



# University of Massachusetts

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December 22, 2015

Kristen Lepore  
Secretary for Administration & Finance  
Executive Office for Administration and Finance  
State House, Room 373  
Boston, MA 02133

James A. Peyser  
Secretary of Education  
Executive Office for Education  
One Ashburton Place – Room 1403  
Boston, MA 02108

**Re: *University of Massachusetts FY17 Budget Request***

Dear Secretary Lepore and Secretary Peyser,

On behalf of the University of Massachusetts, I submit to you the University's FY17 Budget Request. I want to take this opportunity to provide greater transparency regarding the needs of the University. As such, this budget request has been developed in collaboration with the Chancellors and reviewed during a special public meeting of our Board of Trustees and presented to the Higher Ed Caucus this past October.

The University of Massachusetts is the Commonwealth's only public research university and has been providing high-quality educational opportunities for more than 150 years. UMass is currently ranked the No. 1 public university in New England and is among the world's top 100 universities, according to Times Higher Education World Rankings.

As a system, the University educates more than 73,000 students and graduates more than 16,000 students each year. Our graduates are leaders in every sector of society, some are world-renowned and all make significant contributions to Massachusetts and the world. Nearly 266,000 UMass graduates live and work in the Commonwealth. Our faculty includes a Nobel Laureate, Pulitzer Prize winners, members of the National Academy of Sciences, an American Book Award winner and Fulbright, Guggenheim, MacArthur and Mellon fellows. Eight UMass faculty members have been named to the list of the World's Most Scientific Minds of 2015.

The most recent economic impact analysis shows that with the help of the state's investment in the University of Massachusetts, we generated an estimated \$6.1 billion impact on the state's economy. Thus, every \$1 invested in UMass generates \$12 in economic activity for the Commonwealth. Additionally, the University operates a variety of programs with regular on-site staff at over 75 locations, touching every corner of the Commonwealth, specializing in the areas of education, economic development, health, the environment, arts and culture, and public policy. Our vast regional presence allows the University to reach high school graduates, provide for internship and job opportunities for State residents and serve to increase the economic vitality and quality of life in all areas of the Commonwealth.

The University is thankful for the support it receives from the State. While we have worked to be more efficient and maintain a low cost per student, the share funded by the state has diminished, leaving student and families to make up the difference. Understanding that there are many demands on the State's limited resources, we hope that we can work together to secure the funding necessary for the University to meet its obligations and continue to improve quality.

Sincerely,

Christine Wilda  
Senior Vice President for Administration and Finance

Cc: Robert A. DeLeo, Speaker of the House  
Stanley C. Rosenberg, Senate President  
Brian S. Dempsey, House Ways & Means Chair  
Karen E. Spilka, Senate Ways & Means Chair  
Carlos E. Santiago, Department of Higher Education Commissioner

Attachments:

- Attachment A – University FY17 Budget Request (7100-0200)
- Attachment B – UMass Medical School's FY17 Budget Request
- Attachment C – Additional Budget Request Information
- Attachment D – Board of Trustees and Higher Ed Caucus Presentation

**ATTACHMENT A**  
**University of Massachusetts FY17 Budget Request**

Line Item:	FY 16 Amount:	FY17 Amount: Before Tuition Retention	FY17 Amount: After Tuition Retention
7100-0200	\$531,807,373	\$601,157,373	\$570,102,373

The University of Massachusetts is requesting an increase in its base appropriation of \$69 million, not including fringe support, for FY17. The University has identified a total need of approximately \$120 million for FY17, but has been able to reduce that amount through enrollment growth and increased efficiency efforts across the System. The table below shows the buildup of the State appropriation as it would be funded in the State budget not including the additional fringe support tied to any personnel funded through State appropriations.

Table 1:

FY17 State Budget Request	Amount
FY16 State Budget: Base Appropriation	\$ 531,807,373
FY17 Increased State Funding Requested	\$ 69,350,000
<b>Total FY17 Requested State Appropriation (1)</b>	<b>\$ 601,157,373</b>
<b>\$ Change from FY16 State Budget</b>	<b>\$ 69,350,000</b>
<b>% Change from FY16 State Budget</b>	<b>13%</b>
<small>(1) Does not include fringe support provided on all State Appropriations</small>	

While the increase shown above is a 13% increase in the State funding, it is a 7% increase in the University's Academic Core budget also known as the Education & General (E&G) budget for FY17. The requested increase in State the appropriation will cover increases in fixed costs that that are typically supported by the State.

Just as State Leaders are faced with the challenge of managing fixed costs that increase annually so too is the University of Massachusetts dealing with cost that it has had little or no choice but to fund. The amount requested for FY17 is needed to cover obligations resulting from three main cost drivers: salaries and fringe (mainly driven by collective bargaining increases), capital investments needed to address deferred maintenance and University funded financial aid.

The table below summarizes the University's projected budget needs for FY17 based primarily on the fixed costs resulting from decisions that have been made in prior fiscal years, in many cases by the State. For many other public institutions, these are costs that are supported through State resources.

<b>FY17 Projected Need (Above FY16 Budget)</b>	<b>Amount</b>
Salaries & Fringe	\$64,803,332
Non-personnel expense	\$12,757,482
Scholarships and fellowships	\$13,076,736
Capital Investments	\$29,846,468
<b>FY17 Projected Need</b>	<b>\$120,484,018</b>
Minus Projected Enrollment Growth	(\$11,000,000)
Minus Additional Efficiencies	(\$18,000,000)
<b>Remaining FY17 Need:</b>	<b>\$91,484,018</b>

**Salaries, Wages and Fringe** – make up 55% of the University’s total budget and have increased by 42% over the last decade. The majority of the increases are driven by collective bargaining which has been determined by the State. Other factors driving annual increases in salaries and wages include the State’s fringe rate, which is also set by the State and is projected to increase approximately 1% to 31.84% in FY17, as well as new faculty and staff to support campus strategic plans and ensure we maintain high quality. The University employs 14,359 employees and is one of the largest employers in the regions they serve. The spending of the University, its employees and students helped to support over 29,000 additional jobs in the Commonwealth. The table below illustrates the cost of the current collective bargaining contracts in place through FY17. For FY16 the total incremental cost of CB is \$42 million which the state’s portion is \$21 million.

