

Standard Nine: Financial Resources

Description

UMass Amherst primarily relies on a combination of state support and student fee revenue for its General Funds budget. General Funds provide the primary source of revenue for the base budget that sustains the faculty and staff. General Funds also provide the primary support for instruction and some support for the institution's research enterprise. On a cash basis, the General Funds budget for current fiscal year 2010 is \$460 million. The total campus budget also includes auxiliary revenues and restricted funds, such as external gifts and grants and contracts.

The Revenue Picture

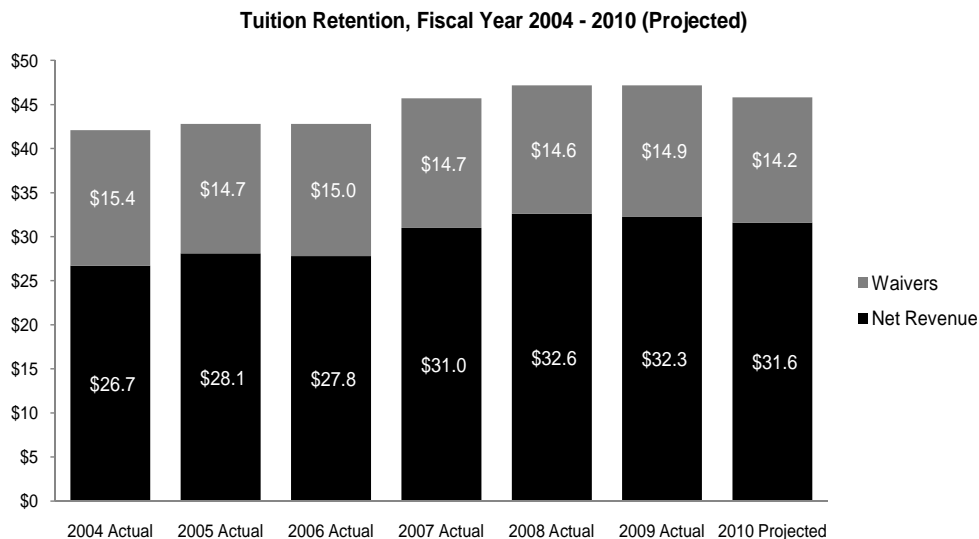
Higher-education funding in Massachusetts is unusual for two reasons: Tuition rates are set by the Massachusetts Department of Higher Education, not by campus governing bodies; and, perhaps more striking, tuition revenue for in-state students goes into the General Fund of the Commonwealth of Massachusetts, not to the institutions where students are enrolled. For the past decade, average tuition has been fixed at \$1,714 per year for a Massachusetts resident taking undergraduate courses at UMass Amherst on a full-time basis ([Resident Tuition Rates](#)).

Separate from its handling of tuition, Massachusetts provides annual appropriations to public colleges and universities through its annual budgetary process. The state appropriation to the University of Massachusetts comes in at the system level. The Board of Trustees delegates authority to the President for allocating the state appropriation among the five campuses in the University of Massachusetts system. The percentage distributed to each campus has held steady, with the Amherst campus receiving about 50 percent.

In contrast to the tuition strategy, the University of Massachusetts Board of Trustees has the sole authority to set mandatory student fees for UMass Amherst, and fee revenue is retained by the campus. As a result, student fees have become an important revenue source for UMass Amherst. Indeed, campus fee revenue is comparable to tuition revenue at other public flagship universities: Student fees have increased beyond the rate of inflation in years when the state appropriation has declined; increases have been held at or below inflation in those years when the state appropriation has increased. During 2009-10, tuition and mandatory fees total \$11,732 per year for a full-time undergraduate from Massachusetts, with a rebate of some 10 percent planned, as described in Projection below.

In fiscal year 2004, the state legislature granted UMass Amherst the ability to retain out-of-state tuition revenue. At that time, tuition revenue from out-of-state students amounted to about \$28 million annually, after accounting for waivers granted primarily to graduate students (Figure 9.1).

