *UW System Trust Funds already uses functional classifications for portfolio construction.*

² *Multiple responses were allowed. Figures here represent only those institutions changing or considering changing their approach to asset allocation from traditional to functional classifications.*

<p align="center">UW SYSTEM TRUST FUNDS Annual Endowment Peer Benchmarking Report Fiscal Year Ended June 30, 2012</p>
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ASSET ALLOCATION

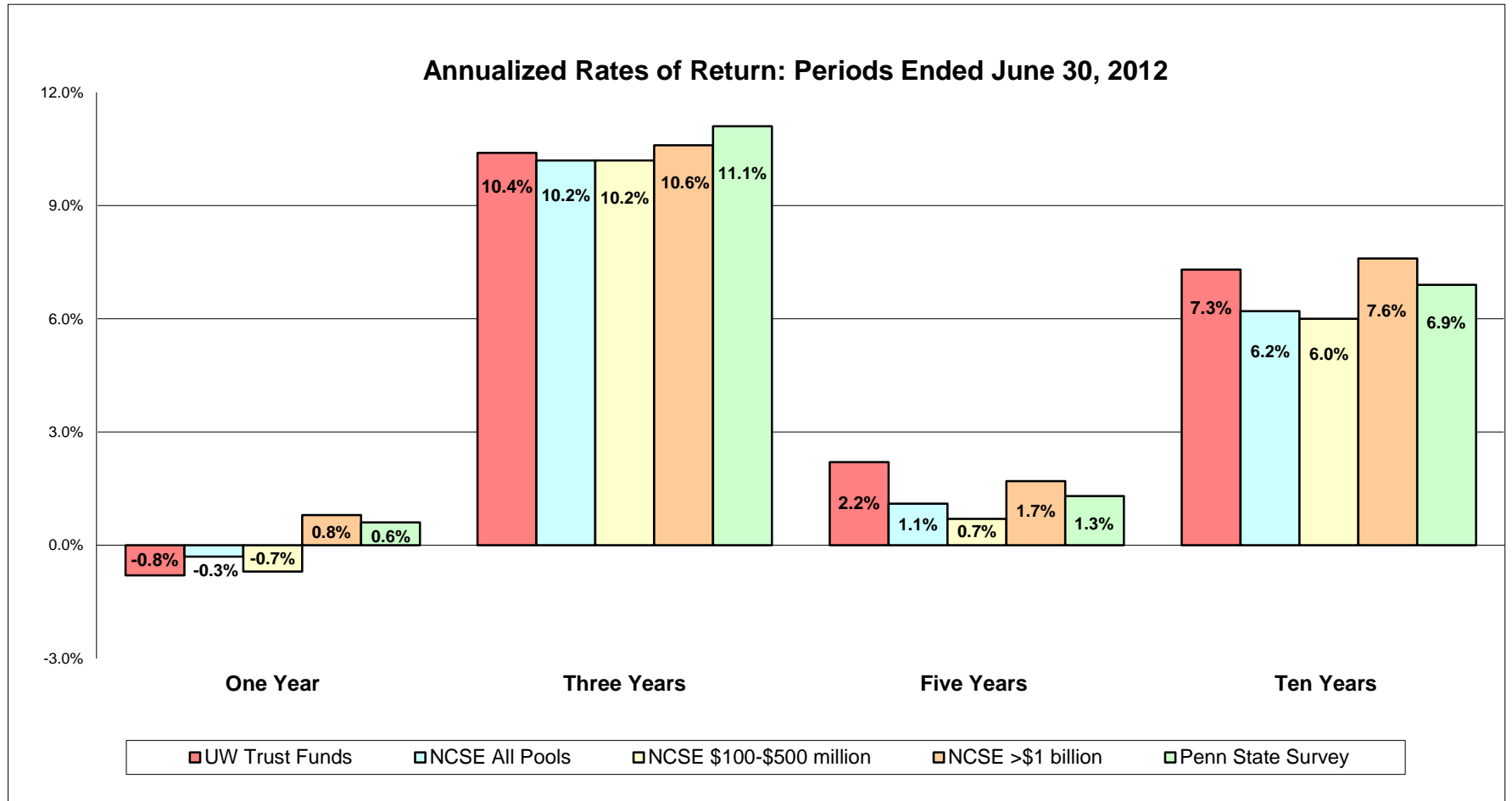
Percent Allocated to Liquidity Categories in Fiscal Year 2012¹

Liquidity Category	<i>UW Trust Funds</i>	NCSE All Pools	NCSE \$100-\$500MM	NCSE >\$1B
Daily	60%	46%	44%	20%
Monthly	27%	18%	20%	14%
Quarterly	0%	9%	11%	12%
Annually	0%	6%	7%	9%
Illiquid	13%	16%	15%	37%
Other	0%	5%	3%	8%

¹ Responses shown here are only for those institutions (595) that reported they use such liquidity classifications.

UW SYSTEM TRUST FUNDS
Annual Endowment Peer Benchmarking Report
Fiscal Year Ended June 30, 2012

INVESTMENT PERFORMANCE



<p align="center">UW SYSTEM TRUST FUNDS Annual Endowment Peer Benchmarking Report Fiscal Year Ended June 30, 2012</p>
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INVESTMENT PERFORMANCE

Range of Returns: NCSE All Pools

	1 Year	3 Year	5 Year	10 Year
25 th Percentile Average ¹	2.9%	10.9%	2.1%	6.8%
Average	-0.3%	10.2%	1.1%	6.2%
<i>UW Trust Funds Return</i>	<i>-0.8%</i>	<i>10.4%</i>	<i>2.2%</i>	<i>7.3%</i>
<i>UW Trust Funds Rank</i>	<i>3rd Quartile</i>	<i>2nd Quartile</i>	<i>Top Quartile</i>	<i>Top Quartile</i>

¹ These NCSE figures represent the average values of investment returns of those endowments whose returns were in the top 25% of all endowments.

Range of Returns: Penn State Survey¹

	1 Year	3 Year	5 Year	10 Year
25 th Percentile ²	2.3%	12.2%	2.3%	7.6%
Median	-0.1%	10.6%	1.4%	6.5%
75 th Percentile ²	-0.9%	9.6%	0.4%	5.9%
<i>UW Trust Funds Return</i>	<i>-0.8%</i>	<i>10.4%</i>	<i>2.2%</i>	<i>7.3%</i>
<i>UW Trust Funds Rank</i>	<i>3rd Quartile</i>	<i>3rd Quartile</i>	<i>2nd Quartile</i>	<i>2nd Quartile</i>

¹ Note that for the Penn State Survey cohort, the average endowment size is \$2.1 billion, the median endowment size is \$1.5 billion, and the UW Trust Funds endowment is the 4th smallest reporting organization among the 25 represented here.

