

Universities of Wisconsin Board of Regents
Meeting of the Business & Finance Committee
Via Zoom Videoconference
July 10, 2025

The meeting of the Business and Finance Committee was called to order at 10:00 a.m. by Chair, Regent Ashok Rai.

A. Calling of the Roll

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

Absent: Regent Noah Fritz

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 June 5, 2025, Meeting of the Business & Finance Committee

Corrections: None

Motion to adopt made by: Regent Walsh

Motion seconded by: Regent Kreuser

Motion carried unanimously (voice vote)

Upon the direction of Regent Rai, hearing no corrections, the minutes of the June 5, 2025, meeting were approved as distributed.

D. Approval of 2025-26 UW System Tuition Rates and Preliminary Annual Operating Budget

Interim Vice President for Finance and Administration Julie Gordon presented the Universities of Wisconsin's proposed tuition rates and preliminary annual operating budget for the 2025-26 academic year, which were submitted for the committee's consideration as Resolution D.1. Additionally, under the requirements of Regent Policy Document 32-2, UW-Milwaukee's proposal to increase the credit plateau for its Direct Entry Master of Nursing program was submitted as Resolution D.2.

In her presentation, VP Gordon outlined the tuition proposal, which generally provides for a tuition rate increase of 5% for resident undergraduates, with some minor variances including those that honor previously agreed-upon adjustments. Nonresident undergraduate tuition will increase by either an equal dollar or equal percentage amount. Apart from the R1 universities, similar rate increases are proposed for graduate tuition.

When combined with the segregated fees approved by the Board in April, the proposed average tuition and segregated fee increase would be 4.7%. Accounting for the room and board rates also approved in April, the total average increase in the cost of attendance for Wisconsin resident undergraduate students at the four-year campuses would be 3.8%.

VP Gordon noted that several factors informed the development of the proposal. First, while the 2025-27 state budget bill provided additional funding to the UWs, it does not fully cover the cumulative impacts of inflation over the past several years. She noted that inflation of nearly 30% since 2020 has outpaced the 18% increase in the undergraduate cost of attendance over that period.

Also, the compensation provisions enacted in the state budget add additional expenses to the universities, which are required to cover 30% of this added cost with their own tuition funds. With UW universities needing to reallocate resources to accommodate past compensation increases throughout the 10-year tuition freeze, they are severely constrained in their ability to absorb the new costs without offsetting revenue.

Lastly, the revenue enables strategic investments in areas like student support services, financial aid, and cutting-edge technologies that will allow the UWs to continue to be nationally and globally recognized higher education institutions.

VP Gordon stressed that the proposed tuition rates will ensure that the UWs remain affordable compared to neighboring peers, noting that UW-Madison had the sixth-lowest resident undergraduate tuition of its seven Midwest counterparts in 2024-25. At the comprehensive universities in those states, the percentage increases in resident undergraduate tuition over the last ten years have greatly exceeded their UW peers.

With respect to the UW-Milwaukee proposal to increase the plateau from 8 to 15 credits for its Direct Entry Master of Nursing program, VP Gordon explained that the change would not impact current students but would assess the same per credit rate for new incoming students. The result will be a condensed program that allows students to graduate in only two years instead of three.

Questions/comments on the tuition proposal: Regent Rai paused the presentation to allow for questions specifically related to the tuition proposal.

Regent Nixon expressed his appreciation for the increased funding from the state and stated that compensation increases are important for staff retention. VP Gordon noted that the UWs are approximately 18-42% behind the median salary depending upon the campus and position, and confirmed that while the state budget bill provided for a 3% general wage adjustment in fiscal year 2026-27, state funding covers 70% of the cost, with the UWs required to pay for the remaining 30%. While the Board-approved budget request asked that the state fully fund the compensation increase, the enacted budget maintained the historic practice of a 70%/30% split between the state and UWs. In response to a question from Regent Walsh, VP Gordon confirmed that this arrangement has been in place for many years. VP Gordon confirmed Regent Nixon's understanding

that the proposed tuition increase would provide over \$48 million in revenue, at least \$30 million of which would support the revenue needed for the UW share of compensation increases.

Referring to external suggestions that the UWs suffer from an overabundance of administrative staff, Regent Nixon asked for confirmation that there are fewer employees at the comprehensive universities than previously. President Rothman confirmed that over the last 5-6 years, the comprehensives have over 1,000 fewer employees. Since 1993-94, the UWs have 1,200 fewer GPR-funded positions despite having similar student enrollments. He noted that the growth in total positions is largely related to increases in the research enterprise. Regent Nixon closed by acknowledging that he takes seriously the impact of tuition rate increases on students and families.

Regent Salzwedel noted that the cost difference between resident and nonresident tuition at UW-Madison is significantly larger for undergraduate tuition than for the graduate and professional schools, and asked if that presented an opportunity for additional revenue. VP Gordon responded that there is a competitive factor at the graduate and professional schools, and that a greater proportion of resident undergraduate education costs are supported by GPR funding. UW-Madison Vice Chancellor for Finance and Administration Rob Cramer agreed with VP Gordon's comments and added that the university follows rates at other institutions to ensure UW-Madison stays competitive.

