

Town Hall Budget Presentation

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Joanne Yestramski, Interim Vice President for Finance and Chief Business Officer

with

John Volin, Executive Vice President for Academic Affairs and Provost

Kody Varahramyan, Vice President for Research and Dean of the Graduate School

Robert Dana, Vice President for Student Life and Dean of Students

Kimberly Whitehead, Vice President and Chief of Staff



May 4, 2021

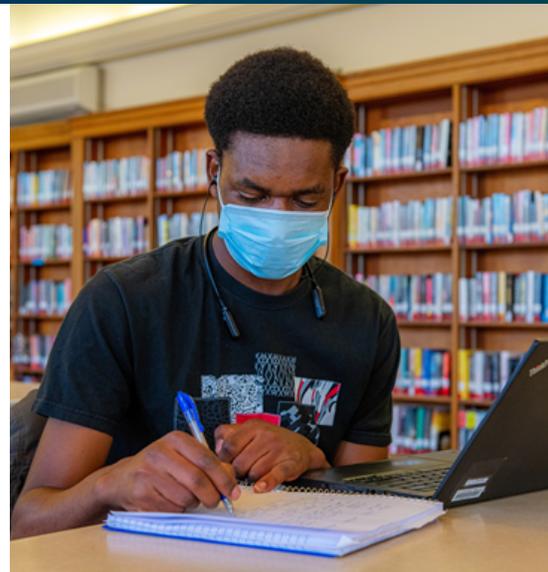


Overview/Goals



- Brief summary of how our budget works
- UMS and UMaine / UMM budget context, process, and timeline
- FY2021 summary and FY2022 proposed budget
- Looking forward – UMaine has growth potential
- Questions, how can you stay updated and be involved?

How our Budget Works





We have multiple funds that make up our total financial operations.



Every year, we establish a plan for a balanced budget for all unrestricted operations

- Educational and General: academic and student support
- Auxiliary operations: residential halls and dining, others
- Capital expenditures and debt service

We do not annually budget restricted operations, which are naturally self balancing

- Sponsored research
- Restricted gifts and other funding



We build each annual budget on a set of assumptions.

What drives

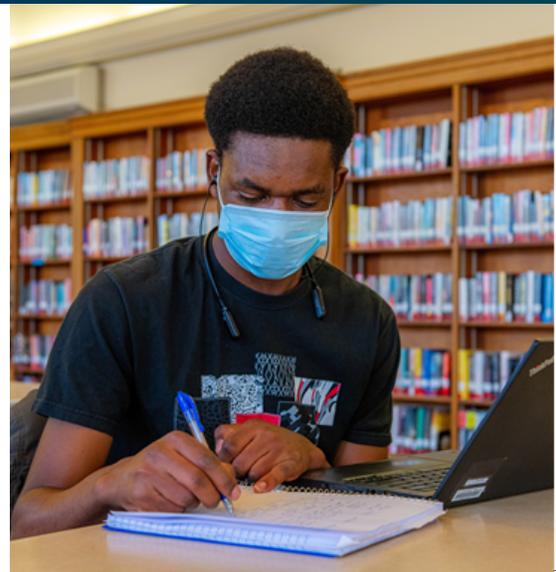
revenue

- Enrollment
- Student tuition & fees
- State appropriation
- Financial aid
- Residential students
- Research revenue and indirect cost recovery

expenses

- Compensation and benefits
- Inflationary increases
- Investments in strategic priorities
- Capital expenditures
- Contractual commitments

UMS and UM / UMM Budget Context, Process and Timelines



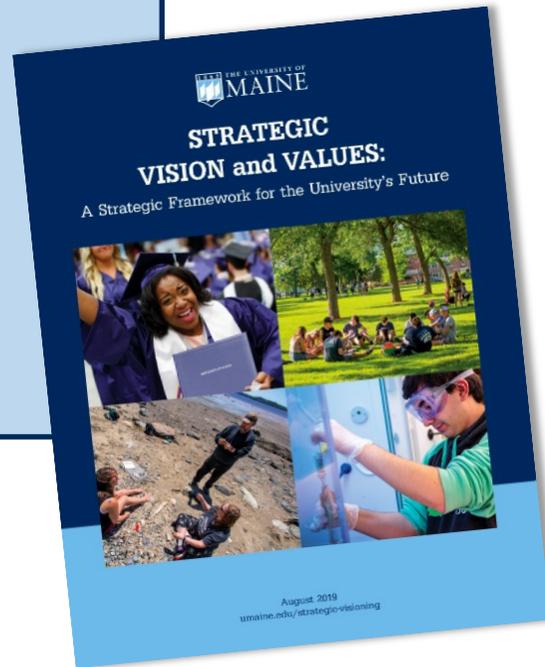


All budget planning and execution happens within our strategic framework.



Strategic Vision and Values

- Fostering Learner Success
- Creating and Innovating for Maine and Beyond
- Growing and Stewarding Partnerships



**DEFINE
TOMORROW**

UMaine 2025

Goal 1

- We will welcome and support all learners and engage them in experiential learning.
- We will create new knowledge and apply innovative research and scholarship to enrich lives.

Goal 2

- We will grow and advance partnerships to catalyze the cultural, economic and civic future of Maine and beyond.
- We will optimize management of our infrastructure and enhance it to support the realization of our vision.
- We will communicate effectively with all stakeholders.

