



University of Massachusetts

Budget Overview **FY 2017**



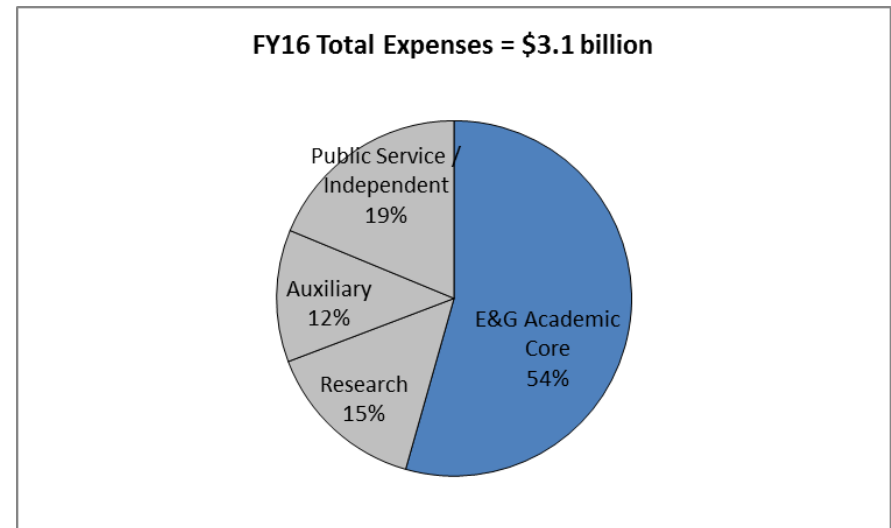
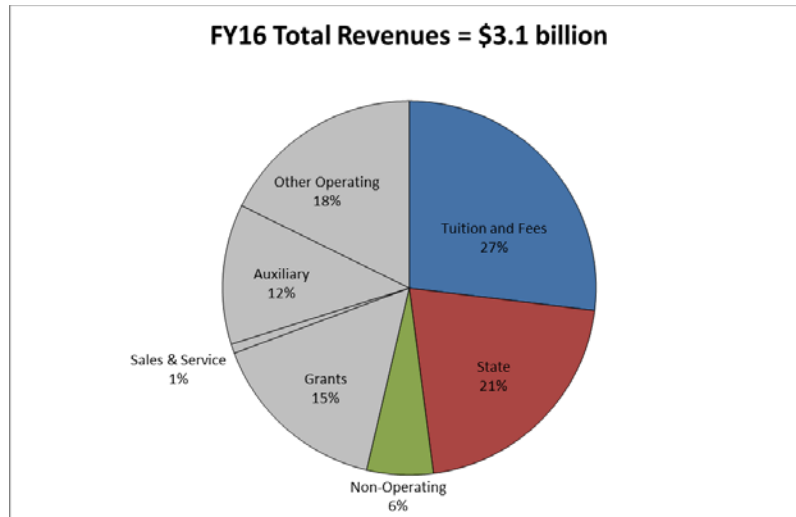
University of Massachusetts

