

12/1/2015

BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM

I.2. Business and Finance Committee

Thursday, December 10, 2015  
2:45 p.m. – 4:15 p.m.  
Gordon Dining & Event Center  
770 West Dayton Street, 2<sup>nd</sup> floor  
Overture Room  
Madison, Wisconsin

- a. Approval of the Minutes of the October 8, 2015 Meeting of the Business and Finance Committee
- b. Trust Funds: Investment Policy Statement Review/Affirmation  
[Resolution I.2.b.]
- c. Trust Funds: Proxy Voting Policy Review and Approval
  - 1. Revision of Regent Policy Document 31-10, Proxy Voting  
[Resolution I.2.c.1.]
  - 2. Revision of Regent Policy Documents 31-13, Social Responsibility and Investment Considerations  
[Resolution I.2.c.2.]
- d. Review and Approval of Revisions to Regent Policy Document 13-1 General Contract Signature Authority, Approval, and Reporting  
[Resolution I.2.d.]
- e. UW-Stevens Point Differential Tuition Proposal  
[Resolution I.2.e.]
- f. UW-Eau Claire Alumni Tuition Proposal  
[Resolution I.2.f.]
- g. Review and Approval of Changes to Regent Policy Documents Related to Information Systems and Technology
  - 1. Removal of Regent Policy Document 25-1, Telecommunications Planning and Operations  
[Resolution I.2.g.1.]
  - 2. Removal of Regent Policy Document 25-2, Guide to Plan and Implement Management Information Systems  
[Resolution I.2.g.1.]

3. Revision of Regent Policy Document 25-4, Policy for Large or Vital Information Technology Projects to be renamed “Strategic Planning and Large or High Risk Projects”  
[Resolution I.2.g.3.]
- h. UW-Madison Contractual Agreement – Novartis Pharmaceuticals Corporation  
[Resolution I.2.h.]
- i. UW-Madison Contractual Agreement – IDx, LLC  
[Resolution I.2.i.]
- j. UW System Collective Bargaining Agreement with The Building and Trades Council of South Central Wisconsin  
[Resolution I.2.j.]
- k. Report on Faculty and Staff Base Salary Adjustments and Lump Sum Payments for FY2015
- l. Quarterly Report of Gifts, Grants, and Contracts (1<sup>st</sup> Quarter)
- m. Report of the Vice President(s)
  - Report on HRS Upgrade Plans
  - Revised FY2015 Final Budget to Actual Report

University of Wisconsin System Trust Funds  
Investment Policy Statement Review

BUSINESS AND FINANCE COMMITTEE

Resolution:

That, upon recommendation of the President of the University of Wisconsin System, the Board of Regents approves the recommended revisions to, and otherwise reaffirms its adoption of, the *Investment Policy Statement* for the University of Wisconsin System Trust Funds.

## **UNIVERSITY OF WISCONSIN SYSTEM TRUST FUNDS INVESTMENT POLICY STATEMENT**

### **EXECUTIVE SUMMARY**

#### **BACKGROUND**

The current version of the *Investment Policy Statement* (“IPS”) for the UW System Trust Funds was approved by the Board at its meeting of December 6, 2013. The preface of that document states the following under the section entitled *Review of the IPS*: “Given the centrality of the IPS itself in ensuring that the Board meets its fiduciary responsibilities and effectively oversees the management of the investment program, it is imperative that the Board review the IPS on an on-going basis. Although long-range and strategic in nature, the IPS should nevertheless be considered a living document; revisions and further refinements may be required as and when goals, constraints, or external market conditions change significantly.”

Two key elements of the IPS are the strategic asset allocation targets for both the Long Term and Intermediate Term Funds, and the spending policy for the Long Term Fund (the Fund used for endowments). This annual review of the IPS in its entirety provides for the periodic review of asset allocations and spending policy.

#### **REQUESTED ACTION**

Approval of Resolution I.2.b.

#### **DISCUSSION**

No substantive revisions to the IPS are being recommended at this time. The only revisions made to the document are updates to the current market values and average withdrawal rates for the Funds.

#### **RELATED REGENT POLICIES**

Regent Policy 31-9: *Investment Policy Statement: Key Elements and Review Process*



# **UNIVERSITY OF WISCONSIN SYSTEM TRUST FUNDS**

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## **INVESTMENT POLICY STATEMENT**

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**Last Revised/Reaffirmed: December 10, 2015**

# UNIVERSITY OF WISCONSIN SYSTEM TRUST FUNDS

## Investment Policy Statement

### Preface

**Introduction and Background.** The invested Trust Funds of the University of Wisconsin System (UW Trust Funds) currently consist predominately of bequests from individuals via wills or other trusts, as well as outright gifts from living donors, corporations (including matching gift programs), and external foundations and trusts. Such bequests and gifts come to the Board of Regents of the University of Wisconsin System (the Board) whenever the donor and documentation name the beneficiary as either the Board of Regents, directly, or any UW System institution, without specifically identifying a UW-related foundation. (UW-related foundations are independent entities with separate governing boards.) These gifts or donations originate as either, 1) “true endowments,” where the donor has restricted the use of “principal” and may or may not have imposed additional restrictions as to purpose (in accounting parlance, “restricted – nonexpendable” gifts), or 2) “quasi-endowments,” where the donor has placed no restriction on use of principal and may or may not have imposed restrictions as to purpose (in accounting parlance, either “restricted – expendable” or fully “unrestricted” gifts).

The Board is the principal and ultimate fiduciary of the UW Trust Funds. A fiduciary is defined as someone who oversees and/or manages the assets of, or for the benefit of, another person and who stands in a special relationship of trust, confidence, and/or legal responsibility. A summary of the primary fiduciary and management responsibilities of the Board is provided in **Appendix 1**. As noted there, the Board has delegated to its Business and Finance Committee (the Committee), many oversight and management functions. Specific roles and responsibilities of all relevant parties are discussed later.

**Purposes.** “The preparation and maintenance of the Investment Policy Statement (IPS) is one of the most critical functions of the investment steward. The IPS should be viewed as the business plan and the essential management tool for directing and communicating the activities of the [investment] portfolio. It is a formal, long-range, strategic plan that allows the steward to coordinate the management of the investment program in a logical and consistent framework. All material investment facts, assumptions, and opinions should be included.”<sup>1</sup> Furthermore, the IPS should provide the guiding principles for all aspects of the management of entrusted assets, and the premises on which these principles rest.

**Organization and Format.** The IPS is organized into these five major sections:

- **Premises** – which discusses the underlying bases (primarily various objectives, assumptions, and beliefs) for the policies and their implementation
- **Investment Policies** – which describes specific policies adopted to attain identified objectives while conforming with the major premises
- **Implementation** – which describes by whom and how the policies are to be implemented
- **Evaluation** – which describes how success will be monitored and evaluated
- **Appendices** – which provide greater detail on various policy elements discussed at a broader level in the main body of the document

In general, the main body of the IPS is intended to provide higher level elements expected to change only infrequently. The appendices are intended to provide details or lower level elements, which may require more frequent revisions and refinements, due to changing economic and market conditions, the investment opportunity set, industry “best practices,” etc. Incorporating these items into appendices will allow for them to be more clearly and easily revised.

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<sup>1</sup> *Fiduciary360*, “Prudent Practices for Investment Stewards,” p. 29.

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Regarding format, the following conventions are used: the major section headings are designated by Roman numerals (e.g., **I.**); major sub-sections are designated by capital letters (e.g., **A.**); headings for specific topics within major sub-sections appear in **Boldface**; headings for subsidiary topics therein appear in ***Italicized Boldface***; headings for each topic therein (sub-sub-topic) appear in *Italics*; and headings for paragraphs therein, where helpful, appear in Regular Typeface. Finally, within the text, *italicized* words or sentences are used to add emphasis; quotation marks (other than for direct quotes) are used when introducing a term or phrase that, although perhaps common in the investment and endowment fields, may not be familiar to the general reader.

**Review of the IPS.** Given the centrality of the IPS itself in ensuring that the Board meets its fiduciary responsibilities and effectively oversees the management of the investment program, it is imperative that the Board review the IPS on an on-going basis. Although long-range and strategic in nature, the IPS should nevertheless be considered a living document; revisions and further refinements may be required as and when goals, constraints, or external market conditions change significantly.

# UNIVERSITY OF WISCONSIN SYSTEM TRUST FUNDS

## Investment Policy Statement

### I. Premises

#### A. Investment Objectives, Constraints, and Competencies

**Creation of Distinct Investment Funds.** Recognizing that assets invested with UW Trust Funds may have distinctly different investment time horizons, three separate investment pools (or funds) have been created. To accommodate endowed assets (where the “principal” is to be preserved into perpetuity) and other long-term investments, the “Long Term Fund” has been created. To accommodate fully expendable assets that may have intermediate to short-term investment time horizons, the “Intermediate Term Fund” and “Income Fund” have been created (collectively, the Funds). Each of these Funds are accounted for on a unitized basis, similar to a mutual fund, where investors buy and sell Fund units representing proportional shares of the Funds’ underlying investments. The investment objectives and constraints for each of the Funds are inherently different and are therefore discussed separately below. There are, however, certain general constraints applicable to all Funds.

**General Investment Constraints.** Two potential investment constraints – tax considerations and external legal/regulatory requirements – are generally relevant to all UW Trust Fund assets. As a tax-exempt organization, the UW System’s investment returns are not subject to taxation; therefore, tax considerations become essentially irrelevant in the investment decision-making process. However, given the UW’s tax status, tax-exempt securities (e.g., municipal bonds) should generally be excluded from investment consideration. (It should be noted that under certain circumstances, a tax-exempt organization’s investments can generate Unrelated Business Taxable Income (UBTI). Therefore, for investment vehicles and strategies that could potentially generate UBTI, an expectation should be that they seek to minimize it.) The current external legal/regulatory framework, to which generally all assets are subject, is also described in **Appendix 1**.

#### Long Term Fund

**Investment Return Objectives.** Used primarily for investing endowed assets, the principal return objective of the Long Term Fund is to achieve, net of administrative and investment expenses, *significant and attainable* “real returns;” that is, nominal returns net of expenses, over and above the rate of inflation. By distributing a significant real return stream, disbursements for current expenditure will grow with the rate of inflation so as to maintain their purchasing power and support level into perpetuity. Other secondary investment return objectives for the Fund are to outperform various market and peer group benchmarks. (Details on these benchmarks are provided in later sections.)

**Spending Policy.** The “spending policy” for an endowment provides guidance and a methodology for determining what amounts are to be distributed for annual spending purposes. The policy should help ensure that the purchasing power of the corpus is maintained. The current spending policy for the Long Term Fund is provided in **Appendix 2**.

#### *Usage, Constraints, and Other Considerations*

**Investment Time Horizon.** With over 95 percent of the accounts in the Fund classified as endowments, the appropriate investment horizon is extremely long term. The Fund should therefore be managed as an “endowment fund,” where the purchasing power of the corpus is to be preserved into perpetuity.

**Fund Size.** At roughly \$385 million as of June 30, 2015, the Fund is large enough to participate in virtually all asset classes. However, smaller percentage allocations to certain asset classes may



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necessitate the use of commingled vehicles rather than separate accounts. Commingled vehicles preclude the application of individualized investment guidelines.

*Dependence on and Variability of Distributions.* Expenditures from UW Trust Funds do not represent a significant portion of overall UW campus budgets. However, specific departments and programs may rely heavily on Trust Fund resources. As such, extreme variability in the value of the annual distributions is not desirable. Therefore, risk objectives (i.e., volatility of returns) and the spending rate methodology should take this into account.

*Liquidity Requirements and Cash Flow Analysis.* Generally, the Fund has an obligation or liability to pay out the spending rate, plus expenses, offset by new contributions. To a limited extent, some “quasi-endowments” or “expendable” assets are invested in the Long Term Fund, which results in the occasional need to liquidate Fund principal as well. Over the most recently analyzed ten-year period, the Fund experienced quarterly cash flows ranging from plus 0.70 percent of assets to minus 1.32 percent, and the average net quarterly cash flow was minus 0.78 percent of assets. The limited and fairly predictable nature of quarterly withdrawal requirements coupled with the perpetual time horizon of the Fund suggests that meaningful allocations can be made to “illiquid” asset classes. Nevertheless, careful and on-going cash flow modeling for “illiquid” investments and asset classes should be conducted to help ensure that the Long Term Fund has the desired liquidity when needed, and that the Fund does not deviate substantially from its desired asset class, investment, and manager target allocations.

*Investment Risk Objectives.* A primary risk objective is to minimize the probability that the desired return objective is not achieved, particularly over the intermediate to long term. Another objective, as suggested above, is to limit extreme volatility of spending distribution levels in the shorter term, which by extension implies limiting extreme volatility of returns in the shorter term. To address both of these shorter and longer term concerns, the Fund should seek to minimize its expected volatility for any given targeted return level. However, it is also recognized that expected volatilities, as represented by standard deviations assuming “normal distributions,” do not provide a complete picture of portfolio risk. Therefore, another risk objective of the Fund is to maintain meaningful “hedges” against major economic events or traumas that can lead to “fat-tail” negative outcomes.

### Intermediate Term Fund

*Investment Return Objectives.* The primary objective of the Intermediate Term Fund is to provide competitive investment returns consistent with very moderate levels of volatility (ideally, equal to or lower than that expected from an intermediate, investment-grade bond portfolio) and low probability of loss of “principal.” Furthermore, the Fund should seek to maximize its expected return for any given targeted level of volatility. Other investment objectives for the Fund are to outperform various market and peer group benchmarks. (Details on these benchmarks are provided in later sections).

### *Usage, Constraints, and Other Considerations.*

*Investment Horizon.* Over 90 percent of the Fund is represented by “quasi-endowments,” where the expected investment horizon is approximately two to five years. Some ten percent of the Fund appears to represent unspent Income Fund balances that have been swept into the Intermediate Fund; these assets should be considered to have an even shorter investment horizon.

*Fund Size.* At approximately \$85 million as of June 30, 2015, were the Fund considered on a “stand-alone” basis, it would likely not be large enough to participate in some “alternative” asset classes such as

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Private Equity, where investment minimums may be quite high. However, since the Long Term Fund participates in these alternative asset classes, investment minimums would likely not be an issue.

*Dependence on and Variability of Distributions.* Historically, this Fund, invested entirely in U.S. Bonds, distributed all of its interest income to the Income Fund for spending purposes. However, since all of the assets of the Intermediate Term Fund are considered fully expendable (i.e., principal can be completely spent down too), the level and variability of such spending distributions are essentially irrelevant.

*Liquidity Requirements and Cash Flow Analysis.* The Intermediate Term Fund permits withdrawals and contributions on a quarterly basis; however, the quarterly cash flows are less certain since all assets are fully expendable. Over the most recently analyzed ten-year period, the Fund experienced quarterly cash flows ranging from plus 0.5 percent of assets to minus 7.6 percent, and the average net quarterly cash flow was minus 1.8 percent of assets. Given the quarterly cash flow uncertainty of this Fund, the fact that all assets are in theory immediately expendable and that the expected average investment horizon is only two to five years, “illiquid” asset classes do not make sense.

*Investment Risk Objectives.* The primary risk objectives for the Fund are to provide moderate levels of return volatility (ideally, equal to or lower than that expected from an intermediate, investment-grade bond portfolio) and low probability of loss of “principal.”

### Income Fund

*Investment Risk and Return Objectives.* The primary objective of the Income Fund is to provide competitive investment returns consistent with the need for preservation of “principal” and immediate liquidity. Expected risk and return for the Fund should also be similar to high-quality “money market” funds.

### *Usage, Constraints, and Other Considerations.*

*Investment Horizon.* The Fund is used primarily for the following: 1) spending distributions from the Long Term Fund (these amounts become currently expendable income); 2) other monies which are needed for expenditure, generally within the next twelve to eighteen months; and 3) pending investment of new monies awaiting investment in longer-term Funds.

*Liquidity Requirements.* This Fund essentially permits withdrawals and contributions on a daily basis. Only short-term, highly liquid investments are appropriate here.

*State of Wisconsin Requirement.* By statute, this Fund must reside with the State as part of its agency-commingled State Investment Fund, and it is managed by the State of Wisconsin Investment Board. Other than performance reporting and certain benchmark comparisons discussed later, *this document excludes any further discussion of the Income Fund, as it falls outside of the purview of the UW Board of Regents and UW Trust Funds staff.*

**Internal Competencies.** The specific policies contained in the IPS should also take into account internal competencies and limitations, given the size, structure, and governance of the UW Trust Funds. These are broadly categorized and discussed below under “Strengths” and “Weaknesses.”

### *Potential Strengths.*

*Asset Base.* The relatively modest size of assets under management should allow for participation in investment opportunities which have more limited capacity. Funds can be either too small or too large to

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effectively participate in some markets and opportunities. UW Trust Funds' size may often fall in the "sweet spot" in this regard.

*Committee and Board Composition.* The relatively small size of the Committee may facilitate more effective and timely decision-making. Also, the Committee and Board are made up of State government-appointed members with diverse and varied personal and professional backgrounds, including UW students. This diversity of backgrounds and expertise may enhance deliberation and decision-making by providing for unique and fresh perspectives.

*Reputation.* Many investment management firms and service providers prefer to have prestigious institutional clients, and the UW System is so perceived. Also, the prestige of the UW should help to attract and retain talented investment staff.

*Academic Expertise.* Although infrequently tapped, the UW System includes academicians with expertise in relevant fields such as investments, economics, and accounting. (Applied graduate student investment programs are one example of such academic expertise.)

### ***Potential Weaknesses.***

*Asset Base.* The modest size of assets under management may limit, to some extent, the level of resources devoted to internal investment capabilities and staffing, as their costs are charged against invested assets.

*Compensation of Investment Professionals.* Compensation levels and types (e.g., base salary, performance-based incentives) may not be considered competitive enough to attract and retain talented investment staff.

*Committee and Board Composition.* The Committee is not purely an "Investment Committee," and there is no requirement for its members to have any investment experience or expertise. In fact, for the most part, members have historically not had investment-related backgrounds. Also, Committee membership likely changes more frequently than is typical among investment committees of other endowments and foundations.

## **B. Core Investment Philosophy and Beliefs**

**Nature of Capital Markets, Investment Risks and Returns.** When one seeks to truly "invest," the objective is not just to get one's money back (or even just enough to maintain the same purchasing power), but to actually make more money, to make a profit, to have increased the "real" value of your assets. To do this, one must be willing to accept some level of investment risk. Unfortunately, there are no "risk-free" assets capable of generating returns sufficient to support the desired spending levels of an endowment. In free and open capital markets, capital will flow to higher risk investment opportunities only if they are priced to provide the *potential* for higher returns. "Potential" for higher returns is emphasized here, because the higher returns are not a certainty; if they were certain, they would not be riskier. The *expected average* return may be higher, but the range of possible outcomes is much wider (including the possibility of complete loss) versus a "safer" investment. Some investment risks, however, can and should be mostly *diversified away*, as these risks are not on average compensated for. An example of such a risk is the "idiosyncratic" or "non-systematic" risk that comes from investing in a particular company, or even industry. These are risks peculiar to that company or industry. The power of diversification works to largely eliminate many of these risks. There are other types of risk that *cannot* be

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diversified away; they are referred to as “systematic” or “market” risks. But fortunately, these risks are compensated for on average. Some examples of systematic or broad market risks are the following:

- Equity market
- Bond market (credit and/or interest rate risk)
- Inflation
- Deflation
- Economic trauma
- Geopolitical trauma
- Liquidity/Illiquidity
- National and global monetary and fiscal policies

It may be possible to hedge against some of these risks, but they cannot be completely eliminated simply through investment diversification. However, since these broad risk factors affect different markets and asset classes in different ways and to varying degrees, *diversification among many different asset classes and markets can greatly reduce overall portfolio risk*. It is important to keep in mind, though, that *all* investment returns derive from economic activity and productivity – from the creation (or destruction) of “real” wealth, real goods and services. Whether it is corporate profits or interest income, the corporations and borrowers are engaged in economic activity, which if successful, will allow them to repay their lenders or share the wealth with their owners. With this perspective in mind, it is clear that broad (increasingly, global) economic activity is the ultimate risk factor, and that each of the systematic risks listed above can significantly impact this economic activity. In summary, the principal premise put forward here is that investment risk is inherently neither good nor bad, but all aspects and sources of potential risk must be understood, monitored, managed, and, in the end, embraced in order to achieve attractive and commensurate returns.

**Market Efficiency.** As originally formulated, the concept of “market efficiency” referred to its “informational efficiency;” that is, whether market prices fully reflect all available information, and that assets are then appropriately priced relative to “fully-informed” perceptions of their risk. In such a world, all assets should provide similar perceived-risk-adjusted returns. However, the concept of an efficient market has also come to refer more nebulously to a market where assets are always priced at “fair value.” What is “fair value” though? It means that an asset is not “mispriced.” Mispriced relative to what? The only time it can be said with certainty that one asset is mispriced is if there is an identical asset that is selling for a different price (this is called an “arbitrage” opportunity and they, of course, will always be short-lived). The premise put forward here regarding market efficiency is that markets sometimes do a very poor job in even roughly pricing risk appropriately. In that sense, the general belief is that prices for individual assets, and even entire sectors and markets, do sometimes veer far from “fair” or “intrinsic value,” and that these mispricings can be exploited through active management. However, it is also important to state the additional premise that some markets are inherently less efficient in this sense. This can be because they simply receive less attention (e.g., stocks of small companies vs. stocks of large companies), or because there is much less public information available about them (e.g., commercial real estate or private equity).

**Alpha and Beta Concepts.** The concepts of “alpha” and “beta” in a portfolio management context have become a common part of investment vernacular. Although they are frequently overused or misused, institutional investors and fiduciaries should have a basic understanding of these concepts. As applied to a single security, the term “beta” is generally used to denote that component of expected return attributed to the security’s sensitivity to movements in the overall market. For example, if a security has an estimated (or historical) beta of 1.2, it would be expected to move on average, 20 percent more than the

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market overall; that is, it would be 20 percent more volatile. The beta for the overall market in question is always set at 1.0, so the beta measures for individual securities are *relative* to the market. Beta is therefore to be viewed as a standardized measure of “systematic” risk which cannot be diversified away. The term “alpha” in a single security context is used to denote any expected excess return; that is, expected return over (or under) that predicted by the security’s beta. (In mathematical terms, the equation is denoted as follows:  $\text{expected return} = (\text{market return} \times \text{beta}) + \text{alpha}$ .) This expected excess return would exist only if the security was “mispriced” or “inefficiently priced.” In an overall portfolio context, the term beta is generally used to denote the return achievable by simply investing passively in a particular market, such that only systematic risk is incurred. The term alpha here has come to simply denote excess return, if any, over and above that of the market in question. Positive (or negative) alpha can only be realized through active investment management, that is, consciously deviating from a given market benchmark.

**Portable Alpha.** An investment technique that has become increasingly in vogue is referred to as “portable alpha.” The idea behind it is that alpha and beta sources within a portfolio context can be “decoupled.” More typically, institutional portfolios have had to find alpha only from where they have placed their beta (market or asset class) allocations. For instance, if an investor wanted a beta exposure of say 50 percent in U.S. large-cap equities, any alpha (excess return) for that allocation would have to come from active management within that large-cap portfolio. Therefore, beta and alpha were inextricably tied together. An example of “portable alpha” would be as follows: the investor gets cheap beta exposure to U.S. large-cap equities through S&P 500 futures; actual dollars are used to fund a U.S. small-cap equity manager, where there is, in theory, greater alpha potential; and, finally, the small-cap beta exposure is hedged away by selling small-cap futures. The result is that the small-cap manager’s pure alpha, if any, has been “ported” onto the large-cap beta exposure. Whereas return expectations from an active large-cap portfolio might have been the S&P 500 return + 100 basis points, the portable alpha structure might be expected to produce S&P 500 + 300 basis points. The premise put forward here, is that portable alpha is a logical and potentially attractive active management strategy. However, if and when it is entertained, its complexities and risks must be fully understood and easily managed.

**Active vs. Passive Management.** Consistent with the premises on market efficiency, the belief put forward here is that active management may be desirable (as opposed to passive or indexed management), especially in less efficient markets. However, if active management is to be pursued by hiring external managers, one must be adept at selecting superior managers, because active management is a zero-sum game – one manager’s positive alpha is another manager’s negative alpha. One good indication of market efficiency, as well as a good indicator as to whether active management should be pursued, is the dispersion of returns among managers within an asset class. For example, the dispersion of returns between “top-quartile” and “bottom-quartile” private equity or real estate managers is huge, whereas the dispersion between the top and bottom investment-grade bond managers is negligible.

**Hedge Funds.** Hedge funds are largely unregulated vehicles that can represent “the ultimate” in active management, where there are few if any constraints imposed. For instance, they often use extensive leverage, sell short, use derivatives, and otherwise invest in anything, anywhere – the more exotic the better. Nevertheless, a premise is that a diversified portfolio of skilled hedge fund managers, operating within prudent constraints and with strong risk-control capabilities, can add a level of diversification and return potential from active management to an otherwise well-diversified portfolio. Due diligence standards, must, however be of the highest order given hedge fund managers’ greater flexibility.

**Market Neutral and Absolute Return Funds.** A type of hedge fund strategy that may be of particular interest is a so-called “market neutral” or “absolute return” strategy. Here, the intent is that its investment

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returns will exhibit little or no correlation to the movements in the major capital markets. The returns in total, in theory, should come primarily from manager skill in identifying and exploiting mispricings and arbitrage opportunities; any beta exposures are in theory hedged away. If, again, skilled managers following such strategies can be sourced, these types of hedge funds would provide an excellent additional source of portfolio diversification.

**Capitalization-Weighted Benchmarks.** It is recognized that the market benchmarks that are most widely used are “capitalization-weighted.” Capitalization-weighted indexes are comprised of a particular market’s securities, weighted by their total capitalization value (e.g., total shares outstanding times current market price). Some academicians and practitioners have suggested that there are some fundamental flaws to cap-weighted benchmarks. First among those suggested, is that cap-weighting on average results in an overweighting of overvalued stocks, and “growth” stocks in general, and an underweighting of undervalued stocks, and “value” stocks in general. Schemes such as equal-weighting (which has its own drawbacks) or weightings based on some “fundamental” business measures (e.g., sales, market share, etc.) have been suggested as “better” or “more efficient” alternatives. However, capitalization-weighting remains a sound basis for benchmark construction, as such indexes do represent the “current market” for a particular asset class; any deviations from capitalization-weighted indexes (e.g., equal-weighted, or fundamentally-weighted) represent active investment management decisions to deviate from the current market portfolio.

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

**Mean-Variance Optimization and its Limitations.** “Mean-variance optimization” programs are a very commonly used tool for conducting asset allocation analyses. They are designed to solve the following question given the inputs discussed above: Which portfolios will provide the highest expected average return for any expected level of volatility, or conversely, which portfolios will provide the lowest expected volatility at any expected level of return? Forward-looking capital market assumptions for various asset classes are essential in determining which portfolios will exhibit desirable risk/return profiles. These same assumptions are also the key inputs to “mean-variance optimization.” They are: 1) expected returns, 2) standard deviations, and 3) correlations. Although there are very significant limitations to mean-variance optimization (e.g., “normal” distributions of investment returns are assumed when hard-to-model “non-normality” and “fat left tails” are more realistic; there is uncertainty associated with other assumptions and inputs; there is significant sensitivity to small changes in assumptions; covariances change over time and under more extreme conditions; it assumes that the simple “point-estimates” of assumptions are known with certainty and that the outcome is therefore known with certainty; outcomes, therefore, do not reflect the probabilities that significantly different outcomes may occur; etc.), the analysis is at least a useful and informative exercise. For instance, it prompts an investor to carefully review expected returns and volatilities of various asset classes, their implied risk premiums, and their relationship to each other and whether these make intuitive sense for capital markets. They also help encourage investors to “stretch” in terms of giving consideration to new or more non-traditional asset classes. Also, mean-variance optimization can lend some quantitative support to what intuitively seems to make good sense and indicate whether one is at least “heading in the right direction.” On the other hand, it is important to note that unless some constraints are employed in the modeling (i.e., reasonable minimums and maximums by asset class), an optimizer will generate many, if not mostly, portfolios that are intuitively unacceptable (e.g., 50 percent or more to Real Assets or Private Equity). Therefore, some “reasonable” constraints should normally be devised.

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***Specification and Primary Roles of Asset Classes.*** Although there are certain standard broad classifications (e.g., equities and bonds), there remains some controversy over what constitutes a distinct asset class. However, the criteria given below provide a good starting point for asset class specification:

- *Assets within an asset class should be relatively homogenous.* Assets within an asset class should have similar attributes. [And they should be subject to the same principal risk factors.]
- *Asset classes should be mutually exclusive.* [That is, they should not overlap.]
- *Asset classes should be diversifying.* For risk-control purposes, an included asset class should not have extremely high expected correlations with other asset classes or with a linear combination of the other asset classes. Otherwise the included asset class will be effectively redundant in a portfolio because it will duplicate risk exposures already present. In general, a pair-wise correlation above 0.95 is undesirable.
- *The asset classes as a group should make up a preponderance of world investable wealth.*
- *The asset class should have the capacity to absorb a significant fraction of the investor's portfolio without seriously affecting the portfolio's liquidity.* Practically, most investors will want to be able to reset or rebalance to a strategic asset allocation without moving asset class prices or incurring high transaction costs.<sup>2</sup>

Asset classes should also be grouped into certain “super-categories” based on the primary roles those asset classes are expected to play within the overall portfolios. It is recognized that expected returns, volatilities, and pair-wise correlations are inherently imperfect representations of true underlying risks and returns. Therefore, optimal portfolios generated using only these inputs may lack some needed judgmental, qualitative assessment of broad risk factors, and risk control. This is where it may also be helpful to consider what levels of assets might be prudently devoted to each such “super-category.”

The following broad asset classes, grouped by “super-categories,” are consistent with the above criteria and are deemed appropriate for the UW Trust Funds:

*Growth and High-Yielding Assets.* (i.e., higher risk, “return drivers”)

Global Developed Market Equities

Emerging Market Equities

Private Equity (e.g., venture capital, leveraged buyouts, other private capital)

High Yield Debt/Credit (e.g., high yielding corporate debt or bank loans, emerging market debt)

Directional Hedge Funds (e.g., long-biased equity or high yield/distressed debt strategies)

*Event-Risk and Deflation-Hedge Assets.* (i.e., lower risk, “catastrophe insurance”-like)

High Quality Debt/Credit (pure U.S. Treasuries are perhaps ideal here)

U.S. Cash

Absolute Return/Non-Directional Hedge Funds (e.g., “market neutral” strategies)

*Real and Inflation-Hedge Assets.* (i.e., physical assets and inflation-protected financial assets)

U.S. TIPS (Treasury Inflation Protection Securities)

Real Assets (e.g., private/public commercial real estate, timber and farm land, commodities, infrastructure)

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<sup>2</sup> Sharpe, Chen, Pinto and McLeavy. “Asset Allocation.” *Portfolio Management*. CFA Institute, Ch.5.

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Market indexes selected to be broadly representative of each of these asset class (and in most cases to suggest appropriate passively managed alternatives), are provided in later sections or appendices.

**Meaningful Asset Class Allocations.** Another basic premise regarding asset classes and their inclusion in a portfolio is that the allocation must be significant enough to provide its desired attributes in a meaningful way. Allocations of less than 5 percent of portfolio assets to a particular asset class do not make sense.

**Tactical Asset Allocation.** “Tactical asset allocation” involves making tactical shifts away from long-term strategic asset allocations. The crux of this strategy involves the following: some form of current valuation of asset classes or markets as a whole, determination of the “fair” risk-adjusted valuation (whether an “equilibrium” or average historical value, etc.), determination of the current level of over- or under-valuation and what this implies for expected returns going forward. Based upon relative levels of over-/under-valuation and expected future returns (for some period) among the asset classes/markets available, under- and over-weightings versus some strategic norm or benchmark are implemented. This is no different than what an active long-only stock picker does, but he does it at the individual security level; the asset allocator does it at the asset class level. Risk-controlled active asset allocation strategies should provide opportunities to add alpha over and above what a static, strategic asset allocation can be expected to provide. Desirable managers for a global active asset allocation mandate should have all of the following characteristics: a strong, dedicated and utterly defensible conviction that it can be done successfully; a long and strong track record that supports this conviction; a sophisticated risk-control platform; strong global presence and expertise; and very bright people and leadership that reflect a strong cultural continuity. If such managers can be found, a global active asset allocation strategy should be considered for incorporation into the Long Term Fund's portfolio, in some manner and at some level. (Note, when this strategy is employed with a global focus, it is often referred to as “global tactical asset allocation,” or GTAA.)

**Various Investment Beliefs and Biases.** Generally, it is believed that successful investment programs and portfolios will reflect and incorporate the following long-term, strategic tenets and biases:

- Value(ation) orientation – that is, for a risky investment to be attractive, its price should reflect a significant “margin of safety” or discount versus some reasonable valuation of the asset.
- Price paid is always a major determinant of realized investment returns.
- Mean reversion is powerful and inevitable – that is, in virtually all things economic within competitive, capitalist systems (e.g., profit margins, economic growth rates, real interest rates, credit spreads, asset pricings, etc.), values at extremes will revert to long-term averages.
- Particularly for equities, and contrary to theory, higher risk stocks/companies underperform lower risk stocks/companies, where risk is viewed in terms of such things as beta, volatility, quality (e.g., in regards to profitability, leverage, etc.), and size; therefore, large or even mega-cap, high-quality stocks/companies should form the strategic core of equity portfolios.
- One risk factor that the market generally compensates for on average is “illiquidity;” therefore, all else being equal, portfolios should reflect a bias towards less liquid assets.

**Opportunistic Investment Category.** The concept behind an “Opportunistic” investment category is as follows. On occasion, unusual and exceptional investment opportunities may present themselves which could meaningfully improve the risk/return profile of the Funds. Such an investment opportunity will likely represent one of the following situations: 1) it does not quite fit into any currently acceptable asset class or strategy (at least as they are presently defined), or 2) investing in the opportunity would shift the Fund’s strategic asset allocations beyond what is normally acceptable. Also, such investments will normally not represent permanent positions; i.e., they will likely have either a term associated with them



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(e.g., a limited partnership vehicle) or they will eventually be divested or otherwise unwound. A limited place should be reserved for such unusual opportunities for the Long Term Fund.

**Currency.** Currency is not considered to be an asset class or an “investment” at all for that matter, as there are normally, and on average, no expected returns from holding or being exposed to, a foreign currency. Also, unhedged foreign-denominated assets generally provide somewhat higher levels of diversification (i.e., somewhat lower correlations) in a broad portfolio context. Therefore, for the most part, and unless significant skill in currency exposure management can be demonstrated, assets denominated in foreign currencies should not be hedged.

