

**Minutes of the  
Business & Finance Committee  
UW-Madison, Union South, Varsity Hall I  
Thursday, February 7, 2019**

The Business and Finance Committee was called to order at 9:01 AM by the Chair, Regent Gerald Whitburn. Roll was taken. All members of the Committee were present. At the commencement of the meeting, Regent Whitburn asked if any members of the Committee had conflicts of interest or potential conflicts of interest. None were noted. Regent Hall exited the meeting at 10:38 AM. The Business and Finance Committee maintained a quorum.

**I.2.a. Approval of the Minutes of the December 6, 2018 Meeting of the Business and Finance Committee**

Upon the motion of Regent Hall and the second of Regent Atwell, the Committee approved the minutes of the December 6, 2018 meeting of the Business and Finance Committee.

**I.2.b. UW-Madison Presentation – Resources for Excellence at UW-Madison**

UW-Madison Vice Chancellor for Administration and Finance Laurent Heller presented on UW-Madison's fiscal state and plans to enhance revenue growth at the institution. He highlighted UW-Madison's role as a driver of economic development. Examples of impacts included workforce development through job creation and preparation, research innovations, and entrepreneurial ventures. The plan to increase revenue includes increasing the number of summer courses, re-evaluating the costs related to professional studies, boosting donations, improving efficiencies, and sharing costs. Regent Delgado asked about costs related to increasing the student count, such as extra classrooms and teaching staff. He was concerned that high quality be maintained. The Vice Chancellor noted that the marginal costs of increasing enrollment vary and that some areas have excess capacity to provide courses now while maintaining the highest quality.

**I.2.c. UW System Shared Financial System and Human Resource System Preplanning Project**

UW System Vice President for Administration Robert Cramer and UW-Madison Vice Chancellor for Administration and Finance Laurent Heller provided the Committee with the first of several updates on the preplanning effort directed toward replacement of the Shared Financial System (SFS) and Human Resource System (HRS). The preplanning stage is projected to last six-to-twelve months, during which a consulting partner will help identify paths forward for the anticipated move to cloud-based applications. Standardizing business processes and eliminating shadow and bolt-on systems will be key aspects of the future system. In discussion, Chair Regent Whitburn and Regent Atwell emphasized the transformational nature of the project coupled with its complexity requires a thoughtful and thorough approach. Chair Regent Whitburn concluded the conversation advising strict adherence to applicable guidelines on competition and expenditures and suggested that a transformational leader with practical experience be identified to lead the project.

**I.2.d. UW System Information Technology Reports**

- 1. UW System Strategic Plans for Major Information Technology Projects**
- 2. Semi-Annual Status Report for Large/Vital Information Technology Projects**

Upon the motion of Regent Mueller and the second of Regent Beightol, the Committee approved the UW System Strategic Plans for Major Information Technology Projects and Semi-Annual Status Report for Large/Vital Information Technology Projects reports. These reports are required by statute and Regent Policy. UW System Associate Vice President and Chief Information Officer Steven Hopper provided an overview of the two reports. Associate Vice President Hopper noted that the majority of the seventeen large projects were on time and within budget, with few minor exceptions.

**I.2.e. UW System Information Security Update**

UW System Vice President for Administration Robert Cramer and Interim UW System Associate Vice President for Information Security gave a status update on the on-going efforts across UW System to enhance and strengthen information security. Associate Vice President Mayer noted that she has seen much improvement in UW System and its campuses and has been working closely with her staff to continue efforts. Chair Regent Whitburn thanked her for her good work near the one-year mark.

**I.2.f. Review and Approval of Proposed Nonresident and Graduate Student Tuition Proposals**

Upon the motion of Regent Atwell and the second of Regent Hall, the Committee approved changes to nonresident and graduate student tuition rates. UW System Vice President for Finance Sean Nelson described UW System President Raymond Cross' and the Chancellors of nine institutions requested tuition increases (varying between 1% and 3%). In addition, UW-Milwaukee sought to change the credit plateau for its Doctor of Physical Therapy (DPT) program from eight to ten credits. Students generally only pay for credits up to the plateau. This created a situation where students are not paying for 44% of the required credits. The increase will allow the institution to cover instructional costs and need-based scholarship while keeping its rates in line with UW-Madison's Doctor of Physical Therapy program.

