Committee of the Whole

Present: Norman Fournier, Vice Chair; Eleanor Baker, James Dowe, Jean Flahive, Krisandra Horn, William Johnson, Barry McCrum, Marjorie Medd, Paul Mitchell, Victoria Murphy, Wayne Newell, Charles O’Leary, and Lyndel Wischemper (by phone). **Chancellor:** Richard Pattenaude. **Faculty Representatives:** Raymond Albert, Terry Colby, Bert Jacobs, Harold Jones, Shallee Page, Robert Rice, and Joanne Williams. **Student Representatives:** Rebecca Dyer, Nathan Grant, Bernice Michaud, Cynthia Nesbit, Julie-Ann Scott, Meredith Summer, Dustin Ward, Charles Weiss, Eli Yoder. **University Presidents:** Selma Botman, Richard Cost, Allyson Handley, Cynthia Huggins, Theodora Kalikow, Robert Kennedy, and Donald Zillman. **System Staff:** Kelley Wiltbank.

Absent: Susan Gendron, Tamera Grieshaber and Kevin McCarthy.

Trustee Fournier called the meeting to order and welcomed everyone. Trustee Fournier recognized former Trustee James Mullen who was present at the meeting and thanked him for his continued interest and dedication to the UMS.

**Confirm Student Representatives to the Board of Trustees.** Chancellor Pattenaude reviewed the following nominations for student representatives recommended by the Presidents:

- Eli Yoder, UMF (term – November 2009 to May 2011)
- Bernice Michaud, UMFK (term – November 2009 to May 2010 – finishing the term of Antonio Mosquera)

On a motion by Trustee Johnson, which was seconded by Trustee Medd, the Committee of the Whole agreed to forward the recommendation to the consent agenda for action.

**Approval and Implementation of the New Challenges, New Directions Plan: The University of Maine System and the Future of Maine.** Chancellor Pattenaude explained the University of Maine System is facing an unprecedented financial challenge brought on primarily by the impact of the global recession, state revenue short falls, investment income losses, and decreased enrollment. In January 2009, the Trustees asked the Chancellor and the Presidents to produce a plan to accomplish three key goals:

1. Serve the changing and evolving knowledge, research, public service, and educational needs of the people, businesses, and organizations of the state.
2. Keep the cost of baccalaureate and graduate education affordable for our students by moderating tuition increases.
3. Implement efficiencies, organizational changes, and further economies of scale to bring spending in line with available resources.

The result is the **Final Report and Implementation Plan of the New Challenges, New Directions Initiative – The University of Maine System and the Future of Maine.**

Chancellor Pattenaude formally presented the Transmittal Letter and New Challenges, New Directions (NCND) Final Report to the Board of Trustees. Chancellor Pattenaude explained the
changes in the Strategic Investment Fund. Due to the challenges the campuses are currently facing, the Strategic Investment Fund will be scaled back to $1 million for this year, $1.7 million next year and phase the Fund in over a three year period. A Work Group will be established to develop processes and principles to determine how the Fund will be used. Recognizing the changing impact of the financial conditions and in order to assist the campuses, half of the $1 million for this year will be funded from reserves. This will allow an extra $500 thousand to assist the campuses with financial issues.

Chancellor Pattenaude explained the NCND Dashboard Indicators which will be updated on a regular basis to indicate System-level data in the following areas: undergraduate applications, enrollment, distance education, residence hall occupancy, forecast to budget, and investment performance. In addition to the Final Report, an implementation Work Plan has been developed to track the measures of progress for each item identified in the Final Report. The Executive Sponsor, the Lead Staff, Responsible Parties, Priority, Investment, Savings, Timeframe, Milestones, Recommendation, and Detail are outlined for each topic in the NCND Plan.

General Discussion with the Board
Trustee Flahive asked the Chancellor to talk about the first item included in the Work Plan – Generate a Public Agenda. She indicated that the public agenda is usually generated by the governor and how will the UMS proceed with this initiative with a new governor next year. Chancellor Pattenaude commented that some states the public agenda is lead by the governor and some states the public agenda is lead by higher education which sponsors the conversation. The Compact for Higher Education has expressed interest in being part of the public agenda conversation.

