

# Town Hall Meeting

*October 23, 2019*

Presented by: Katherine Newman, Interim Chancellor  
Kathleen Kirleis, Vice Chancellor for Administration and Finance  
Emily McDermott, Interim Provost and Vice Chancellor of Academic Affairs  
Garrett Smith, Deputy Chancellor

# Two quick announcements

1

## Athletics update

2

## Bayside Sessions with Accordia Partners

### Information Session on Campus

**Wednesday, November 20**  
**3:30pm-5:00pm**

Snowden Auditorium, Wheatley Hall

*Hosted by UMass Boston*

### Community Visioning Sessions

**Saturday, October 26**  
**Saturday, November 16**  
**10:00am-12:30pm**

Carson Place (BTU), 180 Mt. Vernon St.

*Hosted by Citizens Connect to Bayside*

# Agenda

- ▶ Introduction
- ▶ FY19 Operating Results
- ▶ FY20 Operating Budget
- ▶ FY20 Capital Budget
- ▶ AY19-20 Chancellor's Goals
- ▶ Questions and Comments

# FY19 Operating Results

# FY 2019 Preliminary Results

- **University was able to finish the year with a balanced budget**
  - Departmental expenses were within budget – thank you!!
  - Depreciation and interest expenses were within budget
  - Net tuition and fees were down due to changes in course-taking behavior
  - Legislature appropriated extra funding for collective bargaining increases for state-funded employees
  - \$3.4M one-time accounting adjustment

# FY19 Actual Results

	<b>FY19 Adopted Budget</b> <i>(\$thousands)</i>	<b>FY19 Forecast Third Quarter</b> <i>(\$thousands)</i>	<b>FY19 Unaudited Actuals*</b> <i>(\$thousands)</i>
<b>Revenues:</b>	<b>436,500</b>	<b>429,871</b>	<b>434,863</b>
Tuition & Fees	190,999	180,734	180,898
State Appropriation	136,471	139,472	140,659
Other	109,030	109,665	113,306
<b>Expenses:</b>	<b>436,500</b>	<b>429,871</b>	<b>430,968</b>
Salaries and Fringe Benefits	269,623	269,860	269,723
Non-personnel operating expenses*	101,446	97,068	98,429
Scholarships and fellowships	17,186	17,180	17,983
Depreciation Expense	29,474	28,443	28,010
Interest Expense	17,186	17,321	16,823
Total Expenses	436,500	429,871	430,968
<b>Surplus/(Deficit)</b>	<b>-</b>	<b>-</b>	<b>3,895</b>

\*FY19 Actual includes one-time accounting adjustment (system-wide) that reduced campus non-personnel operating expenses by \$3.4M

# FY19 Actual Results – Tuition & Fee Revenue

- ▶ Precipitous decline in FY19 net Tuition & Fee Revenue from Budgeted
  - ▶ **\$10M difference between budgeted and Unaudited Actual**

Area of Change	Amount (\$millions)
In-state vs Out-of-state enrollment mix	(1.0)
CAPS course taking & over 12 credit impact	(4.0)
Navitas, Professional Development	(2.7)
Other Fees	(1.5)
Tuition Discounting	(0.9)
<b>Total</b>	<b>(10.1)</b>

- ▶ Tuition discounting is increasing more rapidly than gross revenue
  - ▶ Gross Tuition & Fee revenue increased \$13.4M or an average of 1.9% annually FY16-19
  - ▶ Discounting (institutional aid excluding waivers) increased \$9.4M or an average of 6.0% annually FY16-19
  - ▶ 70% of increased Tuition & Fee revenue going to Discounting (Campus Living and Merit Scholarships)

# Reserves (Unrestricted)

## Use of Unrestricted Reserves:

- ▶ Recurring operating expenses must be covered by recurring revenues. The use of reserves to pay for operating expenses is a non-recurring revenue source and not sustainable.
- ▶ Reserves may not be used to balance the operating budget per the Board of Trustees' Reserve Policy
- ▶ Reserves increased in FY19 due to one-time accounting adjustment and capital activity that is planned for future years

\$000's	FY14	FY15	FY16	FY17	FY18	FY19 (unaudited)
Unrestricted net assets	88,321	72,024	40,352	40,265	38,620	47,020
Total expense	347,427	377,435	411,912	424,462	424,202	430,967
Financial cushion	25.4%	19.1%	9.8%	9.5%	9.1%	10.9%



