AGENDA

9:00am – 9:05am   Call the meeting to order and Roll Call

9:05am – 9:50am   TAB 1   UMS and Shared Services Budget and Budget Changes

9:50am – 9:55am   TAB 2   Allocation Model

9:55am – 10:15am  TAB 3   “One-time” Benefit Rate Reduction

10:15am – 10:35am TAB 4   Tuition / Financial Aid Discussion

10:35am – 10:50am TAB 5   Reserve Policy

10:50am – 11:30am Committee Q & A

11:30am – 12:00pm EXECUTIVE SESSION

The Finance, Facilities, & Technology Committee will enter Executive Session under the provision of: 1 MRSA Section 405 6-A and 6-C

Action items within the Committee purview are noted in green.
Items for Committee decisions and recommendations are noted in red.

Note: Times are estimated based upon the anticipated length for presentation or discussion of a particular topic. An item may be brought up earlier or the order of items changed for effective deliberation of matters before the Committee.
NAME OF ITEM: UMS and Shared Services Budget and Budget Changes

INITIATED BY: Roger J. Katz, Chair

BOARD INFORMATION: X

BOARD POLICY:
700

UNIFIED ACCREDITATION CONNECTION:

BACKGROUND:

Vice Chancellor Ryan Low will briefly cover 3 items:
1) University of Maine System Budget
2) Shared Services Budget
3) Budget Changes since the March 20th FFT

Attachment
Gov & Shared Services
Governance and University Services
FY25 Budget Review

For Review & Discussion at the April FFT Workshop
The “System Office” is Comprised of 3 Units
University Services Allocation Metrics

- FTE Student & Employee
- Employee Headcount
- Square Footage (Bldgs)
- IT, Legal, Other Institutional Support
- Human Resources
- Facilities
- Procurement
- Finance
- Student Services
- Operating Expenses
- Procurement Goods & Travel
Governance - $6.7M

Funded directly with State Appropriation

26 Positions

<table>
<thead>
<tr>
<th>Role</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board of Trustees</td>
<td>17</td>
</tr>
<tr>
<td>Chancellor</td>
<td></td>
</tr>
<tr>
<td>Senior Leadership</td>
<td></td>
</tr>
<tr>
<td>Supporting Staff</td>
<td>9</td>
</tr>
</tbody>
</table>
## Governance

<table>
<thead>
<tr>
<th>Revenues</th>
<th>FY24 BASE</th>
<th>FY25 BASE</th>
<th>BUDGET CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Appropriation</td>
<td>$6,714,619</td>
<td>$6,714,619</td>
<td>$0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenses</th>
<th>FY24 BASE</th>
<th>FY25 BASE</th>
<th>BUDGET CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries, Wages &amp; Benefits</td>
<td>5,477,660</td>
<td>5,395,467</td>
<td>(82,193)</td>
</tr>
<tr>
<td>Attrition (Salary Only)</td>
<td>-</td>
<td>(26,603)</td>
<td>(26,603)</td>
</tr>
<tr>
<td>Personnel</td>
<td>5,477,660</td>
<td>5,368,864</td>
<td>(108,796)</td>
</tr>
</tbody>
</table>

Other Expenses & Transfers:

| Supplies & Services               | 117,165   | 117,165   | - | 0.0% |
| Shared Services                   | 1,131,231 | 1,109,255 | (21,976) | -1.9% Benefit Rate |
| Travel                            | 132,750   | 132,551   | (199) | -0.1% |
| Memberships                       | 76,300    | 76,300    | - | 0.0% |
| Maintenance                       | 2,100     | 2,100     | - | 0.0% |
| Other Expenses                    | 93,183    | 93,184    | 1 | 0.0% |

| Total Other Expenses & Transfers  | 1,337,729 | 1,345,755 | 8,026 | 0.6% |

| Transfers - Other                 | (215,000) | (184,800) | 30,200 | -14.0% offset by attrition |

| Total Operating Expenses & Transfers | 6,815,389 | 6,714,619 | (100,770) | -1.5% |

| Operating Increase (Decrease)     | $(100,770) | $- | $100,770 | -100.0% |

| Other Strategic Transfers from/(to) Reserves | 100,770 | - | (100,770) |

| Net                               | $- | $- | $- | |

University Services – Allocated
$53M Operating Budget

Administrative oversight and direct support for System and Campus operations including:

