

10/03/13

BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM

I.2. Business and Finance Committee

Thursday, October 10, 2013
UW-Parkside Student Center
Oak Room
Kenosha, Wisconsin

2:30 p.m. Business and Finance Committee – Oak Room

- a. Committee Business
 1. Approval of the Minutes of the September 6, 2013 Joint Meeting of the Business and Finance and Audit Committees
 2. Review and Approval of the UW-Madison Division of Intercollegiate Athletics Contractual Agreement and addendum with the Green Bay Packers Inc., and the Board of Trustees of the Louisiana State University
[Resolution I.2.a.2.]
 3. Review and Approval of the UW-Madison Contractual Agreement with Avon Hi-Life, Inc. for sponsored research
[Resolution I.2.a.3.]
- b. Report on Human Resource System (HRS) Structure Change
- c. Review and Approval of a UW System Policy on UW System Program Revenue Appropriation Balances and Reserves
[Resolution I.2.c.]
- d. Review and Approval of a UW System Policy on the Expenditure of Tuition and Fee Revenues and State General Purpose Revenue by Each Institution
[Resolution I.2.d.]
- e. Review and Approval of Request for Revisions to Wisconsin Statutes Relating to the Board's Use of Telecommunications Services and Relationship to WiscNet
[Resolution I.2.e.]
- f. Salary Ranges
 1. Review and Approval of an Amendment to the Board of Regent Policy on Senior Executive Salary Ranges
[Resolution I.2.f.1.]

2. Review and Approval of Salary Ranges for Senior Executives Resulting from Amended Regent Policy Proposed in Resolution I.2.f.1.
[Resolution I.2.f.2.]
 3. Review and Approval of a Request to the Joint Committee on Employment Relations to Increase Salary Ranges for Vice Chancellors/Provosts at Comprehensive Institutions and UW System Vice Presidents
[Resolution I.2.f.3.]
- g. Report of the Senior Vice President

UW-Madison Division of Intercollegiate Athletics
Contractual Agreement with the Green Bay Packers, Inc.,
And the Board of Trustees of the Louisiana State University

BUSINESS AND FINANCE COMMITTEE

Resolution I.2.a.2.:

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 University of Wisconsin-Madison Division of Intercollegiate Athletics contractual agreement and addendum with the Green Bay Packers, Inc., and the Trustees of the Louisiana State University.

**UW-MADISON DIVISION OF INTERCOLLEGIATE ATHLETICS
CONTRACTUAL AGREEMENT AND ADDENDUM
WITH THE GREEN BAY PACKERS INC., AND THE BOARD OF
TRUSTEES OF THE LOUISIANA STATE UNIVERSITY**

BACKGROUND

UW-Madison is seeking Board of Regents approval to enter into a contractual agreement with the noted parties for a football game to be held on September 3, 2016.

In accordance with Regent Policy Document *13-1 General Contract Signature Authority, Approval, and Reporting*, contracts with private, profit-making organizations with a value of \$500,000 or more require formal approval by the Board of Regents prior to execution.

REQUESTED ACTION

Approval of Resolution I.2.a.2.

DISCUSSION AND RECOMMENDATIONS

This contract covers a Wisconsin Badgers football game with the Louisiana State University to be hosted at Lambeau Field in Green Bay, Wisconsin on September 3, 2016.

Contract highlights include:

- The Green Bay Packers shall pay the University of Wisconsin \$3,000,000 for participation in the event
- The game will be considered a Big Ten home game for purposes of television rights. Big Ten media agreements' terms and conditions will apply
- University shall receive two complimentary twenty four person suites
- University shall receive a minimum of 40,000 tickets from the Packers for use as follows:
 - 300 complimentary tickets for player's families
 - Up to 475 tickets for the Wisconsin Band
 - 7,500 tickets for sale to students at a discounted rate of at least 40% off the lowest price general admission ticket
 - The remaining tickets for sale to the general public at regular prices
- Packers shall arrange for and pay all costs associated with Lambeau Field as required for the event (including but not limited to, leasing Lambeau Field, paying all officials, etc.)

RELATED REGENT POLICIES

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

UW-Madison Contractual Agreement
with Avon Hi-Life, Inc.

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 University of Wisconsin-Madison and Avon Hi-Life, Inc.

**UW-MADISON CONTRACTUAL AGREEMENT
WITH AVON HI-LIFE, INC.**

BACKGROUND

UW 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 acceptance prior to execution.

REQUESTED ACTION

Approval of Resolution I.2.a.3.

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 University of Wisconsin-Madison and Avon Hi-Life, Inc.

DISCUSSION AND RECOMMENDATIONS

The Office of Industrial Partnerships negotiated a second modification to a previously signed sponsored Research Agreement (Attachment A) with Avon Hi-Life, Inc. (“Avon”).

The original Research Agreement was effective as of January 1, 2010 and Avon provided \$149,332 in support of research performed by Dr. Doug Reinemann for the development of improved liners for use with mechanical milking machines and other related products used in milking machine clusters. The first phase of research focused on product testing and comparison. The first modification (Attachment B), which became effective as of September 26, 2011, increased funding in the amount of \$154,261, for a total of \$303,593, and added the development of methods for evaluating milking performance to the scope of work.

Under this second modification (Attachment C), Avon shall contribute an additional \$514,004, for a total of \$817,597, to develop methods of assessing the milking performance associated with specific liners, cluster designs, and machine settings. This third phase of research will be completed on or before September 30, 2016 and will continue under the direction of Dr. Reinemann.

RELATED REGENT POLICIES

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

**UNIVERSITY OF WISCONSIN SERVICE CENTER
REPORT ON THE TRANSFER FROM UW-MADISON TO UW SYSTEM
ADMINISTRATION**

BACKGROUND

The University of Wisconsin Service Center, administratively housed within the Office of Human Resources at UW-Madison, is responsible for the day-to-day operation of the Oracle / PeopleSoft Human Resources System (HRS) implemented in April 2011 to serve as the business system to manage the human resource (HR), benefit and payroll processes for the 13 four year universities; University of Wisconsin Colleges; University of Wisconsin-Extension and UW System Administration. University of Wisconsin System Administration (UWSA) is responsible for the overall HR policy and strategy and accounting functions for UW System. The HR responsibilities that are supported by the Service Center are dependent upon HR personnel across UW System with a significant amount of those users residing at each of the institutions across UW System.

The Board of Regents received an external risk assessment report at its September meeting that it requested from PricewaterhouseCoopers on HRS post-implementation risks. One of the recommendations indicated that *“the leadership structure over the UW Service Center and related HR processes would benefit from clearer definition of the parties responsible for the strategy, direction and oversight of the UW Service Center”*.

REQUESTED ACTION

For information only.

DISCUSSION

President Reilly and Chancellor Blank have agreed that the administrative home of the UW Service Center be transferred from UW-Madison to UW System Administration. See attached letter. The UW Service Center will be part of the same overall organization that includes the UWSA offices responsible for policy development and oversight in human resources, employee payroll and benefits, finance, information technology, and budget. In this way, policies, procedures, and processes for implementing policies can be more efficiently and effectively aligned to further minimize post-implementation risks and support even greater stabilization and optimal utilization of HRS.





Office of the President

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October 1, 2013

To: Larry Henderson and UW Service Center Staff
From: Kevin P. Reilly, President 
Rebecca Blank, Chancellor 
Re: University of Wisconsin Service Center
Transfer from UW-Madison OHR to UW System Administration

We are writing to update you on the discussions about the governance and organizational structure of the UW Service Center. First, we want to again thank you for your commitment to providing high-quality services to our UW System colleagues and the state of Wisconsin. We greatly appreciate the work you do each day as well as the efforts you and our many partners across the UW System have made to produce effective and innovative solutions to the challenges the Service Center has faced since HRS was launched.

