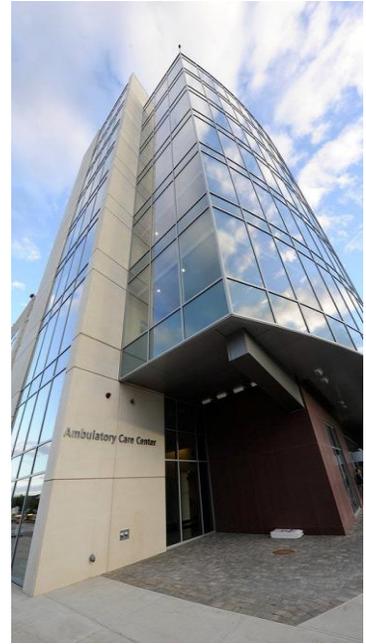




UNIVERSITY OF MASSACHUSETTS
Amherst • Boston • Dartmouth • Lowell • Worcester



Fiscal Year 2014 Operating Budget



OPERATING BUDGET

for Fiscal Year 2014

SUMMARY & FINANCIAL OVERVIEW



**University of Massachusetts
Executive Summary**

**Operating Budget
Fiscal Year 2014**

INTRODUCTION

The Fiscal Year 2014 Operating Budget for the University of Massachusetts is \$2.94 billion representing a 2.6% increase over the current year expenses. This executive summary of the Fiscal year 2014 budget highlights the overall revenue and expense activity for the University of Massachusetts. This budget is formatted consistent with the standard Combined Statements of Revenues and Expenses contained in the University's annual audited financial statements. FY 2011 and FY 2012 actual data are provided from the audited statements and are compared to projected figures for the current fiscal year (FY 2013) and estimates proposed for the fiscal year beginning July 1, 2013 (FY 2014).

The annual budget is a financial plan for the fiscal year which begins July 1 and ended June 30. It serves as a plan to allocate limited resources toward the University's mission to provide an affordable and accessible education of high quality and to conduct programs of research and public service that advance knowledge and improve the lives of the people of the Commonwealth, the nation, and the world.

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 student enrollment and employee counts. This summary describes general budget trends and important issues for FY 2014. 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.

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

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

The campuses' budgets are prepared based on guidance issued 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.

There are a number of issues of University-wide importance that directly impact the FY 2014 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.

50/50 Proposal

While the University has experienced significant enrollment growth there has also been a massive cost shift in how higher education is funded in the United States, and here in the Commonwealth, where student charges continually increase and state support per student declines. For FY 2014, much work has been done to change from the traditional funding formula conversation to a proposal whereby the Commonwealth would provide 50% of the cost of educating resident undergraduate students while the student would contribute the remaining 50%. This is achieved with a phased in approach to increasing overall funding to the University over the next two years. This type of investment, estimated at \$39.1 each year for the next two years, not including fringe, would allow for a freeze in tuition and mandatory curriculum fee for resident undergraduate students of the University. The State included this increase to the University’s appropriation for FY 2104 and went further by including an outside section of the State budget demonstrating the additional increase for FY 2015.

State Appropriation Process

The FY14 State budget includes line item 7100-0200 for the University of Massachusetts. On July 12, 2013 the Governor signed the FY 2014 General Appropriations Act into law and despite over \$400 million in vetoes preserved the funding for the first year of the additional funds for the 50/50 proposal. Initially, the Governor and the House completed their budgets and appropriated \$478.8 million to the University representing a \$39.1 million increase from the FY13 funding level which consists of original budget appropriation, an increase for collective bargaining and a decrease for a mid-year reduction to address a projected revenue shortfall also known as 9C. The increase supports a portion of the incremental cost of collective bargaining agreements and the first year of the 50/50 funding formula. The Senate then released their budget and appropriated \$454.8 million which supports a portion of the incremental cost of collective bargaining agreements but did not provide further investment in the 50/50 plan. The Conference Committee recommended the House version of the budget and sent it to the Governor’s desk with the additional funding in support of the 50/50 proposal. Below is a comparison of the budgets published during the FY14 budget process:

	Governor's	House	Senate	FY14 GAA
FY13 Funding Level	\$439,600,491	\$439,600,491	\$439,600,491	\$439,600,491
FY14 Collective Bargaining	\$15,349,323	\$15,349,323	\$15,217,823	\$15,349,323
FY14 Investment	\$23,742,059	\$23,742,059		\$23,742,059
FY14 Earmark		\$150,000	\$50,000	\$200,000
TOTAL	\$478,691,873	\$478,841,873	\$454,868,314	\$478,891,873

Efficiency & Effectiveness Efforts

The University continues to examine business practices and implement meaningful, financially impactful improvements wherever possible. Understanding that the current fiscal environment poses significant challenges for the University and its students, the responsibility to be a good steward of limited resources is taken seriously. The University through its Board of Trustees created a permanent Task Force on Efficiencies and Effectiveness charged with helping to ensure that improving quality through more efficient and effective operations continues to be a priority for the University. The Task Force, along with the President’s Office and the campuses are working to

promote a more standardized approach for cross campus coordination and oversight of the entire effort, track and report progress, and quantify the benefits to the University and its campuses. Over the last few years the University has achieved savings and efficiencies and expects current efforts to yield additional savings going forward.

Completed Efficiency Initiatives	\$68
Efficiency Initiatives Underway	\$123
Total	\$191

Since FY08, the University has taken steps to reduce expenses by nearly \$68 million. Although critical positions were eliminated, the campuses have made targeted investments and changed business practices permitting the University to operate more efficiently. The \$68 million in savings was achieved through the elimination of over 600 positions through layoffs, attritions and retirements along with cuts in part-time and overtime expenditures. In addition, cost avoidance measures and operational efficiencies were implemented including:

- Improved financial reporting and monitoring such as the implementation of centralized financial systems;
- Innovative and improved approaches to human resource management including a centralized payroll system; and
- Improved cash management and financial operations through streamlining and centralizing certain key functions.

The following initiatives, totaling \$123 million are being actively pursued across the University and have already resulted in savings and more efficient business practices. These initiatives are utilizing the system as a whole and the economies of scale created in the areas of purchasing, energy and IT service delivery.

Leveraging the University’s Purchasing Power - \$38.7 million - A University Procurement Council was created to develop and implement system-wide procurement guidelines and strategies that leverage the collective campus purchasing power in order to reduce costs and enhance efficiencies. To date, these efforts have resulted in over \$20 million in savings and anticipate nearly \$4 million more in the upcoming year through several initiatives.

Strategic Energy Initiatives - \$56.4 million - A Strategic Energy Committee was formed to look at a full scope of energy services ranging from procurement, budgets, analysis, demand and various other special projects. Estimated savings has been \$1 million to date. Future savings is projected to be \$48 million over the life of the contracts.

Streamlining & Enhancing IT Services University Wide - \$28.1 million - In addition to campus sponsored initiatives, an IT Steering Committee was created to enhance operational effectiveness; to provide a means for collaborative decision making and coordinated implementation in the pursuit of future strategic services and needs that are common to the campuses; to identify common services that can be provided effectively and efficiently through shared arrangements, ultimately reducing redundancy and costs.

In addition to the system-wide efforts that impact each campus, individual campuses are tracking projects that may serve as pilot projects for larger system-wide projects in the areas of energy conservation, competitive contracting, revenue enhancements, space and building efficiencies, technology initiatives, personnel actions and process redesign. The individual campus sections of this document provide campus-specific efficiency and effectiveness projects currently underway.

UMass Performs

In February of this year, the University launched a new initiative to enhance accountability and transparency and improve the University's progress in several priority areas and that will be made available to the public online and in booklet form. The report, titled *UMass Performance: Accountable and On the Move*, will measure the University's performance in six key categories:

1. Student Experience and Success
2. Producing an Educated Citizenry
3. World Class Research & Development Enterprise
4. Enhancing Social Well-Being
5. Good Stewards of Resources
6. Telling and Selling the UMass Story

The six categories will include 21 indicators to measure success, such as the University's ability to improve student retention and graduation rates, pursue efficiencies, increase external fund-raising and alumni-giving, secure funding for major research and development centers, and make it easier for students to transfer within the state's higher education system. Many of these indicators will help demonstrate how efficient and effective the University is.

The first performance report, scheduled for release by spring 2013, will lay out those priorities with reports in subsequent years assessing the University's progress on each key indicator. The report builds on the University's well-established Performance Measurement System, which has monitored the University's performance in various areas and been the go-to source for public data on the UMass system for the past 15 years.

FY 2014 OPERATING BUDGET SUMMARY

The University's Operating Budget is reported in a modified accrual-based budget report format. This 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 campus Operating Budgets 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.

The total University budget projects an increase in both revenues and expenditures in fiscal year 2014 from the current fiscal year (FY 2013). With overall revenues expected to grow at 1.0%, 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 economic situation facing the Commonwealth and the nation. A slight negative operating margin of 0.7% is projected for fiscal year 2014 on revenues of \$2.92 billion and expenditures of \$2.94 billion as illustrated in the summary chart below.

FY 2014 University Operating Budget – T13-034

Total Budgeted University Revenues & Expenditures							
(\$ Shown in Millions)	Actual	Projected	Budgeted	FY 13 - 14		FY 12 - 14	
	FY 2012	FY 2013	FY 2014	1-yr. change		2-yr. change	
Revenues*	\$2,695.1	\$2,887.1	\$2,915.7	\$28.6	1.0%	\$220.5	8.2%
Expenditures**	\$2,698.1	\$2,861.5	\$2,935.4	\$73.9	2.6%	\$237.2	8.8%
Operating Surplus/(Deficit)	(\$3.0)	\$25.6	(\$19.7)				
Operating Margin	-0.1%	0.9%	-0.7%				

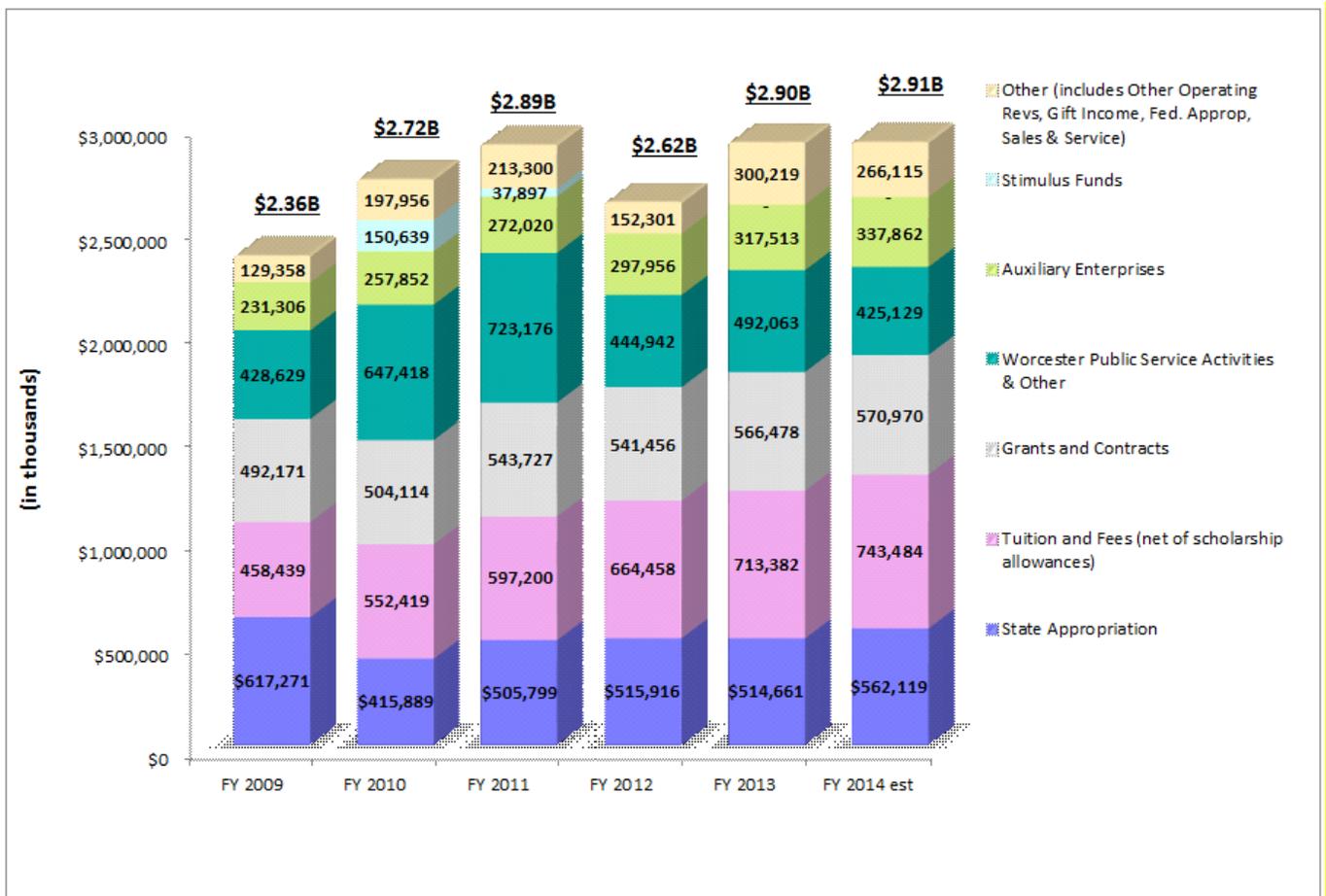
*Revenues include: Total Operating Revenues, State and Federal Appropriations, Gifts, and Investment and Endowment Income.

**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 2014 revenues are budgeted at \$2.92 billion, a 1.0% increase from the FY 2013 estimate of 2.89 billion. The following graph displays revenues sources in comparison to the total revenue picture for FY2014.



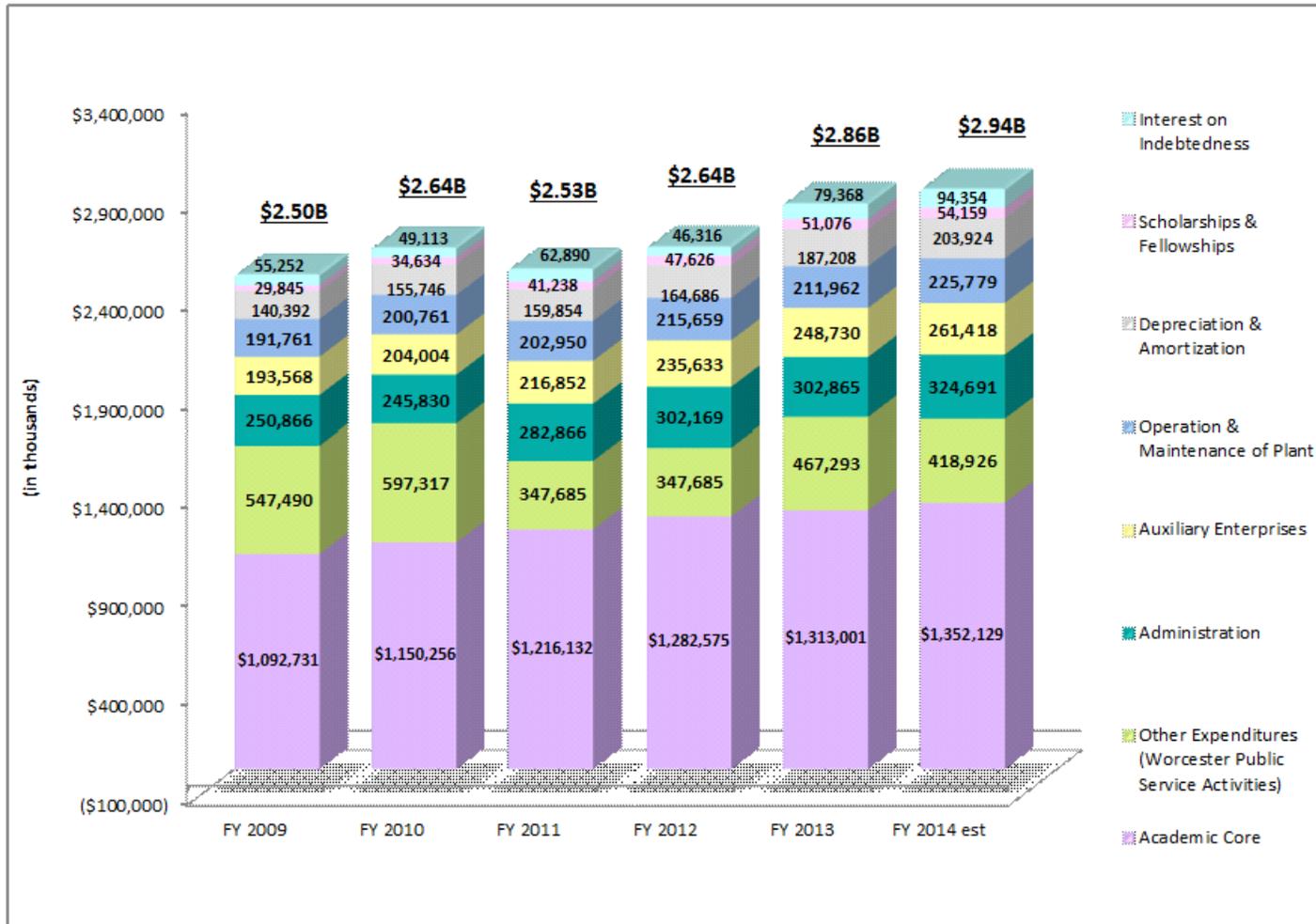
State appropriations are expected to increase by the annualized value of collective bargaining agreements that began in FY 2013. The estimated annualized value of \$15.3 million has been included by each campus in their assumptions for FY 2014. Funding for investment in the 50/50 funding plan was also included and was estimated to cover what would have otherwise been a fee increase at each of the campuses.

Grant and contract revenues represent 20% of all revenues and are projected to increase 1.0% or \$5.0 million over FY 2013. There has been some volatility in grant revenue in recent years that have led to declines in support.

Tuition and fee revenues are projected to account for 26% of University revenues and the amount of revenue is forecasted to increase by 7.0% for FY 2014. This includes a mandatory curriculum fee freeze for resident, undergraduate students and increases to support costs for graduate and non-resident students approved by the Board of Trustees in June, 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 2014 spending by these categories.



Total University expenditures for FY 2014 are an estimated \$2.94 billion or \$73.9 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 46% of total expenditures and includes spending on instruction, research, public service and academic support activities. Scholarships and fellowships (financial aid), plant operations and maintenance, administration and depreciation expenses represent the remaining categories within E&G. Increases for FY14 represent collective bargaining contract costs, new buildings coming online, increases in faculty and staff to support staffing plans and other inflationary increases.

Auxiliary Enterprises are self-supporting operations critical to University operations, yet independent of the general education mission. This category accounts for 9% of total spending and includes: dining and residence halls, parking facilities, and student health services. Auxiliary expenditures are projected to increase by 6% over the current year mainly due to new residence halls at the Amherst and Lowell campuses coming on line for FY2014 along with other operational needs at each campus.

Employees

The total University staffing for FY 2014 is projected to be 14,176; a 2.4% decrease from FY2013. The largest decrease is accounted for by the approximately 400 FTEs at the Medical School that supported the State Corrections Health contract which has not been renewed. Staffing increases included in the operating budget support enrollment growth on certain campuses and plans in place to increase faculty over a period of time.

Campuses

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 resources to maintain and improve its core mission activities while addressing its important capital needs and investing in the research enterprise.

As part of this Executive Summary, **Table 1** provide additional detail on the FY 2014 Operating Budget as well as information for 2011 – 2014. **Table 2** categorizes the University's FY 2011 – 2014 operating expenditures by type of expense (natural classification). **Table 3** summarizes the change in full-time equivalent (FTE) employees projected through FY 2014. **Table 4** summarizes total undergraduate and graduate enrollment for the University.

