

MAINE COMPACT FOR HIGHER EDUCATION

Meeting of May 20, 2005 at the University of Maine at Augusta

Notes

Compact Members Present: Wendy Ault, Yellow Light Breen, Mary Cathcart, Kris Doody Chabre, Sandy Ervin, Sandra Featherman, Joe Foley, Bonnie Fortini, Kevin Healey, Mike Higgins, Laurie Lachance, Ron Milliken, Kent Peterson, Colleen Quint, Judy Ryan, Hank Schmelzer, and John Witherspoon.

Staff and Guests Present: Henry Bourgeois, Becky Dyer, Dianne Heino, Craig Larrabee, and Steve McFarland.

Chairman Foley opened the meeting at 9:45 a.m. and welcomed members and guests. He explained that the primary agenda item is a discussion of the transition of the Compact from a program of the Maine Development Foundation and the Maine Community Foundation, to an independent organization. He suggested that we begin the discussion with a brief overview of the background, then discuss the rationale for the transition, and conclude with a review of the schedule for the transition.

Transition Background. Mr. Bourgeois explained that, from the outset, MDF and MCF intended to 'spin-off' the Compact at the appropriate time, thereby enabling each organization to address other initiatives. He explained that MDF had done this many times in the past with other statewide initiatives, many of which are still operating independently today. The Compact began discussing a transition last fall when the first full time executive director was appointed.

On January 19, the Compact formed an ad hoc steering committee to recommend a governance and decision-making structure to achieve the mission. Six members volunteered to serve on this committee.

At the March 8 Compact meeting, the steering committee proposed a change in the structure to reflect that the work has evolved from planning to implementation and action; that is, they were trying to: (1) focus on implementing the strategies and, (2) engage a large group of leaders in setting overall direction. The committee suggested creating a 10-member steering committee, which could meet monthly to oversee and support implementation. They also suggested changes to the larger Compact: expanding the membership, asking it to meet less often to evaluate programs, advise on new approaches, and serve on committees. The Compact members reacted positively, but stressed that they wanted the larger group to have decision-making authority, not serve in an advisory role. The committee said that they would come back with a detailed recommendation at the May 20 meeting, based in part on actions to be taken by MCF and MDF.

Concurrent with the Compact's deliberations, the MCF and MDF boards discussed the transition. Last month, two board members from MCF, MDF and the Compact met with a consultant to identify transition issues. The consultant reported that there was broad agreement on the issues that require resolution and little disagreement on how they should be resolved; these were issues such as how to transfer funds, attribution, MCF and MDF membership on the Compact, etc. In response to the consultant's report, the staff directors prepared a Framework for the MDF and MCF boards to consider and 'agree to in principle' at their May meetings. Mr. Schmelzer reported that his board just met and approved the Framework in principle. Mr. Bourgeois reported that the MDF board is due to take up the Framework next week. MDF and MCF approval and support is necessary in order for the Compact to transition to an independent organization.

The committee's recommendations on how to transition the Compact are contained in the two-page Transition Plan, which is appended to these notes. The Transition Plan is based on Compact members' feedback at the March 8 meeting, and is intended to be in sync with the MCF-MDF Framework.

Transition Rationale. Several board members expressed views about the rationale for the transition:

