

*Spending for administrative services provided by contractors increased at most institutions.*

As shown in Table 32, contractual services expenditures coded as Institutional Support decreased at only three UW System institutions—UW-Stout, UW-Stevens Point, and UW Extension—from FY 1997-98 to FY 2001-02. They increased more than 100 percent at six campuses, and 424.3 percent for System Administration.

Table 32

## Contractual Services Expenditures Coded as Institutional Support

Institution	FY 1997-98	FY 2001-02	Change
System Administration	\$1,491,900	\$7,821,700	424.3%
Milwaukee	140,600	495,200	252.2
Parkside	26,000	85,800	230.0
Oshkosh	19,000	59,700	214.2
La Crosse	22,200	63,700	186.9
Superior	28,300	72,900	157.6
River Falls	17,000	34,500	102.9
Colleges	109,400	180,600	65.1
Green Bay	140,200	221,500	58.0
Eau Claire	91,900	138,500	50.7
Whitewater	58,200	81,700	40.4
Platteville	28,000	37,400	33.6
Madison	810,100	1,080,400	33.4
Stout	139,600	113,400	-18.8
Stevens Point	74,300	28,100	-62.2
Extension	42,700	14,700	-65.6
<b>Total</b>	<b>\$3,239,400</b>	<b>\$10,529,800</b>	<b>225.1</b>

UW-Milwaukee, where the increase was 252.2 percent, paid contractors to conduct security reviews for IT systems, provide fund-raising services, and implement new computer systems. System Administration's \$7.8 million in contractual services expenditures coded as Institutional Support included at least \$4.8 million related to the PeopleSoft financial data management and processing system purchased for system-wide use. Individual campuses decided whether to implement this system, but System Administration arranged for its purchase, helped campuses to

implement the system and train personnel, and provided oversight for consultants who assisted with additional implementation and training.

IT services such as the PeopleSoft financial system represent a major area of administrative contracting for UW System, although precise totals for spending in particular administrative areas, such as IT consulting, investment management, or executive search services, cannot be readily determined from existing accounting records. However, during follow-up work related to our 2001 review of state agencies' use of computer consultants, we examined individual accounting transactions for FY 2001-02 and found \$10.3 million in payments by UW System to individual and corporate computer consultants. In addition to payments to PeopleSoft, that amount includes \$1.7 million paid to Cambridge Technology Partners and \$950,000 to Lawson Software.

System Administration also incurred administrative contractual services expenditures for investment services to manage UW System's trust funds. During our detailed review of UW System's FY 2001-02 expenditures, we found approximately \$1.2 million in payments to at least eight private investment firms, including Brinson Partners, Inc., which received approximately \$370,000, and Provident Investment Counsel, Inc., which received approximately \$206,000.

Accounting, auditing, and consulting services represent a third significant area of administrative contracting within UW System. These services include strategic planning and training; reviews of specific UW programs, departments, or policies; and fund-raising activities. Recipients of the largest UW contract payments for these services in FY 2001-02 included University Accounting Services, which received approximately \$244,000 for providing accounting services related to student loans to eight campuses within UW System; Arthur Andersen, LLP, which received \$61,000 from UW-Milwaukee for a security review of the Online Access Student Information System; Northstar Economics, which received \$40,000 from System Administration for participation in a venture capital summit and an economic summit; and Jefferson Wells International, which received \$25,000 from UW-Milwaukee for an audit of computer network security.

Executive search firms used in filling high-level positions constitute a fourth major area of administrative contracts used by UW System. Campuses paid approximately \$361,000 in FY 2001-02 to three executive search firms, each of which is included in a system-wide contract, for a variety of position vacancies that included chancellors, vice chancellors, provosts, deans, and a physical plant

services director. With the departure of the UW System President and chancellors at four campuses, payments to the same three search firms totaled approximately \$236,000 in FY 2003-04. The use of search firms is largely left to the discretion of individual UW institutions, but staff described a number of advantages to using search firms, including the ability to attract the best pool of qualified candidates, in-depth knowledge of which potential candidates would be the best match for a specific campus and position vacancy and the ability to perform comprehensive background checks on prospective candidates.

Marketing and public relations is the final major area in which UW System institutions contract for administrative services. For example, in FY 2001-02, UW Colleges paid The Hiebing Group \$110,000 for services that included market research, advertising, and public relations to raise awareness and increase enrollment. However, marketing and public relations functions are generally performed by UW System employees rather than contractors; most institutions limit contracting to larger projects or services they believe will be performed more effectively by a private firm.

### Other Contractual Services Expenditures

***Some expenditures that are administrative were recorded as other activities.***

As noted, 12.4 percent of the \$84.8 million UW System expended for contractual services was coded as Institutional Support in FY 2001-02 accounting records. Most other contractual services expenditures were recorded as Student Services, Public Service, and Instruction and appear to be coded appropriately. However, we identified more than \$800,000 in expenditures that are administrative in nature, such as payments for accounting services and executive searches, but were recorded as other activities.

For example, in almost all cases, expenditures for IT-related services were coded as Institutional Support. However, UW-Platteville coded nearly \$240,000 in payments to Cambridge Technology Partners for assistance in implementing a student information system as Student Services. Almost \$1.7 million in payments from System Administration to the same vendor for the same purpose was coded as Institutional Support. UW-Platteville also coded more than \$23,000 in payments to Novell, Inc., for a computer server upgrade as Academic Support.

The majority of accounting and audit services expenditures were also coded as Institutional Support. However, UW-Oshkosh coded its payments to University Accounting Services as Student Services. All other campuses with expenditures to this firm coded payments as Institutional Support. Furthermore:

- UW-Extension coded about \$22,000 for financial statement audits as Public Service;
- UW-Milwaukee coded more than \$235,000 in payments for a strategic marketing plan as Student Services; and
- UW-Oshkosh coded about \$10,000 for advertising its MBA program as Instruction.

Other examples of expenditures that could be considered administrative include:

- \$143,900 coded as Academic Support and paid to executive search firms for work related to locating a provost for UW-Parkside, deans for UW Extension and UW-Milwaukee, and a vice chancellor for development at UW-Milwaukee;
- \$71,500 coded as Instruction and paid by UW-Platteville for settlement of a lawsuit;
- \$45,100 coded as Academic Support and paid by UW-Milwaukee for redesign of the university outreach Web site; and
- \$24,500 coded as Research and paid by UW-Milwaukee for monitoring federal legislative issues and determining potential federal funding sources.

Determining the extent to which contracting costs for administrative services are recorded under activity codes other than Institutional Support would require an extensive review of individual transactions and supporting documentation. However, it is important to record expenditures accurately and consistently throughout UW System.

**Recommendation**

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*We recommend System Administration provide all University of Wisconsin institutions with guidance in coding contractual expenditures in their accounting records to ensure accuracy and consistency.*

## Future Considerations ■

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In April 2003, the Board of Regents began a strategic planning process to examine whether statutory or organizational changes could improve UW System's ability to fulfill its education, research, and public service missions and enhance its services. Its June 2004 report, "Charting a New Course for the UW System," contains 27 recommendations that address three core issues: maintaining the quality of education, ensuring access and affordability, and continuing to serve Wisconsin's citizens.

As the Legislature reviews that report, this evaluation of UW System staffing, and UW System's 2005-07 biennial budget proposal, we believe three additional questions related to position control, legislative oversight, and student access are particularly relevant:

- To what degree should the Legislature control the number and types of positions in UW System?
- How will the relationship between UW System and the State be defined in the future?
- How will student access to UW System be maintained?

***UW System employs 44.3 percent of the state government workforce.***

## **Legislative Control of UW System Position**

UW System is not only the State's largest employer: its authorized positions under the 2003-05 Biennial Budget Act make up 44.3 percent of the state government workforce, and its 18,315.1 GPR-funded positions represented 52.1 percent of all GPR positions authorized.

The Legislature has traditionally controlled the number of UW System positions closely, but in recent years UW System has been granted more flexibility than other state agencies to manage its positions. For example, UW System has the authority to independently create or abolish positions funded through its auxiliary enterprises (such as dormitories, food service, and parking), federal indirect cost reimbursements, and the tuition and fees appropriation. In addition, it may create or abolish positions funded through its largest GPR appropriation without legislative review or approval, provided that any shortfall in fringe benefits is covered with its own funds. UW System has used its authority to create new non-GPR positions; it has not used its authority to create GPR positions.

***Current position reporting mechanisms are ineffective.***

In exchange for increased flexibility in staffing, the Legislature has required a number of reports detailing UW System positions by funding source and type. However, none are particularly effective. For example, the format of the Board of Regents' annual report to the Joint Finance Committee on management and staff positions—which served as the basis of our analysis of position types and is required under s. 36.11(33)(b), Wis. Stats.—makes it difficult to analyze trends because more than 1,800 job titles are presented without meaningful description, and with little analysis.

Furthermore, as noted in our discussion of staffing levels, the numbers of authorized and vacant positions included in UW System's quarterly report to DOA are often inconsistent with numbers included in DOA's quarterly report to Joint Finance, and neither UW System nor DOA could account for these differences. The value of these reports in building legislative understanding of UW System staffing is jeopardized by these inconsistencies and the lack of a process to reconcile the reports. During the course of our fieldwork, we noted that the number of authorized staff reported in these documents differed by 993.1 positions as recently as October 2003.

Current reports also make it difficult to accurately track funding sources for positions, in part because of the flexibility UW System has to pool its funds from various sources, such as tuition revenue, federal indirect cost reimbursements, and especially general program operations—the education, research, and public service appropriation that accounts for 76.2 percent of its entire GPR allocation. Because UW System commingles these funds and does

not finalize the amount and type of expenditure that will be supported from each major funding source until the end of each fiscal year, and because the fund transfers to implement staffing decisions occur only at a summary level, each individual position's funding source cannot be independently tracked or verified. It is UW System's practice to use GPR funds first, thus ensuring that funds do not lapse.

UW System officials agree that current position reports are not effective and further note that they are expensive to produce. However, they indicate that they wish to seek a balance among expanded authority to create and abolish positions, streamlined reporting, and increased accountability for outcomes.

The Legislature has been reluctant to relinquish position control, in part because of the magnitude of the State's investment in UW System, which includes not only GPR support for positions and other operating expenditures, but also financial support for UW System buildings and infrastructure and a longstanding public commitment to higher education. Further debate is expected on the Legislature's oversight of UW System positions. In the interim, however, position reporting should be improved.

