

UNIVERSITY OF MAINE SYSTEM
Board of Trustees Meeting

at the University of Maine at Presque Isle
May 21 & 22, 2017

Board of Trustees Meeting

Present: Samuel Collins, Chair; Gregory Johnson, Vice Chair; Jason Coombs, James Donnelly (by phone), Lisa Eames, James Erwin, Norman Fournier, Mark Gardner, Michelle Hood, Kelly Martin, Shawn Moody, Theresa Sutton (by phone) and Karl Turner (by phone). **Chancellor:** James Page. **Faculty Representatives:** Ray Albert, Uriah Anderson, Terry Colby, Lisa Leduc, Cathleen McAnney, and Patti Miles. **Student Representatives:** Keith Arvanitis, Austin Cyr, Alex DesRuisseaux, Issac Michaud, Jay Knowlton, and Samuel Borer. **University Presidents:** Glenn Cummings, James Conneely, Kathryn Foster, Susan Hunter, John Short, Ray Rice and Sue Huseman. **System Staff:** Tracy Bigney, Lynda Dec, Dan Demeritt, Tracy Elliott, Chip Gavin, Ryan Low, Tamara Mitchell, Rosa Redonnett, Mark Schmelz, James Thelen, Richard Thompson, and Rebecca Wyke.

Absent: Robert Hasson.

Sunday, May 21, 2017

Trustee Collins, Chair, called the meeting to order.

EXECUTIVE SESSION

On a motion by Trustee Erwin, which was seconded by Trustee Moody, 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, employment and duties.

On a motion by Trustee Johnson, which was seconded by Trustee Moody, the Board of Trustees concluded the Executive Session.

CHAIR'S REMARKS

Trustee Collins stated that Trustees Donnelly and Turner would be participating in the meeting by phone. Trustee Collins thanked President Rice and the staff at UMPI for hosting the Board of Trustees meeting. He welcomed Mr. Carl Michaud, Chair of the UMPI Board of Visitors (BOV) and thanked him for joining the Trustees at the Board table.

Trustee Collins shared the news that Bonnie Newsom defended her dissertation on April 25th and she wanted to thank everyone for the support and encouragement she received while she was a member of the Board. He also commented that John Murphy has recently retired from UMFK. He served in many leadership positions, including Interim President. The Board recognized John last July for his service. His retirement will be celebrated tomorrow in Fort Kent.

Trustee Collins read the certificate of appreciation for Sarah Elizabeth Connelly to thank her for her dedication and leadership as the USM Student Representative.

ACCEPTANCE OF MINUTES

On a motion by Trustee Fournier, which was seconded by Trustee Gardner, the minutes from the following meetings were unanimously approved as presented:

- March 9, 2017 – Investment Committee Meeting
- March 26 & 27, 2017 - Board of Trustees Meeting
- April 3, 2017 – Executive Committee Meeting
- April 27, 2017 – Finance/Facilities/Technology Committee Meeting
- May 15, 2017 – Investment Committee Meeting

COMMITTEE REPORTS

Academic & Student Affairs Committee. Trustee Johnson reported that the Committee met on May 16, 2017. The following items were approved by the Committee to be forwarded to the Consent Agenda at the May 21-22, 2017 Board of Trustees meeting: Board Policy 402 and UMS Implementation, Amendment to Appointment End Date for the University of Maine Board of Agriculture, the University of Maine at Presque Isle Reorganization and the Duties and Obligations for the Faculty Representatives to the Board of Trustees. The Committee received updates on the active shooter training, unified online/distance education, and the One University and NEASC.

Executive Committee. Trustee Collins reported that the Committee met by conference call on April 3, 2017. The Committee held an Executive Session to discuss personnel issues and consult with General Counsel regarding legal rights and duties of the Board.

Finance/Facilities/Technology Committee. Trustee Fournier reported that the Committee met on April 27, 2017. The following items were approved by the Committee to be forwarded to the Consent Agenda at the May 21-22, 2017 Board of Trustees meeting: Sale of Real Property at UMPI, Highmoor Farm Greenhouse at UM and the PeopleSoft HCM (HR) Upgrade. The Committee approved the following items to be forwarded to the Board for action at the May 21-22, 2017 meeting: FY2018 Proposed Operating & Capital Budget and Student Charges, the UMaine Capital Campaign and the USM Capital Campaign. The Committee received an update on the Information Technology Projects with a value of \$250,000 or greater and the Capital Projects Status Report. The Committee received an update on housing activity at UMA. An Executive Session was held at the end of the meeting to discuss the Sale of Real Property.

