



# Town Hall Meeting

January 14, 2021

**Joan Ferrini-Mundy**  
President, University of Maine and  
University of Maine at Machias

**John Volin**  
Executive Vice President for  
Academic Affairs and Provost

**Joanne Yestramski**  
Interim Vice President for Finance and  
Chief Business Officer, University of Maine  
and University of Maine Machias

**Daniel Qualls**  
Vice President of Academic Affairs/  
Head of Campus  
University of Maine at Machias







# Questions

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Please submit your questions to:  
[umaine.alerts@maine.edu](mailto:umaine.alerts@maine.edu)  
or add you may add questions to the chat.

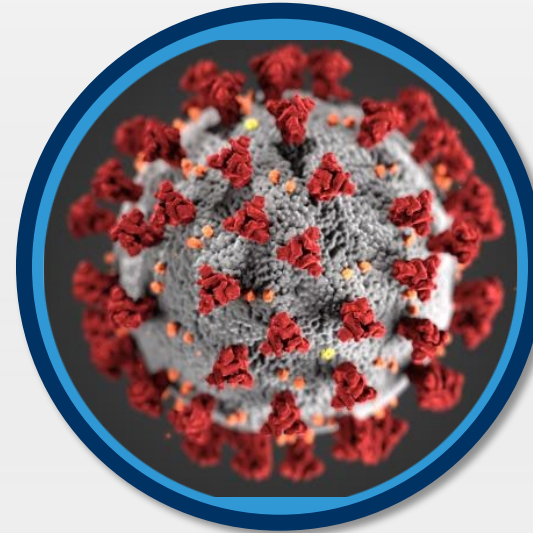
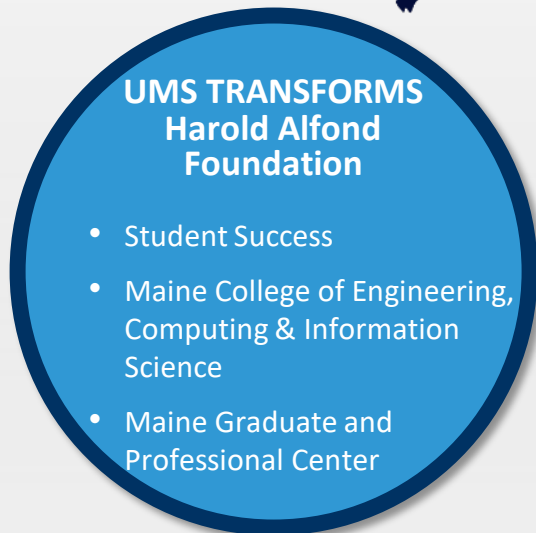
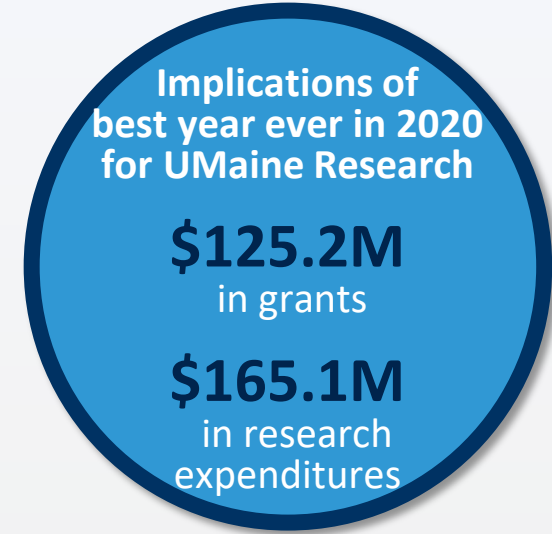


# Overview / Goals

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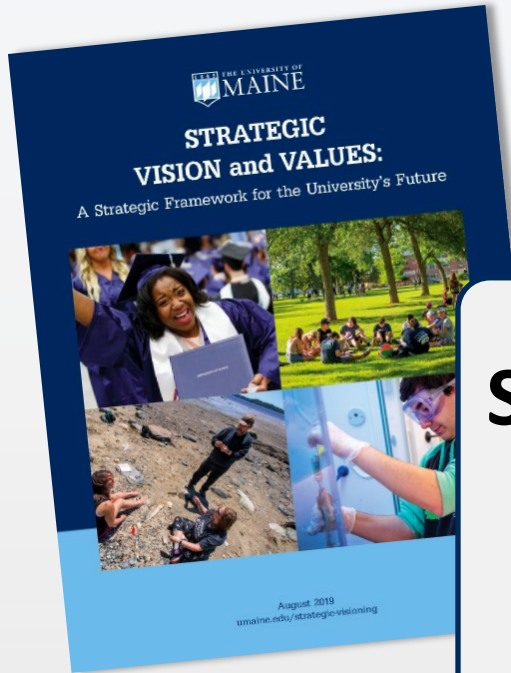


- Key contextual elements influencing budget development
- Explanation of UMS and UMaine / UMM budget process and timeline
- FY2020 and FY2021 summaries
- Planning for FY2022
- Questions, how can you stay updated and be involved?