# FY20 Operating Budget

# Operating Margin Trend

	<b>FY14 Actual</b>	<b>FY15 Actual</b>	<b>FY16 Actual</b>	<b>FY17 Actual</b>	<b>FY18 Actual</b>	<b>FY19 Actual</b>	<b>FY20 Budget</b>
Enrollment <i>(Fall FTE)</i>	12,333	12,833	13,137	13,013	13,036	13,213	13,134
Revenue <i>(annual, \$ thousands)</i>	354,137	376,122	406,403	421,461	426,590	434,863	442,523
Expenses <i>(annual, \$ thousands)</i>	347,427	377,435	411,912	424,463	424,202	430,967	442,523
Operating Margin \$ <i>(annual, \$ thousands)</i>	6,710	-1,313	-5,509	-3,002	2,388	3,895	-
Operating Margin %	1.9%	-0.8%	-1.4%	-0.7%	0.6%	0.9%	0.0%

# FY20 Board of Trustees Adopted Budget

	FY19 Unaudited Actual (\$millions)	FY20 Adopted Budget (\$millions)
<b>Revenues:</b>	<b>434,863</b>	<b>442,523</b>
Tuition & Fee	180,898	182,056
State Appropriation	140,659	144,708
Other	113,306	115,759
<b>Expenses:</b>	<b>430,968</b>	<b>442,523</b>
Salaries and Fringe Benefits	269,723	268,359
Non-personnel operating expenses	98,429	101,938
Scholarships and fellowships	17,983	17,180
Depreciation Expense	28,010	33,578
Interest Expense	16,823	21,468
Subtotal Expense	430,968	442,523
<b>Surplus/(Deficit)</b>	<b>3,895</b>	<b>-</b>

# FY20 High-level Balanced Budget Assumptions

<b>Increased Pressure</b> (decreased revenue/increased expense)	<b>(\$millions)</b>
Interest & Depreciation	(10.2)
Merit Scholarship	(2.5)
Unfunded Collective Bargaining Increase	(.7)
Fringe Rate	(2.5)
Enrollment	(1.9)
No one-time accounting adjustments	(3.4)

<b>Solutions</b> (increased revenue/decreased expense)	<b>(\$millions)</b>
Tuition & Fee increase	5.3
Ground lease from residence halls	0.5
Personnel: VSIP, elimination of vacancies, etc.	11.8
Non-personnel: 3% departmental reductions/other efficiencies	2.4
RTF	0.7

*Note: No Bayside proceeds are included in the FY20 budget.*

# FY20 Process for Maintaining a Balanced Budget

**Throughout FY20, progress will be monitored in a number of ways:**

- ▶ **Investing and monitoring revenue**
  - ▶ New student enrollment, retention, online growth and international students
- ▶ **Variance reporting process to identify key material differences from budget**
  - Monitoring general operating spend vs budget and prior year on a quarterly basis
  - Requires explanation from budget owners for significant variances
- ▶ **Important data points**
  - Tuition and Fee revenue analysis
    - Fall, half year, spring
  - Monthly expense projections based on current year vs prior year trending (augmented by variance reporting process)
- ▶ **Carry-forward process**
  - Revenue-based chartfield review at half year to determine if there is room to release carry-forward balances
  - RTF changes in FY20 include allowing carry-forward for capital purchases and start up projects

**New and current process implementation will ensure that the FY20 BOT target is achieved**

# FY20 Centers & Institutes

- ▶ **Taskforce submitted final report to the Provost on April 4, 2019**
- ▶ **Many of the Taskforce recommendations were incorporated into the FY20 Glide-Path Assessment and were included in the report to the Commonwealth that was submitted on October 7, 2019**
  - A budget development methodology was applied to centers and institutes (C&Is) that is consistent with other university units, as well as includes
    - A baseline institutional investment
    - A return on investment (ROI) credit
  - Costs associated with teaching loads and shared services are planned are being shifting from C&I's to reduce expenses
- ▶ **FY20 budgets distributed on October 9<sup>th</sup>, 2019 reflecting assessment results.**

# FY20 Capital Budget

# FY20 Adopted Capital Budget

FY20-24 Local Capital Plan approved by Cabinet

Capital projects funded in three ways: Local (Depreciation or Reserves), Debt (UMBA) or by State Appropriation/Debt (DCAMM)

## 1. Local Projects:

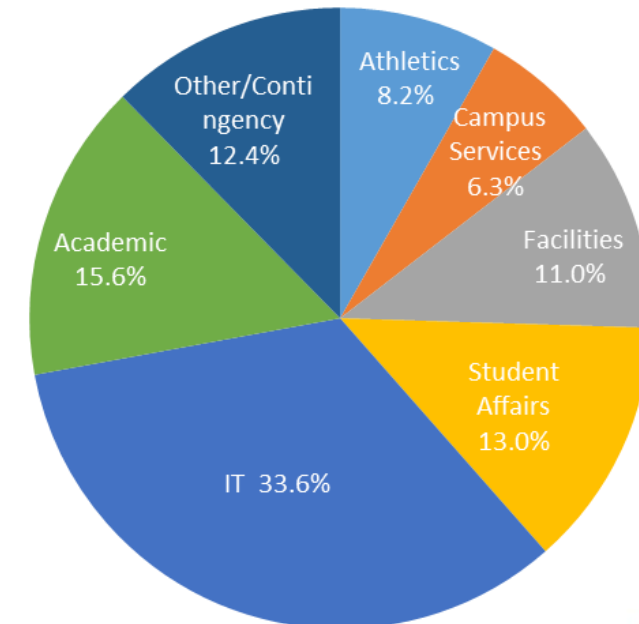
- ▶ \$7.7M of new local funding preliminarily approved for FY20 start, including
  - ▶ \$1.2M for Academic departments
  - ▶ IT, Student Affairs, Facilities, Athletics and Campus Services
- ▶ \$10.9M of committed prior-year funding in FY20

