

**BOARD OF TRUSTEES
SALEM STATE UNIVERSITY
SALEM, MASSACHUSETTS**

MINUTES OF THE MEETING OF

October 7, 2015

MEETING OF THE BOARD OF TRUSTEES

October 7, 2015

PRESENT: Trustees Burns, Davis (Vice Chair), Diarra, Lancome, Lutts, Malcolm, Mattera (Chair), Scott, Segal and President Meservey. Advisory Member Gadenne, Secretary to the Board Montague and Assistant Secretary Sadowski were also present and participating at the meeting.

ABSENT: Trustees Abdoo and Stringer.

Individuals also present and participating in the meeting: Dean, School of Education Cambone, Vice President of Finance and Business House, Vice President for Enrollment Management and Student Life James, General Counsel and Vice President of Administration Keenan, Vice President for Institutional Advancement McGurren, Provost and Vice President for Academic Affairs Silva and Vice President for Marketing and Communications Torello.

The provisions of General Laws, Chapter 30A, having been complied with and a quorum of the Board being present, the Board of Trustees of Salem State University held a meeting in the Petrowski conference room (room 210) of Marsh Hall, Central Campus, Salem, Massachusetts, on October 7, 2015 with Paul Mattera, chair, presiding.

* * *

I. CALL TO ORDER

Call to Order

Chair Mattera called the meeting to order at 4:55 p.m.

* *

II. CONSENT AGENDA: APPROVAL OF MINUTES & COMMITTEE REPORTS

*Consent Agenda:
Approval of
Minutes &
Committee
Reports*

Chair Mattera read the list of minutes and committee reports listed as Items for inclusion on the Consent Agenda (Attachment A) and asked for any objections or modifications. Trustee Segal requested a modification and the item was removed from the agenda for later discussion. With no further changes, the chair asked for a motion to approve the Consent Agenda. Upon a motion duly made by Trustee Lancome and seconded by Trustee Burns, it was unanimously

VOTED: To approve the Consent Agenda for the Meeting of October 7, 2015 (CA 16-01).

* * *

III. COMMITTEE ACTIONS:

Executive Committee: Chair Mattera began the discussion regarding the reappointment of George Ellison to the Salem State University Assistance Corporation Board. Chair Mattera asked for any

*Executive
Committee*

discussion, opposition or abstentions. Hearing none and upon a motion duly made by Trustee Burns and seconded by Trustee Scott, it was unanimously:

Voted: The Board of Trustees of Salem State University hereby makes the following appointment to the Board of Directors of the Salem State University Assistance Corporation: 1) George Ellison, Jr. for the remainder of a three year term renewable. (EX-16-01)

Commencement Speakers: Chair Mattera then raised the issue of speakers at Commencement. The president explained that efforts were currently focused on securing speakers for the three ceremonies and that honorary degree recipients would be identified and solicited thereafter. An attempt would be made to balance the slate of speakers with regard to background, profession, etc. and to match them with the students' interests. Upon a motion duly made by Trustee Burns and seconded by Trustee Davis, it was unanimously:

Voted: That the Salem State University Board of Trustees hereby authorizes the president in consultation with the chair to pursue and plan for Commencement 2016, including the recruitment and solicitation of individuals to provide the keynote address at each of the three ceremonies and at least one individual for receipt of an honorary degree in keeping with the University's established criteria (EX-16-02)

Chair Mattera then invited Trustee Segal to discuss the item withheld from the Consent Agenda and Trustee Segal offered to provide an update on behalf of the Committee on Risk Management and Audit.

Risk Management & Audit: Trustee Segal explained that the Risk Management and Audit Committee met with the Auditors on Monday, October 5th. Implementation of GASB 68 (pension standard) is challenging. The state's pension audit is still not complete so we can't finish ours, therefore there is no motion to accept the financial statements today. We can share that the A-133 Audit (Federal Funds) is complete and clean. There are no findings. We did review a draft of the financial statements with the auditors in detail. Here are some highlights:

- The university's net position as of 6/30/14 was restated due to GASB 68 (worsened by \$22.6 million as a prior period adjustment)
- Overall, including GASB 68, the university's net position declined \$3.2 million for FY15.
- Completion of the audit awaits the state's pension audit to be finalized. In fact, the university received a message this afternoon that the figures for the pension will change again. Given this, we will review the financials in detail at Board's November/December meetings.
- As usual, we had an executive session for trustees to meet with the auditors without the presence of financial management.

* * *

V. Report of the President

-President Meservey began by reporting that we had a good school opening this year with strong numbers. We need to remember that level numbers are considered good as we're looking at declining numbers of 17 and 18 year olds graduating from high school. Undergraduate numbers are down a bit because students are moving on more quickly so we have less students over time.

*Risk
Management
& Audit*

*Report of
the
President*

The president was pleased to report that the number of graduate students are increasing. Those numbers had been decreasing and leveled off last year.

President Meservey distributed a memo (Attachment B) that referred to two websites that provide information about colleges and university. The US Department of Education released a new scorecard to be used by prospective students that provides general information about prospective schools. The data is secured from IPEDS, the federal education data base (the university does not contribute data to IPEDS so we do not have direct input to this scorecard). The website may be found at <https://collegescorecard.ed.gov/>

A second source of information is the Student Achievement Measure (SAM). This tool attempts to track students as they progress through their first, and subsequent institutions to provide a more comprehensive picture of all undergraduate student graduations rates. SAM is a voluntary reporting system and may be found at: <https://www.studentachievementmeasure.org>

The university has also been working to identify our peer institutions. The draft list of peer institution follows and includes multiple characteristics including size of enrollment, diversity of students, retention and graduation rates, and location:

1. College of State Island CUNY
2. Colorado Mesa University
3. Eastern Washington University
4. Indiana University – Purdue University-For Wayne
5. Southern Oregon University
6. Southern Utah University
7. Worcester State University

We are working on a list of aspirant institutions and what we would like to become. We're also looking at programming and what we can learn from those institutions.

President Meservey then took a moment to acknowledge the departure of university IT Media Specialist John Manfredi who has provided excellent support to the board for eight years. The president and board expressed their appreciation and wished John well in his new endeavor.

Risk Management & Audit: Chair Mattera asked the board to take a moment and return its attention to the Consent Agenda item that was withheld – the Risk Management and Audit minutes of October 5, 2015, and which still required approval. The chair asked for any objections or modifications and hearing none he asked for a motion to accept the agenda as presented. Upon a motion duly made by Trustee Segal and seconded by Trustee Lutts, it was unanimously

VOTED: To approve the Risk Management and Audit minutes of October 5, 2015 (RMA-16-01).

* * *

VI. Report of the Chair

Chair Mattera thanked the trustees for electing him as chair. He explained that as chair, he understood the responsibility he had undertaken to work with senior staff, spend more time on campus and to listen more and learn. Finally, he wanted to reflect on a theme that came up at the

*Employee
Appreciation-
John Manfredi*

*Risk
Management &
Audit*

Report of the Chair

last board retreat which is that members need to feel that they may speak openly and honestly during meetings and he wanted to encourage that sentiment.

-Incoming & Outgoing Board Members

Chair Mattera noted that board had an incoming as well as an outgoing member. This week Governor Baker appointment Teresa Chisholm to the board. She is a graduate of Boston College and Boston University and a higher education consultant. We look forward to welcoming her to the board.

The chair then called attention to our outgoing member, Claude Lancome. Claude joined the board in 2012 and during his tenure served as vice chair of the Academic Affairs Committee and a member of the Finance and Facilities Committee, Institutional Advancement, Marketing & Communications Committee, and Presidential Review Committee. An active member of our group, we will miss his thoughtfulness, leadership and valuable insights at our meetings. Claude's commitment to the university is clear and we are grateful that he will remain an active member of the Salem State community through his serve on the Assistance Corporation Board of Directors.

-Offsite Discussion

Chair Mattera invited President Meservey to lead the discussion regarding the Offsite meeting date. President Meservey explained that historically the board's offsite meeting has taken place in May which is a very busy time of year falling between commencement and Alumni weekend. It also left little time to reflect upon the work done at the Offsite so after discussing various possible times March-April seemed like a good time for the meeting. Chair Mattera suggested that if we planned to discuss moving the meeting date then it should be a thoughtful process and we should set aside time to discuss what we wish to accomplish. It was determined that Secretary Montague would circulate possible meeting dates and poll board members to establish a majority date. President Meservey suggested recirculating last year's agenda and notes from the Offsite.

VII. Old Business

Old Business

Presidential Review Committee

Chair Mattera asked Trustee Davis to report on the Presidential Review Committee ("PRC"). As the Chair of the PRC, Trustee Davis thanked the committee members Trustees Lancome, Burns and Chair Mattera for their dedication to the task of the presidential review and their work on the comprehensive report. As the review indicates, President Meservey continues to strengthen the university's academic programming implementing extensive efforts on campus to ensure student success and initiatives to increase efficiencies. The report reflects with great accuracy the pride we feel in the institution and the great confidence we have in President Meservey's continued leadership and success. The committee has completed its task and will submit its report to the Board of Higher Education before the October 17th deadline.

Salem State University Email

General Counsel and Vice President of Administration John Keenan reminded the trustees that every trustee has a Salem State University email address and the university has an email policy. With the recent attention to Former Secretary of State Clinton's email the university would like to encourage the trustees to use their SSU issued account and to follow the email policy protocol and best practices. This will avoid exposure to personal accounts. As the keeper of the records, this will allow the university to retain a record of all emails that are generated and responded to on university email accounts.

VIII. New Business

New Business

NEASC Report - Provost Silva provided an update on the New England Association of Schools and Colleges (NEASC) accreditation report (Attachment C). Every ten years universities must go through the reaccreditation process. NEASC is one of six regional voluntary accrediting bodies. He began by explaining the NEASC standards, the university’s accomplishments since 2011 and the challenges that exist. He assured the board that the report is on track and reviewed the timeline for completion of the report by its submission in mid-January (Attachment D). There was a brief discussion regarding the meaning of accreditation,

Online discussion - Provost Silva began his discussion regarding SSU students taking at least one online courses taking at least 1 online section has doubled in the last year. Similarly, in the last year SSU students taking a hybrid course or a course that has an online component (Attachment E). This may be a course that has an online lecture where students come together and then disperse to do their learning has also doubled. Online tools are very helpful however our goal is to achieve the right balance of delivery for our students. Provost Silva has charged the Academic Computing Committee with putting together a white paper that will be shared with the board regarding online education. President Meservey suggested it might be helpful to have an online teaching demonstration for the trustees so they could experience an online class

* * *

IX. OPEN FORUM

Open Forum

Chair Mattera opened the meeting to questions and comments from the floor. Trustee Diarra shared that while campaigning for student trustee, he met a number of student leaders who were involved on campus and would very interested in meeting with the board if the trustees had enough time. Chair Mattera welcomed the suggestion and said the board would look forward to meeting with the students.

Chair Mattera asked if there were any other questions or comments and Chief Information Officer Patricia Ainsworth offered a data point regarding student learning. Comparing student learning in class versus 100% online learning versus hybrid the best performance on a student’s part is the third or hybrid.

X. EXECUTIVE SESSION

Executive Session

Hearing no further questions or comments Chair Mattera announced that the next item for discussion was a real estate acquisition that required the Board to enter executive session. President Meservey noted that the Board would not reconvene following Executive Session.

The Chair called for a motion to enter executive session. Trustee Segal made the motion, seconded by Trustee Lancome. Secretary Montague took the roll:

For: Burns, Davis, Diarra, Lancome, Lutts, Malcolm, Mattera, Scott and Segal
Against: None

The Board entered executive session at 6:40 pm.

* * *

IX. ADJOURNMENT

Adjournment

There being no further business to come before the Board and on a motion duly made by Trustee Lancome and seconded by Trustee Burns, it was unanimously

VOTED: To adjourn the meeting at 6:40 p.m.

Respectfully submitted,



Patricia Maguire Meservey
President



Lynne Montague
Secretary to the Board of Trustees

MEETING OF THE BOARD OF TRUSTEES

October 7, 2015

Salem State University

Salem, Massachusetts

Items for inclusion on the consent agenda:

Approval of the following Meeting Minutes and Committee Reports:

Board of Trustees: June 3, 2015

Risk Management & Audit: September 16, 2015

Institutional Advancement, Marketing & Communications: September 16, 2015

Academic Affairs & Student: September 16, 2015

Finance & Facilities: September 16, 2015

Executive Committee: September 16, 2015

Presidential Review Committee: August 25, 2015 & September 16, 2015

Board of Trustees Annual Performance Review for Patricia Maguire Meservey 2014-2015

Risk Management and Audit: October 7, 2015



TO: Members, Board of Trustees
FROM: Patricia Meservey, President
SUBJECT: Public Comparisons and Peer Institutions
DATE: October 7, 2015

In mid-September the US Department of Education released a new scorecard to be used to provide prospective students and families information about colleges and universities. The Obama Administration had embarked on a much more ambitious effort several years ago, but the complexity proved to be onerous and the work was stopped. This new tool is much simpler and does not rank colleges and universities per se but provides general areas of information that may prove useful. The Scorecard has received significant criticism for the lag in data (some dates back seven+ years) and the over-generalization of the categories of information. The data is secured from IPEDS, the federal education data base and while we do provide data to IPEDS, we do not have direct input to this scorecard. All of this said, it is out to the public and can be found at: <https://collegescorecard.ed.gov/>

A second source of similar information is the Student Achievement Measure (SAM). This tool attempts to track students as they progress through their first, and subsequent institutions providing a more comprehensive picture of graduation rate of all undergraduate students. SAM is a voluntary reporting system and information can be found at: <http://www.studentachievementmeasure.org/>

We also have been working to redefine our peer and aspirant institutions to better reflect our current standing. The draft list of the peer institutions follows below. Multiple characteristics/achievements were considered in this selection including size of enrollment, diversity of students, retention & graduation rates, and location.

1. College of Staten Island CUNY
2. Colorado Mesa University
3. Eastern Washington University
4. Indiana University-Purdue University-Fort Wayne
5. Southern Oregon University
6. Southern Utah University
7. Worcester State University

SUBJECT: Risk Management & Audit Committee Report for Monday, October 5, 2015

The Risk Management & Audit Committee of the Board of Trustees met on Monday, October 5, 2015, in Viking Hall, Room 123, on the Central Campus of Salem State University.

Present for the Committee were Trustees Segal (chair), Davis, and Malcolm, Chair Mattera and President Meservey (ex-officio); General Counsel and Vice President for Administration Keenan (committee co-liaison); Vice President for Finance and Business House (committee co-liaison), Controller Bethoney, Associate Vice President Joe Donovan, and Ms. Toomey, Staff Assistant, Administration.

Chair Segal began the meeting of the Risk Management & Audit Committee at 5:02 pm.

Vice President for Finance and Business House welcomed and re-introduced Mr. Steven Cohen and Mr. Brendan McGuinness from the accounting firm of O'Connor and Drew. They would be discussing the university's FY2014-15 audit.

FY2014-15 Audit (Attachment A)

Mr. McGuinness presented an overview of the audit and discussed the communications required by auditing standards (Attachment A). The auditors are issuing an unmodified opinion (clean opinion) on the financial statements. No material weaknesses or deficiencies were noted within the Report on Internal Control over Financial Reporting and on compliance and other matters. The single audit of federal funds was performed under the required guidelines of OMB Circular A-133. There were no findings this year and the university was deemed a low risk auditee.

A major accounting policy change included implementation of GASB Statement 68, Accounting and Financial Reporting for Pensions (an amendment to GASB Statement 27), which required much discussion. This new accounting standard places the university's proportionate share of the net pension obligation for the Massachusetts State Employees' Retirement System onto the university's financial statements for the first time; it requires a number of impacts to the financial statements and footnotes. Because the pension audit of the state is not yet complete, O'Connor and Drew cannot finalize its audit of the university. Also, with pension figures being provided later than expected, the Management's Discussion and Analysis section is not yet available.

The audited financial statements present only a single year because not all of the relevant pension information was provided for FY14 data to be truly comparable. To assist with the board's understanding of the university's financial picture, a

standalone balance sheet and schedule of revenues and expenses has been provided with two fiscal years shown; these statements are not compliant with Generally Accepted Accounting Principles (GAAP) and thus are not included in the audited financial statement package.

Balance Sheet – Non GAAP Basis (Attachment B)

Mr. Cohen discussed the assets and deferred outflows of resources as well as liabilities, deferred inflows of resources, and net position figures. Major changes unrelated to implementation of GASB 68 include increases in Accounts Receivable offset by increases in Unearned Revenue associated with earlier billing for certain summer and fall programs during FY15; increase in net Capital Assets due to construction projects; increase in Bonds Payable due to issuance of the revenue bond for the garage project (and related increase in Deposits held by MSCBA and DCAMM due to bond proceeds remaining at June 30.) While the Net Unrestricted position is negative due to GASB 68, the Unrestricted Net Position unrelated to GASB 68 is \$7.3 million, a decline of \$1.6 million versus the same figure for FY14. Overall Net Position for the university decreased by \$3.2 million inclusive of GASB 68 impact.

Schedule of Revenues and Expense – Non GAAP Basis (Attachment C)

Mr. Cohen discussed the schedule of revenues and expenses. Operating Revenues increased by \$6.0 million for the year. Net non-operating revenues decreased by \$2.0 million (primarily due to unrealized losses in the investment portfolio and non-recurring gifts in FY15) but the largest change is the decrease in Capital Grants of \$13.4 million due to the cycle of state-funded capital projects.

DRAFT Financial Statements and Management’s Discussion and Analysis (Attachment D)

This report includes the financial statements of the university (draft pending completion of the Commonwealth’s pension audit) and the university’s component units, the Salem State University Assistance Corporation and the Salem State University Foundation. The auditors and management reviewed the draft report and related footnotes in detail. Management’s Discussion and Analysis will be incorporated and provided to the Board of Trustees at the next regular meeting in November/December.

Independent Auditors’ Reports as Required by OMB Circular A-133 and Government Auditing Standards - the Audit of Federal Programs (Attachment E)

Mr. Cohen discussed the A-133 audit. There were no material weaknesses or significant deficiencies, the report on compliance for major programs is unmodified (clean) and there are no findings for FY15 required to be reported.

A motion to move into executive session was called for the purpose of discussing with the auditors any potential matters of audit concern. Chair Segal made a motion to enter into executive session and Trustee Davis seconded the motion.

Ms. Toomey took a roll call at 6:32; voting in the affirmative to enter into executive session were Trustees Segal, Davis, Malcolm and Mattera.

Ms. Toomey took a roll call at 6:42, voting in the affirmative to exit executive session were Trustees Segal, Davis, Malcolm, and Mattera.

There being no further business to come before the Committee and on a motion duly made by Trustee Davis and seconded by Trustee Malcolm it was unanimously

VOTED: To adjourn the meeting at 6:41 pm

Prepared by L. Toomey, Staff Assistant, Administration

Salem State University

October 5, 2015

Required Communications

- *AUDITOR'S RESPONSIBILITY UNDER GAAS*

- We have a responsibility to conduct our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.
- In carrying out this responsibility, we planned and performed the audit to obtain reasonable – not absolute – assurance about whether the basic financial statements are free of material misstatement, whether caused by error or fraud.
- An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we express no such opinion.

Required Communications - Continued

- *AUDITOR'S RESPONSIBILITY UNDER GAAS – CON'T*
 - We issued an unmodified opinion on the University's financial statements.
 - No material weaknesses/deficiencies were noted within the Report on Internal Control over Financial Reporting and on Compliance and Other Matters.

Required Communications - Continued

- *SIGNIFICANT ACCOUNTING POLICIES AND TRANSACTIONS*

Initial Selection of or Changes in Policies

GASB Statement 68, *Accounting and Financial Reporting for Pensions – an amendment to GASB Statement 27* was adopted and implemented for FY 2015. Net position at June 30, 2014 was restated to reflect the College's proportionate share of the net pension obligation for the Massachusetts State Employees' Retirement System.

No other changes in accounting policies. All accounting policies are discussed in Note 1 of the financial statements.

Required Communications - Continued

- *SIGNIFICANT ACCOUNTING POLICIES AND TRANSACTIONS – CONT*

Significant Transactions

- Issuance of Massachusetts State College Building Authority (MSCBA) bonds for construction of a new parking garage on campus
- Division of Capital Asset Management and Maintenance (DCAMM) funds used for Clean Energy Investment Program to upgrade campus-wide lighting controls, water conservation controls, motors, pipe insulation, HVAC modifications, and several other energy efficiency upgrades on campus

Required Communications - Continued

- *SIGNIFICANT ACCOUNTING POLICIES AND TRANSACTIONS – CONT*

Audit Adjustments and Uncorrected Misstatements

- 1) Prior Period Adjustment to record effect of the College's net pension obligation for the Massachusetts State Employees' Retirement System based on the adoption of GASB Statement No. 68

Dr. Deferred Outflows of Resources	1,734,304	
Dr. Net Position	22,631,382	
Cr. Net pension liability		24,365,686

- 2) To record FY 2014 pension activity in accordance with GASB 68

Dr. Pension expense	1,962,997	
Dr. Deferred Outflows of Resources	1,792,065	
Dr. Net pension liability	2,476,654	
Cr. Deferred Outflows of Resources		1,734,304
Cr. Deferred Inflows of Resources		4,497,412

- 3) To record FY 2015 pension contribution

Dr. Deferred Outflows of Resources	2,436,331	
Cr. Pension expense		2,436,331

There were no uncorrected misstatements that are required to be communicated to the Committee.

Required Communications - Continued

- *MANAGEMENT'S JUDGMENTS AND ACCOUNTING ESTIMATES*
 - Allowance for doubtful accounts
 - Net Asset Classifications
 - Fringe Benefits
 - Depreciable lives of capital assets
 - Net pension liability

Note: The Commonwealth of Massachusetts' pension plan audit is not finalized. The University's audit cannot be finalized until the pension plan's audit is finalized.

Required Communications - Continued

- *OTHER MATTERS TO BE COMMUNICATED TO THE BOARD*
 - As part of our internal controls testing on the revenue cycle we noted 3 students (out of a sample of 25) who were charged SGA fees at the full-time rate (\$40) instead of the per credit rate (\$3.33) for part-time students. This was a systemic error that is being investigated and corrected by management. The overall effect is negligible, but the result is that certain students were overcharged slightly.

Required Communications - Continued

- *OTHER COMMUNICATIONS*

- Disagreements with management – none
- Consultation with other accountants/auditors – Consulted with the auditors for the Massachusetts pension plan
- Major issues discussed with management prior to retention – None
- Difficulties encountered in performing the audit – None
- Significant written communications between the auditor and management:
 - Engagement letter
 - Management Representation letter

Required Communications - Continued

- *INDEPENDENCE*

- We are not aware of any relationships between O'Connor & Drew and the University that in our professional judgment may reasonably impact our independence.
- Related to our audit for 2015, we are independent with respect to the University within the meaning of the pronouncements of the Independence Standards Board, Government Auditing Standards, and under Rule 101 of the AICPA Code of Professional Conduct.

Required Communications - Continued

- *MANAGEMENT ADVISORY SERVICES/TAX SERVICES*
 - No management advisory services were performed by O'Connor & Drew.
 - O'Connor & Drew performed a single Audit under the guidelines of OMB Circular A-133 for Federal Awards

Financial Statement Fraud Risks

- *PERVASIVE RISK*
 - No pervasive financial statement fraud risks were identified
- *SPECIFIC RISKS PRESUMED BY AUDITING STANDARDS*
 - Risk of misstatement relating to revenue recognition
 - Risk of management override of controls
 - Journal Entries and adjustments
 - Significant accounting estimates
 - Significant unusual transactions
- *UNIVERSITY'S SPECIFIC RISKS*
 - General economic factors affecting all organizations

Financial Highlights

See financial statements

Single Audit under the Guidelines of OMB Circular A-133

- Low Risk Auditee
- Threshold to distinguish between Type A and Type B programs: \$300,000
- Additional programs were tested since Federal guidelines require auditors to exclude large loan programs (SFA cluster) in determining major programs

Single Audit under the Guidelines of OMB Circular A-133

- Major Programs Tested
 - Student Financial Aid Cluster
 - TRIO Cluster (Student Support Services and Upward Bound)
- No findings
- See summary of Auditors' results for more information

Questions/Comments

- Questions/Comments?
- Executive Session

SALEM STATE UNIVERSITY

Attachment B

Balance Sheet

Format is Not in Compliance with Generally Accepted Accounting Principles

Assets and Deferred Outflows of Resources

	<u>2015</u>		<u>2014</u>
Current Assets:			
Cash and equivalents	\$ 8,369,639	\$	10,913,291
Restricted cash and equivalents	6,101,326		7,224,535
Deposits held by State Treasurer	3,863,536		5,281,471
Cash held by State Treasurer	469,687		1,303,320
Deposits held by MSCBA and DCAMM	39,242,716		20,440,308
Investments	13,035,406		12,797,940
Accounts, grants and other receivable, net	8,190,758		4,135,437
Loan receivable - current portion	250,126		302,336
Other current assets	<u>543,743</u>		<u>288,730</u>
Total Current Assets	<u>80,066,937</u>		<u>62,687,368</u>
Non-Current Assets:			
Investments	590,105		592,089
Loan receivable, net of current portion	1,938,475		1,942,174
Capital assets, net	155,893,224		151,437,091
Debt service reserve	<u>2,852,664</u>		<u>1,495,447</u>
Total Non-Current Assets	<u>161,274,468</u>		<u>155,466,801</u>
Total Assets	<u>241,341,405</u>		<u>218,154,169</u>
Deferred Outflows of Resources:			
Contributions made after the plan valuation date	2,436,331	A	1,734,304
Change in actuarial plan assumptions	246,056	A	-
Change in proportion of internal allocation	<u>1,546,009</u>	A	<u>-</u>
Total Deferred Outflows of Resources	<u>4,228,396</u>		<u>1,734,304</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 245,569,801</u>		<u>\$ 219,888,473</u>

Balance Sheet

Format is Not in Compliance with Generally Accepted Accounting Principles

Liabilities, Deferred Inflows of Resources, and Net Position

	<u>2015</u>		<u>2014</u>
Current Liabilities:			
Accounts payable and accrued expenses	\$ 3,054,468	\$	5,634,394
Accrued payroll	6,362,920		9,144,071
Accrued compensated absences	5,908,154		5,846,120
Accrued workers' compensation	256,291		204,961
Unearned revenues	6,801,187		2,539,810
Current portion of note payable	72,469		71,078
Current portion of bonds payable	1,913,272		1,300,622
Deposits	1,143,326		1,677,848
Other	-		14,827
Total Current Liabilities	<u>25,512,087</u>		<u>26,433,731</u>
Non-Current Liabilities:			
Accrued compensated absences	3,294,730		2,796,193
Accrued workers' compensation	920,553		813,733
Long term portion of note payable	161,919		234,387
Long term portion of bonds payable	67,639,739		40,425,777
Loans payable - Federal financial assistance programs	2,290,470		2,319,172
Total Non-Current Liabilities	<u>74,307,411</u>		<u>46,589,262</u>
Total Liabilities	<u>99,819,498</u>		<u>73,022,993</u>
GASB 68 Pension Liability:			
Net pension liability	<u>21,889,032</u>	A	<u>24,365,686</u>
Deferred Inflows of Resources:			
Service concession arrangements	669,384		571,526
Differences between projected and actual earnings of plan investments	4,492,699	A	-
Change in proportion from State	4,713	A	-
Total Deferred Inflows of Resources	<u>5,166,796</u>		<u>571,526</u>
Net Position:			
Net investment in capital assets	128,210,428		130,538,766
Restricted:			
Nonexpendable	739,323		722,872
Expendable	4,633,554		4,427,261
Unrestricted (Non-GASB 68 Pension related balances)	7,269,218		8,870,751
Unrestricted (GASB 68 Pension related balances) - Summation of A	<u>(22,158,048)</u>		<u>(22,631,382)</u>
Total Net Position	<u>118,694,475</u>		<u>121,928,268</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 245,569,801</u>	\$	<u>\$ 219,888,473</u>

SALEM STATE UNIVERSITY

Schedule of Revenues and Expenses

Format is Not in Compliance with Generally Accepted Accounting Principles

	<u>2015</u>	<u>2014</u>
Operating Revenues:		
Tuition and fees	\$ 73,257,664	\$ 68,625,699
Less: scholarships and fellowships	<u>(15,360,590)</u>	<u>(13,787,565)</u>
Net tuition and fees	57,897,074	54,838,134
Federal grants and contracts	13,966,348	13,107,378
State grants and contracts	5,728,274	4,949,300
Private grants and contracts	87,864	175,846
Sales and services of educational departments	3,780,390	3,641,895
Auxiliary enterprises	16,125,211	14,900,746
Other operating revenues	<u>476,543</u>	<u>483,970</u>
Total Operating Revenues	<u>98,061,704</u>	<u>92,097,269</u>
Operating Expenses:		
Educational and general:		
Instruction	56,531,637	54,579,435
Public service	590,238	763,353
Academic support	15,401,769	14,451,985
Student services	16,746,217	15,763,997
Institutional support	26,193,265	24,288,030
Operation and maintenance of plant	13,697,397	12,798,047
Scholarships	5,800,876	5,593,842
Depreciation	7,655,460	6,899,222
Auxiliary enterprises	15,660,388	14,654,931
Change related to GASB 68 - pension activity	<u>(473,334)</u>	<u>(1,734,304)</u>
Total Operating Expenses	<u>157,803,913</u>	<u>148,058,538</u>
Net Operating Income (Loss)	<u>(59,742,209)</u>	<u>(55,961,269)</u>
Non-Operating Revenues (Expenses):		
State appropriations, net	54,441,708	52,155,777
Gifts	1,784,500	4,241,665
Investment income	591,642	1,935,289
Interest expense	<u>(1,155,443)</u>	<u>(655,053)</u>
Net Non-Operating Revenues	<u>55,662,407</u>	<u>57,677,678</u>
Increase (Decrease) in Net Position Before Capital Grants	(4,079,802)	1,716,409
Capital Grants	<u>846,009</u>	<u>14,252,337</u>
Total Increase (Decrease) in Net Position	<u>\$ (3,233,793)</u>	<u>\$ 15,968,746</u>

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

**FINANCIAL STATEMENTS AND
MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2015

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

**Financial Statements and
Management's Discussion and Analysis**

June 30, 2015

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SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

**Financial Statements and
Management's Discussion and Analysis**

June 30, 2015

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Salem State University
Salem, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of Salem State University (an agency of the Commonwealth of Massachusetts) (the "University"), which comprise the statements of net position as of June 30, 2015, the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements. We also audited the separate financial statements of the University's component units, Salem State University Assistance Corporation, Inc. (the "Assistance Corp.") and Salem State University Foundation, Inc. (the "Foundation") as of June 30, 2015.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of Salem State University as of June 30, 2015, and the respective changes in net position and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, is effective for fiscal 2015 and required the College to restate net position as of June 30, 2014 to recognize its proportionate share of the net pension obligation determined for the Massachusetts State Employees' Retirement System. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 3-12, the schedule of proportionate share of the pension liability on page 58, the schedule of contributions on page 59, and the notes to the required supplementary information on page 60 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Schedules

Our audit was conducted for the purpose of forming opinions on the University's basic financial statements. The supplemental schedules listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2015, on our consideration of Salem State University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Salem State University's internal control over financial reporting and compliance.

Certified Public Accountants
Braintree, Massachusetts
October 7, 2015

**MANAGEMENT'S DISCUSSION
AND ANALYSIS (UNAUDITED) TO
BE INSERTED**

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Statement of Net Position

June 30, 2015

Assets and Deferred Outflows of Resources

	<u>Primary Government University</u>	<u>Component Units Combined</u>
Current Assets:		
Cash and equivalents	\$ 8,369,639	\$ 1,356,481
Restricted cash and equivalents	6,101,326	1,073,166
Deposits held by State Treasurer	3,863,536	-
Cash held by State Treasurer	469,687	-
Deposits held by MSCBA and DCAMM	39,242,716	-
Investments	13,035,406	-
Accounts, grants and other receivable, net	8,190,758	17,045
Pledges receivable, net	-	1,690,618
Note receivable	-	106,667
Loan receivable - current portion	250,126	-
Other current assets	<u>543,743</u>	<u>19,426</u>
Total Current Assets	<u>80,066,937</u>	<u>4,263,403</u>
Non-Current Assets:		
Investments	590,105	26,662,137
Loan receivable, net of current portion	1,938,475	-
Pledges receivable, net	-	1,648,025
Note receivables, net of current portion	-	297,778
Capital assets, net	155,893,224	10,301,838
Debt service reserve	<u>2,852,664</u>	<u>-</u>
Total Non-Current Assets	<u>161,274,468</u>	<u>38,909,778</u>
Total Assets	<u>241,341,405</u>	<u>43,173,181</u>
Deferred Outflows of Resources:		
Contributions made after the plan valuation date	2,436,331	-
Change in actuarial plan assumptions	246,056	-
Change in proportion of internal allocation	<u>1,546,009</u>	<u>-</u>
Total Deferred Outflows of Resources	<u>4,228,396</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 245,569,801</u>	<u>\$ 43,173,181</u>

Liabilities, Deferred Inflows of Resources, and Net Position

	Primary Government	Component Units
	<u>University</u>	<u>Combined</u>
Current Liabilities:		
Accounts payable and accrued expenses	\$ 3,054,468	\$ 475,442
Accrued payroll	6,362,920	-
Accrued compensated absences	5,908,154	-
Accrued workers' compensation	256,291	-
Unearned revenues	6,801,187	-
Current portion of note payable	72,469	141,968
Current portion of bonds payable	1,913,272	318,197
Deposits	<u>1,143,326</u>	<u>-</u>
Total Current Liabilities	<u>25,512,087</u>	<u>935,607</u>
Non-Current Liabilities:		
Accrued compensated absences	3,294,730	-
Accrued workers' compensation	920,553	-
Long term portion of note payable	161,919	1,505,090
Long term portion of bonds payable	67,639,739	2,290,846
Loans payable - Federal financial assistance programs	2,290,470	-
Net pension liability	21,889,032	-
Other non-current liabilities	<u>-</u>	<u>31,630</u>
Total Non-Current Liabilities	<u>96,196,443</u>	<u>3,827,566</u>
Total Liabilities	<u>121,708,530</u>	<u>4,763,173</u>
Deferred Inflows of Resources:		
Service concession arrangements	547,198	-
Deferred gain on bond refunding	122,186	-
Differences between projected and actual earnings of plan investments	4,492,699	-
Change in proportion from Commonwealth	<u>4,713</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>5,166,796</u>	<u>-</u>
Net Position:		
Net investment in capital assets	128,210,428	6,045,737
Restricted:		
Nonexpendable	739,323	18,481,983
Expendable	4,633,554	12,996,408
Unrestricted	<u>(14,888,830)</u>	<u>885,880</u>
Total Net Position	<u>118,694,475</u>	<u>38,410,008</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 245,569,801</u>	<u>\$ 43,173,181</u>

See accompanying notes to the financial statements.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Statement of Revenues and Expenses

For the Year Ended June 30, 2015

	Primary <u>Government</u>	Component <u>Units</u>
	<u>University</u>	<u>Combined</u>
Operating Revenues:		
Tuition and fees	\$ 73,257,664	\$ -
Less: scholarships and fellowships	<u>(15,360,590)</u>	<u>-</u>
Net tuition and fees	57,897,074	-
Federal grants and contracts	13,966,348	-
State grants and contracts	5,728,274	-
Private grants and contracts	87,864	-
Gifts and contributions	-	3,362,160
Sales and services of educational departments	3,780,390	-
Auxiliary enterprises	16,125,211	1,468,965
Other operating revenues	<u>476,543</u>	<u>457,392</u>
Total Operating Revenues	<u>98,061,704</u>	<u>5,288,517</u>
Operating Expenses:		
Educational and general:		
Instruction	56,305,715	-
Public service	588,061	1,555,505
Academic support	15,345,064	-
Student services	16,685,677	-
Institutional support	26,103,283	819,036
Operation and maintenance of plant	13,672,500	-
Scholarships	5,800,876	330,255
Depreciation	7,655,460	167,458
Auxiliary enterprises	<u>15,647,277</u>	<u>1,235,568</u>
Total Operating Expenses	<u>157,803,913</u>	<u>4,107,822</u>
Net Operating Income (Loss)	<u>(59,742,209)</u>	<u>1,180,695</u>
Non-Operating Revenues (Expenses):		
State appropriations, net	54,441,708	131,147
Gifts	1,784,500	-
Investment income	591,642	359,860
Other non-operating revenue (expense)	-	3,600
Interest expense	<u>(1,155,443)</u>	<u>(170,659)</u>
Net Non-Operating Revenues	<u>55,662,407</u>	<u>323,948</u>
Increase (Decrease) in Net Position Before Capital Grants	(4,079,802)	1,504,643
Capital Grants	<u>846,009</u>	<u>-</u>
Total Increase (Decrease) in Net Position	<u>\$ (3,233,793)</u>	<u>\$ 1,504,643</u>

See accompanying notes to the financial statements.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Statement of Changes in Net Position

For the Year Ended June 30, 2015

	University				
	Net Investment in Capital Assets	Restricted Nonexpendable	Restricted Expendable	Unrestricted	Total
Balance at June 30, 2014, as previously reported	\$ 130,538,766	\$ 722,872	\$ 4,427,261	\$ 8,870,751	\$ 144,559,650
Prior period adjustment - Adoption of new accounting principle (Note 2)	-	-	-	(22,631,382)	(22,631,382)
Balance at June 30, 2014, as restated	130,538,766	722,872	4,427,261	(13,760,631)	121,928,268
Changes in net position for 2015	(2,328,338)	16,451	206,293	(1,128,199)	(3,233,793)
Balance, June 30, 2015	\$ 128,210,428	\$ 739,323	\$ 4,633,554	\$ (14,888,830)	\$ 118,694,475
	Component Units				
	Net Investment in Capital Assets	Restricted Nonexpendable	Restricted Expendable	Unrestricted	Total
Balance, June 30, 2014	\$ 5,604,349	\$ 17,552,278	\$ 13,081,664	\$ 667,074	\$ 36,905,365
Changes in net position for 2015	441,388	929,705	(85,256)	218,806	1,504,643
Balance, June 30, 2015	\$ 6,045,737	\$ 18,481,983	\$ 12,996,408	\$ 885,880	\$ 38,410,008

See accompanying notes to financial statements.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Statement of Cash Flows

For the Year Ended June 30, 2015

	<u>University</u>
Cash Flows from Operating Activities:	
Tuition and fees	\$ 57,768,095
Grants and contracts	19,624,084
Payments to suppliers and vendors	(37,107,470)
Payments to employees	(89,252,225)
Payments for benefits	(8,379,284)
Payments to students	(5,800,876)
Loans issued to students	(354,417)
Collection of loans to students	388,870
Auxiliary enterprises receipts	16,002,662
Sales and services of educational departments	3,833,465
Other	<u>574,401</u>
Net Cash Applied to Operating Activities	<u>(42,702,695)</u>
Cash Flows from Non-Capital Financing Activities:	
State appropriations	43,226,888
Tuition remitted to state	(769,606)
Special payments to state (9C reduction)	(622,233)
Gifts	<u>1,784,500</u>
Net Cash Provided by Non-Capital Financing Activities	<u>43,619,549</u>
Cash Flows from Capital Financing Activities:	
Purchases of capital assets	(7,653,120)
Principal paid on capital leases and bonds payable	(1,403,097)
Interest paid on capital leases and bonds payable	(3,281,949)
Payments of financing fees	(170,868)
Debt services reserve funding	(1,445,829)
Premium on bond financing	3,605,311
Proceeds from bond financing	<u>21,955,000</u>
Net Cash Provided by Capital Financing Activities	<u>11,605,448</u>
Cash Flows from Investing Activities:	
Interest on investments	490,098
Proceeds from sale of investments	4,372,433
Purchase of investments	<u>(4,500,854)</u>
Net Cash Provided by Investing Activities	<u>361,677</u>
Net Increase in Cash and Equivalents	12,883,979
Cash and Equivalents, Beginning of the Year	<u>45,162,925</u>
Cash and Equivalents, End of the Year (Note 16)	\$ <u>58,046,904</u>

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Statement of Cash Flows - Continued

For the Year Ended June 30, 2015

	<u>University</u>
Reconciliation of Net Operating Loss to Net Cash	
Applied to Operating Activities:	
Net operating loss	\$ (59,742,209)
Adjustments to reconcile net operating loss to net cash applied to operating activities:	
Depreciation	7,655,460
Bad debts	22,722
Fringe benefits provided by State	11,837,053
Loss on disposal of capital assets	940,701
Gain on bond refunding	127,277
Changes in assets and liabilities:	
Accounts receivable	(4,004,158)
Accounts payable and accrued liabilities	(585,859)
Accrued payroll and benefits	(2,062,431)
Other assets	(255,010)
Other liabilities	(43,529)
Loans to/from students	55,909
Deposits	(534,522)
Unearned revenues	4,359,235
Net pension activity	<u>(473,334)</u>
 Net Cash Applied to Operating Activities	 <u>\$ (42,702,695)</u>

See accompanying notes to financial statements.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Combining Statement of Net Position of Major Component Units

June 30, 2015

	<u>Assets</u>		
	2015 <u>Foundation</u>	2015 <u>Assistance Corp</u>	2015 <u>Combined</u>
Current Assets:			
Cash and equivalents	\$ 1,004,877	\$ 351,604	\$ 1,356,481
Restricted cash and equivalents	1,073,166	-	1,073,166
Accounts, grants and other receivable, net	-	17,045	17,045
Pledges receivable, net	1,690,618	-	1,690,618
Notes receivable	106,667	-	106,667
Other current assets	<u>19,426</u>	<u>-</u>	<u>19,426</u>
Total Current Assets	<u>3,894,754</u>	<u>368,649</u>	<u>4,263,403</u>
Non-Current Assets:			
Investments	26,662,137	-	26,662,137
Pledges receivable, net of current portion	1,648,025	-	1,648,025
Notes receivables, net of current portion	297,778	-	297,778
Capital assets, net	<u>-</u>	<u>10,301,838</u>	<u>10,301,838</u>
Total Non-Current Assets	<u>28,607,940</u>	<u>10,301,838</u>	<u>38,909,778</u>
Total Assets	<u>\$ 32,502,694</u>	<u>\$ 10,670,487</u>	<u>\$ 43,173,181</u>
	<u>Liabilities and Net Position</u>		
Current Liabilities:			
Accounts payable and accrued expenses	\$ 381,887	\$ 93,555	\$ 475,442
Current portion of notes payable	-	141,968	141,968
Current portion of bond payable	<u>-</u>	<u>318,197</u>	<u>318,197</u>
Total Current Liabilities	<u>381,887</u>	<u>553,720</u>	<u>935,607</u>
Non-Current Liabilities:			
Notes payable less current portion	-	1,505,090	1,505,090
Bond payable less current portion	-	2,290,846	2,290,846
Other non-current liabilities	<u>-</u>	<u>31,630</u>	<u>31,630</u>
Total-Non Current Liabilities	<u>-</u>	<u>3,827,566</u>	<u>3,827,566</u>
Total Liabilities	<u>381,887</u>	<u>4,381,286</u>	<u>4,763,173</u>
Net Position:			
Net investment in capital assets	-	6,045,737	6,045,737
Restricted:			
Nonexpendable	18,481,983	-	18,481,983
Expendable	12,996,408	-	12,996,408
Unrestricted	<u>642,416</u>	<u>243,464</u>	<u>885,880</u>
Total Net Position	<u>32,120,807</u>	<u>6,289,201</u>	<u>38,410,008</u>
Total Liabilities and Net Position	<u>\$ 32,502,694</u>	<u>\$ 10,670,487</u>	<u>\$ 43,173,181</u>

See accompanying notes to the financial statements.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

**Combining Statement of Revenues, Expenses and Changes in Net Position
of Major Component Units**

For the Year Ended June 30, 2015

	<u>2015</u> <u>Foundation</u>	<u>2015</u> <u>Assistance Corp</u>	<u>2015</u> <u>Combined</u>
Operating Revenues:			
Gifts and contributions	\$ 3,362,160	\$ -	\$ 3,362,160
Auxiliary enterprises	-	1,468,965	1,468,965
Other operating revenues	<u>-</u>	<u>457,392</u>	<u>457,392</u>
Total Operating Revenues	<u>3,362,160</u>	<u>1,926,357</u>	<u>5,288,517</u>
Operating Expenses:			
Educational and general:			
Public service	1,555,505	-	1,555,505
Institutional support	819,036	-	819,036
Scholarships	330,255	-	330,255
Depreciation and amortization	2,068	165,390	167,458
Auxiliary enterprises	<u>-</u>	<u>1,235,568</u>	<u>1,235,568</u>
Total Operating Expenses	<u>2,706,864</u>	<u>1,400,958</u>	<u>4,107,822</u>
Net Operating Income	<u>655,296</u>	<u>525,399</u>	<u>1,180,695</u>
Non-Operating Revenues (Expenses):			
State appropriations, net	-	131,147	131,147
Investment income	359,860	-	359,860
Other non-operating revenue	-	3,600	3,600
Interest expense	<u>-</u>	<u>(170,659)</u>	<u>(170,659)</u>
Net Non-Operating Revenues (Expenses)	<u>359,860</u>	<u>(35,912)</u>	<u>323,948</u>
Total Increase in Net Position	<u>\$ 1,015,156</u>	<u>\$ 489,487</u>	<u>\$ 1,504,643</u>

See accompanying notes to the financial statements.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements

June 30, 2015

Note 1 - **Summary of Significant Accounting Policies**

Organization

Salem State University (the "University") is a public, state-assisted university, located in Salem, Massachusetts and governed by a local Board of Trustees under the direction of the Massachusetts Department of Higher Education. The University is empowered to award baccalaureate and master's degrees in education, business and arts and sciences, as well as conduct programs of continuing education. The University is accredited by the New England Association of Schools and Colleges.

Basis of Presentation and Accounting

The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board (GASB).

The following discretely presented component units have been aggregated into a single combined column:

The Salem State University Foundation, Inc. (the "Foundation") was formed in 1977 to render financial assistance and support to the educational programs and development of the University. The Foundation is legally separate from the University, and the University is not financially accountable for the Foundation. The Foundation has been included because of the nature and significance of its relationship with the University. Complete financial statements can be obtained from the Foundation's administrative offices in Salem, Massachusetts.

In 1995, Salem State University Assistance Corporation (the "Assistance Corporation") was formed as a result of legislation established by the Commonwealth of Massachusetts. The Assistance Corporation was created to promote the orderly growth and development of the University and to assist the University in securing physical and financial resources necessary for the acquisition and development of a site formerly known as the GTE Sylvania plant. In June 2012, legislation was approved further defining the parameters of this "site" to include other such properties determined by the Assistance Corporation to fulfill its mission.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2015

Note 1 - **Summary of Significant Accounting Policies - Continued**

Basis of Presentation and Accounting - Continued

The Assistance Corporation owns and operates commercial rental properties at this site in Salem, Massachusetts. The Assistance Corporation is legally separate from the University, and the University is not financially accountable for the Assistance Corporation.

The Assistance Corporation has been included because of the nature and significance of its relationship with the University. Complete financial statements can be obtained from the Assistance Corporation's administrative offices in Salem, Massachusetts.

Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met. Direct expenses are those that are clearly identifiable with a specific function. Program revenues primarily include charges to students or others who enroll or directly benefit from services that are provided by a particular function. Items not meeting the definition of program revenues are reported as general revenue.

The University has determined that it functions as a business-type activity, as defined by GASB. The effect of inter-fund activity has been eliminated from these financial statements. The basic financial statements and required supplementary information for general-purpose governments consist of management's discussion and analysis, basic financial statements and required supplementary information. The University presents statements of net position, revenues, expenses and changes in net position and cash flows on a combined University-wide basis.

The University's policies for defining operating activities in the statements of revenues, expenses and changes in net position are those that generally result from exchange transactions such as the payment received for services and payment made for the purchase of goods and services. Certain other transactions are reported as non-operating activities including the University's operating and capital appropriations from the Commonwealth of Massachusetts as well as special payments from the University to the Commonwealth, net investment income, gifts and interest.

SALEM STATE UNIVERSITY
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Notes to the Financial Statements - Continued

June 30, 2015

Note 1 - Summary of Significant Accounting Policies - Continued

Net Position

Resources are classified for accounting purposes into the following four net position categories:

Net investment in capital assets: Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, repair or improvement of those assets.

Restricted - nonexpendable: Net position subject to externally imposed conditions that the University must maintain in perpetuity, such as the University's permanent endowment funds.

Restricted - expendable: Net position whose use is subject to externally imposed conditions that can be fulfilled by the actions of the University or by the passage of time.

Unrestricted: All other categories of net position. Unrestricted net position may be designated by actions of the University's Board of Trustees.

The University has adopted a policy of generally utilizing restricted - expendable funds, when available, prior to unrestricted funds.

Cash and Equivalents

The University's cash and equivalents are cash on hand, cash and deposits held with the Commonwealth's Treasurer, Massachusetts State College Building Authority (MSCBA) and the Division of Capital Asset Management and Maintenance (DCAMM), which are short term, highly liquid investments with original maturities of three months or less from the date of acquisition.

Allowance for Doubtful Accounts

Provisions for losses on receivables are determined on the basis of loss experience, known and inherent risks in the loan and receivable portfolio, the estimated value of underlying collateral, and current economic conditions.

SALEM STATE UNIVERSITY
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Notes to the Financial Statements - Continued

June 30, 2015

Note 1 - **Summary of Significant Accounting Policies - Continued**

Investments

Investments in marketable securities are stated at fair value. Dividends, interest, and net realized and unrealized gains or losses on investments are reported in the statements of revenues, expenses, and changes in net position. Gains and losses on the disposition of investments are determined based on specific identification of securities sold. Investment income is recognized when earned.

Capital Assets

Capital assets are controlled but not owned by the University. The University is not able to sell or otherwise pledge its assets, since the Commonwealth owns all the assets. Real estate assets, including improvements, are generally stated at cost. Furnishings, equipment and collection items are stated at cost at date of acquisition or, in the case of gifts, at fair value at date of donation. In accordance with the state's capitalization policy, only those items with a unit cost of more than \$50,000 are capitalized. Educational resource materials are capitalized and amortized over a five-year period. University capital assets, with the exception of land and construction in progress, are depreciated on a straight-line basis over their estimated useful lives, which range from 3 to 40 years. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

The University does not have collections of historical treasure, works of art, or other items that are inexhaustible by their nature and are of immeasurable intrinsic value, thus not requiring capitalization or depreciation in accordance with GASB guidelines.

Deposits Held by Other State Agencies

Funds held by the Massachusetts State College Building Authority (MSCBA) and the Division of Capital Asset Management and Maintenance (DCAMM) are primarily for ongoing construction projects.