Following the Executive Summary are full FY 2014 Operating Budget Reports for each campus, the University System Office, the Donahue Institute, and University Information Technology Services. These reports include:

FY 2014 University Operating Budget – T13-034

Table 1: FY 2011 – 2014 est. Statement of Revenues and Expenditures

Table 2: FY 2011 – 2014 est. Spending by Type of Expense (Natural Classification)

Table 3: FY 2011 – 2014 est. Summary of Full-Time Equivalent Employees

Table 4: FY 2011 – 2014 est. Headcount and FTE enrollment

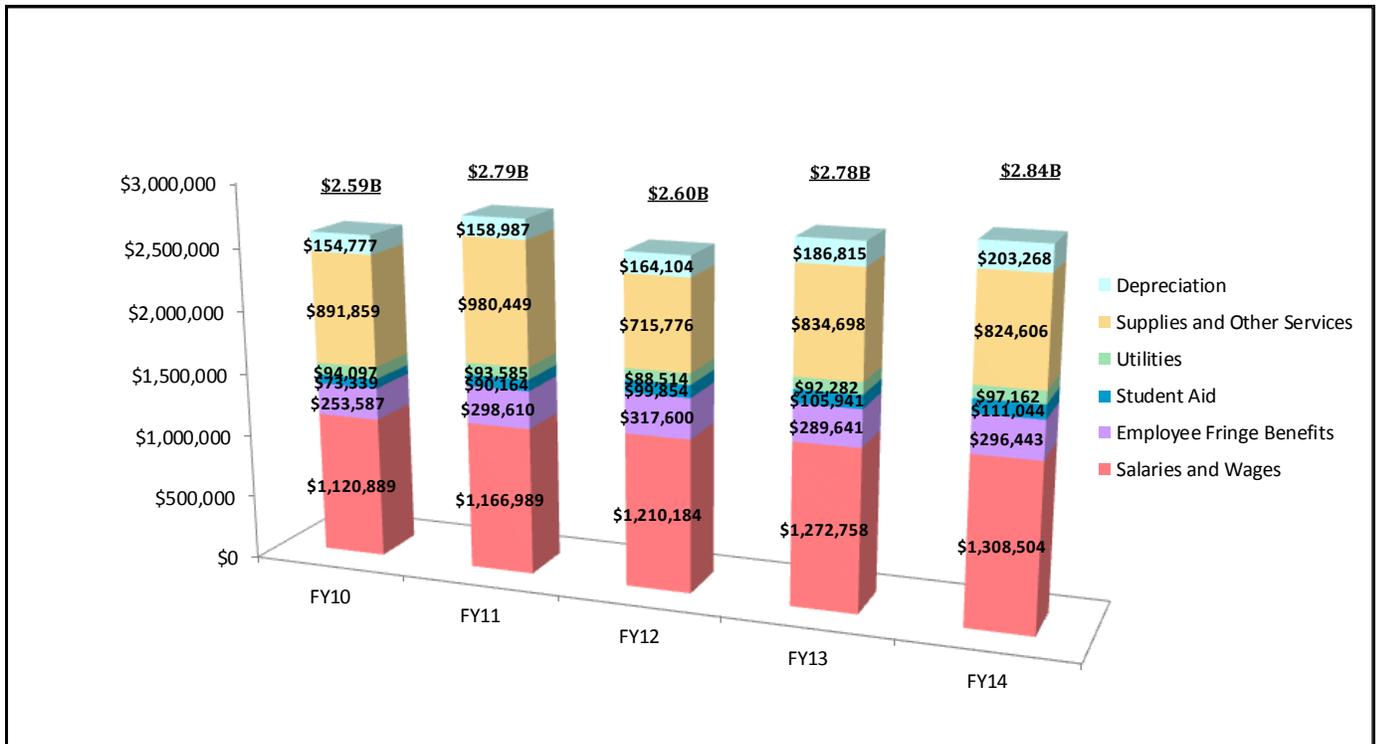
FY 2014 University Operating Budget – T13-034

Table 1
University of Massachusetts
Fiscal Year 2014 Operating Budget Statement
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
Fiscal Years 2010 to 2014 (budgeted)
(in thousands of dollars)

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2013 - FY 2014	
	Actuals	Actuals	Actuals	Projected	Budgeted		
	University	University	University	University	University		
	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	1-year change	
REVENUES							
Operating Revenues							
Tuition and Fees (net of scholarship allowances)	\$552,419	\$597,200	\$664,458	\$713,382	\$743,484	\$30,103	4%
Federal Grants and Contracts	333,538	371,426	357,277	405,136	405,624	488	0%
State Grants and Contracts	64,328	62,597	69,260	62,746	64,323	1,577	3%
Local Grants and Contracts	1,880	1,937	3,175	2,423	2,265	(158)	-7%
Private Grants and Contracts	104,368	107,767	111,744	96,173	98,758	2,585	3%
Sales & Service, Educational	17,530	18,011	19,246	24,578	23,638	(941)	-4%
Auxiliary Enterprises	257,852	272,020	297,956	317,513	337,862	20,350	6%
Other Operating Revenues:							
Sales & Service, Independent Operations	50,442	52,619	61,087	37,522	52,027	14,505	39%
Sales & Service, Public Service Activities	596,976	670,557	383,855	454,541	373,102	(81,439)	-18%
Other	74,455	74,979	91,095	97,635	104,907	7,272	7%
Total Operating Revenues	2,053,788	2,229,113	2,059,154	2,211,648	2,205,990	(5,658)	0%
EXPENSES							
Operating Expenses							
Educational and General							
Instruction	555,833	596,341	639,811	672,107	705,583	33,476	5%
Research	403,217	419,990	418,920	415,589	416,371	783	0%
Public Service	67,080	66,548	76,077	77,546	73,722	(3,824)	-5%
Academic Support	124,126	133,253	147,767	147,760	156,453	8,693	6%
Student Services	88,985	98,361	107,246	109,163	115,496	6,333	6%
Institutional Support	156,845	184,505	194,923	193,702	209,195	15,493	8%
Operation and Maintenance of Plant	200,761	202,950	215,659	211,962	225,779	13,817	7%
Depreciation and Amortization	155,746	159,854	164,686	187,208	203,924	16,716	9%
Scholarships and Fellowships	34,634	41,238	47,626	51,076	54,159	3,083	6%
Auxiliary Enterprises	204,004	216,852	235,633	248,730	261,418	12,688	5%
Other Expenditures							
Independent Operations	58,437	41,911	53,734	59,066	66,144	7,078	12%
Public Service Activities	538,880	626,981	293,951	408,227	352,782	(55,445)	-14%
Total Operating Expenses	2,588,548	2,788,784	2,596,033	2,782,136	2,841,027	58,891	2%
Operating Income/(Loss)	(534,760)	(559,671)	(536,880)	(570,488)	(635,037)	(64,550)	11%
NONOPERATING REVENUES/(EXPENSES)							
Federal Appropriations	5,922	5,826	6,845	6,703	6,903	199	3%
NonOperating Federal Grants	0	70,643	73,908	70,632	73,357	2,725	4%
State Appropriations	415,889	505,799	515,916	514,661	562,119	47,457	9%
State Appropriations - Federal Stimulus Funds	150,639	37,897	0	0	0	-	N/A
Gifts	28,603	26,504	16,984	41,882	31,468	(10,414)	-25%
Investment Return	65,863	77,773	30,060	47,782	32,640	(15,142)	-32%
Endowment Return	5,583	10,207	-11,929	13,118	15,902	2,784	21%
Interest on Indebtedness	(49,113)	(62,890)	(46,316)	(79,368)	(94,354)	(14,986)	19%
Unrealized Gains	0	0	0	650	900	250	38%
Interest Income	60,324	0	0	0	0	-	N/A
Other Nonoperating Income	3,868	5,225	1,470	987	609	(378)	-38%
Net Nonoperating Revenues	687,578	676,984	586,938	617,047	629,543	12,496	2%
Income/(Loss) Before Other Revenues, Expenses, Gains, and Losses	152,818	117,313	50,059	46,560	-5,494	(52,054)	-112%
Capital Appropriations	28,635	28,109	150,367	129,008	181,240	52,232	40%
Capital Grants and Contracts	18,981	30,354	43,575	8,305	10,233	1,928	23%
Capital - Stimulus Funds	0	4,361	0	0	0	-	N/A
University Related Organization Transactions	29,810	0	0	0	0	-	N/A
Disposal of Plant Facilities	(12,125)	(10,682)	(13,606)	(7,464)	(8,412)	(948)	13%
Expended for Plant	0	0	-345	0	0	-	N/A
Other Additions (Deductions)	9,729	2,782	352	(1,179)	(354)	825	-70%
Total Other Revenues, Expenses, Gains, and Losses	75,030	54,924	180,342	128,670	182,707	54,037	42%
Total Increase (Decrease) in Net Assets	227,848	172,237	230,401	175,230	177,213	1,983	1%
NET ASSETS							
Net Assets at Beginning of Year	1,741,305	1,969,153	2,141,392	2,364,066	2,539,146	175,080	7%
Net Assets at End of Year	\$1,969,153	\$2,141,390	\$2,371,793	\$2,539,296	\$2,716,358	\$177,063	7%

Table 2
University of Massachusetts
Fiscal Year 2014 Operating Budget Statement
SPENDING BY TYPE OF EXPENSE (NATURAL CLASSIFICATION)
(in thousands of dollars)

EXPENSE CATEGORY	FY11 Actuals	FY12 Actuals	FY13 Projected	FY14 Budgeted	\$ Change FY13 - 14	% Change FY13 - 14
Salaries and Wages	\$1,166,989	\$1,210,184	\$1,272,758	\$1,308,504	\$35,746	2.8%
Employee Fringe Benefits	\$298,610	\$317,600	\$289,641	\$296,443	\$6,801	2.3%
Student Aid	\$90,164	\$99,854	\$105,941	\$111,044	\$5,103	4.8%
Utilities	\$93,585	\$88,514	\$92,282	\$97,162	\$4,880	5.3%
Supplies and Other Services	\$980,449	\$715,776	\$834,698	\$824,606	(\$10,092)	-1.2%
Depreciation	\$158,987	\$164,104	\$186,815	\$203,268	\$16,453	8.8%
TOTAL	\$2,788,784	\$2,596,033	\$2,782,136	\$2,841,027	\$58,891	2.1%

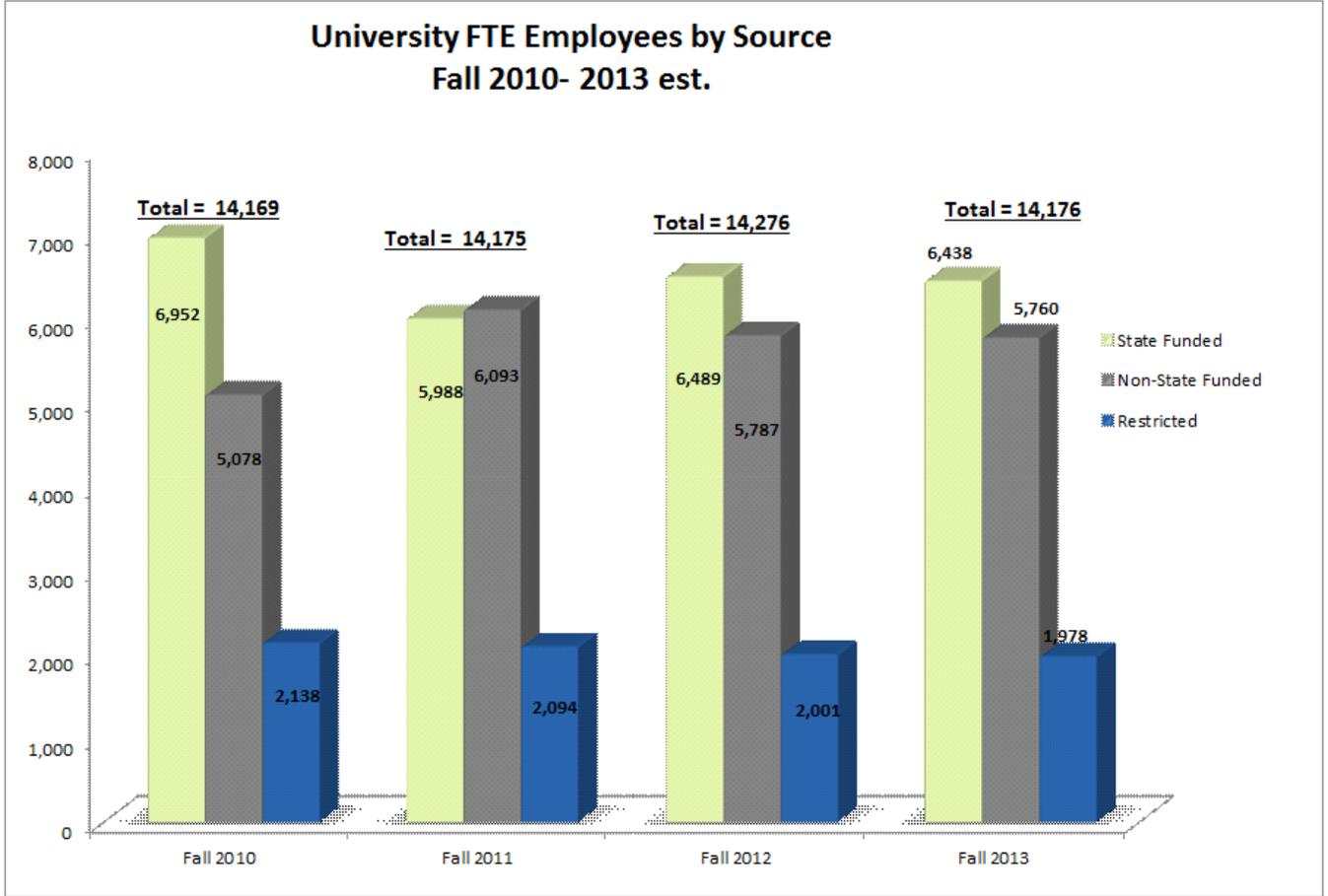


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Table 3
University of Massachusetts
Fiscal Year 2014 Operating Budget Statement
SUMMARY OF FULL-TIME EQUIVALENT (FTE) EMPLOYEES*

	Actual FTEs Fall 2011 (FY2012)	Actual FTEs Fall 2012 (FY2013)	Proj. FTEs Fall 2013 (FY2014)	FTE Change Fall 2013 - 14	% Change Fall 2013 - 14
UNRESTRICTED/DESIGNATED FUNDS					
STATE FUNDED POSITIONS					
Faculty	2,584.4	2,573.8	2,606.2	32.4	1.3%
Professional Staff	2,388.9	2,368.3	2,287.6	(80.6)	-3.4%
Classified Staff	1,014.5	1,546.5	1,544.0	(2.5)	-0.2%
Subtotal, State Funded	5,987.8	6,488.5	6,437.8	(50.7)	-0.8%
NON-STATE FUNDED POSITIONS					
Faculty	755.8	891.9	978.5	86.5	9.7%
Professional Staff	2,366.5	2,487.7	2,559.6	71.9	2.9%
Classified Staff	2,970.5	2,407.0	2,222.2	(184.8)	-7.7%
Subtotal, Non-State Funded	6,092.8	5,786.7	5,760.3	(26.3)	-0.5%
Total Unrestricted/Designated	12,080.6	12,275.2	12,198.1	(77.1)	-0.6%
RESTRICTED FUNDS					
GRANT FUNDED POSITIONS					
Faculty	320.4	296.6	295.2	(1.4)	-0.5%
Professional Staff	1,452.8	1,378.1	1,373.2	(4.9)	-0.4%
Classified Staff	269.3	272.9	252.5	(20.4)	-7.5%
Subtotal, Grant Funded	2,042.5	1,947.6	1,920.9	(26.6)	-1.4%
OTHER RESTRICTED POSITIONS					
Faculty	9.8	10.5	11.4	0.9	0.0%
Professional Staff	38.4	36.4	39.3	2.9	0.0%
Classified Staff	3.3	6.4	6.3	(0.1)	0.0%
Subtotal, Other Restricted Funds	51.5	53.3	57.0	3.7	0.0%
Total Restricted	2,094.0	2,000.9	1,977.9	(22.9)	-1.1%
TOTAL UNRESTRICTED AND RESTRICTED	14,174.6	14,276.1	14,176.1	(100.0)	-0.7%

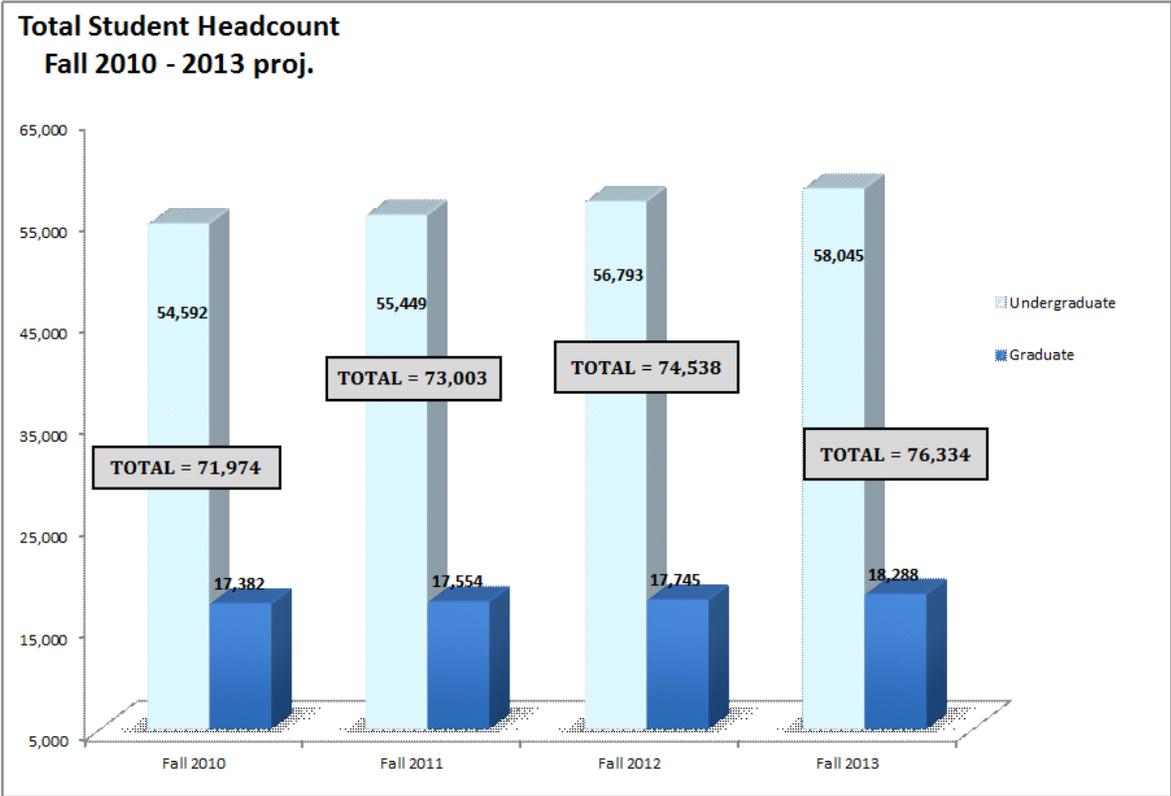
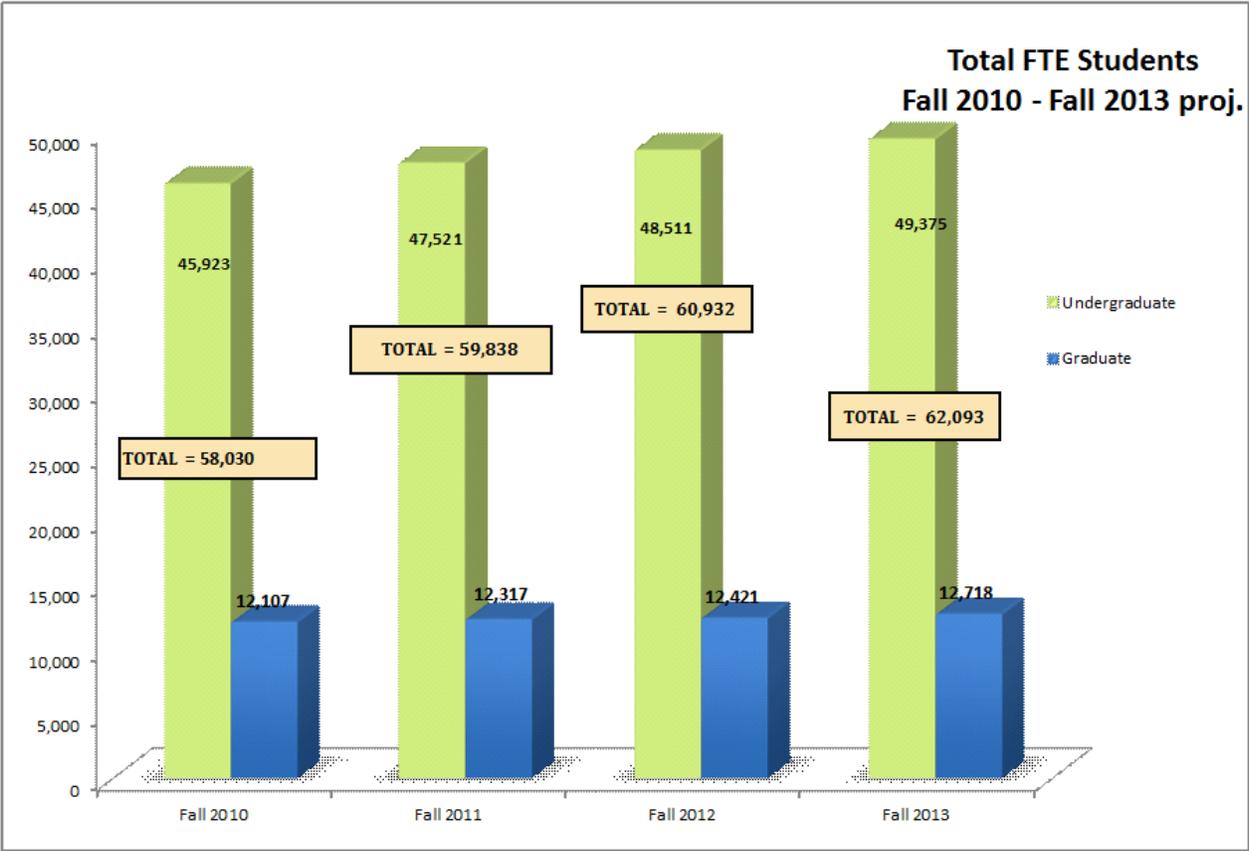
* Includes Full and Part-time employees; student and other hourly employees not included.