## 2. UMBA Projects:

- ▶ SDQD and REAB,

## 3. DCAMM Projects:

- ▶ SDQD (provided \$78M funding)
- ▶ Critical Repair Program (split-funded)





# Chancellor's Goals

# Thirteen Chancellor's goals have been established for FY20

*(goals mandated by the President's Office are noted in red)*

1. **Operating margin:** Achieve an operating margin of more than 0% as measured by audited financial results.
2. **Student success:** Improve student success including increased retention, graduation, and career attainment rates.
3. **Faculty and staff excellence:** Invest in excellence and diversity of faculty and staff, with a focus on supporting faculty research.
4. **Enrollment:** Increase enrollment numbers, with a focus on predictive and accurate models and proven best practices.
5. **Online:** Provide significantly increased access to, and impact from, online education. Increase revenues and continue to collaborate and cooperate with UMass Online.
6. **Enhance the academic organization:** Continue the process of aligning campus academic structure with resources.
7. **Administrative enhancements:** Enhance administrative quality, while promoting greater administrative efficiency.
8. **Fundraising:** Increase fundraising donations and pipeline programs for future giving with an emphasis on growing the endowment.
9. **Connecting to Boston:** Improve ties to major industries, and maximize opportunities for students to realize their occupational ambitions in the private, public, and non-profit sectors.
10. **Campus rehabilitation and planning process:** Improve the physical appearance and functionality of the campus.
11. **UMB visibility:** Increase the visibility and reputation of UMB to student, family, alumni, donor, community, and policy maker audiences.
12. **Financial planning:** Collaborate with, and follow the recommendations of, the UMPO Financial Planning Advisory Working Group.
13. **Outreach:** Insure Boston delegation and other legislators are kept apprised of campus concerns, milestones, and needs for support. Coordinate with President's Office on advocacy efforts for system-wide legislative issues.

## **GOAL 1 - Operating Margin:**

achieve an operating margin of zero (0%) as measured by audited financial results for the FY.

### **Eliminate the structural deficit:**

#### ▶ **Grow revenue:**

- ▶ strategic revenue initiatives – new student enrollment, retention initiatives, online program growth, international programming, optimization of per student net revenue, and other initiatives.

#### ▶ **Reduce expenditures (*in process*):**

- ▶ Voluntary Separation Incentive Program
- ▶ 3% cut to all division budgets
- ▶ strategic re-organizations across administrative units,
- ▶ careful alignment of NTT faculty resources with high-need instructional areas,
- ▶ other strategic cost savings measures.

**Plan for a 2% margin:** Establish plans to move beyond a 0% margin towards the Trustees' requirement of 2% margin by FY23.

