



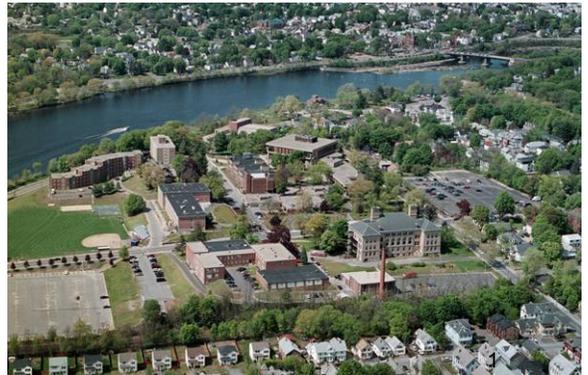
UNIVERSITY OF MASSACHUSETTS  
*Amherst • Boston • Dartmouth • Lowell • Worcester*

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# Fiscal Year 2009 Operating Budget

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# **OPERATING BUDGET**

*for Fiscal Year 2009*

## **SUMMARY & FINANCIAL OVERVIEW**





**University of Massachusetts  
Executive Summary****Operating Budget  
Fiscal Year 2009****INTRODUCTION**

This executive summary highlights the overall revenue and expense activity for the University based on operating budget statements formatted consistent with the standard Combined Statements of Revenues and Expenses contained in the University's annual audited financial statements. FY 2006 and FY 2007 actual data are provided from the audited statements and are compared to projected figures for the current fiscal year (FY2008)<sup>1</sup> and estimates proposed for the fiscal year beginning July 1, 2008 (FY 2009). The information does not include data for the University's related organizations (e.g. the UMASS Foundation, the UMASS Building Authority and the Worcester City Campus Corporation).

The Operating Budget provides the University with a general plan for the year by outlining University priorities, resources and the planned use of funds. The document shows "the bottom line" as well as provides high-level summary and trend information about employee counts. This summary describes general budget trends and important issues for FY 2009. The University Summary tables present aggregated revenues, expenditures, and personnel data for the five campuses, the Donahue Institute for Governmental Services, and Central Administrative Services. Also included are undergraduate and graduate enrollment trend data.

There are a number of issues of University-wide importance that directly impact the FY 2009 Operating Budget. The level of state support, the impact of collectively bargained wage increases, the ability of student fee-supported activities to meet inflationary pressures and the growth in designated and restricted funds determine the limits of program expansion, new initiatives and strategic investments, as well as the ability of the University to meet its core mission and ongoing operational needs.

In general the following key factors serve as the foundation to budget planning and influence the development of the Operating Budget each year:

- State support
- Student charges
- Enrollment changes
- Debt Service in support of University's capital investment program
- Wage increases/collective bargaining
- Inflation and energy costs
- Non-operating revenues generated from grant, contract and auxiliary activities.

Campus budgets are prepared based on parameters established by the President's Office and are shaped by individual campus priorities and plans. Campus budget plans are a reflection of each campus' unique identity and priorities, but they also have basic similarities and evidence common themes: balancing current needs with long-term goals; reallocation and restructuring as tools to meet those objectives; the importance of strengthening fundraising capacity and increasing endowment; working to achieve long-term financial stability as measured by the financial indicators; and efforts to deal with the pressure on campus budgets. The most pressing challenges to the University's budget include: funding the aggressive capital investment program, as well as increased depreciation and maintenance costs; hiring new faculty and expanding student life programs; increasing student financial aid; investing in new technology; and implementing emergency preparedness measures.

The University continues to report the Operating Budget in a modified accrual-based budget report format. This reporting format reflects the "view" of information that the Board of Trustees has requested and it is consistent with the audited financial statement format and the annual financial indicator reporting model. This is the fourth year that the Operating Budget is being presented in this format in an effort to streamline the budget process by coordinating the collection and analysis of the Operating Budget with the Financial

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<sup>1</sup> The final FY 2008 audited financial statements will be completed in the Fall and presented to the Board at that time.

Indicators Report and review of campus Fee and Revenue Operations Budgets. This coordination has promoted consistency in the assumptions and projections that support the figures presented in each of the reports.

It is important to note that the timing of the development of the Operating Budget has changed in recent years. In the past, the Operating Budget was presented during the fall meeting cycle of the Board, in which final prior fiscal year data was available, campus and central budget processes were completed and (in most cases) the final state appropriation numbers were known. For the FY 2009 Operating Budget, the year-to-year changes are based on projections for FY 2008 year-end (the current year). The FY 2009 budget estimates assume the Governor's recommended level of state appropriation for the University. The Governor's budget recommended an increase in the state appropriation to the University for FY 2009 and this level of support has been factored into budget projections. It is assumed that support for the FY 2009 costs of collective bargaining agreements would be provided through supplemental appropriations funded by the Commonwealth.

**FY 2009 OPERATING BUDGET SUMMARY**

The total University budget projects an increase in both revenues and expenditures in fiscal year 2009 from the current fiscal year (FY 2008). The year-to-year increases are driven by the Medical School's Public Service activities (which include Commonwealth Medicine and the Massachusetts Biologics Laboratory programs) as well as research and debt service spending. Excluding the Medical School in total, the University's FY 2009 revenues and expenses are estimated to increase on a year-to-year basis of 2.2% and 3.8% respectively, with a projected operating surplus of \$23.5 million or 1.5% of all revenues. Including the Medical School, a \$60.4 million operating surplus is estimated, with a 2.4% operating margin.

The University's revenues and expenditures are projected to exceed \$2.47 billion and \$2.41 billion respectively in FY 2009.

<b>Total Budgeted University Revenues &amp; Expenditures</b>								
(\$ Shown in Millions)	Actual	Actual	Projected	Budgeted	FY 08 - 09		FY 07 - 09	
	FY 2006	FY 2007	FY 2008	FY 2009	1-yr. change		2-yr. change	
Revenues*	\$2,128.7	\$2,345.2	\$2,305.0	\$2,474.3	\$169.3	7.3%	\$129.1	5.5%
Expenditures**	\$2,095.8	\$2,217.6	\$2,248.9	\$2,413.9	\$165.0	7.3%	\$196.4	8.9%
Operating Surplus/(Deficit)	\$32.9	\$127.6	\$56.1	\$60.4				
Operating Margin	1.5%	5.4%	2.4%	2.4%				
<b>Not Including Medical School</b>								
Revenues*	\$1,365.3	\$1,487.9	\$1,559.9	\$1,594.0	\$34.1	2.2%	\$106.1	7.1%
Expenditures**	\$1,340.6	\$1,419.5	\$1,513.1	\$1,570.5	\$57.3	3.8%	\$150.9	10.6%
Operating Surplus/(Deficit)	\$24.7	\$68.4	\$46.7	\$23.5				
Operating Margin	1.8%	4.6%	3.0%	1.5%				

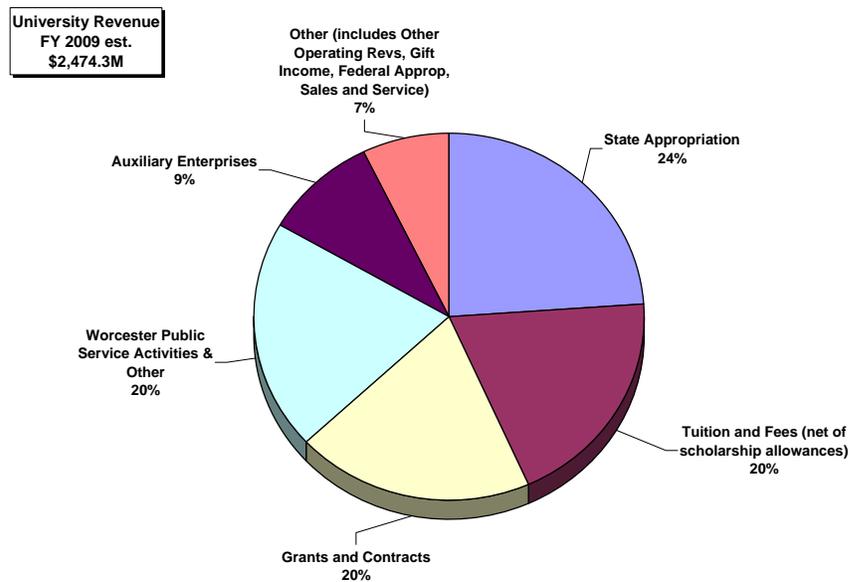
\*Revenues include: Total Operating Revenues, State and Federal Appropriations and Gift and Investment Income.  
 \*\*Expenditures include: Total Operating Expenditures, Interest on Indebtedness and Depreciation expense.

The following sections provide additional information regarding the major sources of the University's revenues and expenditures, as well as the changes in full-time equivalent employee figures. Additionally, this year's report includes two new tables which detail operating expenditures by the so-called natural classification categories (salaries and wages, financial aid, supplies and services, etc.) and campus enrollment data.

**Revenues**

Total FY 2009 revenues are budgeted at \$2.47 billion, a 7.3% increase from FY 2008 or \$169.3 million. The most significant change in revenue is attributed to tuition and fees, which is budgeted at a total of \$19.7 million over current year projections. Other increases in revenue projected for FY 2009 include a \$113.9 million increase in public service activities through the Medical School's Commonwealth Medicine, \$16.8 million increase in auxiliary services revenues, \$12.8 million increase in federal grants and contracts, and \$3.4 million in state grants and contracts. Additionally, the state appropriation is projected to increase by \$18.7 million based on the Governor's recommended budget for FY 2009.

The following chart displays budgeted revenues as a percent of total revenues for FY 2009.



**The state appropriation** represents 24% of all University revenues. Based on the financial statement methodology for accounting for state appropriations the level of appropriations in FY 2009 is projected to be less than the amount reported for FY 2008. This is due to two factors: 1) during FY 2008 the University received \$14.9 million in one-time supplemental state appropriations to fund collectively bargained wage increases for the one-year FY 2008 contracts, and 2) the rate at which state fringe benefits are calculated and credited to the state appropriation in the financial statements is expected to drop from 39.65% in FY 2008 to 29.37% in FY 2009.

The University's collective bargaining agreements with its 32 bargaining units will expire on June 30, 2008. Negotiations between management and union leadership are in the early stages. When contracts are finalized they will be submitted to the Commonwealth for approval and funding through supplemental appropriations in FY 2009. This budget does not include estimates of these costs.

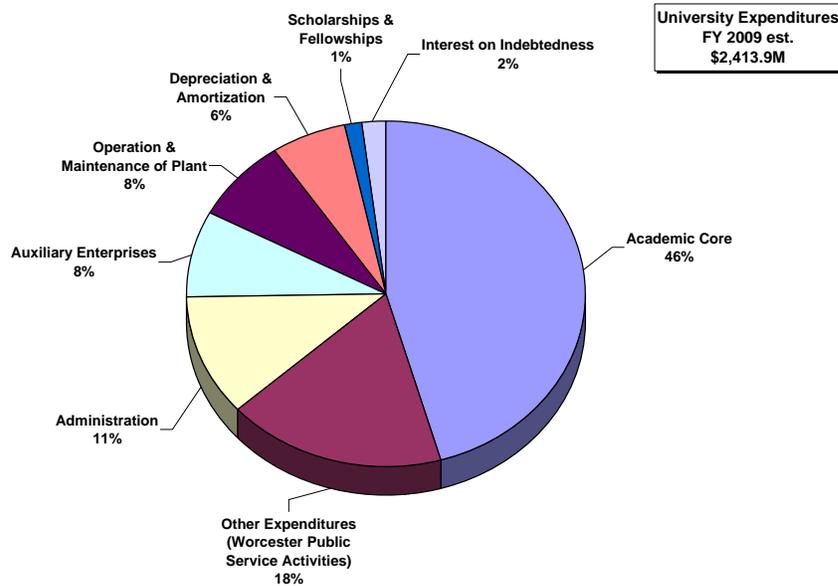
Based on the more familiar cash or "state budget" view, the University's base state appropriation is expected to increase by at least 1.2% over current levels based on the Governor's recommended FY 2009 state budget for the University. The Governor's recommendation was used in the development of the FY 2009 Operating Budget. As of the date of the mailing, the House has recommended a 1.9% increase in the state appropriation for FY 2009. The legislature has yet to complete its deliberations on the state budget for FY 2009.

**Grant and contract revenues** represent 20% of all revenues and are projected to increase 2.6% or \$12.4 million over FY 2008 to \$488.9 million.

**Tuition and fee revenues** represent another 20% of University revenues and are projected to increase 4.3% over the current fiscal year. This is consistent with the student charge votes of the Board of Trustees for FY 2009 and projected enrollment increases.

**Expenditures**

University expenditures fall into three main categories: Educational and General, Auxiliary Enterprises, and Other Expenditures, which represents the Medical School's public service and independent operations activities which include the Commonwealth Medicine and Massachusetts Biologics Laboratory programs. The following chart displays FY 2009 spending by these categories.



Total University expenditures for FY 2009 are an estimated \$2.41 billion or \$165 million more than the current year's projected year-end spending level. However, as with revenue estimates, the Medical School's public service activities (\$85.5 million greater than FY 2008) represent a large portion of the increase in the University's total spending.

The Educational and General budget (E&G) encompasses the major instructional and research activities of the University and related support services and include all non-auxiliary activities. The academic core detailed in the chart above accounts for 46% of total expenditures and includes spending on instruction, research, public service and academic support activities. Scholarships and fellowships (financial aid), plant operations and maintenance, administration and depreciation expenses represent the remaining categories within E&G.

The largest E&G increases in FY 2009 are projected for: depreciation (+11.4%), plant operations and maintenance (+5.1%), and scholarships (+4.5%).

Auxiliary Enterprises are self-supporting operations critical to University operations, yet independent of the general education mission. This category accounts for 8% of total spending and includes: dining and residence halls, parking facilities, and student health services. Auxiliary expenditures are projected to increase by \$10.8 million or 5.9% over the current year.

Interest on indebtedness payments represent 2% of all spending and are expected to increase by \$6.6 million over FY 2008.

**Employee Trends**

Each campus is continuing efforts to rebuild faculty after losses due to the early retirement programs of 2003. The total projected increase in state-funded faculty for FY 2009 is approximately 72 new hires. The number of state-funded full-time equivalent (FTE) employees at the University is projected to increase by 155.9 FTE between FY 2008 and FY 2009. However, the increase of non-state-funded FTE is projected to be greater (230.9 FTE). Fringe benefits for state funded employees are covered by the Commonwealth, while every position funded by institutional funds requires that the University absorb these fringe costs. The preliminary FY 2009 non-state fringe rate for these employees has been set at 29.37%, which is a decrease from the FY 2008 rate of 39.65%. These large swings in fringe benefit rates are problematic from a planning perspective.

**FY 2009 AND BEYOND**

The campus budget reports that follow this executive summary provide detail on campus goals and priorities for the coming year as well as areas where additional resources are being dedicated. All campuses are dedicating increased resources to need-based financial aid, construction and renovation of buildings,

increased debt service, new faculty hires, information technology, and student services to support retention efforts and the general well being of the student experience. All campuses are also facing the pressures of increased energy costs and the costs of salaries and associated fringe benefits for non-state funded personnel. Also, the campuses are dedicating funds to campus safety and clean energy initiatives.

The University continues to look for ways to further improve its financial condition and performance and to diversify its non-state revenue sources. The current economic environment indicates a potential for slow growth in the state appropriation for base operations and continued pressure on University resources to maintain and improve its core mission activities while addressing its important capital needs and investing in the research enterprise. There are, however, a number of new initiatives in the life sciences and new strategic planning activities across all campuses that show exciting promise for the future.

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As part of this Executive Summary, **Tables 1 and 2** provide additional detail on the FY 2009 Operating Budget as well as information for FY 2006, FY 2007 and FY 2008. **Table 3** is a new table that details the University's FY 2007, FY 2008, and FY 2009 operating expenditures by type of expense (natural classification). **Table 4** summarizes the change in full-time equivalent (FTE) employees projected for FY 2009. **Table 5** is also a new table that summarizes total undergraduate and graduate enrollment for all of the campuses.

Following the Executive Summary are full FY 2009 Operating Budget Reports for each campus, the Donahue Institute, Central Administration Services, and University Information Technology Services. These reports include:

- **Table 1:** FY 2007 – 2009 est. Statement of Revenues and Expenditures
- **Table 2:** FY 2007 – 2009 est. Spending by Type of Expense (Natural Classification)
- **Table 3:** FY 2007 – 2009 est. Summary of Full-Time Equivalent Employees
- **Table 4 (campuses only):** FY 2007 – 2009 est. Headcount and FTE enrollment



**Table 1**  
**University of Massachusetts**  
**Fiscal Year 2009 Operating Budget Statement**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**Fiscal Years 2005 to 2009 (budgeted)**  
 (in thousands of dollars)

	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>		
	<b>Actuals</b>	<b>Actuals</b>	<b>Actuals</b>	<b>Projected</b>	<b>Budgeted</b>		
	<b>University</b>	<b>University</b>	<b>University</b>	<b>University</b>	<b>University</b>		
	<b>June 30, 2005</b>	<b>June 30, 2006</b>	<b>June 30, 2007</b>	<b>June 30, 2008</b>	<b>June 30, 2009</b>	<b>FY 2008 - FY 2009</b>	
						<b>1-year change</b>	
<b>REVENUES</b>							
<b>Operating Revenues</b>							
Tuition and Fees (net of scholarship allowances)	\$ 388,385	\$ 401,636	\$ 435,806	\$ 462,818	\$ 482,548	\$ 19,730	4%
Federal Grants and Contracts	289,527	300,685	297,647	303,865	316,670	12,806	4%
State Grants and Contracts	59,142	66,172	66,775	75,438	78,817	3,379	4%
Local Grants and Contracts	3,266	3,746	2,815	2,271	2,754	483	21%
Private Grants and Contracts	72,249	82,234	92,653	94,945	90,695	(4,250)	-4%
Sales & Service, Educational	17,284	17,780	17,150	21,576	22,148	572	3%
Auxiliary Enterprises	172,745	196,957	206,021	215,487	232,307	16,820	8%
Other Operating Revenues:							
Sales & Service, Independent Operations	66,346	78,899	99,344	74,715	70,413	(4,302)	-6%
Sales & Service, Public Service Activities	399,958	333,997	381,214	320,557	434,552	113,995	36%
Other	41,125	44,142	54,858	59,511	70,578	11,067	19%
<b>Total Operating Revenues</b>	<b>\$ 1,510,027</b>	<b>\$ 1,526,248</b>	<b>\$ 1,654,283</b>	<b>\$ 1,631,183</b>	<b>\$ 1,801,482</b>	<b>\$ 170,299</b>	<b>10%</b>
<b>EXPENSES</b>							
<b>Operating Expenses</b>							
<b>Educational and General</b>							
Instruction	\$ 452,409	\$ 499,403	\$ 526,049	\$ 552,916	\$ 557,664	\$ 4,748	1%
Research	301,422	316,667	320,889	327,438	347,549	20,111	6%
Public Service	63,327	76,867	75,058	73,155	76,529	3,373	5%
Academic Support	103,803	112,021	120,240	118,214	120,482	2,268	2%
Student Services	75,724	79,229	87,085	89,700	92,653	2,953	3%
Institutional Support	131,470	153,071	155,520	182,320	183,133	813	0%
Operation and Maintenance of Plant	134,246	157,683	166,082	180,403	189,549	9,145	5%
Depreciation and Amortization	118,649	121,567	141,360	130,342	145,242	14,901	11%
Scholarships and Fellowships	29,832	28,280	29,215	32,709	34,181	1,472	5%
<b>Auxiliary Enterprises</b>	<b>151,113</b>	<b>148,296</b>	<b>162,134</b>	<b>182,802</b>	<b>193,595</b>	<b>10,792</b>	<b>6%</b>
<b>Other Expenditures</b>							
Independent Operations	37,329	46,546	66,870	62,287	64,699	2,412	4%
Public Service Activities	327,416	316,854	330,331	273,513	359,014	85,501	31%
Other	-	-	-	15	12	(3)	-18%
<b>Total Operating Expenses</b>	<b>\$ 1,926,740</b>	<b>\$ 2,056,484</b>	<b>\$ 2,180,833</b>	<b>\$ 2,205,815</b>	<b>\$ 2,364,302</b>	<b>\$ 158,487</b>	<b>7%</b>
<b>Operating Income/(Loss)</b>	<b>\$ (416,713)</b>	<b>\$ (530,236)</b>	<b>\$ (526,550)</b>	<b>\$ (574,632)</b>	<b>\$ (562,820)</b>	<b>\$ 11,812</b>	<b>-2%</b>
<b>NONOPERATING REVENUES/(EXPENSES)</b>							
Federal Appropriations	\$ 7,016	\$ 7,044	\$ 5,777	\$ 6,812	\$ 6,812	\$ -	0%
State Appropriations	478,813	526,749	579,416	605,052	588,898	(16,155)	-3%
Gifts	25,289	25,646	18,621	25,403	34,076	8,673	34%
Investment Return	35,072	42,981	87,106	36,564	43,046	6,482	18%
Endowment Return	1,661	5,903	7,031	8,363	8,525	162	2%
Interest on Indebtedness	(37,077)	(39,331)	(36,737)	(43,060)	(49,619)	(6,559)	15%
Other Nonoperating Income	10,721	8,967	9,639	7,932	8,171	239	3%
<b>Net Nonoperating Revenues</b>	<b>\$ 521,495</b>	<b>\$ 577,959</b>	<b>\$ 670,853</b>	<b>\$ 647,066</b>	<b>\$ 639,909</b>	<b>\$ (7,157)</b>	<b>-1%</b>
<b>Income/(Loss) Before Other Revenues, Expenses, Gains, and Losses</b>	<b>\$ 104,782</b>	<b>\$ 47,723</b>	<b>\$ 144,303</b>	<b>\$ 72,434</b>	<b>\$ 77,089</b>	<b>\$ 4,655</b>	<b>6%</b>
Capital Appropriations	\$ 27,417	\$ 27,147	\$ 73,590	\$ 19,836	\$ 39,000	\$ 19,164	97%
Capital Grants and Contracts	-	-	4,000	-	-	-	0%
Additions to Permanent Endowments	-	-	-	-	-	-	-
University Related Organization Transactions	-	593	-	-	-	-	-
Disposal of Plant Facilities	(11,990)	(11,276)	(6,964)	(8,075)	(7,603)	472	-6%
Expended for Plant	-	-	-	100	100	-	0%
Other Additions/Deductions	2,690	(5,938)	(390)	(6,651)	(6,750)	(99)	1%
Transfers	-	-	-	(200)	(200)	-	0%
<b>Total Other Revenues, Expenses, Gains, and Losses</b>	<b>\$ 18,117</b>	<b>\$ 10,526</b>	<b>\$ 70,236</b>	<b>\$ 5,010</b>	<b>\$ 24,547</b>	<b>\$ 19,537</b>	<b>390%</b>
<b>Total Increase/(Decrease) in Net Assets</b>	<b>\$ 122,899</b>	<b>\$ 58,249</b>	<b>\$ 214,539</b>	<b>\$ 77,445</b>	<b>\$ 101,636</b>	<b>\$ 24,191</b>	<b>31%</b>
<b>NET ASSETS</b>							
Net Assets at Beginning of Year	\$ 1,168,630	\$ 1,291,529	\$ 1,349,778	\$ 1,564,317	\$ 1,641,762	\$ 77,445	5%
<b>Net Assets at End of Year</b>	<b>\$ 1,291,529</b>	<b>\$ 1,349,778</b>	<b>\$ 1,564,317</b>	<b>\$ 1,641,762</b>	<b>\$ 1,743,397</b>	<b>\$ 101,636</b>	<b>6%</b>

FY 2009 University Operating Budget – T08-056

**Table 2**  
**University of Massachusetts**  
**Fiscal Year 2009 Operating Budget Statement**  
**FY 2009 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**Campus Summary**  
 (in thousands of dollars)

	Amherst Campus	Boston Campus	Dartmouth Campus	Lowell Campus	Worcester Campus	Central Admin.*	University Total Not Incl. Related Orgs.*	NOT INCL. Worcester
<b>REVENUES</b>								
<b>Operating Revenues</b>								
Tuition and Fees (net of scholarship allowances)	\$ 221,592	\$ 102,175	\$ 66,756	\$ 83,297	\$ 6,821	\$ 4,160	\$ 482,548	\$ 475,727
Federal Grants and Contracts	106,091	34,414	16,994	22,694	132,450	4,027	316,670	184,220
State Grants and Contracts	21,461	8,351	5,929	4,600	36,264	2,213	78,817	42,553
Local Grants and Contracts	598	1,534	42	290	-	290	2,754	2,754
Private Grants and Contracts	22,397	8,925	5,804	12,075	38,307	3,187	90,695	52,388
Sales & Service, Educational	6,589	1,956	-	1,030	10,654	1,920	22,148	11,494
Auxiliary Enterprises	144,454	10,039	39,007	11,146	27,661	-	232,307	204,646
Recovery of Indirect Costs	-	-	-	-	-	88	-	-
Allocation from Campuses	-	-	-	-	-	44,875	0	0
Other Operating Revenues:								
Sales & Service, Independent Operations	-	-	-	-	70,413	-	70,413	-
Sales & Service, Public Service Activities	-	-	-	-	434,552	-	434,552	-
Other	11,622	74	4,020	2,607	49,946	2,309	70,578	20,632
<b>Total Operating Revenues</b>	<b>\$ 534,804</b>	<b>\$ 167,466</b>	<b>\$ 138,552</b>	<b>\$ 137,739</b>	<b>\$ 807,068</b>	<b>\$ 63,069</b>	<b>\$ 1,801,482</b>	<b>\$ 994,414</b>
<b>EXPENSES</b>								
<b>Operating Expenses</b>								
<i>Educational and General</i>								
Instruction	\$ 252,886	\$ 105,672	\$ 55,688	\$ 86,116	\$ 47,821	\$ 11,734	\$ 557,664	\$ 509,843
Research	107,095	27,825	18,243	35,917	156,936	1,533	347,549	190,613
Public Service	28,598	6,430	1,278	3,164	35,668	1,390	76,529	40,861
Academic Support	49,394	24,816	17,847	18,783	9,602	40	120,482	110,880
Student Services	46,876	19,130	8,105	14,947	3,595	-	92,653	89,058
Institutional Support	53,725	27,372	23,939	27,638	41,210	54,212	183,134	141,924
Operation and Maintenance of Plant	83,125	19,938	12,823	21,714	51,930	19	189,549	137,619
Depreciation and Amortization	58,605	17,310	13,254	14,520	38,418	3,135	145,242	106,824
Scholarships and Fellowships	12,835	7,841	9,760	3,558	187	-	34,181	33,994
<i>Auxiliary Enterprises</i>	131,424	10,188	25,019	7,676	19,288	-	193,595	174,307
<i>Other Expenditures</i>								
Independent Operations	-	-	-	-	64,699	-	64,699	-
Public Service Activities	-	-	-	-	359,014	-	359,014	-
Other	-	-	-	-	-	12	12	12
<b>Total Operating Expenses</b>	<b>\$ 824,563</b>	<b>\$ 266,522</b>	<b>\$ 185,956</b>	<b>\$ 234,033</b>	<b>\$ 828,368</b>	<b>\$ 72,076</b>	<b>\$ 2,364,302</b>	<b>\$ 1,535,934</b>
<b>Operating Income/(Loss)</b>	<b>\$ (289,759)</b>	<b>\$ (99,056)</b>	<b>\$ (47,404)</b>	<b>\$ (96,294)</b>	<b>\$ (21,300)</b>	<b>\$ (9,007)</b>	<b>\$ (562,820)</b>	<b>\$ (541,520)</b>
<b>NONOPERATING REVENUES/(EXPENSES)</b>								
Federal Appropriations	\$ 6,812	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,812	\$ 6,812
State Appropriations	291,283	98,315	58,832	91,372	42,895	6,201	588,898	546,003
Gifts	13,216	2,480	-	4,236	14,144	-	34,076	19,932
Investment Return	12,181	3,779	1,600	2,044	16,197	7,245	43,046	26,849
Endowment Return	4,883	893	2,014	100	-	635	8,525	8,525
Interest on Indebtedness	(19,917)	(4,325)	(7,850)	(2,311)	(15,076)	(140)	(49,619)	(34,543)
Other Nonoperating Income	2,452	-	-	200	1,379	4,140	8,171	6,792
<b>Net Nonoperating Revenues</b>	<b>\$ 310,910</b>	<b>\$ 101,141</b>	<b>\$ 54,596</b>	<b>\$ 95,641</b>	<b>\$ 59,539</b>	<b>\$ 18,081</b>	<b>\$ 639,909</b>	<b>\$ 580,370</b>
<b>Income/(Loss) Before Other Revenues, Expenses, Gains, and Losses</b>	<b>\$ 21,151</b>	<b>\$ 2,086</b>	<b>\$ 7,192</b>	<b>\$ (653)</b>	<b>\$ 38,239</b>	<b>\$ 9,075</b>	<b>\$ 77,089</b>	<b>\$ 38,850</b>
Capital Appropriations	\$ 5,000	\$ 2,500	\$ -	\$ 10,000	\$ 21,500	\$ -	\$ 39,000	\$ 17,500
Capital Grants and Contracts	-	-	-	-	-	-	-	-
Additions to Permanent Endowments	-	-	-	-	-	-	-	-
University Related Organization Transactions	-	-	-	-	-	-	-	-
Disposal of Plant Facilities	(3,520)	(1,083)	(1,400)	(1,250)	-	(350)	(7,603)	(7,603)
Expended for Plant	-	-	-	-	-	100	100	100
Other Additions/Deductions	(2,500)	(750)	(1,500)	(500)	-	(1,500)	(6,750)	(6,750)
Transfers	-	-	-	-	-	(200)	(200)	(200)
<b>Total Other Revenues, Expenses, Gains, and Losses</b>	<b>\$ (1,020)</b>	<b>\$ 667</b>	<b>\$ (2,900)</b>	<b>\$ 8,250</b>	<b>\$ 21,500</b>	<b>\$ (1,950)</b>	<b>\$ 24,547</b>	<b>\$ 3,047</b>
<b>Total Increase/(Decrease) in Net Assets</b>	<b>\$ 20,131</b>	<b>\$ 2,753</b>	<b>\$ 4,292</b>	<b>\$ 7,597</b>	<b>\$ 59,739</b>	<b>\$ 7,125</b>	<b>\$ 101,636</b>	<b>\$ 41,897</b>
<b>NET ASSETS</b>								
Net Assets at Beginning of Year	\$ 701,577	\$ 158,853	\$ 55,860	\$ 104,770	\$ 546,981	\$ 76,421	\$ 1,641,762	\$ 1,094,781
<b>Net Assets at End of Year</b>	<b>\$ 721,708</b>	<b>\$ 161,605</b>	<b>\$ 60,151</b>	<b>\$ 112,367</b>	<b>\$ 606,720</b>	<b>\$ 83,546</b>	<b>\$ 1,743,397</b>	<b>\$ 1,136,677</b>