Goal 3

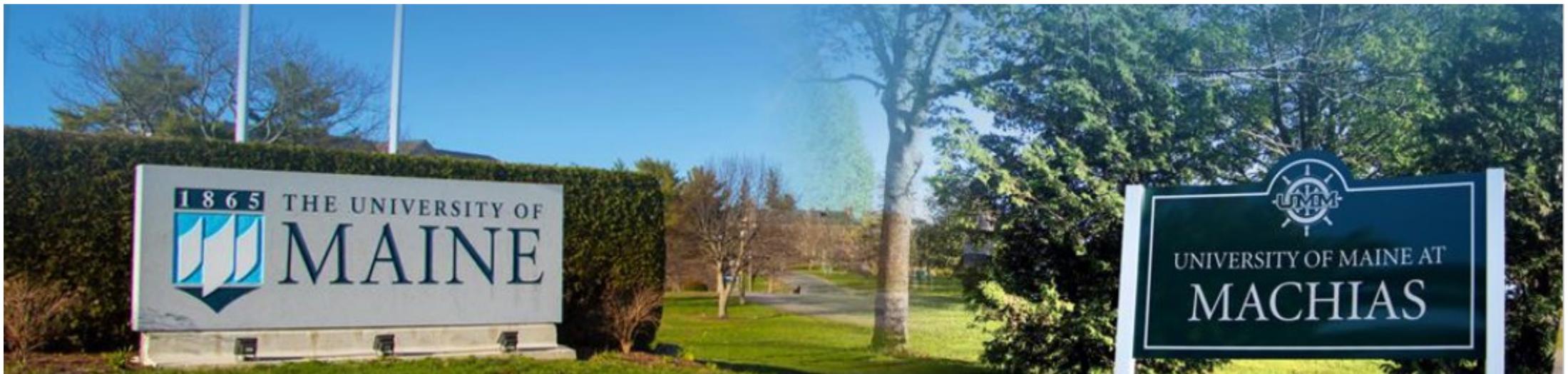
- We will be recognized as a great place to work in Maine.
- Students will form a lifelong relationship with the university.



We are moving to the next levels of the UMaine – UMM partnership.



- April 2016: University of Maine at Machias became a regional campus of the University of Maine.
- Partnership: Machias campus revitalization, increased enrollment, and operational efficiencies and economies of scale between the institutions.
- Integration: On July 1, 2021 UM and UMM's budget will be fully integrated.
- March 2021: Regional Partnership Project task force established.





UNIVERSITY OF MAINE SYSTEM

TRANSFORMS
Maine's Public Universities



1

Black Bear Athletics
(\$90M/\$20M match)



2

Student Success and Retention
(\$20M/\$25M match)



3

Maine College of Engineering, Computing, and Information Science
(\$75M/\$75M match)



4

Maine Graduate and Professional Center
(\$55M/\$50M match)

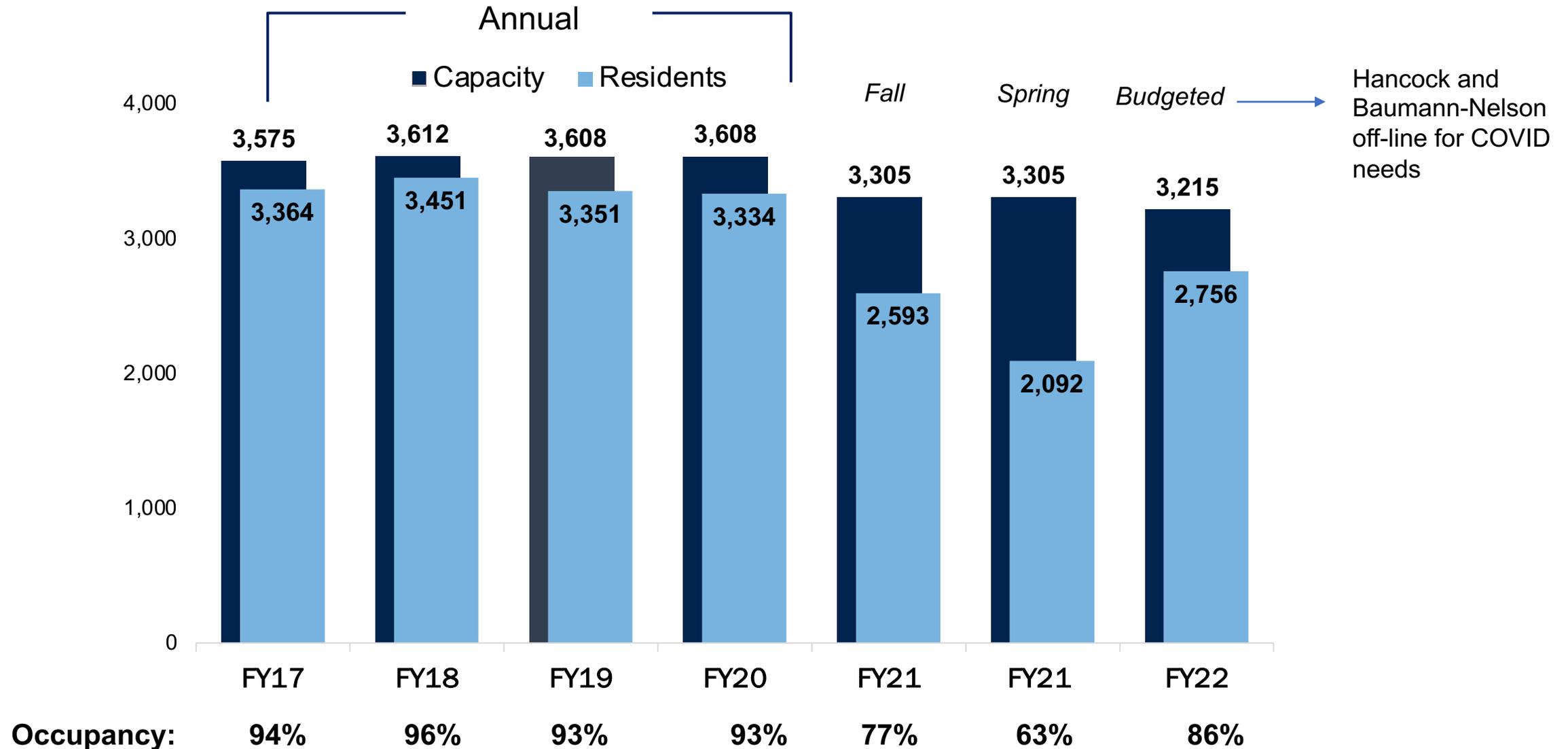
The pandemic has been costly.

