

**UW System Board of Regents
Meeting of the Business & Finance Committee
University of Wisconsin-Green Bay
Room 1965, University Union
2430 Campus Court, Green Bay, Wisconsin
August 18, 2022**

The Meeting of the Business and Finance Committee was called to order at 8:45 AM by the Chair, Regent Scott Beightol.

A. Calling of the Roll

Present: Regents Atwell, Beightol, Jones, Peterson, Rai, Wachs, and Staton
Absent: Regent Miller
At all times, the Committee had a quorum.

B. Declaration of Conflicts

The Chair asked Committee Members to identify any conflicts of interest. None were declared.

C. Approval of the Minutes of the June 9, 2022, Meeting of the Business and Finance Committee

Corrections: None
Questions/ Comments: None
Motion made by: Vice-Chair, Regent Jones
Motion seconded by: Regent Peterson
Discussion: None

Upon the motion of the Vice Chair, Regent Jones, and the second of Regent Peterson, the Committee unanimously approved the minutes of the April 7, 2022, Business and Finance Committee meeting.

D. UW-Green Bay Presentation – “UW-GB’s Impact: Investing in Access and Student Success”

First, the Committee heard a presentation from the host campus. Vice Chancellor Sheryl Van Gruensven shared an overview of successes and challenges at UW-Green Bay, which is seeing an increasing number of first generation and diverse students as it leans into its access mission across its four locations. While the university is in a healthy financial position, its challenges include recruitment and retention of faculty and staff, as compensation is among the lowest in the system, on average. She also stressed UWGB’s focus on serving as a workforce talent provider whose graduates largely remain in the region – the state’s third-largest economic market. She provided graphics showing the affordability of a UWGB Education, service to First Generation students and the geographic area of the state. UWGB has the fifth highest amount of Pell eligible students in the UW System. The area falls below the state average for college graduation rates. As they grow in enrollment, they also increase their need in support services. UWGB is second-to-lowest in student to faculty rates and the support received does not meet the need. UWGB operates efficiently, spending the very least on instruction per student FTE. Compared to this their research expense is on the higher

side as their faculty are successfully working to secure research funding. When compared to the other UW institutions they are spending fewer dollars on noninstructional expenses than any other institution, yet they are supporting 4 campuses. Low salaries for the instructional staff are their biggest concern for the future. Faculty salaries lag and recruiting, and retention of staff has been an issue. Pay scales for the UW System are 12 percent below comparable institutions nationally.

A question was posed by Regent Atwell asking if this referred to system-wide pay scales.

In response, Vice Chancellor Sheryl Van Gruensven confirmed. After the Total Compensation project is completed 94% of the staff wages will be found to be below the midpoint for their pay grade. 50.8 % will fall in the first quartile of the respective pay range for their title.

In conclusion, the UW System is getting its return on investment in UWGB. They are a growing regional institution with an access mission, they serve students in 4 physical locations, and 45% are first generation students who require more support services. This is a relatively young university serving the third-largest region and economic market in the State of Wisconsin, and the enrollment must better match the size of the region. The students are typically from the area and stay in the area. GPR investment in UWGB is returned to the state after graduation because those students stay in the area post post-graduation to join the workforce. UWGB Staff are on average among the lowest paid in the system and the nation.

Vice Chancellor Van Gruensven believes it is critical that to remain competitive, an investment is needed systemwide to address these disparities. UWGB is extremely efficient but that is not sustainable for the long term. UWGB is extremely proud of the growth and fulfillment of the mission of the university.

Questions/Comments: Regent Beightol thanked Vice Chancellor Sheryl Van Gruensven for her presentation and comments and for raising awareness about their needs.

Regent Atwell asked the Vice Chancellor if she is requesting that the Board reconsider the reallocation of GPR dollars. She shared that their goal is not to take away from other institutions but revisiting and reevaluating the GPR allocation would be something they would be in favor of.

E. UW System Status Report on Large/High-Risk Information Technology Projects

Steven Hopper, UW System Associate Vice President for Learning and Information Technology Services and Chief Information Officer presented the Status Report on Large or High-Risk Information Technology Projects. The report details 13 major IT projects across the system with the portfolio being on track. Five of those projects were completed since the last update in February, all under budget. For those projects still in progress, Mr. Hopper shared status updates on each project's schedule, scope, and budget. The total project portfolio is \$259 million, a 3.7% decrease compared to February. Most of the challenges found in the reports are related to staffing and the supply chain disruptions.

Questions/ Comments: Regent Beightol shared they would be talking about ATP later in the meeting which constitutes \$211 million of the \$259 million portfolio.

Discussion: None

F. UW System Contractual Agreement with HelioCampus

Brent Tilton, Director of Procurement for UW System presented a service agreement with HelioCampus for a suite of data science and analytics services that will operationalize the Enterprise Analytics Platform project approved by the Board in June. This project will allow participating campuses to integrate their various datasets to enable improved decision-making. This four-year, \$2.9 million contract will establish a systemwide infrastructure and support inclusion of UW-Green Bay as a pilot institution. Anticipating that additional universities will opt into this service, the committee also authorized UW System to increase the spend on this contract to no more than \$10 million as necessary to support broader participation.

