Board of Trustees

Finance, Facilities & Technology Committee

April 16, 2025 at 9:00am
Zoom Meeting – No Physical Location Available

The public is invited to view the meeting on YouTube. The link to the Board of Trustees YouTube page can be found the Board website: https://www.maine.edu/board-of-trustees/

AGENDA

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

9:05am – 10:35am
TAB 1 Reserves and Reserve Policy / FY26 University of Maine System Budget / Enrollment Data

10:35am – 11:05am
TAB 2 Maine Center Discussion

11:05am – 11:25am
TAB 3 Energy Procurement Overview

11:25am – 12:00pm Additional Committee Q & A

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.

University of Maine System
Board of Trustees

AGENDA ITEM SUMMARY

NAME OF ITEM: Reserves and Reserve Policy / FY26 University of Maine System Budget / Enrollment Data

CAMPUS PRESENTER(S): Ryan Low, Vice Chancellor for Administration and Strategic AI Integration

INITIATED BY: Roger J. Katz, Chair

BOARD INFORMATION: **X** **BOARD ACTION:**

BOARD POLICY:
700

UNIFIED ACCREDITATION CONNECTION:

UMS STRATEGIC PLAN CONNECTION:

BACKGROUND:
Vice Chancellor Low will discuss several topics related to the FY26 University of Maine System Budget:

1) Reserves and Reserve Policy Update
    a. Vice Chancellor Low will present an overview of proposed changes to the UMS Reserve Policy, outlining key adjustments aimed at improving financial management across the system. The discussion will cover the rationale behind these changes, their potential impact on current financial practices, and how they align with the system's long-term financial sustainability goals.
2) FY26 University of Maine System Budget
    a. Shared Services
    b. Governance
3) Enrollment Data Analysis

Attachments
April 16 FFT Work Session
Reserves Draft for FFT

Maine's Public Universities

UNIVERSITY OF MAINE SYSTEM

UM UMA UMF UMFK UMPI USM UMM UMI AW



FY26 Budget Review

For Review & Discussion
at the April FFT Workshop



Reserves - Unrestricted Net Position

Ensuring strong financial health by maintaining optimal reserves is crucial for effective financial management and governance.

Financial Safety Net

Unrestricted reserves function as a financial cushion, protecting organizations from unforeseen circumstances and economic volatility.

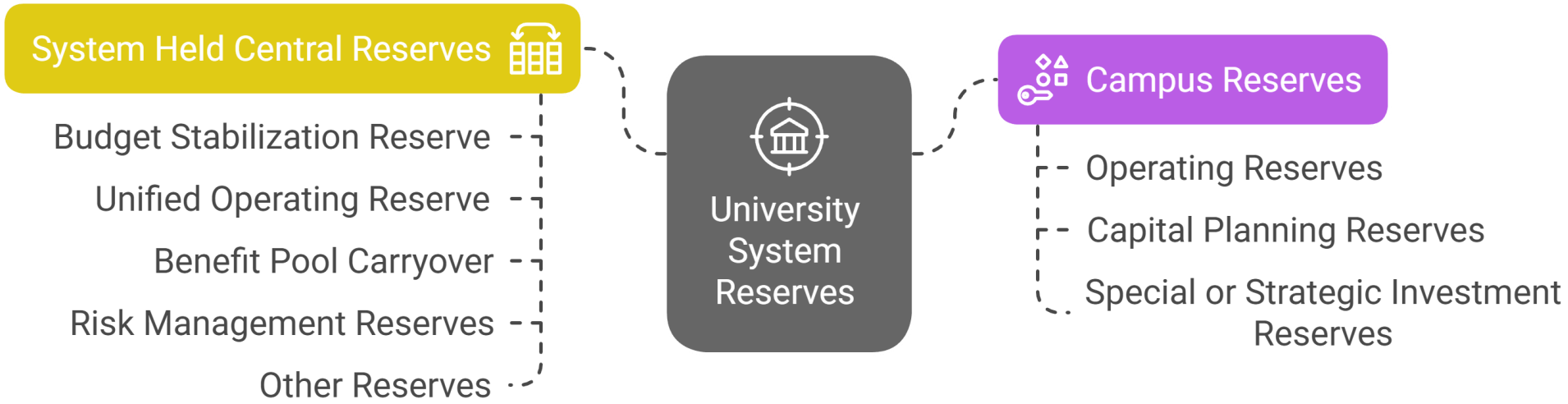
Strategic Flexibility

Healthy unrestricted net positions allow organizations to pursue strategic opportunities and respond to challenges with agility.

Organizational Stability

Adequate reserves demonstrate financial health and contribute to long-term sustainability and operational continuity.

University System Reserves Management



Financial Summary

The University of Maine System's financial composition reveals a strategic evolution in resource allocation over the past decade. Operating Reserve has demonstrated consistent strengthening, with a nearly fivefold increase from $7.8 million in FY14—creating a more robust foundation for institutional stability. Meanwhile, Budget Stabilization funds have undergone a structural transition, moving from consistently high levels through FY21 toward lower sustained balances in recent years. Other Funds have shown notable variability throughout the period, with significant fluctuations representing the System's adaptability to changing financial landscapes.

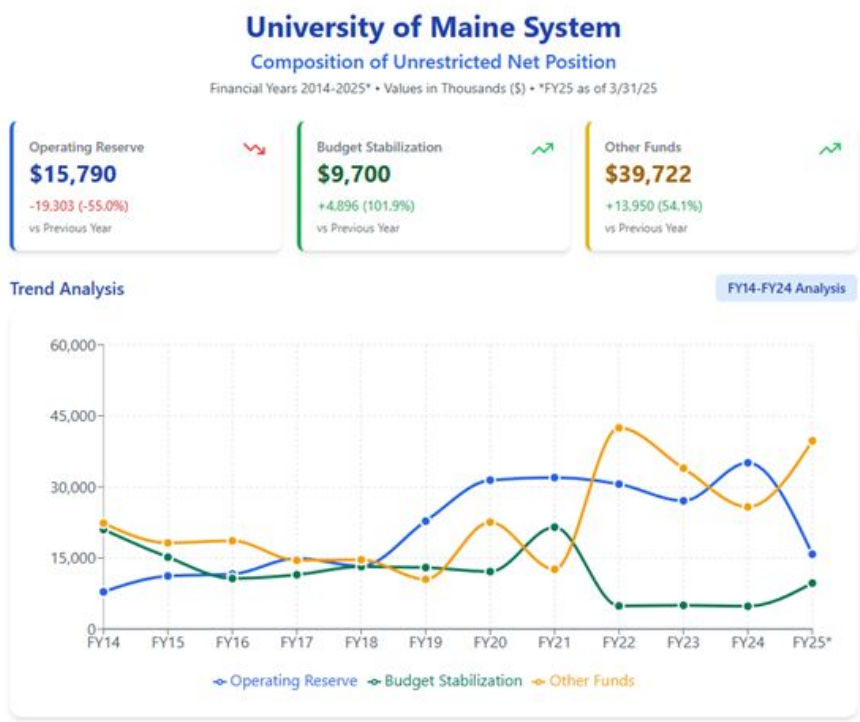
Operating Reserve Growth

Long-term increase: **+$27,246** from FY14-FY24
Consistent growth pattern since FY18

Budget Stabilization Transition

Structural shift after FY21: **-$16,696**
FY14-FY21 avg: **$14,756** vs. FY22-FY24 avg: **$4,891**

Data represents University of Maine System financial position from fiscal years 2014-2025 (FY25 as of March 31, 2025)
All values shown in thousands of dollars ($)



Financial Summary

The University of Maine at Augusta has demonstrated notable financial resilience over the past decade. Despite market fluctuations, Education & General funds maintained strong performance through FY23, showing the institution's commitment to its core academic mission. While Auxiliary Services have faced challenges since FY20, the overall financial position remains stable, with strategic opportunities for future growth.

E&G Funds Performance

Peaked at **$10,762** in FY16
Currently at **$8,899** (FY24)

Showing decline compared to previous fiscal year.

Auxiliary Services Outlook

Transition period since FY20
Recovery trend: **$711** improvement from FY23 low

Showing strong recovery from previous fiscal year.

