

Minutes  
Business and Finance Committee  
Board of Regents of the University of Wisconsin System  
October 7, 2004

The Business and Finance Committee met with all Regents invited at 11:00 a.m. in the Rothwell Student Center Ballroom, UW-Superior, to discuss the Legislative Audit Bureau's (LAB) evaluation of UW System staffing. Present were Regents Bradley, Connolly-Keesler, Pruitt, Randall and Rosenzweig. Regents Axtell, Davis, Gottschalk, Gracz, McPike, Olivieri, Richlen, Salas, Smith and President Marcovich were also present.

**a. Legislative Audit Bureau - An Evaluation: University of Wisconsin System Staffing**

UW System Vice President Debbie Durcan introduced State Auditor Jan Mueller to the Board of Regents for a discussion meant to clarify the methodology, purpose and findings of a Legislative Audit Bureau evaluation of university staffing levels.

State Auditor Mueller stated that LAB reviewed university staff levels, with a focus on administration. According to the audit, the UW System is the state's largest employer, with 32,000 employees. The report was requested by the Legislature's Joint Committee on Audit.

State Auditor Mueller remarked that the audit recognized the substantial growth in the share of positions funded by federal or private dollars, while faculty positions funded by state support, have declined. From fiscal years 1998 to 2003, operating expenditures funded from Program Revenue has increased by 37 percent, Federal Revenue has increased by nearly 59 percent, while State Revenue has increased by only 21 percent. The percentage in operating expenditures funded from the State has dropped from 36 percent to 32 percent during that period.

Ms. Mueller noted that the review offered two views of administrative staffing, and it is important to recognize the differing ways to look at administrative costs. The audit found that according to nationally accepted standards, the UW System spends 5 percent of its budget on costs known as "institutional support." This measure works for the UW System because it is used to benchmark against peers.

State Auditor Mueller noted that there are limitations to that approach, however, as some employees who may have administrative duties are primarily counted as research or instructional staff. The audit found that when adding other types of employees, like program assistants, to the "institutional support" measure, the university spends 15 percent of its budget on administration.

Ms. Mueller stated that the first measure is a very low administrative cost figure for a multibillion dollar enterprise. The second measure is a more credible administrative figure for a large, complex organization like the UW System.

State Auditor Mueller commented that LAB analyzed the highest salaries of UW System faculty, management and professional non-faculty staff. Of the 1,208 positions that earn \$100,000 or more, the majority were faculty.

Ms. Mueller stated that \$84.8 million was spent on contractual services in fiscal year 2002. These contractual services include payments for private investment firms, consultants, marketing, executive searches, and the like. Of the contractual services expenditures, \$10.5 million were coded to institutional support and \$800,000 in administrative expenditures were coded incorrectly.

State Auditor Mueller commented on the Legislative considerations of administrative staffing. These include the degree to which the Legislature should control the number and types of positions in the UW System, how the future relationship between the UW System and the state should be defined, and how to maintain student access to the UW System. LAB suggested that operating efficiencies should be a top consideration of the UW System and the state. LAB analyzed the operating costs per full-time equivalent student at each campus during fiscal year 2003, and this measure should be a top indicator of operating efficiencies for the UW System.

Ms. Mueller noted that LAB recommended that the UW System and the state streamline current position reporting requirements to the Legislature. The current reporting system is not working for the UW System or the public. The other three recommendations of the audit report were to provide periodic reports on executive compensation from outside sources, guide the institutions to ensure consistency in coding contractual expenditures and report by February, 2005 on proposed reductions in administrative expenditures.

Regent President Marcovich noted the UW System's agreement with, and intent to implement each of the four recommendations of the audit. Confusion about the audit findings may have resulted because of the two different measures of administrative staffing. The UW System is not trying to conceal or mislabel any of the UW System's administrative positions; rather, the UW System is using the same standards for classifying administrative costs as peer universities.

Regent Davis stated the importance of the UW System measuring its administrative costs in the same way as peer universities, but noted that she valued LAB's measure of administrative costs as well. The UW System needs to be able to tell if 15 percent is good, bad, or otherwise. The UW System and LAB should be able to work together in a collaborative partnership in the analysis and implementation of the recommendations. Ms. Mueller noted that LAB is not recommending that the UW System abandon their method of measuring administrative costs. The findings of the audit are meant to serve as a springboard for further discussion on UW System operations. This is not the end of the administrative staffing question; rather, it should be looked at as the beginning of an ongoing process of review.