² These Penn State Survey figures represent the “cut-off” investment returns for the 25th and 75th percentile groups.

<p align="center">UW SYSTEM TRUST FUNDS Annual Endowment Peer Benchmarking Report Fiscal Year Ended June 30, 2012</p>
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COST OF MANAGING INVESTMENT PROGRAMS¹

	UW Trust Funds²	NCSE All Pools	NCSE \$100-\$500MM	NCSE >\$1B
Average cost (\$ thousands)	\$2,523	\$1,845	\$1,462	\$19,033
Average cost (basis points)	75	66	69	100
Median cost (basis points)	N/A	52	58	80

¹ Figures represent dollar-weighted averages. Caution must be used in interpreting these figures as the survey data suggests responding institutions experienced difficulties in accurately calculating fees, and reported fees are likely not on an “apples-to-apples” basis.

² UW Trust Funds fees include only asset management and mutual fund expenses; most (89%) of reporting institutions included these fees and some included other fees (e.g., 57% included “direct expenses”, 63% included “consultant fees”, 17% included “internal staff”).

UW SYSTEM TRUST FUNDS
Annual Endowment Peer Benchmarking Report
Fiscal Year Ended June 30, 2012

INVESTMENT MANAGEMENT PRACTICES¹

Active, Passive, Extended Markets

Asset Class/Strategy	<i>UW Trust Funds</i>	NCSE All Pools	NCSE \$100-\$500MM	NCSE >\$1B
U.S. Equities				
Active	82%	73%	71%	75%
Passive/Enhanced Index	18%	27%	29%	25%
Non-U.S. Equities				
Active (EAFE)	66%	49%	61%	43%
Passive (EAFE)	0%	13%	11%	13%
Emerging Markets	34%	38%	28%	44%
Fixed Income				
Active	13%	67%	66%	67%
Passive	56%	10%	13%	8%
U.S. High Yield	30%	7%	7%	8%
Non-U.S.-Developed	0%	13%	11%	14%
Emerging Markets	1%	3%	3%	3%

¹ Figures represent dollar-weighted averages.

<p align="center">UW SYSTEM TRUST FUNDS Annual Endowment Peer Benchmarking Report Fiscal Year Ended June 30, 2012</p>
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INVESTMENT MANAGEMENT PRACTICES

Portfolio Rebalancing Practices¹

Rebalancing Frequency	NCSE All Pools	NCSE \$100-\$500MM	NCSE >\$1B
Calendar-based	50%	51%	34%
Annually	10%	11%	2%
Semi-annually	3%	3%	2%
Quarterly	26%	28%	12%
Monthly	8%	7%	9%
Other	3%	2%	9%
Market value-based	100%	100%	97%
Target- and range-based	88%	91%	77%
Response to major cash flows	31%	33%	18%
Other	1%	0%	2%
<i>UW Trust Funds</i>	<i>Review quarterly; target- and range-based</i>		

¹ Multiple responses were allowed.

<p align="center">UW SYSTEM TRUST FUNDS Annual Endowment Peer Benchmarking Report Fiscal Year Ended June 30, 2012</p>
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NEW GIFTS TO ENDOWMENT

	NCSE All Pools	NCSE \$100-\$500 million	NCSE >\$1 billion
Average gifts (\$ millions)	\$8.0	\$6.6	\$57.7
Median gifts (\$ millions)	\$2.2	\$4.2	\$41.6
<i>UW Trust Funds</i>	<i>\$1.7 million</i>		

<p align="center">UW SYSTEM TRUST FUNDS Annual Endowment Peer Benchmarking Report Fiscal Year Ended June 30, 2012</p>
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SPENDING POLICIES

Spending Methodology¹

	NCSE All Pools	NCSE \$100-\$500MM	NCSE >\$1B	Penn State Survey
Percent of a moving average	75.0%	73.0%	56.0%	79.0%
Average percentage used	4.7%	4.8%	4.9%	4.5%
Decide on an appropriate rate each year	11.0%	11.0%	10.0%	0.0%
Spend a pre-specified percentage of beginning market value	4.0%	4.0%	0.0%	0.0%
Weighted average or hybrid method	7.0%	10.0%	12.0%	4.0%
Last year's spending plus inflation	4.0%	6.0%	13.0%	8.0%
Spend all current income	4.0%	4.0%	4.0%	0.0%
Grow distribution at a predetermined inflation rate	0.0%	0.0%	0.0%	0.0%
Other	8.0%	6.0%	21.0%	17.0%
<i>UW Trust Funds</i>	<i>4% of moving 12-quarter average</i>			

¹ Multiple responses were allowed.

UW SYSTEM TRUST FUNDS
Annual Endowment Peer Benchmarking Report
Fiscal Year Ended June 30, 2012

SPENDING POLICIES

Average Annual Effective Spending Rates¹

NCSE All Pools	4.2%
NCSE \$100-\$500 million	4.3%
NCSE >\$1 billion	4.7%
<i>UW Trust Funds</i>	4.0%

¹ Average annual effective spending rates are computed by dividing endowment dollars distributed for spending by the beginning endowment market value. Figures represent equal-weighted averages.

Changes to Effective Spending Rates

	NCSE All Pools	NCSE \$100-\$500MM	NCSE >\$1B
Increased spending rate	19%	17%	12%
Average percentage increase	0.9%	0.7%	0.3%
Decreased spending rate	58%	66%	84%
Average percentage decrease	1.0%	1.3%	0.6%
No change	16%	12%	1%
No answer/uncertain	7%	5%	3%
<i>UW Trust Funds</i>	<i>No change</i>		

<p align="center">UW SYSTEM TRUST FUNDS Annual Endowment Peer Benchmarking Report Fiscal Year Ended June 30, 2012</p>
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INVESTMENT RETURN OBJECTIVES

	NCSE All Pools	NCSE \$100-\$500MM	NCSE >\$1B
Have return objectives	66.0%	68.0%	59.0%
Less than 5%	2.0%	1.0%	0.0%
5.0%-5.9%	9.0%	8.0%	6.0%
6.0%-6.9%	6.0%	6.0%	6.0%
7.0%-7.9%	16.0%	18.0%	10.0%
8.0%-8.9%	29.0%	31.0%	29.0%
9.0% and over	7.0%	7.0%	9.0%
Do not have return objectives	15.0%	15.0%	7.0%
No answer/uncertain	19.0%	17.0%	34.0%
Average return objective	7.4%	7.5%	7.8%
Median return objective	8.0%	8.0%	8.0%
<i>UW Trust Funds</i>	<i>7.5% - 8.5%</i>		

<p style="text-align: center;">UW SYSTEM TRUST FUNDS Annual Endowment Peer Benchmarking Report Fiscal Year Ended June 30, 2012</p>

UNDERWATER FUNDS¹

	Percent of Endowment Underwater
NCSE All Pools	7.1%
NCSE \$100-\$500 million	7.6%
NCSE >\$1 billion	6.4%
<i>UW Trust Funds</i>	<i>0.0%</i>

¹ "Underwater funds" represent individual endowment accounts whose market values are below their "historic dollar value" (i.e., the original value of the gift).

