UNIVERSITY OF MAINE SYSTEM
Board of Trustees Meeting
at the University of Southern Maine
November 16 & 17, 2014

Board of Trustees Meeting


Absent: Kevin McCarthy, Bonnie Newsom, and James Rier, Jr.

Sunday, November 16, 2014

Trustee Collins, Chair, called the meeting to order and thanked President Flanagan and the staff at the University of Southern Maine for hosting the Board of Trustees meeting.

ACCEPTANCE OF MINUTES
On a motion by Trustee Nelson, which was seconded by Trustee Murphy, the minutes from the following meetings were unanimously approved as presented:
- September 21 & 22, 2014 – Board of Trustees Meeting
- September 23, 2014 – Investment Committee Meeting
- October 14, 2014 – Academic & Student Affairs Committee Meeting
- October 22, 2014 – Academic & Student Affairs Committee Meeting
- October 24, 2014 – Special Board Meeting
- October 31, 2014 – Finance/Facilities/Technology Committee Meeting

COMMITTEE REPORTS
Academic & Student Affairs Committee. Trustee Gregory Johnson reported that the Committee met on November 7, 2016. The Committee received updates on the Credit Transfer Project, the ABCDE Initiative, the Academic Portfolio Review and Integration Process (APRIP) and the Fall Enrollment Report. The Committee agreed to forward to the Consent Agenda for the November Board meeting the Awarding of Academic Degrees. The UMFK Strategic Plan was forwarded to the full Board for review and final approval at the November Board meeting. The Faculty and Student Representatives were given time on the agenda to discuss topics of interest with the Committee.

The Faculty Representatives discussed the concept of an “academic quality index” with the Committee. Faculty Representatives noted the intention would be for academic quality indicators for each campus and showing a time series of data. The list provided by the Faculty Representatives would be a starting point for developing a dashboard. Faculty also noted that the current dashboard statistics regularly provided to the Board do not contain measures of academic quality. Trustee Johnson proposed that the Board and Faculty Representatives work to refine the proposed
measures. He stated his support for data to inform decisions, especially trends and benchmarks. He said he would discuss this idea with Chair Collins.

The Student Representatives discussed the need for a “teach out plan” for the programs being eliminated at USM and how the program eliminations will likely impact overall enrollment for the System.

**Academic & Student Affairs Committee and Human Resources & Labor Relations Joint Session.** Trustee Gregory Johnson reported that there was a joint session between the Academic & Student Affairs Committee and the Human Resources & Labor Relations Committee on November 7, 2014. The Committee had a lengthy discussion on the updates to the Board Policy for the Title IX Sexual Assault Policy and the Campus Violence Policy. The Committee agreed to forward the Campus Violence Policy to the Consent Agenda for the November Board meeting. The Committee agreed to forward the Sexual Assault Policy to the November Board meeting for full Board approval.

**Audit Committee.** Trustee Kurt Adams reported that the Audit Committee met on November 6, 2014. The Committee reviewed the Annual Financial Report for FY2014, the External Auditors Report and the UM Department of Athletics NCAA report. The Auditors reported that it was a “clean audit” and no deficiencies were found. The NCAA report noted one minor infraction on the size of the washing instruction label on a team’s uniform. Management has taken corrective action.

**Finance/Facilities/Technology Committee.** Trustee Norman Fournier reported that the Committee met on October 31, 2014. The Committee recommended several items to the Consent Agenda for the November Board meeting as follows: Aubert Hall STEM Classroom Renovation at UM, Estabrooke 3rd and 4th Floor Renovation at UM, Lease of 95 College Avenue at UM, Request to Seek Qualified Developers for Residential Facility at UMA and the MEIF Goals and Objectives. The Committee received an update on broadband availability at UMS and across the State; Capital Projects Status Report; the Facilities Administrative Review; the annual report on Gifts, Fundraising and Endowments; and the Strategic Integration Target 2: Comprehensive Financial Management Structure.

**Human Resources & Labor Relations.** Trustee Medd reported that the Committee met on November 7, 2014. The Committee agreed to forward to the Consent Agenda for the November Board meeting the Updated Board Policy on Emeritus Status and the Phase II of the Human Resources Administrative Review.

**Investment Committee.** Trustee Turner reported that the Committee met on September 23, 2014. The Committee was provided presentations from JP Morgan and IR&M as Fixed Income Managers and the Committee selected JP Morgan. New England Pension Consultants provided a market and performance update. CAPTRUST provided an update on the Defined Contribution Plan.