Regent Rosenzweig noted the value of the non-partisan role of LAB, and asked if other states have undergone this type of audit. Ms. Mueller remarked that other states probably do not carry out similar audits.

Regent Olivieri stated that the UW System has been doing a good job of maintaining access to students in general; however, there is concern about access to lower income students. State Auditor Mueller noted that the LAB audit report analyzed UW System access per 1,000 residents, and access to low-income students has been recently declining.

Regent Olivieri asked whether the recommendation to report back to the Legislature about possible areas in which administrative costs could be reduced was due to a significant concern about UW System practices. Ms. Mueller stated that LAB is always concerned about the economy and efficiency of state taxpayer dollars, and similar recommendations are made to all state agencies.

Regent Salas thanked Ms. Mueller for the service that LAB provides to the UW System and State of Wisconsin. The audit was very timely and supported the Regents' decision to forward a 2005-07 budget request to the state that included a modest tuition increase. It is important to use the findings of this audit to reassess the values from which the Board sets those tuition increases.

UW System President Kevin Reilly reiterated the UW System's agreement with the four recommendations of the audit. UW System staff is looking forward to working with LAB on implementing them. He also thanked State Auditor Mueller and the LAB staff for their professional report, and the additional time spent in explaining the report.

The Business and Finance Committee recessed at 12:15 p.m. and reconvened in Joint Session with the Physical Planning and Funding Committee at 1:35 p.m. in the Rothwell Student Center Room 111, UW-Superior, to hear a presentation by UW-Superior on the Physical Development Plan and Campaign Superior. Present were Regents Salas, McPike, Pruitt, Smith, Bradley, Connolly-Keesler, Gottschalk and Rosenzweig.

**b. Presentation by Jan Hanson, Vice Chancellor for Administration and Finance; and Jill Schoer, Assistant Chancellor for University Advancement on the Physical Development Plan and Campaign Superior**

Jan Hanson, Vice Chancellor for Administration and Finance, UW-Superior, gave an overview of UW-Superior's six-year physical development plan. UW-Superior is in need of more

space and more flexibility with that space, especially concerning the facilities' technological capabilities. There is an imbalance of available classrooms to meet classroom size requirements.

Vice Chancellor Hanson stated that there are functional and physical obsolescence problems with McCaskill and Sundquist Halls, and UW-Superior is proposing demolition of those buildings. Also, there are specialized learning space deficiencies, and comprehensive reorganizations to alleviate this problem will take place at the Holden Fine Arts building, Barstow Science, Erlanson Hall and Old Main Hall.

Ms. Hanson pointed out some other UW-Superior facilities' needs, which include renovating the Rothwell Student Center, the Jim Dan Hill Library, developing several new athletic fields, and building a new academic building. Some of this will require General Purpose Revenue (GPR) support from the state, while other elements of the funding will come from student fees and private donations. Finally, these projects must be undertaken while UW-Superior needs to address a significant maintenance backlog.

Jill Schoer, Assistant Chancellor for University Advancement, UW-Superior, highlighted the fund raising effort 'Campaign Superior – Higher Expectations.' Since 1997, UW-Superior has been planning this campaign, connecting with alumni, and gauging interest from donors. UW-Superior's goal is to raise \$17.5 million.

Assistant Chancellor Schoer stated that the campus already has raised more than \$7 million toward its goal, including a major gift for the new academic building the campus is hoping to build in 2007-09. There has been a dramatic increase in fund raising and alumni involvement. Alumni involvement has grown from 6 percent of alumni giving annually before the campaign, to 12 percent, today. In dollar terms, fund raising has increased from \$138,000 annually in 1997, to \$5.6 million, this past year.

Ms. Schoer emphasized that greater fund raising success required adding administrative positions. UW-Superior hired a director of alumni operations and two directors of development. While these are administrative positions, they are essential to the success of the campaign. Support for these positions came from the UW-Superior Foundation.

Regent Pruitt asked about the trends in alumni giving, and whether more recent classes are donating. Ms. Schoer noted that the 60-70 age cohort is a major giving cohort, however UW-Superior is not only focusing on them. A current challenge is that alumni from within the state are complaining about donor funds replacing the declining support from the state. This is simply the fund raising environment in which the university currently finds itself.

Regent Gottschalk asked whether the UW System could maintain the pace if the leadership in State government streamlined the capital building process. David Miller, Assistant Vice President, Capital Budget and Planning, UW System, answered that the UW System could keep up with the pace, and shaving even one year from the process would result in considerable savings.