- Approx. \$21M of lost net E&G and auxiliary revenues
- \$30+M of lost productivity & research revenue
- COVID-related costs to date is \$7.1M. Significantly more testing costs during the Spring semester
- Challenges for students, faculty and staff have been tremendous
- Mental health issues on the rise



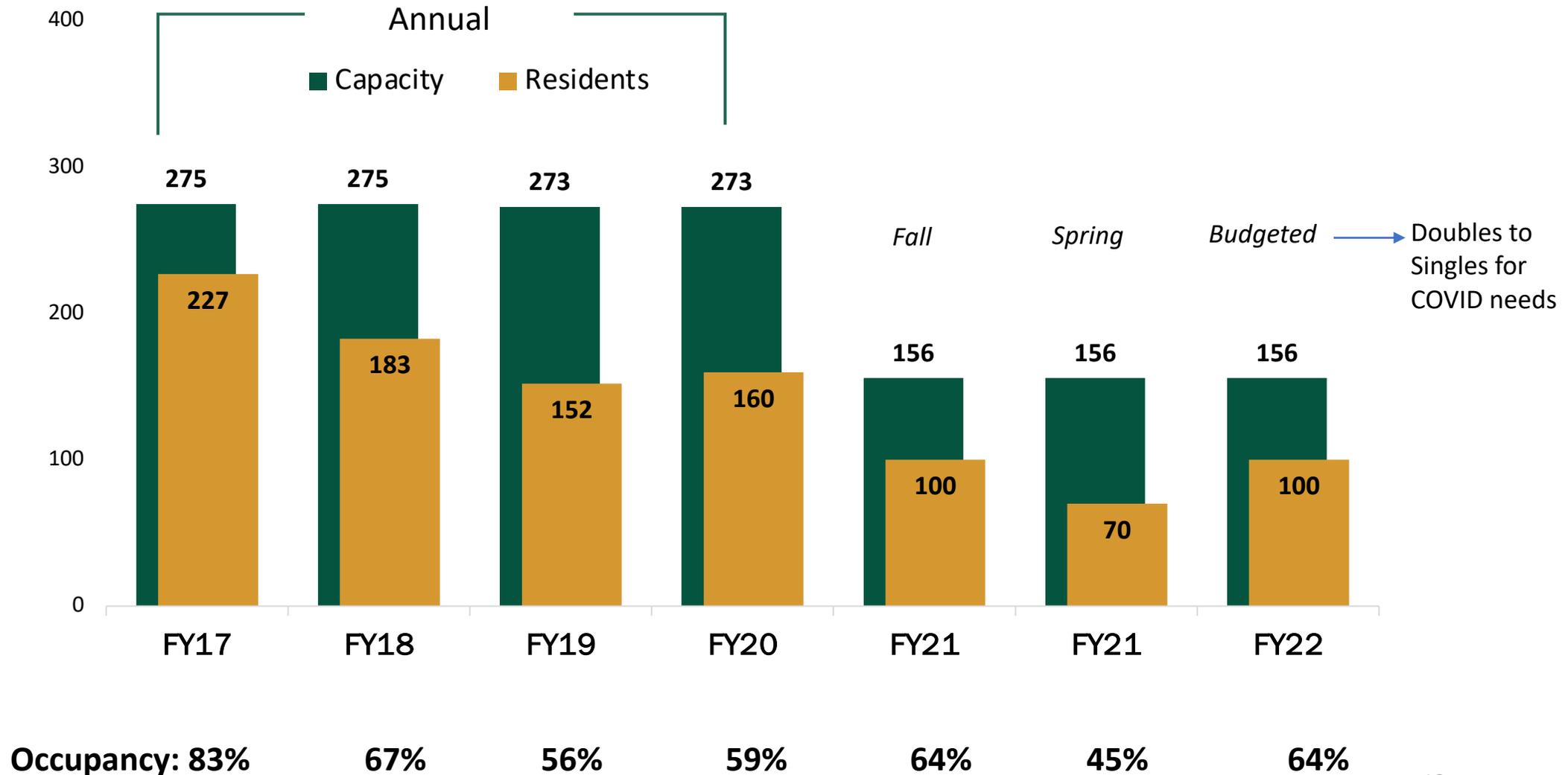


Because of the pandemic we are below our typical residence hall capacity at UMaine. We project an increase for Fall 2021.





Because of decreased enrollments and the pandemic, we are below residence hall capacity at UMM.





Cares Acts II and III provide funding for students and UMaine/UMaine Machias.



