The Business and Finance Committee met with all Regents invited at 12:30 p.m. in room 1820 Van Hise Hall, UW-Madison, to discuss the 2005-07 projected increases for gifts, grants, contracts and self-supporting operations. Present were Regents Bradley, Connolly-Keesler, Pruitt, Randall and Rosenzweig. Regents Axtell, Burmaster, Davis, Gottschalk, Gracz, McPike, Olivieri, Richlen, Salas, Smith, President Marcovich and Vice President Walsh were also present.


President Reilly stated that this is the last biennial budget item that the Board must review and vote on for submission to the state. Four other components were approved by the Board at the August 19 meeting, including requests for state funds and tuition increases, the capital budget request, requests for statutory language changes and the 2005-07 Performance Measures.

President Reilly noted that the final review covers increases to gifts, grants, contracts and self-supporting operations, all of which is good news for the state of Wisconsin. These dollars represent what the UW System brings into the state economy. These dollars represent the research and services that the UW System provides to students and state citizens.

President Reilly stated that Program Revenue (PR), excluding academic tuition, now represents more than 50% of the UW System’s total budget. In the 2004-05 budget just approved by the Board of Regents in June, state General Purpose Revenue (GPR) funds account for just 27.3% of the total UW System budget, down from about 50% when the university system was created. The UW System generates 3.7 dollars for every state dollar invested, through gifts, grants, and contracts, student fees, room and board, athletic operations, and federal funding. This does not included the spin-off funding like that associated with the University Research Park at UW-Madison or funds that visitors to our campuses add to the local economy.

President Reilly reminded the Board that a plan for absorbing a 10% permanent base cut, calculated against the non-federal institutional support budget, needs to be submitted to the state by November 15. UW System staff will present a reduction plan for Board review at the November Regents’ meeting. In addition, the UW System is one of 16 state agencies that will submit a base budget review as part of their 2005-07 budget requests. Each biennium, one third of all state agencies are required to submit a report describing each programmatic activity, defined at the numeric appropriation level, and an accounting of all expenditures, arranged by revenue source, for the last three fiscal years and for the last two quarters of the last three fiscal years.

Associate Vice President Freda Harris provided additional information regarding the projected increases for gifts, grants, contracts and self-supporting operations, noting that the UW System must submit this budget request to the Department of Administration and the Legislative Fiscal Bureau by September 15. This request adjusts the academic fee continuing appropriation to add the 2003-05 programmatic increases to the UW System’s base. The average annual increase is $11.7 million, and this increase is already allocated out to the campuses. The requested increases to the appropriation level will not result in a need to increase tuition in 2005-07.

Ms. Harris stated that the projected average annual increase in gift funds of $17.2 million is based on institutional estimates. Prior increases in gifts have averaged 6-7%, while future increases are projected to average 3%. The projected annual increases in General Operations and Auxiliary Enterprises of $23.1 million, or 4.27%, are computed using the three year rolling average of the Wisconsin Disposable Per Capita Income, which is also the threshold for reporting auxiliary rate increases. The request removes the funding transferred from auxiliary enterprises for the Lawton Minority Undergraduate Grant Program and Graduate Student Financial Aid in the 2003-05 Biennial Budget and funding transferred from the
Department of Health and Human Services to the Center for Tobacco Research and Intervention. The UW-Madison Intercollegiate Athletics request, an average annual increase of $5 million, is based on the Division’s strategic plan, approved by the Board of Regents and the Athletic Board in the fall of 1999. The request includes funding for operating expenses, scholarships, debt service of more than $1 million and capital expenditures of about $1.5 million. Also, the request increases the amount transferred from the Department of Natural Resources to UW-Milwaukee to fund 40% of the Great Lakes fish program. The budget request also includes the State Laboratory of Hygiene and the Veterinary Diagnostic Laboratory.

Regent Pruitt asked Ms. Harris to compare the current tuition, GPR and PR to what the new percentages of these funding sources would be going forward under the requested budget. Associate Vice President Harris stated that for the current budget, GPR funds 27%, fees fund 20% and other categories fund 53%.

Regent Olivieri asked how the Board can judge whether this is a good budget considering what the Board has been trying to achieve in controlling costs and generating revenue. Ms. Harris noted that the purpose of this exercise is to project where the budget is headed based on historical trends. The Board has the opportunity to analyze these trends, and set goals to influence how the budget may affect institutions in the future.