Regent Connolly-Keesler asked whether any funds from the campaign will go into an endowment to maintain the academic building in the future. Julius Erlenbach, Chancellor, UW-Superior, noted that the campus is leaning towards putting \$1 million from the fund raising campaign into an endowment.

Regent Salas asked whether students have an opportunity in the form of shared governance to voice their opinions on building projects. Ms. Hanson noted that the Rothwell Student Center planning committee is active in analyzing the options that go along with this building. UW-Superior leadership has great concern for the diseconomies of scale regarding student fees for a small campus. A larger campus has the ability to spread segregated fees over a greater number of students. Chancellor Erlenbach reiterated that the small size of UW-Superior causes a higher cost per student. Ms. Schoer and Chancellor Erlenbach noted that the UW-Superior Foundation has offered to fund a percentage of the cost.

The Business and Finance Committee recessed at 2:20 p.m. and reconvened at 2:26 p.m. in the Rothwell Student Center Room 111, UW-Superior. Present were Regents Bradley, Connolly-Keesler, Pruitt and Rosenzweig.

**c. Approval of Minutes of the September 9, 2004 meeting of the Business and Finance Committee**

Upon the motion of Regent Rosenzweig, and the second of Regent Connolly-Keesler, the minutes of the September 9, 2004, meeting of the Business and Finance Committee were approved as presented.

**d. Follow-Up Discussion Regarding Faculty, Staff, and Academic Leaders Salary and Recruitment Issues**

Vice President Durcan noted that competitive salary issues have been an ongoing discussion of the Committee. The Committee will come back to the issue at its November meeting to consider compensation recommendations for 2005-07. In order to more fully explain the recruitment and retention issues facing the institutions, she invited four campus representatives to speak to the Committee.

Dick Telfer, Provost, UW-Whitewater, noted that faculty hires from 2 years ago are now making less than recent hires. UW-Whitewater has been forced to cannibalize Graduate Assistant positions for the sake of keeping faculty. Many present faculty members and potential hires are dismayed about the lack of domestic partner benefits. UW-Whitewater offers salaries that are lower than comparable institutions, and there is a lack of jobs available for faculty spouses. Teaching loads are higher than at comparable universities, and there are little opportunities for faculty sabbaticals. Also, faculties from many competing institutions are offered tuition remissions for spouses and children.

John Wiley, Chancellor, UW-Madison, noted that there is increasing pressure to retain star faculty. There are typically 50 outside offers a year; however the number is even greater than that this year. In order to hire the best possible faculty, UW-Madison must pay competitive salaries. It is cheaper and more efficient to invest in retaining UW-Madison's current star faculty and staff than to recruit new ones. One lost faculty member averages a cost of \$3 million dollars to the university in lost revenue and cost of replacement. Usually the campus can only afford to replace them with junior faculty, who require a major investment such as laboratory set up costs and research support. It can take years to recoup those investments as new faculty get established and begin to generate outside gifts and grants. Faculty that stay with UW-Madison throughout their career produce an average of \$12-14 million in extramural support, so there is a great return on investment in these people.

Regent Pruitt asked what resources UW-Madison has to retain faculty, and whether this is a similar or entirely different issue from the problem of salary compression. Chancellor Wiley remarked that they are essentially the same issue. There are no special funds set aside to retain faculty and staff, and many departments have used their vacant faculty positions and supply and expense budgets to retain valued colleagues. These strategies are not sustainable in the long run. UW-Madison is also at a competitive disadvantage due to the lack of the ability to offer health care benefits to domestic partners.

Dr. David Carroll, Faculty Senate Chair, UW-Superior, noted that as a small campus, UW-Superior must work very hard to compete. Dr. Carroll listed several faculty members who have recently left the university, and the reason is due to salary. UW-Superior has a lot to offer prospective faculty, however, salary is not one of the selling points.

Dennis Elsenrath, Psychology Department Chair, UW-Stevens Point, mentioned that this is a critical time to maintain the world class level of the UW System because of the loss of faculty not only due to competitive salary issues, but also due to retirement. Several examples of lost faculty from UW-Stevens Point were listed. This has led to lower morale, and is disruptive to both students and faculty who remain at the university.

Regent Bradley noted that this is an issue of supply and demand, and this needs to be shown to the Legislature. The UW System is seeing its faculty raided by institutions from around the

country. Provost Telfer noted that UW-Whitewater is not only losing faculty to peer institutions, but also to institutions from southern states like Alabama and Mississippi.