Regent Walsh asked whether there was data to demonstrate the UWs' challenge in attracting and retaining faculty. VP Gordon responded that it can be difficult to determine the reason why a candidate declined a job offer or why an existing employee went elsewhere, but an attempt will be made to quantify that data. Regent Walsh suggested that capturing this information would provide leadership with a useful indicator. President Rothman added that while it is difficult to ascertain whether one chose not to apply due to an uncompetitive salary, it is likely that the UWs are in the long-term missing opportunities to attract some share of high-quality faculty and staff. Regent Nixon added that the availability of scholarship funding is an important factor on the student side.

Regent Rai shared that decisions on tuition increases are taken very seriously. He expressed appreciation for the increase in state support but noted that the budget as enacted requires UWs to contribute its \$30 million share of compensation increases.

VP Gordon then presented the UWs' preliminary 2025-26 annual operating budget. She stressed that because the state budget bill was enacted just the previous week, additional work is required to incorporate all new state revenue provided therein. The preliminary budget will provide university departments with budgets to manage against for the fiscal year that began on July 1, and a revised budget reflecting additional state investment will be brought to the Board for discussion and approval at a future meeting.

The preliminary budget for FY26 projects revenues and expenses of approximately \$7 billion, which are reductions of over 11%, largely attributable to the Workday-related transition to budgeting on an accrual basis, as well as anticipated changes in federal

funding for grants and indirect cost reimbursements. These factors account for significant reductions within federal financial aid, grants and contracts, federal indirect reimbursement, and general program operations.

Additional tuition and auxiliary revenues reflect rates increases, included those proposed for 2025-26. Tuition revenue also reflects anticipated enrollment changes and changes in the mix of students, such as resident versus nonresident. Increased expenses within these funds largely reflect increases in salaries and fringe benefits and inflationary pressures. A total of \$11.1 million in tuition balances is planned for one-time use, down from nearly \$35 million the previous year.

VP Gordon noted that the budget document also contains details on each of the universities, including the key factors that impact their revenue and expense budgets, their fundraising efforts, and the initiatives they are undertaking in support of the goals of the UW Strategic Plan.

All six of the universities that projected a structural deficit within the GPR/tuition fund in 2024-25 have eliminated their deficits, and no other university is projecting a GPR/tuition deficit for 2025-26.

Questions/comments on the preliminary budget: Regent Rai thanked all those involved in developing the preliminary budget. Regent Salzwedel also expressed appreciation for prior work done to address structural deficits. President Rothman gave credit to VP Gordon and her team and particularly the chancellors, chief business officers and others at each of the campuses who did great work and made difficult decisions to eliminate deficits. He stressed it is important not to forget that it is likely those deficits would still exist if employee compensation was paid at market rates. Regent Rai pointed out that the UW Strategic Plan called for structural deficits to be resolved by 2028, and that this goal was reached by 2026. In response to a question from Regent Nixon, VP Gordon clarified that the term “deallocation” is effectively a budget cut. She also clarified that the mechanics of accounting changes being made.

Motion to adopt Resolution D. 1. made by: Regent Salzwedel

Motion seconded by: Regent Walsh

Motion carried unanimously (voice vote)

Motion to adopt Resolution D.2. made by: Regent Nixon

Motion seconded by: Regent Walsh

Motion carried unanimously (voice vote)

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

Associate Vice President for the Office of Learning and Information Technology and Chief Information Officer Steven Hopper presented the status report on Large or High-Risk Information Technology Projects. The report covers eight major IT projects within the system, including two projects that were completed under budget since the last report

in February. For other projects still in progress, the report offers updates on their schedule, scope, and budget.

While the report was prepared prior to the July 7 go-live of the Administrative Transformation Program, AVP Hopper provided a status update, stating that the conversion was successful and that the major functionalities are operating correctly for the preponderance of users. He shared metrics being tracked on the project dashboard, described remaining issues and their planned resolution, and outlined key upcoming milestones. AVP Hopper expressed his thanks to all involved with the project.

Questions/Comments: Regent Rai thanked AVP Hopper for shepherding the UWs through the project on time and under budget. VP Gordon added her thanks to AVP Hopper for his leadership, and to the project's program director, Kevin Donahoe.

Motion to adopt made by: Regent Walsh

Motion seconded by: Regent Palzewicz

Motion carried unanimously (voice vote)

F. Cost-Benefit Analysis of Foundations and Associated Affiliated Organizations Report for Fiscal Year 2023-24

Associate Vice President for Finance Josh Smith presented the Cost-Benefit Analysis of Foundations and Associated Affiliated Organizations Report for fiscal year 2023-24. The report notes that 73 foundations and affiliated organizations supported the missions of the UWs during that period. The universities received a total of nearly \$527 million from primary fundraising foundations – a 31% increase from the previous year - while providing \$12.1 million in administrative support to these organizations.

Questions/comments: Regent Rai asked if benchmarks exist to compare the ratio of financial support received to administrative support provided, and observed the variance in that ratio among different organizations listed in the report. AVP Smith replied that administrative costs of 2% as reflected in the report compare favorably to many non-profit organizations, and that the variance in the report reflects differences in the size and type of organization. In response to a question from Regent Walsh, AVP Smith explained that the four organizations removed from the report include two that merged with their respective foundations, and two that no longer met the definition under the policy.

Regent Rai thanked Board leadership and Committee members for allowing and accommodating the additional time allotted for the meeting.

The meeting was adjourned at 11:58 am.

Respectfully submitted,

Brenda L. Joyce
Recording Secretary