

**UNIVERSITY OF MASSACHUSETTS
AMHERST•BOSTON•DARTMOUTH•LOWELL•MEDICAL•LAW•ONLINE**

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

Wednesday, September 29, 2021; 8:00 a.m.

Remote Meeting

**Pursuant to the Governor's Order Suspending Certain Provisions of the
Open Meeting Law, G.L. c.30A, s.20 dated March 12, 2020**

Committee Members Present: Chair Karam; Vice Chair O'Brien; Trustees Bates, Bhandari, Epstein, Houle, Kunda, Woolridge and Wu; Mr. Moreau (Trustee Peyser's representative)

Other Trustees: Trustees Burns, Kelleher, Paris Jeffries, Ramos Gagliardi and Scheibel

Committee Members Absent: Trustees Dyer, Peyser and Tolman

University Administration: President Meehan; General Counsel Leone; Senior Vice President Calise; Chancellors Subbaswamy, Suárez-Orozco, Fuller, Moloney and Collins; Vice Chancellors Mangels, Kirleis, Gingerella, O'Riordan and Lindstedt

Faculty Representatives: Professors Hoagland, UMass Amherst; Professor Kim, UMass Boston

Documents Used:

- Meeting Minutes, June 9, 2021
- Establishment of the Our Danny Cancer Fund Chair in Biomedical Research, UMass Chan Medical School, Doc. T21-058
- Renaming of the College of Nursing to the Elaine Nicpon Marieb College of Nursing, UMass Amherst, Doc. T21-054
- Authorization to Submit the University's Fiscal Year 2023 Budget Request, Doc. T21-047
- Approval of the University's Five-Year FY2022-FY2026 Capital Plan, Doc T21-048
- Approval of Vote 1 Changes to the Approved Capital Projects List (traditional projects), Doc. T21-049
- Approval of Cost Changes to the Approved Capital Projects List (traditional projects), Doc. T21-050
- Policy Revisions - Proposed Review and Votes for the December Board meeting: Procurement Policy - Doc. T92-031, as amended, Travel Policy, Doc. T92-031, Appendix B, as amended, Business Expense Policy, Doc. T92-031, Appendix C, as amended

Chair Karam convened the meeting at 8:03 a.m. and stated that as a public body, the UMass Board of Trustees could meet remotely under the Governor of Massachusetts' executive order issued on March 12, 2020, which was effective immediately, and will remain in place until it is rescinded or the state of emergency that was declared is terminated.

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Under the Emergency Order, all members of the Board may participate by remote virtual means, without affording public access to the physical meeting locations, as long as they engage with adequate and alternative means of access available. Any member of the public wishing to address the Board regarding an agenda item or issue related to the agenda, or to make an audio or video recording of the open public session of the Board meeting, was provided notice by the Secretary of the Board through a posting indicating that such written requests needed to be received no later than 24 hours prior to the meeting. Under the law, the Chair has complete discretion in granting or denying the request to speak, and may limit the duration that the public has to address the Board. The Chair stated that he received no requests to speak or to make an audio or video recording of the meeting.

Michael Milligan provided the instructions for the Zoom meeting.

Consideration of Minutes of the Prior Meeting of the Committee

Chair Karam stated that the Committee was provided with the draft minutes of the June 9th meeting and asked for any corrections. With no corrections, the minutes were approved.

Chair's Report

Chair Karam reported that Senior Vice President Calise will provide a budget update that highlights some of the fiscal challenges. He highlighted the budget items before the Committee noting the \$145 million in federal stimulus funding the campuses received, and the \$78 million of federal funding for the FY22 budget. He stated that the federal funding received by UMass was intended to serve as a bridge for the campuses to return to normal operation. He stated that revenues will return and fill the gap. However, should they fall short a structural deficit could result.

Chair Karam stated that it is critical to bring the University's spending in line with available revenues and not rely on one-time revenues to support operation needs. He would like to see the University return to its previous commitment of the campuses achieving a 2% operating margin beginning in FY24. He commented on not using the stabilization fund to avoid making tough cuts. He restated that it places the financial health and academic quality of the campuses at risk. This is something that he will not support.

