



# **FY2012 OPERATING BUDGET & STUDENT CHARGES**

(Revised to reflect updated peer institution information)

# FY12 FINANCIAL PLANNING TIMETABLE

---

	2010 July	Aug	Sept	Oct	Nov	Dec	2011 Jan	Feb	Mar	Apr	May	June
FY11 Financial Forecasts					X			X			X	
Multi-year planning												
Multi-year projections presented to Board of Trustees					15							
Distribute forms & allocations to CFO's							14					
Shared Services Advisory Council reviews FY12 Budget Materials							24					
Prepare interim close reconciliations as of February 28th									1-31			
Interim Close									31			
CFO's review budgets with Vice Chancellor for Finance & Administration									31 ↔ 11			
Budget forms due in System Office										22		
Trustee Finance/Facilities Committee reviews budget & student charges											16	
Trustees approve budget and student charges for FY12											22-23	
FY12 budgets in PeopleSoft											31	

# FY12 BUDGET HIGHLIGHTS

---

## ❖ **Balanced Budgets**

All seven universities and the System Office have submitted balanced budgets for FY12 despite the loss of \$6.4 million in ARRA funds and no budgeted increase in State appropriation.

## ❖ **Lowest Tuition Increase in a Decade**

The weighted average tuition increase for in-state undergraduates represents the lowest tuition percentage increase in 10 years and the lowest dollar increase in 8 years.

FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12
4.7%	7.7%	7.6%	8.3%	8.7%	10.0%	10.3%	5.8%	4.8%	4.3%

## ❖ **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).

# ***FY12 BUDGET DRIVERS***

---

## **❖ Appropriation**

FY12 budgets are based on flat funding, which is \$6.9 million below the FY08 funding level.

## **❖ Enrollment**

Projected enrollment for UMS is 0.4% below the FY11 budget and 1.8% below FY11 actual.

## **❖ Student Charges**

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

- ✓ 4.3% tuition increase
- ✓ 4.1% combined tuition and mandatory fee increase
- ✓ 3.3% total increase (tuition, mandatory fees, room, and board)

## **❖ Compensation and Benefits**

FY12 benefit rate is 49.5% which assumes the charge to the Employee Health Plan Task Force to reduce the cost trend for the health plan to 6% or less in FY12 is met.

## **❖ Funding Depreciation**

Overall, depreciation is budgeted to exceed the target of 100% funding for Auxiliary and 60% funding for E&G in FY12; however, some campuses remain below the target.

# ***CONTINUING BUDGET CHALLENGES***

---

## **❖ 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 currently projected to return to the FY08 level over the next biennium, FY14 and FY15.

## **❖ 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 retain and 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 2010 per capita personal income ranks 29<sup>th</sup> in the nation at \$37,300.

## **❖ 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 have been increasing at a rate that exceeds the growth in revenue sources.

# ***CONTINUING BUDGET CHALLENGES***

---

## **❖ Reserves**

The UMS has a little less than 4 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. Sixty-eight percent of System space is over 25 years of age, a time when critical building needs come due and investment is needed. The age of facilities, limited capital renewal funding, code changes, and functional obsolescence have resulted in a critical deferred maintenance estimate of \$350 to 400 million and a total asset reinvestment backlog of \$680 to 720 million. Only UMF is 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 which totaled \$6.4 million in FY11 have disappeared.

# STATE APPROPRIATION

## Unrestricted Appropriation

	<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>FY12</u>	<u>FY13</u>
Biennial Request	\$186.0	\$193.4
Governor's Proposed Budget*	\$181.9	\$181.9
Biennial Budget as Legislated	TBD	TBD

<u>MEIF</u>	<u>FY10</u>	<u>FY11</u>	<u>FY12*</u>	<u>FY13*</u>
	\$14.7	\$14.7	\$14.7	\$14.7

\*Governor's Proposed Budget includes \$3.35 million in Debt Service.

# FY12 OPERATING BUDGET

	(000's)				FY12 PROPOSED	
	FY10		FY11		BUDGET	
	<u>ACTUAL</u>		<u>FORECAST</u>			
<b><u>Revenues</u></b>						
Tuition & Fees	\$252,442	48%	\$261,317	49%	\$264,498	50%
Dining & Residence	58,763	11%	59,758	11%	60,637	11%
Less: Waivers/Scholarships	(41,160)	(8%)	(45,134)	(8%)	(47,340)	(9%)
Net Student Charges Revenue	\$270,045	51%	\$275,941	52%	\$277,795	52%
State Appropriation (excludes MEIF)	172,960	33%	178,960	34%	178,960	34%
Indirect Cost Recovery	15,682	3%	15,127	3%	13,102	3%
Investment Income/Gifts	12,292	2%	11,103	2%	3,442	1%
Sales/Services/Auxiliary	58,127	11%	50,145	9%	49,734	10%
<b>Total Net Revenues</b>	<u>\$529,106</u>	100%	<u>\$531,276</u>	100%	<u>\$523,033</u>	100%
<b><u>Expenses</u></b>						
Compensation & Benefits	\$326,396	64%	\$331,460	63%	\$343,152	65%
Fuel & Electricity	19,291	4%	22,365	4%	24,348	4%
Interest Expense	9,490	2%	9,131	2%	8,183	2%
Depreciation	27,258	5%	27,688	5%	29,028	5%
Other Expenses/Matches/Transfers	123,982	25%	133,465	26%	126,622	24%
<b>Total Expenses</b>	<u>\$506,417</u>	100%	<u>\$524,109</u>	100%	<u>\$531,333</u>	100%
<b>Operating Increase/(Decrease)</b>	\$22,689		\$7,167		(\$8,300) *	
<b><u>Cash Flow</u></b>						
Net Increase (Decrease)	\$22,689		\$7,167		(\$8,300)	
Plus Depreciation	27,258		27,322		28,591	
Less: Capital Expenditures	(16,874)		(14,932)		(10,433)	
Debt Service Principal	(10,537)		(8,611)		(9,068)	
<b>Net Change in Cash</b>	<u>\$22,536</u>		<u>\$10,946</u>		<u>\$790</u>	
<b>State Fiscal Stabilization funds</b>	<u>7,152</u>		<u>6,440</u>		<u>\$0</u>	
<b>ADJUSTED NET CHANGE</b>	<u><u>\$29,688</u></u>		<u><u>\$17,386</u></u>		<u><u>\$790</u></u>	