Pensions

For purposes of measuring the net pension liability, deferred outflow of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Massachusetts State Employees' Retirement System plan ("SERS") and the additions to/deductions from SERS' fiduciary net position have been determined on the same basis as they are reported by SERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

SALEM STATE UNIVERSITY
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Notes to the Financial Statements - Continued

June 30, 2015

Note 1 - **Summary of Significant Accounting Policies - Continued**

Fringe Benefits

The University participates in the Commonwealth's fringe benefit programs, including health insurance, unemployment, pension, and workers' compensation benefits. Health insurance, unemployment, and pension costs are billed through a fringe benefit rate charged to the University. Workers' compensation costs are assessed separately based on the University's actual experience.

Compensated Absences

Employees earn the right to be compensated during absences for vacation and sick leave. Accrued vacation is the amount earned by all eligible employees through June 30, 2015. Compensated sick leave represents 20% of amounts earned by those employees with ten or more years of state service at the end of each year. Upon termination of employment, these employees are entitled to receive payment for this accrued balance.

Deposits and Unearned Revenues

Deposits and advance payments received for tuition and fees related to certain summer programs and tuition received for the following academic year are deferred. Funds received in advance from various grants and contracts are deferred. Deposits and unearned revenues are recorded as revenue when earned.

Student Fees

Student tuition and other fees are presented net of scholarships and fellowships applied to students' accounts. Other scholarships or financial aid in excess of tuition and fees are generally reflected as expenses.

Tax Status

The University is an agency of the Commonwealth of Massachusetts and is therefore generally exempt from income taxes under Section 115 of the Internal Revenue Code.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

SALEM STATE UNIVERSITY
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Notes to the Financial Statements - Continued

June 30, 2015

Note 1 - **Summary of Significant Accounting Policies - Continued**

New Governmental Accounting Pronouncements

GASB 72, *Fair Value Measurement and Application*, is effective for periods beginning after June 15, 2015. This Statement requires a government to use valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value. The valuation techniques should be consistent with one or more of the following approaches: the market approach, the cost approach or the income approach. Valuation methodologies should maximize the use of relevant observable inputs and minimize the use of unobservable inputs. GASB 72 establishes a hierarchy of inputs to valuation techniques used to measure fair value which are as follows: Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs, other than quoted prices, included within Level 1 that are observable, directly or indirectly. Level 3 inputs are unobservable inputs such as management's assumptions about certain factors affecting the value of the asset or liability. Management is in the process of evaluating the implementation of this Statement, but does not expect any material effect to its financial position.

GASB 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*; The provisions of this Statement applicable to the University are effective for periods beginning after June 15, 2015. The purpose of these provisions is to clarify and enhance certain reporting requirements of GASB Statements 67 and 68. GASB Statement 68 is effective for the fiscal year ended June 30, 2015. Management has not yet evaluated the effects of the implementation of GASB Statement 73.

GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, is effective for periods beginning after June 15, 2017. This Statement replaces Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension Plans* and Statement 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. The objective of Statement 75 is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions ("OPEB"). It also requires additional information by state and local governmental employers about financial support for OPEB that is provided by other entities. The Statement establishes

SALEM STATE UNIVERSITY
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Notes to the Financial Statements - Continued

June 30, 2015

Note 1 - **Summary of Significant Accounting Policies - Continued**

New Governmental Accounting Pronouncements - Continued

standards for recognizing and measuring liabilities, deferred outflows and inflows of resources, and expense/expenditures. GASB 75 also identifies the assumptions and methods that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value and attribute that present value to periods of employee service for defined benefit OPEB. Management has not yet evaluated the effects of the implementation of this Statement.

GASB 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, supersedes similarly named Statement 55 and is effective for reporting periods beginning after June 15, 2015. The objective of this Statement is to identify, in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principles ("GAAP"). The hierarchy consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. GASB 76 reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment of a transaction or other event is not specified within a source of authoritative GAAP. Management is currently reviewing this pronouncement, implementation of which must be applied retroactively.

Note 2 - **Implementation of Newly Effective Accounting Standard**

As a result of implementing GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, the College has restated net position in the statement of net position by \$22,631,382 as of June 30, 2014. The prior period restatement of net position reflects the recognition of a net pension liability as of June 30, 2014, as required by the application of GASB 68.

SALEM STATE UNIVERSITY
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Notes to the Financial Statements - Continued

June 30, 2015

Note 2 - Implementation of Newly Effective Accounting Standard - Continued

	<u>As Previously Reported</u>	<u>Restated</u>
As of June 30, 2014:		
Deferred outflow	\$ -	\$ 1,734,304
Net pension liability	\$ -	\$ 24,365,686
Unrestricted net position	\$ 8,870,751	\$ (13,760,631)

Note 3 - Cash and Equivalents

Custodial risk is the risk associated with the failure of a depository financial institution. The occurrence of such an event would limit the University's recovery of funds deposited with the institution to those amounts covered by the Federal Deposit Insurance Corporation (FDIC) and other third party insurance in effect at the time of the failure. The University's goal is to mitigate as much custodial risk associated with its cash assets as possible. Deposits in the bank in excess of the insured amounts are uninsured and uncollateralized.

The University places funds with the Massachusetts Municipal Depository Trust (MMDT). The MMDT is an instrumentality of the Treasurer of the Commonwealth and therefore not covered by FDIC insurance and its political Sub-divisions. It is designed as a legal means to temporarily invest available cash in safe, liquid and high yield investment vehicles by offering participation in a diversified portfolio of high quality money market instruments.

At June 30, 2015, the carrying amounts of the University's deposits, net of deposits and disbursements in transit, were \$58,046,904. Of the carrying amounts, \$9,087,092 was held by MMDT at June 30, 2015. Included in the \$58,046,094 total are amounts held in deposit by the MSCBA and DCAMM as follows:

MSCBA	\$ 23,986,004
DCAMM	<u>15,256,712</u>
	<u>\$ 39,242,716</u>

SALEM STATE UNIVERSITY
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Notes to the Financial Statements - Continued

June 30, 2015

Note 3 - **Cash and Equivalents - Continued**

At June 30, 2015, the University had deposits of \$5,509,169 held in a money market account which was insured by a third party up to a maximum of \$5.4 million.

The University maintains a \$50,000 target balance in its clearing account which is fully covered under FDIC limits. Any amounts greater than the target balance are transferred based on an overnight purchase agreement. The investments in these agreements are U.S. agency issued securities fully backed by the U.S. Government.

Amounts remaining that may be exposed to custodial risk at June 30, 2015 were \$323,819, which are primarily maintained as part of the University's investment portfolio.

Note 4 - **Cash Held By State Treasurer**

Accounts payable and accrued salaries to be funded by cash forwarded by the University to and held by the State Treasurer for payment of so-called 'non-appropriated' liabilities at June 30, 2015 through Massachusetts Management Accounting Reporting System (MMARS) were recorded in the sum of \$3,863,536.

Accounts payable and accrued salaries to be funded by state appropriations at June 30, 2015 were \$469,687.

Note 5 - **Investments**

University

The University categorizes short-term investments according to the level of risk assumed by the University. At June 30, 2015, the entire balance of investments was \$13,625,511. These holdings represent investments that are insured, registered and held by the University's investment agent in the University's name. At June 30, 2015, there were no individual investments that represented 5% or more of the University's portfolio. The University currently follows investment policies largely defined by the Commonwealth of Massachusetts as well as internal policies approved by the University's Board of Trustees.

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Notes to the Financial Statements - Continued

June 30, 2015

Note 5 - **Investments - Continued**

University - Continued

Investments of the University are exposed to interest rate and market risk. They are stated at fair market value and consist of the following:

June 30, 2015 Investment Maturity in Years

<u>Investment Type:</u>	<u>Fair Value</u>	<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More Than 10</u>
Debt Securities	\$ 4,600,405	\$ 485,721	\$ 3,366,607	\$ 748,077	\$ -
Bond mutual funds	59,026	2,988	56,038	-	-
U.S. agencies	<u>198,799</u>	<u>34,408</u>	<u>145,529</u>	<u>18,862</u>	<u>-</u>
Subtotal	<u>4,858,230</u>	<u>\$ 523,117</u>	<u>\$ 3,568,174</u>	<u>\$ 766,939</u>	<u>\$ -</u>
Equity securities	8,342,504				
Exchange traded funds	<u>424,777</u>				
Totals	<u>\$ 13,625,511</u>				

The following table summarizes the quality ratings of the University's debt investments at June 30, 2015:

	<u>Quality Ratings</u>										
	<u>Fair Value</u>	<u>B2 MDYS</u>	<u>Baa1 MDYS</u>	<u>Baa2 MDYS</u>	<u>Baa3 MDYS</u>	<u>A1 MDYS</u>	<u>A2 MDYS</u>	<u>A3 MYDS</u>	<u>AA1 MDYS</u>	<u>AGCY MDYS</u>	<u>Not Rated</u>
Debt securities	\$ 4,600,405	\$ 409,049	\$ 462,076	\$ -	\$ 101,740	\$ 1,072,873	\$ 709,810	\$ 803,847	\$ 180,336	\$ 203,438	\$ 657,236
Bond mutual funds	59,026	5,880	-	-	-	35,462	-	-	-	-	17,684
U.S. agencies	<u>198,799</u>	<u>19,253</u>	<u>-</u>	<u>25,271</u>	<u>-</u>	<u>-</u>	<u>25,175</u>	<u>25,424</u>	<u>-</u>	<u>75,547</u>	<u>28,129</u>
Totals	<u>\$ 4,858,230</u>	<u>\$ 434,182</u>	<u>\$ 462,076</u>	<u>\$ 25,271</u>	<u>\$ 101,740</u>	<u>\$ 1,072,873</u>	<u>\$ 770,447</u>	<u>\$ 829,271</u>	<u>\$ 180,336</u>	<u>\$ 278,985</u>	<u>\$ 703,049</u>

SALEM STATE UNIVERSITY
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Notes to the Financial Statements - Continued

June 30, 2015

Note 5 - **Investments - Continued**

Foundation

Investments of the Foundation are stated at fair market value and consist of the following at June 30, 2015:

U.S. Government obligations	\$ 372,203
Corporate bonds	4,572,711
Money market	3,254,422
Certificate of deposit	116,586
Mutual funds	10,320,038
Common stock	8,024,529
Other	<u>1,648</u>
	<u>\$ 26,662,137</u>

Investment Return

The following schedule summarizes the investment return in the statements of revenue and expenses for the University and Foundation for the year ended June 30, 2015:

	<u>University</u>	<u>Component Units</u>
Interest and dividends	\$ 484,582	\$ 530,432
Net realized and unrealized gains and losses	<u>107,060</u>	<u>(170,572)</u>
	<u>\$ 591,642</u>	<u>\$ 359,860</u>

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Notes to the Financial Statements - Continued

June 30, 2015

Note 6 - **Accounts Receivable**

The accounts receivable balance was comprised of the following at June 30, 2015:

Student accounts receivable	\$ 13,274,108
Grants receivable	1,290,868
Other	<u>643,749</u>
	15,208,725
Less: allowance for doubtful accounts	<u>(7,017,967)</u>
Total Accounts Receivable	\$ <u>8,190,758</u>

Note 7 - **Pledges Receivable and Notes Receivable**

Pledges Receivable - Foundation

Unconditional promises to give of the Foundation consisted of the following as of June 30, 2015:

Receivable in less than one year	\$ 1,690,618
Receivable in one to five years	1,662,382
Receivable after five years	330,000
Less: Allowance for doubtful accounts	<u>(85,000)</u>
Net unconditional promises to give	3,598,000
Less: discount to net present value at 3%	<u>(259,357)</u>
Net contributions receivable	\$ <u>3,338,643</u>

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Notes to the Financial Statements - Continued

June 30, 2015

Note 7 - Pledges Receivable and Notes Receivable - Continued

Notes Receivable - Foundation

During 2014, the Foundation provided a loan of \$600,000 to the Assistance Corporation to be used to purchase a property that was then leased to the University. The loan consisted of two notes; the first in the amount of \$200,000, requiring monthly principal payments of \$5,555 plus interest at 1.25%, maturing in August, 2016; the second in the amount of \$400,000, requiring monthly principal payments of \$3,333 plus interest at 6.98% through August 2018, at which point the interest will be adjusted to the Federal Home Loan Bank of Boston Classic Rate for five year maturities (2.09% at June 30, 2014) plus 475 basis points. This note matures in August, 2023. Funding was provided from the Foundation's investment portfolios and all repayments, including principal and interest, will be reinvested therein.

Future minimum maturities of the notes receivable for years subsequent to June 30, 2015 are as follows:

Years Ending <u>June 30,</u>	
2016	\$ 106,667
2017	51,111
2018	40,000
2019	40,000
2020	40,000
Thereafter	<u>126,667</u>
Total	<u>\$ 404,445</u>

Note 8 - Loans Receivable and Payable

Loans payable and receivable consist primarily of the Federal Perkins Loan Program ("Perkins") and the Federal Nursing Loan Program ("NSL"). The Federal Government originally provided the majority of the funds to support these programs. Under certain conditions loan payments from students made under those programs may be re-loaned after collection. The portion of the Perkins and NSL Programs provided by the Federal Government is refundable to the Federal Government upon the ending ("liquidation") of the University's participation in the programs.

SALEM STATE UNIVERSITY
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Notes to the Financial Statements - Continued

June 30, 2015

Note 8 - Loans Receivable and Payable - Continued

Amounts that would have to be repaid to the Federal Government upon liquidation by the University at June 30, 2015 are \$1,541,964 for Perkins and \$748,506 for NSL, and they are included as a non-current liability in the financial statements, aggregating \$2,290,470 for 2015.

The prescribed practices for the Perkins and NSL programs do not provide for accrual of interest on student loans receivable or for the provision of an allowance for doubtful loans. Accordingly, interest on loans is recorded as received, and loan balances are reduced subsequent to the determination of their lack of collectability and have been accepted (assigned) by the Department of Education. Management closely monitors outstanding balances and assigns loans to the Department of Education based upon such factors as student payment history, current status of applicable students, and the results of collection efforts.

Loans receivable include the following at June 30, 2015:

Perkins	\$ 1,505,610
Nursing	657,381
Other	<u>25,610</u>
Total loans receivable	2,188,601
Less: amount due in one year	<u>(250,126)</u>
Long-Term Loans Receivable	\$ <u>1,938,475</u>

The Federal law authorizing the disbursing of Perkins loans expired on September 30, 2015. As of October 1, 2015, the University is prohibited from issuing new Perkins loans to students who have not received them prior to October 1, 2014. As of the date of the financial statements, the Perkins loans program has not been re-authorized and no guidance has been provided from the Department of Education regarding the status of the program.

SALEM STATE UNIVERSITY
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Notes to the Financial Statements - Continued

June 30, 2015

Note 9 - Capital Assets

Capital asset activity for the University for the year ended June 30, 2015 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Reclassifications</u>	<u>Ending Balance</u>
Capital assets not depreciated:					
Land	\$ 2,536,173	\$ -	\$ -	\$ -	\$ 2,536,173
Construction in progress	<u>9,252,945</u>	<u>11,950,101</u>	<u>-</u>	<u>(8,242,096)</u>	<u>12,960,950</u>
Total not depreciated	<u>11,789,118</u>	<u>11,950,101</u>	<u>-</u>	<u>(8,242,096)</u>	<u>15,497,123</u>
Capital assets depreciated:					
Buildings	186,983,922	-	(8,269,152)	8,149,904	186,864,674
Building improvements	28,085,337	1,102,193	-	92,192	29,279,722
Furniture and equipment	<u>1,638,552</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,638,552</u>
Total depreciated	<u>216,707,811</u>	<u>1,102,193</u>	<u>(8,269,152)</u>	<u>8,242,096</u>	<u>217,782,948</u>
Total capital assets	<u>228,496,929</u>	<u>13,052,294</u>	<u>(8,269,152)</u>	<u>-</u>	<u>233,280,071</u>
Less: accumulated depreciation:					
Buildings	55,087,739	5,928,652	(7,328,451)	-	53,687,940
Building improvements	21,236,043	1,605,955	-	-	22,841,998
Furniture and equipment	<u>736,056</u>	<u>120,853</u>	<u>-</u>	<u>-</u>	<u>856,909</u>
Total accumulated depreciation	<u>77,059,838</u>	<u>7,655,460</u>	<u>(7,328,451)</u>	<u>-</u>	<u>77,386,847</u>
Capital Assets, Net	<u>\$ 151,437,091</u>	<u>\$ 5,396,834</u>	<u>\$ (940,701)</u>	<u>\$ -</u>	<u>\$ 155,893,224</u>

During the year ended June 30, 2015, buildings with a net value of \$940,701 were demolished for the purpose of MSCBA building a residence hall for the University. This remaining net book value has been recorded as an operating expense in the financial statements.

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Notes to the Financial Statements - Continued

June 30, 2015

Note 9 - Capital Assets - Continued

Capital asset activity of the component units for the year ended June 30, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Ending Balance</u>
Capital assets not depreciated:			
Land	\$ <u>6,987,769</u>	\$ <u> -</u>	\$ <u>6,987,769</u>
Total not depreciated	<u>6,987,769</u>	<u> -</u>	<u>6,987,769</u>
Capital assets depreciated:			
Buildings	1,170,018		1,170,018
Building improvements	4,205,155	9,786	4,214,941
Furniture and equipment	<u>226,354</u>	<u>3,176</u>	<u>229,530</u>
Total depreciated	<u>5,601,527</u>	<u>12,962</u>	<u>5,614,489</u>
Total capital assets	<u>12,589,296</u>	<u>12,962</u>	<u>12,602,258</u>
Less: accumulated depreciation:			
Buildings	469,025	29,250	498,275
Building improvements	1,472,097	126,418	1,598,515
Furniture and equipment	<u>191,840</u>	<u>11,790</u>	<u>203,630</u>
Total accumulated depreciation	<u>2,132,962</u>	<u>167,458</u>	<u>2,300,420</u>
Capital assets, net	\$ <u>10,456,334</u>	\$ <u>(154,496)</u>	\$ <u>10,301,838</u>

SALEM STATE UNIVERSITY
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Notes to the Financial Statements - Continued

June 30, 2015

Note 10 - Unearned Revenues

Unearned revenues include tuition received in advance from students for summer courses commencing after June 30, the subsequent fall semester, and grant funds received in advance.

Unearned revenues of the University include the following at June 30, 2015:

Tuition and fees	\$ 6,457,873
Grants	<u>343,314</u>
 Total Unearned Revenue	 \$ <u>6,801,187</u>

Note 11 - Long-Term Liabilities

Long-term liabilities of the University at June 30, 2015 consist of:

	<u>Beginning Balance (Restated)</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Bonds and loans payable:					
Bonds payable	\$ 37,796,160	\$ 25,940,962	\$ 1,459,290	\$ 62,277,832	\$ 1,591,795
Bond premiums	3,930,239	3,605,311	260,371	7,275,179	321,477
Loans payable	2,319,172	-	28,702	2,290,470	-
Note payable	305,465	-	71,077	234,388	72,469
Net pension liability	<u>24,365,686</u>	<u>-</u>	<u>2,476,654</u>	<u>21,889,032</u>	<u>-</u>
Total bonds and loans payable	<u>68,716,722</u>	<u>29,546,273</u>	<u>4,296,094</u>	<u>93,966,901</u>	<u>1,985,741</u>
Other long-term liabilities:					
Accrued compensated absences	8,642,313	560,571	-	9,202,884	5,908,154
Workers' compensation	<u>1,018,694</u>	<u>158,150</u>	<u>-</u>	<u>1,176,844</u>	<u>256,291</u>
Total other long-term liabilities	<u>9,661,007</u>	<u>718,721</u>	<u>-</u>	<u>10,379,728</u>	<u>6,164,445</u>
Total Long-Term Liabilities	<u>\$ 78,377,729</u>	<u>\$ 30,264,994</u>	<u>\$ 4,296,094</u>	<u>\$ 104,346,629</u>	<u>\$ 8,150,186</u>

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Notes to the Financial Statements - Continued

June 30, 2015

Note 11 - **Long-Term Liabilities - Continued**

Bonds Payable

Over the past ten years, the University, in association with the Massachusetts State College Building Authority (MSCBA), the Massachusetts Development Finance Agency (MDFA) and the Commonwealth of Massachusetts Division of Capital Asset Management and Maintenance (DCAMM) have entered into financing and construction agreements for various campus projects. The projects are as follows:

O'Keefe Athletic Complex Fields

During fiscal year 2005, the University entered into an agreement with the MSCBA to initiate a construction project to upgrade the University's athletic field at the O'Keefe Athletic Complex. The scope of the services provided by MSCBA included planning and design as well as project management and construction. The project was completed during fiscal year 2006. The source of financing for the project is based on the issuance of Project Revenue Bonds issued by MSCBA on behalf of the University (Series 2005A via First Albany Capital, Public Finance). Through its agreement with MSCBA, the University has an agreement to re-pay this debt in semi-annual installments, which started June 30, 2005 and ends June 30, 2025, at an annual variable coupon rate averaging approximately 4.25%. These bonds were refunded during the year ended June 30, 2015 as described in Note 12.

Central Campus Athletic Field and Tennis Court

During fiscal year 2006, the MSCBA issued Project 2006A bonds to support a project for the construction of a multi-purpose athletic field and tennis courts on the Central Campus of the University. The University has an agreement with the MSCBA to re-pay this debt in semi-annual installments, which started May 1, 2006 and ends May 1, 2026, as an annual coupon rate of approximately 4.26%.

Clean Renewable Energy Initiatives

During fiscal year 2008 the MDFA issued Clean Renewable Energy Bonds totaling \$214,500 on behalf of the University. The proceeds from this issue were used to install solar panels on various buildings on campus. Through its agreement with MDFA, the University agreed to re-pay this interest free debt with annual principal installments of \$14,300. The term of the issue is from December 31, 2007 to December 31, 2020.

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Notes to the Financial Statements - Continued

June 30, 2015

Note 11 - **Long-Term Liabilities - Continued**

Bonds Payable - Continued

Clean Renewable Energy Initiatives - Continued

In September 2010, the Commonwealth of Massachusetts issued Clean Renewable Energy Bonds (CREBS) at 3.5%. From this bond issue, the University received \$289,995 for the purpose of acquiring and installing solar panels on the O'Keefe Center. The University makes semi-annual payments of interest and principal. The bond holder is Century Bank. The term of the bond extends to May 2027.

Harold E. and Marilyn J. Gassett Fitness & Recreation Center at the O'Keefe Athletic Complex

In January of 2012, the MSCBA issued 2012A Project Bonds. The University was allotted \$16,028,603 for the construction of a Fitness Center as part of the O'Keefe Athletic Complex. The University's portion of this issue consisted of principal of \$14,230,000 with a premium of \$1,798,603. The term of this debt extends to June 30, 2036 with a true interest cost (TIC) of 3.94%.

With this issue, the 2005 and 2006 bond issues were refinanced at the lower TIC. This resulted in lower interest payments on both the 2005 and 2006 bond issues starting with the MSCBA 2012 spring assessment until the respective maturity date of each bond. The Debt Service Reserve for the 2005 bond was also reduced by approximately \$159,000 leaving a balance of \$88,612. A Debt Service Reserve remains for the 2006 bond in the amount of \$247,737, which is unchanged from fiscal year 2012.

Mainstage Theater and Other Projects

During January 2014, the MSCBA issued 2014 project bonds on behalf of the University. These bond proceeds along with other University funds are being used to fund the construction of various projects on campus. These projects include the creation of the Student Navigation Center (complete), comprehensive renovations to the Mainstage Theater (in process), relocation of the Public Safety station (complete) and the development and creation of a parking lot on Assistance Corporation owned land (Note 24). These bonds consist of principal in the amount of \$19,030,000, issued at a premium of \$2,243,187. The average annual coupon rate is approximately 4.0% over the life of the issue, and the term of this debt extends to June 30, 2033.

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Notes to the Financial Statements - Continued

June 30, 2015

Note 11 - **Long-Term Liabilities - Continued**

Bonds Payable - Continued

Parking Garage

During December 2014, the MSCBA issued 2015 project bonds on behalf of the University. These bond proceeds are being used to fund the construction of a new parking garage on campus. This bond consists of principal in the amount of \$21,955,000, issued at a premium of \$3,605,311. The average annual coupon rate is approximately 4.989% over the life of the issue, and the term of this debt extends to June 30, 2033. As of June 30, 2015, the parking garage project related to this bond issuance is in the construction phase and is expected to be completed during November 2015.

Clean Energy Investment Program

During July 2013, the University entered into a Memorandum of Agreement with the Commonwealth of Massachusetts' DCAMM to undertake a Comprehensive Energy Performance Contracting Project – Phase 1 (the project). In addition, during February 2014, the University entered into a second Memorandum of Agreement with DCAMM related to the same project but known as Phase 2. The project's goal is to upgrade the University campus wide lighting and lighting controls, water conservation and vending machine controls, motors, steam traps, pipe insulation, kitchen hood controls, energy management system upgrades, high efficiency gas boilers, and HVAC modifications. The total project cost for Phase 1 is \$1,694,560 and is to be repaid over 15 years at 4.0% interest per annum. Annual payments of principal and interest for Phase 1 in the amount of \$152,411 commenced in January 2015. The total project cost for Phase 2 is \$2,291,401 and is to be repaid over 15 years at 3.75% interest per annum. Annual payments of principal and interest for Phase 2 in the amount of \$202,505 commenced in January 2015.

During the year ended June 30, 2015, DCAMM expended all funds owed by the University (Total of \$3,985,962 for Phase 1 and 2). During fiscal 2015, the University received approximately \$750,000 of capital grants toward this project.

Debt Service Reserves

Debt service reserves are held by the MSCBA for past bond issuances and amounted to \$2,852,664 at June 30, 2015.

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Notes to the Financial Statements - Continued

June 30, 2015

Note 11 - **Long-Term Liabilities - Continued**

Bonds Payable - Continued

Maturities of the bonds payable subsequent to June 30, 2015 are as follows:

Years Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 1,913,272	\$ 2,446,672	\$ 4,359,944
2017	2,355,733	2,926,426	5,282,159
2018	2,472,649	2,846,501	5,319,150
2019	2,572,575	2,750,266	5,322,841
2020	2,679,100	2,652,955	5,332,055
2021-2024	11,822,969	9,475,155	21,298,124
2025-2029	15,892,724	8,847,506	24,740,230
2030-2034	15,140,086	5,272,250	20,412,336
2035-2039	7,722,841	2,490,375	10,213,216
2040-2044	<u>6,981,062</u>	<u>986,250</u>	<u>7,967,312</u>
Total	<u>\$ 69,553,011</u>	<u>\$ 40,694,356</u>	<u>\$ 110,247,367</u>

Notes Payable

During September 2013 a note payable was acquired for \$363,653 to purchase various equipment for use in the Gassett Fitness Center. The note payable term is for five years, requires monthly payments of \$6,364, has an average interest rate of 2% and is payable through August 2018. The annual principal payments on this note are as follows:

Years Ending June 30,	
2016	\$ 72,469
2017	73,887
2018	75,333
2019	<u>12,699</u>
Total	<u>\$ 234,388</u>

SALEM STATE UNIVERSITY
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Notes to the Financial Statements - Continued

June 30, 2015

Note 11 - Long-Term Liabilities - Continued

Long Term Debt - Assistance Corporation

Capital debt for the Assistance Corporation at June 30, 2015 consisted of:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Notes payable	\$ 1,785,445	\$ -	\$ 138,387	\$ 1,647,058	\$ 141,968
Bonds payable	\$ 3,066,540	\$ -	\$ 457,497	\$ 2,609,043	\$ 318,197

Note Payable - Assistance Corporation

In August 2013, assets consisting of land and buildings were purchased and completely financed through two promissory notes totaling \$600,000. Under the terms of the first promissory note, the Assistance Corporation agreed to pay the Salem State University Foundation \$400,000 plus interest accruing at 6.98% per annum. Principal payments in the amount of \$3,333 plus interest are due monthly. Under the agreement, the interest rate will be adjusted so that it is equal to 475 basis points above the Federal Home Loan Bank of Boston Classic rate for 5 year maturities. The entire outstanding principal balance of the note along with any accrued interest is due on August 2023. Under the terms of the second promissory note, the Assistance Corporation agreed to pay the Salem State University Foundation \$200,000 plus interest accruing at 1.25% per annum. Principal payments in the amount of \$5,556 plus interest are due monthly. The entire outstanding principal balance of the note along with any accrued interest is due in August of 2016.

During the year ended June 30, 2013, the Assistance Corporation refinanced its outstanding debt with the proceeds of a mortgage from another financial institution. The loan is a five year adjustable rate mortgage due September 2022 with a 25-year amortization. Under the terms of this loan, the Assistance Corporation borrowed \$1,300,000, drawing down \$1,261,056 to pay off its existing loan. An additional \$38,944 was drawn down during fiscal year 2014. Payments in the amount of \$6,856, including principal and interest at 3.95% are due monthly through August 2017 at which time the interest rate will be adjusted to 4.625% for the remainder of the term. A final balloon payment representing the outstanding balance is due in September 2022. The loan is secured by a mortgage on real estate owned by the Assistance Corporation.

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Notes to the Financial Statements - Continued

June 30, 2015

Note 11 - **Long-Term Liabilities - Continued**

Note Payable - Assistance Corporation - Continued

The annual debt service requirements to maturity for the capital debt are as follows:

Years Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 141,968	\$ 70,325
2017	86,656	65,586
2018	69,048	69,274
2019	70,420	64,894
2020	71,857	60,673
2021-2022	<u>1,207,109</u>	<u>167,595</u>
Total	\$ <u>1,647,058</u>	\$ <u>498,347</u>

Bonds Payable - Assistance Corporation

In August 2010, HEFA issued Revenue Bonds, Salem State University Assistance Corporation Issue, Series 2010A bearing interest at 3.26% with a maturity date of September 15, 2020 in the amount of \$4,700,000. HEFA sold the bonds to TD Bank and loaned the proceeds to the Assistance Corporation. The loan proceeds were used to acquire additional rental property that would be leased to the University for approximately \$4,500,000 and to pay for associated financial and closing costs.

SALEM STATE UNIVERSITY
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Notes to the Financial Statements - Continued

June 30, 2015

Note 11 - **Long-Term Liabilities - Bonds Payable - Continued**

Bonds Payable - Assistance Corporation - Continued

Subsequent to June 30, 2015, principal and interest payments on the revenue bond payable for the next five years and thereafter are as follows:

Years Ending June 30,	<u>Principal</u>	<u>Interest</u>
2016	\$ 318,197	\$ 80,328
2017	328,727	69,799
2018	339,605	58,921
2019	350,843	47,683
2020	362,453	36,073
2021	<u>909,218</u>	<u>7,159</u>
Total	\$ <u>2,609,043</u>	\$ <u>299,963</u>

Note 12 - **Pensions**

Defined Benefit Plan Description

The Commonwealth makes contributions on behalf of the University for employees paid by state appropriations through a benefit charge assessed by the Commonwealth. Such pension expense amounted to \$4,331,123 for the year ended June 30, 2015. Employees, who contribute a percentage of their regular compensation, fund the annuity portion of the retirement system.

SALEM STATE UNIVERSITY
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Notes to the Financial Statements - Continued

June 30, 2015

Note 12 - **Pensions - Continued**

Defined Benefit Plan Description - Continued

Certain employees of the University participate in a cost-sharing multiple-employer defined benefit pension plan – the Massachusetts State Employees’ Retirement System (SERS) – administered by the Massachusetts State Board of Retirement (the “Board”), which is a public employee retirement system (PERS). Under a cost-sharing plan, pension obligations for employees of all employers are pooled and plan assets are available to pay the benefits through the plan, regardless of the status of the employers’ payment of its pension obligations to the plan. The plan provides retirement and disability benefits and death benefits to plan members and beneficiaries.

SERS does not issue a stand-alone financial statement.

Benefit Provisions

SERS provides retirement, disability, survivor and death benefits to members and their beneficiaries. Massachusetts General Laws (MGL) establishes uniform benefit and contribution requirements for all contributory PERS. These requirements provide for superannuation retirement allowance benefits up to a maximum of 80% of a member’s highest three-year average annual rate of regular compensation. For employees hired after April 1, 2012, retirement allowances are calculated based on the last five years or any five consecutive years, whichever is greater in terms of compensation. Benefit payments are based upon a member’s age, length of creditable service, and group creditable service, and group classification. The authority for amending these provisions rests with the Legislature.

Members become vested after ten years of creditable service. A superannuation retirement allowance may be received upon the completion of twenty years of service or upon reaching the age of 55 with ten years of service. Normal retirement for most employees occurs at age 65; for certain hazardous duty and public safety positions, normal retirement is at age 55. Most employees who joined the system after April 1, 2012 cannot retire prior to age 60.

Contributions

The SERS’ funding policies have been established by Chapter 32 of the MGL. The Legislature has the authority to amend these policies. The annuity portion of the SERS retirement allowance is funded by employees, who contribute a percentage of their regular compensation. Costs of administering the plan are funded out of plan assets.

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Notes to the Financial Statements - Continued

June 30, 2015

Note 12 - **Pensions - Continued**

Contributions - Continued

Member contributions for SERS vary depending on the most recent date of membership:

<u>Hire Date</u>	<u>Percent of Compensation</u>
Prior to 1975	5% of regular compensation
1975 – 1983	7% of regular compensation
1984 – 6/30/1996	8% of regular compensation
7/1/1996 – present	9% of regular compensation except for State Police which is 12% of regular compensation
1979 – present	An additional 2% of regular compensation in excess of \$30,000

The University is required to contribute at an actuarially determined rate; the rate was 10.39% of annual covered payroll for the fiscal year ended June 30, 2015. The University contributed \$2,436,331 for the fiscal year ended June 30, 2015, equal to 100% of the required contributions for each year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2015, the University reported a liability of \$21,889,032 for its proportionate share of the net pension liability related to its participation in SERS. The net pension liability was measured as of June 30, 2014, the measurement date, and the total pension liability were used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2014 rolled forward to June 30, 2014. The University's proportion of the net pension liability was based on its share of the Commonwealth of Massachusetts', including collective pension amounts allocated on the basis of actual fringe benefit charges assessed to the College for the fiscal year 2014. The Commonwealth's proportionate share was based on actual employer contributions to the SERS for fiscal year 2014 relative to total contributions of all participating employers for that fiscal year. At June 30, 2014, the University's proportion was 0.30%.

For the year ended June 30, 2015, the University recognized pension expense of \$1,962,997. At June 30, 2015, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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Notes to the Financial Statements - Continued

June 30, 2015

Note 12 - **Pensions - Continued**

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred Outflows of Resources:

Contributions made after the plan valuation date	\$ 2,436,331
Changes in plan actuarial assumptions	246,056
Changes in proportion	<u>1,546,009</u>
Total	\$ <u>4,228,396</u>

Deferred Inflows of Resources:

Net differences between projected and actual earnings on plan investments	\$ 4,492,699
Changes in proportion	<u>4,713</u>
Total	\$ <u>4,497,412</u>

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources - Continued

Contributions of \$2,436,331 are reported as deferred outflows of resources related to pensions resulting from the College contributions in fiscal year 2015 subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as increases (decreases) in pension expense as follows:

Years Ending <u>June 30,</u>	
2016	\$ (725,985)
2017	(725,985)
2018	(725,985)
2019	(725,985)
2020	<u>198,593</u>
	\$ <u>(2,705,347)</u>

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Notes to the Financial Statements - Continued

June 30, 2015

Note 12 - **Pensions - Continued**

Actuarial Assumptions

The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	3.50% to 9.00%
Investment rate of return	8.00%

Mortality rates were based on pre-retirement of RP-2000 Employees table projected 20 years with Scale AA (gender distinct) and post-retirement of Healthy Annuitant table projected 15 years with Scale AA (gender distinct).

The actuarial assumptions used in the January 1, 2014 valuation rolled forward to June 30, 2014 and the calculation of the total pension liability at June 30, 2014 were consistent with the results of actuarial experience study performed as of January 1, 2014.

Investment assets of SERS are with the Pension Reserves Investment Trust (PRIT) Fund. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage. Best estimates of geometric rates of return for each major asset class included in the PRIT Fund's target asset allocation as of June 30, 2014 are summarized in the following table:

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Notes to the Financial Statements - Continued

June 30, 2015

Note 12 - **Pensions - Continued**

Actuarial Assumptions - Continued

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term expected real rate of return</u>
Global Equity	43%	7.20%
Core Fixed Income	13%	2.50%
Hedge Funds	10%	5.50%
Private Equity	10%	8.80%
Real Return	10%	6.30%
Value Added Fixed Income	10%	6.30%
Timber/Natural Resources	<u>4%</u>	5.00%
	<u>100%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 8.0%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the Commonwealth's contributions will be made at rates equal to the difference between actuarially determined contributions rates and the member rates. Based on those assumptions, the net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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Notes to the Financial Statements - Continued

June 30, 2015

Note 12 - **Pensions - Continued**

Sensitivity of the Net Pension Liability to changes in the Discount Rate

The following table illustrates the sensitivity of the net pension liability calculated using the discount rate of 8.0 percent as well as what the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate.

1.00% Decrease	Current Discount Rate	1.00% Increase
<u>(7.00%)</u>	<u>(8.00%)</u>	<u>(9.00%)</u>
\$ 31,689,115	\$ 21,889,032	\$ 13,477,014

Note 13 - **Deferred Inflows of Resources**

Service Concession Arrangements

Deferred inflows of resources include contributions made by certain vendors. The University's food service operations are managed under an agreement by an outside party. In accordance with an agreement and subsequent amendments, the vendor has made several contributions over the period from January 2002 through January 2013 totaling \$3,630,000.

The term of the agreement was extended until 2022, and the amortization tables were adjusted accordingly. Either party may terminate this agreement at any time, without cause, by providing sixty days written notice. In the event of termination, the unamortized portion is to be returned. At June 30, 2015, the unamortized portion of these contributions approximated \$354,000. Amounts received from other vendors at June 30, 2015 approximated \$193,000.

Bond Refunding

During December 2014, the MSCBA refunded the bonds for the Athletic Complex Fields and Central Campus Athletic Field and Tennis Court (Note 11) and resulted in a gain by reducing the amount the University owed by approximately \$128,000. The unamortized portion of this gain approximates \$122,000 at June 30, 2015 and is included in the deferred inflows of resources total in the financial statements. The principal reduction for these bonds totaled approximately \$216,000 which was due to a \$128,000 gain on the refunding and \$88,000 of the University's cash reserves held by MSCBA.

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Notes to the Financial Statements - Continued

June 30, 2015

Note 14 - **Rental Income**

The Assistance Corporation has long-term operating leases with lessees. Minimum future rentals under the non-cancellable operating leases subsequent to June 30, 2015 are as follows:

Years Ending <u>June 30,</u>	<u>Amount</u>
2016	\$ 1,124,268
2017	833,241
2018	736,814
2019	669,929
2020	602,146
Thereafter	<u>255,746</u>
Total	\$ <u>4,222,144</u>

In accordance with the terms of the HEFA bond payable (Note 11), base rent on the property acquired through this mortgage is paid directly to TD Bank as debt service. The University, at its sole option, may pay additional base rent to reduce the principal balance of the mortgage.

Note 15 - **Operating Leases**

The University has numerous operating leases for property at various locations from the Assistance Corporation and for equipment from outside vendors. These leases expire in 2020. Future minimum payments related to these leases are as follows:

Years Ending <u>June 30,</u>	<u>Assistance Corporation</u>	<u>Outside Vendors</u>	<u>Total</u>
2016	\$ 1,497,064	\$ 471,620	\$ 1,968,684
2017	1,400,432	355,960	1,756,392
2018	1,267,968	61,521	1,329,489
2019	953,479	7,031	960,510
2020	<u>460,836</u>	<u>-</u>	<u>460,836</u>
Total	\$ <u>5,579,779</u>	\$ <u>896,132</u>	\$ <u>6,475,911</u>

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Notes to the Financial Statements - Continued

June 30, 2015

Note 16 - **Restricted Net Position**

The University is the recipient of funds that are subject to various external constraints upon their use, either as to purpose or time. These funds are comprised of the following at June 30, 2015:

Restricted - nonexpendable:	
Scholarships and fellowships	\$ <u>667,366</u>
Restricted - expendable:	
Scholarships, fellowships, loans, research grants and contracts	\$ <u>4,262,223</u>

The Foundation's restricted - nonexpendable and expendable net position consists of investments to be utilized for various scholarships and program support.

Note 17 - **Cash Flow Information**

Cash and equivalents are comprised of the following at June 30, 2015:

Cash and equivalents	\$ 8,369,639
Restricted cash and equivalents	6,101,326
Deposits held by State Treasurer	3,863,536
Cash held by State Treasurer	469,687
Deposits held by MSCBA and DCAMM	<u>39,242,716</u>
Total	\$ <u>58,046,904</u>

The following summarizes non-cash transactions for the years ended June 30, 2015:

Fringe benefits provided by the state	\$ <u>11,837,053</u>
Acquisition of capital assets through DCAMM	\$ <u>5,399,174</u>

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Notes to the Financial Statements - Continued

June 30, 2015

Note 18 - **Commitments and Contingencies**

The University is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, and natural disasters for which the Commonwealth is self-insured.

Various lawsuits are pending or threatened against the University which arise in the ordinary course of operations. In the opinion of management, no litigation is now pending, or threatened which would materially affect the University's financial position.

The University receives significant financial assistance from Federal and state agencies in the form of grants. Expenditures of funds under these programs require compliance with the grant agreements and are subject to audit. Any disallowed expenditure resulting from such audits become a liability of the University. In the opinion of management, such adjustments, if any, are not expected to materially affect the financial condition of the University.

The University participates in the Massachusetts College Savings Prepaid Tuition Program (the "Program"). This Program allows individuals to pay in advance for the future tuition at the cost of tuition at the time of election to participate, increased by changes in the Consumer Price Index plus 2%. The University is obligated to accept as payment of tuition the amount determined by this Program without regard to standard tuition rate in effect at the time of the individual's enrollment at the University. The effect of the program cannot be determined as it is contingent on future tuition increases and the Program participants who attend the University.

The U.S. Environmental Protection Agency (EPA) notified the University in August 1998 that it is a potential responsible party with respect to environmental impacts resulting from contaminated soil upon the removal of underground oil tanks in 1991. The EPA has not closed out their investigation. During fiscal year 2015, the University paid no remediation costs and received no communication from Federal or state agencies. In the opinion of management, such adjustments, if any, are not expected to materially affect the financial condition of the University.

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Notes to the Financial Statements - Continued

June 30, 2015

Note 19 - **Operating Expenses**

The University's operating expenses, on a natural classification basis, are comprised of the following at June 30, 2015:

Compensation and benefits	\$ 107,036,247
Supplies and services	32,974,009
Utilities	4,337,321
Depreciation	7,655,460
Scholarships and fellowship	<u>5,800,876</u>
 Total	 \$ <u>157,803,913</u>

Note 20 - **Fringe Benefit Program**

The University participates in the Commonwealth's Fringe Benefit programs, including active employee and post-employment health insurance, unemployment, pension, and workers' compensation benefits. Health insurance costs for active employees and retirees are paid through a fringe benefit rate charged to the University by the Commonwealth and currently the liability is borne by the Commonwealth, as are any effects on net assets and the results of current year operations, due to the adoption of GASB Statement No. 45, Accounting and Financial Reporting by Employers for Post-Employment Benefits Other than Pensions.

The overall fringe benefit charge increased from 27.68% in 2014 to 28.86% in 2015 including 1.42% and 1.59% in payroll taxes, respectively. The retirement portion of the fringe benefit charge increased from 7.93% in 2014 to 10.39% in 2015. In addition to providing pension benefits, under Chapter 32A of the Massachusetts General Laws, the Commonwealth is required to provide certain health care and life insurance benefits for retired employees of the Commonwealth, housing authorities, redevelopment authorities, and certain other governmental agencies. Substantially all of the Commonwealth's employees may become eligible for these benefits if they reach retirement age while working for the Commonwealth. Eligible retirees are required to contribute a specified percentage of the health care benefit costs which is comparable to contributions required from employees. The Commonwealth is reimbursed for the cost of benefits to retirees of the eligible authorities and non-state agencies.

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Notes to the Financial Statements - Continued

June 30, 2015

Note 20 - **Fringe Benefit Program - Continued**

Insurance

The Group Insurance Commission (GIC) was established by the Legislature in 1955 to provide and administer health insurance and other benefits to the Commonwealth's employees and retirees, and their dependents and survivors. The GIC also covers housing and redevelopment authorities' personnel, participating municipalities, and retired municipal employees and teachers in certain governmental units.

Health coverage options include an Indemnity plan, Preferred Provider-type Organizations (PPO), an Exclusive Provider Organization (EPO), and multiple HMO plans. The GIC also manages basic and optional life insurance coverage. As part of its UniCare State indemnity and active employee Tufts Health plans, it manages mental health/substance abuse benefits and also manages pharmacy benefits for the indemnity plans. For active state employees only, the GIC offers a long-term disability (LTD) program, two pre-tax employee programs – Health Care Spending Account (HCSA and Dependent Care Assistance Program (DCAP), and for managers, legislators, legislative staff and certain Executive Office staff, a dental/vision plan. The GIC also offers a discount vision and a dental plan for Commonwealth retirees.

As of June 30, 2015, the University had paid all amounts charged to it through the Commonwealth's fringe benefit recovery program.

Note 21 - **Massachusetts Management Accounting Reporting System (MMARS)**

Section 15C of Chapter 15A of the Massachusetts General Laws requires Commonwealth Colleges and Universities to report activity of campus-based funds to the Comptroller of the Commonwealth on the Commonwealth's Statewide Accounting System, Massachusetts Management Accounting Reporting System (MMARS), using the statutory basis of accounting. The statutory basis of accounting is a modified accrual basis of accounting and differs from the information included in these financial statements. The amounts reported on MMARS meet the guidelines of the Comptroller's Guide for Higher Education Audited Financial Statements.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2015

Note 21 - **Massachusetts Management Accounting Reporting System (MMARS) - Continued**

The University's state appropriations are composed of the following at June 30, 2015:

Direct unrestricted appropriations	\$ 43,996,494
<u>Add:</u>	
Fringe benefits for benefited employees on the state payroll	11,837,053
<u>Less:</u>	
Special payment to state (9C reduction)	(622,233)
Day school tuition remitted to the state and included in tuition and fee revenue	<u>(769,606)</u>
 Total unrestricted appropriations	 \$ <u>54,441,708</u>

A reconciliation between the University and MMARS fund 901 activity as of June 30, 2015 is as follows (unaudited):

Revenue per MMARS	\$ 110,635,495
Revenue per University	\$ <u>110,635,495</u>
 Difference	 \$ <u> -</u>

During fiscal year 2015, the University was required to transfer to the State \$622,233 in accordance with 9C requirements. This amount is included as a non-operating expenditure in the Statement of Revenues, Expenses and Changes in Net Position.

Note 22 - **Pass-Through Student Federal Loans**

The University distributed approximately \$45,813,000 for the year ended June 30, 2015, for student loans through the William D. Ford Federal Direct Lending Program. These distributions and related funding sources are not included as revenues and expenses or as cash receipts and cash disbursements in the accompanying financial statements.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2015

Note 23 - **Massachusetts State College Building Authority**

The Massachusetts State College Building Authority (MSCBA) was created pursuant to Chapter 703 of the Act of 1963 of the Commonwealth as a public instrumentality for the general purpose of providing residence halls and outstanding for use by students of the state universities of the Commonwealth, as well as major construction projects on their campuses. The residence halls are leased from the MSCBA for various terms, allowing for periods of up to ten years.

The University is charged a semi-annual revenue assessment that is based on a certified occupancy report, the current rent schedule, and the design capacity for each of the residence halls, as well as debt service on instruments issued for dormitory and other major construction projects for the University. This revenue assessment is used by MSCBA to pay principal and interest due on its long-term debt obligations. These obligations may include the costs of periodic renovations and improvements to the residence halls, as well as other major construction performed on campus, which has included athletic field construction and repair. The Commonwealth guarantees these obligations.

The portions of the semi-annual Revenue Assessments paid to the MSCBA by the University for residence halls, related maintenance, insurance, other costs, historical pooled obligations, other major renovations and improvements for the University for the year ended June 30, 2015 were \$9,681,042, respectively, and are included in the auxiliary enterprise, and institutional support category in the accompanying statements of revenues, expenses and changes in net assets. All facilities and obligations of the MSCBA are included in the financial statements of the MSCBA.

Note 24 - **Assistance Corporation Parking Lot**

As part of the January 2014 bond issuance for the Mainstage Theatre and Other Projects, the University has obtained MSCBA bond financing of \$1,920,000 for the development and creation of a parking lot on Assistance Corporation owned land (Note 10). The parking lot has been completed as of June 30, 2015.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2015

Note 25 - **Subsequent Events**

The University entered into a management services agreement (the “agreement”) along with nine other institutions within the Commonwealth of Massachusetts (the “institutions”) for the management of its bookstores by its existing vendor. The agreement is effective July 1, 2015 and expiring June 30, 2020, unless sooner terminated as provided for in the agreement, and containing automatic one year renewals requiring 120 days written notice by either party. The agreement provides for minimum annual guarantee payments for the institutions of three million dollars in total in years one and two. Minimum annual guarantee payments in subsequent years, including renewal years, will be 95% of the preceding years’ actual commission payment. If any single institution terminates its involvement in the agreement, the payments shall then be based on the percentage of commissionable sales, and the minimum annual guarantee shall not apply. In addition, the University will receive a one-time bonus of \$353,000 subject to amortization over the initial life of the agreement and annual Textbook Scholarships of approximately \$9,630.

The University closed on the purchase of a property on Loring Avenue on behalf of the Assistance Corporation, in whose name the property was purchased under. The cost of the property approximated \$330,000 and the funds used to pay for this property were obtained from the MSCBA, as part of an agreement with the University. The agreement between the University and the MSCBA allotted for \$1,090,000 in funds to be used for property purchases as they occurred and these funds to be used by the University are to be repaid to the MSCBA semi-annually commencing in November 2015.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Draft

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Schedule of Proportionate Share of the Net Pension Liability (Unaudited)

Valuation was performed as of January 1, 2014 and adjusted through June 30, 2014 (measurement date)

Proportion of the collective net pension liability	0.295%
Proportionate share of the collective net pension liability	\$ 21,889,032
Covered-employee payroll	\$ 21,870,164
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	100.09%
Plan fiduciary net position as a percentage of the total pension liability	76.32%

Notes:

The Schedule is intended to show ten years. Information is only available for one year. The valuation was performed as of January 1, 2014 and adjusted through June 30, 2014.

