

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

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

**Wednesday, June 11, 2014; 8:00 a.m.
Amherst Room
225 Franklin Street – 33rd Floor
Boston, Massachusetts**

Committee Members Present: Chair Woolridge; Vice Chair Collins; Trustees Buonomo (by phone), Campbell, Furman, Kingston and Mullan; Chairman Thomas

Committee Members Absent: Trustees Fubini, Johnston, King-Shaw, Lee, Malone and Peters

University Administration: President Caret; General Counsel Heatwole; Senior Vice President Wilda; Chancellors Subbaswamy, Motley, Grossman, Meehan and Collins; Ms. Filippone, Interim Executive Director, UMass Building Authority

Faculty Representatives: Ms. Billings, UMass Amherst; Professor Carter, UMass Lowell

Documents Used:

- Establishment of an Endowed Chair in Neuroscience Research, UMass Worcester, Doc. T14-041
- Changes to the Marcy C. DeFeudis Chair in Cancer Care Research, UMass Worcester, Doc. T10-036, as amended
- Update to University Policies, Doc. T93-122, as amended and Doc. T09-050, as amended
- FY2015 University Operating Budget, Doc. T14-044
- Approval of Mandatory Student Charges and Authorization for the President to Approve all other Charges for Academic Year 2014-2015, Doc. T14-043
- Authorization to Allocate the Fiscal Year 2015 State Appropriation, Doc. T14-042
- Quarterly Capital Projects Update and Amendments to Capital Projects, Doc. T13-077, as amended
- Building Authority Update, Doc. T14-046

Chair Woolridge convened the meeting at 8:14 a.m. and stated that Trustee Buonomo 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.

Chair Woolridge then stated that due to a full Board agenda and the need to keep the meeting moving forward in a constructive manner, any members of the Committee or others who wish to

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speak must do so through the Chair, and all speakers will be limited to three minutes. He added that Board of Trustees meeting guidelines restrict comments to specific agenda items.

Chair Woolridge then stated that the Committee had been provided with draft minutes for the December 2, 2013 meeting and the June 12, 2013 Executive Session and asked for any corrections. With no corrections, the minutes were approved.

Reports:

Chair's Report

Chair Woolridge provided the Committee with an update on the latest tax revenue collections reported by the State's Department of Revenue. Chair Woolridge then reviewed the day's agenda.

President's Report

President Caret focused his comments on the current status of the budget by summarizing last year's 50/50 funding plan and this year's request. He commented on the status of the state funding of collective bargaining and on the request for tuition retention.

Action Items:

Chair Woolridge requested the approval of the **Establishment of an Endowed Chair in Neuroscience, UMass Worcester**. He indicated that the Committee had a chance to review the background materials that were provided and asked for questions or discussion. It was moved and seconded.

To recommend that the Board take the following action:

In accordance with sections 1A(e) and 11 of Chapter 75 of the General Laws to establish The Neuroscience Research Chair at the University of Massachusetts Worcester as contained in Doc. T14-041.

The Secretary called the roll with each Trustee asked to vote yes or no: Chair Woolridge voted for the motion as did Vice Chair Collins; Trustees Buonomo, Campbell, Furman, Mullan; and Chairman Thomas.

Chair Woolridge requested the approval of the **Changes to the Marcy C. DeFeudis Chair in Cancer Care Research, UMass Worcester**. He indicated that the Committee had a chance to review the background materials that were provided and asked for questions or discussion. It was moved and seconded.

To recommend that the Board take the following action:

In accordance with sections 1A(e) and 11 of Chapter 75 of the General Laws to approve changes to the Marcy C. DeFeudis Chair in Cancer Care Research at the University of Massachusetts Worcester. (Doc. T10-036, as amended)

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The Secretary called the roll with each Trustee asked to vote yes or no: Chair Woolridge voted for the motion as did Vice Chair Collins; Trustees Buonomo, Campbell, Furman, Mullan; and Chairman Thomas.

Chair Woolridge requested the approval of the **Update to University Policies**. He indicated that the Committee had a chance to review the background materials that were provided and asked for questions or discussion.

Senior Vice President Wilda provided a brief overview of the policies and highlighted the updates to the University Debt Policy and the Capital Planning and Land and Facilities Use Policy. Trustee Mullan noted a recent Building Authority meeting discussion and the attention paid by credit agencies to the issue of operating margin. He inquired if these changes to the policies would help strengthen the University's credit rating. Senior Vice President Wilda commented that credit agencies noted that a Board-level threshold was a University strength, adding that other indicators were also considered. There was further discussion on the 8 percent debt cap.

Senior Vice President Wilda then commented on the updates to the Capital Planning and Land and Facilities Use Policy. The revisions create more structure and scrutiny. She commented on the new capital planning process. There was discussion about the effect of the new process on current projects. Trustee Mullan requested a snapshot of the quarterly updates on BoardVantage and commended the improvements to the process. It was moved and seconded.

To recommend that the Board take the following action:

To approve changes to Trustee Policy T93-122, as amended, "The Capital Planning and Land and Facilities Use Policy".

