

UNIVERSITY OF MAINE SYSTEM

Board of Trustees

Zoom Meeting

April 12, 2023

Finance, Facilities & Technology Committee

Present: Committee Members: Roger Katz; Chair; David MacMahon, Pat Flood, Trish Riley, Emily Cain, and Mike Michaud. **Other Trustees:** Barbara Alexander. **Chancellor:** Dannel Malloy. **Presidents:** Leigh Saufley, Joseph Szakas, Joan Ferrini-Mundy, Deb Hedeem, Joseph McDonnell, and Jacqueline Edmondson. **Faculty Representatives:** Clyde Mitchell and Michael Scott. **System Staff:** Ryan Low, Ellen Doughty, Paul Chan, Jeff St. John, Miriam White, Gretchen Catlin. **Other Participants:** Buster Neel, Kelly Sparks, Laurie Gardner, Pam Ashby, , Betsey Sawhill and Nicole Vinal Harvie.

Committee Members Absent: Lisa Eames

Trustee Katz, Chair, called the meeting to order and welcomed everyone. The Clerk performed a roll call of the Committee members present.

UMS and Shared Services Budget and Budget Changes FY2024

UMS and Shared Services Budget

Vice Chancellor for Finance and Administration and Treasurer Ryan Low presented the governance and university services budget for FY2024. Vice Chancellor Low expressed thanks to the Chief Business Officers, campus staff and his staff for their efforts with development of the FY2024 budget.

The System Office is comprised of three units: university services – allocated, university services – unallocated and governance. The Governance budget of \$6.7 million is from state appropriation with 25 positions. University Services – Allocated has a \$52 million operating budget with 386 positions. Allocated University Services are further designated as Unified Services or Campus Services. Unified Services include individuals that are responsible for oversight and support for all campuses; costs are allocated to campuses based on appropriate metrics (# of employees, square footage, etc.). Campus Services include individuals that are part of University Services, yet their primary responsibility is to the specific campus where they are located. Segments of IT, HR, Facilities, and Finance are classified as Campus Services.

The University Services – Unallocated supports the UMS Strategic Plan and funding includes \$10.9 million from appropriations; \$7.4 million from strategic funds and \$2 million from the Strategic Investment Income.

Budget Changes for FY2024

Vice Chancellor for Strategic Initiatives Carolyn Dorsey explained that the most significant budget change is the contract change with Academic Partnerships (AP). AP is an on-line program manager and UMS signed an agreement with them in September 2018 for services for our on-line accelerated programs that UMS wanted to grow and expand with one of the focus areas on the adult learner. The contract was for 10 years and included six or seven areas of service i.e., marketing, enrollment, retention, etc. With these services AP requires a 50% revenue share. Three campuses were all part of the contract. UMS is negotiating with AP for changes to the contract which include eliminating the revenue sharing and changing to a fee for service model. Under the fee for service model each campus can select which services would provide the most benefit. In the last year the revenue share resulted in

just under \$4 million to AP. By changing to the fee for service model, each campus could see a savings of between \$700,000 to \$900,000. The campuses are determining where those savings would be applied to the FY2024 budget.

Vice Chancellor Low explained the changes to the FY2024 budget. Some of the impact of the change is contributed to the AP contract for UMPI and has been included in their adjusted FY2024 budget. Vice Chancellor Low provided a comparison of the FY2024 budget from March 2023 to April 2023. In March the budget was balanced using \$10,735,156 of campus reserves and \$720,543 in proposed budget stabilization funds. The April version of the FY2024 budget uses \$10,409,815 of campus reserves and \$760,379 of proposed budget stabilization funds to balance the budget.

Appropriation Allocation Model

Vice Chancellor Low explained that he provided a comprehensive presentation on the appropriation allocation model during the October 22, 2022 Finance, Facilities & Technology (FFT) Committee meeting. That presentation is available on the Board of Trustees YouTube channel. Vice Chancellor Low provided information on the evolution of the model, what stage in the process UMS is currently and next steps. This model started in FY2015 because UMS recognized challenges with the current model at that time, which dated back to the 1960's when the System was established. This old model had many imbalances and the new model corrected that over time. One of the key elements of the new model was the establishment of peer institutions to use for comparison for funding. The new Allocation Model is for new appropriation dollars. The Model is dynamic and initially pushed funding to the campuses that needed added resources. The Model balances out over the years. In June 2023, the Chief Business Officers will perform a comprehensive review of the Model and engage in conversations with the Presidents and the FFT Committee to examine what is working, what is not working and define next steps.

Campus Retention Rates and Enrollment by Campus

UMS Enrollment Projection Model

Vice Chancellor Low explained the UMS Enrollment Projection Model to project enrollment by institution, student level and tuition residency for four categories of students: new, continuing, stop outs and non-degree. The Model projects headcounts, using 4-year average historical credit hour loads, and project total credit hours. The campuses may wish to deviate from the results of the Model because it does not account for new changes in programs or unpredictable factors that impact enrollment.

Enrollment by Campus

Vice Chancellor Low reviewed the enrollments by campus comparing the projection through the UMS Enrollment Projection Model versus the enrollment projections used by the campus to develop their FY2024 budget. If there is a difference between the two projections, the campuses provide an explanation of why they are deviating from the Model.

Campus Retention Rates and Campus Efficiencies

Vice Chancellor Low provided a brief overview of the campus retention rates for Fall 2021 to Fall 2022 for undergraduate full-time students, undergraduate full and part time students, full time graduate and law students and full and part time graduate and law students. He also explained that the meeting materials included information on campus efficiencies as well as an update on electricity and natural gas pricing.

Executive Session

On a motion by Trustee Michaud, which was seconded by Trustee Cain, and approved by a roll call vote of all Trustees present, the Finance, Facilities, & Technology Committee went into Executive Session under the following provisions:

- 1 MRSA Section 405 6-A to discuss the evaluation of personnel and the consideration and discussion of appointments, evaluations, employment and duties.
- 1 MRSA Section 405 6-C to discuss the condition, acquisition or disposition of real property or economic development if premature disclosure of the information would prejudice the competitive or bargaining position of the UMS.

On a motion by Trustee Michaud, which was seconded by Trustee Riley, and approved by a roll call vote of all Trustees present, the Committee concluded the Executive Session.

Additional information about the meeting can be found on the Board of Trustees website:
<https://www.maine.edu/board-of-trustees/meeting-agendas-materials/finance-facilities-technology/>

Adjournment.

Ellen N. Doughty, Clerk