

# UNIVERSITY OF MAINE SYSTEM

Board of Trustees Meeting  
at the University of Maine System  
Zoom Meeting

March 25, 2020

## Finance/Facilities/Technology Committee

**Present: Committee Members:** Mark Gardner, Chair; James Donnelly, Emily Cain, Sam Collins, Gregory Johnson, Trevor Hustus, James Erwin, Trish Riley, David MacMahon, and Kelly Martin. **Chancellor:** Dannel Malloy. **Presidents:** Becky Wyke, Joan Ferrini-Mundy, Glenn Cummings, Tex Boggs, Ray Rice and Edward Serna. **Faculty Representative:** Patti Miles and Clyde Mitchell. **System Staff:** Ellen Doughty, Ryan Low, Miriam White, James Thelen, David Demers, and Robert Placido. **Other Participants: UM/UMM:** Claire Strickland and Dan Qualls. **UMPI:** Ben Shaw and Jason Towers. **UMFK:** Jason Towers and Pam Ashby. **UMF:** Eric Brown and Christine Wilson. **USM:** Alec Porteous, Jared Cash and Jeannine Uzzi. **UMA:** Buster Neal, Joe Szakas and Jonathan Henry. **Law School:** Dmitry Bam and Nicole Vinal Harvie.

**Committee Members Absent:** Tim Doak.

Trustee Gardner, Chair, called the meeting to order, welcomed everyone and roll call was taken.

### **FY2021 Proposed Operating Budget – First Reading - Governance & University Services**

**Budgets.** Vice Chancellor for Finance and Administration and Treasurer Ryan Low presented the FY2021 proposed unified operating budget and the Governance and University Services budgets. It is difficult to estimate the true impact of loss revenues for the State resulting from COVID-19 but it will likely be unprecedented. The preliminary estimate of revenue loss for UMS from the COVID-19 impact will be \$20 million. This is the first reading of the FY2021 proposed operating budgets and the second reading and vote of the Committee is currently scheduled for the next Committee meeting on April 29, 2020 prior to request for approval by the Board of Trustees at the May 17-18, 2020 meeting. It is possible that this schedule can be maintained but flexibility may be needed as we move forward. Elements of the budgets are changing daily. The budgets presented today will not be the final version but the process needed to move forward.

### **FY2021 Budget Overview**

Vice Chancellor Low outlined the broad assumptions that were included in the budgets including the impact of State Appropriations, tuition changes, budget stabilization funds, and enrollment. This is the first time that the enrollment budgeting process was focused on returning students and includes more realistic enrollment goals. The in-state, undergraduate average tuition increase is at the Consumer Price Index (CPI) at 2.5%. UMF is requesting \$500,000 thousand in Budget Stabilization funds. The Law School is utilizing USM and System reserves and requesting \$500,000 thousand in Budget Stabilization funds. Neither has any reserves and still will not be balanced. UM, UMM and UMPI will be utilizing campus reserves. The Governor's proposed Supplemental Budget includes an additional \$5 million in general FY2021 appropriation plus \$0.7 million for the Maine Law School, which were not included in the signed Supplemental Budget. The total FY2021 proposed budget results in a deficit of \$1.7 million after reserves and budget stabilization funds are applied. UMS enrollment for FY2021 is 1.5% below FY2020 budget and 1.3% above FY2020 actual. The UMS

undergraduate in-state four-year average return rate for undergraduates ranges from 48% at UMPI to 65% at UMF. For out-of-state undergraduate students the range is from 43% at UMM to 67% at UM. The FY2021 residence hall occupancy rate ranges from 118% at USM to 60% at UMM with a System average of 97%.

Depreciation expense increased by \$2 million from \$38.4 million in FY2020 to \$40.4 million in FY2021. E&G and Auxiliary budgeted capital investment is \$16.2 million which is an increase of \$0.4 million. Funding through debt services has increased by \$0.3 million and 64% of the total depreciation expense is funded in the FY2021 budget which is down 3% from the FY2020 budget. Although not reflected in this budget, UMS will be making capital investments with State bond funds of \$49 million and revenue bond funds. The FY2021 E&G and auxiliary budget reflects a decrease of 15.9 positions and compensation is 67% of the total E&G and auxiliary budget.