Questions/ Comments: Regent Beightol shared this is an item Regent Jones and he had discussed allowing up to \$10 million be authorized as each institution comes on board, trusting that Brent Tilton and the staff will make the appropriate decisions and actions when these institutions are added.

Motion made by: Regent Rai

Motion seconded by: Regent Atwell

Discussion: None

Motion carried unanimously (voice vote)

G. Administrative Transformation Program Update

Next, the committee received an update on the Administrative Transformation Program (ATP), a project to standardize human resources, finance, and research administration business processes, and implement new cloud-based technology at all UW System institutions. UW System Administration Vice President for the Office of Administration James Langdon, UW- Madison Vice Chancellor for Finance and Administration Rob Cramer, and ATP Chief Technology Officer Joanna Wang detailed the extensive work undertaken in the project's Planning and Architect Stages over the last many months and provided a timeline for future major activities through final deployment and beyond. The project was originally slated as a two-phase project. That changed to a unified approach where all institutions will go live at the same time. The project is in the Architectural stage of design right now and looking at training and implementation two years from now. ATP is currently on budget and on schedule for deployment by July 2024.

Questions/ Comments: Regent Jones asked if the percentage of the budget was tracking to be under budget.

ATP Chief Technology Officer Joanna Wang shared that because of the payment method there is a delay in invoicing from the vendor so the dollars spent will come later. However, it appears that the project is tracking under budget.

Regent Rai asked when the project was rolled out for standardization whether it was assumed there would be cost savings, and asked for quantification.

Vice Chancellor Rob Cramer responded that the cost savings was not predicated as part of the standardization. Mr. Cramer shared that the efficiency of maximizing standardization provides tremendous benefit.

Regent Beightol expressed his appreciation for the efforts of the project team to-date, noting that the update offered good news on its status.

Discussion: None

H. Trust Funds Quarterly Investment Report

Trust Funds Executive Director Chuck Saunders presented the Investment Report for the period ending March 31. As of that date, UW System Trust Funds assets totaled \$730.9 million. The Fund's public equity investments decreased 5.3% during the quarter, while the bond investments decreased 6.2%. For that quarter, both the Long-Term Fund and the UW Fund Custom Benchmark decreased about 4.2%. Mr. Saunders added that as downward trends continued into Q2, Long Term Fund assets stand at about \$523 million, a 7.7% reduction that is consistent with peers. Private equity is generally up. He noted that the first half of the year has been challenging.

Questions/ Comments: None

Discussion: None

I. Cost-Benefit Analysis of Foundations and Associated Affiliated Organizations Report for Fiscal Year 2020-21

The committee then received the Cost-Benefit Analysis of Foundations and Other Affiliated Organizations Report for fiscal year 2020-21. Julie Gordon, UW System Senior Associate Vice President for Finance, reported that 85 foundations and associated affiliated organizations supported the missions of UW System institutions during that period. The universities received a total of \$336.7 million, while providing \$11.2 million in administrative support for these organizations. This includes staff salaries, fringe benefits and facilities and basically overhead.

Questions/ Comments: Regent Beightol shared his thanks on behalf of the committee and the Regents for the contributions of those foundations.

Discussion: None

J. Finance Presentation – FY 2022 Year-End Review and 2023-25 Biennial Budget Request Overview

- 1. Semi-Annual Budget-to-Actuals Report**
- 2. Semi-Annual Report on Gifts, Grants, and Contracts**

Regent Beightol noted that in a new approach, the Business and Finance Committee would be discussing and approving the biennial operating budget prior to the full Board's action. Prior to that discussion, Sean Nelson, UWSA Vice President for Finance, led a review of the fiscal year ending June 2022.

As part of that briefing, UWSA Senior Associate Vice President for Finance Julie Gordon presented the FY22 Budget-to-Actuals Report comparing actual revenues and expenses at the close of the year with the budget approved by the Board in June 2021. She indicated the team is open to suggestions and improvements to the reporting in future years and noted that some changes have already been identified that will improve clarity of the report noting that unrestricted revenue includes GPR, tuition and auxiliaries, the report indicates that total revenues from unrestricted sources were within just \$17.5 million of the Board-approved budget. Total expenses ended at 98% of total revenues, and 2.8% over the Board-approved budget, largely due to COVID-related impacts such as supplies expenses.

The committee also received a summary report on gifts, grants, and contracts awarded to UW System institutions for the fiscal year. Total awards for the period were approximately \$1.9 billion; this is decrease of \$342 million higher than the board approved budget. “Salaries and Fringes” were \$24.2M under the board-approved budget, and supplies and financial aid exceeded the budget by \$182M largely due to COVID expenses. In FY 2021-22, support from gifts, grants, and contracts comprised 21% of the total all funds revenue in the annual budget. GPR debt service is included in “Other” expenses and was slightly higher than anticipated.