Investment Committee. Trustee Turner reported that the Committee met on May 15, 2017. The Committee had presentations for a new Bank Loan Manager from Bain and Guggenheim. Guggenheim was selected for the Managed Investment Pool (MIP) and the Pension Fund and the Committee agreed on the retention of Loomis Sayles for the Operating Fund allocation. The Committee approved the updated Investment Policy Statements for the MIP, Defined Benefit Pension Fund and the Operating Fund. NEPC provided an update on ESG initiatives and discussed next steps with the Committee. NEPC provided performance reviews and CAPTRUST provided an update on the Defined Contribution Plan.

Human Resources & Labor Relations Committee Update. Trustee Erwin explained the 2016 Workforce Profile Report and 2016 Turnover Analysis are included in the Board meeting materials. These reports will be discussed at the next Human Resources & Labor Relations Committee.

ACTION ITEMS

Confirmation of Faculty and Student Representatives to the Board of Trustees. The following nominations are being recommended by the Presidents and are being forwarded to the Board for approval. On a motion by Trustee Hood, which was seconded by Trustee Fournier, the Board of Trustees approved the appointments of the following Faculty and Student Representatives to the Board of Trustees:

Faculty Representatives:

Patti Miles, UM - reappointed for one-year term - June 2017 to June 2018
Terry Colby, UMA - reappointed for two-year term - May 2017 to May 2019
Ray Albert, UMFK - reappointed for two-year term - June 2017 to June 2019

Student Representatives:

Keith Arvanitis, UMA - two-year term - May 2017 to May 2019
Jay Knowlton, USM Grad. Student Rep. - reappointed for one-year term - May 2017 to May 2018
Dylan Reynolds, USM Student Rep. - two-year term - May 2017 to May 2019

Appointment of Interim Clerk of the Board of Trustees. Chancellor Page explained the Board of Trustees Bylaws provide that the Board will appoint a Clerk who shall serve at the pleasure of the Trustees. Duties of the Clerk are enumerated in the Bylaws and include responsibility for agendas, minutes and all official documents of the Board of Trustees.

Tracy B. Bigney served as Clerk of the Board since November 2013. Ms. Bigney will retire as Clerk of the Board effective June 30, 2017.

Chancellor Page recommended that Ellen N. Doughty be appointed as Interim Clerk of the Board of Trustees. Ms. Doughty has served the Board of Trustees since September 2002, assuming progressively greater responsibilities over the years. She currently serves as Administrative Coordinator for Board Operations. Prior to her work with the Board of Trustees, Ellen held positions in Development at the University of Maine and in the System Office of Human Resources. She is a graduate of the University of Maine at Augusta.

On a motion by Trustee Fournier, which was seconded by Trustee Erwin, the Board of Trustees approved the appointment of Ellen N. Doughty as Interim Clerk of the University of Maine System Board of Trustees effective July 1, 2017. The term of the interim appointment will be nine months with the possibility, after Board review, of regular appointment thereafter.

CONSENT AGENDA

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

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 May 16, 2017:

Board Policy 402 – Sex Discrimination, Sexual Harassment, Sexual Assault, Relationship Violence, Stalking and Retaliation: Resolution. The Board of Trustees and the campuses of the University of Maine System reaffirmed their commitment to ensuring that all employees and students participate in appropriate training and educational programs connected to Board

Policy 402. As mandatory reporters, all employees are required to participate in this training and/or other equivalent educational program. Participating in appropriate training and/or other educational programming is required of all newly matriculated students as well as any other key populations as indicated by each campus and is strongly recommended for all other students.

Amendment to Appointment End Date for the University of Maine Board of Agriculture.

The Board of Trustees approved Dr. Ellen Mallory as the research faculty appointment to the UMaine Board of Agriculture effective January 1, 2017. Dr. Ellen Mallory will complete the term of Dr. Lois Berg Stack with an end date of March 19, 2018.

University of Maine at Presque Isle Reorganization. The Board of Trustees approved the proposed reorganization of the University of Maine at Presque Isle resulting in a structure of two academic colleges (Arts and Sciences; Professional Studies and Education), with an Academic Dean serving each college.

Duties and Obligations of the Faculty Representatives to the Board of Trustees. The Board of Trustees endorsed the Duties and Obligations for Faculty Representatives to the University of Maine System Board of Trustees.

