

UMass Lowell

**Fiscal Year 2018
Operating Budget**

July 2017

FY18 Campus Budget Overview

The University of Massachusetts Lowell submits for review and approval its Fiscal Year 2018 Operating Budget totaling approximately \$454 million. The 2018 Operating Budget presents a general plan for the year and outlines our priorities, resources and planned use of funds in FY 2018. The document considers the FY2016 actual financial statement results, the forecasted results for FY2017 and the projected outcome for FY2018 based on the campus budget planning and parameters established by the President's Office. Lowell's FY2018 Operating Budget has been developed within the context of the multi-year financial plan reviewed by the Board of Trustees in September of 2016.

Key revenue and expense assumptions of the FY2018 budget include:

- State appropriation that reflects level funding from FY2017.
- Projected 4.2% increase in revenue from tuition and fees (net of financial aid) resulting from student charge increases for in-state and out-of-state students and growth in undergraduate, graduate, out-of-state and continuing studies enrollment. Enrollment growth and rate increases are also driving 10.5% increase in auxiliary revenues.
- Strategic growth-related cost increases include new faculty to maintain an 18 to 1 student to faculty ratio, financial aid and increases in operating funds for new facilities (Pulichino-Tong Business Center, Perkins residential hall and new recreational fields).
- Salary costs will increase 4.1% over last year and the cost of providing benefits is projected to increase 14% mostly due to the fringe rate increase.
- Other cost drivers include depreciation, operations and maintenance expenses and continued investments for the campus Division 1 and recreation program upgrades, classroom technology and network improvements.

The overall result of the changes in budgeted revenues and expenses for FY2018 is a projected \$2.6 million surplus or a 0.6% operating margin. However, if the final state appropriation allocation to the Lowell campus is less than what is built into this budget and/or if the University does not support the student charge increases requested, the campus will have to implement more drastic budget solutions than those that are already planned which will stunt the campus strategic growth plan. In FY17, the campus reduced personnel and non-personnel budgets by \$7.0 million including \$1.3 million in staff positions, \$500,000 in Financial Aid, a \$2.4 million cut to unit budgets and \$2.8 million in savings by holding our student/faculty ratio to 18:1. Based upon the campus internal budgeting process, some \$10 to \$12 million of strategic budget requests are expected to go unfunded in FY18.

UMass Lowell 2020 Strategic Plan

Last year, UMass Lowell formally launched the public phase of *Our Legacy, Our Place: The Campaign for UMass Lowell*. This comprehensive fundraising campaign has a goal of \$125 million by 2020 and five clearly defined priorities consistent with the vision outlined in our strategic plan:

- Increase student scholarships to alleviate the student debt burden;
- Invest in first-rate faculty;
- Enhance our facilities and campus;
- Bolster our Division I athletics program; and
- Strengthen our alumni engagement.

The campus has recently passed the \$100 million mark highlighted by a number of successful milestones including the opening of the Pulichino-Tong Business Center, the naming of the both the Solomont School of Nursing and the Zuckerberg College of Health Sciences.

The University of Massachusetts Lowell embarked on a strategic planning process in 2010 to define our vision for the future and create a road map to achieve our ambitious goals by 2020. We have regularly reviewed the plan with stakeholders from across the university community including the President's Office and Board of Trustees.

We hold ourselves accountable to the goals we have set. To measure our progress, the university publishes an annual Report Card ([UMass Lowell Report Card](#)). It is a useful gauge of what we have accomplished and what work remains ahead of us. Both the Strategic Plan and Report Card were updated in March of 2017 and the multi-year financial plan (MYFP) is currently under review to reflect the planning, goals and benchmarks contained in the update. The Lowell campus continues to aggressively pursue non-state revenues through expanded auxiliary operations such as hospitality and events services, our highly successful on-line, corporate and continuing education program and partnerships with industry and corporations.

Since 2010, the campus has made great progress in every area. Enrollment has climbed, research flourished, opportunities for experiential and international learning increased, the endowment has grown and collaborations with industry and other partners are thriving. In a sign of the national and international recognition of this progress, the university has steadily climbed in numerous college rankings.

Headcount enrollments grew 53% between 2007 and 2016 and are projected to grow 2.0% this Fall 2017. UMass Lowell is expanding out-of-state and international enrollments, Master's and on-line enrollments and is focused on increasing the retention and persistence of current students to maintain enrollment levels and improve student outcomes. The campus facilities master plans address the pressures of current and future growth including demand for new academic programs and residential and recreational facilities and the continued need to renew facilities with systems that show signs of obsolescence and address the backlog of deferred maintenance. There are no new buildings planned for the near future. The focus of our efforts is on right-sizing and rationalizing space utilization, addressing deferred maintenance and making ADA-related improvements to all our facilities.

Multi-year Financial Planning

A critical element of the strategic plan is that it be financially sustainable into the future. The campus multi-year financial planning targets and annual operating budget goals are directed toward achieving positive annual operating margins, building sufficient reserves and maintaining a debt service ratio under the University policy cap of 8 percent. The strategic plan and updates to the campus multi-year financial plan and capital plan are reviewed annually by the President's Office and the Board of Trustees and have received support.

Enrollment growth has been a driving force behind the success of the strategic plan. Growing enrollments, resulting from growing demand, has created economies of scale in facilities use and service delivery and generated the additional revenues to make further investments in those areas that would improve student success and enhance the quality of the academic and research program including the many new and renovated facilities across all three campuses.

The campus has embraced and is implementing many academic and administrative efficiency and effectiveness initiatives and ideas generated throughout the University system. It is through the combination of increasing revenues through enrollment, fundraising, sponsored research and entrepreneurial activities and controlling costs that will result in a financially sustainable future. Slowing down any of these efforts will impact progress.

