

09/30/14

BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM

I.2. Business and Finance Committee

Thursday, October 9, 2014  
UW-Stevens Point  
Dreyfus University Center  
1015 Reserve Street  
Stevens Point, Wisconsin 54481

9:00 a.m.      Business and Finance Committee – Dreyfus University Center, Alumni Room

- a. Approval of the Minutes of the August 21, 2014 Meeting of the Business and Finance Committee
- b. UW-Stevens Point Presentation: *UW Stevens Point Efficiency Reviews and PR Balance Reporting*
- c. Report on Faculty and Staff Base Salary Adjustments and Lump Sum Payments for FY2014
- d. Report on Faculty Turnover in the UW System
- e. Financial Management Report – FY2014 Final
- f. Report of the Funding Allocation Working Group
- g. Report of the Senior Vice President

**REPORT ON  
FACULTY AND STAFF BASE SALARY  
ADJUSTMENTS and LUMP SUM PAYMENTS  
FOR FY2014**

**EXECUTIVE SUMMARY**

**BACKGROUND**

UW System Chancellors have authority delegated to them pursuant to s. 36.09(1)(j), Wis. Stats., to adjust salaries for unclassified faculty and staff, for the purposes of correcting salary inequities, recognizing job reclassifications or promotions, or addressing other competitive factors. Unclassified staff include faculty, academic staff, and limited appointees. For these employees, the statutes do not permit adjustments for merit or exceptional performance, outside of the state-approved pay plan.

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

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

Regent action at the December 2013 meeting directed that this report become an annual report to the Board for information purposes. Separate tables have also been added this year that include base adjustments and lump sum payments for faculty only.

**REQUESTED ACTION**

This report is for information only

## **FACULTY AND STAFF BASE SALARY ADJUSTMENTS FY14**

### **DISCUSSION**

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

The following notes may provide useful context for reviewing these data.

#### **Tables 1 and 2: FY14 Budgeted Salaries and Base Adjustments and Average Dollar Base per Recipient – All Types of Base Adjustments**

In fiscal year 2014, 9,896 (28.79%) staff received a base adjustment and for comparison 7,235 (21.31%) staff received a base adjustment in fiscal year 2013.

In fiscal year 2014 the average base adjustment for unclassified staff was \$4,464. For classified staff, the average adjustment was \$2,604. For comparison, in fiscal year 2013 the average base adjustment for unclassified staff was \$3,362. For classified staff, the average adjustment was \$3,366.

In fiscal year 2014, UW Chancellors reallocated \$38.0 million on a budgeted salary base of \$2.23 billion to fund these adjustments (2.32%). For comparison, in fiscal year 2013, adjustments required that Chancellors reallocate \$33.7 million of existing resources on a budget salary base of \$2.18 billion (1.55%).

#### **Table 3: FY14 Base Adjustments for Classified and Unclassified Staff – for Merit, Equity, and Market Base Adjustments (excluding promotions, title changes, and change in duties)**

In fiscal year 2014, 8,555 (86.45%) of the base adjustments were for reasons of merit, equity, or market factors.

In fiscal year 2014, 24.89% (8,555 recipients) of all staff received a base adjustment for reasons of merit, equity, or market factors.

For comparison, in fiscal year 2013, 5,863 of the base adjustments (81.03%) were for reasons of merit, equity, or market factors. And in fiscal year 2013, 17.26% (5,863 recipients) of all staff received a base adjustment for reasons of merit, equity, or market factors.

**Table 4: FY14 Budgeted Salaries and Base Adjustments and Average Dollar Base per Recipient for Faculty Only – All Types of Base Adjustments**

In fiscal year 2014, 2,454 (37.87%) faculty received a base adjustment and for comparison 2,587 (40.43%) faculty received a base adjustment in fiscal year 2013.

In fiscal year 2014 the average base adjustment per faculty recipient was \$5,726. For comparison, in fiscal year 2013 the average base adjustment per faculty recipient \$5,333.

In fiscal year 2014, UW Chancellors reallocated \$14.1 million on a budgeted faculty salary base of \$558.6 million to fund these adjustments (2.52%). For comparison, in fiscal year 2013, adjustments required that Chancellors reallocate \$13.8 million (2.56%) of existing resources on a budgeted faculty salary base of \$538.8 million.

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

In fiscal year 2014, 2,181 (33.66%) faculty received a base adjustment for reasons of merit, equity, or market factors. The comparable number for 2013 was 2,229 (34.83%).

In fiscal year 2014 the average base adjustment for reasons other than a promotion or change in duties per faculty recipient was \$5,328. For comparison, in fiscal year 2013 the average base adjustment per faculty recipient was \$5,115.

In fiscal year 2014, UW Chancellors reallocated \$11.6 million on a budgeted faculty salary base of \$558.6 million to fund these adjustments (2.08%). For comparison, in fiscal year 2013, adjustments required that Chancellors reallocate \$11.4 million of existing resources on a budgeted faculty salary base of 538.8 million (2.13%).

UNIVERSITY OF WISCONSIN SYSTEM  
FISCAL YEAR 14 BUDGETED SALARIES AND BASE ADJUSTMENTS\* (Without Student Assistants in Headcount)  
All Funds

FISCAL YEAR 14																
	FY 14 Unclassified Staff Base Adjustments					FY 14 Classified Staff Base Adjustments						FY 14 Totals				
Institution	FY 14 Total Budgeted Unclassified Salary Dollars	Total Dollars for Uncl. Base Adjs.	Number of Uncl. Receiving Base Adjs	Total Uncl. Headcount	Percent Uncl. Staff Receiving Base Adjustment	FY 14 Total Budgeted Classified Salary Dollars	Total Dollars for Classified Base Adjs.	Number of Classified Staff Receiving Base Adjs	Total Classified Headcount	Percent Classified Staff Receiving Base Adjustment	FY Total Budgeted Salary Dollars	Total Base Adj Dollars	Number of Staff Receiving Base Adjs	Total Headcount	Percent of Staff Receiving Base Adjs.	Total Base Adjs as Percent of Total Budgeted Salaries
MADISON	906,021,861	19,928,234	3,560	11,076	32.14%	288,431,567	4,959,310	1,939	5,280	36.72%	1,194,453,428	24,887,544	5,499	16,356	33.62%	2.75%
MILWAUKEE	165,725,411	1,847,992	345	2,939	11.74%	66,496,663	850,382	197	1,026	19.20%	232,222,074	2,698,374	542	3,965	13.67%	1.63%
EAU CLAIRE	51,257,584	1,002,307	272	889	30.60%	25,769,038	193,612	61	413	14.77%	77,026,622	1,195,919	333	1,302	25.58%	2.33%
GREEN BAY	26,568,047	432,383	178	528	33.71%	11,620,918	227,846	110	207	53.14%	38,188,965	660,229	288	735	39.18%	2.49%
La CROSSE	50,135,278	567,425	218	916	23.80%	16,401,040	205,187	125	349	35.82%	66,536,318	772,612	343	1,265	27.11%	1.54%
OSHKOSH	56,246,522	1,529,741	749	1,095	68.40%	23,215,847	270,879	120	402	29.85%	79,462,369	1,800,620	869	1,497	58.05%	3.20%
PARKSIDE	21,089,759	95,727	23	417	5.52%	9,048,540	89,652	17	166	10.24%	30,138,299	185,379	40	583	6.86%	0.88%
PLATTEVILLE	38,196,204	866,459	302	685	44.09%	19,565,736	363,333	165	311	53.05%	57,761,940	1,229,792	467	996	46.89%	3.22%
RIVER FALLS	25,702,010	173,847	76	571	13.31%	13,564,674	114,465	33	218	15.14%	39,266,684	288,312	109	789	13.81%	1.12%
STEVENS POINT	44,514,054	923,405	260	840	30.95%	24,624,081	401,495	160	384	41.67%	69,138,135	1,324,900	420	1,224	34.31%	2.98%
STOUT	40,401,809	299,134	85	825	10.30%	21,062,118	259,466	169	397	42.57%	61,463,927	558,600	254	1,222	20.79%	1.38%
SUPERIOR	14,618,603	47,427	13	331	3.93%	7,009,385	22,761	9	144	6.25%	21,627,988	70,188	22	475	4.63%	0.48%
WHITEWATER	52,314,863	630,109	315	934	33.73%	21,394,086	345,822	114	372	30.65%	73,708,949	975,931	429	1,306	32.85%	1.87%
COLLEGES	36,411,192	191,565	42	1,115	3.77%	10,663,832	22,336	8	224	3.57%	47,075,024	213,901	50	1,339	3.73%	0.59%
EXTENSION	102,797,584	605,181	110	926	11.88%	18,653,124	164,522	52	215	24.19%	121,450,708	769,703	162	1,141	14.20%	0.75%
UW SYS ADMIN	4,756,312	142,826	16	45	35.56%	2,683,015	55,494	11	45	24.44%	7,439,327	198,320	27	90	30.00%	4.17%
SYSTEM WIDE	4,500,061	61,313	10	31	32.26%	4,373,809	105,164	32	62	51.61%	8,873,870	166,477	42	93	45.16%	3.70%
	1,641,257,154	29,345,075	6,574	24,163	27.21%	584,577,473	8,651,726	3,322	10,215	32.52%	2,225,834,627	37,996,801	9,896	34,378	28.79%	2.32%

**DATE SOURCE:**

Budgeted Salaries are from the 2013-14 UW Annual Budget

Base Adjustments are from HRS as of June 30, 2014

Headcount data are from the 2013 October Payroll

**\*BASE ADJUSTMENTS:**

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

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

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

UNIVERSITY OF WISCONSIN SYSTEM  
FISCAL YEAR 14 AVERAGE DOLLAR BASE ADJUSTMENT PER RECIPIENT (Without Student Assistants in Headcount)  
All Base Adjustments\*  
All Funds

FISCAL YEAR 14												
	FY 14 Unclassified Staff Base Adjustments				FY 14 Classified Staff Base Adjustments					FY 14 Totals		
Institution	FY 14 Total Budgeted Unclassified Salary Dollars	Total Dollars for Uncl. Base Adjs.	Number of Uncl. Receiving Base Adjs	Average Base Adjustment per Uncl Recipient	FY 14 Total Budgeted Classified Salary Dollars	Total Dollars for Classified Base Adjs.	Number of Classified Staff Receiving Base Adjs	Average Base Adjustment per Classified Recipient	FY Total Budgeted Salary Dollars	Total Base Adj Dollars	Number of Staff Receiving Base Adjs	Average Base Adjustment per Recipient
MADISON	906,021,861	19,928,234	3,560	5,598	288,431,567	4,959,310	1,939	2,558	1,194,453,428	24,887,544	5,499	4,526
MILWAUKEE	165,725,411	1,847,992	345	5,356	66,496,663	850,382	197	4,317	232,222,074	2,698,374	542	4,979
EAU CLAIRE	51,257,584	1,002,307	272	3,685	25,769,038	193,612	61	3,174	77,026,622	1,195,919	333	3,591
GREEN BAY	26,568,047	432,383	178	2,429	11,620,918	227,846	110	2,071	38,188,965	660,229	288	2,292
La CROSSE	50,135,278	567,425	218	2,603	16,401,040	205,187	125	1,641	66,536,318	772,612	343	2,253
OSHKOSH	56,246,522	1,529,741	749	2,042	23,215,847	270,879	120	2,257	79,462,369	1,800,620	869	2,072
PARKSIDE	21,089,759	95,727	23	4,162	9,048,540	89,652	17	5,274	30,138,299	185,379	40	4,634
PLATTEVILLE	38,196,204	866,459	302	2,869	19,565,736	363,333	165	2,202	57,761,940	1,229,792	467	2,633
RIVER FALLS	25,702,010	173,847	76	2,287	13,564,674	114,465	33	3,469	39,266,684	288,312	109	2,645
STEVENS POINT	44,514,054	923,405	260	3,552	24,624,081	401,495	160	2,509	69,138,135	1,324,900	420	3,155
STOUT	40,401,809	299,134	85	3,519	21,062,118	259,466	169	1,535	61,463,927	558,600	254	2,199
SUPERIOR	14,618,603	47,427	13	3,648	7,009,385	22,761	9	2,529	21,627,988	70,188	22	3,190
WHITewater	52,314,863	630,109	315	2,000	21,394,086	345,822	114	3,034	73,708,949	975,931	429	2,275
COLLEGES	36,411,192	191,565	42	4,561	10,663,832	22,336	8	2,792	47,075,024	213,901	50	4,278
EXTENSION	102,797,584	605,181	110	5,502	18,653,124	164,522	52	3,164	121,450,708	769,703	162	4,751
UW SYS ADMIN	4,756,312	142,826	16	8,927	2,683,015	55,494	11	5,045	7,439,327	198,320	27	7,345
SYSTEM WIDE	4,500,061	61,313	10	6,131	4,373,809	105,164	32	3,286	8,873,870	166,477	42	3,964
	1,641,257,154	29,345,075	6,574	4,464	584,577,473	8,651,726	3,322	2,604	2,225,834,627	37,996,801	9,896	3,840

