

---

---

# UMass Budget and Finances

let's talk big picture + plans

— Mid Spring 2021 —

---

---

# Mo' Money

UMass and the Commonwealth were in good shape financially pre-pandemic!

Post-COVID relief (CARES '20: \$2.2T, Dec '20: \$900B, ARP '21: \$1.9T)  
and future stimulus: even better.

# What's a budget?

and who writes it?  
and how is it presented?  
and who is affected by it?  
...and so on...

- An impartial accounting of assets and liabilities?
- A best-effort projection of future income and expenses?
- A list of judgments?
- A statement of priorities?
- A political document?

Some of each!

---

# Some context on the UMass budget

In the recent past:

Furloughs (other units), rejected salary cuts (MSP), and VSIP/  
hiring freezes (all units)

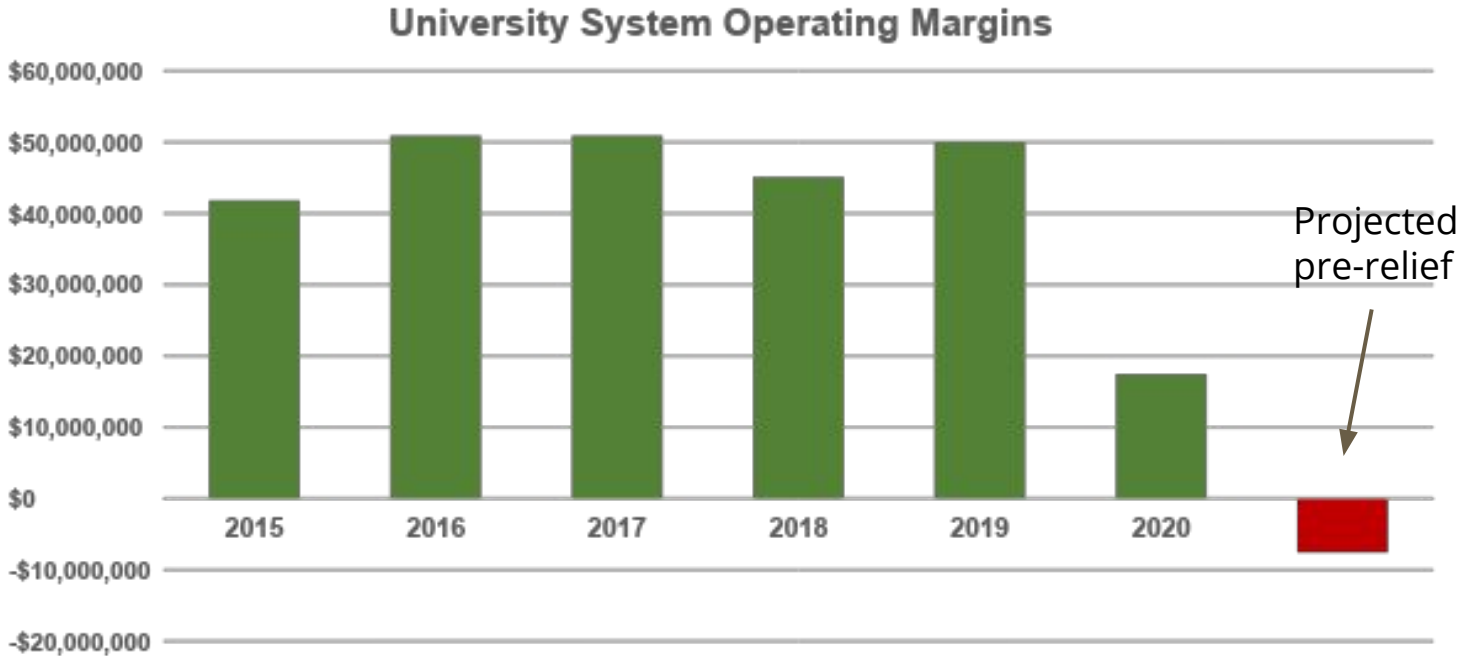
FY21: ~7.5% one-time cuts over the “usual” 5%\* base cuts

Further back:

