

Minutes
Business and Finance Committee
Board of Regents of the University of Wisconsin System
September 7, 2000

I.2.a. Audit Subcommittee

The Audit Subcommittee of the Business and Finance Committee met in Room 1511 Van Hise Hall, Madison, at 11:03 a.m. Present were Subcommittee members Regents Marcovich and Gottschalk. Regent Krutsch was also in attendance.

- **Quarterly Update**

Internal Audit Director Yates provided the Subcommittee with an overview of the major projects the Office of Internal Audit is conducting. Projects this quarter include: Human Research Subjects; Study Abroad; Remedial Education; Student Alcohol Use Policy; Risk Management; High School Programs; and Student Health Services. All projects are proceeding as planned, despite a staff shortage.

In the area of outside audit activities, Director Yates reported that the Legislative Audit Bureau (LAB) is conducting several projects in the UW System: (1) the FY 2000 federally-mandated A-133 audit is due to be completed by April 30, 2001; (2) the statewide financial statement audit will begin in mid-September; (3) preliminary work will begin this fall on a statutorily-required review of the lease and affiliation agreements between the Board and the University of Wisconsin Hospitals and Clinics; and (4) a review of UW-Madison's Division of Information Technology is due to be completed by the end of September.

- **LAB Management Letter**

Acting Associate Vice President Hendrix reported that, in accordance with generally accepted auditing standards, the Legislative Audit Bureau (LAB) follows up their annual UW financial statement audit with a required report. The report for 1998-99 was sent to President Lyall and Regent President Smith in July. The report again cites an unreconciled difference of \$2.6 million in the UW System cash balance as recorded on UW System records and that recorded in the State accounting system. This difference originated in 1993-94, the year the State implemented a new accounting system (WiSMART). As reported in the past, staff are confident in the cash balances reported in the financial statements but have been unable to determine the reason why the balance recorded in the State's accounting system differs from that recorded on UW records. System Administration staff reconcile the change in cash on both sets of books on a current basis and during the past audit demonstrated to LAB's satisfaction that the recording of current activity is in sync between the two systems. At this point in time, LAB has no formal recommendations to offer to help System staff discover the reason for the difference. Since there has been no agreement reached with the Department of Administration on an adjusting entry, LAB has again noted this item in their internal control report.

The Subcommittee members expressed a desire to resolve the discrepancy, suggesting the possibility of bringing in a third party to work with DOA and UW System.

- **Report on Human Subjects**

Internal Audit Director Yates presented a completed program review, Policies and Procedures for the Protection of Human Research Subjects. This is a timely topic because the Office of Human

Research Protection (OHRP) in the Federal Department of Health and Human Services has stepped up its on-site investigation activity in the past two years. OHRP investigations have led to the temporary suspension of some or all federally-funded research at eight institutions, including the University of Illinois at Chicago and the University of Oklahoma Health Sciences Center.

All of the UW System institutions, except UW-Extension, conduct research involving human subjects. The bulk of this research occurs at UW-Madison. Director Yates noted that the review focused on the UW System institutions' compliance with Federal regulations, as evidenced by institutions' policies and procedures, Institutional Review Board (IRB) procedures and other documentation. The review found that the membership of the IRBs is generally consistent with Federal regulations. All institutions have developed guidelines for their researchers and a number have also developed written procedures for the IRBs. Some areas suggested for improvement at one or more institutions were: ensuring that all required elements of informed consent are included in the guidelines; strengthening enforcement of some review procedures, such as ensuring research proposals requiring annual approval are approved before the initial approval period expires; periodically reviewing the completeness of IRB meeting minutes to ensure their completeness; and providing more training to IRB members. The Office of Internal Audit offered specific feedback to each UW System institution.

As the Office was completing its systemwide review in August, the OHRP visited UW-Madison; the OHRP's report acknowledged UW-Madison's implementation of several actions to enhance its system for protecting human subjects and made various recommendations for changes in its review process.

The Office of Internal Audit recommended that a Systemwide policy be documented, and Academic Affairs staff are working on developing a policy. UW-Madison Provost Wiley has offered to share UW-Madison's training materials with other UW System institutions.

Upon the motion of Regent Gottschalk and the second of Regent Marcovich, the Subcommittee approved a resolution to be carried forward to the Business and Finance Committee commending UW-Madison on this successful federal audit.

The Audit Subcommittee adjourned at 11:44 a.m.

