

**UW System Board of Regents
Meeting of the Business & Finance Committee
University of Wisconsin- River Falls
University Center, St. Croix Room 321
UW-River Falls 501 Wild Rose Avenue
River Falls, Wisconsin
& via Zoom Video Conference
October 5, 2023**

The Meeting of the Business and Finance Committee was called to order at 10:30 AM by Chair, Regent Ashkok Rai

A. Calling of the Roll

Present: Regents Atwell, Colon, Jones, Kreuser, Peterson, and Rai

Present via Webex Video Conference: Staton

Absent: Regents Adams, at all times, the Committee had a quorum.

B. Declaration of Conflicts

The Chair asked Committee Members to identify any conflicts of interest. There were none.

C. Approval of the Minutes of the July 26, 2023, Meeting of the Business and Finance Committee

Corrections: None

Motion made by: Regent Jones

Motion seconded by: Regent Peterson

Questions/ Comments: None

Upon the direction of Regent Rai, a voice vote was taken, and the Committee unanimously approved the minutes of the July 26, 2023, Business and Finance Committee meeting.

D. Host Presentation by UW-River Falls: “Building a Stable and Thriving Institution”

Dave Ruhland, Vice Chancellor for Finance and Administration, UW-River Falls presented strategies that UWRF has adopted to increase revenue and decrease expenses, in pursuit of institutional goals to ensure ongoing financial stability for information and discussion. He provided examples of how UWRF is taking steps to increase and diversify revenue with program investments and increased commitment to private philanthropy. He also shared covering how UWRF is taking steps to decrease expenses and ensure sound fiscal management through campus stakeholder engagement, strategic restructuring and other administrative measures. He shared that the skepticism of the value of higher ed continues to be a threat. The Minnesota North Star Promise is an example of the states welcoming attitude towards higher education. They are stable in the law, no minimum requirements for number of credits and are flexible up to 120 credits, provide support for families making less than 80M per year and do not have a work requirement. ¼ of River Falls Students would qualify for Northstar.

Discussion: Regent Colon questioned if there are any updates to address the Northstar impacts. Vice Chancellor Ruhland shared that there has been legislation introduced but has stalled awaiting finance approval.

E. Report on Program Revenue Balances by University and Level of Commitment for Fiscal Year 2022-23

Sean Nelson, Vice President for Finance and Administration, UWSA presented the report on year-end balances for fiscal year 2022-23 to the Board in compliance with Regent Policy Document 21-6. The report builds on earlier Program Revenue (PR) Balance Reports and the levels of commitment developed by the Legislative Audit Bureau. The fiscal year 2022-23 report includes the following components: I. Background and Summary II. Individual University Summaries and Detailed Reports III. Appendices 1) Regent Policy Document 21-6, Program Revenue Calculation Methodology and Fund Balances Policy 2) Commitment Level Definitions 3) Application of Defined Commitment Levels (examples) 4) Report Methodology Page 2 of 4 5) Fiscal Year 2023 Balances Summary by University and Fund Group 6) Fiscal Year 2022 Balances Summary by University and Fund Group 7) Summary of Fiscal Year 2023 Balances by Commitment Level.

In FY 2023, the UW System's unrestricted program revenue balances decreased by \$6.4 million. This was the result of declines in tuition, auxiliary operations, and other unrestricted balances, and increases in general operations and federal indirect cost reimbursements. Tuition balances decreased \$51.6 million, or 17.3%, which represents 30.8 days of operating expenses. Since PR balance reporting began in 2013, tuition balances have declined 55.3%. These changes in program revenue balances are primarily the result of three factors: near full utilization of one-time federal relief funds received for COVID-19, certain expenses returning to pre-pandemic levels, and the expanded use of federal indirect funds. UW universities were awarded \$423.6 million in federal COVID relief funds, excluding payments for student financial aid and vaccination programs. Nearly half of these funds were allocated toward lost revenues in campus operations, such as tuition, residence halls, dining services, and student unions. A portion of these federal funds remained in UW System's FY 2022 balances but have been spent in FY 2023 as budgetary shortfalls are experienced on campuses. These federal funds were not ongoing funds that can be depended on for recurring operational costs. In addition, certain non-personnel expenses are again reaching FY 2019 pre-pandemic levels. For example, travel costs, which declined from \$115.1 million in FY 2019 to \$19.3 million in FY 2021, increased to \$111.8 million in FY 2023. Lastly, federal indirect funds are being used for new purposes, beyond being a backstop for delays in federal research funding. For example, UW-Madison plans to use some of its federal indirect balances to fund 18 laboratory renovation projects (\$70.0 million) and a library preservation facility (\$35.2 million). As noted during the Board of Regents' FY 2024 annual budget presentation, 10 of the 13 UW universities are reporting a structural deficit in the coming year. In the FY 2023 program revenue balance report, UW universities identified \$75.5 million for planned shortfalls and staff positions not funded in the current budget. With these fiscal pressures, UW universities continue to strategically deploy available funding to mitigate budgetary shortfalls, monitor balances, and revise planned commitments.

