University of Massachusetts
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UNIVERSITY OF MASSACHUSETTS
FISCAL YEAR 2010 STATE BUDGET REQUEST

The University of Massachusetts is required by Chapter 75, the University's enabling act, as well as some provisions of Chapter 15A (public higher education) and Chapter 29 (public finance) to prepare and submit a budget request. The state budget request is to be prepared in accordance with a funding formula. Consistent with these requirements, the University of Massachusetts requests a total maintenance appropriation of **$514,722,411 for fiscal year 2010.** This amount represents a $47.1 million (or 10.1%) increase over the final FY2009 appropriation. This amount would fill one-tenth of the state funding "gap," as generated by the University's budget request funding formula, as well as cover the estimated cost of all state funded collective bargaining agreements for FY2009 and FY2010.

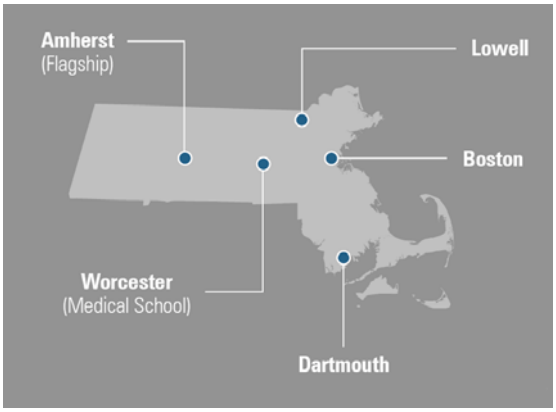
The University is mindful of the extremely difficult fiscal environment that state leaders are facing as they develop the FY2010 state budget. We understand that the state will not be able to meet the funding needs outlined in this budget request. We also know, however, that in difficult times the citizens of the Commonwealth look to the University for an affordable, high-quality education and cutting-edge research and development that can provide a vital stimulus to the state's economy.

The University has been making great strides in recovering from the deep cuts of 2001-2004. Increased appropriations beginning in 2004 funded previously unfunded collective bargaining agreements, new collective bargaining agreements, and provided increased dollars in support of the general operations of the University. For the past five academic years, as state appropriations have recovered, annual student charge increases have been limited to changes at or below inflation.

The fundamental mission of the University is to provide, within available resources, the highest possible quality of instruction, research and public service to the widest possible segment of the citizens of the Commonwealth. The University is committed to providing, without discrimination, diverse program offerings to meet the needs of the whole of the state's population. The University's five campuses and UMassOnline are geographically dispersed throughout Massachusetts and possess unique and complementary missions. The University plays a positive role in the economic development of the Commonwealth, contributing over $4 billion in economic activity. Our research enterprise alone brings to the Commonwealth over $492 million in external funds.

The level of state support is the key factor influencing the University's overall financial condition. Prior to FY2009, the University was able to make great strides to recover from the significant budget cuts of 2001 to 2004. Growth in state support over these years supported the University's overall programmatic success and financial performance in many areas:

- Applications and enrollments, SAT scores and high school G.P.A.s of entering students continue to improve.
- The University raised over $64.5 million from private sources in FY2008 and has an endowment of $381 million. The endowment has grown significantly since last year due to the establishment of the Trustees' Quasi-Endowment Policy. The number of endowed professorships has grown ten-fold since the inception of the state funded Endowment Incentive Program.
- Externally funded research grants and contracts amount to over $492 million.



- Revenues from licensing and patents of university research generated $36.9 million in FY2008, which is a 16.3% increase from FY2007.
- Investments in capital and technological infrastructure increase each year to support a rolling five year capital plan that exceeds $2.56 billion.

Like other public universities across the country, the University of Massachusetts is facing declines in state support. As a result of the fiscal difficulties facing the Commonwealth, the University's allocation of general state appropriations was reduced through the "9C" process by five percent, or $24.6 million, in October of 2008. Cost-cutting measures are being implemented across the University, including employee reductions through hiring freezes, attrition and lay-offs. Programs are under review and each of the campuses is currently engaged in planning for possible additional reductions in FY2010. Appendix B updates and describes the short and long-range strategic goals of each campus with a focus on the challenges of 2008 and 2009.

The University is currently in negotiation with its state-funded collective bargaining units for three-year contracts covering the time period of July 1, 2008 through June 30, 2011 (FY2009-FY2011). Despite progress, the contracts have not been settled due to the uncertainties over the state's ability to fund salary and other benefit increases due to the economic crisis. The estimated cost of the contracts, using conservative salary and benefit package assumptions, is $5.2 million in FY2009 and $10.6 million in FY2010. The base state appropriation of $514.7 million requested by the University would cover these costs as well as one-tenth of the total funding required to close the funding formula gap.

Providing an affordable and accessible education of high quality is an important part of the University's mission and adequate funding of the state's financial aid program is necessary to insure that every qualified student has the opportunity to attend. This is why the University is very supportive of efforts to preserve and increase funding to the state's need-based financial aid programs, particularly the Mass Grant and cash grant programs.

The level of state support requested for FY2010 is vital to the overall success of the University and will allow the University's five campuses to continue to provide high quality and accessible education, cutting edge research, and valuable public service and economic development programs to the citizens of the Commonwealth. Appendix B describes in greater detail campus and system strategic mission-related goals for FY2010.

In addition to the maintenance appropriation request, the University is requesting support for the very successful endowment incentive program and support for the University line items listed below.

UNIVERSITY LINE ITEMS

The University is requesting continuation of separate line item appropriations for the Commonwealth Honors College, the Star Store and Advanced Technology and Manufacturing Center programs, the Toxics Use Reduction Institute, Massachusetts Office of Dispute Resolution, and the University Endowed Professorship Incentive Program. These programs have all received state support in recent years through separate line item appropriations. The University also requests funding of the Edward J. Collins, Jr. Center for Public Management, which was established through the FY2009 state budget process.

1. Commonwealth Honors College **Amount: $3.63 million**

Beginning in FY1999, the state has funded a separate line item appropriation to support the development of the Commonwealth Honors College at Amherst. The College's mission is to provide an excellent and affordable education to academically talented students from all backgrounds, and to prepare them for responsible engagement in society by fostering intellectual curiosity, interdisciplinary analysis, and academic rigor within a supportive, socially-just community. We have used the state funding appropriately to provide excellent courses with small student enrollments and to provide students with the opportunity to create new knowledge consistent with a Research Intensive University. Specifically, for example, 72 percent of the College budget is used for the direct benefit to the students, including faculty instruction, advising, and student scholarships.

Commonwealth College provides an inherently rich intellectual environment because of the number of programs and the distinction of the faculty at the University of Massachusetts Amherst. This was an important part of the argument for putting Commonwealth College on the Amherst campus. However, the experience we promise students is labor intensive for the campus in a way that the University does not otherwise have the resources to provide. To provide a challenging and affordable experience for our most ambitious students, Commonwealth College emphasizes small classes in the early years as well as in advanced courses, and a high level of personal interaction with the faculty during research or capstone experiences for juniors and seniors. Further, we provide advising services the students need to incorporate honors activities and requirements effectively into their programs. We also provide Commonwealth College students with opportunities for monetary awards, associated with specific academic activities (research and community service) that we ask them to undertake that can add to their expenses or deprive them of time to earn needed funds. This is necessary for making these programs accessible to all students who qualify academically.

Commonwealth College has been extremely effective in its objective of recruiting academically talented students to the University of Massachusetts and thus improving the public's perception of the value of the University and of public higher education. Full funding of Commonwealth College makes it possible to sustain the full four years of challenging work and still keep it accessible to all the students whose academic work makes them eligible for membership. This opportunity should be accessible to all young people in the Commonwealth who have the skills and motivation to profit by it.

2. New Bedford College of Visual & Performing Arts (Star Store) facility Amount: $3.7 million

In 2001, the College of Visual and Performing Arts at UMass Dartmouth opened its Star Store campus in downtown New Bedford, Massachusetts. The redevelopment of the facility has been credited by local officials with sparking the renovation of numerous nearby buildings and breathing economic and cultural life into the neighborhood. The facility brings dozens of faculty artists and hundreds of students to downtown New Bedford every week.

