



UNIVERSITY OF MASSACHUSETTS
AMHERST

374 Whitmore Administration Building
181 President's Drive
Amherst, MA 01003-9313

Office of the Chancellor

voice: 413.545.2211
fax: 413.545.2328
www.umass.edu

April 26, 2018

Dear Members of the General Court,

As someone who has dedicated his career to working with college students, my heart goes out to the students of Mount Ida College who, through no fault of their own, have been thrust into a state of uncertainty and anxiety by the sudden closing of their beloved college. I appreciate the efforts of UMass President Marty Meehan, UMass Dartmouth Chancellor Robert Johnson, our UMass Board of Trustees, Higher Education Commissioner Carlos Santiago, Education Secretary James Peyser and our respective teams who are working to provide options and accommodations for these students. These ongoing efforts include exploring accommodations for those students pursuing academic programs with a special focus.

Unfortunately, in this era of demographic and fiscal challenges, this is most likely not the last time an institution of higher education in Massachusetts will be forced to close its doors. I am confident that the higher education community will, including the University of Massachusetts, learn from this situation and be better prepared to respond moving forward.

It is with these challenging developments in mind that I write to you today to explain the thought process, business plan and possibilities that come with the decision of the University of Massachusetts Amherst to acquire the real estate and physical assets of Mount Ida College. Our mission, as it has been since we were founded by the Morrill Land Grant Act in 1862, is to advance the educational opportunities of the citizens of Massachusetts and to serve the Commonwealth.

The newly acquired property, which will be known as the Mount Ida Campus of UMass Amherst, and serve as an additional instructional site, will not admit undergraduate students directly. It will serve as a center for student-focused experiential learning and a hub of research-industry collaboration that will benefit both the surrounding community and the entire Greater Boston region. The programs offered there will align the strengths of UMass Amherst with the growing demand for talent in areas that drive the Massachusetts economy, including health care, business, computer science and other STEM specialties.

The Newton-Needham Chamber of Commerce, community members and other stakeholders have expressed support for our proposed acquisition of the Mount Ida property, as have faculty leaders on the Amherst campus. The move will strengthen the position of UMass Amherst in the competitive national higher education marketplace and aligns with the overall strategic plan of the campus.

Acquisition Cost and Debt

As you know, each UMass campus has its own budget, independent of each another, with its own sources of revenue and its own debt capacity. The UMass Board of Trustees has mandated an industry standard and fiscally sound 8% debt cap on each campus, meaning each individual campus cannot spend more than 8% of its annual operating budget on debt for that campus's benefit. UMass Amherst has sufficient debt capacity and is well below its trustee-mandated 8% debt cap. Annual debt service on the projected \$70 million obligation associated with the Mount Ida acquisition accounts for less than half of one percent of the flagship campus's \$1.2 billion operating budget. A business plan for the Mount Ida Campus of UMass Amherst supports significant revenue generation, in part derived from additional residence hall capacity, that will off-set the cost of the acquisition. To put this particular acquisition in context, the value of the Mount Ida transaction is approximately the same as it would cost to build or renovate one academic building on campus.

No taxpayer money will be used to acquire the Mount Ida real estate and no additional state funds will be sought to operate it.

The pending transaction has been vetted by university counsel who has been consulting with the Attorney General from the outset.

Fulfilling our Promise to Massachusetts: Becoming a Top 20 Public Research University

In recent years, UMass Amherst has moved up in the *U.S. News & World Report* national rankings by more than 20 places and is now ranked 29 among national public universities. We are among the fastest rising universities in the country – and our recent success is shaping both the higher education landscape and the continued economic success of Massachusetts. As part of our 2018-2023 Strategic Plan, our goal is to join the Top 20 national public research universities and continue advancing the Innovation Economy of Massachusetts.

We have achieved our recent success while staying true to our mission. This past fall, 30% of our first-year students identified as African American, Latino/a, Asian/Pacific Islander, and Native American (ALANA) – an increase from 20.8% in 2010. In fact, UMass Amherst graduates more students of color every year than any public institution in Massachusetts. These statistics represent our commitment to the state's underserved communities and to the well-being of the Commonwealth as a whole.

Decades ago, the world renowned private research institutions in Massachusetts – Northeastern, Boston University, Boston College, Tufts, Brandeis, Harvard, Massachusetts Institute of Technology, Worcester Polytechnic Institute – all served the sons and daughters of the Commonwealth, welcoming the best and the brightest high school students from the state. But since 1986, the number of undergraduate students from Massachusetts enrolled at these schools has declined by 70%.

Massachusetts currently has the number one Innovation Economy in the nation. Ensuring the continued economic success of the commonwealth requires a pipeline of talent. Employers –

whether they be start-ups, medium-sized businesses, or large corporations – must be able to hire well-educated talent across all industry sectors, especially in the STEM fields.

