

Minutes of the Business, Finance, and Audit Committee
December 10, 2009
UW-Madison

The Business, Finance, and Audit Committee convened jointly with the Capital Planning and Budget Committee at 1:00 p.m. in the Class of '24 Reception Room of the UW-Madison Memorial Union. Present from the Capital Planning and Budget Committee were Regents Bartell, Drew, Stan Davis, and Opgenorth; Regent Loftus participated by phone. Present from the Business, Finance, and Audit Committee were Regents Smith, Connolly-Keesler, Falbo, Wingad, and Womack.

- **UW Colleges Report on City and County Financial Support:** See Capital Planning and Budget Committee minutes.

- **Presentation: Energy Conservation and Renewable Energy Projects:** See Capital Planning and Budget Committee minutes.

a. Program Review on UW Energy Conservation Efforts, Practices, and Strategy: Julie Gordon, Director of Operations Review and Audit, briefed the Committees on ways in which UW System institutions are reducing energy usage, and the extent to which energy conservation efforts have been incorporated into UW institutions' broader decision-making and plans. The activities reviewed included interviews with UW institutions' facilities managers, review of current UW energy conservation and planning efforts, and research on energy conservation activities at other higher education institutions. Ms. Gordon discussed five categories of Energy Conservation Facilities related practices: (1) Maintenance, repair, and replacement (2) Building usage/scheduling, (3) Energy meters and controls, (4) Building enhancement and design, and (5) Alternative energy sources.

Director Gordon reported that campuses across the UW System are using one or more of these strategies. Examples include:

- Purchase of electrical energy from non-carbon-generating plants at UW-River Falls;
- Installation of solar panels for water pre-heating in a residence hall at UW-Stevens Point in 2006;
- UW-Madison's Charter Street plant will undergo a rebuilding project to eliminate the burning of coal by 2012, in response to a directive by the Governor.

In addition to a focus on facilities-related approaches, educational approaches are being undertaken. These include engaging student involvement, participating in conferences, and the hiring of sustainability coordinators.

Audit recommendations include:

- Pursuing additional funding opportunities for energy conservation projects
- Implementing a process for incorporating facilities-related behavioral and educational practices into an institution-wide energy conservation strategy.

The Joint Meeting concluded at 2:30 p.m.

The Business, Finance, and Audit Committee reconvened at 2:35 p.m. in the Class of '24 Reception Room of the UW-Madison Memorial Union. Present were Regents Smith, Connolly-Keesler, Falbo, Walsh, Wingad, and Womack.

b. The Madison Initiative for Undergraduates: Chancellor Biddy Martin introduced Tom Templeton, Vice Chair of the Associated Students of Madison, and Tyler Junger, Chair, Associated Students of Madison, who are both student members of the UW-Madison Student Oversight Committee. Mr. Templeton and Mr. Junger discussed their involvement in the allocation, management, and oversight of the institution's recently-enacted campus-wide undergraduate differential tuition program. They defined the Madison Initiative for Undergraduates as "*A supplemental tuition charge to improve the quality and long-term value of undergraduate education while maintaining affordability*", and "*Private fundraising to match the revenue generated for need-based financial aid*". The Initiative adds a tuition surcharge of \$250 for in-state undergraduates and \$750 for students from other states. They explained the goals are to:

- (1) Add faculty and instructional support in high-demand and emerging-demand areas;
- (2) Expand best practices and innovation in teaching, curricular design, and student services;
- (3) Preserve affordability and long-term value of a UW-Madison education.

Mr. Templeton and Mr. Junger reported that 29 proposals were submitted for the first phase of the program, resulting in 8 proposals being funded with the \$3.8 million that was allocated. Currently, 114 proposals are under review for phase two. They affirmed that many of the proposals offer great ideas, but they are unable to fund them all. They were pleased to report that one of the best things they have found while working through the process is the interactions of faculty, staff, and students.