Data represents University of Maine at Augusta's financial position from fiscal years 2014-2024
All values shown in thousands of dollars ($)

University of Maine at Augusta

Composition of Unrestricted Net Position

Financial Years 2014-2024 • Values in Thousands ($)

E&G Funds	AUX Services	Other Funds
$8,899	$-741	$2,667
-1,411 (-13.7%)	+711 (49.0%)	-139 (-5.0%)
vs Previous Year	vs Previous Year	vs Previous Year

Trend Analysis

FY14-FY24 Analysis



Financial Summary

The University of Maine and University of Maine at Machias have demonstrated notable financial resilience over the past decade. Despite market fluctuations, Education & General funds maintained strong performance through FY21, showing the institution's commitment to its core academic mission. While there has been a significant transition in recent years, the growth in Other Funds demonstrates the institution's successful diversification strategy.

E&G Funds Performance

Peaked at **$38,950** in FY21
Currently at **$10,003** (FY24)

Auxiliary Services Outlook

Transition period since FY21
Recovery trend: **$5,005** improvement from FY21 low

Data represents University of Maine and University of Maine at Machias financial position from fiscal years 2014-2024
All values shown in thousands of dollars ($)

University of Maine

University of Maine at Machias

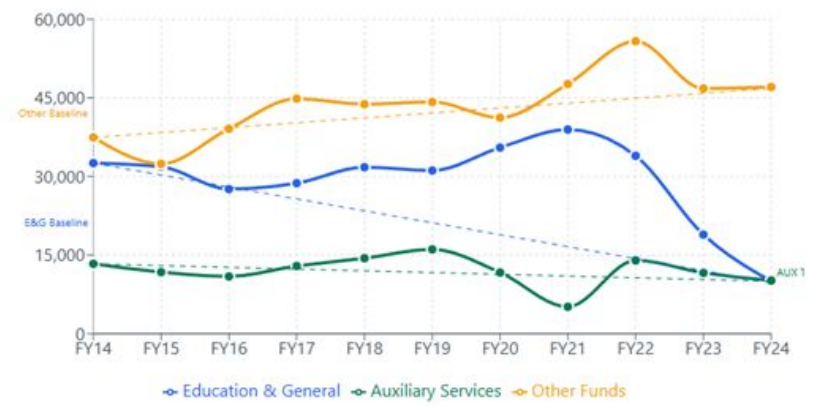
Composition of Unrestricted Net Position

Financial Years 2014-2024 • Values in Thousands ($)

E&G Funds	AUX Services	Other Funds
$10,003	**$10,133**	**$47,069**
-8,897 (-47.1%)	-1,469 (-12.7%)	+288 (0.6%)
vs Previous Year	vs Previous Year	vs Previous Year

Trend Analysis

FY14-FY24 Analysis



Financial Summary

The University of Maine at Farmington has demonstrated notable financial restructuring over the past decade. While Education & General funds have faced significant challenges since FY17, Other Funds have shown resilience with recent growth, providing important financial stability. The institution is navigating a period of transition with a focus on optimizing resource allocation.

E&G Funds Performance

Transition from **$2,808** in FY14
Stabilization efforts ongoing

Other Funds Outlook

Strong growth in FY24
Year-over-year increase: **$776** (+71.9%)

Data represents University of Maine at Farmington financial position from fiscal years 2014-2024
All values shown in thousands of dollars ($)

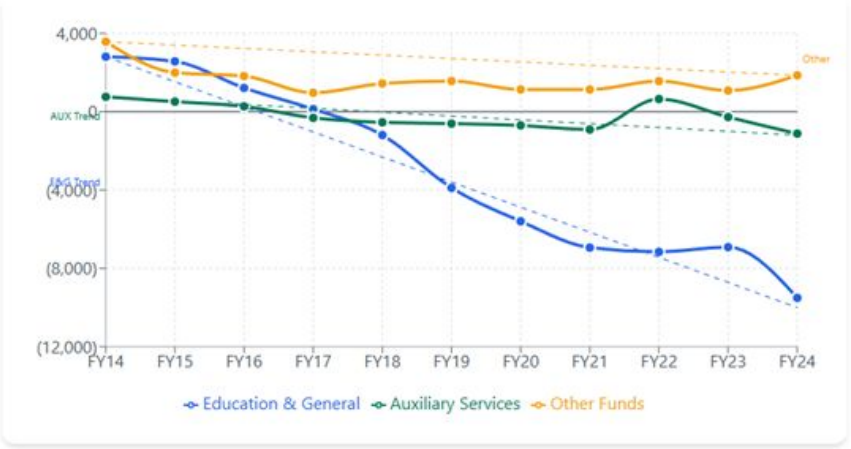
University of Maine at Farmington

Composition of Unrestricted Net Position

Financial Years 2014-2024 • Values in Thousands ($)

E&G Funds	AUX Services	Other Funds
$-9,508	**$-1,121**	**$1,856**
-2,592 (-37.5%)	-846 (-307.6%)	+776 (71.9%)
vs Previous Year	vs Previous Year	vs Previous Year

Trend Analysis — FY14-FY24 Analysis



Financial Summary

The University of Maine at Fort Kent has achieved exceptional transformation in Education & General funds over the past decade, expanding from $364,000 in FY14 to over $4.1 million in FY24. This extraordinary trajectory highlights the institution's focused commitment to strengthening its core academic mission. While Auxiliary Services continue to face challenges, Other Funds have shown resilience with positive growth in the most recent fiscal year.

E&G Funds Performance

1,031% growth since FY14
Year-over-year growth: +**$176** (4.5%)

Other Funds Outlook

Strong recovery in FY24
Year-over-year increase: +**$163** (+23.2%)

Data represents University of Maine at Fort Kent financial position from fiscal years 2014-2024
All values shown in thousands of dollars ($)

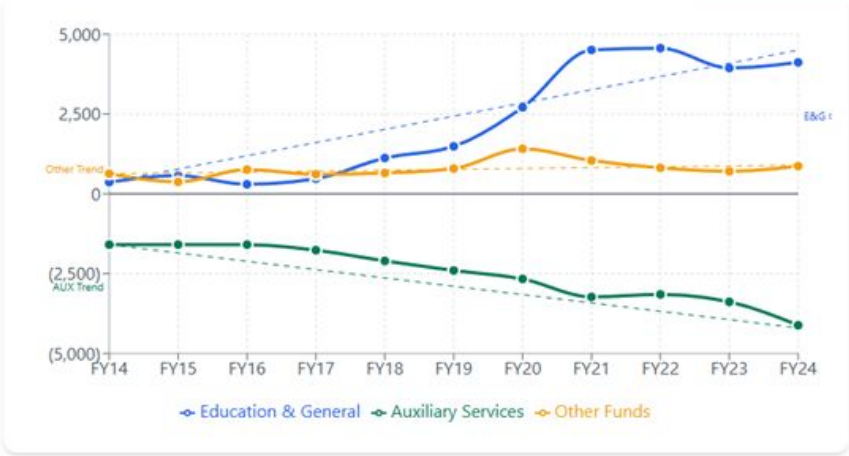
University of Maine at Fort Kent

Composition of Unrestricted Net Position

Financial Years 2014-2024 • Values in Thousands ($)

E&G Funds	AUX Services	Other Funds
$4,116	**$-4,116**	**$867**
+176 (4.5%)	-733 (-21.7%)	+163 (23.2%)
vs Previous Year	vs Previous Year	vs Previous Year

Trend Analysis — FY14-FY24 Analysis



Financial Summary

The University of Maine at Presque Isle has demonstrated remarkable financial resilience in FY24, with Education & General funds showing a dramatic recovery after five consecutive years of negative balances. This impressive turnaround of over 200% represents a significant achievement in financial stabilization. While Auxiliary Services have shifted to a negative position, Other Funds continue to provide strong support at levels significantly higher than the first half of the decade.