\*FY12 budgeted revenues insufficient to offset depreciation

# FY12 OPERATING BUDGETS BY UNRESTRICTED FUND

	(000's)					
	<u>E&amp;G</u>		<u>AUXILIARY</u>		<u>TOTAL</u>	
<b><u>Revenues</u></b>						
Tuition & Fees	\$263,051	60%	\$1,447	2%	\$264,498	50%
Dining & Residence	\$0	-	60,637	70%	60,637	11%
Less: Waivers/Scholarships	(45,720)	(10%)	(1,620)	(2%)	(47,340)	(9%)
Net Student Charges Revenue	\$217,331	50%	\$60,464	70%	\$277,795	52%
State Appropriation (excludes MEIF)	178,960	41%	-	-	178,960	34%
Indirect Cost Recovery	13,102	3%	-	-	13,102	3%
Investment Income/Gifts	3,442	1%	-	-	3,442	1%
Sales/Services/Auxiliary	23,234	5%	26,500	30%	49,734	10%
<b>Total Net Revenues</b>	<u>\$436,069</u>	100%	<u>\$86,964</u>	100%	<u>\$523,033</u>	100%
<b><u>Expenses</u></b>						
Compensation & Benefits	\$320,083	72%	\$23,069	27%	\$343,152	65%
Fuel & Electricity	17,121	4%	7,227	9%	24,348	4%
Interest Expense	2,901	1%	5,282	6%	8,183	2%
Depreciation	23,962	5%	5,066	6%	29,028	5%
Other Expenses/Matches/Transfers	82,217	18%	44,405	52%	126,622	24%
<b>Total Expenses</b>	<u>\$446,284</u>	100%	<u>\$85,049</u>	100%	<u>\$531,333</u>	100%
<b>Operating Increase/(Decrease)</b>	(\$10,215) *		\$1,915		(\$8,300) *	
<b><u>Cash Flow</u></b>						
Net Increase (Decrease)	(\$10,215)		\$1,915		(\$8,300)	
Plus Depreciation	23,525		5,066		28,591	
Less: Capital Expenditures	(8,406)		(2,027)		(10,433)	
Debt Service Principal	(4,849)		(4,219)		(9,068)	
<b>Net Change in Cash</b>	<u>\$55</u>		<u>\$735</u>		<u>\$790</u>	

\*FY12 budgeted revenues insufficient to offset depreciation

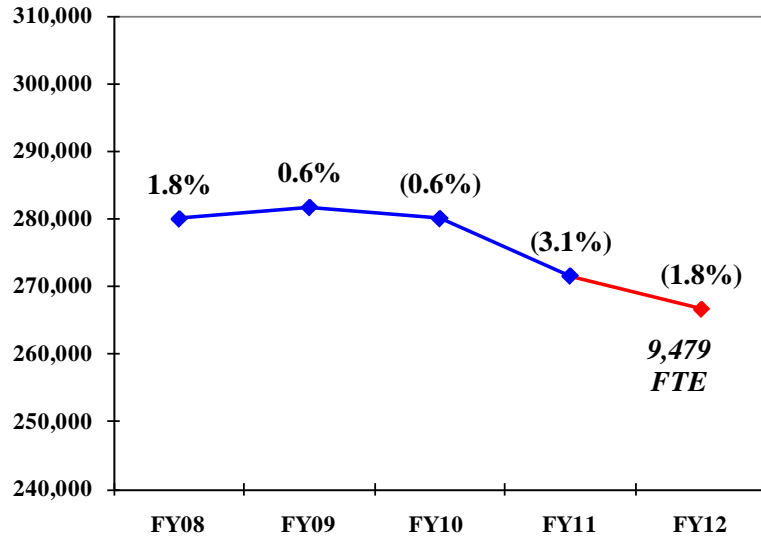
# FY12 OPERATING BUDGETS BY CAMPUS

	(000's)								
	<u>UM</u>	<u>UMA</u>	<u>UMF</u>	<u>UMFK</u>	<u>UMM</u>	<u>UMPI</u>	<u>USM</u>	<u>SWS</u>	<u>TOTAL</u>
<b>Revenues</b>									
Tuition & Fees	\$118,536	\$23,311	\$20,986	\$6,974	\$5,804	\$8,033	\$80,854	\$0	\$264,498
Dining & Residence	32,946	0	8,977	1,405	2,165	2,007	13,137	0	60,637
Less: Waivers/Scholarships	(30,962)	(2,188)	(2,761)	(934)	(1,740)	(1,288)	(7,427)	(40)	(47,340)
Net Student Charges Revenue	\$120,520	\$21,123	\$27,202	\$7,445	\$6,229	\$8,752	\$86,564	(\$40)	\$277,795
State Appropriation	82,295	13,525	10,124	4,214	4,243	6,277	40,831	17,451	178,960
Other Income	42,779	2,334	2,036	365	557	797	14,322	3,088	66,278
<b>Total Net Revenues</b>	<b>\$245,594</b>	<b>\$36,982</b>	<b>\$39,362</b>	<b>\$12,024</b>	<b>\$11,029</b>	<b>\$15,826</b>	<b>\$141,717</b>	<b>\$20,499</b>	<b>\$523,033</b>
<b>Expenses</b>									
Compensation & Benefits	\$146,243	\$27,796	\$26,203	\$8,257	\$6,963	\$11,163	\$102,386	\$14,141	\$343,152
Utilities	13,423	1,079	2,496	761	787	1,169	4,568	65	24,348
Other/Depreciation	90,597	8,550	10,109	3,281	3,411	4,074	36,370	7,441	163,833
<b>Total Expenses</b>	<b>\$250,263</b>	<b>\$37,425</b>	<b>\$38,808</b>	<b>\$12,299</b>	<b>\$11,161</b>	<b>\$16,406</b>	<b>\$143,324</b>	<b>\$21,647</b>	<b>\$531,333</b>
<b>Net Increase (Decrease*)</b>	<b>(\$4,669)</b>	<b>(\$443)</b>	<b>\$554</b>	<b>(\$275)</b>	<b>(\$132)</b>	<b>(\$580)</b>	<b>(\$1,607)</b>	<b>(\$1,148)</b>	<b>(\$8,300)</b>
<b>Cash Flow</b>									
Net Increase (Decrease)	(\$4,669)	(\$443)	\$554	(\$275)	(\$132)	(\$580)	(\$1,607)	(\$1,148)	(\$8,300)
Plus Depreciation	15,432	1,192	1,491	550	574	790	6,129	2,433	28,591
Less Capital Expenditures	(5,629)	(600)	(1,582)	0	(246)	(113)	(1,763)	(500)	(10,433)
Debt Service Principal	(4,622)	(106)	(383)	(259)	(196)	(53)	(2,664)	(785)	(9,068)
<b>Net Change</b>	<b>\$512</b>	<b>\$43</b>	<b>\$80</b>	<b>\$16</b>	<b>\$0</b>	<b>\$44</b>	<b>\$95</b>	<b>\$0</b>	<b>\$790</b>

