



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



## Fiscal Year 2013 Operating Budget





# OPERATING BUDGET

*for Fiscal Year 2013*

## SUMMARY & FINANCIAL OVERVIEW



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**University of Massachusetts  
Executive Summary**

**Operating Budget  
Fiscal Year 2013**

**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 2010 and FY 2011 actual data are provided from the audited statements and are compared to projected figures for the current fiscal year (FY 2012) and estimates proposed for the fiscal year beginning July 1, 2012 (FY 2013).

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 2013. 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 2013 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 efficiency & effectiveness 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.

FY 2013 University Operating Budget – T12-037

The University continues to report the Operating Budget in a modified accrual-based budget report format. This reporting format reflects the “view” of information that the Board of Trustees has requested and it is consistent with the audited financial statement format and the annual financial indicator reporting model. 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.

**FY 2013 OPERATING BUDGET SUMMARY**

The total University budget projects an increase in both revenues and expenditures in fiscal year 2013 from the current fiscal year (FY 2012). With overall revenues expected to growth at rate 1.6% slower than expenditures, pressure will be illustrated on the University’s operating margin and felt on the campuses. Despite this financial hurdle, 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 static economic situation facing the Commonwealth and the nation. A slight positive operating margin of 0.4% is projected for fiscal year 2013 on revenues of \$2.89 billion and expenditures of \$2.88 billion.

<b>Total Budgeted University Revenues &amp; Expenditures</b>							
(\$ Shown in Millions)	Actual	Projected	Budgeted	FY 12 - 13		FY 11 - 13	
	FY 2011	FY 2012	FY 2013	1-yr. change		2-yr. change	
Revenues*	\$2,893.1	\$2,773.1	\$2,890.7	\$117.6	4.2%	(\$2.4)	-0.1%
Expenditures**	\$2,852.9	\$2,718.5	\$2,884.2	\$165.7	6.1%	\$31.3	1.1%
Operating Surplus / (Deficit)	\$40.2	\$54.7	\$6.5				
Operating Margin	1.4%	2.0%	0.2%				

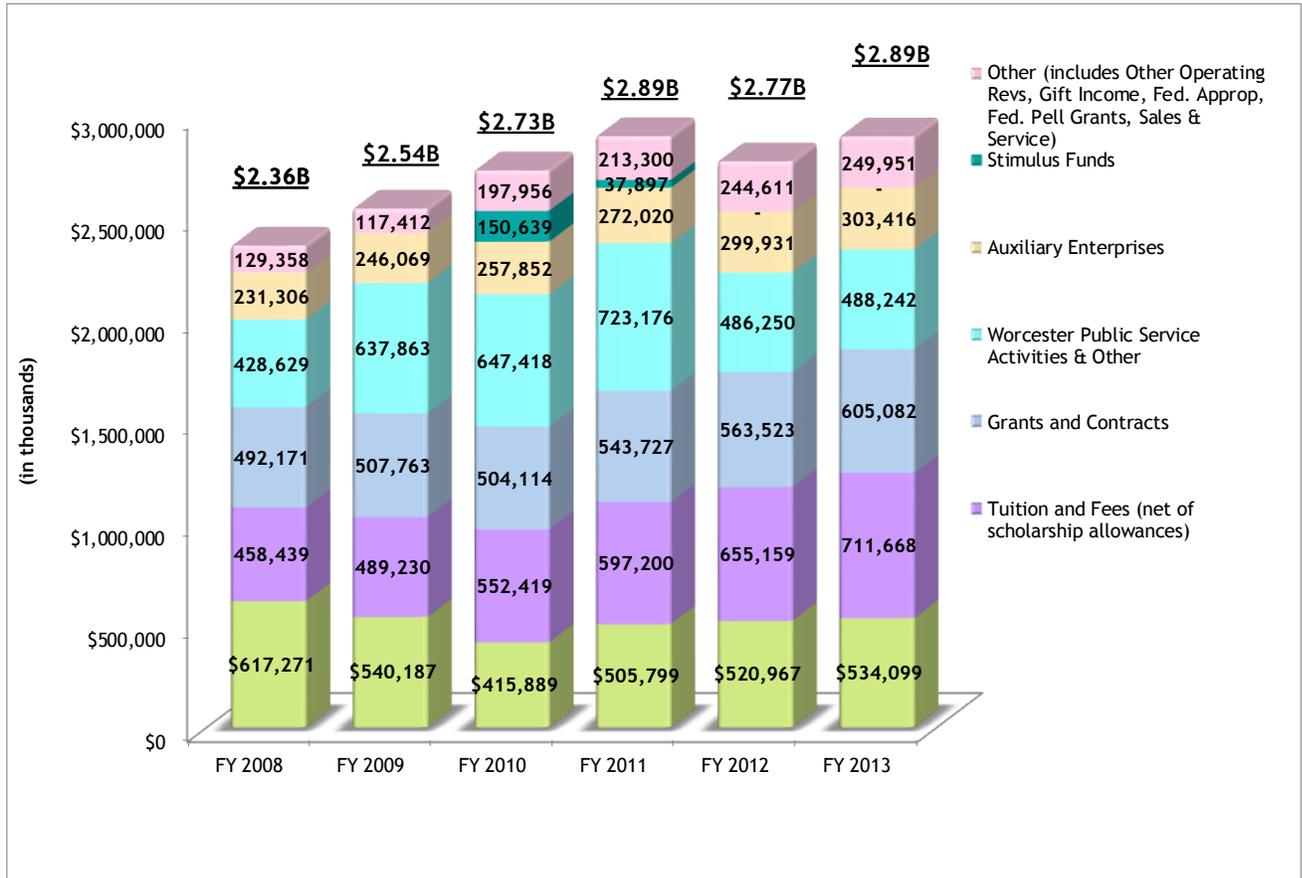
\*Revenues include: Total Operating Revenues, State and Federal Appropriations, Gifts, and Investment and Endowment Income.

\*\*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 2013 revenues are budgeted at \$2.89 billion, a 4.2% increase from the FY 2012 estimate of \$2.77 billion. The following graph displays revenues sources in comparison to the total revenue picture for FY2013.



**State appropriations** are essentially expected to remain flat for FY2013. While the financial statement presentation of state appropriations displays an increase of approximately \$13 million, this is due to collective bargaining funding provided by the state which winds up as a direct pass-through to University employees. The reality is that the budgets put forth by the Governor and the Legislature to date maintain state funding at the same level as FY 2012 and FY 2011.

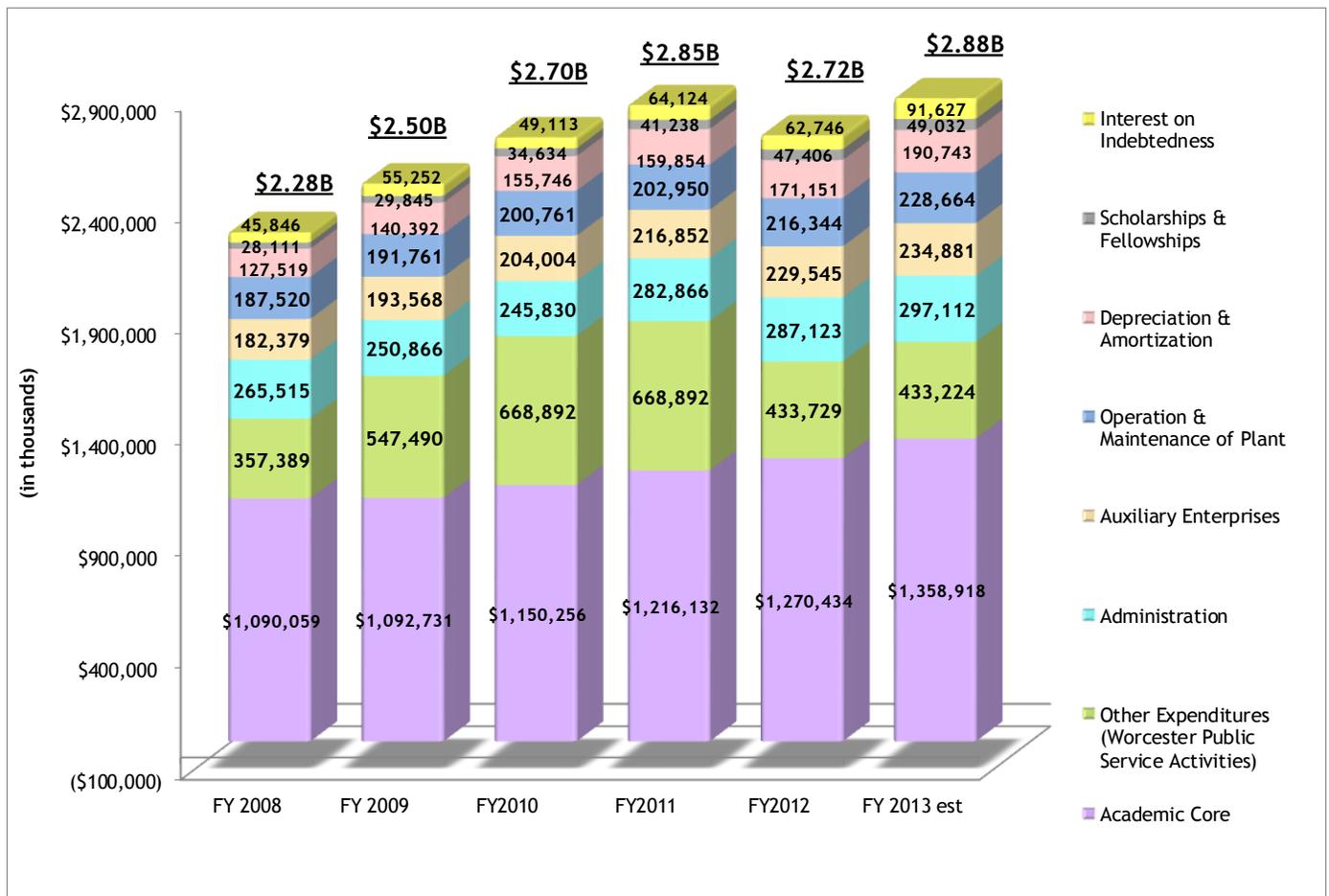
FY 2013 University Operating Budget – T12-037

**Grant and contract revenues** represent 20% of all revenues and are projected to increase 7.4% or \$41.6 million over FY 2012 to \$605 million.

**Tuition and fee revenues** are projected to account for 25% of University revenues and the amount of revenue is forecasted to increase by 7.9% for FY 2013. This is consistent with the 4.9% student charge increase votes of the Board of Trustees for FY 2013, 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 2013 spending by these categories.



Total University expenditures for FY 2013 are an estimated \$2.88 billion or \$165.7 million more 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 2013 are projected for: Interest on Indebtedness (+31.5%), Depreciation & Amortization (+10.3%), and Academic Core (+6.5%).

Auxiliary Enterprises are self-supporting operations critical to University operations, yet independent of the general education mission. This category accounts for 8% of total spending and includes: dining and residence halls, parking facilities, and student health services. Auxiliary expenditures are projected to increase by 2.3% over the current year.

### **Employee Trends**

The total projected increase in state-funded faculty for FY 2013 is approximately 35 individuals. The number of state-funded full-time equivalent (FTE) employees at the University is projected to increase by 65 between FY 2012 and FY 2013. The total number of non-state-funded FTE employees is projected to decrease by 107.

### **FY 2013 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 University faces 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 2013 Operating Budget as well as information for FY 2009 - 2012. **Table 2** categorizes the University's FY 2009 - 2013 operating expenditures by type of expense (natural classification). **Table 3** summarizes the change in full-time equivalent (FTE) employees projected through FY 2013. **Table 4** summarizes total undergraduate and graduate enrollment for the University.

Following the Executive Summary are full FY 2013 Operating Budget Reports for each campus, the University System Office, the Donahue Institute, and University Information Technology Services. These reports include:

**Table 1:** FY 2010 – 2013 est. Statement of Revenues and Expenditures

**Table 2:** FY 2010 – 2013 est. Spending by Type of Expense (Natural Classification)

**Table 3:** FY 2010 – 2013 est. Summary of Full-Time Equivalent Employees

**Table 4:** FY 2010 – 2013 est. Headcount and FTE enrollment

FY 2013 University Operating Budget – T12-037

**Table 1**  
**University of Massachusetts**  
**Fiscal Year 2013 Operating Budget Statement**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**Fiscal Years 2009 to 2013 (budgeted)**  
**(in thousands of dollars)**

	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2012 - FY 2013</b>	
	<b>Actuals</b>	<b>Actuals</b>	<b>Actuals</b>	<b>Projected</b>	<b>Budgeted</b>	<b>1-year change</b>	
	<b>University</b>	<b>University</b>	<b>University</b>	<b>University</b>	<b>University</b>		
	<b>June 30, 2009</b>	<b>June 30, 2010</b>	<b>June 30, 2011</b>	<b>June 30, 2012</b>	<b>June 30, 2013</b>		
<b>REVENUES</b>							
<b>Operating Revenues</b>							
Tuition and Fees (net of scholarship allowances)	\$ 489,230	\$ 552,419	\$ 597,200	\$ 655,159	\$ 705,545	\$ 50,386	8%
Federal Grants and Contracts	324,100	333,538	371,426	401,271	431,857	30,586	8%
State Grants and Contracts	77,115	64,328	62,597	65,429	66,328	899	1%
Local Grants and Contracts	2,149	1,880	1,937	2,679	2,907	227	8%
Private Grants and Contracts	104,399	104,368	107,767	94,143	103,989	9,846	10%
Sales & Service, Educational	20,965	17,530	18,011	22,708	22,917	209	1%
Auxiliary Enterprises	246,069	257,852	272,020	299,931	303,416	3,485	1%
Other Operating Revenues:	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0		
Sales & Service, Independent Operations	94,908	50,442	52,619	51,439	45,994	(5,445)	-11%
Sales & Service, Public Service Activities	542,955	596,976	670,557	434,811	442,248	7,437	2%
Other	66,920	74,455	74,979	100,675	93,274	(7,401)	-7%
<b>Total Operating Revenues</b>	<b>\$ 1,968,810</b>	<b>\$ 2,053,788</b>	<b>\$ 2,229,113</b>	<b>\$ 2,128,245</b>	<b>\$ 2,218,475</b>	<b>\$ 90,230</b>	<b>4%</b>
<b>EXPENSES</b>							
<b>Operating Expenses</b>							
<b>Educational and General</b>							
Instruction	\$ 540,479	\$ 555,833	\$ 596,341	\$ 634,017	\$ 669,466	\$ 35,449	6%
Research	358,659	403,217	419,990	421,545	461,806	40,261	10%
Public Service	67,989	67,080	66,548	71,837	80,011	8,174	11%
Academic Support	125,604	124,126	133,253	143,034	147,634	4,600	3%
Student Services	87,207	88,985	98,361	102,737	104,827	2,090	2%
Institutional Support	163,659	156,845	184,505	184,386	192,285	7,899	4%
Operation and Maintenance of Plant	191,761	200,761	202,950	216,344	228,664	12,321	6%
Depreciation and Amortization	140,392	155,746	159,854	171,151	190,743	19,592	11%
Scholarships and Fellowships	29,845	34,634	41,238	47,406	49,032	1,626	3%
<b>Auxiliary Enterprises</b>	<b>193,568</b>	<b>204,004</b>	<b>216,852</b>	<b>229,545</b>	<b>234,881</b>	<b>5,336</b>	<b>2%</b>
<b>Other Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Independent Operations	56,057	58,437	41,911	57,398	56,042	(1,356)	-2%
Public Service Activities	491,433	538,880	626,981	376,331	377,182	851	0%
Other	-	-	-	-	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 2,446,653</b>	<b>\$ 2,588,548</b>	<b>\$ 2,788,784</b>	<b>\$ 2,655,732</b>	<b>\$ 2,792,575</b>	<b>\$ 136,843</b>	<b>5%</b>
<b>Operating Income/(Loss)</b>	<b>\$ (477,843)</b>	<b>\$ (534,760)</b>	<b>\$ (559,671)</b>	<b>\$ (527,487)</b>	<b>\$ (574,100)</b>	<b>\$ (46,613)</b>	<b>9%</b>
<b>NONOPERATING REVENUES/(EXPENSES)</b>							
Federal Appropriations	\$ 5,574	\$ 5,922	\$ 5,826	\$ 7,172	\$ 7,395	\$ 223	3%
NonOperating Federal Grants	-	-	-	49,983	50,572	589	1%
State Appropriations	540,187	415,889	505,799	520,967	534,099	13,132	3%
Gifts	22,918	28,603	26,504	27,104	37,586	10,482	39%
Investment Return	(9,284)	65,863	77,773	29,389	37,970	8,581	29%
Endowment Return	10,319	5,583	10,207	11,867	13,125	1,258	11%
Interest on Indebtedness	(55,252)	(49,113)	(64,124)	(62,746)	(91,627)	(28,881)	46%
Unrealized Gains	-	-	-	700	750	50	7%
Interest Income	-	60,324	70,643	-	2,364	2,364	
Other Nonoperating Income	8,167	3,868	5,225	3,398	1,190	(2,208)	-65%
Revenue from Stimulus Funds	-	150,639	37,897	-	-	-	
<b>Net Nonoperating Revenues</b>	<b>\$ 522,629</b>	<b>\$ 687,578</b>	<b>\$ 675,750</b>	<b>\$ 587,834</b>	<b>\$ 593,424</b>	<b>\$ 5,589</b>	<b>1%</b>
<b>Income/(Loss) Before Other Revenues, Expenses, Gains, and Losses</b>	<b>\$ 44,786</b>	<b>\$ 152,818</b>	<b>\$ 116,079</b>	<b>\$ 60,348</b>	<b>\$ 19,324</b>	<b>\$ (41,024)</b>	<b>-68%</b>
Capital Appropriations	\$ 27,483	\$ 28,635	\$ 28,109	\$ 161,918	\$ 207,383	\$ 45,465	28%
Capital Grants and Contracts	5,182	18,981	30,354	12,823	12,669	(154)	-1%
Capital - Stimulus Funds	-	-	-	-	900	900	
Additions to Permanent Endowments	-	-	-	-	-	-	
University Related Organization Transactions	-	29,810	4,361	21	-	(21)	
Disposal of Plant Facilities	(8,553)	(12,125)	(10,682)	(8,407)	(6,772)	1,635	-19%
Expended for Plant	-	-	9,655	-	-	-	
Other Additions/Deductions	1,361	9,729	(5,639)	(3,009)	(2,000)	1,009	-34%
Transfers	-	-	-	-	(1,072)	(1,072)	
<b>Total Other Revenues, Expenses, Gains, and Losses</b>	<b>\$ 25,473</b>	<b>\$ 75,030</b>	<b>\$ 56,158</b>	<b>\$ 163,345</b>	<b>\$ 211,108</b>	<b>\$ 47,763</b>	<b>29%</b>
<b>Total Increase/(Decrease) in Net Assets</b>	<b>\$ 70,259</b>	<b>\$ 227,848</b>	<b>\$ 172,237</b>	<b>\$ 223,692</b>	<b>\$ 230,432</b>	<b>\$ 6,739</b>	<b>3%</b>
<b>NET ASSETS</b>							
Net Assets at Beginning of Year	\$ 1,671,046	\$ 1,741,305	\$ 1,969,153	\$ 2,141,393	\$ 2,365,085	\$ 223,692	10%
<b>Net Assets at End of Year</b>	<b>\$ 1,741,305</b>	<b>\$ 1,969,153</b>	<b>\$ 2,141,390</b>	<b>\$ 2,365,085</b>	<b>\$ 2,595,517</b>	<b>\$ 230,432</b>	<b>10%</b>

**Table 3**  
**University of Massachusetts**  
**Fiscal Year 2013 Operating Budget Statement**  
**SPENDING BY TYPE OF EXPENSE (NATURAL CLASSIFICATION)**  
*(in thousands of dollars)*

	<b>FY10</b>	<b>FY11</b>	<b>FY12</b>	<b>FY13</b>	<b>\$ Change</b>	<b>% Change</b>
<b>EXPENSE CATEGORY</b>	<b>Actuals</b>	<b>Actuals</b>	<b>Projected</b>	<b>Budgeted</b>	<b>FY12 - 13</b>	<b>FY12 - 13</b>
Salaries and Wages	\$1,120,889	\$1,164,874	\$1,184,468	\$1,239,406	\$54,938	4.6%
Employee Fringe Benefits	\$253,587	\$298,260	\$308,288	\$284,468	(\$23,820)	-7.7%
Student Aid	\$73,339	\$90,164	\$101,557	\$104,866	\$3,308	3.3%
Utilities	\$94,097	\$93,580	\$94,037	\$95,956	\$1,919	2.0%
Supplies and Other Services	\$954,008	\$1,047,648	\$854,154	\$887,530	\$33,376	3.9%
Depreciation	\$154,777	\$158,987	\$170,844	\$180,349	\$9,505	5.6%
<b>TOTAL</b>	<b>\$2,650,697</b>	<b>\$2,853,513</b>	<b>\$2,713,349</b>	<b>\$2,792,575</b>	<b>\$79,226</b>	<b>2.9%</b>



