

Transforming Our Future: FY2021 E&G Budget Update



University of Maine and University of Maine at Machias Campus Presentation, October 23, 2020

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Acknowledgements

Thanks to

Debra Allen

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Sharon Buchanan

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Alicia Wyman

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for their extraordinary efforts in collaborating to
prepare this presentation.



Agenda

- Context: National, Regional, and State
- Our Frameworks:
 - Strategic Vision and Values
 - Define Tomorrow
- FY2021 Budget: A year like no other
- FY2022 Budget Development: New approaches
- Review of UMaine and UMM budget structure





Thank You



Context: National, Regional, and State



Pandemic-related costs are impacting higher education nationally.

- State revenues may fall by as much as \$200B by the end of FY2021. (Urban Institute)
- Public universities and systems eliminating faculty positions (e.g., Penn State System of Higher Education to cut 350 positions)
- Nationally enrollment inquires for this time of year are down 16% compared to the prior year.
- In a letter to Congress over the summer, The American Council on Education estimated the overall financial impact on higher education to be at least \$120 billion. As the fall semester progressed it was determined that the figure is likely higher.
- Between February and September over 250,000 jobs have been lost at Public state-controlled institutions of higher education (US Bureau of Labor Statistics)
- The University of Massachusetts at Amherst has indefinitely furloughed 850 staff members, mostly in housing and dining services (Inside Higher Ed)



Impact on Higher Education Budgets Nationally

- Revenue losses/COVID costs to US higher ed at least \$120 Billion
- Pandemic has reduced higher education workforce by 337,000
- State revenues projected to be down by \$200 billion (FY20-21)
- Like Maine, many states have already directed agencies (including public colleges/universities/systems) to prepare for severe cuts between 10-15 percent (Washington, Ohio, Illinois, Connecticut, Minnesota, etc.)
- Congressional proposals include meaningful but inadequate funding for higher ed and research relief and passage unclear
- Nationally overall public four-year undergraduate enrollment down 1.4 percent (enrollment up in NH and VT) but first-year students down 13.7 percent and graduate up 2.7 percent



The Northeast is also feeling the pandemic results on top of declining demographics.

Recently from the Chronicle

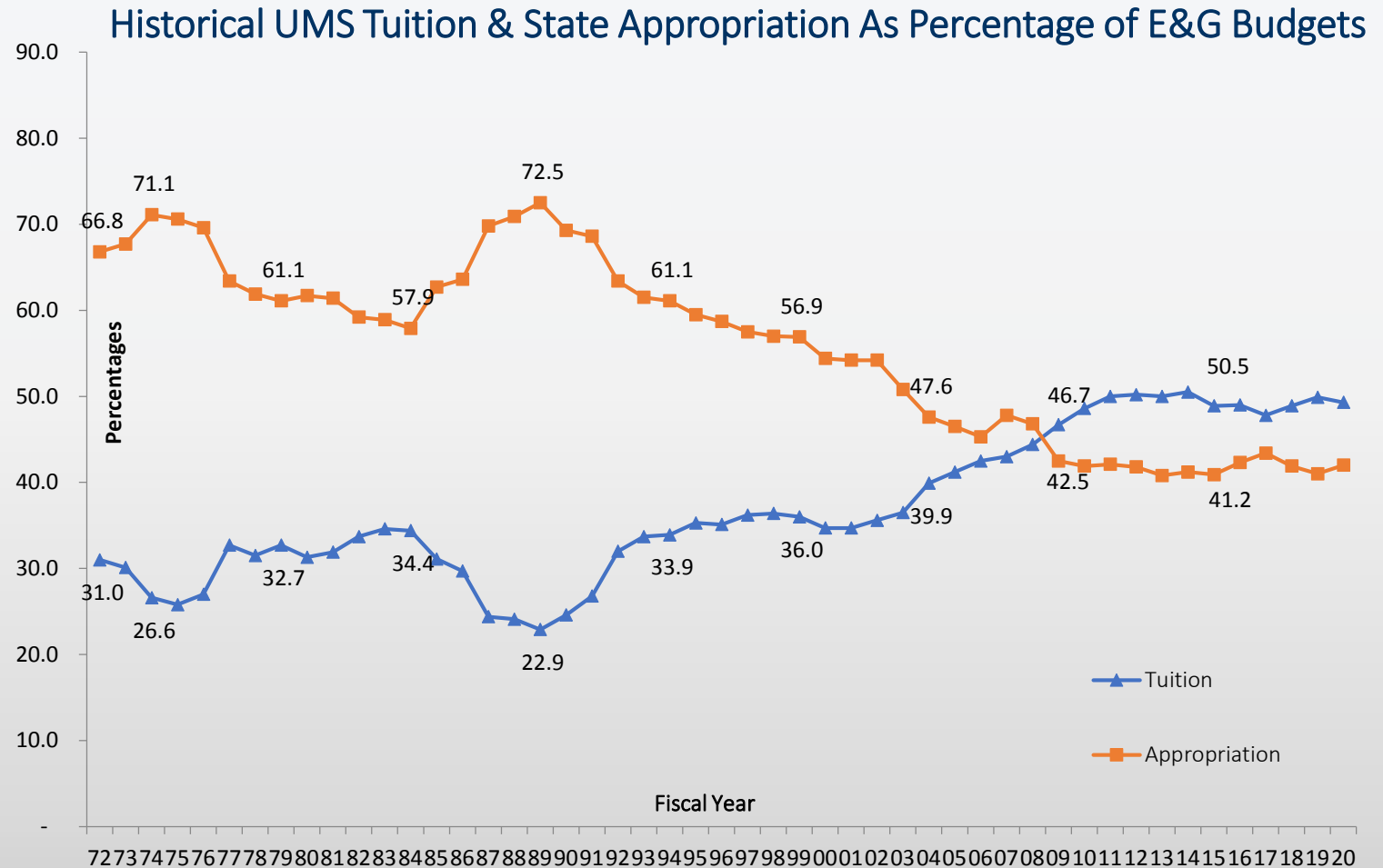
“In the Northeast and upper Midwest, the fiscal impacts of the pandemic compound demographic changes that are already depleting the number of traditional-age college students.”

