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**UNIVERSITY OF MASSACHUSETTS LOWELL**  
**FY 2013 Operating Budget Narrative**

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**Overview**

The Fiscal Year 2013 Operating Budget Statement for the University of Massachusetts Lowell (UML) presents a general plan for the year and outlines our priorities, resources and planned use of funds in FY 2013.

The document considers the FY2011 actual Financial Statements, the forecasted results for FY2012 and the projected outcome for FY2013 based on the campus budget planning and parameters established by the President's Office.

Chancellor Meehan has been working with Lowell's faculty, staff and administration since 2008 to adjust to the Commonwealth's fiscal crisis while maintaining the focus on building a new vision and strategic plan for the University. Despite the challenges, the goal continues to be to strive for excellence through strategic investment in our students, faculty and facilities.

**UMass Lowell Mission and the UMass Lowell 2020 Strategic Plan**

UMass Lowell's mission is "to enhance the intellectual, personal and cultural development of students through excellent, affordable educational programs," and to "meet the needs of the Commonwealth today and into the future and support the development of sustainable technologies and communities." UML seeks to fulfill this mission every day through our teaching and learning, research and scholarship, and outreach and engagement.

The campus developed the UMass Lowell 2020 Strategic Plan three years ago. It provides a framework for how we will achieve national and international recognition as a world-class institution over the next decade. The planning process is repositioning the University so that students, faculty and staff, and the community see us as a true public enterprise committed to taking an entrepreneurial approach to innovation in all aspects of our University.

The campus has conducted its FY2013 budget hearings and is reviewing all major departmental budgets, including goals, strategic priorities, efficiency ideas, and contingency planning depending upon available financial resources. Obviously, final budget decisions for FY2013 will depend considerably on the final outcome of the state budget process and student charge deliberations.

**FY2012 Review**

The campus continues to experience dynamic enrollment growth. Enrollment grew by more than thirty-seven percent since 2007 and increased by over 600 students in FY2012. Student enrollment generated revenue has become a significant portion of the University's unrestricted revenue.

FY2012 student revenues increased 12.7% over FY2011 due to enrollment growth and increased rates.

Campus investments of more than \$15 million over the past two fiscal years have been targeted at activities that improve the overall quality of academic programs and enhance the entire student learning and living experience, such as:

## FY 2013 University Operating Budget – T12-037

- The hiring of new tenure track and non-tenure track faculty
- New staff in growth impacted service areas such as admissions, financial aid, veterans services, international student support
- Support for faculty and student work including smart classroom upgrades, lab equipment investments and library materials;
- Funding for capital repairs and renewal, academic office renovations, energy efficiency and space inventory systems;
- Transportation System improvements;
- Marketing and branding investments to improve recruiting and external relations including web enhancements and content management system upgrades, signage and way-finding improvement;
- Information Technology including academic computing, network support, audio visual and video conferencing upgrades, training, document management and workflow systems to improve processing efficiencies;
- Public Safety investments including police equipment upgrades, emergency phone, blue light and security camera upgrades.

The Lowell Campus is projecting a \$1.5 million operating surplus for FY2012 or a 0.4% operating margin.

### **FY 2013 Budget Assumptions**

#### Revenues

##### *State Support*

For planning purposes, the University of Massachusetts Lowell FY2013 budget assumes a state appropriation increase of approximately \$1.5 million or a 2% change from FY2012. This allocation is consistent with the amount recommended by the Governor and the House of Representatives for FY2013 and covers collective bargaining, offset by the reduction in the fringe benefit rate.

##### *Other Revenues*

The Lowell campus anticipates a 6.4% increase in full-time equivalent undergraduate and graduate enrollment for Fall 2012. This enrollment growth and current estimates for student charges, offset by the increased financial aid spending to maintain the University's commitment to affordability, will result in an estimated 10% net increase in tuition and fee revenues. The university is proposing an increase in student charges of 4.9%.

The enrollment growth and campus efforts to expand the residential experience for students are projected to generate an 8% increase in revenues from Residential Housing and Food Services. Grant and contract revenue from all sources is projected to increase by 9% over FY2012.

#### Expenditures

The campus has funded 43 new tenure track and non-tenure track faculty since FY2011 to meet enrollment growth and program needs and has budgeted an additional 35 new faculty in FY2013. Staffing levels have increased in areas of critical importance to the strategic plan, primarily in the facilities, public safety, student services and academic support areas.