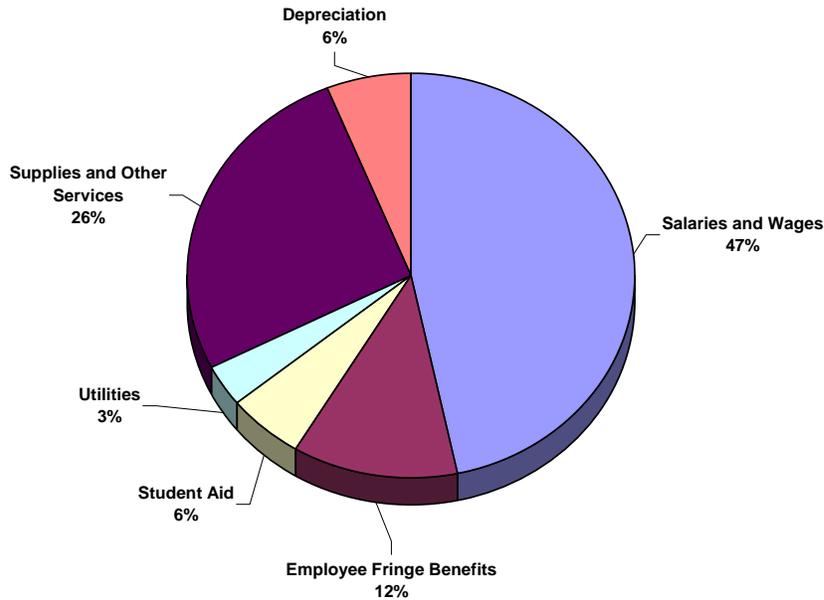
\*To properly account for the central service assessment and other intra-unit transfers, the University Total figures are adjusted to reflect these amounts. Due to these eliminations, the sum of the campus figures and the Central Administration figures do not appear to equal the University Total figures. In FY09, the amount eliminated from the University Total is \$47,216,000.

<b>Operating Margin</b>								
Total Operating Revenues	\$ 534,804	\$ 167,466	\$ 138,552	\$ 137,739	\$ 807,068	\$ 63,069	\$ 1,801,482	\$ 994,414
Federal Approp	6,812	-	-	-	-	-	6,812	6,812
State Approp.	291,283	98,315	58,832	91,372	42,895	6,201	588,898	546,003
Gifts	13,216	2,480	-	4,236	14,144	-	34,076	19,932
Investment Income	12,181	3,779	1,600	2,044	16,197	7,245	43,046	26,849
<b>Total</b>	<b>\$ 858,296</b>	<b>\$ 272,041</b>	<b>\$ 198,984</b>	<b>\$ 235,391</b>	<b>\$ 880,304</b>	<b>\$ 76,515</b>	<b>\$ 2,474,315</b>	<b>\$ 1,594,011</b>
Total Operating Expenses	\$ 824,563	\$ 266,522	\$ 185,956	\$ 234,033	\$ 828,368	\$ 72,076	\$ 2,364,302	\$ 1,535,934
Interest on Indebtedness	19,917	4,325	7,850	2,311	15,076	140	49,619	34,543
<b>Total</b>	<b>\$ 844,480</b>	<b>\$ 270,848</b>	<b>\$ 193,806</b>	<b>\$ 236,344</b>	<b>\$ 843,444</b>	<b>\$ 72,216</b>	<b>\$ 2,413,921</b>	<b>\$ 1,570,477</b>
<b>Operating Surplus/Deficit</b>	<b>\$ 13,816</b>	<b>\$ 1,193</b>	<b>\$ 5,178</b>	<b>\$ (953)</b>	<b>\$ 36,860</b>	<b>\$ 4,299</b>	<b>\$ 60,393</b>	<b>\$ 23,533</b>
<b>Operating Margin (surplus as pct. of revenues)</b>	<b>1.6%</b>	<b>0.4%</b>	<b>2.6%</b>	<b>-0.4%</b>	<b>4.2%</b>	<b>5.6%</b>	<b>2.4%</b>	<b>1.5%</b>

**Table 3**  
**University of Massachusetts**  
**Fiscal Year 2009 Operating Budget Statement**  
**SPENDING BY TYPE OF EXPENSE (NATURAL CLASSIFICATION)**  
*(in thousands of dollars)*

EXPENSE CATEGORY	FY06 Actuals	FY07 Actuals	FY08 Projected	FY09 Budgeted	\$ Change FY08 - 09	% Change FY08 - 09
Salaries and Wages	\$995,861	\$1,051,511	\$1,045,891	\$1,100,489	\$54,598	5.2%
Employee Fringe Benefits	\$221,149	\$258,923	\$310,604	\$287,376	(\$23,228)	-7.5%
Student Aid	\$100,876	\$112,999	\$121,731	\$131,272	\$9,541	7.8%
Utilities	\$51,041	\$56,594	\$71,735	\$74,079	\$2,344	3.3%
Supplies and Other Services	\$565,988	\$559,447	\$525,511	\$625,844	\$100,333	19.1%
Depreciation	\$121,568	\$141,358	\$130,342	\$145,242	\$14,900	11.4%
<b>TOTAL</b>	<b>\$2,056,483</b>	<b>\$2,180,833</b>	<b>\$2,205,815</b>	<b>\$2,364,302</b>	<b>\$158,488</b>	<b>7.2%</b>

University Total  
 Spending by Expense Category  
 (Natural Classification)  
 FY 2009 est.

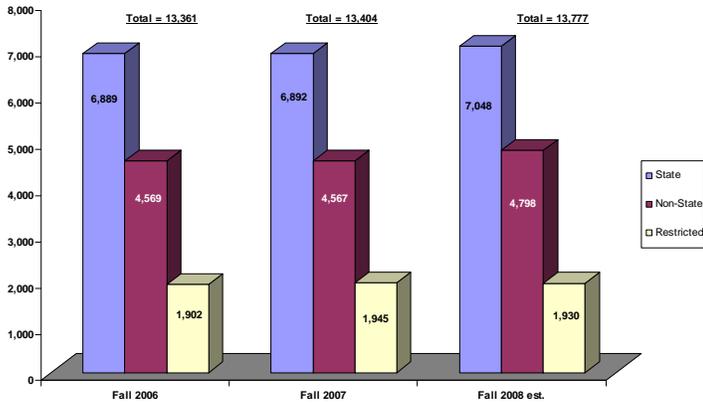


**Table 4**  
**University of Massachusetts**  
**Fiscal Year 2009 Operating Budget Statement**  
**SUMMARY OF FULL-TIME EQUIVALENT (FTE) EMPLOYEES\***

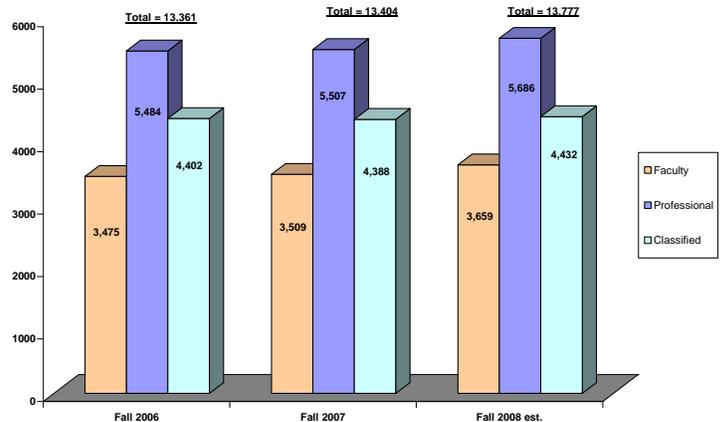
	Actual FTEs Fall 2006 (FY2007)	Actual FTEs Fall 2007 (FY2008)	Proj. FTEs Fall 2008 (FY2009)	FTE Change Fall 2007 - 08	% Change Fall 2007 - 08
<b>UNRESTRICTED/DESIGNATED FUNDS</b>					
<b>STATE FUNDED POSITIONS</b>					
Faculty	2,466.7	2,511.8	2,583.9	72.1	2.9%
Professional Staff	2,365.8	2,344.7	2,401.3	56.5	2.4%
Classified Staff	2,056.9	2,035.8	2,063.0	27.3	1.3%
<b>Subtotal, State Funded</b>	<b>6,889.5</b>	<b>6,892.3</b>	<b>7,048.2</b>	<b>155.9</b>	<b>2.3%</b>
<b>NON-STATE FUNDED POSITIONS</b>					
Faculty	635.6	609.7	687.4	77.7	12.7%
Professional Staff	1,857.9	1,879.3	2,016.3	136.9	7.3%
Classified Staff	2,075.8	2,078.3	2,094.6	16.3	0.8%
<b>Subtotal, Non-State Funded</b>	<b>4,569.2</b>	<b>4,567.3</b>	<b>4,798.2</b>	<b>230.9</b>	<b>5.1%</b>
<b>Total Unrestricted/Designated</b>	<b>11,458.7</b>	<b>11,459.6</b>	<b>11,846.4</b>	<b>386.8</b>	<b>3.4%</b>
<b>RESTRICTED FUNDS</b>					
<b>GRANT FUNDED POSITIONS</b>					
Faculty	354.4	368.8	369.4	0.6	0.2%
Professional Staff	1,209.6	1,228.0	1,212.9	(15.0)	-1.2%
Classified Staff	226.8	231.7	231.7	(0.1)	0.0%
<b>Subtotal, Grant Funded</b>	<b>1,790.8</b>	<b>1,828.5</b>	<b>1,814.0</b>	<b>(14.5)</b>	<b>-0.8%</b>
<b>OTHER RESTRICTED POSITIONS</b>					
Faculty	18.3	18.3	18.3	0.0	0.0%
Professional Staff	50.5	55.5	55.5	0.0	0.0%
Classified Staff	42.5	42.5	42.5	0.0	0.0%
<b>Subtotal, Other Restricted Funds</b>	<b>111.3</b>	<b>116.3</b>	<b>116.3</b>	<b>0.0</b>	<b>0.0%</b>
<b>Total Restricted</b>	<b>1,902.1</b>	<b>1,944.8</b>	<b>1,930.3</b>	<b>(14.5)</b>	<b>-0.7%</b>
<b>TOTAL UNRESTRICTED AND RESTRICTED</b>	<b>13,360.7</b>	<b>13,404.4</b>	<b>13,776.7</b>	<b>372.3</b>	<b>2.8%</b>

\* Includes Full and Part-time employees; student and other hourly employees not included.

University FTE Employees by Source  
Fall 2006 - 2008 est.



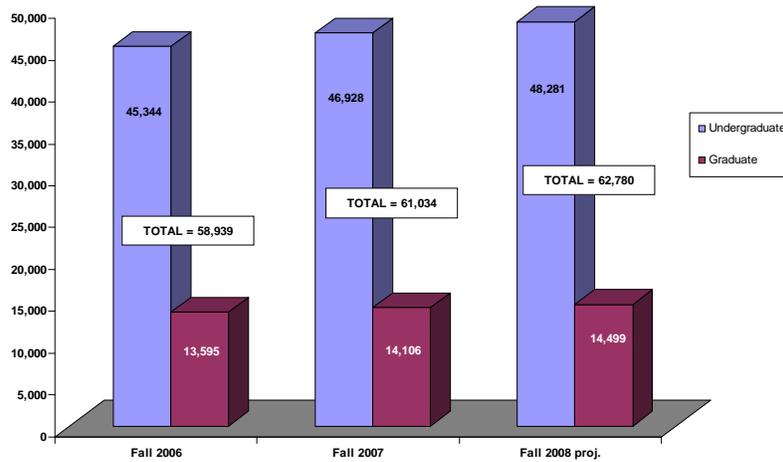
University FTE Employees by Type  
Fall 2006 - Fall 2008 est.



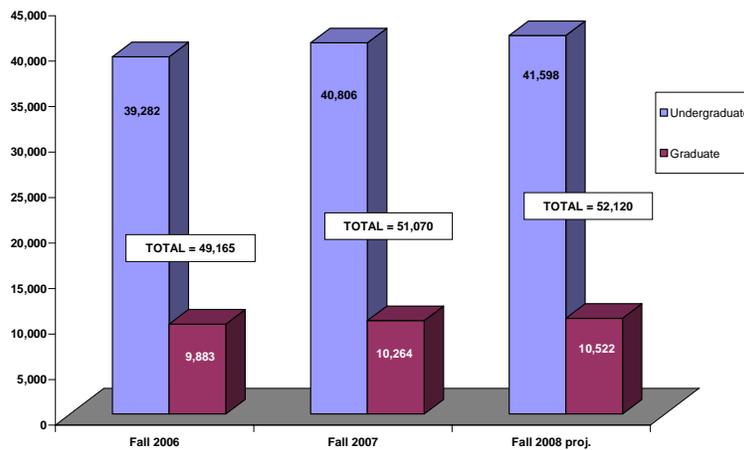
**Table 5**  
**University of Massachusetts**  
**Fiscal Year 2009 Operating Budget Statement**  
**HEADCOUNT AND FTE ENROLLMENT**

	UNDERGRADUATE		GRADUATE		TOTAL	
	HC	FTE	HC	FTE	HC	FTE
Fall 2008 proj.	48,866	42,188	13,914	9,932	62,780	52,120
Fall 2007	47,506	41,394	13,528	9,676	61,034	51,070
Fall 2006	45,941	39,905	12,998	9,260	58,939	49,165

Total Student Headcount  
 Fall 2006 - 2008 proj.



Total FTE Students  
 Fall 2006 - Fall 2008 est.





# OPERATING BUDGET

*for Fiscal Year 2009*

AMHERST CAMPUS





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**University of Massachusetts Amherst  
FY 2009 Operating Budget Narrative**

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The University of Massachusetts Amherst is submitting for approval an FY09 budget totaling \$825 million. This represents a 5% increase over projected FY08 actual spending. The highest priority remains restoring faculty strength through the Amherst 250 initiative and funding is included in the budget for this initiative.

The budget includes funding for other urgent needs facing the campus. Financial aid will increase \$2.6 million, growing the percentage of grant assistance in the financial aid package for needy students. The new central heating plant will be fueled by oil and natural gas; cleaner, but far more expensive than the coal powered plant we have relied on for so long. Utility costs will be \$2.8 million greater in FY09. The new central heating plant is one of five new or renovated buildings opening over the next two years, breathing fresh life into the campus but carrying over \$7 million of operating and maintenance costs. Finally, there is over \$300,000 of critical emergency preparedness measures that will be implemented on this campus to provide a safer environment for students, staff and faculty.

On the revenue side, the budget reflects the recently approved mandatory student fee increases. It assumes interest earnings will be less than originally anticipated because of low quasi-endowment returns. Revenues from auxiliary enterprises are anticipated to grow by 7% as higher than inflationary fee increases were approved to cover increases in fringe benefits, utilities, and food. Income from federal grants is expected to be 4% greater in FY09.

**FY10-FY13 Budget Projections**

The campus is committed to fully meeting the Amherst 250 goal and the projection assumes these positions will be funded and filled as quickly as possible.

As important as adding faculty is improving the physical space. Many academic buildings are in poor shape which hurts efforts to recruit and retain faculty. The campus recently borrowed \$230 million for new construction and infrastructure work and \$800 million more is needed for capital repairs in the next five years. However, given the revenue assumptions, only an additional \$116 million can be borrowed. Another \$25 million is expected from the state. This \$141 million investment will modestly reduce the deferred maintenance per square foot ratio from \$149 per square foot in FY08 to \$128 in FY13 but fails to significantly address the deteriorating condition of many buildings.

While it is fully expected that the higher education state capital bill will be approved, the major portion of the bond bill for the Amherst campus is to fund two new buildings to help meet current research and programmatic needs and to provide swing space to enable wholesale renovations of several existing buildings.

If an additional \$659 million more could be invested in capital repairs to reach the \$800 million level, it would reduce our deferred maintenance indicator to \$71 per square foot by 2013. While far higher than peer institutions -- whose figure is closer to \$50 per square foot -- it would still represent real progress. Generating enough revenue to borrow \$800 million requires one of the following:

- o A \$58 million increase in permanent state appropriation; or
- o A \$3,000 (30%) increase in student mandatory fees; or
- o \$659 million in additional capital funding from the state for deferred maintenance

Funding this additional cost within the current revenue base is not feasible. It would require a \$58 million internal budget reallocation and lead to the complete liquidation of the financial cushion and other assets by 2019, essentially leaving the campus unable to function.

	<b>PROJECTION</b>						
	<b>FY2009 Budgeted</b>	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>FY2013</b>		<b>FY2019</b>
Financial Cushion	14.6%	11.7%	9.4%	7.2%	4.7%		-1.1%
Debt Service Ratio	6.3%	7.1%	7.6%	8.9%	10.7%		11.4%
DM/Sq Ft	\$131/sq ft	\$120/sq ft	\$110/sq ft	\$94/sq ft	\$71/sq ft		\$71/sq ft

The budget assumes no significant student growth in the next five years and tuition and mandatory annual fee increases for undergraduate in-state students will be limited to inflationary growth. Scholarship aid increases by approximately \$3.5 million annually to offset fee increases and to maintain the admissions profile. The budget includes additional operating and maintenance costs for the new integrated science building and campus recreation center. Additional funds are also included to increase the staff in the Office of Advancement.

Moderate growth in federal research spending is anticipated over the next five years as faculty numbers increase. Interest income growth is expected to decline as ongoing construction work depletes plant fund balances.

**Statement of Revenue and Changes in Net Assets – FY08-FY13**

The fiscal year operating budget is presented in the financial statement format and it shows that **net assets** are anticipated to rise by \$49.4 million in FY08. This figure will steadily decline over the next five years due to several factors:

- o As new buildings come on-line **depreciation** costs will rise. The budget assumes this cost will escalate from \$48 million in FY2008 to \$80 million in FY2013.
- o Another cost of these new buildings is reflected in steady increases in the **Operation and Maintenance of Plant** expense line.
- o **Research** costs will escalate as positions funded through the Amherst 250 initiative are filled and start-up costs are expended. The campus has accrued balances in anticipation of needing to invest heavily in start-up costs to recruit top faculty.
- o **Investment Return** revenue growth will decline as UMBA funded projects move into construction phase. Future borrowings will fund infrastructure repairs rather than new buildings, shortening the time for interest to accrue. This will be somewhat offset from investment earnings from increased quasi endowment holdings.
- o **Interest on Indebtedness** will increase sharply in FY09 as the campus begins making payments on the \$230 million of new debt it recently borrowed.

The state appropriation incorporates the assumed annual increases from FY2009-FY2013, the cost of annual collective bargaining increases, and the additional fringe costs from adding new faculty each year.

**Conclusion**

The campus has stretched its resources to address its two primary needs of adding faculty and making capital improvements but more funding must be identified to address critical building needs. Moreover, budget cuts earlier in this decade tore deeply into many campus functions. Since then any incremental funding has been targeted to add faculty, address our deferred maintenance backlog, and keep this institution affordable to all students. Many campus programs have not received proper funding and are now stretched far beyond their limits. Meanwhile compelling new needs emerge: the competition in a dwindling demographic market compels us to invest more heavily in wireless internet, instructional

technology, and library materials. The reality of what occurred at Virginia Tech requires us to soberly appraise our law enforcement and mental health capabilities.

Fitting these needs into the budget will mean making difficult choices. Working under the leadership of a new permanent chancellor the campus looks forward to working through these issues creatively and deliberately in the best interests of its students and faculty.



**Table 1**  
**University of Massachusetts**  
**Amherst Campus**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS**  
**Fiscal Year 2009 Operating Budget Statement**  
*(in thousands of dollars)*

	FY06 Actuals	FY07 Actuals	FY08 Projected Budget- Accrual/Adjusted Basis	FY2009 Budgeted		
				FY09 Budget- Accrual Basis	FY08 to FY09 Change	
<b>REVENUES</b>						
<b>Operating Revenues</b>						
Tuition and Fees (net of scholarship allowances)	\$ 196,174	\$ 211,570	\$ 219,150	\$ 221,592	\$ 2,442	1%
Federal Grants and Contracts	100,526	101,676	101,992	106,091	4,099	4%
State Grants and Contracts	13,783	14,542	20,685	21,461	776	4%
Local Grants and Contracts	992	598	598	598	-	0%
Private Grants and Contracts	22,318	21,803	21,480	22,397	917	4%
Sales & Service, Educational	7,262	6,885	6,467	6,589	122	2%
Auxiliary Enterprises	117,870	126,383	134,410	144,454	10,044	7%
Other Operating Revenues:						
Sales & Service, Independent Operations						
Sales & Service, Public Service Activities						
Other	8,900	9,553	9,553	11,622	2,069	22%
<b>Total Operating Revenues</b>	<b>\$ 467,825</b>	<b>\$ 493,010</b>	<b>\$ 514,335</b>	<b>\$ 534,804</b>	<b>\$ 20,469</b>	<b>4%</b>
<b>EXPENSES</b>						
<b>Operating Expenses</b>						
<b>Educational and General</b>						
Instruction	\$ 236,337	\$ 244,855	\$ 247,858	\$ 252,886	5,028	2%
Research	100,352	98,889	98,261	107,095	8,834	9%
Public Service	23,064	21,619	26,747	28,598	1,851	7%
Academic Support	41,555	45,232	47,878	49,394	1,516	3%
Student Services	39,047	43,455	44,140	46,876	2,736	6%
Institutional Support	45,185	48,530	52,019	53,725	1,706	3%
Operation and Maintenance of Plant	68,211	66,037	83,142	83,125	(17)	0%
Depreciation and Amortization	44,363	49,830	48,049	58,605	10,556	22%
Scholarships and Fellowships	13,221	12,468	12,835	12,835	-	0%
<b>Auxiliary Enterprises</b>	<b>101,917</b>	<b>117,465</b>	<b>123,752</b>	<b>131,424</b>	<b>7,672</b>	<b>6%</b>
<b>Other Expenditures</b>						
Independent Operations						
Public Service Activities						
<b>Total Operating Expenses</b>	<b>\$ 713,252</b>	<b>\$ 748,380</b>	<b>\$ 784,681</b>	<b>\$ 824,563</b>	<b>\$ 39,882</b>	<b>5%</b>
<b>Operating Income/(Loss)</b>	<b>\$ (245,427)</b>	<b>\$ (255,370)</b>	<b>\$ (270,346)</b>	<b>\$ (289,759)</b>	<b>\$ (19,413)</b>	<b>7%</b>
<b>NONOPERATING REVENUES/(EXPENSES)</b>						
Federal Appropriations	\$ 7,044	\$ 5,777	\$ 6,812	\$ 6,812		
State Appropriations	250,094	273,003	294,878	291,283	(3,595)	-1%
Gifts	13,714	8,756	11,112	13,216	2,104	19%
Investment Return	19,937	36,280	13,280	12,181	(1,099)	-8%
Endowment Return	4,351	4,883	4,883	4,883	-	0%
Interest on Indebtedness	(14,601)	(13,480)	(13,453)	(19,917)	(6,464)	48%
Other Nonoperating Income	1,682	2,452	2,452	2,452	-	0%
<b>Net Nonoperating Revenues</b>	<b>\$ 282,221</b>	<b>\$ 317,671</b>	<b>\$ 319,964</b>	<b>\$ 310,910</b>	<b>\$ (9,054)</b>	<b>-3%</b>
<b>Income Before Other Revenues, Expenses, Gains, and Losses</b>	<b>\$ 36,794</b>	<b>\$ 62,301</b>	<b>\$ 49,618</b>	<b>\$ 21,151</b>	<b>\$ (28,467)</b>	<b>-57%</b>
Capital Appropriations	\$ 10,972	\$ 34,424	\$ 5,850	\$ 5,000	(850)	-15%
Capital Grants and Contracts						
University Related Transactions	593	-	-	-		
Disposal of Plant Facilities	(2,644)	(735)	(3,520)	(3,520)	-	0%
Other Additions/Deductions	(2,718)	(452)	(2,500)	(2,500)	-	0%
<b>Total Other Revenues, Expenses, Gains &amp; Losses</b>	<b>\$ 6,203</b>	<b>\$ 33,237</b>	<b>\$ (170)</b>	<b>\$ (1,020)</b>	<b>\$ (850)</b>	<b>500%</b>
<b>Total Increase in Net Assets</b>	<b>\$ 42,997</b>	<b>\$ 95,538</b>	<b>\$ 49,448</b>	<b>\$ 20,131</b>	<b>\$ (29,317)</b>	<b>-59%</b>
<b>NET ASSETS</b>						
Net Assets at Beginning of Year	\$ 513,594	\$ 556,591	\$ 652,129	\$ 701,577	\$ 49,448	8%
<b>Net Assets at End of Year</b>	<b>\$ 556,591</b>	<b>\$ 652,129</b>	<b>\$ 701,577</b>	<b>\$ 721,708</b>	<b>\$ 20,131</b>	<b>3%</b>

**Table 2**  
**University of Massachusetts**  
**Amherst Campus**  
**Fiscal Year 2009 Operating Budget Statement**  
**SPENDING BY TYPE OF EXPENSE (NATURAL CLASSIFICATION)**  
*(in thousands of dollars)*

<b>EXPENSE CATEGORY</b>	<b>FY06 Actuals</b>	<b>FY07 Actuals</b>	<b>FY08 Projected</b>	<b>FY09 Budgeted</b>	<b>\$ Change FY08 - 09</b>	<b>% Change FY08 - 09</b>
Salaries and Wages	\$376,008	\$389,054	\$380,615	\$402,578	\$21,963	5.8%
Employee Fringe Benefits	\$89,614	\$105,680	\$127,855	\$110,709	(\$17,146)	-13.4%
Student Aid	\$88,171	\$96,913	\$103,024	\$111,152	\$8,128	7.9%
Utilities	\$20,904	\$23,922	\$34,516	\$32,882	(\$1,634)	-4.7%
Supplies and Other Services	\$94,192	\$82,981	\$90,622	\$108,637	\$18,015	19.9%
Depreciation	\$44,363	\$49,830	\$48,049	\$58,605	\$10,556	22.0%
<b>TOTAL</b>	<b>\$713,252</b>	<b>\$748,380</b>	<b>\$784,681</b>	<b>\$824,563</b>	<b>\$39,882</b>	<b>5.1%</b>

**Table 3**  
**University of Massachusetts**  
**Amherst Campus**  
**Fiscal Year 2009 Operating Budget Statement**  
**SUMMARY OF FULL-TIME EQUIVALENT (FTE) EMPLOYEES\***

	Actual FTEs Fall 2006 (FY2007)	Actual FTEs Fall 2007 (FY2008)	Proj. FTEs Fall 2008 (FY2009)	FTE Change Fall 2007 - 08	% Change Fall 2007 - 08
<b>UNRESTRICTED/DESIGNATED FUNDS</b>					
<b>STATE FUNDED POSITIONS</b>					
Faculty	1,175.0	1,220.0	1,270.0	50.0	4.1%
Professional Staff	918.0	928.0	944.0	16.0	1.7%
Classified Staff	1,144.0	1,144.0	1,147.0	3.0	0.3%
<b>Subtotal, State Funded</b>	<b>3,237.0</b>	<b>3,292.0</b>	<b>3,361.0</b>	<b>69.0</b>	<b>2.1%</b>
<b>NON-STATE FUNDED POSITIONS</b>					
Faculty	22.0	22.0	22.0	0.0	0.0%
Professional Staff	329.0	339.0	360.0	21.0	6.2%
Classified Staff	849.0	849.0	858.0	9.0	1.1%
<b>Subtotal, Non-State Funded</b>	<b>1,200.0</b>	<b>1,210.0</b>	<b>1,240.0</b>	<b>30.0</b>	<b>2.5%</b>
<b>Total Unrestricted/Designated</b>	<b>4,437.0</b>	<b>4,502.0</b>	<b>4,601.0</b>	<b>99.0</b>	<b>2.2%</b>
<b>RESTRICTED FUNDS</b>					
<b>GRANT FUNDED POSITIONS</b>					
Faculty	48.0	48.0	48.0	0.0	0.0%
Professional Staff	195.0	195.0	195.0	0.0	0.0%
Classified Staff	58.0	58.0	58.0	0.0	0.0%
<b>Subtotal, Grant Funded</b>	<b>301.0</b>	<b>301.0</b>	<b>301.0</b>	<b>0.0</b>	<b>0.0%</b>
<b>OTHER RESTRICTED POSITIONS</b>					
Faculty	18.0	18.0	18.0	0.0	0.0%
Professional Staff	36.0	36.0	36.0	0.0	0.0%
Classified Staff	40.0	40.0	40.0	0.0	0.0%
<b>Subtotal, Other Restricted Funds</b>	<b>94.0</b>	<b>94.0</b>	<b>94.0</b>	<b>0.0</b>	<b>0.0%</b>
<b>Total Restricted</b>	<b>395.0</b>	<b>395.0</b>	<b>395.0</b>	<b>0.0</b>	<b>0.0%</b>
<b>TOTAL UNRESTRICTED AND RESTRICTED</b>	<b>4,832.0</b>	<b>4,897.0</b>	<b>4,996.0</b>	<b>99.0</b>	<b>2.0%</b>

\* Includes Full and Part-time employees; student and other hourly employees not included. All employee counts from fall census data (Oct.).