**Commodities.** Although “commodities” are included in the Real Assets category shown above, it is in many ways also questionable as to whether they constitute an asset class or an “investment” at all. Direct ownership of commodities (or commodity-linked derivatives) may provide an inflation hedge, in that their prices should in theory be highly correlated to general inflation levels, but aside from an inflation-like return, there is no other expected return and certainly no generation of income while the assets are held. Most commodities do have intrinsic value as production inputs to the process of generating real economic wealth (gold is one exception here, however, as it has essentially no intrinsic value), so demand for commodities should be fairly strongly correlated to levels of and growth in economic activity. Of course, “substitution” is always a risk that could diminish demand. The supply side of the price function is much less clear. For instance, non-renewable commodities will eventually grow more scarce, while new technologies and efficiencies will continue to enhance supplies (and lower production costs) of both renewable and non-renewable resources. Of course, diversification (from lower correlations to other investments) is often cited as a primary benefit from commodity ownership, but source and levels of return remain nebulous. The premise put forth here is that direct ownership of commodities themselves (even in derivative-linked forms) represents a dubious form of “investment.” Commodities may represent another option for simply “storing wealth” or as an inflation hedge, subject nonetheless to the risks and vagaries of their unique supply and demand functions. Making (or losing) money in commodities and commodity derivatives may therefore remain a playground better suited to speculators and natural hedgers (i.e., commercial producers and users).

**Leverage.** The use of borrowed funds, or explicit leverage, in investing is inherently neither good nor bad. It becomes good or bad depending on how it is used, how much is used, and what is being levered (e.g., what the nature of the collateral is). It is important to remember that many “traditional” types of investing involve substantial leverage; for example, stocks of companies that have significant debt, or stocks/interests in commercial real estate investment entities that have considerable debt. The intent in using debt is to lever up the returns going to the reduced level of equity being invested. Of course the leverage works both ways; if there are losses, they fall entirely onto the equity (assuming that losses are not severe enough to impair the repayment of the debt). The premise put forward here is that the use of leverage *within the context of an investment strategy/portfolio itself*, may be prudent and desirable depending on how it is used, how much is used, and what is being levered (e.g., what the nature of the collateral is).

**Derivatives.** A derivative is defined as an instrument that derives its value from some underlying asset, reference rate (such as an interest rate), or index. It is recognized that derivatives involve certain risks as do all investments, but that their risk ensues primarily from how they are used in the context of an overall portfolio. Derivatives can be used in ways that increase or decrease the risk/return profile of an investment portfolio. Therefore, as with leverage, derivatives are inherently neither good nor bad. The primary risk of derivative strategies comes from the potential to leverage a position or to invest/speculate without committing capital. For example, to the extent that the underlying collateral for a long

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derivatives position is invested in other than essentially risk-free assets, the position is “leveraged” in that additional risk is introduced into the portfolio. The use of derivatives to create such economic leverage should generally be prohibited. The use of “over-the-counter” (OTC) derivatives also introduces counterparty credit risk; this results because there is no well-capitalized clearinghouse that insures the performance of both parties to a derivative contract as there is for exchange-traded derivatives. Overall, uses of derivatives, if employed, should be well-defined, clearly understood, and generally seek to reduce or provide for better management of portfolio risks and/or costs.

**Short Selling.** “Short selling” is the practice whereby a security is “borrowed” and sold at today’s price; the security is then repurchased by the short seller in the market at a later date to replace the security borrowed from the lender’s account. As opposed to owning the security (or being “long” the security) if its price is expected to rise, one might sell the security short (or be “short” the security) if its price is expected to fall. Short sales are conducted through a broker: not only are the proceeds from the short sale kept on account with the broker, the short seller must also post margin (essentially, collateral) to ensure that the trader can cover any losses sustained if the security price *rises* during the period of the short sale. Whereas the maximum loss for a long position is the amount invested, the maximum loss from a short position is in theory unlimited (if the price were to rise to infinity). Although short sellers face particular challenges, risk-controlled short selling within an overall portfolio context can be rewarding if the manager has real skill in identifying both under- and over-valued securities. In fact, numerous academic studies have shown that by being allowed to combine long and short positions, a skilled manager is better equipped to translate his insights into profitable portfolio positions. One example of long/short portfolio strategies is a “130/30” strategy, where the manager is permitted to go up to 130 percent long and 30 percent short, such that the net long exposure is 100 percent. Effectively, such a portfolio can be no more risky than a traditional 100 percent long portfolio and yet provide more opportunities for alpha.

**Securities Lending.** Securities lending is taking the other side of the short sale (securities borrowing) described above. Many, if not most, large institutional investors, usually through their custodian bank, actively lend securities they own. The objective is to earn a modest level of incremental income from the program in one of the following ways: 1) if the borrower posts other securities as collateral, the lender simply receives a fee, usually quoted in basis points per annum of the original market value of the loaned security, or 2) if cash is posted as collateral, the revenue generated from lending is derived from the difference or “spread” between interest rates that are paid (the “rebate rate”) and received (the “reinvestment rate”) by the lender. It is recognized that the primary risk in securities lending is not that the borrower will default, due to required collateralization and margin maintenance, but that in the case of cash collateralization, the expected interest spread is not earned. If a securities lending program is to be approved, the risks must be fully understood and commensurate with expected incremental returns.

**Strategic Partnering.** Given certain internal constraints and competencies, “partnering” with fewer excellent managers capable of providing wide-ranging research and consultative feedback is desirable. Therefore, a focus in investment manager selection should be to employ at least some managers that can become such “strategic partners.”

**Flexible Yet Disciplined.** The overall management process for the UW Trust Funds’ investment program should be flexible enough to allow for capturing investment opportunities *as they occur*, yet maintain reasonable parameters to ensure prudence and care in execution.

**Keep It Simple.** The central premise here is that overall simplicity in an investment program is generally a virtue. Complex new investment schemes (e.g., “portable alpha,” “risk parity,” complex “overlay strategies,” etc.) should be treated with great skepticism. Generally, the simple basics of sound investing

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practices (as discussed throughout this section) are sufficient to garner long-term investment success. Complex schemes and strategies should only be entertained if they are fully understood in terms of risks (often new and complex), expected rewards, and their impact on and interaction with the overall investment portfolio under not only “normal” but extreme market and economic conditions as well.

### C. Other Premises

**Corporate Activism and Social Responsibility.** As an owner of stocks of public corporations, ownership rights should generally be exercised in a manner consistent with maximizing the value of the ownership interests. The voting of proxies, and the introduction of proxy proposals, is one important ownership right. Furthermore, while acknowledging that the primary fiduciary responsibility of the UW Trust Funds is to maximize financial gain on its investments, considerations of the “social responsibility” of the entities in which it may invest can still be entertained. The current policies related to proxy voting and “social responsibility” are summarized in **Appendix 3**.

**Large Unendowed Bequests/Gifts.** Large gifts where the donor does not restrict principal should become Board-designated endowments so as to provide for more perpetual support to the UW, unless compelling arguments for complete expenditure can be made. The current policy details are provided in **Appendix 4**.

**Investing with a Wisconsin Focus.** The Board’s primary fiduciary responsibility for UW Trust Funds is to maximize financial return, given an appropriate level of risk. The Trust Funds generally are not managed internally but are managed by external investment firms. These investment managers, for both public and private investments, have the ability to invest in Wisconsin-based companies and start-ups to the extent they deem them to be desirable and appropriate investments. Furthermore, the sources of Trust Funds’ assets are generally bequests and donations to benefit programs and activities as specified by the donors. Investing these funds with a Wisconsin focus would not provide any “additional” benefits for these programs and activities. In this case, the fiduciary responsibility is clearly to choose among the best investment options available without any bias as to where they are located. (An example of potentially achieving “additional” benefits through a Wisconsin focus might be the investment of State pension assets, which could result in greater State tax revenue and better funding of the pension plan.)

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### II. Investment Policies

#### A. Asset Allocations, Policy Portfolios, and Benchmarks

##### **Strategic Asset Allocations.**

**Purpose.** As noted earlier, determining and implementing the overall strategic asset allocations for the Funds is the first and most important step in implementing the investment program. The strategic, or policy, asset allocations should represent the long-term "equilibrium" or "normal" asset class positions for the portfolios, positions that under normal conditions are expected to best meet the Funds' objectives for both investment returns *and* risk.

**Frequency of Asset Allocation Reviews.** Given their focus on long-term capital market assumptions, in-depth asset allocation reviews need not be conducted on a set schedule. However, it is anticipated that in-depth reviews will be made at least once every three years. Also, the spending policy for the Long Term Fund should generally be reviewed in conjunction with an asset allocation review.

**Sources of Data and Assumptions.** Trust Funds will rely heavily on input from its "strategic investment partners" for the capital market assumptions required in an asset allocation analysis. Such assumptions are intended to be conscious of not only long-term historical relationships and averages, but also projected long-term capital market conditions based upon current economic and financial environments. Asset class return expectations should also be "internally consistent" and reflect a "build-up" of the following components: inflation + the risk-free real rate of return + various risk-premiums depending on the riskiness of the asset class in question. Furthermore, in the case of equities, return expectations are also viewed as being comprised of the following "building blocks:" earnings per share growth (which for equities overall should equal nominal GDP growth) + dividend yield + return impact from change in the price-to-earnings (P/E) ratio.

**Reliance on Models and Judgment.** Strategic asset allocation reviews will rely heavily on the use of "mean-variance optimization" models (discussed more in the *Premises* section). Other statistical tools may also be utilized, such as "Monte Carlo Simulations," to help predict probabilities of various outcomes. However, as these models and programs have significant limitations (also discussed earlier), results should be tempered with substantial amounts of judgment. Such judgmental factors are to be fully discussed as part of any reviews and recommendations of strategic asset allocations.

##### **Departures from Strategic Asset Allocation Targets.**

**Setting Asset Allocation "Ranges."** Strategic asset allocation analyses are generally intended to produce a desirable portfolio with *precise percentage targets* for each asset class. A common and acceptable practice is, however, to adopt permissible allocation ranges about these precise targets. This allows for some "tactical flexibility" for controlled deviations and limits, to some extent, the need for constant rebalancing. Asset allocation ranges are to be incorporated into approved asset allocations plans.

**Global Tactical Asset Allocation.** As discussed earlier in the *Premises* section, a core investment belief is that entire markets or asset classes can become significantly under- or over-valued, and that such inefficiencies can be exploited by capable and disciplined managers. Allocations to GTAA managers or strategies, if any, are to be fully described and incorporated into approved asset allocations plans. It is expected that any GTAA component will take one of two forms: 1) a dedicated portion of Fund assets will be allocated to a manager(s), or 2) an overlay strategy for the entire Fund will be employed. Furthermore, the GTAA program, if any, is to be designed so that overall Fund deviations from strategic asset allocation targets will normally be within permissible ranges. As with any active asset management

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strategy, GTAA is to be pursued in a risk-controlled fashion and only to the extent that truly skilled and capable managers can be sourced

*Opportunistic Investment Category.* Also as discussed earlier in the *Premises* section, another core belief is that unusual investment opportunities may present themselves from time to time which would either 1) not quite fit into any currently acceptable asset class or strategy, or 2) shift the Fund's strategic asset allocations beyond what is normally acceptable. To the extent that such "opportunistic investing" is permitted, it is to be incorporated into approved asset allocations plans. Absent any unusual opportunities or strategies, the allocation to Opportunistic investments will be zero. When an opportunistic investment is to be made, it is generally to be funded either by a roughly proportional reduction in all other asset classes, or the asset class most resembling the opportunistic investment is to be used as the primary funding source.

### ***Current Asset Allocation Targets by Fund.***

*Long Term Fund.* The current strategic asset allocation or "policy portfolio" for the Long Term Fund, without the incorporation of Global Tactical Asset Allocation or Opportunistic categories, is provided in **Appendix 5**. Therefore, this appendix provides the long-term strategic allocation, absent any allowance for significant tactical shifts or "opportunistic" investments. To the extent that GTAA and/or Opportunistic categories are to be incorporated, the combined target asset/category allocations are provided in **Appendix 6**. Asset class benchmarks are also provided in each Appendix.

*Intermediate Term Fund.* The current strategic asset allocation or "policy portfolio" for the Intermediate Term Fund is provided in **Appendix 7**. Asset class benchmarks are also shown.

## **B. Other Investment and Risk Management Policies**

**Rebalancing.** Rebalancing to target asset allocations, or to within permissible ranges, is a key risk management practice, given again the primacy of asset allocation to achieving and maintaining the desired risk/return profile. Furthermore, to the extent that multiple managers, investment styles (e.g., growth vs. value, large- vs. small-cap, etc.), or "sub-asset classes" are employed within a particular broad asset class category, rebalancing should generally take place at these levels as well. Details of the current rebalancing policies are provided in **Appendix 8**.

**Sector, Security, Individual Investment Concentration.** Generally, limits on various investment concentration levels are not to be set at the broad policy level. However, it is expected that virtually all investment managers, strategies, and vehicles selected will employ diversification sufficient to eliminate a majority of "non-systematic" or idiosyncratic risks. Concentration levels will also be monitored closely, and in the case of "separate accounts," individualized investment guidelines will address this as well as other aspects of risk management.

**Individualized Investment Guidelines.** In the case of "separately-managed accounts," individualized investment guidelines are to be developed. These guidelines will vary depending on the asset class, style, and strategies involved, as well as the perceived capabilities of the investment manager in question. When commingled funds of any kind are contemplated, the funds' documented investment guidelines, and expected investment practices, are to be carefully reviewed to determine their acceptability.

**Regarding Specific Investment Strategies and Vehicles.** Certain guidelines, restrictions, and expectations are expected to be broadly applicable to most, if not all, investment managers and portfolios. These are discussed below.

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**Leverage.** Generally, portfolios devoted to “traditional asset classes” (e.g., equities and fixed income) using “long-only” strategies are to be prohibited from using economic leverage. Notwithstanding this general prohibition, leverage may be used in Private Equity; Real Estate, and other similar Real Assets; Absolute Return, and other Hedge Fund strategies; and in the conduct of a “Securities Lending Program” (if such a program exists, it is to be fully described in an Appendix to the IPS). In these cases, leverage levels, limits, and practices are to be carefully reviewed as part of the initial and on-going due diligence process when investing in commingled vehicles. For separately-managed accounts, individualized investment guidelines are to address leverage.

**Derivatives.** The use of derivatives to create economic leverage is to be prohibited in traditional asset class portfolios. Furthermore, for any given portfolio, derivatives are generally to be limited to those whose value is directly linked to investments which would otherwise be permissible for that portfolio. Generally, derivatives are expected to be used primarily to reduce portfolio risks, provide needed liquidity, or to affect transactions more cost-effectively. For commingled vehicles; policies, practices, and limits on the use of derivatives are to be carefully reviewed as part of the initial and on-going due diligence process. For separately-managed accounts, individualized investment guidelines are to address the use of derivatives.

**Short Selling.** For commingled vehicles; policies, practices, and limits on short selling, if permitted at all, are to be carefully reviewed as part of the initial and on-going due diligence process. For separately-managed accounts, individualized investment guidelines are to address the practice of short selling, if permitted at all.

**Foreign Currency Exposure.** In general, the expectation will be that portfolios with assets denominated in foreign currencies will not hedge the foreign currency exposure either back into U.S. dollars or into another currency. To the extent that managers have demonstrated consistent skill in actively managing currency exposures, such activities may be considered. For commingled vehicles; policies, practices, and limits on currency exposure management are to be carefully reviewed as part of the initial and on-going due diligence process. For separately-managed accounts, individualized investment guidelines are to address currency exposure management.

**Trading.** Investment managers will be expected to execute all transactions at the lowest possible cost, which includes explicit commissions, bid/ask spread, and estimated market impact; in aggregate, this is referred to as obtaining “best execution.” The use of “soft dollar” arrangements, where higher commissions are paid to a broker in exchange for research or other services, is generally to be prohibited or strongly discouraged, as such research or services may not in fact directly benefit the portfolio in question.

**Manager Concentration.** Recognizing that one element of risk is “manager risk,” the risk that any particular investment manager may experience serious investment-related or organizational problems, manager-level concentration will be thoughtfully considered. Generally, acceptable manager concentration levels will depend greatly upon the asset class and investment strategy involved, as well as the expected level of “tracking error.”

**Risk Metrics and Budgeting.** The broad framework for risk management consists of the following key elements: the strategic asset allocation, other investment policies and individualized investment manager guidelines, and the benchmarks used for measuring performance objectives. However, certain risk metrics and budgeting practices are also to be employed to more quantitatively measure and control

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portfolio risk at the Fund level, particularly when active investment management is employed. These are discussed below.

**Total Risk.** The basis for the “risk budget” at the total portfolio level is the risk (volatility) of the Fund’s “policy portfolio” benchmark (these are given in **Appendices 5 and 7**). Thus the risk budget begins with the risk of the benchmark index, which assumes passive (or, in most cases, indexed) management within each asset class and no deviations (intentional or otherwise) from benchmark asset class weights. The “total risk” at the Fund level is to be defined as the annualized standard deviation of its monthly returns.

**Budget.** Total risk for the Long Term Fund is to be maintained at a level equal to the square root of the sum of the squares of the actual “benchmark risk” (described above) and the “active risk” budget (described below). As this precision is not practically achievable, the total risk of the Fund is generally expected to be managed within a 20 percent range of the total risk of the policy portfolio benchmark. For example, if the policy portfolio’s total risk is 10 percent, the allowable range is 8 percent to 12 percent.

**Active Risk.** Active risk ensues from any deviations away from the Fund-level policy benchmarks or from the compositions of the benchmarks for each asset class. The budget for active risk is to be consistent with the tolerance for active risk and the expectations for excess returns from active management. The active risk at the Fund level is to be defined and measured as the “tracking error,” which is the annualized standard deviation of the difference between monthly Fund returns and monthly policy portfolio benchmark returns.

**Budget.** The active risk, or tracking error, budget for the Long Term Fund is to be 5 percent annual standard deviation, and is expected to be generally managed within a range of 4 percent to 6 percent.

(Note: The risk metrics and budgeting processes described above may not be employed until the Funds have achieved actual asset allocations close to their target strategic allocations or “policy portfolio” weightings.)

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### III. Implementation

#### A. Roles and Responsibilities

**Board of Regents.** The full Board retains these specific responsibilities:

- Approve the Investment Policy Statement, which includes these key elements:
  - Asset allocations for each Fund
  - Spending policy for the Long Term Fund
  - Proxy voting and policy, and “social responsibility” policies
- Annually elect all UW Trust Funds-related officers (i.e., the Trust Officer and any Assistant Trust Officers, which includes the Director of the Office of Trust Funds)

**Business and Finance Committee.** The Board delegates all other management and administration responsibilities for the UW Trust Funds to its Business and Finance Committee. The Committee, in turn, is authorized, with the approval of the Board, to delegate such powers and responsibilities regarding the management and administration to the Trust Officer or other administrative officers or employees of the UW System as the Committee deems appropriate. The Committee retains these specific roles and responsibilities:

- Recommend to the full Board an Investment Policy Statement, which includes these key elements:
  - Asset allocations for each Fund
  - Spending policy for the Long Term Fund
  - Proxy voting and policy, and “social responsibility” policies
- Recommend to the full Board the UW Trust Funds-related officers (i.e., the Trust Officer and any Assistant Trust Officers, which includes the Director of the Office of Trust Funds)
- Otherwise oversee and monitor all other aspects of the management and administration of UW Trust Funds which have been delegated to others

#### **Office of Finance.**

**Vice President for Finance/Trust Officer.** Primary responsibilities of the Vice President for Finance are the following:

- In general, oversee the management and administration of the Office of Trust Funds
- Perform other duties as required by law or assigned by the Board or Committee

#### **Office of Trust Funds.**

**Director/Assistant Trust Officer.** Primary responsibilities of the Director of the Office of Trust Funds are the following:

- In general, implement, conduct, oversee, and monitor all other aspects of the management and administration of the UW Trust Funds, including all specific policies and practices contained herein or otherwise approved by the Committee and Board
- So as to be particularly clear regarding this important function, the Director is responsible for hiring (and terminating) external investment managers (subject to the selection process discussed later), provided, however, that he/she provides to the Committee a due diligence memo regarding each prospective hire (or termination) at least 15 business days in advance of the manager’s initial funding (or termination); should any Committee member voice opposition within that timeframe, the decision will be delayed pending further due diligence
- Submit periodic reports to the Committee (reporting/communication standards are discussed later)
- Manage and monitor all external and internal expenses and fees
- Manage and maintain all UW Trust Funds records
- Work with donors, estates, and trusts in taking in and properly establishing new Trust Funds accounts



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**Other Investment Staff.** Conduct all investment management-related and administrative functions as assigned by the Director of the Office of Trust Funds.

**Accounting, Recordkeeping, and Administrative Staff.** Primary responsibilities are the following:

- In general, maintain all accounting and recordkeeping systems related to the various unitized investment pools, or Funds, and for all accounts participating in those pools
- Assist benefiting campuses and departments in their utilization of Trust Funds accounts

**General Counsel's Office.** Primary responsibilities are the following:

- Help ensure compliance with all applicable laws and regulations
- Provide assistance on any legal matters pertaining to bequests and other trust-related gifts
- Provide assistance on matters pertaining to investment-related contracts and agreements (external counsel may be hired under some circumstances)

**Office of Procurement.** Primary responsibilities are the following:

- Assist in the procurement of investment-related and other product/service providers, particularly where an RFP and competitive-bid process is warranted

**Investment Managers.** Primary responsibilities are the following:

- Manage the portfolio or commingled vehicle in conformance with their individualized investment guidelines or the guidelines of the commingled vehicle
- Provide the following information, at a minimum, to the Office of Trust Funds on a monthly basis (or quarterly for some asset classes): 1) portfolio holdings and valuations, 2) transaction summary, and 3) investment returns for the most recent period and since inception
- For separately-managed accounts, work with the custodian to reconcile any discrepancies regarding portfolio market valuations or calculated investment returns
- For commingled vehicles, provide safekeeping for underlying assets and interests
- Notify the Office of Trust Funds immediately upon any of the following events: any violation of established investment guidelines; a material change in the organization or the management of the portfolio; in the manager's judgment, the consequences of financial/economic developments may have a material adverse impact on the portfolio; the firm becomes subject to legal or regulatory enforcement actions or other investment-related litigation
- Ensure the availability of a senior-level officer(s) for annual due diligence meetings
- Ensure the availability of senior-level officers and/or investment professionals for due diligence meetings at the offices of the manager upon request

**Custodian.** Primary responsibilities are the following:

- Provide safekeeping for all UW Trust Funds assets, held in separately-managed accounts
- Provide monthly portfolio holdings, valuation, and transaction reports in a timely fashion
- Provide performance reporting and other analytics as requested and available under the custodial contract, or otherwise contracted for
- Notify the Office of Trust Funds immediately when there is a material change in the organization or its processes and procedures, or when there are any concerns regarding portfolio transactions or valuations
- File on behalf of UW Trust Funds, participation in class action lawsuits pertaining to Fund investments

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### B. Investment Manager Selection, Retention, and Termination

**Selection Process.** Under all circumstances, the Office of Trust Funds is to conduct a thorough and documented due diligence process in the selection of investment managers or specific investment vehicles. In addition, in those cases where there are multiple providers of a desired investment product or service, UW and State procurement policies and practices are to be followed. This will typically involve a Request for Proposal (RFP) process and public notification of the impending vendor search. Also in these cases, an “Evaluation Team” or “Selection Committee” will be involved in the selection process. Such team or committee will include at least two members with financial or investment expertise who are external to the Office of Trust Funds.

It is recognized, however, that for certain investment opportunities, a competitive search process is not appropriate or even possible. Examples might include opportunities in various alternative asset classes, such as Private Equity, Real Estate, Timber, or Opportunistic investments. In many of these cases, the investment structure is a limited partnership with one-time opening and closing dates.

**Major Selection and Retention Criteria.** Provided below are areas which should be of particular focus in the investment manager selection process. It should be noted that these same areas should be the focus of on-going evaluations.

- Level of integrity and honesty
- Cogency of investment thesis and implementation processes
- Ownership structure and diffusion of ownership and profit interests
- Firm culture and history
- Cogency of strategic direction for the firm
- Evidence and significance of competitive advantages
- Importance of the product to the manager’s business
- Assets in the desired product/strategy, especially relative to the opportunity set
- Willingness to close products/strategies to maintain performance levels
- Alignment of interests (e.g., do managers co-invest significantly?)
- Risk control and management capabilities
- Sources of investment research and ideas (internal/proprietary vs. external)
- “Strategic partnering” potential
- Institutional focus
- Investment fees
- Long-term, risk-adjusted investment performance

**Investment Vehicle Structures.** There is to be no particular preference for the structure of an investment vehicle. Examples of different structures include separately-managed accounts, institutional mutual or other such commingled funds, limited partnerships, and limited liability companies. When there are opportunities to choose among different structures for a desired investment product, all aspects of their differences should be weighed in the decision-making process. Important differences might involve the following: investment minimums, fees and other costs, fee structure, liquidity, and legal/contractual provisions and protections.

**Contracts.** For separately-managed investment accounts, contracts or “investment management agreements” (IMAs) will generally be put into place. Individualized investment guidelines will also generally be made part of such IMAs. Such contracts or IMAs will be open-ended, with no set termination date; however, UW will retain the right to terminate for any reason with a 30-day advance

# UNIVERSITY OF WISCONSIN SYSTEM TRUST FUNDS

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notice to the manager. (It is important to note that for separate accounts, the assets reside with the UW Trust Funds' custodian and are so-titled.) For vehicles such as limited partnerships, the contractual agreements are to be carefully reviewed by Counsel to ensure their appropriateness. Where possible, "side-letter" agreements, which provide further protections or clarifications, should be contemplated.

**Termination Criteria.** Essentially, termination is to be considered when a manager no longer adequately meets an established standard(s) under the selection and retention criteria. Additionally, any change in firm ownership, or in regard to key investment personnel, should be grounds for immediate reevaluation.

### C. Codes of Ethics and Avoiding Conflicts of Interest

**UW System Code of Ethics.** Pursuant to this Code, it is expected that no UW officials will make, participate in making, or influence a decision in which the official has a financial interest. Also, no member of the UW System staff may solicit or accept from any person or organization anything of value pursuant to an express or implied understanding that his or her conduct of University business would be influenced thereby.

**CFA Code of Ethics.** The Office of Trust Funds also adopts the Chartered Financial Analyst (CFA) Institute Code of Ethics and Standards of Professional Conduct for its internal investment staff. These are found at the following Web address: <http://www.cfainstitute.org/ethics/codes/ethics/pages/index.aspx> and are incorporated by reference. Furthermore, external investment managers and professionals will be expected to either adopt the CFA Code or have similar codes of conduct in place.

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### IV. Evaluation

#### A. Monitoring and Measuring Success

##### **Performance Expectations and Benchmarks.**

**Asset Class Level.** Performance benchmarks for individual asset classes can be found in the Appendices which also provide Fund asset allocations (**Appendices 5, 6 and 7**).

**Investment Manager Level.** Each individual investment manager will be assigned an appropriate performance benchmark, which in many cases will be the same benchmark used for the entire asset class. In some cases, benchmarks which reflect a more appropriate sub-set of the broader asset class may be assigned. Performance comparisons relative to these benchmarks will be made not only on an absolute basis, but also on a risk-adjusted basis. Therefore, not only will investment returns be compared to benchmarks, but so too will various measures of portfolio risk (e.g., beta, duration, standard deviation of returns, Sharpe ratios, tracking error, information ratio, etc.). Finally, each investment manager will be compared to the median of an appropriate peer group, where available.

##### **Fund Level.**

**Long Term Fund.** Comparative benchmarks for the Long Term Fund as a whole are to be the following:

- “U.S.-centric 70/30” Benchmark – defined as 55 percent S&P 500, 15 percent MSCI EAFE, and 30 percent Barclay’s Aggregate Bond Indexes, which is to represent a more traditional portfolio
- “Global 70/30” Benchmark – defined as 70 percent MSCI ACWI and 30 percent Barclay’s Global Aggregate Bond Indexes, which is to represent a more globally-diversified traditional portfolio
- Spending Rate + CPI (and/or HEPI) + Expenses – which is to represent the “hurdle” rate for sustaining the endowment’s purchasing power
- NACUBO-Commonfund Study (and/or other Peer) Median(s) – which is to reflect the average performance of similar-sized university endowments
- “Policy portfolio” benchmark – as provided in **Appendix 5**, which is to represent a purely passive approach at both asset-class and Fund levels (note: this benchmark will not be employed until the Fund has achieved actual asset allocations close to its “policy portfolio” weightings)
- Risk-adjusted performance – both the volatility (standard deviation of returns) and Sharpe ratio (return per unit of volatility) of the Fund will also be compared to those of the above benchmarks where possible

**Opportunistic Investment Category.** There is no appropriate market or peer benchmarks for this investment category. However, the expectation for the category as a whole and over time, is that its inclusion will have enhanced the risk/return profile of the Fund (i.e., it will have provided for better risk-adjusted returns). Such evaluations should be periodically made to help determine whether the “opportunistic program” is adding value.

##### **Intermediate Term Fund.**

- Barclay’s Intermediate Aggregate Bond Index – which is to represent a more traditional intermediate “expendables” fund
- “Policy portfolio” benchmark – as provided in **Appendix 7**, which is to represent a purely passive approach at both asset-class and Fund levels (note: this benchmark will not be employed until the Fund has achieved actual asset allocations close to its “policy portfolio” weightings)
- Risk-adjusted performance – both the volatility (standard deviation of returns) and Sharpe ratio (return per unit of volatility) of the Fund will also be compared to those of the above benchmarks where possible

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**On-Going Investment Manager Due Diligence.** Due diligence does not end upon hiring an investment manager but is to continue throughout the life of the relationship. At a minimum, this on-going process is expected to include the following elements:

- Annual in-depth meetings with key investment and/or firm-level representatives
- In-depth meetings at managers' offices once every two to three years
- Attendance at client conferences and educational forums when available
- Open telephonic or electronic communication with key personnel as needed

**Monitoring and Managing Expenses.** As mentioned earlier in the *Implementation* section, it is the responsibility of the Office of Trust Funds to monitor and manage both external and internal expenses related to the administration and management of the Trust Funds. External fees for investment management and other products and services are to be reasonable and competitive with similar products or services available. Expenses relating to internal investment, administrative, and accounting activities are to be managed to reasonable and acceptable levels, as these expenses too are charged against the investment Funds.

### B. Reporting and Communication Standards

**Reporting Expectations.** The following reports are to incorporate the performance evaluation and benchmarking information discussed previously. These reports are to be provided to the Board and the Committee on a routine basis:

- Quarterly Investment Reviews – which are to include detailed market commentaries, investment performance data, and fund-level activities and transactions
- Annual Report – which is to provide annual data on sources and uses of the Funds, annual financial statements for the Trust Funds as a whole (consistent with the UW System's audited financial statements), and information on the external and internal expenses of the Office of Trust Funds
- Annual Endowment Peer Benchmarking Report – which is to provide investment performance data and other points of comparison for peer institutions
- Annual Investment Manager Due Diligence Reports – which are to be brief reports summarizing the most recent annual due diligence meetings, and are to highlight any areas of concern
- Annual Proxy Voting Reports - which are to provide the Committee with voting recommendations on proxy proposals and the voting results

These reports, with the exception of the manager due diligence reports, are also to be made publicly available via the Trust Funds' web site.

**Other Communication Expectations.** It is expected that if there is any significant adverse development in the management of the Funds during any interim periods, the Director of the Office of Trust Funds will immediately communicate such information to the Trust Officer/Vice President for Finance, who may then direct that it be communicated to the Committee Chair.

# UNIVERSITY OF WISCONSIN SYSTEM TRUST FUNDS

## Investment Policy Statement

### Appendix 1

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#### PRIMARY FIDUCIARY AND MANAGEMENT RESPONSIBILITIES OF THE BOARD

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Wisconsin Statutes, Board policies and the terms of the gifts, grants, and bequests themselves provide the basic framework within which UW Trust Funds are managed and its fiduciary responsibilities are established. This appendix outlines the principal provisions in these areas.

##### **Statutory Provisions.**

**Section 36.29, Wisconsin Statutes.** Section 36.29, Wis. Stats., authorizes the Board to accept gifts, grants and bequests for the benefit or advantage of the UW System, and to administer the funds comprised of such donations. This statute also establishes several restrictions and requirements with respect to these funds:

- (1) Gifts, grants and bequests must be executed and enforced according to the provisions of the legal instrument establishing the donation, including all provisions and directions in such an instrument for the accumulation of the income of any fund or rents and profits of any real estate without being subject to the limitations and restrictions provided by law in other cases, except that no such income accumulation can be allowed to produce a fund more than 20 times as great as that originally given;
- (2) No investment of the funds of such gifts, grants, or bequests shall knowingly be made in any company, corporation, subsidiary, or affiliate that practices or condones through its actions discrimination on the basis of race, religion, color, creed, or sex;
- (3) The board may not invest more than 85% of trust funds in common stocks;
- (4) Any grant, contract, gift, endowment, trust or segregated funds bequeathed or assigned to an institution or its component parts for any purpose whatsoever shall not be commingled or reassigned.

**UPMIFA, s. 112.11, Wisconsin Statutes.** The Uniform Prudent Management of Institutional Funds Act ("UPMIFA"), codified in s. 112.11, Wis. Stats., applies to institutional funds, defined as funds held by an institution exclusively for charitable purposes, including governmental organizations and universities, organized and operated exclusively for educational, religious, charitable or other eleemosynary purposes. UPMIFA describes the standard of conduct in managing and investing an institutional fund; the appropriation for expenditure of endowment funds, providing various rules of construction here; the delegation of management and investment functions; the release or modification of restrictions on management, investment, or purpose; and states that the statute applies to institutional funds existing on or after August 4, 2009, governing only decisions and actions taken on or after that date.

In general, UPMIFA grants broad authority to the institution to invest and reinvest institutional funds, unless otherwise limited by the applicable gift instrument or law. The institution may delegate its investment authority to its committees, its officers, or employees, or to other outside investment managers or advisors. The institution may also appropriate for expenditure a portion of the appreciated assets of an endowment fund, and make other expenditures as permitted by law, relevant gift instruments or the institutional charter. With respect to managing and investing, delegating management and investment functions, and making appropriations of appreciated assets, UPMIFA establishes the standard of fiduciary conduct that the institution must follow, requiring that the institution "act in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances." Section 112.11(3), (4), (5), Wis. Stats.