- a. One member explained that leaving the Compact as a program of MDF and MCF or transitioning it to an independent organization has little budget impact. To realize its potential, the Compact must be more accountable, which can best be achieved if it is independent. The Compact would be viewed differently by the outside world if it were independent. And, although he is sensitive to the issue of creating another non-profit, we are doing something no one else is doing and an independent organization is warranted.
- b. Expressing her commitment for the Compact to become an independent organization, another member noted that three years ago the Legislature's Blue Ribbon Committee on Higher Education Achievement urged establishment of an independent Compact-like organization to advocate for higher education. When state funding was eliminated, MDF and MCF decided to create the Compact to accomplish this work.
- c. One of the members expressed how important it will be for the Compact to be able to speak on its own and not have to check in with MCF and/or MDF if it remains a program of either organization. Although there has not been any interest by either board in setting program or policy direction, he could envision that this might not be the case in the future if the Compact takes a position on a controversial issue.
- d. In response to a question, Mr. Bourgeois explained that the Transitions Plan envisions that the Compact will contract with MDF to employ its staff in order to reduce operating expenses and provide fringe benefits. He noted that this is the arrangement the K-12 coalition has maintained for thirteen years with success. Under this arrangement, the Compact would engage, evaluate, and set the salary of the executive director, although he/she would technically be employed (through contract) by MDF for fringe benefit purposes.
- e. One member questioned the value to be gained by becoming an independent organization, particularly if the Compact staff is technically employed by MDF. She noted that she did not understand the rationale for "contracting out" the executive director function. Another member agreed, asking do we really have an independent organization if we are affiliated with MDF in this way?
- f. Another member observed that we have much to gain and nothing to loose by affiliating with MDF for bookeeping and personnel services, particularly given the positive and lengthy experience of the coalition with MDF.
- g. In response to a question by one of the members, it was noted that the current executive director has a medical condition that would probably preclude his ability to secure health insurance if the organization were not affiliated with another non-profit corporation. One of the members knowledgeable in this area advised that, with a serious preexisting condition, it was not certain that one could secure health coverage.
- h. Another member noted that she is much in favor of the move toward independence, but questions, as a matter of practice, the advisability of crafting an organization strategy to accommodate any one person. She suggested that the arrangement with MDF be limited to

three years. Members of the committee noted that the Transitions Plan envisions annual review of the MDF-Compact agreement with opportunity for either party to exit the arrangement at any time.

- i. Several members expressed how much they appreciated MDF's willingness to provide this affiliation, which greatly facilitates a smooth transition and reduces costs.
- j. Another member observed that her employment arrangement to administer a major health care facility is similar to the one envisioned here and works well.

Transition Plan. Mr. Foley asked Mr. Bourgeois to briefly explain the Transitions Plan, which prompted several suggestions:

- a. One member suggested that the Transition Committee's responsibilities needed to include the drafting of Articles of Incorporation (May 20, letter c), and the new board should approve them on August 19 (August 19, letter b).
- b. Based on his K-12 coalition experience, another member urged that the proposed board of directors be responsible for policy and program issues, and the smaller executive committee be delegated responsibility by the board for management issues, staffing, and the budget.
- c. A member suggested that, with an expanded board, the nominating committee should consider more than one private college representative on the new board, and that we should contact the president of the Maine Independent Colleges Association for suggestions.
- d. Another member suggested that, before the nominating committee meets, the transition committee should meet to determine the size of the board and selection criteria. He expressed that some sectors are not well represented on the board and the nominating committee would have an opportunity to add members from under-represented sectors if the size were adequate.

Transition Decision. Mr. Foley thanked everyone for their thoughtful comments, and asked if the members were ready to decide on whether or not they wished to formally move toward independence.

On a motion by Mr. Schmelzer, seconded by Mr. Healey, the members voted to proceed with all the necessary actions to have the Compact become an independent, non-profit organization, according to the provisions of the Transitions Plan as amended. Sixteen members voted in favor and one member voted against.

It was suggested, and the members agreed, that the former steering committee become the Transition Committee if those members agreed to continue serving; five of the six members were present and each agreed to continue serving.

Mr. Foley asked for volunteers for the Nominating Committee and the following members offered to serve: Mike Higgins, Mary Cathcart, Kevin Healey, Ron Milliken and Joe Foley.

Higher Education Symposium. Mr. Bourgeois and members of the planning committee briefly summarized the plans for the August 18 symposium, explaining that the event will be held this year at Bates College. Members provided feedback on the proposed agenda. Suggestions were made for

extending the day and concluding with a 'call for action', add student presentations to the schedule, choose a unifying theme for the event, and promote best practices through posters and presentations.

Compact Update. Mr. Bourgeois briefly updated the members on the Compact's work priorities since the last meeting and plans for the next quarter. One member urged that we not lose momentum with this transition work.

Chairman Foley thanked everyone for participating and adjourned the meeting at 11:45 a.m.

Appendix A

Maine Compact for Higher Education Transition Plan

This is an outline of a work schedule and assignments to transition the Compact, focusing on the Compact's responsibilities, which was distributed to the Compact at its May 20 meeting. It is a draft prepared to stimulate and facilitate discussion.

