



 THE UNIVERSITY OF MAINE
June 2, 2016

Susan J. Hunter
President

Jeffrey E. Hecker
Executive VP for Academic Affairs & Provost

Claire Strickland
Chief Business Officer



FY17 Education & General Budget
Finalizing the Discussion

 Maine's Public Universities
UNIVERSITY OF MAINE SYSTEM

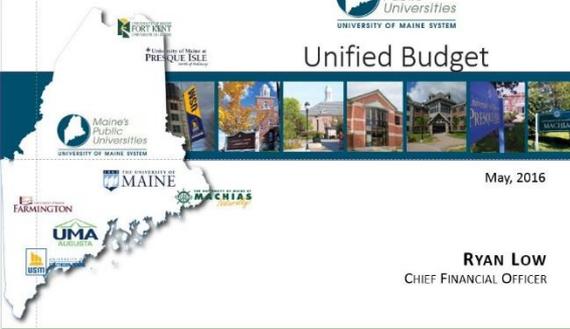


Multi-Year Financial Analysis
May 23, 2016

RYAN LOW
CHIEF FINANCIAL OFFICER

 Maine's Public Universities
UNIVERSITY OF MAINE SYSTEM

Unified Budget
May, 2016



RYAN LOW
CHIEF FINANCIAL OFFICER

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**FY17
E&G Final
Budget
Discussion**

**FY2017-FY2021
Multi-Year
Financial
Analysis**

**Unified
Budget
Proposed
Recommendations**

Susan J. Hunter

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FY17 Education & General Budget

Finalizing the Discussion



Agenda

- Recap FY17 Budget Process
 - Final Budget
 - Enrollment Update and Projections
- Multi-Year Financial Analysis, FY17-FY21
- Unified Budget Recommendation Overview





Key Dates - Timeline

FY17 Budget Prep

2015

2016

July Aug Sept Oct Nov Dec Jan Feb Mar Apr May Jun

Campus
FY17 Budget
Development

- FY17 budget materials to CBOs
- Review of allocations & assumptions
- Enrollment management update

Finalize
preliminary
FY17 Gap

1st iteration
of FY17
budgets
updated
into
MaineStreet
by 01/31/16

Initial
campus
budget &
MYFA
review by
Chancellor's
Office

Develop draft FY17
consolidated budget

Consolidated
budget &
MYFA review
by BOT
(FF&T)

**BOT final
budget
approval**





Credit Hour Enrollment

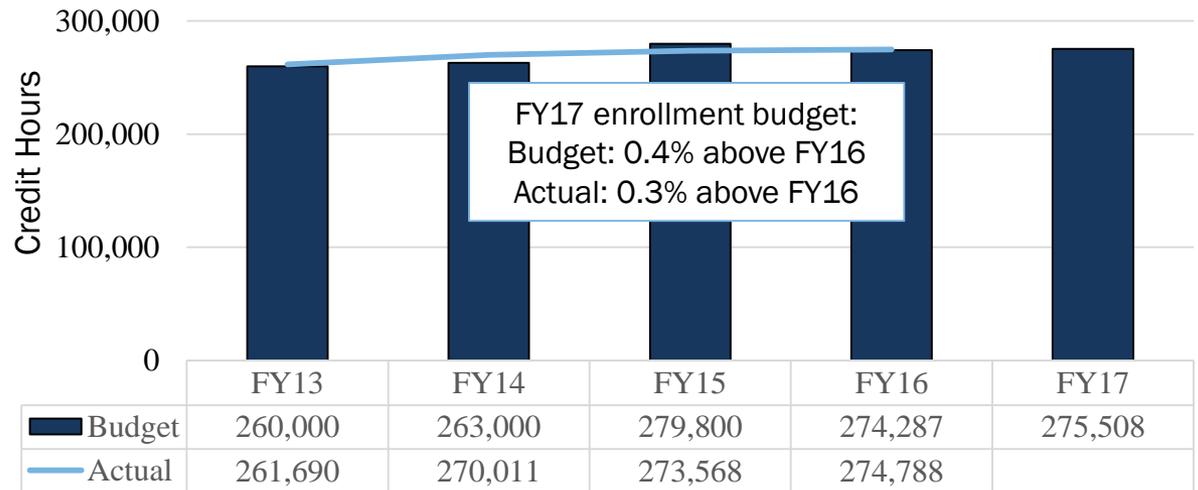
In-State



Out-of-State



UMaine Enrollment



Fall 2016 Projected Headcount

2,200 First-year Students
 9,149 Continuing Students

 11,349 Total Students



Total Gap & Target Cuts

As presented
on March 23, no changes

Total Gap \$ -5,838,327

VP Academic Affairs 2,447,140

VP Research & Dean of Graduate School 248,855

VP for Innovation and Economic
Development 25,000

VP Student Affairs 240,000

Chief Business Officer 610,000

Presidential Areas 120,000

• Athletics 275,000

Projected New State Resources \$ 1,872,332

Total Gap \$ 0



FY17 FTE Summary

As presented on March 23, no changes

	Faculty	Professional	Classified/ Service	Total
Vacancies	(2.47)	(4.19)	(5.38)	(12.04)
Resignations/ Retirements	(4.62)	(1.00)	(1.38)	(7.00)
Work Year Reduction		(0.08)	(2.16)	(2.24)
Move to other Funding	(1.12)	(3.11)	(0.75)	(4.98)
Layoffs		(1.00)	(1.48)	(2.48)
End of Appointments		(0.50)		(0.50)
Investments	15.00	1.60		16.60
Subtotal	6.79	(8.28)	(11.15)	(12.64)
<i>MEIF</i>	4.00	2.00		6.00
Total	10.79	(6.28)	(11.15)	(6.64)



FY17 Approved Unrestricted Budget Summary

	<i>In Thousands</i>			FY17
	Education & General	Auxiliaries	Designated	Total
REVENUE				
Tuition & Fees	\$147,212	-	-	\$147,212
Dining & Residence	-	37,314	-	37,314
Waivers & Scholarships	-45,593	-1,149	-330	-47,072
State Appropriation	82,498	-	-	82,498
Indirect Cost Recovery	8,371	-	-	8,371
Other	932	-	723	1,655
Sales & Services	13,947	13,437	3,277	30,660
	\$207,366	\$49,602	\$3,670	\$260,638
EXPENSE				
Personnel Expense	\$134,609	\$16,457	\$651	\$151,717
Operating	67,322	27,732	2,914	97,969
Capital	5,435	5,413	105	10,953
	\$207,366	\$49,602	\$3,670	\$260,638
FY17 Base Unrestricted NET:	\$0	\$0	\$0	\$0



Projected Student Annual Costs for AY16-17

Undergraduate

(30 credits per year)

	In-State		Out-of-State	
	AY15-16	AY16-17	AY15-16	AY16-17
Tuition	\$8,370	\$8,370	\$26,640	\$27,240
Fees	2,240	2,258	2,240	2,258
Room & Board*	9,575	9,864	9,575	9,864
Total	\$20,185	\$20,492	\$38,455	\$39,362
Combined Increase	\$307	1.5%	\$907	2.4%

Graduate

(18 credits per year)

	In-State		Out-of-State	
	AY15-16	AY16-17	AY15-16	AY16-17
Tuition	\$7,524	\$7,524	\$23,940	\$24,498
Fees	1,124	1,142	1,124	1,142
Room & Board*	9,575	9,864	9,575	9,864
Total	\$18,223	\$18,530	\$34,639	\$35,504
Combined Increase	\$307	1.7%	\$865	2.5%

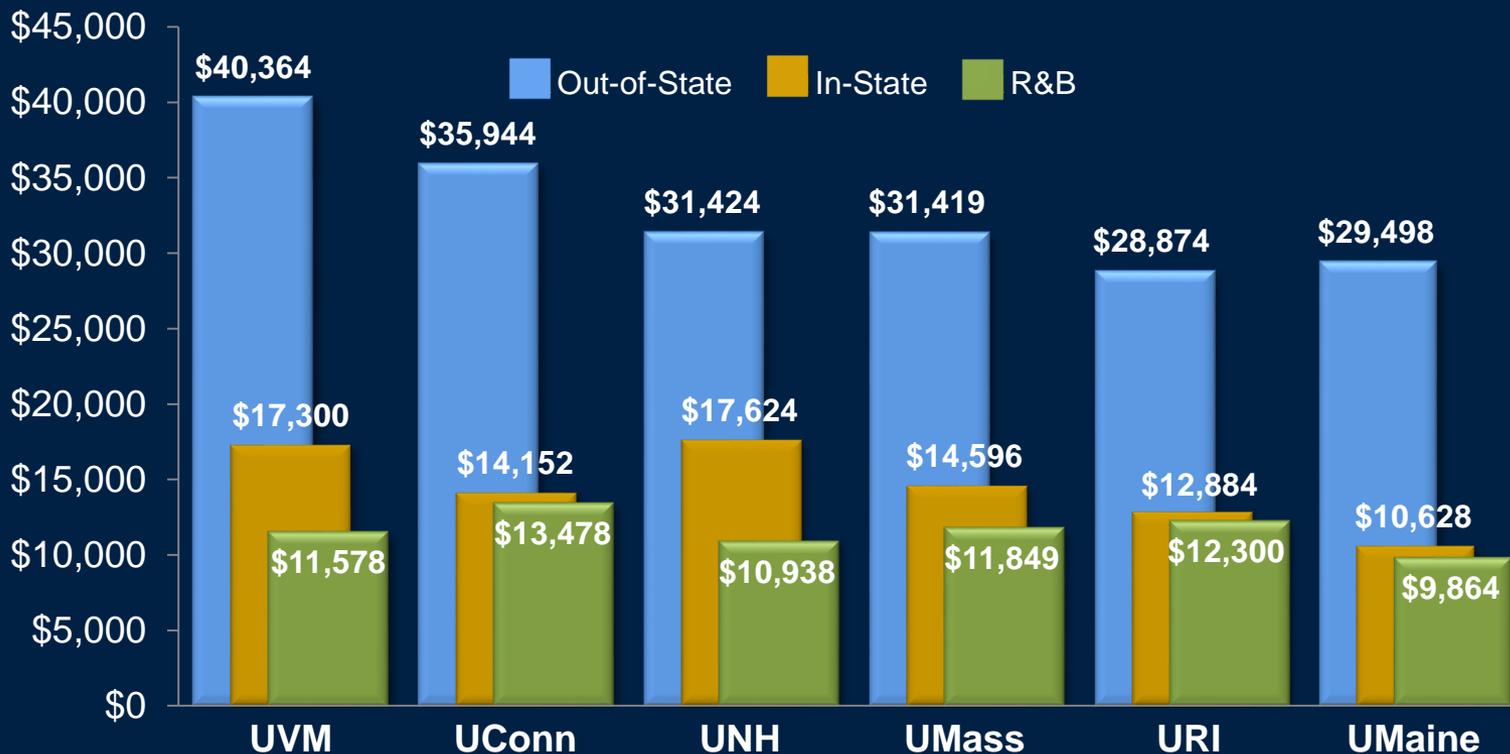
* Based on meal plan and room type with greatest projected number of students