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UPMIFA further permits the release or modification of any restrictions on the use or investment of funds, if the donor gives written consent. The institution also may apply to a state circuit court for modification of a restriction regarding the management or investment of an institutional fund, "if the restriction has become impracticable or wasteful, if it impairs the management or investment of the fund, or if, because of circumstances not anticipated by the donor, a modification of a restriction will further the purposes of the fund.... To the extent practicable, any modification must be made in accordance with the donor's probable intention." Under similar circumstances, the institution may also apply to a circuit court to modify the purpose of the fund or a restriction on the use of the fund, "in a manner consistent with the charitable purposes expressed in the gift instrument." Lastly, release or modification for reasons described above regarding the purpose, management or investment of an institutional fund of less than \$75,000 and more than 20 years old is permitted upon 60 days' notification to the attorney general. Section 112.11(6), Wis. Stats.

### **Board Bylaws and Policies.**

***Bylaws and Regent Policy Document 31-2.*** The Board has, through its Bylaws, delegated authority to the Business, Finance, and Audit Committee to "have charge of consideration of all matters related to . . . trust funds, . . ." (Chapter III, Section 3, Regent Bylaws.) In addition, the Committee has been delegated the authority to hire investment counsel, subject to Board approval, and to give discretionary authority to investment counsel in the purchase and sale of securities, "within guidelines determined by the Committee." The Board's Trust Officer (the Vice President for Business and Finance) has the duty to "receive, manage, and maintain records of all trust funds" to perform other duties required by law or assigned by the Board or Business, Finance, and Audit Committee (Chapter II, Section 8, Regent Bylaws).

Complementing these provisions in the Bylaws, Regent Policy Document (RPD) 31-2 expressly empowers the Committee to manage the Trust Funds, providing, in relevant part:

The management and administration of University Trust Funds, . . . is delegated to the [Business, Finance, and Audit] Committee; the said Committee is authorized and empowered to do all things necessary within the limitations imposed by law or by the terms of the specific gifts and bequests accepted by the Board of Regents to administer the funds so received and under the control of the Regents in an efficient and prudent manner; the Business and Finance Committee is authorized, with the approval of the Board, to delegate such powers and responsibilities regarding the management and administration of University Trust Funds to the Trust Officer or other administrative officers or employees of the University as the Committee may in its judgment deem appropriate; the Committee is authorized to employ investment counsel; and the Trust Officer of the Regents is directed to keep a separate record of the actions taken by the Business and Finance Committee on all matters relating to University Trust Funds and to distribute memoranda of such actions as soon as practicable to all members of the Board of Regents for their confidential information.

**Compliance with Donor Terms.** It is incumbent upon the Board to ensure that gifts and bequests be "executed and enforced according to the provisions of the instrument making the same," s. 36.29, Wis. Stats. However, donor-imposed terms and conditions can sometimes impose practical problems; contravene current University policies; or, in some cases, no longer be legal. As the vast majority of bequests coming to the Board of Regents are unsolicited gifts from deceased donors who have not worked with the University in crafting their gift instrument, the opportunity to prevent such problematic donor terms is limited. When such issues arise, whether in working with a living donor before the gift is made or "after the fact," the Trust Funds Office consults with the Office of General Counsel to determine appropriate actions consistent with Regent policy and applicable law.

# UNIVERSITY OF WISCONSIN SYSTEM TRUST FUNDS

## Investment Policy Statement

### Appendix 2

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#### SPENDING POLICY FOR THE LONG TERM FUND

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The “spending policy” for an endowment specifies the methodology for determining what amounts are to be distributed for annual spending purposes. The policy should help ensure that the purchasing power of the endowment’s corpus is maintained.

**Current Policy.** (*Effective July 1, 2005.*) A “rate” of distribution (percent of assets) that reflects an achievable and sustainable level of *real* investment returns is to be determined. *Real* investment returns are those achieved over and above the relevant rate of inflation. The most relevant rate of inflation for University-related costs is the Higher Education Price Index (HEPI). HEPI is expected to roughly equal the Consumer Price Index (CPI) plus one percent over time. The spending rate should also be applied in a manner that helps smooth the volatility of the dollar level of annual distributions that may otherwise result from Fund market value fluctuations.

The spending rate is to be *four percent (4%)* per annum. This percentage is to be *applied to a trailing three-year moving average of Fund market valuations* (12 quarterly valuations) to determine the dollar value of the annual distribution. Investment income from the Fund plus proceeds from security sales as needed may be used to provide the required distribution. Realized annual investment returns above (below) the spending rate, will increase (decrease) the market value of the Fund’s corpus.



# UNIVERSITY OF WISCONSIN SYSTEM TRUST FUNDS

## Investment Policy Statement

### Appendix 3

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#### SUMMARY OF POLICIES ON PROXY VOTING AND “SOCIAL RESPONSIBILITY”

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It should be noted that this appendix provides concise *summaries* of the various relevant Regent Policy documents; that is, the policies are not quoted in their entirety here.

##### *Regent Policy 31-10: Proxy Voting*

“Routine” proxies will be voted by the respective external investment managers in accordance with each manager's proxy voting guidelines.

Routine issues generally include such items as the following:

- Election of directors
- Election of auditors
- Elimination of preemptive rights
- Management recommendations regarding adding or amending indemnification provisions in charters or by-laws
- Authorization to issue common stock under option and incentive plans under most circumstances
- Issuance of additional shares of stock for other corporate purposes under most circumstances
- Changes to the Board of Directors; proposals relating to cumulative voting, annual election of directors, and staggered boards
- Outside director compensation (cash plus stock plans)

“Non-routine” issues will be reviewed with the Business and Finance Committee to develop a position on how the proposals should be voted.

Non-routine issues generally include such items as the following:

- Issues described or alluded to under RPD 31-13, “Social Responsibility Investment Considerations”
- Shareholder proposals opposed by management and not supported by the investment managers
- Amendments to corporate charter or by-laws which might affect shareholder rights
- Acquisitions and mergers
- Generally, other issues not considered “routine”

##### *Regent Policy 31-13: Social Responsibility Investment Considerations*

- The primary fiduciary responsibility is to maximize financial return, given an appropriate level of risk.
- The Board acknowledges the importance of public concerns about corporate policies/practices that are discriminatory or cause substantial social injury.
- To enhance Board awareness of social concerns, a proxy review will be conducted, so as to highlight relevant shareholder proposals and key issues.
- To solicit input from students, faculty, alumni and citizens on matters related to social concerns, the Business and Finance Committee of the Board of Regents may schedule a public forum at the request of parties interested in presenting such concerns to the Board of Regents.
- Given the Board’s, state and federal commitments to environmental protection, it is expected that the companies or other entities in which it invests will evidence similar commitment in their activities.

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- Consistent with Wis. Stats. 36.29(1), investments made in any company employing persons in nations which by their laws discriminate on the basis of race, religion, color, creed or sex shall be divested in as prudent but rapid manner as possible.
- For donors who place a high priority on socially responsible investing, use of special investment vehicles will be explored.

#### *Regent Policy 31-16: Sudan Divestment*

- The Board wishes to join in concert with other institutional investors, states and other municipalities, and the U.S. government in restricting and discouraging business activity that provides support to the current government of Sudan, or otherwise abets acts of genocide or “ethnic cleansing” occurring in that country.
- Assets held in *separately managed accounts* shall not be invested in companies (“targeted companies”) which either directly or through an affiliated instrumentality meet the following criteria:
  - Provide revenues to the Sudanese government through business with the government, government-owned companies, or government-controlled consortiums.
  - Offer little substantive benefit to those outside of the Sudanese government.
  - Have either demonstrated complicity in the Darfur genocide or have not taken any substantial action to halt the genocide.
  - Provide military equipment, arms, or defense supplies to any domestic party in Sudan, including the Sudanese government and rebels.
- Non-investment in such companies will require divestment of current holdings and the screening out of such companies’ securities so as to prevent future investment in them.
- *Investment is permissible* in companies which, either directly or through an affiliated instrumentality, provide services clearly dedicated to social development for the whole country.
- Where invested assets are held in *commingled* or *mutual fund accounts*, letters are to be submitted to the contracted investment management firms requesting that the manager consider either adopting a similar Sudan-free investment policy for the existing fund, or consider creating a comparable separate commingled fund devoid of companies targeted as a result of this resolution. In the event that the manager introduces a comparable separate Sudan-free fund, the Board shall direct that all assets in the existing fund be transferred into the newly available, Sudan-free fund.

**UNIVERSITY OF WISCONSIN SYSTEM TRUST FUNDS**  
**Investment Policy Statement**

**Appendix 4**

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**POLICY ON LARGE UNENDOWED BEQUESTS/GIFTS**

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*Regent Policy 31-15: Policy on Large Unendowed Bequests/Gifts*

All new bequests/gifts of \$250,000 or more where the donor is silent as to the expenditure of principal, shall be identified as designated endowments, with only the income from the trust available for expenditure in accordance with the terms of the trust agreement. However, where the donor explicitly states that the principal of the gift be made available for expenditure, this policy will not apply. If an institution wants an exception to this proposed rule, the request for exception, with appropriate justification, should be contained in the institution's recommendation for acceptance and be incorporated in the Regent resolution. If at a later date, the institution wishes to seek an exception to the Regent imposed restriction, it should submit a request to the Office of the Vice President for Finance for consideration at the next meeting of the Business and Finance Committee.”

# UNIVERSITY OF WISCONSIN SYSTEM TRUST FUNDS

## Investment Policy Statement

### Appendix 5

#### STRATEGIC ASSET ALLOCATIONS FOR THE LONG TERM FUND

##### Asset Allocations

<b>LONG TERM FUND</b>	<b>Target Strategic Allocations (Policy Portfolio)</b>	<b>Min./Max. Guidelines</b>
<b>Growth and High-Yielding Assets</b>		
Global Developed Market Equities	27.5%	20% - 50%
Emerging Market Equities	7.5%	0% - 20%
Private Equity	10%	5% - 15%
High Yield Debt/Credit	10%	0% - 20%
Directional Hedge Fund Strategies	0%	0% - 15%
	<u>55%</u>	<u>25% - 80%</u>
<b>Event Risk- and Deflation-Hedge Assets</b>		
High Quality Debt/Credit	15%	10% - 50%
U.S. Cash	0%	0% - 15%
Absolute Return Strategies	10%	0% - 20%
	<u>25%</u>	<u>10% - 50%</u>
<b>Real and Inflation-Hedge Assets</b>		
U.S. TIPS	5%	5% - 15%
Real Assets	15%	5% - 25%
	<u>20%</u>	<u>10% - 35%</u>
<b>Opportunistic</b>	0%	0% - 20%
	<u>100%</u>	

##### Indexes Broadly Representative of Each Asset Class/Strategy

<u>Asset Class</u>	<u>Index(es)</u>
Global Developed Market Equities	MSCI World Index
Emerging Market Equities	S&P/IFC Investable Composite Index
Private Equity	Venture Economics Benchmarks/Public Equities + 300 bps
High Yield Debt/Credit	Bank of America High Yield BB/B Index
Directional Hedge Fund Strategies	HFRI Fund of Funds: Strategic Index
High Quality Debt/Credit	Citigroup 1-10 Year U.S. Treasury Index/Barclay's Global Aggregate Bond Index
U.S. Cash	1-Month Treasury Bill
Absolute Return Strategies	HFRI Fund of Funds: Conservative Index
U.S. TIPS	Citigroup Inflation Linked Securities Index
Real Assets	Composite of various indexes (e.g., NCREIF Property, NCREIF Timber Indexes, DJ-AIG Commodities Index (of spot prices)/CPI + 300 bps
Note: The "policy portfolio" benchmark for the Long Term Fund is comprised of the above indexes, weighted so as to match the "target strategic allocations."	

# UNIVERSITY OF WISCONSIN SYSTEM TRUST FUNDS

## Investment Policy Statement

### Appendix 6

#### TARGET ASSET ALLOCATIONS FOR THE LONG TERM FUND WITH GLOBAL TACTICAL ASSET ALLOCATION INCORPORATED

##### Asset Allocations

<b>LONG TERM FUND</b>		
	<u>Target Allocations</u>	<u>Min./Max. Guidelines</u>
<b>Global Tactical Asset Allocation</b>	<b><u>25%</u></b>	<b><u>20% - 30%</u></b>
<b>Growth and High-Yielding Assets</b>		
Global Developed Market Equities	<b>18%</b>	<b>15% - 35%</b>
Emerging Market Equities	<b>5%</b>	<b>0% - 10%</b>
Private Equity	<b>10%</b>	<b>5% - 15%</b>
High Yield Debt/Credit	<b>7%</b>	<b>0% - 15%</b>
Directional Hedge Fund Strategies	<b><u>0%</u></b>	<b><u>0% - 15%</u></b>
	<b><u>40%</u></b>	<b><u>20% - 60%</u></b>
<b>Event Risk- and Deflation-Hedge Assets</b>		
High Quality Debt/Credit	<b>10%</b>	<b>5% - 35%</b>
U.S. Cash	<b>0%</b>	<b>0% - 10%</b>
Absolute Return Strategies	<b><u>7%</u></b>	<b><u>0% - 15%</u></b>
	<b><u>17%</u></b>	<b><u>5% - 35%</u></b>
<b>Real and Inflation-Hedge Assets</b>		
U.S. TIPS	<b>3%</b>	<b>0% - 10%</b>
Real Assets	<b><u>15%</u></b>	<b><u>5% - 25%</u></b>
	<b><u>18%</u></b>	<b><u>5% - 25%</u></b>
<b>Opportunistic</b>	<b><u>0%</u></b>	<b><u>0% - 20%</u></b>
	<b><u>100%</u></b>	

##### Additional Representative Indexes/Benchmarks

<u>Strategy</u>	<u>Index(es)/Benchmark(s)</u>
Global Tactical Asset Allocation	60% MSCI World Index, 20% Citigroup 3-Month T-Bill, 20% Barclay's U.S. Aggregate Bond Index/70% MSCI ACWI Index, 30% Barclay's Global Aggregate Bond Index
Opportunistic	There is no appropriate market index for this strategy; however, performance expectations are discussed in the body of the IPS.

Note: Given a dedicated allocation to GTAA, the strategic asset allocation targets shown in the prior appendix are applicable *only to that portion of the Fund not dedicated to GTAA*. Therefore, incorporating the GTAA component as a targeted allocation for the entire Fund requires that the dedicated Fund allocations to individual asset classes be adjusted proportionally downward. However, the desired allocations for those asset classes *not* represented at all in the portion of the Fund given over to GTAA are *not* adjusted but remain at their strategic allocation levels for the entire portfolio. Asset classes not currently represented in the GTAA component are Private Equity and Real Assets (this is due largely to their illiquidity and/or unusual ownership structure).

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### Appendix 7

#### STRATEGIC ASSET ALLOCATIONS FOR THE INTERMEDIATE TERM FUND

##### Asset Allocations

<b>INTERMEDIATE TERM FUND</b>		
	<u>Target Strategic Allocations (Policy Portfolio)</u>	<u>Min./Max. Guidelines</u>
<b>Growth and High-Yielding Assets</b>		
Global Developed Market Equities	15%	5% - 20%
Emerging Market Equities	0%	0% - 5%
High Yield Debt/Credit	<u>5%</u>	<u>0% - 10%</u>
	<u>20%</u>	<u>5% - 25%</u>
<b>Event Risk- and Deflation-Hedge Assets</b>		
High Quality Debt/Credit	50%	40% - 75%
U.S. Cash	5%	0% - 15%
Absolute Return Strategies	<u>10%</u>	<u>5% - 15%</u>
	<u>65%</u>	<u>45% - 80%</u>
<b>Real and Inflation-Hedge Assets</b>		
U.S. TIPS	<u>15%</u>	<u>5% - 30%</u>
	<u>100%</u>	

##### Indexes Broadly Representative of Each Asset Class/Strategy

<u>Asset Class</u>	<u>Benchmark</u>
Global Developed Market Equities	MSCI World Index
Emerging Market Equities	S&P/IFC Investable Composite Index
High Yield Debt/Credit	Bank of America High Yield BB/B Index
High Quality Debt/Credit	Citigroup 1-10 Year U.S. Treasury Index/Barclay's U.S. Aggregate Bond Index
U.S. Cash	1-Month Treasury Bill
Absolute Return Strategies	HFRI Fund of Funds: Conservative Index
U.S. TIPS	Barclay's 0-5 Year TIPS Index
Note: The "policy portfolio" benchmark for the Intermediate Term Fund is comprised of the above indexes, weighted so as to match the "target strategic allocations."	

# UNIVERSITY OF WISCONSIN SYSTEM TRUST FUNDS

## Investment Policy Statement

### Appendix 8

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#### REBALANCING POLICY

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**General Policy and Practices.** To maintain desired risk tolerance profiles, portfolio rebalancing to at least within allowable asset class exposures will be conducted no less frequently than quarterly. The purpose of rebalancing is to control risk and maintain the policy asset allocations within the ranges approved by the Committee and the Board. Minimizing transaction costs will be the focus when implementing rebalancing activities, and new cash flow will be utilized to the extent possible. Also, to the extent that multiple managers, strategies, styles, or “sub asset classes” are employed within a broad asset class, rebalancing to their target allocations should also take place. Rebalancing activities, or lack thereof, are to be regularly reported to the Committee.

**Use of Derivatives.** In unusual circumstances, derivatives may be used to affect certain rebalancings, when doing so by buying and selling actual portfolio holdings is deemed impractical, too costly, and/or too time-consuming. However, it is anticipated that such derivative positions would not be long-term in nature but would be unwound upon being able to transact in the underlying physical securities.

**Illiquid Asset Classes.** It is recognized that withdrawing from or adding to certain illiquid asset classes (e.g., Private Equity, Private Real Estate, Timber, etc.) for regular portfolio rebalancing purposes is generally not possible or practical. Therefore, these asset classes will generally be excluded from the regular rebalancing activities. However, on a longer-term basis, efforts will be made to maintain these asset classes at their targeted, or range-bound, levels.

**Tactical Considerations.** Maintaining or developing asset allocations *within the permissible ranges* will be at the discretion of the Director of the Office of Trust Funds. Generally, such decisions will be based on perceived relative valuations of asset classes and are expected to be consistent with the views of the Global Tactical Asset Allocation manager(s) and other “strategic partners.”

**“Ramping Up” and “Ramping Down” Asset Allocations.** It is also recognized that as the Funds need to either add new asset classes or exit existing asset classes as a result of changes to the strategic asset allocation, taking considerable time to accomplish these changes may be required or warranted. This could be due either to the nature of the asset class (e.g., Private Equity) and/or concern about then-current valuation levels. In these cases, the Director of the Trust Funds Office has discretion as to the timing of these shifts and how assets are to be deployed in the interim. This may result in cases where actual asset allocations are not within their permissible ranges; however, such deviations are to be temporary in nature.

BUSINESS AND FINANCE COMMITTEE

Resolution I.2.c.1.

That, upon the recommendation of the President of the University of Wisconsin System, the Board of Regents approves the recommended revisions to Regent Policy Document 31-10, "Proxy Voting"



Revision of Regent Policy Document 31-13,  
Social Responsibility and Investment Considerations

BUSINESS AND FINANCE COMMITTEE

Resolution I.2.c.2.

That, upon the recommendation of the President of the University of Wisconsin System, the Board of Regents approves the recommended revisions to Regent Policy Document 31-13, "Social Responsibility and Investment Considerations"

## **UW SYSTEM TRUST FUNDS REVIEW OF PROXY VOTING POLICY**

### **BACKGROUND**

Proxy proposals are resolutions to be voted on at shareholder meetings. There are two general types of proposals: “management proposals” put forward by the company’s management, and “shareholder proposals” put forward by a company’s shareholder(s). Each year, prior to a company’s annual shareholder meeting, proxy statements containing information regarding the topics and proxy proposals to be addressed at the meeting are provided to shareholders. These proxy statements include both binding and advisory resolutions. Proxy voting is an opportunity for individual shareholders of company stock to participate in and influence the decision-making of the company’s board of directors.

The UW System Trust Funds, with total assets of approximately \$500 million, can vote on proxies only for common stock held in separate investment accounts. Proxies for investments in mutual funds or other commingled funds are voted on by the fund manager. The percentage of UW System Trust Funds’ investments held in separate accounts has decreased dramatically over the past twelve years, from 81 percent in 2002 to 24 percent currently.

The Board of Regents has maintained various policies and guidelines for voting proxies related to UW System Trust Funds’ investments since 1978. Current Regent Policy (RPD 31-10, Proxy Voting), which was adopted in 2012 and is included as Attachment 1, stipulates the following:

*“UW System Administration will regularly identify ‘non-routine’ corporate governance and management issues or issues involving some aspect of ‘social responsibility’ for, and provide analyses and recommendations to, the Board... to assist in its review. The Committee will then develop voting positions on the proxy proposals....”*

At the April 2014 meeting of the Business and Finance Committee, the Committee received a list of non-routine proxy proposals related to the common stock of companies held within the UW System Trust Funds’ portfolios. However, the Committee declined to develop or approve recommended voting positions pending a review of the current policy and its history. The Committee deemed this appropriate, given the fact that some new members were not comfortable with elements of the policy and past procedures, including the level of Committee involvement in proxy voting.

### **REQUESTED ACTION**

Approval of Resolution adopting the recommended revisions to Regent Policy 31-10: Proxy Voting and Regent Policy 31-13: Social Responsibility Investment Considerations.

## **DISCUSSION AND ALTERNATIVES FOR CONSIDERATION**

This report provides some history of the Board's proxy voting policies and procedures, reviews other related Regent policies involving aspects of "socially responsible investing" (SRI), and examines peer institution data regarding proxy voting in particular and SRI efforts more generally. It also provides an overview of the proxy voting policies at the State of Wisconsin Investment Board (SWIB). In light of these reviews, some alternatives and a recommendation to revise current policies and procedures are presented.

### **History of Proxy Voting Policies and Practices**

The Board of Regents first adopted a proxy voting policy on June 9, 1978. Some elements of the 1978 policy include:

- "Non-routine" issues were to be reviewed with the Vice President and Controller to develop a position on how the proposals should be voted.
- In those cases where it was determined that the pros and cons of a particular issue were evenly balanced, a meeting of the Proxy Review Committee (consisting of the Chairman of the Business and Finance Committee and/or the Regents designated by the Chairman, the Senior Vice President, Vice President and Controller, Senior Legal Counsel, Investment Counsel, and Trust Officer) would be called and a determination of how to vote would be made by that committee.
- Any proposals judged by the Proxy Review Committee to be highly controversial were to be referred to the Business and Finance Committee for final decision.

There was no reference in the 1978 procedures, as there is today, to issues dealing with "some aspect of 'social responsibility'" or to issues described or alluded to under RPD 31-13, *Social Responsibility Investment Considerations*, which did not then exist. The development of this other relevant Regent Policy will be separately discussed later.

The proxy voting policy was again updated in April 1997. In this policy version, external portfolio managers voted proxies and provided reports of how each proxy issue was voted. However, there were two exceptions. While there was no reference to "social responsibility" per se, proxy issues dealing with discrimination and the environment were separately identified and voted by the Trust Officer or Assistant Trust Officer. In addition, for internally-managed assets, non-routine issues were reviewed by the Chairman or Vice Chairman of the Business and Finance Committee, instead of the UW System Vice President, to develop a position on how proposals should be voted.

Beginning with the 1999 proxy voting season, Trust Funds staff began a process of grouping the "non-routine" proxy proposals dealing with corporate governance and "social responsibility" under general issues or themes. This likely resulted from the fact that many shareholder proposals are related to fairly large-scale shareholder campaigns regarding a particular issue or theme. A proxy review service used by Trust Funds for many years (the Investor Responsibility

Research Center) also employs this methodology in its reporting. Individual shareholder proxies presented to various companies related to a particular theme are often very similar, if not nearly identical in their language.

These general issues or themes were then analyzed and presented to the Board when related proxy proposals first came up for a vote. If a vote supporting the specific proposal was recommended by staff, the support of the related issue or theme was also generally recommended. If support for the general theme or issue was approved by the Board, that issue or theme came to be referred to as a “previously-approved” or “pre-approved issue.”

Although the Board could choose not to support a specific proposal falling under one of the “pre-approved issues” in any given year, the fact that a proposal falls into such a category provided a certain impetus for the current Board to support it. It is likely that this approach was partly adopted to provide some efficiency to the Board’s review and deliberation process; for example, the Board would not necessarily have to completely revisit a theme or issue every time a similar proposal at a specific company came up for a vote. (In a certain way, this approach can be seen as resembling the use of broader general guidelines for proxy voting, where individual proxies are not brought to the governing board for approval; only the general guidelines are brought to the board, and these may evolve over time. This is the approach SWIB takes, and it will be discussed in more detail later.)

The list of “pre-approved issues” has grown over the years and currently includes 26 issues. These are listed below, along with the corresponding year each issue was approved for support by the Board:

	Issue	Year Approved
1	Report on/implement pharmaceutical policy/pricing	2002
2	Report on/label genetically modified organisms (GMOs)	2002
3	Shareholder approval for future golden parachutes	2002
4	Redeem or vote on poison pill	2002
5	Report on/implement recycling development programs	2002
6	No consulting by auditors	2002
7	Endorse core International Labor Organization’s (ILO) principles <sup>1</sup>	2001
8	Predatory lending prevention	2001
9	Report on executive compensation as related to performance and social issues	2001
10	Report on global warming	2000
11	Report on international lending policies	2000
12	Global labor standards	2000
13	Endorse Ceres Principles <sup>2</sup>	1998
14	Report on Equal Employment Opportunity (EEO)	1998
15	Increase and report on board diversity	1998
16	Implement MacBride Principles <sup>3</sup>	1998
17	Adopt sexual orientation non-discrimination policy	1998
18	Report on health pandemic in Africa	2003

19	Sustainability reporting	2004
20	Review animal welfare methods	2005
21	Report on political contributions	2007
22	Report on product toxicity	2009
23	Report on internet privacy	2009
24	Adopt Eurodad Charter on responsible lending <sup>4</sup>	2009
25	Adopt health care reform principles	2009
26	Report/act on environmental impact of various practices	2010

<sup>1</sup> Promulgated in 1998, the ILO Declaration on Fundamental Principles and Rights at Work is an expression of commitment by governments, employers' and workers' organizations to uphold basic human values.

<sup>2</sup> The Ceres Principles, developed in 1989, are a ten-point code of corporate environmental conduct to be publicly endorsed by companies as an environmental mission statement or ethic.

<sup>3</sup> The MacBride Principles, consisting of nine fair employment principles, are a corporate code of conduct for U.S. companies doing business in Northern Ireland.

<sup>4</sup> The Eurodad Charter, developed by the European Network on Debt and Development, outlines "responsible financing" standards to help ensure that lending and investments in developing countries deliver positive development outcomes.

Each of these issues was recommended for approval following a detailed review. When submitted to the Board for its consideration, a brief write-up describing the issue or theme, including the language for a typical resolution, would be included.

The proxy voting policy was then further revised at the Board meeting in April 2002. The following changes significantly revised the prior 1997 policy:

- Non-routine issues were defined to include not only discrimination and the environment, but also those dealing more broadly with "substantial social injury."
- More detailed operating procedures were added to ensure that non-routine proxy proposals were identified, analyzed and reviewed, and that the Board's voting position was properly determined, conveyed to external portfolio managers and then tracked for compliance. Specifically:
  - To the extent possible, the policy noted that non-routine shareholder proposals would be grouped into identifiable issues or themes.
  - The Trust Funds Office was charged with researching and analyzing any new non-routine, "controversial issues" or company-specific proposals. These analyses would consider, among other things, the application/interpretation of Regent policies, background and technical requirements of shareholder proposals, and expected impact on firms' financial position.
  - The Trust Funds Office would annually present this information to the Board, which would then develop a voting position on all upcoming shareholder proposals.

Note that the 2002 version codified the "previously-approved issue" approach that had been practiced for the prior few years. In discussing what constitutes non-routine issues, it also references RPD 97-1 (which as will be discussed later, has evolved into the current RPD 31-13, "Social Responsibility Investment Considerations") and the concept of "substantial social injury."

The proxy voting policy then remained unchanged from 2002 through 2011. In February 2011, the President of the Board of Regents announced the beginning of a process to review, update, and put into a standard format, all Regent Policy Documents (RPDs). This review process resulted in a reformatting and streamlining of the proxy voting policy at the Board's October 2012 meeting. While many of the detailed procedures were removed in this policy update (including the references to "pre-approved issues" lists), Trust Funds has continued to operate in the same fashion as detailed more explicitly in the prior document.

## **Other Related Regent Policies and Their History**

### **RPD 31-13: Social Responsibility Investment Considerations**

As previously discussed, RPD 31-13 evolved from a former RPD, 97-1. As part of the review of all Regent policy documents, RPD 97-1 was reformatted and revised to among other things incorporate older, related RPDs dealing with issues of discrimination and the environment. The current RPD 31-13, "Social Responsibility Investment Considerations," is provided in its entirety as Attachment 2. Both RPD 31-13 and the current proxy voting policy, RPD 31-10, refer to each other in the body of their respective documents.

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

Following is an excerpt from a January 1991 memo from the Vice President of Business and Finance to the Committee discussing the working group's findings:

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

*After considering the arguments for and against a more restrictive investment policy, I recommend that the Board of Regents should not change its policy at this time."*

The Business and Finance Committee concurred with this recommendation, as no further in-depth discussions took place until 1996. Then in 1996, the "Coalition for Socially Responsible Investment" and "Free Burma Coalition" petitioned the Board of Regents, again requesting divestitures of companies held within the Trust Funds portfolio. No divestment action resulted from this. In response to these petitions, in the fall of 1996, Trust Funds staff was asked to conduct a peer survey regarding the Burma issue in particular and whether other institutions had any formal socially responsible investment policies. It appears that these findings on other Universities were sufficient to prompt a continued dialogue among the Regents.

In January 1997, Regents began a discussion about a socially responsible investment policy. Information provided to them included a range of possible positions the Regents might adopt and more detail on the responsible investment policies of Stanford, Harvard and Vermont (including advisory committee composition and responsibilities, as well as actual policy statements). The possible positions given were the following: "1) retain the current policy (basically, follow s. 36.29 (1), *Wis. Stats.*, dealing with non-discrimination, reflected in former RPDs 78-1 and 78-2 (now incorporated into RPD 31-13)); 2) develop a policy statement that acknowledged the need to be aware of public concerns about corporate business practices...and the need to, at times, make investment decisions that take these factors into account; 3) increase participation in proxy voting (presuming use of a proxy review service); and 4) solicit input from others (which included the concept of an annual public forum, as well as the concept of a "formal committee to comment on social issues, suggest proxy positions, review corporations...).".

The Business and Finance Committee Chair then submitted a draft position paper, entitled "Investment Policy Issues - Social Responsibility," in February 1997. This paper essentially included each of the five elements of Regent Policy 97-1 (the precursor to RPD 31-13). It was adopted by the Board of Regents in March 1997. Former RPD 97-1 is provided in its entirety as Attachment 3.

Former RPD 97-1 required the hiring of a proxy review service, in addition to the holding of an annual public forum to solicit input from others. The Office of Trust Funds has maintained the same proxy review service (formerly Investor Responsibility Research Center, now Institutional Shareholder Services) since 1997, although the requirement to subscribe to a service was removed when the policy was updated in 2012. The annual public forum was held every year from 1997 through 2010 with attendance ranging from 10 to approximately 60 people. The 2011 forum had zero attendance, despite several students having signed up to speak. In 2012, there were no registered speakers. As a result of the decreased interest, the annual forum requirement was also removed in the 2012 policy update, and the language was changed to "the Board of Regents may schedule a public forum at the request of parties interested in presenting such concerns."

#### RPD 31-16: Sudan Divestment

RPD 31-16, Sudan Divestment, was adopted August 18, 2006. It was retained as a stand-alone policy during the RPD review process in 2012. The Board's primary purpose in adopting RPD 31-16 was to join other institutional investors in restricting and discouraging investment in businesses that support the Sudanese government, which the U.S. Congress declared as having

sponsored or abetted genocide and ethnic cleansing in the Darfur region. The current policy remains valid as the U.S. State Department still lists Sudan as a state sponsor of terrorism, and the U.S. government still has in place several sanctions against Sudan. Therefore, the conditions which would automatically trigger the expiration of this policy have not been met.

## Review of Peer Institution Data Regarding Proxy Voting and SRI Policies

For comparative purposes, provided below is certain data culled from last year's NACUBO (National Association of College and University Business Officers) Commonfund Survey of College and University Endowments (NCSE). This survey gathers data on university investment policies and includes several questions relating to proxy voting and overall SRI policies. The 2014 study reflected input from 530 private and 302 public institutions with an average endowment size of \$620 million.

### Responsible Investing Practices

	<i><b>UW Trust Funds</b></i>	<b>NCSE All Pools</b>	<b>NCSE \$100-\$500MM</b>	<b>NCSE &gt;\$1B</b>
Seek to include investments ranking high on Environmental, Social, and Governance ("ESG") issues	<b>No</b>	14%	12%	15%
Allocate portion of endowment to investments furthering institution's mission	<b>No</b>	15%	13%	17%
Have met with third-party stakeholders regarding responsible investing considerations	<b>Yes</b>	26%	30%	53%

### Percent that Vote Proxies Consistent with Responsible Investing Policy

	<i><b>UW Trust Funds</b></i>	<b>NCSE All Pools</b>	<b>NCSE \$100-\$500MM</b>	<b>NCSE &gt;\$1B</b>
Vote proxies consistent with ESG policy	<b>Yes</b>	9%	12%	9%
Vote proxies consistent with socially responsible investment ("SRI") policy	<b>Yes</b>	11%	14%	16%
Vote proxies consistent with other responsible investment criteria	<b>N/A</b>	13%	16%	11%

The 2014 NCSE survey indicates that a fairly significant proportion of institutions take some steps to at least consider the social impacts of investments, ranging from a low in one cohort of 12% who seek to include investments ranking high on ESG issues, to a high in another cohort of 53% who have met with third-party stakeholders on SRI issues. However, a relatively small percentage of institutions vote proxies consistent with internal ESG or SRI policies, ranging from 9% to 16%, depending on the policies involved and on the endowment size cohort.



## Overview of SWIB's Proxy Voting Policy

The State of Wisconsin Investment Board has over \$100 billion in assets being managed by its own internal staff as well as outside investment management firms. The bulk of these assets represent the defined benefit pension plan assets for state employees.