UMass Amherst is the commonwealth’s largest pipeline for that talent. Each May we award more STEM degrees than any other university or college in Massachusetts – public or private. These students represent every community in the Commonwealth, and, five years after graduating, more than 70 % of our in-state UMass Amherst alumni are still living and working in Massachusetts, contributing to the economic and social well-being of the commonwealth.

But this pipeline of talent is threatened. Across the country, states are reducing support for public higher education, and recruitment markets are growing tight as the population of high school graduates decreases. In response to these challenges, flagship universities in other states are extending their reach and actively recruiting students from across the country.

Given that Massachusetts has the best K through 12 public school system in the country, national flagship universities are actively recruiting our well-prepared high school graduates. These universities are ready to welcome Massachusetts students who have a high probability of remaining in their newly adopted state.

We are at a critical juncture. If we do not meet the demonstrated, growing need to provide the students of Massachusetts with a flagship university on par with the University of California, Berkley, UCLA, Virginia, Michigan and University of North Carolina at Chapel Hill, our students will increasingly leave the Commonwealth to attend an out-of-state university.

This year-over-year exodus of our high school students creates a potential “Brain Drain” for Massachusetts and jeopardizes the continued strength of our Innovation Economy.

Building on our current momentum and achieving our Top 20 ambitions not only serves the well-deserving high school graduates of the Commonwealth, it is critical to the continued economic success of Massachusetts.

Closer Alignment With Business Community in Eastern Massachusetts.

The University of Massachusetts Amherst made a strategic decision to invest some of its capital dollars for the acquisition of the Mount Ida real estate and facilities to closer align our students, our research and development mission, and our faculty with the business community in Greater Boston. The Mount Ida Campus of UMass Amherst will advance these goals by providing students with critical career-related experiential learning opportunities in Greater Boston while fostering collaboration with business and industry to drive economic development. We made this strategic investment for the benefit of our current and future students and in the best interests of the Commonwealth.

UMass Amherst is vitally important to the workforce of Greater Boston. UMass Amherst enrolls more than 11,000 undergraduate students from Greater Boston. That’s more than any other college or university, public or private, in Massachusetts. More than 70 percent of in-state UMass Amherst undergraduate students come from Greater Boston and most return to Greater Boston to work after graduation.

We know we need to do more to connect our students with career preparation and experiential learning opportunities. The Newton campus, located less than ten miles from downtown Boston and adjacent to the tech-focused Route 128 corridor, will help us meet this critical goal.

Direct relationships with businesses leads to public-private partnerships. For instance, in 2016 the MassMutual Foundation provided UMass Amherst with a 10 year \$15 million grant to hire research faculty to train students in data science and related areas. The grant was a direct result of MassMutual's need for more "fin-tech" trained workers for the future of their company.

Similarly, the Newton presence will allow UMass Amherst to form direct relationships with technology and life sciences companies along the Route 128 corridor and with major employers in Boston.

Sound Business Plan

Our initial business plan for successfully operating the new campus includes offering graduate and continuing and professional education programs in a wide range of disciplines. In addition, by providing housing for undergraduate students focused on experiential learning opportunities, we project a modest undergraduate enrollment growth in Amherst. This increase will boost revenues and provide additional access to the flagship campus, which is in high demand. We hope to establish an initial presence on the Newton campus by fall 2018. Undergraduate residential career development and educational programs will be initiated on the campus over the course of the 2018-2019 academic year.

The Newton campus includes 820 residential beds. We anticipate most students in residence will be in their third or fourth years of study, with the campus serving as a location to facilitate Boston-area career preparation opportunities.

In addition, we are planning three other main activities on the campus:

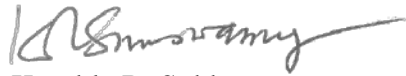
- Professional graduate and certificate programs in areas such as business, nursing, computer science, and engineering.
- Executive education, lifelong learning, and other short-term non-credit programs.
- Programs and offices that interact with our many alumni and friends in the Boston area, such as development, alumni relations, corporate relations and innovation incubators.

Our business plan includes a positive operating margin that will allow a reinvestment in the operations and faculty of the Amherst campus of \$1.4 million.

While the Mount Ida acquisition will undoubtedly advance the strategic goals of the flagship campus in Amherst, which is my primary responsibility, I have and will continue to fully support the various new initiatives of our sister campuses, and would not even consider doing anything to impede their operations. Fortunately, the four undergraduate campuses of the UMass system are seldom in direct competition for students due to their distinct characteristics, programs, and missions.

I hope this letter answers some of the questions that you may have and that you may be getting from your constituents. I am always happy to meet with you to explain our thinking, this strategic decision, and all we are doing every day to provide your constituents with a world-class education that rivals any public research institution in the country.

Sincerely,

A handwritten signature in black ink, appearing to read "K. Subbaswamy", with a long, sweeping horizontal stroke extending to the right.

Kumble R. Subbaswamy
Chancellor, University of Massachusetts Amherst