**DISCUSSION ITEMS**

**Diligent Boardbooks Presentation.** Ms. Tracy Bigney, Clerk of the Board introduced Mr. Jeremiah Slade from Diligent Boardbooks who provided an overview of their electronic board book software. The November Board books were developed using the Diligent software. Four pilot users were trained and are currently using the new product. For the January 2015 Board books, the UMS will transition to the Diligent software and eliminate the distribution of paper Board books.
The software will allow for end users to print the materials and a single PDF document will be developed for posting to the Board of Trustees website.

**Center of Academic Excellence in Cybersecurity Update.** Professor Glenn Wilson from USM and Professor Ray Albert from UMFK provided an update on efforts to achieve NSA recognition of the Center of Academic Excellence in Cybersecurity. The UMS is designated as a national leader in Cybersecurity Education and is the first higher education organization recognized in Maine. The UMS is the first university system in the United States to achieve recognition of a distributed (UMS System-wide) Center of Academic Excellence for Information Assurance Education in Cybersecurity. The development and implementation of a collaborative/shared Bachelor of Science in Cybersecurity as a UMS-wide offering and joint effort among partnering universities (currently UMA, UMFK, UM and USM) is planned for implementation in the Fall Semester of 2015.

**Metropolitan University Steering Group Update.** Professor Emeritus Richard Barringer provided an update on the work of the Metropolitan University Steering Group. The Steering Group, chaired by Professor Barringer, was formed to “advance the metropolitan university idea at USM. Its goal is to recommend a strategy and implementation plan that will make the Metropolitan University concept the strategic focus of USM going forward, one that will maximize its impact within USM and with its community partners and afford competitive advantage to position USM for growth and success serving the metropolitan region and, by extension, the State.” The common characteristics of metropolitan universities include the following:

- Conviction that, as anchor institutions, they have the skills and intellectual, human, technological, and social resources to engage in the critical challenges facing their communities;
- Close alignment of the mission, leadership, branding and marketing, budgetary support, infrastructure development, faculty and staff development, recognition and rewards and strategic plan that represent the metropolitan university’s commitment to community engagement; and
- Engagement that is not simply transactional based on considerations of exchange or one-sided benefits; but is purposefully organized toward the goals of building long-term relationships of mutual respect, trust, and benefit with its partners, and of its being transformative for all parties involved.

**BOARD OF TRUSTEES MEETING WITH USM BOARD OF VISITORS**
The Board of Trustees met with the University of Southern Maine Board of Visitors (BOV). President Flanagan introduced the following BOV members who were present: Tony Payne, Clif Greim, Luc Nya, Mark Bessire, Roxane Cole, Chip Morrison, Rick Vail and Joe Gray.

Mr. Tony Payne, Vice Chair of the BOV, shared a presentation on USM’s vision, USM distinction as a Metropolitan University and Legislative and policy engagement.
**Monday, September 22, 2014**

Trustee Collins called the meeting to order.

Trustee Turner stated that he made an inappropriate comment at a recent meeting at the University of Maine and apologized for the comment. Trustee Fournier thanked Trustee Turner for his apology and candor. Trustees Medd and Murphy also commented on Trustee Turner’s character and thanked him for his open apology.

**CITIZEN COMMENT**
Citizen Comment is a time regularly set aside for comments from the public. The following individuals spoke during the Citizen Comment period:

- Rachel Cormier
- Carolyn Ball
- George Miller
- Ronald Mosley
- Susan Feiner
- Jerry LaSala

**CHAIR’S REMARKS**
Trustee Collins thanked President Flanagan for hosting the Board meeting and everyone enjoyed the USM student choir at dinner on Sunday evening. He stated that this Board meeting will likely be UMM President Cynthia Huggins last meeting and thanked her for her 10 years of service as President.

Trustee Collins highlighted some of the positive projects currently underway. He thanked the faculty and staff for their work in numerous collaborative efforts underway on the campuses. A couple of examples of the collaborations are the efforts underway on the Cybersecurity program and the nursing program at UMFK. This is the type of work the UMS needs to continue to grow and expand. USM is continuing to define the distinction of a Metropolitan University with the assistance of a Steering Committee lead by Professor Emeritus Richard Barringer. Other positive issues based on the Fall 2014 Enrollment Report include two campuses experienced increased enrollments and online education has also increased.