SWIB's proxy voting policies are a major component of its overall corporate governance program and guidelines. SWIB's corporate governance program was implemented in 1986 to "protect their long-term investment earnings by exercising their shareholder rights." SWIB states that it has a fiduciary responsibility to vote its shares of corporate stock and develop proxy voting policies and guidelines. As a fiduciary to plan beneficiaries, SWIB and its staff treat each proxy vote as another asset of the fund, casting votes in accordance with the guidelines approved by the Board of Trustees and consistent with Wisconsin's Administrative Code §IB 2.03, which provide the general policies for all SWIB funds. They also maintain contact with companies and managements to express their position on various matters relating to corporate governance or social responsibility. SWIB states that it exercises its shareholder rights by voting proxies solely in the economic interest of fund participants. In addition, SWIB believes that by actively voting proxies, the long-term prospects and investment potential for a company are enhanced.

Other SWIB statements further suggest that there are times when social issues might be factored into its efforts to promote their economic interests and long-term shareholder value. For instance, the following statements are taken from the SWIB website, under the topics of "Corporate Governance Overview" and "Corporate Citizenship:"

*"In most cases, governance activities are directly associated with SWIB assets. However, when warranted and to promote and enhance long-term shareholder value, SWIB may become involved in other governance activities that apply to a greater public issue and more broadly impact the integrity of public corporations."*

And,

*"Corporate citizenship refers to the ethics and policies a company uses with its employees and the communities in which it operates. These are frequently referred to as 'social issues.'*

*Although SWIB may question a company at any time about a certain policy or practice, voting on shareholder resolutions is the primary way that SWIB can express its view on a policy or practice. Policies for voting corporate citizenship resolutions reinforce SWIB's investment goals to enhance returns and long-term value.*

*Using proxy votes for the sole purpose of promoting social or political causes or goals is contrary to our fiduciary duties. When voting on a proxy resolution, SWIB's investment analysis takes into account the impact of corporate citizenship on the prospects for a company's long-term financial success.*

*Most social concerns fall into two areas: environmental issues and human or labor rights. When considering proxy resolutions on these or other issues, SWIB reviews each*

*resolution on a case-by-case basis based on the directives contained in Wisconsin Administrative Code §IB 2.02.”*

Individual proxies are not annually presented for SWIB Trustee voting decisions; rather, the Trustees adopt general guidelines that SWIB staff and the proxy voting service then use to determine voting positions. Wisconsin Administrative Code §IB 2.03(2), “Preamble to Guidelines for Voting Proxies,” states the following:

*“The function of the board is to invest and manage assets under its management and control pursuant to law. Investment objectives involving equity ownership are of a long-term nature. The long-term profitability and survival of a corporation depends in part upon responsiveness to changing societal demands. The board, as a shareholder, should be aware of new ideas which may reflect a change in societal attitudes and values through proxy resolutions submitted by shareholders other than management. The board of directors and officers of a corporation should be cognizant of and responsive to resolutions submitted by shareholders. Management of the corporation in its evaluation of these resolutions will have the most detailed knowledge of and the responsibility to evaluate their impact and long term effect on the corporation and its profitability and survival.”*

SWIB’s Corporate Governance Guidelines for voting proxies are included as Attachment 4. These guidelines provide a framework for the voting of corporate governance-related proxies, which often come from company management itself, including such issues as executive compensation, board independence and diversity, auditor ratifications, takeover defenses (e.g., poison pill), voting rights (e.g., preemptive rights), and shareholder rights. Guidelines for voting on social issues are contained within the section entitled “Shareholder Proposals,” as these proxies are generally brought forward by external shareholders.

SWIB Trustees adopt, review annually, and occasionally modify their Corporate Governance Guidelines. Issues not specifically addressed by these guidelines are reviewed and decided on a case-by-case basis. SWIB also uses an external proxy voting service to assist in analyzing proxy issues, make recommendations based on SWIB’s guidelines, and then vote its domestic and international proxies. SWIB’s proxy voting service provider is Institutional Shareholder Services, which is the same provider UW System Trust Funds has used since 1997.

### **Options for Proxy Voting Approaches for UW System Trust Funds**

As the foregoing discussion indicates, UW System Trust Funds and the Board of Regents have a fairly long history of considering various social issues and other corporate governance issues as they pertain to companies and industries in which Trust Funds has invested or may invest. Although not explicitly stated in various SWIB statements and guidelines, one might surmise that the Trust Funds Office and the Board of Regents also expect that a company’s position on many societal issues may impact the company’s long-term value, which remains the primary fiduciary focus of both the Office and the Board.

In moving forward, the Board may wish to consider alternative approaches for proxy voting. Options may include:

1. Maintain the current policies and practices, in which proxies involving some aspect of social responsibility are voted internally, with the Board of Regents developing a voting position.
2. Discontinue all internal proxy voting, and instead direct investment managers to vote all proxies on the UW System's behalf, even on social issues. This would likely require rescinding RPD 31-10 and revising RPD 31-13 where needed.
3. Adopt an approach similar to SWIB's. Under this option, the Board of Regents would adopt more specific proxy voting guidelines for non-routine issues and periodically review and update them. The actual voting positions would be developed by internal Trust Officers in conformance with these guidelines. This would require a wholesale revision or replacement of RPD 31-10 and minor revisions to RPD 31-13.

### **Recommended Option**

Adopting an approach similar to SWIB's is recommended. This approach will maintain the UW System Trust Funds' long history of involvement and engagement in shareholder proxy voting. While it will discontinue the practice of bringing individual proxies to the Board every year, it will mirror the practices of SWIB, another State agency with assets in excess of \$100 billion.

A draft new policy document similar to SWIB's is provided in Attachment 5 for the Committee's review and potential approval. Also provided in Attachment 6 are related minor revisions recommended for RPD 31-13.

### **RELATED REGENT POLICIES**

Regent Policy 31-10: *Proxy Voting*

Regent Policy 31-13: *Social Responsibility Investment Considerations*

Regent Policy 31-16: *Sudan Divestment*

## Attachment 1

### **Regent Policy Document 31-10: Proxy Voting**

**Adopted by the Board of Regents, October 5, 2012**

#### **Scope**

The policy on *Proxy Voting* applies to the invested assets of University of Wisconsin System Trust Funds.

#### **Purpose**

The purpose of this policy is to describe who is responsible for identifying, analyzing, and voting various types of shareholder proxies, proposals put to shareholder vote which may impact the future and fortunes of the companies in which University of Wisconsin System Trust Funds are invested.

#### **Policy Statement**

The general policy of the UW System Board of Regents is to ensure that the voting of proxies is conducted in a diligent manner that reflects the Board's stewardship and fiduciary responsibilities. To this end, the following guidelines are to be adhered to:

1. Shareholder proxies dealing with "routine" corporate governance and management issues are generally to be voted by the investment managers, in accordance with each manager's proxy voting guidelines. "Routine" issues generally include such items as the following:
  - election of directors;
  - election of auditors ;
  - elimination of preemptive rights;
  - management recommendations regarding adding or amending indemnification provisions in charters or by-laws;
  - authorization to issue common stock under option and incentive plans under most circumstances;
  - issuance of additional shares of stock for corporate purposes under most circumstances (e.g., not for expressly preventing a takeover);
  - changes to the Board of Directors; proposals relating to cumulative voting, annual election of directors, and staggered Boards; and
  - outside director compensation (cash plus stock plans).
2. Shareholder proxies dealing with "non-routine" corporate governance and management issues or issues involving some aspect of "social responsibility" are generally to be voted internally. "Non-routine" corporate governance/management and "social responsibility" issues generally include such items as the following:
  - acquisitions and mergers;
  - shareholder proposals opposed by management and not supported by the investment managers;
  - amendments to corporate charter or by-laws which might materially affect shareholder rights;
  - issues described or alluded to under RPD 31-13, *Social Responsibility Investment Considerations*; and

- generally, other issues not covered in section 1.
- 3. UW System Administration will regularly identify “non-routine” corporate governance and management issues or issues involving some aspect of “social responsibility” for, and provide analyses and recommendations to, the Board of Regents’ Business, Finance, and Audit Committee to assist it in its review. The Committee will then develop voting positions on the proxy proposals, which will be conveyed by UW System Administration staff to the investment managers as needed.
- 4. UW System Administration will then present to the Committee, at least annually, the results of the proxy voting season.

### **Oversight, Roles, and Responsibilities**

UW System Administration is responsible for identifying and analyzing certain types of proxy proposals, and presenting such analyses and recommendations to the Business, Finance, and Audit Committee. The Business, Finance, and Audit Committee is responsible for developing a voting position on such proxies. UW System Administration and the investment managers are responsible for voting the proxies accordingly.

## Attachment 2

### **Policy 31-13: Social Responsibility Investment Considerations**

**Adopted by the Board of Regents, October 5, 2012**

#### **Scope**

The policy on *Social Responsibility Investment Considerations* applies to the invested assets of the University of Wisconsin System's Trust Funds, and to individuals interested in providing input regarding the corporate policies or practices of the companies and other entities in which the University of Wisconsin System invests.

#### **Purpose**

The purpose of this statement is to communicate the Board of Regents' policies and practices for considering the various aspects of the social responsibility of the companies, governments, or other entities in which it invests University of Wisconsin System Trusts Funds.

#### **Policy Statement**

The Board of Regents of the University of Wisconsin System, in discharging its fiduciary responsibilities for the university trust funds, will take into account concerns about corporate and other security issuers' social responsibility as outlined below.

1. The primary fiduciary responsibility of the Board of Regents is to maximize financial return on invested assets, taking into account an appropriate degree of risk.
2. However, the Board acknowledges the importance of maintaining an awareness of public concerns about corporate policies or other security issuers' policies or practices that are discriminatory (as defined by Wis. Stats. § 36.29(1)) or cause substantial social injury\*.
3. To enhance the Board's awareness of social concerns the Board of Regents, through the Business, Finance, and Audit Committee, directs the University of Wisconsin System Administration to conduct a proxy review to highlight proxy resolutions related to discrimination and substantial social injury. As further provided under RPD 31-10, the Committee will also determine its voting position for such shareholder resolutions.
4. The Regents also wish to solicit input from students, faculty, alumni and citizens on matters related to social concerns. To obtain this input, the Business, Finance, and Audit Committee of the Board of Regents may schedule a public forum at the request of parties interested in presenting such concerns to the Board of Regents. The purpose of this forum is to offer the broadest opportunity for System constituencies to present such information to the Board of Regents.
5. Cognizant of the University of Wisconsin System, state, and federal commitments to environmental protection, the Board of Regents Business, Finance, and Audit Committee, in discharging its responsibility for managing the University of Wisconsin System Trust Funds, does so with the expectation that the companies and other entities in which it invests will evidence a similar commitment in their respective activities. In the event that any persons or group of persons, after careful investigation and evaluation of facts in evidence, concludes that a company in which the University of Wisconsin System Trust Funds has investments appears not to be performing in accord with the Committee's expectations and the appropriate governmental standards in this area, the Committee will afford those persons an opportunity

to detail their evidence and concerns to the Committee. The Committee may afford the company or other entity involved an opportunity to respond to the concerns expressed, before deciding what course of action is appropriate.

6. In accordance with Wis. Stats. § 36.29(1), all investments "...made in any company, corporation, subsidiary, or affiliate that practices or condones through its actions discrimination on the basis of race religion, color, creed or sex. . . ." shall be divested in as prudent but rapid a manner as possible. The Board of Regents, to facilitate the application of this statute, interprets the language above as follows:
  - a. The words "that practices or condones through its actions" shall be interpreted to mean "employing persons in nations which by their laws discriminate on the basis of race, religion, color, creed or sex."
  - b. The University of Wisconsin System's investment counsel and its Trust Officer shall bring to the attention of the Business, Finance, and Audit Committee reports of the existence of laws in any other country that require companies doing business in such country to practice or condone discrimination on the basis of race, religion, color, creed or sex. The Business, Finance, and Audit Committee shall investigate such reports with a view toward determining whether this subsection shall be applied to investments in companies employing persons in the country in question.
7. Regents are aware that a position on social responsibility may affect potential contributors to the University System. For potential contributors who wish their donations to be invested in funds with social concerns as a high priority, the Business, Finance, and Audit Committee will ask University of Wisconsin System Administration staff to explore the use of investment alternatives to meet such objectives.

\* "Substantial social injury" with regard to corporate or other security issuers' behavior is defined as the injurious impact on employees, consumers, and/or other individuals or groups resulting directly from specific actions or inactions by a company. Included in this category are actions that violate, subvert, or frustrate the enforcement of rules of domestic or international law intended to protect individuals and/or groups against deprivation of health, safety, basic freedoms or human rights. Only actions or inactions by companies that are proximate to and directly responsible for identifiable social injury will be regarded as falling within these guidelines. (This definition is borrowed from the Stanford University "Statement on Investment Responsibility Concerning Endowment Securities").

### **Oversight, Roles and Responsibilities**

The Board of Regents has ultimate fiduciary responsibility for the management and administration of the University of Wisconsin System Trust Funds. The Board's Business, Finance, and Audit Committee is delegated oversight of the management and administration of the Trust Funds. UW System Administration is responsible for conducting proxy reviews and exploration of socially responsible investment alternatives. The Secretary of the Board of Regents has responsibility for scheduling requested public forums under section 4 of this policy.

## **Attachment 3**

### **Regent Policy Document 97-1: Investment and Social Responsibility** **Adopted by the Board of Regents, March 7, 1997**

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

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

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



## **Attachment 4**

### **SWIB's 2015 Proxy Voting Guidelines**

#### **Shareholder Proposals**

##### **I. All Proposals**

###### **A. Disclosure**

1. Per Wis. Admin. Code § IB 2.03 (3) (b), SWIB will generally support resolutions calling for disclosure of additional information pertaining to particular issues if
  - a. The requested information is on a subject relevant to the corporation's business
  - b. The requested information is of value to a majority of shareholders when evaluating the corporation or its managers
  - c. The costs of disclosure are reasonable
  - d. The company is not already providing all or a majority of the information in one form or another
  - e. The requested information will not disadvantage the corporation either competitively or economically

###### **B. Voting with management**

1. SWIB will generally vote with management and against shareholder resolutions unless the resolution clearly falls under the directives of the Wis. Admin. Code § IB 2.03.

##### **II. Social Proposals**

###### **A. Labor and Human Rights**

1. SWIB will generally support management if the company's position
  - a. Is not detrimental to the long-term viability of the company or shareholder value
  - b. Reflects society's values and attitudes on the corporation's long-term viability

###### **B. Health and Safety**

1. SWIB will review and analyze health and safety proposals from an economic perspective on a case-by-case basis based on the following
  - a. The effect the resolution may have on long-term shareholder value
  - b. The possible impact a product safety recall may have on shareholder value
  - c. The company's competitiveness and sustainability if the resolution addresses a specific state or federal law

##### **III. Environmental Proposals**

###### **A. Environmental Practices**

###### **1. Reporting**

- a. SWIB will generally support increased reporting if
  - i. A company's product or service has the potential to affect the environment adversely
  - ii. The company has been the subject of adverse publicity or litigation because of its environmental policies

iii. The company has failed to provide adequate information, as determined by SWIB staff, about its environmental practices to shareholders

b. SWIB may support proposals requesting disclosure reports of operations, risks, environmental impacts, fines, litigation and policies as it relates to fracking and flaring

#### B. Climate Change

##### 1. Reporting

a. SWIB will review all resolutions asking companies to report on their activities affecting the environment, either using the GRI format or another format on a case-by-case basis

b. SWIB will generally support shareholder resolutions asking the company to report on its preparations to comply with the Kyoto Accord if it does business in countries that have adopted the Accord

c. SWIB may support proposals requesting disclosure reports related to pollution, potential liabilities, and emissions as it relates to climate change

#### C. Sustainability

##### 1. Reporting

a. SWIB may support proposals requesting disclosure regarding operations, decision making, liabilities, and use of resources as it relates to sustainability

### IV. Governance Proposals

#### A. CEO/Chair

1. SWIB will generally support shareholder proposals requiring companies to separate the positions of chairperson and CEO

#### B. Independent Board Chair

1. SWIB will generally support shareholder proposals calling for a non-executive independent director to serve as chairman of the board

#### C. Tenure

1. SWIB may support proposals that place limits on board service and responsibilities

#### D. Shareholder Director Nominees

1. SWIB will generally vote against shareholder director nominees where the biographical information and then candidate(s) are not disclosed in a timely fashion

#### E. Board Diversity

1. SWIB may support proposals requesting the company to diversify the board

#### F. Pro-Rata Vesting

1. SWIB may support shareholder proposals asking companies to adopt a Pro-Rata vesting provision based on their current equity plan and historical awards

#### G. Accelerated Vesting

1. SWIB may support shareholder proposals asking companies to adopt vesting provisions that prohibit accelerated vesting of awards

#### H. Stock Ownership

1. SWIB will generally not support shareholder proposals requiring minimum stock ownership requirements

#### I. Political Expenditures

1. SWIB may support disclosure of the total amount a company budgets and/or what the company spends on the various types of political expenditures
2. SWIB will review and analyze political expenditure proposals on a case-by-case basis based on the following factors
  - a. Disclosure practices
  - b. Any known activities such as fines or litigation
  - c. Level of political contribution oversight by both the management team and the board
3. SWIB will generally support political expenditure proposals when
  - a. Current disclosure on political contributions is insufficient or significantly lacking compared to its peers
  - b. There are verifiable or credible allegations of funds mismanagement through donations
  - c. There is no explicit board oversight or evidence that board oversight on political expenses is adequate
4. SWIB will generally not support political expenditure proposal if
  - a. Information requested is already available in another report
  - b. It does not request the disclosure of total contribution expenditures

#### J. Cyber Security

1. SWIB may support cyber security proposals requesting greater disclosure of a company's policies, potential risks and oversight

#### K. Hedging and Pledging

1. SWIB may support proposals asking the company to adopt or disclose a hedging and/or pledging policy for their directors and executive staff

## Attachment 5

### RPD 31-10, Changes Marked

Regent Policy Document 31-10 (~~formerly Regent Policy Document 92-4~~)  
Proxy Voting

#### Scope

The policy on Proxy Voting applies to the invested assets of University of Wisconsin System Trust Funds.

#### Purpose

The purpose of this policy is to describe who is responsible for identifying, analyzing, and voting various types of shareholder proxies, proposals put to shareholder vote which may impact the future and fortunes of the companies in which University of Wisconsin System Trust Funds are invested.

#### Policy Statement

The general policy of the UW System Board of Regents is to ensure that the voting of proxies is conducted in a diligent manner that reflects the Board's stewardship and fiduciary responsibilities. To this end, the following guidelines are to be adhered to:

1. Shareholder proxies dealing with "routine" corporate governance and management issues or other issues of a predominately financial or shareholder value/rights nature are generally to be voted by the investment managers, in accordance with each manager's proxy voting guidelines. "Routine" issues generally include such items as the following:
  - election of directors;
  - election of auditors-;
  - elimination of preemptive rights;
  - amendments to corporate charter or by-laws which might materially affect shareholder rights;
  - management recommendations regarding adding or amending indemnification provisions in charters or by-laws;
  - authorization to issue common stock under option and incentive plans under most circumstances;
  - issuance of additional shares of stock for corporate purposes under most circumstances (e.g., not for expressly preventing a takeover);
  - acquisitions and mergers;
  - changes to the Board of Directors; proposals relating to cumulative voting, annual election of directors, and staggered Boards; and
  - outside director compensation (cash plus stock plans).

2. Shareholder proxies dealing with ~~“non-routine” corporate governance and management issues or issues involving~~ some aspect of “social responsibility” are generally to be voted; ~~(or directed for to be voted);~~ internally by the UW System Trust or Assistant Trust Officer(s) in accordance with the following general guidelines:- ~~“Non-routine” corporate governance/management and “social responsibility” issues generally include such items as the following:~~

- ~~acquisitions and mergers;~~
- ~~shareholder proposals opposed by management and not supported by the investment managers;~~
- ~~amendments to corporate charter or by-laws which might materially affect shareholder rights;~~
- ~~issues described or alluded to under RPD 31-13 Social Responsibility Investment Considerations; and~~
- ~~generally, other issues not covered in section 1.~~

#### A. Disclosures Overall

1. UW System will generally support resolutions calling for disclosure of additional information pertaining to a particular issue involving potential social impacts if:
  - a. The requested information is believed to be of value to a majority of shareholders when evaluating the company or its managers.
  - b. The costs of disclosure are reasonable.
  - c. The requested information will not disadvantage the company competitively or economically.

#### B. Labor and Human Rights

1. UW System will generally support management if the company’s position:
  - a. Is not detrimental to the long-term viability of the company or shareholder value.
  - b. Reflects society’s values and attitudes on labor and human rights.

#### C. Health and Safety

1. UW System will review and analyze health and safety proposals from an economic and social perspective on a case-by-case basis based on the following:
  - a. The effect the resolution may have on long-term shareholder value.
  - b. The company’s competitiveness and sustainability if the resolution addresses a specific state or federal law.
  - c. The extent to which the resolution reflects society’s values and attitudes on health and safety for employees and consumers.

#### D. Environmental Practices and Animal Welfare

1. UW System will generally support increased environmental reporting if:
  - a. The company’s product or service has the potential to affect the environment adversely.
  - b. The company has been the subject of adverse publicity or litigation because of its environmental practices.

- c. The company has failed to provide adequate information, as determined by UW System staff, about its environmental practices to shareholders.
2. UW System may support proposals requesting disclosure reports of operations, risks, environmental impacts, fines, litigation and policies as it relates to fracking and flaring and other environmental concerns.
3. UW System may support proposals requesting increased disclosure on the treatment of animals in the company's operations and its efforts to provide for more humane treatment.

E. Climate Change

1. UW System may support proposals requesting disclosure regarding operations, decision making, liabilities, and use of resources as they relate to climate change.

F. Sustainability

1. UW System may support proposals requesting disclosure regarding operations, decision making, liabilities, and use of resources as they relate to sustainability.

G. Diversity and Non-Discrimination

1. UW System may support proposals requesting the company to diversify its board.
2. UW System will generally support proposals requesting disclosure reports on diversity and non-discrimination programs and policies.
3. UW System will generally support proposals calling for the adoption of a sexual orientation non-discrimination policy.

H. Political Expenditures

1. UW System may support disclosure of the total amount a company budgets and/or spends on the various types of political expenditures.
2. UW System will generally support political expenditure proposals if:
  - a. Current disclosure on political contributions is insufficient or significantly lacking compared to its peers.
  - b. There are verifiable or creditable allegations of funds mismanagement through donations.
  - c. There is no explicit board oversight or evidence that board oversight on political expenditures is adequate.

I. Cyber Security

1. UW System may support proposals requesting greater disclosure of a company's policies, potential risks, and oversight as these relate to cyber security.

3. ~~UW System Administration will regularly identify "non-routine" corporate governance and management issues or issues involving some aspect of "social responsibility" for, and provide analyses and recommendations to, the Board of Regents' Business, Finance, and Audit Committee to assist it in its review. The Committee will then develop voting positions on the proxy proposals, which will be conveyed by UW System Administration staff to the investment managers as needed.~~

- ~~4. UW System Administration will then present to the Committee, at least annually, the results of the proxy voting season.~~

## **Oversight, Roles, and Responsibilities**

~~The Board of Regents is responsible for the regular review and update of the guidelines provided within this policy for the voting of proxy proposals dealing with some aspect of social responsibility. The Board may request reporting of the proxy voting results. UW System Administration Trust Funds is responsible for identifying and analyzing certain these types of proxy proposals, and presenting such analyses and recommendations to the Business, Finance, and Audit Committee voting or directing the voting of the proxies in accordance with these guidelines. The Business, Finance, and Audit Committee is responsible for developing a voting position on such proxies. UW System Administration and the investment managers are responsible for voting the proxies accordingly.~~

## **Related Regent Policies and Applicable Laws**

### **RPD 31-13 Social Responsibility Investment Considerations**

*History: Res. 6086, adopted 04/10/1992, created Regent Policy Document 92-4; Res. 8534, adopted 04/05/2002, amended 92-4; subsequently renumbered 31-10; Res. 10121, adopted 10/05/2012, amended Regent Policy Document 31-10; Res. xxxxx, adopted xx/yy/yyyy, amended Regent Policy Document 31-10.*

## Attachment 6

### RPD 31-13, Changes Marked

Regent Policy Document 31-13 (~~formerly Regent Policy Document 97-1~~)  
Social Responsibility and Investment Considerations

#### Scope

The policy on Social Responsibility Investment Considerations applies to the invested assets of the University of Wisconsin System's Trust Funds, and to individuals interested in providing input regarding the corporate policies or practices of the companies and other entities in which the University of Wisconsin System invests.

#### Purpose

The purpose of this statement is to communicate the Board of Regents' policies and practices for considering the various aspects of the social responsibility of the companies, governments, or other entities in which it invests University of Wisconsin System Trusts Funds.

#### Policy Statement

The Board of Regents of the University of Wisconsin System, in discharging its fiduciary responsibilities for ~~the university~~ UW System ~~Trust~~ Funds, will take into account concerns about corporate and other security issuers' social responsibility as outlined below.

1. The primary fiduciary responsibility of the Board of Regents is to maximize financial return on invested assets, taking into account an appropriate degree of risk.
2. However, the Board acknowledges the importance of maintaining an awareness of public concerns about corporate policies or other security issuers' policies or practices that are discriminatory (as defined by Wis. Stats. § 36.29(1)) or cause substantial social injury\*.
3. To enhance the Board's awareness of social concerns the Board of Regents, through the Business, ~~and~~ Finance, ~~and~~ ~~Audit~~ Committee, directs the University of Wisconsin System ~~Administration~~ Trust Funds Office to conduct a proxy review to highlight shareholder proxy resolutions ~~related to discrimination and substantial social injury~~ involving some aspect of social responsibility (e.g., those related to discrimination, environmental degradation, or other potential causes of substantial social injury). ~~As further provided under RPD 31-13, the Committee will also determine its voting position for such shareholder resolutions. Such proxy proposals will be voted in accordance with the guidelines provided in Regent Policy Document 31-10, Proxy Voting.~~
4. The Regents also wish to solicit input from students, faculty, alumni and citizens on matters related to social concerns. To obtain this input, the Business, ~~and~~ Finance, ~~and~~



~~Audit~~ Committee of the Board of Regents may schedule a public forum at the request of parties interested in presenting such concerns to the Board ~~of Regents~~. The purpose of this forum is to offer the broadest opportunity for University of Wisconsin System constituencies to present such information to the Board of Regents.

5. Cognizant of the University of Wisconsin System, state, and federal commitments to environmental protection, the Board of Regents Business, and Finance, ~~and Audit~~ Committee, in discharging its responsibility for managing the University of Wisconsin System Trust Funds, does so with the expectation that the companies and other entities in which it invests will evidence a similar commitment in their respective activities. In the event that any persons or group of persons, after careful investigation and evaluation of facts in evidence, concludes that a company in which the University of Wisconsin System Trust Funds has investments appears not to be performing in accord with the Committee's expectations and the appropriate governmental standards in this area, the Committee will afford those persons an opportunity to detail their evidence and concerns to the Committee. The Committee may afford the company or other entity involved an opportunity to respond to the concerns expressed, before deciding what course of action is appropriate.
6. In accordance with Wis. Stats. § 36.29(1), all investments "...made in any company, corporation, subsidiary, or affiliate that practices or condones through its actions discrimination on the basis of race religion, color, creed or sex. . . ." shall be divested in as prudent but rapid a manner as possible. ~~The Board of Regents~~, to facilitate the application of this statute, interprets the language above as follows:
  - a. The words "that practices or condones through its actions" shall be interpreted to mean "employing persons in nations which by their laws discriminate on the basis of race, religion, color, creed or sex."
  - b. The University of Wisconsin System's investment counsel and its Trust Officer shall bring to the attention of the Business, and Finance, ~~and Audit~~ Committee reports of the existence of laws in any other country that require companies doing business in such country to practice or condone discrimination on the basis of race, religion, color, creed or sex. The Business, and Finance, ~~and Audit~~ Committee shall investigate such reports with a view toward determining whether this subsection shall be applied to investments in companies employing persons in the country in question.
7. The Regents are aware that a position on social responsibility may affect potential contributors to the University System. For potential contributors who wish their donations to be invested in funds with social concerns as a high priority, ~~the Business, Finance, and Audit Committee will ask~~ University of Wisconsin System Administration Trust Funds staff ~~to may~~ explore the use of investment alternatives to meet such objectives.

\* "Substantial social injury" with regard to corporate or other security issuers' behavior is defined as the injurious impact on employees, consumers, and/or other individuals or groups resulting directly from specific actions or inactions by a company. Included in this category are actions that violate, subvert, or frustrate the enforcement of rules of domestic or international law

intended to protect individuals and/or groups against deprivation of health, safety, basic freedoms or human rights. Only actions or inactions by companies that are proximate to and directly responsible for identifiable social injury will be regarded as falling within these guidelines. (This definition is borrowed from the Stanford University “Statement on Investment Responsibility Concerning Endowment Securities”).

## **Oversight, Roles and Responsibilities**

The Board of Regents has ultimate fiduciary responsibility for the management and administration of the University of Wisconsin System Trust Funds. The Board’s Business, ~~and Finance, and Audit~~ Committee is delegated oversight of the management and administration of the Trust Funds. UW System ~~Administration~~ Trust Funds Office is responsible for conducting proxy reviews and exploration of socially responsible investment alternatives. -The Executive Director and Corporate Secretary of the Office of the Board of Regents has responsibility for scheduling requested public forums under section 4 of this policy.

## **Related Regent Policies and Applicable Laws**

RPD 31-2 Management and Administration of Trust Funds  
RPD 31-10 Proxy Voting  
RPD 31-16 Sudan Divestment  
Wis. Stat. § 36.29.

*History: Res. 695, adopted 03/08/1974, created Regent Policy Document 74-3(a), subsequently renumbered 31-5. Res. 1590, adopted 02/10/1978 created Regent Policy Document 78-1 and replaced Regent Policy Document 77-4; subsequently renumbered 31-6. Res. 1615, adopted 03/10/1978, created Regent Policy Document 78-2; Res. 6626, adopted 03/11/1994, amended 78-2; subsequently renumbered 31-7. Res. 7406, adopted 03/07/1997, created Regent Policy Document 97-1, subsequently renumbered 31-13; Res. 9505, adopted 06/06/2008, amended Regent Policy Document 31-13; Res. 9909, adopted 04/08/2011, amended Regent Policy Document 31-13; Res. 10119, adopted 10/05/2012, rescinds Regent Policy Documents 31-5, 31-6, and 31-7, and amends Regent Policy Document 31-13 to incorporate portions of the rescinded policies. Res. xxxxxx, adopted xx/yy/zzzz, amends Regent Policy Document 31-13.*

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

**BUSINESS AND FINANCE COMMITTEE**

Resolution:

That, upon the recommendation of the President of the University of Wisconsin System, the Board of Regents approves the attached revised Regent Policy Document 13-1, to be renamed “General Contract Approval, Signature Authority, and Reporting.”

**REGENT POLICY DOCUMENT REVIEW  
RPD 13-1 GENERAL CONTRACT SIGNATURE AUTHORITY, APPROVAL, AND  
REPORTING**

**BACKGROUND**

The UW System Board of Regents' policies are codified in Regent Policy Documents (RPDs) that have been adopted over time, some dating back to the creation of the UW System. The Board has adopted these policies under the authority granted in Chapter 36, Wis. Stats. The RPDs address a wide array of subjects, including academic policies and programs, contracts, student activities, and trust and investment policies.

In February 2011, the President of the Board of Regents formally announced the beginning of a process to review and update the RPDs. The review process may result in updating and revising current policies, eliminating obsolete ones, or identifying areas in which new policies are needed. Each policy will be analyzed in light of its original purpose, whether that purpose still exists, and the likely effects of any revisions. Of paramount importance in considering changes to each RPD is the promotion of administrative flexibility and efficiency.

The Office of the Board of Regents has developed a set of guiding principles to direct the analysis of the Regent Policy Documents. These principles include: consideration of the extent to which a policy establishes a fundamental principle, serves as an enduring statement, and provides broad and strategic statements that memorialize and communicate the Board's expectations for the UW System and/or UW institutions.

At its December 2015 meeting, the Business and Finance Committee will consider amending RPD 13-1, "General Contract Signature Authority, Approval, and Reporting," originally adopted in 1972. This policy was last updated in 2012 when changes were made to: streamline approval of authorized signature delegations by allowing chancellors to name and approve campus-based signatories; eliminate and clarify certain reporting requirements; specify that delegations must be made in writing; and require periodic review to ensure that delegations are current and operating as intended.

**REQUESTED ACTION**

Adoption of Resolution I.2.d., amending RPD 13-1, and renaming the policy "General Contract Approval, Signature Authority, and Reporting."

## DISCUSSION

RPD 13-1 describes the Board's reservations and delegations of authority to approve and sign contracts, and the Board's expectations of those to whom authority is delegated. The primary changes being proposed (Appendices A and B) are to increase the threshold for most grants and contracts that require formal approval by the Board of Regents to \$1,000,000 and to codify current practice and Regent preferences to retain authority for approving high-profile athletics employment agreements.

RPD 13-1 currently states that grants from and contracts with private, profit-making organizations with a value of more than \$500,000 require formal approval by the Board of Regents prior to execution. This threshold was last changed in 1997, when the Board approved an increase from \$200,000 to \$500,000.

A review of contracts the Board approved during a recent two-year period shows that the majority of grants and contracts with private, for-profit organizations that exceed \$500,000 originate with UW-Madison. Between July 2013 and September 2015, the Board reviewed and approved 37 grants or contracts with private, profit-making organizations, including 26 from UW-Madison and 11 from the other UW institutions. In addition, more than two-thirds of the grants and contracts that originate from UW-Madison are for research-related activities. Of the 37 grants and contracts reviewed by the Board, 13 were between \$500,000 and \$1,000,000 in value, including nine from UW-Madison, three from UW-Milwaukee, and one from UW-Stout.

The proposed changes to RPD 13-1 include increasing the threshold for Board review from \$500,000 to \$1,000,000, to reduce the time involved and administrative burden associated with seeking Board approval for relatively routine grants and contracts. Grants from and contracts with private, for-profit organizations valued between \$500,000 and \$1,000,000 would not generally require Board approval, but would require review by the UW System Office of General Counsel prior to execution. The Office of General Counsel already reviews contracts before they are submitted to the Board and under the policy as proposed, would continue to do so. In addition, the current policy would be modified to codify current practice and Regent preferences for reviewing and approving athletics employment contracts, and sets the threshold for Board review at \$500,000.