Today, we want to share with you a key decision aimed at improving the governance structure over the Service Center, HRS and related business processes. In our communication with you on September 6, 2013, we referenced the PricewaterhouseCoopers (PwC) risk assessment observations and recommendations that PwC intended to report to the Board of Regents later that day. One recommendation was that the governance structure over HR processes and the HRS system should be enhanced to provide the leadership, authority and accountability necessary to implement and sustain needed changes to HR processes. Specifically, PwC recommended that *the leadership structure over the UW Service Center and related HR processes would benefit from clearer definition of the parties responsible for the strategy, direction and oversight of the UW Service Center. Additionally, it appears that the Accounting and HR functions at UWSA, which have system wide responsibilities, may not have sufficient ability to influence, monitor and report on matters which occur at the UW Service Center and impact the entire university system.*

As a first step in addressing the recommendation to improve the governance structure, we have agreed that the administrative home of the UW Service Center will be transferred from UW-Madison to UW System Administration. This administrative move places the UW Service Center within the Senior Vice President for Administrative and Fiscal Affairs division of the UWSA, reporting directly to the UW System Interim Vice President for Finance Steve Wildeck. The UW Service Center will be part of the same overall organization that includes the UWSA offices responsible for policy development and oversight in human resources, employee payroll and benefits, finance, information technology, and budget. In this way, policies and procedures

and processes for implementing policies can be more efficiently and effectively aligned to further minimize post-implementation risks and support even greater stabilization and optimal utilization of HRS.

While it will take some time to complete the transition given the significant support services provided to the Service Center by UW-Madison, the new reporting structure will become effective no later than December 1, 2013. Steve Wildeck, David Miller, Larry Henderson, Bob Lavigna, Darrell Bazzell and others will work closely to establish a full transition plan. Steve will report to the Board of Regents' Business and Finance Committee at its December meeting on the full transition and resources needed to support the Service Center within the UWSA administrative structure.

Larry, we again want to thank you and your staff for the outstanding job that you have been doing under very difficult circumstances to address the post go-live issues. We also want to thank Bob Lavigna for his insights and leadership before and during the go-live and post-implementation period. We know that we will be able to continue to count on Bob and Darrell for counsel and advice as we move forward with this new governance structure for the Service Center.

It is our goal to make sure that this transition works as smoothly as possible for you and the colleagues we proudly serve across the UW System. We greatly value the Service Center's contributions in helping UW System and our campuses meet the needs of our students, faculty, staff and state.

Finally, next week, at a time and day convenient for you, Steve, David, Darrell, and Bob will meet with Larry and the Service Center team to answer any initial questions and to formally start the needed discussions on the transition. This meeting will be part of an ongoing effort to maintain open lines of communication as we proceed with the transition.

Thank you for your support and dedicated service as we transition to this new structure. Working together, we will provide high-quality services for a world-class university system.

Copy: David Miller
Steve Wildeck
Darrell Bazzell
Bob Lavigna

Approval of Program Revenue
Balances and Reserves Policy

BUSINESS AND FINANCE COMMITTEE

That, upon the recommendation of the President of the University of Wisconsin System, the Board of Regents approves the attached policy regarding program revenue balances and reserves and directs the President to submit the policy to the Joint Committee on Finance for its subsequent review and approval.

UW SYSTEM BOARD OF REGENTS POLICY ON PROGRAM REVENUE BALANCES AND RESERVES

BACKGROUND

On April 19, 2013, the Legislative Fiscal Bureau released a memorandum to the Joint Finance Committee related to UW System end of fiscal year 2012 cash balances. That memorandum and subsequent papers prepared for the Joint Finance Committee for consideration of the 2013-15 biennial budget raised questions about the appropriate level of cash balances and reserves.

2013 Wisconsin Act 20 included the following directive to the UW System: “the Board of Regents of the University of Wisconsin System shall develop a methodology for the calculation of program revenue balances and reserves, expressed in both dollars and as percentages of total annual expenses, for the University of Wisconsin System as a whole and for individual University of Wisconsin institutions, as defined in section 36.05(9) of the statutes, and the extension. By September 1, 2013, the Board of Regents shall submit its proposed methodology to the joint legislative audit committee for approval, modification, or disapproval.” The proposed methodology was approved by the Board of Regents at its July 12, 2013 meeting and subsequently submitted to the joint legislative audit committee on July 18, 2013. A revised methodology was approved by the Board at its September 6, 2013 meeting and subsequently submitted to the Joint Legislative Audit Committee on September 11, 2013.

2013 Wisconsin Act 20 also stated “By January 1, 2014, the Board of Regents of the University shall submit to the joint committee on finances all of the following:

1. Proposed limits on program revenue account balances for the University of Wisconsin System as a whole and for each individual institution and proposed reports relating to the limits.
2. Proposed policies regarding the annual distribution of tuition and fee revenue and state general purpose revenue by each institution.
3. Proposed policies regarding the expenditure of tuition and fee revenue and state general purpose revenue by each institution.”

The attached policy addresses item 1 above.

REQUESTED ACTION

Approval of Resolution I.2.c.

DISCUSSION

The Program Revenue Balances and Reserves Policy prescribes the manner in which program revenue balances will be categorized and calculated at the end of each fiscal year and utilizes existing financial reporting guidelines. The policy outlines an appropriate reserve threshold to guide UW System institutions in their fiscal planning. Reserves are meant to protect the institutions in cases of sudden shortfalls in revenue, to provide for extraordinary events, and to protect against unbudgeted future expenses or losses. A minimum reserve of 10% has been established to ensure a degree of fiscal health. Institutions below this reserve level will be required to submit a plan by which and by when they will reach the minimum. A reporting threshold of 15% has been established to ensure that accumulations of resources above this amount are adequately justified. Balances are often accumulated above the threshold in order to meet long-term strategic initiatives at the individual institution or at the System level; however, the 15% figure is designated as a threshold which requires a report and Board approval, and not as a cap on end-of-year balances.

RELATED REGENT POLICIES

None.

REGENT POLICY DOCUMENT
XX-YY PROGRAM REVENUE BALANCES AND RESERVES POLICY

Scope

This policy addresses program revenue account balances and appropriate reserve levels at UW System and UW System institutions.

Purpose

The purpose of this policy is to ensure the financial health and stability of each UW System institution and the UW System as a whole and to communicate that more broadly and clearly. The policy balances prudent fiscal management with adequate levels of resources to carry out the universities' missions, programs, strategic goals, and objectives in an effective and efficient manner.

This policy ensures that:

- individual institutions have the necessary flexibility to manage program revenue accounts to meet financial commitments, plans, and goals.
- reporting of program revenue cash balances is at a level that provides the Board of Regents, Legislature, and public with a complete, consistent, and transparent understanding of end-of-year balances.
- institutions are incentivized to continue to invest in and cultivate creative academic programs to reach all students seeking higher education.
- institutions are incentivized to invest in facilities that provide a world-class education.
- the University of Wisconsin is not incentivized to undertake unnecessary end-of-year spending in order to meet restrictive carry-forward caps.

Definitions and Methodology for Calculating

Program revenue balances shall be calculated on a cash basis subsequent to year-end reconciliation. Balances will be calculated starting with the prior year's ending cash balance, adding revenues received and deducting expenditures made during the fiscal year. Balances will not reflect accruals for advance deposits received for future academic terms, accounts payable, or accounts receivable.

Year-end program revenue balances shall be summarized as follows:

- 1) Tuition (Academic Student Fees and Extension Student Fees),
- 2) Auxiliary Operations,
- 3) General Operations, and
- 4) Other Unrestricted Program Revenue,
- 5) Federal Indirect Cost Reimbursement,
- 6) Gifts,
- 7) Nonfederal Grants and Contracts,
- 8) Federal Grants and Contracts, and
- 9) Other Restricted Program Revenue.

A description of UW appropriations included in each category of program revenue balances will be provided to aid in understanding the information presented (attached).

Year-end balances in (1) Tuition (Academic Student Fees and Extension Student Fees), (2) Auxiliary Operations, (3) General Operations, and (4) Other Unrestricted Program Revenue shall be expressed in dollars for the UW System as a whole and for each UW institution and as a percentage of the total expenditures by that category for the fiscal year. Tuition balances shall be expressed as a percentage of the combined expenditures for GPR (less GPR-funded debt service) and tuition combined.

Reserves represent a portion of fund balances. Reserves are defined as funds set aside to protect against unbudgeted future expenses or losses, such as enrollment fluctuations, unexpected costs, or loss of state or federal aid. Reserves are not funds set aside for specific expenditures or commitments, but serve as an operating contingency. Reserves aid in the management of the University's and state's cash flow to meet daily expenditure needs.