The Business and Finance Committee met in Room 1920 Van Hise Hall, Madison, at 1:30 p.m. Present were Regents Marcovich, Barry, Gottschalk and Krutsch.

I.2.b. Approval of Minutes of the June 8, 2000, Meeting of the Business and Finance Committee

Upon the motion of Regent Gottschalk and the second of Regent Barry, the Minutes of the June 8, 2000, meeting of the Business and Finance Committee were approved as presented.

I.2.c. UW-Milwaukee Contract with Cellular Phone Companies to Lease Rooftop Space

UW-Milwaukee Assistant Chancellor Melkus presented a proposed contract for the Committee's consideration. As a result of recent reductions in cellular phone equipment costs and service charges, many people on the campus and in the neighboring community rely on this technology for both convenience and safety communications. With current cellular phone antennae conditions, there are many campus locations in basements and parking structures where signal strength is unacceptably weak. The proposed installation on the roof of Bolton Hall would substantially alleviate this problem.

During the past several months, UW-Milwaukee has had discussions with Voicestream PCS II Corporation; Telecorp Realty, LLC, by Telecorp Communications, Inc.; PrimeCo Personal Communications, Limited Partnership, d/b/a Verizon Wireless; and United States Cellular Operating Company d/b/a U.S. Cellular, regarding the use of rooftop space to house cellular phone equipment. As a result of those discussions, the University has received four identical proposals to create an additional cellular phone and equipment site on the rooftop of Bolton Hall. In April of 1996, the Board of Regents approved a similar arrangement with Ameritech. Each wireless carrier will be entering into a separate, but identical, site license agreement with UW-Milwaukee. The four companies will pay UW-Milwaukee approximately \$2,863,000 over a 25-year period if all options under the agreement are exercised.

Regents questioned whether the lease should be a five- or ten-year lease with renewal rather than a 25-year lease. However, because of the substantial investment by the phone companies and because of the precedence of a 25-year lease already existing with Ameritech, these four companies also are requesting a 25-year lease.

Regent Gottschalk expressed concerns about possible health issues in placing the equipment on a residence hall. Assistant Chancellor Melkus responded that an electromagnetic field study had concluded there would be no problems. However, the City of Milwaukee still requires that an environmental assessment be performed before the contract is signed.

Upon the motion of Regent Gottschalk and the second of Regent Krutsch, the Committee approved Resolution I.2.c.

Resolution I.2.c.

That, upon the recommendation of the President of the University of Wisconsin System and the Chancellor of the University of Wisconsin-Milwaukee, the Board of Regents formally approves, prior to execution, a site license respectively with Voicestream PCS II Corporation; Telecorp Realty, L.L.C., by Telecorp Communications Inc.; PrimeCo Personal Communications, Limited Partnership, d/b/a Verizon Wireless; United States Cellular Operating Company d/b/a U.S. Cellular and the University of Wisconsin-Milwaukee. This approval is conditional upon the State of Wisconsin Division of Facilities Development's approval of the final design, location and manner of placement of the equipment on the roof of Bolton Hall.

I.2.d. Report on Base Salary Adjustment to Recognize Competitive Factors

President Lyall explained that s.36.09(1)(h), *Wis. Stats.*, allows the University System to grant salary increases to recognize competitive factors. Section 36.09(1)(j), *Wis. Stats.*, provides that, no later than October 1 of each year, the Board of Regents must report to the Joint Committee on Finance and the Department of Administration and Employment Relations concerning the amount of such pay increase granted, and the institutions at which they are granted for the 12-month period ending on the preceding June 30. In 1999-00, 528 individuals at nine institutions received \$980,428 for normal equity retention issues, the majority of which were at UW-Milwaukee, UW-Madison and UW Colleges. In addition, 2,106 individuals at UW-Madison were awarded \$6,942,326 of competitive compensation as part of the Madison Initiative. This represents 23.5% of the faculty and academic staff at UW-Madison.

In response to questions from Regent Krutsch, President Lyall explained that there is no "pot" of money set aside for equity and retention increases, and the adjustments are made from each institutions'

base budget. The increases are generally responses to competitive offers or equity problems caused by new hires.

Chancellor Messner further explained that UW Colleges has crafted a salary improvement plan that hinges on increases in enrollments and the revenues generated from the enrollment increases. A budget committee of faculty and staff devised a formula to identify the individuals who had been most imposed upon over the years in terms of salary. Last year, UW Colleges had a 9% enrollment increase trigger for this, and had an 11% increase. They are hoping to have three more years of enrollment increases to generate the revenue for the salary increases.

