

UW System Board of Regents
Meeting of the Business & Finance Committee
University of Wisconsin- Madison
Varsity Hall II, 2nd Floor, UW-Madison Union South
1308 W. Dayton Street
Madison, Wisconsin
& via Zoom Videoconference
February 8, 2024

The meeting of the Business and Finance Committee was called to order at 10:30 a.m. by Chair, Regent Ashok Rai.

A. Calling of the Roll

Present: Regents Adams, Colon, Peterson, Rai attended in person while Regents Kreuser, Staton, and Jones attended virtually via Zoom Videoconference.
Absent: Regent Atwell.

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 December 7, 2023, Meeting of the Business and Finance Committee

Corrections: None

Motion made by: Regent Peterson

Motion seconded by: Regent Jones

Upon the direction of Regent Rai, a voice vote was taken, and the Committee unanimously approved the minutes of the December 7, 2023, Business and Finance Committee meeting.

D. UW Madison Host Campus Presentation.

The Committee first heard a presentation from the host campus, UW-Madison, entitled “Investing in Innovations for the Public Good.” Vice Chancellor Rob Cramer and Associate Vice Chancellor David Murphy provided an overview of UW-Madison’s fiscal position, and offered examples of how new revenues generated by the university are being strategically invested to promote their research, education, and service missions.

Questions/ Comments: Regent Rai thanked Vice Chancellor Cramer for the presentation and asked whether there are industry benchmarks used by the university to measure its level of clinical trials relative to other research institutions. VC Cramer noted that UW-Madison has not historically been a major player in that space, but recent investments with the new Clinical Trial Institute have enabled expansion of

these activities. Regent Peterson asked how Purdue University achieved the high level of Total Cash and Investments to Operating Expenses referenced on a presentation slide. VC Cramer suggested it is likely a timing issue of investments contributing to the numerator of the ratio.

E. UW-Madison Contractual Agreement with Fanatics Retail Group Fulfillment, LLC

Vice Chancellor Cramer presented a proposed agreement between UW-Madison and Fanatics Retail Group Fulfillment who will continue to operate the Department of Intercollegiate Athletics' official online store, buckyslockerroom.com. Terms of the agreement include an increased revenue share that is expected to net \$3.75 million to UW-Madison. The contract will include a term of 8 years continuing through June 30, 2032.

Questions/ Comments: None

Motion to adopt made by: Regent Peterson

Motion seconded by: Regent Adams

Motion carried unanimously (voice vote)

F. UW-Madison Contractual Agreement with Gold Country, Inc.

Vice Chancellor Cramer presented a proposed agreement between UW-Madison and Gold Country for operation of the Department of Intercollegiate Athletics' brick-and-mortar stores within Camp Randall Stadium and the Kohl Center. Contract provisions include a \$400,000 capital investment in the stores, and an estimated \$4.5 million in revenue to UW-Madison over its term. This contract will also extend 8 years continuing through June 30, 2032.

Questions/ Comments: None

Motion to adopt made by: Regent Colon

Motion seconded by: Regent Adams

Motion carried unanimously (voice vote)

G. UW-Superior Contractual Agreement with The Interlake Steamship Company

Jeff Kahler, Vice Chancellor for Administration and Finance, UW-Superior and Dr. Matt TenEyck, Director, Lake Superior Research Institute (LSRI), UW-Superior presented a proposed agreement related to research conducted by LSRI, which was awarded federal funding through the Great Lakes and Lake Champlain Invasive Species Program. With a combined budget of \$2.2 million, UW-Superior will work with its subgrantee, the Interlake Steamship Company, on projects that use their vessels to conduct research on the effectiveness of various ballast water filter solutions.

Questions/ Comments: None

Motion to adopt made by: Regent Peterson

Motion seconded by: Regent Colon

Motion carried unanimously (voice vote)

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

Next, the Committee reviewed the UW System Status Report on Large or High-Risk Information Technology Projects. The report, provided by Steven Hopper, Associate Vice President for the Office of Learning and Information Technology and Chief Information Officer, details the status of 9 major IT projects across the system, including one new project to significantly increase the security posture at UW-Madison through the consolidation of Active Directory environments. Other project updates include the completion of Phase One of UW-Madison's Campus Access Controls Replacement, and the continued expectation for the Administrative Transformation Program (ATP) to go live in July 2025. The total project portfolio is \$260 million, a 1.2% increase compared to the July 2023 report.

Questions/ Comments: Regent Adams asked for clarification on the decision to place the schedule for ATP in "yellow" status, and the reasons for the \$3 million budget reduction from the previous report. To the first question, Steven answered that the amount and complexity of remaining work requires continuous vigilance to keep the project on schedule. With regard to the budget, he noted that for a project on the scale of ATP, a built-in contingency level of 10-20% in the overall budget is generally acceptable.

Motion to adopt made by: Regent Colon

Motion seconded by: Regent Peterson

Motion carried unanimously (voice vote)

I. UW System Report on Strategic Plans for Major Information Technology Projects

The Committee then reviewed the annual report on the Strategic Plans for Major IT Projects, presented by Steven Hopper, Associate Vice President for the Office of Learning and Information Technology and Chief Information Officer. The report provides an inventory of all ongoing and new projects, both enterprise-wide and institution-specific, and includes information on each project's business need, impact, staffing requirements, and budget.

Motion to adopt made by: Regent Peterson

Motion seconded by: Regent Adams

Questions/ Comments: Regent Peterson noted that she found the report to be very detailed and interesting. She asked how responsive the institutions are to receiving the help UW System staff is providing. Steven shared that when there is a loss of key

personnel at the universities, that is when the service is most valued. He stated that his team does its best to listen and solve the problems that are presented, and that the relationship between UWSA and the institutions is strong. Regent Rai asked what amount of additional savings would be realized if the four remaining institutions participate in the Student Information Systems consolidation project, which Steven suggested would be an additional \$300,000-\$400,000. Steven shared that for those institutions currently participating, their involvement allows them to free up labor as well.

Motion carried unanimously (voice vote)

J. Report of the Vice President for Finance and Administration Update on Engagement with Financial Consultant

Sean Nelson, Vice President for Finance and Administration, UWSA, provided an informational update on the engagement with Deloitte Consulting to conduct financial and operational reviews of twelve universities. Sean presented a project overview and a timeline, noting that staggered engagements with the institutions are anticipated to continue into June, followed by an assessment of UW System Administration to begin in July.

Questions/ Comments: Regent Rai shared his view that subsequent reports to the committee should occur only after the universities have an opportunity to examine the findings and consider the recommendations of the consultant.

Regent Adams asked which peers were selected for the purposes of benchmarking in this initiative. Sean replied that the peers are the UW institutions themselves. For System Administration, the consultant is reviewing other higher education systems whose structure and service delivery share similarities with UWSA.

Regent Peterson shared that the goal of eliminating structural deficits at the universities is critical and asked how long that issue had been brewing. Sean replied that it has been a persistent problem over several years, but enrollment challenges and lagging state funding have accelerated the problem. He believes significant progress has been made to resolve the issue and is hopeful the goal will be achieved.

Regent Adams asked if it is the visibility of this information that is empowering university leadership to make difficult financial decisions. Sean replied that while some universities had already been actively working to address their financial challenges, the work done by Deloitte provides external validation that helps campuses communicate with their internal stakeholders and identify opportunities to make reductions.

In closing, Regent Rai shared he appreciated the follow-up to his request at the December meeting to provide an update on the consultation with Deloitte.

The meeting was adjourned at 11:45 a.m.

Respectfully submitted,

Brenda L. Joyce
Recording Secretary