See accompanying notes to the required supplemental information.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Schedule of Contributions (Unaudited)

For the Year Ended June 30, 2015

Contractually required contribution	\$ 2,436,331
Contributions in relation to the contractually required contribution	<u>(2,436,331)</u>
Contribution excess	<u>\$ -</u>
Covered-employee payroll	\$ 23,448,807
Contribution as a percentage of covered-employee payroll	10.39%

Notes:

Employers participating in the Massachusetts State Employees' Retirement System are required by MA General Laws, Section 32, to contribute an actually determined contribution rate each year

The Schedule is intended to show ten years. Information is only available for one year.

See accompanying notes to the required supplemental information.

SALEM STATE UNIVERSITY
 (an agency of the Commonwealth of Massachusetts)

Notes to the Required Supplementary Information (Unaudited)

For the Year Ended June 30, 2015

Note 1 - **Change in Assumptions**

Changes in assumptions about future economic or demographic factors and inputs resulted in additional plan wide pension expense of \$102 million dollars to be charged to income over an amortization period of 5.5 years beginning with the fiscal year ended 2015. The unamortized portion of the change is reported as a deferred outflow of resources in the statement of net position. The University's proportionate share of the net pension liability and the results of changes in assumptions is .295%, as shown on the Schedule of Proportionate Share of Net Pension Liability, and represents the relationship of contributions made by the University to total contributions by all participating State Agencies.

The University's portion of these amounts is as follows:

1. Changes in assumptions	\$ 300,735
2. Recognized in current year pension expense	54,679
3. Deferred outflow of resources	246,056

SUPPLEMENTAL SCHEDULES

Draft

SALEM STATE UNIVERSITY
 (an agency of the Commonwealth of Massachusetts)

Schedule of Net Position
Dormitory Trust Fund Report (Unaudited)

June 30, 2015

<u>Assets</u>	
Assets:	
Cash and equivalents	\$ 1,306,375
Accounts receivable, net	572,197
Other receivables, net	<u>21,526</u>
Total Assets	<u>\$ 1,900,098</u>
<u>Liabilities and Net Position</u>	
Liabilities:	
Accounts payable	\$ 175,833
Accrued payroll and fringe benefits	89,741
Dormitory deposits	299,599
Accrued compensated absences	<u>245,078</u>
Total Liabilities	810,251
Net Position	<u>1,089,847</u>
Total Liabilities and Net Position	<u>\$ 1,900,098</u>

SALEM STATE UNIVERSITY
 (an agency of the Commonwealth of Massachusetts)

Schedule of Revenues, Expenses, and Changes in Net Position
Dormitory Trust Fund Report (Unaudited)

For the Year Ended June 30, 2015

Revenues:	
Student fees	\$ 15,790,400
Commissions	64,328
Rentals	229,160
Interest	190
Other	<u>-</u>
Total Revenues	<u>16,084,078</u>
Expenses:	
Regular employee compensation	2,099,263
Regular employee related expenses	2,828
Special employee compensation	624,913
Pension and insurance related	575,869
Administrative	218,434
Facility operational	160,599
Energy and space rental	1,680,614
Consultant services	1,250
Operational services	153,496
Equipment purchase	15,320
Equipment maintenance	867,770
Scholarships and fellowships	846,965
Loans and special payments	9,226,903
Information technology	<u>53,984</u>
Total Expenses	<u>16,528,208</u>
Excess of Revenues over Expenses	(444,130)
Net Transfers	<u>198,075</u>
Total Increase (Decrease) in Net Position	<u>(246,055)</u>
Net Position, Beginning of Year	<u>1,335,902</u>
Net Position, End of Year	<u>\$ 1,089,847</u>

**Independent Auditors' Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance with *Government Auditing Standards***

To the Board of Trustees of
Salem State University
Salem, Massachusetts

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Salem State University (the "University"), which comprise the statements of net position as of June 30, 2015, and the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise Salem State University's basic financial statements and have issued our report thereon dated October 7, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Salem State University's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audits we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Salem State University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Certified Public Accountants
Braintree, Massachusetts

October 7, 2015

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

**INDEPENDENT AUDITORS' REPORTS AS
REQUIRED BY OFFICE OF MANAGEMENT AND
BUDGET (OMB) CIRCULAR A-133 AND
GOVERNMENT AUDITING STANDARDS AND
RELATED INFORMATION**

JUNE 30, 2015

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

**Independent Auditors' Reports as Required by Office of Management and
Budget (OMB) Circular A-133 and *Government Auditing Standards* and
Related Information**

June 30, 2015

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133

To the Board of Trustees of
Salem State University
Salem, Massachusetts

Report on Compliance for Each Major Federal Program

We have audited Salem State University's (an agency of the Commonwealth of Massachusetts) (the "University") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Salem State University's major Federal programs for the year ended June 30, 2015. Salem State University's major Federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its Federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Salem State University's major Federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about Salem State University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major Federal program. However, our audit does not provide a legal determination of Salem State University's compliance.

Opinion on Each Major Federal Program

In our opinion, Salem State University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control over Compliance

Management of Salem State University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Salem State University's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Salem State University's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

Report on Schedule of Expenditures of Federal Awards

We have audited the financial statements of Salem State University as of and for the year ended June 30, 2015, and have issued our report thereon dated October 7, 2015, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of Federal awards is presented for the purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organization* and not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The

information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Certified Public Accountants
Braintree, Massachusetts

October 7, 2015

Draft

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT
AUDITING STANDARDS***

To the Board of Trustees of
Salem State University
Salem, Massachusetts

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Salem State University (the "University"), which comprise the statements of net position as of June 30, 2015, the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise Salem State University's basic financial statements and have issued our report thereon dated October 7, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Salem State University's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Salem State University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**Certified Public Accountants
Braintree, Massachusetts**

October 7, 2015

SALEM STATE UNIVERSITY
 (an agency of the Commonwealth of Massachusetts)

Schedule of Current Year Findings and Questioned Costs

June 30, 2015

Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Noncompliance material to the financial statements noted?	No

Federal Award

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	No
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	No

SALEM STATE UNIVERSITY
 (an agency of the Commonwealth of Massachusetts)

Schedule of Current Year Findings and Questioned Costs - Continued

June 30, 2015

Major programs of Salem State University include:

<u>Program Title</u>	<u>CFDA Number</u>
Student Financial Assistance Cluster:	
Federal Supplemental Education Opportunity Grant Program	84.007
Federal Work Study Program	84.033
Federal Perkins Loans	84.038
Federal Pell Grant Program	84.063
Federal Direct Student Loans	84.268
Teacher Education Assistance for College and Higher Education	84.379
Nursing Student Loan Program	93.364
TRIO Cluster	
Student Support Services	84.042A
Upward Bound	84.047A

The dollar threshold to distinguish between Type A and Type B programs is \$300,000.

The Office of Management and Budget (OMB) has minimum requirements for a recipient of Federal funds to be considered a low-risk auditee. The University does qualify as a low-risk auditee.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Schedule of Current Year Findings and Questioned Costs - Continued

June 30, 2015

The University does not have any current year findings and questioned costs related to Federal awards.

Draft

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Schedule of Prior Year Findings and Questioned Costs

June 30, 2015

Finding number: 2014-001
Federal agency: U.S. Department of Education
Programs: Student Financial Assistance Cluster
CFDA #'s: Multiple
Award year: 2014

Condition

Federal regulations state that any unearned Title IV grant or loan assistance received by a student must be refunded to the Title IV programs upon a student's withdrawal from the institution. The academic institution is responsible for the calculation of the earned and unearned portion of Title IV assistance using a standard Return of Title IV Funds form ("R2T4"). In our testing sample of 10 students who were determined to have withdrawn from the University, we noted two students for whom funds were not returned within the required 45 days. Our audit disclosed that the funds were not returned until 120 days and 162 days after the 45 day disbursement timeframe, respectively. The total amount to return was \$3,889.

Auditors' Current Year Comment

Our current year testing revealed no findings in this area.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2015

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
<u>Student Financial Assistance Cluster:</u>		
<i>U.S. Department of Education:</i>		
Federal Supplemental Educational Opportunity Grants	84.007	\$ 407,038
Federal Work-Study Program	84.033	389,493
Federal Pell Grant Program	84.063	11,498,262
Federal Direct Student Loans	84.268	45,812,773
Federal Perkins Loans	84.038	245,275
Teacher Education Assistance for College and Higher Education (TEACH) Grants	84.379	20,857
<i>U.S. Department of Health and Human Services:</i>		
Nursing Student Loans	93.364	123,500
Total Student Financial Assistance Cluster		<u>58,497,198</u>
<u>TRIO Cluster</u>		
<i>U.S. Department of Education:</i>		
Support Services	84.042A	426,778
Upward Bound	84.047A	308,791
Total Trio Cluster		<u>735,569</u>
<u>Non-Cluster</u>		
<i>U.S. National Science Foundation</i>		
Geosciences	47.050	23,474
Total U.S. National Science Foundation		<u>23,474</u>
<i>U.S. Small Business Administration</i>		
Small Business Development Center (Passed through from University of Massachusetts Amherst)	59.037	387,431
Jobs Bill (Passed through from University of Massachusetts Amherst)	59.xxx	5,000
Offshore Mussel Aquaculture (Passed through from University of Massachusetts Amherst)	59.xxx	43,467
Fullbright Visiting Scholar (Passed through from University of Massachusetts Amherst)	59.xxx	93,569
Total U.S. Small Business Administration		<u>529,467</u>
<i>U.S. Department of Education:</i>		
English Language Acquisition National Professional Development Program	84.195N	7,595
English Language Acquisition State Grants	84.365	597,566
Total U.S. Department of Education		<u>605,161</u>
<i>U.S. Department of Health and Human Services:</i>		
Child Welfare Research Training or Demonstration	93.648	25,217
Total Expenditures of Federal Awards		<u>\$ 60,416,086</u>

See accompanying notes to schedule of expenditure of Federal awards.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Schedule of Expenditures of Federal Awards

June 30, 2015

Note 1 - **Basis of Presentation**

The accompanying schedule of expenditures of Federal awards (the "Schedule") includes the Federal grant activities of Salem State University (the "University") (an agency of the Commonwealth of Massachusetts) and is presented on the accrual basis of accounting.

For purposes of the Schedule, Federal awards include all grants, contracts, and similar agreements entered into directly between the University, agencies, departments of the Federal government, and all subawards to the University by non-Federal organizations pursuant to Federal grants, contracts, and similar agreements.

Note 2 - **Federal Direct Student Loans Program**

The University disbursed \$45,812,773 of loans under the Federal Direct Student Loans program, which includes Stafford Subsidized and Unsubsidized Loans and Parents' Loans. It is not practical to determine the balances of loans outstanding to students of the University under this program as of June 30, 2015. The University is responsible for the performance of certain administrative duties and, accordingly, these loans are not included in the University's financial statements.

Note 3 - **Federal Perkins and Nursing Student Loan Programs**

During the year ended June 30, 2015, \$245,275 in loans was advanced under the Federal Perkins Loan Program, and \$123,500 in loans was advanced under the Nursing Loan Program. As of June 30, 2015 loan balances receivable under the Perkins and Nursing Loan Programs were \$1,505,610 and \$657,381, respectively.

NEASC Standards

Update of the Five Year Interim Report

On Line & Hybrid Course discussion

ATTACHMENT C & D

Internal Working Document – Not for distribution

MEETING OF THE BOARD OF TRUSTEES **DRAFT**
June 3, 2015

PRESENT: Trustees Burns, Crawford, Davis, Lancome, Lutts, Malcolm, Mattera (Vice Chair), Scott (Chair), Segal, Stringer and President Meservey. Advisory Member Gadenne and Secretary to the Board Montague and Assistant Secretary Sadowski were also present.

ABSENT: Trustee Abdo

Individuals also present and participating in the meeting: Vice President of Finance and Business House, General Counsel and Vice President of Administration Keenan, Vice President for Institutional Advancement McGurran, Provost and Vice President for Academic Affairs Silva, Dean of Students and Student Life Stoll, Vice President for Marketing and Communications Torello.

The provisions of General Laws, Chapter 30A, having been complied with and a quorum of the Board being present, the Board of Trustees of Salem State University held a meeting in the Paul Petrowski conference room (room 210), Marsh Hall, Central Campus, Loring Avenue, Salem, Massachusetts, on June 3, 2015, with Pamela C. Scott, Chair, presiding.

* * *

I. CALL TO ORDER

Call to Order

Chair Scott called the meeting to order at 5:00 p.m.

* * *

II. CONSENT AGENDA: APPROVAL OF MINUTES & COMMITTEE REPORTS

Approval of Minutes

Chair Scott read the items contained on the Consent Agenda and asked for any objections or modifications. Trustee Davis requested a modification and the item was removed from the consent agenda for later discussion. With no further changes, the chair asked for a motion to approve the consent agenda.

Upon a motion duly made by Trustee Burns and seconded by Trustee Lancome, it was

VOTED: To approve the Consent Agenda for the Meeting of June 3, 2015. (CA-15-06)

* * *

III. COMMITTEE ACTIONS

Academic Affairs

Academic Affairs: Chair Scott invited Trustee Davis to discuss the item withheld from the Consent Agenda. Trustee Davis explained that the Committee approved the motion to recommend to the board the personnel actions for faculty promotion to the rank of Associate Professor the list of names presented at the meeting. The revised motion adds Kathleen Keough Adee and Amy Smith to the list for promotion from Assistant Professor to Associate Professor.

Chair Scott asked if there were any additional revisions to the motion or any objections. Hearing none, upon a motion duly made by Trustee Davis and seconded by Trustee Segal it was unanimously

VOTED: to recommend to the full board the personnel actions for Faculty Promotion to the rank of Associate Professor and Full Professor as presented (AA-15-09)

Upon a motion recommended by the committee and duly made by Trustee Davis and seconded by Trustee Mattera it was unanimously

VOTED: to recommend to the full board the personnel actions for Faculty Tenure status as presented (AA-15-10).

Trustee Davis then proceeded to present the remainder of the series of Academic Affairs motions for actions to the board. Upon a motion recommended by the committee and duly made by Trustee Davis and seconded by Trustee Lancome it was unanimously

VOTED: to recommend to the full board the personnel actions for Faculty Tenure with Promotion to the rank of Associate Professor as presented (AA-15-11)

Upon a motion recommended by the committee and duly made by Trustee Davis and seconded by Trustee Lutts it was unanimously

VOTED: to recommend to the full board the personnel actions for Faculty and Librarian Promotion to the rank of Professor Emeritus and Professor Emerita and Librarian Emeritus and Librarian Emerita as presented (AA-15-12).

Upon a motion recommended by the committee and duly made by Trustee Davis and seconded by Trustee Lancome it was unanimously

VOTED: to recommend to the full board the personnel actions for Faculty Terminal Contract as presented (AA-15-13)

Finance & Facilities: Chair Scott then asked Trustee Burns to present the Finance and Facilities items. Trustee Burns began by addressing fossil fuel divestment. As previously discussed at an earlier board meeting, a panel discussion entitled "Should Salem State Divest from Fossil Fuels" was held during Earth Week at Salem State. We were notified that faculty and students would be submitting petitions requesting that the university consider divesting its fossil fuel investments. Chair Scott recommended that the Finance Committee invite the students to the committee's meeting to discuss its petition.

Finance & Facilities

A discussion followed regarding the Fiscal Year 2015-16 General Operations budget and then Trustee Burns duly made the following motion on behalf of the Finance & Facilities Committee, and there being no opposition or abstention it was unanimously

VOTED The Board of Trustees of Salem State University hereby approves the Fiscal year 2015-16 General Operations budget as recommended by president and as shown in Attachment C (FF-15-10) at the level of \$136.9 million with revenues and expenditures balanced. The president and other officers of the

university are hereby authorized to do all things and take all actions deemed necessary to implement this decision.

DRAFT

Trustee Burns then introduced the second motion on behalf of the Finance & Facilities Committee, and there being no opposition or abstention it was unanimously

VOTED The Board of Trustees of Salem State University hereby approves the capital improvement fees as shown in the attached (FF-15-11). The new rates shall be effective for the 2015-16 academic year (FY16). The president and other officers of the university are hereby authorized to do all things and take all actions deemed necessary to implement this decision.

Trustee Burns then introduced the final motion on behalf of the Finance and Facilities Committee and it was,

VOTED The Board of Trustees of Salem State University hereby approves the University Fees as shown in the attached (FF-15-12). Tuition rates will remain at FY 15 levels. The new rates shall be effective for the 2015-16 academic year (FY 16). The president and other officers of the university are hereby authorized to do all things and take all actions deemed necessary to implement this decision.

Chair Scott asked if there was any opposition or abstentions. Trustee Segal abstained. The motion passes on a voice vote.

Voting in the affirmative: Trustees Burns, Crawford, Davis, Lancome, Lutts, Malcolm, Mattera, Scott, Stringer
Abstained: Trustee Segal

Nominating: Chair Scott then asked Trustee Segal to report on the Nominating Committee actions. Trustee Segal read the Nominating Committee report of May 13, 2015, and then upon a motion recommended by the committee and introduced by Trustee Segal it was unanimously

Nominating

VOTED The Board of Trustees of Salem State University hereby elects the slate of Paul Mattera as chair and Alyce Davis as vice chair as its officers for FY2016, effective July 1, 2015.

Trustees Mattera and Davis thanked the board for their trust and vote of confidence. The trustees then thanked Chair Scott for her strong leadership and commitment to the board. Chair Scott expressed her appreciation for the president's and the board's work.

* * *

IV. REPORT OF THE PRESIDENT

Report of the President

- President Meservey began her report by stating that overall enrollment levels are good.
- Commencement was successful and we had 1,999 graduates this year.
- The president will award 19 additional degrees while in China and will sign six Memoranda of Understanding with sister institutions.
- Salem State University was recently named to the President's Service Community Honor Roll. The president thanked Adria Leach for leading the reporting effort.
- The university is now at 78% of our Campaign goal thanks to the efforts of VP Cynthia McGurren and her team.

-Last weekend was Alumni Weekend and it was a tremendous success as was the Tim Shea event.
-Construction update – The parking garage is going very well. Viking Hall will be open in August and Gordon Hall is moving along.

* * *

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V. REPORT OF THE CHAIR

-Chair Scott noted the number of activities on campus she had recently attended including the ALANA Graduation and all of the commencement activities.
-Chair Scott offered thanks to the trustees, advisory members and staff for the decisions and activities that have taken place over the past few years. The chair noted that while the work was challenging she took great enjoyment in its completion and looked forward to continuing to assist the board in its efforts.

Report of the Chair

* * *

VI. OLD BUSINESS

May offsite follow-up: Chair Scott thanked the board members for their participation at the retreat. It was a productive day and there were several good discussions concerning the role of the board, the trustees' impressions of what could be done to help the board function better to meet its goals. A discussion followed regarding the importance of the time spent together to better interpersonal and intergroup relationships and that learning assessment should remain on the board's topic list. Then President Meservey moved the discussion to Advisory Trustee Gadenne's work with the scorecard dashboard and match with metrics. Francois explained it's helpful to have a mapping of the mission.

Old Business

* * *

VII. NEW BUSINESS

Executive Committee:

Chair Scott announced that every year at this time the board must elect members to the Executive Committee to join the committee's ex officio members. The chair called for nominations to the committee and Trustee Mattera nominated the immediate past chair, Trustee Scott, former chair Trustee Segal and Trustee Burns. Chair Scott called for any additional nominations or discussion and hearing none it was unanimously

New Business

VOTED: to appoint Trustees Scott, Segal and Burns to the Executive Committee for the FY 2016.

Presidential Review Committee:

Chair Scott noted that each year a presidential review is prepared and submitted to the commissioner in October. Chair Scott appointed Trustee Davis as chair and Trustees Burns and Lancome and Trustee Mattera as ex officio. Chair Scott asked that the committee schedule its meetings in late summer to accommodate the timing to submit the report on time at the October 7th meeting. President Meservey offered that we do have some guidance from the Board of Higher Education and we will share that with the committee.

Board Schedule:

Chair Scott called attention to the board's 2015-2016 meeting schedule and asked that the trustees note the dates on their calendar. A brief discussion ensued regarding the committee meeting time

schedule and it was determined that the length of the meeting times should be shortened/lengthened as is appropriate to conduct business and that appropriate notice will be given to attendees.

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* *

VIII. OPEN FORUM

*Open
Forum*

Chair Scott opened the meeting to questions and comments from the floor. Hearing none the open forum was closed. There being none and with no additional business to conduct upon a motion duly made by Trustee Mattera and seconded by Trustee Singer it was unanimously

* * *

IX. ADJOURNMENT

There being no further business to come before the Board and on a motion duly made by Trustee Mattera and seconded by Trustee Singer it was unanimously Davis and seconded by Trustee Mattera it was unanimously

VOTED: To adjourn the meeting at 5:55 p.m.

Respectfully submitted,



Patricia Maguire Meservey
President



Lynne Montague
Secretary to the Board of Trustees

MEETING OF THE BOARD OF TRUSTEES

June 3, 2015

Marsh Hall, Room 210, Central Campus, Loring Avenue

Salem State University

Salem, Massachusetts

DRAFT

Items for Inclusion on the Consent Agenda:

Approval of the following Meeting Minutes and Committee Reports:

Board of Trustees: April 15, 2015

Board of Trustees Executive Session: April 15, 2015

Nominating: May 13, 2015

Academic Affairs and Student Life: May 20, 2015

Executive: May 20, 2015

Institutional Advancement/Marketing & Communications: May 20, 2015

Risk Management & Audit: May 20, 2015

Finance & Facilities: May 20, 2015

MEETING OF THE BOARD OF TRUSTEES

June 3, 2015

Paul Petrowski Conference Room, Central Campus, Loring Avenue

Salem State University

Salem, Massachusetts

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REVISED MOTION (revised 6/3/15)

Academic Affairs & Student Life Committee

Motion: to recommend to the full board the personnel actions for Faculty Promotion to the rank of Associate Professor and Full Professor as presented.

Committee Action of 5/20/15: The Original Motion Approved the attached list of faculty.

The revised motion includes Kathleen Keough Adee and Amy Smith on the list faculty recommended for promotion from Assistant Professor to Associate Professor. Bios attached.

Candidate: Kathleen Adee, School of Nursing
Promotion to Associate Professor
Ph.D., Regis College, 2014
M.S., Simmons College, 1986
B.S., Boston College, 1980

DRAFT

Professor Kathleen Adee joined Salem State University in 2006 as an Assistant Professor in the School of Nursing. In 2014 she received tenure. She teaches introductory and upper level courses in nursing and is responsible for the didactic and clinical teaching of senior nursing students in Public Health, a program that she piloted. She has extensive clinical experience working with vulnerable populations and has used this experience to develop a service-learning partnership with the Action Emergency Homeless Shelter in Gloucester. The clinical services provided by her nursing students have been integrated into an ongoing NP-managed on-site health clinic.

Professor Adee's continuing scholarship has focused primarily on the completion of her doctoral dissertation, which she completed in May 2014. She has worked with the graduate nursing department precepting three MSN students in the clinical arena, helping to transition students from hospital-based RNs to community-based Masters' prepared clinicians. She attended the Annual Public Health Association National meeting in fall 2013 to explore national trends and ensure that Salem State's public health nursing course reflects and incorporates current content and teaching-learning strategies.

Professor Adee chaired the School of Nursing Professional Development Committee from 2008-2012 and served as a member of the Scholarship Committee for five years. She is an active member of the North Shore Nurse Practitioner's Coalition, Boston University Nursing Archives, the Public Health Museum and the Cape Ann Emergency Preparedness Coalition and the American Public Health Association. Prior to joining Salem State Professor Adee was a Clinical Instructor at Northeastern University.

**Candidate: Amy Smith, Theatre and Speech Communication
Promotion to Associate Professor**
Ph.D., Bowling Green State University, 2008
M.A., University of North Carolina, 2005
B.A., Pfeiffer University, 2003

DRAFT

Professor Amy Smith joined Salem State University in 2008 as an Assistant Professor in the department of Theatre and Speech Communication. In 2014 she received tenure. She teaches courses in Public Speaking, Gender Communication and Professional and Online Communication and is actively engaged in growing the Speech Communication minor.

Professor Smith's book *Tracing Family Lines: The Impact of Genealogy on Family Communication* was published by Lexington Books in 2012. She has presented at the National Communication Association numerous times, including the 2013 conference held in Washington, DC, where she presented "Interfaith families staying connected during trauma" and "Family connections: Intergenerational family communication through genealogy." She has also presented at the Western States Communication Association, National Women's Studies Association and the Third International Congress of Qualitative Inquiry.

Professor Smith has chaired the Speech Communication Curriculum Committee for three years and is a member of the Graduate Development Committee and Scholarship Committee. She serves as reviewer for the National Communication Association Women's Studies Division, Critical and Cultural Studies Division and Gay/Lesbian/Bisexual/Transgendered Communication Studies Division. In 2010 Professor Smith was nominated for the Gerald R. Miller Outstanding Doctoral Dissertation Award.

SALEM STATE UNIVERSITY
PRESIDENT'S RECOMMENDATIONS
FOR THE ACTION OF THE ACADEMIC AFFAIRS AND STUDENT LIFE COMMITTEE

DRAFT

Promotion Recommendations:

Corcoran, Jeanne	From: Associate Professor To: Full Professor Occupational Therapy	Effective: 9/1/15
DeFelippo, Anne	From: Assistant Professor To: Associate Professor School of Nursing	Effective: 9/1/15
Gallo, Joseph	From: Associate Professor To: Full Professor Sport & Movement Science	Effective: 9/1/15
Hakstian, Anne-Marie	From: Associate Professor To: Full Professor Management	Effective: 9/1/15
Krebs, Lorri	From: Associate Professor To: Full Professor Geography	Effective: 9/1/15
MacTaylor, Ronald	From: Associate Professor To: Full Professor Chemistry & Physics	Effective: 9/1/15
Reker, Kenneth	From: Associate Professor To: Full Professor Art + Design	Effective: 9/1/15
Silvern, Stephen	From: Associate Professor To: Full Professor Geography	Effective: 9/1/15
Smolianov, Peter	From: Associate Professor To: Full Professor Sport & Movement Sciences	Effective: 9/1/15
Theis, Jeffrey	From: Associate Professor To: Full Professor English	Effective: 9/1/15

Valens, Keja

From: Associate Professor
To: Full Professor
English

Effective: 9/1/15

Wilson, Jamie

From: Associate Professor
To: Full Professor
History

Effective: 9/1/15

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Attachment R

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SALEM STATE UNIVERSITY
PRESIDENT'S RECOMMENDATIONS
FOR THE ACTION OF THE ACADEMIC AFFAIRS AND STUDENT LIFE COMMITTEE

Tenure Recommendations:

Leger, Robin	Associate Professor School of Nursing	Effective: 9/1/15
Mobley, Michael	Associate Professor Psychology	Effective: 9/1/15
Pariser, Harold	Assistant Professor Biology	Effective: 9/1/15
Tschakert, Norbert	Associate Professor Accounting & Finance	Effective: 9/1/15

SALEM STATE UNIVERSITY
 PRESIDENT'S RECOMMENDATIONS
 FOR THE ACTION OF THE ACADEMIC AFFAIRS AND STUDENT LIFE COMMITTEE

DRAFT

Tenure with Promotion Recommendations:

Amory, Kathryn	From: Assistant Professor To: Associate Professor Theatre & Speech Communication	Effective: 9/1/15
Avila-Saavedra, Guillermo	From: Assistant Professor To: Associate Professor Communications	Effective: 9/1/15
Ippolito, Jacy	From: Assistant Professor To: Associate Professor Secondary and Higher Education	Effective: 9/1/15
Jay, Bethany	From: Assistant Professor To: Associate Professor History	Effective: 9/1/15
Johnson, Lisa	From: Assistant Professor To: Associate Professor School of Social Work	Effective: 9/1/15
Poitevin, Kimberly	From: Assistant Professor To: Associate Professor Interdisciplinary Studies	Effective: 9/1/15
Ruget, Vanessa	From: Assistant Professor To: Associate Professor Political Science	Effective: 9/1/15
Sampieri, Peter	From: Assistant Professor To: Associate Professor Theatre & Speech Communication	Effective: 9/1/15
Warner, Deanna	From: Assistant Professor To: Associate Professor Chemistry & Physics	Effective: 9/1/15
Yi, Beifang	From: Assistant Professor To: Associate Professor Computer Science	Effective: 9/1/15

SALEM STATE UNIVERSITY
PRESIDENT'S RECOMMENDATIONS
FOR THE ACTION OF THE ACADEMIC AFFAIRS AND STUDENT LIFE COMMITTEE

DRAFT

Zhu, Guorong

From: Assistant Professor
To: Associate Professor
Management

Effective: 9/1/15

SALEM STATE UNIVERSITY
 PRESIDENT'S RECOMMENDATIONS **DRAFT**
 FOR THE ACTION OF THE ACADEMIC AFFAIRS AND STUDENT LIFE COMMITTEE

Emeritus Status Recommendations:

Aiyeku, Joseph (posthumously)	From: Full Professor To: Professor Emeritus Marketing & Decision Sciences	Effective: 9/1/15
Billings, Thomas	From: Full Professor To: Professor Emerita Secondary & Higher Education	Effective: 9/1/15
Buchanan, Patricia	From: Full Professor To: Professor Emerita English	Effective: 9/1/15
Dole, Elizabeth	From: Associate Librarian To: Professor Emerita	Effective: 9/1/15
Farahbakhsh, Massoud	From: Full Professor To: Professor Emeritus Management	Effective: 9/1/15
Gallagher, Vicky	From: Full Professor To: Professor Emerita Early Childhood Education	Effective: 9/1/15
Greenberg, Sarah	From: Full Professor To: Professor Emerita School of Social Work	Effective: 9/1/15
Haran, Elizabeth	From: Full Professor To: Professor Emerita Marketing & Decision Sciences	Effective: 9/1/15
Macnutt, Glenn	From: Librarian To: Professor Emeritus	Effective: 9/1/15
McGovern, Mary Ann	From: Full Professor To: Professor Emerita School of Nursing	Effective: 9/1/15
McMullen, Maureen	From: Associate Professor To: Professor Emerita	Effective: 9/1/15

School of Nursing

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Poremba, Barbara

From: Full Professor
To: Professor Emerita
School of Nursing

Effective: 9/1/15

Sablock, Jeannette

From: Full Professor
To: Professor Emerita
Geological Sciences

Effective: 9/1/15

Sablock, Peter

From: Full Professor
To: Professor Emeritus
Geological Sciences

Effective: 9/1/15

SALEM STATE UNIVERSITY
PRESIDENT'S RECOMMENDATIONS
FOR THE ACTION OF THE ACADEMIC AFFAIRS AND STUDENT LIFE COMMITTEE

DRAFT

Terminal Contract Recommendations:

Beckwith, Kevin

Economics

Effective: 9/1/15

FY2016 Operating Budget of Revenues, Expenses and Changes in Net Position
Trustee-Approved Operating Funds: 1000, 1100, 1248, 2023, and 2030 only

Numbers in 000s

	FY2015 Budget	FY2016 Working Budget	FY15 Budget to FY16 Bud \$ Chg	FY15 Budget to FY16 Bud % Chg
REVENUES				
Operating Revenues				
Tuition (5000)	12,351	12,112	(239)	-1.94%
College Fee (5010)	43,965	46,652	2,687	6.11%
Graduate School Fees (5019)	5,583	5,937	354	6.34%
Continuing Education Fees (5021)	6,470	6,488	18	0.28%
Other Miscellaneous Student Fees	4,010	6,018	2,008	50.08%
Less: Tuition Waivers	(770)	(770)		
Net tuition and fees	71,609	76,438	4,829	6.74%
Sales & services of ed departments	3,920	4,975	1,055	26.91%
Total Operating Revenues	75,529	81,412	5,883	7.79%
Net Non-operating Revenues				
State Appropriations (5100)	43,747	43,129	(618)	-1.41%
Incentive Grants Estimate (8.4%)		467	467	
State Paid Fringe Benefits (5101)	11,859	12,381	522	4.40%
State Remittance (5102)		(1,134)	(1,134)	
Other Non-Operating Activity	106	606	500	471.70%
Net Non-operating Revenues	55,712	55,450	(262)	-0.47%
TOTAL REVENUES	131,241	136,862	5,621	4.28%
EXPENSES & NET TRANSFERS				
Operating Expenses				
Salaries and Wages	78,649	82,670	4,021	5.11%
Fringe Benefits (DD)	18,184	20,257	2,073	11.40%
Compensation and benefits	96,834	102,927	6,093	6.29%
Supplies and services	21,529	18,296	(3,233)	-15.02%
Utilities & Space Rentals	4,205	4,519	314	7.47%
Institutional Financial Aid	2,352	2,402	50	2.13%
Total Operating Expenses	124,919	128,144	3,225	2.58%
Transfers (In)/Out				
Capital Projects & Def'd Maintenance	6,322	2,452	(3,870)	-61.22%
Information Technology Projects		700	700	
Other Unrestricted Project Funding		369	369	
Website Redesign Project		750	750	
Chartwells--Starbucks & Dining Projects		4,892	4,892	
Debt Service Principal & Interest		500	500	
Foundation Support-Mainstage				
Investment Draw-Capital Campaign				
Investment Draw-Quasi-Endowment		(575)	(575)	
Investment Draw-Website Redesign		(369)	(369)	
	6,322	8,719	2,397	37.92%
TOTAL EXPENSES & NET TRANSFERS	131,241	136,862	5,621	4.28%
TOTAL INCREASE IN NET POSITION	0	0	0	0.00%

Full-time, day undergraduate Capital Improvement Fee For FY2015-16

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	Proposed FY2015-16 Annual	Current FY2014-15 Annual	Change \$	Change %
Massachusetts Residents				
Capital Improvement Fee	\$ 240.00	\$ 150.00	\$ 90.00	60.0%
Per credit	\$ 10.00	\$ 6.25	\$ 3.75	60.0%
Out of State Residents				
Capital Improvement Fee	\$ 240.00	\$ 150.00	\$ 90.00	60.0%
Per credit	\$ 10.00	\$ 6.25	\$ 3.75	60.0%

SUBJECT: Risk Management & Audit Committee Report for Wednesday, September 16, 2015

The Risk Management & Audit Committee of the Board of Trustees met on Wednesday, September 16, 2015, in the Petrowski Room, on the Central Campus of Salem State University.

Present for the Committee were Trustees Segal (chair), Stringer, Davis, and Malcolm, Chair Mattera and President Meservey (ex-officio); Advisory Member Zetes, General Counsel and Vice President for Administration Keenan (committee liaison); Vice President for Finance and Business House (co-liaison) and Ms. Toomey, Staff Assistant, Administration.

Chair Segal began the meeting of the Risk Management & Audit Committee promptly at 3:02 pm. Chair Segal asked Vice President Keenan to proceed with his agenda items.

Committee Charter

Vice President Keenan in collaboration with Vice President House drafted a Risk Management & Audit Committee charter as suggested at a recent retreat. The charters have been sent to committee members for review. Changes have been requested and will be made to the charters and recirculated to committee members. The charters will be discussed at the November Executive Committee meeting with a full vote taken by the board in December.

Risk Assessment Report Update and Departmental Organization

Vice President Keenan stated the comptroller's office developed and distributed a report requesting that universities be in compliance with COSO standards of enterprise risk management. University departments will be required to address the report and the highest risks will need to be identified and reviewed. Paul Rigby's internal controls role is being redefined and in addition to working with Director of Continuous Improvement, Mo Johnston, he will be working with Assistant Vice President Labonte to identify the risks with the most impact and to adopt best practices. These risks will be reported to the board as well as suggestions on how they should be addressed. A risk assessment team is being created and will meet on a monthly basis under the direction of Assistant Vice President Labonte.

Finance Projects

Vice President House reported on the following projects:

- Russell Bethoney, Controller, and a small committee including members of the other nine state and community colleges, are developing an RFP for auditing services which will be brought to the committee in February.
- Maureen Johnston recently began her service as the inaugural director of the Continuous Improvement in Finance department. Ms. Johnston is a CPA and a certified Project Management Professional (PMP). She will be working on business improvement processes, templates, and incorporating structure for the Finance & Business unit.
- Working on an investment philosophy regarding interest from students and faculty to divest the investment portfolio of fossil fuel. There is no request for action, this is just an information gathering step. This topic would be discussed further in the Finance & Facilities Committee meeting.
- The fiscal year end 2015 closing is going well. Auditing work is underway. It is taking the state longer to distribute related information for the university's financial statements than anticipated and the university is hopeful it will not delay completion of the audit.

FY15 Year End – Status Update, Pension Liability Issue (Attachment A)

Vice President House gave an update on the pension liability issue. The state is changing its position on the implementation of GASB 68 which would impact the university's financial statement regarding the unfunded pension liability issue. This is outlined in Attachment A.

A motion to move into executive session was called for the purpose of discussing pending legal matters. Trustee Segal made a motion to enter into executive session and Trustee Stringer seconded the motion.

Ms. Toomey took a roll call at 3:37 pm; voting in the affirmative to enter into executive session were Trustees Mattera, Segal, Stringer and Davis.

Ms. Toomey took a roll call at 3:43 pm; voting in the affirmative to exit the executive session were Trustees Mattera, Segal, Stringer and Davis.

There being no further business to come before the Committee and on a motion duly made by Trustee Stringer and seconded by Trustee Davis it was unanimously

VOTED: To adjourn the meeting at 3:43 pm

Prepared by L. Toomey, Staff Assistant, Administration

Salem State University

Update on GASB 68 Implementation

September 1, 2015

Background: Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* relates to the treatment of unfunded pension liabilities and is applicable for fiscal years starting on or before June 15, 2014 (FY2015). Previously, information from the Commonwealth indicated that implementing the standard would not impact the financial statements of the state universities; however that position started to change in spring 2015.

Decision: In June 2015, the Comptroller notified the public institutions of higher education that indeed the unfunded net pension liability would be flowed down to the individual institutions' financial statements, and that certain auditing procedures would be required for the FY15 close.

Impact: The estimated liability for Salem State University is approximately \$22 million and this amount exceeds the university's net position (net fund balances). This will likely make it more difficult for the reader of our financial statements to understand the university's financial condition and will complicate related ratio analysis. Additionally, the audit procedures of the Commonwealth have fallen behind the preliminary schedule. Further information about the treatment of GASB 68 on the financial statements, footnotes, and management's discussion and analysis is not currently available.

SUBJECT: Institutional Advancement/Marketing & Communications Committee Meeting Report for September 16, 2015

The Institutional Advancement/Marketing & Communications Committee of the Board of Trustees met on Wednesday, September 16, in the Paul Petrowski Conference Room located in Marsh Hall on the Central Campus of Salem State University.

Present for the Committee: Trustees Scott (Chair), Burns and Malcolm; President Meservey (ex-officio), Vice President McGurren (committee liaison) Vice President Torello (committee liaison), Staff Assistant Shahin. Also present and participating: Trustees, Davis, Segal, Stringer and Mattera. A quorum was present. Absent for the Committee: Trustees Abdo and Lutts

Trustee Scott called the meeting to order at 3:45 pm.

Campaign Update (Attachment A)

Vice president McGurren discussed the status of the comprehensive campaign. As of August 31, 2015 we have raised \$19,912,449 towards our goal of \$25M, leaving a balance of \$5,087,551. There was general discussion relative to the end date of the campaign and what can be done to successfully complete the campaign. VP McGurren noted that the report has been revised, segmenting out the verbal commitments.

Forecasting by Gift Level (Attachment B)

VP McGurren then introduced the Forecast by Gift Level report which addresses the question of “do we have the prospects in our pipeline to succeed?” This report utilizes system database information to predict the likelihood of our success. The goal is to further engage our boards in helping us bring the campaign to a successful completion.

Update on Progress of Website (Attachment C)

Vice president Torello then summarized the website and portal project. He discussed the project’s mission to correct existing defects; the content management system implementation; the governance team overseeing the project, as well as the project team. The timeline is estimated at 16 to 18 months and the total project budget is \$780,000. Trustee Segal asked for a copy of the project budget.

IA/MC Committee Charter (Attachment D)

Chair Scott then introduced the Institutional Advancement, Marketing and Communications Committee charter. The committee had reviewed the charter and did not have any comments or adjustments to it. Chair Scott stated the Executive Committee will be reviewing all the charters and will then make a recommendation to the board of trustees. It was also noted that the charters should be reviewed at the year of the fiscal year.

Other Business

Trustee Chair Scott recommended a yearly review of policies which the Trustees have established. She recommended that the Naming Opportunities and Gift Recognition Policy be reviewed at the November 2015 meeting, that the Memorandum of Agreement document, signed in February 2015, be reviewed at the May 2016 meeting. She would also like to see an update on the branding campaign at the January 2016 meeting.

There being no further business to come before the committee and on a motion duly made by Trustee Malcom and seconded by Trustee Burns, it was unanimously

VOTED: To adjourn the meeting at 4:30 pm.

Prepared by: Diane Shahin, staff assistant, Institutional Advancement

Salem State University Foundation
 Campaign Snapshot
 July 1, 2010 – August 31, 2015

Att. A

To: Institutional Advancement/Marketing Communications Trustee Committee

From: Cheryl Crouse, Assistant Vice President and Campaign Manager

Date: September 14, 2015

RE: Campaign financial update – as of 08/31/15

This is a report of giving for the 10,000 Reasons campaign for gifts received between July 1, 2010 through August 31, 2015. These totals include pledges, cash received, and new planned gifts from any person who reaches to the age of 60 within the timeframe of the campaign.

I. STATISTICAL REVIEW

Campaign Snapshot

\$25,000,000 Campaign Goal
\$19,912,449 Raised 7/1/2010 through 08/31/15
 \$5,087,551 Balance to be raised by 6/30/16

\$545,000 Verbal (17)
 \$1,659,000 Pending (49)
 \$5,000 Visits scheduled (1)
\$2,408,000 Visits to be scheduled (127)

TIMELINE TO CAMPAIGN GOAL

Date	FY11	FY12	FY13	FY14	FY15	FY16
Cumulative goal	\$2,050,000	\$9,250,000	\$11,418,466	\$16,000,000	\$20,768,998	\$25,000,000
Dollars raised	\$2,185,493	\$9,118,466	\$12,051,456	\$15,731,002	\$19,545,726	\$19,912,449
Balance to be raised						
Actual % to goal	9%	36%	48%	63%	78%	80%
Benchmark % to goal						100%
Benchmark as of						August 31, 2015

PLANNED GIFTS TO DATE

Total amount to report*	\$5,000,000
Actual reported	\$2,570,000
Percentage to max. allowable	51%
Total number	20

*Reports on total allowable dollars that can be counted toward our \$25,000,000 goal.

COMPREHENSIVE CAMPAIGN FINANCIAL PROGRESS

Campaign Priority	Goal	Total Raised	Balance	% to Goal	Cash Received as of 08/31
Annual Fund Unrestricted	\$2,800,000	\$2,712,579	\$87,421	96.88%	\$1,886,412
Annual Fund Restricted	\$4,200,000	\$4,967,361	-\$767,361	118.27%	\$3,939,872
Faculty	\$3,000,000	\$296,178	\$2,703,822	9.87%	\$301,460
Students	\$4,000,000	\$2,445,100	\$1,554,900	61.13%	\$2,343,728
Financial Assistance	\$4,000,000	\$4,451,844	-\$451,844	111.30%	\$3,017,903
Academic Programs	\$2,000,000	\$2,728,363	-\$728,363	136.42%	\$864,010
Unrestricted Endowment	\$125,000	\$125,000	\$0	100.00%	\$105,000
Gordon Center Campaign	\$3,400,000	\$1,220,598	\$2,179,402	35.90%	\$1,007,380
Comprehensive Campaign Unrestricted	\$1,475,000	\$965,426	\$509,574	65.45%	\$757,024
Designation to be determined	n/a	\$0		n/a	n/a
Campaign totals	\$25,000,000	\$19,912,449	\$5,087,551	79.65%	\$14,222,788

Note:

1. The \$1.2 million Bertolon Goal was attained 3/1/12. Those funds are now included in Annual Fund Restricted, Faculty, Students, and Financial Aid.
2. In total, Salem State raised \$6,023,788 in a prior capital campaign for the Sophia Gordon Creative and Performing Arts Center.
3. The column titled campaign priority reports dollars raised by for each of our campaign priorities and does not report dollars raised for endowment vs. current use.

ANNUAL FUND PROGRESS

Area	Goal	Total Raised	Balance	% to Goal
Annual Unrestricted FY11	\$250,000	\$362,883	\$0	145.15%
Annual Unrestricted FY12	\$475,000	\$925,929	\$0	194.93%
Annual Unrestricted FY13	\$475,000	\$502,561	-\$27,561	105.80%
Annual Unrestricted FY14	\$517,200	\$354,128	\$163,072	68.47%
Annual Unrestricted FY15	\$541,400	\$546,743	-\$5,343	100.99%
Annual Unrestricted FY16	\$541,400	\$20,335	\$521,065	3.76%
Annual Unrestricted Total	\$2,800,000	\$2,712,579	\$87,421	96.88%
Annual Restricted FY11	\$800,000	\$638,180	\$0	79.77%
Annual Restricted FY12	\$500,000	\$985,919	\$0	197.18%
Annual Restricted FY13	\$480,000	\$749,783	-\$269,783	156.20%
Annual Restricted FY14	\$670,800	\$1,095,904	-\$425,104	163.37%
Annual Restricted FY15	\$874,600	\$1,284,571	-\$409,971	146.88%
Annual Restricted FY16	\$874,600	\$213,003	\$661,597	24.35%
Annual Restricted Total	\$4,200,000	\$4,967,361	-\$767,361	118.27%
Annual Unrestricted + Restricted	\$7,000,000	\$7,679,939	-\$679,939	109.71%

**FY12 Annual Unrestricted total: \$925,929

This includes \$350,000 in multi-year \$25,000 or greater campaign commitments that are not expected to be replicated in FY13 totals (\$575,929 without \$25k+ multi-year campaign commitments)

*FY12 Annual Restricted total: \$985,919 this includes \$275,000 in multi-year \$25,000 or greater campaign commitments that are not expected to be replicated in FY13 totals (\$707,919 without \$25k+ multi-year campaign commitments)

Active Campaign Proposals sorted by Status and Ask Amount with Discounted Totals

	Ask Level Total	Verbal	Pending	Proposal Development	Needs Strategy
1M Discount Total: Total:	1 \$400,000 \$1,000,000	0 \$0 \$0	1 \$400,000 \$1,000,000	0 \$0 \$0	0 \$0 \$0
250K Discount Total: Total:	3 \$150,000 \$750,000	0 \$0 \$0	0 \$0 \$0	3 \$150,000 \$750,000	0 \$0 \$0
100K Discount Total: Total:	12 \$412,500 \$1,225,000	2 \$202,500 \$225,000	2 \$80,000 \$200,000	5 \$100,000 \$500,000	3 \$30,000 \$300,000
50K Discount Total: Total:	18 \$294,200 \$979,000	1 \$81,000 \$90,000	5 \$110,800 \$277,000	8 \$82,400 \$412,000	4 \$20,000 \$200,000
25K Discount Total: Total:	36 \$224,000 \$920,000	3 \$67,500 \$75,000	3 \$30,000 \$75,000	19 \$99,000 \$495,000	11 \$27,500 \$275,000
10K Discount Total: Total:	144 \$205,000 \$1,455,000	2 \$18,000 \$20,000	2 \$8,000 \$20,000	36 \$75,000 \$375,000	104 \$104,000 \$1,040,000
5K Discount Total: Total:	46 \$74,500 \$232,500	3 \$13,500 \$15,000	18 \$37,000 \$92,500	23 \$23,000 \$115,000	2 \$1,000 \$10,000
1K Discount Total: Total:	32 \$16,625 \$45,500	4 \$9,000 \$10,000	8 \$3,800 \$9,500	7 \$2,450 \$12,250	13 \$1,375 \$13,750
Planned Giving Ask	49 \$0 \$0	2 \$0 \$0	11 \$0 \$0	28 \$0 \$0	8 \$0 \$0
# of Proposals = Discount Total = Total =	341 \$1,776,825 \$6,607,000	17 \$391,500 \$435,000	50 \$669,600 \$1,674,000	129 \$531,850 \$2,659,250	145 \$183,875 \$1,838,750

Discount Rate:
Needs Strategy = 10%
Proposal Development =20%
Pending = 40%
Verbal = 90%

* No proposals at 500K or 1M if not shown

Website and Portal Project Summary

September 8, 2015

Summary of Project Scope

SalemState.edu is the vehicle for communication with important constituents such as prospective students, alumni, and the local community. Over time, that function has been compromised by the expanded need for web-based content publishing.

1. For lack of other options, the web site became the go-to content-management system for internal, administrative knowledge. That was not its intended function.
2. The engine that drives the web site does not meet the modern expectations of external, mobile enabled content consumers or internal content providers.

This project's mission is to correct these defects by modernizing the engine that drives the main website and leveraging secondary knowledge-management systems.

There are a number of knowledge management systems utilized by the Salem State community:

- Website – primary function is to engage external audiences (prospective students, prospective employees, alumni, media, etc.)
- Polaris – information portal for faculty and staff
- Navigator – transactional portal for students
- Ask the Viking – knowledge database for students
- Canvas – learning management system used by students and faculty
- Digital commons – document management for scholarship

This project seeks to properly leverage all of these systems as well as build an effective outward-facing website that meets the information and technical demands of today's audiences.

Content Management System (CMS) Implementation

- Replace the underlying *OpenText* content-management system driving SalemState.edu with a modern product that's easier to use and provides a better self-service experience for decentralized content creators.
- This includes the significant work of a process redesign to take advantage of better systems, not just a technology replacement.
- Extend Polaris employee portal with CMS functions for internal administrative content.

Governance

1. Senior leadership
 - Tom Torello, Vice President, Marketing and Communications
 - Patricia Ainsworth, Chief Information Officer/Chief Information Security Officer
2. Executive Steering Committee
 - The steering committee will monitor the direction and quality of the project, and remove impediments to the project's progress.
3. Web Advisory Committee
 - Provide overall input and guidance for the development and maintenance of SalemState.edu.

Project Team

Marketing and Creative Services

- Corey Cronin, Senior Director
- Anne Collins, Web and Social Media Manager
- Taylor Lawrence, Online Content Specialist

Information Technology Services

- Chad Goodrich, Associate Director
- Steve Landry, Project Manager
- Jeremy Norris, Web Developer

Design partner

- iFactory

Project budget

\$780,000

\$669,000 funded from special initiatives funds. Remaining from current operating budgets of Marketing Communications and ITS.

