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## FY11 Operating Budget and Student Charges

University of Maine System

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Public  
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UNIVERSITY OF MAINE SYSTEM

# **FY11 OPERATING BUDGET & STUDENT CHARGES**

**Revised to reflect updated peer institution information**

# FY11 FINANCIAL PLANNING TIMETABLE

	2009						2010					
	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June
FY10 Financial Forecasts					X			X			X	
Multi-year planning												
Multi-year projections presented to Board of Trustees					15-16							
Governor's supplemental budget announced						18						
CFO's meet to discuss FY11 budget process & assumptions							6					
Distribute forms & allocations to CFO's							6					
Prepare interim close reconciliations as of February 28th									1-31			
Interim Close									31			
CFO's review budgets with Vice Chancellor for Finance & Administration										12-16		
Budget forms due in System Office										23		
Presidents' Council review of consolidated budget											13	
Trustee Finance/Facilities Committee reviews budget & student charges											17	
Trustees approve budget and student charges for FY11											24	
FY11 budgets in PeopleSoft											31	

# ***FY11 BUDGET HIGHLIGHTS***

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## **❖ Balanced Budgets**

All seven universities and the System Office have submitted a balanced budget for FY11; however, UMFK, UMM and UMPI would not be balanced without ARRA funds.

## **❖ Lowest Tuition Increase in 6 years**

The weighted average tuition increase for in-state undergraduates represents the lowest tuition increase in 6 years, both as a percentage and in dollars.

FY06	FY07	FY08	FY09	FY10	FY11
8.3%	8.7%	10.0%	10.3%	5.8%	4.8%

## **❖ Lowest Land-Grant Tuition & Mandatory Fees in New England**

UMaine has the lowest in-state tuition (including mandatory fees) of the land-grant universities in New England and the second lowest out-of-state tuition (including mandatory fees).

# ***FY11 BUDGET DRIVERS***

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## ❖ **Appropriation**

FY11 appropriation is \$6.9M below the FY08 level and there is the potential for further reductions

## ❖ **Enrollment**

Projected enrollment for UMS is 1.2% above the **FY10 budget**; however, this projection is 2.0% below **FY10 actual**.

## ❖ **Student Charges**

For in-state, undergraduate students, the UMS weighted averages are as follows:

- ✓ 4.8% tuition increase
- ✓ 4.7% combined tuition and mandatory fee increase
- ✓ 4.5% total increase (tuition, mandatory fees, room, and board)

## ❖ **Compensation and Benefits**

Although there are no across-the-board increases in compensation in FY11, the benefits rate increased from 49.3% to 51.9% driven largely by the increased cost of health insurance

# ***CONTINUING BUDGET CHALLENGES***

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## **❖ Appropriation**

State appropriation to the UMS has been declining as a percentage of the State budget and as a percentage of the UMS budget for the past twenty years. While Maine's General Fund revenue will grow over the next few years, revenue is not projected to return to the FY08 level over the next biennium.

## **❖ Enrollment**

Maine's 15 to 24 year old population will decline 19.5% by 2020. Maintaining current enrollments will be challenging and will require our universities to work differently in order to attract more students, including adults and the nearly 50% of high school graduates who currently do not enroll in college.

## **❖ Student Charges**

The UMS' ability to raise revenue will continue to be restrained by what Maine people can afford. Maine's 2008 per capita personal income ranks 30<sup>th</sup> in the nation at \$36,457.

## **❖ Compensation and Benefits**

Compensation and benefits constitute 72% of our E&G operating budget and represent the single largest cost driver in the budget. Particularly challenging is that benefit costs increase at a rate that exceeds the growth in revenue sources.

# ***CONTINUING BUDGET CHALLENGES***

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## **❖ Reserves**

The UMS has a little less than 3 months worth of operating expense held in reserve.

The benchmark for public institutions of higher education is 5 months. This ratio also varies by campus, leaving some of our institutions extremely vulnerable when State appropriation is reduced or enrollment declines occur.

## **❖ Aging Infrastructure**

The UMS has more than 650 buildings providing just over 9 million square feet of space located across the state. Three-fourths of the buildings (74%) were constructed before 1970. The age of facilities, limited capital renewal funding, code changes, and functional obsolescence have resulted in a capital renewal requirement of over \$350 million. None of our universities are able to fully fund depreciation; and sporadic and inadequate State bonding for the university infrastructure makes it impossible to systematically address our needs.

## **❖ Loss of ARRA Funds**

Federal Stimulus dollars have been cushioning the loss of state appropriation since FY09.

However, these funds disappear after FY11 and it is unlikely that State revenues will rebound sufficiently to make up the difference.

# STATE APPROPRIATION

## Unrestricted Appropriation (Includes \$2.5M-Debt Service)

	<u>FY08</u>	<u>FY09</u>		
Biennial Budget as Legislated	\$185.8	\$189.1		
Supplemental Request		\$197.1		
Supplemental Budget as Legislated		\$186.0		
After Curtailment (\$8.3M)		\$177.7		
	<u>FY10</u>	<u>FY11</u>		
Biennial Request	\$194.5	\$203.2		
Governor's Proposed Budget	\$181.0	\$181.0		
Biennial Budget as Legislated	\$178.9	<b>\$178.9</b>		
After Curtailment (\$6.0M)	<b>\$172.9</b>			
<u>MEIF</u>	<u>FY08</u>	<u>FY09</u>	<u>FY10</u>	<u>FY11</u>
	\$13.7	\$14.7	\$14.7	\$14.7
<u>Stimulus</u>	-----	\$6.6	\$7.3	\$6.4



# FY11 OPERATING BUDGET

	(000's)					
	FY09		FY10		FY11 PROPOSED	
	ACTUAL		FORECAST		BUDGET	
<b><u>Revenues</u></b>						
Tuition & Fees	\$239,420	47%	\$250,217	48%	\$256,187	49%
Dining & Residence	59,691	11%	59,074	11%	61,759	12%
Less: Waivers/Scholarships	(37,780)	(7%)	(41,917)	(8%)	(44,311)	(9%)
Net Student Charges Revenue	\$261,331	51%	\$267,374	51%	\$273,635	52%
State Appropriation (excludes MEIF)	177,657	35%	172,960	33%	178,930	35%
Indirect Cost Recovery	14,134	3%	13,885	3%	12,932	2%
Investment Income/Gifts	1,943	-	13,382	3%	3,589	1%
Sales/Services/Auxiliary	57,121	11%	50,164	10%	49,458	10%
<b>Total Net Revenues</b>	<b>\$512,186</b>	<b>100%</b>	<b>\$517,765</b>	<b>100%</b>	<b>\$518,544</b>	<b>100%</b>
<b><u>Expenses</u></b>						
Compensation & Benefits	\$330,043	64%	\$332,229	65%	\$340,727	64%
Fuel & Electricity	23,851	5%	21,535	4%	25,118	5%
Interest Expense	9,993	2%	9,437	2%	9,146	2%
Other Expenses/Depreciation	126,934	25%	127,366	25%	130,169	25%
Matches/Transfers	20,330	4%	21,829	4%	22,940	4%
<b>Total Expenses</b>	<b>\$511,151</b>	<b>100%</b>	<b>\$512,396</b>	<b>100%</b>	<b>\$528,100</b>	<b>100%</b>
<b>Operating Increase/(Decrease*)</b>	<b>\$1,035</b>		<b>\$5,369</b>		<b>(\$9,556)</b>	
<b><u>Cash Flow</u></b>						
Net Increase (Decrease)	\$1,035		\$5,369		(\$9,556)	
Plus Depreciation	25,618		27,194		27,322	
Less: Capital Expenditures	(10,040)		(12,133)		(7,993)	
Debt Service Principal	(14,894)		(8,866)		(9,117)	
<b>Net Change in Cash</b>	<b>\$1,719</b>		<b>\$11,564</b>		<b>\$656</b>	
<b>State Fiscal Stabilization funds</b>	<b>6,566</b>		<b>7,310</b>		<b>\$6,445</b>	
<b>ADJUSTED NET CHANGE</b>	<b>\$8,285</b>		<b>\$18,874</b>		<b>\$7,101</b>	

