

UW System Board of Regents
Business and Finance Committee
October 10, 2013
UW-Parkside
Student Center - Oak Room
Kenosha, Wisconsin

MEETING OF THE BUSINESS AND FINANCE COMMITTEE

The meeting of the Business and Finance Committee was called to order at 2:35 pm by Regent Gerald Whitburn. Roll call was taken and Regents John Behling, Margaret Farrow, Tim Higgins, Janice Mueller, Charles Pruitt, and David Walsh were in attendance. Board of Regents President Mike Falbo made a brief announcement stating the closed session of the full Board would be meeting at 4 pm or when the afternoon Committees completed their agendas.

a. Committee Business

1. Approval of the minutes of the September 6, 2013, joint meeting of the Business and Finance and Audit Committees [I.2.a.1.]

Upon the motion of Regent Farrow, and the second of Regent Mueller, the Committee unanimously approved 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 [I.2.a.2.]

The Committee approved a football game contract between UW-Madison, Green Bay Packers, and the Board of Trustees of the Louisiana State University. Under terms of the agreement, the UW-Madison will receive \$3M from the Green Bay Packers for a September 3, 2016, game against Louisiana State University to be hosted at Lambeau Field in Green Bay, Wisconsin. Vice Chancellor Darrell Bazzell said this contract was a follow up to action taken by the Committee at its September meeting. The Big Ten is considered the host conference and will negotiate broadcast rights and student tickets costs. The Committee expressed the need for affordable student tickets and asked Vice Chancellor Bazzell to communicate that message back to the appropriate parties. Vice Chancellor Bazzell indicated prices do not need to be negotiated until January 2016; however, he will share the concerns of the Committee relating to the pricing of student tickets.

Upon the motion of Regent Behling, and the second of Regent Farrow, the Committee unanimously approved Resolution I.2.a.2.

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.

3. Review and Approval of the UW-Madison Contractual Agreement with Avon Hi-Life, Inc. for sponsored research [Resolution I.2.a.3.]

The Committee approved a sponsored research agreement between the UW-Madison Office of Industrial Partnerships and Avon Hi-Life, Inc. The contract is a modification of an agreement relating to research and development of products used in milking machine clusters. UW-Madison has been working with Avon for several years but recently proposed changes to the agreement pushing the value of the contract above the threshold required for Board of Regents approval. Total value of the contract including all modifications is \$817,597.

Upon the motion of Regent Higgins, and the second of Regent Behling, the Committee unanimously approved Resolution I.2.a.3.

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.

b. Report on Human Resource System (HRS) Structure Change

Regent Whitburn gave a brief overview of activities surrounding the Human Resource System (HRS) including the PricewaterhouseCoopers (PwC) risk assessment and recommendations. PwC recommended an organizational reporting change for HRS. Based on that recommendation, President Reilly and Chancellor Blank decided to move the management and staff of the HRS Service Center to UW System Administration. Sr. Vice President David Miller and Interim Vice President of Finance, Steve Wildeck, outlined the organizational changes related to the movement of operations and reporting lines fully to the UW System Administration. The transition will involve approximately 110 full time equivalents (FTEs) and a service fee funded budget of approximately \$18 million. The new reporting structure will be completed by December 1, 2013. Sr. Vice President Miller said that although many details need to be worked out, the goal of the organizational change is to allow more direct linking of policy development and implementation between the HRS Service Center and UW System Administration. He said the roadmap outlined by the Service Center at the September committee meeting would continue to be followed. Committee members discussed the need for on-going status updates which would include operational and development costs.

c. Review and Approval of a UW System Policy on UW System Program Revenue Appropriation Balances and Reserves [Resolution I.2.c.]

The Committee approved a UW System policy establishing a minimum reserve level of 10% and a reporting threshold for balances above 15%. Regent Whitburn outlined past activity concerning program revenue

balances and reserves, and noted the Committee's robust and open discussion at prior committee meetings. Since the September Business and Finance Committee meeting, President Reilly has worked with chancellors and chief business officers to put together the final policy. Sr. Vice President Miller highlighted the policy changes as a direct result of these discussions, and stressed the need to avoid a hard cap in the policy thus eliminating the desire or need for a spend down at the end of the year. He also said the 15% reporting threshold is not a cap on year-end balances but simply a level above which institutions will be required to provide justification. The Committee discussed re-evaluation of the policy and the need for regular updates. Regent Whitburn said he would note Regent Farrow's request for a five year policy review in the committee minutes, and also said the policy regarding the distribution of state general purpose revenue and tuition and fee revenues to UW institutions would be before the Committee in December.