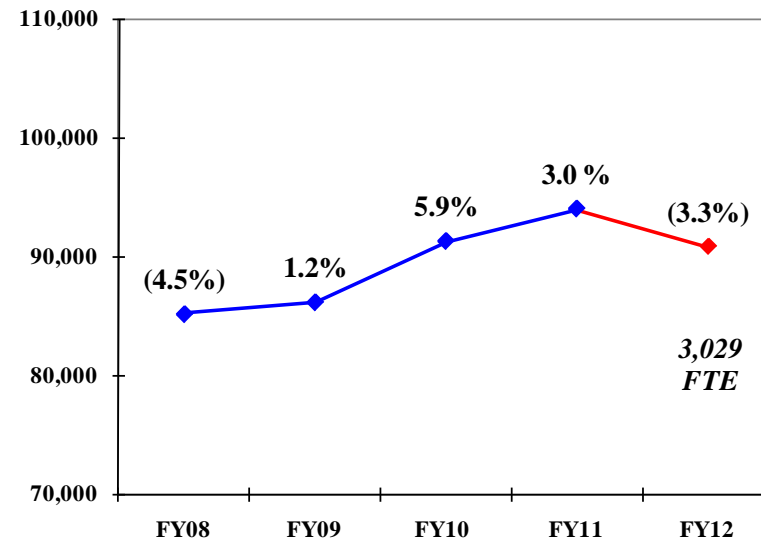
\*FY12 budgeted revenues insufficient to offset depreciation except at UMF