**DATE SOURCE:**

Budgeted Salaries are from the 2013-14 UW Annual Budget

Base Adjustments are from HRS as of June 30, 2014

Headcount data are from the 2013 October Payroll

**\*BASE ADJUSTMENTS:**

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

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

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

UNIVERSITY OF WISCONSIN SYSTEM  
FISCAL YEAR 14 BUDGETED SALARIES AND BASE ADJUSTMENTS\* EXCLUDING PROMOTIONS, TITLE CHANGES, AND CHANGE IN DUTIES (Without Student Assistants in Headcount)  
All Funds

FISCAL YEAR 14																
		FY 14 Unclassified Staff Base Adjustments					FY 14 Classified Staff Base Adjustments					FY 14 Totals				
Institution	FY 14 Total Budgeted Unclassified Salary Dollars	Total Dollars for Uncl. Base Adjs.	Number of Uncl. Receiving Base Adjs	Total Uncl. Headcount	Percent Uncl. Staff Receiving Base Adjustment	FY 14 Total Budgeted Classified Salary Dollars	Total Dollars for Classified Base Adjs.	Number of Classified Staff Receiving Base Adjs	Total Classified Headcount	Percent Classified Staff Receiving Base Adjustment	FY Total Budgeted Salary Dollars	Total Base Adj Dollars	Number of Staff Receiving Base Adjs	Total Headcount	Percent of Staff Receiving Base Adjs.	Total Base Adjs as Percent of Total Budgeted Salaries
MADISON	906,021,861	15,386,846	2,994	11,076	27.03%	288,431,567	4,455,004	1,818	5,280	34.43%	1,194,453,428	19,841,850	4,812	16,356	29.42%	2.19%
MILWAUKEE	165,725,411	1,055,549	190	2,939	6.46%	66,496,663	774,474	173	1,026	16.86%	232,222,074	1,830,023	363	3,965	9.16%	1.10%
EAU CLAIRE	51,257,584	608,981	221	889	24.86%	25,769,038	176,379	56	413	13.56%	77,026,622	785,360	277	1,302	21.27%	1.53%
GREEN BAY	26,568,047	336,994	160	528	30.30%	11,620,918	217,409	108	207	52.17%	38,188,965	554,403	268	735	36.46%	2.09%
La CROSSE	50,135,278	409,164	195	916	21.29%	16,401,040	185,975	120	349	34.38%	66,536,318	595,139	315	1,265	24.90%	1.19%
OSHKOSH	56,246,522	1,339,383	731	1,095	66.76%	23,215,847	236,931	112	402	27.86%	79,462,369	1,576,314	843	1,497	56.31%	2.80%
PARKSIDE	21,089,759	28,410	3	417	0.72%	9,048,540	87,146	16	166	9.64%	30,138,299	115,556	19	583	3.26%	0.55%
PLATTEVILLE	38,196,204	683,405	288	685	42.04%	19,565,736	332,908	160	311	51.45%	57,761,940	1,016,313	448	996	44.98%	2.66%
RIVER FALLS	25,702,010	70,926	47	571	8.23%	13,564,674	59,867	27	218	12.39%	39,266,684	130,793	74	789	9.38%	0.51%
STEVENS POINT	44,514,054	689,447	221	840	26.31%	24,624,081	375,005	151	384	39.32%	69,138,135	1,064,452	372	1,224	30.39%	2.39%
STOUT	40,401,809	102,718	31	825	3.76%	21,062,118	240,026	163	397	41.06%	61,463,927	342,744	194	1,222	15.88%	0.85%
SUPERIOR	14,618,603	11,500	2	331	0.60%	7,009,385	0	0	144	0.00%	21,627,988	11,500	2	475	0.42%	0.08%
WHITEWATER	52,314,863	478,713	293	934	31.37%	21,394,086	319,467	108	372	29.03%	73,708,949	798,180	401	1,306	30.70%	1.53%
COLLEGES	36,411,192	65,998	9	1,115	0.81%	10,663,832	11,748	4	224	1.79%	47,075,024	77,746	13	1,339	0.97%	0.21%
EXTENSION	102,797,584	295,337	46	926	4.97%	18,653,124	149,828	46	215	21.40%	121,450,708	445,165	92	1,141	8.06%	0.43%
UW SYS ADMIN	4,756,312	107,153	13	45	28.89%	2,683,015	44,471	10	45	22.22%	7,439,327	151,624	23	90	25.56%	3.19%
SYSTEM WIDE	4,500,061	36,688	8	31	25.81%	4,373,809	99,172	31	62	50.00%	8,873,870	135,860	39	93	41.94%	3.02%
	1,641,257,154	21,707,212	5,452	24,163	22.56%	584,577,473	7,765,810	3,103	10,215	30.38%	2,225,834,627	29,473,022	8,555	34,378	24.89%	1.80%

**DATE SOURCE:**

Budgeted Salaries are from the 2013-14 UW Annual Budget

Base Adjustments are from HRS as of June 30, 2014

Headcount data are from the 2013 October Payroll

**\*BASE ADJUSTMENTS:**

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

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

## UNIVERSITY OF WISCONSIN SYSTEM

## FISCAL YEAR 14 BUDGETED SALARIES AND ALL BASE ADJUSTMENTS\* FOR FACULTY ONLY (Without Student Assistants in Headcount)

Professor, Associate Professor, Assistant Professor and Instructor

All Funds

	FISCAL YEAR 14						
	FY 14 Faculty Base Adjustments						
Institution	FY14 Total Budgeted Faculty Dollars	Total Dollars for Faculty Adjs.	Number of Faculty Receiving Base Adjs	Average Base Adjustment per Faculty Recipient	Total Faculty Headcount	Percent Faculty Receiving Base Adjustment	Percent of Faculty Salary Dollars
MADISON	242,880,475	9,227,010	983	9,387	2,117	46.43%	3.80%
MILWAUKEE	75,770,596	810,275	86	9,422	850	10.12%	1.07%
EAU CLAIRE	29,451,323	611,517	151	4,050	401	37.66%	2.08%
GREEN BAY	10,129,029	219,372	86	2,551	158	54.43%	2.17%
La CROSSE	25,498,839	358,716	141	2,544	384	36.72%	1.41%
OSHKOSH	25,572,537	853,160	286	2,983	325	88.00%	3.34%
PARKSIDE	8,381,066	33,000	9	3,667	123	7.32%	0.39%
PLATTEVILLE	17,451,386	456,158	193	2,364	245	78.78%	2.61%
RIVER FALLS	15,115,016	96,076	22	4,367	208	10.58%	0.64%
STEVENS POINT	22,083,577	668,449	189	3,537	347	54.47%	3.03%
STOUT	19,288,859	163,910	51	3,214	284	17.96%	0.85%
SUPERIOR	7,583,930	11,055	5	2,211	116	4.31%	0.15%
WHITEWATER	26,468,663	384,609	206	1,867	368	55.98%	1.45%
COLLEGES	16,072,525	54,167	20	2,708	292	6.85%	0.34%
EXTENSION	16,815,934	104,406	26	4,016	262	9.92%	0.62%
UW SYS ADMIN	0	0	0	N/A	0	N/A	N/A
SYSTEM WIDE	0	0	0	N/A	0	N/A	N/A
				N/A			
	558,563,755	14,051,880	2,454	5,726	6,480	37.87%	2.52%

**DATE SOURCE:**

Budgeted Salaries are from the 2013-14 UW Annual Budget

Base Adjustments are from HRS as of June 30, 2014

Headcount data are from the 2013 October Payroll

**\*BASE ADJUSTMENTS:**

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

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



## UNIVERSITY OF WISCONSIN SYSTEM

FISCAL YEAR 14 BUDGETED AND BASE ADJUSTMENTS\* FOR FACULTY ONLY  
 (EXCLUDING PROMOTIONS, TITLE CHANGES, AND CHANGE IN DUTIES (Without Student Assistants in Headcount)  
 Professor, Associate Professor, Assistant Professor and Instructor  
 All Funds

FISCAL YEAR 14							
FY 14 Faculty Base Adjustments							
Institution	FY14 Total Budgeted Faculty Dollars	Total Dollars for Faculty Adjs.	Number of Faculty Receiving Base Adjs	Average Base Adjustment per Faculty Recipient	Total Faculty Headcount	Percent Faculty Receiving Base Adjustment	Percent of Faculty Salary Dollars
MADISON	242,880,475	8,201,664	935	8,772	2,117	44.17%	3.38%
MILWAUKEE	75,770,596	517,497	47	11,011	850	5.53%	0.68%
EAU CLAIRE	29,451,323	379,705	124	3,062	401	30.92%	1.29%
GREEN BAY	10,129,029	168,520	80	2,107	158	50.63%	1.66%
La CROSSE	25,498,839	283,766	133	2,134	384	34.64%	1.11%
OSHKOSH	25,572,537	743,658	282	2,637	325	86.77%	2.91%
PARKSIDE	8,381,066	0	0	N/A	123	0.00%	0.00%
PLATTEVILLE	17,451,386	398,158	189	2,107	245	77.14%	2.28%
RIVER FALLS	15,115,016	16,826	1	16,826	208	0.48%	0.11%
STEVENS POINT	22,083,577	544,591	170	3,203	347	48.99%	2.47%
STOUT	19,288,859	49,024	19	2,580	284	6.69%	0.25%
SUPERIOR	7,583,930	0	0	N/A	116	0.00%	0.00%
WHITEWATER	26,468,663	280,712	193	1,454	368	52.45%	1.06%
COLLEGES	16,072,525	11,667	2	5,834	292	0.68%	0.07%
EXTENSION	16,815,934	24,835	6	4,139	262	2.29%	0.15%
UW SYS ADMIN	0	0	0	N/A	0	N/A	N/A
SYSTEM WIDE	0	0	0	N/A	0	N/A	N/A
				N/A			
	558,563,755	11,620,623	2,181	5,328	6,480	33.66%	2.08%

**DATE SOURCE:**

Budgeted Salaries are from the 2013-14 UW Annual Budget

Base Adjustments are from HRS as of June 30, 2014

Headcount data are from the 2013 October Payroll

**\*BASE ADJUSTMENTS:**

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

# **FACULTY AND STAFF LUMP SUM PAYMENTS FOR FY14**

## **DISCUSSION**

The three attached tables provide information on additional non-base building payments made in FY14. Staff who receive only lump sums as a form of compensation are not included in these tables (e.g. summer camp employees, summer session staff payments made as lump sums).