CARES ACT II

Student Aid	\$ 3.9M
Institutional Aid	\$ 8.9M
Total	\$12.8M

CARES ACT III (estimated)

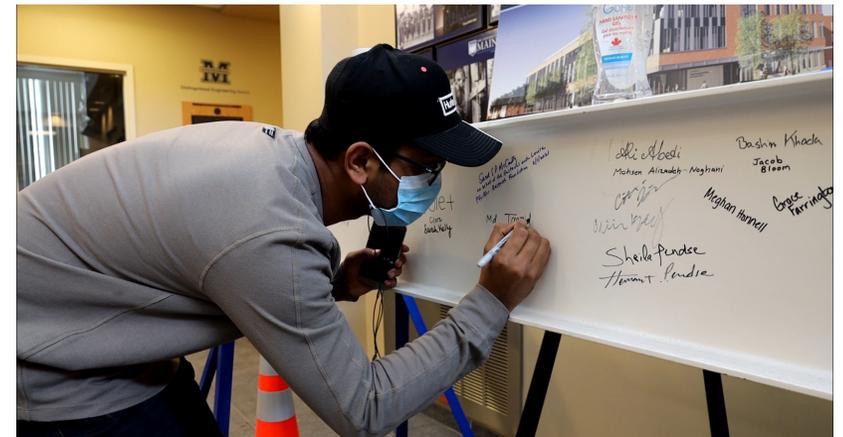
Student Aid	\$ 11.0M
Institutional Aid	\$ 11.0M
Total	\$ 22.0M



We have renewed attention to capital planning for FY2022.

Space committee appointed to help manage unprecedented capital growth, and space considerations.

- Complete \$78 million Ferland Engineering, Education and Design Center to open Fall 2022
- FY22 operating budget will fund a 25% increase in capital (\$7.2M)
- Updated Rolling Campus Master Plan to include:
 - UMS TRANSFORMS projects (Engineering, Computing & Information Science, Graduate and Professional Center and Athletics)
 - Research expansion (e.g. GEM facility)
 - UM Energy Center (new power plant)
 - Deferred maintenance and space reduction
 - Public, private partnerships (potential)
 - Renovation and renewal of residence halls





Timeline FY2022 Budget



January 14, 2021 Town Hall Meeting

<https://www.youtube.com/watch?v=xzMBhIhlfaw>

January Internal Campus Budget hearings

Feb. 25 Initial Campus Budget Review

March 3 FFT meeting

March 22 BOT meeting

March 26 FFT 1st reading of budgets <https://www.maine.edu/board-of-trustees/wp-content/uploads/sites/12/2021/03/MtgMat-FFT-032621-rev-031821.pdf>

May 5 FFT 2nd reading of budgets <https://www.maine.edu/board-of-trustees/wp-content/uploads/sites/12/2021/04/MtgMat-FFT-050521-rev-042921.pdf>

May 24 BOT – Multi-Year Financial Analysis & Budget Approval



Internal January Budget Hearings were conducted.



Hearings attended by Executive Cabinet

Executive VP Academic Affairs and Provost

VP Innovation & Economic Development

VP Enrollment Management and
Financial Aid

VP Research
(includes Graduate School and Centers)