Trustee Collins stated he is optimistic about the future for USM and the UMS. There will continue to be challenges but in the end the UMS will be a much better System and each of the campuses will be stronger.

**Update on the USM Presidential Search Committee.** Trustee James Erwin reported the search committee is on schedule and has already had two meetings and another scheduled this week. The Committee is working with the consultant, Dr. Terrence MacTaggart, former Chancellor for UMS. Dr. Barringer will be a guest speaker at the next meeting to talk about the Metropolitan University concept.
Certificate of Appreciation.
Certificates of Appreciation were presented to Mr. Andrew Carlson from UMF and Mr. Alex Greenlee from USM as outgoing Student Representatives to the Board of Trustees. Trustee Collins thanked them for the leadership and dedication to Maine public higher education.

CHANCELLOR’S REPORT
Chancellor James Page reported he and the Trustee Collins met with some students at USM yesterday and it was a very productive session. He expressed appreciation to the faculty and staff who are being retrenched at USM for their years of service.

Due to the announcement of the Verso Paper Company in Bucksport closing, UMA President Glenn Cummings spoke about the UMA efforts to work with the staff at the mill to advance their educational opportunities.

The Chancellor commented on three aspects of the appropriation request that was approved by the Board in September for fiscal years 2016 and 2017. The first was a request to increase the E&G appropriations funding by 3.4% in the first year of the biennium and by 3.8% in the second year. This increase would help USM avoid increases in tuition for in-state students. Second was a request to continue funding for debt service that otherwise would be reduced due to retirement of R and D debt. The continued debt service funding would support University revenue bonds to address extensive infrastructure needs. Third was an increase in funding for the Maine Economic Improvement Fund (MEIF) to $20 million in each year. This level of funding would increase research and development capacity and expand collaboration with businesses to help grow Maine’s economy.

BOT/BOV Executive Committee Charter. Chancellor Page explained the collaborative work of the Board of Trustees and the Boards of Visitors has grown significantly in the last year. The Board now meets regularly with the local Board of Visitors when a Board meeting is held at a university location. The first BOT/BOV Summit in May was very productive, and the second Summit took place November 14. One suggestion that came out of the May Summit was establishment of an Executive Committee to coordinate these joint initiatives. An ad hoc Steering Committee developed the draft charter of the Executive Committee. If the charter is adopted by the Board of Trustees, Executive Committee members will be named by each BOV, the BOT chair and the Presidents Council.

On a motion by Trustee Medd, which was seconded by Trustee Murphy, the Board of Trustees endorsed the charter for the Executive Committee for the Board of Trustees/Boards of Visitors collaboration.

REPORT ON ACADEMIC AFFAIRS
Enrollment. Ms. Rosa Redonnett, Chief Student Affairs Officer, provided an update on the status of enrollment at our campuses for Fall 2014 based on the Enrollment Report findings. The Fall 2014 Enrollment Report is historically run after our census date of October 15.

Enrollment by Headcount, FTE, Credit Hours
- Total headcount declined 2.5 percent from last year due to a 2.8 percent decline in graduate students and a 2.4 percent decrease in the number of undergraduate students. Undergraduate headcount increased at two of the seven campuses. Non-degree undergraduate headcount is down 1.4 percent from last year, a continuing trend that has declined 15.9 percent since 2010.
Non-degree graduate headcount enrollments fell 11 percent from 2013. Total headcount is down 7.5 percent compared with 2010.

- FTE fell 2.2 percent system-wide compared with last year and dropped 6.4 percent compared with 2010.
- The trend of declining non-degree undergraduate credit hours seen in previous years has ended as of the Fall 2014 census, with a 6.6 percent credit hour increase in that demographic despite the declines in headcount enrollments. Associate degree credit hours are down 13 percent, a continuing trend. Baccalaureate credit hours are down 2.1 percent from 2013, and have fallen 3.6 percent compared with 2010. Graduate credit hours increased 1 percent and law credit hours declined 7.9 percent from 2013.

Enrollment by Residency

- Out-of-state student headcount grew 11.9 percent since last year, a continuing trend of 25.2 percent growth since 2010. New England Board of Higher Education (NEBHE) program student headcount fell 15.9 percent from last year. In-state headcount decreased 4 percent since 2013, a continuing trend where in-state student headcount has dropped 10.7 percent compared with 2010.