This state-of-the-art facility is home to hundreds of artists working in a variety of disciplines and has developed strategic partnerships with New Bedford arts organizations such as the Zeiterion Theater. The Star Store is also home to a number of impressive exhibition spaces--most notably the University Art Gallery, which features exhibitions of local, national, and international renown. The facility includes administrative and academic office space, provides learning spaces for Bristol Community College, and provides quality meeting space for community organizations.

Today, the Star Store continues to be a vital component of downtown New Bedford's emergence as a cultural and academic hub. In 2004, the Star Store was joined in downtown by the UMass Dartmouth Center for Professional and Continuing Education.

3. Fall River Advanced Technology & Manufacturing Center Amount: $1.9 million

The Advanced Technology and Manufacturing Center (ATMC) provides infrastructure for early-stage and transition companies as they grow and mature. The ATMC is the site of between 10-15 start-up companies and a satellite manufacturing center for Avant Immunotherapeutics, one of the Commonwealth's fast-emerging bio-tech companies. The ATMC was also a major selling point in the city's successful bid to attract a 600-job medical software company (Meditech) to neighboring property. Meditech also located a portion of its workforce at the ATMC as its new facility was being constructed. UMass Dartmouth has played a significant role in helping the company identify its southeastern Massachusetts workforce.

The primary objective of the ATMC is to provide an environment where technology companies will develop into employers located in Southeastern Massachusetts. By attracting these companies to the ATMC, the University facilitates the economic growth of the region. Participating companies benefit from an environment that includes quality space, complete facilities and support services, technical and business expertise, and proximity to other companies facing similar challenges. Access to UMass Dartmouth faculty and staff, as well as the fully-equipped research laboratories, is one of the most beneficial resources. Additionally, business and technical support is

available from the UMass Dartmouth. The services include strategic and business planning, financial and capital planning, as well as market research. The University will also help with legal and intellectual property issues as needed. The Center has established commercial alliances with accounting, legal, human resources and funding organizations. The ATMC also provides a wide array of intern and work experiences for UMass Dartmouth students.

The Technology Venture Center provides an excellent networking environment for the southeastern Massachusetts business community. The ATMC's Conference Center frequently hosts technology conferences and forums that attract local and national industry leaders, entrepreneurs and others who invest in and work with growing companies. One of this year's most important forums was a day-long presentation by the National Sciences Foundation about opportunities for higher education institutions to attract federal investments in innovation.

4. Toxics Use Reduction Institute (TURI) Amount: $1.67 million

The Massachusetts Toxics Use Reduction Institute (TURI) at the Lowell campus was created to promote reduction in the use of toxic chemicals and the generation of toxic by-products in industry and commerce in the Commonwealth of Massachusetts and has received a separate line-item appropriation for a number of years.

In the FY2009 budget, the Governor and the legislature included an earmark for Breast Cancer Prevention Research, with a corresponding increase in the appropriation, for $250,000. That earmark and $250,000 was cut in October of 2008 under the Governor's 9C budget balancing authority. TURI's request for FY2010 assumes no earmark for funding the Breast Cancer Prevention Research in TURI's line item appropriation. The University is not requesting an increase in funding for FY2010 to this special state appropriation (level funding at $1,667,454) based on the assumption that there will be no collective bargaining agreement increases in FY2009 or FY2010.

5. Massachusetts Office of Dispute Resolution (MODR) Amount: $166,440

Formerly a state agency within the Executive Office for Administration & Finance, MODR is in its fourth year as a free-standing institute of the University of Massachusetts Boston. MODR provides proven governance mechanisms that enable state leaders, public and private institutions, and citizens to combine their efforts and work together effectively to solve problems, particularly when issues are contentious and divisive. For over 20 years, MODR has been a neutral forum and state resource, assisting public entities to overcome legal, practical and procedural obstacles in accessing quality dispute resolution and consensus-building services, and building internal capacity to resolve conflict and collaborate on important policy issues within government and across sectors. MODR's core public functions include: a) consultation and training to support public officials as sponsors of collaborative processes; b) conflict assessment and process design for effective public participation and multi-stakeholder problem-solving; c) policy development, systems design and research to institutionalize best practices and evidence-based methods branch-wide; d) program design, evaluation, and fundraising to establish and sustain high quality programs; e) certification and procurement of qualified mediators and other collaborative practitioners for service on state contracts; and f) deliberative dialogues to enable policymakers and citizens to connect on pressing public issues.

6. Edward J. Collins, Jr. Center for Public Management Amount: $541,000

In FY2009, the state funded a separate line item for the Edward J. Collins, Jr. Center for Public Management, which is located at the McCormack Graduate School of Public Policy at the Boston campus. The University is requesting level-funding of this line item equal to the amount appropriated in FY2009 prior to the Governor's 9C cut. This level of funding will allow the Center to continue providing Massachusetts' state and local government with cost-saving, revenue-enhancing, and performance-improving services initiated in FY2009. These services include assistance to Massachusetts municipalities to achieve savings through consolidated purchasing, service exchanges, governance reforms, cost-saving technologies, and incentive programs. It also includes revenue-enhancing support. Through this work, the Collins Center is helping to relieve serious fiscal pressures faced by Massachusetts municipalities.

In addition, the Collins Center will continue its work to help governments in Massachusetts understand how to improve their effectiveness, efficiency, and accountability to the public with performance measurement and better analysis. The Collins Center will conduct research useful to legislators and government managers, including documenting lessons learned and identifying useful models worthy of replication. It will also develop and deliver practical management tools useful to all levels of government.

In FY2010, the Collins Center will begin offering executive education classes in public management and finance. It will also strengthen its capacity to help Massachusetts governments recruit a strong and diverse workforce and retain them. As needed, the Center will serve as a catalyst to examine issues needing attention and advance needed reforms.

7. University Endowment Incentive Program Amount: $10.0 million

In FY2001, a $10 million incentive fund was created to assist the University in raising private funds for endowed professorships in critical academic disciplines. The University exhausted the initial $10 million which generated $23.5 million in University endowment funds when matched with private funds. These funds provide salary, administrative and other support for the professors in perpetuity. The endowed professors program allows the University to retain and attract nationally recognized scholars in fields that are critical to the quality of life in Massachusetts. The University has made the establishment of endowed professorships a top priority and the match program has been instrumental in creating more than 40 professorships system-wide as well as numerous scholarships for students.

In FY2008, the program was funded in a supplemental appropriations act. That program allocated $7,000,000 to fund an endowment match program for UMASS. The $10 million request for FY2010 would keep the University on track to reaching the $50 million goal set by statute.

University of Massachusetts
FY2010 Budget Request & Formula Analysis

I. TOTAL FORMULA FUNDING NEED	**$1,462,412,599**	
II. CURRENT NON-STATE REVENUES		
Tuition & Fees Revenue (net of scholarship allowances)	$457,871,000	
Other Non-Operating revenues (unrestricted)	$73,862,008	
TOTAL CURRENT NON-STATE REVENUES	**$531,733,008**	
III. NET STATE SUPPORT NEEDED (I-II)	**$930,679,590**	
IV. CURRENT STATE SUPPORT (FY09 est.)		
State Maintenance (plus retained tuition)	$489,953,142	
Fringe Benefits (FY2008 actuals)	$127,387,817	
TOTAL CURRENT STATE SUPPORT	**$617,340,959**	
V. ADDITIONAL FUNDING NEEDED -- "The Gap" (III.-IV.)	**$313,338,631**	
(less Strategic Priority Funding)		
Requested State Budget Appropriation Increase to Close the Gap in 10 years	**$31,333,863**	**6.7%**

FY2009 State Appropriation (does not include Tuition Retention)	**$467,639,398**	
FY2009 Cost of Collective Bargaining Agreements	**$5,197,708**	
FY2010 Cost of Collective Bargaining Agreements	**$10,551,442**	
Requested Increase	**$47,083,013**	**10.1%**
Total Requested FY2010 Maintenance Appropriation	**$514,722,411**	

Appendix A:
Fiscal Year 2010 Budget Request Funding Formula Summary

Formula budgeting for the University of Massachusetts takes a bottom up approach to determine the total cost of core activities funded by the state and other unrestricted revenues sources, primarily students: instruction, research, public service, etc. Its aim is to determine how much it costs to do these things well.