\*Depreciation only partially funded resulting in budgeted operating loss

# FY11 OPERATING BUDGETS BY UNRESTRICTED FUND

	(000's)					
	E&G		AUXILIARY		TOTAL	
<b>Revenues</b>						
Tuition & Fees	\$254,774	59%	\$1,413	2%	\$256,187	49%
Dining & Residence	\$0	-	61,759	69%	61,759	12%
Less: Waivers/Scholarships	(42,723)	(10%)	(1,588)	(2%)	(44,311)	(9%)
Net Student Charges Revenue	\$212,051	49%	\$61,584	69%	\$273,635	52%
State Appropriation (excludes MEIF)	178,930	42%	-	-	178,930	35%
Indirect Cost Recovery	12,932	3%	-	-	12,932	2%
Investment Income/Gifts	3,589	1%	-	-	3,589	1%
Sales/Services/Auxiliary	21,800	5%	27,658	31%	49,458	10%
<b>Total Net Revenues</b>	<b>\$429,302</b>	<b>100%</b>	<b>\$89,242</b>	<b>100%</b>	<b>\$518,544</b>	<b>100%</b>
<b>Expenses</b>						
Compensation & Benefits	\$316,973	72%	\$23,754	27%	\$340,727	64%
Fuel & Electricity	17,040	4%	8,078	9%	25,118	5%
Interest Expense	3,349	1%	5,797	7%	9,146	2%
Other Expenses/Depreciation	81,700	18%	48,469	55%	130,169	25%
Matches/Transfers	21,252	5%	1,688	2%	22,940	4%
<b>Total Expenses</b>	<b>\$440,314</b>	<b>100%</b>	<b>\$87,786</b>	<b>100%</b>	<b>\$528,100</b>	<b>100%</b>
<b>Operating Increase/(Decrease*)</b>	(\$11,012)		\$1,456		(\$9,556)	
<b>Cash Flow</b>						
Net Increase (Decrease)	(\$11,012)		\$1,456		(\$9,556)	
Plus Depreciation	22,239		5,083		27,322	
Less: Capital Expenditures	(5,817)		(2,176)		(7,993)	
Debt Service Principal	(5,273)		(3,844)		(9,117)	
<b>Net Change in Cash</b>	<b>\$137</b>		<b>\$519</b>		<b>\$656</b>	
<b>State Fiscal Stabilization Funds</b>	<b>6,445</b>		<b>-</b>		<b>6,445</b>	
<b>ADJUSTED NET CHANGE</b>	<b>\$6,582</b>		<b>\$519</b>		<b>\$7,101</b>	

\*Depreciation only partially funded resulting in budgeted operating loss

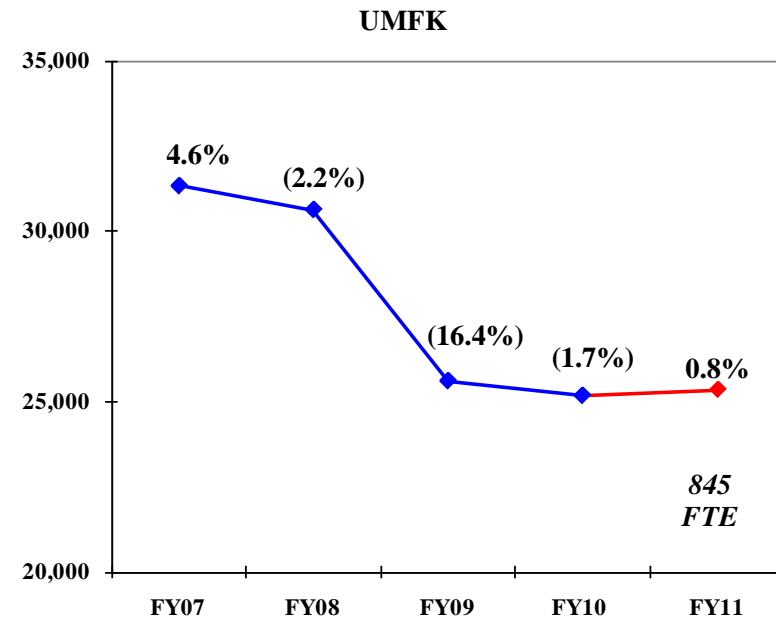
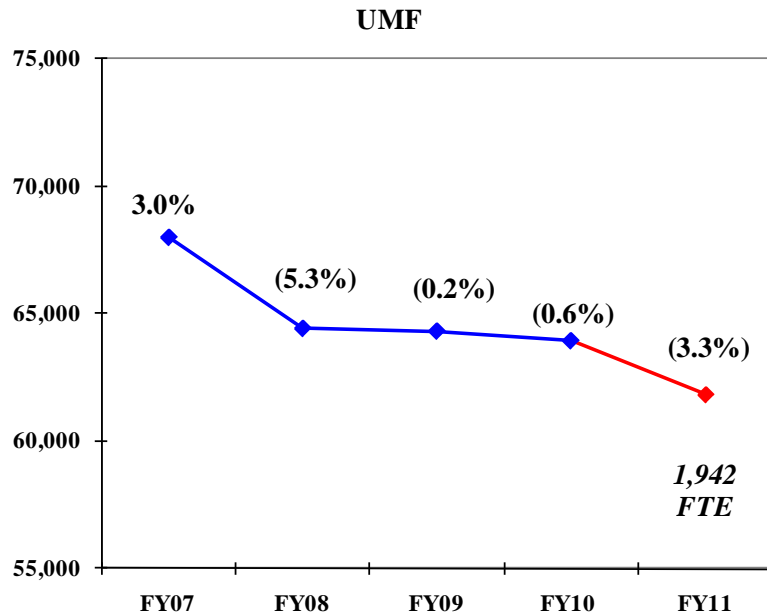
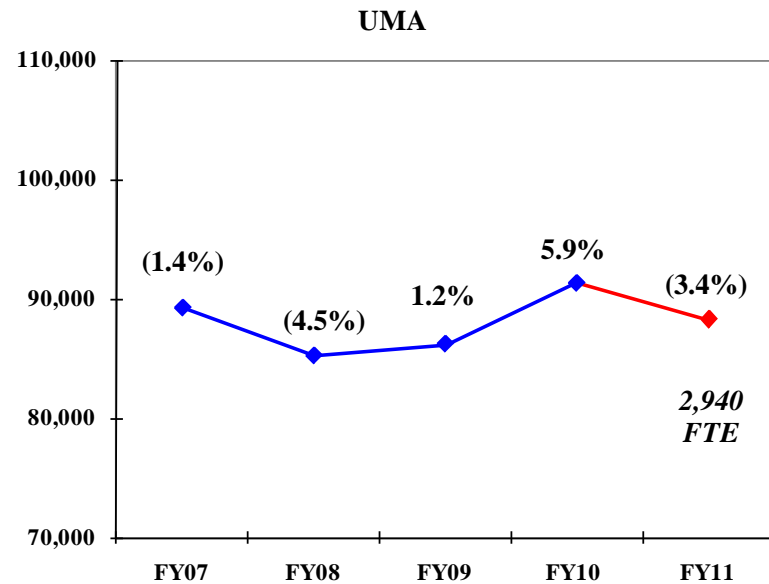
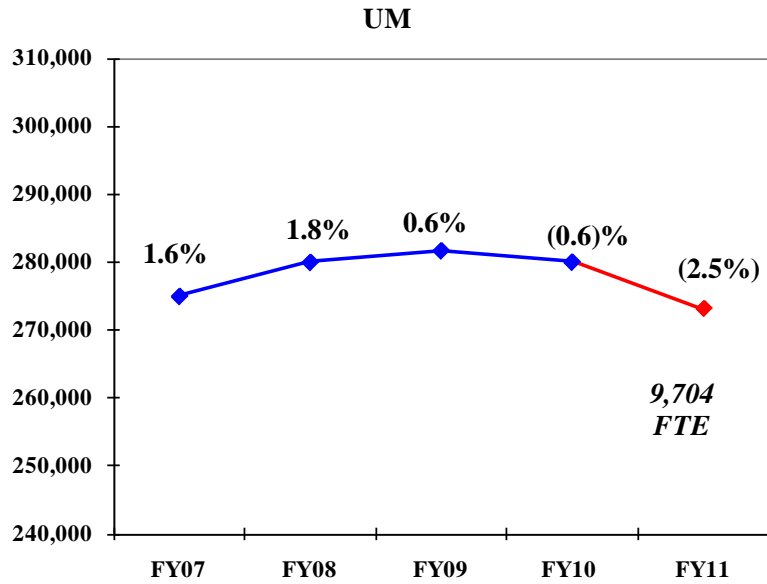
# FY11 OPERATING BUDGETS BY CAMPUS

