

BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM

Business and Finance Committee

Via Webex Videoconference

Thursday, December 10, 2020

8:45 a.m. – 10:15 a.m.

- A. Calling of the Roll
- B. Declaration of Conflicts
- C. Approval of the Minutes of the October 8, 2020 Meeting of the Business and Finance Committee
- D. UW System Draft 2020 Annual Financial Report
- E. Review and Approval of UW-Madison Graduate and Professional School Tuition Proposals
- F. Approval of the UW System Collective Bargaining Agreement with the Building and Construction Trades Council of South Central Wisconsin
- G. Approval of the UW-Madison Collective Bargaining Agreement with the Building and Construction Trades Council of South Central Wisconsin
- H. Approval of an Amendment to UW System's 2020-21 Strategic Plan for Major Information Technology Projects
- I. Approval of a UW-Madison Agreement with Learfield Communications, LLC
- J. Approval of a UW-Madison Agreement with Arcus Biosciences, Inc.
- K. Approval of a UW-Madison Agreement with IMG College Seating, LLC
- L. Approval of a UW-Madison Agreement with Opsi Therapeutics, LLC
- M. Approval of a UW-Madison Agreement with Pfizer Inc.
- N. Approval to Amend Regent Policy Document 21-6, "Program Revenue Calculation Methodology and Fund Balances Policy"
- O. Approval to Amend Regent Policy Document 22-4, "Fundraising Principles and Guidelines"

- P. Approval to Amend Regent Policy Document 27-1, "University of Wisconsin Policy on Collegiate Licensing"
- Q. Trust Funds Quarterly Investment Report
- R. Annual Report on Faculty Turnover for FY20
- S. Annual Report on Faculty and Staff Base Salary Adjustments and Additional Compensation Payments for FY20
- T. Report on Fall 2020 Segregated Fee Reductions
- U. Report of the Vice Presidents
 - Update on COVID-19-Related Financial Impacts

UW SYSTEM DRAFT 2020 ANNUAL FINANCIAL REPORT**REQUESTED ACTION**

No action required; this item is for information only.

SUMMARYOverview of Accrual-Based Financial Reporting

The UW System's Annual Financial Report is prepared using full accrual-based accounting, which is required by the Governmental Accounting Standards Board (GASB) and measures the financial performance and position of an entity by recognizing economic events when the transactions occur, regardless of when cash is paid or received.

In accordance with Generally Accepted Accounting Principles (GAAP), the draft Annual Financial Report for the year ending June 30, 2020 includes a Statement of Net Position; a Statement of Revenues, Expenses and Changes in Net Position; and a Statement of Cash Flows. Because the financial audit is not yet complete, it does not include an audit opinion from the Legislative Audit Bureau.

The accompanying Notes to the Financial Statements are an integral part of the statements, including both disclosures required by GASB and explanations intended to aid the reader in understanding the statements. In addition, the Annual Financial Report includes a "Management's Discussion and Analysis" (MD&A) that is intended to provide an objective and easily readable analysis of the UW System's financial activities.

Analysis of Draft Financial Statements

Statement of Net Position – There were several significant changes within the UW System's net position between fiscal year (FY) 2019-20 and FY 2018-19, as reflected in the table below.

Net Position (*in millions*):

	<u>2020</u>	<u>2019</u>	<u>\$ Change</u>	<u>% Change</u>
Net Investment in Capital Assets	\$ 3,574.4	\$ 3,614.4	\$ (40.0)	(1.1%)
Restricted Net Position	1,613.7	1,197.6	416.1	34.7%
Unrestricted Net Position	<u>211.4</u>	<u>547.7</u>	<u>(336.3)</u>	(61.4%)
Total Net Position	<u>\$ 5,399.5</u>	<u>\$ 5,359.7</u>	<u>\$ 39.8</u>	0.7%

The Statement of Net Position, provided on pages 22-23 of the 2020 Annual Financial Report, shows that the UW System's Total Net Position increased by \$39.8 million. Restricted Net Position—the "equity" with external limitations—has increased between years by \$416.1 million, or 34.7%. However, the Statement of Net Position reports a \$336.3 million decrease in Unrestricted Net Position in FY 2020. Unrestricted Net Position represents the difference between assets, liabilities, and deferred outflows and inflows of resources that do not have external restrictions regarding their use or function.

These significant changes between years relate to accounting standards for pensions and other postemployment benefits, specifically Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, and Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. These standards essentially require governmental entities to report the difference between the value of a plan's assets and the present value of projected benefit payments. In FY 2020, the Department of Employee Trust Funds, which manages the Wisconsin Retirement System, reported that the pension plan's net position increased because of investment earnings being significantly more than initially projected. As a result, the UW System's Net Pension Liability of \$474.4 million in FY 2019 swung to a Net Pension Asset of \$430.5 million in FY 2020. Restricted and Unrestricted Net Position with and without these GASB accruals are presented on page 19 so readers understand the magnitude of these adjustments.

The Statement of Net Position also reports a significant increase of \$85.4 million in Cash and Cash Equivalents. This increase is due to a State bond issuance on June 18, 2020, in which the restricted proceeds were not yet applied to specific UW capital projects.

Statement of Revenues, Expenses and Changes in Net Position – Operating revenues, which are reported on page 24 of the 2020 Annual Financial Report, decreased \$72.6 million, or 1.9%. This was driven by reductions in Sales and Services of Auxiliary Enterprises and Educational Activities as many campus operations could no longer operate as they have historically or were closed entirely. Operating expenses decreased \$88.2 million, or 1.6%. While Salaries and Fringe Benefits expenses increased primarily because of the State's pay plan adjustment in 2019-20, Supplies and Services declined significantly as UW institutions undertook cost containment measures in light of COVID-19 and a mandated lapse in the State's General Purpose Revenue.

In total, an operating loss of nearly \$1.6 billion was reported in FY 2020. The UW System's operating loss will likely continue to be significant since GASB standards require state appropriations to be reported as non-operating revenue. Within non-operating revenues, state appropriations increased by \$1.7 million and capital appropriations from the state increased \$137.3 million in FY 2020.

Presenter

- Sean P. Nelson, Vice President for Finance

BACKGROUND

Analysis of the UW System's draft financial statements and notes are intended to provide management with a better understanding of operations and assist in making business decisions. The statements may also be used by Regents and other key stakeholders, including legislators and the Higher Learning Commission, in evaluating financial performance. Finally, because the UW System's financial statements are included in the State's CAFR, financial institutions, such as lending and bond rating agencies, use the statements when extending debt securities to finance capital projects.

Previous Action or Discussion

In October 2020, the Audit Committee met with the Legislative Audit Bureau (LAB), the UW System's auditor. LAB communicated their responsibilities under generally accepted auditing standards and an overview of the planned scope of the FY 2020 financial audit. LAB is currently completing its audit of the FY 2020 Annual Financial Report and will provide an audit opinion at a later date. The FY 2018 and FY 2019 Annual Financial Reports were audited by an independent auditing firm, Plante Moran. Significant changes resulting from LAB's audit will be communicated to the Board of Regents.

Related Policies

- None

ATTACHMENT

- A) UW System Draft 2020 Annual Financial Report

ANNUAL FINANCIAL REPORT

2020





**Published by the Office of Finance
University of Wisconsin System
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Madison, WI 53706**

Editor: Rod Dole

Cover Photo: University of Wisconsin–Platteville students walk by Ullrich Hall, which was originally built in 1916 and served as the university's gymnasium and auditorium. The oldest building on campus, Ullrich Hall is listed on the National Register of Historic Places. Currently, Ullrich is now home to classrooms used by accounting, business, computer science, and software engineering as well as lab space for computer science and software engineering. The building is named after Fred Ullrich, who joined the faculty of the Platteville Normal School as an instructor in biological sciences in 1914, and later served as director of the agriculture school.

Founded in 1866 as the first teacher preparatory institution in the state of Wisconsin, UW-Platteville has a legacy of academic excellence that has helped thousands of students find their direct path to success. Today, UW-Platteville offers 40+ academic programs designed to help every student succeed professionally and personally. Programs are offered through three colleges: College of Business, Industry, Life Science and Agriculture, College of Engineering, Mathematics and Science, and College of Liberal Arts and Education.

At UW-Platteville, students enjoy the advantages of a large university in a small, supportive, and safe environment featuring challenging academics, opportunities for undergraduate research, state-of-the-art labs and facilities, and renowned faculty.

Photo Credit: UW-Platteville

University of Wisconsin System

2020 Annual Financial Report

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2020 Annual Financial Report

Regents, Chancellors, and Officers of the UW System

OFFICERS

Tommy G. Thompson,
Interim President

Sean P. Nelson,
Vice President for Finance

Robert G. Cramer,
Vice President for Administration

Scott Neitzel,
Interim Vice President for University Relations

Anny Morrobel-Sosa,
Vice President for Academic and Student Affairs

Quinn Williams,
General Counsel

FINANCE STAFF

Julie Gordon,
Senior Associate Vice President for Finance

Ginger Hintz,
Assistant Vice President for Financial
Administration and Controller

Rod Dole,
Director of Financial Reporting

Renee Stephenson,
Assistant Vice President of Budget
Development and Planning

Charles Saunders,
Director for Trust Funds/Assistant Trust Officer

CHANCELLORS

James Schmidt, UW-Eau Claire

Michael Alexander, UW-Green Bay

Joe Gow, UW-La Crosse

Rebecca M. Blank, UW-Madison

Mark Mone, UW-Milwaukee

Andrew J. Leavitt, UW-Oshkosh

Deborah Ford, UW-Parkside

Dennis J. Shields, UW-Platteville

Connie Foster, UW-River Falls, Interim

Bernie L. Patterson, UW-Stevens Point

Katherine P. Frank, UW-Stout

Renée Wachter, UW-Superior

Dwight C. Watson, UW-Whitewater

REGENTS

Robert Atwell, Sturgeon Bay

Scott Beightol, Wales

Amy Bogost, Madison

Héctor Colón, New Berlin

José Delgado, Brookfield

Michael Grebe, Mequon (Regent Vice President)

Eve Hall, New Berlin

Mike Jones, Milwaukee

Tracey Klein, Brookfield

Becky Levzow, Rio

Edmund Manydeeds III, Eau Claire

Andrew S. Petersen, Middleton (Regent President)

Cris Peterson, Grantsburg

Corey Saffold, Fitchburg

Carolyn Stanford Taylor, Madison

Karen Walsh, Madison

Kyle Weatherly, Milwaukee

Olivia Woodmansee, New Glarus



Years Ended June 30, 2020 and 2019

INTRODUCTION FROM THE VICE PRESIDENT FOR FINANCE



INTRODUCTION FROM THE VICE PRESIDENT FOR FINANCE

FINANCIAL REPORT 2020

Fiscal year 2019-20 has been anything but ordinary for UW students, faculty and staff, and anything but ordinary from a financial perspective. The 2019 novel coronavirus, which causes COVID-19, has had a significant impact on the UW System and its individual institutions, the nation and the world.

Even with the COVID-19 pandemic, the UW System continued to deliver a quality, accessible, and affordable education for our students. Specifically:

- UW institutions enrolled nearly 167,700 students across its 13 universities and 13 branch campuses.
- Across all UW campuses, nearly 37,900 associate, bachelor's, master's and other advanced degrees were awarded in 2019-20, with 40% of those degrees in STEM and health-related fields.

- Approximately 32% of Wisconsin high school students enrolled in a UW institution immediately upon graduation.
- Students of color comprised 17% of UW students.
- UW institutions also reported research expenditures of over \$1.1 billion.

Annual Financial Report Highlights

In achieving these accomplishments, the UW System's fiscal year 2019-20 Total Net Position was relatively stable, increasing \$39.9 million, or 0.7%. More significant changes can be seen at a detailed level and are largely due to COVID-19, financial investment markets, federal and state legislation, and accounting principles.

Within the Statement of Net Position, the most significant changes are within Cash and Cash Equivalents and the UW System's share of the State's pension and other post-employment benefit programs. Cash and Cash Equivalents increased by \$85.4 million in 2019-20. This increase is due to a State bond issuance on June 18, 2020, in which the restricted proceeds were not yet applied to specific UW capital projects.

In addition, in 2019-20, the Wisconsin Retirement System (WRS), which is managed by the State of Wisconsin's Department of Employee Trust Funds (ETF), reported a net pension asset, with the UW System's share of it being \$430.5 million. This is a significant swing from our Restricted Net Pension Liability of \$474.4 million in 2018-19, and is primarily attributed to investment returns above ETF-anticipated levels. More information on this swing can be found in Note 13 of the 2020 Annual Financial Report. ETF also determined that its Supplemental Health Insurance Conversion Credit program should be a defined benefit other post-employment benefit program. As such, for the first time, the UW System has recorded its proportionate share of

the program's net assets (\$67.9 million) as a Noncurrent Asset.

Within the Statement of Revenues, Expenses, and Changes in Net Position:

- The UW System was awarded \$99.3 million in federal funding through the Coronavirus Aid, Relief and Economic Security (CARES) Act. UW institutions must meet certain eligibility requirements before recognizing the funding. UW institutions recognized \$72.3 million as non-operating revenue in 2019-20 and will recognize the remaining amount in 2020-21. These funds are restricted and must be used to address unforeseen financial needs created by the COVID-19 public health emergency, such as personal protective equipment, emergency student grants, housing and dining refunds and technology to accommodate remote learning.
- State Appropriations increased \$1.7 million in 2019-20. The UW System had anticipated this increase to be larger as new funds had been appropriated for outcomes-based funding and the State's portion of its 2019-21 pay plan. However, as a result of the COVID-19 pandemic, the State required the UW System to lapse \$40.8 million of its General Purpose Revenue (GPR) for 2019-20. In addition, the State did not supplement the UW System for the GPR share of the pay plan that took effect on January 1, 2020.
- Sales and Services of Auxiliary Enterprises and Sales and Services of Educational Activities were significantly impacted by COVID-19, and reported reductions of \$79.3 million and \$33.2 million, respectively, between fiscal years 2019-20 and 2018-19. Several auxiliary operations and educational activities could no longer operate as they have historically or were closed entirely. Refunds for housing, dining, and other auxiliary operations were provided to students in Spring 2020. The federal CARES Act funds were often insufficient to address the entire refunded amounts within a UW institution or the institution strategically determined that a

portion of the funds were needed to address other COVID-related costs as well.

- As auxiliary and other operations changed, some of the revenue loss was offset with cost reductions. UW institutions took a variety of cost containment initiatives, such as furloughing staff or reducing staff hours, delaying or cancelling events, and eliminating all non-essential travel. Supplies and Services declined by \$108.3 million in 2019-20.
- The UW System's Salaries and Fringe Benefits expense, however, increased a total of \$125.3 million between 2019-20 and 2018-19. As previously noted, this increase is largely accounted for with the State's 2019-21 pay plan, as approved by the Joint Committee on Employment Relations approved in December 2019. It includes a 2% wage adjustment in January 2020 and another 2% adjustment effective January 1, 2021.

Although all COVID-19 impacts are not yet known and continued uncertainties are likely in the financial investment markets, the UW System has made and will continue to make necessary fiscal adjustments with the objective of maintaining quality instruction, research and public service, while keeping our students and employees safe.

Sean P. Nelson, Vice President for Finance

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Years Ended June 30, 2020 and 2019

INDEPENDENT AUDITOR'S REPORT

DRAFT



Years Ended June 30, 2020 and 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

DRAFT

Management's Discussion and Analysis

The following discussion and analysis provides an overview of the financial position and activities of the University of Wisconsin System (University) for the years ended June 30, 2020 and 2019, with comparative information for the year ended June 30, 2018, where appropriate. This discussion has been prepared by management, is unaudited, and should be read in conjunction with the financial statements and footnotes.

The University is made up of 13 four-year universities and 13 additional campuses affiliated with seven of the four-year institutions. In academic year 2019-2020, the University enrolled 167,688 students, employed approximately 32,161 faculty and staff, and granted 37,893 associate, bachelor's, master's, and other advanced degrees. University institutions were awarded over \$1,096.3 million in federal grants and contracts in fiscal year 2020 and an additional \$639.4 million from non-federal sponsors. The University has a long tradition of public service, embodied by an ongoing commitment to the Wisconsin Idea, that the boundaries of the University are the boundaries of the State.

Degrees Granted		Headcount Enrollments	
<i>UW-Madison</i>	<i>11,230</i>	<i>UW-Madison</i>	<i>44,993</i>
<i>UW-Milwaukee</i>	<i>6,053</i>	<i>UW-Milwaukee</i>	<i>26,139</i>
<i>UW-Eau Claire</i>	<i>2,365</i>	<i>UW-Eau Claire</i>	<i>11,184</i>
<i>UW-Green Bay</i>	<i>1,526</i>	<i>UW-Green Bay</i>	<i>8,796</i>
<i>UW-La Crosse</i>	<i>2,380</i>	<i>UW-La Crosse</i>	<i>10,604</i>
<i>UW-Oshkosh</i>	<i>2,776</i>	<i>UW-Oshkosh</i>	<i>15,520</i>
<i>UW-Parkside</i>	<i>946</i>	<i>UW-Parkside</i>	<i>4,420</i>
<i>UW-Platteville</i>	<i>1,888</i>	<i>UW-Platteville</i>	<i>8,281</i>
<i>UW-River Falls</i>	<i>1,346</i>	<i>UW-River Falls</i>	<i>5,977</i>
<i>UW-Stevens Point</i>	<i>1,918</i>	<i>UW-Stevens Point</i>	<i>8,325</i>
<i>UW-Stout</i>	<i>1,878</i>	<i>UW-Stout</i>	<i>8,393</i>
<i>UW-Superior</i>	<i>607</i>	<i>UW-Superior</i>	<i>2,608</i>
<i>UW-Whitewater</i>	<i>2,980</i>	<i>UW-Whitewater</i>	<i>12,448</i>
Total	37,893	Total	167,688

Using the Financial Statements

The University's annual financial report includes the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; the Statement of Cash Flows; and the Notes to the Financial Statements. These items are prepared in accordance with standards established by the Governmental Accounting Standards Board (GASB).

The Statement of Net Position is a financial condition snapshot as of June 30, 2020 and 2019, and includes all assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Current assets are those that are available to satisfy current liabilities inclusive of assets that will be converted to cash within one year. Current liabilities are those that will be paid within one year. Increases or decreases in net position provide an indicator of the improvement or erosion of the University's financial health when considered in conjunction with non-financial information, such as conditions of facilities and enrollment levels. Net Position is divided into three major categories: Net Investment in Capital Assets, Restricted, and Unrestricted. Net Investment in Capital Assets consists of capital assets

UNIVERSITY OF WISCONSIN SYSTEM
Management's Discussion and Analysis
Years Ended June 30, 2020 and 2019

reduced by the outstanding balances of borrowings for the construction, acquisition, or improvement of those assets. Restricted Net Position has constraints put on by external parties, such as sponsors for research and donors, or by State Statute and Board of Regent policy as in the case of student segregated fees. Unrestricted Net Position consists of funds that do not meet either of those definitions.

The Statement of Revenues, Expenses, and Changes in Net Position presents the University's operating results as well as non-operating revenues and expenses. Operating revenues are comprised primarily of student tuition and fees, grants and contracts, and auxiliary service activities. GASB Statement No. 35 requires that state appropriations, gifts, and investments income/loss be reported as non-operating revenue. Public universities, including the University, are typically reliant on these revenue sources to fulfill their missions and, therefore, report operating expenses in excess of operating revenues. As a result, non-operating revenues are a significant component in determining the increase or decrease in total net position.

The Statement of Cash Flows summarizes cash inflows and outflows by category as relating to operating, capital, financing, or investing activities. Cash flow information can be used to evaluate the financial viability of the University and its ability to meet financial obligations as they mature. Cash flows from operating activities result from exchange transactions in which one party gives another something in return. Cash flows from investing activities are a result of the purchase or sale of investments, withdrawals from the long-term investment pool, and collecting interest and dividends earned. Cash flows from capital activities include receipts from capital grants, donor receipts specifying use for capital assets, and activity related to debt issued for the explicit purpose of acquisition, construction, or improvement of capital assets. Cash flows from noncapital financing activities include state appropriations and private gifts restricted for noncapital purposes.

The Notes to the Financial Statements are an integral part of the basic financial statements and communicate information essential for fair presentation. For example, the notes convey information concerning significant accounting policies used to prepare the financial statements, detailed information on cash and investments, capital assets, notes and bonds payable, relationships with affiliated organizations, and classification of net position.

In addition to this Management's Discussion and Analysis, which is required supplementary information, the basic financial statements are followed by required supplementary information regarding the University's pension and other postemployment benefits (OPEB) obligations.

UNIVERSITY OF WISCONSIN SYSTEM
Management's Discussion and Analysis
Years Ended June 30, 2020 and 2019

Analysis of Financial Position and Results of Operations

The University's total net position remained stable after fiscal year 2020. As of June 30, 2020, the University had total assets of \$8.9 billion and total liabilities of \$3.1 billion.

Statement of Net Position (in millions)

	2020	2019	2018
Current Assets	\$ 2,432.5	\$ 2,298.0	\$ 2,312.2
Capital Assets, Net	5,345.4	5,258.4	5,140.1
Other Noncurrent Assets	1,092.3	612.8	986.9
Total Assets	8,870.2	8,169.2	8,439.2
Deferred Outflows of Resources	1,183.4	1,340.4	750.5
Current Liabilities	702.4	658.6	661.2
Noncurrent Liabilities	2,429.0	2,654.7	2,248.8
Total Liabilities	3,131.4	3,313.3	2,910.0
Deferred Inflows of Resources	1,522.7	836.6	849.6
Net Investment in Capital Assets	3,574.4	3,614.4	3,519.6
Restricted Net Position	1,613.7	1,197.6	1,600.3
Unrestricted Net Position	211.4	547.7	310.2
Total Net Position	<u>\$ 5,399.5</u>	<u>\$ 5,359.7</u>	<u>\$ 5,430.1</u>

Current assets minus current liabilities represents the net working capital of the University. Net working capital increased from \$1,639.4 million at June 30, 2019 to \$1,730.1 million at June 30, 2020. The net working capital at year end represented approximately 120 days of 2020 operating expenses. This indicates that the University could support normal operations for 120 days without additional revenues or liquidating noncurrent assets.

The following table contains a summary of Current Assets which consists primarily of operating cash and cash equivalents, securities lending collateral, accounts receivable, student loans receivable, supply inventories, and prepaid expenses. The largest change between 2020 and 2019 was in cash and cash equivalents, which increased by \$85.4 million due to the issuance of state bonds in June 2020.

Current Assets (in millions)	2020	2019	2018
Cash & Cash Equivalents	\$ 1,949.1	\$ 1,863.7	\$ 1,868.4
Securities Lending Collateral	109.4	109.3	106.0
Accounts Receivable, Net	285.8	249.0	259.0
Other Current Assets	88.2	76.0	78.8
Total Current Assets	<u>\$ 2,432.5</u>	<u>\$ 2,298.0</u>	<u>\$ 2,312.2</u>

The Board of Regents has authority to invest gifts and bequests received by the University. Through March 2018, investments were primarily held in two investment pools: The Long Term Fund and the Intermediate Term Fund. Effective April 1, 2018 and as permitted through Section 36.11 (11m) of the Wisconsin statutes, the Board of Regents transferred its investment management responsibilities to the State of Wisconsin Investment Board (SWIB). As a result of this transfer, the Board of Regents eliminated the Intermediate Term Fund as a separate investment pool. The Board of Regents

UNIVERSITY OF WISCONSIN SYSTEM
Management's Discussion and Analysis
Years Ended June 30, 2020 and 2019

establishes investment policies and guidelines, including target investment allocations. Benefiting UW entities receive quarterly distributions from the Long Term Fund, principally endowed assets, based on an annual spending rate applied to a twelve-quarter moving average market value of the Fund. A comparison of university-controlled endowments over the past several years can be found in Chart 3 of the Supplemental Information section of this report. Additional information on cash and investments is provided in Note 2 to the Financial Statements.

Non-current assets are comprised mainly of endowment investments, capital assets (net of accumulated depreciation), and student loans receivable. Notable changes between years include:

- Endowment investments, valued at \$470.4 million at June 30, 2020, increased by \$3.7 million during fiscal year 2020. The increase was driven by market-based fluctuations in investment performance.
- In 2020, investment earnings related to the pension plan fiduciary net position outpaced projected earnings resulting in a net pension asset of \$430.5 million that increased non-current assets. In 2019, however, changes in actuarial assumptions, including a reduction in the discount rate and long-term expected rate of return from 7.2% in 2018 to 7.0% in 2019, and investment earnings related to the pension plan fiduciary net position that were below projected earnings resulted in a net pension liability of \$474.4 million that increased non-current liabilities.
- In 2020, the Department of Employee Trust Funds (ETF), which has program administration and oversight of postemployment benefits, determined that the Supplemental Health Insurance Conversion Credit program should be considered a defined benefit other postemployment benefit. As such, the University has recorded its proportionate share of the net OPEB asset at June 30, 2020 of \$67.9 million as a non-current asset.
- Deferred outflows decreased by \$157.0 million in fiscal year 2020, due to adjustments related to pension and OPEB obligations.

Non-current liabilities decreased by \$225.7 million in fiscal year 2020. The most significant reason for this is the adjustment to the pension plan fiduciary net position, as noted above.

Further, these reporting changes resulted in \$34.1 million of additional pension expense being included on the Statement of Revenues, Expenses, and Changes in Net Position. These changes are more fully described in Notes 1 and 8 to the Financial Statements.

Most of the unrestricted net position has been identified for purposes to fulfill the University's fiduciary responsibilities, including academic and research programs and capital projects. Additional information related to net position can be found in Note 13 to the Financial Statements.

Capital and Debt Activities

Of the \$5.4 billion in net position, \$3.6 billion is net investment in capital assets. In an effort to maintain quality in the University's academic and research programs and residence halls, the University has implemented a long-range plan to fund new construction and modernize existing facilities. Capital additions consist of new construction, replacement and renovation of academic and research facilities, as well as significant investment in technology and equipment. Note 4 to the Financial Statements describes the University's capitalization and depreciation policies, and includes summarized changes in the book value of these assets, including major construction projects completed or in progress. Note 6 to the Financial Statements describes the University's long term debt and includes summarized information on those balances, as well as future debt service requirements.

There are four primary sources of funding for University capital projects: General Fund Supported Borrowing (GFSB) 20-year state-issued bonds repaid with General Program Revenue (GPR); Program

UNIVERSITY OF WISCONSIN SYSTEM
Management's Discussion and Analysis
Years Ended June 30, 2020 and 2019

Revenue Supported Borrowing (PRSB) 20- or 30-year state-issued bonds repaid with the University program revenue; Program Revenue Cash (Cash); and cash from gift and grant funds (Gifts). State general obligation bonds issued for the University's purpose are rated by Moody's and S&P Aa1 and AA, respectively.

Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position present the University's operating results as well as non-operating revenues and expenses. A summary of the Statement of Revenues, Expenses, and Changes in Net Position is as follows (in millions):

	2020	2019	2018
Total Revenues	\$ 5,229.7	\$ 5,302.0	\$ 5,183.7
Total Expenses	5,398.9	5,486.1	5,168.6
(Loss) Income Before Capital and Endowment Additions	(169.2)	(184.1)	15.1
Capital Appropriations, Contributions & Endowment Additions	209.0	113.7	188.4
Increase (Decrease) in Net Position	<u>\$ 39.8</u>	<u>\$ (70.4)</u>	<u>\$ 203.5</u>

UNIVERSITY OF WISCONSIN SYSTEM
Management's Discussion and Analysis
Years Ended June 30, 2020 and 2019

The University's operating and non-operating revenues are provided in the table below. Operating revenues decreased \$48.2 million since fiscal year 2018 with the primary decrease in sales and services of auxiliaries and all other operating revenues. Non-operating revenues increased \$94.2 million between fiscal year 2018 and fiscal year 2020 primarily due to changes in state appropriations, gifts and federal CARES Act funding. The University was awarded \$99.3 million in federal funding through the Coronavirus Aid, Relief, and Economic Security (CARES) Act: Higher Education Emergency Relief Fund during 2019-20. In accordance with the CARES Act, the University must meet certain eligibility requirements before recognizing the funding. The University recognized \$72.3 million as non-operating revenue in 2019-20 and will recognize the remaining amount in 2020-21. These funds are restricted and must be used to address unforeseen financial needs created by the COVID-19 public health emergency, such as personal protective equipment, emergency student grants, housing and dining refunds and technology to accommodate remote learning.

Revenues (in millions):	2020	2019	2018
Operating Revenues			
Student Tuition and Fees, Net	\$ 1,407.9	\$ 1,402.3	\$ 1,382.1
Federal Grants and Contracts	685.0	617.0	599.6
State, Local, & Private Grants and Contracts	421.2	447.5	432.6
Sales and Services of Educational Activities	338.6	371.8	319.5
Sales and Services of Auxiliaries, Net	354.3	433.6	445.4
All Other Operating Revenues	461.6	469.0	537.6
Total Operating Revenues	3,668.6	3,741.2	3,716.8
Non-Operating Revenues			
State Appropriations	885.3	883.6	838.8
Gifts	382.3	395.7	370.0
Federal Pell Grants	149.6	160.0	162.7
Federal CARES Act Grants	72.3	—	—
Net Investment Income (Loss)	44.0	86.4	45.1
Other Non-Operating Revenues	27.6	35.1	50.3
Total Non-Operating Revenues	1,561.1	1,560.8	1,466.9
Total Revenues	\$ 5,229.7	\$ 5,302.0	\$ 5,183.7

UNIVERSITY OF WISCONSIN SYSTEM
Management's Discussion and Analysis
Years Ended June 30, 2020 and 2019

Operating expenses, classified by function, and non-operating expenses, are as follows:

Expenses (in millions):	2020	2019	2018
Operating Expenses			
Instruction	\$ 1,314.8	\$ 1,452.9	\$ 1,257.6
Research	1,032.0	987.1	984.5
Public Service	348.7	364.8	298.9
Academic Support	442.2	428.7	401.9
Student Services	500.7	505.5	479.1
Institutional Support	338.7	309.1	311.6
Operation/Maintenance	312.8	298.9	284.4
Financial Aid	273.3	243.6	257.9
Auxiliary Enterprises	298.8	359.7	363.3
Other Functions	69.3	71.0	81.2
Depreciation	329.1	327.3	324.0
Total Operating Expenses	5,260.4	5,348.6	5,044.4
Non-Operating Expenses	138.5	137.5	124.2
Total Expenses	<u>\$ 5,398.9</u>	<u>\$ 5,486.1</u>	<u>\$ 5,168.6</u>

One of the University's strengths has been its ability to supplement student tuition and fee revenue and state appropriations with support from other sources, including foundations, investment income, and government-sponsored programs (see Charts 1 and 2 in the Supplemental Information of this report). The University continues to aggressively seek funding sources consistent with its mission to meet operating activities in a financially prudent manner. In addition, the University will continue to make cost containment and revenue diversification a priority. Increase in Instruction operating expenses during fiscal year 2019 is attributed to the increase in pension plan expense reported within salary and fringe benefits expense, as compared to fiscal year 2020 and 2018.

UNIVERSITY OF WISCONSIN SYSTEM
Management's Discussion and Analysis
Years Ended June 30, 2020 and 2019

Statement of Net Position adjusted for the pension and other postemployment benefit obligations as allocated to the UW System are as follows (in millions):

	2020	Adjustment for Pension and OPEB	Adjusted 2020	2019	Adjustment for Pension and OPEB	Adjusted 2019
Current Assets	\$ 2,432.5	\$ —	\$ 2,432.5	\$ 2,298.0	\$ —	\$ 2,298.0
Capital Assets, Net	5,345.4	—	5,345.4	5,258.4	—	5,258.4
Other Noncurrent Assets	1,092.3	498.4	593.9	612.8	—	612.8
Total Assets	8,870.2	498.4	8,371.8	8,169.2	—	8,169.2
Deferred Outflows of Resources	1,183.4	1,129.9	53.5	1,340.4	1,284.3	56.1
Current Liabilities	702.4	—	702.4	658.6	—	658.6
Noncurrent Liabilities	2,429.0	590.3	1,838.7	2,654.7	892.1	1,762.6
Total Liabilities	3,131.4	590.3	2,541.1	3,313.3	892.1	2,421.2
Deferred Inflows of Resources	1,522.7	1,522.5	0.2	836.6	835.9	0.7
Net Investment in Capital Assets	3,574.4	—	3,574.4	3,614.4	—	3,614.4
Restricted Net Position	1,613.7	498.4	1,115.3	1,197.6	—	1,197.6
Unrestricted Net Position	211.4	(983.0)	1,194.4	547.7	(443.7)	991.4
Total Net Position	\$ 5,399.5	\$ (484.6)	\$ 5,884.1	\$ 5,359.7	\$ (443.7)	\$ 5,803.4

In fiscal year 2020, salary and fringe benefits expenses amounted to \$3,544.7 million, including \$40.8 million related to the pension and other postemployment benefit obligations. Compared to fiscal year 2019, salary and fringe benefits expenses amounted to \$3,551.8 million, including \$173.3 million related to the pension and other postemployment benefit obligations.

Factors Affecting Future Periods

2019 Wisconsin Act 9, the 2019-21 biennial budget, requires continuing the freeze of UW resident undergraduate tuition at fiscal year 2012-13 levels for fiscal years 2019-20 and 2020-21, equating to an 8-year freeze.

Act 9 also provides the UW System with additional funding for two purposes. First, the UW System will receive additional operating funds of \$22.5 million in each year of the biennium. On August 1, 2019, the UW Board of Regents approved a plan to distribute this funding to UW institutions using its previously approved outcomes-based funding model. Second, the UW System will receive \$1.0 million in fiscal year 2019-20 and \$7.8 million in 2020-21 in Dairy Innovation Hub funding, which will be allocated to UW-Madison, UW-Platteville, and UW-River Falls. Subsequent administrative action lapses; however, will reduce fiscal year 2020-21 state appropriations by \$45.4 million.

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Years Ended June 30, 2020 and 2019

FINANCIAL STATEMENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM

DRAFT

University of Wisconsin System

Statement of Net Position

	June 30, 2020	June 30, 2019
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 1,949,069,852	\$ 1,863,664,528
Securities Lending Collateral	109,363,177	109,337,546
Accounts Receivable, Net	285,794,126	249,038,177
Student Loans Receivable, Net	24,328,052	27,301,006
Inventories	28,900,410	28,503,604
Prepaid Expenses & Other Current Assets	35,071,860	20,156,386
Total Current Assets	<u>2,432,527,477</u>	<u>2,298,001,247</u>
Noncurrent Assets		
Endowment Investments	470,422,459	466,760,603
Student Loans Receivable, Net	123,401,269	145,968,657
Other Noncurrent Assets	33,064	64,257
Capital Assets, Net	5,345,424,244	5,258,401,274
Restricted Net Pension Asset	430,532,171	—
Restricted Other Post Employment Benefits Asset	67,871,882	—
Total Noncurrent Assets	<u>6,437,685,089</u>	<u>5,871,194,791</u>
TOTAL ASSETS	<u>\$ 8,870,212,566</u>	<u>\$ 8,169,196,038</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 1,183,412,908</u>	<u>\$ 1,340,373,786</u>
LIABILITIES		
Current Liabilities		
Accounts Payable and Accrued Liabilities	\$ 218,750,028	\$ 186,032,029
Securities Lending Collateral Liabilities	109,363,177	109,337,546
Notes and Bonds Payable	114,447,772	109,579,603
Capital Lease Obligations	1,479,701	1,343,880
Unearned Revenue	163,246,203	176,330,079
Compensated Absences	89,467,356	70,758,824
Deposits Held for Others	5,627,942	5,228,726
Total Current Liabilities	<u>702,382,179</u>	<u>658,610,687</u>
Noncurrent Liabilities		
Notes and Bonds Payable	1,577,873,144	1,510,431,076
Capital Lease Obligations	27,958,308	28,022,684
Perkins Loan Program	116,047,257	138,736,513
Compensated Absences	61,004,467	73,415,512
Other Postemployment Benefits	590,328,810	417,694,625
Net Pension Liability	—	474,419,425
Other Noncurrent Liabilities	55,801,736	12,009,060
Total Noncurrent Liabilities	<u>2,429,013,722</u>	<u>2,654,728,895</u>
TOTAL LIABILITIES	<u>\$ 3,131,395,901</u>	<u>\$ 3,313,339,582</u>
DEFERRED INFLOWS OF RESOURCES	<u>\$ 1,522,698,653</u>	<u>\$ 836,551,776</u>

(continued)

University of Wisconsin System

Statement of Net Position (continued)

	June 30, 2020	June 30, 2019
NET POSITION		
Net Investment in Capital Assets	\$ 3,574,415,523	\$ 3,614,415,650
Restricted for		
Nonexpendable	209,279,590	197,906,470
Expendable		
Pension	430,532,171	—
Other Post Employment Benefits	67,871,882	—
Gifts, Grants & Contracts	295,052,487	305,130,900
Donor Investments & Earnings	151,693,062	290,166,435
Construction Fund	227,797,018	167,906,942
Student Loans & Federal Aid	132,401,173	140,079,872
Other	99,044,025	96,405,297
Total Restricted-Expendable	1,404,391,818	999,689,446
Unrestricted	211,443,989	547,666,900
TOTAL NET POSITION	\$ 5,399,530,920	\$ 5,359,678,466

The accompanying notes to the financial statements are an integral part of these statements.

University of Wisconsin System

Statement of Revenues, Expenses, and Changes in Net Position

	Year ended June 30, 2020	Year ended June 30, 2019
OPERATING REVENUES		
Student Tuition and Fees (net of Scholarship Allowances of \$319.9 million and \$284.1 million, respectively)	\$ 1,407,920,106	\$ 1,402,278,192
Federal Grants and Contracts	684,983,369	617,064,489
State, Local, and Private Grants and Contracts	421,236,573	447,497,191
Sales and Services of Educational Activities	338,592,096	371,841,000
Sales and Services of Auxiliary Enterprises (net of Scholarship Allowances of \$39.7 million and \$45.9 million, respectively)	354,279,969	433,575,510
Sales and Services to UW Hospital and Clinics Authority	52,589,298	56,979,334
Student Loan Interest Income and Fees	4,703,805	4,917,698
Other Operating Revenue	404,297,914	407,053,708
Total Operating Revenues	3,668,603,130	3,741,207,122
OPERATING EXPENSES		
Salaries	2,576,440,113	2,473,709,488
Fringe Benefits	927,431,044	904,817,990
Fringe Benefits Related to Noncash Pension and OPEB	40,829,658	173,256,249
Total Salary and Fringe Benefits	3,544,700,815	3,551,783,727
Scholarship and Fellowships	165,112,149	142,248,667
Supplies and Services	1,197,809,218	1,306,102,684
Other Operating Expenses	23,674,892	21,184,061
Depreciation	329,097,681	327,325,155
Total Operating Expenses	5,260,394,755	5,348,644,294
OPERATING LOSS	(1,591,791,625)	(1,607,437,172)
NON-OPERATING REVENUES AND (EXPENSES)		
State Appropriations	885,317,047	883,658,233
Gifts	382,265,129	395,661,321
Federal Pell Grants	149,621,001	160,031,504
Federal Coronavirus Aid, Relief, and Economic Security Act Revenue	72,288,995	—
Investment Income (net of Investment Expense of \$0.8 million and \$0.8 million, respectively)	44,034,776	86,360,332
Loss on Disposal of Capital Assets	(856,139)	(19,343,209)
Interest Expense on Capital Asset-related Debt	(55,298,999)	(54,097,369)
Transfer to State Agencies	(82,385,214)	(64,134,111)
Other Non-Operating Revenues	27,666,392	35,129,044
(Loss) Income Before Capital and Endowment Additions	(169,138,637)	(184,171,427)
Capital Appropriations	192,188,041	54,910,058
Capital Grants and Gifts	15,466,530	52,964,901
Additions to Permanent Endowment	1,336,520	5,857,496
INCREASE (DECREASE) IN NET POSITION	39,852,454	(70,438,972)
NET POSITION		
Net Position - beginning of period	5,359,678,466	5,430,117,438
NET POSITION - end of period	\$ 5,399,530,920	\$ 5,359,678,466

The accompanying notes to the financial statements are an integral part of these statements.

University of Wisconsin System

Statement of Cash Flows

	Year ended June 30, 2020	Year ended June 30, 2019
Cash Flows from Operating Activities		
Student Tuition and Fees	\$ 1,412,197,438	\$ 1,401,491,714
Federal, State, Local, and Private Grants & Contracts	1,083,515,027	1,072,871,884
Sales and Services of Educational Activities	337,886,956	364,457,661
Sales and Services of Auxiliary Enterprises	329,969,077	439,580,688
Sales and Services to UW Hospital Authority	49,137,766	57,378,670
Payments for Salaries and Fringe Benefits	(3,421,978,740)	(3,359,674,494)
Payments to Vendors and Suppliers	(1,198,762,468)	(1,329,725,067)
Payments for Scholarships and Fellowships	(165,112,149)	(142,248,667)
Student Loans Collected	31,292,095	35,018,216
Student Loan Interest and Fees Collected	4,703,805	4,917,698
Student Loans Issued	(5,864,900)	(10,484,330)
Other Revenue	359,255,981	389,220,281
Net Cash Used in Operating Activities	(1,183,760,112)	(1,077,195,746)
Cash Flows from Investing Activities		
Interest and Dividends on Investments, Net	28,237,780	44,271,932
Proceeds from Sales and Maturities of Investments	45,648,842	44,010,643
Purchase of Investments	(32,428,764)	(58,967,134)
Net Cash Provided by Investing Activities	41,457,858	29,315,441
Cash Flows from Capital and Related Financing Activities		
Proceeds from Issuance of Capital Debt	414,013,271	128,157,292
Payments for Debt Retirements (Refundings)	(240,879,757)	—
Capital Appropriations	192,188,041	54,910,058
Gifts and Other Receipts	20,832,164	57,696,922
Purchase of Capital Assets	(425,733,115)	(446,705,623)
Principal Payments on Capital Debt and Leases	(203,832,044)	(247,850,321)
Interest Payments on Capital Debt and Leases	(143,144,563)	(143,526,616)
Net Cash Used in Capital and Related Financing Activities	(386,556,003)	(597,318,288)
Cash Flows from Noncapital Financing Activities		
State Appropriations	1,075,666,507	1,119,709,499
Gifts and Other Receipts	401,679,691	415,472,942
Federal Pell Grants	149,621,001	160,031,504
Federal Coronavirus Aid, Relief, and Economic Security Act Receipts	72,288,995	—
Transfer to State Agencies	(82,385,214)	(64,134,111)
Additions to Permanent Endowments	1,336,520	5,857,496
Student Direct Lending Receipts	604,491,279	642,821,804
Student Direct Lending Disbursements	(608,435,198)	(639,275,251)
Net Cash Provided by Noncapital Financing Activities	1,614,263,581	1,640,483,883
Net Increase (Decrease) in Cash and Cash Equivalents	85,405,324	(4,714,710)
Cash and Cash Equivalents - beginning of year	1,863,664,528	1,868,379,238
Cash and Cash Equivalents - end of year	\$ 1,949,069,852	\$ 1,863,664,528

(continued)

University of Wisconsin System

Statement of Cash Flows (continued)

	Year ended June 30, 2020	Year ended June 30, 2019
Reconciliation of Operating Loss to Net Cash Used in Operating Activities		
Operating Loss	\$ (1,591,791,625)	\$ (1,607,437,172)
<i>Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:</i>		
Depreciation Expense	329,097,681	327,325,155
Changes in Assets, Liabilities and Deferred Outflows and Inflows of Resources:		
Receivables, net	(12,028,169)	33,090,386
Inventories	(396,807)	1,903,213
Prepaid Expense (including Deferred Charges)	(15,456,793)	(5,367,352)
Accounts Payable and Accrued Liabilities	51,862,249	(8,540,157)
Perkins Loan Liability	(22,689,256)	—
Unearned Revenue	(13,086,573)	3,961,813
Compensated Absences	6,297,488	4,612,119
Other Noncurrent Liabilities	43,602,035	—
Deferred Outflows of Resources	154,469,483	(584,769,538)
Pension Liability (Asset) and Deferred Inflows of Resources	(218,402,128)	860,459,384
Other Postemployment Benefits	104,762,303	(102,433,597)
Net Cash Used in Operating Activities	<u>\$ (1,183,760,112)</u>	<u>\$ (1,077,195,746)</u>
Noncash Investing, Capital and Financing Activities		
Capital Leases (Initial Year):		
Fair Market Value	\$ 985,324	\$ 712,464
Current Year Cash Payments	81,596	120,485
Gifts-In-Kind	2,099,184	4,479,936
Net Change in Unrealized Gains	10,210,092	25,525,728

The accompanying notes to the financial statements are an integral part of these statements.



Years Ended June 30, 2020 and 2019

FINANCIAL STATEMENTS OF RELATED UNIVERSITY CAMPUS FOUNDATIONS

All foundations reported are legally separate, tax-exempt, affiliated campus foundations formed to generate private support for the respective institutions.

University of Wisconsin System Campus Foundations

Consolidated Statements of Financial Position

	June 30, 2020	June 30, 2019
ASSETS		
Cash and Cash Equivalents	\$ 82,022,464	\$ 41,035,732
Income and Redemption Receivables	81,495,842	61,807,183
Pledges Receivable, Net	148,434,682	156,683,730
Prepaid Expenses and Other Assets	26,737,848	19,475,078
Investments	4,727,261,393	4,653,845,118
Property and Equipment, Net	178,974,925	187,097,143
Real Estate	978,867	4,136,138
TOTAL ASSETS	\$ 5,245,906,021	\$ 5,124,080,122
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 16,750,354	\$ 5,796,578
Pending Investment Purchases Payable	54,219,318	82,648,552
Accrued Expenses and Other Liabilities	26,502,328	30,647,935
Note Payable	160,684,986	163,077,223
Liability Under Split-Interest Agreements	42,379,075	43,471,964
Funds Due to Other Organizations	294,801,843	290,753,527
Total Liabilities	595,337,904	616,395,779
NET ASSETS		
Without Donor Restrictions	212,047,634	194,479,484
With Donor Restrictions	4,438,520,483	4,313,204,859
Total Net Assets	4,650,568,117	4,507,684,343
TOTAL LIABILITIES AND NET ASSETS	\$ 5,245,906,021	\$ 5,124,080,122

Consolidated Statements of Activities

	Year ended June 30, 2020	Year ended June 30, 2019
REVENUES, GAINS AND OTHER SUPPORT		
Contributions	\$ 376,812,022	\$ 411,597,999
Investment Return, Net of Fees	92,543,856	164,908,249
Rental Income	8,121,143	9,631,027
Other Income	13,107,352	9,891,446
Total Revenues, Gains and Other Support	490,584,373	596,028,721
EXPENSES		
Program Expenses	313,292,612	341,854,160
Management and General Expenses	21,691,746	23,077,436
Fundraising Expenses	39,875,156	36,923,335
Total Expenses	374,859,514	401,854,931
OTHER CHANGES IN NET ASSETS	27,158,915	—
INCREASE IN NET ASSETS	142,883,774	194,173,790
Net Assets - Beginning of Year	4,507,684,343	4,313,510,553
Net Assets - End of Year	\$ 4,650,568,117	\$ 4,507,684,343

The accompanying notes to the financial statements are an integral part of these statements.



Years Ended June 30, 2020 and 2019

NOTES TO THE FINANCIAL STATEMENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM

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UNIVERSITY OF WISCONSIN SYSTEM
Notes to the Financial Statements
Years Ended June 30, 2020 and 2019

NOTE 1 – Organization and Summary of Significant Accounting Policies

Basis of Accounting and Financial Statement Presentation

The University of Wisconsin System (University) is a major enterprise fund of the State of Wisconsin. The financial statements are presented in the proprietary fund financial statements of the State of Wisconsin's Comprehensive Annual Financial Report (CAFR). The University's financial information presented in the CAFR has been adjusted to reflect reclassifications and adjustments which are done to conform to reporting requirements relative to the CAFR.

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB). In fiscal year 2020, the University adopted GASB Statement No. 84, *Fiduciary Activities* (GASB 84). In fiscal year 2019, the University adopted GASB Statement No. 83, *Certain Asset Retirement Obligations* (GASB 83) and GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placement* (GASB 88).

The University's annual report consists of three basic financial statements prepared in accordance with GASB principles: the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows.

The Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows have been prepared using the economic resources measurement focus and the accrual basis of accounting. The University of Wisconsin System reports as a Business Type Activity, as defined by GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities* (GASB 35). Business Type Activities are those that are financed in whole or in part by fees charged to external parties for goods or services.

The Statement of Revenues, Expenses, and Changes in Net Position classifies the University's fiscal year activity as operating and non-operating. Operating revenue results from exchange transactions, such as payment received for providing goods and services, including tuition and fees, certain grants and contracts, sales and services of educational activities, and auxiliary enterprise revenue. Other operating revenues include resources generated from units such as intercollegiate athletics, stadium, arena, student health services, car fleet, stores operations, child care services, copy centers, and student service programs such as placement, orientation, intramurals, and counseling centers.

Other operating revenues are summarized as follows:

	Year ended June 30, 2020	Year ended June 30, 2019
Athletics	\$ 143,314,937	\$ 151,308,297
Student Health Services	49,541,209	50,146,063
Student Union/Student Center	44,757,915	46,333,790
All Other Areas	166,683,853	159,265,558
Total Other Operating Revenues	<u>\$ 404,297,914</u>	<u>\$ 407,053,708</u>

Certain significant revenue streams relied upon for operations are reported as non-operating revenues, as defined by GASB 35, including state appropriations, gifts, and investment income. The majority of the University's expenses are exchange transactions, which GASB defines as operating expenses for financial statement presentation. Non-operating expenses include capital financing costs and costs related to investment activity.

The Statement of Cash Flows presents the change in the cash and cash equivalents balance for the fiscal year. Cash and cash equivalents include bank accounts and investments with original maturity dates of 90 days or less at the time of purchase. These investments consist primarily of commercial

UNIVERSITY OF WISCONSIN SYSTEM
Notes to the Financial Statements
Years Ended June 30, 2020 and 2019

NOTE 1 – Organization and Summary of Significant Accounting Policies (continued)

paper, money market funds, and U.S. Treasury bills. Investments in marketable securities are carried at fair value as established by the major securities markets. Investments in limited partnerships are carried at fair value based on quarterly reports from the limited partnerships' management. Annually, these reports are audited by independent auditors.

Financial Reporting Entity

The University is made up of 13 four-year universities and 13 additional campuses affiliated with seven of the four-year institutions. The University has also considered all potential component units for which it is financially accountable and other affiliated organizations where the nature and significance of their relationships, including their ongoing financial support, with the University are such that exclusion would cause the University's financial statements to be misleading or incomplete.

The decision to include a potential component unit in the University's reporting entity is based on the criteria set forth in GASB Statement No. 14, *The Financial Reporting Entity*, GASB Statement No. 39, *Determining whether Certain Organizations are Component Units*, an amendment of GASB Statement No. 14, GASB Statement No. 61, *The Financial Reporting Entity; Omnibus*, an amendment of GASB Statements No. 14 and No. 34, and GASB Statement No. 80, *Blending Requirements for Certain Component Units*, an amendment of GASB Statement No. 14. Based upon the application of these criteria, 13 campus foundations are included in the financial statements as discretely presented component units because they operate entirely for the benefit of the University, for fiscal year 2020. For fiscal year 2019, 12 campus foundations are included in the financial statements as discretely presented component units.

Other Organizations

The financial statements do not include the accounts of the University of Wisconsin Hospital and Clinics Authority (UWHCA), which is a separate legal organization reported as a discrete component unit within financial statements of the State of Wisconsin; the University of Wisconsin Medical Foundation (UWMF), which is a blended component unit of UWHCA; or the La Crosse Medical Health Science Consortium, Inc., which is a Wisconsin non-stock corporation tax exempt under Internal Revenue Code (IRC) 501(c)(3) not meeting the criteria of a component unit. In addition, the financial statements do not include the accounts of various legally independent and fully self-governing support organizations, such as booster clubs and alumni groups; funds contributed to the University by these organizations are reported at the time they are received. Note 11 describes the effect of affiliation and operating agreements with the UWMF; UWHCA; Wisconsin Alumni Research Foundation (WARF), relating to the Wisconsin Institutes for Discovery; and La Crosse Medical Health Science Consortium, Inc. had on the University's financial statements.

Summary of Significant Accounting Policies

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

The University eliminates intra-fund assets and liabilities to prevent double counting in the Statement of Net Position. Likewise, revenues and expenses related to internal service activities are also eliminated in the Statement of Revenues, Expenses, and Changes in Net Position.

Inventories consist of consumable supplies used in operations or items held for resale. Fuels are reported at market value, while other inventories held by individual institutional cost centers are valued using a variety of cost flow assumptions that, for each type of inventory, are consistently

UNIVERSITY OF WISCONSIN SYSTEM
Notes to the Financial Statements
Years Ended June 30, 2020 and 2019

NOTE 1 – Organization and Summary of Significant Accounting Policies (continued)

applied from year to year. In addition to central stores and fuels, the major types of inventories include laboratory supplies, physical plant supplies, food service and student housing supplies, and items held for resale by campus computer outlets.

Prepaid expenses represent payments made prior to June 30th for goods and services received after the close of the fiscal year, primarily health and life insurance coverage, and costs associated with revenues that have not yet been earned as of June 30th, primarily summer session costs incurred prior to the close of the fiscal year. The revenues and expenses of the 2020 and 2019 summer sessions are reportable within the fiscal year beginning July 1 and ending June 30, based on the prorated portion of the number of summer session days that occurred in fiscal year 2020 and 2019, respectively.

Accounting policies related to capital assets are described in Note 4.

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from the WRS' fiduciary net position have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Unearned revenues consist of payments received but not yet earned as of June 30th, primarily summer session tuition payments, tuition and room deposits for the next fall term, advance ticket sales for athletic events, and amounts received from grant and contract sponsors which have not yet been earned under the terms of the agreement.

The compensated absences liability consists of accumulated unpaid annual leave, compensatory time, personal holiday hours, and Saturday/legal holiday hours earned and vested. The University leave policies restrict the accumulation of unused vacation and thus limit the actual payments made to employees upon termination or retirement.