**Table 4
University of Massachusetts
Fiscal Year 2014 Operating Budget Statement
HEADCOUNT AND FTE ENROLLMENT**

FISCAL YEAR	UNDERGRADUATE		GRADUATE		TOTAL	
	HC	FTE	HC	FTE	HC	FTE
Fall 2013 projected	58,045	49,375	18,288	12,718	76,334	62,093
Fall 2012	56,793	48,511	17,745	12,421	74,538	60,932
Fall 2011	55,449	47,521	17,554	12,317	73,003	59,838
Fall 2010	54,592	45,923	17,382	12,107	71,974	58,030
Fall 2009	52,287	44,303	15,644	11,017	67,931	55,320

FY 2014 University Operating Budget - T13-034



OPERATING BUDGET

for Fiscal Year 2014

AMHERST CAMPUS



UNIVERSITY OF MASSACHUSETTS AMHERST
FY 2014 Operating Budget Narrative

The University of Massachusetts Amherst submits for approval a Fiscal Year 2014 operating budget totaling \$1.009 billion. Key elements of the FY14 budget include:

- State appropriation increase of \$18.9 Million to fund collective bargaining and provide an offset to the in-state tuition/fee freeze as part of the 50/50 funding plan
- 5% increase on out of state undergraduate mandatory tuition and fees and a freeze for in-state undergraduate tuition and fees as part of the 50/50 funding plan
- Increase in out-of-state student enrollment
- Continued contributions from Continuing Professional Education (CPE) programs to the core academic areas
- Significant increases in depreciation, interest and operations and maintenance expenses as major capital projects come on-line
- Increased auxiliary revenue and expenses related to the Commonwealth Honors College Residential Complex opening in the fall 2013
- Uncertain research climate resulting from sequestration impacting FY13 & 14 research revenue and expense growth

The renewed state investment in the university as part of the “50/50” initiative is welcome news for FY14 and FY15 providing funding for collective bargaining while freezing tuition/fees for in-state students. The funding of general unrestricted operating expenditures remains dependent on state appropriations and undergraduate tuition/fee growth with modest growth in other revenues. Planned out-of-state enrollment growth in FY14 will help fund instruction in the academic divisions and meet increasing operating costs. Other revenue initiatives include increasing full paying terminal master’s 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 Amherst campus is initiating a variety of efficiency and effectiveness (E&E) initiatives which will save \$2 Million annually to the campus. These initiatives span many operational areas including procurement, utility commodities, energy savings, and administrative systems. Examples include the transition to liquefied natural gas to reduce consumption of higher priced oil for the central heating plant, various energy savings projects to increase co-generated power output and consolidated procurement contracts for cell phone plans, employment advertising and others. In FY14, the campus is implementing a new *Buyways* procurement system expected to save over \$1 Million system-wide in the future.

The campus is in the midst of an ambitious billion dollar capital plan which will result in the issuance of over \$450 Million in long-term debt over the next three to five years. In addition, a commercial paper program will fund costs incurred during the construction period at favorable short-term rates. With the issuance of this long-term debt, the campus will have over \$1 Billion in debt on its balance sheet.

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The capital asset additions and demolitions help reduce the \$1.7 Billion deferred maintenance backlog by \$200 Million by FY18 but will require significant annual debt service and O&M expenditures. It is estimated that the general operations budget will increase by approximately \$40 Million to fund and maintain the additional capital assets.

The campus is continuing planned initiatives in FY14 to increase the number of tenure track faculty to meet increasing enrollment, research and graduation goals. The pace of the increase in faculty is dependent on the campus increasing revenues from all sources mentioned above.

The FY14 operating margin remains positive but begins to show the effects of increased capital related costs of interest, depreciation and operations and maintenance (o&m) as assets come into service.

The campus has begun work on a new strategic plan in conjunction with the NEASC fifth-year interim accreditation report. As part of a collaborative campus effort, the campus has issued the first phase document, called "Innovation and Impact: Renewing the Promise of the Public Research University," which sets a broad agenda for campus planning. It assesses the changes confronting UMass Amherst and higher education in general, and calls for the campus to focus on two broad goals: 1) establish itself as a "destination of choice" for the next generation of high school students in the highly competitive admissions marketplace in Massachusetts and New England; and 2) establish itself as an "investment of choice" with a broad range of stakeholders vital to the campus's success. The plan makes specific recommendations in both areas, and addresses numerous resource and other strategies to mobilize the campus in pursuit of these goals. The full document is available at <http://www.umass.edu/provost/sites/umass.edu.provost/files/uploads/ITFSO%20Phase%20I%20Report.pdf>

FY 2014 University Operating Budget – T13-034

Table 1
University of Massachusetts
Amherst Campus
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS
Fiscal Year 2014 Operating Budget Statement
(in thousands of dollars)

			FY2014 BUDGETED		
	FY11 Actuals	FY12 Actuals	FY13 Projected Budget-Accrual/ Adjusted Basis	FY14 Budget- Accrual Basis	FY13 to FY14 Change
REVENUES					
Operating Revenues					
Tuition and Fees	\$350,945	\$386,772	\$411,663	\$439,164	\$27,501 7%
Scholarship allowance	-77,062	-84,884	-90,165	-97,068	-6,903 8%
Tuition and Fees (net of scholarship allowances)	273,883	301,888	323,216	329,318	6,102 2%
Federal Grants and Contracts	103,748	103,168	99,188	100,582	1,394 1%
State Grants and Contracts	13,547	13,580	12,948	13,149	201 2%
Local Grants and Contracts	377	530	530	530	0 0%
Private Grants and Contracts	27,773	31,164	29,806	32,162	2,356 8%
Sales & Service, Educational	6,971	7,339	8,710	8,191	(520) -6%
Auxiliary Enterprises	160,494	177,650	196,551	209,401	12,851 7%
Other Operating Revenues:				0	
				0	
Other	13,310	15,713	15,586	14,874	(712) -5%
Total Operating Revenues	\$600,103	\$651,032	\$686,535	\$708,207	\$21,672 3%
EXPENSES					
Operating Expenses					
<i>Educational and General</i>					
Instruction	266,419	283,236	294,531	311,449	16,918 6%
Research	110,067	108,227	105,675	112,142	6,468 6%
Public Service	23,677	27,357	25,343	26,084	741 3%
Academic Support	50,340	56,433	54,795	57,445	2,650 5%
Student Services	46,496	48,304	49,397	51,761	2,364 5%
Institutional Support	49,527	55,203	58,851	63,851	4,999 8%
Operation and Maintenance of Plant	83,781	80,231	77,621	85,470	7,848 10%
Depreciation and Amortization	65,379	68,995	70,835	80,497	9,662 14%
Scholarships and Fellowships	15,800	19,146	20,281	21,624	1,343 7%
<i>Auxiliary Enterprises</i>	135,373	148,153	162,716	170,018	7,302 4%
<i>Other Expenditures</i>					
Independent Operations					
Public Service Activities					
Total Operating Expenses	\$846,859	\$895,285	\$920,046	\$980,341	\$60,295 7%
Operating Income/(Loss)	(\$246,756)	(\$244,253)	(\$233,511)	(\$272,134)	(\$38,623) 17%
NONOPERATING REVENUES/(EXPENSES)					
Federal Appropriations	5,826	6,845	6,703	6,903	199 3%
NonOperating Federal Grants	25,359	25,069	23,867	23,867	0 0%
State Appropriations	235,698	239,383	241,423	266,317	24,894 10%
State Appropriations - Federal Stimulus Funds	18,759	0	0	0	0 N/A
Gifts	11,620	13,750	13,957	14,628	671 5%
Investment Return	25,911	8,591	15,929	9,462	(6,467) -41%
Endowment Return	4,678	7,960	6,132	8,173	2,041 33%
Interest on Indebtedness	(21,605)	(19,562)	(19,379)	(28,741)	(9,362) 48%
Other Nonoperating Income	2,364	(354)	(354)	(354)	0 0%
Net Nonoperating Revenues	\$308,610	\$281,682	\$288,278	\$300,254	\$11,976
Income Before Other Revenues, Expenses, Gains, and Losses	\$61,854	\$37,429	\$54,768	\$28,120	(\$26,647) -49%
Capital Appropriations	\$8,444	\$62,480	\$46,475	\$78,040	31,565 68%
Capital Grants and Contracts	\$314	\$5,389	\$3,633	\$3,633	0 0%
University Related Transactions	\$0	\$0	\$0	\$0	0 N/A
Disposal of Plant Facilities	(\$4,434)	(\$4,667)	(\$4,076)	(\$4,178)	(102) 3%
Other Additions (Deductions)	\$1,722	(\$657)	(\$657)	(\$657)	0 0%
Total Other Revenues, Expenses, Gains & Losses	\$6,046	\$62,545	\$45,375	\$76,838	\$31,463 69%
Total Increase in Net Assets	\$67,900	\$99,974	\$100,143	\$104,958	\$4,816 5%
NET ASSETS					
Net Assets at Beginning of Year	\$815,917	\$883,817	\$983,791	\$1,083,934	\$100,143 10%
Net Assets at End of Year	\$883,817	\$983,791	\$1,083,934	\$1,188,892	\$104,958 10%

FY 2014 University Operating Budget – T13-034

Table 2
University of Massachusetts
Amherst Campus
Fiscal Year 2014 Operating Budget Statement
SPENDING BY TYPE OF EXPENSE (NATURAL CLASSIFICATION)
(in thousands of dollars)

	FY11	FY12	FY13	FY14	\$ Change	% Change
EXPENSE CATEGORY	Actuals	Actuals	Projected	Budgeted	FY13 - 14	FY13 - 14
Salaries and Wages	\$414,160	\$439,334	\$458,564	\$486,000	\$27,436	6.0%
Employee Fringe Benefits	\$109,442	\$117,375	\$99,365	\$105,700	\$6,335	6.4%
Student Aid	\$54,967	\$60,469	\$64,772	\$68,528	\$3,756	5.8%
Utilities	\$32,482	\$33,172	\$31,347	\$33,340	\$1,993	6.4%
Supplies and Other Services	\$170,429	\$175,941	\$195,163	\$206,276	\$11,113	5.7%
Depreciation	\$65,379	\$68,995	\$70,835	\$80,497	\$9,662	13.6%
TOTAL	\$846,859	\$895,286	\$920,046	\$980,341	\$60,295	6.6%

*Total should equal total Operating Expenses from SRECNA

FY 2014 University Operating Budget – T13-034

Table 3
University of Massachusetts
Amherst Campus
Fiscal Year 2014 Operating Budget Statement
SUMMARY OF FULL-TIME EQUIVALENT (FTE) EMPLOYEES*

	Actual FTEs Fall 2010 (FY2011)	Actual FTEs Fall 2011 (FY2012)	Actual FTEs Fall 2012 (FY2013)	Proj. FTEs Fall 2013 (FY2014)	FTE Change Fall 2012 - 13	% Change Fall 2012 - 13
UNRESTRICTED/DESIGNATED FUNDS						
STATE FUNDED POSITIONS						
Faculty	1,159.8	1,191.2	1,145.2	1,174.2	29.0	2.5%
Professional Staff	942.8	844.2	782.5	789.5	7.0	0.9%
Classified Staff	1,187.4	176.0	718.6	718.6	0.0	0.0%
Subtotal, State Funded	3,290.0	2,211.3	2,646.3	2,682.3	36.0	1.4%
NON-STATE FUNDED POSITIONS						
Faculty	156.2	154.8	232.4	232.4	0.0	0.0%
Professional Staff	434.1	581.8	610.6	619.6	9.0	1.5%
Classified Staff	781.0	1,802.8	1,260.6	1,294.6	34.0	2.7%
Subtotal, Non-State Funded	1,371.3	2,539.5	2,103.6	2,146.6	43.0	2.0%
Total Unrestricted/Designated	4,661.3	4,750.8	4,749.9	4,828.9	79.0	1.7%
RESTRICTED FUNDS						
GRANT FUNDED POSITIONS						
Faculty	29.9	30.1	26.6	26.6	0.0	0.0%
Professional Staff	340.6	303.3	308.5	308.5	0.0	0.0%
Classified Staff	73.2	66.7	64.6	64.6	0.0	0.0%
Subtotal, Grant Funded	443.7	400.1	399.7	399.7	0.0	0.0%
OTHER RESTRICTED POSITIONS						
Faculty	1.4	2.4	3.4	4.4	1.0	29.4%
Professional Staff	1.8	3.9	3.7	3.7	0.0	0.0%
Classified Staff	1.0	1.8	2.3	2.3	0.0	0.0%
Subtotal, Other Restricted Funds	4.2	8.1	9.4	10.4	1.0	10.6%
Total Restricted	447.9	408.2	409.1	410.1	1.0	0.2%
TOTAL UNRESTRICTED AND RESTRICTED	5,109.2	5,159.0	5,159.0	5,239.0	80.0	1.6%

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

Table 4
University of Massachusetts
Amherst Campus
Fiscal Year 2014 Operating Budget Statement
HEADCOUNT AND FTE ENROLLMENT

	UNDERGRADUATE		GRADUATE		TOTAL	
	HC	FTE	HC	FTE	HC	FTE
Fall 2013 projected	25,136	22,553	7,327	5,097	32,463	27,650
Fall 2012	24,820	22,330	7,180	5,012	32,000	27,342
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

*Source: Fall 2010, Fall 2011 and Fall 2012 figures from [Student Profile](#)

OPERATING BUDGET

for Fiscal Year 2014

BOSTON CAMPUS



UNIVERSITY OF MASSACHUSETTS BOSTON
FY 2014 Operating Budget Narrative

The University of Massachusetts Boston submits for approval a fiscal year (“FY”) 2014 operating budget of \$344.7 million. Key elements of the FY14 budget include:

- Net state appropriation of \$91.9 million, an increase of \$3.6 million and 4% over last year
- Net tuition and fee revenue of \$164.1 million, an increase of \$10.7 million and 7% over last year
- Enrollment of 16,118, 1.5% higher than the previous fall
- 4.9% increase in mandatory fees, with more moderate increases (averaging 3%) in other fees
- Continued investment in strategic initiatives and the capital master plan, along with continued support for efficiency and effectiveness initiatives
- Lower grants and contract revenue, due to Federal sequestration and related financial pressures on federal and state entities.

The Budget Expresses the Strategic Plan

UMass Boston’s 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.”

The FY14 budget reflects these high ambitions—premised on 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 enrollment growth that includes more out-of-state and international students, through efficiency and effectiveness initiatives, 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 processes and organizational structures, a strengthened communication strategy, and a rebuilt technology infrastructure.

The activities supported by this budget are closely linked, and the success of one undertaking must almost invariably be tied to the successes of many others. In keeping with sound planning and best business practices, our implementation process includes many mechanisms for monitoring progress and making necessary adjustments. The University is confident in its ability to make steady progress toward our ambitious goals.

Major Budget-Drivers

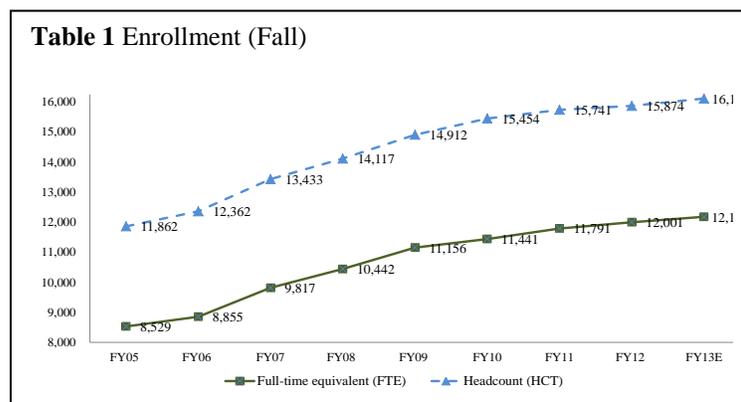
Following are several important factors that inform and explain the FY14 revenue and expense budget.

Revenue

Enrollment

The FY14 budget reflects continued growth in both undergraduate and graduate enrollment. Since FY06, enrollment has grown at an average rate of 5 % per year. In FY14, the budget reflects more modest enrollment growth, 1.5%, consistent with trends experienced this year. The challenges of students finding affordable housing in the area and capacity constraints exacerbated by the delay in opening the new Integrated Science Complex have contributed to the current moderation in growth trends.

While continuing to expand, the University takes pride in expanding the diversity and strengthening the quality of the student body. Diversity in the undergraduate population has grown from 41% to 48%, and the incoming GPA of freshmen is 3.15. First generation students have remained at 50% and Pell grant recipients are over 30% of the total student population.



Grants & Contracts

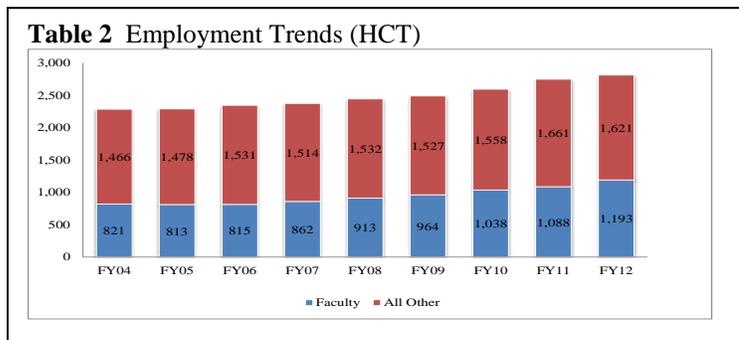
Revenue generated from grants and contracts declined significantly in the current year and an additional 5% decline in federal grant resources are reflected in the FY14 budget. These trends are consistent with other higher education institutions due to federal sequestration actions and related downturn in available funding,

Expense Drivers

Personnel

Personnel expense is projected to be \$228.2 million and includes employee salaries, cost of living and merit increases, and related fringe benefit costs. Personnel costs comprise approximately two-thirds of total operating expenses.

Employment growth has been restrained over the past several years – with a median increase in the number of employees of 2.4% between FY05 and FY12. This compares to average enrollment growth over the same period of 5%.



Full-Time Tenure Track Faculty

Consistent with the strategic plan and prior year forecasts, the University continues to increase the number of full-time, tenure track faculty. The budget reflects approximately \$2.5 million for 31 tenure-track faculty (new and replacement) and the annualization of expense for the 58 faculty who joined the University last year. Tenured-track faculty (not just replacements for retirements or other departures) support growth in enrollment, new and expanding programs, and initiatives to enhance student retention and success.

Campus Master Plan

The budget reflects operating expense and capital appropriations in support of the campus master plan. The Integrated Sciences Complex (“ISC”) will open in 2014 and the General Academic Building 1 (“GAB1”) is currently under construction and is scheduled to open in FY15. In addition, the utility corridor and roadway relocation (“UCRR”) project is underway and has wide-ranging affects, from displaced on-campus parking to lost revenue related to fewer campus events. The FY14 budget includes an infusion of capital appropriations to complete the ISC, a significant increase in debt-service costs, higher depreciation expense, and additional costs related to the start-up of the ISC.

Student Success

There are several initiatives underway to improve student success, retention and graduation rates. One, *Start on Track, Stay on Track* comes out of research that student success in the first year is highly correlated with graduation. Actions in support of this initiative include more program-specific advising, smaller class sizes in core freshman courses, expanded availability of courses, and greater student engagement through orientation and welcome activities and learning communities.

Use of Reserves

Consistent with prior multi-year forecasts, the FY14 budget reflects spending in excess of current year revenue. The expected operating margin in FY14 is (2.5%). This is compared to a balanced budget in FY13 and a positive 2.4% operating margin in FY12. Unrestricted net assets of the University have increased from \$14.1 million (FY05) to \$89.3 million (FY12). The accumulation of reserves over the past several years was planned, anticipating deficit spending in FY14 and FY15 as the University continues investments in both the strategic and capital master plans.

Growing Financial Strength

UMass Boston is committed to growing enrollment, expanding programs, improving student success, and enhancing its international reach and status as a research university. To support these aspirations, the University is also building financial strength through: (a) diversifying revenue sources, (b) sustaining and renewing the physical and information technology infrastructure; (c) increasing financial flexibility through the prudent use of debt and the management of reserves and investments, and (d) building financial management expertise throughout the organization. Current initiatives supporting these efforts include: ensuring the allocation of new resources is aligned with the approved strategic plan; consolidating over twenty trust funds to simplify processing and reporting; introducing all funds budgeting in which there is a single Chancellor-approved annual spending plan; promoting greater transparency in order to foster broader engagement and understanding of issues and opportunities; involving more stakeholders in multi-year planning; and providing more in-depth analysis, evidence, peer comparisons and context to support discussions and inform decision-making.

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.”

The FY14 budget reflects these high ambitions—premised on 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.