Enrollment by Gender

- Headcount enrollment for men declined 2 percent and fell 2.8 percent for women compared with 2013. Female headcount decreased 8.3 percent versus 2010 and declined 6.3 percent for men. Females account for 57 percent of all credit hours taken and 59.6 percent of the student body.

Enrollment by Status (full-time vs. part-time)

- Part-time student headcount is down 2.8 percent from last year and fell 9.8 percent from 2010. Full-time headcount enrollment declined 2.3 percent since 2013 and 6.2 percent compared with 2010.

Incoming Degree/certificate-seeking Students

- Incoming degree/certificate-seeking headcount enrollments declined 3.9 percent from last year due primarily to a 5.8 percent decline in first-time students. UMS also had headcount declines of 14.8 percent in the number of readmit students and a 4.1 percent decrease in the number of graduate students from 2013. Transfer-in student headcount enrollments are up 2.2 percent.

Transfer Students

- In-state transfer headcount enrollments are up 0.9 percent, while out-of-state transfers are up 12 percent from the previous year. Some of the transfer-in headcount enrollment increase has come from an 8.3 percent increase in the number of students transferring within the UMS. Transfers from the Maine Community College System (MCCS) are up 4 percent from last year. Transfer-in headcounts external to UMS and MCCS are down 1.9 percent compared with 2013.
Enrollment by Ethnicity
- Headcount enrollments of Minority students increased 3 percent from the previous year and grew 12.7 percent compared with 2010. The number of self-reported white students fell 3.3 percent from 2013 and declined 9.5 percent from 2010.

Enrollment by Age
- The number of traditional students, aged 18 to 24, dropped 6.4 percent compared with 2010. Non-traditional student headcounts for those aged 25 and over have declined 14.6 percent versus 2010.

Migration of Students
- The student body is composed of 83 percent in-state students, 14.5 percent out-of-state students, and 2.3 percent international students based on residency by original home address. The top two Maine counties by original residency, Cumberland and Penobscot, supply 35.6 percent of all UMS in-state students. Massachusetts provides 30.9 percent of all out-of-state students and Canada delivers 30 percent of all international students.

Distance Education
- Credit hours from distance education increased 6 percent compared with 2013 and climbed 21.5 percent compared with 2010. The largest credit hour increases come from the online delivery mode, which increased 11.4 percent since 2013 and has grown 56.8 percent since 2010. Distance online accounts for 15.5 percent of total credit hours delivered and 79.9 percent of total distance education credit hours. Video conference credit hours increased 19.2 percent compared with last year and 8.4 percent versus 2010. The ITV delivery mode has fallen 41 percent since 2010 and distance onsite dropped 42.5 percent from 2010.

Update on Academic Portfolio Review and Integration Process (APRIP).
UMF President Kate Foster briefly reviewed the Academic Portfolio Review and Integration Process. A Process Oversight Committee has been established and their work has already begun. As part of its broader initiative to rethink public higher education in Maine, the University of Maine System has embarked on an important and forward-looking process to review its academic menu and program delivery. Known as the Academic Portfolio Review and Integration Process (APRIP), the effort seeks to leverage cross-campus excellence and opportunities that will enhance quality, broaden student access, and achieve financial sustainability of our academic offerings.

The process is occurring simultaneously with campus budget processes and has created inadvertent confusion. These are separate processes. By its timetable and scope—a multi-month review of programs offered by multiple campuses—APRIP differs from and is not a replacement for campus-based budget processes currently underway for FY2016.

New Board Policy: Sex Discrimination, Sexual Harassment, Sexual Assault, Relationship Violence, Stalking and Retaliation (replacing current Board Policy #402: Sexual Harassment).
Trustee Johnson introduced the discussion on the new Board Policy: Sex Discrimination, Sexual Harassment, Sexual Assault, Relationship Violence, Stalking and Retaliation. The Violence against Women Act (VAWA), which included the Campus SaVE act, was renewed last year, calling for the review of many of our policies and practices related to sexual assault, and as added more recently, dating violence, domestic violence and stalking.
The first step in the review and updating of policies was the UMS Student Conduct Code which was approved by the Board of Trustees in November 2013. The next step involved reviewing the existing policies and practices, both campus based and System, related to this. Campus Title IX coordinators and deputies, Student Conduct Officers, EEO Directors/Coordinators, HR representatives and UMS Legal Counsel have been working together over the last year to bring literature into alignment, update the Conduct Code, formulate an updated Policy and Procedure document and determine the best approach to both broad based student and employee training and more specific training for Title IX coordinators and designated campus officials.