Restricted funds received as gifts, grants, and contracts are used according to donor restrictions or the specific purpose of the grantor. In addition, restrictions are statutorily established that limit the use of certain resources for specific purposes. These restrictions apply not only to state support but also to many of the University's program revenue sources, including segregated fee auxiliary operations. The funds reported as restricted will be used in accordance with the purposes for which they are restricted and are the first resources used for these purposes. Unrestricted funds would be used only secondarily to support these restricted purposes.

Deferred outflows of resources, a separate financial statement element, represents a consumption of net position that applies to future periods and will be recognized as an outflow of resources (expense/expenditure) in those periods. The University's deferred outflows of resources are related to the net pension asset (liability), other postemployment benefits (OPEB) asset (liability), debt refunding and capital asset retirement obligation. Additional information related to pensions is available in Note 8, OPEBs is available in Note 9, and debt is available in Note 6. See Note 10 for more information regarding deferred outflows of resources.

Deferred inflows of resources, a separate financial statement element, represents an acquisition of net position that applies to future periods and will be recognized as an inflow of resources (decrease in expense/expenditure) in those periods. The University's deferred inflows of resources are related to the net pension asset (liability), OPEB asset (liability), and debt refunding. Additional information related to pensions is available in Note 8, OPEBs is available in Note 9, and debt is available in Note 6. See Note 10 for more information regarding deferred inflows of resources.

UNIVERSITY OF WISCONSIN SYSTEM
Notes to the Financial Statements
Years Ended June 30, 2020 and 2019

NOTE 1 – Organization and Summary of Significant Accounting Policies (continued)

Student tuition and fees are presented net of scholarships and fellowships applied to student accounts. Stipends and other payments made directly to students are presented as scholarship and fellowship expenses.

Newly Adopted Accounting Pronouncements

The University adopted GASB Statement No. 84, *Fiduciary Activities* (GASB 84), effective for the fiscal year ended June 30, 2020. The GASB statement intends to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The adoption of this standard did not have a significant impact on the financial reporting for the fiscal year ended June 30, 2020.

New Accounting Pronouncements

GASB Statement No. 87, *Leases* (GASB 87), establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. As a result, recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources (revenues) or outflows of resources (expenses) based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The provisions of GASB 87 are effective for fiscal year 2022.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* (GASB 89), will enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplify accounting for interest cost incurred before the end of a construction period. Paragraphs 5–22 of GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, are superseded by this Statement. The provisions of GASB 89 are effective for fiscal year 2022.

GASB Statement No. 90, *Majority Equity Interests—An Amendment of GASB Statements No. 14 and No. 61* (GASB 90), aims to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. The provisions of GASB 90 are effective for fiscal year 2021.

GASB Statement No. 91, *Conduit Debt Obligations* (GASB 91), provides a single method of reporting conduit debt obligations by issuers and aims to eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement clarifies the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The provisions of GASB 91 are effective for fiscal year 2023.

GASB Statement No. 93, *Replacement of Interbank Offered Rates* (GASB 93), amends and clarifies accounting guidance impacted by global reference rate reform and the related replacement of the London Interbank Offered Rate (LIBOR). The provisions of GASB 93 are effective for fiscal year 2021.

UNIVERSITY OF WISCONSIN SYSTEM

Notes to the Financial Statements

Years Ended June 30, 2020 and 2019

NOTE 1 – Organization and Summary of Significant Accounting Policies (continued)

GASB Statement No. 94, *Public-Private and Public-Private Partnerships and Availability Payment Arrangements* (GASB 94), intends to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. The provisions of GASB 94 are effective for fiscal year 2023.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96), provides guidance on the accounting and financial reporting for subscription-based information technology arrangements. The provisions of GASB 96 are effective for fiscal year 2023.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* (GASB 97), aims to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The provisions of GASB 97 are effective for fiscal year 2022.

Management is in the process of evaluating whether these GASB statements will be applicable to the University and the impact these statements may have on the University's financial statements.

NOTE 2 – Cash and Investments

Cash and Cash Equivalents

Cash and cash equivalents consist primarily of shares in the State Investment Fund (SIF), a short-term pool of state and local funds managed by the State of Wisconsin Investment Board (SWIB) with oversight by a Board of Trustees as authorized in Wisconsin Statutes Sections 25.17 (3) (b), (ba), (bd), and (dg). SWIB is not registered with the SEC as an investment company. The fair value of the investment in the SIF is based on net asset value (NAV) per share (or its equivalent), as of June 30, 2020. The SIF is a commingled fund with the investment objective of safety of principal and liquidity while earning a competitive money market rate of return. The valuation of the underlying investments of the SIF depends on asset class. Repurchase Agreements and non-negotiable Certificates of Deposit are valued at cost. All remaining short-term debt investments (U.S. Government/Agency securities, Banker's Acceptances, Commercial Paper, and negotiable Certificates of Deposit) are carried at fair value. Because quoted market prices for SIF securities are often not available, at month end, BNY Mellon, as SWIB's custodial bank, compiles fair values from third party pricing services which use matrix pricing models to estimate a security's fair value. There are no unfunded commitments relating to the SIF and shares of the SIF can be fully redeemed at any time with no notice or other restrictions. Further information about the investments in the SIF can be obtained from the separately issued State Investment Fund Annual Financial Report for the Fiscal Year Ended June 30, 2020.

Of the \$1,949.1 million and \$1,863.7 million in cash and cash equivalents as of June 30, 2020 and 2019, respectively, \$1,724.9 million and \$1,622.4 million, respectively, represent amounts held within the SIF; \$224.1 million and \$241.3 million, respectively, was maintained by individual University institutions in local bank accounts to meet operating needs; and a small, residual amount was held at BNY Mellon to meet the cash needs of the investing activities of the Trust Fund. Interest distributions are received on a monthly basis for balances associated with trust funds, federal aid

UNIVERSITY OF WISCONSIN SYSTEM

Notes to the Financial Statements

Years Ended June 30, 2020 and 2019

NOTE 2 – Cash and Investments (continued)

programs, and funds attributable to the appropriations listed in Wisconsin Statutes Section 20.285(1) (Li). Investment earnings for all other funds do not accrue to the University.

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the University will not be able to recover deposits that are in possession of an outside party. The University does not have a deposit policy specifically for custodial risk. Shares in the SIF are not required to be categorized under GASB Statement No. 40, *Deposit and Investment Risk Disclosures*.

For the remaining deposits, the University had balances in excess of Federal Deposit Insurance Corporation limits totaling \$217.9 million and \$234.6 million at June 30, 2020 and 2019, respectively. These amounts, deposited in approved financial institutions, are uninsured and uncollateralized. A state appropriation for losses on public deposits (Wisconsin Statutes Section 34.08) insures up to \$400,000 over the amount of federal insurance.

Foreign Currency Risk: Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of a deposit. Deposits in foreign currency at June 30, 2020 and 2019 are insignificant. The University does not have a formal policy for foreign currency risk.

Investments

The University invests its Trust Funds, primarily gifts and bequests, in accordance with the investment policies and guidelines governed and authorized by the Board of Regents. Effective, April 1, 2018, the Board of Regents transferred its investment management responsibilities to the State of Wisconsin Investment Board (SWIB) as permitted through Section 36.11 (11m) of the Wisconsin statutes. The SWIB-managed Long Term Fund has a target asset allocation to public markets of the following: 57% public equities, 20% fixed income, and 23% inflation sensitive securities. SWIB achieves these allocations through the use of externally-managed index funds. In addition, this fund continues to have an allocation to private markets through a “legacy” portfolio that will self-liquidate over time as investments are sold and cash proceeds are received. The target allocations to public markets were last affirmed/approved by the Board of Regents in April 2018.

Effective April 1, 2019, a new internally managed investment fund was established for a limited and select number of participating Trust Funds accounts. This fund was established by the University Board of Regents to provide educational investment management opportunity for the UW-Madison School of Business's Applied Security Analysis Program. The “RegentFund” is an intermediate-term fixed income portfolio, governed by and subject to a University Board of Regents approved Memorandum of Understanding, which includes detailed investment guidelines.

The SWIB-managed Long Term Fund consisted of the following actual asset allocation by investment category on June 30, 2020 and 2019:

Investment Category	2020	2019
Global Equities	42.7 %	40.0 %
Treasury Inflation Protection Securities (TIPS)	16.1 %	17.0 %
Investment Grade Government/Credit	16.3 %	17.2 %
Hedged Non-U.S. Equities (Developed Markets)	4.8 %	5.1 %
Real Estate Investment Trusts (REITs)	2.5 %	2.6 %
Emerging Markets Equities	2.7 %	2.4 %
Private Markets ¹	14.9 %	15.7 %
Total	100.0 %	100.0 %

¹ Private Markets is not included in the target allocation. The Private Markets category is comprised of private equity funds of J.P. Morgan, Adams Street Partners, and a TRG Forestry Fund.

UNIVERSITY OF WISCONSIN SYSTEM
Notes to the Financial Statements
Years Ended June 30, 2020 and 2019

NOTE 2 – Cash and Investments (continued)

The RegentFund (effective as of April 1, 2019) consisted of the following actual asset allocation by investment category on June 30, 2020 and 2019:

Investment Category	2020	2019
Fixed Income Securities	94.9 %	94.4 %
Short Term Investment Funds	5.1 %	5.6 %
Total	100.0 %	100.0 %

Benefiting University entities receive quarterly distributions from the Long Term Fund, which is primarily comprised of endowed assets, based on an annual spending rate applied to a twelve-quarter moving average market value of the Fund. The annual spending rate is currently 4.0%. Distributions from the RegentFund, which is primarily comprised of expendable gifts, consisted of quarterly interest earnings distributions. Spending rate and interest distributions from both Funds are transferred to the SIF, pending near-term expenditures. During the fiscal year ended June 30, 2020, the amount made available to spend from these funds was \$17.5 million, relative to \$16.2 million available during the fiscal year ended June 30, 2019.

At June 30, 2020 and 2019, the University's investments were as follows:

Investments	2020	2019
Equity Index Funds	\$ 232,126,303	\$ 217,973,035
Fixed Income Index Funds	149,615,772	157,309,946
Real Estate Index Fund	11,339,872	11,724,118
Fixed Income Securities	7,366,994	6,972,692
Short Term Investment Funds	397,712	412,590
Private Markets Limited Partnership	69,575,806	72,368,222
Total Investments	\$ 470,422,459	\$ 466,760,603

The total return on the Long Term Fund, including capital appreciation, was 3.8% for fiscal year 2020 compared to 7.5% in fiscal year 2019. The total return on the RegentFund, including capital appreciation, was 6.8% for fiscal year 2020, compared to 3.7% for the three months beginning April 1, 2019 when the Fund was initiated.

Credit Risk: Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Credit ratings issued by the major rating agencies are one indication of the perceived credit quality of the issuer. As of June 30, 2020, the University was exposed to credit risk directly through its singular separately-managed fixed income portfolio, the RegentFund, and indirectly through the ownership of shares of commingled or mutual funds.

The following schedule displays the credit ratings as provided by Moody's Investor Service for debt securities owned as of June 30, 2020 and 2019. Obligations of the United States and obligations explicitly guaranteed by the U.S. government are included in the Aaa rating below.

UNIVERSITY OF WISCONSIN SYSTEM
Notes to the Financial Statements
Years Ended June 30, 2020 and 2019

NOTE 2 – Cash and Investments (continued)

<u>Ratings</u>	<u>2020</u>	<u>2019</u>
Aaa	\$ 1,421,763	\$ 1,010,468
Aa1	—	235,197
Aa2	143	—
A1	442,816	230,567
A2	396,209	205,230
A3	1,176,109	1,015,456
Baa1	926,407	930,924
Baa2	1,347,770	1,707,644
Baa3	1,026,562	833,365
Ba1	226,350	273,170
Ba2	142,174	268,995
Ba3	130,935	129,900
B1	129,756	131,625
Unrated Bond Fund	149,615,772	157,309,946
Unrated Short Term Investments	397,712	412,741
Totals	<u>\$ 157,380,478</u>	<u>\$ 164,695,228</u>

Custodial Credit Risk: Custodial credit risk related to investments is the risk that, in the event of a failure of a counterparty to a transaction, the University will not be able to recover the value of investment or collateral securities that are in possession of an outside party. The University's separately-held investment securities are registered in the name of the University. Investment securities underlying the University's investment in shares of external investment pools or funds are in custody at those entities. The shares owned in these external investment pools are registered in the name of the University. The University does not have a formal policy for custodial credit risk.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of an organization's investment in a single issuer. Separately-managed debt/fixed income accounts that the University held as of June 30, 2020 and 2019 were limited to holding no more than 7.0% in any one issuer (U.S. Government/Agencies were exempted).

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The University used the option adjusted modified duration method to analyze interest rate risk for separately-held securities. Fixed income securities held by the University as of June 30, 2020 was expected to be within a range of two years below to one year above the effective duration of the established benchmark's duration.

The following schedule displays the interest rate risk statistics for individually-held debt securities owned as of June 30, 2020 and 2019, grouped by sector.

<u>Fixed Income Sector</u>	<u>2020</u>		<u>2019</u>	
	Market Value	Effective Duration (In Years)	Market Value	Effective Duration (In Years)
Corporate Debt	\$ 6,080,015	5.51	5,962,225	4.91
Government Debt	1,684,691	4.71	1,423,057	5.32
Totals	<u>\$ 7,764,706</u>		<u>\$ 7,385,282</u>	

UNIVERSITY OF WISCONSIN SYSTEM
Notes to the Financial Statements
Years Ended June 30, 2020 and 2019

NOTE 2 – Cash and Investments (continued)

The following schedule displays the interest rate risk statistics for the commingled debt/fixed income funds held as of June 30, 2020 and 2019, as determined by the providers of the funds.

Fixed Income Commingled Fund	2020		2019	
	Market Value	Effective Duration (In Years)	Market Value	Effective Duration (In Years)
BlackRock U.S. TIPS Fund B	\$ 75,237,730	7.68	\$ 78,255,104	7.48
BlackRock Government/Credit Bond Index Fund B	74,378,042	7.30	79,054,842	6.59
Totals	<u>\$149,615,772</u>		<u>\$157,309,946</u>	

Foreign Currency Risk: Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The Long Term Fund held positions only in passively-managed, indexed commingled funds which may invest in securities denominated in foreign currencies. However, the fund used for exposure to developed market equities generally seeks to hedge against the variations in returns deriving solely from the value of the foreign currencies in the fund relative to the U.S. dollar. The fund used for exposure to emerging market equities generally does not engage in similar foreign currency hedging efforts, due largely to the high cost and more limited efficacy of such hedging. Deposits in foreign currency for the RegentFund at June 30, 2020 are immaterial.

Securities Lending: The University has an agreement with BlackRock Institutional Trust Company, N.A., which acts as custodian for the University's Long Term Fund investments and authorizes the bank to lend securities held in the University's accounts to third parties. The bank must obtain collateral from the borrower, or acceptable securities. When the University's securities are delivered to a borrower as part of a securities lending arrangement, the borrower is required to place collateral with the lending agent equal to at least 102% of the loaned securities' fair value, including interest accrued, as of the delivery date. Both the collateral and the securities loaned are marked-to-market on a daily basis, with additional collateral obtained or refunded as necessary. In the event that the loaned securities are not returned by the borrower, the bank will, at its own expense, either replace the loaned securities or, if unable to purchase those securities on the open market, credit the University's accounts with cash equal to the fair value of the loaned securities.

The University receives 75 percent of the net revenue derived from all securities lending activities and the bank receives the remainder of the net revenue. Interest and dividend income reported as part of non-operating investment income in the Statement of Revenues, Expenses, and Changes in Net Position includes \$415,789 and \$300,861 earned by the University during the fiscal years ended June 30, 2020 and 2019, respectively, in conjunction with the securities lending program.

Although the University's securities lending activities are collateralized as described above, the securities lending program involves both market and credit risk. In this context, market risk refers to the possibility that the borrower of securities will be unable to collateralize the loan upon a sudden material change in the fair value of the loaned securities or the collateral, or that the bank's investment of collateral received from the borrowers of the University's securities may be subject to unfavorable market fluctuations. Credit risk refers to the possibility that counterparties involved in the securities lending program may fail to perform in accordance with the terms of their contracts.

At June 30, 2020 and 2019, the fair value of securities loaned was \$106.8 million and \$109.3 million, respectively, while the collateral held was \$109.4 million and \$109.3 million, respectively. Collateral received consisted of cash and non-cash collateral. The cash collateral was invested in a U.S. Dollar Cash Collateral Pool. There was non-cash collateral received of \$327,516 and \$298,903 as of June 30, 2020 and 2019, respectively. In accordance with accounting standards the value of the collateral held and a corresponding liability to return the collateral have been reported on the accompanying Statement of Net Position.

UNIVERSITY OF WISCONSIN SYSTEM
Notes to the Financial Statements
Years Ended June 30, 2020 and 2019

NOTE 2 – Cash and Investments (continued)

Donor-restricted endowments: For University-controlled, donor-restricted endowments, the Uniform Prudent Management of Institutional Funds Act, as adopted in Wisconsin, permits the Board of Regents of the University to appropriate, for current spending, an amount of realized and unrealized endowment appreciation as it determines to be prudent. Realized and unrealized appreciation in excess of that amount appropriated for current spending is retained by the endowments. Net appreciation since the inception of the endowment accounts of \$153.7 million and \$147.1 million at June 30, 2020 and June 30, 2019, respectively, is available to meet spending rate distributions and is recorded as restricted net assets.

Fair Value Measurements: The University and the Foundations categorize their fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The three levels of the fair value hierarchy are described as follows:

- Level 1 – Quoted market prices in active markets for identical assets or liabilities
- Level 2 – Inputs other than quoted market prices included that are observable for the asset or liability. Matrix pricing, which is a mathematical technique used principally to value debt securities, is consistent with the market approach. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.
- Level 3 – Unobservable inputs for the asset and liability used to measure fair value that rely on the reporting entity's own assumptions.

The hierarchy is based on the valuation inputs used to measure the fair value of the asset and gives the highest priority to level 1 measurements and the lowest priority to level 3 measurements. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

The University and the Foundations measure the fair value of investments in certain entities that do not have a quoted market price at the calculated net asset value (NAV) per share or its equivalent. As these investments are not readily marketable the estimated value is subject to uncertainty, and therefore, may differ from the value that would have been used had a ready market for the investments existed.

As of June 30, 2020, the University's investments were measured at fair value within the fair value hierarchy established by generally accepted accounting principles, as well as by using the net asset value per share or its equivalent. The following table presents these investments by investment category.

Investments	Level 1	Level 2	Level 3	Measured at NAV	Total June 30, 2020
Equity Index Funds	\$ —	\$ —	\$ —	\$ 232,126,303	\$ 232,126,303
Fixed Income Index Funds	—	—	—	149,615,772	149,615,772
Real Estate Index Fund	—	—	—	11,339,872	11,339,872
Fixed Income Securities	1,286,979	6,080,015	—	—	7,366,994
Short Term Investment Funds	341,179	—	—	56,533	397,712
Private Equity Limited Partnership	—	—	—	69,575,806	69,575,806
Total Investments at Fair Value	<u>\$ 1,628,158</u>	<u>\$ 6,080,015</u>	<u>\$ —</u>	<u>\$ 462,714,286</u>	<u>\$ 470,422,459</u>

The equity index funds include a global equity index fund (84%) with an investment strategy designed to track the return of equity securities traded both inside and outside of the United States. An additional 5% of this category includes an emerging markets index fund with an investment strategy designed to track the return of equity securities in emerging markets. The remaining 11% is included in an international currency hedged equity index fund with an investment strategy

UNIVERSITY OF WISCONSIN SYSTEM
Notes to the Financial Statements
Years Ended June 30, 2020 and 2019

NOTE 2 – Cash and Investments (continued)

designed to track the return of the markets in certain countries for equity securities outside of the United States while mitigating exposure to fluctuations between the value of the currencies in the fund and the U.S. dollar. The international and emerging markets index funds have daily liquidity with 2 days' notice. The international hedged index fund has monthly liquidity with 2 days' notice.

The fixed income index funds category includes a corporate and government bond index fund (50%) with an investment strategy of approximating as closely as practicable the return of an industry standard US Government/Credit Bond Index. The remaining 50% includes a U.S. TIPS index fund with an investment strategy of closely approximating the return of all outstanding U.S. TIPS with a maturity of one year or greater. These fixed income index funds have daily liquidity with 2 days' notice.

The real estate index fund includes an investment strategy designed to track the return of publicly traded real estate equity securities. The real estate index fund has daily liquidity with 2 days' notice.

As of June 30, 2019, the University's investments were measured at fair value within the fair value hierarchy established by generally accepted accounting principles, as well as by using the net asset value per share or its equivalent. The following table presents these investments by investment category.

Investments	Level 1	Level 2	Level 3	Measured at NAV	Total June 30, 2019
Equity Index Funds	\$ —	\$ —	\$ —	\$ 217,973,035	\$ 217,973,035
Fixed Income Index Funds	—	—	—	157,309,946	157,309,946
Real Estate Index Fund	—	—	—	11,724,118	11,724,118
Fixed Income Securities	1,010,467	5,962,225	—	—	6,972,692
Short Term Investment Funds	412,590	—	—	—	412,590
Private Equity Limited Partnership	—	—	—	72,368,222	72,368,222
Total Investments at Fair Value	\$ 1,423,057	\$ 5,962,225	\$ —	\$ 459,375,321	\$ 466,760,603

As part of the investment management transfer to SWIB, Terrace Investment Holdings SMF, LLC was created to centrally hold and manage the University's investments in private markets Limited Partnership Funds. This investment is illiquid and is generally not resold or redeemed. Distributions from the fund will be received over the life of the investment as the underlying investments are liquidated. The investment strategy of the limited partnership focuses globally on corporate finance, venture capital, and forestry/agricultural investments. The fund-of-funds limited partnership is estimated to have an average remaining life of approximately 4.8 years at June 30, 2020. The estimated remaining life of the underlying investments are between 0-9 years at June 30, 2020.

The following table presents the fair value and unfunded commitments of the University's investments in private markets Limited Partnerships Funds as of June 30:

Investment Type	2020		2019	
	Fair Value	Unfunded Commitments	Fair Value	Unfunded Commitments
Private Markets Limited Partnership Funds	\$ 69,575,806	\$ 12,953,443	\$ 72,368,222	\$ 16,921,959

No further new commitments to these or other private markets funds are anticipated. The existing positions in the private markets Limited Partnership Funds will eventually self-liquidate, as underlying private investments are sold off and distributions are made to investors.

UNIVERSITY OF WISCONSIN SYSTEM
Notes to the Financial Statements
Years Ended June 30, 2020 and 2019

NOTE 2 – Cash and Investments (continued)

As of June 30, 2020, the Foundations' investments were measured at fair value within the fair value hierarchy established by generally accepted accounting principles, as well as by using the net asset value (NAV) per share or its equivalent. The following table presents these investments by investment category.

Investments	Level 1	Level 2	Level 3	Measured at NAV	Total June 30, 2020
Certificates of Deposit	\$ 702,639	\$ 160,908	\$ —	\$ —	\$ 863,547
Money Market Funds	112,592,805	9,002,714	—	—	121,595,519
Federal and State Government Securities	—	255,021	—	—	255,021
Equity Securities	834,269,021	—	3,009,343	—	837,278,364
Debt Securities	59,494,268	798,264,851	3,605,610	—	861,364,729
Bond Funds	22,769,532	7,638,352	—	283,768,338	314,176,222
Stock Funds	43,480,017	—	—	946,596,376	990,076,393
Exchange Traded Funds	101,923,754	—	—	—	101,923,754
Mutual Funds	454,952,749	—	—	—	454,952,749
Other	95,666,099	12,435,205	39,881,590	112,112,526	260,095,420
Subtotal	1,725,850,884	827,757,051	46,496,543	1,342,477,240	3,942,581,718
Alternate Investments					
Private Equity	—	—	—	342,941,177	342,941,177
Real Estate	160,882	—	—	244,833,049	244,993,931
Hedge Funds	—	—	—	132,475,310	132,475,310
Other	1,685,250	—	—	62,584,007	64,269,257
Total investments at fair value	<u>\$1,727,697,016</u>	<u>\$ 827,757,051</u>	<u>\$ 46,496,543</u>	<u>\$2,125,310,783</u>	<u>\$4,727,261,393</u>

UNIVERSITY OF WISCONSIN SYSTEM

Notes to the Financial Statements

Years Ended June 30, 2020 and 2019

NOTE 2 – Cash and Investments (continued)

As of June 30, 2019, the Foundations' investments were measured at fair value within the fair value hierarchy established by generally accepted accounting principles, as well as by using the net asset value (NAV) per share or its equivalent. The following table presents these investments by investment category.

Investments	Level 1	Level 2	Level 3	Measured at NAV	Total June 30, 2019
Certificates of Deposit	\$ —	\$ 224,490	\$ —	\$ —	\$ 224,490
Money Market Funds	90,238,118	5,097,257	—	—	95,335,375
Federal and State Government Securities	3,773,313	758,210	—	—	4,531,523
Equity Securities	614,355,758	—	2,786,903	—	617,142,661
Debt Securities	106,267,979	683,587,510	4,749,259	—	794,604,748
Bond Funds	36,549,357	1,325,940	—	407,382,999	445,258,296
Stock Funds	78,696,369	8,432,418	31,707,692	1,171,946,131	1,290,782,610
Exchange Traded Funds	98,796,013	—	—	—	98,796,013
Mutual Funds	408,117,081	—	—	—	408,117,081
Other	82,309,210	16,327,694	6,006,998	100,215,285	204,859,187
Subtotal	1,519,103,198	715,753,519	45,250,852	1,679,544,415	3,959,651,984
Alternate Investments					
Private Equity	—	—	—	338,027,350	338,027,350
Real Estate	—	—	—	240,047,755	240,047,755
Hedge Funds	—	—	—	73,820,203	73,820,203
Other	—	—	—	42,297,826	42,297,826
Total investments at fair value	<u>\$1,519,103,198</u>	<u>\$ 715,753,519</u>	<u>\$ 45,250,852</u>	<u>\$2,373,737,549</u>	<u>\$4,653,845,118</u>

NOTE 3 – Receivables

Accounts receivable and student loans receivable as of June 30, 2020 and June 30, 2019, are summarized as follows:

Receivables (Net)	2020	2019
Student Academic Fees	\$ 22,874,444	\$ 20,714,592
Grants and Contracts	78,867,957	75,981,697
Educational Activities and Other	47,569,034	43,794,645
Auxiliary Enterprises	9,372,707	10,916,210
UW Hospital Authority and La Crosse Medical Health Science Consortium Inc.	10,958,114	7,506,582
Investment	93,343	95,936
Student Loans Receivable	147,729,321	173,269,663
State Agencies	24,885,165	23,048,258
Other Governments	91,173,362	66,980,257
Total Receivables (Net)	<u>\$433,523,447</u>	<u>\$422,307,840</u>

Student loans receivable at June 30, 2020 included allowances for uncollectible loans of \$6.4 million relative to \$7.6 million in the prior year. Principal repayment and interest rates of University and

UNIVERSITY OF WISCONSIN SYSTEM
Notes to the Financial Statements
Years Ended June 30, 2020 and 2019

NOTE 3 – Receivables (continued)

federal loans vary. Federal loan programs are funded primarily with federal contributions to the University under the Perkins loan program and a variety of health professions loan programs.

Allowances for uncollectible on all non-student loan receivables totaled \$34.2 million and \$29.4 million at June 30, 2020 and 2019, respectively.

The University distributed student loans through the United States Department of Education federal direct lending program totaling \$608.4 million during fiscal year 2020 and \$639.3 million in fiscal year 2019. These distributions and the related funding sources are not reflected as expenses and revenues in the financial statements. However, related cash inflows and outflows are shown in the Statement of Cash Flows.

NOTE 4 - Capital Assets

Land, buildings, improvements (e.g., parking lots, fences, street lighting, etc.), equipment, and library holdings are capitalized at cost at date of acquisition or acquisition value at the date of donation in the case of gifts-in-kind. Generally, capital equipment is defined as any single asset with a minimum value of \$5,000 and having a useful life of more than one year. Depreciation is calculated on a straight-line basis over the estimated useful lives of the respective assets: buildings over 40 years, improvements over 20 years, and capital equipment over periods ranging from 3 to 15 years for specified asset classes. The componentized methodology of depreciation is used for major research facilities generally using estimated useful lives ranging from 10 to 50 years. The buildings and land related to the 13 additional campuses are not owned by the University and thus are not reported in these financial statements. The University does not capitalize works of art or historical treasures that are held for exhibition, education, research, and public service. These collections are neither disposed of for financial gain nor encumbered in any way. Proceeds from the sale, exchange, or other disposal of any item belonging to a collection of works of art or historical treasures must be applied to the acquisition of additional items for the same collection.

GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, establishes accounting and financial reporting standards for a capital asset that has experienced a significant, unexpected decline in its service utility. No individual asset met these criteria in fiscal year 2020 or 2019. Insurance recoveries received in fiscal year 2020 included \$3.0 million for building water damage at the University of Wisconsin-Madison. Insurance recoveries received in fiscal year 2019 included \$1.5 million for legal settlement costs to resolve loan obligations of the University of Wisconsin - Oshkosh Foundation, and \$1.7 million for a building fire at the University of Wisconsin-Milwaukee. Insurance recoveries are reported as other non-operating revenues in the financial statements.

GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, establishes accounting and financial reporting standards for an intangible asset that lacks physical substance, is nonfinancial in nature, has a useful life extending beyond one year, and is not acquired or created primarily for the purpose of directly obtaining income or profit. Intangible assets are capitalized with a minimum value of \$1.0 million and are included in the equipment balance. Depreciation for intangible assets is calculated on a straight-line basis over ten years. At June 30, 2020, the equipment balance includes \$26.0 million for intangible assets net of depreciation, compared to \$29.6 million at June 30, 2019.

Depreciation expense for fiscal years ended June 30, 2020 and 2019 was \$329.1 million and \$327.3 million, respectively.

UNIVERSITY OF WISCONSIN SYSTEM

Notes to the Financial Statements

Years Ended June 30, 2020 and 2019

NOTE 4 - Capital Assets (continued)

During both fiscal year 2019 and 2020, several major construction projects were in progress including the following projects with a budget of \$50.0 million or more:

UW Institution	Project	Primary Purpose	Approx. Budget (in millions)	Primary Funding Sources
Madison	Chemistry Building Addition & Renovation	Academic	\$ 133.1	GFSB/Cash/Gifts
Madison	Gymnasium/Natatorium Replacement	Student Life	126.3	PRSB/Gifts
Madison	Sellery Hall Addition & Renovation	Student Life	78.8	PRSB/Cash
Madison	Veterinary Medicine Addition & Renovation	Academic	128.1	GFSB/Gifts
Milwaukee	Chemistry Building STEM Program Renovation	Academic	129.5	GFSB
Milwaukee	Northwest Quadrant Renovation	Academic	52.1	GFSB/PRSB/Cash
Platteville	Sesquicentennial Hall	Academic	55.2	GFSB/PRSB

During fiscal year 2020, several new major construction projects were initiated and in progress including the following projects with a budget of \$50.0 million or more:

UW Institution	Project	Primary Purpose	Approx. Budget (in millions)	Primary Funding Sources
Eau Claire	Science/Health Science Building, Phase I	Academic	\$ 109.0	GFSB/Cash/Gifts
Madison	Camp Randall Stadium Renovation & Field House Repairs	Athletics	77.6	PRSB/Cash/Gifts
Madison	Meat Science and Muscle Biology Laboratory	Academic	57.1	GFSB/Cash/Gifts
Madison	Babcock Hall Dairy Plant & Center for Dairy Research Addition	Academic	72.6	GFSB/Cash/Gifts

No major construction projects were completed during fiscal year 2019. Several construction projects were completed during fiscal year 2020, including the following projects with \$50.0 million or more in actual expenditures:

UW Institution	Project	Primary Purpose	Approx. Budget (in millions)	Primary Funding Sources
Madison	Music Performance Building	Academic	\$ 55.8	Gifts
Madison	New South East Recreational Facility (SERF)	Student Life	96.5	PRSB/Gifts
Madison	Witte Residence Hall Renovation	Student Life	52.8	PRSB/Cash

UNIVERSITY OF WISCONSIN SYSTEM
Notes to the Financial Statements
Years Ended June 30, 2020 and 2019

NOTE 4 - Capital Assets (continued)

The change in book value from July 1, 2019 to June 30, 2020 is summarized as follows:

	Book Value July 1, 2019	Additions	Transfers	Deductions	Book Value June 30, 2020
Buildings	\$ 7,141,200,802	\$ 83,188,792	\$ 254,734,484	\$ (517,065)	\$ 7,478,607,013
Improvements	514,704,868	17,636,743	19,190,587	—	551,532,198
Land	158,212,091	2,125,882	—	—	160,337,973
Construction in Progress	734,392,706	210,997,118	(273,925,071)	—	671,464,753
Equipment	1,164,300,050	82,662,367	—	(28,063,658)	1,218,898,759
Library Holdings	1,127,069,796	20,365,890	—	(19,383,880)	1,128,051,806
Subtotal	<u>\$10,839,880,313</u>	<u>\$ 416,976,792</u>	<u>\$ —</u>	<u>\$ (47,964,603)</u>	<u>\$11,208,892,502</u>

Less Accumulated Depreciation:

	Book Value July 1, 2019	Additions	Transfers	Deductions	Book Value June 30, 2020
Buildings	\$3,412,860,239	\$ 218,255,732	\$ —	\$ (387,914)	\$3,630,728,057
Improvements	323,499,032	17,491,130	—	—	340,990,162
Equipment	870,286,454	71,238,847	—	(27,336,670)	914,188,631
Library Holdings	974,833,314	22,111,974	—	(19,383,880)	977,561,408
Total Accumulated Depreciation	<u>5,581,479,039</u>	<u>329,097,683</u>	<u>—</u>	<u>(47,108,464)</u>	<u>5,863,468,258</u>
Capital Assets, Net	<u>\$5,258,401,274</u>	<u>\$ 87,879,109</u>	<u>\$ —</u>	<u>\$ (856,139)</u>	<u>\$5,345,424,244</u>

The change in book value from July 1, 2018 to June 30, 2019 is summarized as follows:

	Book Value July 1, 2018	Additions	Transfers	Deductions	Book Value June 30, 2019
Buildings	\$ 7,062,816,725	\$ 40,450,166	\$ 43,097,020	\$ (5,163,109)	\$ 7,141,200,802
Improvements	499,845,821	3,698,802	11,160,245	—	514,704,868
Land	157,018,407	—	1,193,684	—	158,212,091
Construction in Progress	483,350,447	291,458,401	(38,536,303)	(1,879,839)	734,392,706
Equipment	1,198,593,663	83,136,429	16,988,101	(134,418,143)	1,164,300,050
Library Holdings	1,122,852,150	19,004,117	—	(14,786,471)	1,127,069,796
Subtotal	<u>\$10,524,477,213</u>	<u>\$ 437,747,915</u>	<u>\$ 33,902,747</u>	<u>\$ (156,247,562)</u>	<u>\$10,839,880,313</u>

Less Accumulated Depreciation:

	Book Value July 1, 2018	Additions	Transfers	Deductions	Book Value June 30, 2019
Buildings	\$ 3,200,667,236	\$ 212,247,003	\$ —	\$ (54,000)	\$ 3,412,860,239
Improvements	306,836,915	16,608,117	—	54,000	323,499,032
Equipment	909,494,310	76,258,182	95,628	(115,561,666)	870,286,454
Library Holdings	967,407,933	22,211,853	—	(14,786,472)	974,833,314
Total Accumulated Depreciation	<u>5,384,406,394</u>	<u>327,325,155</u>	<u>95,628</u>	<u>(130,348,138)</u>	<u>5,581,479,039</u>
Capital Assets, Net	<u>\$ 5,140,070,819</u>	<u>\$ 110,422,760</u>	<u>\$ 33,807,119</u>	<u>\$ (25,899,424)</u>	<u>\$ 5,258,401,274</u>

UNIVERSITY OF WISCONSIN SYSTEM
Notes to the Financial Statements
Years Ended June 30, 2020 and 2019

NOTE 5 - Liabilities

Accounts payable and accrued liabilities, consisting of salary and fringe benefits, due to state agencies and other governments, and vendor payables, resulting from University's activities as of June 30, 2020 and 2019, are summarized as follows:

Fiscal Year 2020

<u>UW System Activities</u>	Salary and Fringe Benefits	Due to State Agencies and Other Governments	Vendors	Total Payables
Operating	\$ 32,504,800	\$ 88,961,274	\$ 32,607,864	\$ 154,073,938
Gifts, Grants, and Contracts	2,232,565	7,984,429	9,663,470	19,880,464
Capital Projects	—	553,899	37,881,964	38,435,863
Auxiliary Enterprises	1,147,730	2,176,904	2,195,241	5,519,875
Investment and Other	36,090	360,042	443,756	839,888
Total Activities	<u>\$ 35,921,185</u>	<u>\$ 100,036,548</u>	<u>\$ 82,792,295</u>	<u>\$ 218,750,028</u>

Fiscal Year 2019

<u>UW System Activities</u>	Salary and Fringe Benefits	Due to State Agencies and Other Governments	Vendors	Total Payables
Operating	\$ 30,149,999	\$ 58,506,363	\$ 22,579,737	\$ 111,236,099
Gifts, Grants, and Contracts	1,455,253	5,241,665	8,062,457	14,759,375
Capital Projects	—	433,548	52,650,616	53,084,164
Auxiliary Enterprises	1,550,972	2,374,686	2,392,648	6,318,306
Investment and Other	20,983	355,977	257,125	634,085
Total Activities	<u>\$ 33,177,207</u>	<u>\$ 66,912,239</u>	<u>\$ 85,942,583</u>	<u>\$ 186,032,029</u>

Long-term liability activity for the fiscal years ended June 30, 2020 and 2019 is as follows:

<u>Long-term Liabilities 2020</u>	Balance July 1, 2019	Increases (Decreases)	Balance June 30, 2020	Current Portion
Bonds Payable	\$ 1,551,225,922	\$ 77,702,274	\$ 1,628,928,196	\$ 95,146,925
Notes Payable	68,784,757	(5,392,037)	63,392,720	19,300,847
Capital Lease Obligations	29,366,564	71,445	29,438,009	1,479,701
Perkins Loan Program	138,736,513	(22,689,256)	116,047,257	—
Compensated Absences	144,174,336	6,297,487	150,471,823	89,467,356
Net Pension Liability	474,419,425	(474,419,425)	—	—
Other Post-employment Health	237,204,014	65,594,236	302,798,250	—
Other Post-employment Life	180,490,611	107,039,949	287,530,560	—
Capital Asset Retirement Obligations	12,009,060	190,642	12,199,702	—
Employer Deferred Payroll Tax	—	43,602,034	43,602,034	—
Total	<u>\$ 2,836,411,202</u>	<u>\$ (202,002,651)</u>	<u>\$ 2,634,408,551</u>	<u>\$ 205,394,829</u>

UNIVERSITY OF WISCONSIN SYSTEM
Notes to the Financial Statements
Years Ended June 30, 2020 and 2019

NOTE 5 - Liabilities (continued)

Long-term Liabilities 2019	Balance July 1, 2018	Increases (Decreases)	Balance June 30, 2019	Current Portion
Bonds Payable	\$ 1,537,960,900	\$ 13,265,022	\$ 1,551,225,922	\$ 92,912,919
Notes Payable	57,936,014	10,848,743	68,784,757	16,666,684
Capital Lease Obligations	29,721,154	(354,590)	29,366,564	1,343,880
Perkins Loan Program	138,736,513	—	138,736,513	—
Compensated Absences	139,562,216	4,612,120	144,174,336	70,758,824
Net Pension Liability	—	474,419,425	474,419,425	—
Other Post-employment Health	315,687,625	(78,483,611)	237,204,014	—
Other Post-employment Life	204,440,597	(23,949,986)	180,490,611	—
Capital Asset Retirement Obligations	—	12,009,060	12,009,060	—
Total	\$ 2,424,045,019	\$ 412,366,183	\$ 2,836,411,202	\$ 181,682,307

NOTE 6 - Long Term Debt

The State of Wisconsin issues general obligation bonds and notes on behalf of its constituent agencies, including the University, the proceeds of which are used to construct or acquire facilities and other capital assets. The University holds title to the assets thus acquired. As an enterprise fund of the State of Wisconsin, the University reports on its Statement of Net Position the portion of the debt that will be repaid with program revenues generated by the University's self-supporting operations. Debt on academic facilities that is repaid by an appropriation from the State of Wisconsin to the University for that purpose is reported by the State of Wisconsin and not as an obligation of the University. However, cash inflows and outflows are shown in the Statement of Cash Flows.

The reported bond balance at June 30, 2019 does not include bonds considered in-substance defeased with a principal balance of \$62.7 million and premium balance of \$2.7 million. The related bonds were not yet callable, but cash had been put in escrow to pay the related principal payments until time the bonds would be called. The applicable bond issue has since been repaid as part of a bond refunding issued during fiscal year 2020.

UNIVERSITY OF WISCONSIN SYSTEM
Notes to the Financial Statements
Years Ended June 30, 2020 and 2019

NOTE 6 - Long Term Debt (continued)

The following information is the University's proportionate share of the new bonds issued by the State of Wisconsin during the fiscal years of 2020 and 2019:

2020 Series	Interest Rate	Maturity Fiscal Year	Initial Amount	Use
2019-A	4.00% - 5.00%	2040	\$ 53,417,938	Capitalized Projects
2019-1	1.76% - 2.53%	2033	135,618,616	Refunding
2019-B	4.00% - 5.00%	2040	45,928,049	Capitalized Projects
2020-1	4.00% - 5.00%	2040	53,872,003	Refunding
2020-A	4.00% - 5.00%	2040	37,637,600	Capitalized Projects
2020-2	1.63% - 2.35%	2031	51,720,380	Refunding
			<u>\$ 378,194,586</u>	

2019 Series	Interest Rate	Maturity Fiscal Year	Initial Amount	Use
2018-B	5.00 %	2039	\$ 91,722,960	Capitalized Projects
2019-A (Note)	1.55% - 2.00%	2038	25,670,036	Capitalized Projects
			<u>\$ 117,392,996</u>	

The following information relates to the status of bonds and notes payable outstanding at June 30, 2020:

	Balance July 1, 2019	New Debt/ Accretion	Principal Paid/ Adjustments	Balance June 30, 2020
Bonds (Gross)	\$ 1,435,252,753	\$ 378,194,587	\$ (312,357,985)	\$ 1,501,089,355
Notes	68,784,757	—	(5,392,037)	63,392,720
Total	<u>\$ 1,504,037,510</u>	<u>\$ 378,194,587</u>	<u>\$ (317,750,022)</u>	<u>\$ 1,564,482,075</u>

The bonds have maturity dates ranging from May 1, 2021 to May 1, 2042. The notes have maturity dates ranging from May 1, 2021 to May 1, 2038. Interest rates range from 0.8% to 7.0%.

As of June 30, 2020, the current and noncurrent bonds and notes payable net of discounts and premiums totaled \$114.4 million and \$1,577.9 million, respectively.

	Balance June 30, 2020	Current	Noncurrent
Bonds (Gross)	\$ 1,501,089,355	\$ 72,899,322	\$ 1,428,190,033
Discount	(83,883)	(10,434)	(73,449)
Premium	127,922,724	22,258,037	105,664,687
Bonds (Net)	1,628,928,196	95,146,925	1,533,781,271
Notes	63,392,720	19,300,847	44,091,873
Total	<u>\$ 1,692,320,916</u>	<u>\$ 114,447,772</u>	<u>\$ 1,577,873,144</u>

UNIVERSITY OF WISCONSIN SYSTEM
Notes to the Financial Statements
Years Ended June 30, 2020 and 2019

NOTE 6 - Long Term Debt (continued)

The following information relates to the status of bonds and notes payable outstanding at June 30, 2019:

	Balance July 1, 2018	New Debt/ Accretion	Principal Paid/ Adjustments	Balance June 30, 2019
Bonds (Gross)	\$ 1,409,430,357	\$ 91,722,960	\$ (65,900,564)	\$ 1,435,252,753
Notes	57,936,014	25,670,036	(14,821,293)	68,784,757
Total	<u>\$ 1,467,366,371</u>	<u>\$ 117,392,996</u>	<u>\$ (80,721,857)</u>	<u>\$ 1,504,037,510</u>

The bonds have maturity dates ranging from November 1, 2019 to May 1, 2042. The notes have maturity dates ranging from August 1, 2019 to May 1, 2038. Interest rates range from 1.0% to 7.0%.

As of June 30, 2019, the current and noncurrent bonds and notes payable net of discounts and premiums totaled \$109.6 million and \$1,510.4 million, respectively.

	Balance June 30, 2019	Current	Noncurrent
Bonds (Gross)	\$ 1,435,252,753	\$ 71,478,228	\$ 1,363,774,525
Discount	(235,083)	(22,313)	(212,770)
Premium	116,208,252	21,457,004	94,751,248
Bonds (Net)	1,551,225,922	92,912,919	1,458,313,003
Notes	68,784,757	16,666,684	52,118,073
Total	<u>\$ 1,620,010,679</u>	<u>\$ 109,579,603</u>	<u>\$ 1,510,431,076</u>

Future debt service requirements for bonds and notes outstanding at June 30, 2020 are as follows:

Fiscal Year(s)	Bonds		Notes	
	Principal	Interest	Principal	Interest
2021	\$ 72,899,322	\$ 65,180,758	\$ 19,300,847	\$ 2,877,282
2022	74,500,704	61,622,252	9,058,713	1,947,893
2023	81,026,652	57,948,223	2,172,355	1,494,957
2024	93,787,469	53,967,523	2,280,973	1,386,340
2025	109,758,842	50,145,829	2,395,022	1,272,291
2026-2030	473,553,643	182,462,043	2,514,773	5,259,746
2031-2035	395,858,677	86,522,731	—	5,134,007
2036-2040	184,764,046	27,795,632	25,670,037	2,888,587
2041-2042	14,940,000	858,110	—	—
Total	<u>\$ 1,501,089,355</u>	<u>\$ 586,503,101</u>	<u>\$ 63,392,720</u>	<u>\$ 22,261,103</u>

UNIVERSITY OF WISCONSIN SYSTEM
Notes to the Financial Statements
Years Ended June 30, 2020 and 2019

NOTE 6 - Long Term Debt (continued)

As noted above, debt on academic facilities that is repaid by an appropriation from the State of Wisconsin to the University for that purpose is reported by the State of Wisconsin and not as an obligation of the University. As of June 30, 2020, the principal balances of such bonds and notes were \$1,341.3 million and \$98.8 million, respectively. As of June 30, 2019, the principal balances of such bonds and notes were \$1,314.8 million and \$116.9 million, respectively. Debt service payments made by the State of Wisconsin for the years ended June 30, 2020 and 2019 were allocated as follows:

2020	Bonds	Notes
Principal	\$ 71,478,229	\$ 5,392,037
Interest	69,343,123	1,760,946
Total Paid	<u>\$ 140,821,352</u>	<u>\$ 7,152,983</u>
2019	Bonds	Notes
Principal	\$ 109,055,689	\$ 33,539,843
Interest	70,177,266	2,696,967
Total Paid	<u>\$ 179,232,955</u>	<u>\$ 36,236,810</u>

UNIVERSITY OF WISCONSIN SYSTEM
Notes to the Financial Statements
Years Ended June 30, 2020 and 2019

NOTE 7 – Lease Commitments

The University had capital lease obligations with a net present value of \$29.4 million as of June 30, 2020 compared to \$29.4 million at June 30, 2019. The payment schedule for capital lease obligations is as follows:

<u>Fiscal Year(s)</u>	<u>Obligations</u>
2021	\$ 3,612,672
2022	3,285,565
2023	3,051,311
2024	2,725,063
2025	2,580,866
2026 - 2030	12,446,420
2031 - 2035	12,363,920
2036 - 2040	12,363,920
2041 - 2045	7,418,352
Total Scheduled Lease Payments	59,848,089
Amount Representing Interest	(30,410,080)
Net Present Value	<u>\$ 29,438,009</u>

Assets Held Under Capital Lease:

<u>June 30, 2020</u>	<u>Original Cost</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>
Buildings and Improvements	\$ 29,286,500	\$ 4,759,057	\$ 24,527,443
Equipment	1,628,271	875,130	753,141
Total Assets	<u>\$ 30,914,771</u>	<u>\$ 5,634,187</u>	<u>\$ 25,280,584</u>

<u>June 30, 2019</u>	<u>Original Cost</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>
Buildings and Improvements	\$ 29,286,500	\$ 4,026,894	\$ 25,259,606
Equipment	2,266,856	1,186,453	1,080,403
Total Assets	<u>\$ 31,553,356</u>	<u>\$ 5,213,347</u>	<u>\$ 26,340,009</u>

Facilities and equipment rented through operating leases are not recorded as assets on the balance sheet. Operating lease expenditures, which also represent the minimum rental payments, amounted to \$37.8 million for the fiscal year ended June 30, 2020.

UNIVERSITY OF WISCONSIN SYSTEM
Notes to the Financial Statements
Years Ended June 30, 2020 and 2019

NOTE 7 – Lease Commitments (continued)

Minimum commitments for future operating lease payments are as follows:

<u>Fiscal Year(s)</u>	<u>Commitments</u>
2021	\$ 27,614,785
2022	25,410,348
2023	18,426,187
2024	16,465,354
2025	14,968,492
2026 - 2030	62,533,780
2031 - 2035	54,420,186
2036 - 2040	30,611,800
2041 - 2045	24,707,000
Total	<u>\$ 285,037,932</u>

NOTE 8 – Retirement Benefits

Plan Description. The Wisconsin Retirement System (WRS) is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, expected to work at least 1,200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>

All assets of the WRS are invested by the State of Wisconsin Investment Board. The retirement fund assets consist of shares in the Variable Retirement Investment Trust and the Core Retirement Investment Trust. The Variable Retirement Investment Trust consists primarily of equity securities. The Core Retirement Investment Trust is a balanced investment fund made up of fixed income securities and equity securities. Shares in the Core and Variable Retirement Investment Trust are purchased as funds are made available from retirement contributions and investment income, and sold when funds for benefit payments and other expenses are needed.

Vesting. For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, and prior to July 1, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

Benefits provided. Employees who retire at or after age 65 (54 for protective occupations and 62 for elected officials and executive service retirement plan participants, if hired on or before December 31, 2016) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

Final average earnings is the average of the participant's three highest annual earnings periods. Creditable service includes current service and prior service for which a participant received

UNIVERSITY OF WISCONSIN SYSTEM
Notes to the Financial Statements
Years Ended June 30, 2020 and 2019

NOTE 8 – Retirement Benefits (continued)

earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee's contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

Vested participants may retire at or after age 55 (50 for protective occupations) and receive an actuarially-reduced benefit. Participants terminating covered employment prior to eligibility for an annuity may either receive employee-required contributions plus interest as a separation benefit or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

The WRS also provides death and disability benefits for employees.

Post-Retirement Adjustments. The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27, Wis. Stat. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system's consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the "floor") set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

Year	Core Fund Adjustment	Variable Fund Adjustment
2010	(1.3)%	22%
2011	(1.2)%	11%
2012	(7.0)%	(7)%
2013	(9.6)%	9%
2014	4.7%	25%
2015	2.9%	2%
2016	0.5%	(5)%
2017	2.0%	4%
2018	2.4%	17%
2019	0.0%	(10)%

Contributions. Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for General category employees, including Teachers, Executives and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category was merged into the General Employee Category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

UNIVERSITY OF WISCONSIN SYSTEM
Notes to the Financial Statements
Years Ended June 30, 2020 and 2019

NOTE 8 – Retirement Benefits (continued)

During the reporting period, the University's contributions recognized by the WRS amounted to \$140.9 million and \$137.0 million, respectively. Contribution rates as of June 30, 2020 and 2019 were:

Employee Category	June 30, 2020		June 30, 2019	
	Employee	Employer	Employee	Employer
General (including teachers, executives, and elected officials)	6.55%	6.55%	6.70%	6.70%
Protective with Social Security	6.55%	10.55%	6.70%	10.70%
Protective without Social Security	6.55%	14.95%	6.70%	14.90%

Pension Assets, Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2020, the University reported a net pension asset of \$430.5 million for its proportionate share of the net pension asset, compared to the net pension liability of \$474.4 million at June 30, 2019. The net pension asset was measured as of December 31, 2019, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The University's proportion of the net pension asset was based on the University's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2019, the University's proportion was 13.4%, which was an increase of 0.02% from its proportion measured as of December 31, 2018. At December 31, 2018, the University's proportion was 13.3%, which was a decrease of 0.11% from its proportion measured as of December 31, 2017.

For the fiscal year ended June 30, 2020 and June 30, 2019, the University recognized pension expense of \$161.1 million and \$317.7 million, respectively.

At June 30, 2020, the University reported deferred outflows and inflows of resources related to pensions from the following sources:

	Fiscal Year ended June 30, 2020	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 408,270,311	\$ 817,248,486	\$ (408,978,175)
Change in Proportion	1,732,984	1,916,859	(183,875)
Employer Contributions Subsequent to Measurement Date	88,132,080	88,132,080	—
Net Difference Between Projected and Actual Earnings	(880,160,820)	—	(880,160,820)
Assumption Changes	33,549,892	33,549,892	—
Total	<u>\$ (348,475,553)</u>	<u>\$ 940,847,317</u>	<u>\$ (1,289,322,870)</u>

UNIVERSITY OF WISCONSIN SYSTEM
Notes to the Financial Statements
Years Ended June 30, 2020 and 2019

NOTE 8 – Retirement Benefits (continued)

At June 30, 2019, the University reported deferred outflows and inflows of resources related to pensions from the following sources:

	Fiscal Year ended June 30, 2019	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ (283,643,792)	\$ 369,500,896	\$ (653,144,688)
Change in Proportion	(892,678)	1,137,227	(2,029,905)
Employer Contributions Subsequent to Measurement Date	102,270,078	102,270,078	—
Net Difference Between Projected and Actual Earnings	692,857,041	692,857,041	—
Assumption Changes	79,969,783	79,969,783	—
Total	<u>\$ 590,560,432</u>	<u>\$ 1,245,735,025</u>	<u>\$ (655,174,593)</u>

The amount reported as pension-related deferred outflows of resources resulting from the University's contributions subsequent to the measurement date is recognized as part of the net pension liability calculation in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension benefits will be recognized in pension expense as follows:

	Fiscal Year ended June 30	Deferred Outflows of Resources	Deferred Inflows of Resources
2021	\$	294,567,428	\$ (424,304,153)
2022		285,925,551	(382,388,047)
2023		167,098,530	(151,305,856)
2024		105,123,728	(331,324,814)
2025		—	—
Totals	<u>\$</u>	<u>852,715,237</u>	<u>\$ (1,289,322,870)</u>

Additional information related to deferred outflows of resources and deferred inflows of resources is presented in Note 10.

