

Correcting Budget Misinformation from the UMass President's Office

Following the good news that the Legislature passed a level-funded budget for public higher education, we reviewed the assumptions built into the University of Massachusetts' original budget proposal and the assertions that were made by UMass administrators to unjustly lay off and furlough workers.

ASSERTION #1:

The Legislature is going to substantially cut public higher education funding.

Following the good news that the Legislature passed a level-funded budget for public higher education, we reviewed the assumptions built into the University of Massachusetts' original budget proposal and the assertions that were made by UMass administrators to unjustly lay off and furlough workers.

TRUTH: Union workers were told repeatedly that UMass campuses had been instructed to cut their budgets by 10 percent based on a projected loss in state funding. UMass used those erroneous numbers to claim a "shortfall" and to initiate layoffs and furloughs among our most vulnerable and lowest-paid workers. In fact, the Legislature has level-funded public higher education through the rest of this

fiscal year, which ends on June 30, 2021. At the moment, it appears that UMass Amherst will have a \$34 million surplus. UMass Lowell will have one totaling about \$13 million. These funds must be used to bring back employees who have lost their jobs unjustly.

ASSERTION #2:

Enrollment losses will be dramatic, requiring major budget cuts.

information was known to UMass administrators in September, even as they used an imaginary enrollment drop to demand job cuts that have left many people in jeopardy during the pandemic.

TRUTH: The UMass "shortfall" budget projected a 5 percent decrease in enrollment. But because of remarkable efforts by staff and faculty, UMass had only a .5 percent — half of one percent — loss in enrollment. UMass Lowell actually had its largest enrollment ever. In other words, the original enrollment shortfall was greatly inflated. Even worse, UMass President Marty Meehan knew it. This

ASSERTION #3:

UMass endowment funds are restricted by donors to be invested in perpetuity and can't be used to close the budget gap.

Furthermore, the University Foundation holds and manages another fund (Fund II) on behalf of the university. These are not donor-restricted funds. Now, instead of relying on those excess funds from previous years to close tight operating margins, the Board of Trustees is heartlessly choosing to cut campus employees. The UMass Foundation's own audit (on pages 12 and 13) shows that Fund II held \$323 million at the end of FY 2019. Fund II is a fund used to invest "a certain portion of the university's operating cash" that would "not be immediately required for normal daily operations." This money must be used to bring back the staff members who lost their jobs.

TRUTH: UMass President Meehan is simply wrong when he claims that all endowment funds are donor-restricted and cannot be used for immediate needs during a crisis. In fact, a vote by the UMass Board of Trustees could return what we believe to be millions of "quasi-endowment" dollars to campuses for their operating needs. These funds (Fund I) are held by the University Foundation and include \$160 million transferred to the fund during and after FY 2019.

ASSERTION #4:

Budgets must be completely balanced at the end of the fiscal year.

there is a strong likelihood that campuses will welcome all students back on campus in the fall — bringing renewed tuition and room and board fees.

TRUTH: For years, UMass operated on a three-year budget cycle, allowing for surpluses and deficits from one year to carry over to the next. But in the midst of the pandemic, UMass President Meehan and the Board of Trustees have insisted that campus budgets be completely balanced at the end of the fiscal year. With the arrival of a vaccine,