VP Finance & Administration

VP Student Affairs

Performing and Visual Arts, Childcare Center

Athletics

University of Maine at Machias

College of Education and Human Development

College of Engineering

College of Liberal Arts & Sciences

College of Natural Sciences, Forestry &
Agriculture

Cooperative Extension

Division of Lifelong Learning

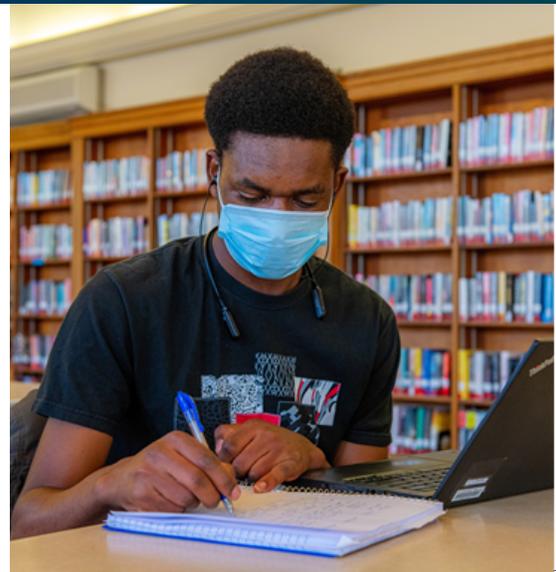
Fogler Library

Honors College

Maine Business School

UMaine Foundation

FY2021 Summary and Proposed FY2022 Budget



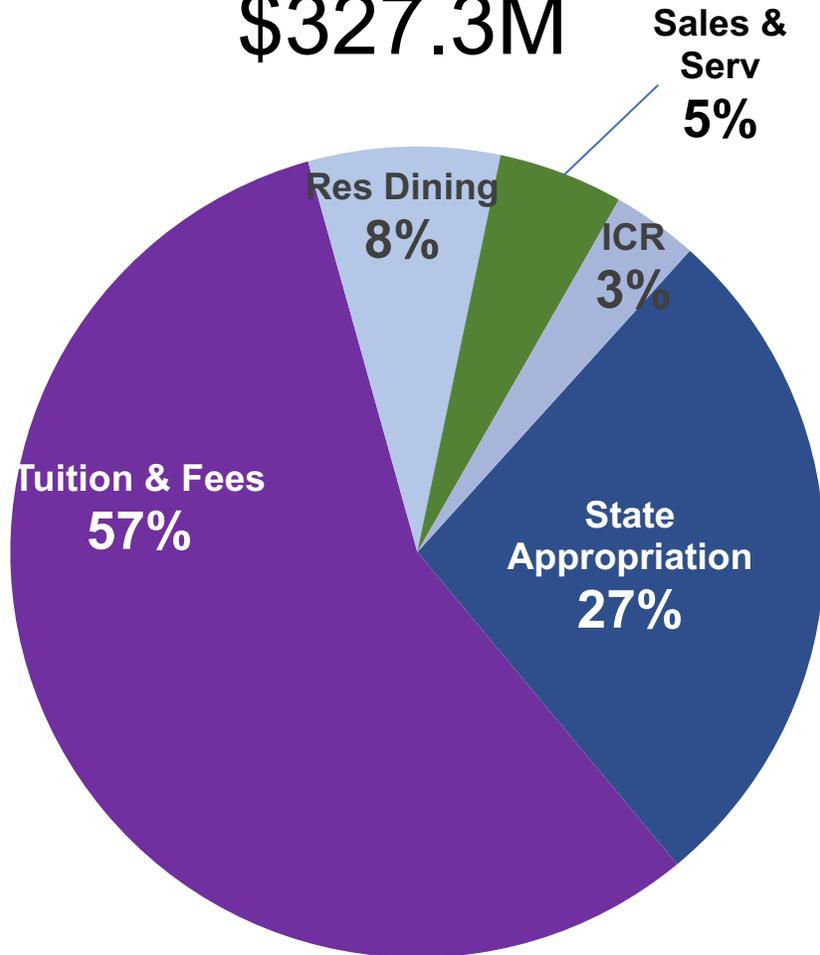


The financial forecast for FY2021 estimates a loss of \$17.4M to be funded by Cares Act II and III.



