

The Amherst Campus Budget Facing the Fiscal Crisis

**Submitted by the Program & Budget Council of the Faculty Senate
April 2001**

Introduction

In spite of increased state appropriations to the University of Massachusetts over the past five years, and an average annual increase of a 5.8% in the campus budget during that same period, the faculty on the Amherst campus have witnessed a steady decline in their ranks and insufficient funds to meet the growing demands on academic programs. The outlook for any substantial increases in future state support is bleak and the campus is facing a significant fiscal problem. The situation is compounded by a serious crisis in leadership on the campus. Clearly, the Amherst campus is at a major crossroads in its development and its future role in the University of Massachusetts System is uncertain.

The Program & Budget Council has embarked on a program to provide a better understanding of the budget process and the policies and decisions that have fashioned the campus budget and its programs over the past eight years. This has involved collecting budget information and holding discussions with members of the university administration, campus administration and administrative staff concerning the budget process and the meaning of the figures themselves. Our objective is to establish a much better understanding among the faculty in general, and its leadership in particular, of the policies that have affected the budget. Ultimately, it is hoped that this will enable us to take part in a more collegial process in which the faculty has an important role in budgetary matters and fiscal planning. We hope to foster a much better understanding of faculty concerns and administrative policies through taking part in a continuing dialogue at all levels. This document is not the final product of the efforts of the Program & Budget Council. It is just a reference point to help guide us in the development of a process involving people who are better informed than in the past; faculty who can engage in positive discussions that will lead to a collaborative vision for the Amherst campus.

I would like to thank the members of the Council for their comments and suggestions on earlier drafts of this report. I would like to acknowledge the help and expertise of Joyce Abel, Joyce Hatch, Paul Page, David Markland, and Juan Jarrett in providing budgetary data and guidance as to its validity and interpretation. Thanks to Ernie May and Tom O'Brien for their support and advice. Thanks to David Scott for sending me historical documents dealing with the strategic planning for the campus during his tenure here as Chancellor and comments on the draft of this report. Without everyone's help, this document could not have been produced. I take full responsibility for any errors or omissions in the document and assure my colleagues that any such mistakes were made without any intent to mislead or bias the reader.

Craig L. Moore, Chair

Budget Overview

The budget for the Amherst campus, like all budgets, has two major elements that have to be kept in balance; revenues and expenditures.

The revenue side of the budget includes two major categories: (1) restricted funds and (2) unrestricted funds.

Restricted funds are earmarked by special appropriation or contractual agreement to be used for specific purposes. They include *special state appropriations, federal appropriations, grants, contracts, gifts, or endowments* that must be spent for a specific purpose as designated by the donor or sponsor.

Unrestricted revenues can be used for any legitimate purpose and include the *general state appropriation, student fees, unrestricted gifts, and interest on trust funds*. A second category of unrestricted funds is related to revenues received from the sale of services. These are often called “designated funds” and include *operation of the residence hall system, health services, continuing education, and dining services*.

In the fiscal 01 budget, campus revenues are projected to be approximately \$558 million including unrestricted funds of approximately \$324 million for general operations and an additional \$135 million from the sale of services. The remaining \$99 million is in restricted funds. Table 1 provides a general picture of how revenues have changed over the past several years.

These numbers offer some interesting observations regarding how the sources of revenues have changed in recent years. First, the state appropriation went from 36.5% of the campus budget in FY94 to 39.6% in FY00. While it actually increased over this period, it is important to realize that it still makes up less than 40% of the campus budget. Second, continuing education revenues, while still a small portion of the total revenues, has increased from approximately \$5.9 million to \$9.6 million; an increase of 62.71%. This may be an important source of future funding, especially if Continuing Education is successful in competing in online offerings. Third, grants and contracts increased from approximately \$33 million to \$47 million during this period. Fourth, gifts and endowments, while showing growth, are still low compared with what one might expect given the size of our alumni and the quality of the work we do. Finally, it is interesting to realize how much of the revenues in our budget are restricted in terms of their use.

A major focus of recent discussions on campus has been on ways to increase revenues from sources other than state appropriations. This entrepreneurial view of higher education has been the subject of many recent books and articles. It is controversial and many faculty find it incompatible with their traditional view of the academy. Others would insist that the semi-privatization of public higher education is inevitable and we are going to have to adopt at least some new revenue generating programs to supplement state funds if we are going to remain competitive. Revenues raised through offering on-line courses, and equity arrangements with private companies

wanting to commercialize research, are among these new areas considered by the Chancellor's fiscal plan. Increasing revenues from athletic programs such as division I-A football is another example.

Discussions have also centered around giving the campus more fiscal autonomy including the retention of tuition and having discretion over student fees.