<b>1.75% on July 1st plus 1.75% on January 1st each year</b>	<b>FY15</b>	<b>FY16</b>	<b>FY17</b>
	<b>July 1, 2014 -</b>	<b>July 1, 2015 -</b>	<b>July 1, 2016 -</b>
	<b>30-Jun-15</b>	<b>30-Jun-16</b>	<b>30-Jun-17</b>
University	\$15,412,788	\$21,167,861	\$21,403,051
State	\$13,101,699	\$20,621,810	\$20,583,887
Annual Incremental Cost	<b>\$28,514,487</b>	<b>\$41,789,671</b>	<b>\$41,986,938</b>
<b>Annual Cumulative Cost</b>		<b>\$70,304,158</b>	<b>\$112,291,096</b>

**Capital Support** - capital expenses such as depreciation and interest support necessary investments that maintain our campuses and meet the growing needs of the University. State funding from the Higher Education and Life Sciences bond bills have been a valuable resource. However, to date approximately \$450 million has been put on hold pending the State’s development of the capital strategic plan – this delay is impacting the needs of the campuses and will impact project costs. The University’s capital plan generates over \$550 million in direct construction expenditures and over \$500 million in additional economic activity in our regions supporting over 6,000 jobs statewide. These investments come after years of minimal State funding for deferred maintenance or new facilities to meet our increased enrollment. Now that the University is approaching its debt capacity and the end of the Higher Education and Life Sciences bond funds, the University runs the risk of losing the progress made over the last two decades.

**University Financial Aid** – the University continues to make record high investments in financial aid in order to address the needs of our student body and to help students lessen their debt burden at graduation. Most recently, UMass put \$236 million into financial aid which is up 5% over FY14 and 160% over the last decade. As a University, we continue to meet close to 90% of In-State Undergraduate Need – meaning the percentage of need that was met of students who were awarded need based financial aid. While the number of students applying for aid that were determined to have need is relatively flat at 63% of our in state undergraduate population, those determined to have need received some form of aid in the form of grants, waivers, or loans.

The University strives to be accessible to our residents and therefore continues to invest in financial aid programs for our students.

Funding these costs directly impacts the quality of our University and serves to enhance the student experience. Investments in our physical plant, tenured track faculty, and financial aid are essential if we want to be competitive and provide residents with a world class University. We cannot and will not compromise on the quality of a UMass education – our students demand it and they deserve it.

Understanding the State’s current fiscal environment, the University remains committed to finding ways to offset as much of these costs as possible. For example, the University has aggressively pursued efficiencies across the System and is currently working on 123 projects that are projected to save \$281 million over their lifetime. These efforts are detailed in an annual report which can be viewed on our website. Such efforts have allowed our campuses to reallocate savings to important initiatives and keep the overall cost per student relatively flat. The President has also set aggressive fundraising goals and will continue to build on the University’s endowment. However, these efforts do not completely mitigate the need for additional revenues and the University’s request to increase the State appropriation by \$68 million is needed to help cover these obligations.

### Accounting for Tuition Retention

The University’s FY17 budget request will look different than previous years because the Legislature passed and the Governor signed into law provisions in the FY16 State budget that allows the University to retain tuition received from in-State undergraduates. Prior to the change in law tuition from in-State students was remitted to the Commonwealth’s General Fund. Over many decades, this practice has resulted in a high fee, low tuition billing model that is antiquated and confusing. Starting in FY17 this practice will end and the University will now charge a tuition rate that represents the majority of student charges and is customary in today’s world for Higher Education. In order to do this, the State appropriation for FY17 will be reduced by \$31 million which is the amount that the University will retain in tuition from in-State Undergraduates. The table below illustrates the change in the State appropriation.

<b>FY17 State Budget Request</b>	<b>Before Tuition Retention</b>	<b>After Tuition Retention</b>
FY16 State Budget: Base Appropriation	\$ 531,807,373	\$ 500,752,373
FY17 Increased State Funding Requested	\$ 69,350,000	\$ 69,350,000
<b>Total FY17 Requested State Appropriation (1)</b>	<b>\$ 601,157,373</b>	<b>\$ 570,102,373</b>
<b>\$ Change from FY16 State Budget</b>	<b>\$ 69,350,000</b>	<b>\$ 69,350,000</b>
<b>% Change from FY16 State Budget</b>	<b>13%</b>	<b>14%</b>
(1) Does not include fringe support provided on all State Appropriations		

### Additional Background & Budget Detail

Each fiscal year we provide information related to the University’s operating and capital budgets in public Board meetings. In June we review and approve the annual fiscal year budget along with mandatory fees that will be charged to students for the coming school year. In December we review the University’s audited financial statements and key financial metrics and review performance from the prior year. This winter, we will complete our five-year forecast of revenues and expenses which drives our overall State budget request and in the spring we will complete a report of our key metrics comparing them to peer institutions. In addition to these reports, each quarter we provide updates on the University’s Capital plan and we publish an Executive Dashboard detailing information on not only our financial metrics but student outcomes and other data which help inform the University’s decision making. All of this is to say that we strive to provide timely and transparent information that supports the University’s overall needs.

The annual budget for the University is approximately \$3 billion. This includes the expenses related to the core education of students as well as housing, dining, research and other independent operations. The educational costs of students are supported through the State's annual appropriation to the University and by the tuition and fees paid by students and their families. Currently, the entire State appropriation received by the University is used to support salaries and the associated fringe benefits for employees. Approximately half of the University's budget is driven by employee related costs. The budget projections that were developed back in October are described further in attachment D and was presented to both our Board of Trustees and the Higher Education Caucus this past fall.

