Agenda

• Summary of Committee Charge
• Budget Planning Context
  – Overview of General Operations Budget Gap
  – “Budget @ UML.edu” Summary
  – Federal Stimulus
  – Unknowns
• FY2010 Financial Planning Timetable
• Budget Hearings Schedule & Discussion
  – Hearings Format, Templates & Training?
Committee on Financial Planning and Budget Review

Charge:
To plan for the FY2010 budget and to establish a multi-year, integrated budget model to ensure long-term financial stability
Committee on Financial Planning and Budget Review

- Kathy Carter, College of Management, Co-Chair
- Steve O’Riordan, Financial Services, Co-chair
- Ahmed Abdelal
- Pauline Carroll, CSCDE
- Michael Carter, Economics
- Jack Giarusso, Human Resources
- Louise Griffin, Research Administration
- Mark Hines, Biological Science
- David Koffman, Student Trustee
- Patti McCafferty
- Marty Meehan
- Jacquie Moloney
- Beth Shorr
- Larry Siegel, Student Affairs
- Joanne Yestramski
- Executive Director of IT (TBD)
- Executive Director of Facilities (TBD)
UMass Lowell 2020 Overview

• The University’s next-generation strategic plan, a blueprint for making the campus a world-class institution

• A year-long process that will engage faculty, staff and students to be completed in January 2010

• Ten committees to assess academic, research, partnership, fiscal, and physical plant status and recommend strategies for improvement
Overarching Campus Goals

• Improve the quality of academic programs
• Ensure diversity and pluralism
• Improve the learning experience for students
• Increase research and scholarship
• Strengthen corporate and community partnerships
• Strengthen revenue sources
• Ensure environmental sustainability
• Ensure that physical plant, technology, and budget systems support goals
• Achieve recognition for academic programs, research and partnerships
Organization

- Commission:
  All members of all the committees co-chaired by Jacqueline Moloney & Ahmed Abdelal
- Steering Committee:
  Committee co-chairs and Executive Cabinet
- Advisory Group:
  Alumni and corporate and community leaders
Process

- Committees meet and present draft recommendations at a spring retreat
- Steering Committee synthesizes drafts and posts them to Intranet for comment
- Revised drafts presented at campus meetings in fall
- Committees meet during fall to establish benchmarks
- Final product from each committee: 3-5 pages, a brief narrative and a list of recommendations
- Final draft presented to campus in January 2010
Guidelines

Each group will include the following steps as much as possible:

• Assessment: What are the strengths and weaknesses currently?

• Objectives: What new or improved (or eliminated) measures would bring greater achievement, efficiency, and recognition?

• Resources: If it is a high-cost or labor-intensive suggestion, have a plan for where the campus will derive revenue.

• Marketing: What is the nature of the people or groups you need to communicate to in order to reach your objectives?

• Benchmarks: Each objective should have a benchmarking plan
Budget Planning Context
FY2010 Financial Planning:  
Budget Process

• Budget process this year will focus on:
  – Identifying **base needs** for each department, division and operation
  – Determining areas for **strategic investment** (improving retention, facilities & infrastructure)
  – Iterative and Transparent Process throughout spring state budget season; monitoring evolving economic environment; absorbing feedback from strategic planning and master planning processes
FY2010 Financial Planning: Context

- Great unknowns:
  - Expect significant State Funding cuts in FY2010
  - Implementation & Impact of Federal Stimulus Bill
  - Impact of economy on enrollments, capital plans, inflation, development, state & federal funding
Achieving Excellence through Strategic Investments

- Innovation in teaching and learning
  - Recruit and retain quality faculty
  - Continue to reduce student-to-faculty ratios
  - Improve national rankings for student retention
    - Examples: Learning communities and Calculus Camp

- Improve quality of student life
  - Expand and improve residential properties
  - Redesign intra-campus transportation system
  - Create more student community space

- Create competitive campus facilities
  - Implement campus master plan
State Appropriation vs. All Other Funds

FY2000
- State Appropriation: 51%
- All other Funds: 49%

FY2009
- State Appropriation: 37%
- All other Funds: 63%
State 9C Cuts of $4.9 Million in FY09

