

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

**MINUTES OF THE SPECIAL MEETING OF THE
BOARD OF TRUSTEES**

Wednesday, October 23, 2013; 8:00 a.m.

**Main Dining Room
225 Franklin Street – 33rd Floor
Boston, Massachusetts**

Trustees Present: Chairman Thomas; Vice Chair Furman; Trustees Buonomo, Campbell, Collins, Carpman, Fubini, Geoffroy, Gomez, Johnston, Kingston, Lowe, Mullan, Murphy, O'Brien, Osterhaus-Houle, Woolridge and Xifaras

Phone Participation: Vice Chair King-Shaw

Trustees Absent: Trustees Lee, Malone and Peters

University Administration: President Caret; General Counsel Heatwole; Chancellors Subbaswamy, Motley, Grossman, Meehan and Collins

Faculty Representatives: Professor Tirrell, UMass Boston

Documents Used: -Campus-Wide Short Range Plans and Capital Projects, Doc. T13-094

Chair Thomas convened the meeting at 8:14 a.m. and stated that Vice Chair King-Shaw will be participating by telephone pursuant to 940 CMR 29.10(5)(e), since he is traveling and geographically distant from Boston making it unreasonably difficult for him to attend the meeting in person.

Reports:

Chair's Report

Chair Thomas reviewed the meeting's agenda and commented on the recent statewide 'bus tour' and provided highlights of the community impact of the campuses, commenting on the importance of alumni engagement and entrepreneurship, which contributes to the economy, enhances the UMass brand and provides invaluable internships for current students.

President's Report

President Caret also reported on the success of the bus tour, commenting that the dialogue during the tour was the most substantive to-date, and thanked the team that organized the tour. President Caret then introduced the day's discussion items, **Report on Campus-Wide Short Range Plans and Capital Projects**, which focuses on the five-year vision and the capital needs of the campuses.

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President Caret then called on the Chancellors for their reports.

UMass Medical School

Chancellor Collins provided his perspective on the future of the Academic Health Science System and its components. He then discussed new opportunities for joint services between the Medical School and UMass Memorial and an accompanying planning process, and the need for new relationships between the school, the system, and the University. He added that the Medical School brings prestige to the University and there is a need to continue to invest. Chancellor Collins reviewed the financial challenges of the Medical School, and how they differ from those of the other campuses. He also reviewed the key revenue sources as well as a variety of other key financial metrics, reiterating the need for continued investment. Chancellor Collins also outlined the campus' future challenges, including the loss of NIH funding, Commonwealth Medicine's business with the state, MassBiologics high risk/high reward model, flat state support, the need for continued capital investment, philanthropic giving, and the shift in health care delivery models.

Chancellor Collins outlined a number of key strategic questions, including: the number of students, the duration of study, the research enterprise, population health, clinical service needs of the region, inter-professional commitments, recruiting and retaining faculty, and engaging with biopharma. Chancellor Collins concluded his presentation by stating that the Medical School's current business model does not generate enough to support its needs and must evolve with the health system changes. His "ask" included increased state support and state capital support, increased flexibility for capital borrowing, and advocacy and support for research funding for the University's unique public service mission.

Vice Chair King-Shaw asked about the impact of the hospital system finances on the Worcester campus as well as the IT investment. Chancellor Collins stated that the hospital system costs the Medical School money, and that without revenue, recruitment is hampered. He added that the Medical School is growing research in bioinformatics, capitalizing on the High Performance Computing Center.

Trustee Johnston asked if complete integration between the campus and the health system would help or hurt both entities. Chancellor Collins stated that full integration was not possible but that there were key areas that would make sense and the task force was exploring those options.

Trustee Woolridge commented that the potential administrative shared services did not constitute a merger, but rather an E&E effort. He then asked about the opportunity cost to the overall system for the state not investing in the system and about immediate capital needs. Chancellor Collins stated that not investing in great faculty would change the character of the Medical School. He added that it was a concern that the University might use all debt capacity but the Medical School may have additional capital needs. Trustee Woolridge then asked about the change in the types of patients and cases with the evolving health care education model.

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Chancellor Collins noted the impressive simulation opportunities for students and also the potential need for additional capital investments on behalf of UMass Memorial.