### **Table 1: FY14 Budgeted Salaries and Additional Compensation Payments**

In fiscal year 2014, UW Chancellors reallocated one-time resources of \$23.3 million on a budgeted salary base of \$2.23 billion to fund these adjustments (1.05%). For comparison, in fiscal year 2013, adjustments required that Chancellors reallocate \$23.7 million on a budgeted salary base of \$2.18 billion (1.09%).

For those receiving additional pay, the average amount paid per recipient was \$3,930 for FY14 and for comparison \$3,460 for FY13.

### **Table 2: FY14 Additional Compensation Payments by Unclassified and Classified Staff**

In fiscal year 2014, 5,215 (21.58%) unclassified staff received additional pay and 718 (7.03%) classified staff received additional pay and. For comparison, in fiscal year 2013, (19.92%) unclassified staff received additional pay and 2,107 (20.68%) classified staff received additional pay.

### **Table 3: FY14 Faculty Only Budgeted Salaries and Additional Compensation Payments**

In fiscal year 2014, UW Chancellors reallocated one-time resources of \$12.1 million on a budgeted faculty salary base of \$558.6 million to fund these adjustments (2.17%). For comparison, in fiscal year 2013, adjustments required that Chancellors reallocate \$10.5 million on a budgeted faculty salary base of \$538.8 million (1.96%).

For those faculty receiving additional pay, the average amount paid was \$5,142 for FY14 and for comparison \$4,743 for FY13.

University of Wisconsin System  
FY2014 Budgeted Salaries and Additional Compensation Payments (Without Student Assistants in Headcount)  
All Funds

	FISCAL YEAR 2014						
Institution	Total Budgeted Salaries	FY 2014 Add'l Comp. Payments	Number of Staff Receiving Add'l Comp. Payments	Total Headcount	Percent Receiving Add'l Comp. Payments	Average Amount of Additional Compensation per Recipient	Percent of Total Salary Dollars
MADISON	1,194,453,428	2,240,715	749	16,356	4.58%	2,992	0.19%
MILWAUKEE	232,222,074	2,280,381	489	3,965	12.33%	4,663	0.98%
EAU CLAIRE	77,026,622	1,633,853	416	1,302	31.95%	3,928	2.12%
GREEN BAY	38,188,965	1,451,531	190	735	25.85%	7,640	3.80%
La CROSSE	66,536,318	2,221,867	622	1,265	49.17%	3,572	3.34%
OSHKOSH	79,462,369	1,739,434	447	1,497	29.86%	3,891	2.19%
PARKSIDE	30,138,299	803,680	151	583	25.90%	5,322	2.67%
PLATTEVILLE	57,761,940	2,243,823	702	996	70.48%	3,196	3.88%
RIVER FALLS	39,266,684	1,002,971	214	789	27.12%	4,687	2.55%
STEVENS POINT	69,138,135	1,698,174	406	1,224	33.17%	4,183	2.46%
STOUT	61,463,927	1,310,903	303	1,222	24.80%	4,326	2.13%
SUPERIOR	21,627,988	1,001,381	174	475	36.63%	5,755	4.63%
WHITEWATER	73,708,949	2,481,958	554	1,306	42.42%	4,480	3.37%
COLLEGES	47,075,024	1,056,784	457	1,339	34.13%	2,312	2.24%
EXTENSION	121,450,708	132,322	48	1,141	4.21%	2,757	0.11%
UW SYS ADMIN	7,439,327	7,786	6	90	6.67%	1,298	0.10%
SYSTEM WIDE	8,873,870	10,646	5	93	5.38%	2,129	0.12%
TOTAL	2,225,834,627	23,318,209	5,933	34,378	17.26%	3,930	1.05%

**DATA SOURCES:**

Budgeted Salaries are from the 2014 UW Annual Budgets

Additional Compensation Adjustments are from HRS as June 30, 2014

Headcount data are from the 2013 October payrolls

UNIVERSITY OF WISCONSIN SYSTEM  
FISCAL YEAR 14 ADDITIONAL COMPENSATION PAYMENTS BY CLASSIFIED AND UNCLASSIFIED (Without Student Assistants in Headcount)  
All Funds

FISCAL YEAR 14																
	FY 14 Unclassified Add'l Compensation					FY 14 Classified Add'l Compensation						FY 14 Totals				
Institution	FY 14 Total Budgeted Unclassified Salary Dollars	Total Dollars for Uncl Add'l Comp Payments	Number of Uncl. Receiving Add'l Comp Payments	Total Uncl. Headcount	Percent Uncl. Staff Receiving Add'l Comp Payments	FY 14 Total Budgeted Classified Salary Dollars	Total Dollars for Classified Add'l Comp Payments	Number of Classified Receiving Add'l Comp Payments	Total Classified Headcount	Percent Classified Staff Receiving Add'l Comp Payments	FY Total Budgeted Salary Dollars	Total Add'l Comp Payment Dollars	Number of Staff Receiving Add'l Comp Payments	Total Headcount	Percent of Staff Receiving Add'l Comp Payments	Total Add'l Comp Payments as Percent of Total Budgeted Salaries
MADISON	906,021,861	1,766,890	576	11,076	5.20%	288,431,567	473,825	173	5,280	3.28%	1,194,453,428	2,240,715	749	16,356	4.58%	0.19%
MILWAUKEE	165,725,411	2,152,989	439	2,939	14.94%	66,496,663	127,392	50	1,026	4.87%	232,222,074	2,280,381	489	3,965	12.33%	0.98%
EAU CLAIRE	51,257,584	1,558,478	374	889	42.07%	25,769,038	75,375	42	413	10.17%	77,026,622	1,633,853	416	1,302	31.95%	2.12%
GREEN BAY	26,568,047	1,440,631	180	528	34.09%	11,620,918	10,900	10	207	4.83%	38,188,965	1,451,531	190	735	25.85%	3.80%
La CROSSE	50,135,278	2,220,811	621	916	67.79%	16,401,040	1,056	1	349	0.29%	66,536,318	2,221,867	622	1,265	49.17%	3.34%
OSHKOSH	56,246,522	1,674,354	410	1,095	37.44%	23,215,847	65,080	37	402	9.20%	79,462,369	1,739,434	447	1,497	29.86%	2.19%
PARKSIDE	21,089,759	776,532	136	417	32.61%	9,048,540	27,148	15	166	9.04%	30,138,299	803,680	151	583	25.90%	2.67%
PLATTEVILLE	38,196,204	2,015,231	468	685	68.32%	19,565,736	228,592	234	311	75.24%	57,761,940	2,243,823	702	996	70.48%	3.88%
RIVER FALLS	25,702,010	999,521	210	571	36.78%	13,564,674	3,450	4	218	1.83%	39,266,684	1,002,971	214	789	27.12%	2.55%
STEVENS POINT	44,514,054	1,607,591	337	840	40.12%	24,624,081	90,583	69	384	17.97%	69,138,135	1,698,174	406	1,224	33.17%	2.46%
STOUT	40,401,809	1,302,119	291	825	35.27%	21,062,118	8,784	12	397	3.02%	61,463,927	1,310,903	303	1,222	24.80%	2.13%
SUPERIOR	14,618,603	977,352	167	331	50.45%	7,009,385	24,029	7	144	4.86%	21,627,988	1,001,381	174	475	36.63%	4.63%
WHITEWATER	52,314,863	2,418,789	521	934	55.78%	21,394,086	63,169	33	372	8.87%	73,708,949	2,481,958	554	1,306	42.42%	3.37%
COLLEGES	36,411,192	1,040,645	440	1,115	39.46%	10,663,832	16,139	17	224	7.59%	47,075,024	1,056,784	457	1,339	34.13%	2.24%
EXTENSION	102,797,584	106,180	40	926	4.32%	18,653,124	26,142	8	215	3.72%	121,450,708	132,322	48	1,141	4.21%	0.11%
UW SYS ADMIN	4,756,312	2,000	3	45	6.67%	2,683,015	5,786	3	45	6.67%	7,439,327	7,786	6	90	6.67%	0.10%
SYSTEM WIDE	4,500,061	3,646	2	31	6.45%	4,373,809	7,000	3	62	4.84%	8,873,870	10,646	5	93	5.38%	0.12%
	1,641,257,154	22,063,759	5,215	24,163	21.58%	584,577,473	1,254,450	718	10,215	7.03%	2,225,834,627	23,318,209	5,933	34,378	17.26%	1.05%

**DATA SOURCES:**

Budgeted Salaries are from the 2014 UW Annual Budgets

Additional Compensation Adjustments are from HRS as June 30, 2014

Headcount data are from the 2013 October payrolls

## UNIVERSITY OF WISCONSIN SYSTEM

## FISCAL YEAR 14 BUDGETED SALARIES AND ADDITIONAL COMPENSATION FOR FACULTY ONLY (Without Student Assistants in Headcount)

Professor, Associate Professor, Assistant Professor and Instructor

All Funds

	FISCAL YEAR 14						
	FY 14 Faculty Additional Compensation						
Institution	FY14 Total Budgeted Faculty Dollars	Total Dollars for Faculty Additional Compensation	Number of Faculty Receiving Additional Compensation	Average Additional Compensation Faculty Recipient	Total Faculty Headcount	Percent Faculty Receiving Additional Compensation	Percent of Faculty Salary Dollars
MADISON	242,880,475	296,571	107	2,772	2,117	5.05%	0.12%
MILWAUKEE	75,770,596	834,718	135	6,183	850	15.88%	1.10%
EAU CLAIRE	29,451,323	889,962	182	4,890	401	45.39%	3.02%
GREEN BAY	10,129,029	1,023,252	106	9,653	158	67.09%	10.10%
La CROSSE	25,498,839	1,393,344	326	4,274	384	84.90%	5.46%
OSHKOSH	25,572,537	789,647	184	4,292	325	56.62%	3.09%
PARKSIDE	8,381,066	351,261	60	5,854	123	48.78%	4.19%
PLATTEVILLE	17,451,386	1,239,251	221	5,607	245	90.20%	7.10%
RIVER FALLS	15,115,016	666,303	130	5,125	208	62.50%	4.41%
STEVENS POINT	22,083,577	1,019,436	175	5,825	347	50.43%	4.62%
STOUT	19,288,859	1,042,541	189	5,516	284	66.55%	5.40%
SUPERIOR	7,583,930	504,580	88	5,734	116	75.86%	6.65%
WHITEWATER	26,468,663	1,552,278	274	5,665	368	74.46%	5.86%
COLLEGES	16,072,525	509,696	174	2,929	292	59.59%	3.17%
EXTENSION	16,815,934	6,000	6	1,000	262	2.29%	0.04%
UW SYS ADMIN	0	0	0	N/A	0	N/A	N/A
SYSTEM WIDE	0	0	0	N/A	0	N/A	N/A
	558,563,755	12,118,840	2,357	5,142	6,480	36.37%	2.17%

**DATE SOURCE:**

Budgeted Salaries are from the 2013-14 UW Annual Budget

Additional Compensation Adjustments are from HRS as of June 30, 2014

Headcount data are from the 2013 October Payroll

## **REPORT ON FACULTY TURNOVER IN THE UW SYSTEM**

### **EXECUTIVE SUMMARY**

#### **BACKGROUND**

To address questions and concerns regarding significant numbers of faculty leaving the University of Wisconsin System, a report on faculty turnover was presented to the Committee at the December 2013 meeting. Regent action at that meeting directed that this report become an annual report to the Board for information purposes. The report provides information on the numbers and percentages of faculty separating from employment at each UW System institution for fiscal year 2014, commonly called turnover. The report categorizes employee separations (“turnover”) into those faculty retiring and those resigning for other reasons.