# UMS ENROLLMENT - ANNUAL CREDIT HOURS

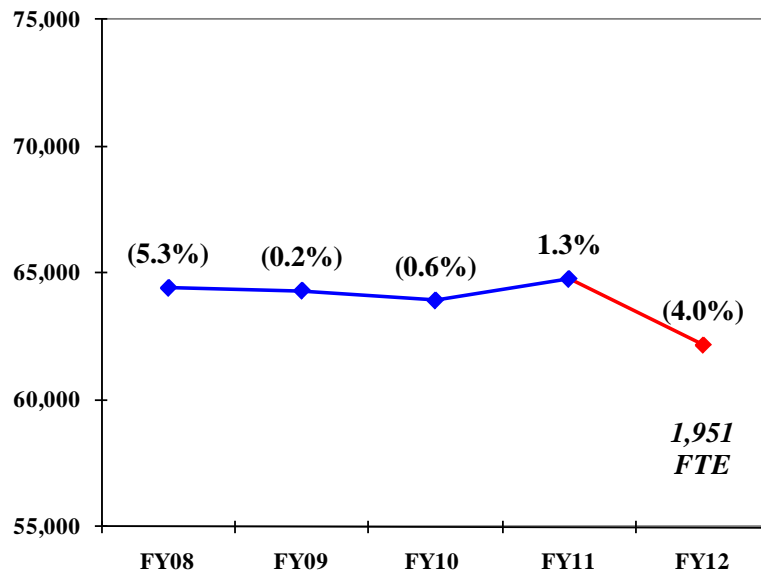
UM



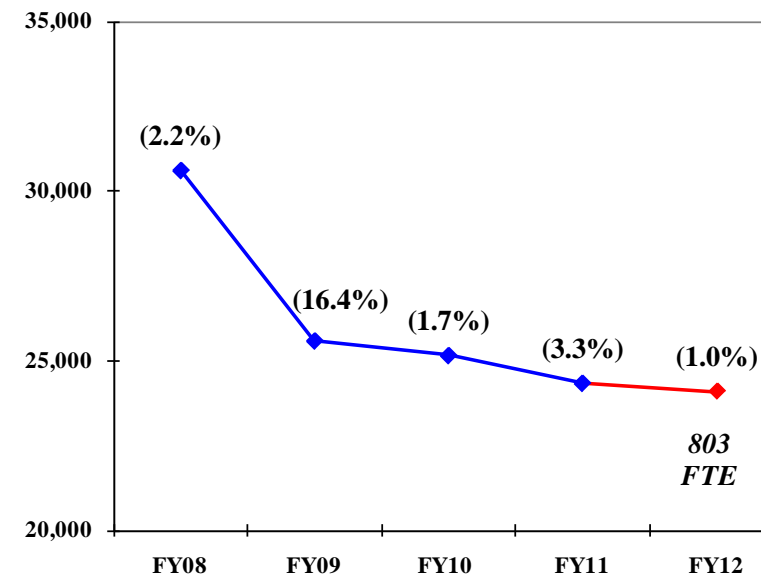
UMA



UMF

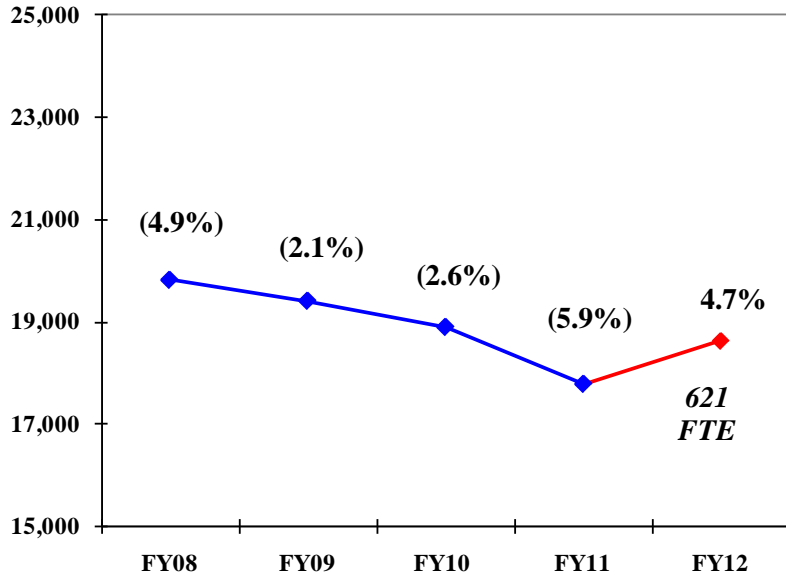


UMFK

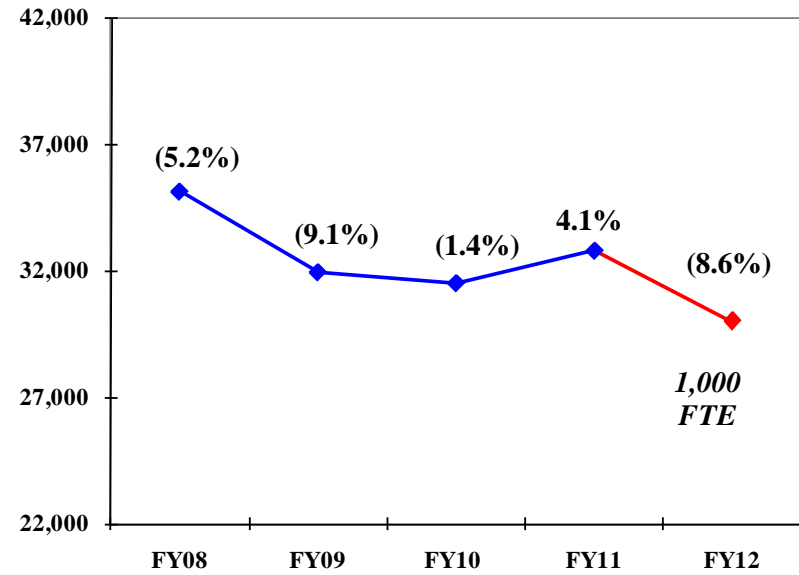


# UMS ENROLLMENT - ANNUAL CREDIT HOURS

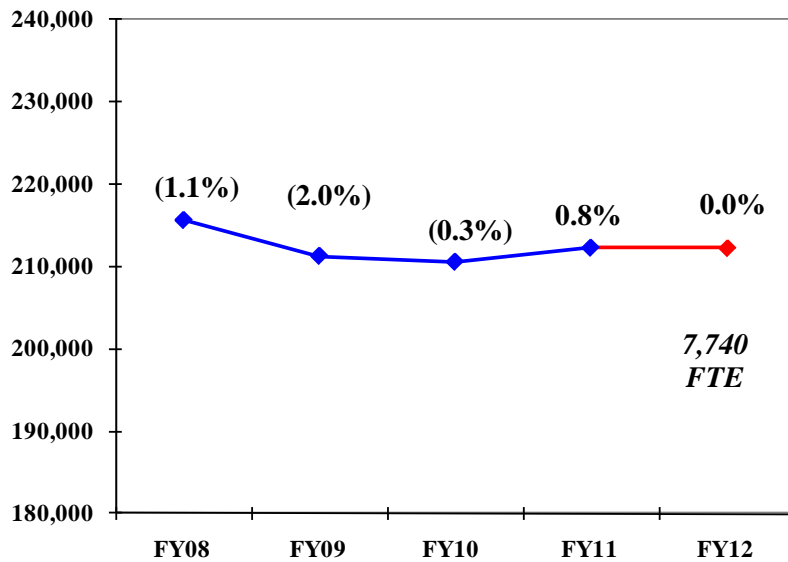
UMM



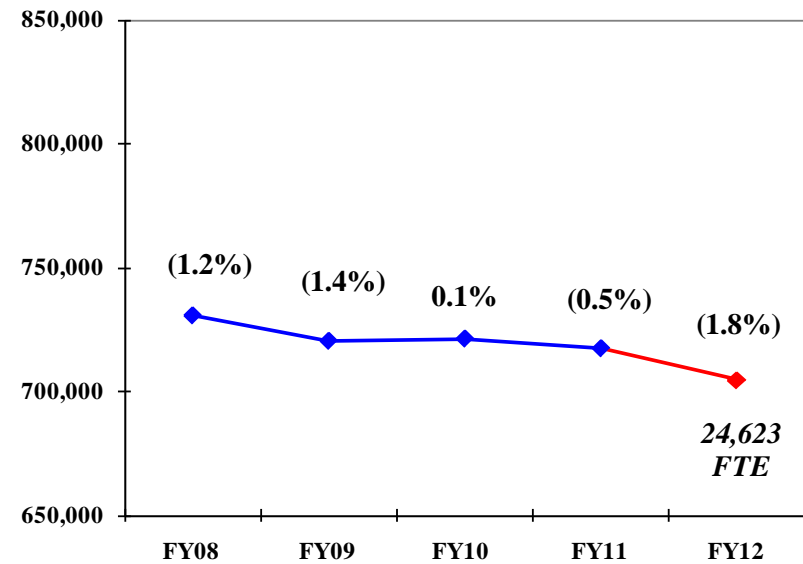