The Board of Trustees reviewed the following agenda items as forwarded by the Finance/Facilities/Technology Committee to the Consent Agenda from its meeting on April 27, 2017:

Sales of Real Property. The Board of Trustees approved the recommendation of the Finance/Facilities/Technology Committee to sell approximately 130 acres in New Sweden as described in the Agenda Item Summary subject to review and approval by the University Treasurer and General Counsel of all final terms and conditions.

Highmoor Farm Greenhouse Renovation through Replacement, UM. The Board of Trustees approved the recommendation of the Finance/Facilities/Technology Committee to increase the footprint by approximately 400 square feet as part of the demolition and replacement of a greenhouse facility at the University of Maine's Highmoor Farm in Monmouth, Maine.

PeopleSoft HCM (HR) Update. The Board of Trustees approved the recommendation of the Finance/Facilities/Technology Committee for the PeopleSoft HCM upgrade and related improvements project in an amount not to exceed \$850,000 with specific funding sources to be determined by the University of Maine System Treasurer.

DISCUSSION ITEM

Northern Maine Food Aggregator Named for Universities. Mr. John Rebar, Executive Director for UMaine Cooperative Extension, announced that Circle B Farms of Caribou, Maine has recently been chosen to serve as the Northern Maine food aggregator for the University of Maine System by Sodexo, the University food vendor. The Board was updated on the University's effort to make local foods available in campus dining halls, the partnership that led to Circle B Farms' designation, and a brief overview of how the addition of a Northern Maine food aggregator creates a new institutional customer distribution channel that small, local producers can use to grow and diversify their farms.

BOT/BOV MEETING. The UMPI Board of Visitors (BOV) met with the members of the Board of Trustees. The following members of the UMPI BOV were present: Carl Michaud, Chair; Jeff Ashby, Co-Chair; Ellen Benis; Jason Parent; Jason House; John Lisnik; Darlene Higgins, Chantel Pelletier and Steven Richard.

MMG CLASSROOM. Attendees were encouraged to stop by the MMG classroom on the 1st floor of the Campus Center.

Monday, May 22, 2017

Trustee Collins, Chair, called the meeting order.

EXECUTIVE SESSION

On a motion by Trustee Gardner, which was seconded by Trustee Hood, 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, employment and duties.

On a motion by Trustee Eames, which was seconded by Trustee Johnson, the Board of Trustees concluded the Executive Session.

CITIZEN COMMENT

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

Jim McClymer – Recognition of Tracy Bigney

CHAIR'S REPORT

Trustee Collins stated that Trustees Donnelly and Turner would be participating in the meeting by phone and thanked President Rice and the staff at UMPI for hosting the Board of Trustees meeting. He welcomed Mr. Carl Michaud, Chair of the UMPI Board of Visitors (BOV) and thanked him for joining the Trustees at the Board table.

Collaborative Efforts within the University of Maine System. At the request of Trustee Collins, the campus Presidents highlighted aspects of the report of collaborative efforts with the University of Maine System that was included in the Board meeting materials.

Resolution for James F. Conneely. On a motion by Trustee Erwin, which was seconded by Trustee Coombs, the Board of Trustees approved the following resolution for James F. Conneely:

Whereas, Dr. James Conneely has served as President of the University of Maine at Augusta since January 19, 2016; and

Whereas, Dr. Conneely will complete his service as President on June 30, 2017; and

Whereas, President Conneely advocated and supported UMA's state-wide mission as a leader in distance education and strengthened UMA's partnership with University College; and

Whereas, under his leadership an economic impact study documented the state-wide impact of UMA and higher education to the state; and

Whereas, Dr. Conneely demonstrated a strong commitment to early college and the building of partnerships with secondary education partners; and

Whereas, he worked to create an effective and engaged community and Board of Visitors who understand and support the mission and direction of UMA's strategic plan; and

Whereas, he held regular and planned fireside chats to improve communication with faculty and students within the multiple campus environment; and

Whereas, Dr. Conneely embraced and supported UMA's role in collaboration among and between the other UMS institutions;

Be it known to all that we, the University of Maine System Board of Trustees, offer our most sincere gratitude, thanks, and best wishes to Dr. James F. Conneely for his outstanding contributions to the quality of higher education in Maine.

Approved on the 22th day of May, 2017, by the University of Maine System Board of Trustees, acting as stewards of Maine's public universities and their nearly 30,000 students, 5,000 employees and more than 200,000 living alumni.

