2. Securing Our Future: Ensuring Financial Sustainability

Pathway 2 was comprised of a professionally diverse group of University stakeholders who worked together to identify strategies that will support the Blue Sky principle of Financial Sustainability. Pathway 2 worked to put in place a balanced financial equation for current and future priorities, as other Pathways focused on signature programs, mentoring, human resources, student experience, the University as a catalyst for the State and Facilities and campus stewardship.

Summary of Approach, Deliverables and Findings:

Pathway 2 met 12 times as a full committee October 2012 through June 2013, for a total of nearly 40 hours of meeting time. Working groups focused on specific topic areas also met, conducted research and analysis for many hours between meetings. The following topic areas, plans and findings were considered and revisited throughout the months of committee work:

- Review financial health and recent performance of University. Consider key topic areas, metrics and guiding strategies.
- Build a financial planning model (the Blue Sky Model) that reflects full financial picture and accommodates planning assumptions and scenarios for Pathway 2 focus areas, and other Pathways. Model development continued and evolved throughout the year of work.
- Enrollment – Right-sizing the University and growing enrollment
- Research – Continuing solid foundation of research activity and pursuing financially sustainable growth opportunities.
- Philanthropy – Cultivating a culture of philanthropy and connecting University supporters with Blue Sky priorities. Demonstrating relationships between funding and return on investment.
- Campus – Working closely with Pathway 5 to incorporate a financially sustainable plan for facilities, stewardship of place and master planning.
- Data-driven analysis, data-informed strategies.
- Collaboration with other Pathways; connections throughout the Blue Sky model and financially sustainable planning.

One of the underlying principles of Pathway 2 is that financial sustainability is interwoven throughout the University and its strategic planning effort. Therefore the work of Pathway 2 is dynamic and has been designed to continue to support the University’s planning considerations, which will continue to evolve in its dynamic and complex environment.
The Blue Sky Model ties to University financial reports and captures all categories of financial activity. The model includes detailed sub-models and summary financial views to assess overall financial results. A key view and concept is the Sources and Uses page, which summarizes all the sources of funds (revenues) and uses (expenses). The multi-year view of these results tells us whether the University is in balance in a given year, and the longer-range trends of financial stability.

Each year the model can be updated with audited financial results, as well as updated planning assumptions, such as enrollment, research activity, capital campaign and the recommendations of other Pathways: such as programs and delivery methods, partnerships, faculty and staff initiatives, facilities plans and research opportunities.

The enrollment plan

The model translates quantitative expectations from the enrollment plan provided by committee member Jimmy Jung, Vice President for Enrollment Management. The following is a snapshot of a planning scenario that includes growth in freshman populations, transfer students and retention improvements. Each scenario can be update with new expectations and annual results.

The combination of undergraduate and graduate enrollment strategies will generate more credit hour enrollment and bolster the gross tuition revenue contribution.
**Research initiatives** – The Blue Sky Model assumes that current research activities will continue at similar levels, and that new research initiatives will be formed within new business models. As part of the work of Pathway 2, Vice President for Research, Michael Eckardt, developed potential new research scenarios and which inform Blue Sky research business model. Dr. Eckardt’s work considers scenarios for tenure track and research faculty.

Scenarios include tenure track investments that will enable growth in teaching and research in Marine Sciences, Civil Engineering, Mechanical Engineering, Chemical & Biological Engineering and Forestry. Research track positions in Marine Sciences, Climate Change, Biology & Ecology, and Molecular & Biomedical Science will enable the University to build upon research opportunities already underway.

**Philanthropy** – Pathway 2 considered philanthropy from various perspectives. The work amongst the cross section of professionals spurred ideas and shared subject matter expertise that will serve fundraising efforts in the future. Going forward the professional fundraisers, members of the Development Office and Foundation and Board of Overseers, will pursue specific fundraising strategies and explore the University’s next capital campaign. As that work continues the Financial model sketches some Blue Sky leadership gifts that may propel Blue Sky priorities in the near term years. This modeling is not intended to describe the campaign, but rather to articulate the relationships between strategic gifts and priorities.

**Campus** – Pathway 2 has worked closely with Pathway 5 to incorporate the facilities asset investment strategies and planning scenarios into the Blue Sky Model. The Facilities sub-model will use the categories of the Blue Sky portfolio and project planning data generated from the Pathway 5 database. The model captures operating and capital costs, so financial scenarios and projections capture the total cost of ownership of investment decisions.

**Data informed** – Pathway 2 research and analysis have been data driven. In each topic area and collaboration the committee based its work on the University’s enterprise systems for data. The
Blue Sky Model bases financial and planning scenarios on source data and validated results. Therefore we can be confident that we haven’t missed any financial components and that our planning scenarios launch from the University’s actual data and metrics. The committee’s recommendations are driven by data as well as diverse expertise of the UMaine stakeholders who contributed to the Pathway 2’s process and progress this year.

**Connections** – The University is a vibrant and connected enterprise, therefore our financially sustainable planning should reflect these connections. This is why Pathway 2 looks at planning as a series of comprehensive initiatives. For example, enrollment growth is not an isolated scenario. Initiative planning in the Blue Sky Model also enables us to consider the relationships between enrollment growth, faculty, staff, facilities and programs. So all of the revenue and expense factors can be included in planning.