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

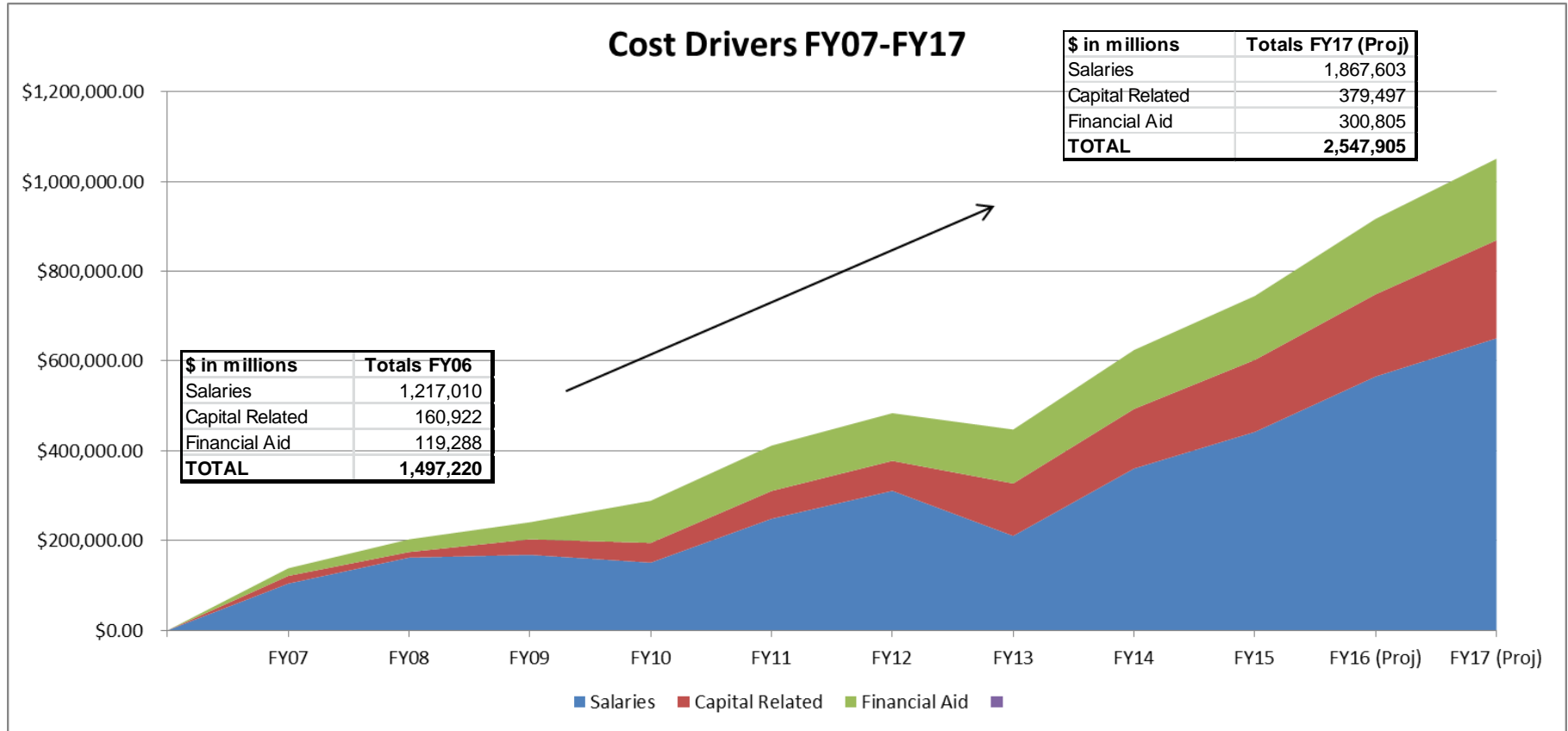
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- ❑ The Academic Core or E&G budget is entirely reliant on the State support and Tuition and Fees.
- ❑ The remaining 46% of University's budget is restricted to specific programs and services related to grants, the operation of campus auxiliary services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



Major Cost Drivers

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University – Annual E&G Cost Drivers

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	Amount
Salaries & Fringe	\$53,795,689
Non-personnel expense	\$14,492,438
Scholarships and fellowships	\$13,076,697
Capital Investments	\$29,286,468
FY17 Projected Need	\$110,651,292

- ❑ **Salaries, Wages and Fringe** – UMass employs 14,359 employees and is one of the largest employers in the regions they serve. Spending by the University, its employees and students help to support over 29,000 additional jobs in the Commonwealth. Salary and wages make up 55% of the University's total budget and have increased by 42% over the last decade driven primarily by collective bargaining parameters set by and the State.
- ❑ **Capital Investments** - The UMass capital plan generates over \$550 million in direct construction expenditures and over \$500 million in additional economic activity in our regions generating over 6,000 jobs statewide. Capital investments drive down our deferred maintenance needs and support the growing and changing 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 in projects have been removed from the State's Capital Plan –impacting the needs of the campuses.
- ❑ **University Financial Aid** – UMass continues to make historically high investments in financial aid in order to address the needs of our students and lessen their debt burden at graduation. Last year UMass invested \$236 million into financial aid, up 5% over FY14 and 160% over the last decade. UMass meets close to 90% of In-State Undergraduate need.