Figure 9.1



The state simultaneously reduced its yearly appropriation to the University by the total amount of annual out-of-state tuition revenue the year legislation passed. That means out-of-state tuition generated above the 2004 level amounts to additional revenue for the institution, which incentivizes growth in out-of-state enrollment. Out-of-state tuition rates, also set by the Massachusetts Department of Higher Education, have not changed since 2004. Out-of-state enrollment has increased in recent years, and the campus has been successful in broadening its revenue base. The campus is now earning upwards of \$31 million per year from out-of-state tuition. Annual tuition is \$9,937 for an out-of-state undergraduate attending UMass Amherst full time, while required fees are \$13,292 in 2009-10 ([Office of the Bursar fee schedule](#)).

UMass Amherst also has a strong program in online education, and net revenue from this initiative directly benefits schools, colleges and the campus General Funds budget.

The University Budget Process

The University of Massachusetts Board of Trustees votes on the budget each spring. The operating budget for each of the system campuses is broken out in the budget document presented to the Board. The submitted budget for the coming fiscal year is part of a package that includes the past two years of actual results, a projection for the current fiscal year, and a projection for next fiscal year ([Fiscal Year 2010 Operating Budget](#)). In addition, projections for the next four years are submitted with the [Financial Indicators Report](#). A set of financial and facility performance indicators covering the same period also is submitted in the package each spring. These indicators measure the long-term financial health of the institution and assess its ability to cushion itself against negative downturns. These indicators are compared against the ratios at peer institutions as a further measure of financial stability.

Multiyear projections can be challenging because the state appropriation is such an integral component of the campus's financial budget, and this revenue source is difficult to predict from year to year. However, other revenue sources, such as indirect cost recovery from grants and tuition revenue from nonresident students, are more predictable; the budget includes solid multiyear forecasts for these income streams.

The request for state funds begins nine months before the July 1 start of each fiscal year. The President's Office coordinates the five-campus request process and establishes parameters based on the outcome of a University-wide funding formula. The budget requests from each of the five campuses are consolidated into one University request that is submitted to the Massachusetts Department of Higher Education for approval.

The Department submits budgets to the Governor for the three sectors of higher education: the community colleges, state colleges, and the University.

In January, the campus begins formulating tentative funding allocations for the general funds budget based on the anticipated level of state appropriations, centrally retained student fee and tuition revenue, interest earnings, and indirect cost recovery from grants. These allocations are reworked throughout the spring as the budget outlook becomes clearer. Once the state appropriation is finalized, final budget allocations are made.

In November, the campus budget process begins for auxiliary, sales and service operations, and units funded by non-mandatory student fees. New fee requests and/or increases to current fees must be approved – depending on the fund – by either the President or the Chancellor.

The campus also maintains a long-range projection model to monitor its financial situation and react to changes in major revenue or expenditure categories. The model has been useful in anticipating future operations and maintenance costs for new buildings, increased utility costs as a result of converting from coal to oil and natural gas, and increased expenditures on emergency preparedness and campus safety to keep abreast of contemporary safety and security issues. When revenues fall short of projections, the model distinguishes between mandated and optional future costs and helps determine whether cuts to the General Funds budget will be necessary.

Other financial tools also feed into the campus projection model: The campus closely monitors student enrollment and models future-year enrollment patterns. The Budget Office works with the Office of Grant and Contract Administration to project indirect cost-recovery revenue based on a model that looks at recent research award data. The campus maintains debt repayment schedules going out 30 years and has identified periods over that span during which the campus would have the capacity to take on additional debt. These data are used to develop the capital plan. Separate from this long-range projection model, the Provost's Office maintains an allocation model for determining how best to allocate monies for new tenure-track positions to address teaching deficits and invest in promising research sectors.

Financial Management

The campus has an extensive system of internal controls that ensures sound stewardship of its funds. Accounting and purchasing policies are continually updated and maintained online; employee administrative training is offered throughout the year. Expenditures are controlled by the budgets established at the beginning of the fiscal year or project period. Payroll, fringe and requisitions for supplies, equipment and services are encumbered to ensure that funds are set aside before any purchase orders are issued. The campus competitively bids all contracts for goods and services in accordance with state and university purchasing regulations. The campus participates in group purchasing organizations, such as the Massachusetts Higher Education Consortium (MHEC) and others, to achieve significant volume discounts on common goods and services.