FY 2014 University Operating Budget – T13-034

Table 1
University of Massachusetts
Boston Campus
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS
Fiscal Year 2014 Operating Budget Statement
(in thousands of dollars)

	FY11 Actuals	FY12 Actuals	FY13 Projected Budget-Accrual/ Adjusted Basis	FY2014 BUDGETED		
				FY14 Budget-Accrual Basis	FY13 to FY14 Change	
REVENUES						
Operating Revenues						
Tuition and Fees	\$151,047	\$169,825	\$188,974	\$197,003	8,029	4%
Scholarship allowance	25,100	30,066	35,549	38,076	2,527	7%
Tuition and Fees (net of scholarship allowances)	125,947	139,759	153,425	158,927	5,502	4%
Federal Grants and Contracts	29,919	31,893	26,299	25,083	(1,216)	-5%
State Grants and Contracts	8,160	9,520	9,351	9,576	225	2%
Local Grants and Contracts	937	1,589	1,166	1,118	(48)	-4%
Private Grants and Contracts	11,784	11,327	10,984	10,581	(403)	-4%
Sales & Service, Educational	2,937	2,546	2,722	3,141	419	15%
Auxiliary Enterprises	10,017	10,054	9,866	9,946	80	1%
Other Operating Revenues:						
Sales & Service, Independent Operations						
Sales & Service, Public Service Activities						
Other	\$442	\$781	\$468	\$478	10	
Total Operating Revenues	\$190,143	\$207,469	\$214,282	\$218,850	\$4,568	2%
EXPENSES						
Operating Expenses						
<i>Educational and General</i>						
Instruction	119,754	127,268	133,100	139,081	5,981	4%
Research	29,827	30,869	30,196	32,767	2,571	9%
Public Service	7,264	11,084	10,686	11,769	1,083	10%
Academic Support	24,037	27,098	28,366	30,549	2,183	8%
Student Services	20,539	22,444	22,296	22,123	-173	-1%
Institutional Support	31,120	31,250	35,607	43,093	7,486	21%
Operation and Maintenance of Plant	24,448	25,606	27,731	26,257	-1,474	-5%
Depreciation and Amortization	13,350	14,032	13,228	14,309	1,081	8%
Scholarships and Fellowships	11,177	11,684	12,360	12,867	507	4%
<i>Auxiliary Enterprises</i>	9,240	10,223	10,808	11,588	780	7%
<i>Other Expenditures</i>						
Independent Operations						
Public Service Activities						
Total Operating Expenses	\$290,756	\$311,558	\$324,378	\$344,403	\$20,025	6%
Operating Income/(Loss)	(\$100,613)	(\$104,089)	(\$110,096)	(\$125,553)	(\$15,457)	14%
NONOPERATING REVENUES/(EXPENSES)						
Federal Appropriations	0	0	0			
State Appropriations	87,923	87,749	88,269	98,787	10,518	12%
Revenue from Stimulus Funds	6,563	0	0	0	0	N/A
Gifts	2,548	2,346	2,301	2,751	450	20%
Investment Return	10,214	5,570	10,316	7,581	(2,735)	-27%
Endowment Return	956	2,285	1,763	2,061	298	17%
Interest on Indebtedness	(6,352)	(6,593)	(6,820)	(8,179)	(1,359)	20%
Non-Operating federal Grants	19,348	20,365	20,962	21,381	419	2%
Other Nonoperating Income	273	189	0	150	150	N/A
Net Nonoperating Revenues	\$121,473	\$111,911	\$116,791	\$124,532	\$7,741	7%
Income Before Other Revenues, Expenses, Gains and Losses	\$20,860	\$7,822	\$6,695	(\$1,021)	(\$7,716)	-115%
Capital Appropriations	\$5,002	\$15,616	\$16,950	\$71,000	\$54,050	319%
Capital Grants and Contracts	\$137	\$53	\$772	\$1,600	\$828	107%
Disposal of Plant Facilities	(1,397)	(1,288)	(1,800)	(1,800)	\$0	0%
Other Additions (Deductions)	\$398	-\$1,879	\$0	\$0	\$0	N/A
Total Other Revenues, Expenses, Gains & Losses	\$4,140	\$12,502	\$15,922	\$70,800	\$54,878	345%
Total Increase in Net Assets	\$25,000	\$20,324	\$22,617	\$69,779	\$47,162	209%
NET ASSETS						
Net Assets at Beginning of Year	\$223,634	\$248,634	\$268,958	\$291,575	\$22,617	8%
Net Assets at End of Year	\$248,634	\$268,958	\$291,575	\$361,353	\$69,779	24%

Table 2
University of Massachusetts
Boston Campus
 Fiscal Year 2014 Operating Budget Statement
SPENDING BY TYPE OF EXPENSE (NATURAL CLASSIFICATION)
(in thousands of dollars)

	FY11	FY12	FY13	FY14	\$ Change	% Change
EXPENSE CATEGORY	Actuals	Actuals	Projected	Budgeted	FY13 - 14	FY13 - 14
Salaries and Wages	\$154,706	\$164,676	\$172,493	\$185,475	\$12,983	7.5%
Employee Fringe Benefits	\$41,627	\$46,970	\$40,864	\$42,709	\$1,845	4.5%
Scholarships & Fellowships	\$11,177	\$11,684	\$12,360	\$12,881	\$521	4.2%
Utilities	\$8,245	\$6,239	\$6,689	\$6,700	\$12	0.2%
Supplies and Other Services	\$61,651	\$67,957	\$78,745	\$82,891	\$4,146	5.3%
Depreciation	\$13,350	\$14,032	\$13,228	\$14,046	\$818	6.2%
TOTAL	\$290,756	\$311,558	\$324,378	\$344,702	\$20,324	6.3%

*Total should equal total Operating Expenses from SRECNA

Table 3
University of Massachusetts
Boston Campus
Fiscal Year 2014 Operating Budget Statement
SUMMARY OF FULL-TIME EQUIVALENT (FTE) EMPLOYEES*

	Actual FTEs Fall 2010 (FY2011)	Actual FTEs Fall 2011 (FY2012)	Actual FTEs Fall 2012 (FY2013)	Proj. FTEs Fall 2013 (FY2014)	FTE Change Fall 2012 - 13	% Change Fall 2012 - 13
UNRESTRICTED/DESIGNATED FUNDS						
STATE FUNDED POSITIONS						
Faculty	478.2	470.1	470.1	446.5	(23.7)	-5.0%
Professional Staff	417.7	415.5	414.0	307.3	(106.7)	-25.8%
Classified Staff	279.9	269.0	260.0	225.3	(34.7)	-13.3%
Subtotal, State Funded	1,175.8	1,154.6	1,144.1	979.1	(165.0)	-14.4%
NON-STATE FUNDED POSITIONS						
Faculty	310.5	340.5	375.5	457.1	81.6	21.7%
Professional Staff	219.1	244.8	271.8	394.1	122.3	45.0%
Classified Staff	71.1	90.9	102.0	146.0	44.0	43.1%
Subtotal, Non-State Funded	600.7	676.2	749.3	997.2	247.9	33.1%
Total Unrestricted/Designated	1,776.5	1,830.8	1,893.4	1,976.3	82.8	4.4%
RESTRICTED FUNDS						
GRANT FUNDED POSITIONS						
Faculty	8.8	8.9	10.2	12.6	2.4	23.5%
Professional Staff	130.7	135.5	138.7	144.4	5.7	4.1%
Classified Staff	19.7	18.4	19.3	11.5	(7.8)	-40.4%
Subtotal, Grant Funded	159.2	162.9	168.2	168.5	0.3	0.2%
OTHER RESTRICTED POSITIONS						
Faculty	0.0	0.0	0.0	0.0	0.0	N/A
Professional Staff	2.8	4.5	4.5	4.6	0.1	2.2%
Classified Staff	0.0	0.0	0.0	0.0	0.0	N/A
Subtotal, Other Restricted Funds	2.8	4.5	4.5	4.6	0.1	2.2%
Total Restricted	162.0	167.4	172.7	173.1	0.4	0.2%
TOTAL UNRESTRICTED AND RESTRICTED	1,938.5	1,998.2	2,066.1	2,149.4	83.2	4.0%

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

Table 4
University of Massachusetts
Boston Campus
Fiscal Year 2014 Operating Budget Statement
HEADCOUNT AND FTE ENROLLMENT

	UNDERGRADUATE		GRADUATE		TOTAL	
	HC	FTE	HC	FTE	HC	FTE
Fall 2013 projected	12,306	9,570	3,812	2,611	16,118	12,181
Fall 2012	12,124	9,410	3,750	2,591	15,874	12,001
Fall 2011	11,866	9,201	3,875	2,590	15,741	11,791
Fall 2010	11,568	8,845	3,886	2,597	15,454	11,442

*Source: Fall 2010, Fall 2011, and Fall 2012 figures from [Student Profile](#)

OPERATING BUDGET

for Fiscal Year 2014

DARTMOUTH CAMPUS



**UNIVERSITY OF MASSACHUSETTS DARTMOUTH
FY 2014 Operating Budget Narrative**

The University of Massachusetts Dartmouth submits an FY2014 Operating Budget of \$235 million for approval. In preparing the FY2014 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.

Revenue Drivers

Key revenues driving the FY14 Operating Budget include:

- Growth in entering freshman enrollment of 3.0%; with overall enrollment growth projected to be 2%. During FY14, UMass Dartmouth will continue to emphasize improvements in student recruitment and retention services by directing resources towards recruitment efforts. Improved marketing and advertising efforts will be utilized to attract a greater pool of students
- State Supported funding of collective bargaining; providing \$2.1 million to fund a portion of the \$2.3 million bargaining unit and non-unit raises.
- A 4.9% increase in mandatory tuition fees to cover inflationary increases, collective bargaining increases not supported by the state funding, continued investments in deferred maintenance and capital projects. In addition, the campus recognizes the impact of collective bargaining on accrued liabilities for compensated absences and the resulting impacts on the financial indicators.

Given these three drivers, State support is forecasted to be \$59.4 million; representing 25% of the Operating Budget. The University's planned enrollment growth rate of 2% combined with the 4.9% increase in mandatory tuition and fees will generate \$81 million net; \$111 million gross tuition and fee revenues.

In support of the University's mission of maintaining affordability and access with continued focus on diversity, the campus' Operating Budget provides for \$11M of need-based institutional support. Total financial aid dedicated to students in FY14 is \$30M, 12.8% of total operating budget.

Challenges Due to Decline in State Support

In the midst of declining state support, fee increases have helped to stave off inflationary, unfunded costs of collective bargaining and non-unit salary increases. It is important to note however, further deterioration of the state appropriation will negatively impact the campus' ability to maintain affordability and access and meet strategic objectives. In this setting, limited amounts of resources are available for investment in physical plant, deferred maintenance, and new initiatives. In response to this environment, the campus has placed an emphasis on identifying efficiencies in an effort to invest these resources effectively. In addition, investments are being made to emphasize the development of future revenue streams, address deferred maintenance issues, and invest in capital projects. The campus is also focusing on further developing enhanced student learning experiences and improving the quality and delivery of administrative and IT services.

Development of Future Revenue Streams:

- In FY14, the University will invest \$1.3M in Institutional Advancement with the intention of aggressively growing the campus endowments; a long-range strategic goal and priority for both the campus and the University System.

- An infusion of \$2M is also planned for on-line education within Professional Continuing Education (PCE). The campus recognizes this area as an opportunity to increase the breadth and reach of UMD programs and the potential of generating additional revenue streams by expanding the market and tapping into this continually growing market segment. As part of this initiative, the current PCE program has been evaluated and the model has been restructured to eliminate duplication and improve efficiencies; rate structures have been recast to be competitive with current market offerings. Investment in online programming and infrastructure is planned; and expansion in this area will impact the entire university and improve the student learning experience through web-enhanced, blended, and online formats. The institution will continue its growth of fully online degree programs by increasing the enrollment capacity of four current programs and the development of four new degrees.
- Success of the UMass Dartmouth Law School is contingent upon American Bar Association (ABA) accreditation. As such, the campus continues to recognize this effort and will invest \$2M to ensure accreditation of the Law School and provide support for student success. The Law School has drafted a reliability plan and will work towards meeting the objective outlined in the plan to guarantee long-term financial sustainability. Like other law schools, UMass is closely monitoring the dramatic changes in the legal education market wrought by the prolonged economic downturn and is engaged in on-going exercises to heighten the awareness of this affordable option to an education in law

Developing a First-Rate Infrastructure

The plan for transforming the University of Massachusetts Dartmouth campus continues with the funding of the following projects

New Initiatives for FY14:

- In FY14, the campus will begin a program that will provide upgrades and improvements to classrooms, teaching laboratories and learning spaces. In total, this is an \$11M project of which \$5M is planned for FY14. This effort will repair masonry, improve lighting, improve seating and provide updated audio-visual equipment for presentations. New furniture and dining centers will be provided in targeted areas. A number of teaching labs will be taken off-line and refurbished; safety equipment will be upgraded and four times the number of existing fume hoods will be installed to enable larger class sizes. Mechanical systems will be replaced to accommodate increased airflows and add heat recovery. The capital renewal of these learning spaces is a key component in meeting the expectations of current and future students.
- A wireless project for the residence halls is also planned for FY14. This project is a \$1M multi-phase project that will provide wireless service to residential buildings.
- Another project commencing in FY14 is the design of an addition to the Charlton College of Business to provide academic spaces. Large tiered classroom and an auditorium are planned for this building. The project will enhance our business school curriculum; add new classrooms, and case study rooms to the campus inventory of academic space. This is a \$15M project, partially funded through endowments, and is planned to commence in the latter half of 2014.

All of the projects listed above are in accordance with the Campus' five year capital plan.

On-going Initiatives

- In the third quarter of FY14, the construction of the Massachusetts Accelerator for Bio-manufacturing (MAB) in Fall River is expected to be complete. The new 35,000 square foot facility will enhance the University's program offerings and assist small companies developing therapeutic biological products with the transition from scientific protocol to large scale production processes that meet both industry and regulatory quality standards. Marketing activities are beginning in FY13 and will continue in FY14 in an effort to front-load the pipeline with prospective clients to ensure that the site will begin to generate revenues for FY15.

- Programming and design for the expansion of the School for Marine Science and Technology (SMAST) in New Bedford is planned and will focus on the renovation of the existing facility and construction of a new building. This project will create a seaside campus that will help facilitate SMAST with the goal to be among the top-tier institutions for research and graduate education in marine sciences, fisheries and ocean technology.
- Modernization of graduate research laboratories continues in FY14. The project objective is to provide modern facilities that will serve a new generation of learners and scholars. By utilizing a multidisciplinary approach to laboratory design it is expected that this will lead to increased synergy and become a catalyst for discovery. The majority of these spaces have not been renovated in more than 30 years.
- In the first quarter of FY14, the addition to the Fitness Center will be complete. This addition, will double the size of the building. The Fitness Center has proven to be extremely popular with students and is heavily used by all members of the UMass Dartmouth community.

Efficiencies:

As we position the campus for the coming fiscal year and beyond, we have begun by realigning resources to focus on enhancing student success, growing and diversifying our research portfolio and creating mutually beneficial civic engagement. In FY13, the campus took initiatives to look closely at our operations in an effort to identify efficiencies. The results of these efforts will begin to be realized in FY14. Some of these initiatives include: merging the School of Education, Public Policy and Civic Engagement (SEPPCE) into the College of Arts and Sciences, restructuring the PCE organization, as mentioned above, and centralization of the Payroll function, driven by the campus, in collaboration with the President's Office.

The campus has taken the initiative to begin exploring the centralization of other specific administrative services. It is anticipated that the Dartmouth campus efforts will provide the foundation for other campuses to leverage.

Beginning in FY14, the University System will implement an electronic procurement system (e-Procurement). It is expected that with the transition to the e-Procurement solution, efficiency efforts can be further realized by redirecting available resources to strategic procurement initiatives that support the university mission. This will result in a stronger Procurement Department with the ability to deliver a higher-level of service focused on cost avoidance and cost savings in the effective and efficient acquisition of goods and services.

The campus also re-evaluated funding provided to external partners. The University will continue to provide financial support to those constituents that are closely aligned with the University's strategic goals. Funding prioritization is focused on student success, research development and civic engagement activities that are beneficial to students and the community.

In addition, the campus is currently (FY13) in the process of investigating an initiative to change how the campus bookstore operates; from one that is internally managed to one that is out-sourced. This initiative is being undertaken to leverage industry's expertise in on-line sales, and expand product offerings, ultimately resulting in increased revenues and improved services for our students and UMD community. The university will continue to look within the organization to see if similar opportunities can be identified in other areas of the organization for future savings.

In FY13, the campus introduced an IT Procurement Policy, which seeks to reduce duplication of IT equipment within the organization. The financial benefit of this policy may begin to have an impact in FY14.

Efforts are also underway to investigate the possibility of larger class sizes and more effective use of full-time lecturers in an effort to reduce the number of part-time lecturers. In addition, all of our

University Centers will be reviewed to be certain that their missions are in alignment with the University goals; they will be assessed to ensure sustainability. Plans will be developed to position the Centers as self-sustaining entities, thus lessening the dependence on University funding.

Enhance Student Learning Experience

In FY14, ongoing and new initiatives will enhance the UMass Dartmouth student learning experience. The Office of Undergraduate Research (OUR) will expand its programming to provide students with support to undertake research with faculty and present their work at national conferences. The Honors Program has quadrupled the number of students who graduate as Commonwealth Scholars and this successful program is expected to continue to grow. In September 2014, UMass Dartmouth will open the Office of Experiential Learning and Internships to increase internship opportunities and provide students with developmental support to undertake successful internships and Co-Op experiences. The newly appointed Assistant Vice Chancellor for Student Success will provide comprehensive leadership, strategic planning and oversight of student success initiatives, programs, and support services at the UMass Dartmouth campus.

Improve Delivery of Administrative and IT Services

In FY12, the campus instituted a customer service survey to evaluate administrative and IT services offered to the campus community. The data from this study provided valuable feedback and Administrative and Financial Service Departments have worked throughout FY13 to use the feedback from this survey to redesign business processes. In FY14, new business processes will be introduced to initiate and establish contracts, expedite hiring of personnel, improve event planning and conferencing activities, and assist IT users in more effective ways of obtaining customer service. Additional processes will also be reviewed and developed in FY14.

Conclusion

This operating budget package represents a collaboration of all levels of the organization. We have made the above decisions after careful and thoughtful consideration of all practical opportunities. The primary objective for FY14 is to continue momentum in recruiting and retention efforts, promoting student success, and increasing the growth of research and graduate programs.

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 this 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. As various forms of financial support continue to decline, there is a higher expectation to find alternative ways to provide affordable access to higher education.

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 the mission of education 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. Investments being made in FY14 support the University System goals of providing enhanced student learning experiences, strengthening our research enterprise, increasing endowments, improving delivery of Administrative and IT Services, and developing a first-rate infrastructure. The FY14 budget allows for a generous financial aid contribution to assist in the efforts of promoting diversity and providing affordable access to education. Our redesigned hiring processes and in-house training programs continue to emphasize our efforts to promote diversity on campus as well as promoting a positive climate. The capital, and repair and maintenance projects planned in the upcoming fiscal year are an indication of the campus' commitment to developing a first-rate infrastructure. It is the University's desire to become the icon of an affordable, high quality, world-class education.

FY 2014 University Operating Budget – T13-034

Table 1
University of Massachusetts
Dartmouth Campus
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS
Fiscal Year 2014 Operating Budget Statement
(in thousands of dollars)

	FY2014 BUDGETED					
	FY11 Actuals	FY12 Actuals	FY13 Projected Budget-Accrual/ Adjusted Basis	FY14 Budget-Accrual Basis	FY13 to FY14 Change	
REVENUES						
Operating Revenues						
Tuition and Fees	\$101,198	\$104,904	\$106,709	\$106,736	\$28	0%
Scholarship allowance	(29,110)	(30,000)	(30,079)	(29,384)	695	-2%
Tuition and Fees (net of scholarship allowances)	72,088	74,904	76,629	77,352	723	1%
Federal Grants and Contracts	15,137	10,863	9,443	9,443	0	0%
State Grants and Contracts	5,711	7,546	6,248	6,248	0	0%
Local Grants and Contracts	176	601	315	315	0	0%
Private Grants and Contracts	4,778	5,084	3,863	3,863	0	0%
Sales & Service, Educational	93	50	125	50	(75)	
Auxiliary Enterprises	45,546	47,300	48,446	48,821	375	1%
Other Operating Revenues:						
Other	\$4,566	\$6,356	\$5,044	\$5,000	(\$44)	-1%
Total Operating Revenues	\$148,095	\$152,704	\$150,113	\$151,092	\$979	1%
EXPENSES						
Operating Expenses						
<i>Educational and General</i>						
Instruction	\$64,830	\$66,161	\$67,793	\$72,619	\$4,826	7%
Research	18,213	18,852	15,586	15,689	103	1%
Public Service	4,677	5,581	4,953	4,903	(50)	-1%
Academic Support	24,761	27,219	26,853	27,561	708	3%
Student Services	9,845	10,159	9,984	10,169	185	2%
Institutional Support	17,504	17,527	20,286	21,579	1,293	6%
Operation and Maintenance of Plant	22,137	23,402	19,986	20,580	594	3%
Depreciation and Amortization	12,531	11,409	13,738	14,741	1,003	7%
Scholarships and Fellowships	5,842	8,116	9,404	9,422	18	0%
<i>Auxiliary Enterprises</i>	28,827	31,425	30,171	30,196	25	0%
<i>Other Expenditures</i>						
Total Operating Expenses	\$209,167	\$219,851	\$218,755	\$227,459	\$8,704	4%
Operating Income/(Loss)	(\$61,072)	(\$67,147)	(\$68,642)	(\$76,367)	(\$7,726)	11%
NONOPERATING REVENUES/(EXPENSES)						
Federal Appropriations						
State Appropriations	\$51,840	\$55,993	\$57,044	\$63,150	\$6,106	11%
State Appropriations - Federal Stimulus Funds	4,079	0	0	0	0	N/A
Gifts	1,000	0	0	0	0	N/A
Unrealized Gains	0	0	650	900	250	38%
Investment Return	2,069	1,890	850	1,200	350	41%
Endowment Return	969	1,430	1,200	1,200	0	0%
Interest on Indebtedness	(9,173)	(7,873)	(8,887)	(9,476)	(589)	7%
Other Nonoperating Income	946	627	500	500	0	0%
Non operating Federal Grants	11,646	12,779	10,492	11,792	1,300	12%
Net Nonoperating Revenues	\$63,376	\$64,846	\$61,849	\$69,266	\$7,417	12%
Income Before Other Revenues, Expenses, Gains, and Losses	\$2,304	(\$2,301)	(\$6,793)	(\$7,101)	(\$308)	
Capital Appropriations	\$8,201	\$30,650	\$21,000	\$5,700	(\$15,300)	-73%
Capital Grants and Contracts	100	0	0	0	0	N/A
Capital Contribution	3,332	0	0	0	0	N/A
Disposal of Plant Facilities	(1,154)	(1,270)	(1,200)	(1,200)	0	N/A
Other Additions (Deductions)	774	(170)	0	0	0	N/A
Total Other Revenues, Expenses, Gains & Losses	\$11,253	\$29,210	\$19,800	\$4,500	(\$15,300)	-77%
Total Increase in Net Assets	\$13,557	\$26,909	\$13,007	(\$2,601)	(\$15,608)	-120%
NET ASSETS						
Net Assets at Beginning of Year	\$65,119	\$78,676	\$105,585	\$118,592	\$13,007	12%
Net Assets at End of Year	\$78,676	\$105,585	\$118,592	\$115,991	(\$2,601)	-2%

FY 2014 University Operating Budget – T13-034

Table 2
University of Massachusetts
Dartmouth Campus
 Fiscal Year 2014 Operating Budget Statement
SPENDING BY TYPE OF EXPENSE (NATURAL CLASSIFICATION)
(in thousands of dollars)