The last time the campus and University system updated the multi-year financial plan (FY2017 to FY2021) was in September of 2016. The next update is expected in September, however, some key planning assumptions have been adjusted to reflect the updated strategic plan including a reduction in the campus enrollment target for 2020 from 20,000 headcounts to 19,000 and related revenue and expense items such as tuition and financial aid.

These baseline assumption adjustments impacted the operating margins and ratios presented in the September 2016 and are reflected in the FY2018 Operating Budget. We believe these adjustments are appropriate to make at this time and will continue to refine our projections as we develop our next multi-year financial plan update and the scheduled campus strategic plan presentation to the Board in December.

Key elements of our strategic planning include:

Academic Program Vision and Value Proposition

UMass Lowell strives to offer our students the highest quality academic programs, hands-on learning, and the application of classroom knowledge for applied real-world problem solving. As a result of these educational elements, UMass Lowell students have high placement rates upon graduation in meaningful, well-paying careers. We are fortunate to have a large cadre of private-sector partners for internships, co-op experiences, service-learning opportunities, capstone project sponsors, and DifferenceMaker project advisers. These partnerships also extend to our

cooperative research endeavors. This immersion in real-world applications is foundational to the educational experience at UMass Lowell.

The value proposition of UMass Lowell is ***a highest tier educational experience coupled with affordability***. We understand many of our students are first-generation students from diverse socio-economic backgrounds and are therefore conscious to keep tuition and fees as low as possible while enabling the growth in services essential to provide our expanding student body with high quality support, such as advising and mentorship. We are also conscious to allocate significant financial aid resources in our budget in order to meet the needs of our students, enabling them to graduate with a minimal debt burden compared to peer institutions. This effort has continually improved our graduation rates.

The University uses a number of comprehensive reviews (AQAD, accreditation, new program approval processes, etc.) to assess quality, student demand, student satisfaction, areas of improvement, and new opportunities for investment or reallocation. As a result of such periodic reviews, several programs have been modified or closed. Regional, Economic and Social Development (RESO), Civil Engineering Technology, and Industrial Technology were closed, and Nuclear Engineering was consolidated into the Chemical Engineering curriculum as a Nuclear Engineering option. In addition, 13 Graduate Certificate programs were discontinued due to consistently low demand.

Implementation of the DataMart this year has enabled effective assessment of departmental productivity. Multi-dimensional plots of productivity indicators identify programs that are strong in multiple areas. We are able to assess academic degree program and departmental productivity in ways that we have not been able to accomplish systematically in the past. This will allow us to deploy our faculty resources and academic budgets more strategically, efficiently and with greater effectiveness.

Enrollment Strategy

First-Time First-Year Undergraduates

- As previously noted, the campus has reduced its 2020 enrollment target from 20,000 headcount (15,500 FTE) to 19,000 headcount (15,000 FTE). This change represents an annual growth rate of 2.0% year-on-year (FTE students).
- Our fall 2016 enrollment was 17,853. Our goal for **FY 18 with a target of 2.0% growth is 18,210**. Reaching this target is dependent upon a combination of recruitment of First-Time First-Year (FTFY) freshman, recruitment of transfer students, retention of admitted students, progress of upperclassmen in their degree plans, and graduation rates.
- Our incoming class of FTFY undergraduate enrollment in FY17 was 1,683. Our goal for FY18 is 2.0% growth. We attribute this increase to the engagement efforts of our

department chairs and deans this past year, and their emphasis on yielding admitted students through welcome days and orientation.

- Target X, anchored by Salesforce, has improved recruitment efforts by providing additional resources, including real-time measurement of engagement with prospective students, texting capabilities, and analytics that inform current and future marketing strategies. It has also provided a consolidated platform to manage daily operations, including more efficient and effective management of responses to inquiries from prospective students.
- We are making efforts to maintain the **current level of 1,758 transfer students for this year**, 1,200 enrolled for fall 2017 and 558 enrolled in January 2017. Maintaining this level of transfer students is dependent upon continued good relations with community college partners and state universities, through reverse transfer arrangements that mutually benefit both partners, in addition to maintaining the steady stream of transfer students from private institutions.

Undergraduate Retention strategy

- Understanding our student body and their challenges is crucial to our retention strategy. We have instituted a new retention structure, which centrally coordinates all deans' office advising personnel, professional academic advisors, Dean of Academic Services, Vice Provost for Student Success, and Dean of Student Affairs. This structure includes coordinated tracking and outreach through Salesforce, understanding obstacles to student success, early intervention for students in academic difficulty, targeted advancement funds at the disposal of the Vice Provost for Student Success to address acute retention issues.
- Advising is critical to student success and retention. An integral part of the new retention strategy includes innovative approaches to advising.
 - Our new advising model ensures that each student will have an assigned professional staff adviser as well as an assigned faculty mentor. The advising "community" in each college will include an Honors liaison, and a Centers for Learning liaison for tutoring support.
 - Through the River Hawk Scholars Academy – a new program – we have invited 575 students possibly needing extra support into an integrated program of advising, a living learning community, tutoring services, first-year service-learning projects, strategies for success, and enrichment activities.
- The first year engagement experiences are critical to student success and retention. We have instituted first-year seminars in each college tied to disciplines and career opportunities. Students are offered the chance to participate in the DifferenceMakers program and service learning opportunities, and we have expanded out Living-Learning Communities to 33.

Financial Aid Strategy

The campus has set a 2020 goal to reduce undergraduate debt at graduation to \$30,000. This is an ambitious target that will require additional funding for financial aid as well as an all campus approach to supporting financial literacy programming for students and reducing time to degree completion. Institutional financial aid increased nearly \$20 million between FY2014 and FY2017 from \$41.8 million to \$61.5 million (per the University Financial Aid Report). The FY2018 operating budget includes an increase of \$4.2 million in financial aid (an additional \$1.1 million in financial aid has been requested and is under review). The new funds will allow us to meet approximately 88% of need as we continue to review the balance between need and merit aid and how we use endowment and campus funds to attract and retain students.

