

BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM

I.2. Business and Finance Committee

Thursday, December 7, 2017
8:30 a.m. – 10:00 a.m.
Gordon Dining and Event Center
770 W. Dayton Street, 2nd Floor
Overture Room
Madison, Wisconsin

- a. Approval of the Minutes of the November 9, 2017 Meeting of the Business and Finance Committee
- b. Annual Faculty Turnover Report
- c. Annual Report on Faculty and Staff Base Salary Adjustments and Additional Compensation Payments
- d. UW-Parkside Contractual Agreement with Academic Partnerships, LLC
[Resolution I.2.d.]
- e. Approval of a New Regent Policy Document on Institutional Relationships with Foundations
[Resolution I.2.e.]
- f. Report of the Subcommittee on Investments
- g. Report of the Vice President(s)
 - Information Security Update

REPORT ON FACULTY TURNOVER IN THE UW SYSTEM

EXECUTIVE SUMMARY

BACKGROUND

The Report on Faculty Turnover in the UW System is presented annually to the Board of Regents. Initially requested in 2013, the report provides a summary of tenured and non-tenured (probationary) faculty departures attributed to retirement, resignation and non-renewed contracts for the most previous fiscal year. Beginning with the 2016 Fiscal Year, the report also began including information on reasons for resignation reported in four sub-categories including salary related job changes, non-salary related job changes, personal/family reasons, and other/unknown reasons.

Scope and Definitions

- This reports contains summary data on faculty departures provided by all UW System institutions.
- In accordance with [Wis. Stat. § 36.05 \(8\)](#), faculty means persons who hold the rank of professor, associate professor, assistant professor or instructor in an academic department or its functional equivalent in instruction and such academic staff as may be designated by the chancellor and faculty of the institution.
- Turnover is defined as a separation or termination of employment.

REQUESTED ACTION

This report is for information only

DISCUSSION

Key highlights of the report include:

- Faculty turnover for FY17 is 448 or 7.32% of total faculty.
- The total number of faculty has decreased every year for the previous three fiscal years.
- While faculty turnover for FY17 is reduced compared to FY16, both fiscal years remain the highest for turnover of the previous five fiscal years.

- The number of faculty retiring notably increased in FY16 compared with other years. These numbers decreased for FY17 but not to the same levels as FY13-15.
- The number of faculty resigning increased each year for the previous four fiscal years.
- Beginning FY16, reasons for faculty resignations were collected. However, some faculty chose not to disclose the reason for their resignation.

Historical comparison tables, as well as the full details of the FY17 Faculty Turnover Report, are included in the attached schedules.

RELATED REGENT POLICIES

None

Historical Comparisons on Faculty Turnover – UW System (All Institutions)

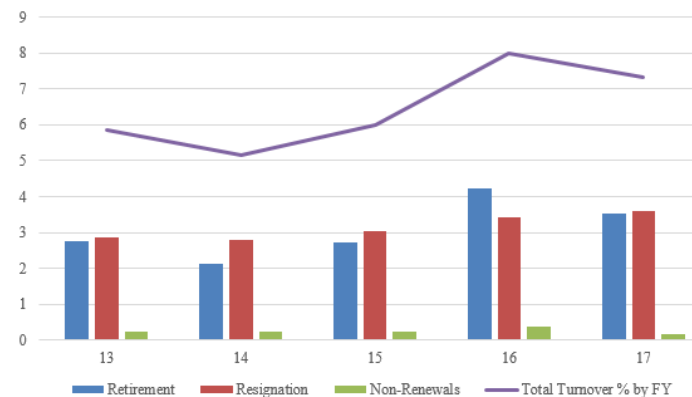
Table 1a & 1b: Faculty Turnover History, 2013-2017, All Reasons, All Faculty by Number

Fiscal Year	Total Faculty	Retirement	Resignation	Non-Renewals	Total Turnover by FY
13	6,399	176	183	16	375
14	6,480	138	181	14	333
15	6,485	178	197	15	390
16	6,353	268	218	23	509
17	6,120	216	221	11	448
Totals by Category	31,837	976	1000	79	2055



Table 2a & 2b: Faculty Turnover History, 2013-2017, All Reasons, All Faculty by Percentage

Fiscal Year	Total Faculty	Retirement	Resignation	Non-Renewals	Total Turnover % by FY
13	6,399	2.75	2.86	0.25	5.86
14	6,480	2.13	2.79	0.22	5.14
15	6,485	2.74	3.04	0.23	6.01
16	6,353	4.22	3.43	0.36	8.01
17	6,120	3.53	3.61	0.18	7.32
Average by Category	6,367.4	3.07	3.15	0.25	6.47



Historical Comparisons on Faculty Turnover – UW System (All Institutions)

Table 3.

Faculty Turnover History, 2013 – 2017, Retirement			
Fiscal Year	Total Faculty	Retirement	%
13	6,399	176	2.75%
14	6,480	138	2.13%
15	6,485	178	2.74%
16	6,353	268	4.22%
17	6,120	216	3.53%
Totals	31,837	976	3.07%

Table 4.

Faculty Turnover History, 2013 – 2017, Resignation			
Fiscal Year	Total Faculty	Resignation	%
13	6,399	183	2.86%
14	6,480	181	2.79%
15	6,485	197	3.04%
16	6,353	218	3.43%
17	6,120	221	3.61%
Totals	31,837	1000	3.14%

Table 5.

Faculty Turnover History, 2013 – 2017, Non-Renewal			
Fiscal Year	Total Faculty	Non-Renewals	%
13	6,399	16	0.25%
14	6,480	14	0.22%
15	6,485	15	0.23%
16	6,353	23	0.36%
17	6,120	11	0.18%
Totals	31,837	79	0.25%

Table 6.

Faculty Turnover History, 2016 – 2017, Supplemental Reasons for Departure					
Fiscal Year	Total Faculty	Salary-Related	Non-Salary Related	Personal/Family	Other/Unknown
16	6,353	54	31	44	89
17	6,120	53	35	55	79
Totals	12,473	107	66	99	168

UNIVERSITY OF WISCONSIN SYSTEM
NUMBER OF FACULTY LEAVING UW INSTITUTIONS

FISCAL YEAR 2017										
INSTITUTION	NUMBER OF FACULTY*	NUMBER OF FACULTY WHO LEFT	PERCENT	RETIRED	RESIGNED	RESIGNATION REASONS				NON-RENEWED
						SALARY RELATED JOB CHANGES	NON-SALARY RELATED JOB CHANGES	PERSONAL /FAMILY	OTHER/ UNKNOWN	
MADISON										
Tenured	1629	108	6.63%	81	26	1	3	1	21	1
Probationary	449	18	4.01%		17	2		2	13	1
Total	2078	126	6.06%							
MILWAUKEE										
Tenured	614	50	8.14%	28	22	11	5	4	2	
Probationary	135	13	9.63%		8	2		6		5
Total	749	63	8.41%							
EAU CLAIRE										
Tenured	261	22	8.43%	12	10		5	5		
Probationary	90	13	14.44%		13	5	2	6		
Total	351	35	9.97%							
GREEN BAY										
Tenured	104	10	9.62%	3	7	2		3	2	
Probationary	51	0	0.00%							
Total	155	10	6.45%							
LA CROSSE										
Tenured	215	18	8.37%	13	5	2		3		
Probationary	162	13	8.02%		13	3	1	5	4	
Total	377	31	8.22%							
OSHKOSH										
Tenured	237	6	2.53%	2	4				4	
Probationary	85	7	8.24%		6			2	4	1
Total	322	13	4.04%							

UNIVERSITY OF WISCONSIN SYSTEM
NUMBER OF FACULTY LEAVING UW INSTITUTIONS

FISCAL YEAR 2017										
INSTITUTION	NUMBER OF FACULTY*	NUMBER OF FACULTY WHO LEFT	PERCENT	RETIRED	RESIGNED	RESIGNATION REASONS				NON-RENEWED
						SALARY RELATED JOB CHANGES	NON-SALARY RELATED JOB CHANGES	PERSONAL /FAMILY	OTHER/ UNKNOWN	
PARKSIDE										
Tenured	81	9	11.11%	4	5					5
Probationary	35	5	14.29%		5					5
Total	116	14	12.07%							
PLATTEVILLE										
Tenured	149	10	6.71%	9	1					1
Probationary	88	8	9.09%		7					7
Total	237	18	7.59%							
RIVER FALLS										
Tenured	146	11	7.53%	8	3	1	1	1		
Probationary	41	4	9.76%		4	1	1	2		
Total	187	15	8.02%							
STEVENS POINT										
Tenured	212	15	7.08%	11	4		2	1		1
Probationary	111	4	3.60%		4	1				3
Total	323	19	5.88%							
STOUT										
Tenured	177	13	7.34%	7	6	5	1			
Probationary	90	10	11.11%		10	4	2	4		
Total	267	23	8.61%							
SUPERIOR										
Tenured	67	7	10.45%	5	2	1	1			
Probationary	30	2	6.67%		2			2		
Total	97	9	9.28%							

UNIVERSITY OF WISCONSIN SYSTEM
NUMBER OF FACULTY LEAVING UW INSTITUTIONS

FISCAL YEAR 2017										
INSTITUTION	NUMBER OF FACULTY*	NUMBER OF FACULTY WHO LEFT	PERCENT	RETIRED	RESIGNED	RESIGNATION REASONS				NON-RENEWED
						SALARY RELATED JOB CHANGES	NON-SALARY RELATED JOB CHANGES	PERSONAL /FAMILY	OTHER/ UNKNOWN	
WHITEWATER										
Tenured	233	15	6.44%	12	2	1		1		1
Probationary	132	9	6.82%		9	1	5	2	1	
Total	365	24	6.58%							
COLLEGES										
Tenured	192	12	6.25%	7	5	3	2		1	
Probationary	68	6	8.82%		5	2	2		1	1
Total	260	18	6.92%							
EXTENSION										
Tenured	146	22	15.07%	14	8	3		2	3	
Probationary	90	8	8.89%		8	2	2	3	1	
Total	236	30	12.71%							
SUBTOTAL										
Tenured	4463	328	7.35%		110	30	20	21	40	2
Probationary	1657	120	7.24%		111	23	15	34	39	9
GRAND TOTAL	6120	448	7.32%	216	221	53	35	55	79	11
PERCENT OF TOTAL FACULTY				3.53%	3.61%	0.87%	0.57%	0.90%	1.29%	0.18%
PERCENT OF TOTAL FACULTY LEAVING				48.21%	49.33%	11.83%	7.81%	12.28%	17.63%	2.46%

Data Sources:

*October Payroll for 2016 for the Number of Faculty

HRS for Retirements, Resignations and Non-Renewals

**REPORT ON FACULTY AND STAFF BASE SALARY
ADJUSTMENTS AND ADDITIONAL COMPENSATION PAYMENTS
FOR FY2017**

EXECUTIVE SUMMARY

BACKGROUND

UW System chancellors have been delegated authority pursuant to [Wis. Stat. § 36.09\(1\)\(j\)](#) to adjust salaries for all faculty and staff, for the purpose of recognizing merit, correcting salary inequities, recognizing job reclassifications or promotions, or addressing other competitive factors. It is important to note that FY16 was the first fiscal year in which merit was a permissible reason to adjust salaries for all staff. Additionally, with the implementation of the new personnel systems, university staff base salary adjustments and additional compensation in the form of lump sums no longer require the Department of Personnel Management (formerly OSER) approval.