This policy will replace the existing Board policy on Sexual Harassment (Policy # 402), will involve an update of the Campus Violence policy (a separate item within the Board agenda), and will include revisions to EO complaint procedures (this latter item becomes a part of collective bargaining).

This resolution was considered at the November 7 meeting of the Academic and Student Affairs Committee and approved to move forward as amended to the Board of Trustees meeting on November 16 and 17 for final action.

On a motion by Trustee Fournier, which was seconded by Trustee Nelson, the Board of Trustees approved and ratified the updated “University of Maine System Policy and Procedures: Sex Discrimination, Sexual Harassment, Sexual Assault, Relationship Violence, Stalking and Retaliation.” This policy will take the place of current Board Policy #402 – Sexual Harassment.

**DISCUSSION ITEMS**

**Presentation by the Parthenon Group of a Study for a University System Professional and Graduate Center Located in Portland.** Chancellor Page introduced the Parthenon Group findings and recommendations for a University System Professional and Graduate Center located in Portland. Mr. Haven Ladd, Principle and Partner of Parthenon Group, presented an overview of the Parthenon Group Study. In the fall of 2013, Chancellor James Page and a number of academic and business supporters developed the concept of creating a professional and graduate center. The proposed center would be a model and home for entrepreneurial, multi-disciplinary business and legal programs to drive economic development statewide. As a first step to testing the concept, the Chancellor determined that a study of the need and feasibility was required.

The Chancellor sought private funding for the study. A private foundation partner was identified and supported the study in two important ways: by providing leadership to frame the Steering Committee work, and by identifying and financially supporting the engagement of the Parthenon Group to test the core concept with the student/business/law sectors and to develop a strategic plan for further development, if warranted.

The Parthenon Group worked with University administrators and faculty, as well as business and legal community leaders to develop its findings and recommendations. The Parthenon Group concludes, in part, that the creation of a Professional and Graduate Center in Portland is indeed a transformative concept for the University of Maine System and, based on the business/legal community’s enthusiastic endorsement of the core concept, bringing graduate business and legal education under one roof could catalyze the growth of small to medium businesses across Maine.
Parthenon Group reported that the keys to successful implementation include (1) the engagement of a strong external development committee and a dedicated entrepreneurial leader for the process, (2) the development of a cutting-edge interdisciplinary curriculum actively integrated with business needs and opportunities, and (3) the development of independent space to support new programs and delivery systems.

Chancellor Page has initiated a request for private funding to increase leadership and execution capacity as the University System continues to test and develop the concept of enhanced professional and graduate programs that drive economic development Statewide. The focus will be to develop leadership to complete the planning and program development process, build essential public/private partnerships, and test the core concepts with targeted pilot offerings.

The Trustees had a lengthy discussion about the findings and recommendations of the Parthenon Group Report.

**VICE CHANCELLOR FOR FINANCE AND ADMINISTRATION & TREASURER’S REPORT.**

*Annual Financial Report FY2014.* Ms. Tracy Elliott, Director of Finance and Controller, presented the Annual Financial Report for FY2014. The report was also reviewed by the Audit Committee at its November 6, 2014 meeting. Major components of the Annual Financial Report are:

- Management’s discussion and analysis (referred to as MD&A) which is intended to provide an objective and easily readable analysis of the financial performance
- The basic financial statements for the UMS and its component unit
- Notes to the financial statements


The *Total Net Position* at June 30, 2014 was $877 million increasing $27 million from FY2013, as restated. This net increase includes:

- **Net Investment in Capital Assets** $21 million
- **Restricted Nonexpendable** $1 million
- **Restricted Expendable** $9 million
- **Unrestricted** ($4 million)
- **Change in Net Position** $27 million

In 2014, the UMS adopted Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The 2013 financial statements have been restated for the retroactive application of this new accounting guidance. *Total Net Position* at June 30, 2013 declined $3 million from the amount previously reported as a result of this change.

On a motion by Trustee Donnelly, which was seconded by Trustee Medd, the Board of Trustees approved the FY2014 Annual Financial Reports as presented.
**FY2014 Net Position of the University of Maine System.** Ms. Renee Bishop, Principal with Berry, Dunn, McNeil & Parker, LLC presented information about Net Position, and what the various categories mean, in the context of Governmental Accounting Standards Board (GASB) based financial reporting. She also included an overview of the University of Maine System’s operating reserves and ratios and benchmarking.

