

UNIVERSITY OF MAINE SYSTEM

Board of Trustees

Zoom Meeting

April 17, 2024

Finance, Facilities & Technology Committee

Present: Committee Members: Roger Katz; Chair; David MacMahon, Pat Flood, Trish Riley, Emily Cain, and Mike Michaud. **Other Trustees:** Owen McCarthy, 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. **System Staff:** Ryan Low, Sam Warren, Elizabeth Stickler, Paul Chan, Gretchen Catlin, Jeff St. John and Miriam White. **Other Participants:** Buster Neel, Kelly Sparks, Pam Ashby, Betsy Sawhill-Espe, Megan Desjardins, Laurie Gardner, Kevin Couglin, Aili Robinson 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

Vice Chancellor Ryan Low covered 3 items:

- 1) University of Maine System Budget
- 2) Shared Services Budget
- 3) Budget Changes since the March 20th FFT

Vice Chancellor Ryan Low provided an in-depth presentation on the system and shared services budgets. His update included several key points:

1. Budget Changes:

- One budget change at the University of Maine was discussed in detail, which involved altering the charge for out-of-state graduate assistants to the in-state rate of \$557 per credit hour. This change was deemed budget-neutral and aimed at resolving existing accounting challenges. Ryan Low elaborated on the implications of this change, including expected outcomes and potential impacts on both budgeting processes and graduate assistant recruitment.

2. Shared Services and Governance Budgets:

- The shared services budget model was explained comprehensively, including the methods for charging campuses for services such as IT, legal, HR, facilities, student services, finance, and procurement. Ryan Low presented a detailed breakdown of each service area, emphasizing efforts to improve efficiency and cost-effectiveness.
- A detailed presentation on the governance budget was provided, highlighting a slight decrease from the previous year and maintaining a flat rate to avoid additional charges to campuses. This section included a review of cost-saving measures and their projected impact on overall budget health.

3. University Services:

- The university services budget was reviewed in detail, focusing on the consolidation efforts over the past decade in areas like IT, HR, procurement, and facilities. The total budget of approximately \$53 million was discussed, with particular emphasis on

strategies for maintaining service levels without increasing costs to campuses. Ryan Low highlighted specific examples of cost-saving initiatives and their successful implementation.

Discussion Points:

- Trustee MacMahon enquired about comparisons with peer university systems, specifically focusing on administrative consolidation. Vice Chancellor Low acknowledged the unique position of the University of Maine System and provided comparative data from similar institutions. He discussed best practices and lessons learned from these comparisons.
- Barbara Alexander asked about the oversight and strategic direction of the IT budget. Chair Katz responded that IT is a regular topic of discussion in FFT meetings. Ryan Low provided additional details on current IT projects, including cybersecurity enhancements and infrastructure upgrades.

Allocation Model

Vice Chancellor Ryan Low reviewed the status of the FY25 allocations from the State, in addition to discussing the next steps for the UMS Allocation model.

He noted that the system changed this model for the first time in the system's history in 2018. In 2019 the goal at that time was to rebalance some of the appropriation as it was very clear that at least some campuses were significantly underfunded, not just in relation to peers but also in relation to other schools within the system.

For the future of the allocation model, VC Low will make recommendations based on stakeholder input. He will come back to FFT with a plan for the allocation model prior to finalizing the FY26 allocations.

“One-time” Benefit Rate Reduction

Vice Chancellor Ryan Low discussed the system's benefit rate and reduction for FY25. The system is changing to use the federal rate for all full time employees. The FY25 rate is reduced and is 43.7%.

If no significant over/under recoveries occur during FY25, then the Federal rate would rebound to 49% in FY26. (The benefit rate for FY24 is 51%)

Tuition/ Financial Aid Discussion

Vice Chancellor Ryan Low reviewed tuition and enrollment changes and its impact on financial aid at each of the campuses for the FY25 budget.

The tuition increase needs to consider what is happening with enrollment at each campus as well as financial aid. Some campuses have online programs such as YourPace which provide less financial aid.

Reserve Policy

Vice Chancellor Ryan Low discussed potential changes to the system reserve policy.

The reserve policy hasn't been redrafted since July of 2017. VC Low recommended that the language be refreshed to make sure that it is consistent with what the board's intent is, and that it is specific to the budget stabilization fund. FFT and the Board will need to approve the policy.

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 MacMahon, 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