Questions/ Comments: Regent Beightol shared that there was quite a bit of information in the packet and the breakdown by institution was appreciated. He shared that Regent Atwell has been a good steward on this and suggested that they give some thought to additional reporting. He also commented that UW-Madison accounting for 81% of all Gifts, Grants and Contracts funding was noteworthy as they are delivering value back to the system.

VP Nelson introduced select Chief Business Officers to provide their perspectives. They included:

- **Grace Crickette, Vice Chancellor of Finance and Administration at UW-Eau Claire,** focused on issues of importance to students. She noted that segregated fees provide funding for recreational, cultural and leisure activities and support groups that are not funded through state appropriations. These fees have reduced 10 % due to impacts of enrollments. Students will have fewer funds and higher expenses this year. Food service costs have increased 7%. It is increasingly difficult to get student employees on campus due to the impact of off-campus recruitment. She cited examples of how local private employers are providing free tuition, food, benefits in addition to higher wages. Major projects are impacted, as well, due to worker shortages. Surveys of those staff who have left employment have stated they left due to salary.
- **Robyn Van Harpen, Sr. Vice Chancellor of Finance and Administration at Milwaukee** shared that the relatively good results seen in the budgets are not representative of the challenge the institutions have had to maintain high-level campus operations and the quality of education. The university has implemented furloughs and travel restrictions, and last-minute funding has helped to maintain the budget. Staff at all levels are easy to pick up by outside recruiters. Remote work is enticing, and the need to increase wages for custodians and facilities workers results in reduced funding to support other positions. Student wages and other expenses have increased significantly, and the university has worked to keep its segregated fees down. The university has reorganized, implemented technology, etc. to do more with less staff. She expressed that the inability to adjust tuition is no longer sustainable and noted that the capital budget request is important to retain the quality of STEM programs on campus.

- Rob Cramer, UW-Madison Vice Chancellor for Finance and Administration agreed that the prior presenters expressed the challenges also faced at UW-Madison. He stated the UW-Madison enrollment has been rising, but that students who are not accepted to UW-Madison tend to enroll at universities outside of the state. For this reason, the challenge has been to increase capacity to keep those students in Wisconsin. Housing, mental health services, and student support services are all part of this. Despite the last several years of the pandemic, UW-Madison researchers have been successful in securing grants. Mr. Cramer added that if UW-Madison remains at its current rates for expenditures, the university will fall behind its peers. The competitive environment requires the university to look for opportunities to remain competitive by making smart investments to retain staff now and to recruit for the future.

Regent Rai commended VP Nelson for having the CBOs provide their perspectives.

Next, VP Nelson provided a summary of the key financial factors as follows and presented the budget request.

- Campuses are emerging from the pandemic
- Federal funding has been drawn down
- Inflationary impacts on goods, services and compensation affect the financial outlook
- Cumulative pay plan obligations over time have constrained strategic budget actions

A key provision of the budget request is to offer a Tuition Promise program to all modeled off UW-Madison's Bucky's Tuition Promise to all UW institutions. This program provides last-dollar aid to students whose family income is less than approximately \$62,000. The program is expected to support approximately 7843 students systemwide. VP Nelson expressed that it is a modest investment considering the impact.

The budget request also recommends fully funding the Wisconsin Grant. VP Nelson responded to a request for clarification from Regent Rai, explaining that the budget request also recommends removing the statutory cap on the maximum Wisconsin grant award, which has resulted in upwards of \$8 million of unused financial aid.

The budget request also includes 4% increases in general operation funding, and in annual pay plan support. The pay plan request further asks that the state provide full funding rather than the traditional 70%, leaving the UW System institutions to cover the remaining 30%.

The overall request is for just under a \$115M biennial increase to support operational funding and key initiatives, \$123M for the pay plan, \$24.5M for the Wisconsin Grant to cover higher maximum rewards, and standard budget adjustments that support items such as fringe benefits

Recused: None

Questions/ Comments: Regent Beightol expressed his appreciation for the budget package, noting that even with the tuition freeze, revenues from students outweigh state funding.

Regent Jones expressed concern that current levels of state funding are not sustainable without considering tuition adjustments, which

Regent Beightol indicated that concern was a topic for discussion at another time.

Regent Rai stated he felt this was an extremely conservative ask, and expressed concern about the impact should the budget request not be approved by state policymakers

Regent Beightol shared that he felt the Regents wanted to support and advocate the budget request and asked that President Rothman call on them to help in that effort.

Regent Atwell thanked the CBOs for their presentations. He stressed the importance of addressing compensation for university employees at lower-income, entry-level positions, on whom the impact of inflation falls most heavily. He further thanked VP Nelson for the progress on the presentation of the actual fiscal year end, noting that it is necessary information when evaluating the biennial budget request, and that he looks forward to continued improvement in the financial projections.

Regent Beightol asked for a motion to approve.

Motion made by: Regent Rai

Motion seconded by: Regent Wachs

Discussion: None

Motion carried unanimously (voice vote)

The meeting adjourned at 10:33 AM.

Respectfully submitted,

Brenda L. Joyce

Brenda L. Joyce
Recording Secretary