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November 9, 2010

Wisconsin United for Health Foundation
c/o Charles I. Henderson
Davis & Kuelthau S.C.
111 East Kilbourn Avenue, Suite 1400
Milwaukee, WI 53202

RE: Wisconsin Partnership Program 2009 Annual Report

Dear WUHF Board Members:

Thank you for the opportunity to comment on the Wisconsin Partnership Program's 2009 Annual Report.

We have reviewed the Annual Report and we find that many of the problems raised by the Legislative Audit Bureau and by community groups, including ABC for Health, remain unchanged.

- Many funded research projects are still not Wisconsin-specific

Many funded research projects listed in the Annual Report lack a focus on Wisconsin-specific public health issues. For example, it is not clear how the Health Innovator's Program or the Human Proteomics Program specifically relate to the specific and prioritized health needs of Wisconsin citizens. The Insurance Commissioner's March 2000 order states that the purpose of the conversion funds is to "promote public health initiatives that will generally benefit the Wisconsin population." Therefore a threshold question in the review process must be: How do these research activities relate to the specific and prioritized health care needs of people in Wisconsin? Research projects supported by these funds must investigate local or statewide health issues, rather than national health issues which are under the purview of the NIH and other federal, national, or international funding sources.

- Funds support core medical school functions

While we understand the MERC's enhanced mission of incorporating public and community health goals into its education and research efforts, many expenditures still do not directly support Wisconsin's public health. A number of research grants support or supplant core medical school activities, including student education, faculty recruitment, and equipment purchases. For example, the Health Innovators Program dedicates funds to faculty recruitment; the Institute for Clinical and Translational Research has purchased equipment with grant funds; and the Master of Public Health Program supports student education. As the Legislative Audit Bureau's Report points out, these core medical school expenses do not directly relate to Wisconsin's public health. In addition, these expenditures appear to supplant the medical school's normal operating budget.



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- Supplanting

The two points above illustrate the broader problem of supplanting. The Insurance Commissioner's 2000 Order stated that WPP funds may not be used to supplant funds or resources available from other sources. However, WPP grants supplant other funding sources in two ways. Some grants supplant national and international funding sources, including the NIH, for medical research. In addition, some grants supplant the medical school's normal operating budget. The definition cited for supplanting on page 22 of the annual report is inconsistent with the Insurance Commissioner's Order.

- Overemphasis on leverage

The Annual Report emphasizes funded projects that subsequently received grants from such sources as the National Institutes of Health (NIH) and the American Recovery and Reinvestments Act. The WPP celebrates this "return on investment" as a major achievement. While attracting more funding is no doubt good for the school, we ask if this is the most important "return" for the residents of Wisconsin, whose money the schools are investing. Do these leveraged funds support Wisconsin initiatives or do they support national initiatives better funded through NIH resources? Rather than additional funding generated, a more relevant measure of success might be clear improvements in the state's health and access to healthcare.

- The 35/65 never changes

The Annual Report indicates that the OAC reviewed and assessed the allocation percentage for public health and for medical education and research initiatives, and unanimously agreed to maintain the allocation of 35% for public health initiatives and 65% for medical education and research. Incredibly, over the past decade, the 35/65 split has not changed, despite an increase in the fund amount and other funding that is newly available, and despite evolving threats to the public health of Wisconsin. The Annual Report that public health initiatives in fact received 31%, not 35%, of the total amount granted by the WPP from 2004 to 2009.

- Requirement for Academic Partner

Of the 35% of funds dedicated to public health initiatives, the medical school retains a substantial portion. First, of \$28 million in OAC grants from 2004 to 2009, \$4 million was directed toward public health education and training. Some of these funds supported student education, arguably a core function of the school which should receive funding from the school's operational budget. The remaining \$24 million funded Community-Academic Partnerships. Any funded community initiative must involve a medical school faculty member, whose salary and benefits can constitute a large part of the grant's budget.

In addition to these longstanding problems with the WPP's granting process, the 2009 Annual Report raises a new concern:



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- Unilateral reduction in awards to grantees

The OAC reduced budgets of Community-Academic Partnership Fund Implementation grantees. In early 2009 the WPP suspended grant making and instituted significant cuts for current and future grants. During this time of financial difficulty, these cuts were devastating for community public-health projects.¹ Other foundations, including the Gates Foundation, took the opposite approach and increased funds for grantees because of the promising nature of their work and the dire needs of the people those grants helped serve in an economic downturn. As a steward of public funds, the WPP can ultimately still protect the endowment and maintain Wisconsin's public health at the forefront in its financial decision making.

Thank you for the opportunity to comment on the 2009 annual report.

Sincerely,

Bobby Peterson
Public Interest Attorney
ABC for Health, Inc.

Attachment: (1)

Copy of letter "Comments on Draft Annual Report" submitted to Ms. Eileen Smith, 6/10/10

¹ Although the programs contract did not allow the withdrawal of awards under these circumstances, the program pressured ABC for Health to yield \$22,301 in funds under a threat of contract termination for our Partnership Program grant. ABC for Health sought accommodation from the Program to still protect the endowment but provide funding withheld after the overall fund recovered to a suitable balance. The Partnership Program rejected ABC for Health's efforts to reach a compromise about the ultimate return of public health project funds.