UMPI



USM



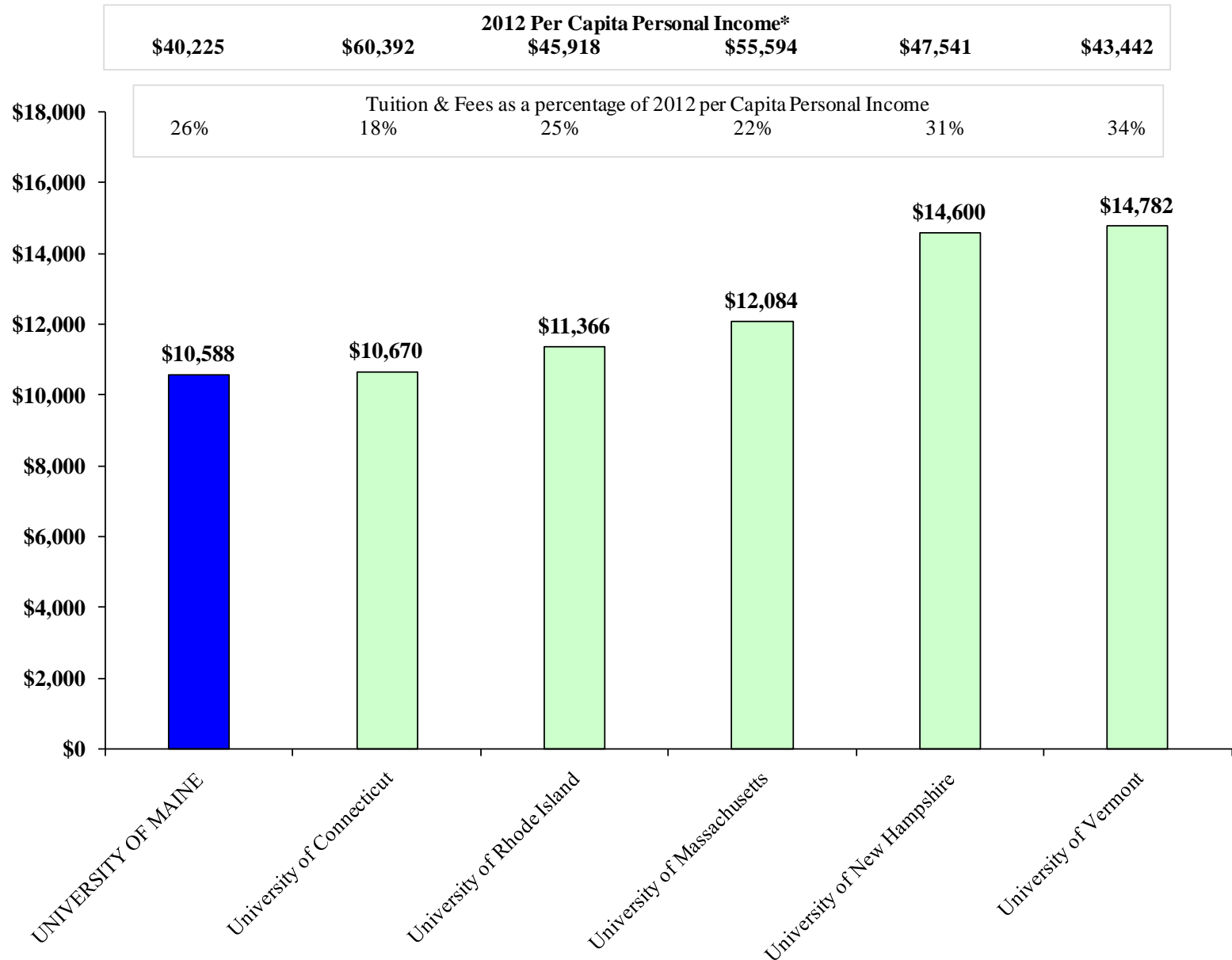
SYSTEM TOTAL



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

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

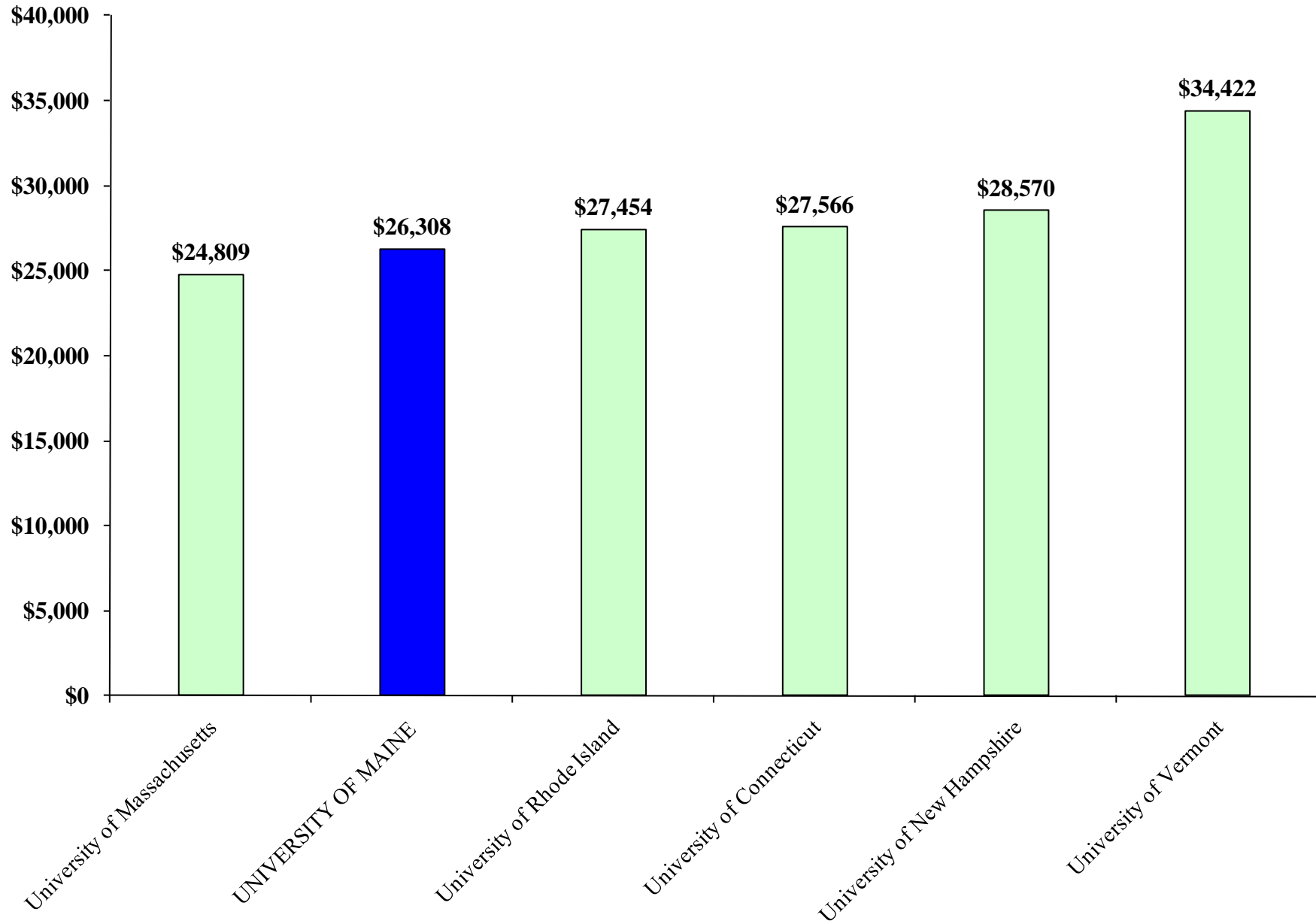
### ***FY12***



\*Data: Bureau of Economic Analysis

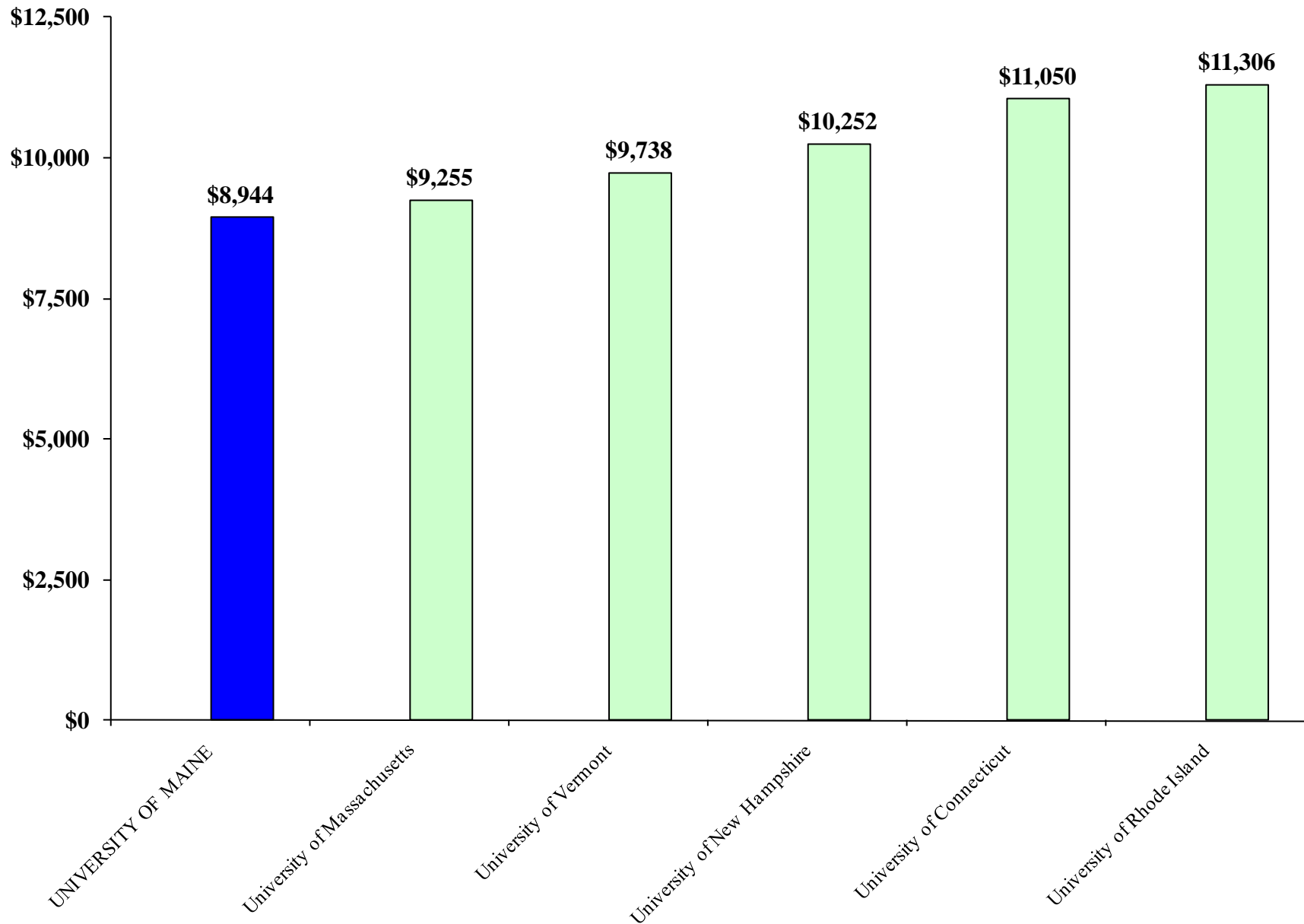
Source: Telephone calls & websites