**ATTACHMENT B**  
**UMass Medical School FY17 Budget Request**

**Line Item:**  
**New Line item in FY17**

**FY17 Amount:**  
**\$20,000,000**

The University is seeking a special appropriation of \$20 million to address the funding needs of the Medical School which have previously fallen outside of any projected increase provided by the State. This funding, in addition to what the Medical School has historically received as part of the main State Appropriation will allow for the Medical School to continue to support its mission as the State's only public Medical school.

Only fifty years since its founding, the University of Massachusetts Medical School (UMMS) is, unquestionably, one of state government's most successful initiatives. Today, UMMS is known around the world as a renowned hub for medical education, biomedical research and health care innovation. The Commonwealth's public medical school, based in Worcester but with a strong presence throughout the state, is a major catalyst for economic development, a major source of innovative and impactful discoveries, a major contributor to the State's healthcare and life sciences workforce and a major component of the five-campus UMass System.

The medical school's past and current successes have resulted in a tremendous positive impact on the Commonwealth's innovation economy and the well-being of the state's residents. However, UMMS's role as a catalyst for the creation of new educational models, dynamic discoveries, business development and related commercial activity and healthcare delivery innovation that positively impact all of Massachusetts, most especially the Commonwealth's most vulnerable populations, is threatened by inadequate state support vis-à-vis the annual UMass appropriation. The medical school's ability to sustain and advance its mission-based programs, its reputation as a world-class center for medical education, biomedical research and patient care, and its statewide economic impact is wholly dependent upon a fair and equitable annual state investment.

While external conditions unique to UMMS and beyond the control of the University (i.e. federal investment in research, changes to the health care delivery model and payment systems, etc.) impact the medical school's economic condition, state government's support for the state's only public medical school serves as the foundation from which UMMS can fully leverage its entrepreneurial endeavors. UMMS is, by far, the leader among all U.S. medical schools for generating non-traditional (i.e. non-governmental) revenues, and the medical schools' success in this area has been enabled by consistent and equitable state support. In recent years, UMMS has been negatively affected by a lack of support for non-unit salary increases, a lack of inclusion in the 50 / 50 appropriation increases and a lack of capital funding to invest in the medical school's capital intensive facility needs. Indeed, UMMS did not receive the capital funds that were authorized in the last Higher Education Bond Bill (\$30 million) nor has the campus been included in any current DCAMM capital budgets.

More so than ever, UMMS will depend heavily on the funding base provided by state support (base appropriation) to nourish and sustain its educational and research programs, which clearly require consistent and predictable support. The medical school's entrepreneurial revenues can no longer fill the growing gap between the state's flat annual appropriation and the actual funding imperatives that fuel the mission areas of a top-notch public medical school. UMass Medical School's approved peer institutions receive substantially higher amounts of support from their respective state governments. The latest figures from the Association of American Medical Colleges (2013) show that UMMS, which received \$41 million from the state appropriation that year, was far below its public peer institutions in terms of state support. The next closest peer institution was the University of Washington School of Medicine, which received just under \$88 million. More than half of the eight peer institutions were the beneficiaries of state support in excess of \$100 million, with the University of California-San Francisco topping the peer list at \$159 million.

In recognition of the budgetary constraints and fiscal realities facing the medical school over the last several years, UMMS management has already taken aggressive measures to redesign and refine business and operational activities to reduce cost and elevate efficiency. Since 2013, UMMS management has accrued over \$35 million in cost savings / revenue generation including reductions in central administrative departments, tuition increases and asset sales. This has allowed the medical school's operating budget to maintain mission critical programs while limiting non-essential and discretionary expenditures. However, UMMS is fast approaching a line of demarcation where further efforts to curtail expenditures, identify additional efficiencies and increase revenues, especially from tuition and fees, will begin to harm and hinder the medical school's core mission areas. In short, UMMS alone can no longer sustain the level of investment required to maintain its current quality of education, research advancements and service to the Commonwealth. An adjustment in funding from the state will be essential to preserve the medical school's impressive growth trajectory and substantial statewide impact in the years ahead.

The following selected facts and figures demonstrate and underscore the medical school's unique and central role within the UMass System and throughout the Commonwealth of Massachusetts.

- UMMS has a strong record of educating physicians, nurses and research scientists critical to the state's essential health care and life science sectors, with 62% of graduates establishing their careers in the state, according to an alumni survey conducted by UMMS;
- UMMS has a nationally recognized program in primary care medical education, perennially ranking in the top ten percent among all medical schools in the U.S. News and World Report annual rankings of graduate schools;
- According to the Association of American Medical Colleges, UMMS ranks in the 97th percentile for graduates satisfied with the quality of their medical education, in the 94th percentile for graduates practicing in primary care, and in the 23rd percentile for the in-state cost of attendance;
- UMMS anchors and drives the University's R&D portfolio, generating more than \$250 million in annual research awards and accounting for more than 95% of the UMass System's nationally ranked licensing revenue;
- A Donahue Institute Economic Impact Study found that, in 2013, the medical school generated \$1.7 billion in statewide economic activity;

The University of Massachusetts Medical School takes seriously its role as the Commonwealth's first and only public medical school. The campus looks forward to partnering with state government to ensuring that UMMS's mission-based activities continue to benefit the health and well-being of the people of the Commonwealth and the state's innovation economy.



**ATTACHMENT C**  
**FY17 Budget Request**

**Purpose:** The purpose of this attachment is to provide you with the details in support of the University's FY17 funding request for specific program line items. 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 FY17 funding request:

**FY16 University's Specific Program Line Items**

7100-0801 – Innovation Commercialization Seed Fund (\$2.0 million) – 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.

Line Item		FY16 GAA	FY17 University Request	Line Item Language
7100-0801	Innovation Commercialization Seed Fund	1,000,000	2,000,000	For the Innovation Commercialization Seed Fund established in section 45B of chapter 75 of the General Laws

7100-0700 – Massachusetts Office of Public Collaboration (\$1.3M) - The MA Office of Public Collaboration state-wide mission 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.

Line Item		FY16 GAA	FY17 University Request	Line Item Language
7100-0700	Massachusetts Office of Public Collaboration	750,000	1,272,000	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

1599-7104 – Star Store (\$2.7 million) - 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.