	FY11	FY12	FY13	FY14	\$ Change	% Change
EXPENSE CATEGORY	Actuals	Actuals	Projected	Budgeted	FY13 - 14	FY13 - 14
Salaries and Wages	\$91,082	\$94,213	\$96,675	\$101,106	\$4,431	4.6%
Employee Fringe Benefits	\$26,704	\$31,889	\$23,109	\$23,185	\$76	0.3%
Student Aid	\$14,298	\$16,993	\$17,794	\$16,831	(\$963)	-5.4%
Utilities	\$10,306	\$7,790	\$7,253	\$7,234	(\$19)	-0.3%
Supplies and Other Services	\$54,246	\$57,557	\$60,186	\$64,362	\$4,176	6.9%
Depreciation	\$12,531	\$11,409	\$13,738	\$14,741	\$1,003	7.3%
TOTAL	\$209,167	\$219,851	\$218,755	\$227,459	\$8,704	4.0%

*Total should equal total Operating Expenses from SRECNA

FY 2014 University Operating Budget – T13-034

Table 3
University of Massachusetts
Dartmouth Campus
Fiscal Year 2014 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 2012 - 13	% Change Fall 2012 - 13
UNRESTRICTED/DESIGNATED FUNDS						
STATE FUNDED POSITIONS						
Faculty	361.7	362.9	357.6	354.2	(3.4)	-0.9%
Professional Staff	227.7	251.0	255.8	245.2	(10.6)	-4.1%
Classified Staff	256.4	255.3	246.8	254.1	7.3	3.0%
Subtotal, State Funded	845.8	869.2	860.1	853.5	(6.6)	-0.8%
NON-STATE FUNDED POSITIONS						
Faculty	73.0	74.0	95.0	95.0	0.0	0.0%
Professional Staff	99.0	86.8	82.5	112.6	30.1	36.4%
Classified Staff	112.0	109.7	115.8	115.6	(0.2)	-0.2%
Subtotal, Non-State Funded	284.0	270.5	293.4	323.2	29.9	10.2%
Total Unrestricted/Designated	1,129.8	1,139.7	1,153.5	1,176.8	23.3	2.0%
RESTRICTED FUNDS						
GRANT FUNDED POSITIONS						
Faculty	8.0	9.1	11.1	8.7	(2.4)	-21.8%
Professional Staff	42.4	41.5	37.4	24.1	(13.3)	-35.5%
Classified Staff	5.4	3.0	3.0	2.6	(0.4)	-12.0%
Subtotal, Grant Funded	55.8	53.6	51.5	35.4	(16.0)	-31.2%
OTHER RESTRICTED POSITIONS						
Faculty	0.0	0.0	0.0	0.0	0.0	N/A
Professional Staff	0.0	0.0	0.0	0.0	0.0	N/A
Classified Staff	0.0	0.0	0.0	0.0	0.0	N/A
Subtotal, Other Restricted Funds	0.0	0.0	0.0	0.0	0.0	N/A
Total Restricted	55.8	53.6	51.5	35.4	(16.0)	-31.2%
TOTAL UNRESTRICTED AND RESTRICTED	1,185.6	1,193.3	1,205.0	1,212.2	7.2	0.6%

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

Table 4
University of Massachusetts
Dartmouth Campus
Fiscal Year 2014 Operating Budget Statement
HEADCOUNT AND FTE ENROLLMENT

	UNDERGRADUATE		GRADUATE		TOTAL	
	HC	FTE	HC	FTE	HC	FTE
Fall 2013 projected	7,724	6,837	1,672	1,186	9,396	8,023
Fall 2012	7,562	6,799	1,648	1,185	9,210	7,984
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

*Source: Fall 2010, Fall 2011, and Fall 2012 figures from [Student Profile](#)

OPERATING BUDGET

for Fiscal Year 2014

LOWELL CAMPUS



UNIVERSITY OF MASSACHUSETTS LOWELL
FY 2014 Operating Budget Narrative

Overview

The University of Massachusetts Lowell submits for review an updated Fiscal Year 2014 operating budget totaling \$345.4 million. This revised budget reflects the impact of final state appropriation allocation and student charge decisions on campus finances. Key elements of the revised FY14 budget include:

- State appropriation increases to support bargaining unit raises for state funded employees and additional new state funding allocated as part of the “50.50” fee-freeze program.
- Projected 11.0% increase in revenue from tuition and fees due to student charge increases and growth in undergraduate, graduate, out-of-state and continuing studies enrollment. Enrollment growth and the opening of two new residential halls also driving 23% increase in auxiliary revenues.
- Increased investment in new faculty and student service staff.
- Other cost drivers include depreciation, interest and operations and maintenance expenses and investments for campus Division 1 upgrade.

The Fiscal Year 2014 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 2014.

The document considers the FY2012 actual Financial Statements, the forecasted results for FY2013 and the projected outcome for FY2014 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

The University of Massachusetts Lowell is a major research public university committed to excellence in teaching, research and community engagement. We strive to transform students to succeed in college, as lifelong learners and as informed citizens in a global environment. UMass Lowell offers affordable, experience-based undergraduate and graduate academic programs taught by internationally recognized faculty who conduct research to expand the horizons of knowledge. The programs span and interconnect the disciplines of business, education, engineering, fine arts, health and environment, humanities, sciences and social sciences. The University continues to build on its founding tradition of innovation, entrepreneurship and partnerships with industry and the community to address challenges facing the region and the world.

The campus developed the UMass Lowell 2020 Strategic Plan four years ago. It provides a framework for how we will achieve national and international recognition as a world-class institution. The Strategic Plan has driven programmatic growth and investments in facilities and 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.

UMass Lowell will join the America East Athletic Conference in July 2013 elevating all programs to the Division 1 level. This move aligns the campus more closely with peer research institutions in the region and across the country. The invitation to join the conference is a further recognition of the progress that the University has made toward achieving the goals set out by the strategic plan.

Enrollments grew nearly 43% between 2007 and 2012 and are projected to grow more than 5% this Fall and 4% per year through Fall 2017. UMass Lowell is expanding out-of-state and international enrollments, Master's and on-line enrollments and most significantly, it is expanding its overall "market share" of Massachusetts' undergraduate students. This growth *has not* come at the expense of selectivity, quality or diversity. Sponsored research funding has increased 66% and is targeted to grow another 15% by 2017. The campus facilities master plans will address the pressures of current and future growth including demand for new academic programs and residential and recreational facilities and the continued need to renew facilities with systems that show signs of obsolescence and address the backlog of deferred maintenance.

UMass Lowell's progress is receiving national recognition as one of the nation's "best buys" in higher education, according to Forbes' "Best Value College" rankings for 2013. This accolade comes one month after UMass Lowell was named the "Most Underrated College in America" by Business Insider, a business and technology news website <http://www.uml.edu/News/news-articles/2013/sun-forbes.aspx>.

FY2013 Review

The campus continues to experience dynamic enrollment growth. Enrollment increased by 863 students in FY2013 (including on-line and continuing education). Student enrollment generated revenue has become a significant portion of the University's unrestricted revenue.

FY2013 student revenues are forecasted to increase 9.8% over FY2012 due to enrollment growth and increased rates.

Campus investments of more than \$26 million from FY2011 through FY2013 have been targeted at activities that improve the overall quality of academic programs and enhance the entire student learning and living experience, such as:

- **Supporting Enrollment Growth, Campus Expansion and Financial Aid:**
 - a. New tenure track and non-tenure track faculty;
 - b. Support for faculty and student work including smart classroom upgrades, lab equipment investments and library materials;
 - c. Critical staff hires in growth impacted service areas such as admissions, financial aid, international student support;
 - d. Transportation system improvements;
 - e. Public safety investments including police equipment upgrades, emergency phone, blue light and security camera upgrades;
 - f. Information technology including academic computing, network support, audio visual and video conferencing upgrades, training, document management and workflow systems to improve processing efficiencies.
- **Operational and Service Improvements:**
 - a. Facilities renewal including repairs, academic office renovations, energy efficiency and space inventory system upgrades, planning, project management and building and operational service improvements;
 - b. Human resource and research administration investments.

FY 2014 University Operating Budget – T13-034

- Student Affairs, Athletics and Recreation:
 - a. Funding for student activities, counseling, veterans, disability and diversity services.
- Fundraising, Marketing & Branding:
 - a. Annual fund and development support;
 - b. Marketing and web development investments.

Consistent with the approved FY2013 Operating Budget, the Lowell Campus is forecasting a \$5.3 million operating deficit for FY2013 or a -1.7% operating margin funded by accumulated surpluses. Management believes an operating deficit of this size is a prudent investment in campus growth and strategic initiatives.

FY 2014 Budget Assumptions

Revenues

State Support

The updated University of Massachusetts Lowell FY2014 budget utilizes the state appropriation allocation set by the President's Office upon the completion of the state budget process. The FY2014 state appropriation allocation includes increased funding to support bargaining unit raises for state funded employees and additional new state funding allocated as part of the "50.50" fee-freeze program. The campus initially prepared a budget that assumed a larger FY2013 base appropriation than that which was used to calculate the FY2014 allocation resulting in \$1 million less than initial estimates.

Other Revenues

The Lowell campus anticipates a 5.0% increase in undergraduate enrollment for Fall 2013. The university increased student charges 4.9% for non-resident graduate and undergraduate students and resident graduate students. The Lowell campus has frozen the operating fee (curriculum fee) for resident undergraduate students for FY2014 as a result of the University's "50.50" commitment to the state. The state appropriation allocation from the President's Office partially offset the loss of fee revenues that would have been generated by a 4.9% operating fee increase on resident undergraduate students.

An annual increase in the Student Activity Fee (SAF) of \$250 is required for at least three years to support UMass Lowell's ascension to Division I and has been built into the financial plan for fiscal years 2014, 2015 and 2016. The funds will be critical to building new facilities and enhancing programs that will enrich the educational experience for all students. This move is consistent with the recommendations of the Athletics & Recreation Strategic Planning Committee, which was comprised of 32 faculty, staff, students, alumni and business leaders. The Division I proposal, including the fees, was reviewed and received unanimous support from the Faculty Senate and a unanimous vote of the Student Government Association.

The enrollment growth and student charge increases will result in an estimated 11.0% increase in tuition and fee (net of financial aid).

Enrollment growth and efforts to expand the residential experience for students will generate a 23% increase in revenues from Residential Housing and Food Services. This includes the opening of two new residential halls in the fall of 2013 and a full redesign of the meal plan options available to students. Grant and contract revenue from all sources is projected to increase by 8.0% over FY2013.

Expenditures

The campus funded 83 new tenure track and non-tenure track faculty between FY2011 and FY2013 to meet enrollment growth and program needs and has budgeted an additional 31 new faculty in FY2014. 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.

Projected cost increases for facilities in FY2014 include \$3.5 million increase in debt interest payments and \$3.6 million increase for facility operational and maintenance costs. Initial cost estimates of moving to Division 1 are reflected in the increase in student service spending. Additionally, the campus has budgeted a \$3.3 million increase for collective bargaining and fringe benefit cost increases not covered by state funding.

The overall result of the changes in revenues and expenses is a projected \$6.2 million deficit or a -1.8% operating margin for FY2014 funded by accumulated surpluses. However, on an operating cash flow basis (adding back depreciation, capital expenditures and debt principle) the University expects a breakeven outcome.

Should the University's final FY2013 and FY2014 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 2014 University Operating Budget – T13-034

Table 1
University of Massachusetts
Lowell Campus
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS
Fiscal Year 2014 Operating Budget Statement
(in thousands of dollars)

	FY11 Actuals	FY12 Actuals	Projected Budget- Accrual/ Adjusted Basis	FY2014 BUDGETED		
				FY14 Budget- Accrual Basis	FY13 to FY14 Change	
REVENUES						
Operating Revenues						
Tuition and Fees	\$141,505	\$157,669	\$172,378	\$188,914	\$16,536	10%
Scholarship allowance	28,087	29,990	32,168	33,840	1,672	5%
Tuition and Fees (net of scholarship allowances)	113,418	127,679	140,210	155,074	14,864	11%
Federal Grants and Contracts	24,964	22,404	22,737	24,415	1,678	7%
State Grants and Contracts	5,123	5,622	4,744	4,800	56	1%
Local Grants and Contracts	278	279	232	242	10	4%
Private Grants and Contracts	10,577	10,700	9,377	10,314	937	10%
Sales & Service, Educational	228	375	250	268	18	7%
Auxiliary Enterprises	30,054	32,564	35,928	44,355	8,427	23%
Other	4,694	4,202	5,146	5,511	365	7%
Total Operating Revenues	\$189,336	\$203,825	\$218,624	\$244,979	\$26,355	12%
EXPENSES						
Operating Expenses						
Educational and General						
Instruction	\$90,691	\$101,858	\$109,827	\$117,280	\$7,453	7%
Research	35,285	36,794	35,955	37,995	2,040	6%
Public Service	2,216	1,824	1,846	1,901	55	3%
Academic Support	20,164	23,058	24,610	27,149	2,539	10%
Student Services	17,405	20,516	21,204	25,057	3,853	18%
Institutional Support	32,135	39,376	35,703	37,123	1,420	4%
Operation and Maintenance of Plant	27,482	32,737	35,407	39,042	3,635	10%
Depreciation and Amortization	16,085	16,927	20,321	24,258	3,937	19%
Scholarships and Fellowships	8,413	8,674	9,025	10,246	1,221	14%
Auxiliary Enterprises	18,814	19,832	20,962	25,338	4,376	21%
Other Expenditures						
Independent Operations						
Public Service Activities						
Total Operating Expenses	\$268,690	\$301,596	\$314,860	\$345,389	\$30,529	10%
Operating Income/(Loss)	(\$79,354)	(\$97,771)	(\$96,236)	(\$100,410)	(\$4,174)	4%
NONOPERATING REVENUES/(EXPENSES)						
Federal Appropriations						
State Appropriations	\$76,303	\$77,868	\$76,634	\$82,901	\$6,267	8%
Revenue from Stimulus Funds	5,735	0	0	0	0	N/A
Gifts	2,667	2,463	2,524	2,589	65	3%
Investment Return	8,514	3,975	2,682	1,580	(1,102)	-41%
Endowment Return	874	1,329	1,649	2,136	487	30%
Interest on Indebtedness	(4,596)	(5,310)	(8,098)	(11,557)	(3,459)	43%
Nonoperating Federal Grants	14,290	15,695	15,311	16,317	1,006	7%
Other Nonoperating Income	167	126	183	196	\$13	7%
Net Nonoperating Revenues	\$103,954	\$96,146	\$90,885	\$94,162	\$3,277	4%
Income Before Other Revenues, Expenses, Gains, and Losses	\$24,600	(\$1,625)	(\$5,351)	(\$6,248)	(\$897)	17%
Capital Appropriations	\$5,463	\$41,220	\$26,383	\$19,500	(\$6,883)	-26%
Capital Gifts, Grants and Contracts	1,901	2,105	3,000	5,000	2,000	67%
University Related Transactions	0	0	0	0	0	N/A
Disposal of Plant Facilities	(1,004)	(4,528)	(1,338)	(1,234)	104	-8%
Other Additions (Deductions)	220	1,332	275	303	28	10%
Total Other Revenues, Expenses, Gains & Losses	6,580	40,129	28,320	23,569	(4,751)	-17%
Total Increase in Net Assets	31,180	38,504	22,969	17,321	(5,648)	-25%
NET ASSETS						
Net Assets at Beginning of Year	\$182,289	\$213,469	\$251,973	\$274,942	\$22,969	9%
Net Assets at End of Year	\$213,469	\$251,973	\$274,942	\$292,263	\$17,321	6%

Table 2
University of Massachusetts
Lowell Campus
Fiscal Year 2014 Operating Budget Statement
SPENDING BY TYPE OF EXPENSE (NATURAL CLASSIFICATION)
(in thousands of dollars)

	FY11	FY12	FY13	FY14	\$ Change	% Change
EXPENSE CATEGORY	Actuals	Actuals	Projected	Budgeted	FY13 - 14	FY13 - 14
Salaries and Wages	\$131,440	\$144,401	\$157,073	\$170,424	\$13,351	8.5%
Employee Fringe Benefits	\$31,857	\$37,207	\$36,676	\$40,752	\$4,076	11.1%
Student Aid	\$8,413	\$8,674	\$9,025	\$10,246	\$1,221	13.5%
Utilities	\$9,035	\$7,655	\$9,873	\$10,877	\$1,004	10.2%
Supplies and Other Services	\$71,860	\$86,732	\$81,892	\$88,833	\$6,941	8.5%
Depreciation	\$16,085	\$16,927	\$20,321	\$24,258	\$3,937	19.4%
TOTAL	\$268,690	\$301,596	\$314,860	\$345,390	\$30,530	9.7%

*Total should equal total Operating Expenses from SRECNA

FY 2014 University Operating Budget – T13-034

Table 3
University of Massachusetts
Lowell Campus
Fiscal Year 2014 Operating Budget Statement
SUMMARY OF FULL-TIME EQUIVALENT (FTE) EMPLOYEES*

	Actual FTEs Fall 2010 (FY2011)	Actual FTEs Fall 2011 (FY2012)	Actual FTEs Fall 2012 (FY2013)	Proj. FTEs Fall 2013 (FY2014)	FTE Change Fall 2013 - 14	% Change Fall 2013 - 14
UNRESTRICTED/DESIGNATED FUNDS						
STATE FUNDED POSITIONS						
Faculty	429.5	471.2	512.2	543.3	31.1	6.1%
Professional Staff	399.5	443.7	470.2	493.2	23.0	4.9%
Classified Staff	177.0	200.0	207.0	235.0	28.0	13.5%
Subtotal, State Funded	1,006.0	1,114.9	1,189.4	1,271.5	82.1	6.9%
NON-STATE FUNDED POSITIONS						
Faculty	3.4	5.0	6.0	6.0	0.0	0.0%
Professional Staff	58.1	46.4	64.1	72.7	8.6	13.4%
Classified Staff	15.0	14.0	0.2	0.0	(0.2)	-100.0%
Subtotal, Non-State Funded	76.5	65.4	70.3	78.7	8.4	11.9%
Total Unrestricted/Designated	1,082.5	1,180.3	1,259.7	1,350.2	90.5	7.2%
RESTRICTED FUNDS						
GRANT FUNDED POSITIONS						
Faculty	9.0	11.7	9.1	7.3	(1.8)	-19.8%
Professional Staff	112.0	127.8	112.3	127.2	14.9	13.3%
Classified Staff	0.0	2.0	3.8	2.8	(1.0)	0.0%
Subtotal, Grant Funded	121.0	141.5	125.2	137.3	12.1	9.7%
OTHER RESTRICTED POSITIONS (TURI)						
Faculty	0.0	0.0	0.0	0.0	0.0	0.0%
Professional Staff	12.0	11.3	11.3	14.0	2.7	23.9%
Classified Staff	0.0	0.0	1.0	1.0	0.0	0.0%
Subtotal, Other Restricted Funds	12.0	11.3	12.3	15.0	2.7	22.0%
Total Restricted	133.0	152.8	137.5	152.3	14.8	10.8%
TOTAL UNRESTRICTED AND RESTRICTED	1,215.5	1,333.1	1,397.2	1,502.5	105.3	7.5%

* 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 2014 Operating Budget Statement
HEADCOUNT AND FTE ENROLLMENT

	UNDERGRADUATE		GRADUATE		TOTAL	
	HC	FTE	HC	FTE	HC	FTE
Fall 2013 projected	12,879	10,415	4,328	2,719	17,207	13,135
Fall 2012	12,287	9,972	4,007	2,518	16,294	12,490
Fall 2011	11,729	9,568	3,702	2,299	15,431	11,867
Fall 2010	11,260	9,190	3,426	2,155	14,686	11,345

*Source: Fall 2010, Fall 2011, and Fall 2012 figures from Student Profile

OPERATING BUDGET

for Fiscal Year 2014

MEDICAL SCHOOL



**UNIVERSITY OF MASSACHUSETTS MEDICAL SCHOOL
FY 2014 Operating Budget Narrative**

The University of Massachusetts Medical School (UMMS) submits for approval an FY 2014 operating budget with total revenue of \$934.2 million, total expenses of \$946.7 million and a decrease in net assets of \$12.5 million. The operating margin for FY 2014 is (\$24.6 million), reflecting planned investments in the campus' physical plant and related operations, maintenance and debt service, new and developing academic programs including Quantitative Health Sciences and the RNA Therapeutics Institute, and faculty recruitment.

Key elements of the FY 2014 budget include:

- No additional state support;
- Approximately \$700 thousand in bargaining unit salary increases while non-unit increases are held at zero in FY 2014;
- \$1 million in revenue from the final year of a planned three year increase in student fees ;
- \$49.4 million for Principal and Interest payments on existing debt;
- \$5.3 million from planned results from the UMMS Excellence 2014 Program;
- 14% growth in net revenues from public service programs in Commonwealth Medicine (including the loss of the Department of Corrections contract); and
- Negative operating margin for MassBiologics (\$2 million) based on major changes in the Td market.

Efficiency and Effectiveness

The FY2014 operating budget for the University of Massachusetts Medical School (UMMS) continues critical academic, facilities and research investments in support of the strategic plan, while reflecting the constraints of fiscal challenges affecting the University and the Commonwealth. In recognition of these constraints, UMMS continues to implement prudent redesign of business and operational activities that will protect resources for the core mission, while taking into account a fiscal environment that will require some use of available reserves in the coming fiscal year.

Continued Implementation of the Strategic Plan

The UMMS Academic Health Sciences Center Strategic Plan 2009-2014 continues to serve as an 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 FY2014 operating budget acknowledges that the continued success of the campus is tied to establishing and meeting budget priorities, even in an environment of constrained resources and capital investment. The current budget year included several important achievements critical to the medical school's ability to fulfill its mission, including the opening of the Albert Sherman Center. For the upcoming year, UMMS has crafted an operating budget that accommodates the mission-critical programs and activities associated with the Sherman Center, while establishing clear spending priorities for finite resources, especially as external factors such as uncertain federal funding and reduced state support continue to present significant challenges.