<table>
<thead>
<tr>
<th>Category</th>
<th>Positions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Informational Technology ($31M)</td>
<td>206</td>
</tr>
<tr>
<td>Human Resources ($8M)</td>
<td>53</td>
</tr>
<tr>
<td>Finance &amp; Budgeting ($6M)</td>
<td>46</td>
</tr>
<tr>
<td>Facilities</td>
<td>11</td>
</tr>
<tr>
<td>Risk Management &amp; Safety</td>
<td>16</td>
</tr>
<tr>
<td>Procurement</td>
<td>26</td>
</tr>
<tr>
<td>General Counsel/Org. ($1M)</td>
<td>8</td>
</tr>
<tr>
<td>Shared Processing Center ($1M)</td>
<td>20</td>
</tr>
</tbody>
</table>

386 Positions
Unified Services vs Campus Services

*Allocated University Services are further designated as Unified Services or Campus Services*

**$39M**

**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.).

**$14M**

**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.

**Examples**

- Controller’s Office – central financial activities including audited financial statements, cash management, investments, System policies, etc. The expense budget for this department is allocated across all campuses.

- UMA Campus CBO & staff - these individuals are part of the University Services overall budget, but they are classified as Campus Services as their primary responsibility is the financial oversight of UMA. The UMA Finance Office expense budget is allocated directly to UMA.
## Allocated Services

<table>
<thead>
<tr>
<th></th>
<th>FY24 BASE</th>
<th>FY25 BASE</th>
<th>BUDGET CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indirect Cost Recovery</td>
<td>$1,000</td>
<td>$1,000</td>
<td>$ -</td>
</tr>
<tr>
<td>Investment Income/Gifts</td>
<td>264,155</td>
<td>264,155</td>
<td>- 0.0%</td>
</tr>
<tr>
<td>Sales/Services/Auxiliary</td>
<td>645,582</td>
<td>615,582</td>
<td>(30,000)  -4.6% IT Revenue</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>910,737</td>
<td>880,737</td>
<td>(30,000)  -3.3%</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries, Wages &amp; Benefits</td>
<td>$41,704,814</td>
<td>$40,930,299</td>
<td>(774,515)  -1.9% Benefit Reduction</td>
</tr>
<tr>
<td>Attrition (Salary Only)</td>
<td>(598,493)</td>
<td>(669,894)</td>
<td>71,401  11.9%</td>
</tr>
<tr>
<td>Personnel</td>
<td>41,106,321</td>
<td>40,260,405</td>
<td>(845,916)  -2.1%</td>
</tr>
<tr>
<td>Other Expenses &amp; Transfers:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fuel &amp; Electricity</td>
<td>11,530</td>
<td>11,830</td>
<td>300  2.6%</td>
</tr>
<tr>
<td>Supplies &amp; Services</td>
<td>6,595,600</td>
<td>7,784,705</td>
<td>1,189,105 18.0% IT; Former Benefit Pool Consulting</td>
</tr>
<tr>
<td>Shared Services</td>
<td>(53,171,771)</td>
<td>(53,376,284)</td>
<td>(204,513)  0.4% Benefit Reduction</td>
</tr>
<tr>
<td>Travel</td>
<td>178,030</td>
<td>177,313</td>
<td>(717) -0.4%</td>
</tr>
<tr>
<td>Memberships</td>
<td>105,096</td>
<td>104,836</td>
<td>(260) -0.2%</td>
</tr>
<tr>
<td>Maintenance</td>
<td>2,648,746</td>
<td>2,552,056</td>
<td>(96,690)  -3.7% Shift to equipment</td>
</tr>
<tr>
<td>Interest</td>
<td>7,026</td>
<td>176</td>
<td>(6,850) -97.5%</td>
</tr>
<tr>
<td>Other Expenses</td>
<td>1,865,159</td>
<td>2,221,070</td>
<td>355,911  19.1% IT non-cap infrastructure</td>
</tr>
<tr>
<td>Transfers - Other</td>
<td>531,463</td>
<td>157,499</td>
<td>(373,964) -70.4% Transfer in of TII</td>
</tr>
<tr>
<td><strong>Total Other Expenses &amp; Transfers</strong></td>
<td>(41,229,121)</td>
<td>(40,366,799)</td>
<td>862,322  -2.1%</td>
</tr>
<tr>
<td><strong>Total Operating Expenses &amp; Transfers</strong></td>
<td>(122,800)</td>
<td>(106,394)</td>
<td>16,406  -13.4%</td>
</tr>
<tr>
<td><strong>Operating Increase (Decrease)</strong></td>
<td>$1,033,537</td>
<td>$1,003,131</td>
<td>$ (46,406)  -4.5%</td>
</tr>
<tr>
<td>Less Capital Expenditures</td>
<td>(838,875)</td>
<td>(973,315)</td>
<td>134,440  16.0%</td>
</tr>
<tr>
<td>Less Debt Service Principal</td>
<td>(194,662)</td>
<td>(13,816)</td>
<td>180,846  -92.9%</td>
</tr>
<tr>
<td><strong>Net</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### University Services – Unallocated - $16.5 Million

