The Committee of the Whole of the University of Vermont and State Agricultural College Board of Trustees was held on Friday December 5, 2008 at 8:00 a.m., in the Silver Maple Ballroom, Room 401 at the Dudley H. Davis Center.

MEMBERS PRESENT: Chair Ian Boyce, Vice Chair Frank Cioffi, Secretary Bill Botzow, Edwin Amidon, Claire Ayer, Samuel Bain, James Betts, Harry Chen, Robert Cioffi, Jeffrey Davis, Jason DePatie, Johannah Donovan, Daniel Fogel, Martha Heath, John Hilton, Jr., Susan Hudson-Wilson, James Leddy, Debbie McAneny, Beth Rice, Bill Ruprecht, John Snow, Donna Sweaney, Jeanette White and Robert Young

MEMBERS ABSENT: James Douglas

ALSO PARTICIPATING: Senior Vice President and Provost John M. Hughes, Faculty Senate President Robyn Warhol-Down, Staff Council President Beth Walsh, Alumni Council President Meg Guzewicz, Student Government Association President Jay Taylor, Graduate Student Senate President Clint Jasperson, Vice President for Campus and Student Life Thomas Gustafson, Interim Vice President for Finance and Administration Richard Cate, Director for Capital Planning and Management Bob Vaughan and Associate Professor Bud Meyers

Chair Ian Boyce called the meeting to order at 8:10 a.m.

Approval of Minutes

A motion was made, seconded and voted to approve the minutes of the September 4 & 5, 2008 meetings as presented.

Chair’s Report (see full report appended to minutes)

President’s Report (see full report appended to minutes)

Governance Leaders Reports

Chair Boyce revisited the procedure for reports given by governance leaders and noted that written reports were provided to the Board in their meeting materials. Each governance leader was given an opportunity to offer additional highlights and address questions from the Board.

Faculty Senate President Robyn Warhol-Down addressed the current budget challenges faced by the University and urged the Board and administration to include faculty in working toward a solution. The Faculty Senate would like to remind the administration that faculty are most knowledgeable in what constitutes academic quality and they should have strong participation in its preservation while working through the economic crisis. Trustee Susan Hudson-Wilson asked
what specific measures could be taken to increase faculty involvement. Professor Warhol-Down indicated the process used for the recent Strategic Action groups could be used as a model. President Fogel indicated faculty involvement is extremely important. He noted that a previous agreement had been made that unit heads of Deans and Vice Presidents would collaborate openly with faculty and staff of their respective departments and will report on the collective feedback and ideas in budget meetings. President Fogel indicated he will look into open forum participation as well.

Staff Council President Beth Walsh discussed a campus-wide e-mail she sent, which solicited ideas for addressing the University’s challenges in the wake of the economic crisis. President Walsh stated that she has received an extensive amount of responses, which she has forwarded to the administration and will continue to forward as new responses are received. President Walsh also referenced a memo from Staff Council, recently distributed to the Board and administration, requesting a salary pool increase of 5% for Staff in FY 2010.

Alumni Council President Meg Guzewicz stressed the importance of the University’s need to broaden the active Alumni base. She indicated that the University must direct resources to Alumni initiatives to increase engagement. President Guzewicz said this can also be accomplished by improving the culture of a student’s experience from their first day and continuing throughout life. Another challenge being addressed by the Alumni Council is increasing Alumni representation across the country, as 45% of Alumni do not have local representation.

Trustee Susan Hudson-Wilson agrees there is a need to strengthen Alumni participation, but reminded President Guzewicz that there are huge budget challenges to solve. Trustee Hudson-Wilson asked how the alumni base can be increased with these challenges in mind. President Guzewicz replied that the volunteer structure is not strong enough and can be improved by first increasing support to the Alumni Relations office, which would require financial resources.

Chair Boyce next introduced Student Government Association President Jay Taylor and thanked him for his excellent efforts in providing a positive perspective to students regarding the efforts of the administration and Board.

President Taylor added to his report that he is pleased that student priorities have been shared by all persons participating in the Ad hoc Strategic Budget Advisors group (a group convened by President Fogel in response to budget challenges). He stated that he will update the Board on the new meal plan at the February meeting. President Taylor concluded that he is supportive in the administration’s efforts in addressing current fiscal challenges, but asked that students not incur the burden of balancing budget gaps.

Chair Boyce introduced Graduate Student Senate (GSS) President Clint Jasperson and acknowledged its work in graduate student health care initiatives. President Jasperson added to his report that, in order to enhance academic quality, the GSS is considering seeking official recognition as a University affiliated group.
Trustee John Snow inquired whether student groups currently collaborate with the Alumni Office. SGA President Taylor and Alumni Council President Guzewicz responded that there is a current relationship, but it can be improved, and that they will initiate increased collaboration.

Chair Boyce then called for approval of three resolutions being presented to the Committee. He briefly introduced each resolution and offered an opportunity for questions. In addition to the resolutions, Chair Boyce also included the proposed Board meeting dates for approval.

Regarding the Conflict of Interest and Conflict of Commitment resolution, Trustee Beth Rice asked how this policy covered items received from companies in relation to research. General Counsel Francine Bazluke indicated that there is a separate research Conflict of Interest policy, which supersedes the policy before the Committee relative to research, but urged that specific conflicts issues be raised on a case-by-case basis through the Office of General Counsel.

Trustee James Betts asked if there was a similar policy in regards to intellectual property, to which General Counsel Bazluke responded there is a specific policy governing intellectual property as well.

There being no further questions, Chair Boyce entertained a motion to approve the following resolutions and the proposed meeting dates included as Attachment 8 in the meeting materials (see appended).