UNIVERSITY OF WISCONSIN SYSTEM
Notes to the Financial Statements
Years Ended June 30, 2020 and 2019

NOTE 8 – Retirement Benefits (continued)

Actuarial assumptions. The total pension asset in the December 31, 2018, and the total pension liability in the December 31, 2017 actuarial valuations were determined using the following fiscal year 2020 and 2019, respectively, actuarial assumptions, applied to all periods included in the measurement.

	2020	2019
Actuarial Valuation Date:	December 31, 2018	December 31, 2017
Measurement Date of Net Pension Asset/Liability	December 31, 2019	December 31, 2018
Actuarial Cost Method:	Entry Age	Entry Age
Asset Valuation Method:	Fair Value	Fair Value
Long-Term Expected Rate of Return:	7.0%	7.0%
Discount Rate:	7.0%	7.0%
Salary Increases:		
Inflation	3.0%	3.0%
Seniority/Merit	0.1% - 5.6%	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table	Wisconsin 2018 Mortality Table
Post-Retirement Adjustments*	1.9%	1.9%

** No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.9% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.*

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The total pension asset for December 31, 2019 is based upon a roll-forward of the liability calculated from the December 31, 2018 actuarial valuation.

UNIVERSITY OF WISCONSIN SYSTEM
Notes to the Financial Statements
Years Ended June 30, 2020 and 2019

NOTE 8 – Retirement Benefits (continued)

Long-term Expected Real Rate of Return. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Allocation Targets and Expected Returns

Core Fund Asset Class	Fiscal Year Ended June 30, 2020			Fiscal Year Ended June 30, 2019		
	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	49.0%	8.0%	5.1%	49.0%	8.1%	5.5%
Fixed Income	24.5%	4.9%	2.1%	24.5%	4.0%	1.5%
Inflation Sensitive Assets	15.5%	4.0%	1.2%	15.5%	3.8%	1.3%
Real Estate	9.0%	6.3%	3.5%	9.0%	6.5%	3.9%
Private Equity/Debt	8.0%	10.6%	7.6%	8.0%	9.4%	6.7%
Multi-Asset	4.0%	6.9%	4.0%	4.0%	6.7%	4.1%
Total Core Fund	110.0%	7.5%	4.6%	110.0%	7.3%	4.7%
Variable Fund Asset Class						
U.S. Equities	70.0%	7.5%	4.6%	70.0%	7.6%	5.0%
International Equities	30.0%	8.2%	5.3%	30.0%	8.5%	5.9%
Total Variable Fund	100.0%	7.8%	4.9%	100.0%	8.0%	5.4%

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75% (2019-20); 2.50% (2018-19)

Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations

Single Discount Rate. A single discount rate of 7.00% was used to measure the total pension liability for the current and prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.75% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2019. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

UNIVERSITY OF WISCONSIN SYSTEM

Notes to the Financial Statements

Years Ended June 30, 2020 and 2019

NOTE 8 – Retirement Benefits (continued)

Sensitivity of the University's proportionate share of the net pension (asset)/liability to changes in the discount rate. The following presents the University's proportionate share of the net pension (asset)/liability calculated using the discount rate of 7.00 percent, as well as what the University's proportionate share of the net pension (asset)/liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate for fiscal years ended June 30, 2020 and 2019:

	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
June 30, 2020			
Discount Rate	6.00 %	7.00 %	8.00 %
Net Pension Liability/(Asset)	\$ 1,108,697,272	\$ (430,532,170)	\$ (1,581,283,190)
June 30, 2019			
Discount Rate	6.00 %	7.00 %	8.00 %
Net Pension Liability/(Asset)	\$ 1,885,392,486	\$ 474,419,425	\$ (574,748,485)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>

Other Retirement Benefits

In addition to the WRS, certain employees associated with federally funded activities are partially covered by the Federal Retirement Program. The University's contributions to this program totaled \$55,672 during fiscal year 2020, compared with \$51,961 during fiscal year 2019.

NOTE 9 – Postemployment Benefits Other Than Pensions

Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures in financial reports of state and local governmental employers. GASB statement 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, establishes reporting standards for other postemployment benefits included in the general purpose external financial reports of state and local governmental OPEB plans.

Under Chapter 40 of Wisconsin Statutes, the Department of Employee Trust Funds (ETF) and Group Insurance Board (GIB) have statutory authority for program administration and oversight of postemployment benefits. ETF administers postemployment benefit plans other than pension plans for the Retiree Life Insurance and Retiree Health Insurance plans (for retired state employees). University employees are employees of the State.

ETF issues publicly available financial reports that include financial statements, additional note disclosures, and required supplementary information for these plans. The reports are available at www.etf.wi.gov or may be obtained upon request from: Department of Employee Trust Funds, 4822 Madison Yards Way, Madison, Wisconsin 53705-9100.

The State of Wisconsin Comprehensive Annual Financial Report includes financial statements, additional note disclosures, and required supplementary information for this plan. That report is publicly available at www.doa.state.wi.us or may be obtained by writing to: Department of Administration, 101 East Wilson Street, Madison, Wisconsin 53703.

UNIVERSITY OF WISCONSIN SYSTEM
Notes to the Financial Statements
Years Ended June 30, 2020 and 2019

NOTE 9 – Postemployment Benefits Other Than Pensions (continued)

Basis of Accounting. The OPEB plans are reported in accordance with GASB standards and accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. The OPEB liability, deferred outflows of resources and deferred inflows of resources, OPEB expense, and fiduciary net position, if any, have been determined on the same basis. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments, if any, are reported at fair value.

Retiree Life Insurance Funds

The State Retiree Life Insurance Fund is considered a single-employer defined benefit OPEB plan. GASB standards classify the State Retiree Health Insurance program as a single-employer defined benefit OPEB plan with multiple participating employers, which includes the State, the University, and other component units of the State. The plan is administered through a trust.

The plans provide postemployment life insurance coverage to all eligible employees of participating employers. The plans are established by Wisconsin Statutes Chapter 40.70. ETF contracts with Securian Financial Group, Inc. (Securian) as a third party administrator for the Retiree Life Insurance plans. Benefit terms may be modified by the GIB, subject to state and federal legislative constraints.

Generally, members may enroll during a 30-day enrollment period after their date of hire. Members may also enroll after the initial 30-day enrollment period with evidence of insurability. Members under evidence of insurability enrollment must enroll in group life insurance coverage before age 55 to be eligible for Basic or Supplemental coverage.

Contributions. The GIB approves contribution rates annually, based on recommendations from the insurance carrier. Recommended rates are based on an annual valuation, taking into consideration an estimate of the present value of future benefits and the present value of future contributions. A portion of employer contributions made during a member's working lifetime funds a post-retirement benefit.

Employers are required to pay the following contributions for active members to provide them with basic coverage after age 65. There are no employer contributions for pre-65 annuitant coverage. If a member retires prior to age 65, they must continue paying the member premiums until age 65 in order to be eligible for the benefit after age 65. All contributions are actuarially determined. Contribution rates as of June 30, 2020 are:

Coverage Type	Employer Contribution
50% post-retirement coverage	28% of employee contribution

UNIVERSITY OF WISCONSIN SYSTEM
Notes to the Financial Statements
Years Ended June 30, 2020 and 2019

NOTE 9 – Postemployment Benefits Other Than Pensions (continued)

Member contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating members must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The member contribution rates in effect for the year ended December 31, 2019 are as listed below:

<u>Attained Age</u>		<u>Basic</u>		<u>Supplemental</u>
Under 30	\$	0.04	\$	0.04
30-34		0.04		0.04
35-39		0.04		0.04
40-44		0.06		0.06
45-49		0.11		0.11
50-54		0.17		0.17
55-59		0.23		0.23
60-64		0.32		0.32
65-69		0.41		0.41

During the reporting period, the OPEB plan recognized \$483,771 in contributions from the University.

At retirement, the member must have active group life insurance coverage and satisfy one of the following:

- Wisconsin Retirement System (WRS) coverage prior to January 1, 1989, or
- At least one month of group life insurance coverage in each of five calendar years after 1989 and one of the following:
 - Eligible for an immediate WRS benefit,
 - At least 20 years from their WRS creditable service as of January 1, 1990, plus their years of group life insurance coverage after 1989, or
 - At least 20 years on the payroll of their last employer.

In addition, terminating members and retirees must continue to pay the employee premiums until age 65 (age 70 if active).

Benefits and Membership. After retirement, basic coverage is continued for life in amounts for the insurance in force before retirement:

<u>Age</u>	<u>Coverage</u>
Before age 65	100%
While age 65	75%
While age 66	50%
After age 66	50%

After retirement, additional coverage may be continued until age 65 at 100 percent of the amount of the insurance in force before retirement at the employee's expense, and spouse and dependent coverage benefits is terminated.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. The University reported a liability of \$287.5 million and \$180.5 million for its proportionate share of the net OPEB liability at June 30, 2020 and 2019, respectively. The June 30, 2020 and June 30, 2019 net liability was measured as of December 31, 2019, and 2018, respectively, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2019, and January 1, 2018, respectively, rolled forward to

UNIVERSITY OF WISCONSIN SYSTEM
Notes to the Financial Statements
Years Ended June 30, 2020 and 2019

NOTE 9 – Postemployment Benefits Other Than Pensions (continued)

December 31, 2019 and December 31, 2018, respectively. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The University's proportion of the net OPEB liability was based on the University's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2019, the University's proportion was 42.1 percent, which was an increase of 0.3 percent from its proportion of 41.8 percent measured as of December 31, 2018. At December 31, 2018, the University's proportion was 41.8 percent, which was an increase of 0.4 percent from its proportion of 41.4 percent measured as of December 31, 2017.

For the years ended June 30, 2020 and 2019, the University recognized OPEB expense of \$28.2 million and \$18.7 million, respectively.

At June 30, 2020, the University reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Fiscal Year ended June 30, 2020	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ (8,674,200)	\$ —	\$ (8,674,200)
Net Differences Between Projected and Actual Earnings on OPEB Plan Investments	4,695,336	4,695,336	—
Assumption Changes	63,591,074	91,772,232	(28,181,158)
Changes in Proportion	(1,638,350)	2,378,722	(4,017,072)
Total	<u>\$ 57,973,860</u>	<u>\$ 98,846,290</u>	<u>\$ (40,872,430)</u>

At June 30, 2019, the University reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Fiscal Year ended June 30, 2019	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ (7,828,979)	\$ —	\$ (7,828,979)
Net Differences Between Projected and Actual Earnings on OPEB Plan Investments	3,573,199	3,573,199	—
Assumption Changes	(19,182,026)	14,659,851	(33,841,877)
Changes in Proportion	(3,446,808)	1,569,536	(5,016,344)
Total	<u>\$ (26,884,614)</u>	<u>\$ 19,802,586</u>	<u>\$ (46,687,200)</u>

UNIVERSITY OF WISCONSIN SYSTEM
Notes to the Financial Statements
Years Ended June 30, 2020 and 2019

NOTE 9 – Postemployment Benefits Other Than Pensions (continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in future OPEB expense as follows:

Fiscal Year ended June 30	Deferred Outflows of Resources	Deferred Inflows of Resources
2021	\$ 18,857,225	\$ (8,653,147)
2022	18,857,225	(8,653,147)
2023	18,358,660	(8,653,147)
2024	17,833,731	(8,653,147)
2025	14,369,081	(5,973,244)
Thereafter	10,570,368	(286,598)
Total	<u>\$ 98,846,290</u>	<u>\$ (40,872,430)</u>

The total OPEB expense is determined as follows:

Net Proportionate Share of Plan OPEB Expense (Income)	\$ 28,736,946
Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	(540,871)
Total OPEB Expense	<u>\$ 28,196,075</u>

Actuarial Assumptions. The total OPEB liability in the January 1, 2019 and January 1, 2018 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date	January 1, 2019	January 1, 2018
Measurement Date of Net OPEB	December 31, 2019	December 31, 2018
Actuarial cost method	Entry age normal	Entry age normal
20-year tax-exempt municipal bond	2.74%	4.10%
Long-term expected rate of return	4.25%	5.00%
Discount rate	2.84%	4.20%
Salary increases: Inflation Seniority/merit	3.00% 0.1% - 5.6%	3.00% 0.1% - 5.6%
Mortality rates	Wisconsin 2018 Mortality Table	Wisconsin 2018 Mortality Table

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The Total OPEB Liability for December 31, 2019 is based upon a roll-forward of the liability calculated from the January 1, 2019 actuarial valuation.

Long-Term Expected Return on Plan Assets. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Investments for the OPEB plan are held with Securian, the insurance carrier. Interest is calculated and credited to the OPEB plan based on the rate of return for a segment of the insurance carrier's general fund, specifically 10-year A- Bonds (as a proxy, and not tied to any specific investments). The overall aggregate interest rate is calculated using a tiered approach based on the year the funds were originally invested and the rate of return for that year. Investment interest is credited based on the aggregate rate of return, and assets are not adjusted to fair market value. Furthermore, the insurance carrier guarantees the principal amounts of the reserves, including all interest previously credited thereto.

UNIVERSITY OF WISCONSIN SYSTEM
Notes to the Financial Statements
Years Ended June 30, 2020 and 2019

NOTE 9 – Postemployment Benefits Other Than Pensions (continued)

State OPEB Life Insurance
Asset Allocation Targets and Expected Returns

Asset Class	Index	As of December 31, 2019		As of December 31, 2018	
		Target Allocation	Deferred Long-Term Expected Geometric Real Rate of Return	Target Allocation	Deferred Long-Term Expected Geometric Real Rate of Return
U.S. Government Bonds	Barclays Government	—	—	1%	1.44%
U.S. Credit Bonds	Barclays Credit	45%	2.12%	40%	2.69%
U.S. Long Credit Bonds	Barclays Long Credit	5%	2.90%	4%	3.01%
U.S. Mortgages	Barclays MBS	50%	1.53%	54%	2.25%
U.S. Municipal Bonds	Bloomberg Barclays Muni	—	—	1%	1.68%
Inflation		—	2.20%		2.30%
Long-Term Expected Rate of Return			4.25%		5.00%

The long-term expected rate of return decreased slightly from 5.00% in the prior year to 4.25% in the current year. This change was primarily based on the target asset allocation and capital market expectations. The expected inflation rate also decreased slightly from 2.30% in the prior year to 2.20% in the current year. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation.

Single Discount Rate. A single discount rate of 2.84 percent was used to measure the total OPEB liability for the current year, as opposed to a discount rate of 4.20 percent for the prior year. The significant change in the discount rate was primarily caused by the decrease in the municipal bond rate from 4.10% as of December 31, 2018 to 2.74% as of December 31, 2019. The plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total OPEB liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate, determined using the Bond Buyer General Obligation 20-Bond Municipal Bond Index, applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2033.

The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made according to the current employer contribution schedule and that contributions are made by plan members retiring prior to age 65. The current employer contribution schedule includes annual increases of 5% in each of the next nine years, as approved by the Group Insurance Board in August 2019.

UNIVERSITY OF WISCONSIN SYSTEM
Notes to the Financial Statements
Years Ended June 30, 2020 and 2019

NOTE 9 – Postemployment Benefits Other Than Pensions (continued)

Sensitivity of the University’s Proportionate Share of Net OPEB Liability to Changes in the Discount Rate. The following presents what the University’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or higher than the current discount rate:

	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
June 30, 2020			
Discount Rate	1.84 %	2.84 %	3.84 %
OPEB Liability	\$ 383,893,901	\$ 287,530,560	\$ 213,315,475
June 30, 2019			
Discount Rate	3.20 %	4.20 %	5.20 %
OPEB Liability	\$ 245,987,232	\$ 180,490,611	\$ 129,771,332

OPEB Plan Fiduciary Net Position. Detailed information about the OPEB plan’s fiduciary net position is available in separately issued financial statements available at <http://etf.wi.gov/publications/cafr.htm>.

Retiree Health Insurance Funds

The Retiree Health Insurance plans offer group health insurance to retired University employees. Retirees pay the full premium amount. The plans are not administered through a trust. The Retiree Health Insurance Funds contain certain non-OPEB components relating to post-Medicare pharmacy and health insurance benefits. ETF and the GIB have statutory authority for program administration and oversight under Wisconsin Statutes Chapters 15.165 (2) and 40.03 (6).

University employees participating in the State Health Insurance Plan are eligible to continue their health insurance coverage after leaving covered employment. Membership includes former university employees or their beneficiaries.

Employees may choose between self-insured health plans and alternate health plans with specific provider networks (i.e., HMOs). The HMOs follow GIB guidelines for eligibility and program requirements. All HMOs offer a prescribed benefit package called Uniform Benefits and participate in a yearly competitive premium rate bid process. The Standard Plan and State Maintenance Plan are self-insured by the GIB and administered by WPS Health Insurance. Self-insured coverage for health insurance was discontinued as of December 31, 2017. The Standard Plan is a preferred provider plan. The pharmacy benefit is self-insured by the GIB and administered by Navitus Health Solutions.

Effective January 1, 2012, prescription drug coverage for Medicare eligible retirees enrolled in the State group health insurance program is provided by a self-funded Medicare Part D Employer Group Waiver Plan (EGWP). A Medicare “Wrap” product is also included to provide full coverage to members, as required by uniform benefits, when they reach the Medicare coverage gap, also known as the “donut hole.”

Contributions. As of the January 2019 actuarial valuation, the State’s annual required contributions were \$88.9 million and \$100.8 million for fiscal years ended June 30, 2020 and June 30, 2019, respectively. The State’s annual OPEB costs were \$40.3 million and \$52.4 million for fiscal years ended June 30, 2020 and June 30, 2019, respectively, and the State’s actual contributions were \$40.9 million in fiscal year 2020 and \$40.8 million in fiscal year 2019, which results in a net OPEB obligation for the State of \$682.5 million as of June 30, 2020, and \$539.7 million as of June 30, 2019.

UNIVERSITY OF WISCONSIN SYSTEM
Notes to the Financial Statements
Years Ended June 30, 2020 and 2019

NOTE 9 – Postemployment Benefits Other Than Pensions (continued)

State Retiree Health Insurance OPEB. The State Retiree Health Insurance program provides postemployment health insurance coverage to all eligible retired employees of the University. The University does not directly pay any portion of the premium for participating retirees. However, because retirees pay the same premium rate set for active employees, an implicit rate subsidy exists for employers. This implicit rate subsidy is reported as an OPEB liability. At age 65, when eligible, retirees are required to enroll in Medicare.

Retiree Health Insurance Plan Description. GASB standards classify the State Retiree Health Insurance program as a single employer defined benefit OPEB plan with multiple participating employers. Medical, prescription drug and dental benefits are provided to eligible retirees.

Retirees pay the full premium until age 65 directly to the plan either through “out-of-pocket” or from unused accumulated sick leave conversion credits. The value of the sick leave benefit is defined as compensated absences and reported under the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*.

Contribution requirements are established and may be amended by the GIB. Premiums for non-Medicare retirees are based on an effective rate structure for the health care service provider selected. Monthly rates range from \$574 to \$1,541 for single coverage and \$1,402 to \$3,818 for family coverage.

Total Retiree Health OPEB Liability. The OPEB plan liability was measured as of June 30, 2019. It was determined by an actuarial valuation as of January 1, 2019. The University reported a liability of \$302.8 million and \$237.2 million for its proportionate share of the OPEB liability amounts as of a June 30, 2020 and June 30, 2019 reporting date, respectively. At June 30, 2020, the University's proportion was 44.4 percent which was 0.4 percent of an increase from its proportion of 44.0 percent measured as of June 30, 2018. At June 30, 2019, the University's proportion was 44.0 percent which was an increase of 0.1 percent from its proportion of 43.9 percent measured as of June 30, 2017.

The actuarial valuation was based on the plan of retiree benefits and was made for purposes of fulfilling GASB accounting standards which require recognition of the employer cost of postemployment benefits over an employee's career. The total cost of providing postemployment benefits is projected, considering relevant assumptions, then discounted to determine the total OPEB liability. The total OPEB liability was allocated to participating employers based on their proportionate share of health insurance premiums contributed for active employees.

Changes in the Total OPEB Liability. Changes to the University's proportionate share of the OPEB plan liability during the fiscal year include the following:

OPEB Liability – June 30, 2019	\$ 237,204,014
Service Cost	17,869,824
Interest	9,607,295
Differences Between Expected and Actual Experience	30,071,301
Change of Assumptions	26,193,542
Benefit Payments	(18,147,726)
OPEB Liability – June 30, 2020	<u>\$ 302,798,250</u>

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility

UNIVERSITY OF WISCONSIN SYSTEM
Notes to the Financial Statements
Years Ended June 30, 2020 and 2019

NOTE 9 – Postemployment Benefits Other Than Pensions (continued)

in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The total OPEB liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Actuarial Valuation Date	January 1, 2019 used for the June 30, 2019 measurement; January 1, 2017 used for the June 30, 2018 measurement
Measurement Date of Total OPEB Liability	June 30, 2019
Reporting Date	June 30, 2020
Actuarial cost method	Entry age normal
Asset Valuation Method	N/A
Inflation	3.00%
Salary increases	Separate merit and longevity increase rates by employer and service, plus 3.00%
Discount Rate	Discount rate was changed to 3.50% for the June 30, 2019 measurement from 3.87% for the June 30, 2018 measurement
Health care cost trend rates	
Medical	4.00% for first year then 5.50% grading down 0.25% per year to 4.50%
Prescription drug	2.10% for first year then 7.50% grading down 0.25% per year to 4.50%
Dental	0.00% for first year then 3.00% thereafter
Administrative costs	7.30% for first year then 3.00% thereafter
Mortality Rates	Wisconsin 2017 Mortality Table
Benefit Changes	None
Participation Rate	Active: 80% are assumed to elect coverage at retirement, 20% that defer are assumed to be covered over the next 8 years (2.5% per year), so 100% assumed to be covered after 8 years Deferred: 12.5% per year over 8 years
Assumed Claims	Per capita claims costs were based on premium equivalent rates for plan year 2019 and actuarial factors applied to weighted average premium rates to estimate costs
Termination Rates	Rates for General, Executive and Elected employees matched the 2015-2017 experience study for the pension valuation
Disability Rates	Rates for General, Executive and Elected employees matched the 2015-2017 experience study for the pension valuation
Normal Retirement Rates	Rates for General, Executive and Elected employees matched the 2015-2017 experience study for the pension valuation
Withdrawal Rate	Rates matched the 2015-2017 experience study for the pension valuation
Lapse Rate	10% per year after the later of assumed commencement or the valuation date
Retiree Contribution Increase Rate	Retiree contributions are expected to increase with average benefit trend

UNIVERSITY OF WISCONSIN SYSTEM
Notes to the Financial Statements
Years Ended June 30, 2020 and 2019

NOTE 9 – Postemployment Benefits Other Than Pensions (continued)

Excise Tax	Excise tax was repealed effective December 2019 and has been removed from the valuation In the prior years, the excise tax on high cost health plans began in 2022 Gross Average Claims were trended using the Plan Blended Medical and Prescription Drug Trend Rate, offset by the 2018 threshold trended at 2.6% for 2018 and the assumed rate of inflation for subsequent periods The tax was assumed to be 40% of that difference, beginning in 2022
Benefit End Date	Benefits end when participants turn 65 years old

Valuation assumption changes increased the liability by \$56.7 million. This was a result of an increase due to lowering the discount rate, a net increase due to projecting the valuation-year per capita health costs and future trend on such costs, and a decrease due to the repeal of the excise tax on high cost health plans in December 2019. An actuarial experience loss increased the liability by \$65.1 million. This was the net result of a net loss of \$3.7 million due to demographic changes and benefit payments that were different from expected and a loss of \$61.4 million due to actual 2019 contributions that were less than expected

Sensitivity of the University's Proportionate Share of Total OPEB Liability to Changes in the Discount Rate. The following presents what the University's liability would be if it were calculated using a discount rate that is 1-percentage-point lower or higher than the current discount rate:

	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
June 30, 2020			
Discount Rate	2.50 %	3.50 %	4.50 %
OPEB Liability	\$ 323,130,389	\$ 302,798,250	\$ 283,493,850
June 30, 2019			
Discount Rate	2.87 %	3.87 %	4.87 %
OPEB Liability	\$ 254,038,320	\$ 237,204,014	\$ 221,323,805

Sensitivity of the University's Proportionate Share of Total OPEB liability to Changes in the Healthcare Cost Trend Rates. The following presents what the University's liability would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or higher than the current healthcare trend rate:

	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
June 30, 2020			
OPEB Liability	\$ 270,569,852	\$ 302,798,250	\$ 340,992,830
June 30, 2019			
OPEB Liability	\$ 209,691,945	\$ 237,204,014	\$ 269,905,594

UNIVERSITY OF WISCONSIN SYSTEM
Notes to the Financial Statements
Years Ended June 30, 2020 and 2019

NOTE 9 – Postemployment Benefits Other Than Pensions (continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. The total deferred outflows and inflows of resources are amortized over the average active participants service life of 10 years. For the years ended June 30, 2020 and 2019, the University recognized OPEB expense amounting to \$17.8 million and \$22.6 million, respectively.

Total deferred outflows and inflows of resources to be recognized in the current OPEB expense for the fiscal year ended June 30, 2020 and 2019 are as follows:

	Fiscal Year ended June 30, 2020	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 2,528,426	\$ 2,695,443	\$ (167,017)
Assumption Changes	(12,245,854)	2,314,774	(14,560,628)
Total	<u>\$ (9,717,428)</u>	<u>\$ 5,010,217</u>	<u>\$ (14,727,645)</u>

	Fiscal Year ended June 30, 2019	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ (128,727)	\$ 38,290	\$ (167,017)
Assumption Changes	(14,678,921)	—	(14,678,921)
Total	<u>\$ (14,807,648)</u>	<u>\$ 38,290</u>	<u>\$ (14,845,938)</u>

In addition, the contributions subsequent to the measurement date of \$25.2 million (a deferred outflow of resources) will be included as a reduction of the net OPEB liability in the next year (2021). The deferred outflows and inflows of resources to be recognized in the future OPEB expense for the fiscal year ended June 30, 2020 and 2019 are as follows:

	Fiscal Year ended June 30, 2020	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 25,235,057	\$ 26,544,058	\$ (1,309,001)
Change in Proportion	(335,048)	3,587,848	(3,922,896)
Assumption Changes	(92,186,550)	22,859,730	(115,046,280)
Employer Contributions Subsequent to Measurement Date	25,201,728	25,201,728	—
Total	<u>\$ (42,084,813)</u>	<u>\$ 78,193,364</u>	<u>\$ (120,278,177)</u>

UNIVERSITY OF WISCONSIN SYSTEM
Notes to the Financial Statements
Years Ended June 30, 2020 and 2019

NOTE 9 – Postemployment Benefits Other Than Pensions (continued)

	Fiscal Year ended June 30, 2019	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ (1,124,335)	\$ 334,448	\$ (1,458,783)
Change in Proportion	(3,933,999)	479,259	(4,413,258)
Assumption Changes	(128,210,497)	—	(128,210,497)
Employer Contributions Subsequent to Measurement Date	17,977,163	17,977,163	—
Total	<u>\$ (115,291,668)</u>	<u>\$ 18,790,870</u>	<u>\$ (134,082,538)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in future OPEB expense as follows:

Fiscal Year ended June 30	Deferred Outflows of Resources	Deferred Inflows of Resources
2021	\$ 18,857,225	\$ (8,653,147)
2020	18,857,225	(8,653,147)
2023	18,358,660	(8,653,147)
2024	17,833,731	(8,653,147)
2025	14,369,081	(5,973,244)
Thereafter	10,570,368	(286,598)
Total	<u>\$ 98,846,290</u>	<u>\$ (40,872,430)</u>

The total OPEB expense is determined as follows:

Service Cost	\$ 17,869,824
Interest	9,607,295
Recognition of Deferred Outflows	5,010,217
Recognition of Deferred Inflows	(14,727,645)
Total OPEB Expense	<u>\$ 17,759,691</u>

The Schedule of Changes in the University's proportionate share of the total OPEB liability and related ratios is presented as required supplementary information following the notes to the financial statements.

Supplemental Health Insurance Conversion Credit Program

The Supplemental Health Insurance Conversion Credit Program (SHICC) is considered a single-employer defined benefit OPEB plan. GASB standards classify the SHICC as a single-employer defined benefit OPEB plan with multiple participating employers, which includes the State, the University, and other component units of the State. The plan is administered through a trust.

The SHICC program provides a match of sick leave credits for members with 15 or more years of adjusted continuous state service. These credits can be used to pay for post-retirement health insurance. SHICC benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes.

UNIVERSITY OF WISCONSIN SYSTEM
Notes to the Financial Statements
Years Ended June 30, 2020 and 2019

NOTE 9 – Postemployment Benefits Other Than Pensions (continued)

OPEB Plan Fiduciary Net Position. ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>

Additionally, ETF issued a standalone SHICC Financial Report, which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>

Benefits Provided. The SHICC plan provides eligible members with credits that can be used to pay for post-retirement health insurance.

Contributions. The ETF Board approves contribution rates annually, based on recommendations from the actuary. Recommended rates are based on an annual valuation, taking into consideration an estimate of the present value of future benefits and the present value of future contributions. Employer contributions made during a member's working lifetime funds a post-retirement benefit.

Employers are required to pay the contributions based upon a percentage of active member earnings as of December 31, 2019. Contribution rate as of June 30, 2020 was 0.3%.

During the reporting period, the SHICC recognized \$6.4 million in contributions from the University.

OPEB Asset, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. The University reported an asset of \$67.9 million for its proportionate share of the net OPEB asset at June 30, 2020. The June 30, 2020 net OPEB asset was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2019. The University's proportion of the net OPEB asset was based on the University's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2019, the University's proportion was 44.7%, which was unchanged from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the University recognized OPEB income of \$0.8 million.

At June 30, 2020, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Fiscal Year ended June 30, 2020	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Projected and Actual Experience	\$ (45,883,045)	\$ —	\$ (45,883,045)
Net Difference Between Projected and Actual Earnings	(26,105,492)	—	(26,105,492)
Assumption Changes	8,800,674	8,800,674	—
Change in Proportion	(7,236)	24,548	(31,784)
Employer Contributions Subsequent to Measurement Date	3,146,805	3,146,805	—
Total	\$ (60,048,294)	\$ 11,972,027	\$ (72,020,321)

UNIVERSITY OF WISCONSIN SYSTEM
Notes to the Financial Statements
Years Ended June 30, 2020 and 2019

NOTE 9 – Postemployment Benefits Other Than Pensions (continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in future OPEB expense as follows:

Fiscal Year ended June 30	Deferred Outflows of Resources	Deferred Inflows of Resources
2021	\$ 1,233,330	\$ (14,009,012)
2020	1,233,330	(14,009,012)
2023	1,233,330	(7,091,720)
2024	1,233,330	(16,789,833)
2025	1,233,330	(6,448,522)
Thereafter	2,658,572	(13,672,222)
Total	<u>\$ 8,825,222</u>	<u>\$ (72,020,321)</u>

Actuarial Assumptions. The total OPEB asset in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date	December 31, 2019
Measurement Date of Net OPEB Liability	December 31, 2019
Actuarial cost method	Entry age normal
20-year tax-exempt municipal bond yield	2.75%
Long-term expected rate of return	7.00%
Discount rate	7.00%
Salary increases: Inflation	3.00%
Seniority/merit	0.1% - 5.6%
Mortality rates	Wisconsin 2018 Mortality Table
Health Care Trend Rate	3.2% per year

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The Total OPEB Asset for December 31, 2019 is based upon the December 31, 2019 actuarial valuation.

Long-Term Expected Return on Plan Assets. The assets of the SHICC are commingled with assets from other benefit programs and invested in the Core Retirement Investment Trust (Core Fund). Earnings are allocated between the benefit programs based on the average balance invested for each program. The State of Wisconsin Investment Board (SWIB) manages the Core Fund with oversight by the SWIB Board of Trustees, as authorized in Wis. Stat. § 25.17. The long-term expected rate of return is reviewed every three years in conjunction with the Wisconsin Retirement System experience study. Best estimates of geometric real rates of return of each major asset class included in the OPEB plan's target allocation as of December 31, 2019, are summarized in the following table:

UNIVERSITY OF WISCONSIN SYSTEM
Notes to the Financial Statements
Years Ended June 30, 2020 and 2019

NOTE 9 – Postemployment Benefits Other Than Pensions (continued)

**Wisconsin Supplemental Health Insurance Conversion Credit
Asset Allocation Targets and Expected Returns**

Asset Class	As of December 31, 2019	
	Asset Allocation	Long-Term Expected Geometric Real Rate of Return
Global Equities	49.0%	5.1%
Fixed Income	24.5%	2.1%
Inflation Sensitive Assets	15.5%	1.2%
Real Estate	9.0%	3.5%
Private Equity/Debt	8.0%	7.6%
Multi-Asset	4.0%	4.0%
Total Fund	110.0%	4.6%
Inflation		2.5%
Long-Term Expected Rate of Return		7.0%

The long-term expected rate of return is 7.0% which is consistent with the prior year. The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Single Discount Rate. A single discount rate of 7.0% was used to measure the Total OPEB Asset for the current year and prior year. This single discount rate was based on the expected rate of return on OPEB plan investments of 7.0%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the Total OPEB Asset and projections were excluded from this report.

Sensitivity of the University's Proportionate Share of Net OPEB Asset to Changes in the Discount Rate. The following presents what the University's proportionate share of the net OPEB asset calculated using the discount rate of 7.0 percent, as well as what the University's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is 1-percentage-point lower or higher than the current discount rate:

	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
June 30, 2020			
Discount Rate	6.00 %	7.00 %	8.00 %
OPEB Liability/(Asset)	\$ (26,882,044)	\$ (67,871,882)	\$ (103,368,380)

UNIVERSITY OF WISCONSIN SYSTEM
Notes to the Financial Statements
Years Ended June 30, 2020 and 2019

NOTE 9 – Postemployment Benefits Other Than Pensions (continued)

Sensitivity of the University's Proportionate Share of Net OPEB Asset to Changes in the Healthcare Cost Trend Rates. The following presents the University's proportionate share of the collective net OPEB asset, calculated using the assumed healthcare cost trend rate of 3.2% as well as what the plan's net OPEB asset would be if it were calculated using an assumed healthcare cost trend rate that is one percentage point lower or one percentage point higher:

	<u>1% Decrease in Discount Rate</u>	<u>Current Discount Rate</u>	<u>1% Increase in Discount Rate</u>
June 30, 2020			
Healthcare Trend Rate	2.20 %	3.20 %	4.20 %
OPEB Liability/(Asset)	\$ (96,360,209)	\$ (67,871,882)	\$ (40,814,587)

UNIVERSITY OF WISCONSIN SYSTEM
Notes to the Financial Statements
Years Ended June 30, 2020 and 2019

NOTE 10 – Deferred Outflows and Deferred Inflows of Resources

At June 30, 2020 and June 30, 2019, the University reported deferred outflows of resources and deferred inflows of resources from the following sources:

Deferred Outflows

	Pension	Other Post-Employment Benefits	Debt Refundings	Other	Total
Fiscal Year 2020					
Differences between expected and actual experience	\$ 817,248,486	\$ 26,544,058	\$ —	\$ —	\$ 843,792,544
Net differences between projected and actual earnings on pension and OPEB plan investments	—	4,695,336	—	—	4,695,336
Employer contributions subsequent to the measurement date	88,132,080	28,348,533	—	—	116,480,613
Changes in Actuarial Assumptions	33,549,892	123,432,636	—	—	156,982,528
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,916,859	5,991,118	—	—	7,907,977
Unamortized Losses	—	—	43,303,067	—	43,303,067
Asset Retirement Obligations	—	—	—	10,250,843	10,250,843
Total Deferred Outflows	\$ 940,847,317	\$ 189,011,681	\$ 43,303,067	\$ 10,250,843	\$ 1,183,412,908
Fiscal Year 2019					
Differences between expected and actual experience	\$ 369,500,896	\$ 334,448	\$ —	\$ —	\$ 369,835,344
Net differences between projected and actual earnings on pension and OPEB plan investments	692,857,041	3,573,199	—	—	696,430,240
Employer contributions subsequent to the measurement date	102,270,078	17,977,163	—	—	120,247,241
Changes in Actuarial Assumptions	79,969,783	14,659,851	—	—	94,629,634
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,137,227	2,048,795	—	—	3,186,022
Unamortized Losses	—	—	44,960,019	—	44,960,019
Asset Retirement Obligations	—	—	—	11,085,286	11,085,286
Total Deferred Outflows	\$ 1,245,735,025	\$ 38,593,456	\$ 44,960,019	\$ 11,085,286	\$ 1,340,373,786

UNIVERSITY OF WISCONSIN SYSTEM
Notes to the Financial Statements
Years Ended June 30, 2020 and 2019

NOTE 10 – Deferred Outflows and Deferred Inflows of Resources (continued)

Deferred Inflows

	Pension	Other Postemployment Benefits	Debt Refundings	Other	Total
Fiscal Year 2020					
Differences between expected and actual experience	\$ 408,978,175	\$ 55,866,246	\$ —	\$ —	\$ 464,844,421
Net differences between projected and actual earnings on pension and OPEB plan investments	880,160,820	26,105,492	—	—	906,266,312
Changes in Actuarial Assumptions	—	143,227,438	—	—	143,227,438
Changes in proportion and differences between employer contributions and proportionate share of contributions	183,875	7,971,752	—	—	8,155,627
Unamortized Gains	—	—	126,148	—	126,148
Gifts	—	—	—	78,707	78,707
Total Deferred Inflows	<u>\$1,289,322,870</u>	<u>\$ 233,170,928</u>	<u>\$ 126,148</u>	<u>\$ 78,707</u>	<u>\$1,522,698,653</u>
Fiscal Year 2019					
Differences between expected and actual experience	\$ 653,144,688	\$ 9,287,762	\$ —	\$ —	\$ 662,432,450
Changes in Actuarial Assumptions	—	162,052,374	—	—	162,052,374
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,029,905	9,429,602	—	—	11,459,507
Unamortized Gains	—	—	332,732	—	332,732
Gifts	—	—	—	274,713	274,713
Total Deferred Inflows	<u>\$ 655,174,593</u>	<u>\$ 180,769,738</u>	<u>\$ 332,732</u>	<u>\$ 274,713</u>	<u>\$ 836,551,776</u>

UNIVERSITY OF WISCONSIN SYSTEM
Notes to the Financial Statements
Years Ended June 30, 2020 and 2019

NOTE 11 – Other Organizations

GASB Statement No. 14, *The Financial Reporting Entity*, GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, an amendment of GASB Statement No. 14, GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, an amendment of GASB Statements No. 14 and No. 34, and GASB Statement No. 80, *Blending Requirements for Certain Component Units*, an amendment of GASB Statement No. 14 provide guidance in determining whether organizations are to be included as part of a reporting entity. The University has defined significance as 5% of the primary government (individual campus) that the potential component unit exists to support. The University has determined that the Campus Foundations individually and in aggregate exceed the 5% threshold and therefore are disclosed in these financial statements as discretely presented component units. The following pages show the summarized financial information of the major component unit campus foundations.

UNIVERSITY OF WISCONSIN SYSTEM
Notes to the Financial Statements
Years Ended June 30, 2020 and 2019

NOTE 11 - Other Organizations (continued)

Condensed financial statement information related to the University's campus foundations for the year ended June 30, 2020 is as follows:

Condensed Statement of Financial Position	(unaudited) University of Wisconsin Foundation, Inc.	(unaudited) The University of Wisconsin Milwaukee Foundation Inc.	(unaudited) Others	Total
ASSETS				
Cash and Cash Equivalents	\$ 55,488,244	\$ 5,818,081	\$ 20,716,139	\$ 82,022,464
Income and Redemption Receivables	81,080,794	374,768	40,280	81,495,842
Pledges Receivable, Net	99,533,804	20,369,716	28,531,162	148,434,682
Prepaid Expenses and Other Assets	11,717,002	1,955,191	13,065,655	26,737,848
Investments	4,168,998,081	177,015,249	381,248,063	4,727,261,393
Property and Equipment, Net	15,075,585	68,894,253	95,005,087	178,974,925
Real Estate	—	—	978,867	978,867
TOTAL ASSETS	\$4,431,893,510	\$ 274,427,258	\$ 539,585,253	\$5,245,906,021
LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts Payable	\$ 12,767,324	\$ 53,136	\$ 3,929,894	\$ 16,750,354
Pending Investment Purchases Payable	54,219,318	—	—	54,219,318
Accrued Expenses and Other Liabilities	10,277,996	2,573,498	13,650,834	26,502,328
Note Payable	—	79,568,754	81,116,232	160,684,986
Liability Under Split-Interest Agreements	41,598,000	—	781,075	42,379,075
Funds Due to Other Organizations	290,366,846	4,234,223	200,774	294,801,843
Total Liabilities	409,229,484	86,429,611	99,678,809	595,337,904
NET ASSETS				
Without Donor Restrictions	179,646,343	4,021,513	28,379,778	212,047,634
With Donor Restrictions	3,843,017,683	183,976,134	411,526,666	4,438,520,483
Total Net Assets	4,022,664,026	187,997,647	439,906,444	4,650,568,117
TOTAL LIABILITIES AND NET ASSETS	\$4,431,893,510	\$ 274,427,258	\$ 539,585,253	\$5,245,906,021
Condensed Statement of Activities				
REVENUES, GAINS AND OTHER SUPPORT				
Contributions	\$ 304,160,374	\$ 28,370,062	\$ 44,281,586	\$ 376,812,022
Investment Return, Net of Fees	63,923,526	6,664,549	21,955,781	92,543,856
Rental Income	—	5,585,204	2,535,939	8,121,143
Other Income	5,504,482	3,154,278	4,448,592	13,107,352
Total Revenues, Gains and Other Support	373,588,382	43,774,093	73,221,898	490,584,373
EXPENSES				
Program Expenses	243,943,131	29,370,657	39,978,824	313,292,612
Management and General Expenses	14,135,435	1,238,382	6,317,929	21,691,746
Fund raising Expenses	33,971,811	737,852	5,165,493	39,875,156
Total Expenses	292,050,377	31,346,891	51,462,246	374,859,514
OTHER CHANGES IN NET ASSETS	—	—	27,158,915	27,158,915
INCREASE (DECREASE) IN NET ASSETS	81,538,005	12,427,202	48,918,567	142,883,774
Net Assets - Beginning of Year	3,941,126,021	175,570,445	390,987,877	4,507,684,343
Net Assets - End of Year	\$4,022,664,026	\$ 187,997,647	\$ 439,906,444	\$4,650,568,117

UNIVERSITY OF WISCONSIN SYSTEM
Notes to the Financial Statements
Years Ended June 30, 2020 and 2019

NOTE 11 - Other Organizations (continued)

Condensed financial statement information related to the University's campus foundations for the year ended June 30, 2019 is as follows:

Condensed Statement of Financial Position	University of Wisconsin Foundation, Inc.	The University of Wisconsin Milwaukee Foundation Inc.	Others	Total
ASSETS				
Cash and Cash Equivalents	\$ 14,352,673	\$ 6,865,794	\$ 19,817,265	\$ 41,035,732
Income and Redemption Receivables	61,322,010	448,327	36,846	61,807,183
Pledges Receivable, Net	105,016,732	15,019,533	36,647,465	156,683,730
Prepaid Expenses and Other Assets	7,283,671	1,361,305	10,830,102	19,475,078
Investments	4,157,753,513	166,812,031	329,279,574	4,653,845,118
Property and Equipment, Net	17,055,651	71,584,049	98,457,443	187,097,143
Real Estate	3,544,489	—	591,649	4,136,138
TOTAL ASSETS	\$4,366,328,739	\$ 262,091,039	\$ 495,660,344	\$5,124,080,122
LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts Payable	\$ 1,909,273	\$ 122,804	\$ 3,764,501	\$ 5,796,578
Pending Investment Purchases Payable	82,648,552	—	—	82,648,552
Accrued Expenses and Other Liabilities	10,085,247	2,430,924	18,131,764	30,647,935
Note Payable	—	81,300,595	81,776,628	163,077,223
Liability Under Split-Interest Agreements	42,673,164	—	798,800	43,471,964
Funds Due to Other Organizations	287,886,482	2,666,271	200,774	290,753,527
Total Liabilities	425,202,718	86,520,594	104,672,467	616,395,779
NET ASSETS				
Without Donor Restrictions	163,258,592	2,653,644	28,567,248	194,479,484
With Donor Restrictions	3,777,867,429	172,916,801	362,420,629	4,313,204,859
Total Net Assets	3,941,126,021	175,570,445	390,987,877	4,507,684,343
TOTAL LIABILITIES AND NET ASSETS	\$4,366,328,739	\$ 262,091,039	\$ 495,660,344	\$5,124,080,122
Condensed Statement of Activities				
REVENUES, GAINS AND OTHER SUPPORT				
Contributions	\$ 341,625,459	\$ 25,132,662	\$ 44,839,878	\$ 411,597,999
Investment Return, Net of Fees	148,530,807	9,740,116	6,637,326	164,908,249
Rental Income	—	5,647,041	3,983,986	9,631,027
Other Income	5,447,052	50,000	4,394,394	9,891,446
Total Revenues, Gains and Other Support	495,603,318	40,569,819	59,855,584	596,028,721
EXPENSES				
Program Expenses	275,391,164	27,201,863	39,261,133	341,854,160
Management and General Expenses	16,414,420	1,201,155	5,461,861	23,077,436
Fundraising Expenses	27,851,178	3,683,492	5,388,665	36,923,335
Total Expenses	319,656,762	32,086,510	50,111,659	401,854,931
INCREASE IN NET ASSETS	175,946,556	8,483,309	9,743,925	194,173,790
Net Assets - Beginning of Year	3,765,179,465	167,087,136	381,243,952	4,313,510,553
Net Assets - End of Year	\$3,941,126,021	\$ 175,570,445	\$ 390,987,877	\$4,507,684,343

UNIVERSITY OF WISCONSIN SYSTEM
Notes to the Financial Statements
Years Ended June 30, 2020 and 2019

NOTE 11 – Other Organizations (continued)

A – University of Wisconsin Medical Foundation

The University of Wisconsin Medical Foundation (UWMF) is the not-for-profit clinical practice organization for the faculty physicians of the School of Medicine and Public Health within the UW-Madison and is reported as a blended component unit of the University of Wisconsin Hospital and Clinics Authority. The UWMF provides clinical sites, technical and professional staff, and administrative services for the UW-Madison faculty physicians group.

During fiscal year 2007-08, the Wisconsin Department of Health Services (DHS) implemented a Certified Public Expenditure (CPE) program for the services the UW faculty physicians group provides to Medical Assistance (MA) recipients. Because the UW faculty physicians group qualifies as a public provider, it is eligible to receive cost-based reimbursement under federal MA rules.

Under the CPE program, DHS is able to claim additional federal MA funds based upon the difference between the established MA reimbursement rate for the services provided by the UW-Madison faculty physicians group and the actual cost of providing those services. To enable the draw of these federal funds by DHS, UW-Madison remitted a total of \$11.1 million to DHS during fiscal year 2020 and \$11.2 million in fiscal year 2019, representing the state's share of this difference. DHS then claimed the federal share of the difference from the federal government and subsequently provided \$26.5 million during fiscal year 2020 and \$26.7 million during fiscal year 2019, representing both the state and federal share of the difference, to the UWMF. In addition, transfers by UW-Madison to the MA Trust Fund of \$15.5 million during fiscal year 2020 and \$15.5 million in fiscal year 2019 were also made under this program and are reported as a transfer to state agencies on the financial statements.

During fiscal year 2020, the UWMF remitted \$26.5 million to UW-Madison as reimbursement for payments to DHS during fiscal year 2019. During fiscal year 2019, the UWMF remitted \$33.3 million to UW-Madison as reimbursement for payments to DHS during fiscal year 2018.

In addition, UW-Madison incurred expenditures for which reimbursement was received from the UWMF. Of the \$141.4 million expended in fiscal year 2020, \$129.8 million was for salaries and fringe benefits of staff in the UW-Madison School of Medicine. In fiscal year 2019, of the \$129.0 million expended, \$116.9 million was for salaries and fringe benefits of staff in the UW-Madison School of Medicine.

B – University of Wisconsin Hospital and Clinics Authority

The University of Wisconsin Hospital and Clinics Authority (UWHCA), pursuant to an act of the Wisconsin State Legislature, began operating on June 29, 1996 as a separate public authority, and is reported as a discrete component unit within the financial statements of the State of Wisconsin. As required by this legislation, the University has entered into various affiliation and operating agreements with UWHCA, including a lease agreement. Under the terms of the lease, UWHCA makes payments equal to the debt service on all outstanding bonds issued by the State of Wisconsin to acquire, construct, or improve the leased facilities. At June 30, 2020, the present value of these future lease payments totaled \$61,988, compared to \$116,562 at June 30, 2019, an amount equal to the principal on the related bonds outstanding; the asset is included on the statement of net position as part of the capital lease receivable, and the related debt is included as part of the total University bonds outstanding of \$1,501.1 million and \$1,435.3 million at June 30, 2020 and June 30, 2019, respectively. The leased facilities are not included as part of the University's investment in buildings since they have been reported by UWHCA in their audited financial statements in accordance with the generally accepted accounting principles that pertain to the reporting of leased assets.

UNIVERSITY OF WISCONSIN SYSTEM
Notes to the Financial Statements
Years Ended June 30, 2020 and 2019

NOTE 11 – Other Organizations (continued)

During the fiscal year ended June 30, 2020, the University received services from UWHCA totaling \$4.6 million and provided services to UWHCA totaling \$52.6 million, compared to amounts for fiscal year ended June 30, 2019 of \$5.1 million and \$57.0 million. The cost of the services provided and the associated revenue are separately identified in the Statement of Revenues, Expenses, and Changes in Net Position. The amounts spent for services received are included as salaries and fringe benefits and supplies and services expenses on this statement. The services received were funded by an equivalent amount of state appropriations revenue.

C – The Wisconsin Institutes for Discovery

The Wisconsin Institutes for Discovery, which opened in December 2010, is a visionary public-private facility that has taken shape as an innovative building housing two world-class biomedical research institutes and a public space known as the Town Center for campus and community members to gather and collaborate. The public institute, the Wisconsin Institutes for Discovery, is organized under the UW-Madison Graduate School. The private portion of the facility is owned by the Wisconsin Alumni Research Foundation (WARF), which is an independent, nonprofit foundation chartered to support research at UW-Madison and the designated technology transfer organization for the university. The facility was originally undertaken with \$50.0 million in State of Wisconsin and University funding, \$110.0 million contributed by WARF, and a \$50.0 million donation from a private donor. The Morgridge Institute for Research, an independent IRC 501(c)(3) medical research organization, occupies the majority of the WARF-owned portion of the building.

The Wisconsin Institutes for Discovery facility is a 300,000 square foot building located at 330 North Orchard Street in Madison, Wisconsin. Since the University initially owned all of this land, the University and WARF became parties to a Real Property Exchange Agreement dated January 19, 2007. Under the terms of the Exchange Agreement, the University agreed to convey to WARF a portion of this land, and WARF agreed to convey to the University properties of equal value as defined in the agreement. In fiscal years 2008-09 and 2010-11, the University recorded \$4.3 million and \$7.7 million, respectively, as Land and Capital Contributions for the fair market value of the properties WARF has conveyed to the University of Wisconsin System under this agreement. The remainder of the property was transferred to the Board of Regents of the University in November 2016. As such, the Wisconsin Institutes for Discovery does not meet the criteria of a component unit of the University.

The Wisconsin Institutes for Discovery is operated as a condominium. University and WARF are the members of The Wisconsin Institutes for Discovery Condominium Association, Inc. (Association), as set forth in the Condominium Declaration dated September 25, 2009. Ownership of the facility has been determined to be 30% University and 70% WARF. Of the total capitalized cost, the University capitalized \$60.1 million as Buildings, and the remaining amount was capitalized by WARF. Under the terms of the Condominium Declaration, the Association contracts with WARF for purposes of the management and operation of the property. The parties also entered into an Operating and Services Agreement that sets forth the mutually agreed upon specifics of such management and operation.

D – La Crosse Medical Health Science Education Research Center

On June 6, 1997, the Board of Regents entered into a Use Agreement with The La Crosse Medical Health Science Consortium, Inc. (The Consortium), a Wisconsin non-stock corporation tax exempt under IRC 501(c)(3) with offices at 1725 State Street, La Crosse, Wisconsin. As such, The Consortium does not meet the criteria of a component unit of the University.

The Use Agreement makes available the exclusive use of the La Crosse Medical Health Science Education Research Center to The Consortium. As required by this Use Agreement, the University has entered into various operating agreements with The Consortium, including a lease agreement. Under the terms of the lease, The Consortium makes payments equal to the debt service on all

UNIVERSITY OF WISCONSIN SYSTEM
Notes to the Financial Statements
Years Ended June 30, 2020 and 2019

NOTE 11 – Other Organizations (continued)

outstanding bonds issued by the State of Wisconsin to acquire, construct, or improve the leased facilities. At June 30, 2020, there were no remaining future lease payments due, compared to \$0.52 million at June 30, 2019, an amount equal to the principal on the related bonds outstanding; the asset is included on the statement of net position as part of the capital lease receivable, and the related debt is included as part of the total University bonds outstanding. The leased facilities are not included as part of the University's investment in buildings since they have been reported by The Consortium in their audited financial statements in accordance with the generally accepted accounting principles that pertain to the reporting of leased assets.

During the fiscal years ended June 30, 2020 and 2019, the University provided services and rent to The Consortium totaling \$0.7 million. The cost of the services provided, and the associated revenue are included in the Statement of Revenues, Expenses, and Changes in Net Position. The amounts spent for services received are included as salaries and fringe benefits and supplies and services expenses on this statement. The services received were funded by an equivalent amount of revenue from state appropriations.

