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# The University of Wisconsin System

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November 14, 1994

TO: Governor Tommy Thompson  
Senator Joseph Leraan, Co-Chair, Joint Committee on Finance  
Representative Barbara Linton, Co-Chair, Joint Committee on Finance

FROM: Katharine C. Lyall, President *K. Lyall*

RE: Program Revenue Activities

On April 14, 1994, the Joint Committee on Finance, passed a motion which directed the UW System to report by December 1, 1994 on its review of UW campuses to determine whether there are program revenue activities whose funds are not entirely accounted for in the UW System's budget, identifying the campus, activity and current method of accounting if such situations exist.

At its meeting November 11, 1994, the Board of Regents accepted the attached report for submission to the Governor and the Joint Committee on Finance.

Each UW System institution was asked to review its outside activities and provide System Administration with the name of the organization involved, a description of the activity, and the amount of state revenues which flow to the activity annually.

The responses received from the institutions indicate that no program revenue activities exist whose revenues and expenditures should by state policy be deposited to and expended from the state treasury. The only such activity which existed in 1994 was at the UW Hospital and Clinics. That activity dealt with the investment in a patient-provider network. The funding arrangements for that activity have been changed so that the development of the patient-provider network is being accomplished within state rules and regulations.

In 1988, the UW System did a comprehensive review of activities with foundations to determine if there were any funds on deposit with a foundation which should have been deposited to the state treasury. Any problems which existed at that time were corrected and the institutions have continued to monitor such activities.

Attachment

cc: Members, Joint Committee on Finance  
Vice President Raymond Marnocha  
Secretary James Klauser, DOA  
Director Robert Lang, LFB  
Robert Hanle, DOA  
David Suchman, LFB

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## REPORT ON OUTSIDE PROGRAM REVENUE ACTIVITIES

### BACKGROUND

At its April 14, 1994 meeting, the Legislative Joint Committee on Finance (JCOF) passed the following motion:

Require the Board of Regents to report to the Governor and the Joint Committee on Finance, no later than December 1, 1994, on its review of UW campuses to determine whether there are program revenue activities whose funds are not entirely accounted for in the UW System's budget. Direct that this report identify the campus, activity and current method of accounting if such situations exist.

Based upon discussions with the Legislative Fiscal Bureau, the information requested pertains only to activities whose revenues and expenditures should by state policy be deposited to and expended from the state treasury. Activities which need to be reported are activities whose funds are considered to be institution revenues under Statute Section 20.906(1) but are deposited in foundation, agency, or booster club accounts. Funds given directly to such organization are exempt from the review even though the organization may gift these funds to the university at a later date.

The review also includes any business activity with outside organizations such as a 501(c)(3) and 501(c)(4). The only activities with such organizations which need to be reported are activities which move state funds to the organization without those funds flowing through the state treasury.

### REQUESTED ACTION

The Board of Regents accepts the report and direct that it be forwarded to the governor and the Joint Committee on Finance.

### DISCUSSION

Each UW institution was asked to review its outside activities and, if any such activity exists, provide System Administration with the name of the organization involved, a description of the activity, and the amount of state revenues which flow to that activity annually.

As expected, in early September 1994, each of the UW institutions reported no such activity. In 1988, the UW System did a comprehensive review of activities with foundations to determine if there were any funds on deposit with a foundation which should have been deposited to the state treasury. Any problems which existed at that time were corrected and the institutions have continued to monitor such activities.

The only such activity which existed in 1994 was at the UW Hospital and Clinics. That activity dealt with the investment in a patient-provider network. The funding arrangements for that activity have been changed so that the development of a patient-provider network is now being accomplished within state rules and regulations.

**RELATED REGENT POLICIES**

None