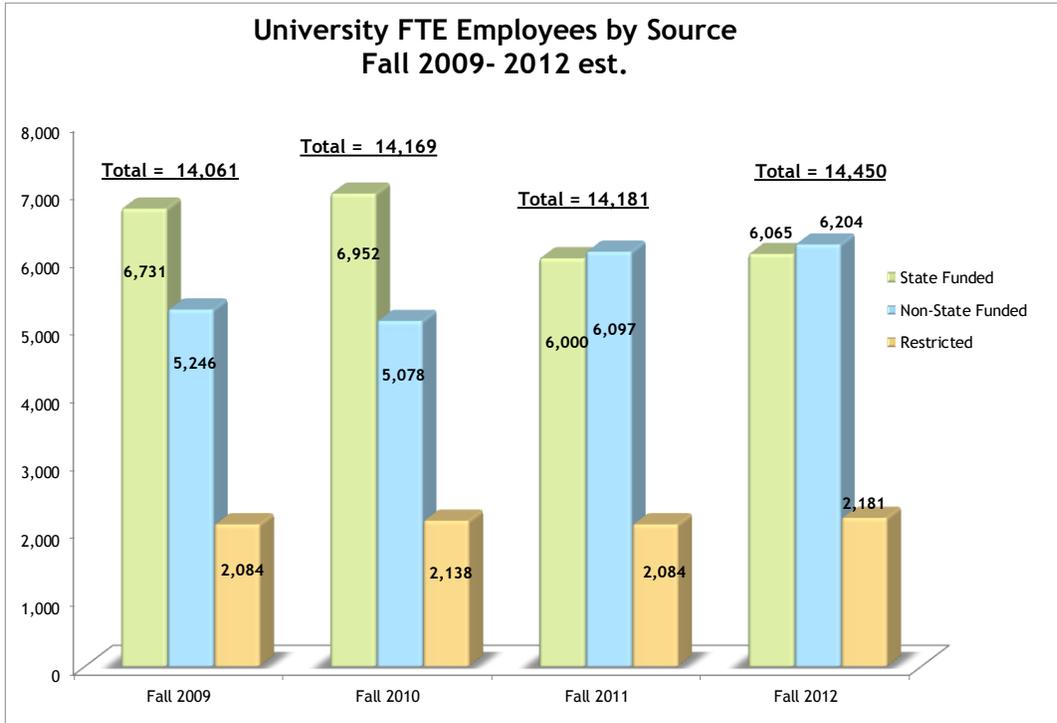
FY 2013 University Operating Budget – T12-037

**Table 4**  
**University of Massachusetts**  
**Fiscal Year 2013 Operating Budget Statement**  
**SUMMARY OF FULL-TIME EQUIVALENT (FTE) EMPLOYEES\***

	Actual FTEs Fall 2010 (FY2011)	Actual FTEs Fall 2011 (FY2012)	Proj. FTEs Fall 2012 (FY2013)	FTE Change Fall 2011 - 12	% Change Fall 2011 - 12
<b>UNRESTRICTED/DESIGNATED FUNDS</b>					
<b>STATE FUNDED POSITIONS</b>					
Faculty	2,515.4	2,584.4	2,619.2	34.8	1.3%
Professional Staff	2,417.8	2,397.1	2,418.4	21.3	0.9%
Classified Staff	2,019.2	1,018.5	1,027.3	8.8	0.9%
<b>Subtotal, State Funded</b>	<b>6,952.4</b>	<b>5,999.9</b>	<b>6,064.8</b>	<b>64.9</b>	<b>1.1%</b>
<b>NON-STATE FUNDED POSITIONS</b>					
Faculty	743.8	755.8	822.3	66.5	8.8%
Professional Staff	2,281.9	2,371.3	2,410.7	39.4	1.7%
Classified Staff	2,052.7	2,970.1	2,971.2	1.2	0.0%
<b>Subtotal, Non-State Funded</b>	<b>5,078.4</b>	<b>6,097.2</b>	<b>6,204.3</b>	<b>107.1</b>	<b>1.8%</b>
<b>Total Unrestricted/Designated</b>	<b>12,030.8</b>	<b>12,097.1</b>	<b>12,269.1</b>	<b>172.0</b>	<b>1.4%</b>
<b>RESTRICTED FUNDS</b>					
<b>GRANT FUNDED POSITIONS</b>					
Faculty	320.8	320.4	320.4	(0.1)	0.0%
Professional Staff	1,487.3	1,444.0	1,522.8	78.8	5.5%
Classified Staff	287.3	268.4	285.0	16.6	6.2%
<b>Subtotal, Grant Funded</b>	<b>2,095.5</b>	<b>2,032.8</b>	<b>2,128.2</b>	<b>95.4</b>	<b>4.7%</b>
<b>OTHER RESTRICTED POSITIONS</b>					
Faculty	9.5	9.8	9.4	(0.4)	0.0%
Professional Staff	31.8	38.4	39.8	1.4	0.0%
Classified Staff	1.3	3.3	3.8	0.5	0.0%
<b>Subtotal, Other Restricted Funds</b>	<b>42.6</b>	<b>51.5</b>	<b>53.0</b>	<b>1.5</b>	<b>0.0%</b>
<b>Total Restricted</b>	<b>2,138.1</b>	<b>2,084.4</b>	<b>2,181.2</b>	<b>96.9</b>	<b>4.6%</b>
<b>TOTAL UNRESTRICTED AND RESTRICTED</b>	<b>14,168.8</b>	<b>14,181.5</b>	<b>14,450.4</b>	<b>268.9</b>	<b>1.9%</b>

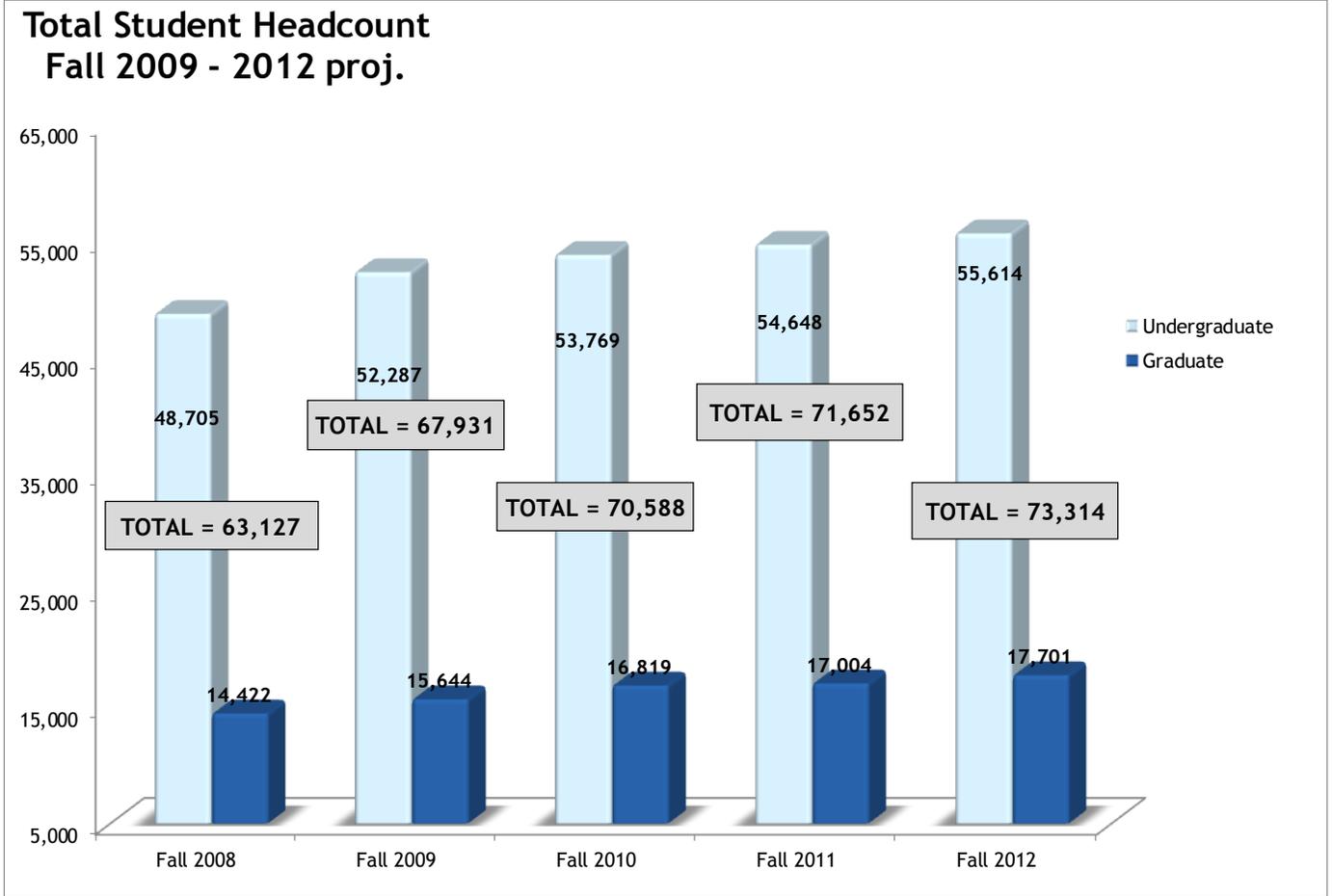
\* Includes Full and Part-time employees; student and other hourly employees not included.

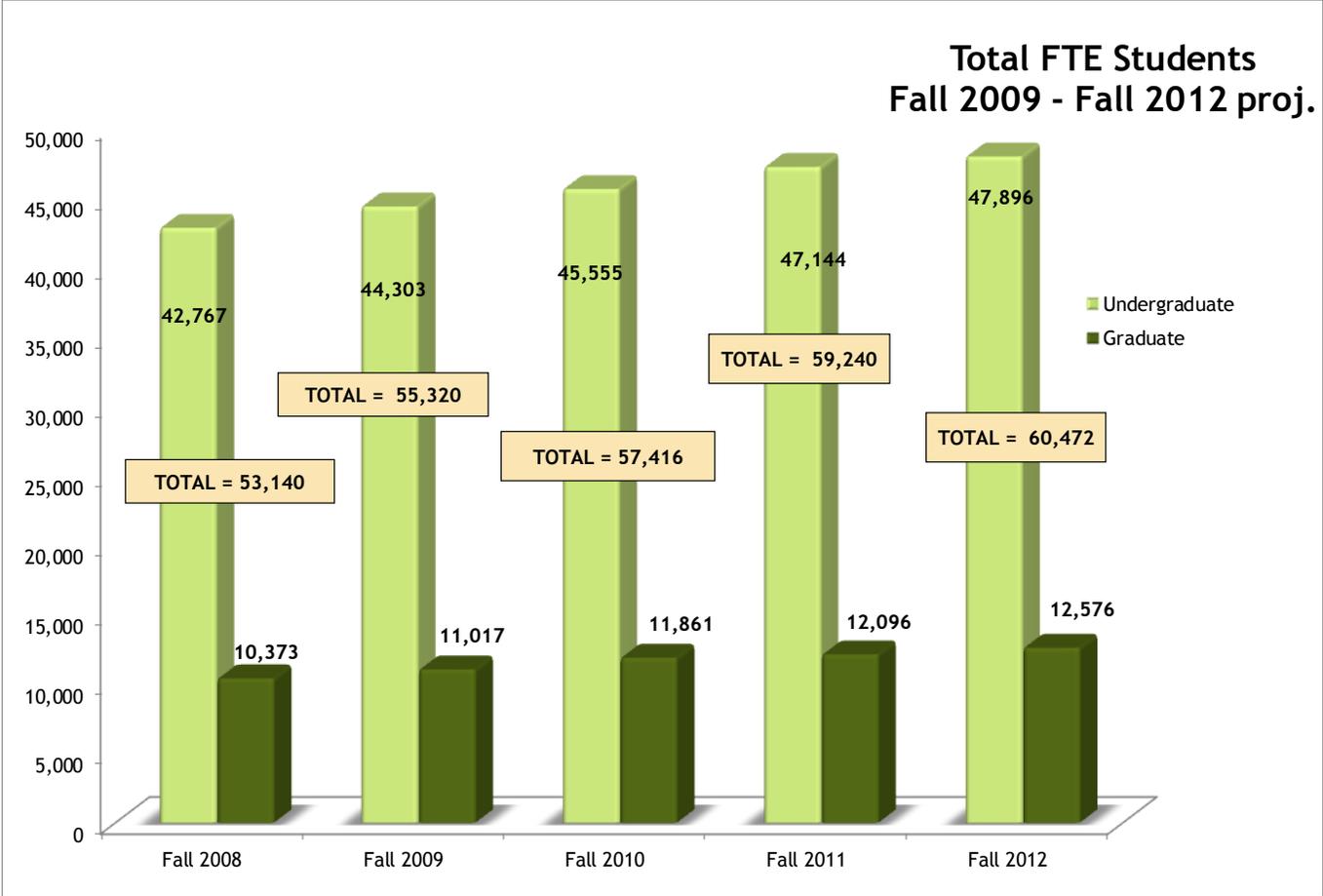
FY 2013 University Operating Budget – T12-037



**Table 5  
University of Massachusetts  
Fiscal Year 2013 Operating Budget Statement  
HEADCOUNT AND FTE ENROLLMENT**

FISCAL YEAR	UNDERGRADUATE		GRADUATE		TOTAL	
	HC	FTE	HC	FTE	HC	FTE
<b>Fall 2012 projected</b>	55,614	47,896	17,701	12,576	73,315	60,473
<b>Fall 2011</b>	54,648	47,144	17,004	12,096	71,652	59,240
<b>Fall 2010</b>	53,769	45,555	16,819	11,861	70,588	57,416





# OPERATING BUDGET

*for Fiscal Year 2013*

AMHERST CAMPUS



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**UNIVERSITY OF MASSACHUSETTS AMHERST**  
**FY 2013 Operating Budget Narrative**

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The University of Massachusetts Amherst submits for approval a Fiscal Year 2013 operating budget totaling \$959 million. Key elements of the FY13 budget include:

- State-supported collective bargaining funding of \$12.3 Million to fund a portion of the \$15 Million of bargaining unit and non-unit raises in general operations funds
- 4.9% increase on undergraduate mandatory tuition and fees to cover inflationary increases, collective bargaining increases not supported by state funding, and continued investments in deferred maintenance and capital projects
- Growth in out-of-state students
- Continued contributions from Continuing Professional Education (CPE) programs to the core academic areas.

The Amherst campus is continuing planned out-of-state enrollment increases in FY13 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. All of these initiatives, along with better retention of students, provide alternative revenue streams allowing the campus to help offset the need for greater student fee increases.

The campus recently approved \$250 Million in capital projects necessary for the replacement and renovation (R&R) of aging facilities and to reduce \$1.7 Billion in deferred maintenance on campus. The campus expects to issue Building Authority debt of over \$200 Million in order to finance these critical capital projects. The campus has requested approval of increased student charges which will partially support the debt service and required spending on maintenance and transfers to R&R reserves for these projects.

The campus is continuing planned initiatives in FY13 to increase the number of tenure track faculty to meet increasing enrollment and increased research goals. The pace of the increase in faculty is dependent on the campus receiving approval of the requested tuition & fees.

The FY13 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. The ability to meet the 2% operating margin goal for the campus is dependent on approval of increased student charge rates.

### **FY14-FY17 Budget Projections**

Revenue projections from FY14 through FY17 assume continued growth in out-of-state enrollment and solid gains in attracting federal research support. The operating margins begin to decrease in FY14 as major facilities such as the New Laboratory Sciences Building and Commonwealth Honors

College residence complex come into service. The related increases in depreciation, interest expense and related O&M for these and other new capital projects will require additional funding sources beyond the 2% state appropriation and 3% tuition and fee increases built into the planning assumptions. In addition, FY14 contemplates no state funding for bargained and non-unit salary increases. The negative financial impact of this scenario will result in operating margins which decline over FY14 to FY17 and require use of reserves to fund the campus facility and faculty growth needed to maintain Amherst as a premier flagship university.

The declines in operating margins will be offset by \$165 million in state capital appropriations to partially fund a new science facility and classroom building; \$85 Million for a new Physical Sciences Building; and \$75 Million for other renovations over a six year period.

### **Statement of Revenue and Change in Net Assets – FY12-FY17**

The fiscal year operating budget is presented in the financial statement GASB format. In this format, net assets increase by \$70 Million in FY12. This is primarily attributable to a combination of \$50 Million in state capital appropriation spending and transfers to plant funds in excess of depreciation expense. The outer years of the projection also show increases in net assets due to capital appropriations from the state.

### **Financial Indicators**

The Financial Indicators demonstrate the campus commitment to decrease deferred maintenance and invest in new facilities through additional debt issuances which increase the debt service to operations ratio close to the Board established maximum of 8% by 2014. In addition, the campus is committed to increasing the numbers of faculty to adequately teach the growing student body and to conduct leading research.

### **Return on Net Assets**

Due to the infusion of \$165 million of known state funding for capital projects and projections for an additional \$160 million, this ratio is solid through the five year period.

### **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 the debt service ratio close to the 8% maximum level in FY14-17. Much of the work will be devoted to renovating science classrooms, laboratories and dorms, replacing aging infrastructure and adding new student housing.

### **Endowment Per Student**

The endowment per student ratio continues to lag significantly behind peer institutions. Increases in the ratio have come primarily from transfers of campus cash to the quasi endowment which represents approximately one-third of the market value in FY12. The campus continues to project growth in endowment as part of its fundraising efforts.

### **Private Funds Raised**

The campus is anticipating 10% annual growth due to a more robust fundraising staff and an improving economy.

### **Deferred Maintenance Per Square Foot**

This ratio tracks the progress the campus anticipates making in reductions to deferred maintenance over the next few years. The ratio is based on currently identified projects in the capital plan and \$175 million of spending included in the five year projection for infrastructure improvements.

### **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. The pace at which the campus addresses its aging infrastructure and adds faculty is highly dependent on continued state investment in the campus. The combination of increased state support and additional alternative revenues is needed to avoid significant mandatory student fee increases to fund the renewal and growth of a world-class public research university.

FY 2013 University Operating Budget – T12-037

**Table 1**  
**University of Massachusetts**  
**Amherst Campus**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS**  
**Fiscal Year 2013 Operating Budget Statement**  
**(in thousands of dollars)**

			FY2013 BUDGETED			
	FY10 Actuals	FY11 Actuals	FY12 Projected Budget-Accrual/ Adjusted Basis	FY13 Budget- Accrual Basis	FY12 to FY13	Change
<b>REVENUES</b>						
<b>Operating Revenues</b>						
Tuition and Fees	\$355,352	\$367,247	\$400,591	\$424,990	\$24,399	6%
Scholarship allowance	-\$99,293	-\$93,364	-\$101,291	-\$106,296	-\$5,005	5%
Tuition and Fees (net of scholarship allowances)	\$256,059	\$273,883	\$299,300	\$318,694	\$19,394	6%
Federal Grants and Contracts	\$101,143	\$103,748	\$107,748	\$112,704	\$4,956	5%
State Grants and Contracts	\$13,844	\$13,547	\$13,613	\$14,031	\$418	3%
Local Grants and Contracts	\$467	\$377	\$377	\$377	\$0	0%
Private Grants and Contracts	\$27,197	\$27,773	\$30,191	\$31,225	\$1,034	3%
Sales & Service, Educational	\$7,335	\$6,971	\$7,132	\$7,211	\$79	1%
Auxiliary Enterprises	\$149,319	\$160,494	\$173,840	\$182,921	\$9,081	5%
Other Operating Revenues:						
Sales & Service, Independent Operations						
Sales & Service, Public Service Activities						
Other	\$13,038	\$13,310	\$15,227	\$13,282	-\$1,945	-13%
<b>Total Operating Revenues</b>	<b>\$568,402</b>	<b>\$600,103</b>	<b>\$647,428</b>	<b>\$680,445</b>	<b>\$33,017</b>	<b>5%</b>
<b>EXPENSES</b>						
<b>Operating Expenses</b>						
<b>Educational and General</b>						
Instruction	\$251,066	\$266,419	\$280,362	\$292,109	\$11,747	4%
Research	\$107,140	\$110,067	\$118,411	\$127,291	\$8,880	7%
Public Service	\$22,003	\$23,677	\$25,547	\$26,714	\$1,167	5%
Academic Support	\$46,178	\$50,340	\$53,617	\$55,103	\$1,486	3%
Student Services	\$41,691	\$46,496	\$49,096	\$49,149	\$53	0%
Institutional Support	\$44,269	\$49,527	\$54,856	\$56,979	\$2,123	4%
Operation and Maintenance of Plant	\$79,127	\$83,781	\$88,821	\$90,266	\$1,445	2%
Depreciation and Amortization	\$63,563	\$65,379	\$66,576	\$69,532	\$2,956	4%
Scholarships and Fellowships	\$15,034	\$15,800	\$15,800	\$15,800	\$0	0%
<b>Auxiliary Enterprises</b>	<b>\$128,258</b>	<b>\$135,373</b>	<b>\$146,264</b>	<b>\$148,494</b>	<b>\$2,230</b>	<b>2%</b>
<b>Other Expenditures</b>						
Independent Operations						
Public Service Activities						
<b>Total Operating Expenses</b>	<b>\$798,329</b>	<b>\$846,859</b>	<b>\$899,350</b>	<b>\$931,437</b>	<b>\$32,087</b>	<b>4%</b>
<b>Operating Income/(Loss)</b>	<b>-\$229,927</b>	<b>-\$246,756</b>	<b>-\$251,922</b>	<b>-\$250,992</b>	<b>\$930</b>	<b>0%</b>
<b>NONOPERATING REVENUES/(EXPENSES)</b>						
Federal Appropriations	\$5,922	\$5,826	\$7,172	\$7,395	\$223	3%
NonOperating Federal Grants	\$22,110	\$25,359	\$22,780	\$22,730	-\$50	0%
State Appropriations	\$191,948	\$235,698	\$239,101	\$244,298	\$5,197	2%
Gifts	\$11,063	\$11,620	\$11,375	\$12,453	\$1,078	9%
Investment Return	\$19,326	\$25,911	\$7,641	\$7,641	\$0	0%
Endowment Return	\$2,429	\$4,678	\$6,000	\$6,561	\$561	9%
Interest on Indebtedness	-\$18,614	-\$20,371	-\$21,331	-\$28,201	-\$6,870	32%
Other Nonoperating Income	\$1,904	\$2,364	\$2,364	\$2,364	\$0	0%
Revenue from Stimulus Funds	\$72,969	\$18,759	\$0	\$0	\$0	0%
<b>Net Nonoperating Revenues</b>	<b>\$309,057</b>	<b>\$309,844</b>	<b>\$275,102</b>	<b>\$275,241</b>	<b>\$139</b>	<b>0%</b>
<b>Income Before Other Revenues, Expenses, Gains, and Losses</b>	<b>\$79,130</b>	<b>\$63,088</b>	<b>\$23,180</b>	<b>\$24,249</b>	<b>\$1,069</b>	<b>5%</b>
<b>Capital Appropriations</b>	<b>\$7,346</b>	<b>\$8,444</b>	<b>\$50,000</b>	<b>\$50,000</b>	<b>\$0</b>	<b>0%</b>
Capital Grants and Contracts	\$2,142	\$314	\$4,089	\$2,569	-\$1,520	-37%
University Related Transactions	\$0	\$0	\$0	\$0	\$0	0%
Disposal of Plant Facilities	-\$3,911	-\$4,434	-\$4,434	-\$4,434	\$0	0%
Other Additions/Deductions	\$1,283	\$488	-\$2,000	-\$2,000	\$0	0%
<b>Total Other Revenues, Expenses, Gains &amp; Losses</b>	<b>\$6,860</b>	<b>\$4,812</b>	<b>\$47,655</b>	<b>\$46,135</b>	<b>-\$1,520</b>	<b>3%</b>
<b>Total Increase in Net Assets</b>	<b>\$85,990</b>	<b>\$67,900</b>	<b>\$70,835</b>	<b>\$70,384</b>	<b>-\$451</b>	<b>-1%</b>
<b>NET ASSETS</b>						
Net Assets at Beginning of Year	\$729,926	\$815,916	\$883,816	\$954,651	\$70,835	8%
<b>Net Assets at End of Year</b>	<b>\$815,916</b>	<b>\$883,816</b>	<b>\$954,651</b>	<b>\$1,025,035</b>	<b>\$70,384</b>	<b>7%</b>