Designated balances are defined as funds set aside for specific expenditures or commitments. They include, but are not limited to, legally enforceable contracts, publicly made commitments, differential tuition, encumbrances, and advanced deposits.

Federal Indirect Costs Reimbursement year-end balances shall be expressed in dollars for the UW System as a whole and for each UW institution and as a percentage change from the prior year-end balance.

Policy Statement

It is the policy of the Board of Regents that the UW System and UW System institutions maintain appropriate reserves to protect the institutions in cases of sudden shortfalls in revenue, to provide for extraordinary events, and to protect against unbudgeted future expenses or losses. Institutions should target a reserve level of 10% of total fiscal year expenditures for each of the following two categories: (1) Tuition, and (2) Auxiliary Operations. This 10% target falls within the recommendation by the Government Finance Officers Association of reserve levels between 5-20% and should assist institutions in meeting the Higher Learning Commission requirements for financial health. Institutions with reserves of less than 10% of total fiscal year expenditures shall submit a savings plan on how they will achieve the minimum and within what timeframe.

The Board of Regents recognizes there are many instances where accumulation of balances beyond a reserve level is a prudent practice in order to achieve strategic priorities over a multi-year period (establishing new academic programs, purchasing major equipment, funding start-up packages for new faculty, etc.). Institutions with balances above 15% of total fiscal year expenditures shall submit justifications for the amounts above the threshold along with a defined multi-year spending plan for each of the following four categories: (1) Tuition (Academic Student Fees and Extension Student Fees), (2) Auxiliary Operations, (3) General Operations, and

(4) Other Unrestricted Program Revenue. Balances above the 15% threshold should be designated by the Chancellor for specific purposes.

The 15% threshold is established to determine a limit which will require a report and Board approval. It is not established as cap on end-of-year balances.

Oversight, Roles, and Responsibilities

Appropriation balances and reserve analysis for each institution and the System as a whole shall be reported annually as soon as practicable after the fiscal year-end reconciliation. For those institutions with reserves less than the 10% targeted threshold, the Board of Regents will determine whether the institution has an adequate plan in place to meet the target within a reasonable period of time. For those institutions with balances above 15% of total year-end expenditures, the Board of Regents will determine whether balances are adequately justified.

Related Regent Policies and Applicable Laws

Section 36.46 Wisconsin Statutes

History

Attachment: Brief Notes for Select University Funds

<u>Fund Category</u>	<u>Fund #</u>	<u>Fund Title</u>	<u>Source</u>	<u>Use</u>
Tuition	Fund 131	Academic Student Fees	Tuition revenue from undergraduate, graduate, and professional level students. Both residents and non-residents.	Costs related to degree credit instruction including the full range of salary and non-salary charges supporting the academic mission of the University.
	Fund 189	Extension Student Fees	Tuition and fee revenue generated from UW-Extension sponsored credit outreach instruction.	Costs related to UW-Extension degree credit instruction including the full range of salary and non-salary charges supporting these activities.
Auxiliary Operations	Fund 128	Auxiliary Enterprises	Primarily Residence Hall, Food Service, Bookstore, Student Union, Intercollegiate Athletics, Parking and Student Segregated Fee receipts.	Funds are applied to the costs supporting these activities. In general, receipts support expenditures in the area/activity in which they were generated. Charges can include the full range of salary and non-salary costs including program revenue funded debt service where applicable.
General Operations	Fund 136	General Operations Receipts	Receipts are generated from a broad range of activities which have a close tie to and/or support the academic mission of the University.	Generally revenues support academic programs in the area in which the funds were generated. Examples of such operations include the World Class Instructional Design and Assessment Consortium, University Press, Babcock Dairy, and Pre-School Lab operations at UW-Madison.
Other Unrestricted PR	Fund 123	Principal Repayment - Interest and Rebates	Primarily receipts from relatively small appropriations.	Funds generated from these sources are generally applied to the activities from which they were generated.
	Fund 125	Prostate Cancer Research		
	Fund 127	State Lab of Hygiene		
	Fund 130	State Lab of Hygiene		
	Fund 132	Extension Non-Credit Program Receipts		
	Fund 137	Breast Cancer Research		
	Fund 138	Sale of Real Property		
	Fund 156	Aquaculture Center		
	Fund 157	Outdoor Skills Training		
	Fund 159	Physician and Health Care Provider Loan Assistance Programs - Repayments		
	Fund 165	Veterinary Diagnostics Lab: Non-State Agency Fees		
	Fund 166	Veterinary Diagnostics Lab: State Agency Fees		
	Fund 181	Great Lakes Fish Study		
	Fund 183	Extension Outreach		
	Fund 184	License Plate Scholarship Programs		
	Fund 185	Center for Urban Land Economics Research		
	Fund 187	Funds Transferred from Other State Agencies		
	Fund 195	Physician and Health Care Provider Loan Assistance Programs		
	Fund 199	Veterinary Diagnostics Lab		
	Fund 620	UW Hospital and Clinics Authority - Services Provided		
Federal Indirect Cost Reimbursement	Fund 150	Federal Indirect Cost Reimbursement	Receipts are generated through the application of an indirect cost rate to expenditures made on grants and contracts. Rates are negotiated between each institution and the federal government.	Receipts are generally applied to support and replenish the institutional infrastructure which enables our institutions to be successful in competing for these extramural awards. Funds used for competitive faculty start up packages, equipment, and maintenance of federally funded research facilities.

Approval of Policy on
Expenditure of Tuition and Fee
Revenues and State General Purpose
Revenue by Each Institution

BUSINESS AND FINANCE COMMITTEE

That, upon the recommendation of the President of the University of Wisconsin System, the Board of Regents approves the attached policy regarding the expenditure of tuition and fee revenues and state general purpose revenue by each institution and directs the President to submit the policy to the Joint Committee on Finance for its subsequent review and approval.

**UW SYSTEM POLICY
ON THE EXPENDITURE OF TUITION REVENUE AND STATE
GENERAL PUPOSE REVENUE BY EACH INSTITUTION**

EXECUTIVE SUMMARY

BACKGROUND

S. 9148(4m) of 2013 Wisconsin Act 20 requires the UW System to submit to the Joint Finance Committee by January 1, 2014, for approval through 14-day passive review, a proposed policy regarding the expenditure of tuition and fee revenues and state general purpose revenue (GPR) by each institution.

REQUESTED ACTION

Approval of Resolution I.2.d.

DISCUSSION

The UW System receives a block allotment of general purpose revenue (GPR) from the state annually. Tuition revenue is also used to supplement GPR to pay for university core operations.

Revenue from tuition differentials, self-supporting program tuition, and enrollment growth is used for institutional self-supporting activities and programs, including distance education, credit outreach and other entrepreneurial activities. Expenditures related to these programs and activities are direct expenditures on the tuition fund.

Both GPR and tuition revenue cover expenditures related to core activities, such as salaries, fringe benefits, utilities, supplies and expenses, and student technology costs. Each institution charges these expenses to its GPR funds. UW System Administration uses a monthly process whereas a proportionate amount of expense is allocated to both the GPR fund and tuition fund. At the end of the fiscal year, any expense amount exceeding the remaining amount of GPR is transferred to the tuition fund.

RELATED REGENT POLICIES

None.

REGENT POLICY DOCUMENT
XX-YY POLICY ON THE EXPENDITURE OF TUITION REVENUE AND STATE
GENERAL PURPOSE REVENUE

Scope

This policy addresses how expenditures will be allocated between tuition revenue and state general purpose revenue by each UW institution.

Purpose

The purpose of this policy is to clearly define the revenue sources that will be used to fund UW core operating expenditures.

Annually, the UW System receives a block allotment of expenditure authority from the state that reflects the amount of GPR appropriated by the legislature, modified by any adjustments made by the executive branch within its authority. This GPR block allotment is used to support core operating expenses within the UW System. Tuition revenue is also used to supplement GPR dollars to support core operations. For ease of administration, each UW institution charges all core operating expenses to GPR funds. Then, UW System must periodically transfer a certain amount of expense to the tuition fund.