Graduate Student Enrollment Strategy

- This year we restructured the Office of Graduate Programs, which now reports to the Vice Provost for Innovation & Workforce Development. These, and other, changes were the result of a comprehensive review of services by an external consultant. The institution of the new structure included the implementation of Target X for identifying, tracking and recruiting prospective tuition-paying graduate students.
- The next cycle masters enrollment strategies will focus on the following:
 - Local recruitment with key partners through vertical industry associations, preferred graduate programs, and executive education
 - National recruitment focused on STEM graduate fields
 - Bachelors to masters transition focusing on scholarship funds to veterans and current bachelor students

Online Strategy

- Online course enrollments grew 156% from AY07 to AY16 or from 10,476 to 26,834. A tremendous achievement but one that will be hard to match in the current competitive marketplace. Therefore, the campus has conservatively planned to grow course enrollments to 29,500 by 2020. Greater collaboration among the Colleges, Online and Continuing Education, business and industry will help us move forward in this critical area.
- Currently 85% of our online and continuing education courses are offered online; the target is to move this number closer to 95% in the coming years to further increase operating revenues, meet student demand and reduce growth pressures on our facilities.
- New strategic programming initiatives next year will include developing online concentrations for the newly launched Master of Science in Engineering Management as well as a new online Master's degree in Public Administration.
- Corporate partnerships that contribute to workforce development in the state of Massachusetts will be expanded. Online and Continuing Education recently renewed a partnership with Mass Development to continue its' financial support of two very popular UMass Lowell online graduate certificate programs for the next three years: 1.) Graduate

Certificate program in Cyber Security offered at Hanscom Air Force Base and 2.) Graduate Certificate program in New Venture Creation at Natick Labs.

- UMass Lowell already has a sizeable number of online enrollments outside of Massachusetts and will invest in recruiting more students nationwide.
- To better accommodate our increasing online student population, the campus will modernize our student support services. (For example, virtual open houses, virtual information sessions, Live Chat, expanded online appointment scheduling, Skype advising, and online graduation interviews.)

Employee Planning

- As part of our multi-year planning the campus targets an overall student to faculty ratio of 18 to 1 and allocates new funding for faculty to maintain that ratio as enrollments grow and change. We are currently operating at 17.8 to 1.
- The campus eliminated or deferred 40 staff positions over FY2016 and FY2017 to adjust to the reduction in state support and impacts of the then unfunded collective bargaining agreements and intends to selectively hire staff in critical areas to support increased campus square footage, provide student support services and support the strategic plan.
- The campus implemented an essential hiring review process in 2016 and proactively manages and budgets all positions to maximize vacancy savings during the fiscal year and to control growth in the base budget. This allows us to realize one time savings from vacancies on an annual basis

Fundraising

- Using the Twelve Characteristics of a Successful Advancement Program as a guidepost, FY18 will find an enhanced effort in both alumni engagement and focused fundraising. In addition to our continued approach to increasing the endowment for student financial aid and faculty support, we will accelerate our fundraising efforts for the renovations of Perry Hall and Coburn Hall.
- Given the incredible success of our first-ever Days of Giving in FY17, we now have a full year to amend and plan for the next such campaign. We will use this as a way to inspire giving among new donors, as well as to bring lapsed donors back into the fold.
- With the success of the system-wide alumni events and the growth of our alumni activity worldwide, we will continue to grow both the breadth and depth of our alumni participation.
- With a stable Advancement staff in place, we will work with the UMass Foundation to add training opportunities for our staff, to increase their fundraising and engagement capacity.
- FY18 will see us close in on our initial Campaign goal of \$125 million, and will allow us to target the priority pillars of the campaign for future funding potential.

FY18 Revenue

State Support

The University of Massachusetts Lowell FY2018 operating budget utilizes the state appropriation allocation assumptions proposed by the President's Office. The FY2018 state appropriation allocation assumption of \$118 million includes fringe benefits and funding to support estimated bargaining unit increases for state funded employees.

Student Charges

The university has proposed increasing mandatory tuition and fees by \$493 for all in-state undergraduate students and \$990 for out-of-state undergraduates.

In-State Undergraduate Tuition & Mandatory Fees

	FY 17	FY 18	\$ Change	% Change
Lowell	\$14,307	\$14,800	\$493	3.4%

The enrollment growth and student charge increases will result in an estimated 5% increase in tuition and fee revenue (net of financial aid). Enrollment growth and efforts to expand the residential experience for students will generate a 10.5% increase in revenues from Residential Housing and Food Services. New revenues from new beds and rate increases will support inflationary increases and capital improvements to residential and dining facilities including new Fox Hall elevators, Hawksnest East Dining Hall, new East campus lounge furniture and the opening of the new east campus residential hall with nearly 800 beds. Financial aid continues to grow as a percent of tuition revenues to mitigate student charge increases. This ratio is expected to be 17.9% in FY18 up from 15.7% in FY16.

Grants & Contracts

Grant and contract revenue from all sources is projected to increase 4.2% in FY2018. In FY17 the university renegotiated the federal Facilities and Administration (overhead) rate up from 51% to 53% in FY17. The F&A rate will further increase to 55% in FY18 and 56.5% in FY19. F&A return is critical to offset costs incurred to support research and to seed and stimulate new research grants.

FY18 Expenditures

Total campus operating expenditures are budgeted to increase 4.6% to accommodate enrollment growth, new facilities (including a full-year of the Pulichino-Tong Business Center and the new Residential Hall on East campus), and inflation and to partially restore cuts from previous years. The overall result of the changes in revenues and expenses is a projected positive 0.6% operating margin for FY2018. As previously, noted achieving this bottom line will require the campus to continue to reallocate and reduce funding for personnel and non-personnel activities. Based

upon the campus internal budgeting process, some \$10 to \$12 million of strategic budget requests are expected to go unfunded in FY18.

