



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



Fiscal Year 2012 Operating Budget



OPERATING BUDGET

for Fiscal Year 2012

SUMMARY & FINANCIAL OVERVIEW



**University of Massachusetts
Executive Summary**

**Operating Budget
Fiscal Year 2012**

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 2009 and FY 2010 actual data are provided from the audited statements and are compared to projected figures for the current fiscal year (FY 2011)¹ and estimates proposed for the fiscal year beginning July 1, 2011 (FY 2012).

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 2012. The University Summary tables present aggregated revenues, expenditures, and personnel data for the five campuses and the University System Office. Also included are undergraduate and graduate enrollment trend data.

There are a number of issues of University-wide importance that directly impact the FY 2012 Operating Budget. The overall economic health of the Commonwealth, the level of state support, the impact of collectively bargained wage increases, enrollment and fee revenue growth, 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
- Compensation increases/collective bargaining
- Inflation and energy costs
- Non-operating revenues generated from grant, contract and auxiliary activities.

The campuses’ 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: unpredictable state funding, supporting the aggressive capital investment program, as well as increased depreciation and maintenance costs; handling increased demand, hiring new faculty and expanding student life programs; increasing student financial aid; and investing in new technology.

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

¹¹ The final FY 2011 audited financial statements will be completed in the fall and presented to the Board at that time.

consistent with the audited financial statement format and the annual financial indicator reporting model. The Operating Budget 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 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.

While the modified accrual-based format is an effective way to track the long-term fiscal health of the institution, it has some limitations. The campuses have made significant and critical investments in physical plant in the last several years, but since these investments result increased capital assets, the expenditures are not immediately evident. The result is an operating margin that overstates a surplus.

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. More recently, the Budget was brought before the Board in the June Board cycle. For the FY 2012 Operating Budget, the year-to-year changes are based on projections for FY 2011 year-end (the current year).

FY 2012 OPERATING BUDGET SUMMARY

The total University budget projects a decrease in both revenues and expenditures in fiscal year 2012 from the current fiscal year (FY 2011). The year-to-year decreases are primarily driven by the elimination of federal stimulus funding and the anticipated sale of a major business line within the Medical School's Commonwealth Medicine operation. While overall revenues and expenditures are projected to decrease on a year-to-year basis of 4.3% and 3.2% respectively, it is important to point out demand for University continues to be strong and the system has managed to maintain a solid financial position despite the bleak economic situation facing the Commonwealth and the nation. A positive operating margin of just under 1% is projected for fiscal year 2012 on revenues of \$2.77 billion and expenditures of \$2.74 billion.

Total Budgeted University Revenues & Expenditures							
(\$ Shown in Millions)	Actual	Projected	Budgeted	FY 11 - 12		FY 10 - 12	
	FY 2010	FY 2011	FY 2012	1-yr. change		2-yr. change	
Revenues*	\$2,777.9	\$2,890.4	\$2,766.7	(\$123.7)	-4.3%	(\$11.2)	-0.4%
Expenditures**	\$2,628.9	\$2,834.8	\$2,743.1	(\$91.7)	-3.2%	\$114.2	4.3%
Operating Surplus/(Deficit)	\$149.0	\$55.6	\$23.6				
Operating Margin	5.4%	1.9%	0.9%				
<u>Not Including Medical School</u>							
Revenues*	\$1,709.8	\$1,784.4	\$1,839.1	\$54.7	3.1%	\$129.4	7.6%
Expenditures**	\$1,545.8	\$1,707.8	\$1,815.7	\$107.9	6.3%	\$269.9	17.5%
Operating Surplus/(Deficit)	\$163.9	\$76.6	\$23.4				
Operating Margin	9.6%	4.3%	1.3%				

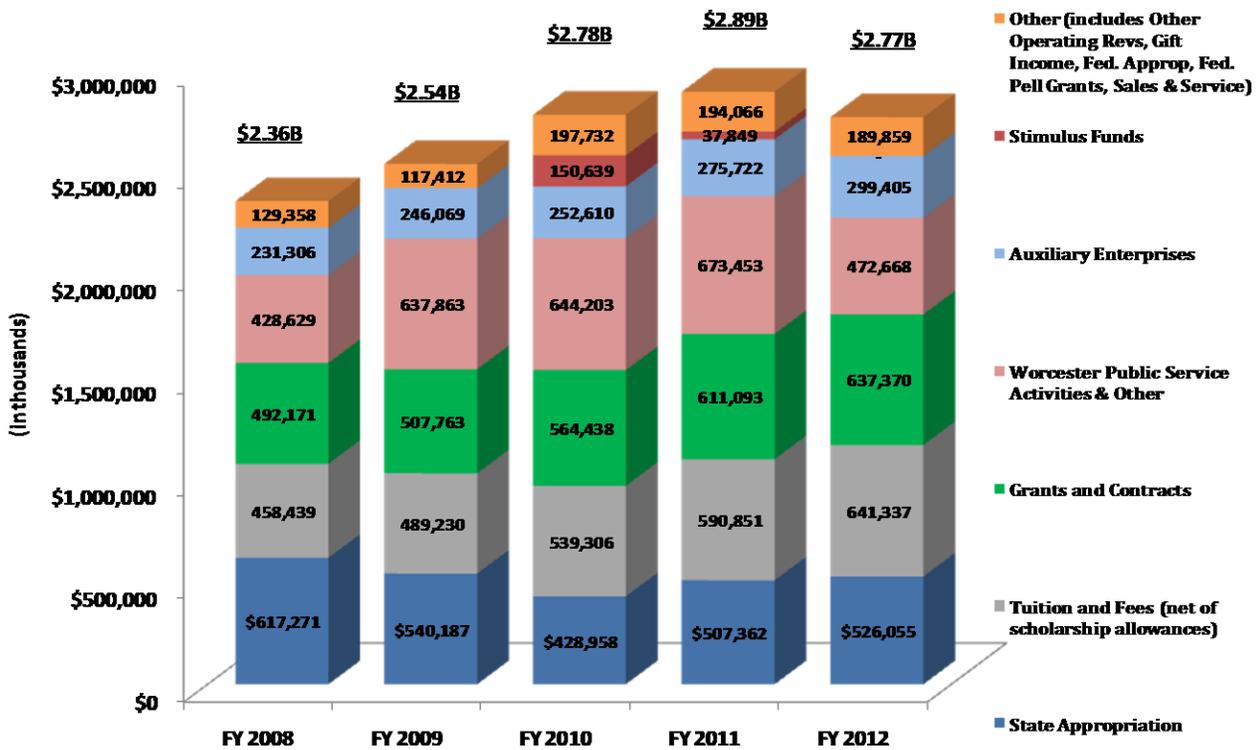
*Revenues include: Total Operating Revenues, State and Federal Appropriations, Gifts, and Investment and Endowment Income.

**Expenditures include: Total Operating Expenditures and Interest on Indebtedness.

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 is the third year that the report includes a table showing operating expenditures by the so-called natural classification categories (salaries and wages, financial aid, supplies and services, etc.) and a table detailing campus enrollment data.

Revenues

Total FY 2012 revenues are budgeted at \$2.77 billion, a 4.3% decrease from FY 2011 estimate of \$2.89 billion. The following graph displays budgeted revenues in comparison to the total revenue picture for FY2012.



State appropriations are essentially expected to remain flat for FY2012. While the financial statement presentation of state appropriations displays an increase of approximately \$19 million, this is due to a higher fringe rate assumed for next fiscal year. Since the state pays for the fringe benefits of all employees paid with state funds, an increase in state support is recorded on the University's financial statements. However, the reality is that the budgets put forth by the Governor and the Legislature to date keep state funding at the same level as FY 2011. Additionally, the FY12 costs of the recently approved collective bargaining agreements were not included in the FY 2012 budget proposals released by the Governor or the Legislative branches. The impact of this is that the University could be left responsible for approximately \$13 million of additional salaries expected to be covered by the Commonwealth. This situation if further compounded by the fact that

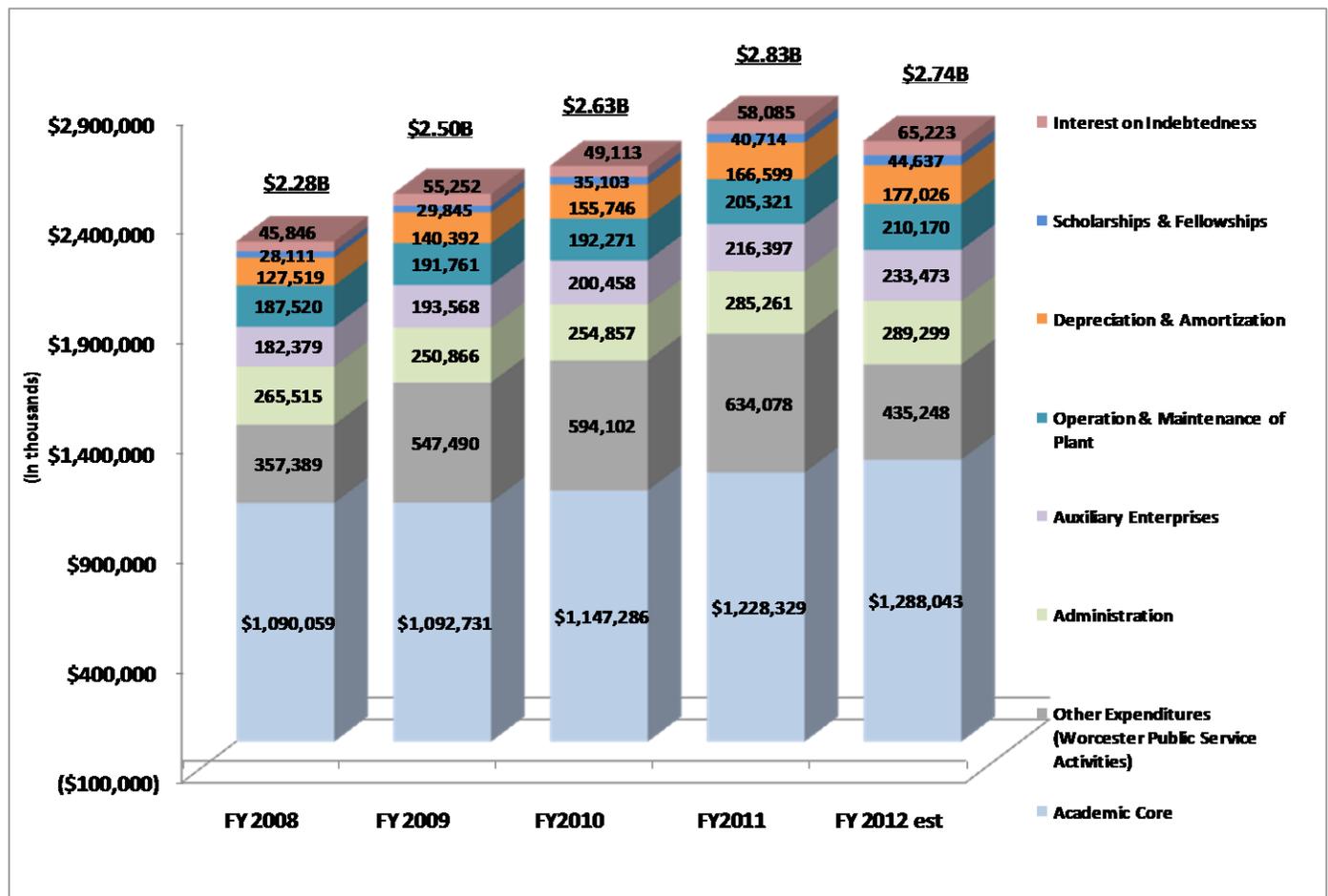
the University will not be receiving any federal stimulus funding in FY 2012 to compensate for the decline in state support experienced over the last few fiscal years.

Grant and contract revenues represent 22% of all revenues and are projected to increase 4.1% or \$26.3 million over FY 2011 to \$637.4 million.

Tuition and fee revenues are projected to account for 22% of University revenues and the amount of revenue is forecasted to increase by more than 7% for FY 2012. This is consistent with the student charge votes of the Board of Trustees for FY 2012, estimated contributions to financial aid, 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 graph displays FY 2012 spending by these categories.



Total University expenditures for FY 2012 are an estimated \$2.74 billion or \$91.7 million less than the current year’s projected year-end spending level. However, as with revenue estimates, the Medical School’s public service activities continue to represent a large portion of 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 on the previous page accounts for 47% 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 2012 are projected for: Interest on Indebtedness (+10.9%), Scholarships and Fellowships (+8.8%), and Academic Core (+4.6%).

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 \$17.1 million or 7.3% over the current year.

Employee Trends

The total projected increase in state-funded faculty for FY 2012 is approximately 68 individuals. The number of state-funded full-time equivalent (FTE) employees at the University is projected to increase by 106 between FY 2011 and FY 2012. The total number of non-state-funded FTE employees is projected to decrease by 72.

FY 2012 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, fundraising, new faculty hires in key areas, information technology, and student services to support retention efforts and the general well being of the student experience. All campuses are facing increases in the costs of salaries and associated fringe benefits for non-state funded personnel and are also 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 flat state appropriations for the ensuing years 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.

As part of this Executive Summary, **Tables 1 and 1A** provide additional detail on the FY 2012 Operating Budget as well as information for FY 2009, FY 2010, and FY 2011. **Table 2** categorizes the University's FY 2009 – 2012 operating expenditures by type of expense (natural classification). **Table 3** summarizes the change in full-time equivalent (FTE) employees projected through FY 2012. **Table 4** summarizes total undergraduate and graduate enrollment for the University.

Following the Executive Summary are full FY 2012 Operating Budget Reports for each campus, the University System Office, the Donahue Institute, and University Information Technology Services. These reports include:

Table 1: FY 2009 – 2012 est. Statement of Revenues and Expenditures

Table 2: FY 2009 – 2012 est. Spending by Type of Expense (Natural Classification)

Table 3: FY 2009 – 2012 est. Summary of Full-Time Equivalent Employees

Table 4: FY 2009 – 2012 est. Headcount and FTE enrollment

Table 1
University of Massachusetts
Fiscal Year 2012 Operating Budget Statement
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
Fiscal Years 2008 to 2012 (budgeted)
 (in thousands of dollars)

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2011 - FY 2012	
	Actuals	Actuals	Actuals	Projected	Budgeted		
	University	University	University	University	University		
	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	1-year change	
REVENUES							
Operating Revenues							
Tuition and Fees	\$ 572,177	\$ 616,009	\$ 721,066	\$ 759,834	\$ 831,300	\$ 71,466	9.4%
Scholarship allowance	(113,738)	(126,779)	(181,760)	(175,778)	(196,465)	(20,687)	11.8%
Tuition and Fees (net of scholarship allowances)	458,439	489,230	539,306	590,851	641,337	50,486	9%
Federal Grants and Contracts	318,288	324,100	393,862	423,866	469,958	46,092	11%
State Grants and Contracts	72,034	77,115	64,328	75,518	68,043	(7,475)	-10%
Local Grants and Contracts	2,507	2,149	1,880	2,026	2,202	176	9%
Private Grants and Contracts	99,342	104,399	104,368	109,684	97,168	(12,516)	-11%
Sales & Service, Educational	20,657	20,965	17,530	23,684	23,828	144	1%
Auxiliary Enterprises	231,306	246,069	252,610	275,722	299,405	23,682	9%
Recovery of Indirect Costs		\$ 0	\$ 0	\$ 0			
Allocation from Campuses		\$ 0	\$ 0	\$ 0			
Other Operating Revenues:							
Sales & Service, Independent Operations	65,588	94,908	50,442	42,607	50,752	8,145	19%
Sales & Service, Public Service Activities	363,041	542,955	593,761	630,846	421,916	(208,930)	-33%
Other	57,618	66,920	74,231	84,710	79,773	(4,938)	-6%
Total Operating Revenues	\$ 1,688,820	\$ 1,968,810	\$ 2,092,318	\$ 2,259,513	\$ 2,154,381	\$ (105,133)	-5%
EXPENSES							
Operating Expenses							
Educational and General							
Instruction	\$ 548,850	\$ 540,479	\$ 552,528	\$ 606,278	\$ 635,889	\$ 29,612	5%
Research	342,109	358,659	404,260	419,351	438,914	19,563	5%
Public Service	68,807	67,989	66,597	69,810	71,863	2,053	3%
Academic Support	130,293	125,604	123,901	132,890	141,377	8,487	6%
Student Services	91,157	87,207	88,787	99,207	101,913	2,705	3%
Institutional Support	174,358	163,659	166,070	186,053	187,386	1,333	1%
Operation and Maintenance of Plant	187,520	191,761	192,271	205,321	210,170	4,849	2%
Depreciation and Amortization	127,519	140,392	155,746	166,599	177,026	10,427	6%
Scholarships and Fellowships	28,111	29,845	35,103	40,714	44,637	3,923	10%
Auxiliary Enterprises	182,379	193,568	200,458	216,397	233,473	17,076	8%
Other Expenditures							
Independent Operations	49,562	56,057	58,437	54,107	54,375	268	0%
Public Service Activities	307,827	491,433	535,665	579,971	380,873	(199,098)	-34%
Other	-	-	-	-	-	-	-
Total Operating Expenses	\$ 2,238,492	\$ 2,446,653	\$ 2,579,823	\$ 2,776,699	\$ 2,677,896	\$ (98,803)	-4%
Operating Income/(Loss)	\$ (549,672)	\$ (477,843)	\$ (487,505)	\$ (517,186)	\$ (523,515)	\$ (6,330)	1%
NONOPERATING REVENUES/(EXPENSES)							
Federal Appropriations	\$ 7,099	\$ 5,574	\$ 5,922	\$ 7,300	\$ 7,582	\$ 282	4%
State Appropriations	617,271	540,187	428,958	507,362	526,055	18,693	4%
Gifts	20,654	22,918	28,603	19,221	28,641	9,420	49%
Investment Return	12,294	(9,284)	65,863	42,138	30,586	(11,552)	-27%
Endowment Return	11,036	10,319	5,583	17,013	19,449	2,436	14%
Interest on Indebtedness	(45,846)	(55,252)	(49,113)	(58,085)	(65,223)	(7,138)	12%
Interest Income	-	-	-	-	-	-	-
Other Nonoperating Income	11,484	8,167	3,868	2,534	2,559	25	1%
Revenue from Stimulus Funds	-	-	150,639	37,849	-	(37,849)	-100%
Net Nonoperating Revenues	\$ 633,992	\$ 522,629	\$ 640,323	\$ 575,332	\$ 549,649	\$ (25,683)	-4%
Income/(Loss) Before Other Revenues, Expenses, Gains, and Losses	\$ 84,320	\$ 44,786	\$ 152,818	\$ 58,146	\$ 26,133	\$ (32,013)	-55%
Capital Appropriations	\$ 21,170	\$ 27,483	\$ 28,635	\$ 44,150	\$ 146,500	\$ 102,350	232%
Capital Grants and Contracts	1,500	5,182	18,981	6,850	7,750	900	13%
Capital Contribution	-	-	29,810	-	-	-	-
Additions to Permanent Endowments	-	-	-	-	-	-	-
University Related Organization Transactions	-	-	-	(1,775)	1,500	3,275	-185%
Disposal of Plant Facilities	(10,462)	(8,553)	(12,125)	(6,384)	(8,550)	(2,166)	34%
Expended for Plant	-	-	-	-	-	-	-
Other Additions/Deductions	(10,458)	1,361	9,729	(10,068)	(10,556)	(488)	5%
Transfers	-	-	-	-	-	-	-
Total Other Revenues, Expenses, Gains, and Losses	\$ 1,750	\$ 25,473	\$ 75,030	\$ 32,773	\$ 136,644	\$ 103,871	317%
Total Increase/(Decrease) in Net Assets	\$ 86,070	\$ 70,259	\$ 227,848	\$ 90,919	\$ 162,777	\$ 71,858	79%
NET ASSETS							
Net Assets at Beginning of Year	\$ 1,584,976	\$ 1,671,046	\$ 1,741,305	\$ 1,969,153	\$ 2,060,073	\$ 90,919	5%
Net Assets at End of Year	\$ 1,671,046	\$ 1,741,305	\$ 1,969,153	\$ 2,060,073	\$ 2,222,850	\$ 162,777	8%

Table 1A - Campus Summary (in thousands of dollars)
FY 2012 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

	Amherst Campus	Boston Campus	Dartmouth Campus	Lowell Campus	Worcester Campus	Central Admin.	Univ. Total Not Incl. Related Orgs.	NOT INCL. Medical School
REVENUES								
Operating Revenues								
Tuition and Fees	\$ 394,999	\$ 165,793	\$ 96,622	\$ 158,216	\$ 15,670		\$ 831,300	\$ 815,630
Scholarship allowance	(104,430)	(32,304)	(24,249)	(32,435)	(3,047)		(196,465)	(193,418)
Tuition and Fees (net of scholarship allowances)	290,569	133,489	72,373	125,781	12,623	6,502	641,337	628,714
Federal Grants and Contracts	141,026	52,510	30,815	36,902	206,005	2,700	469,958	263,953
State Grants and Contracts	15,018	7,621	7,520	6,020	29,764	2,100	68,043	38,279
Local Grants and Contracts	467	812	400	333	-	190	2,202	2,202
Private Grants and Contracts	26,058	12,209	6,122	12,653	35,721	4,405	97,168	61,447
Sales & Service, Educational	7,244	2,757	43	1,193	11,091	1,500	23,828	12,737
Auxiliary Enterprises	175,540	10,601	46,357	29,590	37,317	-	299,405	262,088
Recovery of Indirect Costs							-	-
Allocation from Campuses						49,000	-	-
Other Operating Revenues:								
Sales & Service, Independent Operations					50,752		50,752	-
Sales & Service, Public Service Activities					421,916		421,916	-
Other	9,597	71	4,700	3,925	56,780	4,700	79,773	22,993
Total Operating Revenues	\$ 665,519	\$ 220,069	\$ 168,330	\$ 216,397	\$ 861,969	\$ 71,097	\$ 2,154,381	\$ 1,292,412
EXPENSES								
Operating Expenses								
Educational and General								
Instruction	\$ 288,809	\$ 122,963	\$ 65,564	\$ 98,926	\$ 49,127	\$ 10,500	\$ 635,889	\$ 586,762
Research	123,787	35,458	22,860	40,723	213,130	2,956	438,914	225,784
Public Service	24,475	7,127	4,844	2,311	31,906	1,200	71,863	39,957
Academic Support	54,270	29,296	23,773	24,011	10,028	-	141,377	131,349
Student Services	49,104	22,332	8,467	18,712	3,298	-	101,913	98,615
Institutional Support	51,176	34,994	24,010	34,597	43,634	47,975	187,386	143,752
Operation and Maintenance of Plant	89,552	22,516	22,083	26,334	44,076	5,610	210,170	166,094
Depreciation and Amortization	68,156	16,662	13,345	19,744	51,004	8,115	177,026	126,022
Scholarships and Fellowships	16,878	12,493	8,982	6,284	-	-	44,637	44,637
Auxiliary Enterprises	153,103	10,493	22,039	21,278	26,560	-	233,473	206,913
Other Expenditures								
Independent Operations					54,375		54,375	-
Public Service Activities					380,873		380,873	-
Total Operating Expenses	\$ 919,310	\$ 314,332	\$ 215,967	\$ 292,920	\$ 908,011	\$ 76,356	\$ 2,677,896	\$ 1,769,885
Operating Income/(Loss)	\$ (253,791)	\$ (94,264)	\$ (47,637)	\$ (76,523)	\$ (46,042)	\$ (5,259)	\$ (523,515)	\$ (477,473)
NONOPERATING REVENUES/(EXPENSES)								
Federal Appropriations	\$ 7,582	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,582	\$ 7,582
State Appropriations	253,224	96,589	54,182	74,035	40,375	7,650	526,055	485,680
Gifts	13,538	2,250	-	2,853	10,000	-	28,641	18,641
Investment Return	10,000	5,004	1,200	4,364	4,980	5,038	30,586	25,606
Endowment Return	6,027	1,100	800	1,085	10,237	200	19,449	9,212
Interest on Indebtedness	(21,332)	(9,033)	(7,765)	(6,241)	(19,402)	(1,450)	(65,223)	(45,821)
Interest Income							-	-
Other Nonoperating Income	1,904	-	450	100	105	-	2,559	2,454
Revenue from Stimulus Funds	-	-	-	-	-	-	-	-
Net Nonoperating Revenues	\$ 270,943	\$ 95,910	\$ 48,867	\$ 76,196	\$ 46,295	\$ 11,438	\$ 549,649	\$ 503,354
Income/(Loss) Before Other Revenues, Expenses, Gains, and Losses	\$ 17,152	\$ 1,646	\$ 1,230	\$ (327)	\$ 253	\$ 6,179	\$ 26,133	\$ 25,880
Gains, and Losses								
Capital Appropriations	\$ 50,000	\$ 4,550	\$ 27,700	\$ 23,000	\$ 41,250	\$ -	\$ 146,500	\$ 105,250
Capital Grants and Contracts	1,750	2,000	-	3,000	-	1,000	7,750	7,750
Capital - Stimulus Funds							-	-
Additions to Permanent Endowments	-	-	-	-	-	-	-	-
University Related Organization Transactions					1,500	-	1,500	-
Disposal of Plant Facilities	(4,212)	(1,800)	(1,200)	(1,338)	-	-	(8,550)	(8,550)
Expended for Plant							-	-
Other Additions/Deductions	(2,000)		(2,821)	(275)		(5,460)	(10,556)	(10,556)
Transfers							-	-
Total Other Revenues, Expenses, Gains, and Losses	\$ 45,538	\$ 4,750	\$ 23,679	\$ 24,387	\$ 42,750	\$ (4,460)	\$ 136,644	\$ 93,894
Total Increase/(Decrease) in Net Assets	\$ 62,690	\$ 6,396	\$ 24,909	\$ 24,060	\$ 43,003	\$ 1,719	\$ 162,777	\$ 119,774
NET ASSETS								
Net Assets at Beginning of Year	\$ 868,785	\$ 242,906	\$ 65,525	\$ 186,430	\$ 600,057	\$ 96,369	\$ 2,060,072	\$ 1,460,015
Net Assets at End of Year	\$ 931,475	\$ 249,302	\$ 90,435	\$ 210,490	\$ 643,060	\$ 98,088	\$ 2,222,850	\$ 1,579,790

