

UNIVERSITY OF MASSACHUSETTS
AMHERST•BOSTON•DARTMOUTH•LOWELL•WORCESTER

**MINUTES OF THE MEETING OF THE
COMMITTEE ON ADMINISTRATION AND FINANCE**

Wednesday, February 14, 2007; 8:00 a.m.
Amherst Room
225 Franklin Street – 33rd Floor
Boston, Massachusetts

Committee Members Present: Chair O’Shea; Trustees Kulenovic, Lawton; Trustees Leiblum and Rego Weathers (via conference call); Chair Tocco; Vice Chair Manning

Committee Members Absent: Vice Chair White; Trustees Albano and MacAfee

University Administration: Interim General Counsel Bench; Vice Presidents Gray, Julian, Lenhardt, Motley, Smith and Williams; Associate Vice President Harrington; Chancellors Lombardi, Collins, MacCormack and MacKenzie; Mr. O’Riordan, Budget Director; Ms. Wilda, University Controller; Vice Chancellors for Administration and Finance Hatch, O’Connor, Zekan and Griffin; Deputy Chancellor Stanton; Mr. Harrison, Director of Internal Audit; Mr. Chait and Mr. Dansby, Building Authority

Faculty Representatives: Professor Gibbs, UMASS Dartmouth

Chair O’Shea convened the meeting at 8:02 a.m.

The first item on the agenda was **Consideration of Minutes of the Prior Meeting of the Committee.**

It was moved, seconded and

VOTED: To approve the minutes of the November 1, 2006 meeting of the Committee.

The next item on the agenda was the **Chair’s Report.** Chair O’Shea reviewed the agenda stating the importance of a major discussion regarding the Student Charge action item. He also offered his appreciation for the insights that the student trustees are bringing to these meetings. They are well versed and raise new and important issues that are relevant to campus life.

The Committee will also review student financial aid information for FY07 which are designed to assure access for as many eligible students as possible. A new quasi endowment policy will be considered and there will be amendments to our capital plan to

Committee on Administration and Finance
February 14, 2007

assure that the Amherst projects can be funded. We will also be instituting a regular report from the UMASS Building Authority.

Chair O'Shea concluded his report noting that at the next meeting we will include a comprehensive Worcester campus business plan, including the Worcester City Campus Corporation, the next five to ten years of revenue and spending activity at the Medical School, an annual look at peer financial information and a review of our FY08 budgets.

The next item was the **President's Report**. President Wilson reported on his recent activities including touring the state to promote our economic impact agenda, discussions related to the new Governor's agenda, leading a productive Amherst and Worcester stem cell research agenda and working with the UMass Foundation to accelerate the University's advancement agenda. He stated his hope for obtaining greater funds from the State, and remarked how much the Nobel Prize has helped the University's visibility.

President Wilson also encouraged the student Trustees to meet with members of the President's Office to help with advocating for more state financial aid grants. We intend to keep student mandatory charge increases to less than HEPI and CPI.

Lastly, President Wilson thanked Trustee O'Shea for the time and energy he is devoting to the University, including the Chairmanship of the Lowell Search Committee, as Chair of this Committee and his work with the Science, Technology and Research Committee.

The next item was the **Vice President's Report**. Vice President Lenhardt reported that the University is spending a lot of time on tax and insurance issues and we have just finished an upgrade of the financial system and will begin a Human Resource upgrade in the next few weeks.

The University has recently received a check for \$50M which will go to the UMASS Building Authority for deferred maintenance; a State higher education bond bill has not yet been passed. There will be a presentation on collective bargaining at the next Trustee meeting; the University is working through public safety issues and the newly formed Risk Management Council for the University met a few weeks ago.

The first item for discussion was a **Renewable Energy Initiative**, UMASS Boston. Trustee Kulenovic made a presentation highlighting the framework for a University-wide renewable energy initiative as proposed by the Sustainability Club on the Boston campus. Trustee Kulenovic acknowledged several students from the Club in attendance at today's meeting.

