



University of Massachusetts

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December 23, 2019

Secretary Michael J. Heffernan
Executive Office for Administration & Finance
State House, Room 373
Boston, Massachusetts 02133

Re: University of Massachusetts FY21 Budget Request

Dear Secretary Heffernan,

On behalf of the University of Massachusetts, I submit to you the University's FY21 Budget Request. In summary, the University requests a base appropriation of \$572.3 million, a \$14.3 million or 2.6% increase over FY20.

UMass understands and appreciates the challenging fiscal environment the Commonwealth will likely face in FY21, as well as the economic opportunities that we can create if we make smart investments that strengthen the Commonwealth's position in the global economy. The budget request we offer today demonstrates accountability, transparency, and efficiency in the management of the University of Massachusetts while enhancing the impact of the Commonwealth's investment in our students. In short, we believe the Commonwealth's investment in the University of Massachusetts generates a multi-fold return in the form of jobs created in every region of the state, and in talent attracted, developed and retained across the Commonwealth.

I want to especially extend my thanks for the \$5 million for the endowment match program contained in the recently finalized supplemental budget. I am highly confident that the University will be able to quickly match that amount with more than \$10 million in private donations. We have included a request for \$10 million in FY21 matching funds later in this document, which will help us build further private fundraising momentum.

The investment we seek will be paired with innovative initiatives designed to reduce costs across the system and expand upon our successful shared services initiative. One such example is the implementation of the Unified Procurement Services Team with an initial savings estimate of \$16.5 million over the next 18 months.

Over the last five years, efficiency and effectiveness efforts have reduced costs by \$74 million and are expected to save \$124 million in total to allow for the re-allocation of funds to financial aid, academic enhancements, deferred maintenance, and student support services. All of these measures represent cost containment efforts and difficult decisions by our campuses to ensure that academic quality is not compromised.

The Commonwealth deserves to take great pride in the resulting accomplishments of the University of Massachusetts:

- The University secured an Aa2 “stable” bond rating outlook. Moody’s cited the University’s sound management, long-term strategic planning, solid demand and growing enrollment.
- Student demand is strong with enrollment growing by more than 3,000 students to 65,348 from FY15-19, a 5% percent increase.
- University-funded financial aid has increased from \$271 million to \$378 million from FY15-19, a 39% increase.
- Research expenditures, primarily funded through competitive federal grants, has increased from \$510 million in FY15 to \$593 million in FY19 and has focused on Massachusetts priorities such as life science, coastal preservation, technology innovation, advanced manufacturing, transportation, etc.
- The annual number of diplomas and certificates awarded by UMass has grown from 17,851 to 19,412 since FY15.
- The UMass system, ranked by Reuters among the Top 100 Most Innovative Universities in the world, remains one of the few public systems where all undergraduate campuses have achieved national standing. In addition:
 - UMass Amherst is ranked #24 nationally among public institutions.
 - UMass Boston has five graduate programs ranking in the top 100 nationally.
 - UMass Dartmouth is ranked #84 among all national universities on student social mobility.
 - UMass Lowell is ranked among the top 15 organizations on the Top 100 Women-Led Businesses in Massachusetts list and the highest-ranked college or university for the third consecutive year.
 - The Medical School is ranked among the top 15 medical schools nationwide in primary care medicine.

None of the above occurs without the Commonwealth’s belief in the power of UMass to change the lives of individuals and communities. In FY20, the Governor and Legislature increased the University’s base appropriation by 1% or \$4.1 million and also honored its commitment to fund the collectively bargained pay

increases for our faculty and staff of 2%, or \$12 million annually. We look forward to working with you and the Legislature as our FY21-23 collective bargaining process develops.

Finally, I want to add my voice to those commending the Governor and Legislature for their historic investment in K-12 education. Massachusetts is where public education began and it is where it has been valued since its earliest days. I want UMass to be considered a full partner with you in this endeavor by providing excellent programs that train teachers and school leaders in best practices, and by making sure that students graduating from Massachusetts high schools have access to the world class UMass faculty and facilities they need and deserve.