Redesign the model of health care delivery

Investments in medical education and physician training; clinical research training and trial design; health policy and health services research continue, and will benefit from the facilities and infrastructure in the Sherman Center and joint investments with clinical partner UMass Memorial Health Care. The UMass Center for Clinical and Translational Science, supported by funding from the NIH, and the Department of Quantitative Health Sciences are key components of clinical care redesign driven by data and analysis.

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

As the Sherman Center and related instructional technologies and campus infrastructure come online, the delivery of health sciences education at UMMS will change significantly in the coming year. With class expansion initiatives fully implemented and the redesigned medical school curriculum in place, a visionary emphasis on learner-centered and lifelong education will change how physicians, nurses and scientists are trained and supported. Critical investments in curriculum, facilities and technology will continue, supporting UMMS and its mission of responsive, accessible and high quality health sciences education.

Going forward, adjustments in fees and programs will continue to be prudent and strategic, especially in light of the commitment to remain uniquely affordable, while still advancing critical mission areas. Fee increase plans have been targeted, reasonable and generally well-supported, as faculty, staff and students recognize the balance between accessibility and programmatic investment.

The University-wide baccalaureate to MD pathway program, which the medical school is spearheading, holds the promise of creating new opportunities for historically 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 the development of opportunities for women and minorities. Recent achievements by faculty in national programs that support or acknowledge accomplishments by women and minorities, including a National Hispanic Medical Association Leadership Fellow for 2013, demonstrate that these investments are beneficial and worthwhile.

The new learner-centered curriculum in the School of Medicine (SOM) encourages students to share ownership in their own educational progress; improves opportunities for longitudinal, tiered and formative student assessment; and supports an environment that will inspire students to excel in innovation, discovery and leadership.

UMMS continues to attract highly capable students to the 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 continues 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. Recent data from the Association of American Medical Colleges places UMMS in the top tier nationally for achieving benchmarks associated with physician training and workforce development.

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 as evidenced by the construction of the state-of-the-art Albert 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.

UMMS faculty continue to be successful in attracting research funding from a wide variety of sources. However, the current fiscal environment, including, most immediately, the sequestration of funds appropriated to federal agencies such as the National Institutes of Health, means that UMMS will face challenges in determining appropriate levels of programmatic support while remaining financially stable. Despite notable faculty achievement, UMMS can expect, at best, a decrease in real NIH research dollars. The FY2014 budget continues to account for fit-out of the Albert Sherman Center, where investigators in the Advanced Therapeutics Cluster, Bioinformatics and Integrative Biology, Quantitative Health Sciences, Systems Biology, Pathology and Neurotherapeutics will lead the next generation of life sciences research and discoveries.

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. Financial pressure continues 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.

Efforts have been focused on areas that are sustainable, data-driven and measurable and that would result in a net improvement to the bottom line. As such, these initiatives have required both business process analysis and aggressive benchmarking to industry best practices. Targeted reductions for FY2014 include all areas of centralized services and administrative areas and will result in the elimination of some programs and activities that, while beneficial to the campus, are not core to the campus mission. Planned fee increases have been benchmarked to peer institutions. Importantly, the campus continues to make strategic long term investments that will pay dividends over time, including investments in the adjacent biotechnology research park.

Financial Plan & Assumptions

Ongoing operational efficiency gains and revenues have been incorporated into the FY2014 operating budget. The campus remains committed to investments in the core missions of the institution. The plan continues the prudent use of campus reserves over the next several years to sustain planned investments, including the Sherman Center.

Federal research grant revenues are projected to decline 11.6% in FY2014 as a result of the tightening of federal funding, and in particular the federal budget sequestration, offset slightly by the additional revenue anticipated from newly recruited faculty who bring existing extramural funding. Much of this decline is offset by growth in federal contracts with the addition of the contract for healthcare services at the Butner federal prison facility, resulting in a net 2%, or \$5 million, decline in federal grants and contracts. Private grants are projected to grow by \$5 million as researchers continue to more aggressively go after other sources of funding to help supplant some of the lost federal awards.

Commonwealth Medicine will see a significant decline in revenue in FY2014 as a result of the loss of the contract with the Massachusetts Department of Corrections for prison healthcare services. While this contract generated about \$60 million of revenue annually, the bottom line impact will be negligible. Revenue from public service activities will also be impacted by a \$20 million decline in the expected reimbursement from UMMHC under the Medical Education Services Agreement.

Independent operations revenue is driven primarily by increases at MassBiologics. Revenues from sales of tetanus and diphtheria (Td) vaccine are projected to continue to rebound, increasing by \$5 million. Licensing payments from Merck for the C. difficile vaccine are anticipated to contribute an additional \$10 million. These are offset by \$5 million in additional expenses, mostly to produce the additional Td vaccine for sale, resulting in a net \$10 million bottom line improvement for MassBiologics.

Revenue from student fees is projected to increase with the implementation of the final year of a 3 year plan for fee changes begun in FY2012. 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 state maintenance appropriation is budgeted flat from FY2013, net of the 1% 9C reduction, pending the outcome of this year's legislative budget process. Other revenues are projected essentially flat with minor increases or decreases in the level of activity of various service center operations.

The Albert Sherman Center was completed 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. Faculty and staff began to occupy the Sherman Center as planned in January 2013, initiating the process of return on this significant investment.

The financial plan incorporates expense reductions, as well as other continuing efforts to streamline processes, improve efficiencies and reduce costs. In FY2012, approximately 150 positions were eliminated (a reduction of 116 FTEs). The FY2014 budget reflects the 4th year of 15 month salary increase cycles. An increase took effect at the beginning of April in FY2013, and there will be no increase during FY2014, with the next increase being effective July of FY2015. The budget includes increased operation and maintenance costs driven by the first full year of operation of the Sherman Center and deferred maintenance projects. To support the expanding research programs, the budget

also includes the recruitment of new faculty positions in FY2014 and overall spending of \$12 million for salary support and start-up costs for new and recently hired faculty.

The Worcester campus initiated its Excellence Program in the fall of 2010, anticipating the challenges the campus would face in the approaching fiscal year 2012 budget process. The overall goal of the program is to reduce operating costs while continuing to support and grow the medical school's mission. The Excellence Program is now in its third year of operation and is referred to as Excellence 2014 - following successful implementation of the Excellence 2012 and 2013 initiatives. No area of the campus' operations has been excluded from the Excellence Program's thorough and evidence-based review. Content areas that have been selected for review include: Information Services, Human Resources, Financial Services, Facilities, Grants Management and Research and Education Administration. Recent focus has resulted in the integration of administrative services, elimination of non-core services and consolidation of IT and financial services. These actions have yielded positive financial and service improvement results; in total, the Excellence Program has produced over \$20 million in annual savings since its inception. The Excellence Program will continue to push toward sustainable administrative and academic operations through continuous improvement in campus practices and policies which align with current needs and institutional risks.

As part of the campus' Excellence program, FY2014 will include the elimination of some activities that cannot be supported in the current economic environment including the operation of a conference center made redundant by facilities included in the Sherman Center. A freeze on hiring of non revenue generating positions that began in the last quarter of FY2013 will continue to reduce expense and to minimize further reductions in force and / or program closures. The campus will continue to aggressively seek out and implement efficiencies across the spectrum of its operational activities through its ongoing Excellence program. The faculty continue to support the concept of assertive operational redesign when the fruits of those efforts support the core mission.

Making a difference in the world

As UMMS looks to the new year 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; and 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 2014 University Operating Budget – T13-034

Table 1
University of Massachusetts
Medical School
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS
Fiscal Year 2014 Operating Budget Statement
(in thousands of dollars)

				FY2014 BUDGETED		
	FY11 Actuals	FY12 Actuals	FY13 Projected Budget-Accrual/ Adjusted Basis	FY14 Budget-Accrual Basis	FY13 to FY14 Change	
REVENUES						
Operating Revenues						
Tuition and Fees						
Scholarship allowance						
Tuition and Fees (net of scholarship allowances)	\$12,084	\$14,107	\$13,658	\$15,613	\$1,955	14%
Federal Grants and Contracts	193,763	184,887	243,366	238,601	(4,765)	-2%
State Grants and Contracts	29,653	30,462	26,849	28,950	2,101	8%
Private Grants and Contracts	49,037	47,782	36,342	41,188	4,846	13%
Sales & Service, Educational	6,159	7,523	11,343	11,522	179	2%
Auxiliary Enterprises	25,909	30,388	26,722	25,339	(1,383)	-5%
Other Operating Revenues:						
Sales & Service, Independent Operations	52,619	61,087	37,522	52,027	14,505	39%
Sales & Service, Public Service Activities	670,557	383,855	454,541	373,102	(81,439)	-18%
Other	43,152	55,093	62,351	73,584	11,233	18%
Total Operating Revenues	\$1,082,933	\$815,184	\$912,694	\$859,926	-\$52,768	-6%
EXPENSES						
Operating Expenses						
<i>Educational and General</i>						
Instruction	\$47,825	\$48,633	\$53,569	\$52,327	-\$1,242	-2%
Research	226,295	221,028	224,901	214,778	(10,123)	-5%
Public Service	27,374	28,836	28,322	28,565	243	1%
Academic Support	13,951	13,959	13,136	13,749	613	5%
Student Services	4,076	5,823	6,282	6,336	54	1%
Institutional Support	59,515	55,967	46,141	43,535	(2,606)	-6%
Operation and Maintenance of Plant	39,565	47,103	44,834	48,047	3,213	7%
Depreciation and Amortization	45,183	45,924	61,908	64,119	2,211	4%
<i>Auxiliary Enterprises</i>	24,598	26,000	24,073	24,279	206	1%
<i>Other Expenditures</i>						
Independent Operations	41,911	53,734	59,066	61,793	2,727	5%
Public Service Activities	626,981	293,951	408,227	352,782	(55,445)	-14%
Total Operating Expenses	\$1,157,274	\$840,958	\$970,459	\$910,310	(\$60,149)	-6%
Operating Expenses/(Loss)	(\$74,341)	(\$25,774)	(\$57,765)	(\$50,384)	\$7,381	-13%
NONOPERATING REVENUES/(EXPENSES)						
State Appropriations	43,109	43,669	39,475	40,518	1,043	3%
State Appropriations - Federal Stimulus Funds	2,761	0	0	0	0	N/A
Gifts	8,669	3,584	23,100	11,500	(11,600)	-50%
Investment Return	23,082	5,077	12,305	12,817	512	4%
Endowment Return	2,537	2,388	2,167	2,332	165	8%
Interest on Indebtedness	(22,741)	(25,268)	(35,312)	(36,401)	(1,089)	3%
Other Nonoperating Income	1,458	273	308	117	(191)	-62%
Net Nonoperating Revenues	\$58,875	\$29,723	\$42,043	\$30,883	-\$11,160	-27%
Income Before Other Revenues, Expenses, Gains, and Losses	(\$15,466)	\$3,949	(\$15,722)	(\$19,501)	(\$3,779)	-24%
Capital Appropriations	\$999	\$401	\$18,200	\$7,000	(\$11,200)	-62%
Capital Grants and Contracts	25,802	34,062	0	0	0	N/A
Disposal of Plant Facilities	(2,693)	(1,853)	950	0	(950)	-100%
Contributions for Capital Expenditures	1,029	(345)	0	0	0	N/A
Gain from Sale of Discontinued Operations	9,655	0	0	0	0	N/A
Other Additions/Deductions	(6,439)	2,485	0	0	0	N/A
Total Other Revenues, Expenses, Gains & Losses	\$28,353	\$34,750	\$19,150	\$7,000	(\$12,150)	-63%
Total Increase (Decrease) in Net Assets	\$12,887	\$38,699	\$3,428	-\$12,501	(\$15,929)	-465%
NET ASSETS						
Net Assets at Beginning of Year	\$594,433	\$607,320	\$646,019	\$649,447	\$3,428	1%
Net Assets at End of Year	\$607,320	\$646,019	\$649,447	\$636,946	(\$12,501)	-2%

Table 2
University of Massachusetts
Medical School
 Fiscal Year 2014 Operating Budget Statement
SPENDING BY TYPE OF EXPENSE (NATURAL CLASSIFICATION)
(in thousands of dollars)

Natural Classification of Expenses	FY11	FY12	FY13	FY14	\$ Change	% Change
Category	Actuals	Actuals	Projected	Budgeted	FY13 - 14	FY13 - 14
Salaries and Wages	\$343,259	\$333,767	\$351,626	\$327,809	(\$23,817)	-6.8%
Employee Fringe Benefits	\$79,172	\$73,322	\$78,729	\$73,167	(\$5,562)	-7.1%
Student Aid	\$1,303	\$2,028	\$1,984	\$2,507	\$523	26.4%
Utilities	\$31,016	\$31,180	\$34,068	\$35,666	\$1,598	4.7%
Supplies and Other Services	\$658,208	\$355,318	\$442,536	\$407,434	(\$35,102)	-7.9%
Depreciation	\$44,316	\$45,342	\$61,516	\$63,727	\$2,211	3.6%
TOTAL	\$1,157,274	\$840,958	\$970,459	\$910,310	(\$60,149)	-6.2%

*Total should equal total Operating Expenses from SRECNA

FY 2014 University Operating Budget – T13-034

Table 3
University of Massachusetts
Medical School
Fiscal Year 2014 Operating Budget Statement
SUMMARY OF FULL-TIME EQUIVALENT (FTE) EMPLOYEES*

	Actual FTEs Fall 2010 (FY2011)	Actual FTEs Fall 2011 (FY2012)	Actual FTEs Fall 2012 (FY2013)	Proj. FTEs Fall 2013 (FY2014)	FTE Change Fall 2013 - 14	% Change Fall 2013 - 14
UNRESTRICTED/DESIGNATED FUNDS						
STATE FUNDED POSITIONS						
Faculty	86.2	89.0	88.7	88.0	(0.7)	-0.8%
Professional Staff	222.7	227.6	230.7	228.0	(2.7)	-1.2%
Classified Staff	115.5	111.2	107.1	106.0	(1.1)	-1.1%
Subtotal, State Funded	424.4	427.8	426.5	422.0	(4.5)	-1.0%
NON-STATE FUNDED POSITIONS						
Faculty	200.7	181.5	183.0	188.0	5.0	2.7%
Professional Staff	1,365.2	1,297.3	1,344.3	1,256.0	(88.3)	-6.6%
Classified Staff	1,072.5	951.9	927.7	666.0	(261.7)	-28.2%
Subtotal, Non-State Funded	2,638.4	2,430.7	2,455.0	2,110.0	(345.0)	-14.1%
Total Unrestricted/Designated	3,062.8	2,858.5	2,881.5	2,532.0	(349.5)	-12.1%
RESTRICTED FUNDS						
GRANT FUNDED POSITIONS						
Faculty	265.1	260.6	239.6	240.0	0.4	0.2%
Professional Staff	717.1	710.8	663.1	623.0	(40.1)	-6.0%
Classified Staff	180.2	172.3	177.3	167.0	(10.3)	-5.8%
Subtotal, Grant Funded	1,162.4	1,143.7	1,079.9	1,030.0	(49.9)	-4.6%
OTHER RESTRICTED POSITIONS						
Faculty	8.1	7.4	7.1	7.0	(0.1)	-1.7%
Professional Staff	15.2	18.7	16.9	17.0	0.1	0.5%
Classified Staff	0.3	1.5	3.1	3.0	(0.1)	-2.9%
Subtotal, Other Restricted Funds	23.6	27.6	27.1	27.0	(0.1)	-0.4%
Total Restricted	1,186.0	1,171.3	1,107.0	1,057.0	(50.0)	-4.5%
TOTAL UNRESTRICTED AND RESTRICTED	4,248.8	4,029.8	3,988.5	3,589.0	(399.5)	-10.0%

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

Table 4
University of Massachusetts
Medical School
Fiscal Year 2014 Operating Budget Statement
HEADCOUNT AND FTE ENROLLMENT

	Graduate		Med Students		TOTAL	
	HC	FTE	HC	FTE	HC	FTE
Fall 2013 projected	630	585	520	520	1,150	1,105
Fall 2012	641	596	519	519	1,160	1,115
Fall 2011	675	692	514	514	1,189	1,206
Fall 2010	671	683	487	487	1,158	1,170

*Source: Fall 2010, Fall 2011, and Fall 2012 figures from Student Profile

OPERATING BUDGET

for Fiscal Year 2014

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



University System Office FY 2014 Operating Budget Narrative

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 \$69.5 million and support 59,154 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.

FY 2013 University Operating Budget - T13-034

Table 1
University of Massachusetts
University System Office
(Office of the President, UITS, UMDI, UMassOnline and operations of UMass Building Authority)
Fiscal Year 2014 Operating Budget Statement
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS
(in thousands of dollars)

	FY11 Actuals	FY12 Actuals	FY13 Projected Budget-Accrual/ Adjusted Basis	FY2014 BUDGETED		
				FY14 Budget-Accrual Basis	FY13 to FY14 Change	
REVENUES						
Operating Revenues						
Tuition and Fees (net of scholarship allowances)	\$5,599	\$7,153	\$6,244	\$7,200	\$956	15%
Federal Grants and Contracts	3,906	2,577	4,103	7,500	3,397	83%
State Grants and Contracts	2,632	2,584	2,606	1,600	(1,006)	-39%
Local Grants and Contracts	169	78	180	60	(120)	-67%
Private Grants and Contracts	5,170	4,305	5,801	650	(5,151)	-89%
Sales & Service, Educational	1,623	1,478	1,427	466	(961)	-67%
Allocation from Campuses	53,604	55,898	59,879	57,599	(2,280)	-4%
Other	4,133	2,436	9,039	5,460	(3,579)	0%
Total Operating Revenues	\$76,836	\$76,509	\$89,278	\$80,535	(\$8,743)	-10%
EXPENSES						
Operating Expenses						
Educational and General						
Instruction	\$13,165	\$13,058	\$13,287	\$12,827	(460)	-3%
Research	3,134	3,279	3,276	3,000	(276)	-8%
Public Service	3,755	2,953	6,395	500	(5,895)	-92%
Institutional Support	50,022	57,157	56,992	57,613	621	1%
Operation and Maintenance of Plant			6,383	6,383	0	0%
Depreciation and Amortization	7,194	5,550	7,177	6,000	(1,177)	-16%
Scholarships and Fellowships	6	6	6	0	(6.00)	-100%
Auxiliary Enterprises						
Other Expenditures						
Independent Operations	0	0	0	4,351	4,351	N/A
Total Operating Expenses	\$77,276	\$82,003	\$93,516	\$90,724	(2,792)	-3%
Operating Income/(Loss)	(\$440)	(\$5,494)	(\$4,238)	(\$10,189)	(5,951)	140%
NONOPERATING REVENUES/(EXPENSES)						
Federal Appropriations						
State Appropriations	\$10,926	\$12,737	\$11,816	\$10,446	(\$1,371)	-12%
State Appropriations - Federal Stimulus Funds	0	0	0	0	0	N/A
Gifts	0	0	0	0	0	N/A
Investment Return	7,575	(250)	5,700	0	(5,700)	-100%
Endowment Return	193	231	207	0	(207)	-100%
Interest on Indebtedness	(228)	(99)	(872)	0	872	-100%
Interest Income	0	0	0	0	0	N/A
Other Nonoperating Income	17	(78)	200	0	(200)	-100%
Net Nonoperating Revenues	\$18,483	\$12,541	\$17,052	\$10,446	(\$6,606)	-39%
Income Before Other Revenues, Expenses, Gains, and Losses	\$18,043	\$7,047	\$12,813	\$257	(\$12,557)	-98%
Capital Appropriations						
Capital Appropriations	\$0	\$0	\$0	\$0	\$0	0%
Capital Grants and Contracts	2,100	2,282	900	0	-\$900	-100%
University Related Transactions	0	0	0	0	\$0	0%
Disposal of Plant Facilities	0	0	0	0	0	0%
Expended for Plant	0	0	0	0	0	0%
Other Additions (Deductions)	(1,080)	5,086	(797)	0	797	-100%
Transfers		(13,500)	0	0	0	0%
Total Other Revenues, Expenses, Gains & Losses	\$1,020	(\$6,132)	\$103	\$0	(\$103)	-100%
Total Increase (Decrease) in Net Assets**	\$19,063	\$915	\$12,916	\$257	(\$12,659)	-98%
NET ASSETS						
Net Assets at Beginning of Year	\$87,762	\$106,825	\$107,740	\$120,656	\$12,916	12%
Net Assets at End of Year	\$106,825	\$107,740	\$120,656	\$120,913	\$257	0%

FY 2013 University Operating Budget - T13-034

(Office of the President, UITS, UMDI, UMassOnline)
Fiscal Year 2014 Operating Budget Statement
SPENDING BY TYPE OF EXPENSE (NATURAL CLASSIFICATION)
(in thousands of dollars)

	FY11	FY12	FY13	FY14	\$ Change	% Change
EXPENSE CATEGORY	Actuals	Actuals	Projected	Budgeted	FY13 - 14	FY13 - 14
Salaries and Wages	\$32,342	\$33,793	\$36,327	\$37,690	\$1,362	3.8%
Employee Fringe Benefits	\$9,808	\$10,837	\$10,898	\$10,930	\$32	0.3%
Student Aid	\$6	\$6	\$6	\$50	\$44	0.0%
Utilities	\$2,501	\$2,478	\$3,052	\$3,345	\$293	9.6%
Supplies and Other Services	\$25,293	\$27,490	\$36,055	\$32,115	(\$3,940)	-10.9%
Depreciation	\$7,326	\$7,399	\$7,177	\$6,000	(\$1,177)	-16.4%
TOTAL	\$77,276	\$82,003	\$93,516	\$90,130	(\$3,386)	-3.6%

Table 3
University of Massachusetts
University System Office
(Office of the President, UITs, UMDI, UMassOnline)
Fiscal Year 2014 Operating Budget Statement
SUMMARY OF FULL-TIME EQUIVALENT (FTE) EMPLOYEES*

	Actual FTEs Fall 2011 (FY2012)	Actual FTEs Fall 2012 (FY2013)	Proj. FTEs Fall 2013 (FY2014)	FTE Change Fall 2012 - 13	% Change Fall 2012 - 13
UNRESTRICTED/DESIGNATED FUNDS					
STATE FUNDED POSITIONS					
Faculty	0.0	0.0	0.0	0.0	0.0%
Professional Staff	200.9	209.0	218.4	9.3	4.7%
Classified Staff	3.0	7.0	5.0	(2.0)	-66.7%
Subtotal, State Funded	203.87	216.0	223.4	7.3	3.6%
NON-STATE FUNDED POSITIONS					
Faculty	0.0	0.0	0.0	0.0	0.0%
Professional Staff	103.0	107.8	98.0	(9.8)	-9.5%
Classified Staff	1.1	0.7	0.0	(0.7)	0.0%
Subtotal, Non-State Funded	104.1	108.5	98.0	(10.6)	-10.1%
Total Unrestricted/Designated	308.0	324.5	321.3	(3.2)	-1.0%
RESTRICTED FUNDS					
GRANT FUNDED POSITIONS					
Faculty	0.0	0.0	0.0	0.0	0.0%
Professional Staff	54.8	46.0	73.0	27.0	0.0%
Classified Staff	2.9	2.0	2.0	0.0	0.0%
Subtotal, Grant Funded	57.7	48.0	75.0	27.0	0.0%
OTHER RESTRICTED POSITIONS					
Faculty	0.0	0.0	0.0	0.0	0.0%
Professional Staff	0.0	0.0	0.0	0.0	0.0%
Classified Staff	0.0	0.0	0.0	0.0	0.0%
Subtotal, Other Restricted Funds	0.0	0.0	0.0	0.0	0.0%
Total Restricted	57.7	48.0	75.0	27.0	0.0%
TOTAL UNRESTRICTED AND RESTRICTED	365.6	372.5	396.3	23.8	6.5%

**UNIVERSITY OF MASSACHUSETTS
UNIVERSITY INFORMATION TECHNOLOGY SERVICES
FY 2014 Operating Budget Narrative**

The University of Massachusetts Information Technology Services (UITS) organization supports a wide range of constituents, both at the campuses and the President's Office. We are committed to providing high quality information technology service and leadership that aligns with the mission of the University of Massachusetts.

