

# Maine Compact for Higher Education

Board of Directors Meeting

November 30, 2006

FAME Office, Augusta

## Minutes

**Board members present:** Alan Burton, Mary Cathcart, John Diamond, Joseph Foley, Bonnie Fortini, Shepard Harris, Dan Hart, Michael Higgins, Greg Howat, Laurie Lachance, Ron Milliken, Lynn Ploof-Davis, Kent Peterson, Betty Robinson, Henry Schmelzer, Susan Tuthill, and John Witherspoon

**Guests and staff present:** Henry Bourgeois, Dianne Heino, Kevin Thurston with the Maine Development Foundation, Claude Roy and Bill Norbert with the Finance Authority of Maine.

Joseph Foley, chair of the board, opened the meeting at 9:35 a.m., and reviewed the agenda.

**Minutes of the October 4, 2006 Board of Directors meeting.** Mr. Foley asked the board members if they had any changes to suggest to the minutes. No changes or corrections were suggested. The board:

**VOTED**, on a motion by Mr. Witherspoon, seconded by Mr. Peterson, to approve the minutes of the October 4, 2006 Board of Directors meeting. The vote was unanimous.

**Nominating Committee Report.** Ms. Robinson presented the report of the Compact's Nominating Committee, noting that the Committee was appointed at the October 4, 2006 board meeting and its members included Michael Higgins, Kent Peterson and herself. Ms. Robinson read the Nominating Committee report, in which the committee:

1. Nominated the following members to serve for a three-year term, beginning January 1, 2007:
  - a. Ron Bancroft
  - b. Mary Cathcart
  - c. John Diamond
  - d. Laura Fortman
  - e. Laurie Lachance
  - f. Ron Milliken
  - g. Susan Percy
  - h. Lynn Ploof Davis
  - i. Betty Robinson
  - j. Susan Tuthill
2. Nominated the following individual to serve for a three-year term, beginning January 1, 2007:
  - a. George Spann, President, Thomas College, Waterville
3. Nominated the following members to serve as the Compact's officers for 2007:
  - a. Joseph Foley, chair
  - b. Colleen Quint, vice chair
  - c. Joyce Hedlund, treasurer
4. Nominated the following members to serve on the Executive Committee for 2007:  
(note: officers also serve on the executive committee by virtue of their position):
  - a. Ron Bancroft
  - b. Mike Higgins
  - c. Ron Milliken
  - d. Hank Schmelzer
  - e. George Spann
  - f. John Witherspoon
5. Accepted the resignations of members and thanks them for their service:  
- Mark Awalt, Kris Doody Chabre, Yellow Light Breen, Pat McNamara and Mark Woodward.

The Board:

**VOTED**, on a motion by Mr. Diamond, seconded by Mr. Schmelzer, to accept the committee's recommendations. The vote was unanimous.

Ms. Robinson also reported that the committee recommends that continued efforts be made to: (1) add members in the employer sector, particularly business people; (2) add members from regions of the state that have few or no members; and, (3) add members from Maine's minority community. She noted that the Committee still has a few requests/inquiries that are pending and will recommend action to the board at the next meeting. In closing, she referred the members to a list of members and a profile of members by geography and sector, based on the above recommendations.

**Finance Committee Report.** Mr. Bourgeois was asked to present the report of the Finance Committee, whose members were Henry Schmelzer, Shep Harris, and Joyce Hedlund. The committee was formed to oversee the transition of the organization to a financially independent organization in the next couple of months, which was made possible with the IRS designation of the Compact as a tax-exempt 501/c/3 organization. The committee met twice to review the 2007 budget estimate and financial oversight procedures for the board, in addition to reviewing operational details, e.g. setting-up of checking account.

Mr. Bourgeois referred the board to the 2007 budget estimate and 2006 year-end projections, which the Committee reviewed, noting that the revenue estimates are conservative and firm, i.e. most sources are multi-year commitments or contracts. Mr. Bourgeois noted that the figures would change slightly based on actual year-end experience.

The Committee is recommending creation of a permanent Finance Committee which would meet twice during the year – once in the late fall to oversee year-end projections and preparation of the following year's budget, and mid way through the year to check on progress. The committee could also take responsibility for recommending engagement of an auditing firm in the fall of 2007 and review of the audit findings in the spring of 2008.

