

Minutes of the Business, Finance, and Audit Committee  
March 5, 2009  
Madison, Wisconsin

The Business, Finance, and Audit Committee convened at 9:30 a.m. in Room 1511 Van Hise Hall, Madison, Wisconsin. Present were Regents Burmaster, Connolly-Keesler, Falbo, Smith, and Womack.

**a. 1. Approval of UW-Madison Contractual Agreement with GlaxoSmithKline for Data Analysis Research Center.** Bob Andresen, Assistant Director of Research and Sponsored Programs, presented the UW-Madison contractual agreement with GlaxoSmithKline for a Data Analysis Research Center. This contract states that in consideration for providing certain statistical research services, GlaxoSmithKline will pay UW-Madison a total amount of \$1,980,772 over the 5-1/2 year term of the agreement.

Upon the motion of Regent Connolly Keesler and the second of Regent Burmaster, the Committee unanimously approved Resolution I.2.a.1.

**[Resolution I.2.a.1.]**

That, upon the 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 Data Analysis Research Agreement between the University of Wisconsin-Madison and GlaxoSmithKline.

**b. Approval of the Minutes from the February 5, 2009 Meeting of the Business, Finance, and Audit Committee.** Upon the motion of Regent Womack and the second of Regent Falbo, the Committee approved the minutes of the February 5, 2009 Business, Finance, and Audit Committee meeting.

The meeting recessed at 9:35 a.m., then re-convened at 10:00 a.m. in Room 1820 Van Hise, with all Regents invited to discuss the Governor's 2009-11 Biennial Budget.

**c. Update: Governor's 2009-11 Biennial Budget.** Regent Smith called the meeting to order, and Regent Bradley welcomed the Board. President Reilly gave an overview of the proposed UW System budget, and explained that the cut to the System is \$120 million in General Purpose Revenue (tax payer support), an amount approximately equal to what the state pays to educate 14,000 undergraduates in one year. He stated that the stimulus bill would not be enough to fix the situation, and that the Governor did not approve the Board's recommendation in December for a 2.5% salary increase for unclassified staff.

Tom Anderes, Senior Vice President for Administration and Fiscal Affairs, gave a presentation regarding the Governor's recommended biennial budget, which included a one percent across the board cut to all state agencies. Senior Vice President Anderes explained that the total cut to the System, including all funds, would be \$174 million.

UW-Madison Chancellor Carolyn (Biddy) Martin explained that the cuts to UW-Madison would mean fewer faculty and academic staff, and less funding for graduate students in every

college. She emphasized that UW-Madison would have to eliminate or reduce internships, reduce the number of sections available in economics, chemistry, biology and Spanish, and limit admissions in some colleges, such as nursing. Martin also explained that a reduction in faculty could mean up to \$20 million less in federal research money for the institution every year, and that a reduction of research faculty could mean a loss of approximately \$53 million to the state's economy.

UW-La Crosse Chancellor Joe Gow addressed the Board and explained that his institution has already made reductions including reducing travel, eliminating computer purchases, and not filling positions. He indicated that the magnitude of the auxiliary cuts of \$5,770,094 to UW-La Crosse would mean that they may need to reduce staff, and give up money from student fees (auxiliary funds) that has been earmarked for dormitory projects and maintenance.

UW-Extension and Colleges Chancellor David Wilson addressed the Board and explained that by merging the two institutions, UW-Extension and Colleges have already created savings of approximately \$650,000 in salaries, benefits and expenses by combining the institutions, and eliminating the positions resulting in having only one chancellor, one chief information officer, and one executive director of University Relations. Chancellor Wilson stressed that UW-Extension and Colleges, which includes Wisconsin Public Radio and Television, serves the entire state, and cuts would slow down the Adult Student Initiative. He explained that Wisconsin Public Broadcasting raises approximately \$10 million per year, which is half of their operating budget.

Regent Falbo asked for an explanation of auxiliary funds, and Chancellors Markee and Telfer explained that the money is collected from student fees and is committed—although it hasn't been spent yet. After much discussion, the Regents agreed that the institutions are the stewards of the money, and they need to be clear about what the funds will be used for. Regent Thomas indicated that UW-La Crosse students are very concerned about the status of the auxiliary funds, and they fear that they will see an increase in student fees.

Regent Walsh stated that despite the significant cuts to the UW System, UW leaders need to be cognizant of all the citizens of the state, and the country, who are being hit hard by the recession, and that the UW System needs to share in the economic pain before Wisconsin can move forward.

When asked if the budget cuts would result in a loss in benefits to veterans, Associate Vice President Freda Harris responded that it would not.

After further discussion about the seriousness of the budget cuts, Regent Pruitt stated that the Governor's budget has been considerate to the UW System, and that the System is ready to move forward during these difficult times.

**d. Update: Federal Stimulus Package Effect on Higher Education.** Senior Vice President Anderes reported that a System Task Force has been established to provide a clearinghouse for information from federal and state resources, and to create an active network that communicates with colleagues on the campuses and seeks to develop partnerships. He indicated the State of Wisconsin is projected to receive approximately \$3,720,000 in stimulus funds, and that the System will continue to receive information through various federal agencies and the state Office of Recovery and Reinvestment.

**e. 2009-10 Budget Distribution Adjustments for UW System** - Senior Vice President Anderes presented information regarding the Annual Distribution Adjustments for fiscal year

2009-10, detailing the preliminary proposed reductions to the institutions. Anderes indicated that final budget reduction information is expected to be available in July.

Upon the motion of Regent Connolly-Keelser and the second of Regent Falbo, 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 approves the 2009-10 UW System Annual Distribution Adjustments for GPR/Fee funds.

Upon the motion of Regent Falbo and the second of Regent Connolly-Keesler, the Business, Finance, and Audit Committee adjourned at 12:20 p.m.

Respectfully submitted,

A handwritten signature in cursive script that reads "Zayda R. Back". The signature is written in black ink and is positioned above a horizontal line.

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Zayda R. Back, Recording Secretary