Capital Planning & Facility Improvements

During Fiscal Year 2018, UMass Lowell will continue to move forward with its highest priority capital projects, primarily a renovation program, despite a multiyear hiatus in state support for our capital plan. As previously noted there are no new buildings planned for the near future. The focus of our efforts is on improving space utilization, addressing deferred maintenance and making ADA-related improvements to all our facilities.

In February of 2015, the campus borrowed \$100 million through UMBA to finance the McGauvran Dining hall renovation project, the Pulichino-Tong Business (PTB) Center construction project and the acquisition of Perkins Apartments which are being converted to student housing for fall 2017. McGauvran opened in spring of 2015 and the PTB project was dedicated in April 2017. Additionally, the significant North Campus Quad pod project, which provided vital ADA and infrastructure improvements, was completed in the fall of 2016. This project and the space freed up with the occupancy of the PTB, provide a tremendous opportunity to begin the much-needed upgrades to the North Campus Science and Engineering buildings. Perry Hall (engineering) is moving forward despite the current pause in state capital funding. All projects were completed on time and on budget.

Based on an in depth FY16 analysis conducted by Sightlines, the campus has a deferred maintenance project backlog of \$ 752 million that needs to be addressed over the next 10 years. While documenting the challenges, the study also commended UMass Lowell's commitment to capital investments in major renovation projects and its annual funding of deferred maintenance projects, which exceeds that of peer institutions.

Nearly sixty percent of this backlog represents immediate needs (0-3 years) whereby critical facility subsystems such as HVAC, electrical and plumbing systems, building envelopes and roofs have impending failure or are functioning at greatly degraded efficiency and increased expense. In addition, the Sightlines report has identified the systems that will come to the end of their useful lives over the next ten years as well as those spaces that will need renewal such that they can continue to meet the programmatic needs of the campus.

Nearly 90% of the financial need is in 58% of UMass Lowell's built square footage. To simultaneously meet the functional needs of a growing research university as well as reduce the deferred maintenance backlog, the campus has prioritized renovation projects in its capital plan. The vast majority of spending planned during the FY2017-21 period will address longstanding deferred maintenance and increase the accessibility, utilization, and functionality of existing campus buildings. Key projects include the full renovation of Coburn Hall, the complete renovation of three floors of Pasteur Hall, and the phased renovation of Olsen Hall.

Continued annual increases in operating budget allocations to preventative and on-going maintenance will also slow the growth of the backlog. The University's operating budget fully recognizes the costs of depreciation (consistent with the financial statement presentation). This recognition provides cash flow for campus capital improvements.

The campus has started or completed nearly all of the major new facilities to be funded with debt in the current five-year capital plan. Moving forward, the primary sources of funds for new facilities, renewal, renovations and deferred maintenance will be the state, gifts, campus operating budgets and other external sources. The multi-year capital and financial plans are synchronized and updated regularly.

FY18 Enrollment

The Lowell campus anticipates an overall headcount enrollment increase of 2.0% for Fall 2017 to 18,200 students on the way to our 2020 target of 19,000. As indicated, UMass Lowell is expanding out-of-state and international enrollments, Master's and on-line enrollments and is focused on increasing the retention and persistence of current students to maintain enrollment levels and improve student outcomes.

<i>(Student FTEs)</i> Enrollment	LOWELL				
	Budget	Forecast	Variance		Actual
	FY2018	FY2017	#	%	FY2016
Undergraduate (In State)	9,537	9,350	187	2.0%	9,585
Undergraduate (Out of State)	1,883	1,846	37	2.0%	1,379
Total Undergraduate	11,420	11,196	224	2.0%	10,964
Graduate (In State)	1,568	1,537	31	2.0%	1592
Graduate (Out of State)	1,200	1,176	24	2.0%	1064
Total Graduate	2,767	2,713	54	2.0%	2,656
Total Enrollment	14,187	13,909	278	2.0%	13,620

FY18 Staffing

The campus has budgeted faculty in FY2018 with a targeted 18:1 student faculty ratio. Staffing levels have increased in areas of critical importance to the strategic plan, primarily in the facilities, public safety, student services and academic support areas. However, the campus intends to limit any new staff hires in FY2018 to only those personnel essential to the health and safety of the campus community or are critical to enhancing student success and revenue growth.

(Employee FTEs)

LOWELL

Faculty & Staff	Budget	Forecast	Variance		Actual
	FY2018	FY2017	#	%	FY2016
Restricted					
Faculty	10.2	10.2	-	0.0%	9.3
Professional	106.6	92.6	14.0	15.1%	104.5
Classified	-	-	-	-	-
Total Restricted	116.8	102.8	14.0	13.6%	113.8
Unrestricted					
Faculty	790.0	752.9	37.2	4.9%	745.7
Professional	788.0	768.9	19.1	2.5%	752.5
Classified	237.0	219.0	18.0	8.2%	222.0
Total Unrestricted	1,815.0	1,740.7	74.3	4.3%	1,720.2
Total Faculty & Staff	1,931.8	1,843.5	88.3	4.8%	1,834.0

FY18 Programs – Planned Changes

The FY18 operating budget supports the following recently approved programs:

- BS in Education with certification in Special Education
- BSE in Environmental Engineering
- BSE in Biomedical Engineering

The MS in Pharmaceutical Science and the PhD in Pharmaceutical Science were both activated in the fall of 2016 and will be showing additional growth in 2017.

It should be noted that the campus suspended both the BS in Pharmaceutical Science and the Doctor of Pharmacy (PharmD) programs in October of 2016 as our financial analysis did not indicate that these programs were tenable at this time.

The campus is preparing a request for a BA in Digital Media that will be brought to the Board for review later this year.

Key Metrics

Operating Margin

The University's original FY2017 Operating Budget approved by the Board of Trustees had a planned operating margin of 0.5% or \$2.4M. Currently, the campus is forecasting a slightly better operating margin of \$3.7M or a 0.8%. The campus is budgeting a \$2.6M or 0.6% operating margin for FY2018.

