

# **CRUMBLING PUBLIC FOUNDATIONS: Privatization and UMass Boston's Financial Crisis**

*A report by the Coalition to Save UMB, a coalition of students, staff unions and faculty at the University of Massachusetts Boston*

## **Executive Summary**

UMass Boston's current budget crisis exposes the results of the long-term underfunding and privatization of public higher education in Massachusetts. This report will show that UMass can and must address the pressing need for construction and renovation on the Boston campus without doing harm to UMass Boston's unique urban mission.

UMass Boston (UMB), the only public four-year university in Boston, educates nearly half of the system's most vulnerable, and often most driven, students—low-income students, first-generation students, immigrant students, students whose first language is not English, and students of color. Thus, the current threats to the campus's academic programs and student support services are of grave concern.

Our examination of the campus's finances through FY16 found that:

- UMB has had a positive net cash income up to and including FY16;
- UMB would have shown an overall positive net income in FY15 and FY16 if it had not been required to deduct the full actuarial value of depreciation from its operating budget—an amount that exceeded the principal owed on its current debt; and
- The Commonwealth has woefully underfunded both public higher education and higher education capital projects, leaving UMB to finance the necessary, overdue rebuilding.

This combination of inadequate public funding and restrictive accounting has created the current fiscal crisis at UMass Boston.

While the UMB administration should look closely at expenses that have grown rapidly in recent years—most notably, the growth of upper-level administration reported as Institutional Support in UMass's financial reports—adjusting campus specific expenses will not solve the current \$25-30 million deficit.

Instead, we recommend that the UMass Board of Trustees and the Massachusetts Legislature take the following steps to address this crisis:

- Immediately release UMass Boston from the obligation to achieve a positive net income while also accounting for the full actuarial value of depreciation;
- Identify funding—from the UMass central office's reserves and from the Commonwealth's budget—to aid in the payments for rebuilding the Boston campus, including interest and principal payments; and
- Endorse the Fair Share Amendment and, should it pass, commit significant additional funds to rebuilding the Boston campus as part of a general reinvestment in Massachusetts public higher education.

Not taking these actions means failing in our responsibility to the people of the Commonwealth and to UMass Boston's students.