

Town Meetings  
October 26-28, 2009

Thank you all for joining me to discuss USM's future and the imperative of institutional change and reorganization. I am pleased that you have joined me here because I consider these open meetings essential to our future. They offer us a forum to share information, ideas, and apprehensions.

Before we begin discussing our future, I would like to provide you with a budget update on where we are today. I caution you. This narrative is going to sound only too familiar. The State tax revenues are plummeting, and there is no bright future on the offing that will return us to even level funding. We cannot bank any longer on the 35 cents on the dollar that the State has, in the past, contributed to higher education. And we can't in good conscience, expect tuition increases to even begin to pick up the slack. It has been made

abundantly clear, here in Maine and elsewhere across the country, that public higher education is increasingly on its own and must reorganize to solve its problems. I know people are worried and discouraged. I also feel disheartened. But we are not alone. Every UMS campus and most public universities in America are wrestling with the very questions that bring us together today.

So let's get the bad news out of the way right at the start: The State has asked the University of Maine System to prepare a \$7.4 million budget cut in FY 2010, with another cut of \$7.5 million in FY 2011. This translates into a 2010 mid-year reduction of \$1,746,000 for USM. Keep in mind that these cuts are separate from, and in addition to, the increased costs that naturally accrue as a matter of course: increased energy costs, financial aid, library subscriptions, salaries, emergency repairs, severance costs, and so forth.

These cuts come at a time when our tuition income has declined. As you may recall, we budgeted for flat enrollment and we are down 1 percent in student credit hours at all levels. We felt this decline especially among out-of-state students whose credit hours declined by roughly 5 percent.

The enrollment shortfall in FY 2010 is about \$1 million, about \$689,000 from the out-of-state students who didn't enroll or return.

The \$1 million in enrollment plus our \$1.7 million curtailment adds up to a \$2.7 million projected budget deficit.

The good news is that we held back stimulus money for anticipated mid-year state curtailments. You remember that over the course of three years we were to receive about \$4.7 million (\$2 million, \$1.35 million, \$1.35 million). We spent \$1.1 million to cover some instructional costs. That left us with roughly \$900,000 from first year dollars. We can add to that \$1.3 million from second year dollars. The

UMS is holding back third year dollars in order to use it to build a Strategic Investment Fund, which the campuses will have access to on a competitive basis.

Even with stimulus funding, given our rising operating costs and severance obligations, we are \$807,000 in the hole for the current fiscal year.

When we get to FY 2011, things look even bleaker. We will have no stimulus money available that year because the System will be holding those funds to use in a Strategic Investment Fund.

So, where does this leave us? We must develop a strategy to increase our revenue base. One way to do this is by increasing the size of our student body. How?

- Redoubling our efforts in retention.

- **Examining our undergraduate and graduate admissions practices to bring in more students.**
- **Developing academic programs that students are interested in studying.**

**Through very hard work, we balanced our budget last year and we generated a surplus of \$1.5 million in 2009. These dollars went into our reserve fund, which still remains in the negative column. We went from negative \$5.3 million in 2008 to negative \$2.2 million in 2009.**

**To hope for adequate state funding is to wish on a star. The State of Maine simply doesn't have sufficient resources to dedicate to public higher education. We have champions in the legislature. They want to help us. But the steady decline in both income and sales tax revenue thwarts their best efforts. This is dispiriting work for them and profoundly unsettling for us.**

However, there is a way forward to escape the cycle of fiscal crisis that threatens to become a way of life here at USM:

1. We must make whatever institutional adjustments are necessary to achieve financial sustainability. If we can't pay our bills, we can't do anything else.
2. We must develop three or four new programs that we can afford and that will draw substantial new student enrollment to the university. In its first year, our new sport management program has 100 majors — many from out of state — and we're looking for other new programs with similar appeal, such as art and entrepreneurship or undergraduate pathways to teaching certification.
3. Once we have settled on these new programs, we must market them intelligently and effectively. There is no quicker way to establish "buzz" about a university than to have a select set of

programs that are so highly desirable that students choose USM because of them and even compete for places within them.

4. We must work ceaselessly to place student success at the center of everything we do.

Many people have voiced concern about the degree of uncertainty involved in these efforts to set a new course for USM. That's completely understandable, and I share your angst. However, if USM is to continue its mission as Maine's only comprehensive public university, we must invest in our distinction, disinvest in those areas we can no longer afford, and do everything we can to build our capacity for generating revenues to fund quality, well-enrolled undergraduate and graduate programs.