Debt Ratio

The campus projects our debt ratio to increase from 7.2% in FY17 to 7.6% in FY18 reflecting the impact of completed projects including PTB, McGauvran and Perkins. Our multi-year plan continues to hold this ratio under the 8.0% policy threshold.

Primary Reserve Ratio

We forecast our FY17 primary reserve ratio to be 21.4% and 18.3% in FY18. The FY18 decrease reflects our planned use of reserves to fund our capital program from campus unrestricted net assets. Projects funded with reserves include Perry Hall renovation, Fox Residence Hall Elevators, recreational field improvements as well as many deferred maintenance projects.

Key Indicators	Budget	Forecast	\$		Actual
	FY2018	FY2017	FY2018	FY2017	FY2016
Operating Margin (& Surplus/Deficit)	0.6%	0.8%	2,584	3,678	0.2%
Debt Ratio (& Debt P&I)	7.7%	7.2%	35,042	31,397	7.7%
Primary Reserve (& Unrestricted Net Assets)	18.6%	21.4%	84,292	92,862	21.4%

Campus E&E Efforts

Striving to improve services and support a sustainable financial future are key elements of the Entrepreneurial Stewardship Pillar of Lowell's 2020 Strategic Plan. Numerous E&E initiatives in recent years reflect our on-going commitment to these goals. The campus has initiated many E&E projects and programs related to Energy, Information Technology, Human Resources, Purchasing and Revenue Generation. In addition, the campus is focusing on Academic Effectiveness and Efficiency efforts to identify programs focused on improving student success, course and program delivery, enhancing collaborations with other colleges and universities, laboratories and industry partners. The campus continues to look at ways to increase revenues through expanding the successful on-line program and enhancing our enrollment management activities to grow the number of out of state, international and Master's degree students.

Academic Efficiency, Quality and Innovation

Lowell's 2020 Strategic Plan is in alignment with the University's Academic E&E strategic priorities. The campus created the position of Vice Provost for Student Success and has reorganized a number of student service and advising programs under the Provost to improve retention and reduce the cost to students and their families, including exploring ways to reduce the cost of textbooks. We are implementing improved academic planning tools and systems to reduce low enrollment courses, improve class utilization and maximize enrollment in programs to more efficiently allocate faculty resources. Further reorganization of research administration and innovation and incubation programs and facilities will increase revenues and efficiencies in support of faculty and researchers.

Energy, Utilities & Sustainability

While the University continues to grow concurrent with increasing utility rates, we have set a goal to limit the increase of energy consumption on a per square foot basis. In FY2017, we reduced both energy consumption and cost on a per square foot basis by over 11% and 10% respectively. Solar incentives, conservation projects and “mother nature” all contributed to these results.

Since 2011, energy consumption per square foot dropped 24.5%. We have done this by obtaining financial incentives and grants, peak demand management, utility bill management, and conservation measures.

Our \$26 million Accelerated Energy Project (AEP) in conjunction with DCAMM is about two-thirds complete. It has conservation measures for 30 of our buildings with over 6,700 pieces of equipment upgraded ranging from heat plant boilers to LED lighting systems. The investment generates \$1.4 million of annual energy cost avoidance and addresses over \$10 million in deferred maintenance. AEP improves our energy consumption and addresses investments in a new electrical distribution system on south campus and new steam bunkers on North Campus.

Finally, the Lowell campus continues to collaborate with the system office and other campuses on system-wide contracting and procurement initiatives to drive savings and control costs and is excited with the launch of the “We are Better Together” Business Process Redesign (BPR) initiative that will drive savings, efficiencies and improved customer service throughout the University our infrastructure needs including boilers, air handlers, lighting and control systems. We’ve also

Campus Budget Reductions

The Lowell campus continues to take a strategic and disciplined approach to growth despite the \$7 million in base budget reductions implemented in FY2017. We continue to review every vacant staff position to ensure that it is essential to campus safety or critical to supporting a growing student body, ensuring their success, and assisting new faculty in their teaching and research.

The campus continues to reallocate funds and restructure operations to achieve the bottom lines targeted in the multi-year financial plan and to fund fixed cost increases and improve facilities. In FY18, the budget gap that must be closed through reallocations and reductions is more than \$12 million. To realize the budgeted 0.6% margin the campus will not be able to fully fund financial aid, faculty start-up costs, TA and RA waivers and stipends, academic equipment needs, athletics scholarships and post-season costs, facility staff for new buildings and preventative maintenance on buildings.

The lack of increased funding from the state forces the University to raise Tuition & Fees for in-state and out of state students in FY18, following two consecutive years of annual increases over 5%. The Tuition & Fees increases are necessary to cover the growth in capital related expenses and the state negotiated collective bargaining increases, if any.

If the state appropriation allocation or tuition revenues budgeted fall short of our base assumptions then the campus will be required to make deeper cuts in operations that will impact student success and the continued progress of our strategic plan.

Conclusion

UMass Lowell's priorities remain funding costs associated with enrollment growth, faculty hires, financial aid, promoting our outstanding academic programs, enhancing the facilities where that learning takes place, and providing a safe and secure campus environment. We have crafted a budget and multi-year financial plan that supports these priorities with a balanced approach to growing revenues and controlling costs through reallocations and efficiencies.