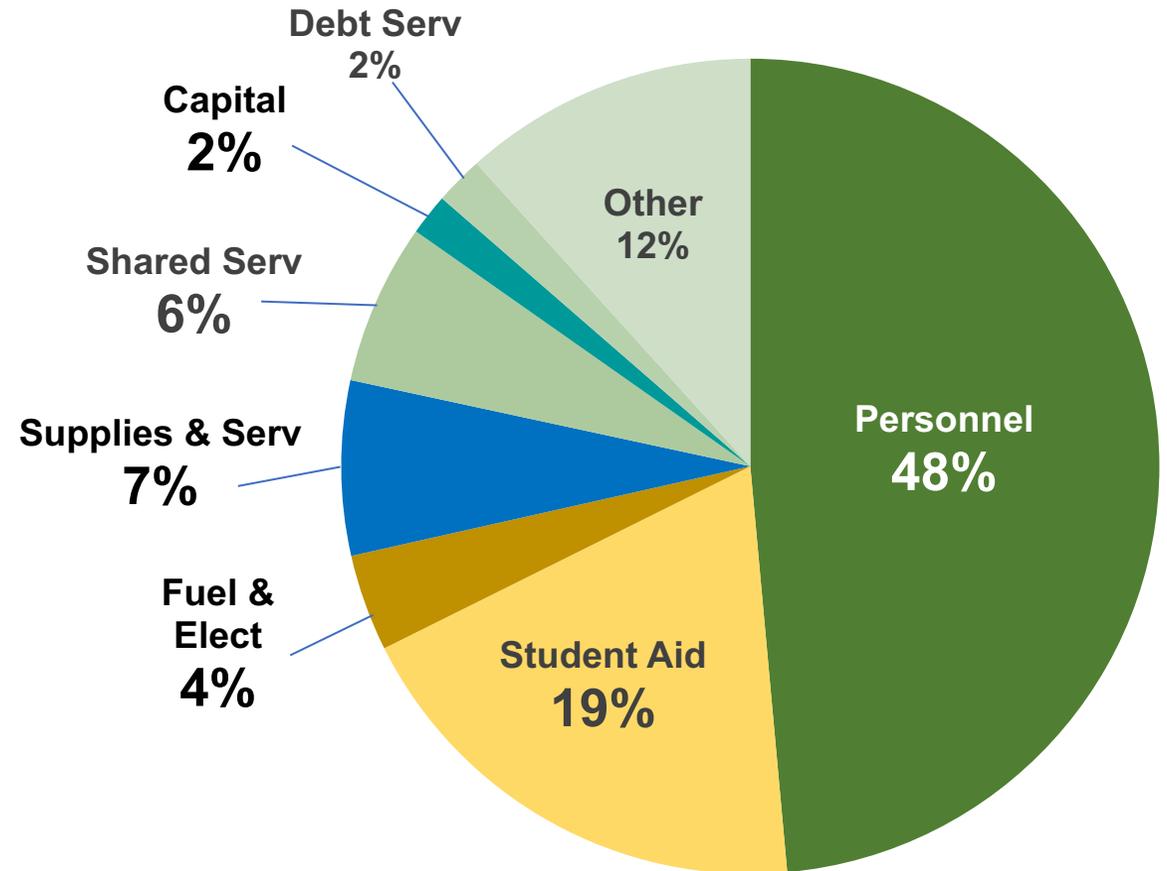
Operating revenues

\$327.3M



Operating expenses

\$344.7M

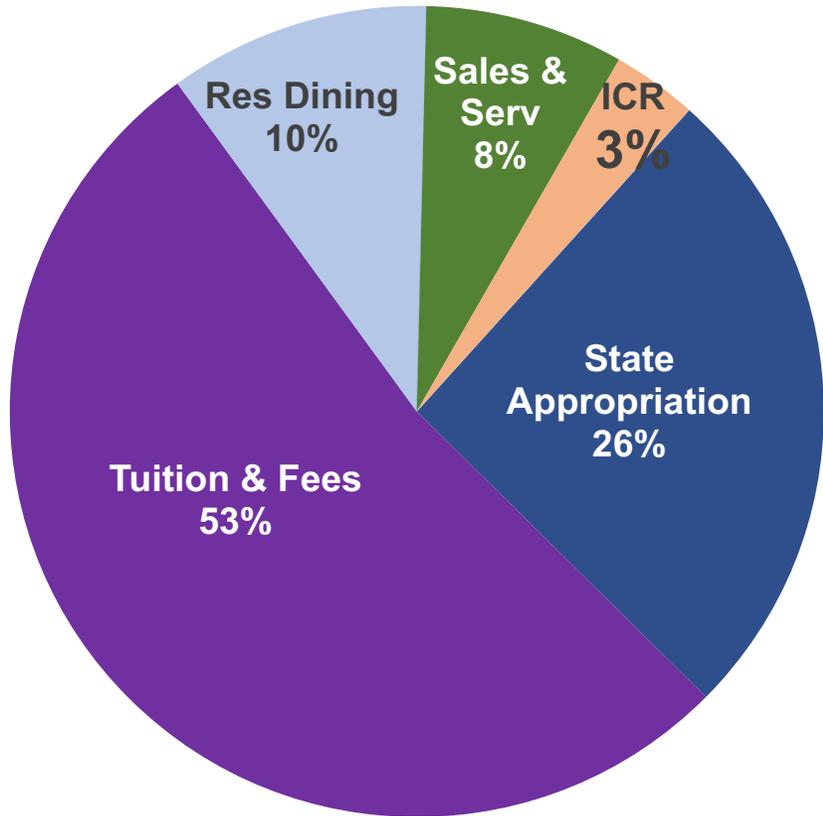




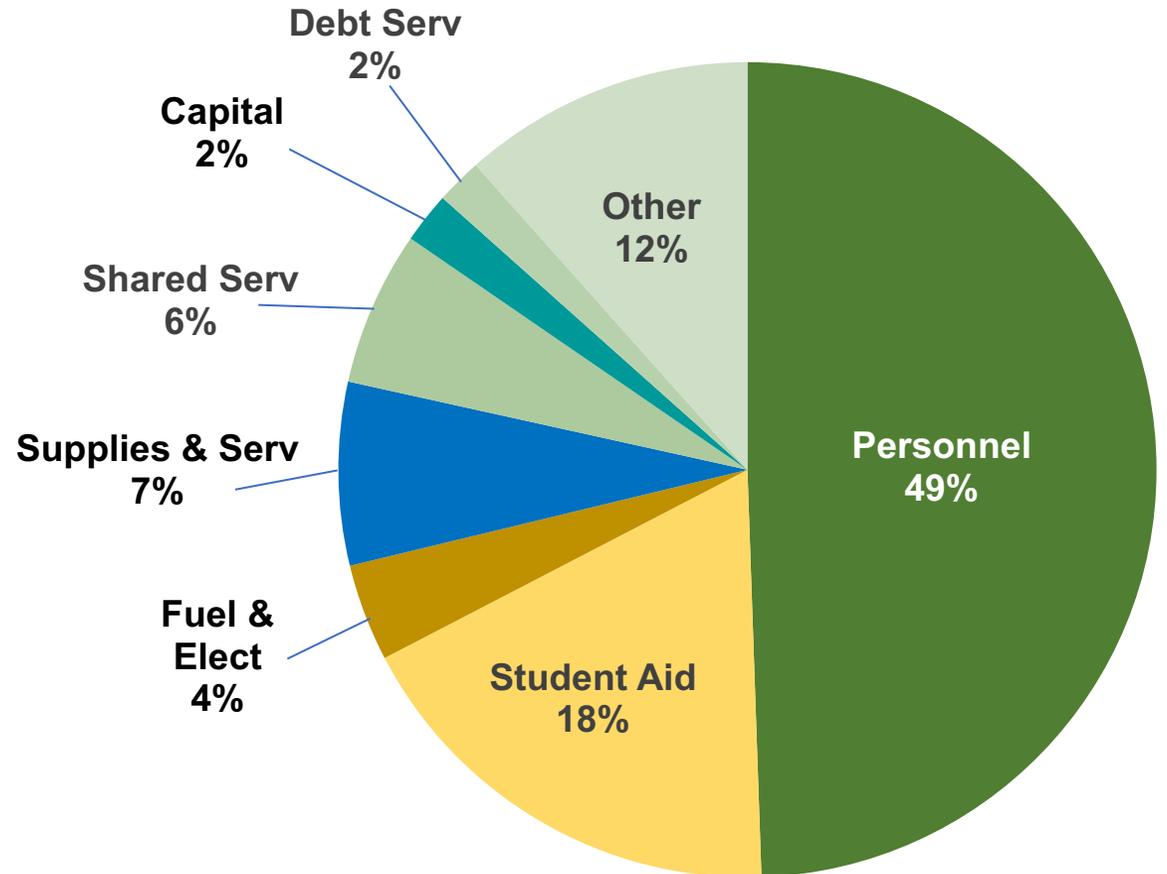
The FY2022 preliminary budget included an \$11M gap resulting from fixed costs and strategic investments.



Projected operating revenues \$349M



Projected operating expenses \$360M





Our FY22 budget shows strategic investments for growth.