**Table 2**  
**University of Massachusetts**  
**Amherst Campus**  
**Fiscal Year 2013 Operating Budget Statement**  
**SPENDING BY TYPE OF EXPENSE (NATURAL CLASSIFICATION)**  
*(in thousands of dollars)*

	<b>FY10</b>	<b>FY11</b>	<b>FY12</b>	<b>FY13</b>	<b>\$ Change</b>	<b>% Change</b>
<b>EXPENSE CATEGORY</b>	<b>Actuals</b>	<b>Actuals</b>	<b>Projected</b>	<b>Budgeted</b>	<b>FY12 - 13</b>	<b>FY12 - 13</b>
Salaries and Wages	\$401,499	\$414,160	\$421,962	\$446,703	\$24,741	5.9%
Employee Fringe Benefits	\$95,626	\$109,442	\$112,296	\$97,443	(\$14,853)	-13.2%
Student Aid	\$44,467	\$54,967	\$59,617	\$62,813	\$3,196	5.4%
Utilities	\$34,868	\$32,477	\$34,736	\$33,936	(\$800)	-2.3%
Supplies and Other Services	\$158,306	\$170,434	\$204,163	\$221,009	\$16,846	8.3%
Depreciation	\$63,563	\$65,379	\$66,576	\$69,532	\$2,956	4.4%
<b>TOTAL</b>	<b>\$798,329</b>	<b>\$846,859</b>	<b>\$899,350</b>	<b>\$931,436</b>	<b>\$32,086</b>	<b>3.6%</b>

\*Total should equal total Operating Expenses from SRECNA

FY 2013 University Operating Budget – T12-037

**Table 3**  
**University of Massachusetts**  
**Amherst Campus**  
**Fiscal Year 2013 Operating Budget Statement**  
**SUMMARY OF FULL-TIME EQUIVALENT (FTE) EMPLOYEES\***

	Actual FTEs Fall 2009 (FY2010)	Actual FTEs Fall 2010 (FY2011)	Actual FTEs Fall 2011 (FY2012)	Proj. FTEs Fall 2012 (FY2013)	FTE Change Fall 2011 - 12	% Change Fall 2011 - 12
<b>UNRESTRICTED/DESIGNATED FUNDS</b>						
<b>STATE FUNDED POSITIONS</b>						
Faculty	886.7	1,159.8	1,191.2	1,191.2	0.0	0.0%
Professional Staff	948.2	942.8	844.2	844.2	0.0	0.0%
Classified Staff	1,238.5	1,187.4	176.0	176.0	0.0	0.0%
<b>Subtotal, State Funded</b>	<b>3,073.4</b>	<b>3,290.0</b>	<b>2,211.3</b>	<b>2,211.3</b>	<b>0.0</b>	<b>0.0%</b>
<b>NON-STATE FUNDED POSITIONS</b>						
Faculty	400.5	156.2	154.8	185.8	31.0	20.0%
Professional Staff	455.8	434.1	581.8	588.8	7.0	1.2%
Classified Staff	777.9	781.0	1,802.8	1,802.8	0.0	0.0%
<b>Subtotal, Non-State Funded</b>	<b>1,634.2</b>	<b>1,371.3</b>	<b>2,539.5</b>	<b>2,577.5</b>	<b>38.0</b>	<b>1.5%</b>
<b>Total Unrestricted/Designated</b>	<b>4,707.6</b>	<b>4,661.3</b>	<b>4,750.8</b>	<b>4,788.8</b>	<b>38.0</b>	<b>0.8%</b>
<b>RESTRICTED FUNDS</b>						
<b>GRANT FUNDED POSITIONS</b>						
Faculty	31.1	29.9	30.1	30.1	0.0	0.0%
Professional Staff	295.7	340.6	303.3	308.3	5.0	1.6%
Classified Staff	70.2	73.2	66.7	66.7	0.0	0.0%
<b>Subtotal, Grant Funded</b>	<b>397.0</b>	<b>443.7</b>	<b>400.1</b>	<b>405.1</b>	<b>5.0</b>	<b>1.2%</b>
<b>OTHER RESTRICTED POSITIONS</b>						
Faculty	1.9	1.4	2.4	2.4	0.0	0.0%
Professional Staff	1.3	1.8	3.9	3.9	0.0	0.0%
Classified Staff	1.5	1.0	1.8	1.8	0.0	0.0%
<b>Subtotal, Other Restricted Funds</b>	<b>4.7</b>	<b>4.2</b>	<b>8.1</b>	<b>8.1</b>	<b>0.0</b>	<b>0.0%</b>
<b>Total Restricted</b>	<b>401.7</b>	<b>447.9</b>	<b>408.2</b>	<b>413.2</b>	<b>5.0</b>	<b>1.2%</b>
<b>TOTAL UNRESTRICTED AND RESTRICTED</b>	<b>5,109.3</b>	<b>5,109.2</b>	<b>5,159.0</b>	<b>5,202.0</b>	<b>43.0</b>	<b>0.8%</b>

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

**Table 4**  
**University of Massachusetts**  
**Amherst Campus**  
**Fiscal Year 2013 Operating Budget Statement**  
***HEADCOUNT AND FTE ENROLLMENT***

	UNDERGRADUATE		GRADUATE		TOTAL	
	HC	FTE	HC	FTE	HC	FTE
Fall 2012 projected	24,246	21,935	7,143	5,043	31,389	26,978
Fall 2011	24,274	21,950	7,143	5,043	31,417	26,993
Fall 2010	24,015	20,843	7,229	4,967	31,244	25,810
Fall 2009	23,627	20,498	6,926	4,705	30,553	25,203

\*Source: Fall 2009, Fall 2010, and Fall 2011 figures from [Student Profile](#).

# OPERATING BUDGET

*for Fiscal Year 2013*

BOSTON CAMPUS



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**UNIVERSITY OF MASSACHUSETTS BOSTON  
FY 2013 Operating Budget Narrative**

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**Budget Narrative**

***The Budget Expresses the Strategic Plan***

UMass Boston’s recently completed 15-year strategic plan, *Fulfilling the Promise*, begins as follows:

The year is 2025. At the University of Massachusetts Boston, a great public urban research university, we honor our origins as a teaching institution and our tradition of public service. At the same time, we have taken bold steps to grow in stature as a sophisticated research university, and to play a distinguished part on the global stage. We have become the university our founders destined us to be in their original statement of purpose: well equipped to provide opportunities truly “equal to the best.”

Our FY13-17 budget does indeed reflect these high ambitions—and, we must add, it also reflects the many years of thoughtful and detailed planning that must support such ambitions. It specifically represents steps we must take to maintain our progress toward the critical overall goals of *Fulfilling the Promise*:

*To advance student success and development* by improving retention and graduation rates, strengthening our faculty, opening residence facilities, and establishing an honors college.

*To enrich and expand academic programs and research* by developing new academic programs, extending our offerings to new markets, and enhancing our research enterprise.

*To improve the learning, teaching, and working environment* with new academic buildings and with programs to nurture and retain the best faculty and staff.

*To establish a financial resources model consistent with our vision statement* through wisely managed enrollment increases that include more out-of-state and international students, through working to secure additional funding, and through strengthening review and reallocation processes.

*To develop an infrastructure supportive of the preceding goals* through processes for dealing with short- and long-term space needs, reviews of administrative systems and organizational structures, a strengthened communication strategy, and a rebuilt technology infrastructure.

An additional fact should be stressed: the activities represented by this budget are closely interlocked, and the success of one undertaking must almost invariably be tied to the successes of many others. In keeping with sound planning practice, our implementation

process includes many mechanisms for monitoring progress and making adjustments; we are confident that can make steady progress toward our goals.

### ***Major Budget-Drivers***

Below are comments on particularly important factors that inform and explain our budgeting decisions.

#### Revenue Drivers

##### Enrollment Growth

While maintaining the diversity and quality of our student body, we expect to enroll increasing numbers of students in FY13-17, with an average annual growth rate of 4% resulting in more than 19,000 students in FY17. We expect strategic investments in advising and other “start on track/stay on track” retention activities to result in higher enrollment numbers.

##### Differential Fees

The recognized excellence of our College of Management (CM) and College of Nursing and Health Sciences (NHS) is well documented. For example, *US News and World Report* in 2010 ranked our MS program in nursing among the top 10 percent in the country, and highest of its kind among public-university programs in New England; and in 2012, *US News and World Report* ranked CM's graduate program among America's best, while the *Princeton Review* ranked CM as a whole among America's best business schools. At the same time, our analysis and benchmarking show that in these key programs we are priced significantly below the market, certainly the geographic market. A pilot program to raise fees for these programs has been instituted; we are in year three in FY13. The goal is to raise the fees by \$200 per year to get to “reaching distance” of competitors.

##### Expense Drivers

##### Financial Aid

The UMass Boston commitment to access is well reflected by its commitment to provide funds to students with financial need (as indicated by the federal government FAFSA form) as well as by other subsidized programs for students. In FY07, need-based aid was \$3.9m and total institutional financial aid was \$9.9m. Those numbers have now grown to need-based aid of \$16.4m and total institutional aid of \$31.6m. In FY13, 9.3% (\$31.6m) of the total budget of \$337.9m will be devoted to institutional financial aid, a combination of need-based aid and other supports or waivers of tuition and fees. By FY17, 9.5% (or \$42.3m) of the budget will be devoted to total institutional financial aid, including \$21.8m of need-based aid.

##### Strategic Faculty and Program Growth

The budgets for FY13 and successive years, excepting FY16, will include \$7m in new dollars to fund increases in new tenured faculty (not just replacements) and other new programs to support the growth in enrollments and program and capital expansion. We should point out

that the expansion of our academic programs will result in many prospective students finding subject areas more closely tied to their passions (engineering, communications, and global studies, for example) and their level of performance. Those we attract will exhibit higher GPAs. And with the diversification of our doctoral programs, and our developing capacity to focus more on such funders as the National Institutes of Health, the National Science Foundation, the National Oceanic and Atmospheric Administration, the Department of Energy, and Department of Defense, we are now experiencing more grants with high indirect-cost-recovery rates. This capacity comes from the faculty we have recruited and the promise of our strategic plan.

Master Plan for Physical Plant Improvements

The next five years will witness major physical plant increases on the campus. The Integrated Sciences Complex will open in FY14; the General Academic Building #1 will open in FY15; and in FY16, the first UMass Boston residence halls will open. In addition to the increased debt-service costs reflected in these budget years, depreciation, cleaning, utility, and other support costs are taken into account. The BOT “Land and Facilities Use Planning Policy” (T93-122) is funded through the creation of reserves for renewal and ongoing maintenance, a sizable commitment at 2% of the construction costs. We are determined to follow these policies, taking a divergent path from our history.

Salary Costs: How They Increase and Who Bears the Share

The FY12 budget supports nearly \$140m of costs for employees of all types: permanent, temporary, part-time, full time, and on “contract”. The state contribution of just under \$70m covers 50% of costs; thus UMass Boston must also cover 50%. Three factors will drive our share to 55% by 2017:

- Collective bargaining cost increases, which we absorb completely in alternate years: FY 14, FY16, and FY17,
- Increases in the faculty ranks,
- Increases in professional and support employee costs.

Our record of employee growth, as compared to enrollment growth, is marked by constraint, as demonstrated by the following table.

Headcount totals	Fall 06	Fall 07	Fall 08	Fall 09	Fall 10	Fall 11	5-year change	% change	6-year change	% change
Student	12,362	13,433	14,117	14,912	15,454	15,741	3,092	25%	3,379	21%
Faculty	815	862	913	964	1,038	1,088	223	27%	273	25%
Staff	1,531	1,514	1,532	1,527	1,558	1,661	27	2%	130	8%

We hope that these comments will add to readers’ understanding of the detailed budget information we have provided.

FY 2013 University Operating Budget – T12-037

**Table 1**  
**University of Massachusetts**  
**Boston Campus**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS**  
**Fiscal Year 2013 Operating Budget Statement**  
*(in thousands of dollars)*

	FY2013 BUDGETED					FY12 to FY13 Change
	FY10 Actuals	FY11 Actuals	FY12 Projected Budget-Accrual/ Adjusted Basis	FY13 Budget-Accrual Basis		
<b>REVENUES</b>						
<b>Operating Revenues</b>						
Tuition and Fees	\$136,040	\$151,047	\$167,066	\$182,467	\$15,401	9%
Scholarship allowance	\$20,520	\$25,100	\$32,304	\$34,304	\$2,000	6%
Tuition and Fees (net of scholarship allowances)	\$115,520	\$125,947	\$134,762	\$148,163	\$13,401	10%
Federal Grants and Contracts	\$47,178	\$49,267	\$52,770	\$55,657	\$2,886	5%
State Grants and Contracts	\$7,216	\$8,160	\$10,233	\$10,768	\$534	5%
Local Grants and Contracts	\$710	\$937	\$1,521	\$1,617	\$96	6%
Private Grants and Contracts	\$11,065	\$11,784	\$11,429	\$12,166	\$737	6%
Sales & Service, Educational	\$2,363	\$2,937	\$2,796	\$2,634	(\$162)	-6%
Auxiliary Enterprises	\$10,086	\$10,017	\$10,136	\$10,456	\$320	3%
Other Operating Revenues:					\$0	
Sales & Service, Independent Operations	\$0	\$0	\$0	\$0	\$0	
Sales & Service, Public Service Activities	\$0	\$0	\$0	\$0	\$0	
Other	\$397	\$442	\$263	\$199	(\$64)	-24%
<b>Total Operating Revenues</b>	<b>\$194,535</b>	<b>\$209,491</b>	<b>\$223,911</b>	<b>\$241,659</b>	<b>\$17,748</b>	<b>\$0</b>
<b>EXPENSES</b>						
<b>Operating Expenses</b>						
<b>Educational and General</b>						
Instruction	\$107,187	\$119,754	\$127,677	\$137,027	\$9,351	7%
Research	\$30,496	\$29,827	\$32,577	\$34,123	\$1,547	5%
Public Service	\$6,730	\$7,264	\$9,326	\$10,686	\$1,360	15%
Academic Support	\$22,540	\$24,037	\$26,962	\$28,466	\$1,504	6%
Student Services	\$19,494	\$20,539	\$21,684	\$22,396	\$711	3%
Institutional Support	\$28,419	\$31,120	\$33,492	\$35,682	\$2,190	7%
Operation and Maintenance of Plant	\$22,120	\$24,448	\$26,071	\$27,731	\$1,660	6%
Depreciation and Amortization	\$17,697	\$13,350	\$15,041	\$15,977	\$936	6%
Scholarships and Fellowships	\$8,807	\$11,177	\$14,098	\$15,219	\$1,120	8%
Auxiliary Enterprises	\$8,344	\$9,240	\$10,139	\$10,558	\$419	4%
Other Expenditures					\$0	
Independent Operations	\$0	\$0	\$0	\$0	\$0	
Public Service Activities	\$0	\$0	\$0	\$0	\$0	
<b>Total Operating Expenses</b>	<b>\$271,834</b>	<b>\$290,756</b>	<b>\$317,067</b>	<b>\$337,865</b>	<b>\$20,798</b>	<b>7%</b>
<b>Operating Income/(Loss)</b>	<b>-\$77,299</b>	<b>-\$81,265</b>	<b>-\$93,156</b>	<b>-\$96,206</b>	<b>(\$3,050)</b>	<b>3%</b>
<b>NONOPERATING REVENUES/(EXPENSES)</b>						
Federal Appropriations	\$0	\$0	\$0	\$0	\$0	
State Appropriations	\$71,737	\$87,923	\$96,258	\$99,990	\$8,589	9%
Gifts	\$1,805	\$2,548	\$2,748	\$2,885	\$445	16%
Investment Return	\$7,268	\$10,214	\$4,742	\$4,816	-\$2,269	-48%
Endowment Return	\$719	\$956	\$1,500	\$1,575	\$196	13%
Interest on Indebtedness	-\$4,092	-\$6,352	-\$6,921	-\$7,541	-\$1,799	26%
Other Nonoperating Income	\$263	\$273	\$0	\$0		
Revenue from Stimulus Funds	\$25,606	\$6,563	\$0	\$0	-\$6,539	
<b>Net Nonoperating Revenues</b>	<b>\$103,306</b>	<b>\$102,125</b>	<b>\$98,327</b>	<b>\$101,725</b>	<b>\$3,398</b>	<b>3%</b>
<b>Income Before Other Revenues, Expenses, Gains and Losses</b>	<b>\$26,007</b>	<b>\$20,860</b>	<b>\$5,171</b>	<b>\$5,519</b>	<b>\$348</b>	<b>7%</b>
<b>Gains and Losses</b>						
Capital Appropriations	\$13,878	\$5,002	\$4,100	\$80,000	\$75,900	1851%
Capital Grants and Contracts	\$1,492	\$137	\$53	\$2,000	\$1,947	3674%
University Related Transactions	\$0	\$0	\$0	\$0	\$0	
Disposal of Plant Facilities	-\$1,492	-\$1,397	-\$1,800	-\$1,800		
Other Additions/Deductions	\$7,867	\$398	\$0	\$0		
<b>Total Other Revenues, Expenses, Gains &amp; Losses</b>	<b>\$21,745</b>	<b>\$4,140</b>	<b>\$2,353</b>	<b>\$80,200</b>	<b>\$77,847</b>	<b>3308%</b>
<b>Total Increase in Net Assets</b>	<b>\$47,752</b>	<b>\$25,000</b>	<b>\$7,524</b>	<b>\$85,719</b>	<b>\$78,195</b>	<b>1039%</b>
<b>NET ASSETS</b>						
Net Assets at Beginning of Year	\$175,882	\$223,634	\$248,634	\$256,158	\$7,524	3%
<b>Net Assets at End of Year</b>	<b>\$223,634</b>	<b>\$248,634</b>	<b>\$256,158</b>	<b>\$341,877</b>	<b>\$85,719</b>	<b>33%</b>

**Table 2**  
**University of Massachusetts**  
**Boston Campus**  
**Fiscal Year 2013 Operating Budget Statement**  
***SPENDING BY TYPE OF EXPENSE (NATURAL CLASSIFICATION)***  
***(in thousands of dollars)***

	<b>FY10</b>	<b>FY11</b>	<b>FY12</b>	<b>FY13</b>	<b>\$ Change</b>	<b>% Change</b>
<b>EXPENSE CATEGORY</b>	<b>Actuals</b>	<b>Actuals</b>	<b>Projected</b>	<b>Budgeted</b>	<b>FY12 - 13</b>	<b>FY12 - 13</b>
Salaries and Wages	\$142,668	\$152,591	\$162,451	\$175,734	\$13,283	8.2%
Employee Fringe Benefits	\$32,526	\$41,277	\$44,410	\$42,027	(\$2,383)	-5.4%
Scholarships & Fellowships	\$8,807	\$11,177	\$14,098	\$15,219	\$1,120	7.9%
Utilities	\$7,799	\$8,245	\$6,239	\$6,689	\$450	7.2%
Supplies and Other Services	\$62,337	\$64,116	\$75,552	\$82,219	\$6,667	8.8%
Depreciation	\$17,697	\$13,350	\$15,041	\$15,977	\$936	6.2%
<b>TOTAL</b>	<b>\$271,834</b>	<b>\$290,756</b>	<b>\$317,792</b>	<b>\$337,865</b>	<b>\$20,073</b>	<b>6.3%</b>

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

**Table 3**  
**University of Massachusetts**  
**Boston Campus**  
**Fiscal Year 2013 Operating Budget Statement**  
**SUMMARY OF FULL-TIME EQUIVALENT (FTE) EMPLOYEES\***