Our mission is to support the advancement of the University's core activities in the areas of instruction, research, and outreach operating within a framework of shared services. This mission is founded on the following key principles:

- Providing University-wide leadership for the planning, design, and provision of high quality information technology services.
- Maintaining a reliable and technologically advanced information infrastructure.
- Ensuring the judicious use of new technologies and models of service to enhance the academic and business functions of the University

UITS provides both technical and strategic IT guidance and support related to the major shared administrative applications and systems at the university, including Financials, Human Capital Management, Student Systems and the Advancement system. Major goals in this area include providing a platform that contributes to the business and academic communities ability to meet their performance and outcomes goals. We strive to provide an environment of high quality service and responsiveness for our peers and constituents relative to the applications and technology that we support.

UITS is responsible for the overall development and management of the University's high performance computing infrastructure located within the newly constructed Massachusetts Green High Performance Computing Center (MGHPCC) located in Holyoke, MA. This state-of-the-art computing center greatly expands the University's ability to leverage the latest high performance research technology in a cost effective and efficient manner through the use of shared infrastructure and access to lower energy 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 UMassNet, formerly the Massachusetts Information Turnpike Initiative (MITI) network. The University will continue to enhance and expand the statewide network that connects all five campuses, MGHPCC, and the President's Office through additional fiber connections and technology upgrades. The network will continue to support administrative and high performance computing services, Internet and I2 access services for state and community colleges,

**UNIVERSITY OF MASSACHUSETTS
UNIVERSITY INFORMATION TECHNOLOGY SERVICES
FY 2014 Operating Budget Narrative**

The University of Massachusetts Information Technology Services (UITS) organization supports a wide range of constituents, both at the campuses and the President's Office. We are committed to providing high quality information technology service and leadership that aligns with the mission of the University of Massachusetts.

Our mission is to support the advancement of the University's core activities in the areas of instruction, research, and outreach operating within a framework of shared services. This mission is founded on the following key principles:

- Providing University-wide leadership for the planning, design, and provision of high quality information technology services.
- Maintaining a reliable and technologically advanced information infrastructure.
- Ensuring the judicious use of new technologies and models of service to enhance the academic and business functions of the University

UITS provides both technical and strategic IT guidance and support related to the major shared administrative applications and systems at the university, including Financials, Human Capital Management, Student Systems and the Advancement system. Major goals in this area include providing a platform that contributes to the business and academic communities ability to meet their performance and outcomes goals. We strive to provide an environment of high quality service and responsiveness for our peers and constituents relative to the applications and technology that we support.

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FY 2014 University Operating Budget – T13-034

Table 1
University of Massachusetts
Information Technology Services
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS
Fiscal Year 2014 Operating Budget Statement
(in thousands of dollars)

	FY11 Actuals	FY12 Actuals	Projected Budget- Accrual/ Adjusted Basis	FY2014 BUDGETED		
				FY14 Budget- Accrual Basis	FY13 to FY14 Change	
REVENUES						
Operating Revenues						
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	\$2,559	\$2,671	\$2,841	\$2,841	\$0	0%
Sales & Service, Public Service Activities						
Other	\$29,743	\$29,275	\$36,192	\$37,841	\$1,649	5%
Total Operating Revenues	\$32,302	\$31,946	\$39,033	\$40,682	\$1,649	4%
EXPENSES						
Operating Expenses						
<i>Educational and General</i>						
Instruction						
Research						
Public Service						
Academic Support						
Student Services						
Institutional Support	\$30,416	\$29,232	\$37,242	\$37,841	\$599	2%
Operation and Maintenance of Plant						
Depreciation and Amortization						
Scholarships and Fellowships						
<i>Auxiliary Enterprises</i>						
<i>Other Expenditures</i>						
Independent Operations	\$2,562	\$2,890	\$4,202	\$4,351	\$149	4%
Public Service Activities						
Total Operating Expenses	\$32,978	\$32,122	\$41,444	\$42,192	\$748	2%
Operating Income/(Loss)	-\$676	-\$176	-\$2,411	-\$1,510	\$901	-37%
NONOPERATING REVENUES/(EXPENSES)						
Federal Appropriations						
State Appropriations						
Gifts						
Investment Return						
Endowment Return						
Interest on Indebtedness						
Other Nonoperating Income						
Revenue from Stimulus Funds						
Net Nonoperating Revenues	\$0	\$0	\$0	\$0	\$0	
Income Before Other Revenues, Expenses, Gains, and Losses	-\$676	-\$176	-\$2,411	-\$1,510	\$901	-37%
<i>Capital Appropriations</i>						
Capital Grants and Contracts						
University Related Transactions						
Disposal of Plant Facilities						
Other Additions/Deductions						
Total Other Revenues, Expenses, Gains & Losses	\$0	\$0	\$0	\$0	\$0	
Total Increase in Net Assets	-\$676	-\$176	-\$2,411	-\$1,510	\$901	-37%
NET ASSETS						
Net Assets at Beginning of Year	\$7,799	\$7,123	\$6,947	\$4,536	-\$2,411	-35%
Net Assets at End of Year	\$7,123	\$6,947	\$4,536	\$3,026	-\$1,510	-33%

Table 2
University of Massachusetts
Information Technology Services
Fiscal Year 2014 Operating Budget Statement
SPENDING BY TYPE OF EXPENSE (NATURAL CLASSIFICATION)
(in thousands of dollars)

	FY11	FY12	FY13	FY14	\$ Change	% Change
EXPENSE CATEGORY	Actuals	Actuals	Projected	Budgeted	FY13 - 14	FY13 - 14
Salaries and Wages	\$14,423	\$15,767	\$17,941	\$19,221	\$1,280	7.1%
Employee Fringe Benefits	\$1,525	\$1,986	\$2,118	\$2,611	\$493	23.3%
Student Aid						
Utilities						
Supplies and Other Services	\$17,030	\$14,369	\$21,385	\$20,360	(\$1,025)	-4.8%
Depreciation						
TOTAL	\$32,978	\$32,122	\$41,444	\$42,192	\$748	1.8%

*Total should equal total Operating Expenses from SRECNA

FY 2014 University Operating Budget – T13-034

Table 3
University of Massachusetts
Information Technology Services
Fiscal Year 2014 Operating Budget Statement
SUMMARY OF FULL-TIME EQUIVALENT (FTE) EMPLOYEES*

	Actual FTEs Fall 2010 (FY2011)	Actual FTEs Fall 2011 (FY2012)	Actual FTEs Fall 2012 (FY2013)	Proj. FTEs Fall 2013 (FY2014)	FTE Change Fall 2012 - 13	% Change Fall 2012 - 13
UNRESTRICTED/DESIGNATED FUNDS						
STATE FUNDED POSITIONS						
Faculty					0.0	
Professional Staff	105.0	108.0	107.0	92.0	(15.0)	-14.0%
Classified Staff	10.0	8.0	5.0	5.0	0.0	0.0%
Subtotal, State Funded	115.0	116.0	112.0	97.0	(15.0)	-13.4%
NON-STATE FUNDED POSITIONS						
Faculty					0.0	
Professional Staff	53.5	58.0	66.0	88.0	22.0	33.3%
Classified Staff					0.0	
Subtotal, Non-State Funded	53.5	58.0	66.0	88.0	22.0	33.3%
Total Unrestricted/Designated	168.5	174.0	178.0	185.0	7.0	3.9%
RESTRICTED FUNDS						
GRANT FUNDED POSITIONS						
Faculty					0.0	
Professional Staff					0.0	
Classified Staff					0.0	
Subtotal, Grant Funded	0.0	0.0	0.0	0.0	0.0	
OTHER RESTRICTED POSITIONS						
Faculty					0.0	
Professional Staff					0.0	
Classified Staff					0.0	
Subtotal, Other Restricted Funds	0.0	0.0	0.0	0.0	0.0	
Total Restricted	0.0	0.0	0.0	0.0	0.0	
TOTAL UNRESTRICTED AND RESTRICTED	168.5	174.0	178.0	185.0	7.0	3.9%

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

FY 2014 University Operating Budget – T13-034

Table 1
University of Massachusetts
Information Technology Services
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS
Fiscal Year 2014 Operating Budget Statement
(in thousands of dollars)

			FY2014 BUDGETED		
	FY11 Actuals	FY12 Actuals	Projected Budget- Accrual/ Adjusted Basis	FY14 Budget- Accrual Basis	FY13 to FY14 Change
REVENUES					
Operating Revenues					
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	\$2,559	\$2,671	\$2,841	\$2,841	\$0 0%
Sales & Service, Public Service Activities					
Other	\$29,743	\$29,275	\$36,192	\$27,741	(\$8,451) -23%
Total Operating Revenues	\$32,302	\$31,946	\$39,033	\$30,582	(\$8,451) -22%
EXPENSES					
Operating Expenses					
<i>Educational and General</i>					
Instruction					
Research					
Public Service					
Academic Support					
Student Services					
Institutional Support	\$30,416	\$29,232	\$37,242	\$38,435	\$1,193 3%
Operation and Maintenance of Plant					
Depreciation and Amortization					
Scholarships and Fellowships					
<i>Auxiliary Enterprises</i>					
<i>Other Expenditures</i>					
Independent Operations	\$2,562	\$2,890	\$4,202	\$4,351	\$149 4%
Public Service Activities					
Total Operating Expenses	\$32,978	\$32,122	\$41,444	\$42,786	\$1,342 3%
Operating Income/(Loss)	(\$676)	(\$176)	(\$2,411)	(\$12,204)	(\$9,793) 406%
NONOPERATING REVENUES/(EXPENSES)					
Federal Appropriations				\$9,506	
State Appropriations					
Gifts					
Investment Return					
Endowment Return					
Interest on Indebtedness					
Other Nonoperating Income					
Revenue from Stimulus Funds					
Net Nonoperating Revenues	\$0	\$0	\$0	\$9,506	\$9,506
Income Before Other Revenues, Expenses, Gains, and Losses	(\$676)	(\$176)	(\$2,411)	(\$2,698)	(\$287) 12%
Capital Appropriations					
Capital Grants and Contracts					
University Related Transactions					
Disposal of Plant Facilities					
Other Additions/Deductions					
Total Other Revenues, Expenses, Gains & Losses	\$0	\$0	\$0	\$0	\$0
Total Increase in Net Assets	(\$676)	(\$176)	(\$2,411)	(\$2,698)	(\$287) 12%
NET ASSETS					
Net Assets at Beginning of Year	\$7,799	\$7,123	\$6,947	\$4,536	(\$2,411) -35%
Net Assets at End of Year	\$7,123	\$6,947	\$4,536	\$1,838	(\$2,698) -59%

Table 2
University of Massachusetts
Information Technology Services
Fiscal Year 2014 Operating Budget Statement
SPENDING BY TYPE OF EXPENSE (NATURAL CLASSIFICATION)
(in thousands of dollars)

	FY11	FY12	FY13	FY14	\$ Change	% Change
EXPENSE CATEGORY	Actuals	Actuals	Projected	Budgeted	FY13 - 14	FY13 - 14
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Student Aid						
Utilities						
Supplies and Other Services	\$17,030	\$14,369	\$21,385	\$20,360	(\$1,025)	-4.8%
Depreciation						
TOTAL	\$32,978	\$32,122	\$41,444	\$42,192	\$748	1.8%

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SUMMARY OF FULL-TIME EQUIVALENT (FTE) EMPLOYEES*

	Actual FTEs Fall 2010 (FY2011)	Actual FTEs Fall 2011 (FY2012)	Actual FTEs Fall 2012 (FY2013)	Proj. FTEs Fall 2013 (FY2014)	FTE Change Fall 2012 - 13	% Change Fall 2012 - 13
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Faculty					0.0	
Professional Staff	105.0	108.0	107.0	92.0	(15.0)	-14.0%
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Subtotal, State Funded	115.0	116.0	112.0	97.0	(15.0)	-13.4%
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Faculty					0.0	
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RESTRICTED FUNDS						
GRANT FUNDED POSITIONS						
Faculty					0.0	
Professional Staff					0.0	
Classified Staff					0.0	
Subtotal, Grant Funded	0.0	0.0	0.0	0.0	0.0	
OTHER RESTRICTED POSITIONS						
Faculty					0.0	
Professional Staff					0.0	
Classified Staff					0.0	
Subtotal, Other Restricted Funds	0.0	0.0	0.0	0.0	0.0	
Total Restricted	0.0	0.0	0.0	0.0	0.0	
TOTAL UNRESTRICTED AND RESTRICTED	168.5	174.0	178.0	185.0	7.0	3.9%

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

OPERATING BUDGET

for Fiscal Year 2014

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



**UNIVERSITY OF MASSACHUSETTS DONAHUE INSTITUTE
FY 2014 Operating Budget Narrative**

OVERVIEW

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

The Institute's revenue in FY13 was \$11,702,000. These monies are derived from the following sources: grants and contracts (including overhead) \$8,435,324, Office of the President Projects, \$269,000; State Appropriation, \$539,000 and other revenue \$392,000. For FY13, the Institute generated \$15.65 in grant and contract funds for every \$1 in State Appropriation. In addition during FY13, system-wide projects supported by the Institute totaled \$505,724.

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 Research and Program Evaluation (ARPE)

Focus: Provides formative and summative program evaluation, applied policy research, organizational and needs assessment, data collection and analysis, and other research services to a range of governmental, non-profit and private sector clients.

Key projects and development efforts: ARPE specializes in applied research, with particular expertise in the fields of education, public health, and human services, and experience working in a variety of other contexts, including housing, and economic and workforce development.

In the area of early and K-12 education, current clients include the MA Department of Early Education and Care, the MA Department of Elementary and Secondary Education, the Education Development Center, WGBH Boston, the Boston Museum of Science, the Clarke Schools for Hearing and Speech, Expeditionary Learning Inc., and numerous local public school districts. Higher Education clients include the MA Department of Higher Education, as well as UMass Amherst, UMass Boston, the UMass Lowell College of Engineering, Northeastern University, Amherst College and Worcester Polytechnic Institute. Public 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.

Following is a partial list of projects developed or ongoing during this fiscal year:

FY 2014 University Operating Budget – T13-034

- ARPE continued and expanded its evaluation of a number of major education reform projects of the MA Department of Elementary and Secondary Education (ESE). These include several Race to the Top funded evaluations focused on district leadership, high school graduation, college and career readiness, and school culture and climate. Additionally, ARPE is implementing a range of projects focused on school redesign (turnaround), charter school student demography and achievement, and teacher professional development related to math and science.
- ARPE expanded its work for Expeditionary Learning Inc. (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 is implementing an extensive development and validation study, which will yield a new Practice Implementation Review System to guide the organization's quality measurement and improvement efforts.
- Work began on a Validation Study of the MA Department of Early Education and Care (EEC)'s Quality Rating and Improvement system. Funded through a federal Race to the Top Early Learning Challenge Grant, this four year study will examine the validity and reliability of EEC's recently implemented system, while providing formative feedback to support its ongoing refinement and implementation. The study is currently in the pilot implementation phase, in preparation for at-scale implementation in late 2013.
- Work began on a study of community readiness to support child development, a component of a broader evaluation of the MA Department of Public Health (DPH)'s Maternal, Infant, and Early Childhood Home Visiting Program, a program implemented in collaboration with MA EEC. This study has established an operating definition for community capacity to support child development and is now in the community assessment phase, piloting the work in three cities this spring.
- ARPE was awarded the evaluation of a National Science Foundation (NSF) Informal Science Education (ISE) grant award won by WGBH Boston. The award supports WGBH's planned expansion of PEEP and the Big Wide World – a successful educational children's television show that provides an innovative approach to teaching science to preschoolers. ARPE will conduct a mixed methods pilot study in support of WGBH's translation of the PEEP program into a set of digital (online) curriculum tools for use by family care providers, with the pilot engaging providers in Massachusetts and California.
- Work began on a multi-year study for the Partners Health Care Foundation. The study will examine two Boston-based youth mentoring programs intended to increase interest and participation in science and health care-related careers. These programs are housed at Massachusetts General Hospital and Brigham and Women's Hospital, each of which has operated a program for a number of years and focuses its services on students who attend Boston Public Schools.
- ARPE was contracted to evaluate a three-year Substance Abuse and Mental Health Services Administration (SAMHSA) grant award received by Baystate Health System's Family Advocacy Center (FAC). The program, entitled Therapy House Calls: Effective Treatment in the Home for Families Experiencing Trauma and Loss, will improve access and quality of mental health care for children and families who are experiencing symptoms stemming from trauma or loss. ARPE will implement a comprehensive process evaluation and assist FAC staff with the analysis of client-level outcomes data and meeting federal and cross-site evaluation reporting requirements.

- Finally, ARPE is working with the National Cancer Institute in an evaluation of the effectiveness of the Institute’s Cancer Information Service (CIS) in influencing client actions after being given clinical trials information. This project continues an ongoing relationship between the organizations and will feature extensive surveys and interviews with key consumers of CIS services.

2. **Brockton CareerWorks**

Focus: Provides various business services, educational and training activities, and job-search assistance and resources to job seekers and employers in the Greater Brockton region.

Key projects and development efforts: CareerWorks, the One-Stop Career Center located in downtown Brockton, plays a leadership role in providing education and training resources to residents in the greater Brockton region. During this period, we partnered with other public institutions of Higher Education, including Bridgewater State College and Massasoit Community College, to upgrade the skills of workers in the region. We increased our business engagement and continued to play a crucial role in the economic development of the City of Brockton, and worked closely with the Mayor’s office and local and state economic development agencies to meet the workforce development needs of employers.

- CareerWorks participated in the Massachusetts Community College and Workforce Development Transformation Agenda grant. The grant is designed to strengthen the relationship between the One-Stop Career Centers and the Community Colleges. Massasoit Community College has a staff person located at CareerWorks two days a week to assist customers and Career Center staff with navigating the community college system and expanding programs that better meet employer and job seeker needs. The Community College Navigator has also worked closely with the Career Center in order to coordinate with admissions, financial aid and advising offices on campus.
- CareerWorks launched its quarterly Veteran Partners Meeting, a forum in which professionals working with veterans can share ideas on how to better serve the veterans in our community. In attendance, along with CareerWorks’ Veteran’s representative, were several veteran agents from the surrounding communities, as well as representatives from both Massasoit Community College and the Brockton Area Workforce Investment Board. The meeting provided a great opportunity for CareerWorks to highlight the services that we offer to veterans, while stressing the importance of a collaborative relationship amongst our partnering agencies. Although many in attendance had once utilized the career center for their own employment needs, they were surprised at the vast array of services we offer specifically for veterans. The meeting provided the platform for a candid conversation regarding the dissemination of information and the use of social media, such as Linked In, Facebook, and Constant Contact.
- CareerWorks awarded two contracts for occupational skills group training programs for low income adults and dislocated workers. Massasoit Community College has been selected to provide a 15-week Microsoft office certificate program, which also provides three college credits. A Microsoft Office certificate is proof that professionals have mastered the complete Office suite and can use the software in a professional setting. Parker Professional Driving School will be offering two six-week Class A CDL truck driving programs. The Class A CDL licenses drivers to operate large trailers and haul heavy cargo. Upon completion of the training

CareerWorks offered two day employability skills training sessions and held job fairs on site to assist with employment. The groups trained a total of 36 people.