E&G Funds Turnaround

Dramatic recovery: **+$1,025** (204.2%)
First positive balance since FY18

Other Funds Strength

Maintains strong position at **$1,177**
116% higher than FY14-FY18 average

Data represents University of Maine at Presque Isle financial position from fiscal years 2014-2024
All values shown in thousands of dollars ($)

University of Maine at Presque Isle

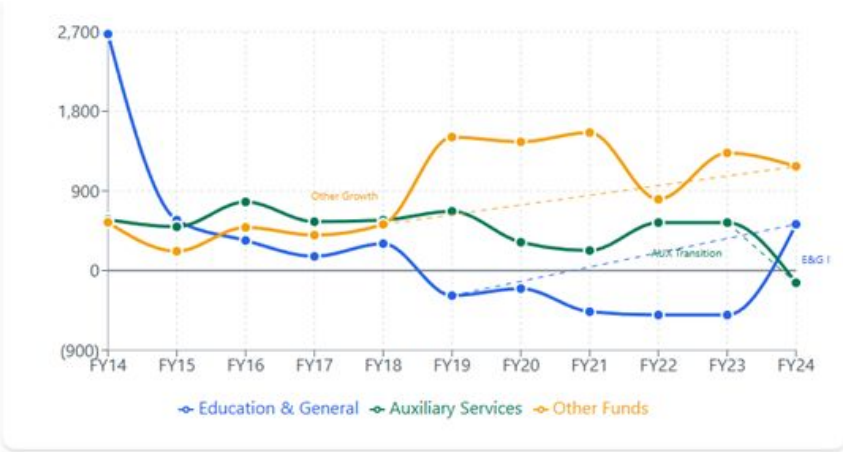
Composition of Unrestricted Net Position

Financial Years 2014-2024 • Values in Thousands ($)

E&G Funds	AUX Services	Other Funds
$523	**$-138**	**$1,177**
+1,025 (204.2%)	-680 (-125.5%)	-152 (-11.4%)
vs Previous Year	vs Previous Year	vs Previous Year

Trend Analysis

FY14-FY24 Analysis



Financial Summary

The University of Southern Maine has experienced significant financial shifts over the past decade. After a period of strong E&G growth through FY22, the institution has undergone a major transition with a substantial realignment of resources. While E&G and Auxiliary funds have faced challenges in recent years, Other Funds have shown impressive recovery in FY24, demonstrating the institution's strategic focus on diversifying its financial resources.

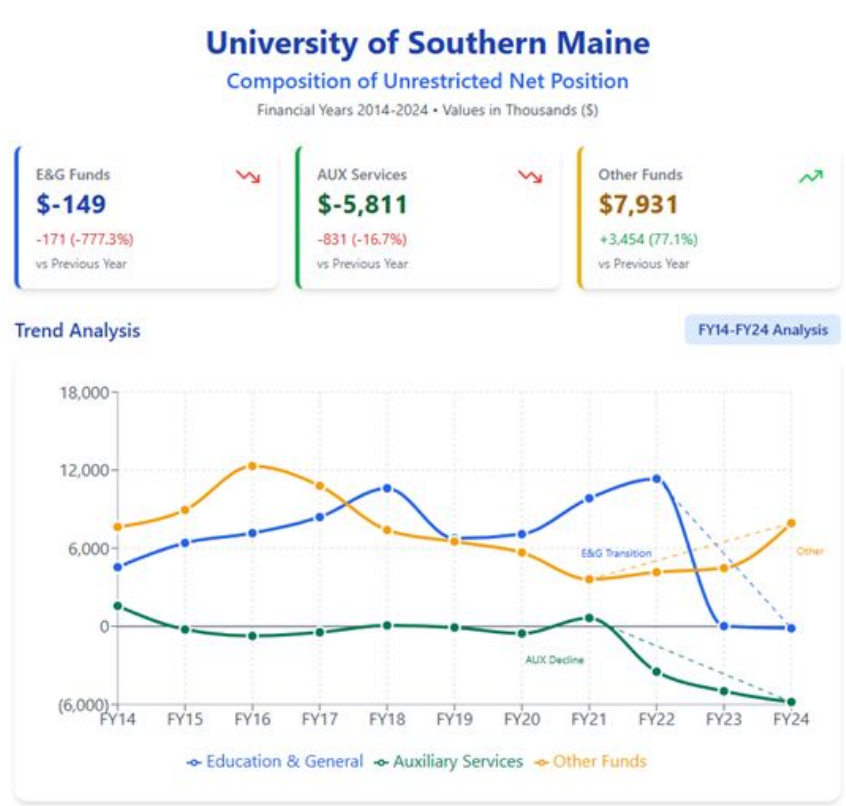
Recent E&G Transition

Peaked at **$11,341** in FY22
Strategic adjustments: **$11.5 million** shift from FY22-FY24

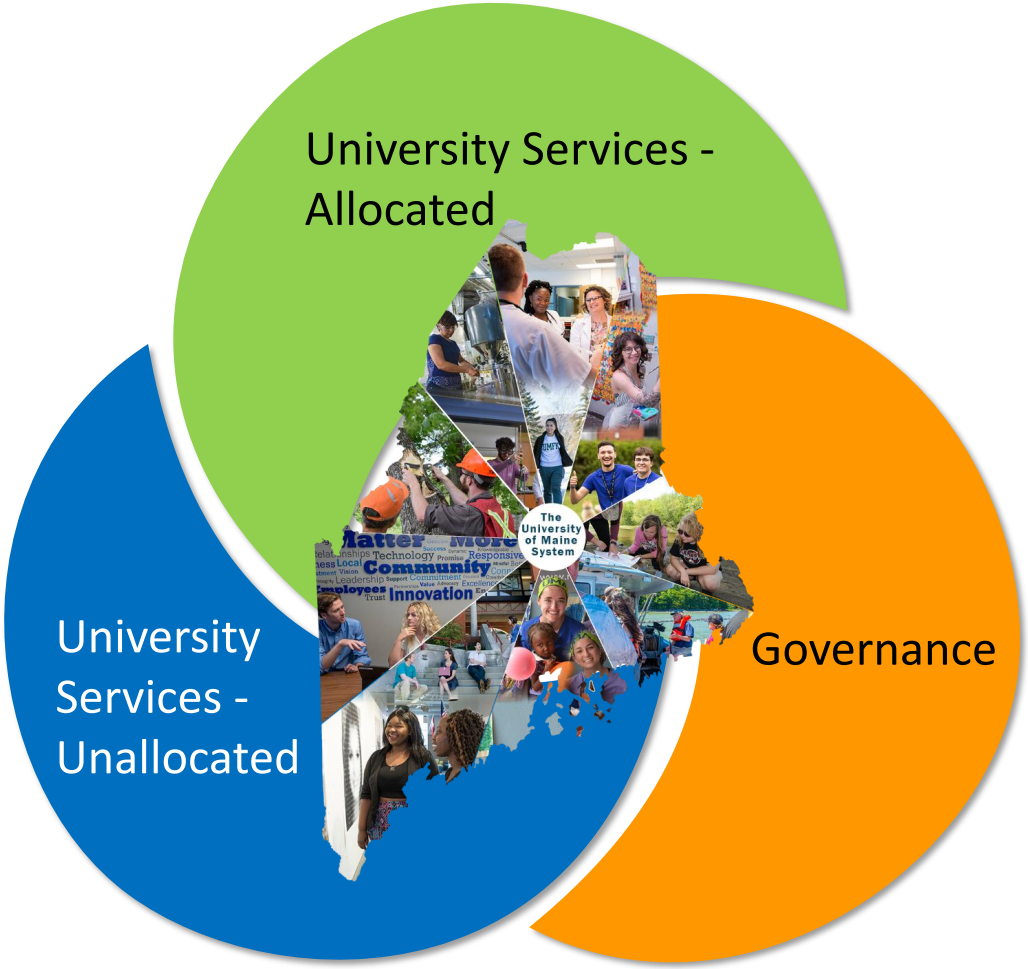
Other Funds Resurgence

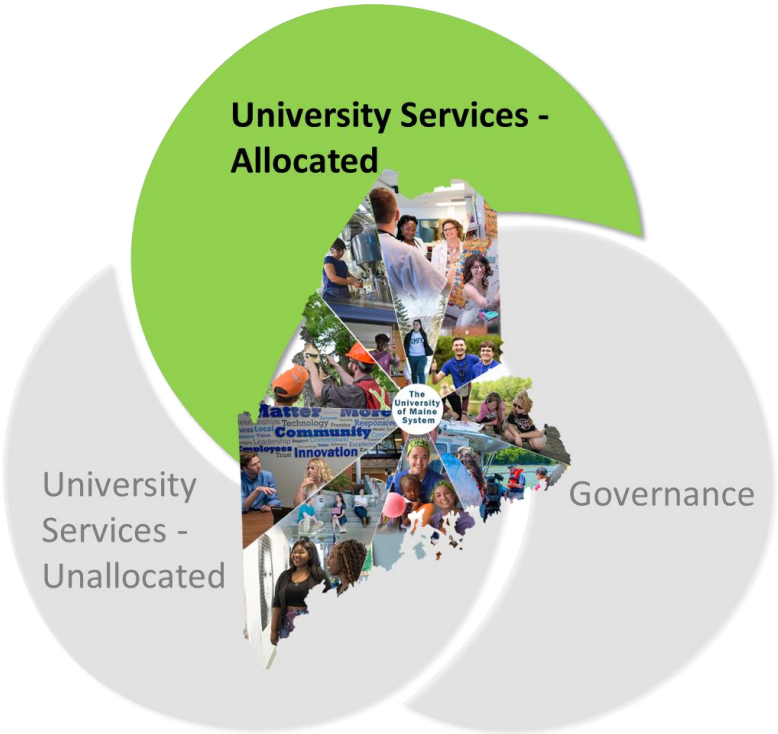
Strong growth: **+$3,454** (+77.1%)
120% increase since FY21