**Appropriation** - $14M (*$4.3M ADC, EC, IVP; $9.7M Strategic)

**Investment Income** $2.5M

- *Adult Degree Completion* 1.50M
- *UMS-Early College* 1.65M
- *Interpersonal Violence Prevention* 400K
- *Medical School Research* 75K
- UMS-Systemwide Marketing 750K
- UMS-Institutional Research 500K
- UMS-Research Reinvestment Funds 2.1M
- Capital Planning 1.3M
- Demolition 850K
- **Other:** Diversity, Bonding, Library Ops, Exec Tran
  - Financial Literacy, Distance Ed 550K
  - Maine Center 2.0M
  - Systemwide Research Support 875K
  - Library Software Investments 1.0M
  - Capital Investment 2.5M
University of Maine System
Board of Trustees

AGENDA ITEM SUMMARY

NAME OF ITEM: Allocation Model

INITIATED BY: Roger J. Katz, Chair

BOARD INFORMATION: X

BOARD POLICY:
700

UNIFIED ACCREDITATION CONNECTION:

BACKGROUND:

Vice Chancellor Ryan Low will review the status of the FY25 allocations from the State, in addition to discussing the next steps for the UMS Allocation model.
AGENDA ITEM SUMMARY

NAME OF ITEM:     “One-time” Benefit Rate Reduction

INITIATED BY:     Roger J. Katz, Chair

BOARD INFORMATION:  X

BOARD POLICY:
700

UNIFIED ACCREDITATION CONNECTION:

BACKGROUND:

Vice Chancellor Ryan Low will discuss the system’s benefit rate and reduction for FY25.

Attachment
Benefit Rate
FY25 BENEFIT RATE CHANGE

CHANGING TO USE THE FEDERAL RATE FOR ALL FULL-TIME EMPLOYEES.

- Reduces confusion and complexity of calculating and administering internal & federal rates
- Oracle Cloud supports only 1 full time benefit rate

UNALLOWABLE COSTS FOR FEDERAL RATE CALCULATION

- Wellness (Health coaching)
- Third-party Administration (EBPA & Worker’s Compensation)
- Actuaries
- Dependent Tuition Waiver

INTERNAL RATE – prior year deficits and surpluses closed into the Benefit Pool Reserve allowing UMS to build a reserve which is advisable for self-insured entities. Future rates were not adjusted for accumulations in the benefit pool, i.e.- the fiscal year benefit rate was based solely on the projected benefit costs and compensation for that single year.