All budget planning and execution happens within our strategic framework.



## Strategic Vision and Values

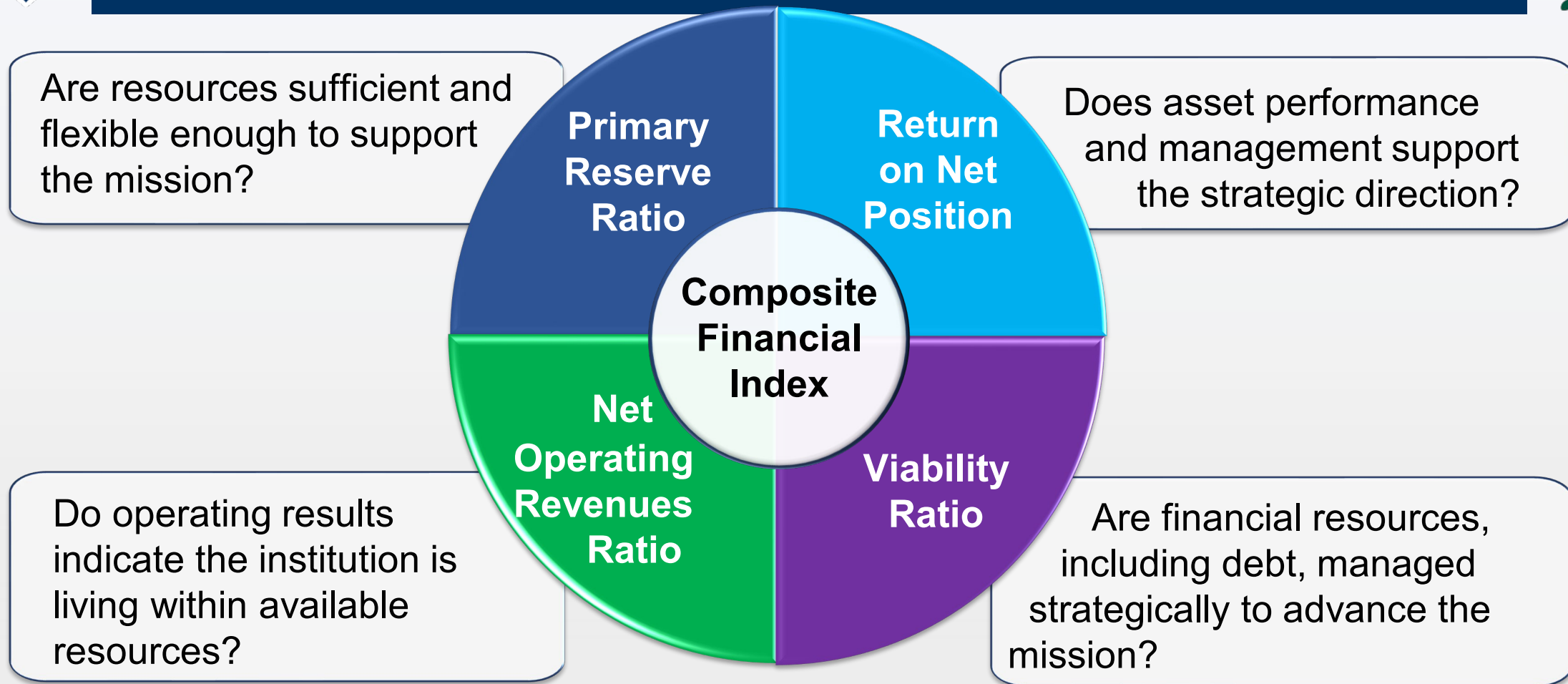
- Fostering Learner Success
- Creating and Innovating for Maine and Beyond
- Growing and Stewarding Partnerships

## DEFINE TOMORROW

- Campus-wide initiative
- Focused on prioritization, growth, efficiencies, cost-reductions
- Steering committee review for themes/collaborative opportunities



# The University of Maine System tracks key performance indicators (KPIs).



<https://www.maine.edu/databook/ums-dashboard/>



# There are recent developments at the State level.

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- Governor Mills' FY22-23 biennial budget proposes funding for UMS at pre-curtailment FY21 level (\$198M for E&G, \$17.35M for MEIF, etc.)
- FY21 supplemental budget includes \$2.5M new one-time funds for early college.
- Next step is legislative consideration and action.
- CARES fund was used to reimburse UMS \$8.1M for fall testing and PPE, and conversations continue about assistance with future costs.



# There are recent developments at the Federal level.

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- The new COVID Relief Bill includes \$20.2B for direct relief to postsecondary institutions
- Estimated relief to UMaine is \$12M, and to UMM is \$600K, about one-third will go directly to students
- Funding is more flexible than March 2020 CARES Act, including reimbursements for COVID expenses and lost revenue.



# 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 \$6.4M. Significantly more testing costs during the Spring semester
- Challenges for students, faculty and staff have been tremendous
- Mental health issues on the rise







Questions?