Regent Pruitt noted that longitudinal studies of this problem are difficult due to changes at the UW System. David Olien, Senior Vice President for Administration, UW System, expanded on this point, noting that the UW System is very different than it was ten years ago. For example, students are demanding more science courses, which are more expensive to teach, and there are more fund raising campaigns at campuses other than UW-Madison.

Ray Spoto, President, the Association of University of Wisconsin Professionals (TAUWP), noted that this is a recruitment and retention issue. States in the Deep South are paying up to 15% more for salaries than the UW System, and these are lower tax states. UW System faculty also does not have the ability to collectively bargain, unlike 37 states around the country.

Mr. Spoto stated that there are salary problems across the board. Approximately 18,000 faculty and academic staff are employed across the system, yet the compensation for the 15 chancellors receives a disproportionate amount of time, attention and headlines. The UW System should reward people who stay, instead of making them pay a loyalty tax due to salary compression.

Janice Czynscon, representing United Faculty and Academic Staff (UFAS), noted that 90 cities and counties, including the City of Milwaukee, Dane County, and the City of Madison, offer domestic partner health insurance benefits. UFAS contends that the current UW System policy of not offering health insurance for domestic partners of UW faculty and academic staff violates the principle of equal pay for equal work. If the Board does not move forward on this matter, UFAS believes that such inaction will call into question the University of Wisconsin's commitment to non-discrimination and campus diversity. The lack of this benefit is becoming a common reason for poor faculty retention and recruitment. The Committee asked UW System staff to report back on the peer institutions providing this benefit.

#### **e. Business of the Committee**

##### **(1) Report on the Use of Continuing Appropriation to Serve Adult Students**

Sharon Wilhelm, Director, Office of Policy Analysis and Research, UW System, discussed the university's continuing appropriation authority for continuing education program revenue funds. This tuition flexibility enabled the UW System to serve over 14,000 adult/non-traditional students in courses and programs that covered at least the direct cost of instruction in 2003-04, an increase of 11 percent over the prior year. These students generated almost 64,000 credits across the UW institutions. Over the next several years, the number of adult/non-traditional students served in this manner is expected to continue to grow. The Board of Regents current enrollment policy (EM-21) places a strong priority on services and programming to adult students.

Upon the motion of Regent Rosenzweig, and the second of Regent Pruitt, the Committee approved Resolution I.2.e.(1).

##### **Resolution I.2.e.(1)**

That, upon recommendation of the President of the University of Wisconsin System, the Board of Regents accepts the report on Cost Recovery Activity, Credit Enrollment and Unduplicated Student Headcount by Program and Age, 2003-04 Academic Year for submission to the Joint Committee on Finance.

##### **(2) Report on General Purpose Revenue Positions Created**

Vice President Durcan noted that the Board of Regents is required to report to the Department of Administration and the co-chairpersons of the Joint Committee on Finance the number of positions

created or abolished by the Board during the preceding fiscal year. There was no need for a resolution to submit this statutorily required report concerning the number of positions created because the UW System did not create any full-time equivalent positions in 2003-04. Having an adequate number of faculty positions is a growing concern at the institutions.

### **(3) Report on Expenditures in Excess of Allotment Authority**

Vice President Durcan noted that the UW System must submit a report to the co-chairpersons of the Joint Committee on Finance if the UW System exceeds the amount of spending authority in the statutes. The UW System expended about \$25 million more than had been authorized in the appropriation for auxiliary operations. A significant amount of the excess was due to funding student financial aid out of UW System auxiliary reserves, as well as several program revenue construction projects where the UW System transferred funds into the State Building Trust Funds.

Upon the motion of Regent Connolly-Keesler, and the second of Regent Pruitt, the Committee approved Resolution I.2.e.(3).

#### **Resolution I.2.e.(3)**

That, upon the recommendation of the President of the University of Wisconsin System, the Report on Expenditures in Excess of Allotment Authority be accepted for transmittal to State Officials.

### **(4) UW Hospital and Clinics Authority on Lease and Affiliation Agreements**

Pat Brady, General Counsel, stated that the University of Wisconsin Hospitals and Clinics Authority (UWHCA) is scheduled to sell \$60 million in Series 2004 bonds on or about October 20, 2004, for the purpose of financing additional improvements to UWHCA facilities. In order to obtain bond insurance, the bond insurer requires a resolution from the Board stating the Regents' intent with respect to continuation of the Lease and Affiliation Agreement between the Regents and the Authority.