The formula was initially developed in the early 1990s during the time when the University was coming together as a five campus system after the 1991 reorganization. The formula was used to inform the University's annual state budget request and the allocation of state appropriations decisions from FY1994 through FY2002. Reductions in state support for the University and continuing economic instability necessitated a different approach for the FY2003 and FY2004 state budget requests. For those two annual budget requests, the University sought level funding and appropriations to support collective bargaining contracts from the Commonwealth only. The University ran the funding formula with updated data for the preparation of the FY2005 through FY2009 state budget requests and has run the formula again to inform the FY2010 state budget request. The total funding formula determined need to deliver core University programming is $1,462.4 billion.[1]

Each component of the formula was initially built based on a review of practices, national norms, the experience of comparable institutions, as well as a review of formulas in place in other states during the early 1990s. Development of the funding formula is an evolving process. The assumptions and norms used have been updated and some factors have been adjusted incrementally over time. It is expected that further refinements will be incorporated, providing even better information about what we do, what the costs are, and how they compare with costs at other institutions and nationwide. Despite this ongoing assessment, however, formula budgeting should help provide a measure of stability and regularity to the University and state budget processes over time.

The formula looks at activities funded from unrestricted sources of revenue (primarily state and student revenue) that are available to support core activities. The state share includes the state maintenance appropriation and fringe benefit support. Other unrestricted revenues include: student revenues from mandatory fees and credit for tuition waivers, research overhead funds, investment income, and other sources of unrestricted revenues. Other sources of funds are excluded from the formula including revenues from restricted sources such as grants and contracts and auxiliary operations.

Student/faculty ratios are the key drivers of the formula. The instruction component begins by calculating the number of instructional lines needed to carry out the basic mission of the institution at each level of instruction:

Lower division undergraduate	22.5 to 1
Upper division undergraduate	15.0 to 1
Masters	7.5 to 1
Ph.D.	4.5 to 1

The ratios for each level of instruction are applied to actual enrollments to yield the total number of instructional lines needed. Most of the other cost components are driven from the instructional component.

Medical School funding is based on a similar formula. Costs of instruction and research per medical student are based on average comparable costs at other public medical schools nationwide. Other formula costs are calculated using the same methods as in the main formula.

[1] Not including funding for the strategic priority component of the formula which, when added, increases the formula need to $1,528.2 billion.

Fiscal Year 2010 Budget Request Funding Formula Detail

Overview

The formula is made up of ten key components, the core of which is a set of standard activities defined by the federal government and used by all institutions of higher education in financial reporting. Several other components have been included that relate more particularly to features of higher education funding in Massachusetts, or to the structure of the University itself such as a separate formula calculation for the Medical School. The data used to prepare the formula request represent a combination of actual experience over the last three years, and comparative experience nationwide and at comparable public universities.

General Notes

Hold Harmless

The funding formula is used to inform the state budget request and campus allocation processes. It is the policy of the University to hold campuses harmless in that current level of state support will not be reduced based on formula results. However, the distribution of state appropriated dollars above the previous year's base may be distributed by the Board of Trustees and President of the University to the campuses based the results of the funding formula.

Fringe Benefits

Fringe benefits are counted both as a revenue and expenditure wherever appropriate. The overall fringe rate used is 25.8%, which includes the FY2009 Massachusetts rate of 24.5% plus additional costs not covered in that rate.

Component Detail

Instruction

The instruction component represents a major portion of the formula, reflecting as it does one of the highest priorities of the University. It includes costs of all instructional activities and programs. Instructional costs have been built into the formula in four major areas:

Faculty Resources

The instruction component begins by calculating the number of instructional lines needed to carry out the basic mission of the institution at each level of instruction (lower division and upper division undergraduate; masters and doctoral). Initial guidelines for differentiating the number of faculty needed at each of these levels were based on the advice of the National Center for Higher Education Management Systems (NCHEMS), when the formula was originally developed in the 1990s. These guidelines were based on a broad understanding of standard practice at universities nationwide.

The ratios for each level of instruction were applied to the annual student credit hour enrollments to yield the total number of instructional lines needed.

Lower division undergraduate	22.5 to 1
Upper division undergraduate	15.0 to 1
Masters	7.5 to 1
Ph.D.	4.5 to 1

The dollar need for faculty resources was determined by multiplying the number of faculty lines needed by the average faculty salary. An additional 25.8% was added to this amount for fringe benefit costs. This represents the current state rate for fringe benefits – 24.5% -- plus 1.31% for estimated costs of additional fringe benefits not covered by the state, such as health insurance and unemployment insurance contributions.

Teaching Assistants

In addition to full and part-time faculty, a significant role in any research university is played by teaching assistants (TAs). The formula determines needs for teaching assistants by maintaining the current ratio of TAs to faculty, even though graduate activity is increasing university-wide. TAs currently make up approximately 11% of total instructional lines at the University, therefore 11% of the need for instructional lines as determined by the formula was assumed to be covered by TAs. Costs for TAs were calculated by taking the full-time equivalent value of an average TA stipend and multiplying that amount by the total FTE TA lines needed. The total cost of supporting TAs includes tuition and fee waivers as well as stipends. Therefore the average cost of providing waivers was also added to the total TA cost.

Support Staff

In addition to looking at an adequate level of instructional positions for the number of students we serve, the formula looks at an average ratio of support staff to instructional personnel. The support staff ratio is calculated at 27% of the total FTE instructional personnel needed. This percent is based on an estimate used in previous formula assessments at the University. The number of FTE support staff determined in the formula is multiplied by the average University support staff salary. An additional 25.8% of salary cost was added to cover fringe benefit costs.

Equipment/Supplies/Other Support Costs

The final area of funding for instruction is the calculation of other instruction related costs: equipment, supplies, and other support costs (these include cost of student workers and other non-benefited employees who are not counted elsewhere). The rate per FTE instructional line was calculated based on FY2008 expenditures.

Research

Research is a unique University mission, in terms of the scope and breadth of activity. A senior level university's research programs advance knowledge, understanding, and quality of life, thereby addressing a wide variety of social and economic needs. Funding from this component will serve to support current and future research activity including supplies, equipment, lab technicians, computer programmers, grant development personnel, administrative costs and other related costs that involve research. The research component is comprised of two factors: one that provides support to campuses already strong in generating externally sponsored research dollars, and one that supports non-sponsored research along with the development of new research activities.

The first factor provides a modest match of sponsored funds at the rate of $.15 for each sponsored dollar brought into the University (15% of total grant and contract revenues less indirect costs recovery funds). The second factor is calculated by taking 3% of the dollars generated in the instruction component of the formula and is aimed at providing support of non-sponsored departmental research as well as developmental funds for future research. Both of these were standard methods used for calculating support of research activities in formulas in place elsewhere in the country at the time when the formula was initially developed.

Public Service

Public service is another key area of activity for the University. It includes use of University expertise and personnel to provide service to the state and the communities and regions immediately surrounding our campuses,

and is part of the historical tradition of Public Land Grant Universities. Support for public service is calculated in the formula by taking 3% of the total generated in the instruction component of the formula.

Academic Support/Student Services

Academic support and student services have been combined into a single component. This includes support of libraries, computer labs, and student services key to successful retention and graduation of students. The combined rate per headcount student was determined by looking at equivalent average expenditures for groups of comparable peer institutions.

Plant Operations and Maintenance

Plant operation and maintenance is an area of particular concern because of the need to improve and maintain our assets. The calculation of costs for the plant component has several factors: utility costs, costs of maintaining buildings and grounds, and renewal and adaptation of plant. None of the calculations for the plant component includes the cost of maintaining properties used to run auxiliary operations such as dormitories, dining halls, or bookstores. It is assumed that the revenues from these operations cover maintenance costs. Also not included in the formula, but clearly a growing cost for the University, is the cost of debt service that supports the University's non-auxiliary capital program. In FY2008, the University expended approximately $100.4 million on debt service payments for improvements to core academic and research facilities and the infrastructure needed to support those activities.