University of Massachusetts, Amherst							
Revenues by fiscal Year							
Table 1.							
	FY94	FY95	FY96	FY97	FY98	FY99	FY00
General Operations							
State Appropriation	\$ 156,437,321	\$ 163,624,081	\$ 170,936,731	\$ 182,200,308	\$ 196,707,193	\$ 211,244,898	\$ 219,826,292
Tuition Waivers	21,785,064	22,479,131	22,889,104	22,721,004	21,712,160	21,500,831	22,347,199
Curriculum Fee	38,428,869	38,439,137	39,538,973	40,906,359	40,466,923	40,787,479	43,432,030
Other	19,394,664	18,507,316	20,489,953	21,505,134	23,950,555	23,073,218	24,138,316
Designated (Services)							
Auxiliary Enterprises	97,499,741	105,470,037	110,710,124	109,216,877	110,558,205	111,419,725	118,291,588
Fee-Based Activities	8,087,488	8,026,669	9,326,711	8,466,055	8,531,757	9,501,688	9,665,539
Continuing Education	5,939,880	7,173,811	7,769,940	8,835,495	8,866,258	9,202,155	9,604,969
Educational Activities	4,334,454	5,160,559	4,738,207	5,155,794	5,091,064	4,953,387	5,254,796
Other Sales & Services	5,244,971	5,113,371	5,401,562	5,873,683	6,003,226	6,651,526	6,471,318
Designated Endow.	112,307	78,859	166,962	158,770	633,707	270,131	322,961
Restricted Funds							
State Financial Aid	3,610,459	3,605,591	4,328,288	4,381,899	4,350,632	4,408,391	4,632,955
State Library Approp.	3,118,485	3,463,060	3,463,066	3,469,140	3,462,428	3,463,066	4,407,482
Other State Approp.	349,346	51,000	117,990	1,152,215	2,188,260	2,284,367	3,566,647
State Grants & Contr.	3,548,096	4,308,375	3,764,226	4,996,877	5,099,446	5,299,912	7,001,242
Federal Financial Aid	9,888,275	9,838,700	10,153,086	10,621,964	11,499,967	12,741,473	12,185,983
Federal Appropriations	7,312,582	6,939,042	6,560,495	6,475,162	6,401,364	5,620,333	6,088,220
Federal Grants & Contr.	29,054,941	32,829,961	38,110,165	40,498,458	39,497,031	37,719,789	40,587,173
Other Gifts, Grants & Cc	13,965,099	13,944,757	14,648,382	15,749,423	16,059,691	16,482,552	16,935,815
Restricted Endow. Funds	102,738	166,972	143,560	207,994	203,142	206,727	233,650
Other	175,778	277,040	147,153	147,511	61,666	83,968	107,696
Total	\$ 428,390,558	\$ 449,497,469	\$ 473,404,678	\$ 492,740,122	\$ 511,344,675	\$ 526,915,616	\$ 555,101,871

On the expenditure side, the budget for the Amherst campus can be viewed in many ways, but the most useful way from a faculty point of view is in two segments: (1) the share the budget spent on academic affairs as a portion of the total operations of the campus and (2) the changes in support among programs within the academic affairs portion of the budget.

The total budget includes a very large number of activities that are necessary to run and manage the infrastructure and facilities of the campus as well as academic programs. Within it, however, are the programs that faculty are directly involved in and

are naturally seen as the heart of campus life. That is not to say that the faculty are not concerned with having modern facilities, high quality communications services, and having the campus managed effectively; they are. But, it is also natural for the faculty to place the highest priority on the teaching, research and service programs that generally are funded under the academic affairs budget.

The primary emphasis of this report will be on the expenditure side of the budget. A recent report from a task force created by the Provost focused on generating non-state sources of revenues for the campus. While this is clearly a very important aspect of solving fiscal problems, our immediate concern is with understanding expenditures across the campus.

Campus Expenditures in Recent Years

The most useful way to view the Amherst budget is to look at how unrestricted funds have been spent over the past seven years. The figures in Table 2 provide a reasonably consistent basis for examining the pattern of expenditures on the campus between fiscal 1994 through fiscal 2000. The figures for each fiscal year are in columns across the table. The rows of the table show the major budgetary units on the campus. They are grouped into a set of related activities that correspond with the responsibilities of the Chancellor and Vice Chancellors. Each has a subtotal and this reflects the funds that a particular Vice Chancellor has to run their programs. The academic affairs budget includes the colleges and other academic programs under the management of the Vice Chancellor for Academic Affairs or Provost.

Table 2 provides the absolute size of expenditures broken down by detailed categories within the budget of each Vice Chancellor. This is a comprehensive picture of the funds that were actually spent in each fiscal year. There is some variance among categories due to transfers that are made during the year as part of the fiscal management of campus funds. In some cases money is moved between categories as surpluses are spent in anticipation of revenues or other adjustments are made. While some of these transfers are significant in a given year, the overall picture that emerges from the table is a reasonable and reliable view of how funds have been allocated over time.

Table 3 shows a breakdown of the percentage change in expenditures from FY94 through FY00 for each major budget category. This helps identify where shifts in expenditures have taken place over time. It is important to keep a balanced view of the percent changes and the absolute size of changes in expenditures in drawing any inferences regarding the history of budget allocations.

In the lower section of Table 3 is a breakdown of how the additional revenues during the period from FY94 to FY00 were allocated among the major budgetary categories on the campus. This information is particularly useful in identifying shifts in the allocation of campus resources during this period.

