

## UMass Has a Spending Problem

By Greg Sullivan, Pioneer Institute Research Director

The University of Massachusetts claims admissions policies that favor out-of-state students over in-state residents are required as a result of insufficient state funding growth, but the data tell a different story.

### State funding increases far outpace inflation

Figure 1 shows that the state subsidy for UMass grew by about 39 percent from 2013 to 2017, more than six times the rate of increase in the Boston-area consumer price index, which rose just 6.3 percent during that period.

Figure 1 also shows the close correlation between UMass operating losses and the state subsidy. Decisions to expand, which are made unilaterally by the University, increase payroll and other operating expenses, effectively obligating the Commonwealth to fill the gap.

**Figure 1. UMass Operating Losses, State Subsidies vs. CPI-U, 2013-17**

UMass System (000s)	2013	2014	2015	2016	2017	Increase 2013-17
Operating Loss	\$511,083	\$600,621	\$669,513	\$737,257	\$720,342	40.9%
State Subsidies	\$519,311	\$570,618	\$621,200	\$669,748	\$720,817	38.8%
CPI-U Boston-Cambridge-Newton MA						6.3%

Source: <https://www.umassp.edu/budget-office/capital-finance/bond-disclosure> and [https://www.bls.gov/regions/new-england/data/consumerpriceindex\\_boston\\_table\\_pdf.pdf](https://www.bls.gov/regions/new-england/data/consumerpriceindex_boston_table_pdf.pdf)

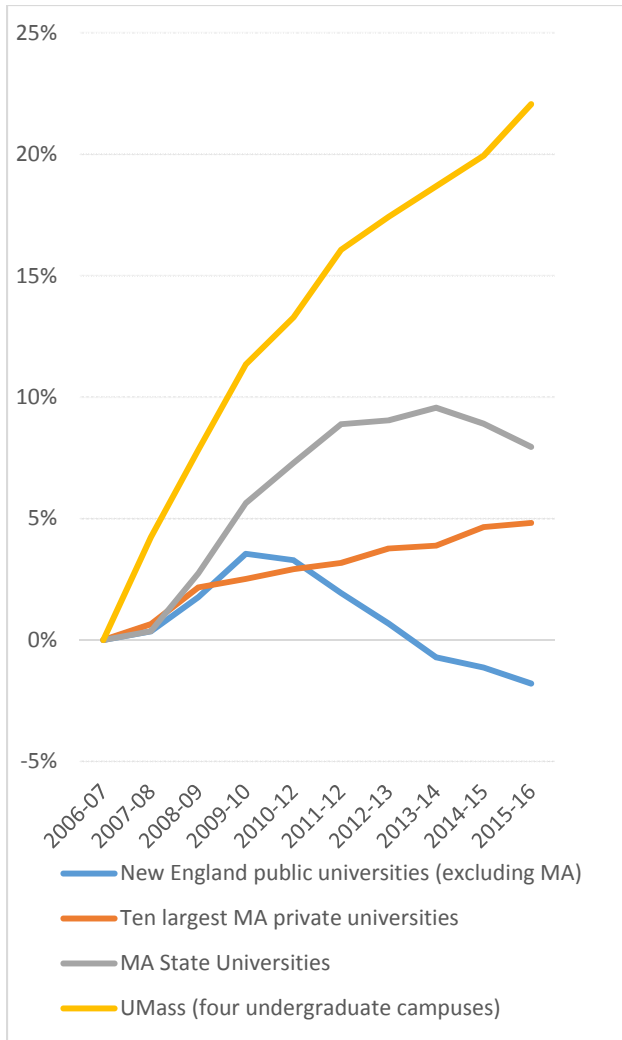
### Unilateral expansion decisions, fewer high school graduates

The latest example is UMass Amherst's purchase of the Mt. Ida College campus in Newton for \$75 million. The Legislature did not vote to establish a new UMass campus, but taxpayers will surely be called upon to cover increased operating losses the move will create.