<p align="center">UW SYSTEM TRUST FUNDS Annual Endowment Peer Benchmarking Report Fiscal Year Ended June 30, 2012</p>
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RESOURCES, MANAGEMENT AND GOVERNANCE

Committee Size and Investment Staffing

	Average Number of Committee Members	Average Investment Staffing	Percent Using Consultants
NCSE All Pools	8.0	1.6	82%
NCSE \$100-\$500 million	8.7	1.1	93%
NCSE >\$1 billion	9.9	10.9	72%
<i>UW Trust Funds</i>	<i>4</i>	<i>1.5</i>	<i>No</i>

<p align="center">UW SYSTEM TRUST FUNDS Annual Endowment Peer Benchmarking Report Fiscal Year Ended June 30, 2012</p>
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RESOURCES, MANAGEMENT AND GOVERNANCE

Average Number of Separate Investment Firms Used by Asset Class

	<i>UW Trust Funds</i>	NCSE All Pools	NCSE \$100-\$500 mm	NCSE > \$1 billion
U.S. Equities	4	4.0	4.5	6.8
Non-U.S. Equities	2	3.3	3.7	8.7
Fixed Income	3	2.6	3.0	3.3
Alternative Strategies – Direct	1	13.7	10.7	84.5
Alternative Strategies – Fund of Funds	3	3.1	4.5	3.4

UW SYSTEM TRUST FUNDS
Annual Endowment Peer Benchmarking Report
Fiscal Year Ended June 30, 2012

SOCIALLY RESPONSIBLE INVESTING PRACTICES

Percent with Some Form of Social Investing Policy

NCSE All Pools	18%
<i>UW Trust Funds</i>	Yes¹

¹ *UW Trust Funds are subject to various Regent Policies dealing with SRI, actively votes SRI-related proxies, solicits student and public comment on social issues, and may take ad hoc actions on social responsibility issues.*

Criteria Considered in Policy¹

	<i>UW Trust Funds</i>	NCSE All Pools	NCSE \$100-\$500MM	NCSE >\$1B
Environmental	Yes	5%	5%	6%
Social	Yes	15%	18%	16%
Governance	Yes	4%	5%	6%
Other	-	3%	3%	7%
None	-	71%	73%	56%
No answer	-	11%	7%	22%

¹ *Multiple responses were allowed.*

<p align="center">UW SYSTEM TRUST FUNDS Annual Endowment Peer Benchmarking Report Fiscal Year Ended June 30, 2012</p>
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SOCIALLY RESPONSIBLE INVESTING PRACTICES

Percent that Vote Proxies Consistent with Social Investing Policy¹

	<i>UW Trust Funds</i>	NCSE All Pools	NCSE \$100-\$500MM	NCSE >\$1B
Yes	Yes	49%	54%	54%
No	-	16%	20%	13%
No answer	-	35%	26%	33%

¹ Numbers are percentages of only those institutions reporting some form of social investment policy.

UW System Trust Funds
Voting of 2013 Non-Routine
Proxy Proposals

BUSINESS, FINANCE, AND AUDIT COMMITTEE

Resolution:

That, upon recommendation of the President of the University of Wisconsin System, the Board of Regents approves the voting of the non-routine shareholder proxy proposals for UW System Trust Funds, as presented in the attachment.

**UW SYSTEM TRUST FUNDS
VOTING OF 2013 NON-ROUTINE PROXY PROPOSALS
EXECUTIVE SUMMARY**

BACKGROUND

Regent Policy 31-10 contains the proxy voting policy for UW System Trust Funds. Non-routine shareholder proposals, particularly those dealing with “social responsibility issues” (e.g., the environment, discrimination, or substantial social injury), are to be reviewed with the Business, Finance, and Audit Committee so as to develop a voting position.

REQUESTED ACTION

Approval of Resolution I.2.c.2.

DISCUSSION AND RECOMMENDATIONS

The dominant social issues for the 2013 season are the following: corporate political contributions and lobbying, the environment and “sustainability,” and human rights issues. For most of the proxies related to these dominant issues, the Trust Funds’ investment managers will be directed to vote in the affirmative, as they fall under the 26 social issues or themes that the Business, Finance, and Audit Committee has already approved for active voting.

The full report on shareholder proposals for the 2013 proxy season is attached. The report includes summaries of all pre-approved issues, as well as discussion of any new issues.

RELATED REGENT POLICIES

Regent Policy 31-10: Proxy Voting
Regent Policy 31-13: Social Responsibility and Investment Considerations

UNIVERSITY OF WISCONSIN SYSTEM TRUST FUNDS

Shareholder Proposals and Recommended Votes for 2013 Proxy Season

Background

This annually-provided report is intended to highlight significant "non-routine" proposals, from shareholders or management, which will be voted on by shareholders during the 2013 proxy season. Regent Policy 31-10, "Proxy Voting," stipulates that significant non-routine issues are to be reviewed by the Business, Finance, and Audit Committee so as to develop a voting position on them. Non-routine issues are defined as the following: acquisitions and mergers; amendments to corporate charter or by-laws which might affect shareholder rights; shareholder proposals opposed by management; and "social responsibility" issues dealing with the environment, discrimination, or substantial social injury (issues addressed under Regent Policy 31-13).