	Actual FTEs Fall 2009 (FY2010)	Actual FTEs Fall 2010 (FY2011)	Actual FTEs Fall 2011 (FY2012)	Proj. FTEs Fall 2012 (FY2013)	FTE Change Fall 2011 - 12	% Change Fall 2011 - 12
<b>UNRESTRICTED/DESIGNATED FUNDS</b>						
<b>STATE FUNDED POSITIONS</b>						
Faculty	470.5	478.2	470.1	470.1	0.0	0.0%
Professional Staff	408.4	417.7	415.5	414.0	(1.5)	-0.4%
Classified Staff	277.6	279.9	269.0	260.0	(9.0)	-3.3%
<b>Subtotal, State Funded</b>	<b>1,156.5</b>	<b>1,175.8</b>	<b>1,154.6</b>	<b>1,144.1</b>	<b>(10.5)</b>	<b>-0.9%</b>
<b>NON-STATE FUNDED POSITIONS</b>						
Faculty	311.3	310.5	340.5	375.5	35.0	10.3%
Professional Staff	223.7	219.1	244.8	271.8	27.0	11.0%
Classified Staff	74.3	71.1	90.9	102.0	11.1	12.2%
<b>Subtotal, Non-State Funded</b>	<b>609.3</b>	<b>600.7</b>	<b>676.2</b>	<b>749.3</b>	<b>73.1</b>	<b>10.8%</b>
<b>Total Unrestricted/Designated</b>	<b>1,765.8</b>	<b>1,776.5</b>	<b>1,830.8</b>	<b>1,893.4</b>	<b>62.6</b>	<b>3.4%</b>
<b>RESTRICTED FUNDS</b>						
<b>GRANT FUNDED POSITIONS</b>						
Faculty	0.9	8.8	8.9	10.2	1.3	14.2%
Professional Staff	114.0	130.7	135.5	138.7	3.2	2.3%
Classified Staff	19.4	19.7	18.4	19.3	0.9	5.0%
<b>Subtotal, Grant Funded</b>	<b>134.3</b>	<b>159.2</b>	<b>162.9</b>	<b>168.2</b>	<b>5.3</b>	<b>3.3%</b>
<b>OTHER RESTRICTED POSITIONS</b>						
Faculty	0.0	0.0	0.0	0.0	0.0	
Professional Staff	4.6	2.8	4.5	4.5	0.0	0.0%
Classified Staff	0.0	0.0	0.0	0.0	0.0	#DIV/0!
<b>Subtotal, Other Restricted Funds</b>	<b>4.6</b>	<b>2.8</b>	<b>4.5</b>	<b>4.5</b>	<b>0.0</b>	<b>0.0%</b>
<b>Total Restricted</b>	<b>138.9</b>	<b>162.0</b>	<b>167.4</b>	<b>172.7</b>	<b>5.3</b>	<b>3.2%</b>
<b>TOTAL UNRESTRICTED AND RESTRICTED</b>	<b>1,904.7</b>	<b>1,938.5</b>	<b>1,998.2</b>	<b>2,066.1</b>	<b>68.0</b>	<b>3.4%</b>

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

**Table 4**  
**University of Massachusetts**  
**Boston Campus**  
**Fiscal Year 2013 Operating Budget Statement**  
***HEADCOUNT AND FTE ENROLLMENT***

	UNDERGRADUATE		GRADUATE		TOTAL	
	HC	FTE	HC	FTE	HC	FTE
Fall 2012 projected	11,417	9,122	3,405	2,434	14,822	11,557
Fall 2011	11,065	8,824	3,325	2,369	14,390	11,193
Fall 2010	10,745	8,477	3,323	2,351	14,068	10,828
Fall 2009	10,130	8,073	3,253	2,392	13,383	10,465

\*Source: Fall 2009, Fall 2010, and Fall 2011 figures from Student Profile

# OPERATING BUDGET

*for Fiscal Year 2013*

DARTMOUTH CAMPUS



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**UNIVERSITY OF MASSACHUSETTS DARTMOUTH**  
**FY 2013 Operating Budget Narrative**

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**Context**

In preparing the FY2013 Operating Budget, the campus used assumptions provided by the President's Office as well as Campus-based assumptions related to enrollment, state appropriated funds, tuition and fee rates, grants and contracts revenues, personnel costs, strategic investments and mandatory/fixed costs. Strategic investments provided the underlying driver for campus based assumptions.

For FY2012 the University experienced a 7.5% increase in mandatory fees which resulted in \$4.5 million additional revenues generated from students. Within this context, scholarship awards were increased to maintain the historic level of 20% return to student population. State, Local and Private Grants and contract are expected to remain constant to FY11 levels. Auxiliary generated revenues are projected to show a modest increase which is commensurate to the plan rate increase for this area. In FY2012 the University funded from existing resources the cost of the collective bargaining as well as the associated fringe (amounting to \$3.1 million); the FY 2102 fringe rate increased by 4% resulting in additional expenses for the same level of payroll; as well as strategic investments for academic space; all of which is funded with one-time monies. In addition, the campus recognizes the impact of collective bargaining on accrued liabilities for compensated absences and the resulting effects observed in the financial indicators.

Further deterioration of the state appropriation will negatively impact the campus' ability to maintain affordability and access and meet its strategic objectives. Specifically, targeted investments in research and graduate growth, improvements in recruitment, retention and yield, percent of need-based aid met and planned investments in deferred maintenance.

Over the past several years, the University of Massachusetts Dartmouth has improved its financial condition as seen in the financial indicators. In looking at our peers (Murray State University, Sonoma State University, Central Arkansas University, University of Wisconsin at Eau Claire), we found the University of Dartmouth had more favorable ratios in regards to Operating Margin, Endowment per Student and Return on Net Assets. With regards to our Financial Cushion and Debt Service ratios, we are less favorable than our peers. For the State Appropriation per FTE, we are slightly higher than the average peer data; however we fall at the median when using this statistical indicator.

As mentioned earlier, all assumptions are consistent with the guidelines established by the President's Office. The FY2013 Operating Budget uses FY2011 actual audited results and FY2012 projected results as a basis for our budget development. The projections result from assumptions regarding the state appropriation, enrollment, collective bargaining, fringe benefit rates, and expense inflation and tuition and fee rates. Other assumptions developed by the campus that affect revenues include enrollment growth of 1.5%, increased sponsored research consistent with our strategic plan and a tuition and mandatory fee rate increase of 4.9% to cover inflationary increases, collective bargaining increases not funded by the Commonwealth, and investment in infrastructure and deferred maintenance.

Expenditure assumptions include strategic investments in research growth and capital improvements, increased financial aid, unfunded FY11 collective bargaining increases paid out in FY12 that were funded with one-time monies, payment of debt and the impact of accrual or financial statement adjustments to budget amounts. We continue to invest in faculty, academic support, library and scholarships for the Law School; consistent with the University plan to be in full compliance with the American Bar Association Standards.

## FY 2013 University Operating Budget – T12-037

### Results

During Fiscal Year 2012, 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 2013.

For Fiscal Year 2012, we anticipate a total increase in net assets of \$29.2 million primarily attributed to the capitalization of the Library project. The Operating surplus is expected to be \$3.2 million reflected in the Operating Margin of 1.4%. The Financial Cushion projections shows improvement from 5.4% to 6.5%. Debt Ratio remains as originally projected. We project a 7% improvement in the Endowment per Student ratio.

For Fiscal Year 2013, the Dartmouth Campus continues the trend of improving its financial position. However, there is still substantial work to be done. The overall financial statements project an increase in Total Net Assets of approximately \$19.1 million. This increase is directly attributable to the final year of capitalized costs associated with the \$43.0 million renovation of the Claire T. Carney Library.

The campus 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 began in fiscal year 2010 and the project is planned to be substantially complete in the fall of FY 2013.

The operating surplus is projected to be \$1.4 million reflected in the Operating Margin of 0.6%. The financial cushion is expected to slightly increase to 6.8% from the anticipated fiscal year 2012 results of 6.5%. Debt ratio will remain relatively level as originally projected. We project the trend for improving the Endowment per Student to continue with a 4% planned increase.

In addition, the Dartmouth Campus participated in the University of Massachusetts Building Authority's Fiscal Year 2011 \$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, Athletic Center improvements and refinancing of the Law School Debt. In addition, the University is investing in other projects outside of the \$60 million bond issue; a \$35 million Energy Savings Project that includes a \$17 million co-generation plant and some smaller projects such as the \$1.2 million photovoltaic and the \$1.4 million wind turbine installations.

### FY2013 Budget Challenge

As we plan for fiscal year 2013, the University is faced with challenges. The Commonwealth's economy appears to be improving, yet the University may not realize the benefit of economic improvements until future years. 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 concentrated efforts on investments that will enhance our ability to raise future revenue. The campus has strategically allocated resources, and will continue to do so, in the effort of developing stronger enrollment practices to enhance future revenue growth and increase 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 FY2013 continues momentum in recruiting and retention and increased research and graduate programs such that strategic investments can be aggressive in FY2015 through FY2017, along with some build-up of cash

## FY 2013 University Operating Budget – T12-037

reserves in the out years. We feel confident that these decisions position this campus for long-term excellence and sustainability.

The town meetings that were initiated in FY11 under the title "Conversations That Matter" (and will continue throughout FY13) have created momentum to transform the campus through thoughts, ideas and action. Employees are being strongly encouraged to become actively engaged, student-centered, integrate learning and discovery, with the intention of transforming the university and the communities which we serve. They are being challenged to move forward with insight and understanding, respond to changing student demographics, become innovative take responsible action and be ready to react accordingly given constrained resources.

Here on the South Coast, our university is looked upon as the engine of socio-economic development; a powerful source of energy and talent that drives the creative economy, sustains our coastal resources, and catalyzes the renewable energy and life science business sectors. The education programs we offer are seen as the ultimate solution to the chronic problem of low educational attainment. Therefore, even as various forms of financial support are declining, the expectations for us to contribute to society are growing.

This requires that we take bold and strategic action to position UMass Dartmouth to sustain high quality education, scholarship and service to the region and Commonwealth for decades to come. It requires us to maintain our commitment to access and affordability, and continue to move forward with our most critical goals during a period of financial challenge and emerging opportunities. We must streamline, innovate and invest as never before to be less dependent on state funds and grow non-state funding.

FY 2013 University Operating Budget – T12-037

**Table 1**  
**University of Massachusetts**  
**Dartmouth Campus**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS**  
**Fiscal Year 2013 Operating Budget Statement**  
*(in thousands of dollars)*

	FY2013 BUDGETED				
	FY10 Actuals	FY11 Actuals	FY12 Projected Budget-Accrual/ Adjusted Basis	FY13 Budget-Accrual Basis	FY12 to FY13 Change
<b>REVENUES</b>					
<b>Operating Revenues</b>					
Tuition and Fees	\$92,085	\$101,198	\$103,193	\$107,144	\$3,951 4%
Scholarship allowance	-\$26,545	-\$29,110	-\$28,670	-\$28,215	\$455 -2%
Tuition and Fees (net of scholarship allowances)	\$65,540	\$72,088	\$74,523	\$78,929	\$4,406 6%
Federal Grants and Contracts	\$12,806	\$15,137	\$16,115	\$18,000	\$1,885 12%
State Grants and Contracts	\$4,943	\$5,711	\$5,711	\$6,000	\$289 5%
Local Grants and Contracts	\$250	\$176	\$300	\$400	\$100 33%
Private Grants and Contracts	\$4,604	\$4,778	\$5,122	\$5,800	\$678 13%
Sales & Service, Educational	\$55	\$93	\$50	\$50	\$0
Auxiliary Enterprises	\$42,580	\$45,546	\$46,762	\$48,983	\$2,221 5%
Other Operating Revenues:			\$0		
Sales & Service, Independent Operations			\$0		
Sales & Service, Public Service Activities			\$0		
Other	\$4,378	\$4,566	\$5,724	\$4,700	-\$1,024 -18%
<b>Total Operating Revenues</b>	<b>\$135,156</b>	<b>\$148,095</b>	<b>\$154,307</b>	<b>\$162,862</b>	<b>\$8,555 6%</b>
<b>EXPENSES</b>					
<b>Operating Expenses</b>					
<i>Educational and General</i>					
Instruction	\$57,277	\$64,830	\$65,252	\$67,476	\$2,223 3%
Research	\$20,108	\$18,213	\$19,204	\$20,321	\$1,117 6%
Public Service	\$3,608	\$4,677	\$4,841	\$5,248	\$407 8%
Academic Support	\$22,311	\$24,761	\$26,211	\$27,319	\$1,108 4%
Student Services	\$7,907	\$9,845	\$9,537	\$9,861	\$323 3%
Institutional Support	\$16,637	\$17,504	\$18,429	\$19,327	\$898 5%
Operation and Maintenance of Plant	\$23,508	\$22,137	\$21,903	\$28,270	\$6,367 29%
Depreciation and Amortization	\$12,153	\$12,531	\$13,000	\$13,736	\$736 6%
Scholarships and Fellowships	\$5,793	\$5,842	\$8,718	\$8,980	\$262 3%
<i>Auxiliary Enterprises</i>	\$22,504	\$28,827	\$28,473	\$29,442	\$968 3%
<i>Other Expenditures</i>					
Independent Operations					
Public Service Activities					
<b>Total Operating Expenses</b>	<b>\$191,806</b>	<b>\$209,167</b>	<b>\$215,570</b>	<b>\$229,981</b>	<b>\$14,411 7%</b>
<b>Operating Income/(Loss)</b>	<b>-\$56,650</b>	<b>-\$61,072</b>	<b>(\$61,263)</b>	<b>(\$67,119)</b>	<b>-\$5,856 10%</b>
<b>NONOPERATING REVENUES/(EXPENSES)</b>					
Federal Appropriations					
State Appropriations	\$42,834	\$51,840	\$57,674	\$60,304	\$2,630 5%
Gifts		\$1,000	\$0	\$0	\$0
Investment Return	\$1,026	\$2,069	\$1,205	\$1,400	\$195 16%
Endowment Return	\$512	\$969	\$1,002	\$1,200	\$198 20%
Unrealized Gains			\$700	\$750	\$50
Interest on Indebtedness	-\$8,209	-\$9,173	-\$9,059	-\$9,863	-\$804 9%
Other Nonoperating Income	\$536	\$946	\$509	\$500	-\$9 -2%
Non operating Federal Grants	\$9,811	\$11,646	\$11,823	\$12,000	\$177 1%
Revenue from Stimulus Funds	\$19,107	\$4,079	\$0	\$0	\$0
<b>Net Nonoperating Revenues</b>	<b>\$65,617</b>	<b>\$63,376</b>	<b>\$63,854</b>	<b>\$66,291</b>	<b>\$2,437 4%</b>
<b>Income Before Other Revenues, Expenses, Gains, and Losses</b>	<b>\$8,967</b>	<b>\$2,304</b>	<b>\$2,591</b>	<b>(\$828)</b>	<b>-\$3,420 -132%</b>
Capital Appropriations	\$3,461	\$8,201	\$27,700	\$21,000	-\$6,700 -24%
Capital Grants and Contracts	\$273	\$100	\$100	\$100	\$0
Capital Contribution		\$3,332	\$0	\$0	\$0
University Related Transactions			\$21	\$0	-\$21 -100%
Disposal of Plant Facilities	-\$1,213	-\$1,154	-\$1,200	-\$1,200	\$0
Other Additions/Deductions	-\$1,500	\$774	\$0	\$0	\$0
<b>Total Other Revenues, Expenses, Gains &amp; Losses</b>	<b>\$1,021</b>	<b>\$11,253</b>	<b>\$26,621</b>	<b>\$19,900</b>	<b>-\$6,721 -25%</b>
<b>Total Increase in Net Assets</b>	<b>\$9,988</b>	<b>\$13,557</b>	<b>\$29,212</b>	<b>\$19,072</b>	<b>-\$10,140 -35%</b>
<b>NET ASSETS</b>					
Net Assets at Beginning of Year	\$55,134	\$65,122	\$78,679	\$107,891	\$29,212 37%
<b>Net Assets at End of Year</b>	<b>\$65,122</b>	<b>\$78,679</b>	<b>\$107,891</b>	<b>\$126,963</b>	<b>\$19,072 18%</b>

**Table 2**  
**University of Massachusetts**  
**Dartmouth Campus**  
**Fiscal Year 2013 Operating Budget Statement**  
**SPENDING BY TYPE OF EXPENSE (NATURAL CLASSIFICATION)**  
*(in thousands of dollars)*

	<b>FY10</b>	<b>FY11</b>	<b>FY12</b>	<b>FY13</b>	<b>\$ Change</b>	<b>% Change</b>
<b>EXPENSE CATEGORY</b>	<b>Actuals</b>	<b>Actuals</b>	<b>Projected</b>	<b>Budgeted</b>	<b>FY12 - 13</b>	<b>FY12 - 13</b>
Salaries and Wages	\$84,128	\$91,082	\$95,655	\$101,394	\$5,739	6.0%
Employee Fringe Benefits	\$21,409	\$26,704	\$28,047	\$26,345	-\$1,702	-6.1%
Student Aid	\$13,881	\$14,298	\$17,055	\$17,817	\$762	4.5%
Utilities	\$9,237	\$10,306	\$10,572	\$8,572	-\$2,000	-18.9%
Supplies and Other Services	\$48,840	\$54,246	\$51,241	\$62,117	\$10,876	21.2%
Depreciation	\$12,153	\$12,531	\$13,000	\$13,736	\$736	5.7%
<b>TOTAL</b>	<b>\$189,648</b>	<b>\$209,167</b>	<b>\$215,570</b>	<b>\$229,981</b>	<b>\$14,411</b>	<b>6.7%</b>

\*Total should equal total Operating Expenses from SRECNA

FY 2013 University Operating Budget – T12-037

**Table 3**  
**University of Massachusetts**  
**Dartmouth Campus**  
**Fiscal Year 2013 Operating Budget Statement**  
**SUMMARY OF FULL-TIME EQUIVALENT (FTE) EMPLOYEES\***

	Actual FTEs Fall 2009 (FY2010)	Actual FTEs Fall 2010 (FY2011)	Actual FTEs Fall 2011 (FY2012)	Proj. FTEs Fall 2012 (FY2013)	FTE Change Fall 2011 - 12	% Change Fall 2011 - 12
<b>UNRESTRICTED/DESIGNATED FUNDS</b>						
<b>STATE FUNDED POSITIONS</b>						
Faculty	370.1	361.7	362.9	362.9	0.0	0.0%
Professional Staff	232.5	227.7	251.0	255.0	4.0	1.6%
Classified Staff	255.6	256.4	255.3	255.3	0.0	0.0%
<b>Subtotal, State Funded</b>	<b>858.2</b>	<b>845.8</b>	<b>869.2</b>	<b>873.2</b>	<b>4.0</b>	<b>0.5%</b>
<b>NON-STATE FUNDED POSITIONS</b>						
Faculty	68.5	73.0	74.0	74.0	0.0	0.0%
Professional Staff	85.0	99.0	86.8	86.8	0.0	0.0%
Classified Staff	99.4	112.0	109.7	109.7	0.0	0.0%
<b>Subtotal, Non-State Funded</b>	<b>252.9</b>	<b>284.0</b>	<b>270.5</b>	<b>270.5</b>	<b>0.0</b>	<b>0.0%</b>
<b>Total Unrestricted/Designated</b>	<b>1,111.1</b>	<b>1,129.8</b>	<b>1,139.7</b>	<b>1,143.7</b>	<b>4.0</b>	<b>0.4%</b>
<b>RESTRICTED FUNDS</b>						
<b>GRANT FUNDED POSITIONS</b>						
Faculty	5.8	8.0	9.1	9.1	(0.0)	-0.3%
Professional Staff	40.1	42.4	41.5	41.5	0.0	0.0%
Classified Staff	3.5	5.4	3.0	3.0	0.0	0.7%
<b>Subtotal, Grant Funded</b>	<b>49.5</b>	<b>55.8</b>	<b>53.6</b>	<b>53.6</b>	<b>0.0</b>	<b>0.0%</b>
<b>OTHER RESTRICTED POSITIONS</b>						
Faculty	0.0	0.0	0.0	0.0	0.0	
Professional Staff	0.0	0.0	0.0	0.0	0.0	
Classified Staff	0.0	0.0	0.0	0.0	0.0	
<b>Subtotal, Other Restricted Funds</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	
<b>Total Restricted</b>	<b>49.5</b>	<b>55.8</b>	<b>53.6</b>	<b>53.6</b>	<b>0.0</b>	<b>0.0%</b>
<b>TOTAL UNRESTRICTED AND RESTRICTED</b>	<b>1,160.5</b>	<b>1,185.6</b>	<b>1,193.3</b>	<b>1,197.3</b>	<b>4.0</b>	<b>0.3%</b>

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

**Table 4**  
**University of Massachusetts**  
**Dartmouth Campus**  
**Fiscal Year 2013 Operating Budget Statement**  
**HEADCOUNT AND FTE ENROLLMENT**

	UNDERGRADUATE		GRADUATE		TOTAL	
	HC	FTE	HC	FTE	HC	FTE
Fall 2012 projected	7,694	6,874	1,677	1,199	9,371	8,073
Fall 2011	7,580	6,802	1,645	1,179	9,225	7,981
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

\*Source: Fall 2009, Fall 2010, and Fall 2011 figures from Student Profile

# OPERATING BUDGET

*for Fiscal Year 2013*

LOWELL CAMPUS



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**UNIVERSITY OF MASSACHUSETTS LOWELL**  
**FY 2013 Operating Budget Narrative**

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**Overview**

The Fiscal Year 2013 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 2013.

The document considers the FY2011 actual Financial Statements, the forecasted results for FY2012 and the projected outcome for FY2013 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 developed the UMass Lowell 2020 Strategic Plan three years ago. It provides a framework for how we will achieve national and international recognition as a world-class institution over the next decade. The planning process is repositioning the University so that students, faculty and staff, and the community see us as a true public enterprise committed to taking an entrepreneurial approach to innovation in all aspects of our University.