Regent Walsh asked why the Athletics budget includes 2% and 3% increases in salaries, and whether this increase is for people not covered under other pay plans. Associate Vice President Harris stated that Athletics does not have budget flexibility. Every time there is a change to their budget, the UW System must go before the state with a s.16.515 statutory budget request. The 2% and 3% increases are simply estimates, and does not affect what the final cost will end up being.

Regent Davis asked Associate Vice President Harris to review the projected increases in gifts. Ms. Harris noted that prior increases in gift funds average 6-7%; however, future estimates for increases average 3%. The lower estimate is based on an analysis of external forces, including the stock market and the economy, and UW System campuses’ prior experiences with gifts.

Upon the motion of Regent Pruitt, and the second of Regent Connolly-Keesler, the Committee approved Resolution I.2.a.

Resolution I.2.a.

That, upon the recommendation of the President of the University of Wisconsin System, the Board of Regents approves the submission of its 2005-07 Program Revenue Operating Budget request, totaling an average annual increase of $54.9 million.

The Business and Finance Committee recessed at 12:53 p.m. and reconvened at 1:00 p.m. in room 1920 Van Hise Hall, UW-Madison. Present were Regents Bradley, Connolly-Keesler, Pruitt, Randall and Rosenzweig. Regents Gottschalk, President Marcovich and Vice President Walsh were also present.

Upon the motion of Regent Connolly-Keesler, and the second of Regent Rosenzweig, the Committee agreed to revise the order of the agenda items.

d. Committee Business

(1) Blue Cross Oversight and Advisory Committee Appointments

Pat Boyle, Regents Emeritus and Regents Liaison to the Wisconsin Partnership Fund, asked the Board to reappoint Dean Philip Farrell as one of the four Medical School representatives on the Oversight and Advisory Committee (OAC) committee to a four-year term. Dean Farrell has effectively led the OAC as chair, and has provided guidance and support on the development of the plan, the requests for proposal, and the allocation of funds. Regent Emeritus Boyle also recommended that two of the public members of
the committee should be reappointed and that Professor Susan Riesch from the School of Nursing should be appointed to a four-year term. Professor Riesch is highly qualified for this position given her background in public health nursing.

Philip Farrell, Dean of the Medical School, noted that Professor Riesch began her career as a public health nurse for the city of Milwaukee Health Department. Professor Riesch went on to focus her academic career on teaching and researching public and community health issues.

Dean Farrell commented that the Wisconsin Partnership Fund for a Healthy Future is announcing the first round of planning grants for 20 organizations across the state. The grants total nearly one-half million dollars. There were 94 applications received and reviewed, and 20 were chosen to be funded due to their great potential for serving the people of Wisconsin. The 20 organizations cover a wide range of health issues and will reach minority populations and rural areas. About one-half of the projects deal with health disparities in the state.

Dean Farrell stated that the Wisconsin Partnership Fund for a Healthy Future has received a total of 160 letters of intent for project grants, and the applications are due on October 1. The requests for planning and implementation grants total $59 million, which is much greater than the amount available. However, next year over $3 million will be funded for project grants.

Regent Rosenzweig applauded the Wisconsin Partnership Fund for a Healthy Future for awarding the grants to a wide range of projects across the state, and asked how much each organization will receive. Dean Farrell stated that each organization will receive about $25,000. This is a substantial amount that will make a real difference to these community organizations.

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

**Resolution I.2.d.(1)**

That, upon 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 reappointments of Dean Philip Farrell, Margaret MacLeod Brahm, and Gregory Nycz and the appointment of Professor Susan Riesch to the UW Medical School Oversight and Advisory Committee, each for four-year terms.

b. Approval of Minutes of the June 10, 2004 meeting of the Business and Finance Committee

Upon the motion of Regent Connolly-Keesler, and the second of Regent Rosenzweig, the minutes of the June 10, 2004, meeting of the Business and Finance Committee were approved as presented.

c. Review Faculty, Staff, and Academic Leaders’ Salary Issues

Vice President Durcan stated that Regent President Marcovich has expressed concern for the turnover in the UW System’s faculty, staff, and academic leader ranks, and he pointed out that recent meager pay plans may have sharply eroded the UW System’s competitive compensation position. In response to this concern, UW System staff prepared competitive peer data on faculty, staff, and leadership compensation. She noted this was not a formal pay plan recommendation for the next biennium, and a formal pay plan recommendation will come from the UW System President in November.

