

UNIVERSITY OF MASSACHUSETTS

AMHERST•BOSTON•DARTMOUTH•LOWELL•WORCESTER

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

Thursday, February 12, 2009; 8:00 a.m.

Amherst Room

225 Franklin Street – 33rd Floor

Boston, Massachusetts

Committee Members Present: Chair Karam; Vice Chair Rego; Trustees Boyle, Collins, Johnston, King-Shaw, Koffman, Kulenovic, Lawton, McCluskey, MacAfee, Reville and Tocco; Chairman Manning;

Other Trustees: Trustees Carlin and Endich

University Administration: President Wilson; General Counsel Heatwole; Executive Vice President Julian; Senior Vice Presidents Gray and Williams; Vice President Smith; Chancellors Holub, Motley, MacCormack, Meehan and Collins; Mr. MacKenzie, Executive Director, Building Authority; Mr. Douglas, Budget Director; Ms. Wilda, University Controller; Vice Chancellors for Administration and Finance Hatch, McLaughlin, Yestranski and Jenal; Mr. Harrison, Director of Auditing; Mr. Milbury, University Director for Human Resources; Mr. Barrett, Associate Director of Human Resources; Associate Chancellor Terry, UMASS Amherst; Assistant Vice Chancellor Preble, UMASS Boston; Assistant Chancellor Smith, UMASS Dartmouth, Equal Opportunity and Outreach Director, Blagg, UMASS Lowell, Vice Chancellor Wilson, UMASS Worcester; Mr. Lenhardt, Deputy Chief Operating Officer

Guest: Mr. Goodkind, President, Professional Staff Union, UMASS Boston

Faculty Representatives: Professor May, UMASS Amherst; Professor Tirrell, UMASS Boston; Professor Gibbs, UMASS Dartmouth; Professor Carter, UMASS Lowell

Chair Karam convened the meeting at 8:02 a.m. The first item on the agenda was the **Chair's Report**. Chair Karam reported that the agenda includes a number of important items including the issue of mandatory student charges. President Wilson will provide an overview of the subjects of Financial Aid and Student Charges.

Financial aid is what makes the University affordable and accessible for many students which has been a priority issue for President Wilson and the Chancellors and the University's performance in this area has been outstanding. The University's own spending on financial aid has risen from \$35.6 million in FY03 to \$94.2 million in FY09, an increase of 165 percent.

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The University faces many challenges – we have lost \$100M in state funding over the past year; we could choose to layoff faculty and eliminate programs, but we choose not to do this and we are not prepared to diminish the high quality academic programs that have been built.

We seek to offset the \$100 million gap by raising tuition and fees at a level that would fill a portion of that gap. The President with the support and involvement of the Chancellors represent this as a sound, pragmatic, responsible approach to one of the largest single year losses of state revenue in the University's history and we require astute, diligent and courageous leadership.

Chair Karam then reviewed other items on the agenda including the Affirmative Action Plans and a report from the Building Authority and announced that at the end of the open session we will go into Executive Session. He then called on Mr. Thomas Goodkind, President of the Professional Staff Union at UMASS Boston who has asked for time to address the Committee.

Mr. Goodkind provided a brief history on the tuition waiver benefit for UMass employees. In the late 1980's there began an increase in curriculum fees at UMass which became a detriment to employees and began the elimination of the tuition waiver program's benefits. Other points included:

- UMass is not competitive with its peers in its tuition waiver program;
- The current benefit does not attract and retain employees;
- Have looked at the cost of benefit restoration and it averages about \$4M across the UMass system;
- There is a question of whether more employees will take advantage of tuition waiver program if benefit is fully restored - this probably will not be the case because usage is based more on demographics
- An alternative phase-in of program would include:
 - FY09-10: Freeze curriculum fees for employees and dependents
 - FY10-11: Employees and dependents will be responsible for 75% of curriculum fees
 - FY11-12: Employees and dependents will be responsible for 25% of curriculum fees
 - FY12-13: Tuition waiver program will be fully restored.

Mr. Goodkind then recommended that the Committee review and commit to restoring this benefit.

Chair Karam thanked Mr. Goodkind and stated that since this is a matter currently under negotiation at the collective bargaining table, any further discussion of this issue should appropriately take place in Executive Session.