Policy Statement

It is the policy of the Board of Regents that expenses related to institutional self-supporting activities, such as distance education programs, service-based pricing programs, and other entrepreneurial activities, be charged directly to the tuition fund. This fund includes revenue from tuition differentials, self-supporting program tuition, and tuition from enrollment growth.

It is further the policy of the Board of Regents that the UW System and UW System institutions will use both tuition revenue and state GPR for expenses related to core activities, including salaries, fringe benefits, utilities, supplies and expenses, and student technology costs. Each institution will charge these expenses directly to GPR funds.

On a monthly basis, UW System Administration follows a process to transfer expense from the GPR fund to the tuition fund. The amount transferred is based on the relative percentages of actual core operating expenses that are funded by GPR and tuition. At the end of the fiscal year, any expense amount exceeding the remaining amount of GPR is transferred to the tuition fund. All UW accounting transactions are recorded in the state accounting system on a daily basis.

Related Regent Policies and Applicable Laws

Chapter 20, Wisconsin Statutes

Approval of Request for Revisions to
Wisconsin Statutes Relating to the
Board's Use of Telecommunications
Services and Relationship to
WiscNet

BUSINESS AND FINANCE COMMITTEE

WHEREAS UW System institutions, colleges and UW-Extension, as well as affiliated entities, rely on a robust high-speed network to carry out their research, education, and public service missions; and

WHEREAS the UW System is provisioning its own network to provide network services to UW System institutions, UW-Extension, and UW-affiliated entities; and

WHEREAS the UW System needs an adequate period to transition from the current network to the new network that will allow UW System institutions to maintain uninterrupted network function and connectivity; and

WHEREAS, certain changes to applicable Wisconsin statutes regarding the Board's use of telecommunications services are necessary to facilitate a successful transition to the new network,

NOW, THEREFORE, BE IT RESOLVED:

That, upon the recommendation of the President of the University of Wisconsin System and the Chancellor of UW-Madison, the Board of Regents authorizes the President to seek appropriate changes to Wisconsin law regarding the Board's use of telecommunications services to enable a successful transition to the new UW System network, thereby ensuring uninterrupted network function and connectivity in support of the research, education, and public service missions of UW System institutions.

**AUTHORIZATION OF REQUEST FOR REVISIONS TO WISCONSIN
STATUTES RELATING TO THE BOARD'S USE OF
TELECOMMUNICATIONS SERVICES AND RELATIONSHIP TO
WISCNET**

BACKGROUND

The 2011-13 state biennial budget included substantial changes to Wisconsin law relating to the Board's use of telecommunications services and its relationship to WiscNet, the entity that manages the network infrastructure that connects UW System institutions and affiliated entities. State law (Wis. Stat. § 36.585) now precludes the University of Wisconsin (UW) from continuing as a member, partner or shareholder of WiscNet as of July 1, 2013. The Board may use telecommunications services only for the purposes of carrying out its mission and prohibits UW from providing telecommunications services, including "unlit" or dark fiber optic cable, that are available from a private telecommunications provider to either the general public or to any public or private entity. In addition, as of July 1, 2014, the Board may neither employ any individual who is also employed by WiscNet, allow WiscNet to use any UW-owned or leased facilities, nor jointly own any assets or property with WiscNet. In response to the new provisions, in June 2013, the Board, UW System Administration, and the Chancellor of UW-Madison jointly decided to provision a new UW network to be operated by UW-Madison Division of Information Technology (DoIT) for the benefit of all UW System institutions and affiliated entities.

REQUESTED ACTION

Approval of Resolution I.2.e.

DISCUSSION

Subsequent to the decision to provision a new UW Network a team of subject matter experts was appointed to develop a preliminary project plan to transition all UW System campuses to a UW Network. The ambitious plan developed by the team outlines the technology, equipment, time, personnel, and funding needed to provision the UW network and provides a guide for achieving this goal. The team has also worked to identify the assets to be divided between UW and WiscNet, develop a valuation of these assets, and identify any legislative changes needed to ensure successful implementation of the transition plan.

In addition to the development of the project plan, UW is taking other steps to separate itself from WiscNet as required by law:

- UW System institutions are no longer represented on the WiscNet Board of Directors.
- UW-Madison no longer serves as WiscNet's fiscal agent.
- By the end of 2013, no UW staff will be employed by WiscNet.

It has also been determined that, due to its experience and expertise, DoIT will play the lead role in designing, operating, and managing the new network on behalf of all UW institutions. Given the need to develop and implement a network from the "ground-up," the transition from the current managed network to the UW network will occur over the next 14 to 18 months.

In order to accommodate this time line, allow UW campuses to maintain connectivity with WiscNet through the current operational configuration to ensure uninterrupted service, and authorize WiscNet to have access to UW-owned fiber in order to continue serving UW System institutions during the transition, legislative action is needed to suspend the application of the applicable statutes until January 31, 2015. Such a change will facilitate a smooth transition from UW's current structure to the new UW network.

RELATED REGENT POLICIES

None.

Amendments to Regent Policy Document 6-5,
Executive Salary Structure

BUSINESS AND FINANCE COMMITTEE

Resolution I.2.f.1.:

WHEREAS, pursuant to s. 20.923(4g), Wis. Stats., the Board of Regents has the authority to set salary ranges for specified UW System senior academic leaders, and

WHEREAS, under current Board of Regents policy, the range minima and maxima for UW System senior executive ranges are 90% and 110%, respectively, of the calculated midpoint based on the adjusted peer median, and these percentages are inconsistent with other executive salary ranges within UW System and state government, and

WHEREAS, amended Regent Policy Document 6-5 will have range minima and maxima for UW System senior executive ranges at 80% and 120%, respectively, of the calculated midpoint based on the adjusted peer median ranges, and

WHEREAS, salary ranges should be brought into compliance with Regent policy on a regular basis,

Now, therefore be it resolved:

That upon the recommendation of the President of the University of Wisconsin System, the Board of Regents adopts the attached amended Regent Policy Document 6-5, Executive Salary Structure.

UNIVERSITY OF WISCONSIN SYSTEM EXECUTIVE SALARY STRUCTURE

BACKGROUND

In accordance with s. 20.923(4g), Wis. Stats., the Board of Regents has the authority to establish salary ranges for the UW System President and Senior Vice Presidents, all Chancellors, and the Provosts/Vice Chancellors (deputy) at UW-Madison and UW-Milwaukee. At this time the Board does not have the authority to set the ranges for the Provosts/Vice Chancellors (deputy) at the non-doctoral institutions and the UW System Vice Presidents.

The proposed amended Regent Policy Document 6-5 creates a more efficient process of adjusting senior executive salary ranges by directing the adjustment of the ranges biennially and requiring approval by the Board of Regents, typically in December of even-numbered years, for the ensuing biennium. A standard formulaic approach will be used to create a range spread consistent with the formula used for other UW System salary ranges and similar to the range methodology used by the State in its Executive Salary Group range spreads.

REQUESTED ACTION

Approval of Resolution I.2.f.1., adopting the amendments to Regent Policy Document 6-5, Executive Salary Structure.

DISCUSSION

Under current policy, the range minima and maxima for UWS senior executive ranges are 90% and 110%, respectively, of the calculated midpoint based on the adjusted peer median. This algorithm creates too narrow a range, limiting competitiveness with peer institutions and discretion to set salaries appropriate to individual circumstances. The range is also inconsistent with other executive salary ranges in the UW System and state government. In the past, this narrow range required some executive salaries be adjusted because incumbents' salaries fell below the new range minimum when ranges were updated. The amended policy will have range minima and maxima for UWS senior executive ranges at 80% and 120%, respectively, of the calculated midpoint based on the adjusted peer median ranges resulting in a broader range.

The Board of Regents' search for the UW System President is currently underway. In addition, the UW System will soon have a search underway for the Vice President for Finance, and UW-Madison will soon have a search underway for the Provost/Vice Chancellor (deputy). Furthermore, there are currently two interim Provosts/Vice Chancellors (deputy) serving the non-doctoral institutions. There is a need to have market-competitive salary ranges to attract high quality applicants for these key leadership positions.

The proposed policy change directs that the senior executive salary ranges be adjusted biennially using peer salary survey information as per Regent policy 6-5. Ranges will be brought to the full Board of Regents for approval, typically at the December Board meeting in even-numbered years.

