

# Unified Financial Management

## Implementation Plan – FY16 through FY18

### **Background:**

In July 2014, the Board of Trustees (“BOT”) adopted a set of strategic outcomes to guide the work of the Chancellor and Presidents’ Council. Specifically, Strategic Integration Target 2 called for the development of a comprehensive financial management structure for the University of Maine System. In May 2015, the BOT approved the new organization structure and implementation is underway.

### **Charge:**

The Chief Financial Officer, working with each of the campus Chief Business Officers (“CBOs”), will implement a comprehensive financial management structure that enhances transparency, enables appropriate financial controls, and advances comprehensive intra-system collaboration.

### **Outcomes / Deliverables:**

In early July 2015, the CFO and CBOs began working on six policies for the purpose of executing against the BOT charge, as described above. The six policies will be critical as the UMS builds a unified budget for FY18. The six policy areas and deliverables are as follows:

1. **Unified Budget and Allocation Method** – Explore budget allocation models in higher education and recommend a model for adoption by UMS in time for development of the FY18 UMS unified budget.
2. **Tuition and Fees** – Review the different tuition levels at each UMS campus and recommend a structure that recognizes unique offerings at each campus and eases the administrative challenge of the multi-campus student. Options include allowing campuses to set different tuition levels within current BOT policies, a tiered approach that standardizes tuition levels at multiple campuses, or block tuition. Examine differential tuition.
3. **Campus Reserves** – Develop a policy that moves UMS towards a shared reserve pool across the System to be effective at the beginning of FY18. The policy should also address reserves that are currently held on campuses.
4. **Outcomes Based Funding (OBF)** – Review the current OBF allocation and determine what role, if any, OBF will play in a unified budget.
5. **Institutional Aid** – Review current policies governing institutional aid across each campus and identify changes that advance the One University model. The range of options include, but are not limited to centralization of administrative (“back office”) work to fully centralizing the delivery of financial aid to all students.

6. **Multi-Year Financial Analysis (“MYFA”)** – Update the FY15 MYFA, including changes in state appropriation, campus allocations, benefit rates, collective bargaining agreements, etc. Amend the MYFA work schedule to reflect that the MYFA will next be updated in the spring of 2016, as FY17 budgets are finalized. Use the updated MYFA to review multiple scenarios to close the structural gap.

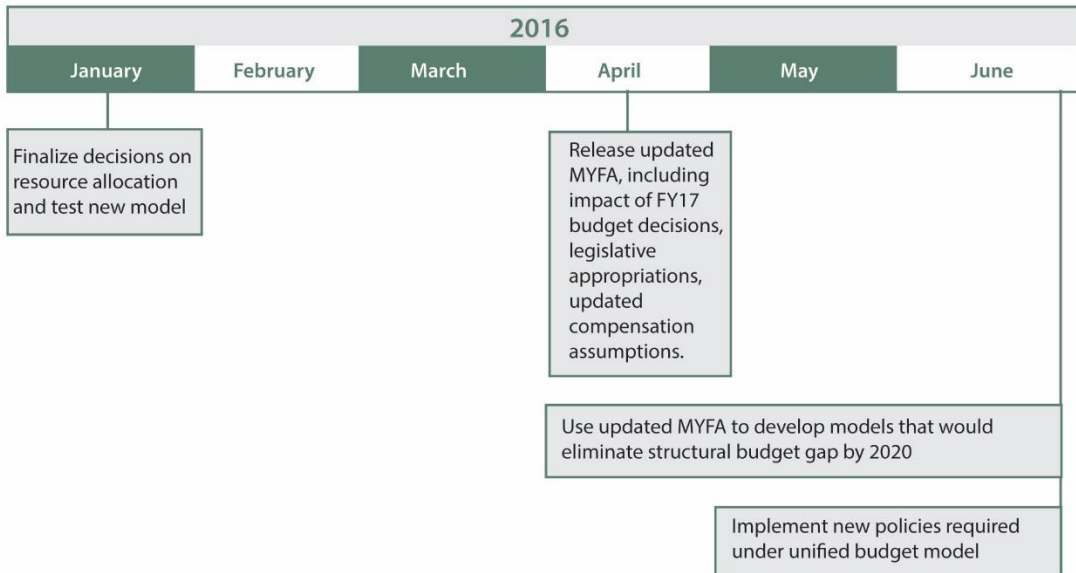
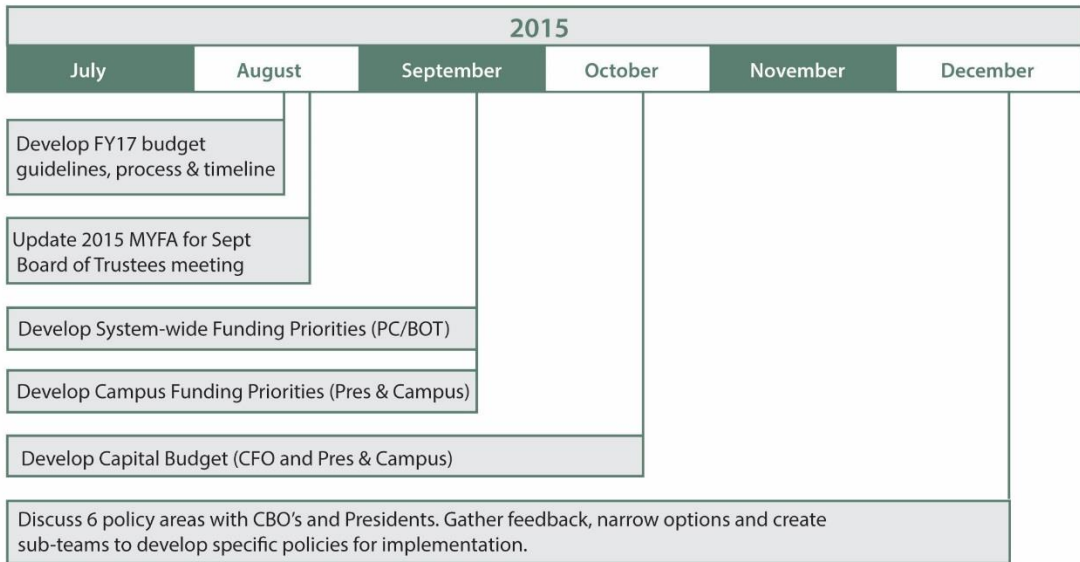
**Major Tasks / Timeline:**

1. *Short Term* – July 2015 to December 2015:
  - a. Update 2015 MYFA by September Board of Trustees meeting. (Ryan, Miriam)
  - b. Develop FY17 budget guidelines, process and timeline. (Ryan, Miriam)
  - c. Discuss six policy areas with CBOs and Presidents, gather feedback, narrow options; and create sub-teams to develop specific policies for implementation. (Ryan, CBOs)

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2. *Medium term* – January 2016 through June 2016:
  - a. Release updated MYFA, including impact of FY17 budget decisions, legislative appropriations, and updated compensation assumptions. (Ryan, CBOs)
  - b. Use updated MYFA to develop models that eliminate structural budget gap by 2019. (Ryan, CBOs)
  - c. Finalize decisions on resource allocation and test new model. (Ryan, CBOs)
  - d. Implement new policies related to the unified budget model. (Ryan, CBOs)

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3. *Long term* – FY17 and beyond
  - a. Continue to implement policies and procedures to support mature FY18 Unified Budget (Ryan, CBOs)

# Unified Budget



**Mature FY18 Unified Budget** (Steady State)

May 2017

**Mature FY19 Unified Budget** (Eliminate Gap)

May 2018