Associate Vice President George Brooks stated that of all faculty and academic staff resignations and retirements during 2002, 6 out of 7 were due to reasons other than retirement. Over the past 14 years, faculty and staff resignations have outpaced other public sector employment groups. UW System’s turnover rate, excluding retirements, has ranged from a high of 6.3% in 1991 to a low of 4.9% in 1989. This information comes from the Department of Employee Trust Funds, and it does not reflect last year when salaries were frozen.
Mr. Brooks stated that 27% of UW System unclassified faculty and staff are 55 years of age or older, and thus eligible for retirement. Mr. Brooks remarked that 17% will become eligible for retirement in the next five years, and another 14% will be eligible in the next 5-10 years. When looking at faculty only, 34.5% of faculty is 55 and older and another 35% are 45-54. These statistics are not unexpected as this trend was predicted in the 1999 *Graying of the Faculty* study. The UW System is going to find itself recruiting for replacement faculty and academic staff in increasing numbers.

Associate Vice President Brooks compared faculty salary increases from the National American Association of University Professors (AAUP) to UW System faculty pay plans from 1986-87 to the present. AAUP has reported average increases to continuing faculty, but UW pay plans have fallen behind by more than 17% over the last 18 years. The gap is growing wider as faculty across the country received 3.1% salary increases while UW faculty had a pay freeze in 2003-04.

Mr. Brooks commented that since 1984, the UW System has relied on established groups of peer institutions to assess faculty salary needs. The full professor rank at each institution is most drastically behind its peers. At UW-Madison, full professors are 7.3% below peers. At UW-Green Bay, they are 17.1% below peers. At UW River Falls, they are 19.6% below peers. On average, full professors at the comprehensive institutions are $7,900 or 11.8% below peers. At UW Colleges, full professors are 20.1% below peers.

Associate Vice President Brooks stated that UW associate professors at doctoral institutions are paid competitively, but those at comprehensive institutions are not. At UW-Platteville, associate professors are 16.5% below peers. At UW-Superior, they are 16.7% below peers.

Regent Vice President Walsh asked why there is a disparity in pay between the comprehensive institutions. UW-Parkside Chancellor Jack Keating noted that campuses employ professors of varied disciplines. For example, finance professors are paid more than history professors. Also, the timing of retirements and age of faculty are salary determinants, and these factors vary across institutions.

Mr. Brooks noted that UW Assistant Professors at doctoral institutions are paid competitively, with UW-Madison ranking 5th in its peer group of 11 institutions, and UW-Milwaukee ranking 7th in its peer group of 14 institutions. UW System comprehensive institutions do not fare as well, ranking 24th in their peer group of 33 institutions. At UW Colleges, assistant professors are 25.3% below peers.

Regent Marcovich asked whether the UW System tracks faculty, academic staff and academic leaders after they leave. Associate Vice President Brooks noted that, in the past, the UW System conducted exit interviews, however, most of this information is currently tracked informally. Chancellors indicated that younger faculty have been leaving recently for better pay and lesser teaching loads. UW-Oshkosh Chancellor Richard Wells commented that younger, accomplished faculty members are leaving in greater numbers than in the past. Also, the UW-Oshkosh College of Nursing has had trouble recruiting faculty members due to increasing salary competition, including competition from technical colleges.

Associate Vice President Brooks stated that data from the College and University Professional Association for Human Resources (CUPA-HR) was used to track salaries for academic staff, and it is the most widely accepted salary survey data for administrative positions in higher education in the county. In 1989-90, the UW System showed a 10.24% salary gap. UW System academic staff pay plans have trailed the historical median increases by a cumulative 17.7% since that time. Had the UW System repaired the market shortfall in 1989-90, academic staff would have been 6.8% below market in 2003-04.

Mr. Brooks commented that although the Board’s policy to rely on peer data has been in place for 10 years, 13 of the 35 academic leaders are actually paid below the salary range minimums. Since 1994-95, the Board’s policy has called for reviewing salary data for chancellors and provosts at the same peer institutions used for faculty. Prior to 2001, there was a serious gap in the UW System President’s salary relative to the peer group. Since 2001, the President’s salary has remained about $1,000 per month below the peer median. The salary gap for the UW System’s two Senior Vice Presidents was widening until two failed searches in 2001 required a market response. The salary gap in 2003-04 was about $9,000. The salary gap between the peer median and the UW System’s Vice Presidents’ average salary reached nearly $40,000 last year. In 2003-04, the peer median for the Vice Presidents stood at $179,313; however, because the salary range is controlled by the Director of the Office of Employment Relations, the maximum salary
that can be paid to UW System Vice Presidents is $163,789. Both Vice Presidents are paid below the salary range minimum calculated in accordance with the Board’s executive salary policy.

