

Minutes of the Business, Finance, and Audit Committee
June 4, 2009
Madison, Wisconsin

The Business, Finance, and Audit Committee convened at 1:10 p.m. in Room 1920 Van Hise Hall, on the UW-Madison campus. Present were Regents Connolly-Keesler, Falbo, Smith, and Womack.

a. Expanding Access Through Integration in the University of Wisconsin System.

David Wilson, Chancellor, UW Colleges and Extension gave a presentation about the on-going efforts and impacts of the integration of UW Colleges and Extension. Chancellor Wilson explained that, in September 2004 when UW System President Kevin Reilly first proposed the idea to integrate the central administrative operations of UW Colleges and UW-Extension, the stated goal was to identify cost savings and efficiencies that could be achieved through integrating administrative operations of the Madison-based administrative offices of the two institutions. The first structural change took place in February 2005 when the Board of Regents approved President Reilly's recommendation and appointed a single chancellor to lead both the UW Colleges and UW-Extension. The Board also directed the two institutions to explore other opportunities for integrating specific administrative functions: administrative services, information technology, university relations, government affairs, and human resources.

Chancellor Wilson stated that maximizing access became the core vision for both institutions, and that over time, the two institutions have developed a common vision of maximum access, have made significant strides in strategic planning, and are developing collaborative programs.

Steve Wildeck, Vice Chancellor for Administrative and Financial Services for UW Colleges/Extension, reported that five administrative areas are fully integrated at this time: the Chancellor's Office, University Relations, Equity and Diversity, Government Relations, and Information Technology (IT) functions. Vice Chancellor Wildeck indicated that Administrative Services and Fiscal Operations are only partially integrated, because the two institutions have very different fiscal structures, and it was determined that nothing would be gained by integrating these two areas.

Marsha Henfer, Chief Information Officer for UW Colleges and UW-Extension, addressed the Committee and reported that the IT area now has a new facility which houses a common data center that can be managed remotely, protects institutional data, and has built-in capacity for growth. In addition, e-mail and calendaring have been centralized, freeing up staff throughout the two institutions to concentrate on program areas rather than on duplicative IT services.

Greg Lampe, UW Colleges Provost, reported that there have been programmatic collaborations between UW Colleges and UW-Extension. The collaborations include: the Adult Student Initiative, new degree programs, and accelerated courses. Lampe indicated that these collaborations have resulted in an enhanced return on investment.

Chancellor Wilson concluded that as a result of leveraging expertise and resources of the two institutions, both institutions were able to create greater efficiencies and expand access to the people of Wisconsin. He said their efforts have strengthened relationships with counties and local communities, and are helping counties respond to local and regional needs.

Regent Falbo asked Chancellor Wilson what his greatest challenges are. Chancellor Wilson responded that due to lack of funding, some counties have de-invested in UW-Extension. Regent Smith questioned whether UW-Extension will be able to continue to operate due to the budget constraints. Chancellor Wilson indicated that UW-Extension cannot continue to provide services without funding. Consequently, some programs may need to be cut, and Extension will not be able to provide the types of assistance that families need.

b. Update: UW System Identity Theft Prevention Policies. Julie Gordon, Director of UW System Office of Operations Review and Audit discussed the status of campus plans to implement the recently-established Board of Regents policy addressing “Red Flags”, which may indicate potential identity theft activity relating to UW financial accounts. The policy requires each UW institution to: develop a plan for identifying patterns and forms of activity that indicate possible identity theft; identify accounts that would be covered by the Red Flags Rule; review current policies and procedures, and refine/change them where necessary to help ensure red flags would be detected; and implement appropriate responses when red flags are detected.

Director Gordon reported that all four-year UW institutions and UW Colleges have submitted their identity theft prevention plans to UW System, and that the plans meet the federal requirements. In addition to meeting the above requirements, each plan identifies the person responsible for the issue at each institution, addresses employee training, and requires at least periodic reviews of the plans going forward.

c. Update: Federal Legislation Affecting Higher Education. Kris Andrews, Assistant Vice President for Federal Relations, provided a summary of two of the Obama administration’s priorities impacting higher education: increasing the number of Americans with college degrees and an increased emphasis on science. Vice President Andrews reported that the federal budget increases Pell Grants for the neediest college students to a maximum of \$5,550 by 2010 and seeks to establish a secure funding stream for the program by linking the top award to inflation. The Administration has proposed indexing Pell Grants to the Consumer Price Index, plus 1% to address inflation.

The budget would end the federally-guaranteed student loan program (Federal Family Education Loan Program), which provides subsidies to private lenders. Instead, the loans would be issued directly by the government—moving all student loans to a direct lending model, which the Administration estimates would save approximately \$4 billion per year. The savings would be used to fund the mandatory Pell Grant proposal.