Timeline

16 – 18 months



**Board of Trustees
Institutional Advancement, Marketing and Communications Committee
Charter**

Purpose:

The Institutional Advancement, Marketing and Communications Committee of the Board of Trustees shall be a permanent committee which will be active and involved in the identification of University priorities and long-term plans that should be supported by private philanthropy. This committee will concern itself with the public's perception of the University in the marketplace and efforts to promote the university to various constituents. This committee will provide reports to the Salem State University Board of Trustees as necessary. The Committee on Institutional Advancement, Marketing, and Communications shall have the following duties and powers:

- Recommendations to the full Board concerning how the University and the SSU Foundation can work together as agreed to in the Memorandum of Agreement to support the University's priorities and long-term plans
- Recommendations with regard to policies and programs related to the advancement of the institution, including activities involving alumni, the SSU community and other external bodies, in order to foster understanding of, and support for, the University and its mission.
- Recommendations with regard to plans, proposals and the acceptance of major gifts to the Foundation on behalf of the University in accordance with the guidelines of the Naming Opportunities and Gift Recognition Policy and the Gift Acceptance Policy. This is inclusive of all private funds, including: special gifts, endowments, bequests, and other means as annual or campaign gifts.
- Recommendations with regard to policies, programs, and initiatives for marketing the university to all constituencies including advertising, direct marketing, digital marketing, social media, media relations and public relations.
- Recommendations with regards to policies, programs, and initiative involved in the management of the university's brand.

Responsibilities for Advancement

1. Within the scope of existing policies and procedures, make recommendations to the Board for the naming of any physical facility, campus grounds or academic program as appropriate.

2. In conjunction with the Salem State University Foundation, set goals and funding priorities for major fundraising campaigns to benefit the University
3. In addition to making a personal gift, assist with the identification, education, cultivation and stewardship of prospects and donors to the University
4. Assist with expanding the pool of volunteers for consideration as Trustees, Foundation Board, Alumni Board, Overseers, Assistance Corporation, Campaign Committees and Deans Advisory Councils

Responsibilities for Marketing and Communications

1. Assist in defining and assessing the university's position in the marketplace
2. Make recommendations to the board concerning marketing activities that directly impact the university's brand and position in the marketplace.
3. Make recommendations to the board regarding policies that govern institutional communications, marketing, and public relations.

Membership:

The Institutional Advancement, Marketing and Communications committee shall have not fewer than three Trustees appointed by the Chair of the Board. The President shall be a member of the committee, ex officio, voting. Committee members may include individuals who are not trustees so long as the majority membership of the committee is comprised of trustees. The Chair shall have the authority to appoint non-trustee members advisory, nonvoting to the committee to serve until the next annual meeting. Members may be appointed to the committee on a temporary basis, by the Chair, as may be required.

Staff Designee:

The vice president for Institutional Advancement is the senior staff member supporting the committee for Institutional Advancement and SSU Foundation matters. The vice president for Marketing and Communications is the senior staff member supporting the committee for marketing and public relations matters.

Meetings:

The committee is expected to meet at least four times each academic year. Frequency and timing of meetings shall be determined by the chair of the Board of Trustees. Meetings shall be conducted in compliance with the state's Open Meeting Law. Executive sessions may be conducted periodically and shall be limited to those matters permitted by the state's Open Meeting Law.

Agenda, Minutes, and Reports

The chair of the committee, in collaboration with the staff designees, shall be responsible for establishing the agendas for meetings. An agenda, together with relevant materials shall be made available to committee members at least five days in advance of the meeting. Minutes for all meetings shall be drafted by the staff designee, reviewed by the committee chair, and approved by committee members at the following meeting.

DRAFT

SUBJECT: Academic Affairs and Student Life Committee Meeting Report for September 16, 2015

The Academic Affairs and Student Life Committee of the Board of Trustees met on Wednesday, September 16, 2015, in the Paul Petrowksi Conference Room of Marsh Hall on the Central Campus of Salem State University.

Present for the Committee were Trustees Davis (chair), Segal, Stringer and Diarri; Chair Mattera (ex-officio); President Meservey (ex-officio); Provost Silva (committee liaison), Vice President James (committee liaison) and staff assistant Longo, academic affairs. Also in attendance and participating in the meeting were Trustees Malcolm and Scott; and Director Carl.

Trustee Davis called the meeting to order at 4:35 pm. The following items were discussed:

Enrollment Update

Vice President James provided an enrollment data for fall 2015. He also updated the Committee on retention and graduate rates. See Attachment A.

Athletics & Recreation

Vice President James introduced Peggy Carl, the new Director of Athletics and Recreation. Director Carl provided the Committee with an overview of the state of the athletics and recreation department at Salem State. See Attachment B.

Committee Charter

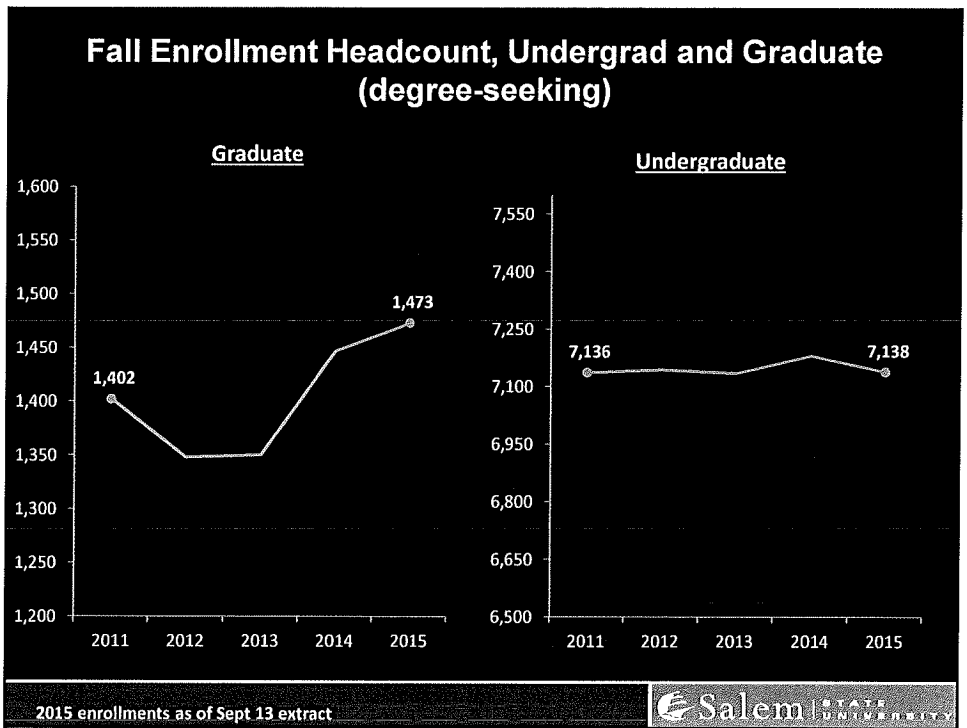
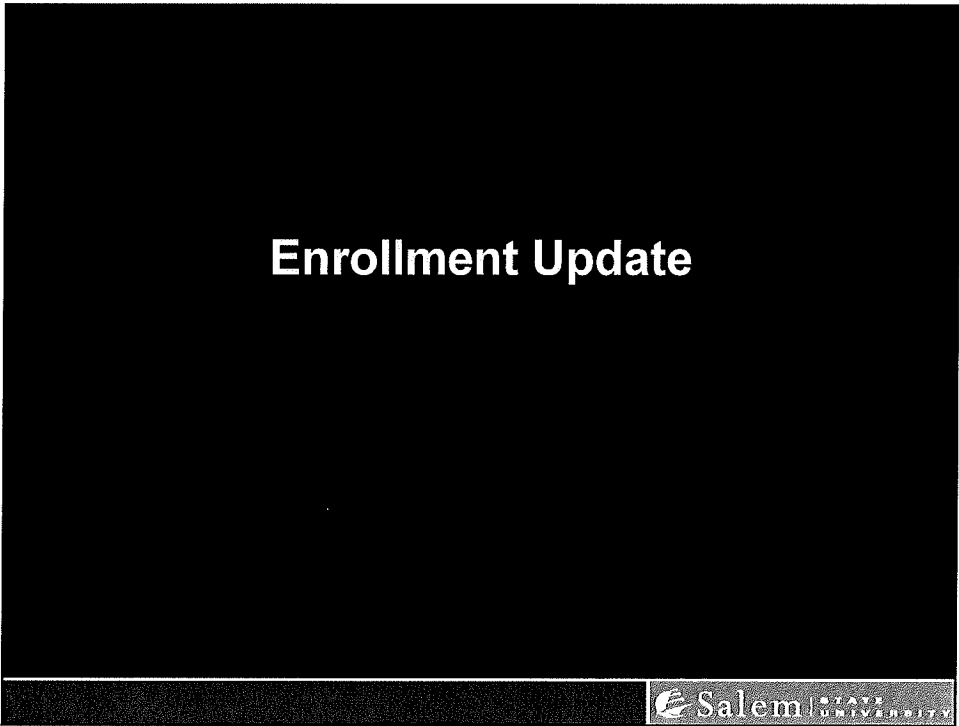
Provost Silva discussed the draft committee charter (Attachment C). After some discussion, the following edits were suggested:

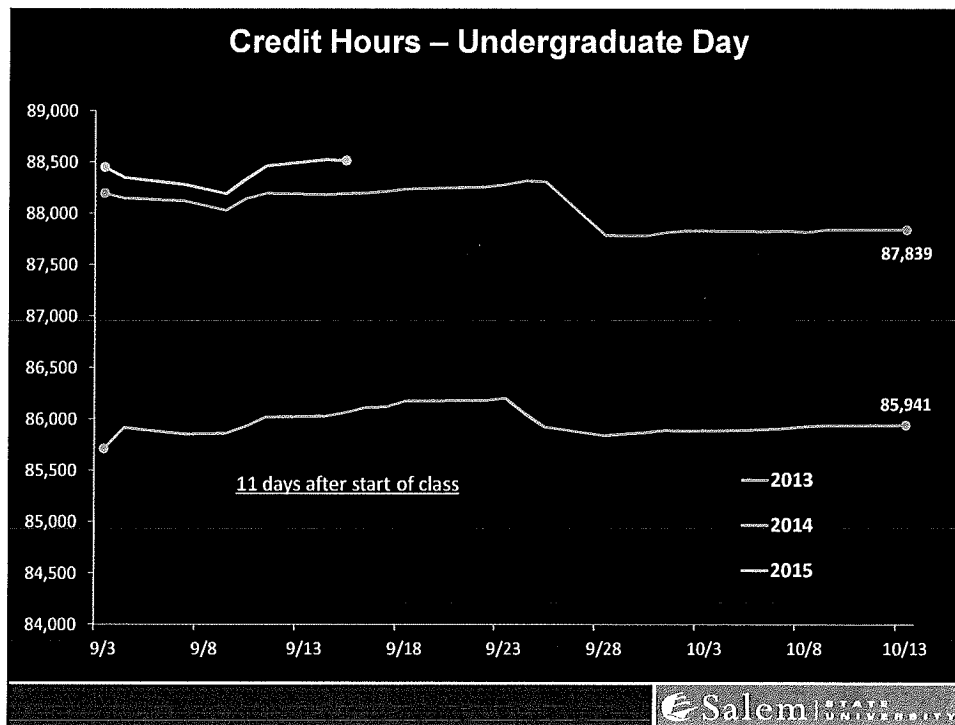
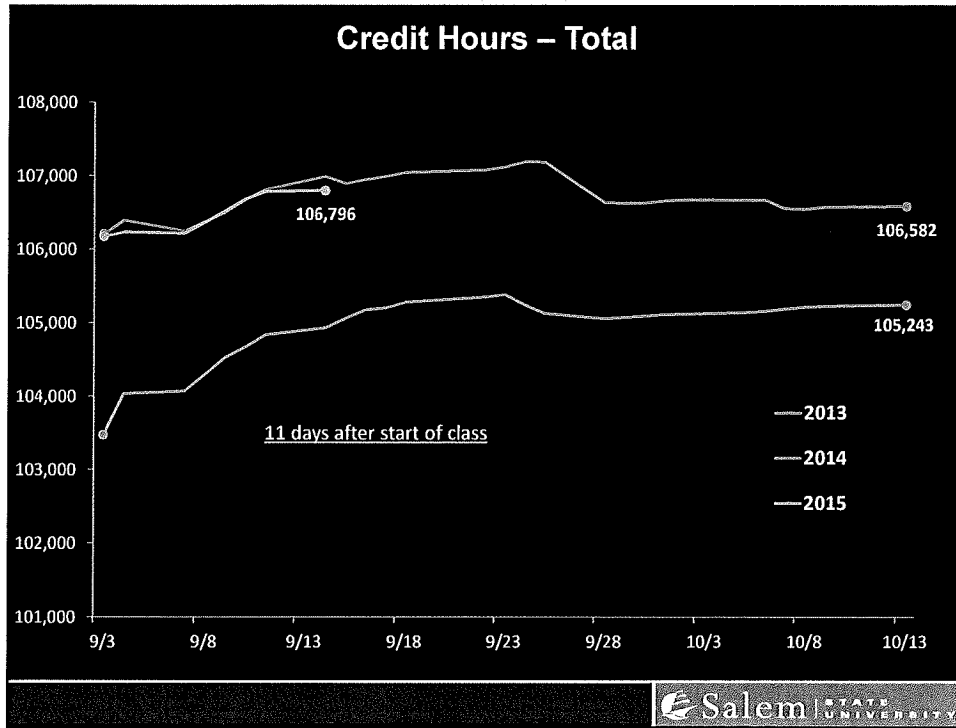
- a) Academic affairs bullet points 1 & 4 and student life bullet point 1: replace the word "evaluate" with the word "review."
- b) Academic affairs bullet point 2 needs to be reworked.
- c) Academic affairs bullet point 3: change the word "make" to "makes."

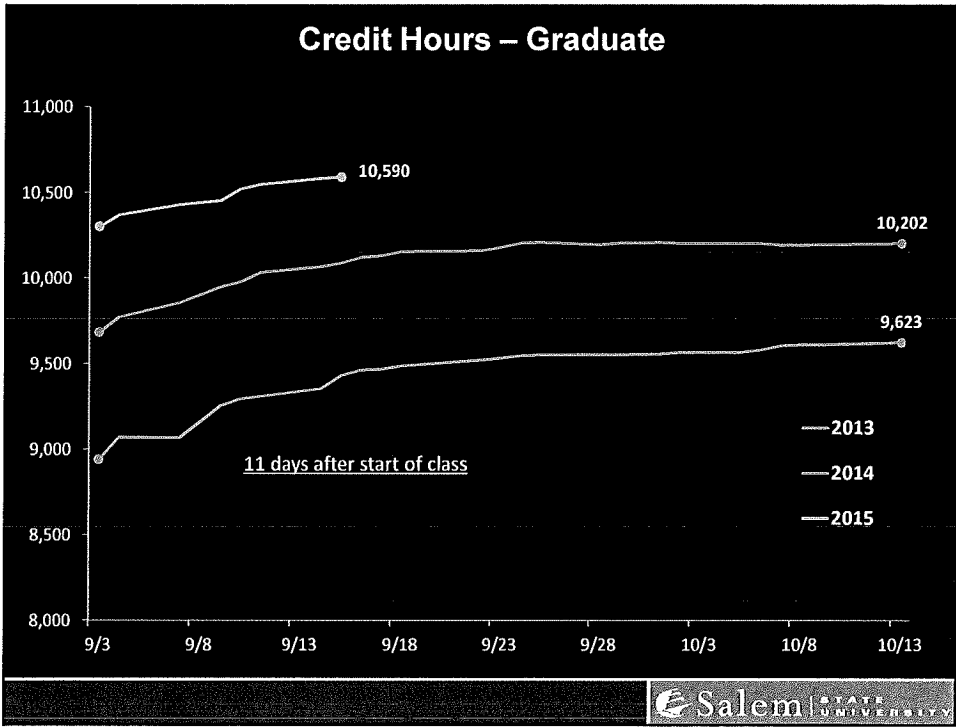
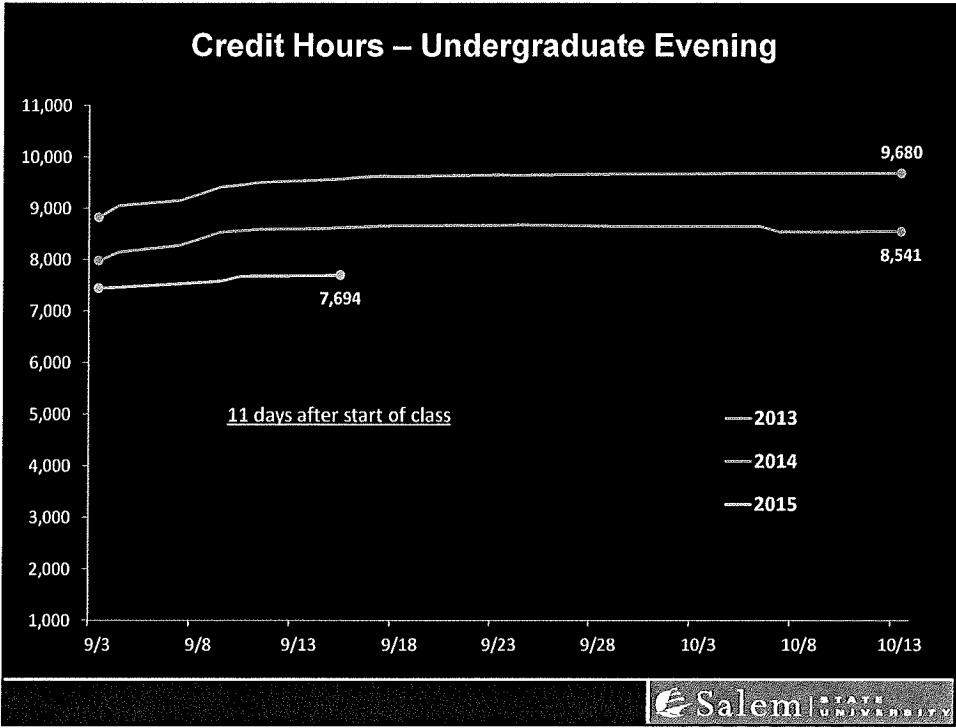
There being no further business to come before the Committee and on a motion made duly by Trustee Segal and Seconded by Trustee Diarri, it was unanimously:

VOTED: To adjourn the meeting at 5:35pm.

Prepared by: D. Longo, staff assistant, academic affairs



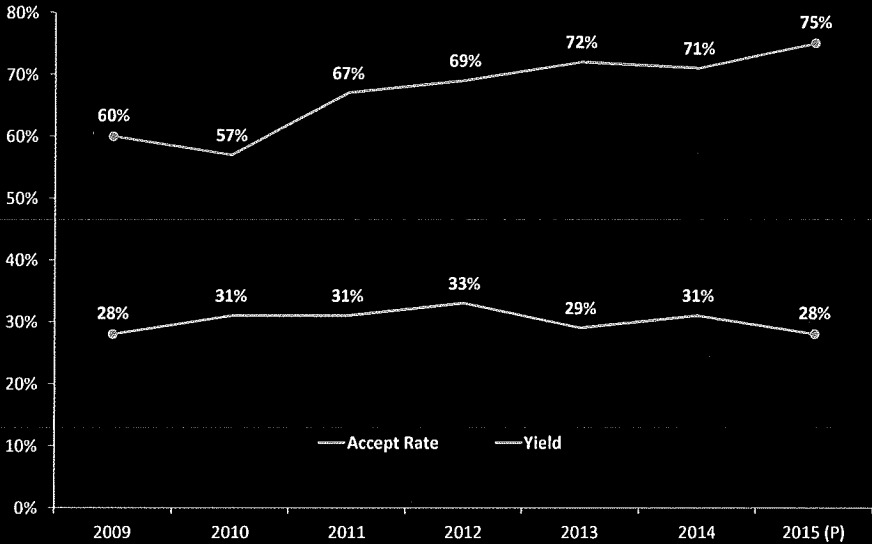




Look Who's Coming to Campus

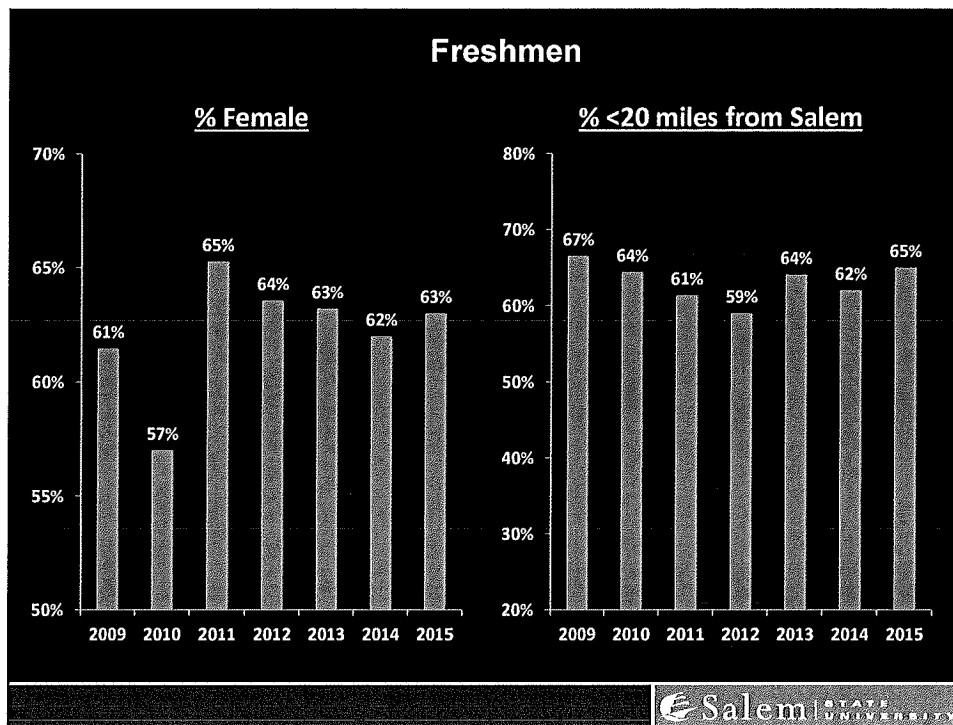
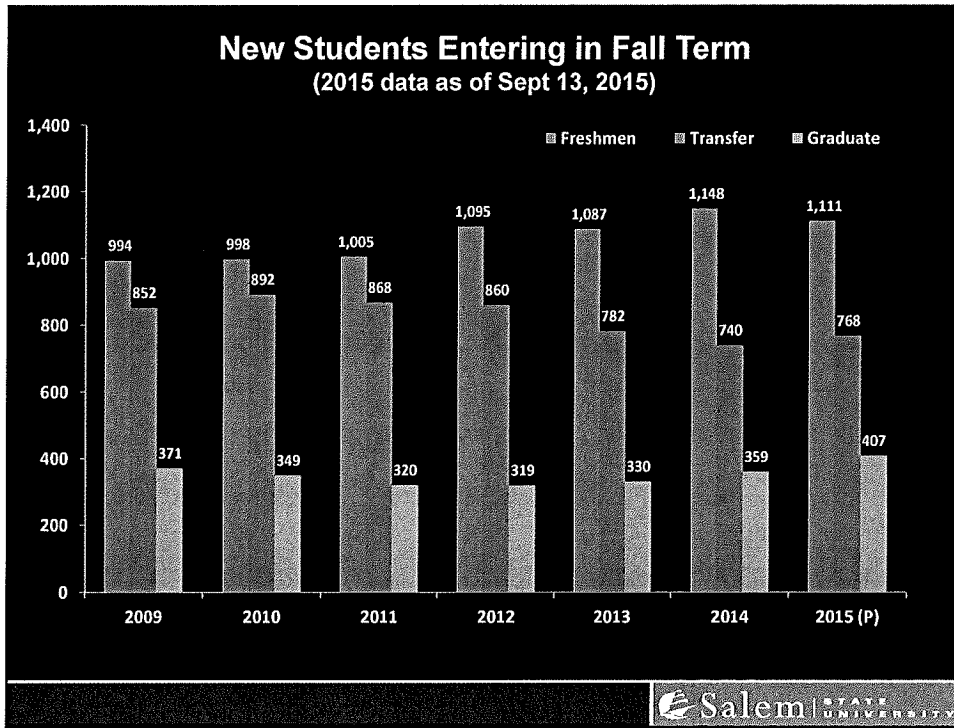


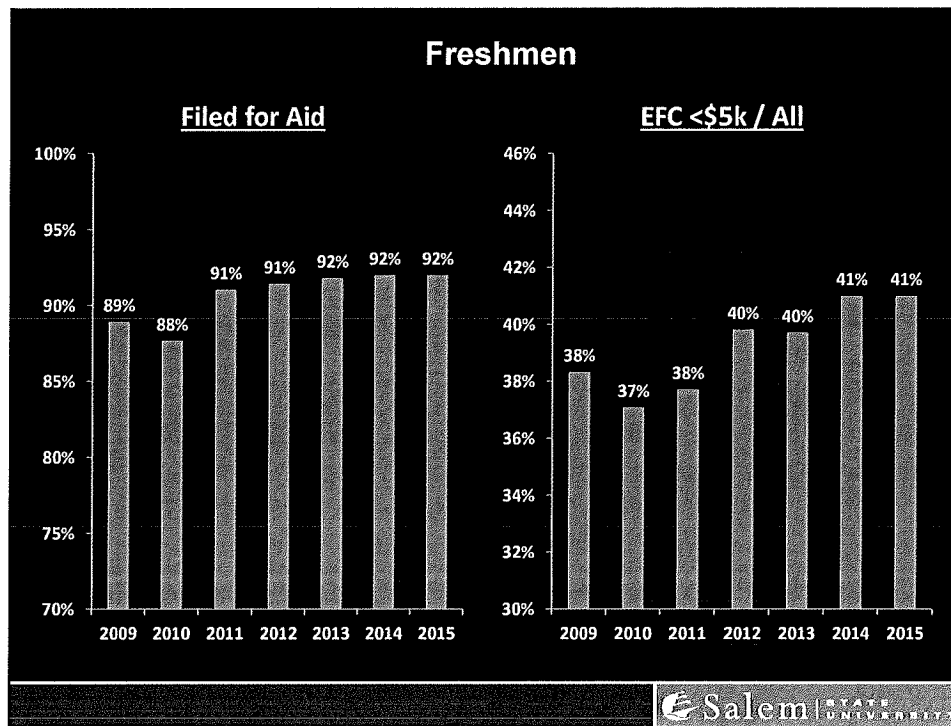
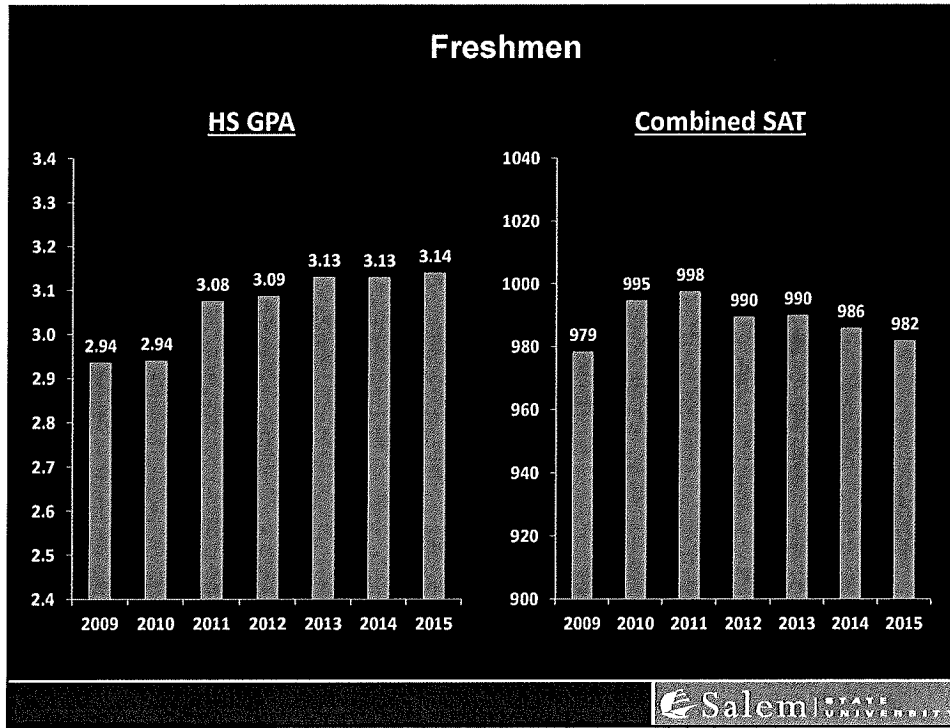
Freshmen – Accept Rate and Yield

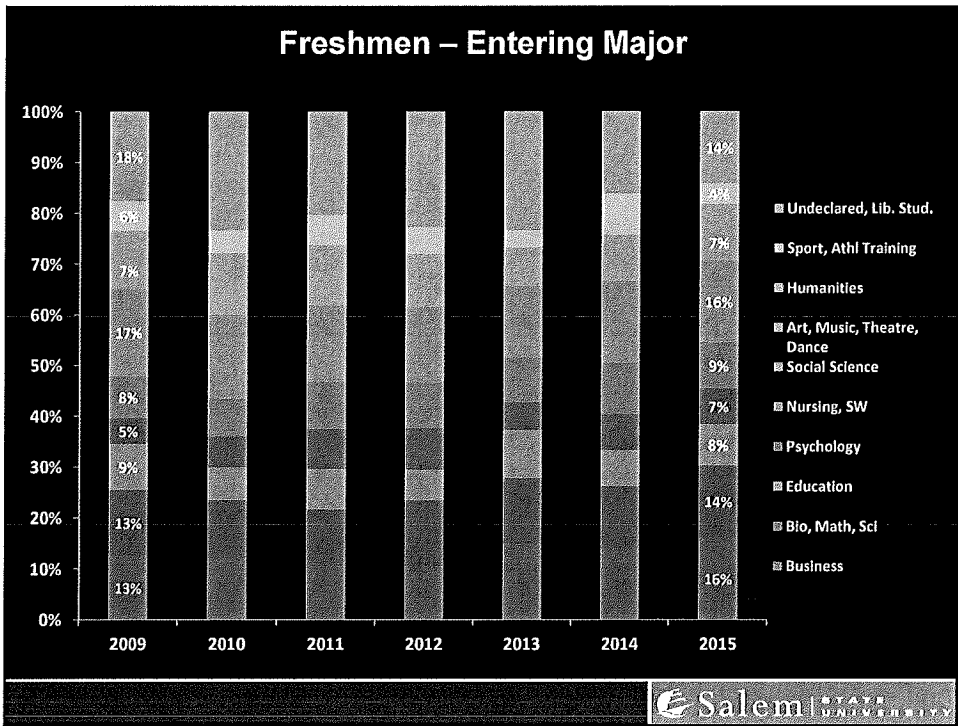
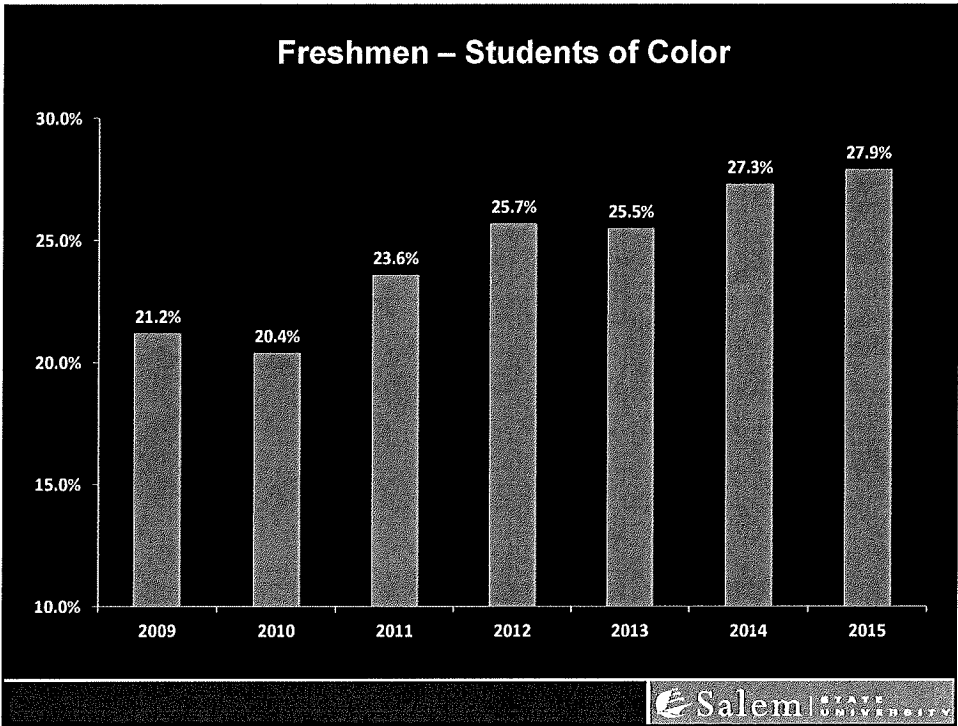


2015 data as of Sept 13





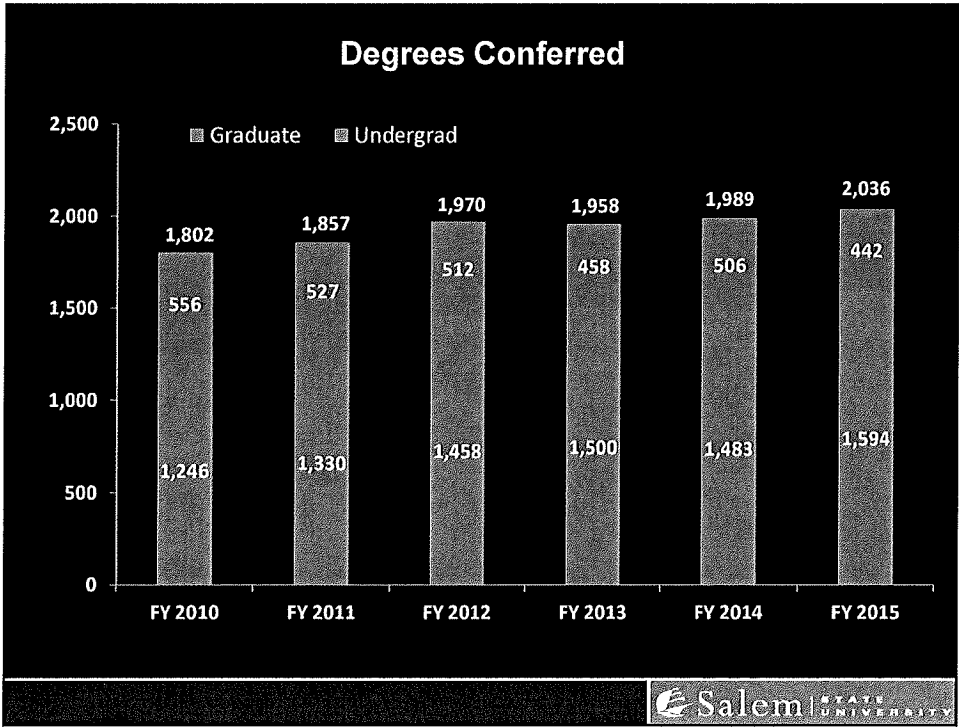




Who's coming to campus?

- Students of color
- Aid-reliant
- Lower SAT
- Further from home

Retention and Graduation Update



Full Time Freshmen (as of 9/13/2015)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Total Cohort	1208	1129	1064	1134	974	986	989	1086	1074	1127
% Enrolled or Graduated										
1 Year later	71%	73%	71%	75%	81%	73%	74%	78%	81%	80%
2 Years later	56%	61%	63%	63%	66%	60%	64%	67%	70%	
3 Years later	52%	56%	58%	56%	60%	57%	59%	63%		
4 Years later	50%	53%	52%	53%	57%	54%	55%			
5 Years later	47%	49%	50%	50%	54%	53%				
6 Years later	48%	49%	50%	50%	53%					
7 Years later	48%	50%	49%	49%						
Graduation rate										
3 Years later	0%	0%	0%	0%	1%	0%	0%	1%		
4 Years later	17%	20%	22%	22%	27%	28%	28%			
5 Years later	35%	38%	39%	40%	46%	45%				
6 Years later	42%	45%	46%	46%	50%					
7 Years later	44%	47%	48%	48%						
8 Years later	46%	48%	49%							

Salem STATE UNIVERSITY

Full Time Transfer (as of 9/13/2015)										
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Total Cohort	449	561	606	608	648	690	694	656	630	586
% Enrolled or Graduated										
1 Year later	77%	77%	76%	82%	82%	82%	81%	83%	82%	85%
2 Years later	70%	69%	68%	74%	75%	70%	71%	77%	70%	
3 Years later	65%	62%	63%	67%	72%	68%	67%	72%		
4 Years later	64%	61%	62%	67%	70%	65%	64%			
5 Years later	63%	61%	61%	65%	68%	65%				
6 Years later	62%	61%	61%	66%	71%					
7 Years later	62%	62%	61%	66%						
Graduation rate										
3 Years later	32%	33%	33%	36%	44%	41%	41%	47%		
4 Years later	50%	51%	51%	55%	60%	56%	57%			
5 Years later	55%	57%	57%	61%	65%	62%				
6 Years later	59%	59%	59%	64%	68%					
7 Years later	61%	61%	61%	65%						
8 Years later	62%	62%	62%							



Athletics and Recreation: State of the Department

Peggy Carl
Director of Athletics and Recreation



Salem STATE UNIVERSITY

The Department

- 300 Student-athletes
- 60 coaches and staff
- 15 NCAA Division III sports
- 7 unique facility venues
- 1 team

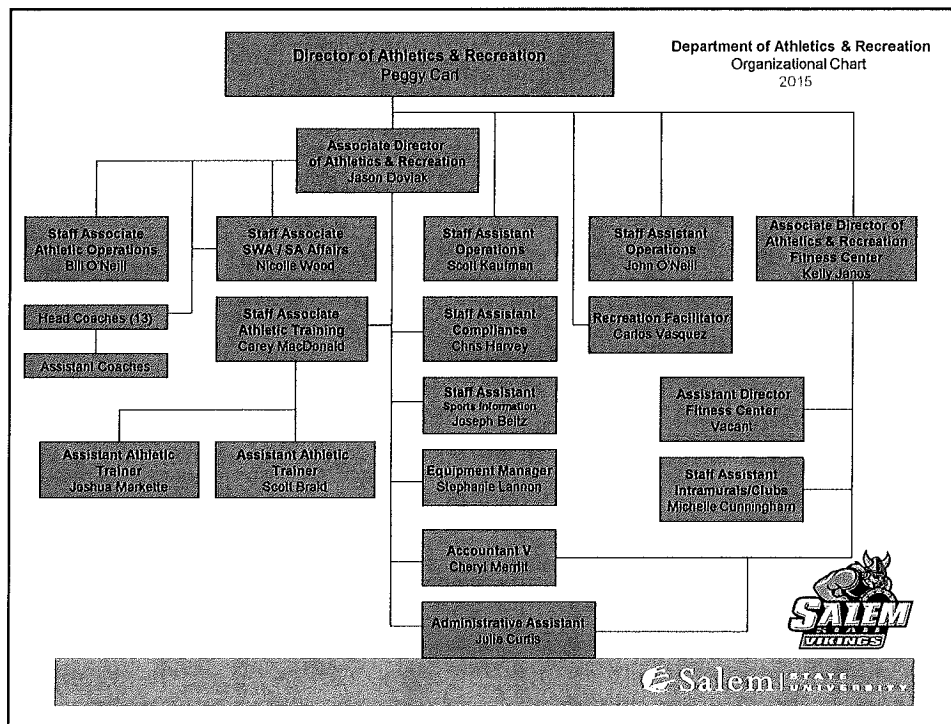


Salem STATE UNIVERSITY

Our Team

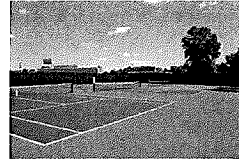


Salem STATE UNIVERSITY



The Facilities

- Alumni Field
 - WSO, MSO, FH, WLX, MLX, SB
- Central Campus
 - Baseball, Tennis Courts
- O’Keefe Center
 - Twohig Gym – Basketball, Volleyball
 - Rockett Arena – M/W Ice Hockey



Salem State University

NCAA Division III

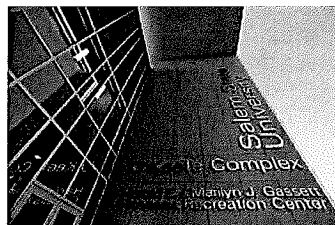
- 15 NCAA Sports (8 women, 7 men)
- New sports since 2012
 - M/W Lacrosse
 - W Ice Hockey
- Conference affiliations
 - MASCAC
 - ECAC
 - LEC
 - NAC



Salem State University

Gassett Fitness Center

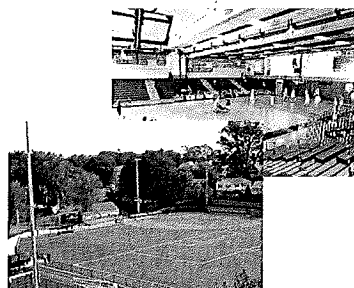
- Built 2013-'14
- Staff Development
- Statistics
 - Memberships
 - Usage
 - Programs
 - Student Employment
 - Revenue



Salem STATE UNIVERSITY

Challenges

- Facilities
 - Age of O'Keefe Center
 - Field space
 - Condition of turf on Alumni Field
 - Pool
- Personnel
 - Recruiting, retention, student satisfaction
 - Full-time vs part-time



Salem STATE UNIVERSITY

Opportunities

- Collaborations
- Mentorship and leadership
- Program development (WIH) and possible expansion
- Facility improvements
- Staff enhancements
- Develop student-athletes



Goals

- Improve competitiveness = improvement in Smith Cup standings
- Increase departmental diversity
- Increase FT staff
- Long term facility improvement/expansion
- Strategic planning for athletic and recreation integration



Final Thoughts

- 2 months' reflections
- Invitation
 - WSO now vs Southern Maine
 - MSO at 7pm vs Umass Boston

Thank you!



Salem Vikings



Board of Trustees Academic Affairs and Student Life Committee Charter

Purpose:

The Academic Affairs and Student Life Committee of the Board of Trustees shall be a permanent committee that oversees the university's central mission of providing a high quality, student-centered education grounded in strong academic programs, active civic engagement, and enriching personal and professional development. The committee makes recommendations to the Board of Trustees regarding academic policies and programs, assessment of academic programs and educational experiences, student retention, student life, and matters related to faculty tenure and promotion. The committee is dedicated to fostering academic excellence and student success.

Responsibilities:

Academic Affairs

1. Evaluate and approve new academic undergraduate and graduate degree programs.
2. Ensure that the University's academic programs prepare students who can successfully compete in professional careers and/or advanced study.
3. Ensure that the University assesses the effectiveness of its academic programs on a regular basis and make adjustments as needed.
4. Review and recommend faculty for tenure, promotion and terminal contracts.
5. Evaluate and provide counsel on matters related to academic policies, academic advising, teaching innovation, and research, scholarship, and creative activity.
6. Ensure that academic quality is a top priority of the University.

Student Life

1. Evaluate enrollment trends and make recommendations to improve student recruitment and retention efforts.
2. Provide guidance to ensure diverse, high quality, co-curricular program offerings that meet a broad range of student interests.
3. Ensure comprehensive career planning support services to undergraduate/graduate students and alumni.
4. Advise and provide counsel on issues of student concern including residence life, spiritual life, student conduct, and diversity and multicultural affairs.
5. Ensure that student success is a top priority of the University.

Membership/Structure/Quorum:

The Academic Affairs and Student Life Committee shall have not fewer than three Trustees appointed by the Chair of the Board. The President shall be a member of each committee, ex officio, voting. Committee members may include individuals who are not trustees so long as the majority membership of the committee is comprised of trustees. The Chair shall have the authority to appoint non-trustee members advisory, nonvoting to the committee to serve until the next annual meeting. Members may be appointed to the committee on a temporary basis, by the Chair, as may be required.

Staff Designee:

The provost and academic vice president is the senior staff member supporting the committee for matters related to academic affairs. The vice president of student life and enrollment management is the senior staff member supporting the committee for matters related to student life.

Meetings:

The committee is expected to meet at least four times each academic year. Frequency and timing of meetings shall be determined by the chair of the Board of Trustees. Meetings shall be conducted in compliance with the state's Open Meeting Law. Executive sessions may be conducted periodically and shall be limited to those matters permitted by the state's Open Meeting Law.

Agenda, Minutes, and Reports

The chair of the committee, in collaboration with the staff designees, shall be responsible for establishing the agendas for meetings. An agenda, together with relevant materials shall be made available to committee members at least five days in advance of the meeting. Minutes for all meetings shall be drafted by the staff designee, reviewed by the committee chair, and approved by committee members at the following meeting.

SUBJECT: Finance & Facilities Committee Meeting Report for September 16, 2015

The Finance & Facilities Committee of the Board of Trustees met on Wednesday, September 16, 2015, in the Paul Petrowski Conference Room located in Marsh Hall on the Central Campus of Salem State University.

Present for the Committee: Trustees Burns (chair), Diarra, Scott, Chair Mattera (ex-officio), President Meservey (ex-officio), Vice President House (committee co-liaison), Vice President Keenan (committee co-liaison), staff assistant Beaulieu. Others present and participating were: Trustees Malcolm, Davis and Segal; Professor Healy, Ms. Debski, Mr. Tyler and Mr. Doherty of Eastern Bank Wealth Management.

Trustee Burns, committee chair, called the meeting to order at 5:40 pm.

All items on the agenda were discussed although the sequence was altered due to timing.

III. Committee charter – Attachment D

Vice Presidents House and Keenan presented a draft Finance and Facilities Committee charter as presented in Attachment D.

IV. Committee workplan for the year – Attachment E

Vice Presidents House and Keenan presented the Finance and Facilities Committee workplan for FY16 as of September 1, 2015 as presented in Attachment E.

I. Investment philosophy discussion (fossil fuel) – Attachment A, B, and B-1

Vice President House introduced Noel Healy, assistant professor of geography and founder of the group Salem State faculty for divestment and Jessica Debski, 2015 graduate of Salem State representing the student group for divestment to present their case on fossil fuel divestment. Petitions to the Salem State University Board of Trustees and Salem State University Foundation committee from the student and faculty divestment groups are included (see attachments A, B and B1).

Also introduced was Michael Tyler, the chief investment officer for Eastern Bank Wealth Management, and John Doherty, relationship manager for Eastern Bank Wealth Management, to provide the perspective of the university's investment advisers regarding fossil fuel divestment (see Attachment C amended).

A discussion ensued with trustees asking the presenters questions regarding the effect of fossil fuel divestment and its potential impact on the university's investment portfolio.

II. Investment advisors – 1 of 2 required annual meetings – focus on strategy – Attachment C

Mr. Tyler joined by John Doherty, vice president for Eastern Bank Wealth Management, briefed the committee on the university's portfolio performance for the period ended June 30, 2015 (see Attachment C amended).

V. Initiatives underway in Finance

Vice President House briefly mentioned several initiatives underway in Finance and Business. The project with PFM is an analysis of the university's debt capacity and establishment of related financial benchmarks. In conjunction with that review, a revision to the university's debt policy is being prepared and will be brought to the committee in November. Finally, the FY15 year-end audit is underway and will be discussed with the Risk Management and Audit Committee at the October 5 meeting. Finance and Facilities committee members are welcome to attend that meeting.

VI. Capital projects status update – Attachment F

Vice President Keenan briefed the committee on the various capital projects underway as described in Attachment F.

Executive session

Trustee Scott moved and Trustee Diarra seconded a motion to enter into executive session in accordance with General Laws, Chapter 30A, for the purpose of discussing real estate. A roll call vote was taken 6:50 pm and it was unanimous to enter into executive session.

Voting in the Affirmative: Burns, Diarra, Mattera, and Scott

Voting Against: None

Trustee Scott moved and Trustee Diarra seconded a motion to exit executive session in accordance with General Laws, Chapter 30A. A roll call vote was taken 7:13 pm and it was unanimous to exit executive session.

Voting in the Affirmative: Burns, Diarra, Mattera, and Scott

Voting Against: None

There being no further business to come before the committee, Trustee Scott moved and Trustee Diarra seconded a motion to adjourn.

MOTION: to adjourn the meeting.

On a voice vote, the motion passed unanimously.

The meeting adjourned at 7:14 pm.

Prepared by: Ms. Beaulieu, staff assistant, finance and business

Karen House

From: Noel Healy
Sent: Friday, April 24, 2015 11:38 AM
To: Patricia Meservey; Karen House
Cc: Avi Chomsky; Stephen Young; jessicadebski@gmail.com
Subject: Thank you/ official submission of faculty divestment petition
Attachments: SSU Faculty Divestment letter - 58 signatures .pdf

Dear President Meservey, (CC Karen and divestment representatives)

Thank you for your email last week. Following a meeting with faculty and student divestment groups I would like to provide you with an update. Apologies about the delay many Geography divestment faculty and students are currently in Chicago at the Association of American Geographers.

Firstly, on behalf of the Salem State Faculty For Divestment Group we would like to thank you (and Karen) for hosting the open forum on divestment. Many attendees stated it was the most engaging forum they have ever seen at SSU. It certainly was a heated debate. No pun intended either! We realize many other institutions have not dealt with this topic in such an open and collaborative manner. We fully appreciate your time and the leadership you have shown in facilitating a frank exchange of dialogue on this important issue.

Please see attached the official submission of the faculty petition currently (signed by 58 faculty). We will continue to gather signatures over the coming weeks. The student divestment group will submit 550 plus petitions next week.

I would like to provide you with an update on future communications from both groups. Next week both the faculty and student groups will submit an official response to the forum and recent newsletters by Michael Tyler. These letters will address many issues addressed during the forum and in particular will clarify misrepresentations that were made surrounding the economic risks posed by divestment. Michael Tyler argued against divestment utilizing a study funded by the American Petroleum Institute. We will provide details of a dozen non-oil funded and independent studies, which state the opposite. We also want to draw attention to the many misrepresentations Michael Tyler made in particular about 'stranded assets'. Tom Francis will provide a statement, which will clarify these misrepresentations and draw attention to the risks 'stranded assets' pose to our portfolio. We just wanted to give you the heads up that we have a lot of issues that we want to add to the discussion.

Both the faculty and student group are also very eager to learn more about your position on this matter and what you foresee as the next steps the institution will take. We fully appreciate the level of communication and openness and look forward to maintaining this over the coming weeks. Please let me know if you have any further questions or concerns.

All the best from Chicago,
Noel



Dear President Meservey, Salem State University Board of Trustees and the Salem State University Foundation Committee,

Climate change is a *“defining issue of our time and an existential threat to our life and development.”* If we are to avoid catastrophic climate change and bequeath a sustainable planet worth living on, immediate and transformative actions by governments, businesses, institutions, and individuals must occur.