Motion made by: Regent Colon

Motion seconded by: Regent Jones

Questions/ Comments: Regent Colon asked what the industry standard is for cash on hand, Sean shared that scale affects this so it will vary from campus to campus. Madison likely has 30 days on hand but for a smaller campus we would like to see 60 days. Regent Rai asked where the 12 Percent reference comes from and is this the right number. This number was agreed upon between Audit and finance. It is a fair question. Regent Rai shared that 12% across the board also needs to reference scale. He stated we need to work on the semantics so we can better understand the report. Regent Rai is not sure how to bring this up. He believes at some point the Regents need to look at how this report is being presented. Sean shared that this was agreed upon by multiple parties and the conversation likely needs to be reopened. Regent Jones shared that it is not unrestricted if 87% is obligated. Regent Kreuser questioned if this created hardship on the flexibility of the campus and Sean answered it did not. Regent Rai asked for a vote to approve presenting the report to the Board of Regents.

Motion carried unanimously (voice vote)

F. Semi-Annual Report on Gifts, Grants, and Contracts

Sean Nelson, Vice President for Finance and Administration, UW System presented for information only a summary report on gifts, grants, and contracts awarded to UW System institutions from July 1, 2022, through June 30, 2023. Total gifts, grants, and contracts for the period were approximately \$2.3 billion, an increase of 18.9% (\$364.8 million) from fiscal year 2022. This increase essentially returns the UW System's gift, grant, and contract awards to the fiscal year 2021 level. Federal awards increased \$263.4 million (23.0%). Most of this increase relates to UWMadison's federal research and public service awards, specifically with increased awards from the National Institute of Health, Department of Agriculture, National Science Foundation and Department of Defense. UW Oshkosh, UW-Stevens Point, UW-Superior, and UW-Whitewater also reported notable increases in research and public service awards for their institutions. Non-federal awards increased \$101.3 million (13.0%). Changes in federal Financial Aid and non-federal Other were also noted at several UW institutions. These changes between years are largely due to the timing of awards from the Department of Education and the campus foundations.

Questions/ Comments: Regent Rai thanked Sean for highlighting the Grant increases and asked Sean to walk through the impact of the component of administrative dollars. Overhead is predetermined in negotiations. There is a lot of flexibility with these dollars and it is a critical component for Budgeting.

G. UW-Madison Contractual Agreement with GE Precision Healthcare LLC

Rob Cramer, Vice Chancellor for Finance and Administration, UW-Madison requested approval for a partnership that has spanned decades between UWMadison and GE Healthcare. This 10-year renewal of the agreement enables UW-Madison to use cutting edge GE Healthcare equipment for UW-Madison's research goals in exchange for conducting research studies with GE Healthcare. Annually, UW-Madison then has the ability to acquire ownership of the equipment for further use at UW-Madison UW-Madison and GE Healthcare have a relationship that has spanned more than 30 years. As part of the relationship, UW-Madison and GE have had agreements that enabled UWMadison to gain access to cutting edge, early-stage equipment that GE Healthcare has developed. This has enabled UW-Madison to be on

the cutting edge of research around the GE Healthcare equipment. In turn, GE Healthcare gains a partnership with UW-Madison, exploring how their equipment works in real time, while also developing plans to improve and advance their development. The previous agreement between UW-Madison and GE Healthcare spanned 10 years and resulted in 130 projects that transferred more than \$32 million in value from GE Healthcare to UW-Madison. With this new agreement, UW-Madison and GE Healthcare look to continue this 30+ year relationship.

Motion made by: Regent Kreuser

Motion seconded by: Regent Colon

Questions/ Comments: Regent Colon asked if 10 year contracts were typical for a procurement project. Rob Cramer shared this is a partnership where we provide feedback on this technology. Regent Rai pointed out that GE is a Wisconsin State Company and this is a great representation of the Wisconsin Idea at work.