*“Public colleges face two crises: the impact of Covid-19 on their operations and a downturn in state funding brought on by the current recession. We tend to ultimately receive bigger budget cuts than other agencies during recessionary periods because, unlike other state budget categories such as elementary and secondary education or public assistance, higher ed has its own revenue stream in the form of tuition. **Even though many do so reluctantly, state legislators have relied on higher education to be the balance wheel of state finance.**”*

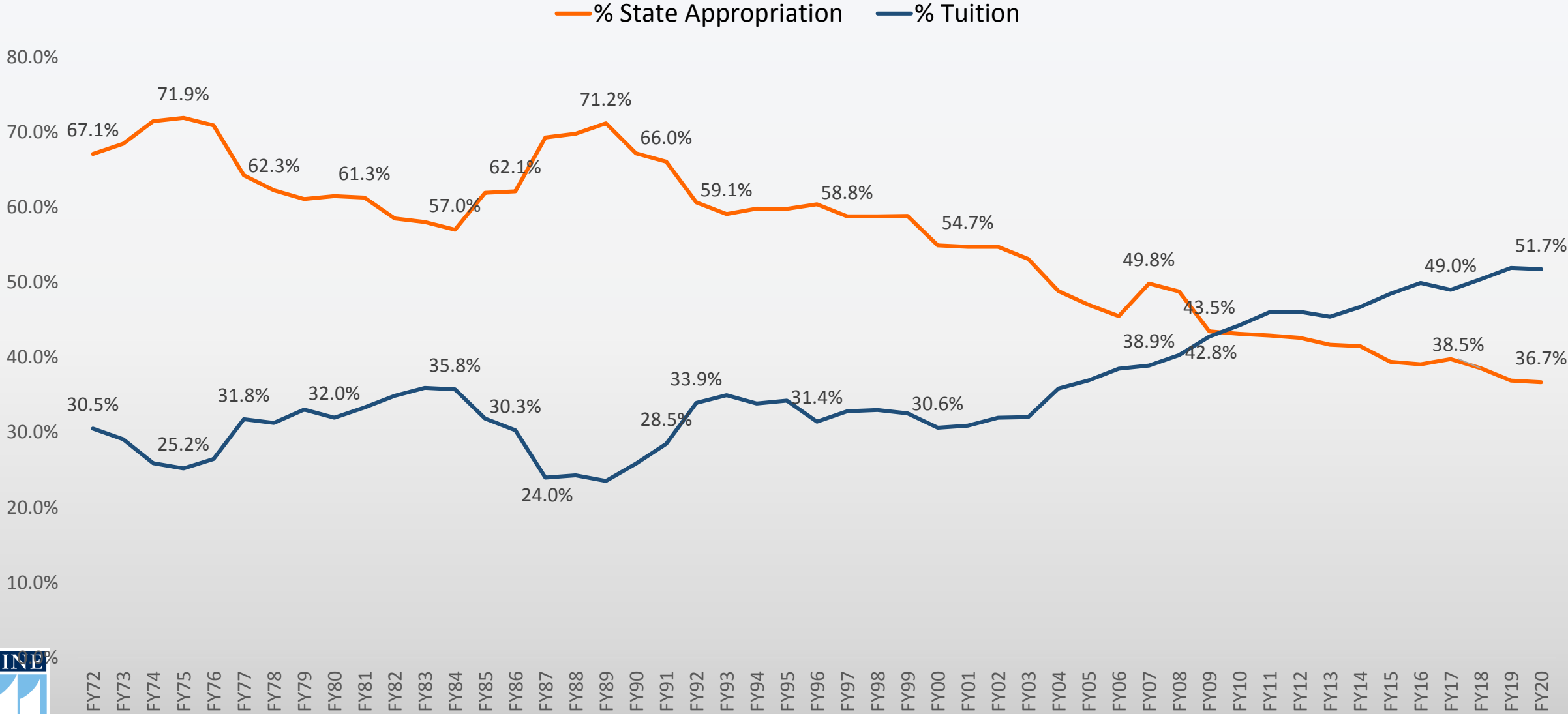


State Appropriations Context

- State appropriation for UMS has not kept pace (avg. annual increase 1.1%) though record investments in infrastructure
- State projects \$1.4B revenue shortfall FY21-23
 - Flat UMS FY21 funding and further \$2.25M curtailment
 - Directed to plan for further 10.4% reduction in next biennium (FY22-23)
 - Other resources to close gap: State Rainy Day Fund (\$259M), potential federal relief, taxes



UMaine Appropriation Context





Our Frameworks
Strategic Vision and Values
Define Tomorrow



The Strategic Vision and Values Framework guides our work.



The Define Tomorrow Strategic Prioritization activity that began in April 2020 is also a guide.



- In May over 250 ideas submitted from across the university for revenue generation, expense reduction, reorganization, and other ideas.
- Define Tomorrow steering committee, consisting of faculty, staff and administrators, are working on refining this set of ideas during the fall semester.
- These efforts and ideas will help guide wider UMaine community conversations and implementation this coming spring.

We made it through FY2020, with significant challenges.

- Curtailed travel
- Review of hiring
- CARES Act funding
- Reduced spending
- Student Crisis Fund
- Strategic planning university-wide

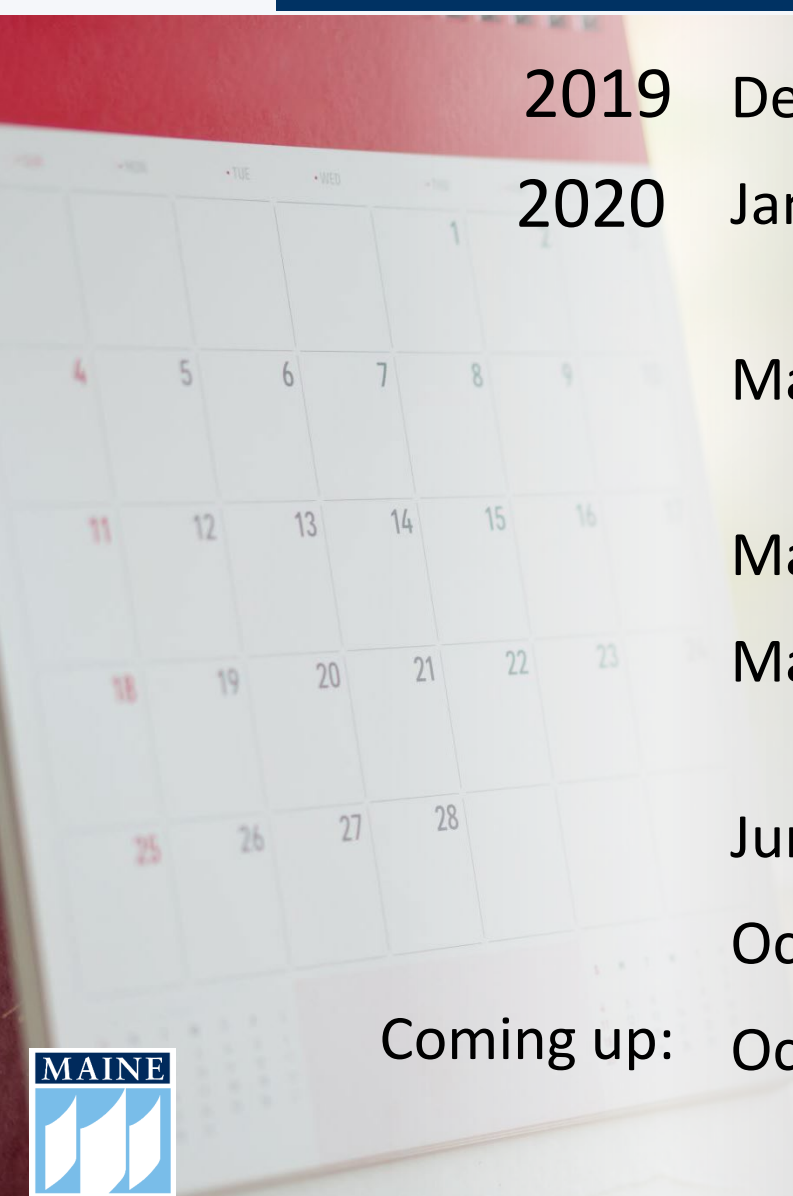


And part of the way onto Q2 of FY2021 our budget is not final. Why?

