

BOARD OF REGENTS
BUSINESS, FINANCE, AND AUDIT COMMITTEE MEETING
JUNE 9, 2011

Joint Meeting of the Capital Planning and Budget Committee and the Business, Finance, and Audit Committee (UWM Union, Fireside Lounge)

The joint meeting of the Capital Planning and Budget Committee and the Business, Finance, and Audit Committee was called to order at 1:30 p.m. by Regent Smith. Business, Finance, and Audit Committee members present were Regents Brent Smith, Michael Falbo, Mark Bradley, Aaron Wingad, and Betty Womack.

UW-Milwaukee Presentation: “UW-Milwaukee Master Plan Initiatives: Implementation Begins”

The Committees heard from Christy Brown, Vice Chancellor for Finance and Administrative Affairs, who provided an update on five major capital projects of varied size and scope: The Northwest Quadrant, the School of Public Health, the School of Freshwater Science, the Kenwood Interdisciplinary Research Complex (IRC), and the UWM Innovation Park.

The Northwest Quadrant project will increase space on campus by 20 percent, and is a major part of the strategic plan to expand the landlocked campus. The space is the former Columbia-St. Mary’s campus and will house the honor college, temporary office space, the UWM Children’s Center and provide additional parking.

The School of Public Health project will provide an additional 23,000 square feet and is a partnership with the Milwaukee Department of Public Health and public and private health care providers.

The School of Freshwater Science is a \$50 million project in the heart of a vacant industrial area, separate from campus, which the city is targeting for redevelopment. Robert Barr, project architect, spoke about how this project will transform the Great Lakes Research Institute into a world-class research facility.

David Black, of Flad Architects, spoke of the Kenwood IRC as a “greatly flexible research environment” with connectivity to other campus buildings. The project is in the early design phase and will be the new front door or gateway to the campus.

Bruce Block, chair of the UWM Real Estate Foundation, described the public/private partnership for the UWM Innovation Park as a real collaborative effort through private philanthropy, a City of Wauwatosa TIF district, the federal government (Economic Development Administration), and the State of Wisconsin. Infrastructure by the City is planned for next year.

Christy Brown concluded the presentation by mentioning the Union Revitalization Study and Sports Arena Pre-design projects on the horizon.

Business, Finance and Audit Committee

The Business, Finance, and Audit Committee meeting was reconvened and called to order at 2:04 p.m. by Regent Smith. Regents Brent Smith, Michael Falbo, Mark Bradley, Aaron Wingad, and Betty Womack were present.

a. Wisconsin Small Company Advancement Program (WiSCAP) 2010 Annual Report

Debbie Durcan, Vice President for Finance, introduced the first annual report of the Wisconsin Small Company Advancement Program (WiSCAP). The 2009 Wisconsin Act 265, formally known as the Connecting Opportunity, Research, and Entrepreneurship or Wisconsin C.O.R.E. Jobs Act, appropriated \$2 million to the WiSys Technology Foundation to conduct this program. The objective of WiSCAP is to fulfill unmet research and development needs of small companies by connecting them to the technical expertise of comprehensive campus faculty and students. Through 2010, eight projects have been approved with approximately \$670,000 in funding allocated.

Maliyakal John, Managing Director of the WiSys Technology Foundation, spoke on the three objectives of the program, which are to 1) engage faculty; 2) connect with small companies to help them solve technical challenges; and 3) provide internships and opportunities for students to engage in research. He introduced Dr. John Ejnik, Assistant Professor of Chemistry at UW-Whitewater, along with Daniel Neumann of Creative Culinary Solutions, recipients of WiSCAP funding. They expressed appreciation to UW System for guiding and facilitating this program which, in their case, is funding a project for “reducing mercury in fish that ends up on your dinner plate.” Professor Ejnik went on to explain the problem of increasing levels of mercury in fish reaching the marketplace and their proposed solution for extracting the mercury from fish tissue. Dan Neumann emphasized the global nature of the problem. His is a small company that has a patent for eliminating impurities from food, but cannot afford to have a lab and full-time chemist. He views the WiSCAP program as a win-win for job creation and technology.

There was subsequent discussion on how the investment is returned to the university (a percentage of the profits come back to the program) and the goal of increasing jobs.

b. Federal Update

1. FY12 Federal Priorities

Kris Andrews, Assistant Vice President for Federal Relations, presented a summary of federal priorities for UW System institutions in the coming FY 2011-12 fiscal year. She spoke to potential cuts in federal spending including possible reductions to Pell funding. She urged better connectivity of what universities are doing to help priorities at the federal level. Kris also provided a contextual background of the increased federal funding to all UW System institutions over the past ten years. While UW-Madison has increased at an average of 10% per year, all others increased by an average of 7% per year.