The campus has conducted its FY2013 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 FY2013 will depend considerably on the final outcome of the state budget process and student charge deliberations.

**FY2012 Review**

The campus continues to experience dynamic enrollment growth. Enrollment grew by more than thirty-seven percent since 2007 and increased by over 600 students in FY2012. Student enrollment generated revenue has become a significant portion of the University's unrestricted revenue.

FY2012 student revenues increased 12.7% over FY2011 due to enrollment growth and increased rates.

Campus investments of more than \$15 million over the past two fiscal years have been targeted at activities that improve the overall quality of academic programs and enhance the entire student learning and living experience, such as:

## FY 2013 University Operating Budget – T12-037

- The hiring of new tenure track and non-tenure track faculty
- New staff in growth impacted service areas such as admissions, financial aid, veterans services, international student support
- 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;
- 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.

The Lowell Campus is projecting a \$1.5 million operating surplus for FY2012 or a 0.4% operating margin.

### **FY 2013 Budget Assumptions**

#### Revenues

##### *State Support*

For planning purposes, the University of Massachusetts Lowell FY2013 budget assumes a state appropriation increase of approximately \$1.5 million or a 2% change from FY2012. This allocation is consistent with the amount recommended by the Governor and the House of Representatives for FY2013 and covers collective bargaining, offset by the reduction in the fringe benefit rate.

##### *Other Revenues*

The Lowell campus anticipates a 6.4% increase in full-time equivalent undergraduate and graduate enrollment for Fall 2012. This enrollment growth and current estimates for student charges, offset by the increased financial aid spending to maintain the University's commitment to affordability, will result in an estimated 10% net increase in tuition and fee revenues. The university is proposing an increase in student charges of 4.9%.

The enrollment growth and campus efforts to expand the residential experience for students are projected to generate an 8% increase in revenues from Residential Housing and Food Services. Grant and contract revenue from all sources is projected to increase by 9% over FY2012.

#### Expenditures

The campus has funded 43 new tenure track and non-tenure track faculty since FY2011 to meet enrollment growth and program needs and has budgeted an additional 35 new faculty in FY2013. 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.

## FY 2013 University Operating Budget – T12-037

Projected cost increases for facilities in FY2013 include \$3.6 million increase in debt interest payments and \$2.8 million increase for facility 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.

Additionally, the campus has budgeted a \$10 million increase for collective bargaining and fringe benefit costs and inflationary increases not covered by state funding.

The overall result of the changes in revenues and expenses is projected to be a \$5.7 million deficit or a -1.7% operating margin for FY2013 funded by accumulated surpluses. Management believes an operating deficit of this magnitude is a prudent investment in campus growth and strategic initiatives.

Should the University's final FY2012 and FY2013 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.

FY 2013 University Operating Budget – T12-037

**Table 1**  
**University of Massachusetts**  
**Lowell Campus**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS**  
**Fiscal Year 2013 Operating Budget Statement**  
*(in thousands of dollars)*

			FY2013 BUDGETED			
	FY10 Actuals	FY11 Actuals	FY12 Projected Budget-Accrual/ Adjusted Basis	FY13 Budget-Accrual Basis	FY12 to FY13 Change	
<b>REVENUES</b>						
<b>Operating Revenues</b>						
Tuition and Fees	\$131,872	\$141,505	\$157,501	\$173,112	\$15,611	10%
Scholarship allowance	\$29,245	\$28,087	\$29,671	\$33,254	\$3,583	12%
Tuition and Fees (net of scholarship allowances)	\$102,627	\$113,418	\$127,830	\$139,858	\$12,028	9%
Federal Grants and Contracts	\$20,505	\$24,964	\$24,655	\$26,930	\$2,275	9%
State Grants and Contracts	\$5,134	\$5,123	\$5,562	\$6,075	\$513	9%
Local Grants and Contracts	\$284	\$278	\$305	\$333	\$28	9%
Private Grants and Contracts	\$10,791	\$10,577	\$11,587	\$12,656	\$1,069	9%
Sales & Service, Educational	\$921	\$228	\$225	\$251	\$26	12%
Auxiliary Enterprises	\$26,623	\$30,054	\$31,876	\$34,334	\$2,458	8%
Other Operating Revenues:						
Sales & Service, Independent Operations						
Sales & Service, Public Service Activities						
Other	\$3,602	\$4,694	\$4,625	\$5,171	\$546	12%
<b>Total Operating Revenues</b>	<b>\$170,487</b>	<b>\$189,336</b>	<b>\$206,665</b>	<b>\$225,608</b>	<b>\$18,943</b>	<b>9%</b>
<b>EXPENSES</b>						
<b>Operating Expenses</b>						
<i>Educational and General</i>						
Instruction	\$83,159	\$90,691	\$101,063	\$112,262	\$11,199	11%
Research	\$33,730	\$35,285	\$37,912	\$39,982	\$2,070	5%
Public Service	\$1,940	\$2,216	\$2,352	\$2,413	\$61	3%
Academic Support	\$20,184	\$20,164	\$23,082	\$23,502	\$420	2%
Student Services	\$15,846	\$17,405	\$18,630	\$19,608	\$978	5%
Institutional Support	\$25,415	\$32,135	\$35,833	\$36,719	\$886	2%
Operation and Maintenance of Plant	\$22,116	\$27,482	\$30,625	\$33,404	\$2,779	9%
Depreciation and Amortization	\$14,357	\$16,085	\$18,130	\$22,412	\$4,282	24%
Scholarships and Fellowships	\$4,996	\$8,413	\$8,784	\$9,027	\$243	3%
<i>Auxiliary Enterprises</i>	\$18,525	\$18,814	\$20,549	\$22,116	\$1,567	8%
<i>Other Expenditures</i>						
Independent Operations						
Public Service Activities						
<b>Total Operating Expenses</b>	<b>\$240,268</b>	<b>\$268,690</b>	<b>\$296,960</b>	<b>\$321,445</b>	<b>\$24,485</b>	<b>8%</b>
<b>Operating Income/(Loss)</b>	<b>(\$69,781)</b>	<b>(\$79,354)</b>	<b>(\$90,295)</b>	<b>(\$95,837)</b>	<b>(\$5,542)</b>	<b>6%</b>
<b>NONOPERATING REVENUES/(EXPENSES)</b>						
Federal Appropriations						
State Appropriations	\$62,205	\$76,303	\$76,306	\$77,800	\$1,494	2%
Gifts	\$1,848	\$2,667	\$2,981	\$3,748	\$767	26%
Investment Return	\$5,360	\$8,514	\$2,097	\$1,195	(\$902)	-43%
Endowment Return	\$344	\$874	\$1,063	\$1,415	\$352	33%
Interest on Indebtedness	(\$3,584)	(\$4,596)	(\$6,241)	(\$9,839)	(\$3,598)	58%
Nonoperating Federal Grants	\$10,967	\$14,290	\$15,380	\$15,842	\$462	3%
Other Nonoperating Income	\$77	\$167	\$165	\$184		
Revenue from Stimulus Funds	\$22,662	\$5,735				
<b>Net Nonoperating Revenues</b>	<b>\$99,879</b>	<b>\$103,954</b>	<b>\$91,751</b>	<b>\$90,345</b>	<b>(\$1,406)</b>	<b>-2%</b>
<b>Income Before Other Revenues, Expenses, Gains, and Losses</b>	<b>\$30,098</b>	<b>\$24,600</b>	<b>\$1,456</b>	<b>(\$5,492)</b>	<b>(\$6,948)</b>	<b>-477%</b>
Capital Appropriations	\$1,340	\$5,463	\$48,868	\$26,383	(\$22,485)	-46%
Capital Gifts, Grants and Contracts	\$28,000	\$1,901	\$6,615	\$8,000	\$1,385	21%
Capital - Stimulus Funds						
University Related Transactions					\$0	
Disposal of Plant Facilities	(\$3,681)	(\$1,004)	(\$973)	(\$1,338)	(\$365)	38%
Other Additions/Deductions	(\$1,676)	\$220	(\$250)	(\$275)	(\$25)	10%
<b>Total Other Revenues, Expenses, Gains &amp; Losses</b>	<b>\$23,983</b>	<b>\$6,580</b>	<b>\$54,260</b>	<b>\$32,770</b>	<b>(\$21,490)</b>	<b>-40%</b>
<b>Total Increase in Net Assets</b>	<b>\$54,081</b>	<b>\$31,180</b>	<b>\$55,716</b>	<b>\$27,278</b>	<b>(\$28,438)</b>	<b>-51%</b>
<b>NET ASSETS</b>						
Net Assets at Beginning of Year	\$128,208	\$182,289	\$213,469	\$269,185	\$55,716	26%
<b>Net Assets at End of Year</b>	<b>\$182,289</b>	<b>\$213,469</b>	<b>\$269,185</b>	<b>\$296,463</b>	<b>\$27,278</b>	<b>10%</b>

FY 2013 University Operating Budget – T12-037

**Fiscal Year 2013 Operating Budget Statement**  
**SPENDING BY TYPE OF EXPENSE (NATURAL CLASSIFICATION)**  
*(in thousands of dollars)*

	<b>FY10</b>	<b>FY11</b>	<b>FY12</b>	<b>FY13</b>	<b>\$ Change</b>	<b>% Change</b>
<b>EXPENSE CATEGORY</b>	<b>Actuals</b>	<b>Actuals</b>	<b>Projected</b>	<b>Budgeted</b>	<b>FY12 - 13</b>	<b>FY12 - 13</b>
Salaries and Wages	\$123,475	\$131,440	\$144,952	\$161,698	\$16,746	11.6%
Employee Fringe Benefits	\$25,298	\$31,857	\$39,859	\$40,314	\$455	1.1%
Student Aid	\$4,996	\$8,413	\$8,784	\$9,027	\$243	2.8%
Utilities	\$9,138	\$9,035	\$8,369	\$9,639	\$1,270	15.2%
Supplies and Other Services	\$63,004	\$71,860	\$76,866	\$78,355	\$1,489	1.9%
Depreciation	\$14,357	\$16,085	\$18,130	\$22,412	\$4,282	23.6%
<b>TOTAL</b>	<b>\$240,268</b>	<b>\$268,690</b>	<b>\$296,960</b>	<b>\$321,445</b>	<b>\$24,485</b>	<b>8.2%</b>

\*Total should equal total Operating Expenses from SRECNA

FY 2013 University Operating Budget – T12-037

**Table 3**  
**University of Massachusetts**  
**Lowell Campus**  
**Fiscal Year 2013 Operating Budget Statement**  
**SUMMARY OF FULL-TIME EQUIVALENT (FTE) EMPLOYEES\***

	Actual FTEs Fall 2009 (FY2010)	Actual FTEs Fall 2010 (FY2011)	Actual FTEs Fall 2011 (FY2012)	Proj. FTEs Fall 2012 (FY2013)	FTE Change Fall 2011 - 12	% Change Fall 2011 - 12
<b>UNRESTRICTED/DESIGNATED FUNDS</b>						
<b>STATE FUNDED POSITIONS</b>						
Faculty	415.5	429.5	471.2	506.0	34.8	7.4%
Professional Staff	378.3	399.5	443.7	461.7	18.0	4.1%
Classified Staff	170.0	177.0	200.0	218.0	18.0	9.0%
<b>Subtotal, State Funded</b>	<b>963.8</b>	<b>1,006.0</b>	<b>1,114.9</b>	<b>1,185.7</b>	<b>70.8</b>	<b>6.4%</b>
<b>NON-STATE FUNDED POSITIONS</b>						
Faculty	7.0	3.4	5.0	5.0	0.0	0.0%
Professional Staff	57.0	58.1	46.4	50.0	3.6	7.8%
Classified Staff	20.0	15.0	14.0	1.0	(13.0)	-92.9%
<b>Subtotal, Non-State Funded</b>	<b>84.0</b>	<b>76.5</b>	<b>65.4</b>	<b>56.0</b>	<b>(9.4)</b>	<b>-14.4%</b>
<b>Total Unrestricted/Designated</b>	<b>1,047.8</b>	<b>1,082.5</b>	<b>1,180.3</b>	<b>1,241.7</b>	<b>61.4</b>	<b>5.2%</b>
<b>RESTRICTED FUNDS</b>						
<b>GRANT FUNDED POSITIONS</b>						
Faculty	9.0	9.0	11.7	11.0	(0.7)	-6.0%
Professional Staff	116.0	112.0	127.8	128.0	0.2	0.2%
Classified Staff	0.0	0.0	2.0	2.0	0.0	0.0%
<b>Subtotal, Grant Funded</b>	<b>125.0</b>	<b>121.0</b>	<b>141.5</b>	<b>141.0</b>	<b>(0.5)</b>	<b>-0.4%</b>
<b>OTHER RESTRICTED POSITIONS (TURI)</b>						
Faculty	0.0	0.0	0.0	0.0	0.0	0.0%
Professional Staff	11.7	12.0	11.3	12.4	1.1	9.7%
Classified Staff	0.0	0.0	0.0	1.0	1.0	0.0%
<b>Subtotal, Other Restricted Funds</b>	<b>11.7</b>	<b>12.0</b>	<b>11.3</b>	<b>13.4</b>	<b>2.1</b>	<b>18.6%</b>
<b>Total Restricted</b>	<b>136.7</b>	<b>133.0</b>	<b>152.8</b>	<b>154.4</b>	<b>1.6</b>	<b>1.0%</b>
<b>TOTAL UNRESTRICTED AND RESTRICTED</b>	<b>1,184.5</b>	<b>1,215.5</b>	<b>1,333.1</b>	<b>1,396.1</b>	<b>63.0</b>	<b>4.7%</b>

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

**Table 4**  
**University of Massachusetts**  
**Lowell Campus**  
**Fiscal Year 2013 Operating Budget Statement**  
***HEADCOUNT AND FTE ENROLLMENT***

	UNDERGRADUATE		GRADUATE		TOTAL	
	HC	FTE	HC	FTE	HC	FTE
<b>Fall 2012 projected</b>	<b>12,257</b>	<b>9,965</b>	<b>4,257</b>	<b>2,661</b>	<b>16,514</b>	<b>12,626</b>
<b>Fall 2011</b>	<b>11,729</b>	<b>9,568</b>	<b>3,702</b>	<b>2,299</b>	<b>15,431</b>	<b>11,867</b>
<b>Fall 2010</b>	<b>11,260</b>	<b>9,190</b>	<b>3,426</b>	<b>2,155</b>	<b>14,686</b>	<b>11,345</b>
<b>Fall 2009</b>	<b>10,548</b>	<b>8,472</b>	<b>3,054</b>	<b>1,901</b>	<b>13,602</b>	<b>10,373</b>

\*Source: Fall 2009, Fall 2010, and Fall 2011 figures from Student Profile

# OPERATING BUDGET

*for Fiscal Year 2013*

MEDICAL SCHOOL



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**UNIVERSITY OF MASSACHUSETTS MEDICAL SCHOOL  
FY 2013 Operating Budget Narrative**

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The FY2013 operating budget for the University of Massachusetts Medical School (UMMS) enables progress on critical academic, facilities and research investments in support of the strategic plan, while continuing to reflect a realistic view of the fiscal challenges affecting the University, the state and the country. In anticipation of constrained resources, campus leadership continues to pursue thoughtful business and operations redesign activities that will ensure support for the core mission, while taking into account a fiscal environment that projects modest operating margins at the campus level.

### **Continued Success for the Strategic Plan**

The UMMS Academic Health Sciences Center Strategic Plan 2009-2014 continues to serve as a highly effective roadmap for UMMS and its role in the future of health sciences research, education and service delivery. The strategic plan identifies opportunities to redesign the model of health care delivery; build the workforce of the future; create and sustain an ideal learning environment; translate research discovery into medical practice; become a more highly effective and efficient business organization; and make a substantive impact on our region, the commonwealth and the world. These goals are closely aligned with the University's strategic priorities.

The FY2013 operating budget acknowledges that the success of the campus in meeting its strategic priorities is closely tied to establishing and meeting budget priorities. In a budget year that will see several important milestones on campus, including the opening of the Albert Sherman Center, UMMS has crafted an operating budget that supports mission-critical programs and activities, while establishing clear spending priorities for scarce resources, even at a time when external budgetary factors such as uncertain federal funding and reduced state support present notable challenges.

#### *Redesign the model of health care delivery*

UMMS will continue its significant progress in redesigning health care delivery models in several important areas, including medical education and physician training; clinical research training and trial design; health policy and health services research and programming that improves service delivery and access; and investing, with clinical partner UMass Memorial Health Care, in the faculty and support infrastructure that underpins this important work. The UMass Center for Clinical and Translational Science, supported by funding from the NIH, and the Department of Quantitative Health Sciences are centerpieces for how academic work can support clinical care redesign.

#### *Building the workforce of the future and creating an ideal learning environment*

FY2013 will be one of the most significant years in UMMS history for health sciences education and training, as strategic investments in the Sherman Center and related instructional technologies and campus infrastructure come online. With class expansion initiatives fully implemented and the redesigned medical school curriculum in place, a visionary emphasis on learner-centered and lifelong education will be in place. Recent investments in curriculum, facilities and technology were amply noted during a milestone accreditation visit; 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.

A campus-wide review of student fees, enrollment and program expenses continues, in recognition of the need for resource maximization, especially in mission-critical areas; adjustments going forward will be prudent and strategic. UMMS has been careful to maintain its reputation as uniquely affordable, while still being responsible to its mission. Fee increase plans have been targeted and modest, with key input from representative bodies of the faculty and students, with both groups supportive of a balance between accessibility and programmatic investment. UMMS continues its leading role in the implementation of a baccalaureate to MD pathway program that complements existing programs that seek to develop learning opportunities for underrepresented populations. 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.

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 support an environment that will inspire students to excel in innovation, discovery and leadership.

UMMS continues to attract highly capable students to the School of Medicine (SOM) as judged by admission test scores, residency match results, and performance on licensing exams, and SOM graduates continue to rank the educational experience as highly satisfactory; the Graduate School of Nursing continues to evolve as the landscape of advanced practice nursing changes: 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 applicant pool, and its reputation continues to grow, attributable, in part, to the achievement and accessibility of the research faculty.

While undergoing almost complete curricular change over the past decade, the environment that supports both teachers and learners in the educational community at UMMS has grown in accomplishment and achievement, indicating the importance, even in times of scarce resources, of strategic investment.

*Translate research discoveries into practice*

UMMS has reinforced its commitment to the translation of laboratory discovery to medical practice and this is embodied in the programmatic plans for the Sherman Center. The campus strategy emphasizes a cluster-based approach to research support and encourages investigators from a number of departments and programs to organize around key research modalities. By doing so, the path to innovative and effective human therapies is potentially more efficient and optimizes recruiting faculty in key areas who may have research funding in hand or in the pipeline and whose work matches basic science research strengths with clinical research programs.

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 remain fundamental 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 FY2013 budget includes completion and fit out of the Albert Sherman Center, the future home to what will eventually be more than 140 faculty investigators in the Advanced Therapeutics Cluster, Bioinformatics and Integrative Biology, Quantitative Health Sciences, Systems Biology, Pathology and Neurotherapeutics. 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 has been enthusiastic and consistent, in recognition of the crucial role the Sherman Center will play in the campus mission.

*Become a highly effective and efficient business organization*

Declines in core state support for higher education and limits on projected growth in research funding have been apparent in the current economic cycle and represent several important, if not unique, challenges for financial planning. The end of federal stimulus funding, which supported more than \$25 million in UMMS research activities, while anticipated, coincided with financial pressure on many programmatic partners in state and municipal government, and on health and human service agencies. These financial challenges speak to the importance of consistent and substantive improvement in business practice and the need for operational efficiency. A successful and viable academic health sciences center must be structured to support over the long term its academic, service and research missions.

This recognition, shared with clinical partner UMass Memorial, has been the catalyst for a number of process improvements since the implementation of the strategic plan, and serves as the basis for a continuing and ongoing evaluation of business processes and operations. Because 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, the operating budget must depend on increases in revenue and efficiencies in areas such as central administrative operations to counterbalance 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, these initiatives required both business process analysis and aggressive benchmarking to other institutions. Targeted reductions for FY2013 and FY2014 include all areas of centralized services and administrative areas; targeted revenue increases were benchmarked to peer institutions. Importantly, the campus continues to make strategic long term investments that pay dividends over time, such as power plant improvements and energy efficiency projects.

*Financial Plan & Assumptions*

These ongoing operational efficiency gains and revenues have been incorporated into the financial plans of UMMS, resulting in a sustainable operating budget. The campus is committed to investments in the core missions of the institution including infrastructure improvements and recruitment of targeted faculty. As a result, the financial plan projects deficits for FY2013 and FY2014, excluding capital funding, followed by steady improvement to a \$ 16.7 million surplus in FY2017. The plan continues the prudent use of campus reserves over the next several years to sustain planned investments, including the Sherman Center. As a result of ongoing improvements in operational efficiencies and cost reductions, this is projected to occur without a net depletion of

institutional reserves. The financial cushion indicator for UMMS is projected to remain above 22%, and is estimated to return to its historical level near or above 30% in 2016.

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 at a modest growth of 2% per year.

Federal grant revenues are projected to grow moderately at best, bolstered somewhat by the additional revenue generated by newly recruited faculty who bring existing extramural funding. FY2013 shows an additional jump due to the federal funding received by Commonwealth Medicine under the New England States Collaborative for Insurance Exchange Systems (NESCIES). The net effective facilities and administrative (F&A) rate on federal grants is projected to increase over the next five years as we see the impact of the recently concluded successful rate negotiations. The federal rate will grow from the current 64.5% in FY2012 to 67.5% in FY 2015, resulting in the net effective rate increasing from 47.0% to 49.2% over the five years.