Resolution for Tracy B. Bigney. On a motion by Trustee Erwin, which was seconded by Trustee Fournier, the Board of Trustees approved the following resolution for Tracy B. Bigney:

Whereas, Tracy B. Bigney has served with distinction for the University of Maine System for 43 years, including as the twenty-seventh Clerk of the Board of Trustees since November 2013;

Whereas, during her career at UMS, Tracy has held positions in the University of Maine's Social Science Research Institute and the Office of Employee Relations, and with the University of Maine System where she has held positions as Executive Director of Human Resources, Chief of Staff and Chief Human Resources and Organizational Development Officer;

Whereas, she restructured the University of Maine System compensation and classification program and has worked successfully with numerous bargaining teams for over thirty years. Tracy has had a significant effect in shaping the UMS leadership through her execution of many successful executive searches and evaluations;

Whereas, she has demonstrated dedication, conscientiousness and passion for public higher education, serving on or chairing many committees, employment searches, and external organizations, always working tirelessly for the benefit of the University of Maine System and its employees;

Whereas, she was instrumental in establishing a collaborative environment in the University of Maine System Human Resources Department, initiated the annual human resources conference, and was a manager of change, using many methods including "Who Moved My Cheese" and "The Cobblers Children Have No Shoes" as inspiration to employees;

Whereas, she always found inventive and creative ways of motivation and stayed current on higher education and employment trends and issues. She has continued her passion to engage with students by becoming a Cooperating Faculty Member with the Maine Business School teaching Human Resource Management classes;

Whereas, Tracy has been a trusted advisor and resource to members of the Board of Trustees, Chancellors, System Staff and employees;

Whereas, we will miss her collaborative leadership, intelligence, wisdom, logical thinking, institutional knowledge, humor and respect; and

Whereas, Tracy Bigney will retire from the University of Maine System on June 30, 2017;

Now, therefore, be it known to all that we, the University of Maine System Board of Trustees, offer our most sincere gratitude, thanks, and best wishes to Ms. Tracy B. Bigney for her outstanding contributions to the quality of higher education in Maine.

Approved on the 22nd day of May 2017, by the University of Maine System Board of Trustees, acting as stewards of Maine's public universities and their nearly 30,000 students, 5,000 employees and more than 200,000 living alumni.

CHANCELLOR'S REPORT.

Legislative Update. Chancellor Page and Mr. Ryan Low, Chief Financial Officer and Treasurer, provided a brief update on legislative activities. Chancellor Page thanked the Board of Visitors for their engagement with legislative issues and discussions with legislators. Chancellor Page thanked everyone who offered good advice and consultation and testified on the various bills. He commented that the UMS still has a bill to support a General Obligation Bond; however, it would be premature to determine if there will be a bond package this year.

Educate Maine. Chancellor Page stated that the University of Maine System is a partner with Educate Maine with many initiatives, including Project Login. Education Maine has released a publication that talked about the "Year in Review for 2016".

NEASC. Chancellor Page stated that the UMS is in a collaborative, multi-year relationship with NEASC as the System undertakes the key One University reforms. NEASC has been an active, engaged partner from the beginning and they recognize and understand the need for change that the UMS will require. The UMS was requested to address specific questions in the areas of unified financial management and multi-campus academic programs. Those discussions have continued and NEASC has asked for a follow-up presentation in June to review progress in those areas. The discussions have centered on pursuing a matrix style organization for the Chief Business Officers with the campus and the System. The Presidents have approved the conceptual framework that has been developed. The System feels this will better reflect how financial management occurs within the System and keep the System moving forward with the unified structures. It is hoped that it will satisfy the Commissions' concerns.

Presidential Appointment. Chancellor Page thanked the great many individuals who participated in discussions about the new organizational structure for the University of Maine at Presque Isle and the future leadership needs of the campus. Reflective of the input and enthusiastic support for the current direction, the Chancellor recommended to the Board of Trustees a search waiver and a direct appointment of Dr. Raymond Rice as the President of the University of Maine at Presque Isle.

On a motion from Trustee Johnson, which was seconded by Trustee Gardner, the Board of Trustees approved the appointment of Dr. Raymond Rice as President of the University of Maine at Presque Isle effective July 1, 2017 for a two-year renewable term at an annual salary of \$170,000. Dr. Rice will also continue to serve as Provost and will receive an annual stipend of \$5,000 for responsibilities as Provost for as long as he holds the post.