Collective Bargaining Overview

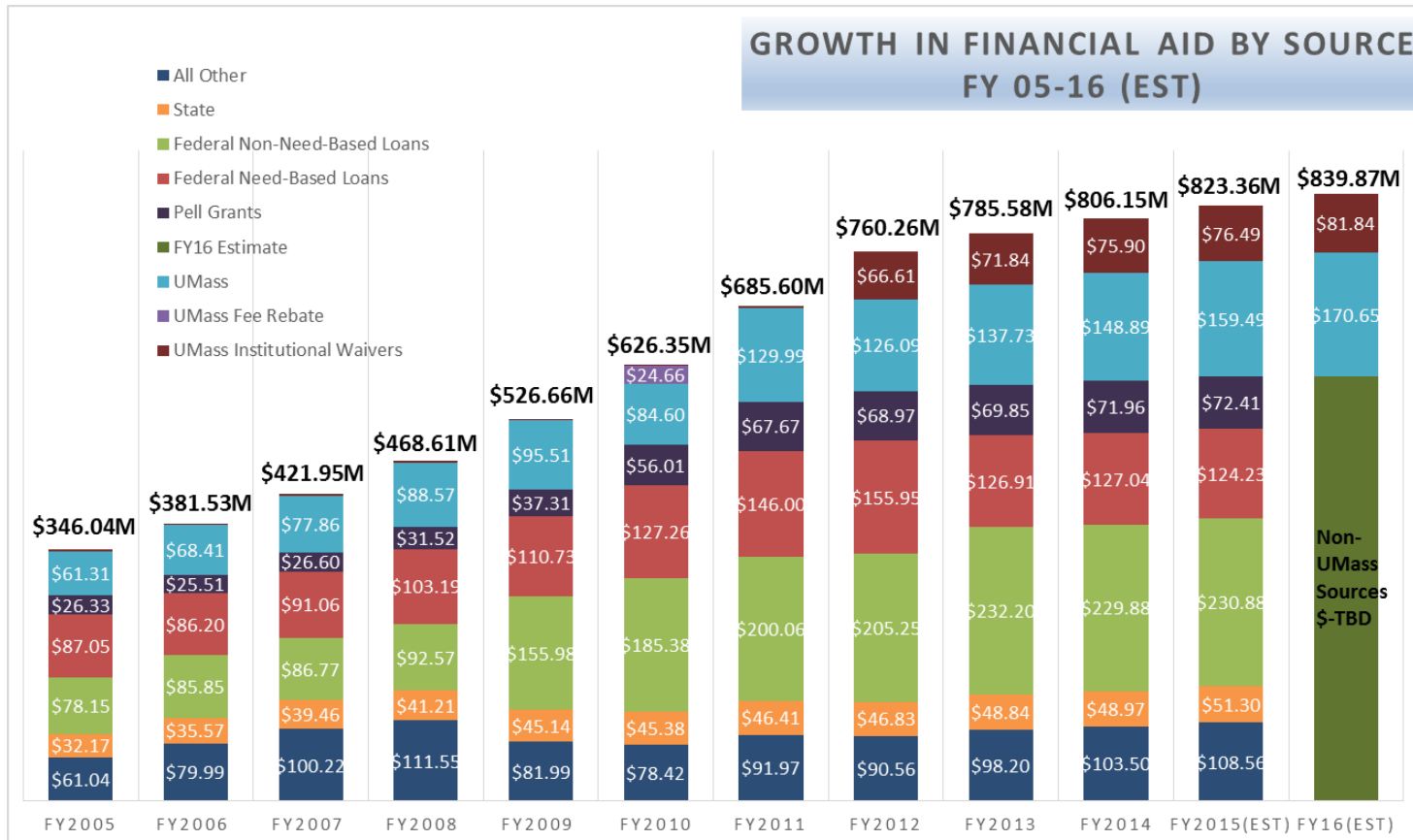
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- ❑ FY15,16,17 Contract will increase base salaries by \$112 million once fully implemented
- ❑ To date, the State has only funded \$15 million.

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	\$28,514,487	\$41,789,671	\$41,986,938
Annual Cumulative Cost		\$70,304,158	\$112,291,096



Financial Aid



- **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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- UMass continues to pursue efficiencies across the System and is working on over 129 projects that are projected to save \$291 million over their lifetime. For FY15 this is approximately \$10 million more than we projected last year at this time. In addition, we have identified several new projects that have been added to the work of the Committees. Approximately \$155 million of savings and cost avoidance has come from the initiatives of the Committees listed below and the rest is the result of other initiatives by the UMBA.
- Projections do not reflect any of the savings and avoided cost that we expect to get from the work outlined by the newly formed Facilities Committee. As you know this is an entirely new area of E&E that we have now begun to explore much more aggressively. Work is underway to estimate the value of these initiatives and add them into this year's report. Once incorporated into the table below our projected savings over the next 3 – 5 years will increase.

2015 Report	# Projects	Total Savings	FY10-12	FY13	FY14	FY15	FY16	FY17	FY18	FY19+
Purchasing Initiatives	24	\$40,800	\$2,293	\$1,055	\$2,830	\$5,848	\$7,012	\$13,612	\$3,300	\$4,850
Energy & Sustainability	31	\$76,284	\$4,233	\$7,556	\$7,826	\$10,105	\$5,681	\$2,681	\$2,681	\$36,391
IT Initiatives	74	\$36,740	\$10,209	\$957	\$7,528	\$7,872	\$6,110	\$2,445	\$713	\$905
Subtotal	129	\$153,824	\$16,735	\$9,568	\$18,184	\$23,825	\$18,803	\$18,738	\$6,694	\$42,146
			\$68,312				\$86,381			
			Savings to Date				Projected Savings + Costs Avoided			