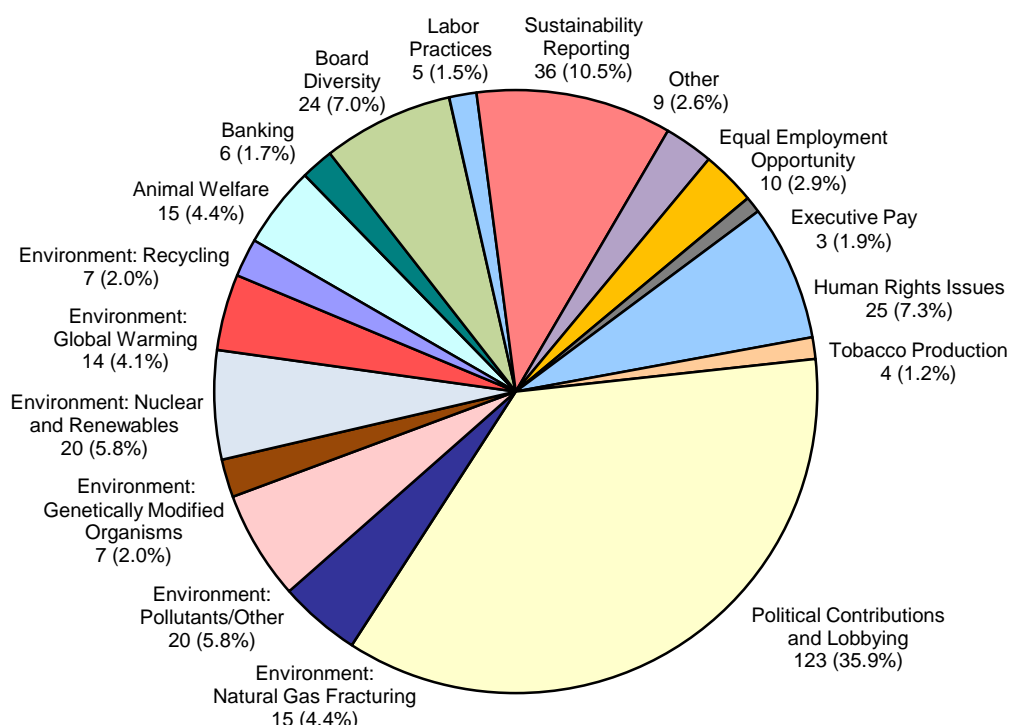
The majority of significant non-routine proposals are those dealing with social responsibility issues and corporate governance-related proposals which are often opposed by management. To the extent possible, similar shareholder proposals are grouped into identifiable "issues." Generally, it is these issues (covering similar or identical proposals at various companies) that are reviewed and potentially supported by the Committee. On occasion, individual, company-specific proposals not falling under a broad "issue" are also presented.

UW Trust Funds subscribes to the Institutional Shareholder Services (ISS) for proxy research and voting data. The data and statistics included in this report have been provided by ISS. All proxy resolutions are individually reviewed by Trust Funds staff, including the actual company proxy statements.

The 2013 Proxy Environment

As of early March, shareholders concerned with companies' management of social and environmental issues have filed approximately 343 proposals for the annual meetings of U.S. firms in 2013, about the same number as of this time last year. The dominant social issues for the 2013 season are the following: corporate political contributions and lobbying, the environment and "sustainability," and human rights issues. The following chart depicts the 2013 proxy proposals by major category, in terms of both the number of proposals by category and the percentage of all proposals.

Pending 2013 Social Issue Resolutions



For the second straight year, political contributions, along with a continuing campaign on the disclosure of spending for corporate lobbying, represented the largest single category of social issue proposals. So far in 2013, 123 proposals relating to political contributions have been filed and the majority of these resolutions included requests for disclosure of lobbying expenditures in addition to political contributions.

The proposals in this category generally ask the target company to prepare an annual report disclosing “a listing of political contributions (both direct and indirect, including payments to trade associations) and payments used for lobbying, including the amount of the payment and the recipient. In addition, the report should include company policy, procedures, and the decision-making process governing political expenses and lobbying.

The environmental category, which was surpassed last year following seven years as the largest category, still includes a large and varied mix of resolutions. The environmental category (shown in the chart under “Global Warming,” “Nuclear/Renewables,” “Natural Gas Fracturing,” “Pollutants/Other” and “Genetically Modified Organisms”) included 83 proposals, an all-time high for the category.

Other top categories include sustainability reporting and human rights issues. Sustainability reporting accounted for 36 proposals while the human rights category, which had dropped to just 16 proposals in 2012, increased to include 36 resolutions this year.

Reflecting decreasing interest by activists, the number of resolutions related to global labor codes and tobacco issues, both of which had topped the list ten years ago, are now at barely detectable levels. In addition, the number of animal welfare proposals continued to drop, accounting for only 15 resolutions this year, and for the third straight year there are no specific proposals on military issues.

Also, noteworthy for the 2013 proxy season is the return of genetically modified organisms (GMOs) as a proxy issue. GMOs were a major proxy concern ten years ago but have been largely absent until a re-emergence this year. These proposals generally ask companies to label their foods made from bioengineered ingredients or to report to shareholders on their use of bioengineered plants and food ingredients made from these plants, as well as the company's position regarding the risks to which these uses may expose it.

The Trust Funds proxy voting list may change as more resolutions are filed or come to light. Moreover, some proponents are likely to withdraw their resolutions if the companies agree to some or all of their requests, and other resolutions will be omitted if the Securities and Exchange Commission finds them to be in violation of its shareholder proposal rules.

Specific New Issues for 2013

There are no new specific issues for the 2013 proxy season.

Issues Previously Approved

Given below is a list of those issues that the Business, Finance, and Audit Committee has previously approved for support (i.e., voting in the affirmative). A brief re-cap of each of these issues then follows. Any company-specific proposals not falling under a pre-approved issue are given in the voting detail attachment.

PREVIOUSLY APPROVED ISSUES

Issue	Issue	Recommended Vote	Related Regent Policy
1	Report on/implement pharmaceutical policy/pricing	FOR	31-13
2	Report on/label genetically modified organisms (GMOs)	FOR	31-13

3	Shareholder approval for future golden parachutes	FOR	Non-routine corp. governance
4	Redeem or vote on poison pill	FOR	Non-routine corp. governance
5	Report on/implement recycling development programs	FOR	31-13
6	No consulting by auditors	FOR	Non-routine corp. governance
7	Endorse core ILO principles	FOR	31-13
8	Predatory lending prevention	FOR	31-13
9	Report on executive compensation as related to performance and social issues	FOR	31-13 and corp. governance
10	Report on global warming	FOR	31-13
11	Report on international lending policies	FOR	31-13
12	Global labor standards	FOR	31-13
13	Endorse CERES principles	FOR	31-13
14	Report on EEO	FOR	31-13
15	Increase and report on board diversity	FOR	31-13
16	Implement MacBride Principles	FOR	31-13
17	Adopt sexual orientation non-discrimination policy	FOR	31-13
18	Report on health pandemic in Africa	FOR	31-13
19	Sustainability reporting	FOR	31-13
20	Review animal welfare methods	FOR	31-13
21	Report on political contributions	FOR	31-13
22	Report on product toxicity	FOR	31-13
23	Report on internet privacy	FOR	31-13
24	Adopt Eurodad Charter on responsible lending	FOR	31-13
25	Adopt health care reform principles	FOR	31-13
26	Report/act on environmental impact of various practices	FOR	31-13

1. Pharmaceutical Policies

Proposals to drug companies on the affordability of AIDS, tuberculosis, and malaria drugs in poor countries began a decade ago. The resolutions ask the companies to "develop and implement a policy to provide pharmaceuticals for the prevention and treatment" of the three diseases "in ways that the majority of infected persons in poor nations can afford." Although proposals asking for reporting on the investigation, analysis and development of policies or programs to provide "affordable" drugs in Africa and other underdeveloped, pandemic-stricken areas should likely be universally supported, proposals requiring implementation of such policies or programs should be individually reviewed. There are no resolutions in this category for the 2013 proxy season.

