

**UW System Board of Regents
Business & Finance Committee
UW-Eau Claire, Davies Center
October 6, 2016**

MEETING OF THE BUSINESS AND FINANCE COMMITTEE:

The Business and Finance Committee was called to order at 9:00 a.m. by Regent Mueller. Roll call was taken and Regents Mueller, Steil, Erickson, Grebe, Hall and Higgins were in attendance.

I.2.a. Approval of the Minutes of the August 18, 2016 Meeting of the Business and Finance Committee

Upon the motion of Regent Hall and the second of Regent Steil, the committee approved the Minutes of the August 18, 2016 Meeting of the Business and Finance Committee.

I.2.b. UW-Eau Claire Presentation: Innovation and Change at the UW – Eau Claire

Chancellor Schmidt discussed how UW-Eau Claire has adapted to the dynamic changes affecting Higher Education. Chancellor Schmidt was proud to announce that they had fully addressed the \$12.2M reduction to the general fund budget in August, and do not have a structural deficit. The direct impact of the most recent reduction was \$7.7M but the campus had not balanced the \$3.1M reduction from the previous year. Along with this was a small enrollment decrease which added to that. The impact of taking \$12.2M out of an allocable general fund of around \$80M was significant. It required major reductions in staffing, which represented 15% of the workforce. Average class sizes increased by 14%. In addition, last spring semester had 197 fewer course sections. The impact to students were real even though they did everything they could to protect it. The facilities budget was reduced 25%. Senior Administration was reduced by 32%. Support positions were reduced by 20%. Even with all of the cuts made, it wasn't the only solution. The next step was to reinvent the work due to having less staff. The goal is to have 100% of students participate in at least two high impact experiences, to increase the freshman/sophomore retention rate to 90%, to increase time to degree (4 year graduation rate) to 50% or higher, and to increase the percentage of students of color on the campus to 20% and close the opportunity gap. Chancellor Schmidt announced the opening of three new service centers named Blue Gold Central, Advising Retention Center and the Administrative Support & Knowledge Center. The goal is to improve the service to students by providing them a faculty advisor, an academic advisor and a career counselor. UW-Eau Claire has the 2nd highest freshman enrollment since 1988, along with increased retention rates. The next effort will be improving the four-year graduation rate.

I.2.c. FY2016 Program Revenue Balances Report

Interim Vice President for Finance, Julie Gordon gave some background on the FY2016 UW System Program Revenue Balances Report. Total UW System unrestricted fund balances continue to decline with total balances dropping from \$1.1B to \$883.3M (\$212M or 19.4%) from FY2013 to FY2016. Over this same period, tuition balances decreased from \$551.5M to \$295.6M (\$255.9M or 46.4%). Current tuition balances represent only 45 days of operating expenses associated with that funding.

Regent Mueller mentioned that it's been suggested by some that auxiliary balances be used, which are growing, to help fund the short falls that are incurred. Interim Vice President Gordon noted that a significant part of those capital projects are often segregated fees, which are restricted by state statutes. They are limited to the purpose for which they are generated. Additionally, funds collected for auxiliary projects are needed not only to address the current estimated costs but also to cover the increase in costs as the projects are delayed. Regent Hall asked what the long term effect is as these projects continue to be delayed. Interim

Vice President Gordon stated that the biennial budget proposal for the flexibility to manage those program revenue-funded projects and issue bonds is going to allow these delays to be shortened.

Upon the motion of Regent Higgins and the second of Regent Grebe, the committee approved the FY2016 UW System Report on Program Revenue Balances and the individual spending and savings plans included in that report.

I.2.d. UW-Madison Contractual Agreement – Lilly USA, LLC

Upon the motion of Regent Hall and the second of Regent Steil, the committee approved a Master Clinical Trial Agreement with Lilly USA, LLC. The language of this agreement establishes the general terms to be applied to all Lilly USA sponsored trials at the institution. Individual Clinical Research Agreements (essentially statements of work) will be executed specifying the materials and protocols to be used in each trial. While total revenues to the institution are not fixed, the University could potentially receive in excess of \$1,000,000 over the life of the agreement. The agreement as presented does not reference any initial work under the agreement or include information as to specific principal investigator(s) and/or university department(s) under which work will be performed.

