

2003 Joint Committee on Audit

UW System

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Vote Record

Joint committee on Audit

Date: 2-5-03
Moved by: Jeskewitz Seconded by: Kerkman
Motion to UW-System

Be recommended for:

- Passage Adoption Confirmation Concurrence Indefinite Postponement
 Introduction Rejection Tabling Nonconcurrence

<u>Committee Member</u>	<u>Aye</u>	<u>No</u>	<u>Absent</u>	<u>Not Voting</u>
Representative Suzanne Jeskewitz	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Carol Roessler	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Robert Cowles	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Alberta Darling	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Gary George	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator David Hansen	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Dean Kaufert	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Samantha Kerkman	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative David Cullen	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Mark Pocan	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Totals:		<u>10</u>		



Presented to the Joint Legislative Audit Committee Hearing, October 6, 2004

May 3, 2002

Senator Carol Roessler
18th Senate District
P. O. Box 7882
Madison, WI 53707-7882

Representative Gregg Underheim
54th Assembly District
P. O. Box 8953
Madison, WI 53708-8953

Representative Terri McCormick
56th Assembly District
P. O. Box 8953
Madison, WI 53708-8953

Dear Senator Roessler, Representative Underheim, and Representative McCormick:

As our state now struggles to deal with serious fiscal challenges, we are encouraged by the leadership and the support that has been demonstrated on behalf of the University of Wisconsin Oshkosh. The combined efforts that the three of you make are magnified by the commitment and the concern that is shared by all of the members of our regional state legislative delegation as well as our Governor. We also see evidence of this same understanding by our elected leaders who work in Washington, D. C.

It is during times of challenge like this that our values and our priorities become evident as they are also sharpened. **During our last meeting, I promised to send you a letter with more current examples of how we continue to cut costs and align our very limited precious resources with our strategies and priorities for better serving our students and the State of Wisconsin.** I am pleased to relay this information at this time, because I think you will see the clear values and priorities that guide our University as well as all UW System Universities.

As you know, the UW System, including UW Oshkosh, has the leanest state university administrations in the country—one-half the national average. Furthermore, the number of UW System administrators has declined by 18% in the

last decade. As I have remarked on several occasions, if we are fat, we are the leanest fat people around. I'd like to share with you some of our strategies for achieving this level of efficiency.

In the last ten years, we have significantly reduced the number of key administrative positions at UW Oshkosh. Since 1991 we have reduced the number of administrators at the associate dean level and above by over 25%. The duties associated with these positions have been reassigned to other administrators. When asked to economize, we have consistently made the deepest in cuts in the administration rather than disproportionately reduce the number of professors in the classroom. (Nonetheless, over the same period, there are 800 fewer faculty system-wide serving 2,000 more students.)

Our already overextended yet outstanding faculty has responded to budget cutbacks by working harder and working smarter. For example, faculty have integrated their teaching commitments with their responsibilities for research, creative and public service projects by involving students in these exciting projects. (Please review the enclosed Oshkosh Northwestern editorial for some specific examples.) A significant number of faculty have also embraced new instructional technology with great enthusiasm. I am very proud of the fact that UW Oshkosh is the only system institution to receive five regents teaching awards. Through interdisciplinary collaboration in curriculum planning, faculty have been able to share resources across departmental boundaries and thereby eliminate wasteful duplication. I would be more than happy to provide you with countless other examples of how our outstanding faculty are using precious, limited, and declining resources in creative ways. **However, I remain very concerned that the continued overextension of our faculty will have very negative impacts on their future effectiveness.**

Now I would like to bring to your attention a representative sampling of the many **cost containment strategies** recently implemented on our campus.

We have streamlined our purchasing procedures by adopting the use of procurement cards for small ticket items. In this way, we have been able to eliminate the equivalent of two positions in our purchasing and accounts payable departments by transferring processing costs to the procurement card company.

Much of our purchasing is done through state contracts so that we can take advantage of volume discounts negotiated by the State of Wisconsin Department of Administration. For example, we make ample use of the very favorable contract with Boise Cascade for most of our office supplies. Since this is a non-exclusive contract, we can also take advantage of "loss leader" specials at our local office supply stores when a needed item is available at a better price than through the state contract.

We are in the process of replacing two hundred light poles at our campus in order to gain utility cost efficiencies, address campus safety issues, and provide a more aesthetically pleasing presentation of our buildings and grounds. Rather than

purchasing new equipment at a cost of \$2,500 per pole, we are recycling the old poles and retrofitting them with new fixtures for about \$800 each. **By the time this project is completed we will have realized total savings of over \$300,000, not to mention the utilities cost savings.**

I might also mention that we partner with other state agencies. We regularly submit purchase orders for furniture and signage to Badger State Industries, so that we can support the entrepreneurial activities of our prison system.

True to the adage that if you watch the pennies the dollars will take care of themselves, we encourage our employees to offer suggestions for even the smallest cost-containment strategies. We take all such suggestions seriously. For example, a team of facilities workers developed a scheme for modifying defective door systems; this was done at one-fifth the cost of off-the-shelf components. We are always looking for ways to better utilize the resources entrusted to us, and we would appreciate any ideas that you (or your constituents) might have to help us in this regard. We will certainly follow-up on your suggestions.

Our recently adopted strategic plan indicates that in addition to improving cost effectiveness, we are aligning our resources to fit our priorities. To this end, we have recently made three significant reallocations: 1) \$100,000 has been reassigned to the student advisement function to support in part the employment of two additional student advisors and establish a more efficient and effective Student Advising Center; 2) due to the elimination of one academic program, funding for two full-time faculty positions was transferred from one college into the College of Education and Human Services to prepare an additional 50 future teachers; 3) we are planning to move funds into the College of Nursing in response to the growing market demand for health-care workers.

In addition to keeping our own house in order, we have recently established the Northeast Wisconsin Education Resource Alliance (NEW ERA) to promote economic growth and other program and service collaborations in our part of the state. As described in the attached letter to President Lyall and President Carpenter, NEW ERA is a consortium made up of all public post-secondary educational institutions throughout our region. One of our major collaborative initiatives involves a plan to bring the industrial and technological expertise of our sister technology and engineering institutions on the western side of the state (UW Stout and UW Platteville) to support the needs of our heavily industrialized part of the state. In the past, we might have sought to unnecessarily duplicate these services; through NEW ERA we can leverage the existing resources with new resources and provide critically needed educational services while saving the State millions upon millions of dollars. Please review the attached letter for more examples of current and future collaborative initiatives among NEW ERA institutions.

There is little question that we are significantly under-funded, especially given the increased demand for our services. While potential additional state funding cuts would result in significant harm to our institution and Wisconsin's future by reducing student

access and success, we nonetheless will continue to do our very best with the remaining precious resources as is evidenced by the examples presented in this letter. However, we will be required to reduce the number of students and citizens served because access without quality is no access at all.

Given the scope and substance of this letter, it should be clear that the faculty, staff, students and administration at the University of Wisconsin Oshkosh are using the occasion of the current fiscal stress as basis to revisit and reassert our values and our priorities. The commitment we have to providing service to our students in a cost-effective and efficient manner permeates every decision that we make.

We remain confident that you and your colleagues at the state level – and your counterparts at the federal level – will continue do your very best, as well, during these difficult times. Please let us know if we can provide any additional information or if we can be of any further assistance as you represent our interests in Madison. I close with my personal thanks for the tremendously valuable leadership and public service that you are providing as members of the state legislature.

Sincerely,



Richard H. Wells
Chancellor

Cc: Governor Scott McCallum
Senator Michael Ellis
Representative Dean Kaufert
Representative Luther Olsen
Representative Carol Owens
Representative John Townsend
Senator Robert Welch
Representative Steven Wieckert
Senator Russ Feingold
Senator Herb Kohl
Representative Tom Petri
President Jay Smith, UW System Board of Regents
President Katharine Lyall, UW System

Cc: Oshkosh Northwestern Editorial
Letter to President Katharine Lyall and President Richard Carpenter re NEW ERA

EDITORIAL

UW-Oshkosh gaining national reputation for research, teaching

It was not that many years ago that the University of Wisconsin-Oshkosh chaffed at being known regionally, with some derision, as UW-Zero.

My, how times have changed.

A Sunday story in the Oshkosh Northwestern by reporter Eric Bradley detailed some pretty phenomenal research projects done in the name of fighting bioterrorism under the auspices of biology professor Teri Shors. Students are researching whether compounds can create anti-viral medications. Later this year researchers in Germany will study the novice scientists' work further.

This is the kind of project that a Big Ten university often receives – not a mid-sized state university

My, how times have changed.

campus in the nation's heartland. What distinguishes this university from others is that it has learned how to carve out niches of excellence, knowing full well that those new branches of research earn it a reputation for innovation.

Consider the work of Edward T. Linenthal. The religious studies and American culture professor isn't just a familiar face on campus. His expertise on American mourning and memorials have made him a prominent source for national news outlets. Such regard shows UWO as a campus where true teachers can excel in the classroom and still enjoy a level of prominence like their counterparts at institutions with more prestigious reputations.

Indeed, in a world where students at larger campuses can graduate after instruction solely by teacher assistants, the access at UWO to teachers who both research and teach is something, well, for the books. One person doing just this is Michael Briley, an astronomer and physicist, who has received a National Science Foundation grant for a partnership that pairs up students with major national telescopes. This value to a newly-confirmed astronomer is invaluable.

Consider, too, the value of what UWO geologist Timothy Paulsen may offer on the three-year grant from the National Science Foundation Office of Polar Programs after he studies why Antarctica lacks earthquakes. All of his research will reflect credentials of UW-Oshkosh as his home, an indirect advertisement of the unique missions this university embraces.

Although it is plausible the third most-populous university in the state is bound to have noteworthy researchers, the point is that UWO emphasizes researchers having classroom contact with students.

Indeed, there's no such thing as "just another university" at UW-Oshkosh.

■ **The Final Thought:** Research by instructors Shors, Linenthal, Paulsen and Briley reinforce UW-Oshkosh as a mid-size university where students can interact with their teacher-researchers.



State of Wisconsin \ LEGISLATIVE AUDIT BUREAU

JANICE MUELLER
STATE AUDITOR

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(608) 266-2818
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Leg.Audit.info@legis.state.wi.us

DATE: January 27, 2003

TO: Senator Carol A. Roessler and
Representative Suzanne Jeskewitz, Co-chairpersons
Joint Legislative Audit Committee

FROM: Janice Mueller
State Auditor

SUBJECT: Proposed Review of Administrative Expenditures and Staffing in the
University of Wisconsin System—Background Information

At your request, we have gathered background information the Joint Legislative Audit Committee may find useful in considering a review of administrative expenditures and staffing in the University of Wisconsin System.

The University of Wisconsin (UW) System, which includes 13 university campuses, 13 two-year colleges, the University of Wisconsin Extension, and System Administration, operates with a budget of approximately \$3.5 billion in fiscal year (FY) 2002-03; general purpose revenue (GPR) support totals \$1,080.5 million (31.2 percent), federal funds total \$624.7 million (18.0 percent), tuition and fees total \$625.0 million (18.1 percent), self-supporting auxiliary operation funds total \$565.0 million (16.3 percent), income from gifts and trusts total \$387.0 million (11.2 percent), and operating receipts total \$178.4 million in support (5.2 percent). The 26 campuses enrolled 133,701 full-time equivalent students in 2001-02 and about 261,000 citizens were served in Extension continuing education programs. The UW System employs almost 30,000 full-time equivalent employees.

In October 2002, in response to a request from the Speaker's Task Force on State Budget Review, the University of Wisconsin System President prepared and presented a report on budget and staffing issues for legislative consideration. The report contained historical data, comparisons with peer institutions, and information on both efficiencies and cost savings achieved in recent years, as well as areas in which additional efficiencies could be achieved with appropriate legislative action.

As with other state supported services, since FY 1992-93 the UW System has managed in an environment of enrollment changes, technological advances, and funding shifts. Enrollment has also fluctuated since then. While legislators note that GPR support has grown from \$796.1 million in 1992-93 to \$1,080.5 million in 2002-03, the UW System reports challenges in meeting student needs with the available GPR support.

While technological advances may have made possible some instructional efficiencies, some legislators have questioned whether efficiencies have been gained in administrative staffing and

service delivery. A review of administrative expenditures and staffing for the past five years in the UW System could include:

- an analysis of administrative staffing levels at each campus and in System Administration;
- salary and fringe benefit expenditures for administrative staff;
- the current status of administrative efficiencies reported to the Board of Regents as a result of operating flexibilities that the UW System has gained as a result of legislative action;
- expenditures for administrative contractual services; and
- an overview of budget management strategies currently under consideration among peer institutions in other states.

If you have any additional questions regarding this review, please contact me.

JM/JG/KW/bm

cc:	Senator Robert Cowles	Representative Samantha Kerkman
	Senator Alberta Darling	Representative Dean Kaufert
	Senator Gary George	Representative David Cullen
	Senator Dave Hansen	Representative Mark Pocan

Katharine C. Lyall, President
University of Wisconsin System

Guy Gottschalk, President
University of Wisconsin Board of Regents



JULIE LASSA

STATE SENATOR

I am troubled by the recent audit of the University of Wisconsin System staffing and agree with those who claim it compares "apples to oranges". As policymakers, we must ensure that state funding is used efficiently, but I find it difficult to discern where the University System stands in relation to other top university systems because of the categories the Audit Bureau chose to use. Because the categorizations of university staff that LAB used differ from nationally accepted guidelines such as the National Association of College and University Business Officers, it makes it difficult to use the audit as a litmus test to ensure that the UW remains competitive.

