

UW System Board of Regents
Meeting of the Business & Finance Committee
Universities of Wisconsin
Van Hise Hall, Room 1820
1220 Linden Ave, Madison, Wisconsin
& via Zoom Videoconference
August 22, 2024

The meeting of the Business and Finance Committee was called to order at 8:00 a.m. by Chair, Regent Ashok Rai.

A. Calling of the Roll

Present: Regents Colon, Kreuser, Nixon, Peterson, Rai and Walsh attended in person.
Absent: Regents Goitom and Salzwedel

B. Declaration of Conflicts

The chair asked committee members to identify any conflicts of interest regarding items on the agenda. Regent Walsh recused herself from Item E. UW-Parkside Contractual Agreement with CDW Government LLC.

C. Approval of the Minutes of the June 6, 2024, Meeting of the Business and Finance Committee

Corrections: None

Motion made by: Regent Walsh

Motion seconded by: Regent Colon

Upon the direction of Regent Rai, a voice vote was taken, and the committee unanimously approved the minutes of the June 6, 2024, meeting.

D. UW System Status Report on Large or High-Risk Information Technology Project

The committee was provided a status report on Large or High-Risk Information and Technology Projects by Steven Hopper, Associate Vice President for the Office of Learning and Information Technology and Chief Information Officer. The report includes nine major IT projects within the system, including two projects completed since the last report in February, and one new project at UW-Parkside. For other projects still in progress, the report offers updates on their schedule, scope, and budget. The total project portfolio is \$246.5 million, a 5.2% decrease compared to the February report.

Questions/ Comments: With respect to the new project at UW-Parkside, Regent Walsh asked for clarification about access point replacements. Steven Hopper clarified that the shelf life is 7 to 8 years. Regent Rai confirmed that while this is listed as a UW-Parkside project, it is technically a shared service project, and he commended UW-Parkside for working to leverage the buying power inherent in this approach. He encouraged all UW

universities to explore this option as well as other shared service opportunities.

Motion to adopt made by: Regent Colon

Motion seconded by: Regent Kreuser

Motion carried unanimously (voice vote)

E. UW-Parkside Contractual Agreement with CDW Government LLC

Steven Hopper was joined by Brent Tilton, Director of Procurement, UW Administration to request adoption of a resolution approving the contractual agreement for the expenses reflected in UW-Parkside's Network Equipment Refresh project, as described in the Report on Large or High-Risk IT Projects. The project will replace the aging wired and wireless campus network to improve capacity and security. The project budget is \$3.4 million and is expected to be fully completed in June 2026.

Questions/ Comments: No additional comments to what was discussed with the previous item.

Motion to adopt made by: Regent Kreuser

Motion seconded by: Regent Nixon

Motion carried unanimously (voice vote)

F. UW-Milwaukee Graduate Application Fee

Drew Knab, Associate Vice Chancellor for Business and Financial Services, UW-Milwaukee (UWM) presented a request to confirm approval of the \$75 graduate application fee. While this fee has been in place since 2018, UWM is asking the Board for its explicit approval to ensure their compliance with Regent policy. The \$75 rate is consistent with the graduate application fee at UW-Madison and other Research 1 institutions. This fee increase supported the purchase, implementation, and maintenance of a new UWM graduate school application software system (Panthera) and is used to support the graduate school application and recruitment operations. The fee generated approximately \$587,000 in revenue in fiscal year 2024.

Questions/ Comments: Regent Walsh asked how UWM discovered that the fee had not been formally approved. Drew Knab shared that this issue was identified during an annual review process of fee rate schedules. Subsequent changes to Regent policy since 2018 have added clarity to approval processes for campus personnel.

Motion to adopt made by: Regent Nixon

Motion seconded by: Regent Peterson

Motion carried unanimously (voice vote)

G. UW-Milwaukee Contractual Agreement with Collegiate Licensing Company, LLC

Drew Knab, Associate Vice Chancellor for Business and Financial Services, UW-Milwaukee also presented the request by UW-Milwaukee (UWM) to extend its contractual agreement with Collegiate Licensing Company, LLC ("CLC"), which

expires on September 30, 2024, for an additional 21 months. CLC is a full-service trademark licensing agency that works with over 700 colleges, universities, conferences, and collegiate athletics properties to sell their officially licensed products. CLC also assists colleges and universities in protecting their brands from infringements and improper uses, as well as assisting them in meeting standards for fair labor, corporate social responsibility, and sustainability.