Projected Land Grant Prices

UNDERGRADUATE TUITION, FEES, ROOM & BOARD COMPARISON

2016-2017 New England Land Grant Universities



UMaine has the lowest combined cost In-State and Out-of-State

Total In-State

Tuition + R&B

UVM	UConn	UNH	UMass	URI	UMaine
\$28,878	\$27,630	\$28,562	\$26,445	\$25,184	\$20,492

Total Out-of-State

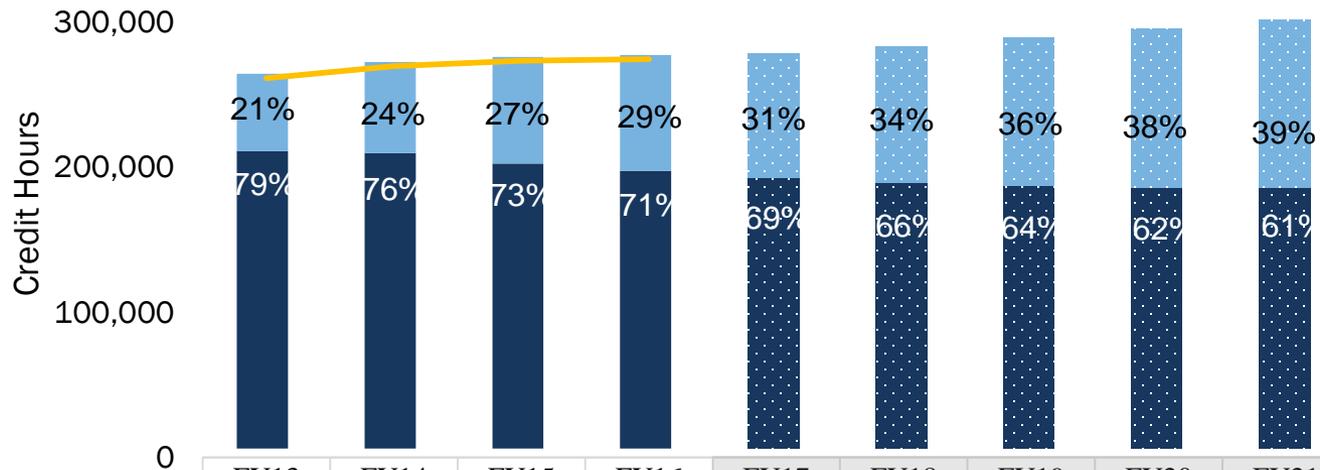
Tuition + R&B

UVM	UConn	UNH	UMass	URI	UMaine
\$51,942	\$49,422	\$42,362	\$43,268	\$41,174	\$39,362



Credit Hour Enrollment

Historical and Projected Credit Hour Enrollment



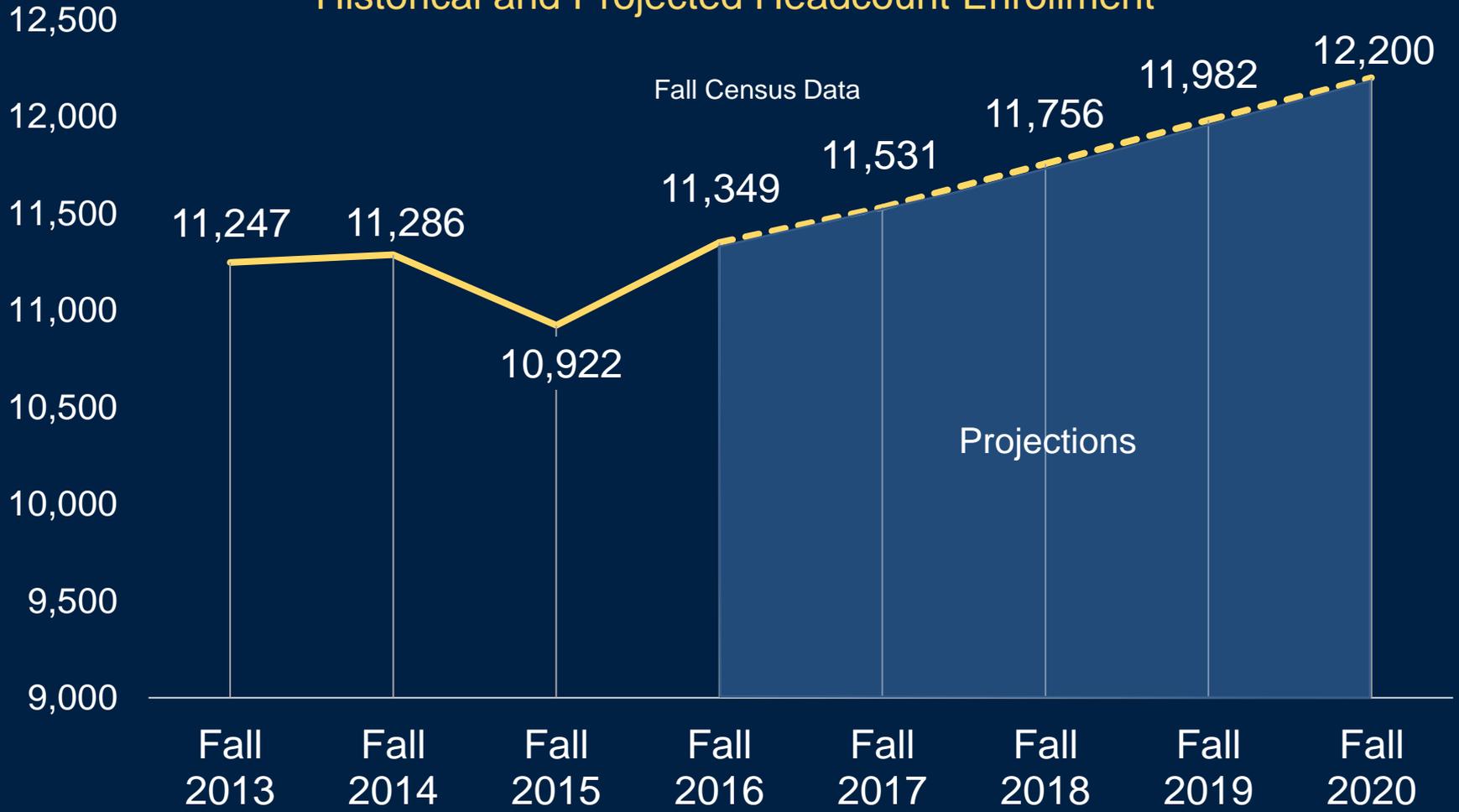
	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21
Total Budget	260,000	263,000	279,800	274,287	275,508	280,888	287,032	293,207	299,096
Actual	261,690	270,011	273,568	274,788					
In-State	207,753	206,354	198,920	193,966	189,172	185,546	183,600	182,625	182,154
Out-of-State	53,937	63,657	74,648	80,822	86,336	95,342	103,432	110,582	116,942

Projected



Enrollment Data

Historical and Projected Headcount Enrollment





Investments that Accompany Enrollment Growth

New Investments in Faculty and Staff *

- Instruction – tenure, non-tenure, and adjunct hires
- Student Affairs / Student Life Staff
- Enrollment Management / Admissions / Student Services Staff

Increased Investments

- Financial Aid discounts for new students
- Marketing
- Facilities and classroom improvements

Auxiliary Enterprise Capacity issues

- Housing
- Dining
- Bookstore

* In the Multi-Year Analysis for FY2018 through FY2021, \$1.5M have been imbedded in increased costs of faculty and staff positions.



