September 9, 2009

Dear Legislators:

Last week, I provided you with detailed information about our upcoming discussion with the UW System Board of Regents regarding the Human Resources System (HRS) project. This followed personal briefings with legislative leaders about the magnitude and complexity of the project, anticipated to cost as much as $81.4 million over several years.

As I explained in documents distributed last week, we have been working with Huron Consulting Group as our primary contractor on the project since January 2009. In early August, we learned that Huron, a publicly traded company, would be issuing revised financial statements for the past three years. Since that time, we have reviewed nearly all publicly-available information about the company’s financial situation. We’ve monitored news coverage of the matter, reviewed public statements from the company, and examined SEC filings. Our goal was to identify any risk to the HRS project – any sign that Huron would not be able to fulfill its obligations under the contract.

At the same time, we continue to monitor the work of all Huron staff members assigned to our HRS project. Under the direction of our UW System HRS Team, those Huron staff continue to perform well, fulfilling all of their contractual obligations. Nonetheless, we continue working with legal counsel and other business experts to determine if Huron’s internal financial situation will have any implications for the viability of our HRS project.

As we have learned more about Huron’s corporate financial issues, we have actively pursued additional contractual safeguards. This led to a face-to-face meeting with Huron CEO Jim Roth on Friday, September 4. Those negotiations continued this week, and we have asked Mr. Roth to return for a discussion with our full Board of Regents on Thursday.

We are committed to being open and honest about every phase of this project. At this time, Huron’s on-the-ground performance is solid, but questions about their corporate finances remain. At the Board meeting, we hope to gain some additional insight from Mr. Roth’s presentation, and we will share information about additional safeguards we have negotiated with Huron.

You are invited to attend that discussion at the UW-Whitewater campus on Thursday, Sep. 10 from approximately 11am to 12pm in the University Center. You can also view the presentation and discussion via live streaming video at www.wisconsin.edu.
These added wrinkles only add to the complexity of a massive, multifaceted project – one that is vital to our university and our state. We are working to manage this effort in a responsible manner and working equally hard to keep you informed. With that in mind, I am prepared to ask Mr. Roth to make himself available for a briefing with legislative leaders, if they want one.

Thank you.

Sincerely,

Kevin P. Reilly
President