- Uncertainties around COVID:
 - Projecting student credit hours
 - Would we be face-to-face?
 - Auxiliaries projections
 - Room & Board reductions
 - Research losses
- Timing: Budget normally approved by the Board of Trustees May 2020.
 - Instead, two opportunities for revision



Since last we met . . .



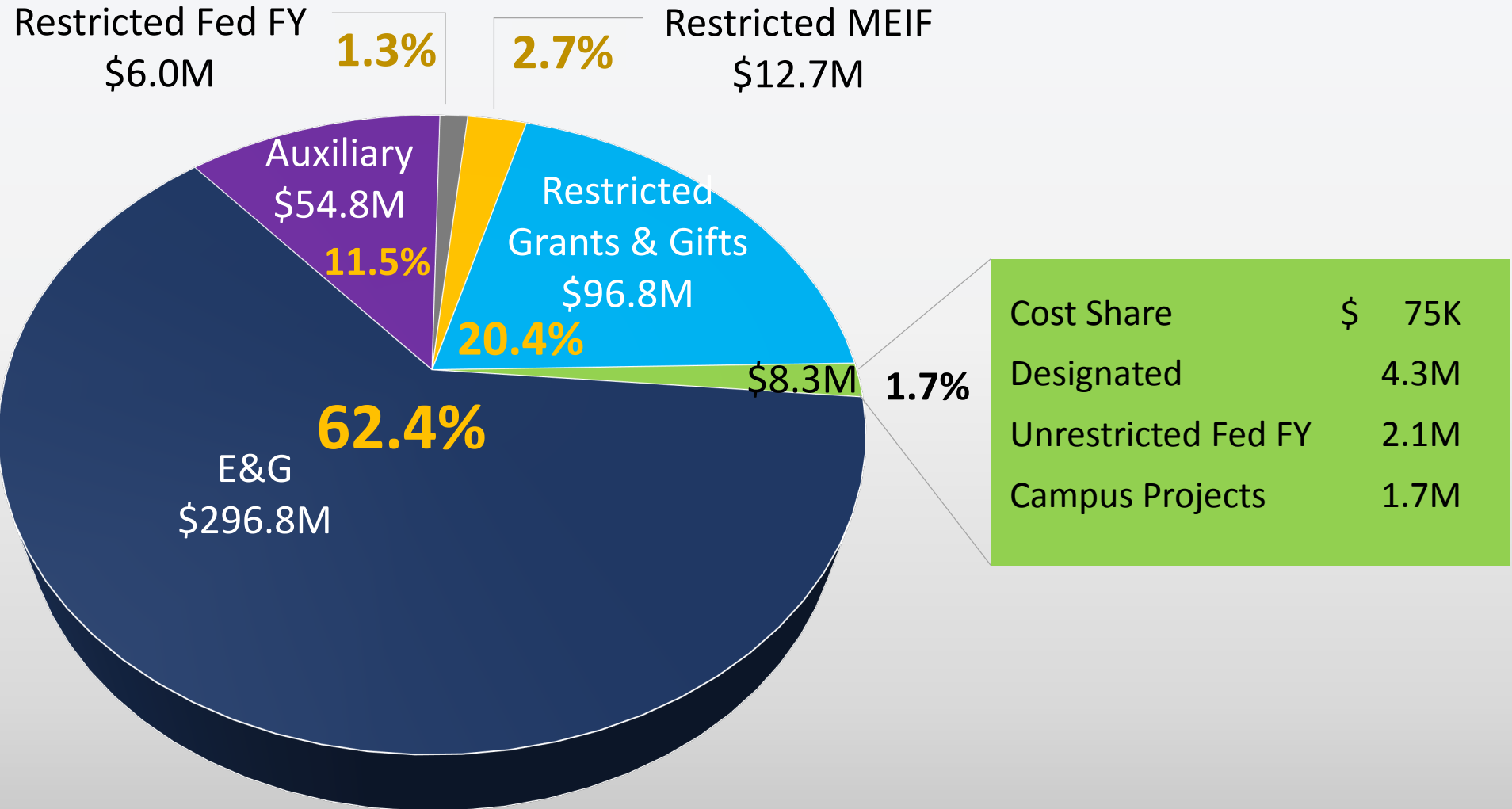
2019	December 4	Campus Presentation*
2020	January 28	Presentation of preliminary FY2021 budget to University of Maine System Leadership
	March 13	Students leave campus for March break and move out of residence halls
	March 25	Remote learning begins March 25
	March 25	First Discussion of FY2021 Budget, UMS Board of Trustees Finance, Facilities and Technology Committee*
	June 26	Conditional approval of FY2021 budget by BOT*
	October 23	This presentation*
Coming up:	October 28	Final approval of FY2021 budget by BOT