Regent Gottschalk commented that he had recently talked with a UW-Madison professor who expressed that the hard-working, loyal professor doing research and teaching doesn't benefit from competitive salary increases. Those salaries are given only to new hires or those who are offered a position elsewhere and then are offered an increase to remain. President Lyall responded that that is one of the reasons the regular pay plan amounts are so important, and the last couple of years has shown some improvement in that effort. Competitive salary adjustments, however, are not automatic, but are made by the Provost in conjunction with the department chair's recommendation

Upon the motion of Regent Barry and the second of Regent Krutsch, the Committee approved Resolution I.2.d.

Resolution I.2.d.

That, upon the recommendation of the President of the University of Wisconsin System, the Report on Base Salary Adjustments to Recognize Competitive Factors Required by Section 36.09(1)(j), Wisconsin Statutes, be accepted for transmittal to State Officials.

I.2.e. Service Based Pricing at UW-River Falls

President Lyall noted that, as part of the EM21 plan approved by the Board in June 2000, authority to approve institutional requests to charge service-based tuition and fees for graduate and other adult programs was delegated to the System President to facilitate timely responses. The service-based pricing structure requested by UW-River Falls intended to serve businesses and employers on a self-sustaining basis was the first such request to be approved. President Lyall indicated that the report materials were intended to show the Regents the guidelines developed and an example of the first request approved. She noted that service-based pricing applies only to nontraditional courses focused on adult students or graduate students in certain fields, and are delivered by nontraditional methods, such as distance education, video, internet, etc. The courses must recover at least their direct costs including fringe benefits. Under this experiment, the campuses keep 100% of the revenues in order to expand these services. Competitive pricing in the market is taken into account, and in the UW-River Falls case there was a market survey conducted to determine pricing of similar courses in that area so they would not exceed those competitive rates.

I.2.f. Trust Funds

(1) Asset Allocation Review

Treasury Manager Mills noted that the annual report on asset allocation is completed each September and provides the Committee an opportunity to evaluate the investment strategy for the UW Trust Funds. The primary focus is on the inputs to the asset allocation model, including rate of return,

risk and correlation. These inputs are reviewed each year and adjusted as necessary. The asset allocation simulation model then generates the lowest risk portfolio for a given level of return. The return used in the analysis is known as the Trust Funds target return and is composed of the spending policy rate (5%) and expected inflation rate (3.2%) as well as growth and expense rates (1.66%). The portfolio must generate 9.86% annually to ensure continued viability of the fund.

This year, the model recommends a portfolio that in aggregate is nearly identical to the existing portfolio breakdown (71/29 versus 70/30). However, the large capitalization segment would be reduced by 7% and the small capitalization equity segment would be increased by 6%. Due to the relatively small increase in earnings expected from this significant shift (a pickup of .1%), the cost of implementation and the portfolio disruption would outweigh the possible benefit. Additionally, the current allocation was backtested to evaluate its ability to generate the requisite returns. It was recommended that the existing allocation be maintained.

(2) Endowment Spending Plan

Treasury Manager Mills presented the annual review of the Trust Funds spending policy. This review provides an opportunity to evaluate the existing payout rate and determine the appropriate level for the future. The spending policy currently requires a 5% payout. Due to incredibly strong market returns, the fund has had no trouble meeting this requirement and has accumulated over \$150 million in realized gains through June 30, 2000, and distributed \$12.7 million.

Most importantly, the "real" rate of return generated by the fund for the last five years is 6.6% annualized. This means that, after expenses, the fund has been able to generate a return that is 6.6% above the payout rate (5%) and the inflation benchmark (3%). Due to this continued strong performance, it was recommended that the existing payout rate be maintained.

(3) Legal Implications of Venture Capital

General Counsel Rindskopf Parker reviewed that, in June, the Committee had asked about the legal authority to invest in venture capital. Such investments are considered higher risk than other investments. The Office of General Counsel did significant research on this area over the summer. She emphasized that the research was based on investment decisions and not program support, i.e., seeking to foster or support certain types of entrepreneurial activity that might lead to augmenting commercial development in the State. The conclusion was that the Board of Regents does have authority to instruct investment managers to include appropriate venture capital investments in its endowment investment portfolio. The conclusion results from the availability of an investment standard contained in the Uniform Management of Institutional Funds Act which was passed in Wisconsin in 1975.

