



NEW CHALLENGES, NEW DIRECTIONS TASK FORCE

APRIL 9, 2009

Meeting Summary

Present: David Flanagan, Norman Fournier, Robert Rice, James Breece, Bertram Jacobs, Allyson Hughes-Handley, Valerie Seaberg, Marjorie Medd, Michelle Hood, Rebecca Wyke, Ron Mosley, Charless Weiss, James Bradley

- Chair Flanagan began the meeting by introducing Aims McGuinness from the National Center for Higher Education Management Systems.
- McGuinness began his presentation with a short overview of his background, which includes experience with the University of Maine System and many years working with higher education management and governance. McGuinness highlighted work being done in other states, such as Ohio, Kentucky and California, and suggested key elements that affected whether those initiatives were a success. In Kentucky, there were clearly stated goals and metrics; achieving a broad consensus on policy; making fundamental changes in finance policy. In California, the system chancellor asked the following questions:
 - Is the system able to articulate a clear public agenda connected to the future of the state?
 - Can it leverage change within the system to change priorities?
 - Is the system able to make differential choices?
 - Is the system connected to the future of the state?
- McGuinness said university systems need to be engaged not just in running educational institutions, but shaping a public agenda and connecting higher education to the state's economy and quality of life. He said successful systems do this by collaborating across structures, such as K-12 and the community college system. The key to this approach is using finance as a lever for innovation and change. McGuinness said the goal of a chancellor and a system is to develop a data-driven argument for why the system is important to the state and how it can help improve the economy, quality of life and quality of place. A task force member asked how a system could move toward that model. McGuinness said leadership, consultation and engagement with constituents and mission are the most important factors.
- McGuinness said as systems tie budget to mission, they should consider using incentives as a way to encourage faculty and staff to become involved in the university's public engagement initiatives. A task force member asked what the mechanism is for setting up such incentives. McGuinness said developing and using budget capacity and connecting it with a goal or priority; some states reserve part of their budget to fund system priorities. A task force member asked what the current approach is in best practice states for funding

distribution from system office. McGuinness said the vast majority of core funding formulas are basically a cost-based formula with weighing factors, but in 80% of states that have such formulas don't follow them because the legislatures appropriate funds in the way the formula was meant to avoid. He said systems should keep state government out of fiddling with line items and put more responsibility on governing boards to keep a reign on resources. Another form of budget distribution, according to McGuinness, is to focus on performance. He said there are very few places where that allocation formula is being sustained in difficult economic times.

- A task force member asked about the impact of collective bargaining on going forward with change scenarios. McGuinness said his experiences with union officials has been good, and said when big changes need to be made, the formula for success needs to be built on trust, openness and cooperation with the union leadership who have a vested interest in a system's long-term success. McGuinness said what's important is being clear about the 'what' you want the system to be, and lead. The solution will not be in a set of recommendations made from the top-down, but in extensive collaboration within and outside of the system with the goal being a better future for Maine. He said the role of the chancellor and Board of Trustees should be to use data to shape agenda and achieve broad consensus without focusing too much on operational details.
- Chair Flanagan introduced Terry MacTaggart, former Chancellor of the University of Maine System.
 - MacTaggart said he was going to cover three areas in his presentation: goals, structure and transition. Under goals, MacTaggart wrote:
 - Education for Mainers
 - Seven strong competitive universities instead of outposts – attractive viable institutions with enough independence to attract leaders
 - More cuts (8-10% of workforce)
 - Accountability to taxpayers
 - Reputation/Brand – helping Maine become more than a vacationland
 - MacTaggart suggested a new model for the UMS:
 - Doing away with the system office and chancellor's position as it now exists and combine the position with the president's position at the University of Maine, and moving everything to Orono.
 - Unify finance/purchasing and human resources.
 - Create a new charter with the state and create a 'new deal' with the state, spelling out what the taxpayers should expect for their money and try to get more budget stability out of that deal
 - Work out a memorandum of agreement (MOA) on resources. The function of the Board of Trustees would not change all that much, but they would be responsible for policing the MOA and ensuring equity, balance and political equilibrium.