## FY 2013 University Operating Budget – T12-037

Projected cost increases for facilities in FY2013 include \$3.6 million increase in debt interest payments and \$2.8 million increase for facility operational costs and preventative/deferred maintenance. A recently completed facility condition assessment calculated total deferred maintenance at the UMass Lowell campus to be in excess of \$450 million.

Additionally, the campus has budgeted a \$10 million increase for collective bargaining and fringe benefit costs and inflationary increases not covered by state funding.

The overall result of the changes in revenues and expenses is projected to be a \$5.7 million deficit or a -1.7% operating margin for FY2013 funded by accumulated surpluses. Management believes an operating deficit of this magnitude is a prudent investment in campus growth and strategic initiatives.

Should the University's final FY2012 and FY2013 budget outcome prove more favorable, the campus will continue the practice of reviewing and targeting surpluses toward much needed facility improvements and other strategic investments to enhance the growth and development of the student experience and effectiveness of our world-class faculty.

FY 2013 University Operating Budget – T12-037

Table 1  
 University of Massachusetts  
Lowell Campus  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS**  
 Fiscal Year 2013 Operating Budget Statement  
 (in thousands of dollars)

			FY2013 BUDGETED			
	FY10 Actuals	FY11 Actuals	FY12 Projected Budget-Accrual/ Adjusted Basis	FY13 Budget-Accrual Basis	FY12 to FY13 Change	
<b>REVENUES</b>						
<b>Operating Revenues</b>						
Tuition and Fees	\$131,872	\$141,505	\$157,501	\$173,112	\$15,611	10%
Scholarship allowance	\$29,245	\$28,087	\$29,671	\$33,254	\$3,583	12%
Tuition and Fees (net of scholarship allowances)	\$102,627	\$113,418	\$127,830	\$139,858	\$12,028	9%
Federal Grants and Contracts	\$20,505	\$24,964	\$24,655	\$26,930	\$2,275	9%
State Grants and Contracts	\$5,134	\$5,123	\$5,562	\$6,075	\$513	9%
Local Grants and Contracts	\$284	\$278	\$305	\$333	\$28	9%
Private Grants and Contracts	\$10,791	\$10,577	\$11,587	\$12,656	\$1,069	9%
Sales & Service, Educational	\$921	\$228	\$225	\$251	\$26	12%
Auxiliary Enterprises	\$26,623	\$30,054	\$31,876	\$34,334	\$2,458	8%
Other Operating Revenues:						
Sales & Service, Independent Operations						
Sales & Service, Public Service Activities						
Other	\$3,602	\$4,694	\$4,625	\$5,171	\$546	12%
<b>Total Operating Revenues</b>	<b>\$170,487</b>	<b>\$189,336</b>	<b>\$206,665</b>	<b>\$225,608</b>	<b>\$18,943</b>	<b>9%</b>
<b>EXPENSES</b>						
<b>Operating Expenses</b>						
<i>Educational and General</i>						
Instruction	\$83,159	\$90,691	\$101,063	\$112,262	\$11,199	11%
Research	\$33,730	\$35,285	\$37,912	\$39,982	\$2,070	5%
Public Service	\$1,940	\$2,216	\$2,352	\$2,413	\$61	3%
Academic Support	\$20,184	\$20,164	\$23,082	\$23,502	\$420	2%
Student Services	\$15,846	\$17,405	\$18,630	\$19,608	\$978	5%
Institutional Support	\$25,415	\$32,135	\$35,833	\$36,719	\$886	2%
Operation and Maintenance of Plant	\$22,116	\$27,482	\$30,625	\$33,404	\$2,779	9%
Depreciation and Amortization	\$14,357	\$16,085	\$18,130	\$22,412	\$4,282	24%
Scholarships and Fellowships	\$4,996	\$8,413	\$8,784	\$9,027	\$243	3%
<i>Auxiliary Enterprises</i>	\$18,525	\$18,814	\$20,549	\$22,116	\$1,567	8%
<i>Other Expenditures</i>						
Independent Operations						
Public Service Activities						
<b>Total Operating Expenses</b>	<b>\$240,268</b>	<b>\$268,690</b>	<b>\$296,960</b>	<b>\$321,445</b>	<b>\$24,485</b>	<b>8%</b>
<b>Operating Income/(Loss)</b>	<b>(\$69,781)</b>	<b>(\$79,354)</b>	<b>(\$90,295)</b>	<b>(\$95,837)</b>	<b>(\$5,542)</b>	<b>6%</b>
<b>NONOPERATING REVENUES/(EXPENSES)</b>						
Federal Appropriations						
State Appropriations	\$62,205	\$76,303	\$76,306	\$77,800	\$1,494	2%
Gifts	\$1,848	\$2,667	\$2,981	\$3,748	\$767	26%
Investment Return	\$5,360	\$8,514	\$2,097	\$1,195	(\$902)	-43%
Endowment Return	\$344	\$874	\$1,063	\$1,415	\$352	33%
Interest on Indebtedness	(\$3,584)	(\$4,596)	(\$6,241)	(\$9,839)	(\$3,598)	58%
Nonoperating Federal Grants	\$10,967	\$14,290	\$15,380	\$15,842	\$462	3%
Other Nonoperating Income	\$77	\$167	\$165	\$184		
Revenue from Stimulus Funds	\$22,662	\$5,735				
<b>Net Nonoperating Revenues</b>	<b>\$99,879</b>	<b>\$103,954</b>	<b>\$91,751</b>	<b>\$90,345</b>	<b>(\$1,406)</b>	<b>-2%</b>
<b>Income Before Other Revenues, Expenses, Gains, and Losses</b>	<b>\$30,098</b>	<b>\$24,600</b>	<b>\$1,456</b>	<b>(\$5,492)</b>	<b>(\$6,948)</b>	<b>-477%</b>
Capital Appropriations	\$1,340	\$5,463	\$48,868	\$26,383	(\$22,485)	-46%
Capital Gifts, Grants and Contracts	\$28,000	\$1,901	\$6,615	\$8,000	\$1,385	21%
Capital - Stimulus Funds						
University Related Transactions					\$0	
Disposal of Plant Facilities	(\$3,681)	(\$1,004)	(\$973)	(\$1,338)	(\$365)	38%
Other Additions/Deductions	(\$1,676)	\$220	(\$250)	(\$275)	(\$25)	10%
<b>Total Other Revenues, Expenses, Gains &amp; Losses</b>	<b>\$23,983</b>	<b>\$6,580</b>	<b>\$54,260</b>	<b>\$32,770</b>	<b>(\$21,490)</b>	<b>-40%</b>
<b>Total Increase in Net Assets</b>	<b>\$54,081</b>	<b>\$31,180</b>	<b>\$55,716</b>	<b>\$27,278</b>	<b>(\$28,438)</b>	<b>-51%</b>
<b>NET ASSETS</b>						
Net Assets at Beginning of Year	\$128,208	\$182,289	\$213,469	\$269,185	\$55,716	26%
<b>Net Assets at End of Year</b>	<b>\$182,289</b>	<b>\$213,469</b>	<b>\$269,185</b>	<b>\$296,463</b>	<b>\$27,278</b>	<b>10%</b>