At a time when we are concerned about growing Wisconsin's economy, we need to consider the effect that higher education has on economic growth. We need to stop looking at the university as a way to solve Wisconsin's budget deficit through cutting its funding, and start looking at it as a catalyst for economic development. According to the U.S. Census Bureau, Wisconsin ranks 36th in the nation with residents with four-year college degrees.

According to Postsecondary Education Opportunity, Wisconsin lost 70,915 people from "brain drain" between 1989 and 2000. The same study shows that only 14 states had a larger loss during that same time. We need to ensure that our university is well funded and produces graduates with a strong knowledge base to grow our economy instead of encouraging them to move to Chicago or Minneapolis. The more educated and trained people Wisconsin retains, the more attractive we will be to businesses. On the other hand, if we continue to cut university funding, we lose valuable faculty and researchers, and lose our potential for economic growth.

The University of Wisconsin Stevens Point, which is located in my district, has been on the path to a leaner, more cost efficient public university since the late 1980's and has absorbed almost \$6.5 million in budget cuts since the early 1990's. They have been forced to eliminate over 28 FTE positions from their payroll, and have managed to remain very competitive with their peers. At UWSP, 44.3% of the budget is devoted to instruction, which is 8% better than the national average. 6.6% of their budget is devoted to institutional support, which is 3.4% better than the national average. The institution's student services makes up 11.5% of their budget, which is 5% better than the national average.

Again, I would urge the committee to take into account the University System's impact on economic growth in Wisconsin and not burden it, like we did during the current legislative session, with a huge budget cut.

Why is there such variation among the campuses, even in your definition of Institutional Support? For example, Eau Claire is at 6.9% but La Crosse is at 4.0%. Parkside is at 8.7% and Milwaukee is at 4.8%.

There is some concern about the particular positions LAB has included in its definition. If the University has already labeled a position as "management" in the annual report to the Legislature, why should that position not be considered "administrative?"

In thinking about for-profit businesses, nonprofits, and public sector agencies, administrative overhead is the phrase attached to employees neither delivering the core service, nor directly working to produce the good to be taken to market. While these employees carry out critical functions, they are not "line workers." This might include IT staff, word processing operators, and staff in the accounts payable/receivable departments. Why wouldn't this same approach apply in higher education?

I've heard some concern about comparing the number of higher salaried managers at the UW with the number of higher salaried employees in the rest of state government.

- If UW represents about 44% of the state government workforce and just over 52% of all authorized GPR positions, why not?
- If managers in the other agencies are responsible for managing large federal grants along with GPR, and for service delivery to a large number of state tax payers, why wouldn't a comparison be appropriate?

Please explain why so few students actually graduate from the UW System (see table 1 and table 2).

Concern: Comparisons with peers are critical and so the LAB analysis is of limited value.

- An independent look at the application of industry standards is a good idea.
- Look at the range of Institutional Support at the peers in Appendix 5. Either UW has hired superb managers at salaries “below market” or the other public universities don’t feel the same public pressure and fiscal constraints as the UW.
- Look at the range of Institutional Support reported by the campuses in Appendix 1. Why are administrative costs 4% at La Crosse but 6.9% at Eau Claire?

Concern: LAB’s definition of “administrative staff” included people that have direct contact with students and all supervisors.

- Any position coded by the university as “management” was included in our definition.
- We included “clerical and secretarial positions” if they worked in Student Services, or Instruction, or Research, or anywhere else.
- No one whose job title is “advisor” was counted as administrative.
- No Teaching Assistants are included in our definition of administrative staff.
- Adjunct Faculty are not counted as administrative.
- IS/IT professionals are not counted as administrative (unless they were “management” positions).

Concern: It’s inappropriate to compare the number of higher salaried managers at the UW with the number of higher salaried employees in the rest of state government.

- If UW represents about 44% of the state government workforce and just over 52% of all authorized GPR positions, why not?
- If managers in the other agencies are responsible for managing large federal grants along with GPR, and for service delivery to a large number of state tax payers, why wouldn’t a comparison be appropriate?

Concern: The number of UW employees supported with state tax dollars (GPR) is lower today than it was in 1986.

- This may be appropriate as the number of FTE students was lower in 2003-04 (135,798) than it was in 1985-86 (139,134).
- The rate of growth in non-GPR funding sources has outpaced the growth rate of GPR, thereby shifting the overall funding balance in the system. See p.14, Table 3 and Figure 3.

Recommendations

Our report also includes recommendations for UW System to:

1. provide the Legislature with complete periodic reports on executive salaries, fringe benefits, and cash and noncash compensation from outside sources (*p. 50*);
2. provide all UW institutions with guidance in coding contractual expenditures in their accounting records to ensure accuracy and consistency (*p. 59*);
3. seek statutory changes to streamline and improve its position reporting in order to ensure accuracy, transparency, and timeliness in reporting the number and types of UW System positions (*p. 63*); and
4. report to the Joint Legislative Audit Committee by February 1, 2005, on its administrative staffing and service delivery costs by institution, and provide specific proposals to reduce administrative expenditures and increase operating efficiencies in the 2005-07 biennium (*p. 69*).

- **Welcome** to the Joint Legislative Audit Committee hearing on the UW System Staffing audit.
- I want to remind everyone that wants to register or testify to fill out a **hearing slip** found in either of the two hallways. Please fill the slip out completely.
- I recommend having **written testimony** if you are speaking and the pages can help you with copies and distribution to committee members...maybe identify who the pages are...I believe it will be Erin and Sherab from 9-10 then Adam will come in for Sherab
- Clerk will **call the roll**
 - KA does roll call
- **Overview of the audit**
 - 26 campuses (13 university campuses and 13 two-year colleges) and an extension service providing instruction, research, and public service statewide
 - Governed by 17-member Board of Regents and directed by the UW System President.
 - Current biennial budget is \$7.1 billion.
 - Funding sources are:
 - Program revenue (Tuition and fees)
 - Federal revenue (Includes research)
 - General purpose revenue (GPR) - \$1.9 billion 03-05 biennium
 - LAB evaluated:
 - staffing levels throughout UW System, including changes in administrative staffing from FYs 97-98 through FY 03-04
 - staffing costs, including salaries for classified and unclassified staff and executive salaries; and
 - contractual services, including expenditures for administrative services provided by contractors and amounts spent by individual UW System campuses.
- There are several **projector screens** in this room that are not working. The projector screens that are not working are the side screens that are best viewed by the audience. Thus, I would like to ask anyone who would like a hard copy of the Legislative Audit Bureau's slide presentation to raise your hand. And the pages (Erin and Sherab) will distribute this packet while Janice Mueller, State Auditor, and Kate Wade, Program Evaluation Director, come up to testify
- Following the State Auditor will be **President Reilly**, UW-Oshkosh **Chancellor Wells** and Board of **Regents President Marcovich**.

— Red paper = ask State Auditor Janice Mueller LAB to come back up
 — Green paper = go on to next testimony
 Order: board of regents, chancellors, administrative, public, etc.

Plale -
10:30



Office of the President

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FEB 03 2003

January 30, 2003

Senator Carol Roessler
Co-chairperson
Joint Legislative Audit Committee
P.O. Box 7882
Madison, Wisconsin 53707-7882

Dear Senator Roessler:

This is to confirm that I will attend the Joint Legislative Audit Committee hearing on February 5, 2003 and be pleased to provide any information or comments that might assist the committee at that time. It is my intent to bring with me our Vice President for Finance, Deborah Durcan, and our Director of Internal Audits, Ron Yates. If this is not acceptable, please let me know.

Sincerely,

Katharine C. Lyall
President

KCL/nw



State of Wisconsin \ LEGISLATIVE AUDIT BUREAU

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March 25, 2003

MAR 26 2003

Mr. Guy A. Gottschalk, President
Board of Regents
University of Wisconsin System
1860 Van Hise Hall
Madison, Wisconsin 53706

Ms. Katharine C. Lyall, President
University of Wisconsin System
1720 Van Hise Hall
Madison, Wisconsin 53706

Dear President Gottschalk and President Lyall:

We have completed our financial audit of the University of Wisconsin (UW) System for the year ended June 30, 2002. On January 10, 2003, we issued an unqualified auditor's report on the fair presentation of the fiscal year 2001-02 financial statements and notes, which are included in the University of Wisconsin System's 2002 annual report.

As provided for in *Government Auditing Standards*, we are also furnishing you with the auditor's report on compliance and internal control over financial reporting. In this report, we indicate that, in our opinion, UW System's financial statement compilation process represents a material weakness. The compilation process did not accurately capture financial activity under the new reporting standards that were implemented in fiscal year 2001-02 and material audit adjustments were necessary.

We appreciate the courtesy and cooperation extended to us by UW System staff during the audit.

Sincerely,

Janice Mueller
State Auditor

JM/JG/bm

Enclosure

cc: ✓ Senator Carol Roessler
Senator Robert Cowles
Senator Alberta Darling
Senator Gary George
Senator Dave Hansen

Representative Suzanne Jeskewitz
Representative Samantha Kerkman
Representative Dean Kaufert
Representative David Cullen
Representative Mark Pocan

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

We have audited the general purpose financial statements of the University of Wisconsin (UW) System as of and for the year ended June 30, 2002, and have issued our report thereon dated January 10, 2003. The financial statements and related auditor's opinion are included in UW System's 2002 annual report. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether UW System's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered UW System's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention related to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect UW System's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

We believe that UW System's financial statement compilation process represents a reportable condition because it did not appropriately summarize UW System's activities, in accordance with new reporting standards implemented in fiscal year 2001-02. UW System's compilation process is complex and does not easily accommodate changes in reporting requirements. As a result, material adjustments were necessary and financial reporting deadlines were missed. We also consider identified instances of excessive access to UW System's accounting systems, including excessive access of computer programmers, as a reportable condition since such access may result in inaccurate and unreliable financial information.

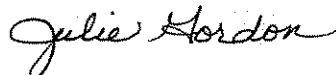
A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition related to UW System's compilation process described above to be a material weakness. We also noted other matters involving the internal control over financial reporting, which we have reported to the management of UW System in separate letters.

This independent auditor's report is intended for the information and use of UW System's management, the Board of Regents, and the Wisconsin Legislature's Joint Legislative Audit Committee. This independent auditor's report, upon submission to the Joint Legislative Audit Committee, is a matter of public record and its distribution is not limited. However, because we do not express an opinion on compliance or provide assurance on internal control over financial reporting, this report is not intended to be used by anyone other than these specified parties.

LEGISLATIVE AUDIT BUREAU

January 10, 2003

by



Julie Gordon
Audit Director



WISCONSIN STATE LEGISLATURE

Joint Audit Committee

Committee Co-Chairs:
State Senator Carol Roessler
State Representative Suzanne Jeskewitz

April 21, 2003

Mr. Guy A. Gottschalk, President
Board of Regents
University of Wisconsin System
1860 Van Hise Hall
Madison, Wisconsin 53706

Ms. Katherine C. Lyall, President
University of Wisconsin System
1720 Van Hise Hall
Madison, Wisconsin 53706

Dear President Gottschalk and President Lyall:

In January 2003, the University of Wisconsin (UW) System received an unqualified auditor's opinion on its fiscal year (FY) 2001-02 financial statements. This is a significant accomplishment for which we commend you and your staff. However, as part of the FY 2001-02 audit, the Legislative Audit Bureau, UW System's independent auditor, also issued the auditor's report on compliance and internal control over financial reporting. In that report, the Audit Bureau indicated that, in its opinion, UW System's financial statement compilation process represented a material weakness. In other words, the Audit Bureau believed that UW System's internal controls did not sufficiently reduce the risk of material errors or noncompliance.

In their March 25, 2003 report, the Audit Bureau stated that a new reporting model implemented in FY 2001-02 made the compilation process more difficult than in prior years. However, the Audit Bureau noted that UW System's compilation process did not easily accommodate the necessary changes and, as a result, material audit adjustments were needed and financial reporting deadlines were missed.

Audit Bureau staff have informed us that UW System has already taken corrective action by beginning to restructure its compilation process and anticipates significant changes to the process when it prepares the FY 2002-03 financial statements. To ensure UW System's financial activities are accurately reported in the future, we encourage you to continue with these efforts and consult with the Audit Bureau as you proceed.

The Joint Legislative Audit Committee looks forward to working with you in the future as you address this and other important financial management issues.

Sincerely,

Senator Carol A. Roessler, Co-chair
Joint Legislative Audit Committee

Representative Suzanne Jeskewitz, Co-chair
Joint Legislative Audit Committee

cc: Members of the University of Wisconsin Board of Regents
Members of the Joint Legislative Audit Committee
Janice Mueller, State Auditor



State of Wisconsin \ LEGISLATIVE AUDIT BUREAU

JANICE MUELLER
STATE AUDITOR

22 E. MIFFLIN ST., STE. 500
MADISON, WISCONSIN 53703
(608) 266-2818
(608) 267-0410
gis.state.wi.us

July 9, 2003

UW Div. of
Info Techn

Senator Carol A. Roessler and
Representative Suzanne Jeskewitz, Co-chairpersons
Joint Legislative Audit Committee
State Capitol
Madison, Wisconsin 53702

Dear Senator Roessler and Representative Jeskewitz:

We have completed a data center control review of the University of Wisconsin (UW)-Madison Division of Information Technology as part of our responsibilities for evaluating the control environment for the financial and federal compliance audits of UW System and for our state audit requirements under s. 13.94(1)(b), Wis. Stats.