Table 2
 University of Massachusetts
 Fiscal Year 2012 Operating Budget Statement
SPENDING BY TYPE OF EXPENSE (NATURAL CLASSIFICATION)
 (in thousands of dollars)

	FY09	FY10	FY11	FY12	\$ Change	% Change
EXPENSE CATEGORY	Actuals	Actuals	Projected	Budgeted	FY11 - 12	FY11 - 12
Salaries and Wages	\$1,127,682	\$1,120,889	\$1,135,090	\$1,170,240	\$35,150	3.1%
Employee Fringe Benefits	\$257,559	\$246,985	\$307,148	\$326,801	\$19,653	6.4%
Student Aid	\$64,064	\$73,339	\$80,536	\$91,046	\$10,509	13.0%
Utilities	\$84,443	\$77,934	\$76,822	\$80,445	\$3,623	4.7%
Supplies and Other Services	\$826,349	\$969,238	\$1,057,063	\$881,340	-\$175,723	-16.6%
Depreciation	\$140,392	\$155,746	\$166,799	\$177,026	\$10,227	6.1%
TOTAL *	\$2,500,489	\$2,644,130	\$2,823,458	\$2,726,897	-\$96,561	-3.4%

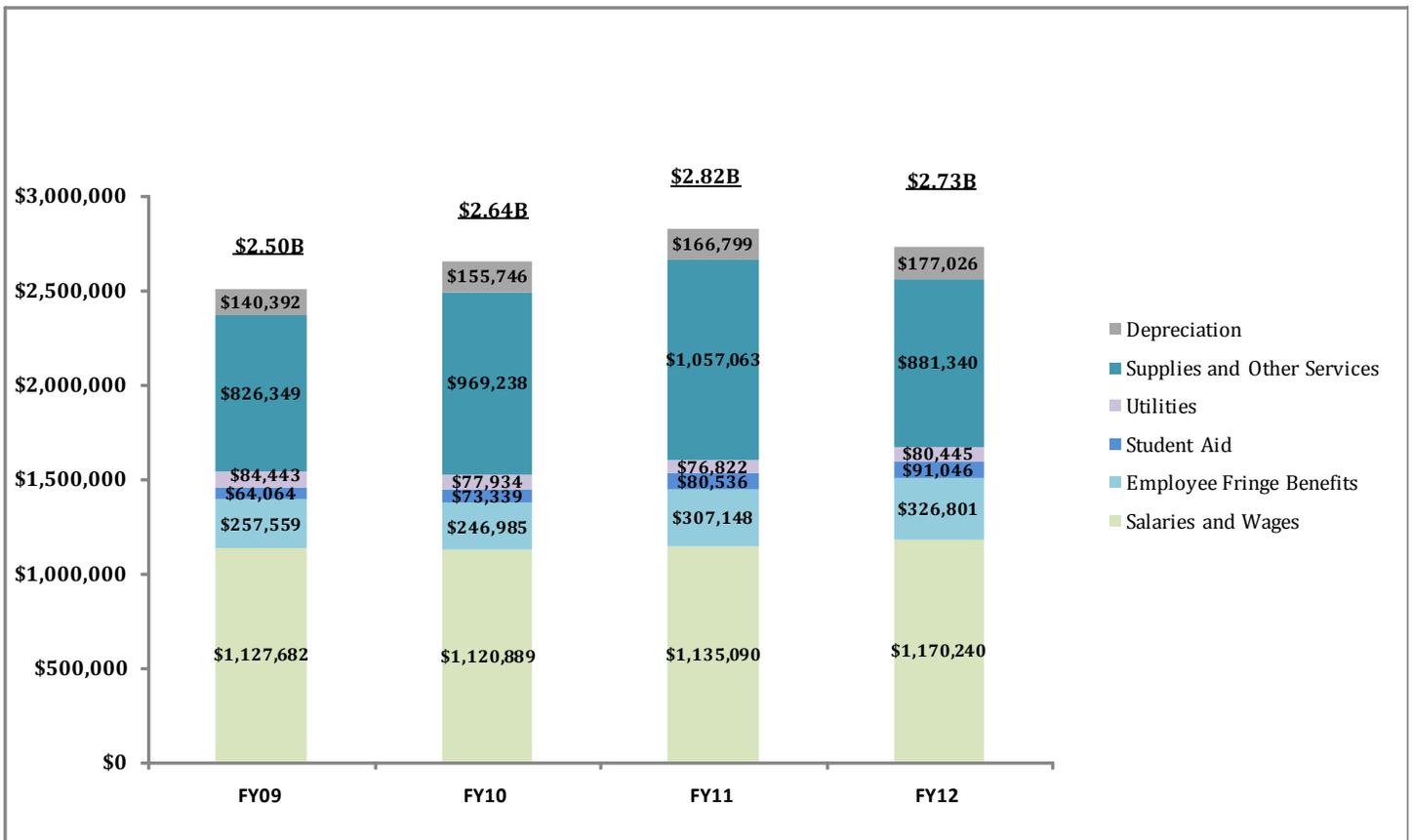


Table 3
University of Massachusetts
Fiscal Year 2012 Operating Budget Statement
SUMMARY OF FULL-TIME EQUIVALENT (FTE) EMPLOYEES*

	Actual FTEs Fall 2009 (FY2010)	Actual FTEs Fall 2010 (FY2011)	Proj. FTEs Fall 2011 (FY2012)	FTE Change Fall 2010- 11	% Change Fall 2010 - 11
UNRESTRICTED/DESIGNATED FUNDS					
STATE FUNDED POSITIONS					
Faculty	2,228.4	2,529.9	2,598.2	68.3	2.7%
Professional Staff	2,404.6	2,381.9	2,413.9	32.0	1.3%
Classified Staff	2,097.7	2,027.2	2,032.9	5.7	0.3%
Subtotal, State Funded	6,730.7	6,939.0	7,045.0	106.0	1.5%
NON-STATE FUNDED POSITIONS					
Faculty	1,002.7	743.7	754.2	10.5	1.4%
Professional Staff	2,221.5	2,284.5	2,244.2	(40.3)	-1.8%
Classified Staff	2,021.8	2,053.7	2,011.6	(42.2)	-2.1%
Subtotal, Non-State Funded	5,245.9	5,082.0	5,010.0	(72.0)	-1.4%
Total Unrestricted/Designated	11,976.6	12,020.9	12,055.0	34.0	0.3%
RESTRICTED FUNDS					
GRANT FUNDED POSITIONS					
Faculty	316.8	320.8	333.3	12.6	3.9%
Professional Staff	1,438.2	1,491.8	1,531.3	39.5	2.7%
Classified Staff	283.5	289.2	297.4	8.2	2.8%
Subtotal, Grant Funded	2,038.5	2,101.8	2,162.1	60.3	2.9%
OTHER RESTRICTED POSITIONS					
Faculty	7.3	9.5	20.4	10.9	0.0%
Professional Staff	33.5	31.8	34.8	3.0	0.0%
Classified Staff	5.2	2.2	3.9	1.7	0.0%
Subtotal, Other Restricted Funds	46.0	43.4	59.1	15.6	0.0%
Total Restricted	2,084.5	2,145.2	2,221.1	75.9	3.5%
TOTAL UNRESTRICTED AND RESTRICTED	14,061.1	14,166.1	14,276.1	110.0	0.8%

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

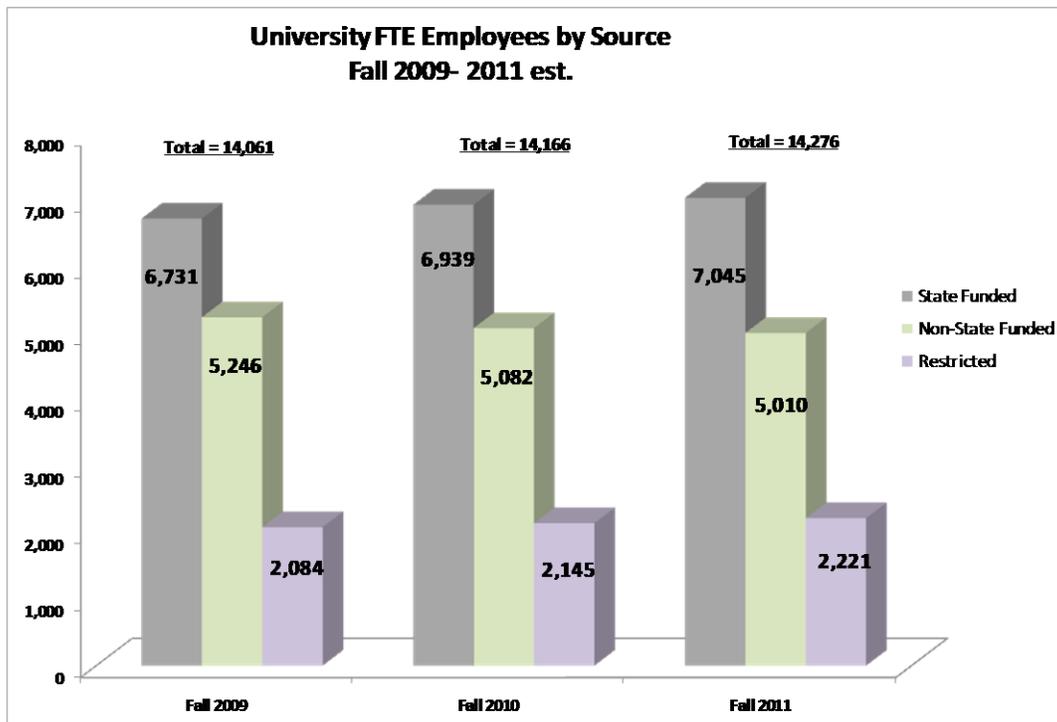
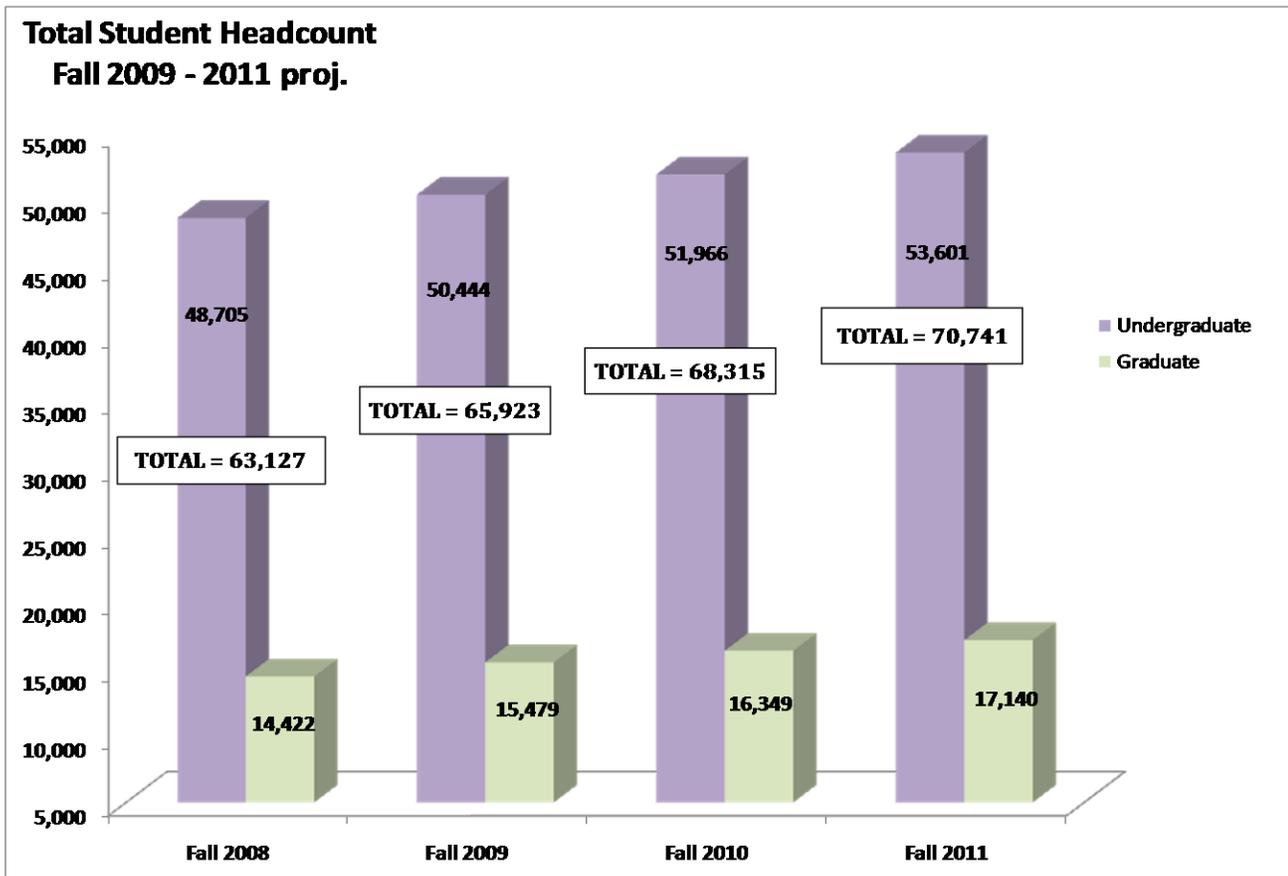
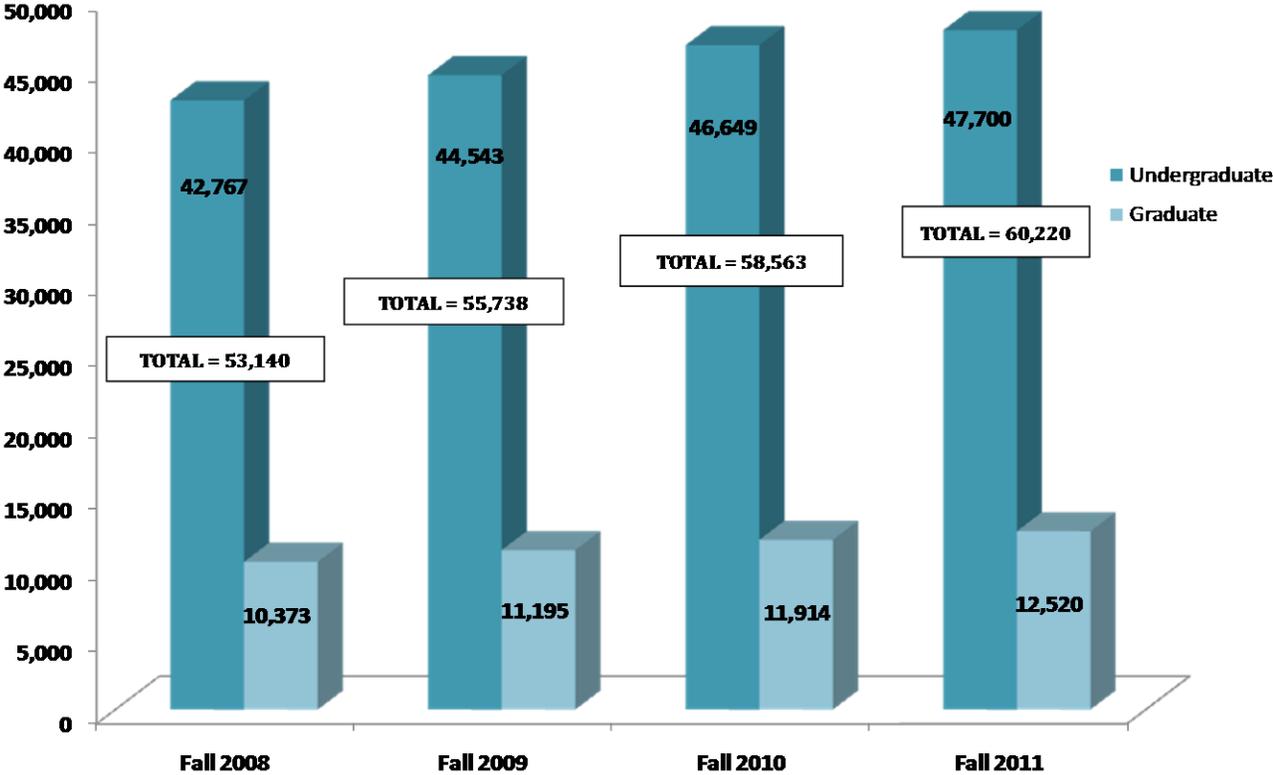


Table 4
 University of Massachusetts
 Fiscal Year 2012 Operating Budget Statement
 HEADCOUNT AND FTE ENROLLMENT

	UNDERGRADUATE		GRADUATE		TOTAL	
	HC	FTE	HC	FTE	HC	FTE
Fall 2011 proj.	53,601	47,700	17,140	12,520	70,741	60,220
Fall 2010	51,966	46,649	16,349	11,914	68,315	58,563
Fall 2009	50,444	44,543	15,479	11,195	65,923	55,738
Fall 2008	48,705	42,767	14,422	10,373	63,127	53,140



**Total FTE Students
Fall 2009 - Fall 2011 proj.**



OPERATING BUDGET

for Fiscal Year 2012

AMHERST CAMPUS



UNIVERSITY OF MASSACHUSETTS AMHERST
FY 2012 Operating Budget Narrative

The University of Massachusetts Amherst submits for approval an FY12 operating budget totaling **\$939 million**. Key elements of the FY12 budget include:

- Level state appropriation and no federal stimulus funding
- Approximately \$11 Million of bargained and non-unit salary and fringe increases
- Continued investments in deferred maintenance and capital projects
- Carryforward a portion of FY11 general funds surplus into FY12
- Increase in out-of-state students
- Increase in CPE central tax revenue

The Amherst campus is continuing planned out-of-state enrollment increases in FY12 to help fund instruction in the academic divisions and to meet increasing costs. Other revenue initiatives include increasing full paying terminal masters degree students, increasing summer and CPE revenue, attracting more donor support and growing the research base to better fund indirect expenses. These initiatives, along with better retention of students and planned fee increases, allow the campus to fund on-going and strategic initiatives for the faculty, students, research enterprise and infrastructure.

The campus is continuing planned initiatives in FY12 to increase the number of tenure track faculty to meet increasing enrollment and increased research goals. Additional resources will also be committed toward maintenance of the physical plant and new buildings.

The GASB based operating margin is positive as the campus transfers cash to the capital plan for start-up faculty funds, continued renovations and planned debt service increases in FY14-16. These transfers convert to depreciation expense in the outer years when the facilities are placed into service over their useful life.

FY13-FY16 Budget Projections

Looking beyond the FY 2012 period, revenue projections from FY13 through FY16 assume steady annual increases in state support, growing out-of-state enrollment, and solid gains in attracting federal research support. The unrestricted revenue will be primarily devoted to capital improvements as the campus must take aggressive steps to reduce deferred maintenance. Funds will also be allocated for instructional purposes to replenish faculty strength on the Amherst campus. Included in the budget projection are \$166 million in state capital appropriations to fund a new science facility and a new classroom building and other smaller projects.

Statement of Revenue and Change in Net Assets – FY11-FY16

The fiscal year operating budget is presented in the financial statement GASB format and net **assets** increase by \$53 million in FY11. This is primarily attributable to a combination of \$18 million in stimulus funds the campus received this year and a budget cut of \$10 Million, investment gains of \$10

Million and other factors. The outer years of the projection also show increases in net assets due to capital appropriations from the state.

The Campus's financial indicators demonstrate the commitment to decrease deferred maintenance and invest in new facilities by increasing the debt service to operations ratio to 8% by 2014.

Return on Net Assets

Due to the infusion of \$166 million of known state funding for capital projects and an additional projection of \$40 million in FY15-16, this ratio is solid through FY13. It begins to decline in FY14 through FY16 as interest and depreciation expenses grow and more is spent on operations and maintenance of new facilities.

Financial Cushion

The Financial Cushion will decline over the next five years primarily due to the spending of accumulated unrestricted funds on capital improvements as part of the campus capital plan.

Debt Service to Operations

As noted throughout the narrative, the campus intends to invest heavily over the next five years in capital infrastructure improvements, raising this ratio to the 8% level. Much of the work will be devoted to renovating science classrooms and laboratories, replacing aging infrastructure, and adding new student housing.

Endowment per Student

The endowment per student ratio continues to lag significantly behind peer institutions. The campus is ramping up its fundraising staff and steady growth is projected in endowment earnings. The ratio will not change dramatically because the student body is also expected to grow.

Private Funds Raised

The campus is anticipating 10% annual growth in FY12 and 13 due to a more robust fundraising staff and an improving economy. Note that FY10 amounts reflect a one-time gift in kind of collections of \$32 Million.

Conclusion

The fiscal goals of the campus over the next five years are to develop reliable income streams to supplement state support of campus operations and to devote more of its incremental resources to making critical capital improvements. Out-of-state enrollment is expected to grow over the next five years and the additional revenue will be invested back into teaching and research. UMASS Amherst is a growing contributor to the economic health of the state of Massachusetts even as state support has declined. By taking steps to become more fiscally independent and to renew its physical plant, the campus is ensuring that it will remain a vital player in the Massachusetts economy.