### **Campus Budget Presentations.**

#### **UMA**

President Rebecca Wyke, Chief Business Officer Buster Neal, Vice President of Academic Affairs and Provost Joe Szakas, Vice President for Enrollment Management and Marketing Jonathan Henry presented the proposed budget for FY2021 for UMA. The UMA FY2021 budget is balanced and is based on conservative enrollment projections. The budget includes an increase in student aid by 7.5% or \$274,703 thousand. UMA's E&G and auxiliary total net surplus for FY2021 is \$116,121 thousand. Total Credit hours are 1.5% over FY2020 budget. The FY2021 tuition increases are as follows: in-state – 2.5%, non-resident online – 2.3%, and out-of-state & international– 2.4%. UMA's FY2021 projected resident hall occupancy rate is 98%. For FY2019 the Composite Financial Index low benchmark is 3.0, the high benchmark is 10.0, UMA actual is 3.6 and UMS actual is 1.7.

#### **UMFK**

President Tex Boggs, Chief Business Officer Pamela Ashby, and Executive Director of Enrollment Management Jason Towers presented the proposed budget for FY2021 for UMFK. The projected increase in credit hours for FY2021 is 4%, which includes Early College. Depreciation is being funded at all-time high of 91%. UMFK FY2021 E&G and Auxiliary budget reflects an increase in total revenue of 8% and total expenses of 7.1%. There is a projected decrease in full-time equivalent positions of .85. UMFK resident hall occupancy rate is projected at 78%. Depreciation is projected to be funded at 90.8%.

#### **UMPI**

Before President Raymond Rice presented the proposed budget, he stated that NECHE has recently approved four more programs for delivery in their competency based environment (CBE). Approval was also received for delivery of their History and Political Science program at UMFK. UMPI anticipates having a total of 6 CBE programs by September. AP's has taken a stronger focus of the CBE programs resulting in increased enrollments, even prior to the impacts of COVID-19. UMPI has had a 30% increase in the matriculation rate from this time last year. UMPI is continuing to work on mitigation plans in case the increase in State Appropriations doesn't materialize as well as the impacts of COVID-19.

President Rice, Chief Business Officer Ben Shaw and Executive Director of Enrollment Management Jason Towers then presented the proposed budget for FY2021 for UMPI. The FY2021 budget is projected to have a deficit of \$292,028. UMPI FY2021 E&G and Auxiliary budget reflects an increase in total revenue of 4% and total expenses of 5.8%. The FY2021 proposed tuition increases are 2.5% for in-state and 2.6% for out-of-state. UMPI is projecting a slight decrease in enrollment

from 26,500 in FY2020 to 26,438 for FY2021, including Early College. There is a projected increase in full-time equivalent positions of .5. UMPI is projecting a FY2021 residence hall occupancy rate of 86%.

### Law School

Dean of the School of Law Dmitry Bam and Assistant Dean for Finance and Administration Nicole Vinal Harvie presented the proposed budget for FY2021 for the School of Law. The FY2021 budget is projected to have a deficit of \$669,144. Maine Law School FY2020 actual enrollment was 7,455 and the projected FY2021 enrollment is 7,374. The FY2021 per credit tuition for resident students is \$773, non-resident is \$1,156 and NEBHE rate is \$1,055. The FY2021 total full-time equivalent positions are projected to remain as the same FY2020 at 22.5

### UMF

President Edward Serna, Vice President for Academic Affairs and Provost Eric Brown, Vice President for Student Affairs Christine Wilson and Vice Chancellor Low presented the proposed budget for FY2021 for UMF. The FY2021 projected E&G budget deficit is \$1,370,850. FY2021 depreciation expense will increase by 7.7% for E&G and 6.9% for Auxiliary. There is a projected increase in full-time equivalent positions of 1.05. The FY2021 undergraduate tuition increases are 2.5% for in-state and 4.0% for out-of-state. Graduate tuitions increases are 1.4% for in-state and out-of-state tuition will be at the same as in-state. FY2021 residence hall occupancy rate is projected at 90%. The FY2020 enrollment, including Early College was 56,287 and the projected FY2021 enrollment is 52,239. UMF is working to stabilize and grow the core undergraduate enrollment and diversify the student portfolio by focusing on community college graduates, audit learners and graduate students. They are evaluating their academic portfolio and developing a new strategic plan to more competitively position UMF in the market.