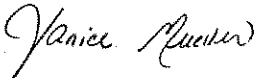
The Division provides a variety of information systems services to UW System Administration and various schools within UW-Madison. One important function is the maintenance and operation of the servers used to process critical applications that include the UW-Madison student information system and the UW System accounting system. Another important function is the maintenance and operation of the UW-Madison mainframe, where other critical applications, including the UW System payroll system, are processed. Our review was limited to the controls over server data processing, which provide assurance that information processed on these platforms is accurate and reliable. We also followed up on concerns related to the mainframe platform that were identified during our prior review. However, we did not perform any specific testing of mainframe controls, as this platform is set to be decommissioned in the future and the applications running on this platform are being migrated to the server environment.

Our review found the Division has established a well-controlled computing environment. However, we identified several areas in which it could further improve controls, including program change controls, data security, management of electronic data, disaster recovery, and physical security. We have detailed our concerns and included a number of recommendations for improvements in a separate management letter sent to the Division. For example, we noted that the lack of independent review over changes made to the server-based applications could lead to inappropriate changes being made. These changes could have an adverse impact on the information processed and created by these applications, including files that are used to generate checks. The Division generally agrees with our recommendations and has identified plans to implement improvements.

Senator Carol A. Roessler and
Representative Suzanne Jeskewitz, Co-chairpersons
Page 2
July 9, 2003

We appreciate the courtesy and cooperation extended to us by the UW-Madison Division of Information Technology and its staff. If you have any questions regarding our work in this area, please contact me.

Sincerely,



Janice Mueller
State Auditor

JM/JG/bm

cc: Senator Robert Cowles
Senator Alberta Darling
Senator Gary George
Senator Jeffrey Plale

Representative Samantha Kerkman
Representative Dean Kaufert
Representative David Cullen
Representative Mark Pocan

Ms. Annie Stunden, Director and Chief Information Officer
Division of Information Technology

Ms. Deborah Durcan, Vice President of Finance
University of Wisconsin System Administration

Asbjornson, Karen

From: Asbjornson, Karen
Sent: Friday, September 05, 2003 2:37 PM
To: Asbjornson, Karen
Subject: FW: Executive Salary Action



US News rankings
2004_.doc



Executive Salaries
fact sheet...

Karen Asbjornson
Office of Senator Carol Roessler
(608) 266-5300/1-888-736-8720
Karen.Asbjornson@legis.state.wi.us

-----Original Message-----

From: Linda Ruiz [mailto:lruiz@uwsa.edu]
Sent: Friday, September 05, 2003 2:29 PM
To: Scott Fitzgerald; Dale Schultz; Russell Decker; Theodore Kanavas; Robert Welch; Mary Lazich; Sheila Harsdorf; Gwendolynne Moore; Roger Breske; Chuck Chvala; Alan Lasee; Robert Cowles; Tim Carpenter; Tom Reynolds; Gary George; Jeffrey Plale; Alberta Darling; Joseph Leibham; Neal Kedzie; Judy Robson; Carol Roessler; Michael Ellis; Mary Panzer; Cathy Stepp; Robert Wirch; David Zien; Julie Lassa; Robert Jauch; Fred Risser; Jon Erpenbach; Dave Hansen; Ronald Brown; Mark Meyer; Garey Bies; Frank Lasee; Alvin Ott; Phil Montgomery; Becky Weber; John Ainsworth; Peggy Krusick; Pedro Colón; Josh Zepnick; Annette Williams; Johnnie Morris; Shirley Krug; David Cullen; Leah Vukmir; Tony Staskunas; Leon Young; Spencer Coggs; Lena Taylor; Jon Richards; Christine Sinicki; traci.peloquin@legis.state.wi.us; Sheldon Wasserman; Curtis Gielow; Suzanne Jeskewitz; Bob Ziegelbauer; Terry Van Akkeren; Steve Kestell; Mark Pettis; Joe Plouff; Kitty Rhoades; Stephen Nass; Thomas Lothian; Daniel Vrakas; Dan Meyer; Donald Friske; Lorraine Seratti; David Ward; Steven Foti; Jeff Fitzgerald; Jean Hundertmark; Luther Olsen; Jake Hines; Debbi Towns; Wayne Wood; Dan Schooff; Tom Hebl; Eugene Hahn; Mark Miller; Gabe Loeffelholz; Sheryl Albers; Stephen Freese; John Townsend; Carol Owens; Gregg Underheim; Dean Kaufert; Terri McCormick; Steve Wieckert; Glenn Grothman; Daniel LeMahieu; Robert Turner; John Lehman; Bonnie Ladwig; James Kreuser; John Steinbrink; Samantha Kerkman; Jeffrey Wood; Larry Balow; Scott Suder; Amy Sue Vruwink; .; Marlin Schneider; Frank Boyle; Gary Sherman; Mary Hubler; Terese Berceau; Spencer Black; Mark Pocan; Sondy Pope-Roberts; Michael Powers; David Travis; Jeffrey Stone; Scott Gunderson; Mark Gundrum; Gregory Huber; Jerry Petrowski; Mary Williams; Judy Krawczyk; John Gard; Karl Van Roy; Barbara Gronemus; Terry Musser; Robin Kreibich; Michael Huebsch; Jennifer Shilling; DuWayne Johnsrud; Ann Nischke; Scott Jensen; Michael Lehman; Mark Gottlieb; Scott Fitzgerald; Dale Schultz; Russell Decker; Theodore

Kanavas; Robert Welch; Mary Lazich; Sheila Harsdorf; Gwendolynne Moore;
Roger Breske; Chuck Chvala; Alan Lasee; Robert Cowles; Tim Carpenter;
Tom Reynolds; Gary George; Jeffrey Plale; Alberta Darling; Joseph
Leibham; Neal Kedzie; Judy Robson; Carol Roessler; Michael Ellis; Mary
Panzer; Cathy Stepp; Robert Wirch; David Zien; Julie Lassa; Robert
Jauch; Fred Risser; Jon Erpenbach; Dave Hansen; Ronald Brown; Mark
Meyer; Peggy Krusick; Jon Erpenbach
Subject: Executive Salary Action

Dear Legislators:

A resolution was passed by the Board of Regents this week related to UW executive salary ranges. This resolution adjusts salary ranges to reflect the competitive market, per Regent responsibility outlined in the statutes (s.20.923(4g)). No salary increases were awarded at this meeting. A Fact Sheet regarding Regent action this week is attached.

The range adjustments are coming at this time because the UW System has just lost two highly regarded Chancellors at UW-Milwaukee and UW Stevens Point and the searches to fill these positions are about to begin, thus competitive pay ranges needed to be established to notice the job openings and requirements.

The investment made in UW institutions, pays off in quality. As recently reported in US News five of the ten best regional universities are UW System institutions, and UW Madison was ranked the 7th best public institution in the nation (see release attached). If you have further questions about this issue please let me know.

Margaret Lewis
Assoc. VP, UW System
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Madison, WI 53706
608-262-4464
FAX 608-262-3985
email: mlewis@uwsa.edu



University Relations

1700 Van Hise Hall, 1220 Linden Drive
Madison, Wisconsin 53706
Phone (608) 263-5512 Fax (608) 265-3260
<http://www.wisconsin.edu>

NEWS RELEASE

FOR IMMEDIATE RELEASE
Aug. 22, 2003

Contact: Erik Christianson
(608) 262-5061

UW campuses earn high marks in U.S. News college rankings

MADISON—University of Wisconsin System campuses scored high in the rankings included in the "2004 America's Best Colleges" guidebook, published by U.S. News and World Report.

Five UW System campuses are listed among the top 10 best Midwestern master's level public universities, including UW-Eau Claire and UW-La Crosse, which are tied for third; UW-Stevens Point, ranked sixth; and UW-Green Bay and UW-Whitewater, tied for 10th.

Among all master's level Midwestern universities, UW-Eau Claire and UW-La Crosse are tied for the 26th best, while UW-Stevens Point is ranked 30th.

The system's flagship campus, UW-Madison, is ranked 7th on the guidebook's list of the best public doctoral universities and 32nd among all national universities.

Other rankings show that UW-Platteville is tied for the fifth-best industrial/manufacturing engineering specialty among all master's level universities nationwide. The Platteville campus ranks 33rd best nationally for engineering programs at non-doctoral universities.

"These rankings reaffirm the exceptional quality of Wisconsin's public system of higher education and its campuses," said Linda Weimer, UW System vice president for university relations. "They also underscore why public investment in the UW System is so critical and so worthwhile."

Under "Programs to Look For," the guidebook notes the undergraduate research/creative projects programs at UW-Eau Claire and UW-Madison. The first-year experience, learning communities and study abroad programs at UW-Madison are also highlighted.

U.S. News and World Report weighed campuses using several criteria: peer assessment of academic reputation, retention of students, faculty resources, student selectivity, financial resources and alumni giving. Graduation rates were included for national universities and liberal arts colleges.

More detailed rankings are available at the U.S. News and World Report website:

<http://www.usnews.com>.

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FACT SHEET ON
REGENT ACTION TO ADJUST UW SYSTEM
EXECUTIVE SALARY RANGES

- State statutes require that the UW Board of Regents annually set salary ranges for UW senior executives. The board met and adjusted these ranges on Tuesday, September 2.
- No executive salary raises were awarded at the September meeting. The goal was to set ranges so that searches could go forward for new chancellors at the UW-Milwaukee and UW-Stevens Point campuses.
- Thirty-five people of the university's 28,000 employees are in the executive salary program.
- There are nine ranges, two of which are established by the legislature's Joint Committee on Employment Relations. Of the remaining seven, two ranges were lowered and five were raised to reflect peer market salaries.
- UW System President Lyall and UW-Madison Chancellor Wiley, the UW senior vice presidents and the vice chancellors would not qualify for any pay increases.
- UW executives received no salary increases last January when UW faculty and staff received increases.
- The standard Regent meeting notification was followed, adhering to open meeting requirements.

Asbjornson, Karen

From: Linda Ruiz [lruiz@uwsa.edu]

Sent: Wednesday, September 10, 2003 11:15 AM

To: Garey Bies; Frank Lasee; Alvin Ott; Phil Montgomery; Becky Weber; John Ainsworth; Peggy Krusick; Pedro Colón; Josh Zepnick; Annette Williams; Johnnie Morris; Shirley Krug; David Cullen; Leah Vukmir; Tony Staskunas; Leon Young; Spencer Cogg; Lena Taylor; Jon Richards; Christine Sinicki; traci.peloquin@legis.state.wi.us; Sheldon Wasserman; Curtis Gielow; Suzanne Jeskewitz; Bob Ziegelbauer; Terry Van Akkeren; Steve Kestell; Mark Pettis; Joe Plouff; Kitty Rhoades; Stephen Nass; Thomas Lohian; Daniel Vrakas; Dan Meyer; Donald Friske; Lorraine Seratti; David Ward; Steven Foti; Jeff Fitzgerald; Jean Hundermark; Luther Olsen; Jake Hines; Debbi Towns; Wayne Wood; Dan Schooff; Tom Hebl; Eugene Hahn; Mark Miller; Gabe Loeffelholz; Sheryl Albers; Stephen Freese; John Townsend; Carol Owens; Gregg Underheim; Dean Kaufert; Terri McCormick; Steve Wueckert; Glenn Grothman; Daniel LeMahieu; Robert Turner; John Lehman; Bonnie Ladwig; James Kreuser; John Steinbrink; Samantha Kerkman; Jeffrey Wood; Larry Balow; Scott Suder; Amy Sue Vruwink; ; Marlin Schneider; Frank Boyle; Gary Sherman; Mary Hubler; Terese Berceau; Spencer Black; Mark Pocar; Sindy Pope; Roberts; Michael Powers; David Travis; Jeffrey Stone; Scott Gunderson; Mark Gundrum; Gregory Huber; Jerry Petrowski; Mary Williams; Judy Krawczyk; John Gard; Karl Van Roy; Barbara Gronemus; Terry Musser; Robin Kreibich; Michael Huebsch; Jennifer Shilling; DuWayne Johnsrud; Ann Nischke; Scott Jensen; Michael Lehman; Mark Gottlieb; Scott Fitzgerald; Dale Schultz; Russell Decker; Theodore Kanavass; Robert Welch; Mary Lazich; Sheila Harsdorf; Gwendolynne Moore; Roger Breske; Chuck Chvala; Alan Lasee; Robert Cowles; Tim Carpenter; Tom Reynolds; Gary George; Jeffrey Plale; Alberta Darling; Joseph Leibham; Neal Kedzie; Judy Robson; Carol Roessler; Michael Ellis; Mary Panzer; Cathy Stepp; Robert Wirch; David Zien; Julie Lassa; Robert Jauch; Fred Risser; Jon Erpenbach; Dave Hansen; Ronald Brown; Mark Meyer

Subject: UW System Executive Salaries

TO: All Legislators

FROM: Margaret Lewis

RE: UW System Executive Salaries

Please see the attached press release indicating that no salary increases have been granted to any UW System executives. **IF** any increases are recommended, it will not be until President Katharine Lyall reviews the report from national consultants on this issue with the Board of Regents at their regularly scheduled October meeting in Oshkosh.