The Committee indicated that they were impressed with the depth and breadth of the students' involvement in the Initiative.

c. Report of the Ad-Hoc Committee on Mental Health: Dr. Joe Abhold, Co-chair of the Ad-Hoc Committee on Mental Health, and Director of the Counseling Center at UW-Oshkosh, discussed the impact of mental health services on student success. He also spoke about increased demand for services, and the changes campuses have made to meet the demand and increased severity. Dr. Abhold then reviewed the proposed changes to the Basic Health Module outlined in Regent Policy Document 23-1, including:

- Inclusion of the two year campuses
- Most changes clarify or improve what is currently provided, not expansion or contraction
- Made language more inclusive of mental health services
- Highlighted need for prevention of anxiety, depression and suicide
- Added Behavioral Intervention Team participation
- Increased quality improvement/management expectations
- Explicitly endorsed all strategies for funding.

Dr. Abhold reported that the ad-hoc mental health committee recommended establishing and collecting data to monitor trends, funding research to study the impact of mental health services on academic success, creating an annual summit to provide training in nationally recognized best practices in college counseling, strengthening procedures for routine and high-risk referrals, and continuing to seek more funding to support the appropriate level of counseling services. The changes reflect changing student needs, student demographics, and generally

accepted mental health care practices and community resources. In response to Regent Connolly-Keesler's question regarding the costs to run the program, Senior Vice President Tom Anderes responded that the National Statewide Survey costs approximately \$15,000 per year; the summit costs approximately \$10,000 per year; and on-going annual costs were approximately \$20,000 per year.

Upon the motion of Regent Connolly-Keesler and the second of Regent Wingad, the Committee unanimously approved Resolution I.2.c.

Resolution I.2.c.

That, upon the recommendation of the UW System Ad-Hoc Committee on Mental Health and the President of the University of Wisconsin System, the Board of Regents approves the revisions to the Basic Health Module (Regent Policy Document 23-1) detailed in Appendix A of the final report of the Ad-Hoc Committee on Mental Health.

d.1. Program Review on Camps and Clinics: Julie Gordon, Director of Operations Review and Audit, discussed the highlights of a recently-completed review of camps and clinics conducted at UW System institutions. Ms. Gordon reported that in 2008, more than 50,000 people, ranging in age from 4 years to adults, participated in more than 750 camps and clinics offered by UW institutions. The review examined characteristics of camps and clinics; practices and procedures to address participants' health and safety issues and to protect the UW System from potential liability in the case of participant injury; and administrative and management practices for camps and clinics.

The review found a diverse array of programs across the UW System, and noted that management and oversight practices vary by campus, department, and program. The review offers several recommendations including:

- Adopting and implementing the health requirements noted in DHS 175.19, Wis Admin. Code.
- Extending criminal background checks to contractors and volunteers working directly with vulnerable populations, such as children and people with disabilities.
- Requiring all camps and clinics to secure accident insurance.
- Assigning an office or committee on campus the overall responsibility for developing policies and procedures for camps and clinics, and ensuring their compliance.

d.2. Quarterly Status Update: Director Gordon presented a status report on six projects the Office of Operations Review and Audit is currently working on: Energy Conservation, UW-Sponsored Camps and Clinics, Student Evaluation of Instruction, Prior Learning Assessments, Service Learning, and NCAA Division II Athletic Departments. She also reported that the Legislative Audit Bureau (LAB) is working on the UW System's Annual Financial Report, (to be completed in December 2009) and the annual compliance audit of federal grants and expenditures, including student financial aid for FY 2008-09, with a report due in spring 2010. The LAB is also conducting an evaluation of the use of funds provided to the UW-Madison School of Medicine and Public Health by the Wisconsin United for Health Foundation.

e. Affirmation of Investment Policy Statement: Director of Trust Funds Doug Hoerr reviewed a number of revisions to the University of Wisconsin Trust Funds Investment Policy Statement to reflect the State of Wisconsin's recent adoption of the Uniform Prudent Management of

Institutional Funds Act (UPMIFA). The general impact of the shift to UPMIFA was discussed with the Committee at its last meeting. The requested revisions also include some relatively minor changes to the Investment Policy Statement to reflect changing market conditions and constraints.

Upon the motion of Regent Wingad and the second of Regent Connolly-Keesler, the Committee unanimously approved Resolution I.2.e.

Resolution I.2.e.