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 faculty and staff to recognize merit, and for additional work performed beyond what is normally expected as part of a full teaching, research, and/or service/administrative work load.

Different than base salary adjustments for merit, equity, competitive factors, and change in duties/promotions, lump sum payments are non-base building compensation 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, covering duties and responsibilities of an unexpected leave.

Regent action taken at the December 2013 meeting directed this report become an annual report to the Board for information purposes only. Starting in FY14, separate tables are provided that include base adjustments and lump sum payments for faculty only.

REQUESTED ACTION

This report is for information only

DISCUSSION

The following charts may provide useful context for FY2017 activity with regard to faculty and staff base adjustments and additional salary payments. These charts provide high-level summary comparisons between fiscal year 2017 and the previous 2016 fiscal year.

Two-Year Comparisons on Base Adjustments

Chart 1: Two Year Comparison Base Salary Adjustments, All Staff

Fiscal Year	Total Staff	Total Staff Receiving Base Adj	Staff Receiving Base Adj as % of Total Staff	Average Base Adj for FA/AS/LI Staff	Average Base Adj for Univ. Staff	Total Budgeted Salary Dollars	Total Base Adj Dollars	Base Adj \$ as % Total Salary \$
16	33,705	8,360	24.80%	\$ 4,863	\$ 2,785	\$2,260,225,936	\$ 34,237,135	1.51%
17	34,080	10,572	31.02%	\$ 4,409	\$ 2,252	\$2,285,719,585	\$ 39,026,878	1.71%
Change	375	2,212	6.22%	\$ (454)	\$ (533)	\$25,493,649	\$ 4,789,743	0.20%

Chart 2: Two Year Comparison Base Salary Adjustments for Merit, Equity & Market, All Staff

Fiscal Year	Total Staff	Total Staff Receiving Base Adjustments	Base Adjustments for Merit, Equity and Market	Base Adjustments as % for Merit, Equity and Market
16	33,705	8,360	6,248	74.74%
17	34,080	10,572	8,126	76.86%
Change	375	2,212	1,878	2.13%

Chart 3: Two Year Comparison Base Salary Adjustments, Faculty Only

Fiscal Year	Total Faculty	Total Faculty Receiving Base Adj	Faculty Receiving Base Adj as % of Total Faculty	Average Base Adj for Faculty Recipient	Total Budgeted Faculty Salary Dollars	Total Faculty Base Adj Dollars	Faculty Base Adj \$ as % Total Faculty Salary \$
16	6,353	2,390	37.62%	\$ 4,826	\$ 577,558,812	\$ 11,533,423	2.00%
17	6,120	2,337	38.19%	\$ 5,113	\$ 565,770,675	\$ 11,949,850	2.11%
Change	(233)	(53)	0.57%	\$ 287	\$ (11,788,137)	\$ 416,427	0.11%

Chart 4: Two Year Comparison Base Salary Adjustments for Merit, Equity & Market, Faculty Only

Fiscal Year	Total Faculty	Total Faculty Receiving Base Adjustments	Faculty Base Adjustments for Merit, Equity and Market	Faculty Base Adjustments as % for Merit, Equity and Market
16	6,353	2,390	1,874	78.41%
17	6,120	2,337	1,621	69.36%
Change	(233)	(53)	(253)	-9.05%

Two-Year Comparisons on Additional Compensation

Chart 5: Two Year Comparison Additional Compensation Payments, All Staff

Fiscal Year	Total Staff	Total Staff Receiving Additional Comp	Staff Receiving Additional Comp as % of Total Staff	Average Additional Comp Payment for Recipient	Total Budgeted Salary Dollars	Total Additional Comp Dollars	Additional Comp \$ as % of Total Salary \$
16	33,705	7,039	20.88%	\$ 3,601	\$2,260,225,936	\$ 25,345,600	1.12%
17	34,080	9,864	28.94%	\$ 3,070	\$2,285,719,585	\$ 30,285,401	1.32%
Change	375	2,825	8.06%	\$ (531)	\$25,493,649	\$ 4,939,801	0.20%

Chart 6: Two Year Comparison Additional Compensation Payments, Faculty Only

Fiscal Year	Total Faculty	Total Faculty Receiving Additional Comp	Average Additional Comp Payment for Faculty Recipient	Total Budgeted Faculty Salary Dollars	Total Additional Comp Dollars for Faculty	Faculty Additional Comp \$ as % of Total Salary \$
16	6,353	2,645	\$ 4,817	\$ 577,558,812	\$ 12,741,718	2.21%
17	6,120	3,108	\$ 4,427	\$ 565,770,675	\$ 13,760,335	2.43%
Change	(233)	463	\$ (390)	\$ (11,788,137)	\$ 1,018,617	0.23%

The tables attached to this executive summary contain the full reports on FY2017 Base Adjustments (Section 1) and FY2017 Additional Compensation Payments (Section 2)

RELATED REGENT POLICIES

None

SECTION 1:
FY2017 BASE ADJUSTMENT REPORTS

UNIVERSITY OF WISCONSIN SYSTEM
 FY17 BUDGETED SALARIES AND BASE ADJUSTMENTS* (Without Student Assistants in Headcount)
 ALL FUNDS

Fiscal Year 2017																
Institution	FY17 FA/AS/LI Staff Base Adjustments^					FY17 University Staff Base Adjustments					FY17 Totals					
	FY17 Total Budgeted FA/AS/LI Salary Dollars	Total Dollars for FA/AS/LI Base Adj	Number of FA/AS/LI Receiving Base Adj	Total FA/AS/LI Headcount	Percent FA/AS/LI Receiving Base Adj	FY17 Total Budgeted Univ Staff Salary Dollars	Total Dollars for Univ Staff Base Adj	Number of Univ Staff Receiving Base Adj	Total Univ Staff Headcount	Percent Univ Staff Receiving Base Adj	FY17 Total Budgeted Salary Dollars	Total Base Adj Dollars	Number of Staff Receiving Base Adj	Total Headcount	Percent of Staff Receiving Base Adj	Total Base Adj as Percent of Total Budgeted Salaries
MADISON	960,197,348	20,343,214	3185	12019	26.50%	283,406,836	4,639,614	2109	4725	44.63%	1,243,604,184	24,982,828	5294	16744	31.62%	2.01%
MILWAUKEE	166,460,535	2,379,675	420	2729	15.39%	60,991,759	840,476	198	851	23.27%	227,452,294	3,220,151	618	3580	17.26%	1.42%
EAU CLAIRE	51,440,378	621,261	130	889	14.62%	24,343,723	265,834	79	336	23.51%	75,784,101	887,095	209	1225	17.06%	1.17%
GREEN BAY	29,405,317	207,085	60	538	11.15%	10,603,075	105,600	28	179	15.64%	40,008,392	312,685	88	717	12.27%	0.78%
LA CROSSE	56,539,106	1,021,796	647	1001	64.64%	14,658,281	100,185	93	314	29.62%	71,197,387	1,121,981	740	1315	56.27%	1.58%
OSHKOSH	57,323,266	1,611,544	475	1116	42.56%	19,448,688	247,976	93	351	26.50%	76,771,954	1,859,520	568	1467	38.72%	2.42%
PARKSIDE	21,222,835	405,418	225	389	57.84%	9,360,954	190,733	136	161	84.47%	30,583,789	596,151	361	550	65.64%	1.95%
PLATTEVILLE	40,187,616	965,369	290	682	42.52%	18,431,458	162,944	61	305	20.00%	58,619,074	1,128,313	351	987	35.56%	1.92%
RIVER FALLS	27,488,197	229,606	75	595	12.61%	11,040,277	75,033	57	188	30.32%	38,528,474	304,639	132	783	16.86%	0.79%
STEVENS POINT	43,115,361	504,009	126	830	15.18%	22,883,649	218,791	94	366	25.68%	65,999,010	722,800	220	1196	18.39%	1.10%
STOUT	44,430,032	974,883	627	865	72.49%	20,669,254	437,438	290	350	82.86%	65,099,286	1,412,321	917	1215	75.47%	2.17%
SUPERIOR	15,136,598	131,387	39	331	11.78%	6,054,125	4,306	1	97	1.03%	21,190,723	135,693	40	428	9.35%	0.64%
WHITEWATER	57,574,877	613,357	347	983	35.30%	21,922,398	280,945	184	355	51.83%	79,497,275	894,302	531	1338	39.69%	1.12%
COLLEGES	36,826,018	228,738	130	945	13.76%	8,043,851	62,362	17	153	11.11%	44,869,869	291,100	147	1098	13.39%	0.65%
EXTENSION	104,764,280	676,854	255	993	25.68%	16,442,417	92,485	35	157	22.29%	121,206,697	769,339	290	1150	25.22%	0.63%
UWSA	5,554,404	148,714	16	49	32.65%	2,645,941	62,381	13	35	37.14%	8,200,345	211,095	29	84	34.52%	2.57%
UWSA2**	5,624,332	48,251	10	65	15.38%	11,482,399	128,614	27	138	19.57%	17,106,731	176,865	37	203	18.23%	1.03%
TOTALS	1,723,290,500	31,111,161	7057	25019	28.21%	562,429,085	7,915,717	3515	9061	38.79%	2,285,719,585	39,026,878	10572	34080	31.02%	1.71%