E – Funds Held In Trust by Others

Funds held in trust by others are endowment funds held by trustees outside of the University Trust Funds for the benefit of the University. The market value of these funds amounted to \$195.2 million at June 30, 2020, compared with \$196.4 million at June 30, 2019. During fiscal year 2020, \$1.2 million of these funds was made available by the trustees for spending. In fiscal year 2019, \$1.1 million of these funds was made available by the trustees for spending.

UNIVERSITY OF WISCONSIN SYSTEM
Notes to the Financial Statements
Years Ended June 30, 2020 and 2019

NOTE 12 – Operating Expenses by Functional Classification

Operating expenses by functional classification for the fiscal year ended June 30, 2020:

	Salary and Fringe Benefits	Scholarships and Fellowships	Supplies and Services	Other	Depreciation	Total
Instruction	\$ 1,205,386,151	\$ 1,126,040	\$ 110,095,850	\$ (1,790,158)	\$ —	\$ 1,314,817,883
Research	740,382,841	2,103,369	286,246,434	3,257,887	—	1,031,990,531
Public Service	218,670,384	369,392	117,030,882	12,601,656	—	348,672,314
Academic Support	335,448,576	132,437	103,997,911	2,673,357	—	442,252,281
Student Services	330,405,648	645,584	168,175,301	1,482,675	—	500,709,208
Institutional Support	307,329,110	1,050,290	29,109,270	1,167,649	—	338,656,319
Operation/Maintenance	166,561,937	5	144,358,756	1,852,663	—	312,773,361
Financial Aid	112,362,332	159,621,294	249,194	1,059,463	—	273,292,283
Auxiliary Enterprises	114,531,848	63,738	182,880,708	1,371,438	—	298,847,732
Other Functions	13,621,988	—	55,664,912	(1,738)	—	69,285,162
Depreciation	—	—	—	—	329,097,681	329,097,681
Total Operating Expenses	<u>\$ 3,544,700,815</u>	<u>\$ 165,112,149</u>	<u>\$ 1,197,809,218</u>	<u>\$ 23,674,892</u>	<u>\$ 329,097,681</u>	<u>\$ 5,260,394,755</u>

Operating expenses totaled \$5.3 billion. Salary and fringe benefits; scholarships and fellowships; and supplies and services and other expenses constituted 67.4%, 3.1%, and 22.8% of total operating expenses, respectively. Depreciation comprised \$329.1 million or 6.3% of total operating expenses.

Operating expenses by functional classification for the fiscal year ended June 30, 2019:

	Salary and Fringe Benefits	Scholarships and Fellowships	Supplies and Services	Other	Depreciation	Total
Instruction	\$ 1,315,949,829	\$ 1,251,704	\$ 125,299,550	\$ 10,471,096	\$ —	\$ 1,452,972,179
Research	692,046,296	3,169,800	290,068,353	1,865,103	—	987,149,552
Public Service	214,337,538	546,929	143,141,295	6,750,206	—	364,775,968
Academic Support	323,983,152	688,886	104,674,406	(672,154)	—	428,674,290
Student Services	325,671,886	763,397	178,270,635	782,723	—	505,488,640
Institutional Support	279,926,847	2,071,299	27,798,895	(735,319)	—	309,061,722
Operation/Maintenance	155,755,015	—	142,089,940	1,041,964	—	298,886,919
Financial Aid	110,422,990	133,737,111	492,970	(1,051,708)	—	243,601,363
Auxiliary Enterprises	120,531,549	19,541	236,414,915	2,707,394	—	359,673,400
Other Functions	13,158,625	—	57,851,725	24,756	—	71,035,107
Depreciation	—	—	—	—	327,325,155	327,325,155
Total Operating Expenses	<u>\$ 3,551,783,727</u>	<u>\$ 142,248,667</u>	<u>\$ 1,306,102,684</u>	<u>\$ 21,184,061</u>	<u>\$ 327,325,155</u>	<u>\$ 5,348,644,295</u>

Operating expenses totaled \$5.3 billion. Salary and fringe benefits; scholarships and fellowships; and supplies and services and other expenses constituted 66.4%, 2.7%, and 24.8% of total operating expenses, respectively. Depreciation comprised \$327.3 million or 6.1% of total operating expenses.

UNIVERSITY OF WISCONSIN SYSTEM
Notes to the Financial Statements
Years Ended June 30, 2020 and 2019

NOTE 13 – Classification of Net Position

Net Position is reported in the following categories: Net Investment in Capital Assets, Restricted - Nonexpendable, Restricted - Expendable, and Unrestricted.

Net Investment in Capital Assets includes assets, such as buildings, construction in progress, and equipment, that are reported net of related debt. Restricted funds are those that have externally-imposed stipulations. Restricted - Nonexpendable funds are those that must be permanently maintained, such as permanent endowments. Restricted - Expendable includes balances such as those for quasi-endowments; segregated fees; student loans; federal aid; and gifts, grants, and contracts. These funds are expendable subject to actions of the University that are pursuant to stipulations or may become expendable by the passage of time. Unrestricted funds are those that are not subject to external stipulations. However, most of the unrestricted funds have been identified for academic and research programs and initiatives, and capital programs.

UNIVERSITY OF WISCONSIN SYSTEM
Notes to the Financial Statements
Years Ended June 30, 2020 and 2019

NOTE 13 – Classification of Net Position (continued)

The amounts within each category at June 30, 2020 and June 30, 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Net Investment in Capital Assets	\$3,574,415,523	\$3,614,415,650
Restricted - Nonexpendable Permanent Endowment	209,279,590	197,906,470
Restricted - Expendable		
Restricted for Pensions	430,532,171	—
Restricted for Other Post-Employment Benefits	67,871,882	—
Restricted Endowment Earnings	55,928,989	89,474,275
Restricted Donor Investments	95,764,073	200,692,160
Auxiliary Operations - Segregated Fees	94,042,124	93,772,886
Restricted for Student Loans		
Federal Aid	19,546,235	46,732,101
Gifts	35,375,612	35,067,774
Endowment Funds	9,772,835	9,812,464
Subtotal	64,694,682	91,612,339
Restricted - Other		
Federal Aid	67,706,491	48,467,533
Gifts and Nonfederal Grants & Contracts	295,052,487	305,130,900
Construction Fund	227,797,018	167,906,942
Segregated Revenue	1,784,513	541,859
All Other Restricted Program Revenue	3,217,389	2,090,552
Subtotal	595,557,898	524,137,786
Total Restricted - Expendable	1,404,391,818	999,689,446
Unrestricted		
Tuition (Academic & Extension Student Fees)	122,307,520	153,038,467
General Operations	65,937,991	116,552,790
Auxiliary Operations (Non-Segregated Fee)	138,670,197	226,460,392
Indirect Cost Reimbursement	107,785,479	116,510,431
Quasi-Endowment Funds	236,350,280	101,135,664
All Other Unrestricted Program Revenue	75,057,891	65,964,457
Gifts and Nonfederal Grants & Contracts	14,800,838	63,312,112
Federal Aid [^]	(112,450,734)	(70,732,865)
All Other Non-Program Revenue*	(437,015,473)	(224,574,548)
Total Unrestricted	211,443,989	547,666,900
Total Net Position	<u>\$5,399,530,920</u>	<u>\$5,359,678,466</u>

[^] Funds are typically collected on a reimbursement basis resulting in a negative balance at year end.

* The negative balance results primarily from an accumulating effect of accrual entries on General Purpose Revenue and Segregated Revenue funds.

UNIVERSITY OF WISCONSIN SYSTEM
Notes to the Financial Statements
Years Ended June 30, 2020 and 2019

NOTE 13 – Classification of Net Position (continued)

The following table shows reclassifications which are done to conform to reporting requirements related to the State of Wisconsin's CAFR. As a reporting entity, the University cannot exercise total discretion over the use of net position of segregated fee auxiliary operations because of statutory mandates; however, they do have discretion in the use of the net position of quasi-endowments reported as unrestricted.

CAFR reclassifications as of June 30, 2020 (in millions):

	University of Wisconsin System	Auxiliary Operations	Endowments	Student Loans	State of Wisconsin CAFR
Net Investment in Capital Assets	\$ 3,574.4	\$ —	\$ —	\$ —	\$ 3,574.4
Restricted for					
Pension	430.5	—	—	—	430.5
OPEB	67.9	—	—	—	67.9
Nonexpendable	209.3	—	—	—	209.3
Expendable	245.7	(94.0)	158.7	—	310.4
Student Loans	64.7	—	—	(9.8)	54.9
Other	595.6	—	—	9.8	605.4
Unrestricted	211.4	94.0	(158.7)	—	146.7
Total Net Position	<u>\$ 5,399.5</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 5,399.5</u>

CAFR reclassifications as of June 30, 2019 (in millions):

	University of Wisconsin System	Auxiliary Operations	Endowments	Student Loans	State of Wisconsin CAFR
Net Investment in Capital Assets	\$ 3,614.4	\$ —	\$ —	\$ —	\$ 3,614.4
Restricted for					
Pension	—	—	—	—	—
Nonexpendable	197.9	—	—	—	197.9
Expendable	383.9	(93.8)	60.5	—	350.6
Student Loans	91.6	—	—	(9.8)	81.8
Other	524.1	—	—	9.8	533.9
Unrestricted	547.7	93.8	(60.5)	—	581.0
Total Net Position	<u>\$ 5,359.6</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 5,359.6</u>

UNIVERSITY OF WISCONSIN SYSTEM
Notes to the Financial Statements
Years Ended June 30, 2020 and 2019

NOTE 14 – Prior Period Adjustments and Other Restatements

Neither the June 30, 2020 nor the June 30, 2019 Statement of Net Position include a prior period adjustment or other restatement.

NOTE 15 – Contingent Liabilities

The University of Wisconsin System is covered by the State of Wisconsin's self-funded program with settlements or judgments paid from the State Risk Management Fund. Loss experience is charged back to the individual University of Wisconsin institutions in subsequent years based on exposure and experience with caps in place for large losses.

The University of Wisconsin System is party in a number of legal actions. While final resolutions have not yet been determined, management is of the opinion that any liabilities resulting from these actions will not have a material adverse effect on the University of Wisconsin System's financial position.

NOTE 16 – Subsequent Events

In November 2020, the State of Wisconsin issued \$224.5 million of 2020 Series B general obligation bonds to be used for the acquisition, construction, development, extension, enlargement or improvement of land, water, property, highways, buildings, equipment or facilities for public purposes. The interest rates associated with these bonds were set at 4.0 to 5.0 percent payable semiannually beginning May 1, 2021. The bonds mature annually beginning May 1, 2022 through May 1, 2041. The total par amount of the 2020 Series B bonds that was issued, and additional purchase premium proceeds from that issue, for University purposes is \$115.2 million.

In July 2020, the State of Wisconsin issued \$164.0 million of 2020 Series 3 general obligation refunding bonds (taxable) to be used for the advanced refunding of certain principal of previously issued general obligation bonds. The interest rates associated with these bonds were set at 0.2 percent to 2.3 percent payable semiannually beginning November 1, 2020. The bonds mature annually beginning May 1, 2022 through May 1, 2035 along with term bonds maturing May 1, 2038 and May 1, 2042.

In June 2020, the State of Wisconsin entered into a forward delivery bond purchase agreement for the issuance of 2021 Series 1 general obligation refunding bonds and a preliminary closing for those bonds occurred in July 2020. Subject to the forward delivery agreement, the State expects to issue \$133.8 million of 2021 Series 1 general obligation refunding bonds in February 2021 to be used for the current refunding of certain principal of previously issued general obligation bonds. When issued, the interest rates are expected to be 5.0 percent payable semiannually beginning November 1, 2021. The bonds mature annually beginning May 1, 2026 through May 1, 2031.

In October 2020, the State of Wisconsin entered into a forward delivery bond purchase agreement for the issuance of 2021 Series 2 general obligation refunding bonds and a preliminary closing for those bonds occurred in November 2020. Subject to the forward delivery agreement, the State expects to issue \$236.6 million of 2021 Series 2 general obligation refunding bonds in February 2021 to be used for the current refunding of certain principal of previously issued general obligation bonds. When issued, the interest rates are expected to be 5.0 percent payable semiannually beginning November 1, 2021. The bonds mature annually beginning May 1, 2022 through May 1, 2041.



Years Ended June 30, 2020 and 2019

REQUIRED SUPPLEMENTARY INFORMATION

DRAFT

UNIVERSITY OF WISCONSIN SYSTEM
Required Supplementary Information and
Notes to Required Supplementary Information
Years Ended June 30, 2020 and 2019

University of Wisconsin System's Proportionate Share of the Net Pension Liability (Asset)
Wisconsin Retirement System

The University's proportionate share of the net pension liability (NPL) or net pension (asset) (NPA) of the Wisconsin Retirement System is provided below:

Fiscal Year*	Proportion of the NPL (NPA)	Proportionate Share of the NPL (NPA)	Covered Payroll	Proportionate Share as a Percentage of Covered Payroll	WRS' Net Position as a Percentage of the Total Pension Liability
2020	13.35%	\$(430,532,171)	\$2,141,382,732	(20.11)%	102.96%
2019	13.34%	\$474,419,425	\$2,034,643,431	23.32%	96.54%
2018	13.44%	\$(399,079,716)	\$1,967,891,964	(20.28)%	102.93%
2017	13.54%	\$112,698,659	\$1,929,105,545	5.79%	99.10%
2016	13.59%	\$220,459,696	\$1,924,520,818	11.47%	98.20%
2015	13.44%	\$(330,166,674)	\$1,896,092,723	17.41%	102.74%

*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

GASB standards require the presentation of 10 years of information. Because fiscal year 2015 was the first year for reporting this information, a full 10-year schedule will not be available until fiscal year 2024.

University of Wisconsin System's Pension Contributions
Wisconsin Retirement System

The University's pension contributions to the Wisconsin Retirement System are provided below:

Fiscal Year*	Contractually Required Contributions	Contributions Made	Contribution Deficiency (Excess)	Covered Payroll	Contributions Made as a Percentage of Covered Payroll
2020	\$140,901,540	\$140,901,540	\$—	\$2,141,382,732	6.58%
2019	\$136,968,134	\$136,968,134	\$—	\$2,034,643,431	6.73%
2018	\$134,517,079	\$134,517,079	\$—	\$1,967,891,964	6.84%
2017	\$127,760,738	\$127,760,738	\$—	\$1,929,105,545	6.62%
2016	\$131,542,672	\$131,542,672	\$—	\$1,924,520,818	6.84%
2015	\$133,468,069	\$133,468,069	\$—	\$1,896,092,723	7.04%

*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

GASB standards require the presentation of 10 years of information. Because fiscal year 2015 was the first year for reporting this information, a full 10-year schedule will not be available until fiscal year 2024.

Notes to Required Supplementary Information
for the Year Ended June 30, 2020

Changes of benefit terms. There were no changes of benefit terms for any participating employer in WRS.

Changes in assumptions. Actuarial assumptions are based upon an experience study conducted in 2018 using experience from 2015 - 2017. No significant change in assumptions were noted for 2019-20 compared to the prior year. Based on the experience study conducted in 2018, actuarial assumptions used to develop total pension liability changed in 2018-19, including a decrease in the discount rate from 7.2% to 7.0%, and a decrease in the long-term expected rate of return from 7.2% to 7.0%, post retirement adjustment, wage inflation rate, mortality and separation rates.

UNIVERSITY OF WISCONSIN SYSTEM
Required Supplementary Information and
Notes to Required Supplementary Information
Years Ended June 30, 2020 and 2019

University of Wisconsin System's Proportionate Share of the OPEB Liability
Retiree Life Insurance Fund

The University's proportionate share of the OPEB liability is provided below:

Fiscal Year*	Proportion of the OPEB Liability	Proportionate Share of the OPEB Liability	Covered Payroll	Proportionate Share as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2020	42.09%	\$287,530,560	\$1,253,058,000	23.0%	33.75%
2019	41.83%	\$180,490,611	\$1,205,222,000	15.0%	44.36%
2018	41.42%	\$204,440,597	\$1,318,898,190	15.5%	41.63%

*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

GASB standards require the presentation of 10 years of information. Because fiscal year 2018 was the first year for reporting this information, a full 10-year schedule will not be available until fiscal year 2027.

University of Wisconsin System's OPEB Contributions
Retiree Life Insurance Fund

The University's OPEB contributions are provided below:

Fiscal Year*	Contractually Required Contributions	Contributions Made	Contribution Deficiency (Excess)	Covered Payroll	Contributions Made as a Percentage of Covered Payroll
2020	\$483,771	\$483,771	\$—	\$1,253,058,000	0.04%
2019	\$580,265	\$580,265	\$—	\$1,205,222,000	0.05%
2018	\$552,145	\$552,145	\$—	\$1,318,898,190	0.04%

*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

GASB standards require the presentation of 10 years of information. Because fiscal year 2018 was the first year for reporting this information, a full 10-year schedule will not be available until fiscal year 2027.

Notes to Required Supplementary Information
for the Year Ended June 30, 2020

Changes of benefit terms. There were no changes of benefit terms for any participating employer in WRS.

Changes in assumptions. Actuarial assumptions are based upon an experience study conducted in 2018 using experience from 2015-2017. Significant assumption changes for 2019-20 compared to the prior year include a decrease in the discount rate from 4.20% to 2.84%, an updated expected return on plan assets from 5.00% to 4.25%, an expected premium rate change updated from 0% future increases to a 5% annual increase effective April 1, 2020 for nine years, and an inflation rate updated from 2.30% to 2.20% based on current and future expected market expectations. Based on the experience study conducted in 2018, actuarial assumptions used for 2018-19 to develop total OPEB liability changed, including the discount rate, wage inflation rate, mortality and separation rates.

UNIVERSITY OF WISCONSIN SYSTEM
Required Supplementary Information and
Notes to Required Supplementary Information
Years Ended June 30, 2020 and 2019

University of Wisconsin System's Proportionate Share of the OPEB Liability
Retiree Health Insurance Plan

The University's proportionate share of the OPEB liability is provided below:

Fiscal Year*	Proportion of the OPEB Liability	Proportionate Share of the OPEB Liability	Covered Payroll	Proportionate Share as a Percentage of Covered Payroll
2020	44.37%	\$ 302,798,250	\$ 1,725,367,417	17.6%
2019	43.95%	\$ 237,204,014	\$ 1,622,101,587	14.6%
2018	43.89%	\$ 315,687,625	\$ 1,577,063,898	20.0%

*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

GASB standards require the presentation of 10 years of information. Because fiscal year 2018 was the first year for reporting this information, a full 10-year schedule will not be available until fiscal year 2027.

University of Wisconsin System's OPEB Contributions
Retiree Health Insurance Plan

The University's OPEB contributions are provided below:

Fiscal Year*	Contractually Required Contributions	Contributions Made	Contribution Deficiency (Excess)	Covered Payroll	Contributions Made as a Percentage of Covered Payroll
2020	\$ 437,853,488	\$ 437,853,488	\$—	\$ 1,725,367,417	25.4%
2019	\$ 435,919,184	\$ 435,919,184	\$—	\$ 1,622,101,587	26.9%
2018	\$ 433,914,171	\$ 433,914,171	\$—	\$ 1,577,063,898	27.5%

*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

GASB standards require the presentation of 10 years of information. Because fiscal year 2018 was the first year for reporting this information, a full 10-year schedule will not be available until fiscal year 2027.

Notes to Required Supplementary Information
for the Year Ended June 30, 2020

Changes of benefit terms. There were no changes of benefit terms for any participating employer in WRS.

Changes in assumptions.

Changes Effective June 30, 2019

Healthcare claims costs and trend were updated based on most recent modeling.

Administrative expenses no longer include costs associated with the administration of medical and prescription claims. These costs are now reflected in the respective per capita healthcare costs, as they are built into the premium rates used to develop these costs.

The discount rate was changed to 3.50% for the June 30, 2019 measurement from 3.87% for the June 30, 2018 measurement.

The excise tax on high cost health plans was repealed effective December 20, 2019 and as such has been removed from this valuation.

UNIVERSITY OF WISCONSIN SYSTEM
Required Supplementary Information and
Notes to Required Supplementary Information
Years Ended June 30, 2020 and 2019

Changes Effective June 30, 2018

The discount rate was changed to 3.87% for the June 30, 2018 measurement from 3.58% for the June 30, 2017 measurement.

The participation rates changed. The Participation rate was previously 85%, and was changed to 80% immediate commencement, with 12.5% of the deferred participants electing coverage each year for eight years, based on the Segal study completed in July 2019.

Lapse rates were added. In this valuation we are assuming 10% of participants that are covered lapse coverage each year, based on the Segal study completed in July 2019.

The inflation, salary scale, retirement, termination, disability and mortality rates were changed in conjunction with the 2015-2017 pension assumption study completed by GRS in 2018.

No assets accumulated in a trust that meets the criteria of paragraph 4 of GASB 75 to pay related benefits.

University of Wisconsin System's Proportionate Share of the OPEB Liability(Asset)
Supplemental Health Insurance Conversion Credit Program

The University's proportionate share of the OPEB liability or (asset) is provided below:

Fiscal Year*	Proportion of the OPEB Liability (Asset)	Proportionate Share of the OPEB Liability (Asset)	Covered Payroll	Proportionate Share as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
2020	44.72%	\$ (67,871,882)	\$ 2,141,382,732	(3.2)%	116.3%

*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

GASB standards require the presentation of 10 years of information. Because fiscal year 2020 was the first year for reporting this information, a full 10-year schedule will not be available until fiscal year 2029.

Notes to Required Supplementary Information
for the Year Ended June 30, 2020

Changes of benefit terms. There were no changes of benefit terms for any participating employer in SHICC.

Changes of assumptions. The actuarial assumptions used to develop Total OPEB liability, including the single discount rate, long-term expected rate of return and expected inflation remained consistent with prior year. Refer to Note 9 for the Actuarial Assumptions.



Years Ended June 30, 2020 and 2019

SUPPLEMENTAL INFORMATION

DRAFT

CHART 1
COMPARISON OF CURRENT FUNDS REVENUES
2010 - 2020

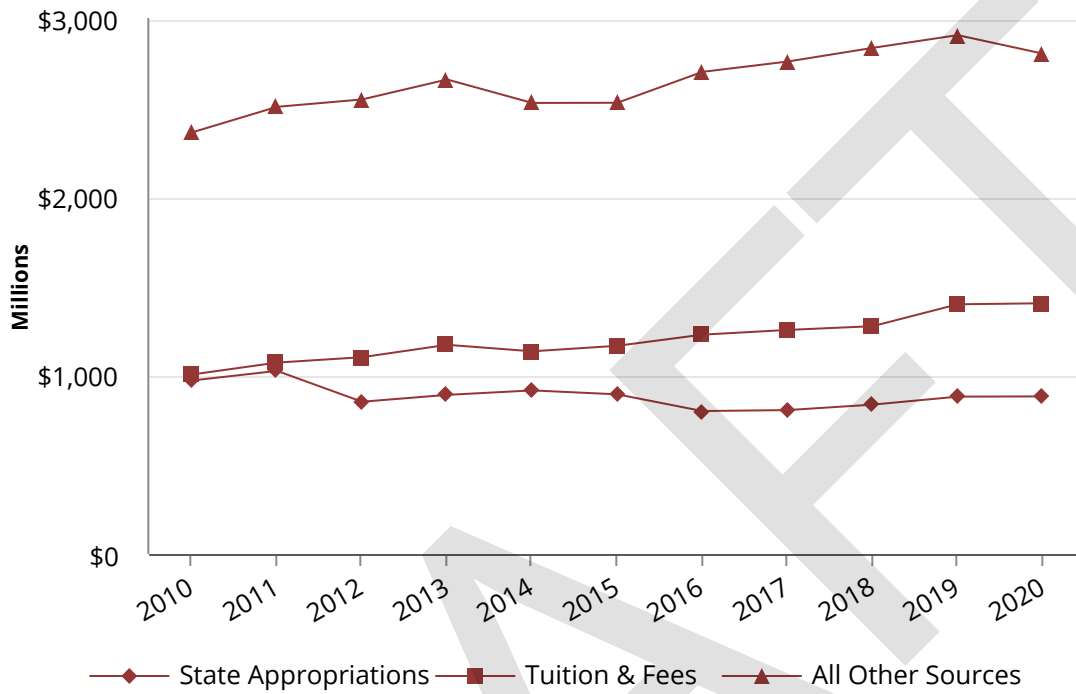


CHART 2
COMPARISON OF CURRENT FUNDS REVENUES
ADJUSTED FOR INFLATION
2010 - 2020

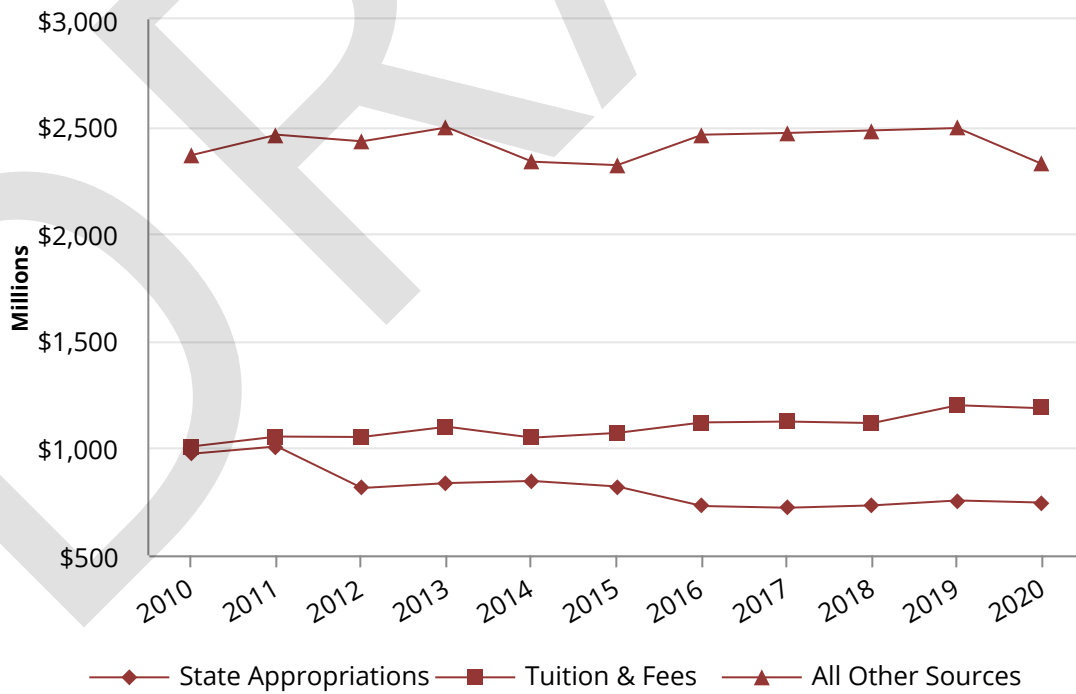
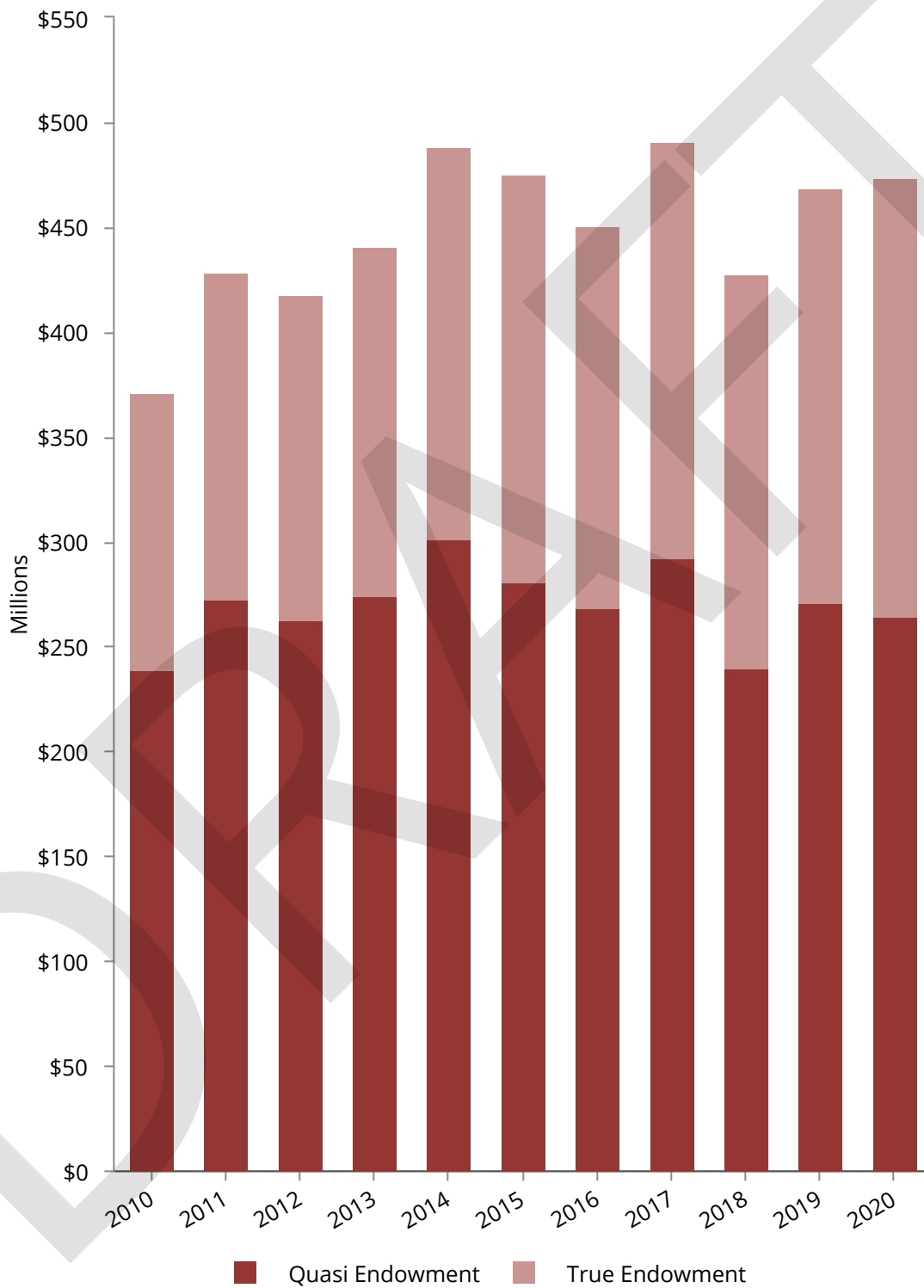


CHART 3
UNIVERSITY-CONTROLLED ENDOWMENTS
2010 - 2020



Charts have been prepared on generally accepted accounting principles in effect prior to the adoption of GASB Statement No. 35

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December 10, 2020

**UW-MADISON GRADUATE AND PROFESSIONAL SCHOOL
TUITION PROPOSALS**

REQUESTED ACTION

Adoption of Resolution E., approving the two-year tuition plan for selected graduate and professional programs at UW-Madison as detailed in the attached plan.

Resolution E. That, upon the recommendation of the Chancellor of UW-Madison and the President of the UW System, the UW System Board of Regents approve the two-year tuition plan for selected graduate and professional programs at UW-Madison as detailed in its proposed plan.

SUMMARY

The tuition freeze currently in place affects undergraduate tuition only. Starting in December 2014, the Board of Regents has approved a series of tuition increases in professional masters' programs at UW-Madison. When this began, most of these programs were far below their public peers for both in-state and out-of-state tuition. As an example, UW-Madison's out-of-state tuition in Veterinary Medicine was so low that it was below the in-state tuition at the University of Illinois in 2014, even though UW-Madison's school is more highly ranked. In each of the last three biennia (December 2014, 2016 and 2018), the Board has allowed these schools to right-size their tuition, based on their rankings and peer comparisons. In each case, the Board approved two years of proposed changes, consistent with the state budget timing. Note the importance of making these changes in December: These programs are marketing their programs and admitting students in the coming months and it is highly important to know tuition levels for the next fall.

This year UW-Madison is again asking the Board to approve adjustments to tuition for certain professional masters' degree programs for the next two years. In a number of cases, the proposed increases are basically inflation adjustments and tuition levels are at the appropriate competitive level. But in a few cases, UW-Madison is asking for adjustments to tuition that exceed inflation in order to catch up with its peers.

This executive summary includes brief information on each of the proposed tuition changes. The attached proposals include full information and specific details. A summary

of proposed tuition rates is provided in Table 1 of the attached. Please note that the changes in Table 1 exclude segregated fees which are not impacted by these proposals.

School of Business Graduate Programs

The School of Business proposes annual increases of \$1,000 (4.3% resident and 2.1% non-resident) in 2022 and \$1,900 (7.8% resident and 4.0% non-resident) in 2023 for its full-time MBA and other Business Masters programs. These programs are currently priced significantly below peer programs and this increase will maintain that price advantage for these respected, high quality programs. The proposed increases also will maintain important market advantage in a time of tremendous turbulence in the traditional graduate business market.

Additionally, the School proposes an increase of approximately \$725 for years 1 and 2 (2.9%) and \$660 for year 3 (2.6%) in 2022 and approximately \$499 for years 1 and 2 and \$511 for year 3 (2.0%) in 2023 for the Evening MBA program. In addition, the School proposes an increase of approximately \$1,271 (2.6%) in 2022 and \$974 (2.0%) in 2023 for the Executive MBA degree program. Like the traditional full-time programs, these offerings are of high quality and have a price advantage relative to peers across the Big 10. This will help UW-Madison maintain its competitiveness in these programs as it revamps the Evening MBA program and as Executive MBA students and their employers navigate economic uncertainty related to Covid-19.

If approved, these tuition increases will generate approximately \$1,100,000 new revenue over two years for the traditional programs and approximately \$250,000 for the Evening and Executive MBA programs. This revenue will help maintain the quality of the programs by supporting new faculty in high demand areas and provide student scholarship support.

Doctor of Law

The Law School proposes a tuition increase for the Doctor of Law (JD), Master of Laws (LLM) and Master of Laws – Legal Institutions (LLM-LI) on a tuition rate that is currently the lowest among the Law School's peer group for both residents and non-residents. The Law School proposes a tuition increase for resident and non-resident students of \$2,600 (9.9% resident and 5.8% non-resident) in 2022 and \$2,800 (9.7% resident and 5.9% non-resident) in 2023.

If approved, the tuition increase would generate approximately \$2 million per year in new revenue. These funds will be used to maintain quality and access as well as for critical investment in graduate placement efforts.

School of Medicine and Public Health – Doctor of Medicine

Following the increases in the last biennium, UW-Madison's School of Medicine and Public Health's medical student (MD) tuition level has moved closer to that of highly ranked research schools but remains substantially lower than the Medical College of Wisconsin, the other in-state medical school. The School of Medicine and Public Health proposes MD program tuition increases of \$420 for residents and \$598 for non-residents (1.1% each) for 2022 and increases of \$1,118 for residents and \$1,593 for non-residents (2.9% each) for 2023. Funds from this increase (~\$300,000 in 2022 and \$1.1 million in 2023) will be used to provide a necessary increase in funding to affiliated training partners, increased scholarship aid for needy students, and support important educational initiatives aligned with program accreditation requirements.

School of Medicine and Public Health – Health Professions Programs

The School of Medicine and Public Health also offers four Health Professions programs including Doctor of Physical Therapy (DPT); Master of Physician Assistant Studies (MPAS); Master of Genetic Counseling Studies (MGCS); and Master of Public Health (MPH). These programs have expanded where feasible to meet growing demand from students (and from employers for graduates) while maintaining quality.

The School of Medicine and Public Health proposes tuition increases of \$193 for residents and \$412 for non-residents (1.1% each) for 2022 and increases of \$514 for residents and \$1,099 for non-residents (2.9% each) for 2023. These increases will generate approximately \$239,000 over the next two years, supporting investments in equipment, online delivery, and financial assistance. These new resources will be applied to student training needs such as increasing capacity at clinical training sites, the development of online education modules to support more flexible learning programs, scholarship aid, and other needs. These increases support access and capacity growth while maintaining excellence.

Doctor of Nursing Practice

The School of Nursing proposes a tuition increase to help build a strong pipeline for nursing faculty roles and to offset the growing cost of maintaining program quality in the Doctor of Nursing Practice (DNP). The UW-Madison DNP ranks 8th among 14 peer institutions for resident tuition (about \$1,600 below the peer average), and 6th for non-resident tuition (about \$3,400 above the peer average after a series of increases over the past several years). The School of Nursing proposes a \$1,000 (5.1%) tuition increase for residents and a \$500 (1.4%) tuition increase for non-residents for 2022. The School of Nursing proposes a \$1,000 (4.8%) tuition increase for residents and a \$500 (1.4%) tuition increase for non-residents for 2023.

If approved, the tuition increase would generate approximately \$63,000 per year in new revenue. These resources will help the School of Nursing maintain its high educational standards and continue its commitment to building a well-educated nursing workforce to meet the health care needs of the State of Wisconsin.

Doctor of Veterinary Medicine

The four-year tuition increase plan from FY16-FY19 brought the School of Veterinary Medicine to the mean of peer institutions, and the 3% increase approved for FY20 and FY21 kept pace with peers as they also increased their tuition. At the same time, the DVM program is highly ranked (8th nationally) and has tuition rates close to peer averages. Demand for program slots remains very high (nearly 1,300 applications for 96 spots). The School of Veterinary Medicine proposes tuition increases of \$786 for residents and \$1,267 for non-residents (2.5% each) in 2022 followed by tuition increases of \$805 for residents and \$1,299 for non-residents (2.5% each) in 2023.

If approved, the tuition increase would generate approximately \$400,000 per year in new revenue. These resources will be used to hire additional Clinical and Tenure Track Faculty, timely with the expected completion of the building expansion in 2023.

Presenter

- Chancellor Rebecca Blank, UW-Madison

BACKGROUND

The University of Wisconsin System Board of Regents has authority to set graduate and professional school tuition at UW-Madison. Starting in the FY2017-18 academic year, UW-Madison has submitted requests for tuition adjustments for selected graduate and professional programs in the fall, for consideration at the December Board meeting. By setting tuition in the fall for the upcoming year, students and their families have more time to plan.

Related Policies

- Regent Policy Document 32-5, "Tuition Policy Principles"

ATTACHMENTS

- A) Table: Proposed Tuition Increases for 2021-22 and 2022-23
- B) UW-Madison Tuition Proposal Appendices

UW-Madison
Table 1. Proposed Tuition Increases for 2021-22 and 2022-23*

	Current Tuition	Proposed					
		2021-22			2022-23		
		Increase	% Inc	Tuition	Increase	% Inc	Tuition
School of Business							
Full Time Masters Programs							
Resident	\$ 23,365	\$ 1,000	4.28%	\$ 24,365	\$ 1,900	7.80%	\$ 26,265
Nonresident	\$ 47,013	\$ 1,000	2.13%	\$ 48,013	\$ 1,900	3.96%	\$ 49,913
School of Business							
Evening MBA - Year 1 & 2							
Resident & Nonresident	\$ 24,840	\$ 725	2.92%	\$ 25,565	\$ 499	1.95%	\$ 26,064
School of Business							
Evening MBA - Year 3							
Resident & Nonresident	\$ 25,330	\$ 660	2.61%	\$ 25,990	\$ 511	1.97%	\$ 26,501
School of Business							
Executive MBA							
Resident & Nonresident	\$ 48,257	\$ 1,271	2.63%	\$ 49,528	\$ 974	1.97%	\$ 50,502
Law School							
JD, LLM, LLM-LI							
Resident	\$ 26,235	\$ 2,600	9.91%	\$ 28,835	\$ 2,800	9.71%	\$ 31,635
Nonresident	\$ 44,932	\$ 2,600	5.79%	\$ 47,532	\$ 2,800	5.89%	\$ 50,332
School of Medicine & Public Health							
Doctor of Medicine							
Resident	\$ 38,143	\$ 420	1.10%	\$ 38,563	\$ 1,118	2.90%	\$ 39,681
Nonresident	\$ 54,319	\$ 598	1.10%	\$ 54,917	\$ 1,593	2.90%	\$ 56,510
School of Medicine & Public Health							
Health Professional Programs							
Resident	\$ 17,547	\$ 193	1.10%	\$ 17,740	\$ 514	2.90%	\$ 18,254
Nonresident	\$ 37,488	\$ 412	1.10%	\$ 37,900	\$ 1,099	2.90%	\$ 38,999
School of Nursing							
Doctor of Nursing Practice							
Resident	\$ 19,731	\$ 1,000	5.07%	\$ 20,731	\$ 1,000	4.82%	\$ 21,731
Nonresident	\$ 34,858	\$ 500	1.43%	\$ 35,358	\$ 500	1.41%	\$ 35,858
School of Veterinary Medicine							
Doctor of Veterinary Medicine							
Resident	\$ 31,430	\$ 786	2.50%	\$ 32,216	\$ 805	2.50%	\$ 33,021
Nonresident	\$ 50,679	\$ 1,267	2.50%	\$ 51,946	\$ 1,299	2.50%	\$ 53,245

*The chart above contains tuition and program fees only (excludes segregated fees). Rates represent fall and spring totals except for the Health Professional Programs and Evening MBA - Year 1 & 2 which are totals for fall, spring and summer. Any proposed changes to segregated fees will be presented at a future date. In order to provide accurate peer comparisons, segregated fees at FY21 rates were added to tuition rates in the supplemental peer comparison information that follows.

**Wisconsin School of Business
Tuition Request for Business
Masters Programs Fall, 2020**

The Problem

The Wisconsin School of Business Full-Time MBA Program has reduced the tuition gap compared to our peer groups significantly over the past 5 years. Key to the gap reduction was a plan to increase tuition an average of 10% a year for both residents and non-residents from 2016-2021, while our peers averaged a 3% increase and our Big 10 peers, a 2% increase over the same time period. While our non-resident tuition is \$6,017 below the average of our peer group (see Table 1 below), the tuition difference between #37 ranked Wisconsin and #23 ranked Indiana University has decreased appreciably. In fact, the non-resident gap was over \$13,000 in 2016 and over \$10,500 for residents. Now the gap has been reduced to ~\$5,000. While it may appear that we should continue to reduce the tuition gap with our peers, there is tension due to the uncertainty of Covid-19 on the ability to recruit students to competitive graduate programs worldwide, increasing student debt, general economic pressure, and the calls by students for educational institutions to refund tuition and eliminate fees.

Table 1 School of Business Masters Tuition & Fees Peer Comparison (Academic Year 2020-21)

Institution	State Resident	Tuition & Fees Rank (descending)	Non-Resident	Tuition & Fees Rank	US News Ranking
UW-Madison	\$24,833	16	\$48,482	14	37
Purdue*	\$22,408	17	\$42,174	17	80
Penn State	\$27,972	15	\$44,330	13	41
Illinois*	\$29,884	14	\$42,332	16	47
Indiana	\$30,137	13	\$53,726	8	23
Rutgers	\$30,419	12	\$50,811	12	56
Ohio State	\$31,139	11	\$55,855	6	37
Michigan State	\$33,098	10	\$52,458	11	40
Washington	\$36,726	9	\$53,568	10	20
Minnesota	\$42,477	8	\$53,757	7	28
Maryland	\$43,353	7	\$52,713	9	44
U Texas -Austin	\$43,366	6	\$48,086	15	18
North Carolina	\$51,146	5	\$66,269	4	20
UC-Los Angeles	\$63,458	4	\$63,458	5	16
UC-Berkeley	\$63,958	3	\$68,152	3	7
Michigan	\$66,476	2	\$71,476	2	7
Northwestern	77,134	1	\$77,134	1	3
Average without UW-Madison	\$41,453		\$54,499		

*These universities have indicated that admissions into their full-time MBA program is suspended.

We have continued to reduce the cost of delivery for our FT MBA program at the Wisconsin School of Business, primarily through an innovative approach in offering merit aid, which has reduced our reliance on the WSB annual fund. We have also increased the revenues generated by the program, aided by recent tuition increases and the successful launch of our 101 Master's programs.

It is important to consider whether our student population will be able to afford an increase in tuition. There are many unknowns that we face in the next two years. We believe that we can remain affordable for our students, and avoid pushing them into much further debt, while increasing our tuition slightly. A recent (2020) US News report for Academic Insights shows the average student debt in our FT MBA program has nearly doubled from \$15,481 to \$30,524, so that presents some concerns, however, according to the same report, the average student debt among all our peers is much higher e.g. Indiana University (\$55,834), University of Minnesota (\$61,154) Michigan State (\$57,679). We are also mindful that the entering student classes in the three programs referenced have contracted. However, we remain confident that we continue to offer a good value proposition. Historically, 90% of our FT MBA students have received job offers within three months of graduation, with an average base starting salary of exceeding \$100,000.

The Proposal

Despite the uncertainty about the reality of Covid-19 on future classes, we are uniquely positioned in the market to request a minimal increase and yet remain one of the more affordable programs in the U.S. News & World Report Top 40. Our current resident tuition amounts to \$23,365 (+ fees of \$1,468 = \$24,833). We propose to increase resident and non-resident tuition by \$1,000 (4.3% for residents and 2.1% for non-residents) for 2021-22 and by \$1,900 (7.8% for residents and 4% for non-residents) for 2022-23 for business masters programs.

Thus, for 2021-22, the cost would be \$24,365 annually for residents and \$26,265 in 2022-23. Non-residents would now pay \$48,013 in 2021-22 and \$49,913 in 2022-23. (see Table 2 below)

Table 2 Proposed Tuition Increase for Business Masters

Academic Year	Resident Tuition & Fees*	Increase (\$ / %)	Non-Resident Tuition & Fees*	Increase (\$ / %)
2020-21	\$23,365	--	\$47,013	--
2021-22	\$24,365	\$1,000 / 4.3%	\$48,013	\$1,000 / 2.1%
2022-23	\$26,265	\$1,900 / 7.8%	\$49,913	\$1,900 / 4.0%

***Excludes segregated fees**

If approved, these tuition increases will generate approximately \$1,100,000 new revenue over two years. This revenue will help maintain the quality of our programs by supporting new faculty in high demand areas and provide student scholarship support. After this increase, our tuition remains significantly lower than the average among our peer schools. Further, by keeping the tuition increases modest and non-resident rates under \$50,000, we are recognizing that employment pressures may affect prospective student's goals to achieve graduate business education, and further, that some of our peers have announced tuition freezes. In a year marked by COVID-19, we want to make sure to stay affordable.

**Wisconsin School of Business
Tuition Request for Evening & Executive MBA Programs
Fall, 2020**

The Problem

The Wisconsin School of Business Evening and Executive MBA programs currently both have low tuition compared to our competitors. Note that both programs are very regional, due to their part-time nature; thus competitors include peer and non-peer institutions in our region. For our Evening MBA (EvMBA) program, our resident tuition is currently just slightly above our peer group but below the Big 10 average. Our non-resident tuition is approximately \$4K below the average of our competitor group and \$7k below the Big 10 average (see Table 1a below), which is sorted by non-resident tuition and fees for AY20). In our Executive MBA (ExMBA) program, the resident and non-resident tuition is \$8K below our competitor group (see Table 1b below). The ExMBA tuition at the University of Minnesota – one of our immediate competitors in terms of geography and ranking – is \$12K higher than our tuition.

Table 1a. Wisconsin School of Business Evening MBA Tuition & Fees Comparison

Institution	Competitor	Resident Tuition & Fees*	Tuition Ranking (highest to lowest)	Non-Resident Tuition & Fees*	Tuition Ranking (highest to lowest)
Wisconsin		\$26,787	6	\$26,787	7
Northwestern	NO	\$58,184	1	\$58,184	1
Michigan	YES	\$45,000	2	\$48,334	3
Maryland	YES	\$30,276	3	\$30,276	5
Ohio State	YES	\$30,173	4	\$54,876	2
Minnesota	YES	\$29,523	5	\$29,523	6
DePaul	NO	\$24,480	7	\$24,480	9
Illinois	YES	\$21,744	8	\$21,744	10
Rutgers	YES	\$18,865	9	\$32,732	4
Purdue	YES	\$16,995	10	\$19,994	11
Indiana	YES	\$15,390	11	\$26,226	8
Iowa	YES	\$10,500	12	\$10,500	12
Mean Competitor		\$24,274		\$30,467	
Mean All		\$27,375		\$32,443	

**Pennsylvania State University, Michigan State University, and the University of Nebraska are Big 10 universities but do not have an evening MBA program.*

*** Tuition for other schools is calculated by taking total program cost divided by 3 years.*

Table 1b. Wisconsin School of Business Executive MBA Tuition & Fees Peer Comparison

Institution	Competitor	Tuition & Fees*	Tuition Ranking (highest to lowest)
Wisconsin		\$49,555	10
Northwestern	NO	\$108,918	1
Chicago (Booth)	NO	\$97,000	2
Michigan	NO	\$84,250	3
Wash U	YES	\$69,975	4
Notre Dame	NO	\$67,862	5
Maryland	NO	\$64,950	6
Minnesota	YES	\$61,800	7
Ohio State	YES	\$57,500	8
Penn State	YES	\$51,000	9
Purdue	YES	\$43,300	11
Michigan State	YES	\$42,500	12
Iowa	YES	\$31,000	13
Mean Competitor		\$51,025	
Mean All		\$65,013	

*Inclusive of segregated fees for Wisconsin and other institutions

While the total revenue from both programs exceeds the costs of delivering the programs, the net revenue from these programs is an important contributor to our overall school budget. The fact that our tuition is lower than the tuition of our peers poses a challenge for the School's overall budget. As such, it would be beneficial for us to have permission to increase our Evening MBA and Executive MBA program tuition.

The Proposal

Table 2a reflects the proposed increases for the Years 1 and 2 of the Evening MBA program with an increase of \$725 (2.9%) for tuition and program fees in AY21 and an increase of \$499 (2.0%) for tuition and program fees in AY22. In Year 3 for these students, the proposed AY21 increase for tuition and fees totals \$660 (2.6%) and the proposed AY22 increase totals \$511 (2.0%). For the Executive MBA (Table 2b), the increase for tuition and program fees in AY21 totals \$1,271 (2.6%) and the proposed increase for AY22 totals \$974 (2.0%).

This increase is projected to keep our tuition below the average among our peer schools if they raise their tuition by 2% a year over the next two years. The class size has decreased for Executive MBA students, and we believe that an additional significant increase in tuition, beyond 2%, would lead to student dissatisfaction and pose financial hardship. We also believe that such an increase could trigger a decrease in overall demand for the Executive MBA Program.

This proposal includes an increase to the student technology fee, based on market research which considers both the current market price for the student technology and the cost of partnering with UW-Madison DoIT for imaging services.

Table 2a. Proposed Tuition Increase for Evening MBA (single rate program)

Academic Year	Evening MBA Tuition and Fees* (year 1 & 2)	Increase (\$ / %)	Evening MBA Tuition and Fees* (year 3)	Increase (\$ / %)
2020-21	\$24,840	--	\$25,330	--
2021-22**	\$25,565	\$725 / 2.9%	\$25,990	\$660 / 2.6%
2022-23	\$26,064	\$499 / 2.0%	\$26,501	\$511 / 2.0%

*Evening MBA Year 3 tuition and fees are split across two semesters (fall, spring). Evening MBA Year 1 and 2 tuition and fees are split across three semesters (fall, spring, summer); Segregated fees excluded from Table 2a

**Academic Year includes increase in qualified program expense (technology) of \$237 Year 1 / 2 & \$158 for Year 3

Table 2b. Proposed Tuition Increase for Executive MBA (single rate program)

Academic Year	Executive MBA Tuition and Fees	Increase (\$ / %)
2020-21*	\$48,257	--
2021-22**	\$49,528	\$1,271 / 2.6%
2022-23	\$50,502	\$974 / 2.0%

*Executive MBA tuition for AY21 includes program fees for technology and program trip. Segregated fees excluded from Table 2b

**Academic Year increase includes increase in qualified program expense (technology) of \$316

The Impact

The implementation of increasing tuition will contribute vital resources to the Evening and Executive MBA Programs, allowing us to develop additional programming and support for students. These initiatives will include funding a dedicated technology specialist for online support, developing and implementing extended professional development programming, and purchasing software to enhance academic resources for online instruction/learning for faculty and students in the Evening and Executive MBA Programs.

If approved, these tuition increases will generate ~\$250,000 in new revenue over two years. The tuition increase will channel support for pay increases for faculty and staff, the hiring of an administrative assistant to support the operations of the Evening and Executive MBA programs, the development of career management video content providing greater access to students and alumni, and the development of video and social media promotion for programming and student and alumni engagement.

Finally, these tuition increases will offset costs to develop online, blended, and other delivery modes to increase the accessibility of the Evening and Executive MBA programs, especially in consideration of future uncertainty with the global pandemic.

UW-Madison Law School**Tuition Proposal
J.D. and LL.M. Degrees
Fall 2020****The Problem**

The University of Wisconsin Law School is one of the nation's preeminent public law schools. Our location, broad and deep experiential learning opportunities, renowned faculty, and diploma privilege set us apart from other law schools, helping us to attract prospective students from throughout the state, as well as around the country and even the world. The cost of maintaining our quality and stature as a leader in legal education, however, continues to rise and outpaces our available resources.

Our J.D. tuition rates lag behind that of comparable institutions within the Big Ten and around the nation (see Table 1). Our resident tuition offers tremendous value for our in-state students and will continue to do so even with a tuition increase. The current resident rate is second-lowest among all Big Ten law schools, and is at the bottom of our peer schools (Minnesota, Illinois, Iowa, Indiana, and Ohio State) within the Big Ten. Our non-resident tuition rate is third-lowest among the Big Ten law schools, but is again the lowest among our peer schools.

The LL.M.-Legal Institutions (LL.M-LI) and LL.M./S.J.D. programs (collectively LL.M. Programs) compete with the graduate programs of these same peer institutions, and for the most part, their tuition rates parallel the non-resident rates at each institution. Maintaining a tuition rate that is competitive with our peers is important and Table 2 reflects debt levels at or below peer institutions. The current financial aid structure for both these programs allow us to do that while continuing to remain competitive. We must continue to provide a transformative legal education that fulfills the Law School's mission and the Wisconsin Idea. To achieve these goals, it is critical for us to maintain our depth and breadth of programs, recruit and retain outstanding faculty, and provide an inclusive community experience that attracts students to Madison, aligning with our reputation as a global university. As a result, we are proposing a tuition increase that will help us better serve the state and fulfill our educational mission.