Questions/ Comments: None

Motion to adopt made by: Regent Walsh

Motion seconded by: Regent Peterson

Motion carried unanimously (voice vote)

H. UW System Collective Bargaining Agreement with the Building and Construction Trades Council of South-Central Wisconsin

Daniel Chanen, Associate Vice President and Chief Human Resource Officer, UW Administration requested adoption of the collective bargaining agreement (CBA) between the Board of Regents and the Building and Construction Trades Council of South-Central Wisconsin (BTC). UW System and BTC negotiated for a 4.12% increase in base wages, effective June 30, 2024, which is the beginning of the first pay period of the 2025 fiscal year. The contract ends on June 30, 2025. The total annualized cost for the base wage increase is \$447,856 including salary and fringe costs. The proposed base wage increase, and timing thereof, contained in this proposed contract are consistent with those in the contracts between BTC and the Department of Administration and UW-Madison.

Questions/ Comments: Regent Walsh asked if there was a timeline for approval by the state. Dan Chanen replied that the UW will formally request a meeting of the Joint Committee on Employment Relations (JCOER), the timing of that meeting will be decided by JCOER.

Motion to adopt made by: Regent Kreuser

Motion seconded by: Regent Colon

Motion carried unanimously (voice vote)

I. UW-Madison Collective Bargaining Agreement with the Building and Construction Trades Council of South-Central Wisconsin

Patrick Sheehan, Chief Human Resource Officer, UW-Madison presented the CBA between UW-Madison and BTC, which includes the same terms as the CBA with UW System.

Questions/ Comments: None

Motion to adopt made by: Regent Walsh

Motion seconded by: Regent Kreuser

Motion carried unanimously (voice vote)

J. 2023-24 Budget-to-Actuals Performance Report

Sean Nelson, Vice President for Finance and Administration, presented the Budget-to-Actuals Report, which reflects the status of the Universities of Wisconsin budget by major area of activity in comparison to actual financial experience for the period of July 1, 2023, through June 30, 2024. Final FY 2023-24 revenues for the Universities of Wisconsin exceeded the budget for that year by \$513.4 million, or 6.9%. This is primarily due to additional revenue of \$250.8 million received from gift, grant, and contract activity, which includes charitable giving and research grants. This revenue is generally difficult to budget given the uncertainty of when donations will be received, and which grant proposals will be approved. In addition, General Operations revenue exceeded its budget by \$115.5 million, largely due to higher-than-expected interest earnings.

FY 2023-24 UW expenses exceeded the budget by \$311.4 million, or 4.1%. The largest variance of \$326.4 million is in Salaries and Fringe Benefits. UW-Madison's Salaries and Fringe Benefits expenses exceeded its budget by \$313.2 million. Supplies and Expenses were \$77.4 million under the FY 2023-24 budget, primarily due to UW-Madison being under budget by \$107.9 million.

For FY 2023-24, total revenues exceeded total expenses by nearly \$202.0 million, or 2.5% of expenses.

Questions/ Comments: Regent Rai clarified with Sean that there will be a final audited statement in November. Regent Peterson shared that she appreciated the context. Regent Kreuser shared that he appreciated the attention to detail. Regent Colon commented that the interest earnings greatly benefited the budget, and asked what action might be needed if interest earnings should go the opposite direction. Sean shared that UW initiated a working capital program that takes advantage of the market and provides stability to the approach. Investments are made through the Trust Funds office. Regent Rai shared that the actuals review will be important in resetting expectations. Regent Walsh gave acknowledgement to former Regent Bob Atwell who had championed actuals, and also expressed that the leadership of President Rothman working with Sean to make it happen has been key.