Utility costs are calculated by taking a three-year average of actual expenditures. The purpose of averaging is to avoid large swings in expenses reflective of climatic differences from one year to the next. Costs of maintaining buildings and grounds were determined using industry standards that approximate salary and supply costs needed per gross square foot for buildings ($4.39 per GSF) and per acre ($6,944 per acre) for grounds maintenance.

The final factor in the plant component is renewal and adaptation. A continuous program of repair, rehabilitation and adaptation of our existing physical assets is critical to the overall success of the University. In previous years, the annual cost factor for adaptation and renewal was calculated based on 10% of the total replacement value of the physical plant estimated at $136.38 per square foot. For the FY2009 formula, the annual cost factors changed from a 10% annual cost factor for adaptation and renewal to a 3% cost factor for adaptation and a 2% for cost factor for renewal. These percentages are based on the total replacement value of the physical plant estimated at $292.00 per square foot. This change in the calculation is used by the Board of Higher Education in its funding formula and is based on an industry standard. For this year's formula, the renewal and adaptation factor was again calculated based on the 3% and 2% figures.

Financial Aid

The Scholarships and Fellowships component is calculated by taking 20% of total billed tuition plus mandatory fee revenues. This is comparable to methods used in formulas in place elsewhere. The percentage used is also an estimate of costs of providing financial aid to current students and is, we believe, a reasonable calculation of funding needs relative to the state's access mission for public higher education. This calculation does not include the cost of providing mandatory tuition waivers.

Institutional Support

Institutional support includes the overhead/management costs of operating the University. This component is calculated by taking 6% of the total of all other components (not including strategic priority funds). This method is also used in other formulas elsewhere in the country, and is considered a reasonable means of calculating the cost of providing all other services and programs that make up the balance of the formula.

Medical School Funding

The University of Massachusetts Medical School has produced a parallel formula to that for the rest of the University, which incorporates national information on expenditure levels for instruction and research at public medical schools. Data are gathered from other public medical schools in the United States and are reflective of the average instructional costs per medical student at those schools. The remainder of the Medical School formula mirrors the methods used in calculating costs for the rest of the University.

Strategic Priority Funding

This component is also a feature of the University's funding request. It provides for the dedication of a portion of the budget to mission-related priorities. These are areas in which the University feels it is critical to focus energy and resources in order to strengthen existing programs and develop new ones in areas of key University and statewide priorities. Strategic priority funds would be used to support programs in the areas of economic development, environmentally sound production methods, increased student access and retention, and increased involvement with K-12 public education. The component is calculated by taking 4.5% of the formula's bottom line. Information provided by NCHEMS when the formula was first developed indicated that this percent can vary from 3% to 10% of the total budget, with a reasonable starting point in the range of 4% - 5%.

Obviously, given the current fiscal environment and the immediate need to support the continued funding of our collective bargaining agreements, strategic priority funding may need to be considered on a go-forward basis rather than incorporating this component into the FY2010 request.

The following table summarizes the results of the running the funding formula. Attachment 1 provides a more detailed analysis of the components of the formula. The total need determined by the formula is $1,462.4 billion. This represents a level of support that should be available to deliver the core teaching, research and service mission. Current levels of state and non-state revenue support meet all but $313.3 million when removing the strategic priority funding component. This number represents the “gap” that the University seeks to fill in part with its FY2010 state budget request.

University of Massachusetts
FY2010 Budget Request & Formula Analysis

I. TOTAL FORMULA FUNDING NEED	**$1,462,412,599**
II. CURRENT NON-STATE REVENUES	
Tuition & Fees Revenue (net of scholarship allowances)	$457,871,000
Other Non-Operating revenues (unrestricted)	$73,862,008
TOTAL CURRENT NON-STATE REVENUES	**$531,733,008**
III. NET STATE SUPPORT NEEDED (I-II)	**$930,679,590**
IV. CURRENT STATE SUPPORT (FY09 est.)	
State Maintenance (plus retained tuition)	$489,953,142
Fringe Benefits (FY2008 actuals)	$127,387,817
TOTAL CURRENT STATE SUPPORT	**$617,340,959**
V. ADDITIONAL FUNDING NEEDED -- "The Gap" (III.-IV.)	**$313,338,631**
(less Strategic Priority Funding)	

APPENDIX A

ATTACHMENT I
UNIVERSITY OF MASSACHUSETTS
FY2010 BUDGET REQUEST FORMULA: COMPONENT ANALYSIS OF TOTAL FORMULA NEED (IN MILLIONS)
(INCLUDING MEDICAL SCHOOL)

Formula Component	Total Need	% of Total	Method of Calculation
INSTRUCTION	**$621.5**	**42.5%**	
Includes salaries and fringe benefits for faculty and instructional support staff, and costs for teaching assistants. Also includes funds for instructional equipment, supplies, and other support costs.			FTE students/staffing ratios=FTE instructional lines (faculty and TA's) FTE faculty X average salary = faculty salary costs FTE faculty x fringe rate ('09) = faculty fringe costs FTE TA lines x average stipend = TA stipend costs FTE TA lines x average waiver = TA waiver costs Instructional lines x support staff ratio = FTE support staff FTE support staff x average salary = support staff salary costs FTE support staff x fringe rate ('09) = support fringe costs Instructional lines x average actual cost per instructional line = equipment/supplies/support costs
PLANT OPERATION AND MAINTENANCE	**$353.8**	**24.2%**	
Includes expenditures for building and grounds maintenance and utilities as well as funds for renewal and adaptation of plant.			Utilities: actual costs (3-year average) Building Maintenance: $4.39 per GSF Grounds Maintenance:$6,944 per acre Renewal Costs: 3% of estimated replacement cost Adaptation Costs: 2% of estimated replacement cost
ACADEMIC SUPPORT/STUDENT SERVICES	**$214.4**	**14.7%**	
Includes support for libraries, computer centers, AV services, as well as expenditures for admissions, registrar, student counseling, etc.			$ 1,861 to $3,656 per HC student (CAMPUS peer averages)
FINANCIAL AID	**$97.2**	**6.6%**	
Includes support of financial aid programs except mandatory tuition waivers.			20% of sum of total fiscal year billed tuition and mandatory fee revenues
INSTITUTIONAL SUPPORT	**$82.8**	**5.7%**	
fiscal operations, data processing, personnel, legal counsel, etc.			6% of all other component costs (Instruction, Research, Public Services PO&M, etc.)
RESEARCH	**$74.1**	**5.1%**	
Provides matching support of current sponsored research activity plus support of non-sponsored departmental research and start-up costs for new research.			15% of sponsored research dollars (3-year average) 3% of Instruction
PUBLIC SERVICE	**$18.6**	**1.3%**	
Supports non-instructional services to groups and individuals outside the University.			3% of Instruction
TOTAL FORMULA NEED	**$1,462.4**	**100%**	

TOTAL CURRENT NON-STATE REVENUES	-	**$531.7**
NET STATE SUPPORT NEEDED		**$930.7**
CURRENT STATE SUPPORT	-	**$617.3**
ADDITIONAL FUNDING NEEDED -- "The Gap"		**$313.3**

Appendix B:
FY2010 University Mission & Strategic Related Goals Update

University of Massachusetts – Mission & Strategic Related Goals

The 5-campus University of Massachusetts system was created in 1991 following the release of a report entitled, "Learning to Lead: Building a World Class Public University in Massachusetts.'' The essence of the report, crafted by a distinguished panel of experts led by former University of California President David Saxon, was that the effectiveness of a cohesive five-campus University system would be greater than the sum of its parts.

In 2007 and 2008, the University increased annual private support, licensing of UMass research and external research funding. Meanwhile, the academic profile of our incoming freshmen continued its steady improvements as has the growth in applications at all campuses.