#### **REQUESTED ACTION**

This report is for information only.

#### **DISCUSSION**

##### **Overall Faculty Turnover**

- Annual faculty turnover across the UW System for FY14 averaged 5.1%. This compares with an average of 6.2% over the preceding three years.
- Annual turnover at each UW institution ranged from 3.5% to 11.4% for FY14, which compares to 3.3% to 12.4% over the FY11-FY13 period.
- Average turnover for tenured faculty is 4.6% and 6.5% for probationary (tenure track) faculty for FY14 which compares to 6.2% for tenured faculty and 6.0% for probationary (tenure track) faculty for the period FY11-FY13.
- Annual turnover for tenured faculty at each UW institution ranged from 1.8% to 10.1% for FY14, compared to 2.6% to 19.3% over the FY11-FY13.
- Annual turnover for probationary (tenure track) faculty at each UW institution ranged from 2.2% to 14.9% for FY14, compared to 1.8% to 15.8% over the FY11-FY13 period.

##### **Turnover Due to Retirements**

- Annual retirements across the UW System averaged 2.1% for FY14, compared to 3.4% for the FY11-FY13 period.
- Of the 138 retirements for FY14, all were tenured faculty; and of the 657 retirements over the FY11-FY13 time period, all were also tenured faculty.

#### Turnover Due to Resignations and Non-Renewals

- Annual faculty resignations across the UW System averaged 2.8% for FY14, compared to an average of 2.6% during the period FY11-FY13.
- Of the 181 resignations in FY14, 68 were tenured faculty (37.6%) and 113 were probationary faculty (tenure track) (62.4%). Comparing to the FY11-FY13 period, there were 491 resignations, 185 (37.7%) were tenured faculty and 306 (62.3%) were probationary (tenure track) faculty. Also 14 probationary faculty were non-renewed in FY14 compared to an average of 11 each year for the period FY11-FY13.

#### **RELATED REGENT POLICIES**

None

## NUMBER OF FACULTY LEAVING UW INSTITUTIONS

FISCAL YEAR 2014						
INSTITUTION	NUMBER OF FACULTY*	NUMBER OF FACULTY WHO LEFT	PERCENT	RETIRED	RESIGNED	NON-RENEWED
<b>MADISON</b>						
Tenured	1,643	54	3.29%	31	23	
Probationary	474	20	4.22%		15	5
TOTAL	2,117	74	3.50%	31	38	5
<b>MILWAUKEE</b>						
Tenured	622	29	4.66%	20	9	
Probationary	228	10	4.39%		9	1
TOTAL	850	39	4.59%	20	18	1
<b>EAU CLAIRE</b>						
Tenured	258	16	6.20%	13	3	
Probationary	143	11	7.69%		11	
TOTAL	401	27	6.73%	13	14	
<b>GREEN BAY</b>						
Tenured	112	3	2.68%	1	2	
Probationary	46	4	8.70%		3	1
TOTAL	158	7	4.43%	1	5	1
<b>LaCROSSE</b>						
Tenured	200	8	4.00%	8		
Probationary	184	10	5.43%		7	3
TOTAL	384	18	4.69%	8	7	3
<b>OSHKOSH</b>						
Tenured	234	9	3.85%	7	2	
Probationary	91	5	5.49%		5	
TOTAL	325	14	4.31%	7	7	
<b>PARKSIDE</b>						
Tenured	79	8	10.13%	4	4	
Probationary	44	6	13.64%		6	
TOTAL	123	14	11.38%	4	10	
<b>PLATTEVILLE</b>						
Tenured	162	11	6.79%	4	7	
Probationary	83	5	6.02%		5	
TOTAL	245	16	6.53%	4	12	
<b>RIVER FALLS</b>						
Tenured	163	11	6.75%	10	1	
Probationary	45	1	2.22%		1	



## NUMBER OF FACULTY LEAVING UW INSTITUTIONS

FISCAL YEAR 2014						
INSTITUTION	NUMBER OF FACULTY*	NUMBER OF FACULTY WHO LEFT	PERCENT	RETIRED	RESIGNED	NON-RENEWED
TOTAL	208	12	5.77%	10	2	
<b>STEVENS POINT</b>						
Tenured	229	9	3.93%	5	4	
Probationary	118	11	9.32%		11	
TOTAL	347	20	5.76%	5	15	
<b>STOUT</b>						
Tenured	171	10	5.85%	6	4	
Probationary	113	7	6.19%		6	1
TOTAL	284	17	5.99%	6	10	1
<b>SUPERIOR</b>						
Tenured	64	6	9.38%	5	1	
Probationary	52	6	11.54%		5	1
TOTAL	116	12	10.34%	5	6	1
<b>WHITEWATER</b>						
Tenured	226	4	1.77%	4		
Probationary	142	10	7.04%		10	
TOTAL	368	14	3.80%	4	10	
<b>COLLEGES</b>						
Tenured	190	13	6.84%	9	4	
Probationary	102	8	7.84%		7	1
TOTAL	292	21	7.19%	9	11	1
<b>EXTENSION</b>						
Tenured	175	15	8.57%	11	4	
Probationary	87	13	14.94%		12	1
TOTAL	262	28	10.69%	11	16	1
<b>Sub-total</b>						
Tenured	4,528	206	4.55%	138	68	0
Probationary	1,952	127	6.51%	0	113	14
<b>GRAND TOTAL</b>	6,480	333	5.14%	138	181	14
				2.13%	2.79%	0.22%

DATA SOURCES:

\*October Payrolls for 2013 for the Number of Faculty  
HRS for Retirements, Resignations and Non-Renewals

**MANAGEMENT FINANCIAL REPORT**  
***PERFORMANCE REPORT***  
**FY 2013-14**

**BACKGROUND**

The Business and Finance Committee receives periodic Financial Management Reports regarding the status of the UW System Budget. These reports are prepared and presented based on financial information at the close of December, March, and June reflecting budget status at the end of the second, third and fourth fiscal quarters respectively.

The reports provide budget-to-actual revenue and expense information along with variances of that activity from approved budgets. They are intended to provide a high-level summary of activity in significant Fund groupings and areas of activity and provide the information necessary for the Committee to meet its fiduciary responsibilities with respect to UW System budget management and oversight. These cash-basis reports are prepared as internal management reports offering management and the Board a dashboard-type tool for use in monitoring the status of the University's budget. Such interim financial reports are not meant to replace the UW System's Annual Financial Report and related accrual-based, audited Financial Statements. The UW System Annual Financial Report presents a comprehensive look at the University's financial activities for a given fiscal year and is typically presented to the Board of Regents at its February meeting.

The high-level budget-to-actual reports presented here include a comparison of actual revenues and expenses to the Regent approved budgets along with variances from budget for the following major revenue and expenditure categories:

- Tuition & Fees, GPR and Certain Other Revenues
- Auxiliary Operations
- Gifts, Grants, and Contracts
- General Operations
- Other Funding not included in the above categories

The quarterly financial management reports include both year-to-date actuals and year-end projections.

**REQUESTED ACTION**

This report is for information only.

**DISCUSSION**

The attached Financial Management Report presents the status of UW System budget by major areas of activity for the fiscal year ended June 30, 2014. While there were significant variances within individual fund groupings, the overall net operating variance from the Regent approved budget was -0.66% with both revenues and expenses slightly over budget at +0.4% and +1.0% respectively.

**RELATED REGENT POLICIES**

None

**University of Wisconsin System**  
**Fiscal Year 2014 Budget to Actual Summary**  
**as of June 30, 2014 (Final)**

CURRENT						FINAL			
Current Year: Budget to Actual					Tuition and Fees, GPR, and	Year End Projection			
Budget	YTD	Variance	YTD%			Budget	Projected Total Year End	Variance	% of Budget
\$2,574,849,600	\$2,568,278,934	(\$6,570,666)	99.7%		Revenue	\$2,574,849,600	\$2,568,278,934	(\$6,570,666)	99.7%
\$2,574,849,600	\$2,660,670,230	(\$85,820,630)	103.3%		Expenses	\$2,574,849,600	\$2,660,670,230	(\$85,820,630)	103.3%
					Net Year to Date			(\$92,391,296)	-3.59%

Current Year: Budget to Actual					Auxiliary Operations	Year End Projection			
Budget	YTD	Variance	YTD%			Budget	Projected Total Year End	Variance	% of Budget
\$685,519,062	\$658,464,071	(\$27,054,991)	96.1%		Revenue	\$685,519,062	\$658,464,071	(\$27,054,991)	96.1%
\$685,519,062	\$619,732,507	\$65,786,555	90.4%		Expenses	\$685,519,062	\$619,732,507	\$65,786,555	90.4%
					Net Year to Date			\$38,731,564	5.65%

Current Year: Budget to Actual					Gifts, Grants, and Contracts	Year End Projection			
Budget	YTD	Variance	YTD%			Budget	Projected Total Year End	Variance	% of Budget
\$1,397,350,654	\$1,385,638,045	(\$11,712,609)	99.2%		Revenue	\$1,397,350,654	\$1,385,638,045	(\$11,712,609)	99.2%
\$1,397,350,654	\$1,342,181,998	\$55,168,656	96.1%		Expenses	\$1,397,350,654	\$1,342,181,998	\$55,168,656	96.1%
					Net Year to Date			\$43,456,047	3.11%

Current Year: Budget to Actual					General Operations	Year End Projection			
Budget	YTD	Variance	YTD%			Budget	Projected Total Year End	Variance	% of Budget
\$206,670,258	\$246,369,011	\$39,698,753	119.2%		Revenue	\$206,670,258	\$246,369,011	\$39,698,753	119.2%
\$206,670,258	\$300,279,211	(\$93,608,953)	145.3%		Expenses	\$206,670,258	\$300,279,211	(\$93,608,953)	145.3%
					Net Year to Date			(\$53,910,200)	-26.09%

Current Year: Budget to Actual					Other Funding	Year End Projection			
Budget	YTD	Variance	YTD%			Budget	Projected Total Year End	Variance	% of Budget
\$1,132,686,678	\$1,161,437,437	\$28,750,759	102.5%		Revenue	\$1,132,686,678	\$1,161,437,437	\$28,750,759	102.5%
\$1,132,686,678	\$1,137,077,477	(\$4,390,799)	100.4%		Expenses	\$1,132,686,678	\$1,137,077,477	(\$4,390,799)	100.4%
					Net Year to Date			\$24,359,960	2.15%

Current Year: Budget to Actual					Summary Totals	Year End Projection			
Budget	YTD	Variance	YTD%			Budget	Projected Total Year End	Variance	% of Budget
\$5,997,076,252	\$6,020,187,498	\$23,111,246	100.4%		Revenue	\$5,997,076,252	\$6,020,187,498	\$23,111,246	100.4%
\$5,997,076,252	\$6,059,941,423	(\$62,865,171)	101.0%		Expenses	\$5,997,076,252	\$6,059,941,423	(\$62,865,171)	101.0%
					Net Year to Date			(\$39,753,925)	-0.66%

The FY2014 projections represent purely straight-line, calculations based upon revenue and expenditure patterns in the previous year.

