



University of Massachusetts

Amherst • Boston • Dartmouth • Lowell • Medical School • UMassOnline

Office of the President
One Beacon Street, 31st Floor
Boston, Massachusetts 02108

Phone: 617-287-7050
Fax: 617-287-7167
www.massachusetts.edu

December 17, 2018

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

Re: University of Massachusetts FY20 Budget Request

Dear Secretary Heffernan,

On behalf of the University of Massachusetts, I submit to you the University's Fiscal Year 2020 Budget Request.

UMass understands and appreciates the challenging fiscal environment the state faces in fiscal year 2020. As the state grapples with rising costs in several areas of the budget, the University is confronted with some of the same mandatory and fixed cost increases – collective bargaining, fringe, capital investments and increasing investment in student financial aid.

The university's request of \$568.3 million represents a \$26.2 million increase over fiscal year 2019 of which \$11.8 million is related to State's approved collective bargaining increases while the remainder is related to other fixed cost for capital and financial aid. The increase is needed to cover these obligations and is reasonable in its attempt to mitigate tuition increases for students and families. We have worked to maintain a low cost per student and will be able to continue to do so by freezing tuition for in-state undergraduates if our full request is funded. Otherwise, the University will implement modest and reasonable tuition increases for fiscal year 2020. Understanding that there are many demands on the State's limited resources, we hope that we can continue to work together to secure the funding necessary for the University to meet its collective bargaining obligations, as it did for fiscal years 2018 and 2019, and cover other growing fixed costs.

We are sharply focused on remaining affordable, which is critical to our mission and our position in an increasingly competitive higher education marketplace. To that end, we have taken extensive measures in terms of efficiency and effectiveness, to increase transparency, to establish frameworks for financial accountability and to be good stewards of resources. We continue to focus on several key areas to ensure we remain affordable for students of all backgrounds, including expanding our digital education offerings, forming new partnerships with private business and nonprofits, and increasing our financial aid endowment to provide more scholarships for deserving students.

The State's investment in UMass is paying off for Massachusetts residents seeking a high quality college education at an affordable cost. For the third year in a row, U.S. News & World Report differentiated UMass by making us one of the only university systems in the country with all of its undergraduate campuses nationally ranked. This is an expression of national acclaim for a university that is focused on building a brighter future for the Commonwealth and its citizens.

Given the Commonwealth's reliance on a highly educated workforce and the development of intellectual capital, Massachusetts deserves a public research university that encourages the best and brightest to remain in the state to live, learn and contribute to the social and economic well-being of the state.

Sincerely,



Martin T. Meehan
President

Cc: Robert A. DeLeo, Speaker of the House
Karen E. Spilka, Senate President
Jeffrey Sanchez, Chair House Ways & Means
Joan Lovely, Vice Chair Senate Ways & Means
John W. Scibak, Chair Joint Committee on Higher Education
Michael Moore, Chair Joint Committee on Higher Education
James A. Peyser Secretary for the Executive Office of Education
Carlos E. Santiago, Department of Higher Education Commissioner

Attachments:

- Attachment A – Additional Budget Request Information
- Attachment B – Other Legislation

University of Massachusetts FY20 Budget Request

FY20 Funding Request:

UMass is requesting an FY20 base appropriation of \$568.3 million, which reflects an increase of \$26.2 million, or 5% above FY19. This amount is based on the State fully funding its share of Collective Bargaining including a base increase to reflect the FY18 and FY19 costs funded via transfer to the University's budget during FY19 and an amount to support other fixed cost increases.

	FY19	FY20 Request	Variance
Appropriation	519,167	519,167	-
Collective Bargaining (FY18-19)	22,928	22,928	-
Collective Bargaining (FY20)	-	11,811	11,811
Other Fixed Costs	-	14,396	14,396
Total	542,095	568,302	26,207

Cost of Collective Bargaining:

The latest 3-year Collective Bargaining contract began in FY18 with the FY20 budget serving as the last year of that contract period. During the current fiscal year, our teams worked together to establish the calculation used to determine the State share of annual funding for this contract. To date, an assumption of funding has been provided by your office which reflects the following:

FY	Total Request	Funding Source
FY18	11,297	FY18 Year-end Supplemental
FY19	22,928	FY19 GAA + FY18 Year-end Supplemental

For FY20, it is critical that the FY19 funding for collective bargaining is added to the base appropriation. The University's request assumes the FY20 incremental State share would then be added to that adjusted base appropriation using the same agreed upon calculation for the amount:

	FY20
State Appr (7100-0200)	542,095
TR: In State	31,055
TR: Out of State	39,558
Total	612,708
Discounted for Payroll Tax	601,741
Bi-weekly Payroll	23,144
2% annually	11,811

If the state is unable to support an increase to support the current collective bargaining agreements, the University will be in the unfortunate circumstance of having to raise tuition and / or implement cuts that would likely impact the core education and teaching mission of all five UMass campuses. These cuts would result in extending the current hiring freeze to new vacant positions, increasing undergraduate student-faculty ratios, reductions in transportation services, layoffs, changes in program offerings and the re-evaluation the University's support for satellite locations, centers and other institutes. As in previous years, the University will also need to consider tuition increases to help cover its obligations for the upcoming fiscal year.

**ATTACHMENT A
FY20 Budget Request**

University's 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 FY20 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.

Line Item	FY19 GAA	FY20 Request	Line Item Language
7100-0700 Massachusetts Office of Public Collaboration	990,000	1,395,000	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

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.

Line Item	FY19 GAA	FY20 Request	Line Item Language
7100-0801 Innovation Commercialization Seed Fund	400,000	2,000,000	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.

Line Item	FY19 GAA	FY20 Request	Line Item Language
7100-0901 Innovation Voucher Program Fund	2,000,000	2,000,000	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.

Line Item	FY19 GAA	FY20 Request	Line Item Language
1599-7104 Star Store	2,700,000	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

1599-7114 – UMass Center at Springfield - 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 currently subsidized by the campuses.

Line Item	FY19 GAA	FY20 Request	Line Item Language
1599-7114 Springfield Satellite Center	250,000	1,500,000	For a reserve for the costs associated with the UMass Center at Springfield

1599-4417 – Edward J. Collins, Jr. Center for Public Management- 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.

Line Item	FY19 GAA	FY20 Request	Line Item Language
1599-4417 Edward J. Collins, Jr. Center for Public Management	300,000	500,000	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

ATTACHMENT B
UMass Legislative Priorities

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.

State Matching Endowment Incentive Program

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. The last endowment match program sponsored by the Commonwealth was funded at \$20 million and helped the University to raise over \$92 million in private funds and added \$142 million to the University's endowment. This fueled the establishment of more than 70 endowed professorships and chairs and numerous scholarships for students.

*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
(\$20,000,000 was done last time funding was provided)*

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 in support of the University's overall Budget Request.

- University of Massachusetts FY19 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>
- University Sustainability Report – <https://www.umassp.edu/budget-office/sustainability>