2. Program Integrity Regulations

Paige Reed, Senior Legal Counsel, presented an overview of recent regulations issued by the U.S. Department of Education. These regulations are expected to have wide ranging impact on institutions of higher education. A major piece of this legislation is state authorization, whereby postsecondary institutions that offer distance learning in other states must seek and obtain, if necessary, authorization from each state that a student is located within to offer distance learning within that state. In response to a question by Regent Falbo, Ms. Reed said that we have at least three campuses that have students from all 50 states. The goals of the Program Integrity Regulations are to address aggressive and misleading recruitment practices on the part of some for-profit institutions and particularly in the areas of distance education and compliance requirements to retain student aid eligibility. Kris Frederick, Budget and Policy Analyst, commented that 46% of all student loans in default are with federal funds and 80% of revenue for some for-profit institutions comes from federal funds and turn out students who default.

c. Delegation of Certain Unclassified Personnel Flexibilities Permitted Under RPD 6-6: Delegation to the System President [Resolution I.2.c.]

Al Crist, Associate Vice President for Human Resources, commented that this item continues the practice of granting flexibilities to the institutions and eliminating reporting requirements. RPD 6-6 extends delegation of authority to the President for certain unclassified personnel actions. President Reilly is seeking the Board's endorsement of his delegation to the UW Chancellors of several unclassified personnel actions.

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

[Resolution I.2.c.]

That, upon the recommendation of the President of the University of Wisconsin System, the Board of Regents:

- (1) endorses the delegation of the UW System President's authority under Regent Policy Document (RPD) 6-6 to (a) the UW Colleges and UW-Extension Chancellor to appoint and set the salary of UW Colleges Interim Deans and the State Geologist; (b) the UW-Madison Chancellor to appoint and set the salary of the Director of the State Laboratory of Hygiene, the Director of the Psychiatric Institute, and the State Cartographer; (c) the UW chancellors to approve named professorships; and (d) the UW Chancellors to grant an unclassified staff member an extension of a non-medical leave of absence beyond five years; and
- (2) approves a change to RPD 20-6, such that non-medical leaves of absence would be reported to the Board upon request, rather than in an annual report.

d. Committee Business

1. Approval of minutes of the April 7, 2011 Meeting of the Business, Finance, and Audit Committee.

Upon the motion of Regent Falbo and the second of Regent Womack, the Committee approved the minutes of the April 7, 2011 meeting of the Business, Finance, and Audit Committee.

2. 2011-12 Annual Budget Distribution Adjustments

Freda Harris, Associate Vice President for Budget and Planning, presented information on the distribution of State mandated budget cuts based on the latest information available from the State budget process.

3. UW-Madison Contractual Agreement with Pharmacyclics, Inc. [Resolution I.2.d.3.]

Upon the motion of Regent Bradley and the second of Regent Wingad, the Committee approved a Clinical Trial Agreement between UW-Madison and Pharmacyclics, Inc.

[Resolution I.2.d.3.]

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 the contractual agreement between the University of Wisconsin-Madison and Pharmacyclics, Inc.

4. Quarterly Report of Gifts, Grants and Contracts

Vice President Debbie Durcan presented the gift, grant, and contract awards through the 3rd Quarter of FY2011. Total awards through March 31, 2011 were nearly \$1.2B, a decrease of \$82M from the prior year. She further explained that the ARRA funding made last year unusually high.

e. Human Resource System

1. Status Update

Senior Vice President Michael Morgan provided the standard update on the current status of the UW System Human Resource System project. He reported that Go-live was successful but, as with any major IT system, there are some challenges to be dealt with. Some of the issues involve making sure the HR staff on campuses get the right training tools and support in order to make the system work well. The project remains on time and within budget.

2. Review and Approval of the FY12 Project Implementation Budget [Resolution I.2.e.2.]

The Committee was provided a summary of milestones for the HRS project in FY11 and presented with the project scope and implementation budget for FY12. Upon the motion of Regent Bradley and the second of Regent Wingad, the Committee approved Resolution I.2.e.2.

[Resolution I.2.e.2.]

That, upon recommendation of the President of the University of Wisconsin System, the Board of Regents approves the Human Resource System implementation budget for fiscal year 2012.

f. Report of the Senior Vice President

As above.

Upon the motion of Regent Falbo and the second of Regent Bradley the meeting adjourned at 3:30 p.m.

Respectfully submitted,

A handwritten signature in cursive script that reads "Kate Wodyn".

Kate Wodyn
Recording Secretary