

UNIVERSITY OF MAINE SYSTEM
Board of Trustees Meeting

at the University of Maine System
March 16, 2009

Finance/Facilities Committee

Present: **Committee Members:** Norman Fournier, Chair; James Dowe, Barry McCrum, Marjorie Medd, Charles O'Leary, and Lyndel Wishcamper. **Other Trustees:** Jean Flahive, Tamera Grieshaber, William Johnson, and Wayne Newell. **Faculty Representatives:** Raymond Albert, Bertram Jacobs, and Robert Rice. **Student Representatives:** Cynthia Nesbit, Kenneth Hoyt, and Marie Follayttar. **Chancellor:** Richard Pattenau. **System Staff:** Eduard Dailide, Tracy Elliott, Kelley Wiltbank, and Rebecca Wyke.

Absent: Susan Gendron, Krisandra Horn, Charles Johnson, Paul Mitchell, and Victoria Murphy.

Trustee Fournier, Chair, called the meeting to order and welcomed everyone.

New Challenges, New Directions Task Force. Mr. David Flanagan, Chair of the Chancellor's Task Force on New Challenges, New Directions spoke about the Task Force charge and mandate, what the Task Force has accomplished, and next steps. The Task Force was charged with looking at every aspect of the organization to see where the structural deficit could be addressed. There were three specific areas of focus: the role and structure of the Chancellor's Office and System-Wide services; revenues including tuition, appropriations, and the funding formula; and missions of the universities and the relationships among them. Mr. Flanagan discussed the Task Force membership. The Task Force is a committed, united group open to a transparent, public process with a facts based approach. In addition to a work plan, the Task Force has held extensive meetings across the State to solicit public input. So far the Task Force has heard from a total of 228 witnesses with live testimony. In addition public input is being solicited on the Task Force web site. The next step is to conduct interviews with national experts, educational leaders, and Maine leaders. The Presidents have been asked to develop a SWOT analysis for their campuses by the middle of April. During the month of April the Task Force hopes to be working with experts on plausible alternative models. The Task Force faces a formidable undertaking, but Mr. Flanagan stated he believes that Maine's problems and challenges are manageable if they are dealt with in good faith, factually, and openly.

Establishment of the Acadia Professorship of Psychiatric and Mental Health Nursing – UM. Rebecca Wyke, Vice Chancellor for Finance and Administration & Treasurer, explained the Acadia Professorship of Psychiatric and Mental Health Nursing. If approved would be established as a fixed length professorship at the University of Maine in 2009. This is a generous gift from The Acadia Hospital totaling \$250,000 to be paid in five installments of \$50,000 in 2009 through 2013.

The holder of the Acadia Professorship shall be a senior, tenure-eligible faculty member in psychiatric-mental health nursing. Completion or near completion of the doctoral degree in nursing or a related field and a Master of Science in Nursing are required. Successful applicants must have academic and experiential qualifications to teach psychiatric mental health nursing, excellent communication and collaboration skills, and the interest and ability to develop a program of research related to care of persons with mental illness and/or substance dependency

with our community partner, The Acadia Hospital. In the event that a suitable candidate is not found, The Acadia Hospital agrees instead to fund a total of \$150,000 to be paid in five installments of \$30,000 in the years 2009 through 2013 to fund a position known as the Acadia Faculty Scholar of Psychiatric-Mental Health Nursing.

Nominations for the Professorship shall be recommended to the Provost to be forwarded to the President of the University. The President will forward the recommendation for final approval to the University of Maine System. The appointment shall be for a term of five years, at which time the agreement shall be reviewed and considered for renewal. The fund shall be administered by the Dean of the School of Natural Sciences Forestry and Agriculture.

On a motion by Trustee McCrum, which was seconded by Trustee O'Leary, the recommendation will be forwarded to the consent agenda for action.

Center of Cooperative Aquaculture Research Tank Enclosure – UM. Mr. Eduard Dailide, System Director of Facilities Management and Planning, explained the Center of Cooperative Aquaculture Research tank enclosure at UM. In 2008 the Maine Technology Institute via its Maine Technology Asset Fund awarded the University of Maine and the Center for Cooperative Aquaculture Research (CCAR) funds for the construction of a building to enclose the existing outdoor tanks at the Franklin Facility. The enclosure will provide environmental control, improved bio-security, improved energy efficiency and increased R & D capacity in Aquaculture Research. The total project cost estimate is \$1.9 million. The design will begin in April 2009 and the estimated project completion date is December 2009.