Associate Vice President Brooks commented that the UW-Madison Chancellor’s salary problem was not corrected in January 2001 when Chancellor Wiley was allowed to enter into a personal services contract. Personal services contracts are outside the control of the Board, and cannot be included in the official salary. Personal services contracts and deferred compensation plans are considered additional compensation by peer institutions, and the salary survey data do not include additional compensation. Therefore, the Chancellor’s official state salary is now more than $90,000 per year below the peer median and more than $46,000 below the minimum of the Board’s salary range. Associate Vice President Brooks noted that the UW-Madison Vice Chancellor salary was falling below fair market until a national search required a competitive salary in 2001. The salary is now much more on target.

Mr. Brooks commented that the UW-Milwaukee Chancellor’s salary problem was also not corrected last spring when the new Chancellor was allowed to enter into a personal services contract. The Chancellor’s official state salary is now more than $22,000 per year below the peer median although it is within the salary range set by the Board. The Vice Chancellor at UW-Milwaukee has been paid about $20,000 below the peer median during each of the past 10 years.

Associate Vice President Brooks stated that the Chancellors at non-doctoral institution have shown a steady decline in their salaries relative to the peer market. While they were about $12,500 behind the market 10 years ago, they will be $33,000 behind in this fiscal year. The non-doctoral institution Vice Chancellors have been, on average, $7,000-$8,000 below peer medians each year.

Regent Vice President Walsh asked about the Wisconsin Statutes compared to Board policy concerning salary ranges. Associate Vice President Brooks stated that the Board has the statutory authority, using its peer group approach, to set salary ranges. The Board’s policy is akin to an administrative rule implementing the statutes.

Mr. Brooks remarked that the Fringe Benefits Advisory Committee has not yet met to discuss potential benefit needs for the upcoming biennium. Their meeting is scheduled for the second week in October, therefore, it is difficult to present a pay plan proposal before the November meeting.

President Reilly noted that one of the most important functions of his job is to recruit and hire Chancellors. Paying competitive compensation for these positions is essential to maintaining the high quality of the UW System.

Regent Bradley noted that salary compression has become a major problem. Chancellor Keating noted that offering competitive salaries would help to recruit faculty, however, salary compression has become a major issue. With the lack of reasonable increases over the prior years, UW-Parkside is currently hiring new people at the same or higher rates as current employees. Senior Vice President David Olien noted that the UW System’s competition is increasingly coming from outside the Midwest. There has been a gradual but dramatic shift in the competitive market to institutions from other parts of the country, including Arizona, New Mexico and Florida.

Regent President Marcovich stated that there is unfairness in that market forces have driven up salaries to new Chancellors, while the Chancellors with longevity are, in effect, penalized. There is also a salary compression problem at the senior and junior level. UW Green-Bay Chancellor Bruce Shepherd affirmed this unfairness, and pointed out that long-standing Chancellors at comprehensive institutions are essentially paying a loyalty tax. Associate Vice President Brooks commented that six of the 13 Chancellors are paid less than the most recent interim appointments. The longer the Board waits to address this problem, the more acute it becomes.

The Committee recessed at 2:37 p.m., and reconvened at 2:47 p.m. Regent Gottschalk and President Marcovich left the meeting at this time.
d. Committee Business (continued)

(2) UW-Madison Vending Contract

Michael Hardiman, Director of Purchasing, UW-Madison, stated that UW-Madison seeks Board of Regents approval to amend the one-year agreement with Wright Vending to a term of five-years with two additional option years. This term was the basis of Wright Vending’s initial proposal to UW-Madison’s competitive bid.

Mr. Hardiman noted that Wright Vending agrees to pay the UW–Madison in each year of the agreement 38.8 percent of vending sales or $451,216, whichever is greater. The vendor agrees to offer both Pepsi and Coca-Cola products at all campus sale locations and will include 7-Up and other brands where demand merits. Wright Vending agrees to place 425 pieces of vending equipment in campus locations. A minimum of 107 machines will be new and manufactured since January 2002. The vendor agrees to vend milk products produced at the UW–Madison Babcock Dairy facility as bi-products of research in the UW-Madison Dairy Science department and expand on current milk sale locations. Wright Vending agrees to maintain established vending pricing at the machines unless written approval is obtained from the University.