# FY2020: A Summary

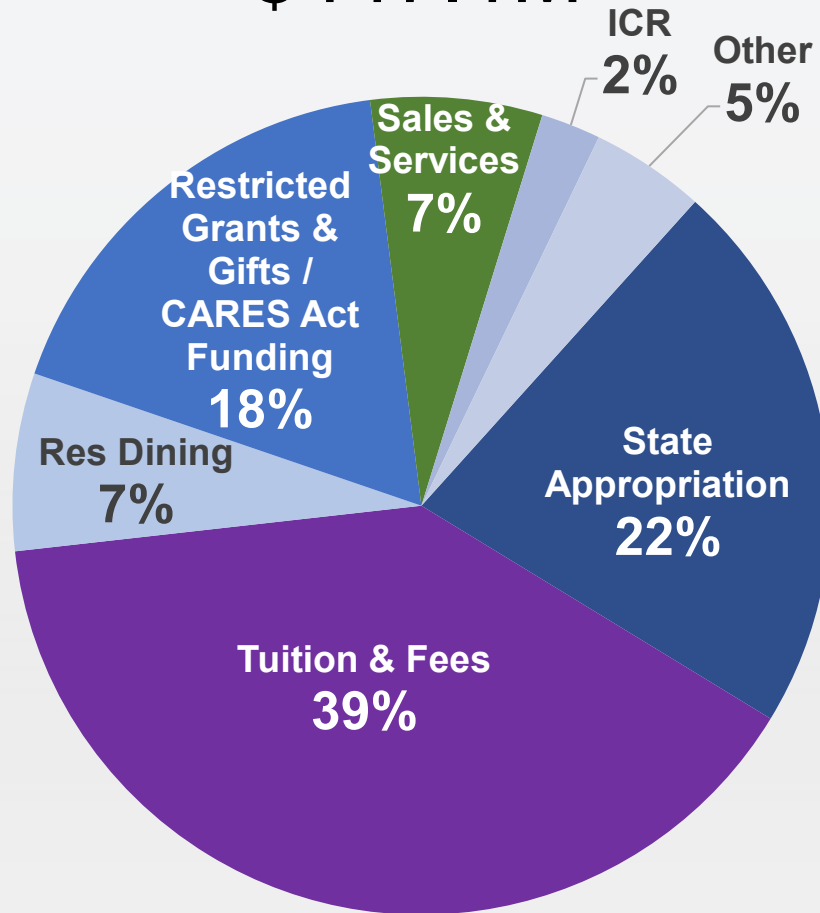




# UM FY2020 Actual Operating Revenue and Expenses, All Funds

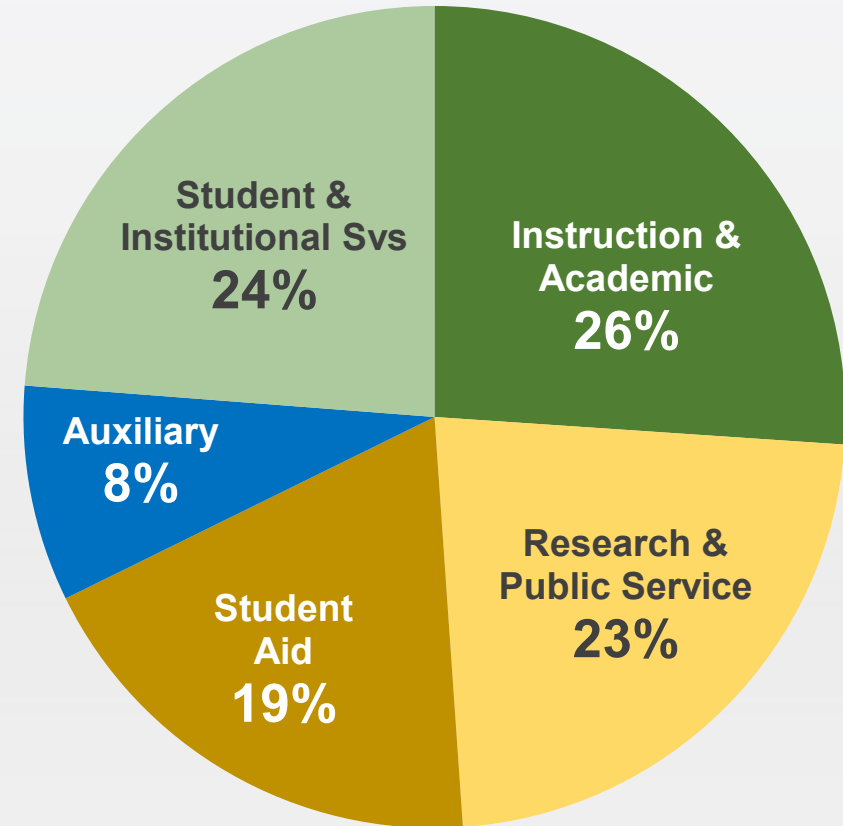
## Operating Revenues

\$447.1M



## Operating Expenses

\$451.8M



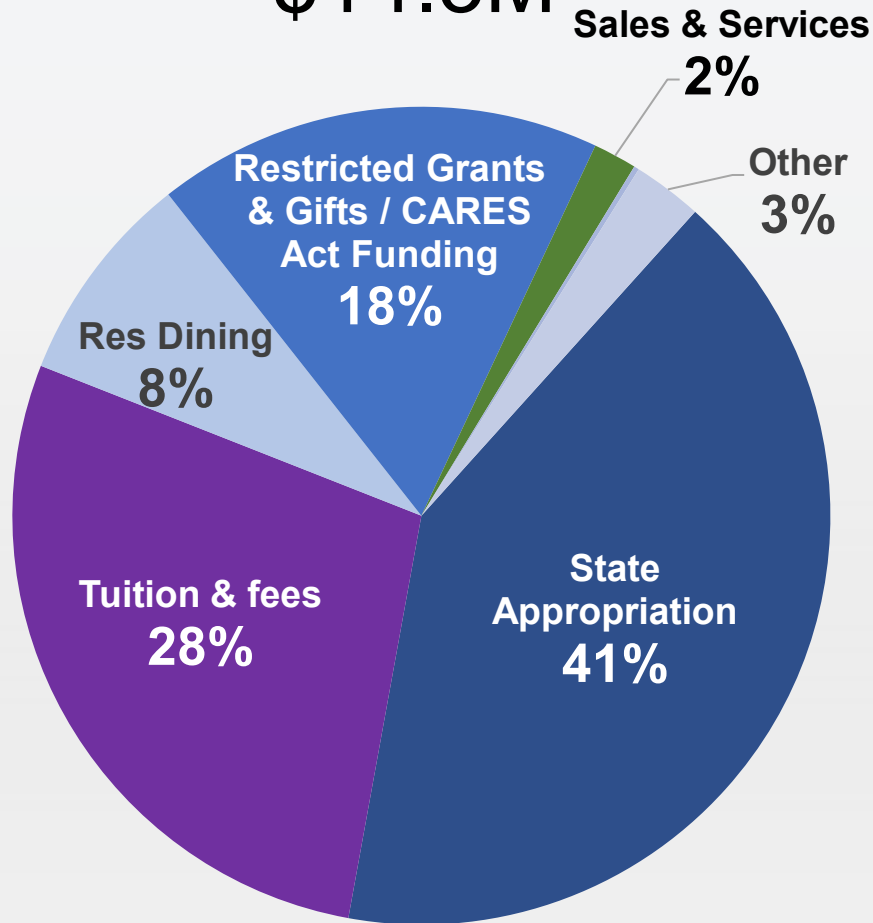




# UMM FY2020 Actual Operating Revenue and Expenses, All Funds

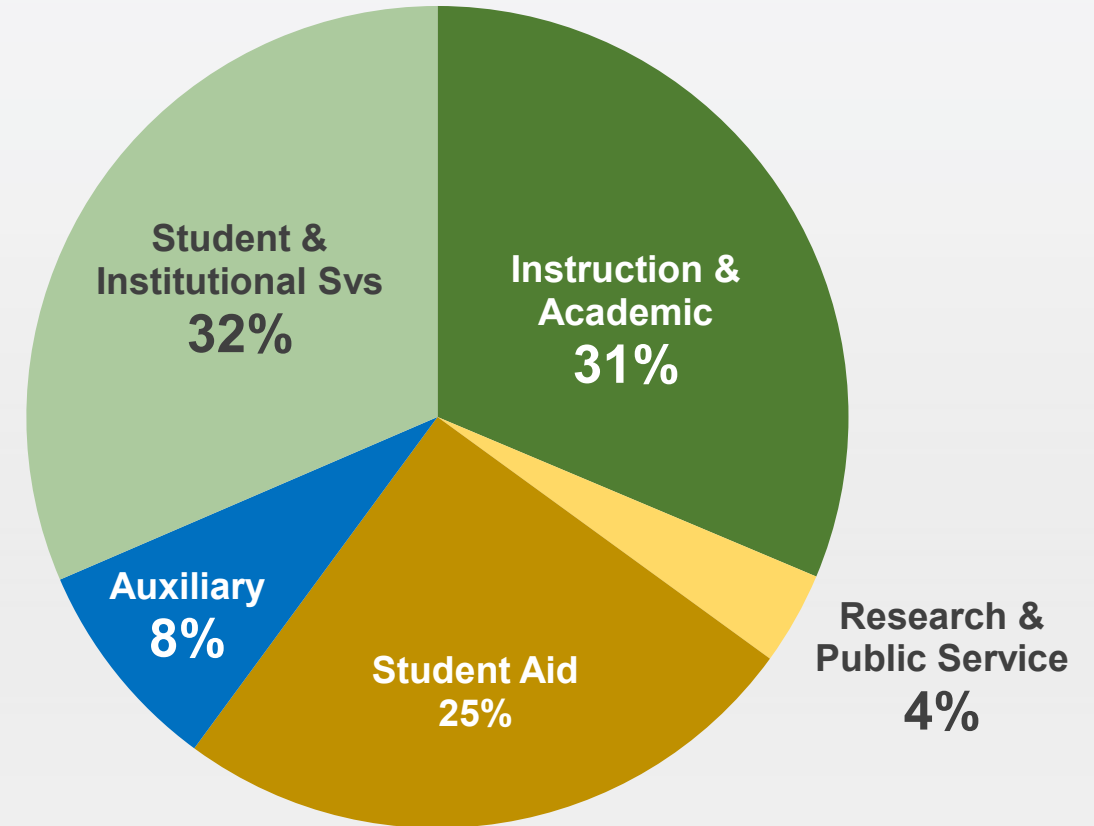