Trustee Johnson commented that the UMS needs to be sure to invest and reinvest in the programs that are successful. He was pleased to see that comment noted in the Transmittal Letter. Chancellor Pattenaude stated that the UMS received wonderful feedback and the Plan is a blending of the old and new ideas to move the UMS forward and that it’s not just about cost cutting. The Plan is also about investment, building revenues, new markets, international students, and out-of-state students.

Trustee Medd asked if the Chancellor was working with anyone in the K-12 area in additional to the Compact for Higher Education. Chancellor Pattenaude explained that he is serving on the board of the Coalition for Excellence in Higher Education and they are focusing on the issue of K-12 working with higher education. Trustee Wishcamper inquired what document will be used to measure the interim benchmarks and at what intervals will the Board be discussing the benchmarks. The Chancellor explained that there is a need to measure process. This will be accomplished with the regular financial reporting to the Board three times a year, the dashboard indicators, the measures of progress and the detailed Work Plan. These will provide a solid basis for benchmarks. As the Plan progresses, two and four year goals have already been established and monthly goals are outlined in the Work Plan. In addition, the Board will receive an update at each Board meeting. Trustee Medd also suggested that at some point in the implementation process, the Board dedicate a half day session for more in depth discussion on progress. Trustee Flahive asked if the report will indicate the cost savings to date. The Chancellor explained that some of the reports are specifically focused on efficiencies on a regular basis, some will focus on savings on an annual basis, and some initiatives focus on doing things more effectively without additional costs.
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Trustee O’Leary commented that there is a great deal of fear and anxiety out on the campuses and the Board needs to be clear that this Plan is an attempt to alleviate the fear and anxiety and to express the Board’s support to the presidents to move the UMS forward for the people of Maine. It is important to immediately deal with the fear and anxiety because it is real. The Chancellor indicated that he has discussed this with the Presidents and everyone is working to alleviate the anxiety.

Trustee Baker inquired about the possibility of dealing with the problems through revenue growth. The Strategic Investment Fund should be focused on student retention and recruitment in order to increase the revenue stream. Chancellor Pattenaude explained that this process has started through the study of our financial aid funds, enrollments, markets, and tuition. This study will indicate if the UMS is using the financial aid funds to its best advantage. The study will also look at markets and enrollments because increased enrollments will strengthen our institutions. Trustee Medd commented that the image of the UMS is imperative to retain and recruitment prospective students and that image needs to be that the System is alive and competitive. The Chancellor commented that retention will be very important and a critical component. It is anticipated that the Portal Project will greatly assist with retention as well as recruitment.

Trustee O’Leary pointed out one component of the Plan indicates reviewing the current tuition waivers and asked the Chancellor to explain this concept. Chancellor Pattenaude explained that some of the tuition waivers are legislatively mandated and some of the waivers are Trustee policy. One agenda item for today’s Finance & Facilities Committee meeting is to review the proposed changes to Trustee Policy on Tuition Waivers. The fundamental recommendation is to ask students to seek all means of available state and federal financial aid prior to applying for a tuition waiver. This will reduce the amount of funds dispersed through tuition waivers but will not reduce federal aid to students or eliminate the waivers.

Trustee Fournier commented that the Plan is a working document and is only one tool to assist the UMS in moving forward. The next three to five years will be very challenging for the campuses and the System. Trustee Fournier commented that the Plan establishes a two year target of 26% of the Maine population to have at least a baccalaureate degree and inquired if this was a realistic goal. Chancellor Pattenaude stated that the UMS plays a significant but not the entire role in that variable. Other benchmarks have been reviewed and 26% target is a conservative number. The Presidents requested that the target be realistic due to the demographic downturn.

Trustee O’Leary inquired about how the funds will be used for the Strategic Investment Fund. Chancellor Pattenaude commented that there are short and long term investment options. Some of the short term projects are the Pricing Study, support for the three year degree programs, and technology upgrades like Polycom to allow institutions to share faculty. The long term investments could be the start up funding for a new program. The bulk of the dollars will go to the campuses for initiatives.