Trustee Collins asked about the risk of a closer relationship with UMass Memorial and if there were governance issues. Chancellor Collins suggested a number of back office operations with a joint model and that the task force was reviewing the various alternatives. He added that the power of UMass as a business was large and there were many new opportunities, if they were open to new models.

Trustee Carpman asked about the role of MOOCs and its effect on the physical campus with regard to the Medical School. Chancellor Collins replied that medical education was slower to adopt computer technology and described the UMass Medical School small group model. He noted several opportunities to enhance the education through computer-aided technology.

Trustee Fubini asked a number of questions including: what is the effect on the Medical School on the set number of health care systems across the state, how to protect integrated health care in Western Massachusetts, and the potential role for the University. Chancellor Collins commented that separate funding for the Medical School is essential in order to be great. He also commented on the logic of the Medical School as an integrator for care of patients west of I-495, but noted that Baystate was a Tufts affiliate. Trustee Fubini added that the Commonwealth had an interest in health care west of I-495.

President Caret asked about programs worth adding or expanding to enhance the revenue stream; new R&D drivers; and the potential for MassBiologics to split to two missions. Chancellor Collins stated that MassBiologics was not large enough to compete with drug companies, but the partnerships were important for the future. He then added that additional revenue-generating students would take away from other area colleges.

Trustee Buonomo commented that there were finite resources and his belief that it is a “zero sum” game and the Board had to fairly spend the state appropriation. Chairman Thomas added that he interpreted the Chancellor’s comments as the need for the state to provide additional funding to the Medical School individually. Trustee Fubini added that the state needs to think about health care for all of its citizens.

Trustee Mullan stated that he thought the strategic planning with UMass Memorial was promising and asked if it might make sense for strategic planning with regard to the relationship of each campus to the Medical School. Chancellor Collins stated that he would be presenting the roadmap for Life Sciences for the University to the Board early next year. He also noted a variety of relationships currently in place between the campuses. Chancellor Subbaswamy added that the Medical School was an important component to Amherst’s \$95 million grant from Mass Life Sciences.

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Trustee Xifaras highlighted the Worcester campus' leadership in translational science and commented on its advantage to the system.

UMass Lowell

Chancellor Meehan reported on his last six years repositioning the Lowell campus as an entrepreneurial university. He described the strategic planning process that the campus undertook and reviewed the areas of strategic focus. Chancellor Meehan also described a number of metrics and goals, including enrollment growth, SAT scores, retention, diversity, research, endowment growth and the operating revenue. He added that the five year financial plan includes an ongoing review of the various indicators. Chancellor Meehan commented further that advocacy and support was needed from the system, the Board, and from the state, local and federal government.

Trustee Woolridge asked about the enrollment mix on campus, as well as, the strategic relationship with community colleges. Chancellor Meehan stated that the number of out-of-state students needed to grow to help subsidize the in-state students and that it constituted about 8 percent. Chancellor Meehan also described the articulation agreements with the community colleges and the increase in transfers. Trustee Woolridge asked about revenue projections and the capital project procurement model. Chancellor Meehan described some of the models being used, including private financing for dorms and renting space for various operations. He added that the campus would have overall positive operating margins by 2017.

Vice Chair Furman asked about Lowell's debt service growth and anticipated new revenues. Chancellor Meehan noted that the campus started at 3 percent debt service after his conservative predecessor. He commented that additional students, fundraising, and online growth would increase revenues. Vice Chancellor Yestramski added that 1,000 new beds will be added on campus for an additional residential population. Trustee Campbell stated that out-of-state and international students were very important, impacting the quality and enhancing the reputation of the University. He added that international alums were hungry for ongoing relationships and were sources for further development. Chancellor Meehan described an alumni event in India and agreed that he needed to do more international work.

Trustee Fubini asked what the University would be giving up if growth were slower and described the Board's role to think of its campuses as a portfolio. Chancellor Meehan described the projected online growth and the campus' deferred maintenance as conservative, as well as, its revenue projections. He added that Lowell's plan was not risky because of the high demand. Chancellor Meehan added that he would welcome a full day with the Board reviewing financials.