The goal, as stated by the consultant in her report to the MDF, MCF, and Compact teams, is to spin off the Compact from the MDF and MCF in a manner that creates enhanced opportunity for success of the Compact's action plan, and leaves a legacy of pride at MDF and MCF and creates a template for future collaborations between MDF and MCF to tackle issues of mutual concern.

- May MCF and MDF Boards Agree in Principle:
- a. The MDF and MCF boards, or their designees, meet and agree in principle with the two-page Framework for Transitioning the Compact, which addresses the issues identified by the consultant.
- May 6 The Compact's ad hoc steering committee, in anticipation of agreements in principle by the MDF and MCF, prepare recommendations for the Compact (summarized below).
- May 20 The Compact reviews and approves the steering committee recommendations, in anticipation of agreements in principle by the MDF and MCF:
- a. The Transition Plan (this document).
- b. The overall governance structure (based on March 8 meeting):
- Broad Compact board of directors composed of stakeholder leaders, meeting quarterly, with authority to elect members, appoint committees, set program direction, establish the annual budget, hire the auditor, and evaluate progress.
 - Program/topical committees to carry out the mission.
 - 10-member executive committee, meeting monthly, to be a resource to the committees and staff, and coordinate the work for the board.
 - Note: This structure is likely to be modeled, in part, after the K-12 Coalition, which was discussed at the last Compact meeting.
- c. Appointment of a Transition Committee (could be the same as the steering committee), whose purpose would be to:
- Incorporate the Compact as a non-profit corporation.
 - Prepare (with the help of staff and legal counsel): by-laws, a conflict of interest policy, the IRS 501(c)(3) application, and a three-year business plan

and budget – all of which will be submitted to the board in August for review and approval.

- d. Appointment of a Nominating Committee, whose purpose would be to:
- Nominate members of the Compact board of directors, the executive committee, and the officers.
 - Selection criteria include: availability/commitment; balance in terms of gender, geography, sector, and race/ethnicity. MDF and MCF CEOs or their designees will be members. Current members would likely be invited to continue serving.

June MDF and MCF execute a three-party agreement with the Compact, to be ratified by the Compact board of directors when it meets in August.

June 1- The Compact's transitions committee (assisted by legal counsel) and the
July 15 nominating committee do their work (outlined above):

- a. Two-three meetings are envisioned, with both committees meeting the same day if possible. The target for completing their work is July 15.

June - Communications

July

- a. Hank and Henry talk with funders.
b. Joe and Henry talk with key state government and education leaders regarding the transition and membership opportunities.
b. Fact sheet is prepared outlining the rationale for the spin-off and the key steps in the process.

July The MDF-MCF-Compact staff directors may meet to assess progress.

July 19 Mailing is sent to the Compact board of director nominees, containing appropriate recommendations.

August 19 The Compact board of director nominees meet:

- a. The Transition Committee meets, receives the Nominating Committee report, and elects the Compact board of directors.
b. The Compact board of directors accept their positions and convene their first meeting; specific agenda items will include:
 - Review and adopt the proposed by-laws;
 - Elect the executive committee; Elect officers;
 - Review and approve the proposed Conflict of Interest Policy;
 - Authorize the chair to work with the executive director and legal counsel to submit the IRS Form 1023 application for 501/c/3/ status;
 - Review and adopt the proposed three-year business plan and budget;
 - Approve the three-party agreement with MDF and MCF, and authorize the Executive Committee to execute other agreements as necessary with MDF and MCF.

By Sept. 1 The Compact's executive committee meets to:

- a. Approve agreements with MDF and MCF.
b. Approve the purchase of D/O liability and other insurance policies.

September MDF, MCF, and the Compact communicate with their constituencies.

- a. Staff directors may meet to assess progress.

December The Compact, at its annual meeting, based on executive committee recommendations: (1) selects an auditor and appoints an audit committee; (2) approves an operations plan and budget for 2005; and, (3) approves the annual MDF and MCF agreements. The Compact might also elect more members (not all would necessarily have been elected in August) through a nominations process.