Expenditures for the Amherst Campus

Table 2

MBU Description	FY94	FY95	FY96	FY97	FY98	FY99	FY00
Chancellor	2,248,665	2,244,091	2,696,596	2,769,855	2,719,443	2,913,123	2,611,379
OIT	2,942,380	2,953,166	3,337,691	3,428,275	4,133,990	5,098,277	7,286,764
Athletics	4,825,745	5,443,455	6,116,348	6,332,295	6,250,034	6,449,874	7,929,832
Subtotal	10,016,790	10,640,712	12,150,635	12,530,425	13,103,467	14,461,274	17,827,975
Academic Admin.	3,745,326	4,227,817	4,235,332	4,257,111	1,868,793	1,576,555	1,855,616
Outreach	455,632	433,247	432,311	426,590	856,959	2,912,990	3,010,132
Library	6,561,478	6,962,507	6,900,685	7,395,803	7,535,924	7,804,707	8,098,796
Undergrad. Affairs	-	-	-	53	5,224,900	5,106,853	4,922,586
Acad. Support	4,294,146	4,730,025	6,089,427	6,246,579	3,875,717	3,539,223	4,142,716
Arts & Sciences	780,253	346,477	-	-	1,379,622	1,900,022	1,662,254
Human. & F A	23,688,248	23,716,325	23,758,268	24,817,276	26,588,088	26,897,619	27,902,762
Soc. & Beh. Sci.	14,517,643	15,148,734	15,200,474	15,888,783	17,149,028	17,694,629	18,645,420
Nat. Sci. & Math	30,823,949	31,925,300	29,915,427	30,701,778	33,053,793	32,294,687	34,252,902
Management	5,535,353	5,739,032	5,723,059	5,861,194	6,340,536	6,994,802	6,990,169
Engineering	12,190,722	11,615,179	11,831,512	11,920,867	12,714,147	13,002,914	13,563,635
Pub Health	3,425,229	3,515,334	3,689,592	3,588,357	3,906,781	4,038,718	4,220,582
Nursing	1,436,422	1,585,514	1,675,362	1,676,081	1,909,794	1,824,948	2,022,747
Physical Ed.	15,803	-	-	-	-	-	-
Education	5,903,384	5,940,436	5,889,016	6,071,721	6,710,255	6,695,775	7,140,918
Food & Nat. Res.	16,012,371	16,501,512	17,852,916	18,620,131	20,256,069	18,236,531	18,561,530
Subtotal	129,385,959	132,387,439	133,193,381	137,472,324	149,370,406	150,520,973	156,992,765
VC - Student Affairs	927,802	852,242	1,077,507	1,157,758	1,093,711	1,179,822	1,050,077
Env. Health & Safety	1,180,305	1,268,642	1,300,725	1,384,709	1,476,963	1,470,783	-
Campus Activities	514,668	565,417	689,042	776,212	1,089,624	1,102,310	1,156,672
Housing Services	262,783	243,916	313,448	272,224	317,535	401,825	640,909
Public Safety	2,870,786	2,855,673	3,307,306	3,661,993	3,652,326	3,626,363	3,896,199
Enroll. Serv.	11,068,277	12,062,770	12,947,902	14,292,777	16,559,763	18,926,759	20,961,166
Dean of Students	1,147,624	1,211,945	1,289,247	1,488,868	1,653,610	1,766,496	1,830,165
Health Services	51,276	41,123	76,833	81,034	120,465	153,945	160,410
Subtotal	18,023,521	19,101,728	21,002,010	23,115,576	25,963,997	28,628,303	29,695,598
VC for Admin and Fin.	768,731	668,104	611,793	836,206	764,560	760,474	572,088
VC A&F Operations	1,033,621	799,022	774,759	915,862	883,981	812,327	873,423
Finance and Budget	3,068,780	3,137,535	3,089,291	3,667,824	4,019,805	3,878,665	3,971,892
Human Resources	1,942,465	2,158,030	2,143,192	2,329,028	2,478,534	2,317,876	2,522,797
Physical Plant ***	31,852,265	31,621,175	30,137,006	30,902,045	30,994,724	32,099,064	31,928,677
Env. Health and Saf.	-	-	-	-	-	-	1,562,461
Facilities Planning	321,423	1,123,793	1,686,404	1,483,610	1,405,665	1,479,610	1,650,385
AVC Facilities	-	-	-	-	-	-	459,509
Auxiliary Services	271,602	272,564	285,495	282,064	297,448	688,237	752,503
Campus Services	1,022,172	1,060,720	1,279,668	1,029,278	943,322	1,264,816	1,016,254
A&F Admin. Sys.	-	-	-	-	-	528,548	6,719,587
Budget Office	351,339	381,117	379,492	-	-	-	-
Subtotal	40,632,398	41,222,060	40,387,100	41,445,917	41,788,039	43,829,617	52,029,576
VC Univ. Advan.	373,102	361,325	528,483	604,623	595,902	688,119	719,116
Advance. Services	-	-	-	-	-	-	717,533
Development	2,445,964	2,667,113	2,972,555	3,310,527	2,944,562	2,846,618	2,469,677
Alumni Relations	547,439	735,760	883,632	1,076,627	1,064,740	1,094,954	1,035,539
Comm. & Mark.	1,261,901	1,302,084	1,301,312	1,780,914	1,931,882	2,135,703	2,062,389
University Rel.	197,483	280,554	202,455	100,011	117,351	132,881	-
Gov. & Com. Rel.	181,039	186,883	191,177	293,704	316,538	357,760	550,266
Subtotal	5,006,928	5,533,719	6,079,614	7,166,406	6,970,975	7,256,035	7,554,520
VC for Research	887,978	1,173,093	1,097,219	1,638,167	1,241,603	1,407,196	503,695
Outr. & Tech. Trans.	184,153	152,755	232,493	258,591	-	-	943,827
Research Services	324,585	335,802	322,542	314,855	331,738	361,058	1,871,612
Polymer Science	136,334	155,182	228,546	278,366	273,979	223,378	220,937
Research Support	824,618	888,259	795,476	988,371	1,274,501	1,055,954	1,159,902
University Press	388,865	309,379	313,599	258,408	299,282	313,032	328,019
The Env. Institute	267,899	749,803	847,216	824,471	930,505	988,722	967,529
Graduate Services	334,290	348,948	417,686	527,175	-	-	-
Economic Develop.	116,040	228,237	226,420	290,882	319,385	299,496	-
Grants & Contracts	780,138	806,939	856,768	811,338	887,994	880,220	-
Subtotal	4,244,900	5,148,397	5,337,965	6,190,624	5,558,987	5,529,056	5,995,521
Grand Total	207,310,496	214,034,055	218,150,705	227,921,272	242,755,871	250,225,258	270,095,955