**Table 4**  
**University of Massachusetts**  
**Amherst Campus**  
**Fiscal Year 2009 Operating Budget Statement**  
**HEADCOUNT AND FTE ENROLLMENT**

	UNDERGRADUATE		GRADUATE		TOTAL	
	HC	FTE	HC	FTE	HC	FTE
<b>Fall 2008 proj.</b>	<b>20,029</b>	<b>19,142</b>	<b>5,759</b>	<b>4,332</b>	<b>25,788</b>	<b>23,474</b>
Fall 2007	20,114	19,427	5,759	4,332	25,873	23,759
Fall 2006	19,823	19,057	5,770	4,341	25,593	23,398

# **OPERATING BUDGET**

*for Fiscal Year 2009*

**BOSTON CAMPUS**





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**University of Massachusetts Boston  
FY 2009 Operating Budget Narrative**

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**A. THE GUIDING STRATEGIC PLAN: *UMass Boston Renewal: Building the Student-Centered, Urban Public University of the New Century***

The University of Massachusetts at Boston recently completed a year-long comprehensive planning process that involved the broad university community. The result of this effort: ***UMass Boston Renewal: Building the Student-Centered, Urban Public University of the New Century***, will chart the strategic course of the university over the next three years. The strategic plan identifies four key goals and seven core objectives that will transform the university and ensure it will be able to fulfill its potential.

**Goal 1: Increase student access, engagement, and success**

- Objective 1: Increase enrollment to 15,000 students by 2010 while maintaining the diversity of the current student profile, and provide increased financial aid to meet a greater percentage of student need.
- Objective 2: Construct new academic buildings with state-of-the-art teaching and learning spaces and provide a variety of housing options, including, but not limited to, on-campus residence halls.
- Objective 3: Promote and assess best teaching practices, as well as co-curricular activities that promote student engagement.

**Goal 2: Attract, develop, and sustain highly effective faculty**

- Objective 4: Institute a career-span, institution-wide faculty development and mentoring program. (To be associated with a consistent course-release policy that will eventually result in a typical teaching assignment of two courses per semester, and an increase in the percentage of tenured and tenure-track faculty.)
- Objective 5: Identify and invest in high-quality undergraduate and graduate programs with strong research components, including interdisciplinary research clusters that have the capacity for growth.

**Goal 3: Create a physical environment that supports teaching, learning, and research**

- Objective 6: Create a facilities master plan with a 25-year time frame to support the campus' mission, and begin detailed planning for phase one of capital improvement.

**Goal 4: Enhance campus-community engagement through improved organizational structures**

- Objective 7: Create a government and community relations office to support high-level research and communication, and identify and promote signature examples of campus-community engagement, with community understood in local, national, and global terms.

Chancellor Motley has asked the campus' senior leadership team to begin to develop implementation plans which will include strategies, action items, targeted completion dates, estimated cost expected outcomes, and anticipated sources of funds. Initiatives selected for funding in fiscal year 2009 will support the strategic plan, which itself is based upon and supportive of the **Board of Trustees' priorities** to i) **Enhance the student learning experience**; ii) **Maintain and improve affordability and access**; iii) **Renew the faculty**; iv) **Develop first-rate infrastructure**; v) **Strengthen the university's research and development expertise**; and vi) **Position the university effectively in the higher education marketplace**.

This narrative provides a review of FY08 spending and accomplishments, and describes fiscal year 2009 funding initiatives in the context of the campus' strategic priorities goals, to allow us to measure performance against these investments.

## **B. FY 2008 REVIEW**

Leaving aside the annualized cost of funded collective bargained contracts, in FY08 the campus moved forward with additional resources resulting from a \$2.2 million (2.7%) increase in the state appropriation and a modest 3.4% increase in mandatory fee for resident undergraduates. With these new resources, along with reallocations, UMass Boston was able to fund approximately \$8.4 million of new and on-going initiatives and establish reserves of \$1.2 million which enabled the campus to manage the increase in the fringe rate which cost the campus an estimated \$1.5 million in FY08.

Of the \$8.4 million of new or reallocated funds, \$3.1 million (37%) was allocated for instruction-related costs, including:

- Salaries for new faculty and additional academic support staff,
- Additional teaching assistants,
- Library materials, and
- Additional operating funds for the colleges.

Of the remaining funds:

- \$1,600,000 (19%) was added to the campus budget for energy in order to accommodate for the rising cost of electricity under a new contract;
- \$1,200,000 (14%) was allocated toward debt service in an effort to increase the campus' debt capacity;
- \$800,000 (10%) was added to need-based undergraduate financial aid;
- \$400,000 was allocated for preventive maintenance and cleaning services;
- \$350,000 (4%) was added to the base budget for campus-funded categorical fee waivers (for graduate assistants, employees, veterans, etc.);
- \$272,000 (3%) was allocated for student support-related initiatives, including a new Assistant Director of Undergraduate Admissions; new Assistant Vice Chancellor/Dean of Students; added tutors and interpreters; increased resources for international students; and added support for the Office of Student Housing and University Health Services;
- \$218,000 (2%) was allocated to Office of University Advancement to enhance the office's fund raising capacity; and
- \$216,000 (2%) was earmarked for Campus Safety initiatives, including new Public Safety officers, a Fire & Life-Safety Technician, and a campus-wide preparedness planning effort.

Remaining funds were used to fund a variety of new initiatives, including:

- Providing adequate resources for the campus' newly configured Office of Governmental Relations and Public Affairs;
- Increasing funding for Athletics and Recreation;
- Adding to the number of employee training and development initiatives; and
- Building the campus' research support capacity.

## **C. PROGRESS ON STRATEGIC GOALS & TRUSTEE PRIORITIES**

Reflecting the University of Massachusetts' Board of Trustee Priorities and the University of Massachusetts Boston Strategic Plan, **UMass Boston Renewal: Building the Student-Centered, Urban Public University of the New Century**, the following are highlights of the achievements of the University of Massachusetts Boston for academic year 2007-2008:

### **1. INCREASE ENROLLMENT**

Enrollments increased from fall 2006 to fall 2007 by 8.7%. As compared to fall 2006, fall 2007 applications for new freshmen increased by 547 (14.9%), the number of new freshmen admitted increased by 256 (11%), and 23 (2.4%) more freshmen enrolled. New transfer enrollment increased by 63 (4.2%). The average SAT of new freshmen decreased slightly by 5 points to 1053. At the graduate level, applications were up 3%, admits up 3.1%, and new student enrollments up 2.8%.

The university's spring 2008 enrollment shows a healthy increase. New student enrollment was at 925, up 10.3% from the 839 new undergraduates in spring 2007. Overall enrollment is at 13,058, up 6.8% from 12,222 in spring 2007. Enrollment numbers for Continuing, Corporate, and Distance Education courses also show strong growth over last year. In spring 2008 the total CCDE registration headcount was 3,622, up 560 (18.3%) from spring 2007. These figures include all students enrolled in courses through CCDE.

We remain keenly focused on recruitment and retention, with a particular emphasis on retention. Overall enrollment targets have been established for the campus and for each college, and the campus has adopted an overall enrollment goal of 15,000 students by fall 2010.

## **2. MAINTAIN ACCESS AND AFFORDABILITY**

In FY 2007 UMass Boston exceeded the Board of Trustees' objective of meeting more than 90 percent of the financial need of all in-state undergraduates receiving need-based aid, and is estimated to do so again in FY 2008. Since fiscal year 2004, the University of Massachusetts Boston has increased its contribution for financial aid by \$5.3 million, or 151%, from \$3.5 million to \$9.8 million, an annual growth rate of 38%. This compares favorably with the federal and state annual growth rates of 12% and 3%, respectively.

In fiscal year 2008, through prudent management, an additional \$800,000 was made available for need-based financial aid and \$350,000 more was set aside for categorical waivers, including an estimated \$150,000 of fee waivers for twenty new graduate assistantships.

### **• Enhance the recruitment/orientation experience**

UMass Boston will soon be partnering with a company called ConnectEdu to provide the technology to receive admissions applicant transcripts electronically directly from high school and community college information management systems into UMass Boston's PeopleSoft student system, expediting the admissions procedures. UMass Boston will pilot this technology for the UMass system. Once this is implemented, UMass Boston will be the first college or university in Massachusetts to receive electronic transcripts via this method.

The Office of Enrollment Management added to its Undergraduate Admissions staff in FY08. In addition, the campus, led by the Office of Enrollment Management, is developing a number of enhancements in its recruitment and orientation activities and programs, most prominent among them being the campus "Welcome Day" for new and accepted students.

On April 5, 2008, "Welcome Day," the campus hosted 1,112 guests (536 students and 576 family members) for a day of presentations by the chancellor, our colleges, academic programs and services, enrollment management, student affairs, student centers, clubs and organizations, campus center services and athletics that were designed to promote the campus and convince the students who have been admitted for fall that UMass Boston is the university for them. The campus hosted 42 newly admitted honors students along with 50 family members, a turnout nearly 1/3 larger than last year. Our overall participation rate this year was on a par with last year when we had 541 students and 605 guests for a total of 1,146 participants.

More than 500 students and their families toured the adjacent housing complexes – Harbor Point and Peninsula Apartments to learn about options for living near the campus. This is a clear indication that housing is one of the important factors students are weighing in their decisions to enroll. We will be working with the colleges and other departments to follow up on this Welcome Day with additional yield programming through the spring.

### **• Enhance student services and retention**

In FY 2008, the campus increased funding for Student Support Services, including hiring a new Assistant Vice Chancellor/Dean of Students, and providing additional resources for tutoring, interpreter services, services for international students, and other support services.

• **Continue to Support UMass Boston's Pre-Collegiate Programs**

UMass Boston's pre-collegiate programs continue to promote access to a diverse group of students:

- 120 students enrolled in Urban Scholars, a seven-week program offering academic classes in the morning and enrichment activities in the afternoon;
- Project REACH enrolled 600 students for five weeks, providing classes and college and career awareness;
- GEAR-UP involved another 30 students who took classes that prepared them for the SAT college board test;
- 425 students were enrolled in our Admissions Guaranteed Program;
- The Upward Bound and Math/Science Upward Bound programs served 160 students;
- 400 students took advantage of the Talented and Gifted Program/ALERTA;
- Camp Shriver, an inclusive summer camp for children with and without intellectual disabilities, provided a day camp opportunity for 65 children, ages 9-12, from Boston, Cambridge, and Brockton;
- A transportation institute for young people organized by the Physics Department and Engineering Program attracted 15 students;
- Other opportunities included a special program serving approximately 300 talented and gifted Latino youth from the Boston Public Schools; a journalism seminar for high school students; and a program for approximately 60 Latino Boston Public Schools middle-school students.

**3. ENHANCE STUDENT TEACHING AND LEARNING**

• **New Faculty**

The academic program at UMass Boston has been strengthened by the hiring of 29 new tenured or tenure-track faculty. There are currently 45 searches underway for additional new full-time faculty for fall 2008. We anticipate, after normal attrition and a certain number of failed searches, a net influx of eighteen new, full-time, tenured or tenure-track faculty. This increase will strengthen undergraduate and graduate teaching and help us to meet the emerging need for innovative and interdisciplinary programs, thereby increasing the reputation of UMass Boston as a high quality, doctoral granting, and research university.

• **Technology for Instruction/Upgraded Classrooms**

During fiscal years 2007 and 2008, technology was added to the great majority of classrooms, bringing the total number of "smart" classrooms to approximately 80 percent of the 98 general purpose classrooms on campus. The campus is readying an effort to upgrade the remainder at an estimated cost of over \$400,000.

In addition to technology, the campus outfitted many classrooms and common spaces with new furnishings. This enhanced the functionality and comfort of the furnishings utilized by students, in classrooms as well as informal settings where students go to relax and study. Proceeds from a capital lease, issued in 2003, are the source funds for these initiatives; the operating budget supports them via debt service.

• **Posting Content On-Line**

An agreement with Apple Computer, Inc. to use their iTunes U service to enhance teaching and learning by allowing our faculty and staff to post content online that can be downloaded by students onto their iPods or similar devices. This very popular service facilitates education beyond the classroom by making content easily accessible to students.

- **Podcasting**

A podcasting studio and a podcasting server, set up in the Media Center to support faculty members who wish to enhance course materials with e-learning tools. On-line tutorials in Breeze, Blogs in Word Press, and Wiki training materials in Wiki Spaces have been developed to train faculty and students in e-technologies for teaching and learning. A web site has been developed to showcase student multi-media projects.

- **New Teaching Assistants**

UMass Boston is committed to increasing the number of teaching and research assistants in an effort to improve the campus' ability to recruit top-notch graduate students, reduce the use of part-time faculty, and give greater support to faculty in the areas of instruction and research. In FY08, the campus made available an additional \$455,000 for upgraded stipends and an estimated 20 additional FTE assistantships.

#### **4. DEVELOPING FIRST-RATE INFRASTRUCTURE**

- **Facilities Master Plan**

In December, Chancellor Motley presented the preferred campus Facilities Master Plan to the Board of Trustees that reflects the proposed physical redesign and reconstruction of the University of Massachusetts Boston campus over the next 25 years. Since briefing the board, the university has begun presenting its plans to community groups in the surrounding area and has begun to move forward with the next phase of the master planning process. Specifically, in an effort to broaden the participation of the campus community in this process, a set of Technical Advisory Committees has been established to analyze specific functional areas and make recommendations on corresponding issues and guidelines that will serve as the foundation for the detailed master plan.

The university community is excited about the prospect of constructing new academic and research buildings on campus. The current capital plan and the FY 2009-FY 2013 financial projections anticipate a new academic facility financed with \$100 million of funding provided via the Higher Education Bond Bill and a new science center financed with \$145 million of long-term bonds issued as a general obligation of the university. We anticipate taking possession of the new academic building in FY11, with the new science center coming on line in FY14.

Other significant construction projects expected to be completed over the next five fiscal years include a new self-supporting \$25 million garage, to open in January 2012, and the rehabilitation/reconfiguration of the campus' substructure, to begin in January 2010. The substructure project encompasses stabilizing the substructure, relocating the water, electrical and natural gas piping and conduits that now run through the substructure, and reclaiming parts of the campus for green space. The campus anticipates sharing the cost of the substructure project with the Commonwealth, with the university borrowing \$25 million and the Commonwealth providing \$25 million in funding via the Higher Education Bond Bill.

- **Parking**

Parking is now more plentiful than prior to garage closure; in fact, the number of new on-campus spaces is keeping pace with the number estimated for our increasing needs. The university will have 2,712 spaces—over 600 more than we had at the time of the garage closing in July 2006.

- **Venture Development Center**

The University of Massachusetts Building Authority has selected the Boston-based architectural firm Sasaki and Associates to provide architectural and associated engineering services for the design and construction phases of the **Venture Development Center** (VDC). A specialized facility that will provide labs and collaborative space to support university and industry teams engaged in research, the VDC will

permit the university to dramatically accelerate research initiatives, technology transfer, and business development initiatives with industry in Greater Boston.

• **Facilities Improvement Projects**

Facilities improvement projects are ongoing in every one of the campus's ten facilities as well as offshore. They have been undertaken with three goals in mind: ensuring safe and secure use of campus space; supporting academic and student life; and providing structural support to the campus's infrastructure. In design or already under way are projects that will upgrade elevators and fire alarm systems; replace roofs and Campus Center doors; create new venues for learning and research (in such areas as the Center for Clinical Education and Research, the Venture Development Center, the McCormack Graduate School, and McCormack Theater); house the new GoKids Boston program; dredge the Savin Hill Cove of sediment that is interfering with our campus's environmentally friendly saltwater pumphouse operations (and reopen a channel for use by our neighbors at Savin Hill Boat Club); and enhance the Wheatley Hall lobby for use as a student meeting space.

• **Debt Service**

Our total debt service payments are a projected \$11.7 million in FY09, down \$1.5 million from FY08 as some short-term loans taken out to finance the PeopleSoft project and the five-year component of a Master Lease issued in FY 2003 have matured. With the anticipated addition of \$25 million of debt midway through FY10 to partially fund the substructure project, \$25 million in January 2011 to fund construction of a garage, and \$150 million in July 2012 to construct a new science center (including a \$5 million contingency), debt service is expected to increase modestly to \$12.4 million and \$13.0 million in fiscal years 2010 and 2011, respectively, but rise sharply to \$22.2 million in fiscal years 2012 and 2013.

**5. RESEARCH and GRADUATE EDUCATION**

In FY07, the University of Massachusetts Boston was awarded \$41.8 in extramural support, representing a 7.9% increase from the previous year, and a total increase of 50.6% in the last five years. The university as an institution and a community are close to achieving and perhaps exceeding our stated goal of \$50 million in research grants and sponsored program awards by the end of FY08.

• **Research Efforts in Support of the Strategic Plan**

The university seeks to excel in both pure and applied research that advances knowledge and creates a better society for all. Research efforts continue in the physical sciences, the humanities, and interdisciplinary areas as identified in the 2008 strategic plan. Improvements in the research infrastructure of the campus and establishing large-scale, multidisciplinary research partnerships with businesses, nonprofits, government agencies, and other institutions were again a focus of efforts in academic year 2007-2008. A few examples of these efforts follow:

- Battelle Technology Partnership Practice, the nation's largest nonprofit research and development organization served as consultants to the university in 2006-2007 and issued a report, based on the results of its study, in November of 2007. That report identified eight research clusters for future development. These clusters, while not fully capturing the range of research taking place on campus, have served as a spur to the campus for broad collaboration. Five of the clusters have been adopted as a first step in a new focus on "cluster" research, and faculty, as well as staff, have begun extensive discussions on ways to put the operations of the clusters into being. The five clusters are: urban health and public policy research; developmental sciences; science and math education and learning research; computational sciences, analysis and modeling; and inter- and trans-cultural studies.
- The University of Massachusetts Boston opened **GoKids Boston**, a research and training center that provides the health and fitness community with resources and protocols to advance the health of children, including those who are well, those who are at risk, and those who are

recovering from serious illness, as well as help children and families in and around Boston lead more healthy and active lives. Created with initial support from Children's Hospital Boston and the university, GoKids Boston has begun to function as one of the region's and nation's most innovative research centers around the development of practical tools to promote health and fitness in children and address children's health issues such as obesity, asthma, and diabetes.

- The University of Massachusetts Boston has been awarded a \$1.2 million, three-year grant from the internationally known Autism Speaks foundation. Professor Alice Carter of the Department of Psychology will serve as the principal investigator for the project "A Multi-Site Randomized Trial of the Hanen 'More Than Words Intervention'," a methodologically sophisticated, clinical research study.
- The University of Massachusetts Boston has been awarded a \$2.6 million, five-year, basic-research grant from the National Institutes of Health. Associate Professor Lizabeth Roemer of the Department of Psychology will serve as the principal investigator for the project "A Randomized Control Trial of an acceptance-based behavior theory for Generalized Anxiety Disorder."
- With funding from the National Science Foundation, Professors Arthur Eisenkraft and Hannah Sevia, and graduate student Kristen Cacciatore, have led the development of a new curriculum and textbook called *Active Chemistry* that promotes real-life problem-solving using chemistry.

#### • **New Faculty**

An influx of more than forty new faculty will help the campus in its effort to expand research activity.

#### • **Enhanced Research Infrastructure**

UMass Boston will continue the process of allocating its resources strategically to assist faculty members to develop complex multidisciplinary research proposals (pre-award) and to support sponsored program implementation (post award). Also, in FY09 the campus will continue its focus on research compliance, upgrade selected research laboratories, increase our support for internal grant programs with the expectation they will lead to extramural sponsored programs, and leverage resources to fund substantial startup packages for selected new faculty hires.

In addition, the campus should begin to reap the benefits from the Venture Development Center (VDC) which is expected to come on-line in September 2008.

### **6. CONTINUE A FOCUS ON DIVERSITY and POSITIVE CLIMATE**

#### • **Employee Training and Enrichment**

Our faculty and staff are the most important assets of our university community. During FY08 we increased funding for employee development programs by \$76,000, including \$60,000 to complete a comprehensive sexual harassment training program.

#### • **Faculty and Student Diversity**

The academic program at the University of Massachusetts Boston has been strengthened by the hiring of 29 new **tenured or tenure-track faculty**, 21% of whom are persons of color and 35% are female.

The University of Massachusetts Boston educates the most diverse student body in New England. The diversity of the student population continues to exceed the population diversity of the region. In fall 2007, 42% of the undergraduates were United States students of color.

• **Safety Planning/Crisis Management**

The campus is actively engaged in the President's Office system-wide Crisis Management planning effort and is involved with our sister campuses and other higher education institutions in Massachusetts in planning efforts related to the design of a comprehensive proactive campus security communications system.

A campus-wide education and preparedness effort is underway on campus to preserve and enhance the safety of the campus community. These include the recent review and revision of emergency operations and continuity-of-operations plans, the production of a new Emergency Response Guide, the development of protocols for identifying and assisting distressed and distressing individuals, and specialized training provided to law enforcement and other university staff in nationally-recognized critical scene incident management protocols. The campus has also made available to the university community access to the UMB Alert System, a new emergency notification system that provides critical information via phone message, voicemail, email, and text messaging.

**7. INCREASE ENDOWMENT**

The Office of University Advancement continues to perform very well in FY08. UA anticipates raising a total of \$14 million in FY08, a 160% increase over the last three years, finishing 8% over the projected goal. We expected to finish with over an 8% alumni participation rate.

Noteworthy among the many contributions in FY08 are:

- The introduction of the Chancellor's Council, which has proven to be very attractive to our annual fund donors, producing an increase of 54% for donors making a gift of \$1,000 or higher and a 44% increase in the amount of funds from this donor pool.
- A \$2.1 million gift from the Osher Foundation to endow scholarships for the OLLI Program and the Osher Reentry Program—the largest private gift in the history of UMass Boston.
- Over \$45,000 raised for the J. Keith Motley Scholarship
- Over \$30,000 raised by the 50<sup>th</sup> reunion class, the most ever.
- A gift of \$101,500 from former faculty member Ian Menzies to support the McCormack Graduate School of Policy Studies.

**D. FINANCIAL STABILITY**

UMass Boston is committed to managing its assets wisely and adding to its base of net assets on an annual basis. Knowing that future mandatory fee increases will be limited to or near the cost of living index, the campus will seek to manage its finances, including setting aside a portion of incremental revenue each year, in an effort to limit the rate of growth in spending relative to revenue. For 2007, UMass Boston generated a positive operating margin and experienced significant growth in net assets with a significant influx of capital dollars from the Commonwealth for the Venture Development Center, surface parking development (to replace the garage that was within the substructure) and various other capital retrofit projects, including sprinkler installations.

We expect to generate a positive operating margin and increase our net asset base in FY 2008, and are budgeting to do so in fiscal year 2009.

In FY09, we will endeavor to increase auxiliary and other revenue streams and have reviewed non-mandatory rates and charges to ensure that auxiliary enterprises and other fee for service activities are adequately funded by user fees. Additionally, we continue to strengthen the Office of University Advancement, and are preparing for a significant capital campaign with the goal of maximizing fund raising.

While challenged by the enormous pressure to achieve our strategic goals, meet our debt service obligations, and address deferred maintenance and capital repairs, we believe that we can sustain and make modest increases to our financial cushion and base of net assets, thereby insuring financial stability.

**E. EXPECTED INCREMENTAL RESOURCES AND THEIR USE**

Based upon President's Office guidelines and the Governor's House One budget, the campus has estimated a 1% increase to its base funding in FY09, or an estimated \$1 million. In addition, the FY08 UMass Boston budget includes an estimate of \$5.8 million of new fee revenue resulting from the combination of a 3.1% increase in mandatory fees and enrollment growth.

Current planning anticipates using these new resources to fund nearly \$2.3 million of pro rata salary cost of new faculty and their necessary support staff; and provide an additional \$1 million for the campus' base for funding debt service; increase institutional financial aid by \$650,000 (need-based fee waivers) and \$300,000 (categorical fee waivers). In addition, the campus has penciled-in \$500,000 for preventive maintenance and \$500,000 for an enhanced cleaning service which must be re-bid in FY09.