Financial Reporting

UMass Amherst has an integrated financial system that supports timely and accurate transaction processing and financial reporting. Each system has secure workflow processes that allow electronic routing and approval of transactions. The major systems are:

- PeopleSoft Financial Systems – Accounting and Budgeting;
- PeopleSoft Student Systems – Student Billing and Receivables, Registrar, Housing and Financial Aid;
- PeopleSoft HR – Payroll, Time and Attendance;

Monthly financial statements are prepared and distributed to departments for each budgeted account and provide budget-to-actual information for the month and fiscal year periods. In addition, the finance systems

allow for online, real-time inquiry of transactions and balances. Various queries and budget reports also are available, allowing departments to evaluate summarized financial activity for their units.

All fees and rates charged by the revenue operation must have campus Budget Office recommendation, approval of the Chancellor, and approval of the President or Board of Trustees. Once established, fees and rates cannot be changed without Budget Office recommendation, approval of the Chancellor and, in certain cases, the President or Board of Trustees. Revenue operation activities must be consistent with the University mission and must be appropriate to the normal activities of the department or unit. All financial activity must comply with both the University's policy for the management of university funds and campus policy. All income must be expended for the purpose for which the operation was established, and the operation must be fiscally sound. Finally, the campus financial system of record (PeopleSoft) strictly limits where revenue can be deposited. This assists the campus in tracking any unapproved revenue deposits. The Budget Office works with the campus Controller's Office to identify any irregularities.

The campus employs a rigorous hiring process to recruit qualified personnel to manage the important financial structures of the institution. Through separation of duties and practices, external and internal audit oversight, and system security measures, the campus takes all reasonable steps to ensure that financial resources are managed effectively and appropriately. Each year, the campus includes in employee paychecks a copy of its whistleblower and fraud policies. Board of Trustees policies concerning [financial management](#) and [personnel](#) are all available on the [Board of Trustees website](#).

Annual financial statements are prepared by the campus, audited by an independent audit firm, and presented to the Board of Trustees for review.

UMass Amherst is subject to financial audit from a variety of entities, helping to ensure the campus is financially stable:

- University independent auditing firm: PricewaterhouseCoopers (PwC) currently performs the annual General Purpose Financial Audit in accordance with generally accepted auditing standards (GAAS). In addition, PwC performs the annual audit of federal awards in accordance with OMB A-133 guidelines.
- Other programmatic audits may be required by sponsoring entities in addition to the general purpose financial audit; these are performed by various auditing firms under the review of the university internal audit director.
- Office of the State Auditor: As a state agency, the University is subject to periodic audits by the state auditor.
- University Auditor: Internal audits are conducted periodically by the University System office and cover a variety of issues, including cash handling and accounting procedures. The Auditor reports directly to the President.
- University Trustees: The Board of Trustees has an audit subcommittee that reviews audits performed by the University Auditor.
- Federal Government: As a recipient of federal grants and contracts, the University is subject to audit from relevant government agencies, such as the Department of Health and Human Services.

All audit reports are submitted to the audit committee of the University of Massachusetts Board of Trustees. Management letter comments and other recommendations are presented to the Board with corrective action plans as necessary.

The campus has developed clear written policies for each of its major financial activities. These policies and instructions are distributed to interested parties; many are available on the campus web site.

The campus relies on the financial tools and practices described above to ensure the integrity of its financial management. The campus currently faces a liability because of the critical state of facilities (See Standard

Eight). Therefore, any evaluation of its financial condition must include a full assessment of its capital assets. For many years, the Trustees' annual review of financial indicators excluded any meaningful ratios to show the full extent of the deferred maintenance liability. As a result, there was an emphasis on financial practices that accrued balances and limited debt in deference to the health of the financial ratios. Several years ago, ratios shared with the Board of Trustees were expanded to include a set of [facility indicators](#). By including these indicators, Trustees were given a broader context upon which to evaluate how each campus in the University system was managing its assets. This has helped to enhance sound financial stewardship.

Appraisal

The story of UMass Amherst over the past two decades – similar to those of many other state institutions – depicts a steady decline in state support, a rapid growth in student fees, and a need to broaden the revenue base. Notably, the total cost of education at UMass Amherst, as measured in inflation-adjusted dollars, has dropped during the last decade. However, as state support has declined, the burden of paying for higher education increasingly has shifted from the state to students and families. The campus has maintained access by increasing institutional financial aid to in-state students by nearly 1,000 percent during the last decade ([Report to the Trustee Oversight Task Force, Aug. 25, 2009](#)).