## GOAL 2 - Student Success:

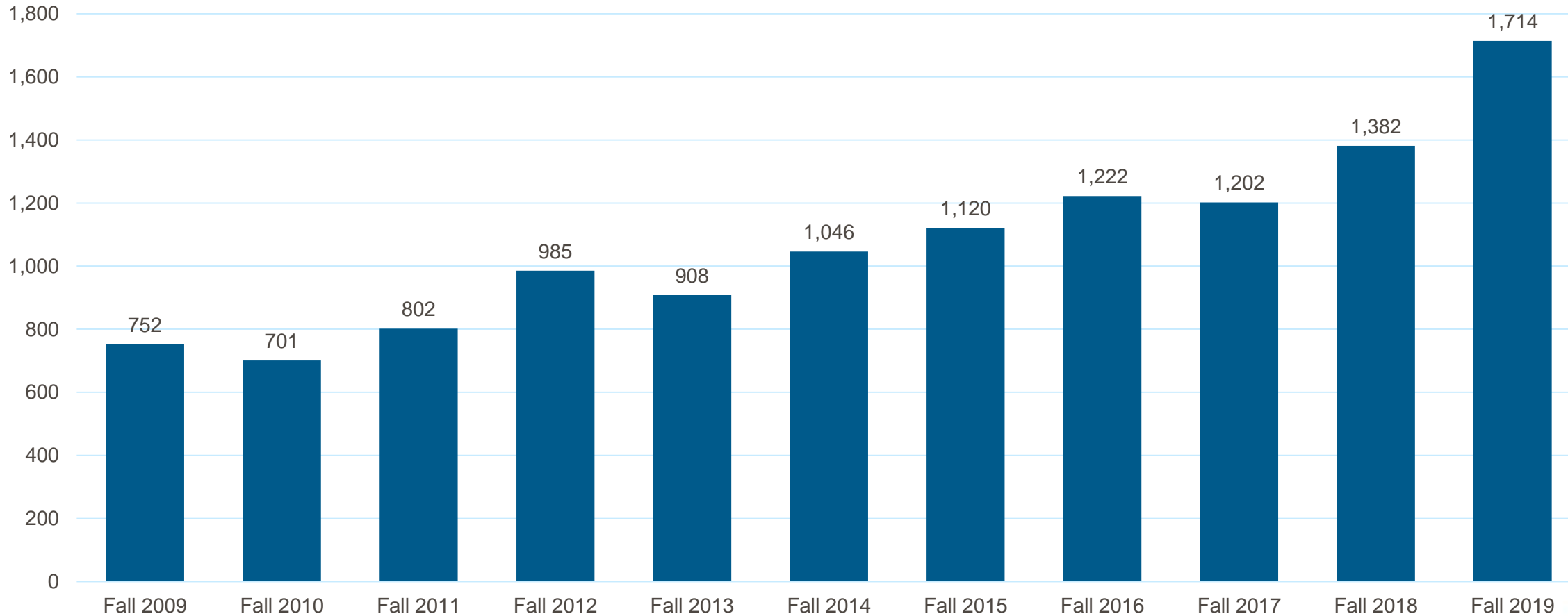
Improve student success – increase retention, graduation, and career attainment rates

- ▶ **Promote supportive and engaging student experience:**
  - ▶ Deepen programs in student life, focus attention on the residence hall community and the commuter population.
  - ▶ Continue to grow 24/7 student experience: safety, successful operation of residence halls, leadership and community engagement, learning communities, student employment, athletics, and other activities.
- ▶ **Improve undergraduate advising:** Continue advising enhancement initiative. Focus on equitable distribution of advising resources, deepen the use of common tools, metrics, and practices.
- ▶ **Execute retention campaigns using early warning predictors, supported by analysis and technology tools:**
  - ▶ Extend and deepen use of predictive analytics, early alert campaign and use of CRM technology.
  - ▶ Use data to identify and target barriers to student success, including common reasons for transfer or withdrawal.
- ▶ **Remove barriers to student progression:** Continue to remove course bottlenecks and improve DFW rates in gateway courses (particularly in math), streamline the registration process, provide emergency and targeted financial support to deserving students.
- ▶ **Expand career development opportunities:** further engage and prepare students to succeed post-graduation: on-campus apprenticeships, career-oriented course offerings, and internship and job pipelines through industry clusters.
- ▶ **Advance graduate student success:** Expand student orientation, increase writing and statistical modeling support, enhance community building, improve tracking of time to degree, and include a focus on development of marketable skills. Create and monitor metrics charting increased responsiveness to student needs.

# This fall, we have our largest-ever cohort of returning second-year students due to the size of last fall's freshman class

**PRELIMINARY - UNOFFICIAL**

First-time, full-time freshmen returning for subsequent fall semester



<b>Original cohort</b>	973	936	1,069	1,249	1,172	1,314	1,440	1,539	1,545	1,799	2,279
<b>Retention rate</b>	77.3%	74.9%	75.0%	78.9%	77.5%	79.6%	77.8%	79.4%	77.8%	76.8%	75.2%

Note: Includes first-time, full-time freshmen in fall cohorts of respective academic years; retention rate is share of original cohort that returned to UMB in fall of following year