2. GMOs (Genetically Modified Organisms)

Food manufacturers are not required to label products made with bioengineered ingredients, and as a result many U.S. consumers may not be aware that they are eating foods made from GMOs. GMO developers, many farmers and the U.S. government all say that bioengineered plants are safe, but critics worry that the plants may threaten the environment, harm humans, and perhaps lead to the extinction of crops' wild cousins, an important repository of plant genetics. The majority of related resolutions ask companies to label their foods made from bioengineered ingredients or to report to shareholders on their use of bioengineered plants and food ingredients made from these plants, as well as the company's position regarding the risks to which these uses may expose it. The GMO category was quite popular a decade ago but resolutions had dwindled in recent years before receiving seven in 2013, up from just one in 2012.

3. Golden Parachutes

Large severance compensation agreements for executives, contingent on a change in corporate control have been the subject of shareholder and management interest for many years. Particularly during the 1980s, when hostile takeovers were commonplace, both shareholders and managers came to realize the costs and potential uses of these safety nets. Shareholder proposals typically ask for shareholder approval of future golden parachutes.

4. Poison Pills

Under a typical plan, shareholders are issued rights to buy stock at a significant discount from the market price. The rights are exercisable under certain circumstances, such as when a hostile third party buys a certain percentage of the company's stock. If triggered, the pill would dilute the value and voting power of the hostile party's holdings to such an extent that the takeover attempt presumably would never be made. Pills are not intended to be triggered, but rather serve as a tool to deter any hostile takeover and force would-be acquirers to deal with the board of directors and potentially increase their purchase bid. Boards are not required to get shareholder approval to adopt poison pills, and they rarely

do so. Various academic and institutional studies have not convincingly shown that poison pills generally work to the benefit of or detriment of existing shareholders from a purely economic standpoint. The adoption of poison pills can more unambiguously serve to entrench existing boards and management. Convincingly, critics say the overriding issue is the right of shareholder/owners to decide for themselves what protections they want.

5. Recycling

Many recycling proposals ask the target company to research how they could make substantive progress in the use of recycled content for their products. Other resolutions ask for a report on the means for achieving a specified percent recovery rate within a reasonable time period. These reports should provide a cost-benefit analysis of options and an explanation of the company's position on recycling policies. In addition, reports should list all steps the company took in investigating options for the cost-effective use of recycled materials. For 2013, the recycling category proposals are focused on “extended producer responsibility,” a policy popular in Europe which shifts recycling accountability from governments and taxpayers to producers. The recycling category includes seven proposals in 2013.

6. Auditors

These proposals were prompted by concern from both investors and regulators about the provision by auditors of both audit and non-audit services to their audit clients, and the effects of these services on the independence of the audit process. The provision of certain non-audit services by a company’s auditor may impair the auditor’s independence and impartiality. There are no resolutions on this issue for the 2013 proxy season.

7. ILO Principles

The proposals ask companies to endorse core standards promoted by the International Labor Organization (ILO), a multilateral agency affiliated with the United Nations that represents national employer, labor, and government bodies of 183 member states. The core standards represent commitments to uphold basic human values and worker rights. There are no resolutions on this issue for the 2013 proxy season.

8. Predatory Lending

Predatory lending, most often associated with the sub-prime sector, is a loosely defined term that encompasses any number of unethical and illegal practices inflicted upon unsuspecting borrowers, often causing them financial distress or ruin. The proposals primarily ask that the companies develop a policy to ensure against predatory lending practices and to report to shareholders on the enforcement of such policies.

9. Executive Compensation

Institutional investors have expressed interest in ensuring that executive pay levels are linked to corporate performance. In fact, increasing pressure since the late 1980s to tie executive compensation more directly to a company's success is contributing to the surge in executive pay. CEO compensation is now steeped with stocks and options, which have become popular vehicles to more closely align management's interests with shareholders' interests. Shareholder groups are asking boards of directors to study and report on executive compensation, and to consider ways to link compensation to corporate financial, environmental, and social performance. The executive compensation category includes three proposals in 2013.

10. Global Warming

Global warming proposals take on various forms, however, a typical resolution on global warming asks for a report on (i) what the company is doing in research and/or in action to reduce greenhouse gas emissions, (ii) the financial exposure due to the likely costs of reducing those emissions, and (iii) actions which promote the view that global warming is exaggerated, not real, or that global warming may be beneficial. The category remains an important one, with 14 resolutions in 2013. While the number of direct global warming resolutions has decreased the past two years, a number of new approaches to global warming have appeared, including proposals regarding the mitigation of methane emissions as well as energy efficiency and renewables.

11. Equal Employment Opportunity

The shareholder resolutions generally ask companies to make available information that is gathered for and reported to the Equal Employment Opportunity Commission. The information required includes statistical information in defined job categories, summary information of affirmative action policies, and reports on any material litigation involving race, gender, or the physically challenged. The category includes ten resolutions for the 2013 proxy season.

12. International Lending Policies

The effect of international bank lending in developing nations has been an ongoing concern for shareholders. Proponents concerned about poverty and debt in developing countries are submitting resolutions relating to commercial bank operations and services. The concern is that people in developing countries have not benefited from the recent increased capital flows to emerging markets. Proposals often ask for the development of a policy toward debt cancellation and provisions for new lending to heavily indebted poor countries or ask companies to develop policies which promote financial stabilization in emerging market economies.

13. Global Labor Standards

Concern about conditions in third world factories that supply U.S. corporations has led to a proliferation of shareholder resolutions from a variety of proponents. Proxy proposals generally ask companies to take measures to ensure their global operations, or those of their suppliers, meet minimum labor and environmental standards. Proponents believe that companies that adopt favorable global labor policies will be less susceptible to negative impacts.