**Resolution Recommending New Protocol for Board Chair Elections**

RESOLVED, that the Committee, consistent with the University Charter and Bylaws, recommends to the Board the following change in protocol for election of the Board Chair:

In calendar years in which a new Chair must be elected, following identification of the new trustees who will assume trusteeship March 1, the Board shall hold a regular meeting as soon as feasible in March to facilitate prompt leadership succession.

**Resolution Approving Amendment to the University Strategic Plan 2009-2013**

RESOLVED, that the Committee recommends that the Board approve the proposed additional language added to goal five of the University Strategic Plan related to internal controls and accountability which shall read as follows: "As an institution, model the highest standard of ethical conduct, accountability and best practice, public service, and strong commitment to lifelong learning."

**Approval of the Conflict of Interest and Conflict of Commitment Policy**

BE IT RESOLVED, that the University of Vermont hereby approves the Conflict of Interest and Conflict of Commitment Policy as recommended by the Audit Committee and as shown in the attached document.
The motion was made, seconded and it was voted to approve the resolutions and meeting dates as presented.

**Status Update Regarding Management Response to Deloitte Report**

President Fogel offered a brief update on the management response to the Deloitte report and stated that swift action will continue to be taken to address issues the report raised. President Fogel advised that the administration is currently working on identifying new leadership in the internal audit office. He also noted that previous challenges with PeopleSoft implementation have been addressed, and that the software is increasingly being utilized to enforce internal controls.

President Fogel invited Interim Vice President for Finance and Administration Richard Cate to expand on the management response to the report. Interim Vice President Cate stated that the Audit Committee has met several times since the last Board meeting. One of the most important tasks the Committee is addressing, he said, is review of roles and responsibilities of both internal and external audit functions, as to which it will generate recommendations. Vice President Cate noted that the process for recruiting a new internal auditor should be complete within approximately three months. He also stated that an outline for internal controls implementation has been completed and will be implemented. The Audit Committee will retain an external firm to review the management response to the report by the end of this fiscal year.

Chair Boyce asked Interim Vice President Cate to provide an update on Huron’s involvement with the University. Interim Vice President Cate replied that Huron has completed its work and that all related operations are now being handled internally. He added that the backlog has been resolved and is no longer a material weakness.

Trustee James Betts asked if the Board will receive updates on the continued implementation and functions of PeopleSoft, to which Interim Vice President Cate answered affirmatively.

Trustee James Betts asked if there will be a compliance office created. Chair Boyce indicated that this is an issue that will be reviewed by an Audit Subcommittee.

Trustees William Ruprecht and Samuel Bain each acknowledged the extensive work completed by the Audit Committee and requested that the Board be updated at the February meeting regarding retention of the external auditor and the recommended new internal audit structure. Trustee Bain also requested information regarding best practices of external auditors and requested this be included in materials for February.

Chair Boyce added that the Board is seeking to receive an organizational chart containing proposed restructuring of internal audit before any changes are finalized. Audit Chair Edwin Amidon responded that these recommendations will be addressed at the February Board meeting.
FY 2010 Budget Planning in Challenging Times

An updated handout of the initial FY 2010 budget assumptions was distributed to the Board, which reflected the predicted increase in the state rescission. President Fogel commented that preliminary adjustments based on the prospect of a mid-FY rescission are reflected in the budget summary handout.

Trustee Deb McAneny inquired about PeopleSoft expenditures to which Interim Vice President Richard Care replied that this area of the budget will be covered by an offset.

Trustee James Betts discussed the reduction of funding projected for the College Of Medicine and Extension programs and inquired how the reductions were determined. Interim Vice President Cate explained that the budgets for both of these units are formula-driven. President Fogel clarified that this component of the state appropriation is a block appropriation subject to a longstanding University allocation of funds (one-quarter to agriculture services and one-quarter to the College of Medicine).

Dean Morin explained that formula funding was originally created to protect the rest of the University and has worked well on the research side, but not on the clinical side. He believes that formula funding is the right approach for the entire University.

Dean of Extension Doug Lantagne indicated that he was unaware of the latest cut rescission, and mentioned that Extension underwent a downsizing five years ago. Decreasing state aid will be painful, he said, but he stated his hope that Extension will be able to overcome budget challenges for FY 2009 and FY 2010.

Trustee Jason DePatie inquired as to how the administration arrived at the target increased enrollment of 300 students and asked if this number could be increased. President Fogel explained that the number was derived more through art than science, but the key imperative was to maintain the Board-approved student-faculty ratio. President Fogel explained there are constraints as to how many students can be added without affecting academic quality, and that there are housing constraints as well. He concluded by noting that, currently, the administration predicts that an additional 300 students can be added in 2012 assuming that 400 additional beds can be secured through third-party arrangements. The current target number figures in capacity, housing availability, and the need to maintain quality of student experience in the classroom.

With respect to housing issues, Trustee Jeannette White stated that the University may be missing an opportunity to focus on non-traditional students who do not have to be on campus, but can still generate tuition. Interim Vice President Cate said that this idea has not been ruled out.

Discussion ensued regarding the 6% increase in tuition and how it applies in the current economic climate.
President Fogel next reviewed budget projections for the 2010 fiscal year and invited Interim Vice President Cate to elaborate on this topic. Interim Vice President Cate referred to the FY 2010 budget assumptions spreadsheet, stating that the key elements of addressing the budget involve $15 million in cuts in FY 2009, an increase in the number of students, and approval of the Treasury operations request that will be presented to Budget, Finance and Investment Committee later in the day. President Fogel observed that, despite the pain associated with resolving budget shortfalls, the University must maintain its competitive advantage.