Commonwealth Medicine will see a jump in unrestricted revenue in FY2013 due to additional funding through a state Interagency Service Agreement (ISA) related to the NESCIES grant, with modest inflationary growth projected after that. With a corresponding increase in expenses supporting the ISA, the net margin contribution by CWM to the School will remain steady at current levels.

Revenue from student fees is projected to increase with the implementation of the second year of the 3-year plan for fee changes begun last year (pending Board of Trustee approval). 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 well as other efforts to streamline processes, improve efficiencies and reduce costs. Last year, approximately 150 positions were eliminated (a reduction of 116 FTEs). The plan includes very modest pay increases of 2% for FY2013, delayed an additional three months, to be effective April 1. Future salary increases are assumed at 2% per year. To support the expanding research programs, the recruitment of new faculty positions are reflected in the plan with spending of \$6 million to \$12 million per year for salary support and start-up costs for new and recently hired faculty.

Further, the plan includes approximately \$25 million in FY2013 and approximately \$15 million per year thereafter for capital spending on deferred maintenance and renovations as well as research, IT and other equipment.

The Albert Sherman Center will be completed in FY2013 at a total cost of \$442 million, including necessary power plant improvements and a 1,440 space parking garage. Of that figure, approximately \$352 million was funded from bonds and \$90 million from Massachusetts Life Sciences Center funding.

The borrowings to fund these capital expenditures are all in place, and, combined with the reduced expenses in FY2012 due to the reduction in drug spend expenditures associated with the now

divested MedMetric Health Partners (\$222 million), will result in the debt service ratio peaking at 5.1%, and then declining to 4.8% in FY2017 as the expense base grows.

*Making a difference in the world*

As UMMS looks to FY2013 and beyond, the importance of its mission can hardly be overstated; as a part of a great University and as a leading academic health sciences institution, UMMS has made investments in the student learning environment; in the faculty; in the research enterprise; in public service programs. But more broadly, UMMS has invested in its mission of taking research discoveries, health sciences students, and the fruits of its intellectual endeavors and bringing them to bear on the most challenging health problems the world faces.

FY 2013 University Operating Budget – T12-037

Table 1  
 University of Massachusetts  
Medical School  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS  
 Fiscal Year 2013 Operating Budget Statement  
 (in thousands of dollars)

			FY2013 BUDGETED			
	FY10 Actuals	FY11 Actuals	FY12 Projected Budget-Accrual/ Adjusted Basis	FY13 Budget-Accrual Basis	FY12 to FY13 Change	
<b>REVENUES</b>						
<b>Operating Revenues</b>						
Tuition and Fees						
Scholarship allowance						
Tuition and Fees (net of scholarship allowances)	\$11,322	\$12,084	\$12,623	\$13,657	\$1,034	8%
Federal Grants and Contracts	\$165,976	\$193,763	\$195,921	\$214,464	\$18,543	9%
State Grants and Contracts	\$33,929	\$29,653	\$27,780	\$26,849	-\$931	-3%
Local Grants and Contracts	\$0	\$0	\$0	\$0		
Private Grants and Contracts	\$46,843	\$49,037	\$30,127	\$36,342	\$6,215	21%
Sales & Service, Educational	\$5,744	\$6,159	\$11,091	\$11,343	\$252	2%
Auxiliary Enterprises	\$29,244	\$25,909	\$37,317	\$26,722	-\$10,595	-28%
Other Operating Revenues:						
Sales & Service, Independent Operations	\$50,442	\$52,619	\$51,439	\$45,994	-\$5,445	-11%
Sales & Service, Public Service Activities	\$596,976	\$670,557	\$434,811	\$442,248	\$7,437	2%
Other	\$45,077	\$43,152	\$65,886	\$60,883	-\$5,003	-8%
<b>Total Operating Revenues</b>	<b>\$985,553</b>	<b>\$1,082,933</b>	<b>\$866,995</b>	<b>\$878,502</b>	<b>\$11,507</b>	<b>1%</b>
<b>EXPENSES</b>						
<b>Operating Expenses</b>						
<b>Educational and General</b>						
Instruction	\$49,141	\$47,825	\$47,009	\$47,305	\$296	1%
Research	\$211,362	\$226,295	\$210,292	\$236,813	\$26,521	13%
Public Service	\$31,990	\$27,374	\$28,376	\$28,555	\$179	1%
Academic Support	\$12,913	\$13,951	\$13,162	\$13,244	\$82	1%
Student Services	\$4,047	\$4,076	\$3,789	\$3,813	\$24	1%
Institutional Support	\$52,080	\$59,515	\$46,176	\$46,465	\$289	1%
Operation and Maintenance of Plant	\$47,375	\$39,565	\$42,344	\$42,611	\$267	1%
Depreciation and Amortization	\$40,524	\$45,183	\$51,004	\$61,908	\$10,904	21%
Scholarships and Fellowships	\$0	\$0	\$0	\$0		
Auxiliary Enterprises	\$26,373	\$24,598	\$24,119	\$24,271	\$152	1%
Other Expenditures						
Independent Operations	\$58,437	\$41,911	\$57,398	\$56,042	-\$1,356	-2%
Public Service Activities	\$538,880	\$626,981	\$376,331	\$377,182	\$851	0%
<b>Total Operating Expenses</b>	<b>\$1,073,122</b>	<b>\$1,157,274</b>	<b>\$900,000</b>	<b>\$938,209</b>	<b>\$38,209</b>	<b>4%</b>
<b>Operating Income/(Loss)</b>	<b>-\$87,569</b>	<b>-\$74,341</b>	<b>-\$33,005</b>	<b>-\$59,707</b>	<b>-\$26,702</b>	<b>-81%</b>
<b>NONOPERATING REVENUES/(EXPENSES)</b>						
Federal Appropriations	\$0	\$0	\$0	\$0		
State Appropriations	\$47,132	\$43,109	\$40,375	\$39,890	-\$485	-1%
Gifts	\$13,887	\$8,669	\$10,000	\$18,500	\$8,500	85%
Investment Return	\$23,341	\$23,082	\$8,116	\$17,218	\$9,102	112%
Endowment Return	\$1,435	\$2,537	\$2,101	\$2,167	\$66	3%
Interest on Indebtedness	-\$13,212	-\$22,741	-\$18,277	-\$35,311	-\$17,034	93%
Other Nonoperating Income	\$1,055	\$1,458	\$105	\$306	\$201	191%
Revenue from Stimulus Funds*	\$0	\$2,761	\$0	\$0	\$0	
<b>Net Nonoperating Revenues</b>	<b>\$73,638</b>	<b>\$58,875</b>	<b>\$42,420</b>	<b>\$42,770</b>	<b>\$350</b>	<b>1%</b>
<b>Income Before Other Revenues, Expenses, Gains, and Losses</b>	<b>-\$13,931</b>	<b>-\$15,466</b>	<b>\$9,415</b>	<b>-\$16,937</b>	<b>-\$26,352</b>	<b>280%</b>
Capital Appropriations	\$2,610	\$999	\$31,250	\$30,000	-\$1,250	-4%
Capital Grants and Contracts	\$13,243	\$25,802	\$0	\$0		
University Related Transactions	\$0	\$0	\$0	\$0		
Disposal of Plant Facilities	-\$1,729	-\$2,693	\$0	\$2,000		
Contributions for Capital Expenditures	\$1,810	\$1,029	\$0	\$0		
Gain from Sale of Discontinued Operations	\$0	\$9,655	\$0	\$0		
Other Additions/Deductions	\$664	-\$6,439	\$0	\$0		
<b>Total Other Revenues, Expenses, Gains &amp; Losses</b>	<b>\$16,598</b>	<b>\$28,353</b>	<b>\$31,250</b>	<b>\$32,000</b>	<b>\$750</b>	<b>2%</b>
<b>Total Increase in Net Assets</b>	<b>\$2,667</b>	<b>\$12,887</b>	<b>\$40,665</b>	<b>\$15,063</b>	<b>-\$25,602</b>	<b>-63%</b>
<b>NET ASSETS</b>						
Net Assets at Beginning of Year	\$591,766	\$594,433	\$607,320	\$647,985	\$40,665	7%
<b>Net Assets at End of Year</b>	<b>\$594,433</b>	<b>\$607,320</b>	<b>\$647,985</b>	<b>\$663,048</b>	<b>\$15,063</b>	<b>2%</b>

\* In the audited financial statements, the FY10 stimulus funding will be reduced by \$10.3 million with an equivalent net increase in other revenue sources.

**Table 2**  
**University of Massachusetts**  
**Medical School**  
**Fiscal Year 2013 Operating Budget Statement**  
**SPENDING BY TYPE OF EXPENSE (NATURAL CLASSIFICATION)**  
*(in thousands of dollars)*

<b>Natural Classification of Expenses</b>	<b>FY10</b>	<b>FY11</b>	<b>FY12</b>	<b>FY13</b>	<b>\$ Change</b>	<b>% Change</b>
<b>Category</b>	<b>Actuals</b>	<b>Actuals</b>	<b>Projected</b>	<b>Budgeted</b>	<b>FY12 - 13</b>	<b>FY12 - 13</b>
Salaries and Wages	\$335,490	\$343,259	\$325,655	\$327,549	\$1,894	0.6%
Employee Fringe Benefits	\$69,766	\$79,172	\$72,839	\$72,441	(\$398)	-0.5%
Student Aid	\$1,184	\$1,303	\$1,997	\$1,984	(\$13)	-0.7%
Utilities	\$30,431	\$31,016	\$31,643	\$34,068	\$2,425	7.7%
Supplies and Other Services	\$596,696	\$658,208	\$417,168	\$440,652	\$23,484	5.6%
Depreciation	\$39,555	\$44,316	\$50,698	\$61,515	\$10,817	21.3%
<b>TOTAL</b>	<b>\$1,073,122</b>	<b>\$1,157,274</b>	<b>\$900,000</b>	<b>\$938,209</b>	<b>\$38,209</b>	<b>4.2%</b>

\*Total should equal total Operating Expenses from SRECNA

**Table 3**  
**University of Massachusetts**  
**Medical School**  
**Fiscal Year 2013 Operating Budget Statement**  
**SUMMARY OF FULL-TIME EQUIVALENT (FTE) EMPLOYEES\***

	Actual FTEs Fall 2009 (FY2010)	Actual FTEs Fall 2010 (FY2011)	Actual FTEs Fall 2011 (FY2012)	Proj. FTEs Fall 2012 (FY2013)	FTE Change Fall 2011 - 12	% Change Fall 2011 - 12
<b>UNRESTRICTED/DESIGNATED FUNDS</b>						
<b>STATE FUNDED POSITIONS</b>						
Faculty	70.1	86.2	89.0	89.0	0.0	0.0%
Professional Staff	252.1	222.7	227.6	228.0	0.4	0.2%
Classified Staff	145.9	115.5	111.2	111.0	(0.2)	-0.2%
<b>Subtotal, State Funded</b>	<b>468.1</b>	<b>424.4</b>	<b>427.8</b>	<b>428.0</b>	<b>0.2</b>	<b>0.0%</b>
<b>NON-STATE FUNDED POSITIONS</b>						
Faculty	215.4	200.7	181.5	182.0	0.5	0.3%
Professional Staff	1,290.3	1,365.2	1,297.3	1,300.0	2.7	0.2%
Classified Staff	1,048.1	1,072.5	951.9	955.0	3.1	0.3%
<b>Subtotal, Non-State Funded</b>	<b>2,553.8</b>	<b>2,638.4</b>	<b>2,430.7</b>	<b>2,437.0</b>	<b>6.3</b>	<b>0.3%</b>
<b>Total Unrestricted/Designated</b>	<b>3,021.9</b>	<b>3,062.8</b>	<b>2,858.5</b>	<b>2,865.0</b>	<b>6.5</b>	<b>0.2%</b>
<b>RESTRICTED FUNDS</b>						
<b>GRANT FUNDED POSITIONS</b>						
Faculty	270.0	265.1	260.6	260.0	(0.6)	-0.2%
Professional Staff	721.5	717.1	710.8	780.0	69.2	9.7%
Classified Staff	178.1	180.2	172.3	189.0	16.7	9.7%
<b>Subtotal, Grant Funded</b>	<b>1,169.6</b>	<b>1,162.4</b>	<b>1,143.7</b>	<b>1,229.0</b>	<b>85.3</b>	<b>7.5%</b>
<b>OTHER RESTRICTED POSITIONS</b>						
Faculty	5.4	8.1	7.4	7.0	(0.4)	-5.4%
Professional Staff	15.9	15.2	18.7	19.0	0.3	1.6%
Classified Staff	3.5	0.3	1.5	1.0	(0.5)	-33.3%
<b>Subtotal, Other Restricted Funds</b>	<b>24.8</b>	<b>23.6</b>	<b>27.6</b>	<b>27.0</b>	<b>(0.6)</b>	<b>-2.2%</b>
<b>Total Restricted</b>	<b>1,194.4</b>	<b>1,186.0</b>	<b>1,171.3</b>	<b>1,256.0</b>	<b>84.7</b>	<b>7.2%</b>
<b>TOTAL UNRESTRICTED AND RESTRICTED</b>	<b>4,216.3</b>	<b>4,248.8</b>	<b>4,029.8</b>	<b>4,121.0</b>	<b>91.2</b>	<b>2.3%</b>

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

**Table 4**  
**University of Massachusetts**  
**Medical School**  
**Fiscal Year 2013 Operating Budget Statement**  
***HEADCOUNT AND FTE ENROLLMENT***

	Graduate		Med Students		TOTAL	
	HC	FTE	HC	FTE	HC	FTE
<b>Fall 2012 projected</b>	<b>680</b>	<b>700</b>	<b>539</b>	<b>539</b>	<b>1,219</b>	<b>1,239</b>
<b>Fall 2011</b>	<b>675</b>	<b>692</b>	<b>514</b>	<b>514</b>	<b>1,189</b>	<b>1,206</b>
<b>Fall 2010</b>	<b>671</b>	<b>683</b>	<b>487</b>	<b>487</b>	<b>1,158</b>	<b>1,170</b>
<b>Fall 2009</b>	<b>622</b>	<b>651</b>	<b>469</b>	<b>469</b>	<b>1,091</b>	<b>1,120</b>

\*Source: Fall 2009, Fall 2010, and Fall 2011 figures from Student Profile

# **OPERATING BUDGET**

*for Fiscal Year 2013*

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



## **University System Office FY 2013 Operating Budget Narrative**

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### **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 inter-campus 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.

### **Strategic Communications**

The 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**

The Office of Management and Fiscal Affairs under the Vice President for Administration & Finance Areas includes the area of University Controller, Treasurer, University Budget Director, Human Resources, including Labor Relations, and the University Procurement Office. The Vice President works with the campus Chancellors and Vice Chancellors for Administration & 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 & 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 is also run through this department. The department works with members of the University community and various state agencies to manage a \$3.1 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 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 now has a Senior Director of Enterprise Procurement. This position is responsible for generating savings and efficiencies through university wide contracting. Additionally, the office is responsible for spend analytics, purchasing policy and guidelines compliance, and the adoption and use of strong purchasing tools and services.

### **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.

### **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.

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.

**Table 1**  
**University of Massachusetts**  
**University System Office**  
**(Office of the President, UITS, UMDI, UMassOnline and operations of UMass Building Authority)**  
**Fiscal Year 2013 Operating Budget Statement**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS**  
*(in thousands of dollars)*

	FY10 Actuals	FY11 Actuals	FY12 Projected Budget-Accrual/ Adjusted Basis	FY2013 BUDGETED		
				FY13 Budget-Accrual Basis	FY12 to FY13 Change	
<b>REVENUES</b>						
<b>Operating Revenues</b>						
Tuition and Fees (net of scholarship allowances)	\$6,471	\$5,599	\$6,121	\$6,244	\$122	2%
Federal Grants and Contracts	\$3,420	\$3,906	\$4,062	\$4,103	\$41	1%
State Grants and Contracts	\$2,205	\$2,632	\$2,530	\$2,606	\$76	3%
Local Grants and Contracts	\$169	\$169	\$176	\$180	\$4	2%
Private Grants and Contracts	\$4,423	\$5,170	\$5,687	\$5,801	\$114	2%
Sales & Service, Educational	\$1,112	\$1,623	\$1,413	\$1,427	\$14	1%
Auxiliary Enterprises	\$0	\$0			\$0	#DIV/0!
Recovery of Indirect Costs	\$0	\$0			\$0	#DIV/0!
Allocation from Campuses	\$53,861	\$53,604	\$56,892	\$59,879	\$2,987	5%
Other Operating Revenues:	\$0	\$0				
Sales & Service, Independent Operations	\$0	\$0				
Sales & Service, Public Service Activities	\$0	\$0				
Other	\$9,737	\$10,529	\$8,950	\$9,039	\$89	0%
<b>Total Operating Revenues</b>	<b>\$81,398</b>	<b>\$83,232</b>	<b>\$85,832</b>	<b>\$89,278</b>	<b>\$3,447</b>	<b>4%</b>
<b>EXPENSES</b>						
<b>Operating Expenses</b>						
<b>Educational and General</b>						
Instruction	\$13,541	\$13,165	\$12,655	\$13,287	\$633	5%
Research	\$3,062	\$3,134	\$3,150	\$3,276	\$126	4%
Public Service	\$863	\$1,577	\$1,395	\$6,395	\$5,000	358%
Academic Support	\$0	\$0			\$0	0%
Student Services	\$0	\$0				
Institutional Support	\$46,059	\$50,022	\$52,492	\$56,992	\$4,500	9%
Operation and Maintenance of Plant	\$6,515	\$5,537	\$6,580	\$6,383	-\$197	0%
Depreciation and Amortization	\$7,452	\$7,326	\$7,399	\$7,177	-\$222	-3%
Scholarships and Fellowships	\$4	\$6	\$6	\$6	\$0	0%
<b>Auxiliary Enterprises</b>						
<b>Other Expenditures</b>						
Independent Operations						
Public Service Activities						
Other						
<b>Total Operating Expenses</b>	<b>\$77,496</b>	<b>\$80,767</b>	<b>\$83,677</b>	<b>\$93,516</b>	<b>\$9,839</b>	<b>12%</b>
<b>Operating Income/(Loss)</b>	<b>\$3,902</b>	<b>\$2,465</b>	<b>\$2,154</b>	<b>-\$4,238</b>	<b>-\$6,393</b>	<b>-297%</b>
<b>NONOPERATING REVENUES/(EXPENSES)</b>						
Federal Appropriations						
State Appropriations	\$10,328	\$10,926	\$11,254	\$11,816	\$563	5%
Gifts	\$0	\$0			\$0	#DIV/0!
Investment Return	\$9,542	\$7,983	\$5,588	\$5,700	\$112	2%
Endowment Return	\$144	\$193	\$201	\$207	\$6	3%
Interest on Indebtedness	-\$1,402	-\$891	-\$918	-\$872	\$46	-5%
Interest Income	\$0	\$0			\$0	#DIV/0!
Other Nonoperating Income	\$33	\$17	\$255	\$200	-\$55	-22%
Revenue from Stimulus Funds*					\$0	#DIV/0!
<b>Net Nonoperating Revenues</b>	<b>\$18,645</b>	<b>\$18,228</b>	<b>\$16,380</b>	<b>\$17,052</b>	<b>\$671</b>	<b>4%</b>
<b>Income Before Other Revenues, Expenses, Gains, and Losses</b>	<b>\$22,547</b>	<b>\$20,693</b>	<b>\$18,535</b>	<b>\$12,813</b>	<b>-\$5,721</b>	<b>-31%</b>
Capital Appropriations						
Capital Grants and Contracts	\$1,831	\$2,100	\$1,966	\$900		
University Related Transactions						
Disposal of Plant Facilities	-\$99	\$0	\$0	\$0	\$0	0%
Expended for Plant	\$0	\$0	\$0		\$0	0%
Other Additions/Deductions	\$3,091	-\$1,080	-\$759	-\$797	-\$38	5%
Transfers					\$0	0%
<b>Total Other Revenues, Expenses, Gains &amp; Losses</b>	<b>\$4,823</b>	<b>\$1,020</b>	<b>\$1,206</b>	<b>\$103</b>	<b>-\$1,103</b>	<b>-91%</b>
<b>Total Increase in Net Assets**</b>	<b>\$27,370</b>	<b>\$21,713</b>	<b>\$19,741</b>	<b>\$12,916</b>	<b>-\$6,825</b>	<b>-35%</b>
<b>NET ASSETS</b>						
Net Assets at Beginning of Year	\$60,392	\$87,762	\$109,475	\$129,216	\$19,741	18%
<b>Net Assets at End of Year</b>	<b>\$87,762</b>	<b>\$109,475</b>	<b>\$129,216</b>	<b>\$142,132</b>	<b>\$12,916</b>	<b>10%</b>

**Table 2**  
**University of Massachusetts**  
**University System Office**  
**(Office of the President, UITS, UMDI, UMassOnline)**  
**Fiscal Year 2013 Operating Budget Statement**  
**SPENDING BY TYPE OF EXPENSE (NATURAL CLASSIFICATION)**  
*(in thousands of dollars)*