The campus is considering other claims on incremental resources and final allocations will be made after a series of informative budget presentations are made in mid-April and early May. The campus will make judicious use of any new or reallocated resources at its disposal; all funding decisions will be made within the context of the strategic plan, ***UMass Boston Renewal: Building the Student-Centered, Urban Public University of the New Century.***

**F. SUMMARY**

The Boston campus, energized by our increased enrollment, the strategic plan, the facilities master plan, and Chancellor Motley, who was formally inaugurated as the eighth chancellor of the University of Massachusetts Boston on November 9, 2007, looks forward with enthusiasm to the new fiscal year, and the years ahead. We view the future as an exciting period that will offer change, challenges and opportunity. We feel that the financial plan, as set forth in this document, is sound and will provide the foundation for us to move forward to achieve the campus' strategic focus consistent with the Board of Trustees' priorities.



**Table 1**  
**University of Massachusetts**  
**Boston Campus**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS**  
**Fiscal Year 2009 Operating Budget Statement**  
*(in thousands of dollars)*

	FY2009 Budgeted				
	FY06 Actuals	FY07 Actuals	FY08 Projected Budget- Accrual/Adjusted Basis	FY09 Budget- Accrual Basis	FY08 to FY09 Change
<b>REVENUES</b>					
<b>Operating Revenues</b>					
Tuition and Fees (net of scholarship allowances)	\$ 76,992	\$ 86,441	\$ 94,825	102,175	\$ 7,350 8%
Federal Grants and Contracts	30,701	30,680	30,359	34,414	4,055 13%
State Grants and Contracts	6,706	7,726	8,834	8,351	(484) -5%
Local Grants and Contracts	1,301	1,275	1,070	1,534	464 43%
Private Grants and Contracts	7,632	8,244	10,819	8,925	(1,894) -18%
Sales & Service, Educational	1,302	1,839	1,936	1,956	20 1%
Auxiliary Enterprises	9,088	8,768	9,074	10,039	965 11%
Other Operating Revenues:					
Sales & Service, Independent Operations					
Sales & Service, Public Service Activities					
Other	562	588	49	74	25 52%
<b>Total Operating Revenues</b>	<b>\$ 134,284</b>	<b>\$ 145,561</b>	<b>\$ 156,965</b>	<b>\$ 167,466</b>	<b>\$ 10,501 7%</b>
<b>EXPENSES</b>					
<b>Operating Expenses</b>					
<b>Educational and General</b>					
Instruction	88,975	94,411	106,264	105,672	\$ (592) -1%
Research	19,999	24,397	27,476	27,825	349 1%
Public Service	7,535	5,704	5,991	6,430	440 7%
Academic Support	21,244	22,254	24,612	24,816	204 1%
Student Services	15,454	18,091	18,807	19,130	323 2%
Institutional Support	28,304	30,444	27,973	27,372	(601) -2%
Operation and Maintenance of Plant	18,980	17,533	19,390	19,938	547 3%
Depreciation and Amortization	18,120	24,053	16,790	17,310	520 3%
Scholarships and Fellowships	5,440	6,287	6,994	7,841	847 12%
<b>Auxiliary Enterprises</b>	<b>7,618</b>	<b>8,016</b>	<b>9,333</b>	<b>10,188</b>	<b>854 9%</b>
<b>Other Expenditures</b>					
Independent Operations					
Public Service Activities					
<b>Total Operating Expenses</b>	<b>\$ 231,669</b>	<b>\$ 251,190</b>	<b>\$ 263,630</b>	<b>\$ 266,522</b>	<b>\$ 2,892 1%</b>
<b>Operating Income/(Loss)</b>	<b>\$ (97,385)</b>	<b>\$ (105,629)</b>	<b>\$ (106,665)</b>	<b>\$ (99,056)</b>	<b>\$ 7,609 -7%</b>
<b>NONOPERATING REVENUES/(EXPENSES)</b>					
Federal Appropriations					
State Appropriations	93,562	100,801	105,303	98,315	\$ (6,988) -7%
Gifts	1,783	1,723	2,208	2,480	272 12%
Investment Return	4,539	9,705	4,147	3,779	(368) -9%
Endowment Return	582	756	850	893	43 5%
Interest on Indebtedness	(4,964)	(4,529)	(4,600)	(4,325)	275 -6%
Other Nonoperating Income	713	289	-	-	
<b>Net Nonoperating Revenues</b>	<b>\$ 96,215</b>	<b>\$ 108,745</b>	<b>\$ 107,908</b>	<b>\$ 101,141</b>	<b>\$ (6,767) -6%</b>
<b>Income Before Other Revenues, Expenses, Gains, and Losses</b>					
	\$ (1,170)	\$ 3,116	\$ 1,244	\$ 2,086	\$ 842 68%
Capital Appropriations	4,805	\$ 20,175	3,000	2,500	\$ (500) -17%
Capital Grants and Contracts		4,000			
University Related Transactions					
Disposal of Plant Facilities	(1,722)	(1,673)	(1,433)	(1,083)	350 -24%
Other Additions/Deductions	(1,273)	1,578	(750)	(750)	- 0%
<b>Total Other Revenues, Expenses, Gains &amp; Losses</b>	<b>\$ 1,810</b>	<b>\$ 24,080</b>	<b>\$ 817</b>	<b>\$ 667</b>	<b>\$ (150) -18%</b>
<b>Total Increase in Net Assets</b>	<b>\$ 640</b>	<b>\$ 27,196</b>	<b>\$ 2,061</b>	<b>\$ 2,753</b>	<b>\$ 692 34%</b>
<b>NET ASSETS</b>					
Net Assets at Beginning of Year	\$ 128,956	\$ 129,596	\$ 156,792	\$ 158,853	\$ 2,061 1%
<b>Net Assets at End of Year</b>	<b>\$ 129,596</b>	<b>\$ 156,792</b>	<b>\$ 158,853</b>	<b>\$ 161,605</b>	<b>\$ 2,753 2%</b>

**Table 2**  
**University of Massachusetts**  
**Boston Campus**  
**Fiscal Year 2009 Operating Budget Statement**  
**SPENDING BY TYPE OF EXPENSE (NATURAL CLASSIFICATION)**  
*(in thousands of dollars)*

<b>EXPENSE CATEGORY</b>	<b>FY06 Actuals</b>	<b>FY07 Actuals</b>	<b>FY08 Projected</b>	<b>FY09 Budgeted</b>	<b>\$ Change FY08 - 09</b>	<b>% Change FY08 - 09</b>
Salaries and Wages	\$125,486	\$132,780	\$135,833	\$141,587	\$5,754	4.2%
Employee Fringe Benefits	\$29,266	\$35,061	\$45,519	\$38,229	(\$7,290)	-16.0%
Student Aid	\$5,440	\$6,287	\$6,994	\$7,841	\$847	12.1%
Utilities	\$5,489	\$6,019	\$7,250	\$7,600	\$350	4.8%
Supplies and Other Services	\$47,868	\$46,990	\$51,244	\$53,955	\$2,711	5.3%
Depreciation	\$18,120	\$24,053	\$16,790	\$17,310	\$520	3.1%
<b>TOTAL</b>	<b>\$231,669</b>	<b>\$251,190</b>	<b>\$263,630</b>	<b>\$266,522</b>	<b>\$2,892</b>	<b>1.1%</b>

**Table 3**  
**University of Massachusetts**  
**Boston Campus**  
**Fiscal Year 2009 Operating Budget Statement**  
**SUMMARY OF FULL-TIME EQUIVALENT (FTE) EMPLOYEES\***

	Actual FTEs Fall 2006 (FY2007)	Actual FTEs Fall 2007 (FY2008)	Proj. FTEs Fall 2008 (FY2009)	FTE Change Fall 2007 - 08	% Change Fall 2007 - 08
<b>UNRESTRICTED/DESIGNATED FUNDS</b>					
<b>STATE FUNDED POSITIONS</b>					
Faculty	424.7	434.7	447.7	13.0	3.0%
Professional Staff	338.1	345.0	350.0	5.0	1.4%
Classified Staff	298.3	298.0	313.0	15.0	5.0%
<b>Subtotal, State Funded</b>	<b>1,061.1</b>	<b>1,077.7</b>	<b>1,110.7</b>	<b>33.0</b>	<b>3.1%</b>
<b>NON-STATE FUNDED POSITIONS</b>					
Faculty	208.9	225.6	234.6	9.0	4.0%
Professional Staff	199.6	200.0	202.0	2.0	1.0%
Classified Staff	78.3	78.0	80.0	2.0	2.6%
<b>Subtotal, Non-State Funded</b>	<b>486.8</b>	<b>503.6</b>	<b>516.6</b>	<b>13.0</b>	<b>2.6%</b>
<b>Total Unrestricted/Designated</b>	<b>1,547.9</b>	<b>1,581.3</b>	<b>1,627.3</b>	<b>46.0</b>	<b>2.9%</b>
<b>RESTRICTED FUNDS</b>					
<b>GRANT FUNDED POSITIONS</b>					
Faculty	1.2	3.0	7.0	4.0	133.3%
Professional Staff	98.4	101.0	103.0	2.0	2.0%
Classified Staff	10.9	13.0	15.0	2.0	15.4%
<b>Subtotal, Grant Funded</b>	<b>110.5</b>	<b>117.0</b>	<b>125.0</b>	<b>8.0</b>	<b>6.8%</b>
<b>OTHER RESTRICTED POSITIONS</b>					
Faculty	0.0	0.0	0.0	0.0	0.0%
Professional Staff	0.0	0.0	0.0	0.0	0.0%
Classified Staff	0.0	0.0	0.0	0.0	0.0%
<b>Subtotal, Other Restricted Funds</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0%</b>
<b>Total Restricted</b>	<b>110.5</b>	<b>117.0</b>	<b>125.0</b>	<b>8.0</b>	<b>6.8%</b>
<b>TOTAL UNRESTRICTED AND RESTRICTED</b>	<b>1,658.4</b>	<b>1,698.3</b>	<b>1,752.3</b>	<b>54.0</b>	<b>3.2%</b>

\* Includes Full and Part-time employees; student and other hourly employees not included.

**Table 4**  
**University of Massachusetts**  
**Boston Campus**  
**Fiscal Year 2009 Operating Budget Statement**  
***HEADCOUNT AND FTE ENROLLMENT***

	UNDERGRADUATE		GRADUATE		TOTAL	
	HC	FTE	HC	FTE	HC	FTE
<b>Fall 2008 proj.</b>	<b>10,708</b>	<b>7,952</b>	<b>3,607</b>	<b>2,512</b>	<b>14,315</b>	<b>10,464</b>
Fall 2007	10,008	7,432	3,425	2,385	13,433	9,817
Fall 2006	9,246	6,732	3,116	2,123	12,362	8,855

# OPERATING BUDGET

*for Fiscal Year 2009*

DARTMOUTH CAMPUS





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**University of Massachusetts Dartmouth  
FY 2009 Operating Budget Narrative**

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Fiscal year 2009 presents many opportunities for the Dartmouth campus as well as continuing challenges. Based on the initial FY2009 state appropriation projections, it appears that the state appropriation will increase slightly. As a result, additional resource realignments will be necessary and certainly some needed investments may be delayed. However, the campus is prepared to manage its resources well and because of enrollment increase and reallocation of existing resources will be able to balance the budget and invest in several strategic priorities. Collaborative budget processes and the requisite management tools for informed decision-making are in place, and strategic priorities are clear. The anticipated fiscal year 2008 financial results as well as our projected fiscal year 2009 operating budget projections demonstrate we are effectively linking our resources and our goals and that we have made progress with establishing fiscal stability. The campus has engaged in a process to identify institutional priorities.

Goal 1: The University is recognized for its excellent undergraduate and graduate programs that integrate innovative teaching strategies and prepare students for advancement in the twenty-first century environment.

- *Significantly expand graduate programs and enrollment*
- *Build programs on academic excellence*
- *Focus on important learning outcomes*
- *Enhance innovative undergraduate programs*
- *Expand our public image and enhance our reputation*

Goal 2: A community of respectful learners and scholars is established.

- *Clarify and reaffirm campus core values*
- *Evolve into a total learning community*
- *Support professional development*

Goal 3: The intellectual capital of the faculty, staff, and students is embedded in the activities of the region and the Commonwealth.

- *Deepen community connections*

Goal 4: Student access, diversity and success have been demonstrated during a period of enrollment growth.

- *Create inclusive environment*
- *Increase campus diversity*
- *Improve retention and graduation rates*

Goal 5: An effective physical, technical, fiscal and human infrastructure is in place to support academic activities.

- *Expand learning infrastructure*
- *Provide stewardship planning support*
- *Improve human resource management*

These priorities are the driving factor behind the fiscal year 2009 budget process. This brief narrative outlines specific revenue and expense streams.

## **Revenues**

The fiscal year 2009 state appropriation estimate is based on information found in the Governor's House I budget and the House budget recently released. The projected allocation does not include any collective bargaining for fiscal year 2009 and is consistent with President's Office guidelines. The single largest

student based revenue stream on the Dartmouth campus is the Curriculum Support Fee (CSF), a fee that supports all the core operational activities of the campus. Fiscal year 2009 CSF revenues are estimated to generate \$50.0 million dollars, an increase of approximately \$3.8 million dollars over the revenues generated in fiscal year 2008. These additional funds will be utilized first for additional need based and merit based financial aid for students, for strategic faculty replacements to meet growing enrollment demands in specific programs, dramatic increases in utility costs, continuing to fund library costs impacted by several years of level funding, investments in student services to meet the demands of a growing student population, specifically public safety, and funds for additional debt service associated with space renovations for new academic programs. In addition, for every dollar generated in CSF revenues, approximately 20% is returned to incoming and continuing students via scholarship and need-based waivers. Lastly, as noted above, the campus must use its CSF revenues (and other trust fund revenue) to support the campus's annual payroll expenditures. For every dollar the campus must provide to cover the state's shortfall in payroll expenses, we must add 38 cents for benefit costs not covered by the state central pool. As part of our budget planning, we will also generate a modest operating cash surplus from this fund in fiscal year 2009. This modest cash surplus is used to bring the campus closer to its goal of financial stability.

### **Enrollment**

The campus' strategic plan guides program and resource allocation decisions. The fiscal year 2009 operating budget attached shows trends consistent with the critical assumption of the campus plan: growth in enrollment and tighter resource structures and tools to meet budget targets. The campus expects undergraduate enrollment to grow by approximately 425 students. It is critical to align resources to priority activities through the budget development and allocation process and to have a clear set of budgetary control mechanisms to balance revenue and expenses for each fiscal year. Building a reserve fund, leveraging debt wisely, and stabilizing annual operations are fiscal strategies successfully reflected in our financial indicators.

### **Auxiliary Operations**

Auxiliary Operations generate revenues from sources other than student fees. The campus revenue operations include: Housing, Dining, Campus Store, Administrative Overhead Trust Fund, Parking, Child Care, Conferencing, UMass Pass and Continuing Education. The revenue based operations supply services to students, faculty, staff and the community.

The Housing revenue based operation has grown over the past four fiscal years, in accordance with the campus's overall strategic growth plan. The construction of a new 1200 apartment style residence hall (completed and occupied in the fall 2005 semester) was the main input for the increased revenues. Occupancy in the residence halls is near 95% with approximately 4,000 students (fiscal year 2008). Revenues have grown from \$7.8 million in fiscal year 2002 to a projected \$28.2 million in fiscal year 2009. Additional revenues will be used for increased utility costs, collective bargaining obligations, additional staff for the renovated halls, as well as deferred maintenance issues with the existing residence halls. The campus has renovated the Cedar Dell complex over the past year. This \$21.0 million renovation will accommodate an additional 800 students. The demand for this apartment style housing has been overwhelming. Upper class students who have traditionally housed off-campus are making the decision to return to campus.

The Dining Auxiliary operation supports the Dining facilities on campus. Currently, the campus contracts with Sodexho for all its food service needs. This includes: students, conferencing, camps, and other catering needs as requested by the campus. Revenues have increased from \$4.6 million in fiscal year 2002 to a projected \$9.7 million in fiscal year 2009. There are approximately 2,800 students currently participating in the campus's meal plans. All students residing in the residence halls with the exception of those in the Cedar Dell apartments and the new apartment style housing are required to enroll in a meal plan. Other projects include updating major kitchen equipment, food carts strategically located around campus and other visible improvements to the campus's dining areas. These improvements are the final stage of a multi-year plan to modernize our dining facilities. In addition to the campus's contribution to the deferred maintenance funds, a Sodexho-funded renovation to our commuter dining facility and to the

Residence Dining Hall have improved the facilities dramatically. The dining revenues generated (and resulting fund balance growth) will continue to assist the campus in attaining financial stability.

The Dartmouth campus operates its own campus store. The Campus Store has consistently contributed financially to the campus. Revenues from this operation have remained relatively flat from \$4.7 million in fiscal year 2002 to a projected \$4.9 million in fiscal year 2009. All expenses related to the operation of the Campus Store including salary and overhead are funded from the revenues generated. In addition, the Campus Store has contributed to the campus' operating budget on an annual basis. The fund balance for this activity is strong and we anticipate it will continue to be strong in fiscal year 2009. The Campus Store has undertaken a planning to better utilize used textbooks. Representatives from the Campus Store have been meeting with key faculty in an attempt to increase the number of used textbooks available to students. This of course saves money for students but also is environmentally friendly.

Continuing Education has and will play a major role in the growth of the Dartmouth Campus. Special programs, expanding graduate programs, satellite campuses, distance learning, corporate development and community service are the underlying strengths of Continuing Education and are consistent with the campus' growth strategy with regards to its Strategic Plan. The Continuing Education budget reflects investments made by the campus to increase our community base, as well as, our professional and continuing education programs.

### **Expenses**

The fiscal year 2009 operating budget has been prepared using the modified accrual basis. Expenditures that are not typically included in a cash-based budget presentation have been included. Some of the more significant changes are recognizing depreciation, allocation of fringe benefit and compensated absences costs, capitalization of certain equipment purchases and projects, and removing certain scholarship costs from expenses and netting them against revenues.

Expense assumptions are tied to the campus's strategic priorities as established for the fiscal year 2009 budget process. In addition to these priorities, there is cost associated with both prior year strategic investments and mandated inflationary type costs such as utilities, increase in both merit and need based student financial aid, information technology, debt service for renovations and advancement activities. These investments are critical to the Dartmouth Campus achieving its strategic objectives.

### **Summary**

UMass Dartmouth is the smallest of the University of Massachusetts campuses but it has demonstrated the most growth in the past four years in enrollment, research capacity and accomplishment, and regional collaborations. Our mission and vision are clear and the campus has mobilized itself to move forward aggressively toward its aspirations. The campus has met the challenges of declining state support and two state sponsored early retirement programs within a three-year period while continuing to make progress toward its 10-year strategic goals. Our regional community is counting on us to be successful in our growth strategy and we are convinced that achieving our goals will enhance our own institutional profile and offer substantial value to our community and to the Commonwealth



**Table 1**  
**University of Massachusetts**  
**Dartmouth Campus**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS**  
**Fiscal Year 2009 Operating Budget Statement**  
*(in thousands of dollars)*

	FY06 Actuals	FY07 Actuals	FY08 Projected Budget-Accrual/Adjusted Basis	FY2009 Budgeted		FY08 to FY09 Change
				FY09 Budget-Accrual Basis		
<b>REVENUES</b>						
<b>Operating Revenues</b>						
Tuition and Fees (net of scholarship allowances)	\$ 53,831	\$ 58,621	\$ 62,914	\$ 66,756	\$ 3,842	6%
Federal Grants and Contracts	16,453	16,490	16,612	16,994	382	2%
State Grants and Contracts	6,696	6,208	5,795	5,929	133	2%
Local Grants and Contracts	33	24	41	42	1	2%
Private Grants and Contracts	2,575	3,848	5,673	5,804	130	2%
Sales & Service, Educational	56	25	-	-	-	0%
Auxiliary Enterprises	32,202	33,124	34,891	39,007	4,116	12%
Other Operating Revenues:						
Sales & Service, Independent Operations						
Sales & Service, Public Service Activities						
Other	4,837	3,467	4,551	4,020	(531)	-12%
<b>Total Operating Revenues</b>	<b>\$ 116,683</b>	<b>\$ 121,807</b>	<b>\$ 130,478</b>	<b>\$ 138,552</b>	<b>\$ 8,073</b>	<b>6%</b>
<b>EXPENSES</b>						
<b>Operating Expenses</b>						
<b>Educational and General</b>						
Instruction	\$ 52,618	\$ 56,347	\$ 54,171	\$ 55,688	\$ 1,517	3%
Research	17,996	17,787	17,850	18,243	393	2%
Public Service	1,008	1,130	1,263	1,278	15	1%
Academic Support	22,294	22,406	17,593	17,847	254	1%
Student Services	7,092	7,902	7,910	8,105	195	2%
Institutional Support	16,535	18,271	23,903	23,939	36	0%
Operation and Maintenance of Plant	14,151	21,653	11,690	12,823	1,133	10%
Depreciation and Amortization	11,687	14,700	12,761	13,254	493	4%
Scholarships and Fellowships	4,611	6,661	9,310	9,760	450	5%
<b>Auxiliary Enterprises</b>	<b>17,055</b>	<b>14,032</b>	<b>23,942</b>	<b>25,019</b>	<b>1,077</b>	<b>4%</b>
<b>Other Expenditures</b>						
Independent Operations						
Public Service Activities						
<b>Total Operating Expenses</b>	<b>\$ 165,047</b>	<b>\$ 180,889</b>	<b>\$ 180,393</b>	<b>\$ 185,956</b>	<b>\$ 5,563</b>	<b>3%</b>
<b>Operating Income/(Loss)</b>	<b>\$ (48,364)</b>	<b>\$ (59,082)</b>	<b>\$ (49,914)</b>	<b>\$ (47,404)</b>	<b>\$ 2,510</b>	<b>-5%</b>
<b>NONOPERATING REVENUES/(EXPENSES)</b>						
Federal Appropriations						
State Appropriations	\$ 55,391	\$ 62,835	\$ 58,796	\$ 58,832	\$ 36	0%
Gifts			126	-	(126)	-100%
Investment Return	1,503	3,330	1,559	1,600	41	3%
Endowment Return	341	384	1,952	2,014	62	3%
Interest on Indebtedness	(8,102)	(7,296)	(7,085)	(7,850)	(765)	11%
Other Nonoperating Income	58	237	-	-	-	0%
<b>Net Nonoperating Revenues</b>	<b>\$ 49,191</b>	<b>\$ 59,490</b>	<b>\$ 55,348</b>	<b>\$ 54,596</b>	<b>\$ (752)</b>	<b>-1%</b>
<b>Income Before Other Revenues, Expenses, Gains, and Losses</b>	<b>\$ 827</b>	<b>\$ 408</b>	<b>\$ 5,433</b>	<b>\$ 7,192</b>	<b>\$ 1,758</b>	<b>32%</b>
Capital Appropriations	\$ 4,918	\$ 7,800	\$ 2,000	\$ -	\$ (2,000)	-100%
Capital Grants and Contracts						
University Related Transactions						
Disposal of Plant Facilities	(1,322)	(1,223)	(1,470)	(1,400)	70	-5%
Other Additions/Deductions	(1,519)	(2,677)	(1,401)	(1,500)	(99)	7%
<b>Total Other Revenues, Expenses, Gains &amp; Losses</b>	<b>\$ 2,077</b>	<b>\$ 3,900</b>	<b>\$ (871)</b>	<b>\$ (2,900)</b>	<b>\$ (2,029)</b>	<b>233%</b>
<b>Total Increase in Net Assets</b>	<b>\$ 2,904</b>	<b>\$ 4,308</b>	<b>\$ 4,563</b>	<b>\$ 4,292</b>	<b>\$ (271)</b>	<b>-6%</b>
<b>NET ASSETS</b>						
Net Assets at Beginning of Year	\$ 44,085	\$ 46,989	\$ 51,297	\$ 55,860	\$ 4,563	9%
<b>Net Assets at End of Year</b>	<b>\$ 46,989</b>	<b>\$ 51,297</b>	<b>\$ 55,860</b>	<b>\$ 60,151</b>	<b>\$ 4,292</b>	<b>8%</b>

**Table 2**  
**University of Massachusetts**  
**Dartmouth Campus**  
**Fiscal Year 2009 Operating Budget Statement**  
**SPENDING BY TYPE OF EXPENSE (NATURAL CLASSIFICATION)**  
*(in thousands of dollars)*

<b>EXPENSE CATEGORY</b>	<b>FY06 Actuals</b>	<b>FY07 Actuals</b>	<b>FY08 Projected</b>	<b>FY09 Budgeted</b>	<b>\$ Change FY08 - 09</b>	<b>% Change FY08 - 09</b>
Salaries and Wages	\$86,334	\$90,626	\$94,251	\$97,549	\$3,298	3.5%
Employee Fringe Benefits	\$19,599	\$24,392	\$23,049	\$25,362	\$2,313	10.0%
Student Aid	\$3,833	\$5,826	\$8,124	\$8,516	\$392	4.8%
Utilities	\$6,929	\$6,520	\$6,780	\$6,983	\$203	3.0%
Supplies and Other Services	\$36,665	\$38,826	\$35,428	\$34,292	(\$1,136)	-3.2%
Depreciation	\$11,687	\$14,699	\$12,761	\$13,254	\$493	3.9%
<b>TOTAL</b>	<b>\$165,047</b>	<b>\$180,889</b>	<b>\$180,393</b>	<b>\$185,956</b>	<b>\$5,563</b>	<b>3.1%</b>

**Table 3**  
**University of Massachusetts**  
**Dartmouth Campus**  
**Fiscal Year 2009 Operating Budget Statement**  
**SUMMARY OF FULL-TIME EQUIVALENT (FTE) EMPLOYEES\***

	Actual FTEs Fall 2006 (FY2007)	Actual FTEs Fall 2007 (FY2008)	Proj. FTEs Fall 2008 (FY2009)	FTE Change Fall 2007 - 08	% Change Fall 2007 - 08
<b>UNRESTRICTED/DESIGNATED FUNDS</b>					
<b>STATE FUNDED POSITIONS</b>					
Faculty	352.4	355.4	356.2	0.8	0.2%
Professional Staff	221.3	219.9	234.6	14.7	6.7%
Classified Staff	262.6	261.6	268.0	6.5	2.5%
<b>Subtotal, State Funded</b>	<b>836.2</b>	<b>836.9</b>	<b>858.9</b>	<b>22.0</b>	<b>2.6%</b>
<b>NON-STATE FUNDED POSITIONS</b>					
Faculty	158.2	135.5	166.6	31.1	22.9%
Professional Staff	84.0	92.2	75.7	(16.5)	-17.9%
Classified Staff	99.3	100.3	99.3	(1.0)	-1.0%
<b>Subtotal, Non-State Funded</b>	<b>341.5</b>	<b>328.0</b>	<b>341.5</b>	<b>13.6</b>	<b>4.1%</b>
<b>Total Unrestricted/Designated</b>	<b>1,177.7</b>	<b>1,164.9</b>	<b>1,200.4</b>	<b>35.5</b>	<b>3.1%</b>
<b>RESTRICTED FUNDS</b>					
<b>GRANT FUNDED POSITIONS</b>					
Faculty	2.0	1.9	1.9	(0.0)	-0.5%
Professional Staff	51.3	48.4	43.8	(4.5)	-9.4%
Classified Staff	2.3	2.2	3.4	1.1	50.0%
<b>Subtotal, Grant Funded</b>	<b>55.5</b>	<b>52.5</b>	<b>49.1</b>	<b>(3.4)</b>	<b>-6.5%</b>
<b>OTHER RESTRICTED POSITIONS</b>					
Faculty	0.0	0.0	0.0	0.0	0.0%
Professional Staff	0.0	0.0	0.0	0.0	0.0%
Classified Staff	0.0	0.0	0.0	0.0	0.0%
<b>Subtotal, Other Restricted Funds</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0%</b>
<b>Total Restricted</b>	<b>55.5</b>	<b>52.5</b>	<b>49.1</b>	<b>(3.4)</b>	<b>-6.5%</b>
<b>TOTAL UNRESTRICTED AND RESTRICTED</b>	<b>1,233.2</b>	<b>1,217.4</b>	<b>1,249.5</b>	<b>32.1</b>	<b>2.6%</b>

\* Includes Full and Part-time employees; student and other hourly employees not included.