FY 2013 University Operating Budget – T12-037

**Fiscal Year 2013 Operating Budget Statement**  
**SPENDING BY TYPE OF EXPENSE (NATURAL CLASSIFICATION)**  
*(in thousands of dollars)*

	<b>FY10</b>	<b>FY11</b>	<b>FY12</b>	<b>FY13</b>	<b>\$ Change</b>	<b>% Change</b>
<b>EXPENSE CATEGORY</b>	<b>Actuals</b>	<b>Actuals</b>	<b>Projected</b>	<b>Budgeted</b>	<b>FY12 - 13</b>	<b>FY12 - 13</b>
Salaries and Wages	\$123,475	\$131,440	\$144,952	\$161,698	\$16,746	11.6%
Employee Fringe Benefits	\$25,298	\$31,857	\$39,859	\$40,314	\$455	1.1%
Student Aid	\$4,996	\$8,413	\$8,784	\$9,027	\$243	2.8%
Utilities	\$9,138	\$9,035	\$8,369	\$9,639	\$1,270	15.2%
Supplies and Other Services	\$63,004	\$71,860	\$76,866	\$78,355	\$1,489	1.9%
Depreciation	\$14,357	\$16,085	\$18,130	\$22,412	\$4,282	23.6%
<b>TOTAL</b>	<b>\$240,268</b>	<b>\$268,690</b>	<b>\$296,960</b>	<b>\$321,445</b>	<b>\$24,485</b>	<b>8.2%</b>

\*Total should equal total Operating Expenses from SRECNA

FY 2013 University Operating Budget – T12-037

**Table 3**  
**University of Massachusetts**  
**Lowell Campus**  
**Fiscal Year 2013 Operating Budget Statement**  
**SUMMARY OF FULL-TIME EQUIVALENT (FTE) EMPLOYEES\***