Emerging from the state's fiscal crisis in the early part of this decade, UMass Amherst identified and affirmed its highest priorities. Three were established and remain among the campus's top priorities:

- Add new tenure-track faculty positions;
- Reduce the deferred maintenance backlog for campus facilities; and
- Keep UMass Amherst accessible to all qualified students by providing need-based financial aid.

During the budget downturn in fiscal year 2004, the campus was forced to cut \$20 million from its General Funds budget. Although all parts of the campus budget incurred reductions, the academic core budgets were shielded from the deepest cuts. When the state budget recovered two years later, the incremental allocations of state monies received over three fiscal cycles were devoted almost entirely to increasing the number of tenure-track faculty. Student fee increases and revenue from other non-state sources were used to fund the other two priorities listed above.

Fiscal year 2009 began positively for UMass Amherst. The state appropriation rose for the fourth consecutive year, providing more money to add faculty positions. Enrollment reached peak levels. Other revenue sources, particularly interest income, were up over the previous year and the President's Office pledged additional interest payouts during the year. Then the current fiscal crisis began to unfold.

It soon became clear that state revenues were off dramatically and rescissions to the state appropriation were quite likely. In fact, from fiscal year 2009 to fiscal year 2010, the campus has lost \$50 million. That staggering reduction occurred this way: The original state appropriation to UMass Amherst for fiscal 2009 was about \$230 million. As state revenues dropped, so too did the actual appropriation for the year – by some \$12 million; that left the campus with an actual appropriation of just over \$218 million in fiscal 2009. Bad news has continued on the appropriation front for fiscal year 2010: The initial budget for fiscal 2010 is \$187 million; that is down another \$31 million, or \$43 million from the original state appropriation in fiscal 2009 to the budget for fiscal 2010. In addition, because the campus has lost so much state money, some faculty and administrative salaries normally included in state funds now will be covered by alternate funds that carry a higher fringe rate charge. The estimated cost of this additional fringe rate expense is \$7 million. That means a total loss of \$50 million.

As the crisis struck in fiscal 2009, the new academic year was under way and undergraduate enrollment totaled more than 19,000 students. The campus focused on steps to balance its budget without disrupting current operations. Even before the state announced appropriation cutbacks for fiscal 2009, UMass Amherst cancelled any planned new discretionary spending, including some of the funding originally intended for new

faculty positions. Spending on mandatory items, such as debt service, utilities and financial aid, continued as planned. UMass Amherst then had 6 percent of its state appropriation reduced midyear. The campus drew on its reserves, thus avoiding having to make damaging midyear budget cuts. That demonstrated how the campus's reasonable reserves sustain operations in the face of midyear budget rescissions.

The campus, therefore, had a plan to get through fiscal year 2009. As the grim economic news continued, however, it became clear that midyear cuts would become permanent – and that even more state cutbacks would occur in fiscal year 2010. In fact, reduced appropriations have required base budget cuts. In past years, the campus has responded to drops in state appropriation with both spending cuts and increased student fees. But because of the depth of the economic recession, increased fees were not an option this time unless the campus changed its financial-aid policies to provide aid not only to the lowest-income groups that had traditionally received such aid, but further up the income ladder to struggling middle-class families.

On the expenditure side, significant new spending would be required in fiscal year 2010 to operate the new \$50 million student recreation center. The campus began planning ways to bolster private support. Moreover, good news came from a surprising source: energy prices. UMass Amherst took advantage of drops in the market to lock in natural gas and oil prices at reduced levels. The net effect of these influences is a campus budget deficit of \$46 million in fiscal year 2010. This total does not account for fee increases or federal stimulus funds; those two important factors are described below.