FY 2012 University Operating Budget – T11-056

			FY2012 BUDGETED		
	FY09 Actuals	FY10 Actuals	FY11 Projected Budget-Accrual/ Adjusted Basis	FY12 Budget- Accrual Basis	FY11 to FY12 Change
REVENUES					
Operating Revenues					
Tuition and Fees	\$300,530	\$342,244	\$357,617	\$394,999	\$37,382 10%
Scholarship allowance	-\$75,082	-\$102,605	-\$90,038	-\$104,430	-\$14,392 16%
Tuition and Fees (net of scholarship allowances)	\$225,448	\$239,639	\$267,579	\$290,569	\$22,990 9%
Federal Grants and Contracts	\$104,973	\$123,253	\$133,804	\$141,026	\$7,222 5%
State Grants and Contracts	\$16,378	\$13,844	\$14,594	\$15,018	\$424 3%
Local Grants and Contracts	\$402	\$467	\$467	\$467	\$0 0%
Private Grants and Contracts	\$26,024	\$27,197	\$25,206	\$26,058	\$852 3%
Sales & Service, Educational	\$7,361	\$7,335	\$7,745	\$7,244	-\$501 -6%
Auxiliary Enterprises	\$144,556	\$149,319	\$159,887	\$175,540	\$15,653 10%
Other Operating Revenues:	\$0	\$0	\$0	\$0	\$0 N/A
Sales & Service, Independent Operations	\$0	\$0	\$0	\$0	\$0 N/A
Sales & Service, Public Service Activities	\$0	\$0	\$0	\$0	\$0 N/A
Other	\$11,435	\$13,038	\$11,209	\$9,597	-\$1,612 -14%
Total Operating Revenues	\$536,577	\$574,092	\$620,491	\$665,519	\$45,028 7%
EXPENSES					
Operating Expenses					
Educational and General					
Instruction	\$248,184	\$248,916	\$268,228	\$288,809	\$20,581 8%
Research	\$99,859	\$107,028	\$112,568	\$123,787	\$11,219 10%
Public Service	\$22,098	\$21,919	\$23,357	\$24,475	\$1,118 5%
Academic Support	\$48,779	\$45,953	\$50,624	\$54,270	\$3,646 7%
Student Services	\$41,223	\$41,493	\$47,471	\$49,104	\$1,633 3%
Institutional Support	\$43,111	\$43,892	\$48,021	\$51,176	\$3,155 7%
Operation and Maintenance of Plant	\$87,766	\$78,818	\$83,549	\$89,552	\$6,003 7%
Depreciation and Amortization	\$54,518	\$63,563	\$65,658	\$68,156	\$2,498 4%
Scholarships and Fellowships	\$12,371	\$15,503	\$16,878	\$16,878	\$0 0%
Auxiliary Enterprises	\$123,738	\$127,893	\$139,827	\$153,103	\$13,276 9%
Other Expenditures	\$0	\$0	\$0	\$0	\$0 N/A
Independent Operations	\$0	\$0	\$0	\$0	\$0 N/A
Public Service Activities	\$0	\$0	\$0	\$0	\$0 N/A
Total Operating Expenses	\$781,647	\$794,978	\$856,181	\$919,310	\$63,129 7%
Operating Income/(Loss)	-\$245,070	-\$220,886	-\$235,690	-\$253,791	-\$18,101 8%
NONOPERATING REVENUES/(EXPENSES)					
Federal Appropriations	\$5,574	\$5,922	\$7,300	\$7,582	\$282 4%
State Appropriations	\$258,409	\$205,017	\$248,563	\$253,224	\$4,661 2%
Gifts	\$11,592	\$11,063	\$12,384	\$13,538	\$1,154 9%
Investment Return	-\$1,773	\$19,326	\$18,000	\$10,000	-\$8,000 -44%
Endowment Return	\$4,709	\$2,429	\$4,505	\$6,027	\$1,522 34%
Interest on Indebtedness	-\$21,058	-\$18,614	-\$22,095	-\$21,332	\$763 -3%
Other Nonoperating Income	\$1,636	\$1,904	\$1,904	\$1,904	\$0 0%
Revenue from Stimulus Funds	\$0	\$72,969	\$18,759	\$0	-\$18,759 -100%
Net Nonoperating Revenues	\$259,089	\$300,016	\$289,320	\$270,943	-\$18,377 -6%
Income Before Other Revenues, Expenses, Gains, and Losses	\$14,019	\$79,130	\$53,630	\$17,152	-\$36,478 -68%
Capital Appropriations	\$6,007	\$7,346	\$3,700	\$50,000	\$46,300
Capital Grants and Contracts	\$4,804	\$2,142	\$1,750	\$1,750	\$0 0%
University Related Transactions	\$0	\$0	\$0	\$0	\$0 N/A
Disposal of Plant Facilities	-\$4,609	-\$3,911	-\$4,211	-\$4,212	-\$1 0%
Other Additions/Deductions	\$5,510	\$1,283	-\$2,000	-\$2,000	\$0 0%
Total Other Revenues, Expenses, Gains & Losses	\$11,712	\$6,860	-\$761	\$45,538	\$46,299 6084%
Total Increase in Net Assets	\$25,731	\$85,990	\$52,869	\$62,690	\$9,821 19%
NET ASSETS					
Net Assets at Beginning of Year	\$704,195	\$729,926	\$815,916	\$868,785	\$52,869 6%
Net Assets at End of Year	\$729,926	\$815,916	\$868,785	\$931,475	\$62,690 7%

FY 2012 University Operating Budget – T11-056

Table 2
University of Massachusetts
Amherst Campus
Fiscal Year 2012 Operating Budget Statement
SPENDING BY TYPE OF EXPENSE (NATURAL CLASSIFICATION)
(in thousands of dollars)

	FY09	FY10	FY11	FY12	\$ Change	% Change
EXPENSE CATEGORY	Actuals	Actuals	Projected	Budgeted	FY10 - 11	FY10- 11
Salaries and Wages	\$401,369	\$401,499	\$402,387	\$420,079	\$17,692	4.4%
Employee Fringe Benefits	\$90,967	\$89,024	\$118,435	\$125,998	\$7,563	6.4%
Student Aid	\$39,501	\$44,467	\$46,275	\$50,036	\$3,761	8.1%
Utilities	\$39,987	\$34,865	\$30,626	\$34,551	\$3,925	12.8%
Supplies and Other Services	\$155,305	\$161,560	\$192,799	\$220,490	\$27,691	14.4%
Depreciation	\$54,518	\$63,563	\$65,658	\$68,156	\$2,498	3.8%
TOTAL	\$781,647	\$794,978	\$856,180	\$919,310	\$63,130	7.4%

*Total should equal total Operating Expenses from SRECNA

FY 2012 University Operating Budget – T11-056

Table 3
University of Massachusetts
Amherst Campus
Fiscal Year 2012 Operating Budget Statement
SUMMARY OF FULL-TIME EQUIVALENT (FTE) EMPLOYEES*

	Actual FTEs Fall 2008 (FY2009)	Actual FTEs Fall 2009 (FY2010)	Actual FTEs Fall 2010 (FY2011)	Proj. FTEs Fall 2011 (FY2012)	FTE Change Fall 2010 - 11	% Change Fall 2010 - 11
UNRESTRICTED/DESIGNATED FUNDS						
STATE FUNDED POSITIONS						
Faculty	1,179.0	886.7	1,159.8	1,184.8	25.0	2.2%
Professional Staff	964.0	948.2	942.8	952.8	10.0	1.1%
Classified Staff	1,249.0	1,238.5	1,187.4	1,187.4	0.0	0.0%
Subtotal, State Funded	3,392.0	3,073.4	3,290.0	3,325.0	35.0	1.1%
NON-STATE FUNDED POSITIONS						
Faculty	92.0	400.5	156.2	156.2	0.0	0.0%
Professional Staff	434.0	455.8	434.1	434.1	0.0	0.0%
Classified Staff	759.0	777.9	781.0	781.0	0.0	0.0%
Subtotal, Non-State Funded	1,285.0	1,634.2	1,371.3	1,371.3	0.0	0.0%
Total Unrestricted/Designated	4,677.0	4,707.6	4,661.3	4,696.3	35.0	0.8%
RESTRICTED FUNDS						
GRANT FUNDED POSITIONS						
Faculty	28.0	31.1	29.9	29.9	0.0	0.0%
Professional Staff	287.0	295.7	340.6	345.6	5.0	1.5%
Classified Staff	73.0	70.2	73.2	73.2	0.0	0.0%
Subtotal, Grant Funded	388.0	397.0	443.7	448.7	5.0	1.1%
OTHER RESTRICTED POSITIONS						
Faculty	24.0	1.9	1.4	11.4	10.0	714.3%
Professional Staff	13.0	1.3	1.8	1.8	0.0	0.0%
Classified Staff	8.0	1.5	1.0	1.0	0.0	0.0%
Subtotal, Other Restricted Funds	45.0	4.7	4.2	14.2	10.0	238.1%
Total Restricted	433.0	401.7	447.9	462.9	15.0	3.3%
TOTAL UNRESTRICTED AND RESTRICTED	5,110.0	5,109.3	5,109.2	5,159.2	50.0	1.0%

* 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 2012 Alternate Operating Budget Statement
HEADCOUNT AND FTE ENROLLMENT

	UNDERGRADUATE		GRADUATE		TOTAL	
	HC	FTE	HC	FTE	HC	FTE
Fall 2011 projected	22,014	22,199	6,506	5,015	28,520	27,213
Fall 2010	21,373	21,552	6,196	4,776	27,569	26,328
Fall 2009	20,873	20,323	6,143	4,609	27,016	24,932
Fall 2008	20,539	19,929	5,820	4,347	26,359	24,276

*Source: Fall 2008, Fall 2009, and Fall 2010 figures from Student Profile

OPERATING BUDGET

for Fiscal Year 2012

BOSTON CAMPUS



UNIVERSITY OF MASSACHUSETTS BOSTON
FY 2012 Operating Budget Narrative

With a growing reputation for innovative interdisciplinary research addressing complex urban issues, and a remarkable range of opportunities for both undergraduate and graduate students, the University of Massachusetts Boston proudly speaks of itself as “a research university with a teaching soul.” Our students benefit not only from a closeness of faculty attention rarely found at major universities, but also from immersion in the multiplicity, creativity, and vitality of a great American city. As the only public university campus in greater Boston, we are committed to keeping first-rate education within reach of our diverse student population, and to actively engaging our local, national, and international constituents through academic programs, research centers, and public service projects.

A well-established strategic planning process informs major decisions at UMass Boston, including budget decisions. We are now at the end of one planning cycle and the beginning of another. The theme of the new strategic plan is “Inclusive Excellence: Enhancing the University’s Effectiveness, Reach, and Stature.” Its major goals are:

- Advance student success and development.
- Enrich and expand academic programs and research.
- Improve the learning, teaching, and working environment.
- Establish a financial resources model consistent with the university’s vision statement.
- Develop an infrastructure supportive of the preceding goals.

These goals drive the Boston campus’s financial planning for FY12 and future years. This narrative provides a brief review of the projected forecast for the current fiscal year, FY11, where budget decision-making reflected the previous strategic plan. In addition, it presents an overview of the proposed FY12 UMass Boston budget, as the campus continues to move forward with major projects begun under the previous plan and also begins to invest to achieve the goals of the new plan.

Update on FY11

UMass Boston prepared its FY11 budget in spring 2010, several months prior to Board approval and completion of the state budget. When all of the details of the state budget ultimately became final in October 2010, UMass Boston ended up receiving more state support and federal stimulus funding than we had assumed in the spring, as we developed the FY11 budget. As explained below, these differences account for much of the variation between the budget and our current FY11 forecast.

Summary of Current FY11 Projection

In the FY11 budget, we projected that Income before Other Revenues, Expenses, Gains and Losses would total \$0.4M and that the operating margin would be 0.1%. As a result of anticipated state funding of \$8.25M for a capital project to stabilize the campus’ infrastructure, we estimated that Net Assets would grow by \$7.6M.

Our current forecast projects even more favorable results for FY11:

- Income before Other Revenues, Expenses, Gains and Losses of \$10.8M
- Operating margin of 3.5%, and
- Increase in Net Assets of \$19.3M.

We are forecasting that both Total Operating Revenues and Total Operating Expenses will come in close to budget. The drivers of the biggest differences in the assumptions underlying the original FY11 budget and the current projection are in Non-operating Revenues/(Expenses) section of the budget:

- Bigger state appropriation
- Larger federal stimulus funding
- Higher endowment return
- Lower Debt Service
- Receipt of \$2.0M capital grant from the Mass Life Sciences Center.

Operating Revenues

Based on actual revenue through March 31, 2011, we are projecting Total Operating Revenues of \$206.5M, only \$1.1M less than the FY11 budget of \$207.6M. Except for Tuition and Fees, and Federal Grants and Contracts, the forecasts for the major Operating Revenue sources are close to budget. Because of higher-than-anticipated Scholarship Allowances, which are largely offset by lower-than-budget Scholarship and Fellowships Expenses, we now forecast that Net Tuition and Fees Revenue will be \$4.4M under budget. The projection for Federal Grants and Contracts is \$50.0M, \$4.7M higher than budget, primarily because of federally provided financial aid.

For the third consecutive year, tuition and fees continues to be the largest source, at 40% of total revenue. Historically, the state appropriation was the largest funding source. However, as a result of state budget cuts that began in FY09, the state appropriation is now the second largest source, providing an estimated 28.1% of revenue in FY11. If we add federal stimulus money, which we forecast to be 2.1% of total UMass Boston revenue, to the state appropriation, the two sources together are 30.4%, still less than tuition and fees. We project that Grants and Contracts will account for 22.3% of revenue, making them the third largest funding source.

Operating Expenses

Recognizing the financial challenges that we face, UMass Boston is working hard to manage expenses. Although the FY11 forecast anticipates that some expense categories will exceed budget while others will come in below the original estimate, we project that Total Operating Expenses will be very close to budget: \$293.0M, which is \$0.4M less than the FY11 budget. As the Spending Type by Natural Expense Category table illustrates, UMass Boston is a people-driven organization, with personnel expenses accounting for nearly 68% of total expenses.

Looking at year-to-year changes, we are projecting that expenses will increase \$20.8M (7.6%) from FY10 to FY11. Personnel and Scholarships & Fellowships are the two categories with the largest expected dollar increases. The projection of Personnel expenses is growth of 11.8%, with the biggest increase occurring because of the rise in the Commonwealth's fringe benefit rate. Reflecting UMass Boston's commitment to keeping public higher education affordable, we forecast that Scholarship & Fellowship expenses will grow by 13.7%. In the other expense categories, the projection is for Supplies and Services to rise by 2.9%, Utilities to be flat, and Depreciation, as a result of the full depreciation of the original PeopleSoft project, to decrease 16%.

As of the fall 2010 snapshot, UMass Boston FTEs totaled 1,938.9, an increase of 1.8% compared to a year earlier. FTEs on unrestricted funds rose by 10.7 FTEs (less than 1%), while grant-funded positions grew by 18.2%. The growth in grant-funded positions reflects the increase in UMass Boston's research and contract-funded activities.

Non-Operating Revenues/(Expenses)

All of the significant differences between the current forecast and the original projection are in the Non-Operating Revenues/(Expenses) section of the budget.

State Appropriation -- Because the state budget was not yet final when we prepared the FY11 budget, we estimated the UMass state appropriation as the average of the amounts proposed by the House and the Senate Ways and Means FY11 budgets. Fortunately, the final appropriation turned out to be higher. Consequently, we are now projecting state support of \$88.0M, \$2.9M higher than our original estimate.

Federal Stimulus Funds – At the time that we were developing the FY11 budget, we knew that Federal Stimulus Funding would decrease dramatically from the \$25.6M that we received in FY10. Although the Governor's budget proposed moderate ARRA money for UMass, the Legislative budgets recommend much lower amounts. As with the state appropriation, the final numbers were favorable for UMass Boston: \$6.5M compared to the \$3.5M we assumed in our spring estimate.

Investment and Endowment Returns – Because of the extreme market volatility of the past several years, we tried to be conservative in estimating Investment and Endowment Returns for FY11, budgeting a total of \$5.0M for these two non-operating revenue categories. Fortunately, actual results have exceeded our original projection, and we are now forecasting total returns of \$9.0M, \$4.0M higher than budget.

Debt Service – As part of the campus Master Plan, in October 2010, UMass Boston issued \$185M of Series 2010 bonds. The university will use this money to construct the first of two planned new General Academic Buildings, as well as to finance its road and utility relocation and various other capital projects. Rates at the time of borrowing were very attractive and that factor, together with the capitalization of interest for active capital projects, held down projected interest expense in FY11.

FY12 Budget

The proposed FY12 budget relies heavily upon five key assumptions:

1. A state appropriation for the UMass system of \$418.0M, which is the amount proposed by both the Governor and the House
2. The loss of the \$6.5M of federal stimulus funding received in FY11
3. An 7.5 percent increase in tuition and fees
4. Retained tuition for out-of-state students, as approved in the FY11 state budget
5. Enrollment growth of 4.5%, taking headcount to 16,152.

FY12 Budget Process

The overall goal for the FY12 planning and budget process is to develop a budget that will address the campus's financial challenges but still enable UMass Boston to make continued progress on current strategic goals and to begin to address other identified institutional priorities. The Chancellor asked the Office of Budget and Financial Planning to develop a process that:

- Links strategic planning and financial planning, allowing the university to move forward to achieve the goals of the campus's 2010-2025 strategic plan
- Is transparent and participatory by activating workgroups and committees to focus on the budgeting process, stepping up campus-wide communication with all constituencies, and facilitating other outreach efforts
- Supports data-driven decision-making through detailed analysis and financial modeling
- Results in a balanced FY12 budget and a realistic financial plan for FY13 - FY16
- Avoids across the board expense reductions
- Includes more timely decision-making and implementation of the FY12 budget and beyond.

The campus budget process included a rigorous review of base budgets for consistency with the Strategic Plan, not merely a focus on requests for new resources. As we did for the past two budget processes, we asked all of the Vice Chancellors to develop an expense reduction scenario, this time an 8% cut, for their base budgets so that we could understand the implications of major spending cuts on our academic enterprise and campus operations.

Overview of FY12 Budget

The key drivers of the FY12 budget include the anticipated 4.5% enrollment growth, an 7.5% increase in tuition and fees, the first investments in the programs of the campus's new strategic plan, and accelerating activity on the Master Plan. Given the assumptions in the FY12 budget, we project Income before Other Revenues, Expenses, Gains and Losses will be \$1.7M, with a corresponding operating margin of 0.5%. As a result of state capital funding of nearly \$4.6M to complete the substructure stabilization project and an anticipated \$2.0M capital grant from the Massachusetts Life Sciences Center, we estimate that Net Assets will grow by \$6.4M.

Revenue – The FY12 budget projects that that Total Operating Revenue, including state appropriation, gifts, investment income, and endowment income, will grow to \$325.0M, a 4.5% increase compared to forecasted FY11 Operating Revenue. We estimate that UMass Boston’s share of the state appropriation will increase by \$8.6M versus FY11, because of the expected rise in the fringe rate and retained tuition. Our projection for Tuition and Fees Revenue Net of Scholarship Allowances is \$133.5M. The drivers of this revenue are the 7.5% fee increase and the 4.5% rise in enrollment. The 7.5% price rise will enable UMass Boston to offset the loss of the \$6.5M of federal stimulus money received in FY11 and fund the first set of investments from the campus’s new strategic plan, including more tenure-stream faculty lines, new graduate and other student programs, and initiatives to improve undergraduate retention. The third major revenue sources that will contribute to the expected growth in Operating Revenue is Grants and Contracts, projected to increase by \$3.9M (5.6%).

Given these revenue assumptions, we project that student revenue will continue to be the largest source of revenue for UMass Boston in FY12, providing 41% of total revenue. Based on the assumptions in the FY12 budget, the state appropriation would be 30.0% of total revenue, and Grants and Contracts would be the third largest revenue source at 23%.

Expenses – The projected growth in expenses for FY12 reflects UMass Boston’s priorities from its new strategic plan, including adding more tenure-system faculty, moving forward with the campus Master Plan, adding new graduate and other student programs, and implementing initiatives to improve undergraduate retention and graduation rates. The FY12 budget projects that Total Operating Expenses (including Interest Expense) will total \$323.3M, an increase by \$23.1M (7.7%) compared to the FY11 forecast.

Given that personnel accounts for 65% of the campus’s operating expenses, it is not surprising that the largest part of the growth, \$16.3M, is for these costs. For Salaries and Wages, we anticipate an increase of \$11.7M (7.7%), driven by both cost-of-living adjustments and a rise in the number of employees. One of the challenges to balancing the FY12 budget is that, unlike in the past, the Commonwealth is not funding the FY12 collective bargaining increases, forcing the campuses to pick up that expense.

In terms of numbers of employees, the FY12 budget authorizes an increase of 44 FTEs (2.3%), including 34 FTEs (1.9%) on unrestricted funds and 10 (6.3%) on grants and contracts. As a result, total authorized FTEs for FY12 are 1,983, with 1,810 on unrestricted funds and 169 on grants. The majority of the FTE growth on unrestricted funds is a result of the addition of new faculty positions, both tenure-stream and adjunct faculty, to support FY12 enrollment growth.

We are budgeting a \$4.7M (10.4%) increase in the cost of Fringe Benefits, driven primarily by a small increase in staffing, the collective bargaining increases and a projected rise in the fringe rate from 31.82% in FY11 to 33.25% in FY12.

For non-personnel expenses, we project increases in all categories, except Utilities, for an overall growth rate of 6.9% (please see table below). The largest anticipated dollar increase is in Financial Aid (\$2.5M) and reflects the campus’s ongoing commitment to meeting 90% of need and to the UMass pledge. The second largest dollar increase is for Supplies and Services, up \$2.4M or 3.7%, comparable to the rate of inflation. Because of \$102M of bonds

issued in fall 2011 to help finance the master plan projects, we project that Interest Expense will rise by \$1.8M in FY12. Depreciation will also grow by \$1.8M. As a result of a recently signed new electricity contract, we are projecting savings of \$1.2M in Utility Expenses in FY12.

Conclusion

As it has for the past five years, UMass Boston has once again prepared a balanced budget. We have done so despite the loss of the \$6.5M of federal stimulus funding received in FY11 and with little increase in state support, and in a way that enables the campus to make continued progress on our strategic goals. In FY12, we plan to move forward with our strategic plan by adding new faculty lines, implementing new initiatives to improve undergraduate retention and graduation rates, beginning several new graduate programs, and starting construction on the Integrated Sciences Center. We are funding these activities through a combination of revenue growth, but also by careful management of expenses, including a thorough scrutiny of base budgets and expense reallocations. UMass Boston recognizes its responsibility to operate in a financially prudent manner, but, equally, its commitment to serve its students, faculty, staff and the Commonwealth by moving forward toward its goal of being a great urban public research university, with a teaching soul.