The latest Intergovernmental Panel on Climate Change (IPCC) report outlined the magnitude of ongoing and future threats, including: extreme weather events; sea level rise; increased frequency and severity of droughts; floods and wildfires; increased scarcity of food and water; mass human migration, increased conflict and violence; and other deadly effects on human society. The Pentagon identified *“climate change as a major risk to national security,”* while medical organizations, from the American College of Physicians to the Royal College of Physicians, declared climate change *“the biggest global health threat of the 21st century.”* Climate change disproportionately affects people from developing nations, economically disadvantaged communities, and future generations, who bear the least historical responsibility for its cause.

The burning of fossil fuels by industrial society is the major cause of currently observed and predicted climate change. In 2050 two-thirds of today’s proven reserves of fossil fuels must remain in the ground to prevent uncontrollable warming, yet fossil-fuel firms spend over half a trillion dollars annually seeking new reserves. Following the release of the latest IPCC report on November 1st, 2014, United Nations Secretary-General Ban Ki-moon asserted that fossil fuels must be eradicated by 2100 or we will pass a tipping point into a future irreversible calamity. The business model of the fossil fuel industry is fundamentally incompatible with the science of climate change mitigation and the safeguarding of a habitable planet.

Governments and political leaders have failed to implement the necessary and immediate actions required to keep global temperature from rising more than 2°C—as mandated by The Copenhagen Accord. Fossil fuel interest groups and their beneficiaries have promoted and orchestrated anti-science disinformation campaigns, and spent hundreds of millions of dollars in opposing emission-limiting climate legislation. By investing in fossil fuel companies, Salem State is undermining the integrity of science and supporting an industry which is on track to create “*severe, pervasive and irreversible impacts for people and ecosystems.*”

Einstein once said, “*those who have the privilege to know have the duty to act*”. Thus we, the undersigned faculty at Salem State University, support the Divest Salem State from Fossil Fuels student group’s call for divestment. We see it as a moral and prudent step to help stop the coming climate catastrophe. Universities have historically used the tactic of divestment to disengage from financially reprehensible actions (e.g. divestment from the Apartheid South Africa, and from tobacco stock holdings). Fossil fuel divestment aims to stigmatize the fossil fuel industry, undermine its political power, and lower the barriers to the passage of meaningful climate legislation. Divestment can also change the public discourse on our collective energy future through promoting climate consciousness and actions at personal and institutional levels. Specifically, we request that Salem State University:

1. Immediately freeze new investments in fossil fuel companies, and
2. Divest within five years from direct holdings in these companies and from any commingled funds that include fossil fuel public equities and corporate bonds.

Our call aligns us with a growing list of universities, municipalities, and organizations that have already divested (e.g. Stanford University, Australian National University, the World Council of Churches, the Rockefeller Fund, and the British Medical Association). There is ample evidence to suggest that careful divestment will result in no significant financial hardship. Divestment also draws increased attention to the risk of stranded assets—stocks that become obsolete due to fossil fuel deposits that cannot be extracted or sold. HSBC and other financial institutions have begun to analyze the valuation implications of the low-carbon transition, highlighting that 40 to 60 per cent of current European coal, oil, and gas valuations are at risk from this. The investment management firm Aperio Group performed a comprehensive study that found the return risk of fossil fuel divestment to be “*statistically irrelevant.*” Divestment is compatible with a sound portfolio.

Sustainability is one of the three guiding principles of Salem State University’s 2013-2016 Strategic Plan. The plan states, “*We take the long view. We understand that the decisions we make today will have repercussions for the generations that follow. Our actions not only have an immediate impact on the environment that we live in, but send a strong message to our students about their roles as stewards of our community.*” The university has already made great strides towards meeting its

sustainability objectives through sustainable building design, the creation of the Sustainability Task Force, and the commitment to improve alternative transportation.

In an open Q&A meeting on November 3rd, 2014, President Meservey responded to a question from the student divestment group. President Meservey stated that Salem State had “*limited exposure*” to fossil fuel investments. This leaves us in a far less complex position than our sister universities. We have the opportunity to continue our great strides towards being leaders in sustainability and show leadership for our students and the North Shore in a time of unprecedented transition. As Salem State faculty, we therefore urge our university to be on the right side of history and take action on climate change through the divestment of fossil fuels. It is time to act.

Signed:

Salem State Faculty for Divestment

Faculty signatures as of March 23rd (Alphabetical order)	
Norbert Tschakert	Accounting and Finance
Lisa Delissio	Biology
Gwen Scottgale	Biology
Lynn Fletcher	Biology
Larry Lewis	Biology
Sheila Marie Schreiner	Biology
Amy Sprenkle	Biology
Juditha Burchsted	Biology
Deanna Warner	Chemistry
Kristin Pangallo	Chemistry and Physics
Mark Zaitchik	Communications
Cindy Vincent	Communications
Bo Hatfield	Computer Science
Ken Ardon	Economics
Susan Sturgeon	Emeritus - Library
Keja Valens	English
Alexandria Peary	English
Noel Healy	Geography
John Hayes	Geography
Marcos Luna	Geography
Stephen Young	Geography

Steve Silvern	Geography
Kym Pappathanasi	Geography
Keith Ratner	Geography
Avi Chomsky	History
Dane Morrison	History
Margo Shea	History
Greg Carroll	IDS
James P. Gubbins	IDS
Nancy George	Library
Erica Jensen	Library
Tara Fitzpatrick	Library
Anne-Marie Hakstian	Management
Massoud Farahbakhsh	Management
J. Griffith	Management
Linda Jane Coleman	Marketing and Decision Sciences Department
Maura Murray	Mathematics
Barbara Poremba	Nursing
Robin R. Leger RN, PhD	Nursing, Member of Alliance of Nurses for Healthy Environments
Severin Kitanov	Philosophy
Jennifer Jackman	Political Science
Richard Levy	Political Science
Vanessa Ruget	Political Science
Joanna Gonsalves	Psychology
Christie, Michael	Psychology
Caroline Duvier	Psychology
Jacy Ippolito	Secondary and Higher Education
Peter Smolianov	SMS
Jason Gillis	SMS
Chris Schoen	SMS
Naomi Dreeben	Social Work
Lisa M. Johnson	Social Work
Paul Green	Sociology
Daniel Justino Delgado	Sociology
Kristine Doll	World Language & Culture
Brigitte Lagoutte	World Language & Culture
Kenneth Reeds	World Languages & Cultures

To: President Patricia Maguire Meservey; The Salem State University Board of Trustees; and the Salem State University Foundation Investment Committee

In the spirit of the Salem State University mission, we ask that the University immediately freeze any new investment in fossil fuel companies, and divest within five years from direct ownership and from any commingled funds that include fossil fuel public equities and corporate bonds.

We believe that this will not only be a sound decision for our university's financial future, but also one that would further solidify Salem State as a leader in environmental and sustainability action.

Signed by 610 people:

Name	Postcode	Affiliation
Frederick Looper	01970	
Katie Leone	01915	other
jessica Restrepo	01605	student
Margaret Brown	01970	student
Joseph McGuire	02891	student
Liam Cordero	01970	student
Nicole Maillet	01844	student
Molly Kavanagh	06042	student
Courtney Fahlin	01970	
Catherine Corrado	01940	student
Nathan Dykes	01970	student
Katie Sherman	01507	student
Annemarie Moretto	01970	student
Christian Sanchez	78741	other
Brian Rappa	01970	student
Jenelle Gibney	01960	alumnus/alumna
Ashley Walima	01930	student
Vincent Tran	01970	student
Rhys Thomas	01915	student
Jennifer Polgar	02780	student
Megan Croshier	01201	student

Name	Postcode	Affiliation
Sean Sargent	01970	student
Carey Lam	02148	student
Wesley Hildebrand	01970	student
Tyler Bernard	01970	student
Aaron Callahan	01970	other
Mathew Jepson	01970	student
Adam Elias	02048	student
Judy Tai	01970	student
Alex Davies	01970	student
Mia-Kay Fuller	01970	student
Devan Nichols	01821	student
Kinga Jacaszek	01970	student
Casey Ehrlich	01945	student
Kayla Roberts	01982	student
Noel Healy	01970	faculty/staff
Sarah Lopez	01832	student
Xaviel Pena	01970	student
Kendra McQuarrie	01970	student
Alyssa Ramsdell	01970	student
Elise Panzner	01915	
Tiffany Connatser	03909	
Nikki Rodrigues	01880	student
Mark Edmunds	01970	student
Elizabeth Melillo	01970	student
Margaret Ferrante	02151	student
Alyssa Caputo	01969	student
Stephen Young	01970	faculty/staff
John Hayes	01970	faculty/staff
Amanda Laforest	01970	student
Molly Madigan	01960	alumnus/alumna
Marcos Luna	01970	faculty/staff
Evan Shay	01930	student

Name	Postcode	Affiliation
Sarah Barnes	10573	student
Cheryl Pinto	01960	alumnus/alumna
Cassandra Dumont	01952	student
Kassidy Jay	01970	student
Ashley Briggs	92394	other
Patrick Lynch	01960	student
Caitlin Mannion	01905	student
Emma Parsons	02364	
Daniel Phillips	01983	student
Giovanna Lomartire	02180	student
matthew lee	01970	student
Dana Woodin	01521	student
Amber Polino	01845	student
Kristen Sanfilippo	01930	student
Matthew Peetz	01913	student
Isaac Perry	01966	student
Kathryn Maloney	01970	student
Elizabeth Sangster	01970	
Thomas Smith	01906	student
Kevin Kenny	01938	student
Kelsey Davison	01915	
Fatou Mandiang	01902	student
Ali Kluge	01915	student
Marlena Pozoga	01929	other
Emily Hahn	06751	student
Lukasz Rebisz	01970	other
Joseph Modugno	02186	alumnus/alumna
Kristen Cabral	01887	
Michelle Broome	01960	student
Angelina Remondi	01915	student
chelsea fish	01970	student

Name	Postcode	Affiliation
Mathew Tuinei	01930	student
Thomas Ortiz	09170	student
Katie Couch	01970	student
Alex DeAmario	01983	student
Reid Kapala	01826	student
Danielle downing	01902	student
Kristy Macdonald	02190	
Jessica Maria	01803	student
Erin Sanderson	01970	
Will Glidden	01944	
Genesis Perez	01844	student
Joshua Saari	01970	student
Powers Hommel	02151	student
Anthony LaPia	02128	student
Devon Brunner	01864	
Matthew Bradley	01970	student
Jonathan M	01581	student
Alexander Savill	01769	
jorge ortiz-lucca	01970	student
Janine Leis	02019	student
Danielle Tricoli	02333	student
Monica O'Neil	01970	student
William Dow	01970	student
Miguel Maria	01904	student
Kyle Brunet	01915	student
Julius Hancock	02072	student
Dallas Masters	01923	student
Mark Casella	01907	student
Chrissy Crucoli	01845	student
Jeff Kelly	01970	student
Matthew Oliver	01970	student
Anthony Bonarrigo	02760	student

Name	Postcode	Affiliation
James Henry Sanford	01970	student
kelsey alcantara	01970	student
Christopher Lawrence	01970	student
Megan Horn	01810	student
Cheryl Goodney	01970	student
Kate Collins	01950	student
Padraig Gosselin	01970	student
Shannon Horgan	01960	student
Brad C	01970	student
Sabrina Pereira	01970	student
Aboubacar Diarra	01970	
Judy Su	01864	student
Fatoumata Dia	01902	student
Anne Naeva	01844	student
Kym Pappathanasi	01915	faculty/staff
Judith Culp	02169	student
Lou St Germain	02135	alumnus/alumna
lixela vargas	01844	student
levon Harewood	02121	student
Kaylee Le	01843	student
Kimberly Mcfield	02124	student
Fadjah Desforges	01830	student
Esperanza Sanabia	01902	
Rachel Olivier	02062	
Jebsen Dorgilus	02124	
Carlos Colon	01970	student
Elizabeth Cabral	02148	student
Tannice Lindsay	02126	student
Andres Tejada	02149	student
Shuly Sejour	02150	

Name	Postcode	Affiliation
Danielle Chambliss	01970	student
Kimberleen Toussaint	02131	student
Erik McCarthy	01960	student
Ciara Tavares	01970	student
rashaud harris	02124	student
katelyn muse	02124	student
Lidia Fernandez	01938	student
sheelove estime	02446	student
Danielle Mathis	01970	student
Bory Park	01844	student
Courtney Fahlin	01970	student
Jessica Kuzmickas	06096	student
Tahira Peralta	02072	student
Keja Valens	02143	faculty/staff
J.D. Scrimgeour	01970	faculty/staff
Anthony Masciari	01960	student
Maria Ganem	01835	student
Ryan Clayton	01970	student
Michael Salerno	01970	student
anthony nieves	01970	student
Steven Kehoe	02180	student
Tessa Johnson	01970	student
rosario barzola	02343	student
Francesca Gray	01930	student
Shannon Phelan	01907	student
Karrie Smith	01801	student
Patrick Driscoll	01867	student
Connor Corcoran	01876	student
amanda williams	01945	student
Brian Lambers	01970	student
Alejandro Martinez	02126	student

Name	Postcode	Affiliation
Jobita Rodriguez-Rios	01902	student
Dylan Davis	01923	student
Alliane Hughes	01915	faculty/staff
Bianca Wood	01970	student
Jasmine Heffner	01106	student
Heroína Taveras	01841	student
fiona Merizier	02072	
Timothy Burgess	01970	student
Ramatoulaye Diop	01970	student
Luke Flipp	01970	student
julius kere	01915	student
auguste compare	01970	student
Richard Kieser	02155	student
Quinton Hurd Jr.	02169	student
Luis Correa Garces	01970	
ivory white	01970	student
Derrick James	02124	student
jade schwartz	01970	faculty/staff
Ndeye Mandiang	01902	student
Ateana Swaby	02114	student
Andrew Rosario	02149	student
Aisha Virgo	02125	
Seantelle Epps	02136	student
Virginia Lyons	02136	student
Mary-Catherine Gavel	01810	student
Amelia Sabadini	01971	
Isabel Vargas	01970	student
Bruno Rutchel BITERE	01905	
Joe Donlon	01833	student
Michael Dubon	01902	student

Name	Postcode	Affiliation
Mikeneil Paul	01915	student
Sarah Lopez	01832	student
Victoria Traverse	01970	student
Chris Grace	01902	student
Apollos Wade	02301	student
Dayna Smith	01970	student
Samantha Debrosse	01970	
joshua ezewuzie	02148	
Ashley Shutwell	01929	student
Glenda Montiel	01841	student
niccolo desilva	02155	
Natalie Medrano	02148	student
Kimmi Roche	02703	student
Yunshn He	01970	student
Kevin Djer	02727	student
samuel demosthene	01970	student
Emily Doucette	01453	student
Shannon Griffik	02060	student
Xinman Jiang	01970	student
Haley Kuver	01835	student
melissa Crowell- Morse	01970	student
Tyler Carlton	01970	student
Mirna Portillo	01902	student
Salim Wilson Moutairou	01970	student
Ganon Abdramane	01970	student
Stephen Hoppe	01970	student
Gnoleba Seben	01970	student
Andre Fisher	01970	student
Professor John Hayes	01970	faculty/staff

Name	Postcode	Affiliation
Saraphina Charles	01970	student
Rachel Konitzer	01880	student
Jessica Diaz	01970	student
Gianna Biscecilia	01970	student
Leanne Tirabassi	01970	student
Homer Lexrancois	01970	student
Lindsay Higgins	01906	student
Jessica Orłowski	01906	student
Makenzie Mackin	01904	student
Page Axelson	01867	student
Hebah Siour	01904	student
Marc Cohesley	01970	student
Dustin Dube	01970	student
Daniel Campbell	01867	student
Andrew Paulin	01509	student
Derek Forti	01970	student
Kurt Sharpp	07102	student
Luz Rocio Taveras-Baez	02121	student
Rocio Taveras-Baez	02121	student
Jared Butler	02124	student
Saeka Tanii	01970	student
Mirwais Anwar	01930	student
Steven Grigoris	01902	student
Matthew Blaney	01902	student
Miguel Bermudez	01905	student
Cindy Su	01905	student
Daniel Mukwende	01970	student
Chris Pedro	01752	student
Kalisha Buchnan	01235	student
Mike Perham	01982	student
Susan Kirby	01970	other

Name	Postcode	Affiliation
Jessica Debski	01915	student
Victoria Sobotka	01085	student
Jeff Saky	02151	student
Ndu Nwaehuku	01970	student
Brittany Edwards	02136	student
Solome Nakimuli	02140	student
Daphnee Georges	02140	alumnus/alumna
Leslie Cirineo	01970	faculty/staff
Jordanya Rodrigues	02149	student
Naomie Pacouloule	01970	student
Ashleyne Alexis	01970	student
Bianca Charles	01970	student
Colleen Good	01970	student
Cassie Gordon	01970	student
Hilary Belanger	01970	student
Karianne Molloy	02019	student
Brittany Dilegge	01757	student
Francesca Rao	02151	student
Emily Potorski	01050	student
Amory Thomas	01770	student
Katherine Do	01970	student
Mathew Kiw	01845	student
Wanderson Kill	01938	student
Yujie Wang	01970	student
Molly Eggleston	02148	student
Danielle Terrell	01970	student
Jess Pittenger	01970	student
Sam DeLuca	01970	student
Jared McAvoy	01945	student
Anya Ciarametaro	01970	student
Felix Zamot	01960	student

Name	Postcode	Affiliation
Alyssia Loannou	01902	student
Elizabeth Weatherby	02559	student
Jessica Arno	01970	student
Kelsey Blanchette	03038	student
Amy Sennott	02152	student
Max Gansenberg	01915	student
Edmar Goncalves	02125	alumnus/alumna
Pinki Muslim	02151	
Bright Amadi	01970	student
Jimoh Oriakln	01907	
Sarah Opalenik	01970	student
Jaime Clark	01970	student
Meghan Santos	02769	student
Tory Uwagboe	01970	student
Rode Agalliu	01970	student
James Terlizzi	01970	student
Minyi Zhang	01970	student
Xinxin Guo	01970	student
Stephanie Williams	01970	student
Alex Moughan	01913	student
Korpo Poden	01902	student
Mary Annadale	02571	student
Denielle Cesvette	01801	student
Mark Andreottola	01970	student
Andrew Visconti	02062	student
Katherine Raiche	01970	student
Kathryn Reopel	01970	student
Jackie Liu	01970	student
Matt Enos	01970	student
Joaclin Simon	01970	student
Yuyue Yang	01970	student

Name	Postcode	Affiliation
Eric Sears	02148	student
Haralambos Piperidis	01902	student
Yvelande Merisier	02121	student
Daniel Perez	01970	student
Peter Blake	01564	student
Paul Bedard	01970	student
Patrick Lessage	02140	student
Samantha Gethers	01970	student
Al Mansaray	02155	student
Niara Williams	01970	student
Kathleen Quigley	01970	student
Leanne Mannone	01970	student
Tiffany Mei	01970	student
Alexis Perry	01970	student
Zoe Parker	02703	student
Jay Connolly	01970	student
Linda Phath	01970	student
Jimmy Tan	01970	student
Het Nguyen	01902	student
Geofforey Carlson	01960	student
Chris Lane	01970	student
Mark D'Alencar	01970	student
Elexis Guzman	01970	student
James Tran	01970	student
Han Sun	01970	student
Celia Yang	01970	student
Cindy Liang	01970	student
Yueling Ding	01970	student
Sam Crocetti	01970	student
Aysha Gueye	01970	student
Maggy Reilly	01970	student

Name	Postcode	Affiliation
Sarah Callahan	01970	student
Jacqueline Gala	01923	student
Derek Nordhen	01960	student
James O'Brien	01970	student
Deborah Hayes	02152	student
Joshua Frank	01970	student
Mohammed Massoun	01970	student
Angela Amoah	01607	student
Kevin Norwood	01970	student
Angela Dempsey	01970	student
Amanda Crean	01970	student
James Louf	01970	student
Gina Dean	01970	student
Xuan Cau	01970	student
Tien Nguyen	01970	student
Stacy Tilney	01970	student
Jolene Thomas	01970	student
Thuy Tran	01970	student
Kevin Koinange	01970	student
Larissa Bazile	01970	student
Alina Basnet	01970	student
James Maheras	01960	student
cody gamache	01960	other
L fletcher	01970	
Julia Ackerly	01970	student
Heather Crowe	01970	student
ingrid Constanzo	01905	student
Zachary Champigny	01970	other
Edisson Naranjo-Mejia	01850	student
Lauren Tortolano	01867	other
Nina Colon	01905	student

Name	Postcode	Affiliation
Natasha Chatterjee	01803	
Margie Colon	01841	student
Taylor Burroughs	01089	student
Samantha Bagley	01915	student
Olivia Spinney	01906	alumnus/alumna
Nying-jepo New Gallo	01966	student
Hilary Hebert	01915	student
Kelly Goyette	01966	
Joshua Koelker	02045	
Allie Goyette	02120	
JULIAN SEGURA	01970	alumnus/alumna
MARK ECKSTEIN	01801	other
Matthew Van Hamersveld	01970	student
Kristen Thiebault	01915	student
Amanda Perrault	01844	student
Katrina Rock	01255	student
Erik Hibbard	02668	student
Diana Khoury	01844	student
Ashley Lopes	01930	student
Jessica O'Brien	01970-4589	student
Robert Boglione	01970	alumnus/alumna
Katherine Littlefield	01970	student
Matt DArco	01880	student
Elizabeth Soule	02673	
Kelsey Blanchette	03038	student
Kaitlyn Noll	01001	student
karolina kolodziej	01970	student
Emily Kerber	01970	
Addessa Major	01970	student
Zach Burns	01790	

Name	Postcode	Affiliation
Yaira Matos	01970	student
Chelsey Drillis	01960	student
Tracy Ware	01970	faculty/staff
Amy Pepicelli	01904	student
Janet deleskey	03044	alumnus/alumna
Madeline Meservey	01970	student
Zach Coburn	04220	other
Jacob Loughman	01970	student
Michele Meservey	04220	other
Megan bloomfield	02631	other
Victoria Plummer	01970	student
Alex Cintolo	02152	
Melissa McKinley	01960	student
Nicole Forina	02128	
evan connolly	01960	
Nathaniel St.Pierre	01960	
George Tsonis	01960	
Colin Butlet	01970	student
Nejla Williams	01945	student
Nancy Morales Gomez	01581	
Matthew Nunes	02148	student
Wiliam Coles	01970	
Miguel Maria	01904	student
Daniel Phillips	01983	student
Sarah Lowry	19145	student
lisa gitau	01970	student
Alexandra wright	01970	
Jessica Curtis	02124	student
Nicholas Stone	03053	student
Chelsea Smith	01930	student
lindsey bryant	02152	student

Name	Postcode	Affiliation
jimmy otis	01923	student
Roberto Gigli	01923	
james bowman	02421	student
lucia ozoria-polanco	01970	student
richard elia	01970	faculty/staff
santo dimino	01930	
Ryan Travis	01970	student
Cristian Cabrera	01905	student
brandon bitto	01906	student
Justine LeBlanc	01960	student
matt mogren	01970	student
amanda guarino	01906	student
Sean McCarthy	01876	student
Ryan Casey	01876	student
Keith DeAmicis	01752	student
Ashley Gordon	02368	student
Jodeci Souza	01801	student
Christian Eaves	02151	student
Priscilla Silva-Riobo	02128	student
christopher hughes	02151	student
Marika Mamillo	01970	student
Emily Anderson	01503	student
Eric Letendre	01970	student
Tegan Fritchey	01832	student
Koda Mehalba	01970	student
Nicholas Pantazi	01969	student
Andrea DiSalvatore	02176	student
Molly Kavanagh	06042	student
Kathleen Teixeira	01960	faculty/staff
Nick Katsaros	01830	

Name	Postcode	Affiliation
Andrea Jenkins	01970	student
Jeffrey Snyder	01904	student
Elizabeth Lam	02151	student
Samantha Power	01950	student
Alexandria Lawrence	04011	student
Meghan Turney	01915	student
Theresa Conley	02053	student
Cassandra Knowles-True	01364	student
Jared McConnell	02184	student
Sarah Vaillancourt	02476	student
Andrea Neary	01945	student
Maureen Fritchey	01832	alumnus/alumna
Brittany Dingle	02176	student
Brandon Mahoney	03076	student
Jie Han	02148	student
Nicole Hagan	01420	student
Eric Pikula	01020	student
James Ramsdell	01930	student
Kevin Carmichael	02155	student
Hannah Lemieux	01420	student
Kenneth Hyland	01801	student
Jose Martinez	01420	student
Casey Glynn	02186	student
Ian Handy	02186	other
Nicole D.	01801	
Shannon Gallagher	01930	student
Aliaksandra Ilaryonava	01901	student
Timothy Mavroules	01960	student
Victoria Cortis	01085	student

Name	Postcode	Affiliation
William Smith	01970	student
Edward Fionte	01845	student
Christina Rego	02631	student
Shannon Doane	02125	other
Brooke Rodrigue	01970	student
Christopher Meagher	01970	student
Ryan Daley	02346	student
Courtney Callahan	02330	student
Julio Mota	01905	student
charu singh	01887	student
Nicole Torossian	01832	
Bailey Cole	01970	
Megan Horn	01810	student
Lexy V	01970	
sarah rydgren	01970	student
Lisa Rusch	01701	student
Tiffany Coulam	01970	
Rafael Pereira	01970	student
Michael Jaksland	01930	
Alexandra wright	01970	
Marissa Doyle	01970	student
Matt Pangione	01810	student
Domenic Forgione	01887	student
Sarah Hickman	01450	
Cameron Viger	01970	student
yingxuan wang	01908	student
Scott Richardson	01915	
Natasha Natasha	01833	
Adriana Salami	02143	student
Lily Chen	02129	student
Jennifer Petz	03054	student

Name	Postcode	Affiliation
Melissa boshuyzen	01020	
Nathaniel Foldan	01970	
Joseph Jovin	02136	
Mitchell Fallon	02726	student
yocayra guzman	01841	
Felicia Hayden	01960	student
Kayla McKinnon	01950	student
Annemarie Moretto	01970	student
ashley wadsworth	01730	student
Mike norwood	01960	
Dominique Resendes	02726	student
David Wadsworth	02144	other
Victoria Chase	01331	student
Rachel Gore	01545	student
Briana Rosa	01854	student
Cam marsinelli	01915	student
Meaghan Bransfield	01887	student
Brian Denahy	01907	alumnus/alumna
Michaela Herra	01887	student
Autumn Tracy	019704533	student
Erin brings	01945	student
Kaitlin Martin	01834	student
Jaqueline Courtney	01970	student
Kate Schoelles	01970	student
Kristopher Burnham	01945	student
Victoria Duback	01970	student
Tyron Tyler	02121	student
Melyssa Noyes	01970	student
Matthew Thomas	01970	student

Name	Postcode	Affiliation
Carlinne Delima	01960	student
shea dever	01970	student
susan Noyes	01756	other
alisha mattos	01970	student
Nathan Hart	01970	student
Simeen Brown	01970	faculty/staff
Jay Carey	01970	faculty/staff
Anne Collins	01970	faculty/staff
Leslie Cirineo	01970	faculty/staff
Jude Zephir	01970	faculty/staff
Brad Robinson	01970	student
Lily Miller	01970	student
Nicole Blumberg	01970	faculty/staff
Shawn McSheffery	01970	faculty/staff
Anne Fitzgerald- Clark	01970	faculty/staff
Sherard Robbins	01970	faculty/staff
Cato LaCroix	01970	student
Jameel Kharer	01970	student
Taylor Hamelers- Foley	01970	student
Sarah Swell	01970	student
Fatima Abdalh	01970	student
Taylor Crampton	01970	student
Nathan Hart	01970	student
Stephanie Scherrer	01970	student
Emily Rubin	01970	student
Cheryl DeLuis	01970	student
Jenna Viner	01970	student
Paul Cullinane	01970	student
Nicole Meheghin	01970	student
Margaret Druschel	01970	student

Name	Postcode	Affiliation
Mary Morin	01970	student
Nicholas Cain	01970	student
Jude Zephir	01970	student
Alan Lancaster	01970	student
Rosemary Rodriguez	01970	student
Ben Ford	01970	student
Paige Besse	01970	student
Michelle Doherty	01970	student
Joanne Piper	01970	student



Why Should SSU Divest from Fossil Fuels?

Divest Salem State From Fossil Fuels and **SSU Faculty For Divestment** ask Salem State University to join over 30 US institutes of higher education (48 campuses) and over 400 institutions and organizations worldwide including Stanford University, Syracuse University, the World Council of Churches, University of Glasgow, Norwegian Sovereign Wealth Fund, Rockefeller Brothers Fund and the British Medical Association in the movement to divest from fossil fuels. The burning of fossil fuels (FF) by industrial society is the major cause of currently observed and predicted climate change. FF companies are undermining regulation, and driving us towards irreversible catastrophic climate disasterⁱ. Divestment is a proven effective tool, which aims to undermine FF industry's political power and lower the barrier to new meaningful climate legislationⁱ.

It is unethical and untenable for SSU to invest in fossil fuels, but that's not the only reason to divest. Divestment also protects university assets from the looming carbon bubbleⁱⁱ. California's public pension funds incurred a massive loss of \$5 billion in the last year alone from their holdings in the top 200 FF companiesⁱⁱⁱ.

Fiduciary duty is also tied to intergenerational equity and SSU must do its part to ensure our children's lives are not defined by climate chaos. Salem State has the opportunity to benefit from positive publicity, to be on the right side of history, to align our values with our mission, and not passively wait for others. We have the opportunity to become a model for sustainability and show leadership for our students and the North Shore in a time of unprecedented transition.

It is time to act.

Signed: **Divest Salem State From Fossil Fuels** and **SSU Faculty For Divestment**



Divestment FAQs:

Why Should Salem State Divest?

- SSU should divest to align its investments with its values
- It is paradoxical for universities—particularly teaching universities—to profit from an industry which is threatening the future of their students. By maintaining investments in fossil fuels (FF) SSU is compromising its moral responsibility as an institution of learning.
- Sustainability is one of the three guiding principles of SSU's 2013-2016 Strategic Plan. The plan states, *"We take the long view. We understand that the decisions we make today will have repercussions for the generations that follow. Our actions not only have an immediate impact on the environment that we live in, but send a strong message to our students about their roles as stewards of our community."*^{iv}
- By investing in FF companies, SSU is undermining the integrity of science, its faculty and supporting an industry which is on track to create *"severe, pervasive and irreversible impacts for people and ecosystems."*^v

Is Divestment Compatible with a Sound SSU Portfolio?

- Divestment is compatible with a sound portfolio^{vi}. Studies by MSCI, Advisor Partners, Impax, Aperio, S&P, Capital IQ, and BNEF illustrate the positive impacts of divestment on returns and a reduction of investment risk^{vii}. The most quoted anti-divestment studies are funded directly by the FF industry (e.g. Fischel 2014/15^{viii})
- The investment management firm Aperio Group performed a comprehensive study that found the return risk of FF divestment to be *"statistically irrelevant."*^{ix}
- The Bank of England, HSBC, & Goldman Sachs and Deutsche Bank have issued warnings on the risks of FF investments— particularly coal^x
- Divestment protects the endowment from the looming "carbon bubble" and subsequent stranded assets^{xi xii}
- Trillium Asset Management found that California's public pension funds, CalPERS and CalSTRS, incurred a massive loss of more than \$5 BILLION in the last year alone from their holdings in the top 200 FF companies^{xiii}.

Why does Divesting Present a Huge Positive Marketing/Publicity Opportunity for SSU?

- Divested schools have received widespread positive coverage (e.g. Pitzer, Stanford)
- SSU could be one of the first state schools in the country to divest and take a place in history as a leader in the climate justice movement
- 61% of students nationwide stated that a school's commitment to the environment is important in their school selection – Divested schools have also seen increased enrollments
- Schools that have refused to divest have provoked long-term, damaging campaigns and much negative coverage (e.g. Harvard) – divesting will generate valuable positive publicity

Why is SSU's Decision to Divest Much Easier than other Schools?

- According to SSU's investment portfolio manager, SSU has *"limited exposure"* to FF investments
- Other institutions have been lobbied directly by FF interest groups/ donors with direct ties to the industry - complicating their decision. SSU's presents a more clear-cut opportunity.

How is Divestment Different from Socially Responsible Investing?

- There are many different forms of Socially Responsible Investing. The Divestment movement argues that socially responsible investment requires fully divesting from FF. Some SRI platforms propose picking and choosing among FF companies. They argue that some FF companies invest more in renewable energy research, and should be rewarded

- FF companies devote the bulk of their resources to the extraction of FFs—that’s why they are called FF companies. These companies hold 5 times more carbon reserves than is safe to extract—and they are all committed to extracting it.
- We have just until 2017 to halt construction of new FF infrastructure, if we are to meet the critical 2C degree target as mandated by the Copenhagen Accord.
- No FF company has committed to adopting this goal—in fact all are actively exploring and building new infrastructure¹.

Is It Hypocritical to Divest When We Continue to Use Fossil Fuels?

- To say that divestment is hypocritical implies that we have some direct choice in the energy sources available to us. We can’t choose clean affordable alternatives because the fossil fuel industry systematically thwarts them¹
- FF interest groups and their beneficiaries have promoted and orchestrated anti-science disinformation campaigns,^{xiv} and spent hundreds of millions of dollars in opposing emission-limiting climate legislation.^{xv}

Will Divestment End Climate Change?

- Of course divestment alone will not end climate change. But it’s part of a larger movement to challenge the social license of FF companies, and thus their ability to influence policy.

Can Divestment Bring About Change?

- Divestment aims to stigmatizing the FF industry - undermining its political power and lowering the barriers to the passage of meaningful climate legislation (e.g. carbon tax; ban on further drilling)
- It puts pressure on governments to enact legislation that will assist the creation of market conditions by which alternative energies can thrive (e.g. termination of FF subsidies)
- Past divestment campaigns such as South Africa, tobacco, & Darfur were all followed by restrictive new laws^{xvi}

Why will Shareholder Advocacy Not Work?

- Shareholder advocacy has been an effective tactic in pressing corporations to make small changes to their policies and regulations. However, shareholder resolutions cannot overturn a corporation’s core business model.
- 150 climate change proposals were filed at FF companies in last 23 years – they all failed (reference)
- Not one of the top 200 companies have committed to stopping FF exploration and limiting extraction, to its proportional share of the carbon budget. They instead are spending over half a trillion dollars annually seeking new reserves.

But don’t Developing Countries Need Fossil Fuels?

- Developing countries don’t demand FF – they demand energy
- Climate change threatens 50 years of progress in global health” (Lancet and UCL commission, 2015)

If we Divest from Fossil Fuels will we have to Divest from Everything?

- This ‘slippery slope’ argument is commonly used. But divestment should be a rarely used option – and an existential threat to life and development is a compelling reason

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DIVEST SALEM STATE

IT'S TIME TO GO FOSSIL-FREE



Dr. Noel Healy
Faculty
Salem State Faculty for
Fossil Fuel Divestment



Jessica Debski
Alumna
Divest Salem State University
from Fossil Fuels

Why Salem State Should Divest From Fossil Fuels

*“At this moment in history, it is **paradoxical for universities to remain invested in fossil fuel companies.** What does it mean for universities to seek to educate youth and produce leading research in order to better the future, **while simultaneously investing in and profiting from the destruction of said future?** This position is neither tenable nor ethical.”*

(Academics Stand Against Poverty, 2000+ signatures)

Financial Case for Divestment

- **Carbon Bubble:** between 60-80% of coal, oil and gas reserves of publicly listed companies are 'unburnable' if the world is to have a chance of not exceeding global warming of 2°C
- **Stranded Assets:** assets that have suffered from unanticipated or premature write-downs, devaluations or conversion to liabilities.



60-80% of Fossil Fuels must be left in the ground in order to avert catastrophic climate change

Study Predicts 200 Feet Of Sea Level Rise If All Fossil Fuels Are Burned

"This is humanity as a geologic force." **ScienceAdvances** WUOLAS

Climate change threatens 50 years of progress in global health, study says

THE LANCET

But slashing fossil fuel use also presents greatest global opportunity to improve people's health in 21st century, says Lancet and UCL commission

Climate Change Helped Spark Syrian War, Study Says **PNAS**

Research provides first deep look at how global warming may already influence armed conflict.



"defining issue of our time and an existential threat to our life and development"

Why Should SSU Divest?

- ❑ SSU should divest to **align its investments with its values**
- ❑ It is paradoxical for universities—particularly teaching universities—to **profit from an industry which is threatening the future of their students**. By maintaining investments in fossil fuels (FF) SSU is **compromising its moral responsibility as an institution of learning**.
- ❑ **Sustainability**: one of the three guiding principles of SSU's 2013-2016 Strategic Plan:

"We take the long view. We understand that the decisions we make today will have repercussions for the generations that follow. Our actions not only have an immediate impact on the environment that we live in, but send a strong message to our students about their roles as stewards of our community."

What are we asking SSU?

Over **600 students and 80 faculty members** have signed a petition requesting that Salem State University:

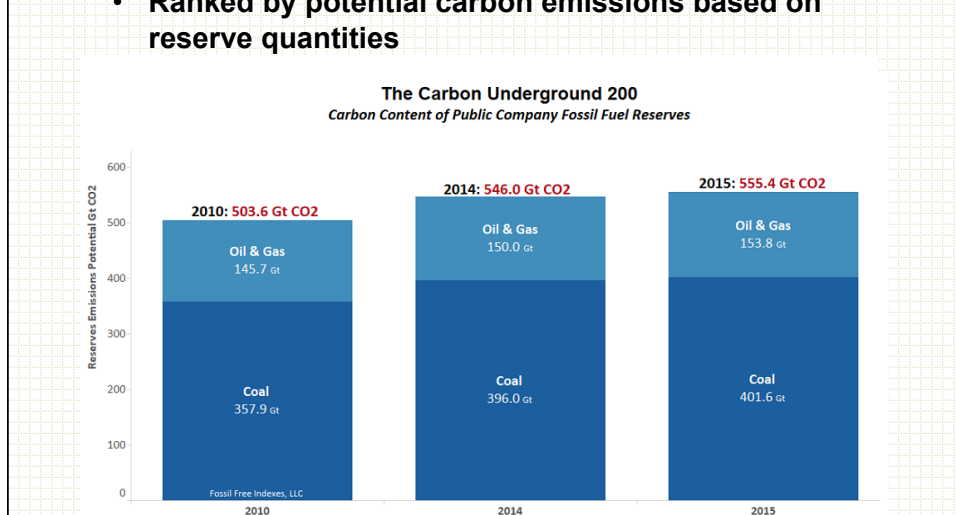
1. Immediately **freeze new investments** in fossil fuel companies,

and

2. **Divest over five years** from direct holdings in companies listed in the **Carbon Underground 200** list published by Fossil Free Indexes, and from any commingled funds that include fossil fuel public equities and corporate bonds.

Why these specific FF companies?

- Top 100 public coal, and top 100 public oil and gas companies globally
- **Ranked by potential carbon emissions based on reserve quantities**



Notable institutions who have already divested

- Aims to **stigmatize the fossil fuel (FF) industry**, undermine their political influence and trigger a shift away from dependence on FF



Guardian Media Group
gmg

**800+ global
Institutions
Committed**



University
of Glasgow



Norwegian
Sovereign
Wealth
Fund



Rockefeller
Brothers Fund



THE
LUTHERAN
WORLD
FEDERATION



BMA
British Medical Association



**World Council
of Churches**

Divestment in US Higher Education

- ❑ **31** higher education foundations across **57 campuses** have divested from fossil fuels in the U.S.
- ❑ 29% have divested from the **Carbon Underground 200**
 - Including:
 - University of Dayton (\$670 million)
 - Chico State University (\$52 million)
- ❑ **48%** have chosen even more comprehensive divestment (**direct & mutual investments**)
 - Including:
 - Syracuse University (\$1.2 billion)
 - Rhode Island School of Design (\$328.3 million)
 - The New School (\$220 million)

Divestment in US Higher Education

- **Over 75%** have divested from at least the **Carbon Underground 200**
- Only **19%** have limited the scope of divestment to specific sectors
 - Divestments from **coal** include:*
 - Stanford University (\$18.7 billion)
 - University of Washington (\$2.8 billion)
 - Georgetown University (\$1.5 billion)
 - University of Maine (\$121 million)
 - Divestments from **coal and tar sands** include:
 - University of California (\$13.15 billion)
 - San Francisco State University

*All figures are estimated total endowment figure

Common arguments against divestment

1. Divestment means financial loss?

- Compatible with a sound portfolio** (MSCI, Advisor Partners, Impax, Aperio S&P Capital IQ and BNEF)
- Return risk - "**statistically irrelevant.**" (Aperio Group)
- There **ARE benchmarks**, e.g. MSCI Fossil fuel divested S&P 500 benchmark in FFIUS, State Street etc.
- The **Bank of England, HSBC, & Goldman Sachs and Deutsche Bank** have issued warnings
- 40 – 60 %** of current European coal, oil, and gas valuations are at risk (HSBC)
- Divestment protects the endowment** from the looming "carbon bubble" and subsequent stranded assets
- CalPERS and CalSTRS, incurred a **loss of \$5 BILLION** in the last year alone

2. We all use fossil fuels – so divestment is hypocritical

- ❑ To say that divestment is hypocritical **Implies that we have some direct choice** in the energy sources available to us
- ❑ We can't choose clean affordable alternatives because the **fossil fuel industry systematically thwarts them**
- ❑ FF interest groups have **promoted** and **orchestrated** anti-science disinformation campaigns
- ❑ Spent **\$900 million** a year on the **climate change counter movement**, attacking individual scientists, **opposing climate legislation** and **undermining public confidence in science**.
- ❑ By investing in FF companies, **SSU is undermining the integrity of science and its faculty**

3. Divestment is pointless – it can't bankrupt the coal, oil, and gas companies

- ❑ **Aim is to stigmatize the fossil fuel industry and undermine their political influence**
- ❑ Divestment is a **tactic**. It **challenges the social license of FF companies**, and thus their ability to influence policy.
- ❑ **Pressure governments to enact legislation** (e.g. creation of market conditions by which alternative energies can thrive)
- ❑ Raising awareness of **systemic risk of fossil fuel stranded assets**
- ❑ Raising awareness of **disproportionate impacts of climate change** on developing nations, economically disadvantaged communities, and future generations...
- ❑ **Proven theory of change** – South Africa, Tobacco, & Darfur were all followed by **restrictive new laws**
- ❑ **Power of symbolism** - Rosa parks; 19th amendment-women's suffrage; the civil rights act, est. of EPA

Debunking some false arguments

- ✓ **If we Divest from Fossil Fuels will we have to Divest from Everything? - False**
- ✓ **Fossil fuels are essential to ending world poverty? -False**
- ✓ **The fossil fuel sector are major investors in alternative energy – False**
- ✓ **Shareholder resolutions cannot overturn a corporations core business model – ZERO evidence to support this**
- ✓ **Yes 74% of all FF are owned by state-controlled companies BUT the extreme and expensive hydrocarbons are near exclusive ownership of listed companies**

How is Divestment Different from Socially Responsible Investing (SRI)?

- Many **different forms of SRI**
- Divestment movement seeking **full divestment from FF**
- The reserves of the CU200 have **five times more than can be burned** for the world to have an 80% chance of limiting global temperature rise to 2°C.
- All companies are committed to extracting
- SRI platform previously proposed **not based on FF reserves** [CHEVRON (#9) (\$9.5 billion fine)]
- We seek an **SRI strategy that divests from the CU200**

6. Primary role of universities is to conduct research, inform public policy and educate

- ❑ **No knowledge deficit!** — James Hanson (NASA) –1988 congress
- ❑ **Fiduciary Duty**
- ❑ **Intergenerational equity**
- ❑ Individual acts are not enough – BUT Collective Action can bring about change - **Divestment is a collective act!!**
- ❑ **Endowment is political** and universities are political
- ❑ To **decline responsibility for climate action is itself a political act**
- ❑ Undermining the **integrity of science** and **forfeit duty and moral responsibility**

G20 countries pay over \$1,000 per citizen in fossil fuel subsidies, says IMF

theguardian

- ❑ **\$5.3 trillion** a year on fossil fuel subsidies
- ❑ Ended fossil fuel subsidies would **slash global carbon emissions by 20%!**
- ❑ Ending subsidies would **prevent 1.6million premature deaths** from outdoor pollution (50% cut)
- ❑ Tackling climate change requires **2% global GDP per year.**
- ❑ IMF suggests that ending fossil fuel subsidies = **3.8% global GDP per year**

A Huge Positive Marketing/Publicity Opportunity for SSU

- Divested schools have received widespread positive coverage
- SSU could be **one of the first state schools in the country** to divest and take a place in history as a leader in the climate justice movement
- 61% of students** nationwide stated that a school's commitment to the environment is important in their school selection
- Divested schools have also seen **increased enrollments**
- Schools that have refused to divest have provoked long-term, damaging campaigns and much negative coverage (e.g. Harvard) – divesting will generate **valuable positive publicity**

Will SSU be on the right side of history?

- How is SSU protecting its funds from **stranded assets**?
- Will the university **align its investments with its values**?
- Will the university embrace this **opportunity**?
- Why **not take the lead instead of following**?

“If you are neutral in situations of injustice, you have chosen the side of the oppressor” (Desmond Tutu)

Thank you for your attention!





September 16, 2015

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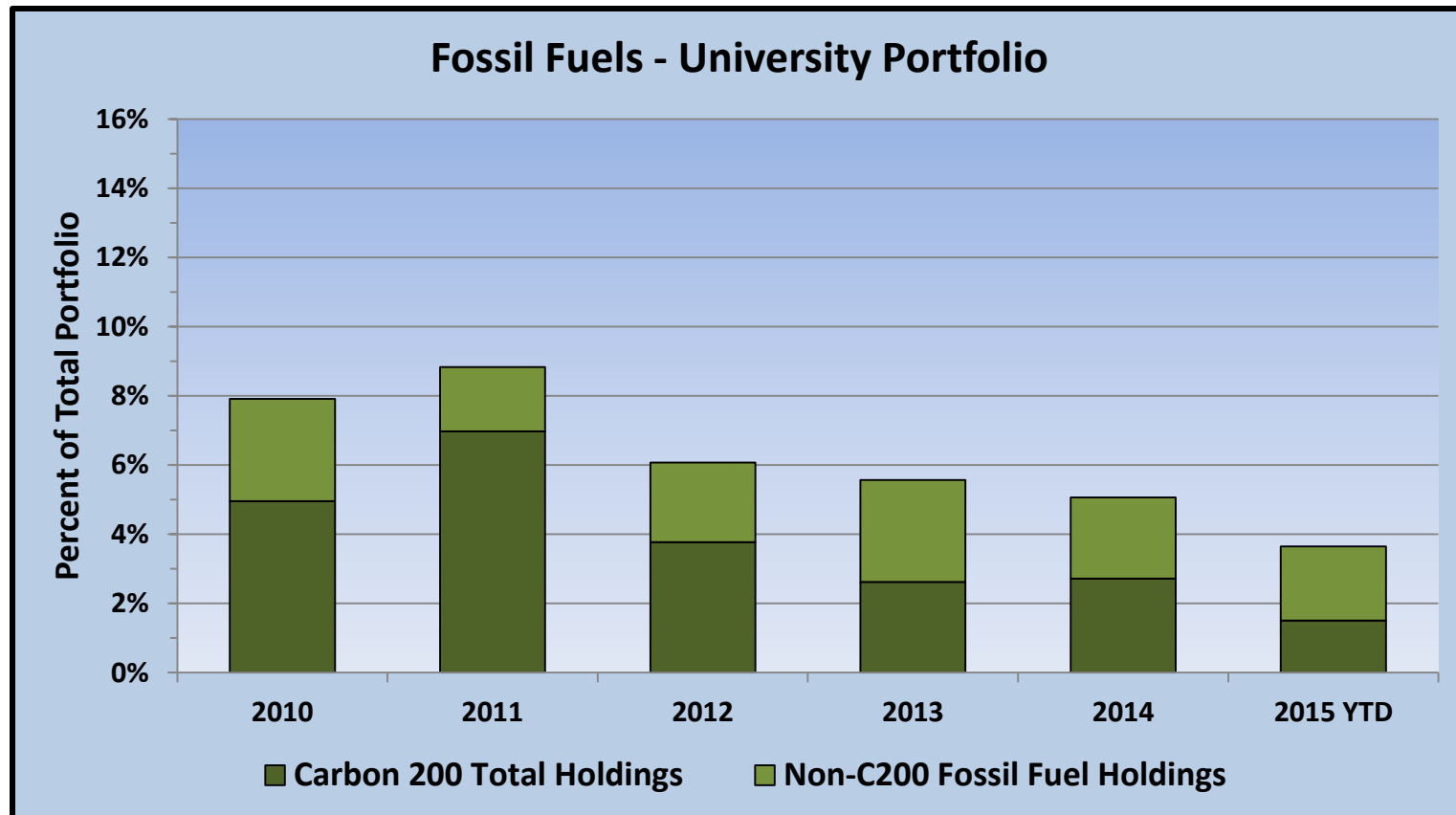
FOSSIL FUEL FREE FUNDS – FAIR OR FOUL?

- Divestment fundamentally changes the character of a portfolio
 - Returns and risks no longer relate to any benchmark
- Deletions pose big problems: Where is the line drawn?
 - Does divestment include only producers and resource owners?
 - What about refiners? Pipelines? Rails? Big users? Big enablers?
 - What about fossil fuel companies that *also* invest in “green” energy?
- Reinvestment also has big risks
 - Simply avoid the energy sector and increase other sectors proportionately?
 - Find alternative energy companies?
 - How does this affect a portfolio’s overall volatility, returns, and value?