**Financial Update.**
Dr. Rebecca Wyke, Vice Chancellor for Finance and Administration & Treasurer, provided a financial update

*Managed Investment Pool (including Endowment Fund).* In September the Fund declined by 2.6% and year-to-date the Fund has returned 3.2%. The market value on July 31, 2014 of the Managed Investment Pool (MIP) was $268 million. Changes in market value besides market fluctuation include: contributions and distributions, the UMS contributions to the OPEB Trust, the Maine Maritime Academy’s participation in the Fund since January 2009, and the UM School of Law Foundation’s participation in the MIP since July 2012.

*Pension Fund.* In September the Fund declined by 2.1% and year-to-date the Fund has returned 3.2%. The market value on July 31, 2014 of the Pension Fund is $38.4 million.

*Operating Fund.* In September the Operating Fund declined by 0.8% and year-to-date the Fund has returned 1.6%.

**FY2014 Unrestricted Operations – Budget vs Actual.** The UMS FY2014 Unrestricted Operations are comprised of two general categories and six unrestricted funds as follows:

- a) Unrestricted Annual Operations - comprised of E&G, Designated, and Auxiliary funds are budgeted on a fiscal year basis and;
- b) Other Unrestricted Activities - comprised of Cost Sharing, MAFES/CE University Funding, and Short-term multiyear initiatives are not budgeted on a fiscal year basis as these activities are “project” based and may span multiple fiscal years.

For FY2014, the UMS experienced a positive net increase from unrestricted operations of $13.296 million; the equivalent of 2.5% of the annual operating budget. It should be noted, however, that this includes $8.280 in net temporary investment income above budget and $4.393 million for employee benefits. Governance & University Services’ positive results reflect administrative savings and strategic funds that are being carried forward to FY2015.

Major factors impacting the year-end results:

- The temporary investment income budget is $2.8 million. UMS earned $11.08 net of expenses and transfers for a total budget-to-actual positive variance of $8.28 million. Of these funds, $6.0 million was transferred to the Budget Stabilization Fund and $2.28 million will be utilized in FY16 to provide one-time funding of campus strategic initiatives and necessary support. The Budget Stabilization Fund has a balance of $21 million. However, based on the FY15 approved annual operating budget, up to $9.997 million may be transferred by the Treasurer to offset FY15 net unrestricted operating losses.
- The employee benefits costs were $4.392 less than budgeted. Of this amount, $3.592 million or 82% of the overall employee benefits variance is attributable to the year-end actuarial adjustment for postemployment benefit costs for medical due to a new insurance provider,
plan changes, and contributions to the OPEB trust which lower the unfunded actuarial accrued liability. Since the System is self-insured for all medical claims not subject to medicare, it is recommended that the System maintain a reserve equal to three to six months of expected claims and expenses or approximately $17 million to $34 million. The reserve balance as of 6/30/14 is $24.9 million.

- UMS Spring enrollments were 3.9% (846 FTE) below budget, but enrollments are above budget at UMaine (1.0% or 82 FTE) and UMFK (1.4% or 10 FTE). Enrollments for Fall 2013 were 1.8% (414 FTE) below budget, but enrollments were above budget at UMaine (3.7% or 336 FTE) and UMFK (5.9% or 45 FTE). The average UMS enrollment for the two semesters was 2.8% or 630 FTE below budget.
- UMS Spring residence hall occupancy was 5.5% (335 students) below budget. Residence hall occupancy for Fall 2013 was 0.7% (45 students) below budget. The average UMS residence hall occupancy for the two semesters was 3.1% (189 students) below budget but was above budget at UMaine (3.3% or 109 students).
- Tuition, fees, dining, and residence hall revenues (net of financial aid) were $5.474 million or 2% below budget as a result of the lower enrollments and residence hall occupancy.

**Multi-Year Financial Analysis FY2016-2020.** Dr. Wyke reviewed the Multi-Year Financial Analysis for FY2016 to FY2020. The System has developed a long-range financial forecasting process that evaluates the fiscal impact of key budget drivers such as enrollment; faculty and staff compensation; investments in physical plant; and State appropriation invested in the System. This analysis introduces the planning process and presents financial planning elements and forecasted scenarios. The purpose of this planning process is to consider the underlying financial conditions that face the System and the impact of alternative action steps that may address projected shortfalls in the future. This is intended only to further the conversation that must occur within our University community and within the State to ensure that the University of Maine System is able to meet the needs of Maine and its citizens for decades to come.