THE UNIVERSITY OF
MAINE

Questions





*Maine's
Public
Universities*

UNIVERSITY OF MAINE SYSTEM



Multi-Year Financial Analysis

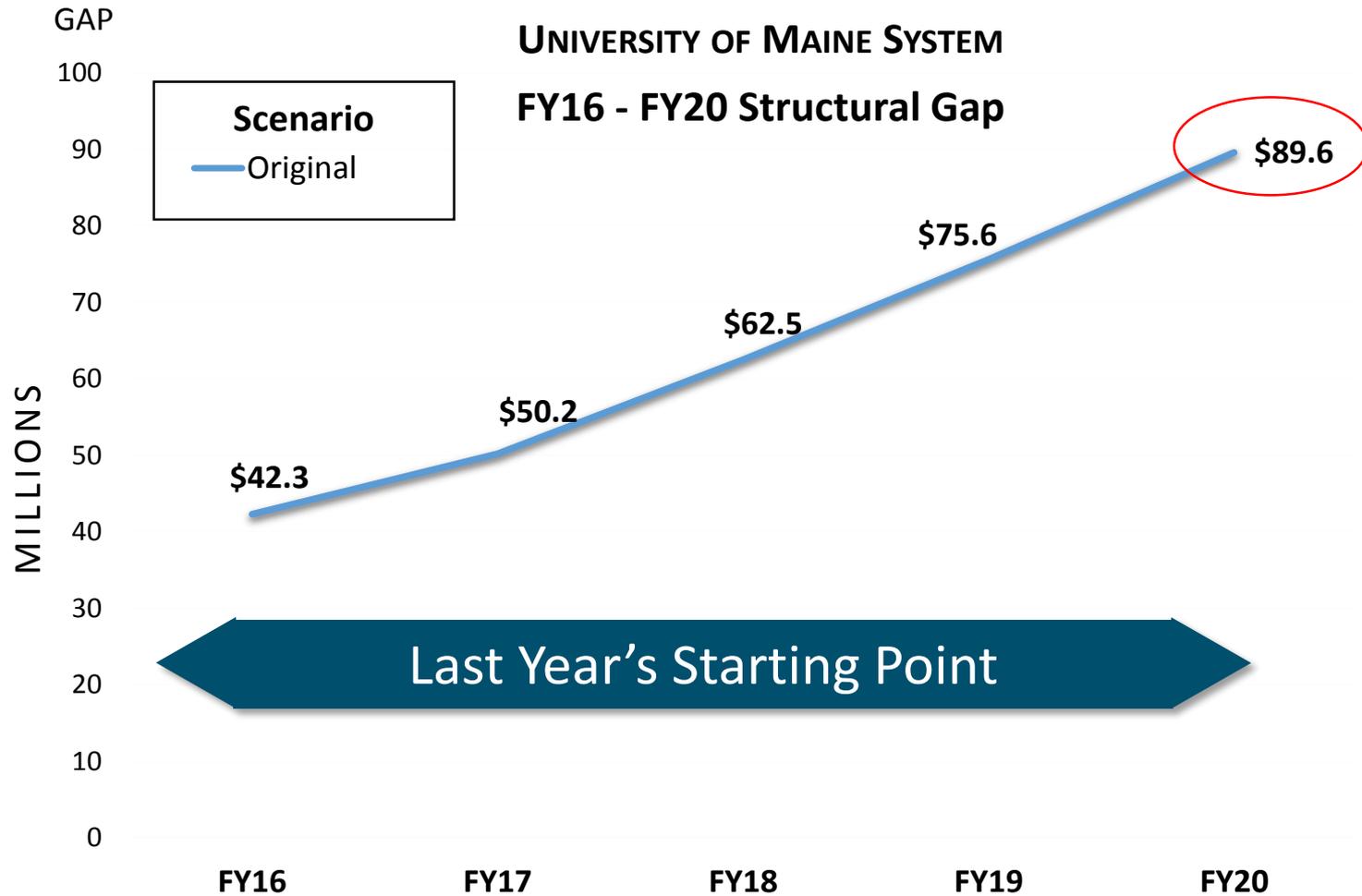
June, 2016

RYAN LOW

CHIEF FINANCIAL OFFICER

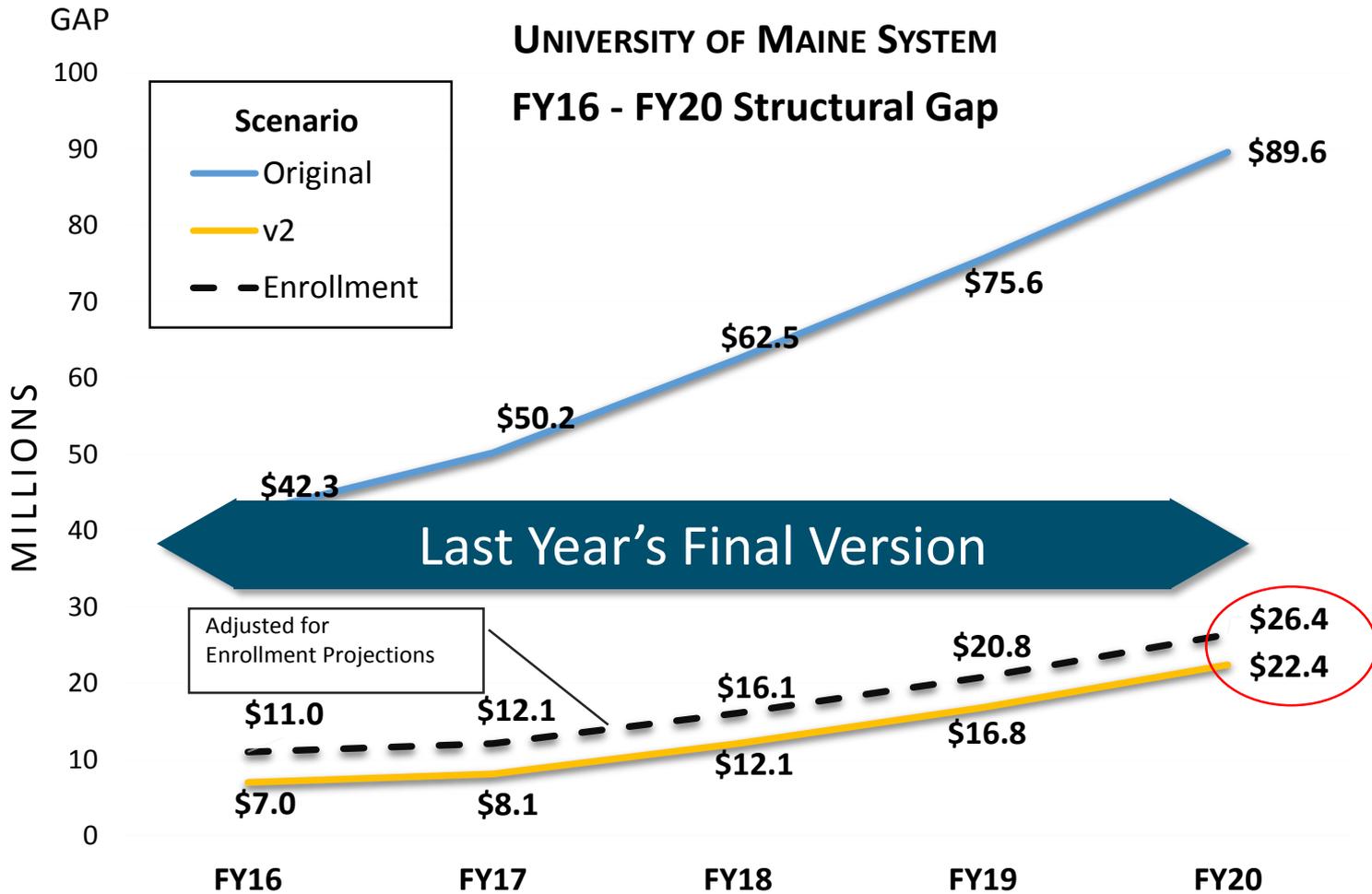
Original

As presented,
November 2014



	FY16	FY17	FY18	FY19	FY20
Tuition/Unified Fee	0%	0%	0%	0%	0%
Appropriation	0%	0%	0%	0%	0%
Compensation	2%	2%	2%	2%	2%
Medical	7% Trend				
Depreciation	100%	100%	100%	100%	100%

FY16 – FY20
Structural Gap
reduced through a
combination of
spending
reductions,
revenue
increases (tuition
and
appropriation),
and other
reallocations at
the campus level