Regent Vice President Walsh stated that 38% of the gross vending sales are a high percentage for vendors to pay UW-Madison, and asked whether that implies that the vending prices to students are too high. Mr. Hardiman stated that prices to students will be similar to market prices of vendors surrounding the UW-Madison campus. Regent Vice President Walsh asked how the vending contract compares to other Big 10 universities. Mr. Hardiman noted that for comparative purposes, by combining the guaranteed revenues of this contract with the Athletics vending contract, UW-Madison’s contracts are above all except one Big 10 institution.

Regent Pruitt asked what steps are being taken to protect students from vending machines with high prices, since these vendors operate in a captive market. Mr. Hardiman noted that UW-Madison has a vending committee that discusses and votes on these issues. The committee is made up of representatives from UW Housing, purchasing operations, budgeting and the UW Union.

Upon the motion of Regent Rosenzweig, and the second of Regent Randall, the Committee approved Resolution I.2.d.(2).

Resolution I.2.d.(2)

That, upon recommendation of the President of the University of Wisconsin System and the Chancellor of the University of Wisconsin-Madison, the Board of Regents approves amending a one-year agreement with Wright Vending – Madison to a term of five-years with two additional option years.

Regent Vice President Walsh left the meeting at this time.

(3) Auxiliary Reserve Report

Doug Hendrix, Associate Vice President for Financial Administration, UW System, stated that the Board may not accumulate auxiliary reserve funds from student fees for any institution in an amount that exceeds 15% of the previous fiscal year's total revenues unless the planned reserve is approved by the Secretary of Administration and the Joint Committee on Finance. The request by the Board for such approval for any fiscal year must be filed no later than September 15. The request includes a plan specifying the amount of reserve funds the Board wishes to accumulate and the purposes to which the reserve funds would be applied. There are three institutions that are projecting to end 2004-2005 with
reserve balances above the 15% threshold. At each of these institutions, the planned reserves are being accumulated for major capital projects.

Mr. Hendrix commented that reserve funds are needed to meet debt service requirements, to ensure that equipment and facilities can be maintained, replaced, remodeled or refurbished as needed, to provide an operating cushion to offset short-term revenue losses or unanticipated expenditures and to stabilize rate increases for students. UW System policy requires that institutional reserve levels be clearly linked to specific programmatic and operating needs detailed in a multi-year plan.

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

Resolution I.2.d.(3)

That, upon the recommendation of the President of the University of Wisconsin System, the Auxiliary Reserves Report be accepted for transmittal to State Officials

(4) Report on Base Salary Adjustments to Recognize Competitive Factors

Associate Vice President Freda Harris commented that Wisconsin Statutes allow the UW System to grant salary increases to faculty and academic staff to recognize competitive factors. 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 Office of Employment Relations concerning the amount of such pay increases granted, and the institutions at which they are granted, for the 12-month period ending on the preceding June 30.

Ms. Harris commented that during 2003-04, a total of 428 individuals at 5 institutions received $1.3 million for normal equity and retention issues in 2003-04. By comparison, there were a total of 415 individuals at 6 institutions receiving $1.2 million in 2002-03. This is the final installment of Phase III of UW Colleges’ Salary Improvement Plan. Long-term salary compression and market issues are addressed through a phased-in compensation plan that affects many individuals employed by UW Colleges. A number of factors are used to recommend salary increases for Colleges’ employees currently being paid below rates comparable to those of their market peers. The plan was established and implemented by the Senate Budget Committee, comprised of senators from UW Colleges’ faculty and academic staff.

Regent Bradley asked about the progress of the UW Colleges’ salary improvement plan, and whether the plan is on target. Associate Vice President Harris noted that this is the fourth and final year of Phase III of the plan. UW Colleges salaries have historically been behind their peers. Steve Wildeck, Vice Chancellor for Administrative Services, UW Colleges, noted that the phased plan has been contingent upon enrollment improvements, and that the plan is on target to improve salaries.

Regent Pruitt asked why the comprehensive institutions are not represented in this report. Associate Vice President Harris noted that increases at comprehensive campuses may have been due to other factors, such as promotion or change in duties. Also, during the past year there were little resources for adjustments due to budget cuts.