Motion carried unanimously (voice vote)

H. UW-Milwaukee License Agreement with T-Mobile Central LLC

Robin Van Harpen, Vice Chancellor for Finance and Administrative Affairs, UW-Milwaukee requested Adoption of Resolution H., approving the license agreement between the Board of Regents and T-Mobile Central LLC. The University of Wisconsin-Milwaukee (UWM) works with a consulting firm, Gunnerson Consulting & Communication Site Services (Gunnerson), to negotiate space use agreements with cellular service providers. Under these agreements, cellular service providers may place their equipment on UWM premises (building rooftops). UWM contracted with T-Mobile Central LLC ("T-Mobile") to allow T-Mobile to place its equipment on UWM's premises at 3210 North Maryland Avenue (Bolton Hall) on November 2, 2000. That agreement was scheduled to expire on November 12, 2021; however, T-Mobile continued making holdover payments since that time and now seeks to enter into a new license agreement. Gunnerson, acting on UWM's behalf, has negotiated a new license agreement between UWM and T-Mobile. This new agreement will commence upon execution by UWM and continue for an initial term of five years, with up to four five-year renewal terms thereafter. The one-time transaction fee associated with this agreement is \$35,000, and the initial annual license fee shall be \$48,000. The license fee shall thereafter increase by 4.5% per year. T-Mobile will also be liable for actual costs resulting from this relationship. Thus, the total value of this relationship may exceed \$1,000,000. T-Mobile's historical use of UWM's premises has never interfered with UWM's operations, and its proposed future usage is similarly not anticipated to cause disruptions.

Motion made by: Regent Adams

Motion seconded by: Regent Jones

Questions/ Comments: Regent Jones commented that he had thought they had signed off several times in the past and thanked her staff for the efforts. Regent Rai asked if this gives UW-Milwaukee bragging rights for having the best cell reception in the system.

Motion carried unanimously (voice vote)

I. Administrative Transformation Program Update

Presented by Sean Nelson, Vice President for Finance and Administration, UW System, Rob Cramer, Vice Chancellor for Finance and Administration, UW-Madison, Lois Brooks, Vice Provost for Information Technology and Chief Information Officer, UW-Madison, and Steven Hopper, Senior Associate Vice President for the Office of Learning and Information Technology and Chief Information Officer, UW System provided for information only a status update for the ATP project.

The current administrative infrastructure of the UW System is built on outdated, disconnected technology and supplemental systems, which increases security risks, limits access to reliable data, increases staff burden, and hinders the UW from fulfilling its mission. The Administrative Transformation Program (ATP) seeks to modernize this environment across the UW System by standardizing finance, human resources, and research administration business processes and implementing Workday and Huron Research Suite, integrated, cloud-based technology systems. Once completed, the UW System will have a resilient administrative environment to advance its mission of research, teaching, and outreach more efficiently and effectively. This report and companion presentation are part of ATP Leadership's efforts to transparently communicate the revised schedule needed to fully deliver a high-quality product for the full original project scope while minimizing risks to the universities and overall UW System. He shared we must resist the urge to add scope and we need to keep moving forward, there is no time to relax. It will never be perfect. We need to embrace the concept of continuous improvement going forward. No action is required.

Questions/ Comments: Regent Jones asked if Steven thought they were going to be coming for more funding and Steven confirmed that was not in the plan. Regent Kreuser asked for a timeline. Steven confirmed plans for updates twice per year unless there is a dramatic change. Regent Rai shared the revised timeline is a year ahead of the original projection. He appreciates all the work and asks for updates when deviations occur.

J. UW System Amendment to Contractual Agreement with Huron Consulting Services LLC

Brent Tilton, Director of Procurement, UW System Administration, and Steven Hopper, Associate Vice President for the Office of Learning and Information Technology and Chief Information Officer, UW System Administration submitted a request approval for the amendment to the contractual agreement between the Board of Regents and Huron Consulting Group, Inc.

The proposed amendment increases the maximum allowable billable hours with Huron Consulting Group, Inc. by 50,349, which translates to \$8,772,439. These additional hours are needed due to the revised go-live date of July 2025 (from July 2024). This amendment sets the total contractual not-to-exceed amount with Huron Consulting Group, Inc. at \$47,194,351.70.

Motion made by: Regent Kreuser

Motion seconded by: Regent Peterson

Questions/ Comments:

Motion carried unanimously (voice vote)

The meeting adjourned at 11:26 AM.

Respectfully submitted,

Brenda L. Joyce
Recording Secretary