I would be pleased to discuss this proposal further with you and answer any questions.

Sincerely,



Martin T. Meehan
President

Cc: Robert A. DeLeo, Speaker of the House
Karen E. Spilka, Senate President
Aaron Michlewitz, Chair, House Ways & Means
Michael Rodrigues, Chair, Senate Ways & Means
Jeffrey Roy, Chair, Joint Committee on Higher Education
Anne Gobi, Chair, Joint Committee on Higher Education
James A. Peyser, Secretary, Executive Office of Education
Carlos E. Santiago, Commissioner, Department of Higher Education

Attachments:

- Attachment A – Additional Budget Request Information
- Attachment B – Other Legislative Priorities

University of Massachusetts
FY21 Budget Request

FY21 Base Appropriation Request:

UMass is requesting an FY21 base appropriation of \$572.3 million, which reflects an increase of \$14.3 million, or 2.6% above FY20, not including the cost of collective bargaining, which has yet to be determined. This proposed increase will allow UMass to freeze tuition for our in-state students for the upcoming academic year. Furthermore, the additional funding will cover the increased cost of providing institutional financial aid to our students.

Status of Collective Bargaining:

The University's collective bargaining contracts expired in FY20 and negotiations for a new 3-year collective bargaining contract (FY21 - FY23) will begin once we receive the parameters the Administration. As such, this budget request does not assume increased funding for collective bargaining, as it would be funded through separate and identifiable supplemental appropriation per M.G.L. Chapter 150E once they are finalized.

<i>\$ in Thousands</i>		FY20 GAA	FY21 Request	% Change
7100-0200	University of Massachusetts	558,045	572,342	2.6% For the operation of the University of Massachusetts

ATTACHMENT A

University Programmatic Funding

In addition to the main appropriation for the University, there are several line items included in the State budget that provide direct support to our campuses and fund specific programs. Below is a description of each of these important line items and the FY21 funding request:

7100-0700 – Massachusetts Office of Public Collaboration - The MA Office of Public Collaboration is the state's dispute resolution office pursuant to G.L. Ch. 75, Section 46. The office's public mandate is to assist the executive, judicial and legislative branches of government, municipalities and public authorities with the design and administration of dispute resolution programs, mediation of public policy disputes, and facilitation of collaborative problem-solving and community involvement on contentious public issues. In addition, the Massachusetts Community Mediation Center Grant Program, administered by the Massachusetts Office of Public Collaboration under G. L. Ch. 75, Section 47, promotes community mediation as an affordable public service.

<i>\$ in Thousands</i>		FY20 GAA	FY21 Request	
7100-0700	MA Office of Public Collaboration (UMB)	1,090	1,605	For the operations of the Massachusetts Office for Public Collaboration and for the operation of the statewide community mediation center grant program administered by the office of public collaboration at the University of Massachusetts at Boston pursuant to section 47 of chapter 75 of the General Laws

7100-0801 – Innovation Commercialization Seed Fund – This funding provided through the Massachusetts Technology Transfer Center provides grants, advice and assistance to public and private research institutions on strategies for technology transfer including assessing the viability and value of developing technologies; defining and exploiting potential markets for such technologies; commercialization strategies; intellectual property issues, including licensing strategies; and business development.

<i>\$ in Thousands</i>		FY20 GAA	FY21 Request	
7100-0801	Innovation Commercialization Seed Fund	400	400	For the Innovation Commercialization Seed Fund established in section 45B of chapter 75 of the General Laws

7100-0901 – Innovation Voucher Program Fund – The Innovation Voucher Program was established in the FY18 budget and in section 45C of chapter 75 of the Massachusetts General Laws. It provides start up and small companies with a state cost sharing for use of “core facilities” at the 5 campuses of the University of Massachusetts. Core facilities are research based hardware and software that are available at a daily or hourly rate or per unit rate for use by companies at the University of Massachusetts.