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

Resolution I.2.d.(4)

That, upon the recommendation of the President of the University of Wisconsin System, the Report on 2003-04 Base Salary Adjustments to Recognize Competitive Factors Required by Section 36.09(1)(j), Wisconsin Statutes, be accepted for transmittal to State Officials.
(5) Quarterly Gifts, Grants, and Contracts Report

Vice President Durcan summarized the gifts, grants and contracts awarded to the institutions of the UW System for the twelve-month period ended June 30, 2004. Total gifts, grants and contracts for this period were $1.1 billion, an increase of $146.3 million from the comparable period of the previous fiscal year. Federal awards increased $139.5 million while Non-federal awards increased $6.8 million. Reports showing more meaningful trend data will be presented later in the fall.

e. Trust Funds

(1) Acceptance of Bequests over $50,000

Assistant Trust Officer Doug Hoerr remarked that Regent policy provides that individual bequests of $50,000 or more should be brought to the Business and Finance Committee so that they can be formally accepted and recognized. UW-Madison has received approximately $1.7 million from the Ella M. Seitz Estate. UW-Madison has received over $80,000 to date from the Helen M. Becker Trust. UW-Madison has received over $60,000 to date from the Lester Wilken, Wilken Family, Trust, and may receive a total of $70,000 to $100,000 upon final distribution. UW-Madison has received over $150,000 to date through the Ruth Emily Walters Ratcliff Estate, and has yet to receive its portion of the residue of the estate.

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

Resolution I.2.e.(1)

That, upon the recommendation of the President of the University of Wisconsin System and the Chancellors of the benefiting University of Wisconsin institutions, the bequests detailed on the attached list be accepted for the purposes designated by the donors, or where unrestricted by the donors, by the benefiting institution, and that the Trust Officer or Assistant Trust Officers be authorized to sign receipts and do all things necessary to effect the transfers for the benefit of the University of Wisconsin System.

Let it be herewith further resolved, that the President and Board of Regents of the University of Wisconsin System, the Chancellors of the benefiting University of Wisconsin institutions, and the Deans and Chairs of the benefiting Colleges and Departments, express their sincere thanks and appreciation to the donors and their families for their generosity and their devotion to the values and ideals represented by the University of Wisconsin System. These gifts will be used to sustain and further the quality and scholarship of the University and its students.

(2) Ella Seitz Bequest – Request to Expend Principal

This agenda item was deferred to a future Committee meeting.

f. Report of the Vice President

Vice President Durcan stated that in July, the Department of Administration (DOA) mandated an across the board reduction of 7% of the auto fleet on top of an approximate 6% reduction in June. This represents a reduction of 225 vehicles, on top of a 10% reduction in 2002. This summer’s reductions amount to more than $3 million in replacement dollars; however, the vehicles are being sold at auction and generally return $4,500 each or about $1 million in total. This revenue will go to the Budget Stabilization
Fund, and not back to the UW System. Campuses are concerned over the likely cost increases and decreased services to faculty, staff and students as a result of these fleet reductions.

Ms. Durcan noted that the state has mandated that all fleet vehicles be tracked using Fleet Anywhere software, which tracks maintenance, fuel efficiency and other elements in order to manage the fleet from an enterprise-wide perspective. The UW System is working with DOA on an appropriate implementation plan for the UW institutions that are currently not using the software.

Vice President Durcan stated that no progress has been made on resolving the hardship caused by the position reduction. Campuses are very concerned about meeting the second year reductions by April of 2005, and fear services to students will be compromised in the second semester.

Ms. Durcan remarked that she and Associate Vice President Doug Hendrix had an initial meeting with the State Controller’s Office and DOA budget analyst about the UW’s proposal on cash management. The state depends heavily on the UW System’s cash flow, and it is unlikely that the UW System will be allowed flexibility until the state’s budget and cash flows experience a significant improvement.

Ms. Durcan reported that a number of reports are being proposed by DOA, including the Base Budget Review, Vacant Positions Report and Contractual Services Report.

The Committee discussed the upcoming release of the Legislative Audit Bureau (LAB) Administrative Audit report. Vice President Durcan noted that UW System staff has been working closely with the state auditor, and a summary of the report will be sent to the Board of Regents as soon as the report is released.

g. Additional items which may be presented to the Committee with its approval

No additional items were presented to the Committee.

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

The Business and Finance Committee adjourned at 4:10 p.m.

Eric Engbloom, Recording Secretary