On a motion by Trustee Grieshaber, which was seconded by Trustee McCrum, the recommendation will be forwarded to the consent agenda for action.

Financial Update.

Ms. Wyke distributed the FY09 Forecast versus Budget as of February 28, 2009, UMS Operating Fund report, and the Endowment and Pension performance flash reports for the period ending November 30, 2008.

FY09 Forecast vs Budget as of February 28, 2009

Ms. Wyke provided a brief financial update for the University of Maine System. The UMS is forecasting an overall operating loss of \$14.1 million for FY09. The major components of the forecast are the FY09 appropriation curtailment of \$8.4 million, a projected \$15.8 million shortfall in temporary investment income, and forecasted losses at four of the universities – UMA at \$912,000; UMFK at \$584,000; UMM at \$175,000; and UMPI at \$425,000. The residential hall occupancy for FY09 is slightly higher for the System as a whole by .5%. However, UMF, UMFK, and UMPI are below budget. FY09 Fall and Spring enrollments are below budget at five of the seven universities. UM and UMA has slight increases in enrollments over budget. All of the universities have been diligently implementing budget reductions for FY09. The current projections for each of the campuses are as follows:

UM	\$1.7 million surplus
UMA	\$912 thousand loss
UMF	\$150 thousand surplus
UMFK	\$584 thousand loss
UMM	\$175 thousand loss
UMPI	\$425 thousand loss

USM	\$0
System-Wide Services - operations	\$599 thousand surplus
Employee Benefits	\$500 thousand loss
Temporary Investment Income	\$13.9 million loss

UMA has reserves sufficient to cover the entire deficit. UMFK may need to request financial assistance from the System. The deficit at UMM will be covered by the internal loan previously approved by the Board. The projected operating loss at UMPI will be covered with campus reserves. The loss in employee benefits will be covered by the System's Unrestricted Health Reserve.

To cover the loss projected for System-Wide Services the following measures have been taken: the System has applied \$3.8 million in prior year temporary investment income reserves; implemented spending control and cost avoidance measures, as well as a one-time salary reduction for the Chancellor and senior management team to save \$1.1 million; allocated approximately \$1.9 million of the temporary investment loss to the campuses; and the remaining projected loss of \$9 million would eliminate the System's remaining unrestricted reserves.

Operating Fund

Ms. Wyke commented that as of January 31, 2009 the Operating Fund has experienced a loss of \$13.9 million, or 6.28% for fiscal year to date.

Endowment and Pension Flash Reports

Ms. Wyke stated that at the end of FY08 the market value of the Endowment Fund was \$155 million and as of January 31, 2009 the market value is \$106 million. The Endowment Fund has had a fiscal year-to-date total loss of 24.8%. The Pension Fund at the end of FY08 was \$59 million and as of January 31, 2009 the market value was \$42.8 million. The Pension Fund has had a fiscal year-to-date total loss of 23.5%.

American Reinvestment and Recovery Act

Ms. Wyke briefly spoke about the American Reinvestment and Recovery Act (ARRA). The official amount of funds that the UMS will receive has not been finalized. Under ARRA the purpose of the funds is to restore State funding for higher education to its highest point in FY08 or FY09, whichever is higher, to mitigate the need for tuition increases. However the funds to Maine are insufficient to fully restore funding to the highest point in FY08 or FY09. Funds available to higher education in Maine over the three year period is \$22.8 million. In order to fully restore all three higher education institutions (UMS, MMA and MCCS) in Maine to the highest level in FY08 or FY09 \$40.2 million would be needed. For the UMS to restore to the highest level would require \$27.7 million. It appears that the UMS may receive \$15.7 million. These funds will be beneficial but will not restore the UMS to even flat funding and there is still a significant structural gap. These funds are only temporary for three years.

Adjournment

Ellen Doughty for
J. Kelley Wiltbank, Clerk