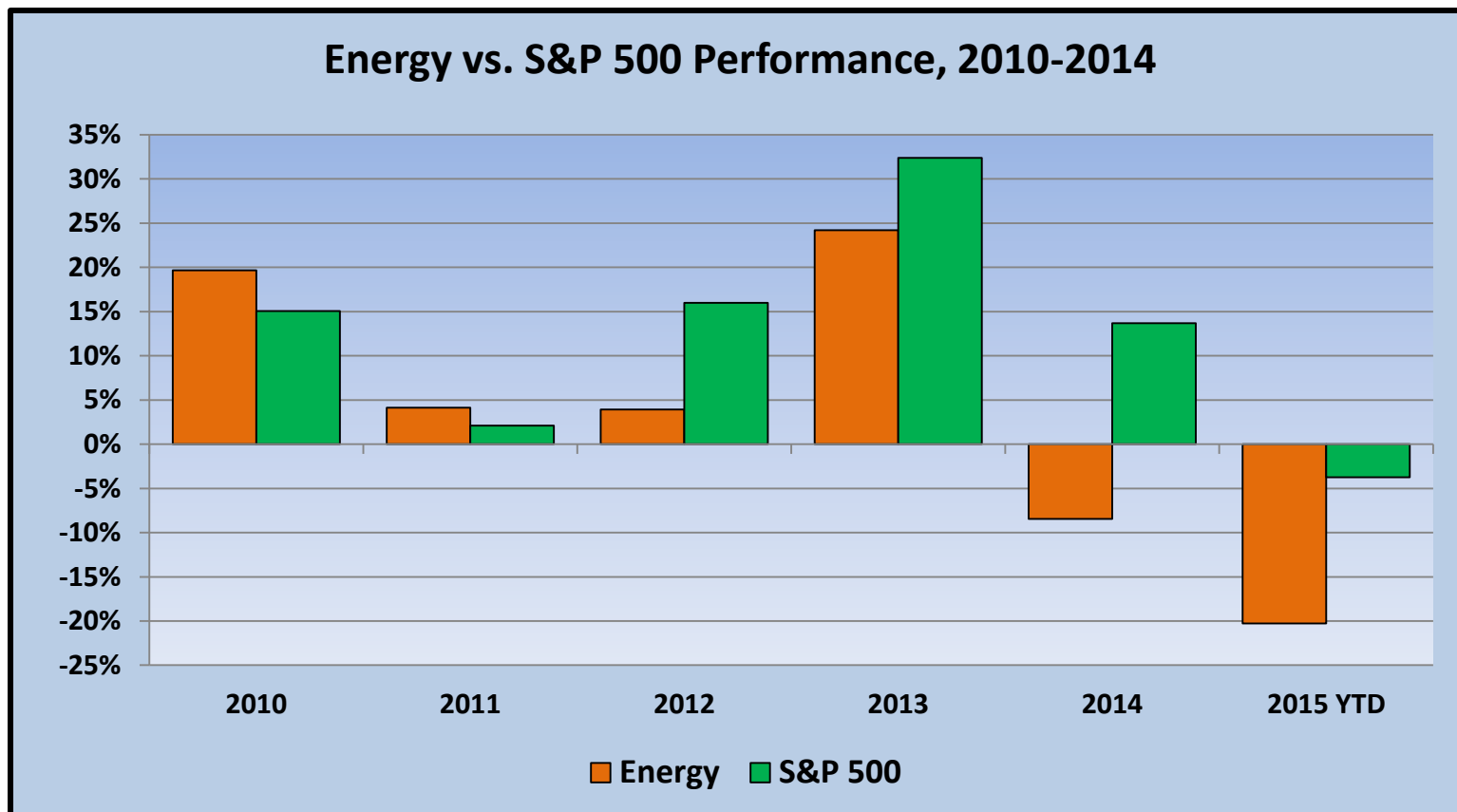
DIVESTMENT – THE BIGGER PICTURE

- What is Salem State University's mission?
 - Is it to educate students or to change the world, or both?
 - If there is a conflict between two goals, which takes precedence?
- What is the best way for SSU to achieve its goal?
 - Will sale of under \$2 million in securities really affect anything?
 - Will current policy of constructing LEED-certified buildings set an example for others?
 - Will expanding environmental academic programs attract students?
- Fossil fuels are fundamentally different from Apartheid
 - Apartheid was *government-sponsored*; fossil fuels are *privately owned*
 - Apartheid was a *moral* issue about human rights and dignity; fossil fuels are about an *economic* issue about long-term resource allocation
- What is so special about fossil fuels, anyway?
 - Why not use a portfolio to address other issues (China, Africa, etc.)?

HOLDINGS: UNIVERSITY PORTFOLIO



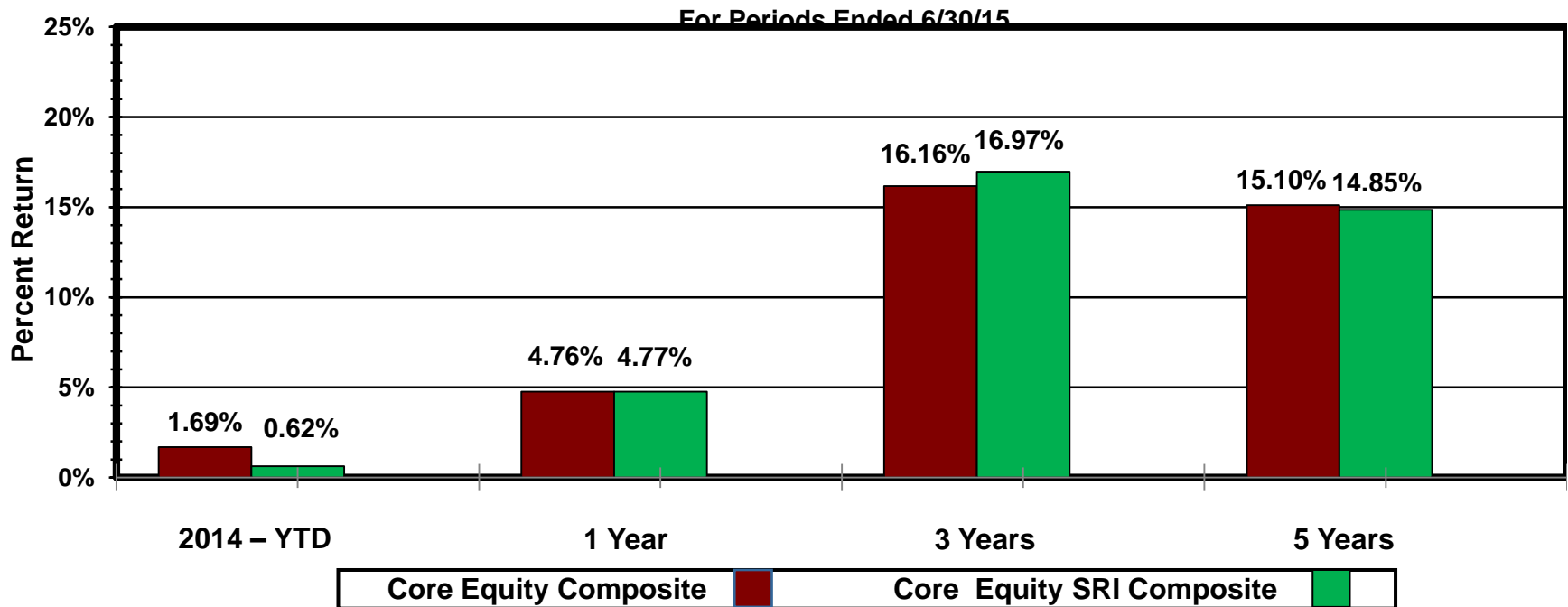
PERFORMANCE: ENERGY VS. S&P 500



EASTERN BANK WEALTH MANAGEMENT SRI MODEL

- Screen all investable securities on SRI topics
 - Overarching themes: Business Lines; Ecology; Governance; Humanity; Vices
- Our clients prioritize which themes are most important to them
 - We exclude securities of companies that fail the client’s screen
 - Each can be replaced with a comparable security from a company that passes
 - *If the screening and replacement process is done well, investment results will closely resemble those of a comparable non-SRI portfolio*
- Clients can also direct funds to “impact investing”
 - We do so directly via ETFs and mutual funds
 - Careful selection is paramount: Funds have varied goals, much higher expenses
 - No need for a dedicated third-party manager
 - Eliminate the expense and difficulty of working with multiple managers
 - Most dedicated managers target individual retail investors, not institutions

SRI vs. CORE EQUITY PERFORMANCE



COMPOSITE PERFORMANCE DISCLOSURES:

Performance is calculated based on the average net of Eastern Bank Wealth Management's fee schedule. Actual advisory fees may vary among clients with the same investment strategy. The performance quoted represents past performance and does not guarantee future results. Results are presented for model portfolios and do not represent actual trading. Sector Allocation and Top Portfolio holding may not reflect our current investment views and should not be used as the basis of any investment decision. Our SRI portfolio is appropriate for clients who are seeking exposure to the equity markets and have an average risk tolerance. Effective March 9, 2012, EBWM engaged a third-party research provider to sub-advise equity stock selection, while retaining final investment and trading responsibility. This information should not be construed as advice that is designed to meet the specific needs of an individual investor. This is not a solicitation for any order to buy or sell securities. For legal and tax matters, legal and tax advisors should be consulted. The S&P 500 is designed to be a leading indicator of U.S. equities and is meant to reflect the risk/return characteristics of the large cap universe. All material has been obtained from sources believed to be reliable, but its accuracy is not guaranteed. There is neither representation nor warranty as to the accuracy of, nor liability for decisions based on such information. Securities Products: Not insured by FDIC or any federal government agency. Not deposits of or guaranteed by any bank. May lose value.

SALEM STATE: INVESTMENT POLICY CHECKLIST

Key Item	Policy	Salem State	Compliant?
Equity ratings: Common stocks: S&P Stock Guide Mutual funds: Morningstar	B+ 4-Star	B+ None held	Yes Yes
Fixed Income: Corporate bonds position limit Maximum maturity Minimum individual bond rating	<35% of fund 7 years Baa / BBB	23.2% 5.75 years Baa3 / BBB	Yes Yes Yes
Alternative investments: Derivatives, forwards, swaps, futures	Prohibited	None held	Yes
Asset allocation range: Equities Fixed Income Cash	50% - 75% 25% - 50% 0% - 10%	63.7% 34.4% 1.9%	Yes Yes Yes

- Recent change: allow Baa/BBB-rated corporate bonds
 - Opportunity: Inclusion of these bonds doubles the available supply
 - Implementation: Used proceeds from one maturity to purchase one BBB bond
 - Future maturities will be re-invested in Baa/BBB to capture yield premium

PORTFOLIO PERFORMANCE

Investment Performance						
Strategy: Growth with Income (Corp)						
As of June 30, 2015						
Asset Class / Benchmark	Ending Market Value	Allocation	Year to Date	1 Year	3 Year	5 Year
			Total Return	Annualized Total Return	Annualized Total Return	Annualized Total Return
Salem State University Portfolio	\$13,230,099	100.0%	2.0%	3.3%	10.8%	10.7%
Total Benchmark		100.0%	1.5%	3.6%	10.1%	11.2%
Equities	\$8,342,504	63.0%	3.0%	4.7%	16.3%	15.7%
Multi Asset Equity Blend*		60.0%	1.9%	4.9%	15.2%	16.1%
Fixed Income	\$4,600,405	34.8%	0.5%	1.0%	1.6%	2.7%
Barclays Interm Credit Index		37.0%	0.8%	1.5%	2.9%	4.2%
Money Market	\$287,189	2.2%	0.01%	0.01%	0.00%	0.02%
Lipper Money Market Index		3.0%	0.01%	0.01%	0.01%	0.02%
Portfolio Return Gross of Fee			2.0%	3.3%	10.8%	10.7%
Portfolio Return Net of Fee			1.8%	2.9%	10.4%	10.3%
*Consists of Blended 60/40 S&P 500/MSCI All Country World Index						

Source: First Rate

PORTFOLIO PERFORMANCE

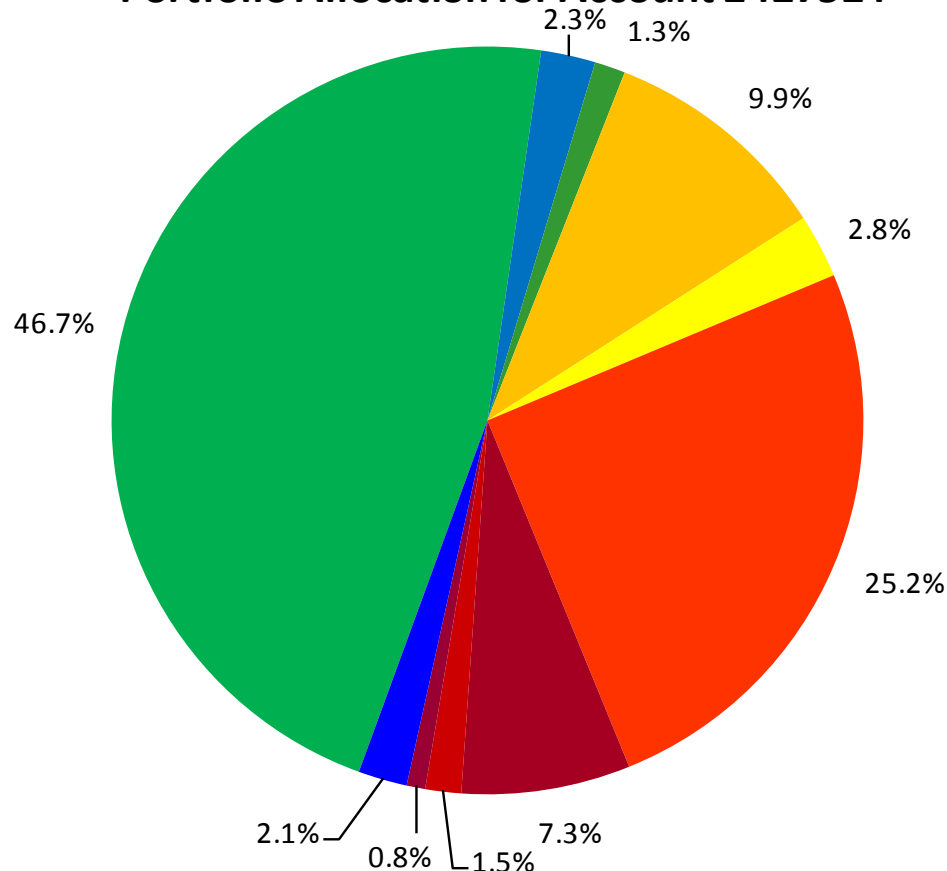
Investment Performance						
Strategy: Growth with Income (Corp)						
As of August 31, 2015						
Asset Class / Benchmark	Ending Market Value	Allocation	Year to Date	1 Year	3 Year	5 Year
			Total Return	Annualized Total Return	Annualized Total Return	Annualized Total Return
Salem State University Portfolio	\$12,746,902	100.0%	-1.2%	-0.8%	8.5%	9.4%
Total Benchmark		100.0%	-1.4%	-0.8%	8.0%	10.0%
Equities	\$7,941,888	62.3%	-2.1%	-1.6%	12.9%	13.9%
Multi Asset Equity Blend*		60.0%	-3.0%	-2.1%	12.0%	14.5%
Fixed Income	\$4,564,492	35.8%	0.3%	0.5%	1.0%	2.2%
Barclays Interm Credit Index		37.0%	0.8%	0.8%	2.1%	3.5%
Money Market	\$240,523	1.9%	0.0%	0.0%	0.0%	0.0%
Lipper Money Market Index		3.0%	0.0%	0.0%	0.0%	0.0%
Portfolio Return Gross of Fee			-1.2%	-0.8%	8.5%	9.4%
Portfolio Return Net of Fee			-1.5%	-1.2%	8.1%	9.0%
*Consists of Blended 60/40 S&P 500/MSCI All Country World Index						

Source: First Rate

PORTFOLIO REVIEW

Portfolio Allocation for Account 2427524

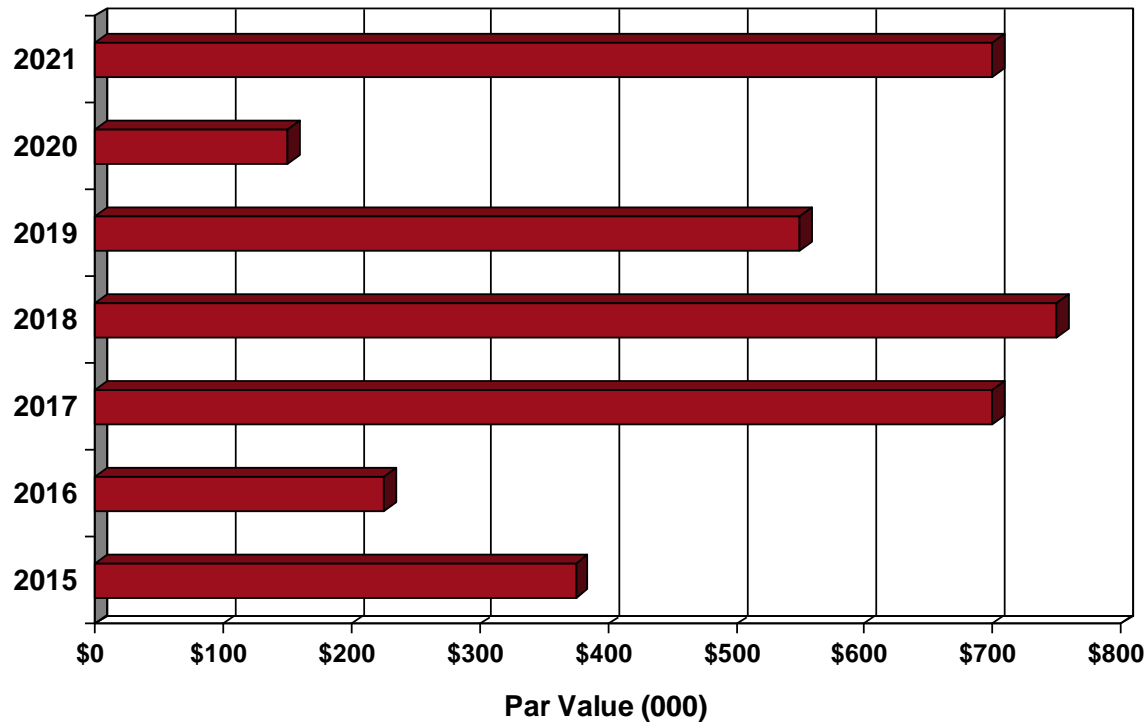
**Account Value as of 06/30/2015:
\$13,230,099**



Equities	63.1%
■ Institutional Core Equity	46.7%
■ Large Cap Equity	2.3%
■ Mid Cap Equity	1.3%
■ International Equity	9.9%
■ Int'l Emerging MKTS	2.8%
Fixed Income	34.8%
■ Individual Bond Ladder	25.2%
■ High Yield Bonds	7.3%
■ US Gov't Obligations	1.5%
■ Short Term Bonds	0.8%
Money Market	2.1%
■ Cash	2.1%

BOND MATURITY DISTRIBUTION

	Portfolio	Barclays Intermediate Credit Index
Average Maturity	4.49 years	4.85 years
Average Coupon	3.68%	3.65%
Average Yield	2.43%	2.58%
Average Duration	3.52 years	4.33 years



	2015	2016	2017	2018	2019	2020	2021
■ Endowment (\$000)	\$375	\$225	\$700	\$750	\$550	\$150	\$700

INDIVIDUAL CORPORATE BOND RATINGS

Description	Units	Purchase Date	Time of Purchase	Current	Time of Purchase	Current
			Moody's Rating	Moody's Rating	S&P Rating	S&P Rating
AMERICAN EXPRESS CREDIT 2.125% 07/27/18	100,000	12/30/2013	A2	A2	A-	A-
BANK AMERICA CORP 5.25% 12/01/2015	100,000	10/27/2005	Aa3	Baa3	A+	BBB+
BROADCOM CORPORATION CL A 2.7% 11/01/2018	100,000	2/9/2012	A2	A2	A-	A-
CATERPILLAR FINANCIAL 2.45% 09/06/18	175,000	9/19/2013	A2	A2	A	A
CISCO SYSTEMS INC 3.15% 03/14/2017	200,000	6/22/2011	A1	A1	A+	AA-
CISCO SYSTEMS INC 2.90% 03/04/2021	200,000	11/17/2014	A1	A1	AA-	AA-
COOPER U S INC. 6.1% 07/01/2017	215,000	6/14/2007	A3	Baa1	A	A-
COSTCO WHOLESALE CORP, NEW 5.5% 03/15/2017	285,000	5/17/2007	A2	A1	A	A+
JOHN DEERE CAPITAL CORP. 2.25% 04/17/19	125,000	7/26/2014	A2	A2	A	A
DEUTSCHE BANK 2.50% 02/13/19	125,000	2/26/2014	A2	A3	A	BBB+
E M C CORP. 2.50% 06/01/20	150,000	7/28/2014	A1	A1	A	A
FEDERAL HOME LOAN BANK 1.75% 12/14/2018	200,000	3/26/2012	Aaa	Aaa	AA+	AA+
LOWES COMPANIES INC 5% 10/15/2015	275,000	5/7/2008	A1	A3	A+	A-
MONSANTO CO. 2.75% 07/15/21	200,000	11/17/2014	A3	A3	BBB+	BBB+
ORACLE CORPORATION 2.375% 01/15/19	200,000	8/5/2013	A1	A1	A+	A+
THERMO FISHER SCIENTIFIC, INC. 2.25% 08/15/2016	150,000	12/21/2011	A3	Baa1	A	BBB
TORONTO DOMINION BANK 2.625% 09/10/18	175,000	9/19/2013	Aa1	Aa1	AA-	AA-
VERIZON COMMUNICATIONS INC 2% 11/01/2016	150,000	12/21/2011	A3	Baa1	A-	BBB+
WELLS FARGO & CO 2.15% 01/15/19	100,000	12/18/2013	A2	A2	A+	A+
WELLS FARGO & CO 3.00% 01/22/21	100,000	2/3/2015	A2	A2	A+	A+
XILINX, INC. 3.00% 03/15/21	200,000	11/17/2014	A3	A3	A-	A-

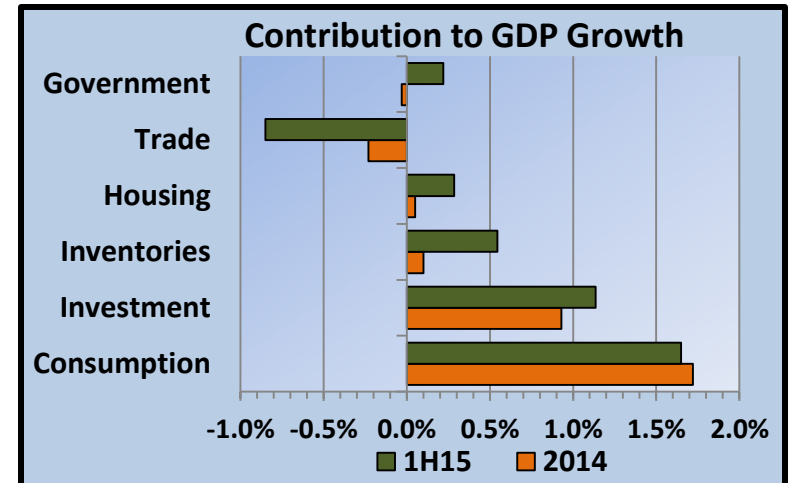
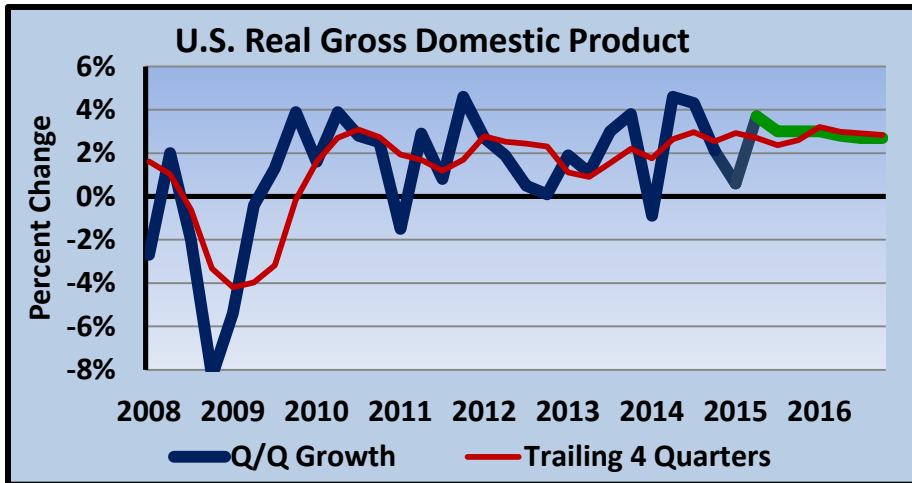
MULTI ASSET PORTFOLIO HOLDINGS (as of 6/30/2015)

Industry Weightings	% Of Portfolio	% Of Core Portfolio	% Of Blend*	Industry Weightings	% Of Portfolio	% Of Core Portfolio	% Of Blend*
CONSUMER DISCRETIONARY	9.20%	12.32%	13.06%	HEALTH CARE	11.18%	14.99%	14.30%
STARBUCKS CO.	1.90%	2.55%		BIOGEN IDEC INC	1.83%	2.44%	
THE HOME DEPOT, INC.	1.89%	2.53%		BECTON DICKINSON	1.46%	1.96%	
FORD MOTOR CO.	1.43%	1.91%		CARDINAL HEALTH INC	1.67%	2.24%	
WILLIAMS-SONOMA, INC.	1.56%	2.09%		MERCK & CO	1.17%	1.58%	
WALT DISNEY CO.	2.42%	3.24%		JOHNSON & JOHNSON	1.50%	2.01%	
				CELGENE CO.	1.98%	2.67%	
CONSUMER STAPLES	6.55%	8.79%	9.45%	STRYKER CORP.	1.57%	2.09%	
KIMBERLY-CLARK CORP	1.00%	1.35%					
WALGREENS BOOTS ALLIANCE IN	1.68%	2.24%		INDUSTRIALS	8.06%	10.81%	10.37%
COCA-COLA CO	1.19%	1.60%		FEDEX CORP	1.72%	2.31%	
COSTCO WHOLESALE CORP.	1.49%	2.00%		EMERSON ELECTRIC CO.	1.62%	2.17%	
PROCTER & GAMBLE CO	1.19%	1.60%		HONEYWELL INTERNATIONAL INC	1.49%	2.00%	
				GENERAL ELECTRIC COMPANY	1.41%	1.89%	
ENERGY	5.77%	7.72%	7.56%	MASCO CORP.	1.62%	2.18%	
KINDER MORGAN INC CLASS P	1.67%	2.25%		TOPBUILD CORP	0.20%	0.26%	
HALLIBURTON CO	1.72%	2.29%					
CONOCOPHILIPS	1.22%	1.63%		INFORMATION TECH	13.90%	18.64%	17.05%
CHEVRON CORP	1.16%	1.55%		INT'L BUSINESS MACHINES CORP	1.00%	1.34%	
				CORNING INC	0.83%	1.11%	
FINANCIALS	13.48%	18.07%	18.41%	ANALOG DEVICES INC	1.75%	2.36%	
CHUBB CORP.	1.42%	1.90%		SALESFORCE.COM, INC	1.73%	2.33%	
BANK OF AMERICA CORP.	1.58%	2.14%		GOOGLE INC. CLASS A	1.39%	1.87%	
MORGAN STANLEY	1.77%	2.37%		GOOGLE INC. CLASS C	0.93%	1.24%	
JPMORGAN CHASE & CO.	1.75%	2.34%		APPLE INC	3.30%	4.42%	
SUNTRUST BANKS INC	1.52%	2.02%		VISA INC	2.07%	2.78%	
STATE STREET CORP	1.49%	2.00%		MICRON TECHNOLOGY INC.	0.90%	1.19%	
WEYERHAEUSER CO.	1.20%	1.62%					
DISCOVER FINANCIAL SERVICES	1.12%	1.50%		ETFs/MUTUAL FUNDS	25.64%		
INVESCO LTD.	1.63%	2.18%		ISHARES CORE S&P MID-CAP	2.17%		
				ISHARES MSCI EUROZONE	4.05%		
MATERIALS	2.42%	3.25%	3.90%	ISHARES MSCI ASIA EX JAPAN	4.28%		
NUCOR CORP	0.97%	1.31%		WISDOMTREE EUROPE HEDGED	5.07%		
THE DOW CHEMICAL COMPANY	1.45%	1.94%		MSCI JAPAN HEDGED EQUITY FUN	3.75%		
				CONSUMER DISC. SPDR FUND	2.16%		
UTILITIES	1.79%	2.40%	2.98%	ENERGY SPDR FUND	1.46%		
XCEL ENERGY INC	1.07%	1.43%		DFA INTL SMALL COMPANY PORT	2.70%		
DUKE ENERGY CORP.	0.72%	0.97%					
				TELECOMMUNICATION	1.36%	1.83%	2.84%
CASH	0.65%	1.18%	0.08%	VERIZON COMMUNICATIONS	1.36%	1.83%	

Target allocation as of 6/30/2015; Allocation may not reflect EWM's current view and should not be used as the base of an investment decision.

Securities listed are not to be considered as a recommendation to buy or sell and are not guaranteed to be in portfolios. *Benchmark is a blend of 60% S&P 500 and 40% MSCI ACWI

ECONOMIC OUTLOOK



- U.S. GDP growth rebounded sharply in the June quarter after another dismal March period, matching the pattern of a year ago. The stronger dollar, slower energy investments, and partial shutdowns of West Coast ports were the main causes of the early slowdown, while improved durable goods investment and some inventory expansion led the rebound.
- We believe the economy can sustain its momentum as consumers adapt to persistently lower energy prices.
- U.S. corporate earnings growth will be impeded by more competitive imports and by dismal energy sector profits. S&P 500 earnings may even be flat this year. Growth can recover next year, as the benefits of continued lower oil prices offset the shorter-term costs.

ASSET ALLOCATION – CURRENT POSTURE

Strategy

- We favor equities over bonds. We anticipate continued volatility in most asset classes through the balance of the year, which may create investable buying opportunities. Patience is a virtue.
- In our global equity portfolios, we are maintaining our neutral geographic stance, keeping U.S. holdings close to our 80% benchmark weighting. Our international focus remains Europe and Asia, using currency-hedged ETFs. These markets can outperform the U.S., based on weaker currencies, accommodative central banks, and strong export demand.
- With little prospect of inflation in the near future, duration in our bond portfolios remains close to neutral. We like domestic high-yield bonds (including the energy sector) but we are avoiding international fixed income securities, which have already reflected aggressive monetary easing.

Outlook

- Investors should expect gradually rising U.S. interest rates. With European and Asian central banks still moving in the opposite direction, we think the dollar will appreciate further.
- Earnings growth for the S&P 500 will be minimal this year, largely because of weak energy sector capital spending and the effects of the stronger dollar; these factors are expected to diminish in the coming year, leading to acceleration of earnings growth.

ACTIVE FIXED INCOME STRATEGY REVIEW

Strategy

- We remain underweight fixed income. Portfolio durations are close to their target indices. The long-term Treasury market has become increasingly volatile as the recovery remains mixed and investors weigh when the Federal Reserve will raise the federal funds rate, which has been at zero to 0.25% since December 2008.

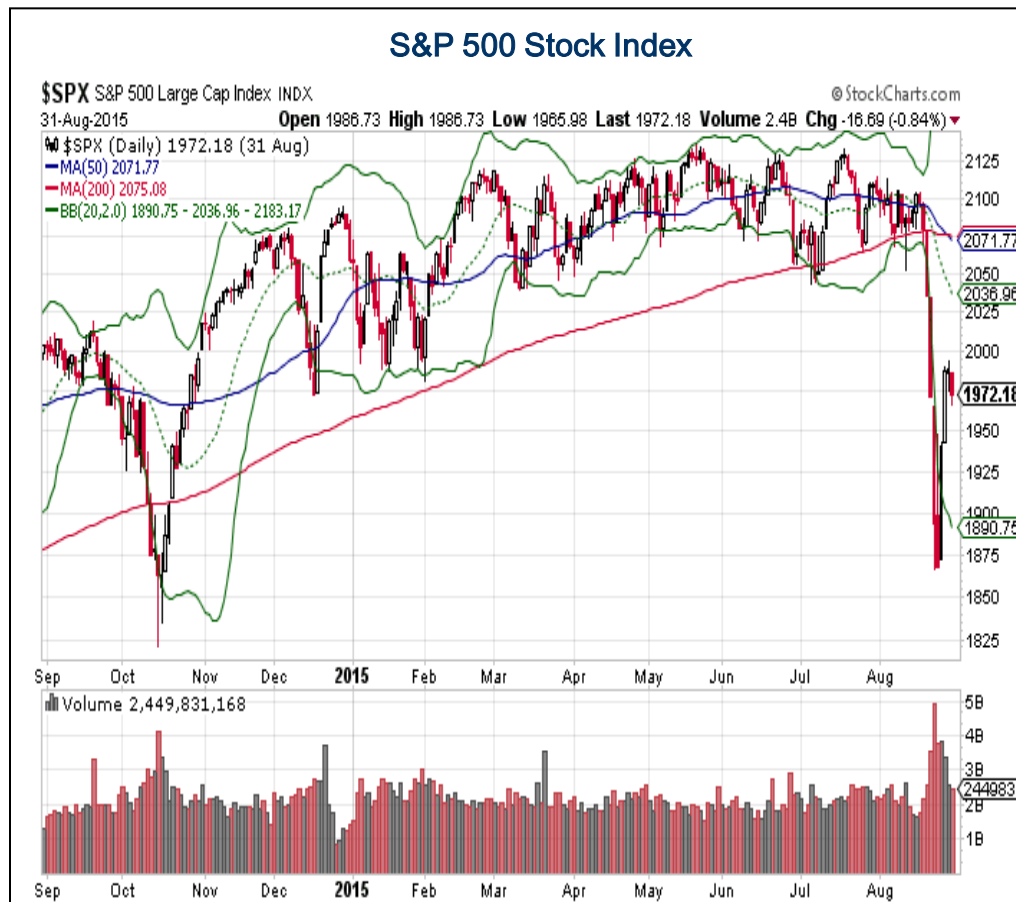
Structure

- Our fixed income portfolios are structured with durations close to their corresponding benchmarks. We expect credit spreads to tighten even as rates rise, so we continue to favor high-yield debt.

Outlook

- Despite the Fed acknowledging that the labor market has improved, inflation remains below the bank's target. Interest rate futures indicate that the Fed will keep the fed funds rate unchanged until late 2015 or possibly early 2016.

MARKET MONITOR - DOMESTIC EQUITY



- U.S. stocks fell sharply in August, convulsed by data showing China's economic growth has slowed more than investors expected.
- Estimates of second-quarter U.S. economic growth rose, indicating a rebound from a weak first quarter.
- Volatility increased sharply through the summer, for both market indices and individual companies. Several major indices suffered technical damage to their chart patterns, which caused many investors to flee equities in favor of Treasury bonds.
- Equities are attractively valued following the sudden correction. As oil prices stabilize at lower levels, earnings can resume growth after a stagnant year.

DOMESTIC EQUITY STRATEGY REVIEW

Strategy

- We remain overweight domestic equities relative to fixed income. After nearly six years of gains, the bull market is entering its later stages.
- Corporate earnings, outside of the energy sector, are decelerating but still growing. Valuations are reasonable, particularly after the August correction. We anticipate substantial volatility and periodic weakness due to any number of possible catalysts, including geopolitical tensions. Our intention is to ride through the dips and recoveries.

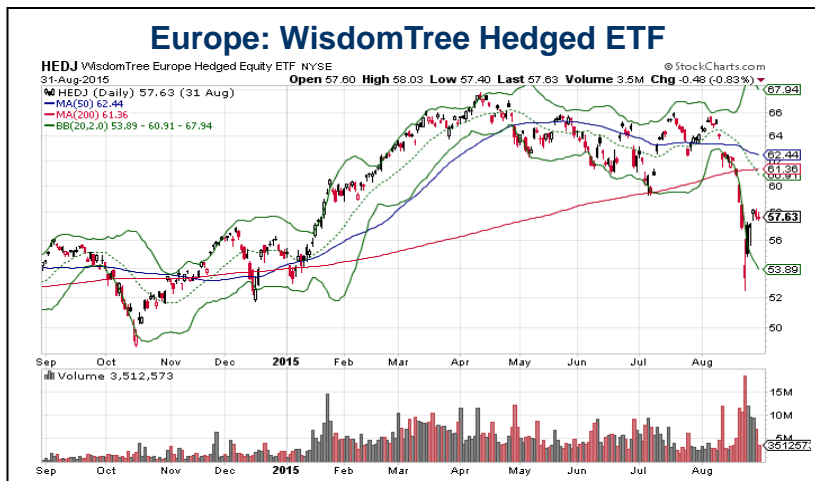
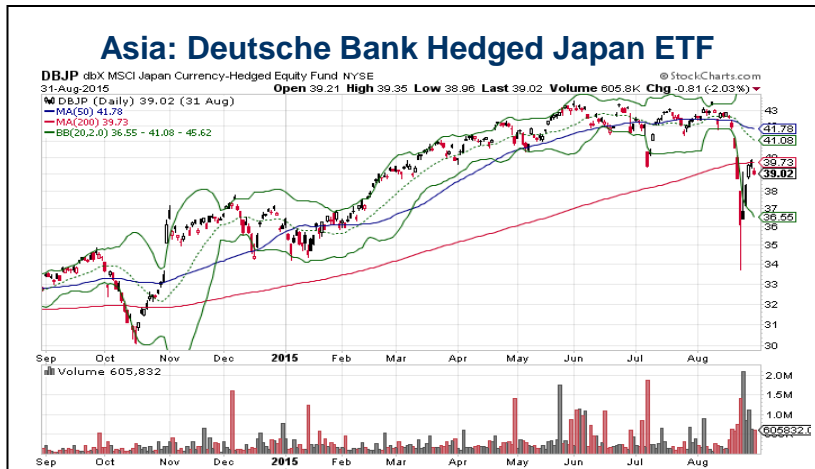
Structure

- We increased our exposure to the energy sector at low prices recently, but remain slightly underweight the sector. Our equity portfolios are more focused on consumer discretionary and financial stocks, while we have reduced holdings in defensive sectors such as utilities.

Outlook

- We think a combination of improving economic data, demand from international investors, and a favorable climate for mergers and acquisitions will help stocks resume their upward trajectory.

MARKET MONITOR - INTERNATIONAL EQUITY



- In local currency terms, global equity markets have substantially outperformed the U.S. in 2015, after lagging for more than five years. Yet global stocks have all fallen sharply in the past month.
- China's early August intervention in its currency trading took investors by surprise. It increasingly appears that China's intention was to liberalize the yuan, not to initiate a cascading devaluation. Nonetheless, investors are extremely jittery following release of disappointing Chinese manufacturing and export data.
- Investors still like the ultra-accommodative quantitative easing policies of the Bank of Japan and European Central Bank. Private-sector earnings in Japan and the Eurozone are gaining momentum thanks to weak currencies and strong export demand.
- China has pushed Greece out of the headlines, as investors recognize that Greek events appear unlikely to lead to contagion in other countries.

INTERNATIONAL EQUITY STRATEGY REVIEW

Strategy

- We have increased our investments in developed Europe and Japan. For the first time in several years, international weightings in our global portfolios are neutral vs. their benchmarks. We think foreign markets will continue to outperform the U.S. as central banks push interest rates ever lower, while the Fed is shifting to the opposite tack. We are using currency-hedged instruments.

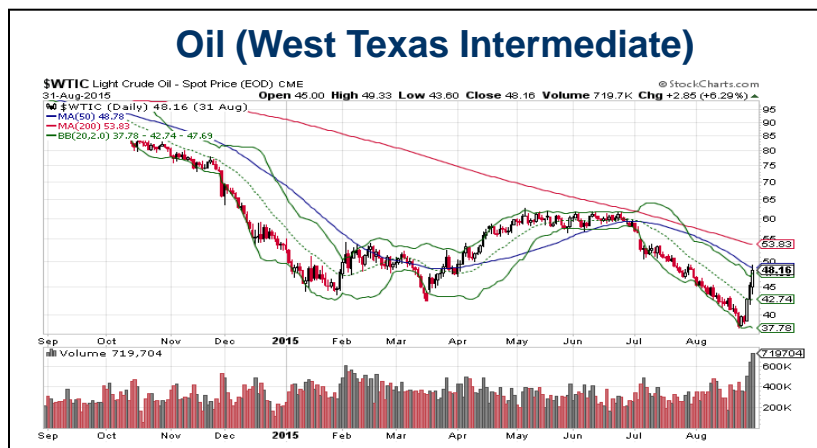
Structure

- Multi-Asset portfolios are neutrally weighted overall with respect to non-U.S. equities. Within the international holdings, Europe and Japan are more heavily favored, while emerging markets and some resource-based developed markets are still mostly absent. We maintain positions in small-cap companies that are leveraged to improving economic conditions in developed markets.

Outlook

- We think international markets offer both diversification and risk-management benefits for Multi-Asset investors. Valuations remain below U.S. levels, which limits downside risk. These are long-term investments that may take time to play out fully.

MARKET MONITOR – OTHER ASSET CLASSES



- Gold and oil prices rallied in early August after prolonged weakness earlier this year. Initial readings of summer economic activity in the U.S. were softer than expected, leading traders to conclude that the Federal Reserve would be less likely to raise interest rates in September. Concurrently, the dollar lost ground against other major currencies.
- Later in August, a surprisingly strong revision to second-quarter GDP growth (+3.7%) helped restore confidence in the U.S. expansion. In response, the dollar staged a late-month rally and gold dipped.
- Hedge funds, venture capital pools, and private equity partnerships continued to post disappointing results in comparison to traditional asset classes.
- Concerns about China's decelerating economy remain the dominant theme affecting global commodities prices.

OTHER ASSET CLASSES STRATEGY REVIEW

Strategy

- As the Fed transitions toward a less accommodative policy, we believe that traditional hedges against inflation and currency devaluation – such as precious metals and industrial commodities – will be less appealing to investors. We do not hold assets in these areas.
- We do not recommend “alternative” asset classes such as hedge funds, private equity, or venture capital. Historical returns have been lackluster, funds are overcapitalized, and fees remain too high, even for the so-called “liquid alternatives” that package such assets as mutual funds.
- We do not own REITs or other real estate investments. With interest rates likely to rise, good market fundamentals may be overwhelmed by negative valuation changes.

Outlook

- Potentially rising U.S. interest rates are a major concern for alternative assets: They reduce the incentive to own commodities or precious metals, they undercut the profitability of debt-financed hedge funds and private equity, and they limit the prices that investors will pay for real estate. Such an environment may dampen investor interest in alternative asset classes.

MICHAEL A. TYLER, CFA

Chief Investment Officer, Eastern Bank Wealth Management

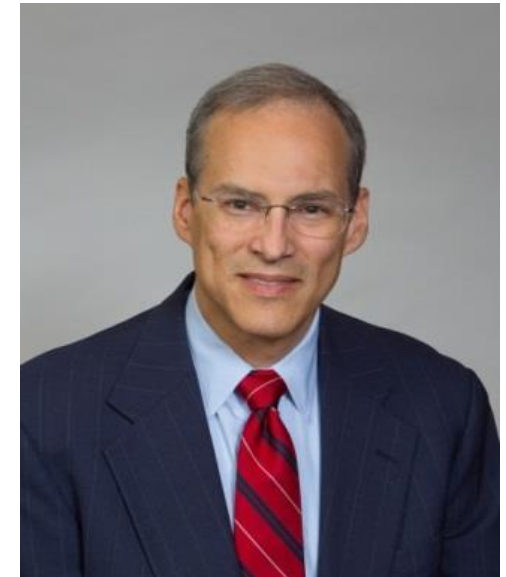
Michael A. Tyler, CFA®, sets investment policies and structures asset allocation strategies for client portfolios. As the primary spokesman for the firm's investment services, Michael develops and disseminates economic and financial market viewpoints. He is also responsible for selecting and overseeing providers of investment services.

Professional Experience

Prior to joining Eastern Wealth Management in 2012, Michael charted a successful career at both institutional and boutique investment firms. He was a partner, equity analyst, and portfolio manager at Wellington Management Company LLP in Boston. There, he built the firm's telecom investment practice and managed mutual funds specializing in the global telecom industry. Michael then founded West Shore Investment Management LLC, an independent investment advisor and strategic consultant, where he raised investment capital and launched an equity long/short hedge fund.

Education

Michael holds a MBA with highest honors from Harvard Business School and a BA with honors from Princeton University. He is a Chartered Financial Analyst. Michael has served on the board of Congregation Sha'ar Zahav in San Francisco, where he co-edited and published the first complete LGBT- themed Jewish prayer book.



JOHN F. DOHERTY, CFP[®], CTFA

Vice President, Eastern Bank Wealth Management

John F. Doherty has over 25 years of experience working with individuals, families and organizations, helping them to grow and protect their wealth through trusts, investment management accounts, IRAs and charitable accounts.

Professional Experience

Mr. Doherty is a Certified Financial Planner[™] and practitioner and a Certified Trust and Financial Advisor. He joined Eastern Bank Wealth Management in 2006 after a career spanning 20 years at BankBoston, Fleet National Bank and Bank of America. Prior to joining Eastern Bank, he was a vice president and relationship manager in the Private Bank at Bank of America, managing the trust, investment, banking and credit needs of high net-worth individuals.

Education/Service

Mr. Doherty holds a Bachelor of Science in Finance from Suffolk University and an MBA from Bentley University. He is a graduate of the National Graduate Trust School at Northwestern University and received his certification in financial planning from Boston University's Center for Professional Education. Mr. Doherty is a member of the Essex County Estate Planning Council and serves on the Board of Directors of the Lynn Home for Women. He is also active in a number of youth activities in the city of Melrose.



Notices and Disclosure

–Information provided is not written or intended as tax or legal advice and may not be relied on for purposes of avoiding any Federal tax penalties. Eastern Bank and its employees and representatives are not authorized to give tax or legal advice. Individuals and businesses are encouraged to seek advice from their own personal or corporate tax or legal counsel.

–The charts presented within are for educational purposes only.

–It should not be interpreted as representative of future results or construed as a recommendation or opinion that you should participate in this plan. Before proceeding you should contact a competent financial or tax advisor who could help you evaluate your suitability.

– **Eastern Bank Wealth Management** is a division of Eastern Bank

– **Eastern Insurance Group LLC** is a wholly owned subsidiary of Eastern Bank.

– **Eastern Benefits Group and the Private Clients Group** are divisions of Eastern Insurance Group LLC.

–Insurance and Security products: Not insured by FDIC or any federal government agency. Not deposits of or guaranteed by any bank. May lose value.



Board of Trustees Finance and Facilities Committee Charter

Purpose:

The Finance and Facilities Committee of the Board of Trustees shall be a permanent committee which will exercise fiduciary responsibilities and financial oversight for the University to assist management in discharging its responsibilities to ensure financial stability and to develop and maintain the long term economic health of the University in support of its mission and priorities. The Committee will exercise fiduciary responsibilities to assist management in discharging its responsibilities to ensure appropriate capital planning and development for the University, inclusive of facilities and information technology. The Committee makes recommendations to the Board of Trustees regarding financial policies, capital planning, and related matters.

Responsibilities:

Financial Affairs

1. Advise the Board on policies relating to financial matters (accounting, budgeting, financial reporting, investment, and debt management).
2. Advise the Board on proposed debt issuance.
3. In conjunction with the Risk Management and Audit Committee, review the annual financial statements.
4. Review reports, studies, information and recommendations as deemed necessary for the proper and effective exercise of financial oversight responsibilities. Periodic reports reviewed may include budget, fiscal condition, investment and debt information and, to the degree appropriate, will include past, current and future (projected) data.
5. Meet periodically with the university's investment advisor and assess investment performance consistent with the university's investment policy.
6. Review on a periodic basis the financial metrics by which the university's financial health is measured, including debt capacity reports.
7. Review the short term and long term financial plans of the university.
8. Review and recommend an annual plan of financial operation (budget).
9. Review and recommend to the Board fee rates to be charged to students as applicable under state law; this typically includes mandatory fees charged to all students. Tuition is set by the Commonwealth; the rent component of the room rate is set by the Board of Higher Education; fees not applicable to all students, including a variety of miscellaneous fees and board rates are the responsibility of the president.

Capital Planning

1. Review and recommend policies relating to property, buildings, land acquisition/sale/exchange, site development, and construction.
2. Review and recommend plans relating to facilities and long-range capital outlay budgets.
3. Oversee the development and continuing review of a master vision (capital plan) for the University.
4. Recommend capital projects, real property transactions, and major IT acquisitions that should be undertaken.
5. Periodically review the progress on major capital projects.

Membership:

The committee shall have not fewer than three Trustees appointed by the Chair of the Board. The President shall be a member of the committee, ex officio, non-voting. The Chair shall be a member of the committee, officio voting. Committee members may include individuals who are not trustees so long as the majority membership of the committee is comprised of trustees. The Chair shall have the authority to appoint non-trustee members advisory, non-voting to the committee to serve until the next annual meeting. Members may be appointed to the committee, on a temporary basis, by the Chair, as may be required.

Quorum:

A majority of the members shall constitute a quorum.

Meetings:

The committee is expected to meet at least four times each fiscal year and more if needed to facilitate prudent and timely decision making. The meetings shall be conducted in conformity with the state's Open Meeting Law. Executive sessions may be conducted periodically and shall be limited to those matters permitted by the state's Open Meeting Law.

Staff Designee:

The vice president for finance and business is the senior staff member supporting the committee for financial matters. The general counsel/vice president for administration is the senior staff member supporting the committee for capital planning matters.

Agenda, Minutes, and Reports:

The chair of the committee, in collaboration with the staff designees, shall be responsible for establishing the agendas for meetings. An agenda, together with relevant materials shall be made available to committee members at least five days in advance of the meeting. Minutes for all meetings shall be drafted by the staff designee, reviewed by the committee chair, and approved by committee members at the following meeting.

DRAFT

**Finance and Facilities Committee Workplan for FY16
As of 9/1/15**

September 16, 2015

- Investment philosophy discussion (fossil fuel)
- Investment advisors – 1 of 2 required annual meetings – focus on strategy
- Committee charter
- Committee workplan for the year
- Initiatives underway in Finance
- Capital projects status update

November 18, 2015

- Financial benchmark project
- Draft debt policy
- Review of FY16 Q1 financials
- Science Center Project Update /Potential debt issuance
- Capital projects status update

February 3, 2016

- Investment advisors – 2 of 2 required annual meetings
- Fees for FY17
- FY17 budget assumptions and parameters
- Review of FY16 Q2 financials
- Capital projects status update

May 25, 2016

- FY17 budget – approval
- Review of FY16 Q3 financials
- Capital projects status update

**BOT/Finance & Facilities Update on Capital Projects
September 16, 2015**

CONSTRUCTION – CURRENT

Viking Hall (MSCBA)

Total Project Budget: \$52.5 mil Completed: August 2015-Open

- Project complete and open for students.
- Landscaping in front of Bertolon will be completed when parapet is repaired.
- Acquired 75 Loring Avenue-will demolish asap-enhance public safety and aesthetics.

Parking Garage I (MSCBA)

Total Project Budget: \$22.8 mil Projected Completion: November 2015

- 729 car garage will net new 474 parking spaces.
- Project is on time and on budget.
- Major prefabricated assembly complete. Working on elevator, electrical, fire protection and landscaping.
- Working on mitigation with neighbors and City of Salem, including screening, landscaping, and improved bike access to campus.

Sophia Gordon Center for the Creative & Performing Arts Theater Renovation (DCAMM)

Total Project Budget: \$23.1 mil Projected Completion: Summer 2016?