Committee on Administration and Finance
February 14, 2007

Trustee Kulenovic reported on the work with the Massachusetts Technology Collaborative on renewable energy issues; Governor Patrick spoke at the Boston campus regarding the Greenhouse Gas Initiative which shows his support of the topic.

Following Trustee Kulenovic's presentation and a brief discussion, Chancellor Collins commended Trustee Kulenovic and his colleagues for having taken up the task of making the campus greener and more energy-independent and supports the initiative.

Chair Tocco noted that improvements to the capital infrastructure will have an effect on our ability to improve energy issues. He also noted that significant Federal support may be available for these types of efforts.

It was then moved, seconded and

VOTED: To recommend that the Board take the following action:

Whereas the Board of Trustees of the University of Massachusetts is committed to encouraging responsible efforts to achieve sustainability and to promote environmental consciousness and initiatives; and

Whereas the University of Massachusetts has undertaken significant energy conservation projects; and

Whereas students at the University of Massachusetts Boston have provided leadership in this area; and

Whereas the Board of Trustees supports student initiated non-mandatory fees in the form of positive check-off activity;

Therefore the Board of Trustees hereby endorses the efforts of the Boston campus specifically and any other campus to adopt programs and non-mandatory positive check-off fees to advance environmental efforts. (Doc. T07-019)

The next item for discussion was the **FY2007 Financial Aid Update**. Vice President Lenhardt and Mr. O'Riordan made the following observations:

- 70% of Massachusetts resident students enrolled at UMASS applied for financial aid;
- 77% of students applying for aid were determined to have financial need;
- financial aid received by UMASS students has increased from \$218.2M in FY01 to \$402.3M projected for FY07;

**Committee on Administration and Finance
February 14, 2007**

- projected for FY07 the University will provide students with \$72.7M in financial aid from University funds;
- the University is estimated to meet 91% of need in FY07 (a higher percentage than its New England peers).

Chair Tocco recommended that the University develop a program allowing students and their families to apply for reasonable loans from a preferred banking institution.

Trustee Leiblum reported on the information that she had forwarded to the Committee that included samples of Freshman Financial Aid Packages highlighting the costs to close what she termed the “gap” (the estimated total amount of money that a student needs to attend college, left over after all grants, loans and the Expected Family Contribution has been taken into account).

Chair Tocco reported on his recent attendance at a meeting with the Governor and the Speaker of the House; the budget picture is bleak for the foreseeable future and the University must devise a strategy for providing affordable excellence. The environment has changed and we must do things differently and design new revenue options.

This discussion led into the first action item: **Academic Year 2007-2008 (FY2008) Student Charges**. Vice President Lenhardt and Mr. O’Riordan summarized the situation: there is a difference between tuition and mandatory fees for undergraduate students. There will be no increase in undergraduate tuition rates for FY08. The University is recommending a continuation of the practice of restraining annual increases in total mandatory student charges to no greater than inflation for in-state undergraduate students.

Other information to consider in connection with this recommended action include:

- the proposed increase in total mandatory student charges ranges from \$283 to \$326 for Massachusetts resident undergraduate students; averaging approximately 3.4%;
- new revenues will support increased costs for utilities and energy, debt service and capital improvements, need-based financial aid, student life programming, salaries and fringe benefits and new faculty.

Vice Chair Manning congratulated the Administration for working to keep charges as low as possible and maintaining the philosophy of offering an affordable education.

Trustee Kulenovic reminded the Committee that there had been significant increases in 2003 and 2004 that are still hurting many students, and said he cannot support this action.

**Committee on Administration and Finance
February 14, 2007**

Trustee Leiblum offered a challenge to the Board members on more solutions for increasing funds for financial aid including the Development Committee raising more money in the way of endowments.

Chair O’Shea concluded the discussion by noting the raising of the fees was not due to a lack of action in seeking other funding sources but a lack of results.