### UM

President Joan Ferrini-Mundy started the budget presentation by provided an overview of how UM and UMM are addressing the impacts of COVID-19. Over 3,200 course sections have been converted to on-line/remote formats. A conservative current fiscal year impact (non-labor) on both campuses could approach \$12-15 million. Retention of current students is a primary concern as well as the fall incoming class of 2024. The faculty are being asked to continue their grant work and securing new grants in uncertain conditions with unclear results. Real possibility of losing faculty researchers to other institutions and unknown impact of Division 1 athletics and associated revenues. Implications from COVID-19 are a 17% projected loss in the first year class totaling 366 students, a drop of first year full time retention from 74% to 70% and 5% drop in total credit hours resulting in an additional \$8.8 million that would need to be found.

President Ferrini-Mundy and Chief Business Officer Claire Strickland then presented the proposed budget for FY2021 for UM. UM will transfer \$3,662,603 from campus reserves to balance the FY2021 budget. The FY2021 E&G and Auxiliary budget revenue decreased by \$87,202 and the expenses increased by 1.7%. UM is planning for a net reduction in personnel in FY2021 of 31.3 full-time equivalent positions. Modest increase in total student credit hours are projected for FY2021 and 0.4% decrease in out-of-state undergraduate credit hours. The FY2021 undergraduate tuition increase is 2.7% for in-state and 2.5% for out-of-state. The graduate tuition increase is 2.4% for in-state and 2.5% for out-of-state. The projected residence hall occupancy rate is 96.6%. E&G and auxiliary depreciation is projected to be funded at 58.3%.

### UMM

President Joan Ferrini-Mundy, Chief Business Officer Claire Strickland, and Vice President and Head of Campus at UMM Daniel Qualls presented the proposed budget for FY2021 for UMM. UMM will transfer \$145,000 from campus reserves to balance the FY2021 budget. The FY2021 E&G and Auxiliary budget revenue decreased by 0.7% and the expenses decreased by 4.0%. UMM is projecting a decrease in enrollments for FY2021 resulting in a 9.2% decrease in total credit hours. The FY2021 undergraduate tuition increase is 2.5% for in-state and 3.2% for out-of-state. The projected residence hall occupancy rate is 85%. E&G and auxiliary depreciation is projected to be funded at 51.3%.

### USM

President Glenn Cummings, Chief Business Officer Alec Porteous, Provost and Vice President for Academic Affairs Jeannine Uzzi and Vice President of Enrollment Management and Marketing Jared Cash presented the proposed budget for FY2021 for USM. USM E&G and Auxiliary projected budget for FY2021 is balanced. Compensation is 64% of the total expenses for FY2021. USM is projecting an increase in undergraduate credit hours to 152,247 in FY2021 from 150,892 in FY2020 and graduate credit hours to 24,977 in FY2021 from 24,628 in FY2020; therefore a 1.59% increase in enrollment. There is a projected increase in full-time equivalent positions of 3.0. The FY2021 undergraduate and Canadian tuition increases are 2.5% for in-state and 4.1% for out-of-state. Graduate tuitions increases are 2.6% for in-state and 3.9% for out-of-state. USM residence hall occupancy rate is 118%.

### Executive Session

On a motion by Trustee Erwin, which was seconded by Trustee Cain, the Finance, Facilities, Technology Committee went into Executive Session under the provision of 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 UMS.

Because the Committee meeting was held via Zoom technology, a roll call vote was taken. Trustees Erwin, Hustus, Collins, MacMahon, Riley, Donnelly, Cain and Johnson voted in favor of the motion. No Trustees voted against the motion.

On a motion by Trustee Erwin, which was seconded by Trustee Riley, the Finance, Facilities, Technology Committee concluded Executive Session.

Because the Committee meeting was held via Zoom technology, a roll call vote was taken. Trustees Erwin, Hustus, Collins, MacMahon, Riley, Donnelly, Cain Martin and Johnson voted in favor of the motion. No Trustees voted against the motion.

Additional information about the meeting can be found on the Board of Trustees website:  
<https://www.maine.edu/board-of-trustees/wp-content/uploads/sites/12/2020/03/MtgMat-FFT-032520.pdf>

Adjournment.

Ellen N. Doughty, Clerk