Under the **President's Report**, President Wilson first thanked the campuses for all their work coping with the budget crisis. The cuts in the state appropriation mean that funding for salaries and fringe benefits are cut and decreases will be a long-term issue; currently 53% of the

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University's operating budget is made up of restricted funds that the University cannot use for other purposes.

The President's Office has already taken various actions to deal with budget cuts, including layoffs and relocation of employees to the Shrewsbury facility. Also noted in the President's presentation:

- The President's Office has also instituted mandatory furloughs for non-union employees; campuses have also instituted a similar program;
- The President's Office is looking at the consolidation of administrative structures for savings;
- Also want to look at doing more construction with alternative procurement methods;
- Current state appropriation level is similar to the level in FY1998;
- The University is hoping for an increase in federal financial aid;
- The discussion in the meeting today focuses on need-based financial aid;
- Compared to our peers, the University has done well in providing financial aid to its students;
- Need to look at what families are actually paying at UMass and will see that this is lower than averages presented in other media.

Chancellor Meehan then reported that Brandeis University is looking to increase its tuition and fees to over \$38,000; Clark University is looking to increase its tuition and fees to over \$35,000; Merrimack is looking to increase its tuition and fees to over \$30,000. Currently, UMass is lower than one-third of its competitors.

President Wilson noted that parents many times overestimate what it costs to go to a public university. The University's proposed commitment is to meet 100% of need for tuition and mandatory fees for those students whose incomes are lower than the median family income level. The proposal is to increase mandatory fees by \$1,500 for in-state undergraduates.

There has been a question of why the University is not proposing to cover the total cut in the state appropriation with an increase in mandatory fees. Various models have been considered and the one proposed appears to be the best one.

Another comment has arisen about postponing the vote. The Committee currently has until the Board meeting on February 27th to discuss this item and come out with a final decision. We need to come to a decision so that the financial aid departments on the campuses are able to calculate and send out aid packages.

An additional question has arisen about the federal government's stimulus bill and whether the funds provided in this bill will fill the University's gap in state funding. It was noted that the University should not rely on this because the specifics of the bill have not been released yet. It is also easier to reverse decisions later instead of proposing increases in the future.

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Chairman Manning thanked the students for coming to the meeting today. This is the first round of many rounds of hard deliberations and the Board will have to continue to make difficult decisions around programs, employees, etc. Chairman Manning indicated that he will be convening a Task Force that will review University/Campus budget cutting strategies – members will be announced at the February Board meeting.

Chancellor Meehan noted that the Lowell campus has already terminated 57 employees and has had 10 early retirements; the campus has also not filled vacant positions and is willing to make more cuts, but also wants to see that the quality of education continues to rise.

Chancellor Motley welcomed the Board to visit all campuses and see the kinds of decisions that the Administration has been implementing to deal with budget cuts.

Trustee Koffman believes in the idea that “you get what you put into your education”; although students do not enjoy seeing fees go up, also do not want any programs to be dropped

Trustee Tocco indicated his support for the establishment of a Board Task Force. We need to start thinking about restructuring and not just focus on cuts; we should use the two weeks between now and the full Board meeting in order for everyone on the Committee to come to an agreement. He would like to see more information on voluntary fees over the last five years; for some students, a 15% increase in mandatory fees could amount to a 20% increase when non-mandatory fees are taken into consideration

Chair Karam noted that a Task Force would be about a 6 to 9 month process.

Trustee Kulenovic reported that as an elected student trustee, there is a responsibility for representing the interests of his constituents. There is not enough time for discussion and input in order to vote for an increase in mandatory fees today. A proposed model could be called a “higher fee/higher aid” model, which the Committee needs to look at more closely. He voiced his concern about the impact of the model on middle income families; cost of living adjustments are not considered in this model.

He continued by stressing the idea of “sticker shock” also needs to be addressed. We need to look at the calculation of expected family contribution and how this affects financial aid; we need the federal and state governments to invest more in UMass. The Committee should wait until there is more information and research before making a decision. The Committee only recently received the materials for this action and urges at least a one month delay on a vote.