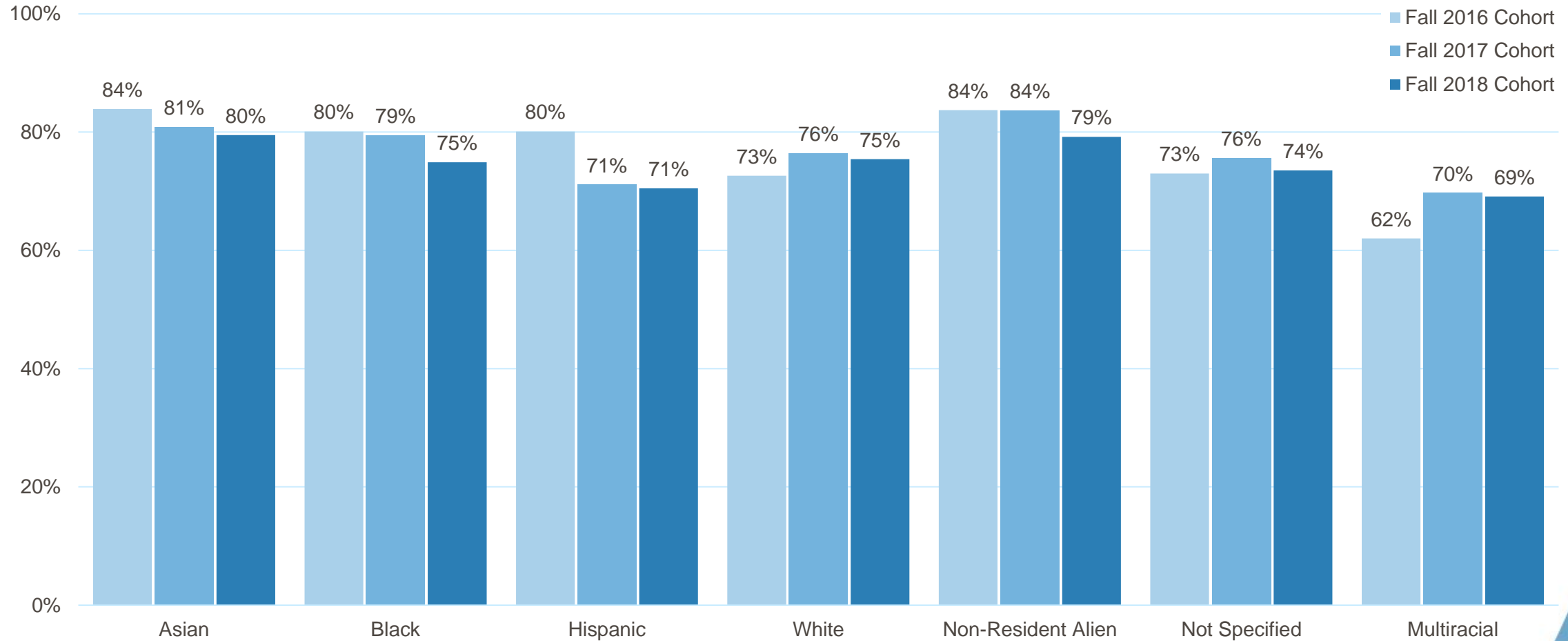
Source: OIRAP; 2018 figures preliminary as of Oct 1, 2019



# Freshmen of different racial/ethnic identities (by federal reporting category) were retained at differing rates

One-year retention rates among first-time, full-time freshmen by race/ethnicity, Fall 2016, 2017, 2018 cohorts

**PRELIMINARY - UNOFFICIAL**



	Asian	Black	Hispanic	White	Non-Resident Alien	Not Specified	Multiracial
<b>Fall 2016</b>	254	216	271	522	190	37	50
<b>Fall 2017</b>	291	272	357	543	183	82	66
<b>Fall 2018</b>	375	315	430	780	212	83	81

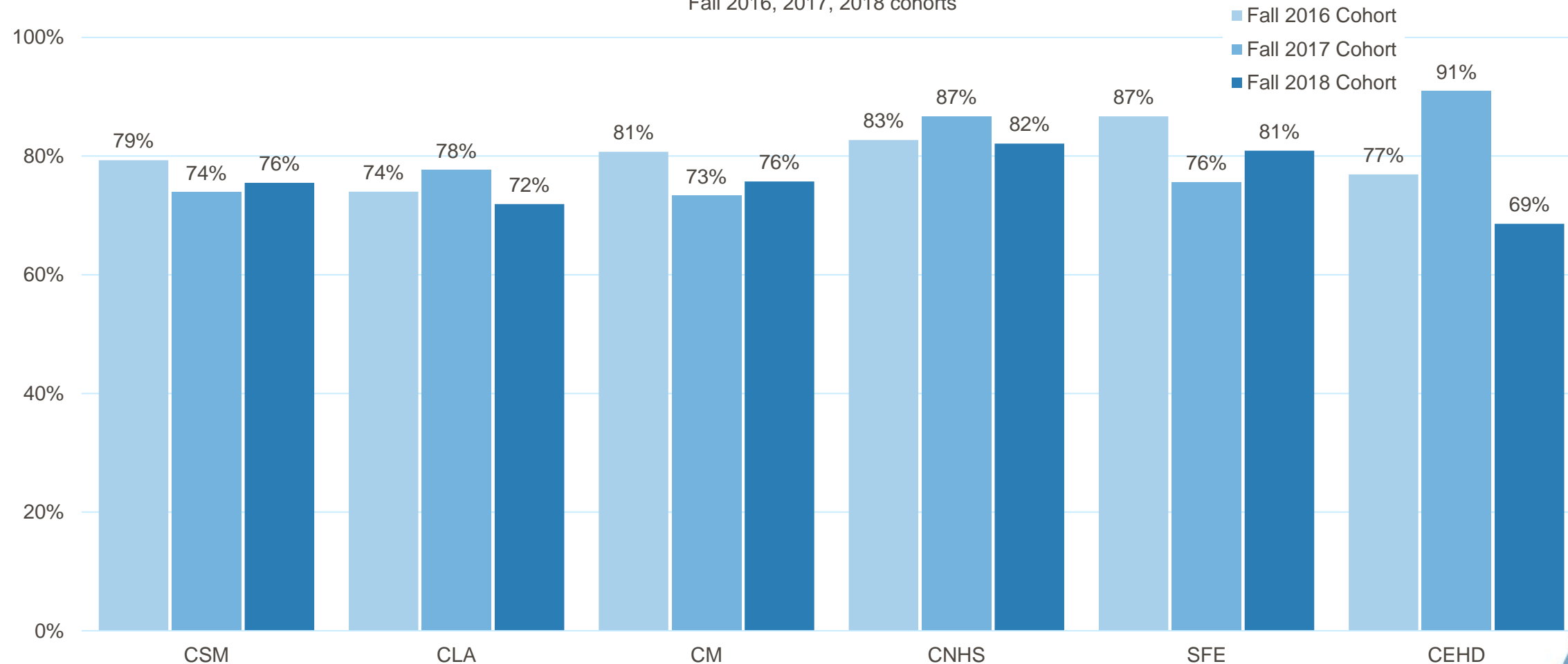
Note: Includes first-time full-time freshmen in fall cohorts of respective years; excludes students identifying as Native American due to small n size (n<10 students per year)

