

Campus Budget Overview & Basic Financial Concepts

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Session One Agenda

- Who Are We?
 - Controller's Office
 - Budget Office
- Annual State Budget Process
- Budget Process at UMass Amherst
- Where Your Budget Fits
- Basics of Fund Accounting

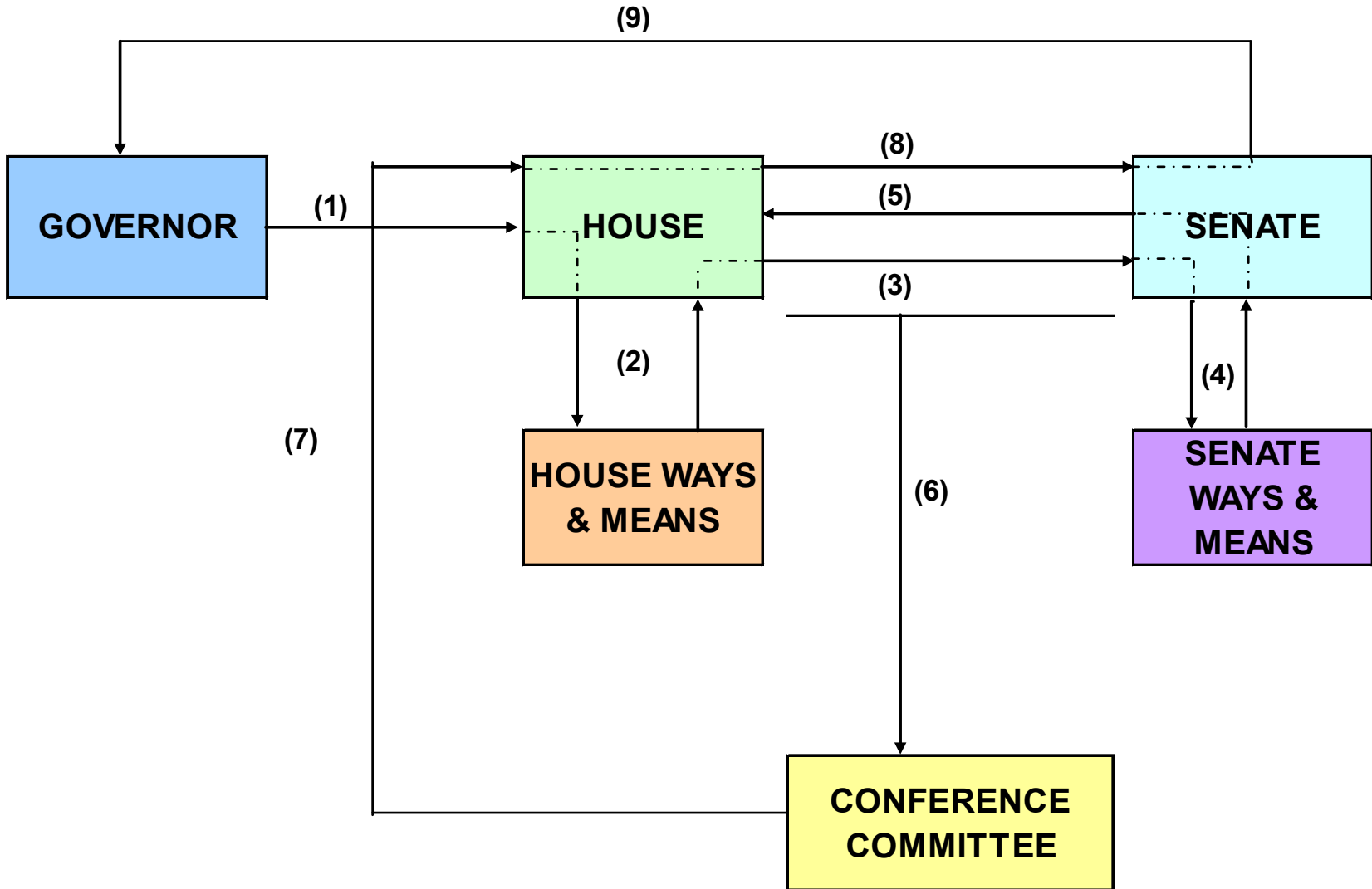
Remaining Course Agenda

- **Session Two**
 - Accounting Terminology & Practices at UMass
 - Basic Budgeting Concepts & Terms
 - Budgeting Practices at UMass
- **Session Three**
 - How to Monitor Your Budget
 - Budgeting Tools
 - Record Retention
 - Case Studies

A yellow outline map of the state of Massachusetts, including its various islands, is positioned in the background. The text 'Annual State Budget Process' is centered over the map.