	Actual FTEs Fall 2009 (FY2010)	Actual FTEs Fall 2010 (FY2011)	Actual FTEs Fall 2011 (FY2012)	Proj. FTEs Fall 2012 (FY2013)	FTE Change Fall 2011 - 12	% Change Fall 2011 - 12
<b>UNRESTRICTED/DESIGNATED FUNDS</b>						
<b>STATE FUNDED POSITIONS</b>						
Faculty	415.5	429.5	471.2	506.0	34.8	7.4%
Professional Staff	378.3	399.5	443.7	461.7	18.0	4.1%
Classified Staff	170.0	177.0	200.0	218.0	18.0	9.0%
<b>Subtotal, State Funded</b>	<b>963.8</b>	<b>1,006.0</b>	<b>1,114.9</b>	<b>1,185.7</b>	<b>70.8</b>	<b>6.4%</b>
<b>NON-STATE FUNDED POSITIONS</b>						
Faculty	7.0	3.4	5.0	5.0	0.0	0.0%
Professional Staff	57.0	58.1	46.4	50.0	3.6	7.8%
Classified Staff	20.0	15.0	14.0	1.0	(13.0)	-92.9%
<b>Subtotal, Non-State Funded</b>	<b>84.0</b>	<b>76.5</b>	<b>65.4</b>	<b>56.0</b>	<b>(9.4)</b>	<b>-14.4%</b>
<b>Total Unrestricted/Designated</b>	<b>1,047.8</b>	<b>1,082.5</b>	<b>1,180.3</b>	<b>1,241.7</b>	<b>61.4</b>	<b>5.2%</b>
<b>RESTRICTED FUNDS</b>						
<b>GRANT FUNDED POSITIONS</b>						
Faculty	9.0	9.0	11.7	11.0	(0.7)	-6.0%
Professional Staff	116.0	112.0	127.8	128.0	0.2	0.2%
Classified Staff	0.0	0.0	2.0	2.0	0.0	0.0%
<b>Subtotal, Grant Funded</b>	<b>125.0</b>	<b>121.0</b>	<b>141.5</b>	<b>141.0</b>	<b>(0.5)</b>	<b>-0.4%</b>
<b>OTHER RESTRICTED POSITIONS (TURI)</b>						
Faculty	0.0	0.0	0.0	0.0	0.0	0.0%
Professional Staff	11.7	12.0	11.3	12.4	1.1	9.7%
Classified Staff	0.0	0.0	0.0	1.0	1.0	0.0%
<b>Subtotal, Other Restricted Funds</b>	<b>11.7</b>	<b>12.0</b>	<b>11.3</b>	<b>13.4</b>	<b>2.1</b>	<b>18.6%</b>
<b>Total Restricted</b>	<b>136.7</b>	<b>133.0</b>	<b>152.8</b>	<b>154.4</b>	<b>1.6</b>	<b>1.0%</b>
<b>TOTAL UNRESTRICTED AND RESTRICTED</b>	<b>1,184.5</b>	<b>1,215.5</b>	<b>1,333.1</b>	<b>1,396.1</b>	<b>63.0</b>	<b>4.7%</b>

\* Includes Full and Part-time employees; student and other hourly employees not included. All employee counts from fall census data (Oct).

**Table 4**  
**University of Massachusetts**  
**Lowell Campus**  
**Fiscal Year 2013 Operating Budget Statement**  
***HEADCOUNT AND FTE ENROLLMENT***

	UNDERGRADUATE		GRADUATE		TOTAL	
	HC	FTE	HC	FTE	HC	FTE
<b>Fall 2012 projected</b>	<b>12,257</b>	<b>9,965</b>	<b>4,257</b>	<b>2,661</b>	<b>16,514</b>	<b>12,626</b>
<b>Fall 2011</b>	<b>11,729</b>	<b>9,568</b>	<b>3,702</b>	<b>2,299</b>	<b>15,431</b>	<b>11,867</b>
<b>Fall 2010</b>	<b>11,260</b>	<b>9,190</b>	<b>3,426</b>	<b>2,155</b>	<b>14,686</b>	<b>11,345</b>
<b>Fall 2009</b>	<b>10,548</b>	<b>8,472</b>	<b>3,054</b>	<b>1,901</b>	<b>13,602</b>	<b>10,373</b>

\*Source: Fall 2009, Fall 2010, and Fall 2011 figures from Student Profile