Preliminary FY2021 Education and General Budget Discussion

December 4, 2019
What drives our budget? Values, goals, and principles drive an increasingly transparent budget building process.

What are the basics of how our budget works?

What are key levers for shaping our budget?

Timeline and process

Next steps
Our budget planning follows from our vision and values.
• framework

• living document

• goals

umaine.edu/visionandvalues
Value:
Fostering Learner Success

We welcome and support all learners, and engage them in experiential learning.
Value:
Discovering and Innovating

We create new knowledge, and apply innovative research and scholarship to enrich lives.
Value: Growing and Advancing Partnerships

We grow and advance partnerships to catalyze the cultural, economic and civic future of Maine and beyond.
Major focal points:

• Strategic Vision and Values

• Research and Development Plan

• First-Year Student Success Initiatives
Transparency and engagement in budget-building

Campus meetings: Budget preparation and allocation

umaine.edu/president/budget-feedback-form
November 2019: Budget allocation discussions with deans, directors and campus community

Guiding principles based on:

- The SVV framework – values and goals
- Students as priorities
- Reductions in expenses
- New revenue generation
- Research and scholarship
How do we build our budget?
What is our FY2020 budget? $288.6M

**Revenue**
- Tuition & Fees*: $173.8M
- State Appropriation: $84.0M
- Sales/Transfers/Others: $21.6M
- ICR: $9.2M

*net of $3.1M Waivers

**Expense**
- Scholarships & Grants: $55.2M
- Compensation & Benefits: $167.8M
- Other: $65.6M
Ways of increasing revenue

• Recruitment
• Retention
• Research expenditures
Ongoing recruitment efforts for fall 2020

- Visiting high schools, community colleges and fairs
- Generating early applications
- Calling and sending customized email
- Preparing financial aid packages
- Hosting campus tours
- Reaching out with billboards, bus wraps and metro ads
October 2019: Enrollment projection process for fall 2020

- First-time freshmen, transfer students, in-state/out-of-state/international; retention estimates
- 3-year moving average
- Benchmarked by WICHE and trends in Maine

- Checked for accuracy over time and within 1% of projections, since 2015 (other than first-time for FY2020)
- Realistic projection for fall 2020 – level enrollment, student credit hours slightly down from fall 2019
Ideas for increasing retention

- Navigate
- Living-learning communities
- Financial aid
- First-year “gateway” courses
- New student orientation
- Summer preparation courses
- Valid placement assessment
- Experiential and research learning opportunities
- New partnerships for Counseling Center
- Others?
Research expenditures generate revenue

Indirect Cost Recovery

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<th>Year</th>
<th>FY2015</th>
<th>FY2016</th>
<th>FY2017</th>
<th>FY2018</th>
<th>FY2019</th>
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Timeline

- **Initial Conversations FY21 Budget Development**
  - July
  - September
  - November

- **Review of UMS Allocations & Assumptions**
- **Enrollment Update**

- **First iteration of FY21 budgets updated into MaineStreet by 01/13/20**

- **Budget reviewed by full FF&T of BOT**

- **Final budget approved by BOT**

- **Develop preliminary FY21 Budget working with VP's, Deans & Directors**

- **Draft campus budget presented to BOT Chair, FF&T Chair, & Senior UMS leadership**

- **Final FY21 campus budget adjustments**

- **Campus Budget Presentations**
  - Oct. 16
  - Nov. 6 & 22
  - Dec. 4
  - Jan. 13
  - May

**Key**
- E&G = Education & General
- FF&T = Finance, Facilities & Technology
- BOT = Board of Trustees
What is our FY2020 budget? $288.6M

Revenue $288.6M

- 29.1% State Appropriation $84.0M
- 60.2% Tuition & Fees* $173.8M
- 7.5% Sales/Transfers/Others $21.6M
- 3.2% ICR $9.2M

*net of $3.1M Waivers

Expenses $288.6M

- 58.2% Compensation & Benefits $167.8M
- 22.7% Other $65.6M
- 19.1% Scholarships & Grants $55.2M
- Other
  - $18.3M
  - $10.4M
  - $7.5M
  - $6.7M
  - $19.8M
  - $2.9M

Fuel & Electricity (net of Credits) $10.4M
Capital (Debt Service, Equip, Plant Transfers) $7.5M
Library Acquisitions $6.7M
Shared Services $19.8M
Travel $2.9M
Projecting incremental changes to the FY2020 budget for FY2021 estimates:

• What is expected for incremental revenue?

• What is expected for incremental expenses?
Incremental Expense

- State Appropriation: $842,345
- Human Investments: $15,368,368
- Other: $1,771,554

Incremental Revenue

- Tuition Revenue: $711,713
- Enrollment Changes: ($3,472,048)
- Tuition Rate Increase: 4,183,761
- Sub-Total: $1,554,058

As of Dec. 4, GAP = $15,585,864
As of Dec. 4, 2019

Incremental Revenue $1,554,058
Incremental Expense $17,139,922
GAP: $15,585,864

How will we address this gap?

• Increase revenues
• Decrease expenses
• Increase indirect cost recovery
• Base campus realignment ($8M)
• Ongoing discussions to resolve over the next several months
Next Steps

As stated in the Strategic Vision and Values plan under Goal 2:

2.2.3
We will develop a budgeting process that is responsive and transparent, aligns resources with strategic priorities, and creates incentive/reward structures that support advancement toward university goals.
We will set our course

Strategic Vision and Values:

Foster Learner Success
Discover and Innovate
Advance Partnerships

umaine.edu/visionandvalues
Questions and Discussions