## Operating Revenues

**\$14.3M**



## Operating Expenses

**\$14.7M**





**Thank you!** With your help, we made it through 2020.

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- Actions that began in March 2020
  - Curtail travel
  - Scrutinize and slow hiring
  - Reduce spending
  - Increase faculty and TA support
  - CARES Act funding
- Ended the year with near break-even cash flow



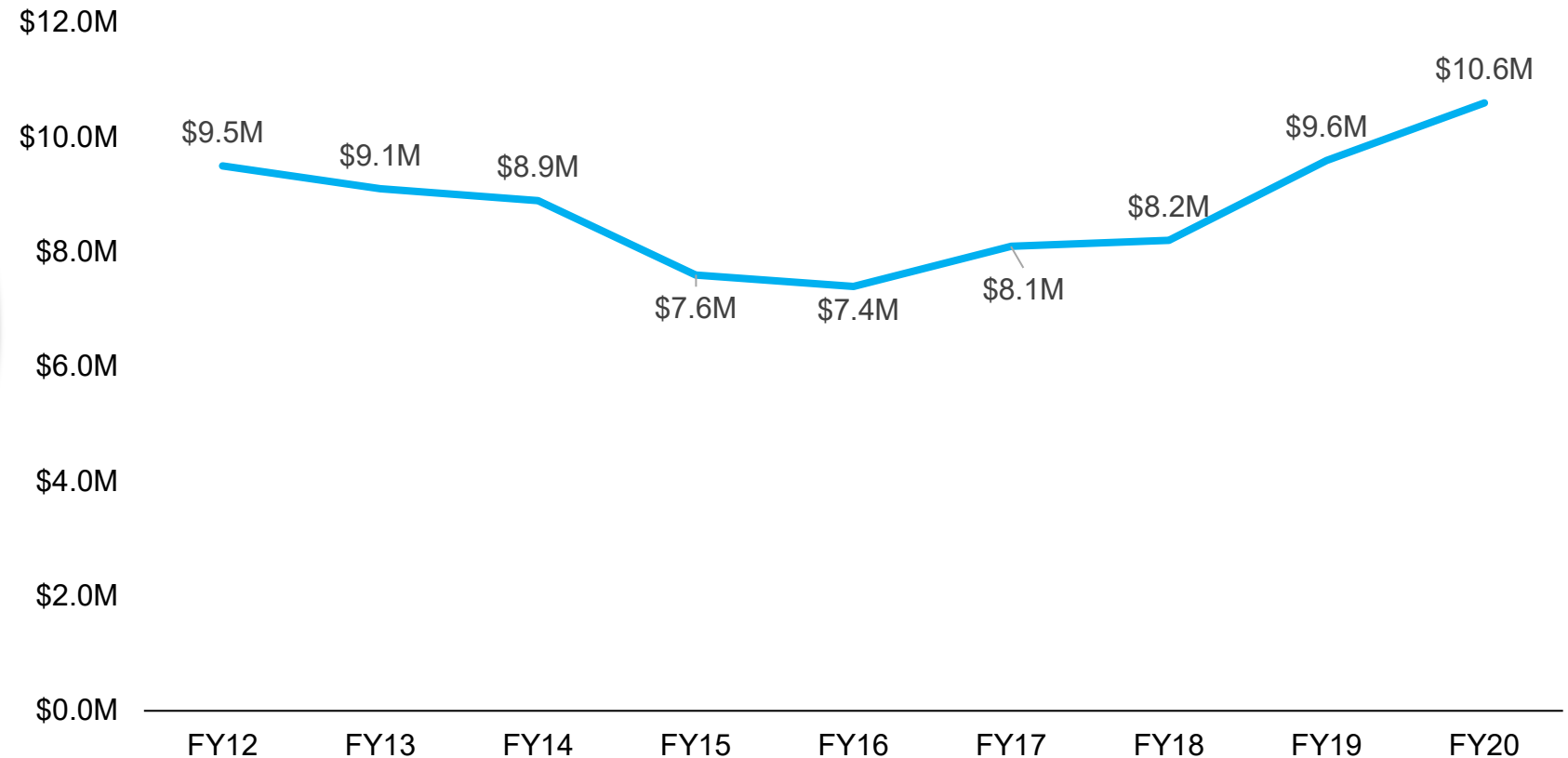
# Good news! FY2020 was the best year ever for UMaine research.



**\$125.2M**  
in grants

**\$165.1M**  
in research  
expenditures

## Indirect Cost Recovery







Questions?