FY 2012 University Operating Budget – T11-056

Table 1
University of Massachusetts
Boston Campus
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS
Fiscal Year 2012 Operating Budget Statement
(in thousands of dollars)

	FY2012 BUDGETED					
	FY09 Actuals	FY10 Actuals	FY11 Projected Budget-Accrual/ Adjusted Basis	FY12 Budget-Accrual Basis	FY11 to FY12 Change	
REVENUES						
Operating Revenues						
Tuition and Fees	\$123,053	\$136,040	\$154,106	\$165,793	\$11,687	8%
Scholarship allowance	-\$16,595	-\$20,520	-\$29,815	-\$32,304	(\$2,489)	8%
Tuition and Fees (net of scholarship allowances)	\$106,458	\$115,520	\$124,291	\$133,489	\$9,198	7%
Federal Grants and Contracts	\$37,904	\$47,178	\$50,002	\$52,510	\$2,508	5%
State Grants and Contracts	\$8,690	\$7,216	\$7,184	\$7,621	\$437	6%
Local Grants and Contracts	\$817	\$710	\$752	\$812	\$60	8%
Private Grants and Contracts	\$10,590	\$11,065	\$11,305	\$12,209	\$904	8%
Sales & Service, Educational	\$2,226	\$2,363	\$2,670	\$2,757	\$87	3%
Auxiliary Enterprises	\$9,441	\$10,086	\$10,189	\$10,601	\$411	4%
Other Operating Revenues:	\$0	\$0	\$0	\$0	\$0	N/A
Sales & Service, Independent Operations	\$0	\$0	\$0	\$0	\$0	N/A
Sales & Service, Public Service Activities	\$0	\$0	\$0	\$0	\$0	N/A
Other	\$965	\$397	\$69	\$71	\$1	2%
Total Operating Revenues	\$177,091	\$194,535	\$206,461	\$220,069	\$13,607	\$0
EXPENSES						
Operating Expenses						
Educational and General						
Instruction	\$101,500	\$106,032	\$117,549	\$122,963	\$5,413	5%
Research	\$28,265	\$31,651	\$32,431	\$35,458	\$3,026	9%
Public Service	\$6,531	\$6,730	\$6,922	\$7,127	\$204	3%
Academic Support	\$23,018	\$22,540	\$23,400	\$29,296	\$5,896	25%
Student Services	\$18,511	\$19,494	\$21,599	\$22,332	\$733	3%
Institutional Support	\$29,353	\$31,269	\$34,449	\$34,994	\$545	2%
Operation and Maintenance of Plant	\$18,397	\$19,270	\$21,872	\$22,516	\$644	3%
Depreciation and Amortization	\$16,460	\$17,697	\$14,886	\$16,662	\$1,776	12%
Scholarships and Fellowships	\$9,371	\$8,807	\$10,010	\$12,493	\$2,482	25%
Auxiliary Enterprises	\$8,083	\$8,344	\$9,833	\$10,493	\$661	7%
Other Expenditures	\$0	\$0	\$0	\$0	\$0	N/A
Independent Operations	\$0	\$0	\$0	\$0	\$0	N/A
Public Service Activities	\$0	\$0	\$0	\$0	\$0	N/A
Total Operating Expenses	\$259,489	\$271,834	\$292,952	\$314,332	\$21,380	7%
Operating Income/(Loss)	-\$82,398	-\$77,299	-\$86,490	-\$94,264	(\$7,773)	9%
NONOPERATING REVENUES/(EXPENSES)						
Federal Appropriations	\$0	\$0	\$0	\$0	\$0	N/A
State Appropriations	\$93,175	\$71,737	\$88,000	\$96,589	\$8,589	10%
Gifts	\$1,342	\$1,805	\$1,805	\$2,250	\$445	25%
Investment Return	-\$2,503	\$7,268	\$7,273	\$5,004	-\$2,269	-31%
Endowment Return	\$1,045	\$719	\$904	\$1,100	\$196	22%
Interest on Indebtedness	-\$6,810	-\$4,092	-\$7,234	-\$9,033	-\$1,799	25%
Other Nonoperating Income	\$238	\$263	\$0	\$0	\$0	N/A
Revenue from Stimulus Funds	\$0	\$25,606	\$6,539	\$0	-\$6,539	-100%
Net Nonoperating Revenues	\$86,487	\$103,306	\$97,287	\$95,910	(\$1,377)	-1%
Income Before Other Revenues, Expenses, Gains and Losses	\$4,089	\$26,007	\$10,797	\$1,646	(\$9,150)	-85%
Gains and Losses						
Capital Appropriations	\$1,654	\$13,878	\$8,250	\$4,550	-\$3,700	-45%
Capital Grants and Contracts	\$378	\$1,492	\$2,000	\$2,000	\$0	0%
University Related Transactions	\$0	\$0	\$0	\$0	\$0	N/A
Disposal of Plant Facilities	\$745	-\$1,492	-\$1,775	-\$1,800	-\$25	1%
Other Additions/Deductions	-\$789	\$7,867	\$0	\$0	\$0	N/A
Total Other Revenues, Expenses, Gains & Losses	\$1,988	\$21,745	\$8,475	\$4,750	(\$3,725)	-44%
Total Increase in Net Assets	\$6,077	\$47,752	\$19,272	\$6,396	(\$12,875)	-67%
NET ASSETS						
Net Assets at Beginning of Year	\$169,805	\$175,882	\$223,634	\$242,906	\$19,272	9%
Net Assets at End of Year	\$175,882	\$223,634	\$242,906	\$249,302	\$6,396	3%

Table 2
University of Massachusetts
Boston Campus
Fiscal Year 2012 Operating Budget Statement
SPENDING BY TYPE OF EXPENSE (NATURAL CLASSIFICATION)
(in thousands of dollars)

	FY09	FY10	FY11	FY12	\$ Change	% Change
EXPENSE CATEGORY	Actuals	Actuals	Projected	Budgeted	FY11 - 12	FY11 - 12
Salaries and Wages	\$138,386	\$142,668	\$151,037	\$162,690	\$11,653	7.7%
Employee Fringe Benefits	\$29,546	\$32,526	\$44,837	\$49,507	\$4,670	10.4%
Scholarships & Fellowships	\$9,371	\$8,807	\$10,010	\$12,493	\$2,482	24.8%
Utilities	\$7,823	\$7,799	\$7,714	\$6,506	(\$1,208)	-15.7%
Supplies and Other Services	\$57,903	\$62,337	\$64,120	\$66,475	\$2,355	3.7%
Depreciation	\$16,460	\$17,697	\$14,886	\$16,662	\$1,776	11.9%
TOTAL	\$259,489	\$271,834	\$292,604	\$314,332	\$21,728	7.4%

*Total should equal total Operating Expenses from SRECNA

Table 3
University of Massachusetts
Boston Campus
Fiscal Year 2012 Operating Budget Statement
SUMMARY OF FULL-TIME EQUIVALENT (FTE) EMPLOYEES*

	Actual FTEs Fall 2008 (FY2009)	Actual FTEs Fall 2009 (FY2010)	Actual FTEs Fall 2010 (FY2011)	Proj. FTEs Fall 2011 (FY2012)	FTE Change Fall 2010 - 11	% Change Fall 2010 - 11
UNRESTRICTED/DESIGNATED FUNDS						
STATE FUNDED POSITIONS						
Faculty	463.9	470.5	478.2	488.2	10.0	2.1%
Professional Staff	384.9	408.4	416.7	416.7	0.0	0.0%
Classified Staff	288.0	277.6	280.9	280.9	0.0	0.0%
Subtotal, State Funded	1,136.8	1,156.5	1,175.8	1,185.8	10.0	0.9%
NON-STATE FUNDED POSITIONS						
Faculty	236.2	311.3	310.5	320.5	10.1	3.2%
Professional Staff	251.0	223.7	219.1	229.1	10.0	4.5%
Classified Staff	86.7	74.3	71.1	75.1	4.0	5.6%
Subtotal, Non-State Funded	573.9	609.3	600.7	624.7	24.0	4.0%
Total Unrestricted/Designated	1,710.7	1,765.8	1,776.5	1,810.5	34.0	1.9%
RESTRICTED FUNDS						
GRANT FUNDED POSITIONS						
Faculty	0.0	0.9	8.8	8.8	(0.0)	-0.2%
Professional Staff	81.2	113.5	130.3	140.3	10.0	7.7%
Classified Staff	19.0	19.9	19.7	19.7	0.1	0.3%
Subtotal, Grant Funded	100.2	134.3	158.7	168.8	10.1	6.3%
OTHER RESTRICTED POSITIONS						
Faculty	1.0	0.0	0.0	0.0	0.0	
Professional Staff	9.2	4.6	2.8	2.8	0.0	0.0%
Classified Staff	2.8	0.2	0.9	0.9	0.0	0.0%
Subtotal, Other Restricted Funds	13.0	4.8	3.7	3.7	0.0	0.0%
Total Restricted	113.2	139.1	162.4	172.5	10.1	6.2%
TOTAL UNRESTRICTED AND RESTRICTED	1,823.9	1,904.9	1,938.9	1,983.0	44.1	2.3%

* 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
Boston Campus
Fiscal Year 2012 Operating Budget Statement
HEADCOUNT AND FTE ENROLLMENT

	UNDERGRADUATE		GRADUATE		TOTAL	
	HC	FTE	HC	FTE	HC	FTE
Fall 2011 projected	12,133	9,342	4,019	2,765	16,152	12,107
Fall 2010	11,568	8,845	3,886	2,596	15,454	11,441
Fall 2009	11,041	8,488	3,871	2,666	14,912	11,154
Fall 2008	10,478	7,965	3,639	2,477	14,117	10,442

*Source: Fall 2008, Fall 2009, and Fall 2010 figures from Student Profile

OPERATING BUDGET

for Fiscal Year 2012

DARTMOUTH CAMPUS



UNIVERSITY OF MASSACHUSETTS DARTMOUTH
FY 2012 Operating Budget Narrative

Context

The resource constraints that the University of Massachusetts Dartmouth currently faces are neither short-term nor confined to our community. They are generated by a world-wide structural economic crisis that will likely continue for an extended period of time and has affected public and private institutions, businesses, non-profit organizations, and families all across our country. Private institutions have seen their endowments collapse; non-profits have seen philanthropic giving and state appropriations dramatically shrink; and families have been hit hard by layoffs and declining investment returns.

Yet, higher education is more valued than ever. Increasingly, a four-year college degree is a prerequisite for a strong quality of life, especially in Massachusetts, where the economy is driven by knowledge and innovation. Here on the SouthCoast, our university is looked upon as the engine of socio-economic development -- a powerful source of innovative, creative energy and talent that drives the economy, sustains our coastal resources, and catalyzes the renewable energy and life science business sectors. Education programs that we offer are seen as the ultimate solution to the chronic problem of high entrance barriers to higher education. Therefore, even as various forms of financial support are declining, there is a growing expectation for the university to provide a solution.

These prevailing economic and demographic conditions require that UMass Dartmouth take bold and strategic action to position the university to sustain high quality educational programs, scholarship disbursements in order to service the region and the Commonwealth for decades to come. Civic responsibility requires public universities to maintain a commitment to accessibility and affordability, especially during these difficult times. It is with this strong commitment to public service that the university continues to move forward with these most critical goals during a period of financial challenge and emerging shifts in demographics and higher educational trends. State funding of public higher education in Massachusetts and nearly every other state has been declining for nearly a quarter century. Over the past several years, UMass Dartmouth has seen severe cuts in state allocations, requiring that we once again examine what our revenue streams must be, and from where they must come. We must streamline, innovate and invest as never before to be less dependent on state funds. Further, we must determine the most effective and efficient way to deliver our core academic, student and administrative services. Our financial projections illustrate this approach.

Methodology

The FY2012 Operating Budget uses FY2010 actual audited results and FY2011 projected results as a basis for our projections. In addition, the projections result from assumptions regarding the state appropriation, collective bargaining, fringe benefit rates, expense inflation, tuition and fee rates as well as the impact of the funds lost from the American Reinvestment and Recovery Act (stimulus funds).

All assumptions are consistent with the guidelines established by the President's Office. Other assumptions developed by the campus that affect revenues include enrollment growth of 16% (over five years; FY2012 through FY2016), increased endowment income, increased sponsored research and a tuition and mandatory fee rate increase of 7.5% for FY2012. Expenditures assumptions include strategic investments in research growth and capital improvements, increased financial aid, the

annualized budget reallocations from (FY11), payment of debt and the impact of accrual or financial statement adjustments to budget amounts.

Throughout this process, the campus community has been asked for input through a series of town meeting-type presentations titled *“Conversations That Matter.”* The presentations focused on meeting our aspirations and sustaining our place as an excellent regional research university. Employees are being strongly encouraged to become actively engaged in the following areas: being student-centered, integrating learning and discovery, transforming us and our communities, moving forward with insight and understanding, changing student demographics, innovative and responsible action, constrained resources and ready to respond.

Results

During Fiscal Year 2011, several strategic budget priorities were funded using existing resources. Specifically, investments in recruitment, retention and yield of students, academic program expansion, and institutional need-based aid and research growth related activities. These activities continue in Fiscal Year 2012 and over the five year forecast.

The FY2012 projections show little change to the campus Financial Cushion and Operating Margin. The FY2013-14 Financial Cushion changes slightly at 5.2 % and 5.3 % respectively; where incremental increases are observed in FY2015 and FY2016 of 6.3 % and 6.9 %. There is no appreciable change for the Debt Service Ratio in FY2012 over FY2011; however there is an increase observed in FY2013 to 8.8%, gradually returning to the FY2012 level of 7.7% in FY2016. The Debt Service Ratio increase in FY2018 is planned as part of the strategic borrowing plan in FY2010.

It should be noted the Dartmouth Campus has dramatically improved its financial position for several years prior to FY2012. The overall financial statements project an increase in Total Net Assets of approximately \$24.9 million. This increase is directly attributable to the \$43.0 million renovation of the Claire T. Carney Library. The campus has partnered with the Division of Capital Asset Management (DCAM) to add space and renovate existing space in the Claire T. Carney Library. This project is being funded exclusively through state general obligation bond funds from Chapter 258 of 2008. Construction has begun and will continue through 2013.

In addition, the Dartmouth Campus participated in the University of Massachusetts Building Authority's most recent \$600 million bond issuance. The Dartmouth Campus share was \$61 million. This borrowing is critical in supporting the strategic goals of recruitment, retention and yield of both undergraduate and graduate programs and growth in sponsored research. Included in the \$61 million are lab renovations, upgrades to freshman residence halls, purchase of the Advanced Technology and Manufacturing Center, leveraging state dollars to build a bio-manufacturing facility and expansion of the SMAST facility, Athletic Center improvements and refinancing of the Law School Debt. The University is also investing in other projects outside of the \$60 million bond issue; a \$35 million Energy Savings Project that includes a \$17 million co-generation plan and some smaller projects such as the \$1.2 million photovoltaic and \$1.4 million wind turbine installations.

FY2012 Budget Challenge

We must now plan for a fiscal year 2012 that promises to be challenging. The Commonwealth's economy appears to be improving, yet the University may not realize the benefit of economic improvements until fiscal year 2014. To meet this challenge we will be required to make strategic operating budget and personnel reallocations; increase enrollment; increase scholarship and research; provide increased need-based financial aid; and focus available funds on investments that will enhance our ability to raise future revenue. The campus has strategically allocated resources which will develop a stronger enrollment practices to enhance future revenue growth and develop an increase in externally funded research programs.

Conclusion

We have made the above decisions after careful and thoughtful consideration of all practical alternatives. The operating budget package represents a collaboration of all levels of the organization. The primary objective for FY2012 creates momentum in recruiting and retention such that strategic investments can be aggressive in FY2013 through FY2016, along with some build up of cash reserves in the out years. We feel confident that these decisions position this campus for long-term excellence and sustainability.

FY 2012 University Operating Budget – T11-056

Table 1
University of Massachusetts
Dartmouth Campus
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS
Fiscal Year 2012 Operating Budget Statement
(in thousands of dollars)

	FY09 Actuals	FY10 Actuals	FY11 Projected Budget-Accrual/ Adjusted Basis	FY2012 BUDGETED		
				FY12 Budget-Accrual Basis	FY11 to FY12 Change	
REVENUES						
Operating Revenues						
Tuition and Fees	\$76,913	\$92,085	\$93,416	\$96,622	\$3,206	3%
Scholarship allowance	-\$15,451	-\$26,545	-\$23,465	-\$24,249	-\$784	3%
Tuition and Fees (net of scholarship allowances)	\$61,462	\$65,540	\$69,951	\$72,373	\$2,422	3%
Federal Grants and Contracts	\$18,324	\$22,617	\$28,625	\$30,815	\$2,190	8%
State Grants and Contracts	\$5,174	\$4,943	\$7,085	\$7,520	\$435	6%
Local Grants and Contracts	\$287	\$250	\$350	\$400	\$50	14%
Private Grants and Contracts	\$5,221	\$4,604	\$5,978	\$6,122	\$144	2%
Sales & Service, Educational	\$51	\$55	\$43	\$43	\$0	0%
Auxiliary Enterprises	\$40,785	\$40,422	\$43,498	\$46,357	\$2,859	7%
Other Operating Revenues:	\$0	\$0	\$0	\$0	\$0	N/A
Sales & Service, Independent Operations	\$0	\$0	\$0	\$0	\$0	N/A
Sales & Service, Public Service Activities	\$0	\$0	\$0	\$0	\$0	N/A
Other	\$4,639	\$4,378	\$5,000	\$4,700	-\$300	-6%
Total Operating Revenues	\$135,943	\$142,809	\$160,530	\$168,330	\$7,800	5%
EXPENSES						
Operating Expenses						
Educational and General						
Instruction	\$59,658	\$57,277	\$64,924	\$65,564	\$640	1%
Research	\$17,199	\$20,108	\$21,188	\$22,860	\$1,673	8%
Public Service	\$3,337	\$3,608	\$4,454	\$4,844	\$390	9%
Academic Support	\$21,996	\$22,311	\$24,656	\$23,773	-\$884	-4%
Student Services	\$8,157	\$7,907	\$8,441	\$8,467	\$26	0%
Institutional Support	\$17,742	\$19,322	\$23,141	\$24,010	\$869	4%
Operation and Maintenance of Plant	\$19,234	\$20,823	\$21,982	\$22,083	\$101	0%
Depreciation and Amortization	\$12,201	\$12,153	\$12,000	\$13,345	\$1,345	11%
Scholarships and Fellowships	\$3,623	\$5,793	\$8,086	\$8,982	\$896	11%
Auxiliary Enterprises	\$20,633	\$20,346	\$21,984	\$22,039	\$55	0%
Other Expenditures	\$0	\$0	\$0	\$0	\$0	N/A
Independent Operations	\$0	\$0	\$0	\$0	\$0	N/A
Public Service Activities	\$0	\$0	\$0	\$0	\$0	N/A
Total Operating Expenses	\$183,780	\$189,648	\$210,855	\$215,967	\$5,112	2%
Operating Income/(Loss)	-\$47,837	-\$46,839	(\$50,325)	(\$47,637)	\$2,688	-5%
NONOPERATING REVENUES/(EXPENSES)						
Federal Appropriations	\$0	\$0	\$0	\$0	\$0	N/A
State Appropriations	\$55,876	\$42,834	\$52,254	\$54,182	\$1,928	4%
Gifts	\$0	\$0	\$0	\$0	\$0	N/A
Investment Return	\$683	\$1,026	\$942	\$1,200	\$258	27%
Endowment Return	\$1,091	\$512	\$638	\$800	\$162	25%
Interest on Indebtedness	-\$8,276	-\$8,209	-\$7,993	-\$7,765	\$228	-3%
Other Nonoperating Income	\$1,220	\$536	\$429	\$450	\$21	5%
Revenue from Stimulus Funds	\$0	\$19,107	\$4,079	\$0	-\$4,079	-100%
Net Nonoperating Revenues	\$50,594	\$55,806	\$50,349	\$48,867	-\$1,482	-3%
Income Before Other Revenues, Expenses, Gains, and Losses	\$2,757	\$8,967	\$24	\$1,230	\$1,206	4991%
Capital Appropriations	\$6,477	\$3,461	\$4,200	\$27,700	\$23,500	560%
Capital Grants and Contracts	\$0	\$273	\$0	\$0	\$0	N/A
University Related Transactions	\$0	\$0	\$0	\$0	\$0	N/A
Disposal of Plant Facilities	-\$1,157	-\$1,213	-\$1,200	-\$1,200	\$0	0%
Other Additions/Deductions	-\$2,479	-\$1,500	-\$2,618	-\$2,821	-\$203	8%
Total Other Revenues, Expenses, Gains & Losses	\$2,841	\$1,021	\$382	\$23,679	\$23,297	6099%
Total Increase in Net Assets	\$5,598	\$9,988	\$406	\$24,909	\$24,503	6033%
NET ASSETS						
Net Assets at Beginning of Year	\$49,533	\$55,131	\$65,119	\$65,525	\$406	1%
Net Assets at End of Year	\$55,131	\$65,119	\$65,525	\$90,435	\$24,909	38%

Table 2
University of Massachusetts
Dartmouth Campus
Fiscal Year 2012 Operating Budget Statement
SPENDING BY TYPE OF EXPENSE (NATURAL CLASSIFICATION)
(in thousands of dollars)

	FY09	FY10	FY11	FY12	\$ Change	% Change
EXPENSE CATEGORY	Actuals	Actuals	Projected	Budgeted	FY11 - 12	FY11 - 12
Salaries and Wages	\$86,564	\$84,128	\$88,249	\$91,202	\$2,953	3.3%
Employee Fringe Benefits	\$22,891	\$21,409	\$24,600	\$25,991	\$1,391	5.7%
Student Aid	\$10,220	\$13,881	\$17,208	\$20,246	\$3,038	17.7%
Utilities	\$8,918	\$9,237	\$9,513	\$9,798	\$285	3.0%
Supplies and Other Services	\$42,986	\$48,840	\$59,285	\$55,385	-\$3,900	-6.6%
Depreciation	\$12,201	\$12,153	\$12,000	\$13,345	\$1,345	11.2%
TOTAL	\$183,780	\$189,648	\$210,855	\$215,967	\$5,112	2.4%

*Total should equal total Operating Expenses from SRECNA

FY 2012 University Operating Budget – T11-056

Table 3
University of Massachusetts
Dartmouth Campus
Fiscal Year 2012 Operating Budget Statement
SUMMARY OF FULL-TIME EQUIVALENT (FTE) EMPLOYEES*

	Actual FTEs Fall 2008 (FY2009)	Actual FTEs Fall 2009 (FY2010)	Actual FTEs Fall 2010 (FY2011)	Proj. FTEs Fall 2011 (FY2012)	FTE Change Fall 2010 - 11	% Change Fall 2010 - 11
UNRESTRICTED/DESIGNATED FUNDS						
STATE FUNDED POSITIONS						
Faculty	360.6	370.1	361.7	361.7	0.0	0.0%
Professional Staff	238.5	232.5	227.7	227.7	0.0	0.0%
Classified Staff	274.2	255.6	256.4	256.4	0.0	0.0%
Subtotal, State Funded	873.3	858.2	845.8	845.8	0.0	0.0%
NON-STATE FUNDED POSITIONS						
Faculty	101.5	68.5	73.0	76.0	3.0	4.1%
Professional Staff	83.8	85.0	99.0	102.0	3.0	3.0%
Classified Staff	102.3	99.4	112.0	113.0	1.0	0.9%
Subtotal, Non-State Funded	287.6	252.9	284.0	291.0	7.0	2.5%
Total Unrestricted/Designated	1,160.9	1,111.1	1,129.8	1,136.8	7.0	0.6%
RESTRICTED FUNDS						
GRANT FUNDED POSITIONS						
Faculty	2.7	5.8	8.0	8.0	0.0	0.0%
Professional Staff	32.9	40.1	42.4	42.4	0.0	0.0%
Classified Staff	3.0	3.5	5.4	5.4	0.0	0.0%
Subtotal, Grant Funded	38.6	49.5	55.8	55.8	0.0	0.0%
OTHER RESTRICTED POSITIONS						
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	
Subtotal, Other Restricted Funds	0.0	0.0	0.0	0.0	0.0	
Total Restricted	38.6	49.5	55.8	55.8	0.0	0.0%
TOTAL UNRESTRICTED AND RESTRICTED	1,199.5	1,160.5	1,185.6	1,192.6	7.0	0.6%

* 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
Dartmouth Campus
Fiscal Year 2012 Operating Budget Statement
HEADCOUNT AND FTE ENROLLMENT

	UNDERGRADUATE		GRADUATE		TOTAL	
	HC	FTE	HC	FTE	HC	FTE
Fall 2011 projected	7,641	6,514	1,874	1,290	9,515	7,804
Fall 2010	7,749	7,045	1,683	1,218	9,432	8,263
Fall 2009	7,982	7,260	1,320	899	9,302	8,159
Fall 2008	7,982	7,214	1,173	776	9,155	7,990

*Source: Fall 2008, Fall 2009, and Fall 2010 figures from Student Profile

OPERATING BUDGET

for Fiscal Year 2012

LOWELL CAMPUS



UNIVERSITY OF MASSACHUSETTS LOWELL
FY 2012 Operating Budget Narrative

Overview

The Fiscal Year 2012 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 2012.

The document considers the FY2010 actual Financial Statements, the preliminary results for FY2011 and the projected outcome for FY2012 based on the campus budget planning and parameters established by the President's Office.

Chancellor Meehan has been working with Lowell's faculty, staff and administration since 2008 to adjust to the Commonwealth's fiscal crisis while maintaining the focus on building a new vision and strategic plan for the University. Despite the challenges, the goal continues to be to strive for excellence through strategic investment in our students, faculty and facilities.

UMass Lowell Mission and the UMass Lowell 2020 Strategic Plan

UMass Lowell'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.

The campus has completed the first phase of the strategic planning effort. UMass Lowell 2020 will serve as the University's next generation strategic plan, providing a blueprint for how the campus will achieve national and international recognition as a world-class institution over the next decade. Almost 200 faculty, staff, and students have been assessing the University's current academic, research, partnership, fiscal and facilities status and drafting strategies to improve the campus's achievement, reputation and rankings as expressed in the following ways:

- Strengthen undergraduate education through the enhancing of experiential and interdisciplinary learning, learning through discovery, and further development of the Honors program.
- Continue to increase retention and graduation rates. Work to increase enrollment of transfer students through improved services and through enhanced articulation (maintain freshman enrollment but work to increase selectivity). Increase undergraduate enrollment through emphasis on student success.
- Strengthen graduate education through enhanced marketing and recruitment of existing Master's and Doctoral programs and through marketing of the newly developed Professional Science Programs (PSM). Strengthen existing collaborative efforts with UMass institutions. Work to increase fee-paying Master's students through aggressive recruitment regionally, nationally and internationally with emphasis on the new 13 PSM programs.

- Strengthen scholarship and research and enhance extramural funding from all sources including grants and contracts and fundraising.
- Strengthen partnerships with the urban community through collaborative work on societal challenges and through enhancing economic development.
- Strengthen partnerships with business and industry, building on UMass Lowell's hallmark in innovation.
- Continue to develop strong partnerships with strategic international institutions, with emphasis on in-depth experiences for students and opportunities for joint/dual academic programs and collaboration in research and development. Recruit aggressively nationally and internationally (non-resident students are projected to increase; international students are similarly projected to increase for the first year students and through the UMass Lowell NAVITAS International Center).
- Enhance cultural and ethnic diversity among students, faculty, and academic leadership.
- Continue to systematically assess viability and effectiveness of all academic programs with an overarching goal of achieving effective deployment of faculty effort.

An external advisory committee, made up of alumni and local community leaders has been engaged in the strategic plan.

Consistent with the goals of the strategic plan, UMass Lowell appointed a Financial Planning and Budget Review Committee to increase transparency; open up how the campus makes short and long term operating and capital budgeting decisions; and help to empower managers while increasing the accountability and responsibility over the management of university resources. The Committee has conducted its FY2012 budget hearings and is reviewing all major departmental budgets, including goals, strategic priorities, efficiency ideas, and contingency planning depending upon available financial resources. Obviously, final budget decisions for FY2012 will depend considerably on the final outcome of the state budget process and student charge deliberations.