Upon the motion of Regent Walsh, and the second of Regent Behling, the Committee unanimously approved Resolution I.2.c.

Resolution I.2.c.

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.

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.]

The Committee approved a UW System policy regarding expenditure of tuition and fee revenues and state general purpose revenue. The policy explains how UW institutions expend state GPR and tuition dollars. Steve Wildeck, Interim Vice President of Finance, said expenditures for self-supporting programs are charged directly to the tuition fund. Expenditures for core operations are initially charged to the GPR fund, and then UW System Administration uses a monthly process to distribute a proportionate amount of expense to both the GPR fund and the tuition fund. At the end of the fiscal year, any expense amount exceeding the remaining amount of GPR is transferred to the tuition fund. Interim Vice President Wildeck said this policy documents current and long standing practices relating to the expenditure of state GPR and tuition dollars. This policy will be submitted to the Joint Committee on Finance upon full Board approval.

Upon the motion of Regent Behling, and the second of Regent Higgins, the Committee unanimously approved Resolution I.2.d.

Resolution I.2.d.

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.

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.]

The Committee authorized the UW System President to request statutory changes in order to allow an orderly transition and uninterrupted services to the UW System's new network. UW System Administration (UWSA) is requesting a suspension of the current deadline (December 31, 2013) until January 31, 2015. Regent Whitburn said there are current Wisconsin statutes in place to implement changes, and the UWSA is facing deadlines that conflict with a smooth transition. This resolution would give UWSA until January 31, 2015, to complete the transition; however, UW System Administration's target completion date is September 1, 2014.

Upon the motion of Regent Walsh, and the second of Regent Higgins, the Committee unanimously approved Resolution I.2.e.

Resolution I.2.e.

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.

f. Salary Ranges and Pay Adjustments

1. Review and Approval of an Amendment to the Board of Regent Policy on Senior Executive Salary Ranges [Resolution I.2.f.1.]

The Committee approved three resolutions relating to changes to the Board of Regent's policy on the establishment of senior executive salary ranges. The first resolution [Resolution I.2.f.1.] broadens the senior executive salary range from 90-110% to 80-120% of the midpoint of the respective peer medians. Al Crist, Associate Vice President, Human Resources & Workforce Diversity, said the current ranges limits competitiveness and discretion to set salaries appropriate to individual circumstances. The second resolution passed [Resolution I.2.f.2.] updated the salary ranges for the 2013-15 biennium as reflected under Resolution I.2.f.1. Salary ranges will continue to be brought to the full Board for approval. Assoc. Vice President Crist said the second resolution is consistent with Board of Regents policy and addresses equity and market gains. It does not give any one employee a salary increase but only expands the relative ranges. Committee members expressed concern on timing of salary issues, as well as the impact of this action upon the remaining faculty and academic staff. Assoc. Vice President Crist said the Board of Regents only has control over a very specific group of employees. Once the new university personnel system is in place, the Board will have the authority to consider other salary groups. Regent Whitburn said that although some other institutions compensate their senior executive staff at higher levels, the Committee must be prudent with the salaries that the Board of Regents oversees. The third resolution [I.2.f.3.] directs the UW System President to request approval of the Joint Committee on Employment Relations for the Board approved salary ranges for provosts/vice chancellors and UW System vice president for the 2013-154 biennium. While the Board has statutory authority to approve salary ranges for most senior executives in the UW System, it does not have the authority to establish ranges for these specific positions.

Upon the motion of Regent Behling, and the second of Regent Higgins, the Committee unanimously approved Resolution I.2.f.1.

Resolution I.2.f.1.:

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.

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.]

Upon the motion of Regent Pruitt, and the second of Regent Behling, the Committee unanimously approved Resolution I.2.f.2.

Resolution I.2.f.2.:

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.

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.]

Upon the motion of Regent Pruitt, and the second of Regent Walsh, the Committee unanimously approved Resolution I.2.f.3.

Resolution I.2.f.3.:

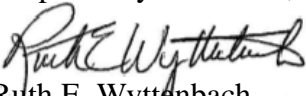
That, upon the recommendation of the President of the University of Wisconsin System, the Board of Regents directs the UW System President to request the Joint Committee on Employment Relations approve the attached salary ranges for the non-doctoral Provosts/Vice Chancellors (deputy) and UW System Vice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

g. Report of the Senior Vice President

Sr. Vice President David Miller had no additional comments.

Regent Whitburn adjourned the meeting at 3:55 pm.

Respectfully submitted,


Ruth E. Wyttenbach
Recording Secretary