FY2021: where we stand





# FTE Enrollment is the key to our budget.



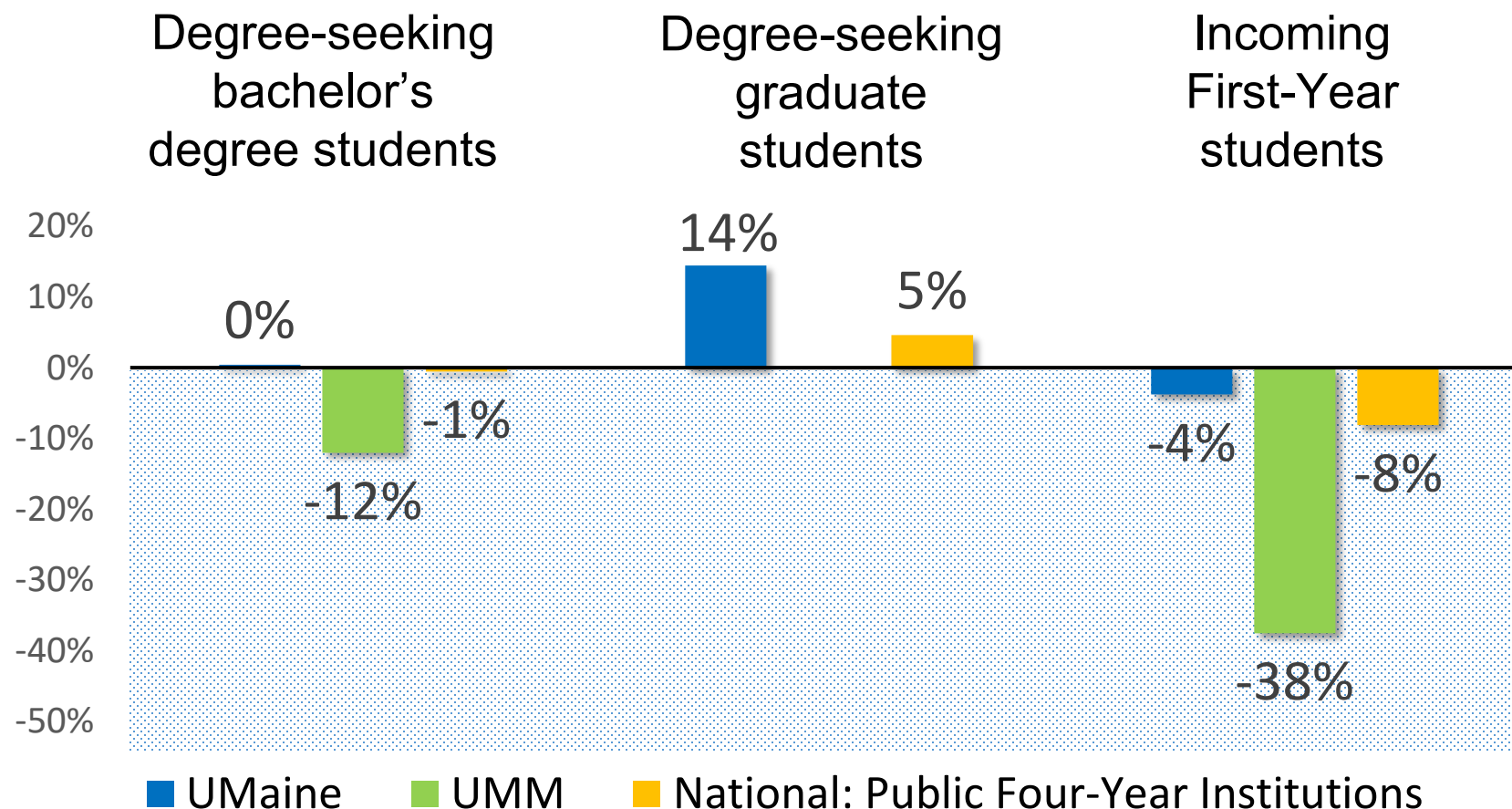
UMaine Undergraduate	Fall 2019	Fall 2020
In-State	5,217	5,008
Out-of-State	3,303	3,337
<b>Total Undergraduate</b>	<b>8,520</b>	<b>8,346</b>
Graduate		
In-State	780	864
Out-of-State	408	461
<b>Total Graduate</b>	<b>1,188</b>	<b>1,324</b>
<b>Total</b>	<b>9,708</b>	<b>9,670</b>

UMM Undergraduate	Fall 2019	Fall 2020
In-State	307	269
Out-of-State	68	67
<b>Total</b>	<b>375</b>	<b>336</b>





# UM / UMM enrollment changes for 2020 over 2019 in the national enrollment context



\* Source: National Student Clearinghouse Research Center. [Term Enrollment Estimates Fall 2020](#).