In response to questions, Ms. Mills stated that, if the Board chose to invest in venture capital, System Administration would most likely hire a separate venture capital manager and would seek advice from the UW Foundation and WARF which have had success in this area. After further discussion, the Committee asked staff to prepare a proposed policy on venture capital investing and to invite representatives from WARF and the UW Foundation to address them at either the October or November Board meeting.

I.2.g. Regent Policy on Senior Auditors

Recently enacted legislation, 1999 Wisconsin Act 154, supercedes the fee policy established by the Board of Regents in 1990 to allow Wisconsin residents age 60 or older to audit courses free of charge. Act 154 was enacted May 11, 2000, and was published and effective May 26, 2000. The UW System has already taken steps administratively to implement the new legislation since it was effective for the 2000 summer session.

Regent Krutsch noted that the original intent of the fee policy established in 1990 was to address out-of-state residents and commercial ventures and asked that, if those kinds of activities should arise again, the Board be advised. Regent Barry stated that auditing should be limited to traditional courses and not applied to service-based courses or distance education.

Upon the motion of Regent Barry and the second of Regent Gottschalk, the Committee approved Resolution I.2.g.

Resolution I.2.g.

That upon recommendation of the President of the University of Wisconsin System, Regent resolution 5658 pertaining to fee charges for class auditing adopted December 7, 1990 be rescinded and that the related Regent Policy 90-9 be hereby amended by adding the following underlined wording:

1. Audit-Only Enrollees:

The academic fee charge for individual's who register for only non-credit, audit-type attendance of credit classes shall be:

Wisconsin Residents under age 60: 30% of the normal per credit academic fee

Wisconsin Residents age 60 or older: Normal per-credit academic fee waived

(as of first day of classes)

Minnesota Reciprocity: 30% of the normal per-credit Minnesota Reciprocity fee

Nonresidents: 50% of the normal per credit academic fee

Audit fees shall be removed for all disabled Wisconsin residents receiving disability benefits under the Social Security Disability Insurance (SSDI) or Supplemental Income Program (SSI).

Subject to the institution's nonresident tuition remission authorization, the chancellor may waive the non-resident portion of the per credit charge for nonresidents;

The ability of a person to register only for non-credit audit-type attendance is subject to these understandings:

- a. that there be no additional classroom/laboratory space requirements or increased instructional costs resulting through implementation of this policy;
- b. that the approval of the faculty member in charge of the class must be obtained by the auditor;
- c. that auditors receive only provisional permission to attend classes until course registration is completed at the end of the add/drop period;
- d. that any special costs for course instruction other than normal tuition charges be assessed auditors availing themselves of this opportunity;
- e. that a student who opts to enroll on an auditor basis under this policy may not change to a credit basis during the term of enrollment;

- f. that students who later seek credit by university examination for a course that they are subject to appropriate have audited must be enrolled in the university at the time the examination is taken and tuition charge and special course fees;
- g. that the UW System's general policy on the refund of academic fees will apply to audit fees;
- h. that each institution may determine whether to extend the option to auditors to pay or not pay segregated fees (depending on whether the individual wants access to segregated fee funded services). If segregated fees are not paid, access for individuals who are auditors-only is limited to the library and non-segregated fee funded activities of the student union. No additional fee shall be charged for such access;
- i. that Regent, university and student government regulations applying to students apply equally to audit enrollees;
- j. that the universities may determine which credit classes are open to auditors under the terms of this policy;

2. Degree-Seeking Students:

The ability of degree-seeking students to audit classes is subject to the academic policies of the institution. Students shall pay the normal per-credit tuition for audit credits until the degree and audit credits equal the plateau where academic fees are level except that no academic fee shall be assessed Wisconsin residents age 60 or older for audit-only credits. When the combination of degree and audit credits exceeds the full-time fee credit plateau, additional fees shall be assessed except that no academic fee shall be assessed Wisconsin residents age 60 or older for audit-only credits;

Subject to the institution's nonresident tuition remission authorization, the chancellor may waive the nonresident portion of the per-credit charge for nonresidents.

I.2.h. Blue Cross/Blue Shield

UW-Madison Vice Chancellor John Torphy gave a brief history of this agenda item for the benefit of new Committee members, and updated the Committee on new developments since last spring. On August 24, 2000, the Circuit Court rejected the consumer coalition appeal. Judge Nowakowski ruled that the Insurance Commissioner's order was approved in all respects and determined that the petitioners had shown no grounds for the court to overturn the Commissioner's decision. While it is possible that the decision of the Circuit Court may be appealed, an appeal would not prevent the Board from taking action at this time to authorize acceptance of the funds, consistent with the terms and conditions of the Commissioner's order and subject to the Board's approval of Committee by-laws and the operating principles to implement the order. Acceptance of the funds is the first action required of the Regents. Because the UW Foundation would receive, invest and administer the funds until transferred to UW-Madison for expenditure, they will also have to agree to accept the funds.