Data represents University of Southern Maine financial position from fiscal years 2014-2024
All values shown in thousands of dollars ($)



The “System Office” is Comprised of 3 Units





Shared Services Staffing

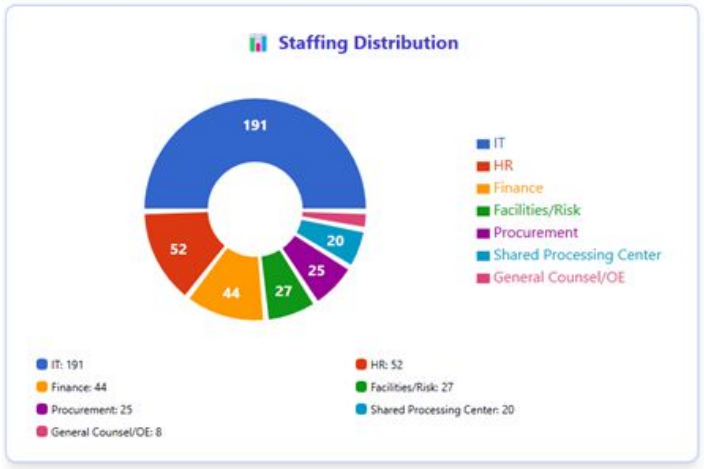
Fiscal Year 2026

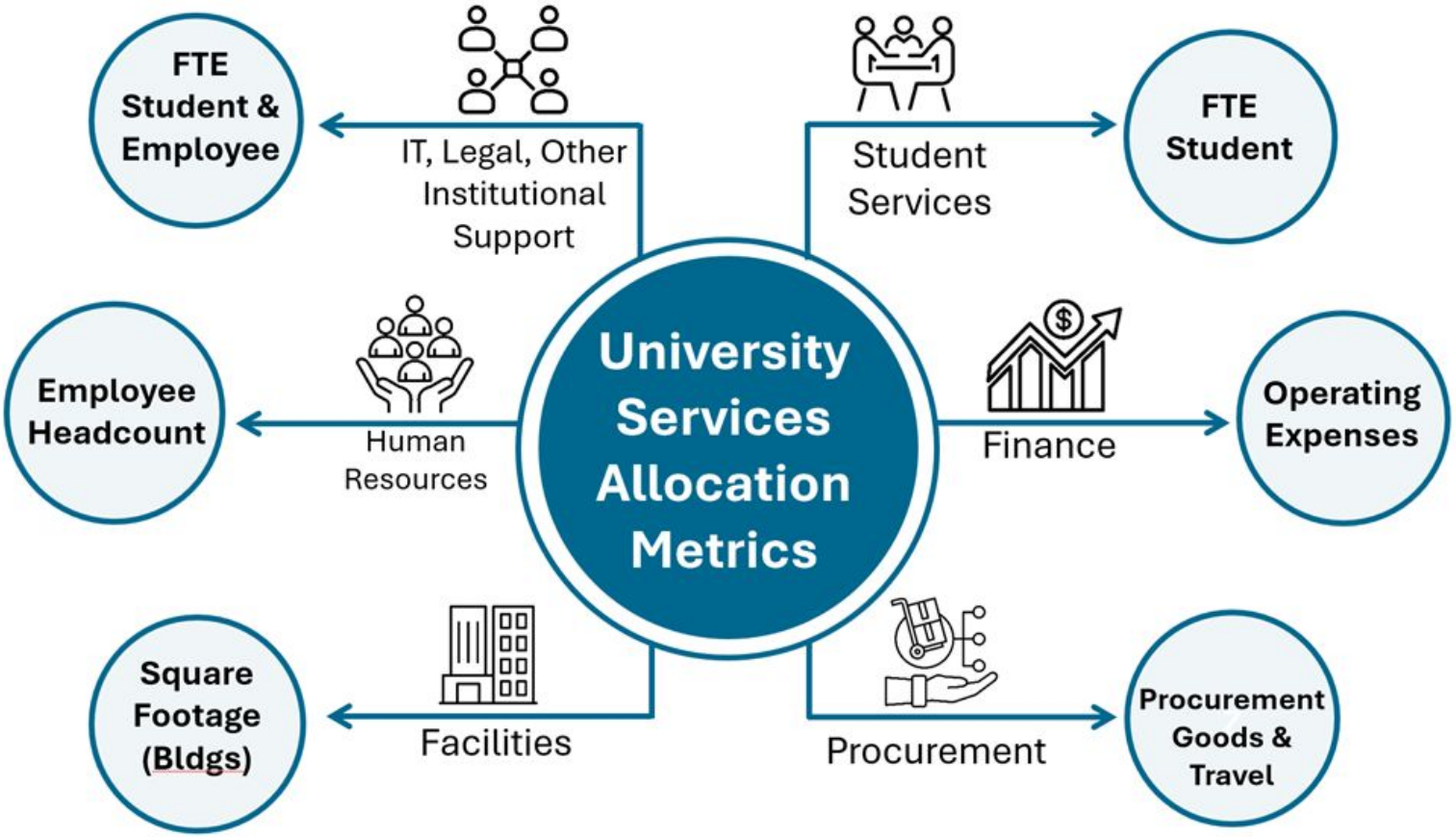
367

FY26

Total Allocated Positions

Reduction of 21 positions or 5% from FY25




FTE Student & Employee
IT, Legal, Other Institutional Support
Student Services
FTE Student
Employee Headcount
Human Resources
University Services Allocation Metrics
Finance
Operating Expenses
Square Footage (Bldgs)
Facilities
Procurement
Procurement Goods & Travel

Unified Services vs Campus Services

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

$41M

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.)

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.

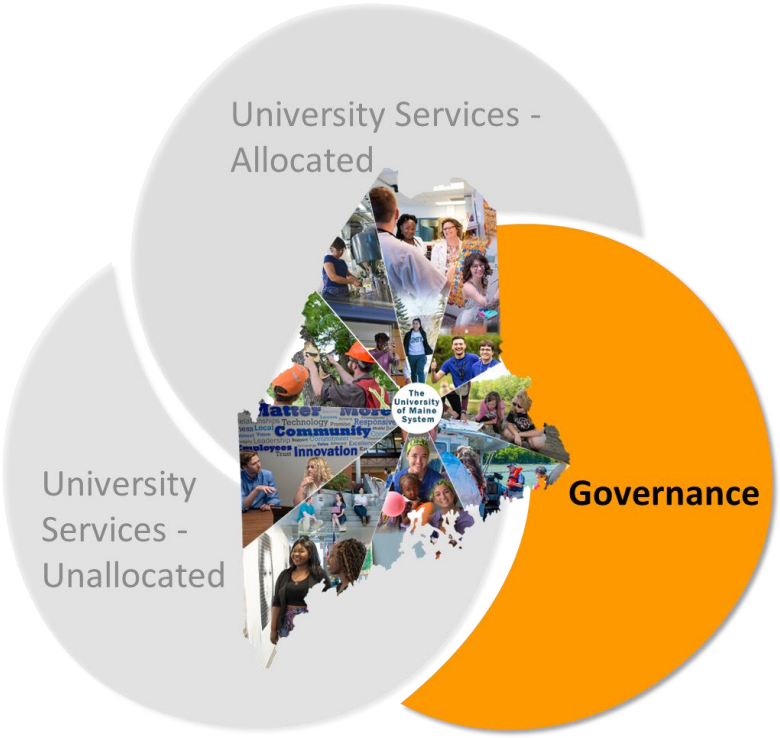
$15M

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.

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.