Given the overriding seriousness of the budget problem, a Budget Planning Task Force of faculty, students and staff was formed to provide consultation during this crisis. Its immediate task was to deliberate on the balance between fee increases and base budget cuts to address the deficit. After much deliberation, the group forwarded its recommendations to the Chancellor, who then presented to the campus community an initial plan for closing the \$46 million deficit in fiscal year 2010:

- **Increase undergraduate student fees by \$1,500 annually.** This steep fee increase in 2009-10 was accompanied by a large increase in financial-aid funding, reflecting a notable change in how need-based financial aid is awarded. UMass Amherst has a long tradition of providing generous grant aid to students with very limited means. The new model bolstered the level of aid provided to these students – and also extended grant aid to more affluent families now struggling with the cost of higher education. The campus argued that the model – marked by high fees and high aid – was more equitable than a model that kept fees low, but restricted financial aid to the lowest income groups. The Board of Trustees approved the fee increase, with the caveat that the increase would be rebated if federal stimulus funds brought campus funding back to the 2008-09 level. In early August, Governor Deval Patrick increased the amount of stimulus monies flowing to the University of Massachusetts system. That led President Jack M. Wilson to announce a \$1,100 fee rebate for all in-state undergraduate students.
- **Targeted base budget cuts.** The campus plan included budget cuts that left academic departments bearing a smaller percentage of the cuts relative to other areas of the campus.

Also during the course of fiscal year 2009, the campus deliberated about restructuring some schools and colleges to save administrative costs and to better position the campus to take advantage of teaching and research linkages. A separate Reorganization Task Force was established to study options. In spring 2009, the Faculty Senate endorsed a proposal to create a College of Natural Sciences that brings together most of the life sciences under one administrative structure and largely merges the former College of Natural Resources and the Environment and the College of Natural Sciences and Mathematics. This reorganization took effect at the start of the fall 2009 semester. Further reorganization remains under study.

The very welcome – but complicating – news that the campus would receive one-time federal stimulus funding in fiscal year 2010 led to another round of planning. Federal stimulus funding is now expected to total \$56.3 million in fiscal 2010.

The campus set four priorities for the use of these funds:

- Mitigate layoffs;
- Minimize student fee increases;
- Preserve instructional capacity; and
- Invest in new revenue-producing and cost-saving activities.

The amount of federal stimulus funds received will exceed the projected budget deficit. Even so, the campus moved forward with an inflationary increase in student fees in fiscal 2010. This will allow UMass Amherst to dedicate a portion of the one-time stimulus funding to capital improvements, bridging monies for future base budget cuts, and strategic investments to enhance emerging revenue streams.

Meanwhile, other sources of campus revenue have remained dependable (Table 9.1). Undergraduate enrollment has increased by more than 500 students during the last two years. Grants and contract award revenue has increased by 26 percent in the last five years. Demand for on-campus housing exceeds capacity, and there has been a rapid growth in board payers as commuters and off-campus students have been attracted by the improved dining program. While the size of the endowment is small for a flagship public institution, the endowment's market value has nearly doubled in the last five years, from fiscal year 2004 through fiscal year 2009; this mainly was due to new gifts and the introduction of policies designed to increase the quasi-endowment.