	<b>FY10</b>	<b>FY11</b>	<b>FY12</b>	<b>FY13</b>	<b>\$ Change</b>	<b>% Change</b>
<b>EXPENSE CATEGORY</b>	<b>Actuals</b>	<b>Actuals</b>	<b>Projected</b>	<b>Budgeted</b>	<b>FY12 - 13</b>	<b>FY12 - 13</b>
Salaries and Wages	\$33,629	\$32,342	\$33,793	\$36,327	\$2,534	7.5%
Employee Fringe Benefits	\$8,962	\$9,808	\$10,837	\$10,898	\$61	0.6%
Student Aid	\$4	\$6	\$6	\$6	\$0	0.0%
Utilities	\$2,624	\$2,501	\$2,478	\$3,052	\$574	23.2%
Supplies and Other Services	\$24,825	\$28,784	\$29,164	\$36,055	\$6,891	23.6%
Depreciation	\$7,452	\$7,326	\$7,399	\$7,177	(\$222)	-3.0%
<b>TOTAL</b>	<b>\$77,496</b>	<b>\$80,767</b>	<b>\$83,677</b>	<b>\$93,516</b>	<b>\$9,839</b>	<b>11.8%</b>

**Table 3**  
**University of Massachusetts**  
**University System Office**  
**(Office of the President, UITS, UMDI, UMassOnline)**  
**Fiscal Year 2013 Operating Budget Statement**  
**SUMMARY OF FULL-TIME EQUIVALENT (FTE) EMPLOYEES\***

	Actual FTEs Fall 2010 (FY2011)	Actual FTEs Fall 2011 (FY2012)	Proj. FTEs Fall 2012 (FY2013)	FTE Change Fall 2011 - 12	% Change Fall 2011 - 12
<b>UNRESTRICTED/DESIGNATED FUNDS</b>					
<b>STATE FUNDED POSITIONS</b>					
Faculty	0.0			0.0	0.0%
Professional Staff	180.0	200.9	209.0	8.1	4.5%
Classified Staff	10.0	3.0	7.0	4.0	40.0%
<b>Subtotal, State Funded</b>	<b>190.0</b>	<b>203.87</b>	<b>216.0</b>	<b>12.1</b>	<b>6.4%</b>
<b>NON-STATE FUNDED POSITIONS</b>					
Faculty	0.0			0.0	0.0%
Professional Staff	102.0	103.0	107.8	4.8	4.7%
Classified Staff	2.1	1.1	0.7	(0.4)	0.0%
<b>Subtotal, Non-State Funded</b>	<b>104.1</b>	<b>104.1</b>	<b>108.5</b>	<b>4.4</b>	<b>4.2%</b>
<b>Total Unrestricted/Designated</b>	<b>294.1</b>	<b>308.0</b>	<b>324.5</b>	<b>16.5</b>	<b>5.6%</b>
<b>RESTRICTED FUNDS</b>					
<b>GRANT FUNDED POSITIONS</b>					
Faculty	0.0			0.0	0.0%
Professional Staff	61.4	54.8	46.0	(8.8)	0.0%
Classified Staff	4.8	2.9	2.0	(0.9)	0.0%
<b>Subtotal, Grant Funded</b>	<b>66.2</b>	<b>57.7</b>	<b>48.0</b>	<b>(9.7)</b>	<b>0.0%</b>
<b>OTHER RESTRICTED POSITIONS</b>					
Faculty				0.0	0.0%
Professional Staff				0.0	0.0%
Classified Staff				0.0	0.0%
<b>Subtotal, Other Restricted Funds</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0%</b>
<b>Total Restricted</b>	<b>66.2</b>	<b>57.7</b>	<b>48.0</b>	<b>(9.7)</b>	<b>0.0%</b>
<b>TOTAL UNRESTRICTED AND RESTRICTED</b>	<b>360.3</b>	<b>365.6</b>	<b>372.5</b>	<b>6.9</b>	<b>1.9%</b>



# OPERATING BUDGET

*for Fiscal Year 2013*

UNIVERSITY INFORMATION TECHNOLOGY SERVICES



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**UNIVERSITY OF MASSACHUSETTS  
UNIVERSITY INFORMATION TECHNOLOGY SERVICES  
FY 2013 Operating Budget Narrative**

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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 2013 University Operating Budget – T12-037

**Table 1**  
**University of Massachusetts**  
**Information Technology Services**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS**  
**Fiscal Year 2013 Operating Budget Statement**  
*(in thousands of dollars)*

	FY2013 BUDGETED					
	FY10 Actuals	FY11 Actuals	FY12 Projected Budget-Accrual/ Adjusted Basis	FY13 Budget-Accrual Basis	FY12 to FY13 Change	
<b>REVENUES</b>						
<b>Operating Revenues</b>						
Tuition and Fees						
Scholarship allowance						
Tuition and Fees (net of scholarship allowances)						
Federal Grants and Contracts						
State Grants and Contracts						
Local Grants and Contracts						
Private Grants and Contracts						
Sales & Service, Educational						
Auxiliary Enterprises						
Other Operating Revenues:						
Sales & Service, Independent Operations	\$2,571	\$2,559	\$2,671	\$2,671	\$0	0%
Sales & Service, Public Service Activities						
Other	\$32,177	\$29,743	\$31,348	\$35,217	\$3,869	12%
<b>Total Operating Revenues</b>	<b>\$34,748</b>	<b>\$32,302</b>	<b>\$34,019</b>	<b>\$37,888</b>	<b>\$3,869</b>	<b>11%</b>
<b>EXPENSES</b>						
<b>Operating Expenses</b>						
<b>Educational and General</b>						
Instruction						
Research						
Public Service						
Academic Support						
Student Services						
Institutional Support	\$31,893	\$30,416	\$31,348	\$35,217	\$3,869	12%
Operation and Maintenance of Plant						
Depreciation and Amortization						
Scholarships and Fellowships						
<b>Auxiliary Enterprises</b>						
<b>Other Expenditures</b>						
Independent Operations	\$2,186	\$2,562	\$2,632	\$2,845	\$213	8%
Public Service Activities						
<b>Total Operating Expenses</b>	<b>\$34,079</b>	<b>\$32,978</b>	<b>\$33,980</b>	<b>\$38,062</b>	<b>\$4,082</b>	<b>12%</b>
<b>Operating Income/(Loss)</b>	<b>\$669</b>	<b>-\$676</b>	<b>\$39</b>	<b>-\$174</b>	<b>-\$213</b>	<b>-546%</b>
<b>NONOPERATING REVENUES/(EXPENSES)</b>						
Federal Appropriations						
State Appropriations						
Gifts						
Investment Return						
Endowment Return						
Interest on Indebtedness						
Other Nonoperating Income						
Revenue from Stimulus Funds						
<b>Net Nonoperating Revenues</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	
<b>Income Before Other Revenues, Expenses, Gains, and Losses</b>	<b>\$669</b>	<b>-\$676</b>	<b>\$39</b>	<b>-\$174</b>	<b>-\$213</b>	<b>-546%</b>
<b>Capital Expenditures</b>						
Capital Appropriations						
Capital Grants and Contracts						
University Related Transactions						
Disposal of Plant Facilities						
Other Additions/Deductions						
<b>Total Other Revenues, Expenses, Gains &amp; Losses</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	
<b>Total Increase in Net Assets</b>	<b>\$669</b>	<b>-\$676</b>	<b>\$39</b>	<b>-\$174</b>	<b>-\$213</b>	<b>-546%</b>
<b>NET ASSETS</b>						
Net Assets at Beginning of Year	\$7,130	\$7,799	\$7,123	\$7,162	\$39	1%
<b>Net Assets at End of Year</b>	<b>\$7,799</b>	<b>\$7,123</b>	<b>\$7,162</b>	<b>\$6,988</b>	<b>-\$174</b>	<b>-2%</b>

**Table 2**  
**University of Massachusetts**  
**Information Technology Services**  
**Fiscal Year 2013 Operating Budget Statement**  
***SPENDING BY TYPE OF EXPENSE (NATURAL CLASSIFICATION)***  
***(in thousands of dollars)***

	<b>FY10</b>	<b>FY11</b>	<b>FY12</b>	<b>FY13</b>	<b>\$ Change</b>	<b>% Change</b>
<b>EXPENSE CATEGORY</b>	<b>Actuals</b>	<b>Actuals</b>	<b>Projected</b>	<b>Budgeted</b>	<b>FY12 - 13</b>	<b>FY12 - 13</b>
Salaries and Wages	\$13,286	\$14,423	\$15,953	\$17,447	\$1,494	9.4%
Employee Fringe Benefits	\$1,064	\$1,525	\$1,654	\$1,955	\$301	18.2%
Student Aid						
Utilities						
Supplies and Other Services	\$19,729	\$17,030	\$16,373	\$18,660	\$2,287	14.0%
Depreciation						
<b>TOTAL</b>	<b>\$34,079</b>	<b>\$32,978</b>	<b>\$33,980</b>	<b>\$38,062</b>	<b>\$4,082</b>	<b>12.0%</b>

\*Total should equal total Operating Expenses from SRECNA

FY 2013 University Operating Budget – T12-037

**Table 3**  
**University of Massachusetts**  
**Information Technology Services**  
**Fiscal Year 2013 Operating Budget Statement**  
**SUMMARY OF FULL-TIME EQUIVALENT (FTE) EMPLOYEES\***

	Actual FTEs Fall 2009 (FY2010)	Actual FTEs Fall 2010 (FY2011)	Actual FTEs Fall 2011 (FY2012)	Proj. FTEs Fall 2012 (FY2013)	FTE Change Fall 2011 - 12	% Change Fall 2011 - 12
<b>UNRESTRICTED/DESIGNATED FUNDS</b>						
<b>STATE FUNDED POSITIONS</b>						
Faculty					0.0	
Professional Staff	87.0	105.0	108.0	105.0	(3.0)	-2.8%
Classified Staff	10.0	10.0	8.0	8.0	0.0	0.0%
<b>Subtotal, State Funded</b>	<b>97.0</b>	<b>115.0</b>	<b>116.0</b>	<b>113.0</b>	<b>(3.0)</b>	<b>-2.6%</b>
<b>NON-STATE FUNDED POSITIONS</b>						
Faculty					0.0	
Professional Staff	55.0	53.5	58.0	66.0	8.0	13.7%
Classified Staff					0.0	
<b>Subtotal, Non-State Funded</b>	<b>55.0</b>	<b>53.5</b>	<b>58.0</b>	<b>66.0</b>	<b>8.0</b>	<b>13.7%</b>
<b>Total Unrestricted/Designated</b>	<b>152.0</b>	<b>168.5</b>	<b>174.0</b>	<b>179.0</b>	<b>5.0</b>	<b>2.9%</b>
<b>RESTRICTED FUNDS</b>						
<b>GRANT FUNDED POSITIONS</b>						
Faculty					0.0	
Professional Staff					0.0	
Classified Staff					0.0	
<b>Subtotal, Grant Funded</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	
<b>OTHER RESTRICTED POSITIONS</b>						
Faculty					0.0	
Professional Staff					0.0	
Classified Staff					0.0	
<b>Subtotal, Other Restricted Funds</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	
<b>Total Restricted</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	
<b>TOTAL UNRESTRICTED AND RESTRICTED</b>	<b>152.0</b>	<b>168.5</b>	<b>174.0</b>	<b>179.0</b>	<b>5.0</b>	<b>2.9%</b>

\* 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 2013*

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



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**UNIVERSITY OF MASSACHUSETTS DONAHUE INSTITUTE  
FY 2013 Operating Budget Narrative**

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**OVERVIEW**

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

The Institute's revenue in FY12 was \$15,939,000. These monies are derived from the following sources: grants and contracts (including overhead) \$14,696,273, Office of the President Projects, \$275,142; State Appropriation, \$453,413 and other revenue \$514,172. For FY12, the Institute generated \$31.04 in grant and contract funds for every \$1 in State Appropriation, a 4.14% increase from last year's record level. In addition during FY12, system-wide projects supported by the Institute totaled \$435,858.

The Institute manages almost two hundred programs, primarily through our seven business units, but in some cases also as special projects. Listed below is just a representative sample of our achievements for this past year, organized by business unit. As demonstrated by these examples, much of the ongoing work of the Institute is strongly aligned with the President's six focal areas for the University: 1) student success; 2) producing an educated and engaged citizenry; 3) conducting world class research; 4) enhancing the social well being; 5) being good stewards of state resources; and, 6) telling and selling the story of UMass.

**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 MA Department of Elementary and Secondary Education, the Nellie Mae Education Foundation, the Great Schools Partnership of Maine, Education Development Center, the Rhode Island Afterschool Alliance, the Boston Museum of Science, and numerous local districts (Boston, Worcester, Chelsea, Hampden-Wilbraham, and Brockton). Higher Education clients include the MA Department of Higher Education, as well as UMass Amherst, UMass Boston, the UMass Lowell College of Engineering, UMass Dartmouth's Kaput Center, Northeastern University, Worcester Polytechnic Institute, and SUNY Geneseo. The MA Department of Early Education and Care also became a key client this year. 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 grants to organizations including the MA Department of Public Health, National Cancer Institute, Seven Hills Foundation, Gandara Mental Health Center, River Valley Counseling Center, Inc., and Bay

State Health Center. Economic development projects included a business climate study for the Cape Cod Commission.

- The Unit continued its relationship with the UMass Medical School's Center for Clinical and Translational Science (CCTS), following a successful first year of collaboration in relation to the CCTS evaluation. The second year focused on the development and institutionalization of data collection systems to support CCTS evaluation and reporting to the National Institute's for Health, which provides funding to CCTS through a Clinical and Translational Science Award.
- The Unit's staff expanded its work for Expeditionary Learning (EL), an organization that partners with schools, districts, and charter boards to open new schools and transform existing schools, and has a network of over 100 schools across the nation. In FY12, the R&E group began a study of the success of three EL schools' performance relative to the persisting challenge of closing the achievement gap for key student populations in New York City and Rochester, New York.
- Work was completed on the Research and Evaluation Group's two-year comprehensive evaluation of the New Hampshire Expanded Learning Opportunities Initiative, a project funded by the Nellie Mae Education Foundation and implemented in close collaboration with the New Hampshire Department of Education. The study examines the development and implementation of ELO programs, student participant characteristics, project characteristics, assessment practice, quality and rigor, and impacts on students, teachers, partners, and schools.
- The Unit continued its evaluation of the MA Department of Elementary and Secondary Education's (ESE) District and School Assistance Center (DSAC) system. This system supports improvement in struggling districts and schools through targeted support delivered through regional assistance centers. The evaluation shifted from a primarily formative to an increasingly outcomes-focused orientation.
- The Unit agreed to conduct an evaluation of the Gateway Project, a program implemented by the (Boston) Museum of Science's National Center for Technological Literacy. The Gateway Project seeks to assist Massachusetts school districts with efforts to implement the Massachusetts Science and Technology/Engineering Frameworks through the development and support of district Leadership Teams.
- Building on work concluded in July 2010, the Research and Evaluation group conducted a comprehensive retrospective process evaluation for the Department of Public Health's Wellness Unit. The proposed scope of work involves documenting all Nutrition, Physical Activity and Obesity activities as part of a five year Centers for Disease Control grant that began in 2008.
- Research Manager Eliot Levine's book, *One Kid at a Time: Big Lessons from a Small School* (Teachers College Press, 2002), was published in Hebrew by the Branco Weiss Institute in Jerusalem. The book's English edition has been used for advocacy and professional development in Israeli schools, colleges, and government. The book had been previously published in Korean by Mindle Press in Seoul.

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.

- CareerWorks received a grant to serve workers laid off from Courier Company in Stoughton, Massachusetts. Courier Corporation, one of America's leading book manufacturers and specialty publishers, announced that it will be closing its manufacturing plant in Stoughton, Massachusetts due to competitive pressures and technology shifts. Courier's Stoughton plant employed 110 people.
- CareerWorks developed a working relationship with Father Bill’s and MainSpring in Brockton to develop the “Work Ready Program” (WRP). Several years ago, CareerWorks established a partnership with Father Bill’s and MainSpring, assisting their homeless population in finding employment. When Father Bill’s received a grant from the United States Department of Labor, they expanded their services at CareerWorks by placing an employment specialist on-site. The “WRP” includes the following services: One on one assistance and support; Win Way Resume; Job search events such as recruitments, and job fairs. They also developed workshops in CareerWorks’ Computer Lab such as: “How to Job Search on the Internet”; and “Interviewing and Networking Techniques.”
- During FY12 CareerWorks announced that it exceeded its performance goals for the previous fiscal year. Funded by the United States Department of Labor Workforce Investment Act (WIA), CareerWorks is required to meet several performance goals on its programs and has surpassed these goals for many years running. On both the WIA Adult program, which serves low income adults, and the WIA Dislocated Workers program, which serves individuals laid off from their jobs, CareerWorks surpassed goals for employment and wages.
- CareerWorks received a grant to provide workforce development services to current and former employees of the Raynham/Taunton dog track. Services included preparation of updated resumes, job search assistance and the enhancement of occupational skills through third-party training, when appropriate. The funding was used to hire additional staff to work closely with the present staff at CareerWorks, first on outreach efforts aimed at potential employees from the track and then on providing those services.

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 17 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 program also includes in-country visits to Iraq and Argentina for follow-on.

- UMDI's Civic Initiative, under a contract with The Academy for Educational Development, managed a program that brought 24 Iraqi students to the campus of UMass Amherst for the summer. Besides introducing students to the inner workings of public policy, the program, funded by the United States Embassy/Baghdad, bequeathed practical knowledge and hands-on experience in fundraising and organizing community-based projects, a practice not very common in Iraq. The students experienced the politics and culture of America through a program designed to give them a deeper understanding of the United States government and public policy. Over the course of their stay here, the students attended classes, went on home visits and took excursions to local cities and landmarks. The program culminated with the planning of a fundraising dinner held at Baystate Medical Center in Springfield, which raised money for the Springfield Adolescent Health Center, a partnership between Baystate and the city of Springfield that will provide health services to local homeless and transient teens.
- The Unit 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 utilized the UMass Amherst campus for other programs as well. In fact, during the summer, UMDI is UMass Amherst Conference Services' second largest client and the programs of the Civics Initiative utilize over 40 UMass faculty and staff as speakers or academic directors.
- The Unit also hosted twenty four Pakistani university students participating in the Pakistani Young Leaders program. The students attended a four week class on comparative public policy that included current University of Massachusetts students. Additionally, the students participated in cultural activities and embarked on a two week study tour that included stops in New York, Gettysburg, Charlottesville and DC. Upon completion of the program, the students prepared a forty five minute presentation to the State Department, the funder of the Pakistani Young Leaders program.
- With funding from the State Department's Bureau of Educational and Cultural Affairs (ECA), the Civic Initiative managed a six week program for 18 college professors from 18 different countries. The program is designed to improve the teaching of American politics and political thought.
- In cooperation with the Southbridge Public Schools, The Civic Initiative Unit 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.

#### 4. **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 Population Estimates Program, funded by the Secretary of State, provides technical assistance for the Commonwealth to validate and challenge Census claims following the 2010 Census. The State Data Center 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: A post-Census research project, through the U.S. Census Bureau, investigating how alternative methods of estimating migration rates effect county-level population estimates; Ongoing technical support to municipalities in challenging Census 2010 data through the Count Question Resolution program and proactive data review, research, and outreach to municipalities for these corrections; An economic contribution analysis for the UMass Medical School of the economic contributions generated by both the UMass Medical School and UMass Memorial Health Care; Several projects for MassDevelopment: 1) researching the impacts on the Massachusetts economy by businesses located in Devens, MA; 2) an economic modeling exercise to assess the economic contributions of the six military installations located in the Bay State; and 3) a defense study of Massachusetts and New England. Research with a focus outside of Massachusetts: An analysis of the New England Cable & Telecommunications Association (NECTA) that documents the nature and scale of cable telecommunications in Massachusetts and New England, analyzes the economic contributions generated by cable telecommunications firms, and explores the state of cable telecommunications infrastructure.

- UMDI's Economic Public and Policy Research Unit (EPPR) released the New England Cable and Telecommunications Association (NECTA) report detailing the economic contribution of the cable industry across New England and separately for each of the six states. The findings pointed to growing employment in the industry and a \$7 billion economic impact throughout the region. The report generated significant news coverage.
- According to a report released by the Center for Regional Economic Competitiveness and the University of Massachusetts Donahue Institute's EPPR unit, resurgent manufacturers helped the economy continue to recover as Massachusetts companies advertised 72,996 job openings in the state's manufacturing sector, second only to the health care sector, However, the workforce needs of manufacturers have changed considerably, and the traditional assembly line worker has largely been supplanted by one with a background in engineering, computing, and/or business management. The report found that in 2011, only 4,036 of manufacturing job openings were for traditional production occupations.
- UMDI's Benchmarks collaborative program to provide information on the state of the Massachusetts economy provided significant press coverage across Massachusetts and New England. With representation and active participation by academics from multiple universities, private sector economists, and the Fed Reserve Bank of Boston, the economic information and insight developed continued to offer a picture of the economy that is

beyond what would come from just the work of one group. One example of this was the article released on income inequality across the state, which garnered major media attention across Massachusetts.

- EPPR staff studied the economic and community benefits resulting from the operations of the UMass Medical School and UMass Memorial Health Care. The summary provided a solid analysis of the economic contributions of the two institutions on not only the Massachusetts economy, but also on the economies of the City of Worcester and Worcester County.
- The EPPR unit, in partnership with the Federal Reserve of Boston, publishes MassBenchmarks, the journal of the Massachusetts economy. MassBenchmarks' Current Economic Index incorporated employment revisions and found real gross state product growing 1.8 percent in Massachusetts for 2011, as compared to 1.6 percent for the United States. Revisions to Massachusetts employment data have significantly altered how the Commonwealth's economic experience is understood in the aftermath of the Great Recession. The number of jobs added in 2011 (from December 2010 to December 2011) was revised downward from 40,700 to 9,100, resulting in state employment growth of just 0.3 percent for the year (down from 1.3 percent).