	(000's)								
	UM	UMA	UMF	UMFK	UMM	UMPI	USM	SWS	TOTAL
<b>Revenues</b>									
Tuition & Fees	\$116,738	\$21,850	\$19,882	\$7,154	\$5,520	\$7,719	\$77,324	\$0	\$256,187
Dining & Residence	34,018	0	8,659	1,362	1,855	1,931	13,934	0	61,759
Less: Waivers/Scholarships	(28,950)	(2,094)	(2,654)	(955)	(1,453)	(1,131)	(7,036)	(38)	(44,311)
Net Student Charges Revenue	\$121,806	\$19,756	\$25,887	\$7,561	\$5,922	\$8,519	\$84,222	(\$38)	\$273,635
State Appropriation	83,135	13,663	10,227	4,227	4,286	6,341	41,243	15,808	178,930
Other Income	42,105	2,401	2,140	735	546	815	14,214	3,023	65,979
<b>Total Net Revenues</b>	<b>\$247,046</b>	<b>\$35,820</b>	<b>\$38,254</b>	<b>\$12,523</b>	<b>\$10,754</b>	<b>\$15,675</b>	<b>\$139,679</b>	<b>\$18,793</b>	<b>\$518,544</b>
<b>Expenses</b>									
Compensation & Benefits	\$147,050	\$27,075	\$25,915	\$8,708	\$6,917	\$11,397	\$99,665	\$14,000	\$340,727
Utilities	14,367	1,069	2,172	749	760	1,135	4,801	65	25,118
Other/Depreciation	90,229	8,435	9,798	3,512	3,379	3,947	36,744	6,211	162,255
<b>Total Expenses</b>	<b>\$251,646</b>	<b>\$36,579</b>	<b>\$37,885</b>	<b>\$12,969</b>	<b>\$11,056</b>	<b>\$16,479</b>	<b>\$141,210</b>	<b>\$20,276</b>	<b>\$528,100</b>
<b>Net Increase (Decrease*)</b>	<b>(\$4,600)</b>	<b>(\$759)</b>	<b>\$369</b>	<b>(\$446)</b>	<b>(\$302)</b>	<b>(\$804)</b>	<b>(\$1,531)</b>	<b>(\$1,483)</b>	<b>(\$9,556)</b>
<b>Cash Flow</b>									
Net Increase (Decrease)	(\$4,600)	(\$759)	\$369	(\$446)	(\$302)	(\$804)	(\$1,531)	(\$1,483)	(\$9,556)
Plus Depreciation	14,334	1,120	1,497	520	554	749	5,747	2,801	27,322
Less Capital Expenditures	(4,770)	(181)	(1,398)	0	(203)	(80)	(995)	(366)	(7,993)
Debt Service Principal	(4,451)	(161)	(385)	(226)	(170)	(49)	(3,005)	(670)	(9,117)
<b>Net Change</b>	<b>\$513</b>	<b>\$19</b>	<b>\$83</b>	<b>(\$152)</b>	<b>(\$121)</b>	<b>(\$184)</b>	<b>\$216</b>	<b>\$282</b>	<b>\$656</b>
<b>State Fiscal Stabilization</b>	<b>3,011</b>	<b>506</b>	<b>418</b>	<b>156</b>	<b>159</b>	<b>234</b>	<b>1,511</b>	<b>450</b>	<b>6,445</b>
<b>Adjusted Net Change</b>	<b>\$3,524</b>	<b>\$525</b>	<b>\$501</b>	<b>\$4</b>	<b>\$38</b>	<b>\$50</b>	<b>\$1,727</b>	<b>\$732</b>	<b>\$7,101</b>

