

UNIVERSITY OF MAINE SYSTEM

Board of Trustees

Zoom Meeting

March 20, 2024

Finance, Facilities & Technology Committee

Present: Committee Members: Roger Katz; Chair; David MacMahon, Pat Flood, Trish Riley, Emily Cain, and Mike Michaud. **Other Trustees:** Donna Loring, John Moore, Valerie Landry, Barbara Alexander. **Chancellor:** Dannel Malloy. **Presidents:** Leigh Saufley, Joan Ferrini-Mundy, Deb Hedeem, Ray Rice, Jennifer Cushman, Joseph McDonnell, and Jacqueline Edmondson. **Faculty Representatives:** Clyde Mitchell and Michael Scott. **System Staff:** Ryan Low, Carolyn Dorsey, Sam Warren, Jen O’Leary, Elizabeth Stickler, Jeff St. John and Miriam White. **Other Participants:** Buster Neel, Joe Szakas, Justin Swift, Meagan Arena, John Voilin, Jake Ward, Megan Walsh, Kelly Sparks, John Henry, Aili Robinson, Pam Ashby, Heidi Carter, Betsey Sawhill, Kody Varahramyan, Robert Dana, Georita Frierson, Bettina Sawhill Espe, Megan Desjardins, Laurie Gardner 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.

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

FY2025 Proposed Operating Budget – First Reading

Vice Chancellor for Finance and Administration and Treasurer Ryan Low presented the first reading of the FY2025 Operating Budget. The unified budget timeline was reviewed. The FY2025 budget pressures include:

- Lack of growth in credit hour generation
- Number of on-campus residents continues to impact auxiliary revenues for dining and residence halls – especially at the smaller campuses.
- Labor shortages and financial pressures to attract and retain employees.

The FY2025 Systemwide budget assumptions used by all campuses include systemwide budget assumptions (*used by all campuses*) in-state, undergraduate tuition rate, appropriation, compensation &

benefits, CPI, capital expenditures. Campus-specific budget assumptions are enrollment, out-of-state tuition rate, and financial aid.

The enrollment budgeting process focuses on realistic trends in a post-COVID 19 environment with increased remote learning. FY25 budgeted credit hours are basically flat – slightly above FY24 budgeted hours and slightly below FY24 actual hours. Occupancy - Low student housing occupancy continues to be an issue at some of the smaller campuses. Appropriation - Governor's FY24-FY25 biennial budget includes a \$9.97 million (4.3%) base increase. Capital - Unrestricted investments are increasing by \$1.7 million or 5.5% over the FY24 budget. Budget Balancing - For the first time since FY14, campuses budgets are balanced without the utilization of Budget Stabilization Funds. Utilization of Reserves - UM \$4.7 (net). UMA & UMPI are budgeting positive operating results.

The Budget Stabilization Fund was created to enable the UMS to smooth the financial impact of adverse markets, economic conditions, and address other financial challenges. The Fund was established in 2010 and has been built from net investment income that exceeded the budget pursuant to the Board of Trustees investment policy. The Treasurer will authorize only the transfer needed to offset a net unrestricted operating loss for each institution at the close of FY2024. The balance of the Budget Stabilization Fund as of June 30, 2023 was \$4,996,700 and the projected balance after the disbursement of funds for June 30, 2024 for UMFK (\$0.5 million) will be \$4,496,700.

The undergraduate FY2025 recommended in-state tuition rate increases are UMaine 3.0%, UMM 3.1%, UMA/UMFK/UMPI 3.2% and UMF/USM 3.0%. The undergraduate out-of-state tuition increases are UM/UMM 3.0%, UMA 2.9%, UMF 3.6%, UMFK/UMPI 3.3% and USM 3.0%. The in-state and Canadian graduate tuition increases for UM 0.0%, UMA 2.9%, USM 3.1%, UMF 3.0% and new students at Maine Law are 3.0%. Graduate out-of-state tuition increases for UM are 0.0%, UMA 3.1%, UMF 3.0%; USM 3.0% and no increase at Maine Law. Room and Board FY2025 recommend rates range from 0.0% to 6.2%.

In FY2025 UMS had an increase in funding depreciation of \$1.7 million or 5.5%. Depreciation expense increased by \$5.3 million from \$43.8 million in FY2024 and \$49.1 million in FY2025. 67% of the total depreciation expense is funded in the FY2025 budget, down 4% from the FY2024 budget.

Governance and University Services FY2025 Budget Review

Vice Chancellor Low presented the governance and university services budget for FY2025. 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 26 positions. University Services – Allocated has a \$53 million operating budget with 386 positions. The University Services – Unallocated supports the UMS Strategic Plan and funding is from appropriations and the Strategic Investment Income.

Campus Budget Presentations

Each campus provided a comprehensive presentation on their FY2025 budgets.

Executive Session

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

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- 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 MacMahon, 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.

Elizabeth Stickler, Clerk