Chair Boyce concluded this discussion and thanked the administration for its work on this issue. He next entertained a motion to enter executive session, the motion seconded and the Board entered executive session at 10:32 a.m. for the purpose of discussing contracts and Honorary Degrees. Chief of Protocol Leslie Logan and Chief of Staff Gary Derr were asked to remain.

At 10:45 a.m. the meeting was re-opened to the public and the following resolution was presented for approval:

**Resolution for President to Confer Honorary Degrees**

RESOLVED, that the President be and hereby is authorized to offer and confer honorary degrees at the 2009 Commencement to the individuals recommended by the Honorary Degree Work Group.

The motion was made, seconded and it was unanimously voted to approve the resolution as presented.

Chair Ian Boyce recessed the meeting stating the intention to reconvene at 2:45 p.m.

At 2:49 p.m., Chair Boyce reconvened the meeting.

**Campus Life Task Force II Update**

Campus Life Task Force II (CLTF II) Leader Robert Cioffi provided the Board a brief progress report on the task force’s work.

Trustee Cioffi recalled that the Board had received a written first-phase report from the Task Force at its February 2008 meeting, which assessed and identified programmatic and student needs related to major University events, health and wellbeing, fitness and recreation, and intercollegiate athletics. The report articulated problems, issues, and potential solutions, including a general scope of the square footage and other facilities deficits that would need to be addressed to bring the University to a level of quality and competitiveness comparable to those of peer institutions.

The report did not examine the next level of detail in terms of cost, phasing, funding, and prioritization of projects within the large scope of the identified University needs at the University. At the recent February meeting, the Board agreed that the Task Force should move forward with this next phase of work, which it has with the assistance of colleagues at Cannon
Design and Brailsford and Dunlavey. CLTF II will present a final report to the Board at a future meeting.

Trustee Cioffi noted that, from a financial perspective, much has changed since last February and the University is facing resource challenges far more difficult than could have been imagined. He observed that, though it may seem illogical to be contemplating nearly $190 million in capital expenditures -- the total scope in terms of identified needs within the charge of the CLTF II -- the needs exist, and the Task Force recommends that it thus be included in the Capital Project Prioritization. As noted in the Strategic Capital Plan 4.0, six unranked projects are listed that represent the full scope necessary to meet the needs identified by the CLTF II. These projects currently need to be ranked, with associated funding and phasing plans developed. Once this work has been completed, the CLTF II will discuss these projects in further detail with the Board.

Trustee James Betts asked if there is interdependency between capital projects campus-wide and if this is a challenge. Trustee Cioffi replied this is not a challenge as these projects can be completed without affecting others.

**Strategic Capital Plan Annual Review**

Chair Ian Boyce invited Provost John Hughes to provide the Strategic Capital Plan Annual Review.

Provost Hughes indicated that the Strategic Capital Plan has evolved since its inception in 2006. In February 2007, the Board called for a plan that included priority ranking of capital projects and for an annual report to the Board on this ranking. In response to this request, a ranking system was developed by an MBA class in the School of Business Administration.

Project ranking is now undertaken by the Project Review Group which consists of the Provost, the Interim Vice President for Finance and Administration, and a faculty member representing Faculty Senate.

The Project Review Process consists of four steps: project champion preparation and submittal, project review group prioritization, discussion with the President, and presentation of the updated Strategic Capital Plan to the Board of Trustees.

Ranking is guided by thirteen criteria in four general areas: Guiding Factors, Impact on Critical Players, Impact on what the University does, and Project Drivers. This ranking system was approved and supported by the Board in September, 2007 for the Strategic Capital Plan 3.0.

Provost Hughes referred to a chart recently distributed to the Board which illustrates the Capital Project Prioritization of Strategic Capital Plan 4.0. He clarified that the University will not seek bonding for any project for the next three years; however, the list will guide planning and fundraising priorities over the three-year period.
Provost Hughes noted that the ranking includes several categories: Ranked, Unranked, Annual Initiatives and Opportunistic Projects. He noted that the Billings Renovation project was listed at the top of the chart, without a category title, as it has been approved by the Educational Policy and Institutional Resources Committee, removed from the ranking list, and is now in the fundraising phase. He stated that many project costs are not well-defined as they are in the preliminary planning stages.

The Campus Life Task Force II projects, the Provost explained, are in the unranked category, as the Board has yet to discuss or rank their priority and the ranking team needs guidance on the proportion of external funding required. The annual initiatives category is usually approved automatically and was reviewed and approved by the Educational Policies and Institutional Resources Committee in September; however, due to current budget challenges faced, these initiatives are now suspended and will not go to the Budget, Finance and Investment Committee at this meeting, as previously planned. Provost Hughes also mentioned he will present the Board with a new ranking in February, with the Capital Life Task Force II initiatives included.

Provost Hughes concluded that the fourth category, opportunistic projects, will be submitted and undertaken when funding is available or the need is an imperative.

Provost Hughes recognized Associate Provost for Planning and Assessment Jane Knodell and Director of Capital Planning and Management Bob Vaughn as valuable resources regarding the Strategic Capital Plan. He also thanked Trustees Susan Hudson-Wilson and Deb McAneny for insisting on the ranking process. Provost Hughes asserted that the process works well.

Trustee Leddy asked why most of the unranked projects seem related to health and athletic related activities, and yet the projects are presented separately. Trustee Cioffi explained that, if these projects had been combined, they would have totaled $190M, a price tag that would result in ranking the project last.