Data Sources:
 Budgeted Salaries are from the 2016-17 UW Annual Budget
 Base Adjustments are from HRS as of June 30, 2017
 Headcount data are from the 2016 October Payroll

*Base Adjustments:
 Base adjustments permitted under Wis. Stat. 36.09(1)(j) for merit, equity, title changes, promotions, and recognition of competitive factors.
 **UWSA2 was formerly named Systemwide
 ^FA/AS/LI Staff were formerly named Unclassified

UNIVERSITY OF WISCONSIN SYSTEM
 FY17 AVERAGE DOLLAR BASE ADJUSTMENT PER RECIPIENT (Without Student Assistants in Headcount)
 ALL BASE ADJUSTMENTS*
 ALL FUNDS

Fiscal Year 2017												
Institution	FY17 FA/AS/LI Staff Base Adjustments^				FY17 University Staff Base Adjustments				FY17 Totals			
	FY17 Total Budgeted FA/AS/LI Salary Dollars	Total Dollars for FA/AS/LI Base Adj	Number of FA/AS/LI Receiving Base Adj	Average Base Adj per FA/AS/LI Recipient	FY17 Total Budgeted University Staff Salary Dollars	Total Dollars for University Staff Base Adj	Number of University Staff Receiving Base Adj	Average Base Adj per University Staff Recipient	FY17 Total Budgeted Salary Dollars	Total Base Adj Dollars	Number of Staff Receiving Base Adj	Average Base Adj per Recipient
MADISON	960,197,348	20,343,214	3185	\$ 6,387	283,406,836	4,639,614	2109	\$ 2,200	1,243,604,184	24,982,828	5294	\$ 4,719
MILWAUKEE	166,460,535	2,379,675	420	\$ 5,666	60,991,759	840,476	198	\$ 4,245	227,452,294	3,220,151	618	\$ 5,211
EAU CLAIRE	51,440,378	621,261	130	\$ 4,779	24,343,723	265,834	79	\$ 3,365	75,784,101	887,095	209	\$ 4,244
GREEN BAY	29,405,317	207,085	60	\$ 3,451	10,603,075	105,600	28	\$ 3,771	40,008,392	312,685	88	\$ 3,553
LA CROSSE	56,539,106	1,021,796	647	\$ 1,579	14,658,281	100,185	93	\$ 1,077	71,197,387	1,121,981	740	\$ 1,516
OSHKOSH	57,323,266	1,611,544	475	\$ 3,393	19,448,688	247,976	93	\$ 2,666	76,771,954	1,859,520	568	\$ 3,274
PARKSIDE	21,222,835	405,418	225	\$ 1,802	9,360,954	190,733	136	\$ 1,402	30,583,789	596,151	361	\$ 1,651
PLATTEVILLE	40,187,616	965,369	290	\$ 3,329	18,431,458	162,944	61	\$ 2,671	58,619,074	1,128,313	351	\$ 3,215
RIVER FALLS	27,488,197	229,606	75	\$ 3,061	11,040,277	75,033	57	\$ 1,316	38,528,474	304,639	132	\$ 2,308
STEVENS POINT	43,115,361	504,009	126	\$ 4,000	22,883,649	218,791	94	\$ 2,328	65,999,010	722,800	220	\$ 3,285
STOUT	44,430,032	974,883	627	\$ 1,555	20,669,254	437,438	290	\$ 1,508	65,099,286	1,412,321	917	\$ 1,540
SUPERIOR	15,136,598	131,387	39	\$ 3,369	6,054,125	4,306	1	\$ 4,306	21,190,723	135,693	40	\$ 3,392
WHITEWATER	57,574,877	613,357	347	\$ 1,768	21,922,398	280,945	184	\$ 1,527	79,497,275	894,302	531	\$ 1,684
COLLEGES	36,826,018	228,738	130	\$ 1,760	8,043,851	62,362	17	\$ 3,668	44,869,869	291,100	147	\$ 1,980
EXTENSION	104,764,280	676,854	255	\$ 2,654	16,442,417	92,485	35	\$ 2,642	121,206,697	769,339	290	\$ 2,653
UWSA	5,554,404	148,714	16	\$ 9,295	2,645,941	62,381	13	\$ 4,799	8,200,345	211,095	29	\$ 7,279
UWSA2**	5,624,332	48,251	10	\$ 4,825	11,482,399	128,614	27	\$ 4,763	17,106,731	176,865	37	\$ 4,780
TOTALS	1,723,290,500	31,111,161	7057	\$ 4,409	562,429,085	7,915,717	3515	\$ 2,252	2,285,719,585	39,026,878	10572	\$ 3,692

Data Sources:

Budgeted Salaries are from the 2016-17 UW Annual Budget
 Base Adjustments are from HRS as of June 30, 2017
 Headcount data are from the 2016 October Payroll

*Base Adjustments:

Base adjustments permitted under Wis. Stat. 36.09(1)(j) for merit, equity, title changes, promotions, and recognition of competitive factors.

**UWSA2 was formerly named Systemwide

^FA/AS/LI Staff were formerly named Unclassified

UNIVERSITY OF WISCONSIN SYSTEM
 FY17 BUDGETED SALARIES AND BASE ADJUSTMENTS* EXCLUDING PROMOTIONS, TITLE CHANGES, AND CHANGE IN DUTIES (Without Student Assistants in Headcount)
 ALL FUNDS

Fiscal Year 2017																
	FY17 FA/AS/LI Staff Base Adjustments^					FY17 University Staff Base Adjustments					FY17 Totals					
Institution	FY17 Total Budgeted FA/AS/LI Salary Dollars	Total Dollars for FA/AS/LI Base Adj	Number of FA/AS/LI Receiving Base Adj	Total FA/AS/LI Headcount	Percent FA/AS/LI Receiving Base Adj	FY17 Total Budgeted University Staff Salary Dollars	Total Dollars for University Staff Base Adj	Number of University Staff Receiving Base Adj	Total University Staff Headcount	Percent University Staff Receiving Base Adj	FY17 Total Budgeted Salary Dollars	Total Base Adj Dollars	Number of Staff Receiving Base Adj	Total Headcount	Percent of Staff Receiving Base Adj	Total Base Adj as Percent of Total Budgeted Salaries
MADISON	960,197,348	14,337,560	2141	12019	17.81%	283,406,836	3,911,315	1909	4725	40.40%	1,243,604,184	18,248,875	4050	16744	24.19%	1.47%
MILWAUKEE	166,460,535	1,046,594	172	2729	6.30%	60,991,759	451,201	111	851	13.04%	227,452,294	1,497,795	283	3580	7.91%	0.66%
EAU CLAIRE	51,440,378	294,804	52	889	5.85%	24,343,723	177,927	59	336	17.56%	75,784,101	472,731	111	1225	9.06%	0.62%
GREEN BAY	29,405,317	78,179	24	538	4.46%	10,603,075	79,788	22	179	12.29%	40,008,392	157,967	46	717	6.42%	0.39%
LA CROSSE	56,539,106	833,760	591	1001	59.04%	14,658,281	79,761	83	314	26.43%	71,197,387	913,521	674	1315	51.25%	1.28%
OSHKOSH	57,323,266	1,114,192	394	1116	35.30%	19,448,688	200,050	78	351	22.22%	76,771,954	1,314,242	472	1467	32.17%	1.71%
PARKSIDE	21,222,835	223,376	188	389	48.33%	9,360,954	188,412	133	161	82.61%	30,583,789	411,788	321	550	58.36%	1.35%
PLATTEVILLE	40,187,616	774,462	255	682	37.39%	18,431,458	152,149	57	305	18.69%	58,619,074	926,611	312	987	31.61%	1.58%
RIVER FALLS	27,488,197	151,282	48	595	8.07%	11,040,277	36,698	47	188	25.00%	38,528,474	187,980	95	783	12.13%	0.49%
STEVENS POINT	43,115,361	267,372	63	830	7.59%	22,883,649	127,462	54	366	14.75%	65,999,010	394,834	117	1196	9.78%	0.60%
STOUT	44,430,032	779,395	584	865	67.51%	20,669,254	364,307	274	350	78.29%	65,099,286	1,143,702	858	1215	70.62%	1.76%
SUPERIOR	15,136,598	21,542	3	331	0.91%	6,054,125	0	0	97	0.00%	21,190,723	21,542	3	428	0.70%	0.10%
WHITEWATER	57,574,877	507,942	289	983	29.40%	21,922,398	263,327	179	355	50.42%	79,497,275	771,269	468	1338	34.98%	0.97%
COLLEGES	36,826,018	177,844	85	945	8.99%	8,043,851	34,439	11	153	7.19%	44,869,869	212,283	96	1098	8.74%	0.47%
EXTENSION	104,764,280	344,706	137	993	13.80%	16,442,417	69,168	29	157	18.47%	121,206,697	413,874	166	1150	14.43%	0.34%
UWSA	5,554,404	65,166	11	49	22.45%	2,645,941	45,823	9	35	25.71%	8,200,345	110,989	20	84	23.81%	1.35%
UWSA2**	5,624,332	32,476	8	65	12.31%	11,482,399	123,518	26	138	18.84%	17,106,731	155,994	34	203	16.75%	0.91%
TOTALS	1,723,290,500	21,050,652	5045	25019	20.16%	562,429,085	6,305,345	3081	9061	34.00%	2,285,719,585	27,355,997	8126	34080	23.84%	1.20%

Data Sources:

Budgeted Salaries are from the 2016-17 UW Annual Budget

Base Adjustments are from HRS as of June 30, 2017

Headcount data are from the 2016 October Payroll

*Base Adjustments:

Base adjustments permitted under Wis. Stat. 36.09(1)(j) for merit, equity, title changes, promotions, and recognition of competitive factors.