FY2011 Review

A significant development in FY2011 was the impact of state budget cuts and the reductions in federal stimulus funds. UMass Lowell was allocated a total of \$22.7 million in ARRA funding in FY2010 and in FY2011 the amount of ARRA funding dropped to \$5.7 million. Because the ARRA funds were not expected to last the campus made the decision to focus the use of these funds on one-time investments that would advance the strategic plan. Operationally, UMass Lowell used the actual ARRA funds to support salary and fringe benefit costs of campus employees and has targeted the campus funds freed up by the federal stimulus monies on one-time projects that will not place additional pressures on the operating budget. Projects that have been funded over the past two fiscal years are those that will improve the overall quality of academic programs and enhance the entire student learning and living experience, such as:

- Support for faculty and student work including smart classroom upgrades, lab equipment investments and library materials;
- Funding for capital repairs and renewal, academic office renovations, energy efficiency and space inventory systems;
- Transportation System improvements;

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- Marketing and branding investments to improve recruiting and external relations including web enhancements and content management system upgrades, signage and way-finding improvement;
- Information Technology including academic computing, network support, audio visual and video conferencing upgrades, training, document management and workflow systems to improve processing efficiencies;
- Public Safety investments including police equipment upgrades, emergency phone, blue light and security camera upgrades.

In addition to these investment activities, the University continued to make progress as evidenced by the following:

Develop First-Rate Infrastructure

- In April, the University broke ground on the new \$40 million, 69,000-square-foot Health and Social Sciences Building that will be home to three of the university's most popular majors in health and social sciences – criminal justice, nursing and psychology.
- UMass Lowell acquired the former St. Joseph's Hospital in January and will transform the property into a vibrant hub for students and the community. University Crossing is centrally located between UMass Lowell's North, South and East campuses and provides much needed space for the growing University. The site was acquired by the UMass Building Authority on behalf of UMass Lowell for \$6.3 million and consists of six buildings totaling nearly 300,000 square feet and two parking lots. UMass Lowell will invest millions of dollars to rehabilitate the building and will begin occupying it as soon as possible, beginning with University Police and some administrative functions. Potential uses include space for student services and activities, community programs, a bookstore, student dining and student housing.
- More than 80,000 people have passed through the Tsongas Center's turnstiles since October, when UMass Lowell unveiled its latest and most extensive renovations to the building, both inside and out. A reorganized management team and renewed entrepreneurial focus has brought in new and diverse event offerings that are driving the center's increased popularity.

Impact on Regional Economy

- The Merrimack Valley saw a \$490 million positive economic impact in the last fiscal year from UMass Lowell, which also supported more than 3,100 jobs and delivered an 8 to 1 return on the state's investment in the campus, according to a report by the UMass Donahue Institute. UMass Lowell employs more than 1,440 in faculty and staff jobs. Spending by those workers - as well as the more than 13,000 students who attended UMass Lowell in FY 2010 - supported 1,700 off-campus jobs across the Merrimack Valley. UMass Lowell spent nearly \$32 million on construction projects in FY 2010—including at the UMass Lowell Inn & Conference Center and Tsongas Center at UMass Lowell and the new Emerging Technologies and Innovation Center—supporting 153 jobs.
- UMass Lowell students, faculty and staff provide a significant stimulus to the city's downtown economy, representing a potential \$10 million in annual spending in Lowell. The Downtown Initiative Report, released by the Lowell Plan Inc. and UMass Lowell, underscores the University's role in creating a thriving downtown that enhances student and faculty recruitment and retention, attracts private investment, expands the economy and creates jobs in the city.

Findings:

- Students, faculty and staff spending represents a potential \$10 million impact in Lowell.

FY 2012 University Operating Budget – T11-056

- 91 percent of faculty and staff and 82 percent of students regularly visit downtown Lowell, spending approximately \$30 per visit.
- 85 percent of business owners are interested in UMass Lowell expanding its presence downtown and 78 percent said they have a good relationship with the University.
- More than one-third of faculty, staff and students have volunteered in Lowell.

Student Success

- The University's increase in its graduation rate—eight percent over six years— was the highest for any public research university in New England. The Chronicle of Higher Education compiled changes in graduation rates among colleges and universities across the country, comparing averaged rates for 2001-2002 to comparable numbers for 2007-2008.

Maintain and Improve Affordability and Access

- Lowell's undergraduate population is approximately 21% first generation college students; 23% are students of color; and 86% are Massachusetts residents.
- Fifty-five percent of undergraduate students demonstrate financial need. For them, on average 94% of their need is met. Approximately one in three (32%) of Lowell's undergraduate students receive Pell grants. By providing financial need assistance and by increasing the amounts of merit awards for new freshmen and grants for transfer students, UMass Lowell will not only maintain affordability, it will improve on accessibility.
- To encourage more young women to study computer science, UMass Lowell last November awarded scholarships to 12 outstanding female high-school students. The students were all winners of the National Center for Women & Information Technology Award for Aspirations in Computing, which honors young women for their computing-related achievements and interests.

Enhance the Student Learning Experience

- UMass Lowell has been awarded \$124,200 by the Alfred P. Sloan Foundation for expansion activities over the next 18 months. Student enrollments and business partnerships will be increased significantly and model curricula will be developed to support an increase in PSM programs across the system.
- Lowell students are very satisfied with their academic experiences. The 2005 NSSE survey administration found that eighty-two percent of the seniors rate their experience as "good" or "excellent." Taking into consideration those students who would also "start it over" at UML, then, 76% rated their academic experience at Lowell as "good/excellent" *and* also said they would "start it over" again at UML. High satisfaction, indeed. This figure will be updated upon completion of the NSSE 2011 administration.

Research

- Research expenditures continue to increase. Lowell has exceeded the target of \$90,000 per faculty in research expenditures for three consecutive years. The average was \$132,187 per faculty in FY2010.

Increase the Endowment

- A \$5 million commitment was received from the Desphande Foundation for the Merrimack Valley

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Sandbox, one of only three initiatives of its kind in the world, supporting the new Merrimack Valley Center for Innovation and Entrepreneurship at UMass Lowell.

- Fifteen new endowments were created, totaling more than \$1 million.
- Nearly \$4 million was raised to support the new emerging technology and innovation center.
- A \$250,000 charitable gift annuity was received, matching the largest gift annuity received in history.
- A \$240,000 gift was received to support the library.
- The Power of One Campaign was launched to let prospective donors know that every gift, large or small, has an impact.

Resource Management

- The administration continues to implement more than twenty efficiency projects that will be that are aimed at improving the delivery of administrative and information technology services including: a document imaging project (coordinated with the system office); expanding HR self-service functionality; developing a space inventory system to support the indirect cost recovery rate and a rational deployment of teaching, research and support space.
- Rigorous attention to academic program planning will continue to focus on achieving the vision of national and international recognition as a world class institution set by the Chancellor. The Provost is using the following criteria by which program expansion, reorganization and reallocation proposals are reviewed: numbers of majors served, annual graduates produced, associated credit hours taught, research and scholarly productivity, and service productivity.

FY2011 Financial Results:

The University is projecting a \$1.8 million operating surplus for FY2011 or a 0.6% operating margin.

FY 2012 Budget Assumptions

Revenues

State Support

In FY2010, the state cut the University's budget significantly but backfilled those cuts with ARRA funding. Since then, the state has cut the direct appropriation, eliminated ARRA funding, and implemented collective bargaining agreements without funding to support the second year cost increases. The total impact in state support of these actions between FY2010 and the amounts being proposed for FY2012 is approximately \$19 million or -23.3%.

For planning purposes, the University of Massachusetts Lowell FY2012 budget assumes a state appropriation cut of \$6.2 million or a -8.5% reduction from FY2011. This allocation is consistent with the amount recommended by the Governor and the House of Representatives for FY2012 and takes into consideration the loss of allocations of ARRA funding to the University as well as the reduction in state appropriation to account for the authority to retain non-resident tuition. In addition to the direct state cut, the University will have to absorb the second year of collective bargaining contract costs that are unfunded by the state and the associated fringe benefits. The contracts add an additional \$3.8 million of costs to the budget.

Other Revenues

The Lowell campus anticipates a 3.7% increase in full-time equivalent undergraduate and graduate enrollment for Fall 2011. This enrollment growth, the growth in Continuing Studies and Corporate Education (CSCE) programs and current estimates for student charge rates will result in an estimated 12.4% increase in tuition and fee revenues. As previously noted, these increases will be offset by increased financial aid spending to maintain the University's commitment to affordability. The enrollment growth and campus efforts to expand the residential experience for students are projected to generate a 5.7% increase in revenues from Residential Housing and Food Services. Grant and contract revenue from all sources is projected to increase by 5.0% over FY2011.

The campus has proposed to expand the current non-mandatory campus technology fee into a mandatory fee within the existing mandatory fee cap to fund improvements to the information technology infrastructure and expand and improve student computer lab and teaching and learning technologies. A campus-wide advisory committee will support the new Chief Information Officer as he reorganizes the deployment of IT resources and develops a multi-year renewal program to be funded by this new fee.

Expenditures

The campus has budgeted 50 new tenure track and non-tenure track faculty in fiscal years 2011 and 2012 to meet enrollment growth and program needs. Staffing levels have increased in areas of critical importance to the strategic plan, primarily in the facilities, public safety, student services and academic support areas.

Other projected cost increases anticipated for FY2012 include \$1.4 million increase in debt interest payments; \$8.5 million increase for collective bargaining and fringe benefit costs and \$2 million increase for facility expansion and related operational costs and preventative/deferred maintenance. A recently completed facility condition assessment calculated total deferred maintenance at the Umass Lowell campus to be in excess of \$450 million. Finally, in addition to these targeted increases the campus projects modest inflationary increases in other areas consistent with the system guidelines.

The overall result of the changes in revenues and expenses is projected to be a 0.1% operating deficit of \$0.4 million for FY2012.

Should the University's final FY2011 and FY2012 budget outcome prove more favorable, the campus will continue the practice of reviewing and targeting surpluses toward much needed facility improvements and other strategic investments to enhance the growth and development of the student experience and effectiveness of our world-class faculty.

Summary

The University of Massachusetts Lowell has embarked on an exciting plan to grow enrollment, construct new academic/research buildings, expand research activity, develop a comprehensive energy management program and engage all segments of the campus in a comprehensive strategic planning effort. Over the past couple of years, the campus has made great progress in achieving financial sustainability by reestablishing adequate financial reserves while reallocating increased funds toward academic quality and student success initiatives. We still face significant financial challenges in improving our facilities and increasing our faculty and staffing levels to that of our peer institutions of similar size and complexity. These challenges are difficult but not insurmountable. The campus will continue to take the actions necessary to maintain a positive annual financial outcome.

FY 2012 University Operating Budget – T11-056

Table 1
University of Massachusetts
Lowell Campus
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS
Fiscal Year 2012 Operating Budget Statement
(in thousands of dollars)

			FY2012 BUDGETED			
	FY09 Actuals	FY10 Actuals	FY11 Projected Budget-Accrual/ Adjusted Basis	FY12 Budget-Accrual Basis	FY11 to FY12 Change	
REVENUES						
Operating Revenues						
Tuition and Fees	\$104,302	\$135,179	\$140,754	\$158,216	\$17,462	12%
Scholarship allowance	(\$17,029)	(\$29,245)	(\$29,573)	(\$32,435)	(\$2,862)	10%
Tuition and Fees (net of scholarship allowances)	\$87,273	\$105,934	\$111,181	\$125,781	\$14,600	13%
Federal Grants and Contracts	\$24,674	\$31,472	\$35,157	\$36,902	\$1,745	5%
State Grants and Contracts	\$5,385	\$5,134	\$5,735	\$6,020	\$285	5%
Local Grants and Contracts	\$471	\$284	\$317	\$333	\$16	5%
Private Grants and Contracts	\$13,083	\$10,791	\$12,055	\$12,653	\$598	5%
Sales & Service, Educational	\$1,244	\$921	\$1,146	\$1,193	\$47	4%
Auxiliary Enterprises	\$19,656	\$23,539	\$28,007	\$29,590	\$1,583	6%
Other Operating Revenues:	\$0	\$0	\$0	\$0		N/A
Sales & Service, Independent Operations	\$0	\$0	\$0	\$0		N/A
Sales & Service, Public Service Activities	\$0	\$0	\$0	\$0		N/A
Other	\$4,235	\$3,379	\$3,723	\$3,925	\$202	5%
Total Operating Revenues	\$156,021	\$181,454	\$197,321	\$216,397	\$19,076	10%
EXPENSES						
Operating Expenses						
Educational and General						
Instruction	\$78,606	\$83,159	\$93,593	\$98,926	\$5,333	6%
Research	\$35,171	\$33,730	\$38,678	\$40,723	\$2,045	5%
Public Service	\$3,174	\$1,940	\$2,112	\$2,311	\$199	9%
Academic Support	\$19,026	\$20,184	\$22,716	\$24,011	\$1,295	6%
Student Services	\$15,457	\$15,846	\$17,906	\$18,712	\$806	5%
Institutional Support	\$30,071	\$29,083	\$32,732	\$34,597	\$1,865	6%
Operation and Maintenance of Plant	\$17,767	\$19,471	\$24,339	\$26,334	\$1,995	8%
Depreciation and Amortization	\$14,771	\$14,357	\$18,153	\$19,744	\$1,591	9%
Scholarships and Fellowships	\$4,480	\$4,996	\$5,740	\$6,284	\$544	9%
Auxiliary Enterprises	\$14,012	\$17,502	\$19,717	\$21,278	\$1,561	8%
Other Expenditures	\$0	\$0	\$0	\$0		N/A
Independent Operations	\$0	\$0	\$0	\$0		N/A
Public Service Activities	\$0	\$0	\$0	\$0		N/A
Total Operating Expenses	\$232,535	\$240,268	\$275,686	\$292,920	\$17,234	6%
Operating Income/(Loss)	(\$76,514)	(\$58,814)	(\$78,365)	(\$76,523)	\$1,842	-2%
NONOPERATING REVENUES/(EXPENSES)						
Federal Appropriations	\$0	\$0	\$0	\$0		
State Appropriations	\$82,032	\$62,205	\$73,254	\$74,035	\$781	1%
Gifts	\$3,245	\$1,848	\$2,032	\$2,853	\$821	40%
Investment Return	(\$120)	\$5,360	\$3,237	\$4,364	\$1,127	35%
Endowment Return	\$646	\$344	\$720	\$1,085	\$365	51%
Interest on Indebtedness	(\$3,194)	(\$3,584)	(\$4,821)	(\$6,241)	(\$1,420)	29%
Other Nonoperating Income	\$217	\$77	\$96	\$100	\$4	4%
Revenue from Stimulus Funds	\$0	\$22,662	\$5,711	\$0	(\$5,711)	-100%
Net Nonoperating Revenues	\$82,826	\$88,912	\$80,229	\$76,196	(\$4,033)	-5%
Income Before Other Revenues, Expenses, Gains, and Losses	\$6,312	\$30,098	\$1,864	(\$327)	(\$2,191)	-118%
Capital Appropriations	\$9,971	\$1,340	\$1,500	\$23,000	\$21,500	1433%
Capital Gifts, Grants and Contracts	\$0	\$28,000	\$2,000	\$3,000	\$1,000	50%
University Related Transactions	\$0	\$0	\$0	\$0	\$0	N/A
Disposal of Plant Facilities	(\$1,040)	(\$3,681)	(\$973)	(\$1,338)	(\$365)	38%
Other Additions/Deductions	(\$313)	(\$1,676)	(\$250)	(\$275)	(\$25)	10%
Total Other Revenues, Expenses, Gains & Losses	\$8,618	\$23,983	\$2,277	\$24,387	\$22,110	971%
Total Increase in Net Assets	\$14,930	\$54,081	\$4,141	\$24,060	\$19,919	481%
NET ASSETS						
Net Assets at Beginning of Year	\$113,278	\$128,208	\$182,289	\$186,430	\$4,141	2%
Net Assets at End of Year	\$128,208	\$182,289	\$186,430	\$210,490	\$24,060	13%

Table 2
University of Massachusetts
Lowell Campus
Fiscal Year 2012 Operating Budget Statement
SPENDING BY TYPE OF EXPENSE (NATURAL CLASSIFICATION)
(in thousands of dollars)

	FY09	FY10	FY11	FY12	\$ Change	% Change
EXPENSE CATEGORY	Actuals	Actuals	Projected	Budgeted	FY11 - 12	FY11 - 12
Salaries and Wages	\$120,820	\$123,475	\$131,853	\$139,496	\$7,643	5.8%
Employee Fringe Benefits	\$24,144	\$25,298	\$34,171	\$38,707	\$4,536	13.3%
Student Aid	\$4,480	\$4,996	\$5,740	\$6,284	\$544	9.5%
Utilities	\$7,908	\$9,138	\$10,297	\$10,422	\$125	1.2%
Supplies and Other Services	\$60,412	\$63,004	\$75,472	\$78,267	\$2,795	3.7%
Depreciation	\$14,771	\$14,357	\$18,153	\$19,744	\$1,591	8.8%
TOTAL	\$232,535	\$240,268	\$275,686	\$292,920	\$17,234	6.3%

*Total should equal total Operating Expenses from SRECNA

FY 2012 University Operating Budget – T11-056

Table 3
University of Massachusetts
Lowell Campus
Fiscal Year 2012 Operating Budget Statement
SUMMARY OF FULL-TIME EQUIVALENT (FTE) EMPLOYEES*

	Actual FTEs Fall 2008 (FY2009)	Actual FTEs Fall 2009 (FY2010)	Actual FTEs Fall 2010 (FY2011)	Proj. FTEs Fall 2011 (FY2012)	FTE Change Fall 2010 - 11	% Change Fall 2010 - 11
UNRESTRICTED/DESIGNATED FUNDS						
STATE FUNDED POSITIONS						
Faculty	434.0	431.0	444.0	469.1	25.1	5.7%
Professional Staff	373.0	362.8	385.0	415.0	30.0	7.8%
Classified Staff	150.3	170.0	177.0	195.0	18.0	10.2%
Subtotal, State Funded	957.3	963.8	1,006.0	1,079.1	73.1	7.3%
NON-STATE FUNDED POSITIONS						
Faculty	6.0	7.0	3.4	4.0	0.6	17.6%
Professional Staff	54.0	57.0	58.1	60.6	2.5	4.3%
Classified Staff	29.0	20.0	15.0	16.0	1.0	6.7%
Subtotal, Non-State Funded	89.0	84.0	76.5	80.6	4.1	5.4%
Total Unrestricted/Designated	1,046.3	1,047.8	1,082.5	1,159.7	77.2	7.1%
RESTRICTED FUNDS						
GRANT FUNDED POSITIONS						
Faculty	7.0	9.0	9.0	10.7	1.7	18.9%
Professional Staff	124.1	116.0	112.0	113.8	1.8	1.6%
Classified Staff	0.0	0.0	0.0	0.0	0.0	0.0%
Subtotal, Grant Funded	131.1	125.0	121.0	124.5	3.5	2.9%
OTHER RESTRICTED POSITIONS (TURI)						
Faculty	0.0	0.0	0.0	0.0	0.0	0.0%
Professional Staff	12.5	11.7	12.0	14.2	2.2	18.3%
Classified Staff	3.0	0.0	0.0	0.0	0.0	0.0%
Subtotal, Other Restricted Funds	15.5	11.7	12.0	14.2	2.2	18.3%
Total Restricted	146.6	136.7	133.0	138.7	5.7	4.3%
TOTAL UNRESTRICTED AND RESTRICTED	1,192.9	1,184.5	1,215.5	1,298.4	82.9	6.8%

* 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
Lowell Campus
Fiscal Year 2012 Operating Budget Statement
HEADCOUNT AND FTE ENROLLMENT

	UNDERGRADUATE		GRADUATE		TOTAL	
	HC	FTE	HC	FTE	HC	FTE
Fall 2011 projected	11,813	9,645	3,518	2,212	15,331	13,163
Fall 2010	11,276	9,207	3,426	2,154	14,702	11,361
Fall 2009	10,548	8,472	3,054	1,901	13,602	10,373
Fall 2008	9,706	7,659	2,765	1,755	12,471	9,414

*Source: Fall 2008, Fall 2009, and Fall 2010 figures from Student Profile

OPERATING BUDGET

for Fiscal Year 2012

MEDICAL SCHOOL



**UNIVERSITY OF MASSACHUSETTS MEDICAL SCHOOL
FY 2012 Operating Budget Narrative**

The FY2012 operating budget for the University of Massachusetts Medical School (UMMS) reflects a continued commitment to the campus strategic plan, while taking into account a broader fiscal environment that has contributed to more modest operating margins at the campus level. In anticipation of constrained resources, campus leadership has created and implemented an aggressive business and operations redesign program that will ensure fidelity to the core mission areas of UMMS and enable continued progress on critical academic, facilities and research investments in support of the strategic plan.

Continued Progress on the Strategic Plan

The UMMS Academic Health Sciences Center Strategic Plan 2009-2014 is a blueprint for the role that UMMS will play at a pivotal juncture in the future of health care and biomedical research. Created in a campus-wide multidisciplinary effort with stakeholders from the campus, the university and the clinical system, the UMMS strategic plan identifies opportunities to redesign the model of health care delivery; build the workforce of the future; create and sustain the ideal learning environment; translate research discovery into medical practice; become a highly effective and efficient business organization; and make a substantive impact on our region, the commonwealth and the world.

To succeed strategically, UMMS must manage its financial resources strategically, and the FY12 operating budget embodies this approach. In each of these six key areas, and in support of mission-critical programs, UMMS has directed – and in some cases, redirected – resources sufficient to sustain progress, even at a time when external factors such as flat NIH funding and reduced state support present operating challenges.

Redesign the model of health care delivery

Working closely with clinical partner, UMass Memorial Health Care, UMMS will continue strategic investments in the faculty and clinical infrastructure that emphasize evidence-based medicine; effective deployment of new technology; approaches that improve access for underserved populations; health policy and health services research; and a commitment to clinical and translational research. A five-year NIH Clinical and Translational Science Award places UMMS in an elite consortium of sixty of the nation's top academic centers, as well as supports key research infrastructure in the University-wide Center for Clinical and Translational Science and the Department of Quantitative Health Sciences. The new Ambulatory Care Center (ACC) on the Worcester campus, home to four UMMS/UMass Memorial joint clinical centers of excellence, also hosts a new Clinical Research Center and the 'Conquering Diseases' biorepository, creating a new center of clinical research activity for the academic health sciences center. This 258,000-square-foot facility puts academic faculty and clinicians in close proximity to state-of-the-art patient care areas in cardiovascular medicine, musculoskeletal disease, diabetes and cancer care, maximizing the strategic investment in a much-needed facility.

Building the workforce of the future and creating the ideal learning environment

FY12 will be a pivotal year in educational programs at UMMS, as the School of Medicine prepares for important accreditation visits from the Liaison Committee on Medical Education (LCME) and the New England Association of Schools and Colleges (NEASC), with the former happening in the midst of the most ambitious redesign of the medical school curriculum in its history. As the School of Medicine reaches the midpoint of its class expansion project, which has grown the size of each entering medical

school class to 125, UMMS has been challenged to create, test and deliver its new learner-centered curriculum in an environment marked by student-centered change and exciting investments in technology and facilities.. By making these strategic investments in curriculum redesign, class expansion and facilities improvements, UMMS expects to meet or exceed accreditation requirements for the maximum accreditation period. Combined with careful programmatic and enrollment adjustments in the Graduate School of Biomedical Sciences and the Graduate School of Nursing, UMMS will fulfill its mission of responsive, accessible and high quality health sciences education.

Recognizing that resource maximization, especially in mission-critical areas, is an important component of success, a committee of faculty and campus administration undertook a review of student fees, enrollment and program expenses that will result in adjustments going forward. By benchmarking fees to other public academic health sciences centers in the Northeast, UMMS has been careful to maintain its reputation as uniquely affordable, while still being responsible to its mission. Importantly, fee increases have been targeted and modest, as well as vetted with representative bodies of the faculty and students, both of whom have responded positively to the balance between accessibility and support of programmatic investments.

As important as preserving quality and access is, continuing to develop the ‘pipeline’ of students for UMMS degree programs is crucial to the mission of workforce training and development, especially in attracting students from groups traditionally underrepresented in the health professions, or who are committed to serving vulnerable or underserved populations and regions. Working closely with the provosts of the other University campuses, UMMS has played a leading role in the creation of a baccalaureate to MD pathway program that complements its aggressive investments in existing programs that seek to develop learning opportunities for underrepresented populations that are sorely needed in the future health care environment.