Ms. Andrews indicated that the budget also calls for a new mandatory five-year, \$2.5 billion college access and completion fund. As written, the funds would go primarily to states to improve graduation rates among high-need students.

Regarding the President’s emphasis on science, Vice President Andrews said that the President’s goal is to devote more than 3 percent of the U.S. Gross Domestic Product to research and development and enact policies that invest in basic and applied research, create new incentives for private innovation, promote breakthroughs in energy and medicine, and improve education in math and science. In addition, the Obama budget doubles funding at key science

agencies, including the National Science Foundation and the Department of Energy's Office of Science.

d. Update: Human Resource System (HRS) Project Planning. Senior Vice President Tom Anderes reported that the planning for the new HRS is moving along well, and the goal is to complete the planning by this summer, and present it to the Board in September 2009. Senior Vice President Anderes indicated that costs incurred through June 30, 2009 will be \$7.9 million, and an estimated \$4 million will be needed to carry the project to September. He reported that the final months will be the most labor intense period of review, analysis, and decision making to create an implementation plan, budget plan, risk plan, and engagement plan—requiring a continuation of resource investment. Anderes stated that when the project is brought to the Board, staff will be in the best position possible to lay out a detailed assessment of program enhancements, risk mitigation, time to completion, cost, value, and probability for success. At that time, the Committee will be presented with an overview of costs, along with the risks involved in maintaining the existing system, and timing and value of moving forward with the new system.

e. Consent agenda. Upon the motion of Regent Falbo, and the second of Regent Connolly-Keesler, the Committee approved items 1, 3 and 4 on the Consent Agenda.

e.1. Approval of the Minutes of the May 7, 2009 Meeting of the Business, Finance, and Audit Committee.

e.2. Approval of a Food Service Contract at UW-Green Bay. The Committee removed Resolution I.2.e.2. from the consent agenda. The Resolution creates a seven-year contract with A'viands LLC to provide dining services at UW-Green Bay. Matthew Schumwinger, Laundry and Food Services Director for Workers United, addressed the Committee and expressed concerns that the contractor has not provided assurances that the existing employees will be re-hired. He asked that the Committee not approve the contract until the Food Service workers receive assurances from A'viands, LLC that they would be re-hired. Sheila Miller, food service worker at UW-Green Bay, spoke to the Committee about the employment ads placed by A'viands, and expressed her fears that the current employees would lose their jobs if A'viands is awarded the contract.

The presentations and information presented by Mr. Schumwinger and Ms. Miller raised several questions and concerns by the Committee. Regent Connolly-Keesler moved and Regent Falbo seconded the motion to bring the contract before the full Board for discussion on Friday, so more information could be gathered on the potential future employment of the existing food service workers.

e.3. Approval of a Bookstore Contract at UW-La Crosse.

[Resolution 1.2.e.3.]

That, upon the recommendation of the Chancellor of the University of Wisconsin-La Crosse and the President of the University of Wisconsin System, the Board of Regents approves the contract with Follett Higher Education Group to provide Bookstore Services

at the University of Wisconsin-La Crosse, effective July 1, 2009 for a period of seven years.

e.4. Approval of Financial Services Opportunities Contract at UW-Madison.

Regent Falbo questioned why the length of the contract is ten years. Mike Hardiman, Director of Procurement at UW-Madison, responded that the new UW Credit Union facility will be located in the new Union South, which hasn't been built yet. Mr. Hardiman explained that they wanted to get the contract in place to allow time for the building to be constructed.

[Resolution I.2.e.4.]

That, upon recommendation of the Chancellor of the University of Wisconsin-Madison and the President of the University of Wisconsin System, the Board of Regents approves a contract with the UW Credit Union to provide financial services opportunities (including ATM, Campus Space Lease, and ID-Debit Card services) to the University of Wisconsin-Madison, effective September 1, 2009 for a period of ten years.

f. Report of the Senior Vice President. Senior Vice President Tom Anderes reported that a systemwide working group has been created to review auxiliary operating principles to preserve auxiliary balances. The intent is to create a clearer understanding of the vulnerability of maintaining larger balances that will be subject to reduction while recognizing there is a necessary level of reserves that are for planned programs and services.

Senior Vice President Anderes also informed the Committee that the UW System has been asked to be part of the national Delta Project, which is focused on postsecondary education costs, productivity, and accountability.

g. Additional items. No additional items were presented to the Committee.

Upon the motion of Regent Connolly-Keesler and the second of Regent Womack, the Business, Finance, and Audit Committee adjourned at 3:15 p.m.

Respectfully submitted,

A handwritten signature in black ink that reads "Zayda R. Back". The signature is written in a cursive style with a large, looping initial "Z".

Zayda R. Back, Recording Secretary