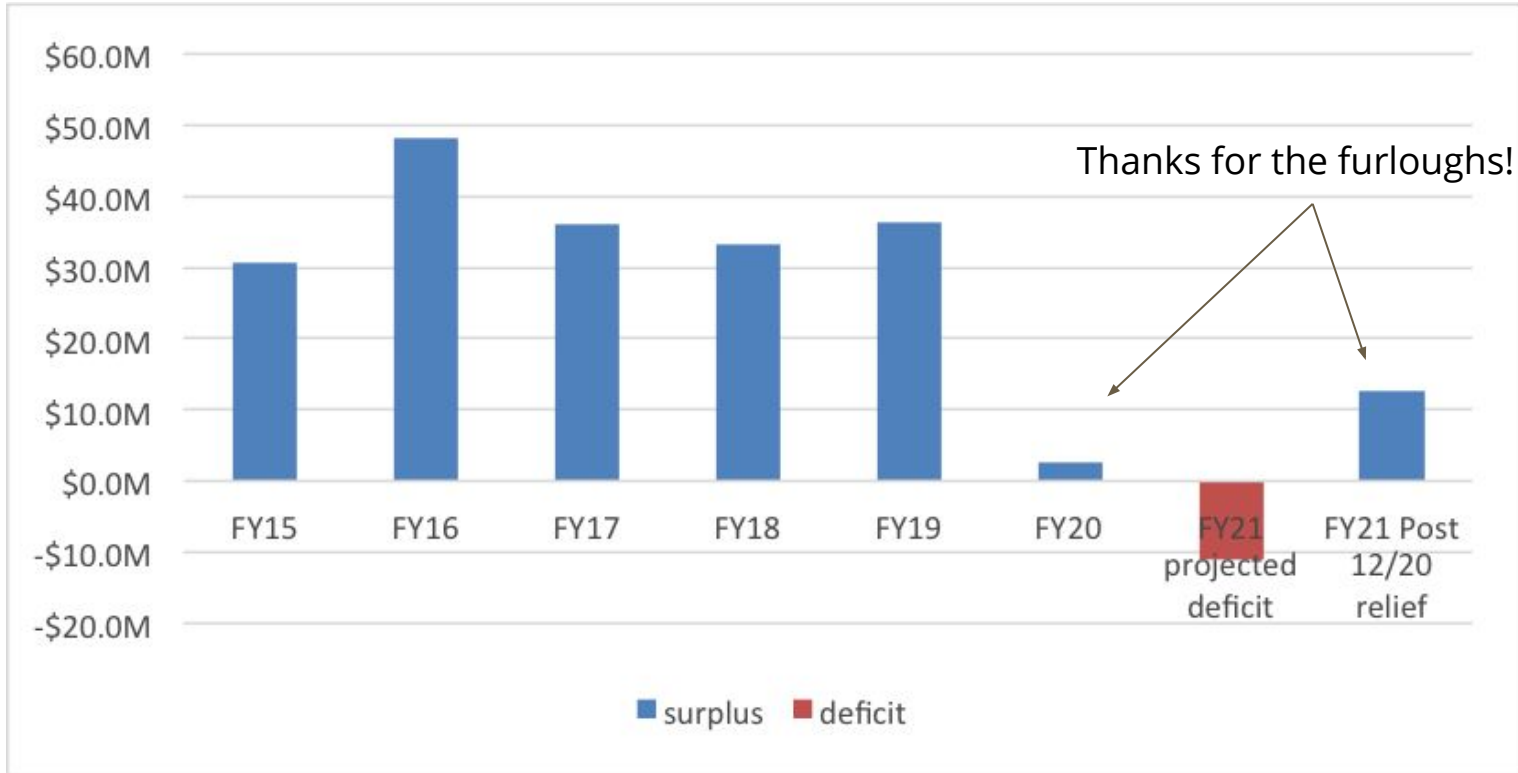
\$30M surpluses most years, but low raises & no merit