In addition to its efforts to attract a diverse student body, UMMS has made key investments in faculty development and advancement programs, including programs that support development of opportunities for women and minorities. These faculty initiatives are specifically considered part of the strategic mission as well.

FY12 will include important ongoing investments in the learning environment, several of which are components of the new curriculum. In the near term, information and instructional technology continues to grow in importance for both teachers and learners, and infrastructure improvements such as the new Integrated Teaching and Learning Center (the ‘iTLC’) and the laptop requirement for students mean that technological support and development will require ongoing strategic investment. When the Albert Sherman Center opens in late 2012, the new learner-centered curriculum will be embodied in student-centric learning communities that will encourage student responsibility for their own educational progress; improve opportunities for longitudinal, tiered and formative student assessment; and more generally, support an environment that will inspire students to excel in innovation, discovery and leadership.

The Worcester campus continues its trend of attracting highly capable students to the School of Medicine (SOM) as judged by admission test scores, residency match results, and performance on licensing exams, even as the class size for the SOM has been increased>SOM graduates continue to rank the educational experience as highly satisfactory, and interest in the SOM remains especially high. The Graduate School of Nursing is continuing successfully to modify its curriculum, course offerings and inter and cross disciplinary involvement as the landscape of advanced practice nursing evolves. Graduates from the Doctorate of Nursing Practice degree program, the Graduate Entry Pathway and the traditional doctoral program are meeting important needs in areas of practice, education and research for the campus and the region. The Graduate School of Biomedical Sciences expects to continue to attract a highly regarded applications pool, and its reputation continues to grow, attributable, in part, to the achievement and accessibility of the research faculty. As a consequence,

FY12 investments in the student learning environment, like those made in recent years, are expected to pay dividends.

Translate research discoveries into practice

While research growth and achievement is perhaps one of the best known facets of UMMS, research discovery without a clear purpose to ultimately benefit the health and well-being of patients everywhere is of little strategic value. Accordingly, UMMS has reinforced its commitment to the translation of laboratory discovery to medical practice. While UMMS faculty have continued to be highly successful in attracting research funding from a wide variety of sources, the current fiscal environment, especially that facing federal agencies such as the National Institutes of Health, means that prudent decisions about programmatic support will be key to financial stability. An analysis of a predicted NIH budget suggests that even with funding success at the rate of the current year, UMMS can expect, at best, a decrease in real NIH research dollars. The FY12 budget reflects this reality, and defines a strategy for continuing to move forward in this environment. This strategy emphasizes a cluster-based approach to research support, such as the Advanced Therapeutics Cluster, which encompasses investigators from a number of departments and programs organized around key research modalities to innovative and effective human therapies, supports recruiting faculty who already have research funding in hand or in the pipeline and augments basic science research strengths with clinical research programs.

The FY12 operating budget unreservedly supports the completion and first phase fitout of the Albert Sherman Center, the future home to what will eventually be more than 140 faculty investigators in the Advanced Therapeutics Cluster, Bioinformatics, Quantitative Health Sciences and Neurodegenerative Diseases. Design of the Sherman Center takes into account the future needs of the campus and its research and educational programs, and faculty support of the plan – as demonstrated by important successes in the recruitment of the first cadre of new faculty who will move into the Sherman Center – has been consistent and thoughtful. Every aspect of the Sherman Center, from its resource-efficient design to the matching of public, student and research spaces with strategic needs, fits within the campus plan for a ‘center’ of the life sciences in Massachusetts.

Become a highly effective and efficient business organization

More than a year ago, it was apparent that FY12 would represent several unique challenges for financial planning, in part because of the anticipated decline in core state support and in part because of the end of federal stimulus funding, which supported more than \$25 million in UMMS research activities in the previous two years. Importantly, financial pressure on many programmatic partners in state and municipal government, and on health and human service agencies that partner with highly successful Commonwealth Medicine programs was expected to have a subsidiary budgetary impact also.

A key commitment of the strategic plan has continued to be to improve business and operational processes, and strive to develop a highly efficient organization that is optimally structured to support vital academic, service and research missions. This commitment, shared with clinical partner UMass Memorial Health Care, has been the catalyst for many changes and process improvements since the implementation of the strategic plan, and has served as a sound basis for “Excellence: 2012,” an aggressive evaluation of business processes and operations. Led by the Dean of the School of Medicine and a steering committee of department chairs, clinical leaders, and faculty and administrative representatives, “E-12” was created as a mission-critical reassessment of business operations. A significant portion of the UMMS operating budget, such as research funding and Commonwealth Medicine contracts for services, are restricted and thus essentially self-balancing. This means that

increases in revenue and efficiencies in areas such as central administrative operations must sustain decreases in federal and state core support.

By focusing on areas that would result in a net improvement to the bottom line, and also were sustainable, data-driven and measurable, E-12 required both business process analysis and aggressive benchmarking to other institutions. Targeted reductions for FY12 include all areas of centralized services and administrative areas; targeted revenue increases were benchmarked to peer institutions and will keep UMMS in the top quartile of affordability.

Financial Plan & Assumptions

The efficiency gains and revenue enhancements garnered from the E-12 process have been incorporated into the financial plans of UMMS, resulting in an improved bottom line despite the current economic conditions and limited federal and state funding. Further, these actions have enabled the campus to continue with its investments in the core missions of the institution including the construction of new facilities and recruitment of targeted faculty. The resulting financial plan projects a positive increase to net assets in FY2012, but with a flat operating margin, a drop in operating margin for FY2013 (-2.3%), followed by steady increases through Fiscal 2016 (.7%). The plan anticipates the use of campus reserves over the next several years to sustain planned investments, including the Sherman Center. As a result of the cost reductions, however, this will be accomplished without a net depletion of institutional reserves. The financial cushion indicator for UMMS is projected to remain above 23% (with the exception of a dip to 16% in the current year), and is estimated to return to its historical level above 30% in 2016.

Given the continued slow recovery of the economy and the anticipation of ongoing significant constraints on governmental budgets at all levels, revenues are projected to grow more slowly, essentially keeping pace with inflation, over the next two years after which they will increase at a greater rate in the following three years. The state maintenance appropriation is projected to decline 8% in FY2012 based on the budgets proposed by the Governor and the House Ways and Means Committee and the ending of stimulus funds in 2011. State funding is projected to grow modestly at 2% per year thereafter.

Similarly, federal grant revenues are projected to grow moderately at 2% per year, bolstered somewhat by the additional revenue generated by newly recruited faculty who, as mentioned previously, will bring with them extramural funding. The net effective facilities and administrative (F&A) rate is not projected to increase due to the growing volume of subcontracts to other institutions which do not earn overhead on amounts over \$25 thousand. The effective F&A rate on federal grants is currently at about 47% and is projected to remain at that level assuming UMMS will be successful in maintaining the existing rate in the current round of indirect cost rate negotiations with the federal government.

Commonwealth Medicine will see a significant decline in revenues in FY2012 with the sale of the MedMetrics operation, which represents a \$200 million line of business. However, the operating margin of Commonwealth Medicine will only be slightly affected as MedMetrics was operating at a near breakeven level.

Revenue from student fees are projected to increase with the implementation of the requested fee changes over the next 3 years. Although the monies generated from student fees do not represent a large percentage of the institution's total revenue, they are viewed as a critical source of funds that will support continued investment in the development of the new curriculum and the support features required to maintain an excellent educational experience for UMMS students.

The financial plan incorporates expense reductions as a result of the E-12 initiatives as well as other efforts to streamline processes, improve efficiencies and reduce costs. As part of these efforts, approximately 150 positions were eliminated resulting in a reduction of 116 FTE's. The resulting payroll and fringe savings will be realized in the FY2012 budget. Additionally, the plan includes very modest pay increases of 1% to 2% for FY2012, and these also increases will be delayed an additional three months, to be effective January 1. Future salary increases are assumed at 1.5% for FY2013, and 2% thereafter. To support the expanding research programs, the recruitment of new faculty positions are reflected in the plan with spending of \$7.2 million to \$8.6 million per year for salary support and start-up costs for new and recently hired faculty.

Further, the plan includes approximately \$18 million per year in capital spending on deferred maintenance and renovations as well as research, IT and other equipment. In addition to the borrowings already completed to fund the construction of the Sherman Center, the plan proposes the borrowing of an additional \$25 million in FY2012 if the project is approved in the University's Capital Plan. This, combined with the reduced expenses in FY2012, will result in the debt service ratio peaking at 5.3%, and then declining to 4.8% in FY2016 as the expense base grows.

The Albert Sherman Center Project, the largest capital project currently underway, is expected to be completed in FY2013 at a cost of \$415 million. Of that figure, approximately \$315 million will be funded from bonds, \$90 million from Massachusetts Life Sciences Center funding and the remainder from campus funds.

Making a difference in the world

In constructing the financial plan for FY2012 and beyond, UMMS has continued to take into account its role within the University's larger mission and as the Commonwealth's public medical school. UMMS investments in the student learning environment; in the faculty; in the research enterprise; and in public service programs remain as priorities; campus fund balances are sufficient to respond to near term challenges as well as to invest strategically. Programs in the Advanced Therapeutics Cluster, quantitative health sciences, global health and the learner-centered curriculum will deliver on these investments in support of the campus mission.

FY 2012 University Operating Budget – T11-056

Table 1
University of Massachusetts
Medical School
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS
Fiscal Year 2012 Operating Budget Statement
(in thousands of dollars)

			FY2012 BUDGETED			
	FY09 Actuals	FY10 Actuals	FY11 Projected Budget-Accrual/ Adjusted Basis	FY12 Budget-Accrual Basis	FY11 to FY12 Change	
REVENUES						
Operating Revenues						
Tuition and Fees	\$9,774	\$14,167	\$13,941	\$15,670	\$1,729	12%
Scholarship allowance	-\$2,622	-\$2,845	-\$2,887	-\$3,047	-\$160	6%
Tuition and Fees (net of scholarship allowances)	\$7,152	\$11,322	\$11,054	\$12,623	\$1,569	14%
Federal Grants and Contracts	\$134,966	\$165,976	\$172,978	\$206,005	\$33,027	19%
State Grants and Contracts	\$42,619	\$33,929	\$38,920	\$29,764	-\$9,156	-24%
Local Grants and Contracts	\$0	\$0	\$0	\$0	\$0	
Private Grants and Contracts	\$46,183	\$46,843	\$50,496	\$35,721	-\$14,775	-29%
Sales & Service, Educational	\$8,578	\$5,744	\$10,680	\$11,091	\$411	4%
Auxiliary Enterprises	\$31,631	\$29,244	\$34,141	\$37,317	\$3,176	9%
Other Operating Revenues:	\$0	\$0	\$0	\$0	\$0	
Sales & Service, Independent Operations	\$94,908	\$50,442	\$42,607	\$50,752	\$8,145	19%
Sales & Service, Public Service Activities	\$542,955	\$593,761	\$630,846	\$421,916	-\$208,930	-33%
Other	\$41,473	\$45,076	\$55,757	\$56,780	\$1,023	2%
Total Operating Revenues	\$950,465	\$982,337	\$1,047,479	\$861,969	-\$185,510	-18%
EXPENSES						
Operating Expenses						
Educational and General						
Instruction	\$44,128	\$49,141	\$48,911	\$49,127	\$216	0%
Research	\$178,074	\$211,362	\$211,530	\$213,130	\$1,600	1%
Public Service	\$34,030	\$31,990	\$31,765	\$31,906	\$141	0%
Academic Support	\$12,785	\$12,913	\$11,494	\$10,028	-\$1,466	-13%
Student Services	\$3,859	\$4,047	\$3,790	\$3,298	-\$492	-13%
Institutional Support	\$41,831	\$52,080	\$50,144	\$43,634	-\$6,510	-13%
Operation and Maintenance of Plant	\$45,081	\$47,374	\$47,970	\$44,076	-\$3,894	-8%
Depreciation and Amortization	\$35,853	\$40,524	\$47,787	\$51,004	\$3,217	7%
Scholarships and Fellowships	\$0	\$0	\$0	\$0	\$0	
Auxiliary Enterprises	\$27,102	\$26,373	\$25,036	\$26,560	\$1,524	6%
Other Expenditures	\$0	\$0	\$0	\$0	\$0	
Independent Operations	\$56,057	\$58,437	\$54,107	\$54,375	\$268	0%
Public Service Activities	\$491,433	\$535,665	\$579,971	\$380,873	-\$199,098	-34%
Total Operating Expenses	\$970,233	\$1,069,906	\$1,112,505	\$908,011	-\$204,494	-18%
Operating Income/(Loss)	-\$19,768	-\$87,569	-\$65,026	-\$46,042	\$18,984	29%
NONOPERATING REVENUES/(EXPENSES)						
Federal Appropriations	\$0	\$0	\$0	\$0	\$0	
State Appropriations	\$42,694	\$47,132	\$37,650	\$40,375	\$2,725	7%
Gifts	\$6,739	\$13,887	\$3,000	\$10,000	\$7,000	233%
Investment Return	-\$8,902	\$23,341	\$5,030	\$4,980	-\$50	-1%
Endowment Return	\$2,562	\$1,435	\$10,046	\$10,237	\$191	2%
Interest on Indebtedness	-\$15,490	-\$13,212	-\$14,442	-\$19,402	-\$4,960	34%
Other Nonoperating Income	\$1,115	\$1,055	\$105	\$105	\$0	0%
Revenue from Stimulus Funds*	\$0	\$0	\$2,761	\$0	-\$2,761	-100%
Net Nonoperating Revenues	\$28,718	\$73,638	\$44,150	\$46,295	\$2,145	5%
Income Before Other Revenues, Expenses, Gains, and Losses	\$8,950	-\$13,931	-\$20,876	\$253	\$21,129	101%
Capital Appropriations						
Capital Appropriations	\$3,374	\$2,610	\$26,500	\$41,250	\$14,750	56%
Capital Grants and Contracts	\$0	\$13,243	\$0	\$0	\$0	
University Related Transactions	\$0	\$0	\$0	\$0	\$0	
Disposal of Plant Facilities	-\$2,491	-\$1,729	\$0	\$1,500	\$1,500	
Other Additions/Deductions	\$3,721	\$2,474	\$0	\$0	\$0	
Total Other Revenues, Expenses, Gains & Losses	\$4,604	\$16,598	\$26,500	\$42,750	\$16,250	61%
Total Increase in Net Assets	\$13,554	\$2,667	\$5,624	\$43,003	\$37,379	665%
NET ASSETS						
Net Assets at Beginning of Year	\$578,212	\$591,766	\$594,433	\$600,057	\$5,624	1%
Net Assets at End of Year	\$591,766	\$594,433	\$600,057	\$643,060	\$43,003	7%

Table 2
University of Massachusetts
Medical School
Fiscal Year 2012 Operating Budget Statement
SPENDING BY TYPE OF EXPENSE (NATURAL CLASSIFICATION)
(in thousands of dollars)

	FY09	FY10	FY11	FY12	\$ Change	% Change
EXPENSE CATEGORY	Actuals	Actuals	Projected	Budgeted	FY11 - 12	FY11 - 12
Salaries and Wages	\$350,669	\$335,490	\$331,590	\$325,700	(\$5,890)	-1.8%
Employee Fringe Benefits	\$82,397	\$69,766	\$76,127	\$77,350	\$1,223	1.6%
Student Aid	\$492	\$1,184	\$1,303	\$1,987	\$684	52.5%
Utilities	\$16,763	\$14,270	\$16,347	\$16,750	\$403	2.5%
Supplies and Other Services	\$484,059	\$608,672	\$639,351	\$435,220	(\$204,131)	-31.9%
Depreciation	\$35,853	\$40,524	\$47,787	\$51,004	\$3,217	6.7%
TOTAL	\$970,233	\$1,069,906	\$1,112,505	\$908,011	(\$204,494)	-18.4%

*Total should equal total Operating Expenses from SRECNA

FY 2012 University Operating Budget – T11-056

Table 3
University of Massachusetts
Medical School
Fiscal Year 2012 Operating Budget Statement
SUMMARY OF FULL-TIME EQUIVALENT (FTE) EMPLOYEES*

	Actual FTEs Fall 2008 (FY2009)	Actual FTEs Fall 2009 (FY2010)	Actual FTEs Fall 2010 (FY2011)	Proj. FTEs Fall 2011 (FY2012)	FTE Change Fall 2010 - 11	% Change Fall 2010 - 11
UNRESTRICTED/DESIGNATED FUNDS						
STATE FUNDED POSITIONS						
Faculty	70.2	70.1	86.2	86.0	(0.2)	-0.2%
Professional Staff	265.1	252.1	222.7	198.0	(24.7)	-11.1%
Classified Staff	126.7	145.9	115.5	104.0	(11.5)	-9.9%
Subtotal, State Funded	462.0	468.1	424.4	388.0	(36.4)	-8.6%
NON-STATE FUNDED POSITIONS						
Faculty	205.4	215.4	200.7	205.0	4.3	2.2%
Professional Staff	1,272.1	1,290.3	1,365.2	1,324.0	(41.2)	-3.0%
Classified Staff	1,087.0	1,048.1	1,072.5	1,038.0	(34.5)	-3.2%
Subtotal, Non-State Funded	2,564.5	2,553.8	2,638.4	2,567.0	(71.4)	-2.7%
Total Unrestricted/Designated	3,026.5	3,021.9	3,062.7	2,955.0	(107.7)	-3.5%
RESTRICTED FUNDS						
GRANT FUNDED POSITIONS						
Faculty	270.5	270.0	265.1	278.1	13.1	4.9%
Professional Staff	669.8	721.5	717.1	753.1	36.0	5.0%
Classified Staff	170.3	178.1	180.2	190.2	10.0	5.6%
Subtotal, Grant Funded	1,110.6	1,169.6	1,162.4	1,221.4	59.1	5.1%
OTHER RESTRICTED POSITIONS						
Faculty	3.7	5.4	8.1	9.0	0.9	11.5%
Professional Staff	14.0	15.9	15.2	16.0	0.8	5.5%
Classified Staff	1.8	3.5	0.3	2.0	1.7	488.2%
Subtotal, Other Restricted Funds	19.5	24.8	23.6	27.0	3.4	14.5%
Total Restricted	1,130.1	1,194.4	1,185.9	1,248.4	62.5	5.3%
TOTAL UNRESTRICTED AND RESTRICTED	4,156.6	4,216.3	4,248.7	4,203.4	(45.3)	-1.1%

* 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
Medical School
Fiscal Year 2012 Operating Budget Statement
HEADCOUNT AND FTE ENROLLMENT

	Graduate		Med Students		TOTAL	
	HC	FTE	HC	FTE	HC	FTE
Fall 2011 projected	710	725	513	513	1,223	1,238
Fall 2010	671	683	487	487	1,158	1,170
Fall 2009	622	651	469	469	1,091	1,120
Fall 2008	580	573	445	445	1,025	1,018

*Source: Fall 2008, Fall 2009, and Fall 2010 figures from Student Profile

OPERATING BUDGET

for Fiscal Year 2012

**UNIVERSITY SYSTEM OFFICE
(Office of the President, UITS, UMDI, UMassOnline and
Operations of UMass Building Authority)**



University System Office FY 2012 Operating Budget Narrative

INTRODUCTION

The University System Office comprises a number of departments and provides numerous functions and services on behalf of the University. 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. The Office of the President also oversees the shared services and functions which are centrally organized in the System Office. The following narrative provides descriptions of these functions and services. Operational costs are supported by funds provided by the campuses as well as other miscellaneous revenues.

Office of the President

Primary responsibilities of the Office of the President 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 Office of the President.

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, Chief Research Officers, 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 Communication

The Advancement and Strategic Communications department in the System 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 Office of the President. The department works closely with staff of the System Office 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. Current economic development initiatives include: advocacy for and development of state-wide science & technology initiatives in the life sciences, clean energy and information technology; and expanded efforts to promote entrepreneurship and new venture creation at UMass campuses.

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.

Administration, Finance and Technology

Starting in FY09, the Office of Management and Fiscal Affairs merged with University Information Technology Services under the Senior Vice President for Administration, Finance and Technology. The merger reflects the overlapping service missions of the respective areas and enables improved service and cost efficiencies. Areas included in this newly formed office are University Controller, Treasurer, University Budget Director, Human Resources, including Labor Relations, University Information Technology Services, and the University Procurement Office. The services are physically located in Shrewsbury. The Senior Vice President works with the campus Chancellors and Vice Chancellors for Administration and Finance to assure that development and implementation of University fiscal and management policies proceed smoothly and enhance the programmatic goals of the University. Staff supports the Board of Trustees Administration and Finance Committee 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.

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 Senior Vice President; 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 University System Office. 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 nearly forty 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

Historically, the President's Office Purchasing Office has focused on the purchase of goods, services, and public bidding for all departments of the University system office. As an outgrowth of the Trustee Efficiency Task Force, the system office is in the process of hiring a Senior Director of Enterprise Procurement. This new position will be responsible for generating savings and efficiencies through university wide contracting. Additionally, the office will be responsible for spend analytics, purchasing policy and guidelines compliance, and the adoption and use of strong purchasing tools and services.

University Information Technology Services

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 provider to 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. 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 over the past several years, upgrading aging core routers and UMass campus edge routers.

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.

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 of \$56.2 million and support 45,800 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) marketing programs to 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 close to 90 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.

FY 2011 University Operating Budget – T11-056

Table 1
University of Massachusetts
University System Office
(Office of the President, UITS, UMDI, UMassOnline and operations of UMass Building Authority)
Fiscal Year 2012 Operating Budget Statement
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS
(in thousands of dollars)

	FY09 Actuals	FY10 Actuals	FY11 Projected Budget-Accrual/ Adjusted Basis	FY2012 BUDGETED		
				FY12 Budget-Accrual Basis	FY11 to FY12 Change	
REVENUES						
Operating Revenues						
Tuition and Fees (net of scholarship allowances)	\$5,759	\$6,471	\$6,795	\$6,502	-\$293	-4%
Federal Grants and Contracts	\$3,317	\$3,420	\$3,300	\$2,700	-\$600	-18%
State Grants and Contracts	\$2,752	\$2,205	\$2,000	\$2,100	\$100	5%
Local Grants and Contracts	\$191	\$169	\$140	\$190	\$50	36%
Private Grants and Contracts	\$3,878	\$4,423	\$4,644	\$4,405	-\$239	-5%
Sales & Service, Educational	\$1,505	\$1,112	\$1,400	\$1,500	\$100	7%
Auxiliary Enterprises	\$0	\$0	\$0	\$0	\$0	#DIV/0!
Recovery of Indirect Costs	\$0	\$0	\$0	\$0	\$0	#DIV/0!
Allocation from Campuses	\$42,149	\$53,861	\$50,408	\$49,000	-\$1,408	-3%
Other Operating Revenues:						
Sales & Service, Independent Operations	\$0	\$0	\$0	\$0		
Sales & Service, Public Service Activities	\$0	\$0	\$0	\$0		
Other	\$6,998	\$9,737	\$8,952	\$4,700	-\$4,252	0%
Total Operating Revenues	\$66,549	\$81,398	\$77,639	\$71,097	-\$6,542	-8%
EXPENSES						
Operating Expenses						
<i>Educational and General</i>						
Instruction	\$13,058	\$13,541	\$13,072	\$10,500	-\$2,572	-20%
Research	\$2,638	\$3,062	\$3,292	\$2,956	-\$335	-10%
Public Service	\$1,746	\$863	\$1,250	\$1,200	-\$50	-4%
Academic Support	\$0	\$0	\$0	\$0	\$0	0%
Student Services	\$0	\$0	\$0	\$0		
Institutional Support	\$45,258	\$46,059	\$47,500	\$47,975	\$475	1%
Operation and Maintenance of Plant	\$3,516	\$6,515	\$5,500	\$5,610	\$110	0%
Depreciation and Amortization	\$6,589	\$7,452	\$8,315	\$8,115	-\$200	-2%
Scholarships and Fellowships	\$0	\$4	\$0	\$0	\$0	
<i>Auxiliary Enterprises</i>						
<i>Other Expenditures</i>						
Independent Operations	\$0	\$0	\$0	\$0		
Public Service Activities	\$0	\$0	\$0	\$0		
Other	\$0	\$0	\$0	\$0		
Total Operating Expenses	\$72,805	\$77,496	\$78,929	\$76,356	-\$2,572	-3%
Operating Income/(Loss)	-\$6,256	\$3,902	-\$1,290	-\$5,259	-\$3,969	308%
NONOPERATING REVENUES/(EXPENSES)						
Federal Appropriations	\$0	\$0	\$0	\$0		
State Appropriations	\$8,001	\$33	\$7,641	\$7,650	\$9	0%
Gifts	\$0	\$0	\$0	\$0		
Investment Return	\$3,331	\$9,542	\$7,656	\$5,038	-\$2,618	-34%
Endowment Return	\$266	\$144	\$200	\$200		
Interest on Indebtedness	-\$424	-\$1,402	-\$1,500	-\$1,450	\$50	-3%
Interest Income	\$0	\$0	\$0	\$0	\$0	0%
Other Nonoperating Income	\$3,741	\$33	\$33	\$0	\$0	#DIV/0!
Revenue from Stimulus Funds*	\$0	\$10,295	\$0	\$0	\$0	0%
Net Nonoperating Revenues	\$14,915	\$18,645	\$13,997	\$11,438	-\$2,559	-18%
Income Before Other Revenues, Expenses, Gains, and Losses	\$8,659	\$22,547	\$12,707	\$6,179	-\$6,528	-51%
Capital Appropriations	\$0	\$0	\$0	\$0		
Capital Grants and Contracts	\$0	\$1,831	\$1,100	\$1,000		
University Related Transactions	\$0	\$0	\$0	\$0		
Disposal of Plant Facilities	-\$1	-\$99	\$0	\$0	\$0	0%
Expended for Plant	\$0	\$0	\$0	\$0	\$0	0%
Other Additions/Deductions	-\$4,289	\$3,091	-\$5,200	-\$5,460	-\$260	5%
Transfers					\$0	0%
Total Other Revenues, Expenses, Gains & Losses	-\$4,290	\$4,823	-\$4,100	-\$4,460	-\$360	9%
Total Increase in Net Assets**	\$4,369	\$27,370	\$8,607	\$1,719	-\$6,888	-80%
NET ASSETS						
Net Assets at Beginning of Year	\$56,023	\$60,392	\$87,762	\$96,369	\$8,607	10%
Net Assets at End of Year	\$60,392	\$87,762	\$96,369	\$98,088	\$1,719	2%

* On the audited financial statements, federal stimulus funding will be equal to \$10.3 million with an equivalent net reduction in other revenue sources.