Table 1 – Big Ten Comparisons of Resident JD Tuition & Fees, with Rankings

Law School (US News Ranking)	Resident Tuition & Fees	Resident Tuition Ranking (highest to lowest)	Non-Resident Tuition & Fees	Non-Resident Tuition Ranking
Michigan (9)	\$64,198	1	\$67,198	1
Minnesota* (21)	\$45,808	2	\$54,664	3
Michigan State (93)	\$41,752	3	\$46,312	9
Illinois* (31)	\$40,101	4	\$50,101	5
Indiana* (38)	\$37,731	5	\$58,406	2
Maryland (47)	\$34,858	6	\$50,476	4
Ohio State* (38)	\$32,060	7	\$47,312	7
Rutgers (76)	\$29,197	8	\$42,242	10
Iowa* (27)	\$28,151	9	\$47,766	6
Wisconsin (38)	\$27,708	10	\$46,404	8
Nebraska (76)	\$16,423	11	\$38,107	11
Mean w/out Wisconsin	\$37,028	Mean w/out Wisconsin	\$50,265	

*Indicates peer school within cohort.

Table 2 – Peer & In-State School Debt Data for Class of 2019

Peer/In-State	Average Debt	% w/ Debt
Wisconsin (38)	\$70,948	74%
Iowa (27)	\$77,891	72%
Illinois (31)	\$88,252	71%
Indiana (38)	\$92,546	75%
Ohio State (38)	\$93,250	75%
Marquette (102)	\$127,141	82%
Minnesota* (21)	---	---

*Data not yet available.

The Proposal

We propose a tuition increase for resident and non-resident J.D. students of \$2,600 (9.9% for residents / 5.8% for non-residents) in 2022 and \$2,800 (9.7% for residents / 5.9% for non-residents) in 2023 (Table 3). Even after these increases, our tuition will still remain below the current mean among our peer schools (see Table 1 above).

In addition, we propose that tuition for the LL.M. programs continue to be set at the same level as the tuition rates for non-residents in the J.D. program (Table 3). We believe we can continue to attract and matriculate highly qualified candidates for these programs at this competitive tuition rate.

Table 3 – Proposed UW Law School Tuition Rate for J.D. and LL.M. Programs

Academic Year	Resident Tuition & Fees	Increase (\$ / %)	Non-Resident Tuition & Fees	Increase (\$ / %)
2020-21	\$26,235	--	\$44,932	--
2021-22	\$28,835	\$2,600 (9.9%)	\$47,532	\$2,600 / 5.8%
2022-23	\$31,635	\$2,800 (9.7%)	\$50,332	\$2,800 / 5.9%

The Impact

The proposed increase will generate approximately \$2,000,000 in additional tuition revenue in each year, assuming constant enrollment of 730 students between our J.D. and LL.M. programs. A portion of this increase will be used to support student aid, a key element in recruiting and in controlling debt levels. It is critical that any tuition increases be accompanied by additional financial aid, so that we can continue to matriculate classes that are diverse in all dimensions, including socioeconomic status. That includes students who come from rural and urban areas in Wisconsin that are generally less affluent. We want to make sure that the top-quality legal education we offer remains accessible to all who have the capacity to excel in law school and the practice of law, regardless of their background and means. We also want to enhance our placement efforts to help our students secure jobs after graduation. We would allocate fifty percent of this tuition increase toward these efforts. Even after this increase, our tuition levels will likely remain at or near the bottom of our peer group, particularly with regards to resident tuition (where even a \$5,400 increase would move us temporarily to the middle of the cohort, assuming other schools forego increases). However, the Law School continues to be attentive to access as well as our ability to recruit and retain excellent students. This proposed tuition increase will bring us closer to our peer group while remaining competitive in the current market, while the additional aid for students will help us ensure that the law school remains affordable to those with the greatest financial need.

UW School of Medicine and Public Health MD Tuition Proposal
Fall, 2020

The problem

The University of Wisconsin School of Medicine and Public Health (UWSMPH) continues to deliver high-quality, affordable medical education that fulfills all accreditation requirements and provides outstanding training and preparation for the full spectrum of clinical practice. Over the last several years, UWSMPH has invested in the innovative ForWard curriculum that holistically integrates basic sciences, public health, and clinical sciences; improved physical facilities to support the curriculum and student well-being; and expanded diversity recruitment efforts, including financial support and national recruitment that have resulted in a 2020 entering class where one-third of students are from underrepresented in medicine populations. Additionally, UWSMPH has updated funding agreements with statewide campus partners to provide a more consistent structure to train students to care for underserved rural and urban citizens of Wisconsin.

Part of the funding strategy to meet these goals has included aggressive tuition increases of 5-10% over the past five years. With these increases, our tuition has moved close to the mean of other Big 10 schools in the Midwest, as noted in Table 1, and we remain far lower than the other in-state medical school, the Medical College of Wisconsin.

The proposal

Having reached key milestones in building and implementing our current learner-centered curriculum and completed learning space renovations, UWSMPH leadership proposes tuition increases during the coming two years that are more commensurate with inflation rates.. We recognize the need for tuition that supports curriculum and minimizes debt and allows us to successfully meet our goals of recruiting diverse and disadvantaged students to address health needs of rural and urban underserved areas and populations across Wisconsin and beyond. Furthermore, we propose a lower increase for the 2021-2022 academic year as our economy recovers from the COVID-19 pandemic tuition increases during the coming two years that are more commensurate with inflation rates.

Annual medical student tuition and fees are currently \$39,614 for resident students and \$55,790 for non-resident students. That compares to an average of \$40,115 for residents at competing Big 10 public schools, and \$65,171 for non-residents. Our proposal is to increase *resident (+\$420) and non-resident (+\$598)* tuition by 1.1% for FY2022. For FY2023 we propose a 2.9% increase to both *resident (+\$1,118) and non-resident (+\$1,593)* tuition. We propose similar increases to the tuition rate for combined MD/PhD students. Table 2 shows the proposed new tuition levels for resident and non-resident students over three years. By FY 2023 this would increase tuition by \$1,601 and \$2,250 to rates of \$41,215 and \$58,040 for resident and non-resident students respectively. With these increases, SMPH tuition would remain slightly below the average of comparison schools, assuming they maintain modest tuition increases (2%), but will allow us to continue to make gains in our effort to recruit diverse classes. In FY2023, the proposed increase would likely keep UWSMPH tuition below the average of peer institutions' resident tuition rates, but remain higher than 4 of 7 peer Big10 schools in the Midwest.

Table 1. UW School of Medicine and Public Health FY19 Tuition & Fees Peer Comparison

Institution	State Resident Tuition & Fees	Resident Tuition & Fee Rank (descending)	Non-Resident Tuition & Fees	Non-Resident Tuition & Fee rank	US News Rankings (research, primary care)
University of Wisconsin	39,614	8	55,790	10	(27, 18)
University of California, San Francisco	36,342	13	48,587	13	(6, 2)
Indiana University	36,586	12	62,365	5	(47, 20)
University of Minnesota	37,565	11	52,913	11	(40, 15)
University of Iowa	37,838	10	58,613	7	(34, 20)
Michigan State University	39,090	9	72,583	3	(UR, UR)
Ohio State University	40,274	7	70,469	4	(34, 38)
University of Michigan	42,116	6	61,508	6	(15, 5)
University of Illinois	47,337	5	77,749	2	(55, 54)
University of Washington	48,096	4	84,723	1	(13, 2)
University of Virginia	48,369	3	58,513	8	(29, 6)
Pennsylvania State University	51,080	2	51,080	12	(UR, UR)
Medical College of Wisconsin	53,768	1	57,468	9	(UR, UR)
Average (without UWSMPH)	43,205		63,047		
Average, Big 10 (without UWSMPH)	40,115		65,171		
Average, Public (without UWSMPH)	42,245		63,555		

Table 2. Proposed Changes in Tuition* for the next two years

Academic Year	Resident Tuition & Fees	Increase (\$ / %)	Non-Resident Tuition + Fees	Increase (\$ / %)
2020-2021	\$38,143		\$54,319	
2021-2022	\$38,563	\$420 / 1.1%	\$54,917	\$ 598 / 1.1%
2022-2023	\$39,681	\$1,118 / 2.9%	\$56,510	\$1,593 / 2.9%

*Includes summer tuition and program fees; excludes segregated fees

The impact

The proposed increases will generate additional tuition revenue of approximately \$306,000 in FY2022 and \$1.1 million cumulative over two years. A portion of these dollars will be used to provide increased funding to our affiliated clinical training partners, as required by our contractual agreements. Another portion will be applied to increased scholarships for our most needy students. The remainder will fund priorities that directly support education initiatives and are designed to explicitly meet national accreditation requirements, including:

- Enhanced enduring online education modules to support more flexible and blended learning for medical students, especially within dual degree programs
- Augmented support for research opportunities for medical students, as required by our national accreditation body
- Dedicated investment in IT infrastructure and analytics to better monitor metrics of success
- Increased career counseling, advising capacity, and wellness programming to improve services for students
- Expanded diversity pathway, recruitment, and retention programs that enhance the climate and learning opportunities for all students
- Enhanced processes, services, and equipment to promote safety in the clinical learning environment—from increasing telehealth capacity to providing appropriate personal protective equipment and tracking in clinical settings

The UWSMPH will continue to exercise strong financial discipline. The proposed tuition increases will allow us to provide exceptionally high value to our students while maintaining our high educational standards.

UW School of Medicine and Public Health Health Profession Programs Tuition Proposal
Fall, 2020

The problem

In addition to the Doctor of Medicine (MD) education program, the University of Wisconsin School of Medicine and Public Health (UWSMPH) oversees four highly regarded Health Profession programs which have a distinct common per semester tuition rate: Doctor of Physical Therapy (DPT); Master of Physician Assistant Studies (MPAS); Master of Genetic Counselor Studies (MGCS); and Master of Public Health (MPH). When a specific tuition schedule was established for these programs, the initial rate was set at normal graduate student levels plus \$500. That differential remained steady until FY2020 and FY2021. In those two years, tuition increased by 5% per year in order to make curriculum changes to meet accreditation standards, as well as to address competition to maintain sufficient clinical training sites across the state.

The MGCS program was reaccredited in 2020, with MPH and DPT programs currently preparing for accreditation review in 2021. The investments made in the last two years include:

- Mandated MPH curriculum changes to meet new accreditation guidelines
- Mandated DPT curriculum changes, including increased time allotted to scholarly work
- Mandated support staffing increases for the MGCS program
- Needed expansion of the MGCS and MPAS programs to help address significant workforce shortages

The market demand for graduates of all four programs remains extremely high. We have expanded class sizes where feasible, have utilized distance education technology for the MPAS program expansion, and enhanced flexible curriculum delivery for other programs. Analysis of tuition levels shows our rates are very competitive for the DPT and MPAS programs, which have many regional alternatives for interested potential students. As noted in the table for the DPT program—used as our example for relative tuition costs—Madison ranks 12th out of 14 programs, ahead of UW-Milwaukee and the University of Michigan-Flint for resident tuition and fees, and just slightly behind UW-LaCrosse. Our MGCS and MPH programs have fewer competing peer programs, but are just below the mean of their peers.

The proposal

Having reached key milestones in program expansion and meeting accreditation requirements, UWSMPH leadership proposes tuition increases during the coming two years that are more commensurate with inflation rates. The earning potential for graduates in these advanced health professional degree programs is low compared to their educational debt burden. For instance, the mean starting salary for graduates of the 3-year Doctor of Physical (DPT) Program is \$60,000. It is even lower for graduates of the 2-year Master of Public Health (MPH) Program. Given the significant predicted shortages of physical therapists, genetic counselors, public health professionals, and physician assistants over the next 10 years in Wisconsin, we have a social responsibility to maintain tuition that allows us to provide high quality education for graduates who will serve the state and that also minimizes the debt burden for graduates. We also must successfully meet our goals of recruiting diverse and disadvantaged students to address the health needs of underserved areas and populations across Wisconsin and beyond. Furthermore, we propose a lower increase for the 2021-2022 academic year as our economy recovers from the COVID-19 pandemic.

Given this, our proposal is to increase resident and non-resident tuition by 1.1% for FY2022 (\$193 for residents and \$412 for non-residents). For FY2023 we propose a 2.9% increase to both resident and non-resident tuition. Each of the health profession programs charge semester and summer tuition when appropriate. Annual tuition, including summer tuition and fees, is currently \$19,379 for resident students and \$39,319 for non-resident students. Table 2 shows the proposed new tuition levels for both categories of students each year. For the coming 2023 academic year, tuition would increase by \$514 (2.9%) and \$1,099 (2.9%) per year to rates of \$20,160 and \$40,189 for resident and non-resident students respectively.

Table 1. UW SMPH Health Program and Peers Tuition Comparison

Institution	State Resident Tuition & Fees	Resident Tuition & Fee Rank (descending)	Non-Resident Tuition & Fees	Non-Resident Tuition & Fee rank
University of Wisconsin Madison	19,379	12	39,319	8
University of Michigan-Flint	16,018	14	23,277	14
University of Wisconsin-Milwaukee	18,784	13	38,107	10
University of Wisconsin-LaCrosse	19,569	11	38,409	9
Ohio State University	20,688	10	55,380	1
Rutgers University	22,759	9	34,123	12
University of Maryland-Baltimore	23,105	8	35,849	11
University of Nebraska	23,565	7	39,357	7
Indiana University	23,699	6	41,015	6
University of Iowa	25,527	5	51,477	3
University of Illinois	26,847	4	43,286	5
University of Minnesota	29,145	3	33,156	13
Marquette University	48,090	2	48,090	4
Northwestern University	51,483	1	51,483	2
Average, (without UWSMPH)	26,868		41,001	
Average, Big Ten (without UWSMPH)	24,755		42,797	
Average, Wisconsin (without UWSMPH)	28,814		41,535	

Table 2. Proposed Changes in Tuition* for the Next Two Years

Academic Year	Resident Tuition & Fees	Increase (\$ / %)	Non-Resident Tuition + Fees	Increase (\$ / %)
2020-2021	\$17,547		\$37,488	
2021-2022	\$17,740	\$193 / 1.1%	\$37,900	\$412 / 1.1%
2022-2023	\$18,254	\$514 / 2.9%	\$38,999	\$1,099 / 2.9%

*Includes summer tuition and program fees; excludes segregated fees

The impact

The proposed tuition increase will generate additional annual revenue of approximately \$239,000 in FY2023. This increase would apply to the full portfolio of four health professions programs to support general student training needs that are consistent with those of our medical student program:

- Increased capacity and dedicated safety equipment at clinical training sites to provide enough clinical rotations for learners
- Enhanced enduring online education modules to support more flexible and blended learning across health professional programs
- Increased scholarships and financial aid for students, especially those from traditionally underrepresented populations
- Expanded and enhanced career counseling, advising capacity, and wellness programming
- Focused diversity pathway, recruitment, and retention programs for learners across health professions
- Increased use of clinical simulation technology to advance clinical skills

The School of Medicine and Public Health will continue to grow these needed programs, while maintaining our high educational standards and meeting the challenges we face as a national leader. We believe it is important for UW-Madison and the School of Medicine and Public Health to offer a broad range of health profession programs to meet the growing demand for interdisciplinary teams that will meet the evolving healthcare needs of our state.

Doctor of Nursing Practice (DNP) Tuition Adjustment Proposal
Linda D. Scott, Dean

The Problem

The UW-Madison School of Nursing (SoN) Doctor of Nursing Practice (DNP) program addresses critical needs in health systems and society and builds a strong pipeline for nursing faculty roles. Tuition rates remain below peer median, despite adjustments to the tuition in the last four fiscal years. See the chart below for comparison to peers and median tuition and fee rates for the 2020-21 academic year.

Table 1. UW-Madison Doctor of Nursing Practice FY21 Tuition & Fees Comparison

Institution	Resident Tuition and Fees Rate	Resident Tuition and Fees Rank	Non-Resident Tuition and Fees	Non-Resident Tuition and Fees Rank
University of Illinois at Chicago	\$34,540	1	\$49,420	2
University of Washington	\$29,208	2	\$41,607	4
University of Pittsburgh	\$28,528	3	\$33,886	9
Rutgers University	\$25,877	4	\$36,053	7
University of Michigan	\$25,528	5	\$51,114	1
University of Iowa	\$21,738	6	\$41,823	3
University of Virginia	\$21,652	7	\$34,054	8
University of Wisconsin-Madison	\$21,199	8	\$36,327	6
Michigan State University	\$20,124	9	\$20,724	11
University of Minnesota	\$19,628	10	\$19,628	12
University of North Carolina	\$19,328	11	\$37,054	5
Ohio State University	\$19,007	12	\$19,407	13
University of Nebraska	\$16,535	13	\$28,295	10
University of Texas	\$15,000	14	\$15,000	14
<i>Average All Peers w/o UW-Madison</i>	<i>\$22,823</i>		<i>\$32,928</i>	
<i>UW-Madison - All Peer Average</i>	<i>(\$1,624)</i>		<i>\$3,399</i>	
<i>Average Big-Ten Peers w/o UW-Madison</i>	<i>\$21,205</i>		<i>\$31,006</i>	
<i>UW-Madison - Big Ten Peer Average</i>	<i>(\$6)</i>		<i>\$5,321</i>	

Salary pressures have also become a major challenge for academic nursing in Wisconsin. Competitive salaries for professional nurses with graduate education have increased much faster than the SoN's capacity to generate new revenue to provide competitive salaries. Even with focused efforts to expand revenue, average salaries for clinical faculty qualified to teach in the DNP program (\$94,514) remain

below annual salaries that an advanced practice registered nurse (APRN) could receive in major health care systems across the state:

- Nurse Practitioner \$ 97,990
- Nurse Midwife \$104,400
- Nurse Anesthetist \$172,000

As the faculty shortage deepens and as opportunities for APRNs expand in a changing health care system, competitive salary offers will continue to rise and resources are needed to mitigate salary discrepancies.

The Proposal

In order to remain competitive with our peers and invest in critical infrastructure, ***we request an increase to tuition in the DNP program of \$1,000 per year for residents (5.1% / 4.8% increase in Fall 2021 / Fall 2022) and \$500 / 1.4% per year for non-residents (as UW-Madison is already above the peer average for non-residents) for FY22 & FY23.*** It should be noted that our students are primarily Wisconsin residents. In Fall 2018, our resident full time headcount was 44, and resident part time credit hours were 259. This compares to a non-resident full time headcount of 4 and non-resident part time credit hours of 6 in the same semester.

Table 2. Proposed Change in Tuition for Doctor of Nursing Practice Program

Academic Year	Resident Tuition and Fees*	Increase (\$ / %)	Non-Resident Tuition and Fees*	Increase (\$ / %)
2020-21	\$19,731		\$34,858	
2021-22	\$20,731	\$1,000 / 5.1%	\$35,358	\$500 / 1.4%
2022-23	\$21,731	\$1,000 / 4.8%	\$35,858	\$500 / 1.4%

*Excludes segregated fees

The Impact

This plan will generate approximately \$63,000 in additional tuition revenue each year. This tuition increase will help the SoN maintain its high educational standards and continue its commitment to building a well-educated nursing workforce to meet the health care needs of the state. It will be leveraged to grow and support simulation infrastructure (staffing and equipment) in our Center for Technology Enhanced Nursing (CTEN) and provide additional Open Labs for students in the CTEN, competitive instructor salaries, innovative models for clinical placement, and additional financial aid. The growing need for quality healthcare nationwide – driven by an aging and more diverse population, stipulations in the Affordable Care Act, and technological change – is in turn driving an increased demand for nurses with higher levels of nursing education. A recent report on the Wisconsin nursing workforce (Wisconsin Center for Nursing, 2016) projects that the supply of critical advanced practice

nurses will need to increase significantly to meet the needs and challenges of a changing landscape in health care in Wisconsin.

Our DNP program graduates experienced, highly trained advanced-practice nurses that the state needs desperately at this time and into the future. Equally important, UW-Madison is the only nursing school in the 26-campus UW system that offers a specialty track that prepares individuals to become psychiatric-mental health nurse practitioners, the demand for which is growing and an area in which enrollment could be scaled up with additional resources.

Wisconsin Center for Nursing projections identify a workforce crisis with a shortage of registered nurses growing to 27,700 nurses by 2040. Other studies layer challenges because of a projected nationwide faculty shortage, making recruitment and retention of quality faculty that much more critical. Further, tightening economics in health care makes securing clinical educational sites more challenging. Our plans for the investment of these additional funds in the School infrastructure as detailed above allows us to address these issues and position the School and our students for greater impact and success.

Thank you for considering our proposal.

Proposal for FY20-21 Tuition Increase in the School of Veterinary Medicine
Submitted by Dean Mark D. Markel
December 2020

The Problem

Prior to FY16, the Doctor of Veterinary Medicine (DVM) Nonresident and Resident tuition rates for the UW-Madison School of Veterinary Medicine (SVM) were among the lowest in the country among all the accredited schools of veterinary medicine. The 4 year tuition increase plan from FY16-FY19 brought us close to the mean of our peer institutions, and the 3% increase approved for FY20 and FY21 kept pace with our peers as they also increased their tuition. Table 1 shows the current FY21 tuition and fee levels for our Public Peer and Neighboring Schools of Veterinary Medicine, the mean tuition and fees, and also the mean tuition and fees for all of the Big Ten schools of veterinary medicine.

The prior tuition increase plan did indeed bring us closer to the mean of our peer institutions. However, the SVM currently has the 5th lowest Nonresident and 7th lowest Resident tuition and fees among our 9 peer institutions. In order to maintain our high national rankings (currently #8 among accredited schools), it is imperative we have the resources to invest to maintain our excellence.

Table 1. UW School of Veterinary Medicine FY21 Tuition and Fee Comparison*

Institution	State Resident	Resident Tuition & Fees Rank (descending)	Non-Resident	Non-Resident Tuition & Fees Rank	US News Ranking
UW-Madison	\$32,898	7	\$52,147	5	8
North Carolina State	\$19,616	9	\$26,626	9	4
Iowa State	\$25,302	8	\$51,787	6	14
UC-Davis	\$33,179	6	\$45,424	8	1
Michigan State	\$33,190	5	\$59,115	3	17
Illinois	\$33,710	4	\$56,414	4	23
Minnesota	\$35,263	3	\$63,376	1	10
Ohio State	\$38,332	2	\$48,174	7	4
Colorado State	\$38,962	1	\$62,660	2	3
Average	\$32,272	Average	\$51,747		

Big Ten Data:

Resident Average = \$32,284

Non Resident Average = \$54,062

The Proposal

The SVM proposes to increase tuition by 2.5% per year for FY22 and FY23, resident increases of \$786 and \$805 in Fall 2021 / Fall 2022 as well as non-resident increases in \$1,267 and \$1,299 in Fall 2021 / Fall 2022. The proposed increase will allow us to keep our tuition level in line with the mean of our peers, and provide additional resources to invest in the school. Table 2 shows the proposed tuition levels for the SVM.

Table 2. Proposed Change in Tuition for Doctor of Veterinary Medicine (DVM)

Academic Year	Resident Tuition*	Increase (\$ / %)	Non-Resident Tuition*	Increase (\$ / %)
2020-21	\$31,430		\$50,679	
2021-22	\$32,216	\$786 / 2.5%	\$51,946	\$1,267 / 2.5%
2022-23	\$33,021	\$805 / 2.5%	\$53,245	\$1,299 / 2.5%

*Segregated fees excluded from Table 2

The Impact

The prior SVM tuition increases had a tremendous impact in the following areas: Student Financial Aid, New Faculty, Research Support, Facility and IT Support and Upgrades, and the University of Wisconsin Veterinary Care. The demand for our program has not been impacted. In fact, we received 1,267 applications last year for 96 slots – one of the highest number of applications we have ever received. The previous tuition increase also allowed us to expand our class size from 80 slots in FY12 to 96 students.

One of the facts *we are very proud of is UW-Madison DVM students graduate with the fourth lowest debt load among all US schools of veterinary medicine in the country.* A large reason is the use of the tuition funds for Student Financial Aid (~\$1 million by 2021), but also we have been very successful in fund raising for student scholarships. We also offer education to our students throughout the program on how to manage their finances and take responsibility of their debt.

The proposed 2.5% tuition increase for FY22 and FY23 will generate approximately \$400,000 in additional revenue per year. We will use these funds mainly to hire additional Clinical and Tenure Track Faculty to adequately staff all of the services in our UW Veterinary Care teaching hospital. Importantly, we will need significantly more personnel and infrastructure to support the SVM and UWVC expansion when our new building expansion is completed in 2023 to support the education of our students, the clinical care we provide in our hospital and the research that we conduct to benefit both animal and human health. These additional resources will not only direct impacts the teaching and educational experience of our students, but also will allow us to better serve the citizens of Dane County and the state of Wisconsin, as there is more demand for our excellent services that our current facilities and faculty can meet.

December 10, 2020

**UW SYSTEM COLLECTIVE BARGAINING AGREEMENT WITH THE
BUILDING AND CONSTRUCTION TRADES COUNCIL OF
SOUTH CENTRAL WISCONSIN**

REQUESTED ACTION

Adoption of Resolution F., approving the collective bargaining agreement between the Board of Regents and the Building and Construction Trades Council of South Central Wisconsin (BTC).

Resolution F. That, upon the recommendation of the President of the University of Wisconsin System, the Board of Regents approves the collective bargaining agreement between the Board of Regents and the Building and Construction Trades Council of South Central Wisconsin (BTC). The parties negotiated for a 1.81% increase in base wages, effective January 3, 2021.

SUMMARY

UW System and the Building and Construction Trades Council of South Central Wisconsin (BTC) negotiated for a 1.81% increase in base wages, effective January 3, 2021, which is the first pay date of the 2021 calendar year. The contract ends on June 30, 2021. The total cost for the base wage increase is \$69,946 including salary and fringe costs, or approximately \$923 per full-time employee, for FY 2021 (\$139,892 annualized). The terms of this proposed contract are consistent with those in the contracts between BTC and the Department of Administration and UW-Madison.

New pay plans were included in the current biennial budget that allowed up to a 2% increase beginning January 2020, and then another 2% increase beginning January 2021. BTC members are not eligible for these increases, and BTC has indicated that their wages are falling further behind private sector pay rates each year. Providing BTC members with a consumer price index (CPI) increase helps BTC members close the wage gap. In addition, campuses have consistently expressed increased concerns over the loss of trades employees over the past few years and the need to remain competitive with wages.

Presenter

- Daniel Chanen, Interim Associate Vice President and Chief Human Resource Officer

BACKGROUND

Under the State Employment Labor Relations Act (SELRA), there has long been one set of approximately 20 state employee bargaining units. SELRA, as amended, specified that effective July 1, 2015, three sets of state employee bargaining units were created: one for non-UW state employees, one for UW System employees (excluding UW-Madison employees), and one for UW-Madison employees. The Board of Regents is responsible for certain employer functions with respect to the non-Madison UW System bargaining unit, including tentative approval of collective bargaining agreements.¹ The UW-Madison chancellor is responsible for employer functions with respect to the UW-Madison collective bargaining unit.²

Following the passage of Act 10, bargaining with the trades union is limited to the subject of base wages only. The maximum increase that can be bargained is based on the consumer price index each fiscal year, as determined by the Wisconsin Employment Relations Commission. CPI for the 2019-2020 bargaining year is 1.81%.

Related Policies

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

ATTACHMENT

- A) UW System Collective Bargaining Agreement with the Building and Construction Trades Council of South Central Wisconsin

¹ "Any tentative agreement reached between the Board of Regents of the University of Wisconsin System, acting for the state, and any labor organization representing a collective bargaining unit specified in s. 111.825 (1r) shall, after official ratification by the labor organization, be submitted by the Board of Regents of the University of Wisconsin System to the joint committee on employment relations, which shall hold a public hearing before determining its approval or disapproval." Wis. Stat. § 111.92(2).

² "Any tentative agreement reached between the University of Wisconsin-Madison, acting for the state, and any labor organization representing a collective bargaining unit specified in s. 111.825 (1t) shall, after official ratification by the labor organization, be submitted by the University of Wisconsin-Madison to the joint committee on employment relations, which shall hold a public hearing before determining its approval or disapproval." Wis. Stat. § 111.92(3)

AGREEMENT

between the

BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM

and the

WISCONSIN STATE BUILDING

TRADES NEGOTIATING COMMITTEE

and its

APPROPRIATE AFFILIATED BUILDING

TRADES COUNCILS

July 1, 2020 - June 30, 2021

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AGREEMENT

This Agreement made and entered into effective July 1, 2020, in Madison, Wisconsin, pursuant to the provisions of the State Employment Relations Act, ss. 111.80-111.94, Wis. Stats., by and between the Board of Regents of the University of Wisconsin System (“the Employer”) and the Wisconsin State Building Trades Negotiating Committee, AFL-CIO, and its appropriate affiliated locals, (“the Union”) (collectively “the parties”).

PURPOSE OF AGREEMENT

It is the intent and purpose of the parties that this Agreement constitutes an implementation of the provisions of ss. 111.80-111.94, Wis. Stats., consistent with the legislative authority contained therein, and provides for orderly and constructive employment relations in the public interest and in the interests of employees hereby covered and the Employer.

The parties acknowledge that this Agreement represents an amicable understanding reached by the parties as the result of the unlimited right and opportunity of the parties to make any and all demands with respect to the Employer-employee relationship which exists between them relative to the subjects of bargaining.

ARTICLE I

Scope of the Agreement

1/1/1 This Agreement relates only to university staff employees of the Employer in the appropriate collective bargaining units as defined by the Wisconsin Employment Relations Commission certifications Cases V and VI; Nos. 15579 and 15580; SE-40 and SE-41; Decision Nos. 10991-B and 10992-B, dated January 4, 1973.

ARTICLE II

Wages

Section 1 General Wage Adjustment (GWA)

2/1/1 Between July 1, 2020 and January 2, 2021, there shall be no change to the pay rate. Effective January 3, 2021, pay rates for each Trades occupation will be increased by a General Wage Adjustment (GWA) of 1.81%. This results in a General Wage Adjustment (GWA) of one point eight one percent (1.81%).

Section 2 Lump Sum Wage Payment for the Delay in Negotiating and Implementing the GWA

2/2/1 If there is a delay in implementing the GWA identified in section 2/1/1, employees in pay status on the effective date of the GWA will receive a lump sum wage payment in an amount equal to the value of the GWA received under 2/1/1 above, multiplied by the number of the employee's hours in pay status from January 3, 2021 to the first pay period in which wage adjustments required under section 2/1/1 above are reflected in the Employees' regular paychecks. The lump sum payment will be provided as soon as is administratively feasible.

2/2/2 Terminated employees are not entitled to receive lump sum payments

2/2/3 Employees who went on a leave of absence from a position in the bargaining unit on or before January 3, 2021, and have not returned to pay status will receive no payment until they return to pay status in the bargaining unit during the term of this Agreement.

2/2/4 Bargaining unit employees who transfer from one permanent university staff position to another permanent university staff position, and who keep the same title, are entitled to the lump sum wage payment based on their hours worked in both positions. Employees who transfer from project or temporary positions into permanent university staff bargaining unit positions, however, are entitled to lump sum payments based only on the number of hours in pay status in their permanent positions.

2/2/5 For the purposes of calculating employee benefits, the lump sum wage payment will be considered as salary or wages earned during the period commencing January 3, 2021, to the first pay period in which wage adjustments are reflected in the Employees' regular paycheck.

-Signature Pages Follow-

By signing below, the parties indicate their acceptance to the terms contained in this Agreement.

**On behalf of the Board of Regents
of the University of Wisconsin System**

Signature

Print Name

Date

**On behalf of the Wisconsin
State Building Trades
Negotiating Committee**

Signature

Print Name

Date

December 10, 2020

**UW-MADISON COLLECTIVE BARGAINING AGREEMENT WITH THE
BUILDING AND CONSTRUCTION TRADES COUNCIL OF
SOUTH CENTRAL WISCONSIN**

REQUESTED ACTION

Adoption of Resolution G., approving the collective bargaining agreement between the Board of Regents and the Building and Construction Trades Council of South Central Wisconsin (BTC).

Resolution G. That, upon the recommendation of the Chancellor of the University of Wisconsin-Madison and the President of the UW System, the Board of Regents approves the collective bargaining agreement between the Board of Regents and the Building and Construction Trades Council of South Central Wisconsin (BTC). The parties negotiated for a 1.81% increase in base wages, effective January 3, 2021.

SUMMARY

UW-Madison and the Building and Construction Trades Council of South Central Wisconsin (BTC) negotiated for a 1.81% increase in base wages, effective January 3, 2021, which is the first pay date of the 2021 calendar year. The contract ends on June 30, 2021. The total cost for the base wage increase is \$197,995 including salary and fringe costs for FY 2021 (\$395,990 annualized). The terms of this proposed contract are consistent with those in the contracts between BTC and the Department of Administration and UW System.

New pay plans were included in the current biennial budget that allowed up to a 2% increase beginning January 2020, and then another 2% increase beginning January 2021. BTC members are not eligible for these increases, and BTC has indicated that their wages are falling further behind private sector pay rates each year. Providing BTC members with a CPI increase helps BTC members close the wage gap. In addition, campuses have consistently expressed increased concerns over the loss of trades employees over the past few years and the need to remain competitive with wages.

Presenter

- Mark Walters, Chief Human Resource Officer, UW-Madison

BACKGROUND

Under the State Employment Labor Relations Act (SELRA) there has long been one set of approximately twenty state employee bargaining units. SELRA, as amended, specified that effective July 1, 2015, three sets of state employee bargaining units were created: one for non-UW state employees, one for UW System employees (excluding UW-Madison employees), and one for UW-Madison employees. The Board of Regents is responsible for certain employer functions with respect to the non-Madison UW System bargaining unit, including tentative approval of collective bargaining agreements.¹ The UW-Madison chancellor is responsible for employer functions with respect to the UW-Madison collective bargaining unit.²

Following the passage of Act 10, bargaining with the trades union is limited to the subject of base wages only. The maximum increase that can be bargained is based on the consumer price index each fiscal year, as determined by the Wisconsin Employment Relations Commission. CPI for the 2019-2020 bargaining year is 1.81%.

Related Policies

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

ATTACHMENTS

- A) UW-Madison Collective Bargaining Agreement with the Building and Construction Trades Council of South Central Wisconsin
- B) Fiscal Impact Memorandum

¹ "Any tentative agreement reached between the Board of Regents of the University of Wisconsin System, acting for the state, and any labor organization representing a collective bargaining unit specified in s. 111.825 (1r) shall, after official ratification by the labor organization, be submitted by the Board of Regents of the University of Wisconsin System to the joint committee on employment relations, which shall hold a public hearing before determining its approval or disapproval." Wis. Stat. § 111.92(2).

² "Any tentative agreement reached between the University of Wisconsin-Madison, acting for the state, and any labor organization representing a collective bargaining unit specified in s. 111.825 (1t) shall, after official ratification by the labor organization, be submitted by the University of Wisconsin-Madison to the joint committee on employment relations, which shall hold a public hearing before determining its approval or disapproval." Wis. Stat. § 111.92(3)

AGREEMENT

between the

UNIVERSITY OF WISCONSIN–MADISON

and the

WISCONSIN STATE BUILDING

TRADES NEGOTIATING COMMITTEE AND ITS

APPROPRIATE AFFILIATED BUILDING

TRADES COUNCILS

July 1, 2020 – June 30, 2021

AGREEMENT

This Agreement made and entered into effective July 1, 2020, at Madison, Wisconsin, pursuant to the provisions of ss. 111.81-111.94, Wis. Stats., by and between the University of Wisconsin–Madison (“the Employer”) represented by the Office of Human Resources, and the Wisconsin State Building Trades Negotiating Committee, AFL-CIO, and its appropriate affiliated locals, (“the Union”) (collectively “the parties”).

PURPOSE OF AGREEMENT

It is the intent and purpose of the parties that this Agreement constitutes an implementation of the provisions of ss. 111.81-111.94, Wis. Stats., consistent with the legislative authority contained therein, and provides for orderly and constructive employment relations in the public interest and in the interests of employees hereby covered and the Employer.

The parties acknowledge that this Agreement represents an amicable understanding reached by the parties as the result of the unlimited right and opportunity of the parties to make any and all demands with respect to the Employer-employee relationship which exists between them relative to the subjects of bargaining.

ARTICLE I

Scope of Agreement

1/1/1 This Agreement relates only to university staff employees of the University of Wisconsin–Madison in the appropriate collective bargaining units as defined by the Wisconsin Employment Relations Commission certifications Cases V and VI; Nos. 15579 and 15580; SE-40 and SE-41; Decision Nos. 10991-B and 10992-B, dated January 4, 1973.

ARTICLE II

Wages

Section 1 General Wage Adjustment (GWA)

2/1/1 Effective January 3, 2021, pay rates for each Trades occupation will be increased by a General Wage Adjustment (GWA) of 1.81%. This GWA has no effect on wages earned from July 1, 2020 through January 2, 2021.

Section 2 Lump Sum Wage Payment

2/2/1 If implementation of the Agreement is delayed until after January 3, 2021, employees in pay status on the date of implementation will receive the increase with a lump sum payment for the increase for all hours in pay status in the bargaining unit back to January 3, 2021. Employees that retire or die after January 3, 2021 will also be eligible for the wage adjustment and lump sum payment. Employees in the bargaining unit that return from an unpaid leave of absence will also receive the wage adjustment and lump sum payment for hours in pay status back to January 3, 2021.



Fiscal Impact of FY 21 Tentative Collective Bargaining Agreement (UW–Madison and Wisconsin State Building Trades Union)

This memorandum outlines the estimated fiscal impact of the tentative agreement (TA) that UW–Madison and the Wisconsin State Building Trades Union have reached on the 2020-21 collective bargaining agreement (CBA). The CBA covers the time period from July 1, 2020 through June 30, 2021, and the TA proposes a 1.81% increase in wages effective January 3, 2021.

The TA’s fiscal impact can be considered on both (1) a fiscal year basis--which corresponds to the time period covered by the CBA--and (2) an annualized basis. In terms of the former, the TA has no impact during the first half of the fiscal year because the wage increase is not effective until January 3, 2021. The following chart outlines the anticipated cost increases across all funding sources:

Fiscal Impact of TA on All Funding Sources (218.7 FTE)			
	Increase in Wages	Increase in Fringe Costs ¹	Total Increase
Fiscal Year 2020-21 ²	\$171,722	\$26,273	\$197,995
Annualized	\$343,443	\$52,547	\$395,990

Approximately 54% of the amounts listed above would come from general purpose revenue (GPR).

Pursuant to relevant provisions of the Wisconsin Statutes,³ UW–Madison is submitting the TA to the Joint Committee on Employment Relations (JCOER). Approval of the TA and, consequently, any fiscal impact outlined in this memorandum are dependent on JCOER’s approval.

¹ The variable fringe rate is 15.3%.

² For purposes of this analysis, the fiscal year increases are based on one-half of the annualized impact.

³ See Wis. Stat. § 111.92(1)(a)3 (“Any tentative agreement reached between the University of Wisconsin-Madison, acting for the state, and any labor organization representing a collective bargaining unit specified in s. 111.825 (1t) shall, after official ratification by the labor organization, be submitted by the University of Wisconsin-Madison to the joint committee on employment relations, which shall hold a public hearing before determining its approval or disapproval.”); Wis. Stat. § 111.825(1t)(c) (“Except as provided in sub. (2), collective bargaining units for employees employed by the University of Wisconsin System and assigned to the University of Wisconsin-Madison are structured with one collective bargaining unit for each of the following occupational groups: . . . Building trades crafts.”).

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**UW SYSTEM AMENDED REPORT ON STRATEGIC PLANS FOR MAJOR
INFORMATION TECHNOLOGY PROJECTS**

REQUESTED ACTION

Adoption of Resolution H., approving new projects to the original report from February 2020.

Resolution H. That, upon the recommendation the President of the UW System, the Board of Regents approves the UW System Amended Report on Strategic Plans for Major Information Technology Projects.

SUMMARY

The Report on the Strategic Plans for Major Information Technology Projects provides the Board of Regents with the information it needs to execute appropriate oversight over the upcoming technology projects for 2020-2021. This report was approved in February 2020 and needs to be amended to include new projects.

The Board of Regents approved the UW System Report on Strategic Plans for Major Information Technology Projects at its February 2020 meeting. The Legislative Audit Bureau (LAB) completed its IT Needs Assessment Audit in September 2020, which recommends that new projects not enumerated in the original plan should be approved by the Board of Regents to maintain compliance with statutes. The following table summarizes these new projects:

Institution	Project	Description and Benefits	Budget
UW-Madison	Hybrid Cloud Infrastructure	Refreshes the end-of-life servers and storage to lower the cost of IT infrastructure and improve disaster recovery through public cloud integrations.	\$4,000,000
UW System	Student Information Systems (SIS) Consolidation	Consolidates the Student Information Systems (SIS) for 9 institutions into a single infrastructure and service organization to collectively save \$1M in annual operating costs.	\$3,287,768
UW System	Unified Identity and Collaboration Pre-planning	Executes a deep discovery of the digital identity and collaboration tool infrastructure at UW institutions to properly plan and significantly lower the risk of the subsequent consolidation project.	\$3,570,592

All three (3) projects will use funds already available within the UW System. Attachment A contains the statutorily required details for each project and will be included in the ongoing Large or Vital IT Projects Report that is presented to the Board semi-annually.

Presenter

- Steven Hopper, Associate Vice President for the Office of Learning and Information Technology and Chief Information Officer

BACKGROUND

Section 36.59, Wis. Stats., requires all UW institutions to adopt and submit to the Board of Regents annual strategic plans for the utilization of information technology no later than March 1st of each year to cover the following fiscal year.

Related Policies

- Section 36.59, Wis. Stats., "Information technology"
- Regent Policy Document 25-4, "Strategic Planning and Large or High-Risk Projects"

ATTACHMENT

- A) Project Summaries for the Technology Projects Added to the UW System Strategic IT Plan

PROJECT SUMMARIES FOR THE TECHNOLOGY PROJECTS ADDED TO THE UW SYSTEM STRATEGIC IT PLAN

Hybrid Cloud Infrastructure



Milestone

Request to
Initiate

Description: This project will refresh the existing end-of-life servers and storage with more cost-effective IT infrastructure with enhanced capabilities that are extendible to other UW institutions. The alternative is to shift all operations to the public cloud, which would nearly triple the total cost of ownership.

Impact: Once completed, this new hybrid cloud will be able to lower the cost of IT infrastructure at both UW-Madison and the UW System with improved disaster recovery through integrations to the public cloud.

Notes: This project is a key dependency of the UW System's strategy to consolidate IT data center, server, and storage infrastructure. It is also required to implement the SIS Consolidation outlined below.

Timeline

Dec 2020 – June 2021

Budget

\$4,000,000

Source of Funds

Internally Available

Current Status:

Schedule

Scope

Budget

Other

Student Information Systems (SIS) Consolidation



Milestone

Request to
Initiate

Description: This project will consolidate the Student Information Systems (SIS) for nine (9) institutions (GB, LAC, MSN, OSH, PKS, RF, SP, STO, SUP) into a single infrastructure and service organization.

Impact: Once consolidated, the UW System will collectively save \$1M in annual operating cost while significantly improving its security posture and disaster recovery resilience.

Notes: This project is dependent on establishing the Hybrid Cloud infrastructure at UW-Madison (see above).

Timeline

Jan 2021 – June 2023

Budget

\$3,287,768

Source of Funds

Internally Available

Current Status:

Schedule

Scope

Budget

Other

Unified Identity and Collaboration Pre-planning



Milestone Request to Initiate

Description: This pre-planning project will execute a deep discovery of the digital identity and collaboration tool infrastructure and processes at all of the UW institutions.

Impact: The current environment is extremely fragmented across the UW System and is major technical barrier to both academic and administrative collaboration.

The goal of the project is to get a full inventory and understanding of the current environment to properly plan and significantly lower the risk of the subsequent consolidation project.

Notes: We expect to bring the full consolidation project back to the Board of Regents in Fall 2021 for subsequent approval.

Timeline

Jan 2021 – Dec 2021

Budget

\$3,570,592

Source of Funds

Internally Available

Current Status:

Schedule
Scope
Budget
Other

**UW-MADISON CONTRACTUAL AGREEMENT
WITH LEARFIELD COMMUNICATIONS, LLC**

REQUESTED ACTION

Adoption of Resolution I., approving the amendment to the contractual agreement between the Board of Regents and Learfield Communications, LLC.

Resolution I. That, upon recommendation of the Chancellor of the University of Wisconsin-Madison and the President of the University of Wisconsin System, the Board of Regents approves the amendment to the contractual agreement between the Board of Regents of the University of Wisconsin System, doing business as UW-Madison, and Learfield Communications, LLC.

SUMMARY

UW-Madison is seeking approval to enter into an amendment to the existing agreement with Learfield Communications, LLC. ("Learfield") to market sponsorship rights for various University events and assets for the UW-Madison Campus ("Campus") excluding the Division of Intercollegiate Athletics ("Athletics").

After receiving Board of Regents approval, the Parties entered into a Sponsorship Rights Agreement with an effective date of September 1, 2018 ("Agreement"), under which Learfield obtained the rights to sell sponsorships across Campus in exchange for certain financial considerations.

Since 2018, Learfield has been a valuable partner to Campus and has provided Campus over \$0.3 million of sponsorship revenue. However, the COVID-19 pandemic and restrictions related thereto have prevented the Parties from operating under the Agreement as contemplated. Learfield has not exercised its contractual right to exit the agreement due to the pandemic. Instead, Campus and Learfield seek to modify the agreement through this Amendment to 1) remove the minimum revenue guarantees for FY20 and FY21; 2) include the marketing and fulfillment of Financial Services category; and 3) extend the overall agreement through the extension period (FY25) and at the revenue shares contemplated in the original agreement.

Presenter:

- Laurent Heller, Vice Chancellor for Finance and Administrative Affairs, UW-Madison

BACKGROUND

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

Related Policies

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

**UW-MADISON MASTER CLINICAL TRIAL AGREEMENT
WITH ARCUS BIOSCIENCES, INC.**

REQUESTED ACTION

Adoption of Resolution J., approving the contractual master clinical trial agreement between the Board of Regents and Arcus Biosciences, Inc.

Resolution J. That, upon recommendation of the Chancellor of the University of Wisconsin-Madison and the President of the University of Wisconsin System, the Board of Regents approves the contractual master clinical trial agreement between the Board of Regents of the University of Wisconsin System, doing business as UW-Madison, and Arcus Biosciences, Inc. for a period of five years.

SUMMARY

The School of Medicine and Public Health, with assistance from the Office of Research and Sponsored Programs at UW-Madison, has negotiated a Master Clinical Trial Agreement with Arcus Biosciences. The agreement is for the conduct of various clinical trials by the Carbone Cancer Center at UW-Madison over a five-year period.

Arcus Biosciences is a California-based corporation founded in 2015 with the goal of developing highly-combinable, best-in-class cancer therapies. The complexity of the tumor microenvironment requires a deep scientific understanding to guide judicious combinations of therapeutic agents with potential synergistic activity and the ability to identify biomarkers to select patients most likely to achieve significant, durable responses to treatment. Since its inception, Arcus has focused on targeting well-understood biological pathways where the biology had not yet yielded high-quality medicines. Its efforts have led to multiple cancer immunotherapy programs from early-stage development through to successful global launches. Today, Arcus has multiple product candidates in the clinic across more than a dozen clinical studies in areas of high unmet need, creating a biopharmaceutical company that develops best-in-class cancer therapies.

In working with Arcus, UW-Madison will participate in clinical trials using cancer therapies developed by the company.

To date, UW-Madison has one CTA with Arcus, which started September 20, 2019. The total spent on that trial is \$76,095.62.

Presenter:

- Laurent Heller, Vice Chancellor for Finance and Administrative Affairs, UW-Madison

BACKGROUND

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

Related Policies

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

**UW-MADISON AGREEMENT
WITH IMG COLLEGE SEATING, LLC**

REQUESTED ACTION

Adoption of Resolution K., approving the contractual agreement between the Board of Regents and IMG College Seating, LLC.

Resolution K. That, upon recommendation of the Chancellor of the University of Wisconsin-Madison and the President of the University of Wisconsin System, the Board of Regents approves the contractual agreement between the Board of Regents of the University of Wisconsin System, doing business as UW-Madison, and IMG College Seating, LLC for a period of five years.

SUMMARY

UW-Madison, on behalf of its Division of Intercollegiate Athletics ("Athletics"), is seeking approval to enter into a contractual agreement with IMG College Seating, LLC ("IMG") for the rental of stadium seats to fans attending University of Wisconsin football games played at Camp Randall Stadium. The contract will be effective on the date executed and remain in effect until March 31, 2026 with two one-year renewals, if the parties mutually agree to so renew.

Since 2003, Athletics has had a contractual agreement with IMG (formerly d/b/a GTM Sports Marketing and Cushion Seats, Inc.) to create and manage a chair back rental program under which football fans at Camp Randall Stadium could rent cushioned stadium seats from IMG on a seasonal basis. The program, under IMG's management, has grown from 6,900 seat rentals in its first year to more than 27,000 seat rentals in 2019 and has provided nearly \$10 million of revenue to Athletics since the contract's inception. Wisconsin consistently ranks in the top 5 in seat rentals among all IMG schools and has been IMG's top performer for the past ten years.

The Board of Regents last approved a 5-year agreement with IMG in 2013, for rental of stadium seats for football, men's and women's basketball, and men's hockey games. In each of the last three years, circumstances have required Athletics to enter into one-year contractual agreements with IMG.

Athletics is again seeking approval of a long-term chair back agreement with IMG. Under the proposed agreement, IMG will pay Athletics sixty-two percent (62%) of Gross Sales Revenue generated from stadium seats rented/leased seasonally. This annual payment is estimated to total between \$800,000-\$900,000 net revenue to Athletics. The proposed agreement is limited to Camp Randall rentals, and does not include stadium seat rentals at the Kohl Center. In 2019, Athletics and IMG mutually decided to discontinue the Kohl Center seat rental program due to operational costs and lack of sales.

As the sole contractor offering stadium seat rental services, IMG partners with over 130 clients, including NFL stadiums and 60 of the 65 Division I, Power 5 schools, and 13 of 14 Big Ten schools. IMG, based in Winston-Salem, North Carolina, holds the patents for the specific chair backs that fit Camp Randall Stadium seats.

Under the proposed agreement, IMG will rent, at no cost to Athletics, stadium seats per the following schedule:

Season	Tier 1 Pricing Prior to July 1	Tier 2 Pricing July 1 to July 31	Tier 3 Pricing after August 1
2021	\$55	\$61	\$66
2022	\$55	\$61	\$66
2023	\$55	\$61	\$66
2024	\$58	\$64	\$69
2025	\$58	\$64	\$69

Presenter:

- Laurent Heller, Vice Chancellor for Finance and Administrative Affairs, UW-Madison

BACKGROUND

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

Related Policies

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

**UW-MADISON RESEARCH AGREEMENT
WITH OPSIS THERAPEUTICS, LLC**

REQUESTED ACTION

Adoption of Resolution L., approving the contractual research agreement between the Board of Regents and Opsis Therapeutics, LLC.

Resolution L. That, upon recommendation of the Chancellor of the University of Wisconsin-Madison and the President of the University of Wisconsin System, the Board of Regents approves the contractual research agreement between the Board of Regents of the University of Wisconsin System, doing business as UW-Madison, and Opsis Therapeutics, LLC for a period of one year.

SUMMARY

Opsis Therapeutics, a subsidiary of Fujifilm Cellular Dynamics Inc., is a Madison-based company focused on bringing human induced pluripotent stem cell-derived therapies to the clinic with the goal of treating blinding disorders of the retina such as retinitis pigmentosa (RP) and age-related macular degeneration (AMD).

The proposed standard research agreement (SRA) would provide funds for the Gamm laboratory at UW-Madison Waisman's Center to conduct critical animal studies in support of an investigational new drug (IND) submission and subsequent initiation of Phase I clinical trials for the first Opsis product, OpCT-001, which will target retinitis pigmentosa. Under the SRA, animal studies will be conducted to evaluate a clinical grade photoreceptor product and collect proof-of-concept in vivo animal data required for a pre-IND submission to the FDA. Following the pre-IND meeting (targeted for mid-2021), the Gamm lab will initiate IND-enabling efficacy and dose-ranging studies in a rat model of photoreceptor degeneration.

Principal Investigator Dr. David Gamm has had a long relationship (co-founder and Chief Scientific Officer) with Opsis Therapeutics. To date, Opsis Therapeutics has produced clinical-grade photoreceptor and retinal pigment epithelial cell products, cells that are

specifically lost in RP and AMD, as well as many other retinal diseases and injuries that result in blindness.

Dr. Gamm has had four previous agreements with this sponsor totaling nearly \$2.5 million in research funding. Past studies performed under previous SRA agreements with the Gamm lab have focused on in vivo evaluations of prototype photoreceptor cell products in rat models of degeneration. These extensive pilot studies helped support an initial INTERACT meeting with the FDA that occurred in November 2019. Research over the past several years has helped test different versions of the product (developed by Opsi) to ultimately generate a clinical grade photoreceptor cell therapeutic that demonstrates high purity and potential for integration and, ultimately, restoration of vision in patients with RP.

The period of performance of this research project is February 1, 2021 through January 31, 2022 but may be extended by mutual written agreement of the parties.

This cost-reimbursable agreement is estimated to have a total dollar value of up to \$999,115, although the university may submit to the sponsor a revised budget requesting additional funds.

Presenter:

- Laurent Heller, Vice Chancellor for Finance and Administrative Affairs, UW-Madison

BACKGROUND

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

Related Policies

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

**UW-MADISON MASTER RESEARCH SERVICE AGREEMENT
WITH PFIZER INC.**

REQUESTED ACTION

Adoption of Resolution M., approving the contractual master research service agreement between the Board of Regents and Pfizer Inc.

Resolution M. That, upon recommendation of the Chancellor of the University of Wisconsin-Madison and the President of the University of Wisconsin System, the Board of Regents approves the contractual master research service agreement between the Board of Regents of the University of Wisconsin System, doing business as UW-Madison, and Pfizer Inc. for a period of five years.