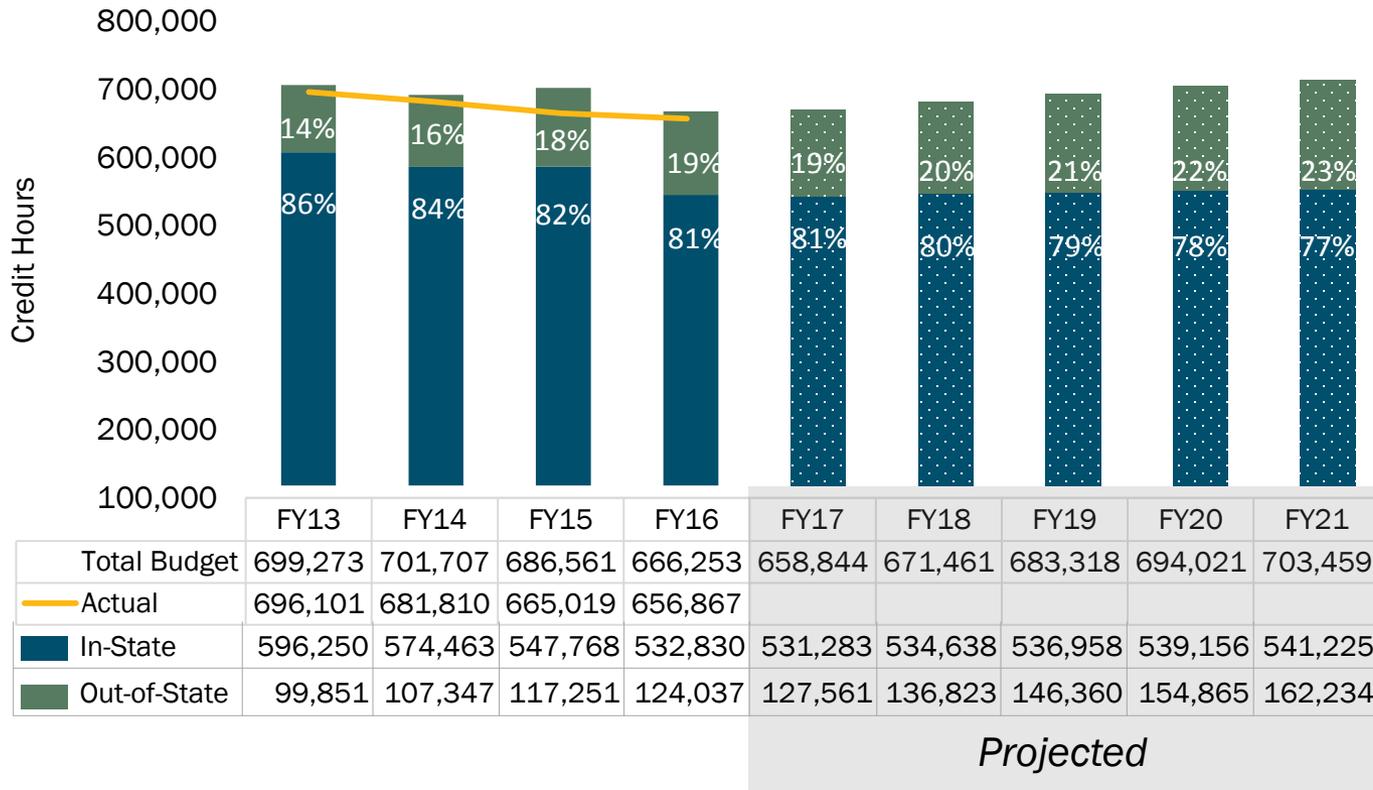


Tuition/Unified Fee	0%	CPI	CPI	CPI	CPI
Appropriation	1.7%	1.9%	CPI	CPI	CPI
Compensation	1%	1%	2%	2%	2%
Medical	7% Trend				
Depreciation	79%	85%	90%	95%	100%

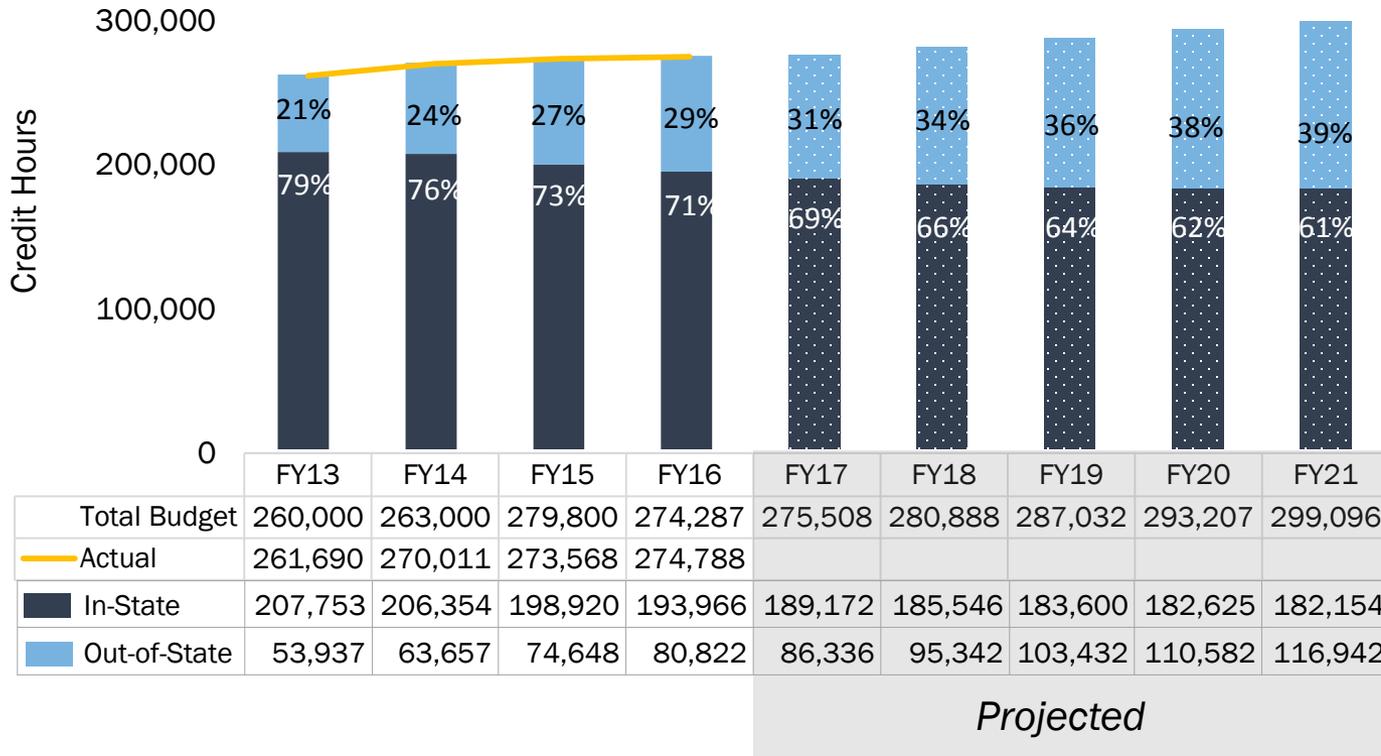
Dashboard

	FY17	FY18	FY19	FY20	FY21
Consumer price index		2.6%	2.3%	2.3%	2.3%
Enrollment	Campus Enroll Plan				
Aggregate of Campus Enrollment Mgmt Plans [undergraduate]		1.6%	1.8%	1.6%	1.4%
In-State, Undergraduate Tuition Rate	0.0%	2.6%	2.3%	2.3%	2.3%
Unified Fee Rate	0.0%	2.6%	2.3%	2.3%	2.3%
Appropriation	1.9%	2.6%	2.3%	2.3%	2.3%
Compensation	1.0%	2.6%	2.3%	2.3%	2.3%
Benefits-Internal-Regular	52.4%	53.4%	54.1%	54.8%	55.4%
Non-Compensation Expense	CBO Submission				
Capital Expenditures	74% of Deprec.	85% of Deprec.	90% of Deprec.	95% of Deprec.	100% of Deprec.