President Caret asked about transfer students with associates degrees and the growth of doctoral students. Chancellor Meehan remarked that there were more students with associate's degrees and more analysis was needed on the types of doctoral programs that should be invested in, but pharmacy may be one area to consider.

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Chairman Thomas asked where there were articulation agreements with community colleges.

UMass Dartmouth

Chancellor Grossman described the process of building her team and undertaking a campus strategic planning process. She commented on the need for the campus to build on its strengths and its unique attributes, including its geography and land; its Law School; its strength in marine science and technology, visual and performing arts, and bioengineering. Chancellor Grossman then described the campus' five-year goals, and reviewed various student success and research metrics. Chancellor Grossman also described the capital projects underway and the master planning process. She also described goals with regard to the Law School, social and economic development areas of focus, and financial performance. Chancellor Grossman concluded by stating that the campus would capitalize on the success of the past and highlighted a number of notable alums.

Vice Chair Furman asked how the campus' graduation rate related to the system goals. Chancellor Grossman stated that they were on track. President Caret explained that each campus had different, appropriate goals. Trustee Campbell asked about the plan to develop consumer spaces. Chancellor Grossman stated that they were exploring public-private partnerships for retail on campus. She added that she is working with a group of creative community leaders on how to transform the brutalist campus architecture into a cultural destination, while also improving aesthetics. She added that there was a need for more student spaces on campus.

Vice Chair King-Shaw stated that a central focus was on growing enrollment and inquired about the optimum number of students. He also asked about resources needed to invest in the new areas. Chancellor Grossman stated that it was important to grow both numbers and quality and that growth in competitive areas like engineering, marine sciences and the arts was important. She also noted the need to grow transfer and international students and focus on retention.

Trustee Johnston asked about the short-term plans to improve the aesthetics of the campus. Chancellor Grossman noted the upcoming strategic planning and master planning process. She added that small things were being done now and it was very important for recruitment and enrollment. Trustee Johnston also commented on the very high deferred maintenance. President Caret described the yearly target of 2 percent.

Trustee Woolridge asked about the Law School enrollments and its targets and challenges. Chancellor Grossman described the Law School's positive trend, and characterized it as being on target, and highlighted facilities and budget as the top challenges.

Trustee Xifaras described new plantings at the entrance to the campus. She also noted that the campus' openness to hosting community events as a way to make it more accessible and "softer" to the community. She added that she has had the opportunity to engage with several students from the Law School and has been fascinated by their journeys.

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Trustee Fubini suggested an argument that with the operating margin in deficit, the campus shouldn't grow but rather focus on retention and wondered if that had been considered. He urged Chancellor Grossman to consider that strategy. Chancellor Grossman stated that both needed to be done and that the needs of the region needed to be considered.

Trustee Campbell noted a recent report on national law school enrollments and the shift underway with regard to legal education. He described the recommendations from the report and urged the University to be a thought leader on these topics.

Trustee Osterhaus-Houle described the residency contract at the Medical School and asked about the possibility for such a program for the Law School. Chancellor Grossman commented that there needed to be a focus on advancement with regard to the Law School and growing scholarships.

Trustee Murphy commented on the issue of consumer satisfaction and the need for capital investments. He added that the lack of common space on campus was a consistent issue with students and that investment would reinvigorate the campus. He also stated that responsible expansion was important.

Trustee Johnston asked if there were buildings in crisis and referred to the HVAC issues. Chancellor Grossman noted the \$11 million investments in classrooms and laboratories, and stated that staging was critical.

Vice Chair King-Shaw asked how growth was possible if students were dissatisfied. Chancellor Grossman described the residential capacity and classroom utilization analysis underway.

Trustee Woolridge asked about the heating and cooling issues on campus and about capital priorities. Chancellor Grossman referred to the upcoming master planning process.

UMass Boston

Chancellor Motley highlighted a variety of the Boston campus' unique attributes and its growing reputation. He reviewed the strategic planning process and its resulting goals and strategies, which focused on student outcomes, research and academic programs, the financial model, and campus infrastructure. He also described key master planning projects, including fixing the failed infrastructure and adding residential housing. Chancellor Motley commented on one of the campus' biggest challenges: the policy around the debt ratio. Chancellor Motley provided a history of the campus' debt ratio. He argued that the UTTC project should not rest fully on the Boston campus' shoulder as it should be considered a public project.