Attachments

- Campus Budget One-Sheet
- Tuition & Fee Schedule

<i>(\$ in Thousands)</i>					
LOWELL					
Revenues	Budget FY2018	Forecast FY2017	Variance		Actual FY2016
			\$	%	
Gross Tuition & Fees	254,741	243,326	11,415	4.7%	178,648
Tuition Discounts	(56,435)	(52,950)	(3,485)	6.6%	(45,417)
Net Tuition & Fees	198,306	190,376	7,930	4.2%	178,648
Grants	43,080	41,353	1,727	4.2%	41,346
Sales & Service, Educational	129	125	4	3.2%	89
Auxiliary Enterprises	66,948	60,580	6,368	10.5%	57,782
Other Operating	9,140	7,975	1,165	14.6%	7,984
State appropriations (including fringe)	113,389	111,997	1,392	1.2%	104,725
Other NonOperating (excl. interest)	26,042	25,479	563	2.2%	27,826
Total Revenues	457,034	437,885	19,149	4.4%	418,400
Expenses					
Salaries & Fringe	259,142	248,845	10,297	4.1%	239,536
Non-personnel	125,868	121,786	4,082	3.4%	114,923
Scholarships and fellowships	10,351	9,700	651	6.7%	9,134
Depreciation	37,812	34,845	2,968	8.5%	32,985
Interest	21,176	19,032	2,144	11.3%	21,272
Total Expenses	454,350	434,208	20,142	4.6%	417,850
Operating Margin					
UMass OM Calc Revenues	456,934	437,886	19,048	4.4%	418,546
Total Expenses	454,350	434,208	20,142	4.6%	417,850
Surplus / (Deficit)	2,584	3,678	(1,094)		696
UMass OM Calc	0.6%	0.8%			0.2%
Key Indicators					
	Budget FY2018	Forecast FY2017	\$ FY2018	\$ FY2017	Actual FY2016
Operating Margin (& Surplus/Deficit)	0.6%	0.8%	2,584	3,678	0.2%
Debt Ratio (& Debt P&I)	7.7%	7.2%	35,042	31,397	7.7%
Primary Reserve (& Unrestricted Net Assets)	18.6%	21.4%	84,292	92,862	21.4%
<i>(Student FTEs)</i>					
LOWELL					
Enrollment	Budget FY2018	Forecast FY2017	Variance		Actual FY2016
			#	%	
Undergraduate (In State)	9,537	9,350	187	2.0%	9,585
Undergraduate (Out of State)	1,883	1,846	37	2.0%	1,379
Total Undergraduate	11,420	11,196	224	2.0%	10,964
Graduate (In State)	1,568	1,537	31	2.0%	1592
Graduate (Out of State)	1,200	1,176	24	2.0%	1064
Total Graduate	2,767	2,713	54	2.0%	2,656
Total Enrollment	14,187	13,909	278	2.0%	13,620
<i>(Employee FTEs)</i>					
LOWELL					
Faculty & Staff	Budget FY2018	Forecast FY2017	Variance		Actual FY2016
			#	%	
Restricted					
Faculty	10.2	10.2	-	0.0%	9.3
Professional	106.6	92.6	14.0	15.1%	104.5
Classified	-	-	-	-	-
Total Restricted	116.8	102.8	14.0	13.6%	113.8
Unrestricted					
Faculty	790.0	752.9	37.2	4.9%	745.7
Professional	788.0	768.9	19.1	2.5%	752.5
Classified	237.0	219.0	18.0	8.2%	222.0
Total Unrestricted	1,815.0	1,740.7	74.3	4.3%	1,720.2
Total Faculty & Staff	1,931.8	1,843.5	88.3	4.8%	1,834.0

UNIVERSITY OF MASSACHUSETTS, LOWELL

STUDENT TUITION & FEE SCHEDULES

FY 2018 TUITION & MANDATORY FEES

FY 2018 NON-MANDATORY FEES

FY2018 STUDENT FEES FOR REVENUE-BASED OPERATIONS

FY2018 ADMINISTRATIVE CHARGES INCLUDING SALES & SERVICES

FY 2018 TUITION & MANDATORY FEES
SUMMARY TABLE

	FY2016 Actual	FY2016 TR Effect	FY2017 Actual	FY2018 Proposed	FY17-18 change	FY17-18 % change
UNDERGRADUATE						
TUITION						
Undergraduate (in state)	\$1,454	\$13,152	\$13,932	\$14,350	\$418	3.0%
Undergraduate (out-of-state)	\$8,567	\$28,850	\$30,500	\$31,415	\$915	3.0%
Undergraduate (regional & proximity)			\$24,114	\$25,029	\$915	3.8%
CURRICULUM SUPPORT FEE						
Undergraduate (in state)	\$10,798	\$0	\$0	\$0	\$0	0.0%
Undergraduate (out-of-state)	\$19,383	\$0	\$0	\$0	\$0	0.0%
Undergraduate (regional & proximity)			\$0	\$0	\$0	0.0%
MANDATORY FEES						
Campus Technology Fee (Undergraduate and Graduate)	\$250	\$250	\$250	\$250	\$0	0.0%
Student Activity Fee (Undergraduate& Graduate)	\$925	\$125	\$125	\$200	\$75	60.0%
TOTAL MANDATORY FEES & TUITION						
Undergraduate (in state)	\$13,427	\$13,527	\$14,307	\$14,800	\$493	3.4%
Undergraduate (out-of-state)	\$29,125	\$29,225	\$30,875	\$31,865	\$990	3.2%
Undergraduate (regional & proximity)			\$24,489	\$25,479	\$990	4.0%
RESIDENTS ONLY						
Standard Residence Hall Rent	\$7,710	\$7,710	\$7,975	\$8,254	\$279	3.5%
Standard Board	\$3,960	\$3,960	\$4,098	\$4,241	\$143	3.5%
SUBTOTAL	\$11,670	\$11,670	\$12,073	\$12,495	\$422	3.5%
TOTAL TUITION AND ROOM & BOARD						
Undergraduate (in state)	\$25,097	\$25,197	\$26,380	\$27,295	\$915	3.5%
Undergraduate (out-of-state)	\$40,795	\$40,895	\$42,948	\$44,360	\$1,412	3.3%
Undergraduate (regional & proximity)			\$36,562	\$37,974	\$1,412	3.9%
GRADUATE						
TUITION						
Graduate (in state)*	\$1,637	\$13,524	\$14,304	\$14,590	\$286	2.0%
Graduate (out-of-state)*	\$6,425	\$24,203	\$25,853	\$26,370	\$517	2.0%
Graduate (regional & proximity)*			\$21,884	\$22,401	\$517	2.4%
CURRICULUM SUPPORT FEE						
Graduate (in state)*	\$10,987	\$0	\$0	\$0	\$0	0.0%
Graduate (out-of-state)*	\$16,878	\$0	\$0	\$0	\$0	0.0%
Graduate (regional & proximity)*			\$0	\$0	\$0	0.0%
MANDATORY FEES						
Campus Technology Fee (Undergraduate and Graduate)	\$250	\$250	\$250	\$250	\$0	0.0%
Student Activity Fee (Undergraduate& Graduate)	\$925	\$125	\$125	\$200	\$75	60.0%
TOTAL MANDATORY FEES & TUITION						
Graduate (in state)	\$13,799	\$13,899	\$14,679	\$15,040	\$361	2.5%
Graduate (out-of-state)	\$24,478	\$24,578	\$26,228	\$26,820	\$592	2.3%
Graduate (regional & proximity)			\$22,259	\$22,851	\$592	2.7%
RESIDENTS ONLY						
Standard Residence Hall Rent	\$7,710	\$7,710	\$7,975	\$8,254	\$279	3.5%
Standard Board	\$3,960	\$3,960	\$4,098	\$4,241	\$143	3.5%
SUBTOTAL	\$11,670	\$11,670	\$12,073	\$12,495	\$422	3.5%
TOTAL TUITION AND ROOM & BOARD						
Graduate (in state)	\$25,469	\$25,569	\$26,752	\$27,536	\$784	2.9%
Graduate (out-of-state)	\$36,148	\$36,248	\$38,301	\$39,315	\$1,014	2.6%
Graduate (regional & proximity)			\$34,332	\$35,346	\$1,014	3.0%