Trustee Botzow expressed an interest in seeing the scores and distances in the ranking. Trustee Hudson-Wilson responded that it was part of the process design not to show the actual scores because of the likelihood of diverting disputes. Chair Boyce informed the Board that the rankings will be reviewed again in February and that he will at that time bring Trustee Botzow’s suggestion into the conversation. President Fogel stated that there might be a middle ground on showing the scores and his agreement with Trustee Hudson-Wilson regarding disclosure of all scores, while noting that showing the distance between project rankings may be useful.

**Adjournment**

There being no further business, the meeting was adjourned at 3:35 p.m.

Respectfully submitted,

Bill Botzow, Secretary
Good morning and welcome to the last formal meeting of the full Board of Trustees in calendar year 2008. And what a year it has been!

Due to scheduling conflicts for some of our trustees, we have condensed the Board agenda into one day. We have a very full plate today, and several important topics to discuss and consider. Therefore, I will ask all of you to keep your questions and discussion, to matters of strategic importance throughout the day. Accordingly, I will keep my remarks brief as well.

This Board has been extremely busy since we last met. The world around us has changed vastly since then, and continues to churn unpredictably. The global financial crisis that began with the bursting of the housing bubble has roiled equity and credit markets throughout the fall. The resulting fallout has further impacted virtually every business, institution and individual, resulting in a global recession of enormous scope.

Colleges and universities across the country are facing painful cuts in their state appropriations, reduced values and earnings on their endowments and potential reductions in revenues as students experience more difficulty affording college. Some institutions have resorted to mid-year tuition increases, hiring freezes and widespread layoffs – all in an attempt to close their projected budget gaps. Needless to say, despite the historic stability of the higher education enterprise, we will not be spared and despite our relatively strong position, this includes The University of Vermont.

The economic and market events of 2008 have demanded the Board’s full attention and focus. Collectively and in consultation with President Fogel and his senior team we have been actively engaged in budget preparations for FY 2010 and proactive planning for further financial challenges. Specifically, we have been working diligently to close a budget gap of at least $22 million dollars for FY 2010 at a time when the momentum we have worked so hard to create is threatened by recession.

Let me speak to the budget gap I just mentioned. Its source has been known and even predicted as early as June of this year as we prepared to true up the FY 2009 budget. Remember that it is not uncommon for us to be facing a budget deficit at this time of the year. But it is the magnitude of the gap that gave us pause.

While the majority of the gap can be attributed to our efforts to rectify structural deficiencies in our budget reporting, other factors contribute as well. Increased compensation costs related to collective bargaining and a reduction in state appropriation -- which could approach $4 million dollars this year and be supplemented by further substantial cuts in FY 2010 -- along with rising energy costs and our inability to count on and spend investment and interest income as we have in the past roll up to a very challenging and difficult operating environment. Taken independently these changes could probably be managed and absorbed. Collectively, however
they appear to be the perfect storm.

I think the time is now for us to better understand, recognize, and shape UVM’s value proposition, as students both in-state and out-of-state evaluate their college options. While we accept the need to prepare for present and possible future reductions and refocusing, our decisions must be carefully balanced against our core mission, and our goals to continue strengthening academic quality and our competitive position. Simply preserving as much of the status quo as possible will not serve us well, and must be resisted.

We will be wise to contemplate possible reductions in enrollment, less government research funding and further cuts to the state appropriation. We must deal with growing uncertainties around philanthropic giving and availability of financial aid. But most importantly, as stewards of this institution, we must be prepared to act to ensure the strength and viability of this institution. At all times, but especially in a time like this, we need to balance idealism with pragmatism; optimism with realism. The challenge is upon us and whatever its duration, it is critical that we respond effectively to this new operating environment. And that response is under way.

The senior leadership of the Board has been in close contact with President Fogel and his leadership team as they prepare options for closing the budget gap and contingencies for further difficulties in the future. We have encouraged President Fogel to look at all options to reduce our operating budget while making decisions fully mindful of the absolute necessity to maintain our competitive metabolism. We also support the collaborative process through which the President has engaged the campus and we appreciate the open manner in which he is communicating with the University community, including parents, alumni, and friends.

Shortly, Dan and his team will update us on progress to date and plans going forward. The choices will be difficult but must be strategic, focused on accentuating our strengths and eliminating weaknesses. I am confident that together we will succeed in meeting this goal.

Despite our immediate challenges we must never forget our core purpose for being here – our students, and the quality educational experience they receive at UVM. We have an enduring commitment to them and we share their strong desire to complete their degrees here and lead productive, meaningful lives. We do not want these financial challenges to compromise their opportunities for success. We must continue to demonstrate our commitment to our students by doing the very best we can to help them continue to experience UVM and all we have to offer.

Despite our burdens we have reason to be confident. In many ways we are much better off than a lot of our peers. We have a sound foundation from which to address our problems, and a fully engaged Board, administration, and University community who have the will and capacity to make strategic decisions that will serve us well in the future. As I have said before and I will repeat today – opportunities are born in times like this. We must seize this opportunity to build on past successes so that when the dust settles we will emerge a much stronger and healthier institution.

In closing, let me remind everyone of what is so very important to all of us in our roles here
today: This beloved and extraordinary University community. Yes, we are faced with some problems, but that is often par for the course. What sustains us is the strength, commitment, and caring of this community, and each and every member of it. Over the past several weeks, we experienced the loss of several members of our University family – students, faculty, and staff. And in our sadness we are reminded both of what these individuals meant to us, and of how much this community means to us as well. So as we struggle with the challenges before us, I ask that we remain mindful of what is really important. Be grateful for and cherish all that we are, and will be, here at The University of Vermont.