14. CERES Principles

The principles affirm that corporations have a "responsibility to the environment" and that they "must conduct all aspects of their business as responsible stewards of the environment." There are ten principle statements that address environmental protection and management commitment to the environment. A typical resolution on the environment and CERES (Coalition for Environmentally Responsible Economies) asks that the company endorse the CERES principles. There are no CERES principles resolutions for the 2013 proxy season.

15. Board Diversity

The shareholder resolutions relating to Board diversity ask companies to report on the following issues: a) efforts to encourage diversified representation on the board; b) criteria for board qualification; c) process of selecting board nominees; and d) commitment to a policy of board inclusiveness. The category includes 24 resolutions this year, up significantly from six and 14 the past two years, respectively.

16. MacBride Principles

The MacBride Principles offer a statement of equal opportunity/affirmative action principles for operations in Northern Ireland. These principle statements offer a code of conduct to combat religious discrimination in the Northern Irish workplace. There have been no McBride Principles resolutions over the past three proxy seasons.

17. Non-Discrimination: Sexual Orientation

These proposals typically ask target companies to "amend its equal employment opportunity policy to explicitly prohibit discrimination based on sexual orientation and gender identity". For 2013, the number of resolutions declined for the first time in many years, due primarily to the fact that many larger corporations have already made formal policy changes on sexual orientation nondiscrimination.

18. African Health Pandemics

The shareholder resolutions ask companies with substantial leverage in the labor markets of sub-Saharan Africa to report on the effect of deadly diseases on the company's

operations as well as on any measures taken in response. In addition, resolutions ask pharmaceutical companies to "establish and implement standards of response to the health pandemic of HIV/AIDS, tuberculosis, and malaria in developing countries, particularly Africa." There are no resolutions on this issue in the 2013 proxy season.

19. Sustainability

A typical resolution asks firms to prepare a sustainability report at a reasonable cost. The most widely used definition of sustainability is "development that meets the needs of the present without compromising the ability of future generations to meet their own needs." The sustainability issue has received strong shareholder support since it first appeared in 2002 and includes 36 resolutions this year.

20. Animal Welfare

A typical resolution asks firms to review or report on animal treatment or welfare practices, including slaughter methods, with the ultimate objective being to ensure more humane treatment of animals. The number of animal welfare resolutions has been on the decline in recent years and the category includes just 15 resolutions in 2013, down from 21 in 2012.

21. Report on Political Contributions

A typical resolution on this issue asks firms to report on their corporate political contributions, with the objective of holding companies accountable for how corporate political dollars are spent. In 2012, corporate lobbying language was added to many of the resolutions in this category and is now included in the majority of the proposals. Political contributions represent the largest single category of social issue proposals in 2013 and includes 123 proposals.

22. Report on Product Toxicity

A typical resolution on this issue asks companies to review and report on the toxicity of their products. The diverse product toxicity category includes nine resolutions in 2013.

23. Report on Internet Privacy

A typical resolution on this issue asks internet service providers for a report examining the effects of the company's internet network management practices regarding public expectations of privacy and freedom of expression. This year, the proposals again focus on "net neutrality," concern about the ability of the internet service providers to control access to information. The category includes three resolutions in 2013.

24. Adopt Eurodad Charter on Responsible Lending

A typical resolution on this issue asks companies to adopt the Eurodad Charter.

The charter was developed by a network of non-governmental organizations from 19 countries and outlines the essential components of a responsible loan. There are no resolutions for this issue in the 2013 proxy season.

25. Adopt Health Care Reform Principles

A typical resolution on this issue asks companies to adopt and support the Institute of Medicine's Health Care Reform Principles. The reform principles include the following: health care should be universal, continuous, affordable, sustainable, and enhance the well-being of its members. There are no resolutions for this issue in the 2013 proxy season.

26. Report/Act on Environmental Impact of Various Practices

Given the broad environmental concerns expressed in Regent Policy 31-13, this pre-approved issue is for environmental resolutions which do not fall under other specific pre-approved issues.

Recommended Action

Trust Funds staff requests approval to vote in the affirmative for the 25 shareholder proposals presented in the attached list. The majority of these proposals can be viewed as falling under one of the 26 pre-approved issues. Furthermore, approval is requested to vote in the affirmative on additional proxies coming to vote in 2013 if the proposals can be viewed as falling under one of these approved issues.

UW TRUST FUNDS
2013 Proxy Season Voting List: Proposals Under Previously Approved Issues¹

Company	Mtg Date	Proposal	Regent Policy	Pre-Approved Issue Number
AMAZON	4/29	Report on climate change risk management	31-13	10
AMAZON	4/29	Report on lobbying payments and policy	31-13	21
AMAZON	4/29	Report on lead battery risk & recycling	31-13	26
AMAZON	4/29	Report on extended producer responsibility program ²	31-13	5
ALLERGAN	6/7	Report on lobbying payments and policy	31-13	21
CITIGROUP	6/1	Report on lobbying payments and policy	31-13	21
COMCAST	6/1	Review political contributions and policy	31-13	21
DOW CHEMICAL	6/1	Report on controls to combat GMO concerns	31-13	2
EOG RESOURCES INC	5/3	Report on risk management report for fracturing	31-13	26
GENERAL DYNAMICS CORP	5/1	Report on lobbying payments and policy	31-13	21
GENERAL DYNAMICS CORP	5/1	Review human rights policy	31-13	12
HALLIBURTON	6/1	Identify human rights risks of operations	31-13	12
JP MORGAN CHASE	5/1	Report on lending related GHG emissions	31-13	10
JP MORGAN CHASE	5/1	Review political contributions and policy	31-13	21
JP MORGAN CHASE	5/1	Report on lobbying payments and policy	31-13	21
METRO PCS COMMUNICATIONS	5/1	Report on board diversity	CG	15
MONDELEZ INTL	6/1	Label products with GMO ingredients	31-13	2
MONDELEZ INTL	6/1	Report on business impact of deforestation ³	31-13	26
MONDELEZ INTL	6/1	Report on gender inequality	31-13	14
MONDELEZ INTL	6/1	Report on extended producer responsibility program ²	31-13	5
NORFOLK SOUTHERN	5/1	Report on lobbying payments and policy	31-13	21
TIME WARNER	5/1	Report on lobbying payments and policy	31-13	21
UNITED HEALTH	6/1	Report on lobbying payments and policy	31-13	21
UNITED HEALTH	6/1	Report on board diversity	CG	15
WASTE MANAGEMENT	6/1	Report on political contributions	31-13	21

¹ All votes are in the affirmative. A "CG" designation represents a non-routine Corporate Governance proposal.