Linda Ruiz
University Relations
UW System
608-262-4463
Fax 608-262-3985
lruiz@uwsa.edu

09/10/2003

Statement on LAB Audit of UW System Staffing
Kevin P. Reilly
President, University of Wisconsin System
Friday, September 17, 2004

“My colleagues and I appreciate the significant amount of time and effort that Jan Mueller and her colleagues at the Legislative Audit Bureau invested in conducting and completing this evaluation. The LAB did this review in a very thoughtful, thorough and professional manner. We will use this study, coupled with the Board of Regents’ recently completed study, “Charting a New Course for the UW System,” in our ongoing efforts to improve our administrative processes and to operate more efficiently.

“It is a priority of my presidency to make sure that we operate as efficiently and as openly as possible and that we seek continual improvement in these areas. In that spirit, I fully embrace all four of the report’s recommendations. We intend to implement all of them, and I believe this will improve the quality and usefulness of the financial and staffing information that we provide to the Legislature and the Governor. We also will work with legislators and the governor to remove bureaucratic barriers to our more efficient operation in such areas as purchasing, position reporting and building programs.

“We also appreciate the report’s confirmation that when applying the nationally accepted accounting models for “institutional support” used by the federal government, the UW System has the lowest administrative expenditures among its 18 peer institutions in the United States – 6.9 percent compared to the national average of 10.2 percent.

“The LAB report also demonstrates that the university is an important engine for Wisconsin’s economy. Despite cuts in state support, we have been able to grow our workforce on non-state dollars. This has resulted in more high-wage jobs for Wisconsin. It has allowed us to undertake ground-breaking work in research and public service in areas like Alzheimer’s disease to improve the lives of all Wisconsin citizens. From 2002 to 2003, for example, we grew our research activity by \$47.5 million.

“We are proud of that growth and the entrepreneurial activity of our faculty and staff. This, in turn, gives our students more opportunities for research involvement and learning outside the classroom. We believe that the more we can leverage state dollars to increase outside federal and private grant and gift funding, the greater the benefits for the people of the state. It is important to note, in that regard, that the number of UW employees supported by state tax dollars today is lower than it was in 1986.

“One of the challenges with the review is that the LAB used its own unique method of assessing our administrative staffing. For example, they counted positions that have supervisory responsibilities *and* all clerical and secretarial positions as administrative costs – positions in student affairs, admissions, career planning, athletics

and financial aid that most students and citizens do *not* generally associate with 'university administration.'

"There are no measures by which to 'benchmark' this kind of assessment of our administrative staffing against other universities. Thus, we cannot determine whether our 15% administrative cost is high or low. We want to explore this further and to work with LAB staff to produce data that can provide comparisons to other universities so we can benchmark our future progress toward becoming more efficient. We are inviting LAB staff to join us at our October Regents meeting, if their schedules permit, to discuss their findings and next steps with our regents, chancellors and university officers.

"LAB has recommended we report to the Audit Committee next February on our efforts to reduce administrative expenditures and increase operating efficiencies and we will do so. The UW System Board of Regents, UW System President and the Chancellors have made efficient operations a priority for the past decade and recent state budget cuts have forced us to 'walk the walk,' not simply 'talk the talk.' We pledge to vigorously continue this effort and to be as sensible with each state tax dollar as the people of Wisconsin would be. We look forward to reporting back to the Governor and legislators in February on our progress in that regard."

###

**Highlights of the
Legislative Audit Bureau's Evaluation of
University of Wisconsin System Staffing
September, 2004**

Background

The Legislative Audit Bureau undertook an evaluation of UW System staffing at the request of the legislature's Joint Audit Committee. The study was begun in February of 2003 and initially covered staffing level changes between 1998 and 2003. However, because of large GPR cuts to the UW System in the 2003-05 biennium, LAB extended the time frame of the study to capture payroll data from March, 2004, as well. The findings of the study were released on September 17, 2004. Following is a summary of the recommendations, the study findings and the university's response.

Report Recommendations

- 1. Provide the legislature with complete periodic reports on executive salaries, fringe benefits, and cash and noncash compensation from outside sources.*
- 2. Provide all University of Wisconsin institutions with guidance on coding contractual expenditures in their accounting records to ensure accuracy and consistency.*
- 3. Seek statutory changes to streamline and improve its (UW) position reporting to ensure accuracy, transparency, and timeliness in reporting the number and type of UW positions.*
- 4. Report to the Joint Legislative Audit Committee by February 1, 2005, on its administrative staffing and service delivery costs by institution, and provide specific proposals to reduce administrative expenditures and increase operating efficiencies in the 2005-07 biennium.*

UW System Response

- The UW System has made efficiency and accountability high priorities and as such, embraces the report's recommendations and will implement each of them. The LAB report confirms that using the standard measures applied to universities across the country, the UW System has the lowest administrative overhead of its peer group and the UW is proud of that achievement.
- The LAB report confirms that the university is one of the state's leading and most important employers. There has been no net increase in the number of state-funded positions at the UW System during the past fifteen years. In fact, more than one-third of UW's workforce is now paid with non-state funds.

- The LAB report highlights the university's growth in enrollment during the five years studied. The university has accommodated this growth by replacing more expensive faculty positions with less expensive professional, non-faculty positions – hence the growth in that category. This has led to approximately 40 percent of the UW's credit hours being taught by non-faculty – up from 30 percent a decade ago. This is not a trend that will sustain quality or enrollment growth in the long-term.
- The LAB report devised a means of measuring our administrative staffing that makes it difficult for the university to judge these costs against its peers by including student services, academic departments and research supervision. The UW is offering to work with LAB staff to apply their coding to a sampling of peer universities so that UW can benchmark its overall administrative costs to peers. Administrative expenditures that LAB added are vital to maintaining enrollments, enhancing student success and conducting research and public service work.
- The LAB report makes more imperative the implementation of several recommendations from the Board of Regents' recent study, "Charting a New Course for the University." This report identifies a variety of additional administrative expenses and bureaucratic processes that could be streamlined for cost savings (see attached).
- The LAB noted that 1208 UW employees earn more than \$100,000 annually. Many of them, including prominent researchers, coaches and chancellors, raise millions of dollars for their programs and campuses and provide a multifold return on that salary investment. These salaries comprise 3.86% of the UW budget.
- The LAB report raises important policy questions -- to what degree should the Legislature control the number and type of UW positions; how will the relationship between the UW System and the state be defined in the future; and how will student access be maintained? The Regents, President and Chancellors pledge to work closely with the Governor and Legislature to examine these important policy questions for the citizens of the state.

Asbjornson, Karen

From: Malszycki, Marcie
Sent: Friday, September 17, 2004 9:35 AM
To: Asbjornson, Karen
Subject: FW: University audit



LAB statement final AuditKevin
9-17-04_-1... Highlights final-1....
CR email

-----Original Message-----

From: Lewis, Margaret
Sent: Friday, September 17, 2004 9:33 AM
To: Sen.Roessler; Rep.Jeskowitz@legis.state.wi.us
Subject: University audit

Attached is President Reilly's statement and response to the audit released today. This has been shared with members of the higher education committees in both houses and Joint Finance Committee members and leadership. I know he expects to make openness and further administrative efficiencies a hallmark of his tenure and looks forward to continued dialogue on these issues.

--

Margaret Lewis
Assoc. VP, UW System
1760 Van Hise
1220 Linden Dr.
Madison, WI 53706
608-262-4464
FAX 608-262-3985
email: mlewis@uwsa.edu

Asbjornson, Karen

From: Rep.Suder
Sent: Thursday, September 18, 2003 11:43 AM
To: *Legislative All Assembly; *Legislative All Senate
Subject: REMINDER--Deadline Tomorrow : Co-Sponsorship of LRB 3238/2 "UW Salary Adjustment Oversight"

Deadline Tomorrow...

This bill provides for input and approval by the Joint Committee of Finance on all salary range increases proposed by the UW Board of Regents for any senior executive positions within the UW System. Under this legislation, the UW Board of Regents would retain the authority to set salary ranges for all senior executive positions within the UW System, but no salary range or adjustment would go into effect until the Joint Committee on Finance approves the modification. Currently, the Board of Regents of the UW System has sole authority and discretionary control over all salary range adjustments for all University System senior executive positions without any legislative input.

Despite a state budget crunch and tough economic times, the UW Board of Regents has now voted twice to increase the salary range for their top executives without public input. Therefore, we are encouraging you to join us in providing the Joint Committee on Finance a voice in future UW Board of Regents salary range adjustment proceedings. If you would like to co-sponsor our "**UW Salary Adjustment Oversight**" initiative (LRB-3238/2) please contact Rep. Suder's Office at **7-0280** by Friday, September 19, 2003. Thank you.

Analysis by the Legislative Reference Bureau:

Under current state law, the following University of Wisconsin (UW) System senior executive positions are included in salary groups that have salary ranges established by the Board of Regents of the UW System: the chancellors at the UW campuses at Eau Claire, Green Bay, La Crosse, Oshkosh, Parkside, Platteville, River Falls, Stevens Point, Stout, Superior, and Whitewater; the chancellors of the UW colleges and the UW-Extension; the vice chancellor who is serving as deputy at the UW-Milwaukee; the senior vice presidents of the UW System; the vice chancellor who is serving as deputy at the UW-Madison; the chancellor at the UW-Milwaukee; the chancellor at the UW-Madison; and the president of the UW System.

This bill provides that the Board of Regents of the UW System must propose salary ranges and adjustments to the salary ranges for these UW System senior executive positions, but that no salary range or adjustment may take affect until approved by the Joint Committee on Finance.



State of Wisconsin \ LEGISLATIVE AUDIT BUREAU

JANICE MUELLER
STATE AUDITOR

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Leg.Audit.info@legis.state.wi.us

April 21, 2004

Ms. Katharine Lyall, President
University of Wisconsin System
1720 Van Hise Hall
1220 Linden Drive
Madison, Wisconsin 53706-1559

Dear President Lyall:

As you know, the Joint Legislative Audit Committee unanimously approved an audit of administrative expenditures and staffing in the University of Wisconsin (UW) System on February 5, 2003, and we began our fieldwork shortly thereafter. At our entrance conference, we indicated a likely release of our report in late 2003 or early 2004.

Although we have not met our target release date, we are now nearing completion of the report. We intend to have a confidential exit draft available for your review in June. However, in reviewing the draft, we believe it is necessary to update our analyses with data from 2004. Much of the salary information in our current draft is from March 2003. As you can attest, the past year has brought many significant changes to UW System. New and updated information will increase the relevance of the audit report and enable us to provide the best possible analysis of administrative staffing and salary trends. It will also allow for a better discussion of how UW System has managed its funding reductions in fiscal year 2003-04.

Although I regret the delay, I assure you that our focus remains clear: to develop a meaningful analysis that will be informative and useful to UW System at this time of leadership transition and to the Legislature as it considers trends in UW System expenditures and staffing.

I greatly appreciate the courtesy extended to us in conducting our work to date, as well as the responsiveness of UW System staff in responding to our questions. We will be in contact soon with Vice President Deborah Durcan to outline a specific schedule for the exit process. In the meantime, if you have any questions, please contact me.

Sincerely,

Janice Mueller
State Auditor

JM/ab

cc: Senator Carol A. Roessler, Co-chairperson
Joint Legislative Audit Committee

Representative Suzanne Jeskewitz, Co-chairperson
Joint Legislative Audit Committee

Deborah Durcan, Vice President for Finance
University of Wisconsin System

*Card -
F11*

Stegall, Jennifer

From: Anthony Amato [ninoamato@earthlink.net]
Sent: Thursday, August 19, 2004 3:56 PM
To: *Legislative All Senate
Subject: Tuition Freeze - UW & WTCS 2005-07

*Kg
for sue
Jeske
Anders
not*

At today's UW Board of Regents budget meeting, I called upon my Regent colleagues to support a "freeze on student tuition" for both the University of Wisconsin and the Wisconsin Technical College Systems for 2005-07.

In addition, I recommend that the State Legislature should reconstitute the UW BOR and the WTCS Board that would include; legislative representation from both political parties, increasing student and faculty representation and geographical representation by congressional districts.

My comments were made this morning after being honored with a Resolution of Appreciation on behalf of the entire Board of Regents. For a complete text of my comments, please see my attached remarks.

Thank you for your continuing interest in higher education issues and please don't hesitate to call me if you have any questions.

