I hope your spring semester is off to a great start. As I look around this beautiful campus, I am so proud to see the welcoming, enriching and safe environment you all have created for our students. I appreciate your dedication to the important role every one of you plays in advancing this great university forward.

I made a presentation to the UMass Board of Trustees in December which provided an update on the progress we've made toward reaching the ambitious goals we collaboratively established in our UMass Lowell 2020 Strategic Plan (https://www.uml.edu/2020).

The trustees were incredibly impressed by your accomplishments. None of this would be possible without the tremendous efforts of faculty, staff and students.

One of the key ideas I shared with trustees was our pride in the formula we have used to transform UMass Lowell into the institution it is today.

We've developed a financial plan that is sustainable. We are thinking entrepreneurially and embracing new ideas to fund the university in the next decade in the face of decreased state support for operations and facilities and the shrinking number of potential students in our region. As a campus, we historically budget in a fiscally conservative manner and we followed that approach in developing our FY18 operating budget and multi-year plan.

The financial outlook is positive, as our FY17 year-end audited results were better than budgeted. The final operating margin was +2.2 percent, greater than the budgeted +0.5 percent margin, in part due to deferred purchases and spending.

Total gross tuition revenues are greater than budgeted, as Fall 2017 enrollment surpassed Fall 2016 enrollment targets in all categories — undergraduate, graduate and Online and Continuing Education — a 2.8 percent overall increase. This is a fabulous achievement which reflects the hard
work of so many of you across campus.

Overall, we believe we are still on track for a small positive operating margin by year end.

After meeting increased needs for our fixed costs, we reallocated approximately $12.3 million to key strategic initiatives. This critical funding, drawn from increases in tuition, student enrollment and online programs, enabled us to provide additional resources to the following areas:

- **Academic Affairs**: $2.2 million for new faculty and $675,000 more in operating budgets, including an increase for library services. This also will fund new staff to support labs, departmental administration, and enrollment and academic support services. Academic Affairs’ overall operating budget for FY18 is now $134.5 million.

- **Strategic Investments**: $2.5 million for strategic investments for the development of new programs, and needed capital equipment for academic classrooms and labs thanks to much stronger than expected FY17 numbers from Online and Continuing Education.

- **Research & Innovation**: $476,000 to support research and innovation operations and the new Haverhill incubator facility, and staff for the research administration. The operating budget for Research and Innovation in FY18 is $7.2 million.

- **Financial Aid**: $5 million in new aid for our students, especially critical as they grapple with paying education and living expenses while facing rising personal debt. In FY18, we are investing $39.7 million in Financial Aid to support our students.

- **Capital Plan**: $3 million toward the capital plan

- **New Funding**: $900,000 in new funding for athletics, facilities, environmental health and safety, recreation, student services and police

The following chart shows campus budget allocations for FY18.
However, we still face challenges including increased assessments for health care, rising utility and snow removal expenses, funding for collective bargaining agreements, construction costs and decreased residence hall revenues.

This university regularly demonstrates its resiliency through a commitment to doing what is necessary to achieve excellence. I am confident that, by working together, we will continue to make progress on the goals mapped out in our UMass Lowell 2020 plan. The strategic plan, as well as other financial and master planning documents, can be viewed on the Financial Services website (https://www.uml.edu/Financial-Services/Budget/Annual-Budget-Financial-Reports/default.aspx).

Thank you for all you do to bolster efforts to elevate our university to the highest level and foster an academic environment that supports the success of all our students.