- MacTaggart said the consolidation would cut the administrative budget of the system office in half, and the job of the chancellor-president would be very similar to the powers the chancellor has now, but also president of UM. The important functions of the chancellor are to provide political equilibrium and keep the coalition together, so the person in that position would need to have a Ph.D. and academic background, the political skill to run a coalition and a sense of the statewide public agenda. MacTaggart said this model has worked in other states.
- MacTaggart was asked whether the presidency of UM is a big enough job on its own without adding the additional responsibilities associated with the chancellor's office. MacTaggart said a search would be conducted to find someone who wanted and could do the job; and the amount of work involved would not be insurmountable. A task force member asked about the advantage and drawbacks, and how the chancellor-president would deal with existing suspicions/competition that exist between the universities. MacTaggart said that is a challenge that would have to be overcome no matter what model is used.
- On the subject of transition, MacTaggart said the goal should be to accomplish the goals in 12 months, and suggested the UMS hire a 'master' to oversee the transition process. This person would not be a candidate for the chancellor-president job and would oversee the process, the layoffs that would need to happen, and the search for a new president-chancellor. At most, the master would work for two years. MacTaggart said all of the system-wide jobs would then be up for grabs and you would hire the most able people to do them.
- A task force member asked about incentivizing distribution of funds, and about the duplication of academic offerings at the campus and whether more specific missions should be assigned to the various campuses? MacTaggart said that would probably not work, due to a deep desire to resist a confining mission. Also needed, he said, is a respectful opening relationship with bargaining units as the discussions and transition proceeds.
- MacTaggart was asked whether he saw any change to the allocation formula; MacTaggart said no, but he suggested the institutions keep tuition and any new money go to system priorities. He also said in order to attract more students, institutions need to hire admissions people who know how to get to the market, because we need to increase the number of bachelor's degree students in the state.
- A task force member asked about whether the administrative structures of the smaller campuses could be merged; eliminate six presidents and replace with chancellor-president as leader of entire system. MacTaggart said that making sure able, energetic people lead the campuses is an important feature to preserve, and in a state this big you need strong leadership at the campus level; and that given the scope of the job, it might be hard to

attract talent without the status of the title of president, given the lower than national average pay.

- Chair Flanagan spoke briefly about consultants, and said there is another 'candidate' for a comprehensive consultant to assist the task force, a group called Huron who did purchasing analysis for UM. He said to get an idea of their abilities, the task force should read the analysis they did, and the report will be circulated to the full task force. Flanagan said overall, the analysis is an excellent piece of work and what the decision will come down to is the experiential knowledge of higher education systems by McGuinness and NCHEMS versus the more structural/analytical analysis of Huron. A task force member suggested that in the interests of time, the consultants be hired to look over the recommendations of the task force rather than come up with a full analysis; provide a 'reality check' for the recommendations.
- Chair Flanagan said each university, and SWS, was asked to provide a SWOT (strengths, weaknesses, opportunities, threats) analysis to the task force, and the resulting report was submitted to the task force. Flanagan expressed his appreciation to the presidents for the reports, and said it's important to have an understanding of the goals and objectives of the universities as the task force moves forward with its work. Each university does have a strategic plan, and Jim Breece agreed to gather those for distribution during the next task force meeting.
- The task force was also presented with an overview of the US News and World Report college rankings for the system. There was a short discussion of what goes into these rankings and how each university is rated according to that publication. There was a brief discussion of distance education's role in providing educational opportunities; an subject also being looked into by the CAOs as part of the work of arena two, and by a committee looking specifically at the role of distance education in the UMS. Chair Flanagan said the future role of distance education offerings could be a very positive section of the report.
- The next task force meeting will be held April 22 at the University of Maine System offices in Bangor. At that meeting will be Tom Layzell, former president of the Kentucky Council on Postsecondary Education and Robert Zemsky, the founding director of the University of Pennsylvania's Institute for Research on Higher Education. Chair Flanagan reminded the group of the tight deadline, and asked each subcommittee to come up with scenarios or draft recommendations within their sphere of influence for presentation and discussion at the May 7th meeting.