**UWSA2 was formerly named Systemwide

^FA/AS/LI Staff were formerly named Unclassified

UNIVERSITY OF WISCONSIN SYSTEM
 FY17 BUDGETED SALARIES AND BASE ADJUSTMENTS* FOR FACULTY ONLY (Without Student Assistants in Headcount)
 PROFESSOR, ASSOCIATE PROFESSOR, ASSISTANT PROFESSOR AND INSTRUCTOR
 ALL FUNDS

FISCAL YEAR 2017							
Institution	FY17 TOTAL BUDGETED FACULTY DOLLARS	TOTAL DOLLARS FOR FACULTY BASE ADJUSTMENTS	NUMBER OF FACULTY RECEIVING BASE ADJUSTMENTS	AVERAGE BASE ADJUSTMENT PER FACULTY RECIPIENT	TOTAL FACULTY HEADCOUNT	PERCENT OF FACULTY RECEIVING BASE ADJUSTMENTS	PERCENT OF FACULTY SALARY DOLLARS
MADISON	\$ 257,715,073	\$ 7,766,122	766	\$ 10,138.54	2078	36.86%	3.01%
MILWAUKEE	\$ 68,386,607	\$ 681,032	111	\$ 6,135.42	749	14.82%	1.00%
EAU CLAIRE	\$ 31,376,757	\$ 323,134	72	\$ 4,487.97	351	20.51%	1.03%
GREEN BAY	\$ 11,373,536	\$ 33,173	8	\$ 4,146.63	155	5.16%	0.29%
LA CROSSE	\$ 27,852,367	\$ 540,076	348	\$ 1,551.94	377	92.31%	1.94%
OSHKOSH	\$ 22,845,987	\$ 778,928	199	\$ 3,914.21	322	61.80%	3.41%
PARKSIDE	\$ 7,657,131	\$ 74,535	39	\$ 1,911.15	116	33.62%	0.97%
PLATTEVILLE	\$ 16,429,680	\$ 448,751	159	\$ 2,822.33	237	67.09%	2.73%
RIVER FALLS	\$ 13,490,405	\$ 159,528	63	\$ 2,532.19	187	33.69%	1.18%
STEVENS POINT	\$ 21,668,904	\$ 173,832	42	\$ 4,138.86	323	13.00%	0.80%
STOUT	\$ 20,396,959	\$ 501,858	256	\$ 1,960.38	267	95.88%	2.46%
SUPERIOR	\$ 6,507,732	\$ 28,848	12	\$ 2,404.00	97	12.37%	0.44%
WHITEWATER	\$ 27,781,619	\$ 305,870	172	\$ 1,778.31	365	47.12%	1.10%
COLLEGES	\$ 14,692,860	\$ 36,538	17	\$ 2,149.29	260	6.54%	0.25%
EXTENSION	\$ 17,595,058	\$ 97,625	73	\$ 1,337.33	236	30.93%	0.55%
UWSA	\$ -	\$ -	0	N/A	0	N/A	N/A
UWSA2 (formerly Systemwide)	\$ -	\$ -	0	N/A	0	N/A	N/A
TOTALS	\$ 565,770,675	\$ 11,949,850	2337	\$ 5,113.33	6120	38.19%	2.11%

Data Sources:

Budgeted Salaries are from the 2016-17 UW Annual Budget

Base Adjustments are from HRS as of June 30, 2017

Headcount data are from the 2016 October Payroll

*Base Adjustments:

Base adjustments permitted under Wis. Stat. 36.09(1)(j) for merit, equity, title changes, promotions, and recognition of competitive factors.

UNIVERSITY OF WISCONSIN SYSTEM
 FY17 BUDGETED SALARIES AND BASE ADJUSTMENTS* FOR FACULTY ONLY
 EXCLUDING PROMOTIONS, TITLE CHANGES, AND CHANGES IN DUTIES (Without Student Assistants in Headcount)
 PROFESSOR, ASSOCIATE PROFESSOR, ASSISTANT PROFESSOR AND INSTRUCTOR
 ALL FUNDS

FISCAL YEAR 2017							
Institution	FY17 TOTAL BUDGETED FACULTY DOLLARS	TOTAL DOLLARS FOR FACULTY BASE ADJUSTMENTS	NUMBER OF FACULTY RECEIVING BASE ADJUSTMENTS	AVERAGE BASE ADJUSTMENT PER FACULTY RECIPIENT	TOTAL FACULTY HEADCOUNT	PERCENT OF FACULTY RECEIVING BASE ADJUSTMENTS	PERCENT OF FACULTY SALARY DOLLARS
MADISON	\$ 257,715,073	\$ 5,917,310	465	\$ 12,725.40	2078	22.38%	2.30%
MILWAUKEE	\$ 68,386,607	\$ 270,623	35	\$ 7,732.09	749	4.67%	0.40%
EAU CLAIRE	\$ 31,376,757	\$ 123,079	29	\$ 4,244.10	351	8.26%	0.39%
GREEN BAY	\$ 11,373,536	\$ -	0	N/A	155	0.00%	0.00%
LA CROSSE	\$ 27,852,367	\$ 459,116	314	\$ 1,462.15	377	83.29%	1.65%
OSHKOSH	\$ 22,845,987	\$ 618,217	174	\$ 3,552.97	322	54.04%	2.71%
PARKSIDE	\$ 7,657,131	\$ 33,035	27	\$ 1,223.52	116	23.28%	0.43%
PLATTEVILLE	\$ 16,429,680	\$ 365,601	146	\$ 2,504.12	237	61.60%	2.23%
RIVER FALLS	\$ 13,490,405	\$ 103,746	41	\$ 2,530.39	187	21.93%	0.77%
STEVENS POINT	\$ 21,668,904	\$ 45,906	16	\$ 2,869.13	323	4.95%	0.21%
STOUT	\$ 20,396,959	\$ 382,572	225	\$ 1,700.32	267	84.27%	1.88%
SUPERIOR	\$ 6,507,732	\$ 2,047	2	\$ 1,023.50	97	2.06%	0.03%
WHITEWATER	\$ 27,781,619	\$ 198,700	137	\$ 1,450.36	365	37.53%	0.72%
COLLEGES	\$ 14,692,860	\$ 4,788	1	\$ 4,788.00	260	0.38%	0.03%
EXTENSION	\$ 17,595,058	\$ 29,400	9	\$ 3,266.67	236	3.81%	0.17%
UWSA	\$ -	\$ -	0	N/A	0	N/A	N/A
UWSA2 (formerly Systemwide)	\$ -	\$ -	0	N/A	0	N/A	N/A
TOTALS	\$ 565,770,675	\$ 8,554,140	1621	\$ 5,277.08	6120	26.49%	1.51%

Data Sources:

Budgeted Salaries are from the 2016-17 UW Annual Budget

Base Adjustments are from HRS as of June 30, 2017

Headcount data are from the 2016 October Payroll

*Base Adjustments:

Base adjustments permitted under Wis. Stat. 36.09(1)(j) for merit, equity, title changes, promotions, and recognition of competitive factors.

SECTION 2:
FY2017 ADDITIONAL COMPENSATION
REPORTS

UNIVERSITY OF WISCONSIN SYSTEM
 FY17 BUDGETED SALARIES AND ADDITIONAL COMPENSATION PAYMENTS (Without Student Assistants in Headcount)
 ALL FUNDS

Fiscal Year 2017

Institution	FY17 Total Budgeted Salary Dollars	FY17 Additional Compensation Payments	Number of Staff Receiving Additional Compensation Payments	Total Headcount	Percent Receiving Additional Compensation Payments	Average Amount of Additional Compensation per Recipient	Percent of Total Budgeted Salary Dollars
MADISON	1,243,604,184	5,893,118	2,100	16,744	12.54%	2,806	0.47%
MILWAUKEE	227,452,294	5,216,250	2,812	3,580	78.55%	1,855	2.29%
EAU CLAIRE	75,784,101	1,254,968	302	1,225	24.65%	4,156	1.66%
GREEN BAY	40,008,392	1,140,292	195	717	27.20%	5,848	2.85%
LA CROSSE	71,197,387	2,548,172	1,084	1,315	82.43%	2,351	3.58%
OSHKOSH	76,771,954	2,437,808	444	1,467	30.27%	5,491	3.18%
PARKSIDE	30,583,789	728,167	152	550	27.64%	4,791	2.38%
PLATTEVILLE	58,619,074	1,421,375	437	987	44.28%	3,253	2.42%
RIVER FALLS	38,528,474	1,038,884	320	783	40.87%	3,247	2.70%
STEVENS POINT	65,999,010	1,678,669	347	1,196	29.01%	4,838	2.54%
STOUT	65,099,286	1,424,640	286	1,215	23.54%	4,981	2.19%
SUPERIOR	21,190,723	933,804	182	428	42.52%	5,131	4.41%
WHITEWATER	79,497,275	3,091,872	597	1,338	44.62%	5,179	3.89%
COLLEGES	44,869,869	1,011,718	365	1,098	33.24%	2,772	2.25%
EXTENSION	121,206,697	311,473	172	1,150	14.96%	1,811	0.26%
UWSA	8,200,345	48,050	23	84	27.38%	2,089	0.59%
UWSA2**	17,106,731	106,141	46	203	22.66%	2,307	0.62%
TOTALS	2,285,719,585	30,285,401	9,864	34,080	28.94%	3,070	1.32%

Data Sources:

Budgeted Salaries are from the 2016-17 UW Annual Budget

**UWSA2 formerly named Systemwide

Additional Compensation Adjustments are from HRS as of June 30, 2017

Headcount data are from the 2016 October Payroll

UNIVERSITY OF WISCONSIN SYSTEM
 FY17 ADDITIONAL COMPENSATION PAYMENTS BY EMPLOYEE CLASSIFICATION (Without Student Assistants in Headcount)
 ALL FUNDS