Source: OIRAP; retention figures preliminary as of Oct 1, 2019

# Each of the colleges has experienced moderate variation in freshman retention rates over the past three years

**PRELIMINARY - UNOFFICIAL**

One-year retention rates among first-time, full-time freshmen by college at entry, Fall 2016, 2017, 2018 cohorts



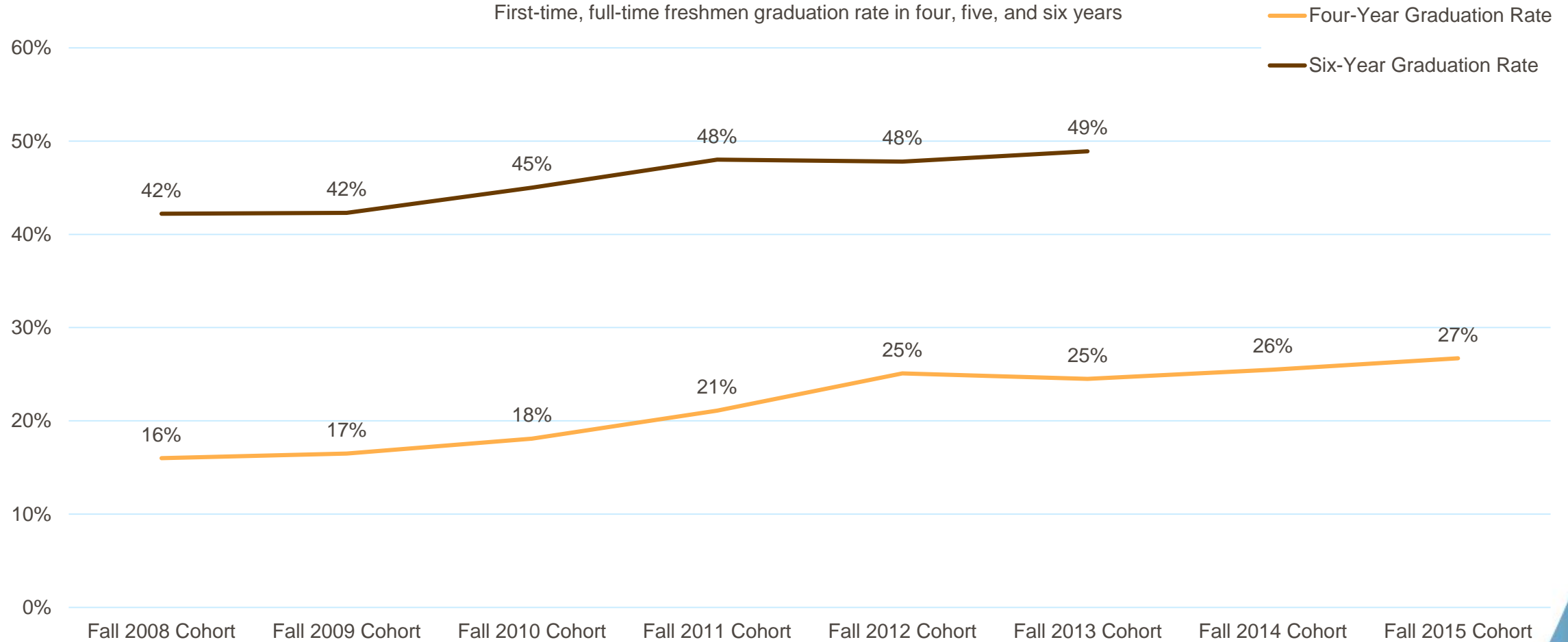
	CSM	CLA	CM	CNHS	SFE	CEHD
<b>Fall 2016</b>	569	596	187	150	30	13
<b>Fall 2017</b>	660	692	195	188	41	22
<b>Fall 2018</b>	870	747	300	279	47	35