* <https://umaine.edu/president/budget-feedback-form/>



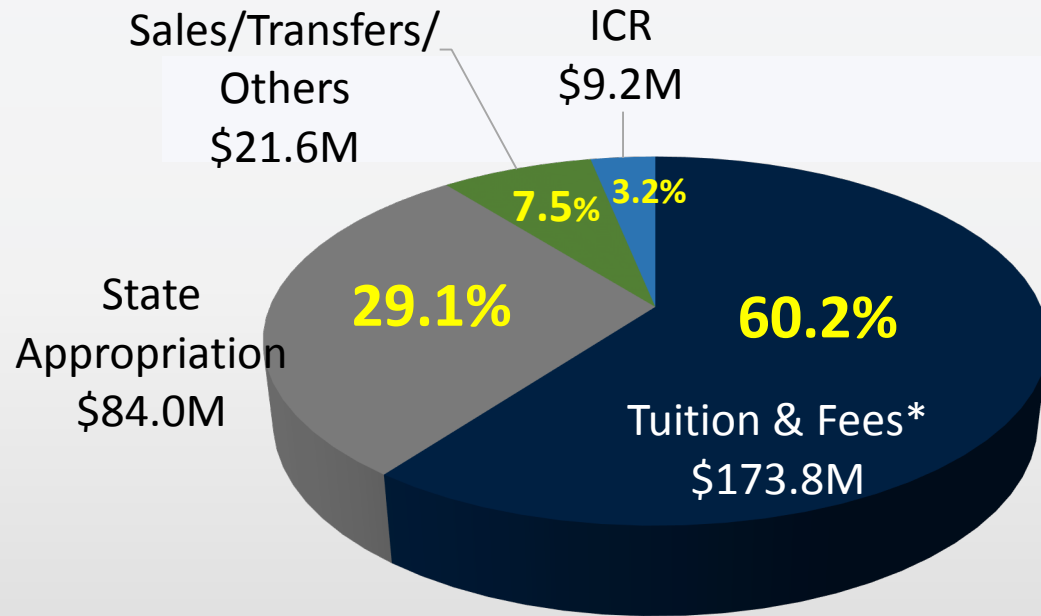
UMaine FY2020 All Funds \$475.4M

Preliminary Year-End Actual Spend



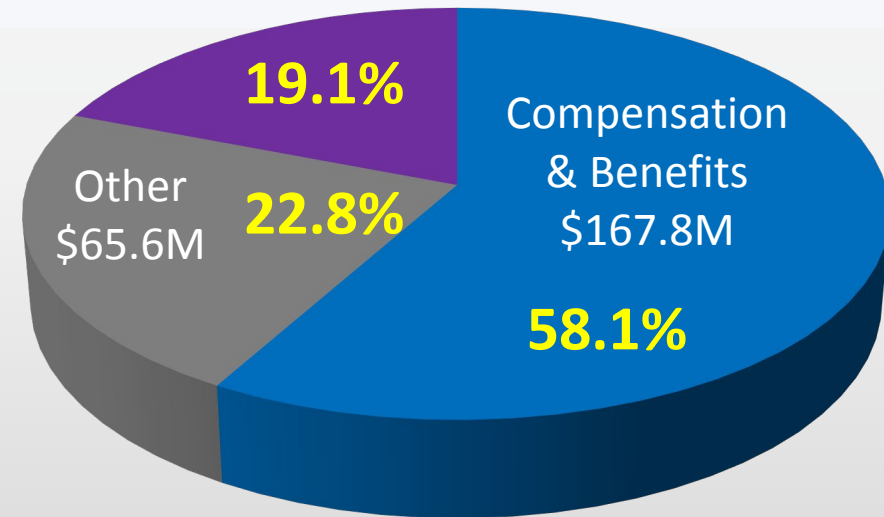
UMaine FY2020 E&G Actual Base Budget

\$288.6M



Revenue

Scholarships & Grants
\$55.2M



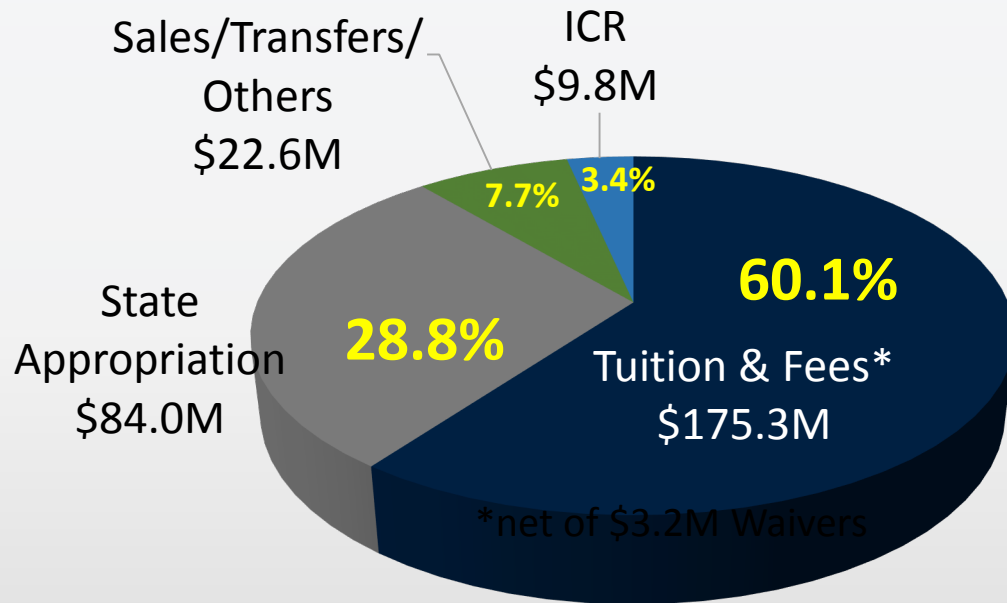
Expense

*net of \$3.1M Waivers

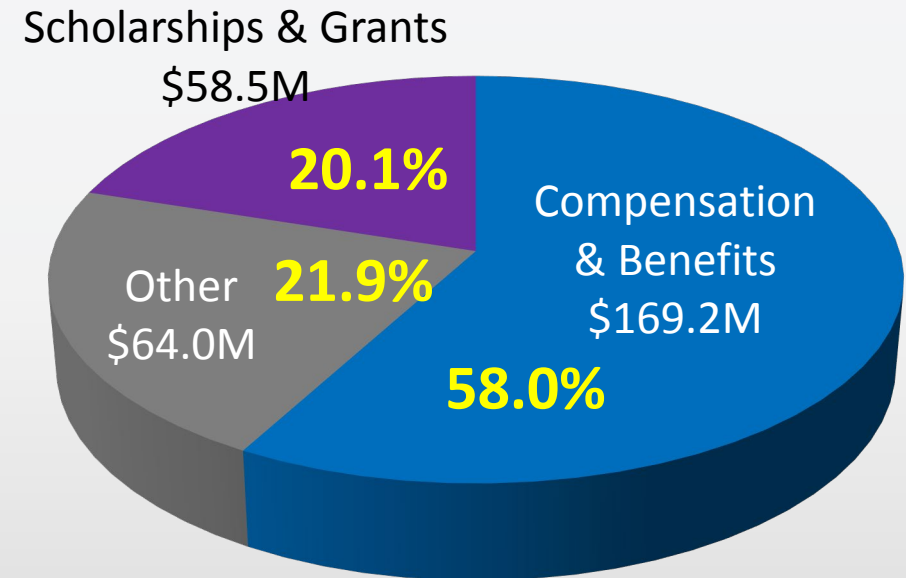


UMaine FY2021 E&G Proposed Base Budget

\$291.7M



Revenue



Expense

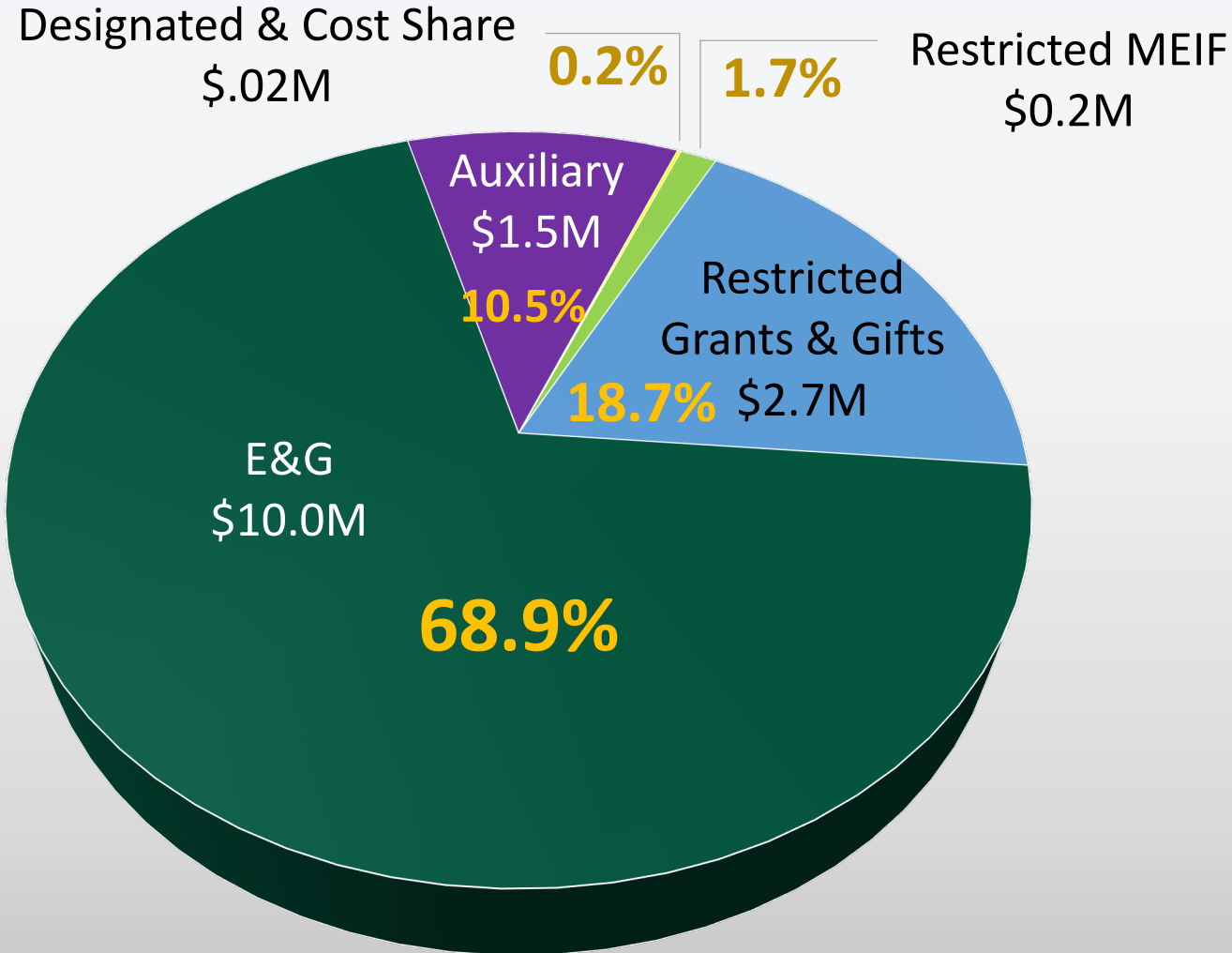
*net of \$3.2M Waivers



UMM FY2020 All Funds

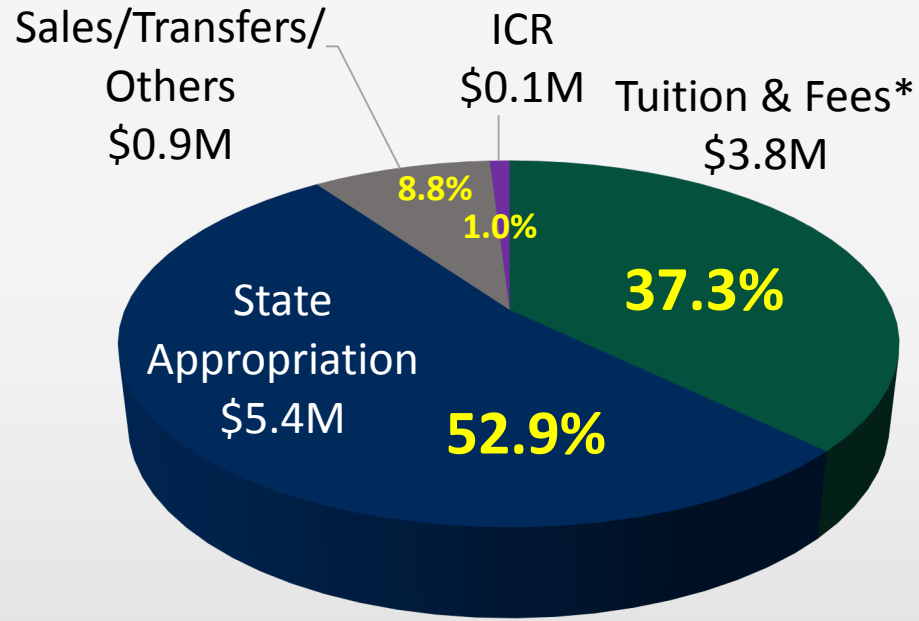
\$14.4M

Preliminary Year-End Actual Spend

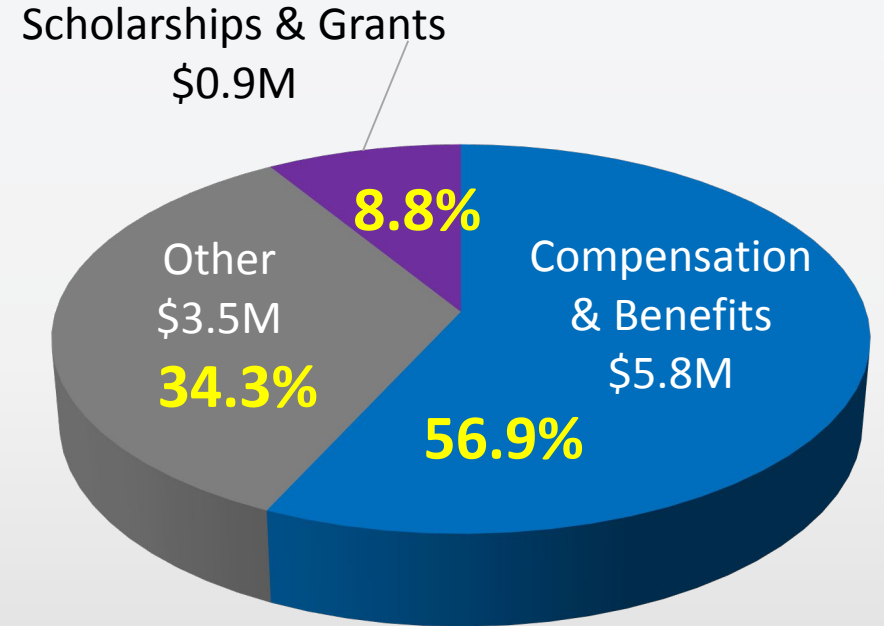


UMM FY2020 E&G Actual Base Budget

\$10.2M



Revenue

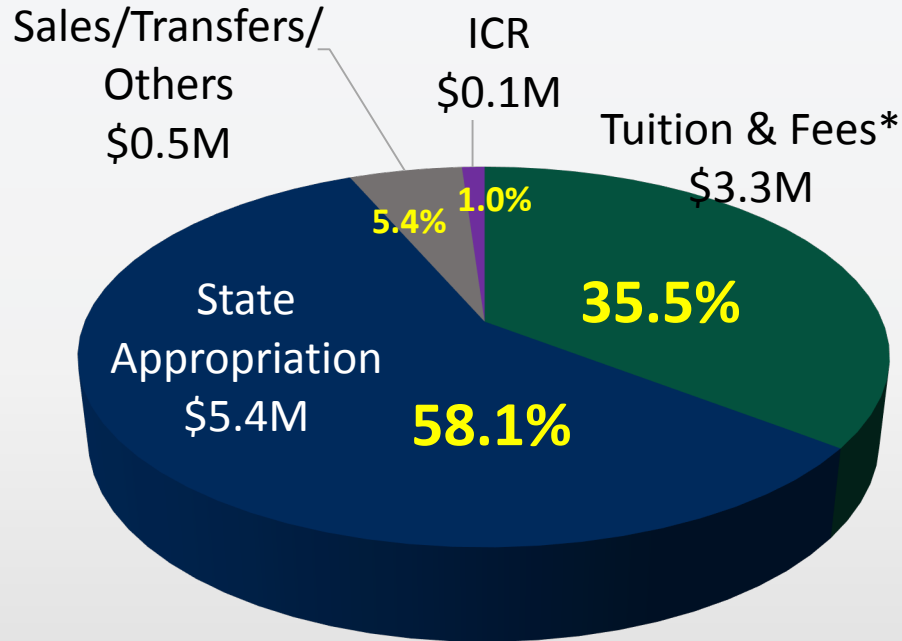


Expense

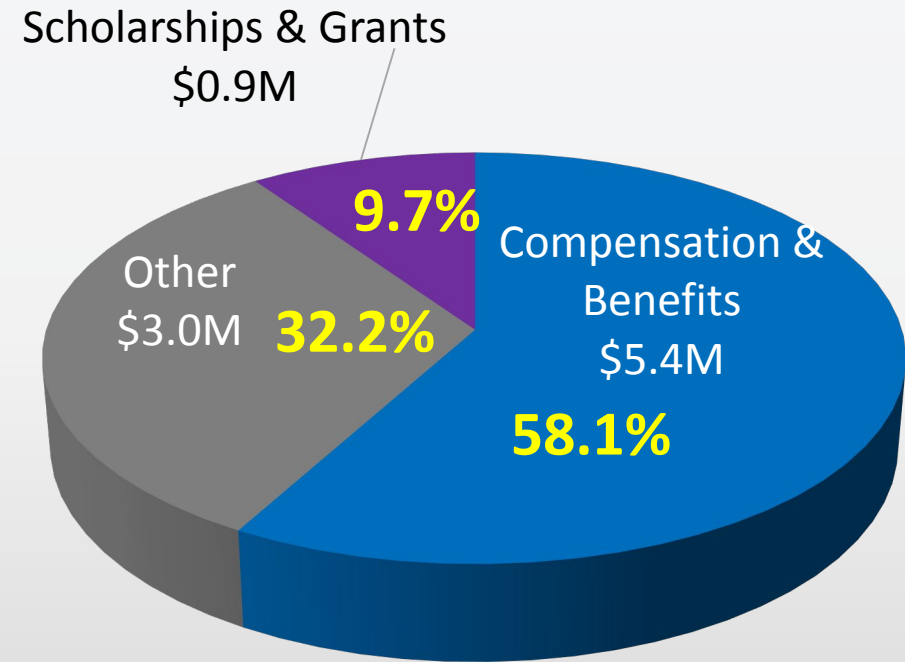


UMM FY2021 E&G Proposed Base Budget

\$9.3M



Revenue



Expense



Intensive efforts in Enrollment Management, Academic Affairs, and Student Life have been effective.

FY2020 Credit hours (last fiscal year)

Summer 2019, Fall 2019, Spring 2020

(all semesters as of census dates)

In-State	Undergraduate	159,552
	Graduate	17,173
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Out-of-State	Undergraduate	99,749
	Graduate	7,864
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	Totals	284,338



Intensive efforts in Enrollment Management, Academic Affairs, and Student Life have been effective.

	FY2021 Budgeted Credit Hours (all semesters)			Fall Semester 2020 Census	
	Preliminary	Revised	Final	Fall Budget	Oct. 15