Fiscal Year 2017																
Institution	FY17 FA/AS/LI Staff Additional Compensation^					FY17 University Staff Additional Compensation						FY17 Totals				
	FY17 Total Budgeted FA/AS/LI Salary Dollars	Total Dollars for FA/AS/LI Additional Comp	Number of FA/AS/LI Receiving Additional Comp	Total FA/AS/LI Headcount	Percent FA/AS/LI Receiving Additional Comp	FY17 Total Budgeted University Staff Salary Dollars	Total Dollars for University Staff Additional Comp	Number of University Staff Receiving Additional Comp	Total University Staff Headcount	Percent University Staff Receiving Additional Comp	FY17 Total Budgeted Salary Dollars	Total Additional Comp Dollars	Number of Staff Receiving Additional Comp	Total Headcount	Percent of Staff Receiving Additional Comp	Total Additional Comp as % of Total Budgeted Salaries
MADISON	960,197,348	4,545,855	1,412	12,019	11.75%	283,406,836	1,347,262	688	4,725	14.56%	1,243,604,184	5,893,117	2,100	16,744	12.54%	0.47%
MILWAUKEE	166,460,535	4,345,413	2,112	2,729	77.39%	60,991,759	870,838	700	851	82.26%	227,452,294	5,216,251	2,812	3,580	78.55%	2.29%
EAU CLAIRE	51,440,378	1,244,642	291	889	32.73%	24,343,723	10,326	11	336	3.27%	75,784,101	1,254,968	302	1,225	24.65%	1.66%
GREEN BAY	29,405,317	1,139,392	193	538	35.87%	10,603,075	900	2	179	1.12%	40,008,392	1,140,292	195	717	27.20%	2.85%
LA CROSSE	56,539,106	2,287,217	800	1,001	79.92%	14,658,281	260,955	284	314	90.45%	71,197,387	2,548,172	1,084	1,315	82.43%	3.58%
OSHKOSH	57,323,266	2,401,045	432	1,116	38.71%	19,448,688	36,763	12	351	3.42%	76,771,954	2,437,808	444	1,467	30.27%	3.18%
PARKSIDE	21,222,835	705,937	144	389	37.02%	9,360,954	22,230	8	161	4.97%	30,583,789	728,167	152	550	27.64%	2.38%
PLATTEVILLE	40,187,616	1,348,823	387	682	56.74%	18,431,458	72,552	50	305	16.39%	58,619,074	1,421,375	437	987	44.28%	2.42%
RIVER FALLS	27,488,197	975,769	301	595	50.59%	11,040,277	63,115	19	188	10.11%	38,528,474	1,038,884	320	783	40.87%	2.70%
STEVENS POINT	43,115,361	1,579,634	297	830	35.78%	22,883,649	99,035	50	366	13.66%	65,999,010	1,678,669	347	1,196	29.01%	2.54%
STOUT	44,430,032	1,421,533	278	865	32.14%	20,669,254	3,107	8	350	2.29%	65,099,286	1,424,640	286	1,215	23.54%	2.19%
SUPERIOR	15,136,598	879,879	162	331	48.94%	6,054,125	53,925	20	97	20.62%	21,190,723	933,804	182	428	42.52%	4.41%
WHITEWATER	57,574,877	3,085,572	594	983	60.43%	21,922,398	6,300	3	355	0.85%	79,497,275	3,091,872	597	1,338	44.62%	3.89%
COLLEGES	36,826,018	995,226	358	945	37.88%	8,043,851	16,493	7	153	4.58%	44,869,869	1,011,719	365	1,098	33.24%	2.25%
EXTENSION	104,764,280	294,051	161	993	16.21%	16,442,417	17,423	11	157	7.01%	121,206,697	311,474	172	1,150	14.96%	0.26%
UWSA	5,554,404	32,250	11	49	22.45%	2,645,941	15,800	12	35	34.29%	8,200,345	48,050	23	84	27.38%	0.59%
UWSA2**	5,624,332	22,024	9	65	13.85%	11,482,399	84,117	37	138	26.81%	17,106,731	106,141	46	203	22.66%	0.62%
TOTALS	1,723,290,500	27,304,262	7,942	25,019	31.74%	562,429,085	2,981,141	1,922	9,061	21.21%	2,285,719,585	30,285,403	9,864	34,080	28.94%	1.32%

Data Sources:

Budgeted Salaries are from the 2016-17 UW Annual Budget
 Additional Compensation Adjustments are from HRS as of June 30, 2017
 Headcount data are from the 2016 October Payroll

**UWSA2 formerly named Systemwide
 ^FA/AS/LI formerly named Unclassified

UNIVERSITY OF WISCONSIN SYSTEM
 FY17 ADDITIONAL COMPENSATION ADJUSTMENTS FOR FACULTY ONLY (Without Student Assistants in Headcount)
 PROFESSOR, ASSOCIATE PROFESSOR, ASSISTANT PROFESSOR AND INSTRUCTOR
 ALL FUNDS

FISCAL YEAR 2017							
Institution	FY17 TOTAL BUDGETED FACULTY DOLLARS	TOTAL DOLLARS FOR FACULTY ADDITIONAL COMPENSATION	NUMBER OF FACULTY RECEIVING ADDITIONAL COMPENSATION	AVERAGE ADDITIONAL COMPENSATION PER FACULTY RECIPIENT	TOTAL FACULTY HEADCOUNT	PERCENT OF FACULTY RECEIVING ADDITIONAL COMPENSATION	PERCENT OF FACULTY SALARY DOLLARS
MADISON	257,715,073	946,334	196	4,828	2,078	9.43%	0.37%
MILWAUKEE	68,386,607	1,758,424	723	2,432	749	96.53%	2.57%
EAU CLAIRE	31,376,757	852,421	168	5,074	351	47.86%	2.72%
GREEN BAY	11,373,536	750,802	103	7,289	155	66.45%	6.60%
LA CROSSE	27,852,367	1,345,945	374	3,599	377	99.20%	4.83%
OSHKOSH	22,845,987	1,414,970	192	7,370	322	59.63%	6.19%
PARKSIDE	7,657,131	372,774	78	4,779	116	67.24%	4.87%
PLATTEVILLE	16,429,680	776,191	188	4,129	237	79.32%	4.72%
RIVER FALLS	13,490,405	694,662	180	3,859	187	96.26%	5.15%
STEVENS POINT	21,668,904	902,490	132	6,837	323	40.87%	4.16%
STOUT	20,396,959	1,094,895	177	6,186	267	66.29%	5.37%
SUPERIOR	6,507,732	379,843	69	5,505	97	71.13%	5.84%
WHITEWATER	27,781,619	1,827,490	318	5,747	365	87.12%	6.58%
COLLEGES	14,692,860	546,736	146	3,745	260	56.15%	3.72%
EXTENSION	17,595,058	96,358	64	1,506	236	27.12%	0.55%
UWSA	0	0	0	N/A	0	N/A	N/A
UWSA2**	0	0	0	N/A	0	N/A	N/A
TOTALS	565,770,675	13,760,335	3,108	4,427	6,120	50.78%	2.43%

Data Sources:

Budgeted Salaries are from the 2016-17 UW Annual Budget

Additional Compensation are from HRS as of June 30, 2017

Headcount data are from the 2016 October Payroll

**UWSA2 formerly named Systemwide

UW-Parkside Contractual Agreement
with Academic Partnerships, LLC

BUSINESS AND FINANCE COMMITTEE

Resolution:

That, upon the recommendation of the Chancellor of the University of Wisconsin-Parkside and the President of the University of Wisconsin System, the Board of Regents approves the contractual agreement between the University of Wisconsin-Parkside and Academic Partnerships, LLC for a period of seven years with one (1) option to renew for five (5) years.

**UW-PARKSIDE AGREEMENT WITH
ACADEMIC PARTNERSHIPS**

EXECUTIVE SUMMARY

BACKGROUND

UW Board of Regents policy 13-1 requires any grant or contract with private profit-making organizations in excess of \$1,000,000 be presented to the Board for formal acceptance prior to execution.

The University of Wisconsin-Parkside is using the procurement authority established by the University of Wisconsin-Superior to enter into a contract with an online educational program services provider, Academic Partnerships, LLC, for an online MBA program at the institution and is seeking approval for award.

REQUESTED ACTION

Approval of Resolution I.2.d.

DISCUSSION

Using a competitive Request for Proposal process, the University of Wisconsin-Superior solicited proposals from interested vendors to furnish a proven suite of solutions to implement high-quality distance education programs. UW-Superior sought a firm with the ability to effectively expand UW-Superior programs online and nationally. Using the contract for the provider selected by UW-Superior, UW-Parkside plans to significantly expand its MBA offerings by marketing and providing an online MBA program.

The selected firm, Academic Partnerships, LLC, will provide marketing, recruiting and student retention services from a wider geographic area. This includes creating and maintaining a dynamic website, tracking the effectiveness of marketing strategies, documenting prospective candidates and following them through the admissions process, and engaging in best practice retention strategies leading to graduation.

In performing due diligence, staff at UW-Parkside consulted with staff at UW-Superior to discuss their experience with their new Masters of Education programs and with Academic Partnerships, LLC. UW-Parkside held numerous meetings with Academic Partnerships, LLC to discuss services to be provided and evaluated their services with references. A financial model

was developed to determine if the services of Academic Partnerships, LLC were feasible for the online MBA program before a decision was made. Based on the results of these efforts, it was determined that Academic Partnerships, LLC meets UW-Parkside's desired outcomes.

The Higher Learning Commission (HLC) requirement to be notified of the contractual relationship with an on-line program supplier has been met. HLC has provided approval to UW-Parkside's Office of the Provost.

Some highlights of the contract are as follows:

- Original term of the contract shall commence approximately in January 2018 and end on the seventh anniversary of the first Launch Date of the designated Online Program
- There is an option for one (1) five (5) year option period
- Tuition revenue and non-segregated fees will be shared between Academic Partnerships, LLC and UW-Parkside:
 - Estimated revenue to UW-Parkside for the seven (7) year contract:
\$8.9 million
 - Estimated expenses to UW-Parkside for the seven (7) year contract:
\$7.6 million
 - Estimated gain to UW-Parkside for the seven (7) year contract:
\$1.3 million
 - Estimated revenue to Academic Partnerships for the seven (7) year contract:
\$8.9 million

RELATED REGENT POLICIES

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

Approval of a New Regent Policy on
Institutional Relationships with Foundations

BUSINESS AND FINANCE COMMITTEE

Resolution I.2.e.:

That, upon the recommendation of the President of the University of Wisconsin System, the Board of Regents approves the attached Regent Policy Document entitled “Institutional Relationships with Foundations,” codifying existing practices and requirements.