\* in “normal” times, base cut + reallocation is “usually” smaller:  
~2%

# UMass *System* has run surpluses for years

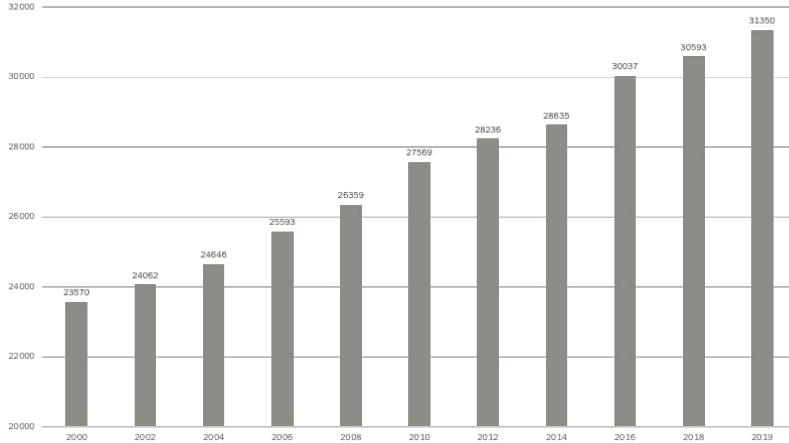


# UMass Amherst accounts for most of the surplus!

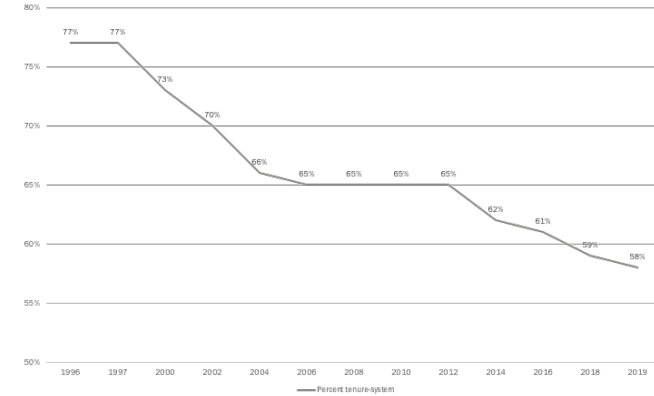


# Money in the bank; students and faculty in the tank

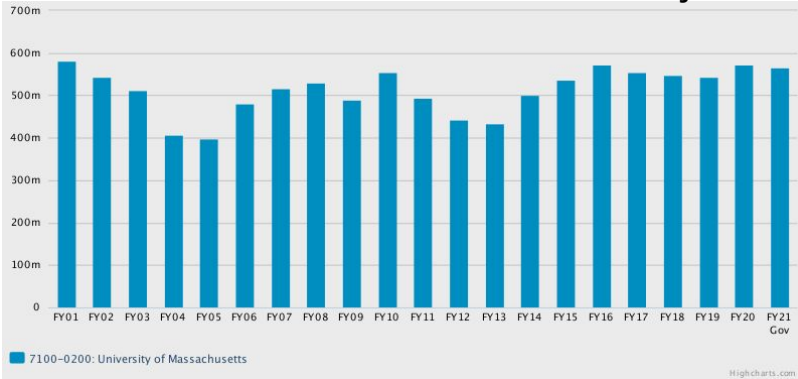
UMass Amherst student enrollment 2000-2020



Percent of the total faculty that is tenure-system

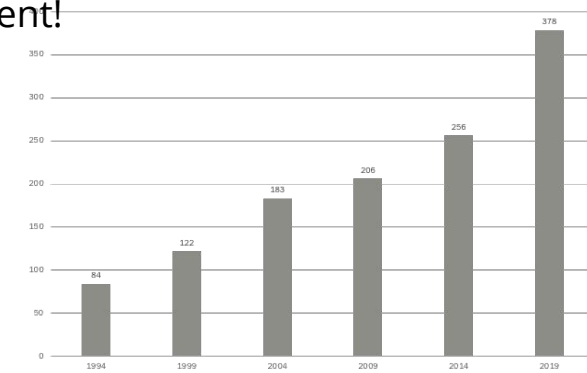


State allocation to UMass, inflation-adjusted



Shrinking per-student!

Number of full-time NTT Faculty 1994-2019



# Money didn't go to lavish raises...

2015: 3.5% (2.1 Across The Board, 1.4 Merit)

2016: 4% (2.1 ATB, 1.9 Merit)

2017: 2% ATB, no merit

2018: 2% ATB, no merit

2019: 2% ATB, no merit

2020: 0%, no merit

>\$150M in surpluses were run @ UMass Amherst during this time period.

No year ended in a deficit.



## Furloughs: How did this happen?

Staff agreed to take furloughs in a good-faith compromise based on projections from the administration and BoT.

Many staff ended up furloughed for three weeks — a 6% pay cut, and work not done or shifted to others.

# Furloughs: Why did this happen?

- They said we would have a 5% drop in fall enrollment
  - **WRONG** — only 0.5% drop
- They said we would have a 10% cut in state funding
  - **WRONG** — no cut in state funding at all, level-funded!
- They said we couldn't count on federal relief funds
  - **WRONG** — Three relief acts have passed!

# Furloughs: Why mightn't this have happened?

Board of Trustees maintains multiple funds based on past years' surpluses:

- >\$323M in unrestricted funds
- >\$125M in emergency reserves

Neither was tapped during pandemic!

Only for things like an "asteroid strike."



# Voluntary Separation Incentive Program (VSIP)

Since S20 reductions by unit:

USA – 96 left

PSU – 79 left

AFSCME – 95 left

MSP – 35 left

In total – approximately 300 left.

Approximately zero replaced — meanwhile 350+ “temporary” (non-unit) employees on campus.

