

UNIVERSITY OF MAINE SYSTEM

Board of Trustees

Zoom Meeting

March 22, 2023

**Finance, Facilities & Technology Committee**

**Present: Committee Members:** Roger Katz; Chair; David MacMahon, Pat Flood, Trish Riley, Emily Cain, Lisa Eames, and Mike Michaud. **Other Trustees:** Donna Loring. **Chancellor:** Dannel Malloy. **Presidents:** Leigh Sauflay, Joseph Szakas, Joan Ferrini-Mundy, Deb Hedeem, Ray Rice, Joseph McDonnell, and Jacqueline Edmondson. **Faculty Representatives:** Clyde Mitchell and Michael Scott. **System Staff:** Ryan Low, Ellen Doughty, Paul Chan, Jeff St. John and Miriam White. **Other Participants:** Carolyn McDonough, Buster Neel, Justin Swift, Adam Tuchinsky, Meagan Arena, Keva Wright Berry, John Voilin, Jake Ward, Megan Walsh, Kelly Sparks, John Henry, Ailr Robinson, Pam Ashby, Heidi Carter, Betsey Sawhill and Nicole Vinal Harvie.

**Committee Members Absent:** None

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

**FY2024 Proposed Operating Budget – First Reading**

Vice Chancellor for Finance and Administration and Treasurer Ryan Low presented the first reading of the FY2024 Operating Budget. The unified budget timeline was reviewed. The FY2024 budget pressures include:

- FY24 enrollment projections continue to decline impacting both tuition revenue and auxiliary revenues – especially at the smaller campuses from fewer on-campus residences.
- Campus needs and market investment losses have depleted the Budget Stabilization Fund.
- Gordian (Sightlines) data continues to show declines in campus NAV and increases in renovation age across UMS facilities.
- Labor shortages and financial pressures to attract and retain employees.

The FY2024 Systemwide budget assumptions used by all campuses include in-state, ungraduate tuition rate; unified fee; appropriation; compensation and benefits; CPI; and capital expenditures. Enrollment, out-of-state tuition rate and financial aid are included in the campus-specific budget assumptions. Low student housing occupancy continues to be an issue at some of the smaller campuses.

The enrollment budgeting process focused on returning students and realistic trends in a post-COVID 19 environment. The FY2024 budgeted credit hours are 7.4% below FY2023 budget and 3.1% below FY2023 actuals. The Governor's FY2024 budget includes a \$9.5 million (4.5%) increase plus the continuance of the \$7.9 million included in the FY2023 Supplemental Budget given in lieu of an in-state tuition increase. Unrestricted investments are increasing by \$1.1 million or 3.6% over the FY2023 budget. The following campuses will use campus reserve utilization to balance the FY2024 budget - UM \$7.4 million; UMFK \$1.3 million; UMPI \$0.3. The Law School will be utilizing System funding previously committed to 300 Fore Street Renovation.

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 FY2023 and FY2024. The balance of the Budget Stabilization Fund as of June 30, 2022 was \$4,872,842 and the projected balance after the disbursement of funds for FY2024 for UMFK (\$0.5 million) and UMPI (\$0.2 million) will be \$209,586.

The undergraduate FY2024 recommended in-state tuition rate increases are UMaine 3.1%, UMM 2.8%, UMA/UMFK/UMPI 2.9% and UMF/USM 3.1%. The undergraduate out-of-state tuition increases are UM/UMM 3.0%, UMA 9.3%, UMF 2.9%, UMFK/UMPI 5.9% and USM 8.0%. The in-state and Canadian graduate tuition increases for UM, UMA, USM, UMF and are 3.0% and new students at Maine Law are also 3.0%. Graduate out-of-state tuition increases for UM, UMA and UMF are 3.0%; USM are 8.0% and no increase at Maine Law. Room and Board FY2024 recommend rates range from 1.9% to 10.3%.

In FY 2023 UMS had an increase in funding depreciation of \$1.1 million or 3.6%. Depreciation expense increased by \$3.7 million from \$40.1 million in FY2023 and \$43.8 million in FY2024. 72% of the total depreciation expense is funded in the FY2024 budget, down 4% from the FY2023 budget.

### **Governance and University Services FY2024 Budget Review**

Vice Chancellor Low presented the governance and university services budget for FY2024. 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 385 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 FY2024 budgets.

### **Executive Session**

On a motion by Trustee Cain, 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:

- 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 Flood, which was seconded by Trustee Cain, 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