This concludes my report. Thank you.
President’s Report
Board of Trustees

December 5, 2008

Chairman Boyce, trustees, faculty, students, staff, alumni, and friends: we are meeting at a time of extraordinary challenges for our University, our State, the nation, and the world. I am deeply sensitive to the anxiety and uncertainty that have gripped our campus community as the dimensions of our budget challenge and its implications have begun to sink in. There are questions we can answer today and questions that we cannot. I would dearly love to be able to say that every job at UVM is safe, but I cannot say that in good conscience. We will nonetheless seek to keep the number of persons who lose employment at the University as low as possible, consistent with strategic priorities and resource constraints, and we will actively assist employees who are adversely affected. Despite the challenges, I am determined that there will be no diminishment in the academic quality of the University and that UVM will preserve and continue to build upon the gains we have made in recent years. We will address our challenges in open and collaborative ways and, in that spirit, we will begin next week to post on the UVM web site answers to the most pressing questions that are being asked by faculty and staff, by students and their families, by our alumni and friends, and by the citizens of Vermont.

The budget issues facing the University of Vermont have, broadly speaking, two sets of causes. The first set of causes is internal to the University, and the second is external to UVM, the macroeconomic forces fueling the headlines that have preoccupied us all. The key internal factor was a longstanding practice of making multi-year spending commitments that were not included in the base general fund operating budget. We were also not as diligent as best practice dictates in the establishment of financial internal controls. As President, I am accountable for the administration of the University, and I acknowledge my responsibility. It little matters that for many years, when financial markets were at their height and when a period of unprecedented enrollment growth regularly produced tuition income beyond what we had built into the budget, we were able to cover with unbudgeted revenues obligations that our new colleague Richard Cate has oxymoronically dubbed “one-time recurring commitments.” With ground we thought firmly and treacherously shifting beneath us, the last nine months have taught us a hard lesson about the liabilities we incurred through our own past practices. For these internal shortfalls, I take full responsibility.

There is no question, however, that the challenges we face have been greatly magnified by macroeconomic forces. The complexity of the puzzle we must solve has been compounded by many circumstances—the illiquidity of our short-term Commonfund investment assets; projected cuts in state appropriations of more than $10 million by FY 2010; the depressed state of earnings on short-term assets (also a loss of millions); the escalating costs of employee healthcare benefits and fuel; the decline in endowment value and earnings; and a deteriorating environment for philanthropic support.

And so we have, in the convergence of the internal and external factors, a perfect storm far greater in its intensity and magnitude than even the most sage of fortune-tellers could have predicted. Despite this most stormy of seas, I remain convinced of the essentials I conveyed to
you in my essay “Continuing UVM’s Advance,” which I sent to you in April (which seems now so long ago). I then observed that UVM has significant competitive advantages that will enable us to continue to build academic quality and value—foremost our faculty, staff, and students, our alumni, parents, and friends, and the indomitable people of Vermont. I am deeply grateful to my colleagues across the campus, to our academic and governance leadership, to the ad hoc work group of strategic budget advisers, and to this Board for the good faith and goodwill that so many have contributed as we have worked together to navigate successfully through these troubled waters.

In these times, we must make and implement difficult decisions that will enable us to build upon our competitive advantages. We must, with a sense of high urgency, devise and embrace more efficient ways of operating that preserve and enhance academic quality. To paraphrase a remark the future Chief of Staff of President-Elect Obama, Rahm Emmanuel, made earlier this week, we cannot afford to waste a serious crisis. Drawing through open and collaborative processes on the resilience, resourcefulness, and courage of the UVM community, I am confident that we will discover and realize opportunities to build the value of the University of Vermont for our students, faculty and staff, and the communities we serve.

My confidence in our future continues to rest on our competitive advantages. These include a UVM community deeply dedicated to a shared vision and mission; our continuing attractiveness to talented and diverse students; our core commitment to liberal education at the center of a program array that includes highly-ranked offerings in life, biomedical, and environmental sciences and studies; our educational outcomes, validated in rankings like the Wall Street Journal’s (placing UVM in the top echelon of schools for sending our graduates to the nation’s elite medical, law, and business schools) and Business Week’s (placing our bachelors’ graduates in the top tier for mid-career salaries); the distinction of our faculty; our number one rank in research expenditures among public universities with 15,000 or fewer students; the quality and character of our learning environment (witness our ranking among the top 7 out of 164 public national universities in U.S. News by percentage of small class sections); the value proposition evidenced in Kiplinger’s rankings of top values in public and private higher education, which documents our comparatively low net cost to students after financial aid; the attractiveness of campus facilities such as the Davis Center, the U-Heights Residence Halls, and the state-of-the-art life science instructional labs under construction in Jeffords Hall; and our incomparable setting in the greenest—and healthiest!—state in the nation.

We will make the most of these advantages. But we can do so only if we continue to be bold, smart, and increasingly focused on the ends toward which we are working. Our first priority remains academic quality, including the quality of the student experience; the maintenance of high-quality, diverse enrollment; and the quality of faculty research, scholarship, and creative activity. Our decisions and their implementation will be strategic, adopting the courses of action most effective in promoting unit and University mission and goals.

We will always be mindful of the impact our decisions will have on the people of this community. Insofar as layoffs must occur, we will initiate an active in-placement program to ensure that UVM personnel whose positions are terminated receive every appropriate favorable consideration for hiring within the University, as well as supportive counseling services.
We have suspended the searches for new deans in the College of Agriculture and Life Sciences and in the Rubenstein School, asking the search committees to develop the strongest and most diverse pools possible of internal candidates for these important appointments. We also have under active consideration the disposition of several other senior searches.