It was moved, seconded and

VOTED: To recommend that the Board take the following action:

1. In accordance with Section 1A of Chapter 75 of the General Laws, to establish and approve tuition at the following maximum rates for the Amherst, Boston, Dartmouth and Lowell campuses for academic year 2007-2008:

<u>Tuition</u>	<u>Amherst</u>	<u>Boston</u>	<u>Dartmouth</u>	<u>Lowell</u>
Undergraduate (resident)	\$1,714	\$1,714	\$1,417	\$1,454
Undergraduate (non-resident)	\$9,937	\$9,758	\$8,099	\$8,567
Graduate (resident)	\$2,640	\$2,590	\$2,071	\$1,637 *
Graduate (non-resident)	\$9,937	\$9,758	\$8,099	\$6,425 *
*Per 9 credit load				

2. And further, in accordance with Section 1A of Chapter 75 of the General Laws, to establish and approve the following maximum mandatory fee rates for the Amherst, Boston, Dartmouth, and Lowell campuses for academic year 2007-2008:

<u>Total Mandatory Fees (Curriculum & Other Mandatory Charges)</u>	<u>Amherst</u>	<u>Boston</u>	<u>Dartmouth</u>	<u>Lowell</u>
Undergraduate (resident)	\$8,207	\$7,123	\$7,175	\$7,277
Undergraduate (non-resident)	\$10,562	\$10,898	\$10,075	\$11,817
Graduate (resident)	\$7,455	\$7,572	\$7,658	\$6,603 *
Graduate (non-resident)	\$9,241	\$10,911	\$10,075	\$10,037 *
*Per 9 credit load				

**Committee on Administration and Finance
February 14, 2007**

3. And further, in accordance with Policy T92-031, Appendix E, to authorize the President to approve, no later than April 3, 2007, the individual rates for mandatory charges, providing that total mandatory student charges shall not exceed the total rates as outlined below for the Amherst, Boston, Dartmouth, and Lowell campuses for academic year 2007-2008:

<u>Total Mandatory Student Charges</u>	<u>Amherst</u>	<u>Boston</u>	<u>Dartmouth</u>	<u>Lowell</u>	
Undergraduate (resident)	\$9,921	\$8,837	\$8,592	\$8,731	
Undergraduate (non-resident)	\$20,499	\$20,656	\$18,174	\$20,384	
Graduate (resident)	\$10,095	\$10,162	\$9,729	\$8,240	*
Graduate (non-resident)	\$19,178	\$20,669	\$18,174	\$16,462	*
*Per 9 credit load					

4. And further, in accordance with Section 1A of Chapter 75 of the General Laws, to establish and approve the following tuition and maximum mandatory fee rates for the Worcester campus for academic year 2007-2008:

<u>Worcester</u>	<u>Tuition</u>	<u>Mandatory Fees</u>	<u>Total Student Charges</u>
Medical School (resident)	\$8,352	\$5,735	\$14,087
Ph.D./MD (resident)	\$2,640	\$20,508	\$23,148
Ph.D./MD Years 1-2 (non-resident)	\$9,856	\$35,508	\$45,364
Ph.D./MD Years 3+ (non-resident)	\$9,856	\$25,652	\$35,508
Graduate School of Nursing (resident)	\$2,640	\$5,735	\$8,375
Graduate School of Nursing (non-resident)	\$9,856	\$5,735	\$15,591
Grad. School of Biomedical Science (resident)	\$2,640	\$3,942	\$6,582
Grad. School of Biomedical Science(non-resident)	\$9,856	\$3,942	\$13,798

5. And further, in accordance with Section 1A of Chapter 75 of the General Laws and T92-031 (Appendix E), to authorize the President to approve, no later than April 3, 2007, final student housing rent and food service charges providing that the average total charge to undergraduate Massachusetts resident students shall not exceed the average rates as outlined below for academic year 2007- 2008:

**Committee on Administration and Finance
February 14, 2007**

6.

	Amherst	Boston	Dartmouth	Lowell
<u>Room & Board</u> (average rate)	\$7,478	NA	\$9,163	\$6,978

7. And further, to authorize the President to approve, no later than April 3, 2007, the full schedule of rent and food service charges for all other classifications of students, room options and meal plans for academic year 2007-2008.