UMS Credit Hour Enrollment *(all campuses)*



UMS Credit Hour Enrollment: UMaine

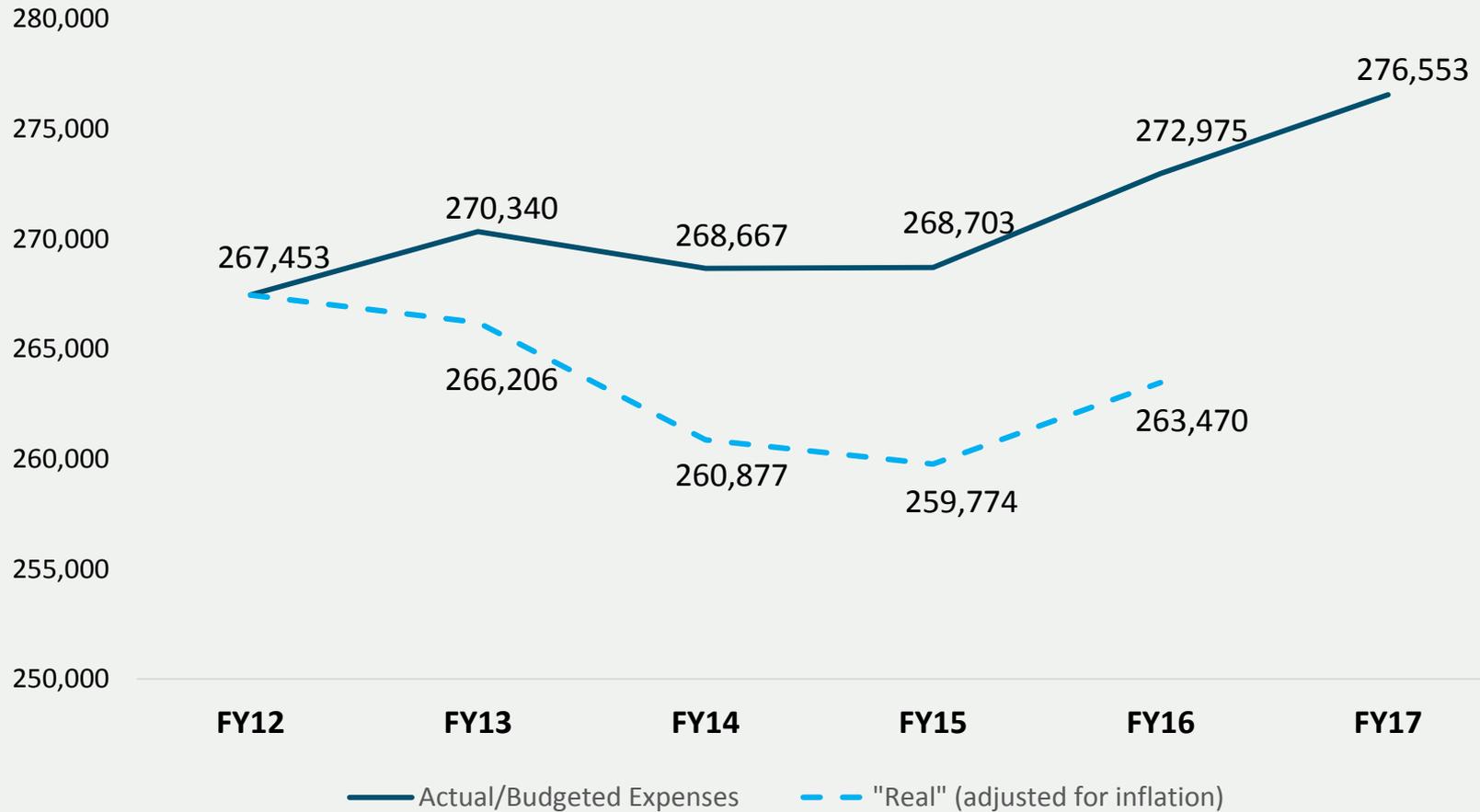


Dashboard: *Tuition & Fees*

	FY17	FY18	FY19	FY20	FY21
Consumer price index		2.6%	2.3%	2.3%	2.3%
Enrollment	Campus Enroll Plan				
Aggregate of Campus Enrollment Mgmt Plans [undergraduate]		1.6%	1.8%	1.6%	1.4%
In-State, Undergraduate Tuition Rate	0.0%	2.6%	2.3%	2.3%	2.3%
Unified Fee Rate	0.0%	2.6%	2.3%	2.3%	2.3%
Appropriation	1.9%	2.6%	2.3%	2.3%	2.3%
Compensation	1.0%	2.6%	2.3%	2.3%	2.3%
Benefits-Internal-Regular	52.4%	53.4%	54.1%	54.8%	55.4%
Non-Compensation Expense	CBO Submission				
Capital Expenditures	74% of Deprec.	85% of Deprec.	90% of Deprec.	95% of Deprec.	100% of Deprec.
Multi-year Projection	(\$7,154,429)	(\$16,766,632)	(\$16,014,397)	(\$15,434,637)	(\$15,124,596)
Cumulative Impact		(\$23,921,961)	(\$39,935,458)	(\$55,370,094)	(\$70,494,790)

Revenue: Tuition

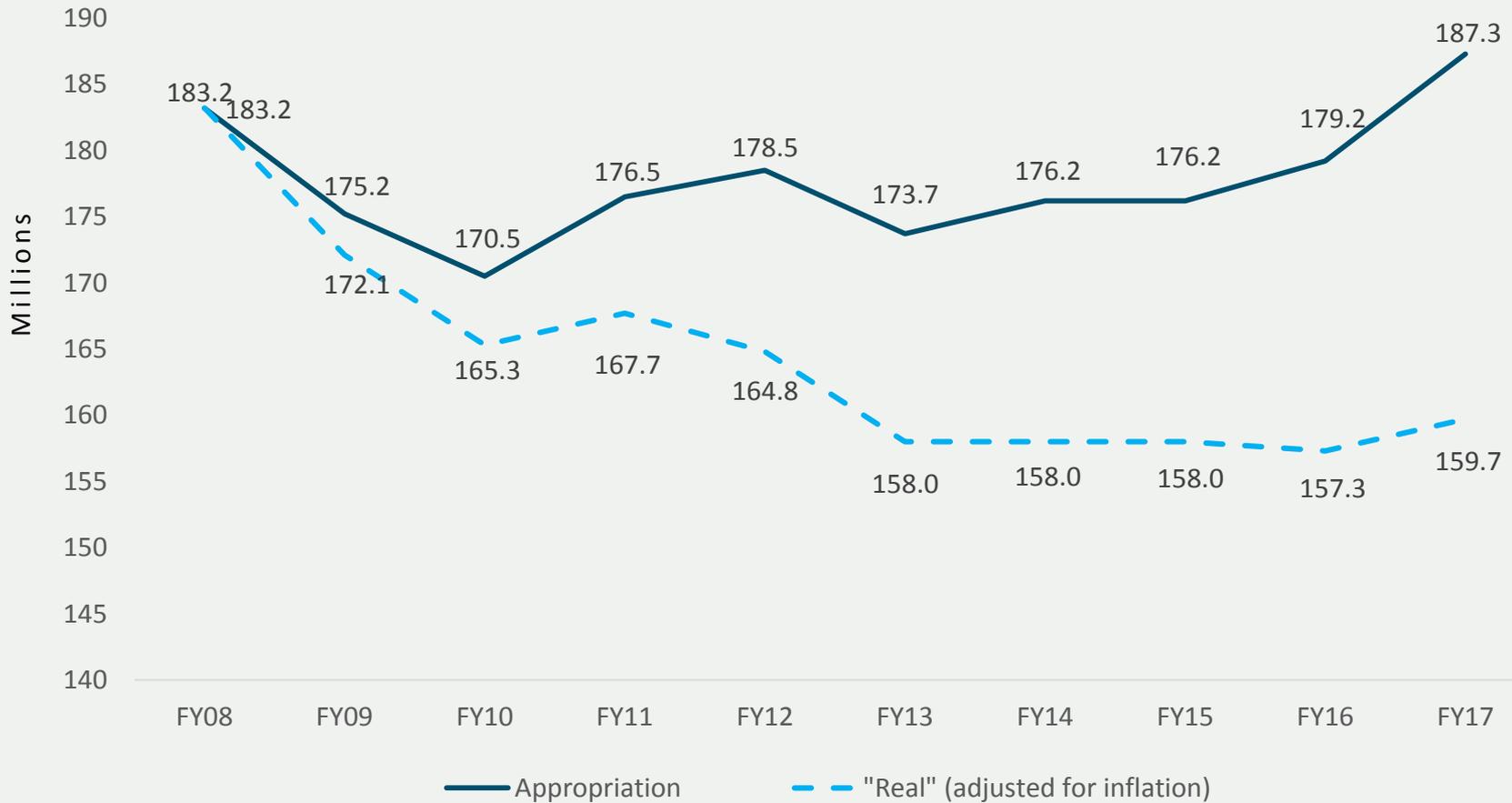
Includes Tuition & Fees



Dashboard: *Appropriation*

	FY17	FY18	FY19	FY20	FY21
Consumer price index		2.6%	2.3%	2.3%	2.3%
Enrollment	Campus Enroll Plan				
Aggregate of Campus Enrollment Mgmt Plans [undergraduate]		1.6%	1.8%	1.6%	1.4%
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Unified Fee Rate	0.0%	2.6%	2.3%	2.3%	2.3%
Appropriation	1.9%	2.6%	2.3%	2.3%	2.3%
Compensation	1.0%	2.6%	2.3%	2.3%	2.3%
Benefits-Internal-Regular	52.4%	53.4%	54.1%	54.8%	55.4%
Non-Compensation Expense	CBO Submission				
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Multi-year Projection	(\$7,154,429)	(\$16,766,632)	(\$16,014,397)	(\$15,434,637)	(\$15,124,596)
Cumulative Impact		(\$23,921,961)	(\$39,935,458)	(\$55,370,094)	(\$70,494,790)

Revenue: Appropriation





MYFA FY17-FY21

Starting Point

	FY17	FY18	FY19	FY20	FY21
Consumer price index		2.6%	2.3%	2.3%	2.3%
Enrollment	Campus Enroll Plan				
Aggregate of Campus Enrollment Mgmt Plans [undergraduate]		1.6%	1.8%	1.6%	1.4%
In-State, Undergraduate Tuition Rate	0.0%	2.6%	2.3%	2.3%	2.3%
Unified Fee Rate	0.0%	2.6%	2.3%	2.3%	2.3%
Appropriation	1.9%	2.6%	2.3%	2.3%	2.3%
Compensation	1.0%	2.6%	2.3%	2.3%	2.3%
Benefits-Internal-Regular	52.4%	53.4%	54.1%	54.8%	55.4%
Non-Compensation Expense	CBO Submission				
Capital Expenditures	74% of Deprec.	85% of Deprec.	90% of Deprec.	95% of Deprec.	100% of Deprec.
Multi-year Projection	(\$7,154,429)	(\$16,766,632)	(\$16,014,397)	(\$15,434,637)	(\$15,124,696)
Cumulative Impact		(\$23,921,061)	(\$39,935,458)	(\$55,370,094)	(\$70,494,790)