Upon the motion of Regent Pruitt, and the second of Regent Connolly-Keesler, the Committee approved Resolution I.2.e.(4).

#### **Resolution I.2.e.(4)**

WHEREAS, the University of Wisconsin Hospitals and Clinics Authority (the "Authority") is a public body corporate and politic created by Chapter 233 of the Wisconsin Statutes, as amended, for the purpose of maintaining, controlling and supervising the use of the University of Wisconsin Hospitals and Clinics ("UWHC"); and

WHEREAS, the Authority leases the space occupied by the UWHC on the UW Madison campus from the Board of Regents of the University of Wisconsin System ("Board of Regents") pursuant to a "Lease Agreement" dated as of June 29, 1996; and

WHEREAS, an "Affiliation Agreement" between the Authority and the Board of Regents, also dated as of June 29, 1996, specifies how the Authority and the Board of Regents will continue to work together to fulfill their interrelated mission, and addresses personnel, external relations, education, research planning, financial support, networking, professional staff, insurance, and other matters; and

WHEREAS, on April 16, 1997, the Authority issued \$50 million of its Variable Rate Demand Hospital Revenue Bonds, Series 1997, for the purpose of financing improvements to UWHC facilities; and

WHEREAS, on March 23, 2000, the Authority issued \$56.5 million of its Hospital Revenue Bonds, Series 2000, for the purpose of financing improvements to UWHC facilities; and

WHEREAS, on October 31, 2002, the Authority issued \$55,600,000 of its Hospital Revenue Bonds, Series 2002A, and \$12,900,000 of its Hospital Revenue Bonds, Series 2002B, for the purpose of financing improvements to UWHC facilities; and

WHEREAS, the Authority has been recently authorized by legislation and proposes to issue up to \$60,000,000 of its Hospital Revenue Bonds, Series 2004 (the “Bonds”), for the purpose of financing additional improvements to UWHC facilities and the purchasers of the Bonds are referred to hereafter as the “bondholders”; and

WHEREAS, the Authority has informed the Board of Regents that a bond insurance company is considering issuing an insurance policy insuring the payment of principal and interest on the Bonds (the “Bond Insurer”), and the Bond Insurer is unwilling to insure the Bonds unless it receives additional assurances that unless adequate provision for the repayment of the Authority’s Hospital Revenue Bonds has occurred that the Authority’s access to UWHC facilities will not be terminated under the Lease Agreement and Affiliation Agreement; and

WHEREAS, the Authority has indicated to the Board of Regents that if the Board of Regents clarified under what conditions the Board of Regents might terminate the Lease Agreement and Affiliation Agreement, that this would be materially helpful to the Authority’s effort to obtain bond insurance and to market the Bonds and as an inducement to the Bond Insurer to insure such bonds.

NOW, THEREFORE, to the extent not inconsistent with Wisconsin law, the Board of Regents hereby resolves as follows:

1. The Board of Regents intends to keep the Lease Agreement and Affiliation Agreement in effect through their respective current termination dates of June 29, 2034, absent material deviation by the Authority from the policy objectives the Lease Agreement and Affiliation Agreement.

2. The Board of Regents will not exercise its option to terminate the Lease Agreement or Affiliation Agreement, or both, unless and until the Board of Regents, the Wisconsin Legislature, or some other party, or some combination of the foregoing, makes arrangements to adequately provide for the protection of the bondholders. The term “adequately provide for the protection of bondholders” shall mean: (i) the Board of Regents has received the consent of the Bond Insurer, or (ii) the Bonds are redeemed or defeased in accordance with their terms, or (iii) legislation has been enacted or other appropriate action has been taken such that the obligor assuming the obligations of the Authority, if other than the Board of Regents of the State of Wisconsin, (a) is a public or not-for-profit entity, (b) is bound by the covenants in the Master Indenture of Trust and 2000 Series Supplement to the Master Indenture of Trust, the 2002 Series Supplement to the Master Indenture of Trust, and the 2004 Series Supplement to the Master Indenture of Trust, and (c) is financially able, in the judgment of the Bond Insurer, to pay debt service on the Bonds.

3. This Resolution shall not be revoked, rescinded or amended without the prior consent of the Bond Insurer.

## **f. Discussion regarding UW System Trust Funds**

### **(1) Board Policy on Expenditure of Principal**

Assistant Trust Officer Doug Hoerr explained the background of the current policy regarding expenditure of principal of quasi-endowment gifts. The current policy, passed on October 5, 1990, states the following: "That, upon recommendation of the President of the University of Wisconsin System, all new quasi-endowments greater than \$50,000 be identified as designated endowments..."