Unavoidable Expense Growth

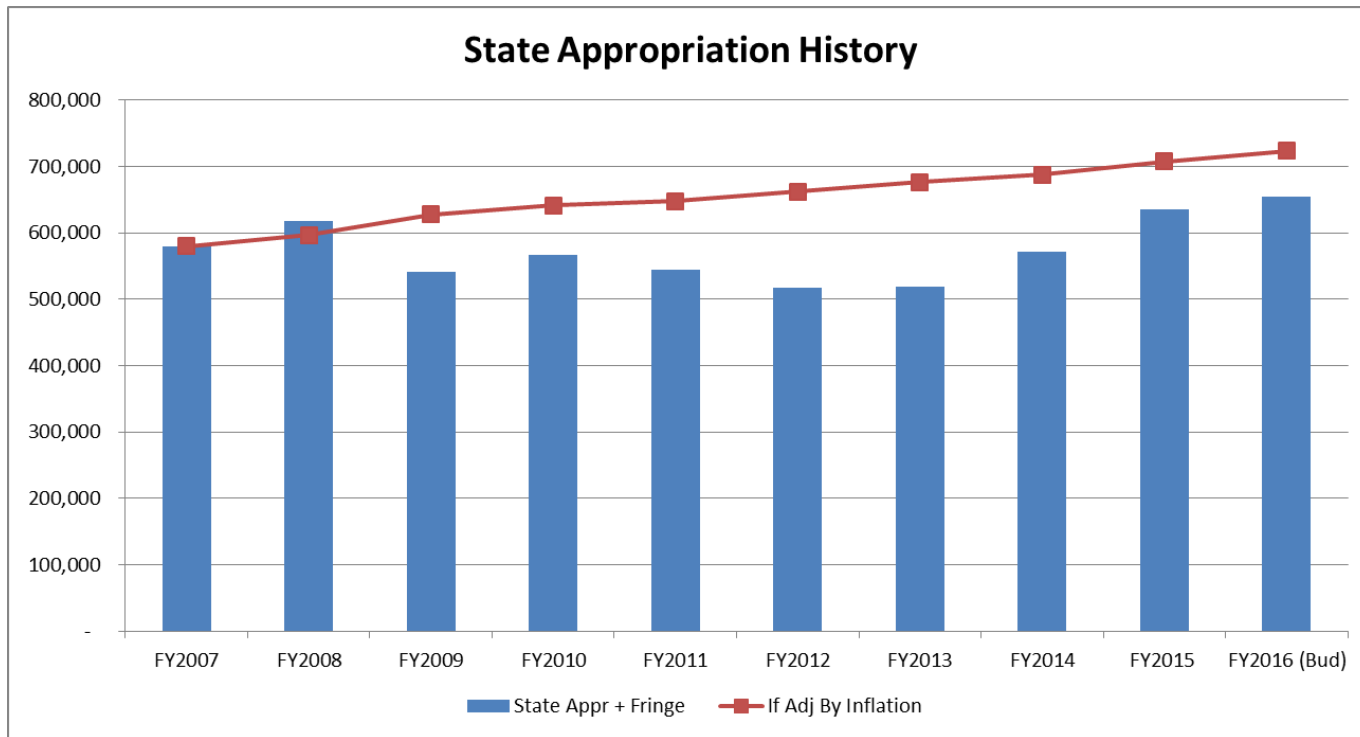
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- ❑ Increases in several areas of the budget are about paying bills for decisions already made; many of which are out of our control.

\$ in millions	FY16	FY17	Growth
Coll. Bargaining	\$70,304	\$112,291	\$41,987
Depreciation	\$242,135	\$263,952	\$21,817
Interest	\$101,691	\$115,152	\$13,461
Financial Aid	\$287,300	\$300,805	\$13,505
Total	\$701,430	\$792,200	\$90,770