#### **☑ Recommendation**

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*We recommend UW System 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.*

## **Defining the Relationship between UW System and the State**

The June 2004 Board of Regents report expresses concern about the \$250 million reduction in UW System's GPR funding for the 2003-05 biennium and notes, "there are no substitutes in adequate, stable state support for our instructional mission." While some regents and public officials strongly favor retaining the public nature of UW System, others believe that if state support for UW System continues to decline, alternative governance structures should be pursued, at least as a long-range option.

An example of how such autonomy could be structured is the UW Hospital and Clinics Authority, an independent nonprofit entity that was created by the Legislature in 1996 to allow increased flexibility in hospital operations. As an independent entity, the Authority is governed by a 15-member board of directors, establishes its own budget, and manages its own operations.

However, there are significant differences between UW System and the UW Hospital and Clinics Authority. For example, in 1996, when UW Hospital and Clinics became an independent entity, it received approximately \$2.2 million in GPR to support its mission. In FY 2002-03, UW Hospital and Clinics had expenditures of \$545 million, and 5,300 full-time equivalent employees. In contrast, UW System expended \$1.1 billion in GPR in FY 2002-03, when its budget was \$3.3 billion, and it had nearly 32,000 full-time equivalent employees.

Wisconsin is not alone in reducing state funding for its university system or in debating the relationship between the state and the university system; GPR support is declining in many states. Recent press accounts indicate that Washington has limited enrollment. State funding for the University of California was reduced 6 percent, and internal funding will be used to enroll students previously subject to enrollment reductions. Other states have implemented alternative governance structures with varying degrees of autonomy. For example, the University of Colorado is considered an enterprise rather than a state agency, and a \$2,400 annual voucher provided directly to enrolled students by the State of Colorado is intended to replace state funding.

***The UW System is seeking greater flexibility to manage its operations.***

In the absence of major structural change, UW System has asked the Legislature to provide greater short-term flexibility for its operations or to allow certain funds that are now transferred to the State to instead be retained. For example, in past biennia UW System has asked that it be granted authority to:

- set salaries without executive or legislative approval;
- make its purchases independently;
- retain its proceeds from the sale of real estate;
- retain its investment earnings; and
- remove its capital budget from the State's capital budgeting process.

We note, however, that amounts provided by the State for UW System buildings and infrastructure are an important component of UW System's budget, and one that is not typically highlighted by UW System in its resource discussions. The State issues general obligation bonds that are used to construct and acquire buildings, land, or other assets for many programs. In recent years, the State has supported an aggressive building program within UW System.



***\$523.4 million in general obligation bonds has been authorized for UW System building projects in recent years.***

Table 33 shows the amount of new GPR-supported bonding authorized in recent biennia. Total bonding authorized during this period was approximately \$523.4 million, excluding bonding that is self-amortizing and paid for from UW System resources such as auxiliary services, athletic fees, and gifts. The value of all UW System buildings is approximately \$2.7 billion.

Table 33

**New GPR-Supported General Obligation Bonds  
for UW System Capital Projects  
(In Millions)**

Biennium	Amount
1997-99	\$ 25.0
1999-2001	68.7
2001-03	373.0 <sup>1</sup>
2003-05	56.7

<sup>1</sup> Includes \$2.4 million in additional bonds enumerated by 2003 Wisconsin Act 33.

The large increase in the 2001-03 biennium includes \$158.5 million for the Biostar Initiative, a program to construct biological sciences facilities to enhance health sciences and research activities at UW-Madison. This amount is intended to fund Biostar projects through 2009-11. The remainder has been used for a variety of construction and renovation projects.

This evaluation was completed at the same time UW System was finalizing its 2005-07 biennial budget request. UW System is requesting an additional \$211.6 million for the biennium, with the goal of using these funds to maintain its instructional quality and operations. The exact mix of program revenue and GPR that would fund this increase is not known at this time.

As the Governor and the Legislature consider this funding request and other proposals from UW System to manage its operations more independently, we suggest careful review of administrative staffing and expenditures. Our analysis indicates that both are higher than previously reported. Furthermore, as operating expenditures increased 35.0 percent from 1998 to 2003, when they reached \$3.3 billion, UW System's enrollment increased 8.2 percent.

## Maintaining Student Access

Recent increases in tuition have raised concern about the ability of low-income students to enroll in UW System institutions. In both July 2003 and July 2004, the Board of Regents approved the maximum tuition increases established in Act 33: \$700 at UW-Madison and UW-Milwaukee, and \$500 at the remaining four-year campuses and UW Colleges. In 2003-04, this represented a 16.1 percent increase at UW-Madison.

***Only one Big Ten school has a lower undergraduate resident tuition rate than UW-Madison.***

In 2004-05, UW-Madison's 14.1 percent tuition and fee increase for resident undergraduates was the highest among Big Ten schools, as shown in Table 34. However, at \$5,866, UW-Madison's tuition and fees for residents compare favorably with those at other Big Ten schools. Only the University of Iowa had a lower undergraduate resident tuition rate in 2004-05.

Table 34

### Tuition and Fees for Incoming Undergraduates At Public Universities in the Big 10 Conference<sup>1</sup> 2003-04 and 2004-05

University	Resident			Nonresident		
	2003-04	2004-05	Change	2003-04	2004-05	Change
University of Wisconsin-Madison	\$5,139	\$ 5,866	14.1%	\$19,139	\$19,866	3.8%
University of Illinois	7,054	7,966	12.9	18,090	20,886	15.5
The Ohio State University	6,624	7,479	12.9	16,488	18,066	9.6
University of Minnesota	7,331	8,252	12.6	18,961	19,882	4.9
The Pennsylvania State University	9,706	10,856	11.8	19,328	20,784	7.5
The University of Iowa	4,993	5,396	8.1	15,285	16,048	5.0
Michigan State University	6,703	7,000	4.4	16,663	17,845	7.1
Indiana University	6,517	6,777	4.0	17,552	18,590	5.9
Purdue University	5,860	6,092	4.0	17,640	18,700	6.0
University of Michigan	7,975	8,201	2.8	24,777	26,027	5.0

<sup>1</sup> Excludes Northwestern University, a private institution.

Access to public post-secondary education in Wisconsin is also relatively high. As shown in Table 35, Wisconsin had 47 public post-secondary students for every 1,000 residents in 2000, the latest year for which information was available. That rate compares favorably to those of the other states with schools in the Big 10 Conference. However, according to an April 2004 report from UW System, only 11.0 percent of resident freshman students in 2002 were from families with incomes of less than \$28,353. In contrast, 14.5 percent of new resident freshmen in 1992 were from families with low incomes.

Table 35

**Public Post-Secondary Students per 1,000 Residents  
2000**

State	Population	Public Post-Secondary Students per 1,000 Residents
Michigan	9,938,444	47
Wisconsin	5,363,675	47
Iowa	2,926,324	46
Minnesota	4,919,479	44
Illinois	12,419,293	43
Indiana	6,080,485	39
Ohio	11,353,140	36
Pennsylvania	12,281,054	28

Source: U.S. Census Bureau

In FY 2001-02, 60.0 percent of all UW System students received some form of financial aid. To address tuition increases and concerns about access, the State's 2003-05 biennial budget provided additional funding for student financial aid programs. However, the source of this funding was \$26.5 million of UW System's auxiliary reserves.

Some other universities and states have implemented initiatives to ease the impact of rising tuition costs. For example:

- In 2003, Illinois passed a "truth in tuition" law under which tuition for new students at all nine of that state's public four-year institutions is frozen at the level the students are charged as freshmen.

- Indiana University assessed a surcharge that ranged from \$500 to \$1,000 for new students in 2003-04 and used a portion of this revenue to target financial aid to low-income students.

Finally, student access is affected by UW System's capacity. UW System is currently in the fourth year of its Enrollment Management-21 Plan, which was approved by the Board of Regents in June 2000 and is intended to guide enrollment decisions at UW System campuses through 2006-07. The enrollment plan calls for:

- maintaining an access rate that will allow approximately 30.0 percent of Wisconsin high school graduates to attend a UW System institution;
- establishing enrollment at 133,823 full-time equivalent students by fall 2006, and directing students to those campuses with additional capacity;
- increasing the number of nontraditional and working adult students served; and
- better serving minority and disadvantaged students.

In fall 2003, 9 of the 13 UW Colleges campuses were above capacity; data are not yet available to assess capacity in fall 2004.

***In FY 2002-03, operating expenditures per full-time equivalent student ranged from \$8,981 to \$28,659.***

As the Legislature considers access and capacity issues, it is important to note which campuses are operating most efficiently. One measure is provided in Table 36, which shows total operating costs per full-time equivalent student at all UW System institutions, based on FY 2002-03 expenditure and enrollment data. Operating costs were lowest for UW Colleges, which is not surprising because of their limited facilities and focus on classroom instruction. UW-Madison had the highest operating costs per student.

Table 36  
**Operating Costs per Full-Time Equivalent Student<sup>1</sup>**  
 FY 2002-03

Campus	Amount
Madison <sup>2</sup>	\$28,659
Milwaukee	17,719
Superior	16,953
Green Bay	16,069
Stevens Point	14,991
Parkside	14,918
Platteville	14,734
River Falls	14,590
Stout	14,281
Oshkosh	13,565
La Crosse	13,024
Whitewater	12,521
Eau Claire	12,339
Colleges	8,981

<sup>1</sup> Excludes research expenditures and student loans for all campuses.  
<sup>2</sup> Excludes the UW-Madison Athletic Department.

The reasons for the differences among individual institutions are difficult to determine. However, if operating efficiencies could be generated at the high-cost campuses, it may be possible to redirect savings to fund additional student financial aid. The level and source of student financial aid is likely to be an issue for legislative consideration in 2005-07 biennial budget deliberations.

**Recommendation**

*We recommend UW System 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.*

## Appendix 1

### Campus Profiles

Each of the following campus profiles summarizes available data on enrollment, filled full-time equivalent (FTE) positions, and operating expenditures.

Enrollment is shown for the fall semester and presented by both FTE and headcount. FTE enrollment allows comparisons among campuses and in relation to other variables, such as staffing levels. Headcount enrollment includes both full- and part-time students.

Changes in enrollment are shown for two periods:

- The first, labeled Five Years, reflects changes over the five-year period that followed the 1997-98 academic year and ended in fall 2002-03.
- The second, labeled One Year, reflects the most recent period for which data are available.