REGENT POLICY DOCUMENT: INSTITUTIONAL RELATIONSHIPS WITH FOUNDATIONS

BACKGROUND

The UW System Board of Regents' policies are codified in Regent Policy Documents (RPDs) that have been adopted over time, some dating back to the creation of the UW System. The Board has adopted these policies under the authority granted in Chapter 36, Wis. Stats. The RPDs address a wide array of subjects, including academic policies and programs, contracts, student activities, and trust and investment policies.

Since 2011, the Office of the Board of Regents and UW System Administration have been working to review and update RPDs. As part of this review process, the Board of Regents approved a set of standards and protocols to direct the analysis of the RPDs. These standards include consideration of the extent to which a policy: addresses the UW System as a whole, establishing a fundamental principle as a basis and guide for later action; serves as an enduring statement rather than responding to a short term issue; addresses institutional risks, promotes operational efficiency, or enhances the missions of the UW System or UW institutions; and promotes compliance with applicable laws and regulations.

This review process has resulted in the updating and revision of current policies, elimination of obsolete ones, and the identification of areas in which new policies are needed. Each policy is analyzed in light of its original purpose, whether that purpose still exists, and the likely effects of any revisions.

At its December 2017 meeting, the Board will be asked to consider a new Regent Policy Document, "Institutional Relationships with Foundations."

REQUESTED ACTION

Adoption of Resolution I.2.e., which creates a new Regent Policy Document entitled "Institutional Relationships with Foundations," codifying existing expectations and requirements.

DISCUSSION

In early 2017, President Cross developed a set of principles, best practices, and requirements for UW institutions to implement with regard to their primary fundraising foundations and any real estate foundations. All UW institutions were expected to be in compliance with the requirements by November 1, 2017.

In an effort to memorialize and codify these expectations and requirements, President Cross is recommending that the Board of Regents create a new Regent Policy Document, included in the attached document.

RELEVANT REGENT POLICY

Regent Policy Document 22-4, "Fundraising Principles and Guidelines"

Regent Policy Document

Institutional Relationships with Foundations

Scope

This policy applies to all University of Wisconsin (UW) System institutions as they manage their relationship and transactions with and their primary fundraising foundation and any real estate foundation.

Purpose

The purpose of this policy is to ensure that UW institutions and their primary fundraising foundation and any real estate foundation operate effectively and responsibly, consistent with the reasonable expectations of both public and private interests, on behalf of UW System and its institutions.

Policy Statement

The Board of Regents recognizes the important and valuable role that private foundations play in supporting the UW System and its institutions. This policy establishes standards to ensure that the relationships between UW institutions and their supporting foundations are stable and long-term, productive and efficient, and foster the maximum support possible for the UW System and its institutions.

A foundation that exists to provide fundraising or real estate development support to a UW institution must exist as separate and legally incorporated non-profit organization, with its own articles of incorporation, bylaws, board of directors and officers, and maintain a legal distance between itself and the UW institution it supports. If the foundation board of directors includes any employees of the UW System or UW institutions, the employees shall not constitute a majority of the board. In addition, any university employee that is a member of the foundation board of directors shall serve as an ex-officio and nonvoting member of the foundation board; exceptions to this provision may be granted with the approval of the System President in consultation with the General Counsel.

Any real estate projects undertaken by a foundation that involves state or university funding or property, require the approval of the appropriate UW chancellor, the System President, and the Board of Regents. A foundation cannot legally obligate a UW institution or the UW System to secure the financing of a capital project for the benefit of the institution or the system. As a state agency, the UW System and its institutions cannot secure or guarantee the debt or obligations of private entities such as foundations.

Wisconsin Statutes, Section 36.29(4) prohibits reassignment of donations from a UW institution to a foundation. Thus, if a check is made payable to the University, or a gift instrument names the University, the funds presumptively belong to the University, and must be deposited accordingly in

University accounts. However, for any donation, it is necessary to establish donor intent. If a check or gift instrument names the University, but there is documented extrinsic evidence establishing donor intent to direct the check or gift to the Foundation, then the check or gift are Foundation funds and must be deposited with the Foundation. If a check or gift instrument names the University, and there is no documented extrinsic evidence establishing donor intent to direct the check or gift to the Foundation, then the check or gift are University funds and must be deposited in University accounts. Once funds are received by the University, they are state funds and are fully subject to all state law requirements and restrictions. Such funds must not be deposited with the Foundation or transferred to the Foundation as a means of avoiding state law requirements and restrictions on the use of state funds.

Each UW institution shall develop and maintain a memorandum of understanding (MOU) with its primary fundraising foundation and its real estate foundation that describes the respective responsibilities of the institution and the foundation as well as other necessary provisions consistent with the principles, best practices and requirements described in Appendix A.

Oversight, Roles, and Responsibilities

The UW System President is responsible for developing policies and procedures implementing this Regent Policy Document.

UW chancellors are responsible for complying with the provisions of this Regent Policy Document, all subsequent policies and procedures developed by System Administration, and the principles, best practices and requirements described in Appendix A. In particular, UW chancellors are responsible for ensuring that a university's MOU with its foundation requires the annual submission of financial statements and audits, to the university, consistent with the requirements of Appendix A, page 11, Periodic Reports and Accounting Requirements.

Related Regent Policies and Applicable Laws

Regent Policy Document 22-4, Fundraising Principles and Guidelines

History

**PRINCIPLES, BEST PRACTICES AND REQUIREMENTS RELATING TO THE
RELATIONSHIP BETWEEN A UW UNIVERSITY OR UW COLLEGE AND ITS
PRIMARY FUNDRAISING FOUNDATION AND ANY REAL ESTATE
FOUNDATION*****

Memorandum of Understanding

Each UW University and UW College (hereinafter referred to as “University”) must have a memorandum of understanding (MOU) with its primary fundraising Foundation, and with any Real Estate Foundation, that lays out the respective responsibilities of the University and the Foundation as well as other necessary provisions. A list of operational practices follows, as does a general checklist for necessary provisions that must be included in each MOU.

Operational Practices:

1. Ensure that both parties (University and Foundation) understand the separate and legally independent nature of the Foundation and the core competencies the Foundation needs to operate (i.e. legal, audit, governance, etc.).
2. Ensure that both parties understand, in light of the highly visible and critical role of the Foundation, and the strong association that alumni, friends, and the public make between the University and the Foundation, that the University has an important and legitimate interest in the Foundation’s policies and actions.
3. Ensure that there is a conflict of interest policy for the Foundation.
4. Ensure the Foundation has appropriate articles of incorporation, bylaws, and board member criteria, including term limits, expectations, and minimum qualifications.
5. Ensure that Foundation Board members understand their fiduciary duty to the Foundation.
6. Ensure that Foundation Board members understand that the Foundation’s purpose is to support the University’s mission.

General Checklist:

Maintain a MOU between the University and Foundation that:

1. Clearly establishes the working relationship between the University and Foundation.
2. Assures the preservation of mission alignment over time.
3. Is periodically reviewed, assessed, and adapted in keeping with changing circumstances and the passage of time.
4. Ensures that the Foundation has policies, resolutions, and/or controls that define the circumstances, if any, in which University employees can approve transactions and enter into obligations on behalf of the Foundation. These policies, resolutions, and/or controls must define circumstances (e.g., dollar limits, long-term contracts) for which formal pre-approval and/or post-transaction review by the Foundation’s Board is required.

5. Ensures that the Foundation and the University define the services and support to be provided by the Foundation, including any fundraising activities, and the services and support to be provided by the University. Specific details regarding the services and support provided respectively by the Foundation and the University may be contained in a separate, operational agreement between the University and the Foundation that is reviewed and renewed annually.
6. Outlines methodology for any additional compensation or benefits to be paid to University leaders (compensation, housing, car, etc.) and that it be evaluated by both the University and Foundation to be appropriate, at market value, and defensible. The methodology chosen should express the clear understanding that the additional compensation or benefits is intended as remuneration for activities, such as fundraising, undertaken on behalf of the Foundation. (Note: This methodology needs to be included in MOU's only if applicable, i.e. if university chancellors or other leaders are paid (or are contemplated to be paid) any additional compensation or benefits.)
7. Establishes guidelines and conditions under which the MOU may be terminated and outlines a process for an orderly separation as well as the distribution of Foundation assets consistent with its articles of incorporation and bylaws.
8. Defines reciprocal responsibilities and mutual expectations regarding the frequency, content, and method of reporting between the University and Foundation, including a requirement for an annual independent audit of the Foundation be provided to the University if the Foundation receives annual contributions of \$500,000 or more. MOUs with Foundations that have annual contributions over \$300,000 and less than \$500,000 must require the Foundation to provide to the University a financial statement reviewed by an independent CPA. MOUs with Foundations that have annual contributions less than \$300,000 must state that the Foundation will provide an annual financial report to the University for informational purposes and potential review.
9. Describes generally the terms and processes by which Foundation funds and gifts, including gifts-in-kind, will be provided to and accepted by the University. Specific details regarding these terms and processes may be contained in a separate, operational agreement between the University and the Foundation that is reviewed and renewed annually.
10. Defines terms for the Foundation's use of the University's name, branding, and other University intellectual property.
11. Requires Foundation books and records be maintained in a professional manner and be available for review by the University.

Governance

Legal Separation of the University and its related Foundation: A public University Foundation provides fundraising and development operations as a separate non-profit organization. As a separately incorporated entity, the Foundation's primary purpose is to support the University it serves through receiving, investing, and guaranteeing good stewardship of gifts. Having its own articles of incorporation, bylaws, board of directors, and officers, the Foundation must maintain a legal distance between itself and the public University it supports.

A Foundation has no formal or legal role in the governance of the University, the setting of academic priorities, or other matters that are part of the University's responsibilities. As with any other citizen board, the Foundation Board is free to express its opinions and, in some cases, the University may ask for the Foundation Board's thoughts about certain issues. Likewise, the University does not have a formal or legal role in the governance of the Foundation but may have representation on its board of directors, or otherwise provide input and advice on Foundation matters.

It is important to establish and maintain independence between the University and its related Foundation. Blurring of these lines could lead to the conclusion that the Foundation is insufficiently separate from the University and is, therefore, subject to statutes and rules governing the University.