VICE CHANCELLOR FOR FINANCE AND ADMINISTRATION'S REPORT.

Chief Information Officer Search. Dr. Rebecca Wyke, Vice Chancellor for Finance and Administration, stated that over 100 applications were received for the Chief Information Officer Search and 14 candidates were selected for interactive interviews. Four candidates were invited for on-site interviews and the two finalists are David Johnson and David Demers. The two finalists will be invited back to the UMS for additional discussions.

Data Governance Advisory Council. The Data Governance Advisory Council membership includes Dr. Neely, Ms. Rosa Redonnett and Mr. Richard Thompson. The Council is the decision-making authority to set up a Data Governance Program for the University of Maine System. Other campus and System staff who have expertise in this area provide support to the Council. A daylong retreat is planned on June 22nd to start the development of the Data Governance Program. The initial needs of the program have been identified, including a charter, guiding principles, investigating other governance structures at other institutions, determining strategic data governance priorities in order to support the Trustees' goals, and evaluation of data access and security profiles as well as standards and guiding principles for the ethical use of data.

Update on Strategic Resource Allocation Planning. Vice Chancellor Wyke provided an update on the Strategic Resource Allocation Planning process. The Board of Trustees' four primary outcomes are: increase enrollment, improve student success and completion, enhance fiscal positioning, and support Maine through research and economic development. The two secondary outcomes are: relevant academic programming and university workforce engagement. This spring the team make its third round of campus visits to share the initial set of priorities that fit within the current amount of funding that is available. The team also shared a second set of priorities that if funding became available should be strongly supported.

The team stressed the importance of the matrix that has been designed to assess the progress toward meeting the goals. A survey was also developed to assess the level of support for all seven campuses for the investments to advance the goals as well as the metrics to measure progress.

There were 220 respondents to the survey. All seven institutions were well represented and support was expressed for all of the investments; however, priorities varied from campus to campus. The Chancellor and Vice Chancellor Wyke have been discussing the use of one-time funds to advance the Trustees' goals beyond the current funding that is available. The most likely source of that funding is the use of some of the temporary investment income.

ACADEMIC AFFAIRS' UPDATE

Dr. Robert Neely, Vice Chancellor for Academic Affairs (VCAA), provided an update on Academic Affairs.

Program Innovation Fund

In November 2016, a call for collaborative academic programs for enrollment growth was issued across the seven UMS campuses. Seventeen proposals were received by the March 2017 submission

date, with an aggregate funding request exceeding \$2 million. Dr. Neely summarized briefly the evaluation and ranking of all proposals, and provided a description of the programs recommended for funding. The Program Innovation Fund effort primarily relates to the following Board of Trustees' outcomes: increase enrollment, enhance fiscal/strategic position, relevant academic programming and workforce engagement.

Programs for Examination

Dr. Neely discussed with the Board of Trustees the need for a simple, metric-driven approach for annual use to gauge the vigor of academic programs. The Chief Academic Officers have unanimously endorsed the use of three-year rolling averages for the following variables to identify "Programs for Examination:" (a) number of graduates per year; (b) number of majors; and (c) number of base-funded faculty. Programs not meeting these thresholds would be examined by the Provost, in collaboration with the faculty and VCAA, regarding other critical parameters of the program. If concerns remain about such programs after a broader discussion, a Provost will need to consider an action plan to address low numbers of graduates, majors and/or faculty. Dr. Neely described the minimum thresholds. The methodology to identify Programs for Examination primarily relates to the following Board outcomes: increase enrollment, improve student success, and relevant academic programming.

Maine Nursing Summit

Dr. Neely provided an update regarding current plans for the Maine Nursing Summit, including the work of the organizing committee and the plans for the Summit's agenda. The Summit primarily relates to the following Board outcomes: workforce engagement.

Administrative Program Integration (PI) Teams

Two teams to resolve financial and student barriers to academic collaboration have been launched; thus, Dr. Neely encapsulated the progress to date of each team. Additionally, preparatory work for enhancing access to library resources and the System's institutional research capability was summarized. The administrative PI teams are directly related to the following Board outcomes: increase enrollment, improve student success, and relevant academic programming.