**Change in Expenditures by Major Budget Area
Table 3.**

MBU Description	FY94	FY95	FY96	FY97	FY98	FY99	FY00
Chancellor	10,016,790	10,640,712	12,150,635	12,530,425	13,103,467	14,461,274	17,827,975
Academic Affairs	129,385,959	132,387,439	133,193,381	137,472,324	149,370,406	150,520,973	156,992,765
Student Affairs	18,023,521	19,101,728	21,002,010	23,115,576	25,963,997	28,628,303	29,695,598
Admin & Finance	40,632,398	41,222,060	40,387,100	41,445,917	41,788,039	43,829,617	52,029,576
Advancement	5,006,928	5,533,719	6,079,614	7,166,406	6,970,975	7,256,035	7,554,520
Research	4,244,900	5,148,397	5,337,965	6,190,624	5,558,987	5,529,056	5,995,521
Total	207,310,496	214,034,055	218,150,705	227,921,272	242,755,871	250,225,258	270,095,955
Chancellor	4.8%	5.0%	5.6%	5.5%	5.4%	5.8%	6.6%
Academic Affairs	62.4%	61.9%	61.1%	60.3%	61.5%	60.2%	58.1%
Student Affairs	8.7%	8.9%	9.6%	10.1%	10.7%	11.4%	11.0%
Admin & Finance	19.6%	19.3%	18.5%	18.2%	17.2%	17.5%	19.3%
Advancement	2.4%	2.6%	2.8%	3.1%	2.9%	2.9%	2.8%
Research	2.0%	2.4%	2.4%	2.7%	2.3%	2.2%	2.2%
	% Change						
	FY94 to FY00	Change					
		FY94 to FY00					
Chancellor	78.0%	7,811,185					
Academic Affairs	21.3%	27,606,806					
Student Affairs	64.8%	11,672,077					
Admin & Finance	28.0%	11,397,178					
Advancement	50.9%	2,547,592					
Research	41.2%	1,750,621					
Total	30.3%	62,785,459					

While there are many observations one might make concerning this budgetary data, a few are worth highlighting:

- Total expenditures on the campus grew by \$62,785,459 over this period or a 30.3% increase in funding.
- The largest percentage increase in expenditures during this time was in the Chancellor’s budget that grew by 78%. This amounted to \$7,811,185. Within the Chancellor’s budget, this increase went to:
 - The athletic programs on the campus
 - The office of information technology
- Academic Affairs received the largest absolute increase of \$27,606,806 but on a percentage basis was only 21.3%.

- Student Affairs grew by 64.8% and added \$11,672,077 during this same period. Much of this increase was due to significant increases in financial aid.
- Administration and Finance increased by 28% and added \$11,397,178 to its budget.
- Advancement's funds grew by 50.9% on a relatively small base with the addition of \$2,547,592.
- The budget for the Vice Chancellor for Research increased by 41.2% on a small base with the addition of \$1,750,621.

In the overall scheme of things, Academic Affairs received the largest absolute increase in funding while it experienced a significantly lower percent increase than any of the other major budgetary divisions.

To gain a better understanding of this, it is useful to examine what has happened to expenditures and staffing within some of these major budgetary categories.

The Chancellor's Budget

The Chancellor's budget includes all expenditures for the athletics program. During the past seven years, in response to Title IX requiring equal athletic opportunities for women, this budget has increased significantly. This was the result of the Chancellor's policy of increasing athletics programs for women while not cutting any existing programs for men. As a result, the athletic budget grew from \$4,825,745 in FY94 to \$7,929,832 in FY00. While one may agree or disagree with his policy, it is clear that the additional \$3,104,087 that went to expanding the athletic programs on campus was significant as this increase accounted for 5% of all additional funds that came to the campus during the period. The athletic budget is now larger than the budget of the Isenberg School of Management, the School of Education, the School of Public Health, and other programs within Academic Affairs. By the same token, one can also argue that the athletic programs on the Amherst campus do not account for a very large portion of the total campus budget; only about 3%.

The second item in the Chancellor's budget that has grown significantly is the Office of Information Technology. This has been primarily due to the wiring of the campus. The initial phase of network construction is just being completed. Many faculty, especially in science and technology, would like to see this network improved in terms of speed and bandwidth as it serves the campus community and plays an important role in teaching. During the past seven years expenditure for OIT have grown from \$2,942,380 to \$7,286,764 or by some \$4,344,384; a 147.6% increase. Given that the network is now completed, it is unclear what the demands on future funds will be to maintain and expand it.

In order to gain a more complete view of how the Chancellor's budget has changed, Table 4 provides figures showing how staffing has changed over this same period broken down by the major functions in the Chancellor's area. The staffing figures

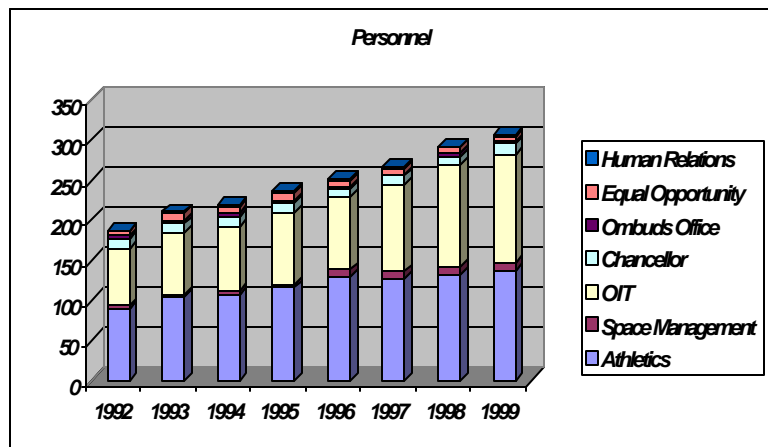
are also shown in a chart below the table to help visualize this dramatic change in activity. As one can easily observe, the increase in professional positions in the Chancellor's programs has roughly doubled increasing by almost 100 people.