<i>\$ in Thousands</i>		FY20 GAA	FY21 Request	
7100-0901	Innovation Voucher Program Fund (UMA)	2,000	2,000	For the Innovation Voucher Program Fund established in section 45C of chapter 75 of the General Laws

1599-7104 – Star Store - The Star Store facility is a state-of-the-art facility home to hundreds of artists working in a variety of disciplines and has developed strategic partnerships with New Bedford arts organizations. The Star Store is also home to a number of impressive exhibition spaces, which features exhibitions of local, national, and international renown. The facility includes administrative and academic office space, provides

learning spaces for Bristol Community College, and provides quality meeting space for community organizations. The funding provided for the Star Store funds the monthly lease obligation for the Star Store space in New Bedford.

	FY20 GAA	FY21 Request	
Star Store (UMD)	2,700	2,700	For a reserve of not more than \$2,700,000 for the facilities costs associated with the College of Visual and Performing Arts at the University of Massachusetts at Dartmouth including funds from this item for Bristol Community College

1599-7114 – UMass Center at Springfield –Under the leadership of UMass Amherst, the UMass Center at Springfield has been open since the fall 2014 and offers bachelor and master level courses associated with a variety of existing academic degrees and certificates. The academic offerings include courses in Management, Healthcare and Nursing, Education, Cyber Security, Landscape Architecture and Regional Planning, Architecture, a bachelor’s degree completion program, a 2+2 bachelors program in liberal studies, and a non-credit certificate in Addictions Counseling. The center houses classrooms, computer labs, conference rooms and small meeting rooms, faculty and staff offices, a student learning commons and a lounge. The Center also houses selected outreach, research, and economic development programs and activities. The funding requested for the UMass Center at Springfield funds the monthly lease obligation along with staff salaries and administrative costs currently subsidized by the Amherst campus.

<i>\$ in Thousands</i>		FY20 GAA	FY21 Request	
1599-7114	Springfield Satellite Center (UMA)	250	900	For a reserve for the costs associated with the UMass Center at Springfield

1599-4417 The Edward J. Collins, Jr. Center for Public Management at the John W. McCormack Graduate School of Policy and Global Studies at the University of Massachusetts Boston was established by the Legislature in July 2008 to improve the efficiency and effectiveness of all levels of government with a particular focus on state and local government. The Center’s mission is to enable public entities to provide high quality services to the people they serve on a sustainable basis. Since its founding, the Center has provided a comprehensive array of services including government analytics, executive recruitment, human resources policy audits and governance and management reforms to the Commonwealth’s cities, towns, school districts, and state agencies. The Center has conducted over 350 engagements for state, regional and municipal governments since its establishment. Support from the Commonwealth allows the Center to provide specialized services and expertise to public sector clients that would not otherwise be available and to provide these services at a reduced cost.

<i>\$ in Thousands</i>		FY20 GAA	FY21 Request	
1599-4417	Collins Center (UMB)	250	250	For the Edward J. Collins, Jr. Center for Public Management in the John W. McCormack Graduate School of Policy and Global Studies at the University of Massachusetts at Boston; provided, further, that not less than \$100,000 be spent on the development of new programs, initiatives, and research to address issues and challenges raised in the 2018 "Local Government Workforce Skills Gap Report" written by the Lieutenant Governor's Local Government Workforce Skills Gap Working Group; and provided, further, that quarterly reports will be delivered to the Lieutenant Governor, the Secretary of Administration and Finance, and the Senior Deputy Commissioner of Local Services on the progress of the work

ATTACHMENT B

Other Legislative Priorities:

State Endowment Matching Incentive Program

This past fiscal year, the Administration, House and Senate supported the matching endowment incentive program with a one-time appropriation of \$5 million. Given the program’s success in allowing UMass and other public universities to increase fundraising and grow their endowments, we are asking for this program to be made permanent.