SUMMARY

The UW-Madison School of Medicine and Public Health (SMPH), with assistance from the Office of Research and Sponsored Programs, has negotiated a Master Research Services Agreement with Pfizer, Inc. This five-year agreement is for the provision of statistical data analysis of clinical trial data performed by the Department of Biostatistics and Medical Informatics.

The Statistical Analysis Data Center (SADC) in SMPH is a major academic program of the Department of Biostatistics and Medical Informatics. The creation and design and data analysis for clinical trials are a key academic interest of faculty and graduate students.

Pfizer is a pharmaceutical products company headquartered in New York City. The company develops and produces medicine and vaccines for a wide range of medical disciplines, including immunology, cardiology, endocrinology, and neurology. Some of its more well-known current drugs include Lipitor, Lyrica, Diflucan, Zythromax, Viagra and Celebrex.

Over the past 5 years, UW-Madison has participated in 16 funded projects with Pfizer with a total financial value of nearly \$2 million.

Presenter:

- Laurent Heller, Vice Chancellor for Finance and Administrative Affairs, UW-Madison

BACKGROUND

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

Related Policies

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

December 10, 2020

**APPROVAL TO AMEND REGENT POLICY DOCUMENT 21-6,
“PROGRAM REVENUE CALCULATION METHODOLOGY AND
FUND BALANCES POLICY”**

REQUESTED ACTION

Adoption of Resolution N., approving revisions to Regent Policy Document

Resolution N. That, upon the recommendation of the President of the UW System, the UW System Board of Regents approves the revisions to Regent Policy Document 21-6, “Program Revenue Calculation Methodology and Fund Balances Policy.”

SUMMARY

In July 2020, the Legislative Audit Bureau issued report 20-7, its financial audit of the UW System. This report included a recommendation that the UW System modify its reporting of auxiliary operations program revenue balances in the program revenue balances report to “categorize only those program revenue balances resulting from positive department-level balances and report, but not categorize negative department-level balances.” The proposed revisions incorporate this change into Regent policy.

Presenter

- Sean P. Nelson, Vice President for Finance

BACKGROUND

2013 Wisconsin Act 20 required the UW System Board of Regents to develop a methodology for the calculation of program revenue balances and reserves, expressed in both dollars and as percentages of total annual expenses, for the University of Wisconsin System as a whole and individual University of Wisconsin institutions. The Board of Regents policy on program revenue calculation methodology and fund balances was

reviewed and approved by the Joint Legislative Audit Committee on April 24, 2014, and the Joint Committee on Finance on May 6, 2014.

ATTACHMENTS

- A) Regent Policy Document 21-6, "Program Revenue Calculation Methodology and Fund Balances Policy" (Proposed Policy)
- B) Regent Policy Document 21-6, "Program Revenue Calculation Methodology and Fund Balances Policy" (Current Policy)

Regent Policy Document 21-6 – PROPOSED POLICY**Program Revenue Calculation Methodology and Fund Balances Policy****Scope**

This policy addresses program revenue account balances and appropriate reserve levels, and the methodology for calculating these levels, at UW System and UW System institutions.

Purpose

The purpose of this policy is to ensure the financial health and stability of each UW System institution and the UW System as a whole and to communicate an accurate fiscal condition more broadly and clearly. The policy balances prudent fiscal management with adequate levels of resources to carry out the universities' missions, programs, strategic goals, and objectives in an effective and efficient manner.

The policy ensures that:

1. Individual institutions have the necessary flexibility to manage program revenue accounts to meet cash flow needs throughout the year, financial commitments, plans, and goals.
2. Reporting of program revenue cash balances is at a level that provides the Board of Regents, Legislature, and public with a complete, consistent and transparent understanding of end-of-year balances.
3. Institutions have the flexibility to continue to invest in and cultivate creative academic programs to reach all students seeking higher education.
4. Institutions have the flexibility to invest in facilities that provide a world-class education.
5. The University of Wisconsin is not incentivized to undertake unnecessary end-of-year spending in order to meet restrictive carry-forward caps.

Definitions and Methodology for Calculating

Program revenue balances shall be calculated subsequent to year-end reconciliation.

[Overall Balances-balances by fund type](#) will be calculated starting with the prior year's ending cash balance, adding revenues received, and deducting expenditures made during the fiscal year. This produces the budgetary fund balance at the end of a given fiscal year. Balances will not reflect accruals for advance deposits received for future academic terms, accounts payable, or accounts receivable.

Year-end program revenue balances shall be calculated for:

Unrestricted Funds

1. Tuition (Academic Student Fees and Extension Student Fees)
2. Auxiliary Operations
3. General Operations
4. Other Unrestricted Program Revenue
5. Federal Indirect Cost Reimbursement

Restricted Funds

6. Gifts
7. Nonfederal Grants and Contracts
8. Federal Grants and Contracts
9. Other Restricted Program Revenue

A description of UW appropriations included in each category of program revenue balances will be provided to aid in understanding the information presented ([See attachment for RPD 21-6pdf](#)).

Year-end balances in (1) Tuition (Academic Student Fees and Extension Student Fees), (2) Auxiliary Operations, (3) General Operations, and (4) Other Unrestricted Program Revenue shall be expressed in dollars for the UW System as a whole and for each UW institution. Year-end balances will be calculated as a percentage of the total expenditures by that fund for the fiscal year. Tuition balances shall be expressed as a percentage of the combined expenditures for GPR (less GPR-funded debt service) and Student Fees (tuition).

UW System Administration year-end balances will be reported as an institution. UW system-wide balances, which are those maintained for the support of all UW institutions, will be reported in dollars and as a percentage change over the prior year-end balance. Allocations from systemwide accounts to institutions will occur before an institution calculates its program revenue balance.

Federal Indirect Cost Reimbursement year-end balances shall be expressed in dollars for the UW System as a whole and for each UW institution and as a percentage change from the prior year-end balance.

Reported year-end balances in (1) Tuition (Academic Student Fees and Extension Student Fees), (2) Auxiliary Operations, (3) General Operations, (4) Other Unrestricted Program Revenue, and (5) Federal Indirect Cost Reimbursement shall be categorized by the methodology used in the Legislative Audit Bureau's Report 13-17. The categories are obligated, planned, designated, reserves, and undocumented.

[When categorizing Auxiliary Operations balances, negative division-level balances shall be removed from the balance calculation and reported separately but not categorized. The](#)

[remaining positive balances with Auxiliary Operations shall be categorized as obligated, planned, designated, reserves or undocumented.](#)

Year-end balances for restricted funds (Gifts, Nonfederal Grants and Contracts, Federal Grants and Contracts, and Other Restricted Program Revenue) will be reported in total dollars for the UW System as a whole and for each UW institution.

Policy Statement

It is the policy of the Board of Regents that the UW System and UW System institutions maintain appropriate balances to protect the institutions in cases of sudden shortfalls in revenue, to provide for extraordinary events, and to protect against unbudgeted future expenses or losses. Institutions with negative balances for (1) Tuition and (2) Auxiliary Operations shall submit a savings plan on how they will eliminate the negative balance and within what time frame.

The Board of Regents recognizes there are many instances where accumulation of balances is a prudent practice in order to achieve strategic priorities over a multi-year period (establishing new academic programs, purchasing major equipment, funding start-up packages for new faculty, etc.). Institutions with [overall](#) balances above 12% of total fiscal year expenditures shall submit justifications for the entire balance along with a defined multi-year spending plan for each of the following four categories: (1) Tuition (Academic Student Fees and Extension Student Fees), (2) Auxiliary Operations, (3) General Operations, and (4) Other Unrestricted Program Revenue. [For Auxiliary Operations, the 12% threshold is calculated prior to removing negative division-level balances.](#) Total balances above the 12% threshold should be obligated, planned, or designated by the Chancellor for specific purposes.

The 12% threshold is established to determine an amount which will require a report and Board approval. It is not established as cap on end-of-year balances.

Oversight, Roles, and Responsibilities

UW System Administration will provide the Board of Regents with estimates of year-end program revenue balances for use in determining UW System's annual budget and setting tuition rates for the subsequent academic year. Actual year-end balances categorized by each institution and the System as a whole shall be reported annually after the fiscal year-end reconciliation and for formal approval by the Board of Regents at the October meeting.

For those institutions with negative balances, the Board of Regents will determine by vote whether the institution has an adequate plan in place to eliminate the negative balance within a reasonable period of time. For those institutions with [overall](#) balances above 12% of total year-end expenditures, the Board of Regents will determine by vote whether

balances are adequately justified. The Board of Regents will determine by vote whether the justification and multi-year spending plan submitted by UW System Administration for the entire UW system-wide balance is adequate. Justification for the balances should include:

1. the specific projects or initiatives for which the funds are being held;
2. the amount of funds held for each project or initiative;
3. the total amount of program revenue funds the institution plans to accumulate for each initiative or project;
4. the total amount of funds expected to be expended on each project or initiative; and,
5. the timeframe in which those funds will be expended.

A negative fund balance shall not be used by any institution as a justification for the request and approval of additional funds.

Related Regent Policies and Applicable Laws

N/A

History: Res. 10280, adopted 10/11/2013, created Regent Policy Document 21-6; Res. 10347, adopted 04/11/2014, amended 21-6; Res. 10371, adopted 06/06/2014, amended RPD 21-6 to address legislative modifications.

Regent Policy Document 21-6 – *CURRENT POLICY***Program Revenue Calculation Methodology and Fund Balances Policy****Scope**

This policy addresses program revenue account balances and appropriate reserve levels, and the methodology for calculating these levels, at UW System and UW System institutions.

Purpose

The purpose of this policy is to ensure the financial health and stability of each UW System institution and the UW System as a whole and to communicate an accurate fiscal condition more broadly and clearly. The policy balances prudent fiscal management with adequate levels of resources to carry out the universities' missions, programs, strategic goals, and objectives in an effective and efficient manner.

The policy ensures that:

1. Individual institutions have the necessary flexibility to manage program revenue accounts to meet cash flow needs throughout the year, financial commitments, plans, and goals.
2. Reporting of program revenue cash balances is at a level that provides the Board of Regents, Legislature, and public with a complete, consistent and transparent understanding of end-of-year balances.
3. Institutions have the flexibility to continue to invest in and cultivate creative academic programs to reach all students seeking higher education.
4. Institutions have the flexibility to invest in facilities that provide a world-class education.
5. The University of Wisconsin is not incentivized to undertake unnecessary end-of-year spending in order to meet restrictive carry-forward caps.

Definitions and Methodology for Calculating

Program revenue balances shall be calculated subsequent to year-end reconciliation. Balances will be calculated starting with the prior year's ending cash balance, adding revenues received, and deducting expenditures made during the fiscal year. This produces the budgetary fund balance at the end of a given fiscal year. Balances will not reflect accruals for advance deposits received for future academic terms, accounts payable, or accounts receivable.

Year-end program revenue balances shall be calculated for:

Unrestricted Funds

1. Tuition (Academic Student Fees and Extension Student Fees)
2. Auxiliary Operations
3. General Operations
4. Other Unrestricted Program Revenue
5. Federal Indirect Cost Reimbursement

Restricted Funds

6. Gifts
7. Nonfederal Grants and Contracts
8. Federal Grants and Contracts
9. Other Restricted Program Revenue

A description of UW appropriations included in each category of program revenue balances will be provided to aid in understanding the information presented ([See attachment for RPD 21-6pdf](#)).

Year-end balances in (1) Tuition (Academic Student Fees and Extension Student Fees), (2) Auxiliary Operations, (3) General Operations, and (4) Other Unrestricted Program Revenue shall be expressed in dollars for the UW System as a whole and for each UW institution. Year-end balances will be calculated as a percentage of the total expenditures by that fund for the fiscal year. Tuition balances shall be expressed as a percentage of the combined expenditures for GPR (less GPR-funded debt service) and Student Fees (tuition).

UW System Administration year-end balances will be reported as an institution. UW system-wide balances, which are those maintained for the support of all UW institutions, will be reported in dollars and as a percentage change over the prior year-end balance. Allocations from systemwide accounts to institutions will occur before an institution calculates its program revenue balance.

Federal Indirect Cost Reimbursement year-end balances shall be expressed in dollars for the UW System as a whole and for each UW institution and as a percentage change from the prior year-end balance.

Reported year-end balances in (1) Tuition (Academic Student Fees and Extension Student Fees), (2) Auxiliary Operations, (3) General Operations, (4) Other Unrestricted Program Revenue, and (5) Federal Indirect Cost Reimbursement shall be categorized by the methodology used in the Legislative Audit Bureau's Report 13-17. The categories are obligated, planned, designated, reserves, and undocumented.

Year-end balances for restricted funds (Gifts, Nonfederal Grants and Contracts, Federal Grants and Contracts, and Other Restricted Program Revenue) will be reported in total dollars for the UW System as a whole and for each UW institution.

Policy Statement

It is the policy of the Board of Regents that the UW System and UW System institutions maintain appropriate balances to protect the institutions in cases of sudden shortfalls in revenue, to provide for extraordinary events, and to protect against unbudgeted future expenses or losses. Institutions with negative balances for (1) Tuition and (2) Auxiliary Operations shall submit a savings plan on how they will eliminate the negative balance and within what time frame.

The Board of Regents recognizes there are many instances where accumulation of balances is a prudent practice in order to achieve strategic priorities over a multi-year period (establishing new academic programs, purchasing major equipment, funding start-up packages for new faculty, etc.). Institutions with balances above 12% of total fiscal year expenditures shall submit justifications for the entire balance along with a defined multi-year spending plan for each of the following four categories: (1) Tuition (Academic Student Fees and Extension Student Fees), (2) Auxiliary Operations, (3) General Operations, and (4) Other Unrestricted Program Revenue. Total balances above the 12% threshold should be obligated, planned, or designated by the Chancellor for specific purposes.

The 12% threshold is established to determine an amount which will require a report and Board approval. It is not established as cap on end-of-year balances.

Oversight, Roles, and Responsibilities

UW System Administration will provide the Board of Regents with estimates of year-end program revenue balances for use in determining UW System's annual budget and setting tuition rates for the subsequent academic year. Actual year-end balances categorized by each institution and the System as a whole shall be reported annually after the fiscal year-end reconciliation and for formal approval by the Board of Regents at the October meeting.

For those institutions with negative balances, the Board of Regents will determine by vote whether the institution has an adequate plan in place to eliminate the negative balance within a reasonable period of time. For those institutions with balances above 12% of total year-end expenditures, the Board of Regents will determine by vote whether balances are adequately justified. The Board of Regents will determine by vote whether the justification and multi-year spending plan submitted by UW System Administration for the entire UW system-wide balance is adequate. Justification for the balances should include:

1. the specific projects or initiatives for which the funds are being held;
2. the amount of funds held for each project or initiative;

3. the total amount of program revenue funds the institution plans to accumulate for each initiative or project;
4. the total amount of funds expected to be expended on each project or initiative; and,
5. the timeframe in which those funds will be expended.

A negative fund balance shall not be used by any institution as a justification for the request and approval of additional funds.

Related Regent Policies and Applicable Laws

N/A

History: Res. 10280, adopted 10/11/2013, created Regent Policy Document 21-6; Res. 10347, adopted 04/11/2014, amended 21-6; Res. 10371, adopted 06/06/2014, amended RPD 21-6 to address legislative modifications.

**APPROVAL TO AMEND REGENT POLICY DOCUMENT 22-4,
“FUNDRAISING PRINCIPLES AND GUIDELINES”**

REQUESTED ACTION

Adoption of Resolution O, which amends Regent Policy Document 22-4, “Fundraising Principles and Guidelines,” to meet the standards of RPD 2-3, “Standards and Protocol for Regent Policy Documents.”

Resolution O. That, upon the recommendation of the President of the University of Wisconsin System, the UW System Board of Regents amends Regent Policy Document 22-4, “Fundraising Principles and Guidelines,” to meet the standards of Regent Policy Document 2-3, “Standards and Protocol for Regent Policy Documents.”

SUMMARY

RPD 22-4, “Fundraising Principles and Guidelines,” establishes four principles to guide institutional procedures related to fundraising activities. This proposal retains the principles and guidelines in the policy but reorganizes the policy and simplifies language to enhance clarity, removes an obsolete provision, and reformats the policy to meet the standards for a Regent Policy Document.

The Committee is asked to consider this policy revision as part of the Board’s ongoing review and analysis Regent Policy Documents. In February 2011, the President of the Board formally announced a process to review and update the Board’s RPDs. Each RPD is reviewed to determine whether the policy is still relevant and whether the policy should be revised or removed. Policies that are retained are formatted to meet standards established by the Regents in RPD 2-3. The Board has revised numerous policies, repealed obsolete policies, and established new policies under this process.

Presenter

- Charles Saunders, Executive Director, UW System Administration Office of Trust Funds

BACKGROUND

Regent Policy Document (RPD) 22-4 establishes principles and guidelines related to fundraising activities within the UW System. The policy was developed by a UW System Administration working group and adopted by the Board in November 1985 to ensure appropriate institutional oversight of fundraising activities that use the name or facilities of the UW System.

The policy requires institutional approval of fundraising activities by organizations whose primary responsibility is to solicit funds on behalf of the UW System or its institutions. It also requires institutional approval of fundraising activities by private fundraising organizations when those fundraising efforts involve the use of the University's name or facilities. The policy requires the UW System and UW institutions to regularly report the receipt and disposition of gifts-in-kind contributed to the UW System. Finally, the policy notes that fundraising efforts for intercollegiate athletics must be conducted in compliance with applicable intercollegiate athletics requirements.

This proposal retains the provisions of the policy, but amends the policy to add new sections, consistent with the standards for a Regent Policy Document as outlined in RPD 2-3, "Standards and Protocol for Regent Policy Documents." The proposal also reorganizes the policy and simplifies language in order to improve clarity. The policy removes an obsolete provision requiring UW institutions to submit their original institutional policies to UW System for review by February 1, 1986 and to the Board of Regents for review by May 1, 1986.

Related Regent Policy Documents and Applicable Laws

- Regent Policy Document 21-9, "Institutional Relationships with Foundations"
- Regent Policy Document 22-2, "Disposal of Works of Art"
- SYS 362, "University Administrative Support of Primary Fundraising Foundations and Other Affiliated Organizations"

ATTACHMENTS

- A) Regent Policy Document 22-4, "Fundraising Principles and Guidelines" (Proposed Policy with Track Changes)
- B) Regent Policy Document 22-4, "Fundraising Principles and Guidelines" (Current Policy)

22-4 FUNDRAISING PRINCIPLES AND GUIDELINES (Formerly 85-4) – PROPOSED POLICY

Scope

This policy applies to fundraising activities conducted on behalf of the UW System.

Purpose

The purpose of this policy is to establish general principles and guidelines for fundraising activities that benefit the UW System and its institutions. The policy is intended to ensure proper institutional oversight of fundraising activities that involve the use of the name or the facilities of the University of Wisconsin System and to establish procedures for reporting the receipt and disposition of contributions and gifts-in-kind received as donations.

Policy

The University of Wisconsin System Fundraising Principles and Guidelines are adopted as system wide policy, and Each institution shall develop specific fundraising policies and procedures consistent with the following guidelines. principles and guidelines for submission to System Administration for review and approval and to the Board of Regents for information.

I. Principle:

II. Principle:

Use of the University of Wisconsin's Name or Facilities

The following organizations shall obtain the approval of the chief administrative officer or the officer's designee of the institution ~~involved or his/her designee for which a fundraising activity is proposed~~ before using the University's name or facilities for fundraising:

- Organizations whose primary activity is to solicit funds publicly on behalf of the University of Wisconsin System or its institutions.
- Organizations whose primary activity is not fundraising but who occasionally provide funds to the University of Wisconsin System or its institutions ~~are not covered by these guidelines unless their fundraising efforts involve the use of the University's name and facilities.~~

Private organizations are not required to seek institutional approval if their fundraising efforts do not involve the use of the University's name and facilities. However, the University of Wisconsin System and its institutions neither endorses nor disapproves efforts by private sector groups to engage in such fundraising activities when those activities are associated with the sale of goods or services.

Institutional guidelines under this provision shall:

- Specify the form and process of approval of the fundraising activity.
- Require, when applicable, that such organizations give assurances of their federal and state tax exempt status and their compliance with state regulations (e.g., Chapter 440 of Wis. Stats.).
- Require that such organizations provide information as to the purpose of the contemplated fundraising effort and intended distribution of proceeds.

III. Principle

Reporting Contributions

The University of Wisconsin System and its institutions shall provide a regular and complete accounting to the Board of Regents of the receipt and disposition of funds or gifts-in-kind contributed to the University. The frequency of such reports to the Board of Regents shall be determined by the Vice President for ~~Business and~~ Finance in consultation with the University of Wisconsin System Institutions.

Institutional guidelines under this provision shall:

- ~~Assure~~ Establish appropriate reporting procedures and methods of public disclosure of fundraising proceeds or gifts-in-kind received by the university.
- Develop specific procedures for transmitting ~~of~~ fund-raising proceeds from the organization to the university.

IV. Principle

Intercollegiate Athletics

The relationship of the University of Wisconsin System Institutions to specific fund-raising efforts for intercollegiate athletics shall be in strict compliance with applicable rules and regulations of any intercollegiate athletic association or conference of which the institution is a member.

~~In recognition of the diversity of University of Wisconsin System Institutions, specific fundraising efforts, and associated athletic programs, each institution shall develop specific procedures consistent with the principles and guidelines stated above. Institutional guidelines and procedures shall be submitted to System Administration for review and approval no later than February 1, 1986 and to the Board of Regents for information no later than May 1, 1986.~~

Oversight, Roles, and Responsibilities

Each UW institution is responsible for establishing policies and procedures consistent with this policy and for ensuring compliance with the provisions of the policy.

Related Regent Policy Documents and Applicable Laws

Regent Policy Document 21-9, "Institutional Relationships with Foundations"
Regent Policy Document 22-2, "Disposal of Works of Art"

See also:

SYS 362: University Administrative Support of Primary Fundraising Foundations and Other Affiliated Organizations

History: Res. 3419 adopted 11/8/85.

22-4 FUNDRAISING PRINCIPLES AND GUIDELINES (Formerly 85-4) – CURRENT POLICY

The University of Wisconsin System Fundraising Principles and Guidelines are adopted as system wide policy, and each institution shall develop specific procedures consistent with the principles and guidelines for submission to System Administration for review and approval and to the Board of Regents for information.

I. Principle:

Organizations whose primary activity is to solicit funds publicly on behalf of the University of Wisconsin System or its institutions shall obtain the approval of the chief administrative officer of the institution involved or his/her designee before using the University's name or facilities.

Institutional guidelines shall:

- Specify the form and process of approval.
- Require, when applicable, that such organizations give assurances of their federal and state tax exempt status and their compliance with state regulations (e.g., Chapter 440 of Wis. Stats.).
- Require that such organizations provide information as to the purpose of the contemplated fundraising effort and intended distribution of proceeds.

II. Principle:

Organizations whose primary activity is not fundraising but which occasionally provide funds to the University of Wisconsin System or its institutions are not covered by these guidelines unless their fundraising efforts involve the use of the University's name and facilities. However, the University of Wisconsin System and its institutions neither endorse nor disapprove efforts by private sector groups to engage in such fundraising activities when those activities are associated with the sale of goods or services.

If fundraising efforts involve the use of the university's name and facilities, institutional guidelines shall:

- Specify the form and process of approval.
- Require, when applicable, that such organizations give assurances of their federal and state tax exempt status and their compliance with state regulations (e.g., Chapter 440 of Wis. Stats.).
- Require that such organizations provide information as to the purpose of the contemplated fundraising effort and intended distribution of proceeds.

III. Principle:

The University of Wisconsin System and its institutions shall provide a regular and complete accounting to the Board of Regents of the receipt and disposition of funds or gifts-in-kind contributed to the University. The frequency of such reports to the Board of Regents shall be determined by the Vice President for Business and Finance in consultation with the University of Wisconsin System Institutions.

Institutional guidelines shall:

- Assure appropriate reporting procedures and public disclosure of fundraising proceeds or gifts-in-kind received by the university.
- Develop specific procedures for transmittal of fund raising proceeds from the organization to the university.

IV. Principle:

The relationship of the University of Wisconsin System Institutions to specific fund raising efforts for intercollegiate athletics shall be in strict compliance with applicable rules and regulations of any intercollegiate athletic association or conference of which the institution is a member.

In recognition of the diversity of University of Wisconsin System Institutions, specific fundraising efforts, and associated athletic programs, each institution shall develop specific procedures consistent with the principles and guidelines stated above. Institutional guidelines and procedures shall be submitted to System Administration for review and approval no later than February 1, 1986 and to the Board of Regents for information no later than May 1, 1986.

History: Res. 3419 adopted 11/8/85.

December 10, 2020

**APPROVAL TO AMEND REGENT POLICY DOCUMENT 27-1,
“UNIVERSITY OF WISCONSIN POLICY ON
COLLEGIATE LICENSING”**

REQUESTED ACTION

Adoption of Resolution P, amending Regent Policy Document 27-1, “University of Wisconsin Policy on Collegiate Licensing,” to reformat the policy to meet the standards of RPD 2-3, “Standards and Protocol for Regent Policy Documents.”

Resolution P. That, upon the recommendation of the President of the University of Wisconsin System, the UW System Board of Regents amends Regent Policy Document 27-1, “University of Wisconsin Policy on Collegiate Licensing,” to meet the standards of Regent Policy Document 2-3, “Standards and Protocol for Regent Policy Documents,” and to rename the policy, “Collegiate Licensing.”

SUMMARY

Regent Policy Document 27-1, “University of Wisconsin Policy on Collegiate Licensing,” establishes guidelines for collegiate licensing programs within the UW System. This proposal retains the provisions of the policy but amends the policy to meet the standards for a Regent Policy Document and renames the policy, “Collegiate Licensing.”

The Committee is asked to consider this policy revision as part of the Board’s ongoing review and analysis of Regent Policy Documents. In February 2011, the President of the Board formally announced a process to review and update the Board’s RPDs. Each RPD is reviewed to determine whether the policy is still relevant and whether the policy should be revised or removed. Policies that are retained are formatted to meet standards established by the Regents in RPD 2-3. The Board has revised numerous policies, repealed obsolete policies, and established new policies under this process.

Presenter(s)

- Quinn Williams, UW System General Counsel

BACKGROUND

Collegiate licensing agreements establish conditions under which companies pay a fee to a higher education institution for the right to use the university's name or logo on a product. Licensing agreements provide institutions with revenue from royalties and fees. The agreements are also a means by which an institution may control the use of its name, logos, and brand, allowing the institution to protect its reputation. The agreements can help protect the quality of goods bearing an institution's marks.

Higher education institutions began formalizing their processes for creating licensing agreements beginning in the 1970s, with UW-Madison first establishing its process for trademark licensing in 1988. The UW System Board of Regents' interest in developing a system-wide licensing policy appears to have originated in 1990 when UW-Madison implemented efforts to improve its control over the use of the University's trademark rights and reduce the sales of bootlegged merchandise that used UW-Madison's name and logos. A May 1990 article noted that institutions such as the University of Michigan and Ohio State University had successfully used licensing agreements to increase and maximize revenues from sales of merchandise.¹ In July 1990, UW-Madison presented an informational report to the Board discussing the use of the university's logos, trademarks, and names.

The President of the UW System's Board of Regents established a Regent Committee on Licensing in December 1990 to review university licensing practices. The committee examined issues such as the pros and cons of collegiate licensing; the structure of the licensing program at the UW-Madison; the status of collegiate licensing at other UW institutions; the use of collegiate licensing revenue; the use of external sources to manage a collegiate licensing program; the relationship between collegiate licensing and anti-trust laws; and the relationship of collegiate licensing with the Board's policy on competition with the private sector. The committee created what became Regent Policy Document (RPD) 27-1, "University of Wisconsin Policy on Collegiate Licensing," as a means to provide consistency within the UW System about licensing. The UW adopted the provisions of RPD 27-1 as Resolution 5791 in May 1991.

RPD 27-1 recognizes that each institution has the sole discretion for determining whether to establish a formal collegiate licensing program. The policy allows institutions to choose to operate a licensing program internally or to contract with an external organization to operate the program. Under a licensing agreement, an agent identifies and licenses manufacturers and handles the early steps of enforcement. The licensing agent retains a

¹ Dingman, Tracy. (1990, May 18). Bucky Getting Picky About Who Uses Trademark. *The Capital Times*. Retrieved April 13, 2020, from <https://access.newspaperarchive.com/us/wisconsin/madison/madison-capital-times/1990/05-18/page-3/bootleg-uw-licensing?ndt=by&py=1990&pey=1999&psb=dateasc>

negotiated portion of the royalties and the institution retains the right to approve the design and product to be developed. Institutions may alternatively perform these duties themselves by operating an internal licensing program. The programs are typically supported by licensing royalties.

A review of institutional and organizational websites found that most UW institutions contract with an external organization to operate their licensing programs. In 2015, UW-Madison entered into an eight-year contract with Fermata Partners of Atlanta, Georgia in 2015 to manage its licensing activities. The website for CLC, which is Learfield Communication's licensing branch, identifies UW-Eau Claire, Green Bay, La Crosse, Parkside, Platteville, River Falls, Stevens Point, Stout, and Whitewater as clients. UW-Superior and Oshkosh do not appear to have contracts with external licensing companies.

RPD 27-1 requires institutions to use the funds from royalties and licensing fees for programs or activities that directly benefit students, such as athletics and scholarships. For large institutions, these funds may be significant. For example, according to their websites, UW-Madison and UW-Milwaukee receive 12 percent of the wholesale cost of goods sold under such agreements. UW-Madison reports it has received over \$44 million in royalties and licensing fees since its program was first initiated in 1988. The institution's 2015 contract with Fermata Partners was anticipated to be worth \$33 million to the institution over the eight-year term of the contract.

RPD 27-1 clarifies that the university must charge licensing fees and royalties consistently and in compliance with RPD 13-1, "Competition with the Private Sector." At the same time, the policy allows institutions to exempt certain products such as those sold primarily for student use, craft items, and products purchased for internal consumption by institutions from licensing fees and royalties. The policy requires the registration of any mark to be in the name of the Board of Regents of the University of Wisconsin System. The policy also requires institutions to develop design standards and use guidelines for potential licensees. Finally, the policy requires UW System's Office of General Counsel to review any proposed contract with a licensing company and to notify the office within 30 days of any dispute related to collegiate licensing issues. Institutions are also required to notify the Board of any contract entered into with such a company.

The proposed policy retains the provisions of the current policy but reorganizes and reformats the policy to meet the standards for a Regent Policy Document. The proposed policy adds new sections describing the scope, purpose, oversight responsibilities, and applicable Regent Policy Documents and laws. If approved, the name of the policy would be changed to "Collegiate Licensing."

Related Regent Policy Documents and Applicable Laws

- Regent Policy Document 12-1, "Competition with the Private Sector."
- Regent Policy Document 13-1, "General Contract Approval, Signature Authority, and Reporting."

ATTACHMENTS

- A) RPD 27-1, "University of Wisconsin Policy on Collegiate Licensing" (Proposed Policy)
- B) RPD 27-1, "University of Wisconsin Policy on Collegiate Licensing" (Proposed Policy with Tracked Changes)
- C) RPD 27-1, "University of Wisconsin Policy on Collegiate Licensing" (Current Policy)

27-1 COLLEGIATE LICENSING (Formerly 91-6) – PROPOSED POLICY**SCOPE**

This policy applies to collegiate licensing programs within the UW System.

PURPOSE

A collegiate licensing program establishes a formal process for approving the use of an institution's marks in exchange for a fee. Collegiate licensing programs allow higher education institutions to: (1) generate funds to support student services, athletics, or other programs; (2) promote the positive image and identification of an institution; and (3) protect an institution's reputation, good name, and image by permitting only appropriate uses and assuring that only quality products bear the institution's name and symbols. This policy establishes system-wide guidelines for collegiate licensing programs at UW institutions.

POLICY STATEMENT

The Board of Regents supports the establishment of collegiate licensing programs within the University of Wisconsin System. Each UW collegiate licensing program shall adhere to the following:

1. Administration of Licensing Programs

Each institution has the sole discretion, based on the institution's assessment of its interests, to determine whether to establish a collegiate licensing program.

Each institution shall determine whether it is more cost-effective to administer a collegiate licensing program internally or by contracting with an outside agent. The institution shall compare the cost-effectiveness of any proposed contract with the cost of operating an internal program. License agreements should follow applicable purchasing rules.

Licensing programs should be financed solely from licensing revenue unless an exception is made by the President.

2. Exemptions

(a) *Retailer Exemptions:* As a general policy, UW institutions shall not exempt sales of licensed goods to some retailers from licensing fees or royalties, while charging fees or royalties on sales of goods to all other retailers. Exemptions may not provide

differential treatment and a competitive advantage to one set of retailers and shall be consistent with Regent Policy Document 12-1, "Competition with the Private Sector."

A University of Wisconsin institution shall charge licensing fees on sales to bookstores it owns, operates, or leases if the institution is charging licensing fees on sales to any outside vendors for the same items. An example of a prohibited retailer exemption is a "geographic" exemption that exempts from fees or royalties sales to private sector vendors within a specified geographic area, such as the area bordering the institution's campus.

(b) Consumer exemptions: Except as stated in (d) below, UW institutions shall not exempt sales to some types of consumers from licensing fees or royalties, while charging fees and/or royalties on sales to all other consumers.

(c) Product exemptions: UW institutions may exempt selected products from licensing fees or royalties. Examples of products that may be appropriate for exemptions include selected school supplies, which are bought primarily by students, and craft items produced by local individuals or shops.

(d) Internal consumption exemption: UW institutions may exempt from licensing fees or royalties purchases for internal university consumption. All such purchases shall be from licensed manufacturers.

3. Use of Licensing Revenue

Institutions shall use the revenue generated from collegiate licensing for programs or activities that directly benefit students. Examples of programs with direct student benefits include student athletics and student scholarships.

4. Registration of Marks

Federal and state registration of any mark by any UW institution shall be in the name of the Board of Regents of the University of Wisconsin System.

5. Design Standards and Use Guidelines

Institutions with collegiate licensing programs shall develop design standards and use guidelines and make them available to potential licensees.

6. Review and Reporting Requirements

Prior to entering into a licensing contract, each institution shall have the proposed contract reviewed by the University of Wisconsin System's Office of General Counsel.

Each institution shall notify the Board of Regents of any contract it enters into related to the creation of a collegiate licensing program and shall seek Board approval if required under Regent Policy Document 13-1, "General Contract Approval, Signature Authority, and Reporting."

Each institution without a campus office of legal affairs shall notify the University of Wisconsin System's Office of General Counsel within thirty days of any dispute related to collegiate licensing issues.

OVERSIGHT, ROLES, AND RESPONSIBILITIES

The University of Wisconsin System's Office of the General Counsel is the primary contact for providing assistance related to collegiate licensing issues to UW institutions without a campus office of legal affairs.

RELATED REGENT POLICY DOCUMENTS AND APPLICABLE LAWS

Regent Policy Document 12-1, "Competition with the Private Sector."

Regent Policy Document 13-1, "General Contract Approval, Signature Authority, and Reporting."

27-1 UNIVERSITY OF WISCONSIN POLICY ON COLLEGIATE LICENSING (Formerly 91-6)
– PROPOSED POLICY (Tracked Changes)

SCOPE

This policy applies to collegiate licensing programs within the UW System.

PURPOSE

A The Board of Regents recognizes the merits of ccollegiate licensing programss establishes a formal process for approving the use of an institution's marks in exchange for a fee. Collegiate licensing programs allow higher education institutions to. In particular, licensing programs serve to: (1) generate funds to support student services, athletics, or other programs; (2) promote the positive image and identification of an institution; and (3) protect an institution's reputation, good name, and image by permitting only appropriate uses and assuring that only quality products bear the institution's name and symbols. This policy establishes system-wide guidelines for collegiate licensing programs at UW institutions.

POLICY STATEMENT

The Board of Regents supports the establishment of collegiate licensing programs within the University of Wisconsin System. It is at the discretion of each University of Wisconsin Institution to determine whether the establishment of a collegiate licensing program serves its interests. For these reasons, the Board of Regents supports the establishment of a collegiate licensing program at any University of Wisconsin institution, subject to the following guidelinesEach To ensure that licensing programs are consistent with other University of Wisconsin policies and objectives, cUW collegiate licensing programs at any University of Wisconsin Institution should shall adhere to the following:

1. Administration of Licensing Programs

Each institution has the sole discretion, based on the institution's assessment of its interests, to determine whether to establish a collegiate licensing program.

Each iinstitution should shall determine whether it is more cost-effective to administer a collegiate licensing program internally with university

employees, or externally by contracting with an outside agent. As part of the process for determining whether to contract with an outside agent, tThe iinstitution s shall seek the most favorable contractual terms possible with the agent with outside agent(s), and compare the cost-effectiveness of use these termsthe any proposed contract as the

~~basis for a cost-effectiveness comparison with the cost of operating~~ an internal program. License agreements should follow applicable purchasing rules.

Licensing programs should be ~~Except for programs with minor activities, licensing programs be~~ financed solely from licensing revenue unless an exception is made by the President.

2. Exemptions

(a) *Retailer Exemptions:* As a general policy, UW ~~institutions~~ shall not exempt sales of licensed goods to some retailers from licensing fees ~~and/or~~ royalties, while charging fees ~~and/or~~ royalties on sales of goods to all other retailers. ~~Exemptions for only certain retailers may not~~ provide differential treatment and a competitive advantage to one set of retailers. ~~Such policies are and shall be inconsistent with the University of Wisconsin Policy on Regent Policy Document 12-1, "Competition with the Private Sector." (See Policy 12-1: Competition with the Private Sector).~~

A University of Wisconsin ~~institution~~ shall charge licensing fees on sales to bookstores it owns, operates, or leases if the institution is charging licensing fees on sales to any outside vendors for the same items. An example of a prohibited retailer exemption is a "geographic" exemption that exempts from fees ~~and/or~~ royalties sales to private sector vendors within a specified geographic area, such as the area bordering the institution's campus.

(b) *Consumer exemptions:* Except as stated in (d) below, UW institutions shall not exempt sales to some types of consumers from licensing fees or royalties, while charging fees and/or royalties on sales to all other consumers.

(c) *Product exemptions:* UW ~~institutions~~ may exempt selected products from licensing fees or royalties. Examples of products that may be appropriate for exemptions include selected school supplies, which are bought primarily by students, and craft items produced by local individuals or shops.

(d) *Internal consumption exemption:* UW ~~institutions~~ may exempt from licensing fees or royalties purchases for internal university consumption. All such purchases shall be from licensed manufacturers.

3. Use of Licensing Revenue

~~Institutions~~ shall use the revenue generated from collegiate licensing for programs or activities that directly benefit students. Examples of programs with direct student benefits include student athletics and student scholarships.

~~Prior to entering into a licensing contract, a University of Wisconsin Institution shall have the potential contract reviewed by University of Wisconsin legal counsel at the System Administration level. Any licensing contracts concluded by a University of Wisconsin Institution must be reported to the Board of Regents.~~

4. Registration of Marks

Federal and state registration of any mark by any UW ~~i~~institution shall be in the name of the Board of Regents of the University of Wisconsin System.

5. Design Standards and Use Guidelines

Institutions with collegiate licensing programs shall develop design standards and use guidelines and make them available to potential licensees.

6. Review and Reporting Requirements

~~Prior to entering into a licensing contract, each institution shall have the proposed contract reviewed by the University of Wisconsin System's Office of General Counsel.~~

~~Any licensing contract concluded by a~~ Each ~~institution must be shall reported~~ notify the ~~to the Board of Regents of any contract it enters into related to the creation of a~~ collegiate licensing program and shall seek Board approval if required under Regent Policy Document 13-1, "General Contract Approval, Signature Authority, and Reporting."

Each ~~i~~institution ~~without a campus office of legal affairs shall~~ notify ~~the University of Wisconsin System's Office of General Counsel~~ within thirty days of ~~licensing any dispute related to collegiate licensing issues.~~

OVERSIGHT, ROLES, AND RESPONSIBILITIES6. ~~Technical Assistance:~~

The University of Wisconsin System's Office of the General Counsel ~~shall serve as the technical assistance is the primary~~ contact ~~point~~ for ~~providing assistance related to collegiate licensing issues to the University of Wisconsin System for collegiate licensing.~~ University of Wisconsin ~~i~~institutions ~~without a campus legal affairs office shall report licensing disputes within thirty days to the System Administration General Counsel related to collegiate licensing issues.~~

RELATED REGENT POLICY DOCUMENTS AND APPLICABLE LAWS

Regent Policy Document 12-1, "Competition with the Private Sector."

Regent Policy Document 13-1, "General Contract Approval, Signature Authority, and Reporting."

DRAFT

**27-1 UNIVERSITY OF WISCONSIN POLICY ON COLLEGIATE LICENSING (Formerly 91-6)
– CURRENT POLICY**

The Board of Regents recognizes the merits of collegiate licensing programs. In particular, licensing programs serve to: (1) generate funds to support student services, athletics, or other programs; (2) promote the positive image and identification of an institution; and (3) protect an institution's reputation, good name, and image by permitting only appropriate uses and assuring that only quality products bear the institution's name and symbols. For these reasons, the Board of Regents supports the establishment of a collegiate licensing program at any University of Wisconsin institution, subject to the following guidelines. It is at the discretion of each University of Wisconsin Institution to determine whether the establishment of a collegiate licensing program serves its interests.

To ensure that licensing programs are consistent with other University of Wisconsin policies and objectives, collegiate licensing programs at any University of Wisconsin Institution should adhere to the following guidelines:

1. Exemptions:

- (a) Retailer Exemptions: As a general policy, University of Wisconsin Institutions shall not exempt sales of licensed goods to some retailers from licensing fees and/or royalties, while charging fees and/or royalties on sales of goods to all other retailers. Exemptions for only certain retailers provide differential treatment and a competitive advantage to one set of retailers. Such policies are inconsistent with the University of Wisconsin Policy on Competition with the Private Sector (See Policy 12-1: Competition with the Private Sector). A University of Wisconsin Institution shall charge licensing fees on sales to bookstores it owns, operates, or leases if the institution is charging licensing fees on sales to any outside vendors for the same items. An example of a prohibited retailer exemption is a "geographic" exemption that exempts from fees and/or royalties sales to private sector vendors within a specified geographic area, such as the area bordering the institution's campus.
- (b) Consumer exemptions: Except as stated in (d) below, University of Wisconsin Institutions shall not exempt sales to some types of consumers from licensing fees and/or royalties, while charging fees and/or royalties on sales to all other consumers.
- (c) Product exemptions: University of Wisconsin Institutions may exempt selected products from licensing fees and/or royalties. Examples of products that may be appropriate for exemptions include selected school supplies, which are bought primarily by students, and craft items produced by local individuals or shops.
- (d) Internal consumption exemption: University of Wisconsin Institutions may exempt from licensing fees and/or royalties purchases or internal university consumption. All such purchases shall be from licensed manufacturers.

2. Use of Licensing Revenue:

A University of Wisconsin Institution shall use the revenue generated from collegiate licensing for programs or activities with direct benefits to students. Examples of programs with direct student benefits include student athletics and student scholarships.

3. Internal versus External Administration of Licensing Programs:

Each University of Wisconsin Institution that establishes a licensing program should determine whether it is more cost-effective to administer the program internally with university employees, or externally by contracting with an outside agent. Institutions shall seek the most favorable contractual terms possible with outside agent(s), and use these terms as the basis for a cost-effectiveness comparison with an internal program. Except for programs with minor activities, licensing programs shall be financed solely from licensing revenue.

Prior to entering into a licensing contract, a University of Wisconsin Institution shall have the potential contract reviewed by University of Wisconsin legal counsel at the System Administration level. Any licensing contracts concluded by a University of Wisconsin Institution must be reported to the Board of Regents.

4. Registration of Marks:

Federal and state registration of any mark by a University of Wisconsin Institution shall be in the name of the Board of Regents of the University of Wisconsin System.

5. Design Standards and Use Guidelines:

University of Wisconsin Institutions with collegiate licensing programs shall develop design standards and use guidelines and make them available to potential licensees.

6. Technical Assistance:

The University of Wisconsin System Office of the General Counsel shall serve as the technical assistance contact point for the University of Wisconsin System for collegiate licensing. University of Wisconsin Institutions shall report licensing disputes within thirty days to the System Administration General Counsel.

History: Res. 5791 adopted 5/10/91.

**UNIVERSITY OF WISCONSIN SYSTEM TRUST FUNDS
QUARTERLY INVESTMENT REPORT AS OF SEPTEMBER 30, 2020**

REQUESTED ACTION

No action is required; this item is for information only.

SUMMARY

As of September 30, 2020, UW System Trust Funds assets totaled \$631.5 million, comprised of \$482.43 million in the Long Term (endowment) Fund and \$149.04 million in the Income Cash Fund (a component of the State Investment Fund). Cash flows into/out of the State of Wisconsin Investment Board (SWIB)-managed portfolios for the period included a \$601,403 withdrawal from the Long Term Fund, which was sourced from the BlackRock funds. There was also a distribution of \$2,533,085 from the private markets portfolio. \$296,413 was contributed to the SWIB managed funds for payment of fees.

Covid-19 continued to be center stage over Q3 but the ease of restrictions, coupled with the Federal Reserve's accommodative policies, supported the U.S. market recovery over the quarter. The Fund's public equity investments increased +7.69% during the quarter, while the bond investments returned +0.81% and the inflation sensitive investments gained +2.96%. The private markets portfolio returned +3.66%.

For the quarter ended September 30th, the well-diversified Long Term Fund increased in value +5.01% (before fees), while the UW Fund Custom Benchmark increased +4.90%. The Income Cash Fund gained +0.03% for the period.

Presenter:

- Charles Saunders, Executive Director, UW System Administration Office of Trust Funds

BACKGROUND

The attached UW System Trust Funds Quarterly Investment Review as of September 30, 2020, prepared by the State of Wisconsin Investment Board (SWIB), provides the following

information: 1) an overview and summary of total Trust Funds assets, investment performance, and cash flows to/from the SWIB-managed portfolios for the period; 2) a market discussion and commentary section; 3) market overview indicators; 4) asset allocation information; 5) more detailed investment performance information at the overall Fund as well as individual asset class levels; and 6) in the appendix, detailed “fact sheets” for each of the BlackRock common trust index funds, which have been selected by SWIB to provide for Trust Funds’ investments in public markets.

ATTACHMENT

- A) University of Wisconsin System Trust Funds Quarterly Investment Review
September 30, 2020



University of Wisconsin System Trust Funds



Quarterly Investment Review September 30, 2020

UW System Trust Funds: Overview and Investment Summary

Quarter Ended September 30, 2020

Investment Objective

To achieve, net of administrative and investment expenses, reasonable, attainable and sustainable returns over and above the rate of inflation. SWIB seeks to achieve this objective through the use of passive, externally-managed, public markets funds.

Market Values as of September 30, 2020

Total Public Market Assets ¹	\$412,808,306
Total Legacy Private Market Assets ¹	\$69,415,136
Other Cash and Accruals ²	\$207,490
Total UW System Long Term Fund³	\$482,430,931
Income Cash Fund (State Investment Fund 'SIF')⁴	\$149,035,000

¹ Market values are net of accrued external investment management fees, and internal UW fees.

² Other Cash and Accruals include custody & middle office fees, SWIB internal management fees, fund-level STIF cash, STIF interest and other pass through fees that either accrue until paid or are pre-paid. Balances vary intra-month and can cross into new quarters.

³ Market values are net of SWIB internal and external investment management fees, custody & middle office fees, other pass through fees accrued and paid, and internal UW fees.

⁴ Data is sourced from the Quarter End Pool Sheets provided by the DOA and represents the monies available in UW Funds 161 and 162 (STAR account(s) 51100 and 51200).

Performance for Quarter Ended September 30, 2020

	Jul-20	Aug-20	Sep-20	3 Months
UW System Long Term Fund (Gross of Fees)	3.10%	2.92%	-1.04%	5.01%
UW System Long Term Fund (Net of All Fees) ⁵	3.09%	2.91%	-1.05%	4.98%
UW Fund Custom Benchmark	3.03%	2.89%	-1.04%	4.90%

⁵ Returns are net of SWIB internal and external investment management fees, custody & middle office fees, and other pass through fees accrued and paid. Returns are gross of internal UW fees.

Contributions/Withdrawals for Quarter Ended September 30, 2020

UW System Long Term Fund - Public Markets ⁶	(\$601,403)
UW System Long Term Fund - Private Markets ⁷	(\$2,533,085)
UW System Long Term Fund Contributions for Fees	\$296,413
UW System Long Term Fund Fees Expensed ⁸	(\$303,902)

⁶ Amount represents the net of new contributions and withdrawals by UWS, including endowment spending distributions, assessment of UWS internal fees, as well as reallocations among the public and private market portfolios.

⁷ Distributions from StepStone and other private market underlying funds are net of external investment management fees paid.

⁸ Fees expensed can include external and internal management fees, custody & middle office fees, and other pass through fees accrued and paid from both the public and private market accounts.

Performance and Market Discussion

For the quarter ended September 30th, the UW investment portfolio returned +5.01% compared to the Fund's benchmark return of +4.90%.

September opened with positive market sentiment following better than expected non-farm payroll figures for August and positive data around coronavirus cases in the United States. As the month progressed, risk off sentiment hit the market following concerns over rising Covid-19 case counts in Europe, and the election in the United States. This risk off tone erased some of August's gains. Notably, the S&P 500 closed September down 3.80%, following a 7.19% gain in August. US rates were range-bound, with muted reactions throughout the month. US 10yr and 30yr rates entered September at 0.68% and 1.43% and ended the month slightly higher at 0.69% and 1.46% respectively.

Economic data in the US started strong, with the US economy adding 1.37 million jobs in August, higher than the 1.35 million expected but lower than gains seen in the prior three months. The unemployment rate fell in August to 8.4%, versus 10.2% in July. However, ADP private employment fell short of expectations at a 428k gain (vs 1 million consensus). New home and pending home sales both rose during the quarter. Continuing this momentum, negotiations continued on a \$2.2 trillion proposal for a stimulus bill, with Speaker of the House Nancy Pelosi and US Treasury Secretary Steve Mnuchin engaging in further talks of reaching a deal.

Abroad, the ECB Governing Council kept interest rates on the marginal lending facility and the deposit facility unchanged at 0.00%, 0.25% and -0.50% respectively. Purchases under the Pandemic Emergency Purchase Program (PEPP) will continue with a total value of €1.35 billion, while net purchases under the asset purchase program will continue at a monthly pace of €20 billion. Following this, the EUR was up 0.7% at \$1.19, close to its two-year high. The Bank of England also kept its rates unchanged at 0.1% and its bond buying program at 745 billion pounds. They stated they are considering negative interest rates on the back of a no-deal Brexit and the pandemic.

Equity Performance

The UW System's combined equity portfolio returned +7.69% during the quarter versus the combined equity benchmark return of +7.45%.

Global equities as measured by the MSCI ACWI Index experienced an increase of +8.11% during the quarter. The U.S. broad-market Russell 3000 Index increased +9.21% in the third quarter of 2020.

U.S. stocks continued their recovery over July and August and kept on recording all-time highs, until early September when valuation concerns led to a market sell off. Covid-19 continued to be center stage over Q3 but the ease of restrictions, coupled with the Fed's accommodative policies, supported the US market recovery over the quarter.

GICS sectors saw strong gains in the quarter, but large dispersion still existed. The Russell 3000 Index sectors were led by Consumer Discretionary (+19.04%), Industrials (+11.90%), and Materials (+11.90%). The lowest sector returns were from Energy (-18.90%), followed by Real Estate (+1.34%) and Financials (+3.43%).

The MSCI World ex-U.S. Index returned +4.92% during the quarter.

The world stock market started the third quarter with an extended recovery from Q2 amid signs of economic recovery, rising hope for a Covid-19 vaccine, and ongoing supportive economic policies around the world. The MSCI World ex-U.S. Index posted mostly positive returns within the Eurozone, while the UK markets posted negative returns.

In Europe, most countries posted positive performance over the quarter. The ECB supportive policies, including a EUR 750bn package of loans and grants for EU members, contributed to the positive performance. However, certain economic signals, including a drop in PMI and inflation rates, as well as the increase in Covid-19 cases later in the quarter, dragged performance down. Sweden (+16.95%) and Denmark (+15.39%) were among the best performers, while Austria (-1.31%) and Spain (-2.84%) lagged others among the MSCI World countries.

In APAC, Japan (+7.47%) outperformed, followed by Australia (+4.09%), which continued its recovery over the third quarter but at a slower pace than Q2. Hong Kong (+2.30%) also followed the same pattern as Australia. Comparatively, Thailand (-12.34%) lagged other APAC countries and posted a negative return for the quarter.

Emerging markets, as represented by the MSCI EM Index, increased +9.56% for the quarter.

Despite the increasing number of Covid-19 cases in certain EM countries and further US-China trade tensions, emerging markets overall delivered the best regional performance during the quarter. The positive performance was supported by a weakened USD and economic recovery signals in countries such as China and Taiwan.

From an EM country perspective, India (+16.04%) and Pakistan (+15.68%) posted the strongest performance during the period. India outperformed the broad market supported by policy progress on agriculture and labor reforms, while South Korea's performance was supported by the strong performance of the information technology sector in the country. China (+12.46%) also posted strong gains for the quarter, supported by better than expected earnings and strong GDP growth. On the negative side, Turkey (-14.62%) recorded the weakest performance within the index, stemming mainly from currency devaluation over the quarter.

From a sector perspective, consumer discretionary (+26.8%), information technology (+20.7%), and materials (+11.8%) were the best performers during the quarter. Utilities (-4.2%) and financials (-0.3%) lagged other sectors and finished the quarter in negative territory.

Fixed Income Performance

The UW System's Government/Credit index fund returned +0.81% for the quarter, while the Bloomberg Barclays U.S. Government/Credit Index posted a return of +0.78% in the third quarter of 2020.

The Federal Open Market Committee (FOMC) maintained its target range of the Fed Funds rate at 0 to 0.25%. The statement was in line with the new long-term policy framework first unveiled in August at Jackson Hole as the Committee remained supportive of economic recovery, predicting near-zero rates through 2023. Contrary to expectations, the FOMC refrained from changing the composition of its asset purchase program, and did not commit to expanding its purchase program, but made slight updates to the language.