**University of Wisconsin System**  
**Dashboard of Major Revenues and Expenditures**  
**As of June 30, 2014 (Final)**

**GPR/Fees**

	Current Year - Budget to Actual				Prior Year Actuals			Current Year - Projected (Based on Prior Year to Date %)			
	Budget	YTD	Variance	YTD%	Total	YTD	YTD %	Budget	Projected Total	Variance	% of Budget
<b><u>Revenues</u></b>	<b>2,574,849,600</b>	<b>2,568,278,934</b>	<b>(6,570,666)</b>	<b>99.7%</b>	<b>2,591,785,235</b>	<b>2,591,785,235</b>	<b>100.0%</b>	<b>2,574,849,600</b>	<b>2,568,278,934</b>	<b>(6,570,666)</b>	<b>99.7%</b>
Academic Fee Revenue	1,318,901,215	1,329,619,582	10,718,367	100.8%	1,359,003,273	1,359,003,273	100.0%	1,318,901,215	1,329,619,582	10,718,367	100.8%
State Appropriation (GPR)	1,151,402,700	1,151,402,700	-	100.0%	1,135,221,084	1,135,221,084	100.0%	1,151,402,700	1,151,402,700	-	100.0%
Other	104,545,685	87,256,652	(17,289,033)	83.5%	97,560,878	97,560,878	100.0%	104,545,685	87,256,652	(17,289,033)	83.5%
<b><u>Expenditures</u></b>	<b>2,574,849,600</b>	<b>2,660,670,230</b>	<b>(85,820,630)</b>	<b>103.3%</b>	<b>2,397,012,027</b>	<b>2,397,012,027</b>	<b>100.0%</b>	<b>2,574,849,600</b>	<b>2,660,670,230</b>	<b>85,820,630</b>	<b>103.3%</b>
Salaries	1,339,234,201	1,352,275,409	(13,041,208)	101.0%	1,287,000,337	1,287,000,337	100.0%	1,339,234,201	1,352,275,409	13,041,208	101.0%
Fringe benefits	555,542,515	532,946,488	22,596,027	95.9%	487,918,180	487,918,180	100.0%	555,542,515	532,946,488	(22,596,027)	95.9%
Supply and Expense	338,632,134	390,607,521	(51,975,387)	115.3%	304,291,508	304,291,508	100.0%	338,632,134	390,607,521	51,975,387	115.3%
Capital	33,083,563	52,486,464	(19,402,901)	158.6%	44,771,611	44,771,611	100.0%	33,083,563	52,486,464	19,402,901	158.6%
Financial Aid	54,201,487	87,137,278	(32,935,791)	160.8%	59,768,452	59,768,452	100.0%	54,201,487	87,137,278	32,935,791	160.8%
Other	254,155,700	245,217,070	8,938,630	96.5%	213,261,939	213,261,939	100.0%	254,155,700	245,217,070	(8,938,630)	96.5%

<b>Column Descriptions</b>	Budget:	Regent approved and published annual "Redbook" base budget.
	Current YTD Actuals:	Amounts actually collected and expended through the report date in the current fiscal year.
	Variance:	Difference between the budget and the actual revenues and expenditures.
	YTD %:	Year to date actual revenues and expenditures as a percentage of the budget.
	Prior Year Actual Total:	Actual total revenues and expenditures at the close of the prior fiscal year.
	Prior YTD Actuals:	Actual revenues and expenditures through the same period of the prior fiscal year.
	Prior YTD %:	Percentage of the prior year's total actual revenues and expenditures posted through the same period of the prior fiscal year.
	Projected Total:	Amount expected if current year collections and expenditures were made at the same rate as the prior year. Calculated as current year activity divided by the prior year to date %.
	Projected Variance:	Difference between budget and projected total.
	Projected %	Projected total as a percentage of budget.

**University of Wisconsin System**  
**Dashboard of Major Revenues and Expenditures**  
**As of June 30, 2014 (Final)**

## Auxiliary Operations

	Current Year - Budget to Actual				Prior Year Actuals			Current Year - Projected (Based on Prior Year to Date %)			
	Budget	YTD	Variance	YTD%	Total	YTD	YTD %	Budget	Projected Total	Variance	% of Budget
<b><u>Revenues</u></b>											
<b>Auxiliary Operations (128)</b> (e.g., Housing, Food Service, Union, etc.)	685,519,062	658,464,071	(27,054,991)	96.1%	685,497,383	685,497,383	100.0%	685,519,062	658,464,071	(27,054,991)	96.1%
<b><u>Expenditures</u></b>	685,519,062	619,732,507	65,786,555	90.4%	680,891,407	680,891,407	100.0%	685,519,062	619,732,507	65,786,555	90.4%
<b>Salaries</b>	240,053,344	222,975,551	17,077,793	92.9%	216,453,557	216,453,557	100.0%	240,053,344	222,975,551	17,077,793	92.9%
<b>Fringe benefits</b>	77,054,176	71,495,985	5,558,191	92.8%	66,529,957	66,529,957	100.0%	77,054,176	71,495,985	5,558,191	92.8%
<b>Supply and Expense</b>	305,112,237	271,364,850	33,747,387	88.9%	303,957,678	303,957,678	100.0%	305,112,237	271,364,850	33,747,387	88.9%
<b>Capital</b>	40,935,122	28,960,139	11,974,983	70.7%	26,509,179	26,509,179	100.0%	40,935,122	28,960,139	11,974,983	70.7%
<b>Financial Aid</b>	14,560,492	6,077,703	8,482,789	41.7%	13,133,486	13,133,486	100.0%	14,560,492	6,077,703	8,482,789	41.7%
<b>Other</b>	7,803,691	18,858,279	(11,054,588)	241.7%	54,307,550	54,307,550	100.0%	7,803,691	18,858,279	(11,054,588)	241.7%

**University of Wisconsin System**  
**Dashboard of Major Revenues and Expenditures**  
**As of June 30, 2014 (Final)**

**Gifts, Grants, and Contracts**

	Current Year - Budget to Actual				Prior Year Actuals			Current Year - Projected (Based on Prior Year to Date %)			
	Budget	YTD	Variance	YTD%	Total	YTD	YTD %	Budget	Projected Total	Variance	Projected %
<b><u>Revenues</u></b>	<b>1,397,350,654</b>	<b>1,385,638,045</b>	<b>(11,712,609)</b>	<b>99.2%</b>	<b>1,393,841,309</b>	<b>1,393,841,309</b>	<b>100.0%</b>	<b>1,397,350,654</b>	<b>1,385,638,045</b>	<b>(11,712,609)</b>	<b>99.2%</b>
<b>Federal Grants and Contracts</b>	831,177,245	811,902,927	(19,274,318)	97.7%	760,823,383	760,823,383	100.0%	831,177,245	811,902,927	(19,274,318)	97.7%
<b>Non-federal Gifts, Grants and Contracts</b>	540,286,384	549,135,813	8,849,429	101.6%	608,894,110	608,894,110	100.0%	540,286,384	549,135,813	8,849,429	101.6%
<b>Trust Funds</b>	25,887,025	24,599,305	(1,287,720)	95.0%	24,123,816	24,123,816	100.0%	25,887,025	24,599,305	(1,287,720)	95.0%
<b><u>Expenditures</u></b>	<b>1,397,350,654</b>	<b>1,342,181,998</b>	<b>55,168,656</b>	<b>96.1%</b>	<b>1,403,345,403</b>	<b>1,403,345,403</b>	<b>100.0%</b>	<b>1,397,350,654</b>	<b>1,342,181,998</b>	<b>55,168,656</b>	<b>96.1%</b>
<b>Salaries</b>	524,762,110	501,761,039	23,001,071	95.6%	507,275,476	507,275,476	100.0%	524,762,110	501,761,039	23,001,071	95.6%
<b>Fringe benefits</b>	158,317,905	176,857,026	(18,539,121)	111.7%	179,520,645	179,520,645	100.0%	158,317,905	176,857,026	(18,539,121)	111.7%
<b>Supply and Expense</b>	347,674,569	309,170,313	38,504,256	88.9%	316,554,283	316,554,283	100.0%	347,674,569	309,170,313	38,504,256	88.9%
<b>Capital</b>	94,435,490	32,607,100	61,828,390	34.5%	51,653,960	51,653,960	100.0%	94,435,490	32,607,100	61,828,390	34.5%
<b>Financial Aid</b>	254,334,417	274,671,563	(20,337,146)	108.0%	274,408,639	274,408,639	100.0%	254,334,417	274,671,563	(20,337,146)	108.0%
<b>Other</b>	17,826,163	47,114,957	(29,288,794)	264.3%	73,932,400	73,932,400	100.0%	17,826,163	47,114,957	(29,288,794)	264.3%

**University of Wisconsin System**  
**Dashboard of Major Revenues and Expenditures**  
**As of June 30, 2014 (Final)**

## General Operations

	Current Year - Budget to Actual				Prior Year Actuals			Current Year - Projected (Based on Prior Year to Date %)			
	Budget	YTD	Variance	YTD%	Total	YTD	YTD %	Budget	Projected Total	Variance	% of Budget
<b><u>Revenues</u></b>											
General Operations (136)	206,670,258	246,369,011	39,698,753	119.2%	247,091,124	247,091,124	100.0%	206,670,258	246,369,011	39,698,753	119.2%
<b><u>Expenditures</u></b>	206,670,258	300,279,211	(93,608,953)	145.3%	213,211,635	213,211,635	100.0%	206,670,258	300,279,211	93,608,953	145.3%
Salaries	81,584,838	89,791,074	(8,206,236)	110.1%	79,391,280	79,391,280	100.0%	81,584,838	89,791,074	8,206,236	110.1%
Fringe benefits	29,622,518	30,802,412	(1,179,894)	104.0%	20,831,944	20,831,944	100.0%	29,622,518	30,802,412	1,179,894	104.0%
Supply and Expense	85,123,139	119,282,657	(34,159,518)	140.1%	64,974,415	64,974,415	100.0%	85,123,139	119,282,657	34,159,518	140.1%
Capital	3,769,509	10,740,683	(6,971,174)	284.9%	4,724,094	4,724,094	100.0%	3,769,509	10,740,683	6,971,174	284.9%
Financial Aid	6,385,454	27,920,867	(21,535,413)	437.3%	26,634,834	26,634,834	100.0%	6,385,454	27,920,867	21,535,413	437.3%
Other	184,800	21,741,518	(21,556,718)	11764.9%	16,655,068	16,655,068	100.0%	184,800	21,741,518	21,556,718	11764.9%

## Other Funding

### Summary Breakout of Other Funding



## **REPORT OF THE FUNDING ALLOCATION WORKING GROUP**

### **BACKGROUND**

The Funding Allocation Working Group was convened in December 2013 by President Kevin Reilly and asked to review the methodology used to allocate general purpose revenue (GPR) and tuition among UW institutions and to determine if changes are needed in the process. The working group was comprised of chancellors and chief business officers, and was chaired by Mark Bugher.

Regent Policy Document 21-8, *Policy on the Annual Distribution of Tuition and Fee Revenue and State General Purpose Revenue*, codifies the current practice for the distribution of revenues. This policy was adopted in December 2013, in response to 2013 Wisconsin Act 20, which required the UW System to submit to the legislature's Joint Finance committee proposed policies regarding the annual distribution of tuition/fee revenue and GPR; the policy is due to sunset on June 30, 2015.

The working group's report, shared with President Cross in August 2014, concludes that base funding should not be reallocated among the institutions, due to funding challenges faced by all institutions. Also, new resources should continue to be distributed in a manner that covers cost increases for salaries and fringe benefits for state-supported positions and utility expenses. The working group also concluded that institutions should continue to retain all of the tuition revenues they generate. In addition, the President and the Board of Regents should have discretion in the allocation of any flexible new state funding, and flexible dollars should not automatically be distributed on a formula basis.