Chair Karam stated that he looks forward to working with President Meehan and Senior Vice President Calise and her team as the University tackles the challenges it faces over the next few years.

President's Report

President Meehan thanked Chair Karam and the Committee for their work during this critical time. He stated that Senior Vice President Calise and her team will present the University's Five-Year Capital Plan and provide an update on the FY21 year-end results and campus reopening plans for fall 2021. He noted that today's discussion will highlight the significant financial pressure the University of Massachusetts faces. He noted several key areas of concern: enrollment and housing occupancy are still below pre-COVID levels, the campuses must now manage the structural deficits resulting from the use of federal stimulus funds, other one-time investment gains were created by delicate management of cash needed during the pandemic, the campuses have a deferred maintenance backlog, and emerging demographic trends complicate the financial outlook.

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President Meehan stated that Senior Vice President Calise and her team will report on the Five-Year Financial Forecast in December. He stated that leadership will be needed to preserve the long-term financial health and academic quality of the University, and the campuses need to apply more sophisticated tools and practices improve financial projections and make more strategic decisions.

President Meehan noted the enhancements to strengthen the University's analytical framework including: real-time enrollment tracking, quarterly financial close, enhance budget to actual tracking for the quarterly projection process, improved financial reporting from the existing financial system, adoption and use of the UMass Plan budget and forecasting tool, and work linking student data to financial data in order to analyze trends and improve forecasting.

President Meehan thanked Rob and Donna Manning, the Chan Family and The Morningside Foundation, and the Elaine Nicpon Marieb Charitable Foundation for their donations and investment in the University of Massachusetts.

Senior Vice President's Report

Senior Vice President Calise provided an overview of her team's presentation. Review of FY21 preliminary unaudited results, review of FY22 and changes that have occurred since Board of Trustees approval of the FY22 budget, update on fall enrollment and occupancy, review of FY22 Q1 projection in December, and update on shared services from David Cho, Chief Procurement Officer, update on the work of the Advisory Working Group on financial planning, and review of the Five-Year Capital Plan. The Five-Year Forecast and the Q1 FY22 projection will be presented in December. An update on enrollment and the Q2 FY22 projection will be presented next spring, and the FY23 budget and Q3 projection will be presented in June.

Senior Vice President Calise noted the Framework to increase and strengthen the University's financial accountability. Related to the Framework, her team will provide an update on the University's financial sustainability, capital strategy, shared services, and improvement in operations and analysis. She acknowledged the cooperation across the system and noted the need to stick to and continue to use the tools in place as the University moves forward.

Senior Vice President presented on the FY21 year-end projection noting a 2.1% positive operating margin for the University, or just over \$73 million; a 2.8% operating margin for the Medical School, or \$28 million; and a 1.9% positive operating margin for the undergraduate campuses in total, or just under \$48 million. The Amherst campus expects to end the year with a deficit of under 1% or \$9 million. The FY21 numbers reflect \$82 million of stimulus of which \$55 million was used to bridge the revenue gap with the institutional aid received from the federal government.

Senior Vice President Calise presented on FY22 budget which is reflective of the return of academic life and student life activity. Stable enrollment was projected, there was staffing level growth consisting with the campuses being open. Since June, enrollment, based on fall is lower than planned, which reflects a 2% reduction versus the .7% reduction. The campuses have been working on vaccination compliance, housing demands exceed budget expectations, and collective bargaining parameters provided by the state of Massachusetts were revised after the budget was approved. She provided an update on the \$259 million in stimulus funds the University received

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of which \$145 million supported the University and \$113 million for emergency grants for students.

Senior Vice President Calise introduced Chief Procurement Officer David Cho to provide an update on the Unified Procurement Services Team (UPST). Mr. Cho reported that almost \$34 million in cost reduction has been saved, through over 170 initiatives, since the launch of UPST in 2020. He noted the dashboard of representative key performance indicators (KPIs), shared methods being used to capture cost reduction and operational efficiencies, and reduce the administrative burdens on UMass buyers. He noted the 4 key thematic areas UPST is looking to address: proactive strategic sourcing, process cycle time, enhance request status visibility, and supply engagement and development.