	Jan- March	April - June	Revision July - Oct		
In-State	159,161	155,233	156,409	77,321	76,583
	18,302	19,818	19,599	8,312	7,773
Out-of-State	97,971	95,345	96,125	48,958	50,012
	7,213	7,032	6,855	3,344	4,147
	282,647	277,428	278,988	137,935	138,515



Credit: Debra Allen, Assistant Provost for Institutional Research and Assessment

Intensive efforts in Enrollment Management, Academic Affairs, and Student Life have been effective.

FY2020 Credit hours (last fiscal year)

Summer 2019, Fall 2019, Spring 2020
(all semesters as of census dates)

In-State	Undergraduate	10,831
Out-of-State	Undergraduate	2,141
	Totals	12,972

Credit: Debra Allen, Assistant Provost for Institutional Research and Assessment



Intensive efforts in Enrollment Management, Academic Affairs, and Student Life have been effective.

	FY2021 Budgeted Credit Hours (all semesters)			Fall Semester 2020 Census	
	Preliminary	Revised	Final	Fall Budget	Oct. 15
	Jan- March	April - June	Revision July - Oct		
In-State	10,568	9,271	9,539	4,675	5,127
Out-of-State	1,958	1,717	1,832	934	1,045
	12,526	10,988	11,371	5,609	6,172

Credit: Debra Allen, Assistant Provost for Institutional Research and Assessment



Getting to a balanced UMaine FY2021 budget

January 28, 2020: Meeting with UMS Leadership
We had a \$7.3M gap, after having reduced budgets by \$8M.

March 25, 2020: Meeting with Finance, Facilities & Technology Committee. We presented a \$4.6M gap after having adjusted projected credit hours and the System reducing the compensation benefit rate



Getting to a balanced UMaine FY2021 budget