Fixed costs \$5M
Strategic investments \$6M

\$2M

additional faculty and leadership for growth in engineering, business, computer science, and other areas

\$2M

incentive-based reallocation of indirect cost recovery to expand research programs

\$450k

diversity, equity, and inclusion initiatives, including financial aid

\$200k

strategic software efficiency solutions for academic affairs and research operations

\$1.35M

other strategic initiatives and growth opportunities, including student retention efforts



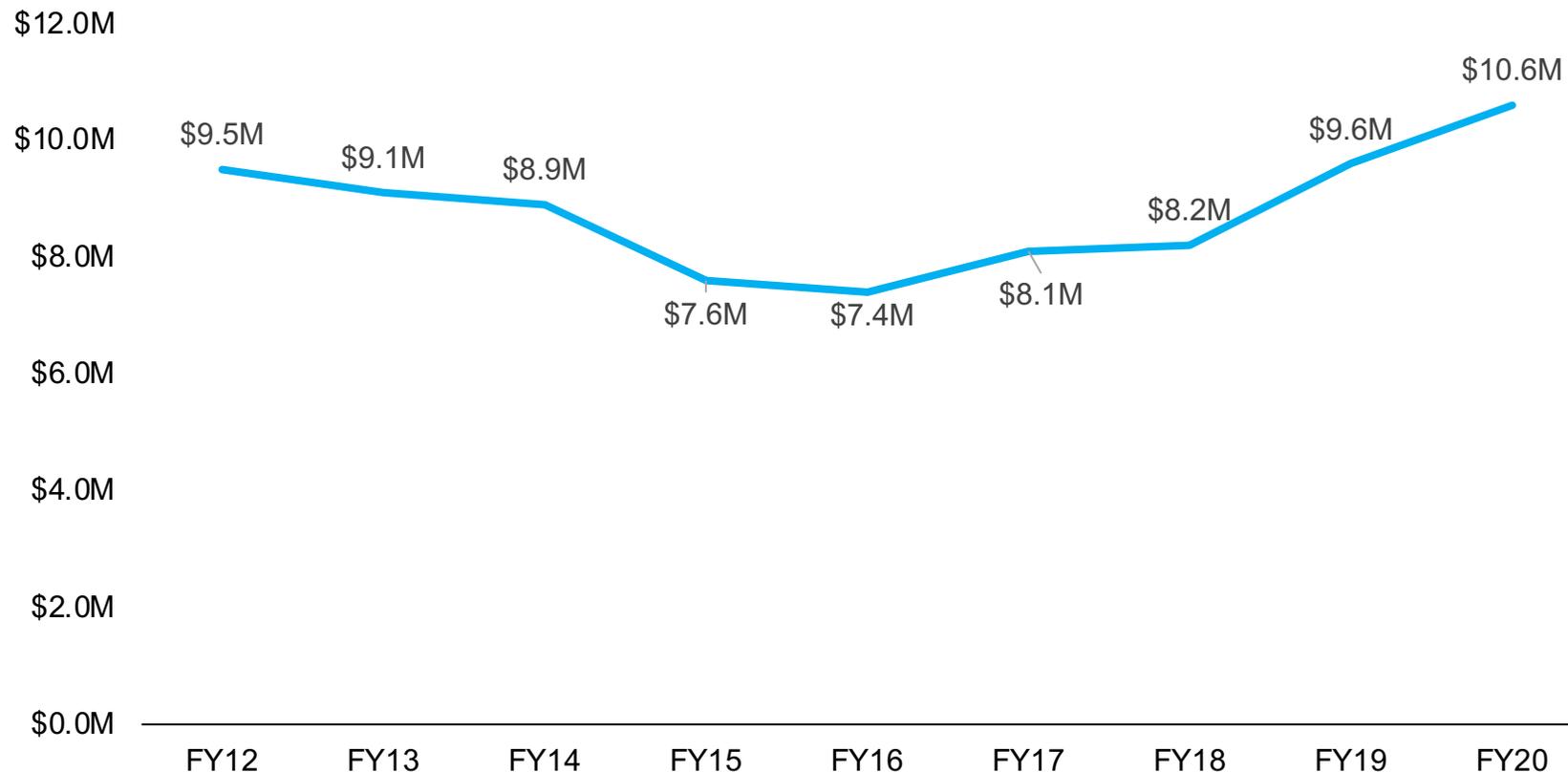
Good news! FY2020 was the best year ever for UMaine research.