The Board:

**VOTED**, on a motion by Ms. Robinson, seconded by Mr. Peterson, to approve the Finance Committee's recommendations for the estimated 2007 budget and formation of a permanent Finance Committee. The vote was unanimous.

**Scholarship Committee Report.** Mr. Witherspoon and Mr. Milliken, co-chairs of the Scholarship Committee, presented their committee's recommendation, below:

Scholarship Committee Recommendation to Compact:

The challenge of access to higher education in Maine is enormous. The combination of spiraling costs and higher enrollments (especially of lower income students) has left federal and state grant resources covering only a fraction of the costs. The Compact's original goal of Maine Promise covering was to meet all unmet need; although laudable, the committee felt it was unrealistic given the costs, and there was a sense among the committee was that individuals share a responsibility for funding their education. After several meetings with financial aid professionals in Maine and the scholarship committee, the committee is recommending that the Compact consider the Maine Promise Scholarship as an enhancement to the Maine State Grant Programs currently administered at FAME.

The committee's recommendation is to have the Maine Promise Scholarship cover student's unmet need as determined by the average tuition, fees, room and board using a very modest college cost estimate for public higher education in Maine (the average cost of room, board, tuition and fees at a Maine Community College – \$9,500 per year, not including books and personal expenses), less federal and state grant resources, the amount of federally subsidized student loans, and the expected family contribution of the student. The scholarship would be portable to any college that qualifies for Maine State Grant (All in state schools plus out of state schools with reciprocal agreements).

The total projected cost of such a program is \$3-4 million depending on the income level of students served and the utilization rate. If a \$1,000 allowance for books was included in the program, total costs would be increased by approximately \$1.0 million. An alternative would be to peg the costs at the average of the University of Maine System, which would increase the total cost of the program to \$20 million.

There was much discussion among the financial aid community about helping lower middle-income families that don't receive as much federal and institutional aid. The committee felt it would be difficult to "sell" a program that gave more funding to higher income families and therefore have not included it in our recommendation.

The following chart highlights the major differences and similarities between the original Maine Promise Scholarship and our proposed alternative:

Maine's Promise Scholarship	Proposed Eligibility Criteria
Be a Maine Resident	Be a Maine Resident
Have a reported family income at or below 200% of the established poverty level	EFC as determined by FASFA data
Meet campus admissions requirements	Meet campus admission requirement
Enroll in a public or private higher education institution in Maine	Enrolled in Maine or schools in reciprocal states
Attend on a full-time basis	Must attend on full time basis
File a Free Application for Federal Student Aid by March 1	File a Free Application for Federal Student Aid by May 1 <sup>st</sup>
Maintain a GPA of at least 2.0 on a 4.0 scale	Needs based
Renewable	Renewable with preference to prior recipients
3,255 students awarded	6,200 students awarded
\$34,309,811	Approximately \$4.5 million annually
Award would eliminate all unmet need	Award would eliminate all unmet need net of subsidized debt
Available for 4 consecutive years	5 years in a degree program

Another consideration for the Compact board is the fact that current state budget constraints threaten approximately \$500,000 of existing Maine State Grant funding. In addition, if the Community College system is successful in increasing the capacity and enrollments of their institutions, this will put additional pressure on the existing state grant program.

Appended to these minutes is a statement of criteria used to estimate unfunded grant need. Board members had several reactions and questions:

- a. Several members noted that, though absolutely necessary, providing grant support to financially needy students needs to be part of a bigger picture and long range plan that includes basic operating support for public higher education institutions. One member noted "If the net effect of our proposal is to provide \$1,000 more in scholarship support, while at the same time tuition has increased by \$1,000 to cover increasing costs and decreasing state revenue, then little has been accomplished"
- b. Others reminded the board that the Federal government's financial support through Pell Grants and other grants and loans has been flat for several years, placing an additional burden on our students. Some attention should be paid to working with Maine's Congressional delegation to increase these funds.
- c. Several of the employers on the board suggested that the scholarship proposal could be paired-up with increased employer support, demonstrating a public-private approach and a shared responsibility in keeping with the Compact's vision statement.
  - One member, for example, suggested that employers might be asked to 'commit' to one of five levels of support.
  - Mr. Witherspoon mentioned that the committee also considered a proposal for a corporate internship/scholarship program that would engage employers in supporting students and prospective workers.
  - Mr. Schmelzer mentioned that a proposal is being developed to implement the Compact's Employer Initiative and, if funded, it might be possible to use it to enhance employer commitments.

