

**MINUTES**  
**Business, Finance, and Audit Committee Meeting**  
**October 7, 2010**  
**UW-Oshkosh**

The Business, Finance, and Audit Committee met jointly with the Capital Planning and Budget Committee at 1:00 p.m. in Room 202 of Reeve Union for UW-Oshkosh's Presentation: *UWO Foundation/UW-Oshkosh; Partners in Progress and Campus Master Plan Update*. See Capital Planning and Budget minutes for a summary of that meeting.

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The Business, Finance, and Audit Committee reconvened at 1:40 p.m. in Room 202 in UW-Oshkosh's Reeve Union. Present were Regents Brent Smith, Michael Falbo, Mark Bradley, David Walsh, Aaron Wingad, and Betty Womack.

**a. Competitive University Workforce Recommendations Update:** Al Crist, UW System Associate Vice President for Human Resources and Workforce Diversity, provided the Committee with an update on UW System's response to the seven recommendations of the Competitive University Workforce Commission. Vice President Crist reported that the first two recommendations address faculty retention issues, emphasizing the importance of competitive salaries and benefits. The other 5 recommendations are:

- Seek additional flexibility from the state to increase and redistribute resources to address competitive compensation needs across the entire UW System;
- Competitive compensation should be included in advocacy campaigns directed at faculty, students, alumni, business, leaders, community organizations, the Governor, and the Legislature;
- Establish a formal mechanism for sharing institutional human resources best practices across the UW System;
- The Board should consider establishing some form of Regents' committee to focus on human capital to keep this issue at the forefront of its stewardship responsibilities;
- President Reilly should consider establishing workgroups to explore (1) tuition remission and/or tuition assistance programs for employees, spouses, partners, and dependents; (2) consider alternatives that maximize the UW System's autonomy and financial capacity to effectively allocate all funds; (3) how pay plan funds are allocated as a means of addressing competitive compensation gaps; (4) the appropriateness of the current institutional peer groups.

Donna Dahlvang, academic staff representative from UW-Superior, addressed the Committee and acknowledged that competitive compensation includes both salary and benefits, and she urged Regents not to trade off important benefits in order to raise salaries. She reiterated the desirability of more flexibility to address salaries, and pointed out that academic staff appointments and salaries differ between UW System campuses. She also encouraged Regents to consider having a formal mechanism for sharing best practices for human resource issues.

Randy Olson, faculty representative from UW-Stevens Point, indicated that the disparity in salaries between the comprehensives and the doctoral campuses ought to be addressed, and that an across-the-board increase would not necessarily be beneficial to the comprehensive

institutions. He also recommended extending tuition assistance to an employee's spouse and family members.

Regent Smith asked what the UW System's position currently is on tuition assistance, to which Associate Vice President Crist responded that a report has been prepared, but there has not been a recommendation on how to move forward. Regent Spector requested that a proposal regarding this issue be brought to the Business, Finance, and Audit Committee. Chancellor Wells stated that the UW System should concentrate on closing the salary gap. Regent Walsh agreed and stated that the key issue is salary comparison to the UW System peer group.

The Committee concluded that while all of the recommendations presented by the Commission are important, the University's top priority will be to focus on competitive salaries.

**b. 1. Trust Funds - 2010 Proxy Voting Season Results:** Senior Portfolio Analyst Tom Reinders addressed the Committee and reported that the UW System Trust Funds actively participates in issues involving discrimination, the environment and substantial social injury via proxy voting of shareholder proposals as addressed in Regent policies. Mr. Reinders indicated that the major topics this year were the environment, equal employment opportunity, and disclosure of political contributions. The 2010 proxy season saw the filing of 370 proposals related to social issues, with nearly half of them coming to votes. Through the end of June, 172 social issue proposals resulted in shareholder votes, 145 were withdrawn, and 53 were allowed to be omitted by the Securities Exchange Commission.

**c. Status Update on UW System Human Resource System (HRS):** Michael Morgan, Senior Vice President for Administration and Fiscal Affairs, provided an update on the current status of the UW System Human Resource System project. He noted that the project overall remains on time and within budget, although there are a couple of areas which are slightly behind due to staffing challenges. Those areas include recruiting for a time/labor developer, extending the migration coordinator position, and hiring some temporary staff in that area as well. Senior Vice President Morgan also indicated that accounting for furloughs and the international tax area have taken more time due to their complexity, and the scope of testing has been broadened.

Senior Vice President Morgan reported that Jim Roth, CEO of Huron Consulting, notified him that on October 4, 2010 Huron announced the divestiture of its Disputes and Investigations practice. Mr. Roth assured Mr. Morgan that this will not impact Huron's solvency and will, in fact, allow them to focus on its core mission of health and education. Mr. Roth told Mr. Morgan that Huron is financially sound, their business remains very vibrant, and they are planning for strong growth in the coming years.

**d. 1. Approval of the Minutes of the August 19, 2010 Meeting of the Business, Finance, and Audit Committee, and the Joint Meeting of the Education and Business, Finance, and Audit Committees:** Upon the motion of Regent Walsh, and the second of Regent Falbo, the Committee approved the minutes of the August 19 meetings.

**d.2. UW Medical Foundation: Notice of Intent to Establish Generations Fertility Care, Inc., a Not-for-Profit Corporate Joint Venture with UW Hospitals and Clinics Authority and Meriter Hospital, Inc.:** Claudia Sanders, General Counsel for the UW Medical Foundation, presented background information describing an upcoming joint venture between the UW Medical Foundation, UW Hospitals and Clinics Authority, and Meriter Hospital. The

purpose of the clinic is to provide reproductive endocrinology infertility care to its patients. Although the clinic is not expected to be profitable, it is important to each of the parties. No action was required--this item was presented to the Committee to meet a 60-day notice requirement outlined in the Board's agreement with the UW Medical Foundation.