Filled FTE positions are shown as of the March payroll in three years: 1998, 2003, and 2004. Changes in staffing levels are expressed in two ways:

- The change from March 1998 through March 2003 reflects increases and declines for various position types during the five-year period before authorized position levels were reduced under 2003 Wisconsin Act 33.
- The change from March 2003 through March 2004 reflects changes in staffing levels during the first year 2003 Wisconsin Act 33 was in effect.

For an explanation of the position categories, see Appendix 3.

Operating expenditures are shown as administrative and other expenditures. Administrative expenditures are estimated; actual administrative expenditures may be higher. Operating expenditures do not include UW System's capital budgets and student loan funds.

Administrative expenditures include Institutional Support and other identified costs of administration.

- Institutional Support includes expenditures for salaries, fringe benefits, and supplies and services for Management, Clerical and Secretarial, Professional Non-faculty, and Technical and Paraprofessional staff that UW System has determined are related to the central administration and management of the System and campuses. (See Appendix 4 for a more detailed definition of Institutional Support.)
- Other identified costs of administration include expenditures for salaries, fringe benefits, and supplies and services for all Management and Clerical and Secretarial staff not coded to Institutional Support by UW System, as well as for Professional Non-faculty and Technical and Paraprofessional staff whom we determined perform administrative functions.

Other operating expenditures include all expenditures that are not administrative in nature, such as those for faculty and other instructional and research purposes.

## University of Wisconsin-Madison

### Enrollment

	1997-98 Academic Year	2002-03 Academic Year	2003-04 Academic Year	Change	
				Five Years (Ending 2002-03)	One Year (2002-03 to 2003-04)
FTE	34,763	36,328	36,334	4.5%	<0.1%
Headcount	39,700	40,858	40,769	2.9	-0.2

### Filled FTE Positions by Position Type

Position Type	March 1998	March 2003	March 2004	Change	
				Five Years (March 1998 to March 2003)	One Year (March 2003 to March 2004)
Professional Non-faculty	6,912.3	8,667.1	8,898.9	25.4%	2.7%
Technical and Paraprofessional	633.9	768.6	771.6	21.2	0.4
Skilled Crafts	248.2	264.4	287.6	6.5	8.8
Management	437.6	454.7	465.6	3.9	2.4
Faculty	3,202.9	3,419.9	3,441.9	6.8	0.6
Service/Maintenance	1,318.2	1,337.1	1,327.0	1.4	-0.8
Clerical and Secretarial	2,037.2	1,691.4	1,615.0	-17.0	-4.5
<b>Total</b>	<b>14,790.3</b>	<b>16,603.2</b>	<b>16,807.6</b>	<b>12.3</b>	<b>1.2</b>

### Operating Expenditures (In Millions)

	FY 2002-03	Percentage of Total
<b>Administrative Expenditures:</b>		
Institutional Support	\$ 45.8	2.7%
Other Identified Costs of Administration	157.0	9.1
<b>Subtotal</b>	<b>202.8</b>	<b>11.8</b>
Other Operating Expenditures	1,514.7	88.2
<b>Total Operating Expenditures</b>	<b>\$1,717.5</b>	<b>100.0%</b>

## University of Wisconsin-Milwaukee

### Enrollment

	1997-98 Academic Year	2002-03 Academic Year	2003-04 Academic Year	Change	
				Five Years (Ending 2002-03)	One Year (2002-03 to 2003-04)
FTE	15,553	18,141	18,604	16.6%	2.6%
Headcount	22,251	24,344	24,875	9.4	2.2

### Filled FTE Positions by Position Type

Position Type	March 1998	March 2003	March 2004	Change	
				Five Years (March 1998 to March 2003)	One Year (March 2003 to March 2004)
Professional Non-faculty	974.7	1,331.0	1,358.0	36.6%	2.0%
Technical and Paraprofessional	96.1	102.4	98.7	6.6	-3.6
Skilled Crafts	27.0	27.0	27.8	0.0	3.0
Management	160.2	171.8	163.2	7.2	-5.0
Faculty	986.9	1,060.9	1,064.9	7.5	0.4
Service/Maintenance	339.8	329.2	306.4	-3.1	-6.9
Clerical and Secretarial	408.5	368.5	347.8	-9.8	-5.6
<b>Total</b>	<b>2,993.2</b>	<b>3,390.8</b>	<b>3,366.8</b>	<b>13.3</b>	<b>-0.7</b>

### Operating Expenditures (In Millions)

	FY 2002-03	Percentage of Total
<b>Administrative Expenditures:</b>		
Institutional Support	\$17.2	4.8%
Other Identified Costs of Administration	44.4	12.4
<b>Subtotal</b>	<b>61.6</b>	<b>17.2</b>
Other Operating Expenditures	297.1	82.8
<b>Total Operating Expenditures</b>	<b>\$358.7</b>	<b>100.0%</b>



## University of Wisconsin-Eau Claire

### Enrollment

	1997-98 Academic Year	2002-03 Academic Year	2003-04 Academic Year	Change	
				Five Years (Ending 2002-03)	One Year (2002-03 to 2003-04)
FTE	9,370	9,745	9,442	4.0%	-3.1%
Headcount	10,480	10,862	10,599	3.6	-2.4

### Filled FTE Positions by Position Type

Position Type	March 1998	March 2003	March 2004	Change	
				Five Years (March 1998 to March 2003)	One Year (March 2003 to March 2004)
Professional Non-faculty	198.3	269.0	270.6	35.7%	0.6%
Technical and Paraprofessional	33.0	34.7	31.5	5.2	-9.2
Skilled Crafts	13.4	16.0	15.0	19.4	-6.3
Management	63.1	59.7	60.6	-5.4	1.5
Faculty	485.1	484.0	476.4	-0.2	-1.6
Service/Maintenance	168.3	162.2	164.2	-3.6	1.2
Clerical and Secretarial	194.6	161.3	162.0	-17.1	0.4
<b>Total</b>	<b>1,155.8</b>	<b>1,186.9</b>	<b>1,180.3</b>	<b>2.7</b>	<b>-0.6</b>

### Operating Expenditures (In Millions)

	FY 2002-03	Percentage of Total
Administrative Expenditures:		
Institutional Support	\$ 8.4	6.9%
Other Identified Costs of Administration	12.1	10.0
<b>Subtotal</b>	<b>20.5</b>	<b>16.9</b>
Other Operating Expenditures	100.9	83.1
<b>Total Operating Expenditures</b>	<b>\$121.4</b>	<b>100.0%</b>

## University of Wisconsin-Green Bay

### Enrollment

	1997-98 Academic Year	2002-03 Academic Year	2003-04 Academic Year	Change	
				Five Years (Ending 2002-03)	One Year (2002-03 to 2003-04)
FTE	4,333	4,474	4,646	3.3%	3.8%
Headcount	5,436	5,378	5,448	-1.1	1.3

### Filled FTE Positions by Position Type

Position Type	March 1998	March 2003	March 2004	Change	
				Five Years (March 1998 to March 2003)	One Year (March 2003 to March 2004)
Professional Non-faculty	144.8	194.2	195.0	34.1%	0.4%
Technical and Paraprofessional	14.1	16.8	15.6	19.1	-7.1
Skilled Crafts	2.1	3.0	3.0	42.9	0.0
Management	52.9	51.2	50.6	-3.2	-1.2
Faculty	189.6	195.0	188.1	2.8	-3.5
Service/Maintenance	68.9	73.2	80.7	6.2	10.2
Clerical and Secretarial	87.7	77.5	77.4	-11.6	-0.1
<b>Total</b>	<b>560.1</b>	<b>610.9</b>	<b>610.4</b>	<b>9.1</b>	<b>-0.1</b>

### Operating Expenditures (In Millions)

	FY 2002-03	Percentage of Total
Administrative Expenditures:		
Institutional Support	\$ 5.5	7.5%
Other Identified Costs of Administration	7.9	10.7
<b>Subtotal</b>	<b>13.4</b>	<b>18.2</b>
Other Operating Expenditures	60.1	81.8
<b>Total Operating Expenditures</b>	<b>\$73.5</b>	<b>100.0%</b>

## University of Wisconsin-La Crosse

### Enrollment

	1997-98 Academic Year	2002-03 Academic Year	2003-04 Academic Year	Change	
				Five Years (Ending 2002-03)	One Year (2002-03 to 2003-04)
FTE	8,426	8,243	8,138	-2.2%	-1.3%
Headcount	9,076	8,750	8,746	-3.6	-<0.1

### Filled FTE Positions by Position Type

Position Type	March 1998	March 2003	March 2004	Change	
				Five Years (March 1998 to March 2003)	One Year (March 2003 to March 2004)
Professional Non-faculty	222.5	265.2	270.3	19.2%	1.9%
Technical and Paraprofessional	23.2	28.6	25.1	23.3	-12.2
Skilled Crafts	8.8	11.0	11.0	25.0	0.0
Management	71.9	69.1	64.8	-3.9	-6.2
Faculty	396.4	410.9	394.7	3.7	-3.9
Service/Maintenance	120.6	115.7	117.9	-4.1	1.9
Clerical and Secretarial	116.3	119.5	113.4	2.8	-5.1
<b>Total</b>	<b>959.7</b>	<b>1,020.0</b>	<b>997.2</b>	<b>6.3</b>	<b>-2.2</b>

### Operating Expenditures (In Millions)

	FY 2002-03	Percentage of Total
Administrative Expenditures:		
Institutional Support	\$ 4.4	4.0%
Other Identified Costs of Administration	11.1	10.1
<b>Subtotal</b>	<b>15.5</b>	<b>14.1</b>
Other Operating Expenditures	94.4	85.9
<b>Total Operating Expenditures</b>	<b>\$109.9</b>	<b>100.0%</b>

# University of Wisconsin-Oshkosh

## Enrollment

	1997-98 Academic Year	2002-03 Academic Year	2003-04 Academic Year	Change	
				Five Years (Ending 2002-03)	One Year (2002-03 to 2003-04)
FTE	8,790	9,570	9,501	8.9%	-0.7%
Headcount	10,620	11,245	11,013	5.9	-2.1

## Filled FTE Positions by Position Type

Position Type	March 1998	March 2003	March 2004	Change	
				Five Years (March 1998 to March 2003)	One Year (March 2003 to March 2004)
Professional Non-faculty	320.9	417.8	415.3	30.2%	-0.6%
Technical and Paraprofessional	57.9	46.6	43.6	-19.5	-6.4
Skilled Crafts	16.5	20.0	19.0	21.2	-5.0
Management	53.8	63.7	62.3	18.4	-2.2
* Faculty	444.5	466.7	472.4	5.0	1.2 <i>Stayed up</i>
Service/Maintenance	169.1	154.4	150.1	-8.7	-2.8
Clerical and Secretarial	192.7	187.8	176.4	-2.5	-6.1
<b>Total</b>	<b>1,255.4</b>	<b>1,357.0</b>	<b>1,339.1</b>	<b>8.1</b>	<b>-1.3</b>