Line Item		FY16 GAA	FY17 University Request	Line Item Language
1599-7104	Star Store	5,200,000	2,700,000	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

1599-7104 – UMass Center at Springfield (\$1.5 million) - With UMass Amherst as the lead campus, the UMass Center at Springfield opened in 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. Other UMass campuses, Holyoke Community College, and Springfield Technical Community College, offer for-credit courses and workforce training programs on-site and/or blended that are associated with existing academic degrees and certificates that are responsive to the educational, economic and social needs of Springfield area residents. The funding requested for the UMass Center at Springfield funds the monthly lease obligation along with staff salaries and administrative costs.

Line Item		FY16 GAA	FY17 University Request	Line Item Language
1599-New	Springfield Satellite Center	-	1,500,000	For a reserve to support the operations of the UMass Center at Springfield

1599-3857 – Advanced Technology & Manufacturing Center (\$1.1 million) – The ATMC provides infrastructure for early-stage and transition companies as they grow and mature. The primary objective of the ATMC is to provide an environment where technology companies will develop into employers located in Southeastern Massachusetts. By attracting these companies to the ATMC, the University facilitates the economic growth of the region. Participating companies benefit from an environment that includes quality space, complete facilities and support services, technical and business expertise, and proximity to other companies facing similar challenges. Access to UMass Dartmouth faculty and staff, as well as the fully-equipped research laboratories, is one of the most beneficial resources. Additionally, business and technical support is available from the UMass Dartmouth. The services include strategic and business planning, financial and capital planning as well as market research. The University will also help with legal and intellectual property issues as needed. The Center has established commercial alliances with accounting, legal, human resources and funding organizations. The ATMC also provides a wide array of intern and work experiences for UMass Dartmouth students. This line item, historically funded at \$1,581,922, has supported the lease and operations of the ATMC in Fall River. However, in 2014, the Dartmouth campus acquired the ATMC with funding provided in the Life Sciences Bond Bill and approved by the Life Sciences Board. Due to the acquisition, the funding for the lease costs estimated at \$514,830 are no longer needed, but the remaining amount that supports the ongoing operational costs of the center is needed. Funding for this item was not included in the FY16 GAA and the University is requesting that \$1,067,092 be restored to support operating costs of the ATMC and to ensure that it continues to be a successful resource to growing companies in the area.

Line Item		FY16 GAA	FY17 University Request	Line Item Language
1599-3857	Advanced Technology and Manufacturing Center in Fall River	-	1,067,092	For the operation of the advanced technology and manufacturing center

1599-4417 – Edward J. Collins Institute (\$541K) - The Edward J. Collins, Jr. Center for Public Management at the University of Massachusetts at Boston's McCormack Graduate School of Policy Studies provides Massachusetts state and local governments with cost-saving, revenue-enhancing, and performance-improving services. These services include assistance to Massachusetts municipalities to achieve savings through consolidated purchasing, service exchanges, governance reforms, cost-saving technologies, and incentive programs, as well as revenue-enhancement support.

Since its founding, the Center has provided services to scores of the Commonwealth's cities and towns, as well as to numerous State agencies. The 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.

Line Item		FY16 GAA	FY17 University Request	Line Item Language
1599-4417	Collins Ctr. Public Mgt. UMB	750,000	541,000	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

2000-1207 – State Climatologist (\$200K) – The State Climatologist is responsible for gathering and archiving data on climate conditions around the commonwealth; conducting and fostering research concerning the climate of the commonwealth and looking for opportunities for sponsored research concerning climate issues around the commonwealth; coordinating with the Northeast Regional Climate Change Center housed at the University of Massachusetts Amherst by the federal Department of the Interior; educating and informing the citizens of the Commonwealth on matters related to climate.

Line Item		FY16 GAA	FY17 University Request	Line Item Language
2000-1207	State Climatologist	200,000	200,000	For the office of the state climatologist

2210-0105 – Toxic Use Reduction Institute (\$1.6 million) - The Massachusetts Toxics Use Reduction Institute (TURI) at the Lowell campus was created to promote reduction in the use of toxic chemicals and the generation of toxic by-products in industry and commerce in the Commonwealth of Massachusetts. This item is funded through an earmark at the Department of Environmental Protection under the Executive Office of Energy and Environmental Affairs.

Line Item		FY16 GAA	FY17 University Request	Line Item Language
2210-0106	UML - Toxics Use Reduction Institute	1,629,850	1,629,850	provided further, that not less than \$1,629,860 from this item shall be made available for the operation of the toxics use reduction institute program at the University of Massachusetts at Lowell;

**Summary of University of Massachusetts Line Items FY17 Budget Request:**

Below is a table showing all of the University's line items, the FY16 funding amount and the FY17 request.

Line Item		FY16 GAA	FY17 University Request	FY17 Request (After Tuition Retention)
7100-0200	University of Massachusetts	531,807,373	\$ 601,157,373	\$ 570,102,373

Line Item		FY16 GAA	FY17 University Request
7100-NEW	University of Massachusetts - Medical School	-	\$ 20,000,000
7100-0801	Innovation Commercialization Seed	1,000,000	2,000,000
7100-0700	Massachusetts Office of Public Collaboration	750,000	1,272,000
1599-7104	Star Store	5,200,000	2,700,000
1599-New	Springfield Satellite Center	-	1,500,000
1599-3857	Advanced Technology and Manufacturing Center	-	1,067,092
1599-4417	Collins Ctr. Public Mgt. UMB	750,000	541,000
2000-1207	State Climatologist	200,000	200,000
2210-0106	UML - Toxics Use Reduction Institute	1,629,850	1,629,850

**ATTACHMENT D**  
**Board of Trustees and Higher Ed Caucus Presentation**

**Additional Information Links:** Below is additional information including links to the University's web page for in support of the University's overall FY17 Budget Request.