Table 9.1

University of Massachusetts Amherst All Funds on-Going Sources of Revenue FY05 - FY09					
A. General Funds					
	FY05	FY06	FY07	FY08	FY09
	Actual	Actual	Actual	Actuals	Actuals
State Appropriation	181,345,371	195,019,028	206,858,422	223,752,538	214,662,875
Tuition Retention	28,058,048	27,822,067	31,068,042	32,653,764	32,298,848
Other State Special	1,818,450	3,430,000	3,868,804	3,629,917	3,608,220
Mandatory Student Fees	126,049,737	132,568,075	147,382,079	160,209,664	171,836,899
Indirect Cost Recovery	21,276,012	22,251,570	23,140,535	23,587,936	25,306,878
Interest Earnings	3,296,265	4,142,917	6,738,659	9,350,524	9,780,806
Other	14,539,796	15,942,901	19,471,731	21,411,877	25,521,847
Total	376,383,679	401,176,558	438,528,272	474,596,220	483,016,373
B. Other Unrestricted					
	FY05	FY06	FY07	FY08	FY09
	Actual	Actual	Actual	Actuals	Actuals
Auxiliary Enterprises	109,889,724	118,722,571	131,924,128	142,559,971	149,102,768
Student Fee-Based Activities	19,726,293	21,505,750	19,223,385	19,832,407	19,552,203
Continuing Education	17,739,356	20,410,487	23,534,612	26,883,826	30,855,065
Sales and Services	13,499,138	12,612,189	12,871,938	14,094,034	13,993,651
Administrative Overhead Offset	(11,759,497)	(10,389,438)	(12,561,923)	(12,555,626)	(12,850,927)
Other Unrestricted	2,048,543	2,789,823	3,035,490	2,620,548	2,216,031
Total	151,143,557	165,651,382	178,027,630	193,435,160	202,868,791
C. Restricted					
	FY05	FY06	FY07	FY08	FY09
	Actual	Actual	Actual	Actuals	Actuals
Gifts	7,734,553	9,779,306	10,143,949	11,141,859	8,349,274
Grants and Contracts	83,136,534	91,394,965	95,501,629	101,625,383	104,510,028
Federal Appropriations	21,954,977	21,655,046	21,910,959	25,655,838	25,604,112
State Financial Aid	3,920,398	3,913,302	3,921,389	3,919,313	3,921,954
Restricted Endowment Income	2,551,128	3,037,064	3,771,392	4,616,867	5,606,230
Total	119,297,590	129,779,683	135,249,318	146,959,260	147,991,598
Grand Total	646,824,826	696,607,623	751,805,220	814,990,640	833,876,762
Notes: State funded salary increases are reflected in the State Appropriation line in the year in which the funding should recover the indirect costs associated with student fee and revenue operations. To avoid double-counting revenue this amount is removed in the Other Unrestricted section.					

With the economy still in recession, the campus continues to plan for further revenue reductions and the exhaustion of federal stimulus funds.

Projection

Chancellor Robert C. Holub has urged the campus to cope with current budgetary challenges while maintaining the ultimate goal of significant university advancement. “In this economic climate, we must keep in mind the good of the campus as a whole and our common desire to emerge from the current downturn in a position to move rapidly into the highest ranks of public research institutions in the country,” he wrote in a June 19 memo to campus ([Update on Campus Budget](#)).

As described, the campus has lost \$50 million in the current fiscal crisis. Federal stimulus money and student fees will make up the difference in fiscal year 2010. But the campus will face a very difficult time in fiscal year 2011, when federal funds expire and state funding has not yet recovered. The campus anticipates a deficit exceeding \$25 million in fiscal year 2011, as shown in Table 9.2.

Table 9.2

Sources & Uses of General Funds, FY09 to FY11 (\$ in thousands)

Sources:	FY09	FY10	FY11
State Appropriation	218,271	187,609	187,609
Tuition Retention	32,299	31,613	31,613
Mandatory Student Fees	171,837	184,402	210,461
Other	60,610	56,727	59,912
Sources	483,016	460,350	489,594
Uses:	FY09	FY10	FY11
Campus Programmatic Units	307,704	312,038	324,900
Fixed Costs:			
Central Budget	45,350	45,963	49,243
Debt and Utilities	76,983	81,987	81,984
Financial Aid	30,816	33,416	37,337
Base Commitments	460,853	473,403	483,243
Annual Additional Base:			
Salary Increases and Other Labor Costs	1,487	8,060	11,762
Debt and Infrastructure	6,920	1,223	1,184
Need Based Financial Aid	2,600	3,921	8,765
Other	5,044	6,856	4,969
Base Budget Reduction	(3,500)	(10,222)	
Base Additions	12,551	9,839	26,680
Total Base Uses	473,403	483,243	509,922
One-Time Uses	9,388	8,515	5,775
Total Uses	482,791	491,757	515,697
Operating Surplus/Deficit	225	(31,407)	(26,103)

Notes: The fiscal year 2010 state appropriation reflects the final allocation from the University of Massachusetts President's Office to the Amherst campus. The budget in Table 9.2 is presented on a cash basis. The Board of Trustees budget in Attachment A is shown on an accrual basis.

As the Chancellor noted in his [Update on Campus Budget](#) memo, fiscal year 2011 could present a “funding cliff” after one-time federal stimulus support expires. And even when state revenues rebound, funding likely will be at a lower level than before the crisis. The campus will have to adjust to these new fiscal constraints.

