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

What drives 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

**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.
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.

### Annual

<table>
<thead>
<tr>
<th></th>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
<th>FY20</th>
<th>FY21</th>
<th>FY21</th>
<th>FY22</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residents</td>
<td>3,364</td>
<td>3,451</td>
<td>3,351</td>
<td>3,334</td>
<td>2,593</td>
<td>2,092</td>
<td>2,756</td>
</tr>
</tbody>
</table>

### Occupancy:

- **Fall**: 94% (FY17), 96% (FY18), 93% (FY19), 93% (FY20), 77% (FY21), 63% (FY21), 86% (FY22)
- **Spring**: 94% (FY17), 96% (FY18), 93% (FY19), 93% (FY20), 77% (FY21), 63% (FY21), 86% (FY22)
- **Budgeted**: Hancock and Baumann-Nelson off-line for COVID needs
Because of decreased enrollments and the pandemic, we are below residence hall capacity at UMM.

Occupancy: 83%  67%  56%  59%  64%  45%  64%

Annual
Capacity  Residents

Fall
275  275  273  273  227  183  152  160  156  100  70  100

Spring
Budgeted
Doubles to Singles for COVID needs
Cares Acts II and III provide funding for students and UMaine/UMaine Machias.

<table>
<thead>
<tr>
<th>CARES ACT II</th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Student Aid</td>
<td>$ 3.9M</td>
<td></td>
</tr>
<tr>
<td>Institutional Aid</td>
<td>$ 8.9M</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$12.8M</strong></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>CARES ACT III (estimated)</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Student Aid</td>
<td>$ 11.0M</td>
<td></td>
</tr>
<tr>
<td>Institutional Aid</td>
<td>$ 11.0M</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 22.0M</strong></td>
<td></td>
</tr>
</tbody>
</table>
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=xzMBhlhfaw

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

May 5
FFT 2nd reading of budgets

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

Projected operating revenues
$349M

Projected operating expenses
$360M

- Tuition & Fees: 53%
- State Appropriation: 26%
- Res Dining: 10%
- Sales & Serv: 8%
- ICR: 3%

- Personnel: 49%
- Other: 12%
- Student Aid: 18%
- Fuel & Elect: 4%
- Capital: 2%
- Supplies & Serv: 7%
- Shared Serv: 6%
- Debt Serv: 2%
Our FY22 budget shows strategic investments for growth.

<table>
<thead>
<tr>
<th>Fixed costs</th>
<th>$5M</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic investments</td>
<td>$6M</td>
</tr>
</tbody>
</table>

- **$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

<table>
<thead>
<tr>
<th>Year</th>
<th>Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY12</td>
<td>$9.5M</td>
</tr>
<tr>
<td>FY13</td>
<td>$9.1M</td>
</tr>
<tr>
<td>FY14</td>
<td>$8.9M</td>
</tr>
<tr>
<td>FY15</td>
<td>$7.6M</td>
</tr>
<tr>
<td>FY16</td>
<td>$7.4M</td>
</tr>
<tr>
<td>FY17</td>
<td>$8.1M</td>
</tr>
<tr>
<td>FY18</td>
<td>$8.2M</td>
</tr>
<tr>
<td>FY19</td>
<td>$9.6M</td>
</tr>
<tr>
<td>FY20</td>
<td>$10.6M</td>
</tr>
</tbody>
</table>
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.

<table>
<thead>
<tr>
<th>Amount</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>$5.5M</td>
<td>Mandatory tuition and fee increase and differential tuition for high-cost programs; pilot fee consolidation</td>
</tr>
<tr>
<td>$0.5M</td>
<td>Incremental net revenue from incentive-based graduate and summer programs</td>
</tr>
<tr>
<td>$0.5M</td>
<td>Maximize deployment of restricted scholarships</td>
</tr>
<tr>
<td>$4.5M</td>
<td>Administrative and non-academic programmatic reviews and related efficiencies and effectiveness; auxiliary operations as an example</td>
</tr>
</tbody>
</table>
We propose to consolidate separate student fees into a single tuition charge.

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

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