Several higher education institutions and systems have policies with contracting thresholds of \$1,000,000 or greater, including the University of Illinois, the University of Iowa, Minnesota State Colleges and Universities, the University of Minnesota, the University of Texas System, and the University of Washington. Others, such as the University of California system, the University of Michigan, the State University of New York system, and Penn State University have delegated the approval of contracts to their system leader.

RPD 13-1, as revised, retains the Board's expectation that the System President will request Board approval for any grants or contracts below the specified thresholds—most likely unique or high-profile contracts—that warrant Board review.

Other proposed changes to RPD 13-1 include language to clarify that contracts resulting from purchase orders issued under delegated state purchasing authority are not subject to Board of Regents review and approval, as well as organizational and title changes.

## **RELATED REGENT POLICIES**

Regent Policy Document 6-3, *Delegation of Authority to President for Personnel Actions*

Regent Policy Document 13-2, *Authorization to Sign Real Property and Construction Contracts*

## Appendix A

### RPD 13-1, Changes Marked

Regent Policy Document 13-1 (~~formerly Regent Policy Document 72-2~~)  
General Contract Approval, Signature Authority, ~~Approval~~, and Reporting

#### Scope

This policy addresses Board of Regents review and approval of contracts and official authorization to sign contracts on behalf of the Board of Regents of the University of Wisconsin System.

The policy applies to ~~all~~ contracts that bind the Board of Regents and UW System institutions. These include, but are not limited to, grants, memorandums of understanding, certifications, releases, purchase orders, leases of personal property (not real property), and royalty agreements.

The policy does not apply to real property and/or construction-related contracts. Signature authority for those contracts is covered under Regent Policy Document 13-2, *Real Property and Construction Contract Signature Authority and Approval*. This policy does not apply to purchase orders issued under delegated state purchasing authority. Signature authority for those contracts is covered in s. 16.71, Wis. Stats.

The policy does not apply to ~~U~~university trust accounts, which are subject to the terms and conditions of individual trust documents. Signature authority for these documents rests with the Trust Officer, Assistant Trust Officer, and Executive Director and Corporate Secretary of the Office of the Board of Regents of the University of Wisconsin System.

#### Purpose

The purpose of this policy is to ensure that the Board of Regents reviews certain high-dollar-amount contracts and that individuals signing contracts that bind the Board of Regents ~~of the UW System and UW System institutions~~ are duly authorized to sign on behalf of, commit, and represent the Board of Regents.

#### Policy Statement

Through this policy, the Board of Regents recognizes that the efficient operation of the UW System depends on the UW System's and UW institutions' ability to conduct business transactions in an efficient manner. Therefore, the Board of Regents need not directly approve all contracts, but rather, delegates contracting authority for most contracts to designated university officials.

Individuals authorized to sign contracts under this policy are expected to have the necessary information and expertise to fully understand the implications of making such commitments. In

addition, persons with this authority are expected to perform appropriate due diligence activities to ensure that any attendant liabilities are identified and can be effectively managed.

### *Delegation of Authority*

The Board of Regents authorizes the Executive Director and Corporate Secretary of the Office of the Board of Regents and the President of the University of Wisconsin System to sign contracts that bind the Board of Regents and/or UW System institutions.

The Board of Regents further authorizes the President of the University of Wisconsin System to: (1) delegate contract signature authority to other UW System Administration officials deemed to have the requisite knowledge, judgment, and operational need to exercise such authority; and (2) delegate to the Chancellors of UW System institutions the authority to sign contracts related to programs or operations of their institutions. Chancellors may further delegate contract signature authority to other UW System institution employees deemed to have the requisite knowledge, judgment, and operational need to exercise such authority. All unclassified contracting personnel are subject to the conflict-of-interest reporting requirements of ch. UWS 8, Wis. Admin. Code.

The President's delegations must be made in writing and filed in the Office of the President of the University of Wisconsin System.

Chancellors' delegations must be made in writing, filed in the Office of the Chancellor, and reviewed periodically ~~by an institution's internal auditor~~ to ensure that ~~named individuals~~ delegations are current ~~employees~~ and employees are exercising their signature authority appropriately. Individuals should be delegated signature authority only for the specific documents, or types of documents, needed to allow them to efficiently and effectively perform the responsibilities of their position.

### ~~Items Requiring Threshold for~~ Formal Approval by the Board of Regents

Grants from and contracts with private, profit-making organizations with a value of between \$500,000 and \$1,000,000 must be reviewed by the UW System Office of General Counsel prior to execution.

Grants from and contracts with private, profit-making organizations with a value of more than ~~\$500,000- \$1,000,000, as well as athletics employment contracts with a value of more than \$500,000,~~ require formal approval by the Board of Regents prior to execution. Any other grants or contracts with a value of less than ~~\$500,000- \$1,000,000~~ that, in the judgment of the President of the UW System, warrants ~~direct~~ Board approval review shall also be approved by the Board prior to execution.

An institution's Chief Business Officer should contact the UW System Office of ~~the Vice President for Finance~~ Administration to request that ~~such~~ contracts be presented for approval at the next meeting of the Board's Business, and Finance, ~~and Audit~~ Committee. Requests must be made well in advance of the desired effective date of a contract.



## *Reporting Requirements*

A summary of extramural gifts, grants, and contracts will be reported quarterly ~~to the Vice President for Finance to UW System Administration~~ for presentation to the Business ~~and Finance and Audit~~ Committee of the Board of Regents. Other contracts and/or agreements need not be reported to the Board ~~or the Vice President for Finance~~ under this policy.

## **Oversight, Roles, and Responsibilities**

Delegation of signature authority allows considerable operational efficiency but requires appropriate oversight and on-going diligence to ensure that the interests of the University are best served.

In addition to oversight by the Chancellor's Office and Chief Business Officer, compliance with this policy and sound business practices will be assessed through periodic review by the UW System Office of Internal Operations Review and Audit, ~~as well as individual institution-based Internal Audit staff~~.

## **Related RPDs and Applicable Laws**

Regent Policy Document 6-3, *Delegation of Authority to President for Personnel Actions*  
Regent Policy Document 13-2, *Authorization to Sign Real Property and Construction Contracts*  
Section 36.11(55), Wis. Stats., *Review of System Contracts with Research Companies*  
Section 946.13, Wis. Stats., *Private interest in public contract prohibited*  
Section 16.71(1m), Wis. Stats., *Purchasing; powers*  
Section 16.71(4), Wis. Stats., *Purchasing; powers*

History: Res. 92, adopted 02/11/1972, created Regent Policy Document 72-2; Res. 965, adopted 03/07/1975, rescinded 72-2 and created Regent Policy Document 75-2; Res. 2791, adopted 04/08/1983, rescinded 75-2 and created Regent Policy Document 83-2; Res. 5945, adopted 11/08/1991, rescinded 83-2 and created Regent Policy Document 91-10; Res. 6042, adopted 03/06/1992, rescinded 91-10 and created Regent Policy Document 92-2; Res. 6314, adopted 02/05/1993, rescinded 92-2 and created Regent Policy Document 93-1; Res. 7548, adopted 09/05/1997, amended Regent Policy Document 93-1; Res. 7844, adopted 02/05/1999, amended Regent Policy Document 93-1; Res. 8074, adopted 02/11/2000, amended Regent Policy Document 93-1; Res. 8875, adopted 06/11/2004, amended Regent Policy Document 93-1; subsequently renumbered 13-3.

Res. 7308, adopted 10/11/1996, created Regent Policy Document 96-5; Res. 8876, adopted 06/10/2004, amended Regent Policy Document 96-5; subsequently renumbered 13-4.

Res. 10014, adopted 02/10/2012, repealed Regent Policy Documents 13-3 and 13-4, and amended and consolidated the contents under a renumbered Regent Policy Document 13-1. Res. 10xxx, adopted xx/yy/zzzz, amended Regent Policy Document 13-1.

## **Appendix B**

### **RPD 13-1, Proposed Final Revision**

Regent Policy Document 13-1

#### **General Contract Approval, Signature Authority, and Reporting**

##### **Scope**

This policy addresses Board of Regents review and approval of contracts and official authorization to sign contracts on behalf of the Board of Regents of the University of Wisconsin System.

The policy applies to contracts that bind the Board of Regents and UW System institutions. These include, but are not limited to, grants, memorandums of understanding, certifications, releases, purchase orders, leases of personal property (not real property), and royalty agreements.

The policy does not apply to real property and/or construction-related contracts. Signature authority for those contracts is covered under Regent Policy Document 13-2, *Real Property and Construction Contract Signature Authority and Approval*. This policy does not apply to purchase orders issued under delegated state purchasing authority. Signature authority for those contracts is covered in s. 16.71, Wis. Stats.

The policy does not apply to university trust accounts, which are subject to the terms and conditions of individual trust documents. Signature authority for these documents rests with the Trust Officer, Assistant Trust Officer, and Executive Director and Corporate Secretary of the Office of the Board of Regents of the University of Wisconsin System.

##### **Purpose**

The purpose of this policy is to ensure that the Board of Regents reviews certain high-dollar-amount contracts and that individuals signing contracts that bind the Board of Regents are duly authorized to sign on behalf of, commit, and represent the Board of Regents.

##### **Policy Statement**

Through this policy, the Board of Regents recognizes that the efficient operation of the UW System depends on the UW System's and UW institutions' ability to conduct business transactions in an efficient manner. Therefore, the Board of Regents need not directly approve all contracts, but rather, delegates contracting authority for most contracts to designated university officials.

Individuals authorized to sign contracts under this policy are expected to have the necessary information and expertise to fully understand the implications of making such commitments. In

addition, persons with this authority are expected to perform appropriate due diligence activities to ensure that any attendant liabilities are identified and can be effectively managed.

### *Delegation of Authority*

The Board of Regents authorizes the Executive Director and Corporate Secretary of the Office of the Board of Regents and the President of the University of Wisconsin System to sign contracts that bind the Board of Regents and/or UW System institutions.

The Board of Regents further authorizes the President of the University of Wisconsin System to: (1) delegate contract signature authority to other UW System Administration officials deemed to have the requisite knowledge, judgment, and operational need to exercise such authority; and (2) delegate to the Chancellors of UW System institutions the authority to sign contracts related to programs or operations of their institutions. Chancellors may further delegate contract signature authority to other UW System institution employees deemed to have the requisite knowledge, judgment, and operational need to exercise such authority. All unclassified contracting personnel are subject to the conflict-of-interest reporting requirements of ch. UWS 8, Wis. Admin. Code.

The President's delegations must be made in writing and filed in the Office of the President of the University of Wisconsin System.

Chancellors' delegations must be made in writing, filed in the Office of the Chancellor, and reviewed periodically to ensure that delegations are current and employees are exercising their signature authority appropriately. Individuals should be delegated signature authority only for the specific documents, or types of documents, needed to allow them to efficiently and effectively perform the responsibilities of their position.

### *Threshold for Formal Approval by the Board of Regents*

Grants from and contracts with private, profit-making organizations with a value of between \$500,000 and \$1,000,000 must be reviewed by the UW System Office of General Counsel prior to execution.

Grants from and contracts with private, profit-making organizations with a value of more than \$1,000,000, as well as athletics employment contracts with a value of more than \$500,000, require formal approval by the Board of Regents prior to execution. Any other grants or contracts with a value of less than \$1,000,000 that, in the judgment of the President of the UW System, warrant Board review shall also be approved by the Board prior to execution.

An institution's Chief Business Officer should contact the UW System Office of Administration to request that contracts be presented for approval at the next meeting of the Board's Business and Finance Committee. Requests must be made well in advance of the desired effective date of a contract.

## *Reporting Requirements*

A summary of extramural gifts, grants, and contracts will be reported quarterly to UW System Administration for presentation to the Business and Finance Committee of the Board of Regents. Other contracts and/or agreements need not be reported to the Board under this policy.

## **Oversight, Roles, and Responsibilities**

Delegation of signature authority allows considerable operational efficiency but requires appropriate oversight and on-going diligence to ensure that the interests of the university are best served.

In addition to oversight by the Chancellor's Office and Chief Business Officer, compliance with this policy and sound business practices will be assessed through periodic review by the UW System Office of Internal Audit.

## **Related RPDs and Applicable Laws**

Regent Policy Document 6-3, *Delegation of Authority to President for Personnel Actions*  
Regent Policy Document 13-2, *Authorization to Sign Real Property and Construction Contracts*  
Section 36.11(55), Wis. Stats., *Review of System Contracts with Research Companies*  
Section 946.13, Wis. Stats., *Private interest in public contract prohibited*  
Section 16.71(1m), Wis. Stats., *Purchasing; powers*  
Section 16.71(4), Wis. Stats., *Purchasing; powers*

History: Res. 92, adopted 02/11/1972, created Regent Policy Document 72-2; Res. 965, adopted 03/07/1975, rescinded 72-2 and created Regent Policy Document 75-2; Res. 2791, adopted 04/08/1983, rescinded 75-2 and created Regent Policy Document 83-2; Res. 5945, adopted 11/08/1991, rescinded 83-2 and created Regent Policy Document 91-10; Res. 6042, adopted 03/06/1992, rescinded 91-10 and created Regent Policy Document 92-2; Res. 6314, adopted 02/05/1993, rescinded 92-2 and created Regent Policy Document 93-1; Res. 7548, adopted 09/05/1997, amended Regent Policy Document 93-1; Res. 7844, adopted 02/05/1999, amended Regent Policy Document 93-1; Res. 8074, adopted 02/11/2000, amended Regent Policy Document 93-1; Res. 8875, adopted 06/11/2004, amended Regent Policy Document 93-1; subsequently renumbered 13-3.

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Res. 10014, adopted 02/10/2012, repealed Regent Policy Documents 13-3 and 13-4, and amended and consolidated the contents under a renumbered Regent Policy Document 13-1. Res. 10xxx, adopted xx/yy/zzzz, amended Regent Policy Document 13-1.

UW-Stevens Point Pointer Partnership  
Undergraduate Differential Tuition Proposal

BUSINESS AND FINANCE COMMITTEE

Resolution:

That, upon the recommendation of the Chancellor of the University of Wisconsin-Stevens Point and the President of the University of Wisconsin System, the Board of Regents approves the UW-Stevens Point undergraduate differential tuition beginning in Fall 2016. The differential will be phased in over three years for students who are upperclassmen. In 2016-17, full-time resident and nonresident students will be charged \$200 per semester for freshmen and sophomores, \$100 per semester for juniors, and \$0 for seniors. In 2017-18, the differential tuition will be \$200 per semester for freshmen, sophomores, and juniors and \$100 for seniors. In 2018-19, the differential tuition will be \$200 per semester for all undergraduate students. The differential will be prorated for part-time students.

The outcomes of the proposed differential will be presented to the Board of Regents for review in five years after implementation (2021).

## **UW-STEVENS POINT POINTER PARTNERSHIP UNDERGRADUATE DIFFERENTIAL TUITION**

### **BACKGROUND**

Differential tuition is an additional tuition charge added to an institution's base tuition level. The additional revenue generated from differential tuition supports institutional initiatives that are developed in collaboration with students. All differential tuition revenue remains at the institution to benefit the students who participate in the differential.

UW-Stevens Point proposes an undergraduate differential tuition that will increase student access to key courses and majors, improve vital student services, and enhance access and affordability. The initiative will add faculty and instructional support while increasing need-based financial aid.

### **REQUESTED ACTION**

Approval of Resolution I.2.e.

### **DISCUSSION AND RECOMMENDATIONS**

UW-Stevens Point's differential tuition proposal is the culmination of a five-year effort by the students and administration. Due to restrictions in the 2011-13 and 2013-15 biennial budgets, UW-Stevens Point has not been able to propose its differential until this year. The 2015-17 biennial budget (2015 Act 55) included a provision that allows the Board of Regents to adopt a UW-Stevens Point differential if approved by the students:

*The Board of Regents of the University of Wisconsin System may increase resident undergraduate tuition at the University of Wisconsin-Stevens Point in the 2015-16 and 2016-17 academic years to implement a differential tuition that is approved by students in a referendum held after the effective date of this subsection. [Section 9148(4d)]*

In Fall 2014, the UW-Stevens Point Student Government Association (SGA) requested that the administration reconvene the differential tuition discussions with the intent of submitting a proposal to the board in Spring 2015. The goals and objectives of the previously developed differential were reviewed by UW-Stevens Point's differential tuition committee, which resulted in a reduction of the cost to the student and a revised set of program goals.

The new proposal, called the Pointer Partnership, targets three specific areas: (1) reducing bottleneck courses, (2) consistent advising and (3) financial aid (see table 1). The proposal includes a flexible pool of resources that will be used to provide more instruction and advising in high-

demand areas. This approach will have the greatest impact on reducing time-to-degree, improving retention and graduation rates, and reducing the overall cost of education.

**Table 1 - The Pointer Partnership Summary**

<b>Pointer Partnership Goal</b>	<b>Investment</b>	<b>Cost per Semester*</b>
<b>Helping students graduate on time, decreasing the overall cost of their education.</b>	Eliminating undergraduate course bottlenecks by adding 160 additional class sections	\$80
<b>Providing all students greater academic support</b>	Adding as many as 12 academic advisers in high-demand areas	\$54
<b>Maintaining access to UW-Stevens Point for students with the greatest financial need</b>	Financial aid support	\$66
<b>Total</b>		<b>\$200</b>

\* When fully implemented

**Reducing Bottleneck Courses.** Providing students with a direct and efficient academic path is the cornerstone of UW-Stevens Point's efforts to reduce the time to graduation. In the 2013-14 academic year, the university implemented a revised General Education Program that reduced the number of credits to graduation by an average of 15. While this provided students a more efficient path to graduate on time, it is not the only factor impacting time to graduation.

Bottleneck courses are high-demand courses that fill quickly and have a large number of students on waitlists. These courses significantly contribute to the delay of timely graduation for many students. Students either cannot register for a course due to the large number of students who need the course or they are delayed by a required order of courses combined with restricted scheduling.

A recent analysis of UW-Stevens Point classes noted 7 percent of all Fall 2014 and Fall 2015 classes were at 100 percent and above capacity for both terms (91 full out of 1370 sections). In all cases, the courses were upper-level undergraduate courses required for graduation. The bottleneck courses exist in all colleges of the university, but are predominantly in the health/biological sciences and natural resources programs. These courses require specialized knowledge for instruction, creating additional challenges of hiring adjuncts and short-term appointments.

Under the Pointer Partnership, approximately 15 faculty and instructional staff full-time equivalents will be hired to provide more course offerings in these high-demand areas to reduce the bottlenecks.

**Consistent Advising.** The Pointer Partnership proposes a new advising model on campus that will create individual student success centers in each of the four colleges, as well as expand the central career and advising unit. Professional advisers in each student success center will ensure that every first-year and transfer student has the opportunity to meet with a professional adviser whose task is to help students (1) explore interest areas and career paths; (2) develop a four-year graduation plan;

(3) become accustomed to using and navigating the timetable, course catalog, and the course registration process; and (4) connect with resources and services to support student success.

Professional advisers will also be trained in career services support and will be accessible to students throughout their academic career and after graduation. The additional advisers will allow for expanded capacity to assist students with resume writing, career and graduate school searches, and job search preparation. They will also be responsible for providing consistent training to faculty and staff members within the colleges, allowing faculty to better support students.

The Pointer Partnership will be used to hire approximately 12 professional academic advisers.

**Financial Aid** – The Pointer Partnership will allow an undergraduate degree from UW-Stevens Point to remain accessible and affordable to students with the most financial need. Revenue generated by the Pointer Partnership will be used to offset some of the differential tuition cost to the most financially challenged students.

**Table 2 - Five-Year Projected Revenue and Expenditures**

	2016-17	2017-18	2018-19	2019-20	2020-21
<b>Revenue:</b>	\$1,776,000	\$2,717,700	\$3,290,600	\$3,290,600	\$3,290,600
<b>Expenses:</b>					
<u>Reducing Bottlenecks</u>					
Instructional Salaries	\$220,000	\$673,200	\$858,330	\$875,497	\$893,007
Fringe Benefits	\$102,432	\$313,442	\$399,638	\$407,631	\$415,784
<u>Academic Advising</u>					
Advisor Salaries	\$540,000	\$550,800	\$561,816	\$573,052	\$584,513
Fringe Benefits	\$251,424	\$256,452	\$261,582	\$266,813	\$272,149
<u>Financial Aid</u>	\$586,080	\$896,841	\$1,085,898	\$1,085,898	\$1,085,898
Total Expenses	\$1,699,936	\$2,690,735	\$3,167,264	\$3,208,891	\$3,251,351
Net Revenue	\$76,064	\$26,965	\$123,336	\$81,709	\$39,249

*Note: Projections based on 2014-15 enrollment data*

**Notes:**

- Allocation distributions are subject to change. The 2016 allocations will be finalized in the Spring 2016 semester through recommendations by the Pointer Partnership Advisory Board (PPAB) and approval by the chancellor.



- In the first year as the differential is being phased in, the revenue will fully fund the new advising structure and financial aid. Any remaining revenue will be directed to address bottleneck areas, as identified by the Provost and recommended by the PPAB.
- In the second year, the revenue will fully fund the new advising structure and financial aid. Any remaining revenue will be directed to address an increased number of bottleneck areas, as identified by the Provost and recommended by the PPAB.
- If, after The Pointer Partnership is fully implemented, there is revenue generated above budgeted amounts, this revenue will be placed in a contingency fund to address annual priorities within these three areas as identified by the Provost and recommended by the Pointer Partnership Advisory Board.

### *Staggered Implementation*

If approved by the Board of Regents, the Pointer Partnership will be implemented in Fall 2016 with a three-year staggered implementation process. Upper class students (determined by earned credits) who would be less likely to utilize the Pointer Partnership, would pay less than their freshmen and sophomore peers. The staggered implementation plan is as follows:

<b>Table 3 -Implementation of the Pointer Partnership</b>				
	Freshman	Sophomores	Juniors	Seniors
Year One (2016-17)	\$200	\$200	\$100	\$0
Year Two (2017-18)	\$200	\$200	\$200	\$100
Year Three (2018-19)	\$200	\$200	\$200	\$200

Note: amounts are charged per semester.

No negative impact on enrollment is anticipated. Appendix A shows the change in tuition from the Pointer Partnership relative to UW-Stevens Point peers.

### *Ongoing Evaluation and Input*

The PPAB and the Division of Academic Affairs will be responsible for the ongoing evaluation and assessment of the Pointer Partnership. The PPAB will consist of eight voting members; six will be current undergraduate students and two will be faculty members. The student majority will ensure the students lead the direction and evaluation of the Pointer Partnership. The funds generated by the Pointer Partnership can be directed to provide academic advising, address bottleneck courses, and administer financial aid.

Additionally, the SGA may recommend that the differential tuition be repealed by the Board of Regents by a vote of no confidence in the plan for two consecutive years. This is a unique feature of the Pointer Partnership and provides an additional mechanism for student participation.

### *Student Input and Consultation*

In addition to having representation on the differential tuition planning committee, UW-Stevens Point students had numerous opportunities to learn about and provide meaningful feedback to the formation of the Pointer Partnership. SGA was the primary source of information for students, faculty, and staff during Fall 2015. In addition to creating an informational brochure, buttons, and a website for the Pointer Partnership, the SGA conducted a differential tuition “roadshow” where they presented information to students in the residence halls, classrooms, athletic team meetings and

student organizations. Overall, SGA offered more than 225 presentations across the campus (See Appendix B). Additionally, there was extensive coverage of the Pointer Partnership in the student newspaper, The Pointer.

#### *Pointer Partnership Referendum*

On November 11 and 12, 2015, the UW-Stevens Point student body voted in a campuswide referendum regarding the Pointer Partnership. The referendum asked if students supported the Pointer Partnership Differential Tuition Program (the exact language can be found in appendix C).

The referendum had a large turnout of 3,308 students, which is 35.8 percent of eligible students. This is significantly higher participation than other recent elections and referenda (See Appendix D). The majority of students voting (62 percent) voted in favor of the Pointer Partnership.

### **RELATED REGENT POLICIES**

Regent Policy Document (RPD) 32-7: Student Involvement in Differential Tuition Initiatives (April 2010)

## Appendix A - 2014-15 Undergraduate Tuition and Fee Peers

	Resident	Nonresident
Michigan Technological University	\$14,040	\$29,520
University of Minnesota Duluth	\$12,802	\$16,467
Western Illinois University	\$12,217	\$16,533
Central Michigan University	\$11,550	\$23,670
University of Illinois at Springfield	\$11,367	\$20,517
Eastern Illinois University	\$11,108	\$28,088
University of Michigan-Dearborn	\$10,952	\$23,150
Grand Valley State University	\$10,752	\$15,408
Western Michigan University	\$10,685	\$24,917
Ferris State University	\$10,677	\$16,467
Oakland University	\$10,613	\$23,873
The University of Akron	\$10,260	\$18,792
Chicago State University	\$9,846	\$16,806
Southern Illinois University Edwardsville	\$9,738	\$20,682
University of Michigan-Flint	\$9,694	\$18,922
Eastern Michigan University	\$9,663	\$25,706
Northern Michigan University	\$9,324	\$14,556
UW-Stout	\$9,025	\$16,771
Northeastern Illinois University	\$8,868	\$16,164
UW-La Crosse	\$8,795	\$16,368
Winona State University	\$8,750	\$14,250
UW-Eau Claire	\$8,743	\$16,316
Wright State University	\$8,730	\$16,910
Saginaw Valley State University	\$8,691	\$20,409
Indiana State University	\$8,416	\$18,346
Youngstown State University	\$8,317	\$8,557
Bemidji State University	\$8,134	\$8,134
UW-Superior	\$7,994	\$15,567
<b>University of Wisconsin Comprehensive Average</b>	<b>\$7,976</b>	<b>\$15,552</b>
Indiana University-Purdue University Fort Wayne	\$7,949	\$19,092
UW-Stevens Point (With differential)	\$7,868	\$15,441
Minnesota State University Moorhead	\$7,816	\$14,714
UW-Green Bay	\$7,758	\$15,331
UW-River Falls	\$7,751	\$15,324
University of Northern Iowa	\$7,749	\$17,647
UW-Stevens Point (Without differential)	\$7,668	\$15,241
UW-Whitewater	\$7,600	\$15,173
Minnesota State University, Mankato	\$7,574	\$15,053
St. Cloud State University	\$7,553	\$15,195
UW-Platteville	\$7,491	\$15,064
UW-Oshkosh	\$7,437	\$15,010
UW-Parkside	\$7,326	\$14,899
Indiana University South Bend	\$6,905	\$18,081
Indiana University Northwest	\$6,854	\$18,081
Indiana University Southeast	\$6,827	\$18,081
Purdue University Calumet	\$6,758	\$15,266

## Appendix B - 2015 Differential Tuition “Roadshow”

### August 2015

Tue Aug 25	9:00am - 10:00am	<b>College of Professional Studies (CPS) annual faculty meeting Differential Tuition (DT) Presentation - CPS 116</b>
Wed Aug 26	12:45pm - 1:15pm	<b>Dining and Summer Conferences (DSC) Managers Training Meeting DT Presentation</b>
Thu Aug 27	3:30pm - 4:30pm 4:30pm - 5:00pm	<b>Clinical Lab Science (CLS) Convocation - CCC 101</b> <b>DSC all Student Employee Orientation - DUC Alumni Room</b>
Fri Aug 28	10:00am - 11:00am	<b>Residential Living Student Staff training DT Presentation - NFAC 221</b>

### September 2015

Thu Sep 3	5:00pm - 6:00pm	<b>Tutoring-Learning Center (TLC) Writing Lab Tutor training – TLC</b>
	6:00pm - 7:00pm	<b>ONEPOINT Athletic All-Team Kick-off meeting - Berg Gym</b>
Fri Sep 4	2:00pm - 3:00pm	<b>TLC Writing Lab Tutor training - TLC</b>
Wed Sep 16	9:30am - 10:00am 1:30pm - 2:00pm 3:30pm - 4:00pm 6:30pm - 7:00pm	<b>NRES 001 DT Presentation - TNR</b> <b>NRES 001 DT Presentation - TNR</b> <b>NRES 001 DT Presentation - TNR</b> <b>SWEA Meeting DT Presentation - SCI D101</b>
Thu Sep 17	9:30am - 10:00am 1:30pm - 2:30pm 4:30pm - 5:00pm	<b>NRES 001 DT Presentation – TNR</b> <b>COFAC Chairs Meeting DT Presentation - NFAC</b> <b>NRES 001 DT Presentation - TNR</b>
Mon Sep 21	6:50pm - 7:10pm	<b>DT Presentation: Student Org Re-Rec - DUC Theater</b>
Tue Sep 22	12:00pm - 12:30pm 3:35pm - 3:50pm	<b>DT Presentation: CHEM 117 - SCI A111</b> <b>DT Presentation: NRES 001 - TNR 120</b>

	4:35pm - 4:50pm	<b>DT Presentation: NRES 001 - TNR 120</b>
	6:50pm - 7:10pm	<b>DT Presentation: Student Org Re-Rec - DUC Theater</b>

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Thu Sep 24	6:00pm - 6:30pm	<b>UC Student Manager Meeting - DUC 378</b>
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Mon Sep 28	11:00am - 11:15am	<b>DT Presentation- Art 102 - NFAC 189</b>
	4:00pm - 5:00pm	<b>DT Presentation: COLS Student/Faculty Advisory Council - CCC 114</b>

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Tue Sep 29	2:00pm - 2:30pm	<b>DT Presentation: ENG 202 - CCC 232</b>
	3:35pm - 3:50pm	<b>DT Presentation: ENG 202 - CCC 232</b>
	5:00pm - 5:15pm	<b>DT Presentation: Peer Health Advocates: - 004 Lower Allen Center</b>
	7:00pm - 8:00pm	<b>DT Presentation- Habitat for Humanity - Library, Rm. 103A</b>
	9:00pm - 9:15pm	<b>Info &amp; Ticket Staff meeting- DT Presentation</b>

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Wed Sep 30	11:00am - 11:30am	<b>DT Presentation: Comm 330 Social Media - CAC 236</b>
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## October 2015

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Thu Oct 1	3:40pm - 3:50pm	<b>DT Presentation: WLDL 372 - NFAC 221</b>
	6:30pm - 7:00pm	<b>DT Presentation: NRES 120 - TNR 120</b>

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Fri Oct 2	9:00am - 9:30am	<b>DT Presentation- FYS Exploring Ecuador - CCC 324</b>
	10:00am - 10:30am	<b>DT Presentation- FYS Exploring Ecuador - CCC 106</b>

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Mon Oct 5	9:00am - 9:15am	<b>DT Presentation: BIO 160 - TNR 170</b>
	1:00pm - 1:10pm	<b>DT Presentation: US Enviro History - CCC 321</b>
	1:30pm - 1:50pm	<b>DT Presentation: HD 386 - CCC 101</b>
	2:00pm - 2:10pm	<b>DT Presentation: PHIL 121 - CCC 128</b>
	3:35pm - 3:50pm	<b>DT Presentation: PHIL 322 - CCC 128</b>
	4:00pm - 4:15pm	<b>DT Presentation: Something ENG - CCC 232</b>
	9:30pm - 10:00pm	<b>Brewhaus DT Presentation - Brewhaus</b>

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Tue Oct 6	8:00am - 8:30am	<b>DT Presentation: ED 367 - CPS 230</b>
	9:30am - 10:00am	<b>FYS w/Vera Klekovkina - CCC 334</b>
	12:00pm - 12:15pm	<b>DT Presentation: something ENG - CCC 238</b>
	12:35pm - 12:50pm	<b>DT Presentation: something ENG - CCC 238</b>

	5:00pm - 6:00pm	<b>DT Presentation: Steiner Hall</b> - Steiner Hall Lobby
	5:30pm - 6:00pm	<b>DT Presentation- Inter-Greek Council</b> - DUC Legacy Room
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Wed Oct 7	10:40am - 10:50am	<b>DT Presentation: WLDL 450</b> - SCI A109
	12:00pm - 12:30pm	<b>English 101 DT Presentation</b> - CCC 238
	12:00pm - 12:30pm	<b>CHEM 105 DT Presentation</b> - SCI D101
	1:00pm - 1:15pm	<b>English 101 DT Presentation</b> - CCC 238
	3:30pm - 4:00pm	<b>DT Presentation-Wrestling Team Meeting</b> - HEC 104A
	6:00pm - 6:30pm	<b>Women in Natural Resources</b> - TNR 320
	7:00pm - 7:15pm	<b>D.A.W.G. DT Presentation</b> - NFAC 201
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Thu Oct 8	9:00am - 11:00am	<b>FYS DT Presentation</b>
	11:30am - 11:45am	<b>DT Presentation - History of Europe</b> - CCC 227
	12:00pm - 12:30pm	<b>WATR 200 DT Presentation</b> - TNR 120
	12:30pm - 12:45pm	<b>Latin American Politics DT Presentation</b> - CCC 114
	3:35pm - 3:50pm	<b>DT Presentation: Something ENG</b> - CCC 106
	6:00pm - 6:30pm	<b>Fire Crew DT Presentation</b> - TNR 170
<hr/>		
Fri Oct 9	10:00am - 10:30am	<b>DT Presentation: CSD 108</b> - CCC 101
	11:00am - 11:10am	<b>DT Presentation: Modern US History</b> - CCC 227
	12:30pm - 1:30pm	<b>Store etc. DT Presentation</b>
	1:00pm - 1:10pm	<b>DT Presentation: Modern US History</b> - CCC 303
<hr/>		
Sun Oct 11	5:45pm - 6:15pm	<b>Group Fitness and Cardio Center DT Presentation</b> - Allen Center Conference Room
	6:15pm - 6:45pm	<b>Women's Hockey DT Presentation</b> - 801 Badger Ave, Stevens Point, WI 54481
<hr/>		
Mon Oct 12	9:30am - 9:45am	<b>FYS w/Nanci</b> - CCC 231
	10:00am - 10:15am	<b>DT Presentation: ART 181</b> - NFAC 221
	12:00pm - 12:15pm	<b>DT Presentation: ART 181</b> - NFAC 221
	5:00pm - 6:00pm	<b>Thompson Hall Tabling</b>
	8:00pm - 8:30pm	<b>DT Presentation: HEC Facilities Staff Meeting</b> - HEC 146
<hr/>		
Tue Oct 13	7:15am - 7:45am	<b>DT Presentation- Women's Hockey</b>
	7:15am - 7:45am	<b>DT Presentation- Women's Hockey</b> - HEC 119
	9:30am - 9:45am	<b>FYS w/Nanci</b> - CCC 231
	11:00am - 11:30am	<b>Wellness 100 DT Presentation</b> - HEC 146