Annual State Budget Process

STATE BUDGET PROCESS



State Appropriation

How to Get What the Campus Needs

- Work Together – Coordinate our campus needs based on our Strategic Mission
- Avoid sidebar work with legislators which often result in Earmarks – effectively reduce Appropriation
- Be responsive to data requests from the Budget Office – the Legislature needs this information to approve our Appropriation

UMASS System

- We are the flagship campus in a five campus system
 - UMass Amherst
 - UMass Boston
 - UMass Dartmouth
 - UMass Lowell
 - UMass Chan Medical School
- Our sister campuses are NOT our peers
- President's Office oversees all five campuses
 - Treasury Functions
 - Information Systems
 - Legal
- We pay an annual assessment to fund the President's Office and their initiatives

University of Massachusetts

7100-0200 For the operation of the University of Massachusetts

REPORTING REQUIREMENT

For the operation of the University of Massachusetts; provided, that **not later than February 1, 2024**, the university shall meet with the chairs of the house and senate committees on ways and means and the chairs of the joint committee on higher education **to review**: (i) the **5-year projected spending plan for academic years beginning in 2023**, including anticipated cost savings initiatives and efforts to reduce student tuition and fees; and (ii) a **comprehensive report on spending over the previous academic year**; provided further, that the report shall include, but not be limited to: (A) personnel costs, delineated by staff type and type of pay, including, but not limited to, base pay and bonus pay; (B) the number of full-time equivalent employees, delineated by staff type; (C) non-instructional administrative costs; (D) costs related to asset management and acquisition; (E) annual enrollment growth; (F) annual tuition and fee growth; (G) fee structure; (H) expenditures on direct student financial aid; and (I) average financial aid award per financial aid recipient; provided further, that funding for each center and institute at the University of Massachusetts at Boston shall be provided at an amount not less than in fiscal year 2018; provided further, that if, as a result of extraordinary or unforeseen circumstances, **the university deems it necessary to reduce funding to any of said institutions, the university shall submit a report** detailing: (1) the reasons for such reductions; (2) all steps taken to avoid such reductions including, but not