- Internal and external demolition wrapping up.
- Foundation underpinning underway.
- Steel erection beginning.
- Schedule is a challenge.

287 Lafayette Street, former Temple Shalom (“Off Campus”)

Total Project Budget: NA Completed: Summer 2015

- Social Work and ESL moved in this summer.

**BOT/Finance & Facilities Update on Capital Projects
September 16, 2015**

Human Resources & Costume Shop

Total Project Budget: \$1.9 MM Projected Completion: October 2015

- Construction is wrapping up. The windows will be installed in the next few weeks.
- After the move, the trailers will be removed from campus and likely replaced with temporary parking.
- VP Keenan and Director of External Affairs Adria Leach will also be relocating to this space from the Enterprise Center.

75 Loring Avenue

Total Project Budget: NA Projected Completion: Fall 2015

- The Assistance Corporation purchased this building in August.
- It will be demolished as soon as the permits are received.
- The lot will be landscaped.

Bertolon Building

Total Project Budget: \$500,000* Projected Completion: Fall 2015

- Construction is underway to rebuild the parapet.
 - Structural steel is being installed.
 - Turner will finish the landscape when the parapet is complete.
- *Most covered by insurance

DESIGN STUDIES

New Science Building/Meier Expansion (DCAMM)

Total Projected Budget: \$55 mil Projected Completion: TBD

- Program study completed and approved by Executive & Steering Committees. (Biology, Chemistry, Physics & Geology in new – NSF 38,000).¹
- Architects (Payette) presented the potential positioning of the building and massing to the neighborhood advisory group. Option selected will connect to both wings of Meier Hall and partially fill-in the existing courtyard.

¹ Estimate of 70,000 gross square feet, using grossing factor of 1.85 with \$39 mil construction budget.

**BOT/Finance & Facilities Update on Capital Projects
September 16, 2015**

Ellison Campus Center Study (MSCBA)

Total Project Budget: \$25 mil (3 phases) Projected Completion: TBD (± 2017)

- DiMella nearly complete with the study. Proposal is for a three-phased approach.

UPPER SOUTH CAMPUS:

- Design is underway for the relocation of Institutional Advancement into Academic Building. This will be IA's temporary space until find new location (possibly Weir development).

SUBJECT: Executive Committee Meeting Report of September 16, 2015

The Executive Committee of the Board of Trustees met Wednesday, September 16, 2015, in Marsh Hall, room 210, located on the Central Campus of Salem State University.

Present for the Committee were Trustees Mattera (Chair), Burns, Davis, Scott and Segal; President Meservey (Committee Liaison); Secretary to the Board Montague and Assistant Secretary Sadowski. Trustee Malcolm was also present and participating at the meeting. Others in attendance include General Counsel and Vice President for Administration Keenan, Vice President of Finance and Business House, Chief of Staff Beth Bower. Chair Mattera called the meeting to order at 7:00 pm

Appointment to the Salem State University Assistance Corp. Board of Directors (SSUAC):

The first item of business was a discussion regarding the reappointment of George Ellison to the Salem State University Assistance Corporation Board. Mr. Ellison's first term expired February 1, 2015 and now requires action.

Upon a motion duly made by Trustee Segal and seconded by Trustee Scott, it was unanimously voted:

Voted: The Board of Trustees of Salem State University hereby makes the following appointment to the Board of Directors of the Salem State University Assistance Corporation: 1) George Ellison, Jr. for the remainder of a three year term renewable.

Commencement Speakers: President Meservey then raised the issue of speakers at Commencement. The president explained that efforts were currently focused on securing speakers for the three ceremonies and that honorary degree recipients would be identified and solicited thereafter. An attempt would be made to balance the slate of speakers with regard to background, profession, etc. and to match them with the students' interests.

Upon a motion duly made by Trustee Burns and seconded by Trustee Davis, it was unanimously

Voted: That the Salem State University Board of Trustees hereby authorizes the president in consultation with the chair to pursue and plan for Commencement 2016, including the recruitment and solicitation of individuals to provide the keynote address at each of the three ceremonies and at least one individual for receipt of an honorary degree in keeping with the University's established criteria.

There being no further business to come before the committee, the chair called for a motion to adjourn.

Upon a motion duly made by Trustee Mattera and seconded by Trustee Davis, it was unanimously

VOTED: **To adjourn the meeting at 7:10 pm.**

Prepared by: L. Montague, Secretary to the Board of Trustees

SUBJECT: Committee on Presidential Review Meeting Report of September 16, 2015

The Presidential Review Committee (PRC) of the Board of Trustees met Wednesday, September 16, 2015, in Marsh Campus Center Conference Room 210 located on Central Campus of Salem State University.

Present for the Committee were Trustees Davis (Chair), Burns and Secretary to the Board Montague. Trustee Lancome participated by proxy vote. Chair Mattera joined the meeting at 5:50pm

Trustee Davis called the meeting to order at 5:40 pm and then distributed the final version of the Committee's report (Attachment PRC-1). She began the meeting by thanking the committee members for their input on the document which she believed reflects the ideals and work of the President on behalf of the university.

Trustee Davis suggested a vote on the report would be appropriate and with unanimous consent from the committee regarding the final draft of the report the motion was duly made by Trustee Burns and seconded by Trustee Lancome.

VOTED: to accept the final draft of the Presidential Review report with edits for submission to the full board for final approval at the October 7, 2015 meeting.

There being no further business to come before the Committee, upon a motion duly made by Trustee Burns and seconded by Trustee Davis it was unanimously

VOTED: To adjourn the meeting at 5:50pm

Prepared by: L. Montague, Secretary to the Board of Trustees

Annual Performance Review for Patricia Maguire Meservey

2014-2015

Introduction

Now in her ninth year as president, Dr. Patricia Maguire Meservey continues to lead Salem State in a direction of progress and growth. An accomplished leader with vision and a commitment to academic excellence, President Meservey has launched numerous university-wide initiatives to enhance learning experiences and to enrich and expand student services.

As is the case at many campuses, 2014-2015 was a year of leadership transition. President Meservey completed searches for several new members to her leadership team (vice president for finance and business, general counsel and vice president for administration and provost and academic vice president) and charged them with making recommendations for policies and practices that will make the university's operating systems more efficient and effective for our students, faculty and staff.

President Meservey has actively embraced and fostered success for faculty and employees, and her efforts extend far beyond the campus limits. The university strives to be a responsible community partner and has made significant contributions to the economic and cultural vitality of the region. President Meservey is an active member of the community and provides leadership within many groups including president of the Salem Partnership, chair of the North Shore Alliance for Economic Development and these are just a few of her daily obligations. In higher education, President Meservey contributes as a member of the Department of Higher Education's Funding Formula Task Force, chair and commissioner of the Commission on Higher Education New England Association of Schools and Colleges. Further, President Meservey is a member of the executive committee of the Partnership to Advance Collaboration and Efficiency (PACE). The president also participates as a member of the STEM Council and vice chair of the Massachusetts State University Council of Presidents.

Earlier this year, the university spent considerable time and efforts on a possible merger with Montserrat College of Art. Ultimately, the decision was made not to move forward but not before a comprehensive due diligence process was completed. President Meservey led the review process in a professional, efficient and effective manner. The exercise brought about new thinking and new initiatives regarding program offerings, building use and collaboration with other institutions of higher learning. It also allowed the university to act quickly in response to students' needs with the closure of Marian Court College and the transfer of 75 students to Salem State University.

President Meservey is a proven, strong leader for the university. She is dedicated to ensuring the success of Salem State's students and devoted to preparing the university to address future challenges and embrace opportunities.

Evaluation Criteria: In accordance with former Commissioner Freeland's memorandum of April 30, 2015, this review will take into account the Board of Higher Education priorities for AY 2014-2015. It will also focus on areas of strength and accomplishment as well as other areas where advancements are being made against goals under the president's leadership. It will also outline the external efforts being made by President Meservey that are enhancing the university's reputation in the community at large through her work with higher education, community and business organizations.

The work of Salem State is guided by the by the university's Strategic Plan and progress is measured by the metrics of the university's Scorecard and Vision Project Dashboard. The Strategic Plan was a collaborative effort directed by President Meservey with campus community participation and support. We have made good progress in achieving the goals of the Strategic Plan and have decided to extend the timeline by one year.

Process: The 2014-2015 annual review process was begun with a charge by the board chair to the Presidential Review Committee to produce a report to be considered for a vote by the board at its regular meeting on October 7, 2015. In keeping with that schedule, a request was made by the board chair to the president for a summary review to be received by mid-August. A series of committee meetings and steps were planned and held after receipt and distribution to the committee of the president's self-assessment: August 25th (first committee meeting and discussion of first draft), September 4th (circulation of first draft and edits) and September 16th (final edits and recommendation to board). The members of the Presidential Review Committee are: Trustees Davis (chair), Burns, Lancome and Mattera (ex-officio).

System-level Goals:

Salem State University is an enthusiastic supporter and participant of the Vision Project. The following highlight results in each of the goal areas, as outlined in the Vision Project Dashboard:

College Participation - Undergraduate enrollment rates have remained basically level over the last six years. As we have seen in prior years, graduate enrollments have decreased significantly. As previously reported, as we have shed third-party vendors and re-focused on degree-seeking programming, the graduate program has undergone a period of transition. Retention and graduation rates are extremely important to the board and while we note that the current projection for full-time, first-time freshmen in fall 2015 is down slightly (80.6%) from fall 2014 (81.1%) and full-time transfer fall 2014 (81.8%) projected fall 2015 (78%) we are optimistic that these numbers will rise over the next few weeks.

College Completion - Graduation rates for full-time, first-time freshmen and transfer students is now over 50%. It is very exciting to see that our continued efforts are showing excellent results. The full-time, first-time freshmen graduation rate improved from 45.9% to 50.1% from the classes entering in fall 2008 to fall 2009, while the full-time transfer student graduation rate improved from (Fall 2008) 64.3% to (Fall 2009) 67.8%. President Meservey and her team have implemented programming to provide students with the necessary tools to succeed and complete their education at Salem State.

Student Learning - We are pleased that the most recent NCLEX Success Rate for the university's students has improved. This area remains difficult to quantify. The university does not have data beyond what is presented in the Dashboard. Evidence of student learning, however, is demonstrated in multiple ways at the university. Professional programs use licensure tests, many with national benchmarks, as an assurance that skills and knowledge have been mastered. Salem is one of six state universities participating in the LEAP State Initiative and was an active participant in AMCOA work during 2014-2015.

Workforce Alignment - Workforce alignment is an area of utmost importance to the university. The university's conferral of STEM degrees saw only a slight increase in the period under review. More progress can be expected but STEM degrees are limited due to the university's physical plant capacity limitations underscoring the need for a new science building.

Preparing Citizens - In addition to many of the campus efforts that relate to the Vision Project, President Meservey has been a strong proponent of "preparing citizens." Goal 3 of the university's Strategic Plan is to: Promote civic engagement, social justice and connection to place. Salem State was again named to the President's Honor Roll for Community Service, a national recognition. Further, the university has created or strengthened its relationship with institutions, organizations, corporations and other community stakeholders to create educational internship opportunities. The board is pleased to welcome a new director of civic engagement who will be critical in helping the university reach its goal of achieving Carnegie classification for community engagement.

In addition to the goals detailed in the Vision Project, the new evaluation guidelines call for attention to the university's progress over the past year in the context of the Board of Higher Education's priorities as specified:

Further Development of the Vision Project (priority one):

President Meservey has made great strides in several of the university's Strategic Plan goals that relate directly to the Vision Project. In 2014-2015 we continued to transition to the new General Education curriculum. We will proceed with the implementation of the new General Education curriculum in 2015-2016 by continuing the transition model to incoming freshmen.

2014-2015 was a productive year for the launch and development of new programs that expand career opportunities and communities needs including: Bachelor of Arts in Dance (offered in fall of 2016), Bachelor of Science in Healthcare Studies (offered in fall of 2016) and four new graduate certificates just to name a few.

A comprehensive assessment of student learning is underway with over 40 faculty participating in pilot programs to determine the alignment of our students' outcomes with the Liberal Education and America's Promise (LEAP) Values. In addition, an assessment of all our programs continues to be refined. We are also completing a comprehensive assessment of our Student Life programming.

Other successful campus initiatives include partnerships with regional businesses, and active economic development through the Enterprise Center and North Shore Alliance for Economic Development.

Management of Fiscal Resources (priority two):

President Meservey is one of three state university presidents to serve on the executive committee of the Partnership to Advance Collaboration and Efficiency (PACE). This year the partnership reviewed their information technology and bookstore contracts for opportunities to reduce costs.

The university's \$25M comprehensive campaign is moving forward very successfully. We have raised \$19,545,726 and the Institutional Advancement team anticipates reaching its \$25M goal. President Meservey has been a key player in the fundraising effort and actively meets with prospective donors on a regular basis.

There has been progress on the goal of diversifying revenues in the area of program development. This year's new program offerings will allow students new avenues to enroll at the university. The team has begun to focus on the development of additional programming and modes of delivery (on-line and alternative-time programming).

Further Development of Interactions between BHE and Campuses (priority four)

The university continues to make good progress on its 2013-2016 Strategic Plan and has decided to extend the plan's timeline until 2017. The Strategic Plan begins with stakeholder participation and the Salem State Board of Trustees would be pleased to have the Board of Higher Education's participation.

Salem State University is committed to providing faculty, staff and students with an environment where they may pursue their careers or studies without being sexually harassed. With the promulgation of new federal regulations relating to sexual assault and discrimination, Human Resources updated our on-campus trainings for students, faculty and staff, and 20 campus employees were sent for additional training on the newly adopted policy for state universities.

University Goals:

The board has reviewed the metrics set last fall in consultation with President Meservey. It found that the president had exhibited exceptional leadership and management abilities during the 2014-2015 year as is detailed below:

Provide distinguished academic programs and innovative educational experiences

The university has made great progress in this area and continues to follow the transition model for the new General Education curriculum. The goal of offering new programs that address expanding career opportunities and community needs was also met with the launch and development of new programs: Bachelor of Science in Healthcare Studies, Bachelor of Arts in Dance, eight new combined BS/M.Ed teacher education programs in early childhood, elementary and secondary education, and four new graduate certificates.

Advance students' intellectual, personal and professional growth

Advances have been made in the area of students' intellectual, personal and professional growth with Student Life's implementation of several successful programs to address areas of student engagement, leadership, career preparation and health. Counseling & Health Services (CHS) provided campus community outreach on health, mental health, stress management, substance abuse and wellness to name a few. A Student Involvement Leadership Conference promoting social change was well attended.

Promote civic engagement, social justice and connection to place

This is an area of strength and visibility for the university. Salem State was again named to the President's Honor Roll for Community Service. Recently, the university welcomed a new director of Civic Engagement who will be critical in helping the university reach its goal of achieving Carnegie classification for community engagement. In addition, the university has done extensive work and maintains close connections with the Enterprise Center, North Shore Alliance for Economic Development and North Shore Workforce Investment Board.

Position the university to meet the challenges and opportunities of the future

Great advances have been made to position the university for the future. The Student Navigation Center was launched in 2014 and has completed its first year with great success. This "one stop shop" for students houses the staff and operations of the registrar, financial aid, bursar and other offices.

As previously mentioned, the university's \$25M comprehensive campaign is moving forward with fantastic success. We have raised \$19,545,726 towards our \$25M goal. President Meservey is an ambassador for the campaign and the team is optimistic as they move into the final and most challenging stretch.

Much focus has been placed on expanding professional development opportunities across campus. A comprehensive program of professional development or "Talent Development Opportunities" is being offered to all faculty and staff to increase their knowledge and skills in a variety of content areas. Steps are also in place to increase employee knowledge about the concept of risk management. Initial steps were taken this year to train members of the Internal Control Committee.

A comprehensive review of our financial reporting processes identified areas in need of improvement and oversight. Our new vice president for finance and business has restructured the area and improved business systems and procedures. A review of policies and practices has commenced and a university-wide approach to improve resource utilization is underway.

Conclusion:

The Board of Trustees recognizes that President Meservey has done a thorough self-evaluation focused on the specific goals for this year. She is on target with campus goals streamlining student services, implementing and improving business processes, while simultaneously advancing the objectives of the Vision Project. As this review indicates, President Meservey is strengthening the university's academic programming, implementing extensive efforts on campus to ensure student success, and promoting collaboration and efficiency system-wide through her work with PACE.

In recognition of her exemplary institutional leadership, commitment to advancing academic excellence and quality affordable public higher education in the Commonwealth of Massachusetts, the board recommends that President Patricia Maguire Meservey be provided a salary increase by the Department of Higher Education at the highest level permissible.

Attachment A: Patricia Maguire Meservey Summary Performance Review 2014-2015

Attachment B: FY16 Institutional goals and objectives



PATRICIA MAGUIRE MESERVEY
SUMMARY PERFORMANCE REVIEW 2014 –
2015

Submitted August 17, 2015

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INTRODUCTION

In preparing my review for your consideration, I began with the statewide areas of emphasis of the Vision Project. This is followed by our Strategic Plan accomplishments, other areas of importance for your review and goals for this current year, 2015-2016.

The most exciting news I have to share with the Board of Trustees is that our six-year graduation rate is now 50.10% across all of our students. When I began my responsibilities as president of Salem State in 2007, our graduation rate was 37%. Through the wonderful work of many – faculty, administration and staff – our students are now succeeding in their goal of a college degree at a significantly higher rate. We will continue this important work – and are aiming for a 60% rate in 2021.

It has been a complex year of change and accomplishments for the university and I must applaud my leadership team, faculty, staff, students, Board, alumni and friends for the great support they all have provided in our successes. This has been a year of much leadership transition across the campus. We were pleased to welcome Karen House, Vice President for Finance and Business and John Keenan, General Counsel and Vice President for Administration in the fall. David Silva, Provost and Academic Vice President joined us in March to fill out the team.

As we end the year, Brewer Doran, Michelle Sweeney and Susan Cirillo, deans of the Bertolon School of Business, College of Arts & Sciences (interim) and Library, Instructional, and Learning Support, respectively, have stepped down from their positions. Dr. Linda Nowak is our interim dean for business and has brought her experiences from the California State University System to the benefit of our school. Dr. Christopher Boucher has stepped into the interim role for Arts & Sciences. Chris is a long-term faculty member and has been serving as chair of our mathematics department. Zachary Newell, a member of our librarians, has been named interim director of the library. Each of these appointments bring great opportunity to future work.

This past year, considerable time was dedicated to the potential merger with Montserrat College of Art. While the outcome was not to move forward with the merger, the opportunity provided a detailed review of our priorities and needs as an institution. It also allowed the senior team to work closely together to learn about the opportunities and challenges of each other's responsibilities to the university. We also responded to the student needs when Marian Court College closed suddenly. We accepted a significant number of the students and have offered them a pathway to complete their degrees.

We have made very good progress in achieving our goals of the Strategic Plan, and have made the decision to extend the timeline one additional year, through June 2017. The metrics will be

revised and some objectives modified/added to continue the momentum we are experiencing. Details of our progress and challenges can be found later in this report.

I have continued my role of working with our various constituents with an emphasis on fund raising, influencing policy, and advancing the reputation of the university. I have been appointed to state-wide committees on STEM Education and Health Care Workforce Needs. By being active in public policy, business and community work, I aim to position our institution as a leader. I encourage all members of our community to also take such opportunities and to have our presence felt throughout Massachusetts.

I look forward to the Board's review of my performance and that of our full university.

METRICS FOR PRESIDENTIAL REVIEW



College Participation

Enrollment Rates

Undergraduate enrollments have remained essentially level over the past six years. This has been achieved while raising the SAT scores and GPAs of our entering freshmen. The headcount for this fall (2015) looks to be down very slightly, however, the FTE (Full Time Equivalent) is increasing indicating more full-time students are enrolling and the decrease is in our part-time population. We are reviewing strategies to improve the part-time enrollments through more flexible delivery, particularly on-line and weekend programming.

As reported in prior years, our graduate enrollments have decreased significantly for the non-degree seeking candidates as a result of our discontinuing programs that were offered through external vendors where we felt the quality of the offerings was questionable. While we have also had a decline in degree-seeking graduate students (12%), the decrease of non-degree seeking students has been 80% over the past five years.

Table I: Enrollments

	Fall 2013	Fall 2014	Fall 2015 (projected as of August 8, 2015)
Total Annual Unduplicated Headcount			
Headcount	12,655	11,888	11,646
FTE	8,026.4	7,831.7	
Annual Undergraduate Enrollment			
Headcount	9,483	9,397	9,364
FTE	6,850.9	6,730.5	
Annual Graduate Enrollment			
Headcount	3,119	2,426	2,223
FTE	1,136.5	1,055.5	
Annual “Both” Undergraduate and Graduate			
Headcount	53	65	59
FTE	39.0	45.7	

College Participation Gaps

Salem State has the highest percentage of undergraduate African-American and Latino students of color of all of the Massachusetts State Universities. The Vision Project presents our outcomes in the context of the counties we serve, not the actual percentages. As a result, it is reported that we are the lowest state university in serving Latino students when in reality we are the highest. I have asked that this be reported with a state-wide comparison, but my request has been denied.

As for men, Salem State is in the middle of the group of universities with all experiencing difficulty in recruiting a balance of men and women to our campuses with the exception of Mass Maritime. This is a national phenomenon and one in which we are working with our area high schools to try to improve the pipeline, particularly with men of color.

Table II: Undergraduate representation (AY2014)

University	Percent African-American	Percent Latino	Percent Male
Salem	7.95%	10.06%	38.82%
Bridgewater	7.77%	5.20%	41.79%
Fitchburg	5.87%	8.66%	44.04%
Framingham	7.00%	8.60%	38.00%
Mass Art & Design	2.11%	5.84%	30.43%
MCLA	9.48%	2.75%	39.56%
Mass Maritime	1.30%	2.08%	86.64%
Westfield	4.53%	7.98%	48.36%
Worcester	6.31%	7.57%	40.34%

College Completion/Student Success

Progress Rates

Developmental Math

The DHE developmental math measure is predicated on both the assumption that the need to complete a developmental math course is a barrier to completion of a college level math course and the assumption that a college level math course is required for success/graduation.

Historically, we have not required a college level math course in all programs of study for graduation but rather had students complete the developmental math course as the pre-requisite for the multiple courses that required this competency. As such, the DHE approach to the data analysis does not capture the appropriate level of our student success.

We have implemented a new general education curriculum. With the new requirements students will need to meet the requirement that: “Students will use both quantitative data and abstract quantitative models to compute useful quantities, make predictions and draw conclusions. Students will learn to communicate using quantitative data, build or select appropriate models,

and find appropriate applications for such models.” This requirement will be met through many different courses including economics, sociology, discipline specific research, and other courses. These will not be captured through the DHE data pull as currently constructed.

Therefore, the report of the number of students who complete a “college level math course” as a measure for advancement beyond developmental math is irrelevant. I raised this issue with then-Commissioner Freeland and advocated for an approach that would provide a better assessment of an interdisciplinary approach to incorporating math concepts into practical application within the discipline of the student’s choice. The Department is taking this under consideration.

Fall-to-Fall Retention Rates

The Fall 2013 and Fall 2014 outcomes are listed in the chart below. We will have final figures for Fall 2015 in late October after students return and we have “frozen” our data file. The current projections for retention shows a slight slip in our numbers, however many of our students will register for classes over the next few weeks and we expect the percentages to improve as has been the case in past years.

Table III: Undergraduate Fall-to-Fall Retention Rates

Criteria	Fall 2013	Fall 2014	Projection for Fall 2015
Retention Rates			
Full-time, first-time Freshmen	78.1%	81.1%	80.6%
Full-time Transfer	82.9%	81.8%	78.0%

Graduation Rates

Graduation rates for first-time full-time freshmen and transfer students are a six-year rate (six years from date of entry) therefore the ability to move the number in any one year is challenging yet this year we are seeing the results of our continued efforts. It is with great pride for all who have worked so hard to reach this goal that I can state that our graduation rate is now over 50%. Our transfer graduate rates are also showing very good improvements.

Table IV: Undergraduate Graduation Rates

Graduation Rates	Class entering Fall 2007	Class entering Fall 2008	Projection for Class entering Fall 2009 (w/o August graduations)
Full-time, first-time Freshmen	45.6%	45.9%	50.1%
Full-time Transfer	59.4%	64.3%	67.8%

College Completion Gaps

I am deeply concerned to report that our progress with our African-American students has faulted significantly with the entering Class of 2009. The Fall of 2009 was a time of transition for the University following significant budget cuts from the State. As a result our former Learning Center experienced leadership change and the support provided for students was fragmented. Of the 87 African-American students enrolled, 22 were administratively withdrawn

for not attending classes and nine were academically dismissed for poor performance. As we review the progress of subsequent classes (entering 2010 and 2011), three-year retention rates are 10 percentage points above the Class of 2009. I believe the concerns have been addressed and we will have greater success next year.

For our Latino students, the process in closing the achievement gap has been level, and essentially closed as we consider that one percentage point represents one student.

Regrettably, our male students are not keeping pace with their female counterparts, and this becomes even more evident when we compare our African-American students by gender. As a result, we have begun programming targeting the performance of men of color to address this growing concern.

The Pell students are more difficult to target as we do not know, in the classroom setting or student life, who they are due to confidentiality. It could be assumed that the cost of education is the key factor and to address this concern we are trying to offer more scholarships (and we are increasing the number through our Campaign) and on-campus job opportunities for these students. These actions can be achieved by self-identification by students and having priority for work-study students in job placement.

Table V: Gaps in Graduation Rates

	Class Entering Fall 2007	Class Entering Fall 2008	Class Entering Fall 2009 (projected as of August 2, 2015)
African-American & White	-4.9%	-3.58%	-10.87%
Latino & White	-1.3%	-1.8%	-1.1%
Male & Female	-11.2%	-11.2%	-11.4%
Pell-Eligible & Non-Pell-Eligible	-4.4%	-0.3%	-7.46%

Student Learning

I am pleased to report the most recent NCLEX Success Rate for Salem State students has improved and is 86%. Our faculty have been working on several strategies to continue to improve our students’ success including systematic test preparation and changes in progression requirements.

Workforce Alignment

As the most important outcome of the university, we are proud of the growth in our total degrees granted. We are holding reasonably steady with the number of degrees granted in the STEM fields. This is largely due to the capacity of our physical plant and the need for the new science building is paramount. The health care degrees have increased despite the constraints in clinical

placements for nursing enrollments. We are introducing several new programs in the health care areas and expect growth over the next few years.

Table VI: Degrees conferred in all fields

FY10	FY11	FY12	FY13	FY14	FY15 (as of 8/2/15)
1,884	1,881	2,022	2,025	2,026	2,091

Table VII: Degrees conferred in STEM (Science, Engineering, Technology & Math)

	FY10	FY11	FY12	FY13	FY14	FY15 (as of 8/2/15)
As % of All Degrees	3%	5%	6%	6%	7%	6%
Number	65	100	112	115	137	133

Table VIII: Degrees conferred in Health Care

	FY10	FY11	FY12	FY13	FY14	FY15 (as of 8/2/15)
As % of All Degrees	11%	15%	13%	11%	11%	13%
Number	208	279	271	219	222	274

Table IX: Workforce Alignment Gaps

STEM Degrees						
	FY10	FY11	FY12	FY13	FY14	FY15 (as of 8/2/15)
To African-American Students	5	6	10	13	8	15
To Latino Students	4	5	5	14	12	10
To White Students	50	76	75	74	89	86
To Male Students	30	43	61	71	65	61
To Female Students	34	57	51	44	71	72
Health Care Degrees						
	FY10	FY11	FY12	FY13	FY14	FY15 (as of 8/2/15)
To African-American Students	33	48	39	43	37	57
To Latino Students	1	10	10	18	12	10
To White Students	156	201	198	144	146	172
To Male Students	25	35	39	28	35	33
To Female Students	183	244	231	191	188	241

Use of Resources Faculty

Ratios

Salem State University's faculty ratio remains 15:1 in Academic Year 2014 and 2015.

Our ratio of full-time to part-time faculty is not particularly helpful as it does not fully represent the faculty of record for courses. I would suggest the percentage of courses taught by full-time faculty is a better measure. For Salem State, this percentage is 62%. Full-time staff teach an additional 1%, leaving part-time and contract faculty teaching 37%.

Spending Ratios

Given the major changes we are undertaking in our finance department, there is no further information available for the spending ratios.

Affordability

Salem State remains in the middle of the group of state universities with regards to affordability.

University	Mandatory Fees FY15
Mass Art & Design	\$11,224
Fitchburg	\$9,260
MCLA	\$8,976
Westfield	\$8,682
Salem	\$8,646
Worcester	\$8,558
Bridgewater	\$8,354
Framingham	\$8,324
Mass Maritime	\$7,258

Fundraising

With our 10,000 Reasons Campaign moving forward with great success, we are leading the other state universities in fund raising. This past fiscal year, we raised \$3,814,724. This brings the total raised to \$19,545,726 towards our goal of \$25,000,000.

STRATEGIC PLAN

Despite, or perhaps a benefit from, the transitions, we have continued to make very good progress on our Strategic Plan. As was discussed with the Board, the original plan was to extend until the spring of 2016. We have decided to extend the timeline to spring of 2017. This fall we will refine the specific goals and set new targets as appropriate. Below is a summary of key progress outcomes.

Goal 1: Provide distinguished academic programs and innovative educational experiences.

Objective A: Implement a new general education curriculum to strengthen our liberal arts foundation for all undergraduate students.

Highlights: In 2014-2015 we continued to follow the transition model for the new General Education curriculum. 180 courses carrying the new general education attributes were offered, which amounted to 807 total sections including 73 that were first year seminars. 122 new and/or changed courses were approved through governance. Per the original timetable established for the initiative, we will proceed with the implementation of the new General Education curriculum by continuing the transition model to incoming freshmen in 2015-2016. In all areas under Academic Affairs, I look forward to the leadership of Provost & Academic Vice President David Silva in the coming year.

Objective B: Offer new programs that address expanding career opportunities and community needs.

Highlights: 2014-2015 was a productive year in the launch and development of new programs which include:

- Bachelor of Arts in Dance which will be offered in the fall of 2016
- Bachelor of Science in Healthcare Studies which will be offered in the fall of 2016
- Eight new combined BS/M.Ed (4+1) teacher education programs in early childhood, elementary, and secondary education all of which launch in fall 2015
- 4+1 BS/MS Industrial/Organizational Psychology which will launch fall 2015
- Accelerated 4+1 BS/MS Geo-Information Science which will launch fall 2016
- Four new graduate certificates: Digital Studies; Public History; Strategic Communications; and Public Policy and Administration; all of which will launch in May, 2016

Criminal Justice welcomed its first cohort in the combined BS/MS (4+1) program in fall 2014. Thirty students entered the first cohort of the Occupational Therapy Direct Entry Master's Program and 20 students have been accepted for the second cohort beginning fall 2016. A fully

on-line RN/BSN program will launch in fall 2015. University governance approved an Accelerated Second Degree BSN program with the first cohort to enter in May 2016. The School of Social Work is moving to its new location at 287 Lafayette Street this summer and is preparing to launch a Saturday program in January 2016. Field placements in health programs remain a challenge and will be an area to address in AY16 as we look toward enrollment growth.

Objective C: Implement a comprehensive assessment of student learning.

Highlights: The focus of assessment work has been with the General Education Assessment Pilot. This effort is well underway with over 40 faculty participating in pilot programs to determine the alignment of our students' outcomes with the Liberal Education and America's Promise (LEAP) Values. In addition, continued work in the overall assessment of all of our programs continues to be refined.

In addition to student learning, we are also systematically assessing our Student Life programming. This year external reviews of athletics and recreation and campus student employment were conducted. Residence Life used national benchmarking surveys to assess student satisfaction in the residence halls. This data will now be utilized to make improvements in each of these areas.

Objective D: Transform students' learning through high impact practices and teaching innovation.

Highlights: In AY15 the Center for Teaching Innovation served 15% more faculty than the prior year and provided guidance in areas such as developing on-line and hybrid courses, designing and implementing general education courses, service learning, Faculty Learning Communities and general programming. A new area of focus this year has been in adjunct faculty support and a number of programs have been offered and well received.

The School of Graduate Studies collaborated with First Year Experience to offer a mentor/mentee program. First year students and graduate students were paired based upon academic and personal interests. There were 60 pairings at the beginning of the year, with 25 pairings remaining actively engaged throughout the year. This was a 66% increase from last year. One key element of this year's success was the hiring of a Higher Education Student Affairs graduate student to serve as program coordinator. Overall the feedback on this new initiative has been positive.

Objective E: Promote faculty scholarship and creative activity to enrich academic programs.

Highlights: The School of Graduate Studies and the Center for Research and Creative Activities (CRCA) piloted a "Caffeinated Scholarship" lecture series in which faculty and administrators presented research and bounced ideas off of peers about current research and/or pending presentations. The CRCA also offered writing support workshops for faculty and a series of workshops for faculty applying for internal grants.

Three faculty received Fulbright scholarships for 2015-2016: Van Pham, Economics; Joe Buttner, Biology; and Elizabeth Duclos-Orsello, Interdisciplinary Studies.

Goal 2: Advance students' intellectual, personal and professional growth.

Objective A: Offer comprehensive student life programming that is distinctive and integrated.

Highlights: Our Student Life programming crosses many areas of student development. I applaud the work of Vice President of Enrollment Management and Student Life Scott James and his team for many successes this year. A few to highlight are student engagement, leadership, career preparation, and health.

Counseling & Health Services (CHS) provided campus community outreach on health, mental health, stress management, substance abuse and wellness; initiated a weekly Autism Spectrum Group; and implemented a campaign that led to a 13-fold increase in HPV vaccine rates. While making 1,369 personal connections, the Diversity and Multicultural Affairs (DMA) office expanded their signature programs to include National Coming Out Week, and reorganized their efforts for MLK Week. Among the programming successes for veterans and their supporters were Salute to Service Month, Vets' Corner, and the annual stole ceremony for graduating veterans. Several offices within the division were actively involved in the Internationalization Task Force.

Four theme weeks (Viking Plunge, Orange Crush, Winter Week and Spring Week) offering large scale events were the focus of programming for Student Involvement (SI). Collectively 27 events, including six trips, were held. Greek Week events more than tripled. Promoting entrepreneurial spirit, Student Involvement also partnered with other student life offices to create an event modeled after the reality TV show, Shark Tank. Student leaders competed for a pool of almost \$9,000 by proposing innovative programs to the 'sharks,' who were Student Life staff who served as judges.

Career Services added internship content to Go Pro! a one-credit course taught to 87 students. In addition, the office continues to serve as a consultant to faculty developing internship prep courses. Furthermore, the external review of student employment provides an opportunity to engage campus departments in raising the quality of the student work nearer to that of an internship experience by building in professional and leadership development opportunities.

Objective B: Build robust programs in leadership, career preparedness, civic engagement and other critical life skills.

Highlights: One hundred and sixty student leaders attended Student Involvement's Leadership Conference, featuring t-shirt guru Johnny Cupcakes, to learn about promoting social change. A monthly Advisor Lunch & Learn Series averaged 10 participants for each event. SI's leadership task force recommended adding a social change award and a leadership honor society; both are happening.

Employer relations efforts grew considerably. There was a 10% increase in new employers utilizing the Career Services (CSO) on-line job posting board and a 10% increase in job and internship postings. Thirty-two employers attended an Employer Open House; 118 attended an Employer Academy webinar on developing a quality internship program. Career Services also expanded a Career Panel series, holding seven panels with 27 employers and 213 students.

Participation in Gassett Center activities continues to explode: featuring 16 unique group exercise programs with 4,062 participants, a 47% increase; and nine intramural sports programs serving 926 participants. The value of this new facility to our campus is clearly evident in the students' engagement. Our athletic teams had successes with Men's Baseball and Golf both winning their respective conferences and competing in NCAA tournament play. The Women's Ice Hockey team will transition from a club sport to intercollegiate status next season.

Objective C: Expand global and cultural awareness and engagement.

Highlights: We completed the first year of a two year ACE Internationalization Lab program. Co-chaired by Associate Provost Mary Churchill and Professor Keja Valens, the comprehensive Internationalization Task Force spent the academic year mapping the university's existing assets, strengths and weaknesses in eight key areas: campus culture, communication and data, community engagement, experiential educational abroad, international students and scholars, research/creative activities, strategic partnerships and teaching and curriculum. In the year ahead a committee will be formed to create a strategic plan for comprehensive internationalization at Salem State.

As this work continues, we signed several new Memoranda of Understanding (MOU) with universities in Ukraine, Germany, Netherlands, and China. Such partnerships offer opportunities for faculty collaboration, student exchange, student recruitment and will play a key role in the development of innovative academic programs, including dual degree programs.

Over this past year we have increased our number of international students and scholars at the university and are seeing modest growth in our study abroad participation for our domestic students.

Objective D: Cultivate the concept of lifelong, reciprocal relationships among students, alumni, families and the university.

Highlights: The Parent Council grew to over 20 members. Parent Council representatives participated in the Volunteer Summit, Accepted Students Days and Family Orientation. While Family Weekend had its highest level of participation, topping over 500, other program offerings attracted between 15-50 family members at monthly meetings of the Parent Council, weekend Family Days were held over three weekends during the year, and periodic newsletters. In addition, Parent Council members wrote letters endorsing Salem State to be shared by admissions with prospective students.

Goal 3: Promote civic engagement, social justice and connection to place. Objective

A: Define and strengthen institutional commitment to civic engagement.

Highlights: Salem State was again named to the President's Honor Roll for Community Service, a national recognition. Our students contributed more than 429,500 hours of community service. Among the highlights were two alternative spring break trips; 62 volunteers at eight sites during the MLK Day of Service; and 26 students serving weekly at seven local sites through the volunteer van program.

At the end of AY15 we welcomed Cynthia Lynch as the director of Civic Engagement. This is a new position and will be critical in helping the University reach its goal of achieving Carnegie classification for community engagement. A major focus of AY16 will be to brand the center and to strengthen and expand community partnerships.

Objective B: Develop and support educational opportunities for civic engagement.

Highlights: Creating and strengthening relationships with institutions, organizations, corporations and other community partners to increase educational and internship opportunities for our students is a vital component of our undergraduate and graduate programming. New internship placements in 2014-2015 include Beth Israel Deaconess Medical Center, New England Bio Labs, Coastal Marine Education and Research Academy, Boston Center for the Arts, TIME Inc., Northern Light Productions, Wellesley Historical Society, U.S. Department of Labor, Women's Bureau and a variety of YMCAs. In addition the School of Education re-established relationships with the Salem Public Schools in terms of professional development for teachers and programs for students with an eye toward proposed changes for the SILOT (services in lieu of taxes) agreement.

Objective C: Develop all academic programs, facilities and operations in ways that foster and advance the culture of sustainability.

Highlights: Moving from the status of a task force, the University Committee on Sustainability was formally established this year. Efforts to increase recycling, energy conservation, and awareness of environmental impacts on our campus have all continued to grow. Faculty, students, and staff engaged in a lively and informative panel regarding fossil fuel divestment. Further discussion will be occurring with the Board of Trustees in the fall. Our new construction continues to strive for LEAD recognition and our new Viking Hall is expected to achieve LEAD Gold status. Our parking structure, while not eligible for LEAD recognition, is being constructed within "Green" guidelines.

Objective D: Extend public good of the university to the benefit of our region.

Highlights: Our extensive work with the Enterprise Center, North Shore Alliance for Economic Development and North Shore Workforce Investment Board continues to help us make the necessary connections with the greater community. Through these associations, we have

welcomed state public leadership to the North Shore including US Congressman Moulton, MA Senate President Rosenberg, and MA Secretary for Housing and Economic Development Ash.

In addition, Women's Basketball joined Men's Ice Hockey in "adopting" a Salem youth with a life threatening illness as a member of their team, which proved to be a life lesson for students. A new award recognizing social change was established at the student involvement Leadership Awards ceremony. DMA was active locally on the city's No Place for Hate Committee and the North Shore CDC's Everyone's Salem Committee, while student conduct partnered with the North Shore Mediation Center to provide training for staff.

Goal 4: Position the University to meet the challenges and opportunities of the future.

Objective A: Be an exemplar of best practices in the "business" of being a university.

Highlights: The Student Navigation Center (SNC) has completed its first year of operation with great success – and a few challenges. They used a system called Qunomy to track their over 80,000 student interactions and have been conducting a regular review of their processes. A process they have dubbed, Right Answers launched. The student checklist and "to do" items were refined to include specific messaging. SNC utilized a texting function as a new mode of communication. Residence Life implemented electronic room condition forms, launched an on-line housing selection process and enabled new residents to use on-line services. Yet, since Wi-Fi support on wireless devices is unreliable, Student Involvement and Residence Life pursued a successful proposal through IT Governance to purchase a new tool for promoting and tracking event attendance. Student involvement supported over 2,800 events, a 9% increase in usage, utilizing "25 Live" an on-line program to reserve rooms. Athletics implemented "25Live" too. DMA and Athletics also re-designed their websites.

Objective B. Complete a successful comprehensive campaign.

Highlights: With the skilled leadership of Vice President for Advancement Cynthia McGurren, the Institutional Advancement area continued its positive trajectory in our comprehensive campaign. We ended FY15 having raised \$19,545,726 which is \$1,223,272 shy of our benchmark of \$20,768,998. This leaves us with \$5.45 million to raise before the end of the campaign, slated to be June 30, 2016.

Objective C: Diversify sources of revenues.

Highlights: Our primary focus in diversifying revenues has been in the area of program development. The new program offerings, listed under Goal 1, provide new avenues for students to enroll at Salem State. This year we will focus our energies on different modes of delivery including on-line and alternative-time programming (weekend, cohorts, etc.).

Objective D: Implement a comprehensive communications and marketing strategy to raise the visibility and stature of the university

Highlights: Marketing & Communications (MC), under the leadership of Vice President Tom Torello, worked closely with the School of Education on the (re)launch of the school. This included producing infographics to illustrate the new curriculum/degree opportunities, new brochures, updated website, graphics for their hallway billboards, and presentations.

Most notably, MC took the lead in developing an RFP to completely redesign salemstate.edu. This project, funded by special initiative funds approved by the Board of Trustees, will be a comprehensive redesign of the .edu website, along with a build out of the Polaris staff/faculty portal. We expect to put in place an entirely new strategy for handling digital information for all audiences during this project. The design partner has been identified and the new content management system has been chosen. The project will be a major focus of the MC and ITS project teams for all of AY16.

Objective E: Apply an integrated master plan to guide campus development that supports the academic and student experience.

Highlights: John Keenan, our General Counsel and Vice President for Administration, has added greatly to the advances in areas under his responsibilities and well beyond. For our campus development, we have continued to add new facilities to our inventory and will be opening both Viking Hall and 287 Lafayette Street this fall providing an additional 350 beds for our students and a new academic home for Social Work and English as a Second Language. The parking structure is framed and on budget and scheduled to open in November. The Gordon Center for Creative and Performing Arts has been a challenging project and requires our continuous attention to have it stay on schedule and budget. An additional focus of effort this year has been to understand the magnitude of the deferred maintenance on the campus. To obtain an inventory of the campus needs, VFA was employed and their report provides a complete snapshot of the facilities that will be key in developing short and long term plans to address deferred maintenance.

Objective F: Implement a comprehensive program of continuous professional development for faculty, administrators and staff.

Highlights: Following up on The Great Places to Work initiative, focus has been on expanding professional development opportunities. Most importantly, in March Human Resources (HR) sponsored its first ever Trust Summit to focus on the importance of relationship building on campus and across all “silos.” “Talent Development Opportunities” are now being offered on a regular basis and provide educational opportunities for faculty and staff to increase their knowledge and skills in a variety of content areas.

With the promulgation of new federal regulations relating to sexual assault and discrimination on college campuses, HR updated our on-campus trainings for students, faculty and staff. We also sent 20 campus employees to the Council of Presidents-sponsored two-day training on the newly adopted policy for state universities.

Objective G: Establish a comprehensive program of enterprise risk management.

Highlights: We have taken initial steps to educate employees about the concept of risk management. Initial steps were taken this year to train members of the Internal Control Committee; however, this is one small group of employees. Risk Management must be the responsibility of all employees and the university's ability to employ an enterprise risk management strategy is contingent upon proper education and awareness.

We have made progress with respect to increasing card-access security for academic buildings and residence halls, video monitoring of campus facilities, enhanced emergency phone systems etc. In partnership with MSCBA, we utilized surplus funds from the residence hall trust fund to support the installation of video surveillance systems in all residence hall entry ways as well as secondary swipe card check points at all residence hall front desks.

This past year, university police produced a comprehensive emergency response guide based on work that was completed last year. The guide was deployed to various departments with particular focus on residence life.

Objective H: Transform financial management and operations to meet the needs of this increasing complex university.

Highlights: Vice President for Finance and Business Karen House has undertaken a comprehensive review of our financial reporting processes and identified a number of areas in need of improvement. She has restructured the finance and business area into discrete units as needed to conduct operations in accounting and budget/financial planning, to focus operations in business affairs (purchasing and auxiliaries) and to develop capacity to implement new and improved systems and business processes. The staff is transitioning including a new Controller who is a CPA and has prior public higher education experience in Massachusetts; a new Payroll Manager who has improved relationships, morale, and work quality through collaboration with HR; and a new Director of Continuous Improvement who started mid-July 2015. The Budget Analyst position has been defined and recruitment is underway.

The reporting systems and use of technology is lagging behind the resources we have available and work is underway to utilize these appropriately and to secure additional technology as needed. A review of policies and practices has also commenced and a university-wide approach to improve resource utilization is underway.

OTHER AREAS OF STRATEGIC FOCUS

- 1. AACSB Accreditation.** The Bertolon School of Business continued to regroup after withdrawing from the AACB accreditation process in spring 2015. All departments within the Bertolon School – Accounting & Finance, Management and Marketing & Decision Sciences – as well as university administration are committed to renewing accreditation efforts in AY16. Our interim dean, who has experience with several universities and AACSB, is confident we are well positioned to proceed. Over the course of the next few months we will develop a work plan for this effort.
- 2. Doctoral Programs.** Our attempt to gain approval for a doctoral program in Social Work was unsuccessful as UMass objected to the request that the degree be from Salem State. We are now working with the DHE to advance a Doctoral Degree in Occupational Therapy. The difference with this degree is that it is anticipated to be a requirement for licensure within the next ten years and our programs, and one at Worcester State, would need to move to this level to be viable. We are working with Commissioner Santiago to determine the best strategy to move forward.
- 3. Financial Reporting.** Vice President House and I have met with all members of the Board of Trustees to review our reporting and future actions within finance. I am confident in VP House's ability to lead this effort and will update the Board on our work in September.
- 4. Partnership to Advance Collaboration and Efficiency.** I am one of three state university presidents that are members of the executive committee for this organization. A collaboration between the state universities and community colleges, this work is aimed at reducing our costs in a range of different ways. This year we have participated in a review of our information technology and a review of our bookstore contracts. The result was a very favorable joint contract with Follett Bookstore. The IT review did not yield any useful results. We expect over the next year to solicit a shared RFP for auditing services, energy costs and other areas TBD. This is a very productive connection and we expect to see clear returns on the investment of our time.
- 5. External Positioning.** As the senior state university president (OUCH!), I am assuming leadership in a number of areas, including vice chair of the Council of Presidents. I am serving on a number of educational, business, policy and community boards to advance awareness of the work of the university and to bring the resources of the university to the community as appropriate. I am also influencing policy through efforts such as the funding formula, STEM and Health Care Committees.

I believe it is important for me, as president of Salem State, to be active in our community. I have divided my time over the segments listed below.

- 1) State Policy
 - a) STEM Council, Member, Board of Directors (Executive Office of Housing and Economic Development)
 - b) Health Care Workforce Trust Fund Advisory Board, Member (Executive Office of Labor and Workforce Development)

- 2) Academic Community
 - a) Department of Higher Education
 - i) Commissioner's Search Committee, Member
 - ii) Funding Formula Task Force, Member
 - iii) Nursing Advisory Committee, Member
 - b) Commission on Higher Education, New England Association of Schools and Colleges, Chair & Commissioner
 - c) Bottom Line, Member, Board of Directors

- 3) Council of State University Presidents
 - a) Vice Chair
 - b) Partnership to Advance Collaboration and Efficiency, Member

- 4) Business Community
 - a) Eastern Bank, Trustee
 - b) Lahey Health System, Board member (resigned May, 2015)
 - c) New England Council, Member, Board of Directors
 - d) North Shore Alliance for Economic Development, Chair
 - e) North Shore Chamber of Commerce, Member, Board of Directors
 - f) Salem Partnership, President
 - g) Salem State University Assistance Corporation, Vice Chair, Board of Directors

- 5) Greater Community
 - a) Essex County Community Foundation, Trustee & Member of the Executive Committee
 - b) Essex National Heritage Commission, Trustee

GOALS FOR 2015-2016, and beyond



For the coming year, our goals will be focused on mission-critical concerns. First among these concerns is to secure NEASC-CIHE approval of our Fifth-Year Report. I consider this low-risk, although there certainly are areas where we will need to improve our work and are incorporated in our other goals for the year.

Second on our priority list is to secure and grow our enrollments. As demographics continue to shift with fewer “traditional” students attending college in the northeast, and competition among colleges and universities intensifying, we need to increase our ability to be flexible, innovative and responsive to students’ needs. As discussed with the Board in May, on-line strategies is an important element of this plan, along with alternative models of course offerings utilizing short-courses, weekends, cohorts, and many other approaches. Our pricing can also be modified to draw early enrollments for new offerings and better aligning cost and revenues for programs that require a higher level of resources. Continued development of our physical plant to provide the environment that promotes learning will bring our attention to the critical need for a new science facility.

Our third emphasis is to complete our 10,000 Reasons Campaign. We are entering the most challenging year with just over \$5M to raise. We have already approached the individuals closest to us and the effort must turn to increasing our pipeline of prospective donors. This will require all of us, Board included, to work together and ensure our success in this first-ever comprehensive campaign.

Our fourth goal is to continue to position the university as a leader in transformational education for students. Building on the strengths of our faculty and the evidence of past successes, we must market our programs to prospective students, policy makers, and the general public to grow our reputation as a high-quality academic institution that offers a fabulous return on investment for families of the Commonwealth and beyond.

Finally, the infrastructure of our work requires our attention to improve business processes, data decision making and reporting. We also need to be cognizant of the need to recruit talented leaders to Salem State and to plan for the succession as leaders retire or leave the university. A focus will be in strategic financing to we are certain we are utilizing our resources to maximum efficiency for success.