And further, to authorize the President to approve, no later than April 3, 2007, individual fee rates for other student fees and student fee/revenue based operations charges not already approved by the Board for academic year 2007-2008. (Doc. T07-017)

Trustee Leiblum wished to be recorded as being against the motion.

The next item was **Approval of the Quasi-Endowment Policy**. Vice President Lenhardt reported that many institutions supplement their endowment by utilizing operating funds to stimulate and enhance the growth of their endowments. This action would increase the University's overall endowment, provide the opportunity for non-operating funds to grow at more positive annual rates over time, continue to provide revenue annually; provide a rainy day fund for future special needs, form the spending rate distributions on the principle of the quasi fund and encourage more private giving to the University's endowment.

It was moved, seconded and

VOTED: To recommend that the Board take the following action:

The University and each of its campuses shall designate annually unrestricted operational funds as quasi-endowment funds. These funds shall be transferred to the UMass Foundation while remaining designated funds to the campus that generated those funds. The quasi-endowment funds shall be invested consistent with a strategy specific to long term assets by the UMass Foundation subject to an agreement between the University and the UMass Foundation.

All such funds shall be allocated to this purpose during the annual University budget cycle, as approved by the Trustees. Such funds shall be transferred to the University of Massachusetts Foundation and the normal spending rules and accumulation of earnings and appreciation will apply.

**Committee on Administration and Finance
February 14, 2007**

All funds will be designated to the campus from which they were contributed.

The principle of such funds may be withdrawn from the Foundation and returned to University operating cash when and if the President so authorizes. Such withdrawals will be approved only under extraordinary circumstances that clearly require the use of these funds. The President will notify the Trustees whenever such a withdrawal is approved. (Doc. T07-018)

The next item was **Amendments to University Capital Plan, UMASS Amherst Projects**. Vice President Lenhardt reported that these amendments relate to existing projects and this action will allow the Amherst campus and the Building Authority to move forward.

It was moved, seconded and

VOTED: To recommend that the Board take the following action:

To amend the University of Massachusetts Five-Year Capital Plan as contained in document T06-040 by adding the following new projects for the Amherst campus:

	Total Project Cost Est.
Project Name	Jan-07
Academic classroom, office and swing building	\$24,000,000
GRC - Basic systems upgrades	\$10,305,000
Relocation of research labs and academic functions - Stockbridge, Hatch, French, Fernald and South College	\$6,700,000
Campus Center Electrical Service	\$2,700,000
Campus Center Garage - Electric room replacement	\$2,500,000
Total new projects	\$46,205,000

And further,

To approve the following revised project cost estimate for a previously approved capital project:

Committee on Administration and Finance
February 14, 2007

Project Name	Initial Total Proj. Cost Est.	Revised Total Proj. Cost Est. as of Jan. 2007
DuBois Library - Electrical, plumbing and elevator repairs	\$2,500,000	\$5,000,000
Total increase		\$2,500,000

(Doc. T06-040, Addendum 1)

The next item was **UMASS Building Authority Update.** Chancellor MacKenzie as Executive Director of the Building Authority reported on several issues including:

- \$645M in \$2.1B Capital Plan to be undertaken by the Building Authority;
- all projects must be approved by the Executive Office for Administration and Finance;
- the Building Authority is governed by 11 members appointed by the Governor including 5 Trustees;
- UMBA finances projects by issuing tax exempt bonds;
- UMBA has \$648,695 in bonds outstanding;
- next bond issues in Spring, 2007 for \$200M;
- the UMBA closed a tax-exempt revolving line of credit with Bank of America which has a one year maturity and offers a rate of either 75% of the Prime Rate or 75% of the London Interbank Borrowing Rate.

Chancellor MacKenzie reported that the Building Authority has 16 active projects. He also noted receipt of \$50M in state funds for repairs and renovations. He then offered highlights of projects from each campus.

Chair O'Shea thanked Chancellor MacKenzie for his report and the meeting was adjourned at 10:11 a.m.

Barbara F. DeVico
 Secretary to the Board of Trustees