Senior Vice President Calise noted the 3 procurement-related Board policies, the Procurement Policy, the Travel Policy, and the Business Expense Policy, the UPST team has been updating to be consistent with UPST operations. She stated that this item is informational and a vote is not required today. A vote will come before the Committee in December. She provided an update on an Employee Services Team Roadmap initiative. She thanked the Trustees and her colleagues for their work with the Advisory Working Group, and noted that the first version of the Financial Planning Dashboard would be available later this fall.

Chair Karam stated that he asked Senior Vice President Calise to work with the Amherst campus on their FY22 projections. He requested an update before the Committee's next meeting.

Trustee O'Brien cautioned that reduced federal stimulus funds, the amount of financial aid the University will be able to provide to students will be strained, and that not increasing tuition will create challenges for FY22-FY23. He stated that great effort will be needed across the system to find revenue and savings to bridge the gaps. Trustee Epstein echoed Trustee O'Brien's comments and spoke to sound business policy the Chancellors should be looking at including tuition and admissions policies.

Trustee Wu asked about the cause of Amherst's deficit and what can be done to avoid a repeat. Chancellor Subbaswamy commented noting circumstances due to the pandemic such as the unexpected expense to address a COVID outbreak on campus during the spring, supply chain issues, and cleanup and preparation for in-person classes was more extensive than expected. He noted the auxiliary expense and stated that the campus is committed to getting back on track.

Trustee Bhandari asked whether the allocation of federal stimulus money for institutional funds and student aid is stipulated by the federal government or the University. Vice President Calise stated that the allocation is received from the federal government and cannot be changed by the University.

Trustee Kelleher asked about short-term forecasting for extraordinary cost to better plan for situations on a system-wide basis. Chair Karam noted the real-time dashboard. Trustee Kelleher suggested considering a 1% or 2% line-item contingency for each campus during the next budget cycle. Having experienced a similar situation at the Lowell campus, Chancellor Moloney

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commended Chancellor Subbaswamy and his team for managing through significant challenges this past year.

Action Item #1: Establishment of the Our Danny Cancer Fund Chair in Biomedical Research, UMass Chan Medical School, Doc. T21-058

Chair Karam asked for a motion to approve the Establishment of the Our Danny Cancer Fund Chair in Biomedical Research at the UMass Chan Medical School. It was moved by Trustee Woolridge and seconded by Trustee Wu.

In accordance with sections 1A(e) and 11 of Chapter 75 of the General Laws: to establish the Our Danny Cancer Fund Chair in

Chancellor Collins commented on the bequest to establish the Chair.

The Secretary then called the roll with each Trustee asked to vote. Chair Karam voted for the motion as did Vice Chair O'Brien; Trustees Epstein, Houle, Kunda, Woolridge and Wu; and Mr. Moreau (Trustee Peyser's representative)

Action Item #2: Renaming of the College of Nursing to the Elaine Nicpon Marieb College of Nursing, UMass Amherst, Doc. T21-054

Chair Karam asked for a motion to approve the Renaming of the College of Nursing to the Elaine Nicpon Marieb College of Nursing at UMass Amherst. It was moved by Trustee Epstein and seconded by Trustee Woolridge.

To recommend that the Board approve the following:

To rename the College of Nursing at the University of Massachusetts Amherst as the Elaine Nicpon Marieb College of Nursing, and to accept with sincere gratitude the generous gift by the Elaine Nicpon Marieb Foundation.

Chancellor Subbaswamy stated that this is an extraordinary recognition of the quality and dedication of nursing faculty, students and staff and the legacy from one of its proudest from the program, Elaine Nicpon Marie.

The Secretary then called the roll with each Trustee asked to vote. Chair Karam voted for the motion as did Vice Chair O'Brien; Trustees Epstein, Houle, Kunda, Woolridge and Wu; and Mr. Moreau (Trustee Peyser's representative)

Action Item #3: Fiscal Year 2023 State Budget Request Authorization, Doc. T21-047

Chair Karam asked for a motion to approve the Fiscal Year 2023 State Budget Request Authorization. It was moved by Trustee Epstein and seconded by Trustee Woolridge.

To recommend that the Board take the following action:

To authorize the President to prepare and submit the University's Fiscal Year 2023 State Budget request per the Board's Governance policy (T73-098).