\*Depreciation only partially funded resulting in budgeted operating loss

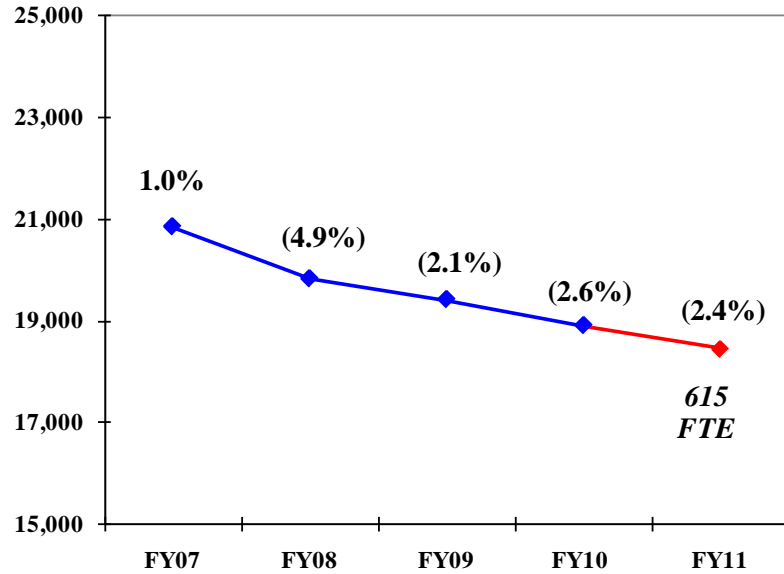
\*\*Utilized as Strategic Investment Funds that will be transferred to fund recipients

# UMS ENROLLMENT - ANNUAL CREDIT HOURS

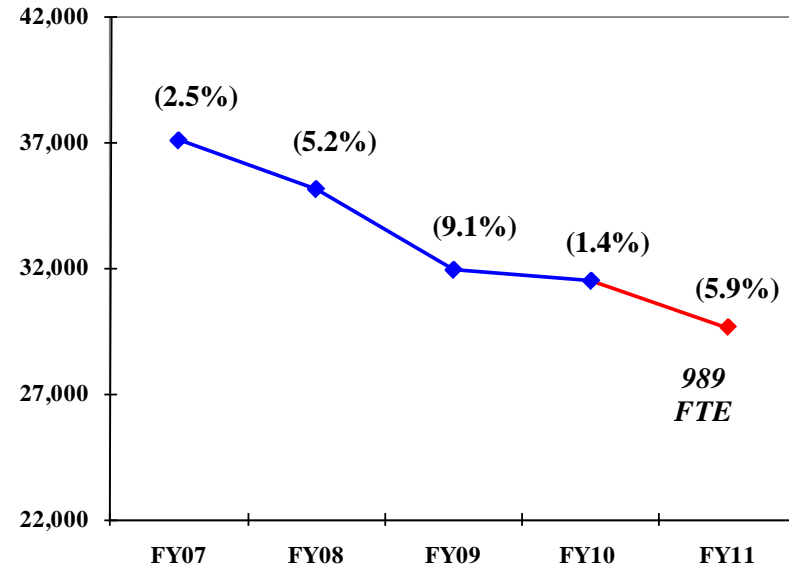