***NEW ENGLAND LAND-GRANT UNIVERSITIES***  
***ESTIMATED OUT-OF-STATE UNDERGRADUATE TUITION & MANDATORY FEES***  
***FY12***



# ***NEW ENGLAND LAND-GRANT UNIVERSITIES ESTIMATED ROOM & BOARD FY12***

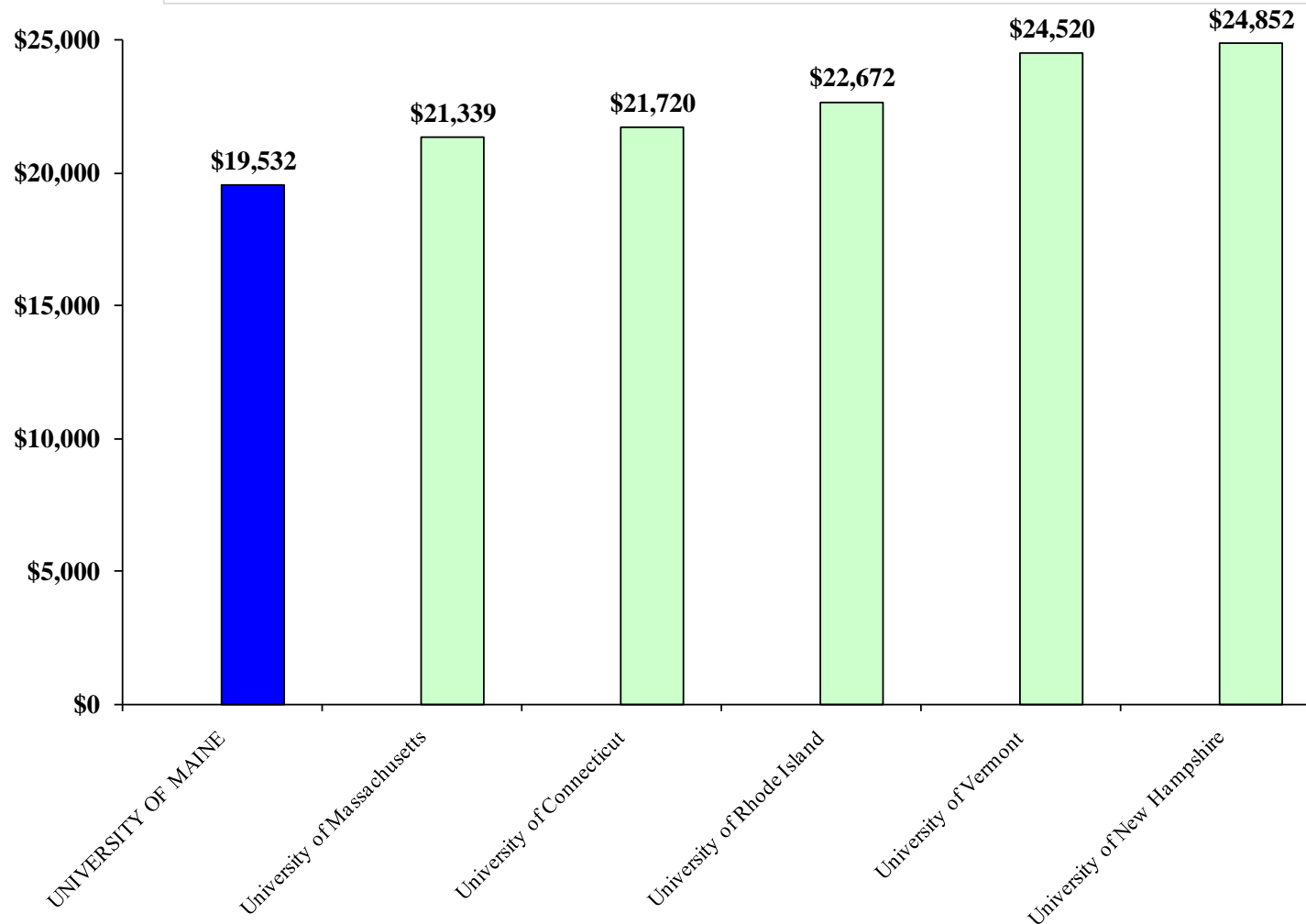
---



# ***FY12 NEW ENGLAND LAND GRANT UNIVERSITIES ESTIMATED IN-STATE UNDERGRADUATE COMPREHENSIVE STUDENT COST OF EDUCATION***