- ❑ 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

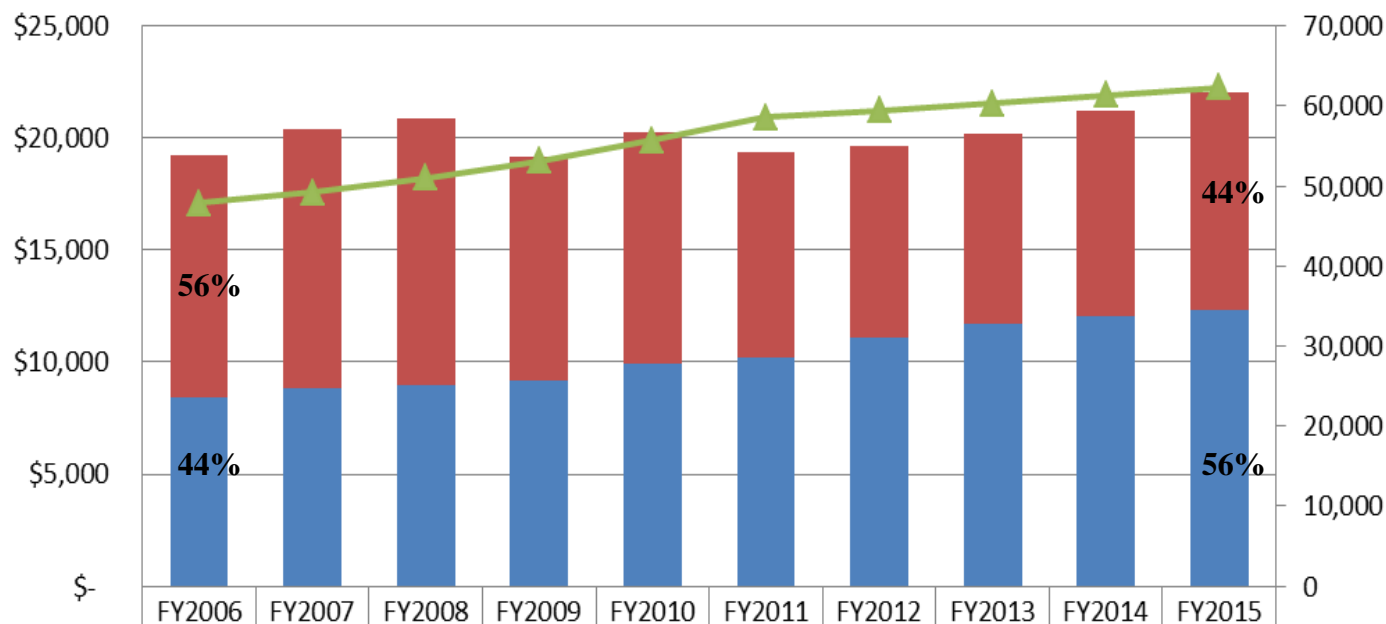


- ❑ Despite historical levels of investment in recent years total State funding is near its FY08 levels.
- ❑ If the State Appropriation grew by inflation, it would be \$70 million higher in FY16 than the current budget

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





University of Massachusetts

Progress Addressing Deferred Maintenance



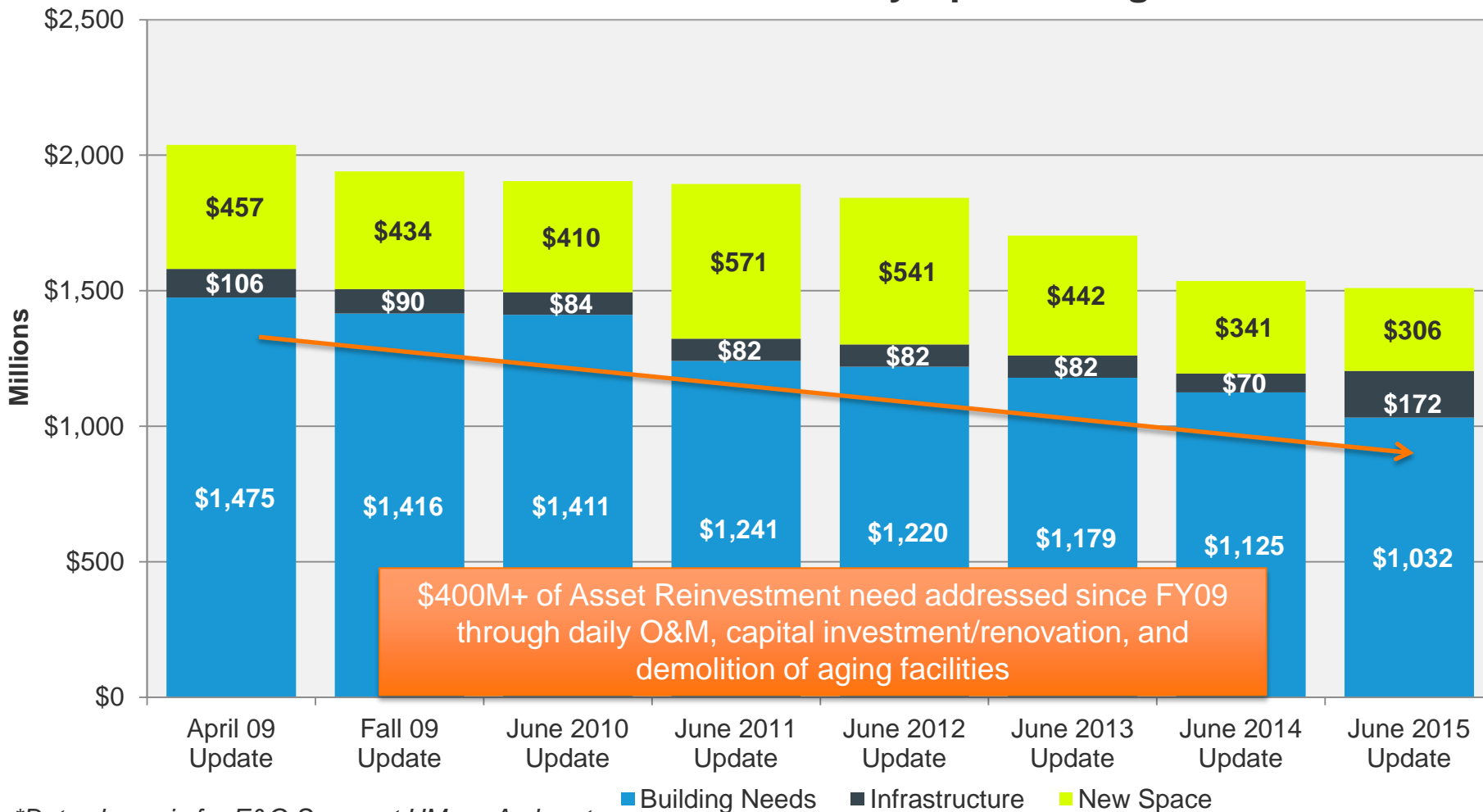
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Asset reinvestment progress at UMA since 2009