University Service - Allocated

	Allocated University Services			
	FY25 BASE	FY26 BASE	BUDGET CHANGE	
Revenues				
Indirect Cost Recovery	$ 1,000	$ 20,000	$ 19,000	1900.0%
Investment Income/Gifts	264,155	264,155	-	0.0%
Sales/Services/Auxiliary	615,582	869,300	253,718	41.2%
Total Revenue	880,737	1,153,455	272,718	31.0%
Expenses				
Salaries & Wages	$28,192,612	$29,065,174	$872,562	3.1%
Attrition (Salary Only)	(669,894)	(888,140)	(218,246)	32.6%
Employee Benefits Including Attrition	12,006,199	13,670,679	1,664,480	13.9%
Personnel	39,528,917	41,847,713	2,318,796	5.9%
Other Expenses & Transfers:				
Fuel & Electricity	11,830	10,530	(1,300)	-11.0%
Supplies & Services	8,282,538	8,795,833	513,295	6.2%
Shared Services	(53,144,593)	(55,848,046)	(2,703,453)	5.1%
Travel	170,978	166,545	(4,433)	-2.6%
Memberships, Contributions & Sponsorships	109,171	98,335	(10,836)	-9.9%
Maintenance & Alterations	2,551,806	3,207,955	656,149	25.7%
Interest	176	-	(176)	-100.0%
Other Expenses	2,223,922	2,217,600	(6,322)	-0.3%
Unassigned Budget	-	(906,205)	(906,205)	
Transfers - Other	158,861	595,895	437,034	
Total Other Expenses & Transfers	**(39,635,311)**	**(41,661,558)**	**(2,026,247)**	**5.1%**
Total Operating Expenses & Transfers	(106,394)	186,155	292,549	-275.0%
Operating Increase (Decrease)	$ 987,131	$ 967,300	$ (19,831)	-2.0%
Modified Cash Flow				
Operating Increase (Decrease)	$ 987,131	$ 967,300	$ (19,831)	-2.0%
Less Capital Expenditures	(973,315)	(967,300)	6,015	-0.6%
Less Debt Service Principal	(13,816)	-	13,816	-100.0%
Net Change Before Other Adjustments & Transfers	$ -	$ -	$ -	



Governance Staffing

Fiscal Year 2026

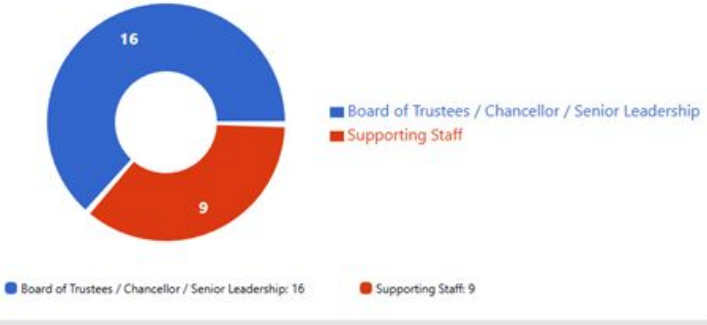
25 FY26

Total Positions

Funded directly with State Appropriation

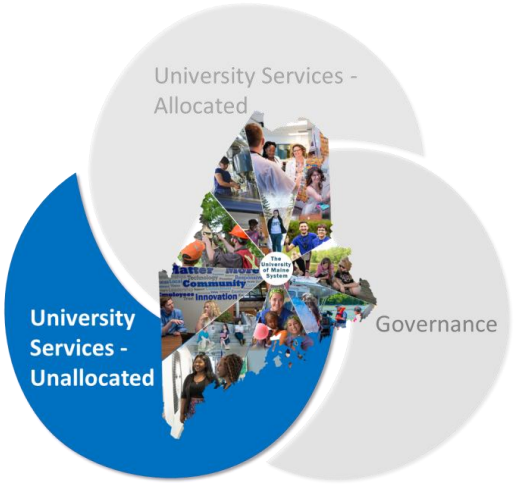
Reduction of 1 position from FY25

Staffing Distribution



Governance

	Governance		
	FY25 BASE	FY26 BASE	BUDGET CHANGE
Revenues			
State Appropriation	6,714,619	6,955,723	241,104 3.6%
Expenses			
Salaries & Wages	$3,819,219	$3,933,966	$114,747 3.0%
Attrition (Salary Only)	(26,603)	(50,000)	(23,397) 87.9%
Employee Benefits Including Attrition	1,598,665	1,811,918	213,253 13.3%
Personnel	$5,391,281	5,695,884	$304,603 5.6%
Other Expenses & Transfers:			
Supplies & Services	117,165	122,455	5,290 4.5%
Shared Services	1,107,348	1,182,090	74,742 6.7%
Travel	132,551	125,950	(6,601) -5.0%
Memberships, Contributions & Sponsorships	76,300	106,670	30,370 39.8%
Maintenance & Alterations	2,100	2,000	(100) -4.8%
Interest	-	-	- -%
Depreciation	-	-	- -%
Other Expenses	93,184	44,700	(48,484) -52.0%
Unassigned Budget	-	(143,226)	(143,226) -%
Transfers to/(from) MAFES/CES	-	-	- -%
Transfers to/(from) MEIF	-	-	- -%
Transfers - Other	(205,310)	(180,800)	24,510 -11.9%
Total Other Expenses & Transfers	**1,323,338**	**1,259,839**	**(63,499) -4.1%**
Total Operating Expenses & Transfers	6,714,619	6,955,723	241,104 3.7%
Operating Increase (Decrease)	$ -	$ -	$ -



University Services – Unallocated

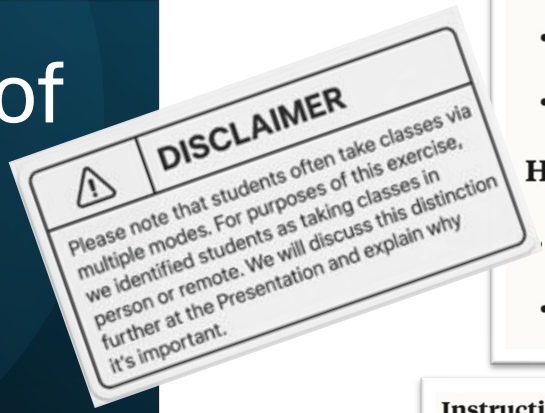
Strategic initiatives funded through:

- Legislative appropriations (e.g., Early College)
- UMS budget process, identified as having system-wide impact

University Services - Unallocated

FY26 UNALLOCATED UNIVERSITY SERVICES	
Direct Appropriation	
Adult Degree Completion	1,500,000
Early College	1,716,000
Interpersonal Violence Prevention	393,750
ME Paid Family Medical Leave	4,000,000
	7,609,750
Strategic Appropriation	
Community Connection	25,000
Libraries	1,063,393
IR	531,423
Executive Transition	250,000
Maine Center	2,000,000
Marketing	750,000
Capital Planning	1,339,266
Financial Literacy, Distance Ed, Bond	69,840
Healthcare Purchasers Alliance	90,000
Vice Chancellor-Research	875,000
Research Reinvestment Fund	2,100,000
Demolition	850,000
Shared Services - Law School	300,000
TBD	2,917,134
	13,161,056
Total Appropriation	20,770,806
Capital fm Investment Income	2,764,824
GRAND TOTAL	23,535,630

University of Maine System



System Overview (Projected Fall 2025)

Total System Headcount: 26,154 students

- **Full-Time Students:** 18,481 (70.7% of total)
- **Part-Time Students:** 7,673 (29.3% of total)

Instructional Mode:

- **In-Person Classes:** 17,745 students (67.8% of total)
- **Remote/Other:** 8,409 students (32.2% of total)

Housing Status:

- **On Campus Housing:** 6,495 students (24.8% of total)
- **Off-Campus:** 19,659 students (75.2% of total)

Instructional Mode Trends

The system has maintained a relatively stable proportion of in-person instruction, with a slight decrease from 72.3% in Fall 2022 to 67.8% projected for Fall 2025. However, this system-level stability masks significant variation between campuses.

Campus Housing Trends

System-wide campus housing utilization has increased from 23.1% in Fall 2022 to a projected 24.8% in Fall 2025, with most campuses showing growth in this area, particularly USM (19.4% to 27.6%).

University of Maine at Augusta

Current Enrollment Overview (Projected Fall 2025)

Total Headcount: 2,973 students

- **Full-Time Students**: 1,276 (42.9% of total)
- **Part-Time Students**: 1,697 (57.1% of total)

Instructional Mode:

- **In-Person Classes**: 1,879 students (63.2% of total)
- **Remote/Other**: 1,094 students (36.8% of total)

Housing Status:

- **On Campus Housing**: 134 students (4.5% of total)
- **Off-Campus**: 2,839 students (95.5% of total)

In-Person Attendance

- **Fall 2022**: 1,753 students (53.7%)
- **Fall 2023**: 1,780 students (56.6%)
- **Fall 2024**: 1,841 students (60.7%)
- **Projected Fall 2025**: 1,879 students (63.2%)

Despite the overall enrollment decline, the number and percentage of students taking in-person classes has been steadily increasing, showing a **9.5% increase** from 2022 to the 2025 projection.