**Table 4**  
**University of Massachusetts**  
**Dartmouth Campus**  
**Fiscal Year 2009 Operating Budget Statement**  
**HEADCOUNT AND FTE ENROLLMENT**

	UNDERGRADUATE		GRADUATE		TOTAL	
	HC	FTE	HC	FTE	HC	FTE
<b>Fall 2008 proj.</b>	<b>8,444</b>	<b>7,455</b>	<b>1,293</b>	<b>878</b>	<b>9,737</b>	<b>8,333</b>
Fall 2007	7,927	7,064	1,153	788	9,080	7,852
Fall 2006	7,626	6,830	1,130	766	8,756	7,596

# **OPERATING BUDGET**

*for Fiscal Year 2009*

**LOWELL CAMPUS**





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**University of Massachusetts Lowell  
FY 2009 Operating Budget Narrative**

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**Overview**

The fiscal year 2009 operating budget statement for the University of Massachusetts Lowell (UML) presents a general plan for the year and outlines our priorities, resources and planned use of funds in FY 2009.

The document considers the FY07 actual financial statements, the preliminary results for FY08 and the projected outcome for FY09 based on the campus budget planning.

**Planning and Evaluation**

In March 2007, the Board of Trustees announced the selection of Martin T. Meehan as Chancellor of UML, with his appointment to begin July 1. From the outset, Chancellor Meehan worked with the faculty, staff and administration to build a new vision and strategic plan for the University through an open and transparent process.

Upon his selection and to initiate a transition process, Chancellor Meehan requested that the President's Office review UML's financial situation and audit its organizational structure prior to his official start. The Chancellor was aware that the campus was projecting a \$3,000,000 deficit for FY 2007 and \$1,641,000 for FY 2008. The previous administration had invested in strategic faculty hires in anticipation that new faculty in targeted areas would increase the campus returns on research expenditure. This strategy did not yield sufficient financial returns in the short run, which led to budget deficits for four out of the five years prior to Chancellor Meehan's appointment. In April 2007, Chancellor Meehan ordered a hiring and expenditure freeze. As a result, the budget deficit for FY 2007 was reduced to \$1,500,000 and it is expected that the FY 2008 budget deficit will be further reduced to \$1,300,000. Based on the dramatic progress thus far, the campus aims to reduce its deficit to \$653,000 by FY09 and achieve a balanced budget in 2010.

Numerous initiatives were enacted in FY 2008 to achieve fiscal stability. The budget was restructured to provide greater accountability in both cost control and strategic investments. Enrollment management was restructured and improvements were made in policies and facilities. This resulted in immediate increases in student enrollment and quality in Fall 2007 enrollments. Continuing increases are projected for Fall 2008.

Continuing Education had record increases in both on-campus and online enrollments. Student housing was strategically realigned to increase the available housing stock and an RFP was distributed to begin the plan to develop new housing stock. The Division I Men's Ice Hockey program was radically restructured, resulting in tremendous successes in the program, including increased revenues, and a resultant dramatic improvement in the quality of student life. The campus aggressively sought and then received funding to support numerous research activities, such as \$4,000,000 to develop an M2D2 Center as part of an expanded life science innovation initiative. Finally, as part of the Inauguration celebration, more than \$780,000 was raised from sponsors and donors for a new scholarship fund, the Martin T. Meehan Endowment for Educational Excellence.

When the new administrative structure is in place and remaining upper level positions filled, the institution will begin a comprehensive planning process that engages all levels of the institution in strategic planning for the institution for the next decade. This process will ensure continuity with previous planning and evaluation that was systematic, broad-based, interrelated, and appropriate to the institution's circumstances. Faculty, staff, and students will be deeply involved in the planning. The following statement of mission and goals will be used as a framework for a dialogue that will lead to the development of a new strategic plan in FY09.

## **UMass Lowell Mission and Emerging Vision**

UML's mission is "to enhance the intellectual, personal and cultural development of students through excellent, affordable educational programs," and to "meet the needs of the Commonwealth today and into the future and support the development of sustainable technologies and communities." UML seeks to fulfill this mission every day through our teaching and learning, research and scholarship, and outreach and engagement.

### **Themes**

*Student learning is a top priority.* UML must ensure the best access possible for students and concentrate on improving their development and success as learners and engaged citizens. To do this, UML must recruit and retain qualified and diverse graduates and undergraduates who can succeed in an intellectually challenging environment. UML must continuously assess student learning at the course, program, and institutional levels to improve student learning and institutional effectiveness. UML should increase merit and need-based financial aid to support students. To improve students' academic performance, UML must increase the strategic use of web-based technology and smart classrooms. Innovative co-curricular programs and community partnership activities for residential and commuter students will promote meaningful interaction across campus.

*UML's academic programs and research profile must be of the highest quality and stature.* Continuous strategic analyses of core measures such as student enrollment, student learning, scholarly activity, research expenditures, professional accreditations and external reviews such as AQAD will lead to improved quality of academic programs and support services. UML must attract and nurture talented and dedicated faculty and other professionals from diverse backgrounds by fostering a collegial environment that encourages innovation in the classroom, as well as in research and community engagement. By raising the profile of academic programs, faculty, and students, UML will earn greater national and international recognition for academic excellence. UML should create, support, and promote cross-disciplinary and interdisciplinary curricula and research activities. UML must foster the development of international exchange programs for students and faculty while cultivating a campus climate where international students can thrive.

*It is essential that UML contributes to the sustainability of the physical, economic, and social well-being of communities near and far.* As many faculty, staff and students as possible should be engaged in community partnerships. UML must take an integrated approach to partnering with businesses and corporations to respond to their research and workforce development needs. UML should continue to enhance the K-12 pipeline by maximizing university investments in K-12 outreach, especially in STEM-related programs. UML should strengthen its relationships with alumni through outreach programs, and then encourage committed alumni and corporate friends to assist UML with its strategic initiatives.

*UML must strengthen its institutional image and be a university known for its educational excellence, noteworthy research and scholarship, deep community engagement, broad diversity, vibrant student life, and outstanding service.* The first step is to create a distinctive brand that symbolizes UML's strengths and character. UML's presence on the web is critical to shaping an image, so UML must continuously improve our website and boost its use through creative applications of new technologies. UML should reach out to diverse audiences through effective networking, campus media, special events, advertising, and partnership events. It is critical that UML stands for excellent service and support continuous learning and professional development for faculty and staff. Employing the best management practices will make UML more productive.

*UML needs a comprehensive strategic plan to guide its efforts to strengthen its long-term financial condition and physical resources.* UML's strategic planning must engage everyone on campus as well as external partners. Administrative and organizational structures must assume faculty and staff participation in planning and management. A university-wide, multi-year financial plan will assure long-term financial sustainability for academic and non-academic programs. An updated master plan will let UML gain the most value from campus buildings and grounds. To deliver student and financial services more efficiently, UML should follow best practices and use state-of-the-art technology. UML must maximize long-term

investment strategies and increase external funding through grants and contracts, individual gifts, and continuing studies and corporate education programs.

### **FY 2008 Review**

FY 2008 was a year of transition for the University of Massachusetts Lowell. A new chancellor arrived in July, bringing fresh energy and an ambitious vision. The campus continued its capital program to address existing building issues and continued planning for the \$80 million ETIC Building. With a campus site for the ETIC selected in Fall 2007, preliminary planning has started on the first new academic building on campus in over 30 years.

UML continued to deal with an operating deficit, and, with the cooperation of all campus segments, has begun reducing the deficit. It is anticipated that the net operating loss in FY 2008 will be \$1.3 million, compared to \$1.6 in FY 2007. Even with tighter controls on expenditures, and fiscal restraint exercised by managers, the campus was able to invest in strategic priorities in FY08. New faculty were hired to continue the reinvigoration of our instructional and research capabilities. Strategic hires in the non-faculty area included a nationally and internationally renowned Provost, who will begin in May.

Increasing utility costs, along with the expiration of our old, extremely favorable utility contracts, have proven to be a major challenge to the campus, with an increase of \$1.5 million in the utilities budget. In addition, the campus absorbed unanticipated increases to fringe benefits and collective bargaining cost increases. However, the campus has been able to cover these increases within its existing budget.

UML has continued its investment in the Nanomanufacturing Program, with \$790,000 from the General Operations Budget earmarked towards Nanomanufacturing and the Materials Characterization Lab.

### **FY 2009 Assumptions**

For planning purposes, the University of Massachusetts Lowell budget assumes an increase in its base state maintenance appropriation equal to an adjustment for FY08 collective bargaining plus a modest increase based on the Governor's proposed budget. UML anticipates a \$5.4 million increase in tuition and fee revenues due to the increase in curriculum fee rates for 2009 approved by the Board of Trustees, increases in rates for Continuing Studies and Corporate education, implementation of a small number of non-mandatory charges, and a 2.5 percent increase in overall enrollment. UML is aware of the impact that these increases in fees will have on many of our students and the Chancellor has pledged that 25 percent of the increase in revenues from the curriculum fee will be earmarked towards student financial aid.

In part to address an increasing student population and to continue to invest in its intellectual capital, UML has budgeted for an additional net four new faculty in FY 2009. UML has also projected ten new staff in order to fill critical functions which have been left vacant due to the operating deficit, plus four new executive positions as the campus implements a new executive management structure to deal with imminent challenges and to propel the campus forward into the future. UML will continue to carefully review each position as vacancies occur, and will only fill those which are deemed critical to the operation of the university.

In FY 2009, the campus plans to begin to borrow \$80 million to meet critical capital infrastructure needs. In addition to addressing these infrastructure needs, UML is energized about the construction of the first academic and research building in over 30 years. The current capital plan incorporates \$80 million, of which \$35 million is bonded, for the construction of this facility. To relieve stresses on our parking, a new parking garage will be constructed on UML-North. Despite this increased debt, UML projects its debt service to operations ratio to be 3.4 percent in FY 2009 and remaining well within acceptable limits in the immediate future.

UML anticipates a continued increase in the cost of utilities and has budgeted an additional \$1.4 million while at the same time, continuing to conserve energy throughout the campus. UML has insisted that all new construction on campus be at the Platinum Level of LEEDS and has formed a campus-wide "Green

Team" whose mission and purpose is to develop a comprehensive Reduce, Re-use and Recycling Program (3Rs). This effort will support the University mission objective of sustainability through waste minimization and maximizing the usefulness of all materials expended within the University community.

In FY09 budget challenges will continue. UML expects to hold the line on most campus budgets funded by the curriculum fee and other non-specific general operations revenue, with targeted increases in expenditures to support strategic initiatives. UML anticipates that because of our projected growth in enrollment, and on-going cost containment initiatives, that the net operating deficit for FY 2009 will be reduced to \$653,000.

### **Summary**

The University of Massachusetts Lowell has embarked on an exciting plan to grow enrollment, construct new academic/research buildings, restructure its executive organization, expand research activity, develop a comprehensive Reduce, Re-use and Recycling Program and engage all segments of the campus in a new strategic vision. However, the campus also faces significant financial challenges as it brings its expenditures in line with revenues and maintains its forward momentum. These challenges are difficult, but not insurmountable. The campus has already taken steps in this direction and will continue to take the actions necessary to regain a positive annual financial outcome.

**Table 1**  
**University of Massachusetts**  
**Lowell Campus**  
**Fiscal Year 2009 Operating Budget Statement**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS**  
*(in thousands of dollars)*

	FY2009 Budgeted				
	FY06 Actuals	FY07 Actuals	FY08 Projected Budget-Accrual/Adjusted Basis	FY09 Budget-Accrual Basis	FY08 to FY09 Change
<b>REVENUES</b>					
<b>Operating Revenues</b>					
Tuition and Fees (net of scholarship allowances)	\$ 67,971	\$ 72,201	\$ 77,926	\$ 83,297	\$ 5,371 7%
Federal Grants and Contracts	19,629	20,785	21,445	22,694	1,249 6%
State Grants and Contracts	2,396	3,819	4,424	4,600	176 4%
Local Grants and Contracts	588	293	281	290	9 3%
Private Grants and Contracts	9,433	11,265	11,178	12,075	897 8%
Sales & Service, Educational	1,112	1,047	1,029	1,030	1 0%
Auxiliary Enterprises	8,760	9,437	10,412	11,146	734 7%
Other Operating Revenues:					
Sales & Service, Independent Operations					
Sales & Service, Public Service Activities					
Other	1,181	1,710	2,385	2,607	222 9%
<b>Total Operating Revenues</b>	<b>\$ 111,070</b>	<b>\$ 120,557</b>	<b>\$ 129,080</b>	<b>\$ 137,739</b>	<b>\$ 8,659 7%</b>
<b>EXPENSES</b>					
<b>Operating Expenses</b>					
<b>Educational and General</b>					
Instruction	\$ 71,412	\$ 78,611	\$ 87,050	\$ 86,116	\$ (934) -1%
Research	29,236	30,297	33,682	35,917	2,235 7%
Public Service	3,805	3,155	3,164	3,164	- 0%
Academic Support	17,458	19,978	18,683	18,783	100 1%
Student Services	14,735	14,319	15,356	14,947	(409) -3%
Institutional Support	25,852	27,716	27,468	27,638	170 1%
Operation and Maintenance of Plant	18,068	18,171	21,444	21,714	270 1%
Depreciation and Amortization	14,809	15,656	13,990	14,520	530 4%
Scholarships and Fellowships	3,161	3,799	3,389	3,558	169 5%
<b>Auxiliary Enterprises</b>	<b>5,188</b>	<b>4,269</b>	<b>7,064</b>	<b>7,676</b>	<b>612 9%</b>
<b>Other Expenditures</b>					
Independent Operations					
Public Service Activities					
<b>Total Operating Expenses</b>	<b>\$ 203,724</b>	<b>\$ 215,971</b>	<b>\$ 231,290</b>	<b>\$ 234,033</b>	<b>\$ 2,743 1%</b>
<b>Operating Income/(Loss)</b>	<b>\$ (92,654)</b>	<b>\$ (95,414)</b>	<b>\$ (102,210)</b>	<b>\$ (96,294)</b>	<b>\$ 5,916 -6%</b>
<b>NONOPERATING REVENUES/(EXPENSES)</b>					
Federal Appropriations					
State Appropriations	\$ 81,265	\$ 89,218	\$ 97,746	\$ 91,372	\$ (6,374) -7%
Gifts	4,240	2,154	3,057	4,236	1,179 39%
Investment Return	2,078	4,363	2,044	2,044	- 0%
Endowment Return	111	79	100	100	- 0%
Interest on Indebtedness	(1,972)	(2,051)	(2,186)	(2,311)	(125) 6%
Other Nonoperating Income	331	93	149	200	51 34%
<b>Net Nonoperating Revenues</b>	<b>\$ 86,053</b>	<b>\$ 93,856</b>	<b>\$ 100,910</b>	<b>\$ 95,641</b>	<b>\$ (5,269) -5%</b>
<b>Income Before Other Revenues, Expenses, Gains, and Losses</b>	<b>\$ (6,601)</b>	<b>\$ (1,558)</b>	<b>\$ (1,300)</b>	<b>\$ (653)</b>	<b>\$ 647 -50%</b>
Capital Appropriations	\$ 5,890	\$ 6,046	\$ 8,986	\$ 10,000	\$ 1,014 11%
Capital Grants and Contracts					
University Related Transactions					
Disposal of Plant Facilities	(991)	(1,753)	(1,302)	(1,250)	52 -4%
Other Additions/Deductions	(204)	(1,223)	(500)	(500)	- 0%
<b>Total Other Revenues, Expenses, Gains &amp; Losses</b>	<b>\$ 4,695</b>	<b>\$ 3,070</b>	<b>\$ 7,184</b>	<b>\$ 8,250</b>	<b>\$ 1,066 15%</b>
<b>Total Increase in Net Assets</b>	<b>\$ (1,906)</b>	<b>\$ 1,512</b>	<b>\$ 5,884</b>	<b>\$ 7,597</b>	<b>\$ 1,713 29%</b>
<b>NET ASSETS</b>					
Net Assets at Beginning of Year	\$ 99,280	\$ 97,374	\$ 98,886	\$ 104,770	\$ 5,884 6%
<b>Net Assets at End of Year</b>	<b>\$ 97,374</b>	<b>\$ 98,886</b>	<b>\$ 104,770</b>	<b>\$ 112,367</b>	<b>\$ 7,597 7%</b>

**Table 2**  
**University of Massachusetts**  
**Lowell Campus**  
**Fiscal Year 2009 Operating Budget Statement**  
**SPENDING BY TYPE OF EXPENSE (NATURAL CLASSIFICATION)**  
*(in thousands of dollars)*

<b>EXPENSE CATEGORY</b>	<b>FY06 Actuals</b>	<b>FY07 Actuals</b>	<b>FY08 Projected</b>	<b>FY09 Budgeted</b>	<b>\$ Change FY08 - 09</b>	<b>% Change FY08 - 09</b>
Salaries and Wages	\$110,453	\$117,510	\$118,777	\$123,168	\$4,391	3.7%
Employee Fringe Benefits	\$22,958	\$27,885	\$34,610	\$28,235	(\$6,375)	-18.4%
Student Aid	\$3,161	\$3,799	\$3,389	\$3,558	\$169	5.0%
Utilities	\$6,114	\$5,958	\$7,082	\$8,499	\$1,417	20.0%
Supplies and Other Services	\$46,229	\$45,163	\$53,442	\$56,053	\$2,611	4.9%
Depreciation	\$14,809	\$15,656	\$13,990	\$14,520	\$530	3.8%
<b>TOTAL</b>	<b>\$203,724</b>	<b>\$215,971</b>	<b>\$231,290</b>	<b>\$234,033</b>	<b>\$2,743</b>	<b>1.2%</b>

**Table 3**  
**University of Massachusetts**  
**Lowell Campus**  
**Fiscal Year 2009 Operating Budget Statement**  
**SUMMARY OF FULL-TIME EQUIVALENT (FTE) EMPLOYEES\***

	Actual FTEs Fall 2006 (FY2007)	Actual FTEs Fall 2007 (FY2008)	Proj. FTEs Fall 2008 (FY2009)	FTE Change Fall 2007 - 08	% Change Fall 2007 - 08
<b>UNRESTRICTED/DESIGNATED FUNDS</b>					
<b>STATE FUNDED POSITIONS</b>					
Faculty	447.0	435.0	443.0	8.0	1.8%
Professional Staff	376.7	372.2	388.5	16.3	4.4%
Classified Staff	154.5	151.5	157.5	6.0	4.0%
<b>Subtotal, State Funded</b>	<b>978.2</b>	<b>958.7</b>	<b>989.0</b>	<b>30.3</b>	<b>3.2%</b>
<b>NON-STATE FUNDED POSITIONS</b>					
Faculty	4.2	6.2	6.2	0.0	0.0%
Professional Staff	64.4	62.9	65.9	3.0	4.8%
Classified Staff	34.0	36.0	36.0	0.0	0.0%
<b>Subtotal, Non-State Funded</b>	<b>102.6</b>	<b>105.1</b>	<b>108.1</b>	<b>3.0</b>	<b>2.9%</b>
<b>Total Unrestricted/Designated</b>	<b>1,080.8</b>	<b>1,063.8</b>	<b>1,097.1</b>	<b>33.3</b>	<b>3.1%</b>
<b>RESTRICTED FUNDS</b>					
<b>GRANT FUNDED POSITIONS</b>					
Faculty	9.5	7.5	7.5	0.0	0.0%
Professional Staff	105.4	111.4	111.4	0.0	0.0%
Classified Staff	0.0	0.0	0.0	0.0	0.0%
<b>Subtotal, Grant Funded</b>	<b>114.9</b>	<b>118.9</b>	<b>118.9</b>	<b>0.0</b>	<b>0.0%</b>
<b>OTHER RESTRICTED POSITIONS</b>					
Faculty	0.3	0.3	0.3	0.0	0.0%
Professional Staff	14.5	19.5	19.5	0.0	0.0%
Classified Staff	2.5	2.5	2.5	0.0	0.0%
<b>Subtotal, Other Restricted Funds</b>	<b>17.3</b>	<b>22.3</b>	<b>22.3</b>	<b>0.0</b>	<b>0.0%</b>
<b>Total Restricted</b>	<b>132.2</b>	<b>141.2</b>	<b>141.2</b>	<b>0.0</b>	<b>0.0%</b>
<b>TOTAL UNRESTRICTED AND RESTRICTED</b>	<b>1,213.0</b>	<b>1,205.0</b>	<b>1,238.3</b>	<b>33.3</b>	<b>2.8%</b>

\* Includes Full and Part-time employees; student and other hourly employees not included.

**Table 4**  
**University of Massachusetts**  
**Lowell Campus**  
**Fiscal Year 2009 Operating Budget Statement**  
**HEADCOUNT AND FTE ENROLLMENT**

	UNDERGRADUATE		GRADUATE		TOTAL	
	HC	FTE	HC	FTE	HC	FTE
<b>Fall 2008 proj.</b>	<b>9,100</b>	<b>7,050</b>	<b>2,825</b>	<b>1,780</b>	<b>11,925</b>	<b>8,830</b>
Fall 2007	8,879	6,883	2,756	1,736	11,635	8,619
Fall 2006	8,649	6,663	2,559	1,607	11,208	8,270

# **OPERATING BUDGET**

*for Fiscal Year 2009*

**MEDICAL SCHOOL**





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**University of Massachusetts Medical School  
FY 2009 Operating Budget Narrative**

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**Overview**

The Medical School is entering a new phase of expansion that is focused on investment and growth in clinical and translational research and its partnership with the University and the Commonwealth in the Life Sciences Initiative. Building blocks of this exciting, mission-driven expansion include completion of the Advanced Center for Clinical Education and Science (ACCES) building, the planning stage of the New Campus Facility (NCF) which will house the Advanced Therapeutics Center (ATC) and specialized research cores as well as campus wide support services which will integrate the translational labs with other campus communities, and the development of central clinical research infrastructure focused through three new departments: Center for Clinical and Translational Science (CTS), Quantitative Health Sciences and Bioinformatics and Integrative Biology.

The supporting financial plan for FY 2009 builds from the FY 2008 projection which calls for an increase in net assets of \$10.7 million. This increase is \$17.5 million lower than originally budgeted for 2008. The shortfall is the result of a net \$7 million less realized from the Medical Education Services Agreement (MESA) and state payment transactions, an additional \$12 million payment for retiree health for prior periods and \$4 million less in F&A revenue resulting from lower than budgeted grant funding. These negative variances are offset by positive performance variances in Worcester City Campus Corporation (\$3.3 million) Commonwealth Medicine (\$1 million) and Mass Biologic Laboratories (\$1.2 million). This variance is not material to the Fiscal 2009 budget projection as the deferred MESA is projected to be recovered in FY 2009 and the retiree health payment includes amounts attributable to prior periods and will not be recurring at this level.

As stated above, the significant drivers in the forecast for FY 2009 are the construction of new facilities and development of several new programs. The ACCES building currently under construction on the main campus is expected to be completed late in calendar 2009 at a total cost of \$122 million, including the fit-out of the school occupied floors. Of this, \$110 million comes from bond financing with the remainder from campus funds. The new UMass Biologic Laboratories research and office facility in Mattapan is planned for completion in 2010, at a total cost of \$69 million with \$36 million funded from bond financing and the remainder from MBL funds. The construction of the NCF which will house the ATC is planned for completion by the end of FY 2012. The total construction and fit-out costs, including necessary upgrades and expansion of campus infrastructure, is projected to be \$405 million, with \$90 million coming from the state Life Sciences Initiative and \$280 million from bond financing. Capital spending in FY 2009 is projected to be \$35.5 million, \$15 million from state funding and \$20.5 million from bond proceeds.

The FY 2009 plan includes initial planning and site preparation for the development of the NCF and a new parking facility. The ATC portion of this project will require thoughtful design as this major initiative is intended to facilitate collaboration between medical and scientific disciplines and encourage innovative approaches to resolve complex biological and biomedical problems. Interdisciplinary teams of internationally recognized investigators in the ATC centers will pursue novel strategies for the detection and treatment of human diseases. ATC centers include: the Center for Stem Cell Biology & Regenerative Medicine, the RNAi Institute and the Gene Therapy Center. Also included is \$2.4 million for the operation of the new Stem Cell Bank and Registry, with new revenue to fund it coming from Commonwealth through the Mass Life Sciences Board.

In addition to the construction and equipment costs, the FY 2009 budget includes \$7.3 million in new start-up packages and \$4.2 million in additional salary support for new faculty recruitment. These new faculty will support the new programs as well as fill vacant chair positions and other needed staffing in existing departments and programs.

The FY 2009 budget also includes significant other capital investment in deferred maintenance, equipment and IT infrastructure. The budget anticipates an additional \$47.8 million of capital spending, with \$6.5 million provided by state funding through the deferred maintenance funds made available under the higher education bonds, and the remainder coming from campus funds.

The budget for FY 2009 projects a net surplus of \$59.7 million. This is an increase of \$49 million over the 2008 projection, driven by \$21.5 in capital funding from the state (\$15 million for NCF and \$6.5 million for deferred maintenance) and a net of \$26.4 from the Medical Education Services Agreement (MESA) and payments to the state.

With the continued limited growth in funding from NIH, projected increases in the existing research base remain conservative, increasing just 1.3% in FY 2009. New faculty recruits will generate additional grant revenue, but no significant impact is projected until FY 2010.

Revenue from F&A overhead also grows modestly, following the increases in grant funding. The growth is augmented by the recently negotiated increase in the rate for federal grants, in which the Medical School was successful in increasing its rate by 2%, from 62.5% to 64.5%, adding to its position as highest in the nation for public schools. The overall effective overhead rate will benefit significantly as new grants are awarded and existing grants are renewed under the new rates.

Revenue from public service activities will show a significant positive variation in FY 2009 due to a delay in the payment of the enhanced Medicaid rate to UMass Memorial Health Care (UMMHC) in FY 2008. This has affected its ability to fully pay amounts due to the Medical School through the MESA in FY 2008 and \$60M is being deferred to FY 2009. This will create a one-time but positive variation during 2009 when viewed in addition to the projected base MESA revenue budgeted for FY 2009.

Independent operations revenue, driven primarily by the operations of the Massachusetts Biologic Laboratories, is projected to decline slightly in 2009. The drop is driven by the projected market for sales of Td vaccine. Td sales are projected to recover in 2010, with revenue growth further enhanced by sales of rabies MAb vaccine.

Other operating revenue shows a significant increase in 2009. This is mostly attributable to \$5 million in new revenue from UMass Memorial for rent on their portion of the ACCES building and funding of their share of the power plant expansion.

Non-operating revenues are projected to increase by \$14 million, with the growth being in gifts and investment return. The growth in investment return is based on the anticipated earnings on the \$55 million which has been transferred to quasi-endowment as well as anticipated improvement in the rate of return on investments, both of which were projected very conservatively for 2008. The additional gift revenue is the result of an anticipated new fundraising campaign associated with the construction of the NCF and the creation of the ATC. The plan anticipates a total of \$100 million in new gift revenue over the next ten years, beginning at \$5 million per year for the first three.

The largest contributor to the increase in expenses for FY 2009 is a \$78.2 million increase in the payments to the state. \$31.5 million of the FY 2008 state payment was deferred to 2009 and combined with the reduction of the 2008 amount for excess payments in prior years results in a \$78.2 million swing from FY 2008 to 2009. New programs are budgeted based on pro-forma costs while general expenditures for existing activities were budgeted to increase at a rate of 3.1%. Salary growth is projected at 3% per year. Two notable exceptions are utilities and fringe benefits. Utility costs are projected to increase 15% in 2009, driven by rising fuel costs. Fringe benefit costs are also projected to increase, driven by the cost of funding the retiree health benefit, and increases in the cost of the health insurance plans.

### **Summary**

In all, the Medical School's FY 2009 budget reflects faculty and administrative leadership's desire to bring its Nobel Prize winning basic science research program from the bench to the bedside through the

enhancement of its translational and clinical research programs. As Interim Chancellor Collins has stated, “this is the life sciences moment,” and the campus is doing everything in its power to capitalize on the momentum. From the development and submission of the campus’ first application for a NIH, Clinical and Translational Science Award planned for this October to a reinvigorated partnership with its clinical partner, UMMHC to the completion of its first Strategic Plan to key recruitments including Victor Ambros, PhD and Robert Brown, M.D. as chair of Neurology to the initiation of a Stem Cell Registry and Bank in partnership with the Mass Life Sciences Board, the campus is integrating and leveraging its resources to serve the Commonwealth and its citizenry.



