Budget and Financial Planning Update
By Steven O’Riordan and Michael Carter, co-chairs of the Financial Planning Committee
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More than half-way through the fiscal year, the Financial Planning Committee is pleased to report the campus is on-track to meet or exceed budgeted year-end operating projections. Fall 2014 FTE enrollment was 3.5 percent above the previous year and preliminary numbers for Spring 2015 are surpassing expectations. Overall year-to-date operating revenues are exceeding targets and expenses are lower than budgeted, except for recent costs from unprecedented weather conditions.

As a result of the dedicated efforts of faculty and staff across this campus, our university is in a strong position and continues to move forward in achieving goals set out in the UMass Lowell 2020 Strategic Plan. However, despite our financial successes, the budget deficit facing the commonwealth creates funding uncertainties that must be considered as we manage the budget for the remainder of this fiscal year and develop an FY2016 operating budget.

The FY2015 State Budget Deficit, 9C Reductions and State Hiring Freeze

The Governor and Legislature have determined that the state faces a $768 million budget deficit this fiscal year. Under authority granted by the 9C section of state finance law, the governor has cut FY2015 spending in Executive Branch agencies by $145 million as state revenues were insufficient to meet expenditures. A budget bill was recently signed into law that enables the governor to decrease spending in other areas, including a 1.5 percent reduction for UMass and other public higher education appropriations. This represents a cut of between $1.2 million and $1.6 million to UMass Lowell. The university is reviewing how best to address any mid-year reductions, while waiting for further direction from the UMass President’s Office.

We recognize that the uncertainties about the commonwealth’s budget raise concerns about the potential impact to our campus. At this time, we have not implemented a hiring freeze and do not anticipate the need for any layoffs. Departments with active searches should continue to move forward as planned. As part of our standard procedures, all hiring proposals will continue to be reviewed by the Budget Office and Executive Cabinet to ensure positions are consistent with the unit’s approved budget plan.

Status of Collective Bargaining Agreements and State Funding

As part of the FY2015 state budget process, the UMass system requested a state appropriation for general operations of $519 million and a separate reserve appropriation of $13 million to fund collective bargaining agreements. The general operating appropriation was funded at $519 million and was sufficient to support the UMass 50/50 budget proposal – which called for equity in state funding and a freeze of student fees. However, no separate reserve was established for collective bargaining for UMass, unlike the rest of the public higher education institutions in the state that had their agreements funded. The university wrote to Gov. Baker expressing our continued concern with the Patrick
Administration’s handling of our requests for a supplemental appropriation to fund our contracts and requesting his attention to the matter. To date, no funding has been appropriated for any of our collective bargaining agreements. The university will continue to make its case to the Baker Administration and Legislature for separate appropriations to fund the contracts consistent with past practices and funding for state universities and community colleges.

**FY2016 Budget Planning**

The university has begun its budget planning process for FY2016. Over the next few months, the Financial Planning Committee, established as part of UMass Lowell 2020 to increase transparency in the budget process, will meet with major budgetary units to identify strategic areas of investment, track success and identify challenges. The Executive Cabinet will make final budget allocation decisions in the summer.

The university has completed six years of budget development under the strategic planning framework and has made tremendous progress in targeting investments to meet our highest priorities. State budget challenges will not deter us from the entrepreneurial path we have taken toward educational excellence.