We are declaring a moratorium on requests for Board approval of new capital projects that require the use of debt. At the same time, we are building into the base general fund beginning in the 2011 and 2012 fiscal years non-debt investments in deferred maintenance.

Finally, we must, under the banner of academic quality, work together to establish policies that simultaneously enhance the student classroom experience and make the work of the faculty more productive and rewarding. Next semester, we will—in consultation with the Faculty Senate—develop a class enrollment minima policy, targeting implementation of that policy for next fall. We will also work with the Senate to set for degree programs enforceable and consequential minimum thresholds in enrollment, degree production, and credit hour production.

As these various steps are completed, I believe that UVM will accrue strength and build academic quality. We are already moving swiftly to enhance internal controls, improve the financial management of the institution, and thus build a fiscal foundation based on best practices. Our budget is carrying, and will continue to carry, the just burden of investments that I view as essential to the quality of our future—investments such as competitive salaries for faculty; programmatic investments such as those we have made in the Honors College, residential learning communities, and interdisciplinary graduate programs; and investments in the physical campus represented by the Given Courtyard, Jeffords Hall, University Heights, Delahanty Hall, and the essential building in which we are gathered today. Without these investments, I am convinced we would not be seeing today the powerful response from prospective students to the rising academic quality and reputation of this University. As of December 3, undergraduate applications to the University for fall 2009 are up 11% over last year’s record pace, standing, as of Wednesday, at over 14,000, with a 32% increase in ALANA applications, and with increases also in SAT scores (by 10 points) and in average ACE score. Transfer applications are also up. It is this position that we must be resolute in defending and advancing so that we can come out of the downturn sooner and stronger than our competitors.

As I reach the end of my remarks, I want to express my gratitude to all of our vice presidents for their exceptionally hard work. I also want to acknowledge Vice President for Research and Dean of the Graduate School Fran Carr for five and a half years of service that have seen historic advances in UVM’s research productivity, in research infrastructure, and in graduate education, including, this past year, record production of doctoral degrees. Fran, thank you very much.

I ask that we remember together several members of the UVM community whose deaths we have mourned this fall: three students—third-year students Katherine Bichsel and Charles Ryan Frazier and second-year student Dustin Lussier—and two colleagues, Dale Kleppinger, Adjunct Professor in the School of Engineering, and Sarah Cooley, Senior Research Administrator in the Office of Sponsored Research. May we close the President’s report, Ian, with a moment of silence for these members of the UVM family?
THE UNIVERSITY OF VERMONT BOARD OF TRUSTEES
MEETING DATES
(APPROVED)

2009:
• February Meeting: *Friday-Saturday, 2/6-7*
• May Meeting: *Thursday-Saturday, 5/14-16*
  (Phase I, New Trustee Orientation and Commencement weekend)

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THE UNIVERSITY OF VERMONT BOARD OF TRUSTEES
RETREAT & MEETING DATES
(PROPOSED)

2009:
• Summer Retreat: *Friday-Saturday, 6/19-20*
• Fall Meeting: *Thursday-Saturday, 10/22-24*
  (Phase II, New Trustee Orientation and Emeriti Trustees)

2010:
• February Meeting: *Friday-Saturday, 2/5-6*
• May Meeting: *Thursday-Saturday, 5/20-22*
  (Phase I, New Trustee Orientation and Commencement weekend)
• Summer Retreat: *Friday-Saturday, 7/23-24*
• Fall Meeting: *Thursday-Saturday, 10/28-30*
  (Phase II, New Trustee Orientation and Emeriti Trustees)
Conflict of Interest and Conflict of Commitment

Policy Statement

University faculty, staff, and administrators (“employees”) are employed by the institution in service to its mission. The mission includes the principle that institutions of higher education operate for the common good to ensure the preservation and advancement of knowledge through its creation and dissemination and not simply to further the interest of either individual employees or the institution as a whole. Advancement of this mission requires that employees avoid conflicts of interest that may impair the public trust and conflicts of commitment that may compromise the performance effectiveness of employees in carrying out their University responsibilities. Employees’ participation in professional, community service and other external activities may contribute both to their professional competence, and the prestige of the University, and the welfare of people in the state, country and world, and is therefore to be encouraged. In doing so, however, employees must avoid ethical, legal, and financial conflicts of interest and conflicts of commitment that may compromise their performance effectiveness in carrying out their University responsibilities.

This statement identifies the University’s policies in relation to conflicts of interest and commitment and contains its compliance requirements.

Reasons for the Policies

These policies establish standards of conduct designed to maintain academic, research, and business integrity. They are intended to heighten employee awareness of situations that present a conflict of interest or of commitment so that potential conflicts may be avoided, or disclosed and properly managed. These policies make every effort to balance the integrity and interests of the University with those of individual employees. They seek not only to help employees identify instances where conflicts might arise, but also to assist employees in eliminating or managing actual conflicts and when possible, to prevent the appearance of conflicts.

Strategic Direction

This policy supports the following goal in the University’s Strategic Plan:
http://www.uvm.edu/president/strategic_planning/Strategic%20Plan%202009-2013.pdf

- Institutional Efficacy: As an institution, model the highest standard of ethical conduct,
Committee of the Whole meeting, December 5, 2008  

Applicability of the Policies

These policies apply to all faculty, staff, and administrators employed by the University, whether full-time or part-time (together referenced in this policy as “employee(s)”). For purposes of these policies, a full-time employee is one with a 1.0 FTE. Persons whose employment is governed by collective bargaining agreements may be subject to related provisions of those agreements, which will supersede inconsistent provisions of this policy. These policies are intended to supplement federal and state law requirements as to matters including sponsored research as well as professional ethics and other conduct standards that may apply to particular professions or disciplines. The policies are not intended to supersede the institutional policy governing research conflicts of interest, which governs as to all matters within its stated scope.