**I.2.g. UW-Oshkosh Auxiliary Operations Funding Transfer Request**

Upon the motion of Regent Grebe and the second of Regent Hall, the Committee approved UW-Oshkosh's request to transfer \$5M in program revenue from its Residence Life operations to support the general student services infrastructure of the campus. UW System Vice President for Finance Sean Nelson, UW-Oshkosh Chancellor Andrew Leavitt, and UW-Oshkosh Vice Chancellor for Administrative Services James Fletcher were available to answer questions from the Committee. The institution is currently engaged in the first year of a three-year Financial Recovery Plan intended to bring its expense structure more in line with its current ability to generate revenue. Allowing more flexible use of these resources is expected to help significantly in managing that plan. Chair Regent Whitburn asked if the students supported this action. Vice Chancellor Fletcher responded affirmatively. He also noted the students had submitted a letter of support. Regent Mueller voiced her concern over transferring auxiliary funds over to the general fund. She recommended a review of the current policies on this topic to ensure consistency and compliance.

**I.2.h. Trust Funds Quarterly Investment Report(s) from the State of Wisconsin Investment Board (SWIB)**

**1. Quarter Ended September 30, 2018**

**2. Quarter Ended December 31, 2018**

UW System Vice President for Finance Sean Nelson introduced two representatives from the State of Wisconsin Investment Board (SWIB), Senior Managing Analyst Trish Roepelle and Investment Business Director Mike Jacobs. Ms. Roepelle reported to the Committee on the performance of the UW Trust Fund assets for the last two quarters for the calendar year 2018. Trust Fund assets as of December 31, 2018 stood at \$560.9M, with a total of \$418.8M in the Long Term (endowment) Fund and \$142.1M in the shorter-term Income Cash Fund. During the quarter ending December 31, 2018, the Long-Term Fund declined in value by 5.65% while the Income Cash Fund gained 0.58%. Chair Regent Whitburn thanked SWIB for the report and the work done thus far.

**I.2.i. Approval of Changes to Regent Policy Document (RPD) 21-9 Institutional Relationships with Foundations**

Upon the motion of Regent Atwell and the second of Regent Grebe, the Committee approved changes to Regent Policy Document (RPD) 21-9 Institutional Relationships with Foundations. UW System General Counsel Quinn Williams explained that the changes would require university officials serving on foundation boards be non-voting, ex-officio members of such boards. Also, the policy would explicitly require any executive director of a university foundation who is also a university employee to comply with state statutes and administrative code which require them to file annual statements of economic interest with the Office of the Board of Regents. Foundations will be submitting annual financials to Vice President Nelson and any real estate projects undertaken by foundations involving state property or dollars will need approval from the Chancellor, the UW System President, and the Board of Regents. Chair Regent Whitburn emphasized the importance of rigorous oversight of foundations and their auxiliaries in relation to the continuous review by Legislative Audit Bureau. Regent Mueller asked for the number of dual employees (both foundation and UW System). Regent Grebe wanted to know if the Chancellors were making sure that the foundations are equally aware of these obligations. General Counsel Williams responded that he would follow-up with regard to Regent Mueller's and Regent Grebe's concerns.

**I.2.j. UW-Madison Contractual Agreement – Minnesota Mining and Manufacturing (3M)**

Upon the motion of Regent Atwell and the second of Regent Mueller, the Committee approved a three-year Master Research Agreement with 3M. UW-Madison Vice Chancellor for Administration and Finance Laurent Heller provided background. The contract includes an option for one five-year extension by mutual agreement of the parties. While no specific projects have yet been identified, the university anticipates that total research funding under the agreement will exceed \$1M over the life of the contract. Research under the agreement will be conducted in the College of Engineering under the direction of a number of not yet identified principal investigators within the college.

**I.2.k. Semi-Annual Budget to Actual Report (2<sup>nd</sup> Quarter FY 2019)**

UW System Vice President for Finance Sean Nelson gave a high-level summary and answered questions with regard to the Semi-Annual Budget to Actual Report (2<sup>nd</sup> Quarter FY 2019). The report provides UW System management and the Board with a dashboard-type tool to monitor financial activity within UW System. This mid-year, cash-based report shows that, as of

December 31<sup>st</sup>, actual expenditures were approximately 47.0% of the Regent approved budget, while revenues were at 51.2% of the budgeted level. These figures compare to prior year expenses of 46.7% and revenues of 50.9%.

**I.2.1. Semi-Annual Report of Gifts, Grants, and Contracts (2<sup>nd</sup> Quarter FY2019)**

UW System Vice President for Finance Sean Nelson relayed a summary of gift, grant, and contract awards for the period of July 1, 2018 through December 31, 2018. Total awards for the period were approximately \$827.8M, an increase of \$14.5M compared to the prior year. Federal awards increased \$53.3M while non-federal awards decreased by \$38.8M.

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

UW System Vice President for Administration Robert Cramer provided a written update on UW Shared Services.

The Business and Finance Committee adjourned at 10:43 AM.

Respectfully submitted,



Joyce E. Jackson  
Recording Secretary