Note: Includes first-time full-time freshmen in fall cohorts of respective years; excludes n=2 students in CAPS

Source: OIRAP; retention figures preliminary as of Oct 1, 2019

# Our freshman graduation rates have risen steadily over the past several years

**PRELIMINARY - UNOFFICIAL**



Original cohort	971	936	1,069	1,249	1,172	1,314	1,440	1,539
-----------------	-----	-----	-------	-------	-------	-------	-------	-------

Note: Includes first-time, full-time freshmen in fall cohorts of respective academic years; retention rate is share of original cohort that returned to UMB in fall of following year

Source: OIRAP; most recent figures preliminary as of Oct 9, 2019





## **GOAL 3 - Faculty and staff excellence:**

Invest in excellence and diversity of faculty and staff, with a focus on supporting faculty research.

### ▶ **Invest in faculty excellence and diversity:**

- ▶ Insofar as possible—in light of margin requirements—replenish tenure-track (TT) faculty vacancies.
- ▶ Invest at least 20% of hiring resources into faculty diversification efforts.
- ▶ Through redistribution of TT lines, invest in faculty growth in areas of high student demand and new fields of research.
- ▶ Seek philanthropic support for endowed chairs and research.

### ▶ **Invest in staff excellence and diversity:** Redouble efforts to analyze and improve campus climate. Continue to roll out bias training across the campus to improve customer service.

### ▶ **Advance and support faculty research:**

- ▶ Analyze and improve grant and proposal development and post award support.
- ▶ Measure and increase the number of faculty proposals submitted.



## **GOAL 4 - Enrollment:**

**Increase enrollment and net tuition revenue, with a focus on predictive and accurate models and proven best practices.**

- ▶ **Increase new undergraduate enrollment:**
  - ▶ Execute multi-channel marketing and communication strategy targeting applicants and committed students.
  - ▶ Optimize financial aid and merit scholarship strategies to strengthen yield and net revenue.
  - ▶ Improve campus visit experience.
  - ▶ Expand veteran student interest and services.
- ▶ **Maximize continuing undergraduate enrollment:** Execute visible and sustained registration campaigns to remove holds and reduce barriers to student progression.
- ▶ **Increase new graduate enrollment:** Achieve growth in revenue-producing graduate programs through streamlined application processing, targeted digital marketing, and deep collaboration with program faculty.
- ▶ **Sustain out-of-state enrollment and diversify international enrollment:**
  - ▶ Strengthen and deepen partnerships with international recruitment partners.
  - ▶ Boost international visibility in collaboration with Navitas.
  - ▶ Launch innovative new partnerships with Shorelight.
  - ▶ Improve and sustain out-of-state recruitment and marketing and host admitted student receptions.

## **GOAL 5 - Online:**

**Provide significantly increased access to, and impact from, online education. Increase revenues and continue to collaborate and cooperate with UMass Online.**

- ▶ **Improve organizational focus:** Streamline management of online courses, appointing Dr. Mya Mangawang, a senior leader reporting directly to Provost – with a dotted line to the Chancellor - to lead the effort.
- ▶ **Build quality of online instruction:** Build faculty strength and supports for teaching online, including comprehensive wraparound services for new online instructors and for new course design and delivery. Institute measures to assure quality of online instruction.
- ▶ **Increase enrollment and revenue by 5%:** Execute a series of initiatives to increase enrollment.
  - ▶ launch new online programs, in addition to focusing on existing programs and individual online courses,
  - ▶ build marketing, lead generation, and nurture capacities for online programs,
  - ▶ assess and strengthen online faculty and student supports, and
  - ▶ assess and strengthen online instructional design and delivery capabilities.
- ▶ **Re-introduce revenue sharing:** for growth of new and existing online programs, providing a clear incentive to departments for online program growth.

## **GOAL 6 - Enhance the academic organization**

- ▶ **Advance the academic master plan.**
  - ▶ Execute upon the program planning & approval processes that were developed in FY19.
  - ▶ Continue with governance fast tracking, implementing the revised AQUAD process.
  - ▶ Develop a full academic master program plan by January 2020.
  