	12:30pm - 12:45pm	<b>English 211 DT Presentation - CCC 240</b>
	1:35pm - 1:50pm	<b>DT Presentation: ENG 150 - CCC 323</b>
	2:00pm - 2:10pm	<b>DT Presentation: ENG 150 - CCC 238</b>
	4:00pm - 4:30pm	<b>World Languages Department Meeting - CCC 305</b>
	5:30pm - 6:30pm	<b>DT Presentation: Smith Hall - Smith Hall Lobby</b>
	6:30pm - 7:30pm	<b>BSE Event: Lecture on DT - CPS 116</b>
	7:00pm - 7:30pm	<b>Suites Event- Pumpkin Spice Night - Suites Lobby</b>
<hr/>		
Wed Oct 14	11:00am - 11:15am	<b>DT Presentation- Bio 130 Labs - TNR 153</b>
	11:00am - 11:15am	<b>DT Presentation - ECON 110 - CPS 116</b>
	1:00pm - 1:45pm	<b>DT Presentation- Bio 130 Lab - TNR 153</b>
	2:00pm - 3:00pm	<b>DT Presentation - ECON 345 - CCC 106</b>
	5:00pm - 5:15pm	<b>Poli Sci 396 DT Presentation - CCC 314</b>
<hr/>		
Thu Oct 15	8:00am - 8:10am	<b>DT Presentation: EDUC 351 - CPS 326</b>
	9:00am - 9:30am	<b>Chem 105 DT Presentation - SCI D101</b>
	12:05pm - 12:15pm	<b>DT Presentation: ED 351 - CPS 233</b>
	12:35pm - 12:45pm	<b>DT Presentation: ED 351 - CPS 233</b>
	1:00pm - 1:15pm	<b>DT Presentation-Interior Architecture 160 - CPS 317</b>
	2:00pm - 2:30pm	<b>English 323 - CCC 207</b>
	3:30pm - 4:00pm	<b>DT Presentation-Volleyball team practice - Berg Gym</b>
	4:00pm - 5:00pm	<b>Smith Hall Program and Tabling</b>
<hr/>		
Fri Oct 16	11:35am - 11:50am	<b>DT Presentation: BIO 210 - TNR 120</b>
	12:00pm - 12:10pm	<b>DT Presentation: BIO 160 - SCI A208</b>
<hr/>		
Mon Oct 19	9:00am - 9:15am	<b>DT Presentation: GEOG 113 - SCI A201</b>
	9:30am - 9:45am	<b>WDMD 312 DT Presentation - SCI A224</b>
	9:35am - 9:50am	<b>DT Presentation: GEOG 113 - SCI A201</b>
	9:35am - 9:50am	<b>DT Presentation - WDMD 312 - SCIA224</b>
	11:00am - 11:15am	<b>ECON 111 - CCC 321</b>
	2:00pm - 2:15pm	<b>DT Presentation: Bus 321 - CCC 104</b>
	7:00pm - 7:30pm	<b>Centertainmet DT Presentation - DUC 211</b>
<hr/>		
Tue Oct 20	9:35am - 9:45am	<b>DT Acct. 370 - CPS 233</b>
	11:00am - 11:15am	<b>DT Presentation - REL 340 - CCC 104</b>
	12:30pm - 12:45pm	<b>DT Presentation - ENGL 150 - CCC 226</b>
	1:00pm - 1:15pm	<b>DT Presentation- Interior Architecture 160 - CPS 317</b>

	1:00pm - 1:15pm	<b>Supplemental Instructor (TLC Student Staff Meeting) - TLC</b>
	1:30pm - 1:50pm	<b>DT Presentation: Poli Sci 300 - CCC 213</b>
	2:00pm - 2:15pm	<b>DT Presentation - ENGL 150 - CCC 226</b>
	2:00pm - 2:10pm	<b>Acct. 410 - CAC 300</b>
	3:00pm - 3:30pm	<b>DT Presentation: Chem 101</b>
	4:00pm - 4:15pm	<b>Supplemental Instructor (TLC Student Staff Meeting) - TLC</b>
	4:30pm - 5:30pm	<b>DT Presentation RHA - Kate Kistner - DUC - Legacy</b>
	4:30pm - 5:30pm	<b>DT Presentation RHA - Kate Kistner - DUC - Legacy</b>
	5:15pm - 5:25pm	<b>Acct. 450 - CPS 310</b>
	5:50pm - 6:05pm	<b>DT Presentation: BIO 001 - TNR 170</b>
	6:00pm - 6:10pm	<b>DT Presentation: BIO 001 - TNR 170</b>
<hr/>		
Wed Oct 21	10:30am - 10:50am	<b>DT Presentation: FYS - SCI D214</b>
	11:00am - 11:30am	<b>FYS Class w/Jake Wozniak DT and SGA presentation - SCI D216</b>
	11:00am - 11:15am	<b>History 101 DT Presentation - NFAC 285</b>
	11:00am - 11:15am	<b>French 313</b>
	12:30pm - 1:00pm	<b>History 101 DT Presentation - CCC 227</b>
	1:00pm - 1:15pm	<b>History 101 DT Presentation - CCC 227</b>
	1:00pm - 1:15pm	<b>Psychology 110</b>
	4:00pm - 4:15pm	<b>DT Presentation: Math 109 - SCI A-wing</b>
	5:00pm - 5:15pm	<b>PRSSA DT Presentation - DUC Legacy Room</b>
	6:00pm - 6:30pm	<b>American Association of Chemists DT Presentation - SCI A113</b>
	6:45pm - 7:00pm	<b>Business 350</b>
<hr/>		
Thu Oct 22	9:30am - 9:45am	<b>Poli 394 DT Presentation - CCC 114</b>
	9:30am - 9:45am	<b>FYS 102 DT Presentation - CCC 322</b>
	10:00am - 10:30am	<b>NRES 250 - TNR 170</b>
	11:00am - 11:30am	<b>Poli 394 DT Presentation - CCC 114</b>
	1:00pm - 1:30pm	<b>NRES 250 DT Presentation - TNR 120</b>
	2:55pm - 3:15pm	<b>DT Presentation: FYS - SCI D223</b>
<hr/>		
Fri Oct 23	3:00pm - 3:15pm	<b>Supplemental Instructor (TLC Student Staff Meeting) - TLC</b>



Mon Oct 26	8:00am - 8:15am	<b>Business 370 DT Presentation - CPS 209</b>
	9:15am - 9:30am	<b>Bus. 370 - CPS 209</b>
	9:35am - 9:50am	<b>DT Presentation: Bus 353 - CCC 214</b>
	11:00am - 11:15am	<b>DT Presentation: Bus 336 - CCC 214</b>
	11:30am - 12:00pm	<b>DT Presentation: Math 355</b>
	3:30pm - 3:45pm	<b>DT Presentation: Bus 354 - CCC 104</b>
	6:30pm - 7:30pm	<b>Knut Hall Program</b>
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Tue Oct 27	8:00am - 1:00pm	<b>Kate Kistner DT Presentation - CCC</b>
	9:35am - 9:45am	<b>DT Presentation - ARTM 300 - CAC 315</b>
	12:00pm - 12:15pm	<b>NRES 341- DT Talk Before Class - TNR-271</b>
	12:30pm - 12:45pm	<b>Business 340</b>
	6:00pm - 6:30pm	<b>Baldwin Hall LT Meeting</b>
<hr/>		
Wed Oct 28	11:00am - 11:30am	<b>History 300</b>
	11:00am - 11:15am	<b>DT Presentation - ARTM 195 - CAC 239</b>
	12:00pm - 12:15pm	<b>POLI-101 DT Talk - CCC-234</b>
	3:30pm - 3:45pm	<b>Bus 344 DT Presentation - CPS 229</b>
	7:00pm - 7:15pm	<b>Neale Hall LT Meeting</b>
	8:00pm - 8:30pm	<b>Model U.N. DT Presentation - CCC 228</b>
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Thu Oct 29	11:00am - 11:30am	<b>Sociology 350</b>
	11:00am - 11:15am	<b>FYS w/ Valerie Barske DT Presentation - CCC 231</b>
	11:00am - 11:15am	<b>DT Presentation - NFAC Sculpture Room</b>
	11:30am - 11:45am	<b>History 176</b>
	1:00pm - 1:15pm	<b>Interior Architecture 160 DT Presentation - CPS 317</b>
	2:00pm - 3:00pm	<b>NRES 150- Dr. Shiba Kar - TNR-170</b>
	3:15pm - 4:15pm	<b>Track/Cross Country Team Meeting- DT Presentation - MAC</b>
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Fri Oct 30	9:00am - 10:00 am	<b>CPS College Student Org meeting DT Presentation - CPS</b>
<hr/>		
Sat Oct 31	2:30pm - 3:00pm	<b>Softball Meeting- DT Presentation - HEC Rm 146</b>
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## November 2015

Mon Nov 2	9:30am - 10:00am	<b>English 150 DT Presentation - CCC 226</b>
	9:30am - 9:45am	<b>German 340 - CCC 328</b>
	3:00pm - 4:00pm	<b>M/W Swimming and Diving Meeting- DT Presentation - Pool</b>
	4:45pm - 5:15pm	<b>Football Team Meeting- DT Presentation - SCI D101</b>
	8:00pm - 9:00pm	<b>350-Stevens Point DT Talk – CPS 107</b>
Tue Nov 3	8:00am - 8:15am	<b>English 202 - CCC 238</b>
	8:55am - 9:15am	<b>Arabic 2nd year - CCC 326</b>
	9:30am - 9:45am	<b>English 202 DT Presentation - CCC 238</b>
	10:00am - 10:15am	<b>German 313 DT Presentation - CCC 328</b>
	12:00pm - 12:15pm	<b>GEOG 279 DT Presentation - SCI B228</b>
	12:30pm - 12:45pm	<b>German 481 DT Presentation - CCC 328</b>
	4:30pm - 4:45pm	<b>Arabic 1st year - CCC 326</b>
	5:00pm - 6:00pm	<b>DT Presentation - RHA Exec</b>
	6:00pm - 7:00pm	<b>DT Presentation - RHA Exec</b>
	7:00pm - 8:00pm	<b>May Roach Program</b>
	7:00pm - 8:00pm	<b>DT Presentation - RHA Exec</b>
	7:15pm - 7:30pm	<b>Sports Medicine Club Meeting - HEC 146</b>
Wed Nov 4	9:00am - 9:15am	<b>German 211 DT Presentation - CCC 310</b>
	9:30am - 9:45am	<b>Spanish 340 DT Presentation - CCC 336</b>
	11:00am - 11:15am	<b>Spanish 313 DT Presentation - CCC 328</b>
	11:00am - 11:15am	<b>Spanish 340 DT Presentation - CCC 336</b>
	12:30pm - 12:45pm	<b>German 355 DT Presentation - CCC 328</b>
	2:00pm - 2:15pm	<b>Spanish 420 - CCC 304</b>
	6:00pm - 7:00pm	<b>DT Presentation - RHA Exec - Suites</b>
	6:00pm - 7:00pm	<b>DT Presentation - RHA Exec - Thomson</b>
Thu Nov 5	8:00am - 8:15am	<b>Spanish 101 DT Presentation - CCC 304</b>
	12:00pm - 12:15pm	<b>GEOG 279 DT Presentation - SCI B228</b>
	12:30pm - 12:45pm	<b>FLED 333 DT Presentation - CCC 334</b>
	12:45pm - 1:00pm	<b>Chinese 200 DT Presentation - CCC 124</b>
	1:45pm - 2:00pm	<b>Chinese 101 DT Presentation - CCC 124</b>
	2:45pm - 3:00pm	<b>Chinese 101 DT Presentation - CCC 124</b>

	3:00pm - 3:15pm	<b>GEOG 279 DT Presentation - SCI B228</b>
	3:30pm - 4:30pm	<b>DT Presentation RHA Exec - Baldwin Hall</b>
	3:30pm - 3:45pm	<b>Bus 337 DT Presentation - CPS 209</b>
	3:30pm - 3:45pm	<b>FYS 102 DT Presentation - CCC 332</b>
	4:00pm - 5:00pm	<b>DT Presentation - RHA Kate - Smith Hall</b>
	5:00pm - 6:00pm	<b>DT Presentation - RHA Kate - May Roach</b>
	5:00pm - 6:00pm	<b>COOL in the TNR - TNR 320</b>
	5:00pm - 6:00pm	<b>DT Presentation - RHA Kate - May Roach</b>
	6:00pm - 7:00pm	<b>Hyer Hall Tabling</b>
	6:00pm - 6:30pm	<b>Parks and Recreation Association</b>
	6:00pm - 6:30pm	<b>Parks and Recreation Association</b>
	7:00pm - 8:00pm	<b>DT Presentation - RHA Exec - Steiner</b>
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Fri Nov 6	8:00am - 8:30am	<b>UC Store DT Meeting - University store and text rental</b>
	5:00pm - 6:00pm	<b>DT Presentation - RHA Exec - Watson</b>
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Sat Nov 7	3:30pm - 4:30pm	<b>DT Presentation - Kate RHA - Hyer Hall</b>
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Mon Nov 9	10:00am - 10:30am	<b>DT Presentation: NRES 301 - CCC 101</b>
	10:00am - 10:15am	<b>Spanish 211 DT Presentation - CCC 310</b>
	11:00am - 11:15am	<b>Geography 279 - Science B228</b>
	11:00am - 11:15am	<b>Spanish 211 - CCC 310</b>
	12:00pm - 12:15pm	<b>Spanish 211 DT Presentation - CCC 310</b>
	1:00pm - 2:00pm	<b>Ed. 205 DT Pres. - CPS</b>
	5:00pm - 5:15pm	<b>History 102 DT Presentation - CCC 227</b>
	6:00pm - 7:00pm	<b>DT Presentation - RHA Exec - Burroughs</b>
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Tue Nov 10	10:00am - 10:15am	<b>Econ 110 DT Presentation - CCC 227</b>
	11:00am - 11:15am	<b>History 351 DT Presentation - CCC 224</b>
	2:00pm - 2:15pm	<b>Religion 100 DT Presentation - CCC 128</b>
	3:30pm - 3:45pm	<b>History 101 - CAC 333</b>
	5:00pm - 6:00pm	<b>English 392 - RHA Exec - CCC</b>
	5:00pm - 5:15pm	<b>Religion 100 DT Presentation - CCC 128</b>
	6:30pm - 7:30pm	<b>Watson Hall DT Program - Watson Hall</b>
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## Appendix C - Pointer Partnership Referendum

**Do you support the approval and implementation of the Pointer Partnership Differential Tuition Program\* at the University of Wisconsin-Stevens Point through a staggered implementation\*\*?**

**To see more information about the proposed Pointer Partnership Differential Tuition Program click here <https://sites.google.com/site/dtvote/>**

\* In its full implementation, the Pointer Partnership will be managed by the Pointer Partnership Advisory Board, which will always maintain a majority of students, and the Chancellor and will cost \$200/semester, pro-rated by credit. The money collected through the Pointer Partnership will be directed towards the three following areas, each of which will receive approximately 1/3 of the collected funding when fully implemented:

1. Additional instructional positions to alleviate bottleneck courses in high demand areas
2. Creation of a new academic advising model following the guidelines set forth by the Memorandum of Understanding Between the UW-Stevens Point Student Government Association and the Division of Academic Affairs through the following Memorandum of Understanding Regarding Academic and Career Advising and Differential Tuition ([Click Here](#) to review this document)
3. Financial aid to help alleviate the cost of Differential Tuition for students with the highest financial need.

\*\*The implementation of the Pointer Partnership will be staggered by class, which will be defined by credit and follow current UWSP guidelines, see below:

Year One/Academic year 2016-2017:

Freshman--\$200/semester  
Sophomore-- \$200/semester  
Junior--\$100/semester  
Senior--\$0/semester

Year Two/Academic year 2017-2018:

Freshman--\$200/semester  
Sophomore--\$200/semester  
Junior--\$200/semester  
Senior--\$100/semester

Year Three/Academic year 2018-2019:

Freshman--\$200/semester  
Sophomore--\$200/semester  
Junior--\$200/semester  
Senior--\$200/semester

### Appendix D - Previous Student Elections/Referendums

Year	Vote	Eligible Students	Total Votes	Turnout
2014	SGA President/Vice President Elections	9,321	1,255	13.5%
2014	Student Referendum	9,321	1,540	16.5%
2013	SGA President/Vice President Elections	9,643	1,105	11.5%
2013	Student Referendum	9,643	1,118	11.6%
2012	SGA President/Vice President Election	9,677	1094	11.3%
2011	SGA President/Vice President Elections	9,477	664	7.0%
2010	SGA President/Vice President Elections	9,489	1,352	14.2%

## UW-Eau Claire Alumni Tuition Rate Proposal

### BUSINESS AND FINANCE COMMITTEE

#### Resolution:

That, upon the recommendation of the Chancellor of the University of Wisconsin-Eau Claire and the President of the University of Wisconsin System, the Board of Regents approves the implementation of an alumni tuition rate that is 25 percent below the undergraduate resident tuition rate at UW-Eau Claire, beginning fall 2016. The rate will be charged to resident and nonresident undergraduate alumni who commit to graduating within four years and then successfully graduated within that time. The tuition plateau and applicable segregated fees will also apply. This pilot program will sunset for newly enrolled participants in 2020.

## **UW-EAU CLAIRE ALUMNI TUITION RATE PROPOSAL**

### **BACKGROUND**

UW-Eau Claire proposes an alumni tuition rate for recent graduates that will further encourage graduation within four years, promote ongoing learning, enhance employability, develop skills, and grow the workplace contributions of alumni. Under the program, alumni will receive a 25-percent discount on undergraduate resident tuition for five years after graduation, if they graduate within four years.

### **REQUESTED ACTION**

Approval of Resolution I.2.f.

### **DISCUSSION AND RECOMMENDATIONS**

In response to changing workplace needs and student learning opportunities, UW-Eau Claire is committed to preparing the talent Wisconsin needs.

The first priority of UW-Eau Claire is to enable as many students as possible to graduate with a Blugold degree in four years. To do so, Eau Claire is restructuring advising and student services to offer a meaningful four-year graduation guarantee. UW-Eau Claire would like to encourage its students to graduate within that time period and if desired, continue taking courses after graduating by offering a reduced rate for alumni. A reduced rate will encourage ongoing learning and provide additional experience, knowledge, and skills that will enhance workplace contributions by UW-Eau Claire alumni.

Continuing a learning connection with UW-Eau Claire not only benefits its graduates and regional employers, but also strengthens UW-Eau Claire's relationship with Blugold alumni as they progress in their careers.

#### ***Proposal Details***

Only first-time, full-time freshmen who commit to a four-year graduation plan and successfully graduate within four years or less will be eligible for the alumni tuition rate. An alumni tuition rate particularly benefits students taking additional certifications (such as in accounting or education), pursuing a second language or business skill to enhance employability, or supplementing skills needed for a career shift.

Learning opportunities would be offered only to UW-Eau Claire graduates in good standing, which would minimize competition to other UW System universities. The courses would be offered to alumni on a space-available basis.

A 25 percent discount on UW-Eau Claire undergraduate tuition will be offered for additional undergraduate credits taken after graduation for up to five years. The new rate will not cover independent study, internships, student teaching, practica, graduate classes, or immersive experiences (such as domestic or international study).

For example, if the alumni tuition rate had begun this year, it would have been \$241.11 per credit for most undergraduate courses at UW-Eau Claire:

<b>Example Per Credit Rate</b>		
	Resident Undergraduate Rate	Alumni Rate
Undergraduate Courses 2015-16	\$306.72	\$241.11
Undergraduate Material Science and Engineering Courses 2015-16	\$365.05	\$284.86
Note: The Alumni rate includes 100 percent of the differential tuition (\$44.29/credit).		

The alumni rate discounts UW-Eau Claire's resident tuition rate; the resulting tuition is applicable for all qualified Blugold graduates, regardless of residency status. Undergraduate fees that relate to the courses taken by the alumni (including special course fees) will be applied.

There is no limit to the number of courses students can take during the five years they are eligible. This applies to undergraduate classes offered during the regular academic year and during winterim or summer sessions. The alumni tuition rate also applies to online classes.

All courses under this program will be subject to availability. Students will have an opportunity to register for classes after current undergraduates complete their registration. If an offered class is already filled with undergraduate students, alumni program applicants would need to seek another class or wait until it is offered again – participation does not guarantee class availability.

### ***Proposal Implementation***

UW-Eau Claire's alumni tuition rate will be made available to current UW-Eau Claire students who enrolled as full-time freshmen and who graduate within four years or less from their initial enrollment. This could include current seniors who graduate in May. Marketing to prospective students and their families will begin in spring 2016, and registration will begin in fall 2016.

Potential revenue from this program is indeterminable because the level of participation is unknown at this time.

This pilot program will lapse after five years (2021) without further action by the Board of Regents. If the Board of Regents does not continue the program, then no new students can enroll



in the program after fall 2021. All students that commit to a four-year graduation through fall 2021 and successfully graduate within four years will be grandfathered into the program, and UW-Eau Claire will honor its commitment to provide alumni tuition.

### ***Minnesota Reciprocity***

Minnesota Reciprocity will not apply to this program because there will not be a nonresident rate charged to alumni. Under the Minnesota Reciprocity Agreement, students enrolled in courses, programs, and/or institutions that do not charge a nonresident tuition rate shall not be eligible for the reciprocity rate, nor will they be counted under the agreement.

## **RELATED REGENT POLICIES**

Wis. Stat. § 36.27(1): “...the board may establish for different classes of students differing tuition and fees incidental to enrollment in educational programs or use of facilities in the system. Except as otherwise provided in this section, the board may charge any student who is not exempted by this section a nonresident tuition. The board may establish special rates of tuition and fees for the extension and summer sessions and such other studies or courses of instruction as the board deems advisable.”

Regent Policy Document (RPD) 32-5: Tuition Policy Principles

Regent Policy Document (RPD) 32-2: Nonresident Tuition Remission Delegated to Chancellors

Review and approval of Changes to Regent Policy Documents  
Related to Information Systems and Technology

BUSINESS AND FINANCE COMMITTEE

Resolution I.2.g.1.:

That, upon the recommendation of the President of the University of Wisconsin System, the Board of Regents directs the removal from the Regent Policy Documents of Regent Policy Document 25-1, "Telecommunications Planning and Operations," because it is obsolete.

Review and approval of Changes to Regent Policy Documents  
Related to Information Systems and Technology

BUSINESS AND FINANCE COMMITTEE

Resolution I.2.g.2.:

That, upon the recommendation of the President of the University of Wisconsin System, the Board of Regents directs the removal from the Regent Policy Documents of Regent Policy Document 25-2, "Guide to Plan and Implement Management Information Systems," because it is obsolete.

Review and approval of Changes to Regent Policy Documents  
Related to Information Systems and Technology

BUSINESS AND FINANCE COMMITTEE

Resolution I.2.g.3.:

That, upon the recommendation of the President of the University of Wisconsin System, the Board of Regents approves the attached revisions to Regent Policy Document 25-4, to be renamed “Strategic Planning and Large or High Risk Projects.”

## **REGENT POLICY DOCUMENT REVIEW INFORMATION SYSTEMS AND TECHNOLOGY**

### **BACKGROUND**

The UW System Board of Regents' policies are codified in Regent Policy Documents that have been adopted over time, some dating back to the creation of the UW System. The Board has adopted these policies under the authority granted in Chapter 36 of the Wisconsin Statutes. The Regent Policy Documents (RPDs) address a wide array of subjects, including academic policies and programs, contracts, student activities, and trust and investment policies.

Section 25 of the Regent Policy Documents, relating to information systems and technology, has been reviewed as part of the regular updating of Regent Policy Documents. As part of this review, each policy was analyzed in light of its original purpose, whether that purpose still exists, and the likely effects of removing or amending the policy.

Currently, there are three policies in this section, none of which have been amended since their initial inception. The most recently introduced policy was RPD 25-4 in 2008.

### **REQUESTED ACTIONS**

Adoption of Resolution I.2.g.1 which removes Regent Policy Document 25-1, "Telecommunications Planning and Operations."

Adoption of Resolution I.2.g.2 which removes Regent Policy Document 25-2, "Guide to Plan and Implement Management Information Systems."

Adoption of Resolution I.2.g.3 which amends Regent Policy Document 25-4, "Policy for Large or Vital Information Technology (IT) Projects," to be renamed "Strategic Planning and Large or High-Risk Projects."

### **DISCUSSION**

The Office of Learning and Information Technology Services is recommending the removal of two Regent Policy Documents and the amendment of one other Regent Policy Document. Provided below are brief descriptions of each policy, the policy's current status, including a reason for removal or amendment, and the effects of the policy's removal or amendment. The amended Regent Policy Document, highlighting changes to the existing policy, is provided for the Board's review.

#### **RPDs Recommended for Removal**

The following Regent Policy Documents are recommended for removal:

1. RPD 25-1, “Telecommunications Planning and Operations”

Resolution 5069, adopted by the Board of Regents in October 1988, directs the System President and System Administration to implement the recommendations of the UW System President’s Taskforce on Telecommunications. Recommendations include the development of academic and administrative networking capabilities, the establishment of video and audio conferencing capabilities, the creation of a Telecommunications Coordinating Council, and the implementation of a telecommunications network.

Consideration and implementation of the taskforce’s recommendations has occurred in the 27 years since this policy was approved by the Board of Regents. This policy (Appendix A) is obsolete and is recommended for removal.

2. RPD 25-2, “Guide to Plan and Implement Management Information Systems”

Resolution 5070, adopted by the Board of Regents in October 1988, directed the System President to implement the report recommendations of the Strategic Planning Group on Management Information Systems. The central recommendation contained in the report was to implement a distributed approach to management information systems under a singular strategic plan.

The recommendations contained in the report are obsolete and consideration of the underlying recommendations provided in the report has long since occurred. This policy (Appendix B) is recommended for removal.

**RPD Recommended for Revision**

In addition to removing two obsolete policies, the Board is asked to consider amending the following policy:

RPD 25-4, “Policy for Large or Vital Information Technology Projects”

In April 2008, the Board of Regents adopted resolution 9458 related to large or vital information technology projects within the UW System. The policy was adopted in response to 2007 Wisconsin Act 20, which required the Board of Regents to manage and report on “large and high-risk projects.” The policy specifies requirements as to the governance, management and monitoring of all information technology projects that are under *Wis Stat.* 36.59 (2).

The revised policy (Appendices C and D) now includes for reference the statutorily required components of each strategic plan that is to be submitted to the Board of Regents. Primarily, however, amendments to RPD 25-4 focus on the reporting of large and high-risk projects. The existing policy requires the reporting of information technology projects where failure to complete the project on time or on budget would prevent the UW System or the institution from operating its essential systems for a period

of 30 days or more. The revised policy now requires a project be defined as “high-risk” in situations where failure to complete the project would have prevented the fulfillment of essential operations for 10 days or more. The amendment recognizes the substantial risk that failure to complete a project could bring to the UW system and UW institutions, even over a shorter period of time.

The policy now clarifies that the required reports on large and high-risk projects shall be submitted to the Board of Regents prior to the reports being sent to the Joint Committee on Information Technology. Additionally, references to the UW System Administration Project Management Office have been removed as that office no longer exists. The Office of Learning and Information Technology Systems will assume the responsibilities assigned to the Project Management Office, as is currently the practice.

The amended policy also clarifies that the Board of Regents is required to report on and define “large and high-risk” projects under *Wis Stat.* 36.59 (2). Currently, the policy substitutes this specific statutory term with references to reporting on “high-cost” and “vital” projects. Finally, the title of the policy is amended to reflect the scope of the policy for both strategic planning and the oversight of large and high-risk information technology projects.

## **RELATED REGENT POLICIES**

RPD 25-1, “Telecommunications Planning and Operations”

RPD 25-2, “Guide to Plan and Implement Management Information Systems”

RPD 25-4, “Policy for Large or Vital Information Technology (IT) Projects”



## **Regent Policy Document 25-1**

### **Telecommunications Planning and Operations**

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The Board of Regents directs the President and the University of Wisconsin System Administration to implement, as soon as possible, the recommendations of the Telecommunications Task Force Report according to the planning and implementation schedules and in coordination with appropriate state agencies. The report shall be used to guide telecommunications planning and operations at all University of Wisconsin System Institutions. The document may be obtained from the Office of the University of Wisconsin System Senior Vice President for Administration.

*History: Res. 5069 adopted 10/7/88.*

#### **OFFICE OF THE BOARD OF REGENTS**

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## **Regent Policy Document 25-2**

### **Guide to Plan and Implement Management Information Systems**

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The Board of Regents adopts the report of the University of Wisconsin System Strategic Planning Group on Management Information Systems to be used as a guide for planning and implementing management information systems in the University of Wisconsin System;

Further, the Board of Regents directs the President and the University of Wisconsin System to implement the recommendations of the report including the recommendation for the establishment of a technical planning committee and other initiatives contained therein, within the limitations of the availability of resources;

The Board of Regents further directs that the Management Information Systems Strategic Planning Group report be used to guide planning of management information systems at all University of Wisconsin System Institutions. (The report may be obtained from the Office of the Secretary of the Board of Regents.)

*History: Res. 5070 adopted 10/7/88.*

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### **SEE ALSO:**

Financial & Administrative Policies, G20: Computing Acquisitions Responsibility and Authority (<https://www.wisconsin.edu/financial-administration/financial-administrative-policies-procedures/gapp-numeric-index/g20-computing-acquisitions-responsibility-and-authority/>)

Financial & Administrative Policies, F33: Accountability for Capital Equipment (<https://www.wisconsin.edu/financial-administration/financial-administrative-policies-procedures/fppp/33-accountability-for-capital-equipment/>)

Financial & Administrative Policies, F48: Laboratory and Classroom Modernization and General Computer/Network Access (<https://www.wisconsin.edu/financial-administration/financial-administrative-policies-procedures/fppp/f48-laboratory-and-classroom-modernization-and-general-computernetwork-access/>)

*[UW System Administration policies are included for reference and are separate from Regent Policy Documents adopted by the Board.]*

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## Appendix C

### RPD 25-4, Changes Marked

Regent Policy Document 25-4

#### Strategic Planning and Policy for Large or Vital Information Technology (IT) High Risk Projects

##### Scope

This policy applies to all UW System institutions and UW System Administration.

##### Purpose

Section 36.59, Wis. Stat., requires all UW institutions and UW Colleges' campuses to adopt and submit to the Board of Regents annual strategic plans for the utilization of information technology. This statutory section also requires the Board to define and identify large, high-risk projects and develop policies and procedures for implementing, evaluating, and monitoring such projects. This policy implements the requirements of Wis. Stat. 36.59 which coordinates information technology strategic planning across the UW System, and specifies management and reporting requirements related to large or high-risk information technology projects.

##### Policy Statement

It is the policy of the UW System Board of Regents to ensure efficient and effective use of resources and compliance with statutory requirements by requiring all UW institutions to develop annual strategic plans related to information technology, and by promulgating policies related to large and high-risk information technology projects.

##### Information Technology Strategic Planning

1) ~~The University of Wisconsin~~ System Administration and each UW ~~i~~nstitution will submit a "Strategic Plans for ~~I~~nformation technology Projects" to the Board of Regents each year by March 1. ~~The institutional strategic plans for March 1, 2008 shall be those already developed and implemented. Those institutions without an IT strategic plan shall develop a plan to submit by March 1, 2009.~~ Per Wis. Stat. 36.59 (1), each strategic plan shall include:

- A justification for each project, including the anticipated benefits of each project included in the plan.
- A statement on the business needs of the UW System or institution and how the projects included in the plan would address those needs.
- The priority for undertaking projects included in the plan.
- An identification of any changes to the functioning of the UW System or the institution under the plan.
- A separate identification of the following projects in each plan:
  - Projects that are able to be initiated using existing resources available to the UW System or the institution.

- Projects that would require additional resources being devoted to the UW System or the institution before implementation of the project is possible.

Additionally, As a part of the plan, but in a separate document, the UW System Administration and each institution must identify all high-cost (exceeding \$1,000,000) and IT large or high-risk information technology projects, as defined in the next section of this policy. The Office of Learning and Information Technology Services (OLITS) shall use this information to prepare the March 1 report on Large or High-Risk Information Technology Projects to the Joint Committee on Information Policy and Technology.

### Large or High-Risk Information Technology Projects

No later than March 1 and September 1 of each year, the Board of Regents is required to submit to the Joint Committee on Information Policy and Technology a report that on large, high-risk information technology projects within the UW System. The Board of Regents shall review these reports prior to submission to the Joint Committee on Information Policy and Technology. An information technology project, ongoing or proposed, shall be that are vital to the functions of the system, institution or college campus, including ongoing IT projects (in the process of implementation) and proposed projects.

a) ~~UW System and each UW institution will designate~~ a project as large or high cost or vital risk if:

- ~~i) The project exceeds or is projected to exceed total cost is greater than \$1,000,000 million<sup>1</sup>; or~~
- ~~ii) The project is or is projected to be vital to the functions of the system, institution or college campus. A project shall be deemed "vital" if failure to complete the project on time or on budget would prevent the system, the or any -institution within the system or the campus from running any of its enterprise-wide systems or fulfilling any of its essential missions of instruction, research, extended training or public service for 30 ten days or more.~~

~~b) Policies governing High Cost and Vital Projects at a UW System and UW institutions:~~  
Each UW institution shall comply with the following requirements for large or high-risk information technology projects:

- ~~1. i) Every project must have a governance structure that includes executive sponsors, a project steering committee, a project manager, and an appropriate implementation team.~~
- ~~2. ii) Every project must have a Pproject Ccharter containing a clear business case, detailed project objectives, project principles, project structure, project management strategies, and project management controls.~~
- ~~1. —~~
- ~~3. iii) Every project must have a communication plan.~~

---

<sup>1</sup> GPR-funded staff reassigned to a project are not considered part of a project's cost. Any staff hired to backfill for GPR funded staff assigned to a project are considered part of a project's cost.

4. ~~iv)~~ Every project must identify affected business processes before implementation begins, and establish effective change control procedures when the complexity of the business process or policy requires modifications or customizations to the software application.

2. —

5. ~~v)~~ Every project must have a project plan, timeline and budget at the beginning of implementation.

6. ~~vi)~~ The project plan must address the issue of independent project quality assurance (i.e., outside audits).