Expansion brings larger operating losses. Figure 2 shows that UMass' rapid expansion runs contrary to regional trends. Nationally, college enrollment has declined for six consecutive years.<sup>i</sup> Yet undergraduate enrollment at the four UMass undergraduate campuses grew by 22.1 percent from 2006-07 to 2015-16, compared to negative growth of 1.8 percent at all New England public colleges and universities outside of Massachusetts, 4.8 percent growth at Massachusetts ten largest private universities, and 7.9 percent growth at Massachusetts nine state universities over the same time period.<sup>ii</sup>

**Figure 2. Undergraduate Enrollment Growth: UMass, N.E. public universities, ten largest MA private universities, and MA state universities (2006-07 to 2015-16)**

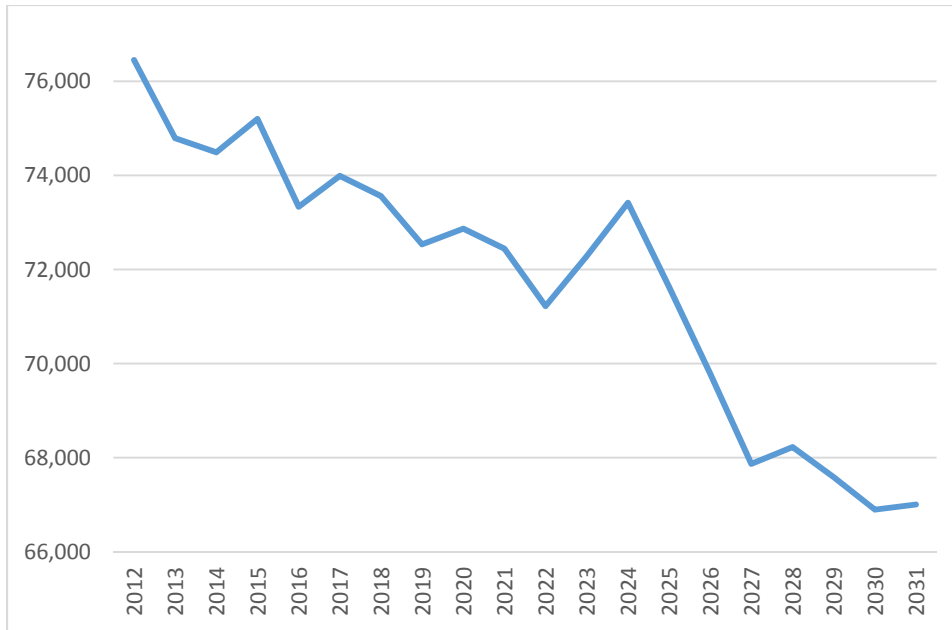




Source: National Center for Education Statistics, <https://nces.ed.gov/ipeds/datacenter/Data.aspx>

Looking ahead, Massachusetts is projected to produce 12.4 percent fewer high school graduates in 2031 than it did in 2012, yet its state university continues to grow unabated.

**Figure 3. Projected Massachusetts high school graduates, 2012-2031**



Source: Western Interstate Commission for Higher Education, *Knocking at the College Door: Projections of High School Graduates, 2016*, <https://knocking.wiche.edu/data>

### Adding up the actual state subsidy

The actual UMass subsidy is far more than the University’s state budget appropriation. First, the Commonwealth also pays the health insurance and pension costs for all state-funded UMass employees. Here are the items that make up the system’s fiscal 2019 budget request:

- A \$55.9 million increase in base state funding
- \$13.7 million to fund collectively bargained pay raises
- \$20 million for the UMass Medical School to fund research and development in the absence of sufficient funding to support expanded R&D facilities at the Worcester campus
- More than \$10.6 million in additional requests

### Conclusion

The University of Massachusetts system has a spending problem, not a funding problem. Like the MBTA prior to forward funding, it essentially spends as it likes and then presents the Legislature with a bill. Rather than using unilateral expansion decisions as leverage to increase its state subsidy, UMass must be required to operate within set annual funding limits.

<sup>i</sup> <http://www.insidehighered.com/news/2017/12/20/national-enrollments-decline-sixth-straight-year-slower-rate>

<sup>ii</sup> *National Center for Education Statistics*, <https://nces.ed.gov/ipeds/datacenter/Data.aspx>. Data is 12-month unduplicated headcount enrollment (undergraduates).