The continued ascendance of UMass, however, will require stable state support. To sustain quality, UMass must be equipped to compete for non-state funds that create the University's margin of excellence. Stable state support is necessary to keep UMass competitive.

Private donors – individuals, corporations, and foundations – give to quality rather than need. They are unlikely to continue making substantial contributions if they come to believe they are only filling gaps created by state budget cuts. Research licensing funds – generated by moving UMass science into the marketplace – arise from the quality of the faculty and facilities on our campuses. Likewise, increases in external research funding (federal, corporate, etc.) are a direct result of the quality of the faculty and facilities on our campuses. In all three cases, stable public support is necessary if UMass is to make a strong case for non-state investment.

Also, the University's ability to attract and provide access for the academically talented sons and daughters of Massachusetts is based on the quality of the faculty, staff and facilities on each campus, and our ability to keep student charges competitive with out northeast peers. Stable state support will be critical to sustaining quality and access in the future.

The University has set some ambitious goals for the coming years to support the core teaching, research and public service missions, including:

- Expand external research funding from approximately $400M to $600M
- Raise the endowment of the University
- Invest in infrastructure improvements
- Enhance and improve the student experience by investing in programs of distinction at all of our campuses

The following sections are excerpted from campus updates to their strategic and mission related goals reports for FY2010.

University of Massachusetts – Amherst

The strategic goals of the Amherst campus are to enhance its core teaching and research mission by attracting and retaining top faculty, to provide services to support student retention and student success, and to renovate and renew campus space.

As a result of the worldwide financial crisis, the Commonwealth has reduced its support to the University of Massachusetts. To balance its budget this fiscal year, the campus has instituted a hiring freeze and made one-time cuts to campus units. Permanent reductions will be required next year and the campus will be working strategically over the next several months to make these cuts – which may result in fewer course offerings, potentially fewer athletic teams, and less building maintenance -- while still maintaining the academic quality of the institution.

The University of Massachusetts Amherst presently enjoys the largest undergraduate enrollment in its history. In terms of academic achievement, this current cohort is also its most accomplished. If historic trends continue more than half will remain in Massachusetts past graduation. This all speaks to this institution's important role in building a vibrant state economy and underscores why the current fiscal difficulties cannot disrupt the campus from carrying out its vital educational mission.

Goal #1: Enhancing the core teaching and research mission by attracting and retaining top faculty

For the past several years the campus has devoted its share of incremental state appropriations to restore faculty strength on the Amherst campus after more than a decade of decline. Teaching capacity has been enhanced in those colleges and departments that were the most significantly understaffed for the number of students enrolled and new positions have been added in areas exhibiting promising research strength and funding opportunities. Strategic faculty hiring will continue this year despite budget cuts to better match instructional supply and demand and to expand the capacity of units demonstrating strong research or creative potential.

Goal #2: Provide services to support student retention and student success

Students succeed when services and activities that promote academic achievement operate in collaboration and with considerable integration with those programs that promote student extracurricular and social development. The measure of success in this coordination and integration is improved student retention and eventual graduation. The most important time for this work is during the first year of a student's academic career on campus. The Amherst campus, through its First Year Experience program in the residence halls and increased academic advising resources, is working to give students the right combination of support to ensure their academic and personal success. One year retention of entering full-time first year students was 87% this year, the highest rate in at least fifteen years.

In addition, by focusing on access and affordability, the Admissions office will continue to make significant improvement in the recruitment of high quality students to ensure a diverse and academically capable student body that represents the college going population of Massachusetts. Tuition and mandatory student fee increases for in-state students have increased by no more than 3.5% a year the last five years while institutional funding of need-based aid has risen on average 9% annually over the same five year span.

Goal #3: Renovate and renew campus space

The restoration of faculty numbers must be accompanied by the renovation and renewal of campus space. Historic Skinner Hall – the new home of the Nursing Program -- just opened, after a full restoration. A new Studio Arts building has also opened and construction will finish later this year on the massive Integrated Science Building. Students returning to campus next fall will be able to use the new Recreation Center, which will be opening over the summer. Recent capital bills passed by the state legislature include funding over the next several years for two additional science buildings and a major classroom building. Despite this very tangible progress in transforming parts of the campus, the deferred maintenance backlog on this campus still far exceeds the deficiencies faced by

peer institutions. Without continued large investments toward eradicating this $1.4 billion backlog, the campus will be forced, within the next five years, to close some academic buildings because they will no longer be functional.

The case has been made by the Governor and others that the Massachusetts economy is a "knowledge economy" that depends on a vibrant flagship campus to produce the next generation of skilled workers. The campus has been a good steward of its resources, working to restore faculty strength at UMass Amherst, making critical infrastructure improvements, and striving to keep its tuition costs accessible to all qualified students. Despite the temporary loss of state revenue, the campus remains committed to making progress on its strategic goals, but over the long term a sustained investment of state operating and capital funding is required if this campus is to fully carry out its obligations to the state and its citizens.

University of Massachusetts - Boston

IMPLEMENTING THE STRATEGIC PLANNING/FUTURE VISION

The University of Massachusetts Boston continues to be guided by its strategic plan, the recently adopted *UMass Boston Renewal: Building the Student-Centered Urban Public University of the New Century*, which will further enhance the University's reputation as a great, public, student-centered, urban, research university. The strategic plan aligns the campus with, and enables it to more fully realize, the stated priorities of the University of Massachusetts' Board of Trustees, which are as follows:

- Enhance the Student Learning Experience
- Maintain and Improve Affordability and Access
- Develop First-Rate Infrastructure
- Position the University Effectively in the Higher Education Marketplace
- Renew the Faculty
- Strengthen the University's Research and Development Expertise
- Develop a Leadership Role in Public Service

Chancellor J. Keith Motley has been actively engaged with his executive staff to prepare implementation plans that will address the four primary goals of the University's strategic plan. These goals are:

1. Increase Student Access, Engagement, and Success
2. Attract, Develop, and Sustain Highly Effective Faculty
3. Create a Physical Environment that Supports Teaching, Learning, and Research
4. Enhance Campus-Community Engagement through Improved Organizational Structures

IMPACT OF 9-C CUTS

As the University implements its strategic plan in fiscal year 2009, it is also working to address the "9-C" cuts implemented recently by Governor Deval Patrick's administration. The University of Massachusetts Boston was informed that its FY09 state appropriation has been reduced by five percent. It is the University's intention to address half of the reduction through the use of campus reserves, and the remaining 50 percent through cost reductions. It is understood that these actions will detrimentally affect University finances and operations, but efforts are underway to mitigate these impacts. The University also understands that the Commonwealth's budget problems, caused by declining revenues, will almost certainly continue into fiscal years 2010 and 2011, and the University will take this forecast into account as it develops the fiscal year 2010 budget. All budget adjustments that will be made at the University will be strategically targeted so as to not compromise excellence and to ensure that the University remains on its upward trajectory of progress in support of its mission.

ATTAINING THE GOALS OF THE STARTEGIC PLAN

1. Increase Student Access, Engagement, and Success

For the fall 2008 semester, UMass Boston enrolled the largest full-time equivalent (FTE) student body in its forty-five year history; the 10,441 FTE students represent a 6.4 percent increase over fall of 2007. The University realized a 17 percent increase in freshman applications and a 12 percent increase in acceptances that yielded a freshman class of just over 1,000 students. Admissions for transfer students, doctoral students, and master's students were up 5.4 percent, 9.6 percent, and 16.6 percent, respectively.

The University attributes the growth in enrollment to a number of factors, including strengthened recruiting and enrollment marketing strategies, expanded outreach to new markets, enhanced admissions programming, increased

local housing assistance, improvements to orientation and new student programs, expansion of off-campus and weekend course delivery and online instruction, and more efficient use of classrooms. The Campus Center and its welcoming and attractive student-centered space, as well as recent technological upgrades of most campus classrooms, have proven to be useful marketing tools. In addition, the work of the Student Affairs and Enrollment Management units to connect students to and engage them in the life of the campus has contributed to retention efforts.