## Operating Expenditures (In Millions)

	FY 2002-03	Percentage of Total
Administrative Expenditures:		
Institutional Support	\$ 6.9	5.3%
Other Identified Costs of Administration	13.6	10.3
<b>Subtotal</b>	<b>20.5</b>	<b>15.6</b>
Other Operating Expenditures	110.9	84.4
<b>Total Operating Expenditures</b>	<b>\$131.4</b>	<b>100.0%</b>

## University of Wisconsin-Parkside

### Enrollment

	1997-98 Academic Year	2002-03 Academic Year	2003-04 Academic Year	Change	
				Five Years (Ending 2002-03)	One Year (2002-03 to 2003-04)
FTE	3,217	3,658	3,712	13.7%	1.5%
Headcount	4,696	4,972	5,072	5.9	2.0

### Filled FTE Positions by Position Type

Position Type	March 1998	March 2003	March 2004	Change	
				Five Years (March 1998 to March 2003)	One Year (March 2003 to March 2004)
Professional Non-faculty	98.4	131.6	134.1	33.7%	1.9%
Technical and Paraprofessional	18.1	22.6	18.9	24.9	-16.4
Skilled Crafts	2.0	3.0	3.5	50.0	16.7
Management	35.0	41.5	37.5	18.6	-9.6
Faculty	174.2	206.3	199.7	18.4	-3.2
Service/Maintenance	67.5	75.4	70.9	11.7	-6.0
Clerical and Secretarial	87.2	82.1	79.9	-5.8	-2.7
<b>Total</b>	<b>482.4</b>	<b>562.5</b>	<b>544.5</b>	<b>16.6</b>	<b>-3.2</b>

### Operating Expenditures (In Millions)

	FY 2002-03	Percentage of Total
Administrative Expenditures:		
Institutional Support	\$4.8	8.7%
Other Identified Costs of Administration	6.8	12.2
<b>Subtotal</b>	<b>11.6</b>	<b>20.9</b>
Other Operating Expenditures	44.0	79.1
<b>Total Operating Expenditures</b>	<b>\$55.6</b>	<b>100.0%</b>

## University of Wisconsin-Platteville

### Enrollment

	1997-98 Academic Year	2002-03 Academic Year	2003-04 Academic Year	Change	
				Five Years (Ending 2002-03)	One Year (2002-03 to 2003-04)
FTE	4,561	5,256	5,280	15.2%	0.5%
Headcount	5,035	5,939	6,134	18.0	3.3

### Filled FTE Positions by Position Type

Position Type	March 1998	March 2003	March 2004	Change	
				Five Years (March 1998 to March 2003)	One Year (March 2003 to March 2004)
Professional Non-faculty	129.8	151.0	156.2	16.3%	3.4%
Technical and Paraprofessional	12.9	13.5	13.9	4.7	3.0
Skilled Crafts	5.0	6.0	6.0	20.0	0.0
Management	34.7	44.0	41.8	26.8	-5.0
Faculty	260.6	276.4	267.3	6.1	-3.3
Service/Maintenance	132.0	147.5	122.4	11.7	-17.0
Clerical and Secretarial	119.3	123.7	123.5	3.7	-0.2
<b>Total</b>	<b>694.3</b>	<b>762.1</b>	<b>731.1</b>	<b>9.8</b>	<b>-4.1</b>

### Operating Expenditures (In Millions)

	FY 2002-03	Percentage of Total
Administrative Expenditures:		
Institutional Support	\$ 5.9	7.6%
Other Identified Costs of Administration	7.4	9.5
<b>Subtotal</b>	<b>13.3</b>	<b>17.1</b>
Other Operating Expenditures	64.3	82.9
<b>Total Operating Expenditures</b>	<b>\$77.6</b>	<b>100.0%</b>

## University of Wisconsin-River Falls

### Enrollment

	1997-98 Academic Year	2002-03 Academic Year	2003-04 Academic Year	Change	
				Five Years (Ending 2002-03)	One Year (2002-03 to 2003-04)
FTE	4,926	5,148	5,229	4.5%	1.6%
Headcount	5,396	5,647	5,799	4.7	2.7

### Filled FTE Positions by Position Type

Position Type	March 1998	March 2003	March 2004	Change	
				Five Years (March 1998 to March 2003)	One Year (March 2003 to March 2004)
Professional Non-faculty	89.6	135.0	136.5	50.7%	1.1%
Technical and Paraprofessional	16.6	18.4	18.2	10.8	-1.1
Skilled Crafts	7.0	8.0	8.0	14.3	0.0
Management	39.6	39.5	35.5	-0.3	-10.1
Faculty	267.3	265.5	256.5	-0.7	-3.4
Service/Maintenance	77.6	80.8	87.4	4.1	8.2
Clerical and Secretarial	92.2	95.0	92.0	3.0	-3.2
<b>Total</b>	<b>589.9</b>	<b>642.2</b>	<b>634.1</b>	<b>8.9</b>	<b>-1.3</b>

### Operating Expenditures (In Millions)

	FY 2002-03	Percentage of Total
<b>Administrative Expenditures:</b>		
Institutional Support	\$ 5.1	6.8%
Other Identified Costs of Administration	6.4	8.5
<b>Subtotal</b>	<b>11.5</b>	<b>15.3</b>
Other Operating Expenditures	63.8	84.7
<b>Total Operating Expenditures</b>	<b>\$75.3</b>	<b>100.0%</b>

## University of Wisconsin-Stevens Point

### Enrollment

	1997-98 Academic Year	2002-03 Academic Year	2003-04 Academic Year	Change	
				Five Years (Ending 2002-03)	One Year (2002-03 to 2003-04)
FTE	7,690	7,851	7,901	2.1%	0.6%
Headcount	8,455	8,667	8,750	2.5	1.0

### Filled FTE Positions by Position Type

Position Type	March 1998	March 2003	March 2004	Change	
				Five Years (March 1998 to March 2003)	One Year (March 2003 to March 2004)
Professional Non-faculty	228.4	298.7	297.3	30.8%	-0.5%
Technical and Paraprofessional	53.7	35.9	35.0	-33.1	-2.5
Skilled Crafts	13.9	14.9	15.0	7.2	0.7
Management	57.2	54.4	56.8	-4.9	4.4
Faculty	400.8	404.5	403.2	0.9	-0.3
Service/Maintenance	132.2	124.0	119.6	-6.2	-3.5
Clerical and Secretarial	160.1	148.5	144.7	-7.2	-2.6
<b>Total</b>	<b>1,046.3</b>	<b>1,080.9</b>	<b>1,071.6</b>	<b>3.3</b>	<b>-0.9</b>

### Operating Expenditures (In Millions)

	FY 2002-03	Percentage of Total
<b>Administrative Expenditures:</b>		
Institutional Support	\$ 7.3	6.1%
Other Identified Costs of Administration	10.4	8.7
<b>Subtotal</b>	<b>17.7</b>	<b>14.8</b>
Other Operating Expenditures	101.8	85.2
<b>Total Operating Expenditures</b>	<b>\$119.5</b>	<b>100.0%</b>



## University of Wisconsin-Stout

### Enrollment

	1997-98 Academic Year	2002-03 Academic Year	2003-04 Academic Year	Change	
				Five Years (Ending 2002-03)	One Year (2002-03 to 2003-04)
FTE	6,697	7,041	6,922	5.1%	-1.7%
Headcount	7,411	7,901	7,708	6.6	-2.4

### Filled FTE Positions by Position Type

Position Type	March 1998	March 2003	March 2004	Change	
				Five Years (March 1998 to March 2003)	One Year (March 2003 to March 2004)
Professional Non-faculty	212.4	273.3	282.3	28.7%	3.3%
Technical and Paraprofessional	22.4	29.1	25.4	29.9	-12.7
Skilled Crafts	9.9	11.0	11.9	11.1	8.2
Management	54.4	66.1	68.3	21.5	3.3
Faculty	351.1	354.6	337.1	1.0	-4.9
Service/Maintenance	149.7	158.7	154.6	6.0	-2.6
Clerical and Secretarial	164.3	155.9	142.4	-5.1	-8.7
<b>Total</b>	<b>964.2</b>	<b>1,048.7</b>	<b>1,022.0</b>	<b>8.8</b>	<b>-2.5</b>

### Operating Expenditures (in Millions)

	FY 2002-03	Percentage of Total
Administrative Expenditures:		
Institutional Support	\$ 7.2	7.0%
Other Identified Costs of Administration	11.2	11.0
<b>Subtotal</b>	<b>18.4</b>	<b>18.0</b>
Other Operating Expenditures	83.6	82.0
<b>Total Operating Expenditures</b>	<b>\$102.0</b>	<b>100.0%</b>

## University of Wisconsin-Superior

### Enrollment

	1997-98 Academic Year	2002-03 Academic Year	2003-04 Academic Year	Change	
				Five Years (Ending 2002-03)	One Year (2002-03 to 2003-04)
FTE	2,041	2,235	2,236	9.5%	<0.1%
Headcount	2,573	2,861	2,832	11.2	-1.0

### Filled FTE Positions by Position Type

Position Type	March 1998	March 2003	March 2004	Change	
				Five Years (March 1998 to March 2003)	One Year (March 2003 to March 2004)
Professional Non-faculty	72.1	98.6	94.3	36.8%	-4.4%
Technical and Paraprofessional	7.6	10.7	7.6	40.8	-29.0
Skilled Crafts	4.0	4.0	4.0	0.0	0.0
Management	27.3	23.0	24.5	-15.8	6.5
Faculty	123.3	130.4	129.7	5.8	-0.5
Service/Maintenance	52.6	52.6	57.0	0.0	8.4
Clerical and Secretarial	59.9	59.2	58.3	-1.2	-1.5
<b>Total</b>	<b>346.8</b>	<b>378.5</b>	<b>375.4</b>	<b>9.1</b>	<b>-0.8</b>

### Operating Expenditures (In Millions)

	FY 2002-03	Percentage of Total
Administrative Expenditures:		
Institutional Support	\$ 3.3	8.5%
Other Identified Costs of Administration	3.4	8.7
<b>Subtotal</b>	<b>6.7</b>	<b>17.2</b>
Other Operating Expenditures	32.2	82.8
<b>Total Operating Expenditures</b>	<b>\$38.9</b>	<b>100.0%</b>