Campus Housing

- **Fall 2022**: 77 students (2.4%)
- **Fall 2023**: 99 students (3.1%)
- **Fall 2024**: 124 students (4.1%)
- **Projected Fall 2025**: 134 students (4.5%)

Campus housing utilization has shown significant growth, with a **74% increase** in the number of students living in campus housing from 2022 to the 2025 projection.

UMA vs. System Average (Projected Fall 2025)

Metric	UMA	System Average	Difference
Full-Time %	42.9%	70.7%	-27.8%
In-Person %	63.2%	67.8%	-4.6%
Housing %	4.5%	24.8%	-20.3%

University of Maine

University of Maine at Machias

Current Enrollment Overview (Projected Fall 2025)

Total Headcount: 11,158 students

- **Full-Time Students**: 8,848 (79.3% of total)
- **Part-Time Students**: 2,310 (20.7% of total)

Instructional Mode:

- **In-Person Classes**: 9,277 students (83.1% of total)
- **Remote/Other**: 1,881 students (16.9% of total)

Housing Status:

- **On Campus Housing**: 3,639 students (32.6% of total)
- **Off-Campus**: 7,519 students (67.4% of total)

In-Person Attendance

- **Fall 2022**: 9,424 students (82.2%)
- **Fall 2023**: 9,176 students (82.3%)
- **Fall 2024**: 9,281 students (83.1%)
- **Projected Fall 2025**: 9,277 students (83.1%)

The percentage of students taking in-person classes has remained very stable, showing only a slight increase from 82.2% to 83.1% over the four-year period.

Campus Housing

- **Fall 2022**: 3,374 students (29.4%)
- **Fall 2023**: 3,350 students (30.0%)
- **Fall 2024**: 3,632 students (32.5%)
- **Projected Fall 2025**: 3,639 students (32.6%)

Campus housing utilization has shown steady growth as a percentage of total enrollment, increasing from 29.4% to 32.6%, with the most significant increase occurring between 2023 and 2024.

UM/UMM vs. System Average (Projected Fall 2025)

Metric	UM/UMM	System Average	Difference
Full-Time %	79.3%	70.7%	+8.6%
In-Person %	83.1%	67.8%	+15.3%
Housing %	32.6%	24.8%	+7.8%

University of Maine at Farmington

Current Enrollment Overview (Projected Fall 2025)

Total Headcount: 1,827 students

- **Full-Time Students**: 1,210 (66.2% of total)
- **Part-Time Students**: 617 (33.8% of total)

Instructional Mode:

- **In-Person Classes**: 1,399 students (76.6% of total)
- **Remote/Other**: 428 students (23.4% of total)

Housing Status:

- **On Campus Housing**: 649 students (35.5% of total)
- **Off-Campus**: 1,178 students (64.5% of total)

In-Person Attendance

- **Fall 2022**: 1,405 students (91.5%)
- **Fall 2023**: 1,354 students (88.8%)
- **Fall 2024**: 1,332 students (82.5%)
- **Projected Fall 2025**: 1,399 students (76.6%)

While the absolute number of in-person students has remained relatively stable, the percentage has decreased from 91.5% to 76.6%, indicating growth in remote/online programs

Campus Housing

- **Fall 2022**: 725 students (47.2%)
- **Fall 2023**: 666 students (43.7%)
- **Fall 2024**: 630 students (39.0%)
- **Projected Fall 2025**: 649 students (35.5%)

Campus housing utilization has shown a decline as a percentage of total enrollment, decreasing from 47.2% to 35.5%, though the projected absolute number for 2025 shows a slight increase from 2024.

Comparative Analysis

UMF vs. System Average (Projected Fall 2025)

Metric	UMF	System Average	Difference
Full-Time %	66.2%	70.7%	-4.5%
In-Person %	76.6%	67.8%	+8.8%
Housing %	35.5%	24.8%	+10.7%

University of Maine at Presque Isle

Current Enrollment Overview (Projected Fall 2025)

Total Headcount: 2,995 students

- **Full-Time Students**: 1,997 (66.7% of total)
- **Part-Time Students**: 998 (33.3% of total)

Instructional Mode:

- **In-Person Classes**: 465 students (15.5% of total)
- **Remote/Other**: 2,530 students (84.5% of total)

Housing Status:

- **On Campus Housing**: 190 students (6.3% of total)
- **Off-Campus**: 2,805 students (93.7% of total)

In-Person Attendance

- **Fall 2022**: 504 students (39.9%)
- **Fall 2023**: 444 students (29.4%)
- **Fall 2024**: 447 students (20.6%)
- **Projected Fall 2025**: 465 students (15.5%)

While the absolute number of in-person students has remained relatively stable, the percentage has dramatically decreased from 39.9% to 15.5% due to the rapid growth in total enrollment, suggesting that virtually all new enrollment growth is in remote/online programs.

Campus Housing

- **Fall 2022**: 176 students (13.9%)
- **Fall 2023**: 175 students (11.6%)
- **Fall 2024**: 175 students (8.1%)
- **Projected Fall 2025**: 190 students (6.3%)

Campus housing utilization has remained fairly stable in absolute numbers but has declined significantly as a percentage due to overall enrollment growth.

Comparative Analysis

UMPI vs. System Average (Projected Fall 2025)

Metric	UMPI	System Average	Difference
Full-Time %	66.7%	70.7%	-4.0%
In-Person %	15.5%	67.8%	-52.3%
Housing %	6.3%	24.8%	-18.5%

University of Maine at Fort Kent

Current Enrollment Overview (Projected Fall 2025)

Total Headcount: 841 students

- **Full-Time Students:** 447 (53.2% of total)
- **Part-Time Students:** 394 (46.8% of total)

Instructional Mode:

- **In-Person Classes:** 332 students (39.5% of total)
- **Remote/Other:** 509 students (60.5% of total)

Housing Status:

- **On Campus Housing:** 130 students (15.5% of total)
- **Off-Campus:** 711 students (84.5% of total)

In-Person Attendance

- **Fall 2022:** 351 students (48.4%)
- **Fall 2023:** 324 students (43.8%)
- **Fall 2024:** 306 students (39.7%)
- **Projected Fall 2025:** 332 students (39.5%)

The percentage of students taking in-person classes has declined from 48.4% to 39.5%, though the absolute number is projected to increase slightly in 2025 after previous declines.

Campus Housing

- **Fall 2022:** 107 students (14.8%)
- **Fall 2023:** 119 students (16.1%)
- **Fall 2024:** 114 students (14.8%)
- **Projected Fall 2025:** 130 students (15.5%)

Campus housing utilization has remained relatively stable as a percentage but has grown in absolute numbers in line with overall enrollment growth.

Comparative Analysis

UMFK vs. System Average (Projected Fall 2025)

Metric	UMFK	System Average	Difference
Full-Time %	53.2%	70.7%	-17.5%
In-Person %	39.5%	67.8%	-28.3%
Housing %	15.5%	24.8%	-9.3%

University of Southern Maine

Current Enrollment Overview (Projected Fall 2025)

Total Headcount: 6,360 students

- **Full-Time Students**: 4,703 (73.9% of total)
- **Part-Time Students**: 1,657 (26.1% of total)

Instructional Mode:

- **In-Person Classes**: 4,393 students (69.1% of total)
- **Remote/Other**: 1,967 students (30.9% of total)

Housing Status:

- **On Campus Housing**: 1,753 students (27.6% of total)
- **Off-Campus**: 4,607 students (72.4% of total)

In-Person Attendance

- **Fall 2022**: 4,318 students (68.7%)
- **Fall 2023**: 4,261 students (68.8%)
- **Fall 2024**: 4,322 students (69.1%)
- **Projected Fall 2025**: 4,393 students (69.1%)

The percentage of students taking in-person classes has remained remarkably stable, showing only a minimal increase from 68.7% to 69.1% over the four-year period.

Campus Housing

- **Fall 2022**: 1,219 students (19.4%)
- **Fall 2023**: 1,445 students (23.3%)
- **Fall 2024**: 1,761 students (28.1%)
- **Projected Fall 2025**: 1,753 students (27.6%)

Campus housing utilization has shown substantial growth, increasing from 19.4% to 27.6% of total enrollment, with a particularly significant jump between 2022 and 2024, followed by a slight projected decrease in 2025.

Comparative Analysis

USM vs. System Average (Projected Fall 2025)

Metric	USM	System Average	Difference
Full-Time %	73.9%	70.7%	+3.2%
In-Person %	69.1%	67.8%	+1.3%
Housing %	27.6%	24.8%	+2.8%

University of Maine System

DRAFT Administrative Practice Letter (APL) on Reserves

For Discussion with the Finance, Facilities, and Technology Committee

A. Introduction to UMS System and Campus Level Reserves

Reserves are an accumulation of funds for future purposes. A subset of Unrestricted Net Position (UNP) in the audited financial statements, reserves represent the net accumulated surpluses and deficits from prior years' general operations and transfers.