Mr. Hoerr noted that the history of the current policy can be summarized as follows: In July 1990, upon its acceptance of a sizable bequest where the donor was silent on the use of principal, the Committee directed System Administration to prepare a report on the ability of the Regents to place additional restrictions on the expenditure of principal on quasi-endowments. This report concluded that nothing prohibited the Regents from imposing such additional restrictions.

Assistant Trust Officer Hoerr commented that at its meeting of October 5, 2001, the Committee discussed the reasonableness of \$50,000 as the threshold at which a quasi-endowment becomes a designated endowment. The Committee, however, essentially reconfirmed the present policy and directed no further action on it. One change that has occurred since that report has been the reduction in the annual endowment spending distribution rate from 5 percent to 4.5 percent. A \$50,000 endowment would now generate only \$2,250 annually.

Mr. Hoerr noted some potential guidelines that the Committee could use to provide more consistent and meaningful standards for granting or denying such requests. If the wording of the gift document indicates a desire for some form of "memorialization," it should generally be endowed. If the donor directs that the gift be used for a specific purpose, and that purpose could also benefit future generations, it should generally be endowed. Whereas, if the donor directs that the gift be used for a specific purpose, if that purpose could also benefit future generations by expending funds presently, an exception to policy may be granted.

UW-Madison Chancellor Wiley commented that, giving consideration to inflation and support level generated, the current threshold is very low, and \$250,000 may be a better amount, with a five year review of that threshold. Also, the immediate expenditure of the principal, such as investing in an expensive piece of research equipment, can sometimes pay more dividends to the campus in the long-run. Finally, it may be advisable to have an alternative to either endowing the whole gift or allowing it to be spent immediately. This could be accomplished by allowing a portion of the principal and interest to be expended over a period of time.

Chancellor Linda Bunnell, UW-Stevens Point, suggested that the UW System should maintain the flexibility that the donor provided when the gift was originally given. These gifts are largely unsolicited, and many donors intend for the gifts to immediately benefit the institutions. Accountability reports could be provided on a regular basis to inform the Board on how the gifts have been used. Also, there are significant management costs associated with these endowments over time. A \$500,000 amount would be a better threshold.

Regent Bradley noted his inclination to adjust the threshold to a higher level, partly due to the fact that there has not been abuse of the policy in the past. Also, the discretionary decision making should be put into the hands of those that are closer to the issue. Regent Pruitt agreed, noting that the \$50,000 threshold was set 14 years ago.

Regent Connolly-Keesler stated that the Board has an important responsibility to the future of the UW System, and the Board should maintain discipline in endowing gifts. For example, 28 years ago, a \$400,000 gift was left to the Oshkosh Area Community Foundation, and it is worth \$2 million today. It is currently generating \$100,000 per year for scholarships that would not be available if the



decision had been made to immediately spend the gift. A possible modification to the policy would be to endow at least a portion of large gifts.

The Committee agreed to hear a formal recommendation for a new threshold and guidelines at the November meeting.

**(2) 2004 Proxy Voting Season Results**

Assistant Trust Officer Hoerr commented that the UW Trust Funds submitted voting instructions for 144 proposals. Of those submitted, 62 came to votes. The full proxy voting season results can be found on the UW System Trust Funds web site.

**g. Report of the Vice President**

Vice President Durcan stated that the UW System will be working closely with the Chancellors to implement the Legislative Audit Bureau's (LAB) recommendations in the Administrative Audit.

Ms. Durcan commented on the collaboration taking place between the UW System and Wisconsin Technical College System (WTCS) on data warehousing. WTCS is beginning a "business intelligence project." The UW System was able to share information and names of contacts which will help them save time and money in getting their project off the ground. Working together to share information in the future will be of benefit to both systems.

**h. Additional items may be presented to the Committee with its approval**

No additional items were presented to the Committee.

**i. Closed session to consider trust fund matters as permitted by s.19.85(1)(e) Wis. Stats.**

Upon the motion of Regent Connolly-Keesler and the second of Regent Pruitt, the Business and Finance Committee adjourned to Closed Session at 4:35 p.m. Present were Regents Bradley, Connolly-Keesler, Pruitt and Rosenzweig.

The Business and Finance Committee adjourned at 4:55 p.m.



Eric Engbloom, Recording Secretary