## University of Wisconsin-Whitewater

### Enrollment

	1997-98 Academic Year	2002-03 Academic Year	2003-04 Academic Year	Change	
				Five Years (Ending 2002-03)	One Year (2002-03 to 2003-04)
FTE	8,892	9,180	9,097	3.2%	-0.9%
Headcount	10,564	10,758	10,548	1.8	-2.0

### Filled FTE Positions by Position Type

Position Type	March 1998	March 2003	March 2004	Change	
				Five Years (March 1998 to March 2003)	One Year (March 2003 to March 2004)
Professional Non-faculty	183.4	223.5	221.0	21.9%	-1.1%
Technical and Paraprofessional	23.0	31.1	28.0	35.2	-10.0
Skilled Crafts	12.9	15.9	12.6	23.3	-20.8
Management	66.0	69.1	66.7	4.7	-3.5
Faculty	438.4	446.7	435.8	1.9	-2.4
Service/Maintenance	124.8	128.7	127.3	3.1	-1.1
Clerical and Secretarial	162.6	140.8	139.3	-13.4	-1.1
<b>Total</b>	<b>1,011.1</b>	<b>1,055.8</b>	<b>1,030.7</b>	<b>4.4</b>	<b>-2.4</b>

### Operating Expenditures (In Millions)

	FY 2002-03	Percentage of Total
<b>Administrative Expenditures:</b>		
Institutional Support	\$ 7.9	6.9%
Other Identified Costs of Administration	11.0	9.5
<b>Subtotal</b>	<b>18.9</b>	<b>16.4</b>
Other Operating Expenditures	96.4	83.6
<b>Total Operating Expenditures</b>	<b>\$115.3</b>	<b>100.0%</b>

## University of Wisconsin Colleges

### Enrollment

	1997-98 Academic Year	2002-03 Academic Year	2003-04 Academic Year	Change	
				Five Years (Ending 2002-03)	One Year (2002-03 to 2003-04)
FTE	6,131	8,782	8,756	43.2%	-0.3%
Headcount	8,881	12,453	12,410	40.2	-0.3

### Filled FTE Positions by Position Type

Position Type	March 1998	March 2003	March 2004	Change	
				Five Years (March 1998 to March 2003)	One Year (March 2003 to March 2004)
Professional Non-faculty	129.2	220.4	216.1	70.6%	-2.0%
Technical and Paraprofessional	10.2	11.2	13.2	9.8	17.9
Skilled Crafts	0.0	0.0	0.0	n/a	n/a
Management	67.6	76.0	77.7	12.4	2.2
Faculty	379.7	426.7	438.2	12.4	2.7
Service/Maintenance	87.6	92.5	96.0	5.6	3.8
Clerical and Secretarial	102.6	97.1	94.9	-5.4	-2.3
<b>Total</b>	<b>776.9</b>	<b>923.9</b>	<b>936.1</b>	<b>18.9</b>	<b>1.3</b>

### Operating Expenditures (In Millions)

	FY 2002-03	Percentage of Total
Administrative Expenditures:		
Institutional Support	\$ 7.7	9.8%
Other Identified Costs of Administration	8.2	10.4
<b>Subtotal</b>	<b>15.9</b>	<b>20.2</b>
Other Operating Expenditures	63.0	79.8
<b>Total Operating Expenditures</b>	<b>\$78.9</b>	<b>100.0%</b>

## University of Wisconsin-Extension

### Enrollment

UW Extension reported that it served 182,074 people in its non-credit programs and 11,208 participants in its Business and Manufacturing Extension training programs in FY 2002-03. Similar data for FY 2003-04 were not available.

### Filled FTE Positions by Position Type

Position Type	March 1998	March 2003	March 2004	Change	
				Five Years (March 1998 to March 2003)	One Year (March 2003 to March 2004)
Professional Non-faculty	426.5	479.7	460.1	12.5%	-4.1%
Technical and Paraprofessional	46.3	52.1	44.9	12.5	-13.8
Skilled Crafts	0.0	0.0	0.0	n/a	n/a
Management	52.9	67.0	64.3	26.7	-4.0
Faculty	342.0	365.3	366.7	6.8	0.4
Service/Maintenance	36.3	42.4	43.8	16.8	3.3
Clerical and Secretarial	182.1	123.3	118.6	-32.3	-3.8
<b>Total</b>	<b>1,086.1</b>	<b>1,129.8</b>	<b>1,098.4</b>	<b>4.0</b>	<b>-2.8</b>

### Operating Expenditures (In Millions)

	FY 2002-03	Percentage of Total
<b>Administrative Expenditures:</b>		
Institutional Support	\$ 5.2	5.7%
Other Identified Costs of Administration	17.1	18.8
<b>Subtotal</b>	<b>22.3</b>	<b>24.5</b>
Other Operating Expenditures	68.9	75.5
<b>Total Operating Expenditures</b>	<b>\$91.2</b>	<b>100.0%</b>

Appendix 2

**Change in Filled LTE Positions, by Institution**

Institution	March 1998	March 2003	March 2004	Change	
				Five Years (March 1998 to March 2003)	One Year (March 2003 to March 2004)
System Administration	4.2	1.8	3.4	-57.1%	88.9%
Colleges	29.1	30.6	38.8	5.2	26.8
Green Bay	22.6	16.4	20.1	-27.4	22.6
Eau Claire	84.1	88.1	92.2	4.8	4.7
Extension	77.3	52.9	54.6	-31.6	3.2
Madison	689.8	539.1	537.7	-21.8	-0.3
Stevens Point	65.0	48.9	47.2	-24.8	-3.5
River Falls	35.7	38.0	35.7	6.4	-6.1
Whitewater	30.4	27.0	24.4	-11.2	-9.6
Superior	21.8	19.3	17.4	-11.5	-9.8
Parkside	36.4	38.7	34.1	6.3	-11.9
Oshkosh	112.9	86.2	75.9	-23.6	-11.9
Milwaukee	151.2	132.4	108.0	-12.4	-18.4
Stout	43.8	50.0	40.7	14.2	-18.6
La Crosse	23.4	41.3	30.6	76.5	-25.9
Platteville	89.7	97.3	70.7	8.5	-27.3
<b>Total</b>	<b>1,517.4</b>	<b>1,308.0</b>	<b>1,231.5</b>	<b>-13.8</b>	<b>-5.8</b>

## Federal Affirmative Action/Equal Employment Opportunity Reporting Categories

For purposes of reporting to the Joint Committee on Finance pursuant to s. 36.11(33)(b), Wis. Stats., the University of Wisconsin System defines "management" and "staff" as employees who perform activities described by the Affirmative Action/Equal Employment Opportunity (AA/EEO) reporting categories developed by the federal Equal Employment Opportunities Commission. Those categories and their definitions follow.

AA/EEO Reporting Category	Definition
<p><b>Management</b> Executive, Administrative, and Managerial</p>	<p>Includes persons whose assignments require primary (and major) responsibility for management of the institution, or customarily recognized department of subdivision thereof. Assignments requiring the performance of work directly related to management policies or general business operations of the institution, department or subdivision, etc. It is assumed that assignments in this category customarily and regularly require the incumbent to exercise discretion and independent judgment, holding such titles as President, Vice President, Dean, Director, or the equivalents, as well as officers subordinate to any of these administrators of academic departments (chairpersons, heads, or the equivalent) if their principal activity is administrative. NOTE: Supervisory personnel of the technical, clerical, craft, and service/maintenance force will be reported within the specific categories.</p>
<p><b>Staff</b> Faculty</p>	<p>Includes persons whose specific assignments customarily are made for the purpose of conducting instruction, research, or public service as a principal activity (or activities), and who hold academic rank titles of professor, associate professor, assistant professor, instructor, lecturer, or the equivalent of any one of these academic ranks. Includes Deans, Directors, or the equivalents, as well as Associate Deans, Assistant Deans, and executive officers of academic departments (chairpersons, heads, or the equivalent) if their principal activity is instructional. Does not include student teaching or research assistants.</p>
<p>Professional Non-faculty</p>	<p>Includes persons whose assignments would require either college graduation or experience of such kind and amount as to provide a comparable background. Includes all staff members whose assignments require specialized professional training who should not be reported in the Executive or Faculty categories, and who should not be classified under any of the four nonprofessional staff categories.</p>
<p>Clerical and Secretarial</p>	<p>Includes persons whose assignments typically are associated with clerical activities or are specifically of a secretarial nature. Includes personnel who are responsible for internal and external communications, recording and retrieval of data (other than computer programmers) and/or information, and other paperwork required in an office, such as bookkeepers, stenographers, clerk typists, office machine operators, statistical clerks, payroll clerks, etc. Includes also sales clerks such as those employed full-time in the bookstore, and library clerks who are not recognized as librarians.</p>

### Technical and Paraprofessional

Includes persons whose assignments require specialized knowledge or skills which may be acquired through experience or academic work such as is offered in many two-year technical institutes, junior colleges, or through equivalent on-the-job training. Includes computer programmers and operators, drafters, engineering aides, junior engineers, mathematical aides, licensed practical or vocational nurses, dietitians, photographers, radio operators, scientific assistants, technical illustrators, technicians (medical, dental, electronic, physical sciences), and similar occupational activity categories but which are institutionally defined as technical assignments. Includes persons who perform some of the duties of a professional or technician in a supportive role, which usually requires less formal training and/or experience than normally required for professional technical status.

### Skilled Crafts

Includes all persons whose assignments typically require special manual skills and a thorough and comprehensive knowledge of the processes involved in the work, acquired through on-the-job training and experience or through apprenticeship or other formal training programs. Includes mechanics and repairers, electricians, stationary engineers, skilled machinists, carpenters, compositors, typesetters, and upholsterers.

### Service/Maintenance

Includes persons whose assignments require limited degrees of previously acquired skills and knowledge and in which workers perform duties which result in or contribute to the comfort, convenience, and hygiene of personnel and the student body or which contribute to the upkeep and care of buildings, facilities, or grounds of the institutional property. Includes chauffeurs, laundry and dry cleaning operators, cafeteria and restaurant workers, truck drivers, bus drivers, garage laborers, custodial personnel, gardeners and groundskeepers, refuse collectors, construction laborers, and security personnel.



## Activity Definitions for UW System Positions and Expenditures<sup>1</sup>

UW System and universities nationwide categorize positions and expenditures using a system of definitions developed by the National Association of College and University Business Officers (NACUBO) to organize accounting records. UW System has adapted these definitions to fit its needs, such as creating a separate category for expenditures and positions associated with its farm operations, which is not a category created by NACUBO.

