

11-15-2013

## Direction Package Advisory Board Notes - November 15, 2013

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Direction Package Advisory Board Notes  
November 15, 2013  
133 Wishcamper, Portland campus

**Attending:**

Bill Wells, Joy Pufhal, Mary Sloan, Jon Barker, Jeanne Munger, Carol Nemeroff, Susan Nevins, Margo Lukin, Joe McDonnell, Kristi Hertlein, Lynn Kuzma, Blake Whitaker, Pam Roy, Christy Hammer, Judy Shephard-Kegl, Amy Amico, Jessica Picard, Ed Mckersie, Bob Blackwood, Andy Anderson, Kelsea Dunham, Christian Evans, Carlos Luck, Gary Johnson, Joyce Gibson

**Guests:**

Nick (Muskie student), Stephen Houser, M.A. Watson, Domna Giatas, Martha Freeman, Dick Barringer, Theo Kalikow, Jerry LaSala, Bob Caswell, Dhalia Lynn, Michael Stevenson, Susan Campbell, Dick Campbell, Dave Stevens, Sharoo Wengland, Kirstein Sylvain

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**Overview by Dave Stevens:**

- Discussed starting the Friday meetings at 9am.
- The dates highlighted will be removed from the calendar as they have eight or more members who cannot attend. Later modified to state that the large group will not meet on these dates, but as many as the canceled dates should be held for potential subgroup meetings.
- Bob and Dave spoke with UMS legal counsel about the question of open meetings and whether or not the press can be allowed at the meetings. Presentation ready when the group finds time.

**USM Multi Year Financial Analysis FY 2015 to 2019 presented by Dick Campbell**

- This presentation will focus on FY 2015 including E&G, auxiliaries, such as Residential Life and the Bookstore, and designated funds, that support faculty research, athletics, and other specified activities.
- The future years budgets (FY 2016 thru FY 2019) will be revised based on the work done by the UMS and USM to shape and define directions.
- The estimates of spring 2014 were based on an analysis of the # of credit hours that were generated during fall semester adjusted to reflect expected retention rates and new student enrollments. USM expected the Summer and Fall enrollments to be higher than what they actually ended up being
- Enrollment ended up being 6.6% than budget.
- The structural gap for FY 2015 is currently estimated at \$11.9M

## Operating Expenses:

- Increases expected for FY15
  - USM is estimating a 2.3% increase in salaries, wages, and fringe benefits
  - Fuel and electricity is expected to increase by about 2%
  - Changes in all other operating expenses estimated to increase by 0.2%
  - The budget for capital expenditures would need to increase by 49.5% to reach the 90% of depreciation goal set for all campuses by the BOT
    - The capital expense budget for FY14 about \$600K less than the 80% of depreciation target and now included in the FY15 budget target.
- **Operating Budget**
  - State Appropriation is estimated to be equal to FY 14 but could be changed based on Outcomes Based Funding or if the Maine legislature adjusts the size of the appropriation given the UMS.
  - BOT distribution of state appropriation by campus (see slide) does not include a special research and development (R&D) debt service given UM and USM.
  - Additional operating revenue is estimated to decrease by 2.4%. This revenue comes from activities like the athletics ice arena, conferences, continuing education, and camps. The primary drivers for the decrease are the now closed print shop – expenses were also reduced and the lower sales at the bookstore..
  - Tuition waivers and scholarships expected to increase by 11.4%
    - Scholarships and Waivers based on Noel Levitz (NL) recommendations. NL reports will be shared with the Directional Package Advisory Board and added to the DP website.
      - The two largest factors that where the decision makers for first-year students choosing to attend USM are cost and financial aid
      - The discount rate for USM's first-time full-time freshmen students is still much lower than our peers and nationally.
      - Scholarships and waivers comparison for the UMS campuses, USM is below the average for all other campuses within the System. Over the last two years, USM has increased this number but is still at less than ½ the rate Orono offers and the System as a whole. The plan for USM is to continue to invest in scholarship and waivers in FY15 and FY 2016.
  - Revenue from student tuition and fees is estimated to decrease by 8.4%
    - The total USM summer, fall and spring semester credit hours with FY15 budget is now estimated at a lower number than it was originally the FY14 – FY 2018 Multi Year Financial Analysis.
  - USM is required to distribute a five year multi-year financial analysis to the System each year.