University Officials on Foundation Board: It is common and reasonable for University officials to be members of the Foundation Board because of their official connection to the University, which the Foundation is formed to support. However, these officials must be ex-officio and non-voting members of the Foundation Board. This arrangement helps to demonstrate independence by ensuring that University officials have no voting control over governance of the Foundation. Under this approach, if the ex-officio member of the Board is paid by the University, then he/she must not have voting power.

As with any other non-voting, ex-officio member of the Foundation Board, the University Chancellor can nominate individuals for Board membership, but the final decision on new members (and officers) is the prerogative of the voting members of the Board. Foundations should have membership or nomination committees, or similar processes, for nominating Board members. To further demonstrate Foundation independence from the University, the number of University employees on the Board must be kept to a minimum and preferably should not exceed two or three members depending on the size of the Board. In no circumstance may University employees constitute a majority of the Foundation Board.

Oversight by the Board of Regents, System President, and Chancellors of Foundation Real Estate Projects: The Board of Regents, System President, and Chancellors must have oversight responsibility over real estate projects undertaken by Foundations, particularly where state resources such as real property or funding are involved in the projects.

Since Foundations exist solely to support the University with whom they are affiliated, such real estate projects require the involvement and support of the University Chancellor. Real estate

projects for which the Chancellor would have otherwise needed to seek Board of Regents or System President approval had they been University projects must be brought to the attention of the Board and System President by the Chancellor before the planning process begins and before commitments are made by the University or Foundation.

Projects that are planned to occur on state land, with state bonding, or with other state resources requiring approval of the Department of Administration or Governor, and legislative support, must also be brought to the attention of the Board of Regents and System President by the Chancellor before the planning process begins and before commitments are made by the University or Foundation. Such projects likely will require involvement by DOA, the Governor's Office, and/or legislators as they are being developed.

Ethical Obligations of University Employees Serving on a Foundation Board: University personnel serving on a Foundation Board are covered by conflict of interest laws applicable to directors of non-profit organizations (Section 181.0831, Wisconsin Statutes) and any requirements imposed by the Foundation Board's bylaws, articles of incorporation, or resolutions. These ethical obligations are in addition to those contained in UWS Chapter 8, Wisconsin Administrative Code (Unclassified Staff Code of Ethics), and for University employees who are public officials, those contained in Subchapter III of Chapter 19 of the Wisconsin Statutes (Code of Ethics for Public Officials).

Personnel

Hiring of a New Chancellor: The hiring of a new Chancellor is a responsibility of the Board of Regents and the UW System President. Foundation Board members may be asked by the System President to serve as community members on the University search and screen committee. Additionally, during the University interview process, a courtesy meeting between candidates and Foundation representatives would be appropriate. The Foundation cannot have controlling involvement in hiring a new Chancellor.

Provision of Additional Chancellor Compensation: Upon approval of the Foundation Board, it is acceptable for the Foundation to provide income supplements to fund a portion of the Chancellor's salary.

Any supplement or compensation provided to a Chancellor by a Foundation must be approved by the Board of Regents and the System President to ensure that the Chancellor is not in violation of University policies and state law. The Board of Regents and System President hire Chancellors and set their compensation levels, and they must approve in advance any compensation provided to a Chancellor from the Foundation. Total compensation, including that provided by the Foundation, must be within the Board approved compensation ranges and will depend on those factors used by the Board and President to set and adjust Chancellor compensation. Foundation payments must be deposited with the University. The University then uses the funds to payroll the Chancellor. Direct payment of compensation by a Foundation to a Chancellor is not permitted.

Provision of Additional Compensation for Other University Employees: Upon approval of the Foundation Board, it is acceptable for the Foundation to fund a portion of a University employee's salary. This includes such practices as endowing chairs and faculty positions, or augmenting the compensation provided to coaches. Again, any supplement or compensation provided to a University employee must be approved by the University hiring authority to ensure compliance with University policies and state law. In those situations, Foundation payments are deposited with the University. The University then uses the funds to payroll the individual. Direct payment of compensation by a Foundation to a University employee is not permitted.

Hiring and Evaluating the Executive Director of the Foundation: The Foundation Board is typically responsible for hiring and evaluating the Executive Director of the Foundation. When the Executive Director position is completely separate from the University, Foundations are encouraged to obtain input from the University in the hiring and evaluation process in order to preserve or build the close relationship that needs to exist between both entities.

It is preferred that the Executive Director of the Foundation be hired and paid for by the Foundation. However, the expense required to do this for modest and growing Foundations may render this option difficult. Thus the dual-role title is a common practice, in Wisconsin and elsewhere, but must be managed to minimize potential conflicts.

At times, a University employee (e.g., the Vice Chancellor for Advancement/Chief Advancement Officer) is given the title of Executive Director of the Foundation. This dual title means that a state employee is hired (and paid) as the executive leader of a separate nonprofit organization in order to perform necessary administrative functions. It might be possible to designate a University official as an official liaison to the Foundation to assist with the logistics involved in managing and operating the Foundation without naming that employee Executive Director, but appropriate care should be taken in accounting for the services provided to the Foundation. A Foundation may fund the portion of the University employee's time that is spent undertaking activities directly tied to the role as Executive Director of the Foundation. Any funding arrangement must be documented and may be done via a direct transfer of Foundation funds to the University or through an in-kind arrangement spelled out in the MOU or in the separate, related annual operational agreement that is in place between the University and the Foundation.

The University Chancellor holds full and sole authority to hire and evaluate the Vice Chancellor for Advancement/Chief Advancement Officer when that person is employed by the University and also serves as the Foundation Executive Director. The University is the employer and therefore has this responsibility. The Foundation does have an interest in who fills the Executive Director position and how well they perform the Foundation-related administrative duties assigned to them. As such, it is desirable that the Foundation Board have a non-decision-making role in the hiring and evaluation when the individual holds both titles.

Hiring and Evaluating Other University Personnel Whose Positions Are Funded from Foundation Resources: Resources provided through the Foundation commonly fund, in whole or in part, a number of University positions (e.g. endowed chairs, coaches, and administrative positions that support development and development related activities such as accounting). The

University is the employer and therefore has sole hiring, supervision, and evaluation responsibilities. In most cases, the University employee will have no direct relationship with the Foundation outside of funding for the position, and the Foundation will not have a role in the hiring or evaluation of the employee. Where the employee does have a direct role in assisting with Foundation-related activities, the University may request that the Foundation communicate with the Chancellor or Chief Advancement Officer regarding the employee's performance.

University Employees Must Not Directly Receive Any Payments from the Foundation for Services or Honoraria: For accounting and tax reasons, payments to University employees for services, including any awards or honoraria, must be made through the University's payroll system. If the Foundation in a separate transaction has provided funds to the University to cover such payments, the Foundation should be acknowledged as the source of funds.

Reimbursements to University Employees from the Foundation: University employee business expenses that are allowable under University rules and guidelines should preferably be reimbursed through the University's business expense systems rather than through direct reimbursement from the Foundation. The Foundation, in a separate transaction, may provide funds to the University that cover such expenses generally. If a University employee seeks direct reimbursement from a Foundation for a business expense, in accordance with University or state rules and requirements, the Foundation should ensure proper accounting for reimbursements in accordance with IRS rules.

Universities and Foundations are required to adopt guidelines that assist in determining which reimbursements will be acceptable.

Finances

Funds Donated to a Foundation: If a check is made payable to the Foundation, the funds belong to the Foundation. If a gift instrument names the Foundation, or the gift instrument or other documented extrinsic evidence otherwise indicate the donor's intent to gift to the Foundation, the gift must be deposited with the Foundation. When funds are donated to the Foundation, it is important to understand that the intent of the donor is to give to projects of the University. Thus these funds are managed by the Foundation but for support of the University. However, only the Foundation Board can approve a transfer of Foundation funds to the University, and the University has no authority to direct the Foundation to transfer funds to the University. It is also important to recognize that once Foundation funds are deposited in University accounts, they are state funds and are fully subject to all state law requirements and restrictions.

Funds Donated to a University: Wisconsin Statutes, Section 36.29(4) prohibits reassignment of donations from the University to the Foundation. Thus, if a check is made payable to the University, or a gift instrument names the University, the funds presumptively belong to the University, and must be deposited accordingly in University accounts. However, for any donation, it is necessary to establish donor intent. If a check or gift instrument names the University, but there is documented extrinsic evidence establishing donor intent to direct the

check or gift to the Foundation, then the check or gift are Foundation funds and must be deposited with the Foundation. If a check or gift instrument names the University, and there is no documented extrinsic evidence establishing donor intent to direct the check or gift to the Foundation, then the check or gift are University funds and must be deposited in University accounts. It is very important to recognize that once funds are received by the University, they are state funds and are fully subject to all state law requirements and restrictions. Such funds must not be deposited with the Foundation or transferred to the Foundation, as a means of avoiding state law requirements and restrictions on the use of state funds.

Funds Derived from University Revenue Producing Activities: Funds derived from University revenue producing activities, such as fees for services or use of university facilities, revenues from ticket sales, registration fees, and similar activities, or from grants, contracts or business arrangements, belong to the University and all such funds must be deposited directly with the University into appropriate accounts. Such funds must not be deposited with the Foundation or transferred to the Foundation, as a means of avoiding state law requirements and restrictions on the use of state funds.

University funds cannot be transferred, gifted or loaned to the Foundation: The University cannot transfer, gift, or loan state funds to the Foundation. University funds are “state” funds regardless of the funding source (e.g., General Purpose Revenue, Program Revenue, gifts and grants, tuition, etc.) This includes Foundation funds that have passed through the University. State funds include funding generated by the University, funding provided by the state, and also funding given to the University by the Foundation. As stated above, all University funds, regardless of source, are subject to the same restrictions that govern use of “state” funds. The University only may make such funding available to the Foundation in exchange for specific related services or other forms of consideration that the Foundation might provide.

Use of State Funds for the Hiring of University Personnel to Raise Funds for the University through the Foundation: Personnel hired and paid by the University in order to raise funds for the University are in the employ of the University, not the Foundation. If successful, these employees are a good investment for the University’s future. It is common practice for Universities to pay for these individuals from University budgets. The total state resources used to support fundraising personnel and activities need to be weighed against the benefits to the University derived from the investment, as well as alternative demands on those resources.