² The resolution asks the company to issue a report "assessing the feasibility of adopting a policy of Extended Producer Responsibility for post-consumer product packaging as a means of reducing carbon emissions and air/water pollution resulting from the company's business practices."

³ The resolution asks the company to issue a report describing how it is "assessing the company's supply chain impact on deforestation and the company's plans to mitigate these risks." The resolution notes that as one of the largest consumer products companies, it uses a variety of products whose demand is fueling deforestation.

UW System Trust Funds
Acceptance of New Bequests
Over \$50,000

BUSINESS, FINANCE, AND AUDIT COMMITTEE

Resolution:

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

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

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

EXECUTIVE SUMMARY

BACKGROUND

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

REQUESTED ACTION

Approval of Resolution I.2.c.3., accepting and recognizing new bequests of \$50,000 or more.

DISCUSSION

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

RELATED REGENT POLICIES

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

1. Marjorie D. Thompson Trust

The Marjorie D. Thompson Irrevocable Trust document states the following:

“\$100,000.00 to UNIVERSITY OF WISCONSIN SCHOOL OF LAW of 975 Bascom Hall, Madison, Wisconsin 53706. Such amount shall be used to improve the academic environment, but shall not be used for salaries, scholarships or other remuneration of the staff.”

Regarding the donor’s connection to the UW, Mrs. Thompson’s husband, Horace S. Thompson, born in 1921, received the following degrees from UW-Madison: B.A. in History in 1943, LLB (Bachelors of Law) in 1948, and M.A. in Arts and History in 1949. The following is an excerpt from Horace’s obituary: “HORACE S. ‘TOMMY’ THOMPSON, 89, beloved and devoted husband of 41 years to Marjorie (nee Demeter), passed away on February 7, 2011. Tommy was the son of Grace and Porter Thompson of Illinois. Tommy was a proud graduate of the University of Wisconsin and the University of Michigan Law School, where he earned his Jurist Doctorate degree. He was an attorney for the state of Ohio and served as a judge in the Bureau of Disability Determinations. Tommy was a veteran of World War II, stationed in the Philippines as Colonel of the Intelligence Division.”

This \$100,000 bequest has been used to establish the “Horace S. Thompson Law School Fund” at UW-Madison.

2. Ruth Silverman Estate

Ms. Silverman’s Will states the following under the FOURTH and FIFTH sections:

“I give and bequeath to the following beneficiaries: ... w) TWENTY THOUSAND AND 00/100 (\$20,000.00) DOLLARS to the UNIVERSITY OF WISCONSIN, in memory of my children, MICHAEL SILVERMAN and SUSAN SILVERMAN;....

All the rest, residue and remainder of my estate, real, personal or otherwise and wheresoever situate, including any lapsed gift (hereinafter called my ‘residuary estate’), I give and bequeath to the UNIVERSITY OF WISCONSIN at Madison, Wisconsin, to establish a trust to be known as the ‘Ruth Silverman Scholarship Fund’ to provide scholarships for minority students....”

The following information was supplied by Ms. Silverman’s niece, Beth Myra Brody: “The scholarship in memory of Michael and Susan E. Silverman, brother and sister, was established by their mother, Ruth Silverman, before she died in 2012. Michael and Susan’s father, Joseph Silverman of New York City, died when the siblings were in high school. Michael and Susan attended the University of Wisconsin-Madison, graduating in pre-medicine and pre-law, respectively.

In addition to required courses, Michael took extra credits in physics. He was an avid bicyclist and traveler. While at UW, Susan worked for the Student Union’s Artist/Writer Series. There is

a plaque at the Union honoring Susan. She later became a successful attorney in New York City.

Though both died young – Michael in his twenties, Susan in her early forties – they brightened the lives of many. Michael and Susan were Jewish-American students dedicated to the helping professions. A scholarship in their name for minority students is an especially fitting tribute to their memory.”

The University has received a specific bequest in the amount of \$20,000 and a residual bequest in the amount of \$688,043.52 from the estate of Ruth Silverman. The Chancellor of UW-Madison is being consulted as to the disposition of this bequest.

3. Loretta Jean Wickus Trust

The first amendment to the Loretta Jean Wickus Revocable Trust document states the following:

“After satisfaction of the specific real and personal property gifts as set forth in section A through E above, my remaining residuary trust shall be distributed in the following entities: ...; thirty five per cent (35%) to the UNIVERSITY OF WISCONSIN SCHOOL OF VETERINARY MEDICINE, of Madison, Wisconsin;”

An on-line obituary indicates that Ms. Wickus died in August 2011; was survived by cousins Bruce Nogalski, Noel Nogalski (who served as trustee for the Trust) and Alan Nogalski; was employed at Northwestern Mutual for 45 years; and was an avid sports fan and enjoyed traveling.

Approximately \$176,000 has been received from the Wickus Trust. This bequest has been deposited to the “School of Veterinary Medicine Discretionary Fund.”

4. John Randall Shuman Estate

Due to certain ambiguities and perceived impracticality of the original terms as set forth by the donor in his Will and, after consultation with the three university beneficiaries named in the Will, the estate’s attorney petitioned the court to approve a modified distribution and administrative process for the bequests. The Order of Court, dated May 22, 2012, states the following:

“3. The residue of the Estate of John Randall Shuman after payment of estate administrative expenses shall be divided into three equal shares: one share to the University of Zurich, one share to the University of Wisconsin and one share to Pennsylvania State University.

4. Each of the above-named beneficiaries shall hold its share perpetually to be invested in such manner as to produce a reasonable income and in accordance with fiduciary standards....

5. Each of the above-named beneficiaries shall designate its distributive share as the ‘Dr.

John Randall Shuman Troxell Memorial Scholarship.' The income shall be distributed annually to graduate students in biology, chemistry, mathematics and physics. A maximum of four annual grants are to be made to any one individual. Each university shall determine the selection process for the student grants in a manner consistent with the intent of the Last Will and Testament of Dr. Shuman and this Order of the Court."

The following was excerpted from Dr. Shuman's obituary: "John R. Shuman, Ph.D., age 101, Mainville Drive, Bloomsburg, PA died unexpectedly at his home and was pronounced dead on Monday, July 11, 2011 at 4:50 p.m. At his death he was surrounded by the dogwood trees he planted and loved. Born on June 6, 1910 in Montgomery, he was a son of the late John R. and Annie M. (Troxell) Shuman.