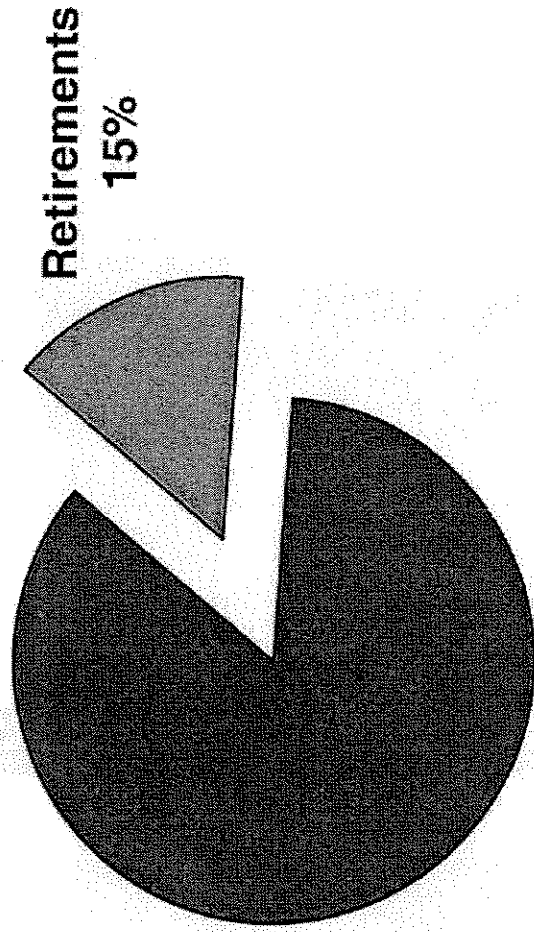
A. J. (Nino) Amato
University of Wisconsin Regent-Emeritus
Past-Pres., Wisconsin Technical College System Board
10 E. Doty Street, Suite 800
Madison, WI 53703
(O) 608-441-5740
(F) 608-441-5741

Faculty, Staff and Academic Leaders' Salary Review

**Board of Regents
Business and Finance Committee**

September 9, 2004

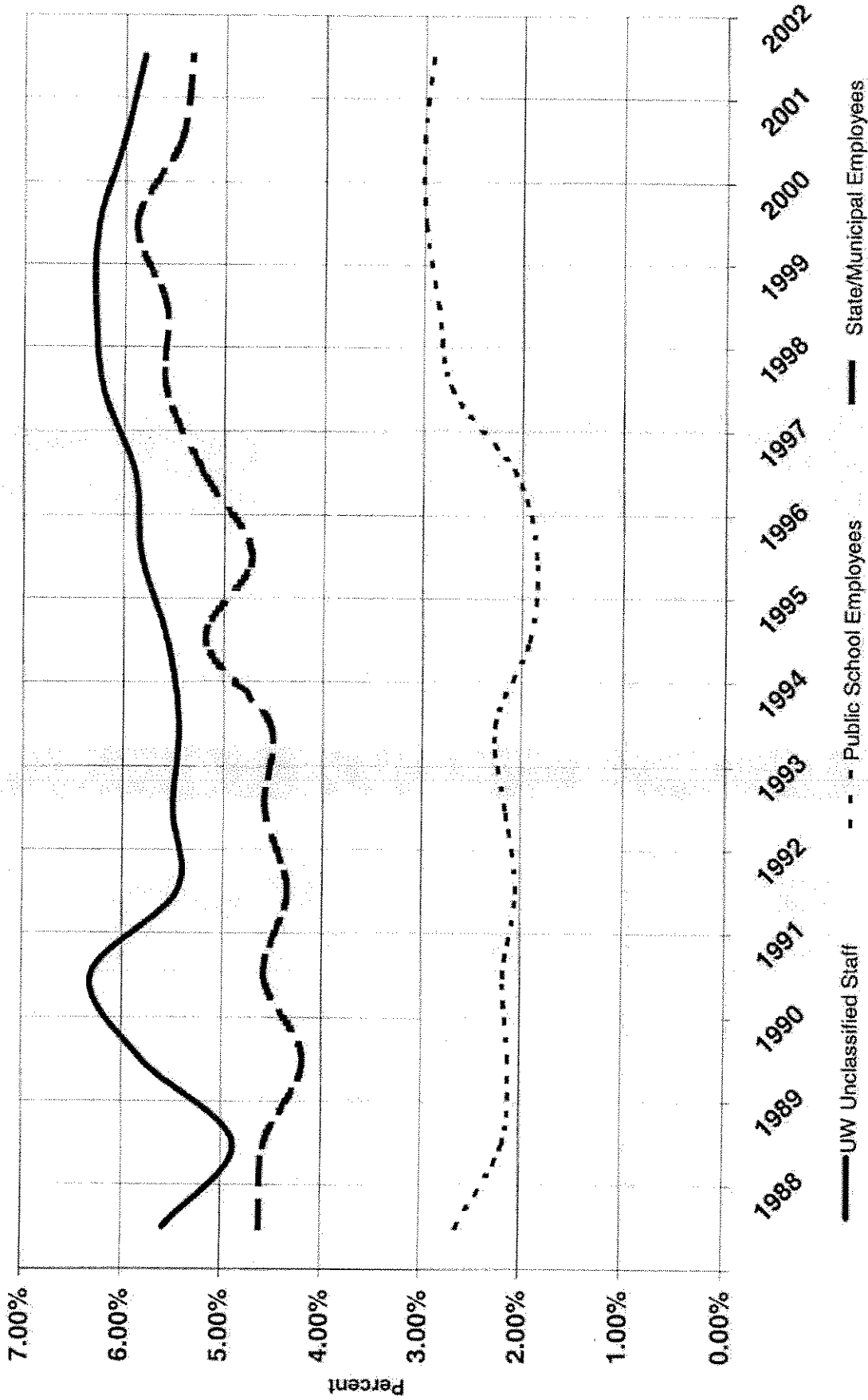
2002 Faculty and Academic Staff Resignations



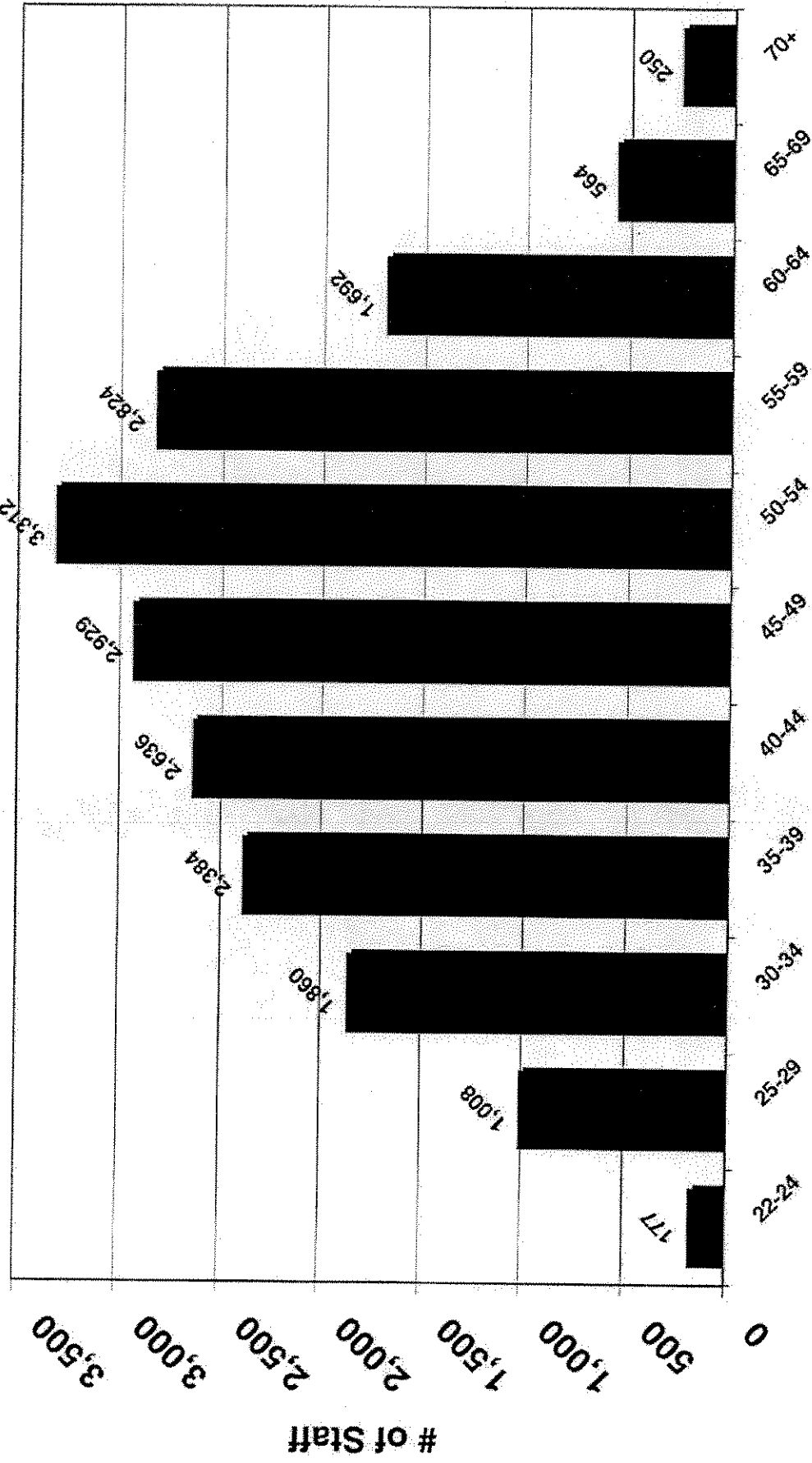
Resignations
from other
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Retirement
85%