- The BOT is questioning whether or not the UMS has too many buildings and is looking into the possibility of reducing the size of its property holdings. USM has sold two large properties (645 Congress Street and 68 High Street) in the last five years.
- The System has consolidated campus departments of information technology procurement under the System office. The System budget for these offices will include the costs for personnel and services. This will affect how the expenses appear in the USM and other campus budgets. This is also expected to reduce costs.
- **Discussion**
  - Jeanne Munger will collect questions regarding the budget presentation moving forward and provide them to Dick Campbell for answers – to be shared on BB after it has been created
  - The DPAB decided to have a Blackboard site – Sharoo and Stephen Houser will set this up and create a member sign up and will only be for members not guests

### **Enrollment update by Susan Campbell**

- The USM birthday notes to all students will begin going out next week and will include a coupon to any Aramark location
- The presentation being presented is at a very high level to help educate the DPAB
- The data sources used for the presentation are from the Institutional Research or System site and the data is aligned. The UMS reports, IR reports, IPEDS, Enrollment Summary analysis, Noel Levitz
- Credit Hour (CH)
  - CH are expected to continue to decline for FY15. Headcount peaked in 2002. Credit Hours peaked in 2005
  - The traditional on campus student numbers have declined slightly, distance learning online has increased slightly for FY14. The percentage of undergraduate and graduate enrollment in traditional, on campus courses for Fall 2013 is approximately 85% and 79%, respectively
- Characteristics of students based on FY2013
  - The slide lists details for headcount and credit hours at census
  - USM students are 59.3% female, 40.7% male and the average age of USM students is 26.7 – more details in the presentation
- Headcount
  - Overall USM's Fall HC has declined by 10% from Fall 2008
- FTE (Full-time equivalent)
  - Graduate and undergraduate students continue to decline
- Enrollment trends

- Rise of Community Colleges in 2004; this correlates with USM's decline in non-degree undergraduate students
- Graduate non-degree students has significantly decreased since 2002. Anecdotal evidence suggests a decrease in professional development support for teachers and current student debt may be negatively influencing students' ability to take courses with personal funds
- Enrollment trends status for undergraduate degree headcount has decreased since 2009 and the graduate degrees has increased even more so
- Trends by headcount & credit hour summary by College presented in presentation
  - Headcount:
    - Data is by college for 2009 & 2013 and includes the percentage change between those years
    - The data presented in the IF 2013-2014 Factbook appears to have been adjusted based on the reorganization that took place in 2010
    - Overall headcount data reflect unduplicated headcount, i.e., Students in the data are only counted once. Data by program/major account for double majors through separate listings (see Fall Headcount and SCH Data in 2013-2014 IR Factbook)
    - GO program are students in a conditional, or exploratory, program for college. They engage in a 'contract'. These students are among our highest risk students for not completing their degrees
  - Credit hour:
    - These numbers are also down
    - Admission initiatives to move students from an undeclared message to a declared status are underway and will be discussed in more detail later. Undeclared numbers also affected by the Common Application which requires students to identify a major
  - First to second year retention rates for public institutions – USM is at a 67% currently and has a target of 74%. We consider ourselves 'moderately selective'.
- Graduate Rates from the Education Trust site:
  - Graduation rates are currently publicly reported on first-time/full-time undergraduate students
    - 6 year graduation rate by cohort for the class of 2005 – 32.9%
    - 5 year graduation rate is 24.9%
    - 4 year graduation rate is 9.7%
    - The "Transfer Out" rate by cohort is approximately 30%

- Fully online students:
  - From Monique: 25% of the online students enrolling into the fully online degrees are stop-out students – students who started a degree and had to stop due to life and are now able to return to college
- USM has historically had a significant number of transfer students in any given incoming class. They have not, however, been traditionally included in federal graduation numbers. USM does have these data and will make them available to the Direction Package Advisory Board. The new Outcomes Based Funding model includes transfer students as a marker; this is good for USM as the graduation rate for transfer students is good (or at least better than for first-time/full-time students. USM does track non-traditional and transfer students but multi-year data is not available in a format that is easily understood. We are working on this process. (NOTE: this is a correction – we have data from a previous MELMAC grant regarding retention and graduation data for transfer students; we are asking that these data be updated for currency; in addition, USM participates in the CSRDE [Consortium for Student Retention Data Exchange] out of the University of Oklahoma
- The top two overlap schools (schools students apply to) for USM are UMaine and SMCC
- Retention rates:
  - Overall rates have dropped from Fall 2009
  - Summary by cohort and college are listed on the presentation
    - The increase in the College of Arts, Humanities, & Social Sciences is partially due to a pilot project for faculty advising working more closely with student success initiative. The focus was mainly on students who had 54 credits or less.
    - Another increase could be attributed to the revised Student Success model that began in 2010.
- Admission trends:
  - The number of applied and yield have decreased between 2009 and now
  - Maine only has 13,000 high school students and the number is declining yearly for both Maine and for New England
  - Only 56% of high school students go to college and many leave the State
    - UMaine, SMCC and USM are the three largest institutions to receive these high school students
  - Transfer students continue to decline
    - There are several initiatives to increase this number
  - The situation analysis:
    - Declining demographics
    - Increased competition
    - Fewer students

- Economy, including local support for professional development, has declined
- Recruitment-Target Markets for undergraduate and graduate described on presentation
- Recruitment initiatives for both graduate and undergraduate are underway and will be discussed in more depth at a later meeting