Secretary Reville reported that the calculation of expected family contribution applies to the total cost of attendance, while it appears that the proposed plan focuses only on tuition and fees.

President Wilson responded that financial aid at UMass is applied to tuition, mandatory fees, room, board, books, and transportation costs. The proposal is to cover 100% of tuition and

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mandatory fees with grants for those students whose incomes are below the median family income level.

Secretary Reville had a question about the percent of costs beyond tuition and fees that will be covered by financial aid? President Wilson responded that it would depend on family income - the University will try to cover as much as possible.

Secretary Reville asked for an explanation of the figure that UMass meets 91% of need. President Wilson responded that looking at the FAFSA's determination of need, UMass tries to meet 91% of this need. Secretary Reville asked what is the average loan amount for a student at the end of 4 years. Mr. Douglas indicated that the average is \$20,000.

Chair Karam noted that the University is one of the most efficient operations in comparison to its peers; the University's net price is extremely competitive.

Secretary Reville inquired about the kind of calculation that can be provided to families to inform them of their expected family contribution prior to the calculation on the FAFSA? President Wilson responded that the University has looked at data on what families have been paying for school and came up with the current financial aid proposal; financial aid will vary among families based on a variety of items.

Trustee King-Shaw stated that the Commonwealth has never adequately funded public higher education. The University needs to serve those in the entire Commonwealth, which does not solely depend on income levels; the University need to raise fees in order to maintain the quality of programs and urges the Committee to pass the increase.

Trustee Endich stated that preserving quality requires investment. The Dartmouth students have expressed support for past fee increases and will vote for this proposed fee increase. The students should have an opportunity to work closely with the Administration on programs; campuses should work aggressively to market financial aid opportunities.

Trustee McCluskey reported that the students from Amherst do not support a fee increase. It is hasty to make this decision now if we are waiting to hear about the passage of the federal stimulus bill. Additional investment should not come from wealthier families and Board members should aggressively seek increases in federal and state funding.

Trustee Koffman stated that "Sticker shock" is a problem that must be addressed; expected family contribution and its calculation should also be examined. This is a multi-front battle and we should push for state funding as well as an increase in fees and does not agree with extending the vote.

Chair Karam stressed the fact that Board members lobby the Legislature every week and on a regular basis.

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Trustee Carlin indicated that this Committee should look at other cost savings opportunities because the proposed fee increase is too high.

Trustee Boyle stressed the need to consider the budget of the future and that the University should consider having a full-time mandatory summer session as a way to increase revenue.

Chair Karam responded that the Committee will look at all of the options.

Trustee Collins noted that an individual has been appointed to distribute the federal stimulus money - do we know if the University will receive any of these funds?

President Wilson responded that the federal stimulus bill includes \$40.6B for local schools and \$8B for other high priority needs, which may include higher education.

Trustee Kulenovic indicated that the plan creates a dangerous dependence on wealthy students. Nobody can say that there has been due diligence in looking at this policy and coming up with alternative proposals.

Trustee Collins offered an amendment to the proposed motion to

- Increase fees by \$3,100 to cover the total loss of \$100M
- Further increase financial aid
- Increase in fees will be decreased in direct proportion to any public funding in place of 9C cuts.

It was moved but there was no second and the amendment was off the table.

Trustee Tocco asked for a motion to table the vote for two weeks and schedule another meeting of the Committee prior to the next Board meeting. This would give us time to refine the answers to some of today's questions and receive more data on voluntary fees at each campus over the last five years.

The motion was moved and seconded and

VOTED: To table the proposed vote for the 2009-2010 Mandatory Student Tuition and Fee Rates for two weeks and schedule another meeting of the Committee on Administration and Finance prior to the February 27 Board of Trustee meeting.

With a show of hands, the motion carried.

The next item was **Affirmative Action Plans**. Mr. Barrett, Associate Director of Human Resources began the report by noting that the University now houses all data centrally in Shrewsbury. Each campus has established its own Affirmative Action Plan, which has been

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distributed to the Trustees; a representative from each campus will review its campus' plan and improvements.

