

**Minutes of the  
Business & Finance Committee  
December 7, 2017**

The Business and Finance Committee was called to order at 8:33am by the Chair, Regent Whitburn. Roll was taken. Regents Whitburn, Atwell, Delgado, Erickson, Hall, Mueller, and Steil were present. Regent Grebe was absent. The Business and Finance Committee had a quorum.

**I.2.a. Approval of the Minutes of the November 9, 2017 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 November 9, 2017 meeting of the Business and Finance Committee.

**I.2.b. Annual Faculty Turnover Report**

Chair Whitburn provided a brief historical overview of the report and the classifications of turnover (leave, retire, and non-renewal). He also noted that percentage of turnover varied widely between campuses. Regent Steil was interested in the run rate at individual schools and how that works in consideration of the total number of faculty. Regent Mueller was curious about where in the career faculty were when they left. Dr. Shenita Brokenburr, Senior Associate Vice President & Chief Human Resource Officer for UW System addressed the question, noting that this information is generally collected at the level of Provost and above during exit interviews. Regent Delgado invited the Chancellors and Provosts present to comment. Chancellor Ford from Parkside addressed the Committee, as the campus had been experiencing a high rate of turnover. Chancellor Ford, Chief Business Officer Mel Klinkner, and Provost Ducoffe noted that they are currently reviewing the data in the report and that a contributing factor may be the number of retirees. Chancellor Mark Mone from UW-Milwaukee discussed quantitative versus qualitative reduction in faculty and market competition for drawing experienced faculty. Chair Whitburn noted the proposed Pay Plan may help with retention. Chancellor Mone was positive that it would help. Chancellor Ford talked about the importance of good compensation packages in retention and attraction of high quality faculty. Chancellor Rebecca Blank of UW-Madison noted the trend at her campus is a return to average numbers after a rise due to tenure debates and compensation challenges. Chancellor Bob Meyer from UW-Stout voiced concern over faculty using the campus as a stepping stone and moving on for higher compensation. UW System Vice President for Administration Robert Cramer presented information on UW System faculty turnover during FY 2017 along with comparative data for recent prior years. Annual faculty turnover across the UW System for FY 2017 averaged 7.32%, down from 8.01% in 2015-16. A total of 448 faculty leaving UW employment during the year. Of these, 328 were tenured faculty and 120 were probationary (tenure track) faculty.

To facilitate the meeting process, Chair Whitburn moved onto agenda item I.2.d.

**I.2.d. UW-Parkside Contractual Agreement with Academic Partnerships, LLC**

Upon the motion of Regent Hall and the second of Regent Erickson, the Committee approved an agreement with Academic Partnerships, LLC to provide educational online program services at the institution. The contract will be effective January 1, 2018 for a seven-year period, with an option to extend for and additional five years. The contracted firm will provide marketing, recruiting, and student retention services from a wider geographic area than the institution currently draws from. In return, Academic Partnerships will receive a 50% share of tuition and non-segregated fee revenue generated from programs covered by the agreement. Estimated revenue to the vendor would be approximately \$8.9M over the seven-year life of the agreement. Estimated net benefit to the institution over the life of the contract is approximately \$1.3M.

Chair Whitburn expressed his interest in the how UW-Parkside would “piggy-back” on the procurement authority of UW-Superior on this contract. One concern was the duration of the contract (seven years). There is a renewal option at five years with the understanding the full seven-year term will be fulfilled regardless of renewal status. UW System Vice President Rob Cramer, Chancellor Ford from UW-Parkside, Chief Business Officer Mel Klinkner from UW-Parkside, and Director of Business Services and Controller Scott Menke from UW-Parkside addressed the Committee in turn. The Chancellor discussed how thoroughly vetted the vendor and program had been and the importance of offering multiple concentrations in their MBA program. Provost Ducoffe addressed Committee. The Provost stated that adult students did not want to come to campus two nights a week for years. To boost enrollment, serve a larger market, and provide more concentration options, this partnership gives Parkside a strength and scale that they cannot achieve on their own. Regent Atwell questioned whether this would offer increased access for new students or shift students from other campuses. Regent Erickson shared her support for online learning and asked about how moving from face-to-face to online or vice versa might work. Regent Hall asked for more information on the five-year option. The Provost stated that extension would be available if they were still happy after the initial seven-year term.