And further,

To approve changes to Trustee Policy T09-050, as amended, "The University Debt Policy".

The Secretary called the roll with each Trustee asked to vote yes or no: Chair Woolridge voted for the motion as did Vice Chair Collins; Trustees Buonomo, Campbell, Furman, Mullan; and Chairman Thomas.

Chair Woolridge requested the approval of the **FY2015 University Operating Budget**. He indicated that the Committee had a chance to review the background materials that were provided and asked for questions or discussion.

Associate Vice President Gorzkowicz provided an overview of the budget and highlights of the FY15 Operating Budget and Fees. He then reviewed the state budget process and the contingent nature of the vote. Trustee Mullan asked what year 3 of the 50/50 plan looked like. President Caret commented on his engagement on a higher education budget committee and

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stated that he would like campuses funded at the 75 percentile of their peers. There was discussion about strategy for budget negotiations.

Associate Vice President Gorzkowicz highlighted the assumptions of the budget, including the state appropriation of collective bargaining funding, investment returns as well as campus assumptions around staffing, enrollment and other initiatives. He noted that the budget relies on one-time reserves and that the negative carry had been planned in support of capital plans and long-term goals. There was further discussion on the use of reserves. Associate Vice President Gorzkowicz noted that the five-year forecast would be presented in September. Senior Vice President Wilda commented on the drivers that credit agencies are looking at including enrollment, the endowment, and the financial cushion. Trustee Campbell commented on the declining student population in the Northeast and its effect on the University's rating. President Caret commented on the University being well positioned with cost and quality. It was moved and seconded.

To recommend that the Board take the following action:

To approve the FY2015 University Operating Budget and to authorize the President to approve changes, as needed, once the General Appropriations Act for FY2015 is signed into law. (Doc. T14-044)

The Secretary called the roll with each Trustee asked to vote yes or no: Chair Woolridge voted for the motion as did Vice Chair Collins; Trustees Buonomo, Campbell, Furman; and Chairman Thomas.

Chair Woolridge requested the approval of the **Mandatory Student Charges and Authorization for the President to Approve all other Charges for Academic Year 2014-2015**. He indicated that the Committee had a chance to review the background materials that were provided and asked for questions or discussion.

Senior Vice President Wilda summarized the proposed student charges. Trustee Kingston inquired about the increase in room and board and noted the importance of keeping costs reasonable for students. It was moved and seconded.

To recommend that the Board take the following action:

The University is committed to ensuring high quality and affordable education in Massachusetts. To that end, the University of Massachusetts partnered with the Commonwealth of Massachusetts to implement a funding model that is premised on the State providing 50% of the cost to educate an undergraduate student from Massachusetts. Under this model, which was funded in fiscal year 2014, the University would agree to freeze the mandatory curriculum fee for all undergraduate residents provided the Commonwealth appropriate at least \$478 million in fiscal year 2014 and \$518 million in fiscal year 2015. Building off of the historic investment made in fiscal year 2014, the University of Massachusetts,

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as envisioned under Section 162 (a) of the current year's state budget, requested the second year of the funding model for fiscal year 2015. Therefore,

1. In accordance with Section 1A of Chapter 75 of the General Laws, and Policy T92-031, Appendix E, to authorize the President to approve, no later than June 30, 2014, or upon the General Appropriations Act for FY2015 becoming law, the individual rates for mandatory student charges, which includes tuition, the mandatory curriculum fee and all other mandatory student fees, provided that upon the University of Massachusetts receiving the full allotment of their base operating budget the board of trustees and the President agree to freeze tuition and the mandatory curriculum fees for all undergraduate resident students at current rates. The total mandatory student charges shall not exceed the total rates as outlined below for the Amherst, Boston, Dartmouth and Lowell campuses for academic year 2014-2015:

Total Mandatory Student Charges	Amherst	Boston	Dartmouth	Lowell
Undergraduate (resident)	\$13,258	\$11,966	\$11,681	\$12,447
Undergraduate (non-resident)	\$28,813	\$28,390	\$24,619	\$27,400
Graduate (resident)	\$14,051	\$15,018	\$13,952	\$12,799
Graduate (non-resident)	\$28,546	\$29,092	\$24,619	\$22,978
Graduate Law School (resident)			\$23,702	
Graduate Law School (non-resident)			\$31,394	

2. And further, if the University of Massachusetts receives an amount less than what is required in section 1 of this vote, the Board authorizes the President to approve an increase in the mandatory curriculum fee, not to exceed 3.5% for academic year 2014-2015. The maximum rates for Amherst, Boston, Dartmouth, and Lowell campuses shall be:

Total Mandatory Student Charges	Amherst	Boston	Dartmouth	Lowell
Undergraduate (resident)	\$13,587	\$12,302	\$12,018	\$12,805
Undergraduate (non-resident)	\$28,813	\$28,390	\$24,619	\$27,400
Graduate (resident)	\$14,051	\$15,018	\$13,952	\$12,799
Graduate (non-resident)	\$28,546	\$29,092	\$24,619	\$22,978
Graduate Law School (resident)			\$23,702	
Graduate Law School (non-resident)			\$31,394	