* Graduate fee charges are on a 9 credit load basis.

FY 2018 NON-MANDATORY FEES

	FY2016 Actual	FY2017 Actual	FY2018 Proposed	\$ Change FY2017-18	% Change FY2017-18
<u>Administrative Fees</u>					
Mass PIRG *	\$11	\$0	\$11	\$11	N/A
Sustainability Fee	\$0	\$10	\$10	\$0	0.0%
<u>International Fees</u>					
International Student Fee	\$550	\$1,000	\$1,000	\$0	0.0%
Hessen Exchange Program Fee	\$3,500	\$3,500	\$3,500	\$0	0.0%
Study Abroad Fee	\$300	\$300	\$300	\$0	0.0%
<u>Health Fees</u>					
Student Health Insurance	\$1,330	\$1,435	\$1,568	\$133	9.3%
<u>Program Fees</u>					
HESI Nursing Exit and Specialty Exams (cost per exam)	\$47 to \$80	\$47 to \$80	\$47 to \$80	\$0	0.0%
Advanced Health Assessment Fee (Graduate) ***	\$400	\$400	\$400	\$0	0.0%
Ed. D Online Summer Residency Fee	N/A	\$850	\$850	\$0	0.0%
M.Ed. Curriculum & Instruction Pre-Practicum Charge	\$150	\$150	\$150	\$0	0.0%
<u>Differential Tuition Charges</u>					
Francis College of Engineering Fee	\$600	\$750	\$875	\$125	16.7%
Kennedy School of Sciences Fee	\$570	\$600	\$670	\$70	11.7%
Music Fee	\$670	\$670	\$670	\$0	0.0%
Art Fee	\$500	\$500	\$500	\$0	0.0%
Manning School of Business Fee	\$240	\$450	\$670	\$220	48.9%
College of Health Sciences Fee	\$600	\$600	\$670	\$70	11.7%

* Mass PIRG charges are subject to student referenda. Inactive in AY2016-17.

There will only be a charge if a majority of students vote in favor of fee.

*** Required of certain School of Health and Environment students taking a specific course at UMass Worcester.

FY2018 STUDENT FEES FOR REVENUE-BASED OPERATIONS

	FY2016 Actual	FY2017 Actual	FY2018 Proposed	\$ Change FY2017-18	% Change FY2017-18
AUXILIARY CHARGES					
Auxiliary Fees					
<u>Residence Halls Rooms:***</u>					
<u>Rate A</u>					
Traditional Fox Triple /Quad	\$7,710	\$7,975	\$8,254	\$279	3.5%
Traditional Concordia Double	\$7,710	\$7,975	\$8,254	\$279	3.5%
Traditional Leitch & Bourgeois Quad	\$8,050	\$7,975	\$8,254	\$279	3.5%
ICC Triple	\$8,175	\$7,975	\$8,254	\$279	3.5%
<u>Rate B</u>					
Traditional Fox Double	\$7,900	\$8,550	\$8,849	\$299	3.5%
Traditional Fox Enhanced Double	\$8,175	\$8,550	\$8,849	\$299	3.5% Traditional
Leitch & Bourgeois Double	\$8,200	\$8,550	\$8,849	\$299	3.5% <u>Rate C</u>
Traditional ICC Double	\$9,110	\$9,425	\$9,755	\$330	3.5% Perkins
Traditional Concordia Singles	\$9,110	\$9,425	\$9,755	\$330	3.5% <u>Rate</u>
<u>D</u>					
Donahue Suite Double	\$8,950	\$9,500	\$9,833	\$333	3.5%
Sheehy Suite Double	\$8,925	\$9,500	\$9,833	\$333	3.5% <u>Rate</u>
<u>E</u>					
Riverview Suites phase II	\$10,175	\$10,500	\$10,868	\$368	3.5% <u>Rate</u>
<u>F</u>					
Moody Double	\$10,235	\$10,650	\$11,023	\$373	3.5%
Merrimack Double	\$10,235	\$10,650	\$11,023	\$373	3.5%
USuites Double	\$10,250	\$10,650	\$11,023	\$373	3.5%
Perkins Standard			\$11,023	\$11,023	NEW
<u>Rate G</u>					
Moody Single	\$10,560	\$10,950	\$11,333	\$383	3.5%
Merrimack Single	\$10,560	\$10,950	\$11,333	\$383	3.5%
Riverview Suites Apt Suites phase III	\$10,560	\$10,950	\$11,333	\$383	3.5% Riverview
\$11,333	\$0	NEW			3.5% Perkins Delux
<u>Rate H</u>					
Perkins Townhouse			\$11,851	\$0	NEW
Meal Plan Options:					
Platinum Unlimited + 350 points and 8 guest meals	\$4,510	\$4,668	\$4,832	\$164	3.5%
Gold Unlimited + 200 points and 8 guest meals	\$4,350	\$4,502	\$4,660	\$158	3.5%
100 Block Meals and \$350 points and 5 guest meals	\$3,960	\$4,098	\$4,242	\$144	3.5%
Program Fees (Continuing Education)					
Continuing Studies/Corporate Education Tuition/Fees: *					
Undergrad Tuition per Credit Hour face to face**	\$340	\$340	Up to \$360	\$20	5.9%