**Table 1**  
**University of Massachusetts**  
**Medical School**  
**Fiscal Year 2009 Operating Budget Statement**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS**  
*(in thousands of dollars)*

	FY2009 Budgeted				
	FY06 Actuals	FY07 Actuals	FY08 Projected Budget-Accrual/Adjusted Basis	FY09 Budget-Accrual Basis	FY08 to FY09 Change
<b>REVENUES</b>					
<b>Operating Revenues</b>					
Tuition and Fees (net of scholarship allowances)	\$ 6,414	\$ 5,961	\$ 6,928	\$ 6,821	\$ (107) -2%
Federal Grants and Contracts	129,590	124,239	129,428	132,450	3,022 2%
State Grants and Contracts	35,328	32,963	33,487	36,264	2,777 8%
Local Grants and Contracts	6	-	-	-	- 0%
Private Grants and Contracts	37,118	44,395	42,613	38,307	(4,306) -10%
Sales & Service, Educational	6,789	6,126	10,284	10,654	370 4%
Auxiliary Enterprises	29,037	28,309	26,700	27,661	961 4%
Other Operating Revenues:					
Sales & Service, Independent Operations	78,899	99,344	74,715	70,413	(4,302) -6%
Sales & Service, Public Service Activities	333,997	381,214	320,557	434,552	113,995 36%
Other	27,005	37,478	40,664	49,946	9,282 23%
<b>Total Operating Revenues</b>	<b>\$ 684,183</b>	<b>\$ 760,029</b>	<b>\$ 685,376</b>	<b>\$ 807,068</b>	<b>\$ 121,692 18%</b>
<b>EXPENSES</b>					
<b>Operating Expenses</b>					
<i>Educational and General</i>					
Instruction	\$ 41,286	\$ 42,802	\$ 48,378	\$ 47,821	\$ (557) -1%
Research	148,237	148,553	148,648	156,936	8,288 6%
Public Service	39,366	41,737	34,601	35,668	1,067 3%
Academic Support	9,470	10,322	9,408	9,602	194 2%
Student Services	2,901	3,318	3,487	3,595	108 3%
Institutional Support	31,768	30,455	40,598	41,210	612 2%
Operation and Maintenance of Plant	36,937	40,762	44,718	51,930	7,212 16%
Depreciation and Amortization	30,665	33,873	35,617	38,418	2,801 8%
Scholarships and Fellowships	157	-	181	187	6 3%
<i>Auxiliary Enterprises</i>	18,208	18,352	18,711	19,288	577 3%
<i>Other Expenditures</i>					
Independent Operations	46,546	66,870	62,287	64,699	2,412 4%
Public Service Activities	316,854	330,331	273,513	359,014	85,501 31%
<b>Total Operating Expenses</b>	<b>\$ 722,395</b>	<b>\$ 767,375</b>	<b>\$ 720,147</b>	<b>\$ 828,368</b>	<b>\$ 108,221 15%</b>
<b>Operating Income/(Loss)</b>	<b>\$ (38,212)</b>	<b>\$ (7,346)</b>	<b>\$ (34,771)</b>	<b>\$ (21,300)</b>	<b>\$ 13,471 -39%</b>
<b>NONOPERATING REVENUES/(EXPENSES)</b>					
Federal Appropriations					
State Appropriations	\$ 40,773	\$ 48,949	\$ 42,338	\$ 42,895	\$ 557 1%
Gifts	5,732	5,988	8,900	14,144	5,244 59%
Investment Return	9,554	20,936	8,534	16,197	7,663 90%
Endowment Return	39	404	-	-	- 0%
Interest on Indebtedness	(9,658)	(9,245)	(15,596)	(15,076)	520 -3%
Other Nonoperating Income	1,190	2,400	1,331	1,379	48 4%
<b>Net Nonoperating Revenues</b>	<b>\$ 47,630</b>	<b>\$ 69,432</b>	<b>\$ 45,507</b>	<b>\$ 59,539</b>	<b>\$ 14,032 31%</b>
<b>Income Before Other Revenues, Expenses, Gains, and Losses</b>	<b>\$ 9,418</b>	<b>\$ 62,086</b>	<b>\$ 10,736</b>	<b>\$ 38,239</b>	<b>\$ 27,503 256%</b>
Capital Appropriations	\$ 562	\$ 5,145	\$ -	\$ 21,500	\$ 21,500 100%
Capital Grants and Contracts					
Contributions to Capital Expenditures					
University Related Transactions					
Disposal of Plant Facilities	(4,027)	(1,140)	-	-	- 0%
Other Additions/Deductions	4,970	4,905	-	-	- 0%
<b>Total Other Revenues, Expenses, Gains &amp; Losses</b>	<b>\$ 1,505</b>	<b>\$ 8,910</b>	<b>\$ -</b>	<b>\$ 21,500</b>	<b>\$ 21,500 0%</b>
<b>Total Increase in Net Assets</b>	<b>\$ 10,923</b>	<b>\$ 70,996</b>	<b>\$ 10,736</b>	<b>\$ 59,739</b>	<b>\$ 49,003 456%</b>
<b>NET ASSETS</b>					
Net Assets at Beginning of Year	\$ 454,326	\$ 465,249	\$ 536,245	\$ 546,981	\$ 10,736 2%
<b>Net Assets at End of Year</b>	<b>\$ 465,249</b>	<b>\$ 536,245</b>	<b>\$ 546,981</b>	<b>\$ 606,720</b>	<b>\$ 59,739 11%</b>

**Table 2**  
**University of Massachusetts**  
**Medical School**  
**Fiscal Year 2009 Operating Budget Statement**  
**SPENDING BY TYPE OF EXPENSE (NATURAL CLASSIFICATION)**  
*(in thousands of dollars)*

<b>EXPENSE CATEGORY</b>	<b>FY06 Actuals</b>	<b>FY07 Actuals</b>	<b>FY08 Projected</b>	<b>FY09 Budgeted</b>	<b>\$ Change FY08 - 09</b>	<b>% Change FY08 - 09</b>
Salaries and Wages	\$268,711	\$291,586	\$286,895	\$305,349	\$18,454	6.4%
Employee Fringe Benefits	\$52,223	\$57,673	\$73,721	\$78,845	\$5,124	7.0%
Student Aid	\$271	\$174	\$200	\$205	\$5	2.5%
Utilities	\$8,892	\$10,822	\$12,815	\$14,823	\$2,008	15.7%
Supplies and Other Services	\$361,632	\$373,248	\$310,899	\$390,728	\$79,829	25.7%
Depreciation	\$30,666	\$33,872	\$35,617	\$38,418	\$2,801	7.9%
<b>TOTAL</b>	<b>\$722,395</b>	<b>\$767,375</b>	<b>\$720,147</b>	<b>\$828,368</b>	<b>\$108,221</b>	<b>15.0%</b>

**Table 3**  
**University of Massachusetts**  
**Medical School**  
**Fiscal Year 2009 Operating Budget Statement**  
**SUMMARY OF FULL-TIME EQUIVALENT (FTE) EMPLOYEES\***

	Actual FTEs Fall 2006 (FY2007)	Actual FTEs Fall 2007 (FY2008)	Proj. FTEs Fall 2008 (FY2009)	FTE Change Fall 2007 - 08	% Change Fall 2007 - 08
<b>UNRESTRICTED/DESIGNATED FUNDS</b>					
<b>STATE FUNDED POSITIONS</b>					
Faculty	67.7	66.7	67.0	0.3	0.4%
Professional Staff	314.8	268.7	269.0	0.3	0.1%
Classified Staff	181.3	164.2	164.0	(0.2)	-0.1%
<b>Subtotal, State Funded</b>	<b>563.8</b>	<b>499.6</b>	<b>500.0</b>	<b>0.4</b>	<b>0.1%</b>
<b>NON-STATE FUNDED POSITIONS</b>					
Faculty	242.2	220.4	258.0	37.6	17.1%
Professional Staff	1,140.3	1,141.1	1,258.0	116.9	10.2%
Classified Staff	1,014.6	1,014.7	1,021.0	6.3	0.6%
<b>Subtotal, Non-State Funded</b>	<b>2,397.1</b>	<b>2,376.2</b>	<b>2,537.0</b>	<b>160.8</b>	<b>6.8%</b>
<b>Total Unrestricted/Designated</b>	<b>2,960.9</b>	<b>2,875.8</b>	<b>3,037.0</b>	<b>161.2</b>	<b>5.6%</b>
<b>RESTRICTED FUNDS</b>					
<b>GRANT FUNDED POSITIONS</b>					
Faculty	293.7	308.4	305.0	(3.4)	-1.1%
Professional Staff	671.9	687.5	675.0	(12.5)	-1.8%
Classified Staff	151.2	153.2	150.0	(3.2)	-2.1%
<b>Subtotal, Grant Funded</b>	<b>1,116.8</b>	<b>1,149.1</b>	<b>1,130.0</b>	<b>(19.1)</b>	<b>-1.7%</b>
<b>OTHER RESTRICTED POSITIONS</b>					
Faculty	0.0	0.0	0.0	0.0	0.0%
Professional Staff	0.0	0.0	0.0	0.0	0.0%
Classified Staff	0.0	0.0	0.0	0.0	0.0%
<b>Subtotal, Other Restricted Funds</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0%</b>
<b>Total Restricted</b>	<b>1,116.8</b>	<b>1,149.1</b>	<b>1,130.0</b>	<b>(19.1)</b>	<b>-1.7%</b>
<b>TOTAL UNRESTRICTED AND RESTRICTED</b>	<b>4,077.7</b>	<b>4,024.9</b>	<b>4,167.0</b>	<b>142.1</b>	<b>3.5%</b>

\* Includes Full and Part-time employees; student and other hourly employees not included.

**Table 4**  
**University of Massachusetts**  
**Medical School**  
**Fiscal Year 2009 Operating Budget Statement**  
**HEADCOUNT AND FTE ENROLLMENT**

	GRADUATE		MEDICAL SCHOOL		TOTAL	
	HC	FTE	HC	FTE	HC	FTE
Fall 2008 proj.	585	590	430	430	1,015	1,020
Fall 2007	578	588	435	435	1,013	1,023
Fall 2006	597	623	423	423	1,020	1,046

# **OPERATING BUDGET**

*for Fiscal Year 2009*

## **CENTRAL ADMINISTRATION**

**(President's Office, Central Administrative Services,  
UMass On-Line, University Information Technology  
Services, Donahue Institute)**





**University of Massachusetts  
President's Office & Central Administrative Services  
FY 2009 Operating Budget Narrative**

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**INTRODUCTION**

The University's central administration is comprised of two major components: the Office of the President and Central Administrative Services. The Office of the President of the University of Massachusetts provides overall leadership to the entire University and its five campuses pursuant to the direction of the Board of Trustees. Central Administrative Services (CAS) are the shared management and fiscal services of the University, which are centrally organized through the President's Office. The following narrative provides descriptions of the function of these two components. Operational costs of the central administration are supported by funds provided by the campuses as well as other miscellaneous revenues.

**PRESIDENT'S OFFICE**

Primary responsibilities of the President's Office include: representation of the University to the Governor, Legislature, Executive branch agencies, state agencies, the federal government and other major external constituencies; coordination of strategic planning, academic affairs, management and fiscal affairs, information systems, legal matters, and human resources management; evaluation of the performance of chancellors and campuses; and support for the Board of Trustees. Overall planning, policy development and initiation of University-wide programs are carried out through the President's Office. Each of the major units is described briefly below.

**Academic Affairs, Student Affairs and International Relations**

The Office of Academic Affairs, Student Affairs and International Relations (AASAIR) provides University-wide oversight and coordination to ensure the quality of the University's students, faculty and programs. Academic assessment and accountability are core functions of the Office. The Office stresses collaboration and cooperation with faculty, Provosts, Librarians, Institutional Research Officers, Vice Chancellors for Student Affairs, Admissions Directors, Financial Aid Directors, Research Vice Provosts, and International Programs Directors. AASAIR encourages the innovative use of new technologies for research, teaching and service throughout the University and promotes more faculty global research by minimizing or removing impediments to international scholarship and research. AASAIR works with the other Vice Presidential areas and UMass Online, as well as with the state's K-12 enterprise, to review and evaluate proposed and existing programs. To maintain the highest quality, ensure programmatic integrity, and avoid unnecessary duplication, AASAIR supports intercampus initiatives that leverage the talents and resources of the University for the greatest quality, impact, visibility, and effectiveness. AASAIR represents the interests of the University and serves as a point of engagement for external agencies and organizations (e.g. the Board of Higher Education and the K-12 enterprise, including the STEM initiative). AASAIR works to enhance recruitment of prepared students from all backgrounds by emphasizing the idea that enrollment management is everyone's responsibility. AASAIR activities are also aimed at encouraging more globally competent graduates with the critical tools for recognizing cultural values other than their own.

**Office of the Board of Trustees**

The Trustees' Office enables the Board to discharge its responsibilities in accordance with its By-Laws and policies and in fulfillment of appropriate laws and statutes of the Commonwealth. The Trustees' Office provides staff services to the Trustees. The responsibilities of this Office include establishing relevant agenda for meetings, preparation of minutes of Board and Committee meetings, providing clerical and editorial help in the writing of reports, and obtaining responses of questions from appropriate officers of the University. Responses to questions may come directly from the President of the University, the Vice President concerned, or the Secretary to the Board of Trustees.

In addition to these functions, the Trustees' Office keeps current records (addresses, business affiliations, etc.) for each Trustee. The Office also makes arrangements for the Board meetings and provides members with dates and schedules.

In general, this Office acts as an agent in Boston for the Trustees and serves as liaison between the Board and the University Administration.

### **Advancement and Strategic Communications**

The Advancement and Strategic Communications department in the President's Office manages the key functions that are often described under the umbrella of external relations or university advancement, with the goal of positioning the University of Massachusetts as the premier public higher education institution in Massachusetts and among the top public university systems in the United States. Its major activities include: development and corporate relations, strategic communications and marketing, community affairs, alumni affairs, media relations and advertising, as well as playing an important role in shaping the business and operations of the President's Office. The department works closely with President's Office staff and campus leadership on initiatives related to academic and student affairs, administration and finance, international relations, economic development and athletics.

### **Government Relations**

The Office of Government Relations works with the University President, Trustees, Chancellors, campus-based government relations and alumni relations staff, students and student organizations, the faculty and alumni/ae to inform both state and federal officials on issues of importance to the entire University. The Office works with these groups to craft and communicate a strategic message for the University.

### **Economic Development**

The Office of Economic Development serves as a central coordinator and catalyst for mobilizing the resources of the University in support of our mission to help build the innovation economy of the Commonwealth. The department serves as a focal point for system-wide economic development initiatives, a facilitator of collaborative ventures with industry and state government, and a consultant to campuses on economic development issues. Units in the department include: the Office of Commercial Ventures and Intellectual Property (CVIP); the Massachusetts Technology Transfer Center; and the Donahue Institute (the public service arm of the President's Office). The University's primary economic roles are in five areas: science and technology-based economic development, R&D and technical partnerships with industry, technology commercialization and venture creation, workforce development, and economic research and analysis.

New economic development initiatives include: advocacy for and development of state-wide science & technology initiatives in the life sciences and clean energy; expanded efforts to promote entrepreneurship and new venture creation at UMASS campuses; implementation of a joint memorandum of understanding on clean energy with the Executive Office of Energy and Environmental Affairs; and expanded collaboration with state agencies, particularly in economic development (e.g., business retention and attraction) and workforce development (e.g., Life Sciences Talent Initiative).

### **Office of the General Counsel**

The Office of the General Counsel is responsible for all legal matters involving the University. It renders legal advice to the Trustees, officers, and employees throughout the University; provides representation in federal and state litigation and in matters pending before federal and state agencies such as the Federal Office of Civil Rights (OCR), the Massachusetts Commission Against Discrimination (MCAD), the Office of Federal Contract Compliance, the State Labor Relations Commission, and many others; reviews or drafts policies and procedures, guidelines, regulations, and contracts; and reviews Trustee agenda items. Advice ranges across a broad spectrum of substantive law, with emphasis in administrative, constitutional, contract, labor relations, and statutory areas. The Office also approves and

supervises outside counsel who are hired by the office for such expertise as patent, taxation, and antitrust law.

### **Management and Fiscal Affairs**

The Office of Management and Fiscal Affairs works with the campus Chancellors and Vice Chancellors for Administration and Finance, as well as the Management Council, to assure that development and implementation of University fiscal and management policies proceed smoothly and enhance the programmatic goals of the University. The Vice President for Management and Fiscal Affairs and University Treasurer directs the Central Administrative Services (University Controller, Treasurer, University Budget Director, and Human Resources, including Labor Relations) of the University with emphasis on accounting, auditing, payroll, and cash management strategies and ensuring the successful integration of the administrative systems (PeopleSoft). Staff supports the Board of Trustees Administration and Finance and Audit Committees to ensure that the Trustees are fully informed and involved in making policy decisions necessary to preserve the financial, control, and cash integrity of the University. This work includes the coordination and development of University financial and budget documents for presentation to the Trustees. An ongoing part of the University's approach to sound fiscal management will be continued emphasis on clearly maintained fiscal indicators.

Liaison activity with the State's Executive Office for Administration & Finance, Fiscal Affairs Division, the Division of Capital Asset Management, State Comptroller, State Treasurer and the Board of Higher Education fiscal staff will continue. The department works with members of the University community and various state agencies to manage a \$2.9 billion capital financing program. The University response to the state budget, revenue, and expenditure initiatives will continue to require appropriately developed University goals and objectives, negotiation, and resolution.

### **CENTRAL ADMINISTRATIVE SERVICES (CAS)**

The Central Administrative Services directors report to the Vice President for Management and Fiscal Affairs and obtain direction from the President's Office and the Amherst, Boston, Dartmouth, Lowell and Worcester campuses. Central Administrative Services functions are not, in general, duplicated on the campuses. Centralized management of these functions provides integrated management services, organized expertise, efficient use of resources, and consistent implementation of University policies and procedures.

Central Administrative Services functions of the President's Office provide coordinated efforts to benefit the overall University. Tactical planning is developed with consideration for the needs of and the impact on the five campuses. This University-wide purview permits common solutions and improved coordination through effective communication networks and initiation of University policies. The units of Central Administrative Services are: University Auditing, University Controller, and University Treasurer, are physically located in the Central Service Facility (CSF) in Shrewsbury and in the President's Office in Boston.

### **University Budget Office**

The Budget Office serves as central coordinating point for budgeting and reporting activities for the University. It directs the budgeting process by developing and disseminating budget parameters to the five campuses and other components of the University; develops consolidated reports and analyses of budget and other related issues; provides general and specific support to broader administrative, management and policy initiatives initiated through the President and the Vice President for Management and Fiscal Affairs; and serves as a liaison between the University and state and legislative agencies and other external parties.

The Budget Office works with the campuses to integrate strategic financial planning activities with ongoing operating budget, capital and other reporting activities for senior management and the Board of Trustees. The Budget Office also reviews University policies that have budgetary impact, with the goal of streamlining regular budget reporting to the Board.

### **University Controller's Office**

The major functions of the University Controller's Office (UCO) include: coordination of the University's general purpose financial audits as well as the audit of federal funds; development and production of the University Financial Statements; financial policy development and financial accounting for the Office of the President, Institute for Governmental Services, and Central Administrative Services. The University Controller's Office also performs the accounting function for activities managed centrally for the University campuses. The University Controller's Office is the liaison between the Office of the State Comptroller and the University regarding all accounting and various payroll related activities.

UCO coordinates the University's general purpose financial audit, prepares the Annual Financial Report, and directs the development of the general ledger and financial reporting structures for the Peoplesoft financial records system, and continues to develop and review University indicators of financial health. In addition, UCO coordinates between the Commonwealth and the University with regard to upgrades or implementations impacting the Commonwealth's MMARS (Massachusetts Management Accounting and Reporting System) system.

### **Human Resources & Labor Relations**

The Office of Human Resources provides leadership and coordination for the University in the full range of human resources functions, including overall policy development, labor relations, compensation and benefits, training, and affirmative action/equal opportunity. Acting on behalf of the Board of Trustees, which is the statutory employer of record, the Office conducts or supervises negotiations with 32 collective bargaining units representing more than 10,000 employees at the five campuses. It also oversees the development of policies affecting the benefits and terms and conditions of employment for exempt employees across the University.

### **University Treasurer's Office**

The University Treasurer's Office is responsible for many finance-related activities within the University. The functions performed by the Treasurer's Office are not duplicated at the campuses, resulting in an operation that is very centralized and efficient. All operational responsibilities of the University Treasurer's Office are undertaken for the benefit of the campuses and the University with an emphasis on quality, efficiency, and productivity.

The functions of the University Treasurer's Office include: cash management, which encompasses the management and oversight of all operating cash investments for the University, the management of all banking relationships, the reconciliation of all bank accounts, as well as management of the University's credit card and ATM programs.

The Treasurer's Office also maintains responsibility for risk assessment and insurance management, tax reporting and tax policy development, optional employee benefits including the tax sheltered annuity and deferred compensation programs, debt management including the administration of the University's Lease Pool as well as being primary contract signatory authority for the University.

The services provided by the University Treasurer's Office enhance the integrity of the University's financial systems by allowing the campuses to receive the benefits of consolidated systems and processes. Cost savings are generated through centralized management. In addition to cost savings, processing time is focused and efficient.

### **University Procurement Office**

The President's Office Purchasing Director manages the purchase of goods, services, and public bidding for all departments of the President's Office and Central Administrative Services. The Director represents the President's Office to the University Purchasing Council of Campus Purchasing

Directors and informs the Vice President for Management and Fiscal Affairs of the Council's initiatives and recommendations for purchasing policy effectiveness. The Purchasing Director provides University-wide spending reports and analysis as requested by the University Trustees, University President, and Vice Presidents.

### **University Internal Audit**

The University Internal Audit department is responsible for the coordination and monitoring of all audit matters at the five campuses and President's office, including internal audits, external contracted audits, and those carried out by the Office of the State Auditor and various federal and state agencies. The department serves the President, the Board of Trustees, and campus management by determining levels of compliance with University policy and procedure, federal and state regulations, and by evaluating the adequacy of internal controls through a program of scheduled and unscheduled audits. The department's goal is to offer independent and objective observations to management to assist in improving the control environment.

Some of the department's services involve supporting specific campus requests, responding to allegations of fraud and financial wrongdoing, and co-sourcing with outside independent audit firms when necessary. All reported results and related audit activity are communicated in full to the Audit Committee of the Board of Trustees.

### **UMassOnline**

Headquartered at the University's Collaborative Services Facility in Shrewsbury, UMassOnline is the University's online education consortium. UMassOnline enables the University to provide wider access to its educational programs via the Internet, while increasing revenues to support its campuses. UMassOnline and the Continuing Education units at the five campuses collaboratively generate tuition revenue in excess of \$36.9 million and support 33,730 enrollments.

UMassOnline's mission continues to be: 1) to provide access to a University of Massachusetts education to students who are unable to attend one of the campuses; 2) to serve community needs for education in critical areas of economic development, health and welfare and education; and 3) to raise revenues for support of students, faculty, teaching, outreach, and research.

To this end, the UMassOnline team supports the campuses to develop, grow and market online programs by: 1) funding the development of new online programs; 2) providing faculty support, development and training; 3) providing technology support by creating and maintaining a robust platform for online learning; and 4) deploying marketing programs that will position UMass as a high-quality national player in online higher education and increase online course and program enrollments in Massachusetts, New England, national and international markets.

Currently, the University offers 69 online degree and certificate programs and more than 1,500 courses per year. In addition, the University now offers 10 blended programs, i.e., programs that mix online content with some traditional on-campus classes. These – and the many other programs that are being developed – include undergraduate degree completion, graduate study, specialty certification, non-degree enrichment and support for the K-12 system and are in disciplines including liberal arts, education, management, nursing, engineering, criminal justice, professional programs and information technology.