# UMS ENROLLMENT - ANNUAL CREDIT HOURS

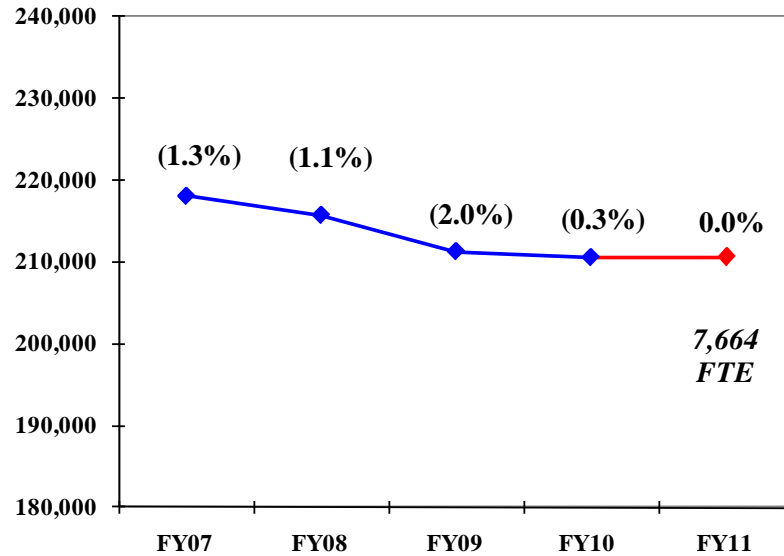
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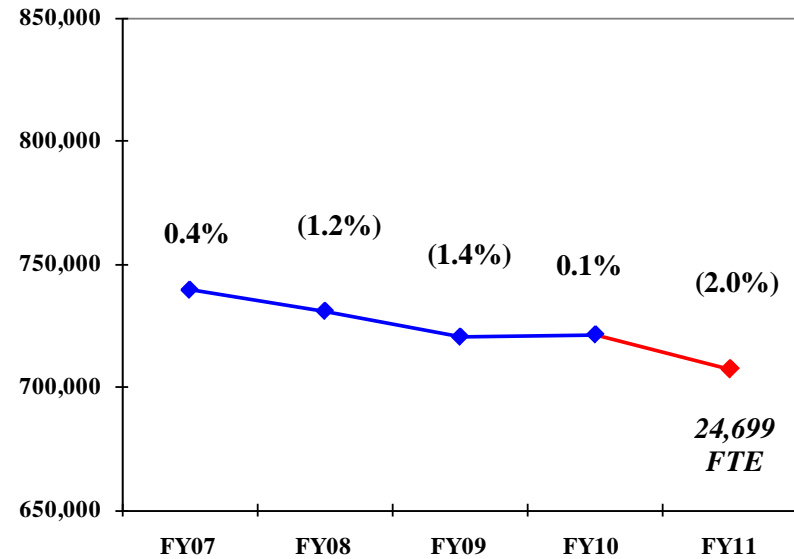
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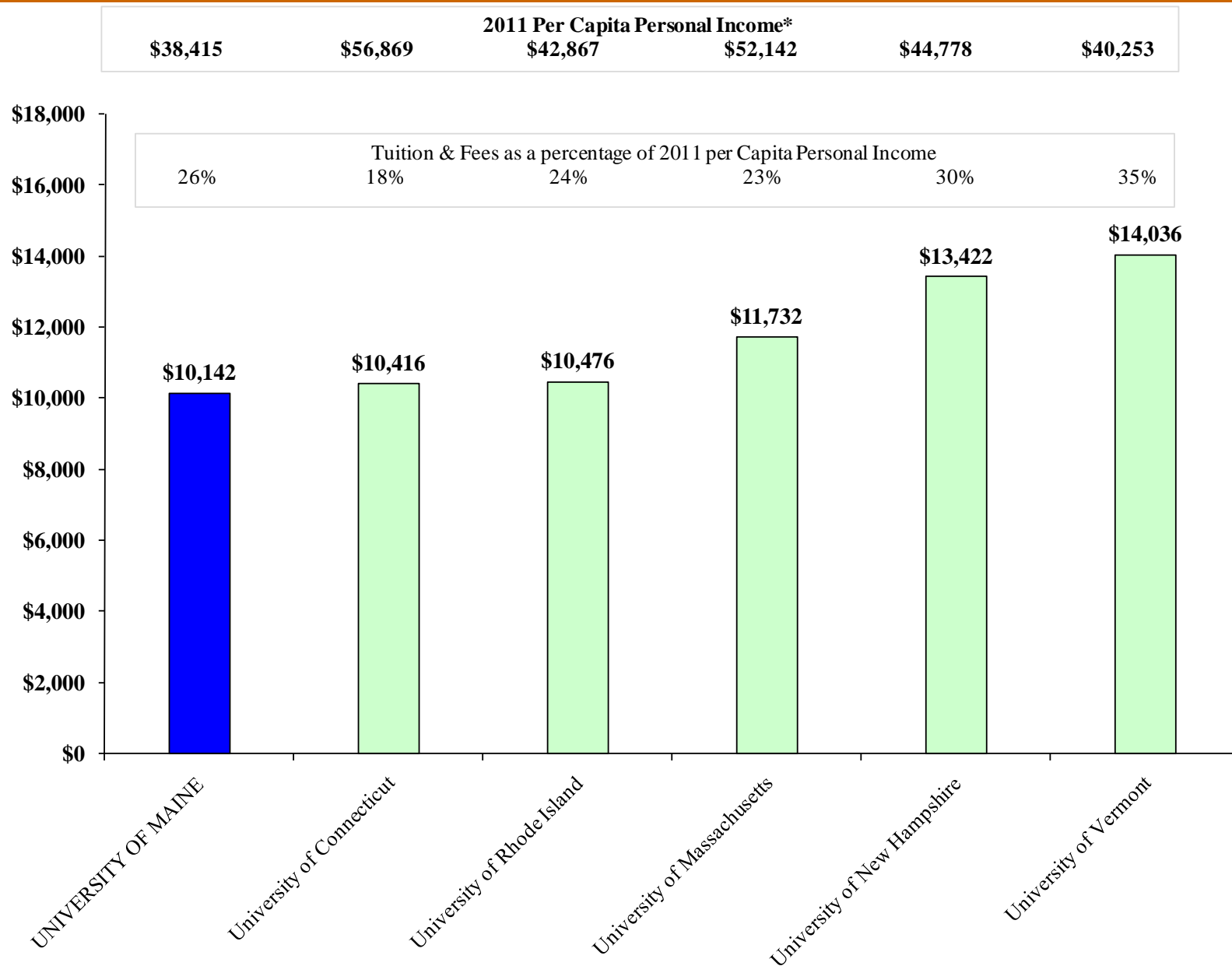
SYSTEM TOTAL