limited to, the identification of other sources of existing funds, raising of new revenues and the pursuit of savings initiatives and efficiencies; and (3) a mitigation plan to ameliorate the effects on students and university staff of such reductions, for which input from students and university staff shall be solicited; provided further, that the report shall be submitted to the joint committee on higher education and the house and senate committees on ways and means not less than 120 days prior to any such funding reduction or institutional closure;

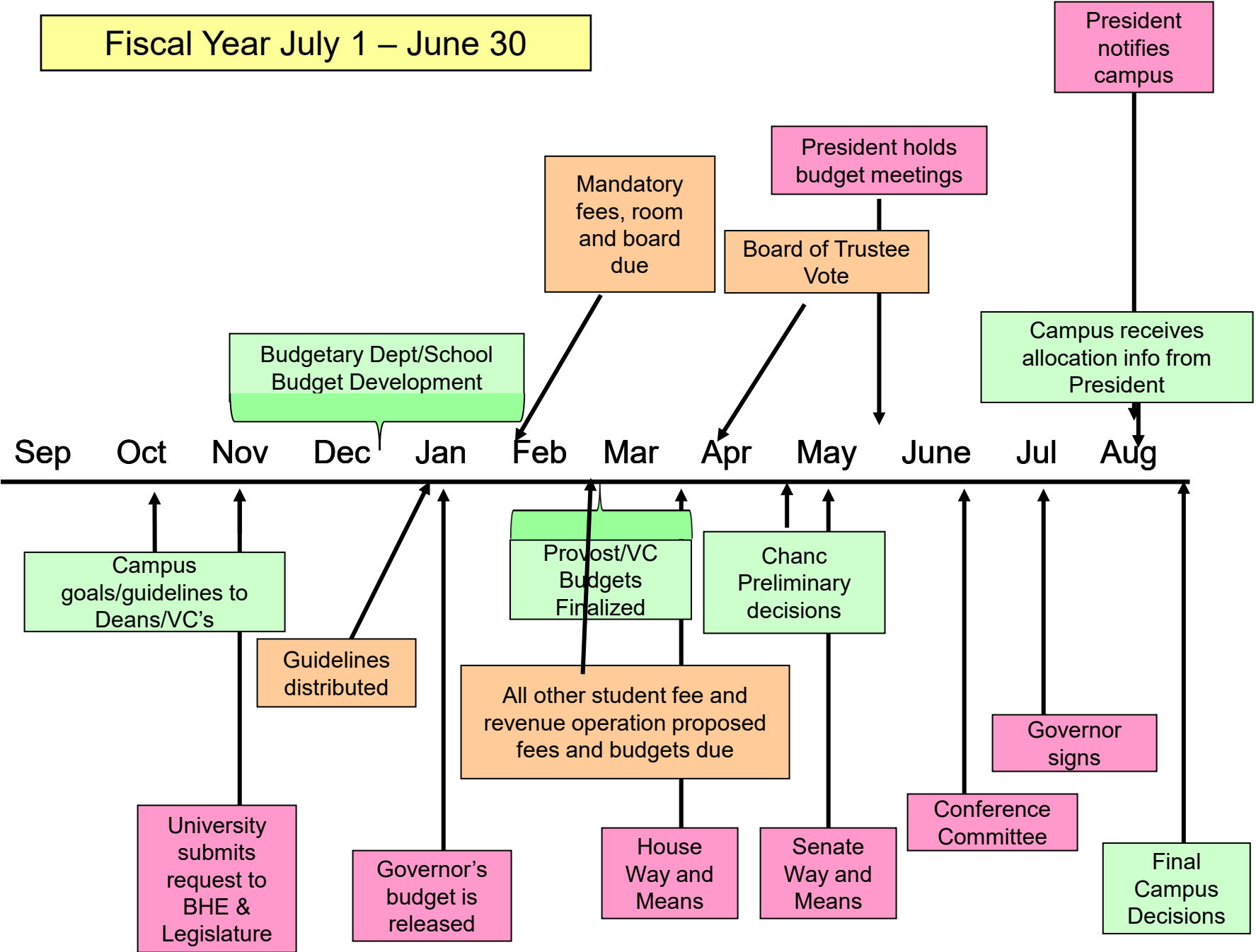
provided further, that the university shall expend funds for the University of Massachusetts at Amherst Cranberry Station; provided further, that not later than January 4, 2024, the University of Massachusetts at Boston shall submit a report to the joint committee on higher education and the house and senate committees on ways and means detailing the progress made in implementing the April 2019 taskforce on centers and institutes' recommendations; provided further, that the university shall expend funds for the operation of the Massachusetts office of public collaboration at the University of Massachusetts at Boston and for annual operations of the advanced technology and manufacturing center in the city of Fall River; provided further, that funds may be expended for the operation of the Future of Work Research Initiative at the University of Massachusetts Labor Centers at the university's Amherst, Boston, Dartmouth and Lowell campuses; provided further, that not less than \$15,000 shall be expended for the University of Massachusetts at Amherst health services to support access to women's health care; provided further, that not less than \$4,000,000 shall be expended by the university on student behavioral health services including, but not limited to, crisis services, therapy, the assessment of learning disorders, responses to sexual assault, substance use disorder services and assistance to students struggling with stress, anxiety or other mental health needs created or exacerbated by remote learning and the 2019 novel coronavirus; and provided further, that not less than \$150,000 shall be expended for the Africana studies department at the University of Massachusetts at Boston for a community organizing, outreach and civic engagement program related to public safety and public health in the Dorchester, Roxbury and Mattapan sections of the city of Boston..... \$687,101,930