FEDERAL RATE – prior year over or under recoveries are applied to the calculation of future years’ rates.

WHY IS FY25 RATE REDUCED?

1. Removal of $2.7 million in unallowable costs from any benefit calculation as shown above

2. UMS experienced over-recoveries in the past which has the impact of artificially lowering the FY25 rate. If there had been no over-recoveries to consider, the FY25 federal benefit rate would have been 48.6%; however, the FY25 benefit rate is 43.7%. The total benefit cost is projected to be $152M, but over-recoveries in prior rates totaling $15M are being deducted from the total costs/rate calculation resulting in a rate that is projected to recover only $137M. If our FY25 benefit costs are above $137M...which we project they will be...then we would need to offset the excess by reducing the benefit pool reserve.

FY26 AND BEYOND

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%)
University of Maine System  
Board of Trustees  

AGENDA ITEM SUMMARY  

NAME OF ITEM: Tuition / Financial Aid Discussion  
INITIATED BY: Roger J. Katz, Chair  
BOARD INFORMATION: X  
BOARD ACTION:  
BOARD POLICY:  
700  
UNIFIED ACCREDITATION CONNECTION:  

BACKGROUND:  
Vice Chancellor Ryan Low will review tuition and enrollment changes and its impact on financial aid at each of the campuses for the FY25 budget.
AGENDA ITEM SUMMARY

NAME OF ITEM: Reserve Policy

INITIATED BY: Roger J. Katz, Chair

BOARD INFORMATION: X

BOARD POLICY: 700

UNIFIED ACCREDITATION CONNECTION:

BACKGROUND:
Vice Chancellor Ryan Low will discuss potential changes to the system reserve policy.

Attachment
Reserve Policy Draft
UMS Reserve Policy - Potential Changes
For Discussion Only

Introduction
This memo outlines the current state of our reserve policies and proposes updates and clarifies usages of accounts.

Current State:
The UMS currently maintains several categories of reserves, which include:

- **Budget Stabilization Fund (BSF)** (often referred to as the Rainy Day Fund): Recommended for use in mitigating the financial impacts of adverse investment markets and economic conditions in Maine. Funded by operating investment income, this has seen fluctuations ranging from gains of $18 million to losses exceeding $16 million over the past eighteen years.
- **System Operating Reserve**: Supports non-budgeted emergency needs, primarily from unspent end-of-fiscal-year system account funds. Recent uses include funding the “Repaving MaineStreet” initiative and necessary renovations at 300 Fore Street.
- **Benefit Pool Carryover**: Manages fluctuations in benefit plan costs, with a recommended reserve level to cover three to six months of expected health claims and expenses.
- **Risk Management Reserve**: Facilitates cost-sharing deductibles between the System and campuses, funded by annual campus contributions.
- **Other Reserves**: Includes E&G Operating, Auxiliary, and Capital reserves maintained by each campus.

Recommended Changes:

- **Policy Redraft**: Propose redrafting the Administrative Practice Letter on reserves to specify targeted reserves for Risk, Capital, and Benefits, with refined language for the Operating Reserve and BSF.
- **Clarifying BSF Usage**: Recommend that the BSF support campus budgets only when necessary expense reductions would compromise campus viability, requiring approval from both the Finance Committee and the full Board of Trustees during the annual budget process.
• Defining Operating Reserve Utilization: This reserve should fund strategic investments that promote system-wide growth, stimulate reform, or expand programs benefiting the System as a whole.

The proposed policy changes aim to enhance the University of Maine System's financial stability and strategic investment capability. These recommendations will be discussed further in the upcoming meetings.