\$125.2M
in grants

\$165.1M
in research
expenditures

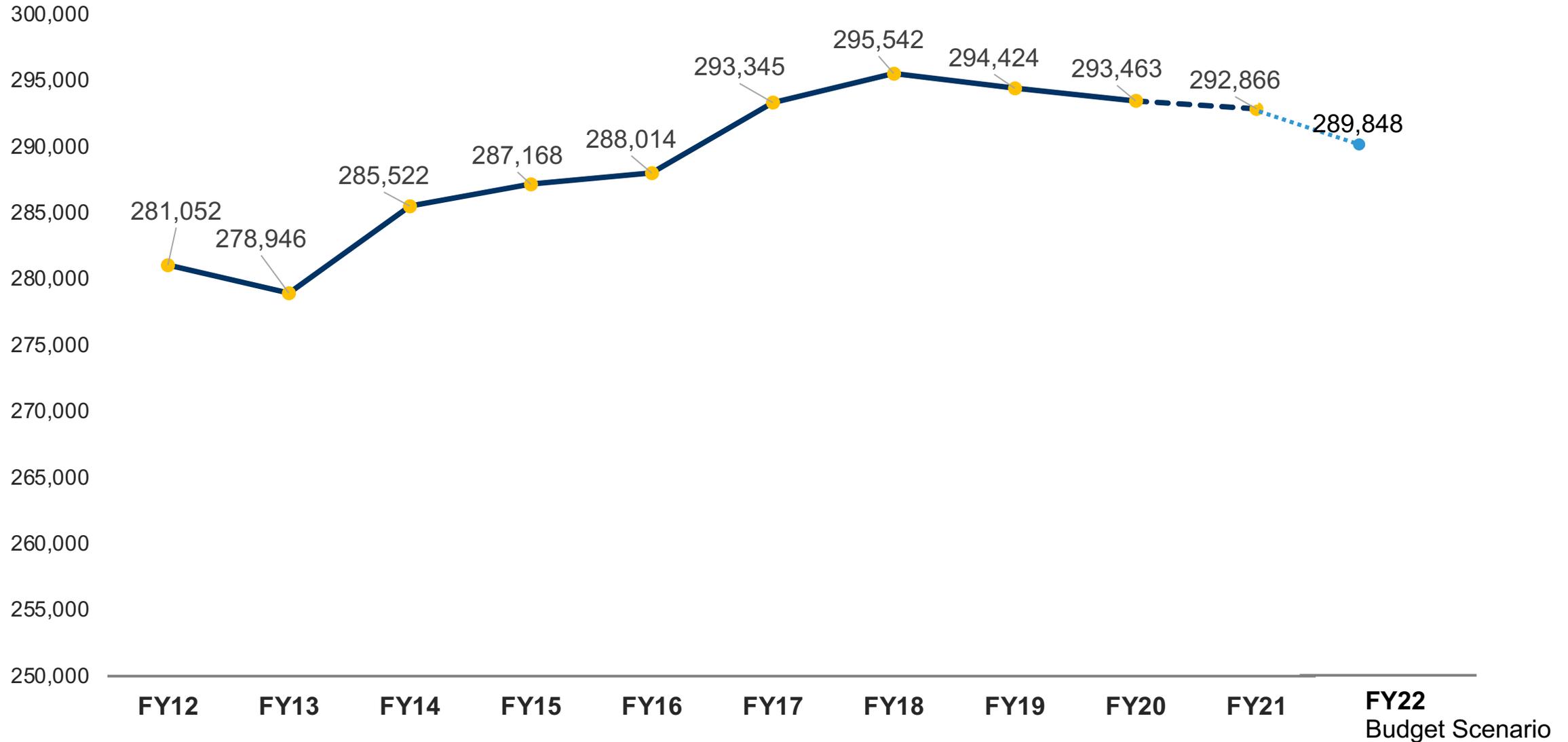
Indirect Cost Recovery





We projected a decline in total student credit hours

(Excludes Early College credit hours)





Budget solutions are strategic, not across-the-board cuts



\$11 million in additional revenue and cost reductions will result in breakeven cash flow budget in FY2022.

- \$5.5M** Mandatory tuition and fee increase and differential tuition for high-cost programs; pilot fee consolidation
- \$0.5M** Incremental net revenue from incentive-based graduate and summer programs
- \$0.5M** Maximize deployment of restricted scholarships
- \$4.5M** Administrative and non-academic programmatic reviews and related efficiencies and effectiveness; auxiliary operations as an example



We propose to consolidate separate student fees into a single tuition charge.



UMS Student Pricing task force studying restructuring of tuition and fees and ways of simplifying bills for transparency and cost savings

UMaine's per credit hour rate would increase approximately \$80 (for UMM, \$37) if all but two mandatory fees were rolled into a single tuition rate:

- *Student Activity fee* which is approved by the students
- *Technology fee* which will be designated to support campus technology and educational environment

We propose to convert from a current UMaine course fee in selected engineering, business and nursing courses to an annual differential tuition in:

- Engineering \$600
- Business \$600
- Nursing \$770



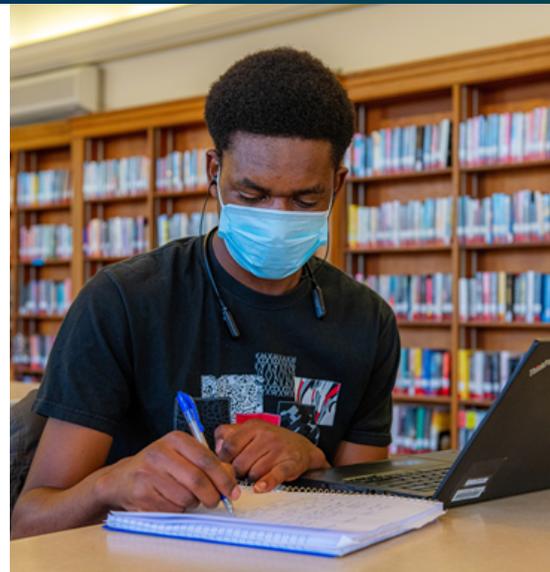


We are adjusting our strategies for auxiliary operations at UMaine.



- Reduce capacity in dining operations to match residence hall occupancy (close Wells Commons residential dining and repurpose facility)
- Introduce additional services including delivery, etc.
- Review all auxiliary operations and consider outsourcing opportunities
- Merge operations under one unit to gain efficiencies and maximize revenue opportunities
- Develop multi-year plan for residential capacity to accommodate enrollment growth model
- Initiate renovation and renewal of residential halls

Looking Forward





UMaine has growth potential.



- UMS TRANSFORMS and unified accreditation
- Increased retention and enrollment
- Strong diversity, equity, and inclusion focus
- New corporate partnerships, Portland UMaine Research Gateway
- Entrepreneurial graduate programs
- Improved research reputation and diversified funding portfolio
- Enhanced communication and federal relations efforts

Questions?