The second action will ultimately be the appointment of eight of the nine members of an advisory and oversight committee. The Board can give UW-Madison authority to begin soliciting nominations for the committee and forward those nominations for Board approval. Many other decisions will need to be made in the near future including such things as: whether the Board will delegate responsibility to a new committee or to one of the standing committees; adoption of by-laws and operating principles; and whether the board should be self-propetuating or whether nominations should be sought from an advisory group.

Regent Gottschalk requested information on spending of the funds. Vice Chancellor Torphy responded that the independent foundation will sell the stock. Half of the proceeds will be provided for expenditure by the UW-Madison Medical School and half will be for the Medical College of Wisconsin. In the case of UW-Madison, the funds will be invested and administered by the UW Foundation on behalf of UW-Madison until transferred to the School for expenditure. In the case of both schools, at least 35% must be spent for public health purposes, while up to 65% can be more directly related to education and research in the health sciences. An oversight and advisory committee, eight members of which are appointed by the Regents, will be involved in the decisions on spending the funds at UW-Madison.

Committee members were in agreement that the oversight board not be self-propetuating.

Upon the motion of Regent Gottschalk and the second of Regent Krutsch, the Committee approved Resolution I.2.h.(1).

Resolution I.2.h.(1)

That, upon the recommendation of the President of the University of Wisconsin System and the Chancellor of the University of Wisconsin-Madison, the Board of Regents:

- Approves the “Agreement to Accept Grants from the Independent Foundation by the Board of Regents and the University of Wisconsin Foundation.”
- Reserves the right to give final approval to the bylaws for the oversight and advisory committee, to the name for that committee and to the operating principles referred to in the Agreement.
- Authorizes John Torphy, Vice Chancellor of Administration, UW-Madison to sign the Agreement on behalf of the Board.

Upon the motion of Regent Barry and the second of Regent Gottschalk, the Committee approved Resolution I.2.h.(2).

Resolution I.2.h.(2)

That, upon the recommendation of the President of the University of Wisconsin System and the Chancellor of the University of Wisconsin-Madison, the Board of Regents:

- Authorizes UW-Madison to solicit, on the Board's behalf, nominations for the oversight and advisory committee, consistent with the Commissioner's Order; and
- Directs UW-Madison to forward those nominations to the Regents, upon request, for the Regents approval.

I.2.i. Report of the Vice President

(1) Quarterly Gifts, Grants and Contracts

Acting Vice President Durcan reported that total gifts, grants and contracts for the twelve-month period ended June 30, 2000, were \$768.1 million, an increase of \$76.6 million from the comparable period of the previous fiscal year. Federal awards increased \$34.0 million, while non-Federal awards increased \$42.7 million.

Regent Krutsch requested that future quarterly reports include a campus breakdown to show campus trends.

(2) UW-Madison Pharm D

Associate Vice President Sell reported that one of the tuition rates included in the budget materials approved in the Regent resolution adopting the 2000-01 Operating Budget at the June 2000 Board meeting was incorrectly stated. The rate for UW-Madison Nonresident Pharmacy doctoral student tuition was incorrectly included at \$21,882, inadvertently folding in the tuition rate for fourth year pharmacy students. The nonresident tuition for the 2000-01 year should have been \$17,692, an 8.6% increase above the 1999-00 tuition. In addition the school would be implementing a separate fourth year tuition schedule for Pharmacy doctoral students.

Upon the motion of Regent Barry and the second of Regent Gottschalk, the Committee approved the correction of the UW-Madison Nonresident Pharmacy doctoral tuition rate as outlined by Associate Vice President Sell.

(3) UW-Platteville Parking Rates

Assistant Vice President Harris noted that the 2000-01 Operating Budget approved by the Board in June 2000 included increases to parking rates for UW System institutions. The rates included in the Annual Budget document reflected a \$5 rate increase in parking for staff at UW-Platteville for the 2000-01 year. A further increase of \$40 for faculty/staff and a separate charge of \$50 for student nonreserved permits was not included. These increases were still under discussion with students and staff during the auxiliary budget development process at the campus. Currently, all students pay \$10 per year from segregated fees for parking. UW-Platteville is proposing to add a separate \$50 per year fee for students who wish to have a nonreserved parking permit and to increase nonreserved parking rates for staff from \$35 to \$75 per year. All parties, including the students, have agreed to the proposed increased rates. UW-Platteville would like to implement the new rates this fall. The additional funding will be used to replace some of the parking spaces that were lost due to the construction of the new student center on the campus.