FY2018 STUDENT FEES FOR REVENUE-BASED OPERATIONS

				FY2016 Actual	FY2017 Actual	FY2018 Proposed	\$ Change FY2017-18	% Change FY2017-18
Graduate Tuition per Credit Hour face to face		\$570		\$575	Up to \$600	\$75		13.0%
Tuition (High Tech/Corporate)	\$290-\$370			\$450	Up to \$450	\$0		0.0%
(Online) per credit hour	\$370			\$375	Up to \$390	\$15		4.0%
per credit hour	\$570			\$575	Up to \$625	\$50		8.7%
per credit hour	\$630			\$640	Up to \$700	\$60		9.4%
hour	\$470	\$470	Up to \$500	\$30				6.4%
\$60	UP to \$75	\$15	25.0%					
Registration Fee				\$30	\$30	\$30	\$0	0.0%
Late Registration Fee				\$50	\$50	\$50	\$0	0.0%
Returned Check Fee				\$30	\$30	\$30	\$0	0.0%
Parking Fees:								
a Faculty/Staff (per contracts)				\$300	\$350	TBD	TBD	TBD
b Adjunct Faculty				\$80	\$80	TBD	TBD	TBD
c Part-time Staff				\$150	\$175	TBD	TBD	TBD
d Reserved/Designated Parking				\$1,100	\$1,200	\$1,300	\$100	8.3%
e Resident Students				Up to \$450	Up to \$450	Up to \$450	\$0	0.0%
f Commuter Students				Up to \$450	Up to \$450	Up to \$450	\$0	0.0%

* In addition, Continuing Studies/Corporate Education also conducts a variety of community service and professional development, typically non-credit in nature which charges are set as appropriate to the activity.

** Tuition is priced on the listed credit hour unless the contact hour is different. Tuition is then based upon the listed contact hour.

*** Waived for Resident Advisors.

Parking fee notes:

d Cabinet members, \$1,300; Cumnock Designated, \$1,300; U Crossing Preferred, \$650; Wannalancit Preferred, \$650.

e,f No increase for students. Students accepted prior to 2014-15 academic year, \$367; students accepted in 2014-15, \$420 and new students accepted AFTER 2015-16, \$450

Parking Fines: minimum, \$25; parking without decal, \$35;

Handicapped parking violations, \$100.

FY2018 ADMINISTRATIVE CHARGES INCLUDING SALES & SERVICES

	FY2016 Actual	FY2017 Actual	FY2018 Proposed	\$ Change FY2017-18	% Change FY2017-18
SALES & SERVICE AND ADMINISTRATIVE CHARGES					
Administrative Fees					
Application Fee: Resident	\$60	\$60	\$60	\$0	0.0%
Non-Resident	\$60	\$60	\$60	\$0	0.0%
Graduate Certificate	\$50	\$50	\$50	\$0	0.0%
Returned Check Fee (Per Check)	\$30	\$30	\$30	\$0	0.0%
Late Fee (per Semester)	\$50	\$50	\$50	\$0	0.0%
Library:					
Lost Book Processing	\$30	\$30	\$30	\$0	0.0%
Replacement Book	\$130	\$130	\$130	\$0	0.0%
Lost Reserve Folder	\$30	\$30	\$30	\$0	0.0%
Corporate Library Patron	\$200	\$200	\$200	\$0	0.0%
Other Fees (Not Student Related)					
Trust Fund Overhead Charge	up to 20%	up to 20%	up to 20%	\$0	0.0%
Athletics:					
Kid ticket	\$3	\$3	\$3	\$0	0.0%
Adult Ticket	\$5	\$5	\$5	\$0	0.0%
Kids Ticket	\$10	\$10	\$10	\$0	0.0%
Student Ticket - non-UMass Lowell	\$10	\$10	\$10	\$0	0.0%
Adult Ticket	\$15	\$15	\$15	\$0	0.0%
Senior Tickets	\$10	\$10	\$10	\$0	0.0%
Group Tickets (20 people or more)	\$5 & \$7	\$5 & \$7	\$5 & \$7	\$0	0.0%
<i>City Ticket Surcharge for all UML Hockey Games included above.</i>					
Recreation Center Charges:					
Senior Membership/12 Months 6:30 - 1:00 (tentative)	\$35-\$300	\$35-\$300	\$35-\$500	\$0	0.0%
Membership Card Replacement	\$20	\$20	\$20	\$0	0.0%
Special Programs and Classes	\$10-\$2500	\$10-\$2500	\$5-\$2500	\$0	0.0%