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

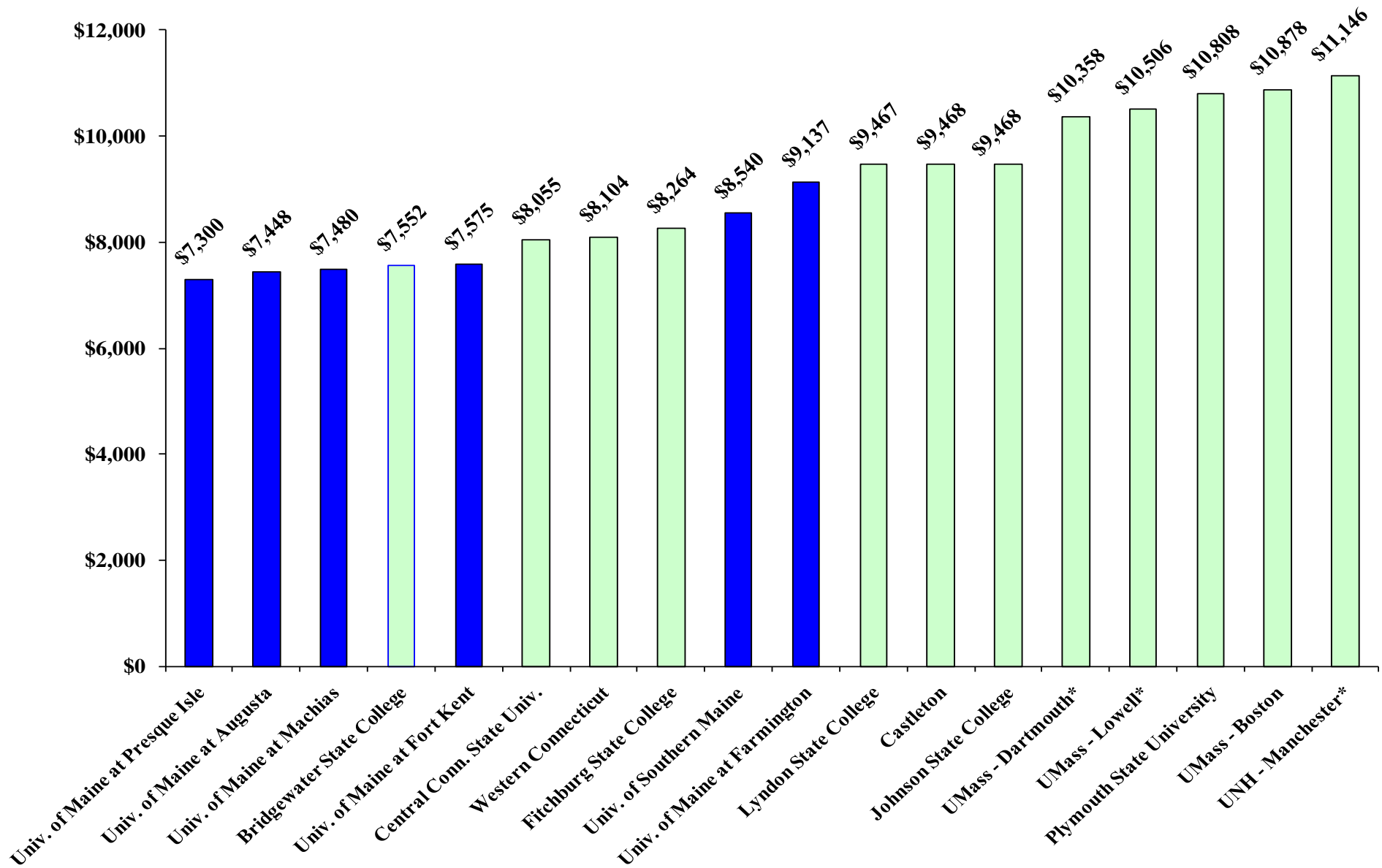
<b>2012 Per Capita Personal Income*</b>					
<b>\$40,225</b>	<b>\$55,594</b>	<b>\$60,392</b>	<b>\$45,918</b>	<b>\$43,442</b>	<b>\$47,541</b>
<b>Comprehensive Cost of Education as a Percentage of 2012 Per Capita Personal Income</b>					
49%	38%	36%	49%	56%	52%