##### 5. **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) while serving as the Director, Training and Delivery Operations, FMET. Managed assignment and work performance of all assigned FMET Instructors, belonging to the Prime Contractor and Sub-contractors, to insure highest quality standards are achieved for DFAS customer satisfaction. Managed the UMass FMET Business Unit for contractual compliance, supervised UMass personnel employed on the contract for optimal efficiency and effectiveness. Continued to explore new funding opportunities for UMass and its campuses, and SAIC/UMass partnership.

- The Defense Finance and Accounting System (DFAS) Financial Management Education and Training (FMET) Program, which started in January 1997, has delivered training to internal and external DFAS customers located at up to 36 different locations throughout the US, Europe, and Japan during the life of the contract. The overall 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 Department of Defense customers for improved operational efficiency and effectiveness.
- The present FMET III Program, between April 2008 and March 2012, provided training to DFAS internal and external customers in 18 different locations in the USA, Germany, and Japan despite significant Defense Department financial management reorganization, consolidations, downsizing, and cost reductions in program funding and personnel during the past several years. During this same period, the FMET III Program has taught up to 26 different courses in the three Mission Areas. Cumulative student load for all course deliveries throughout the present FMET III contract is 9,783 students.

- Despite decreased Defense Department spending due to federal budget cutbacks, the FMET III Program taught 2,027 students through 12 courses at 10 locations in the past year. In previous years, when federal funding was higher for training, the program reached 2,593 students, taught 33 courses, and was conducted in 17 locations.

## 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 young children and their families, so that children begin school with the skills that they need to succeed.

**Key projects and development efforts:** Managing four state early childhood education training/technical assistance centers in New England; providing targeted assistance to at-risk programs in all six New England states; providing programs with research-based technical assistance and training around early childhood care and education, particularly school readiness and engaging families in their children's education. Key projects include building leadership skills and strong management systems 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 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.

- A UMDI Head Start Early Childhood Education Specialist was a member of the leadership team that designed Wheelock College's 6th Annual Community Dialogue on Early Education and Care. Members of our Head Start staff participated in the event which explored the leadership and alliances needed to achieve a more cohesive service delivery system as the direction, financing, and scope of the field evolves. Speakers included Commissioner Sherri Killins of the Department of Early Education and Care, Secretary of Education Paul Reville, National Association for the Education of Young Children Executive Director Jerlean Daniel, and state representatives Patricia Haddad and Alice Peisch, as well as a panel of early childhood teachers and family child care providers.
- Early childhood specialists in this Unit continued to work with Head Start programs as they taught the CLASS (Classroom Assessment Scoring System) to continually improve the effectiveness of classroom interactions among children and teachers, which support children's social and cognitive development. Specialists worked with individual programs in several ways: introducing staff to the overall concepts of CLASS; providing workshops for teachers on practical strategies for improving their classroom interactions; and working with supervisors to use CLASS as a tool for observing classrooms and providing feedback to teachers.

7. **Organizational Development and Learning Solutions**

**Focus:** Organizational development, training, leadership and management development, online leadership training, conference management and coaching services for federal/state/local government, non-profit 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 State STEM Advisory Council and also a retreat for the Early Education and Care Agency Board; Continue to offer a six module Online Leadership Excellence Certificate Program in collaboration with UMass Amherst Continuing and Professional Education; Provided Project Management consulting and training in support of the Race To The Top Education Reform Initiative; Provided conference logistics for seventh annual STEM Summit and 34<sup>th</sup> annual Massachusetts Developmental Disabilities Council's Annual Legislative Reception; Completed a needs assessment for management at the US Department of Agriculture Regional Office; Offered workshops to UMass President's Office staff and began a strategic Training Needs Assessment Survey for the President's Office; Administered federal HRSA Health Careers Opportunities Program grant to create pathways for disadvantaged youth to prepare for health careers in the Pioneer Valley; Continued to coordinate and facilitate the Mass Department of Public Health Massachusetts Comprehensive Cancer Prevention and Control Program; Developed virtual training and webinar capabilities using AdobeConnect Pro service.

- UMass Donahue Institute's Organizational Development and Learning Solutions unit launched its virtual workshops, facilitating the first of its remote staff development courses for the Allied World Assurance Company's Hong Kong and Singapore offices. Based in Switzerland, Allied World is an international supplier of insurance and reinsurance solutions. The workshops, Effective Performance Feedback and Developing Performance Goals and Standards specifically targeted managers who are involved in evaluating the organization's performance and progress.
- UMDI's Organizational Development and Learning Solutions staff assisted the Department of Environmental Protection and Department of Public Health to provide support for a project that identified documented and/or potential human health impacts or risks associated with exposure to wind turbines. ODT partnered with Susan Santos, Ph.D. of FocusGroup to gather information from experts from different scientific areas.
- The Unit was also awarded a contract with the MA Department of Public Health (DPH) to manage a contract for the DPH's new PROMISES project. The DPH Bureau of Healthcare Safety & Quality (HCQ) launched a three-year project entitled the Proactive Reduction in Outpatient Malpractice: Improving Safety, Efficiency and Satisfaction (PROMISES). UMDI's Organizational Development and Learning Solutions staff were tasked to hire the nine pre-selected subject matter area experts.
- At the invitation of the Human Resources Department of the President's Office, the ODLS team began a process to assist the President's Office to identify staff competencies needed to meet unit goals and objectives for the President's Office. ODLS staff utilized focus groups to learn how the managers' view their department's needs and will, in turn, assist ODLS staff to design a training needs survey to President's Office staff.

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- The ODLS Unit, along with a partner consultant, was selected to provide the design and delivery of a custom behavioral interviewing program, entitled “Hire for Fit at Electric Insurance Company” by the company with the same name. This program will be included in Electric Insurance’s leadership program in the future. The program was a big success and the customer is interested in licensing the material for future use.
- ODLS staff has been providing support assistance on an ongoing basis to the Massachusetts Comprehensive Cancer Advisory Committee (MCCAC). The MCCAC holds regular meetings throughout the year which include presentations on various topics around health planning issues revolving around cancer treatment. Guests at these meetings have included many state officials including Commissioner John Auerbach of the Massachusetts Commission of Public Health. The program continues to be funded despite major cuts in federal funding to the state.
- The Organization Development and Learning Solutions Unit launched the Massachusetts Commission for the Blind (MCB) initiative with a luncheon attended by the Commissioner, MCB and UMDI staff. Working with the Western Massachusetts of the MCB, the work session produced a consensus to reach out to Western Massachusetts businesses and local colleges for the purpose of participating in an education and awareness event to learn about the MCB and its services. As a result, more than 300 contacts were made by the UMDI team.

### 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. Examples of these special projects are the Academy for New Legislators (which occurs every other year); 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; and, beginning this year, the exploration of Satellite Centers.

With statewide elections slated for November of 2012 for the Massachusetts Legislature, the Institute will conduct its next Academy for New Legislators in late November or early December of this year. In addition, UMDI has continued to be a part of legislative education events including the Speakers Leadership Retreat and through the Population Estimate Program.

In addition, Lynn Griesemer continued to co-Chair the Data Subcommittee of the Governor’s STEM Advisory Council and Jean Supel, of our Research and Evaluation Unit, continued to serve as a primary committee member and staff. Jean has been an invaluable resource as a researcher and coordinator of events for STEM.

During FY12, UMDI continued to provide 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.

A new special project is the exploration of University Satellite Centers. This includes exploring other state models, especially Maryland; developing a detailed description of UMass efforts; and developing a plan for the establishment of additional UMass initiatives. In addition, UMDI funded

the process for establishing negotiated indirect rates for the President's Office, and provided technical and process expertise in support of that effort.

### **FY 2013 OPERATIONS SUMMARY**

The Institute's priorities during FY13 include:

- Support the President's priorities including: Student Success; Educated and Engaged Citizenry; World Class Research Enterprise; Enhancing Social Well Being; Good Steward of State Resources; and Telling and Selling the Story of UMass
- 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 Summit/Pipeline, Economic Development, various relationships with state and federal agencies).
- Undertake special projects for the President of the University (e.g., Exploration of Satellite Centers, UMass 150 Publication, and 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 \$31.04 in grant and contract funds for every \$1 in state appropriation. In FY12, 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 and within the Institute to expand credit and non-credit course offerings as well as develop joint proposals for funding special programs.

### **FY12 STAFFING AND CAMPUS RESOURCES**

During FY12, the Institute employed 97 staff with a full-time equivalency of 96, housed at five office locations including, Boston, Southbridge, Hadley, Brockton, and Shrewsbury MA, as well as several home offices located throughout New England. The out of state home offices result from our Head Start program that operates in four New England states: Massachusetts, New Hampshire, Vermont, and Connecticut. Core state funding supported six employees' full time and nine employees part time. The remaining Institute staff members are supported through grants and contracts or special project funds. In FY12 alone, 87% of the contracts were federally funded or federal monies passed through the state and 9% 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 20 faculty spread across the UMass five-campus system and numerous departments that generated for them over \$63,000 in revenue. In FY12, our various projects involved 32 undergraduate and graduate students from the University, providing them with over \$182,023 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 FY12, the Donahue Institute administered 183 grants and contracts.

### **FY 2012 BUDGET REVIEW**

The Institute received an appropriation of \$473,413 in general University funding and generated over \$14,696,273 in grant and contract funds during FY12. 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 2013 AND BEYOND**

As the Institute looks ahead to FY13 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. 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 2013 Operating Budget Statement**  
*(in thousands of dollars)*

	FY10 Actuals	FY11 Actuals	FY12 Projected Budget-Accrual/ Adjusted Basis	FY2013 BUDGETED	FY12 to FY13	
				FY13 Budget- Accrual Basis	Change	
<b>REVENUES</b>						
<b>Operating Revenues</b>						
Tuition and Fees						
Scholarship allowance						
Tuition and Fees (net of scholarship allowances)						
Federal Grants and Contracts	\$9,286	\$10,925	\$11,826	\$11,000	-\$826	-7%
State Grants and Contracts	\$2,286	\$1,769	\$1,215	\$1,200	-\$15	-1%
Local Grants and Contracts	\$10	\$55	\$18	\$25	\$7	39%
Private Grants and Contracts	\$558	\$697	\$441	\$425	-\$16	-4%
Sales & Service, Educational		\$205	\$12	\$80		
Auxiliary Enterprises						
Other Operating Revenues: (fixed price balance transfers)	\$80	\$1,297	\$1,698	\$900	-\$798	-47%
Sales & Service, Independent Operations						
Sales & Service, Public Service Activities						
Other (non-state funds from Pres Office)	\$38	\$38	\$29	\$32	\$3	10%
<b>Total Operating Revenues</b>	<b>\$12,258</b>	<b>\$14,986</b>	<b>\$15,239</b>	<b>\$13,662</b>	<b>-\$1,577</b>	<b>-10%</b>
<b>EXPENSES</b>						
<b>Operating Expenses</b>						
<b>Educational and General</b>						
Instruction	\$8,381	\$9,534	\$8,751	\$8,500		0%
Research	\$2,336	\$3,339	\$3,444	\$3,050		0%
Public Service	\$2,222	\$2,706	\$3,826	\$2,700		0%
Academic Support						
Student Services						
Institutional Support	\$121	\$48	\$29	\$50		0%
Operation and Maintenance of Plant						
Depreciation and Amortization						
Scholarships and Fellowships						
<b>Auxiliary Enterprises</b>						
<b>Other Expenditures</b>						
Independent Operations						
Public Service Activities						
<b>Total Operating Expenses</b>	<b>\$13,060</b>	<b>\$15,627</b>	<b>\$16,050</b>	<b>\$14,300</b>	<b>-\$1,750</b>	<b>-11%</b>
<b>Operating Income/(Loss)</b>	<b>-\$802</b>	<b>-\$641</b>	<b>-\$811</b>	<b>-\$638</b>	<b>\$173</b>	<b>-21%</b>
<b>NONOPERATING REVENUES/(EXPENSES)</b>						
Federal Appropriations						
State Appropriations	\$816	\$700	\$700	\$650	-\$50	-7%
Gifts						
Investment Return						
Endowment Return						
Interest on Indebtedness						
Other Nonoperating Income						
Revenue from Stimulus Funds						
<b>Net Nonoperating Revenues</b>	<b>\$816</b>	<b>\$700</b>	<b>\$700</b>	<b>\$650</b>	<b>-\$50</b>	<b>-7%</b>
<b>Income Before Other Revenues, Expenses, Gains, and Losses</b>	<b>\$14</b>	<b>\$59</b>	<b>-\$111</b>	<b>\$12</b>	<b>\$123</b>	<b>-111%</b>
Capital Appropriations						
Capital Grants and Contracts						
University Related Transactions						
Disposal of Plant Facilities						
Other Additions/Deductions						
<b>Total Other Revenues, Expenses, Gains &amp; Losses</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	
<b>Total Increase in Net Assets</b>	<b>\$14</b>	<b>\$59</b>	<b>-\$111</b>	<b>\$12</b>	<b>\$123</b>	<b>-111%</b>
<b>NET ASSETS</b>						
Net Assets at Beginning of Year	\$211	\$225	\$284	\$173	-\$111	-39%
<b>Net Assets at End of Year</b>	<b>\$225</b>	<b>\$284</b>	<b>\$173</b>	<b>\$185</b>	<b>\$12</b>	<b>7%</b>

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**Table 2**  
**University of Massachusetts**  
**Donahue Institute**  
**Fiscal Year 2013 Operating Budget Statement**  
***SPENDING BY TYPE OF EXPENSE (NATURAL CLASSIFICATION)***  
***(in thousands of dollars)***

	<b>FY10</b>	<b>FY11</b>	<b>FY12</b>	<b>FY13</b>	<b>\$ Change</b>	<b>% Change</b>
<b>EXPENSE CATEGORY</b>	<b>Actuals</b>	<b>Actuals</b>	<b>Projected</b>	<b>Budgeted</b>	<b>FY12 - 13</b>	<b>FY12 - 13</b>
Salaries and Wages	\$7,000	\$7,027	\$6,916	\$7,035	\$119	1.7%
Employee Fringe Benefits	\$1,793	\$1,962	\$2,054	\$2,000	-\$54	-2.6%
Student Aid						
Utilities						
Supplies and Other Services	\$4,267	\$6,638	\$7,081	\$5,334	-\$1,747	-24.7%
Depreciation						
<b>TOTAL</b>	<b>\$13,060</b>	<b>\$15,627</b>	<b>\$16,051</b>	<b>\$14,369</b>	<b>(\$1,682)</b>	<b>-10.5%</b>

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

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**Table 3**  
**University of Massachusetts**  
**Donahue Institute**  
**Fiscal Year 2013 Operating Budget Statement**  
**SUMMARY OF FULL-TIME EQUIVALENT (FTE) EMPLOYEES\***

	Actual FTEs Fall 2009 (FY2010)	Actual FTEs Fall 2010 (FY2011)	Actual FTEs Fall 2011 (FY2012)	Proj. FTEs Fall 2012 (FY2013)	FTE Change Fall 2011 - 12	% Change Fall 2011 - 12
<b>UNRESTRICTED/DESIGNATED FUNDS</b>						
<b>STATE FUNDED POSITIONS</b>						
Faculty						
Professional Staff	8.5	6.5	6.1	6.5	0.4	6.6%
Classified Staff	0.0	0.0	0.0	0.0	0.0	
<b>Subtotal, State Funded</b>	<b>8.5</b>	<b>6.5</b>	<b>6.1</b>	<b>6.5</b>	<b>0.4</b>	<b>6.6%</b>
<b>NON-STATE FUNDED POSITIONS</b>						
Faculty						
Professional Staff	4.5	3.4	6.4	5.5	(0.9)	-14.1%
Classified Staff	0.0	0.0	0.0	0.0	0.0	
<b>Subtotal, Non-State Funded</b>	<b>4.5</b>	<b>3.4</b>	<b>6.4</b>	<b>5.5</b>	<b>(0.9)</b>	<b>-14.1%</b>
<b>Total Unrestricted/Designated</b>	<b>13.0</b>	<b>9.9</b>	<b>12.5</b>	<b>12.0</b>	<b>(0.5)</b>	<b>-4.0%</b>
<b>RESTRICTED FUNDS</b>						
<b>GRANT FUNDED POSITIONS</b>						
Faculty						
Professional Staff	90.0	89.7	79.1	80.3	1.2	1.5%
Classified Staff	7.0	6.0	4.0	3.0	(1.0)	-25.0%
<b>Subtotal, Grant Funded</b>	<b>97.0</b>	<b>95.7</b>	<b>83.1</b>	<b>83.3</b>	<b>0.2</b>	<b>0.2%</b>
<b>OTHER RESTRICTED POSITIONS</b>						
Faculty						
Professional Staff						
Classified Staff						
<b>Subtotal, Other Restricted Fund</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	
<b>Total Restricted</b>	<b>97.0</b>	<b>95.7</b>	<b>83.1</b>	<b>83.3</b>	<b>0.2</b>	<b>0.2%</b>
<b>TOTAL UNRESTRICTED AND RESTRICTED</b>	<b>110.0</b>	<b>105.6</b>	<b>95.6</b>	<b>95.3</b>	<b>(0.3)</b>	<b>-0.3%</b>

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



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**APPENDIX A:**

**FY 2013 UNIVERSITY OPERATING BUDGET**

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

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

➤ **Requested New Statement of Trust: UMass Dartmouth Nursing HEIS Exam Prep Fee**

**The Dartmouth campus is requesting a new fee of \$370 for undergraduate students in the College of Nursing. This fee will assist the CON to mandate that all students (beginning as freshmen) participate in computerized testing in preparation for the licensure exam (NCLEX) upon graduation.**

**Colleges/Schools of nursing across the country are increasingly administering computerized exams developed by Health Education Systems, Inc (HESI) to evaluate student and program outcomes and provide evidence-based rationale for curriculum development and modification. HESI exams are administered to students for two reasons: (1) Evaluate how the program [college/school] is working; providing evidence so the curriculum can be changed or modified , (2) Assess students' knowledge and ability to apply nursing concepts within specific content areas and predict their level of success on NCLEX.**

**The CON strongly believes HESI Exams are critical in preparing students for their licensure exam. A Task Force has been formed in the CON of faculty working directly with undergraduate students to look at best practices associated with HESI testing in the classroom and as a remediation tool.**

**Currently HES I testing occurs in the Junior and Senior year w/students paying for each exam separately. We would like to move HESI testing down to freshmen level and have a way of having the total fee for four years of testing per student (\$370) built into their tuition/fee bill.**

➤ **Requested New Statement of Trust: UMass Dartmouth in Lisbon Fee**

**UMass in Lisbon, sponsored by the UMass Dartmouth Center for Portuguese Studies with the support of the Luso-American Foundation, offers American students the opportunity to spend a semester or year in the vibrant capital city of Lisbon learning about the vast Portuguese-speaking world and European Union. This program will be run through PCE as it is open to students from other Universities.**

**UMass in Lisbon is a unique program of the University of Massachusetts system, with the cooperation and support of the Luso-American Foundation. All students pay charges based on the structure of charges at UMass Dartmouth.**

**NEW NON-MANDATORY STUDENT FEE-TEMPLATE**

**Fee Name:** **HESI Nursing Exam Fee**

**Fee Information:**

Fee	Participant (s) Paying Fee	Fee Type (Optional/One-Time Surcharge)	FY2013 est. # of payers	FY2013 Fee Charged per person	FY2013 Projected Revenues
HESI	Undergraduates	non mandatory	548	\$370	\$202,760

**Fee Increase Justification**

Please justify the need for a new fee & all mandated and programmatic costs that will be associated.

We are requesting a new fee of \$370 for undergraduate students in the College of Nursing. This fee will assist the CON to mandate that all students (beginning as freshmen) participate in computerized testing in preparation for the licensure exam (NCLEX) upon graduation.

Colleges/Schools of nursing across the country are increasingly administering computerized exams developed by Health Education Systems, Inc (HESI) to evaluate student and program outcomes and provide evidence-based rationale for curriculum development and modification. HESI exams are administered to students for two reasons: (1) Evaluate how the program [college/school] is working; providing evidence so the curriculum can be changed or modified, (2) Assess students' knowledge and ability to apply nursing concepts within specific content areas and predict their level of success on NCLEX.

The CON strongly believes HESI Exams are critical in preparing students for their licensure exam. A Task Force has been formed in the CON of faculty working directly with undergraduate students to look at best practices associated with HESI testing in the classroom and as a remediation tool.

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**NEW NON-MANDATORY STUDENT FEE-TEMPLATE**

**Fee Name:** **Umass In Lisbon**

**Fee Information:**

Fee	Participant (s) Paying Fee	Fee Type (Optional/One-Time/ Surcharge)	FY 2012 est. # of payers	FY2013 Fee Charged per person	FY2013 Projected Revenues
Umass In Lisbon	Undergraduates In-State	non-mandatory	15	\$11,086	\$166,290
Umass In Lisbon	UGrad out-of-state	non-mandatory	3	\$16,603	\$49,808
Umass In Lisbon	UGrad Regional/Proximity	non-mandatory		\$12,502	

**Fee Increase Justification**

Please justify the need for a new fee & all mandated and programmatic costs that will be associated.

UMass in Lisbon, sponsored by the UMass Dartmouth Center for Portuguese Studies with the support of the Luso-American Foundation, offers American students the opportunity to spend a semester or year in the vibrant capital city of Lisbon learning about the vast Portuguese-speaking world and European Union. This program will be run through PCE as it is open to students from other Universities.

UMass in Lisbon is a unique program of the University of Massachusetts system, with the cooperation and support of the Luso-American Foundation. All students pay charges based on the structure of charges at UMass Dartmouth.

**Cost to run program is     \$204,092.14**

**Breakout of Costs:**

*Marketing/Admin*             \$ 7,500  
*Scholarships*                \$12,500  
*Field Trip Expenses*        \$12,048  
*Course Expenses*            \$58,879  
*Lodging/Living Expenses*   \$58,285  
*Travel*                         \$1,280