Needs in existing space reduced by 30% - over \$400 million reduction

IFP Identified Needs by Update Stage

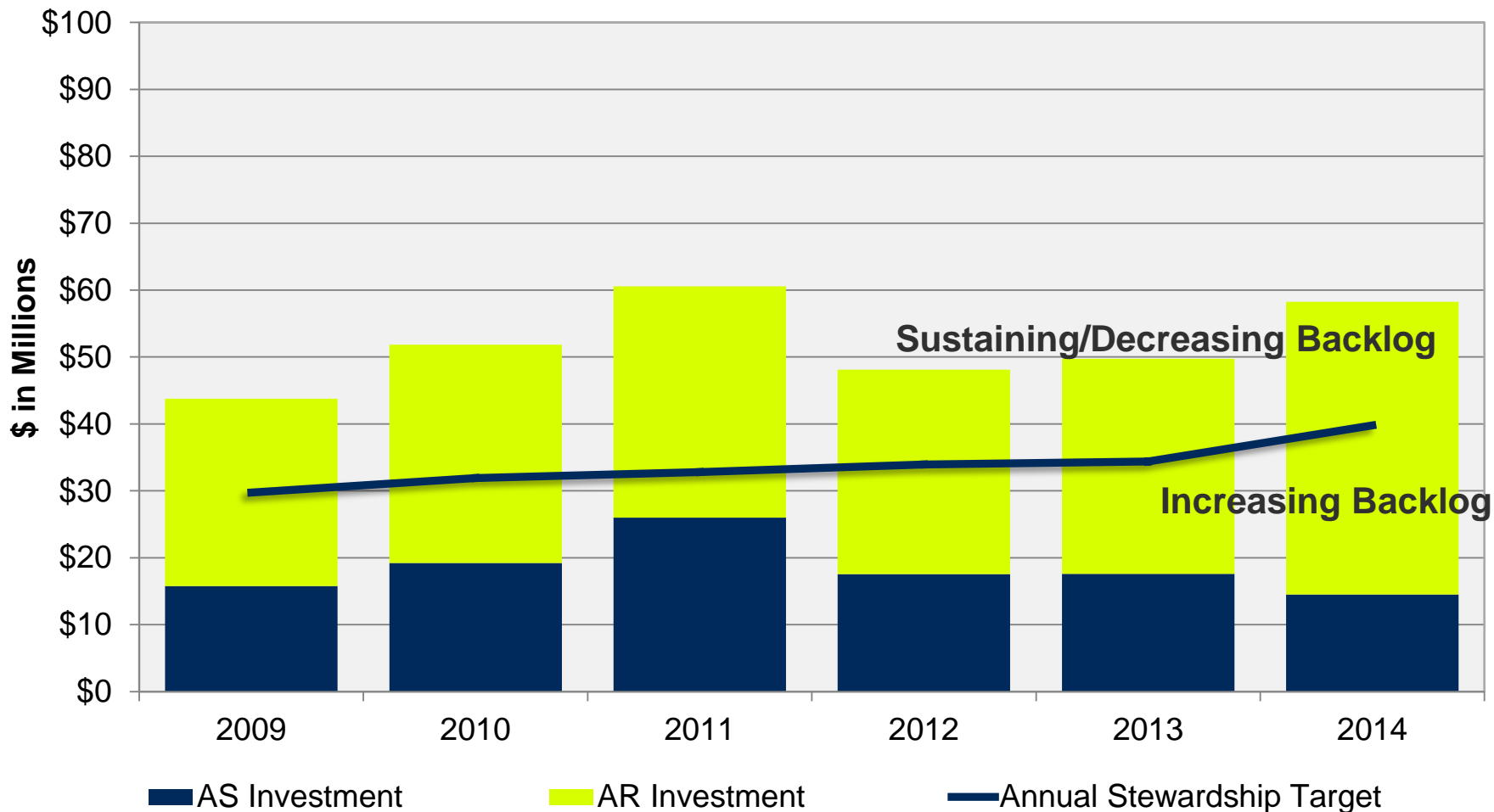


*Data shown is for E&G Space at UMass Amherst

Data Exhibit 8 - We have hard project level data on the backlog of needs for U Mass Amherst going back to 2005. This data show over a \$400m decline in backlog, at a time when most public university backlogs have been growing.

