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Direction Package - FY 2015 Projection Letter

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Tara Artinyan - Direction Package - FY 2015 Projection

From: Theodora Kalikow <president@USM.MAINE.EDU>
To: <A-LIST@LISTS.USM.MAINE.EDU>
Date: 11/15/2013 2:57 PM
Subject: Direction Package - FY 2015 Projection

Dear Colleagues:

We are writing to update you on the latest Direction Package meeting, held today, Friday, November 15, and in particular, how we plan to address the serious budget challenges facing our university.

As co-sponsors of the Direction Package Advisory Board, we want this process to be as transparent as possible so that everyone understands the challenges in front of us and we can begin the work of addressing them.

And those challenges -- which are not unlike the challenges facing other campuses here and across the nation -- are significant for fiscal year 2015, beginning on July 1, 2014.

USM Chief Financial Officer Dick Campbell met with the faculty, staff, student and community members of our Direction Package Advisory Board on Friday and shared details of a projected \$11.9 million structural gap for FY 2015.

That's a very tough number, 8.6 percent of our operating budget. But we have in place an Advisory Board consisting of 32 members who are dedicated to implementing solutions and strategies, which will lay the groundwork for our university's successful future.

Here are the basic details from Dick's presentation.

*Last March, in addition to the \$5 million in budget reductions being made for the current year, we offered a multi-year projection which showed a potential \$3.75 million reduction for FY 2015.

*That \$3.75 million projection was based on a number of assumptions, including an enrollment uptick in the current year. As we all now know, that did not happen. The summer 2013 enrollments were off and this fall's numbers are down by 6.6 percent below budget. Given those trends, it's prudent for budgeting purposes to project a 2.3 percent enrollment decrease for next year.

*That enrollment picture -- combined with our continued commitment to increasing financial aid -- adds up to projected revenue being \$8.2 million LESS in FY 2015. On the expense side, we project a total of \$3.7 million in increases for compensation adjustments, utilities, debt service, and System-required deferred maintenance.

*To summarize, that's \$8.2 million in reduced revenue, combined with \$3.7 million in increased costs for a total projected gap of \$11.9 million in the fiscal year beginning on July 1, 2014.

As noted above, higher education across the country is facing the same issues. "North Carolina budget cuts concern college students as they return..." and "Less money, more problems: budget cuts hit CSU (California State University) and UC (University of California) campuses," are among the headlines in recent months.

We do not yet have the answers on how we will address USM's challenges but the Direction Package Advisory Board is meeting frequently through February (See schedule and related info at <http://usm.maine.edu/directionpackage>.)

We will be looking at everything within USM's purview. There are no protected interests. Based on the Board's evaluation of all available data and your input, we will develop advisory recommendations on how to address AND solve our short and longer-term fiscal, enrollment and related challenges.

We are committed to that outcome because this university is too important an institution for our students, the communities throughout this region and the state as a whole.

We encourage you to send your ideas to direction@usm.maine.edu.

Sincerely yours,
Jerry and Theo

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