Retirements ■ Resignations from other than Retirement

Resignations from Other Than Retirements



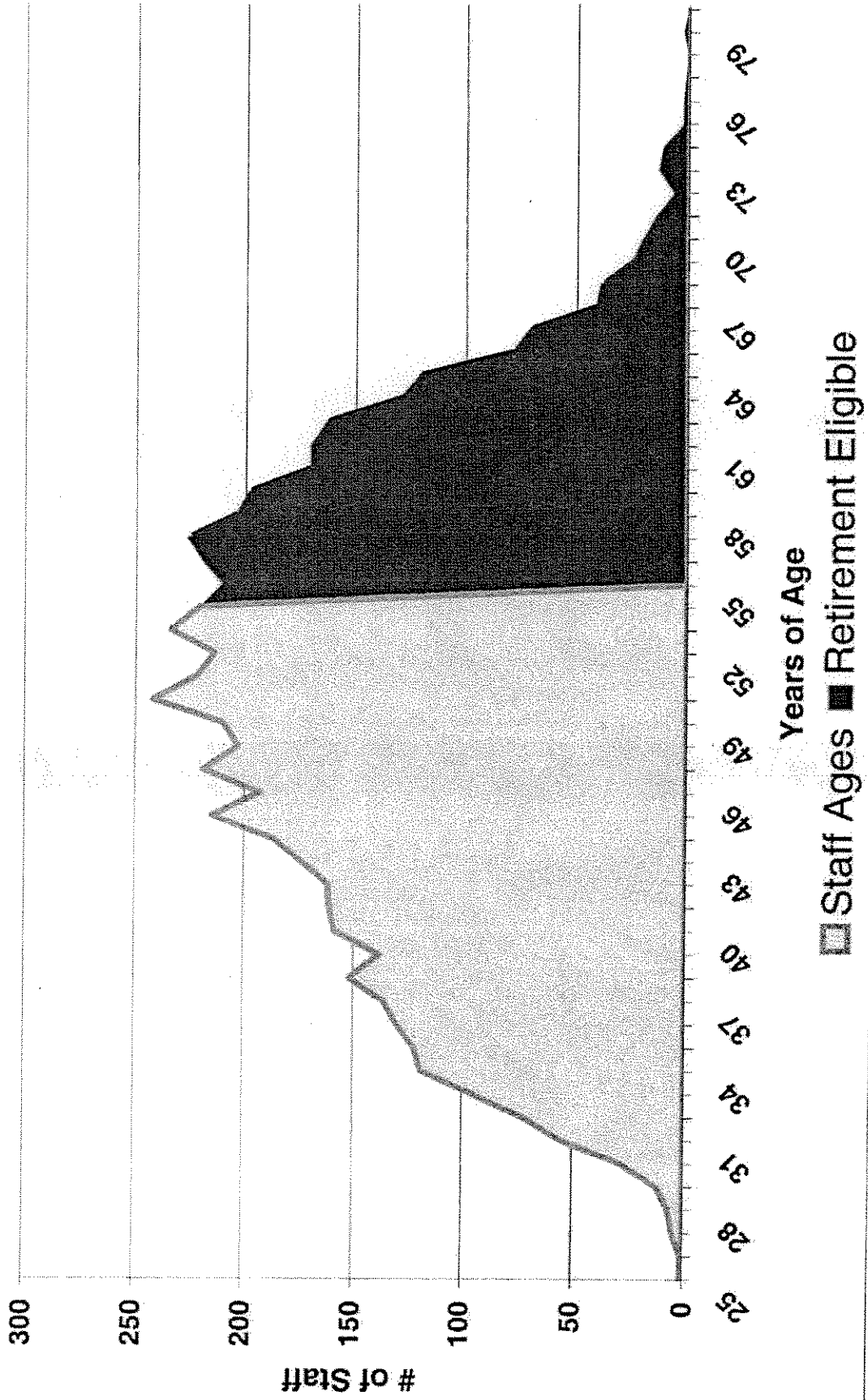
Unclassified Age Ranges



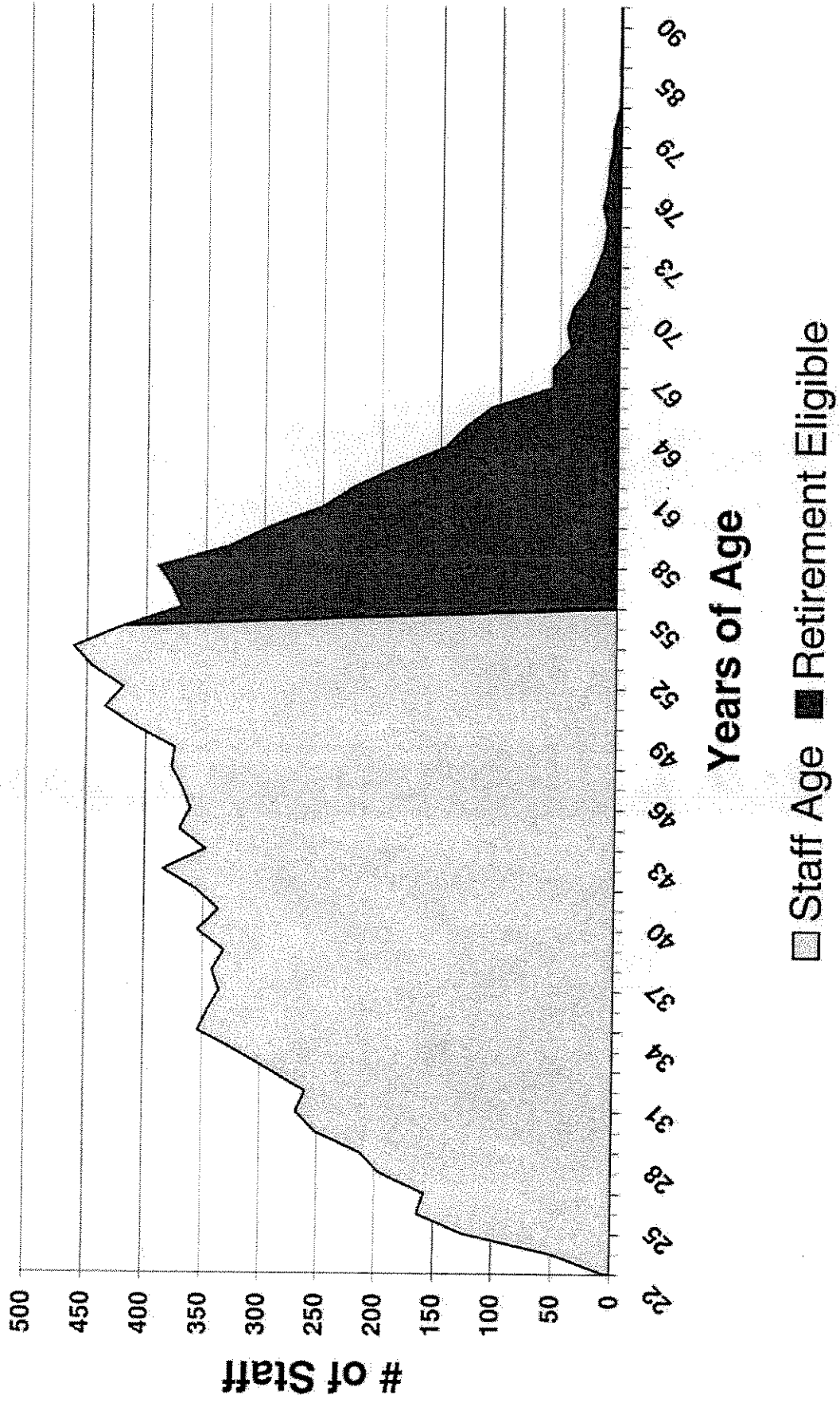
2004

Ranges

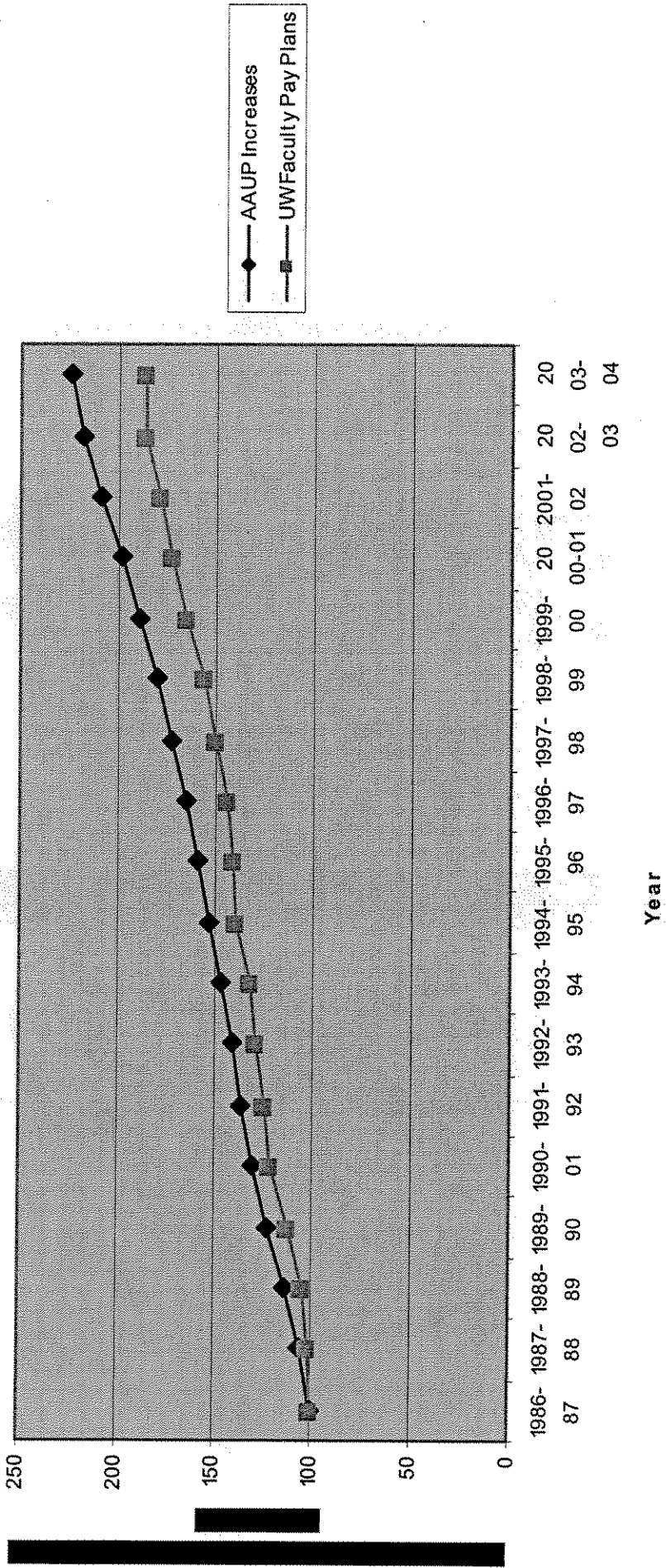
Faculty 2004



2004 Academic Staff Ages



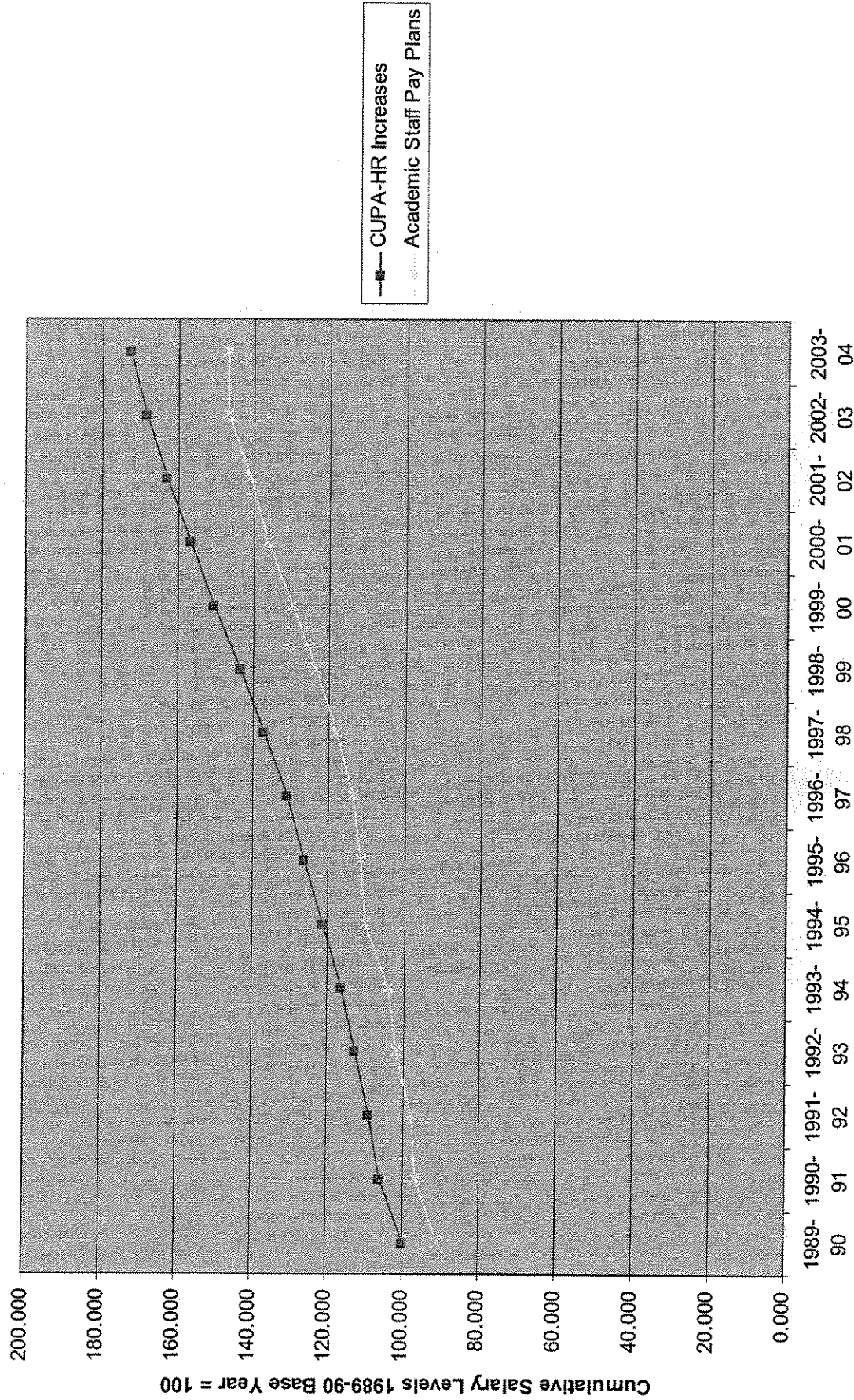
AAUP Reported Continuing Faculty Salary Increases (all ranks) vs. UW Faculty Pay Plans



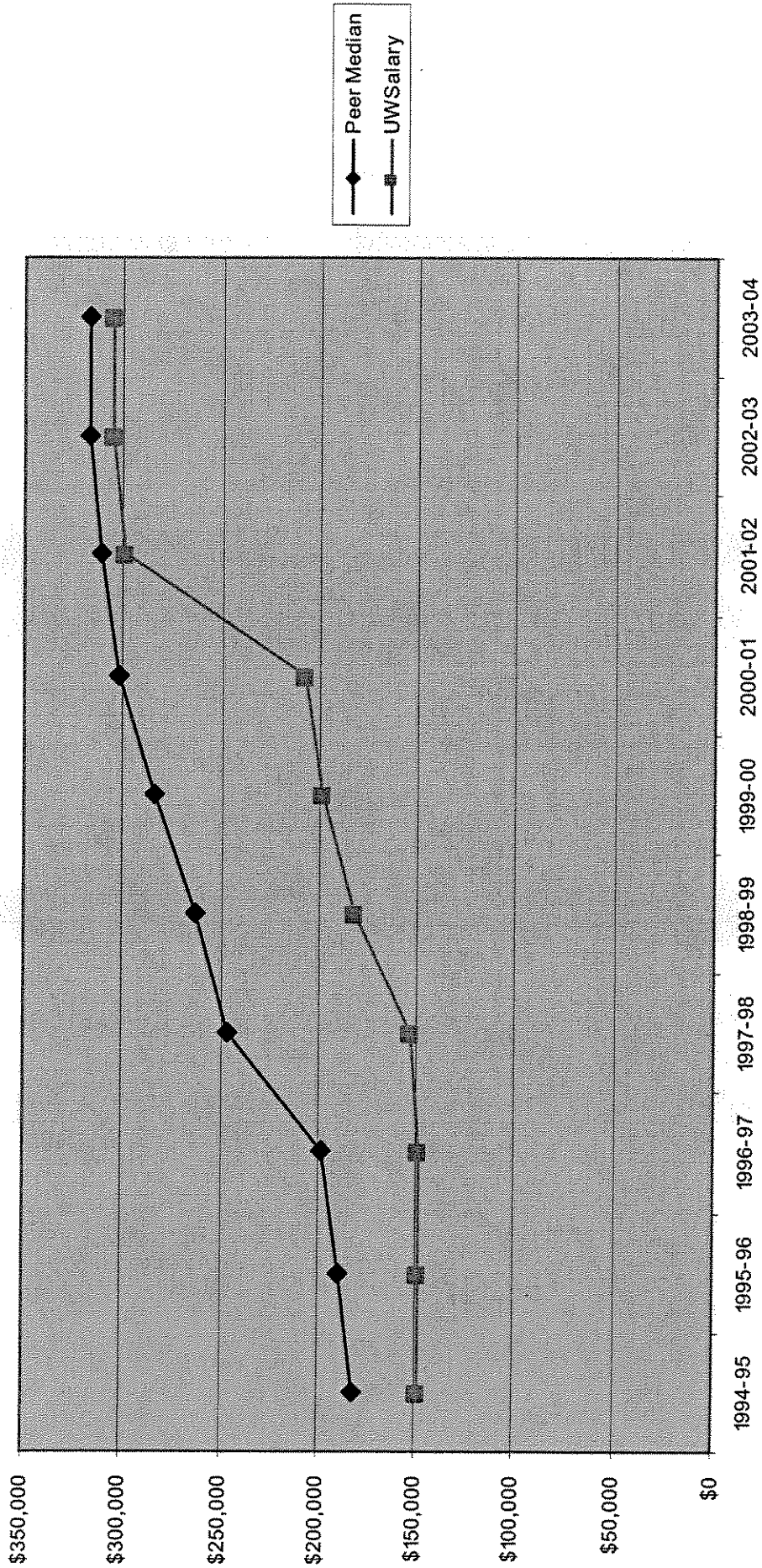
UNIVERSITY OF WISCONSIN SYSTEM
 DISTANCE FROM THE PEER GROUP MEDIAN (EXCLUDING WISCONSIN)
 CLUSTER ANALYSIS PEER GROUP
 BASED ON 2003-04 UW AVERAGES AND THE MEDIAN OF PEER GROUP AVERAGES