# We received board approval for a deficit FY2021 budget.

(\$ in thousands)	Base Budgeted			Actual
	FY21 E&G	FY21 Auxiliary	FY21 Total	FY20 Total
<b><u>Revenues</u></b>				
Net Tuition & Fee Revenue	\$116,849	\$(1,330)	\$115,519	\$113,849
Dining & Residence Revenue	-	28,774	28,774	35,196
Net Student Charges Revenue	116,849	27,444	144,293	149,045
State Appropriation	84,068	-	84,068	84,072
ICR/Investments/Gifts/Sales/Services	25,178	12,481	37,659	35,866
<b>Total Revenue</b>	<b>226,095</b>	<b>39,925</b>	<b>266,019</b>	<b>268,983</b>
<b><u>Expenses</u></b>				
Compensation/Benefits	149,201	17,911	167,112	161,021
Goods & Services / Depreciation	91,523	27,799	119,322	117,067
<b>Total Expenses</b>	<b>240,724</b>	<b>45,710</b>	<b>286,434</b>	<b>278,087</b>
<b>Operating Increase (Decrease)</b>	<b>(14,629)</b>	<b>(5,785)</b>	<b>(20,414)</b>	<b>(9,105)</b>
Add Back Depreciation	16,821	3,949	20,770	19,826
Less Capital Expenditures / Debt Service Principal	(6,645)	(3,150)	(9,795)	(9,214)
<b>Net Cash Flow (deficit)</b>	<b>\$(4,453)</b>	<b>\$(4,986)</b>	<b>\$(9,439)</b>	<b>1,507</b>





# We received board approval for a deficit FY2021 budget.

(\$ in thousands)	Base Budgeted			Actual
	FY21 E&G	FY21 Auxiliary	FY21 Total	FY20 Total
<b><u>Revenues</u></b>				
Net Tuition & Fee Revenue	\$ 2,516	\$ (38)	\$ 2,478	\$ 2,576
Dining & Residence Revenue		1,344	1,344	1,445
Net Student Charges Revenue	2,516	1,306	3,823	4,021
State Appropriation	5,359	-	5,359	5,366
ICR/Investments/Gifts/Sales/Services	259	49	308	288
<b>Total Revenue</b>	<b>8,134</b>	<b>1,356</b>	<b>9,490</b>	<b>9,676</b>
<b><u>Expenses</u></b>				
Compensation/Benefits	5,363	228	5,590	5,734
Goods & Services / Depreciation	4,310	1,187	4,337	4,310
<b>Total Expenses</b>	<b>8,512</b>	<b>1,414</b>	<b>9,927</b>	<b>10,045</b>
Operating Increase (Decrease)	(378)	(58)	(437)	(369)
Add Back Depreciation	484	279	762	789
Less Capital Expenditures / Debt Service Principal	(171)	(220)	(391)	(386)
<b>Net Cash Flow (deficit)</b>	<b>\$ (65)</b>	<b>0</b>	<b>\$ (65)</b>	<b>34</b>



# We will resolve the FY2021 budget but there are many considerations.

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- We may need to use as much as \$10 million in reserves (out of \$49 million), pending funding from the COVID Relief Bill.
- Spring enrollments are critical.
- Auxiliary revenues continue to decline as students opt out of housing.
- We expect revenue loss and gaps in several other areas: Athletics, Student Financial Aid, Collins Center for the Arts, Conference Services, and others.

**We need your continued help.**





Questions?





FY2022: Looking Ahead

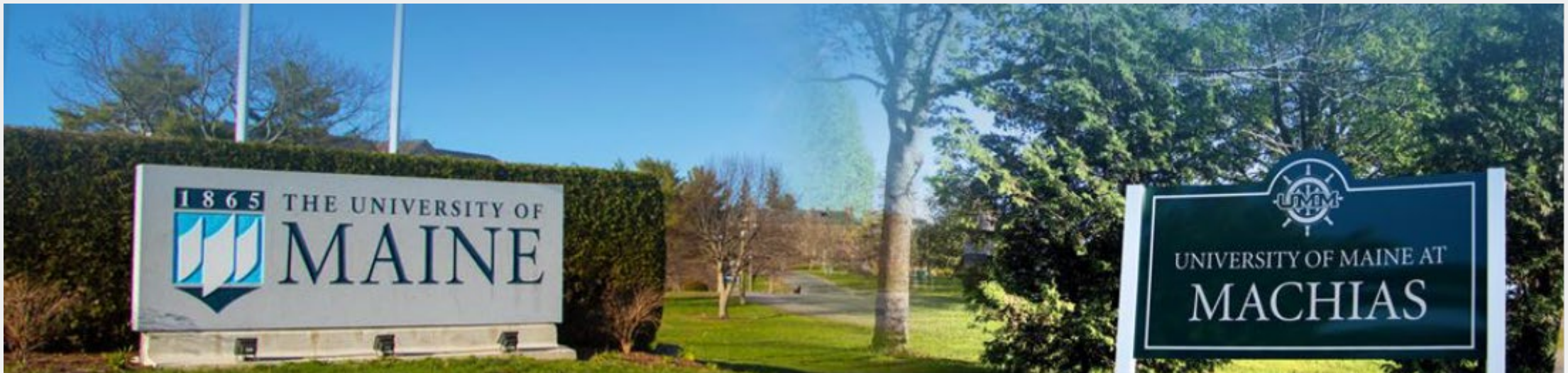




# We are moving to the next levels of the UM – UMM Partnership.



- In April 2016, the University of Maine at Machias became a regional campus of the University of Maine.
- The goal of the partnership included Machias campus revitalization, increased enrollment, and operational efficiencies and economies of scale between the institutions.
- As part of this consolidation, on July 1, 2021 UM and UMM's budget will be fully integrated.