- ▶ **Continue to engage faculty in studying the academic structure on campus.**

## GOAL 7 - Administrative enhancements:

Enhance administrative quality, while achieving greater administrative efficiency.

- ▶ **Continue to conduct organizational reviews:**
  - ▶ IT, Athletics, Government Relations, Office of Grants and Contracts, Financial Aid, Undergraduate and Graduate Admissions designed to promote efficiency and effectiveness of administrative processes.
- ▶ **Reinforce commitment to customer service:** Renew our focus on service to students and to campus colleagues, with an emphasis on timely and useful customer feedback on performance for use in department level improvement.
- ▶ **Execute shared services initiative:** Integrate a shared services model both in the areas defined by the system office and in conjunction with our own needs on campus.
- ▶ **Support IT infrastructure enhancements:** Launch 60+ initiatives under the leadership of the new CIO to support student success & development, enrich & expand academic programs, and contribute to the teaching, learning, & working environment.

## **GOAL 8 - Fundraising:**

Increase fundraising donations and pipeline programs for future giving with an emphasis on growing the endowment.

- ▶ **Reach a target of \$13.5 million in new gifts and pledges**, as well as a set of advancement milestones in prospect qualification.
  - ▶ Chancellor/donor meetings
  - ▶ Major gift officer visits
  - ▶ Corporate/foundation proposals
  
- ▶ **Build team fundraising strength**
  - ▶ Build capacity in corporate and foundation relations
  - ▶ Complete hiring of front line fundraisers
  
- ▶ **Cultivate prospects**
  - ▶ Secure 500 face-to-face visits with prospects (a 230% increase over FY19)
  - ▶ Discover 100 new prospects
  - ▶ Host six “consultation dinners” in key geographies

## **GOAL 9 - Connecting to Boston:**

Improve ties to major industries, and maximize opportunities for students to realize their occupational ambitions in the private, public, and non-profit sectors.

- ▶ Inaugurate on-campus apprenticeship program primarily for 1st and 2nd year students.
- ▶ Complete 20 Industry clusters and assure follow up.
- ▶ Enhance philanthropic relations with participating firms.
- ▶ Further develop student and faculty opportunities to engage with city, state and federal government offices, as well as community, civic, neighborhood and non-profit organizations.
- ▶ File proposal to host Minority Small Business Development Center.



## GOAL 10 - Campus rehabilitation and planning process:

Improve the physical appearance and functionality of the campus.

- ▶ **Substructure Demolition and Quadrangle Development (“SDQD”)**
  - ▶ Complete the decanting of the Science Center
  - ▶ Construct the new catwalk
  - ▶ Begin the demolition of the Science Center (completed summer 2020)
  - ▶ Design/plan the campus quadrangle, including engaging faculty, staff around the programmatic use of the space.
  
- ▶ **Master plan:**
  - ▶ Begin the preliminary update of the campus master plan.
  - ▶ Support the development and implementation of a strategic plan for facilities management and enhancement.
  - ▶ Begin development of the long-range plan for dept’s displaced by the demolition of the Science Center.
  
- ▶ **Bayside:**
  - ▶ In partnership with the President’s Office and the UMass Building Authority (UMBA), launch campus and community consultations to ensure participation of all constituencies in discussions with Accordia Partners.
  - ▶ Engage in preliminary consultations concerning the disposition of the 200,000 square feet reserved for UMB at Bayside.
  
- ▶ **Calf Pasture Pumphouse:**
  - ▶ Following Board of Trustees approval, issue a Request for Information to explore development plans for renovation of the Pumphouse and adjacent related parcels.

## **GOAL 11 - Visibility and Reputation:**

Increase the visibility and enhance the reputation of UMB to internal and external stakeholders.

- ▶ Continue strategic effort to place stories in Boston and higher education industry media that tell the University's positive story
- ▶ Hire a Chief Marketing Officer and develop an effective outreach plan that highlights the research and instructional excellence of UMB.
  - ▶ Reorganize marketing into a structure that is responsive to campus divisions and programs and achieves a measurable return on investment.
  - ▶ Strengthen UMB's brand through consistent brand management and messaging,
  - ▶ Make more proactive use of social media, digital content, web-based communication.
- ▶ Convene the Boston Advanced Academic Consortium across local universities to promote collaboration and cross registration, particularly in UMB accelerated masters programs.

## **GOAL 12 - Financial planning:**

Collaborate with, and follow the recommendations of, the UMPO Financial Planning Advisory Working Group, a collaborative system-wide project announced in August.

## **GOAL 13 – Outreach:**

Ensure Boston delegation and other legislators are kept apprised of campus concerns, milestones, and needs for support.

QUESTION  
and  
ANSWER  
SESSION