The Board approved the proposal outline, noting that the first year cost will be approximately \$3.5 million, increasing over four years to an estimated annual cost of \$14 million. The board asked Mr. Bourgeois to work with the Legislator members of the board to submit the bill's title by the December 15<sup>th</sup> closure date.

**Kick Start/Maine Readiness Campaign.** Mr. Bourgeois opened the presentation by noting that one of the five strategic actions of the Compact is a campaign to change attitudes and values about higher education in Maine. Summarized below is his status report of the Maine Readiness Campaign, branded hereafter as the “Kick Start” campaign:

- a. The 23 Community Partnerships are moving forward locally with plans for increasing the readiness of high school graduates for college, career and citizenship. Many communities are conducting local forums this month to solicit public input and buy-in.
  - A three-minute video has been produced for local use, and was shown to the board.
  - A new web site – [www.getmaineready.com](http://www.getmaineready.com) -- has been launched and contains a promising practices report highlighting effective local programs.
  - The communities plan to meet again on January 25 to share experiences and move from program design to implementation.
  - 27 more communities will be recruited this winter, and their co-chairs will gather January 25 for their training session.
- b. The Media Campaign, aimed at 8<sup>th</sup> grade students who are transitioning to high school, will include some TV spots but most of the outreach will be focused on the Internet. The campaign will be launched in January-February, in order to influence decisions made by 8<sup>th</sup> graders in the spring as they decide what courses to take in the fall as they enter high school. This campaign will have its own specially designed website to reach this targeted audience.
- c. Statewide partners continue to be added to the team. The Maine Higher Education Council is one of the recent additions to the 15+ organizations that support Kick Start.

**Preparation of Compact Strategic Plan for 2008-10.** Mr. Foley reported that the Executive Committee is suggesting that the board take some time early next year to prepare a strategic or business plan for the organization for 2008-10. The committee has several reasons to prepare such a plan:

- a. When the Compact was created by MCF and MDF in 2003, most funders made a five-year commitment to support the organization, and that ends in 2007.
- b. Several of the five action strategies in the current plan adopted by the Compact in April 2004 are being accomplished and the board needs to consider what continuing value the organization could provide toward their implementation.
- c. Finally, the environment may have changed significantly since the original plan was developed. An example is the launching of the Community College System, and the findings in the recent MCCS report citing dramatic increases in enrollment and a consequent straining of capacity and resources.

Board members offered several suggestions:

- a. One member suggested that this effort is a ‘re-balancing’ of our work to meet future needs – noting that business regularly undertakes this process and it is very healthy.
- b. Another member noted the increasing importance of improving college retention and graduation rates, while another member said that we need to prepare more students to graduate from high school ready for college and careers, and another member stressed the importance of geographic differences in need, barriers, and program approaches.
- c. At some point in the process, we should ask MCCS, UMS, and the private institutions how we could support them.
- d. A member of the nominating committee suggested that we use the process to recruit more employer members of the board.
- e. Another member noted that if we could agree on a three-year strategic plan by April, it would give us time to raise funds and commitments by year-end to support the work.

The Executive Committee also suggested formation of a strategic planning group that would advise the board at two meetings in the first quarter. Absent any immediate volunteers, it was suggested that the Executive Committee might take on this responsibility.

The board agreed with the preparation of the strategic plan for the Compact.

Mr. Foley adjourned the meeting at noon.

Respectfully submitted, Henry Bourgeois, Executive Director

#### **Appendix A: Criteria to Estimate 2006-2007 Higher Education Compact -- Unfunded Grant Need**

First year full-time students who meet State of Maine Grant Program (SMGP) eligibility criteria and who filed a Free Application for Federal Student Aid (FAFSA) by 5/1/2006

##### Criteria:

SMGP eligible student determined by the following information provided by ISIR (i.e., student aid applicant record):

- a. Total Expected Family Contribution (EFC) is from 0 to 5500.
- b. Enrollment status of Full Time.
- c. FAFSA received date is on or prior to 5/1/2006.
- d. Bachelors degree = No.
- e. EFC has been calculated by CPS (i.e., Federal data processing center) based on dependency status.
- f. Student is Maine resident.
- g. Student is a first-year student (freshman who previously attended college or who never attended college).

Note: School SMGP eligibility was not considered when determining student eligibility.