FY24 Initial State Appropriation by Campus

Campus	Distribution	Share
Amherst	\$329,333,740	47.9%
Boston	\$123,131,349	18.0%
Lowell	\$109,315,752	15.9%
Dartmouth	\$77,838,738	11.3%
Worcester	\$47,482,351	6.9%
Total Appropriation	\$687,101,930	

The Budget Process at UMass Amherst

Fiscal Year July 1 – June 30



GEN OPS

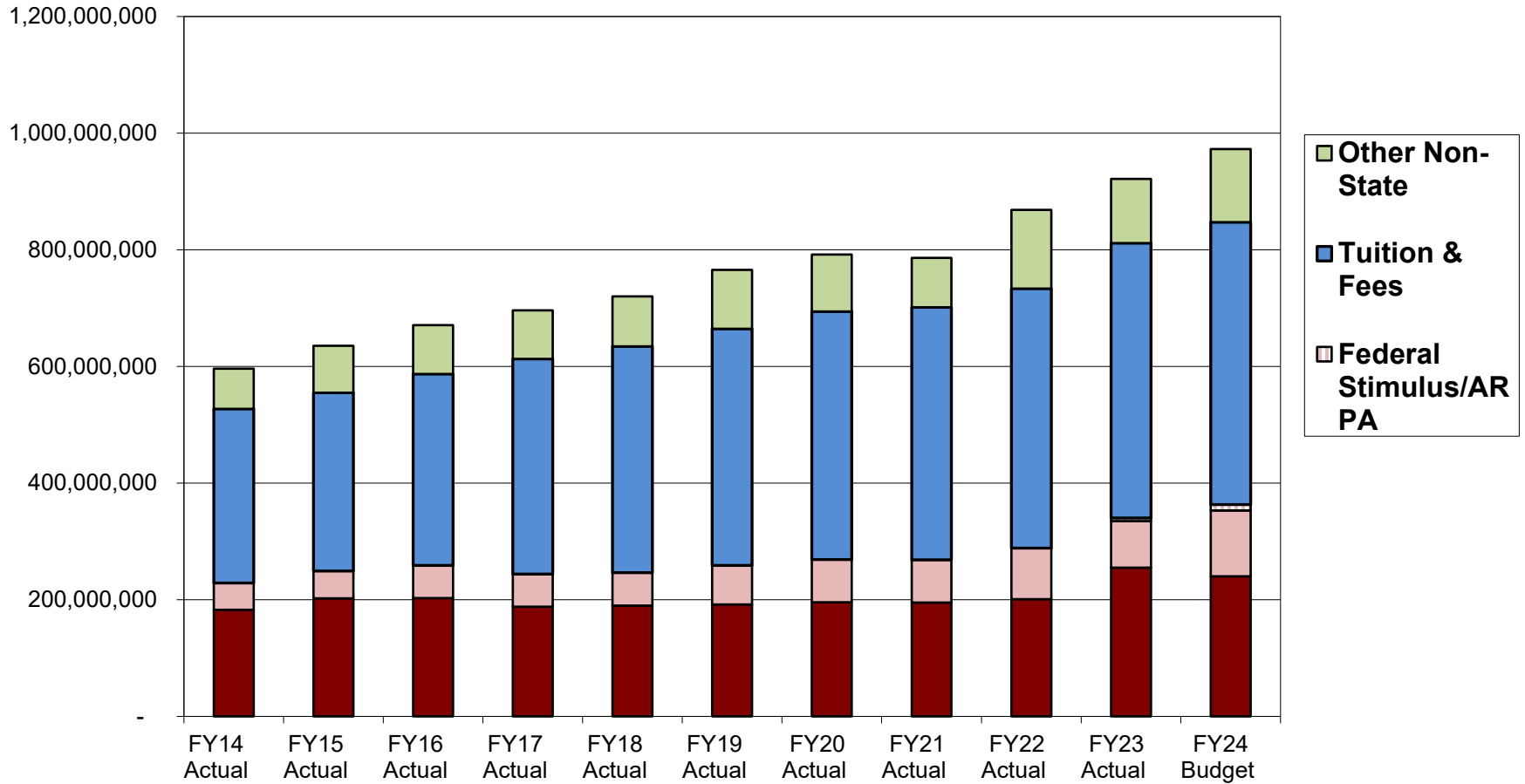
General Operating Funds

- Support general operating needs of the University from general revenue sources. Your budget can be seen in two funds:
 - GOF (51342): generally non-payroll budgets, GEO payroll & benefits as well as non-benefited payroll (CC payroll)
 - GOF2 (51369): Benefited payroll (AA payroll)

General Funds Sources

- State Appropriation
- Tuition (*In-State & Out-of-State Students*)
- Trust Fund Interest (TFI)
- Administrative Overhead (charge to Revenue Operations)
- RTF (Indirect on Grants)
- Misc Central Fees
 - Application Fees
 - Late Payment Fees
- Commissions from Beverage Sales & Book Store

General Funds Revenue *State vs Non-State*



Gen Ops Budget Process

- Base Budget from previous year distributed by end of July
- New Base and Non-Base budgets decided throughout Spring/Summer
 - Need to know Final State Appropriation
 - Need actual student population for fall semester to update revenue projection
 - Possible only if additional funds are available AFTER increases in financial aid and mandatory costs like debt and utilities are considered
- Other needs addressed with your EFO

Revenue Operations Process

- Includes Auxiliary, Student Fee and Sales & Service Operations.
- Part of Annual Budget Plan for each area
- Provide Annual Revenue/Spend Plan as well as Fees to be Charged
- Can requests new fees/revenue operations at this time or during the year
- All fees **MUST** be approved as per Board of Trustee Policy

Operating Budget

- Approved by the Board of Trustees Annually
 - Updates the Projection for Current Fiscal Year
 - Forecasts the next fiscal year
 - Approved at the June Board Meeting
- Includes Operating Revenue and Expenses – Incorporates Plans from each Campus Area
- Budget Office works with the Controller's Office to put together this document – Financial Statement Basis
- Includes a set of Financial Indicators
- Five-Year Forecast reviewed with the Board of Trustees in December of each fiscal year

Amherst: Overview

FY24 Budget

Revenue: \$1.70B

Expenses: \$1.66B

Enrollment: 29,835 FTEs

Employees: 6,352 FTEs

- **Operating Margin:** \$39.3M; 2.3%; improved compared to 5-year forecast
- **Enrollment:** undergraduate and graduate enrollment change in line with campus plans; Undergraduate reflects planned leveling of class sizes and lower acceptance rate
- **Occupancy:** housing occupancy budgeted at 103%; consistent with this year
- **Employees:** -0.4% decrease from FY23 budget; in line with current hiring plans
- **Capital:** anticipated \$180M debt issuance in FY24 for the Engineering and Computer Information Sciences buildings and renovations to Goodell and the School of Public Health and Health Sciences

Key Ratio	Actual				Budget	Q3 Projection	Budget
	FY2019	FY2020	FY2021	FY2022	FY2023		FY2024
Operating Margin (%)	2.7%	0.2%	-0.9%	6.9%	0.5%	5.2%	2.3%
Operating Margin (\$)	36,365	2,539	(11,895)	105,225	6,985	84,449	39,283
Enrollment	29,051	29,808	29,693	29,804	30,290	30,190	29,835
Enrollment (% Change)	1.2%	2.6%	-0.4%	0.4%	1.6%	1.3%	-1.2%