** Inclusion of central operational services provided by the Building Authority are now being reported in the System Office budget. The impact of this reporting change increases the System Office's Return on Net Assets by \$7 million in FY10 and and \$5 million in FY11.

Table 2
University of Massachusetts
University System Office
(Office of the President, UITS, UMDI, UMassOnline)
Fiscal Year 2012 Operating Budget Statement
SPENDING BY TYPE OF EXPENSE (NATURAL CLASSIFICATION)
(in thousands of dollars)

EXPENSE CATEGORY	FY09 Actuals	FY10 Actuals	FY11 Projected	FY12 Budgeted	\$ Change FY10 - 11	% Change FY10- 11
Salaries and Wages	\$29,874	\$33,629	\$29,974	\$31,073	\$1,099	3.7%
Employee Fringe Benefits	\$7,614	\$8,962	\$8,978	\$9,247	\$269	3.0%
Student Aid	\$0	\$4	\$0	\$0	\$0	0.0%
Utilities	\$3,044	\$2,624	\$2,325	\$2,418	\$93	4.0%
Supplies and Other Services	\$25,684	\$24,825	\$26,036	\$25,503	(\$533)	-2.0%
Depreciation	\$6,589	\$7,452	\$8,315	\$8,115	(\$200)	-2.4%
TOTAL	\$72,805	\$77,496	\$75,628	\$76,356	\$728	1.0%

Table 3
University of Massachusetts
University System Office
(Office of the President, UITS, UMDI, UMassOnline)
Fiscal Year 2012 Operating Budget Statement
SUMMARY OF FULL-TIME EQUIVALENT (FTE) EMPLOYEES*

	Actual FTEs Fall 2009 (FY2010)	Actual FTEs Fall 2010 (FY2011)	Proj. FTEs Fall 2011 (FY2012)	FTE Change Fall 2010 - 11	% Change Fall 2010 - 11
UNRESTRICTED/DESIGNATED FUNDS					
STATE FUNDED POSITIONS					
Faculty	0.0	0.0	0.0	0.0	0.0%
Professional Staff	192.1	180.0	192.1	12.1	6.3%
Classified Staff	10.0	10.0	10.0	0.0	0.0%
Subtotal, State Funded	202.1	190.0	202.1	12.1	6.0%
NON-STATE FUNDED POSITIONS					
Faculty	0.0	0.0	0.0	0.0	0.0%
Professional Staff	105.2	102.0	105.2	3.2	3.0%
Classified Staff	2.1	2.1	2.1	0.0	0.0%
Subtotal, Non-State Funded	107.3	104.1	107.3	3.2	3.0%
Total Unrestricted/Designated	309.4	294.1	309.4	15.3	4.9%
RESTRICTED FUNDS					
GRANT FUNDED POSITIONS					
Faculty	0.0	0.0	0.0	0.0	0.0%
Professional Staff	61.4	61.4	61.4	0.0	0.0%
Classified Staff	4.8	4.8	4.8	0.0	0.0%
Subtotal, Grant Funded	66.2	66.2	66.2	0.0	0.0%
OTHER RESTRICTED POSITIONS					
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%
Subtotal, Other Restricted Funds	0.0	0.0	0.0	0.0	0.0%
Total Restricted	66.2	66.2	66.2	0.0	0.0%
TOTAL UNRESTRICTED AND RESTRICTED	375.6	360.3	375.6	15.3	4.1%

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

Fall 2009 - November 1 Census Information

FY11 Projection - Current Payroll plus 5 professional positions under state funding

OPERATING BUDGET

for Fiscal Year 2012

UNIVERSITY INFORMATION TECHNOLOGY SERVICES



**UNIVERSITY OF MASSACHUSETTS
UNIVERSITY INFORMATION TECHNOLOGY SERVICES
FY 2012 Operating Budget Narrative**

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 other IT customer services.

UITS provides both technical and strategic IT guidance and support related to the major centralized ERP systems at the university, including PeopleSoft Financials, Human Capital Management, Student Systems and the Advancement system. Major goals in this area include providing current and timely software updates, responsive technical assistance and routine maintenance while minimizing both implementation and ongoing operating costs.

UITS supports and manages the ongoing development of the UMassOnline e-learning platform. Acting as a service provider to 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. 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. 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.

FY 2012 University Operating Budget – T11-056

Table 1
University of Massachusetts
Information Technology Services
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS
Fiscal Year 2012 Operating Budget Statement
(in thousands of dollars)

			FY2012 BUDGETED			
	FY09 Actuals	FY10 Actuals	FY11 Projected Budget-Accrual/ Adjusted Basis	FY12 Budget-Accrual Basis	FY11 to FY12 Change	
REVENUES						
Operating Revenues						
Tuition and Fees	\$0	\$0	\$0	\$0		
Scholarship allowance	\$0	\$0	\$0	\$0		
Tuition and Fees (net of scholarship allowances)	\$0	\$0	\$0	\$0		
Federal Grants and Contracts	\$0	\$0	\$0	\$0		
State Grants and Contracts	\$0	\$0	\$0	\$0		
Local Grants and Contracts	\$0	\$0	\$0	\$0		
Private Grants and Contracts	\$0	\$0	\$0	\$0		
Sales & Service, Educational	\$0	\$0	\$0	\$0		
Auxiliary Enterprises	\$0	\$0	\$0	\$0		
Other Operating Revenues:						
Sales & Service, Independent Operations	\$2,554	\$2,571	\$2,526	\$2,523	-\$3	
Sales & Service, Public Service Activities						
Other	\$32,122	\$32,177	\$31,916	\$33,353	\$1,437	5%
Total Operating Revenues	\$34,676	\$34,748	\$34,442	\$35,876	\$1,434	4%
EXPENSES						
Operating Expenses						
<i>Educational and General</i>						
Instruction	\$0	\$0	\$0	\$0		
Research	\$0	\$0	\$0	\$0		
Public Service	\$0	\$0	\$0	\$0		
Academic Support	\$0	\$0	\$0	\$0		
Student Services	\$0	\$0	\$0	\$0		
Institutional Support	\$31,681	\$31,893	\$32,567	\$34,033	\$1,466	5%
Operation and Maintenance of Plant	\$0	\$0	\$0	\$0		
Depreciation and Amortization	\$0	\$0	\$0	\$0		
Scholarships and Fellowships	\$0	\$0	\$0	\$0		
<i>Auxiliary Enterprises</i>						
<i>Other Expenditures</i>						
Independent Operations	\$1,491	\$2,186	\$2,656	\$3,025	\$369	14%
Public Service Activities	\$0	\$0	\$0	\$0		
Total Operating Expenses	\$33,172	\$34,079	\$35,223	\$37,058	\$1,835	5%
Operating Income/(Loss)	\$1,504	\$669	-\$781	-\$1,182	-\$401	51%
NONOPERATING REVENUES/(EXPENSES)						
Federal Appropriations	\$0	\$0	\$0	\$0		
State Appropriations	\$0	\$0	\$0	\$0		
Gifts	\$0	\$0	\$0	\$0		
Investment Return	\$0	\$0	\$0	\$0		
Endowment Return	\$0	\$0	\$0	\$0		
Interest on Indebtedness	\$0	\$0	\$0	\$0		
Other Nonoperating Income	\$0	\$0	\$0	\$0		
Revenue from Stimulus Funds	\$0	\$0	\$0	\$0		
Net Nonoperating Revenues	\$0	\$0	\$0	\$0	\$0	
Income Before Other Revenues, Expenses, Gains, and Losses	\$1,504	\$669	-\$781	-\$1,182	-\$401	51%
Capital Appropriations	\$0	\$0	\$0	\$0		
Capital Grants and Contracts	\$0	\$0	\$0	\$0		
University Related Transactions	\$0	\$0	\$0	\$0		
Disposal of Plant Facilities	\$0	\$0	\$0	\$0		
Other Additions/Deductions	\$0	\$0	\$0	\$0		
Total Other Revenues, Expenses, Gains & Losses	\$0	\$0	\$0	\$0	\$0	
Total Increase in Net Assets	\$1,504	\$669	-\$781	-\$1,182	-\$401	51%
NET ASSETS						
Net Assets at Beginning of Year	\$5,626	\$7,130	\$7,799	\$7,018	-\$781	-10%
Net Assets at End of Year	\$7,130	\$7,799	\$7,018	\$5,836	-\$1,182	-17%

University of Massachusetts
Information Technology Services
Fiscal Year 2012 Operating Budget Statement
SPENDING BY TYPE OF EXPENSE (NATURAL CLASSIFICATION)
(in thousands of dollars)

	FY09	FY10	FY11	FY12	\$ Change	% Change
EXPENSE CATEGORY	Actuals	Actuals	Projected	Budgeted	FY11 - 12	FY11- 12
Salaries and Wages	\$14,300	\$13,286	\$14,932	\$16,251	\$1,319	8.8%
Employee Fringe Benefits	\$1,093	\$1,064	\$1,502	\$1,938	\$436	29.0%
Student Aid	\$0	\$0	\$0	\$0	\$0	
Utilities	\$0	\$0	\$0	\$0	\$0	
Supplies and Other Services	\$17,778	\$19,729	\$18,790	\$18,870	\$80	0.4%
Depreciation	\$0	\$0	\$0	\$0	\$0	
TOTAL	\$33,171	\$34,079	\$35,224	\$37,059	\$1,835	5.2%

*Total should equal total Operating Expenses from SRECNA

FY 2012 University Operating Budget – T11-056

Table 3
University of Massachusetts
Information Technology Services
Fiscal Year 2012 Operating Budget Statement
SUMMARY OF FULL-TIME EQUIVALENT (FTE) EMPLOYEES*

	Actual FTEs Fall 2008 (FY2009)	Actual FTEs Fall 2009 (FY2010)	Actual FTEs Fall 2010 (FY2011)	Proj. FTEs Fall 2011 (FY2012)	FTE Change Fall 2010 - 11	% Change Fall 2010 - 11
UNRESTRICTED/DESIGNATED FUNDS						
STATE FUNDED POSITIONS						
Faculty	0.0	0.0	0.0	0.0	0.0	
Professional Staff	116.0	87.0	105.0	110.0	5.0	4.8%
Classified Staff	12.0	10.0	10.0	10.0	0.0	0.0%
Subtotal, State Funded	128.0	97.0	115.0	120.0	5.0	4.3%
NON-STATE FUNDED POSITIONS						
Faculty	0.0	0.0	0.0	0.0	0.0	
Professional Staff	38.0	55.0	53.5	68.5	15.0	28.0%
Classified Staff	0.0	0.0	0.0	0.0	0.0	
Subtotal, Non-State Funded	38.0	55.0	53.5	68.5	15.0	28.0%
Total Unrestricted/Designated	166.0	152.0	168.5	188.5	20.0	11.9%
RESTRICTED FUNDS						
GRANT FUNDED POSITIONS						
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	
Subtotal, Grant Funded	0.0	0.0	0.0	0.0	0.0	
OTHER RESTRICTED POSITIONS						
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	
Subtotal, Other Restricted Fu	0.0	0.0	0.0	0.0	0.0	
Total Restricted	0.0	0.0	0.0	0.0	0.0	
TOTAL UNRESTRICTED AND RESTRICTED	166.0	152.0	168.5	188.5	20.0	11.9%

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

OPERATING BUDGET

for Fiscal Year 2012

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



**UNIVERSITY OF MASSACHUSETTS DONAHUE INSTITUTE
FY 2012 Operating Budget Narrative**

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 FY11 was \$15,114,864. These monies are derived from the following sources: grants and contracts (including overhead) \$14,376,864, Office of the President Projects, \$255,731; and State Appropriation, \$482,269. For FY11, the Institute generated \$29.81 in grant and contract funds for every \$1 in State Appropriation, a 38% increase from the previous year. In addition during FY11, system-wide projects supported by the Institute totaled \$416,386.

The Institute is organized into seven 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

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 applied research in the education, health, human services, and economic development fields. In the area of K-12 education, key clients include the Mass. Department of Elementary and Secondary Education (including projects with the offices of College and Career Readiness, Math and Science, Reading, Education Technology, and Targeted Assistance), the Nellie Mae Education Foundation, Great Schools Partnership of Maine, the New Hampshire Department of Education, Education Development Center, the NASA Space Consortium, and numerous local school districts (including Boston, Worcester, Chelsea, Hampden-Wilbraham, Brockton). Higher Education clients include the Mass. Department of Higher Education (Teacher Quality and STEM Pipeline projects), numerous federally-funded projects at UMass Amherst, UMass Boston, the UMass Lowell College of Engineering, UMass Dartmouth's James J. Kaput Center, Springfield Technical Community College, Worcester Polytechnic Institute, and the State University of New York, Geneseo. Health and Human Services related work includes serving as evaluator of the NIH-funded Center for Clinical and Translational Science at the UMass Medical School, and evaluation of numerous federally funded grants to organizations including the Mass. Department of Public Health, National Cancer Institute, Seven Hills Foundation, Gandara Mental Health Center, River Valley Counseling Center, Inc., and Bay State Health Center. Recent and current economic development work includes a study of wastewater treatment financing and a survey of business climate, both conducted for the Cape Cod Commission.

- The Research and Evaluation Group (R&E) completed a study of the planning phase of the New England Secondary School Consortium (NESSC). Encompassing Connecticut, Maine, New Hampshire, Rhode Island, and Vermont, NESSC is a pioneering partnership committed to fostering

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innovations in the design and delivery of secondary education across New England. The Consortium received support through a shared \$1M investment from the Nellie Mae Education Foundation and the Bill and Melinda Gates Foundation for this initial 18-month planning phase. Our work with the Consortium has continued as we implement an evaluation of the second phase of the project.

- R&E continued to expand its longstanding and vibrant relationship with the MA Department of Elementary and Secondary Education (ESE), and is currently responsible for the evaluation of numerous key initiatives and programs of the department. These include work for the Office of Targeted Assistance evaluating the New Superintendents Induction Program (NSIP) and the District and School Assistance Regional Centers. Most recently, ESE has engaged R&E as statewide evaluator of two major federally-funded, multi-year initiatives: the College and Career Readiness component of Race to the Top, and the High School Graduation Initiative.
- Senior Research Manager Steve Ellis' work for the National Cancer Institute's Office for Education and Special Initiatives was published in the Journal of Cancer Education. The article, titled *Cancer Education and Effective Dissemination: Information Access is Not Enough*, reflects and builds upon key findings of a nationwide survey and interviews with cancer care professionals conducted by Mr. Ellis. His co-authors include NCI's Dr. Anita Ousely and Jeff Swarz, and Ellen Milliken of Nova Research.
- R&E staff researchers conducted an analysis of data from the Rochester, New York City School District investigating the impact of the Expeditionary Learning (EL) whole-school reform model in two EL schools and twelve comparison schools. Using student-level data provided by the district, staff carried out a quasi-experimental matched comparison group design of student scores on the New York state assessments after controlling for several background variables. Significant and substantial advantages for EL students were found on most comparisons. This was the group's second project with Expeditionary Learning, a new client in 2010.
- For the third straight year, R&E staff worked with the United Way of Mass Bay and Merrimack Valley to conduct an evaluation of their Housing First for Families Initiative. The initiative provided grants to between 12 and 14 community agencies each year to engage in efforts aimed at developing, strengthening, and implementing programming for homeless families consistent with the Housing First service model. The evaluation of the initiative focused on documenting efforts, assessing improved capacity, and measuring family-level program outcomes.
- Research Manager Jean Supel, who leads the group's evaluation of the Massachusetts STEM Pipeline Initiative gave a presentation on student interest in and completion of STEM majors at the Third Hispanic Serving Institutions Engineering Deans Summit, held in Anaheim, CA last October. The meeting focused on developing a new national consortium to be called "MSET-UP" – Minority Serving Engineering & Technology programs at Urban Public universities. Based on her work developing the Massachusetts Statewide STEM Indicators Project (MASSIP) and her work in the area of measuring student interest in STEM, Jean's presentation focused on providing attendees with two kinds of data relevant to their discussion: (1) the interest in STEM majors expressed by SAT test-takers and how that interest varies by gender, race/ethnicity, and type of high school; and (2) engineering & technology degree completions by gender and race/ethnicity among the institutions attending the meeting, among additional institutions who might join the consortium, and among all public institutions nationally.
- Dr. Eric Heller, Director of the Research and Evaluation unit, travelled last September to China as a member of an Education Research delegation led by American Education Research Association President, Dr. Carol Lee of Northwestern University. Delegation members represented a variety of education institutions from across the U.S. and Mexico, Canada, India and Finland. In Beijing, Xi'an, and Shanghai, the delegation conducted professional exchanges and dialogues with colleagues at

numerous institutions of higher education, and visited a variety of elementary, middle and high 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, played a leadership role in providing education and training resources to residents in the Brockton region; Partnered with other public institutions of Higher Education, such as Bridgewater State College and Massasoit Community College to upgrade the skills of workers in the region; Continued 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.

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: Organized and managed the People in Motion Project (PIM) in partnership with the Southbridge regional school district, a three year, Department of Education funded effort that focuses on the history of immigration to the United States; Hosting 25 Pakistani students who will live at UMass Amherst for six weeks and take a class on Comparative Public Policy with twenty UMass students in partnership with the University of Massachusetts Political Science Department; Managing programs for 25 Iraqi college students, 25 Argentine post-graduates, and 18 multi-national university faculty.

- The Civic Initiative, in cooperation with the Southbridge Public Schools, managed a two-week summer workshop on 19th century immigration. The event, held at the UMass Amherst Campus Center (and featuring 7 UMass speakers) drew over 50 teachers. The event was a part of a three year grant from the U.S. Department of Education's Teaching American History program.
- The Civic Initiative hosted twenty-four Argentine Fulbright scholars at the UMass Amherst campus for a month long program on US culture and politics. This program, funded by the Argentine Fulbright Commission, also included trips to New York City, Boston, and Washington, DC. Along with this program, the Civic Initiative also utilizes the UMass Amherst campus for other programs as well. In fact, during the summer, we are UMass Amherst Conference Services second largest client and the programs utilize over 40 UMass faculty and staff as speakers or academic directors.
- The Civic Initiative hosted 25 Iraqi college students at the UMass Amherst campus. The program, funded by the US Embassy in Baghdad focused on US politics and culture and, over the course of the six weeks, also enabled the students to visit Washington, D.C., Boston, New York, and Gettysburg Pennsylvania.
- In July, the Civic Initiative managed a new program that integrated 25 Pakistani college students with 15 UMass students in a six week class on "Comparative Public Policy". The program is being used as a model for other State Department exchange efforts.
- Dr. Michael Hannahan, Director of the Civic Initiative, has made a recent trip to Iraq for a reunion of Iraqi program alumni and to talk to Iraqi universities about partnerships with the University of

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Massachusetts. In addition, Dr. Hannahan, is working with the Argentine Fulbright Commission and the University of San Andres in Buenos Aires to develop a new American Studies curriculum for Argentine Universities.

- The Civic Initiative also managed a six week program for 18 college professors from 18 different countries. The program, funded by the State Department's Bureau of Educational and Cultural Affairs (ECA), is designed to improve the teaching of American politics and political thought.
- In partnership with the Academy for Educational Development, the CI is training higher education advisors throughout Iraq on US admissions procedures and standards. Many of the CI programs are staffed through an internship program that recruits and trains UMass undergrads through a "Civic Initiative Fellowship Program". When combined, these programs make the CI the second largest summer client for UMA conference services.

4. **Financial Management Education and Training**

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).

- Despite significant government reorganization, downsizing, and cost reductions in program funding and personnel during the past years, the Defense Finance and Accounting System (DFAS) Financial Management Education and Training (FMET) Program has delivered training to internal and external DFAS customers located at up to 36 different locations throughout the US, Europe, and Japan.
- The FMET Program has taught up to 42 different courses of instruction in the three DFAS functional Mission Areas of Accounting, Finance, and Disbursing to DFAS employees and customers for improved operational efficiency and effectiveness. Cumulative student load for all course deliveries throughout the present FMET III contract is 7,756 students.
- Between April 2008 and March 2011, the FMET III Program provided training to DFAS internal and external customers in 18 different locations in the USA, Germany, and Japan. During this same period, the FMET III Program taught 26 different courses to 7,756 students in the three Mission Areas.

5. **Economic and Public Policy Research**

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

Key projects and development efforts: Producer of MassBenchmarks, an ongoing analysis of the Massachusetts economy through a printed journal, quarterly index releases, and news releases covering the opinions of an esteemed board of economic experts. The Massachusetts State Data Center, through the Population Estimates Program for the Secretary of State, provides technical assistance for the Commonwealth to validate and challenge Census claims following the 2010 Census. Creates and updates four quarterly State of the State reports for the Office of the State Treasurer, which attach to the Commonwealth's bond prospectus. Major research on issues of significance to Massachusetts included: An assessment of economic effects generated by University of Massachusetts system spending in FY10; An assessment of economic effects on Massachusetts generated by new housing development permitted under Chapter 40B of the Massachusetts General Laws between 2000 and 2010 for the Citizens Housing and Planning Association (CHAPA);

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A post-Census research project, through the U.S. Census Bureau, investigating how alternative methods of estimating migration rates effect county-level population estimates; Provision of an on site review at the U.S. Census Bureau to locate missed or misallocated Group Quarters facilities; An economic analysis of the defense industry in Massachusetts and an assessment of its economic effects in Massachusetts since the year 2000; A financial analysis of spending by Cape Cod cities and towns to assess the potential for regional cost-cutting programs. Research with a focus outside of Massachusetts: A market research study of educational services provided to dependents residing on Dover Air Force Base (Delaware) conducted for the Department of Defense Education Activity (DODEA).