U Mass Amherst Capital Investment in Existing E&G Space (6/10/15)

UMA able to reach target investment zone every year since 2009

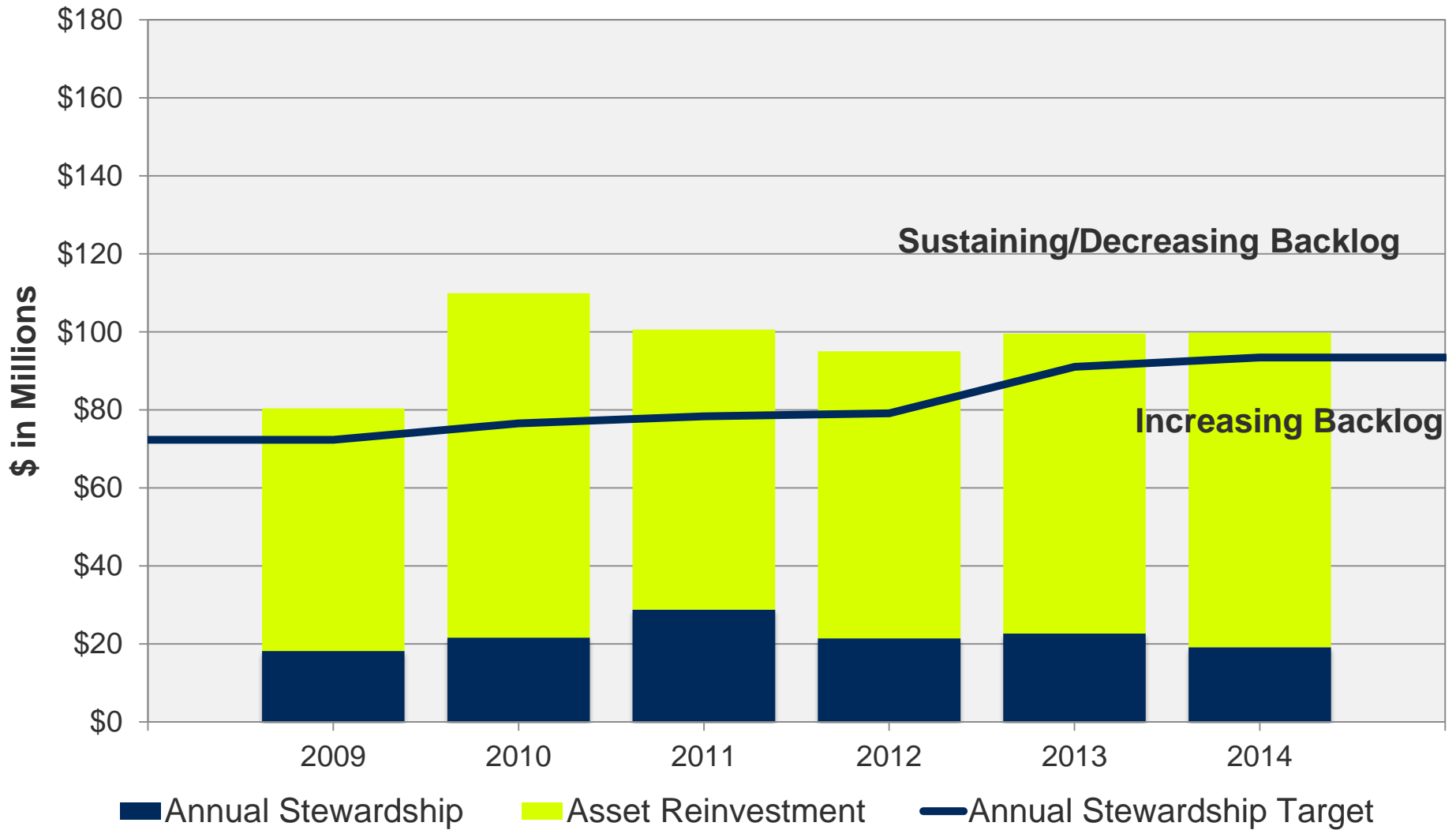


Data Exhibit 9 - This was accomplished by investing significant capital into existing space since 2009 at levels that are in our recommended target range for existing space every year.