3. —

4. ~~vii)~~ In the event that a project proposal recommends some solution other than a commercial off-the-shelf (COTS) product the proposal must contain:

- a. ~~(1)~~ An analysis of five year costs associated with purchase and maintenance of the COTS product versus the cost to build or support the product.
- b. ~~(2)~~ An analysis of business requirements and needs

5. ~~8. viii)~~ Each of the above elements ~~(i. through vii.)~~ of all UW System and UW institution high cost or vital projects must be submitted to the IWSA Project Management Office (PMO) for review before the beginning of the implementation phase. for each large and high-risk project to OLITS for review prior to implementation. These same elements ~~will~~ shall also be included in the “~~S~~strategic ~~P~~plan for ~~I~~information technology ~~P~~projects” report to the Board of Regents by March 1 of each year. ~~4.~~

**~~2) Policies and procedures for routine monitoring of large or vital information technology projects:~~**  
**~~For Individual Universities or Colleges~~**

Each UW institution shall comply with the following requirements for monitoring large or high-risk information technology projects:

a) ~~1.~~ — ~~An institutional university~~ project steering committee shall be established to provides management oversight of individual campus projects, including:

- a. ~~i)~~ Aapproval of all project specification changes;
- b. ~~ii)~~ Aapproval of all timeline changes; and
- c. ~~iii)~~ Aapproval of all cost changes.

b) ~~2.~~ — The ~~university~~ institutional project steering committee ~~must~~ shall:

i) ~~C~~onfer with ~~the UW System Office of Project Management (UWSA PMO)~~ OLITS before discontinuing or substantially modifying a large or ~~vital~~ high-risk information technology project; and

a. —

b. ~~ii)~~ Provide ~~the UWSA PMO~~ OLITS with a quarterly project progress report. ~~(including all elements outlines in 2.d.i.1 below) to be included in the semi-annual BOR report (June 1<sup>st</sup> and December 1<sup>st</sup>) to the Joint Committee on Information Policy and Technology (JCPT)~~ OLITS shall use information from these reports to

prepare the statutorily required reports on large or high-risk information technology projects. The quarterly progress report shall contain the following elements:

1. original and updated project costs;
2. original and updated project timelines;
3. explanation of major cost or timeline changes;
4. executive summary of previously unreported contracts related to an information technology project;
5. funding sources for each project, including master leases; and
6. project status.

***For UW System***

UW System Administration shall comply with the following requirements for monitoring large or high-risk information technology projects:

e)1. —All major UW System ~~IT~~information technology projects are managed and monitored by the ~~UWSA PMO~~LITS, and governed by ~~S~~system--wide or institutional ~~E~~xecutive ~~S~~teering ~~C~~committees. The ~~S~~teering ~~C~~committees provide management oversight of individual ~~S~~ystem--wide projects, including:

- a. ~~i)~~Approval of all project specification changes;
- b. ~~ii)~~Approval of all timeline changes; and
- c. ~~iii)~~Approval of all cost changes.

d)2. —The Common Systems Review Group (CSRG) monitors the budget and fiscal health of each ~~S~~ystem--wide project. ~~The responsibilities of CSRG responsibilities include~~are as follows:

i)a. —Provides to the BOR progress reports for each ~~Include any applicable~~ System--sponsored projects ~~prior to the BOR report to JCPT on June 1<sup>st</sup> and December 1<sup>st</sup> in~~ the reports on large or high-risk information technology projects. The progress reports will include ~~following information on such projects shall be provided:~~

- ~~(1).~~Ooriginal and updated project costs;
- ~~(2).~~Ooriginal and updated project timelines;
- ~~(3).~~Explanation of major cost or timeline changes;
- ~~(4).~~Executive summary of previously unreported contracts related to an IT project;
- ~~(5).~~Ffunding sources for each project, including master leases; and
- ~~(6).~~Pproject status.

ii)b. Provide ~~R~~ecommendations to the ~~UW System President and~~ chancellors ~~and~~ president on all ~~S~~ystem--wide projects;

iii) ~~Recommends to the chancellors and president~~ all project funding on an annual basis;

iv) ~~Recommends to the chancellors and president~~ any extraordinary increases in total CSRG project funding; and

v) ~~Recommends to the chancellors and president~~ the discontinuingation or significantly modifyingication of any projects.

vi)c. ~~Creates~~ Development of a Ssystem-wide ITinformation technology Pplan  
for due to the Board Oof Regents by March 1<sup>st</sup> each year.

~~[1] GPR funded staff reassigned to a project are not considered part of a project's cost. Any staff hired to backfill for GPR funded staff assigned to a project are considered part of a project's cost.~~

### **Oversight, Roles, and Responsibilities**

Chancellors are responsible for submitting annual strategic plans and quarterly institutional progress reports to the UW System Office of Learning and Information Technology Services.

The Office of Learning and Information Technology Services is responsible for:

1. Reviewing plans for all large or high-risk information technology projects prior to implementation.
2. Monitoring the implementation of all large or high-risk information technology projects and consulting with UW System institutions that wish to discontinue large or high-risk information technology projects.
3. Coordinating and preparing the information technology strategic planning reports due to the Board of Regents by March 1 each year.
4. Coordinating and presenting to the Board of Regents the reports on large or high-risk information technology projects.

### **Related Regent Policies and Applicable Laws**

Wis Stat. 36.59 Information Technology

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History: Res. 9458 adopted 4/11/08, Res. xxxxx, adopted on xx/yy/zzzz, amended Regent Policy Document 25-4.

## Appendix D

### RPD 25-4, Proposed Final Version

Regent Policy Document 25-4

#### Strategic Planning and Large or High Risk Projects

##### Scope

This policy applies to all UW System institutions and UW System Administration.

##### Purpose

Section 36.59, Wis. Stat., requires all UW institutions and UW Colleges' campuses to adopt and submit to the Board of Regents annual strategic plans for the utilization of information technology. This statutory section also requires the Board to define and identify large, high-risk projects and develop policies and procedures for implementing, evaluating, and monitoring such projects. This policy implements the requirements of *Wis. Stat.* 36.59 which coordinates information technology strategic planning across the UW System, and specifies management and reporting requirements related to large or high-risk information technology projects.

##### Policy Statement

It is the policy of the UW System Board of Regents to ensure efficient and effective use of resources and compliance with statutory requirements by requiring all UW institutions to develop annual strategic plans related to information technology, and by promulgating policies related to large and high-risk information technology projects.

##### Information Technology Strategic Planning

UW System Administration and each UW institution will submit strategic plans for information technology projects to the Board of Regents each year by March 1. Per Wis. Stat. 36.59 (1), each strategic plan shall include:

- A justification for each project, including the anticipated benefits of each project included in the plan.
- A statement on the business needs of the UW System or institution and how the projects included in the plan would address those needs.
- The priority for undertaking projects included in the plan.
- An identification of any changes to the functioning of the UW System or the institution under the plan.
- A separate identification of the following projects in each plan:
  - Projects that are able to be initiated using existing resources available to the UW System or the institution.
  - Projects that would require additional resources being devoted to the UW System or the institution before implementation of the project is possible.



Additionally, as a part of the plan but in a separate document, UW System Administration and each institution must identify large or high-risk information technology projects, as defined in the next section of this policy. The Office of Learning and Information Technology Services (OLITS) shall use this information to prepare the March 1 report on Large or High-Risk Information Technology Projects to the Joint Committee on Information Policy and Technology.

#### Large or High-Risk Information Technology Projects

No later than March 1 and September 1 of each year, the Board of Regents is required to submit to the Joint Committee on Information Policy and Technology a report that on large, high-risk information technology projects within the UW System. The Board of Regents shall review these reports prior to submission to the Joint Committee on Information Policy and Technology. An information technology project, ongoing or proposed, shall be designated as large or high risk if:

- The project exceeds or is projected to exceed \$1,000,000<sup>1</sup>; or
- The project is or is projected to be vital to the functions of the system, institution or college campus. A project shall be deemed “vital” if failure to complete the project on time or on budget would prevent the system or any institution within the system from running any of its enterprise-wide systems or fulfilling any of its essential missions of instruction, research, extended training or public service for ten days or more.

Each UW institution shall comply with the following requirements for large or high-risk information technology projects:

1. Every project must have a governance structure that includes executive sponsors, a project steering committee, a project manager, and an appropriate implementation team.
2. Every project must have a project charter containing a clear business case, detailed project objectives, project principles, project structure, project management strategies, and project management controls.
3. Every project must have a communication plan.
4. Every project must identify affected business processes before implementation begins, and establish effective change control procedures when the complexity of the business process or policy requires modifications or customizations to the software application.
5. Every project must have a project plan, timeline and budget at the beginning of implementation.
6. The project plan must address the issue of independent project quality assurance (i.e., outside audits).

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<sup>1</sup> GPR-funded staff reassigned to a project are not considered part of a project’s cost. Any staff hired to backfill for GPR funded staff assigned to a project are considered part of a project’s cost.

7. In the event that a project proposal recommends some solution other than a commercial off-the-shelf (COTS) product the proposal must contain:
  - a. An analysis of five year costs associated with purchase and maintenance of the COTS product versus the cost to build or support the product.
  - b. An analysis of business requirements and needs
8. Each of the above elements must be submitted for each large and high-risk project to OLITS for review prior to implementation. These same elements shall also be included in the strategic plan for information technology projects report to the Board of Regents by March 1 of each year.

Each UW institution shall comply with the following requirements for monitoring large or high-risk information technology projects:

1. An institutional project steering committee shall be established to provide management oversight of individual campus projects, including:
  - a. approval of all project specification changes;
  - b. approval of all timeline changes; and
  - c. approval of all cost changes.
2. The institutional project steering committee shall:
  - a. confer with OLITS before discontinuing or substantially modifying a large or high-risk information technology project; and
  - b. provide OLITS with a quarterly project progress report. OLITS shall use information from these reports to prepare the statutorily required reports on large or high-risk information technology projects. The quarterly progress report shall contain the following elements:
    1. original and updated project costs;
    2. original and updated project timelines;
    3. explanation of major cost or timeline changes;
    4. executive summary of previously unreported contracts related to an information technology project;
    5. funding sources for each project, including master leases; and
    6. project status.

UW System Administration shall comply with the following requirements for monitoring large or high-risk information technology projects:

1. All major UW System information technology projects are managed and monitored by OLITS, and governed by system-wide or institutional executive steering committees. The steering committees provide management oversight of individual system-wide projects, including:
  - a. approval of all project specification changes;
  - b. approval of all timeline changes; and
  - c. approval of all cost changes.

2. The Common Systems Review Group (CSRG) monitors the budget and fiscal health of each system-wide project. The responsibilities of CSRG are as follows:
  - a. Include any applicable System-sponsored projects in the reports on large or high-risk information technology projects. The following information on such projects shall be provided:
    1. original and updated project costs;
    2. original and updated project timelines;
    3. explanation of major cost or timeline changes;
    4. executive summary of previously unreported contracts related to an IT project;
    5. funding sources for each project, including master leases; and
    6. project status.
  - b. Provide recommendations to the UW System President and chancellors on all system-wide projects; all project funding on an annual basis; any extraordinary increases in total CSRG project funding; and the discontinuation or significant modification of any project.
  - c. Development of a system-wide information technology plan due to the Board of Regents by March 1 each year.

### **Oversight, Roles, and Responsibilities**

Chancellors are responsible for submitting annual strategic plans and quarterly institutional progress reports to the UW System Office of Learning and Information Technology Services.

The Office of Learning and Information Technology Services is responsible for:

1. Reviewing plans for all large or high-risk information technology projects prior to implementation.
2. Monitoring the implementation of all large or high-risk information technology projects and consulting with UW System institutions that wish to discontinue large or high-risk information technology projects.
3. Coordinating and preparing the information technology strategic planning reports due to the Board of Regents by March 1 each year.
4. Coordinating and presenting to the Board of Regents the reports on large or high-risk information technology projects.

### **Related Regent Policies and Applicable Laws**

*Wis Stat. 36.59 Information Technology*

*History: Res. 9458 adopted 4/11/08. Res. xxxxx, adopted on xx/yy/zzzz, amended Regent Policy Document 25-4.*

UW-Madison Contractual Agreement  
with Novartis Pharmaceuticals Corporation

BUSINESS AND FINANCE COMMITTEE

Resolution:

That, upon the recommendation of the Chancellor of the University of Wisconsin-Madison and the President of the University of Wisconsin System, the Board of Regents approves the contractual agreement between the Board of Regents of the University of Wisconsin System, doing business as UW-Madison, and Novartis Pharmaceuticals Corporation.

**UW-MADISON CONTRACTUAL AGREEMENT  
WITH NOVARTIS PHARMACEUTICALS  
CORPORATION EXECUTIVE SUMMARY**

**BACKGROUND**

UW System Board of Regents policy requires any grant or contract with private profit-making organizations in excess of \$500,000 be presented to the Board for formal approval prior to execution.

**REQUESTED ACTION**

Adoption of Resolution I.2.h., approving the contractual agreement between the Board of Regents and Novartis Pharmaceuticals Corporation.

**DISCUSSION AND RECOMMENDATIONS**

The University of Wisconsin-Madison School of Medicine and Public Health, with assistance from the Office of Research and Sponsored Programs at the University of Wisconsin-Madison, has negotiated a Sponsored Research Agreement with Novartis Pharmaceuticals Corporation. In consideration for providing the requested research, Novartis Pharmaceuticals Corporation shall pay the University \$558,627.89. The research project is anticipated to be conducted during the period from February 22, 2015 through completion of the study. The research will be conducted in the department of Pediatrics under the direction of Dr. Christian Capitini.

The study is titled, “A Phase II, single arm, multicenter trial to determine the efficacy and safety of CTL019 in pediatric patients with relapsed and refractory B-cell acute lymphoblastic leukemia” The research is a Novartis-sponsored clinical trial.

**RELATED REGENT POLICIES**

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

UW-Madison Contractual Agreement  
with IDx, LLC.

BUSINESS AND FINANCE COMMITTEE

Resolution:

That, upon the recommendation of the Chancellor of the University of Wisconsin-Madison and the President of the University of Wisconsin System, the Board of Regents approves the contractual agreement between the Board of Regents of the University of Wisconsin System, doing business as UW-Madison, and IDx, LLC.

**UW-MADISON CONTRACTUAL AGREEMENT  
WITH IDX, LLC.**

**EXECUTIVE SUMMARY**

**BACKGROUND**

UW System Board of Regents policy requires any grant or contract with private profit-making organizations in excess of \$500,000 be presented to the Board for formal approval prior to execution.

**REQUESTED ACTION**

Adoption of Resolution I.2.i., approving the contractual agreement between the Board of Regents and IDX, LLC.

**DISCUSSION AND RECOMMENDATIONS**

The School of Medicine and Public Health, with assistance from the Office of Industrial Partnerships at the University of Wisconsin-Madison, has negotiated a Master Services Agreement (MSA) with IDX, LLC. The services will be provided by the Fundus Photograph Reading Center (FPRC) under the direction of Dr. Barbara Blodi. Under this agreement FPRC will provide services related to training and certification for image recording, as well as image grading, quality, and routine analysis services. The services are anticipated to be conducted over a period of three (3) years from the effective date. The value of services performed is expected to exceed \$500,000 during this term.

There is no funding associated with the MSA. Instead, funding shall be tied to the Work Statements processed under the terms of the MSA.

**RELATED REGENT POLICIES**

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

UW System Collective Bargaining Agreement with  
The Building and Trades Council of South Central Wisconsin

BUSINESS AND FINANCE COMMITTEE

Resolution

That upon the recommendation of the President or the University of Wisconsin System, the Board of Regents approves the collective bargaining agreement between the Board and the Building and Construction Trades Council of South Central Wisconsin (BTC). The parties negotiated for a zero percent (0%) increase in base wages.



**UW SYSTEM CONTRACTUAL AGREEMENT WITH  
THE BUILDING AND CONSTRUCTION TRADES COUNCIL  
OF SOUTH CENTRAL WISCONSIN**

**BACKGROUND**

Under the State Employment Labor Relations Act (SELRA) there has long been one set of approximately twenty state classified staff employee bargaining units. SELRA, as amended, specified that effective July 1, 2015, three sets of state employee bargaining units were created: one for non-UW state employees, one for UW System employees (excluding UW-Madison employees), and one for UW-Madison employees. With respect to the non-Madison UW System bargaining units, the Board of Regents (Board) is responsible for certain employer functions. With respect to the UW-Madison collective bargaining units, the UW-Madison chancellor is responsible for employer functions.

**REQUESTED ACTION**

Adoption of resolution I.2.j. approving the collective bargaining agreement between the Board and the Building and Construction Trades Council of South Central Wisconsin (BTC). The parties negotiated for a zero percent (0%) increase in base wages.

**DISCUSSION**

A request to bargain was received from BTC in August 2015, and the bargaining session was held at 10:30 am on September 22, 2015 at 780 Regent Street.

**Attendees for UW System:** Wade Harrison (UW System attorney and spokesperson), Shannon Bradbury (UW Milwaukee Employee Relations and Organizational Development Manager), Richard Thal (UW System Employee Relations Specialist), and Judi Trampf (UW Whitewater Director of HR and Diversity) represented the Board. Patrick Sheehan, UW-Madison Employment Relations Program Coordinator, participated as a guest observer.

**Attendees for BTC:** Dave Branson (Executive Director of the Building Trades Council of South Central Wisconsin and Chairman of the Wisconsin State Building Trades Negotiating Committee), Gary Cox (Business Agent, Steamfitters Local Union 610), Joe Mrotek (Director, Regional Council of Carpenters), and Scott Watson (Representative, Regional Council of Carpenters) represented the bargaining unit members in BTC.

**Union Proposal:** The Union opened negotiations. Branson acknowledged that the Union could propose no more than the consumer price index applicable to one year collective bargaining agreements with a term beginning on July 1, 2015, and that CPI-U increase available for this

bargaining year is 1.62%. Accordingly, the Union proposed that the base wages of bargaining unit members be increased 1.62%.

**UW System Response to Proposal:** Harrison thanked the Union for its proposal and indicated that UW System appreciates the hard work and effort put forth by Union members. Harrison went on to say that in light of the very difficult budget year faced by UW System, there was no ability to increase wage rates. Harrison said that the lack of an increase was not a result of the work performed by the crafts workers. Rather, no UW System employee groups are getting base wage increases. Harrison acknowledged that this may not feel fair, but is equitable because there are no “across the board” raises occurring in any UW System employee groups. Other members of the bargaining team echoed this sentiment.

**Union Response:** The Union representatives expressed disappointment, but said that they understood that UW System employees were generally not getting any wage increases this year. One of the representatives said that he hopes that “there will be another day” when employees can receive increased compensation. Harrison asked the Union bargaining team members if they had any thoughts or ideas that that would like the Board to know about. The following concerns were raised by BTC:

- While it is not a big problem yet, there are concerns that recruiting highly skilled workers will become increasingly difficult.
- Union members spend a considerable amount of time and money on continuing education; the longer members go without raises, the further behind they fall on overall wage earnings.
- There are concerns that morale will be lower if wages remain unchanged for too long.
- If the Union cannot do anything to help members, such as obtain increased wages, then the union may cease to exist. Such a change could result in unqualified workers taking skilled position, which will be more costly to UW System in the long run.

Overall, the conversation was very respectful and optimistic. All members of the UW System team expressed the value that members of BTC bring to the workplace. The BTC bargaining team was also very positive about UW System as an employer. Some members of the UW System team repeated recruitment concerns and indicated that currently certain positions are getting more and more difficult to fill, such as steam fitters. Branson said that the UW System institutions remain places where crafts workers would like to be employed, and he offered to assist institutional HR offices when they need to fill vacant crafts workers positions.

## **RELATED REGENT POLICIES**

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

**REPORT ON  
FACULTY AND STAFF BASE SALARY  
ADJUSTMENTS and ADDITIONAL COMPENSATION PAYMENTS  
FOR FY2015**

**EXECUTIVE SUMMARY**

**BACKGROUND**

UW System chancellors have delegated authority pursuant to s. 36.09(1)(j), Wis. Stats., to adjust salaries for unclassified faculty and staff, for the purposes of correcting salary inequities, recognizing job reclassifications or promotions, or addressing other competitive factors. Unclassified staff include faculty, academic staff, and limited appointees. For these employees, the statutes do not permit adjustments for merit or exceptional performance, outside of the state-approved pay plan. However, as a budget flexibility gained in fiscal year 2016, merit will be an additional reason to adjust salaries for all staff.

Under the same delegated authority for personnel transactions used to provide base salary adjustments, chancellors have the authority to provide lump sum additional pay to unclassified staff (faculty, academic staff, and limited appointees) for additional work performed beyond what is normally expected as part of a full teaching, research, and/or service/administrative work load. Additionally, Discretionary Merit Compensation (DMCs) and Discretionary Equity or Retention Adjustments (DERAs) for classified staff can be in the form of a lump sum adjustment.

Different than base salary adjustments for equity, competitive factors, and change in duties/promotions, lump sum payments are non-base-building compensation for additional work of a one-time or non-recurring nature. Examples of additional work include teaching an additional class to meet unanticipated demand, teaching an interim class when not part of the fall or spring semester teaching loads, serving in an interim capacity in addition to current job responsibilities when release time from teaching or administrative responsibilities is not an option, covering duties and responsibilities of an unexpected leave.

Regent action taken at the December 2013 meeting directed this report become an annual report to the Board for information purposes only. Starting last year, separate tables are provided that include base adjustments and lump sum payments for faculty only.

**REQUESTED ACTION**

This report is for information only.

## **FACULTY AND STAFF BASE SALARY ADJUSTMENTS FY15**

### **DISCUSSION**

The attached tables also reflect salary adjustments for classified staff that include merit-based pay adjustments as permitted by Chapter 230 and OSER regulations.

The following notes may provide useful context for these data.

#### **Tables 1 and 2: FY15 Budgeted Salaries and Base Adjustments and Average Dollar Base per Recipient – All Types of Base Adjustments**

In fiscal year 2015, 8,231 (23.76%) staff received a base adjustment. For comparison, 9,896 (28.79%) staff received a base adjustment in fiscal year 2014.

In fiscal year 2015, the average base adjustment for unclassified staff was \$4,982. For classified staff, the average adjustment was \$2,857. For comparison, in fiscal year 2014 the average base adjustment for unclassified staff was \$4,464. For classified staff, the average adjustment was \$2,604.

In fiscal year 2015, UW chancellors reallocated \$34.4 million on a budgeted salary base of \$2.28 billion to fund these adjustments (1.51%). For comparison, in fiscal year 2014, adjustments required that chancellors reallocate \$38.0 million of existing resources on a budget salary base of \$2.23 billion (1.71%).

#### **Table 3: FY15 Base Adjustments by Classified and Unclassified Staff – for Merit, Equity, and Market Base Adjustments (excluding promotions, title changes, and change in duties)**

In fiscal year 2015, 6,331 (76.92%) of the base adjustments were for reasons of merit, equity, or market factors.

In fiscal year 2015, 18.27% (6,331 recipients) of all staff received a base adjustment for reasons of merit, equity, or market factors.

For comparison, in fiscal year 2014, 8,555 of the base adjustments (86.45%) were for reasons of merit, equity, or market factors. And in fiscal year 2014, 24.89% (8,555 recipients) of all staff received a base adjustment for reasons of merit, equity, or market factors.

**Table 4: FY15 Budgeted Salaries and Base Adjustments and Average Dollar Base per Recipient for Faculty Only – All Types of Base Adjustments**

In fiscal year 2015, 2,097 (32.34%) faculty received a base adjustment. For comparison, 2,454 (37.87%) faculty received a base adjustment in fiscal year 2014.

In fiscal year 2015 the average base adjustment per faculty recipient was \$6,352. For comparison, in fiscal year 2014, the average base adjustment per faculty recipient was \$5,726.

In fiscal year 2015, UW chancellors reallocated \$13.3 million on a budgeted faculty salary base of \$575.8 million to fund these adjustments (2.31%). For comparison, in fiscal year 2014, adjustments required that chancellors reallocate \$14.1 million (2.52%) of existing resources on a budgeted faculty salary base of \$558.6 million.

**Table 5: FY14 Base Adjustments for Faculty Only – for Equity and Market Base Adjustments (excluding promotions, title changes, and change in duties)**

In fiscal year 2015, 1,562 (24.09%) faculty received a base adjustment for reasons of equity, or market factors. The comparable number for 2014 was 2,181 (33.66%).

In fiscal year 2015, the average base adjustment for reasons of equity, or market was \$4,282 per faculty recipient. For comparison, in fiscal year 2014 the average base adjustment per faculty recipient was \$5,328.

In fiscal year 2015, UW Chancellors reallocated \$6.69 million on a budgeted faculty salary base of \$575.8 million to fund these adjustments (1.16%). For comparison, in fiscal year 2014, adjustments required that Chancellors reallocate \$11.6 million of existing resources on a budgeted faculty salary base of \$558.6 (2.08%).

UNIVERSITY OF WISCONSIN SYSTEM  
FISCAL YEAR 15 BUDGETED SALARIES AND BASE ADJUSTMENTS\* (Without Student Assistants in Headcount)  
All Funds

FISCAL YEAR 15																
		FY 15 Unclassified Staff Base Adjustments					FY 15 Classified Staff Base Adjustments					FY 15 Totals				
Institution	FY 15 Total Budgeted Unclassified Salary Dollars	Total Dollars for Uncl. Base Adjs.	Number of Uncl. Receiving Base Adjs	Total Uncl. Headcount	Percent Uncl. Staff Receiving Base Adjustment	FY 15 Total Budgeted Classified Salary Dollars	Total Dollars for Classified Base Adjs.	Number of Classified Staff Receiving Base Adjs	Total Classified Headcount	Percent Classified Staff Receiving Base Adjustment	FY 15 Total Budgeted Salary Dollars	Total Base Adj Dollars	Number of Staff Receiving Base Adjs	Total Headcount	Percent of Staff Receiving Base Adjs.	Total Base Adjs as Percent of Total Budgeted Salaries
MADISON	912,991,299	14,817,990	1,555	11,258	13.81%	297,302,463	3,893,927	1,294	5,216	24.81%	1,210,293,762	18,711,917	2,849	16,474	17.29%	1.55%
MILWAUKEE	172,115,441	2,326,138	545	2,925	18.63%	66,920,275	960,323	280	1,017	27.53%	239,035,716	3,286,461	825	3,942	20.93%	1.37%
EAU CLAIRE	52,236,547	989,310	180	888	20.27%	26,201,468	509,173	145	433	33.49%	78,438,015	1,498,483	325	1,321	24.60%	1.91%
GREEN BAY	28,272,489	419,049	169	538	31.41%	11,843,493	244,192	90	198	45.45%	40,115,982	663,241	259	736	35.19%	1.65%
LA CROSSE	52,526,683	541,618	567	944	60.06%	16,718,679	175,473	62	349	17.77%	69,245,362	717,091	629	1,293	48.65%	1.04%
OSHKOSH	59,972,846	869,560	208	1,099	18.93%	23,301,175	245,552	66	410	16.10%	83,274,021	1,115,112	274	1,509	18.16%	1.34%
PARKSIDE	20,882,193	111,805	44	391	11.25%	9,049,989	111,035	33	153	21.57%	29,932,182	222,840	77	544	14.15%	0.74%
PLATTEVILLE	40,723,087	688,429	292	715	40.84%	19,231,612	344,396	237	315	75.24%	59,954,699	1,032,825	529	1,030	51.36%	1.72%
RIVER FALLS	26,350,353	339,457	97	572	16.96%	13,431,519	194,797	64	223	28.70%	39,781,872	534,254	161	795	20.25%	1.34%
STEVENS POINT	45,499,052	362,130	83	871	9.53%	24,510,326	390,784	132	388	34.02%	70,009,378	752,914	215	1,259	17.08%	1.08%
STOUT	41,949,021	688,070	314	829	37.88%	21,896,826	415,713	292	396	73.74%	63,845,847	1,103,783	606	1,225	49.47%	1.73%
SUPERIOR	14,940,607	86,513	49	324	15.12%	7,055,450	123,372	39	132	29.55%	21,996,057	209,885	88	456	19.30%	0.95%
WHITEWATER	54,168,526	670,942	232	959	24.19%	22,243,216	278,330	103	392	26.28%	76,411,742	949,272	335	1,351	24.80%	1.24%
COLLEGES	37,205,957	561,111	304	1,070	28.41%	10,517,694	167,241	47	204	23.04%	47,723,651	728,352	351	1,274	27.55%	1.53%
EXTENSION	114,432,643	1,894,063	476	952	50.00%	13,052,528	406,212	112	207	54.11%	127,485,171	2,300,275	588	1,159	50.73%	1.80%
UW SYS ADMIN	4,945,786	152,611	16	50	32.00%	2,957,987	39,973	13	47	27.66%	7,903,773	192,584	29	97	29.90%	2.44%
SYSTEM WIDE	4,816,854	79,478	7	35	20.00%	10,517,676	335,060	84	143	58.74%	15,334,530	414,538	91	178	51.12%	2.70%
	1,684,029,384	25,598,274	5,138	24,420	21.04%	596,752,376	8,835,553	3,093	10,223	30.26%	2,280,781,760	34,433,827	8,231	34,643	23.76%	1.51%

**DATA SOURCES:**

Budgeted Salaries are from the 2014-15 UW Annual Budget

Base Adjustments are from HRS as of June 30, 2015

Headcount data are from the 2014 October Payroll

**\*BASE ADJUSTMENTS:**

Classified and Unclassified Staff: Adjustments for promotion, title changes and change in duties

Classified Staff: OSER's Discretionary Merit Compensation (DMCs), Discretionary Equity and Retention (DERAs), IS Market Adjustments

Unclassified Staff: Equity and competitive base adjustments allowed under Wis. Stat. §36.09(1)(j)

UNIVERSITY OF WISCONSIN SYSTEM  
FISCAL YEAR 15 AVERAGE DOLLAR BASE ADJUSTMENT PER RECIPIENT (Without Student Assistants in Headcount)

All Base Adjustments\*

All Funds

FISCAL YEAR 15												
	FY 15 Unclassified Staff Base Adjustments				FY 15 Classified Staff Base Adjustments					FY 15 Totals		
Institution	FY 15 Total Budgeted Unclassified Salary Dollars	Total Dollars for Uncl. Base Adjs.	Number of Uncl. Receiving Base Adjs	Average Base Adjustment per Uncl Recipient	FY 15 Total Budgeted Classified Salary Dollars	Total Dollars for Classified Base Adjs.	Number of Classified Staff Receiving Base Adjs	Average Base Adjustment per Classified Recipient	FY 15 Total Budgeted Salary Dollars	Total Base Adj Dollars	Number of Staff Receiving Base Adjs	Average Base Adjustment per Recipient
MADISON	912,991,299	14,817,990	1,555	9,529	297,302,463	3,893,927	1,294	3,009	1,210,293,762	18,711,917	2,849	6,568
MILWAUKEE	172,115,441	2,326,138	545	4,268	66,920,275	960,323	280	3,430	239,035,716	3,286,461	825	3,984
EAU CLAIRE	52,236,547	989,310	180	5,496	26,201,468	509,173	145	3,512	78,438,015	1,498,483	325	4,611
GREEN BAY	28,272,489	419,049	169	2,480	11,843,493	244,192	90	2,713	40,115,982	663,241	259	2,561
LA CROSSE	52,526,683	541,618	567	955	16,718,679	175,473	62	2,830	69,245,362	717,091	629	1,140
OSHKOSH	59,972,846	869,560	208	4,181	23,301,175	245,552	66	3,720	83,274,021	1,115,112	274	4,070
PARKSIDE	20,882,193	111,805	44	2,541	9,049,989	111,035	33	3,365	29,932,182	222,840	77	2,894
PLATTEVILLE	40,723,087	688,429	292	2,358	19,231,612	344,396	237	1,453	59,954,699	1,032,825	529	1,952
RIVER FALLS	26,350,353	339,457	97	3,500	13,431,519	194,797	64	3,044	39,781,872	534,254	161	3,318
STEVENS POINT	45,499,052	362,130	83	4,363	24,510,326	390,784	132	2,960	70,009,378	752,914	215	3,502
STOUT	41,949,021	688,070	314	2,191	21,896,826	415,713	292	1,424	63,845,847	1,103,783	606	1,821
SUPERIOR	14,940,607	86,513	49	1,766	7,055,450	123,372	39	3,163	21,996,057	209,885	88	2,385
WHITEWATER	54,168,526	670,942	232	2,892	22,243,216	278,330	103	2,702	76,411,742	949,272	335	2,834
COLLEGES	37,205,957	561,111	304	1,846	10,517,694	167,241	47	3,558	47,723,651	728,352	351	2,075
EXTENSION	114,432,643	1,894,063	476	3,979	13,052,528	406,212	112	3,627	127,485,171	2,300,275	588	3,912
UW SYS ADMIN	4,945,786	152,611	16	9,538	2,957,987	39,973	13	3,075	7,903,773	192,584	29	6,641
SYSTEM WIDE	4,816,854	79,478	7	11,354	10,517,676	335,060	84	3,989	15,334,530	414,538	91	4,555
	1,684,029,384	25,598,274	5,138	4,982	596,752,376	8,835,553	3,093	2,857	2,280,781,760	34,433,827	8,231	4,183

**DATA SOURCES:**

Budgeted Salaries are from the 2014-15 UW Annual Budget

Base Adjustments are from HRS as of June 30, 2015

Headcount data are from the 2014 October Payroll

**\*BASE ADJUSTMENTS:**

Classified and Unclassified Staff: Adjustments for promotion, title changes and change in duties

Classified Staff: OSER's Discretionary Merit Compensation (DMCs), Discretionary Equity and Retention (DERAs), IS Market Adjustments

Unclassified Staff: Equity and competitive base adjustments allowed under Wis. Stat. §36.09(1)(j)

UNIVERSITY OF WISCONSIN SYSTEM  
FISCAL YEAR 15 BUDGETED SALARIES AND BASE ADJUSTMENTS\* EXCLUDING PROMOTIONS, TITLE CHANGES, AND CHANGE IN DUTIES (Without Student Assistants in Headcount)  
All Funds