Activity	Definition
Instruction	Expenditures for all activities through which a student may earn credit toward a post-secondary degree or certificate granted by the university. Also includes expenditures for preparatory/remedial instruction, even though these courses may not carry degree credit. Includes expenditures for curriculum development, departmental research and public service that are not separately budgeted.
Research	All expenditures for activities specifically organized to produce research outcomes, whether commissioned by an external agency or separately budgeted by an internal unit. Subject to these conditions, this category includes expenditures for individual and/or project research, as well as those of institutes and research centers. It does not include all sponsored programs (for example, training grants) nor is it necessarily limited to sponsored research because internally supported research programs that are separately budgeted may be included.
Public Service	Expenditures for all non-credit instruction (except preparatory/remedial instruction) and for activities that are established primarily to provide services beneficial to individuals and groups external to the institution. Includes conferences, institutes, general advisory services, reference bureaus, radio and television, consulting, and similar services to particular sectors of the community, as well as community service programs and cooperative extension services.

<sup>1</sup> These definitions are based upon the expenditure classification guidelines appearing in the Financial Accounting and Reporting Manual for Higher Education, published by the National Association of College and University Business Officers (NACUBO).

Institutional Support	Expenditures for central executive activities concerned with management and long-range planning of the entire institution; fiscal operations; administrative data processing; space management; employee personnel and records; logistical activities that provide procurement, storerooms, safety, security, printing, and transportation services to the institution; support services to faculty and staff that are not operated as auxiliary enterprises; and activities concerned with community and alumni relations, including development and fund-raising.
Academic Support	Funds expended primarily to provide support services for the institution's primary missions (instruction, research, and public service) including: (1) the retention, preservation, and display of educational materials in libraries, museums and galleries; (2) the provision of services that directly assist the academic functions of the institution, such as demonstration schools associated with a department, school, or college of education; (3) media such as audiovisual services and technology such as computing support; (4) academic administration (including academic deans but not department chairmen) and personnel development providing administrative support and management direction to the three primary missions; and (5) separately budgeted support for course and curriculum development.
Student Services	Includes expenditures for offices of admissions and the registrar and for those activities whose primary purpose is to contribute to students' emotional and physical well-being and to their intellectual, cultural, and social development outside the context of the formal instruction program. Also includes expenditures for student activities, cultural events, student newspapers, intramural athletics, student organizations, intercollegiate athletics, counseling and career guidance (excluding informal academic counseling by the faculty), student aid administration, and student health services.
Physical Plant	Includes all expenditures for operations established to provide services and maintenance related to grounds and facilities, as well as utilities, fire protection, and similar items. Includes all expenditures of current funds for the operation and maintenance of the physical plant, in all cases net of amounts charged to auxiliary enterprises, hospitals, and independent operations. Does not include expenditures made from the institutional plant fund accounts.
Auxiliary Enterprises	Self-supporting entities that exist to furnish goods or services to students, faculty, or staff and that charge fees directly related to, although not necessarily equal to, the cost of goods or services provided. The general public may also be served incidentally by auxiliary enterprises. All expenditures and transfers relating to the operation of auxiliary enterprises, including expenditures for operation and maintenance of plant and for institutional support are included. Also included are other direct and indirect costs, whether charged directly as expenditures or allocated as a proportionate share of costs of other department of units.
Hospitals	Includes all expenditures under s. 20.285(6)(g), Wis. Stats., that are to be reimbursed by the University of Wisconsin Hospitals and Clinics Authority.
Farm Operations	All activities that provide laboratory farm support to the primary missions of the institution.
Financial Aid	All forms of financial aid assistance to students, including scholarships, fellowships, and loans.

## Comparison of University System Expenditures by Activity

Academic Year 2000-01

University System	Institutional Support	Instruction	Research	Academic Support	Physical Plant	Public Service	Student Services	Other <sup>1</sup>
City University of New York	16.5%	38.6%	5.4%	8.2%	10.1%	4.4%	8.3%	8.4%
California State University	14.5	38.2	3.4	13.0	7.4	3.8	9.0	10.7
Pennsylvania State System	14.1	44.8	0.4	10.3	9.1	3.3	9.0	8.9
University of Houston	13.2	36.5	12.8	11.9	6.9	5.2	3.5	10.1
State University of New York	12.5	34.3	11.4	7.2	10.0	5.7	4.3	14.6
University of Maryland	11.1	32.8	22.9	9.5	6.6	6.2	3.8	7.1
University of Texas	10.8	38.2	23.3	5.9	7.8	4.2	2.5	7.1
University of Massachusetts	10.7	31.7	17.6	9.2	7.6	10.2	6.1	6.9
University System of New Hampshire	9.9	32.2	21.0	9.6	4.8	5.1	5.6	11.8
State University of New Jersey	9.7	39.3	16.8	8.0	8.1	2.3	5.1	10.7
State University System of Florida	9.3	37.1	20.3	11.0	6.4	5.0	4.3	6.6
University of California	9.1	30.1	27.0	12.4	5.0	4.6	4.0	7.8
University of North Carolina	8.7	41.1	14.1	8.7	7.7	8.8	2.7	8.1
University of Indiana	8.6	39.6	11.6	11.9	7.0	8.7	3.5	9.2
University of Nebraska	7.9	38.5	18.7	9.6	6.5	9.4	2.6	6.7
Louisiana State University	7.7	35.3	19.7	10.7	6.3	15.3	2.0	3.0
University of Tennessee	6.9	39.4	16.3	9.3	6.8	12.2	4.9	4.2
University of Illinois	6.8	29.3	22.8	9.1	7.8	13.2	3.2	7.8
<b>University of Wisconsin</b>	<b>6.0</b>	<b>32.9</b>	<b>20.9</b>	<b>11.4</b>	<b>6.2</b>	<b>4.8</b>	<b>7.5</b>	<b>10.3</b>
Average	10.2	35.4	17.6	10.1	7.1	6.2	4.8	8.6

<sup>1</sup> Includes financial aid and mandatory transfers such as debt service.

Source: U.S. Department of Education, Integrated Post-secondary Education Data Survey

Appendix 6

**Institutional Support Expenditures among Big 10 Universities<sup>1</sup>**  
FY 2000-01

University	Percentage of Budget Expended for Institutional Support
Indiana University	11.0%
The Ohio State University	9.4
The University of Iowa	8.2
Purdue University	7.2
The Pennsylvania State University	6.8
University of Michigan	5.7
Michigan State University	5.6
University of Minnesota	5.6
University of Wisconsin-Madison	3.3
University of Illinois	3.1

<sup>1</sup> Excludes Northwestern University, a private institution.

Appendix 7

**UW System's Monthly Salary Expenditures, by Position Type**

Position Type	March 1998	March 2003	March 2004	Change	
				Five Years (March 1998 to March 2003)	One Year (March 2003 to March 2004)
Professional Non-faculty	\$30,677,128	\$ 46,873,911	\$ 48,780,552	52.8%	4.1%
Technical and Paraprofessional	2,370,395	3,298,484	3,486,357	39.2	5.7
Management	7,541,796	10,273,803	10,166,610	36.2	-1.0
Skilled Crafts	1,483,402	2,016,279	2,262,723	35.9	12.2
Faculty	46,039,898	58,932,480	58,728,877	28.0	-0.3
Service/Maintenance	5,614,536	6,221,476	6,716,709	10.8	8.0
Clerical and Secretarial	8,594,926	8,058,866	8,255,155	-6.2	2.4
<b>Total</b>	<b>\$102,322,081</b>	<b>\$135,675,299</b>	<b>\$138,396,983</b>	<b>32.6</b>	<b>2.0</b>

Appendix 8

**Salary Ranges for UW System Senior Executives<sup>1</sup>**

	FY 2001-02		FY 2002-03	
	Minimum	Maximum	Minimum	Maximum
President	\$269,072	\$328,866	\$275,608	\$336,854
Chancellor, UW-Madison	271,028	331,257	274,327	335,288
Chancellor, UW-Milwaukee	194,735	238,009	205,232	250,839
Vice Chancellor, UW-Madison	197,402	241,270	201,243	245,963
Senior Vice Presidents	198,825	243,008	203,278	248,451
Vice Chancellor, UW-Milwaukee	169,193	206,791	185,353	226,542
Other Chancellors	151,343	184,974	164,686	201,283

<sup>1</sup> After approving salary ranges for FY 2003-04, the Board of Regents rescinded its approval following an agreement with the Attorney General to resolve potential open meetings law violations. The Board subsequently decided not to establish new ranges for FY 2003-04.



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September 10, 2004

Ms. Janice Mueller, State Auditor  
Legislative Audit Bureau  
22 East Mifflin Street, Suite 500  
Madison, WI 53703

Dear Ms. Mueller:

Thank you for the opportunity to respond to the Legislative Audit Bureau's (LAB) evaluation of University of Wisconsin (UW) System staffing. The UW System appreciates the significant amount of time and effort LAB staff invested in conducting and completing this evaluation. The UW System will use the report, 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.

There are several aspects of the report that we would like to address: the recommendations, the administrative costs discussion, staffing, and operating costs.

Recommendations

We fully embrace all four of the report's recommendations and believe implementation will improve the quality and usefulness of the financial and staffing information that we provide to the Legislature and the Governor. Both UW System staff and the teams that crafted our Charting report have identified the need to reform the way we provide the information currently requested by the Legislature and the Governor. LAB's confirmation of these problems and suggestions for addressing them will assist us in becoming more responsive and transparent.

The LAB report recommended that the UW System:

- 1. Provide the legislature with complete periodic reports on executive salaries, fringe benefits, and cash and noncash compensation from outside sources.*

In the past, UW System has provided this information in a variety of formats to the Department of Administration and the Legislative Fiscal Bureau at various times during the year. We agree with the concept of consolidating this information into one report going to the state. In order to provide some perspective on executive compensation packages, we also will provide compensation package data from our peer institutions. As the LAB report notes, even with the salary increases in the last five years, all of the salaries of our UW System executives are below those of their peer groups. Offering competitive salaries is a growing problem for our Board, as has been illustrated in the recent executive searches we have conducted.

*2. Provide all University of Wisconsin institutions with guidance on coding contractual expenditures in their accounting records to ensure accuracy and consistency.*

We agree with this recommendation. The UW System will provide guidance on the coding of contractual expenditures in order to provide more consistency across UW institutions.