That, upon recommendation of the President of the University of Wisconsin System, the Board of Regents, in regards to the *Investment Policy Statement* for the University of Wisconsin System Trust Funds, approves the revisions provided in the attached document and otherwise affirms its adoption of the policy statement.

f. Status Update on Human Resource System (HRS): Senior Vice President Tom Anderes presented information on the current status of the HRS project. Mr. Anderes reviewed a new format to communicate progress, which includes major areas of the project. He reported that state-mandated furloughs have presented challenges to the project, but indicated that project teams have worked diligently to compensate for the loss of time. He also reported that HRS is currently on time and on budget.

Regent Wingad asked Mr. Anderes about the proposed contract changes with Huron that were discussed at the last meeting. Mr. Anderes responded that he has discussed the proposed changes with Huron's CEO and Huron has confirmed that they are comfortable with the suggested changes. Regent Falbo expressed his congratulations for the project being on schedule and on target.

g. Approval of Food Service Contract Language Regarding Contractor/Employee Transitions: Senior Vice President Tom Anderes updated the Committee on proposed changes to standard contract language regarding a 90-day fair trial period for current non-management employees seeking to continue employment after the transition to a new contract vendor. Mr. Anderes also provided the Committee with suggested changes to the contract language indicating that the contractors would provide immediate health insurance coverage and provide a loan program to those employees needing it. Regent Falbo suggested inserting a sunset clause in the contracts, then re-evaluating the effects after approximately two years to determine if there has been a reduction in the number of bidders. After considerable discussion, the Committee elected to postpone a decision on requiring a new vendor to provide immediate health insurance coverage and provide a loan program to employees who need it. The Committee expressed concerns over how that change would affect the competitive bidding process for food service contracts. They agreed that they want to be sure that bids remain competitive, and that the provision related to insurance be reevaluated further. Mr. Anderes indicated that he will get additional information from vendors, and will bring that information back to the Committee.

Upon the motion of Regent Womack and the second of Regent Connolly-Keesler, the Committee unanimously approved Resolution I.2.g.

Resolution I.2.g.

That, upon the recommendation of the President of the University of Wisconsin System, the Board of Regents approves the inclusion of the following language in all future Food Service requests for proposal:

The new contractor will provide a 90-day fair trial period for current non-management employees seeking to continue employment. Employees will receive the compensation (wages and benefits) as established by the new contractor. The new contractor may realign staffing to best meet workload and budget requirements.

h. Approval of Policy on Non-Medical Leaves of Absence for Unclassified Staff: General Counsel Pat Brady reviewed changes to the UW System Policy on non-medical leaves of absence. Ms. Brady explained that the current policy for unclassified staff is complex and creates barriers to granting leaves for staff to participate in entrepreneurial activities such as starting a company, serving at other UW System institutions, or engaging in appointed or elected public service. The revised policy allows Chancellors to grant leaves up to five years. These changes were recommended by the recent Research to Jobs Task Force, and are expected to streamline the process and to provide clear and flexible guidance to UW institutions and their staff.

Upon the motion of Regent Connolly-Keesler and the second of Regent Wingad, the Committee unanimously approved Resolution I.2.h.

Resolution I.2.h.

That, upon the recommendation of the President of the University of Wisconsin System, the Board of Regents repeals Regent Policy Document 20-6 and recreates it to read as set forth in Attachment A.

i.1. Review of Source of Funds by UW System Institution: This item was deferred.

i.2. Quarterly Gifts, Grants, and Contracts (1st Quarter): Vice President Debbie Durcan reported that total gifts, grants and contracts for this period were \$584.4 million; an increase of \$136.5 million from the comparable period of the previous fiscal year. Of the federal award increase, over \$80 million was due to ARRA funding.

j. Report of the Senior Vice President: There were no items presented.

k. Minutes of the October 15, 2009 Meeting: Upon the motion of Regent Falbo and the second of Regent Connolly-Keesler, the Committee approved the minutes of the October 15, 2009 meeting of the Business, Finance, and Audit Committee.

The Business, Finance, and Audit Committee meeting adjourned at 4:30 p.m.

Respectfully submitted,

A handwritten signature in cursive script that reads "Zayda R. Back". The signature is written in black ink and features a large, sweeping loop under the letter "Z".

Zayda R. Back
Recording Secretary