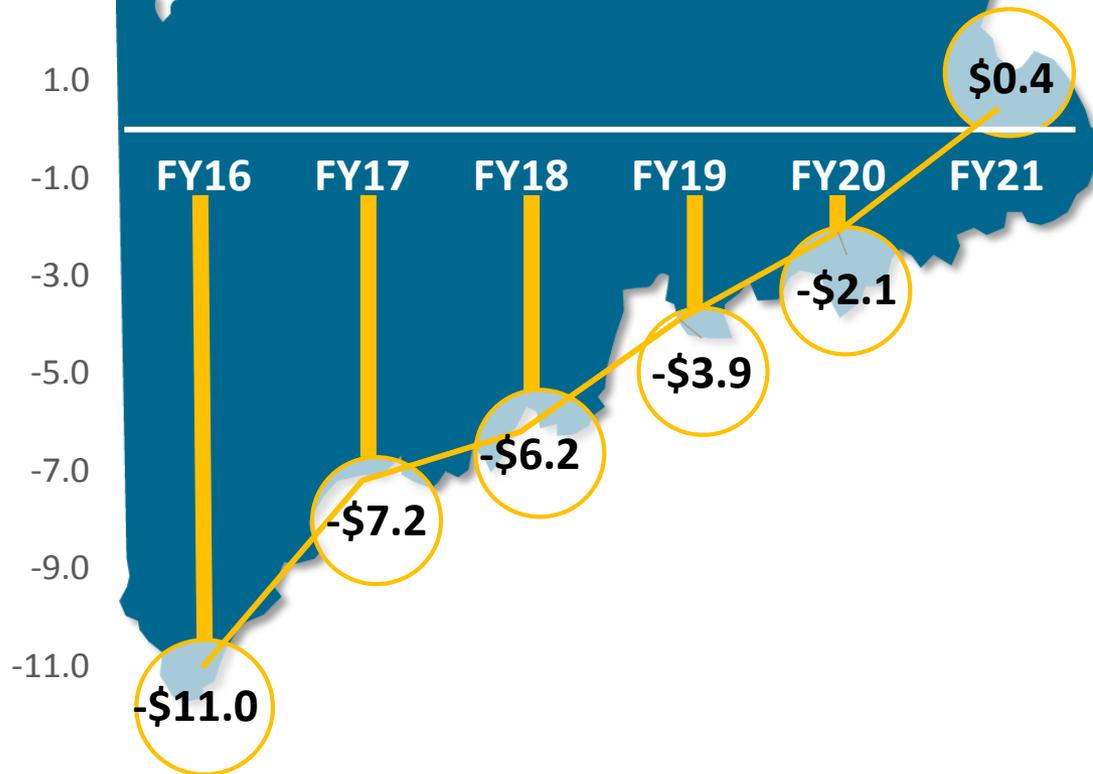
Changes

	FY17	FY18	FY19	FY20	FY21
Consumer price index		2.6%	2.3%	2.3%	2.3%
Enrollment	Campus Enroll Plan				
Aggregate of Campus Enrollment Mgmt Plans [undergraduate]		1.6%	1.8%	1.6%	1.4%
In-State, Undergraduate Tuition Rate	0.0%	2.6%	2.3%	2.3%	2.3%
Unified Fee Rate	0.0%	2.6%	2.3%	2.3%	2.3%
Appropriation	1.9%	2.6%	2.3%	2.3%	2.3%
Compensation	1.0%	2.6%	2.3%	2.3%	2.3%
Benefits-Internal-Regular	52.4%	53.4%	54.1%	54.8%	55.4%
Non-Compensation Expense	CBO Submission				
Capital Expenditures	74% of Deprec.	85% of Deprec.	90% of Deprec.	95% of Deprec.	100% of Deprec.
Multi-year Projection	(\$7,154,429)	(\$16,766,632)	(\$16,014,397)	(\$15,434,637)	(\$15,124,696)
Cumulative Impact		(\$23,921,061)	(\$39,935,458)	(\$55,370,094)	(\$70,494,790)

Final Version

	FY17	FY18	FY19	FY20	FY21
Consumer price index		2.6%	2.3%	2.3%	2.3%
Enrollment	0.0%	1.6%	1.8%	1.6%	1.4%
Aggregate of Campus Enrollment Mgmt Plans [undergraduate]		1.6%	1.8%	1.6%	1.4%
In-State, Undergraduate Tuition Rate	0.0%	2.6%	2.3%	2.3%	2.3%
Unified Fee Rate	0.0%	2.6%	2.3%	2.3%	2.3%
Appropriation (fixed)	1.9%	2.6%	2.3%	2.3%	2.3%
Additional Appropriation (variable)	0.0%	1.0%	0.0%	0.0%	0.0%
Compensation	1.0%	2.6%	2.3%	2.3%	2.3%
Benefits-Internal-Regular	52.4%	53.4%	53.7%	54.0%	54.3%
Non-Compensation Expense	0.0%	1.5%	1.5%	1.5%	1.5%
Capital Expenditures	0.0%	3.5%	4.0%	4.5%	5.0%
Board of Trustee Investments	\$0	\$0	\$0	\$0	\$0
Base Budget Financial Assistance as Needed	\$0	\$0	\$0	\$0	\$0
Multi-year Projection	(\$7,154,429)	(\$6,097,942)	(\$3,939,529)	(\$2,078,300)	\$406,833
Cumulative Impact		(\$13,252,371)	(\$17,191,901)	(\$19,270,200)	(\$18,863,367)

Annual Projected Budget Gaps





*Maine's
Public
Universities*

UNIVERSITY OF MAINE SYSTEM



Questions



Unified Budget



*University of Maine at
PRESQUE ISLE
North of Ordinary



June, 2016



RYAN LOW
CHIEF FINANCIAL OFFICER

DRAFT Unified Budget Recommendations

- Developed by the Chief Business Officers of all seven campuses
- Reflect the input received from hundreds of community members through nearly 50 listening sessions from start of the 2015-2016 academic year.

Mission Excellence at Maine's Public Universities

Home Messages from the Chancellor Priority Initiatives About Mission Excellence Archive search here ... Go

Financial Affairs

Priority Initiatives

- Academic Transformation 2016
- Program Integration Process
- Administrative Function Review Team
- Adult Baccalaureate Completion Distance Education Steering Committee
- Credit Transfer Steering Committee
- Facilities Management Review Team
- Human Resources Review Team
- Information Technology Implementation Oversight Team
- Outcomes-Based Funding
- Strategic Procurement Transformation Project
- UMS Lean Higher Education