Associate Vice Chancellor Wilson from the Worcester campus reported that the Medical school is making significant efforts to diversify its workforce. Some of the highlights from the report included:

- A survey in 2008 found that employees and students believe that the Medical School does have a commitment to diversity;
- The Diversity and Equal Opportunity Office and Human Resources provide a comprehensive education and training programs to educate managers and staff on policies related to equal opportunity;
- Recruitment efforts for non faculty employees;
- Outreach programs and partnerships.

Equal Opportunity and Outreach Director, Blagg from the Lowell campus reported on the joint efforts across the campus to increase the participation of African Americans, Hispanics and Native Americans which are currently underrepresented. Some highlights from the report:

- Recruitment strategies to increase minority representation with faculty and professional non-faculty staff have resulted in an increase from 1.8% in 2007 to 2.2% in 2008;
- A Diversity in Motion luncheon for key leaders of minority organizations was held in December, 2007;
- Attendance and sponsorship at minority career fairs;
- Development of workforce recruitment advertisements.

Assistant Chancellor Smith from the Dartmouth campus stated the campus' commitment to diversity goals and strategies and creating an inclusive environment. Some of the highlights from the report:

- The campus is achieving a balance in its diverse workforce; as of March, 2008 the Dartmouth campus faculty increased 1% in Persons of Color and 2% in Women;
- Among the Non-Faculty Professionals, Persons of Color increased by 2% and held steady for Women;
- Part of Chancellor MacCormack's Strategic Plan Progress Report is to embrace diversity as an essential enhancement to learning, and celebrating its potential to broaden one's perspectives and understanding, is a core value at the Dartmouth campus.

Assistant Vice Chancellor Preble from the Boston campus reported the campus' commitment to continuing its long and proud tradition of initiatives in support of affirmative action in all areas of the campus. Some of the highlights from the report:

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- Employed the services of an outside attorney to conduct an internal Affirmative Action review to critically review the existing Plan, training programs, hiring process and complaint procedures;

- the implementation of an on-line applicant tracking system which will monitor race and gender information about applicants;

- A plan to launch a new Diversity/Affirmative Action website.

Associate Terry from the Amherst campus reported that the campus has many programs and procedures in place to show the campus' commitment to affirmative action initiatives and stated and provided some positive figures to support these initiatives. Some of the highlights from the report:

- The Employment Office has continued its recruitment efforts for qualified African-American and Latino applicants by taking a lead role in the Five College Inc. job fair;

- The campus has provided more training opportunities including Diversity Training, New Employee Training, Complaint Handler Training, etc.;

- A number of schools and colleges have developed a recruitment and retention program aimed at increasing the number of underrepresented students at Amherst.

Following the Lowell report, there were several questions about efforts and a time table to increase diversity on the campus. Chancellor Meehan stressed his dedication to improving these efforts despite the limitations brought on by budget cuts but that this is a priority for his Administration.

Trustee Tocco inquired about a Minority/Faculty Association that the University could network with concerning some of these issues.

Chancellor Collins reported that Vice Chancellor Wilson is leaving to become the Senior Executive Vice President at Howard University. There was a round of applause. The Chancellor indicated that he would be working with Vice Chancellor Wilson and Howard University in the future.

It was then moved, seconded and

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

To accept the Affirmative Action Plans of the Amherst, Boston, Dartmouth, Lowell and Worcester campuses of the University of Massachusetts as contained in Doc. T09-017.

It was then agreed that the **UMass Building Authority Update** would be postponed until the next meeting of the Committee.

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The next 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 19, 2008 meeting of the Committee.

Chair Karam then announced that the Committee would enter into **Executive Session** to discuss issues relating to **Real Estate** and to discuss **Bargaining and Negotiating Strategy.** Discussion of bargaining issues in open session would have a detrimental effect on the bargaining or litigating position of the University.

The Committee will not reconvene in Open Session, and the Secretary will call the Roll.

It was moved, seconded and

VOTED: To enter into **Executive Session** for the purpose of discussing issues relating to **Real Estate** and to discuss **Bargaining and Negotiating Strategy.**

Chair Karam voted for the motion as did Trustees Boyle, Collins, Johnston, Kulenovic, Lawton, Tocco and Chairman Manning.

The time was 11:09 a.m.

Barbara F. DeVico
Secretary to the Board of Trustees