

Minutes  
Business, Finance, and Audit Committee  
Board of Regents of the University of Wisconsin System  
June 8, 2006

The Business, Finance, and Audit Committee met in Joint Session with the Physical Planning and Funding Committee at 2:55 p.m. in the Wisconsin Room, Union, UW-Milwaukee, to hear a presentation on UW-Milwaukee Residence Halls: Creative Solutions for the Future, and a presentation on Energy Conservation and Green Building Initiatives. The minutes of this discussion are detailed in the minutes of the Physical Planning and Funding Committee.

The Joint Session with the Physical Planning and Funding Committee adjourned at 4:07 p.m.

The Business, Finance, and Audit Committee reconvened at 4:10 p.m. in the Wisconsin Room, Union, UW-Milwaukee. Present were Regents Pruitt, Connolly-Keesler, Loftus, Rosenzweig, and Smith. Regent Shields (nominated) was also present.

**a. Approval of Minutes of the May 4, 2006 Meeting of the Business, Finance, and Audit Committee**

Upon the motion of Regent Smith, and the second of Regent Connolly-Keesler, the minutes of the May 4, 2006 meeting of the Business, Finance, and Audit Committee were approved as presented.

**b. Follow-up Discussion on UW-Milwaukee and other 2007-09 Budget Items**

Abbas Ourmazd, Vice Chancellor for Research and Dean of the Graduate School, UW-Milwaukee, asked for Regent support for growing research at UW-Milwaukee, and summarized what the campus is doing to enhance research. Enhanced research funding would increase regional economic development and opportunity. It would do this by strengthening existing companies, turning research into economic competitiveness, and providing a workforce with research training. Improved research excellence would also enhance student access to a quality education and quality jobs.

Dr. Ourmazd noted that the plan is to hire fifty new faculty members at UW-Milwaukee. Twenty of these faculty members would be cluster hires, fifteen to fuel undergraduate research, and fifteen to augment the Research Growth Initiative, a process that makes seed funding available for research projects that are likely to become self-sustaining after one to three years.

Vice Chancellor Ourmazd stated how vital a research university is to a metropolitan area. As an example, he showed a correlation between the increase in Gross Metropolitan Product (GMP) of Atlanta, Georgia, and the research and development output of Georgia Tech University, Atlanta's main university. He commented that the sphere of a university's entrepreneurial influence is geographically limited, with most companies located within fifty miles of the research institution.

Dr. Ourmazd noted that Milwaukee, a once-thriving manufacturing center, is in need of an economic transformation. In Milwaukee, research and development trails the state and the nation. This is the case even though the city is the state's economic heart and population center, and home to nearly one-third of Wisconsin's employment.

Vice Chancellor Ourmazd stated that UW-Milwaukee is extremely research capable and has launched the Research Growth Initiative. He explained the rigorous review that 285 research project proposals from more than 500 faculty members underwent. Twenty-five percent of the proposals were ranked in the top ten percent in their field by independent external experts. UW-Milwaukee needs the help of the state to continue the Research Growth Initiative, because the university can only fund some of the projects that reviewers considered superior. Investment in other quality research projects would bring substantial returns.

Regent Loftus asked for clarification on the budget amount requested in the next biennia, and when UW-Milwaukee is planning to hire the fifty faculty members. Vice Chancellor Ourmazd stated that UW-Milwaukee is requesting \$12.96 million in the 2007-08 biennia, and will request \$10 million in future biennia. Upon budget approval, the university would hire three faculty members immediately; however, the timing and number of additional hires would depend on the level of funding approved.

### **c. Update on UW System Policy on Criminal Convictions Background Checks**

Due to the late starting time of the meeting, the Committee tabled this topic to the next meeting of the Business, Finance, and Audit Committee.

### **d. Trust Funds**

#### **(1) Acceptance of Bequests over \$50,000**

Tom Reinders, Investment Portfolio Analyst, stated that Regent policy provides that individual bequests of \$50,000 or more will be brought to the Business, Finance, and Audit Committee so that they can, via resolution, be formally accepted and recognized by the President, Board, and appropriate Chancellor if to a specific campus. He gave a brief summary of these bequests for the period.