K. Approval of 2025-27 Biennial Operating Budget and Financial Aid Request

Vice President Nelson presented for approval the 2025-27 biennial budget request, which includes General Purpose Revenue (GPR) to get the Universities of Wisconsin “up to the middle” of national public funding support for its four-year universities. The latest State Higher Education Executive Officers Association (SHEEO) analysis of public higher education financing, reflecting both state support and tuition, shows that Wisconsin currently ranks 43rd out of 50 states in public funding to support its four-year universities. It is estimated that an ongoing \$457 million is needed to move Wisconsin up to the middle. To reduce the reliance on tuition and remain committed to affordable higher education in the State of Wisconsin, this budget request, if enacted, would allow the Universities of Wisconsin to keep resident undergraduate tuition flat throughout for the 2025-26 and 2026-27 academic years. The majority of

additional positions requested in this budget are student-facing, in support of the Universities of Wisconsin's strategic plan.

The request includes funding for standard budget adjustments and initiatives that support increasing affordability, preserving accessibility, developing talent, ensuring quality, and investing in innovation. The request also includes items for the Wisconsin Veterinary Diagnostic Laboratory (WVDL) which requires Board approval as it is administratively attached to UW-Madison. Lastly, the budget includes forwarding a request to the state's Higher Educational Aids Board (HEAB) to increase Wisconsin Grant funding to recognize federal legislation that will result in more students being eligible for the grant and to allow for a maximum award to increase up to approximately 50% of the average tuition and fees at a UW comprehensive university.

Questions/ Comments: Regent Walsh asked how sure we are of the cause and effect of the tuition promise on enrollment increases. Vice President of Academic and Student Affairs Johannes Britz shared that enrollment increases coincided with the tuition promise and believes that the Direct Admit initiative in concert with a tuition promise will continue to reap positive results. Regent Walsh questioned if the FAFSA issues will have an effect on enrollment. VP Britz shared his belief that it will have a negative effect. Regent Rai stressed the importance of calculating and reporting the return on investment in higher education to both the student and state.

Regent Peterson thanked VP Nelson for the presentation and for effectively tying the provisions of the budget request to the UW strategic plan. Regent Nixon thanked VP Nelson for the time he took to provide information and answer questions in advance of the meeting. Regent Rai expressed that while the universities have made difficult financial decisions, the budget request largely reflects mission-critical priorities that would otherwise be funded by higher tuition rates.

Motion to adopt made by: Regent Colon

Motion seconded by: Regent Walsh

Motion carried unanimously (voice vote)

L. Semi-Annual Report on Gifts, Grants, and Contracts

Vice President Nelson presented a summary report on gifts, grants, and contracts awarded to the Universities of Wisconsin from July 1, 2023, through June 30, 2024. Total gifts, grants, and contracts for the period were approximately \$2.2 billion, a decrease of 2.1% (\$48.7 million) from fiscal year 2023.

Federal awards decreased \$154.7 million (11.0%). Most of this decrease relates to UW-Madison's federal research and public service awards, specifically with several large awards from the Department of Agriculture, National Institute of Health, and Centers for Disease Controls and Prevention that were reported in fiscal year 2023. UW-Milwaukee, UW-Stevens Point, UW-Superior, and UW Administration also reported notable decreases in research and public service awards for their institutions.

Non-federal awards increased \$106.0 million (12.0%). Changes in non-federal research and public service awards and other awards were noted at several UW universities. These changes between years are primarily due to receipts from campus foundations for capital projects.

Questions/ Comments: Regent Nixon confirmed his understanding that the university receives over \$2 billion from outside contributions and noted this is more than the state provides to support its public university system.

M. Cost-Benefit Analysis of Foundations and Associated Affiliated Organizations for Fiscal Year 2022-23

Vice President Nelson presented the Cost-Benefit Analysis of Foundations and Associated Affiliated Organizations Report for fiscal year 2022-23. The report notes that 77 foundations and affiliated organizations supported the missions of the Universities of Wisconsin during that period. The universities received a total of over \$402 million from primary fundraising foundations – an increase of over \$20 million from the previous year - while providing \$11.3 million in administrative support to these organizations.

Questions/ Comments: Regent Walsh asked for clarification in regard to the number of primary fundraising foundations and alumni organizations, which some campuses combine. She asked what constitutes “administrative support,” which VP Nelson clarified as items including staffing and dedicated space. Regent Nixon noted that the \$402 million received from private citizens is equal to 35% of the amount of GPR funding provided to the UWs.

Regent Rai closed the meeting with a special thank you to Sean Nelson for his work and contributions in his role as Vice President.

The meeting was adjourned at 9:39 am.

Respectfully submitted,

Brenda L. Joyce
Recording Secretary