Like any projection and analyses, this report is impacted by the assumptions that are incorporated and the imperfect ability to predict the future. At a high level, it represents a valuable tool to understand how the major components of the budget can be manipulated to find a balance; however, it is important to note that actual applied application of any of these strategies will yield varying results.

Dr. Wyke presented an initial forecast called the Current Trend Multi-Year Financial Analysis and described the assumptions, the expense drivers and the revenue drivers. This model results in a projected structural gap of $90 million in FY2020.

She then presented a Dynamic Trend Projection with different assumptions for compensation increases, growth in health care costs, tuition and appropriation. This model reduced the projected structural gap to $59 million.

Finally she described the change that would be needed in each individual factor (appropriation, tuition, enrollment, capital renewal commitment, and workforce) to eliminate the structural gap.

**UNIVERSITY OF MAINE AT FORT KENT STRATEGIC PLAN.**
UMFK President Wilson Hess discussed the strategic planning process on his campus and shared the resultant strategic plan. This plan calls for UMFK to become a model “rural university,” providing
pathways to educational opportunity and professional success for rural communities and people. This plan has seven strategic directions to achieve this vision:

1. Increase enrollments and diversify the enrollment base by providing affordable access to higher education throughout rural Maine and beyond
2. Build enrollments by fostering student success and degree completion
3. Provide professional education and career pathways which serve the needs of rural Maine
4. Be a center of excellence in pedagogies and educational technologies that serve the needs of rural communities
5. Exemplify academic excellence in the teaching and learning experience
6. Cultivate a culture of collaboration and personalized service
7. Integrate financial resource sustainably by aligning planning and assessment within the budget process

The strategic plan was considered at the November 7 meeting of the Academic and Student Affairs Committee and is being forwarded for approval to the Board of Trustees at their meeting on November 16 and 17.

On a motion by Trustee Fournier, which was seconded by Trustee Nelson, the Board of Trustees approved the strategic plan of the University of Maine at Fort Kent.

**CONSENT AGENDA**

On a motion by Trustee Johnson, which was seconded by Trustee Medd, the items on the Consent Agenda were unanimously approved by the Board of Trustees as follows:

The following agenda items were forwarded by the Finance/Facilities/Technology Committee to the Consent Agenda from its meeting on October 31, 2014:

**Aubert Hall STEM Classroom Renovation, UM.** The Board of Trustees approved the recommendation of the Finance/Facilities/Technology Committee to authorize the expenditure of up to $2,700,000 from the proceeds of General Obligation Bond funds approved by voters in November, 2013 to renovate chemistry labs and make associated improvements in Aubert Hall.

**Estabrooke 3rd and 4th Floor Renovation, UM.** The Board of Trustees approved the recommendation of the Finance/Facilities/Technology Committee to authorize the expenditure of up to $5,000,000 from campus Auxiliary Reserves funds to renovate two dormitory floors in Estabrooke Hall.

**Lease of 96 College Avenue, UM.** The Board of Trustees approved the recommendation of the Finance/Facilities/Technology Committee to authorize the University of Maine System acting through the University of Maine to enter into a Lease Agreement with Beta Zeta Chapter of Lambda Chi Alpha, Inc. for the Property on which the Lambda Chi Alpha Fraternity House is situated, at 95 College Avenue, Orono, Maine, for a period to end no later than June 23, 2051, unless mutually agreed to renew for an additional mutually-agreeable time period, such Lease Agreement being subject to review and approval by the Treasurer and General Counsel.
**Request to Seek Qualified Developers for Residential Facility, UMA.** The Board of Trustees approved the recommendation of the Finance/Facilities/Technology Committee to authorize the University of Maine System acting through the University of Maine at Augusta to solicit qualifications from developers for the purpose of potentially constructing a student residential facility in Augusta and to include the potential contribution of University property to the project through lease, sale or other transfer.

**MEIF Goals and Objectives.** The Board of Trustees approved the goals and objectives for the Maine Economic Improvement Fund and that these metrics will be used for the 2014 MEIF Annual Report.