June 24, 2020: Meeting with FFT Committee followed by conditional approval of the budget by the BOT. We presented a \$4.4M gap, after adjusting projected credit hours, reducing State appropriation and reducing budgets.

October 28, 2020: Meeting with FFT Committee followed by final approval of the FY2021 budget by the BOT. We continue to present a \$4.4M gap, after increasing projected credit hours, further reducing State appropriation and creating an innovation fund.



We made reductions campus-wide to address the FY2021 gap.

	FY2020 Base Budget	% of Total FY2020 Budget
Academic Affairs	167,936,693	58.2%
Research & Graduate School	20,949,247	7.3%
Student Life & Inclusive Excellence	6,116,307	2.1%
President's Areas	19,179,940	6.6%
Business & Finance Areas	35,572,010	12.3%
Innovation & Economic Development	2,520,620	0.9%
Financial Management*	36,346,079	12.6%
Total	288,620,896	100.0%

* Shared services, debt service Insurance, etc.



We made reductions campus-wide to address the FY2021 gap.

	FY2020 Base Budget	% of Total FY2020 Budget	Reduction Amount Moving into FY2021	Reduction as a % of Area FY2020 Budget
Academic Affairs	167,936,693	58.2%	8,443,852	5.0%
Research & Graduate School	20,949,247	7.3%	975,498	4.7%
Student Life & Inclusive Excellence	6,116,307	2.1%	562,235	9.2%
President's Areas	19,179,940	6.6%	991,960	5.2%
Business & Finance Areas	35,572,010	12.3%	1,382,483	3.9%
Innovation & Economic Development	2,520,620	0.9%	75,000	3.0%
Financial Management*	36,346,079	12.6%	1,145,000	3.2%
Total	288,620,896	100.0%	13,576,028	

* Shared services, debt service Insurance, etc.