Trustee Murphy commented that there are milestones for defining the role and scope of each university that have been established in the Work Plan and questioned if the June 2011 timeline were reasonable. The Chancellor explained that the Work Plan will engage campus level processes. The campuses are working on their own timetables and some milestones will be
accomplished prior to June 2011. In addition the campuses are working on their own strategic plans to ensure those plans blend with the NCND Plan.

Trustee Mitchell asked for the Chancellor to define the definition of “new money” that will determined as the base year for State Appropriations to be used for the Strategic Investment Fund. The Chancellor explained that gifts, contracts, research and foundation money is not considered “new money”. The concept of using a percentage of the additional State Appropriations would be a method to reserve funds for strategic investments. Trustee Mitchell suggested that the “new money” needs to be determined after the rate of inflation.

Trustee Wishcamper commented that he supports the way the Strategic Investment Fund is set up because the System needs the funds for new ways of doing business. It needs to be a strategic fund with a state-wide perspective and investments in initiatives to help the campuses grow and increase revenue to the System. The mechanics to administer the Fund, who is going to administer the Fund, or how criteria will be used to invest in the Fund have not been established. It will be necessary to set up a process to administer the Fund where all constituents feel it is an inclusive process. He hopes that people see that the Board has dealt with the need for this type of investment in a rational and sensitive way to deal with new initiatives without adjustments to the existing funding formula.

Trustee Dowe asked the Chancellor if there is one thing in the Plan that is a major concern, one thing that is very exciting, and how can the Board help in accomplishing the goals. Chancellor Pattenaude responded by stating that one of the things that is very exciting is recognizing the need to use technology more effectively. The item that is of much concern is that while the System has incurred cuts and significant savings the target gets larger, therefore; how much can the System and the campuses continue to cut the budget without hurting our mission. The Board has encouraged transparency. With that transparency trust deepens, but in addition good dialog and clear expectations are also required. There will be tough decisions to be made and the Board will need to support those decisions because the System will not be able to keep everyone happy.

Trustee O’Leary commented that the System should not neglect traditions. Many people would rather see their name on a building rather than a website. System-wide it is important to remember how important UMFK and UMM are to the State of Maine and those individual communities. Chancellor Pattenaude commented that all of the smaller campuses are woven into their communities. These campuses are vital for aspirations and delivery of education. There is one Maine, one community, and one higher educational system that cares for the entire State.

Trustee Medd stated that it would be helpful to move forward with the simple things like a common calendar and transferability of credits because the overall concept of the Plan is to make life easier for the students.

Trustee Baker commented that the Board spent a great deal of time listening to public feedback on the Plan and Chancellor Pattenaude effectively outlined in the November 12, 2009 Transmittal Letter those concerns. She suggested when the Board approves the Plan that the Transmittal Letter be incorporated into the Plan to be part of the official Plan. Trustee Fournier recommended that the resolution be amended to incorporate the Transmittal Letter as part of the NCND Plan. The amended resolution is as follows:
Resolution

Whereas the State of Maine is enduring a large and difficult financial downturn; and

Whereas state revenues are not projected to return to 2008 levels for several years; and

Whereas the University of Maine System has seen its State E&G appropriation decrease by nearly $7 million from its highest point, in spite of the continuing support for the University of Maine System by the Governor and the State Legislature; and

Whereas the University of Maine System experienced a negative financial impact of over $16 million in FY09 due to the global financial crisis; and

Whereas the University of Maine System has already made reductions to its operating budget of $19.1 million in FY09 and an additional $18 million in FY10; and

Whereas it is essential to achieve financial sustainability in a strategic and system-wide manner; and

Whereas it is the fiduciary responsibility of the Board of Trustees of the University of Maine System to ensure the academic integrity, fiscal health, and affordability of the seven Universities that comprise the System;

It is therefore resolved that:

The Board of Trustees endorse the actions and goals presented in the Final Report and Implementation Plan of the New Challenges, New Directions Initiative – The University of Maine System and the Future of Maine incorporating the Chancellor’s Transmittal Letter of November 12, 2009 and charges the Chancellor to implement the plan with all deliberate speed.

On a motion by Trustee McCrum, which was seconded by Trustee Johnson, the Committee of the Whole agreed to forward the recommendation to the consent agenda.

Adjournment.

Ellen Doughty for
J. Kelley Wiltbank, Clerk