- October 2015 Board of Trustees Meeting
  - FY17 University Budget Request
  - Medical School Needs Overview
- University of Massachusetts FY16 Budget - <https://www.umassp.edu/sites/umassp.edu/files/content/publications/budget-office/FY16%20Operating%20Budget%206-9-15.pdf>
- Efficiency & Effectiveness Projects at the University - <https://www.umassp.edu/sites/umassp.edu/files/content/publications/budget-office/E-E%20Report%20-%20Final%20-%20removed%20pic%207-7-15.pdf>
- University Capital Plan - <https://www.umassp.edu/sites/umassp.edu/files/content/publications/budget-office/Agenda%20-%20Action%20Item%202%20-%20FY15-19%20Capital%20Plan%20as%20of%202011-21-14.pdf>



# University of Massachusetts

**Board of Trustees  
October 21, 2015**

**Higher Ed Caucus  
November 4, 2015**



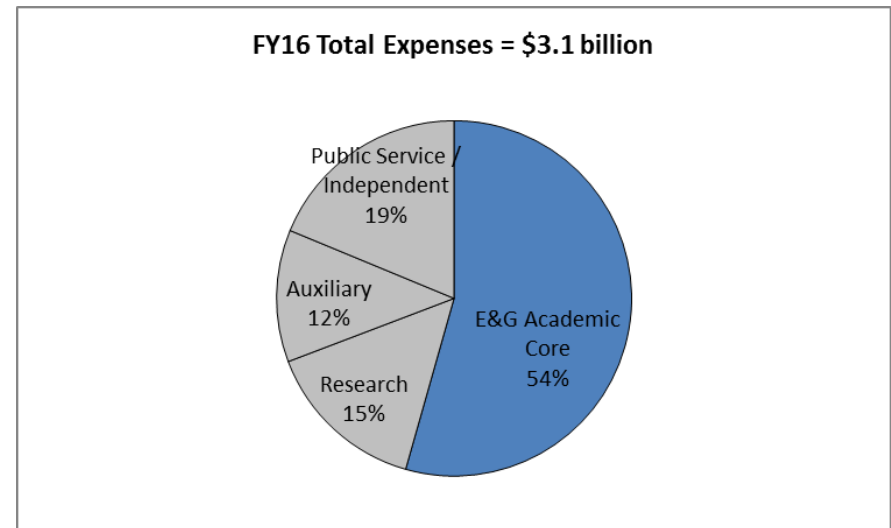
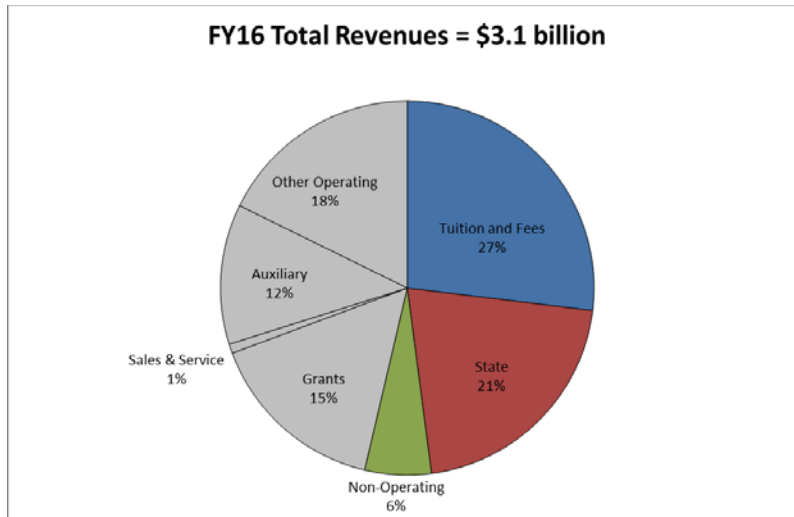
University of Massachusetts

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# Only 54% of the UMass budget is dedicated to Academic core, the Education & General Expenses (E&G)

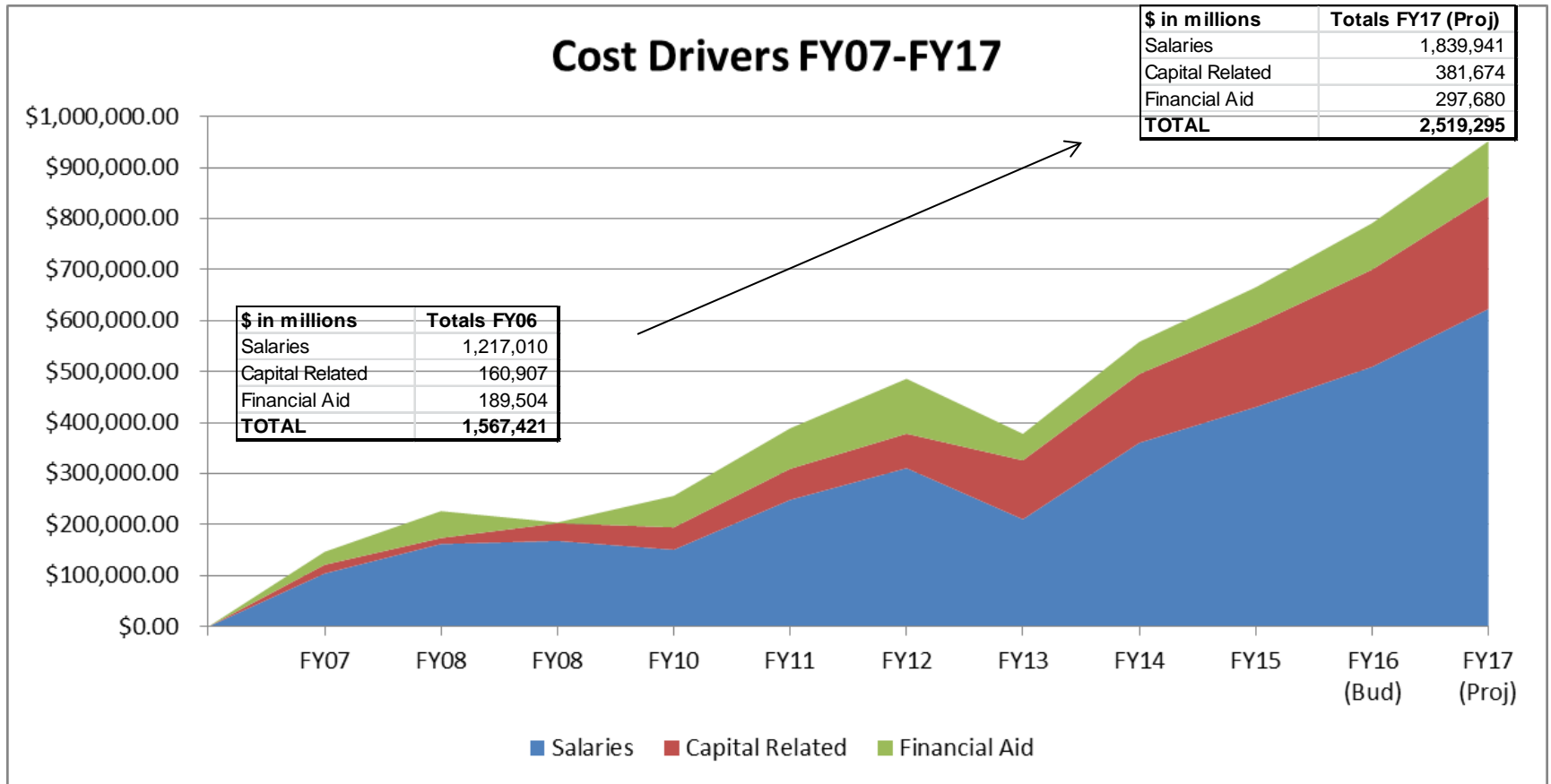
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- ❑ The Academic Core or E&G budget is entirely reliant on the State support and Tuition and Fees.
- ❑ The remaining 46% of University's budget is restricted to specific programs and services related to grants, the operation of campus auxiliary services sales and revenue generated from Commonwealth Medicine.