Policy Elaboration

CONFLICTS OF INTEREST POLICY

A conflict of interest arises with respect to activities that compromise, or appear to compromise, an employee’s judgment in performing his or her University duties. These conflicts can arise when an employee, or a member of his/her family (as defined below) has an existing or potential personal, financial or other interest that: (a) impairs or may reasonably appear to impair his/her independence of judgment in the discharge of responsibilities to the University; or (b) may result in personal gain or advancement at the expense of the University.

University employees serve the public trust and are required to fulfill their responsibilities with due care and loyalty to the best interests of the institution. The integrity of the University must be protected at all times, both in actuality and appearance. Conflicts of interest therefore must be: (1) disclosed, (2) eliminated or (3) properly managed.

Many outside activities in which an employee may wish to engage, such as certain outside employment, private activities, involvement in public organizations, public service, and political involvement, present no conflicts of interest and can enhance the reputation of the University. In undertaking such activities, employees retain their constitutional rights, including those of freedom of association and expression. When engaging in an otherwise permissible endeavor or activity, the employee must nonetheless make clear when she or he is acting as a private individual rather than as a representative of the University. In this regard, employees must abide by the terms of the University policies governing use of trademarks and use of the University name, symbols, letterhead and other proprietary indicia of affiliation.

It is not possible to provide an all-inclusive list of situations giving rise to a conflict of interest; below are examples of situations giving rise to a conflict.

PROHIBITED CONFLICTS OF INTEREST
• Making a decision to employ, promote, or terminate a member of the employee’s family (defined for this policy as spouse or civil union partner, member of same household, parent, grandparent, child or grandchild, sibling, aunt or uncle); or supervising, setting salary or wages, approving time cards or employment records, for, or evaluating the performance of, a member of the employee’s family.

Where, by virtue of reporting lines, an employee would otherwise make these decisions regarding a family member, an appropriate alternative administrator must be designated by the responsible Vice President.

• Negotiating or authorizing on behalf of the University a contract or other business transaction for services, goods, or products, from a company or enterprise in which the employee or a member of the employee’s family has an substantial financial interest or management position known to the employee.

Where, by virtue of position, an employee would otherwise make these decisions, an appropriate alternative administrator must be designated by the responsible Vice President.

• Approving forgiveness of a debt of the University to an external entity in which the employee or his/her family member has a known interest, or forgiveness of a debt of such entity to the University.

Where, by virtue of position, an employee would otherwise make these decisions, an appropriate alternative administrator must be designated by the responsible Vice President.

• Accepting, soliciting, or offering bribes, kickbacks, payoffs, or other improper incentives or payments from a third party or another employee in the course of University employment. (This prohibition does not, however, include honoraria, meals, or reimbursement of reasonably incurred travel expenses in consideration of a speaking or comparable appearance made or given by an employee in his/her professional or official capacity, whether in relation to external or UVM activities).

• Accepting cash, or non-cash, gifts of any type having more than nominal value, including goods, services, travel, or entertainment, at no cost or discounted prices, from persons or entities doing business with the University, in consideration of the employee’s UVM business or professional relationship with the person or entity.

• Disclosing, or otherwise using on an unauthorized basis, University confidential or proprietary information to which the employee has access in the course of University duties.
POSSIBLE CONFLICTS OF INTEREST

Certain situations give rise to a possible conflict of interest and must therefore be disclosed so that they may be either ruled out as conflicts or handled under the conflicts management process:

- Accepting external employment or consulting contracts during a period of UVM employment.
- Employing University employees or students at UVM, over whom the employee has supervisory responsibility or authority, for non-University endeavors or activities.
- Accepting any form of remuneration, financial or otherwise, for endorsement of the products or services of a business or individual where a UVM title or employment is an express or implied aspect of the endorsement.
- Acquiring or holding any financial interest in an entity that competes with the University, excluding interests held in publicly traded companies.
- Serving as an executive officer or on the board of directors of a for-profit or non-profit entity, such as a corporation, association, or partnership, regardless of remuneration, that interacts with the University in ways that might result in undue benefit to the other organization.

CONFLICT OF COMMITMENT POLICY

The paramount work commitment of a full-time University employee is to his or her position at UVM. It is the responsibility of the employee to manage his/her external activities so that they do not interfere with his or her UVM obligations. A conflict of commitment occurs when external activities undertaken by a UVM employee will or reasonably can be expected to significantly interfere with his or her ability to perform obligations to University duties fully or effectively.

Employees who wish to engage in activities, including external employment, compensated independent consulting, and uncompensated activities, that will or reasonably can be expected to significantly interfere with their university responsibilities must inform their supervisors in writing of the proposed activity before making the commitment.

Within five (5) business days of receipt of the written disclosure, the supervisor will schedule a meeting with the employee to discuss how to manage the potential problem.

The supervisor and the employee must attempt to develop a written conflict management plan. The plan may include monitoring the activity to ensure that employees are able to complete their University obligations, modification of assignments, including any reduction in FTE commensurate compensation reduction, or a leave of absence arranged under otherwise applicable leave policies. If agreement cannot be reached on a plan, the supervisor will inform the employee that he or she must fulfill University responsibilities and inform him/her of the
possible consequences of failing to fulfill these responsibilities.