- Martin Romitti, Ph.D joined the Economic and Public Policy Unit as its new Director, culminating a comprehensive and lengthy search. Dr. Romitti comes to the Institute by way of the Missouri Economic Research and Information Center (MERIC), where he was both the Director and the architect of a merger which brought together the state's Labor Market Information unit with the Missouri Department of Economic Development Research group. This merger combined benchmark industry and occupational data collection, used as a foundation for many economic indicators, with innovative analysis provided by research and communication specialists. As its Director, MERIC was recognized with 12 national awards for research excellence. Dr. Romitti earned his Ph.D. from the University of Missouri; and his MPA from University of Idaho.
- The EPPR unit has been working with the Massachusetts High Technology Council's Defense Technology Initiative (DTI) to develop a Scope of Services meeting the DTI's need for accessible data on the defense industry within New England states, in preparation for upcoming rounds of Base Realignment and Closing (BRAC) initiatives. Throughout FY11, Unit staff has been providing support to the DTI in their development of Innovation Access Network (IAN), a business matchmaking program focused on the defense industry. Furthermore, Unit and UMDI Executive staff traveled to Washington D.C. and briefed five U.S. Senators from New England on the current condition of the defense industry in the region. The Legislators who were briefed included: Senators Kerry and Brown from MA, Senators Reed and Whitehouse from RI, and Senator Shaheen from NH.
- EPPR staff, working for the UMass Foundation, completed an economic impact analysis of UMass system contributions to the Massachusetts economy. The research involved an intensive data collection process and the development of a complex economic contribution model to generate estimates of the economic impacts or contributions in FY2009 and FY2010 from all UMass economic activities. The final products took the form of summary memos to each of the UMass Campuses. Summary findings were presented in December, 2010, at the UMass Board of Trustees meeting. In addition, Unit staff is working for the Vice Chancellor for Research and Engagement at the University of Massachusetts Amherst to study the potential economic impacts from the proposed construction of a new laboratory science facility on the UMass Amherst campus.
- In a project completed in December of 2010, the Unit developed an economic profile of the defense industry in Massachusetts for Raytheon, Inc. and its Executive staff. The team produced two products: a professionally designed profile and PowerPoint presentation. The research involved an analysis of defense contracts awarded to Massachusetts companies to describe the scale and specific nature of the defense industry in the state. The analysis included a ten year look at defense contracting awards to the Commonwealth by the Department of Defense and the Department of Homeland Security. The data show a strong growth in defense contracting activities with total contracts to Massachusetts tripling in value since 2001.
- The Unit joined with the Foundation for Growth initiative, a Massachusetts Housing Partnership project to explore the relationship between housing production and economic growth. The Unit teamed with Alan Clayton-Matthews of Northeastern University and Michael Johnson of UMass

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Boston to develop a set of statewide and regional housing benchmarks. Research tasks during this phase involved the development of models to project future housing needs and housing production and estimate the economic and fiscal impacts of a variety of different growth scenarios. The EPPR team completed baseline housing benchmarks and then developed alternate benchmarks based on two different economic scenarios.

- Concerns about the educational services provided to military dependents by the Hawaii Department of Education were compounded by the furloughing of classroom teachers for seventeen days in the 2009-2010 school year. Consequently, the Department of Defense Education Activity (DoDEA) engaged the UMass Donahue Institute to assess the educational services being provided by the Hawaii Department of Education to the dependents of military personnel living on military installations in Hawaii. Additionally, the assessment compared Hawaii's educational services to those of other heavily-impacted military districts, including Anchorage, Alaska, San Diego Unified School District, California, Travis Unified School District, California, Clover Park School District, Washington and DoDEA's Domestic Dependent Elementary and Secondary Schools (DDESS). The methods employed to conduct these assessments were modified versions of those used in past UMDI/DoDEA projects, including the Study of Educational Services for Students Residing on Dover AFB (2007 and 2010) and the DDESS Transfer Study (2003). As a result of the study, DoDEA is planning to implement targeted educational support programs to specific military-impacted schools in Hawaii.
- The Unit supplied critical data updates for Massachusetts which the US Census Bureau incorporated into the US Census official population estimates. Over the three years it's been funded, UMDI's Population Estimates Program (UMDI-PEP) research has led to the addition of 50,000 persons to the official state population translating to over \$147 million in federal dollars leveraged for Massachusetts. Our project was able to locate and verify a significant number of missed facilities and persons, twice as many as the average of all participating states.
- In order to assist cities and towns in correcting their 2010 count data, UMDI-PEP prepared over 2 million housing unit records from assessors' data and mapped them to the newly released Census 2010 block boundaries. UMDI-PEP then built a database that compares the number of units counted in the 2010 Census to the number appearing in local records. This comparison will be used to highlight areas in the state where the project will focus its FY 2012 efforts in post-Census corrections. To increase our understanding of the estimates process for Massachusetts, UMDI-PEP applied for, and won, an estimates research grant funded by the U.S. Census Bureau which examines the differences between a net and a gross domestic migration model.

6. **Head Start**

Focus: Provide customized technical assistance and training to Head Start and Early Head Start grantees to support well managed organizations that provide high quality programming for low-income families and increase the school readiness of young children.

Key projects and development efforts: Through participation in a national center providing training in the areas of Program Management and Finance; Managing four state centers in New England; Provision of targeted assistance to at-risk programs; Providing Head Start and Early Head Start programs with research-based technical assistance and training around early childhood care and education, particularly school readiness; Engaging families in their children's education, as well as financial management, and program management. Key projects include building leadership and management skills and developing strong succession plans that ensure continuous quality services to children and families; improving and expanding services for infants and toddlers and their families; supporting the effective use of classroom observation to improve teaching strategies and outcomes for children; promoting good physical development and

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preventing childhood obesity; maximizing project impact by building collaborative partnerships with other local, state, and regional training and technical assistance resources; and continued participation in the national risk management system, to ensure strong Head Start and Early Head Start programs that meet all national Performance Standards and other requirements and support positive outcomes for children and families.

- As a result of a major national award (PMFO), UMDI's Head Start Unit hired a new Director, Rita Schwarz. Rita came to the Institute with over 40 years experience in Head Start, most of it with the Federal Government. She held many positions with the Office of Head Start (OHS) including, for an almost five year period, Chief of the Program Management and Operations Branch in Washington. Since her retirement from the Feds, she also worked for national early childhood learning organizations. Rita holds a BA in Sociology from Benedictine College and an MPA from Temple.
- *Head Start Unit Regional Contract: 4-state Consortium* – The Institute operates a regional (four state) program of training and technical assistance for Head Start grantees. The Office of Head Start brought all of the members of the new training and technical assistance system to Washington for a 3-day kick-off meeting. Presentations were made by all of the national centers as well as the new "Centers of Excellence": Also included were 10 Head Start programs from across the country that were chosen through a competitive process and nominated by their governors. These centers will provide examples of best practice to the rest of the Head Start world. State Early Childhood Education (ECE) specialists heard presentations about CLASS and the new "Learning from Assessment" Toolkit; grantee specialists and TA Coordinators met with the National Center on Program Management and Fiscal Operations (PMFO) to begin discussions about needs and ways to support the grantee specialist work. Part of this session was led by UMDI staff: Steve Russell, UMDI's PMFO assistant coordinator, and Bess Emanuel, regional TA coordinator, gave a presentation on the work of the grantee specialists and the national center, and facilitated discussions on the ways that the 2 groups would be working together in the new system.
- During FY11, the Institute competed for and won the right to manage training and technical assistance services for Head Start agencies in New England. UMDI was awarded two new contracts as part of the Office of Head Start's redesign of the national technical assistance system. UMDI assumed responsibility for a consortium of state early childhood offices for Massachusetts, Connecticut, New Hampshire and Vermont, as well as a team of regional grantee specialists and the regional Technical Assistance Coordinator position. Ruth-Ann Rasbold is the consortium Director as well as the state manager in MA; Bess Emanuel is the regional TA Director. The state offices staff will focus their work on improving classroom quality and school readiness, using tools such as the Classroom Assessment Scoring System (CLASS). The grantee specialists will work with the highest-risk Head Start programs, helping them improve their management practices.
- Action for Boston Community Development held its annual Head Start Leadership Institute and invited UMDI's Maureen McDonald, their Grantee Performance Support Specialist, and UMDI's Bess Emanuel, to present a day-long workshop on "The Leader as Supervisor". More than fifty senior managers, education supervisors, social service supervisors and site directors participated.
- In collaboration with the Browne Center at the University of New Hampshire, the NH/VT Consortium conducted the second of three Leadership Institutes for Head Start Managers. Sharon Adams worked with Vermont's Foundations in Early Learning (FEL), to begin the third and final year of training with the Center on Social and Emotional Foundations for Early Learning (CSEFEL), and the Center for Early Literacy Learning. A week long institute provided training for early childhood programs in the last regions in the state. Over the next year, these programs will have access to further training and coaching on implementing program changes that promote positive behavior and prevent challenging behavior for young children at their homes and in their programs. Building on its May conference, Leanne Winchester continued to work with New

Hampshire's Department of Health on designing the fall launch of the initiative to promote policies and practices that prevent obesity in young children by working directly with early childhood programs.

7. Organizational Development and Training/State Agencies

Focus: Organizational development, training, leadership and management development, online leadership training, conference management and coaching services for federal/state/local government and the private sector.

Key projects and development efforts: Continued work with long term clients such as the Department of Developmental Services, Department of Environmental Protection and Massachusetts Developmental Disabilities Council; Provided Senior Management Retreat to Mass State Ethics Commission; Selected as a preferred Massachusetts State Vendor (PRF46); Developed a six module Online Leadership Excellence Certificate Program in collaboration with UMass Amherst Continuing and Professional Education; Consulted to Mass Department of Elementary and Secondary Education for the roll out of the District and School Assistance Centers; Provided Project Management consulting and training in support of the Race To The Top Education Reform Initiative; Provided Green Belt Training to Evergreen Solar; Provided conference logistics for sixth annual STEM Summit and 33rd annual Massachusetts Developmental Disabilities Council's Annual Legislative Reception; Completed an Organizational assessment and report for US Department of Agriculture Regional Office and facilitated their annual retreat; Provided Lean Management consulting to Massachusetts Board of Registration in Medicine; Provided Call Center consulting services to UMass Medical School; Offered workshops to UMass President's Office staff; Administered federal grants from Administration for Children and Families, Compassion Capital Grant Fund for work with small grassroots nonprofits who deal with at-risk youth in Berkshire and Barnstable County and from HRSA Health Careers Opportunities Program grant to create pathways for disadvantaged youth to prepare for health careers in the Pioneer Valley; and continued to coordinate and facilitate the Mass Department of Public Health Massachusetts Comprehensive Cancer Prevention and Control Program.

Special Projects

The Institute continues to manage a limited number of special projects that are not assigned to our business units but offer important services for the University and the Commonwealth. Two examples of these special projects are the Academy for New Legislators (which occurs every other year) and STEM (Science, Technology, Engineering, and Math) which includes our annual STEM Summit and support of the data collection for the Governor's STEM Advisory Council.

The Academy for New Legislators took place from December 7 to 9, 2010. This year's class was the largest ever with a turnover of 40 state representative and senate legislative seats. UMDI has continued to be a part of legislative education events including the Speakers Leadership Retreat and through the Population Estimate Program.

The annual STEM Conference on September 28, 2010 drew over 650 people from industry, trade associations, state government, higher education and K-12. The Summit was developed in partnership with the Governor's STEM Advisory Council, the STEM Business Leaders Consortium (led by the Mass Business Roundtable), and the University of Massachusetts. The Lt. Governor officially released the Statewide STEM Plan. This year the STEM Conference will be held in October or early November and will focus on the progress and expansion of the plan.

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UMDI is providing assistance as a financial conduit to the UMass Building Authority for the design cost of the Edward M. Kennedy Institute for the study of the U.S. Senate.

Lynn Griesemer (UMDI Executive Director) was co-Chair of the Data Subcommittee of the Governor's STEM Advisory Council. Jean Supel, of our Research and Evaluation Unit, was a primary committee member and staff. She has been able to provide significant data to the committee and the six subcommittees regarding STEM benchmarks for Massachusetts and continues in that role with the realigned Advisory Committee.

FY 2012 OPERATIONS SUMMARY

The Institute's priorities during FY12 include:

- Support the new President's priorities (e.g., while these are "to be determined" the potential includes science and technology, regional economic development, 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 GSA instruments, involve faculty in contracts and grants).
- Continue the Institute's support of multi-campus and system-wide initiatives (e.g., *MassBenchmarks*, Professional Science Masters (PSM) degree development, STEM Pipeline, Economic Development, various relationships with state and federal agencies).
- 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 generates \$29.81 in grant and contract funds for every \$1 in state appropriation. In FY11, 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.

FY11 STAFFING AND CAMPUS RESOURCES

During FY11, the Institute employed 123 staff with a full-time equivalency of 111, housed at nine office locations, including, Boston (2), Southbridge, Hadley, Brockton, Springfield, Shrewsbury MA, Randolph, Vermont and Manchester, New Hampshire as well as several home offices located throughout New England, Washington DC, and Florida. The out-of-state home offices have come about because of our new Head Start contract which is operated nationally. Core state funding supported three employees full time and eleven employees part time. The remaining Institute staff members are supported through grants and contracts or special project funds. In FY11 alone, 78.8% of the contracts were federally funded or federal monies passed through the state and 14.6% were state funded. The balance of our contract funding emanated from local and private sources.

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In addition, the Institute utilized the services of 25 faculty spread across the UMass five-campus system and numerous departments that generated for them almost \$106,410 in revenue. In FY11, our various projects involved 20 undergraduate and graduate students from the University, providing them with over \$205,538 in 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 FY11, the Donahue Institute administered 178 grants and contracts.

FY 2011 BUDGET REVIEW

The Institute received an appropriation of \$482,269 in general University funding and generated over \$14,367,864 in grant and contract funds during FY11. These grants 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 2012 AND BEYOND

As the Institute looks ahead to FY12 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. Two important issues that might impact our budget for FY12 are (1) the changes in funding for federal and state programs; and (2) the unexpected re-competition for the Head Start Program Management and Finance Operations national contract. This is a program we were awarded last fall but the Prime organization (Academy for Educational Development) in our three organization partnership was later suspended for future business by US AID because of problems in other programs they operated in Pakistan and Afghanistan and, as a result, AED has placed itself up for sale. We fully intend to compete again for this national program and will likely act as the Prime contractor in a consortium that will not include AED.

Overall, we will continue to strengthen the Institute and manage complex projects and initiate new ventures, including multi-campus projects consistent with the President's goals.

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Table 1
 University of Massachusetts
 Donahue Institute
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS
 Fiscal Year 2012 Operating Budget Statement
 (in thousands of dollars)

			FY2012 BUDGETED		
	FY09 Actuals	FY10 Actuals	FY11 Projected Budget-Accrual/ Adjusted Basis	FY12 Budget- Accrual Basis	FY11 to FY12 Change
REVENUES					
Operating Revenues					
Tuition and Fees					
Scholarship allowance					
Tuition and Fees (net of scholarship allowances)					
Federal Grants and Contracts	\$8,037	\$9,286	\$11,024	\$9,076	-\$1,948 -18%
State Grants and Contracts	\$2,417	\$2,286	\$2,101	\$1,861	-\$240 -11%
Local Grants and Contracts	\$133	\$10	\$54	\$54	\$0 0%
Private Grants and Contracts	\$631	\$558	\$898	\$900	\$2 0%
Sales & Service, Educational	\$0	\$0	\$0	\$0	
Auxiliary Enterprises	\$0	\$0	\$0	\$0	
Other Operating Revenues: (fixed price balance transfers)	\$25	\$80	\$300	\$300	\$0 0%
Sales & Service, Independent Operations	\$0	\$0	\$0	\$0	
Sales & Service, Public Service Activities	\$0	\$0	\$0	\$0	
Other (non-state funds from Pres Office)	\$38	\$38	\$38	\$38	\$0 0%
Total Operating Revenues	\$11,281	\$12,258	\$14,415	\$12,229	-\$2,186 -15%
EXPENSES					
Operating Expenses					
Educational and General					
Instruction	\$8,573	\$8,381	\$9,111	\$7,800	-\$1,311 -14%
Research	\$2,142	\$2,336	\$2,812	\$2,400	-\$412 -15%
Public Service	\$1,254	\$2,222	\$2,985	\$2,550	-\$435 -15%
Academic Support					
Student Services					
Institutional Support	\$360	\$121	\$154	\$135	-\$19 -12%
Operation and Maintenance of Plant					
Depreciation and Amortization					
Scholarships and Fellowships					
Auxiliary Enterprises					
Other Expenditures					
Independent Operations					
Public Service Activities					
Total Operating Expenses	\$12,329	\$13,060	\$15,062	\$12,885	-\$2,177 -14%
Operating Income/(Loss)	-\$1,048	-\$802	-\$647	-\$656	-\$9 1%
NONOPERATING REVENUES/(EXPENSES)					
Federal Appropriations					
State Appropriations	\$1,069	\$816	\$700	\$665	-\$35 -5%
Gifts					
Investment Return					
Endowment Return					
Interest on Indebtedness					
Other Nonoperating Income					
Revenue from Stimulus Funds					
Net Nonoperating Revenues	\$1,069	\$816	\$700	\$665	-\$35 -5%
Income Before Other Revenues, Expenses, Gains, and Losses	\$21	\$14	\$53	\$9	-\$44 -83%
Capital Appropriations					
Capital Grants and Contracts					
University Related Transactions					
Disposal of Plant Facilities					
Other Additions/Deductions					
Total Other Revenues, Expenses, Gains & Losses	\$0	\$0	\$0	\$0	\$0
Total Increase in Net Assets	\$21	\$14	\$53	\$9	-\$44 -83%
NET ASSETS					
Net Assets at Beginning of Year		\$21	\$35	\$88	\$53 151%
Net Assets at End of Year	\$21	\$35	\$88	\$97	\$9 10%

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Table 2
University of Massachusetts
Donahue Institute
 Fiscal Year 2012 Operating Budget Statement
SPENDING BY TYPE OF EXPENSE (NATURAL CLASSIFICATION)
(in thousands of dollars)

	FY08	FY09	FY10	FY11	\$ Change	% Change
EXPENSE CATEGORY	Actuals	Actuals	Projected	Budgeted	FY10 - 11	FY10- 11
Salaries and Wages	\$7,200	\$7,000	\$6,800	\$6,000	-\$800	-11.8%
Employee Fringe Benefits	\$1,778	\$1,793	\$1,795	\$1,584	-\$211	-11.8%
Student Aid	\$0	\$0	\$0	\$0	\$0	
Utilities	\$0	\$0	\$0	\$0	\$0	
Supplies and Other Services	\$3,351	\$4,267	\$6,467	\$5,301	-\$1,166	-18.0%
Depreciation	\$0	\$0	\$0	\$0	\$0	
TOTAL	\$12,329	\$13,060	\$15,062	\$12,885	(\$2,177)	-14.5%

***Total** should equal total Operating Expenses from SRECNA

FY 2012 University Operating Budget – T11-056

Table 3
University of Massachusetts
Donahue Institute
Fiscal Year 2012 Operating Budget Statement
SUMMARY OF FULL-TIME EQUIVALENT (FTE) EMPLOYEES*

	Actual FTEs Fall 2009 (FY2009)	Actual FTEs Fall 2010 (FY2010)	Actual FTEs Fall 2011 (FY2011)	Proj. FTEs Fall 2012 (FY2012)	FTE Change Fall 2010 - 11	% Change Fall 2010 - 11
UNRESTRICTED/DESIGNATED FUNDS						
STATE FUNDED POSITIONS						
Faculty	0.0	0.0	0.0	0.0		
Professional Staff	11.8	8.5	7.0	6.8	(0.2)	-2.9%
Classified Staff	0.0	0.0	0.0	0.0	0.0	
Subtotal, State Funded	11.8	8.5	7.0	6.8	(0.2)	-2.9%
NON-STATE FUNDED POSITIONS						
Faculty	0.0	0.0	0.0	0.0		
Professional Staff	3.5	4.5	7.0	6.2	(0.8)	-11.4%
Classified Staff	0.2	0.0	0.0	0.0	0.0	
Subtotal, Non-State Funded	3.7	4.5	7.0	6.2	(0.8)	-11.4%
Total Unrestricted/Designated	15.5	13.0	14.0	13.0	(1.0)	-7.1%
RESTRICTED FUNDS						
GRANT FUNDED POSITIONS						
Faculty	0.0	0.0	0.0	0.0		
Professional Staff	82.7	90.0	88.0	77.0	(11.0)	-12.5%
Classified Staff	4.8	7.0	6.0	6.0	0.0	0.0%
Subtotal, Grant Funded	87.5	97.0	94.0	83.0	(11.0)	-11.7%
OTHER RESTRICTED POSITIONS						
Faculty	0.0	0.0	0.0	0.0		
Professional Staff	0.0	0.0	0.0	0.0		
Classified Staff	0.0	0.0	0.0	0.0		
Subtotal, Other Restricted Fund	0.0	0.0	0.0	0.0	0.0	
Total Restricted	87.5	97.0	94.0	83.0	(11.0)	-11.7%
TOTAL UNRESTRICTED AND RESTRICTED	103.0	110.0	108.0	96.0	(12.0)	-11.1%

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

APPENDIX A:

FY 2012 UNIVERSITY OPERATING BUDGET

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).

➤ **Requested New Statement of Trust: Non-Resident Tuition Retention Program for all University Campuses**

The FY11 State budget authorized the Boston, Dartmouth, Lowell and Worcester campuses to retain non-resident tuition revenue beginning in FY12. The Amherst campus has had this authority since FY05. In accordance with these provisions, this trust fund will enable the campuses to retain all tuition paid by students who are not residents of Massachusetts provided that no resident of Massachusetts is denied admission to the University as a result of the program. The President shall issue guidelines and the Chancellors of the Boston, Dartmouth, Lowell and Worcester campuses shall develop operating procedures for the administration of the program.

➤ **Requested New Statement of Trust: UMass Medical School Utility Trust Fund**

The UMMS Utility Trust Fund will provide utility services to the Medical School, UMass Memorial Health Care, Worcester City Campus Corporation and other entities occupying buildings or properties owned and/or operated by the UMass Medical School. The services provided will include normal power, emergency power, steam, chilled water, water, sewage, natural gas, hazardous and non-hazardous waste removal and other utility services as necessary to support the occupants of the various buildings and properties. The trust will pay all costs related to the acquisition and delivery of the services provided. Each customer will be billed for the services they receive, at rates established to cover the costs incurred by the trust. The rates will be reviewed and modified from time to time as needed to ensure that they accurately reflect and recover the costs of the various services provided.

FY 2012 University Operating Budget T11-056

University of Massachusetts
Boston, Dartmouth, Lowell, Worcester

Revenue-Based Budget
Fiscal Year 2012

CHANGE/PROPOSED NEW STATEMENT OF TRUST

Operation Name: Retained Tuition Trust Fund Account Number:
Executive Area/MBU/Dept: Academic Affairs
Change or Proposed New: New

NEW: PURPOSE STATEMENT FOR TRUST

To establish, in accordance with the provisions of Chapter 75 of the General Laws and section 129 of Chapter 131 of the Acts of 2010, a Tuition Retention Trust Fund to be utilized by the Boston, Dartmouth, Lowell, and Worcester campuses. All tuition revenues received from non-resident students shall be deposited into the campus-specific departments within the fund. Expenses (both direct and indirect) for the support of campus activities and programs shall be paid from this fund. As per section 129 of Chapter 131 of the Acts of 2010, no student of the commonwealth will be denied admission to any campus as a result of the tuition retention program.

FISCAL YEAR 2012 PROGRAM STATEMENT

The FY11 State budget authorized the Boston, Dartmouth, Lowell and Worcester campuses to retain non-resident tuition revenue beginning in FY12. The Amherst campus has had this authority since FY05. In accordance with these provisions, this trust fund will enable the campuses to retain all tuition paid by students who are not residents of Massachusetts provided that no resident of Massachusetts is denied admission to the University as a result of the program. The President shall issue guidelines and the Chancellors of the Boston, Dartmouth, Lowell and Worcester campuses shall develop operating procedures for the administration of the program.

FEE HISTORY

N/A

FEE INCREASE JUSTIFICATION

N/A

SUMMARY OF CHANGES

N/A

SUMMARY OF FUND BALANCE

N/A

FY 2012 University Operating Budget T11-056

University of Massachusetts
MEDICAL SCHOOL

Revenue-Based Budgets
Fiscal Year 2012

CHANGE/PROPOSED NEW STATEMENT OF TRUST

Operation Name: UMMS Utility Trust
Executive Area/MBU/Dept: Administration
Fund Number: N/A

PURPOSE STATEMENT FOR TRUST

The UMMS Utility Trust Fund will provide utility services to the Medical School, UMass Memorial Health Care, Worcester City Campus Corporation and other entities occupying buildings or properties owned and/or operated by the UMass Medical School. The services provided will include normal power, emergency power, steam, chilled water, water, sewage, natural gas, hazardous and non-hazardous waste removal and other utility services as necessary to support the occupants of the various buildings and properties.

FISCAL YEAR 2012 PROGRAM STATEMENT

The trust will pay all costs related to the acquisition and delivery of the services provided. Each customer will be billed for the services they receive, at rates established to cover the costs incurred by the trust. The rates will be reviewed and modified from time to time as needed to ensure that they accurately reflect and recover the costs of the various services provided.

FEE HISTORY

Fees are based on the cost of the goods or services provided. Increases are assessed in relation to the associated operating costs for the services provided.

FEE INCREASE JUSTIFICATION

N/A

SUMMARY OF CHANGES

N/A

SUMMARY OF FUND BALANCE

N/A