The working group also made recommendations related to the inclusion of performance funding as part of the biennial budget request, clarification of tuition-setting authority, and other efforts designed to facilitate communication and understanding of funding allocation methodologies and related issues.

### **REQUESTED ACTION**

This report is for information only.

### **DISCUSSION**

Based on the working group's report and the recommendation to clarify tuition-setting authority, President Cross proposed that the Board of Regents discuss the tuition-setting recommendations, with the desired outcome being a clear understanding of Board and institutional responsibilities and flexibilities in tuition setting.

The Business and Finance Committee will discuss the Funding Allocation Working Group report at its October meeting. The committee also will hear from three chancellors who were members of the Funding Allocation Working Group: Chancellor Rebecca Blank, UW-Madison; Chancellor Dean Van Galen, UW-River Falls, and Chancellor Renee Wachter, UW-Superior.

## **RELATED REGENT POLICIES**

Regent Policy Document 21-8, *Policy on the Annual Distribution of Tuition and Fee Revenue and State General Purpose Revenue*

Regent Policy Document 32-1, *Delegation of Authority Regarding Residence Classification*

Regent Policy Document 32-2, *Nonresident Tuition Remission Delegated to Chancellors*

Regent Policy Document 32-3, *Academic Student Fee Structure*

Regent Policy Document 32-4, *Tuition Structure: 12-18 Credit Plateau*

Regent Policy Document 32-5, *Tuition Policy Principles*


Regent Policy Document 32-6, *Delegation of Authority to Establish Graduate Resident Tuition Remissions*

Regent Policy Document 32-7, *Student Involvement in Differential Tuition Initiatives*



**Office of the President**

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DATE: September 9, 2014  
TO: Board of Regents  
FROM: Ray Cross   
RE: Report of the Funding Allocation Working Group

The Funding Allocation Working Group, convened in December 2013 by then President Kevin Reilly, has completed its work and submitted its report (attached). I thank the working group members for their thoughtful deliberations along with the staff who supported and informed the working group's discussions. The working group met four times, and discussed equity concerns, reaffirmed a number of core allocation principles, and made recommendations to create a performance fund and clarify the tuition setting process. The transmittal memo from working group Chair Mark Bugher provides a succinct summary of the working group's conclusions.

One key element of the working group's report is a recommendation to clarify tuition setting authority. The report identifies three categories of tuition setting as described below, with the latter two primarily based on market factors.

1. No changes were recommended to how tuition is set for traditional resident undergraduate students.
2. Institutions should be permitted to propose tuition rates for graduate students and for nonresident undergraduate students. These rates could vary by academic program, and would be subject to the approval of the Board of Regents.
3. Institutions should be delegated the authority to price programs targeted to nontraditional students who are served online, off-campus, or exclusively during evenings and weekends. This approach would update and consolidate several existing policies into a single one.

Based on the group's report, I propose that the Board of Regents discuss the tuition setting recommendations with the desired outcome being a clear understanding of Board and institutional responsibilities and flexibilities in tuition setting. The guidance provided by the Board will enable UW System Administration staff to work with institutions to update tuition setting policies and procedures that were developed in a very different era.

Once again, I want to thank the Funding Allocation Working Group for completing its important task on such a short timeline. I also want to thank Mark Bugher for the excellent leadership he provided.

**Attachment**

Cc: Chancellors  
Cabinet  
CBOs



University of Wisconsin System

1220 Linden Drive  
Madison, Wisconsin 53706-1559

Website: [www.uwsa.edu](http://www.uwsa.edu)

August 8, 2014

TO: Raymond W. Cross  
President, University of Wisconsin System

FROM: Mark Bugher  
Chair, Funding Allocation Working Group

RE: Report of the Funding Allocation Working Group

The Funding Allocation Working Group (working group) was convened in December 2013 by then President Kevin Reilly. The working group was asked to review the current methodology used to allocate general purpose revenue (GPR) and tuition among UW System institutions, and to determine whether changes are needed in the process. The working group met four times, and discussed equity concerns, reaffirmed a number of core allocation principles, and made recommendations to create a performance fund and clarify the tuition setting process. The working group's report is attached.

There was considerable conversation around the issue of equity. Perceptions of equity issues varied among the working group's members depending on institutional circumstances, and there was not agreement on a common set of equity issues that could reasonably be addressed. The working group cited the Shared Revenue and School Aids formulas in Wisconsin as having similar issues – each group believes they should receive more funding, but it is challenging to develop more equitable alternatives.

After a thoughtful review of current allocation practices and options in place elsewhere, the working group reached the following conclusions related to the allocation of GPR and tuition.

1. Given the funding challenges faced by all UW System institutions, base funding should not be reallocated among the institutions.
2. New resources should continue to be distributed in a manner that covers cost increases for each institution for salaries and fringe benefits for state-supported positions and for utilities expenses.
3. Institutions should continue to retain all of the tuition revenues they generate.
4. The President and the Board of Regents should have discretion in the allocation of any flexible new state funding. Flexible dollars should not automatically be distributed on a formula basis.

The working group recommends the creation of a performance fund as part of the 2015-17 biennial budget request. The working group proposes institutions compete for the funding by

identifying priorities for improvement and specific outcomes to be achieved in a four-year timeframe.

The working group recommends some clarifications of tuition setting authority. Tuition setting would consist of three categories as described below, with the latter two primarily based on market factors.

1. No changes were recommended to how tuition is set for traditional resident undergraduate students.
2. Institutions should be permitted to propose tuition rates for graduate students and for nonresident undergraduate students. These rates could vary by academic program, and would be subject to the approval of the Board of Regents.
3. Institutions should be delegated the authority to price programs targeted to nontraditional students who are served online, off-campus, or exclusively during evenings and weekends. This approach would update and consolidate several existing policies into a single one.

The working group also recommends that:

1. annual presentations on funding allocation methodologies be scheduled for the Board of Regents, the Chancellors, and other institutional leaders;
2. a letter be sent to the Department of Administration requesting that the Governor's budget consistently include full-funding of cost-to-continue items (utilities, debt service, employee fringe benefits, etc.); and
3. UW System institutions prepare and submit strategic enrollment plans to UW System Administration in order to facilitate greater coordination and communication.

We hope you find this report useful. I applaud the members of the working group for the considerable time and effort they put into this work. If you have any questions about the report, please do not hesitate to contact me.

# REPORT OF THE FUNDING ALLOCATION WORKING GROUP

## TABLE OF CONTENTS

1. Report of the Funding Allocation Working Group
2. Attachment One: Working Group Charge Memo
3. Attachment Two: Working Group Actions on Each Item in its Charge
4. Attachment Three: Summary of Working Group Meetings
5. Attachment Four: Allocation Equity Issues
6. Attachment Five: Performance Funding Proposal
7. Attachment Six: Tuition Setting Recommendations
8. Attachment Seven: Communication Plans Regarding Allocation of Resources

## REPORT OF THE FUNDING ALLOCATION WORKING GROUP

The Funding Allocation Working Group (working group) was convened in December 2013 by then President Kevin Reilly. The working group was asked to review the current methodology used to allocate general purpose revenue (GPR) and tuition among UW System institutions, and to determine whether changes are needed in the process. The working group was asked to report to the Board of Regents in June 2014. The charge memo is attached (see Attachment One), as is a chart providing a summary of the working group's action on each item in its charge (see Attachment Two).

The working group met four times. An overview of the discussions and recommendations from each meeting are attached (see Attachment Three). The working group discussed equity concerns, reaffirmed a number of core allocation principles, and made recommendations to create a performance fund and clarify the tuition setting process.

There was considerable conversation around the issue of equity. Perceptions of equity issues varied among the working group's members depending on institutional circumstances, and there was not agreement on a common set of equity issues that could reasonably be addressed. The working group cited the Shared Revenue and School Aids formulas in Wisconsin as having similar issues – each group believes they should receive more funding, but it is challenging to develop more equitable alternatives. More information on perceived equity issues is attached (see Attachment Four).

The working group reached the following conclusions related to the allocation of GPR and tuition.

1. Given the funding challenges faced by all UW System institutions, base funding should not be reallocated among the institutions.
2. New resources should continue to be distributed in a manner that covers cost increases for each institution for salaries and fringe benefits for state-supported positions and for utilities expenses.
3. Institutions should continue to retain all of the tuition revenues they generate.
4. The President and the Board of Regents should have discretion in the allocation of any flexible new state funding. Flexible dollars should not automatically be distributed on a formula basis.

The working group recommends the creation of a performance fund as part of the 2015-17 biennial budget request. Performance Based Funding is getting a close look in many states, particularly in those that already use a funding formula. Performance funding approaches are focused on outcomes rather than inputs. The working group proposes institutions compete for the funding by identifying priorities for improvement and specific outcomes to be achieved in a four-year timeframe. More information on the performance fund recommendation is attached (see Attachment Five).

The working group recommends some clarifications of tuition setting authority. Tuition setting would consist of three categories as described below, with the latter two primarily based on market factors. More information on the tuition recommendations is attached (see Attachment Six).

1. No changes were recommended to how tuition is set for traditional resident undergraduate students.
2. Institutions would be permitted to propose tuition rates for graduate students and for nonresident undergraduate students. These rates could vary by academic program, and would be subject to the approval of the Board of Regents.
3. Institutions would price programs targeted to nontraditional students who are served online, off-campus, or exclusively during evenings and weekends. This approach would update and consolidate several existing policies into a single one.

The working group also recommends that:

1. annual presentations on funding allocation methodologies be scheduled for the Board of Regents, the Chancellors, and other institutional leaders (a summary of how this might be done is provided in Attachment Seven);
2. a letter be sent to the Department of Administration requesting that the Governor's budget consistently include full-funding of cost-to-continue items (utilities, debt service, employee fringe benefits, etc.); and
3. UW System institutions prepare and submit strategic enrollment plans to UW System Administration in order to facilitate greater coordination and communication.





Office of the President

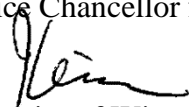
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# Attachment One

## WORKING GROUP CHARGE MEMO

December 3, 2013

TO: Mark Bugher (Chair)  
Janice Mueller, Board of Regents  
Tim Higgins, Board of Regents  
Steven Wildeck, Interim Vice President, Office of Finance  
Rebecca Blank, Chancellor, UW-Madison  
Michael R. Lovell, Chancellor, UW-Milwaukee  
Richard H. Wells, Chancellor, UW-Oshkosh  
Renée Wachter, Chancellor, UW-Superior  
Dean Van Galen, Chancellor, UW-River Falls  
Ray Cross, Chancellor, UW Colleges and UW-Extension  
Robert Hetzel, Vice Chancellor for Administration & Finance, UW-La Crosse  
Melvin Klinkner, Vice Chancellor for Finance & Administration, UW-Parkside  
Rob Cramer, Vice Chancellor for Administrative Services, UW-Platteville

FROM: Kevin P. Reilly   
President, University of Wisconsin System

SUBJECT: UW System Working Group on Funding Allocation

Thank you for agreeing to serve on the UW System Working Group on Funding Allocation. The charge for this group is to review the current methodology used to allocate general purpose revenue and tuition among our institutions, and determine whether changes are needed to the process. The committee will report to the Board of Regents in June, 2014.

By way of background, 2013 Wisconsin Act 20 requires the UW System to submit to the Joint Finance Committee by January 1, 2014, for approval through a 14-day passive review, proposed policies regarding the annual distribution of tuition and fee revenue and state general purpose revenue to each institution.