- **Workforce Reduction** – $2 Million
  - $1.6M Eliminated 52 full-time and 20 part-time staff positions through attrition, consolidation, retirements and lay-offs
  - $400,000 Overtime spending cuts

- **Operating** – $2.1 Million
  - Streamlined and reduced K-12 outreach/partnerships not tied to mission
  - Cancelled Sunrise Public Affairs morning radio show on WUML
  - Delayed spending in IT equipment purchases and projects
  - Cuts in postage, cell phone use and travel
  - Budget reductions in Chancellor’s administrative areas
  - Utilities savings through increased efficiency and conservation
  - Partial closure of campus during the winter break
## FY10 Student Fee Increases

University of Massachusetts
LOWELL Campus

### TUITION

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<tr>
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<th>FY2009 ACTUAL</th>
<th>FY2010 PROPOSED</th>
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<td>Undergraduate (resident)</td>
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### TOTAL MANDATORY FEES (Curriculum plus all other mandatory)

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### TOTAL MANDATORY FEES & TUITION

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<td>Graduate (non-resident)</td>
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### RESIDENTS ONLY

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<td>Total Room &amp; Board</td>
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### TOTAL MANDATORY FEES, TUITION, ROOM & BOARD

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<th>FY2009 ACTUAL</th>
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<td>Undergraduate (resident)</td>
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<td>Graduate (non-resident)</td>
<td>$24,749</td>
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Financial Aid Under New Fee Proposal

• Family incomes up to $78,500 – UMass will meet 100% of tuition and mandatory fee need with grants and scholarships
  – Per federal requirements, families will make expected family contribution
  – Additional funding available for higher incomes
  – Funded by $5.2 million increases in UMass Lowell financial aid and Pell Grant maximum award
  – 30% of new fee revenue for need-based institutional aid
  – March 1st priority filing date

• UMass Lowell has demonstrated commitment to financial aid by currently meeting 94 percent of need
Major Budget Assumptions: Changes from FY09 to FY10

• Enrollment increase of 5%

• State appropriation cut by nearly 12%

• Loss in trust fund interest earnings of 60%

• Student Fee Increases approved at $1500

• Increase in financial aid to meet 100% of tuition and mandatory fee need for families with incomes up to $78,500

• $5.4M increase for strategic investments to improve retention, support enrollment growth and improve facilities
Overview of General Operations
Budget Gap Before Fee Increases

FY09
• UMass Lowell received a state cut of $4.9 million
• Year End Projection - Breakeven

FY10
• Additional Projected State Cuts – $11.1 million
• Total FY10 Budget Gap:
  – Before Fee Increase - $17 million
  – After Fee increase - $8 million
Overview of General Operations Budget Gap

<table>
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<tr>
<th>FY09 State Appropriation Reductions</th>
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<tr>
<td>Governor's Veto</td>
<td>($0.7)</td>
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<tr>
<td>November 9C Reduction</td>
<td>($4.0)</td>
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<tr>
<td>January 9C Reduction</td>
<td>($0.5)</td>
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<tr>
<td><strong>Total 9C Reductions</strong></td>
<td><strong>($4.9)</strong></td>
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| FY09 Year End Projection           | Breakeven |

<table>
<thead>
<tr>
<th>FY10 Revenue and Expenditure Changes</th>
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<tbody>
<tr>
<td>Additional Projected State Funding Cuts</td>
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<tr>
<td>Direct Appropriation Cut (Projected)</td>
<td>($8.7)</td>
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<tr>
<td>Additional Fringe Benefit Impact</td>
<td>($2.4)</td>
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<tr>
<td><strong>Total State Budget Cut Impact Anticipated</strong></td>
<td><strong>($11.1)</strong></td>
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| FY10 Base Deficit                   | ($2.7)  |
| Strategic Investments               | $5.5    |
| **Total Projected FY2010 Budget Gap** | **($8.2)** |
| (to be funded through reductions & reallocations) |         |
• Overtime savings will require charge-back system and adequate staffing
• Extending the life of desktop computing equipment; bulk purchases of standard equipment and software licenses through USAVE program
• Annualized savings from discontinued outreach initiatives
• Further expand energy conservation measures, including partial campus shutdown over holiday break and possible 4 day per week summer schedule; energy audit (many other terrific suggestions)
• Service charges to research; research assistant fees
• Improved profitability from Bookstore operations; reduce subsidy to downtown store
• Improved profitability from Food Service operations, expansion of South Campus food retail space
• Implement new on-line travel reservation system
• Pay for print implemented in the library and student labs Reduced work week during less busy times
• Implement new PeopleSoft self service modules including time keeping
• Attrition and performance management
Budget @ UML.edu (cont.)