UMass Spending against Target: 2009-2014 not including Flagship campus



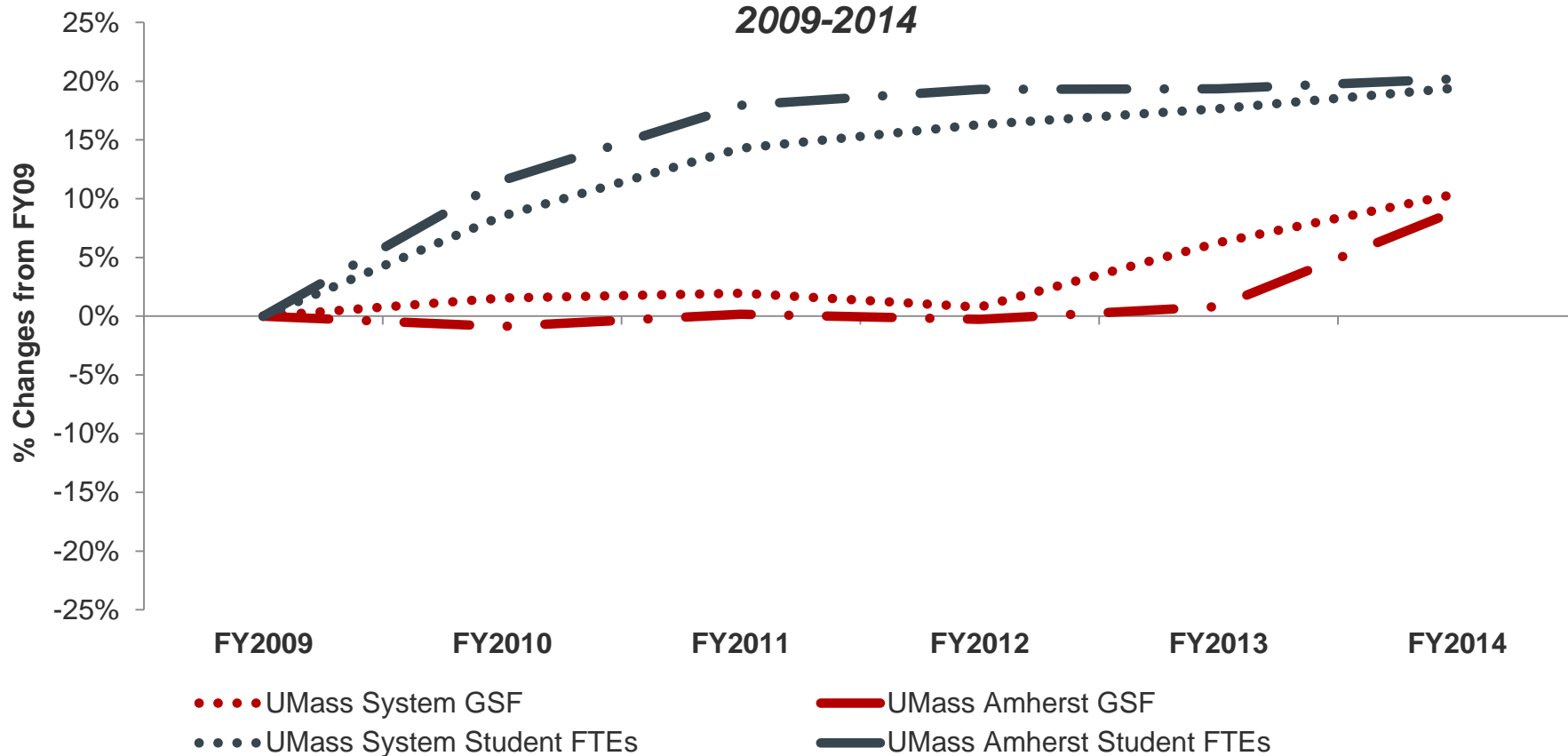
Historic spending close to or met annual targets



Growth in space and enrollment (6/10/15)

Recent increase in space closes gap with enrollment growth

Percent Change In Space and Students 2009-2014



Data Exhibit 7 - New space was added at UMA, but it lagged enrollment growth.