The UW System will submit the attached policy on annual distribution of funds, codifying the current practice, to the Joint Finance Committee for use in the 2013-15 biennium. The policy will sunset on June 30, 2015. The committee will report to the Board in June, 2014.

If the working group determines that the allocation methodology should be changed, the group should develop alternatives for consideration by the UW System President, the chancellors, and eventually the Board of Regents. If changes are adopted by the Board, the new methodology would be implemented for the 2015-16 fiscal year. The methodology resulting from this process

should be responsive to the needs of students and the state while maintaining or enhancing quality education at each institution.

The current allocation methodology which is described in the attached materials is based on several historical principles:

- Distribute cost-to-continue funding to fully fund each institution's actual costs.
- Maintain institutional tuition revenue targets.
- Retain all tuition at the institution and allocate GPR where needed.
- Allocate resources to balance out the effect when mandates, adjustments, or cuts impact institutions disproportionately.
- Allocate GPR cuts so that institutions are impacted proportionately.

Some questions we need to consider are:

1. What are the principles upon which a resource allocation model for the University of Wisconsin System should be built?
  - Should the historical principles be maintained?
  - Should all institutions' continuing costs be fully funded?
  - What modifications, if any, should be made to practices for funding self-supporting activities and programs?
  - How can incentive structures be reconciled with System or institutional directions/missions?
  - How can the resource allocation process be made understandable to our stakeholders?
  - How should the model provide incentives for System-wide goals?
2. Are there alternative resource models consistent with those principles and incentive possibilities, and what appear to be the advantages and disadvantages of each?
  - Are there examples from other systems that could help provide the logic and analysis to assist in this process?
  - What should be the role of "entrepreneurial activity" by each institution in the overall financial model? How should its impact on the level of funding support-per-student be considered?
  - What are the relative gaps in resources among institutions, as compared with outside peers? How should peer institutions be identified?
  - What methods should we consider for closing those peer comparison resource gaps?
3. What types of tuition-related issues need to be considered within the context of the GPR/Fee allocation methodology? For example:
  - What are the principles that should be used for setting tuition rates for each UW System institution and the UW System as a whole?
  - What types of tuition policies or strategies might need to be revisited as part of the GPR/Fee allocation issue, including use of differentials, rate structure (e.g.,

- plateau, per-credit, other), rate clusters (e.g., doctorals, comprehensives, colleges), or non-resident rates?
  - What tuition revenue streams (e.g., general, self-support activity, differential, outreach, etc.) should be recognized when setting rates or calculating need to fund continuing costs?
4. Should UW System institutions grow with or without additional state resources, and if so how should the overall levels of support, including support-per-student, be monitored and managed?

Mark Bugher has graciously agreed to chair this important Working Group. The first meeting of the group will be held in January 2014.

Thank you for accepting this important assignment – your work will be critical for the future of the UW System.

Copy: Regents  
Chancellors  
Cabinet  
Provosts  
Chief Business Officers

## Attachment Two

### WORKING GROUP ACTIONS ON EACH ITEM IN ITS CHARGE

Charge	Discussion	Outcome
<b>1. Review the current methodology used to allocate GPR and tuition among UW institutions.</b>	Discussed in detail during the January meeting.	Follow-up conversation on allocation models used in other states in February.
<b>2. Determine whether changes are needed to the GPR and tuition allocation process. If the allocation methodology should be changed, the group should develop alternatives for consideration by the president, the chancellors, and the Board.</b>	Discussed during the January, February, and April meeting.	The workgroup decided that 1) the current base level of GPR/Fee funding should not be reallocated among institutions; 2) the resource allocation methodology should continue to fully fund increases in unavoidable costs, such as utilities and fringe benefits; 3) any inequities within the System should not be addressed with current base resources; and 4) tuition revenues should remain at the institution where they are generated.
<b>3. What are the principles upon which a resource allocation model for the University of Wisconsin System should be built?</b>	The workgroup was asked to evaluate the current allocation principles. Members received the results of the survey during the February meeting.	The workgroup decided that 1) the current base level of GPR/Fee funding should not be reallocated among institutions; 2) the resource allocation methodology should continue to fully fund increases in unavoidable costs, such as utilities and fringe benefits; 3) any inequities within the System should not be addressed with current base resources; and 4) tuition revenues should remain at the institution where they are generated.
A. Should the historical principles be maintained?	Discussed in January and February.	The workgroup decided that 1) the resource allocation methodology should continue to fully fund increases in unavoidable costs, such as utilities and fringe benefits; 2) tuition revenues should continue to remain at the institution where they are generated.
B. Should all institutions' continuing costs be fully funded?	Discussed in February.	Yes.

Charge	Discussion	Outcome
C. What modifications, if any, should be made to practices for funding self-supporting activities and programs?	Discussed in February, March, and April.	Tuition revenue from self-support activities should remain at the institution that generated the revenue. GPR allocations should not be impacted by self-support revenue. The workgroup proposed a tuition-pricing policy in support of these activities.
D. How can incentive structures be reconciled with System or institutional directions/missions?	Discussed in February, March, and April.	The workgroup proposes a performance-funding pilot. Institutions would have significant flexibility to develop programs that are appropriate to their missions and opportunities, but each proposal would include specific and measurable performance outcomes.
E. How can the resource allocation process be made understandable to our stakeholders?	Briefly discussed in the January and April meetings.	UWSA has already implemented a communication plan with elected leaders to explain and to respond to questions about university finances. The workgroup encouraged UWSA to develop regular briefings with institutional leaders on the resource allocation process.
F. How should the model provide incentives for System-wide goals?	Discussed in the March and April meetings.	The suggested performance-funding pilot would address institutional priorities. Broad criteria could be developed that reflect system-wide or state goals.
<b>4. Are there alternative resource models consistent with those principles and incentive possibilities, and what appear to be the advantages and disadvantages of each?</b>	Discussed in the February and April meeting.	The workgroup advanced ideas for a pilot that would incorporate principles from a performance funding model.
A. Are there examples from other systems that could help provide the logic and analysis to assist in this process?	Discussed in the February meeting. Briefly discussed in March.	Workgroup members discussed the components and outcomes of performance funding models in other states.
B. What should be the role of “entrepreneurial activity” by each institution in the overall financial model? How should its impact on the level of funding support-per-student be considered?	Discussed briefly in February and in greater detail in March.	Tuition revenue from entrepreneurial activities should remain at the institution that generated the revenue. GPR allocations should not be impacted based on self-support revenue. Some members expressed interest in renaming "entrepreneurial revenue."

Charge	Discussion	Outcome
C. What are the relative gaps in resources among institutions, as compared with outside peers? How should peer institutions be identified?	Discussed in February and March.	The group chose not to continue with a peer funding comparison at this time. Peer data has not been compelling to stakeholders in the past, and this type of analysis would require more time than was available to the workgroup.
D. What methods should we consider for closing those peer comparison resource gaps?	Discussed in February.	The Board of Regents can allocate new resources as they see fit to address system resource needs.
<b>5. What types of tuition-related issues need to be considered within the context of the GPR/Fee allocation</b>	Discussed in March and April.	The workgroup proposes a revised tuition-pricing policy for consideration by the Board of Regents.
A. What are the principles that should be used for setting tuition rates for each UW System institution and the UW System as a whole?	Discussed in March and April.	The workgroup proposes a revised tuition-pricing policy for consideration by the Board of Regents.
B. What types of tuition policies or strategies might need to be revisited as part of the GPR/Fee allocation issue, including use of differentials, rate structure (e.g., plateau, per-credit, other), rate clusters (e.g., doctorals, comprehensives, colleges), or non-resident rates?	Discussed in March and April.	The workgroup proposes a revised tuition-pricing policy for consideration by the Board of Regents.
C. What tuition revenue streams (e.g., general, self-support activity, differential, outreach, etc.) should be recognized when setting rates or calculating need to fund continuing costs?	Discussed in January, February, and March.	Tuition revenue from all activities should remain at the institution that generated the revenue. GPR allocations should not be impacted based on entrepreneurial revenue.
<b>6. Should UW System institutions grow with or without additional state resources, and if so how should the overall levels of support, including support-per-student, be monitored and managed?</b>	Briefly discussed in April.	The workgroup recommended that institutions submit their strategic enrollment plans to UW System Administration in order to facilitate system-wide enrollment coordination.

## Attachment Three

# SUMMARY OF WORKING GROUP MEETINGS

### Background

In June 2013, the Legislature passed Act 20. This act required the UW System to submit policies regarding the annual distribution of tuition, fee, and general purpose revenue (GPR) to UW institutions for approval by the Joint Committee on Finance (JFC).

The UW System submitted a policy codifying current practice to JFC for use in the 2013-15 Biennium. The policy will sunset at the end of the biennium.

Anticipating the sunset date, President Reilly charged the UW System Working Group on Funding Allocation with evaluating the current methodology used to allocate GPR and tuition among UW institutions. The workgroup is required to report to the Board of Regents in June 2014. Any changes to the existing policy would not go into effect until the 2015-17 Biennium.

The workgroup met four times in person – once in January, February, March, and April.

### Discussion

During meetings, working group members engaged in roundtable discussions facilitated by Chairperson Mark Bugher. The agendas for the subsequent meetings were derived from the ideas and topics that surfaced during the discussions.

The working group began in January by discussing the current allocation policies and processes in detail. In particular, members and staff discussed the origins of the current allocation methodology and how it had changed over time.

After significant deliberation during two meetings, the working group concluded that all UW institutions were underfunded relative to peer institutions in other states. Further, reallocation among UW institutions cannot resolve the chronic funding challenges.

The working group also acknowledged limited control over key expenditures (e.g., utilities, fringe benefits) at the institution level. As such, it is difficult to find and to incent efficiencies in some large expenses.

After discussing the advantages and disadvantages of the current approach, the working group considered alternative models and examples from other states. These models were evaluated against the existing fiscal constraints in Wisconsin. For example, the working group discussed the challenges of creating an incentive to reduce energy consumption when key components of utilities funding are controlled by the State.

From these discussions, the working group made three key decisions:

1. The base level of funding currently provided to institutions should not be altered and any performance-based funding program should not reallocate existing base funding.
2. Any new resource allocation methodology should continue to fully fund increases in unavoidable costs (e.g., utilities and fringe benefits).
3. All tuition revenue should remain at the institution that generated the revenue.

With these decisions made, the working group considered the underlying question of how to define equity and how to identify potential inequities. As the discussion progressed, members concluded that the diversity of missions and institutional histories across UW institutions created many valid definitions of equity. A one-size-fits-all metric cannot adequately capture the variety of ways that institutions serve Wisconsin.

Instead, the workgroup explored ways to responsibly address the underlying resource issues. Two proposals were developed: 1) Tuition-setting recommendations and a 2) Performance-funding pilot.

*1) Tuition-Setting Recommendations.* The tuition-setting recommendations are based, in part, on the 2010 report of the Graduate Programs and Nonresident Tuition Working Group. In discussing the report, some members expressed concern with delegating additional tuition flexibilities at this time, while other members explained the need to immediately address institutional funding issues. The group as a whole agreed that the language used in the 2010 recommendations needed to be simplified and easier to understand.

The current working group's proposal serves two purposes. First, it is intended to clarify existing tuition-setting flexibility that has already been delegated to institutions. Second, it allows institutions to make graduate, professional, and nonresident tuition proposals to the Board for its approval.

*2) Performance-Funding Pilot.* The second proposal, which is the performance-funding pilot, drew on the workgroup's discussion about allocation models in other states and the recent success of the university's economic development grants. Members decided that \$10 million per year would be an appropriate amount for a pilot program. The details of funding the proposal would be in the purview of the Board of Regents and the system president during the biennial budget process.