In collaboration with the colleges, the offices of Academic Support Services, Enrollment Management, Student Life, Information Technology, and other student service departments are delivering improvements in advising, registration, academic and self-service technology, service-learning, career services, study abroad, international student services, student activities, and athletics, all of which are contributing to increased enrollment and student success.

Over the last six years, the University's contribution to need-based financial aid has grown by 293 percent, from $1.4 million to $5.5 million. UMass Boston is committed to providing sufficient financial aid to ensure access for qualified students with need. In addition to the increase in financial aid, funding for the general operating activities (excluding state-funded salaries) of Academic Support Services, Enrollment Management, and Student Life has grown by more than $637,000, or 44 percent, since FY2004.

2. Attract, Develop, and Sustain Highly Effective Faculty

Recruiting New Faculty

UMass Boston continues to rebuild its faculty after the exodus caused by the early retirement incentive programs in fiscal years 2003 and 2004. In fall 2008, we added 34 new full-time tenure-track or tenured faculty. The influx of new full-time faculty allows the University to continue to strengthen undergraduate and graduate teaching, and to expand research activity. To provide faculty and their students with effective tools for teaching and learning, more than 90 percent of the classrooms have had new or upgraded technology and A/V systems installed.

Faculty can and should be nurtured at all points in their careers. Therefore, UMass Boston is considering how best to provide campus-wide, career-spanning faculty development programs. Faculty success is related not only to the personal expertise and skills of individual faculty members, but also to the size, diversity, composition, and workload of the faculty as a whole. The campus is exploring those issues as well.

Expanding Research (and Associated Learning Opportunities)

Recognizing that faculty research, scholarship, and creative activity are among the distinguishing characteristics of a great university and a vital part of UMass Boston's contribution to the city and to the Commonwealth, the campus is committed to supporting faculty research and expanding its investment in research and sponsored programs. In FY08, UMass Boston was awarded $45,435,687, an 8.8 percent increase from the previous year, and a total increase of nearly 50 percent over the last six years. The University is on track to meet its goal of $50 million in research awards in fiscal year 2009. This strong growth is a reflection of UMass Boston as a research-intensive university with outstanding doctoral programs in nine areas and a strong, research-active faculty.

In order to support our existing research strengths and take advantage of new opportunities, the University must continue its efforts to attract superior faculty members whose research is at the forefront of their fields; continue its investment in graduate assistantships and doctoral and post-doctoral candidates; enhance library services; dramatically invest in the campus's physical and IT research infrastructure; and take other steps that will lead the University toward national recognition as a top-tier public, urban research institution.

These efforts will require a greater commitment by faculty in the pursuit of research funding, and will require a greater investment of resources by the University in the recruitment of renowned faculty and talented graduate students. Greater investment in laboratories and the library, where substantial amounts of research is conducted, is also necessary. The University is committed to increasing the number of teaching and research assistants in an

effort to improve UMass Boston's ability to recruit top-notch graduate students, reduce the use of part-time faculty, and give greater support to faculty in the areas of instruction and research. In fiscal year 2008, the University made available an additional $400,000 for upgraded stipends and 18 new FTE graduate assistantships and doctoral fellowships. In fiscal year 2009, the University committed an additional $164,000 for 10 new FTE graduate assistantships and committed an additional $60,000 for new software that will enhance UMass Boston's ability to successfully recruit new graduate students.

The Carnegie Foundation for the Advancement of Teaching classifies UMass Boston as a Doctoral/Research University. The campus strives to be student-centered in its research activities as well as in its traditional teaching activities. Public research universities are sometimes criticized for not making the intellectual capital of the faculty sufficiently available to students, and for allowing research to flourish at the expense of teaching. UMass Boston, however, strives to ensure that the research experience enriches the learning experience of its undergraduates.

3. Create a Physical Environment that Supports Teaching, Learning, and Research Master Plan

UMass Boston has developed a Master Plan that focuses on the physical development and reconstruction of the campus over the next 25 years. Developed in conjunction with the Commonwealth's Division of Capital Asset Management and a planning/architectural firm hired to assist in this process, the Master Plan reflects in the physical environment of the campus the priorities and goals of the strategic plan: *UMass Boston Renewal: Building the Student-Centered Urban Public University of the New Century* .

The Higher Education Bond Bill, passed by the legislature this past summer, is a major achievement and will provide up to $1 billion for the five campuses of the University of Massachusetts. Phase One of the building program made possible by the legislation will include much-needed funding for a new Integrated Sciences Center and a new Academic Classroom Building, which will begin the physical transformation of UMass Boston. Planning for the new Integrated Sciences Center is well underway. Planning for the new academic building will begin shortly.

The Venture Development Center

President Wilson has said that the path to economic development in the Commonwealth goes through the University of Massachusetts. UMass Boston's economic development plans include the fiscal year 2009 opening of its Venture Development Center (VDC), which will strengthen the University's research infrastructure and engage faculty and students in innovative partnerships with the business community in Greater Boston and New England. The VDC will leverage core research facilities and business development expertise to assist faculty in all disciplines who wish to turn a promising research concept into a practical business reality through a nurturing incubation process. We anticipate that the efforts of the VDC will create value for the University, in terms of enhanced reputation and a return on investment through commercialization, entrepreneurship, and licensing of intellectual property.

Data Network Upgrade

The University of Massachusetts Boston replaced its data network equipment in 2005 and has begun a $4 million upgrade of its data network, which includes a communications cable plant that dates back to 1989. A reliable, responsive, robust, high-bandwidth network is necessary to enable the campus to conduct business effectively, and it is a crucial component of the expanded use of IT to support the University's mission, including raising its research profile.

4. Enhance Campus-Community Engagement through Improved Organizational Structures

UMass Boston was deliberately and explicitly placed into relationship with external communities in its founding documents, which emphasized the University's urban mission and its responsibilities to the Commonwealth of Massachusetts. Since its founding, the University has eagerly sought opportunities to interact with neighbors, cities

and towns, organizations, and business concerns. No longer limited by the boundaries of the Commonwealth, UMass Boston has worked with communities elsewhere in the country and indeed the world.

The University collaborates with partners – especially in urban communities – to create opportunities, solve problems and build on community strengths. UMass Boston has always understood that campus-community engagement benefits the University as much as it benefits the communities with which it interacts. UMass Boston shares its intellectual and physical resources with these communities and in turn is enriched by the diverse students who come from the communities, by the deep knowledge that community members share with the University, and by opportunities to work together on projects that could not be done well by UMass Boston acting alone.

As UMass Boston plans for the future, it will seek ways of strengthening campus-community engagement; it will find ways to more effectively develop partnerships with external groups and institutions that advance the University's urban mission; it will also become more purposeful in selecting high-quality, high-impact, community-based projects. To help achieve those goals, the university has created a Governmental Relations and Public Affairs unit with an office of community partnerships. The University has begun to identify and promote signature campus - community engagement initiatives.

CAPITAL INVESTMENT AND DEBT SERVICE

Capital Repairs and Deferred Maintenance

Reinvestment in UMass Boston's capital infrastructure will continue to be a major focus as it strives to address deferred maintenance and improve the state of facilities to ensure that students have a top-quality learning environment. In the last three years, the University has added over $1.2 million dollars to its budget for preventive maintenance. UMass Boston is also actively engaged with the University of Massachusetts Building Authority and the Commonwealth's Division of Capital Asset Management to actively address deferred maintenance items. The University has devised a short- and intermediate-term repair and renewal strategy that prioritizes health, safety, and business continuity concerns while long-term solutions are addressed through the master planning process.

UMass Boston will avail itself of approximately $41 million of previously issued bond proceeds in order to carry out repairs and renovation projects in the short-term and will access its debt capacity appropriately for additional capital financing when needed. The University expects to make $13.5 million of principal and interest payments in FY2009 on debt issued to support current capital projects.

University of Massachusetts - Dartmouth

UMass Dartmouth is the fastest growing campus in the UMass system in terms of student population, residential student population, and research activity. This transformation through growth has paralleled that of the southeastern Massachusetts region. Despite difficult fiscal challenges, the campus is making strategic investments of public and private dollars to sustain and develop the quality of its academic programs and to meet the needs and aspirations of the region. The campus recently completed an update of its strategic plan with a focus on emerging technologies for teaching and research and the economic growth of the region.

