

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.

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

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

The costs of administrative services performed by contractors are understated.

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.

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.

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:

- 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.

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.

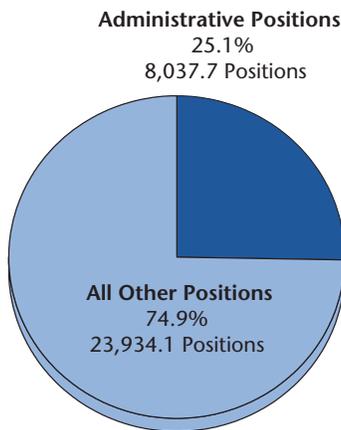
March 2004 payroll records assign 6.9 percent of UW System's 31,971.8 filled positions to Institutional Support, the activity code used by colleges and universities to report system-wide management and long-range planning, fiscal operations, administrative computing support, space management, personnel,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

Similarly, 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 2,212.6 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.



March 2004

The 8,037.7 administrative positions we identified represent 25.1 percent of UW System's filled positions in March 2004.

Administrative Costs

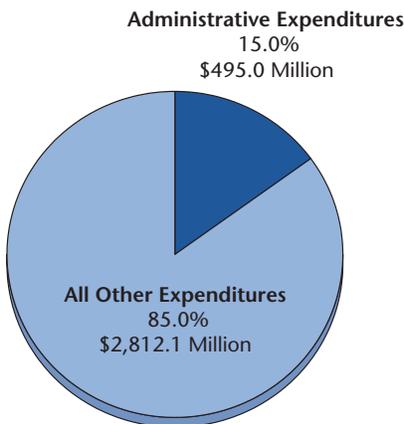
In FY 2002-03, UW System's operating expenditures totaled \$3.3 billion. Three core activities—instruction, research, and public

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.



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

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*).

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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:



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