We made reductions campus-wide to address the FY2021 gap.

	FY2020 Base Budget	% of Total FY2020 Budget	Reduction Amount Moving into FY2021	Reduction as a % of Area FY2020 Budget	Final FY2021	% of Total FY2021 Budget
Academic Affairs	167,936,693	58.2%	8,443,852	5.0%	169,397,938	58.1%
Research & Graduate School	20,949,247	7.3%	975,498	4.7%	21,971,497	7.5%
Student Life & Inclusive Excellence	6,116,307	2.1%	562,235	9.2%	5,793,852	2.0%
President's Areas	19,179,940	6.6%	991,960	5.2%	18,161,775	6.2%
Business & Finance Areas	35,572,010	12.3%	1,382,483	3.9%	33,894,261	11.6%
Innovation & Economic Development	2,520,620	0.9%	75,000	3.0%	805,050	0.3%
Financial Management*	36,346,079	12.6%	1,145,000	3.2%	41,652,440	14.3%
Total	288,620,896	100.0%	13,576,028		291,676,813	100.0%

* Shared services, debt service Insurance, etc.



Getting to a balanced UMM FY2021 budget

January 28, 2020: Meeting with UMS Leadership.
We had a \$525K gap, after having reduced budgets by \$343K.

March 25, 2020: Meeting with Finance, Facilities & Technology Committee. We presented a \$270K gap after having adjusted projected credit hours and the System reducing the compensation benefit rate



Getting to a balanced UMM FY2021 budget

June 24, 2020: Meeting with FFT Committee followed by conditional approval of the budget by the BOT. We presented a \$145K gap, after adjusting projected credit hours, reducing State appropriation and reducing budgets.

October 28, 2020: Meeting with FFT Committee followed by final approval of the FY2021 budget by the BOT. We continued to present a \$145K gap, after increasing projected credit hours and further reducing State appropriation.



Getting to a balanced UMM FY2021 budget

Reductions in Positions (vacancies, retirements, layoffs)	714,487
Reductions in operating funds including Athletics	234,364
Reductions in Scholarships including Athletics	73,580
	<hr/>
	1,022,431

This is what was cut in larger units to mitigate the FY2021 gap

Academic Affairs	436,919
Student Life	48,060
Athletics including Financial Aid & Operating	412,105
Administrative Support	101,767
Financial Aid	<hr/>
	23,580
	<hr/>
	1,022,431

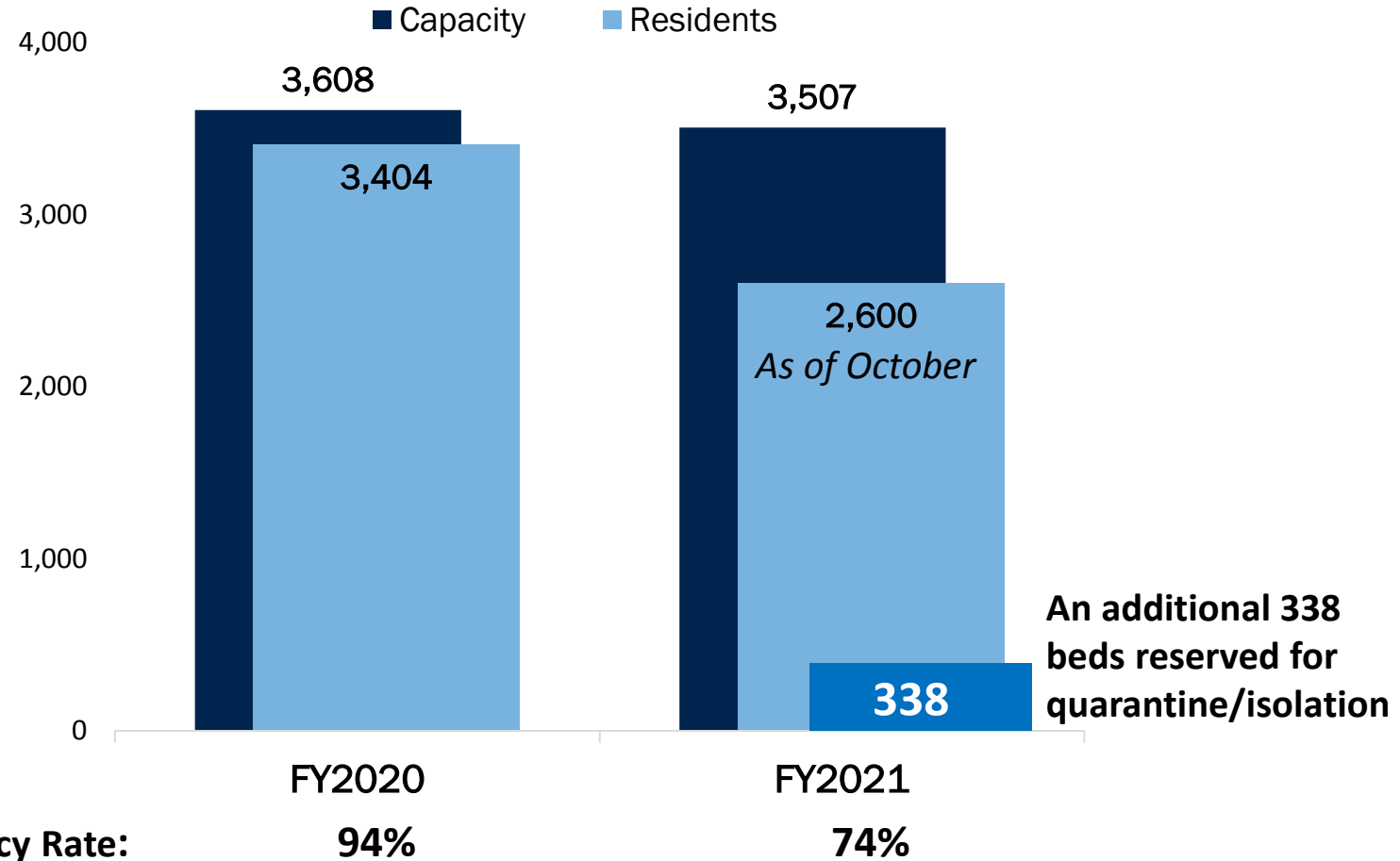


We have reduced aspects of housing and dining.