**Political Activity**

In their capacity as citizens, employees are free to engage in political activity. In doing so, they must ensure they can perform their University assignments and otherwise meet their University obligations.

Many kinds of political activity (e.g., holding part-time office in a political party, seeking election to any office under circumstances that do not require extensive campaigning, or serving by appointment or election in a part-time political office) are consistent with effective service as a University employee. Other kinds of political activity (e.g., intensive campaigning for elective office, or serving a term that requires full-time commitment either continuously or periodically) may require that the employee seek a leave of absence from the University. In recognition of the legitimacy and social importance of political activity by its employees, the University will seek to provide institutional arrangements to accommodate such activity, subject to otherwise applicable policies and procedures regarding workload adjustments and leaves of absence. Arrangements may include the reduction of workload or a leave of absence for the duration of an election campaign or a term of office, accompanied by commensurate adjustment of compensation. Employees seeking a leave of absence should recognize that they have a primary obligation to the University, and should be mindful of the impact that leaves of absence may create for colleagues and, as applicable, students. Such leaves will not be automatic, and must be governed by the priority needs and considerations of the department, school, college, or unit concerned. If adjustments in favor of an employee are made, they must be limited to a reasonable period of time.

*Adapted from: American Association of University Professors’ Statement on Professors and Political Activity.*

See also applicable policies or contract provisions regarding leaves of absence; the University policy regarding Political Activities: Tax Exempt Organization Restrictions; University policy regarding Name, Symbols, Letterhead and other Proprietary Indicia of Affiliation; and the federal Hatch Act, which covers employees whose principal employment is connection with an activity financed in whole or in part by loans or grants made by the United States or a federal agency).

**Additional General Rules Governing Conflicts of Interest or Commitment**

**Use of University Resources**

Even when an endeavor or activity is otherwise permissible or approved, the employee must abide by University policies governing use of institutional resources and assets. An employee may not make more than incidental use of University work time, University resources (such as telephones, FAX or copy machines, vehicles, supplies, facilities, laboratories), or the services of University employees or students for unauthorized and/or non-University purposes. Use of
personal computers for external activities is permissible, subject to institutional policies governing computer use and the use of the UVM letterhead.

Definitions
None

Procedures

Conflicts of Interest Management Procedure

I. Violation by an employee of prohibited conflicts may lead to serious disciplinary action, up to and including dismissal, as well as possible civil or criminal prosecution.

II. Activities not prohibited but that may give rise to a conflict must be promptly, and in advance of the proposed activity, disclosed in writing by an employee to his or her immediate supervisor, under the procedures described below. Addressing conflicts and developing strategies to manage them may require steps such as:

   (1) no action required beyond the disclosure;

   (2) development of a conflicts management plan memorialized in writing;

   (3) modification of University responsibilities, as mutually agreed, under applicable policies;

   (4) prohibition of the activity in cases of irreconcilable conflicts.

Applicable Procedures

Officers of administration must annually file a conflicts disclosure form on a schedule established by the President. Forms must be updated during the reporting period as relevant circumstances change.

Faculty must disclose conflicts of interest as they arise to their department chairs or, in units with no chairs, to their deans.

Staff must disclose conflicts to their supervisors as conflicts arise.

Following an employee’s disclosure of a proposed endeavor or activity that may create a conflict of interest, the supervisor will determine whether the proposal in fact presents a possible or actual conflict of interest. This determination shall be communicated to the employee in writing within fourteen (14) calendar days after the employee makes disclosure. If the employee is not
so informed within this time period, she or he may justifiably conclude that no conflict of interest exists.

If, after discussion of the proposal with the employee, the supervisor identifies an actual or possible conflict, the supervisor will:

1. Develop with the employee a conflicts management plan which shall be reduced to writing;

2. In the case of an irreconcilable conflict, disallow the proposed activity. Employees whose disclosures result in disallowance of the proposed activity may grieve the decision under otherwise applicable grievance procedures.

Reporting of Possible Policy Violations

Supervisors are required to investigate promptly possible violations of these policies. If a policy violation is proven, the supervisor must take appropriate responsive action, which may include disciplinary measures. Possible violations of the conflict of interest policy may be reported by third parties to the employee’s supervisor or to the Office of the Associate Vice President for Institutional Risk Assessment and Audit Services (802 656-2662). No retaliatory action will be tolerated on the part of a University employee or official against persons making such a report in good faith.

Contacts

The President is the University official responsible for interpretation of this policy, in active consultation with the General Counsel.

Related Documents/policies

NOTE: All preexisting policies covering the same subject matter as these policies, whether contained in University handbooks or policy statements, are superseded as of the effective date
of adoption of these policies. Questions regarding the status of other policies may be referred to the office of the General Counsel, 656-8585

Board of Trustees’ conflict of interest policy

**Related Significant Financial Interest in Research and Scholarly Activity Policy**

- Intellectual Property Policy
- Facilities and Grounds Use Policy
- Computer and Email Use Policy
- Trademarks Policy
- Name, Symbols, Letterhead and other Proprietary Indicia of Affiliation, Use of University Policy
- Political Activities: Tax Exempt Organization Restrictions Policy
- Fraudulent or Dishonest Conduct and Whistleblower Policy
- Loans Prohibited Policy
- Campus Mails Policy

**Effective Date**

Acknowledged by:

________________________  Interim Vice President  ________________________  
Richard Cate  Date

Approved by the Chair of the Board and President on:

________________________  President  ________________________  
Daniel M. Fogel  Date

________________________  Chair Board of Trustees  ________________________  
Ian D. Boyce  Date