FY24 Operating Budget

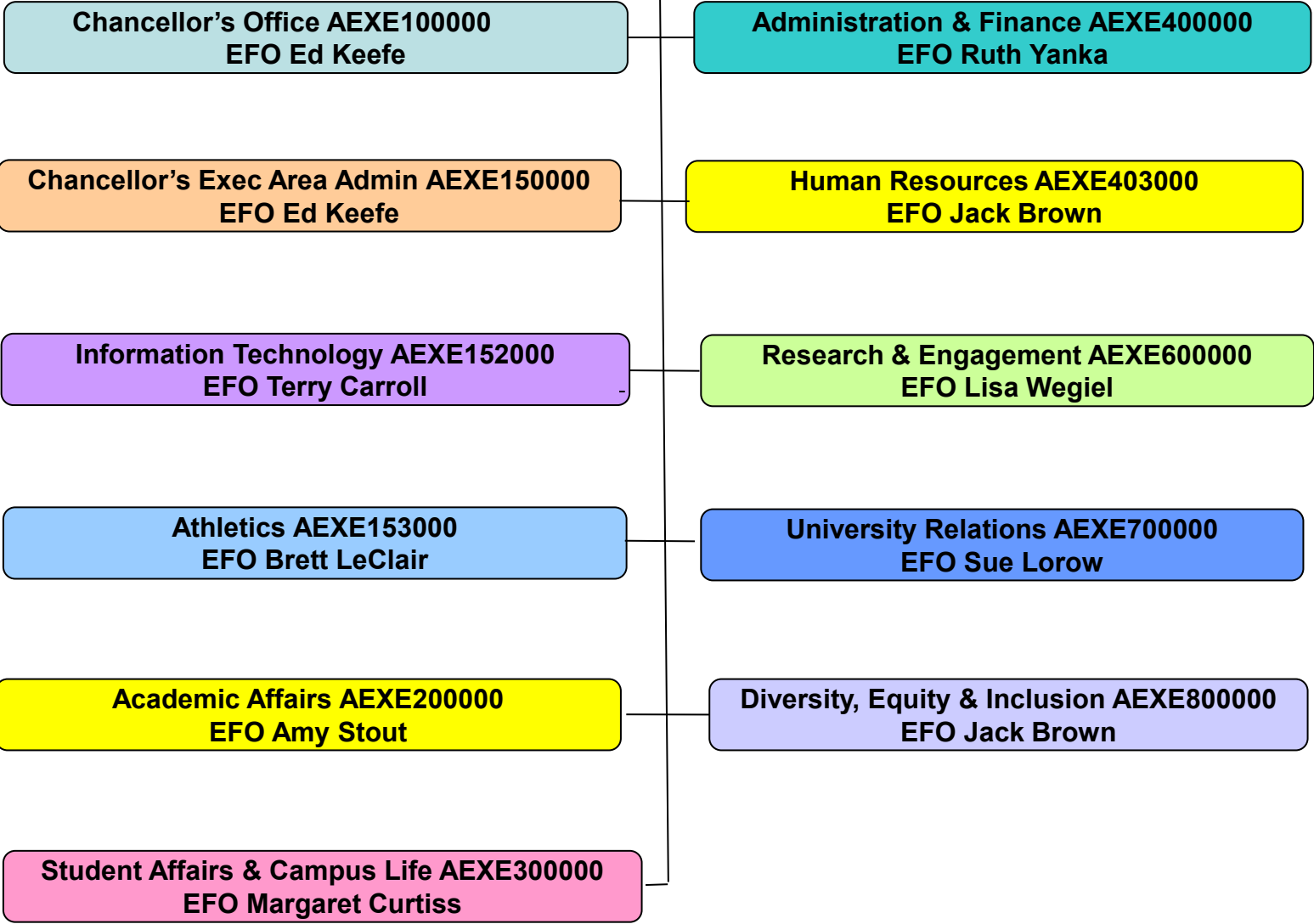


(\$ in Thousands)

Revenues	Actual					Budget	Q3 Projection	Budget	Variance	
	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023		FY2024	\$	%
Gross Tuition & Fees	541,665	562,859	586,915	596,559	616,480	637,712	657,565	674,942	37,230	5.8%
Tuition Discounts	(150,824)	(151,628)	(160,429)	(170,555)	(178,509)	(186,197)	(190,265)	(200,147)	(13,950)	7.5%
Discount Rate	27.8%	26.9%	27.3%	28.6%	29.0%	29.2%	28.9%	29.7%		
Net Tuition & Fees	390,841	411,231	426,486	426,004	437,970	451,515	467,300	474,795	23,280	5.2%
Grants	153,007	163,645	151,629	170,184	198,406	195,940	209,143	218,791	22,851	11.7%
Sales & Service, Educational	9,321	10,795	10,653	9,153	9,077	11,452	12,821	14,041	2,589	22.6%
Auxiliary Enterprises	268,041	279,545	243,865	104,578	292,531	311,209	320,472	329,563	18,354	5.9%
Other Operating	16,768	16,439	19,644	15,998	15,110	15,174	15,219	17,065	1,891	12.5%
State	360,161	371,781	386,057	404,852	421,771	448,412	484,618	547,791	99,378	22.2%
Other Non Operating	78,504	87,616	90,577	111,557	121,014	83,560	105,453	101,889	18,329	21.9%
Total Revenues	1,276,643	1,341,052	1,328,911	1,242,326	1,495,879	1,517,262	1,615,026	1,703,935	186,673	12.3%
% Growth	5.0%	5.0%	-0.9%	-6.5%	20.4%	1.4%	8.0%	12.3%		
Expenses										
Salary & Fringe	744,102	780,545	802,927	831,627	840,857	904,020	906,593	992,589	88,569	9.8%
Non-Personnel	326,076	341,923	337,418	241,417	349,461	399,055	420,726	461,372	62,317	15.6%
Scholarships & Fellowships	18,216	16,581	27,613	24,416	43,385	17,562	17,161	17,836	274	1.6%
Depreciation	109,965	117,086	121,494	128,454	136,903	141,605	138,709	143,579	1,974	1.4%
Interest	43,131	40,706	39,653	39,409	38,983	42,384	41,738	43,625	1,241	2.9%
Total Expenses	1,241,490	1,296,841	1,329,105	1,265,323	1,409,590	1,504,626	1,524,927	1,659,001	154,375	10.3%
% Growth	5.8%	4.5%	2.5%	-4.8%	11.4%	6.7%	8.2%	10.3%		
Operating Margin										
UMass OM Calc Revenues	1,274,604	1,333,206	1,331,644	1,253,428	1,514,815	1,511,612	1,609,376	1,698,285	186,673	12.3%
Total Expenses	1,241,490	1,296,841	1,329,105	1,265,323	1,409,590	1,504,626	1,524,927	1,659,001	154,375	10.3%
Surplus / (Deficit)	33,114	36,365	2,539	(11,895)	105,225	6,985	84,449	39,283		
UMass OM Calc	2.6%	2.7%	0.2%	-0.9%	6.9%	0.5%	5.2%	2.3%		

