Campus Open Forum
Spring 2016

Chancellor’s Committee on Budgeting

May 12, 2016
Financial Update

Ellen O’Connor, Vice Chancellor
Administration & Finance
Pivoting Events

External events
- Board of Trustees’ involvement
- Value proposition (given weak economy)
- Concern about student debt
- Population demographics
- Tepid growth in federal, state funding

External transitions
- New Governor
- New Board of Trustees’ chair, trustees
- New UMass President

Internal events
- Enrollment
- Revenue discounts (waivers)
- Investments (with weak outcome metrics)
- Lack of transparency around revenue
Sources & Uses of Funds

Sources of Funds

- Student Tuition & Fees (net): 45%
- State Support: 30%
- Grants & Contracts: 13%
- All other: 12%

Uses of Funds

- Compensation: 65%
- Non-personnel: 25%
- Depreciation + interest: 7%
- All other: 3%

Source: FY15 annual audited financial statement (SRECNA)
Operating Margin Trends

Annual surplus/(deficit)

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue</th>
<th>Expense</th>
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</thead>
<tbody>
<tr>
<td>FY10</td>
<td>20,043</td>
<td></td>
</tr>
<tr>
<td>FY11</td>
<td>13,989</td>
<td></td>
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<tr>
<td>FY12</td>
<td>6,857</td>
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<tr>
<td>FY13</td>
<td>6,655</td>
<td></td>
</tr>
<tr>
<td>FY14</td>
<td>6,710</td>
<td></td>
</tr>
<tr>
<td>FY15</td>
<td>(3,464)</td>
<td></td>
</tr>
<tr>
<td>FY16</td>
<td>(16,393)</td>
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<tr>
<td>FY17</td>
<td>(22,340)</td>
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Growth in Enrollment (HCT) FY14 - 21 (projected)

Graduate as percent of total enrollment 24%
Growth in Revenue Compared to FY15
Growth in Expense Compared to FY15

- Payroll & fringe benefits
- Non-personnel expense
- Financial aid (local)
- Waivers (all)
- Depreciation
- Interest on debt
Growth in Revenue & Expense Compared to FY15
Operating vs Capital Budget

Operating Budget
- Sources of funds: tuition and fees, state appropriation, grants & contracts, auxiliary revenue, federal aid
- Fiscal year
- Support expenditures that normally occur during business operations:
  - Salary & fringe
  - Utilities
  - Supplies
  - Depreciation & interest
  - Other

Capital Budget
- Sources of funds: long-term debt (borrowed funds), state-support, capital grants, research grants, fundraising and net assets (reserves)
- Multiple fiscal years
- Supports long-lived assets
  - Major fixed and movable equipment
  - Land improvements (UCRR, Bayside)
  - Building renovation projects
  - New buildings
- Cost is “expensed” over the assets’ estimated useful lives via depreciation

$100m building/40 Years = $2.5m annual depreciation
UMB has lagged behind other campuses in investing in the physical campus.
Financial Outlook

Questions & Comments