# ***NEW ENGLAND LAND-GRANT UNIVERSITIES***

## ***ESTIMATED IN-STATE UNDERGRADUATE TUITION & MANDATORY FEES***

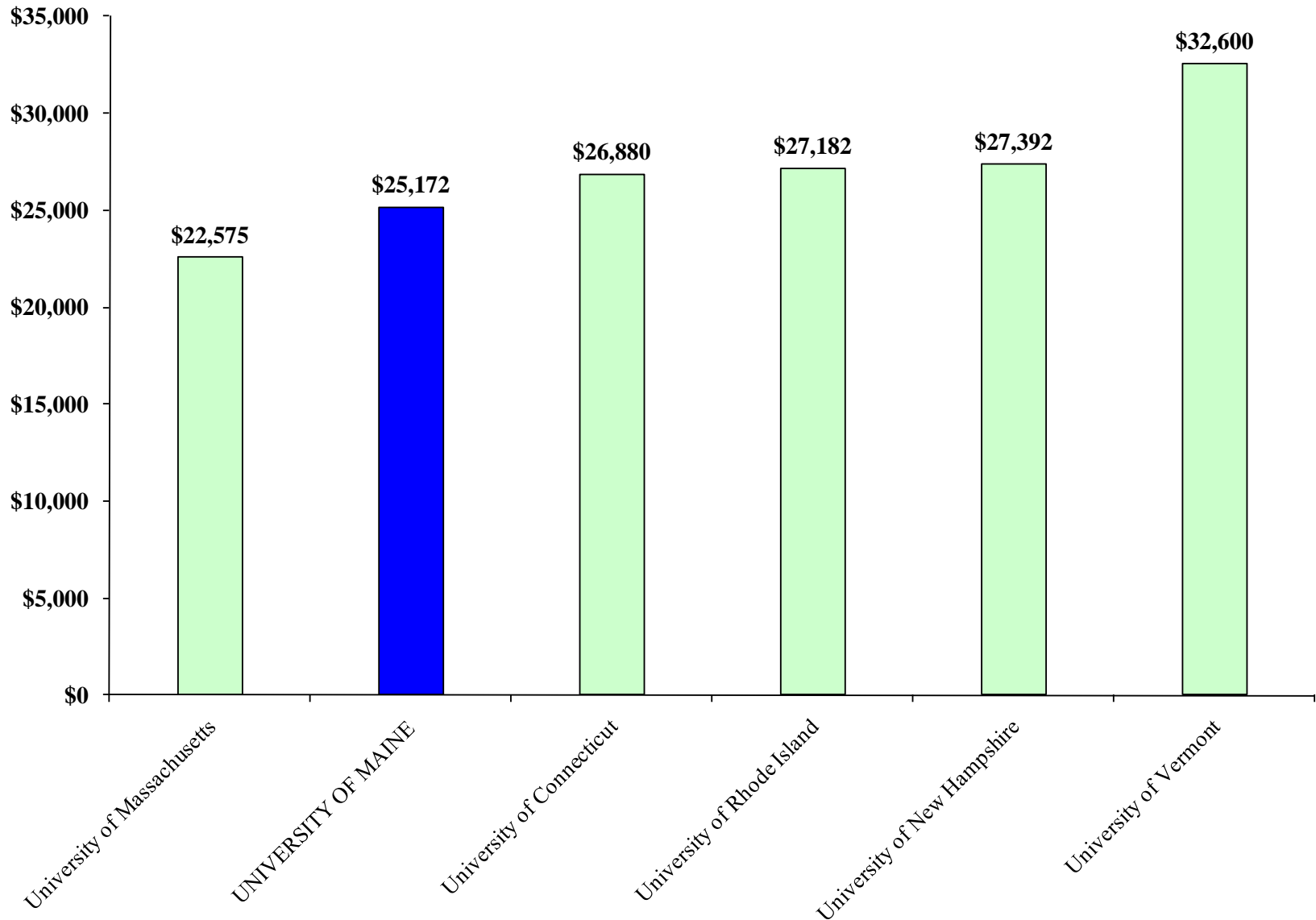
### ***FY11***



\*Data: Bureau of Economic Analysis  
 Source: Telephone calls & websites

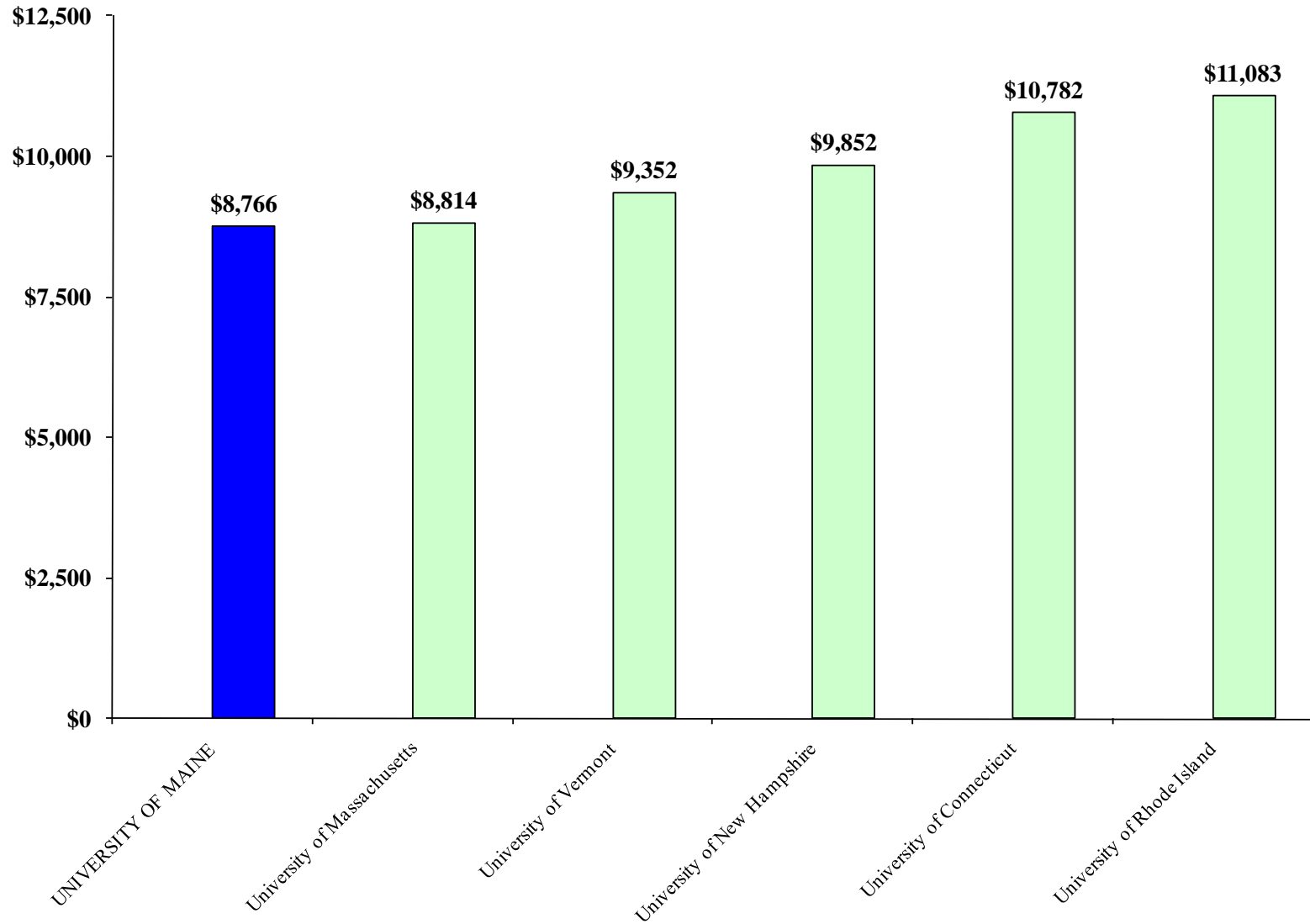
***NEW ENGLAND LAND-GRANT UNIVERSITIES***  
***ESTIMATED OUT-OF-STATE UNDERGRADUATE TUITION & MANDATORY FEES***  
***FY11***

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# ***NEW ENGLAND LAND-GRANT UNIVERSITIES ESTIMATED ROOM & BOARD FY11***