## MSP pay cuts: Why didn't this happen?

Swamy, by way of John McCarthy and Deborah Gould, told us in December faculty/librarians needed to take cuts of \$6.3M to balance the FY21 budget.

Congress was debating a relief bill at the time.

We consulted members and rejected the administration's proposal.

Congress passed the relief bill shortly thereafter.

The December relief packaged sent UMass \$28M, \$18M of which for UMass to keep people employed (other \$9M reserved for students).

$(\$6.3\text{M deficit}) + (\$18\text{M unrestricted relief}) \approx \$12\text{M surplus for this FY}$

# The future

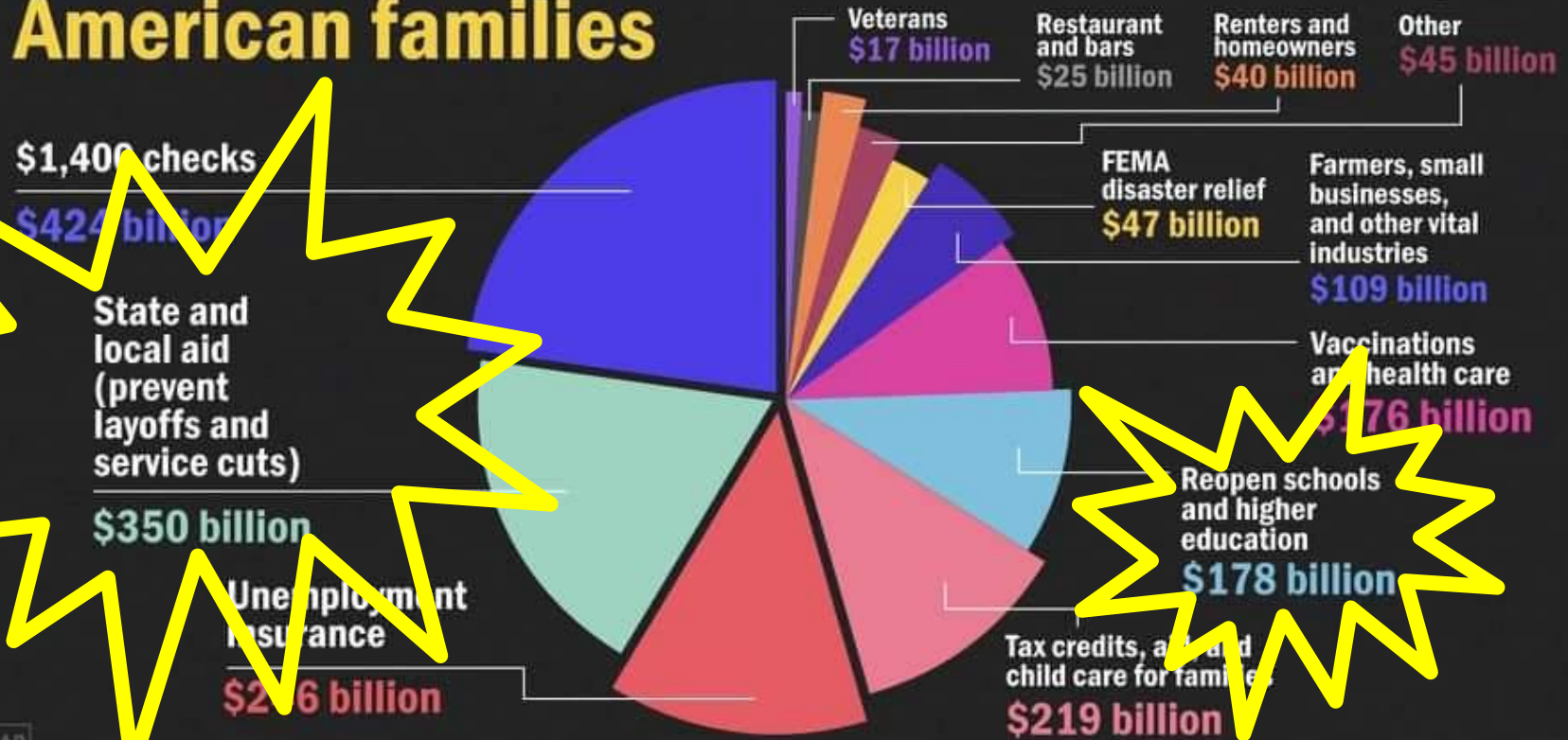
Money into the system to be allocated to “strategic priorities.”

Raises and restoring full staffing **are** strategic priorities!