\*Data: Bureau of Economic Analysis

Source: Telephone calls & websites

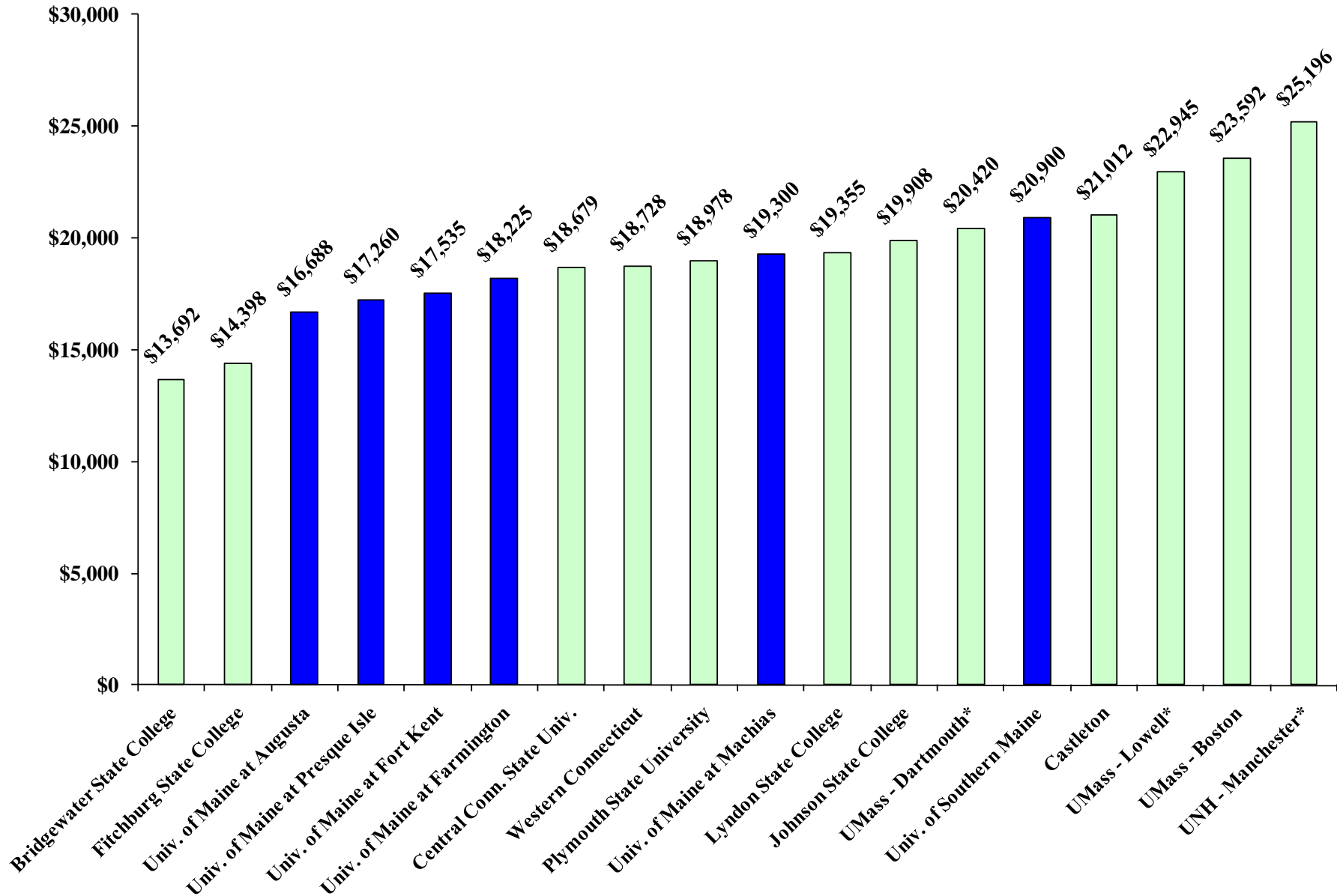
**SELECTED NEW ENGLAND STATE COLLEGES & UNIVERSITIES**  
**ESTIMATED IN-STATE UNDERGRADUATE FULL-TIME TUITION AND MANDATORY FEES**  
**FY12**



Source: Telephone calls & websites

\*Reflects FY11 rates as FY12 estimates not yet available

***SELECTED NEW ENGLAND STATE COLLEGES & UNIVERSITIES ESTIMATED OUT-OF-STATE  
UNDERGRADUATE FULL-TIME TUITION & MANDATORY FEES  
FY12***



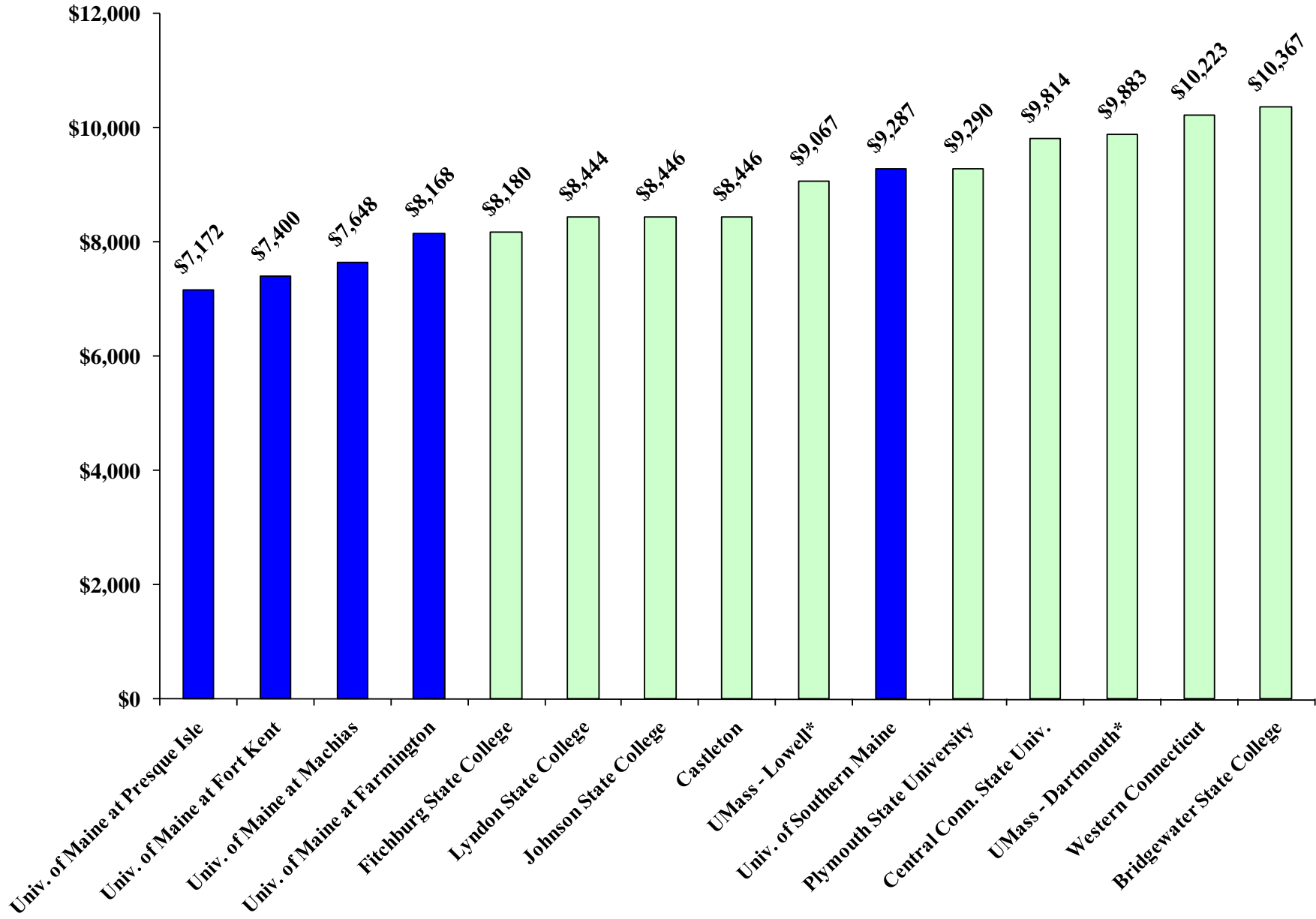
Source: Telephone calls & websites

\*Reflects FY11 rates as FY12 estimates not yet available

# *SELECTED NEW ENGLAND STATE COLLEGES & UNIVERSITIES*

## *ESTIMATED ROOM & BOARD*

### *FY12*



Source: Telephone calls & websites

\*Reflects FY11 rates as FY12 estimates not yet available