**Table 1**  
**University of Massachusetts**  
**Central Administration**  
**(President's Office, Central Administrative Services, UITS, UMDI, UOnline)**  
**Fiscal Year 2009 Operating Budget Statement**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS**  
*(in thousands of dollars)*

	<b>FY2009 Budgeted</b>						
	FY06 Actuals	FY07 Actuals	FY08 Projected Budget-Accrual/Adjusted Basis	FY09 Budget-Accrual Basis	FY08 to FY09 Change		
<b>REVENUES</b>							
<b>Operating Revenues</b>							
Tuition and Fees (net of scholarship allowances)	\$ 1,942	\$ 3,224	\$ 3,328	\$ 4,160	\$ 832	25%	
Federal Grants and Contracts	4,175	3,859	4,029	4,027	(2)	0%	
State Grants and Contracts	2,097	2,435	2,212	2,213	1	0%	
Local Grants and Contracts	826	625	281	290	9	3%	
Private Grants and Contracts	3,241	3,328	3,182	3,187	5	0%	
Sales & Service, Educational Auxiliary Enterprises	1,259	1,228	1,861	1,920	59	3%	
Recovery of Indirect Costs	-	-	80	88	8	10%	
Allocation from Campuses	36,633	39,380	41,940	44,875	2,936	7%	
Other Operating Revenues:							
Sales & Service, Independent Operations							
Sales & Service, Public Service Activities							
Other	1,657	2,062	2,309	2,309	-	0%	
<b>Total Operating Revenues</b>	<b>\$ 51,830</b>	<b>\$ 56,141</b>	<b>\$ 59,222</b>	<b>\$ 63,069</b>	<b>\$ 3,848</b>	<b>6%</b>	
<b>EXPENSES</b>							
<b>Operating Expenses</b>							
<i>Educational and General</i>							
Instruction	\$ 10,463	\$ 11,235	\$ 11,448	\$ 11,734	\$ 286	3%	
Research	2,153	2,196	1,521	1,533	12	1%	
Public Service	2,089	1,713	1,390	1,390	-	0%	
Academic Support	-	48	40	40	-	0%	
Student Services							
Institutional Support	42,060	39,484	52,379	54,212	1,833	4%	
Operation and Maintenance of Plant	1,336	1,926	19	19	-	0%	
Depreciation and Amortization	1,923	3,248	3,135	3,135	-	0%	
Scholarships and Fellowships							
<i>Auxiliary Enterprises</i>							
<i>Other Expenditures</i>							
Independent Operations							
Public Service Activities							
Other	-	-	15	12	(3)	-18%	
<b>Total Operating Expenses</b>	<b>\$ 60,024</b>	<b>\$ 59,850</b>	<b>\$ 69,947</b>	<b>\$ 72,076</b>	<b>\$ 2,129</b>	<b>3%</b>	
<b>Operating Income/(Loss)</b>	<b>\$ (8,194)</b>	<b>\$ (3,709)</b>	<b>\$ (10,725)</b>	<b>\$ (9,007)</b>	<b>\$ 1,719</b>	<b>-16%</b>	
<b>NONOPERATING REVENUES/(EXPENSES)</b>							
Federal Appropriations							
State Appropriations	\$ 5,664	\$ 7,310	\$ 5,991	\$ 6,201	\$ 210	3%	
Gifts	177	-	-	-	-	0%	
Investment Return	5,370	12,492	7,000	7,245	245	4%	
Endowment Return	479	525	578	635	58	10%	
Interest on Indebtedness	(34)	(136)	(140)	(140)	-	0%	
Interest Income							
Other Nonoperating Income	4,993	4,168	4,000	4,140	140	4%	
<b>Net Nonoperating Revenues</b>	<b>\$ 16,649</b>	<b>\$ 24,359</b>	<b>\$ 17,429</b>	<b>\$ 18,081</b>	<b>\$ 652</b>	<b>4%</b>	
<b>Income Before Other Revenues, Expenses, Gains, and Losses</b>	<b>\$ 8,455</b>	<b>\$ 20,650</b>	<b>\$ 6,703</b>	<b>\$ 9,075</b>	<b>\$ 2,371</b>	<b>35%</b>	
Capital Appropriations							
Capital Grants and Contracts							
University Related Transactions							
Disposal of Plant Facilities	\$ (570)	\$ (440)	\$ (350)	\$ (350)	\$ -	0%	
Expended for Plant	-	-	100	100	-	0%	
Other Additions/Deductions	(5,194)	(2,521)	(1,500)	(1,500)	-	0%	
Transfers	-	-	(200)	(200)	-	0%	
<b>Total Other Revenues, Expenses, Gains &amp; Losses</b>	<b>\$ (5,764)</b>	<b>\$ (2,961)</b>	<b>\$ (1,950)</b>	<b>\$ (1,950)</b>	<b>\$ -</b>	<b>0%</b>	
<b>Total Increase in Net Assets</b>	<b>\$ 2,691</b>	<b>\$ 17,689</b>	<b>\$ 4,753</b>	<b>\$ 7,125</b>	<b>\$ 2,371</b>	<b>50%</b>	
<b>NET ASSETS</b>							
Net Assets at Beginning of Year	\$ 51,288	\$ 53,979	\$ 71,668	\$ 76,421	\$ 4,753	7%	
<b>Net Assets at End of Year</b>	<b>\$ 53,979</b>	<b>\$ 71,668</b>	<b>\$ 76,421</b>	<b>\$ 83,546</b>	<b>\$ 7,125</b>	<b>9%</b>	

**Table 2**  
**University of Massachusetts**  
**Central Administration**  
**(President's Office, Central Administrative Services, UITS, UMDI, UMLonline)**  
**Fiscal Year 2009 Operating Budget Statement**  
**SPENDING BY TYPE OF EXPENSE (NATURAL CLASSIFICATION)**  
*(in thousands of dollars)*

<b>EXPENSE CATEGORY</b>	<b>FY06 Actuals</b>	<b>FY07 Actuals</b>	<b>FY08 Projected</b>	<b>FY09 Budgeted</b>	<b>\$ Change FY08 - 09</b>	<b>% Change FY08 - 09</b>
Salaries and Wages	\$28,869	\$29,955	\$29,520	\$30,258	\$738	2.5%
Employee Fringe Benefits	\$7,489	\$8,232	\$5,850	\$5,996	\$146	2.5%
Student Aid	\$0	\$0	\$0	\$0	\$0	0.0%
Utilities	\$2,713	\$3,353	\$3,292	\$3,292	\$0	0.0%
Supplies and Other Services	\$19,029	\$15,061	\$28,149	\$29,395	\$1,245	4.4%
Depreciation	\$1,923	\$3,248	\$3,135	\$3,135	\$0	0.0%
<b>TOTAL</b>	<b>\$60,024</b>	<b>\$59,850</b>	<b>\$69,947</b>	<b>\$72,076</b>	<b>\$2,129</b>	<b>3.0%</b>

**Table 3**  
**University of Massachusetts**  
**Central Administration**  
**(President's Office, Central Administrative Services, UITS, UMDI, UMLonline)**  
**Fiscal Year 2009 Operating Budget Statement**  
**SUMMARY OF FULL-TIME EQUIVALENT (FTE) EMPLOYEES\***

	Actual FTEs Fall 2006 (FY2007)	Actual FTEs Fall 2007 (FY2008)	Proj. FTEs Fall 2008 (FY2009)	FTE Change Fall 2007 - 08	% Change Fall 2007 - 08
<b>UNRESTRICTED/DESIGNATED FUNDS</b>					
<b>STATE FUNDED POSITIONS</b>					
Faculty	0.0	0.0	0.0	0.0	0.0%
Professional Staff	196.9	210.9	215.1	4.2	2.0%
Classified Staff	16.3	16.5	13.5	(3.0)	-18.2%
<b>Subtotal, State Funded</b>	<b>213.2</b>	<b>227.4</b>	<b>228.6</b>	<b>1.2</b>	<b>0.5%</b>
<b>NON-STATE FUNDED POSITIONS</b>					
Faculty	0.0	0.0	0.0	0.0	0.0%
Professional Staff	40.7	44.1	54.7	10.5	23.9%
Classified Staff	0.6	0.3	0.3	0.0	0.0%
<b>Subtotal, Non-State Funded</b>	<b>41.3</b>	<b>44.4</b>	<b>55.0</b>	<b>10.5</b>	<b>23.7%</b>
<b>Total Unrestricted/Designated</b>	<b>254.4</b>	<b>271.9</b>	<b>283.6</b>	<b>11.7</b>	<b>4.3%</b>
<b>RESTRICTED FUNDS</b>					
<b>GRANT FUNDED POSITIONS</b>					
Faculty	0.0	0.0	0.0	0.0	0.0%
Professional Staff	87.6	84.7	84.7	0.0	0.0%
Classified Staff	4.4	5.3	5.3	0.0	0.0%
<b>Subtotal, Grant Funded</b>	<b>92.0</b>	<b>90.0</b>	<b>90.0</b>	<b>0.0</b>	<b>0.0%</b>
<b>OTHER RESTRICTED POSITIONS</b>					
Faculty	0.0	0.0	0.0	0.0	0.0%
Professional Staff	0.0	0.0	0.0	0.0	0.0%
Classified Staff	0.0	0.0	0.0	0.0	0.0%
<b>Subtotal, Other Restricted Funds</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0%</b>
<b>Total Restricted</b>	<b>92.0</b>	<b>90.0</b>	<b>90.0</b>	<b>0.0</b>	<b>0.0%</b>
<b>TOTAL UNRESTRICTED AND RESTRICTED</b>	<b>346.4</b>	<b>361.9</b>	<b>373.6</b>	<b>11.7</b>	<b>3.2%</b>

\* Includes Full and Part-time employees; student and other hourly employees not included.



# **OPERATING BUDGET**

*for Fiscal Year 2009*

**UNIVERSITY INFORMATION TECHNOLOGY SERVICES**





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**University of Massachusetts  
University Information Technology Services  
FY 2009 Operating Budget Narrative**

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**Overview**

University Information Technology Services (UITS) provides institutional leadership in developing and supporting high-quality, innovative solutions to the business and information needs of the administrative staff, faculty, students and other customers of the University. A wide-range of information resources and information technology tools are supplied to the administrative and academic communities via centralized management of administrative computer and networked communications facilities. Centralized application development, production support, network management, resource allocation and planning are provided to deliver data, print, file transfer and customer services.

Acting as a service partner with UMassOnline, UITS supports the Blackboard Vista learning management system. Through this web-based system, UMassOnline courses can be accessed anywhere in the world, at any time. The e-learning infrastructure is enhanced with live features such as chat and voice through the Wimba Live Classroom application. UITS also provides instrumental assistance to UMassOnline in enhancing its web marketing portal.

UITS is a leader in the provision of statewide networking services to educational and other public sector clients through the enhancement and expansion of the Massachusetts Information Turnpike Initiative (MITI) network. The University invested in several enhancements to the Massachusetts Information Turnpike Initiative (MITI) network during FY 2007. As part of the ongoing efforts to develop a leading edge network infrastructure, the University purchased new Cisco 7600 routers to replace our aging core routers and UMass campus edge routers. Currently, UMass Worcester, UMass Lowell and UMass Dartmouth point of presences (POPs) have been at least partially upgraded. UMass Boston and the two MITI core locations will be completed in FY 2008. Once all the router upgrades are completed, it will allow us to better segregate and control traffic flows. Internet bandwidth utilization continues to rise. Since fall of 2005, MITI's internet usage has doubled from 300 Mbps to 600 Mbps to date. Internet2 (national research network) usage has remained fairly steady since 2004, with 155 Mbps of bandwidth currently available to the research community.

UITS supports and manages the ongoing development and enhancement of the centralized administrative and financial systems, the UMassOnline e-learning platform, and other systems that facilitate students and employees in gaining access to data through easy to use, state-of-the-art technology. UITS will continue to enhance and expand the statewide MITI network that connects all five campuses and the President's Office through additional fiber connections and technology upgrades. The network will continue to support administrative computing services, Internet access services for state and community colleges, UMass and other public libraries and state agencies, and advance the Commonwealth's distance learning agenda.



**Table 1**  
**University of Massachusetts**  
**University Information Technology Services**  
**Fiscal Year 2009 Operating Budget Statement**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS**  
*(in thousands of dollars)*

	FY2009 Budgeted				FY08 to FY09 Change	
	FY06 Actuals	FY07 Actuals	FY08 Projected Budget-Accrual/Adjusted Basis	FY09 Budget-Accrual Basis		
<b>REVENUES</b>						
<b>Operating Revenues</b>						
Tuition and Fees (net of scholarship allowances)						
Federal Grants and Contracts						
State Grants and Contracts						
Local Grants and Contracts						
Private Grants and Contracts						
Sales & Service, Educational						
Auxiliary Enterprises						
Other Operating Revenues: Fixed price balance transfers						
Sales & Service, Independent Operations	\$ 1,563	\$ 1,623	\$ 1,600	\$ 1,925	\$ 325	20%
Sales & Service, Public Service Activities						
Other	29,073	28,529	30,194	34,923	4,729	16%
<b>Total Operating Revenues</b>	<b>\$ 30,636</b>	<b>\$ 30,153</b>	<b>\$ 31,794</b>	<b>\$ 36,848</b>	<b>\$ 5,054</b>	<b>16%</b>
<b>EXPENSES</b>						
<b>Operating Expenses</b>						
<b>Educational and General</b>						
Instruction						
Research						
Public Service						
Academic Support						
Student Services						
Institutional Support	\$ 28,281	\$ 25,250	\$ 30,194	\$ 34,923	\$ 4,729	16%
Operation and Maintenance of Plant						
Depreciation and Amortization						
Scholarships and Fellowships						
<b>Auxiliary Enterprises</b>						
<b>Other Expenditures</b>						
Independent Operations	1,563	1,623	1,600	1,925	325	20%
Public Service Activities						
<b>Total Operating Expenses</b>	<b>\$ 29,844</b>	<b>\$ 26,873</b>	<b>\$ 31,794</b>	<b>\$ 36,848</b>	<b>\$ 5,054</b>	<b>16%</b>
<b>Operating Income/(Loss)</b>	<b>\$ 792</b>	<b>\$ 3,280</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>0%</b>
<b>NONOPERATING REVENUES/(EXPENSES)</b>						
Federal Appropriations						
State Appropriations						
Gifts						
Investment Return						
Endowment Return						
Interest on Indebtedness						
Other Nonoperating Income						
<b>Net Nonoperating Revenues</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>0%</b>
<b>Income Before Other Revenues, Expenses, Gains, and Losses</b>	<b>\$ 792</b>	<b>\$ 3,280</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>0%</b>
Capital Appropriations						
Capital Grants and Contracts						
Contributions to Capital Expenditures						
University Related Transactions						
Disposal of Plant Facilities						
Other Additions/Deductions						
<b>Total Other Revenues, Expenses, Gains &amp; Losses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>0%</b>
<b>Total Increase in Net Assets</b>	<b>\$ 792</b>	<b>\$ 3,280</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>0%</b>
<b>NET ASSETS</b>						
Net Assets at Beginning of Year	\$ -	\$ 792	\$ 4,072	\$ 4,072	\$ -	0%
<b>Net Assets at End of Year</b>	<b>\$ 792</b>	<b>\$ 4,072</b>	<b>\$ 4,072</b>	<b>\$ 4,072</b>	<b>\$ -</b>	<b>0%</b>

**Table 2**  
**University of Massachusetts**  
**University Information Technology Services**  
**Fiscal Year 2009 Operating Budget Statement**  
**SPENDING BY TYPE OF EXPENSE (NATURAL CLASSIFICATION)**  
*(in thousands of dollars)*

<b>EXPENSE CATEGORY</b>	<b>FY06 Actuals</b>	<b>FY07 Actuals</b>	<b>FY08 Projected</b>	<b>FY09 Budgeted</b>	<b>\$ Change FY08 - 09</b>	<b>% Change FY08 - 09</b>
Salaries and Wages	\$11,132	\$11,861	\$13,565	\$14,386	\$821	6.1%
Employee Fringe Benefits	\$757	\$726	\$963	\$984	\$21	2.2%
Student Aid	\$0	\$0	\$0	\$0	\$0	0.0%
Utilities	\$0	\$0	\$0	\$0	\$0	0.0%
Supplies and Other Services	\$17,955	\$14,286	\$17,267	\$21,478	\$4,211	24.4%
Depreciation	\$0	\$0	\$0	\$0	\$0	0.0%
<b>TOTAL</b>	<b>\$29,844</b>	<b>\$26,873</b>	<b>\$31,794</b>	<b>\$36,848</b>	<b>\$5,054</b>	<b>15.9%</b>

**Table 3**  
**University of Massachusetts**  
**University Information Technology Services**  
**Fiscal Year 2009 Operating Budget Statement**  
**SUMMARY OF FULL-TIME EQUIVALENT (FTE) EMPLOYEES\***

	Actual FTEs Fall 2006 (FY2007)	Actual FTEs Fall 2007 (FY2008)	Proj. FTEs Fall 2008 (FY2009)	FTE Change Fall 2007 - 08	% Change Fall 2007 - 08
<b>UNRESTRICTED/DESIGNATED FUNDS</b>					
<b>STATE FUNDED POSITIONS</b>					
Faculty	0.0	0.0	0.0	0.0	0.0%
Professional Staff	100.0	113.0	116.0	3.0	2.7%
Classified Staff	12.0	12.0	12.0	0.0	0.0%
<b>Subtotal, State Funded</b>	<b>112.0</b>	<b>125.0</b>	<b>128.0</b>	<b>3.0</b>	<b>2.4%</b>
<b>NON-STATE FUNDED POSITIONS</b>					
Faculty	0.0	0.0	0.0	0.0	0.0%
Professional Staff	26.5	37.0	38.0	1.0	2.7%
Classified Staff	0.0	0.0	0.0	0.0	0.0%
<b>Subtotal, Non-State Funded</b>	<b>26.5</b>	<b>37.0</b>	<b>38.0</b>	<b>1.0</b>	<b>2.7%</b>
<b>Total Unrestricted/Designated</b>	<b>138.5</b>	<b>162.0</b>	<b>166.0</b>	<b>4.0</b>	<b>2.5%</b>
<b>RESTRICTED FUNDS</b>					
<b>GRANT FUNDED POSITIONS</b>					
Faculty	0.0	0.0	0.0	0.0	0.0%
Professional Staff	0.0	0.0	0.0	0.0	0.0%
Classified Staff	0.0	0.0	0.0	0.0	0.0%
<b>Subtotal, Grant Funded</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0%</b>
<b>OTHER RESTRICTED POSITIONS</b>					
Faculty	0.0	0.0	0.0	0.0	0.0%
Professional Staff	0.0	0.0	0.0	0.0	0.0%
Classified Staff	0.0	0.0	0.0	0.0	0.0%
<b>Subtotal, Other Restricted Funds</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0%</b>
<b>Total Restricted</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0%</b>
<b>TOTAL UNRESTRICTED AND RESTRICTED</b>	<b>138.5</b>	<b>162.0</b>	<b>166.0</b>	<b>4.0</b>	<b>2.5%</b>

\* Includes Full and Part-time employees; student and other hourly employees not included.



# **OPERATING BUDGET**

*for Fiscal Year 2009*

**UNIVERSITY OF MASSACHUSETTS DONAHUE INSTITUTE  
OF GOVERNMENTAL SERVICES**





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**University of Massachusetts Donahue Institute  
FY 2009 Operating Budget Narrative**

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**OVERVIEW**

Established by the Trustees in 1970, the University of Massachusetts Donahue Institute (the Institute) functions as a public service, outreach, and economic development unit for the Office of the President. Institute personnel work collaboratively with business and industry; local, state, and federal government; and non-profit and educational organizations.

The Institute's revenue in FY08 was \$12,344,369. These monies are derived from the following sources: grants and contracts (including overhead), \$11,131,704 Office of the President Projects, \$418,425; and State Appropriation, \$794,240. For FY08, the Institute generated \$14.01 in grant and contract funds for every \$1 in state appropriation. In addition during FY08, system-wide projects supported by the Institute totaled \$261,897.

The Institute is organized into eight business units identified below, plus manages special projects on behalf of the President.

**ORGANIZATIONAL STRUCTURE, SYSTEM COLLABORATION, AND ACHIEVEMENTS**

**1. Applied Social Science Research and Evaluation Unit**

Focus: Provide formative and summative program evaluation, policy research, survey research, market research, needs assessment and organizational assessment services to a range of governmental, non-profit and private sector clients.

Key projects and development efforts: Specializing in educational research and the provision of services to the Mass Department of Elementary and Secondary Education, Mass Department of Higher Education, Mass Department of Youth Services, Massachusetts Life Sciences Center, the Boston Plan for Excellence, Hampshire Educational Collaborative, Massachusetts Business alliance for Education, and numerous individual school districts. Higher Education clients include the UMass Lowell College of Engineering and College of Arts and Sciences, UMass Dartmouth's James J. Kaput Center, Springfield Technical Community College, and Worcester Polytechnic Institute. The unit also provides research services in the fields of health and human services and economic development, including projects with the Education Development Center, the Mass Department of Housing and Community Development, Massachusetts Council of Human Service Providers, and River Valley Counseling Center, Inc.

- Entered into collaboration with the James J. Kaput Center for Research and Innovation in Mathematics Education at UMass Dartmouth to assist with a 3-year research study, funded by the U.S. Department of Education's Institute for Education Sciences (IES). The study assesses the impact of the Center's SimCalc software and curriculum for Algebra I on student achievement and attitudes towards mathematics.
- At the invitation of the UMass Amherst Provost's office, the unit evaluated their NSF-funded Northeast Louis Stokes Alliance for Minority Participation (LSAMP) Program, which includes Northeastern University, University of Connecticut, UMass Amherst, University of Rhode Island, and Worcester Polytechnic Institute. The program supports activities at each institution designed to increase the number of minority students selecting and succeeding in STEM majors.
- Collaborating with colleagues at the UMass Amherst School of Public Health, the unit submitted the final evaluation report for the Worcester Public Schools' Safe Schools Healthy Students initiative. The report, which summarizes the outcomes of the project's numerous program initiatives, as well as results of the most recent Youth Risk Behavior Survey, was very well received by WPS staff as well as the federal oversight staff.

- Professor Li Xu of UMass Lowell's Computer Science Department received a grant from NSF through the Course, Curriculum, and Laboratory Improvement (CCLI) program. The unit supported this grant application as the proposed evaluator, and is conducting the evaluation over the next 2 years. The grant intends to enhance student interest in compiler programming through the integration of robots within the curriculum. The evaluation focuses on student interest and achievement as the primary outcomes.
- Jointly released the findings with the Mass Office of Educational Quality and Accountability (MA EQA) of a two-year study of the factors influencing achievement in the Commonwealth's urban public schools at a statewide event. This event drew over 250 attendees including state department of education officials from Massachusetts and Connecticut, as well as numerous urban superintendents and principals, leaders of education-related organizations, and policy researchers and advocates. The event featured a presentation by Steve Ellis, Robert Gaudet and Lonnie Kaufman summarizing the findings contained in the report, *Gaining Traction: Urban Educators' Perspectives on the Critical Factors Influencing Student Achievement in Comparatively High and Low Performing Urban Public Schools*
- Presented the results of a needs assessment to the Mayor of Brockton's Higher Education Collaborative that showed a great deal of interest from both employers and employees in a higher education center to be located in downtown Brockton that could include UMass, Massasoit Community College, Bridgewater State College, and various other partner institutions.
- The unit is serving as the external grant evaluator for Worcester Polytechnic Institute, in conjunction with the Worcester Public Schools, which jointly received a 4-year Robert Noyce Scholarship grant from the National Science Foundation. The program seeks to encourage talented science, technology, engineering, and mathematics majors and professionals to become K-12 mathematics and science teachers. The program provides funds to institutions of higher education to support scholarships, stipends, and programs for students who commit to teaching in high need K-12 schools.

## **2. Brockton CareerWorks**

Focus: Coordinate various educational and training activities and provide job-search assistance and resources to the Brockton region.

Key projects and development efforts: CareerWorks, the One-Stop Career Center, located in downtown Brockton, continues to play a crucial role in the economic development of the City of Brockton and works closely with the Mayor's office as well as local and state economic development agencies, to meet the workforce development needs of employers. CareerWorks and the UMass Donahue Institute have played leadership roles in the planning and development of a Higher Education Initiative located in downtown Brockton. As part of the initiative to revitalize downtown Brockton, public institutions of Higher Education, such as UMass Boston and Dartmouth, Bridgewater State College and Massasoit Community College have begun offering business development and leadership courses to businesses and workers.

- As a result of the success of CareerWorks, the Brockton region was one of eight workforce development regions out of a total of 16 across the state that met all of its fiscal year 2006 Performance Standards. This achievement qualified the region for a \$20,000 bonus payment from the Massachusetts Department of Workforce Development. The Brockton Area Workforce Investment Board (BAWIB) voted to allocate \$10,000 of these funds from the Workforce Investment Act Incentive Funds for the purchase of computers for customer use in CareerWorks' Resource Room.
- Building on the success of the "English for Employment" class it undertook with Brockton's Adult Learning Center, CareerWorks is partnering with Training Resources of America (TRA) to offer an eleven (11) week program. The TRA ESOL teacher lends language support for the students during workshop activities provided by CareerWorks staff throughout the 11-week program.

- CareerWorks expanded the services it provides to the citizens of the Brockton region by adding the WIA Title I Youth Framework and Follow-Up Services to those already provided. Since both CareerWorks and YouthWorks are incorporated under the management of the University of Massachusetts Donahue Institute, it can now serve youth, adults and employers from the Greater Brockton area.
- Kim McLaughlin, Director of CareerWorks, gave the Commencement Address at Southeastern Technical Institute's graduation. Southeastern Technical Institute, located in Easton, Massachusetts, provides certificates to students in programs such as Administrative Office Technology, Dental Assistant, Massage Therapy and Heating, Ventilation and Air Conditioning. CareerWorks and Southeastern have a long established relationship placing job seekers into their specific training programs.
- CareerWorks launched NetWorks, a peer networking group for individuals in the Greater Brockton area with management or professional experience. NetWorks members gather each month at a luncheon forum that starts with briefings and regular topics, such as developments in the job market, and then focuses on a new aspect of career management.

### **3. Civic Initiative**

Focus: Utilizing the University's resources to enhance the teaching of democracy and government in our schools, offering education programs in emerging democracies, and measuring the impact of democratic reform in Massachusetts.

Key projects and development efforts: In partnership with UMass Amherst College of Social and Behavioral Sciences (CSBS), the Civic Initiative maintains a "Civic Initiative Fellows" program and has recruited eight graduate and undergraduate fellows for research, administration, and programmatic efforts. We were awarded a grant from the Argentinean Fulbright Commission to manage a "Politics and Leadership Program" for twenty-four young Argentinean professionals. In addition, the Civic Initiative has also been re-awarded a second, three year contract with the State Department for a program called "Constituting America". That program focuses on curriculum development for 18 University faculty members from around the world. The Initiative also began negotiations with the Governor's office for the implementation of a "Civic Report Card" program. This program would collect and present data on the Civic Health of the Commonwealth in cooperation with the Governor's Office on Civic Engagement.

- In the inaugural lecture of its Talking Politics Speakers Series, the UMass Donahue Institute's Civic Initiative, in collaboration with the Amherst Campus College of Social & Behavioral Science, brought former White House Chief of Staff Andy Card to the UMass Boston and UMass Amherst campus. During his two days in Massachusetts Mr. Card spoke with small groups of students, faculty, and alumni and was the guest of honor at a dinner celebrating the launch of the Talking Politics series. He capped his visit to the Amherst campus with a public lecture attended by a group of 500 people. In addition, Mr. Card spoke to Dr. Michael Hannahan's Presidency Class.
- The Civic Initiative co-sponsored a talk by former NSA chief Tony Lake. He came to speak about foreign policy issues and about Barack Obama's foreign policy positions. This was attended by over 150 students on campus and parts of the presentation were made into film clips shown on the web.
- The unit completed two extensive summer programs for international visitors. The first program was a group of legislators from regional governments throughout Indonesia -- five legislators and a translator. The focus of this group was on U.S. educational systems. The second program was a group of professors from 18 different countries whose teaching and research focuses on some aspect of American politics, political development, and political institutions. Both groups stayed in UMass Amherst housing and utilized UMass conference food and services. There program and seminars were often taught by UMass professors. All together, over 100 various seminars, events, cultural visits, and meetings were coordinated with these two groups over a 9 week period. In addition to the program in Amherst the groups traveled extensively to Boston, New York City, Harrisburg, Charlottesville, and Washington D.C. The countries represented included: Canada,

Ukraine, Romania, China, Indonesia, Albania, Macedonia, Sierra Leone, Cameroon, Venezuela, Ecuador, Chile, India, Nepal, Egypt, Uganda, Italy, Turkey, and the Philippines.

- Civic Initiative Director Michael Hannahan conducted a two-week speaking tour of Indonesia. The trip, sponsored by the U.S. State Department, was centered on discussions of U.S. politics and the current presidential campaign. Dr. Hannahan visited with Universities, Non-Governmental Organizations, political parties, and government agencies.

#### **4. Corporate Training and Education**

Focus: Provide leading edge management consulting expertise, education and training resources for corporations and their front line employees, mid level and senior executives.

Key projects and development efforts: Strengthen state's economic base by collaborating with each UMass campus to provide management consulting, education and training, and outsourcing services for key industries. Conduct training needs assessment; provide customized supervisory and senior executive leadership training, Lean Six Sigma training, executive coaching, strategic planning services, and team development services for corporate clients.

- Conduct training needs assessment, provide customized supervisory and senior executive leadership training for Picerne Military Housing Corporation at five locations throughout the U.S.; Provide Lean Six Sigma Green and Black Belt training for the U.S. Army Natick Soldier Center; Conduct Supervisory Leadership and Lean Six Sigma training for Evergreen Solar Corporation; Provide executive coaching, leadership and team development services for Norwell Visiting Nurse Association's executives and Board of Directors; Provide Leadership Development for engineers at the Goodrich Corporation, a Massachusetts defense company; Provide strategic planning services to Commonwealth Corporation of Massachusetts; Deliver leadership training for mid-level executives at Jabil Circuit, Inc. and Boston Centerless/AccuRounds Co.; Provide Certificate in Leadership seminars in conjunction with the City of Brockton's Higher Education Collaborative.
- In collaboration with the Institute's Organizational Development and Training Unit, sponsored a speaker for the Human Resource Manager's Association of Central Mass. HR executives from organizations throughout central Massachusetts attended.
- Chris Robbins, the Unit's Director, was selected to serve on the Board of Directors of Employment Options, Inc. (EI). EI is a non profit located in Marlborough that for 18 years has been assisting mentally challenged adults. EI creates a home a way from home where people can overcome barriers to employment and discover personal growth, self sufficiency and hope. It's the only program in Massachusetts focusing on parental mental health in a collaborative partnership with the UMass Medical School, and AstraZeneca.

#### **5. Defense Management Training and Education**

Focus: Non-credit training in finance and management education for Department of Defense (DoD) personnel.

Key projects and development efforts: Managed relationship with DoD Center and Scientific Applications International Corporation (SAIC).

- For the third time, partnering with SAIC, the Institute won a 5-year contract extension from the Department of Defense to provide training in finance and management for Department of Defense personnel.
- Despite significant cost reductions in funding and personnel, the Defense Finance and Accounting System (DFAS) program delivered training to internal and external customers located at 30 different locations throughout the US, Europe, and Japan.
- The program taught 40 different courses of instruction in the three functional mission areas of Accounting, Finance and Disbursing for DFAS operations.

- Cumulative student load for all course deliveries throughout the present contract is 22,008 students.
- Between April 2007 and March 2008, the program provided training to DFAS internal and external customers in 17 different locations in the USA.
- During this same period the program taught 28 different courses to 2,788 students in the 3 Mission Areas.

## 6. **Economic and Public Policy Research**

Focus: Producing high-level applied research on key economic and public policy issues facing Massachusetts and its regions that targets policy makers and business leaders.

