

Minutes for University Budget Committee Meeting
Liberal Arts and Policy Building, Room 405
March 25, 2015 – 2:00 pm

Attending:

Ed Gibson, Chair

James Hale

J. C. Weiss

Patricia Bishop

Harry Schuckel, SeniorVP for Administration & Finance, (ex officio)

Barbara Aughenbaugh, Associate VP for Administration & Finance

Karen Karmioli, for Joe Wood, Provost & Senior VP for Academic Affairs (ex officio)

Mary Maher, Assistant VP for Human Resources (ex officio)

Michael Swaby-Rowe

Absent:

Joe Wood, Provost & Senior VP for Academic Affairs (ex officio)

John Greene

I. Minutes of the February meeting were approved.

- a. Add Karen Karmioli as attending

II. The status of the FY2015 & FY2016 budget:

- a. State legislature returned the FY15 COLA increases to the budget with funding
- b. Negotiations ongoing to restore cuts to FY16 Merit increases; this is not fully funded by the state (50% funded the past two Merit increases)
- c. USM likely to get \$20 million reduction; UB's portion will be \$600,000
- d. Hogan administration likely to choose to change the budget to close the structural deficit with a multi-year approach
- e. DRAFT model of FY16 was shared with the Executive Committee
 - i. There are two models for Enrollment: one for growth and one for expected
 - ii. There will likely be an increase in enrollment, but the growth is in areas with lower tuition rates
 - iii. Tuition rate increases are being considered (UG 5%, Grad 5%, & Law 5%)
 - iv. The Mandatory cost increases for FY16 are expected to total around \$2.8 million (normally these costs are around \$800,000 to \$1.3 million)
 - 1. USM Mandated Costs include:
 - a. Fringe Benefit Increases:
 - i. Employee Health Benefits \$670k
 - ii. Retiree Health Benefit \$1,186k
 - iii. Pension Changes, Workers Compensation, FICA and Unemployment Insurances \$187k
 - b. Other USM Costs:
 - i. Affordable Care Act \$150k

- ii. Contractual Salary Increases \$70k
 - iii. Transfer to USM for shared services: \$193k
 - iv. Academic Revenue Bond Increases: \$145k
 - v. Tuition Waiver Increases: \$200k
- v. Given the expected enrollment numbers, the increases in tuition, and the mandatory cost increases, the University will have a FY16 Net Base of - \$2.083 million, which is a -3.2% change from the FY15 adjusted base budget
- vi. If we examine the history of enrollments and the forecasts, then we should include a contingency plan (equivalent to headcount of 50 students) to account for any shortfall; this would give us a cushion of \$625,000
- vii. If we do not add a contingency for enrollment, then we may be faced with another mid-year reduction; if there is a contingency in place, then we can redistribute to areas in need
- viii. In addition, there is \$519,000 that the University needs to fund. If the University cannot fund, then the division will need to find money. These are all absolutely necessary. The addition of these charges increases the FY16 Net Base to -\$2,602, which is a -4% change from the FY15 adjusted base budget
 - 1. Fire & Life Safety \$149k
 - 2. Contingency Disability Services \$50k
 - 3. Title IX Training: \$200k (this figure may be inflated)
 - 4. Executive Searches: \$120k
- ix. Lastly, there are discretionary new expenditures totaling \$739,000 that may impact the FY16 budget. The addition of these charges increases the FY16 Net Base to -\$3,341, which is a -5.1% change from the FY15 adjusted base budget
- x. They are as follows:
 - 1. Staff Reclassifications: \$200k
 - 2. Estimated Library Return \$60k (may be deferred to FY17)
 - 3. Estimated PeopleSoft Contract Increase \$100k
 - 4. Financial Aid Increase to match tuition rate increases \$379k
- f. These cuts provide an opportunity to restructure services, which it is realized that this may be difficult to implement between now and July 1
 - i. The USM BoR has launched a new initiative called E&E 2.0 (Efficiency and Effectiveness). This is a group of about 40 senior leaders tasked with saving taxpayer dollars, improving Student Academic Performance and spurring innovation within the USM institutions
- g. It's important to note that if the University has to implement higher level of budget reductions then we will probably need to eliminate vacant positions (and maybe even filled positions)
- h. The current base change (w/out the additional expenditures) of -3.2% is remarkable given what the administration proposed

III. Revenue Initiative

- a. The committee met once to discuss the possibility of added revenue through continuing education programs or offering certificates. There were three areas of discussion:
 - i. How to administer?
 - ii. How to allocate/share/cost/collect?
 - iii. How to market?
- b. It should be noted that there is enthusiasm for these types of programs

IV. Town Hall

- a. There is mixed support for a town hall budget discussion. The main concern is the value of such a meeting and what type of information will be provided and solicited.

V. The next meeting date was not determined.

VI. The meeting adjourned at 3:00pm.