**d.3. UW-Oshkosh Contract for Financial Services Opportunities with UW Credit Union:**

The Committee was asked to approve a ten-year contract for financial services opportunities between UW-Oshkosh and the UW Credit Union. Tom Sonnleitner, UW-Oshkosh Vice Chancellor for Administration, presented an overview of the process used and how the campus followed the guidelines established by the Board of Regents. He explained that the goal is to have one vendor to create efficiency and to simplify things for students. He also explained that some of the revenue generated under the new contract would be used toward important student and employee programs, including scholarships. Three students also spoke about the benefits of the contract to UW-Oshkosh students. Julie Gordon, UW System Director of Operations Review and Audit, was asked to provide an update on campuses that have also renewed contracts since the Board's 2007 direction. Director Gordon reported that all five campuses used a competitive process, made the debit card optional, provided students information on other financial institutions in the area, and involved students whenever there has been revenue generated.

Upon the motion of Regent Falbo and the second by Regent Wingad, the Committee unanimously approved Resolution I.2.d.3.

**[Resolution I.2.d.3.]**

That, upon recommendation of the Chancellor of the University of Wisconsin-Oshkosh 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-Oshkosh effective January 1, 2011 for a period of ten years.

**d.4. Endorsement of Continued Federal Funding for Stem Cell Research:** Regent David Walsh presented a motion supporting continued federal funding for stem cell research. Regent Walsh indicated that due to the importance of research funding, in particular stem cell funding, to the overall funding and reputation of the UW-Madison, it was important for the Board to signal its concurrence with the decision to enjoin the Amicus brief recently filed. Regent Walsh stated that the loss of stem cell research would cost UW-Madison millions of dollars, and would negatively impact the University's research mission. Regent Walsh also indicated that Regent Jeffrey Bartell suggested some minor revisions to the resolution that was originally submitted.

Upon the motion of Regent Walsh, and the second of Regent Bradley, the Committee unanimously approved Revised Resolution I.2.d.4.

**[Revised Resolution I.2.d.4.]**

WHEREAS, human embryonic stem cell (hESC) research holds great promise for biomedical science and the ability to treat debilitating disease, discover new medicines and uncover the fundamental processes that lead to disease; and

WHEREAS, hESCs have the capability to differentiate into any of approximately 200 different types of cells in the human body, which distinguishes them from adult stem cells capable of differentiating into only some different cell types; and

WHEREAS, induced pluripotent stem cells (IPSC) – adult cells that have been genetically reprogrammed – are not substitutes for hESCs; and

WHEREAS, the University of Wisconsin-Madison is a world leader in stem cell research and regenerative medicine; and

WHEREAS, UW-Madison receives approximately \$7 million per year in federal grant money for stem cell research, which supports the work of dozens of researchers, as well as many assistants and graduate students; and

WHEREAS, an action has been filed for declaratory judgment and an injunction to prevent the National Institutes of Health (NIH) from funding hESC research which action is being vigorously defended by the U.S. Department of Justice, with support from the Coalition for the Advancement of Medical Research; and

WHEREAS, a U.S. District Court for the District of Columbia issued a preliminary injunction, barring all federal funding for hESC research on the basis that funding of hESC research violates the Dickey-Wicker Amendment; and

WHEREAS, the U.S. Court of Appeals for the District of Columbia indefinitely stayed that injunction while it considers the U.S. Department of Justice's (DOJ) appeal of the preliminary injunction on behalf of NIH; and

WHEREAS, the loss of NIH funding for hESC research will have a devastating impact on hESC researchers, whose ongoing research projects will be permanently impaired wasting millions of tax-payer dollars; and

WHEREAS, the loss of NIH funding for hESC research will prevent patients from receiving the best treatments science can provide; and

WHEREAS, the Coalition for the Advancement of Medical Research (CAMR), of which UW-Madison is a member, filed an Amicus Brief in support of the DOJ's emergency motion to stay the preliminary injunction pending appeal; and

WHEREAS, it is expected that CAMR will continue to work in support of a court finding that NIH funding can continue for hESC research;

BE IT THEREFORE RESOLVED, the Board of Regents of the University of Wisconsin System hereby acknowledges the great importance of human embryonic stem cell research to biomedical science, to patients and their families, and to the University of Wisconsin-Madison and supports efforts of the U.S. Department of Justice and the Coalition for the Advancement of Medical

Research to ensure that the National Institutes of Health can continue to fund human embryonic stem cell research.

**e. Report of the Senior Vice President:** Senior Vice President Morgan outlined the 2011-13 cost-to-continue item in the UW System's biennial budget, which totaled \$111.7 million. He indicated that if furloughs had not been included, the amount would have been very close to the 2009-11 level of \$70 million. Mr. Morgan also reported on possible committee priorities for the year. Suggestions include:

- Review how campuses engage and involve students in making decisions about the allocation of student segregated fees
- For-profit higher education
- Board oversight of NCAA athletics
- Strategic financing
- Energy conservation efforts, priorities, and strategic green savings; academic investment
- Enterprise Risk Management
- Getting lean (efforts to apply lean manufacturing principles to business processes across all campuses)

**f. Other items which may be presented to the Committee with its approval:** No additional items were presented to the Committee.

The meeting adjourned at 3:15 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 the printed name.

Zayda R. Back  
Recording Secretary