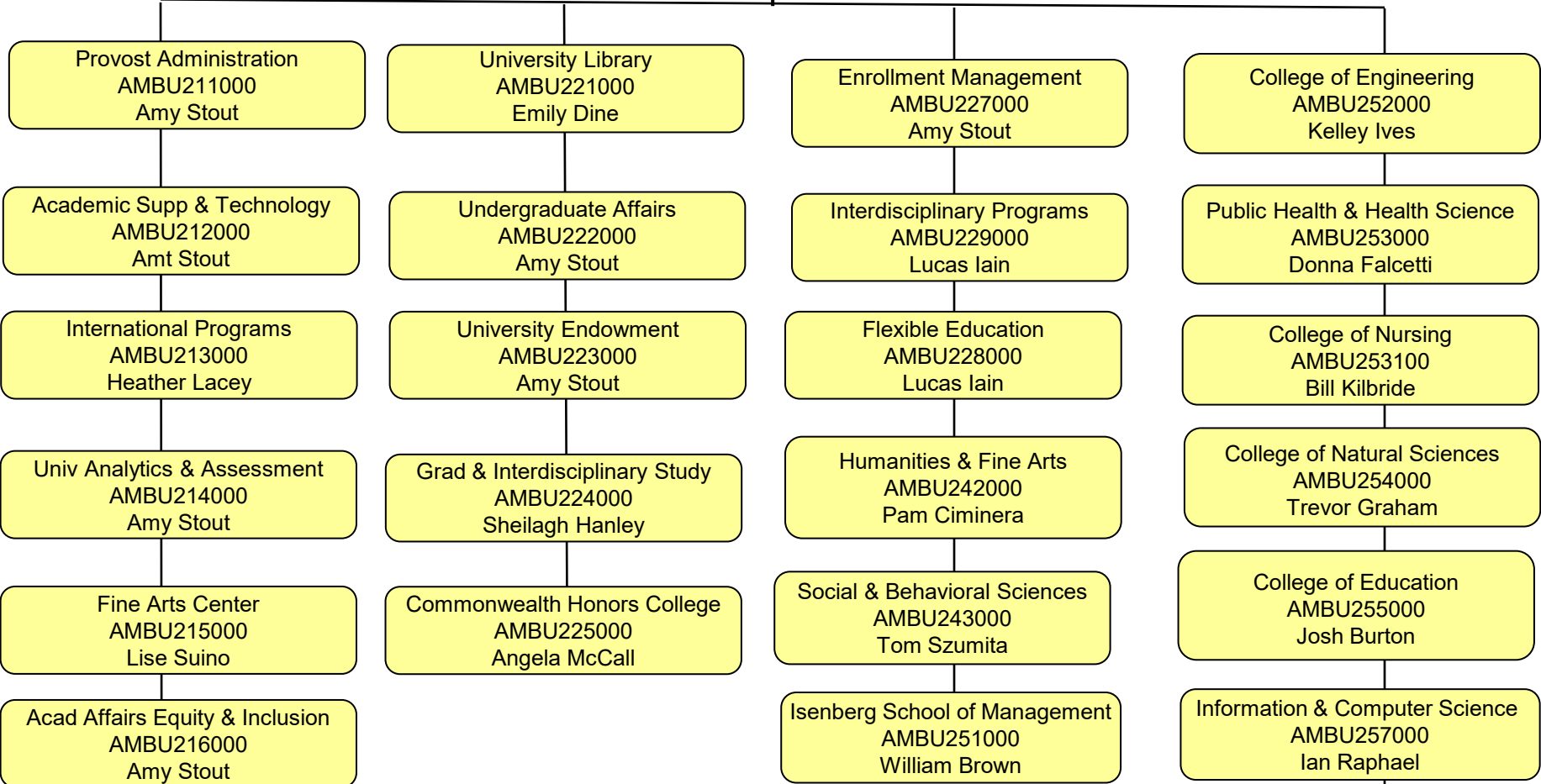
Where Your Budget Fits

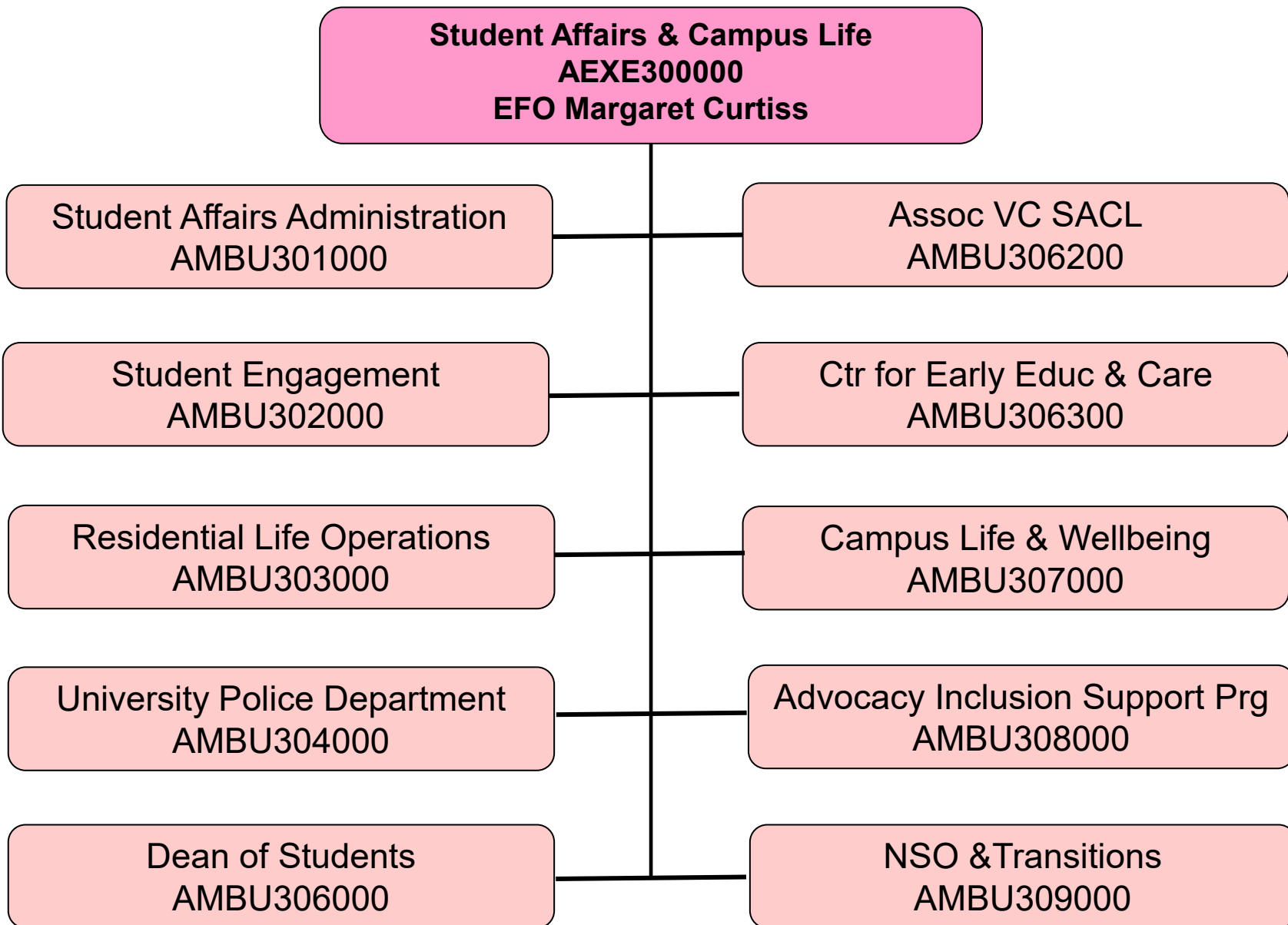
UMass Amherst

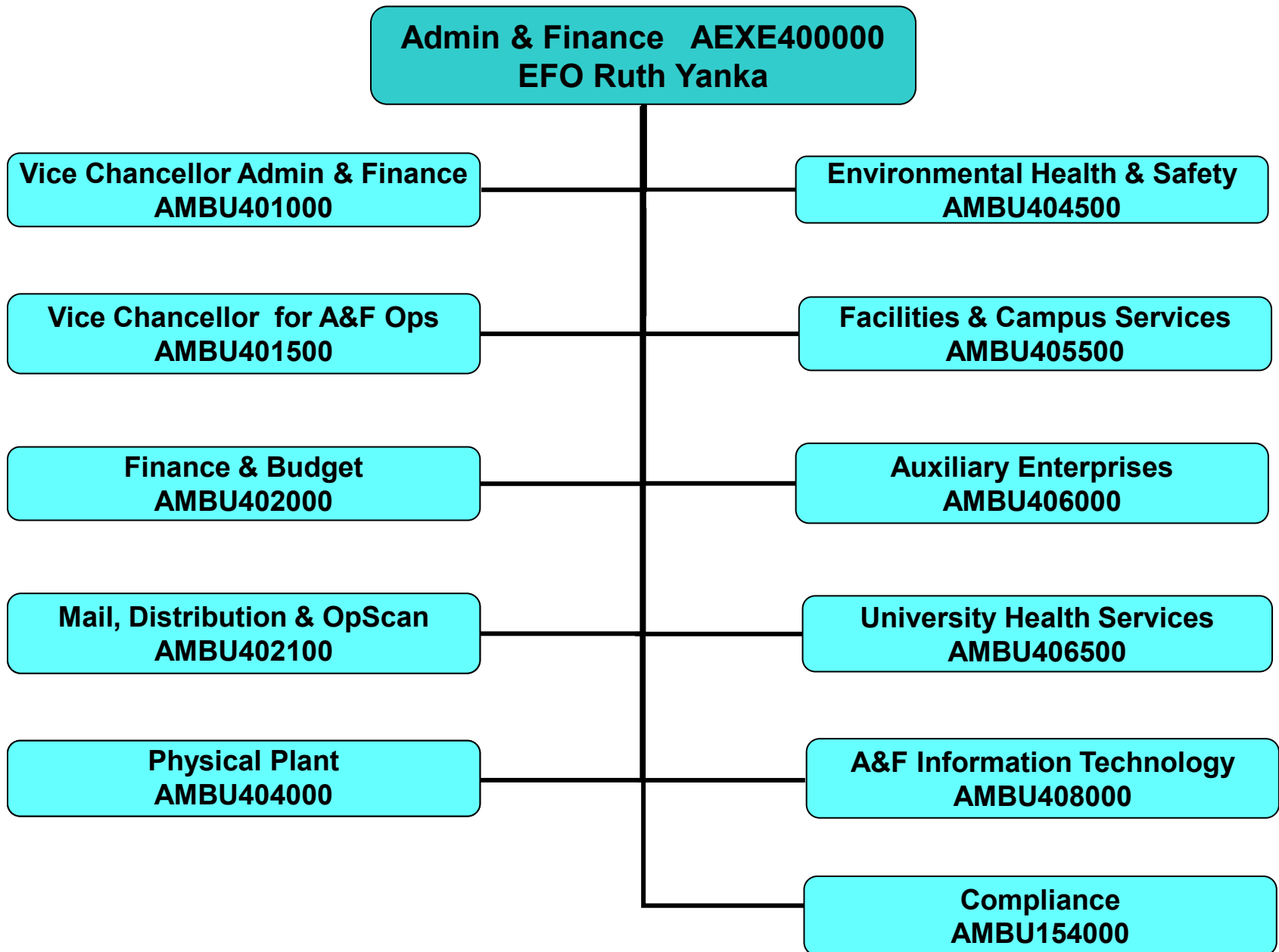


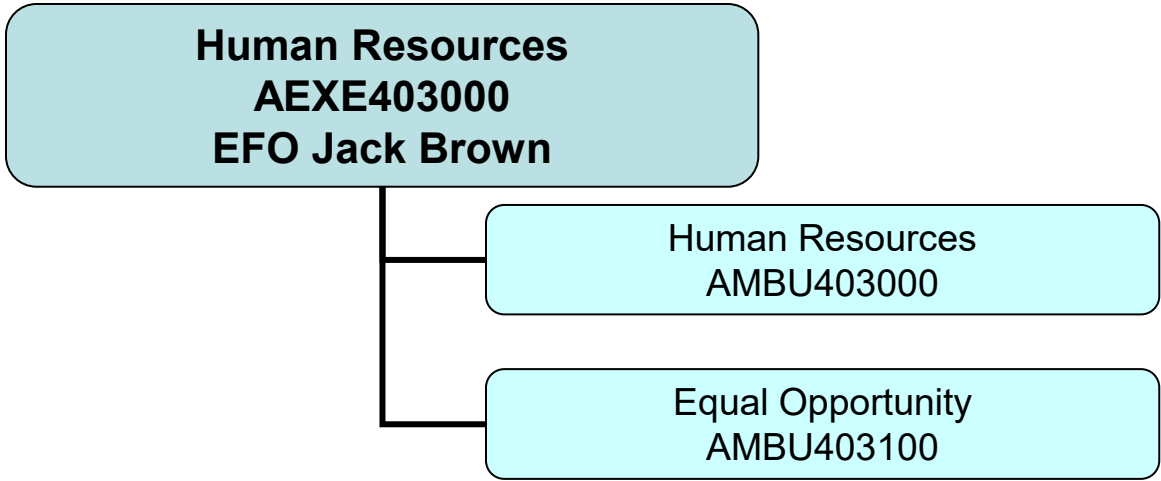
Executive Areas

Academic Affairs
AEXE200000
EFO Amy Stout









Research & Engagement AEXE600000
EFO Lisa Wegiel

Vice Chanc Research & Engage
AMBU601000

Central Research Support
AMBU606000

Research Support & Engagement
AMBU602000

Central Research Projects
AMBU607000

Research Admin & Compliance
AMBU603000

Institute Applied Life Sciences
AMBU608000

Centers & Institutes
AMBU604000

UMass Donahue Institute
AMBU609000

Internal Research Funding
AMBU605000

Corporate Engagement
AMBU610000

University Relations AEXE700000
EFO Sue Lorow

University Relations
AMBU701000

Community Rel & Univ Events
AMBU702000

News and Media Relations
AMBU704000

WFCR
AMBU706000

MarCom
AMBU707000