Chancellors Staff Table 4

Year	Departments							Total
	Athletics	Space Management	OIT	Chancellor	Ombuds Office	Equal Opportunity	Human Relations	
1992	90	4	70	13	4	5	2	188
1993	104	4	76	12	4	9	2	211
1994	107	6	79	13	4	8	2	219
1995	116	5	88	13	3	9	2	236
1996	130	8	91	11	2	8	2	252
1997	128	8	109	10	2	8	2	267
1998	133	10	126	11	3	8	1	292
1999	137	9	136	13	3	7	2	307
%Change	52%	125%	94%	0%	-25%	40%	0%	63%

Fall 1999
 193 Professional
 6 Faculty
 108 Classified

Fall 1992
 100 Professional
 5 Faculty
 83 Classified



The Provost's Budget

The Vice Chancellor for Academic Affairs or Provost of the campus is responsible for managing the expenditures for the major academic programs on the campus; the schools and colleges. Like other Vice Chancellors, the Provost has to propose a budget for each year, but does not have final control over the amount provided. The faculty has had no input into the budget allocation going to academic affairs at all in recent years.

Table 5 provides a breakdown of expenditures across academic programs on campus along with a chart that illustrate the changes in those expenditures over the past seven years.

**University Of Massachusetts Amherst
Academic Affairs General Operations Expenses
Table 5**

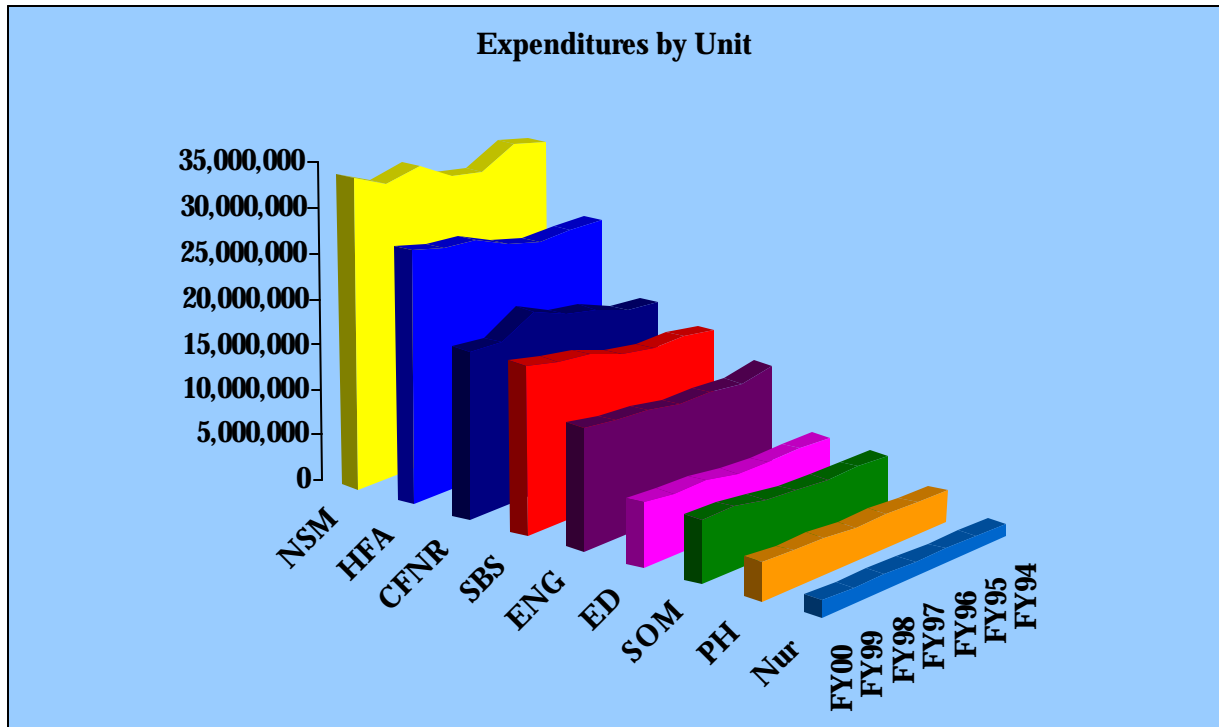
Programs	FY91	FY95	FY96	FY97	FY98	FY99	FY00	%Chg	Change
Academic Admin	3,745,326	4,227,817	4,235,332	4,257,111	1,868,793	1,576,555	1,855,616	-50.5%	(1,889,710)
Outreach	455,632	433,247	432,311	426,590	856,959	291,290	3,010,132	560.6%	2,554,500
Library	6,561,478	6,962,507	6,900,685	7,395,803	7,535,924	7,804,707	8,098,796	23.4%	1,537,318
Undergrad Affairs				53	5,224,900	5,106,853	4,922,586		4,922,586
Acad Support	4,294,146	4,730,025	6,089,427	6,246,579	3,875,717	3,539,223	4,142,716	-3.5%	(151,430)
Arts & Sciences	780,253	346,477			1,379,622	1,900,022	1,662,254	113.0%	882,001
	15,836,835	16,700,073	17,657,755	18,326,136	20,741,915	22,840,350	23,692,100	4.9%	7,855,265
HFA	2,368,824	2,371,632	2,375,826	2,481,726	26,588,088	26,897,619	27,902,762	17.8%	4,214,514
SBS	14,517,642	15,148,734	15,200,474	15,888,783	17,149,028	17,694,629	18,645,420	28.4%	4,127,778
NSM	3,082,394	3,192,530	2,991,547	3,070,178	3,305,379	3,229,687	3,425,202	11.1%	3,428,953
SOM	5,535,353	5,739,032	5,723,059	5,861,194	6,340,536	6,994,802	6,990,169	26.3%	1,454,816
Engineering	12,190,722	11,615,179	11,831,512	11,920,867	12,714,147	13,002,914	13,563,635	11.3%	1,372,913
Public Health	3,425,229	3,515,334	3,689,592	3,588,357	3,906,781	4,088,718	4,220,582	23.2%	795,353
Nursing	1,436,422	1,585,514	1,675,362	1,676,081	1,909,794	1,824,948	2,022,747	40.8%	586,325
Physical Education	15,803	-	-	-	-	-	-		(15,803)
Education	5,903,384	5,940,436	5,889,016	6,071,721	6,710,255	6,695,775	7,140,918	21.0%	1,237,534
CNR	1,601,237	1,650,512	1,785,291	1,862,013	2,025,609	1,823,653	1,856,150	15.9%	254,915
Subtotal	113,549,123	115,687,366	115,535,626	119,146,188	128,628,491	127,680,623	133,300,665	17.4%	19,751,542
Grand Total	129,385,958	132,387,439	133,193,381	137,472,324	149,370,406	150,520,973	156,992,765	21.3%	27,606,807