Inflation Sensitive Performance

The Bloomberg Barclays U.S. TIPS Index returned +3.03% for the quarter ended September 30th. The UW System's TIPS portfolio slightly outperformed during the quarter, returning +3.08%.

The Federal Reserve left interest rates unchanged and announced significant policy changes that seek to address shortfalls of employment from its maximum level and to undertake a flexible average-inflation targeting strategy. The Fed said rates are likely to remain near zero until at least 2023 and adopted forward guidance, which called for hikes only when "inflation has risen to 2 percent and is likely to exceed 2 percent for some time."

Both the headline and core CPI printed at 0.4% month-over-month. Core CPI components such as rent and owner's equivalent rent (OER) increased a meager 0.1% month-over-month.

The UW System's REIT portfolio returned +2.21% during the quarter.

As global economic recovery from COVID continued to take shape, the Real Estate sector ranked last out of 11 GICS sectors in return contribution to the MSCI World Index in Q3, while persistent demand for yield and income gave support to this sector. Price dislocations and dispersion remain elevated across property sectors within real estate. Most notably lodging, gaming & entertainment, retail, and healthcare remain under pressure, while property types with low people-density such as cell towers, data storage & datacenters, or alternatively "tech REITs," offered better upside.

For the quarter, Industrial REITs and Specialized REITs, including storage and digital REITs, contributed to positive performance of the index (+120 bps and +90 bps contribution respectively). Real estate operating companies (REOCs) also had a positive effect on index performance, contributing nearly +100 bps to performance. In contrast, Residential REITs, Office REITs, and Retail REITs continued to struggle and detracted from index performance by a combined -160 bps. Real estate development companies further detracted from index return by -20 bps. At the country level, listed real estate companies and REITs in Germany, Sweden, Japan, and the US contributed to large positive returns for the index, while France and Hong Kong detracted.

Legacy Private Markets Performance

The legacy private markets funds, consisting of Adams Street Partners, JP Morgan, and TRG funds returned +3.66%.

Asset Allocation

Public Markets allocations ended the quarter with 59.1% in equities, versus a target of 57%; 18.8% in fixed income, versus a target of 20%; and 22.0% in inflation sensitive assets, versus a target of 23%.

UW System Trust Funds: Market Overview

Quarter Ended September 30, 2020

Economic Indicators	Quarter Ending	YTD	1 Year	3 Year	5 Year	10 Year
GDP Growth Rate (current dollars) ¹	8.39%	-2.71%	-1.78%	2.38%	2.78%	3.38%
CPI Growth Rate	0.96%	1.29%	1.37%	1.79%	1.81%	1.77%

** All returns and growth rates greater than 1 year are annualized.*

¹ The GDP growth rate is not adjusted for inflation.

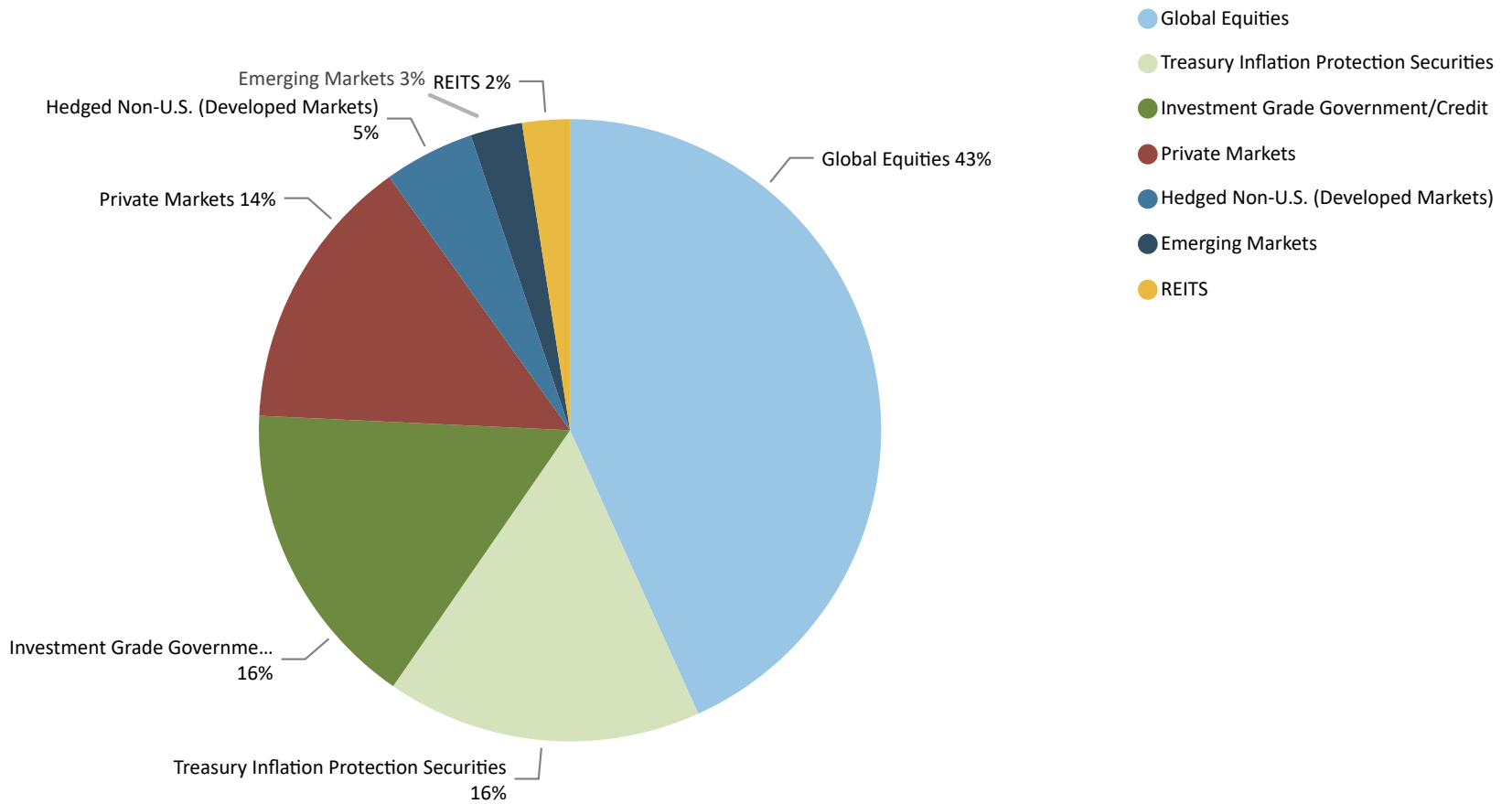
Market Indicators	Quarter Ending	YTD	1 Year	3 Year	5 Year	10 Year
U.S Large Cap Stocks (S&P 500 Index)	8.93%	5.57%	15.15%	12.28%	14.15%	13.74%
U.S. Small Cap Stocks (Russell 2000 Index)	4.93%	-8.69%	0.39%	1.77%	8.00%	9.85%
U.S. Broad Market Stocks (Russell 3000 Index)	9.21%	5.41%	15.00%	11.65%	13.69%	13.48%
International Stocks (MSCI World ex US Index)	4.92%	-7.13%	0.16%	0.62%	5.32%	4.37%
International Stocks - Local Currency (MSCI World ex US Index)	1.48%	-9.01%	-4.50%	0.76%	4.92%	6.10%
Emerging Markets Stocks (MSCI EM Net Index)	9.56%	-1.16%	10.54%	2.42%	8.97%	2.50%
Global Stocks (MSCI ACWI Net Index)	8.11%	0.48%	9.57%	6.47%	9.97%	8.47%
Government/Credit (Bloomberg Barclays Capital Gov/Credit)	0.78%	8.04%	8.03%	5.86%	4.66%	3.87%
U.S. TIPS (Bloomberg Barclays U.S. TIPS Index)	3.03%	9.22%	10.08%	5.79%	4.61%	3.57%
Real Estate (FTSE EPRA/NAREIT Developed Net Index)	2.09%	-19.69%	-18.29%	-1.45%	2.03%	4.75%

** All returns and growth rates greater than 1 year are annualized.*

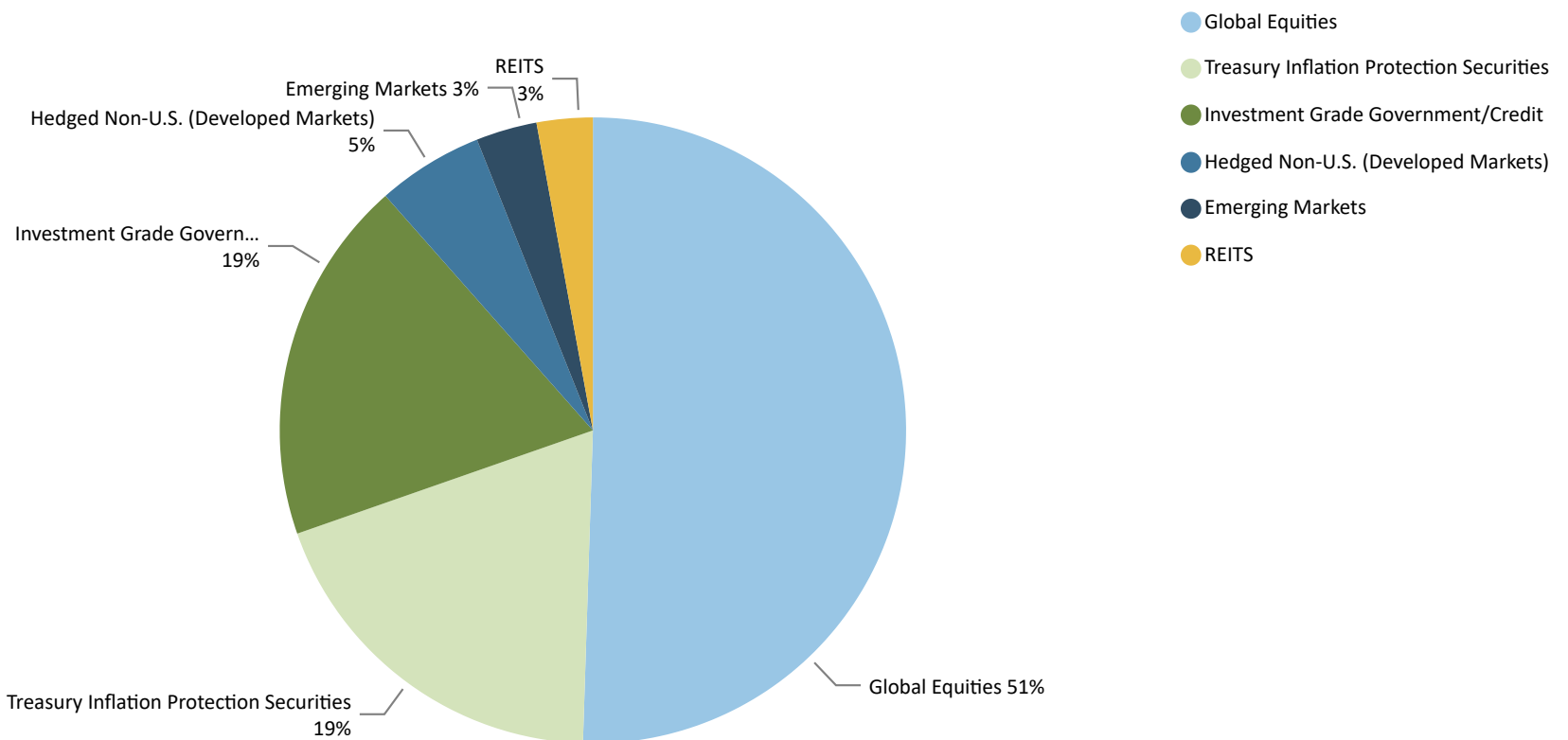
UW System Trust Funds: Asset Allocation

Quarter Ended September 30, 2020

UW System Long Term Fund



UW System Long Term Fund - Public Markets Only



* Asset Class Allocation percentages are derived using the Net of Fee market value. Sum of asset class market values may not equal total level Net of Fee market value due to the exclusion of fund level other cash and accruals. Excluded amount is immaterial.

UW System Trust Funds: Actual Versus Target Asset Allocation

Quarter Ended September 30, 2020

Asset Class/Strategy	Current Allocation (\$)	Current Allocation (%)	Target Allocation (%)	Min./Max. Guidelines
Total Public Markets	\$412,808,306	100.0%	100.0%	
Public Equities ¹	\$244,134,462	59.1%	57.0%	51-63%
Global Equities	\$208,497,800	50.5%	48.0%	44-52%
Hedged Non-U.S. Equities (Developed Markets)	\$22,640,684	5.5%	6.0%	5-7%
Emerging Markets Equities	\$12,995,978	3.1%	3.0%	2-4%
Fixed Income	\$77,724,077	18.8%	20.0%	18-22%
Investment Grade Government/Credit	\$77,724,077	18.8%	20.0%	18-22%
Inflation Sensitive	\$90,949,767	22.0%	23.0%	20-26%
TIPS (Treasury Inflation Protection Securities)	\$79,027,609	19.1%	20.0%	18-22%
REITS (Real Estate Investment Trusts)	\$11,922,158	2.9%	3.0%	2-4%
Private Markets ²	\$69,415,136			
Terrace Holdings II	\$69,415,136			
Other Cash and Accruals ³	\$207,490			
Long Term Fund Total Assets ⁴	\$482,430,931	-----	-----	-----

¹ There is a statutory limitation of 85% maximum exposure to public equities. (\$36.29)

² Private Markets is not included in the target allocation. The Terrace Holdings II Fund comprises private equity funds of J.P. Morgan, Adams Street Partners, and a TRG Forestry Fund.

³ Other Cash and Accruals include custody & middle office fees, SWIB internal management fees, fund-level STIF cash, STIF interest and other pass through fees that either accrue until paid or are pre-paid. Balances vary intra-month and can cross into new quarters.

⁴ Market values are net of SWIB internal and external investment management fees, custody & middle office fees, other pass through fees accrued and paid, and internal UW fees.

Rebalancing Policy:

The asset allocation of fund investments shall be reviewed at the end of each quarter. Quarterly net capital flows to/from the UW System shall be utilized to rebalance toward the target allocations. If the allocation by asset class falls outside the rebalance range following quarterly cash flows, assets will be systematically rebalanced back to the target allocation as soon as practicable and in any event prior to the next quarterly net capital flows. Only the Public Markets allocations will be included in any rebalancing. The legacy Private Markets investments will receive additional inflows based only upon past commitments. No new commitments will be made to private markets. Eventually the legacy Private Markets investments will self-liquidate as distributions are made from existing funds without any new commitments.

Guidelines

Current SWIB Guidelines for UW can be found at <https://www.swib.state.wi.us/statutes-guidelines> under Board of Trustees State Investment Fund & Separately Managed Funds Investment Guidelines.

UW System Trust Funds: Investment Performance Analysis

Quarter Ended September 30, 2020

Performance results for the UW System Long Term Fund are shown below, both graphically and in table format.

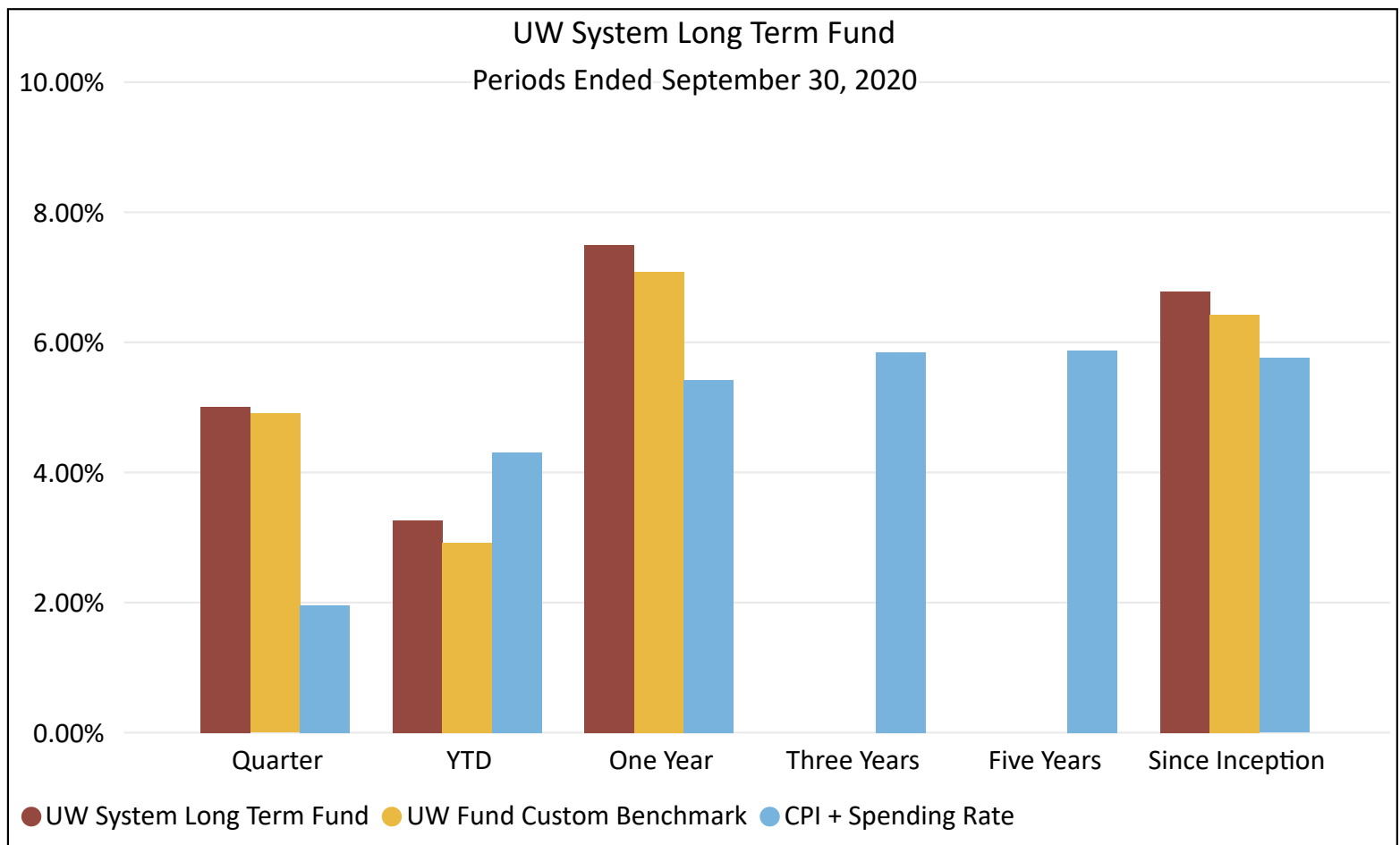
Fund and Benchmark Performance Data	Quarter Ending	Year to Date	One Year	Three Years	Five Years	Since Inception
UW System Long Term Fund	5.01%	3.26%	7.49%			6.78%
UW Fund Custom Benchmark	4.90%	2.92%	7.08%			6.43%
Consumer Price Index (CPI)	0.96%	1.29%	1.37%	1.79%	1.81%	1.70%
CPI + Spending Rate ³	1.95%	4.31%	5.42%	5.85%	5.88%	5.76%
Income Cash Fund (SIF) ⁴	0.03%	0.47%	0.91%	1.63%	1.18%	1.70%

¹ The UW System Long Term Fund's return is a gross of fees return. Inception date is 4/1/2018.

² The "UW Fund Custom Benchmark" is asset weighted using the UW Public Equity Benchmark, the Bloomberg U.S. Gov't/Credit Index, the Inflation Sensitive Benchmark, and the net Terrace Holdings II returns. The Bloomberg U.S. Gov't/Credit Index, and the Bloomberg Barclays U.S. TIPS Index are gross returns. All other benchmark components are net returns (net of fees or tax withholdings on dividends). The Private Markets Benchmark change has been approved by both the Investment and Benchmark Committees.

³ The annual spending rate is 4.0% and the change in CPI is used as the inflation indicator.

⁴ Relevant to the extent recipients have allocated a portion of their funds to the Income Cash Fund (SIF). The Income Cash Fund (SIF) is used for receiving spending distributions from the Long Term Fund. UW investment account holders may also allocate a portion of their expendable principal to this fund.



UW System Trust Funds: Fund and Benchmark Performance Data by Asset Class

Quarter Ended September 30, 2020

Asset Class/Strategy	Quarter	YTD	One Year	Since Inception
UW System Long Term Fund				
Gross of Fees	5.01%	3.26%	7.49%	6.78%
Net of Fees	4.99%	3.22%	7.44%	6.72%
Net of All Fees	4.98%	3.17%	7.38%	6.66%
UW Fund Custom Benchmark ¹	4.90%	2.92%	7.08%	6.43%
Public Equities				
Gross of Fees	7.69%	-0.68%	8.16%	5.44%
Net of Fees	7.68%	-0.70%	8.14%	5.42%
UW Public Equity Benchmark ²	7.45%	-0.56%	8.23%	5.24%
Blackrock MSCI ACWI Index Fund B				
Gross of Fees	8.30%	0.29%	9.44%	6.07%
Net of Fees	8.29%	0.27%	9.42%	6.05%
MSCI ACWI IM Net Index	8.11%	0.48%	9.57%	5.82%
Blackrock EAFE Currency Hedged Equity Index Fund B				
Gross of Fees	1.33%	-8.50%	-3.19%	3.20%
Net of Fees	1.32%	-8.53%	-3.23%	3.15%
MSCI EAFE Net 100% USD Hedged Index	1.33%	-8.37%	-3.07%	3.14%
Blackrock Emerging Markets Free Fund B				
Gross of Fees	9.78%	-1.89%	9.63%	-0.88%
Net of Fees	9.77%	-1.94%	9.57%	-0.94%
MSCI Emerging Markets Net Dividend Index	9.56%	-1.16%	10.54%	-0.56%
Fixed Income				
Blackrock Government/Credit Bond Index Fund B				
Gross of Fees	0.81%	8.21%	8.24%	7.72%
Net of Fees	0.81%	8.19%	8.22%	7.70%
Bloomberg Barclays U.S. Government/Credit Bond Index	0.78%	8.04%	8.03%	7.54%
Inflation Sensitive				
Gross of Fees	2.96%	5.92%	6.97%	6.33%
Net of Fees	2.96%	5.90%	6.95%	6.31%
Inflation Sensitive Benchmark ³	2.92%	5.34%	6.31%	5.91%
Blackrock U.S. Treasury Inflation Protected Securities Fund B				
Gross of Fees	3.08%	9.69%	10.62%	7.12%
Net of Fees	3.07%	9.68%	10.60%	7.11%
Bloomberg Barclays U.S. TIPS Index, Series L	3.03%	9.22%	10.08%	6.80%
Blackrock Developed Real Estate Index Fund B				
Gross of Fees	2.21%	-20.53%	-18.91%	-1.03%
Net of Fees	2.19%	-20.58%	-18.98%	-1.11%
FTSE EPRA/NAREIT Developed Net Index	2.09%	-19.69%	-18.29%	-1.30%
Private Markets				
Terrace Holdings II ⁴				
Gross of Fees	3.66%	3.72%	1.70%	8.92%
Net of Fees	3.61%	3.57%	1.49%	8.69%
UW Private Equity Benchmark ⁵	3.61%	3.57%	1.49%	8.69%

* Net of Fee Returns are net of accrued external manager fees (e.g. BlackRock fees.)

* Net of All Returns are net of SWIB internal and external investment management fees, custody & middle office fees, and other pass through fees accrued and paid. Returns are gross of internal UW fees.

* All Funds have an inception date of 04/01/2018.

1 The "UW Fund Custom Benchmark" is asset weighted using the UW Public Equity Benchmark, the Bloomberg U.S. Gov't/Credit Index, the Inflation Sensitive Benchmark, and the net Terrace Holdings II returns. The Bloomberg U.S. Gov't/Credit Index, and the Bloomberg Barclays U.S. TIPS Index are gross returns. All other benchmark components are net returns (net of fees or tax withholdings on dividends).

2 The "UW Public Equity Benchmark" is comprised of 84% MSCI ACW IM Net Index, 11% MSCI EAFE Net 100% USD Hedged Index, and 5% MSCI Emerging Markets Net Index.

3 The "Inflation Sensitive Benchmark" is comprised of 87% Bloomberg Barclays U.S. TIPS Index, Series L and 13% FTSE EPRA/NAREIT Developed Net Index.

4 Returns reflect 3/31/2020 values due to valuation timing lag. The net of fees and net of all returns are net of StepStone manager fees.

5 The "Private Equity Benchmark" is comprised of the net of fees return of Terrace Holdings II, a Private Equity fund of funds being administered by StepStone.

APPENDIX

MSCI ACWI IMI Index Fund B

A common trust fund maintained by BlackRock Institutional Trust Company, N.A. ("BTC") for investment of fiduciary client assets held by BTC in its capacity as trustee

Investment objective and strategy

The MSCI ACWI IMI Index Fund B (the "Fund") is an index fund that seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of a particular index. The Fund invests primarily in U.S. and non-U.S. equity securities with the objective of approximating as closely as practicable the capitalization weighted rates of return of the markets in certain countries for publicly traded equity securities. The primary criterion for selection of investments in the Fund shall be the Benchmark listed herein.

Performance

Total Return % as of 09/30/2020 (return percentages are annualized as of period end)

	Q3*	YTD*	1 Year*	3 Year	5 Year	10 Year	Since Inception
Fund return %	8.16	0.71	9.90	6.81	10.34	8.85	8.53
Benchmark return %	8.11	0.48	9.57	6.47	9.97	8.47	8.15
Difference	0.05	0.23	0.33	0.34	0.37	0.38	0.38

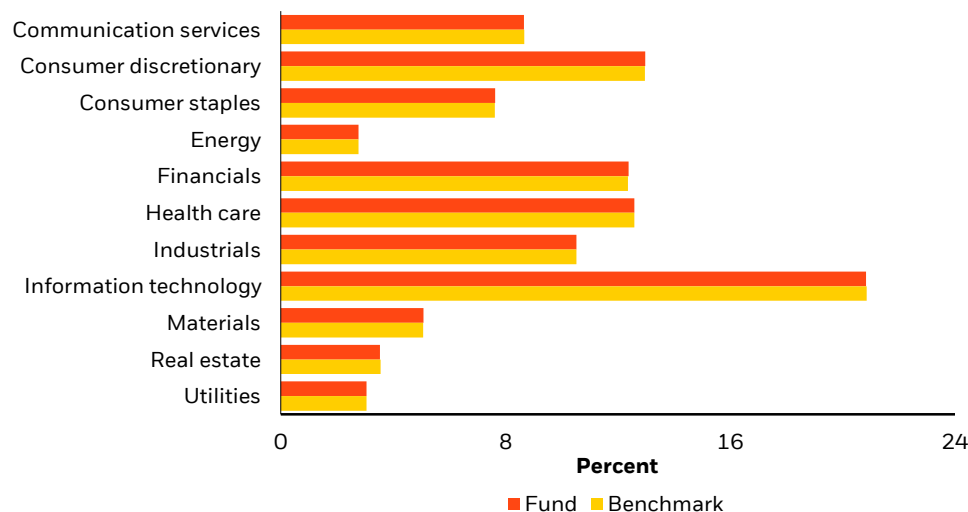
Performance disclosure:

The Fund's net asset value does not include an accrual for the investment management fee but does include an accrual for fund level administrative costs and, if applicable, certain third party acquired fund fees and expenses. If the Fund's net asset value did include an accrual for the investment management fee, the Fund's returns would be lower. **Past performance is not necessarily an indicator of future performance.**

* Period returns for less than one year are cumulative

Sector allocation

% of Fund or Benchmark as of 09/30/2020



Sources: BlackRock, MSCI Inc.

Data is used for analytical purposes only. Index data may differ to those published by the Index due to calculation methods. Breakdowns may not sum to 100% due to rounding, exclusion of cash, STIF and other statistically immaterial factors.

Investment details (as of 09/30/2020)

Benchmark	MSCI ACWI IMI Net Dividend Return Index
Total fund assets	\$3.58 billion
Fund inception date	03/23/2010

Characteristics (as of 09/30/2020)

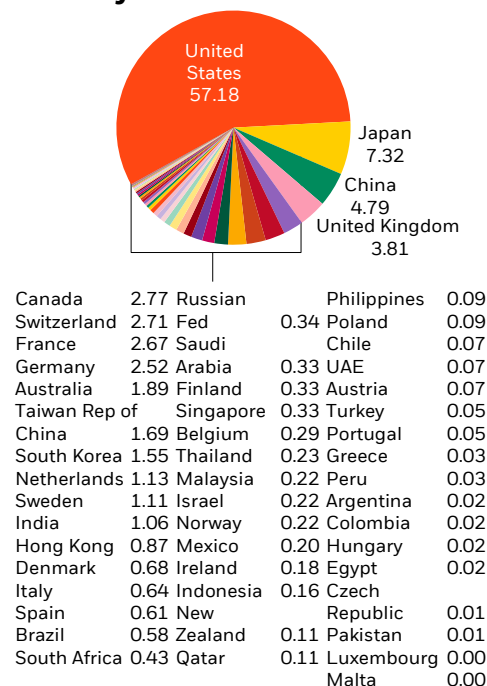
	Fund	Benchmark
Number of securities	8,817	8,761
Dividend yield	2.12	2.12

Top 10 holdings (as of 09/30/2020)

	Country	Fund (% assets)
Apple Inc	United States	3.47
Microsoft Corp	United States	2.62
Amazon Com Inc	United States	2.31
Facebook Class A Inc	United States	1.09
Alibaba Group Holding ADR Represen	China	0.96
Alphabet Inc Class C	United States	0.77
Alphabet Inc Class A	United States	0.76
Johnson & Johnson	United States	0.68
Tencent Holdings Ltd	China	0.66
Taiwan Semiconductor Manufacturing	Taiwan Rep of China	0.64

Portfolio holdings are subject to change and are not intended as a recommendation of individual securities.

Country allocation (% as of 09/30/2020)



Important Notes

The funds or securities referred to herein are not sponsored, endorsed, or promoted by MSCI, and MSCI bears no liability with respect to any such funds or securities or any index on which such funds or securities are based. The Prospectus contains a more detailed description of the limited relationship MSCI has with BlackRock and any related funds.

BlackRock Institutional Trust Company, N.A. ("BTC") is a wholly-owned subsidiary of BlackRock, Inc. For ease of reference, "BlackRock" may be used to refer to BlackRock, Inc. and its affiliates, including BTC. Any strategy referred to herein does not give rise to a deposit or other obligation of BlackRock, Inc. or its subsidiaries and affiliates, is not guaranteed by BlackRock, Inc. or its subsidiaries and affiliates, is not insured by the United States Federal Deposit Insurance Corporation or any other governmental agency, and may involve investment risks, including possible loss of principal invested.

The Fund is also subject to other key risks, as described in the Fund's Collective Investment Fund Profile. Some or all of those risks may adversely affect the value of units in the Fund, yield, total return and the Fund's ability to meet its investment objective. See the Collective Investment Fund Profile for additional information.

Past performance does not guarantee future results. Investment return and principal value of an investment will fluctuate so that an investor's units, when redeemed, may be worth more or less than the original cost. Any opinions expressed in this publication reflect our judgment at this date and are subject to change. No part of this publication may be reproduced in any manner without the prior written permission of BTC. The Fund's net asset value does not include an accrual for the investment management fee but does include an accrual for fund level administrative costs and, if applicable, certain third party acquired fund fees and expenses. If the Fund's net asset value did include an accrual for the investment management fee, the Fund's returns would be lower. Risk controls, asset allocation models and proprietary technology do not promise any level of performance or guarantee against loss of principal.

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BES-0161

MSCI EAFE Currency Hedged Equity Index Fund B

A common trust fund maintained by BlackRock Institutional Trust Company, N.A. ("BTC") for investment of fiduciary client assets held by BTC in its capacity as trustee

Investment objective and strategy

The MSCI EAFE Currency Hedged Equity Index Fund B (the "Fund") is an index fund that seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of a particular index. The Fund invests primarily in international equity securities whose total return will approximate as closely as practicable the cap weighted total return of the markets in certain countries for equity securities outside the US, while seeking to eliminate variations based solely on the value of the currencies in the Fund as compared to the US dollar. The primary criterion for selection of investments in the Fund is the Benchmark listed herein.

Performance

Total return % as of 09/30/2020 (return percentages are annualized as of period end)

	Q3*	YTD*	1 Year*	3 Year	Since Inception
Fund return %	1.33	-8.51	-3.20	2.64	7.17
Benchmark return %	1.33	-8.37	-3.07	2.65	7.17
Difference	0.00	-0.14	-0.13	-0.01	0.00

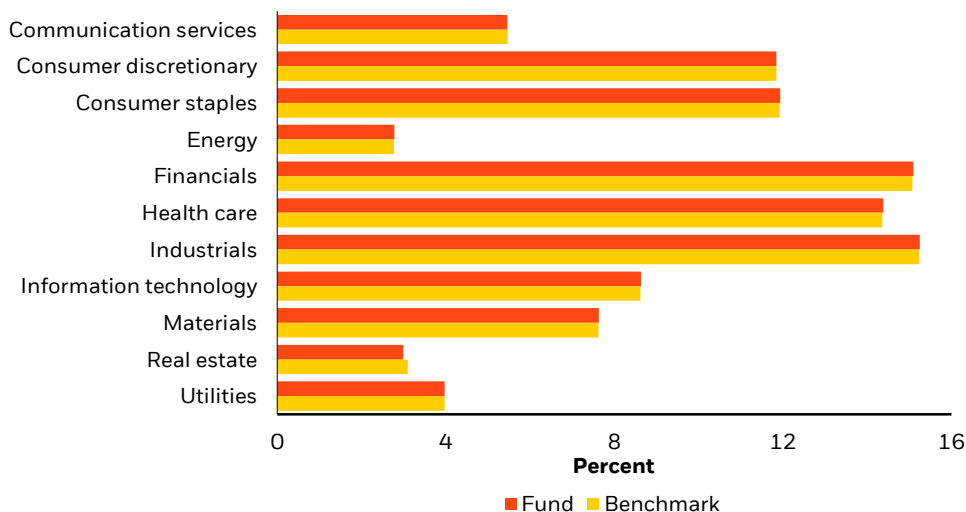
Performance disclosure:

The Fund's net asset value does not include an accrual for the investment management fee but does include an accrual for fund level administrative costs and, if applicable, certain third party acquired fund fees and expenses. If the Fund's net asset value did include an accrual for the investment management fee, the Fund's returns would be lower. **Past performance is not necessarily an indicator of future performance.**

* Period returns for less than one year are cumulative

Sector allocation

% of Fund or Benchmark as of 09/30/2020



Sources: BlackRock, MSCI Inc.

Data is used for analytical purposes only. Index data may differ to those published by the Index due to calculation methods. Breakdowns may not sum to 100% due to rounding, exclusion of cash, STIF and other statistically immaterial factors.

Investment details (as of 09/30/2020)

Benchmark	MSCI EAFE 100% Hedged to USD Net Dividend Return Index
Total fund assets	\$0.27 billion
Fund inception date	04/29/2016

Characteristics (as of 09/30/2020)

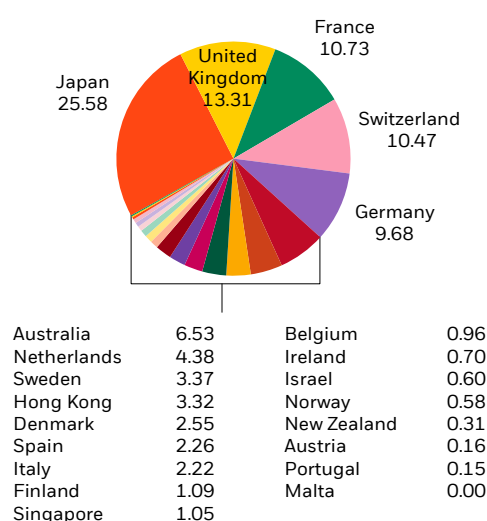
	Fund	Benchmark
Number of securities	906	902
Dividend yield	2.90	2.90

Top 10 holdings (as of 09/30/2020)

	Country	Fund (% assets)
Nestle SA	Switzerland	2.60
Roche Holding Par AG	Switzerland	1.77
Novartis AG	Switzerland	1.42
SAP	Germany	1.19
ASML Holding NV	Netherlands	1.15
AstraZeneca PLC	United Kingdom	1.05
Toyota Motor Corp	Japan	1.01
LVMH	France	0.95
Novo Nordisk Class B	Denmark	0.87
AIA Group Ltd	Hong Kong	0.86

Portfolio holdings are subject to change and are not intended as a recommendation of individual securities.

Country allocation (% as of 09/30/2020)



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The Fund is also subject to other key risks, as described in the Fund's Collective Investment Fund Profile. Some or all of those risks may adversely affect the value of units in the Fund, yield, total return and the Fund's ability to meet its investment objective. See the Collective Investment Fund Profile for additional information.

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BES-0161

MSCI Emerging Markets Free Fund B

A common trust fund maintained by BlackRock Institutional Trust Company, N.A. ("BTC") for investment of fiduciary client assets held by BTC in its capacity as trustee

Investment objective and strategy

The MSCI Emerging Markets Free Fund B (the "Fund") is an index fund that seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of a particular index. The Fund invests primarily in international equity securities of issuers in emerging markets, with the objective of providing returns which approximate as closely as practicable the capitalization weighted total rates of return of the markets in certain countries for equity securities traded outside of the United States. The primary criterion for selection of investments in the Fund shall be the Benchmark listed herein.

Performance

Total Return % as of 09/30/2020 (return percentages are annualized as of period end)

	Q3*	YTD*	1 Year*	3 Year	5 Year	10 Year	Since Inception
Fund return %	9.45	-1.28	10.31	2.30	8.85	2.42	7.33
Benchmark return %	9.56	-1.16	10.54	2.42	8.97	2.50	7.42
Difference	-0.11	-0.12	-0.23	-0.12	-0.12	-0.08	-0.09

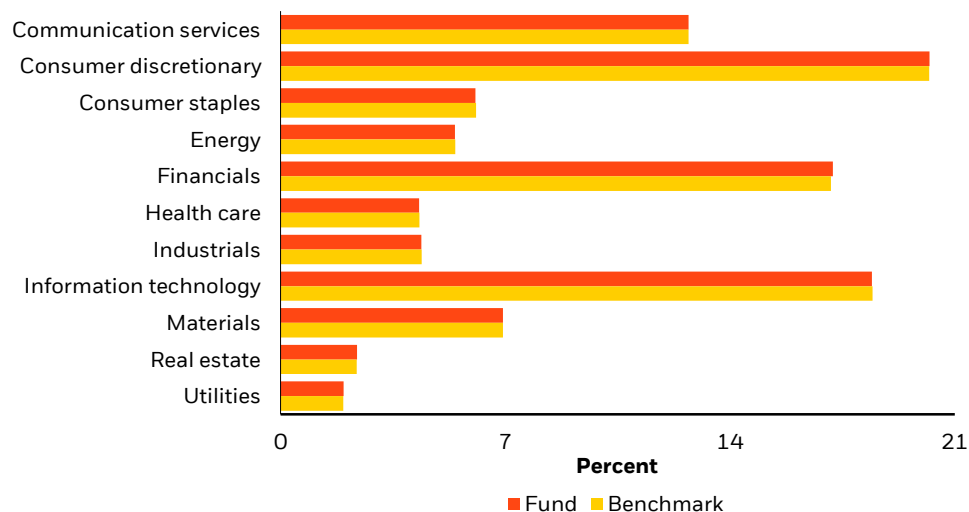
Performance disclosure:

The Fund's net asset value does not include an accrual for the investment management fee but does include an accrual for fund level administrative costs and, if applicable, certain third party acquired fund fees and expenses. If the Fund's net asset value did include an accrual for the investment management fee, the Fund's returns would be lower. **Past performance is not necessarily an indicator of future performance.**

* Period returns for less than one year are cumulative

Sector allocation

% of Fund or Benchmark as of 09/30/2020



Sources: BlackRock, MSCI Inc.

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Investment details (as of 09/30/2020)

Benchmark	MSCI Emerging Markets Net Dividend Return Index
Total fund assets	\$6.37 billion
Fund inception date	07/31/2000

Characteristics (as of 09/30/2020)

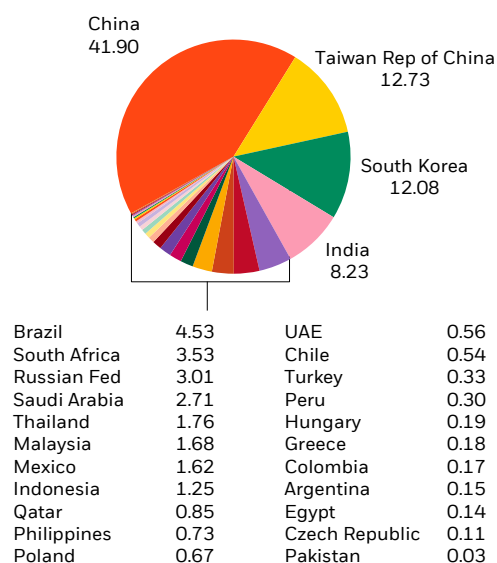
	Fund	Benchmark
Number of securities	1,398	1,388
Dividend yield	2.38	2.38

Top 10 holdings (as of 09/30/2020)

	Country	Fund (% assets)
Alibaba Group Holding ADR Represen	China	8.71
Tencent Holdings Ltd	China	5.96
Taiwan Semiconductor Manufacturing	Taiwan Rep of China	5.79
Samsung Electronics Ltd	South Korea	3.75
Meituan Dianping	China	1.75
Reliance Industries Ltd	India	1.36
Naspers Limited N Ltd	South Africa	1.22
JD.com ADR Representing Inc	China	1.04
China Construction Bank Corp H	China	0.98
Ping An Insurance (Group) Co of Ch	China	0.96

Portfolio holdings are subject to change and are not intended as a recommendation of individual securities.

Country allocation (% as of 09/30/2020)



Important Notes

The funds or securities referred to herein are not sponsored, endorsed, or promoted by MSCI, and MSCI bears no liability with respect to any such funds or securities or any index on which such funds or securities are based. The Prospectus contains a more detailed description of the limited relationship MSCI has with BlackRock and any related funds.

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The Fund is also subject to other key risks, as described in the Fund's Collective Investment Fund Profile. Some or all of those risks may adversely affect the value of units in the Fund, yield, total return and the Fund's ability to meet its investment objective. See the Collective Investment Fund Profile for additional information.

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BES-0161

Government/Credit Bond Index Fund B

A common trust fund maintained by BlackRock Institutional Trust Company, N.A. ("BTC") for investment of fiduciary client assets held by BTC in its capacity as trustee

Investment objective and strategy

The Government/Credit Bond Index Fund B (the "Fund") is an index fund that seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of a particular index. The Fund shall be invested and reinvested primarily in a portfolio of debt securities with the objective of closely approximating the total rate of return of the Benchmark listed herein.

Performance

Total return % as of 09/30/2020 (Return percentages are annualized as of period end. Returns for periods less than one year are cumulative.)

	Month*	Q3*	YTD*	1 Year*	3 Year	5 Year	10 Year	Since Inception
Fund return %	-0.03	0.80	8.14	8.16	5.97	4.77	3.98	6.01
Benchmark return %	-0.05	0.78	8.04	8.03	5.86	4.66	3.87	5.98
Difference	0.02	0.02	0.10	0.13	0.11	0.11	0.11	0.03

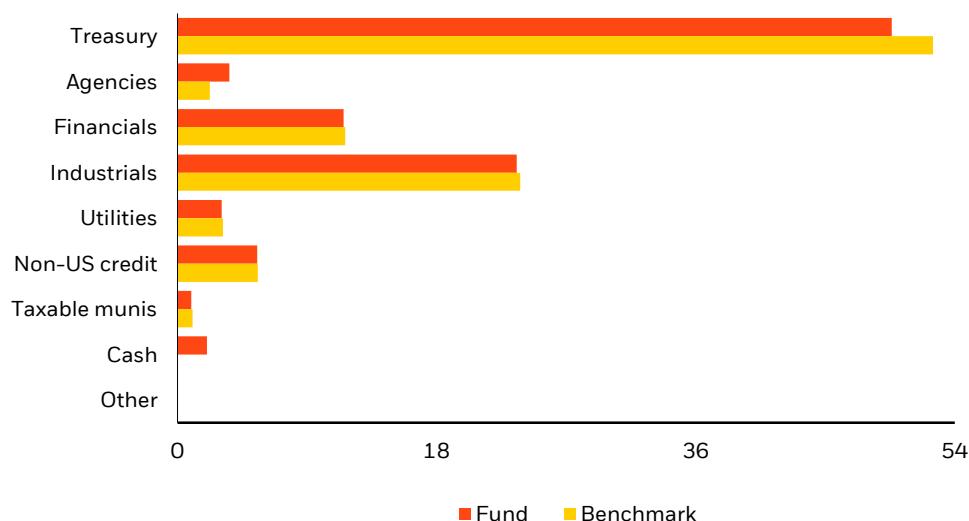
Performance disclosure:

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* Period returns for less than one year are cumulative

Sector allocation

% of Fund or Benchmark as of 09/30/2020



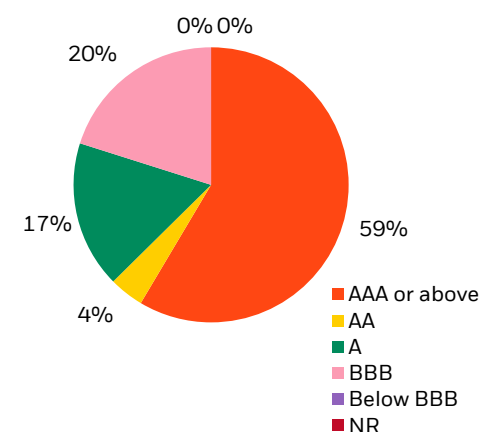
Investment details (as of 09/30/2020)

Benchmark	Bloomberg Barclays U.S. Government/Credit Bond Index
Total fund assets	\$0.28 billion
Fund inception date	03/31/1991

Characteristics (as of 09/30/2020)

	Fund	Benchmark
Number of securities	5,741	8,113
Market value (B)	\$0.28	\$17,374.16
Coupon (%)	2.98	2.74
Yield to maturity (YTM) (%)	1.15	1.15
Weighted avg life (yrs)	9.84	9.85
Effective duration (yrs)	7.39	7.43
Spread duration (yrs)	3.89	3.82
Option adjusted spread (bps)	58	58
Convexity (yrs)	1.13	1.12

Quality breakdown (as of 09/30/2020)



The credit quality of a particular security or group of securities may be based upon a rating from a nationally recognized statistical rating organization or, if unrated by a ratings organization, assigned an internal rating by BlackRock, neither of which ensures the stability or safety of an overall portfolio.

Sources: BlackRock, Bloomberg Finance L.P.

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FIRate-0088

U.S. Treasury Inflation Protected Securities Fund B

A common trust fund maintained by BlackRock Institutional Trust Company, N.A. ("BTC") for investment of fiduciary client assets held by BTC in its capacity as trustee

Investment objective and strategy

The U.S. Treasury Inflation Protected Securities Fund B (the "Fund") is an index fund that seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of a particular index. The Fund shall be invested and reinvested primarily in a portfolio of debt securities with the objective of closely approximating the total rate of return for all outstanding U.S. Treasury Inflation Protected Securities with a maturity of one year or greater, as defined by the Benchmark listed herein.

Performance

Total return % as of 09/30/2020 (Return percentages are annualized as of period end. Returns for periods less than one year are cumulative.)

	Month*	Q3*	YTD*	1 Year*	3 Year	5 Year	10 Year	Since Inception
Fund return %	-0.34	3.10	9.40	10.31	5.95	4.79	3.70	5.30
Benchmark return %	-0.37	3.03	9.22	10.08	5.79	4.61	3.57	5.21
Difference	0.03	0.07	0.18	0.23	0.16	0.18	0.13	0.09

Performance disclosure:

The Fund's net asset value does not include an accrual for the investment management fee but does include an accrual for fund level administrative costs and, if applicable, certain third party acquired fund fees and expenses. If the Fund's net asset value did include an accrual for the investment management fee, the Fund's returns would be lower. **Past performance is not necessarily an indicator of future performance.**

* Period returns for less than one year are cumulative

Investment details (as of 09/30/2020)

Benchmark	Bloomberg Barclays U.S. Treasury Inflation Protected Securities (TIPS) Index (Series-L)
Total fund assets	\$4.90 billion
Fund inception date	03/05/2002

Characteristics (as of 09/30/2020)

	Fund	Benchmark
Number of securities	42	42
Market value (B)	\$4.90	\$1,235.21
Coupon (%)	0.72	0.68
Yield to maturity (YTM) (%)	0.49	0.48
Weighted avg life (yrs)	8.40	8.39
Effective duration (yrs)	7.87	7.87
Convexity (yrs)	1.18	1.18

Sources: BlackRock, Bloomberg Finance L.P.

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FIRate-0088

BlackRock

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Developed Real Estate Index Fund B

A common trust fund maintained by BlackRock Institutional Trust Company, N.A. ("BTC") for investment of fiduciary client assets held by BTC in its capacity as trustee

Investment objective and strategy

The Developed Real Estate Index Fund B (the "Fund") is an index fund that seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of a particular index. The Fund invests in US and non-US equity securities whose total return will approximate as closely as practicable the capitalization weighted total return net of dividend withholding taxes of the Benchmark listed herein. The investment universe consists of publicly traded real estate equity securities of issuers whose principal business is the ownership and operation of real estate as defined by the Benchmark listed herein.

Performance

Total return % as of 09/30/2020 (return percentages are annualized as of period end)

	Q3*	YTD*	1 Year*	3 Year	5 Year	Since Inception
Fund return %	2.24	-19.53	-17.98	-0.75	2.77	1.83
Benchmark return %	2.09	-19.69	-18.29	-1.45	2.03	1.12
Difference	0.15	0.16	0.31	0.70	0.74	0.71

Performance disclosure:

The Fund's net asset value does not include an accrual for the investment management fee but does include an accrual for fund level administrative costs and, if applicable, certain third party acquired fund fees and expenses. If the Fund's net asset value did include an accrual for the investment management fee, the Fund's returns would be lower. **Past performance is not necessarily an indicator of future performance.**

* Period returns for less than one year are cumulative

Investment details (as of 09/30/2020)

Benchmark	FTSE EPRA/NAREIT Developed Index
Total fund assets	\$0.33 billion
Fund inception date	11/18/2014

Characteristics (as of 09/30/2020)

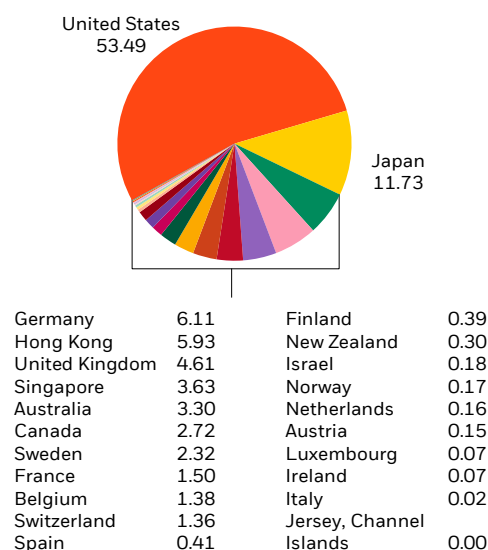
	Fund	Benchmark
Number of securities	320	341
Dividend yield	4.60	4.61

Top 10 holdings (as of 09/30/2020)

	Country	Fund (% assets)
Prologis REIT Inc	United States	5.40
Digital Realty Trust REIT Inc	United States	2.86
Vonovia SE	Germany	2.81
Public Storage REIT	United States	2.43
Welltower Inc	United States	1.65
Avalonbay Communities REIT Inc	United States	1.51
Realty Income REIT Corp	United States	1.51
Alexandria Real Estate Equities RE	United States	1.50
Simon Property Group REIT Inc	United States	1.40
Equity Residential REIT	United States	1.35

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Country allocation (% as of 09/30/2020)



Sources: BlackRock, FTSE International Ltd

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Important Notes

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BES-0161

Third Quarter Newsletter

Portfolio Update

The current RegentFund team has been managing the portfolio since May 4th. Over the summer, the team focused on adding corporate exposure to the portfolio as we transitioned from our overweight cash position to overweight Investment Grade and High Yield. During July, we received an additional \$274,166.67 in incremental funding from the Wisconsin Public Television Department which we were able to utilize towards our portfolio positioning. Since June, we have approved adding Western Digital and Wyndham Destinations to the portfolio. During the third quarter, \$52,963.84 of income generated by the portfolio was swept; we expect \$113,094.70 of income to be swept early in the fourth quarter.

Performance

July: The BOR Portfolio returned 1.81%, 12bps above the benchmark's¹ return of 1.68%. Our outperformance was mainly attributable to selection (12bps). In IG, our outperformance of 15bps was mainly a factor of selection with some offset from our shorter duration contribution.

August: During the month of August, the RegentFund team underperformed the benchmark by 11bps, returning 2bps compared to the benchmark which returned 13bps. Our underperformance was attributable to selection (-7bps) and curve change (-4bps). Compared to July, our selection within IG hindered our monthly return, while our selection within HY added to performance.

September: We ended the quarter with 9bps of underperformance for the month of September, returning -31bps compared to the benchmark return of -22bps. This was primarily driven by selection (-11bps), with some offset from allocation (1bps) and curve change (1bps). In HY, we were hurt by our longer duration but were partially offset by our selection.

The returns and relative performance of each asset type are shown in Table 1. Performance attribution is shown in Table 2.