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Senior Vice President Calise noted the annual standard vote to participate in the state's process for requests.

The Secretary then called the roll with each Trustee asked to vote. Chair Karam voted for the motion as did Vice Chair O'Brien; Trustees Epstein, Houle, Kunda, Woolridge and Wu; and Mr. Moreau (Trustee Peyser's representative)

Chair Karam noted that the next 3 votes relate to the FY22-26 Capital Plan.

Action Item #4: Approval of the University's FY2022-FY2026 Capital Plan, Doc. T21-048

Chair Karam asked for a motion on the Approval of the FY2022-20226 Capital Plan. It was moved by Trustee Wu and seconded by Trustee Woolridge.

Pursuant to Trustee Policy T93-122, as amended, to approve the University's Five-year Capital Plan (FY2022 to FY2026). Approval of the University's capital plan does not constitute approval of the individual projects and each project must follow the capital project approval process pursuant to Trustee Policy T93-122, as amended.

And further,

With respect to any or all of the projects in the University's Five-Year Capital Plan described in the Approved Capital Project list, as reviewed and amended quarterly, to authorize the President of the University and such other officers of the University as the President may designate (the President and each such other officer referred to herein as an "Authorized Officer"), each acting singly, in the name and on behalf of the trustees, the University or the Commonwealth, as appropriate, (a) to effectuate the financing of one or more or all of such projects by such means as such Authorized Officer shall deem advisable, including without limitation by making a written request in the name and on behalf of the trustees that the University of Massachusetts Building Authority initiate and undertake any such project in the Approved Capital Project list, or to request the Worcester City Campus Corporation to effectuate the financing thereof through any appropriate issuer of debt, and, (b) in connection with any such financing, to take such actions (including without limitation the execution of the guaranty of the Commonwealth on any obligation guaranteed by the Commonwealth), secure such governmental approvals, execute such agreements (including without limitation contracts for financial assistance, management and services, contracts for management and services or leases or subleases) containing such provisions and provide for such terms and sources of repayment, all as such Authorized Officer shall deem advisable and as may be required or permitted by law, including without limitation St. 1960, c. 773, §_19A, as amended, and St. 1992, c. 138, §_15A, as inserted by St. 2000, c. 159, §_303.

Assistant Vice President for Budget and Planning Pasquini presented on the University's Capital Plan which consists of 101 projects and totals \$1.86 billion. She stated that 79% of the plan is funded with University resources including debt and other operating funds.

Assistant Vice President Pasquini presented on the changes to the capital projects votes for Board approval. Four first votes totaling \$125 million that will address over \$70 million in deferred

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maintenance: The School of Public Health and Health Sciences renovation at UMass Amherst (\$30M estimated cost), and at UMass Lowell, Ball Hall Renewal Phase 1 (\$30M estimated cost), Olney Project (\$40M estimated cost), and Weed Hall Renewal Phase 1 (\$25M estimated cost). Also at UMass Lowell, one project with a cost increase (increasing by \$4.3M to \$22.8M at Olsen Hall).

Chair Karam asked whether the new Capital Policy has a positive effect in addressing the deferred maintenance. Assistant Vice President Pasquini noted that targets are set to not grow the deferred maintenance backlog and that the University is below the recommended target. This is an area the campuses are focused on and additional investment is needed.

The Secretary then called the roll with each Trustee asked to vote. Chair Karam voted for the motion as did Vice Chair O’Brien; Trustees Epstein, Houle, Kunda, Woolridge and Wu; and Mr. Moreau (Trustee Peyser’s representative).

Action Item #5: Approval of Changes to the Capital Projects List (related to the FY2022–FY2026 Capital Plan), (Vote 1), UMass Amherst and UMass Lowell, Doc. T21-049

Chair Karam asked for a motion on the Approval of Changes to the Capital Projects List (related to the FY2022–FY2026 Capital Plan), (Vote 1) at UMass Amherst and UMass Lowell. It was moved by Trustee Epstein and seconded by Trustee Woolridge.