Mr. Reinders stated that UW-Madison has received approximately \$150,000 from the Josephine O. Woodbury Estate and established the Josephine O. Woodbury Teaching and Research Fund, which will be administered by the Dean's Office in the College of Letters and Science. UW-Madison has also received approximately \$90,000 from the Waddell Trusts. These funds have been deposited into an existing building construction and equipment fund which is administered by the Dean's Office in the College of Engineering. To date, UW-Madison has received \$925,000 from the Jessie May Bork Estate and will be establishing the Herbert and Jessie May Bork Discretionary Fund, to be administered by the Dean's Office in the School of Business. Finally, UW-Madison has received \$100,000 from the Emerson J. Collier Trust. The Collier bequest was deposited into the existing Healthstar Building Fund, and will be used by the Medical School for that significant project.

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

#### **Resolution I.2.d.(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.

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) Policy Discussion Regarding Investment in Tobacco Interests**

Due to the late starting time of the meeting, the Committee tabled this topic to the next meeting of the Business, Finance, and Audit Committee.

**(3) Sudan Divestment Informational Report**

Due to the late starting time of the meeting, the Committee tabled this topic to the next meeting of the Business, Finance, and Audit Committee.

**e. Audit Update****(1) Review Next Steps for Segregated Fee Audit Recommendations**

Vice President Debbie Durcan discussed the formation of a systemwide committee to be charged with developing alternatives to address the recommendations from the recently completed review of segregated fees. The review indicated that there may be a number of options available to enhance student involvement and Board of Regent's oversight of segregated fees.

Vice President Durcan stated that her vision of the systemwide committee would be for it to consist of about nine participants. The committee would be made up of three Chief Student Affairs representatives, three representatives from student government groups, one representative of Chief Business Officers, one representative of Provosts, and one representative of Physical Planning and Funding.

Regent Loftus suggested that the Committee look more closely at student participation in the segregated fees process. Two possible improvements to the process would be to have dollar thresholds at which student referendums would be mandated, and have Regent involvement with the systemwide committee.

Regent Shields (nominated) suggested that a Student Regent should be a member of the systemwide committee.

The Committee emphasized the need for student involvement and participation on the committee and asked that 50 percent of the committee be comprised of students plus one of the Student Regents.

**(2) Discuss Possible Program Review of Cost of Textbooks**

Regent Connolly-Keesler stated that, based on expressed concern regarding the escalating price of textbooks, a formal review by the UW System Office of Operations Review and Audit will analyze the issue and learn what has been done at other institutions of higher education. A scope statement will be presented at the August Committee meeting.

**f. Committee Business****g. Report of the Vice President**

Vice President Durcan reported that the UW System filed a formal request with the co-chairs of the Joint Finance Committee to apply any utility savings at the end of the year to the veterans' remission shortfall.

Vice President Durcan remarked on Wisconsin Act 77, which authorized the Board to establish a gift certificate program for the payment of tuition and fees, or for a study abroad program. The UW System is supportive of this program as another vehicle for parents, grandparents and students to help save for and pay for college. The UW System is appreciative of the efforts of Representative Mark Gottlieb to enable such a program.

Ms. Durcan indicated that to implement the program with the lowest administrative cost, the UW System contacted third-party vendors regarding the collection of funds and the issuance of the gift certificates. Based on these conversations, the UW System identified some minor technical changes that need to be made to the existing statutory language in order to more readily implement the program. Since the gift certificates can be used for study abroad, the UW System needs to include its appropriation as an appropriate place to deposit the funds in addition to the tuition appropriation which is identified. The UW System needs to change the language to not restrict transferability. Finally, the current language limits the fee to “actual processing costs” and the UW System would like to expand this to include actual costs of shipping and handling. This is the terminology frequently used by third party vendors. The UW System would not expect to add any administrative costs beyond what the vendor would charge. Once these minor statutory language changes are made, it should only take a few weeks to implement the program.

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

Members of the Business, Finance, and Audit Committee expressed concern that they would like further discussion before voting on the upcoming budget proposal. The Committee asked Regent Pruitt to recommend to Regent President Walsh that a special meeting be scheduled for the month of July to review budget details.

Upon the motion of Regent Loftus, and the second of Regent Smith, the Business, Finance, and Audit Committee adjourned at 4:58 p.m.

  
Eric Engbloom, Recording Secretary