The pilot program would allow institutions to advance funding proposal for a broad range of projects that fit within the institution's mission and the needs of the community. However, each proposal must include specific, measureable outcomes.

At the April meeting, the workgroup reviewed its progress against the president's charge. In response to the charge to address whether institutions should grow with or without state resources, the workgroup proposed that institutions should submit their strategic enrollment plans to UW System Administration in order to facilitate greater communication and coordination.



Additionally, in order to address the communication and transparency issues that prompted the formation of the workgroup, members recommended that UW System Administration meet annually with institutional leader to review the funding allocation process. Members also reiterated the need for institutional leaders to responsibly manage their communication with policy makers.

## Outcomes

After careful deliberation, the working group reaffirmed four fundamental allocation principles:

1. Given the funding challenges faced by all UW System institutions, base funding should not be reallocated among the institutions.
2. New resources should continue to be distributed in a manner that covers cost increases for each institution for salaries and fringe benefits for state-supported positions and for utilities.
3. Institutions should continue to retain all of the tuition revenues they generate.
4. The president and the Board of Regents should have discretion in the allocation of any flexible new state funding. Flexible dollars should not automatically be distributed on a formula basis.

The working group also recommended the following changes:

1. A new tuition-setting policy that clarifies existing flexibilities and establishes a process for proposing graduate, professional, and nonresident tuition rates to the Board for its approval.
2. A performance-funding pilot program that provides institutions with appropriate flexibility to propose meaningful initiatives and that requires specific, measureable performance outcomes.
3. A process for systemwide review and coordination of strategic enrollment planning.
4. Annual meetings between institutional leaders and UW System Administration staff to discuss the resource allocation process.
5. A renewed commitment by institutional leaders to responsibly manage communication with policy makers.

## Attachment Four

### ALLOCATION EQUITY ISSUES

The working group spent considerable time discussing possible equity issues. Perceptions of equity issues varied among the working group's members depending on institutional circumstances, and there was not agreement on a common set of equity issues that could reasonably be addressed. The working group cited the Shared Revenue and School Aids formulas in Wisconsin as having similar issues – each group believes they should receive more funding, but it is challenging to develop more equitable alternatives. The working group did not identify any specific equity issue that all agreed needed to be addressed. However, the working group recommended that the President and the Board of Regents have some discretion in the allocation of new funding to address high priority needs within the UW System as opposed to distributing these funds on a formula basis.

Several of the issues the working group touched on are described below.

#### Differential Tuition

UW System institutions were once able to request differential tuition increases in consultation with their students. Differential tuition was designed to provide a margin of excellence in addition to the basic services supported by regular tuition and state funding. New tuition differentials were not permitted during the 2011-13 and 2013-15 biennia by the Legislature. It is too early in the budget process to know if the state will permit differential tuition proposals in the 2015-17 biennium.

Some have raised concerns that institutions with a differential are able to offer more services to students than those that do not. The larger the differential, the greater the gap is perceived to be.

The concern has also been raised that, even if the current ban on new tuition differentials is removed, institutions that serve a greater proportion of students from lower income families have less capacity to support a larger differential. Institutions that have a smaller differential or do not have one are concerned about being locked into a lower resource base – creating a “haves versus have-nots” perception.

Institutions with larger differential tuitions argue that they have made a pact with their students about additional services they will receive in return for the increased cost they must pay. Reducing state funding to “balance” differential tuition revenue would break this pact.

#### A History of Institutional Decisions

Chancellors face a number of decisions about the future of their institutions as they engage in strategic planning. Examples include decisions on the program array, enrollment levels, new facilities, and allocation decisions in the face of declining state resources. Decisions made on these and other issues have impacted an institution's GPR funding per students and the total GPR/Tuition funding available. Given the base-plus budgeting and allocation approach in the

UW System, institutional decisions will have an ongoing impact on institutional finances. Current chancellors inherit the decisions of previous chancellors.

## GPR/Tuition Split

The state (GPR) and tuition percentages of an institution's total GPR/Tuition allocation vary. There are several reasons for this.

*Debt Service.* Payment of the debt on academic buildings is fully funded through a sum-sufficient GPR appropriation. The amount of debt service required for each institution is determined by the Wisconsin Department of Administration (DOA), and each institution receives only what it needs for a given year's payment. This funding is placed in an institution's budget and then used by the DOA to make the payments. It cannot be used for any other purpose. Debt service for any institution can vary based on the amount and cost of recent construction activity.

*Economies of Scale.* Providing a core array of educational and student services costs more per student at smaller institutions. This is because the cost of the core array is distributed over a smaller student base. Therefore, UW Colleges and the smaller comprehensive universities typically have a larger GPR percentage allocation than the larger comprehensive universities.

*Flagship Institution.* Although UW-Madison serves the largest number of students among UW System institutions, there are four reasons that it has a larger GPR allocation percentage:

1. UW-Madison has a robust research mission, and research activity has historically been GPR funded.
2. UW-Madison's considerable public service activities have historically been fully GPR funded. This includes two entities - the State Lab of Hygiene and the Veterinary Diagnostic Lab - that the Legislature attached to UW-Madison for administrative purposes. Although the GPR for these entities appears in UW-Madison's budget, it has no control over these funds.
3. UW-Madison is the only public institution in the state to have Medical, Veterinary, Pharmacy, and Law schools. These are high cost programs, and tuition has historically been held low.
4. UW-Madison has a large share of the UW System's graduate enrollments. Educating graduate students typically costs more than educating undergraduates. Although graduate tuition is slightly higher than undergraduate tuition, a large percentage of UW-Madison graduate students receive a tuition remission in return for serving as graduate assistants. These remissions are required by statute and reduce the amount of revenue generated.

*New Tuition Generation.* In recent years, UW System institutions have been able to increase revenues through differential tuition, by adding enrollments to on-campus programs, and by increasing enrollments in programs targeting nontraditional students through distance education. Institutions retain all of the tuition generated, and their GPR allocations are not affected. Although institutions that have increased revenues using these tools have improved their financial health, the additional tuition revenues have reduced GPR as a percentage of their total budget.

## Faculty Salaries

Faculty salaries lag far behind those at peer institutions for all UW System institutions. For some, that gap is larger than for others. Smaller institutions that are not growing find it particularly difficult to free up resources to address faculty and staff salaries concerns.

Institutions with the largest gaps argue that they should receive a larger share of new resources in order to reach the UW System average.

Institutions that have made reallocations or used new revenue sources to increase faculty salaries argue that their efforts should not result in reallocations to institutions that have not taken similar “self-help” measures.

## Program Array

Some academic programs are more expensive to offer than others (e.g., engineering, lab intensive STEM programs, art, and music). The mix between regular- and high-cost academic programs varies among UW System institutions. The size of each program, measured by enrollments and faculty/staff in each program, also varies.

The equity concern around program array is that some institutions have adjusted their missions and program mix over time and received additional GPR and tuition support for those programs. Institutions that chose to develop or grow programs that did not receive new GPR support have urged a “reset” of allocations to reflect their new program mix. The unresolved issue is how decisions made by one institution affects others.

## Attachment Five

# PERFORMANCE FUNDING PROPOSAL

### Background

Performance Based Funding is getting a close look in many states, particularly in those that already use a funding formula. Performance funding approaches are focused on outcomes rather than inputs. For example, institutions are more likely to be funded based on students successfully completing courses than on credits attempted by students. The elements of a performance funding model vary by state, and may vary by type of institution. Rewarding performance for an array of institutions with different missions, student profiles, and sizes has proven difficult, resulting in performance funding being tried and abandoned in many states. However, current iterations are being developed using the lessons learned from previous failed efforts, although they have not been in place long enough to judge their long-term success.

### Proposal

The working group discussed performance funding as a mechanism to provide additional funding to institutions seeking to address specific high-priority needs. The working group recommended a performance fund for the UW System with the following components.

- 1) The UW System would seek \$10 million to fund targeted performance improvements. The funding would be awarded through a competitive process, and would be available to the receiving institutions for 4 years.
- 2) Institutions would propose specific targets for improvements based on the institution's mission and its emerging opportunities. The proposals would include the institution's high-priority area(s) for improvement, a request for resources to address those priorities, and specific anticipated outcomes.
- 3) Institutions will be expected to meet the anticipated outcomes by the end of the fourth year of funding.
- 4) If an institution meets or exceeds its goals, it will retain the original amount of performance funding received in its base. For this to happen, a permanent funding source would be required.
- 5) If an institution fails to meet its goals, the Board of Regents will evaluate its progress to determine whether continued funding is appropriate, or if the funding could be made available to other institutions as part of a new round of performance funding.

## Attachment Six

### TUITION SETTING RECOMMENDATIONS

The working group discussed a number of potential flexibilities related to setting tuition rates for resident undergraduate students, particularly during its first meeting. Given the current tuition freeze for resident undergraduate students, the working group chose to focus on options the Board of Regents could implement under its existing authority.

#### Current Practice

Tuition for most programs and students is set by the Board of Regents. This includes the “general” tuition increase, which is used to support the UW System’s legislatively-approved tuition appropriation, and differential tuition, which has been proposed by institutions to the Board after consultation with students. There have also been institutional proposals approved by the Board for increases in professional school tuition.

Institutions are authorized to set tuition rates for certain programs targeting nontraditional students. This authority was granted under service-based pricing (which is approved by the President of the UW System), distance education, and contract instruction. Institutions also have some pricing flexibility with credit outreach programming that is offered on a cost-recovery basis, meaning the revenues cover the entire costs of the program.

#### Recommended Changes

The working group recommends some clarification of tuition setting authority. Tuition setting would fall into three categories as described below, with the latter two primarily based on market factors.

1. *Resident Undergraduate Students.* The majority of the students in the UW System are resident undergraduates enrolled in traditional programming. The Board of Regents would continue to set the tuition rates for these students, subject to restrictions established by the Legislature. Institutions would continue to have the opportunity to propose differential tuition rates with student input, subject to restrictions imposed by the Legislature. This would be no change to current practice.
2. *Graduate and Nonresident Students.* Institutions could propose tuition levels for graduate students and for nonresident undergraduate students. The proposed tuition levels would be considered for approval by the Board of Regents. Institutions would have greater flexibility in proposing tuition rates based on market.
3. *Credit Outreach.* Under an umbrella of credit outreach instruction, institutions would be allowed to price programs targeted to nontraditional students who are served online, off-campus, or exclusively during evenings and weekends. These programs would be priced at market levels as determined by the institution. This approach would update and consolidate several existing policies into a single policy.

## Attachment Seven

# COMMUNICATION PLANS REGARDING ALLOCATION OF RESOURCES

The charge for the working group from then President Kevin Reilly included addressing questions regarding the principles upon which a resource allocation model should be built, whether continuing costs should be fully funded, and whether the resource allocation process and incentive structures understandable to stakeholders. Early in the group's discussions it became clear that there had not been sufficient communication to the Board and institutional leadership about how funding is distributed within the UW System.

Currently, the distribution of resources is discussed annually with the Chief Business Officers and the Chancellors before being recommended to the Board of Regents. Information on distribution of funds has also been included in annual operating budget documents, but has typically not been highlighted during the annual Board of Regents budget approval meeting. The group felt that the conversations surrounding allocation of resources should be elevated and occur on an annual basis with Regents and Chancellors. Additional efforts should be made to communicate the allocation process and rationale to new Regents, Chancellors and Chief Business Officers.

Public discussions of the resource allocation process will also help inform the general public, legislators, university staff, and students. These discussions should contain language that is easy for a lay person to understand. The working group recommends the development of an annual communication plan by System Administration be included in the report.