	DISTANCE FROM THE PEER GROUP MEDIAN	
	<u>PROFESSORS</u>	<u>ASSOCIATE PROFESSORS</u> <u>ASSISTANT PROFESSORS</u>
MADISON	\$7,000	(\$3,400) (\$1,300)
MILWAUKEE	\$4,300	\$100 (\$3,100)
COMPREHENSIVE UNIVERSITIES		
EAU CLAIRE	\$8,300	\$5,700 \$2,300
GREEN BAY	\$10,900	\$6,900 \$3,400
LA CROSSE	\$2,600	\$4,400 \$1,300
OSHKOSH	\$6,800	\$3,400 \$1,200
PARKSIDE	\$5,900	\$1,500 \$500
PLATTEVILLE	\$8,100	\$8,500 \$2,100
RIVER FALLS	\$12,200	\$5,900 \$2,200
STEVENS POINT	\$8,100	\$6,100 \$5,400
STOUT	\$8,600	\$6,400 \$3,800
SUPERIOR	\$11,700	\$8,600 \$1,500
WHITEWATER	\$3,500	\$4,300 (\$1,000)
CLUSTER	\$7,900	\$5,600 \$2,100
UW-COLLEGES	\$12,500	\$9,000 \$10,000
UNIVERSITY EXTENSION	\$7,000	(\$3,400) (\$1,300)

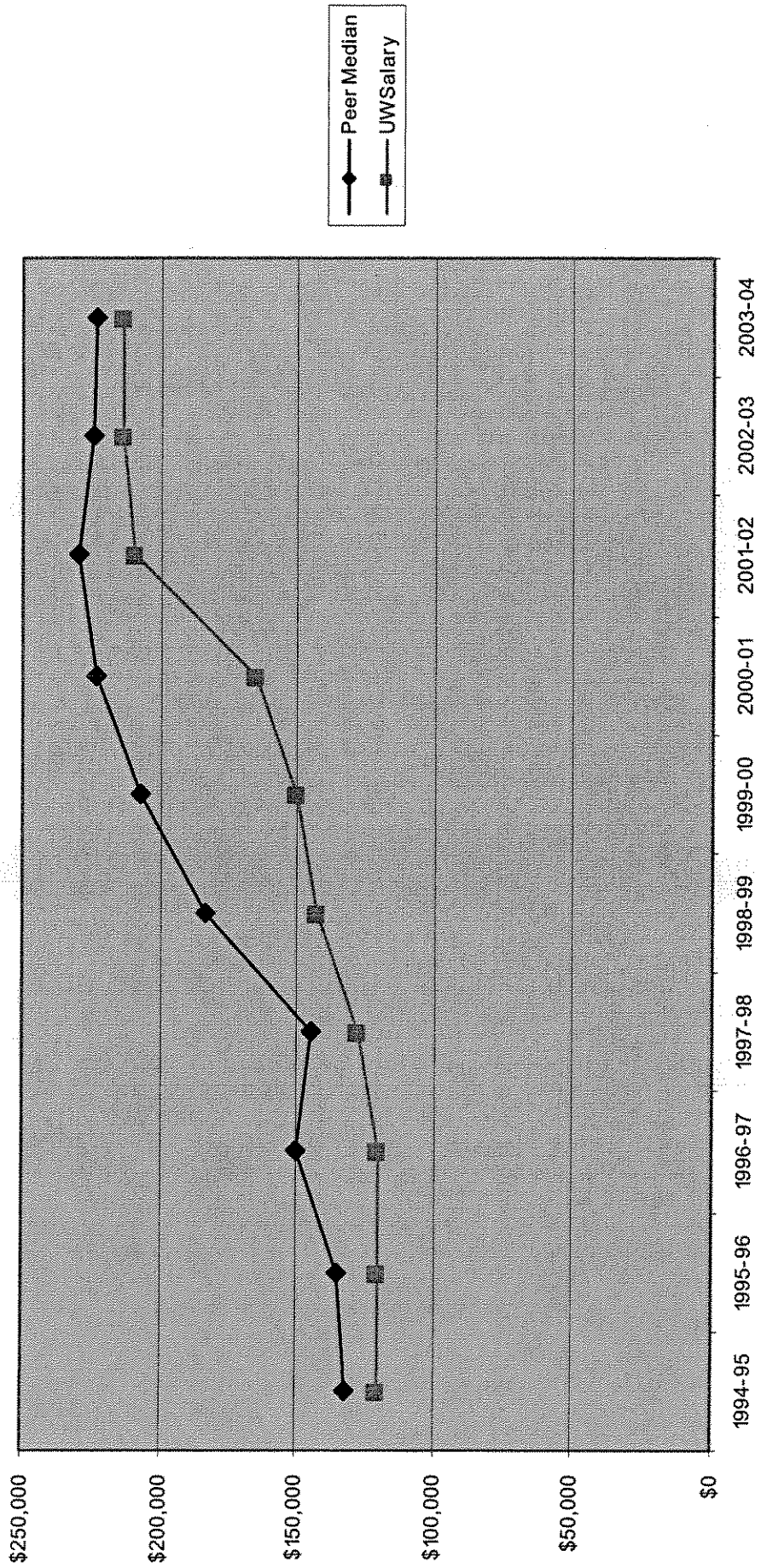
CUPA-HR Median Increases vs. UW Academic Staff Pay Plans



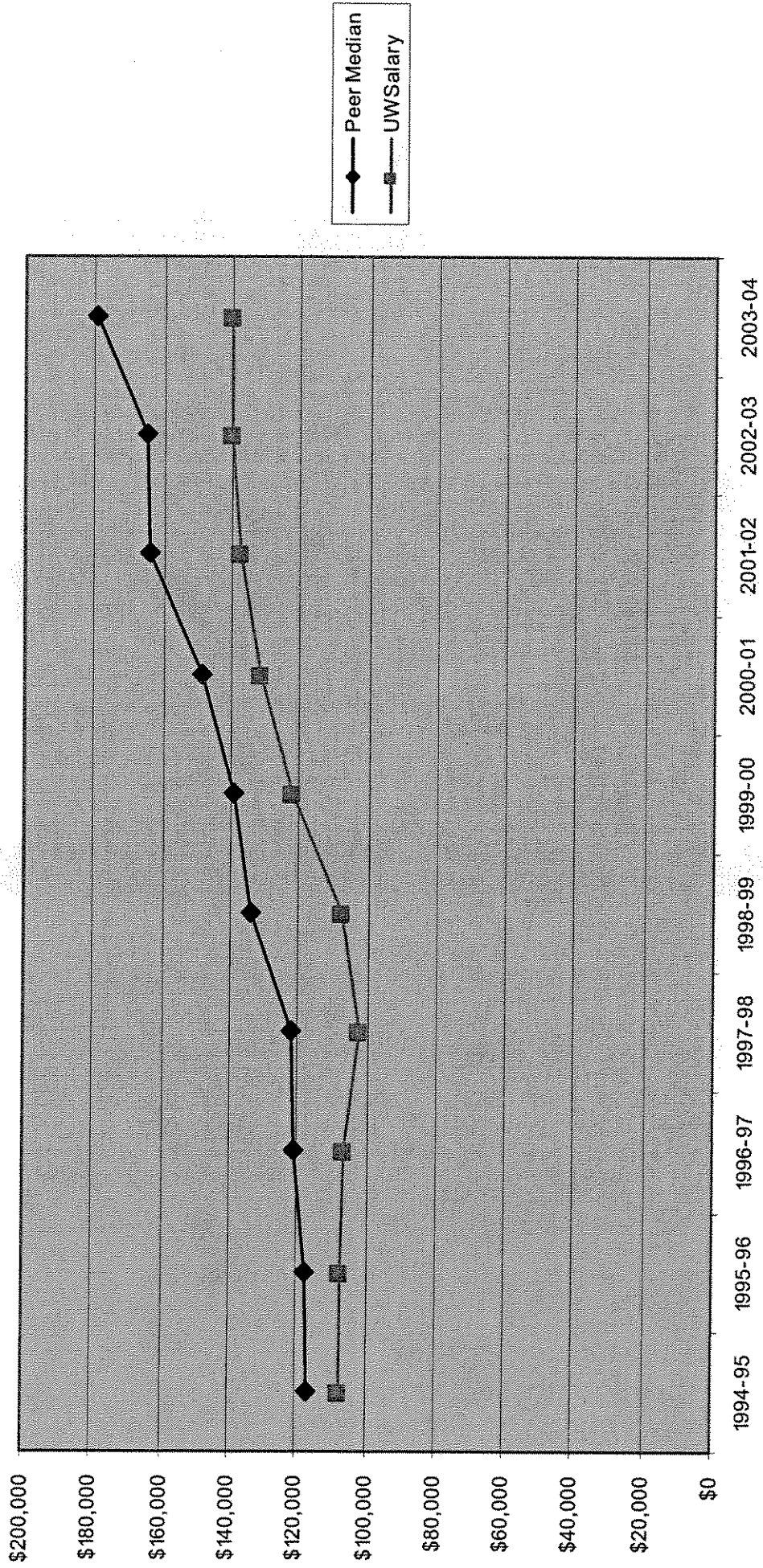
UW System President Salary and the Peer Group Median



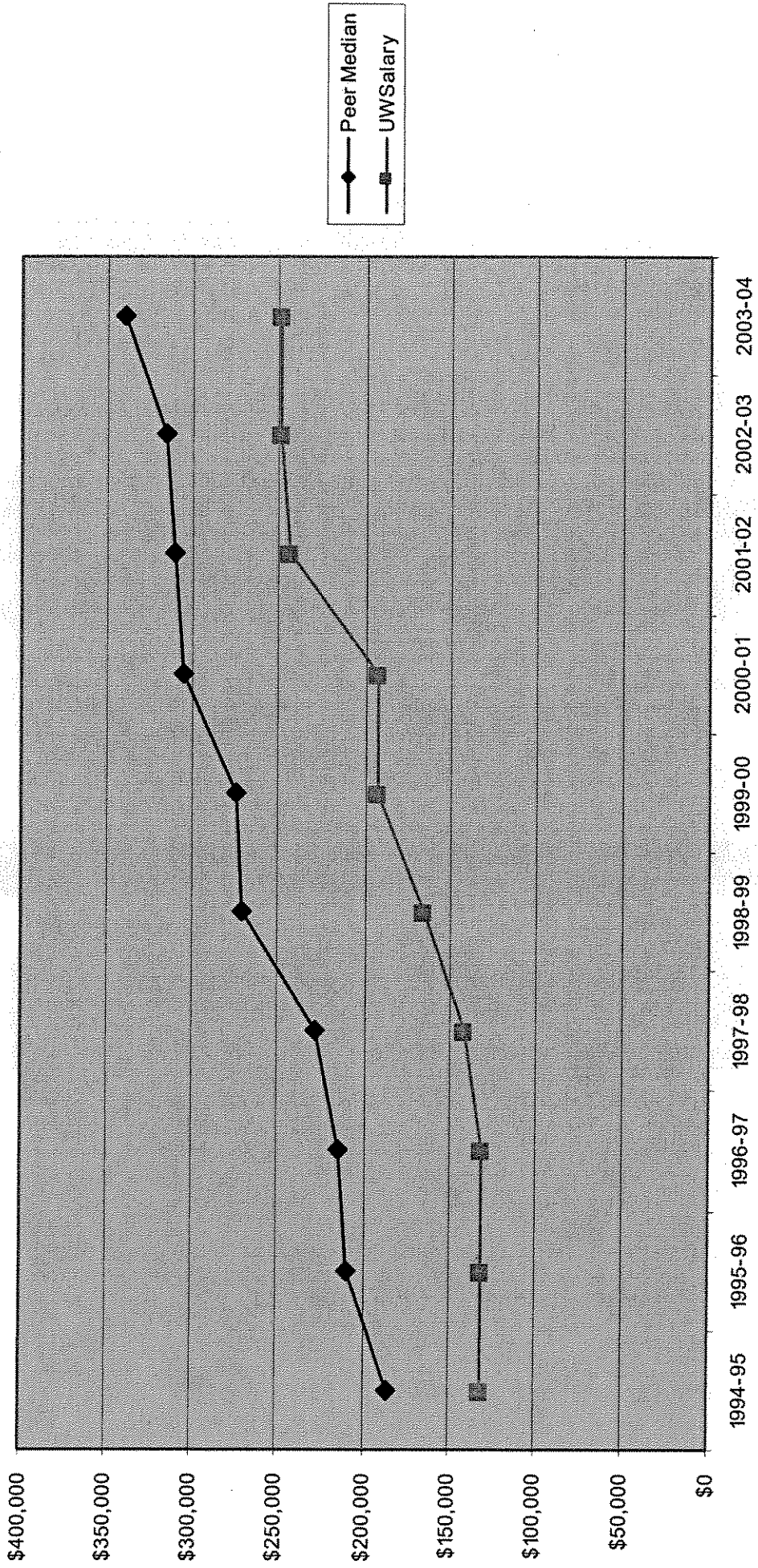
Senior Vice President Average Salary and the Peer Group Median