3. 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 graduate programs offered by the medical school on the Worcester campus for academic year 2014-2015:

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Medical School	Tuition	Mand. Fees	Total
Medical School (resident)	\$8,352	\$14,998	\$23,350
Ph.D/MD. (resident)	\$2,640	\$22,333	\$24,973
Ph.D/MD. Years 1-2 (non-resident)	\$9,856	\$37,333	\$47,189
Ph.D/MD. Years 3+ (non-resident)	\$9,856	\$27,477	\$37,333
Graduate School of Nursing (resident)	\$2,640	\$8,330	\$10,970
Graduate School of Nursing (non-resident)	\$9,856	\$8,330	\$18,186
Grad. School of Biomedical Science (resident)	\$2,640	\$4,302	\$6,942
Grad. School of Biomedical Science (non-resident)	\$9,856	\$4,302	\$14,158

4. 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 June 30, 2014, final student housing rent and food service charges for academic year 2014-2015:

Room and Board (average rate)	Amherst	Boston	Dartmouth	Lowell
	\$10,957	N/A	\$11,435	\$11,278

5. And further, to authorize the President to approve, no later than June 30, 2014, the full schedule of rent and food service charges for all other classifications of students, room options and meal plans for academic year 2014-2015.
6. And further, to authorize the President to approve, no later than June 30, 2014, individual fee rates for other student fees and student fee/revenue based operations charges not already approved by the Board for academic year 2014-2015. (Doc. T14-043)

The Secretary called the roll with each Trustee asked to vote yes or no: Chair Woolridge voted for the motion as did Vice Chair Collins; Trustees Buonomo, Campbell, Furman; and Chairman Thomas.

Chair Woolridge requested the approval of the **Authorization to Allocate the Fiscal Year 2015 State Appropriation**. He indicated that the Committee had a chance to review the background materials that were provided and asked for questions or discussion. It was moved and seconded.

To recommend that the Board take the following action:

To direct the President to allocate the amount appropriated for the University of Massachusetts in Line Item 7100-0200 of the General Appropriation Act for Fiscal Year 2015 to the campuses and the Central Administration of the University. (Doc. T14-042)

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The Secretary called the roll with each Trustee asked to vote yes or no: Chair Woolridge voted for the motion as did Vice Chair Collins; Trustees Buonomo, Campbell, Furman; and Chairman Thomas.

Chair Woolridge requested the approval of the Amendments to Capital Projects. He indicated that the Committee had a chance to review the background materials that were provided and asked for questions or discussion.

Budget Director Pasquini provided a brief summary of the new projects seeking their first vote, projects seeking full project approval and projects with changes greater than 10 percent. She also reviewed the new approval process and the dashboard of funding sources. There was a short discussion about the electrical substation project on the Amherst campus. It was moved and seconded.

To recommend that the Board take the following action:

Pursuant to Trustee Policy T93-122, to approve the following projects be added to the approved project list under the first vote or "Preliminary Campus Estimate":

<u>Campus:</u>	<u>Project Name:</u>	<u>Preliminary Campus Estimate - June 2014</u>
Boston	Gym Roof Replacement & Building Envelope Repair	\$ 2,250,000
Boston	Renovate Space for New Campus Operations Center	\$ 2,200,000
Boston	Construct New Pool Facility	\$10,000 000

And further,

Pursuant to Trustee Policy T93-122, as amended to approve the following projects under the second vote or "Full Project Approval":

<u>Campus:</u>	<u>Project Name:</u>	<u>Full Project Approval - June 2014</u>
Amherst	New Substation and Electrical Design	\$40,000,000
Amherst	MLSC Life Sciences Facility	\$95,000,000
Amherst	Physical Sciences Building (DCAMM)	\$101,800,000
Boston	Healey Roof Replacement & Building Envelope Repair (Doc. T13-077, as amended)	\$ 8,200,000

The Secretary called the roll with each Trustee asked to vote yes or no: Chair Woolridge voted for the motion as did Vice Chair Collins; Trustees Buonomo, Campbell, Furman; and Chairman Thomas.

Chair Woolridge then asked for a motion to put the action items #1-4 and 6-7 on a Consent Agenda for the Board meeting and explained that the Board can approve all these items by a single vote, and that no discussion will be permitted. It was moved and seconded to place the above matters on a Consent Agenda.

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The Secretary called the roll with each Trustee asked to vote yes or no: Chair Woolridge voted for the motion as did Vice Chair Collins; Trustees Buonomo, Campbell, Furman; and Chairman Thomas.

Discussion Items:

Interim Executive Director Filippone provided the **Building Authority Update**, which included a brief update on the May refinancing, resulting in \$25 million in savings over the next 15 years and a summary of the status of the Building Authority projects by project phase. Trustee Kingston commented on the need for a new student union at the Amherst campus. Trustee Campbell commended Trustee Kingston and her fellow student Trustees for their work this year.

There being no other business, the meeting adjourned at 9:42 a.m.

Kate Wilkinson
Staff Assistant