Table 1. Contribution to Return by Asset Class

Asset Class	July			August			September			Third Quarter		
	Portfolio	Benchmark	Difference	Portfolio	Benchmark	Difference	Portfolio	Benchmark	Difference	Portfolio	Benchmark	Difference
IG Bonds	1.30%	1.16%	0.14%	-0.09%	0.12%	(0.21%)	-0.18%	-0.14%	(0.04%)	1.03%	1.13%	(0.10%)
Treasurys	0.06%	0.10%	(0.04%)	-0.02%	-0.05%	0.03%	0.01%	0.02%	(0.01%)	0.05%	0.07%	(0.02%)
HY	0.45%	0.43%	0.02%	0.14%	0.07%	0.07%	-0.14%	-0.10%	(0.04%)	0.44%	0.39%	0.05%
Cash	0.00%	0.00%	0.00%	0.00%	0.00%	(0.00%)	0.00%	0.00%	(0.00%)	0.00%	0.00%	(0.00%)
Total	1.81%	1.68%	0.12%	0.02%	0.13%	(0.11%)	-0.31%	-0.22%	(0.09%)	1.51%	1.59%	(0.08%)

Source: BNY Mellon, Bloomberg

*Numbers may not sum due to rounding

Table 2. Performance Attribution

Active Return Attribution Summary	July	August	September	Third Quarter
Curve Carry	0.00%	(0.01%)	0.00%	0.00%
Curve Change	0.03%	(0.04%)	0.01%	(0.01%)
Total Curve Return	0.03%	(0.05%)	0.01%	(0.01%)
Allocation	(0.03%)	(0.00%)	0.01%	(0.01%)
Selection	0.12%	(0.07%)	(0.11%)	(0.06%)
Total Excess Return	0.12%	(0.11%)	(0.09%)	(0.08%)

Source: BNY Mellon, Bloomberg

*Numbers may not sum due to rounding

¹ The Board of Regents Portfolio Benchmark is comprised of 66.5% Intermediate Corporates (C3A0), 19% Intermediate Governments (G3O2), 9.5% BB/B High Yield (H5A4), and 5% 1-3-month Treasury Bills (BIL). The component of the benchmark tracking cash performance changed effective 7/1/2020.

REPORT ON FACULTY TURNOVER FOR FY2020

REQUESTED ACTION

No action required; this report is for information only.

SUMMARY

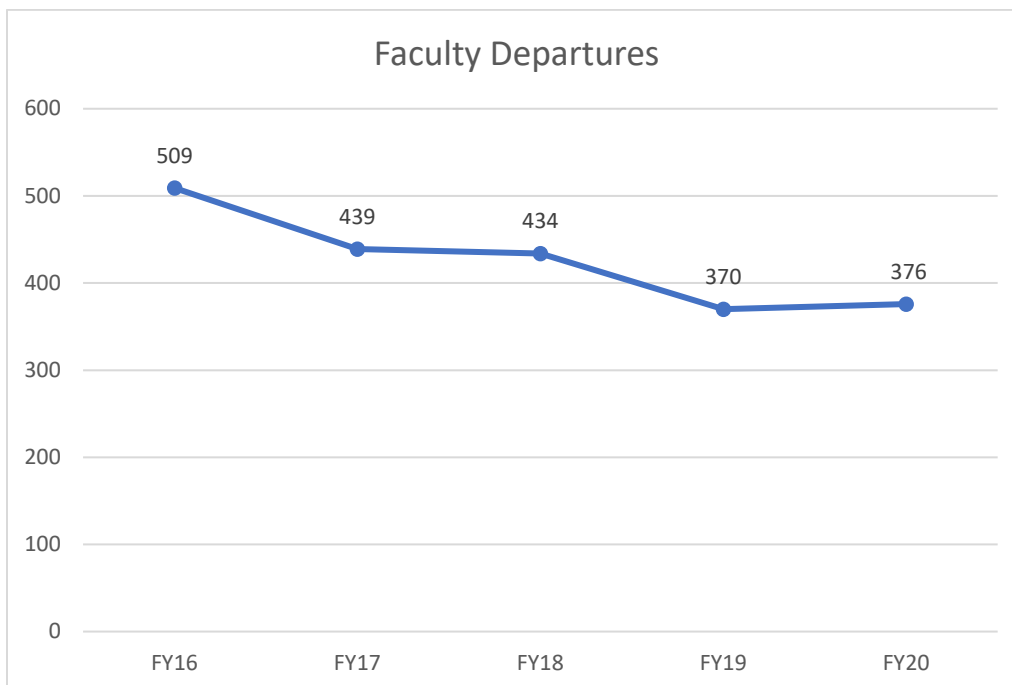
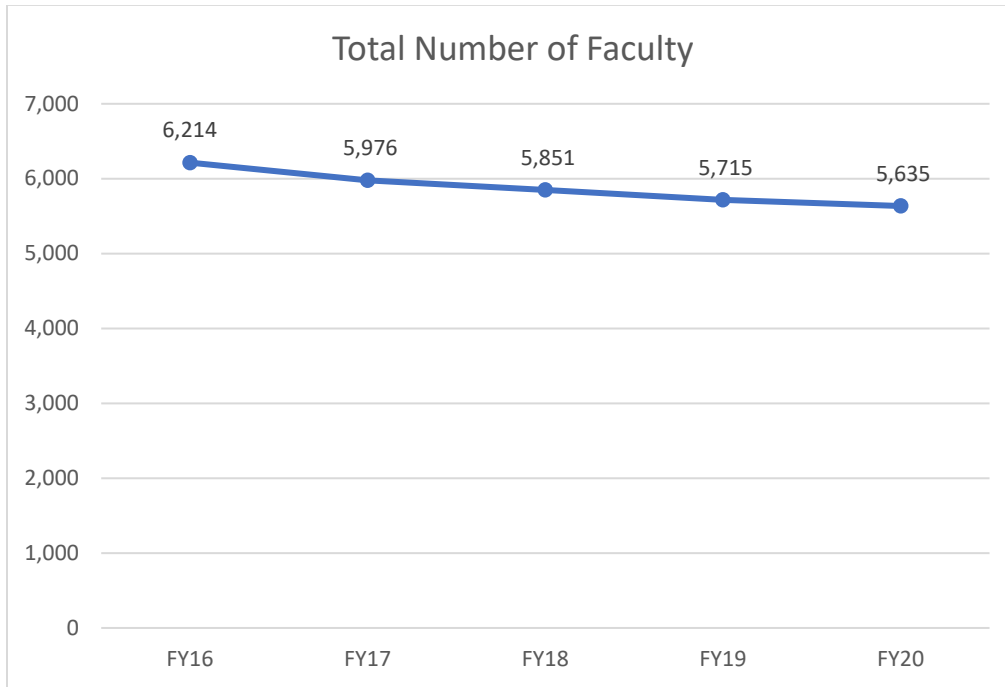
The following charts provide summary comparisons of faculty and faculty turnover (or departures) for the last five fiscal years. In Chart 1, the number of faculty reflects what is reported in the October 2019 payroll. Chart 2 captures faculty departures reported in the HR Information System and reviewed for accuracy by the institutions prior to this report.

Key observations from the five-year lookback are as follows:

- The number of faculty continued its downward trend for FY20.
- FY16 shows the highest number of departures at 509 with faculty departures trending downward in subsequent years.
- 376 faculty departed UW System in FY20: 221 (or 58.78% of faculty departures) retired, 148 (or 39.36%) resigned, and 7 (or 1.86%) were non-renewed.

Attached to this executive summary is the full FY20 Report on Faculty Turnover.

Faculty Turnover Five-Year Comparison



Presenter(s)

- Daniel Chanen, Interim Associate Vice President and Chief Human Resource Officer

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 report contains summary data on faculty departures provided by all UW System institutions through the HR Information System.
- 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 an institution 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.

ATTACHMENTS

- A) FY20 Report of Faculty Turnover

UNIVERSITY OF WISCONSIN SYSTEM

FY20 - Report on Faculty Turnover by Institution: Tenured & Probationary

Institution	Number of Faculty (FTE)*	Number of Faculty who Left	Faculty Turnover as Percent of Total Faculty	Retirements	Resignations	Resignation Reason				Non-Renewed
						Salary Related Job Changes	Non-Salary Related Job Changes	Personal / Family	Other / Unknown	
MADISON										
Tenured	1,655	101	6.10%	80	21	2	0	2	17	0
Probationary	458	19	4.15%	1	13	0	0	0	13	5
Total	2,113	120	5.68%	81	34	2	0	2	30	5
MILWAUKEE										
Tenured	603	32	5.31%	20	12	6	1	5	0	0
Probationary	107	7	6.54%		7	4	0	3	0	0
Total	710	39	5.49%	20	19	10	1	8	0	0
EAU CLAIRE										
Tenured	265	15	5.66%	11	4	0	4	0	0	0
Probationary	83	10	12.05%	1	9	2	4	3		0
Total	348	25	7.18%	12	13	2	8	3	0	0
GREEN BAY										
Tenured	135	7	5.19%	4	3	0	2	0	1	0
Probationary	53	5	9.43%		5	0	1	2	2	0
Total	188	12	6.38%	4	8	0	3	2	3	0
LA CROSSE										
Tenured	230	14	6.09%	13	1	0	0	0	1	0
Probationary	141	12	8.51%	1	11	0	0	2	9	0
Total	371	26	7.01%	14	12	0	0	2	10	0
OSHKOSH										
Tenured	261	12	4.60%	10	2	0	0	0	2	0
Probationary	66	7	10.61%		7	0	0	0	7	0
Total	327	19	5.81%	10	9	0	0	0	9	0

UNIVERSITY OF WISCONSIN SYSTEM

FY20 - Report on Faculty Turnover by Institution: Tenured & Probationary

Institution	Number of Faculty (FTE)*	Number of Faculty who Left	Faculty Turnover as Percent of Total Faculty	Retirements	Resignations	Resignation Reason				Non-Renewed
						Salary Related Job Changes	Non-Salary Related Job Changes	Personal / Family	Other / Unknown	
PARKSIDE										
Tenured	81	1	1.23%	1		0	0	0	0	0
Probationary	35	5	14.29%		4	1	0	2	1	1
Total	116	6	5.17%	1	4	1	0	2	1	1
PLATTEVILLE										
Tenured	162	19	11.73%	17	2	0	0	0	2	0
Probationary	79	6	7.59%		6	0	0	0	6	0
Total	241	25	10.37%	17	8	0	0	0	8	0
RIVER FALLS										
Tenured	133	8	6.02%	5	3	0	0	3	0	0
Probationary	51	5	9.80%		5	1	0	4	0	0
Total	184	13	7.07%	5	8	1	0	7	0	0
STEVENS POINT										
Tenured	227	25	11.01%	20	5	0	2	0	3	0
Probationary	78	8	10.26%	1	7	0	3	0	4	0
Total	305	33	10.82%	21	12	0	5	0	7	0
STOUT										
Tenured	170	12	7.06%	11	1	1	0	0	0	0
Probationary	93	7	7.53%	1	5	4	1	0	0	1
Total	263	19	7.22%	12	6	5	1	0	0	1
SUPERIOR										
Tenured	61	7	11.48%	4	3	0	1	0	2	0
Probationary	23	5	21.74%		5	0	2	1	2	0
Total	84	12	14.29%	4	8	0	3	1	4	0

UNIVERSITY OF WISCONSIN SYSTEM

FY20 - Report on Faculty Turnover by Institution: Tenured & Probationary

Institution	Number of Faculty (FTE)*	Number of Faculty who Left	Faculty Turnover as Percent of Total Faculty	Retirements	Resignations	Resignation Reason				Non-Renewed
						Salary Related Job Changes	Non-Salary Related Job Changes	Personal / Family	Other / Unknown	
WHITEWATER										
Tenured	263	24	9.13%	19	5	0	0	0	5	0
Probationary	122	3	2.46%	1	2	0	0	0	2	0
Total	385	27	7.01%	20	7	0	0	0	7	0
SUBTOTAL										
Tenured	4,246	277	6.52%	215	62	9	10	10	33	-
Probationary	1,389	99	7.13%	6	86	12	11	17	46	7
Grand Total	5,635	376	6.67%	221	148	21	21	27	79	7
Percent of Total Faculty				3.92%	2.63%	0.37%	0.37%	0.48%	1.40%	0.12%
Percent of Total Faculty Leaving				58.78%	39.36%	5.59%	5.59%	7.18%	21.01%	1.86%

Last Updated: 9/30/2020

Data Sources:

Number of faculty data is reported from October 2019 Payroll, Schedule VI: Number of Staff by Institution and Type-FTE Basis, All Funds and Activities.

Retirement, resignation and non-renewed data reported from HRS as of June 30, 2020.

Resignation reason details are provided by the institutions.

Notes:

*FY19 marked the change from using appointment count data to FTE-basis data from October Payroll to compile this report, which more accurately calculates turnover in terms of employees vs. appointments (as employees can hold more than one appointment).

**REPORT ON STAFF AND FACULTY BASE ADJUSTMENTS AND
ADDITIONAL COMPENSATION PAYMENTS FOR FY2020**

REQUESTED ACTION

No action required; this report is for information only.

SUMMARY

The following charts may provide useful context for FY20 activity regarding faculty and staff base adjustments and additional compensation payments. These charts provide high-level summary comparisons for the last five fiscal years.

Base Adjustments Five-Year Comparison

Key observations related to base adjustments include the following:

- FY20 data reflects an increase of 1.62% in the percentage of staff receiving base adjustments from FY19.
- FY20 reflects an increase of more than 5% in the percentage of staff receiving base adjustments for merit, equity, and market reasons from FY19.
- Total dollars used for FY20 base adjustments increased by more than 1% (or \$25.38 million) from FY19 and is the highest percentage of total budgeted salary dollars for the last five fiscal years.
- Faculty, as a group, received:
 - A higher percentage of base adjustments compared to all staff combined (36.42% compared to 26.62%)
 - A higher average payment per recipient compared to all staff combined (\$9,790 compared to \$5,229)
 - A higher percentage of total salary dollars used for base adjustments compared to all staff combined (3.48% compared to 1.97%)

- This has been the trend for the last five fiscal years.

Chart 1 - Five-Year Comparison: Base Adjustments Summary, All Staff

Fiscal Year	Total Staff	Total Staff Rec'ing Base Adj	Staff Rec'ing Base Adj as % of Total Staff	Avg Base Adj	Base Adj for Merit, Equity and Market*	Merit, Equity and Market as % of All Base Adj*	Total Budgeted Salary Dollars	Total Base Adj Dollars	Base Adj \$ as % Total Salary
16	33,705	8,360	24.80%	\$4,095	6,248	74.74%	\$2,260,225,936	\$34,237,135	1.51%
17	34,080	10,572	31.02%	\$4,183	8,126	76.86%	\$2,285,719,585	\$39,026,878	1.71%
18	34,442	10,544	30.61%	\$3,802	8,488	80.50%	\$2,329,257,987	\$40,090,770	1.72%
19	34,766	8,690	25.00%	\$4,165	6,399	73.64%	\$2,557,647,476	\$23,779,038	0.93%
20	35,310	9,401	26.62%	\$5,229	7,273	77.36%	\$2,494,244,785	\$49,160,097	1.97%

Chart 2 - Five-Year Comparison: Base Adjustments Summary, Faculty Only

Fiscal Year	Total Faculty	Total Faculty Rec'ing Base Adj	Faculty Rec'ing Base Adj as % of Total Faculty	Avg Base Adj for Faculty Recipient	Base Adj for Merit, Equity and Market*	Merit, Equity and Market as % of All Base Adj*	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	1,874	78.41%	\$577,558,812	\$11,533,423	2.00%
17	6,120	2,337	38.19%	\$5,113	1,621	69.36%	\$565,770,675	\$11,949,850	2.11%
18	5,983	2,482	41.48%	\$5,012	1,887	76.03%	\$557,369,414	\$12,440,943	2.23%
19	5,837	2,246	38.48%	\$5,689	1,441	64.16%	\$573,526,375	\$12,776,568	2.23%
20	5,763	2,099	36.42%	\$9,790	1,516	72.22%	\$590,983,776	\$20,548,605	3.48%

*Merit, Equity and Market excludes promotions, title changes and changes in duties.

Additional Compensation Five-Year Comparison

Key observations for additional compensation payments include the following:

- The percentage of staff receiving additional compensation payments continues to remain above 20% in FY20 for the fifth consecutive fiscal year.
- The average additional compensation payment for recipients in FY20 is \$3,460, just \$13 less than FY19.

- Faculty, as a group, received:
 - A higher percentage of additional compensation payments compared to all staff combined (36.91% compared to 22.78%)
 - A higher average payment per recipient compared to all staff combined (\$5,411 compared to \$3,460)
 - A higher percentage of total salary dollars used for additional compensation compared to all staff combined (1.95% compared to 1.12%)
 - This has been the trend for the last five fiscal years.

**Chart 3 - Five-Year Comparison: Additional Compensation Payments
Summary, 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	\$29,246,727	1.28%
18	34,442	8,622	25.03%	\$3,489	\$2,329,257,987	\$30,085,317	1.29%
19	34,766	8,068	23.21%	\$3,473	\$2,557,647,476	\$28,023,593	1.10%
20	35,310	8,043	22.78%	\$3,460	\$2,494,244,785	\$27,831,268	1.12%

**Chart 4 - Five-Year Comparison: Additional Compensation Payments
Summary, Faculty Only**

Fiscal Year	Total Faculty	Total Faculty Receiving Additional Comp	Faculty Receiving Additional Comp as % of Total Faculty	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	41.63%	\$4,817	\$577,558,812	\$12,741,718	2.21%
17	6,120	3,108	50.78%	\$4,427	\$565,770,675	\$13,760,335	2.43%
18	5,983	2,525	42.20%	\$5,281	\$557,369,414	\$13,333,727	2.39%
19	5,837	2,255	38.63%	\$5,437	\$573,526,375	\$12,261,258	2.14%
20	5,763	2,127	36.91%	\$5,411	\$590,983,776	\$11,509,015	1.95%

Attached to this executive summary are the full FY20 Reports on Base Adjustments and Additional Compensation Payments.

Presenter

- Daniel Chanen, Interim Associate Vice President and Chief Human Resource Officer

BACKGROUND

UW System chancellors have 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, for serving in an interim capacity, and for additional work performed beyond what is normally expected as part of a full service or administrative workload for staff or part of a full teaching or research workload for faculty.

Different than base salary adjustments, lump sum or additional compensation 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.

ATTACHMENTS

- A) FY20 Report on Base Adjustments (Tables 1-5)
- B) FY20 Report on Additional Compensation Payments (Tables 1-3)

TABLE 1: Base Adjustments

UNIVERSITY OF WISCONSIN SYSTEM																
FY20 - Report of Base Adjustments: All Employees by Category/All Reasons																
	Faculty, Academic Staff and Limited Appointees (FA/AS/LI^)					University Staff					Totals					
Institution	FY20 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 Appointm ents	Percent FA/AS/LI Receiving Base Adj	FY20 Total Budgeted Univ Staff Salary Dollars	Total Dollars for Univ Staff Base Adj	Number of Univ Staff Receiving Base Adj	Total Univ Staff Appointm ents	Percent Univ Staff Receiving Base Adj	FY20 Total Budgeted Salary Dollars	Total Base Adj Dollars	Number of Staff Receiving Base Adj	Total Appointm ents	Percent of Staff Receiving Base Adj	Total Base Adj as Percent of Total Budgeted Salaries
Madison	\$ 1,233,729,974	\$ 36,088,030	4,735	14,475	32.71%	\$ 265,454,147	\$ 4,843,659	1,736	4,427	39.21%	\$ 1,499,184,121	\$ 40,931,689	6,471	18,902	34.23%	2.73%
Milwaukee	\$ 197,158,984	\$ 1,723,686	632	2,994	21.11%	\$ 58,401,127	\$ 548,969	221	842	26.25%	\$ 255,560,111	\$ 2,272,655	853	3,836	22.24%	0.89%
Eau Claire	\$ 59,034,122	\$ 675,056	161	1,011	15.92%	\$ 24,218,539	\$ 181,464	45	343	13.12%	\$ 83,252,661	\$ 856,520	206	1,354	15.21%	1.03%
Green Bay	\$ 35,454,070	\$ 326,548	117	677	17.28%	\$ 12,056,522	\$ 36,700	17	192	8.85%	\$ 47,510,592	\$ 363,248	134	869	15.42%	0.76%
La Crosse	\$ 64,123,775	\$ 416,366	137	1,082	12.66%	\$ 14,706,566	\$ 65,555	33	308	10.71%	\$ 78,830,341	\$ 481,921	170	1,390	12.23%	0.61%
Oshkosh	\$ 65,580,369	\$ 453,052	196	1,195	16.40%	\$ 20,391,419	\$ 150,313	59	338	17.46%	\$ 85,971,788	\$ 603,365	255	1,533	16.63%	0.70%
Parkside	\$ 23,387,807	\$ 439,022	242	433	55.89%	\$ 8,354,497	\$ 166,781	107	140	76.43%	\$ 31,742,304	\$ 605,803	349	573	60.91%	1.91%
Platteville	\$ 47,472,399	\$ 623,374	138	791	17.45%	\$ 18,184,326	\$ 117,911	37	340	10.88%	\$ 65,656,725	\$ 741,285	175	1,131	15.47%	1.13%
River Falls	\$ 33,334,620	\$ 270,525	137	658	20.82%	\$ 11,442,589	\$ 49,130	33	171	19.30%	\$ 44,777,209	\$ 319,655	170	829	20.51%	0.71%
Stevens Point	\$ 46,405,819	\$ 378,262	119	881	13.51%	\$ 22,308,727	\$ 70,559	69	351	19.66%	\$ 68,714,546	\$ 448,821	188	1,232	15.26%	0.65%
Stout	\$ 46,829,810	\$ 301,935	118	844	13.98%	\$ 21,602,126	\$ 25,547	31	344	9.01%	\$ 68,431,936	\$ 327,482	149	1,188	12.54%	0.48%
Superior	\$ 17,519,951	\$ 285,544	69	316	21.84%	\$ 6,091,266	\$ 53,922	7	88	7.95%	\$ 23,611,217	\$ 339,466	76	404	18.81%	1.44%
Whitewater	\$ 65,673,182	\$ 415,048	121	1,114	10.86%	\$ 20,700,671	\$ 179,289	35	351	9.97%	\$ 86,373,853	\$ 594,337	156	1,465	10.65%	0.69%
UWSA	\$ 7,648,657	\$ 21,072	2	94	2.13%	\$ 2,414,383	\$ 13,811	2	35	5.71%	\$ 10,063,040	\$ 34,883	4	129	3.10%	0.35%
UWSA2*	\$ 34,058,426	\$ 224,345	41	350	11.71%	\$ 10,505,915	\$ 14,622	4	125	3.20%	\$ 44,564,341	\$ 238,967	45	475	9.47%	0.54%
TOTALS	\$ 1,977,411,965	\$ 42,641,865	6,965	26,915	25.88%	\$ 516,832,820	\$ 6,518,232	2,436	8,395	29.02%	\$ 2,494,244,785	\$ 49,160,097	9,401	35,310	26.62%	1.97%

Last Updated: 09/14/2020

Data Sources:

Budgeted salaries data are reported from the 2019-20 University of Wisconsin System Annual Budget, Division of Finance.
 Base Adjustment data are reported from HRS as of June 30, 2020.
 Appointment data are reported from October 2019 Payroll Report, Schedule V: Number of Staff by Institution and Type-Appointment Count, All Funds and Activities.

Notes and Definitions:

This report excludes temporary help, student help, student & graduate assistants and employees-in-training.
 Base Adjustments permitted under Wis. Stat. 36.09(1)(j) for merit, equity, title changes, promotions, and recognition of competitive factors.
 UWSA - represents appointments funded for System Administration.
 *UWSA2 - formerly referred to as Systemwide in these reports; represents appointments funded for systemwide efforts.
 ^FA/AS/LI Staff were formerly named Unclassified.

TABLE 2: Base Adjustments

UNIVERSITY OF WISCONSIN SYSTEM

FY20 - Report of Average Dollar Base Adjustments: All Employees by Category/All Reasons

	Faculty, Academic Staff & Limited Appointees (FA/AS/LI^)				University Staff				Totals			
Institution	FY20 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	FY20 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	FY20 Total Budgeted Salary Dollars	Total Base Adj Dollars	Number of Staff Receiving Base Adj	Average Base Adj per Recipient
Madison	\$ 1,233,729,974	\$ 36,088,030	4,735	\$ 7,622	\$ 265,454,147	\$ 4,843,659	1,736	\$ 2,790	\$ 1,499,184,121	\$ 40,931,689	6,471	\$ 6,325
Milwaukee	\$ 197,158,984	\$ 1,723,686	632	\$ 2,727	\$ 58,401,127	\$ 548,969	221	\$ 2,484	\$ 255,560,111	\$ 2,272,655	853	\$ 2,664
Eau Claire	\$ 59,034,122	\$ 675,056	161	\$ 4,193	\$ 24,218,539	\$ 181,464	45	\$ 4,033	\$ 83,252,661	\$ 856,520	206	\$ 4,158
Green Bay	\$ 35,454,070	\$ 326,548	117	\$ 2,791	\$ 12,056,522	\$ 36,700	17	\$ 2,159	\$ 47,510,592	\$ 363,248	134	\$ 2,711
La Crosse	\$ 64,123,775	\$ 416,366	137	\$ 3,039	\$ 14,706,566	\$ 65,555	33	\$ 1,987	\$ 78,830,341	\$ 481,921	170	\$ 2,835
Oshkosh	\$ 65,580,369	\$ 453,052	196	\$ 2,311	\$ 20,391,419	\$ 150,313	59	\$ 2,548	\$ 85,971,788	\$ 603,365	255	\$ 2,366
Parkside	\$ 23,387,807	\$ 439,022	242	\$ 1,814	\$ 8,354,497	\$ 166,781	107	\$ 1,559	\$ 31,742,304	\$ 605,803	349	\$ 1,736
Platteville	\$ 47,472,399	\$ 623,374	138	\$ 4,517	\$ 18,184,326	\$ 117,911	37	\$ 3,187	\$ 65,656,725	\$ 741,285	175	\$ 4,236
River Falls	\$ 33,334,620	\$ 270,525	137	\$ 1,975	\$ 11,442,589	\$ 49,130	33	\$ 1,489	\$ 44,777,209	\$ 319,655	170	\$ 1,880
Stevens Point	\$ 46,405,819	\$ 378,262	119	\$ 3,179	\$ 22,308,727	\$ 70,559	69	\$ 1,023	\$ 68,714,546	\$ 448,821	188	\$ 2,387
Stout	\$ 46,829,810	\$ 301,935	118	\$ 2,559	\$ 21,602,126	\$ 25,547	31	\$ 824	\$ 68,431,936	\$ 327,482	149	\$ 2,198
Superior	\$ 17,519,951	\$ 285,544	69	\$ 4,138	\$ 6,091,266	\$ 53,922	7	\$ 7,703	\$ 23,611,217	\$ 339,466	76	\$ 4,467
Whitewater	\$ 65,673,182	\$ 415,048	121	\$ 3,430	\$ 20,700,671	\$ 179,289	35	\$ 5,123	\$ 86,373,853	\$ 594,337	156	\$ 3,810
UWSA	\$ 7,648,657	\$ 21,072	2	\$ 10,536	\$ 2,414,383	\$ 13,811	2	\$ 6,906	\$ 10,063,040	\$ 34,883	4	\$ 8,721
UWSA2*	\$ 34,058,426	\$ 224,345	41	\$ 5,472	\$ 10,505,915	\$ 14,622	4	\$ 3,656	\$ 44,564,341	\$ 238,967	45	\$ 5,310
TOTALS	\$ 1,977,411,965	\$ 42,641,865	6,965	\$ 6,122	\$ 516,832,820	\$ 6,518,232	2,436	\$ 2,676	\$ 2,494,244,785	\$ 49,160,097	9,401	\$ 5,229

Last Updated: 09/14/2020

Data Sources:

Budgeted salaries data are reported from the 2019-20 University of Wisconsin System Annual Budget, Division of Finance.

Base Adjustment data are reported from HRS as of June 30, 2020.

Appointment data are reported from October 2019 Payroll Report, Schedule V: Number of Staff by Institution and Type-Appointment Count, All Funds and Activities.

Notes and Definitions:

This report excludes temporary help, student help, student & graduate assistants and employees-in-training.

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

UWSA - represents appointments funded for System Administration.

*UWSA2 - formerly referred to as Systemwide in these reports; represents appointments funded for systemwide efforts.

^FA/AS/LI Staff were formerly named Unclassified.

TABLE 3: Base Adjustments

UNIVERSITY OF WISCONSIN SYSTEM

FY20 - Report of Base Adjustments: All Employees by Category/Merit, Market and Equity Reasons

(Excludes: Promotions, Title Changes and Changes in Duties)

	Faculty, Academic Staff & Limited Appointees (FA/AS/LI^)					University Staff					Totals					
Institution	FY20 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 Appointm ents	Percent FA/AS/LI Receiving Base Adj	FY20 Total Budgeted Univ Staff Salary Dollars	Total Dollars for Univ Staff Base Adj	Number of Univ Staff Receiving Base Adj	Total Univ Staff Appointme nts	Percent Univ Staff Receiving Base Adj	FY20 Total Budgeted Salary Dollars	Total Base Adj Dollars	Number of Staff Receiving Base Adj	Total Appointm ents	Percent of Staff Receiving Base Adj	Total Base Adj as Percent of Total Budgeted Salaries
Madison	\$ 1,233,729,974	\$ 26,983,833	3,930	14,475	27.15%	\$ 265,454,147	\$ 4,211,517	1,623	4,427	36.66%	\$ 1,499,184,121	\$ 31,195,350	5,553	18,902	29.38%	2.08%
Milwaukee	\$ 197,158,984	\$ 768,800	402	2,994	13.43%	\$ 58,401,127	\$ 449,665	167	842	19.83%	\$ 255,560,111	\$ 1,218,465	569	3,836	14.83%	0.48%
Eau Claire	\$ 59,034,122	\$ 99,077	45	1,011	4.45%	\$ 24,218,539	\$ 107,954	29	343	8.45%	\$ 83,252,661	\$ 207,031	74	1,354	5.47%	0.25%
Green Bay	\$ 35,454,070	\$ 110,246	70	677	10.34%	\$ 12,056,522	\$ 31,741	14	192	7.29%	\$ 47,510,592	\$ 141,987	84	869	9.67%	0.30%
La Crosse	\$ 64,123,775	\$ 147,523	68	1,082	6.28%	\$ 14,706,566	\$ 63,101	29	308	9.42%	\$ 78,830,341	\$ 210,624	97	1,390	6.98%	0.27%
Oshkosh	\$ 65,580,369	\$ 173,934	95	1,195	7.95%	\$ 20,391,419	\$ 100,063	45	338	13.31%	\$ 85,971,788	\$ 273,997	140	1,533	9.13%	0.32%
Parkside	\$ 23,387,807	\$ 352,717	234	433	54.04%	\$ 8,354,497	\$ 135,456	102	140	72.86%	\$ 31,742,304	\$ 488,173	336	573	58.64%	1.54%
Platteville	\$ 47,472,399	\$ 253,467	68	791	8.60%	\$ 18,184,326	\$ 48,058	19	340	5.59%	\$ 65,656,725	\$ 301,525	87	1,131	7.69%	0.46%
River Falls	\$ 33,334,620	\$ 125,034	92	658	13.98%	\$ 11,442,589	\$ 25,334	22	171	12.87%	\$ 44,777,209	\$ 150,368	114	829	13.75%	0.34%
Stevens Point	\$ 46,405,819	\$ 89,455	42	881	4.77%	\$ 22,308,727	\$ 56,363	48	351	13.68%	\$ 68,714,546	\$ 145,818	90	1,232	7.31%	0.21%
Stout	\$ 46,829,810	\$ 37,961	17	844	2.01%	\$ 21,602,126	\$ 4,763	6	344	1.74%	\$ 68,431,936	\$ 42,724	23	1,188	1.94%	0.06%
Superior	\$ 17,519,951	\$ 112,361	34	316	10.76%	\$ 6,091,266	\$ 25,946	5	88	5.68%	\$ 23,611,217	\$ 138,307	39	404	9.65%	0.59%
Whitewater	\$ 65,673,182	\$ 90,977	33	1,114	2.96%	\$ 20,700,671	\$ 74,615	19	351	5.41%	\$ 86,373,853	\$ 165,592	52	1,465	3.55%	0.19%
UWSA	\$ 7,648,657	\$ 9,910	1	94	1.06%	\$ 2,414,383	\$ -	-	35	0.00%	\$ 10,063,040	\$ 9,910	1	129	0.78%	0.10%
UWSA2*	\$ 34,058,426	\$ 69,336	13	350	3.71%	\$ 10,505,915	\$ 562	1	125	0.80%	\$ 44,564,341	\$ 69,898	14	475	2.95%	0.16%
TOTALS	\$ 1,977,411,965	\$ 29,424,631	5,144	26,915	19.11%	\$ 516,832,820	\$ 5,335,138	2,129	8,395	25.36%	\$ 2,494,244,785	\$ 34,759,769	7,273	35,310	20.60%	1.39%

Last Updated: 09/14/2020

Data Sources:

Budgeted salaries data are reported from the 2019-20 University of Wisconsin System Annual Budget, Division of Finance.

Base Adjustment data are reported from HRS as of June 30, 2020.

Appointment data are reported from October 2019 Payroll Report, Schedule V: Number of Staff by Institution and Type-Appointment Count, All Funds and Activities.

Notes and Definitions:

This report excludes temporary help, student help, student & graduate assistants and employees-in-training.

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

UWSA - represents appointments funded for System Administration.

*UWSA2 - formerly referred to as Systemwide in these reports; represents appointments funded for systemwide efforts.

^FA/AS/LI Staff were formerly named Unclassified.

TABLE 4: Base Adjustments

UNIVERSITY OF WISCONSIN SYSTEM

FY20 - Report of Base Adjustments: Faculty Only/All Reasons

Professor, Associate Professor, Assistant Professor and Instructor

Institution	FY20 Total Budgeted Faculty Dollars	Total Dollars for Faculty Base Adjustments	Number of Faculty Receiving Base Adjustments	Average Base Adjustment per Faculty Recipient	Total Faculty Appointments	Percent of Faculty Receiving Base Adjustments	Percent of Faculty Salary Dollars
Madison	\$ 296,967,663	\$ 18,312,699	1,424	\$ 12,860	2,171	65.59%	6.17%
Milwaukee	\$ 69,899,202	\$ 515,447	106	\$ 4,863	731	14.50%	0.74%
Eau Claire	\$ 27,505,373	\$ 305,485	67	\$ 4,559	354	18.93%	1.11%
Green Bay	\$ 13,394,546	\$ 121,464	42	\$ 2,892	190	22.11%	0.91%
La Crosse	\$ 30,328,988	\$ 199,487	44	\$ 4,534	379	11.61%	0.66%
Oshkosh	\$ 25,460,492	\$ 141,055	39	\$ 3,617	333	11.71%	0.55%
Parkside	\$ 8,387,364	\$ 156,169	80	\$ 1,952	118	67.80%	1.86%
Platteville	\$ 18,692,783	\$ 110,768	40	\$ 2,769	242	16.53%	0.59%
River Falls	\$ 18,402,424	\$ 199,462	89	\$ 2,241	188	47.34%	1.08%
Stevens Point	\$ 22,824,211	\$ 160,288	55	\$ 2,914	310	17.74%	0.70%
Stout	\$ 19,761,215	\$ 138,043	61	\$ 2,263	271	22.51%	0.70%
Superior	\$ 6,609,792	\$ 15,972	6	\$ 2,662	84	7.14%	0.24%
Whitewater	\$ 32,749,723	\$ 172,266	46	\$ 3,745	392	11.73%	0.53%
UWSA	\$ -	\$ -	0	N/A	0	N/A	N/A
UWSA2*	\$ -	\$ -	0	N/A	0	N/A	N/A
TOTALS	\$ 590,983,776	\$ 20,548,605	2,099	\$ 9,790	5,763	36.42%	3.48%

Last Updated: 09/14/2020

Data Sources:

Budgeted salaries data are reported from the 2019-20 University of Wisconsin System Annual Budget, Division of Finance.

Base Adjustment data are reported from HRS as of June 30, 2020.

Appointment data are reported from October 2019 Payroll Report, Schedule V: Number of Staff by Institution and Type-Appointment Count, All Funds and Activities.

Notes and Definitions:

This report excludes temporary help, student help, student & graduate assistants and employees-in-training.

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

UWSA - represents appointments funded for System Administration.

*UWSA2 - formerly referred to as Systemwide in these reports; represents appointments funded for systemwide efforts.

^FA/AS/LI Staff were formerly named Unclassified.

TABLE 5: Base Adjustments

UNIVERSITY OF WISCONSIN SYSTEM

FY20 - Report of Base Adjustments: Faculty Only/Merit, Market & Equity Reasons

Professor, Associate Professor, Assistant Professor and Instructor

(Excludes: Promotions, Title Changes and Changes in Duties)

Institution	FY20 Total Budgeted Faculty Dollars	Total Dollars for Faculty Base Adjustments	Number of Faculty Receiving Base Adjustments	Average Base Adjustment per Faculty Recipient	Total Faculty Appointments	Percent of Faculty Receiving Base Adjustments	Percent of Faculty Salary Dollars
Madison	\$ 296,967,663	\$ 15,022,064	1289	\$ 11,654	2,171	59.37%	5.06%
Milwaukee	\$ 69,899,202	\$ 160,902	18	\$ 8,939	731	2.46%	0.23%
Eau Claire	\$ 27,505,373	\$ 62,645	9	\$ 6,961	354	2.54%	0.23%
Green Bay	\$ 13,394,546	\$ 62,946	29	\$ 2,171	190	15.26%	0.47%
La Crosse	\$ 30,328,988	\$ 38,243	11	\$ 3,477	379	2.90%	0.13%
Oshkosh	\$ 25,460,492	\$ 47,229	7	\$ 6,747	333	2.10%	0.19%
Parkside	\$ 8,387,364	\$ 107,809	79	\$ 1,365	118	66.95%	1.29%
Platteville	\$ 18,692,783	\$ 40,156	6	\$ 6,693	242	2.48%	0.21%
River Falls	\$ 18,402,424	\$ 95,670	56	\$ 1,708	188	29.79%	0.52%
Stevens Point	\$ 22,824,211	\$ 19,439	5	\$ 3,888	310	1.61%	0.09%
Stout	\$ 19,761,215	\$ 19,379	4	\$ 4,845	271	1.48%	0.10%
Superior	\$ 6,609,792	\$ 10,972	2	\$ 5,486	84	2.38%	0.17%
Whitewater	\$ 32,749,723	\$ 12,000	1	\$ 12,000	392	0.26%	0.04%
UWSA	\$ -	\$ -	0	N/A	0	N/A	N/A
UWSA2*	\$ -	\$ -	0	N/A	0	N/A	N/A
TOTALS	\$ 590,983,776	\$ 15,699,454	1,516	\$ 10,356	5,763	26.31%	2.66%

Last Updated: 09/14/2020

Data Sources:

Budgeted salaries data are reported from the 2019-20 University of Wisconsin System Annual Budget, Division of Finance.

Base Adjustment data are reported from HRS as of June 30, 2020.

Appointment data are reported from October 2019 Payroll Report, Schedule V: Number of Staff by Institution and Type-Appointment Count, All Funds and Activities.

Notes and Definitions:

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^FA/AS/LI Staff were formerly named Unclassified.

TABLE 1: Additional Compensation

UNIVERSITY OF WISCONSIN SYSTEM

FY20 - Report of Additional Compensation Payments: All Employees Combined/All Reasons							
Institution	FY20 Total Budgeted Salary Dollars	FY20 Additional Compensation Payments	Number of Staff Receiving Additional Compensation Payments	Total Appointments	Percent Receiving Additional Compensation Payments	Average Amount of Additional Compensation per Recipient	Percent of Total Budgeted Salary Dollars
Madison	\$ 1,499,184,121	\$ 8,105,402	3,274	18,902	17.32%	\$ 2,476	0.54%
Milwaukee	\$ 255,560,111	\$ 2,103,603	479	3,836	12.49%	\$ 4,392	0.82%
Eau Claire	\$ 83,252,661	\$ 1,930,617	355	1,354	26.22%	\$ 5,438	2.32%
Green Bay	\$ 47,510,592	\$ 1,414,104	261	869	30.03%	\$ 5,418	2.98%
La Crosse	\$ 78,830,341	\$ 2,213,286	1,132	1,390	81.44%	\$ 1,955	2.81%
Oshkosh	\$ 85,971,788	\$ 2,072,990	394	1,533	25.70%	\$ 5,261	2.41%
Parkside	\$ 31,742,304	\$ 1,121,162	222	573	38.74%	\$ 5,050	3.53%
Platteville	\$ 65,656,725	\$ 1,291,328	300	1,131	26.53%	\$ 4,304	1.97%
River Falls	\$ 44,777,209	\$ 1,003,121	191	829	23.04%	\$ 5,252	2.24%
Stevens Point	\$ 68,714,546	\$ 1,540,922	321	1,232	26.06%	\$ 4,800	2.24%
Stout	\$ 68,431,936	\$ 1,243,494	292	1,188	24.58%	\$ 4,259	1.82%
Superior	\$ 23,611,217	\$ 698,283	150	404	37.13%	\$ 4,655	2.96%
Whitewater	\$ 86,373,853	\$ 3,011,808	649	1,465	44.30%	\$ 4,641	3.49%
UWSA	\$ 10,063,040	\$ 43,819	9	129	6.98%	\$ 4,869	0.44%
UWSA2*	\$ 44,564,341	\$ 37,329	14	475	2.95%	\$ 2,666	0.08%
TOTALS	\$ 2,494,244,785	\$ 27,831,268	8,043	35,310	22.78%	\$ 3,460	1.12%

Last Updated: 9/30/2020

Data Sources:

Budgeted salaries data are reported from the 2019-20 University of Wisconsin System Annual Budget, Division of Finance.

Additional Compensation Payment data are reported from HRS as of June 30, 2020.

Appointment data are reported from October 2019 Payroll Report, Schedule V: Number of Staff by Institution and Type-Appointment Count, All Funds and Activities.

Notes and Definitions:

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^FA/AS/LI Staff were formerly named Unclassified.

TABLE 2: Additional Compensation

UNIVERSITY OF WISCONSIN SYSTEM

FY20 - Report of Additional Compensation Payments: All Employees by Category/All Reasons

	Faculty, Academic Staff & Limited Appointees (FA/AS/LI^)					University Staff					Totals					
Institution	FY20 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 Appointm ents	Percent FA/AS/LI Receiving Additional Comp	FY20 Total Budgeted Univ Staff Salary Dollars	Total Dollars for Univ Staff Additional Comp	Number of Univ Staff Receiving Additional Comp	Total Univ Staff Appointm ents	Percent Univ Staff Receiving Additional Comp	FY20 Total Budgeted Salary Dollars	Total Additional Comp Dollars	Number of Staff Receiving Additional Comp	Total Appointm ents	Percent of Staff Receiving Additional Comp	Total Additional Comp as % of Total Budgeted Salaries
Madison	\$ 1,233,729,974	\$ 5,906,128	2,110	14,475	14.58%	\$ 265,454,147	\$ 2,199,274	1,164	4,427	26.29%	\$ 1,499,184,121	\$ 8,105,402	3,274	18,902	17.32%	0.54%
Milwaukee	\$ 197,158,984	\$ 2,089,000	470	2,994	15.70%	\$ 58,401,127	\$ 14,603	9	842	1.07%	\$ 255,560,111	\$ 2,103,603	479	3,836	12.49%	0.82%
Eau Claire	\$ 59,034,122	\$ 1,921,967	335	1,011	33.14%	\$ 24,218,539	\$ 8,650	20	343	5.83%	\$ 83,252,661	\$ 1,930,617	355	1,354	26.22%	2.32%
Green Bay	\$ 35,454,070	\$ 1,414,104	261	677	38.55%	\$ 12,056,522			192	0.00%	\$ 47,510,592	\$ 1,414,104	261	869	30.03%	2.98%
La Crosse	\$ 64,123,775	\$ 2,097,271	837	1,082	77.36%	\$ 14,706,566	\$ 116,015	295	308	95.78%	\$ 78,830,341	\$ 2,213,286	1,132	1,390	81.44%	2.81%
Oshkosh	\$ 65,580,369	\$ 2,067,790	389	1,195	32.55%	\$ 20,391,419	\$ 5,200	5	338	1.48%	\$ 85,971,788	\$ 2,072,990	394	1,533	25.70%	2.41%
Parkside	\$ 23,387,807	\$ 1,115,497	216	433	49.88%	\$ 8,354,497	\$ 5,665	6	140	4.29%	\$ 31,742,304	\$ 1,121,162	222	573	38.74%	3.53%
Platteville	\$ 47,472,399	\$ 1,259,966	281	791	35.52%	\$ 18,184,326	\$ 31,362	19	340	5.59%	\$ 65,656,725	\$ 1,291,328	300	1,131	26.53%	1.97%
River Falls	\$ 33,334,620	\$ 998,921	189	658	28.72%	\$ 11,442,589	\$ 4,200	2	171	1.17%	\$ 44,777,209	\$ 1,003,121	191	829	23.04%	2.24%
Stevens Point	\$ 46,405,819	\$ 1,527,803	301	881	34.17%	\$ 22,308,727	\$ 13,119	20	351	5.70%	\$ 68,714,546	\$ 1,540,922	321	1,232	26.06%	2.24%
Stout	\$ 46,829,810	\$ 1,239,806	273	844	32.35%	\$ 21,602,126	\$ 3,688	19	344	5.52%	\$ 68,431,936	\$ 1,243,494	292	1,188	24.58%	1.82%
Superior	\$ 17,519,951	\$ 687,655	145	316	45.89%	\$ 6,091,266	\$ 10,627	5	88	5.68%	\$ 23,611,217	\$ 698,282	150	404	37.13%	2.96%
Whitewater	\$ 65,673,182	\$ 3,011,808	649	1,114	58.26%	\$ 20,700,671	\$ -	-	351	0.00%	\$ 86,373,853	\$ 3,011,808	649	1,465	44.30%	3.49%
UWSA	\$ 7,648,657	\$ 43,819	9	94	9.57%	\$ 2,414,383	\$ -	-	35	0.00%	\$ 10,063,040	\$ 43,819	9	129	6.98%	0.44%
UWSA2*	\$ 34,058,426	\$ 10,214	5	350	1.43%	\$ 10,505,915	\$ 27,116	9	125	7.20%	\$ 44,564,341	\$ 37,330	14	475	2.95%	0.08%
TOTALS	\$ 1,977,411,965	\$ 25,391,749	6,470	26,915	24.04%	\$ 516,832,820	\$ 2,439,519	1,573	8,395	18.74%	\$ 2,494,244,785	\$ 27,831,268	8,043	35,310	22.78%	1.12%

Last Updated: 9/30/2020

Data Sources:

Budgeted salaries data are reported from the 2019-20 University of Wisconsin System Annual Budget, Division of Finance.

Additional Compensation Payment data are reported from HRS as of June 30, 2020.

Appointment data are reported from October 2019 Payroll Report, Schedule V: Number of Staff by Institution and Type-Appointment Count, All Funds and Activities.

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*UWSA2 - formerly referred to as Systemwide in these reports; represents appointments funded for systemwide efforts.

^FA/AS/LI Staff were formerly named Unclassified.

TABLE 3: Additional Compensation

UNIVERSITY OF WISCONSIN SYSTEM

FY20 - Report of Additional Compensation Payments: Faculty Only/All Reasons Professor, Associate Professor, Assistant Professor and Instructor							
Institution	FY20 Total Budgeted Faculty Dollars	Total Dollars for Faculty Additional Compensation	Number of Faculty Receiving Additional Compensation	Average Additional Compensation per Faculty Recipient	Total Faculty Appointments	Percent of Faculty Receiving Additional Compensation	Percent of Faculty Salary Dollars
Madison	\$ 296,967,663	\$ 692,051	171	\$ 4,047	2,171	7.88%	0.23%
Milwaukee	\$ 69,899,202	\$ 679,791	115	\$ 5,911	731	15.73%	0.97%
Eau Claire	\$ 27,505,373	\$ 1,146,599	173	\$ 6,628	354	48.87%	4.17%
Green Bay	\$ 13,394,546	\$ 866,351	112	\$ 7,735	190	58.95%	6.47%
La Crosse	\$ 30,328,988	\$ 1,364,059	365	\$ 3,737	379	96.31%	4.50%
Oshkosh	\$ 25,460,492	\$ 1,171,703	175	\$ 6,695	333	52.55%	4.60%
Parkside	\$ 8,387,364	\$ 664,855	91	\$ 7,306	118	77.12%	7.93%
Platteville	\$ 18,692,783	\$ 412,639	114	\$ 3,620	242	47.11%	2.21%
River Falls	\$ 18,402,424	\$ 620,452	105	\$ 5,909	188	55.85%	3.37%
Stevens Point	\$ 22,824,211	\$ 1,064,191	170	\$ 6,260	310	54.84%	4.66%
Stout	\$ 19,761,215	\$ 947,727	181	\$ 5,236	271	66.79%	4.80%
Superior	\$ 6,609,792	\$ 242,076	56	\$ 4,323	84	66.67%	3.66%
Whitewater	\$ 32,749,723	\$ 1,636,521	299	\$ 5,473	392	76.28%	5.00%
UWSA	\$ -	\$ -	0	N/A	0	N/A	N/A
UWSA2*	\$ -	\$ -	0	N/A	0	N/A	N/A
TOTALS	\$ 590,983,776	\$ 11,509,015	2,127	\$ 5,411	5,763	36.91%	1.95%

Last Updated: 9/30/2020

Data Sources:

Budgeted salaries data are reported from the 2019-20 University of Wisconsin System Annual Budget, Division of Finance.

Additional Compensation Payment data are reported from HRS as of June 30, 2020.

Appointment data are reported from October 2019 Payroll Report, Schedule V: Number of Staff by Institution and Type-Appointment Count, All Funds and Activities.

Notes and Definitions:

This report excludes temporary help, student help, student & graduate assistants and employees-in-training.

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

UWSA - represents appointments funded for System Administration.

*UWSA2 - formerly referred to as Systemwide in these reports; represents appointments funded for systemwide efforts.

^FA/AS/LI Staff were formerly named Unclassified.

Business and Finance Committee

December 10, 2020

Item T

FALL 2020 SEGREGATED FEE REDUCTIONS

REQUESTED ACTION

No action is required; this item is for information only.

SUMMARY

On June 4, 2020 the Board of Regents approved Resolution 11453 approving the 2020-21 Annual Operating Budget. The operating budget, segregated fees, and room and board rates in the budget were prepared using metrics and assumptions for enrollment, revenues and expenditures developed prior to the COVID-19 pandemic. It was anticipated that items in the 2020-21 budget would need to be revisited as more information became known about the effect of COVID-19 on university operations in the fall and spring semesters.

On July 9, 2020, the Board of Regents approved Resolution 11468 delegating authority to the UW System President to approve decreases in segregated fees for academic year 2020-2021 resulting from programmatic changes due to the COVID-19 pandemic and that those changes would be reported to the Business and Finance Committee.

Rate reductions were approved for UW-Milwaukee, UW-Milwaukee at Washington County and Waukesha, UW-Green Bay Manitowoc, Marinette and Sheboygan campuses, UW-Stevens Point at Marshfield and Wausau campuses, and UW-Whitewater Rock County campus. Details regarding these changes are summarized in Attachment A.

Presenter

- Sean Nelson, Vice President for Finance

BACKGROUND

Per Chapter 36.27(6)(a) Wis. Stats., segregated fees must be used for the purposes for which they are received. They support programs such as student organized activities, sports programming and facilities, transit services, health and counseling, and debt service.

When action was taken on the 2020-21 Annual Operating Budget, it was unclear how or if students would return to campus. As students returned to campus, it was determined that certain activities and programs that are supported with segregated fees would not be offered at some campuses and therefore rate reductions were in order.

Related Policies

- Chapter 36.09(h), Wis. Stats
- Chapter 36.27(6)(a), Wis. Stats

ATTACHMENT

- A) Academic Year 2020-21 Segregated Fee Reductions

Business and Finance Committee - Item T

Attachment A

ACADEMIC YEAR 2020-21 SEGREGATED FEE REDUCTIONS

	Fall and Spring BOR Approved Rate	Fall and Spring Adjusted Rate	Change	Notes
UW-Milwaukee				
Allocable	\$ 36.90	\$ 14.45	\$ (22.45)	Decreases are due to cancelling or reducing programming, reduced staffing, savings from furloughs and delays in the Union capital project.
Non-Allocable	\$ 732.25	\$ 567.05	\$ (165.20)	
Total	\$ 769.15	\$ 581.50	\$ (187.65)	

UW-Milwaukee at Washington County				
Allocable	\$ 52.05	\$ 46.97	\$ (5.08)	Decreases are due to cancelling or reducing performance arts programming. A counselor will also be shared due to turnover and fewer students.
Non-Allocable	\$ 150.75	\$ 119.23	\$ (31.52)	
Total	\$ 202.80	\$ 166.20	\$ (36.60)	

UW-Milwaukee at Waukesha				
Allocable	\$ 40.42	\$ 34.42	\$ (6.00)	Decreases are due to cancelling or reducing drama and lecture series programming. A counselor will also be shared due to turnover and fewer students.
Non-Allocable	\$ 166.10	\$ 135.63	\$ (30.47)	
Total	\$ 206.52	\$ 170.05	\$ (36.47)	

UW-Green Bay Manitowoc, Marinette and Sheboygan Campuses				
Allocable	\$ 72.27	\$ 72.27	\$ -	Decreases are due to the temporary suspension of athletics and the related sports programming and facilities segregated fees.
Non-Allocable	\$ 180.51	\$ 42.40	\$ (138.11)	
Total	\$ 252.78	\$ 114.67	\$ (138.11)	

UW-Stevens Point at Marshfield				
Allocable	\$ 32.04	\$ 32.04	\$ -	Decreases are due to cancelling sports programming, fall drama and virtual music productions.
Non-Allocable	\$ 177.60	\$ 64.68	\$ (112.92)	
Total	\$ 209.64	\$ 96.72	\$ (112.92)	

UW-Stevens Point at Wausau				
Allocable	\$ 22.68	\$ 22.68	\$ -	Decreases are due to cancelling sports programming, fall intramurals, drama and virtual music productions. The fieldhouse and pool will also remain closed.
Non-Allocable	\$ 201.36	\$ 88.80	\$ (112.56)	
Total	\$ 224.04	\$ 111.48	\$ (112.56)	

	Spring BOR Approved Rate	Spring Adjusted Rate	Change	Notes
UW-Whitewater Rock County Campus				
Allocable	\$ 70.02	\$ 23.79	\$ (46.23)	Decreases are due to unused fall organized activities fees.
Non-Allocable	\$ 120.81	\$ 120.81	\$ -	
Total	\$ 190.83	\$ 144.60	\$ (46.23)	