

**Minutes of the  
Business & Finance Committee  
Oak Room, UW-Parkside Student Center  
October 4, 2018**

The Business and Finance Committee was called to order at 9:00 AM by the Chair, Regent Whitburn. Roll was taken. Regents Whitburn, Atwell, Grebe, Mueller, and Steil were present. Regent Delgado arrived at 9:02 AM. Regent Hall was absent. The Business and Finance Committee had a quorum. At the commencement of the meeting, Regent Whitburn asked if any members of the Committee had conflicts of interest or potential conflicts of interest. Regent Steil noted that for the duration of his candidacy for United States Congress, he would recuse himself from voting on all commercial contracts between third parties and the University of Wisconsin System to avoid any appearance of impropriety.

**I.2.a. Approval of the Minutes of the August 23, 2018 Meeting of the Business and Finance Committee**

Upon the motion of Regent Atwell and the second of Regent Mueller, the Committee approved the minutes of the August 23, 2018 meeting of the Business and Finance Committee.

**I.2.b. UW-Parkside Presentation – Financial Management for Student Success**

UW-Parkside Vice Chancellor for Finance and Administration Scott Menke provided a five-year high-level summary on UW-Parkside's revenues, expenditures, and strategic distribution of funds throughout Parkside programs and campus. He also shared information on the institution's strategy for budgeting for staffing, institutional initiatives, and collaborative activities with other UW institutions. Mr. Menke emphasized how UW-Parkside strives to provide minority and non-traditional students with the same educational opportunities they would receive at other UW campuses.

**I.2.c. UW-Madison Contractual Agreement – Worcester HIV Vaccine**

Upon the motion of Regent Atwell and the second of Regent Delgado, the Committee approved a Fee for Service Agreement with Worcester HIV Vaccine to provide routine biomanufacturing services for the production of vaccine to be used in FDA approved clinical trials. UW-Madison Vice Chancellor for Administration and Finance Laurent Heller addressed any questions the Committee had with regard to this contract. The institution is expected to receive \$1,970,000 for efforts under the six-year agreement. The work will be conducted at Waisman Biomanufacturing in the Waisman Center under the direction of Dr. Brian Dattilo, Manager of Business Development.

**I.2.d. UW-Madison Contractual Agreement – Cerveau Technologies, Inc.**

Upon the motion of Regent Grebe and the second of Regent Mueller, the Committee approved a Sponsored Research Agreement with Cerveau Technologies to provide statistical data analysis in support of a clinical trial involving patients with Alzheimer's disease. UW-Madison Vice Chancellor for Administration and Finance Laurent Heller addressed any questions the Committee had with regard to this contract. The institution is expected to receive \$1,160,390 for these efforts. Work under this five-year agreement will take place in the department of Geriatrics and Adult development under the direction of Dr. Sterling Johnson.

**I.2.e. Modification of Reporting Frequency for Extramural Gifts, Grants, and Contracts**  
Upon the motion of Regent Mueller and the second of Regent Atwell, the Committee approved and recommended for Board approval changes to the Regent policy regarding reporting of extramural gift, grant, and contract awards. UW System Vice President for Finance Sean Nelson talked about how changing the report frequency would provide the Committee members with more useful data. The policy had required that such activity be reported to the Business and Finance Committee on a quarterly basis. The change adopted shifts the reporting frequency to a twice per year, semi-annual reporting cycle. Regent Delgado and Regent Mueller both emphasized the understanding that any emergent issues with extramural gifts, grants, and contracts should be reported to the Committee at their next meeting.

**I.2.f. FY2018 Program Revenue Balances Report**  
Upon the motion of Regent Mueller and the second of Regent Grebe, the Committee approved and recommends for Board approval the FY2018 UW System Report on Program Revenue Balances and the individual spending plans included in the report. UW System Vice President for Finance Sean Nelson presented the report and fielded questions from the Committee. Total UW System unrestricted fund balances increased \$55.3M compared to the prior year, primarily as a result of increases in tuition balances (\$23.6M) and Auxiliary Operations balances (\$22.0M). This represents a change from a steady trend of declining balances in recent years.

After going over the origin of the report in 2013, The Chair, Regent Whitburn opened the item up to questions and comments. He asked Senior Associate Vice President for Finance Julie Gordon's feedback on if this report had been audited by the Legislative Audit Bureau. She stated she believed it had been audited two or three times in the past. Further discussion focused on carryover. Regent Delgado asked the criteria for determining the appropriate percentage and there appeared to be no agreed upon standard for determining it. Regent Atwell and Regent Mueller talked about tuition hikes and freezes within recent memory that influenced the carryover balances. The Regents then took into consideration the campus-by-campus figures and the wide variations among them and if an equilibrium is the desired state. President Cross provided some insight. Regent Grebe drew them back to consider the big picture as critically important in their fiduciary duty to taxpayers and tuition-payers.

**I.2.g. Financial Management Report – FY2018 (Final)**  
The Committee received a high-level summary report comparing budgeted to actual revenues and expenditures through the end of the last fiscal year. The report provided UW System management and the Board with a dashboard-type tool to monitor financial activity within the UW System. This final report for FY2018 showed that, at the close of the year, actual expenditures were approximately 99.6% of the Regent approved budget, while revenues were at 104.4% of the budgeted level. The Chair, Regent Whitburn gave an historical overview of the report's development over the last four years since Regent President Falbo called for its establishment.

**I.2.h. Information Security: October Progress Report**

UW System Vice President for Administration Rob Cramer and Associate Vice President for Information Security Kathy Mayer spoke to the Committee about the progress being made on the information security plan developed last Spring. Priorities include developing enterprise approaches, standardizing security capabilities, information security risk-based decision making, and increasing information security awareness, education and outreach. During discussion, Regent Grebe questioned how the European Union's General Data Protection Regulation (GDPR) may impact our faculty, staff, and students. Associate Vice President Mayer responded that non-compliance may result in costly fines for our organization as interaction with the European Union is inevitable. With regard to challenges implementing multi-factor authentication on campuses, Regent Steil suggested making use mandatory to guarantee a 100% participation. Wrapping up this item, the Chair, Regent Whitburn affirmed the Committee's support of the information security work and stated their thanks.

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

UW System Vice President for Administration Rob Cramer provided an update on the UW System Shared Services initiative. He touched briefly on the progress of assembling the Customer Council, developing digital strategy to facilitate better information security, the team visits currently underway on UW campuses, and assessing options for information technology/security hosting.

UW System Vice President for Finance Sean Nelson offered a brief update on Outcomes-based Funding (also known as "Performance-based funding"). The funding allocated will be determined by the 16 weighted metrics that support the four overarching legislative goals: 1) growing and ensuring student success, 2) improving student progress and completion rates, 3) expanding contributions to the workforce, and 4) enhancing operational efficiencies. The data is still in process of being aggregated into the model; the distribution of the \$26.25M to the campuses is planned prior to October 15<sup>th</sup>.

The Business and Finance Committee adjourned at 10:32 AM.

Respectfully submitted,



Joyce E. Jackson  
Recording Secretary