Feedback for Unified Budget. Comments open until July 1, 2016

Unified Budget – combined presentations. (final version) May 2016

Unified Budget 4.22.16

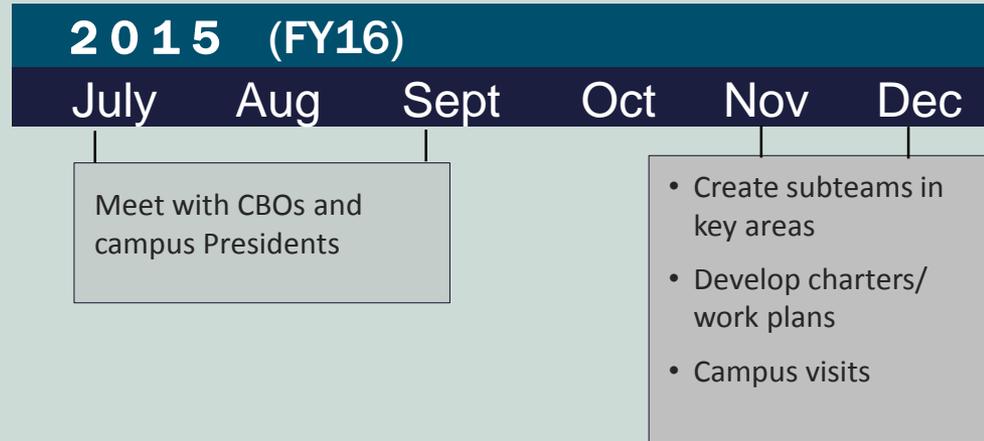
Mission Excellence

thinkmissionexcellence.maine.edu

Unified Budget Timeline



FY18 Unified Budget



Key Areas



1. Tuition & Fees

2. State Allocation Model
including Outcomes Based Funding

3. Institutional Aid/Waivers

4. Reserves

5. Capital Project Funding

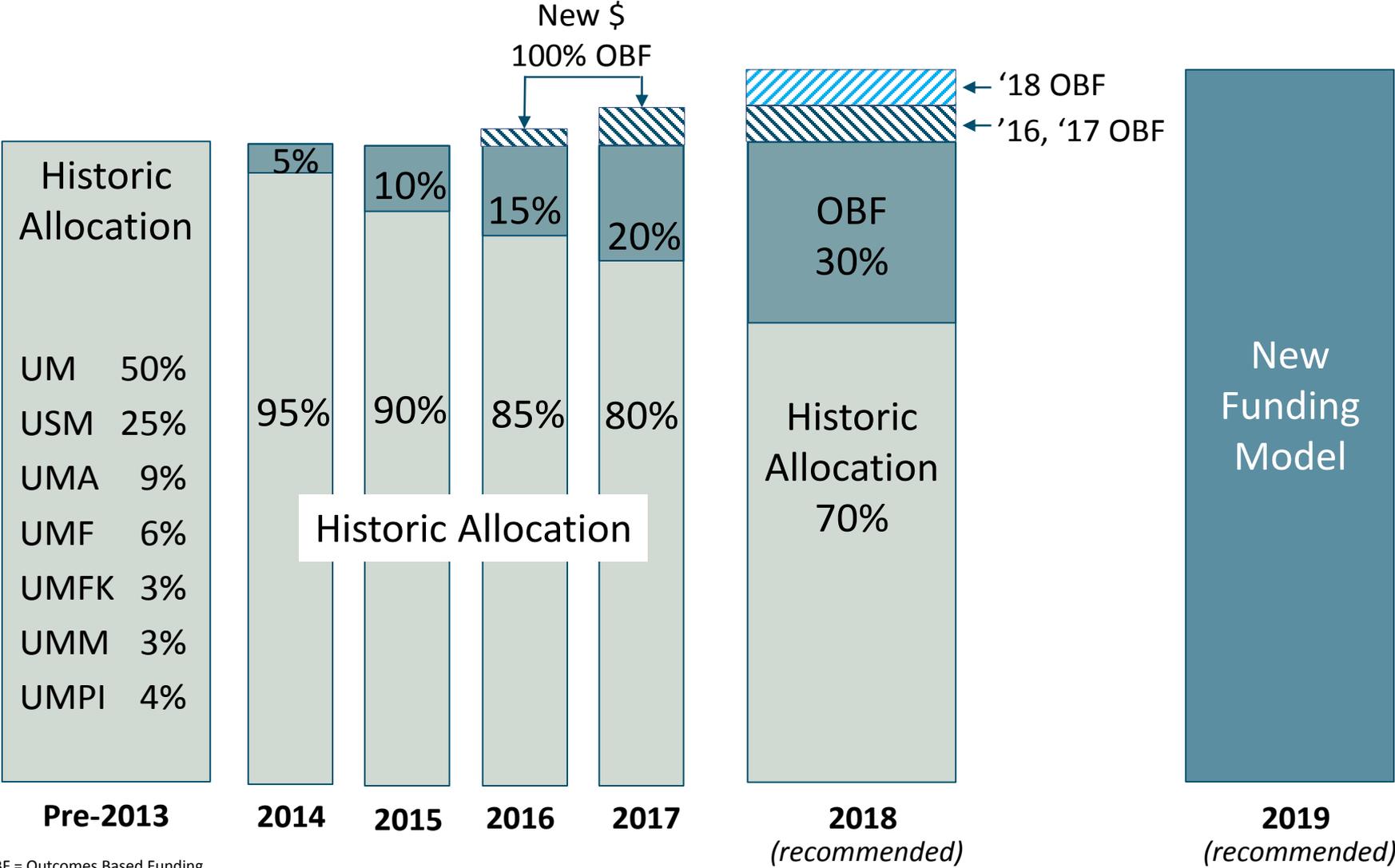
1. Tuition & Fees

Summary of Recommendations

1. Develop a demand-based tuition rate pricing structure for the University of Maine System.
2. Develop one unified rate structure for undergraduate degree programs that are fully online.
3. Develop one agreed upon rate structure for all collaborative degree programs.
4. Establish and enforce new definitions for course and program fees. Consider developing a differential tuition rate for certain academic programs rather than embedding these rates into either course or program fees.
5. Maintain existing unified fees, but rename the fee to a more descriptive name such as "Student Support Fee".
6. Examine all other fees for opportunities to simplify and make consistent across campuses.
7. Consider offering a block tuition rate at 15 (or 16 for UMF) credit hour rate for students taking 12-18 credit hours.



University of Maine System Allocation Models



OBF = Outcomes Based Funding

2. State Allocation Model *including Outcomes Based Funding*

Summary of Recommendations

1. Phase in adjustments to current campus base allocations over 2 year period in 2 steps:
 - a. assess the total 6-year 30% value of Outcomes Based Funding Formula in FY18,
 - b. distribute \$3m to campus based budgets, phased in fully over 3 years.
2. Develop a funding model based in part on one used in another university system. The CBOs will work with stakeholders to identify the metrics relevant to our System and those that will advance the goals established by the Board of Trustees.

UMaine State Appropriation

Current Model

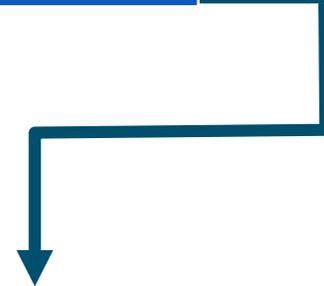
- Outcomes Based Funding (OBF): 30% of historic State Appropriation runs through OBF metrics
- New State Appropriation distributed through OBF metrics

5% OBF FY14	10% OBF FY15	15% OBF FY16	20% OBF FY17	25% OBF FY18	30% OBF FY19	Continue OBF FY20
81,992,553	80,194,965	77,520,337	82,497,718	81,665,359	80,833,000	

Proposed Model with Unified Budget Approach

5% OBF FY14	10% OBF FY15	15% OBF FY16	20% OBF FY17	30% OBF FY18	New Model FY19
81,992,553	80,194,965	77,520,337	82,497,718	80,833,000	TBD

2 years of OBF

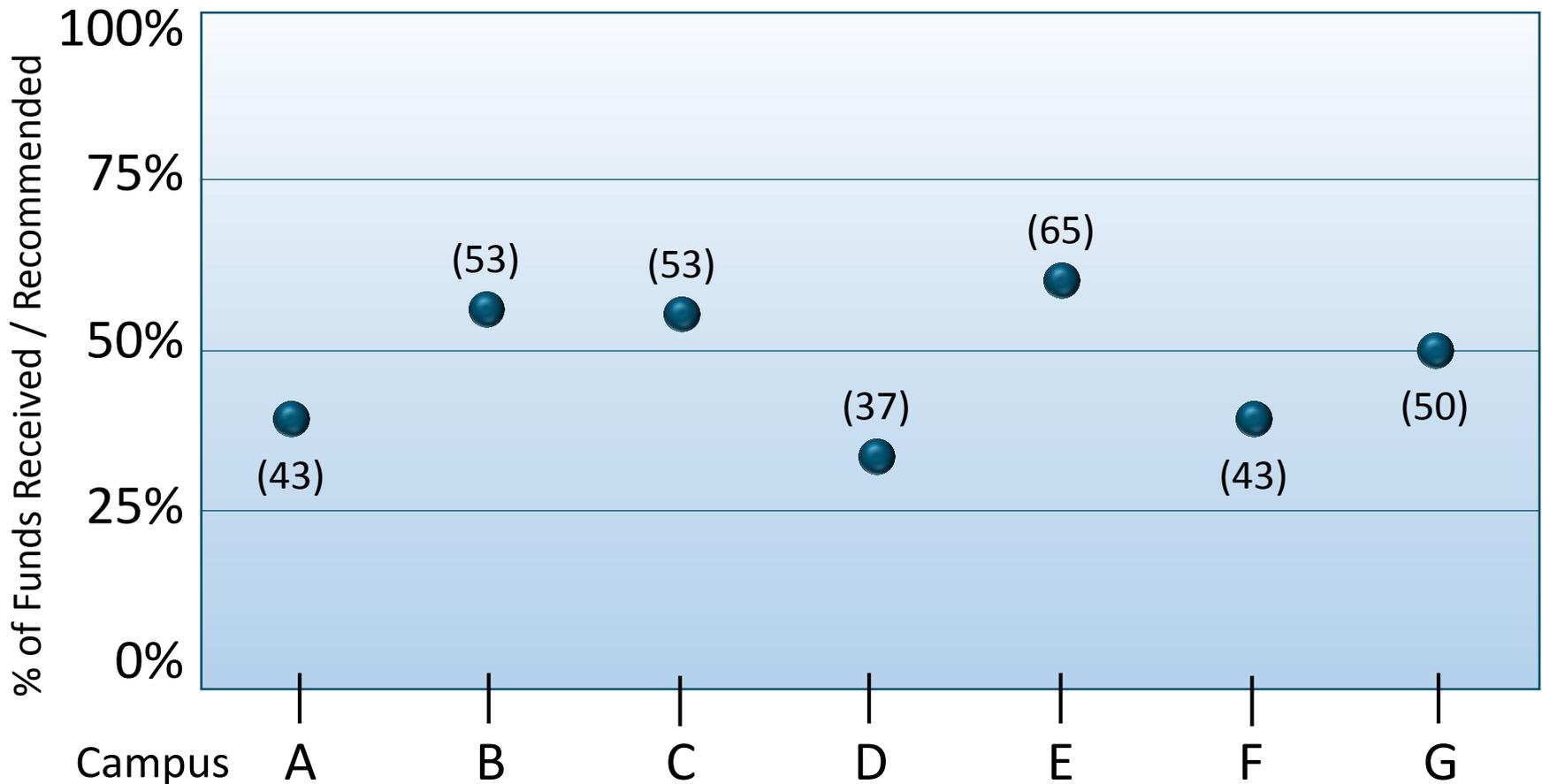


2. State Allocation Model *including Outcomes Based Funding*

Summary of Recommendations

3. Beginning in fiscal year 2019, new legislative appropriations will be allocated in a manner that provides parity across each campus as defined by the new budget funding model, as well as provide a pool of resources that would be available for systemwide strategic priorities.
4. Beginning in fiscal year 2021, and at least every 3 years after, the Chief Financial Officer will review the allocation model with the Chief Business Officers of each campus and recommend any modifications that may be necessary to the Chancellor and Board.