# We build each annual budget on a set of assumptions.

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## **Major Revenue Assumptions**

- Enrollment
- Student tuition & fees
- State Appropriation
- Financial Aid
- Residential students
- Research revenue & IDC recovery

## **Major Expense Assumptions**

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



# Two Scenarios for UMaine Preliminary Fall 2021 Projections

## **Scenario 1 Nearly Flat Enrollment**

- 2,059 first year students
- 478 transfer students
- 770 incoming graduate students
- continuation rates: most recent four-year average
- credit hour loads: most recent four-year average
- holding nondegree flat to this year

## **Scenario 2 Approx. 1% Decrease**

- 2,059 first year students
- 478 transfer students
- 770 incoming graduate students
- continuation rates: weighted three-year average
- credit hour loads: reflecting Fall 2020, which is lower than prior years
- holding nondegree flat to this year





We faced a deficit in FY2021 and will face one again in FY2022.

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- Carry over E&G deficit from FY2021 is \$4.4M
- Auxiliary revenues should break even in FY2022 with back to increased occupancy in residence halls.
- State appropriation (governor's budget) at pre-curtailement levels: flat to FY2021
- Preliminary estimates of deficit FY2022 range from \$7M - \$12M, depending upon assumptions



# We are committed to a philosophy for strategic budget development and execution.

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- Uses Strategic Vision and Values as a base (<https://umaine.edu/visionandvalues/>)
  - **Goal one:** support and grow Maine's economy, new discoveries and workforce
  - **Goal two:** accessible and affordable education, research, and service - efficiency, effectiveness, quality
  - **Goal three:** rewarding place to live, learn, and work; diverse and inclusive; personal development for all
- Inclusive and transparent process
- Increased convergence and interdisciplinarity
- Use affordances of unified accreditation
- Strategic reductions and incentives for growth



# Internal January Budget Hearings begin next week

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Hearings will be conducted for the following colleges/units

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Hearings will be attended by Executive Cabinet and Director of Budget

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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





# Timeline FY2022 Budget



January 2021	Campus Budget hearings
February 5	Preliminary budget submission due to System
Feb. 25	Initial Campus Budget Review
March 3	FFT meeting
March 5	Budget submission due for 1 <sup>st</sup> reading to FFT
March 15	Forecast due
March 22	BOT meeting
March 26	FFT 1 <sup>st</sup> reading of budgets
April 30	Finalize multi-year financial plan 'MYFA'
May 5	FFT 2 <sup>nd</sup> reading of budgets
May 24	BOT – Multi-Year Financial Analysis & Budget Approval





Thank you







# Addendum







# In FY2020 UMaine's operating revenues and expenses were down from FY2019.

## Statements of Revenues, Expenses, and Changes in Net Position

### OPERATING REVENUES

	2020	2019
Tuition and fees	\$ 176,631	\$ 172,749
Residence and dining fees:	31,394	39,754
Less: scholarship allowances:	(68,976)	(63,132)
Net student fees	139,049	149,370
Federal, state, and private grants and contracts	72,326	67,536
Recovery of indirect costs	10,572	9,620
Other Operating Revenues	30,874	36,715
<b>Total Operating Revenues</b>	<b>252,821</b>	<b>263,242</b>

### OPERATING EXPENSES

Total Operating Expenses	382,825	384,219
Operating Income (Loss)	(130,003)	(120,977)

### NONOPERATING REVENUES (EXPENSE)

Noncapital State of Maine appropriations	98,581	98,083
CARES Act funding	7,039	-
Gifts currently expendable	13,009	11,782
Other Nonoperating Revenues (Expense)	6,685	4,644
Net Nonoperating Revenue (Expense)	125,315	114,507
Net Operating Revenues	(4,689)	(6,470)





# UMM Actuals 2020 and 2019 (in \$ thousands)

## Statements of Revenues, Expenses, and Changes in Net Position

### OPERATING REVENUES

	2020	2019
Tuition and fees	\$ 4,019	\$ 4,010
Residence and dining fees:	1,202	1,374
Less: scholarship allowances:	(2,574)	(2,555)
Net student fees	2,647	2,828
Federal, state, and private grants and contracts	2,031	2,217
Recovery of indirect costs	29	45
Other Operating Revenues	253	306
Total Operating Revenues	4,960	5,396

### OPERATING EXPENSES

Total Operating Expenses	12,210	12,192
Operating Income (Loss)	(7,249)	(6,796)

### NONOPERATING REVENUES (EXPENSE)

Noncapital State of Maine appropriations	5,889	6,033
CARES Act funding	487	-
Gifts currently expendable	111	31
Other Nonoperating Revenues (Expense)	275	221
Net Nonoperating Revenue (Expense)	6,762	6,285

<b>Net Operating Revenues</b>	<b>(487)</b>	<b>(511)</b>
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