# Who does the American Rescue Plan help?

## American families



# What about the coming years (FY22, FY23)?

Campus will end this year (FY21) with ~\$12M surplus.

The American Rescue Plan (just passed) is sending \$50M to UMass for use across the next two fiscal years.

It's also sending \$4.3B to Massachusetts in unrestricted funds.

And the MA Fair Share will almost certainly pass (again!) in the next two years: \$2B/year!

Meanwhile, all eligible adults (students!) will have access to vaccine by mid-summer and enrollments (and housing receipts) are likely to return to normal.

Yet the campus is proposing a 5% per-college budget cut (with *smaller* reallocation) for FY22!

**The campus's continued "caution" around the budget is unreasonable.**



# The deficit/surplus rollercoaster, summarized

## UMass Amherst Campus:

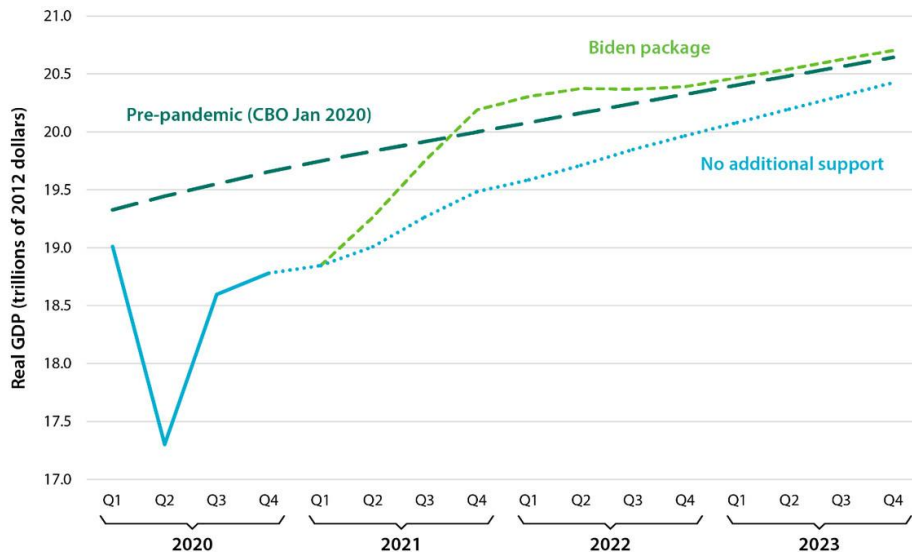
- Early Dec '20: Campus told us: \$6M deficit → \$6M deficit
- Mid Dec '20: Campus gets \$18M from feds (+ \$9M more earmarked for students) → \$12M surplus
- Mar '21: Campus receives \$50M from feds for use over next two and a half years → \$62M surplus (carried across 2+ years)

## Massachusetts:

- Mar '21: State receives \$4.3B from feds → don't cry about the state budget
- The near future: Fair Share / Millionaire's Tax

# Broadly, economy is likely to be booming

FIGURE 1.  
Projections of Real GDP: Biden Package, Path with No Additional Support,  
and Pre-Pandemic Path (CBO Jan 2020)



Back on track to pre-pandemic levels!

... with a President and Congress who appear to value broad prosperity.

Inflation is a risk they're willing to run. And we should have decent ATB raises to account for it -- and to make up for years without!

Source: Congressional Budget Office January 2020; Bureau of Economic Analysis; authors' calculations.

# Boom boom shake the room

We can't know the future, but the CBO is projecting 5.5% growth in US the next fiscal year.

Some analysts (Goldman Effing Sachs) are more optimistic: 7.5% or greater!

Build Back Better / Green New Deal / etc. is very likely to pump even more money into the economy — two more (!! ) budget reconciliation bills this year!

Eight months through FY21, MA has collected \$19.5B in taxes, \$1.1B more than it did during the same eight pre-pandemic months of fiscal year 2020. The last month Massachusetts saw a year-over-year decline in tax collections was September.

There is NO REASON the Commonwealth and University continue to embrace timidity or austerity, after doing so unnecessarily for the past 5+ years!

# What do we want? ~~EVERYTHING!~~ Raises and full staffing!

## When do we want it? ~~NOW!~~ FY22-23!

Doing nothing — that is, accepting the administration's negative-sum budgeting and reallocation at face value — is an easy option (especially in CICS, Engin, ISOM) but not a neutral one!

I think we should be talking, lobbying, agitating, marching, etc. for:

- Raises
- Full staffing (campus-wide)
- A broad vision of accessible, affordable public higher education:
  - Commit to **higher** per-student state spending;
  - and to **lower** tuition for in-state students!