*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.*

The UW System agrees that position reporting should be simplified and constructed in a manner that provides more meaningful data to the users. Our past efforts, including a request in the 1997-99 biennial budget to make needed changes in the position reporting requirements, have been unsuccessful. We look forward to working with the Legislature on improving the usefulness of these reports.

*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.*

The University of Wisconsin has been working hard to improve its operating efficiency since the merger that created the UW System in 1971. Some of the most recent efforts were highlighted in the following studies: "A Study of the UW System in the 21<sup>st</sup> Century," which identified strategies to restructure and improve the efficiency of the UW System; "The University of Wisconsin System Report on Efficiencies and Effectiveness," "Building Our Resource Base, June 2002," which identified alternative approaches for enhanced funding; and finally, the "Charting A New Course for the UW System" report, issued in the summer of 2004, which examined internal operating processes, collaborative programs, enhanced technologies and legislative/statutory changes that would improve operating efficiencies.

The Board's Charting study made 27 recommendations, many of which focus on efficiency in order to maintain continuing access to our institutions at an affordable cost, maintain our quality, educate the state's citizenry, and stimulate economic development. Using the Charting study and the LAB report, we will provide more detail in the February 1, 2005 report to the Joint Legislative Audit Committee regarding specific actions and savings that either have been made or will be made. Some of these will require the assistance of the Legislature and the Governor. As an example, the Charting study identified a process to streamline the capital building program by modernizing statutes and procedures that could save the UW System an average of \$20 million annually.



### Administrative Costs

While we agree with the LAB report's recommendations, we are concerned that the LAB method for calculating administrative costs differs significantly from the accepted practice of calculating these costs by universities around the country. As the report correctly notes, colleges and universities do not report all of their administrative positions and costs in the Institutional Support Activity category. The standard accounting model, nationally accepted and used by all institutions of higher education, classifies these costs in their proper activity category such as Academic Support, Research, Instruction or Public Service. All of the professional organizations associated with accounting standards recognize this accounting method. These include the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants (AICPA) Industry Audit Guide for Colleges and Universities, and the Integrated Postsecondary Education Data System (IPEDS), required by the U.S. Department of Education. Using the accepted nationally recognized accounting model, the UW System has the lowest Institutional Support expenditures among our 18 peer institutions in the United States. UW's costs are at 6 percent compared to the national average of 10.2 percent, as the LAB report confirms in Appendix 5.

In its review, LAB created its own unique method of assessing our administrative staffing, adding, for example, positions that have supervisory responsibilities and all clerical and secretarial positions as administrative costs. Applying this methodology to higher education results in some anomalies. LAB included many staff in admissions, student affairs, athletics, career planning, counseling, financial aid, intramural sports, and university housing – all core student services activities in an institution of higher education that most students and citizens would not generally consider "administrative" functions.

However, our major concern with the LAB model is not the classification of direct student services in an administrative cost category, but our inability to use the data LAB provides to benchmark ourselves against our peers. Using the LAB model results in an "apples to oranges" comparison. One of the major benefits of having accounting standards set by GASB, the AICPA, and the federal government is the ability to produce data that can be benchmarked against our peers. Higher education institutions use this data in identifying best practices and the federal government uses it in its funding formulas for higher education.

Our peers do not use the methodology LAB developed for this report in identifying administrative costs. Therefore, it is not possible to determine if the percentages LAB calculated are either high or low compared to our peers, or whether their percentages are too high or too low based on national standards. Because we are interested in benchmarking the UW System for continuous improvement, we want to work with LAB staff to obtain data from our peers and apply the LAB methodology to the peers' administrative operations.

For now, relying on the current cost data available to higher education institutions for benchmarking, and as LAB identified in Appendix 5, the UW System has the lowest institutional

support costs among our peers. This is a major achievement in cost efficiency and effectiveness of which Wisconsin citizens can be proud.

### Staffing

The LAB report notes the number of positions that UW System has maintained while the state made major cuts in funding, including the \$250 million reduction to the university in this (2003-05) biennium. This continues a trend of receiving substantially less state funding than requested in the past decade. In fiscal year 1992-93, state funding represented just 34 percent of the UW System's total operating budget and 70 percent of the general purpose revenue and tuition (GPR/Fee) funds. In fiscal year, 2004-05 these percentages have dramatically shifted. Today, state funding represents 25.6 percent of the total budget and just 55 percent of the GPR/Fee funds.

Despite the major reduction in the percentage of state funding, the UW System has sustained and, in fact, enhanced access to our institutions for qualified students. In the past ten years, the number of full-time equivalent students (FTEs) we serve has grown by more than 10,700. In order to maintain access with fewer state dollars and provide educational opportunities for this increasing number of students, the UW System made significant changes to our staffing and hiring practices to maintain teaching and service to our students.

We began using non-state tax dollars to fund more staff positions and began hiring more short-term staff, rather than tenured faculty, for classroom instruction. In the last five years, using the flexibility recently granted by the Legislature, we have increased the number of staff positions funded by non-state tax dollars by more than 2,100. Between 1993 and 2003, UW System decreased the number of tenured and tenure-track faculty by more than 600 FTE and hired over 1,000 short-term staff. Over the past fifteen years, the university has actually reduced the positions funded with state tax dollars while increasing non-state funded positions.

This is a consequence of the growth in extramural research, auxiliary enterprises and gift revenues to the university which have increased substantially and which require additional personnel investments, including added administrative costs. State dollars are important in leveraging this outside funding. In 1998-99, each state dollar invested in the UW System leveraged an additional \$1.99. In 2004-05, each state dollar leverages \$2.91, a 46 percent increase on the state's investment in just six years. We believe using non-state dollars and changing our hiring patterns to maintain our service to students and the state during difficult budget times were the right decisions. They illustrate our commitment to do more with fewer state tax dollars and to continue to bring outside funding to the state that enriches our economy.

However, the decision to sustain access during times of reduced state funding is affecting the quality of the educational services we provide. As noted in the Charting study, some of the quality indicators that are being affected are:

- Reducing tenure-track faculty and increasing short-term staff creates an environment where the quality of the educational services provided is compromised. Students have access to fewer majors, course sections and outside-the-classroom learning activities such as participation in research projects and personal advising from faculty members.
- Our student/faculty ratios are becoming higher than those of our peer institutions. Smaller classes provide the environment for integrating writing and group learning activities into the curriculum but our trends are in the opposite direction.
- In the last decade, the proportion of low income students at UW System has declined from 14.5 percent to 11 percent. Tuition increases in the 33.3 percent to 37.5 percent range at our institutions over the last two years will further impact Wisconsin citizens who can least afford to attend our institutions.
- Basic student services such as advising are being reduced when the need is greatest. Students at UW-Milwaukee, UW-Oshkosh, and UW-Platteville have actually contributed additional fees to continue these basic student services and that has meant additional staffing, some of which is accounted for as "administrative" costs under LAB's approach.

The LAB report concludes that the Legislature should consider three important documents in its deliberations in the coming year: "Charting a New Course for the UW System," the LAB report, and the 2005-07 biennial budget proposal of UW System. We strongly support this conclusion.

The Charting report was a year-long study of the UW System by the Board of Regents that identified potential internal efficiencies, new revenue streams, new technologies, flexibility issues, and legislative changes that would assist us in fulfilling our mission as a public educational institution. The LAB report provides additional information and assistance that UW System can use as we implement the 27 recommendations in the Charting study. Implementing these recommendations will require cooperation among the UW System, the Legislature, and the Governor. The UW System's 2005-07 biennial budget proposal will address the recommendations of both the Charting study and the LAB report. We look forward to working with the Legislature in addressing these recommendations.

#### Operating Costs

Finally, the LAB report highlights the operating costs per FTE student at each UW institution, showing a range from \$8,981 to \$28,659 in Table 36. We expanded the LAB table to illustrate the state's share of these costs, which ranges from \$3,799 to \$10,087. In every case, the state share represents less than half of the operating costs.

LAB #1's  
- Sports & Research  
- miss

Operating Costs/State Funds per Full-Time Equivalent Student  
FY 2002-03

Campus	Total Costs	State Funds
Madison	\$28,659	\$10,087
Milwaukee	17,719	7,725
Superior	16,953	8,157
Green Bay	16,069	6,116
Stevens Point	14,991	5,870
Parkside	14,918	7,561
Platteville	14,734	6,158
River Falls	14,590	6,284
Stout	14,281	6,210
Oshkosh	13,565	5,509
La Crosse	13,024	5,200
Whitewater	12,521	4,325
Eau Claire	12,339	5,351
Colleges	8,891	3,799

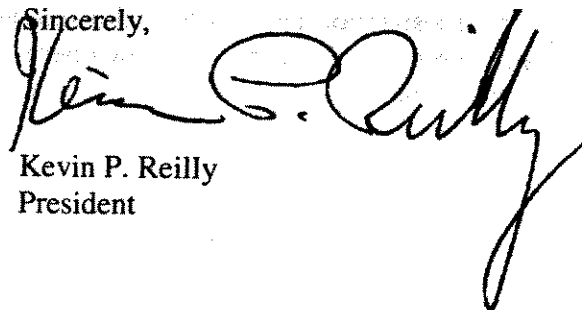
The average state support for students in the UW-System is now \$1200 below the national average and so further state erosion will be extremely problematic. Therefore, it is important to highlight one key finding of the Charting study:

*"There are no alternative revenue streams that can take the place of adequate stable state support for the university's instructional mission."*

In the 2003-05 biennial budget, UW System received a \$250 million state funding cut and students and families were asked to make up for 60% of that cut through double-digit increases in tuition. We strongly encourage the Legislature and the Governor to evaluate the options presented in the LAB report, the Charting study and the UW System's 2005-07 biennial budget proposal to avoid further shifting higher education costs from the state to our students which, among other things, is squeezing low-income students out of our public university system.

The UW System is committed to working in partnership with legislators and the Governor to provide access to our institutions to all qualified Wisconsin students at an affordable price, maintain the quality of our educational services, and assist the State in stimulating economic development and ensuring Wisconsin's future prosperity.

Sincerely,



Kevin P. Reilly  
President



**Legislative Audit Bureau**

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DATE: September 16, 2004

TO: Karen Asbjornson and Pamela Matthews  
Committee Clerks to the Joint Legislative Audit Committee

FROM: Kate Wade *KW*  
Program Evaluation Director

SUBJECT: Report 04-10: An Evaluation: University of Wisconsin System Staffing

Enclosed is our evaluation of University of Wisconsin (UW) System staffing, which focuses on the number and types of administrative positions. Our analyses covered the five-year period ending with fiscal year (FY) 2002-03. We also examined changes in staffing levels between March 2003 and March 2004; during this period, UW System added 89.3 permanent positions to its payroll. UW System is the State's largest employer, with operating expenditures of \$3.3 billion in FY 2002-03 and 31,971.8 full-time equivalent positions.