Identification of Peer Institutions

The UMS has been engaged with Hanover research for the last two months to identify peer institutions for each of the UMS campuses. The analysis involves the use of >60 variables to calculate similarity scores between each UMS campus and potential peers. Dr. Neely and Chief Financial Officer Low demonstrated a dashboard with filtering variables for examining UMS peer institutions, as well as the preliminary findings for the UMS campuses. The administrative PI teams are directly related to the following Board outcomes: enhance fiscal/strategic position, improve student success, and relevant academic programming.

TREASURER'S REPORT.

Financial Update. Mr. Ryan Low, Chief Financial Officer and Treasurer, provided the following financial update.

Managed Investment Pool (including Endowment Fund). The Managed Investment Pool (MIP), with a market value of \$290 million, returned 1.0% for the month of March and 8.1% for the fiscal year to date. Changes in market value besides market fluctuation include: participant contributions and distributions including 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. The Defined Benefit Pension Plan, with a market value of \$32 million, saw a return for the month of March of 0.7% and 4.6% for fiscal year to date.

Operating Fund. Operating Funds, with a market value of \$274 million, returned 0.3% for the month of March and 2.7% for fiscal year to date.

Unified Budget Update. Mr. Low provided an update on the Unified Budget implementation plan. Below are the recommendations for each category. The implemented recommendations are indicated with a check mark.

Tuition and Fees Recommendations

- ✓ Develop a Tuition Rate Pricing Structure for the University of Maine System. Establish 3 bands of tuition across UMS
- Develop one unified rate structure for undergraduate degree programs that are fully online
- Every collaborative degree program will set one agreed-upon rate structure for that program
- Establish and enforce new definitions for course and program fees
- Maintain existing unified fees, but rename the fee to a more descriptive name such as "Student Support Fee"
- Examine all other fees for opportunities to simplify and make consistent across campuses
- ✓ Consider offering a block tuition rate at 15 (or 16 for UMF) credit hour rate for students taking 12-18 credit hours

State Allocation Model Recommendations

- ✓ Make strategic base budget adjustments
- Transition to new funding model in FY2019
- ✓ Flow of new appropriations
- ✓ Allocation model – regular review
- ✓ Tuition & Fees
- Student financials collaboration
- Maine Economic Improvement Fund

Institutional Aid/Waivers Recommendations

- Exploration of combining and/or distributing aid centrally
- Opportunities for additional back office collaborations of verification
- Improve student service through back office collaborations of verifications
- Improve student service and access to aid by pursuing universal on-line application protocols and tools
- ✓ Private funds raised at the campus level
- In-State merit aid
- ✓ Marketing
- Expected Family Contribution (EFC) gap
- Discounting

Unrestricted Net Position Recommendations

- Treatment of UNP balances as of June 30, 2017
- Treatment of future surpluses and deficits
- Reporting of auxiliary enterprises
- Review of auxiliary enterprises

Unified Budget Capital Budgeting and Planning

- ✓ Formalize one-year capital plan into the annual budget process
- ✓ Consider establishing a Facilities and Technology Fee across all campuses with the revenue designated for capital improvement at each campus
- ✓ Establish capital committee charged with reviewing requests made of the central pool and any potential bond funding

Multi-Year Financial and Structural Gap Analysis. Mr. Low provided an update on the Multi-Year Financial and Structural Gap Analysis. The eight major revenue and expense categories are: enrollment, tuition, unified fee, appropriation, compensation, benefits, non-compensation expense, and capital expenditures. Incorporating current information and estimates, the analysis shows the elimination of the budget gap in FY2022.

ACTION ITEMS

University of Southern Maine – The Next Generation Capital Campaign. USM President Glenn Cummings proved an overview of the University of Southern Maine – The Next Generation Capital Campaign. The University of Southern Maine submitted a request for approval of a comprehensive campaign, “USM: The Next Generation” to raise an anticipated \$80 million. The campaign plan will include the following:

- background documents for a new campus center, residence halls and athletic facilities
- vision and feasibility for a Performing Arts Center
- continued support and investment in students for The Promise Scholarship fund

On a motion by Trustee Fournier, which was seconded by Trustee Moody, the Board of Trustees approved the University of Southern Maine – “USM: The Next Generation” capital campaign plan as presented by President Cummings and recommended for approval by the Finance/Facilities/Technology Committee at its April 27, 2017 meeting.

University of Maine Comprehensive Campaign. UMaine President Susan Hunter provided an overview of the University of Maine Comprehensive Campaign. University of Maine submitted a request for approval of its “Comprehensive Campaign” to raise an anticipated minimum of \$200 million. UMaine will conduct its campaign in partnership with the University of Maine Foundation.