FISCAL YEAR 15																
		FY 15 Unclassified Staff Base Adjustments					FY 15 Classified Staff Base Adjustments					FY 15 Totals				
Institution	FY 15 Total Budgeted Unclassified Salary Dollars	Total Dollars for Uncl. Base Adjs.	Number of Uncl. Receiving Base Adjs	Total Uncl. Headcount	Percent Uncl. Staff Receiving Base Adjustment	FY 15 Total Budgeted Classified Salary Dollars	Total Dollars for Classified Base Adjs.	Number of Classified Staff Receiving Base Adjs	Total Classified Headcount	Percent Classified Staff Receiving Base Adjustment	FY 15 Total Budgeted Salary Dollars	Total Base Adj Dollars	Number of Staff Receiving Base Adjs	Total Headcount	Percent of Staff Receiving Base Adjs.	Total Base Adjs as Percent of Total Budgeted Salaries
MADISON	912,991,299	5,481,925	592	11,258	5.26%	297,302,463	3,507,281	1,174	5,216	22.51%	1,210,293,762	8,989,206	1,766	16,474	10.72%	0.74%
MILWAUKEE	172,115,441	567,648	332	2,925	11.35%	66,920,275	891,926	261	1,017	25.66%	239,035,716	1,459,574	593	3,942	15.04%	0.61%
EAU CLAIRE	52,236,547	466,902	105	888	11.82%	26,201,468	486,469	139	433	32.10%	78,438,015	953,371	244	1,321	18.47%	1.22%
GREEN BAY	28,272,489	280,627	149	538	27.70%	11,843,493	236,556	87	198	43.94%	40,115,982	517,183	236	736	32.07%	1.29%
LA CROSSE	52,526,683	374,820	545	944	57.73%	16,718,679	155,966	55	349	15.76%	69,245,362	530,786	600	1,293	46.40%	0.77%
OSHKOSH	59,972,846	611,092	181	1,099	16.47%	23,301,175	197,760	55	410	13.41%	83,274,021	808,852	236	1,509	15.64%	0.97%
PARKSIDE	20,882,193	14,231	19	391	4.86%	9,049,989	107,420	31	153	20.26%	29,932,182	121,651	50	544	9.19%	0.41%
PLATTEVILLE	40,723,087	540,980	265	715	37.06%	19,231,612	328,475	233	315	73.97%	59,954,699	869,455	498	1,030	48.35%	1.45%
RIVER FALLS	26,350,353	226,036	65	572	11.36%	13,431,519	167,521	58	223	26.01%	39,781,872	393,557	123	795	15.47%	0.99%
STEVENS POINT	45,499,052	109,127	31	871	3.56%	24,510,326	372,755	127	388	32.73%	70,009,378	481,882	158	1,259	12.55%	0.69%
STOUT	41,949,021	465,322	268	829	32.33%	21,896,826	400,475	288	396	72.73%	63,845,847	865,797	556	1,225	45.39%	1.36%
SUPERIOR	14,940,607	16,054	22	324	6.79%	7,055,450	106,659	32	132	24.24%	21,996,057	122,713	54	456	11.84%	0.56%
WHITEWATER	54,168,526	395,912	193	959	20.13%	22,243,216	268,311	101	392	25.77%	76,411,742	664,223	294	1,351	21.76%	0.87%
COLLEGES	37,205,957	413,946	275	1,070	25.70%	10,517,694	165,951	46	204	22.55%	47,723,651	579,897	321	1,274	25.20%	1.22%
EXTENSION	114,432,643	1,365,703	380	952	39.92%	13,052,528	406,212	112	207	54.11%	127,485,171	1,771,915	492	1,159	42.45%	1.39%
UW SYS ADMIN	4,945,786	108,026	13	50	26.00%	2,957,987	36,782	13	47	27.66%	7,903,773	144,808	26	97	26.80%	1.83%
SYSTEM WIDE	4,816,854	79,478	7	35	20.00%	10,517,676	295,261	77	143	53.85%	15,334,530	374,739	84	178	47.19%	2.44%
	1,684,029,384	11,517,829	3,442	24,420	14.10%	596,752,376	8,131,780	2,889	10,223	28.26%	2,280,781,760	19,649,609	6,331	34,643	18.27%	0.86%

**DATA SOURCES:**

Budgeted Salaries are from the 2014-15 UW Annual Budget

Base Adjustments are from HRS as of June 30, 2015

Headcount data are from the 2014 October Payroll

**\*BASE ADJUSTMENTS:**

Classified Staff: OSER's Discretionary Merit Compensation (DMCs), Discretionary Equity and Retention (DERAs), IS Market Adjustments

Unclassified Staff: Equity and competitive base adjustments allowed under Wis. Stat. §36.09(1)(j)



## UNIVERSITY OF WISCONSIN SYSTEM

## FISCAL YEAR 15 BUDGETED SALARIES AND ALL BASE ADJUSTMENTS\* FOR FACULTY ONLY (Without Student Assistants in Headcount)

Professor, Associate Professor, Assistant Professor and Instructor

All Funds

	FISCAL YEAR 15						
	FY 15 Faculty Base Adjustments						
Institution	FY15 Total Budgeted Faculty Dollars	Total Dollars for Faculty Adjs.	Number of Faculty Receiving Base Adjs	Average Base Adjustment per Faculty Recipient	Total Faculty Headcount	Percent Faculty Receiving Base Adjustment	Percent of Faculty Salary Dollars
MADISON	255,524,407	8,219,357	570	14,420	2,147	26.55%	3.22%
MILWAUKEE	73,786,392	1,045,785	102	10,253	833	12.24%	1.42%
EAU CLAIRE	29,606,266	543,679	88	6,178	414	21.26%	1.84%
GREEN BAY	10,967,497	166,205	52	3,196	166	31.33%	1.52%
LA CROSSE	26,815,159	300,792	337	893	390	86.41%	1.12%
OSHKOSH	26,839,064	360,457	40	9,011	328	12.20%	1.34%
PARKSIDE	8,073,984	45,000	11	4,091	107	10.28%	0.56%
PLATTEVILLE	18,166,375	428,783	209	2,052	247	84.62%	2.36%
RIVER FALLS	14,467,752	233,065	70	3,330	200	35.00%	1.61%
STEVENS POINT	23,235,849	162,228	32	5,070	346	9.25%	0.70%
STOUT	19,447,357	366,533	171	2,143	277	61.73%	1.88%
SUPERIOR	7,538,836	42,582	13	3,276	111	11.71%	0.56%
WHITEWATER	28,282,485	287,370	89	3,229	371	23.99%	1.02%
COLLEGES	15,970,779	314,845	116	2,714	283	40.99%	1.97%
EXTENSION	17,095,882	803,061	197	4,076	265	74.34%	4.70%
UW SYS ADMIN	0	0	0	N/A	0	N/A	N/A
SYSTEM WIDE	0	0	0	N/A	0	N/A	N/A
	575,818,084	13,319,742	2,097	6,352	6,485	32.34%	2.31%

**DATA SOURCES:**

Budgeted Salaries are from the 2014-15 UW Annual Budget

Base Adjustments are from HRS as of June 30, 2015

Headcount data are from the 2014 October Payroll

**\*BASE ADJUSTMENTS:**

Faculty: Adjustments for promotion, title changes and change in duties

Faculty: Equity and competitive base adjustments allowed under Wis. Stat. §36.09(1)(j)

## UNIVERSITY OF WISCONSIN SYSTEM

FISCAL YEAR 15 BUDGETED AND BASE ADJUSTMENTS\* FOR FACULTY ONLY  
 (EXCLUDING PROMOTIONS, TITLE CHANGES, AND CHANGE IN DUTIES (Without Student Assistants in Headcount))

Professor, Associate Professor, Assistant Professor and Instructor

All Funds

FISCAL YEAR 15							
FY 15 Faculty Base Adjustments							
Institution	FY15 Total Budgeted Faculty Dollars	Total Dollars for Faculty Adjs.	Number of Faculty Receiving Base Adjs	Average Base Adjustment per Faculty Recipient	Total Faculty Headcount	Percent Faculty Receiving Base Adjustment	Percent of Faculty Salary Dollars
MADISON	255,524,407	3,976,321	373	10,660	2,147	17.37%	1.56%
MILWAUKEE	73,786,392	232,497	24	9,687	833	2.88%	0.32%
EAU CLAIRE	29,606,266	240,433	43	5,591	414	10.39%	0.81%
GREEN BAY	10,967,497	90,000	46	1,957	166	27.71%	0.82%
LA CROSSE	26,815,159	233,823	335	698	390	85.90%	0.87%
OSHKOSH	26,839,064	140,840	18	7,824	328	5.49%	0.52%
PARKSIDE	8,073,984			N/A	107	0.00%	0.00%
PLATTEVILLE	18,166,375	360,012	207	1,739	247	83.81%	1.98%
RIVER FALLS	14,467,752	155,801	51	3,055	200	25.50%	1.08%
STEVENS POINT	23,235,849	24,575	4	6,144	346	1.16%	0.11%
STOUT	19,447,357	289,054	145	1,993	277	52.35%	1.49%
SUPERIOR	7,538,836	7,417	1	N/A	111	0.90%	0.10%
WHITEWATER	28,282,485	106,038	64	1,657	371	17.25%	0.37%
COLLEGES	15,970,779	257,095	99	2,597	283	34.98%	1.61%
EXTENSION	17,095,882	574,767	152	3,781	265	57.36%	3.36%
UW SYS ADMIN	0	0	0	N/A	0	N/A	N/A
SYSTEM WIDE	0	0	0	N/A	0	N/A	N/A
				N/A			
	575,818,084	6,688,673	1,562	4,282	6,485	24.09%	1.16%

**DATA SOURCES:**

Budgeted Salaries are from the 2014-15 UW Annual Budget

Base Adjustments are from HRS as of June 30, 2015

Headcount data are from the 2014 October Payroll

**\*BASE ADJUSTMENTS:**

Faculty: Equity and competitive base adjustments allowed under Wis. Stat. §36.09(1)(j)

# **FACULTY AND STAFF ADDITIONAL COMPENSATION FOR FY15**

## **DISCUSSION**

The three attached tables provide information on additional non-base building payments made in FY15. Staff who receive only lump sums as a form of compensation are not included in these tables (e.g. summer camp employees, summer session staff payments made as lump sums).

### **Table 1: FY15 Budgeted Salaries and Additional Compensation Payments**

In fiscal year 2015, UW chancellors reallocated one-time resources of \$22.9 million on a budgeted salary base of \$2.28 billion to fund these adjustments (1.01%). For comparison, in fiscal year 2014, adjustments required that chancellors reallocate \$23.3 million on a budgeted salary base of \$2.23 billion (1.05%).

For those receiving additional pay, the average amount paid per recipient was \$3,976 for FY15 and for comparison \$3,930 for FY14.

### **Table 2: FY15 Additional Compensation Payments by Unclassified and Classified Staff**

In fiscal year 2015, 5,187 (21.24%) unclassified staff received additional pay and 584 (5.71%) classified staff received additional pay. For comparison, in fiscal year 2014, 5,215 (21.58%) unclassified staff received additional pay and 718 (7.03%) classified staff received additional pay.

### **Table 3: FY15 Faculty Only Budgeted Salaries and Additional Compensation Payments**

In fiscal year 2015, UW chancellors reallocated one-time resources of \$12.1 million on a budgeted faculty salary base of \$575.8 million to fund these adjustments (2.10%). For comparison, in fiscal year 2014, adjustments required that chancellors reallocate \$12.1 million on a budgeted faculty salary base of \$558.6 million (2.17%).

For those faculty receiving additional pay, the average amount paid was \$5,163 for FY15 and for comparison \$5,142 for FY14.

UNIVERSITY OF WISCONSIN SYSTEM  
 . YEAR 15 BUDGETED SALARIES AND ADDITIONAL COMPENSATION PAYMENTS (WITHOUT STUDENT ASSISTANTS IN HEAD  
 All Funds

	FISCAL YEAR 2015						
Institution	Total Budgeted Salaries	FY 2015 Add'l Comp. Payments	Number of Staff Receiving Add'l Comp. Payments	Total Headcount	Percent Receiving Add'l Comp. Payments	Average Amount of Additional Compensation per Recipient	Percent of Total Salary Dollars
MADISON	1,210,293,762	2,225,600	696	16,474	4.22%	3,198	0.18%
MILWAUKEE	239,035,716	2,231,572	470	3,942	11.92%	4,748	0.93%
EAU CLAIRE	78,438,015	1,680,844	395	1,321	29.90%	4,255	2.14%
GREEN BAY	40,115,982	1,501,102	188	736	25.54%	7,985	3.74%
LA CROSSE	69,245,362	2,650,707	833	1,293	64.42%	3,182	3.83%
OSHKOSH	83,274,021	2,179,620	429	1,509	28.43%	5,081	2.62%
PARKSIDE	29,932,182	768,223	153	544	28.13%	5,021	2.57%
PLATTEVILLE	59,954,699	1,404,959	493	1,030	47.86%	2,850	2.34%
RIVER FALLS	39,781,872	880,377	207	795	26.04%	4,253	2.21%
STEVENS POINT	70,009,378	1,631,634	361	1,259	28.67%	4,520	2.33%
STOUT	63,845,847	1,328,318	286	1,225	23.35%	4,644	2.08%
SUPERIOR	21,996,057	783,267	139	456	30.48%	5,635	3.56%
WHITEWATER	76,411,742	2,381,808	566	1,351	41.89%	4,208	3.12%
COLLEGES	47,723,651	1,159,029	494	1,274	38.78%	2,346	2.43%
EXTENSION	127,485,171	118,776	37	1,159	3.19%	3,210	0.09%
UW SYS ADMIN	7,903,773	15,511	10	97	10.31%	1,551	0.20%
SYSTEM WIDE	15,334,530	4,850	14	178	7.87%	346	0.03%
TOTAL	2,280,781,760	22,946,197	5,771	34,643	16.66%	3,976	1.01%

**DATA SOURCES:**

Budgeted Salaries are from the 2014-15 UW Annual Budgets

Additional Compensation Adjustments are from HRS as June 30, 2015

Headcount data are from the 2014 October Payroll

UNIVERSITY OF WISCONSIN SYSTEM  
FISCAL YEAR 15 ADDITIONAL COMPENSATION PAYMENTS BY CLASSIFIED AND UNCLASSIFIED (Without Student Assistants in Headcount)  
All Funds

FISCAL YEAR 15																
	FY 15 Unclassified Add'l Compensation					FY 15 Classified Add'l Compensation					FY 15 Totals					
Institution	FY 15 Total Budgeted Unclassified Salary Dollars	Total Dollars for Uncl Add'l Comp Payments	Number of Uncl. Receiving Add'l Comp Payments	Total Uncl. Headcount	Percent Uncl. Staff Receiving Add'l Comp Payments	FY 15 Total Budgeted Classified Salary Dollars	Total Dollars for Classified Add'l Comp Payments	Number of Classified Receiving Add'l Comp Payments	Total Classified Headcount	Percent Classified Staff Receiving Add'l Comp Payments	FY 15 Total Budgeted Salary Dollars	Total Add'l Comp Payment Dollars	Number of Staff Receiving Add'l Comp Payments	Total Headcount	Percent of Staff Receiving Add'l Comp Payments	Total Add'l Comp Payments as Percent of Total Budgeted Salaries
MADISON	912,991,299	2,064,475	583	11,258	5.18%	297,302,463	161,125	113	5,216	2.17%	1,210,293,762	2,225,600	696	16,474	4.22%	0.18%
MILWAUKEE	172,115,441	2,203,740	459	2,925	15.69%	66,920,275	27,832	11	1,017	1.08%	239,035,716	2,231,572	470	3,942	11.92%	0.93%
EAU CLAIRE	52,236,547	1,631,702	365	888	41.10%	26,201,468	49,142	30	433	6.93%	78,438,015	1,680,844	395	1,321	29.90%	2.14%
GREEN BAY	28,272,489	1,498,602	185	538	34.39%	11,843,493	2,500	3	198	1.52%	40,115,982	1,501,102	188	736	25.54%	3.74%
LA CROSSE	52,526,683	2,500,431	710	944	75.21%	16,718,679	150,276	123	349	35.24%	69,245,362	2,650,707	833	1,293	64.42%	3.83%
OSHKOSH	59,972,846	2,140,539	404	1,099	36.76%	23,301,175	39,081	25	410	6.10%	83,274,021	2,179,620	429	1,509	28.43%	2.62%
PARKSIDE	20,882,193	758,459	145	391	37.08%	9,049,989	9,764	8	153	5.23%	29,932,182	768,223	153	544	28.13%	2.57%
PLATTEVILLE	40,723,087	1,331,484	304	715	42.52%	19,231,612	73,475	189	315	60.00%	59,954,699	1,404,959	493	1,030	47.86%	2.34%
RIVER FALLS	26,350,353	876,177	205	572	35.84%	13,431,519	4,200	2	223	0.90%	39,781,872	880,377	207	795	26.04%	2.21%
STEVENS POINT	45,499,052	1,612,512	336	871	38.58%	24,510,326	19,122	25	388	6.44%	70,009,378	1,631,634	361	1,259	28.67%	2.33%
STOUT	41,949,021	1,317,327	275	829	33.17%	21,896,826	10,991	11	396	2.78%	63,845,847	1,328,318	286	1,225	23.35%	2.08%
SUPERIOR	14,940,607	763,716	135	324	41.67%	7,055,450	19,550	4	132	3.03%	21,996,057	783,266	139	456	30.48%	3.56%
WHITEWATER	54,168,526	2,346,691	553	959	57.66%	22,243,216	35,117	13	392	3.32%	76,411,742	2,381,808	566	1,351	41.89%	3.12%
COLLEGES	37,205,957	1,141,276	482	1,070	45.05%	10,517,694	17,753	12	204	5.88%	47,723,651	1,159,029	494	1,274	38.78%	2.43%
EXTENSION	114,432,643	109,063	35	952	3.68%	13,052,528	9,713	2	207	0.97%	127,485,171	118,776	37	1,159	3.19%	0.09%
UW SYS ADMIN	4,945,786	9,700	7	50	14.00%	2,957,987	5,811	3	47	6.38%	7,903,773	15,511	10	97	10.31%	0.20%
SYSTEM WIDE	4,816,854	2,300	4	35	11.43%	10,517,676	2,550	10	143	6.99%	15,334,530	4,850	14	178	7.87%	0.03%
	1,684,029,384	22,308,194	5,187	24,420	21.24%	596,752,376	638,003	584	10,223	5.71%	2,280,781,760	22,946,197	5,771	34,643	16.66%	1.01%

**DATA SOURCES:**

Budgeted Salaries are from the 2014-15 UW Annual Budgets

Additional Compensation Adjustments are from HRS as June 30, 2014

Headcount data are from the 2013 October Payroll

UNIVERSITY OF WISCONSIN SYSTEM  
FISCAL YEAR 15 BUDGETED SALARIES AND ADDITIONAL COMPENSATION FOR FACULTY ONLY (Without Student Assistants in Headcount)  
Professor, Associate Professor, Assistant Professor and Instructor  
All Funds

	FISCAL YEAR 15						
	FY 15 Faculty Additional Compensation						
Institution	FY15 Total Budgeted Faculty Dollars	Total Dollars for Faculty Additional Compensation	Number of Faculty Receiving Additional Compensation	Average Additional Compensation Faculty Recipient	Total Faculty Headcount	Percent Faculty Receiving Additional Compensation	Percent of Faculty Salary Dollars
MADISON	255,524,407	344,443	102	3,377	2,147	4.75%	0.13%
MILWAUKEE	73,786,392	771,517	130	5,935	833	15.61%	1.05%
EAU CLAIRE	29,606,266	1,009,889	206	4,902	414	49.76%	3.41%
GREEN BAY	10,967,497	1,007,972	108	9,333	166	65.06%	9.19%
LA CROSSE	26,815,159	1,581,303	377	4,194	390	96.67%	5.90%
OSHKOSH	26,839,064	1,197,963	201	5,960	328	61.28%	4.46%
PARKSIDE	8,073,984	329,781	63	5,235	107	58.88%	4.08%
PLATTEVILLE	18,166,375	782,862	135	5,799	247	54.66%	4.31%
RIVER FALLS	14,467,752	634,798	137	4,634	200	68.50%	4.39%
STEVENS POINT	23,235,849	975,502	174	5,606	346	50.29%	4.20%
STOUT	19,447,357	1,073,913	195	5,507	277	70.40%	5.52%
SUPERIOR	7,538,836	443,219	64	6,925	111	57.66%	5.88%
WHITEWATER	28,282,485	1,312,855	263	4,992	371	70.89%	4.64%
COLLEGES	15,970,779	603,802	182	3,318	283	64.31%	3.78%
EXTENSION	17,095,882	2,000	1	2,000	265	0.38%	0.01%
UW SYS ADMIN	0	0	0	N/A	0	N/A	N/A
SYSTEM WIDE	0	0	0	N/A	0	N/A	N/A
	575,818,084	12,071,819	2,338	5,163	6,485	36.05%	2.10%

**DATA SOURCES:**

Budgeted Salaries are from the 2014-15 UW Annual Budget

Additional Compensation Adjustments are from HRS as of June 30, 2015

Headcount data are from the 2014 October Payroll

## **QUARTERLY REPORT OF GIFTS, GRANTS, AND CONTRACTS JULY 1, 2015 THROUGH SEPTEMBER 30, 2015**

### **BACKGROUND**

Regent Policy Document 13-1: General Contract Signature Authority, Approval and Reporting, requires that a summary of extramural gifts, grants, and contracts be reported quarterly to the Vice President for Finance for presentation to the Business and Finance Committee of the Board of Regents. The attached report is intended to meet that requirement.

The policy further directs that grants from and contracts with private, profit-making organizations with a value of more than \$500,000 require formal approval by the Board of Regents prior to execution. In addition, any contract with a value of less than \$500,000 that, in the judgment of the President of the UW System, warrants direct Board approval shall also be approved by the Board prior to execution. Grants and contracts falling under this requirement are included in the quarterly reports upon execution but are also presented individually to the Business and Finance Committee of the Board of Regents.

### **REQUESTED ACTION**

No action is required; this item is for information only.

### **DISCUSSION**

Attached is a summary report of gifts, grants, and contracts awarded to University of Wisconsin System institutions in the three-month period July 1, 2015, through September 30, 2015. Total gifts, grants, and contracts for the period were approximately \$500.3 million; this is a decrease of \$19.1 million from the same period in the prior year. Federal awards decreased \$3.3 million, while non-federal awards decreased by \$15.8 million.

Note that these reports have been restructured for fiscal year 2015-16 to better highlight activity in each of the award areas (e.g., Research and Public Service, Instruction, Student Aid, etc.).

### **RELATED REGENT POLICIES**

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

**UNIVERSITY OF WISCONSIN SYSTEM  
GIFTS, GRANTS AND CONTRACTS AWARDED  
FISCAL YEAR 2015-2016 (First Quarter)**

Institution	TOTAL - ALL CATEGORIES								
	<u>Total</u>			<u>Federal</u>			<u>Non-Federal</u>		
	Fiscal Year 2015-16	Fiscal Year 2014-15	Increase (Decrease)	Fiscal Year 2015-16	Fiscal Year 2014-15	Increase (Decrease)	Fiscal Year 2015-16	Fiscal Year 2014-15	Increase (Decrease)
<b>Total</b>	<b>\$ 500,290,237</b>	<b>\$ 519,434,360</b>	<b>\$ (19,144,123)</b>	<b>\$ 330,885,048</b>	<b>\$ 334,217,500</b>	<b>\$ (3,332,452)</b>	<b>\$ 169,405,190</b>	<b>\$ 185,216,861</b>	<b>\$ (15,811,671)</b>
Madison	378,858,145	396,519,350	(17,661,205)	226,488,564	227,006,580	(518,016)	152,369,581	169,512,769	(17,143,189)
Milwaukee	34,642,437	34,343,269	299,168	31,007,348	31,040,716	(33,368)	3,635,089	3,302,553	332,536
Eau Claire	9,174,760	8,802,013	372,747	8,923,234	8,567,752	355,482	251,526	234,261	17,265
Green Bay	5,855,547	6,014,028	(158,481)	5,095,557	5,324,457	(228,900)	759,989	689,571	70,418
La Crosse	5,287,332	7,192,891	(1,905,559)	4,996,706	6,767,778	(1,771,072)	290,626	425,113	(134,487)
Oshkosh	7,756,871	8,034,829	(277,959)	7,039,344	7,662,468	(623,124)	717,526	372,361	345,165
Parkside	5,003,487	832,210	4,171,278	4,356,489	206,216	4,150,273	646,998	625,994	21,005
Platteville	4,682,722	5,834,697	(1,151,975)	4,626,998	4,844,319	(217,321)	55,724	990,378	(934,654)
River Falls	5,309,734	6,408,408	(1,098,674)	5,157,695	6,160,386	(1,002,691)	152,039	248,022	(95,983)
Stevens Point	9,211,210	8,983,407	227,803	8,188,295	7,408,834	779,461	1,022,915	1,574,573	(551,658)
Stout	6,656,805	8,537,018	(1,880,213)	6,051,599	7,873,052	(1,821,453)	605,206	663,966	(58,760)
Superior	3,277,712	4,960,799	(1,683,087)	3,192,354	4,707,661	(1,515,307)	85,358	253,138	(167,780)
Whitewater	7,673,484	8,878,912	(1,205,428)	6,495,462	7,943,154	(1,447,692)	1,178,022	935,758	242,264
Colleges	7,184,615	8,497,178	(1,312,563)	6,766,744	7,512,004	(745,260)	417,871	985,174	(567,303)
Extension	9,461,093	5,255,905	4,205,188	2,244,375	934,964	1,309,411	7,216,718	4,320,941	2,895,777
System-Wide	254,282	339,446	(85,164)	254,282	257,157	(2,875)	0	82,289	(82,289)



RESEARCH & PUBLIC SERVICE									
Institution	<u>Total</u>			<u>Federal</u>			<u>Non-Federal</u>		
	Fiscal Year 2015-16	Fiscal Year 2014-15	Increase (Decrease)	Fiscal Year 2015-16	Fiscal Year 2014-15	Increase (Decrease)	Fiscal Year 2015-16	Fiscal Year 2014-15	Increase (Decrease)
<b>Total</b>	<b>\$ 365,552,900</b>	<b>\$ 387,944,608</b>	<b>\$ (22,391,708)</b>	<b>\$ 224,032,625</b>	<b>\$ 231,090,020</b>	<b>\$ (7,057,395)</b>	<b>\$ 141,520,275</b>	<b>\$ 156,854,588</b>	<b>\$ (15,334,313)</b>
Madison	337,005,204	358,274,274	(21,269,069)	206,596,458	210,992,694	(4,396,236)	130,408,746	147,281,580	(16,872,833)
Milwaukee	12,723,661	14,616,055	(1,892,394)	10,517,901	11,920,832	(1,402,931)	2,205,760	2,695,222	(489,462)
Eau Claire	1,361,114	1,197,412	163,702	1,109,588	1,114,884	(5,296)	251,526	82,528	168,998
Green Bay	957,948	304,882	653,067	745,372	183,467	561,905	212,576	121,415	91,162
La Crosse	592,162	1,186,166	(594,004)	318,136	761,053	(442,917)	274,026	425,113	(151,087)
Oshkosh	1,869,572	1,112,165	757,407	1,403,510	1,092,863	310,647	466,062	19,302	446,760
Parkside	419,712	234,447	185,266	0	206,216	(206,216)	419,712	28,231	391,482
Platteville	51,296	412,430	(361,134)	0	331,398	(331,398)	51,296	81,032	(29,736)
River Falls	429,727	889,568	(459,841)	357,537	859,706	(502,169)	72,190	29,862	42,328
Stevens Point	841,464	1,364,619	(523,155)	158,133	287,229	(129,096)	683,331	1,077,389	(394,058)
Stout	688,093	950,394	(262,301)	546,573	718,799	(172,226)	141,520	231,595	(90,075)
Superior	81,148	1,775,490	(1,694,342)	29,250	1,532,147	(1,502,897)	51,898	243,343	(191,445)
Whitewater	53,047	310,313	(257,266)	0	153,767	(153,767)	53,047	156,546	(103,499)
Colleges	25,291	7,925	17,366	5,791	0	5,791	19,500	7,925	11,575
Extension	8,453,459	5,255,905	3,197,555	2,244,375	934,964	1,309,411	6,209,084	4,320,941	1,888,144
System-Wide	0	52,565	(52,565)	0	0	0	0	52,565	(52,565)

INSTRUCTION									
Institution	<u>Total</u>			<u>Federal</u>			<u>Non-Federal</u>		
	Fiscal Year 2015-16	Fiscal Year 2014-15	Increase (Decrease)	Fiscal Year 2015-16	Fiscal Year 2014-15	Increase (Decrease)	Fiscal Year 2015-16	Fiscal Year 2014-15	Increase (Decrease)
<b>Total</b>	<b>\$ 24,716,113</b>	<b>\$ 25,448,665</b>	<b>\$ (732,552)</b>	<b>\$ 21,290,780</b>	<b>\$ 19,651,323</b>	<b>\$ 1,639,457</b>	<b>\$ 3,425,333</b>	<b>\$ 5,797,343</b>	<b>\$ (2,372,010)</b>
Madison	14,494,329	15,960,424	(1,466,095)	11,662,211	11,443,012	219,199	2,832,118	4,517,412	(1,685,294)
Milwaukee	2,274,250	639,341	1,634,909	2,274,250	579,341	1,694,909	0	60,000	(60,000)
Eau Claire	1,226,756	529,711	697,045	1,226,756	378,511	848,245	0	151,200	(151,200)
Green Bay	46,300	813,782	(767,482)	0	473,367	(473,367)	46,300	340,415	(294,115)
La Crosse	1,850	0	1,850	0	0	0	1,850	0	1,850
Oshkosh	5,776,008	6,104,512	(328,504)	5,554,544	5,751,453	(196,909)	221,464	353,059	(131,595)
Parkside	482,146	136,005	346,140	290,737	0	290,737	191,409	136,005	55,403
Platteville	324	0	324	0	0	0	324	0	324
River Falls	0	302,549	(302,549)	0	299,617	(299,617)	0	2,932	(2,932)
Stevens Point	11,267	590,232	(578,966)	0	389,991	(389,991)	11,267	200,241	(188,975)
Stout	113,667	102,643	11,024	28,000	78,873	(50,873)	85,667	23,770	61,897
Superior	1,796	0	1,796	0	0	0	1,796	0	1,796
Whitewater	33,139	2,308	30,831	0	0	0	33,139	2,308	30,831
Colleges	0	0	0	0	0	0	0	0	0
Extension	0	0	0	0	0	0	0	0	0
System-Wide	254,282	267,157	(12,875)	254,282	257,157	(2,875)	0	10,000	(10,000)

Institution	STUDENT AID								
	Total			Federal			Non-Federal		
	Fiscal Year 2015-16	Fiscal Year 2014-15	Increase (Decrease)	Fiscal Year 2015-16	Fiscal Year 2014-15	Increase (Decrease)	Fiscal Year 2015-16	Fiscal Year 2014-15	Increase (Decrease)
<b>Total</b>	<b>\$ 82,367,740</b>	<b>\$ 81,123,724</b>	<b>\$ 1,244,017</b>	<b>\$ 78,805,924</b>	<b>\$ 78,087,084</b>	<b>\$ 718,840</b>	<b>\$ 3,561,816</b>	<b>\$ 3,036,640</b>	<b>\$ 525,176</b>
Madison	9,289,468	5,002,617	4,286,851	7,028,795	3,528,525	3,500,270	2,260,673	1,474,091	786,581
Milwaukee	16,734,840	16,968,625	(233,785)	16,734,840	16,968,625	(233,785)	0	0	0
Eau Claire	6,586,890	7,074,890	(488,000)	6,586,890	7,074,357	(487,467)	0	533	(533)
Green Bay	4,381,209	4,677,827	(296,618)	4,350,140	4,667,573	(317,433)	31,069	10,254	20,815
La Crosse	3,717,183	5,106,417	(1,389,234)	3,717,183	5,106,417	(1,389,234)	0	0	0
Oshkosh	0	818,152	(818,152)	0	818,152	(818,152)	0	0	0
Parkside	4,086,202	166,986	3,919,216	4,065,752	0	4,065,752	20,450	166,986	(146,536)
Platteville	4,044,557	4,512,921	(468,364)	4,040,893	4,512,921	(472,028)	3,664	0	3,664
River Falls	3,980,383	4,215,961	(235,578)	3,976,883	4,214,611	(237,728)	3,500	1,350	2,150
Stevens Point	8,335,339	7,006,846	1,328,493	8,021,927	6,731,614	1,290,313	313,412	275,232	38,180
Stout	4,575,020	6,343,912	(1,768,892)	4,572,520	6,231,473	(1,658,953)	2,500	112,439	(109,939)
Superior	2,941,437	3,175,514	(234,077)	2,941,437	3,175,514	(234,077)	0	0	0
Whitewater	6,850,337	8,088,976	(1,238,639)	6,237,711	7,545,297	(1,307,586)	612,626	543,679	68,948
Colleges	6,844,874	7,964,080	(1,119,205)	6,530,953	7,512,004	(981,051)	313,921	452,075	(138,154)
Extension	0	0	0	0	0	0	0	0	0
System-Wide	0	0	0	0	0	0	0	0	0

Institution	ALL OTHERS								
	Total			Federal			Non-Federal		
	Fiscal Year 2015-16	Fiscal Year 2014-15	Increase (Decrease)	Fiscal Year 2015-16	Fiscal Year 2014-15	Increase (Decrease)	Fiscal Year 2015-16	Fiscal Year 2014-15	Increase (Decrease)
<b>Total</b>	<b>\$ 27,653,483</b>	<b>\$ 24,917,363</b>	<b>\$ 2,736,121</b>	<b>\$ 6,755,718</b>	<b>\$ 5,389,073</b>	<b>\$ 1,366,646</b>	<b>\$ 20,897,765</b>	<b>\$ 19,528,290</b>	<b>\$ 1,369,475</b>
Madison	18,069,144	17,282,035	787,109	1,201,100	1,042,349	158,751	16,868,044	16,239,686	628,358
Milwaukee	2,909,686	2,119,248	790,439	1,480,357	1,571,917	(91,560)	1,429,329	547,331	881,999
Eau Claire	0	0	0	0	0	0	0	0	0
Green Bay	470,089	217,537	252,552	45	50	(5)	470,044	217,487	252,557
La Crosse	976,137	900,308	75,829	961,387	900,308	61,079	14,750	0	14,750
Oshkosh	111,290	0	111,290	81,290	0	81,290	30,000	0	30,000
Parkside	15,428	294,772	(279,344)	0	0	0	15,428	294,772	(279,344)
Platteville	586,545	909,346	(322,801)	586,105	0	586,105	440	909,346	(908,906)
River Falls	899,624	1,000,330	(100,706)	823,275	786,452	36,823	76,349	213,878	(137,529)
Stevens Point	23,140	21,710	1,430	8,235	0	8,235	14,905	21,710	(6,805)
Stout	1,280,025	1,140,069	139,956	904,506	843,907	60,599	375,519	296,162	79,357
Superior	253,331	9,795	243,536	221,667	0	221,667	31,664	9,795	21,869
Whitewater	736,961	477,315	259,646	257,751	244,090	13,661	479,210	233,226	245,984
Colleges	314,450	525,174	(210,724)	230,000	0	230,000	84,450	525,174	(440,724)
Extension	1,007,634	0	1,007,634	0	0	0	1,007,634	0	1,007,634
System-Wide	0	19,725	(19,725)	0	0	0	0	19,725	(19,725)