Although the challenges are formidable, USM has considerable strengths that can lead us to success. I want to see a USM known throughout New England for its distinctive undergraduate and strong

graduate programs in such areas as creative writing, nursing, biosciences, public policy, the visual and performing arts. I want USM to develop new programs that speak to the needs of our times, that prepare students to take their places in this new century. I foresee a time when students come to USM because of our nationally recognized core curriculum. I look forward to a time when USM is recognized as a university that is committed to engaged education that links students to the widest variety of experiential learning opportunities in Maine. I want students and their families to marvel at how our Student Success Centers embody our institutional focus on student achievement. And I want our students to complete their degrees—with us.

We must aspire to and reach distinction with new and reconstituted majors. This may well necessitate additional funding, but that funding is only available through the reallocation of existing resources. That

means eliminating the programs that no longer match the needs of a 21<sup>st</sup>-century university and its students. That's a very hard pill to swallow. I know.

We are here today to discuss how USM can look forward to a sustainable future. Reorganization is one piece of this but it cannot, in itself, solve all of our problems. The White Paper offered a variety of scenarios to serve as conversation starters, but they are by no means exclusive. There are certainly other scenarios that might better serve our needs. In fact, I predict that our ultimate plan will diverge from any of the five scenarios offered.

Whatever course we embark on, however, our reorganization must not only make a significant contribution to the streamlining of the university, but also set the stage for a burst of programmatic creativity. It must reduce administrative overhead while it supports

**new collaborations between faculty and departments that result in exciting and timely new academic programs.**

**Change must be initiated not only at the college level but also at the programmatic level. That's where the inspired energy and imaginative ideas of faculty reside. That's where we distinguish ourselves from other colleges in this area. It should be no surprise that students don't care in which school or college their major sits. They care about their major and the quality of their lives within the university.**

**The results of our institutional change must provide the best possible environment for faculty to apply their intellectual capital—which is our most precious resource—to our mission, to the education of our students.**

**The pull of the status quo is powerful in higher education, but turning our backs on the need to re-imagine this institution will hasten the**

day when we will do few things well, other things poorly, and many things no more. Programmatic offerings will erode. Layoffs will continue. But most importantly our ability to serve the common good through vibrant and effective academic programs will be fatally undermined.

There are two constants in higher education: students and faculty. Students pass through our campus on their way to somewhere else—maturation, a job, further study. Faculty—who develop career-long relationships with an institution—often take the view that they can wait out an individual administration and put off the inevitability of organizational change without real consequences and in hope of better days. Our institution cannot gamble on the return of those days.

Public colleges and universities across the nation are struggling. Look at what is happening in California, Arizona, Wyoming, Florida, or

closer to home, across the border in Massachusetts: eliminations of faculty lines, unpaid furlough days, program and service cuts—all with an increasingly wary eye on the end of stimulus funding and the now-general expectation that tax revenues supporting higher education will lag any general economic recovery for a considerable time.

I believe that public higher education is in a battle for its very survival. Not to recognize this is a recipe for institutional disaster.

We have the talent and the intellectual gifts to rise to this challenge. I need your best and most creative thinking in order to negotiate the inevitable changes ahead of us. I have been talking to faculty across the university about new departmental configurations and new programmatic offerings. The fact is that USM has far too many small departments that tax our institutional resources at a time when every penny counts, and it lacks a sufficient number of programs

into which students clamor for acceptance. Many faculty have been incredibly receptive, others deeply resistant. Nevertheless, we must recognize that departments and majors that made sense a generation ago are now due for reconsideration, revision, renewal, or elimination in order to invest in the exciting offerings and options that draw students and inspire faculty.

The timetable for this overall reorganizational process is as follows. I hope that faculty and staff are meeting to talk about future ideas and programs. I look forward to receiving the community's suggestions and analyses through December. I will take your ideas, consider them carefully, and then form a plan, which I will bring back to you in late January/early February, as soon as everyone is back from winter break. We will cost out that plan to the best of our abilities.

**We will then have a public comment period. Afterwards, I will craft a direction for USM's future based on the goals of the Strategic Plan and consistent with the work of the System's New Challenges, New Directions initiative.**

**This is difficult and now urgent work. But it can also be a source of inspiration and hope if we make it so. Now I'd like to devote the rest of this meeting to a lively exchange of ideas about how to best get the job done and build a stronger, more vital university.**