GOALS

- 1. Achieve a positive review from NEASC-CIHE for our Five-Year Interim Report.**
 - a. Draft of Strengths, Weaknesses, Opportunities, and Threats (SWOT) will be presented to the Board of Trustees in October 2015
 - b. Draft Five-Year Interim Report will be presented to the Board of Trustees in December 2015
 - c. Final Five-Year Interim Report will be submitted to NEASC-CIHE in January 2016
 - d. Action by NEASC-CIHE should be received by April 2016

- 2. Increase overall enrollments.**
 - a. Shorter-term
 - i. Secure funding to continue construction of our science building
 - ii. Expand high-demand transfer programs
 - iii. Promote areas of strength and high return on investment
 - b. Longer-term
 - i. Strengthen investments in relationships with community colleges to facilitate student transfers
 - ii. Expand 'alternative' models of delivery – on-line, weekend, cohort – and complete alignment of day and evening classes
 - iii. Implement alternative models of tuition & fees
 - iv. Work with Council of Presidents to advocate for a Deferred Maintenance Bond Bill

- 3. Successfully complete 10,000 Reasons Campaign.**
 - a. Expand pipeline for potential donors
 - b. Achieve benchmark goals for calendar year end, December 2015
 - c. Achieve Campaign goal of \$25M by June 30, 2016

- 4. Position the University as the destination of choice for students in our catchment area and beyond.**
 - a. Communicate strength of faculty expertise/scholarship
 - b. Transform management of digital communications through the redesign of the external website and strengthening of internal information portals
 - c. Build messaging to attract target groups: Who we serve & who they will become
 - d. Promote value of diversity and welcoming community
 - e. Emphasize our value proposition

- 5. Strengthen strategic decision making.**
 - a. Recruit replacement senior leadership in academic and administrative areas with attention to diversity
 - b. Transform business processes and reporting in academic, student life and administrative areas, with particular focus on finance
 - c. Implement succession planning for key positions throughout the university

Annual Performance Review for Patricia Maguire Meservey 2014-2015

Introduction

Now in her ninth year as president, Dr. Patricia Maguire Meservey continues to lead Salem State in a direction of progress and growth. An accomplished leader with vision and a commitment to academic excellence, President Meservey has launched numerous university-wide initiatives to enhance learning experiences and to enrich and expand student services.

As is the case at many campuses, 2014-2015 was a year of leadership transition. President Meservey completed searches for several new members to her leadership team (vice president for finance and business, general counsel and vice president for administration and provost and academic vice president) and charged them with making recommendations for policies and practices that will make the university's operating systems more efficient and effective for our students, faculty and staff.

President Meservey has actively embraced and fostered success for faculty and employees, and her efforts extend far beyond the campus limits. The university strives to be a responsible community partner and has made significant contributions to the economic and cultural vitality of the region. President Meservey is an active member of the community and provides leadership within many groups including president of the Salem Partnership, chair of the North Shore Alliance for Economic Development and these are just a few of her daily obligations. In higher education, President Meservey contributes as a member of the Department of Higher Education's Funding Formula Task Force, chair and commissioner of the Commission on Higher Education New England Association of Schools and Colleges. Further, President Meservey is a member of the executive committee of the Partnership to Advance Collaboration and Efficiency (PACE). The president also participates as a member of the STEM Council and vice chair of the Massachusetts State University Council of Presidents.

Earlier this year, the university spent considerable time and efforts on a possible merger with Montserrat College of Art. Ultimately, the decision was made not to move forward but not before a comprehensive due diligence process was completed. President Meservey led the review process in a professional, efficient and effective manner. The exercise brought about new thinking and new initiatives regarding program offerings, building use and collaboration with other institutions of higher learning. It also allowed the university to act quickly in response to students' needs with the closure of Marian Court College and the transfer of 75 students to Salem State University.

President Meservey is a proven, strong leader for the university. She is dedicated to ensuring the success of Salem State's students and devoted to preparing the university to address future challenges and embrace opportunities.

Evaluation Criteria: In accordance with former Commissioner Freeland's memorandum of April 30, 2015, this review will take into account the Board of Higher Education priorities for AY 2014-2015. It will also focus on areas of strength and accomplishment as well as other areas where advancements are being made against goals under the president's leadership. It will also outline the external efforts being made by President Meservey that are enhancing the university's reputation in the community at large through her work with higher education, community and business organizations.

The work of Salem State is guided by the by the university's Strategic Plan and progress is measured by the metrics of the university's Scorecard and Vision Project Dashboard. The Strategic Plan was a collaborative effort directed by President Meservey with campus community participation and support. We have made good progress in achieving the goals of the Strategic Plan and have decided to extend the timeline by one year.

Process: The 2014-2015 annual review process was begun with a charge by the board chair to the Presidential Review Committee to produce a report to be considered for a vote by the board at its regular meeting on October 7, 2015. In keeping with that schedule, a request was made by the board chair to the president for a summary review to be received by mid-August. A series of committee meetings and steps were planned and held after receipt and distribution to the committee of the president's self-assessment: August 25th (first committee meeting and discussion of first draft), September 4th (circulation of first draft and edits) and September 16th (final edits and recommendation to board). The members of the Presidential Review Committee are: Trustees Davis (chair), Burns, Lancome and Mattera (ex-officio).

System-level Goals:

Salem State University is an enthusiastic supporter and participant of the Vision Project. The following highlight results in each of the goal areas, as outlined in the Vision Project Dashboard:

College Participation - Undergraduate enrollment rates have remained basically level over the last six years. As we have seen in prior years, graduate enrollments have decreased significantly. As previously reported, as we have shed third-party vendors and re-focused on degree-seeking programming, the graduate program has undergone a period of transition. Retention and graduation rates are extremely important to the board and while we note that the current projection for full-time, first-time freshmen in fall 2015 is down slightly (80.6%) from fall 2014 (81.1%) and full-time transfer fall 2014 (81.8%) projected fall 2015 (78%) we are optimistic that these numbers will rise over the next few weeks.

College Completion - Graduation rates for full-time, first-time freshmen and transfer students is now over 50%. It is very exciting to see that our continued efforts are showing excellent results. The full-time, first-time freshmen graduation rate improved from 45.9% to 50.1% from the classes entering in fall 2008 to fall 2009, while the full-time transfer student graduation rate improved from (Fall 2008) 64.3% to (Fall 2009) 67.8%. President Meservey and her team have implemented programming to provide students with the necessary tools to succeed and complete their education at Salem State.

Student Learning - We are pleased that the most recent NCLEX Success Rate for the university's students has improved. This area remains difficult to quantify. The university does not have data beyond what is presented in the Dashboard. Evidence of student learning, however, is demonstrated in multiple ways at the university. Professional programs use licensure tests, many with national benchmarks, as an assurance that skills and knowledge have been mastered. Salem is one of six state universities participating in the LEAP State Initiative and was an active participant in AMCOA work during 2014-2015.

Workforce Alignment - Workforce alignment is an area of utmost importance to the university. The university's conferral of STEM degrees saw only a slight increase in the period under review. More progress can be expected but STEM degrees are limited due to the university's physical plant capacity limitations underscoring the need for a new science building.

Preparing Citizens - In addition to many of the campus efforts that relate to the Vision Project, President Meservey has been a strong proponent of "preparing citizens." Goal 3 of the university's Strategic Plan is to: Promote civic engagement, social justice and connection to place. Salem State was again named to the President's Honor Roll for Community Service, a national recognition. Further, the university has created or strengthened its relationship with institutions, organizations, corporations and other community stakeholders to create educational internship opportunities. The board is pleased to welcome a new director of civic engagement who will be critical in helping the university reach its goal of achieving Carnegie classification for community engagement.

In addition to the goals detailed in the Vision Project, the new evaluation guidelines call for attention to the university's progress over the past year in the context of the Board of Higher Education's priorities as specified:

Further Development of the Vision Project (priority one):

President Meservey has made great strides in several of the university's Strategic Plan goals that relate directly to the Vision Project. In 2014-2015 we continued to transition to the new General Education curriculum. We will proceed with the implementation of the new General Education curriculum in 2015-2016 by continuing the transition model to incoming freshmen.

2014-2015 was a productive year for the launch and development of new programs that expand career opportunities and communities needs including: Bachelor of Arts in Dance (offered in fall of 2016), Bachelor of Science in Healthcare Studies (offered in fall of 2016) and four new graduate certificates just to name a few.

A comprehensive assessment of student learning is underway with over 40 faculty participating in pilot programs to determine the alignment of our students' outcomes with the Liberal Education and America's Promise (LEAP) Values. In addition, an assessment of all our programs continues to be refined. We are also completing a comprehensive assessment of our Student Life programming.

Other successful campus initiatives include partnerships with regional businesses, and active economic development through the Enterprise Center and North Shore Alliance for Economic Development.

Management of Fiscal Resources (priority two):

President Meservey is one of three state university presidents to serve on the executive committee of the Partnership to Advance Collaboration and Efficiency (PACE). This year the partnership reviewed their information technology and bookstore contracts for opportunities to reduce costs.

The university's \$25M comprehensive campaign is moving forward very successfully. We have raised \$19,545,726 and the Institutional Advancement team anticipates reaching its \$25M goal. President Meservey has been a key player in the fundraising effort and actively meets with prospective donors on a regular basis.

There has been progress on the goal of diversifying revenues in the area of program development. This year's new program offerings will allow students new avenues to enroll at the university. The team has begun to focus on the development of additional programming and modes of delivery (on-line and alternative-time programming).

Further Development of Interactions between BHE and Campuses (priority four)

The university continues to make good progress on its 2013-2016 Strategic Plan and has decided to extend the plan's timeline until 2017. The Strategic Plan begins with stakeholder participation and the Salem State Board of Trustees would be pleased to have the Board of Higher Education's participation.

Salem State University is committed to providing faculty, staff and students with an environment where they may pursue their careers or studies without being sexually harassed. With the promulgation of new federal regulations relating to sexual assault and discrimination, Human Resources updated our on-campus trainings for students, faculty and staff, and 20 campus employees were sent for additional training on the newly adopted policy for state universities.

University Goals:

The board has reviewed the metrics set last fall in consultation with President Meservey. It found that the president had exhibited exceptional leadership and management abilities during the 2014-2015 year as is detailed below:

Provide distinguished academic programs and innovative educational experiences

The university has made great progress in this area and continues to follow the transition model for the new General Education curriculum. The goal of offering new programs that address expanding career opportunities and community needs was also met with the launch and development of new programs: Bachelor of Science in Healthcare Studies, Bachelor of Arts in Dance, eight new combined BS/M.Ed teacher education programs in early childhood, elementary and secondary education, and four new graduate certificates.

Advance students' intellectual, personal and professional growth

Advances have been made in the area of students' intellectual, personal and professional growth with Student Life's implementation of several successful programs to address areas of student engagement, leadership, career preparation and health. Counseling & Health Services (CHS) provided campus community outreach on health, mental health, stress management, substance abuse and wellness to name a few. A Student Involvement Leadership Conference promoting social change was well attended.

Promote civic engagement, social justice and connection to place

This is an area of strength and visibility for the university. Salem State was again named to the President's Honor Roll for Community Service. Recently, the university welcomed a new director of Civic Engagement who will be critical in helping the university reach its goal of achieving Carnegie classification for community engagement. In addition, the university has done extensive work and maintains close connections with the Enterprise Center, North Shore Alliance for Economic Development and North Shore Workforce Investment Board.

Position the university to meet the challenges and opportunities of the future

Great advances have been made to position the university for the future. The Student Navigation Center was launched in 2014 and has completed its first year with great success. This "one stop shop" for students houses the staff and operations of the registrar, financial aid, bursar and other offices.

As previously mentioned, the university's \$25M comprehensive campaign is moving forward with fantastic success. We have raised \$19,545,726 towards our \$25M goal. President Meservey is an ambassador for the campaign and the team is optimistic as they move into the final and most challenging stretch.

Much focus has been placed on expanding professional development opportunities across campus. A comprehensive program of professional development or "Talent Development Opportunities" is being offered to all faculty and staff to increase their knowledge and skills in a variety of content areas. Steps are also in place to increase employee knowledge about the concept of risk management. Initial steps were taken this year to train members of the Internal Control Committee.

A comprehensive review of our financial reporting processes identified areas in need of improvement and oversight. Our new vice president for finance and business has restructured the area and improved business systems and procedures. A review of policies and practices has commenced and a university-wide approach to improve resource utilization is underway.

Conclusion:

The Board of Trustees recognizes that President Meservey has done a thorough self-evaluation focused on the specific goals for this year. She is on target with campus goals streamlining student services, implementing and improving business processes, while simultaneously advancing the objectives of the Vision Project. As this review indicates, President Meservey is strengthening the university's academic programming, implementing extensive efforts on campus to ensure student success, and promoting collaboration and efficiency system-wide through her work with PACE.

In recognition of her exemplary institutional leadership, commitment to advancing academic excellence and quality affordable public higher education in the Commonwealth of Massachusetts, the board recommends that President Patricia Maguire Meservey be provided a salary increase by the Department of Higher Education at the highest level permissible.

Attachment A: Patricia Maguire Meservey Summary Performance Review 2014-2015

Attachment B: FY16 Institutional goals and objectives



PATRICIA MAGUIRE MESERVEY
SUMMARY PERFORMANCE REVIEW 2014 –
2015

Submitted August 17, 2015

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INTRODUCTION

In preparing my review for your consideration, I began with the statewide areas of emphasis of the Vision Project. This is followed by our Strategic Plan accomplishments, other areas of importance for your review and goals for this current year, 2015-2016.

The most exciting news I have to share with the Board of Trustees is that our six-year graduation rate is now 50.10% across all of our students. When I began my responsibilities as president of Salem State in 2007, our graduation rate was 37%. Through the wonderful work of many – faculty, administration and staff – our students are now succeeding in their goal of a college degree at a significantly higher rate. We will continue this important work – and are aiming for a 60% rate in 2021.

It has been a complex year of change and accomplishments for the university and I must applaud my leadership team, faculty, staff, students, Board, alumni and friends for the great support they all have provided in our successes. This has been a year of much leadership transition across the campus. We were pleased to welcome Karen House, Vice President for Finance and Business and John Keenan, General Counsel and Vice President for Administration in the fall. David Silva, Provost and Academic Vice President joined us in March to fill out the team.

As we end the year, Brewer Doran, Michelle Sweeney and Susan Cirillo, deans of the Bertolon School of Business, College of Arts & Sciences (interim) and Library, Instructional, and Learning Support, respectively, have stepped down from their positions. Dr. Linda Nowak is our interim dean for business and has brought her experiences from the California State University System to the benefit of our school. Dr. Christopher Boucher has stepped into the interim role for Arts & Sciences. Chris is a long-term faculty member and has been serving as chair of our mathematics department. Zachary Newell, a member of our librarians, has been named interim director of the library. Each of these appointments bring great opportunity to future work.

This past year, considerable time was dedicated to the potential merger with Montserrat College of Art. While the outcome was not to move forward with the merger, the opportunity provided a detailed review of our priorities and needs as an institution. It also allowed the senior team to work closely together to learn about the opportunities and challenges of each other's responsibilities to the university. We also responded to the student needs when Marian Court College closed suddenly. We accepted a significant number of the students and have offered them a pathway to complete their degrees.

We have made very good progress in achieving our goals of the Strategic Plan, and have made the decision to extend the timeline one additional year, through June 2017. The metrics will be

revised and some objectives modified/added to continue the momentum we are experiencing. Details of our progress and challenges can be found later in this report.

I have continued my role of working with our various constituents with an emphasis on fund raising, influencing policy, and advancing the reputation of the university. I have been appointed to state-wide committees on STEM Education and Health Care Workforce Needs. By being active in public policy, business and community work, I aim to position our institution as a leader. I encourage all members of our community to also take such opportunities and to have our presence felt throughout Massachusetts.

I look forward to the Board's review of my performance and that of our full university.

METRICS FOR PRESIDENTIAL REVIEW



College Participation

Enrollment Rates

Undergraduate enrollments have remained essentially level over the past six years. This has been achieved while raising the SAT scores and GPAs of our entering freshmen. The headcount for this fall (2015) looks to be down very slightly, however, the FTE (Full Time Equivalent) is increasing indicating more full-time students are enrolling and the decrease is in our part-time population. We are reviewing strategies to improve the part-time enrollments through more flexible delivery, particularly on-line and weekend programming.

As reported in prior years, our graduate enrollments have decreased significantly for the non-degree seeking candidates as a result of our discontinuing programs that were offered through external vendors where we felt the quality of the offerings was questionable. While we have also had a decline in degree-seeking graduate students (12%), the decrease of non-degree seeking students has been 80% over the past five years.

Table I: Enrollments

	Fall 2013	Fall 2014	Fall 2015 (projected as of August 8, 2015)
Total Annual Unduplicated Headcount			
Headcount	12,655	11,888	11,646
FTE	8,026.4	7,831.7	
Annual Undergraduate Enrollment			
Headcount	9,483	9,397	9,364
FTE	6,850.9	6,730.5	
Annual Graduate Enrollment			
Headcount	3,119	2,426	2,223
FTE	1,136.5	1,055.5	
Annual “Both” Undergraduate and Graduate			
Headcount	53	65	59
FTE	39.0	45.7	

College Participation Gaps

Salem State has the highest percentage of undergraduate African-American and Latino students of color of all of the Massachusetts State Universities. The Vision Project presents our outcomes in the context of the counties we serve, not the actual percentages. As a result, it is reported that we are the lowest state university in serving Latino students when in reality we are the highest. I have asked that this be reported with a state-wide comparison, but my request has been denied.

As for men, Salem State is in the middle of the group of universities with all experiencing difficulty in recruiting a balance of men and women to our campuses with the exception of Mass Maritime. This is a national phenomenon and one in which we are working with our area high schools to try to improve the pipeline, particularly with men of color.

Table II: Undergraduate representation (AY2014)

University	Percent African-American	Percent Latino	Percent Male
Salem	7.95%	10.06%	38.82%
Bridgewater	7.77%	5.20%	41.79%
Fitchburg	5.87%	8.66%	44.04%
Framingham	7.00%	8.60%	38.00%
Mass Art & Design	2.11%	5.84%	30.43%
MCLA	9.48%	2.75%	39.56%
Mass Maritime	1.30%	2.08%	86.64%
Westfield	4.53%	7.98%	48.36%
Worcester	6.31%	7.57%	40.34%

College Completion/Student Success

Progress Rates

Developmental Math

The DHE developmental math measure is predicated on both the assumption that the need to complete a developmental math course is a barrier to completion of a college level math course and the assumption that a college level math course is required for success/graduation. Historically, we have not required a college level math course in all programs of study for graduation but rather had students complete the developmental math course as the pre-requisite for the multiple courses that required this competency. As such, the DHE approach to the data analysis does not capture the appropriate level of our student success.

We have implemented a new general education curriculum. With the new requirements students will need to meet the requirement that: “Students will use both quantitative data and abstract quantitative models to compute useful quantities, make predictions and draw conclusions. Students will learn to communicate using quantitative data, build or select appropriate models,

and find appropriate applications for such models.” This requirement will be met through many different courses including economics, sociology, discipline specific research, and other courses. These will not be captured through the DHE data pull as currently constructed.

Therefore, the report of the number of students who complete a “college level math course” as a measure for advancement beyond developmental math is irrelevant. I raised this issue with then-Commissioner Freeland and advocated for an approach that would provide a better assessment of an interdisciplinary approach to incorporating math concepts into practical application within the discipline of the student’s choice. The Department is taking this under consideration.

Fall-to-Fall Retention Rates

The Fall 2013 and Fall 2014 outcomes are listed in the chart below. We will have final figures for Fall 2015 in late October after students return and we have “frozen” our data file. The current projections for retention shows a slight slip in our numbers, however many of our students will register for classes over the next few weeks and we expect the percentages to improve as has been the case in past years.

Table III: Undergraduate Fall-to-Fall Retention Rates

Criteria	Fall 2013	Fall 2014	Projection for Fall 2015
Retention Rates			
Full-time, first-time Freshmen	78.1%	81.1%	80.6%
Full-time Transfer	82.9%	81.8%	78.0%

Graduation Rates

Graduation rates for first-time full-time freshmen and transfer students are a six-year rate (six years from date of entry) therefore the ability to move the number in any one year is challenging yet this year we are seeing the results of our continued efforts. It is with great pride for all who have worked so hard to reach this goal that I can state that our graduation rate is now over 50%. Our transfer graduate rates are also showing very good improvements.

Table IV: Undergraduate Graduation Rates

Graduation Rates	Class entering Fall 2007	Class entering Fall 2008	Projection for Class entering Fall 2009 (w/o August graduations)
Full-time, first-time Freshmen	45.6%	45.9%	50.1%
Full-time Transfer	59.4%	64.3%	67.8%

College Completion Gaps

I am deeply concerned to report that our progress with our African-American students has faulted significantly with the entering Class of 2009. The Fall of 2009 was a time of transition for the University following significant budget cuts from the State. As a result our former Learning Center experienced leadership change and the support provided for students was fragmented. Of the 87 African-American students enrolled, 22 were administratively withdrawn

for not attending classes and nine were academically dismissed for poor performance. As we review the progress of subsequent classes (entering 2010 and 2011), three-year retention rates are 10 percentage points above the Class of 2009. I believe the concerns have been addressed and we will have greater success next year.

For our Latino students, the process in closing the achievement gap has been level, and essentially closed as we consider that one percentage point represents one student.

Regrettably, our male students are not keeping pace with their female counterparts, and this becomes even more evident when we compare our African-American students by gender. As a result, we have begun programming targeting the performance of men of color to address this growing concern.

The Pell students are more difficult to target as we do not know, in the classroom setting or student life, who they are due to confidentiality. It could be assumed that the cost of education is the key factor and to address this concern we are trying to offer more scholarships (and we are increasing the number through our Campaign) and on-campus job opportunities for these students. These actions can be achieved by self-identification by students and having priority for work-study students in job placement.

Table V: Gaps in Graduation Rates

	Class Entering Fall 2007	Class Entering Fall 2008	Class Entering Fall 2009 (projected as of August 2, 2015)
African-American & White	-4.9%	-3.58%	-10.87%
Latino & White	-1.3%	-1.8%	-1.1%
Male & Female	-11.2%	-11.2%	-11.4%
Pell-Eligible & Non-Pell-Eligible	-4.4%	-0.3%	-7.46%

Student Learning

I am pleased to report the most recent NCLEX Success Rate for Salem State students has improved and is 86%. Our faculty have been working on several strategies to continue to improve our students’ success including systematic test preparation and changes in progression requirements.

Workforce Alignment

As the most important outcome of the university, we are proud of the growth in our total degrees granted. We are holding reasonably steady with the number of degrees granted in the STEM fields. This is largely due to the capacity of our physical plant and the need for the new science building is paramount. The health care degrees have increased despite the constraints in clinical

placements for nursing enrollments. We are introducing several new programs in the health care areas and expect growth over the next few years.

Table VI: Degrees conferred in all fields

FY10	FY11	FY12	FY13	FY14	FY15 (as of 8/2/15)
1,884	1,881	2,022	2,025	2,026	2,091

Table VII: Degrees conferred in STEM (Science, Engineering, Technology & Math)

	FY10	FY11	FY12	FY13	FY14	FY15 (as of 8/2/15)
As % of All Degrees	3%	5%	6%	6%	7%	6%
Number	65	100	112	115	137	133

Table VIII: Degrees conferred in Health Care

	FY10	FY11	FY12	FY13	FY14	FY15 (as of 8/2/15)
As % of All Degrees	11%	15%	13%	11%	11%	13%
Number	208	279	271	219	222	274

Table IX: Workforce Alignment Gaps

STEM Degrees						
	FY10	FY11	FY12	FY13	FY14	FY15 (as of 8/2/15)
To African-American Students	5	6	10	13	8	15
To Latino Students	4	5	5	14	12	10
To White Students	50	76	75	74	89	86
To Male Students	30	43	61	71	65	61
To Female Students	34	57	51	44	71	72
Health Care Degrees						
	FY10	FY11	FY12	FY13	FY14	FY15 (as of 8/2/15)
To African-American Students	33	48	39	43	37	57
To Latino Students	1	10	10	18	12	10
To White Students	156	201	198	144	146	172
To Male Students	25	35	39	28	35	33
To Female Students	183	244	231	191	188	241

Use of Resources Faculty

Ratios

Salem State University's faculty ratio remains 15:1 in Academic Year 2014 and 2015.

Our ratio of full-time to part-time faculty is not particularly helpful as it does not fully represent the faculty of record for courses. I would suggest the percentage of courses taught by full-time faculty is a better measure. For Salem State, this percentage is 62%. Full-time staff teach an additional 1%, leaving part-time and contract faculty teaching 37%.

Spending Ratios

Given the major changes we are undertaking in our finance department, there is no further information available for the spending ratios.

Affordability

Salem State remains in the middle of the group of state universities with regards to affordability.

University	Mandatory Fees FY15
Mass Art & Design	\$11,224
Fitchburg	\$9,260
MCLA	\$8,976
Westfield	\$8,682
Salem	\$8,646
Worcester	\$8,558
Bridgewater	\$8,354
Framingham	\$8,324
Mass Maritime	\$7,258

Fundraising

With our 10,000 Reasons Campaign moving forward with great success, we are leading the other state universities in fund raising. This past fiscal year, we raised \$3,814,724. This brings the total raised to \$19,545,726 towards our goal of \$25,000,000.

STRATEGIC PLAN

Despite, or perhaps a benefit from, the transitions, we have continued to make very good progress on our Strategic Plan. As was discussed with the Board, the original plan was to extend until the spring of 2016. We have decided to extend the timeline to spring of 2017. This fall we will refine the specific goals and set new targets as appropriate. Below is a summary of key progress outcomes.

Goal 1: Provide distinguished academic programs and innovative educational experiences.

Objective A: Implement a new general education curriculum to strengthen our liberal arts foundation for all undergraduate students.

Highlights: In 2014-2015 we continued to follow the transition model for the new General Education curriculum. 180 courses carrying the new general education attributes were offered, which amounted to 807 total sections including 73 that were first year seminars. 122 new and/or changed courses were approved through governance. Per the original timetable established for the initiative, we will proceed with the implementation of the new General Education curriculum by continuing the transition model to incoming freshmen in 2015-2016. In all areas under Academic Affairs, I look forward to the leadership of Provost & Academic Vice President David Silva in the coming year.

Objective B: Offer new programs that address expanding career opportunities and community needs.

Highlights: 2014-2015 was a productive year in the launch and development of new programs which include:

- Bachelor of Arts in Dance which will be offered in the fall of 2016
- Bachelor of Science in Healthcare Studies which will be offered in the fall of 2016
- Eight new combined BS/M.Ed (4+1) teacher education programs in early childhood, elementary, and secondary education all of which launch in fall 2015
- 4+1 BS/MS Industrial/Organizational Psychology which will launch fall 2015
- Accelerated 4+1 BS/MS Geo-Information Science which will launch fall 2016
- Four new graduate certificates: Digital Studies; Public History; Strategic Communications; and Public Policy and Administration; all of which will launch in May, 2016

Criminal Justice welcomed its first cohort in the combined BS/MS (4+1) program in fall 2014. Thirty students entered the first cohort of the Occupational Therapy Direct Entry Master's Program and 20 students have been accepted for the second cohort beginning fall 2016. A fully

on-line RN/BSN program will launch in fall 2015. University governance approved an Accelerated Second Degree BSN program with the first cohort to enter in May 2016. The School of Social Work is moving to its new location at 287 Lafayette Street this summer and is preparing to launch a Saturday program in January 2016. Field placements in health programs remain a challenge and will be an area to address in AY16 as we look toward enrollment growth.

Objective C: Implement a comprehensive assessment of student learning.

Highlights: The focus of assessment work has been with the General Education Assessment Pilot. This effort is well underway with over 40 faculty participating in pilot programs to determine the alignment of our students' outcomes with the Liberal Education and America's Promise (LEAP) Values. In addition, continued work in the overall assessment of all of our programs continues to be refined.

In addition to student learning, we are also systematically assessing our Student Life programming. This year external reviews of athletics and recreation and campus student employment were conducted. Residence Life used national benchmarking surveys to assess student satisfaction in the residence halls. This data will now be utilized to make improvements in each of these areas.

Objective D: Transform students' learning through high impact practices and teaching innovation.

Highlights: In AY15 the Center for Teaching Innovation served 15% more faculty than the prior year and provided guidance in areas such as developing on-line and hybrid courses, designing and implementing general education courses, service learning, Faculty Learning Communities and general programming. A new area of focus this year has been in adjunct faculty support and a number of programs have been offered and well received.

The School of Graduate Studies collaborated with First Year Experience to offer a mentor/mentee program. First year students and graduate students were paired based upon academic and personal interests. There were 60 pairings at the beginning of the year, with 25 pairings remaining actively engaged throughout the year. This was a 66% increase from last year. One key element of this year's success was the hiring of a Higher Education Student Affairs graduate student to serve as program coordinator. Overall the feedback on this new initiative has been positive.

Objective E: Promote faculty scholarship and creative activity to enrich academic programs.

Highlights: The School of Graduate Studies and the Center for Research and Creative Activities (CRCA) piloted a "Caffeinated Scholarship" lecture series in which faculty and administrators presented research and bounced ideas off of peers about current research and/or pending presentations. The CRCA also offered writing support workshops for faculty and a series of workshops for faculty applying for internal grants.

Three faculty received Fulbright scholarships for 2015-2016: Van Pham, Economics; Joe Buttner, Biology; and Elizabeth Duclos-Orsello, Interdisciplinary Studies.

Goal 2: Advance students' intellectual, personal and professional growth.

Objective A: Offer comprehensive student life programming that is distinctive and integrated.

Highlights: Our Student Life programming crosses many areas of student development. I applaud the work of Vice President of Enrollment Management and Student Life Scott James and his team for many successes this year. A few to highlight are student engagement, leadership, career preparation, and health.

Counseling & Health Services (CHS) provided campus community outreach on health, mental health, stress management, substance abuse and wellness; initiated a weekly Autism Spectrum Group; and implemented a campaign that led to a 13-fold increase in HPV vaccine rates. While making 1,369 personal connections, the Diversity and Multicultural Affairs (DMA) office expanded their signature programs to include National Coming Out Week, and reorganized their efforts for MLK Week. Among the programming successes for veterans and their supporters were Salute to Service Month, Vets' Corner, and the annual stole ceremony for graduating veterans. Several offices within the division were actively involved in the Internationalization Task Force.

Four theme weeks (Viking Plunge, Orange Crush, Winter Week and Spring Week) offering large scale events were the focus of programming for Student Involvement (SI). Collectively 27 events, including six trips, were held. Greek Week events more than tripled. Promoting entrepreneurial spirit, Student Involvement also partnered with other student life offices to create an event modeled after the reality TV show, Shark Tank. Student leaders competed for a pool of almost \$9,000 by proposing innovative programs to the 'sharks,' who were Student Life staff who served as judges.

Career Services added internship content to Go Pro! a one-credit course taught to 87 students. In addition, the office continues to serve as a consultant to faculty developing internship prep courses. Furthermore, the external review of student employment provides an opportunity to engage campus departments in raising the quality of the student work nearer to that of an internship experience by building in professional and leadership development opportunities.

Objective B: Build robust programs in leadership, career preparedness, civic engagement and other critical life skills.

Highlights: One hundred and sixty student leaders attended Student Involvement's Leadership Conference, featuring t-shirt guru Johnny Cupcakes, to learn about promoting social change. A monthly Advisor Lunch & Learn Series averaged 10 participants for each event. SI's leadership task force recommended adding a social change award and a leadership honor society; both are happening.

Employer relations efforts grew considerably. There was a 10% increase in new employers utilizing the Career Services (CSO) on-line job posting board and a 10% increase in job and internship postings. Thirty-two employers attended an Employer Open House; 118 attended an Employer Academy webinar on developing a quality internship program. Career Services also expanded a Career Panel series, holding seven panels with 27 employers and 213 students.

Participation in Gassett Center activities continues to explode: featuring 16 unique group exercise programs with 4,062 participants, a 47% increase; and nine intramural sports programs serving 926 participants. The value of this new facility to our campus is clearly evident in the students' engagement. Our athletic teams had successes with Men's Baseball and Golf both winning their respective conferences and competing in NCAA tournament play. The Women's Ice Hockey team will transition from a club sport to intercollegiate status next season.

Objective C: Expand global and cultural awareness and engagement.

Highlights: We completed the first year of a two year ACE Internationalization Lab program. Co-chaired by Associate Provost Mary Churchill and Professor Keja Valens, the comprehensive Internationalization Task Force spent the academic year mapping the university's existing assets, strengths and weaknesses in eight key areas: campus culture, communication and data, community engagement, experiential educational abroad, international students and scholars, research/creative activities, strategic partnerships and teaching and curriculum. In the year ahead a committee will be formed to create a strategic plan for comprehensive internationalization at Salem State.

As this work continues, we signed several new Memoranda of Understanding (MOU) with universities in Ukraine, Germany, Netherlands, and China. Such partnerships offer opportunities for faculty collaboration, student exchange, student recruitment and will play a key role in the development of innovative academic programs, including dual degree programs.

Over this past year we have increased our number of international students and scholars at the university and are seeing modest growth in our study abroad participation for our domestic students.

Objective D: Cultivate the concept of lifelong, reciprocal relationships among students, alumni, families and the university.

Highlights: The Parent Council grew to over 20 members. Parent Council representatives participated in the Volunteer Summit, Accepted Students Days and Family Orientation. While Family Weekend had its highest level of participation, topping over 500, other program offerings attracted between 15-50 family members at monthly meetings of the Parent Council, weekend Family Days were held over three weekends during the year, and periodic newsletters. In addition, Parent Council members wrote letters endorsing Salem State to be shared by admissions with prospective students.

Goal 3: Promote civic engagement, social justice and connection to place. Objective

A: Define and strengthen institutional commitment to civic engagement.

Highlights: Salem State was again named to the President's Honor Roll for Community Service, a national recognition. Our students contributed more than 429,500 hours of community service. Among the highlights were two alternative spring break trips; 62 volunteers at eight sites during the MLK Day of Service; and 26 students serving weekly at seven local sites through the volunteer van program.

At the end of AY15 we welcomed Cynthia Lynch as the director of Civic Engagement. This is a new position and will be critical in helping the University reach its goal of achieving Carnegie classification for community engagement. A major focus of AY16 will be to brand the center and to strengthen and expand community partnerships.

Objective B: Develop and support educational opportunities for civic engagement.

Highlights: Creating and strengthening relationships with institutions, organizations, corporations and other community partners to increase educational and internship opportunities for our students is a vital component of our undergraduate and graduate programming. New internship placements in 2014-2015 include Beth Israel Deaconess Medical Center, New England Bio Labs, Coastal Marine Education and Research Academy, Boston Center for the Arts, TIME Inc., Northern Light Productions, Wellesley Historical Society, U.S. Department of Labor, Women's Bureau and a variety of YMCAs. In addition the School of Education re-established relationships with the Salem Public Schools in terms of professional development for teachers and programs for students with an eye toward proposed changes for the SILOT (services in lieu of taxes) agreement.

Objective C: Develop all academic programs, facilities and operations in ways that foster and advance the culture of sustainability.

Highlights: Moving from the status of a task force, the University Committee on Sustainability was formally established this year. Efforts to increase recycling, energy conservation, and awareness of environmental impacts on our campus have all continued to grow. Faculty, students, and staff engaged in a lively and informative panel regarding fossil fuel divestment. Further discussion will be occurring with the Board of Trustees in the fall. Our new construction continues to strive for LEAD recognition and our new Viking Hall is expected to achieve LEAD Gold status. Our parking structure, while not eligible for LEAD recognition, is being constructed within "Green" guidelines.

Objective D: Extend public good of the university to the benefit of our region.

Highlights: Our extensive work with the Enterprise Center, North Shore Alliance for Economic Development and North Shore Workforce Investment Board continues to help us make the necessary connections with the greater community. Through these associations, we have

welcomed state public leadership to the North Shore including US Congressman Moulton, MA Senate President Rosenberg, and MA Secretary for Housing and Economic Development Ash.

In addition, Women's Basketball joined Men's Ice Hockey in "adopting" a Salem youth with a life threatening illness as a member of their team, which proved to be a life lesson for students. A new award recognizing social change was established at the student involvement Leadership Awards ceremony. DMA was active locally on the city's No Place for Hate Committee and the North Shore CDC's Everyone's Salem Committee, while student conduct partnered with the North Shore Mediation Center to provide training for staff.

Goal 4: Position the University to meet the challenges and opportunities of the future.

Objective A: Be an exemplar of best practices in the "business" of being a university.

Highlights: The Student Navigation Center (SNC) has completed its first year of operation with great success – and a few challenges. They used a system called Qunomy to track their over 80,000 student interactions and have been conducting a regular review of their processes. A process they have dubbed, Right Answers launched. The student checklist and "to do" items were refined to include specific messaging. SNC utilized a texting function as a new mode of communication. Residence Life implemented electronic room condition forms, launched an on-line housing selection process and enabled new residents to use on-line services. Yet, since Wi-Fi support on wireless devices is unreliable, Student Involvement and Residence Life pursued a successful proposal through IT Governance to purchase a new tool for promoting and tracking event attendance. Student involvement supported over 2,800 events, a 9% increase in usage, utilizing "25 Live" an on-line program to reserve rooms. Athletics implemented "25Live" too. DMA and Athletics also re-designed their websites.

Objective B. Complete a successful comprehensive campaign.

Highlights: With the skilled leadership of Vice President for Advancement Cynthia McGurren, the Institutional Advancement area continued its positive trajectory in our comprehensive campaign. We ended FY15 having raised \$19,545,726 which is \$1,223,272 shy of our benchmark of \$20,768,998. This leaves us with \$5.45 million to raise before the end of the campaign, slated to be June 30, 2016.

Objective C: Diversify sources of revenues.

Highlights: Our primary focus in diversifying revenues has been in the area of program development. The new program offerings, listed under Goal 1, provide new avenues for students to enroll at Salem State. This year we will focus our energies on different modes of delivery including on-line and alternative-time programming (weekend, cohorts, etc.).

Objective D: Implement a comprehensive communications and marketing strategy to raise the visibility and stature of the university

Highlights: Marketing & Communications (MC), under the leadership of Vice President Tom Torello, worked closely with the School of Education on the (re)launch of the school. This included producing infographics to illustrate the new curriculum/degree opportunities, new brochures, updated website, graphics for their hallway billboards, and presentations.

Most notably, MC took the lead in developing an RFP to completely redesign salemstate.edu. This project, funded by special initiative funds approved by the Board of Trustees, will be a comprehensive redesign of the .edu website, along with a build out of the Polaris staff/faculty portal. We expect to put in place an entirely new strategy for handling digital information for all audiences during this project. The design partner has been identified and the new content management system has been chosen. The project will be a major focus of the MC and ITS project teams for all of AY16.

Objective E: Apply an integrated master plan to guide campus development that supports the academic and student experience.

Highlights: John Keenan, our General Counsel and Vice President for Administration, has added greatly to the advances in areas under his responsibilities and well beyond. For our campus development, we have continued to add new facilities to our inventory and will be opening both Viking Hall and 287 Lafayette Street this fall providing an additional 350 beds for our students and a new academic home for Social Work and English as a Second Language. The parking structure is framed and on budget and scheduled to open in November. The Gordon Center for Creative and Performing Arts has been a challenging project and requires our continuous attention to have it stay on schedule and budget. An additional focus of effort this year has been to understand the magnitude of the deferred maintenance on the campus. To obtain an inventory of the campus needs, VFA was employed and their report provides a complete snapshot of the facilities that will be key in developing short and long term plans to address deferred maintenance.

Objective F: Implement a comprehensive program of continuous professional development for faculty, administrators and staff.

Highlights: Following up on The Great Places to Work initiative, focus has been on expanding professional development opportunities. Most importantly, in March Human Resources (HR) sponsored its first ever Trust Summit to focus on the importance of relationship building on campus and across all “silos.” “Talent Development Opportunities” are now being offered on a regular basis and provide educational opportunities for faculty and staff to increase their knowledge and skills in a variety of content areas.

With the promulgation of new federal regulations relating to sexual assault and discrimination on college campuses, HR updated our on-campus trainings for students, faculty and staff. We also sent 20 campus employees to the Council of Presidents-sponsored two-day training on the newly adopted policy for state universities.

Objective G: Establish a comprehensive program of enterprise risk management.

Highlights: We have taken initial steps to educate employees about the concept of risk management. Initial steps were taken this year to train members of the Internal Control Committee; however, this is one small group of employees. Risk Management must be the responsibility of all employees and the university's ability to employ an enterprise risk management strategy is contingent upon proper education and awareness.

We have made progress with respect to increasing card-access security for academic buildings and residence halls, video monitoring of campus facilities, enhanced emergency phone systems etc. In partnership with MSCBA, we utilized surplus funds from the residence hall trust fund to support the installation of video surveillance systems in all residence hall entry ways as well as secondary swipe card check points at all residence hall front desks.

This past year, university police produced a comprehensive emergency response guide based on work that was completed last year. The guide was deployed to various departments with particular focus on residence life.

Objective H: Transform financial management and operations to meet the needs of this increasing complex university.

Highlights: Vice President for Finance and Business Karen House has undertaken a comprehensive review of our financial reporting processes and identified a number of areas in need of improvement. She has restructured the finance and business area into discrete units as needed to conduct operations in accounting and budget/financial planning, to focus operations in business affairs (purchasing and auxiliaries) and to develop capacity to implement new and improved systems and business processes. The staff is transitioning including a new Controller who is a CPA and has prior public higher education experience in Massachusetts; a new Payroll Manager who has improved relationships, morale, and work quality through collaboration with HR; and a new Director of Continuous Improvement who started mid-July 2015. The Budget Analyst position has been defined and recruitment is underway.

The reporting systems and use of technology is lagging behind the resources we have available and work is underway to utilize these appropriately and to secure additional technology as needed. A review of policies and practices has also commenced and a university-wide approach to improve resource utilization is underway.

OTHER AREAS OF STRATEGIC FOCUS

- 1. AACSB Accreditation.** The Bertolon School of Business continued to regroup after withdrawing from the AACB accreditation process in spring 2015. All departments within the Bertolon School – Accounting & Finance, Management and Marketing & Decision Sciences – as well as university administration are committed to renewing accreditation efforts in AY16. Our interim dean, who has experience with several universities and AACSB, is confident we are well positioned to proceed. Over the course of the next few months we will develop a work plan for this effort.
- 2. Doctoral Programs.** Our attempt to gain approval for a doctoral program in Social Work was unsuccessful as UMass objected to the request that the degree be from Salem State. We are now working with the DHE to advance a Doctoral Degree in Occupational Therapy. The difference with this degree is that it is anticipated to be a requirement for licensure within the next ten years and our programs, and one at Worcester State, would need to move to this level to be viable. We are working with Commissioner Santiago to determine the best strategy to move forward.
- 3. Financial Reporting.** Vice President House and I have met with all members of the Board of Trustees to review our reporting and future actions within finance. I am confident in VP House's ability to lead this effort and will update the Board on our work in September.
- 4. Partnership to Advance Collaboration and Efficiency.** I am one of three state university presidents that are members of the executive committee for this organization. A collaboration between the state universities and community colleges, this work is aimed at reducing our costs in a range of different ways. This year we have participated in a review of our information technology and a review of our bookstore contracts. The result was a very favorable joint contract with Follett Bookstore. The IT review did not yield any useful results. We expect over the next year to solicit a shared RFP for auditing services, energy costs and other areas TBD. This is a very productive connection and we expect to see clear returns on the investment of our time.
- 5. External Positioning.** As the senior state university president (OUCH!), I am assuming leadership in a number of areas, including vice chair of the Council of Presidents. I am serving on a number of educational, business, policy and community boards to advance awareness of the work of the university and to bring the resources of the university to the community as appropriate. I am also influencing policy through efforts such as the funding formula, STEM and Health Care Committees.

I believe it is important for me, as president of Salem State, to be active in our community. I have divided my time over the segments listed below.

- 1) State Policy
 - a) STEM Council, Member, Board of Directors (Executive Office of Housing and Economic Development)
 - b) Health Care Workforce Trust Fund Advisory Board, Member (Executive Office of Labor and Workforce Development)

- 2) Academic Community
 - a) Department of Higher Education
 - i) Commissioner's Search Committee, Member
 - ii) Funding Formula Task Force, Member
 - iii) Nursing Advisory Committee, Member
 - b) Commission on Higher Education, New England Association of Schools and Colleges, Chair & Commissioner
 - c) Bottom Line, Member, Board of Directors

- 3) Council of State University Presidents
 - a) Vice Chair
 - b) Partnership to Advance Collaboration and Efficiency, Member

- 4) Business Community
 - a) Eastern Bank, Trustee
 - b) Lahey Health System, Board member (resigned May, 2015)
 - c) New England Council, Member, Board of Directors
 - d) North Shore Alliance for Economic Development, Chair
 - e) North Shore Chamber of Commerce, Member, Board of Directors
 - f) Salem Partnership, President
 - g) Salem State University Assistance Corporation, Vice Chair, Board of Directors

- 5) Greater Community
 - a) Essex County Community Foundation, Trustee & Member of the Executive Committee
 - b) Essex National Heritage Commission, Trustee

GOALS FOR 2015-2016, and beyond



For the coming year, our goals will be focused on mission-critical concerns. First among these concerns is to secure NEASC-CIHE approval of our Fifth-Year Report. I consider this low-risk, although there certainly are areas where we will need to improve our work and are incorporated in our other goals for the year.

Second on our priority list is to secure and grow our enrollments. As demographics continue to shift with fewer “traditional” students attending college in the northeast, and competition among colleges and universities intensifying, we need to increase our ability to be flexible, innovative and responsive to students’ needs. As discussed with the Board in May, on-line strategies is an important element of this plan, along with alternative models of course offerings utilizing short-courses, weekends, cohorts, and many other approaches. Our pricing can also be modified to draw early enrollments for new offerings and better aligning cost and revenues for programs that require a higher level of resources. Continued development of our physical plant to provide the environment that promotes learning will bring our attention to the critical need for a new science facility.

Our third emphasis is to complete our 10,000 Reasons Campaign. We are entering the most challenging year with just over \$5M to raise. We have already approached the individuals closest to us and the effort must turn to increasing our pipeline of prospective donors. This will require all of us, Board included, to work together and ensure our success in this first-ever comprehensive campaign.

Our fourth goal is to continue to position the university as a leader in transformational education for students. Building on the strengths of our faculty and the evidence of past successes, we must market our programs to prospective students, policy makers, and the general public to grow our reputation as a high-quality academic institution that offers a fabulous return on investment for families of the Commonwealth and beyond.

Finally, the infrastructure of our work requires our attention to improve business processes, data decision making and reporting. We also need to be cognizant of the need to recruit talented leaders to Salem State and to plan for the succession as leaders retire or leave the university. A focus will be in strategic financing to we are certain we are utilizing our resources to maximum efficiency for success.

GOALS

- 1. Achieve a positive review from NEASC-CIHE for our Five-Year Interim Report.**
 - a. Draft of Strengths, Weaknesses, Opportunities, and Threats (SWOT) will be presented to the Board of Trustees in October 2015
 - b. Draft Five-Year Interim Report will be presented to the Board of Trustees in December 2015
 - c. Final Five-Year Interim Report will be submitted to NEASC-CIHE in January 2016
 - d. Action by NEASC-CIHE should be received by April 2016

- 2. Increase overall enrollments.**
 - a. Shorter-term
 - i. Secure funding to continue construction of our science building
 - ii. Expand high-demand transfer programs
 - iii. Promote areas of strength and high return on investment
 - b. Longer-term
 - i. Strengthen investments in relationships with community colleges to facilitate student transfers
 - ii. Expand 'alternative' models of delivery – on-line, weekend, cohort – and complete alignment of day and evening classes
 - iii. Implement alternative models of tuition & fees
 - iv. Work with Council of Presidents to advocate for a Deferred Maintenance Bond Bill

- 3. Successfully complete 10,000 Reasons Campaign.**
 - a. Expand pipeline for potential donors
 - b. Achieve benchmark goals for calendar year end, December 2015
 - c. Achieve Campaign goal of \$25M by June 30, 2016

- 4. Position the University as the destination of choice for students in our catchment area and beyond.**
 - a. Communicate strength of faculty expertise/scholarship
 - b. Transform management of digital communications through the redesign of the external website and strengthening of internal information portals
 - c. Build messaging to attract target groups: Who we serve & who they will become
 - d. Promote value of diversity and welcoming community
 - e. Emphasize our value proposition

- 5. Strengthen strategic decision making.**
 - a. Recruit replacement senior leadership in academic and administrative areas with attention to diversity
 - b. Transform business processes and reporting in academic, student life and administrative areas, with particular focus on finance
 - c. Implement succession planning for key positions throughout the university

Full-time, day undergraduate University Fee For FY2015-16

DRAFT

	Proposed FY2015-16 Annual	Current FY2014-15 Annual	Change \$	Change %
Massachusetts Residents				
University fee	\$ 8,016.00	\$ 7,506.00	\$ 510.00	6.8%
Per credit	\$ 334.00	\$ 312.75	\$ 21.25	6.8%
Out of State Residents				
University fee	\$ 8,138.00	\$ 7,628.00	\$ 510.00	6.7%
Per credit	\$ 339.08	\$ 317.83	\$ 21.25	6.7%

DRAFT

SUBJECT: Nominating Committee Meeting Report of May 13, 2015

The Nominating Committee of the Board of Trustees met Wednesday, May 13, 2015 at Ronan, Segal and Harrington located at 59 Federal Street, Salem.

Present for the Committee were Trustees Segal (Chair) and Lutts. Participating by phone were Trustees Stringer and Abdo. Also present: Secretary to the Board Montague.

Trustees Segal called the meeting to order at 3:45 pm.

At the last meeting of the Board of Trustees, on April 15, 2015, the trustees were invited to submit nominations to the chair of the Nominating Committee and secretary of the board for the positions of chair and vice chair, for consideration by the committee. Trustee Segal began the meeting by reviewing the nominations received for the officer positions:

Chair Scott nominated Trustee Paul Mattera for chair and Trustee John Burns for vice chair

A conversation with Trustee Burns indicated that previous commitments would prevent him from serving as vice chair.

Chair Scott then nominated Trustee Alyce Davis for vice chair

There had been no further nominations received and none presented by those in attendance.

A motion was made by Trustee Segal to recommend the slate of candidates to the full board for consideration at the June meeting and there was unanimous consent.

Upon a motion duly made by Trustee Segal, seconded by Trustee Lutts, it was unanimously

VOTED: The Nominating Committee of the Board of Trustees of Salem State University recommends that the Board elect Paul Mattera as chair and Alyce Davis as vice chair of the Board of Trustees for FY2016, effective July 1, 2015.

There being no further business to come before the Committee and upon a motion duly made by Trustee Lutts, seconded by Trustee Abdo, it was unanimously

VOTED: To adjourn the meeting at 4:05 PM.

Prepared by: L. Montague, Secretary to the Board of Trustees