State matching funds programs serve as powerful incentives for public universities to raise funds from private sources. Public colleges and universities that fully utilize state matching funds programs maintain a considerable competitive advantage over their peer institutions. The availability of matching funds from state appropriations is a major factor in the fundraising success of many public universities. In the past, the Commonwealth’s Public Higher Education Endowment Incentive Program matched 50 percent of gifts to the University’s endowment, funds that can be designated for academic purposes, including scholarships, facility construction or named faculty chairs. Endowment giving for faculty support, faculty-led research programs and financial aid provide opportunities for positive press and the building of a donor base.

For public universities with modest fundraising histories, matching funds provide a strong incentive to flag the important role that the endowment can play in supporting University operations. The use of matching funds to encourage endowment giving has produced dramatic results. Between 1997 and 2007, the Legislature funded \$54 million in endowment matching funds, which incentivized more than \$100 million in private giving and fueled the establishment of more than 70 endowed professorships and chairs and numerous scholarships for students. The value of that initial investment is now worth \$275 million in endowed funds that support teaching, learning, research, and student aid.

7066-0115. For the purposes of implementing section 15E of chapter 15A of the General Laws to encourage private fundraising by the commonwealth’s public institutions of higher education for the endowments and capital outlay programs of those institutions; provided, that the board of higher education shall implement this program in a manner which ensures that each institution shall have an equal opportunity to secure matching funds from this item; provided further, that \$10,000,000 shall be allocated to University of Massachusetts campuses; provided further, that \$5,000,000 shall be allocated to state college campuses; provided further, that \$5,000,000 shall be allocated to community college campuses; provided further, that if any funds allocated herein for disbursement to state and community college campuses shall be unused, the remaining funds shall be made available to University of Massachusetts’ campuses.....
\$20,000,000

Full Allotment of State Funds

The University’s State appropriation supports only a portion of the overall operations in any given fiscal year. In an effort to maximize State funds, the University utilizes the appropriation solely for payroll purposes. Because State funding only covers a portion of the overall payroll, it becomes an administrative burden to move employees from the State funding source to other funding sources between allotment periods.

The allotment process is governed by MGL Chapter 29, Section 9B which states:

“Section 9B. Any monies made available by appropriation to state agencies under the control of the governor or a secretary, but not including the courts, the office of the governor and the office of the lieutenant governor, shall be expended only in such amounts as may be allotted as provided in this section. The secretary of administration and finance shall allot to each such state agency the amount which it may expend for each month out of the sums made available to it by appropriation or otherwise, taking into account the programmatic needs of the program supported by the appropriation and the cash-flow needs of the commonwealth.”

Since the University is not an Executive Branch department and, therefore, not subject to the provisions of section 9B, we are asking for a full allotment of the University’s appropriation. In prior fiscal years, the University’s appropriation was fully allotted at the beginning of each fiscal year and was not subject to the periodic allotment process. A full allotment of the University’s appropriation would allow for greater efficiencies in payroll processing.

University Insurance on Properties

Currently, Massachusetts General Law limits the University’s ability to properly insure our buildings based on the following language:

- Chapter 29 Section 30. No officer or board shall insure any property of the commonwealth without special authority of law.
- Chapter 75 Section 9. The trustees may insure the memorial building and its contents in such amount as they deem sufficient.

The inability to properly insure our facilities is a disadvantage to the University and results in a significant cost when buildings are damaged by accident or natural disaster. Furthermore, when a federal emergency is declared, the federal government requires proof of insurance on damaged facilities in order to apply for and receive federal reimbursement for some or all of the damage. The language identified below would allow for the University to properly insure our facilities and utilize such insurance in the event it is required.

Massachusetts General Law is hereby amended in Chapter 75 by striking Section 9 in its entirety and replacing it with the following language: - “The trustees may insure its buildings and any and all of its contents.”

Additional Information Links: Below is additional information including links to the University’s web page for support of the University’s overall Budget Request.

- University of Massachusetts FY21 Budget and Financial Forecast – <https://www.umassp.edu/budget-office/annual-budget>
- Efficiency & Effectiveness Projects at the University – <https://www.umassp.edu/budget-office/efficiency-effectiveness>
- University Capital Plan – <https://www.umassp.edu/budget-office/capital-planning>