Dining

- Meal Plan: 2,600 participants, Fall - 80% meal rate Spring - 100% meal rate
- Greatly reduced retail and catering
- No athletic concession sales
- Dining staff assisting students with options throughout pandemic

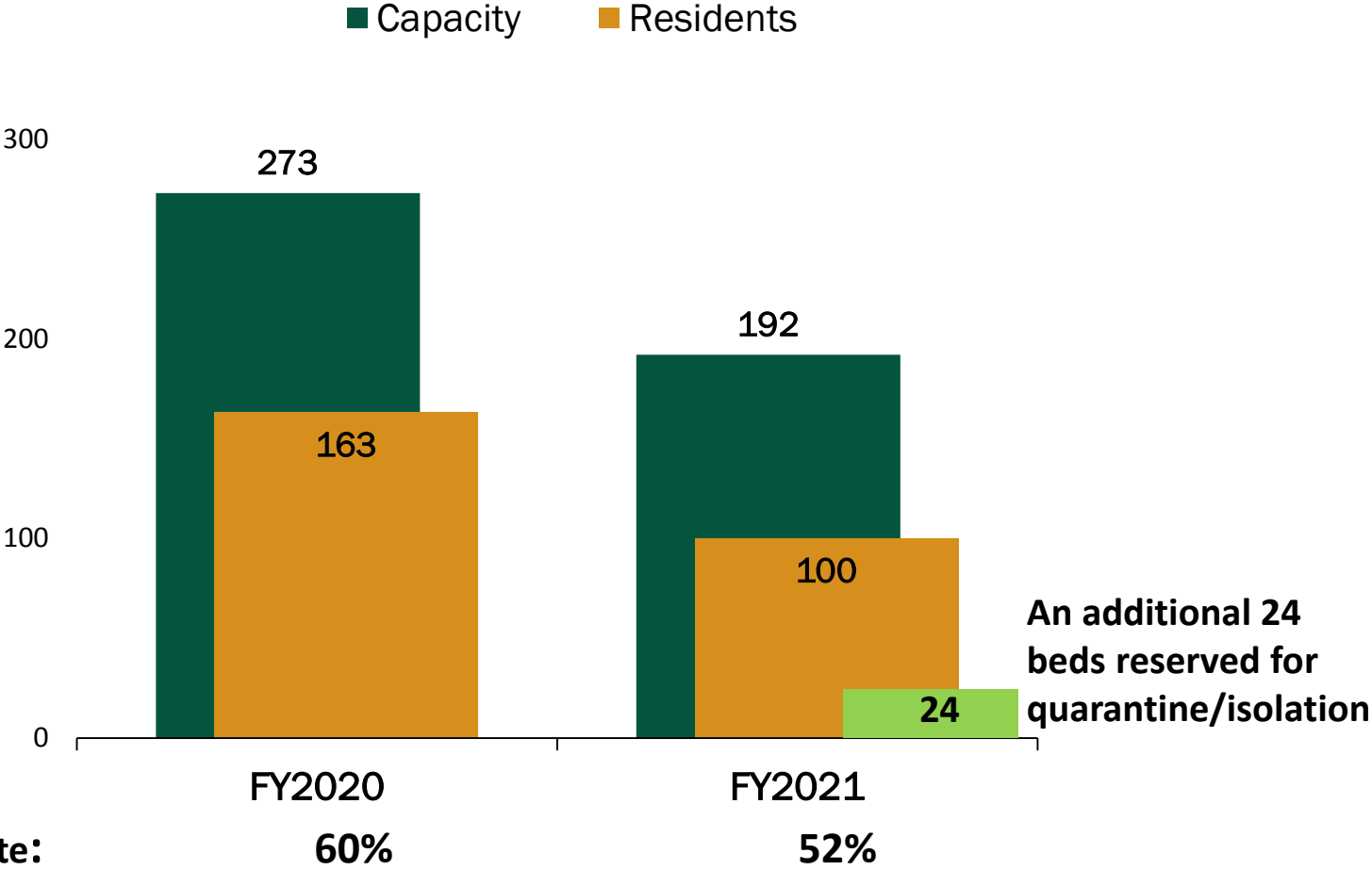


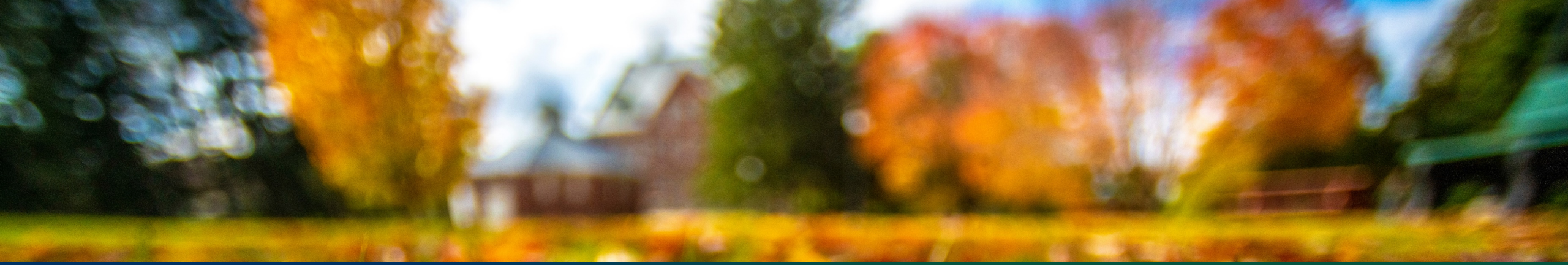
UMM residence hall occupancy in Fall 2020 is below what we projected.



Dining

- Meal Plan: 100 participants, Fall - 80% meal rate, Spring - 100% meal rate
- Students actively involved in making dining more appealing
- Student culinary council created





FY2022 Budget Development: New Approaches



**UMS
Transforms
Harold Alfond
Foundation**



1 | Black Bear Athletics (**\$90M**)



2 | Student Success and Retention (**\$20M**)



3 | Maine Engineering, Computing and Information Science (**\$75M**)



4 | Maine Graduate and Professional Center (**\$55M**)

Preliminary timeline for building the FY2022 budget.

- Mid October** After fall 2020 census, determine enrollment projections, continue recruitment strategies for fall 2021, and engage in campus-wide retention efforts through UMS TRANSFORMS
- Late October** University of Maine System submits its FY2022 appropriation request to the Governor
- Mid- November** University of Maine System provides budgeting parameters to the campuses that include projected tuition increases, shared services costs, insurance adjustments, etc.
- Now through early December** Campuses review strategic funding priorities and develop the framework for budgeting process: next session scheduled for -----



Preliminary timeline for building the FY2022 budget.

- | | |
|-------------------------|---|
| Late January | Campuses complete preliminary budget work, refine enrollment projections |
| Mid February | Internal discussion with University of Maine System Leadership on FY2022 preliminary budget |
| Late March | First public reading of the FY2022 budget with the UMS BOT Finance, Facilities and Technology committee (FFT) |
| Late May or June | Final public reading of the FY2022 budget with the FFT and final approval by BOT |
| July 1 | FY2022 Begins |



Our context: growth, innovation, Maine economic recovery

Position and Program Realignments

UMS Transforms Harold Alfond Foundation

- Student success
- Maine College of Engineering, Computing & Information Science
- Maine Graduate and Professional Center

Define Tomorrow Strategic Prioritization

- May 2020: over 250 ideas from campus for revenue generation, expense reduction, reorganization, etc.
- Steering committee reviewing ideas now for future planning and action



Maine Roux/NE Grants
Program

Implications of best
year ever in 2020 for
UMaine Research

\$125.2M
in grants

\$165.1M
in research
expenditures



Questions?



Thank you

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