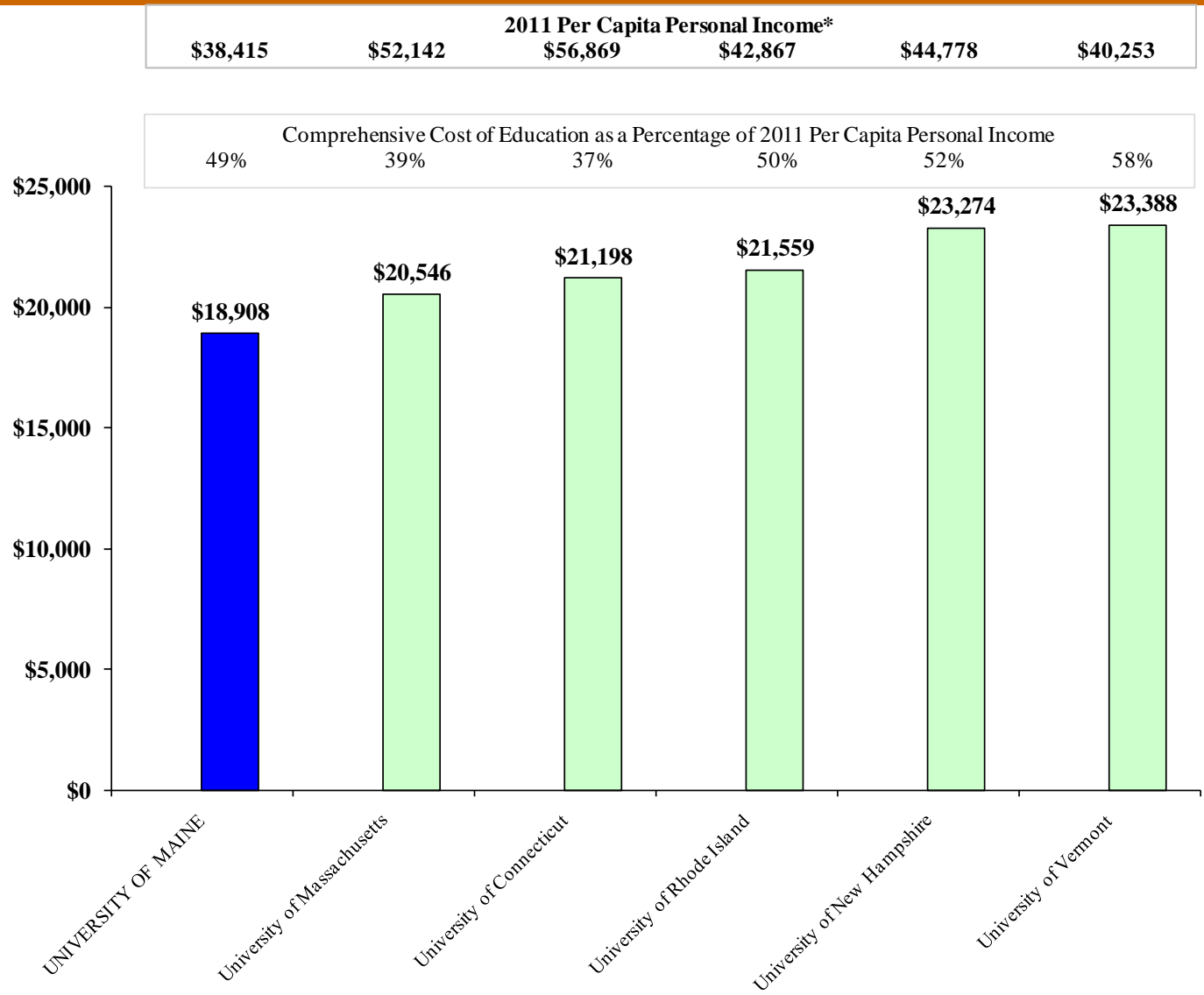
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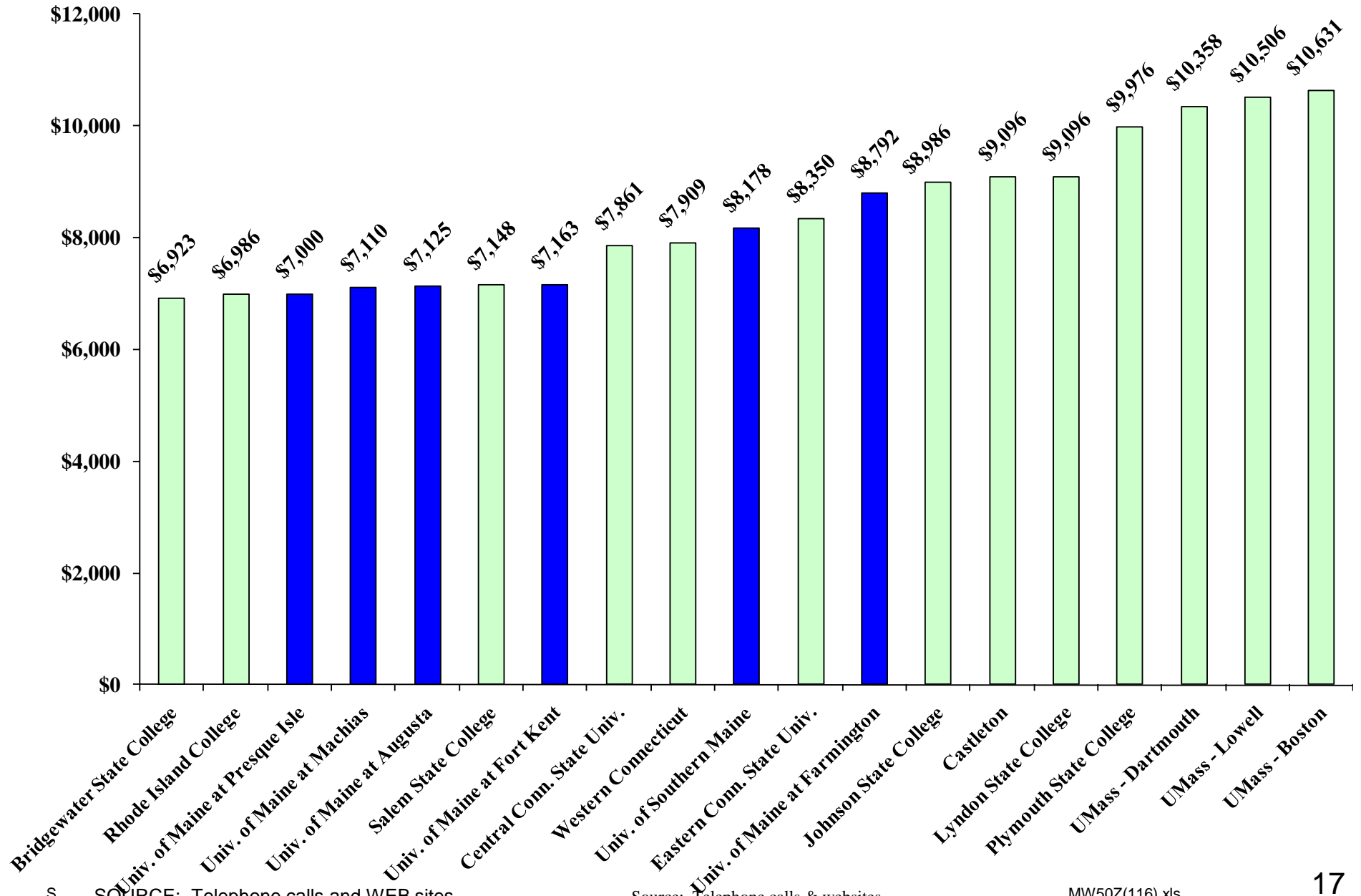
# ***FY11 NEW ENGLAND LAND GRANT UNIVERSITIES ESTIMATED IN-STATE UNDERGRADUATE COMPREHENSIVE STUDENT COST OF EDUCATION***