Key projects and development efforts: MassBenchmarks and the Massachusetts State Data Center. Major research on issues of significance to Massachusetts in FY08 included: An economic impact analysis for the UMass Worcester medical school; the commencement of the Economic State Strategy study for the Commonwealth and specific benchmark regions in the state (this project will conclude in FY09); an assessment of the current housing market in Massachusetts and a projection of market conditions over the next few years; an assessment to improve the accuracy of the U.S. census estimates of the Massachusetts population and to assist in preparation for the 2010 decennial census (working in conjunction with the State Secretary's office); an economic assessment of key neighborhood regions in the City of Springfield; completion of the UMass President's office marketing poll to determine the public's perception of the University of Massachusetts system.

- Collaborating with faculty from UMass Amherst, Lowell, Dartmouth, and Boston, in partnership with the Federal Reserve Bank of Boston, continued to publish the quarterly journal *MassBenchmarks*, providing information and relevant analysis about the health of the state economy, its performance over time and its prospects for future growth to professionals who may not be in the field of economics.
- The unit was engaged by the President's Office to work on a University of Massachusetts Poll project to gauge the public's perception of the state's University system. A component of this project was a survey to both assess the public opinion of the system and to discover how people were responding to the new commercial featuring Governor Patrick. In this commercial, he discusses the highlights of the public higher education system in Massachusetts.
- The unit was engaged by the Department of Housing and Community Development to evaluate the housing market in each of the seven Benchmarks regions of the state (Boston Metro, Northeast, Southeast, Cape & Islands, Central, Pioneer Valley, and Berkshire), and to project regional housing market trends over the next five years. The purpose of this study is to provide critical information to help guide the Commonwealth's housing investment strategy and public policy decisions. The study will examine and report on housing needs, supply and demand (and mismatch), and trends for each of several population groups on a region-by-region basis.
- The Executive Office of Housing and Economic Development (EOHED) is developing a state economic development strategy which will provide an overview of economic development conditions, trends, opportunities and challenges at the state and regional level. The goal of the strategy is to provide a practical guide for prioritizing day-to-day activities at state agencies and departments. The unit is assisting EOHED by providing research support and analysis and data updates and development for the duration of the project.
- The unit prepared a major industry study for the Massachusetts High Technology Council. The bio-pharma study, "A Critical Alliance: The Biotechnology & Pharmaceutical Industries in Massachusetts," provided an original analysis of the critical role that alliances between pharmaceutical companies and biotechnology companies have in funding new drug discoveries and supporting job growth in the state's life sciences cluster.
- The unit released the study, "Help Wanted 2: Recruiting and Retaining the Next Generation of Human Services Workers in Massachusetts," commissioned by the Massachusetts Council of Human Service Providers, Inc. The report identified major themes in addressing the industry's workforce crisis: comprehensive approaches; establishing identity & image; fair compensation &

- The unit conducted an analysis of the community and economic impact of the six colleges of the Fenway (Simmons, Wentworth, Mass College of Pharmacy, Wheelock, Emmanuel and Mass College of Art) for the Medical Academic and Scientific Community Organization, an organization established in 1972 by its member institutions to plan, develop and enhance the Longwood Medical and Academic Area.
- Working through the Secretary of State's Office, and from monies funded by the State Legislature, the unit created a Population Estimates Research Program. The Population Estimates Program involves robust primary data collection, data analysis, communication with the U.S. Census Bureau and preparation of materials to be submitted in accordance with Census guidelines.

## 7. Head Start

Focus: Provide customized technical assistance to over 100 Head Start and Early Head Start grantee and delegate agencies throughout New England to support high quality programming for low-income families and increase the school readiness of young children. In addition, provide programmatic, administrative and fiscal support to the US Department of Health and Human Services, Administration for Children and Families Region 1 Office.

Key projects and development efforts: Provide Head Start and Early Head Start programs with research-based training and technical assistance around health, education, family services, governance, financial management, and program administration. Key projects include building leadership and management skills and developing strong succession plans that ensure quality services to children and families; promoting obesity prevention in young children; training on best practices for serving infants and toddlers; and rolling-out a national risk management system to ensure strong Head Start and Early Head Start programs that meet all national Performance Standards and requirements and support positive outcomes for children and families.

- The Head Start Unit worked with the National Head Start Family Literacy Center at Sonoma State University to conduct a research-based training for New England Head Start and Early Head Start grantees. This training focused on: Head Start regulations; research on family literacy; integration of family literacy across program content areas; and concrete strategies and activities for family literacy. Teams from participating grantees included directors, managers, Policy Council members, parents, family advocates, home visitors, teachers, and family service workers. Approximately 130 individuals participated in the training.
- The unit presented a workshop titled A Grassroots Approach to Serving Homeless Children in New Haven, CT: This session highlighted the New Haven Homelessness Collaboration and focused on key elements to developing community collaboration in order to create an action plan to ensure that young homeless children are provided access to quality early childhood education services.
- In support of the Office of Head Start's childhood obesity prevention initiative I am Moving, I am Learning, the Head Start Unit hosted and co-facilitated a two-and-a-half day training for over 150 participants from Region 1 in Nashua, New Hampshire. Head Start programs submitted an application and were accepted based on their needs in this area, as well as their current program practices. In addition, the Head Start Unit hosted state level representatives from Massachusetts, New Hampshire, and Vermont, as well as two individuals from the national Office of Head Start. Through presentations and hands-on physical activity, participants were introduced to developmentally appropriate practices around physical activity and nutrition, and given opportunities to process information, discuss current program practices and best practices, and begin planning next steps.
- The Head Start Unit presented a session titled A Professional Development System: Putting the Puzzle Pieces Together in Massachusetts. The conference focused on the construction of a comprehensive workforce development system for the state of Massachusetts; the components of a workforce development system; what is already in place in the state; and promising practices.

The conference included national and local presenters, as well as a panel of professionals in the field of early care and education in the state.

- The Head Start Unit's Governance Content Specialist participated in a National Partnership for Community Leadership (NPCL) event, The Working with Men and Father's Master Trainer Institute, where participants were trained in the history of the fatherhood movement, best practices in working with men and fathers, integrating relationship and marriage education, and how to implement effective peer support groups. As a result of this training, the Governance Content Specialist is a Master Trainer in working with men and fathers and is able to train other staff on the Head Start Unit, who will in turn be able to train Head Start programs around New England.

## **8. Organizational Development and Training/State Agencies**

Focus: Organizational development, training, management restructuring, talent management, future leaders training, and coaching for federal/state/local government.

Key projects and development efforts: Continued work with long term clients such as the Department of Mental Retardation, Mass Health Organization, Executive Office of Health and Human Services, and Department of Environmental Protection; developed and facilitated the Department of Conservation and Recreation second annual Park Fellows Program; provided conference logistics for the Massachusetts Developmental Disabilities Annual Legislative Reception; conducted a fifth offering of the Human Service Forum's Emerging Leader Program; offered a tenth course of Entrepreneurial Training for Division of Career Services; and ran our first public offering of the Future Leader Institute: Leadership Transitions.

- Awarded the ACF Communities Empowering Youth Demonstration grant, a comprehensive initiative to build and enhance the organizational capacity and sustainability of faith-based and community organizations serving at-risk youth, low income families, and families in transition. This is a three-year grant. Over this period the Compassion Massachusetts team, a partnership comprised of UMDI's ODT and Evaluation groups, the New England Network for Child, Youth & Family Services, the Berkshire Community Coalition, and the Barnstable Justice for Youth Collaborative, will build the capacity of between 15 and 20 identified Faith Based Community Organizations (FBCO) in western and southeastern Massachusetts. This is an integrated program combining organizational assessment, T&TA, professional mentoring, and sub-awards for each of the chosen FBCOs, totaling \$200,000 in the first year.
- The Division of Capital Asset Management (DCAM) contracted with the ODT unit to conduct a 360 Degree Feedback program with its deputy level staff. The process began when 22 professionals were identified by the executive staff and introduced to the program and expectations. This is the second 360 Degree Feedback program conducted by UMass Donahue Institute in the past two years. In 2006, the DCAM's executive level staff participated in a pilot program. The success of that program motivated the executive staff to implement the current program.
- The ODT unit was approved to provide facilitation services for two projects: The South Coast Discovery Center and the Schooner Ernestina Commission. The objectives of the South Coast Discovery Center facilitation were to capture ideas and possibilities for the revitalization of this Heritage Park, share DCR's Mission and Vision for the South Coast Discovery Center and assure that all points of view were heard and broad input was gathered. The objectives of the Ernestina Commission were to begin the process to reestablish and rebuild the Schooner Ernestina's educational and sailing programs, to establish the value of the Commonwealth's official historic sailing vessel, to guide the Schooner Ernestina toward a more solid financial footing and to develop public/private partnerships.
- ODT's Future Leader Institute: Leadership Transitions program prepares leaders in the public and nonprofit sectors to initiate, implement, and support change and provide direction on how to sustain it. The Future Leader Institute: Leadership Transitions was a popular training topic during 2008 and a number of sessions were held at the UMass Shrewsbury facility. Building upon the leadership concepts addressed in the Future Leaders Institute: Leadership Fundamentals, this series examined change "from the inside out," starting with self care and leading toward meaningful

sustained change within the participant's organizations. Leadership Transitions provided mid and senior-level managers with enhanced awareness, skills and tools to manage transitions.

- For the second straight year, the Department of Conservation and Recreation Park Fellows Program has partnered with the UMass Donahue Institute to offer the annual Park Fellows Program. Through a competitive selection process DCR and UMass accepted 12 qualified and motivated college students eager to explore their interest in park management and operations through a summer of work and learning.
- The State Department of Transitional Services contracted with ODT to provide training in the area of Disability rights to update the curriculum for the same ADA training program that was offered in 2002. The purpose of this program was to build participants' understanding of how to best manage the reasonable accommodation process. This interactive and informative course was offered to approximately 1600 managers, supervisors, field and central office managers, hearing officers, and legal division staff employed by DTA.
- ODT implemented the legislator's reception for the Mass Developmental Disabilities Council again in 2008. Governor Patrick spoke at the reception and the turnout and response was the greatest since we started managing the reception.

### **Special Projects**

In addition, the Institute manages special projects that are not part of our core business but offer an administrative connection to important services for the University and the Commonwealth. Examples of these special projects are the Academy for New Legislators; Commonwealth Information Technology Initiative (CITI); Science, Technology, Engineering, and Math (STEM) Initiative in collaboration with Academic, Student, and International Affairs; and Veterans Administration. The Institute and the Office of the President also receive support from a talented team of professionals and administrative staff in the areas of technology, design, finance, publications, human resources, and development.

- The Science, Technology, Engineering, and Mathematics Summit (STEM Summit IV: Accelerating Forward) attracted approximately six hundred participants including legislators, corporate supporters, business and industry representatives, state agencies and educators (PK-12 and Higher Ed). Speakers included Paul Reville, Chair of the BoE, Fred Clark, Chair of BHE, Acting Commissioner Jeff Nellhaus and Chancellor Patricia Plummer. President Jack Wilson introduced the luncheon keynote speaker, Lowell Chancellor Marty Meehan. The conference strands were: Legislation and Advocacy; Engineering for K-12 Students; Wingspread - Using IT to Teach Math and Science; Mathematics: Foundation for STEM; Building Blocks for STEM Change-Vanguard Schools and Promising Practices (Science Education); Emerging Developments from Workplace to Schools in Life, Environmental and Alternate Energy Sciences; and Working with Data. STEM is a joint collaboration between the UMass Donahue Institute and Academic, Student and International Affairs.
- The STEM Initiative has taken the leadership in developing an outline for and urging the development of a state STEM plan, working with 50 plus volunteers from all the stakeholder groups. The Goddard Council, on which Dartmouth Chancellor Jean MacCormack sits, has agreed to oversee the development of the plan.

### **FY 2009 OPERATIONS SUMMARY**

The Institute's priorities during FY09 include:

- Continue our support for the President's priorities (e.g., Science and Technology, Life Sciences, Clean Energy, Regional economic development with an emphasis on Springfield and Brockton, workforce development, online education and resource development).
- Seek out new federal and private sector funding opportunities consistent with the mission of the Institute that support the President's priorities and provide an opportunity to showcase the expertise and talent of the faculty and staff of the UMass system (e.g., build on recently renewed GSA instruments, seek out other omnibus contract instruments, US - DOL).

- Continue the Institute's support of multi-campus and system-wide initiatives (e.g., MassBenchmarks, STEM/CITI Pipeline, Economic Development, Marketing and Branding UMass; UMass/DMR relationship).
- Undertake special projects for the President of the University (e.g., Academy for New Legislators).
- Recognizing the challenges of shrinking budgets, continue to renew our grant and contract base and maintain the entrepreneurial character that has become the trademark of the Institute - currently, the Institute generated \$14.01 in grant and contract funds for every \$1 in state appropriation. In FY08, the Institute continued to be an effective and comprehensive outreach organization integrally linked to the University of Massachusetts and the Commonwealth through the Office of the President.
- Continue our established programs (e.g., organizational development, training and technical assistance, research and evaluation, economic research and analysis, civic initiative).
- Continue to work with UMass Online to expand credit and non-credit course offerings as well as develop joint proposals for funding special programs.

### **FY08 STAFFING AND CAMPUS RESOURCES**

During FY08, the Institute employed 119 people with a full-time equivalency of 107, housed at six locations, including, Boston (2), Southbridge, Hadley, Brockton, and Shrewsbury. Core state funding supported 6 employees full time and 2 employees part time. The remaining Institute staff members are supported through grants and contracts or special project funds. In FY08 alone, almost 64% percent of the contracts were federally funded or federal monies passed through the state and 24% percent were state funded. The remainder of our contract funding emanated from local and private sources.

In addition, the Institute utilized the services of 19 faculty spread across the UMass five-campus system and numerous departments that generated for them almost \$98,000 in revenue. In FY08, our various projects involved 26 undergraduate and graduate students from the University, providing them with over \$270,000 in direct support. Most of the Institute's grants and contracts are won competitively, and once awarded, are generally renewed if a multi-year option is available. During FY08, the Donahue Institute administered 152 grants and contracts.

### **FY 2008 BUDGET REVIEW**

The Institute received an appropriation of \$794,240 in general University funding and generated over \$11,131,704 in grant and contract funds during FY08. These grant and contracts were used to provide technical assistance, organizational development, applied research, policy studies, conferences and training for public, private, and nonprofit agencies in Massachusetts and nationwide. As you can see from the examples above, several of these projects were conducted on behalf of the Office of the President and the five-campus system.

### **FY 2009 AND BEYOND**

As the Institute looks ahead to FY09 and beyond, we anticipate continued dialogue with the Office of the President as to how we may be able to increase our support for the President's agenda and increase our own revenues. We hope to continue to strengthen the organization and manage complex projects and initiate new ventures, including multi-campus projects consistent with the University's goals.



**Table 1**  
**University of Massachusetts**  
**Donahue Institute**  
**Fiscal Year 2009 Operating Budget Statement**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS**  
*(in thousands of dollars)*

	FY06 Actuals	FY07 Actuals	FY08 Projected Budget-Accrual/Adjusted Basis	FY2009 Budgeted		
				FY09 Budget-Accrual Basis	FY08 to FY09 Change	
<b>REVENUES</b>						
<b>Operating Revenues</b>						
Tuition and Fees (net of scholarship allowances)						
Federal Grants and Contracts	\$ 7,857	\$ 7,356	\$ 6,883	\$ 6,880	\$ (3)	0%
State Grants and Contracts	2,013	2,208	2,764	2,765	1	0%
Local Grants and Contracts	144	146	97	100	3	3%
Private Grants and Contracts	393	985	1,238	1,240	2	0%
Sales & Service, Educational Auxiliary Enterprises						
Other Operating Revenues: Fixed price balance transfers	143	150	150	150	-	0%
Sales & Service, Independent Operations						
Sales & Service, Public Service Activities						
Other	63	103	101	100	(1)	-1%
<b>Total Operating Revenues</b>	<b>\$ 10,613</b>	<b>\$ 10,948</b>	<b>\$ 11,233</b>	<b>\$ 11,235</b>	<b>\$ 2</b>	<b>0%</b>
<b>EXPENSES</b>						
<b>Operating Expenses</b>						
<b>Educational and General</b>						
Instruction	\$ 7,822	\$ 8,515	\$ 9,736	\$ 9,750	\$ 14	0%
Research	2,074	1,892	1,319	1,330	11	1%
Public Service	1,060	1,114	1,070	1,080	10	1%
Academic Support						
Student Services						
Institutional Support	564	455	185	200	15	8%
Operation and Maintenance of Plant						
Depreciation and Amortization						
Scholarships and Fellowships						
<b>Auxiliary Enterprises</b>						
<b>Other Expenditures</b>						
Independent Operations						
Public Service Activities						
<b>Total Operating Expenses</b>	<b>\$ 11,520</b>	<b>\$ 11,976</b>	<b>\$ 12,310</b>	<b>\$ 12,360</b>	<b>\$ 50</b>	<b>0%</b>
<b>Operating Income/(Loss)</b>	<b>\$ (907)</b>	<b>\$ (1,028)</b>	<b>\$ (1,077)</b>	<b>\$ (1,125)</b>	<b>\$ (48)</b>	<b>4%</b>
<b>NONOPERATING REVENUES/(EXPENSES)</b>						
Federal Appropriations						
State Appropriations	\$ 1,019	\$ 1,072	\$ 1,112	\$ 1,145	\$ 33	3%
Gifts						
Investment Return						
Endowment Return						
Interest on Indebtedness						
Other Nonoperating Income						
<b>Net Nonoperating Revenues</b>	<b>\$ 1,019</b>	<b>\$ 1,072</b>	<b>\$ 1,112</b>	<b>\$ 1,145</b>	<b>\$ 33</b>	<b>3%</b>
<b>Income Before Other Revenues, Expenses, Gains, and Losses</b>	<b>\$ 111</b>	<b>\$ 44</b>	<b>\$ 35</b>	<b>\$ 20</b>	<b>\$ (15)</b>	<b>-43%</b>
Capital Appropriations						
Capital Grants and Contracts						
Contributions to Capital Expenditures						
University Related Transactions						
Disposal of Plant Facilities						
Other Additions/Deductions						
<b>Total Other Revenues, Expenses, Gains &amp; Losses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>0%</b>
<b>Total Increase in Net Assets</b>	<b>\$ 111</b>	<b>\$ 44</b>	<b>\$ 35</b>	<b>\$ 20</b>	<b>\$ (15)</b>	<b>-43%</b>
<b>NET ASSETS</b>						
Net Assets at Beginning of Year	\$ -	\$ 111	\$ 155	\$ 190	\$ 35	23%
<b>Net Assets at End of Year</b>	<b>\$ 111</b>	<b>\$ 155</b>	<b>\$ 190</b>	<b>\$ 210</b>	<b>\$ 20</b>	<b>11%</b>

**Table 2**  
**University of Massachusetts**  
**Donahue Institute**  
**Fiscal Year 2009 Operating Budget Statement**  
**SPENDING BY TYPE OF EXPENSE (NATURAL CLASSIFICATION)**  
*(in thousands of dollars)*

<b>EXPENSE CATEGORY</b>	<b>FY06 Actuals</b>	<b>FY07 Actuals</b>	<b>FY08 Projected</b>	<b>FY09 Budgeted</b>	<b>\$ Change FY08 - 09</b>	<b>% Change FY08 - 09</b>
Salaries and Wages	\$7,111	\$7,200	\$7,200	\$7,300	\$100	1.4%
Employee Fringe Benefits	\$1,616	\$2,084	\$2,435	\$1,847	(\$589)	-24.2%
Student Aid	\$0	\$0	\$0	\$0	\$0	0.0%
Utilities	\$0	\$0	\$0	\$0	\$0	0.0%
Supplies and Other Services	\$2,793	\$2,692	\$2,675	\$3,213	\$538	20.1%
Depreciation	\$0	\$0	\$0	\$0	\$0	0.0%
<b>TOTAL</b>	<b>\$11,520</b>	<b>\$11,976</b>	<b>\$12,310</b>	<b>\$12,360</b>	<b>\$49</b>	<b>0.4%</b>

**Table 3**  
**University of Massachusetts**  
**Donahue Institute**  
**Fiscal Year 2009 Operating Budget Statement**  
**SUMMARY OF FULL-TIME EQUIVALENT (FTE) EMPLOYEES\***

	Actual FTEs Fall 2006 (FY2007)	Actual FTEs Fall 2007 (FY2008)	Proj. FTEs Fall 2008 (FY2009)	FTE Change Fall 2007 - 08	% Change Fall 2007 - 08
<b>UNRESTRICTED/DESIGNATED FUNDS</b>					
<b>STATE FUNDED POSITIONS</b>					
Faculty	0.0	0.0	0.0	0.0	0.0%
Professional Staff	12.6	12.7	12.7	0.0	0.0%
Classified Staff	0.3	0.3	0.3	0.0	0.0%
<b>Subtotal, State Funded</b>	<b>12.9</b>	<b>13.0</b>	<b>13.0</b>	<b>0.0</b>	<b>0.0%</b>
<b>NON-STATE FUNDED POSITIONS</b>					
Faculty	0.0	0.0	0.0	0.0	0.0%
Professional Staff	4.5	3.7	3.7	0.0	0.0%
Classified Staff	0.6	0.3	0.3	0.0	0.0%
<b>Subtotal, Non-State Funded</b>	<b>5.1</b>	<b>4.0</b>	<b>4.0</b>	<b>0.0</b>	<b>0.0%</b>
<b>Total Unrestricted/Designated</b>	<b>18.0</b>	<b>17.0</b>	<b>17.0</b>	<b>0.0</b>	<b>0.0%</b>
<b>RESTRICTED FUNDS</b>					
<b>GRANT FUNDED POSITIONS</b>					
Faculty	0.0	0.0	0.0	0.0	0.0%
Professional Staff	87.6	84.7	84.7	0.0	0.0%
Classified Staff	4.4	5.3	5.3	0.0	0.0%
<b>Subtotal, Grant Funded</b>	<b>92.0</b>	<b>90.0</b>	<b>90.0</b>	<b>0.0</b>	<b>0.0%</b>
<b>OTHER RESTRICTED POSITIONS</b>					
Faculty	0.0	0.0	0.0	0.0	0.0%
Professional Staff	0.0	0.0	0.0	0.0	0.0%
Classified Staff	0.0	0.0	0.0	0.0	0.0%
<b>Subtotal, Other Restricted Funds</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0%</b>
<b>Total Restricted</b>	<b>92.0</b>	<b>90.0</b>	<b>90.0</b>	<b>0.0</b>	<b>0.0%</b>
<b>TOTAL UNRESTRICTED AND RESTRICTED</b>	<b>110.0</b>	<b>107.0</b>	<b>107.0</b>	<b>0.0</b>	<b>0.0%</b>

\* Includes Full and Part-time employees; student and other hourly employees not included.



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**APPENDIX A:**

**FY 2009 UNIVERSITY OPERATING BUDGET**

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Board of Trustee Policy for Management of University Funds (T92-031) describes the procedures for the establishment and management of all University funds as authorized by Section 11 of Chapter 75 of the Massachusetts General Laws including revenue-based and student fee-based operations. The President's Office annually reviews and approves all the budgets for campus revenue and fee-based operations consistent with the policy. The policy also requires that requests to establish new revenue-based operations or to substantially change the purpose or name of an existing revenue-based operation (statement of trust) must be presented to the Board of Trustees for approval as a specific item.

In general, changes to statements of trust are "housekeeping" in nature and are needed to ensure that the revenue and expense activities of a particular fund are appropriate to and consistent with the Board-approved statements. New statements of trust are usually requested to meet specific programmatic needs, such as the creation of new cost centers or the reorganization of campus departments. Changes are also proposed when campuses reorganize fee schedules, make adjustments to the chart of accounts, or when the amount of revenue generated by an operation exceeds the threshold for the creation of a new trust (\$500,000).

Following are the proposed changes or new statements of trust for review and approval by the Board.

**The Lowell campus requests new/changes to statements of trust for the following:**

- 1) *New Statement of Trust – Campus Projects Fund*  
With implementation of PeopleSoft 8.9, the campus is unable to budget multi-year projects in the same fund as annual budgets. This new trust will allow for the budgeting and recording of activities related to projects that span several years.
  
- 2) *Change to Statement of Trust – Food Service Trust Fund*  
The change in this statement of trust clarifies that revenues are to be used to support the dining halls, as well as scholarships and other financial aid at the campus.



APPENDIX A: FY 2009 UNIVERSITY OPERATING BUDGET - T08-056  
Change/Proposed New Statement of Trust

University of Massachusetts  
Lowell Campus

Revenue-Based Budget  
Fiscal Year 2009

**CHANGE/PROPOSED NEW STATEMENT OF TRUST**

Operation Name: Executive Area/MBU/Dept: Change or Proposed New:	Campus Projects Fund Administration and Finance <b>PROPOSED NEW</b>	Account Number: Fund Type:	51425 Other
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**NEW: PURPOSE STATEMENT FOR TRUST**

To accurately record and process transactions related to multi-year project budgets and to facilitate the reporting of activities in these projects.

**FISCAL YEAR 2009 PROGRAM STATEMENT**

The implementation of PeopleSoft 8.9 required a change in campus budgeting practice. Previously, multi-year projects were able to be budgeted in most campus funds. However, the upgraded software will not permit multi-year projects to be budgeted in the same fund as annually appropriated budgets. In order to address this, the Lowell campus has created a new fund for the budgeting and recording of activities related to projects that span multiple years. Funds are transferred into this fund from other funds, and are budgeted to be expended over a multi-year period. At the end of the project, unused monies are returned to the originating funds.

**FEE HISTORY**

N/A

**FEE INCREASE JUSTIFICATION**

N/A

**SUMMARY OF CHANGES**

This fund consolidates activity from several existing funds.

**SUMMARY OF FUND BALANCE**

N/A



APPENDIX A: FY 2009 UNIVERSITY OPERATING BUDGET - T08-056  
Change/Proposed New Statement of Trust

University of Massachusetts  
Lowell Campus

Revenue-Based Budget  
Fiscal Year 2009

CHANGE/PROPOSED NEW STATEMENT OF TRUST

Operation Name: Food Service Trust Fund Account Number: 51094  
Executive Area/MBU/Dept: Student Services Fund Type: Other  
Change or Proposed New: CHANGE

CHANGE: PURPOSE STATEMENT FOR TRUST

The purpose of this agency trust fund is to provide for the collection of meal plan revenues from campus residence hall students. Disbursements are made from this account to the meal plan vendor, in support of the dining halls, including capital and operational support, and to support scholarships and other financial aid at the Lowell Campus

FISCAL YEAR 2009 PROGRAM STATEMENT

This fund is used to efficiently collect and disburse meal plan funds in order to maintain the quality of food service provided to our students, and to provide financial assistance to students for whom the level of tuition and fees, including fees charged for meal plans, presents a financial burden.

FEE HISTORY

	FY2007 Actual	FY 2008 Actual	FY 2009 Proposed	\$ Change FY 2008 - 09	% Change FY 2008 - 09
Meal Plan Options:					
7 - Meal Plan \$650 Points	\$2,280.00	\$2,358.00	\$2,476.00	\$118.00	5.0%
5 - Meal Plan \$900 Points	\$2,410.00	\$2,492.00	\$2,617.00	\$125.00	5.0%
10 - Meal Plan No Points (Monday-Friday)	\$2,021.00	\$2,090.00	\$2,195.00	\$105.00	5.0%
10 - Meal Plan \$400 Points	\$2,410.00	\$2,492.00	\$2,617.00	\$125.00	5.0%
14 - Meal Plan \$250 Points	\$2,410.00	\$2,492.00	\$2,617.00	\$125.00	5.0%
19 - Meal Plan \$100 Points	\$2,410.00	\$2,492.00	\$2,617.00	\$125.00	5.0%

FEE INCREASE JUSTIFICATION

Each year the food service vendor may request increases in meal rates based on factors such as local and regional price indices, wage rates, insurance costs and other related costs of providing food service to our resident students. The requested increase will permit the campus to meet these obligations, to continue to maintain and improve the dining halls and equipment, and to assist student at Lowell with financial need.

SUMMARY OF CHANGES

The change in the Statement of Trust clarifies the expenses of the campus in support of the dining halls, and permits and available funds in this trust fund to be applied to institutional financial aid.

SUMMARY OF FUND BALANCE

N/A