UW System categorizes all expenditures, including staffing expenditures, by a system of "activity codes" used by colleges and universities nationwide. Although administrative staffing is represented as 6.9 percent of positions under these codes, many administrative positions are not included. Our analysis of position titles and descriptions identified 25.1 percent of staff with administrative duties across all activities within UW System.

Salary increases for unclassified staff, who constitute about three-quarters of UW System employees, generally outpaced those for classified staff. We also found the number of UW System managers with salaries of \$100,000 or more has tripled since 1998.

We also reviewed contracts for administrative services, for which expenditures tripled. Coding inconsistencies among the campuses lead to understatement of administrative outsourcing.

We recommend improvements to the usefulness of information UW System reports to the Legislature on executive salaries and position types. We also recommend UW System report to the Joint Legislative Audit Committee in early 2005 on specific proposals to reduce administrative expenditures and increase operating efficiencies in the 2005-07 biennium.

The report will be released at 9:00 a.m. on Friday, September 17. Please contact us with any questions.

KW/bm

Enclosure

An Evaluation:

## University of Wisconsin System Staffing

September 2004

# Report Highlights ■

**Growth in program revenue-funded positions has nearly offset reductions in GPR-funded positions.**

The University of Wisconsin (UW) System includes 26 campuses and an extension service that provide instruction, research, and public service statewide. It is governed by a 17-member Board of Regents and directed by the UW System President. Its current biennial budget is \$7.1 billion.

**In March 2004, one-quarter of UW System employees had administrative duties.**

UW System's major funding sources are program revenue, which includes tuition and fees; federal revenue, including funding for research; and general purpose revenue (GPR) of \$1.9 billion in the 2003-05 biennium. That amount reflects a \$250.0 million reduction, primarily in UW System's general program operations appropriation. The reduction was \$110.0 million in fiscal year (FY) 2003-04, and \$140.0 million in FY 2004-05.

**Pay increases for more than three-quarters of UW System staff have been larger than those of other state employees.**

UW System officials are concerned that these GPR reductions have affected instructional quality and operations. Some legislators, however, have questioned the efficiency of UW System's administrative staffing and service delivery, as well as its non-instructional costs. Therefore, at the request of the Joint Legislative Audit Committee, we evaluated:

**The costs of administrative services performed by contractors are understated.**

- staffing levels throughout UW System, including changes in administrative staffing from FY 1997-98 through FY 2003-04;
- 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 institutions.

Our report concludes with a number of options for the Legislature to consider as it deliberates future state funding and student access to UW System institutions.

UNIVERSITY OF WISCONSIN

## Key Facts and Findings

*UW System is Wisconsin's largest employer, with 31,971.8 full-time equivalent employees.*

*From March 2003 to March 2004, UW System added 89.3 permanent positions to its payroll.*

*In FY 2002-03, 15.0 percent of operating expenditures were administrative.*

*UW System used its flexibility to increase senior executives' salaries by \$500,000 since November 2001.*

*Current methods for monitoring the number of UW System positions are ineffective.*

*Operating costs per student vary by campus.*

## Staffing Levels

The number of permanent employees on UW System's payroll increased by 89.3 full-time equivalent positions from March 2003 to March 2004.

In March 2004, UW System employed 31,971.8 permanent, project, and limited-term employees (LTEs). To determine how these staff are employed, we analyzed the number of positions in various reporting categories.

We found that in March 2004, 42.3 percent of all filled positions were held by staff categorized as Professional Non-faculty. That category includes researchers and research assistants, teaching assistants, program support staff, financial services and human resources staff, and those who provide various student services and public outreach.

Faculty held 27.7 percent of all filled positions in March 2004, and managers 4.4 percent. The remaining 25.6 percent were categorized as Clerical and Secretarial, Service/Maintenance, Technical and Paraprofessional, and Skilled Crafts.

We looked at position growth since March 1998 and found that the number of UW System employees increased in all categories except Clerical and Secretarial and Service/Maintenance. However, we identified more than 500 full-time equivalent Clerical and Secretarial positions that were reclassified to other categories, which helps explain part of this reduction.

Among positions in the Professional Non-faculty category, growth was highest for three job titles: research assistant, research specialist, and teaching assistant.

## Administrative Positions

To count UW System's filled administrative positions, we reviewed job titles and position descriptions for employees UW System describes as its administrative staff, as well as for staff who have administrative responsibilities that are accounted for with other "activity codes" in UW System's records.

March 2004 payroll records assign 6.9 percent of UW System's 31,971.8 filled positions to Institutional Support, the activity code used by colleges and universities to report system-wide management and long-range planning, fiscal operations, administrative computing support, space management, personnel, and some other functions.

For comparisons with other universities, UW System often refers to positions coded as Institutional Support as its administrative positions. However, the Institutional Support activity code does not include all administrative positions.

We found, for example, that it excludes program assistants who keep records, type correspondence, maintain schedules, and perform similar administrative functions in various academic departments throughout UW System. In UW System's accounting records, the activity code for these staff is Instruction.



imilarly, the activity code for accountants and grant managers who ensure compliance with federal requirements for the use of funds that support a large percentage of UW System's research activities is Research because their work directly supports that activity.

Institutional Support includes only 212.6 of UW System's administrative positions. We identified another 5,825.1 positions with administrative duties that were coded as other activities, including Instruction, Research, Public Service, Academic Support, and Student Services.

service—accounted for 54.4 percent of these expenditures.

Only 5.0 percent were recorded as Institutional Support. However, expenditures reported as Institutional Support do not fully represent UW System's expenditures for administrative salaries, fringe benefits, and supplies and services.

We identified an additional \$329.5 million in administrative expenditures recorded as activities other than Institutional Support.

When FY 2002-03 expenditures that are recorded as Institutional Support are combined with administrative expenditures recorded under other activity codes, UW System's administrative costs total \$495.0 million. That is nearly three times the amount recorded as Institutional Support, and it represents 15.0 percent of UW System's \$3.3 billion in operating expenditures for FY 2002-03.

## Staffing Costs

We reviewed salaries paid to UW System employees, nearly three-quarters of whom are unclassified staff in faculty, research, and other professional positions. In March 2004, approximately two-thirds of UW System's unclassified staff had annual salaries of less than \$50,000. However, 41.1 percent of all unclassified staff worked less than full-time.

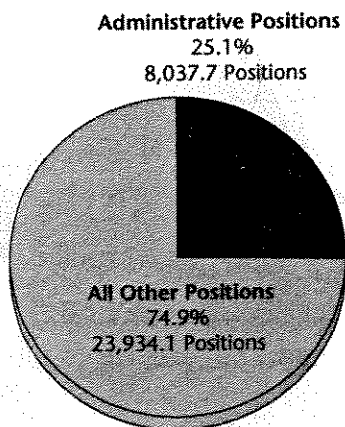
In contrast, 12.6 percent of classified staff worked less than full-time. Wages have generally increased less rapidly for classified than for unclassified employees.

The Legislature has granted UW System additional flexibility to ensure faculty and senior executive salaries remain competitive. Since November 2001, the Board of Regents approved more than \$500,000 in salary increases for 20 senior executive positions.

Although salary increases for senior executive positions were 40 percent or more since FY 1997-98, salaries remain below the median for comparable institutions.

## Contractual Services

UW System routinely contracts with private vendors that provide a wide range of services, including administrative services. In FY 2001-02, 12.4 percent of expenditures for contractual services were coded as Institutional Support. However, some expenditures that appear to be administrative in nature, such as

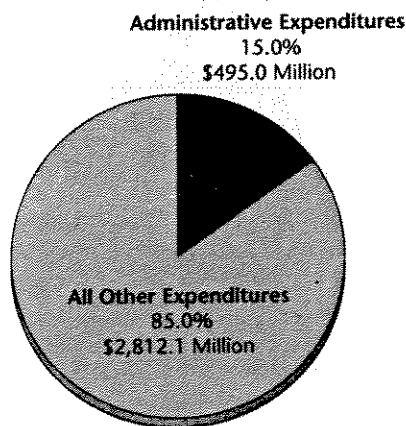


March 2004

The 8,037.7 administrative positions we identified represent 5.1 percent of UW System's filled positions in March 2004.

## Administrative Costs

In FY 2002-03, UW System's operating expenditures totaled \$3.3 billion. Three core activities—Instruction, research, and public



FY 2002-03

payments for accounting services and executive searches, were coded as Public Service and Academic Support.

We identified more than \$800,000 in administrative expenditures coded as other activities and include a recommendation to improve consistency in accounting for contractual expenditures.

### Matters for Legislative Consideration

We highlight three questions for the Legislature's consideration as it reviews our evaluation, strategic planning documents developed by the Board of Regents, and UW System's 2005-07 biennial budget proposal:

- To what degree should the Legislature control the number and types of positions in UW System?
- How will the relationship between UW System and the State be defined in the future?
- How will student access to UW System be maintained?

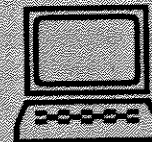
### Recommendations

Our report also includes recommendations for UW System to:

- ☑ provide the Legislature with complete periodic reports on executive salaries, fringe benefits, and cash and noncash compensation from outside sources (p. 50);
- ☑ provide all UW institutions with guidance in coding contractual expenditures in their accounting records to ensure accuracy and consistency (p. 59);
- ☑ seek statutory changes to streamline and improve its position reporting to ensure accuracy, transparency, and timeliness in reporting the number and types of UW positions (p. 63); and
- ☑ 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).

### Additional Information

For a copy of report 04-10, which includes a response from the UW System President, call (608) 266-2818 or visit our Web site:



[www.legis.state.wi.us/](http://www.legis.state.wi.us/)

Address questions regarding this report to:

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(608) 266-2818

*The Legislative Audit Bureau is a nonpartisan legislative service agency that assists the Wisconsin Legislature in maintaining effective oversight of state operations. We audit the accounts and records of state agencies to ensure that financial transactions and management decisions are made effectively, efficiently, and in compliance with state law, and we review and evaluate the performance of state and local agencies and programs. The results of our audits, evaluations, and reviews are submitted to the Joint Legislative Audit Committee.*

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