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Trustee Carpman inquired about the debt ratio if the residence halls were offline. Chancellor Motley commented that it was a thoughtful decision to focus first on revenue-generating buildings.

Vice Chair King-Shaw wondered if the Legislature should address the roadway issue. There was a discussion about this strategy and making a compelling argument. Chancellor Motley remarked that they were difficult discussions and added that the campus pays for \$4 million worth of buses that also serve the JFK Library and will serve the Edward M. Kennedy Institute (EMK). Vice Chair King-Shaw added that the Boston campus shouldn't bear this cost alone. Trustee Johnston stated that it was a legislative matter and the campus shouldn't be responsible for past mistakes. Chancellor Motley added that President Caret and Vice Chair King-Shaw have been supportive of a public argument on this topic. Vice Chair Furman remarked that it was a slippery slope if debt ratios were revisited and that the University's credit rating was at stake. She added that if the University completes the public works project then the state will never repay. There was a discussion about more aggressively lobbying the state.

Trustee Fubini asked where students go if they don't go to the Boston campus due to the lack of dorms. Trustee Mullan urged the Board to have a deeper discussion and more analysis on the capital plan. He also requested more information on how UMass interacts with the rest of public higher education and more information on campus roles within the system. He was interested in UMass within higher education, within the Commonwealth and how the campuses interact.

Trustee Woolridge suggested that a Committee of the Whole topic might be a debt level discussion about thresholds. He stressed the need for an understanding of all potential options and a methodical approach. Trustee Buonomo commented on the \$150 million roadway project being approved and bonded. Chairman Thomas suggested that DCAM should be approached.

UMass Amherst

Chancellor Subbaswamy described a recent presentation he attended which compared the state of affairs of health care with that of higher education. He then focused on the need to maintain the flagship campus, as it is a key component of the UMass brand. Chancellor Subbaswamy described recent faculty discussions on the future of higher education and the role of the Amherst campus and he described the campus' core business model. Chancellor Subbaswamy also described a variety of metrics in the area of student success and satisfaction; financial health and capital spending. Chancellor Subbaswamy described the campus' challenges as it engages in a strategic plan with the acknowledgement that there is a need for change. He described the strategy of making the campus the destination of choice for high school graduates from Massachusetts and the investment of choice for the state. He also described undertaking a new budget model that will emphasize transparency and utilize campus-wide discussions. Chancellor Subbaswamy reviewed the FY2013-18 financial metrics based on current assumptions.

Trustee Kingston asserted that a new student union is critical and most important to students.

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Chancellor Subbaswamy then reviewed a number of challenges and “asks” including adding a new student union to the capital project list; transparency with the system; debt relief; mission clarity; and the freedom to operate as competitors within the system, if necessary.

President Caret asked about the future of the enrollment mix and about the major differences between the Amherst campus and its peer group. Chancellor Subbaswamy noted a 30 percent out-of-state enrollment and growth in international enrollment. He also stated that the Amherst campus is not as selective as its peers and cited several metrics.

Trustee Fubini suggested that Chancellor Subbaswamy was referring to a need for a system strategy and that the term “flagship” should be more fully defined along with the roles of the other campuses and the internal competition. There was a discussion on this topic and Trustee Fubini stressed the need for a more systematic view of the larger entity.

Trustee Xifaras commented on the importance of the community college pipeline and suggested a Committee of the Whole discussion on the topic. Chancellor Meehan stated that he was not trying to compete but rather wanted excellence in everything. He added that a stronger Amherst was better for Lowell. Trustee Fubini added that limited capital dollars led to competition for limited resources. Trustee Buonomo commended the quality of the system and suggested that determining “the pace of play” amongst the system was essential. He added that tough decisions would need to be made. He also suggested the need for a better definition of deferred maintenance and financial cushion. President Caret added that capital planning was a real issue right now. There was further discussion about developing the complimentary natures of the campuses. Trustee Fubini commented on the issue of quasi-endowments. President Caret agreed that it was an issue worth discussing.

President Caret agreed to an updated version of the ‘White Paper’ of the major issues and the key action items from the day.

The meeting adjourned 2:08 p.m.

Kate Wilkinson
Staff Assistant