Followed by agenda item I.2.c.

**I.2.c. Annual Report on Faculty and Staff Base Salary Adjustments and Additional Compensation Payments**

The Committee received a report on compensation adjustments received by UW System faculty and staff outside any regular state-approved pay plan.

Chair Whitburn provided an overview and discussed the differences between base adjustments (this includes promotions and job classification changes) and lumps sum payments, along with percentage and amount differences across campuses. Regent Atwell was curious as to what extent lump sums or base adjustments were made in response to faculty members who were being actively recruited from other institutions. Chancellor Mone of UW-Milwaukee indicated that they did utilize base adjustments to counter outside offers. He estimated one-third to one-half were made as results of these situations. Chancellor Blank of UW-Madison stated that for tenured faculty it may be a higher

percentage on her campus. Her department chairs are instructed that the first use of these funds should be for retention. Chancellor Ford of UW-Parkside added that while some funds were used to counter outside offers, most lumps sums on her campus were to cover extra work incurred due to vacancies. Regent Atwell voiced his concern that this strategy may not be the most beneficial in that compensation is not addressed until there is a threat of losing the employee. Chancellor Meyer from UW-Stout spoke about using these increases in a “reactive mode”.

A total of 31.02% of all staff received base adjustments (including those for promotions, title changes, and changes in duties) during fiscal year 2017. 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. Approximately \$39.0M was approved in FY2017 to fund these base adjustments. By comparison, approximately \$34.2M was approved for these purposes in fiscal year 2016. These represent 1.71% and 1.51% of the respective year’s salary base.

One-time resources of approximately \$30.3M in FY2017 were used to fund one-time, lump sum payments. Similarly, approximately \$25.3M was used in FY2016 to fund one-time, lump sum payments. These lump sum payments are non-base building compensation for additional work of a one-time or non-recurring nature and should not be construed as “bonuses”. Summary information on payments for the year was included in the Committee’s meeting materials.

Followed by agenda item I.2.e.

**I.2.e. Approval of New Regent Policy Document on Institutional Relationships with Foundations**

Upon the motion of Regent Atwell and the second of Regent Steil, the Committee approved a new Regent Policy governing institutional relationships with campus foundations. The policy is intended to formalize UW System policy by codifying existing practices and requirements.

Chair Whitburn led the discussion on boundaries between public interests (university) and private interests (non-governmental foundations). He focused on one policy provision that deals with university employees on foundation boards and their appropriate status being ex-officio and non-voting members (exceptions may be granted by UW System Legal Counsel and President) when serving. Vice President Cramer spoke about loyalty and fiduciary duty of employees and potential conflicts of interest that may arise if they serve as full board members. Regent Delgado talked about university employees serving as experts at board meetings. Vice President Cramer noted the critical role that university leaders serve in providing clarity on the vision and priorities of institutions, yet he stressed that an effective board must meet in private to facilitate frank discussion.

**I.2.f. Report of the Subcommittee on Investments**

Subcommittee Chair Regent Bryan Steil provided a summary of the 8:00am meeting of the Subcommittee on Investments. The main topic was the review of the *Quarterly Investment Review* for the quarter ended September 30, 2017. According to Regent Steil, the overall investments are in line with expectations and benchmarks. There were no issues raised. In addition, UW System Vice President for Finance Sean Nelson continues to spearhead discussions with the State of Wisconsin Investment Board (SWIB) regarding a shift of investment management duties for UW System Trust Funds to SWIB.

**I.2.g. Report of the Vice President(s)**

UW System Vice President for Administration Rob Cramer provided a brief update on the status of two information security initiatives in the UW System. Systemwide security assessments and penetration testing will begin on a subset of three of campuses soon and results will be reported back to the Committee during the next regular information security update. Also, work has begun on updating the data privacy policy through a committee of various institutional stakeholders.

The Business and Finance Committee adjourned at 9:29 AM.

Respectfully submitted,



Joyce E. Jackson  
Recording Secretary