While the salary ranges for Provosts/Vice Chancellors (deputy) for the non-doctoral institutions and the UW System Vice Presidents currently require Joint Committee on Employment Relations (JCOER) approval, the Board policy is used to establish ranges that reflect the market and will be used in requesting JCOER approval for these two ranges.

Attachment A shows the current RPD 6-5, with the proposed revisions marked. Attachment B shows the proposed revised RPD 6-5 in final form. For information purposes, attached are the salary ranges for the nine executive salary groups showing what the ranges would be using the existing Regent policy and the recommended change in the Regent policy (Attachment C).

RELATED REGENT POLICIES

Unclassified Personnel Guideline #4

**6-5 EXECUTIVE SALARY STRUCTURE
(Formerly 94-4)**

~~Salary Guidelines for University of Wisconsin System Senior Executives~~

Scope

~~This salary policy is intended to reflect the duties and responsibilities borne by University of Wisconsin senior executive positions, the national market for higher education executives, and local Wisconsin conditions. This policy applies to the following senior executive positions with the University of Wisconsin System: System President; System Senior Vice Presidents; System Vice Presidents; Chancellors and Provosts/Vice Chancellors (deputy).~~

~~Provosts or Vice Chancellors for Academic Affairs at the University of Wisconsin Institutions; and the University of Wisconsin System President, Senior Vice Presidents, and Vice Presidents.~~

Purpose

~~The purpose of this policy is to provide the framework used by the UW System Board of Regents to determine the salary ranges for senior executive positions and the process for setting and approving the salaries of senior executives.~~

Policy Statement-

I. Establishment of Ssalary Rranges for University of Wisconsin System senior executive positions

~~Salary ranges for the senior executive positions will be based on an analysis of salary paid by peer institutions for similar positions at comparable universities in other states. To reflect the national higher education market, peer salary data will be utilized. The~~

~~The following peer groups, identified by the 1984 Governor's Faculty Compensation Study Commission, faculty peer groups will be utilized as the salary peer groups for the shall be used to determine the salary range for Chancellor and Provosts/Vice Chancellors (deputy) positions:~~

~~UW-Madison; University of California-Berkeley; University of California-Los Angeles; University of Michigan-Ann Arbor; University of Texas-Austin; Ohio State University; Purdue University; University of Illinois-Urbana; University of Minnesota-Twin Cities; Indiana University-Bloomington; Michigan State University; University of Washington-Seattle.~~

UW-Milwaukee; Rutgers University-Newark; State University of New York-Buffalo; University of Cincinnati; Georgia State University; University of Texas-Dallas; University of Illinois-Chicago; Wayne State University; Cleveland State University; University of Toledo; University of Akron; Temple University; University of Louisville; University of Missouri-Kansas City; University of New Orleans.

All Other UW Institutions: Eastern Illinois University; Western Illinois University; Northeastern Illinois University; Chicago State University; Southern Illinois University-Edwardsville; University of Illinois-Springfield; Indiana University-Northwest; Indiana University-South Bend; Indiana University-Purdue University-Fort Wayne; University of Southern Indiana; Indiana University-Southeast; Purdue University-Calumet; University of Northern Iowa; Central Michigan University; Eastern Michigan University; Ferris State University; Grand Valley State University; Michigan Technological University; Northern Michigan University; Oakland University; Western Michigan University; Saginaw Valley State University; University of Michigan-Dearborn; University of Michigan-Flint; Bemidji State University; Minnesota State University-Mankato; Minnesota State University-Moorhead; St. Cloud State University; Winona State University; University of Minnesota-Duluth; University of Akron; Wright State University; Youngstown State University.

In addition, UW Chancellors have the authority to establish institution-specific peer groups if ~~the~~ established ~~1984~~ peer groups do not completely address institutional needs. However, peer groups for the purpose of setting ranges for senior executive positions covered by this policy must be either those indicated in this policy or, if different, approved by the UW System President.

The following university systems, at the University of Wisconsin Institutions. For the University of Wisconsin System President, Senior Vice President and Vice President positions the salary peer group will be the following university systems, which are similar in size and composition, shall be used to determine the salary ranges for the System President, Senior Vice President and Vice President positions: ~~to the University of Wisconsin System:~~ University of California, California State University System, State University of New York, City University of New York, University of North Carolina System, University of Florida System, University of Maryland System, and the University of Texas System.

Because the cost of living is relatively lower in Wisconsin than many other states, the ~~The~~ midpoint of ~~each the~~ salary range will be set at 95% of the peer median salary to reflect the lower cost-of-living for Wisconsin as compared to other states. ~~as an approximation of the regional cost-of-living differential for Wisconsin.~~ The salary range will be ~~90-110%~~ 80% to 120% of the salary range midpoint as defined above and effective July 1 of the ensuing biennium.

After review of peer salary survey information, salary ranges shall be adopted for the ensuing biennium ~~fiscal year~~ by resolution of a majority of the full membership of the Board of Regents in open session by roll call vote at a regularly scheduled meeting.

These salary ranges do not guarantee individual salary rates. Individual salaries for University of Wisconsin System senior executives are based on numerous considerations at the time of hire and thereafter. performance.

II. Authority to Approve Salaries Procedures for Board of Regents approval of salaries of University of Wisconsin System Senior Executives.

Wis. Stat. § 36.09(e) directs the Board of Regents to fix the salaries of each Chancellor. The starting salary for the System President and Chancellors must be approved by the Board of Regents at the time of hire. The System President shall set the starting salary for an interim Chancellor appointment after consultation with the Board of Regents President and Vice President; Board approval is required for interim appointments only when the salary is outside the established salary range approved by the Board of Regents.

The Board delegates to the System President the authority to set and approve the starting salary for newly hired Provosts/Vice Chancellors (deputy), Senior Vice Presidents, and Vice Presidents, provided the starting salary is within the salary range approved by the Board of Regents and not above 75% of the System President's salary (RPD 6-3). The System President further delegates the authority to set and approve new and interim Provosts/Vice Chancellors (deputy) salaries to UW Chancellors, provided the salaries are within the ranges approved by the Board of Regents and not above 75% of the System President's salary (RPD 6-3).

Salary increases for the UW System President and continuing Chancellors will be awarded in conformance with the approved pay plan and approved by the Board of Regents when salary increases are considered for all other UW System employees. At any other time, the Board of Regents may authorize salary increases to correct a salary inequity or recognize competitive factors as allowed by state statutes.

Salary increases fFor continuing Ssenior Vice Presidents, Vice Presidents and Provosts/Vice Chancellors (deputy) will be executives, salary increases awarded in conformance with the approved pay plan and approved by the System President unless the salary is above 75% of the System President's salary (RPD 6-3). The System President further delegates to the UW Chancellors the authority to approve Provosts/Vice Chancellors' (deputy) pay plan and base adjustments within the ranges approved by the Board of Regents and not above 75% of the System President's salary (RPD 6-3).

under Wis. Stats. § 230.12(3)(e) are considered and approved by the Board of Regents once a year, at the same time as salary increases are considered for all other University of Wisconsin unclassified employees. At any other time throughout the year, the Board may authorize salary increases to correct a salary inequity or to recognize competitive factors as allowed by law.

For newly hired Chancellors, the Board approves the starting salary at the time of hire. For newly hired Vice Chancellors and Provosts, Senior Vice Presidents and Vice Presidents, the Board delegates to the University of Wisconsin President the authority to set starting salaries within the

~~approved salary range approved by the authorization to recruit. The President further delegates to the UW Chancellors the authority to approve new and interim Vice Chancellors/Provosts salaries that fall within the range approved by the Board policy.~~

In addition, the Board delegates to the University of Wisconsin [System](#) President the authority and discretion to make a base adjustment up to a specified level within six to nine months of the date of hire for the other senior executives. Exercise of the base salary increase is at the President's discretion based on the performance of the individual in his/her new position. This discretion provides the opportunity to reward outstanding performance during the initial period of employment.

Oversight, Roles & Responsibilities

On behalf of the University of Wisconsin [System](#) President, the UW System Office of Human Resources and Workforce Diversity is responsible for biennially surveying and analyzing data from the established peer institutions and systems used to determine salary ranges for senior executive positions.