Reserve balances are meant to be positive and somewhat long-term in nature. Uses of reserves generally include:

- helping the UMS and its campuses when unexpected shortfalls arise (e.g., revenue shortfalls from curtailment of anticipated state appropriations);
- covering unanticipated expenses (e.g., one-time legal fees, major disasters); and
- funding strategic one-time investments and initiatives.

The System and campuses each hold reserves with their sources and uses as described below.

This APL does not apply to unrestricted project, program and designated activity balances (i.e., General Ledger funds 04, 12, 13, 18, 19).

B. System Held Central Reserves

As further described below, the UMS Vice Chancellor for Finance and Treasurer manages System held central reserves for the benefit of system-wide or campus initiatives in accordance with this APL and Board of Trustees direction. Such reserves are maintained to weather unforeseen state economic conditions or other fiscal challenges, to cover unexpected costs and to fund strategic initiatives. Additionally, such reserves are held as necessary given UMS self-insures certain employee benefits and other insurances.

System held central reserves include the following subcategories.

1. Budget Stabilization Reserve

   The Budget Stabilization Reserve is established to weather the financial impacts of adverse investment markets, State of Maine economic conditions (i.e., State budget curtailment), and other financial challenges. This reserve may support campus budgets only when required expense reductions would compromise campus stability and use of this reserve requires approval from both the Finance Committee and full Board of Trustees during the annual budget process.

This reserve is funded from excess UMS Operating Fund net investment income over budget. The target for this reserve is to equal 10% of State of Maine's General Fund E&G appropriation to UMS for the prior fiscal year.

2. Unified Operating Reserve

The Unified Operating Reserve supports non-budgeted emergency needs. This reserve funds strategic investments that promote system-wide growth, stimulate reform, expand programs benefiting the System as a whole, and it covers unexpected legal settlements. Examples of prior uses include funding library subscriptions & acquisitions across the System and necessary renovations at newly acquired buildings. The target for this reserve is 15% of State of Maine's General Fund E&G appropriation to UMS for the prior fiscal year.

3. Benefit Pool Carryover

The Benefit Pool Carryover Reserve is held to counter major cost fluctuations associated with the UMS' benefit plans including its self-insured health plan. Transfers to and from this reserve are generally related to actual performance in the UMS-wide benefit pool operated by GUS.

As recommended by the UMS' actuary, the target for this reserve is a level sufficient to cover three to six months of expected paid health claims and expenses.

4. Risk Management Reserves

The Risk Management Reserves serve as business insurance reserves to assist campuses in paying deductibles on claims as UMS utilizes high insurance deductibles to reduce insurance premium costs. These reserves are funded by annual campus contributions.

5. Capital Planning Reserves

Capital Planning/Facilities Reserves are used primarily for information technology (IT) equipment and systems, and other capital equipment.

6. Special Initiative Reserves

The State's General Fund allotment of appropriation includes earmarks for initiatives such as Early College, Adult Degree Completion, etc. Any surpluses or deficits from these specific initiatives are transferred to the applicable reserve.

C. Campus Reserves

Generally, each campus maintains three types of reserves: operating, capital planning, and special or strategic investment.

1. Operating Reserves

   Operating reserves are maintained to sustain financial operations in the event of unanticipated significant unbudgeted operating expenses and/or reductions in operating revenues. These reserves provide resources to

   - allow the campus to respond to changes in the economic environment;
   - sustain the campus through temporary revenue setbacks resulting from enrollment declines, funding reductions, or other issues; and
   - preserve stakeholder confidence in campus fiscal operations.

   Operating Reserves are meant to solve short-term income and expense issues and not structural budget deficits; therefore, use of them should be temporary to offset income shortfalls while the campus works to rebuild/replace income or reduce expenses in the near future.

   Each campus maintains a separate Operating Reserve for educational and general (E&G) operations and for each auxiliary enterprise:

   a. E&G Operating Reserves

      Each campus will work to establish and maintain an unrestricted Operating Reserve of at least 20% of its prior year Adjusted E&G Expenses – See ATTACHMENT I for illustration. A 20% E&G Operating Reserve would provide coverage for approximately ten weeks of E&G expenses.

      At the end of each fiscal year, the net surplus or deficit ((revenues plus transfers in) less (expenses plus transfers out)) from E&G operations for each campus, will close to the respective campus' Operating Reserve.

      When a campuses desires to use its E&G Operating Reserve when the balance is below, or will drop below, the 20% target, the campus must present the intended use and plan for replenishment to the UMS Vice Chancellor for Finance and Treasurer for approval. As part of this process, Campus management should review their other categories of unrestricted and restricted net position and determine if any of those funds could be used instead.

   b. Auxiliary Operating Reserves

      Campus level Operating Reserves are maintained for each major auxiliary enterprise operation (e.g., bookstore, residence and dining, motor pool). Each year, the net surplus or deficit ((revenues plus transfers in) less (expenses plus transfers out)) from each auxiliary enterprise operation will automatically close to its applicable Auxiliary Operating Reserve.

For each of its auxiliary operations, each campus will work to establish and maintain an unrestricted reserve of at least 20% of each auxiliary operations' prior year Adjusted Auxiliary Expenses – See ATTACHMENT II for illustration. A 20% reserve would provide coverage for approximately ten weeks of the individual auxiliary's expenses.

Any auxiliary reserve balance in excess of the recommended 20% level must be clearly linked to specific programming and operating needs, such as planned capital expenses (including deferred maintenance) or reduction of fees and charges in the next year's operating budget; and must be reviewed and approved annually by the campus CBO. Ideally, amounts earmarked for planned capital expenses should be transferred to an auxiliary capital planning reserve within the applicable auxiliary department.

2. Capital Planning Reserves

   Capital Planning/Facilities Reserves are used for the repair, renovation, demolition, or acquisition of real property, information technology (IT) equipment and systems, and other capital equipment. Each campus maintains such reserves centrally; however, equipment reserves may also be held at the department or college level provided there is a demonstrated need and a plan of action for utilizing the reserve in a timely manner.

   Separate capital planning reserves are maintained for E&G versus Auxiliary Enterprise operations. The Auxiliary enterprise capital planning reserve may be held centrally or within the Auxiliary operation for which the funds are being set aside.

3. Special or Strategic Investment Reserves

   Special or strategic reserves are critical to a campus' ability to ensure the long-term stability of on-going programs or to fund new strategic investments. Establishing a new special/strategic reserve or adding to an existing one requires approval of the UMS Vice Chancellor for Finance and Treasurer. Generally, a campus should not make such a request if its E&G Operating Reserve balance is below 10% of its Adjusted E&G Expenses. Campuses are encouraged to build their E&G Operating Reserves to the 20% of Adjusted E&G Expenses target before requesting special or strategic reserves.

ATTACHMENT I

Illustration – Calculating E&G Operating Reserve Target Balances

		$ in thousands
Fund 00 expenses and transfers*	$	277,800
Less depreciation expense*		(18,630)
Plus debt service principal*		3,078
Adjusted E&G Expenses	$	262,248
Operating Reserve Target Balances:		
Minimum Reserve Balance to be Reached Before the Campus Requests Special or Strategic Investment Reserves = 10% of Adjusted E&G Expenses	$	26,225
Target Minimum Operating Reserve Balance - 20% of Adjusted E&G Expenses	$	52,450

* = Per the final STATS3EN_UNRES_EG report for the applicable fiscal year

ATTACHMENT II

Illustration – Calculating an Auxiliary Operating Reserve Target Balance for a Residence & Dining Operation

	$ in thousands
Total Net Expenses for individual auxiliary operation*	$1,836
Less balance in account 71699-Transfers to Aux Res YE Close'	$668
Adjusted Auxiliary operation expenses	$ 2,504
Auxiliary Operating Reserve Target Balance:	
Target Minimum Auxiliary Operating Reserve Balance - 20% of Adjusted Auxiliary Expenses	$ 501

Above illustration is based on the below noted residence and dining departments for UMPI.