To recommend that the Board take the following action:

Pursuant to Trustee Policy T93-122, as amended, to authorize the following projects under the **first vote**; the adoption of such vote hereby satisfies the University’s written request that the University of Massachusetts Building Authority undertake the following projects to the extent permitted by Trustee Policy T93-122, as amended and Board vote T21-048:

\$ in thousands

Campus	Project Name	Preliminary Campus Estimate	Funding Sources				
			Local Funding	External Funding	Borrowed Funding	State Funding	Alternative Finance & Delivery
Amherst	School of Public Health and Health Sciences Renovation	\$30,000	-	\$5,000	\$25,000	-	-
Lowell	Ball Hall Comprehensive Renewal Phase I (Infrastructure & Envelope)	\$30,000	-	\$15,000	\$15,000	-	-
Lowell	Olney Project A - Instructional Modernization	\$40,000	-	\$15,000	\$25,000	-	-
Lowell	Weed Hall Renewal Phase I (includes NIH Grant Project Scope)	\$25,000	-	\$8,000	\$17,000	-	-
	TOTAL	\$125,000	\$0	\$43,000	\$82,000	\$0	\$0

The Secretary then called the roll with each Trustee asked to vote. Chair Karam voted for the motion as did Vice Chair O’Brien; Trustees Epstein, Houle, Kunda, Woolridge and Wu; and Mr. Moreau (Trustee Peyser’s representative).

Action Item #6: Approval of Changes to the Capital Projects List (related to the FY2022–FY2026 Capital Plan), (Cost Change >10%), UMass Lowell, Doc. T21-050

Chair Karam asked for a motion on the Approval of Changes to the Capital Projects List (related to the FY2022–FY2026 Capital Plan), (Cost Change >10%) at UMass Lowell. It was moved by Trustee Wu and seconded by Trustee Woolridge.

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To recommend that the Board take the following action:

Pursuant to Trustee Policy T93-122, as amended to approve the following projects 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 T21-048, as amended:

\$ in thousands

Campus	Project Name	Vote 1	Vote 2	Adjusted Cost	Funding Sources				
					Local Funding	External Funding	Borrowed Funding	State Funding	Alternative Finance & Delivery
Lowell	Critical Repair - Olsen Strategic Renovations, Repairs and Replacements	\$18,500	\$18,500	\$22,746	\$13,926	-	-	\$8,820	-
	TOTAL	\$18,500	\$18,500	\$22,746	\$13,926	\$0	\$0	\$8,820	\$0

The Secretary then called the roll with each Trustee asked to vote. Chair Karam voted for the motion as did Vice Chair O’Brien; Trustees Epstein, Houle, Kunda, Woolridge and Wu; and Mr. Moreau (Trustee Peyser’s representative)

Consent Agenda

Chair Karam asked for a motion to place Action Items #s 1-6 on a Consent Agenda for the full Board meeting. It was moved by Trustee Epstein and seconded by Trustee Wu.

The Secretary then called the roll with each Trustee asked to vote. Chair Karam voted for the motion as did Vice Chair O’Brien; Trustees Epstein, Houle, Kunda, Woolridge and Wu; and Mr. Moreau (Trustee Peyser’s representative)

Information Item

Chair Karam noted the proposed updates to the procurement-related policies noted on today’s agenda and discussed by Senior Vice President Calise. He reiterated that no action is required today. He asked the Committee to review the materials posted on Boardvantage which will be brought back for a vote in December.

Executive Session Announcement

Chair Karam asked the Committee for a roll call vote to enter into Executive Session to consider the purchase, exchange, lease or value of real property, as permitted under Massachusetts General Law, Chapter 30A, Section 21a(6), since an open meeting may have a detrimental effect on the negotiating position of the University and the chair declares that an open meeting will have a detrimental effect in obtaining qualified proposals. He announced that the Committee will not reconvene in open session.

The motion was moved by Trustee Epstein and seconded by Trustee Woolridge.

The Secretary then called the roll with each Trustee asked to vote. Chair Karam voted for the motion as did Vice Chair O’Brien; Trustees Epstein, Houle, Kunda, Woolridge and Wu; and Mr. Moreau (Trustee Peyser’s representative).

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The time was 9:19 a.m.

Zunilka Barrett
Secretary to the Board