Related RPD and Applicable Laws

[Regent Policy Document 6-3](#)

[Regent Policy Document 6-4](#)

History: Res. 5357 adopted 11/10/89 (Policy 89-7), rescinded and replaced with Res. 6664 5/94, amended by Res. 8736, 10/10/03, amended by Res. 9950, 7/15/11.

**6-5 Executive Salary Structure
(Formerly 94-4)**

Scope

This policy applies to the following senior executive positions within the University of Wisconsin System:

- System President;
- System Senior Vice Presidents;
- System Vice Presidents;
- Chancellors; and
- Provosts/Vice Chancellors (deputy).

Purpose

The purpose of this policy is to provide the framework used by the UW System Board of Regents to determine the salary ranges for senior executive positions and the process for setting and approving the salaries of senior executives.

Policy Statement

I. Establishment of Salary Ranges

Salary ranges for senior executive positions will be based on an analysis of salaries paid by peer institutions for similar positions at comparable universities in other states.

The following peer groups, identified by the 1984 Governor's Faculty Compensation Study Commission, shall be used to determine the salary ranges for Chancellor and Provosts/Vice Chancellors (deputy) positions:

UW-Madison: University of California-Berkeley; University of California-Los Angeles; University of Michigan-Ann Arbor; University of Texas-Austin; Ohio State University; Purdue University; University of Illinois-Urbana; University of Minnesota-Twin Cities; Indiana University-Bloomington; Michigan State University; University of Washington-Seattle.

UW-Milwaukee: Rutgers University-Newark; State University of New York-Buffalo; University of Cincinnati; Georgia State University; University of Texas-Dallas; University of Illinois-Chicago; Wayne State University; Cleveland State University; University of Toledo; University of Akron; Temple University; University of Louisville; University of Missouri-Kansas City; University of New Orleans.

All Other UW Institutions: Eastern Illinois University; Western Illinois University; Northeastern Illinois University; Chicago State University; Southern Illinois University-Edwardsville; University of Illinois-Springfield; Indiana University-Northwest; Indiana University-South Bend; Indiana University-Purdue University-Fort Wayne; University of Southern Indiana; Indiana University-Southeast; Purdue University-Calumet; University of Northern Iowa; Central Michigan University; Eastern Michigan University; Ferris State University; Grand Valley State University; Michigan Technological University; Northern Michigan University; Oakland University; Western Michigan University; Saginaw Valley State University; University of Michigan-Dearborn; University of Michigan-Flint; Bemidji State University; Minnesota State University-Mankato; Minnesota State University-Moorhead; St. Cloud State University; Winona State University; University of Minnesota-Duluth; University of Akron; Wright State University; Youngstown State University.

In addition, UW Chancellors have the authority to establish institution-specific peer groups if established peer groups do not completely address institutional needs. However, peer groups for the purpose of setting ranges for senior executive positions covered by this policy must be either those indicated in this policy or, if different, approved by the UW System President.

The following university systems, which are similar in size and composition, shall be used to determine the salary ranges for the System President, Senior Vice President, and Vice President positions: University of California, California State University System, State University of New York, City University of New York, University of North Carolina System, University of Florida System, University of Maryland System, and the University of Texas System.

The mid-point of each salary range will be set at 95% of the peer median salary to reflect the lower cost-of-living for Wisconsin as compared to other states. The salary range will be 80% to 120% of the salary range midpoint as defined above and effective July 1 of the ensuing biennium.

After review of peer salary survey information, salary ranges shall be adopted for the ensuing biennium by resolution of a majority of the full membership of the Board of Regents in open session by roll call vote at a regularly scheduled meeting.

These salary ranges do not guarantee individual salary rates. Individual salaries for University of Wisconsin System senior executives are based on numerous considerations at the time of hire and thereafter.

II. Authority to Approve Salaries

Wis. Stat. § 36.09(e) directs the Board of Regents to fix the salaries of each Chancellor. The starting salary for the System President and Chancellors must be approved by the Board of Regents at the time of hire. The System President shall set the starting salary for an interim Chancellor appointment, after consultation with the Board of Regents President and Vice President; Board approval is required for interim appointments only when the salary is outside the established salary range approved by the Board of Regents.

The Board delegates to the System President the authority to set and approve the starting salary for newly hired Provosts/Vice Chancellors (deputy), Senior Vice Presidents, and Vice Presidents, provided the starting salary is within the salary range approved by the Board of Regents and not above 75% of the System President's salary (RPD 6-3). The System President further delegates the authority to set and approve new and interim Provosts/Vice Chancellors (deputy) salaries to UW Chancellors, provided the salaries are within the ranges approved by the Board of Regents and not above 75% of the System President's salary (RPD 6-3).

Salary increases for the UW System President and continuing Chancellors will be awarded in conformance with the approved pay plan and approved by the Board of Regents when salary increases are considered for all other UW System employees. At any other time, the Board of Regents may authorize salary increases to correct a salary inequity or recognize competitive factors as allowed by state statutes.

Salary increases for continuing Senior Vice Presidents, Vice Presidents and Provosts/Vice Chancellors (deputy) will be awarded in conformance with the approved pay plan and approved by the System President unless the salary is above 75% of the System President's salary (RPD 6-3). The System President further delegates to the UW Chancellors the authority to approve Provosts/Vice Chancellors' (deputy) pay plan and base adjustments within the ranges approved by the Board of Regents and not above 75% of the System President's salary (RPD 6-3).

In addition, the Board delegates to the University of Wisconsin System President the authority and discretion to make a base adjustment up to a specified level within six to nine months of the date of hire for the other senior executives. Exercise of the base salary increase is at the President's discretion based on the performance of the individual in his/her new position. This discretion provides the opportunity to reward outstanding performance during the initial period of employment.

Oversight, Roles & Responsibilities

On behalf of the University of Wisconsin System President, the UW System Office of Human Resources and Workforce Diversity is responsible for biennially surveying and analyzing data from the established peer institutions and systems used to determine salary ranges for senior executive positions.

Related RPD and Applicable Laws

Regent Policy Document 6-3
Regent Policy Document 6-4

History

History: Res. 5357 adopted 11/10/89 (Policy 89-7), rescinded and replaced with Res. 6664 5/94, amended by Res. 8736, 10/10/03, amended by Res. 9950, 07/15/11.

EXECUTIVE SALARY RANGES

Current 90% - 110% BOR Policy vs. Proposed 80% - 120% BOR Policy

UW-Madison Chancellor

2012-13 Peer Median*

\$512,500

Adjusted Peer Median (95%)

\$486,875

	Approved Range	CURRENT BOR Policy	PROPOSED BOR Policy
Minimum	\$427,500	\$438,188	\$389,500
Midpoint	\$475,000	\$486,875	\$486,875
Maximum	\$522,500	\$535,563	\$584,250

(Current range approved 12/7/12 effective 7/1/13)

UW-Madison Provost/Vice Chancellor (deputy)

2012-13 Peer Median*

\$388,644

Adjusted Peer Median (95%)

\$369,212

	Approved Range	CURRENT BOR Policy	PROPOSED BOR Policy
Minimum	\$238,468	\$332,291	\$295,369
Midpoint	\$264,965	\$369,212	\$369,212
Maximum	\$291,461	\$406,133	\$443,054

(Current range approved 2/10/06 effective 7/1/06)

* Data source: Peer salary information from 2013 CUPA Administrative Compensation Survey

EXECUTIVE SALARY RANGES

Current 90% - 110% BOR Policy vs. Proposed 80% - 120% BOR Policy

UW-Milwaukee Chancellor

2012-13 Peer Median*

\$400,000

Adjusted Peer Median (95%)

\$380,000

	Approved Range	CURRENT BOR Policy	PROPOSED BOR Policy
Minimum	\$297,183	\$342,000	\$304,000
Midpoint	\$330,203	\$380,000	\$380,000
Maximum	\$363,223	\$418,000	\$456,000

(Current range approved 2/8/08 effective 7/1/08)

UW-Milwaukee Provost/Vice Chancellor (deputy)

2012-13 Peer Median*

\$316,839

Adjusted Peer Median (95%)

\$300,997

	Approved Range	CURRENT BOR Policy	PROPOSED BOR Policy
Minimum	\$259,578	\$270,897	\$240,798
Midpoint	\$288,420	\$300,997	\$300,997
Maximum	\$317,262	\$331,097	\$361,196