	Dept 7501106	Dept 7701300	Dept 7701312	Dept 7000090	Dept 7000091	Total
Total Revenue*	$ (59)	$ 801	$ 1,009	$ 9	$ -	$1,760
Total Net Expenses for individual auxiliary operation*	$ (54)	$ 871	$ 1,010	$ 9	$ -	$1,836
Less balance in account 71699-Transfers to Aux Res YE Close'	$ 367	$ 455	$ (207)	$ 35	$ 18	$668
Adjusted Auxiliary operation expenses	$ 313	$ 1,326	$ 803	$ 44	$ 18	$2,504

* = Per GL Inquiry view. Does not include depreciation expense.

University of Maine System
Board of Trustees

AGENDA ITEM SUMMARY

NAME OF ITEM: Maine Center Discussion

CAMPUS PRESENTER(S): Seth Goodall, CEO Maine Center Ventures

INITIATED BY: Roger J. Katz, Chair

BOARD INFORMATION: **X** **BOARD ACTION:**

BOARD POLICY:
700

UNIFIED ACCREDITATION CONNECTION:

UMS STRATEGIC PLAN CONNECTION:

BACKGROUND:
Maine Center Leadership will engage in a discussion of both current and projected budgets. This will include an exploration of longer-term goals and potential funding strategies beyond the current support provided by the Harold Alfond Foundation (HAF) grant.

4/4/2025

University of Maine System
Board of Trustees

AGENDA ITEM SUMMARY

NAME OF ITEM: Energy Procurement Overview

CAMPUS PRESENTER(S): Gretchen Catlin, Chief Facilities and General Services Officer

INITIATED BY: Roger J. Katz, Chair

BOARD INFORMATION: **X** **BOARD ACTION:**

BOARD POLICY:
700

UNIFIED ACCREDITATION CONNECTION:

UMS STRATEGIC PLAN CONNECTION:

BACKGROUND:

Gretchen Catlin, Chief Facilities and General Services Officer, will review the energy procurement data that was requested by Trustees at the March 19, 2025 meeting.

Attachment
Energy Procurement Overview

Maine's Public Universities
UNIVERSITY OF MAINE SYSTEM

Energy Procurement Overview

UMS's Multi-Faceted Procurement Strategy

Strategic Planning

The process begins with early strategy discussions, typically starting in February, followed by stakeholder meetings to align priorities and goals.

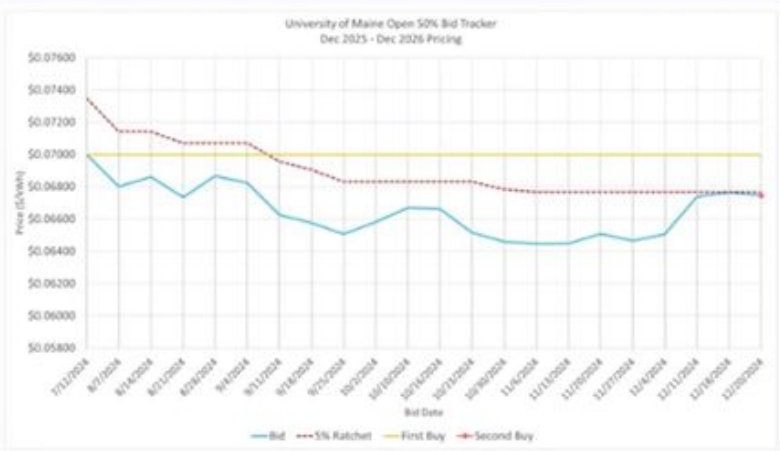
Market Analysis

Continuous monitoring of energy markets, including natural gas prices, LNG export capacity, and electricity pricing trends to inform decision-making.

Risk Management

Implementation of hedging strategies to protect against market volatility and secure predictable energy costs for budgeting purposes.

Electricity Procurement Approaches



Ratchet Strategy

UMaine employs a more dynamic "ratchet" approach:

- Set a baseline price with a 5% ceiling
- Monitor weekly market quotes
- Lower the price threshold if market moves down
- Lock in price if market begins to move up



Traditional Hedging Strategy

For some campuses, UMS implements a conventional hedging approach:

- Purchase electricity in scheduled tranches over time
- Secure fixed-price contracts for predetermined periods
- Spread purchases to average price exposure
- Maintain consistent budget predictability

Market Factors Influencing Energy Prices

Natural Gas Market Dynamics

Natural gas prices significantly impact costs. Key factors include:

- Storage levels relative to 5-year averages
- Production cuts and weather patterns
- LNG export capacity expansions (13 Bcf/d growth projected)

Electricity Market Trends

New England Power Pool (NEPOOL) electricity prices are affected by:

- Heating demand fluctuations
- Supply and demand balances

In New England, electricity generation is heavily dependent on natural gas. If regional gas prices rise more than the national average, it pushes up electricity prices in NEPOOL.

Note: NEPOOL is the regional electricity market framework that impacts how energy is priced and distributed in New England.

Transmission & Distribution Rate Changes

Utility rate structures impact total costs:

- CMP implemented significant transmission rate increases (37-54%) in January 2025
- Distribution revenue requirements increased 2.37%

Why Campuses Experience Different Rate Increases

Variations in energy rate changes across the System reflect differences in utility service territories, energy sources, and when contracts were secured:

Different Energy Sources

Campuses utilize different primary energy sources:

- UMaine and USM: Primarily electricity and natural gas
- Farmington and Fort Kent: Electricity and biomass
- Machias: Electricity and ULSHO (Ultra Low Sulfur Heating Oil)
- Presque Isle: Electricity and oil

Utility Service Territories

Campuses are served by different utilities:

- Central Maine Power (CMP) territory
- Versant Bangor Hydro territory
- Versant Maine Public District territory

Each utility has different transmission and distribution rates and rate increase schedules.

Procurement Timing

Energy contracts are secured at different times based on:

- Market conditions at time of procurement
- Different contract expiration dates
- Strategic decisions about when to lock in prices

Net Energy Billing: A Key Cost Reduction Strategy

UMS participates in Maine's Net Energy Billing program, generating renewable energy credits that have saved $8,276,510 across all campuses.



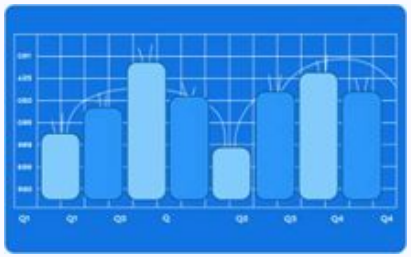
Hydro Projects

Hydroelectric facilities in Damariscotta, York, Stillwater, and Medway generate renewable credits for UMS.



Solar PV Projects

More than 20 solar installations from developers like MEI, AES, Nexamp, and SunVest enhance the system's renewable portfolio.



Financial Benefits

The program has yielded $8.2M in savings, plus $1.5M in Renewable Energy Credits (RECs) revenue since 2021.



Campus Implementation

CES aggregates campus demand and secures shares in NEB projects to maximize system benefits.

Budget Impact and Financial Planning



System-Wide Budget Trends

System-wide energy budget decreased from FY24 to FY25 by $4.7M and remains stable for FY26. Total budget:

FY24: $32,415,593

FY25: $27,711,650

FY26: $27,883,515



Variable Campus Impacts

While some campuses show decreasing costs, others like Farmington (FY26: $1,650,366) and Fort Kent (FY26: $703,359) show increases, reflecting different energy sources and higher transmission & distribution costs.



Budget Performance

Historical data shows actual energy costs typically come in below budget, demonstrating effective procurement and conservative budgeting practices.

Energy Prices × Energy Usage = Energy Costs

While energy procurement strategies determine prices, total energy expenditures vary based on how, when, and why energy is used across campuses:



Energy Infrastructure & Load Profile

Central plants vs. distributed systems (e.g., building-specific boilers or heat pumps)

27/7 Operations (labs, research, steam plants) vs limited-use facilities



Campus Mission Differences

Research-intensive campuses have higher demand than commuter-focused institutions



Usage

Winter heating loads and summer cooling drive large fluctuations in monthly usage and cost, especially at campuses with steam plants or electric heating. In addition, prices may vary between day and night usage.

Future Considerations and Policy Impacts

Policy Changes

Tariffs on energy imports increasing natural gas and electricity prices

LNG Exports

Export capacity growth driving natural gas prices



Renewable Programs

Net Energy Billing credit rate adjustments

REC Markets

Price fluctuations impacting revenue streams

Powering campuses efficiently takes both strategy and stewardship.

- **UMS uses a multi-faceted supply-side strategy** to manage risk and control energy pricing across the System.
- **NEB participation has saved over $8.2M,** with additional revenue from Renewable Energy Credits (RECs).
- **Energy prices differ by campus** due to utility territories, energy sources, and timing of procurement.
- **Energy costs differ by campus** due to infrastructure, campus mission, and usage.