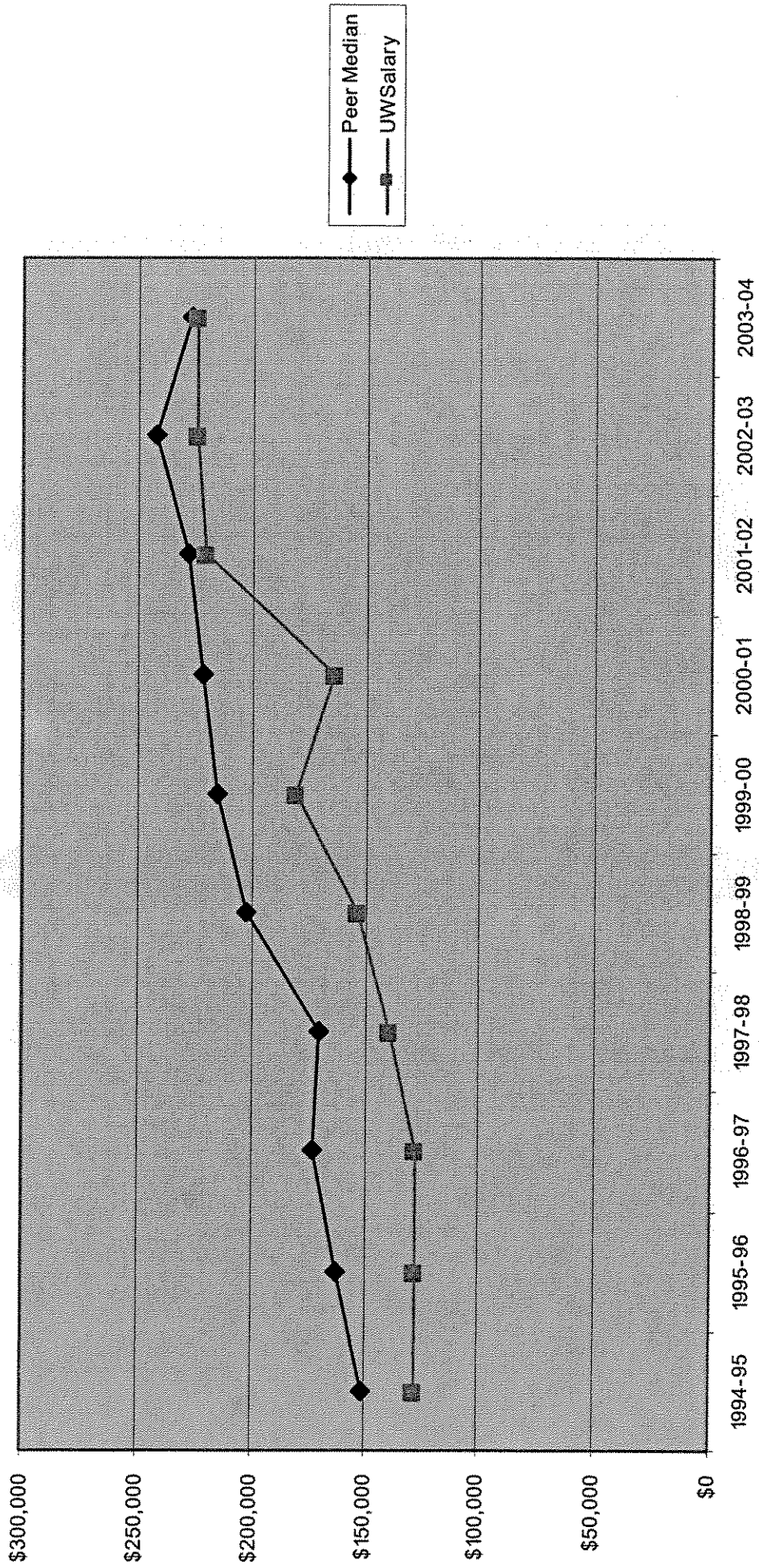
Vice President Average Salary and the Peer Group Median



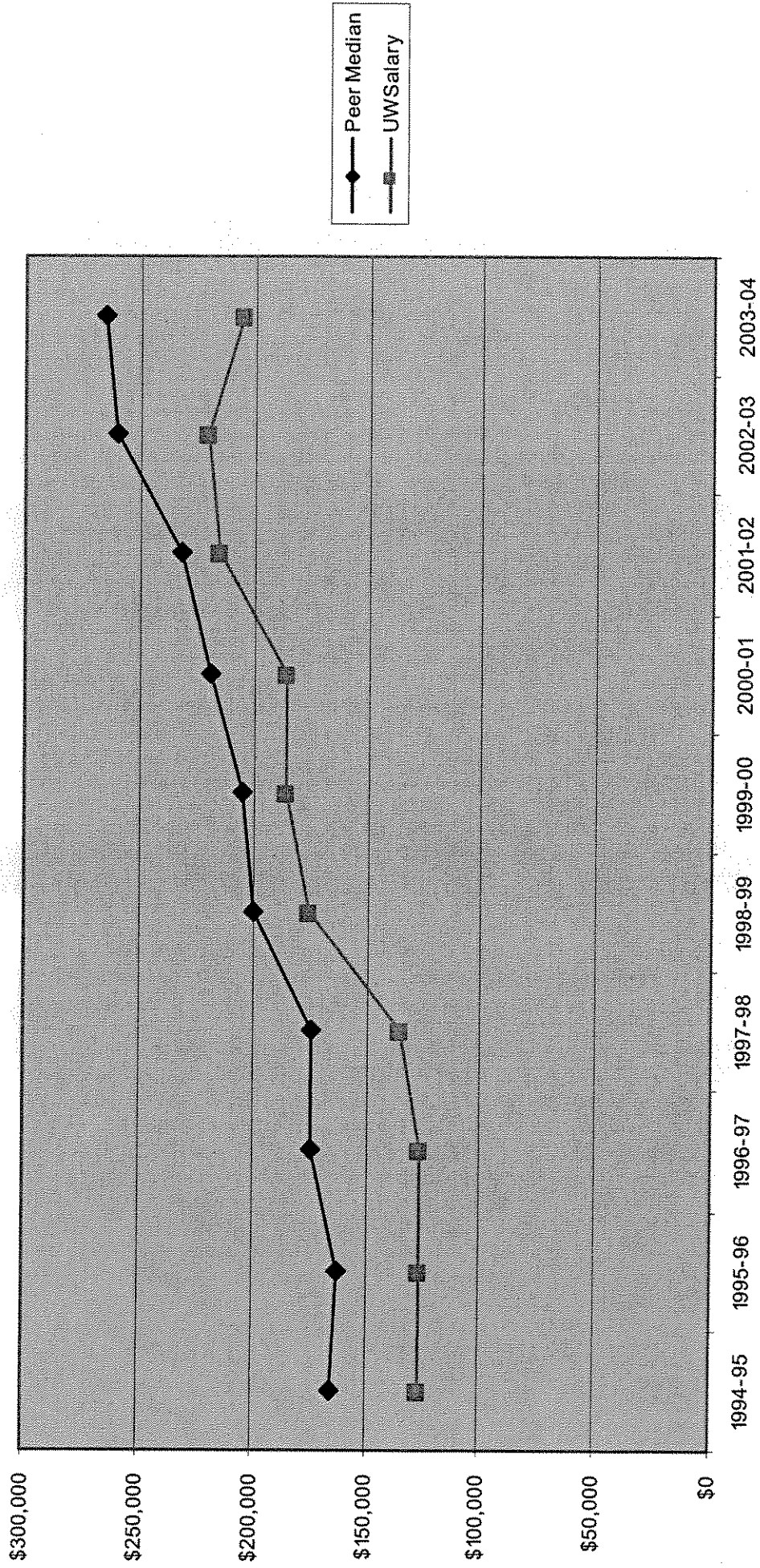
UW-Madison Chancellor Salary and the Peer Group Median



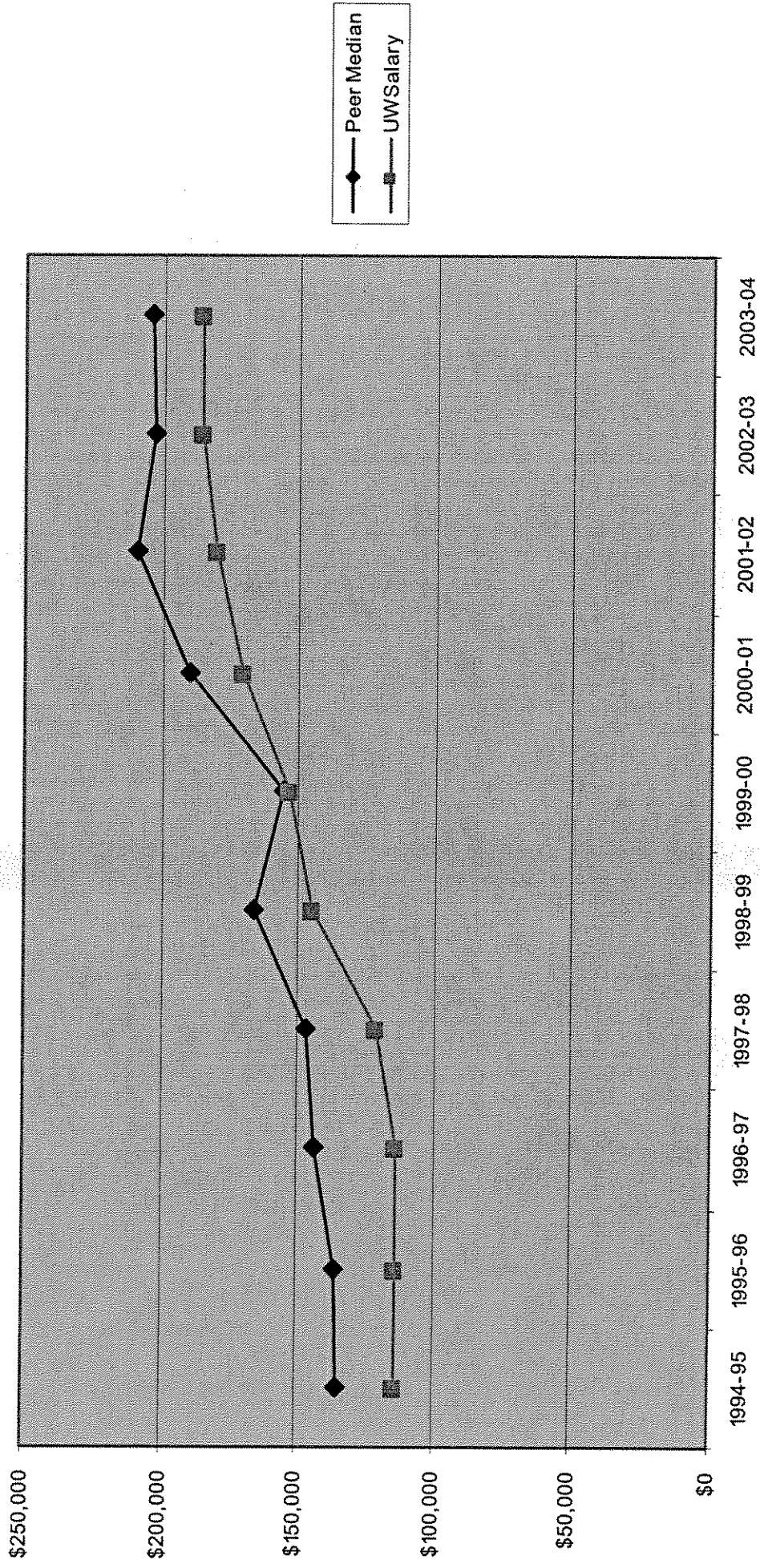
UW-Madison Provost and Vice Chancellor and the Peer Group Median



UW-Milwaukee Chancellor and the Peer Group Median



UW-Milwaukee Provost and Vice Chancellor and the Peer Group Median



UW Chancellor Average Salary and the Peer Group Median (Non-doctoral Institutions)