I.2.e. UW-Madison Contractual Agreement – MacroGenics, Inc.

Upon the motion of Regent Hall and the second of Regent Steil, the committee approved a Master Clinical Trial Agreement with MacroGenics, Inc. The language of this agreement establishes the general terms to be applied to all MacroGenics, Inc. sponsored trials at the institution. Individual “Study Addenda” (essentially statements of work) will be executed specifying the materials and protocols to be used in each trial. While total revenues to the institution are not fixed, the University could potentially receive in excess of \$1,000,000 over the life of the agreement. The agreement as presented does not reference any initial work under the agreement or include information as to specific principal investigator(s) and/or university department(s) under which work will be performed.

I.2.f. UW-Madison Contractual Agreement – Genentech, Inc.

Upon the motion of Regent Hall and the second of Regent Steil, the committee approved a Master Clinical Trial Agreement with Genentech, Inc. The language of this agreement establishes the general terms to be applied to all Genentech, Inc. sponsored trials at the institution. Individual “studies” (essentially statements of work) will be executed specifying the materials and protocols to be used in each trial. While total revenues to the institution are not fixed, the University could potentially receive in excess of \$1,000,000 over the life of the agreement. The agreement as presented does not reference any initial work under the agreement or include information as to specific principal investigator(s) and/or university department(s) under which work will be performed.

I.2.g. Trust Funds: UW–Madison Request for an Exception to Board Policy on Large Unendowed Bequests/Gifts for a Bequest from the Marion Lou Coyle Trust

Upon the motion of Regent Higgins and the second of Regent Erickson, the committee approved an exception to Board policy that requires non-endowed gifts in excess of \$250,000 to become Board-designated endowments. The exception was requested by the Chancellor at UW-Madison and seeks to allow expenditure of the full \$500,000 amount of the bequest. UW-Madison Division of Intercollegiate Athletics intends to announce the bequest as a leadership gift for a tennis facility fundraising campaign.

I.2.h.1. Review and Approval of changes to Regent Policies related to Health, Safety, and Security Planning

Upon the motion of Regent Hall and the second of Regent Higgins, the committee approved the establishment of an overarching Regent Policy requiring UW System institution Chancellors to maintain institution-specific policies in ten broad areas related to health, safety, and security planning and requires members of the university community to comply with applicable health and safety policies.

I.2.h.2. Removal of Regent Policy 19-10, "Procedures for Security Lighting and Emergency Telephones"

Upon the motion of Regent Grebe and the second of Regent Higgins, the committee approved the repeal of Regent Policy 19-10 which dealt with campus lighting and emergency telephones and is replaced by the newly adopted Regent Policy.

I.2.i. Revisions to UW System Administrative Policies

UW System Vice President for Administration and Fiscal Affairs David Miller provided an overview of the System's updated approach to the structure, development and approval of administrative policies. These policies are more detailed than the Regent policies and provide additional guidance to UW System institutions in various policy areas. Vice President Miller reviewed a live website that went live on October 1, 2017 named UW System Administrative Policies and Procedures. This website shows the new policy series and allows for the user to access old and new policies with ease.

I.2.j. UW System Administrative Policies: Information Security Update

The committee received an update from Vice President David Miller on the work of the UW System Information Assurance Council (IAC), a Systemwide group leading policy development efforts related to information security. Materials presented to the Committee include five administrative policies completed in this area. Additional policy development is underway to address other facets of information security.

I.2.k. Report of the Vice President(s)

Interim Vice President Gordon reported that the Legislative Audit Bureau has begun the FY2016 financial audit. Internal financial reporting is on track, however, the timeline for completion of the UW System's financial statements is unknown due to delays in receiving financial information from the state.

Vice President Miller provided a brief update on the Commitment to Operational Reform and Efficiencies (CORE) project. Progress is underway and they will result in more streamlined operations. Vice President Miller should be ready to provide a presentation on this project at the November 2016 Board of Regents Meeting.

Lastly, Vice President Miller noted that the HR System upgrade is still on target and is 75% of the way through testing. The project is still below budget with a go live date of February 27, 2017.

The committee adjourned at 10:19 a.m.

Respectfully submitted,



Jennie Bauernhuber
Recording Secretary