*(Tuition, Mandatory Fees, Room & Board)*



\*Data: Bureau of Economic Analysis

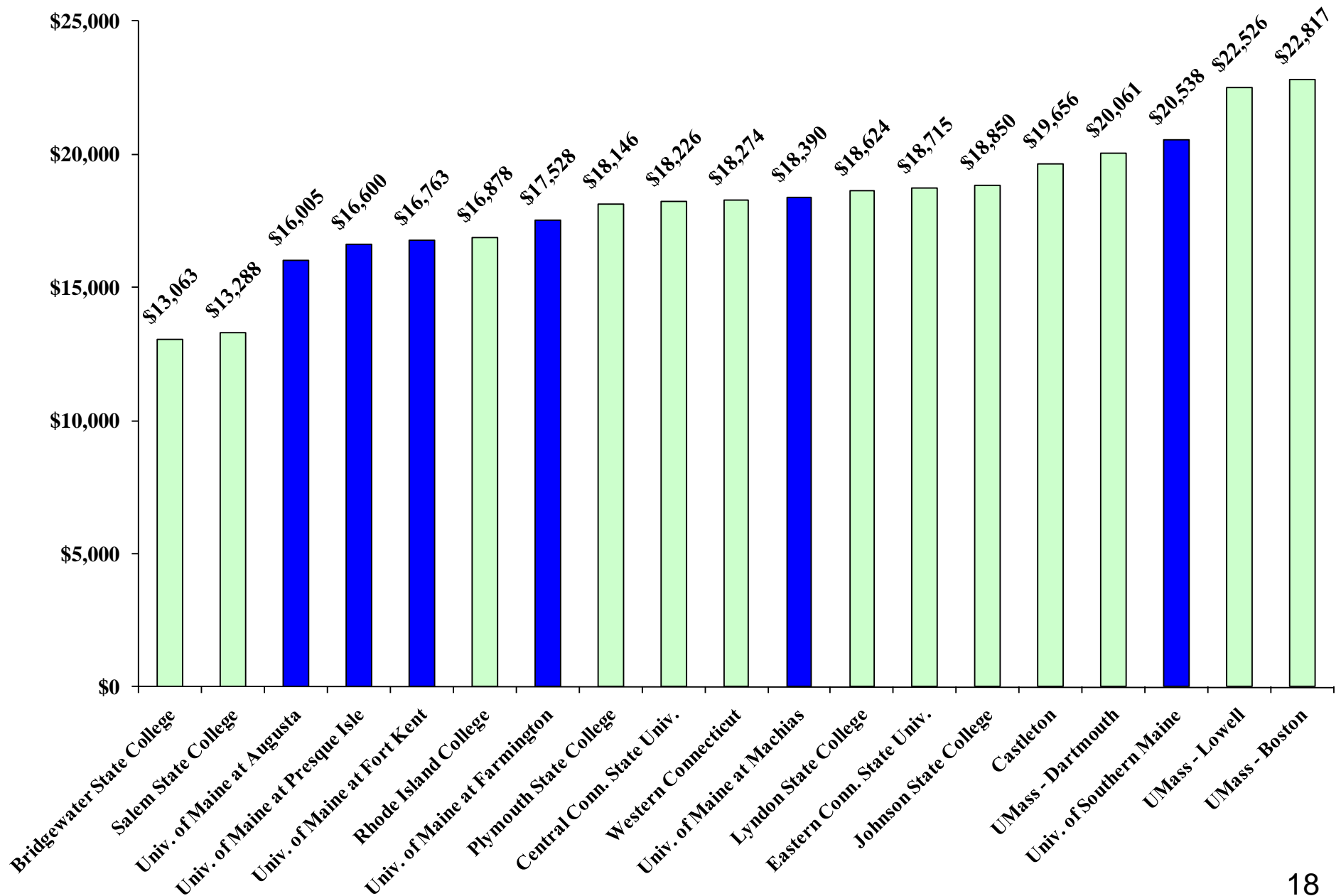
**SELECTED NEW ENGLAND STATE COLLEGES & UNIVERSITIES**  
**ESTIMATED IN-STATE UNDERGRADUATE FULL-TIME TUITION AND MANDATORY FEES**  
**FY11**



S SOURCE: Telephone calls and WEB sites

Source: Telephone calls & websites

***SELECTED NEW ENGLAND STATE COLLEGES & UNIVERSITIES ESTIMATED OUT-OF-STATE  
UNDERGRADUATE FULL-TIME TUITION & MANDATORY FEES  
FY11***

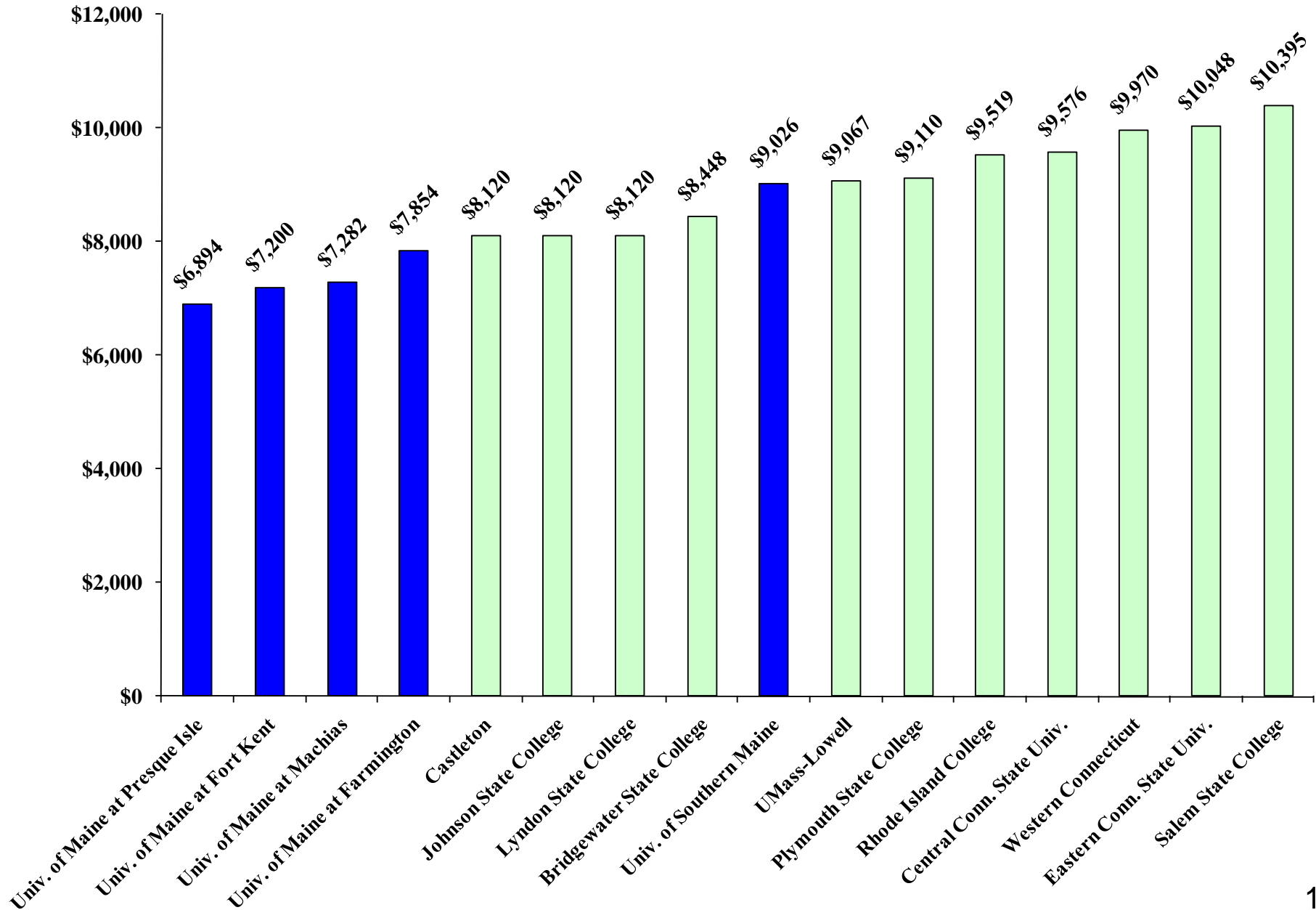


Source: Telephone calls & websites

# *SELECTED NEW ENGLAND STATE COLLEGES & UNIVERSITIES*

## *ESTIMATED ROOM & BOARD*

### *FY11*



Source: Telephone calls & websites