Pursuing strategic goals

The University of Massachusetts Dartmouth has developed strategic goals that focus on continued growth and development as a regional research university. Its mission is responsive to the needs and aspirations of the southeastern Massachusetts region.

The University has grown from approximately 6,500 students in the fall of 2000 to 9,155 students in the fall of 2008. This growth has been critical to stabilizing our financial condition. We expect, due to increasing demand for our programs and our steady strategic effort to "right size" the institution, to grow to approximately 10,000 students over the next 3-5 years. Our graduate enrollment has grown from approximately 700 to 1,200 during the same period.

This past year we have added the School for Education, Public Policy, and Civic Engagement, selected high student demand undergraduate programs (majors in crime and justice and women's studies), and expanded key research-based programs that are regionally focused but have statewide and global impact (marine science, nursing, advanced materials, advanced manufacturing, math education, Portuguese studies, K-12 education and policy analysis). As evidence of the quality and impact of these programs, our faculty and staff have won major federal, state, and private grants related to these fields, including funding from the U.S. Department of Education to improve math teaching and teaching corps in critical subject areas.

We have completed the restoration of our faculty after a series of past budget cuts and early retirement programs. The result is nearly 50 percent of the current faculty being hired in the last five years. Last year we opened a new 22,000 square foot research facility that strengthens the University's regional "innovation triangle," which includes the main campus in Dartmouth, the Advanced Technology Manufacturing Center in Fall River, and the School for Marine Science and Technology in New Bedford. Also, this past year, the University made a major investment in improving student housing by restoring the 800-bed Cedar Dell Housing complex. This renovation was completed for the fall 2008 semester.

The next major targets for investment are the renovation of the Claire T. Carney Library, laboratories, expansion of the Charlton College of Business, expansion of the School for Marine Sciences, and establishment of a bio-manufacturing center.

The campus recently completed an 18-month, $6 million private fundraising effort to renovate the Claire T. Carney Library. The plan calls for a transformation of the library from a quiet repository of books into a technology-rich environment that encourages the exchange of ideas among students, faculty and community members. This is the first major fundraising campaign for the campus and is being leveraged to develop a true culture of philanthropy.

Also in recent years the University has renovated nearly every classroom and lecture hall on campus to enhance teaching and learning. More than 50 spaces have been upgraded with teaching technology. Growth activities are also focused on the seamless integration of technology into instruction, and enhancements to public safety.

Challenge and transformation

In response to the downturn in the economy and resulting state budget cuts, the campus is taking action to reduce its costs without harming the quality of the education it provides to its students. The Dartmouth campus is also

examining opportunities to increase non-state funding of its operations so that it can continue to respond to the needs and aspirations of the region and the Commonwealth.

Our research enterprise has grown from $9.9 million in 2001 to more than $20 million today. The Center for Marine Science and Technology is a recognized leader in marine research and is recognized by the academic and business community as a critical hub of an emerging marine science and technology corridor. The campus's activity in bio-medical research and advanced materials is an emerging strength, rooted in the University's textile engineering history that is a catalyst for economic transformation in the region.

The Advanced Technology and Manufacturing Center in Fall River and the Star Store arts campus in New Bedford have added value to campus programs and positioned us well to provide innovative leadership support in both cultural and economic development. Several companies are being incubated at the ATMC next to UMass Dartmouth research laboratories. Over the last two years, several companies have left the incubator to expand in the region. The Star Store, meanwhile, has spurred the re-development of a dozen downtown New Bedford buildings.

UMass Dartmouth is also central to key partnerships that are leading the social and economic development of southeastern Massachusetts, including:

- The Connect partnership is linking all of the public higher education institutions in the southeastern area in order to serve the region more effectively.

- The SouthCoast Development Partnership is a regional coalition of higher education and business leaders designed to think and act strategically to foster sustained growth.

- The SouthCoast Education Compact is a regional coalition of higher education, K-12, and business leaders focused on increasing educational attainment levels.

UMass Dartmouth continues to advance its mission through such collaboration and very much appreciates the support of the Commonwealth within the University of Massachusetts base appropriation and targeted special appropriations as previously noted.

University of Massachusetts - Lowell

Two years ago, the Lowell campus focused its financial planning on long term growth by strategically investing in growing its faculty; fully realizing that short term financial strain would be far outweighed by long term benefits.

Since FY2006, the campus has been on a steady road to regain its financial footing. In March 2007, the Board of Trustees announced the selection of Martin T. Meehan as Chancellor of UML. When the incoming Chancellor was fully apprised of where the campus stood financially, he saw the campus projecting a $3,000,000 deficit for FY2007 and a $1,641,000 deficit for FY2008. In April 2007, he reacted by ordering both a hiring and expenditure freeze. In response to the Chancellor's directive, the campus reviewed and reduced non-mission critical activities, eliminated positions, and delayed infrastructure improvements.

His actions reduced the budget deficit for FY2007 to $1,558,000 and returned the campus to a positive position in FY2008. However, these positive results are seriously compromised by the 5% reduction in state appropriation in FY2009 and possibly beyond.

Continued cuts will severely undermine the campus' ability to make progress towards our strategic goals. A sustained base reduction would be catastrophic for UML faculty, students and staff and will seriously:

- Compromise our ability to provide an operating budget that maintains our focus on the campus' academic mission, our highest priority.

- Affect our ability to ensure that the courses students need in order to make timely progress to degree are available.

- Affect our ability to ensure that students in Massachusetts have access to higher education and diminish our ability to build and extend the excellence of our academic programs.

Continued cuts will also hurt the economy of communities in and around the Merrimack Valley. The campus impact on the regional economy, whether it is assisting in the creation of jobs for thousands of people, attracting funding for research that advances technological knowledge and growth, or simply enhancing contributions to the state's treasury because our alumni live and work in the Commonwealth, is immense. According to a 2008 study, economic activity in the Commonwealth of Massachusetts related to the University's activities exceeds $365 million in 2007.

Strategic and Mission-Related Goals/Objectives

The Lowell campus has an extraordinary faculty, staff and students, who deserve the very best effort and support that we can bring to bear. The Commonwealth and public higher education are facing overwhelming challenges as our way-of-life and economic core are transformed. During these troubling times, the campus will work to bring the best students, faculty and staff to the region so we can compete for increasingly scarce private and public funds.

In response to these challenges, UML has embraced a set of five strategic themes, called "*Building a New Vision Together"* that will position us to meet those challenges for the Commonwealth.

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1. *Student learning is a top priority*. The UML must ensure the best access possible for students and concentrate on improving their development and success as learners and engaged citizens.

2. *Our academic programs and research and scholarship profile must be of the highest quality and stature*. Continuous strategic analyses of core measures such as student enrollment, student learning, scholarly activity, research expenditures, professional accreditations and external reviews such as AQUAD will lead to improved quality of academic programs and support services. To do this, we must have the resources to

attract and nurture talented and dedicated faculty and other professionals from diverse backgrounds. By raising the profile of our academic programs, faculty, and students we will earn greater national and international recognition for academic excellence. UML will create, support, and promote cross-disciplinary and interdisciplinary curricula and research activities and foster the development of international exchange programs for students and faculty.

3. *It is essential that UML contribute to the sustainability of the physical, economic, and social well-being of communities near and far*. The campus will take an integrated approach to partnering with businesses and corporations to respond to their research and workforce development needs. Strengthening our relationships with alumni through outreach programs, and then encouraging committed alumni and corporate friends to assist us with our strategic initiatives.

4. *Strengthen our institutional image and be a university known for its educational excellence, noteworthy research and scholarship, broad diversity, vibrant student life, and outstanding service.* UML is creating a distinctive brand that symbolizes our strengths and character. We plan to reach out to diverse audiences through effective networking, campus media, special events, advertising, and partnership events. It is critical that we stand for excellent service and support continuous learning and professional development for faculty and staff. Employing the best management practices will make us more productive.