The campaign includes funds for:

- student support including scholarships, assistantships and fellowships
- faculty support including endowed chairs, professors and research facilities
- capital projects including a state of the art engineering building
- endowed excellence
- current operations

On a motion by Trustee Fournier, which was seconded by Trustee Martin, the Board of Trustees approved the University of Maine’s “Comprehensive Campaign” plan as presented by President

Susan Hunter and recommended for approval by the Finance/Facilities/Technology Committee at its April 27, 2017 meeting.

Election of Board Officers. Trustee Norman Fournier, Chair of the Trustee Nominating Committee, indicated the other members of the Nominating Committee were Mark Gardner and Michelle Hood. The Committee proposed that Trustee James Erwin serve as chair and Trustee Karl Turner serve as Vice Chair for 2017-2018 fiscal year.

On a motion by Trustee Fournier, which was seconded by Trustee Gardner, the Board of Trustees approved the Board of Trustees' slate of officers for 2017-2018. Trustee James Erwin will serve as Chair and Trustee Karl Turner will serve as Vice Chair.

FY2018 Proposed Unified Operating & Capital Budget and Student Charges. Chief Financial Officer Low presented the FY2018 Proposed Unified Operating & Capital Budget and Student Charges for the University of Maine System.

FY18 Budget Overview

The budget focus is on the Board of Trustees' priority and secondary outcomes. The credit hour generation is projected to increase by 12,700 credit hours in FY2018. This budget will be the first in state, undergraduate tuition and unified fee increase since FY2012. UMFK and UMM will each receive \$1 million in base allocation, UMPI will receive \$500 thousand in base allocation and \$500 thousand on a one-time basis. Two campuses are using campus reserves to balance their FY2018 budgets. Governor LePage's proposed FY2018-19 biennial budget increased appropriation annually by \$1.65 million.

Budget Stabilization Fund

The Budget Stabilization Fund was created to enable the UMS to smooth the financial impact of adverse markets, economic conditions, and address other financial challenges. The Budget Stabilization Fund was created in 2010 and has been built from net investment income that exceeded budget pursuant to the Board of Trustees' investment policy. The Treasurer will only authorize all or a portion of the transfer needed to offset a net unrestricted operating loss for each institution at the close of FY2017 and FY2018.

Appropriation

FY2018 budgets are based on an annual \$1.65 million increase in E&G state appropriation per the Governor's FY2018-19 biennial budget request plus the continuance of a \$4.65 million FY2017 supplemental budget request by the Governor in lieu of an FY2017 in-state, undergraduate tuition and unified fee increase. The \$1.65 million includes the following:

- \$500 thousand for Early College
- \$400 thousand for UMCE Animal and Plant Disease and Insect Control Laboratory
- \$750 thousand in new funds which includes \$225 thousand from Administrative Savings and \$525 thousand to be distributed through the Outcomes Based Funding

Campus budgets reflect allocating 25% of the campus appropriation through the Outcomes Based Funding formula. The State of Maine 2018-19 biennial budget request also includes the second year of \$2.5 million in debt service funding to support a 9-year revenue bond that would allow the University to leverage \$22 million for infrastructure improvements. This appropriation is considered "restricted" and, therefore, not included in the unrestricted operating budget.

Enrollment

The major factors impacting enrollment include the following:

- FY2018 credit hours are up 1.9% over FY2017 actual credit hours.
- FY2018 out-of-state budgeted credit hours are up 33% since FY2014 actuals and represent 21% of total credit hours
- Maine public high school graduates will decline to approximately 12,000 through 2030.
- Approximately 54% of Maine high school students enroll in college; UMS share historically is 30-35% (or 18% of an entire graduating class)

Residence Hall Occupancy

UMS FY2018 Occupancy Rate is 94% and ranges from 97% at UMFK & USM to 77% at UMM. The Residence Hall occupancy is flat or slightly up at 4 of the 6 campuses with residential operations. Excluding UMaine, excess capacity at the remaining 5 campuses with residential operations has been reduced from 726 in FY2014 to 217 in FY2018, a reduction of 590 beds (70%).

FY2018 Recommended In-State Tuition Rates

This is the first tuition and unified fee increase since FY2012. The 2.6% increase for in state, undergraduate tuition and the unified fee is based on the Consumer Price Index. Additional tuition increases at UMA, UMFK, UMPI and USM and the additional unified fee increases at UMFK and UMPI are due to partial implementation of the new Unified Budget Pricing Structure. The student activity fees increased at UMaine and UMPI. The room rates increased at UMPI and the room and board increased at UMaine and UMF.