UMass Amherst is working again in a consultative way to determine the best way to proceed. Task forces composed of faculty and staff representatives are investigating options for revenue generation. One agreed-upon strategy for the coming years is to develop new revenue-producing activities so the campus is less dependent on the state appropriation. Specifically, the campus wants to:

- Generate more sponsored research;
- Increase total enrollment, particularly the number of out-of-state students;
- Expand online and executive-education course offerings;
- Raise more money from private sources;
- Examine revenue potential in summer sessions;
- Explore creation of new fifth-year master’s degree programs;
- Consider further reorganization to lower administrative costs while boosting teaching and research; and
- Explore curricular reforms in consultation with faculty.

Some members of the Budget Planning Task Force strongly recommend that many of these goals are attainable only if the institution can add tenure-system faculty.

Additionally, every non-instructional unit will participate in a zero-based budgeting exercise to approach cuts with insight into what would be lost and where efficiencies might be gained. The newly appointed Provost is developing an approach to examine the budgets of academic units.

In an important related topic, the campus is actively engaged in developing a detailed facility needs plan for the next 10 years (See Standard Eight). The state is anticipated to contribute nearly \$700 million over the next decade for capital improvements, and the current planning process will inform the use of these funds. Despite this large infusion of state support, these funds combined with the campus’s own capital contributions still leave a shortfall of nearly \$1.4 billion for critical capital improvements. Since additional capital funding will be needed beyond the state contribution, the campus will actively solicit outside support for facility needs and will continue to focus on freeing up more institutional funds to devote to space improvements.

Private giving has been affected by the economic recession, but a new Vice Chancellor for Development and Alumni Affairs was appointed and additional development personnel are scheduled to be hired. Development activity will gain new emphasis and intensity as UMass Amherst seeks more financial self-sufficiency to address funding constraints that impact pressing needs, including faculty and facilities. Indeed, the Chancellor highlighted the importance of development in a Nov. 28, 2008, message to the Budget Planning Task Force: “(S)uccessful fundraising provides the enhanced support for teaching and research that raises a campus from good to great,” he wrote.

A Focus On: Access and Affordability

A focus on preserving access and affordability helps guide the UMass Amherst enrollment strategy, which includes a strong commitment to financial aid from the campus budget. The strategy supports access to higher education for families across the economic spectrum, including those with limited financial means. It is a modern expression of UMass Amherst’s land-grant roots, and it has remained strong even in challenging economic times. As state support has declined, and students have been asked to contribute a larger share of their educational costs, the campus has broadened financial-aid eligibility for middle-income students. This model helps to both maintain educational quality and meet the needs of a broader array of constituents who have struggled to pay for higher education during the current economic slump.

UMass Amherst will continue its commitment to access and affordability, as demonstrated in steady annual increases in financial aid (Table 9.2). A campus Enrollment Management group has met regularly to evaluate enrollment patterns and financial-aid practices so that the enrollment process advances the intertwined goals of recruiting high-caliber students, maintaining access for all qualified students, and deriving sufficient net revenue to support campus operations. UMass Amherst has tracked its efforts with a financial-aid report annually presented to the University Board of Trustees; the report's tables have reflected how financial-aid funds are distributed, the financial profile of aid recipients, and the range of student indebtedness at graduation. As part of its ongoing efforts, the campus has contracted with a national consulting firm to provide recommendations about how best to allocate future financial-aid resources to achieve enrollment goals.

As the Chancellor has stated: "In these times it is essential that we come together as a campus community, face the tasks before us, and act without delays. The campus will be forced to make many decisions in the next year or two. Some may be unpopular; some may involve elimination of programs or jobs; some may implement reforms or structures that individuals will deem sub-optimal. None of us would choose this challenging reality, but working together we can emerge with our values and our commitment to the institution intact."

Institutional Effectiveness

Like many institutions, UMass Amherst over the past decade has experienced significant changes in its revenue structure and in the demands placed upon it to maintain its competitive position. Throughout this period, the institution has emphasized careful stewardship and realistic financial planning. Development of consistent and effective financial indicators has allowed the institution and the Board of Trustees to control risk and maintain financial health even in the face of significant – and often rapid – changes. As a result, as the current economic downturn has unfolded the campus has been able to control costs responsibly, shift its revenue profile realistically, and focus its resources on the mission-related core. The next few years will be challenging, but the campus has in place the tools and strategies necessary to maintain its integrity.