Upon the motion of Regent Gottschalk and the second of Regent Krutsch, the Committee approved Resolution I.2.i.(3).

Resolution I.2.i.(3)

That upon the recommendation of the UW-Platteville Chancellor and the President of the University of Wisconsin System, the Board of Regents authorizes UW-Platteville to charge \$50 to students requesting a non-reserved parking permit fee for the 2000-01 year. The Board further authorizes UW-Platteville to increase the non-reserved rates for staff by \$40 above the \$35 rate approved in June 2000.

(4) UW-Madison Telescope Contract

Acting Vice President Durcan noted that the following item did not have to come to the Board but, because of recent publicity, she had asked UW-Madison to give a brief description of the project to the Committee. Provost Wiley and Assistant Professor Matthew Bershany of the Department of Astronomy were present to discuss the South African Large Telescope contract.

During the past year, UW-Madison has been conducting discussions and negotiations regarding participation, as a member of an international and multi-institution consortium, in the construction and operation of an observatory in South Africa. The discussions and negotiations culminated in a signed memorandum of understanding in August 2000. Provost Wiley will participate in and speak as the United States representative at the groundbreaking for the observatory in September. Construction is expected to be completed and viewing begun in 2004.

The South African Large Telescope (SALT) will be a world-class 10 meter observatory built at the Sutherland, South Africa observing station. This is a high quality viewing site and will provide UW-Madison's Department of Astronomy with new access to the sky in the southern hemisphere. As part of the University's contribution to SALT, UW-Madison astronomers will be taking the lead role in the design and construction of the prime focus spectrograph.

UW-Madison's financial commitment (non-GPR/Fee) during the construction phase is: \$1 million in 2000-01; \$1 million in 2001-02; and \$0.5 million in 2003-04. During the operations phase, UW-Madison will pay \$200,000 in each of the first two years of operations, but no earlier than 2004, in order to ensure that there is adequate funding available to commission and operate the telescope.

UW-Madison will receive credit for an in-kind contribution based on the design and construction of the prime focus spectrograph. The specific value cannot be determined until design is completed, but is estimated at no less than \$1.5 million.

As a result of these direct and in-kind contributions/commitments, UW-Madison will be entitled to approximately 15-20 percent of the viewing time on SALT—the largest share of any institution other than the South African government. The contract has been instrumental in recent faculty recruitments for the Astronomy Department at UW-Madison.

I.2.j. Additional Items Which May Be Presented to the Business and Finance Committee with Its Approval

Upon the motion of Regent Gottschalk and the second of Regent Krutsch, the Committee approved Resolution I.2.j.

Resolution I.2.j.

The Board of Regents of the University of Wisconsin System commends UW-Madison for the outstanding work being done in conducting research activities involving human subjects. This research has been conducted in a manner that is respectful of individuals and minimizes possible risk of harm to

individuals. Since 1997, the federal government has been very rigorous in conducting on-site investigations of the policies and procedures being followed by research institutions and has suspended federally-funded research at eight institutions across the country. A recent federal audit of UW Madison's policies and procedures by the Department of Health and Human Services Office of Human Research Protection (OHRP) confirms the outstanding manner in which UW-Madison has conducted the research. The Board of Regents congratulates UW-Madison on the successful outcome of this federal review.

Acting Vice President Durcan commented that staff reviewed the UW System's administrative costs compared to 52 other university systems and found results consistent with those previously reported. The UW System spent 5.8% of its resources on institutional support, compared to an average of 10.2% for the other systems. This compares to the average of 10.4% of the 18 peer systems used in past comparisons.

I.2.k. Closed Session to Consider Trust Fund Matters as Permitted by s.19.85(3), *Wis. Stats.*

Upon the motion of Regent Gottschalk and the second of Regent Krutsch, the Business and Finance Committee adjourned to Closed Session at 3:08 p.m. to consider Trust Fund matters as permitted by s.19.85(3), *Wis. Stats.* Present were Regents Marcovich, Barry, Gottschalk and Krutsch.

The Business and Finance Committee adjourned at 3:45 p.m.

Donita R. Zintz, Recording Secretary