Funding Depreciation

Depreciation expense increased from \$33.4 million in FY2017 to \$36.1 million in FY2018. Seventy-four percent of the total depreciation expense is funded in the FY2018 budget, which is the same percent as the FY2017 budget. To maintain the 74% funding level, \$1.8 million more is being expended in FY2018.

Capital Investments

Capital investments increased by 3.5%. The E&G and Auxiliary budgeted capital investment is \$16 million, which is an increase of \$1.7 million or 11.9%. UMA's investments reduced due to overall operating budget deficit and UMM budgeted \$0 in FY2017 but is budgeting \$18,981 in FY2018.

Maine Economic Improvement Fund

The Maine Economic Improvement Fund (MEIF) is \$17.35 million. UMaine's portion of the MEIF is 77% or \$13.29 million with 19% or \$3.29 million for USM, \$250,000 or 1% to UMM, and the small campus initiative at 3% or \$520,500.

Compensation & Benefits

Compensation & Benefits continues to be the single largest cost driver representing 72% of the E&G budget or 66% of the overall unrestricted operating budget. The FY2018 internal benefit rate is increasing to 53% up from 52.4% in FY2017. Medical costs are currently forecast to increase 4.5% for calendar year 2017. This is the result of the revised contribution strategy included in the current bargaining contracts, a reduced number of covered lives, and plan design changes. The Employee Benefit Reserve had \$10.6 million at the end of FY2016. It is recommended that reserve levels for self-insured health benefit programs equal 3 to 6 months of benefit costs. For the UMS, this would be between \$17 - \$34 million.

The FY2019 budget position change for the UMS is a net increase of 32.2 employees. The FY2018 proposed E&G budget reflects a revenue increase of \$19,418,460.

On a motion by Trustee Fournier, which was seconded by Trustee Moody, the Board of Trustees accepted the recommendation of the Finance/Facilities/Technology Committee and approved the FY2018 Proposed Unified Operating & Capital Budget, Recommended Student Charges, and proposed Transfers from the Budget Stabilization Fund and Institutional Reserves.

INFORMATION ITEMS

The following items were included in the agenda for information only:

- Capital Projects Status Report
- Collaborative Efforts within the University of Maine System
- Report of the Public Higher Education Systems Coordinating Committee
- 2016 Workforce Profile Report
- 2016 Turnover Analysis
- Agenda Calendar

EXECUTIVE SESSION

On a motion by Trustee Hood, which was seconded by Trustee Turner, 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, employment and duties.
- 1 MRSA Section 405 6-D to discuss planning for negotiations and communications with AFUM, UMPA, ACSUM, Police, PATFA, and Service and Maintenance Units.

On a motion by Trustee Fournier, which was seconded by Trustee Eames, the Board of Trustees concluded the Executive Session.

Confirmation of Boards of Visitors Appointments for 2017-2018.

On a motion by Trustee Martin, which was seconded by Trustee Hood, the Board of Trustees confirms the Boards of Visitors appointments for 2017-2018, as presented.

Tenure Request: Vice President for Research and Dean of the Graduate School, UM.

On a motion by Trustee Fournier which was seconded by Trustee Moody, the Board of Trustees approved tenure at the rank of professor to the candidate for Vice President for Research and Dean of the Graduate School at the University of Maine, with tenure to be effective if/when the administrative position ends and the individual assumes a full-time faculty position in the Department of Electrical and Computer Engineering, in accordance with Board policy.

Tenure Request: Stephen E. King Chair in Literature, UM.

On a motion by Trustee Erwin, which was seconded by Trustee Eames, the Board of Trustees approved tenure at the rank of professor to the candidate for Stephen E. King Chair in Literature at the University of Maine, with tenure to be effective on the date of initial hire, August 28, 2017.

Reappointment of the Chancellor.

On a motion by Trustee Hood, which was seconded by Trustee Fournier, the Board of Trustees extended the term of appointment for Chancellor James H. Page by one year, resulting in an appointment term ending June 30, 2019.

DATE OF NEXT MEETING

The next meeting of the Board of Trustees will be held on July 17, 2017 hosted by the University of Maine System at the University of Maine.

Adjournment

Ellen Doughty for

Tracy B. Bigney, Clerk