General Operations	20,731,049	21,404,055	21,815,075	22,792,122	24,275,587	25,022,528	27,095,955	30.3%	6,278,549
Academic Units	54.8%	54.1%	53.0%	52.3%	53.0%	51.0%	49.4%		31.5%

* RIF includes expenses from the 10-10-10 allocation to deans, department heads and PIs

** "Other Academic Units" includes Academic Administration, Outreach, Undergraduate Affairs and the Grad School (FY98 forward)

*** In FY98 the Grad School moved from VC Research to Academic Affairs in "Other Academic Units" Category



Of particular interest in these figures is the very large percentage increase in “Other Academic Units” during the period. These include Academic Administration, Undergraduate Student Affairs, and the Graduate School from FY98 forward. The largest single increase in this part of the budget was in Undergraduate Student Affairs which grew by about \$5 million from nothing at the beginning of the period. Much of this increase was due to a significant increase in financial aid. If expenditures for the Library are netted out, there was an increase of 72.2% over seven years in these units.

A more general observation is that the core of our academic programs from a budget standpoint is in the liberal arts. The budget for Humanities and Fine Arts combined with Social and Behavioral Sciences make up the largest financial commitment to academic programs. With Natural Sciences and Mathematics being the largest single expenditure, one can easily argue that the heart of campus programs revolves around the liberal arts rather than professional programs like Management, Planning, Engineering, or Education. It is clear that the core competency of the Amherst campus is liberal arts education.

Further, while there have been some shifts among these programs, the relative size of expenditures has not shifted dramatically over the past seven years. On the margin, however, one can see that of the \$19,751,052 in increased spending in this budget, about \$8.5 million went to Natural Sciences and Mathematics and Social and Behavioral Sciences. In the past two years, the College of Food and Natural Resources actually lost about \$2 million. A department was moved from NSM to CFNR during the mid 90’s that increased the budget for CFNR substantially. When this is taken into

account, there has been a larger decrease in CFNR and the increase in NSM is understated.

What is not apparent is how much of the increase received by each program was tied to mandated salary increases as compared with actual new growth in faculty or staff.¹ What one can see by looking back at figures published in the University Fact Book over the years, however, that faculty positions in general have fallen steadily from 1987 to today. Increasingly, instructional capacity has been supplemented with non-faculty teachers. The Chancellor's *Strategic Intent* presented in March of this year indicates that full-time faculty have decreased by 53 from 1994 to 2000 while non-tenure system faculty increased by 117. While this may have kept the student faculty ratio from getting out of control, it is questionable whether the same quality of teaching is being delivered. More importantly, it does not address the question of whether a critical mass of colleagues still exists in many programs to carry out a mission of meaningful research and outreach. Without the flow of fresh new ideas that often comes from recent graduates joining our ranks, it is difficult to maintain the intellectual growth in a discipline that is vital to a strong research agenda. Our faculty is increasingly senior and tenured and shrinking. This trend makes it difficult to remain among the leaders of the academy.

Over the past seven years, funding of programs under Academic Affairs fell from 62.4% to 58.1% of the total campus budget.

Student Financial Support

There are some budgetary expenditures that are not easily identified in a line item. They often span several budget categories or are spread across programs as part of the critical infrastructure of the institution. One such vital area is financial support for students. This has been a key element in the shifting pattern of resources available to the Amherst campus in recent years.

The Board of Trustees has taken a strong and consistent position that tuition and fees should not be increased in order to provide accessibility for students of moderate and lower economic means. This is admirable and is certainly compatible with the undergraduate teaching mission of a state supported university. At the same time, however, student financial support has grown dramatically. The question is whether the University has to engage in both policies simultaneously to achieve its objectives.

To get a better picture of student financial aid, figures in Table 6 show how expenditures in the various programs for funding students has changed over the years. The figures in Table 6 do not include all financial programs for students; only those that require the use of funds from the campus budget. The total size of all financial aid programs for students on the campus is now at almost \$65 million. In 1990, the funds distributed to students on the Amherst campus for financial aid was only \$27.8 million.

¹ See the discussion in the Appendix for an estimate of the proportion of the increase that was tied to salary increases.

