12-9-2013

Direction Package Advisory Board Notes - December 9, 2013

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Faculty Dining Room, Gorham Campus

Attending:

Bill Wells, Carlos Luck, Jeanne Munger, Bob Blackwood, Rick Vail, Ed Mckersie, Kristi Hertlein, Judy Shepard-Kegl, Margo Luken, Amy Amico, Jessica Picard, Christy Hammer, Pamela Roy, Blake Whitaker, Joyce Lapping, Lynn Kuzma, Laurenz Schmidt, Andy Anderson, Kelsea Dunham, Jon Barker, Joy Pufhal, and Monique LaRocque

Guests:

Theo Kalikow, Dick Campbell, Susan Campbell, Bob Caswell, Stephen Houser, and Sharoo Wengland, Michael Stevenson

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Enrollment Update by Susan:

- The USM Expansion/Enhancement of Recruitment and Retention Initiatives handout
  - This document lists just some of the initiatives the admission and enrollment offices are doing on behalf of USM to increase enrollment and admission.
- The DPAB Enrollment Update document from 12.9.13 shows a general overview of what USM's enrollment consists of currently for Spring and Fall 2014. A few points of interest include:
  - This document does not list point-to-point data because the enrollment numbers are reported on Tuesdays and this document was prepared on Monday, 12.8.13
  - Spring '14 continues to see a decline in applications
  - The first orientation for this coming semester takes place Friday, December 13th
    - This document shows comparisons of expected attendance for 2013 v. 2012
  - USM is expecting a larger transfer population for Spring '14, with Fall '14 being the opposite
  - The Spring '14 enrollment
    - The undergraduate level is about 7.5% down
    - Financial Aid continues to contact students who have holds on their accounts to see if they can resolve the holds and enroll the students
    - Admission continues to follow-up with undergrad and graduate non-degree students for the purpose of enrolling them into a program

- The total number of Fall ’14 applications are up
  - The MBA, MFA, and Public Health graduate programs are slightly up for Fall ‘14
- Comment: Why are our transfer numbers going down?
  - Answer: Several reasons. More institutions are focusing on retention and keeping their students, so fewer students are available to transfer into USM. These consist mostly of traditional aged students who have gone to a college away from home and are looking to come back home. Secondly, the profile of transfer students is mostly in the adult population who are looking for different options to complete their degree programs and USM is not offering some of the programs to meet the needs of these students. Additionally, the number of high school students graduating and going to college continues to decline, so we are experiencing a natural decline in the number of high school students transferring into USM that will continue for the next several years.
- Comment: There are comments that USM’s admission has gone down due to the CORE curriculum. Is there data to show this is true?
  - Answer: We do not have data to show this as being true.
- Comment: Are students aware of the Prior Learning Assessment (PLA) program in the admission process?
  - Answer: USM has the best PLA program in the State of Maine. Students do not need to be admitted to USM to have their PLA options reviewed. Students are made aware of the PLA service during the admission process but there may be ways to increase the awareness of the program.
- Comment: Can we get peer or geographical data on the admissions’ process?
  - Answer: Yes, this is information that Noel Levitz provides and is available on the DP website in the list of resources.
- Comment: Can we get the application, acceptance rate, and the yield rate for the last 4 years broken down by school?
  - Answer: For information about 5-year enrollment trends and some of the admission trend date please see:
    - http://usm.maine.edu/oir/2013-2014-factbook
  - Additional admission information is available at
    - http://usm.maine.edu/oir/admissions-reports

Dick Financial Update:

Financial Holds:

- After students enroll in their classes, they are committed to make a payment toward the class or set up a financial plan within a certain amount of time.

- USM's Financial Aid office works with students who are prevented from signing up for classes because they owe a past due balance.
- Financial holds are used to prevent students from increasing their debt before past due charges are paid. Special, individualized payment arrangements are often negotiated.