The Board of Trustees reviewed the following agenda items as forwarded by the Academic & Student Affairs Committee to the Consent Agenda from its meeting on November 7, 2014:

**Awarding of Academic Degrees.** The Board of Trustees of the University of Maine System authorized the awarding of degrees during Commencement ceremonies for the 2014-2015 academic year to those students fully recommended by the appropriate faculties and the presidents of the respective institutions of the University of Maine System.

The Board of Trustees reviewed the following agenda items as forwarded by the Joint Session between Human Resources & Labor Relations and Academic & Student Affairs Committees to the Consent Agenda from its meeting on November 7, 2014:

**Revisions to Board Policy # 414: Campus Violence.** The Board of Trustees approved the revised Board Policy #414 - Campus Violence as presented.

The Board of Trustees reviewed the following agenda items as forwarded by the Human Resources & Labor Relations Committee to the Consent Agenda from its meeting on November 7, 2014:

**Revised Board Policy # 406: Emeritus Status.** The Board of Trustees approved the revised Emeritus Status Policy as presented.

**Phase II Human Resources Administrative Review.** The Board of Trustees approved Phase II of the Human Resources Administrative Review.

**ACTION ITEMS**

**Confirmation of Student Representatives to the Board of Trustees.** On a motion by Trustee Nelson, which was seconded by Trustee Gardner, the Board of Trustees approved the appointment of the following Student Representatives to the Board of Trustees: Connor Scott, UM effective October 2014 to June 2016 and Jamie Austin, UMF effective January 2015 to May 2016

**Strategic Integration Target 2: Comprehensive Financial Management Structure.**
The Board of Trustees 2014 Strategic Outcomes were approved July 21, 2014. Strategic Integration Target 2 and 3 read as follows:
**Strategic Integration Target 2**
Develop and implement a comprehensive financial management structure for the entire System that enhances transparency, enables appropriate fiscal control, and advances comprehensive intra-system collaboration. New model review September 2014; implementation in FY15.

**Strategic Integration Target 3**
Develop a comprehensive administrative plan in FY15 that reduces total administrative costs, including academic administration, per student FTE to peer system benchmarks or below by FY17.

At the September 21-22, 2014 Board of Trustees meeting Vice Chancellor Wyke presented alternative draft plans for the comprehensive financial management structure. A feedback tool was made available on the ThinkMissionExcellence.maine.edu website for the purpose of taking comment on the alternative draft plans. A proposed policy, revising Board Policy #701 – Operating and Capital Budgets, for the governance of financial affairs consistent with Strategic Integration Target 2 was presented for Board approval.

On a motion by Trustee Fournier, which was seconded by Trustee Johnson, the Board of Trustees approved the proposed policy revisions to Board Policy #701 – Operating and Capital Budgets and authorized the Vice Chancellor for Finance and Administration and Treasurer to develop an implementation schedule with substantial compliance effective by July 1, 2015 and full compliance effective by July 1, 2016.

Further, the Board of Trustees authorized the Vice Chancellor for Finance and Administration and Treasurer to develop a comprehensive financial management structure reflecting unified finance and administrative services that are functionally aligned to the degree possible consistent with the Board of Trustees 2014 Strategic Outcomes Targets 2 and 3. The Vice Chancellor for Finance and Administration and Treasurer will submit the new structure and implementation plan no later than March 1, 2015, to the Board of Trustees for review and action.

**INFORMATION ITEMS**
The following items were included in the agenda for information only:
- Management Group Appointments Report
- Capital Projects Status Report
- Dashboard Indicators
- Agenda Calendar

**EXECUTIVE SESSION**
On a motion by Trustee Medd, which was seconded by Trustee Gardner, the Board of Trustees meeting went into Executive Session under the following provisions:
- 1 MRSA Section 405 6-A to discuss the evaluation of personnel and the consideration and discussion of appointments, evaluations, employment and duties.
- 1 MRSA Section 405 6-D to discuss planning for negotiations and communications with AFUM, UMPSA, COLT, A-CSUM, Police, PATFA, and Service and Maintenance Units.

On a motion by Trustee Fournier, which was seconded by Trustee Nelson, the Board of Trustees concluded the Executive Session.
Confirmation of Board of Visitors Appointments, UMM.
On a motion by Trustee Fournier, which was seconded by Trustee Moody, the Board of Trustees confirmed the Board of Visitors appointment for UMM, as presented.

DATE OF NEXT MEETING
The next meeting of the Board of Trustees will be held on January 26, 2015 at the University of Maine System.

Adjournment

Ellen Doughty for
Tracy B. Bigney, Clerk