- Furloughs
- Freezing salaries for higher paid (President has implemented this for non-unit over $120,000)
- Reduced printing; more paperless solutions; reduced postage; email as official communication; better designed printed materials which will reduce postage
- Stop delivery of bottled water
- No departmental letterhead
- Expand on-line programs internationally
- Eliminate food service for meetings
- Parking fees expanded (Cumnock, fairness, etc.)
- Charge market rate for Boathouse
- Renegotiate convenience copiers; other vendor contracts
- Combine purchase orders; buy bulk system wide
- Charge faculty and staff a monthly fee to use the Campus Rec Center
- DON'T CUT BUILDING MAINTENANCE – this just costs more later
Federal Stimulus

Policy Advisory from the Delta Project, the National Center for Public Policy and Higher Education, and NCHEMS
FY2010 Financial Planning: Budget Review Timeline

• Launch Budget process with Cabinet Jan. 29th

• Budget Review Committee holds budget hearings Mar. – Apr.

• Budget Recommendations to Chancellor May

• Chancellor Finalizes FY2010 Budget June
<table>
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<tr>
<th>Event Description</th>
<th>FY2009</th>
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<tr>
<td></td>
<td>Jan</td>
<td>Feb</td>
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<tr>
<td>Executive Cabinet Reviews Budget Assumptions and Process</td>
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<td>26</td>
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<tr>
<td>Student Charges and Financial Aid Report due to President’s Office</td>
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<tr>
<td>Launch Budget Process with Cabinet</td>
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<td>Quarterly Budget Review</td>
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<td>Trustee A&amp;F Committee meetings*</td>
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<td>Full Board of Trustees meetings*</td>
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<td>Finalize all FY2010 Fees</td>
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<td>FY2010 Operating Budget &amp; Financial Indicators due to President’s Office</td>
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<td>FY2010-2014 Capital Plan due to President’s Office</td>
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<td>Departmental Budget Allocations Communicated</td>
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<tr>
<td>Receive Allocation of State Funds</td>
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<td>FY2010 Budgets Posted</td>
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<tr>
<td>Preliminary FY09 Budget to Actual Review</td>
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*Board of Trustee Budget Votes & Reports
February Meetings: Student Charges Voted & Financial Aid Information reviewed
June Meetings: Operating Budget Voted, Financial Planning Indicators & Performance Measurement Reports Reviewed
September Meetings: Capital Plan Update Voted
December Meetings: Annual Financial Report Voted
University of Massachusetts: State Appropriation Process

- Sep: University submits request to BHE & Legislature
- Oct: Governor's budget is released
- Nov: Senate Ways and Means
- Dec: House Ways and Means
- Jan: Conference Committee
- Feb: New Fiscal Year
- Mar: Governor signs
Budget Hearings discussion

- 16 Hearings already scheduled
- What criteria should be used to determine units presenting – # employees/budget?
- Budget Hearings Format
- Presentation length –
  - 10 minutes: 2009/10 budget
  - 15 minutes: questions
  - 10 minutes: 2009/10 – 2013/14 budget
  - 15 minutes: questions
  - 20 minutes: debrief unit & process (committee only)
Budget Templates

- ’09 budget, YTD, Projections for YE
- Personnel & Non-Personnel
- Level Funding Scenario
- Cut Scenario
- New Funding Requests
- Strategic Initiatives Summary