

**UNIVERSITY OF MASSACHUSETTS
AMHERST•BOSTON•DARTMOUTH•LOWELL•MEDICAL SCHOOL•UMASSONLINE**

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

Wednesday, September 13; 8:00 a.m.

Amherst Room

University of Massachusetts Club

One Beacon Street – 32nd Floor

Boston, Massachusetts

Committee Members Present: Chair Buonomo; Vice Chair Epstein; Trustees Collins, Dunlea, Fubini, Furman, Milkowski, Peyser, Reed, Woolridge and Wu

Other Trustees: Trustee Burns

Committee Members Absent: Trustees Johnston, O'Brien, Peters and Thomas

University Administration: President Meehan; General Counsel Heatwole; Senior Vice President Calise; Chancellors Subbaswamy, Motley, Helm, Moloney and Collins

Faculty Representatives: Professor Hajir, UMass Amherst; Professor Lublin, UMass Boston; Professor Merriman, UMass Lowell

Documents Used: -Meeting Minutes: June 14, 2017 (Open Session)
-Approval of Capital Projects, Doc. T16-067, as amended
-Fiscal Year 2019 State Budget Request Authorization, Doc. T17-056

Chair Buonomo convened the meeting 8:06 a.m. and welcomed the new Student Trustees Derek Dunlea from UMass Amherst, and Gray Milkowski from UMass Boston to the Committee. He then stated that the Committee was provided with draft minutes of the June 14, 2017 meeting and asked for any corrections. With no corrections, the minutes were approved.

Reports:

President's Report

President Meehan commented on the University's opposition to the Trump Administration decision to rescind the Deferred Action for Childhood Arrivals program (DACA). He was encouraged by the pushback by Congress and others which has resulted in President Trump appearing to reconsider his position on the decision. President Meehan thanked the Chancellors for joining him in presenting a united front on the DACA issue. He stated that the University's attorneys submitted a declaration on how DACA repeal would impact UMass to the Attorney General. The declaration was cited in Attorney General Healey's lawsuit against the Federal Government to defend the program.

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President Meehan reaffirmed the University's support for its peer institutions in Texas and Florida as they recover from the devastation caused by the hurricanes. UMass is a participant in the National Intercollegiate Mutual Aid Agreement and has offered its assistance to colleges and universities in Texas and the Southeastern U.S.

President Meehan reported that *U.S. News & World Report Best Colleges Rankings* was recently released and UMass remains one of the only public university systems in the country to have all of its undergraduate campuses ranked top tier national universities. UMass and the University of California are the only two systems in the country to have that designation while having a campus within the Top 100. He stated that the rankings validate the University's commitment to excellence and ensuring that the citizens of the Commonwealth have access to a world class public higher education.

President Meehan asked Senior Vice President Calise to be responsive to requests from Trustees and others regarding best practices and strategies for improving data and analysis provided in the forecast and how the University should present certain data in the 5-year Strategic Plan. He stated that Senior Vice President Calise will focus on the financial indicators, enrollment data, and use of data trend. President Meehan also requested that Senior Vice President Calise provide insight into key ratios; specifically, per student ratios and per-FTE ratios where appropriate. He then shared the key takeaways that the A&F team would discuss later in the meeting.

President Meehan noted that the Committee would vote to approve an authorization allowing him to submit the University's budget request for FY19. He would use the budget request to educate the University's stakeholders about its mission and would advocate for UMass' needs.

Chair's Report

Chair Buonomo provided an update on the State's revenue collections for fiscal year 2018. Year-to-date revenue collections through August totaled \$3.5 billion, up \$66 million or 1.9 % more than the state took in last year at this time. The State revenues through August are running (\$11) million below the benchmarks used in developing the State's FY18 budget. Chair Buonomo reviewed the breakdown of the August Tax revenue reporting that revenues for August totaled \$1.712 billion, which were (\$16) million or 0.9% below the benchmark for the month and (\$11) million below for the year. The A&F team will continue to monitor the State revenue collections throughout the fiscal year and report any significant changes to the Committee and the Board.

