

DAVE MURPHY

State Representative • 56th Assembly District

Assembly Committee on Constitution and Ethics

Public Hearing, January 11, 2018

Assembly Bill 758

Testimony of State Representative Dave Murphy

Mr. Chair and members of the committee, thank you for hearing Assembly Bill 758 today.

Anyone who has started a business understands just how important it is to act quickly, especially when patents are involved. Unfortunately, Wisconsin delays the ability for a University of Wisconsin (UW) System employee to enter into a research contract with the university by up to 45 days. These delays don't occur elsewhere and drive research opportunities out of the state. In 2015 alone, UW-Madison saw nearly \$100 million less in private and non-profit research funding than other comparable universities around the country. AB 758 eliminates this unnecessary bureaucratic delay in the UW System research contracting process.

Our bill improves Wisconsin's ability to compete for private and non-profit research funding. Today, you will hear from people whose work is improving life here in Wisconsin with their businesses and scientific achievements. You'll hear directly about how this bill is needed to keep businesses and research like theirs here in our state. Unfortunately, the individual whose work inspired this bill, Professor Mark Cook, could not be with us today, having lost his battle with cancer this past September.

Current law generally prohibits state employees from participating in state contracts where they have a private financial interest and the ability to influence that contract. The law has a specific exemption for university employees when such contracts are between a UW System entity and a research company. This exemption allows UW faculty and research-focused employees who spin-off companies to engage in activity that benefits the interests of the public, the university, and the newly created business. The current exemption requires all contracts to be reviewed by the Board of Regents through a 45 day passive review process, which by default has become a 45 day delay in executing research contracts involving UW employees.

Managing conflicts of interest is something best done on the ground by people who are familiar with the individuals involved and engaged in the work being done. Every UW institution already has in place an efficient and effective means of managing conflicts of interest at the campus level. Our bill simply eliminates the 45 day delay and allows the institution to move forward with a contract when any interest that an employee has in the research company has been evaluated and addressed in a management plan. The Board of Regents will still maintain authority to override these decisions under statute if it ever becomes necessary to do so.

Current law also defines "research company" far too narrowly as only those engaged in "commercial activity." Our bill opens up the definition to encompass non-profit organizations in addition to commercial entities.

I'm proud to put forward this bill to address an out of date law that will advance modern research entrepreneurship in Wisconsin.

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PROFS

Representing UW-Madison Faculty.
Strengthening Wisconsin.



UW-Madison Professor Mark Cook, who passed away in September

PROFS Supports “Mark Cook Bill” (AB 758/SB 671)

PROFS strongly supports Assembly Bill 758/Senate Bill 671, dubbed the Mark Cook Bill, recently-introduced bipartisan legislation that would change state statutes that regulate how the university contracts with companies in which faculty or other university employees have a financial interest. PROFS convened a group of entrepreneurial faculty to develop the legislation.

UW-Madison Animal Sciences Professor Mark Cook served as chair of the PROFS Entrepreneurial Work Group, comprised of UW-Madison faculty who started successful companies. A self-described “chickenologist,” Mark created four companies from his research and his work led to 50 patents. He attracted and mentored other researchers who had a similar entrepreneurial spirit.

Mark’s spinoff Ab E Discovery, is “set to smash business as usual,” according to an article by the Wisconsin Alumni Research Foundation (WARF). Ab E Discovery, which will soon be breaking ground on Wisconsin operations, is advancing a natural, drug-free method to protect poultry, pigs, dairy and beef cattle against common infections.

Mark Cook died of cancer on September 9, 2017, at age 61. A native of Houma, Louisiana, Mark joined the faculty at UW-Madison in 1982. Upon his death, an article in the *Milwaukee Journal Sentinel* said Mark “embodied the Wisconsin Idea” – the belief that “education should influence people’s lives beyond the boundaries of the classroom.” Mark had a positive impact on everyone he met, including the students who learned from him and worked alongside him in his lab.

Mark was on the board of the Advocacy Consortium for Entrepreneurs (ACE) at UW-Madison and directed the implementation of Discovery to Product (D2P), a partnership of UW-Madison entrepreneurs and the Wisconsin Alumni Research Foundation (WARF).

Mark felt very strongly about the statutory changes contained in AB 758/SB 671. Mark recognized that Wisconsin law is out of step with the modern research and business worlds because it includes an overly cumbersome and lengthy process for allowing research companies to contract with the university when a faculty or staff member has a financial interest in the company.

Even relatively small contracts (any contract exceeding \$250,000 over a two-year period) must receive a 45-day review by the UW System Board of Regents despite previous review by university officials.

The law hinders the UW's ability to move quickly to bring in R&D expenditures from businesses and other funding entities. These funds are significant revenue sources at other universities. It is not a coincidence that the two universities that recently overtook UW-Madison in the overall research ranking do a much better job of attracting outside private funding for research projects.

Research companies connected to UW-Madison researchers have been forced to take initiatives such as clinical trials to other states. And top UW-Madison faculty have been recruited to universities where they can work more collaboratively with businesses and other funding entities.

PROFS thanks Representatives Dave Murphy and Terese Berceau and Senators Dan Feyen and Fred Risser, along with other co-sponsors, for introducing this important legislation to streamline the process. The legislation will eliminate the 45-day delay and instead create a much more reasonable process that will continue to address conflicts and protect the university's interests.

AB 758/SB 671 will require that the individual or body responsible for managing potential conflicts of interest at the UW institution (e.g. UW-Madison) that employs the faculty or staff member has an interest in the company issue a management plan evaluating and addressing the interest. Additional contracts will be allowed to proceed as long as such a plan is in place.

AB 758/SB 671 will also amend the definition of research company in the statutes to include non-profits as well as commercial businesses. Many non-profit entities fund a significant amount of research.

The Assembly Committee on Constitution and Ethics will hold a public hearing on AB 758 at 1 p.m., Thursday, January 11, in Room 300 Northeast of the State Capitol.

PROFS looks forward to working with other supporters of this legislation to ensure it becomes law.