May 15, 2020

Dear Colleagues,

Since Spring Break, all of us have been consumed with the need to engage students on a remote-learning platform. I am grateful to you for making the conversion quickly and with minimum friction. Now, as the 2019-2020 school year comes to a close, I want to address the matter of our financial outlook, which I know weighs on us all.

With state tax revenues declining precipitously and families experiencing economic free fall, higher education in general and public higher education in particular face difficult times ahead. Much remains uncertain at the moment, but I want to share with you what we know and what we are working on.

As explained in detail at yesterday’s Virtual Town Hall, we are busy planning for various operational scenarios—fully remote, hybrid with social distancing, or fully on campus with social distancing. The decision to elect one of these approaches will be guided by the latest epidemiological data and recommendations from federal, state, and city public health authorities. That guidance is especially important for a campus whose students, staff, and faculty are commuting on public transit, back and forth to communities, some of which have experienced disproportionate health and economic impacts from the pandemic.

When we do reopen the physical campus, we will of course follow CDC guidelines with respect to utilization of PPE, deep cleaning, hand sanitizer stations, and other necessary public health measures. Ensuring these materials are in adequate supply will be essential. Safety has been, is now, and will remain our first priority.

Turning to our financial outlook, I’m pleased to report that we have a plan in place to resolve our FY 2020 budget deficit, whose scope has changed over the course of this academic year. It may be useful for readers to know a bit more about that
evolution. Even before the COVID pandemic created budget pressures, our campus had work to do to close the gap between revenue and expenses. This is why the voluntary separation (VSIP) program was needed last fall. It was also the reason that the highest paid non-unit staff/administration did not receive pay raises for FY 2020. These actions helped to bring us to the balanced budget that was in place before the pandemic arrived and hence enabled us to present to the Board of Trustees a campus plan for a zero deficit.

The arrival of the pandemic in February imposed its own fiscal consequences, especially once we recognized the importance of providing pro-rated refunds of dining and parking fees to students and staff. Because of these refunds and additional losses associated with “transient” parking revenue (as distinguished from parking passes), decreases in revenue funds such as ESS (loss of departmental business) and RTF (diminished research activity), technology investments needed to ramp up for remote learning, and the additional liabilities in vacation accounts (see below), we must now work to solve a $3.4 million gap.

We will do so by reducing expenses related to the temporary closing of the campus, including utility costs, business meetings/campus events, and travel. Restrictions have been put in place so that only those items most essential to university business may be purchased for the remainder of the fiscal year. We have also identified and achieved operational efficiencies. These actions have put us within striking distance of eliminating the FY 2020 deficits, something we are obligated to do per Trustee instructions.

As noted above, one remaining issue in FY 2020 is unusually low vacation usage, which is to be expected during a “lock down” period. Nonetheless, unexpended vacation balances have a negative impact on our budget and hence need to be addressed during this fiscal year (and are counted in our budget resolution). The chancellor, vice chancellors, deans, and vice provosts are leading the way here by agreeing to take five vacation days before June 30, and we encourage all non-unit staff to work with their managers to request the same five-day FY 2020 vacation time. This is an action that everyone can take to help our budget. Vacation usage plans have also been proposed to the staff unions, and bargaining on these plans is ongoing.

The financial outlook for UMass Boston going forward is much less clear, but it is likely to be far more problematic. The FY 2021 budget deficit will certainly be significantly greater and more difficult to solve in the face of what we expect will be sharply reduced revenues. The two biggest factors in question are enrollment and
the state appropriation—our two major sources of revenue.

Our enrollment management team is working very hard and with great creativity to attract freshman and transfer students. Their task is made easier by the good work of our faculty to make the education we provide rewarding and the effort our advisors, librarians, athletics, and student affairs staff are contributing to ensure that the UMass Boston experience is academically and socially enriching.

All of our teams, including especially our academic advisors, are also hard at work supporting our current students in continuing their studies in the fall. Many students are contending with increased financial pressure. Our international students—new and continuing—face substantial uncertainty as they wonder whether they will be able to obtain or renew visas, travel to the U.S., and venture far from home during a public health crisis. All of these factors could combine to create downward force on our enrollment for next year.

The state appropriation to UMass Boston (and the other campuses) is in large measure dependent on the commonwealth’s own revenue, which at the moment is 50% behind where it was in April 2019. President Meehan, the chancellors, our legislative liaisons, and the members of our statehouse and federal delegations are working overtime to seek the maximum support from government to protect this critical public university. Even so, experience from previous recessions has taught us that we should expect that the state appropriation will be affected by these economic conditions.

On a positive note, UMass Boston is scheduled to receive $12 million in federal CARES Act stimulus funding. In accordance with the terms of the act, half of these funds go directly into emergency student grants, beginning this month. The remaining $6 million—which we have not yet received but for which we have applied—will go to the institution to address costs associated with significant changes to the delivery of instruction due to COVID-19, in accordance with rules issued by with U.S. Department of Education. While we deeply appreciate this infusion of federal dollars, we cannot expect that it will be sufficient to offset an imminent budget deficit.

Final FY 2021 budgets will be adopted in September by the Board of Trustees; thereafter UMass Boston will roll out department budgets on our campus. For the moment, however, the board has requested each campus plan for a range of financial scenarios, all of which require us to plan for the aforementioned zero deficit. This will be challenging because unlike previous recessions, virtually all lines of revenue are under pressure. Consequently, meeting that balanced budget mandate
will require difficult choices.

As far as possible, we will achieve this goal by developing new revenue and sustaining our existing enrollment, but it is quite likely that significant cuts will be needed as well. And while we have so far been able to avoid reductions impacting benefited employees, we cannot offer that guarantee for FY 2021. After working so incredibly hard over the past three years to stabilize our budget, we will unfortunately again be facing a very difficult financial situation this coming year.

As always, our budget deliberations will prioritize functions and initiatives that support our mission: providing access to a world class university education for the most deserving, but also economically stressed, students in Greater Boston and the commonwealth as a whole.

I will keep you updated on our financial planning as the public health and economic impacts of COVID-19 become clearer in the coming weeks.

I am in close touch with incoming Chancellor Marcelo Suárez-Orozco, who starts on August 1. His judgment will be incorporated into the decisions we must make between now and the time he arrives, since they will come into effect during his tenure.

Thank you again for the way in which you, as stewards of this vital institution, have come together in this extraordinarily challenging time to protect and support a student population that has never needed us more. I know that you will continue to do everything possible to preserve its all-important mission.

Sincerely,

Katherine S. Newman
Interim Chancellor