# Major Cost Drivers



# University – Annual E&G Cost Drivers

4

- Education & General (E&G) refers to the Academic Core revenues and expenses of the overall budget.

University					
Major E&G Cost Drivers					
(\$ in 000)	Growth				% of Cumulative Growth FY15-17
Major expense drivers	FY15 (base)	FY16	FY17	Cumulative	
Compensation	\$871,146	\$32,867	\$70,652	\$103,519	46%
New faculty	\$2,045	\$8,930	\$7,928	\$16,858	7%
Total financial aid	\$262,053	\$18,318	\$17,309	\$35,627	16%
Capital master plan	\$257,813	\$24,533	\$24,916	\$49,449	22%
<i>Depreciation</i>	<i>\$145,534</i>	<i>\$15,048</i>	<i>\$16,556</i>	<i>\$31,604</i>	
<i>Interest on debt</i>	<i>\$35,744</i>	<i>\$1,863</i>	<i>\$1,689</i>	<i>\$3,552</i>	
<i>New building O&amp;M</i>	<i>\$76,535</i>	<i>\$7,622</i>	<i>\$6,672</i>	<i>\$14,294</i>	
All other (inflation, utilities, service contracts)	\$413,210	\$12,613	\$9,446	\$22,059	10%
<b>Total expense</b>	<b>\$1,806,267</b>	<b>\$97,261</b>	<b>\$130,251</b>	<b>\$227,512</b>	<b>100%</b>
<i>Minus Financial Aid Netted from T&amp;F</i>	<i>(\$207,834)</i>	<i>(\$14,624)</i>	<i>(\$15,572)</i>	<i>(\$30,196)</i>	
<b>E&amp;G Drivers</b>	<b>\$1,598,433</b>	<b>\$82,637</b>	<b>\$114,679</b>	<b>\$197,316</b>	
Total Expenses	\$1,598,433	\$1,681,070	\$1,795,749		
Total State Revenue (Appr + Fringe)	\$635,679	\$654,744	\$766,666		
% State Funding Toward E&G	40%	39%	43%		



# Collective Bargaining Overview

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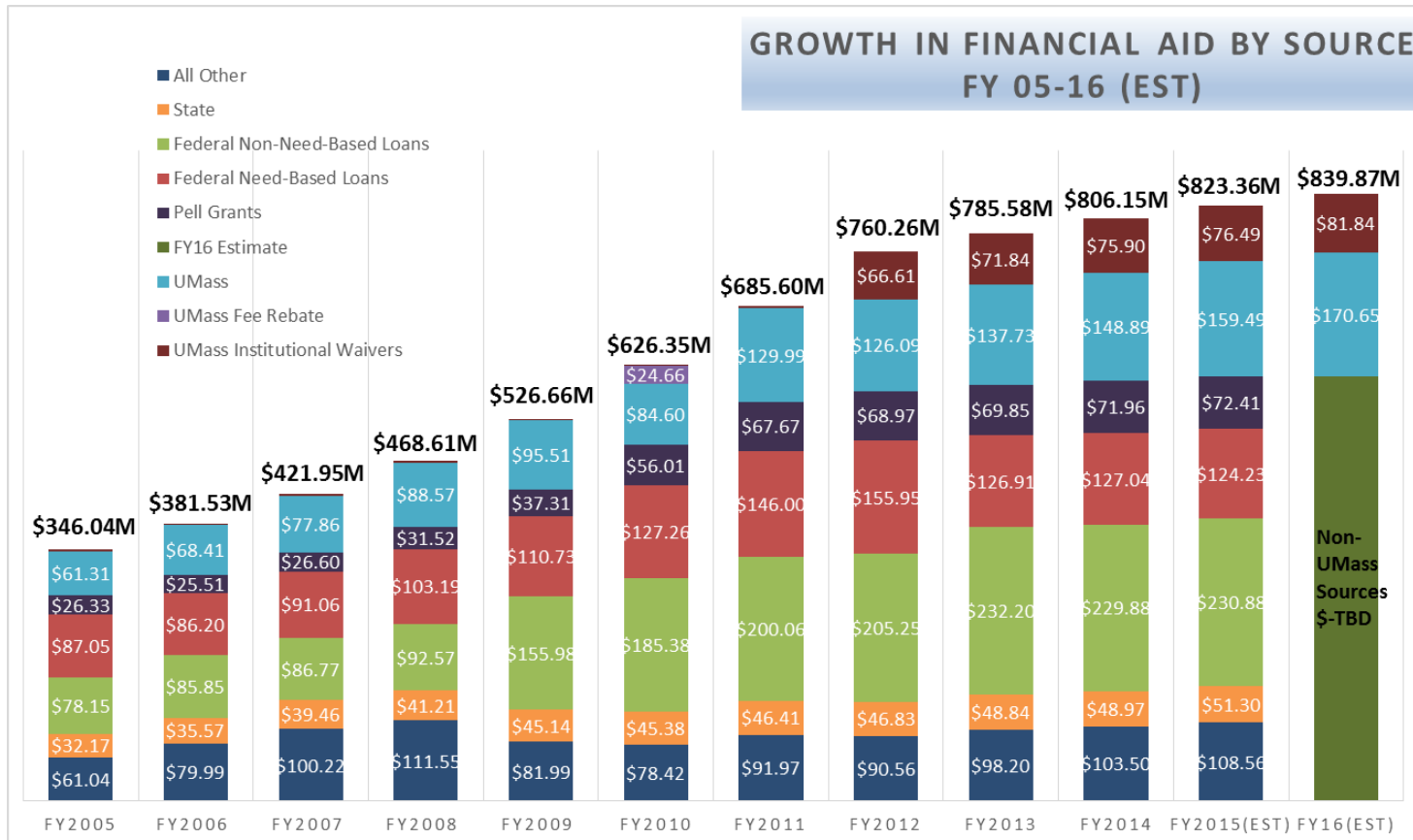
- ❑ FY15,16,17 Contract will increase base salaries by \$112 million once fully implemented
- ❑ To date, the State has only funded \$15 million.