5. *Develop a comprehensive strategic plan to guide our efforts to strengthen our long-term financial condition and physical resources*. Our strategic planning process will begin immediately. A university-wide, multi-year financial plan will assure long-term financial sustainability for academic and non-academic programs. An updated master plan will let us gain the most value from campus buildings and grounds.

Conclusion

In these difficult financial times, when financial resources are strained, the campus' investments must and will be directed to protecting the academic core of the institution.

UML has consistently and effectively applied technology for greater effectiveness in administration and academics, emphasized cost-saving measures through efficient use of resources and strived to manage the physical plant prudently.

UMass Lowell is a good steward of state funds and vigorous in raising external funds to realize the vision of a growing, successful campus. This is the time for an infusion of support and commitment that validates the campus' vision and inspires its community of scholars.

University of Massachusetts - Medical School

The UMass Academic Health Sciences Center Strategic Planning Process, which began last year, has been completed, resulting in a set of joint strategic goals for the Medical School and its "linked destiny" partner, UMass Memorial Health Care (UMMHC). The process was initiated by Chancellor Collins and the teams included senior leadership from all areas of the Medical School, as well as John O'Brien, President and CEO of UMass Memorial Health Care, and members of the clinical system's senior leadership team. The strategic goals identified were:

- Design the Future Model of Health Care Delivery
- Build the Workforce of the Future
- Design an Ideal Learning Environment
- Translate Discovery Into Practice
- Be a High Performance/High Reliability Organization
- Have a Significant Impact on the World

These goals will serve as the five-year strategic roadmap for the Medical School.

As this strategic planning effort was progressing, the Medical School continued to move ahead on existing objectives and collaboration on University and Commonwealth initiatives in the life sciences. The Life Sciences Center Board funded the proposals for the development of an Embryonic Stem Cell Registry, which was launched in September 2008, and an Embryonic Stem Cell Bank. The Stem Cell Bank has begun its efforts and will have its official opening in the near future. These efforts are part of an overall plan for an investment of $405 million of combined state and University funds to build on recent accomplishments in the basic sciences at the Medical School, including the groundbreaking work of Nobel Laureate in Medicine, Craig Mello, PhD. The plans are being developed in conjunction with the Governor's Life Sciences Initiative and will result in the establishment of an Advanced Therapeutics Cluster. Additional details of developments include:

- *Massachusetts Human Embryonic Stem Cell Registry at the University of Massachusetts Medical School* - The University of Massachusetts Medical School has established the Massachusetts Human Embryonic Stem Cell (hESC) Registry, a comprehensive and extensively documented international hES cell database, as the first phase of a broader Massachusetts hESC initiative. This web-based registry would provide Massachusetts researchers and commercial entities, as well as the international biomedical research community, with access to critical information on the provenance of, and research findings on, hESC lines to greatly facilitate the development of hESC research.

- *Massachusetts Human Embryonic Stem Cell Bank at the University of Massachusetts Medical School* - The University of Massachusetts Medical School has created the Massachusetts Human Embryonic Stem Cell (hESC) Bank, an international repository of human embryonic stem cells that are derived in Massachusetts and beyond. The mission of the Massachusetts hESC Bank is to provide to researchers and commercial operations in the Commonwealth and the international biomedical research community with expertly derived and maintained hESC lines so that they may conduct essential investigations into the properties and potential therapeutic applications of those cells. By so doing, the Massachusetts hESC Bank will solidify the Commonwealth's position as the global leader in hESC research, which will attract and retain researchers and companies interested in this burgeoning field of scientific investigation and commercial application.

- *University of Massachusetts Advanced Therapeutics Cluster (UMATC) at the University of Massachusetts Medical School* - The confluence of a number of new initiatives, including the creation of the Massachusetts human embryonic stem cell (hESC) bank and registry, and the culmination of decades of scientific excellence, have created the opportunity for the University of Massachusetts and its Medical School to serve as a catalyst for the development of innovative therapeutics, the commercialization of those new agents, and the training of researchers and technicians in related fields. The mission of the UMATC is to conduct research that moves from the characterization of the human genome sequence to the development of novel therapeutics that are targeted to specific, disease-causing genes. Three technologies with strong roots in the Commonwealth and at

UMass promise the most direct path to novel therapeutics: stem cell science, RNA interference (RNAi) and gene transfer therapeutics. The UMATC seeks to develop each of these technologies to find new therapies for the many diseases that remain untreatable.

To provide the space to house these initiatives, the Medical School has continued to move forward with the planning and construction of new facilities, including:

- The Advanced Center for Clinical Education and Science (ACCES) building is on schedule with occupancy to take place late in calendar year 2009. The ACCES building will be crucial for the development of new clinical research space (dry lab) and educational programs related to simulation and standardized patients through the Center for Experiential Learning (CELS). The Standardized Patient Program, already a mainstay of the education process at the Medical School, has led the way over the past ten years in development of similar programs around the country and the ACCES building will provide space to grow this program side-by-side with new state of the art simulation programming. Equally important will be its role in providing new space to our clinical partner, UMMHC, for ambulatory practice, clinical teaching and faculty offices.

- Planning for the Albert Sherman Center continues to move forward. The new facility will house the ATC and specialized research cores, as well as campus wide support services, which will integrate the translational labs with other campus communities.

The ongoing strategic objectives of the Medical School are designed to enhance its ability to achieve its overall mission, which is to serve the people of the Commonwealth through programs of national distinction in health services education, research and public service. Success in our founding mission of primary care education is demonstrated by consistently ranking in the top 10 percent of medical schools in primary care as reported by US News and World Report and more than 50 percent of graduating students enter primary care disciplines upon graduation.

A key initiative that began this year is increasing the class size in the School of Medicine, part of a long term strategy that recognizes we are in the unique position to expand our leadership role in the training of the next generation of health care providers. Beginning with an initial increase of 11 students this year, we have a comprehensive process in place to adapt facilities and student services to accommodate an eventual class size of 125 students per class, consistent with the Association of American Medical Colleges initiative that medical schools increase the number of physicians they train in order to help address the looming shortage of doctors, especially those in primary care fields.

Success in the Medical School's research mission is gauged by the level of funding from the National Institute of Health. For the most recent year reported, the Medical School awards from NIH were $119 million. The quality of the Medical School's research program and its success in achieving national and international distinction is further evidenced by the recognition of Dr. Mello's groundbreaking discovery of RNA interference with the 2006 Nobel Prize in Physiology or Medicine. This year, the Lasker Award for Basic Medical Research (often referred to as the "American Nobel") was presented to Professor of Molecular Medicine Victor R. Ambros, PhD. Another faculty member, Professor of Biochemistry & Molecular Pharmacology Phillip D. Zamore, PhD, was named an Investigator of the prestigious Howard Hughes Medical Institute, bringing the total number of HHMI scientists at UMMS to five.

The pursuit of our mission of national distinction has continued to produce strategic success in the area of public service. Several accomplishments that are of importance to the Medical School's ongoing goals and objectives reflect its leadership commitment to public service in a wide array of activities that support the state and nation with innovative services.

Evolving from a partnership between the department of Psychiatry and the Department of Mental Health to provide psychiatric services to vulnerable populations, the Medical School's division of Commonwealth Medicine now has contracts with 16 other Massachusetts state agencies, providing a variety of high quality services for the Commonwealth and generating revenues that have been invested in the core academic mission. This entity

provides rich opportunities for research and has been the initiating force in the development of two new academic programs: a PhD program in Clinical and Population Health and fast-track Master's Degree in Nursing program designed to encourage individuals from other professional fields to train for careers in academic nursing.

Also significant is the approval of two new degree programs – a Master of Science in Clinical Investigation and a Doctorate of Nursing Practice. Along with the ambitious initiative to increase the size of the Medical School class by an ultimate increment of 20 percent, these are examples of the educational enterprise evolving to meet new challenges and new needs.

In sum, these goals and accomplishments create great opportunity for our academic health sciences center to design the future model of health care delivery; to build the workforce of the future; to design an ideal learning environment; to translate discovery into practice; to function as a high performance/high reliability organization; and to make a significant impact on the world.