

**Universities of Wisconsin Board of Regents
Meeting of the Business & Finance Committee**

Room 164, Hamilton Room
James R. Connor University Center
109 Hamilton Green Way
Whitewater, Wisconsin
& Via Zoom Videoconference
December 4, 2025

The meeting of the Business and Finance Committee was called to order at 8:45 a.m. by Chair, Regent Ashok Rai.

A. Calling of the Roll

Present: Regent Chair Ashok Rai, Regent Haben Goitom, Regent Noah Fritz, Regent Jim Kreuser, Regent Timothy Nixon, Regent Tom Palzewicz, Regent Jack Salzwedel, and Regent Karen Walsh.

Absent: None

B. Declaration of Conflicts

The chair asked committee members to identify any conflicts of interest regarding items on the agenda. No conflicts were identified.

C. Approval of the Minutes of the October 9, 2025, Meeting of the Business & Finance Committee

Corrections: None

Motion to adopt made by: Regent Walsh

Motion seconded by: Regent Palzewicz

Motion carried unanimously (voice vote)

Upon the direction of Regent Rai, hearing no corrections, the minutes of the October 9, 2025 meeting were approved as distributed.

D. Approval of the Report on Program Revenue Balances by University and Level of Commitment for Fiscal Year 2024-25

The UW Report on Program Revenue Balances for fiscal year 2025 was presented by Aimee Arnold, Director of Strategic Initiatives in the Division of Finance & Administration. The report notes that total unrestricted program revenue balances increased over the prior by \$59.5 million, of which 78% is obligated or designated for a specific purpose. Tuition balances increased \$46.3 million, which is a 47% reduction since the inception of balance reporting in FY 2013, and which represents 34 days of operating expenses.

The balances reflect the conservative fiscal management practiced by the universities in light of uncertainty in the level of both federal and state funding at the end of the fiscal year.

The report offers details on the program revenue balances by category for each university. Those universities with balances exceeding 12% of expenditures in any category have provided details on the projects and initiatives for which those funds are obligated or planned.

Questions/Comments: In response to a question from Regent Salzwedel regarding a comparative benchmark for an appropriate level of balances, Vice President for Finance & Administration Julie Gordon noted that while one national organization suggests a level of 40% of budgeted expenditures, the UWs are unique in that they do not have the additional risk associated with direct bonding authority. Regent Rai asked and received confirmation that these balances are a component of the calculation of a university's Composite Financial Index. Further comments encouraged a goal to identify a benchmark applicable to the UWs. Regent Rai acknowledged the work done by chancellors and other university leaders to exercise the fiscal discipline reflected in the report. Regent Nixon reviewed the history of legislative concern about the fund balances and clarified that the term "unrestricted" can be misinterpreted. Regent Rai noted that 78% of these funds fall into categories of "obligated," "planned," or "designated." Regent Salzwedel added that these funds are critical in providing needed investments and hedging against economic uncertainty. Regent Goitom added that the report reflects financial discipline and investment, with available balances at a relatively low level.

Motion to adopt made by: Regent Salzwedel

Motion seconded by: Regent Walsh

Motion carried unanimously (voice vote)

E. Universities of Wisconsin 2025-26 10th Day Enrollment-Based Financial Forecasts

VP Gordon presented the UWs' revised financial forecasts for FY26. These revisions, relative to the preliminary operating budget approved by the Board in July, incorporate the provisions of the pay plan as approved in the state biennial budget, and reflect updates based on this fall's 10th-day student enrollment figures. These updates result in increases of about 2.5% in both GPR/tuition revenues and expenses and increases of under 1% in auxiliary revenues and expenses. The report provides the revised forecasts for GPR/tuition and auxiliaries, respectively, by university, as well as a description of the factors driving those revisions (e.g., actual enrollments that exceeded conservative forecasting).

Questions/Comments: Regent Rai again thanked VP Gordon, the chancellors, and university leadership for reporting this information, adding that it is valuable to see the financial impacts of enrollment. VP Gordon noted that the committee will receive the mid-year budget-to-actual report at the February meeting. Regent Nixon asked whether reductions in areas such as supplies reflect timing issues or structural deficits. VP Gordon

indicated that those may reflect timing issues or one-time expenses but are not instances of ongoing expenses exceeding ongoing revenue. Regent Nixon asked about the impact of the increase in tuition remission for veterans and their families. VP Gordon replied that a request for \$40 million to cover those remissions was not included in the final budget. Regent Walsh asked about the accounting of funds designated for an item that may be delayed into another fiscal year. VP Gordon replied that such expenses may be entered as encumbered funds and may be included in the Program Revenue Balances report that specifies planned uses of fund balances. Regent Salzwedel asked VP Gordon for her general observation on this report in conjunction with reserve balances and enrollment figures. VP Gordon shared that the universities are working diligently and prudently, that revenue balances are important for operational and accreditation purposes, and that enrollment will continue to be the most significant financial factor.

F. Trust Funds Quarterly Investment Reports

Chuck Saunders, Executive Director for the UW Office of Trust Funds, presented the Q3 investment reports as well as an overview of year-to-date performance and activities of the governance committee. As of September 30, assets in the SWIB-managed portfolios totaled \$691 million. For the quarter, the Long-Term Fund increased in value 5.28%, performing in line with its benchmark. In the Intermediate Term Fund, assets totaled \$783 million after gains of 2.7% for that quarter, also performing comparably to its benchmark.

Questions/Comments: Regent Walsh asked for the worst-case scenario to the funds as currently allocated. Mr. Saunders replied that a stagflation scenario would erode the value of both debt and equity investments. Regent Salzwedel asked about the level of U.S. equities within the global equities allocation of 51.7%. Mr. Saunders responded that it was roughly 30% international. Regent Fritz asked if that allocation between U.S. and international assets would be maintained or adjusted. Mr. Saunders replied that the investment committee for the Long Term Fund would be undertaking an asset allocation review. Regent Rai shared that Mr. Saunders will discuss that topic at a future committee meeting.

G. [DEFERRED] Approval of an Amendment to the UW System Report on Strategic Plans for Major Information Technology Projects

Regent Rai shared that, at the request of UW Administration, the committee would defer consideration of its next agenda item for a future meeting. While the agenda included consideration of a technology project to support the general education credit transfer policy, UW Administration determined that the project was not at the preferred level of readiness.

H. Approval of an Amendment to the UW-Eau Claire Dining Services Agreement with Sodexo

Brent Tilton, Director of Procurement, UW Administration, presented an amendment to

the agreement with Sodexo for dining services operations at UW-Eau Claire. He explained that the one-year extension includes a reduction in the cost per boarder per day, achieving an estimated savings of \$30,000, and will allow for the development of an updated strategic dining services approach.

Questions/Comments: Regent Walsh asked what the student feedback has been on this provider. Paul Schlough, Procurement Manager, UW Administration, shared that student satisfaction surveys are a common element of the program, with most feedback centering on the quality of service and the availability of services. Regent Goitom asked how student involvement is incorporated earlier in the decision-making process. Mr. Schlough replied that a student team works with the development team and campus leaders to identify the business requirements and any needed changes to the program. Regent Rai clarified that students are involved in the procurement process and provide ongoing feedback.

Motion to adopt made by: Regent Nixon

Motion seconded by: Regent Goitom

Motion carried unanimously (voice vote)

The meeting was adjourned at 10:07 am.

Respectfully submitted,

Brenda L. Joyce

Recording Secretary