**Discussion:**

- Is the Law school budget included in the budget discussion? Dick will address this at a later time.
- Discussion about the change in FTE and Credit Hours and which is the current currency for USM. Credit Hours are the current currency but both CH and FTE need to be generated and enhanced in both departments and areas.
- The student experience needs to be at the focus of USM's decisions

**Wrap-up:**

Dave:

- In consulting we see too much of organizations that need to make reductions, cuts or corrections due to market and demographic swings. As a guideline:
  - If a business has a structural gap of under 3% - normally they can address it by budget tightening for one or several years. The issues in this case is that USM has eliminated structural gaps of at least 3% each year for the past 3-4 years
  - If a business has a structural gap over 3-8% they normally need to look at some type of restructuring, unless the gap is short-term.
  - When an organization has a structural gap of over 8% the organization normally needs to re-envision their organization
  - This does not mean the organization has to stop doing everything it is doing; indeed, it needs to look at what it is doing "right" that is helping it meet its' outcomes and what is causing the structural gap.
- The process for DPAB is going to be to give you a lot of information – this means there will be tons of options that come to mind. With a structural gap of 8.6% of operating budget it will be important to prioritize.
- Pareto Principle:
  - A general rule of thumb developed by an Italian (Vilfredo Pareto) states that 80% of the effect of anything is in approximately 20% of the number of items that produce the effects (Pareto noted that 80% of his peas came from 20% of the pods)
  - The DPAB needs to think about what USM's big ticket items – the 20% that will make the biggest contribution to the structural gap

- The DPAB will be doing subgroup work. Volunteers will be requested at the next meeting to start those subgroups. The DPAB needs to begin thinking about what the subgroups want to do
- The next five sessions will continue to be educative phase, as well as doing setup for subgroup work

Theo:

- This has been a good start to the education phase for USM and the DPAB
- The structural gap is not an impediment it is an opportunity for USM to think about what we need to do enhance our students, State and region
- Looking forward to the next phase

Jerry:

- Glad that there is a good diverse group of people on the Direction Package
- I like thinking about finding the 20% of the options to solve the \$11.9M gap. For years we have been working on the small items.

**To be followed up on:**

Dick:

- Carlos Luck: How much more money did USM receive last year based on the Outcomes Based Funding change?
- Judy Shephard-Kegl: The DPAB should get copies of the links and reports over the last 18 months done by the System on consolidation of areas across the UMS – see the UMS Think Mission Excellence website (<http://thinkmissionexcellence.maine.edu/>)
- Carol Nemeroff: Question on white houses, selling them, process to do so, etc.
- Carlos Luck: Would like to add the last two-three years to the FY15-19 multi-year report. Dick will discuss this further with Carlos prior to the work actually being done. Dave made comment that we only have so much analytical resource. Want to ensure we are putting it to what the group determines are the most important items.
- Jeanne Munger: Is the Law school data/budget included in the USM budget and can the DPAB consider that budget in the budget gap discussion?
- How do programs like the NEBE programs assist USM especially in regards to tuition rates for out-of-state students coming to USM? Can out-of-state students get a reduced rate for USM classes?

Susan:

- Jeanne Munger: Asked for breakout data on 3+2 classes and whether or not USM is adding additional students to those programs
- Clarify the number of FT credit hours needed for both undergraduate and graduate



- Christy Hammer: Breakdown of difference between in-state and out-of-state students and why does USM not have more out of state students?
- Gary Johnson: Six year graduation rate & transfer students & young faculty and the role that plays in the declining graduation rates
- Monique: can we get comparison rates on the number of students leaving USM in comparison to our peer institutions
- Carlos: Can we learn what the % of retention increase is from sophomore to junior and junior to senior years?
- Judy Shepherd-Kegl: What is an acceptable attrition rate?
- Do we have data percentages for the number of students moving from community colleges to USM?

Sharoo:

- Get summary analysis from Jon Barker & post to the DP website
- Sharoo to send the Think Mission Excellence website to the Board & post to the DPAB website <http://thinkmissionexcellence.maine.edu/>
- Sharoo to get from Susan the MELMAC data for the DPAB
- Include the IR site on the resources list
- Sharoo and Stephen Houser create a Blackboard (BB) site for the DPAB – The President’s Council, Theo Kalikow, Jerry LaSala, Dave Stevens and Sharoo Wengland will be added to this site as well. No other guests will have access to the BB site.

**Parking Lot:**

- Accelerate percent impact of Outcomes Based Funding
- Facilities
- Depreciation
- Segmentation vs. Across the board cuts
- Background on barriers
- Cancellation of low enrollment courses needs to be discussed
- Faculty/Staff changes – this year and moving forward & whether or not they are estimated changes for the estimated FY15 budget
- Attract more transfers
- Dual enrollment and admission programs and reverse transfer students