He earned his Bachelor of Science degree from Penn State University in 1934; his Master of Philosophy degree from the University of Wisconsin in 1937 and his Ph.D. was also earned at the University of Wisconsin in 1938. His graduate studies were in the plant genetics department of the University of Wisconsin.

John did extensive research in Guatemala and Switzerland as well as other locales. He taught at a number of universities, including the teaching of plant genetics at the University of Georgia in Athens, Ga. and at the Arkansas Polytechnic College, Russellville, Ark. He last taught in the mathematics department of North Dakota State University, Fargo, N.D.

He enjoyed traveling, especially in Europe and Central America where he researched extensively. His hobby was photography and in his later years, he enjoyed cultivating the foliage at his Catawissa Township farm...."

The amount of \$400,000 has been received from the estate of John Randall Shuman, and a small final distribution is also expected. The bequest has been used to establish the "Dr. John Randall Shuman Troxell Memorial Scholarship Fund," which will be administered by the Graduate School at UW-Madison.

OFFICE OF OPERATIONS REVIEW AND AUDIT STATUS UPDATE

EXECUTIVE SUMMARY

BACKGROUND

The Office of Operations Review and Audit provides objective review and analysis services in order to add value to, protect, and strengthen the University of Wisconsin System.

REQUESTED ACTION

This item is for information only.

DISCUSSION

The enclosed report provides an overview of activities of the Office of Operations Review and Audit since February 7, 2013. Specifically, this report provides information on the following:

- (1) 2012 major project activity;
- (2) 2013 major project activity;
- (3) other significant projects; and
- (4) an update on Legislative Audit Bureau projects in the UW System.

RELATED REGENT POLICIES

None.

STATUS UPDATE OF THE OFFICE OF OPERATIONS REVIEW AND AUDIT

April 4, 2013

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Snapshot – 2012 Major Project Activity

Title	#	Status
NCAA Division III Athletics – Eau Claire	2011-10	Report Date – July 17, 2012
Undergraduate Academic Advising (System)	2011-12	Report Date – August 3, 2012
UW Policies Related to the Reporting of Crimes Against Children (System)	2012-01	Report Date – May 29, 2012
NCAA Division III Athletics – Stevens Point	2012-02	Report Date – August 3, 2012
Compliance with UW System Travel Regulations		
• Parkside	2012-03	Report Date – November 20, 2012
• River Falls	2012-05	Report Date – November 27, 2012
• Stout	2012-07	Report Date – November 20, 2012
• Milwaukee	2012-09	<i>Report Date – March 8, 2013</i>
• Whitewater	2012-11	<i>Expected – April 2013¹</i>
• Oshkosh	2012-13	<i>Report Date – March 22, 2013</i>
• Systemwide Management Letter	2012-21	Report Date – November 20, 2012
• Platteville	2012-25	<i>Report Date – February 8, 2013</i>
Compliance with §16.417 Wis. Stats. Related to Dual Employment		
• Parkside	2012-04	<i>Expected – April 2013</i>
• River Falls	2012-06	Report Date – December 11, 2012
• Stout	2012-08	Report Date – January 18, 2012
• Milwaukee	2012-10	Active
• Whitewater	2012-12	<i>Report Date – March 1, 2013</i>
• Oshkosh	2012-14	Active

Notes:

- 1 Expected issuance date has been revised since February 2013 communication. This may occur when other projects require higher priority attention by staff of the Office of Operations Review and Audit, or when institutional personnel request additional time to review and/or respond to an audit.
- 2 Italicized items reflect projects with updated statuses since the February 2013 update.

Snapshot – 2012 Major Project Activity, Continued

Title	#	Status
International Admissions		
• <i>Madison</i>	2012-15	<i>Expected – April 2013</i>
• Milwaukee	2012-16	Report Date – December 5, 2012
• La Crosse	2012-17	Report Date – January 14, 2013
• Parkside	2012-18	Report Date – November 28, 2012
• Whitewater	2012-19	Report Date – December 5, 2012
Employee Payroll Information		
• <i>Superior</i>	2012-20	<i>Report Date – March 1, 2013</i>
• Platteville	2012-22	Report Date – December 12, 2012
• System Administration	2012-23	Report Date – February 1, 2013
• <i>Green Bay</i>	2012-24	<i>Expected – April 2013¹</i>

Notes:

- 1 Expected issuance date has been revised since February 2013 communication. This may occur when other projects require higher priority attention by staff of the Office of Operations Review and Audit, or when institutional personnel request additional time to review and/or respond to an audit.
- 2 Italicized items reflect projects with updated statuses since the February 2013 update.

Snapshot – 2013 Major Project Activity

Title	#	Status
Compliance with §16.417 Wis. Stats. Related to Dual Employment		
• Platteville	2013-01	Active
• Superior	2013-02	Active
• La Crosse	2013-03	Active
• <i>Extension</i>	2013-13	<i>Expected Issuance – April/May 2013</i>
Employee Payroll Information		
• Eau Claire	2013-04	Active
• Oshkosh	2013-05	Active
• Stevens Point	2013-06	Active
• <i>Colleges</i>	2013-16	<i>Active</i>
Placement Rates		
• Green Bay	2013-07	Active
• Milwaukee	2013-08	Active
• <i>Madison</i>	2013-09	<i>Active</i>
Compliance with UW System Travel Regulations		
• <i>UW System Administration</i>	2013-24	<i>Expected Issuance – April/May 2013</i>

Notes:

- 1 All open engagement numbers are not listed above because numbers may be assigned prior to actively starting engagement fieldwork
- 2 Italicized items reflect projects with updated statuses since the February 2013 update.

Other Significant Projects

- ❑ Human Resource System (HRS) Activities:
 - ❑ Liaison to the Legislative Audit Bureau on program evaluation entitled “University of Wisconsin System Oversight and Management of Payroll and Benefit Processing and the Human Resource System “
 - ❑ Liaison to PwC on their comprehensive risk assessment of the people, processes, technology, and policies associated with the Human Resource System.
 - ❑ Internal audit reviews involving payroll and benefits, as requested by the Board or senior leadership.
- ❑ Development of continuous auditing tests using the IDEA data analytic tools.
- ❑ Institutional support for investigations and other matters.
- ❑ Participation in Enterprise Risk Management (ERM) Committee activity.

Legislative Audit Bureau Projects

- Recently issued the annual compliance audit of federal grants and expenditures, including student financial aid, for fiscal year 2011-12.
- Program evaluation entitled “University of Wisconsin System Oversight and Management of Payroll and Benefit Processing and the Human Resource System”, as approved on January 22, 2013 by the Joint Legislative Audit Committee.