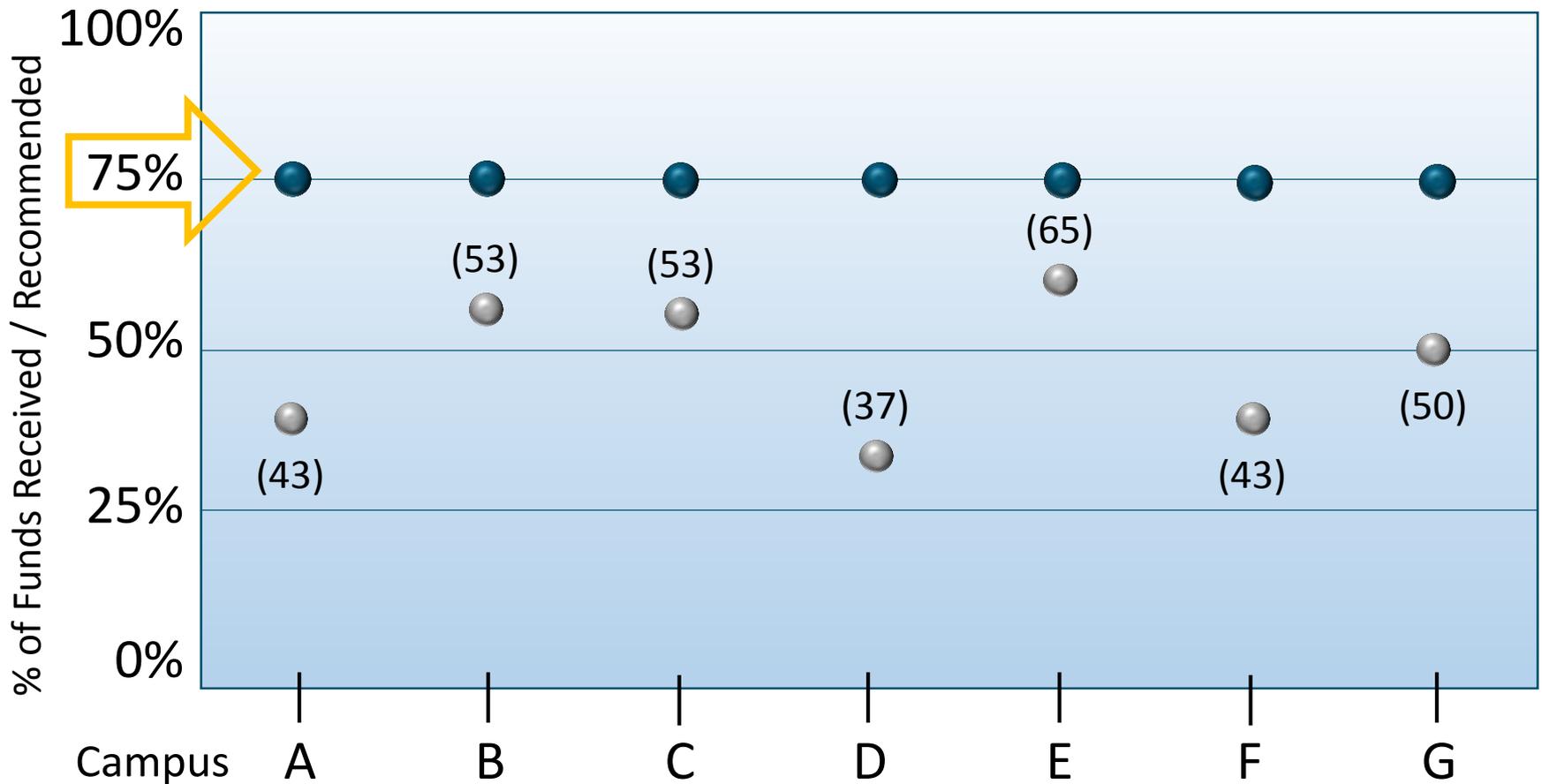
New Funding Model – Current State to Equity



1. Current State

2. Equity – State funding for each is @ the same % of recommended levels
3. Rise all boats

New Funding Model – Current State to Equity

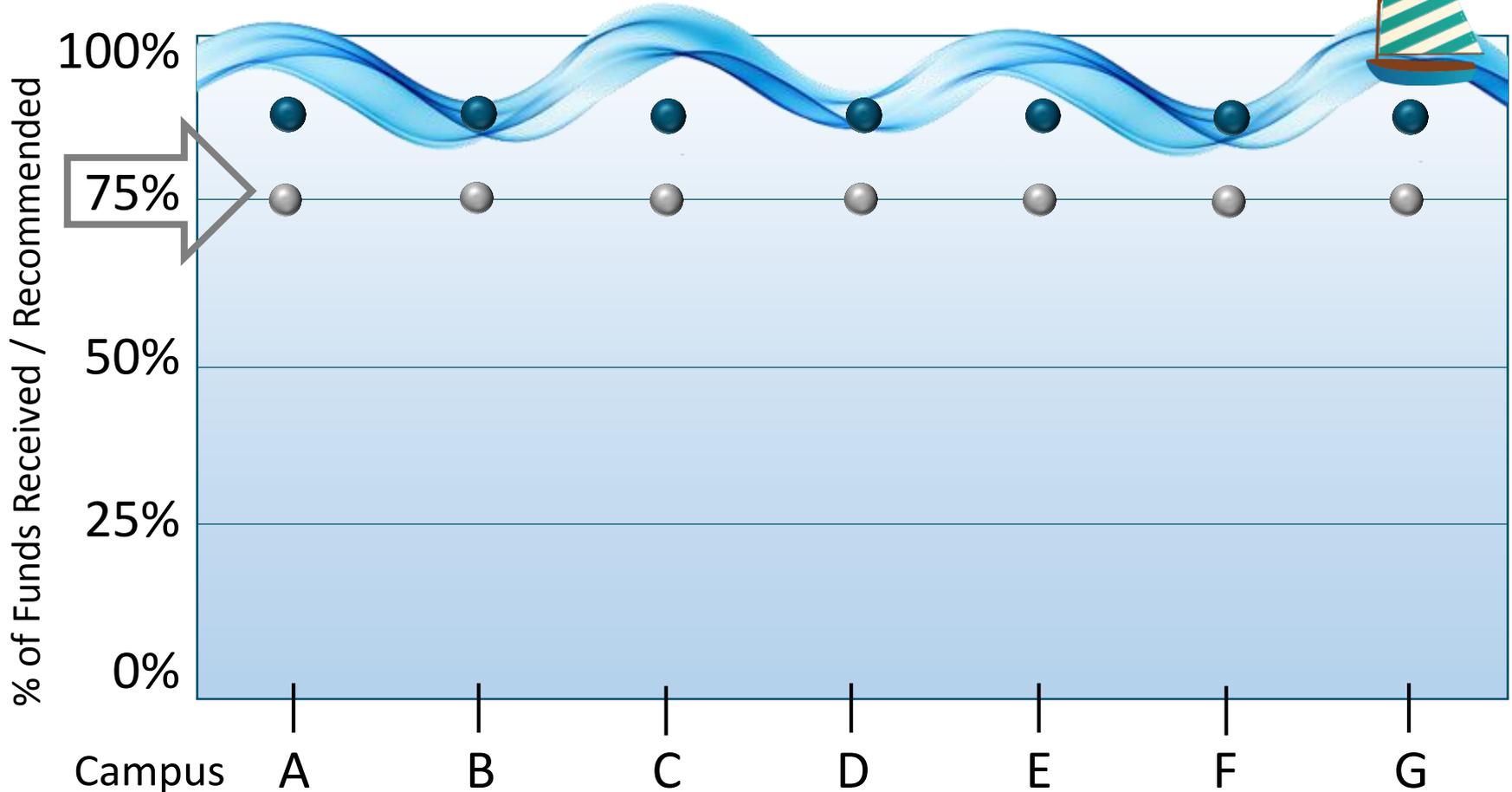


1. Current State

2. **Equity – State funding for each is @ the same % of recommended levels**

3. Rise all boats

New Funding Model – Current State to Equity



1. Current State
2. Equity – State funding for each is @ the same % of recommended levels
- 3. Rise all boats**

2. State Allocation Model *including Outcomes Based Funding*

Summary of Recommendations

5. Tuition and Fee revenue should continue to be retained at the campus level to incentivize expansion of student access and encourage investments that focus on strategic campus strengths.
6. The Chief Business Officers are recommending the student financials team at each campus, working with 2 CBOs, explore opportunities for collaboration. The focus of the workgroup should be more consistent application of policy and procedures across the campuses.
7. The CBOs are recommending that the VCAA convene a group of stakeholders', including CAOs, campus researchers, CBOs to review the current allocations for the distribution of Maine Economic Improvement Funds and make recommendations for any adjustments, if any, that might be necessary.

3. Institutional Aid/Waivers

Summary of Recommendations

1. Federal, need based and merit based financial aid should continue to be administered at the campus level.
2. Develop a prioritized list of areas for further service collaboration and verification.
3. Complete an analysis of moving the two UMS header schools to trailer schools, including timeline and transition costs.
4. Improve student service and access to aid by pursuing universal on-line application protocols and tools.
5. Unrestricted and restricted funds raised by a campus, stay with that campus.
6. UMS campuses will coordinate institutional merit aid offered to in-state students to ensure equitable financial access to programs and campuses across the state.



3. Institutional Aid/Waivers

Summary of Recommendations

7. UMS Enrollment Management Council should explore opportunities to support current collaborations across the campuses for marketing/public relations associated with affordability, access and the ROI of degree attainment.
8. Encourage Financial Aid Directors, Institutional Research and Enrollment Managers to work together to consider goals for Expected Family Contribution and gap.
9. Work to develop a common methodology for calculating discount rates.



4. Reserves

Summary of Recommendations

1. Grandfather each campus' total unrestricted net position balance (reserve balance) as of the Unified Budget implementation date.
2. Require the CBO's to review their campus' special reserves and designated balances between now and the Unified Budget implementation date to determine whether the balances are still needed or can be collapsed into the campus' E&G Reserve.
3. Require that each campus build, establish, and maintain an E&G operating reserve account at 10% of adjusted E&G spending.
4. Each campus that has a reserve balance equal to 10% of E&G expenses would contribute 10% of future surpluses to a unified operating reserve to be used to build up the balances of a campus below 10%. 90% would continue to remain on campus.



4. Reserves

Summary of Recommendations

5. Provide greater transparency for auxiliary operations through increased financial reporting.
6. Establish a working group to review auxiliary operations across the system, with a goal of identifying opportunities for increased collaboration and sharing of best practices.



5. Capital Project Funding

Summary of Recommendations

1. Formalize one-year capital plans into the annual budget process
2. Increase the Unified Fee across all campuses with the revenue designated for capital improvement at each campus
3. Establish a Capital Committee charged with reviewing requests made of the central pool and any potential bond funding.



Survey Tool & Feedback

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Priority Initiatives

- Academic Transformation 2016
- Program Integration Process
- Administrative Function Review Team
- Adult Baccalaureate Completion Distance Education Steering Committee
- Credit Transfer Steering Committee
- Facilities Management Review Team
- Human Resources Review Team
- Information Technology Implementation Oversight Team
- Outcomes-Based Funding
- Strategic Procurement Transformation Project
- UMS Lean Higher Education

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