(Current range approved 2/10/12 effective 7/1/12)

* Data source: Peer salary information from 2013 CUPA Administrative Compensation Survey

EXECUTIVE SALARY RANGES

Current 90% - 110% BOR Policy vs. Proposed 80% - 120% BOR Policy

Non-Doctoral Chancellors

	Approved Range	CURRENT BOR Policy	PROPOSED BOR Policy
2012-13 Peer Median*	Minimum	\$213,754	\$205,046
\$269,798	Midpoint	\$237,504	\$256,308
Adjusted Peer Median (95%)	Maximum	\$261,254	\$307,570
\$256,308			

(Current range approved 12/7/12 effective 7/1/13)

Non-Doctoral Provosts/Vice Chancellors (deputy)

	Approved OSER Range	CURRENT BOR Policy	PROPOSED BOR Policy
2012-13 Peer Median*	Minimum	\$129,296	\$145,397
\$191,312	Midpoint	\$146,752	\$181,746
Adjusted Peer Median (95%)	Maximum	\$164,207	\$218,096
\$181,746			

(Current range approved 6/25/13 effective 7/1/13. The range was increased by JCOER to reflect the state approved pay plan but was not adjusted to reflect current market factors.)

The Board of Regents does not have authority to establish this range but is shown for information purposes.

* Data source: Peer salary information from 2013 CUPA Administrative Compensation Survey

EXECUTIVE SALARY RANGES

Current 90% - 110% BOR Policy vs. Proposed 80% - 120% BOR Policy

UW System President

2012-13 Peer Median*

\$525,000

Adjusted Peer Median (95%)

\$498,750

	Approved Range	CURRENT BOR Policy	PROPOSED BOR Policy
Minimum	\$360,126	\$448,875	\$399,000
Midpoint	\$400,140	\$498,750	\$498,750
Maximum	\$440,154	\$548,625	\$598,500

(Current range approved 2/8/08 effective 7/1/08)

UW System Senior Vice Presidents

2012-13 Peer Median*

\$267,705

Adjusted Peer Median (95%)

\$254,320

	Approved Range	CURRENT BOR Policy	PROPOSED BOR Policy
Minimum	\$211,230	\$228,888	\$203,456
Midpoint	\$234,700	\$254,320	\$254,320
Maximum	\$258,170	\$279,752	\$305,184

(Current range approved 2/10/06 effective 7/1/06)

UW System Vice President for Finance

2012-2013 Peer Median*

\$231,910

Adjusted Peer Median (95%)

\$220,315

	Approved OSER Range	CURRENT BOR Policy	PROPOSED BOR Policy
Minimum	\$151,303	\$198,283	\$176,252
Midpoint	\$168,114	\$220,315	\$220,315
Maximum	\$184,924	\$242,346	\$264,377

(Current range approved 6/25/13 effective 7/1/13. (The range was increased by JCOER to reflect the state approved pay plan but was not adjusted to reflect current market factors.)

The Board of Regents does not have authority to establish this range but is shown for information purposes.

* Data source: Peer salary information from 2013 CUPA Administrative Compensation Survey

Approval of Salary Ranges for Senior Executives

BUSINESS AND FINANCE COMMITTEE

Resolution I.2.f.2.:

WHEREAS, pursuant to s. 20.923(4g), Wis. Stats., the Board of Regents has the authority to set salary ranges for specified UW System senior academic leaders, and

WHEREAS, pursuant to Regent Policy Document 6-5, amended October 11, 2013, salary ranges should be brought into compliance with Regent policy on a biennial basis,

NOW, THEREFORE, BE IT RESOLVED

That, upon the recommendation of the President of the University of Wisconsin System, the Board of Regents adopts the attached salary ranges for senior executives for the 2013-15 biennium.

UNIVERSITY OF WISCONSIN SYSTEM
APPROVAL OF SALARY RANGES FOR SENIOR EXECUTIVES
RESULTING FROM AMENDED REGENT POLICY DOCUMENT 6-5

BACKGROUND

In accordance with s. 20.923(4g), Wis. Stats., the Board of Regents has the authority to establish salary ranges for the UW System President and Senior Vice Presidents, all Chancellors, and the Provosts/Vice Chancellors (deputy) at UW-Madison and UW-Milwaukee. At this time the Board does not have the authority to set the ranges for the Provosts/Vice Chancellors (deputy) at the non-doctoral institutions and the UW System Vice President(s). The Board of Regents must request changes to these two ranges from the legislative Joint Committee on Employment Relations (JCOER) and has a resolution to do so on the agenda for the October 2013 meeting of the Business and Finance Committee (see Resolution I.2.f.3.)

As proposed (see Resolution I.2.f.1.) and in anticipation of approval of the amendments to Regent Policy Document (RPD) 6-5, the attached Senior Executive Salary Ranges for the 2013-15 biennium are submitted for Board of Regents approval, effective October 11, 2013. As noted, the salary ranges for the Provosts/Vice Chancellors (deputy) at the non-doctoral institutions and the UW System Vice President(s) must be approved by JCOER.

REQUESTED ACTION

Approval of Resolution I.2.f.2.

DISCUSSION

As proposed (see Resolution I.2.f.1.), and in anticipation of approval of the amendments to RPD 6-5, the attached (see Attachment A) Senior Executive Salary Ranges for the 2013-15 biennium are submitted to the Board of Regents approval. As noted above and in the attached, the salary ranges for the Provosts/Vice Chancellors (deputy) at the non-doctoral institutions and the UW System Vice President(s) must be approved by JCOER. Starting with the 2015-17 biennium, the new Senior Executive Salary Ranges will be submitted to the Board of Regents for approval, biennially, typically in December of even-numbered years for the ensuing biennium. The next request for approval of updated Senior Executive Salary Ranges is anticipated to be in December 2014 for the 2015-17 biennium.

The action requested, including that requested of JCOER, will bring all of the senior executive ranges up to date with the most currently available market data. Some ranges have not been updated since 2006 and others were updated as recently as 2012. In addition, change in Regent policy to broaden the ranges results in further changes to the minima and maxima of the ranges. The midpoint of the ranges, if approved, will increase from 2.5% on the low end to over 39% on the high end. This wide difference is the direct result of not adjusting the ranges to reflect changes in the competitive market for these leadership positions on a regular basis.

RELATED REGENT POLICIES

RPD 6-5

Unclassified Personnel Guideline #4

ATTACHMENT A

**2013-15 EXECUTIVE SALARY RANGES
Proposed Effective October 11, 2013**

Authority	Position(s)	Minimum	Midpoint	Maximum
Board of Regents	UW-Madison Chancellor	\$389,500	\$486,875	\$584,250
Board of Regents	UW-Madison Provost/Vice Chancellor (deputy)	\$295,369	\$369,212	\$443,054
Board of Regents	UW-Milwaukee Chancellor	\$304,000	\$380,000	\$456,000
Board of Regents	UW-Milwaukee Provost/Vice Chancellor (deputy)	\$240,798	\$300,997	\$361,196
Board of Regents	Non-Doctoral Chancellors	\$205,046	\$256,308	\$307,570
OSER*	Non-Doctoral Provosts/Vice Chancellors (deputy)	\$129,296	\$146,752	\$164,207
Board of Regents	UW System President	\$399,000	\$498,750	\$598,500
Board of Regents	UW System Senior Vice Presidents	\$203,456	\$254,320	\$305,184
OSER*	UW System Vice President, Finance	\$151,303	\$168,114	\$184,924

*Joint Committee on Employment Relations (JCOER) approval is being requested for the following ranges:

Position(s)	Minimum	Midpoint	Maximum
Non-Doctoral Provosts/Vice Chancellors	\$145,397	\$181,746	\$218,096
UW System Vice President, Finance	\$176,252	\$220,315	\$264,377

**2013-15 EXECUTIVE SALARY RANGES
Proposed Effective October 11, 2013**

UW-Madison Chancellor

	Approved Range	Proposed 2013-15	% Change	
2012-13 Peer Median*				
\$512,500	Minimum	\$427,500	\$389,500	
Adjusted Peer Median (95%)	Midpoint	\$475,000	\$486,875	2.5%
\$486,875	Maximum	\$522,500	\$584,250	