- During FY 13 Career works focused on business engagement and initiated a Business Visitation Program. The program is designed to increase local business' awareness of the services provided by the Career Center and the State. Employers are identified for visitation based on high impact industry sectors identified by the Brockton Area Workforce Investment Board and skill sets of the job seeker members of the Career Center. Services currently being marketed are; the Workforce Training Fund, Safety Grants, On the Job Training, Hiring Incentive Grants, labor market information, access to qualified applicants, posting of jobs, and the opportunity to conduct recruitments on site at the Career Center.

3. Civic Initiative

Focus: Utilizes the University's expertise and resources to enhance the teaching of democracy and government in our schools, and the understanding of the American Public Policy process around the world; offers education programs in emerging democracies; and measures the impact of democratic reform in Massachusetts.

Key projects and development efforts: During this fiscal year, the Civic Initiative hosted 25 Pakistani students, who lived at UMass Amherst for six weeks and took a class on Comparative Public Policy with a number of UMass students in partnership with the University of Massachusetts Political Science Department; managed programs for 25 Iraqi college students, 22 Argentine post-graduates, 18 multi-national university faculty, and 20 college students from Armenia, Azerbaijan, Georgia and Turkey. The program also included in-country visits to Pakistan and Iraq for follow-up reunions with past participants.

- UMDI's Civic Initiative, under a contract with FHI360, managed a program that brought 25 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 The Pub restaurant in Amherst, which raised more than \$1,200 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 22 Argentine Fulbright scholars at the UMass Amherst campus for a three week program on US culture and politics. This intensive program, funded by the Argentine Fulbright Commission, also included trips to New York City, Boston, and Washington, DC.
- The Unit also hosted 17 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.
- Along with this program, the Civic Initiative also utilized the UMass Amherst campus for other programs as well. During the summer of 2012, UMDI was 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.

4. Economic and Public Policy Research (EPPR)

Focus: Produces high-quality applied research on key economic and public policy issues facing Massachusetts and New England at the local, regional and state-level, on behalf of policy makers and business leaders.

Key projects and development efforts: EPPR is the home of a number of standing programs and initiatives: *MassBenchmarks* is 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 Massachusetts State Data Center creates and updates four quarterly State of the State reports for the Office of the State Treasurer, which are attached to the Commonwealth’s bond prospectus. EPPR also delivers customized, client-driven economic policy studies for public agencies, non-profits and the private sector.

Selected highlights of the work of EPPR during this period include:

- **MassBenchmarks** released an issue of the journal which featured articles on low-wage and low-income Workers in Massachusetts, and an article encouraging new measures of unemployment and underemployment in the laborforce. The project also released four email releases covering the Massachusetts Current and Leading indices, which provide assessments of the health of the Massachusetts economy and assess economic growth within the Commonwealth to growth in the broader U.S. economy. These releases were timed to coincide with the release of U.S. GDP data. An additional set of email bulletins provided insight into economic conditions from the perspective of leading economists in the Commonwealth. *MassBenchmarks* also produced a special analysis looking at revised state employment data and implications of trends in this area.
- **Population Estimates Program (PEP)** completed its own set of population estimates for all Massachusetts cities, towns, and counties, for comparison to the Census Bureau’s 2011 estimates. The program reported these results, in detail and in a summary report, to PEPs primary funder, the Secretary of the Commonwealth (SOC). As the Census Bureau released their own Vintage 2011 estimates set, PEP extracted data for Massachusetts and created a brief summary analysis of population estimates and changes within Massachusetts, which was sent to the State Data Center Affiliates and also posted on the *MassBenchmarks* news and releases website. In July, PEP finalized the data for the 2012 GQR report, and submitted the final product within the required timeframe. It is anticipated that the results of this survey and reporting effort will increase the state’s official population estimate for 2012 by over 8,000 persons, effectively leveraging approximately \$10 million in federal funding for the state for each and every year until the next Census count in 2020.

Throughout the year, the Population Estimates Program conducted research for the Count Question Resolution Program which gives cities and towns the opportunity to review and correct Census 2010 base counts. To date, the PEP program has investigated over 50 municipalities for possible discrepancies. Work is also conducted to complete the annual Group Quarters survey, which incorporates growth in non-traditional housing populations into annual U.S. Census estimates. PEP also developed a methodology for the next round of population projections, the first of their kind since MISER produced theirs in 2003. These projections will look forward 20 years and will be released at the Massachusetts State, county, and town levels.

- **State Data Center** will complete four quarterly reports within this fiscal year, providing updated data related to the economic and fiscal health of the Commonwealth. Funded by the Massachusetts Office of the Treasurer, the *Economic Due Diligence* document is released in hard copy and online to enhance the ability of users to reference the data analysis contained within the reports. The State Data Center also released an application that allows easier access to the Census Bureau's standard data profiles for Massachusetts' cities and towns, bypassing Census's American Factfinder's somewhat tricky interface.

- **Grants and Contracts**

New England Defense Industry project (Defense Technology Initiative)

In October, staff completed the New England Defense industry research project, funded by sponsors of the Defense Technology Initiative. Through extensive analysis of federal spending on defense products and services, three reports were written which describe the strengths of the defense industry within the states of Connecticut, Massachusetts and Rhode Island.

Cape Cod Regionalization study (Cape Cod Economic Development Commission)

Research assistance was completed on a project for the Cape Cod Economic Development Commission related to costs and the regional ability to pay for a regional wastewater treatment system.

City of Boston Younger Worker study (Boston Redevelopment Authority)

Research is taking place on a collaborative research project with the Boston Redevelopment Authority on college-educated younger workers and residents in the city to understand market dynamics and issues for retaining and attracting younger workers.

Automated Maritime Vehicles study (Canadian Consulate General)

Market research services were completed to support the efforts of the Canadian Consulate General to improve the industry knowledge and connections between Canadian companies and developers and manufacturers of undersea vehicles in New England.

Contract Award by the Massachusetts Gaming Commission

The UMass Donahue Institute collaborated with the UMass Amherst Department of Public Health on a major research proposal for the Massachusetts Gaming Commission. The study, which was selected for funding by the Commission, will assess economic and social impacts of casino gaming facilities within the Commonwealth over the next six years. EPPR will lead the economic and fiscal impact assessment of casino facilities.

5. **Financial Management Education and Training (FMET)**

Focus: Provides non-credit training in financial management education for Department of Defense (DoD) personnel.

Key projects and development efforts: Since 1997, the UMass Donahue Institute has collaborated with Science Applications International Corporation (SAIC) to develop curriculum and provided course instruction to the Defense Finance and Accounting Service (DFAS), the primary finance agency within the Department of Defense (DoD). The contract concluded in March, 2013.

- 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 throughout the US, Europe, Japan, and Korea during the life of the contract. The FMET Program has developed and taught more than 40 unique courses of instruction in the three DFAS functional Mission Areas (Accounting, Finance, and Disbursing) to Department of Defense employees and customers for improved operational efficiency and effectiveness. In July 2012, the FMET Program received across the board ratings of “Exceptional” on the DFAS Contractor Performance Assessment Report (CPAR), assessing our overall contract performance for the period of April 2011 through March 2012.

Head Start

Focus: Provides 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 they need to succeed.

Key project and development efforts: During this period, the UMDI Head Start initiative continued to manage four state early childhood education training/technical assistance centers in New England; provided targeted assistance to at-risk programs in all six New England states; and provided Head Start 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 included using data to build 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; creating supportive transition for children and families as they move from Head Start to Public School; 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.

- On August 13 and 14 UMDI’s Head Start Training and Technical Assistance Consortium sponsored its annual Early Head Start conference. This year’s theme, Music, Movement, and More, focused on promoting physical activity and preventing obesity in our youngest children. The conference was directed towards programs serving children birth to three and

their families, and was attended by 125 Early Head Start staff and others caring for infants and toddlers, from across Connecticut, Massachusetts, New Hampshire and Vermont.

- During this period, the Office of Head Start has made program improvement based on data-informed decision-making a major priority. Throughout the year, Early Childhood Specialists and Grantee Specialists have worked with individual programs around how various data sources contribute valuable information about the quality of the program, including child progress assessment, program statistics, program self-assessment, community assessment, demographics, as well as formal and informal feedback from families and partners in their communities. They provided specific technical assistance on collecting, aggregating and analyzing data, and then using that data to inform classroom and curriculum modifications as well as to plan program improvements.

7. Organizational Development and Learning Solutions (ODLS)

Focus: Provides 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: During this period, ODLS continued its work with numerous long term clients in Massachusetts state government, including the Department of Developmental Services, the Department of Environmental Protection, and the Massachusetts Commission for the Blind. ODLS also organized and facilitated the Annual Board Retreat for the Department of Early Education and Care; continued to offer a six module Online Leadership Excellence Certificate Program in collaboration with UMass Amherst Continuing and Professional Education; provided conference logistics for the ninth annual Massachusetts STEM Summit; continued to coordinate and facilitate the Mass Department of Public Health Massachusetts Comprehensive Cancer Prevention and Control Program; continued to develop virtual training and webinar capabilities using the AdobeConnect Pro service; and and began offering training on webinar-related skills as a new service.

- ODLS worked with the **Fallon Community Health Plan's** new senior healthcare team handling the NaviCare senior plan. As of January 1st, Fallon was poised to triple in employee size and as a result required a structured training approach that will formalize the initial informal training currently in place, as well as enable the organization to reach their geographically dispersed workforce. The program development has been very successful and the client was extremely pleased to ultimately have online, on-demand and blended training capabilities to reach their expanding workforce.
- Another new client is from the UMMS system, **Commonwealth Medicine (CWM)**, which has engaged ODLS to provide new Client Relationship Training for their organization. Another “hot” need in healthcare, as well as other industries, is the need to improve and enhance the services provided to clients. ODLS is developing and delivering customer service, negotiation skills, and sales-related skills to help strengthen the CWM team, and is working strategically with the Executive CWM leadership team to ensure a successful initiative at all levels.
- ODLS presented two workshops at the **Fire Chiefs Association of Massachusetts (FCAM) Professional Development Conference**, held in February in Boxborough. Approximately 200 chiefs from throughout the state attended the three-day conference, and UMDI led sessions on the use of social media and addressing generational differences in the workplace. Both

sessions were well-attended and received positive feedback from the attendees.

- ODLS has taken its **strong virtual technology capability** to a number of new clients in the past few months. A few new healthcare clients are growing and expanding to meet the needs of both the baby-boomer soon-to-be seniors generation, with new programs that meet the requirements of the Affordable Care Act. As a result, ODLS is providing services that include virtual/remote training design, delivery, and train-the-trainer work.

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, continuing into this year, the exploration of Satellite Centers.

With statewide elections held in November of 2012 for the Massachusetts Legislature, the Institute conducted the Academy for New Legislators from December 12-14, 2012. Started in 1994, this was the 10th Academy and was attended by 18 Newly-Elected Representatives. Since the beginning a total of then 153 members of the House and 19 members of the senate have been invited to attend the academy. More than 98% of those invited attended. Of the present house and senate, the University is proud to have 100 representatives and 17 senators as graduates of this academy. The Academy for New Legislators is jointly planned and sponsored by the University, the Senate and the House. It has traditionally been held on the UMass Amherst Campus. The UMass Donahue Institute manages the program and logistics on behalf of the University. The leadership of the House and Senate and the President of the University, as well as the five Chancellors have regularly attended the Academy.

The UMass Donahue Institute co-hosts the Annual Massachusetts STEM Summit in partnership with the Governor's STEM Advisory Council and the Massachusetts Business Roundtable. The 2012 Summit was moved to Gillette Stadium and drew over 1000 people, far exceeding the previous record of 650). Featured speakers included Astronaut Cady Coleman; Commissioner Janet LaBreck (Mass Commission for the Blind); and greetings from several others, including Patriots' Owner, Robert Kraft, UMass Chair Henry Thomas and Secretary of Education Paul Reville. The 10th Annual STEM Summit will be held again at Gillette Stadium on November 13, 2013. In addition, Jean Supel, of our Applied Research and Program Evaluation Unit, continues to provide research regarding the progress on the Statewide STEM Plan.

At the request of President Caret, the Institute conducted a market research study regarding the potential for establishing a University Satellite Center in Springfield MA. Once completed, the study will include a description of the population, an industry profile, a picture of current regional employment trends, educational demand, transfer patterns, a conceptual model with estimated costs, and next steps. It will also include an analysis of findings from focus group and key informant interviews held with over 95 Springfield area stakeholders – employers in healthcare, high tech and the innovation economy; other small and medium size businesses; leadership of area higher education institutions; Latino community leadership; the Black Leadership Alliance; young professionals; legislators; state agencies; nonprofits; human service providers; and other business leaders.

FY13 STAFFING AND CAMPUS RESOURCES

During FY13, the Institute employed 97 staff with a full-time equivalency of 87.8, 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 FY13 alone, 80% of the contracts were federally funded or federal monies passed through the state and 12% were state funded. The balance of our contract funding emanated from local and private sources.

In addition, the Institute utilized the services of 16 faculty spread across the UMass five-campus system and numerous departments that generated for faculty and departments over \$47,400 in revenue. In FY13, our various projects involved 18 undergraduate and graduate students from the University, providing them with over \$184,010 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 FY13, the Donahue Institute administered 171 grants and contracts.

FY 2013 BUDGET REVIEW

The Institute received an appropriation of \$539,000 in general University funding and generated over \$8,435,000 in grant and contract funds during FY13. These grants and contracts were used to provide technical assistance, organizational development, economic analysis, 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 2014 OPERATIONS SUMMARY

The Institute's priorities during FY14 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, STEM Summit/Pipeline, Economic Development, various relationships with state and federal agencies).
- Undertake special projects for the President of the University as needed.
- Recognizing the challenges of sequestration and shrinking budgets, continue to renew our grant and contract base and maintain the entrepreneurial character that has become the trademark of the Institute. In FY13, 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.

FY 2014 University Operating Budget – T13-034

- Continue our established programs (e.g., organizational development, training and technical assistance, research and evaluation, economic research and analysis, civic initiative).
- Continue process of assuming responsibility for the grant and contract management for the entire President's Office including those generated by UMassOnline and other units within the central office.
- 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.

FY 2014 AND BEYOND

As the Institute looks ahead to FY14 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.

FY 2014 University Operating Budget – T13-034

Table 1
University of Massachusetts
Donahue Institute

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS
Fiscal Year 2014 Operating Budget Statement
(in thousands of dollars)

			FY2014 BUDGETED		
	FY11 Actuals	FY12 Actuals	FY13 Projected Budget-Accrual/ Adjusted Basis	FY14 Budget- Accrual Basis	FY13 to FY14 Change
REVENUES					
Operating Revenues					
Tuition and Fees					
Scholarship allowance					
Tuition and Fees (net of scholarship allowances)					
Federal Grants and Contracts	\$10,925	\$10,393	\$6,757	\$7,500	\$743 11%
State Grants and Contracts	1,769	1,398	974	1,600	626 64%
Local Grants and Contracts	55	18	121	60	(61) -50%
Private Grants and Contracts	697	611	583	650	67 11%
Sales & Service, Educational	205	291	475	466	
Auxiliary Enterprises					
Other Operating Revenues:	1,297	2,426	2,067	1,484	(583) -28%
Sales & Service, Independent Operations					
Sales & Service, Public Service Activities					
Other	38	24	25		(25) -100%
Total Operating Revenues	\$14,986	\$15,161	\$11,002	\$11,760	\$758 7%
EXPENSES					
Operating Expenses					
Educational and General					
Instruction	\$9,534	\$9,231	\$6,725	\$8,000	1275 19%
Research	3,339	3,240	4,791	3,000	(1791) -37%
Public Service	2,706	3,039	105	500	395 376%
Academic Support					
Student Services					
Institutional Support	48	38	25	50	25 100%
Operation and Maintenance of Plant					
Depreciation and Amortization					
Scholarships and Fellowships					
Auxiliary Enterprises					
Other Expenditures					
Independent Operations					
Public Service Activities					
Total Operating Expenses	\$15,627	\$15,548	\$11,646	\$11,550	(\$96) -1%
Operating Income/(Loss)	-\$641	-\$387	-\$644	\$210	\$854 -133%
NONOPERATING REVENUES/(EXPENSES)					
Federal Appropriations					
State Appropriations	\$700	\$700	\$700	\$795	\$95 14%
Gifts					
Investment Return					
Endowment Return					
Interest on Indebtedness					
Other Nonoperating Income					
Revenue from Stimulus Funds					
Net Nonoperating Revenues	\$700	\$700	\$700	\$795	\$95 14%
Income Before Other Revenues, Expenses, Gains, and Losses	\$59	\$313	\$56	\$1,005	\$949 1695%
Capital Appropriations					
Capital Grants and Contracts					
University Related Transactions					
Disposal of Plant Facilities					
Other Additions/Deductions					
Total Other Revenues, Expenses, Gains & Losses	\$0	\$0	\$0	\$0	\$0 \$0
Total Increase in Net Assets	\$59	\$313	\$56	\$1,005	\$949 1695%
NET ASSETS					
Net Assets at Beginning of Year	\$225	\$284	\$597	\$653	\$56 9%
Net Assets at End of Year	\$284	\$597	\$653	\$1,658	\$1,005 154%

FY 2014 University Operating Budget – T13-034

Table 2
University of Massachusetts
Donahue Institute
 Fiscal Year 2014 Operating Budget Statement
SPENDING BY TYPE OF EXPENSE (NATURAL CLASSIFICATION)
(in thousands of dollars)

	FY11	FY12	FY13	FY14	\$ Change	% Change
EXPENSE CATEGORY	Actuals	Actuals	Projected	Budgeted	FY13 - 14	FY13 - 14
Salaries and Wages	\$7,027	\$7,077	\$6,708	\$6,300	(\$408)	-6.1%
Employee Fringe Benefits	\$1,962	\$1,906	\$1,493	\$1,100	(\$393)	-26.3%
Student Aid						
Utilities						
Supplies and Other Services	\$6,638	\$6,565	\$3,445	\$4,150	\$705	20.5%
Depreciation						
TOTAL	\$15,627	\$15,548	\$11,646	\$11,550	(\$96)	-0.8%

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

FY 2014 University Operating Budget – T13-034

Table 3
University of Massachusetts
Donahue Institute
Fiscal Year 2014 Operating Budget Statement
SUMMARY OF FULL-TIME EQUIVALENT (FTE) EMPLOYEES*

	Actual FTEs Fall 2010 (FY2011)	Actual FTEs Fall 2011 (FY2012)	Actual FTEs Fall 2012 (FY2013)	Proj. FTEs Fall 2013 (FY2014)	FTE Change Fall 2012 - 13	% Change Fall 2012 - 13
UNRESTRICTED/DESIGNATED FUNDS						
STATE FUNDED POSITIONS						
Faculty						
Professional Staff	6.5	6.1	6.1	6.0	(0.1)	-1.6%
Classified Staff	0.0	0.0	0.0		0.0	
Subtotal, State Funded	6.5	6.1	6.1	6.0	(0.1)	-1.6%
NON-STATE FUNDED POSITIONS						
Faculty						
Professional Staff	3.4	6.4	6.6	6.7	0.1	1.5%
Classified Staff	0.0	0.0	0.0		0.0	
Subtotal, Non-State Funded	3.4	6.4	6.6	6.7	0.1	1.5%
Total Unrestricted/Designated	9.9	12.5	12.7	12.7	0.0	0.0%
RESTRICTED FUNDS						
GRANT FUNDED POSITIONS						
Faculty						
Professional Staff	89.7	79.1	72.1	73.0	0.9	1.3%
Classified Staff	6.0	4.0	3.0	2.0	(1.0)	-33.3%
Subtotal, Grant Funded	95.7	83.1	75.1	75.0	(0.1)	-0.1%
OTHER RESTRICTED POSITIONS						
Faculty						
Professional Staff						
Classified Staff						
Subtotal, Other Restricted Fund	0.0	0.0	0.0	0.0	0.0	
Total Restricted	95.7	83.1	75.1	75.0	(0.1)	-0.1%
TOTAL UNRESTRICTED AND RESTRICTED	105.6	95.6	87.8	87.7	(0.1)	-0.1%

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

APPENDIX A:

FY 2014 UNIVERSITY OPERATING BUDGET

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

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

➤ **Requested New Statement of Trust: UMass Dartmouth Technology fee (commuter students only)**

The Dartmouth campus is requesting a new \$60 non-mandatory Technology fee for commuter students. This new fee will cover the cost associated with wireless internet, enhanced technology in classrooms, and provide students with additional technological resources.

➤ **Requested New Statement of Trust: UMass Dartmouth green fee**

This new fee will be used to fund student projects related to sustainability, infrastructure projects at the University chosen by the students, and student research projects related to sustainability. The green fee will help foster student knowledge of a growing field, allow them to think creatively and devise impactful projects.

NEW NON-MANDATORY STUDENT FEE TEMPLATE - FY 2014

Fee Name: Technology fee (commuter students only)

Fee Information:

Fee	Participant (s) Paying Fee	Fee Type (Optional/One-Time/ Surcharge)	FY 2014 est. # of payers	FY 2014 Fee Charged per person	FY2014 Projected Revenues
Technology fee	commuter students	nonmandatory	4962	60	\$297,720.00

Fee Increase Justification

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

This new fee will cover the cost associated with wireless internet, enhanced technology in classrooms, and provide students with additional technological resources.

NEW NON-MANDATORY STUDENT FEE TEMPLATE - FY 2014

Fee Name: **Green Fee**

Fee Information:

Fee	Participant (s) Paying Fee	Fee Type (Optional/One-Time/ Surcharge)	FY 2014 est. # of payers	FY 2014 Fee Charged per person	FY2014 Projected Revenues
Green Fee	All students	Opt out	5153	30	\$77,295

Fee Increase Justification

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

This new fee will be used to fund student projects related to sustainability, infrastructure projects at the University chosen by the students, and student research projects related to sustainability. The green fee will help foster student knowledge of a growing field, allow them to think creatively and devise impactful projects.