Contract Settlement:

- The $11.9M budget deficit has increased to an estimated $13.9M due to anticipated compensation increases
  - The faculty contract calls for increases that are higher than previously estimated. The money previously set aside in previous years to cover back- pay is less than what will be needed
  - The current budget is based on predicted credit hours for FY15 and then the FY16-19 CH are held constant
- Comment: How many more students, with three credit hours does USM need to make $1M?
  - Answer: A general rule of thumb is that every 1% change in enrollment equals about $650K
  - Carlos: Based on this rule, USM would need 150 students to make $1M
- Comment: The rumor is that the System requirement that USM budget more for capital facilities maintenance and improvements is the major cause of the structural gap. Is this true?
  - Answer: No, the additional amount of money that USM is expected to budget for capital expenditures is $1.3 M. This was included in the calculation of the original FY15 structural gap.
- Comment: Everyone at USM needs to understand the importance of retention and how it affects the university.
- Comment: The budget deficit has just increased by another $2M. Should the DPAB expect this number to continue to increase every other week or so?
  - Answer: The numbers are all estimates, so yes, the numbers could change over the next few weeks. The most recent increase from $11.9M to $13.9M is due to the increased compensation cost estimates.
  - Changes in enrollment projections, fringe benefit costs, and the results of Outcomes Based Funding could all necessitate further adjustments
- Comment: It's ironic that since 2008 to present USM has lost 1,500 students which equals approximately $10M per the guestimated rule of thumb that 1% change in enrollment equals about $650K.

Functional Expenses:

- A member of the DPAB noted that the FY 2013 UMS Financial Report showed that only 27% of the budget was spent on instruction and asked why this was such a small percentage. There was a request for clarification of the percentage of the budget spent on compensation costs. (see the Functional Expenses 12.9.13 presentation)
- Operating Expenses, Classified by Function for the years ended June 30
    - It includes all grant, contract, MEIF, endowment and gift funds
- The comparison between USM and UMS expenses
    - We spent less on research, more on instruction and public service
- All other and E&G funds
    - 45% of the E&G spending was for instruction
- Comment: The money from the System is given to USM in a lump sum that is then allocated by USM. The System allows USM to allocate funds as it sees fit, provided certain requirements are met.
- Comment: Did we receive any savings from the change, or cut, in the Cutler Institute?
    - Answer: The soft money grants and contracts to Cutler and Muskie have declined. The Cutler Institute has cut staff but these were grant funded positions.

Natural Classification:

- How much does USM spend on compensation and benefits?
    - 64% of the UMS expenditures were for compensation and benefits.
        - 68% of USM's total spending was for compensation and benefits
        - 75% of USM's E&G spending was for compensation and benefits.
            - This is the budget that allows us to meet the teaching and learning mission of the university and includes the areas that USM can control.
                - This shows that it will be difficult to reach the current budget deficit without some reduction in staff numbers
- Comment: It would be nice to see the percentage of instruction compensation and benefits v. administration compensations and benefits. It would be helpful to have these categories split showing the difference between the cost of instruction and the cost of administration.
    - Not looking at fringe benefits rate, just looking at salary and wages, for FY13 about 52% was paid to faculty and the other was split between professional and classified staff including the administration.

All Board Meeting update by Bob Caswell

- All the external advisory boards met in October and were asked "What suggestions and concerns do you have about USM and what strategies do you suggest we use to fulfill or resolve the suggestions and or/concerns?"
- The group then broke into three discussion groups to contemplate this question and the results of the group discussions are located on the USM All-Boards Meeting handout provided on the website.
- Theo asked the group to contemplate and comment on the three discussions group comments. She then asked the DPAB "What is USM's competitive advantage?"
- Comments: The DPAB has not received a lot of input and discussion from within the group.
    - Comments: Several members of the DPAB have a real sense of urgency when looking at the structural gap.
        - One idea to help USM's reputation is to dedicate some resources to putting several of our expert students into the Rhodes Scholar program, or other similar national programs, that will bring attention to USM.
        - Another idea is to define what USM wants to be known for and create the right brand and marketing effort to reach that goal.
        - We need to fundamentally define the characteristics of what we want USM students to be and what knowledge they should have upon graduating and move to accomplish that goal
    - Comment: One of the best things USM has to leverage is the City of Portland.
        - It is nationally known, has both city and country life, is fairly well priced.
            - We need to sell Portland to our out of state students better.
            - We do not seem to have many partnerships with the City.
                - We need to sell the internship/experiential learning experience in the community better and we need to add more resources in this area.
    - Comment: USM's location in Portland is coveted by all of our competitors and we need to require an internship for our students in the community
    - Comment: USM has two problems, one short term and one longer term problem.
        - The short term problem will probably only be addressed by cost reductions and decreasing the current amount of money spent on compensation and benefits.
        - The long term problem can be resolved by defining USM's students and involving them in the Portland region via their academics.
    - Comment: We need to have a focused study for what solutions we need to offer.
    - Comment: Most of the expenses that the DPAB suggests will need to take place over a multi-year process.