1.75% on July 1st plus 1.75% on January 1st each year	FY15	FY16	FY17
	July 1, 2014 -	July 1, 2015 -	July 1, 2016 -
	30-Jun-15	30-Jun-16	30-Jun-17
University	\$15,412,788	\$21,167,861	\$21,403,051
State	\$13,101,699	\$20,621,810	\$20,583,887
Annual Incremental Cost	<b>\$28,514,487</b>	<b>\$41,789,671</b>	<b>\$41,986,938</b>
<b>Annual Cumulative Cost</b>		<b>\$70,304,158</b>	<b>\$112,291,096</b>



# Financial Aid

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**FY16 Total UMass Aid \$252.5 million or \$17 million or 7% higher than FY15**

**In FY17, UMass Aid expected to grow an additional \$17 million**

**Since FY06 UMass Financial Aid has grown by 133%**

Note: (1) All Other includes Private/Alternative Loans, Work Study, and various grant and loan programs. (2) starting in FY12, the University began breaking out waivers and reporting them separately as another form of UMass aid

# Efficiency & Effectiveness

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- ❑ The overall University total estimated savings and cost avoidance is \$282.3 million; System wide initiatives total \$144.4 million; UMBA has an additional \$137.9 million of projects. These totals do not include campus specific projects underway and detailed later in the report.

2014 Report	# Projects	Total Savings	FY10-12	FY13	FY14	FY15	FY16	FY17	FY18+
Purchasing Initiatives	20	\$35,620	\$2,293	\$1,055	\$2,950	\$5,848	\$6,012	\$12,912	\$4,550
Energy & Sustainability	33	\$74,784	\$4,233	\$7,556	\$7,726	\$7,885	\$3,961	\$4,121	\$39,302
IT Initiatives	70	\$34,040	\$10,209	\$957	\$7,528	\$7,872	\$5,560	\$1,845	\$69
<b>Subtotal</b>	<b>123</b>	<b>\$144,444</b>	<b>\$16,735</b>	<b>\$9,568</b>	<b>\$18,204</b>	<b>\$21,605</b>	<b>\$15,533</b>	<b>\$18,878</b>	<b>\$43,921</b>
			<b>\$44,507</b>			<b>\$99,937</b>			
			<b>Savings to Date</b>			<b>Projected Savings + Costs Avoided</b>			

- ❑ The E&E Task Force groups have identified over 123 projects and identified approximately \$144 million in savings and cost avoidance have been achieved since FY12 (2011).
- ❑ E&E has allowed us to absorb some of the cost increases we have experienced without detriment to programs or quality and has helped keep our cost of attendance below or competitive with peers