Direct Purchases by a Foundation for Equipment, Services or Other Purposes on the University’s Behalf: Nearly all the funds raised and deposited in Foundation accounts will eventually be transferred to the University’s gift fund budget and spent strictly according to state requirements and donor intent. In unusual circumstances, funds may be spent directly by the Foundation for equipment, services, or other purposes on the University’s behalf. When this is done, it is important that the University and Foundation are aware of UW policies and guidance that may govern or affect such expenditures and that appropriate accounting measures are in place. Adequate justification must be provided for why University funds could not be used to make the expenditure, and documentation must be provided supporting the expenditure. The request for payment of the expenditure must be approved by the Chancellor or designee. Foundations also must have clearly defined internal policies and procedures guiding this type of

direct payment using donor funds. If applicable, internal Foundation legal, finance, and fund administration departments should be consulted and should provide approval.

The University Cannot Allow Direct Payments to Student Recipients of Scholarships, Fellowships or Similar Awards: The University cannot allow direct payments to students for scholarships, fellowships, prizes, and similar awards. Federal financial aid reporting rules require accounting for financial aid payments by the University and its affiliates. Foundations are unlikely to have the processes in place necessary to assure compliance.

Use of Foundation Funds Obviously Must Comply Strictly with Donor Intent: Funds that are deposited in restricted accounts at the Foundation to be used for specified purposes such as scholarships must not be used, even temporarily, for any purpose other than that which the donor intended. The Foundation must not borrow, loan, or transfer monies from restricted accounts for any purpose.

Use of University Space and Assets

University Allocation of Space at the University for a Foundation's Business Activities: Ideally, a Foundation would have its own office space, showing a physical separation from the University. If the Foundation is allocated space at the University, which is common across the country, the MOU between the University and Foundation, or the related operational agreement between the University and Foundation, must include the rent the Foundation will pay for use of the space, or that the Foundation may use such space rent-free as an "in-kind" payment by the University for specified services rendered by the Foundation. Rent or in-kind payments must be documented by the University at the fair market rate for the space.

University Assets Cannot be Gifted or Loaned to the Foundation: The University cannot "gift" or loan equipment, personnel time, or other assets to a Foundation. The University may make such assets available to the Foundation in exchange for specific related services, payments, and other forms of remuneration that the Foundation might provide as described in the MOU or related operational agreement. University assets (equipment, etc.) are "state" assets regardless of the funding source (General Purpose Revenue, Program Revenue, Foundation gifts, etc.) used to secure the asset.

Public Records

Maintenance of a Foundation in accordance with these principles and practices should mean that a UW Foundation is not subject to the Wisconsin Public Records Law. While a Wisconsin appellate court has not ruled on this issue, some courts in other states have found their public university foundations to be entities subject to their public records laws. Even if the Wisconsin Public Records Law were found to apply, the law contains protection for specific records where the public interest in confidentiality outweighs the public interest in release of the record.

Requests for records of the Foundation should be reviewed with both Foundation and University legal counsel so that the appropriate decisions can be made regarding records release. To place

the Foundation in the best possible position, requests for donor confidentiality should be well-documented.

Capital Projects and Related Debt

A University Must Not Secure or Guarantee a Foundation's Debt: A Foundation cannot legally obligate the University to secure the financing of a capital project for the benefit of the University. As a state agency, the University cannot secure or guarantee the debt or obligations of a private entity like the Foundation. Any such guarantee violates the state constitution and state statute.

Foundation Undertaking and Paying for a Capital Project: If the project will require commitment of state funding or income streams for maintaining the project or otherwise obligate the University in the future, a discussion between the Foundation and the University must occur as the project is being planned. If it appears that the University will not be able to maintain the facility, then the project must not continue unless maintenance will be paid for through other Foundation resources.

Foundation's Role in Capital Projects That Include Gift Funding: Gift funds provided by a Foundation may be a source of revenue for cash deposits into a state capital project. The gift funds can cover the full cost of the project or any portion. The UW System Gift Funding Policy for capital projects is available at: <https://www.wisconsin.edu/regents/policies/funding-of-university-facilities-capital-costs/>

A Foundation May Hold and Develop Property for the Benefit of the University: Foundations may acquire property for the benefit of the University, either directly or through the creation of a subsidiary real estate Foundation. Such property may subsequently be given to the University, or made available for University use through a use or management agreement or other appropriate arrangement. If a Foundation funds a development on private land that will be of benefit to the University (e.g., a private residence hall adjacent to the University), competitive bidding procedures must be used in constructing the project. Foundations and subsidiaries may construct, own, and operate such facilities without Board of Regents or State Building Commission approval if the facility is financed and operated independently of the University. If the facility has financial or operational ties to the University, the University advancement and planning offices must consult with the UW System Office of Capital Planning and Budget (and with the UW System Office of General Counsel) to determine an appropriate arrangement.

Dummy Building Corporation Concerns with Respect to Foundation Building Projects: Prior to the amendment of Article VIII, Section 7(2)(d) of the Wisconsin Constitution in 1969, the state was prohibited from incurring debt except in very limited circumstances. This created significant problems with respect to financing large construction projects and led to the use of "dummy building corporations." Dummy building corporations were non-profit shell corporations, where state officials acted as the corporate officers. Both the Regents of the University of Wisconsin (the predecessor to the current Board of Regents) and the Regents of the

State Colleges (the former governing board of the comprehensive campuses) created dummy corporations in order to finance construction projects for the campuses. The dummy corporations would enter into a lease for a facility with the University and use the lease to secure financing from banks and other financial institutions. The state would be neither a guarantor nor cosigner of the debt, but would, in effect, pay off the corporation's debt.

In 1969, the Constitution was amended to permit the state to contract public debt, while prohibiting the use of dummy building corporations. Section 7(2)(d) of the Constitution, as amended, reads as follows:

(d) No money shall be paid out of the treasury, with respect to any lease, sublease or other agreement entered into after January 1, 1971, to the Wisconsin State Agencies Building Corporation, Wisconsin State Colleges Building Corporation, Wisconsin State Public Building Corporation, Wisconsin University Building Corporation or any Similar entity existing or operating for similar purposes pursuant to which such nonprofit corporation or such other entity undertakes to finance or provide a facility for use or occupancy by the state or an agency, department or instrumentality thereof.

Interpreting this amended provision of the constitution in *State ex. rel. Warren v. Nusbaum*, 59 Wis.2d 391, 208 N.W.2d 780 (1973); the Wisconsin Supreme Court held:

The purpose of this section [Art. VIII, Sec. 7(2)(d)] was to prevent the utilization of state money to liquidate the construction debts of nonprofit corporations established to provide facilities for the use or occupancy of the state. * * *

Sec. 7(2)(d), art. VIII, Wis. Const., does not prevent all nonprofit organizations or corporations established for a public purpose, from carrying on that purpose. It prohibits the type of indirect financing [used by dummy building agreements]. Where no state money is appropriated out of the state treasury for the purpose of meeting the state's obligations under such an agreement, sec. 7(2)(d), art. VIII is not violated.

Nusbaum, 59 Wis.2d at 427, 208 N.W.2d at 802.

Over the past few years, as demand for facilities has increased faster than available state funds, additional emphasis has been placed upon the use of external monies to fund University facilities. Various arrangements have been proposed, but in general, any attempt to utilize the state's credit or state funds as collateral and any attempt to guarantee or otherwise secure a loan based upon the state purchasing or otherwise acquiring a facility has been rejected as inconsistent with the constitution and cannot be allowed.

Additionally, it is quite clear that any lease-purchase arrangement with a non-profit would violate the Constitution and cannot be allowed. Any attempt to have a non-profit build a building and have the University buy the building for the amount of the indebtedness would be constitutionally impermissible.

In general, it appears that the only viable way to accept the financial assistance of a private nonprofit foundation is if the assistance is provided with no strings attached, thereby ensuring that no money is paid out of the state treasury to the foundation to directly or indirectly fund a capital project. The transaction as a whole has to be examined and a number of questions would have to be answered.

Periodic Reports and Accounting Requirements

Periodic Reports to the University: The Foundation must provide to the University periodic information regarding funds raised by the Foundation. Language must be included in the MOU between the Foundation and the University stating that the Foundation will submit an annual financial statement and annual independent audit to the University. Except that, as provided for in Wis. Stats., Section 202.11, the MOU with a Foundation that receives annual contributions of less than \$500,000 and over \$300,000 must state that the Foundation will submit to the University a financial statement reviewed by an independent CPA. Foundations that receive annual contributions equal to or less than \$300,000 must submit an annual financial report to the University for informational purposes and potential review.

Applicability of GASB Standards: The authority of the Governmental Accounting Standards Board (GASB) to establish standards for determining when affiliated organizations must be included within the financial statements of a public university or other governmental entity must be recognized by the Foundation in the MOU between the Foundation and the University. Accordingly, the Foundation must agree in the MOU to provide the University, upon request, all information required to be in compliance with pronouncements from GASB or with any applicable state law.

Data/Public Records Law

Data Sharing Agreement: It is a best practice for a University and related Foundation to agree in writing (preferably in the MOU) regarding location, ownership and sharing of student, alumni, and donor data and records. These types of information routinely are shared among Foundation and University employees. Without a clear understanding regarding data location, ownership and sharing, risks increase for liability and/or compliance issues under the state public records law and the federal Family Educational Rights and Privacy Act (FERPA). It should be understood that records held by the University are generally subject to the state public records law.

Tax Law Compliance

Federal and state tax law create complexities with gift acceptance, payments to both UW and foundation employees (even if indirect), and tax exempt status. Both UW institutions and Foundations should seek help from legal counsel and controllers regarding any transactions that could have tax implications.

*****NOTE*** This document is substantially based on a draft document entitled “General Considerations and Discussion of Commonly-asked Questions Concerning Advancement, Fundraising, Development, and Foundations,” dated October 9, 2013, and prepared by Don Gray, former Senior Special Assistant, UW System and Chris Ashley, former Deputy General Counsel, UW System.**

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