(Current range approved 12/7/12 effective 7/1/13)

UW-Madison Provost/Vice Chancellor (deputy)

	Approved Range	Proposed 2013-15	% Change	
2012-13 Peer Median*				
\$388,644	Minimum	\$238,468	\$295,369	
Adjusted Peer Median (95%)	Midpoint	\$264,965	\$369,212	39.3%
\$369,212	Maximum	\$291,461	\$443,054	

(Current range approved 2/10/06 effective 7/1/06)

* Data source: Peer salary information from 2013 CUPA Administrative Compensation Survey

2013-15 EXECUTIVE SALARY RANGES
Proposed Effective October 11, 2013

UW-Milwaukee Chancellor

	Approved Range	Proposed 2013-15	% Change
2012-13 Peer Median*			
\$400,000	Minimum \$297,183	\$304,000	
Adjusted Peer Median (95%)	Midpoint \$330,203	\$380,000	15.1%
\$380,000	Maximum \$363,223	\$456,000	

(Current range approved 2/8/08 effective 7/1/08)

UW-Milwaukee Provost/Vice Chancellor (deputy)

	Approved Range	Proposed 2013-15	% Change
2012-13 Peer Median*			
\$316,839	Minimum \$259,578	\$240,798	
Adjusted Peer Median (95%)	Midpoint \$288,420	\$300,997	4.4%
\$300,997	Maximum \$317,262	\$361,196	

(Current range approved 2/10/12 effective 7/1/12)

* Data source: Peer salary information from 2013 CUPA Administrative Compensation Survey

2013-15 EXECUTIVE SALARY RANGES
Proposed Effective October 11, 2013

Non-Doctoral Chancellors

2012-13 Peer Median*

\$269,798

Adjusted Peer Median (95%)

\$256,308

	Approved Range	Proposed 2013-15	% Change
Minimum	\$213,754	\$205,046	
Midpoint	\$237,504	\$256,308	7.9%
Maximum	\$261,254	\$307,570	

(Current range approved 12/7/12 effective 7/1/13)

Non-Doctoral Provosts/Vice Chancellors (deputy)

2012-13 Peer Median*

\$191,312

Adjusted Peer Median (95%)

\$181,746

	Approved OSER Range	Requested 2013-15 Salary Range	% Change
Minimum	\$129,296	\$145,397	
Midpoint	\$146,752	\$181,746	23.8%
Maximum	\$164,207	\$218,096	

(Current range approved 6/25/13 effective 7/1/13)

The Board of Regents does not have authority to establish this range but is shown for information purposes.

* Data source: Peer salary information from 2013 CUPA Administrative Compensation Survey

2013-15 EXECUTIVE SALARY RANGES
Proposed Effective October 11, 2013

UW System President

2012-13 Peer Median*
 \$525,000

Adjusted Peer Median (95%)
 \$498,750

	Approved Range	Proposed 2013-15	% Change
Minimum	\$360,126	\$399,000	
Midpoint	\$400,140	\$498,750	24.6%
Maximum	\$440,154	\$598,500	

(Current range approved 2/8/08 effective 7/1/08)

UW System Senior Vice Presidents

2012-13 Peer Median*
 \$267,705

Adjusted Peer Median (95%)
 \$254,320

	Approved Range	Proposed 2013-15	% Change
Minimum	\$211,230	\$203,456	
Midpoint	\$234,700	\$254,320	8.4%
Maximum	\$258,170	\$305,184	

(Current range approved 2/10/06 effective 7/1/06)

UW System Vice President for Finance

2012-2013 Peer Median*
 \$231,910

Adjusted Peer Median (95%)
 \$220,315

	Approved OSER Range	Requested 2013-15 Salary Range	% Change
Minimum	\$151,303	\$176,252	
Midpoint	\$168,114	\$220,315	31.1%
Maximum	\$184,924	\$264,377	

(Current range approved 6/25/13 effective 7/1/13)

The Board of Regents does not have authority to establish this range but is shown for information purposes.

* Data source: Peer salary information from 2013 CUPA Administrative Compensation Survey

Review and Approval of a Request to the Joint Committee on
Employment Relations (JCOER) to Increase Salary Ranges for
Provosts/Vice Chancellors (deputy) at Non-Doctoral Institutions and
UW System Vice Presidents

BUSINESS AND FINANCE COMMITTEE

Resolution I.2.f.3.:

WHEREAS, pursuant to s. 20.923(4g), Wis. Stats., the Board of Regents has the authority to set salary ranges for specified UW System senior academic leaders except for the range for the Provosts/Vice Chancellors (deputy) at non-doctoral institutions and the range for UW System Vice Presidents, and

WHEREAS, the ranges being recommended for approval by JCOER have been established using the same market based regent policy that is used for all other senior executive ranges, and

WHEREAS; the ranges being recommended would not result in any incumbents' salaries being below the new range minima,

Now, therefore, be it resolved:

That, upon the recommendation of the President of the University of Wisconsin System, the Board of Regents directs the UW System President to request the Joint Committee on Employment Relations approve the attached salary ranges for the non-doctoral Provosts/Vice Chancellors (deputy) and UW System Vice Presidents for the 2013-15 biennium.

UNIVERSITY OF WISCONSIN SYSTEM EXECUTIVE SALARY STRUCTURE

BACKGROUND

In accordance with s. 20.923(4g), Wis. Stats., the Board of Regents has the authority to establish salary ranges for the UW System President and Senior Vice Presidents, all Chancellors, and the Provosts/Vice Chancellors (deputy) at UW-Madison and UW-Milwaukee. At this time the Board does not have the authority to set the ranges for the Provosts/Vice Chancellors (deputy) at the non-doctoral institutions and the UW System Vice Presidents.

REQUESTED ACTION

Approval of Resolution I.2.f.3., requesting JCOER approval of salary ranges for non-doctoral Provosts/Vice Chancellors (deputy) and UW System Vice Presidents.

DISCUSSION

The two ranges for senior executives in the UW System that JCOER must approve, one for Provosts/Vice Chancellors (deputy) in the non-doctoral institutions and one for UW System Vice Presidents, have not been adjusted for market factors on a consistent basis in over 10 years. Typically, these ranges have only been adjusted by the amount of the State-approved pay plans, which have not reflected the changes in the competitive market for these positions. With the anticipated change in Regent policy for determining senior executive salary ranges, this request directs the UW System President to ask JCOER to approve the ranges for these two positions based on the application of amended Regent policy.

UW System Administration will soon be recruiting for a Vice President for Finance and needs to have a market competitive salary range to attract high quality applicants for this critical leadership position. Currently, there are also two interim Provosts/Vice Chancellors (deputy) serving in the non-doctoral institutions, and there is a need for a market competitive salary range when searches for those positions are initiated. The current JCOER-approved range midpoint for Provosts/Vice Chancellors (deputy) at non-doctoral institutions is 23.8% below the adjusted peer median salary at comparable institutions. For the UW System Vice President, the current JCOER range midpoint is 31.1% below the adjusted peer median of comparable university system positions.

The proposed requested salary ranges for the non-doctoral Provosts/Vice Chancellors (deputy) and UW System Vice Presidents are attached (Attachment A).

RELATED REGENT POLICIES

RPD 6-5 and Unclassified Personnel Guideline #4

PROPOSED SALARY RANGES
FOR
NON-DOCTORAL PROVOSTS/VICE CHANCELLORS (DEPUTY)
AND
UW SYSTEM VICE PRESIDENTS

NON-DOCTORAL PROVOSTS/VICE CHANCELLORS (DEPUTY)

2012-13 Peer Median* \$191,312		Current OSER Range	Proposed Range
		Minimum	\$129,296
Adjusted Peer Median \$181,746	Midpoint	\$146,752	\$181,746
	Maximum	\$164,207	\$218,096

UW SYSTEM VICE PRESIDENTS

2012-13 Peer Median* \$231,910		Current OSER Range	Proposed Range
		Minimum	\$151,303
Adjusted Peer Median \$220,315	Midpoint	\$168,114	\$220,315
	Maximum	\$184,924	\$264,377

*Data source: Peer Salary Information from 2013 CUPA Administrative Compensation Survey