# Unavoidable Expense Growth

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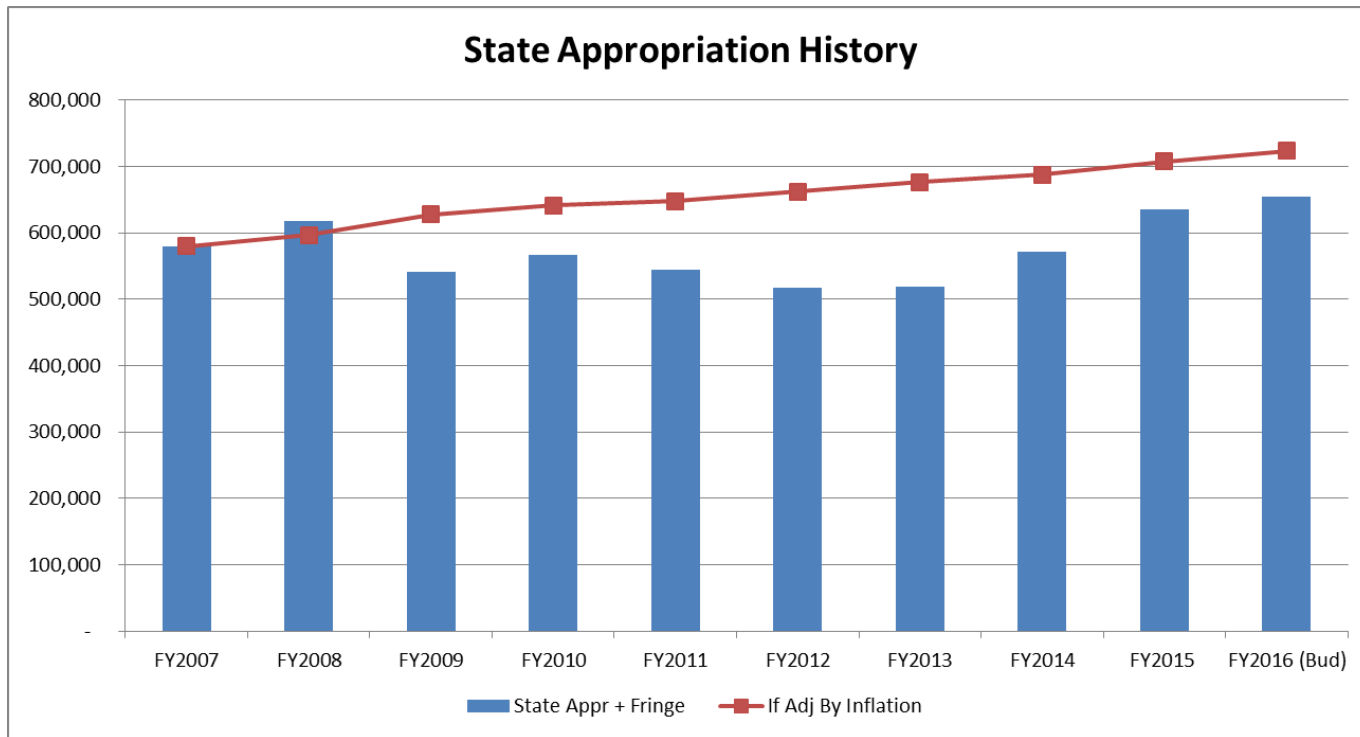
- ❑ Increases in several areas of the budget are about paying bills for decisions already made; many of which are out of our control.

\$ in millions	FY16	FY17	Growth
Coll. Bargaining	\$70,304	\$112,291	\$41,987
Depreciation & Interest	\$351,513	\$381,674	\$30,161
Financial Aid	\$235,900	\$252,500	\$16,600
<b>Total</b>	<b>\$657,717</b>	<b>\$746,465</b>	<b>\$88,748</b>

- ❑ These costs do not include strategic investments that improve the University's quality and outcomes and are instead obligations that must be paid.

# State Appropriation

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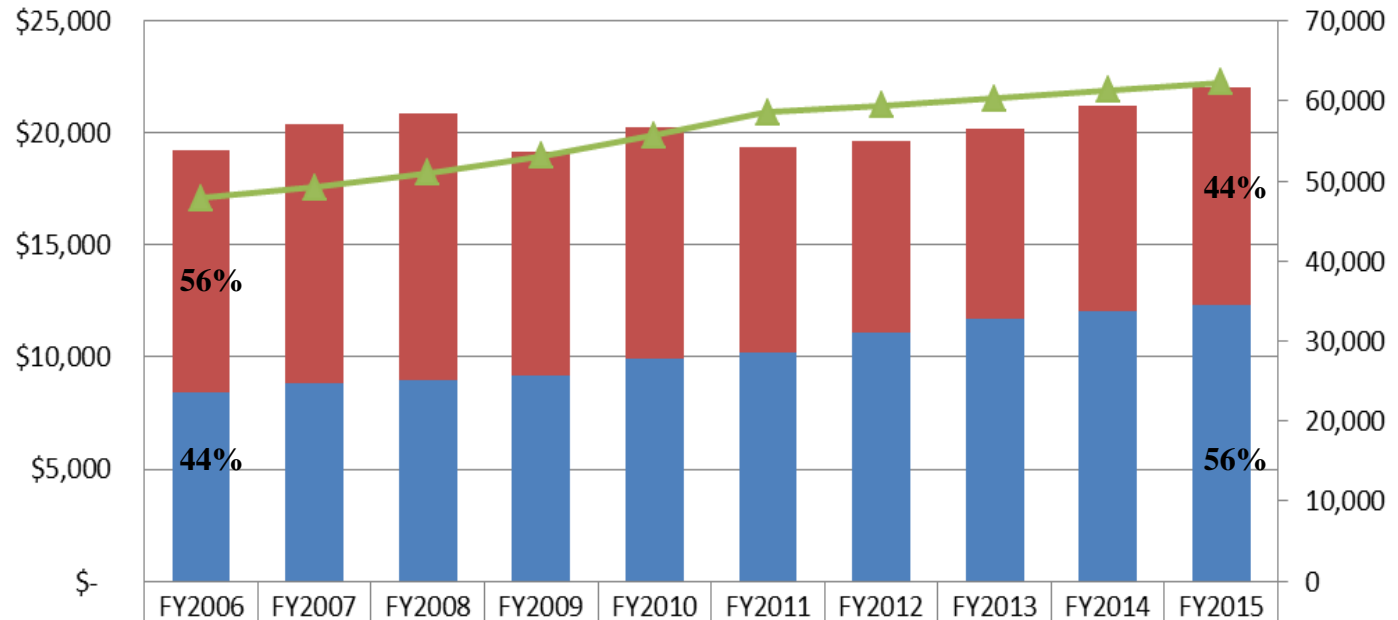
- ❑ Despite historical levels of investment in recent years total State funding is near its FY08 levels.
- ❑ If the State Appropriation grew by inflation, it would be \$70 million higher in FY16 than the current budget



# State Support & Tuition / FTE

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## T&F / FTE and State Appropriation / FTE



Appropriation / FTE (Total Enrollment)	\$10,818	\$11,497	\$11,873	\$9,949	\$10,330	\$9,192	\$8,568	\$8,468	\$9,174	\$9,736
Net T&F / FTE (Total Enrollment)	\$8,389	\$8,864	\$8,977	\$9,206	\$9,911	\$10,197	\$11,081	\$11,726	\$12,067	\$12,327
Enrollment	47,874	49,165	51,069	53,140	55,740	58,564	59,490	60,337	61,336	62,301





# Thank You

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