Chair Buonomo reviewed the University's 5-year Forecast and stated the Senior Vice President Calise and her team would discuss metrics and key financial ratios that highlight the decisions the University has made over the years and the impact they have on finances; specifically, metrics that regarding the University's capital investments. He stated that he believes the decisions made by the current and the previous Board to invest more in the University's capital plan over the past 20 years were the right ones.

Chair Buonomo noted that the University is operating in a very different environment than what existed five years ago. The challenges that lie ahead, which include the need to ask how much the University can afford to spend annually, aligning the University's debt coverage ratio and debt

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burden ratio with peers, and the need to look closer at major cost drivers. Senior Vice President Calise and her team will explore new strategies to grow the University's revenue and drive higher margins. He stated that the Committee should engage in further discussion about the updated 5-year forecast in order to have additional time to review the data, ask questions and share its views about the information conveyed through the modeling in the forecast.

Senior Vice President Report

Senior Vice President Calise reported on the progress being made on the elements of the A&F Roadmap. She also reported on the projects underway and the target goals: the A&F Executive Dashboard 1.0 is underway and is expected to go live in December 2017.

Senior Vice President Calise provided an overview of the University's operations which totaled \$3.2 billion in FY16; provided historical trend information for the performance indicators; reported on enrollment and change in net tuition, operating performance, state revenue and tuition revenue, debt affordability, enrollment tracking; and reported on the University's Financial Statements.

Discussion Items:

Senior Vice President Calise reported that the 5-year forecast of revenues are used for the 5-year campus strategic plans, the University's 5-year capital plan, annual state funding requests, and for communications to stakeholders.

Associate Vice President Gorzkowicz reiterated Senior Vice President Calise's comments on the historical trends and reported on revenue and expense assumptions, and the impact of key financial ratios. The University will continue to focus on maintaining the current standings with the rating agencies and grow its online program, increase its endowment, and develop new strategies to grow revenue and increase margins.

Associate Vice President Gorzkowicz reported that while investments in capital are leveling off, the University is still highly leveraged and the total cash and investments in relation to the size of the University have fallen, in part, to support capital investments across the campuses.

Action items:

Chair Buonomo requested the **Approval of Capital Projects**. 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:

Pursuant to Trustee Policy T93-122, as amended to approve the following project that **exceeded the Approved Project cost by more than 10%** and to satisfy the University's written request that the UMass Building Authority undertake projects in accordance with Board of Trustees vote T16-067, as amended:

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Campus	Project Name	Full Project Approval (Second Vote)	Adjusted Cost	% Change
UMB	Fox Point Dock: Upgrades and ADA Accessibility	\$2,500,000	\$2,800,000	12%

Budget Director Pasquini reviewed the capital plan changes, project phases and project spending dashboards. She provided an update on the project requiring a vote due to an increase exceeding the 10% threshold. The Boston Fox Point Dock project is a proposal by the campus to upgrade the dock to withstand weather conditions and ensure accessibility.

The Chair then asked for a vote and the motion passed unanimously.

Chair Buonomo requested the approval of the **Fiscal Year 2019 State Budget Request Authorization**. 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 authorize the President to prepare and submit the University's Fiscal Year 2019 State Budget request per the Board's Governance policy (T73-098). (Doc. T17-056)

Associate Vice President Gorzkowicz reported that this is a standard annual vote per Board of Trustee By-Laws, to allow the President to prepare and submit the University's budget request to the Governor's office.

The Chair then asked for a vote and the motion passed unanimously.

Chair Buonomo then asked for a vote to place Action Items #1-2 on a Consent Agenda for the Board meeting.

It was moved and seconded to place Action Items #1-2 on a Consent Agenda.

The Chair then asked for a vote and the motion passed unanimously.

There being no further business, the meeting adjourned at 10:10 p.m.

Christina A. Kelley
Assistant Secretary to the Board