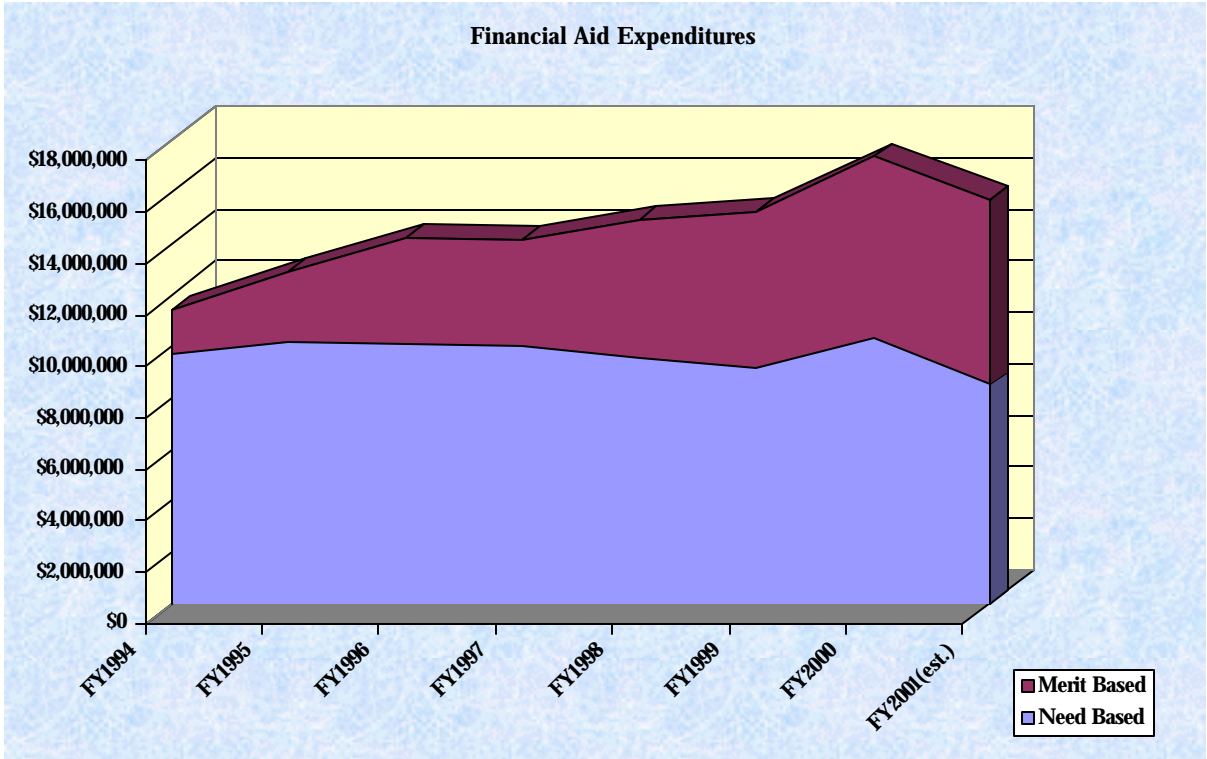
Students attending the University of Massachusetts at Amherst have access to a substantial amount of funds from federal, state and private sources.

Campus funds have increased from \$3.3 million in FY94 to \$17.4 million in this fiscal year. The University Scholars program and Commonwealth Scholars program have added about \$2.3 million of this increase since 1996. Athletic scholarships have better than doubled since FY 94. Need based scholarships still dominate the total with over \$10 million in funds.

The question that comes to mind is whether it was necessary to have increased financial aid to students in recent years in the face of relatively lower tuition and fees? Are we using student financial programs to attract students who would have gone elsewhere? Are we really making a college education accessible for students who otherwise would not have the opportunity to get one, or are we just increasing enrollments of very average students who would go to college anyway and making it cheaper for them?

<i>Campus Expenditures on Financial Aid</i>											
<i>Table 6</i>											
<i>Need Based</i>	<i>FY1990</i>	<i>FY1991</i>	<i>FY1992</i>	<i>FY1993</i>	<i>FY1994</i>	<i>FY1995</i>	<i>FY1996</i>	<i>FY1997</i>	<i>FY1998</i>	<i>FY1999</i>	<i>FY2000</i>
Fee Waivers											
Instr. Employment											
Institutional Loans											
Scholar. and Grants	\$1,500,000	\$1,800,000	\$5,200,000	\$5,729,000	\$8,275,000	\$8,772,000	\$8,721,000	\$8,620,000	\$9,546,000	9,191,000	10,278,000
Tuition Waivers	\$0	\$1,400,000	\$1,400,000	\$1,400,000	\$1,400,000	\$1,400,000	\$1,400,000	\$1,400,000	\$0	0	0
Subtotal	\$1,500,000	\$3,200,000	\$6,600,000	\$7,129,000	\$9,675,000	\$10,172,000	\$10,121,000	\$10,020,000	\$9,546,000	\$9,191,000	\$10,278,000
<i>Merit Based</i>											
Scholarships & Grants**	\$590,000	\$656,000	\$715,000	\$1,040,000	\$652,537	\$1,193,537	\$2,264,537	\$1,999,537	\$2,421,537	\$2,285,537	2,159,537
Tuition Waivers***											
Athl. Waiv./Scholar.	\$1,202,000	\$1,200,000	\$1,100,000	\$1,399,000	\$1,098,000	\$1,550,000	\$1,726,000	\$1,968,000	\$2,162,000	2,368,413	2,519,100
Fee Waivers											
Loans											
University Scholars									\$532,000	990,000	2,070,000
Comm. Scholar							\$81,000	\$175,000	\$277,500	384,000	349,000
Comm.Col.Scholar											
Subtotal	\$1,792,000	\$1,856,000	\$1,815,000	\$2,439,000	\$1,750,537	\$2,743,537	\$4,071,537	\$4,142,537	\$5,393,037	\$6,027,950	\$7,097,637
Total	\$3,292,000	\$5,056,000	\$8,415,000	\$9,568,000	\$11,425,537	\$12,915,537	\$14,192,537	\$14,162,537	\$14,939,037	\$15,218,950	\$17,375,637

A large student body being served by a shrinking faculty may mean less choices for students attending the Amherst campus; fewer courses, fewer sections of popular courses, a shrinking list of majors, less access to faculty, and larger class sizes. In the long-run are the best interests of students being served by these policies? Should fees be allowed to increase? Should there be a reduction in need based financial aid to shift funds to other parts of the budget?



The chart above shows the trend in campus expenditures for student financial support. The trend is encouraging as the share of merit based support is growing. Notice that the projected figure for FY01 is also lower than in the past.