- Comment: We should hold a pitch day which includes having representatives from the DPAB and invite others to join them and have a discussion of what USM's identity should be for students.
- Comment: What are we currently doing well? Let's market those transformational efforts we are already doing.
- Comment: USM is still a new institution so it is understandable why we do not currently have a strong identity.
- Comment: Can we figure out the number of credit hours (CH) in every program and have the numbers to show how much it costs us to educate students in each program? This will help us determine where USM's areas of opportunity are at, what the community/region needs, which programs can be maximized, which programs are the loss leaders in the institution, etc. Having these answers will help us understand where USM's opportunities may lie.
- Comment: We need to decide what programs USM needs to continue doing to build its reputation and we need to identify programs that could be profitable if efforts in those areas were increased.
- Comment: There are some programs that will need to be eliminated.
- Comment: I'm concerned about why students are not coming through the door.
    - Why are more students not coming to USM v. other schools? They are applying here but not accepting and we need to fix the reasons why. Is it because of the student experience, the admission process, the financial aid opportunities?
    - We are currently considered a fall-back school and we need to change that opinion in the community.
    - Maybe we need to look at other schools that have gone through similar experiences, i.e. Northeastern
- Comment: I think we need to ensure we don't fall into a trap of thinking just from the university side. We need to look at the current demographics, regional needs, and students desires and ensure that we are meeting them.
- Comment: It seems clear that USM is in the situation it is in because we lost enrollment. If we didn't lose such a large increase in enrollment over the past couple years we would not be in the current budget situation.
    - We have increased competition over the past years and we are seeing the decrease in our enrollments so we need to make changes to recruit these students
- Comment: The problem facing USM will not be solved by just adding 1,500 students. It will take more than that; it will take changing the mindset of our current and future students by connecting them to a job in ME

- Comment: If we decide to put resources into an area and then we have a large number of people retire, we do not have the funds to put into rehiring new faculty. How do we deal with this?
    - Answer: We need to look at what we can affect now. We will need to look at class sizes, curriculums, number of faculty in programs, how the programs interact with the System offices, etc.
- Comment: One idea to help with the budget cut in the short term may be for some faculty to teach more classes, but faculty should not be forced to do so.

Subgroups:

- Vision Group – also known as the Pitch Group or Community Connection Group:
    - This group will look at USM's identity and decide what fundamental building blocks USM needs to build and create a plan to fully incorporate the identity into the community.
        - What can be cut now in the short term? What has been lost due to reputation? What PR changes can be done now to increase reputation?
    - Committee members: Monique LaRocque, Gary Johnson, Margo Luken, Kristi Heirtlin, Lynn Kuzma, Ed Mckersie, and Judy Shepard –Kegl

- Short term budget challenge fixes:
    - This group will have the discussion about what we can/need to stop doing at USM in the short term. They will develop a plan for how the DPAB will model the decisions it is making and consider what PR implications there may be. They will also look at what HR implications may arise and outline a rollout strategy for these changes.
        - Committee members: Joy Pufhal, Amy Amico, Jessica Picard, Laurenz Schmidt, Blake Whitaker, Rick Vail, Pamela Roy and Jon Barker

- Program Committee:
    - This group will look at what programs can, and need to be, adjusted in the next 18 months to help with the budget deficit.
    - Committee members: Bill Wells. Andy Anderson, Lynn Kuzma, Joyce Gibson, Joe McDonnell, Bob Blackwood and Jeanne Munger

Parking Lot

- Comment: Every organization has a key market. How does USM play in the market of guidance counselors?
- Influencers list – add guidance counselors
- How would increasing the number of summer classes affect our budget? If we added more classes during the summer how might it affect academic year enrollments?
- Need the breakdown of graduate education, expenses, income and teaching loads v. undergraduate

Next meeting: Friday, December 13th, UER, Portland campus

Agenda items: Breakout into subgroups