The Next Steps Toward a Collegial Process of Strategic Planning

This is only a brief introduction to the Amherst campus budget. It only scratches the surface of a complex set of financial figures that reflect what the campus does. There are many other issues that need to be explored. There is a whole host of issues related to the capital expenditures of the campus and how they are funded. There are many questions that one might raise regarding how the strategic plan for the campus depends upon approval and funding of new facilities as well as catching up with a serious backlog of deferred maintenance. But this is only the first step on a long journey that is necessary to become an informed faculty who are prepared to take part in serious discussions about the current fiscal crisis and the long-term future of the campus.

There are a number of principles the faculty need to adopt to move down this path. Among them are:

- First, there can no longer be indifference toward campus budget decisions. The budget is the vehicle that translates policies into programs and determines the limits of what we as a faculty can achieve. We can no longer be in a reactive posture concerning fiscal policies and decisions.
- Second, the faculty must take an active role in planning the future of the Amherst campus and begin to speak in an assertive voice concerning what this institution stands for and what policies will insure outstanding quality in everything we do.
- Third, the faculty must be more collaborative across the campus and across the University system. This means setting up effective communications with each other, campus administrators, the President's Office, students, alumni, members of the General Court, and industry leaders in the Commonwealth. We must network effectively and reach out to more audiences than just other academic institutions. Amherst can no longer view itself as a stand-alone institution.
- Fourth, the faculty must think about engaging in activities that will increase revenues from non-state funds. Policies may have to be developed that give faculty incentives to become engaged in these new activities and the traditional standards for tenure and promotion may have to be broadened.
- Finally, the faculty must look at this critical point in the history of the Amherst campus as an opportunity and not just a crisis. This is a time to examine what the future of public higher education will be in Massachusetts. This is a time to use our creative thinking and strong liberal arts traditions to redefine what kind of an education is important for people facing this new century and discuss what role Amherst will play in providing that education.

The next step is for you to review the figures in this document and help formulate an agenda that identifies the areas where there are questions raised about the use of funds. We may end up engaging in debates over the relative merits of increasing bandwidth versus hiring a world class sculptor, but regardless of how challenging that may seem, we have a duty to try and shape the future of this institution. Ultimately, the faculty of the university is the university.

Appendix

Notes regarding this report provided by administrative staff and campus administrators:

1. “There is one additional adjustment that needs to be made upon further review of the figures. Like I mentioned to you before, all of the trades that we did between General Operations and Revenue Operations were removed from this spreadsheet. This is because the expense really resides with the Revenue Operations. This new adjustment (hopefully the final one) removes the Auxiliary Services MBU out of Administration & Finance. This needs to be done because in effect it is a trade like all the others. Auxiliary Services bills us (centrally) for providing services to campus space. We pay the bill centrally therefore it does not belong in any particular executive area. The reason Auxiliary Services has expenditures for this is because we decided to allocate state funds to them and thereby reduce the bill to the campus. Utilizing the state dollars as an allocation to auxiliary services allows us to better utilize our state appropriation (as with all the trades that we do).”
2. “I can probably add some useful information about moves of units around academic affairs for your paragraph on page 10, since you have commented on the figures for the "other acad units" in your Table 5. For instance, between FY97 and FY99, two big moves occurred into that category:
 - a. Grad School moved from Vice Chancellor for Research to Academic Affairs, as you state with a base budget of \$1,537K. The Outreach MBU was created and the entire Extension budget of \$1,669K moved into it from Food and Natural Resources.
 - b. Between FY95 & FY96, two functions moved into your "other acad units": AV from the Library (\$308K) and the old CASIAC from Arts and Sciences Admini. (\$352K). By the way, the name of there-configured MBU within "Other Acad. Units" is just "Undergraduate Affairs" (the word student isn't used), and the \$5 mi. was simply a realignment of the departments; it didn't come "from nothing", an odd turn of phrase.
 - c. Basically we created three MBUs out of the former two in order to separate “administration” from "academic support/AIMS, International Programs, Fine Arts Ctr, Registrar, Five College share" from "credit-bearing programs and advising/UAASC, Honors, Writing, ROTCs, RAP", hoping for a little clarity.
 - d. You also commented on the percent of increases attributed to COLA/Merit somewhere in the text. I once did a little analysis (FY93-2000), and found that 75% of the net increase in the base operating budget for Academic Affairs was due to salary increases.

- e. I was wondering what fund types you included in the chart, since it is about \$7 mi. more in expenses than gets strictly defined as the "operating budget" that corresponds to the "base" allocation most deans and the Provost manage. Did you include Commonwealth College's state special (\$1.75 mi.) even though it's a state special? Did you include revenue-based trust funds? RTF 10% return? (I'm assuming the state Library special is not in the figures?)
3. "I know the Budget Office previously restated some of the figures to adjust for accounting changes that were made during the period that skewed some of the data. There is another one that was missed. There was change in how Auxiliary Services was handled in A&F - you will note the rather dramatic increase between FY98 and FY99. The two major changes that I'm aware of both happen to effect A&F. In FY00 Campus Planning and Space Management (now shown in AVC Facilities at \$459,509) was moved out of the Chancellor's MBU and Environmental Health and Safety (now in A&F at \$1,562,461) was moved out of Student Affairs. The last issue has to do with large scale institutional initiatives whose expenditures happen to be reflected in a particular unit, but are not part of what one normally thinks of as the traditional "operating budget" of the unit. For example, financial aid increases are reflected in the academic support line for Student Affairs. The huge increase from \$528,548 to \$6,719,587 in A&F Financial Systems and the growth in OIT starting around FY99 are related to the installation of PeopleSoft and the required infrastructure to support the IT infrastructure. Most of these costs are episodic or "one-time" in nature and will decrease eventually or totally go away in a few years. They are, none the less, a use of funds that could have been dedicated for other purposes, so they just can't be ignored. Unless these types of issues are noted somehow, some of the statements made in the bullet points on pages 6 & 7 can be misleading. In my case alone, take out the organizational shifts and the one-time PeopleSoft expenditures (about \$6 M) and the increase is more like \$3.3 million or slightly more than 8%."